

Living,

promoting and

sharing responsibility.

Corporate Social Responsibility from a Business Perspective



Companies assume social responsibility (Corporate Social Responsibility) in different manners depending on the size of the operation and the industry.

Responsible business practices, however, always include:

- 1. Compliance with laws, industry standards and international agreements (within the scope of good Corporate Governance and Compliance).**
- 2. Assuming social, ecological and economic responsibility in the core business operation (Sustainable Management).**
- 3. Social commitment that goes beyond the core business (Corporate Citizenship)**

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Preface

Corporate Social Responsibility (CSR) stands for the socially and ecologically responsible actions of businesses geared towards fulfilling the fundamental idea of creating lasting and sustainable economic activity. In the long run economic success can only be achieved in a stable and productive society. This insight is not new, but may well be the reason why corporations are increasingly looking to Corporate Social Responsibility for answers, in particular in the context of a globalized economy. A growing number of enterprises are expanding their approach from a purely compliance and sponsoring-driven culture to a more active Corporate Social Responsibility strategy. In this respect, companies see CSR as an opportunity and requirement for economic success.

Responsible management creates win-win situations for society and businesses. For sustainability is the common foundation, on which states and responsible companies base their actions: markets grow, wherever poverty diminishes. Where corporations can rely on a qualified and motivated workforce, productivity and competitiveness increase. In places where the environment is protected, resources can grow back and the supply-related risks will decrease. In short: Swiss corporations already assume their social responsibility in many different ways. The role of the states lies in ensuring favorable conditions (in particular at the ILO, OECD, UN level) and in supporting enterprises in their effort to assume responsibility, particularly in countries with weak governance structures.

The goal of this publication is to show how business understands and lives social responsibility and what it contributes to the sustainable development of society. This publication should also foster an understanding for the complexity of the challenges that have to be tackled in the CSR context. The opportunities as well as the limits of Corporate Social Responsibility will be highlighted. And finally, the necessity of stakeholder cooperation for reaching sustainable results will be emphasized. The key concern of companies is to be perceived as partners in the efforts of facing the societal challenges of our times.



Monika Rühl

A handwritten signature in black ink, appearing to read 'Monika Rühl'.

Chairwoman of the Executive Board
economiesuisse



Christian Stiefel

A handwritten signature in black ink, appearing to read 'Christian Stiefel'.

Chairman of the Executive Committee
SwissHoldings

Abstract

[see chapter 1](#)

Corporate Social Responsibility (CSR) stands for socially and ecologically responsible actions of companies which are based on the fundamental idea of creating lasting and sustainable economic activity. From the businesses' point of view a holistic and dynamic interpretation of CSR that combines all three aspects of entrepreneurial action – the economic, environmental and social dimension – is crucial. Only companies that are competitive can be successful and thus fulfill their social responsibility. At the same time CSR is in the companies' own best interest. Since only enterprises that live and respect the principle of sustainability will be economically successful in the long run.

[see chapter 2](#)

[see chapter 3](#)

Businesses live their social responsibility in a number of ways. They are active on four levels: in the company, along the value chain, at the company's location and on the market. In doing so they are supported by the state with a range of tools. Recently, Switzerland published an official position paper on CSR (see excursus page 27) and it is heavily involved in the implementation of updated international standards (the UN "Ruggie-Principles", the OECD Guidelines).

[see chapter 4](#)

A change is also taking place in corporate reporting. Many companies today openly name their existing conflicts and challenges in the area of CSR and point out how they intend to provide remedy in these situations in future. This approach also paves the way for a closer cooperation with authorities and non-governmental organizations (NGOs) offering their expertise in solving particular problems. Confrontation turns into cooperation. It is such cooperation of all stakeholders that makes CSR more effective.

[see chapter 5](#)

Nonetheless, there are natural limits to CSR that arise for various reasons. For instance, companies may be able to take complementary actions thanks to an active CSR, however, they cannot replace states and their statutory tasks where governance structures are weak.

1 Definition and Categorization

Academics and practitioners use different definitions of the term Corporate Social Responsibility (CSR). However, all definitions have in common that CSR stands for the socially and ecologically responsible actions of businesses geared towards fulfilling the fundamental idea of creating lasting and sustainable economic activity. CSR firstly includes compliance with relevant regulations (traditional compliance): regardless of the regulatory environment, corporations acknowledge their responsibility for complying with relevant laws, regulations and standards within the scope of their business activities and within the limits of their resources. These efforts comprise a wide range of topics such as working conditions (incl. health protection), human rights, environmental protection, prevention of corruption, fair competition, consumer interests and taxation.

Multifaceted Commitment

CSR, however, is much more than compliance, that is the mere observation of rules. Through their active commitment companies can contribute to finding solutions for social challenges in many ways. For instance, CSR comprises the investment of companies in the continued education of their employees. Secondly, it is CSR when a company invests in the infrastructure and the education system at their site regions. It is thirdly CSR, when a company aims to minimize the social and environmental risks in its global production chain. And last, but not least, it is fourthly CSR, when companies tackle social issues with market-based solutions.

In the implementation of CSR companies thus take advantage of their possibilities to open rooms for action in terms of sustainable development. In doing so, they establish their CSR activities very close to their "core business". As a result, the companies can ensure the greatest effect in the CSR area, since it allows them to do what they do best. CSR is therefore of strategic importance.

Holistic Understanding

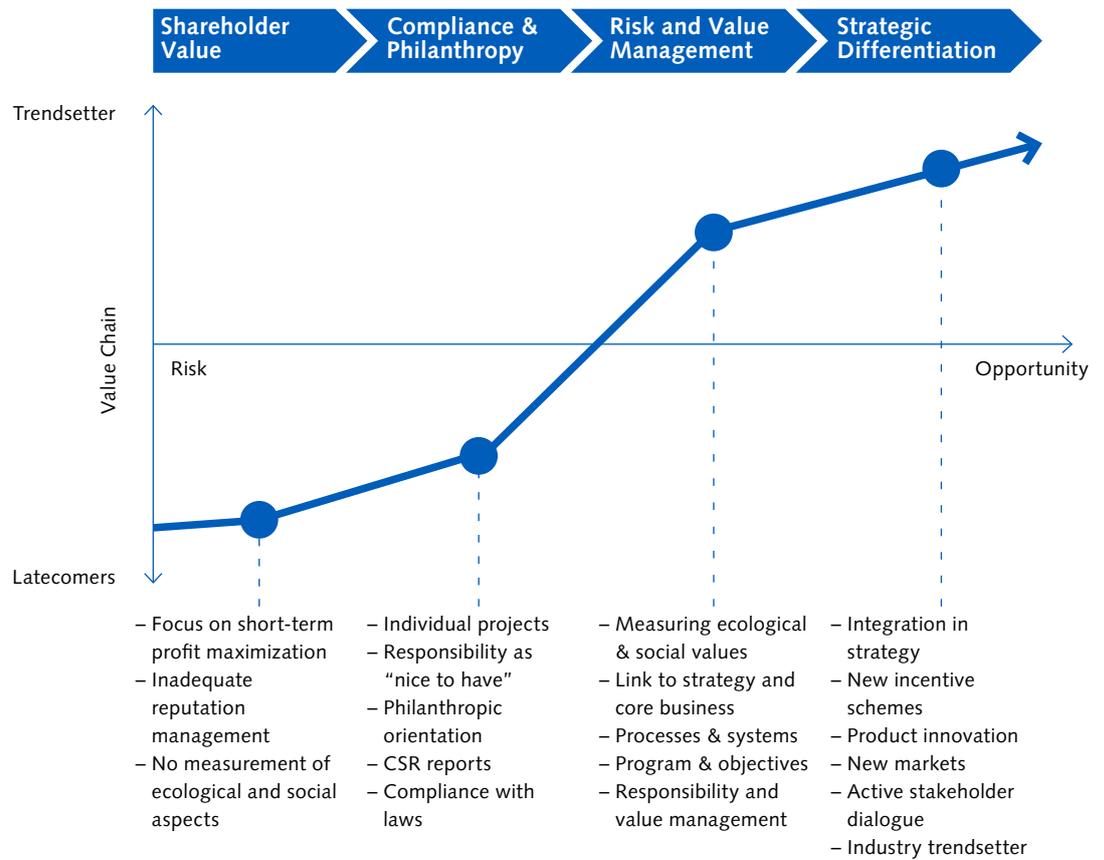
The economy influences all aspects of social life. The way companies act significantly influences the future opportunities of the individual and whether the potentials of the company are fully exploited. From a company's point of view, therefore a holistic understanding of CSR is crucial. All three aspects of entrepreneurial action – the economic, environmental and social dimension – play a role. For only companies that are competitive and successful in fact meet the requirements to assume their social responsibility in the long term. At the same time CSR is in the company's own best interest. Only those who live and respect the principle of sustainability can ensure lasting economic success.

