

Globethics Repository

The logo for Globethics, featuring the word "Globethics" in white, sans-serif font centered within a solid blue rectangular background.

Binding commitments resistance

This page was generated automatically upon download from the Globethics Repository. More information on Globethics see <https://www.globethics.net>. Data and content policy of Globethics Repository see <https://repository.globethics.net/pages/policy>.

Item Type	Article
Authors	Pointel, Sandra
Publisher	Ethical Corporation
Rights	With permission of the license/copyright holder
Download date	2026-05-16 18:20:30
Link to Item	http://hdl.handle.net/20.500.12424/198933



NGOs and business associations

Binding commitments resistance

By Sandra Pointel

While German companies are subject to close regulation, local activists say there is scope for more corporate responsibility rules, if a lack of enthusiasm from companies

Formalised corporate responsibility is still relatively new in Germany. The federal government set up a multistakeholder forum in 2009 to build a national corporate responsibility strategy. This forum adopted a voluntary “common understanding”, and the government published at the end of 2010 an action plan to promote corporate responsibility in Germany and abroad. This included a number of measures to raise awareness among domestic small and medium-sized enterprises.

Matthias Thorns, deputy director for European and international affairs at the Confederation of German Employers (BDA) says the action plan has been a welcome development. It has helped support companies through awareness-raising and coaching, and in setting realistic goals, he says.

In Germany, there is a general resistance to making corporate responsibility measures more binding, says Birgit Spiesshofer, a Berlin-based counsel at law firm Salans. The increasing importance of corporate responsibility considerations in some other countries’ corporate governance agendas has also had little impact on German boardrooms so far.

Although German corporate governance is currently under review, there has been little development beyond the more traditional aspects of directors’ duties. Spiesshofer says diversity and board repre-

sentation are issues that have come out of the corporate responsibility agenda “but there is a strong resistance to extending the corporate governance code” to include broader corporate responsibility issues, as has happened in the Netherlands.

German business organisations have opposed the new European commission proposals, which were published in

There is a general resistance to making corporate responsibility measures more binding

October 2011 with the intension of devising a new European Union corporate responsibility strategy. They are seen as potentially compromising the German voluntary approach. For the first time, the commission has dropped the notion of corporate responsibility as discretionary and unregulated. “This is progressive but there is strong opposition to it from German business organisations such as the Federation of German Industries [BDI],” says Gerd Hofielen, of Berlin-based thinktank the Humanistic Management Centre.

In a joint statement, BDA, BDI, the Association of German Chambers of Industry and Commerce and Industry (DIHK) and German Confederation of Small Business and Skilled Crafts (ZDH), which collaborate

under the umbrella of CSR Germany, strongly criticised the commission’s new drive. “The European commission adopts a completely different rule-based approach where it’s not about supporting any more but ‘monitoring and requiring’, which is a very different mindset,” Matthias Thorns says.

The business organisations are particularly concerned about the risk of EU overregulation, especially for SMEs, and the lack of consultation about the commission’s new definition of corporate responsibility as “the responsibility of enterprises for their impacts on society”.

“The definition proposed by the European commission is not clear. Where do ‘impacts on society’ begin, where do they end?” asks Christoph Sprich, senior manager for trade and development at the BDI.

The skilled crafts sector, for example, is often voluntarily involved in corporate responsibility through the support of local community activities and social engagement, which could be jeopardised by new legal requirements, says Jan Dannenbring, head of labour markets, labour law and social dialogue at ZDH. The skilled crafts sector, which includes more than 100 occupations from building trades to graphic design, makes up a significant proportion of German SMEs.

NGO boost

While the EU approach has sparked an outcry from German businesses, it has provided German NGOs with a renewed hope for dialogue. Although German companies, especially SMEs, are known for supporting local communities – supporting the local football club for example – this does not necessarily contribute to solutions to broader problems, says Cornelia Heydenreich, head of corporate accountability at

Germanwatch. “That is why the new EU definition, which leans towards the impacts of companies on society and moves away from the dichotomy between binding and voluntary measures, is very useful and needs to be brought in at a national level.”

Despite the impression of consensual agreement within the government-established forum, German NGOs have criticised the resistance to any discussion on legal requirements at national level.

For example, the NGOs Network for Corporate Accountability (Cora), which has as one of its central demands the mandatory disclosure of environmental and social information, boycotted the discussions at the multistakeholder CR forum because of the lack of ambition in moving the debate forward, says Cora coordinator Volkmar Luebke.

Even those who took part have questioned the impact of the national strategy on corporate behaviour. “If this is the only plan, I am not sure how far it will get when the focus remains on voluntary initiatives,” Heydenreich says.

Demands for legal accountability and liability for corporate environmental and social impacts persist because there has been little progress with voluntary initiatives. “Companies have to look at their core business and whether they behave responsibly, not only by complying with laws and regulations at domestic level but also in their international operations,” says Tina Loeffelbein, political unit coordinator at Greenpeace Germany.

Limited climate action

Despite increasing concerns over climate change, only small steps have been taken by large companies in the DAX 30 (the main German stock index) to adapt to the challenge. In a forthcoming report assessing companies’ efforts, including greenhouse gas emission reductions, use of offsets and developments in consumption of renewable energy, the Humanistic Management Centre found the impact in all three categories to be little more than zero. “This is rather sobering,” says Gerd Hofielen.

As Germany is home to major car manufacturers, such as Volkswagen, Porsche and Daimler, companies are under fire for failing to integrate the need to cut emissions into their core businesses. This includes, for example, making leaner and more efficient vehicles accessible to a wider customer base. In particular, the sustainability credentials of Volkswagen have recently been seriously



Image tarnished?

criticised in two separate reports published by Greenpeace and the Humanistic Management Centre.

With major energy companies, including E.On and RWE, Germany is also a key player on the European electricity market. Loeffelbein insists that companies in the electricity market have a responsibility to change their core business and “truly go green”. But, he says, “they are still primarily

Demands for legal accountability and liability for corporate environmental and social impacts persist

focused on selling electricity from coal and nuclear power plants, which remains a problem in Germany”. This is changing, though, with Germany’s commitment to be nuclear free by 2022.

And some companies are trying to move the issue forward. The “2 Degrees – German CEOs for Climate Protection” initiative, which gathers leaders from large companies across several sectors, is trying to push for more efforts on climate change and emission reductions. This is “a good start”, says Loeffelbein.

A few initiatives on transparency and engagement have also been welcome, such as the disclosure by sports brand Puma of its environmental “profit and loss”, or the strong social and environmental credentials

of textile SME Hess Natur.

“There are pioneers in some areas, for example Deutsche Telekom with women’s representation, or Adidas and Puma in the supply chain, but the general approach is that CR is fine as long as it does not disturb the [economic] bottom line,” says Hofielen.

“In practice, initiatives from companies depend to a great extent on the pressure they have been put under, as previously seen in the textile sector industry,” Luebke says. In the electronics sector, the international campaign “makeITfair” has also been particularly successful in forcing companies to recognise their shared responsibility for mining conditions in problematic countries.

Meanwhile, in Germany specifically, strong NGOs and consumer pressure over pesticides and the need for more product information have also led to supermarkets making improvements, Loeffelbein points out. “Companies are trying to take their responsibilities on board all along the distribution chain, for example by sourcing fish and vegetables in a sustainable manner.”

The problem, however, is that frontrunners are losing out if other companies in the same sector do not follow, because of the increased costs their commitments generate. This is a key NGO argument for more regulation. “While not everything can be regulated, there is a need for a framework to assess what is feasible. Insisting that all measures should be voluntary will lead to nothing,” says Heydenreich. ■