Dynamic Approach

A dynamic understanding of CSR is equally important. Corporate Social Responsibility is not static, but evolves continuously. This is already due to the fact it operates in an ever-changing environment. The concept of Corporate Social Responsibility is not new. Already in medieval times the character of “honorable merchant” existed. His behavior was based on virtues that were meant to ensure long-term success without prejudicing the interests of society as a whole.

The issues in the area of Corporate Social Responsibility are different for every company and can only be addressed from a company-specific standpoint. The chosen approach in CSR activities varies depending on the environment and size of the company. The challenges are complex and have to be differentiated by product and geography.

Evolution of CSR and Sustainability



Source: Gastinger/Gaggl (2012) in Schneider/Schmidpeter (eds.): Corporate Social Responsibility, p. 246.

Swiss Business well rated

Investors as well know that CSR pays off in the long-term. Therefore, they increasingly consider CSR in their investment decisions. This also explains the existence of the various reference indices that measure the performance of companies in this area. One of the best-known benchmarks is the Dow Jones Sustainability Index (DJSI), in which Swiss companies are well represented.

The current DJSI-Index (2014) lists one leading company (industry leader) in each of 24 categories. Swiss companies are at the top in three of these areas: SGS AG in the category "Commercial & Professional Services", Swiss Re AG in the area "Insurances" and Roche Holding AG in the category "Pharmaceuticals and Biotechnology".

<http://www.sustainability-indices.com/review/industry-group-leaders-2014.jsp>

Companies are Part of the Solution

The public, however, does not perceive CSR in its entirety. Grievances over the misconduct of individual companies dominate the headlines. Therefore, CSR is still often seen as a pure PR activity. However, the misconduct in individual cases should not distract from the fact that these are exceptions and that enterprises have no interest in any kind of irregularities. A productive company needs a stable society. Mostly, companies are part of the solution and not the problem. They should therefore primarily be seen as partners of the states. Such understanding promotes opportunities for cooperation and leads to growth and progress.

Major Challenges

Today such partnership is more important than ever: the world is confronted with major challenges, such as climate change, scarcity of resources, environmental pollution, poverty, terrorism as well as health issues. When trying to solve these issues, the states increasingly run up against the limits of their own ability to act. Especially, since in a more and more globalized world these are quickly reached. Against this background, the social commitment of companies carries additional importance, as enterprises with their CSR activities often pursue the same objectives as the states.

Particular importance is given to CSR in developing and emerging countries. Labor and environmental laws naturally also apply there, however, in many places government structures and institutions are not robust enough. In this type of environment a company that operates internationally is already acting responsibly, if it makes sure that its business partners and suppliers also comply with the relevant legal provisions. Thus, CSR can also help to boost compliance with laws, regulations and standards and thus reduce government shortcomings.

The Limits of CSR

Responsible corporate conduct can never replace political responsibility. The corporate responsibility rather complements the political and civilian responsibility. The primary and most important function of a business with regard to society consists in its economic success, because it ensures that jobs are generated, taxes are paid and thus, at the same time, the foundation for the welfare of the people and the national economies is laid. The enforcement of laws and regulations, the implementation of fundamental environmental and social standards and the offer of public services are the tasks of the states (see chapter 5).

1.1 CSR on an Industry Level

CSR is not just individual companies imposing rules on themselves with their internal codes of conduct. CSR standards are also established on an industry level, either in associations or corporate interest groups. Often these industry standards are focused on specific topics such as the environment, human rights or labor rights. There are also differences with regard to the actors: sometimes they constitute platforms with the most varied government and private stakeholders, often however, only companies are involved.

The main benefit of industry-specific regulations lies in their range and their form, which is adapted to different situations. Such standards identify potential risks more precisely, since they bundle the knowledge of many actors – often in cooperation with specialized stakeholders. This allows them to find more specific answers to challenges, which ultimately are not only easier to implement, but also met with greater acceptance.

CSR standards at an industry level combine the advantages of the most accurate regulations with the necessary flexibility in the implementation at corporate level. Nonetheless, certain challenges remain, namely with regard to the different company sizes or the continued development of such standards. Therefore, industry standards cannot fully replace codes of conduct at company level, since ultimately the stakeholder requirements vary too much from company to company.

Successfully established

The
"Thun Group"

An Initiative in the Banking Sector

The "Thun Group", an informal group of international banks proactively debates the implementation of the UN Guiding Principles on "Business and Human Rights" in their industry. The group that is managed by UBS with the assistance of Credit Suisse considers the opinion of stakeholder groups in their discussions. This dialogue is intended to establish a common understanding with regard to the challenges relating to the implementation of the Guiding Principles. The group bases their work on the know-how of the Centre for Human Rights Studies at the University of Zurich. In 2013, it released a discussion paper on the implementation of the Principles 16 to 21 of the mentioned UN Guiding Principles.

<https://www.credit-suisse.com/media/cc/docs/responsibility/thun-group-discussion-paper.pdf>

https://www.ubs.com/global/en/about_ubs/corporate_responsibility/how-we-do-business/sustainability/thun-group.html

http://www.menschenrechte.uzh.ch/index_en.html

The Swiss Chocolate Industry

National and International Standards in the Chocolate Industry

The Swiss chocolate industry campaigns for socially acceptable manufacturing conditions and fair trade along the entire value chain at a domestic and international level. Internationally, many companies are directly involved in the World Cocoa Foundation. The latter locally advocates for the cocoa farmers and their families as well as environmental concerns. The Foundation works closely with the chocolate industry, the states concerned, research institutions and non-governmental organizations to reach its objectives. The foundation also supports farmers directly with programs regarding the cultivation, sale and trade of their products. On a national level the industry association Chocosuisse released an industry code of conduct that includes various provisions with regard to better compensating cocoa producers (e.g. trade chains that are as short as possible). Moreover, it requires compliance with the ILO conventions regarding the minimum age (138) and child labor (182) from the suppliers.

www.chocosuisse.ch

1.2 CSR for SMEs

SMEs also assume social responsibility. In doing so, they are confronted with the same challenges as larger enterprises. Furthermore, CSR related considerations increasingly influence the decisions of their customers, investors and other stakeholder groups. In some cases the CSR commitment of the SMEs is directly linked to the efforts of large corporations. As suppliers the SMEs have to comply with the CSR requirements and principles of these companies, if they do not want to lose their customers.

In addition to these common features, however, there are also significant differences that determine CSR at SMEs – for instance with regard to the company size, market, field of activity and the social impact of their business activity. Further, specific challenges arise for SMEs when implementing CSR requirements that can be summarized under the keywords “resources” and “visibility/tangibility”.

Lack of resources is the main issue here. For instance SMEs in many cases do not dispose of the resources or the necessary expertise to be able to verify or control a global value chain. If the same requirements apply, any regulatory provision is proportionally heavier for SMEs than for large companies. Remedy can be found in the activities of chambers of commerce and industry associations that facilitate the exchange of experiences and best practices or offer trainings. One example is the SME Guideline of the Association of Companies of Western Switzerland (FER). In a similar manner cantonal and federal authorities can facilitate access to information.

Regardless of all these challenges, Swiss SMEs have been active in the area of CSR for years, even though most pertinent measures taken are not known under that label. Many SMEs rather engage in informal processes with similar objectives. This is easiest explained by way of example (see illustration below).

Successfully established

Caran d'Ache

Caran d'Ache has undertaken many commitments for sustainable development and consequently these principles form an integral part of the implementation of all operations. With regard to the environmental protection the company from Geneva has reached its ambitious goals: for instance the solvent-based lacquers were replaced with water-based paints and thus the emission of volatile organic compounds (VOCs) was cut in half. Moreover, 97 percent of the pencils are manufactured from FSC-certified wood (Forest Stewardship Council).

<http://www.carandache.com/maison/engagement>

A man with dark, wavy hair is seen from behind, wearing a black and white plaid button-down shirt and blue jeans. He is standing in a grassy field with a wooden fence in the foreground and a line of trees in the background under a bright sky. The word "Live" is written in white in the upper right corner.

Live

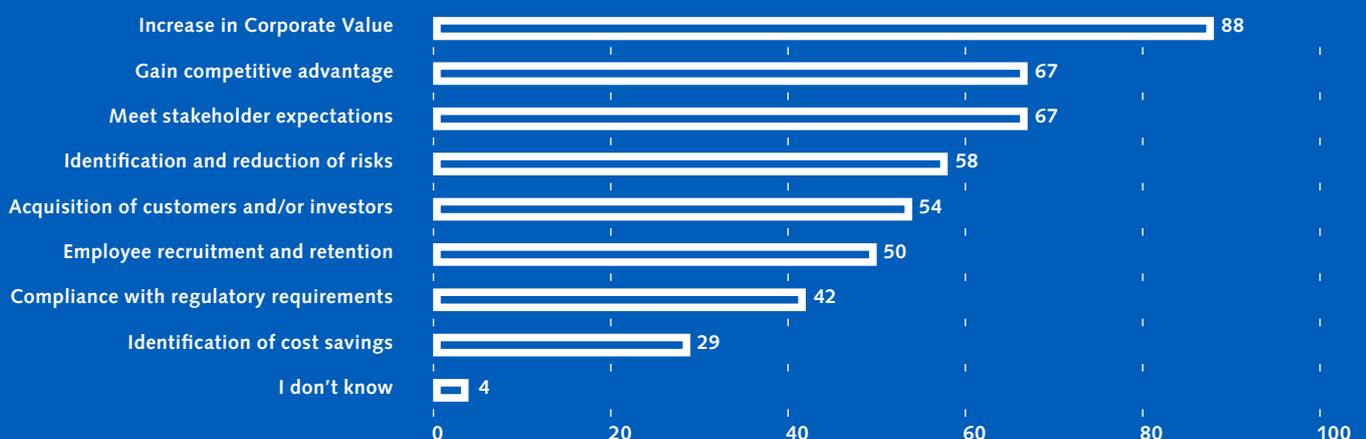
Responsibility

2 How Companies put CSR into Practice

The decision to put CSR activities into practice is often motivated by business considerations. Generally, the activities are the result of a combination of various factors (see the following chart). Thus, pursuing higher social and ecological standards seems more favorable, since improved working conditions increase productivity. Often companies also focus on securing new market shares. Furthermore, ethical motives are relevant to ensure the social acceptance for the business operation ("Licence to Operate"). Last, but not least trustworthy CSR is becoming an ever more important factor in the attractiveness of the company on the capital market, because investors increasingly regard sustainability as an important decision criterion. This was already apparent between 2002 and 2009, when the „Dow Jones Sustainability Index“ performed better than the traditional stock indexes. In short: CSR is in the best interest of the company.

Main Goals of a Sustainability Strategy in

in %



Source: 1. EY, Transparency in Focus, 2014

A classification into four fields of action (see depiction below) helps to structure the variety of CSR measures in companies. These fields of action illustrate that companies and states often pursue the same objectives. This statement equally applies to all fields of action.

For instance, with their investment in the education of young people the companies on the one hand ensure that a new generation of young professionals becomes available and on the other hand make an important contribution to the preservation and improvement of the national education system (Field of Action 1). If companies, moreover, strive for high quality in their suppliers as well, they thereby reduce social and environmental risks in the global production chains (Field of Action 2). With measures at their individual locations and production sites companies improve the framework conditions locally and contribute to the development of infrastructure as well as the protection of the environment, climate and resources (Field of Action 3). With innovative solutions tailored to the specific circumstances companies directly help the states to address challenges such as the fight against poverty or the improvement of the health care system (Field of Action 4).

Four Fields of Action for CSR Measures

Field of Action 1: **CSR in the Company**

Targeted staff development programs help retain highly qualified employees in the company and ensure high quality in the operational performance. With their own internal social and health services the companies pursue similar objectives.

Field of Action 2: **CSR along the Value Chain**

Companies promote compliance with high social and environmental standards along their value chain (among others with industry codes of conduct and group-wide procurement guidelines).

Field of Action 3: **CSR at the Location of the Company**

Companies are not isolated entities, but part of society. Therefore, it is in their own interest to be part of a functioning society. A voluntary commitment helps to support these objectives. Investments in local infrastructure and education projects as well as issues concerning sustainable environmental and resource management play an important role in this context.

Field of Action 4: **CSR on the Market (“Creating Shared Value”):**

CSR is increasingly geared towards solving social issues with entrepreneurial models. This allows companies to shape their CSR activities on a sustainable basis. These models thus offer the opportunity to develop the market and simultaneously solve social challenges.

2.1 Field of Action 1: CSR in the Company

CSR begins in the company itself. To this end sustainability criteria need to flow into all structures and processes of the business operations. The first field of action therefore primarily targets the company's own employees. Programs to improve work satisfaction are equally part of these efforts as initiatives for a better compatibility of family and work or education and further training programs for all staff members – from apprentice to employees with many years of service.

In doing so, the concept in many ways contributes to making the company appealing and helps attract or retain employees. According to relevant studies any enterprise finds it easier to attract new qualified employees, if they are able to inspire a social and societal sense of purpose. Particularly university graduates and young people under 30 are looking for an employer that assumes social responsibility. In other words: In the "War for Talents" a sustainable CSR management has developed into an asset that should not be underestimated. Sustainable staff management for example contributes to a good work climate and combats discrimination and unequal treatment.

But society also benefits. Companies that train apprentices and maintain older workers in the labor market for example contribute to solving social challenges in the area of labor market security and education. At the same time, they actively help to address the issue of the shortage of skilled workers.

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AXA Winterthur

Reconciliation of Family and Career: AXA Winterthur takes flexible work very seriously and acts accordingly. All positions are advertised starting on an 80 % part-time basis. Part-time employment is possible on all levels of management, even in senior management positions. Thanks to the flexible work models employees can not only be recruited, but they also remain in the company, when they experience private changes such as starting a family or further education and training. The company benefits from the years of experience of its employees and – through flexible job offers – the teams develop greater diversity. This strengthens the innovative capability of the company. Flexibility and diversity are welcome at AXA Winterthur.
<https://flexwork.axa.ch/fr/>

Rösslispel Nursery

Nursery-Association: Behind the Rösslispel nursery in Lucerne is an association that finances the institution together with the local community. Association members are the organizations and companies Caritas, Credit Suisse, CSS Health Insurance, Schurter AG as well as Suva, all based in Lucerne.
www.kita-roesslispel.ch

Micarna

Apprentice Training: Micarna AG is breaking new ground with its virtual company Mazubi that was specifically set up for training purposes. The 122 apprentices steer and manage the operations of this virtual company from production to marketing. This not only helps them to learn about the operational processes, but also lets them fully experience and shape them.
www.micarna.ch

SBB

Recruitment of older staff members: SBB has long underestimated the potential of older employees. But since 2013 SBB has started relying on a good mix in their teams and actively recruits employees of the "Generation 50+", as they offer specific advantages (for example with regard to experience and patience).
www.sbb.ch

2.2 Field of Action 2: CSR along the Value Chain

Companies increasingly organize their procurement and production as well as sales through international value chains that sometimes also extend to developing and emerging countries. This creates new challenges for the enterprises, since in some of these countries they may be faced with urgent social problems that they do not know from their home countries. Examples for this are child labor, corrupt and ineffective public administrations as well as missing labor and environmental regulations. These challenges no longer only concern large corporations, but also SMEs that are internationally connected or supply to companies that operate globally.

Special Challenges in «Weak Governance Zones»

Companies operating in zones with weak government structures are faced with a classic dilemma. On the one hand, the companies are able to invest there and can thus help to improve the situation locally with targeted measures – for instance against child labor, human rights violations or environmental pollution. On the other hand, they risk being accused of indirectly assisting despotic regimes with their commitment. This situation requires cooperation with the home state as well as stakeholders, such as NGOs. For instance thematically specialized NGOs see themselves as partners of the enterprises and will share their knowledge with companies.

Acting responsibly in this context means that companies advocate sustainability along their value chain, for instance by implementing international standards (UN, OECD, ILO), industry codes of conducts or procurement guidelines. The CSR measures of the companies thus support the compliance with laws, rules and standards and help to reduce the negative impact of government shortcomings.

Since the worldwide value chains are extremely varied, a differentiated approach to CSR is important. The level of influence companies can exert on their supplier varies and largely depends on the structure and complexity of the supply chain as well as the market position of the company. Generally, however, the possibilities of the companies are limited. With their commitment companies may be able to complement the efforts of the states, but they cannot assume their responsibility. It is up to the state to implement and enforce human rights and fundamental social and environmental standards.

Successfully established

ABB

Training Programs: The ABB group delivers training programs in many countries to raise the awareness of the management for human rights issues. They focus on areas, in which ABB may potentially exert an influence on their protection: for example as supplier of products and services for client projects or by ensuring that subcontractors comply with standards. The human rights trainings are based on the United Nations Principles on Human Rights and Labor Rights as well as other relevant guidelines. Further information at:

www.abb.com/sustainability

Holcim

Due Diligence Process: Holcim follows a risk-based approach in their human rights compliance that is in full accordance with the UN Guiding Principles on Business and Human Rights (“Ruggie Principles”). Business entities in high-risk countries are thus obliged to carry out a human rights impact assessments under professional guidance. Business units that are less exposed have a self-assessment obligation, for which, if necessary, support will be provided.

www.holcim.com

Multi-Stakeholder

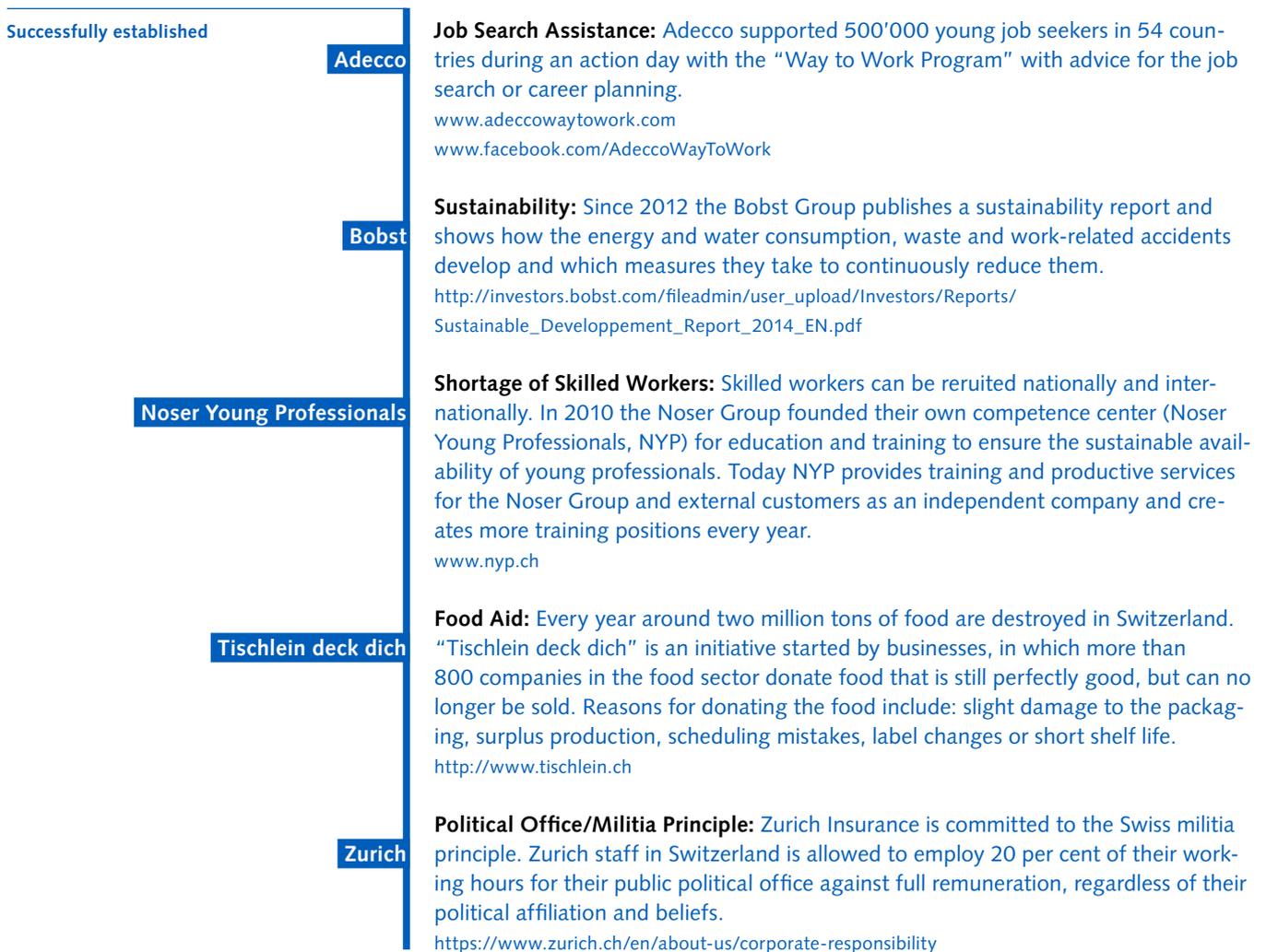
Multi-Stakeholder Initiatives: “With this type of initiatives actors from different fields, such as government (Seco), economy and civil society offer their expertise to contribute to the realization of Corporate Social Responsibility together [...] Multi-stakeholder initiatives are often sector-specific standards that deal with the typical challenges of a particular production and manufacturing process [...]”. Such initiatives with SECO involvement now exist for the trade with tropical wood, cotton and coffee. A wider known initiative is the Kimberley Process to prevent trade in conflict diamonds.

www.dievolkswirtschaft.ch (main topic in the 12-2012 issue)

2.3 Field of Action 3: CSR at the Location of the Company

“To assume responsibility“ also implies looking beyond the doors of the company, since businesses are always also a part of society at their location. Therefore, it is in their own best interest to contribute to a functioning society – a commitment that is regarded as strategic investment and considers the benefits of both sides (win-win situation).

Often companies strengthen the identification of the region with their operation through sponsoring activities or investments in cultural or sports events, which in turn has a positive effect on the loyalty of customers and employees. Enterprises also regularly engage in educational projects or offer internships for young people. Furthermore, the public authorities and businesses bundle their resources within the scope of “Public Private Partnership” projects and work towards a common objective. Typical PPP-programs are the maintenance and development of transport infrastructures, the improvement of the energy supply as well as environmental protection campaigns.



2.4. Field of Action 4: CSR on the Market (“Creating Shared Value”)

When markets look jaded, more and more companies are searching for new business segments and untapped corners. There is great potential in the economic, social and ecological challenges of our times, therefore companies are increasingly steering their innovations in this direction. These approaches are known under various names, such as “Creating Shared Value”, “Social Innovation” or “Inclusive Business”. Examples for this type of initiatives are the industry’s efforts to develop resource-efficient cleaning agents or eco-friendly motors. The so-called “Shared Economy”, which subscribes to sharing goods, can also be included in this context. Switzerland for instance is a pioneer when it comes to the shared use of cars and bicycles.

“CSR on the Market” is of special importance in emerging and developing countries. Different population groups have difficulties to access even the most basic supplies of drinking water, food, medical services and electricity. Targeted programs of internationally operating corporations can provide relief. For instance, companies develop products that help ensure the electricity and water supply with simple tools.

Credit Suisse

Microcredits: Credit Suisse closely collaborates with local microfinance institutions in developing and emerging countries. The “responsAbility Global Microfinance Fund” launched with partners in 2003 today accounts for 1.070 billion US dollars and facilitated loans to more than 750'000 micro-enterprises in 76 countries. Further, Credit Suisse also supports their customers at the lower end of the income pyramid with regard to their financial needs, for instance for house constructions, health or education. To do this it launched the “Microfinance Capacity Building Initiative (MCBI)” together with other partners.

<https://www.credit-suisse.com/ch/de/about-us/corporate-responsibility/initiatives/microfinance/engagement.html>

Mobility

Carsharing: Mobility Carsharing combined the sustainability concept with the need for mobility and offers the shared use of over 2600 vehicles at 1395 locations to around 112'000 customers throughout Switzerland.

www.mobility.ch

Novartis

Primary Health Care: In 2007 Novartis started the social business model “Arogya Parivar” (which translated means “Healthy Family”) in India, which from the beginning aimed to improve access to affordable, high-quality medicine for the rural population. A further focus of the program lies in providing information to the locals on the importance of prevention and timely treatment. Moreover, health camps are organized locally to facilitate access to diagnosis, examinations and therapies for villagers. Based on the success of the model in India, similar programs have been developed in Kenya, Vietnam and Indonesia since 2012. More than 17 million people have been reached with these programs since 2010.

www.novartis.com

Swisscom

ICT-Innovation Replaces Travelling: With video and web-conferences Swisscom is backing solutions that enable staff to work independently from time and location. Customers are able to shape their every-day work flexibly and better reconcile work and other activities. Travel during peak hours is eliminated or can be avoided. This is an important contribution for the relief of the transport infrastructure and conservation of resources.

www.swisscom.ch/possibilities

Syngenta

Food Security and Sustainable Agriculture: With the initiative “The Good Growth Plan” Syngenta addresses the issues of food security and sustainable agriculture. The initiative strives to sustainably increase agricultural production through the efficient use of resources, to preserve ecosystems and strengthen rural communities worldwide. A special focus lies on small farmers. In addition to their products, Syngenta also offers knowledge, technology and trainings regarding the safe use of crop protection products. To what extent these measures impact the living standard of small farmers is measured with the help of the “Social Impact Assessments”.

www.syngenta.com

www.goodgrowthplan.com



Responsibility



3 How the State Can Support the CSR Activities of Businesses

The companies themselves implement Corporate Social Responsibility. CSR thus is a task that is included in self-designed business practices and does not require state interventions. The state can, however, create better framework conditions for the CSR activities of the enterprises.

In Switzerland the state is particularly active on four levels:

- Ensuring good framework conditions
- Promoting transparency
- Raising awareness and supporting companies
- Consolidation of CSR in the development context

3.1 Ensuring Good Framework Conditions

In past decades international organizations, governments, businesses and NGOs have developed codes of conduct, standards and labels to help the companies assume their responsibility. These standards define the expectations for responsible actions of companies on various levels. They show the principles that apply to the individual areas, such as human rights, environment, labor relations, corruption, consumer protection as well as taxation, and thus provide an important orientation framework for the economy. The instruments applied differ from each other in terms of scope of application (industry, topics), monitoring mechanisms and institutional support.

In principle, many of these standards have long since been established. They have continuously been developed – especially in the last five years. For example the OECD Guidelines for Multinational Enterprises that were adopted in 1976 were fundamentally updated in the first half of 2011 and a new chapter on human rights was added. The latter follows the UN Guiding Principles on Business and Human Rights (“Ruggie Principles”) that were released in the same year. This shows that the international community is making an effort to coordinate the various instruments with each other.

Switzerland is also active in multilateral organizations (OECD, ILO, UN). The conclusions reached in these organizations are systematically incorporated and, if necessary, implemented at a national level (see also the paragraph on “Status of the Political Debate in Switzerland”, page 27). Wherever CSR affects government authorities, it will be taken into account.

OECD

OECD Guidelines for Multinational Enterprises: Switzerland actively participates in the OECD Committee on “Responsible Business Conduct”. In the context of the implementation of the OECD Guidelines for Multinational Enterprises the Swiss National Contact Point for the OECD Guidelines (NCP) was established. In case of submissions regarding possible violations of the Guidelines it will offer a platform for dialogue and act as informal mediator between the parties to help find a solution to the problem. Moreover, it cooperates with NCPs of other countries, e.g. within the scope of the so-called proactive agenda (e.g. establishing sectorial tools for specific challenges) or to exchange experiences (so-called “Peer Learning”).

<http://www.seco.admin.ch/themen/00513/00527/02584/index.html?lang=en>

UN Global Compact

The biggest CSR platform in the world: With its large number of members (8000 companies and 4000 NGOs) from 145 countries the UN Global Compact is a voice to be reckoned with. The federal administration financially supports the Global Compact (through the “Global Compact Trust Fund” or by financing specific activities), in particular in the context of thematic initiatives such as equal treatment (“Empowerment”) of women, the fight against corruption or business practices in conflict regions. The federal administration is also actively involved in the “Global Compact Government Group” and promotes the strengthening of the role of this group in the governance structure of the Global Compact: in particular, through the endorsement of an enhanced participation (mostly the member states in the group of developing and transition countries). In addition, Switzerland holds the chair of the “Group of Friends of the Global Compact” in New York.

www.globalcompact.org

GCNS

Global Compact Network Switzerland: The GCNS was established in 2004 and significantly strengthened in 2015. The Global Compact Network Switzerland (GCNS) and the Swiss Agency for Development and Cooperation (SDC) that play a leading role among other federal offices signed a cooperation agreement in terms of a public private partnership. This is part of the measures proposed by the Federal Administration on Corporate Social Responsibility and the implementation of the UN Guiding Principles on Business and Human Rights. Physically the GCNS Secretariat is located at the ICC Switzerland in Zurich (Haus der Wirtschaft). ICC Switzerland is the Swiss National Committee of the International Chamber of Commerce ICC. It represents the economy in the various bodies of the Global Compact in New York since its foundation.

www.globalcompact.ch

ILO Declaration

ILO Declaration on Fundamental Principles and Rights at Work (1998): This ILO Declaration and its eight core conventions, in which the principles of freedom of association and right to collective bargaining, elimination of all forms of forced labor, abolition of child labor, elimination of discrimination in respect of employment and occupation were defined, have served as reference for a number of government and private CSR initiatives and codes of conduct. In the ILO context Switzerland continues to promote an efficient follow-up to the 1998 Declaration and the universal ratification of the eight core conventions.

<http://www.ilo.org/declaration/lang--en/index.htm>

* CSR Position Paper of the Federal Council, Seco, 2015
<http://www.seco.admin.ch/themen/00645/04008/index.html?lang=en>

3.2 Promoting Transparency

An important objective of the state is to promote public awareness in connection with CSR activities. This requires increased communication and transparency. The state therefore supports the efforts of the businesses and other stakeholders to develop orientation tools for entrepreneurial reporting on sustainability. In recent years, a multitude of guidelines has emerged. The enterprises apply these standards when reporting on their own sustainability efforts. Thus, they enable interested stakeholder groups to gain an overview of the relevant CSR activities. This is a prerequisite for ensuring that the wider public understands and is able to classify the commitment of enterprises.

Selection of Tools and Measures*

GRI

Global Reporting Initiative: As a result of the global distribution of labor as well as cross-country procurement chains and investment activities there is a growing need even for companies in developing countries to give an account of their sustainability management. The federal administration supports a joint program of the Global Reporting Initiative (GRI) and the UN Global Compact promoting the sustainability management and sustainability reporting by companies in developing countries financially and through thematic cooperation.

<https://www.globalreporting.org/Pages/default.aspx>

EITI

Extractive Industries Transparency Initiative: The EITI promotes transparency and therefore accountability and governance in the mining industry as well as the oil and gas sector in extracting countries. Switzerland belongs to a group of "Supporting Countries" and holds a seat in the international EITI Board. It endorses the further strengthening of the EITI regulations to improve government leadership through increased transparency in the "Public Finance Management" and ultimately promote better living conditions for the population. Switzerland also supports the countries that implement the EITI with donations to the EITI „Multi-Donor Trust Fund“ managed by the Worldbank.

<https://eiti.org/eiti>

* CSR Position Paper of the Federal Council, Seco, 2015
<http://www.seco.admin.ch/themen/00645/04008/index.html?lang=en>

3.3 Direct Support for Businesses

The state also directly endorses CSR for the benefit of businesses. For instance, it provides information. Moreover, the public administration offers modules on specific issues to raise the companies' awareness. The particular focus of these activities lies on the SMEs. Small and medium-sized enterprises need these services not least due to the lack of own resources. The state offers this assistance to them through consulting institutions.

In this context the promotion of a dialogue with various stakeholders also plays an important role. Government bodies act as bridge builders and networkers. They promote the establishment of platforms and "round tables" for the exchange of information. Since the perception and consideration of the needs of the stakeholder groups are key elements, this type of dialogue is often the prerequisite of an effective CSR. In this context, it is important that the companies know the needs of the stakeholders. A prerequisite is that the awareness for CSR in the society is strengthened. This starts in the school education, extends to further training modules and should also be discussed in professional practice. The state and economic associations share this task.

Selection of Tools
and Measures*

OECD

Measures to Raise Awareness in the Scope of the OECD Guidelines: Within the scope of its mandate of the OECD Guidelines for Multinational Enterprises the National Contact Point (NCP) implements awareness-raising and promotional activities. In particular, Swiss companies, but also other interested circles are informed and educated on the content of the OECD Guidelines for Multinational Enterprises with promotional and training activities. The regional activities within the Principles for Responsible Management Education (PRME) framework contribute to these activities.

<http://www.seco.admin.ch/themen/00513/00527/02584/index.html?lang=en>

Sustainability Compass

Sustainable Procurement: The information platform Sustainability Compass offers assistance to companies to facilitate the integration of sustainability aspects, i.a. through consideration of relevant sustainability standards in the procurement of services and products. On the page www.kompass-nachhaltigkeit.ch public procurement employees as well as enterprises will find detailed information on sustainable procurement – in particular with regard to products from developing countries. In addition to a database, containing extensive information on social and environmental standards the website offers information regarding the establishment of a sustainable procurement management, the possibilities of considering social and ecological criteria when awarding mandates for public and private institutions, background information on various topics as well as practical examples of companies and institutions.

<http://www.sustainability-compass.com/>

* CSR Position Paper of the Federal Council, Seco, 2015
<http://www.seco.admin.ch/themen/00645/04008/index.html?lang=en>



UN Guiding Principles on Business and Human Rights

“Ruggie-Principles”

In recent years, the corporate responsibility to respect human rights has been discussed very thoroughly at the international level. The topic is particularly relevant for corporations and their suppliers that operate in countries with a lower per-capita income and a comparatively low regulatory density.

In 2005, Professor John Ruggie was appointed as the United Nations’ Secretary-General’s Special Representative for Business and Human Rights. John Ruggie then initiated a six-year research and consultation process that involved actors from 120 countries. From these consultations he developed the “Protect, Respect and Remedy” Framework, which he later substantiated in 31 Guiding Principles. This framework strives to improve the ability to identify and thus also prevent human rights violations in connection with economic activities in future.

This Framework and the Guiding Principles constitute the most authoritative developments in the area of “business and human rights” of the last years. With his concept John Ruggie created an international standard that is equally accepted by states and corporations worldwide. Furthermore, he made a significant contribution in defining the respective roles of states and corporations and demarcating them more clearly.

Ruggie’s Guiding Principles do not result in the creation of new international obligations. Rather, they are tied to existing international standards and define a framework for their implementation, which mostly consists of guiding principles. Every state “should” decide for itself, how it wants to take these principles into account.

1st Pillar **“State duty to protect human rights”**

The first pillar addresses the state’s duty to protect the inhabitants of its national territory against human rights abuses by corporations. Human rights violations by business enterprises on its own territory should be prohibited or prevented, for example by applying minimum labor law and environmental standards. If violations still occur, the state also has the duty to investigate and prosecute them. Furthermore, states should set clear expectations on their corporations to respect human rights standards abroad.

2nd Pillar **“Corporate responsibility to respect human rights”**

According to the 2nd pillar corporations have to respect human rights, that is avoid infringing them. In order to meet this responsibility, enterprises must act with the necessary “Due Diligence” in their business operations. This means that in their due diligence audits they must not only ensure compliance with national laws, but also actively assess the risks to ensure that human rights violations are prevented. The due diligence does not only cover the respective enterprise itself, but should also extend as far as possible to the value chain, which would in particular include the suppliers. The Guiding Principles explain how this “Due Diligence” should be conducted. The Guiding Principles do not represent binding law, but rather a political expectation for the corporations.

3rd Pillar **“Access to Remedy”**

The 3rd pillar sets requirements for both the state and the corporations: if a corporation is responsible for human rights abuses, the state following its duty to protect has to provide access to grievance mechanisms and guarantee legal protection. The enterprises as well should have effective grievance mechanisms in place and, in case of human rights violations that they are responsible for, they have the duty to provide remedy.

3.4 Strengthening CSR in the Development Context

Due Diligence in Swiss Company Law

The company's top management is subject to the following obligations not only locally, but also at group level:

- The Supreme Court is rigorous in its interpretation of the due diligence standard (Art. 717 CO).
- The top management has the duty to intervene and in case of human rights violations in specific cases it has to take appropriate measures without delay.
- It has to identify the risks of law infringements and establish a group-wide internal control system (ICS).
- It must monitor the actual management of the business at group level and ensure an effective compliance.**

State activities always gain vital importance, when the host state for various reasons does not or only insufficiently meet its constitutional obligations to protect the people and the environment. In this context, Switzerland plays an active role at many levels: offering information and consulting services, for example on applicable international standards and norms ("soft law") or with risk assessments on the situation on the ground (inter alia through consular representatives). This helps international enterprises to observe and respect the highest standards.

Further, Switzerland offers its own legislation to prevent corporate misconduct ("hard law"). Enterprises comply with the law and legislation also in their activities abroad. For instance, Swiss legislation provides that due diligence must be conducted. It includes remediation provisions for transgressions of the parent company (see boxes "Due Diligence in Swiss Company Law" and Measures to Facilitate Access to Remedy).

Selection of Tools and Measures***

SCORE / Better Work

Promoting the participation of Swiss enterprises in projects of the development cooperation: Swiss companies are encouraged to participate in the ILO programs SCORE and Better Work. This helps Swiss companies to promote human working conditions in their supply chains. For this purpose events are organized for Swiss companies to familiarize themselves with the programs and support Public Private Partnerships between the ILO and Swiss enterprises.

<http://betterwork.org/global/>

IDWG on Combating Corruption

Interdepartmental Working Group on Combating Corruption: The IDWG raises awareness in corporations, in particular SMEs that operate internationally, with regard to the corruption risks that could arise when operating abroad. For instance IDWG representatives participate in the „Compliance Roundtable“ to voice Switzerland's concern in connection with the implementation of the UNCAC, GRECO and OECD Convention. Further, IDWG representatives participate in events of Swiss Business Associations to inform and raise the awareness of the participating companies on the subject.

<https://www.eda.admin.ch/missions/mission-un-vienna/en/home/dossiers/organisation-industrielle-entwicklung.html>

UNIDO Program

UNIDO Program for Resource Efficiency: Environmentally friendly production methods in SMEs are promoted in the UNIDO program „Resource Efficient and Cleaner Production“ (RECP). The goal of the program is to promote the competitiveness of companies by improving their resource efficiency and contribute to finding solutions for the general climate challenges.

<https://www.eda.admin.ch/missions/mission-un-vienna/en/home/dossiers/organisation-industrielle-entwicklung.html>

* BGE 97 II 411. [Federal Court Ruling]

** Art. 716a para. 1 pt. 5 CO – in this context see also pt. 19 of the "Swiss Code of Best Practice", 2014.

*** CSR Position Paper of the Federal Council, Seco, 2015

<http://www.seco.admin.ch/themen/00645/04008/index.html?lang=en>

Measures to Facilitate Access to Remedy

- With regard to the area of “legal measures” the Swiss parent company can be prosecuted in Switzerland for violations of an affiliate company abroad and ordered to pay compensation, if the parent company itself can be accused of misconduct.
- With regard to “non-legal measures” the procedures of the National Contact Point established within the framework of the OECD Guidelines are particularly relevant (see Chapter 5). In many cases the NCPs have contributed to solving disputes between conflict parties and to effectively improve the situation locally “on the ground”. Moreover, these procedures help to avoid conflicts about jurisdiction (extraterritoriality).
- Last, but not least, Swiss companies already use different channels to enter into contact with their employees, suppliers, customers and other stakeholders and to offer possibilities for lodging complaints.

Good Governance and Development Policy

Furthermore, Switzerland advocates for the strengthening of the institutional structures in the relevant host states directly. This is a governmental task that cannot be delegated to the companies. These “Good Governance” programs have faced delays in the past despite all the set-backs, however, there is no alternative way around them.

With regard to its development policy Switzerland generally supports private sector commitments to sustainable development. In this context partnerships are essential. An example for a strategic alliance is, when the state addresses complex challenges together with one large company or several companies. Moreover, the state also promotes innovative corporate strategies that are not solely directed at establishing new markets, but also provide for a participatory product development and the active involvement of the local community in production and sales (broadly effective business models).

Excursus

Current status of the Political Debate in Switzerland

The political developments in the field of CSR can be attributed to the following initiatives:

1. Implementation of “new” international guidelines in Switzerland: This mainly concerns the new UN Guiding Principles on Business and Human Rights (“Ruggie Principles”) as well as the updated OECD Guidelines, which were both adopted at an international level in the year 2011. By transferring the Postulate of the member of the National Council von Graffenried (12.3503) the Federal Council agreed to elaborate a strategy for the implementation of the UN Guiding Principles in Switzerland. With regard to the OECD Guidelines Switzerland has already completed the implementation work. Individual adjustments were made, such as for example in the National Contact Point.
2. Own Projects of the Federal Administration: The Federal Council has adopted a position paper including an action plan prepared under the leadership of the Seco. The goal of this overall strategy is to serve as reference and guidance for activities of the federal administration, but also for private actors. In addition the Federal Council has initiated specific activities relating to the commodities sector to address the challenges of this industry proactively. At the end of March 2013 the background report on “Commodities” with 17 recommendations (for example regarding reporting, multi-lateral cooperation as well as good governance) was published. The goal is to report regularly on the implementation of these recommendations.
3. Activities of the NGOs: The NGOs in Switzerland believe that the existing standards and guidelines are insufficient. They request far-reaching additional legal provisions. 50 organizations have joined forces for the “Corporate Justice” campaign. Moreover, the coalition launched a “Responsible Business Initiative” on this issue in April 2015.



Share



Responsibility

4 Promote Cooperation

To achieve the sustainable objectives set all stakeholders need to cooperate. Confrontation should become cooperation. In this context the communication of the companies on their CSR commitment is very important, as it strengthens trust and promotes a proactive debate of the stakeholder groups on the company's engagement.

The Role of Non-Governmental Organizations (NGOs)

In addition to labor organizations, NGOs have long since played an important role in the social commitment of companies. Civil society is sometimes very critical when it comes to globalization and multinational corporations. However, particularly the NGOs specialized on the topic have come to see themselves more and more as the dialogue partners of enterprises. This change of strategy allows the corporations to benefit from the NGOs' know-how in finding solutions to certain challenges. Sometimes the NGOs are also mandated with the implementation of specific support programs. The advantages of this type of cooperation are many and are thus specifically acknowledged by the international bodies and organizations.

The majority of enterprises shows a clear commitment to responsible corporate management and thus actively contributes to a sustainable economy. In this context communication plays an important role. Since CSR can only take full effect when stakeholder groups and the wider public are informed on the social engagement as well as the impacts of the businesses' economic activities. This requires a trustworthy communication style, true to the old adage "Do Good and Talk About It".

In their CSR communication many corporations also transparently disclose their fields of conflict and challenges in the CSR area ("Knowing") and at the same time explain ("Showing"), how they intend to address these situations in future. This commitment to transparency strengthens trust and promotes a proactive discussion of the stakeholder groups about the social engagement of the company.

Standardized Reporting

Corporations use various channels to report on their CSR engagement. For instance, employee magazines, brochures as well as the web presence are used for this purpose. A particularly important tool is the company's own CSR- or sustainability report. These reports emerged from the environmental reports of past years. In recent years a number of reporting standards have evolved. These guidelines create standardized conditions by providing indicators and guidance for the individual report components, which in turn help businesses compare their performance and activities in the CSR area.

The Global Reporting Initiative (GRI) standard is applied most frequently in Switzerland and world wide. It was created with all kinds of stakeholder groups and experts and is continually updated. Depending on their scope the reports are divided into three application levels (level A, B and C) and are marked with a plus sign, if the report is subject to external review.

Non-Discrimination: Number of incidents of discrimination and measures taken.

Freedom of Association and Collective Bargaining: Business activities in the company itself or with suppliers that put the freedom of association and collective bargaining at risk, measures taken.

Child Labor: Business activities in the company itself or with suppliers that are identified as bearing the risk of child labor, measures taken.

Forced or Compulsory Labor: Business activities in the company itself or with suppliers that are identified as bearing the risk of forced or compulsory labor.

Security Personnel: Type of training for security personnel in aspects of human rights.

Indigenous Population: Incidents of violations of the rights of indigenous people and measures taken.

Due Diligence and Impact Assessment: Percentage and total number of business activities in the company itself or with the suppliers for which a due diligence or an impact assessment was conducted.

Due Diligence for New Suppliers: Percentage of new suppliers that were evaluated based on the human rights criteria and measures taken.

Human Rights Violations in the Supply Chain: Number of significant human rights violations in the supply chain and measures taken.

Grievance Mechanisms: Number of cases submitted, discussed and solved through official grievance mechanisms.

5 Limits of Corporate Responsibility

Businesses that operate at an international level are expected to use their ability to exert influence to ensure that their partners in developing and emerging countries comply with high labor and social standards as well. Chapter 3 shows which instruments have been developed at the international level to further specify these expectations. The UN Guiding Principles and the OECD Guidelines for Multinational Enterprises are mentioned in first place. These international standards facilitate a globally coordinated approach with regard to CSR topics. Nevertheless, the standards are flexible enough to allow for a quick response to specific challenges on the ground (see example Nestlé, page 35).

At the international level the actors assume that shortcomings cannot be remedied from one day to the next. Time is needed to enforce the necessary standards with every supplier and in the administration. The instruments of the international community therefore focus on a pragmatic approach based on the multi-layered interaction of all the parties involved. This approach also builds the basis for the grievance procedure provided in the OECD Guidelines in case of controversial corporate behavior (see example NCP Procedure, page 34). Also in this case the parties should work towards finding a solution for the future through dialogue and the exchange of experiences with the stakeholders concerned. Thus, the contribution that companies make to promote sustainable development worldwide is valued in the same manner as the efforts to prevent violations of social and environmental standards.

Internationally coordinated CSR standards help to overcome the differences between the various legal cultures as well as the issues of responsibility. This ultimately allows the pursuit of more ambitious objectives and the actual and effective improvement of the situation "on the ground". A constructive dialogue requires solid mutual trust. If Switzerland single-handedly subjects CSR to regulation, it will undermine the willingness of companies to talk and commit to voluntary measures that go beyond the legal requirements.

Fundamental Principles

Actions that are legal, are not always morally legitimate

Also companies do distinguish between law and morality. Businesses recognize their responsibility for the compliance with laws and provisions for the protection of people and environment within the scope of their business activities and possibilities irrespective of the regulatory environment.

Corporations cannot replace the state

The responsibility of enterprises, however, has clear limits. It is the duty of states to create legislation on their territory and enforce the laws. Corporations cannot act as representatives for this state function. They do not have the necessary jurisdiction or the state monopoly on the use of force. They can thus not compensate for a lack of regulatory provisions or institutional shortcomings. As a rule, the radius of action for companies is limited to their own scope of business, whereby the actual ability to exert influence is very different and depends on the structure and complexity of the supply chain as well as the market position of the company.

Level playing field with the competition abroad

The legislative activities in Switzerland should also be reflected against the international context and possible consequences for the competitiveness of the corporations should always be considered. A “Swiss Finish” does not only damage the attractiveness of the business location, but also undermines international efforts to create a “Level Playing Field”.

Juridification entails many risks

Rigid laws and liability provisions that are too rigorous stifle innovation in business, lead to cumbersome bureaucracy and undermine the entrepreneurial initiative in the field of CSR. Companies would have to withdraw from critical countries for compliance reasons (risk assessment), which would lead to the loss of valuable jobs. The opportunities offered by CSR activities would then fall along the wayside. A juridification of CSR would entail that the legal process would have to be followed with procedures that often last for years, are expensive and whose outcome remains uncertain.

* See Center for Ethics of the University of Zurich and SwissHoldings.

The National Contact Point – an important mechanism for solving conflicts

The National Contact Point (NCP) is a platform that promotes the application of the OECD Guidelines for multinationals (see also section 3.1). An important function of the NCP is the mediation between the parties when problems arise. In this case the NCP invites the parties to a roundtable and also offers mediation services. Compared to merely judicial instruments this so-called NCP procedure has many advantages. Thus for example the parties involved can apply it without financial risks or needing comprehensive expertise. Moreover, the conflict of responsibility can be avoided through this procedure.

In Switzerland the NCP is integrated in the SECO. An NCP procedure is initiated if the NCP receives credible information that a company disregards provisions in the Guidelines. To process the petitions other federal offices may also be involved depending on the issue at stake. Since the introduction of the NCP procedures in the year 2000 the Swiss NCP has received 20 petitions and mediated 12 cases, partly alone and partly with the NCPs of other states.

The 4 Phases of an NCP procedure

Phase 1

Petition to the NCP

A party reports a company's suspected violation of the Guidelines – or parts thereof – to the NCP.

Phase 2

Preliminary Assessment

The NCP compiles all facts on the case and takes a decision on whether there is a correlation with the Guidelines.

Phase 3

Arbitration

The NCP enters into contact with the parties and serves as a platform for dialogue or acts as a mediator in the arbitration proceedings.

Phase 4

Final Statement

The mediation procedure is confidential; the NCP publishes the result of the arbitration in its annual report.*

* CSR Position Paper of the Federal Council, Seco, 2015
<http://www.seco.admin.ch/themen/00645/04008/index.html?lang=en>

Nestlé's 8-pillar programme on Due Diligence

- Nestlé is committed to following human rights standards, respects them as core elements of its own business policy and continuously ensures that the actual or potential impacts of their business relationship on human rights will be evaluated. In doing so Nestlé adapts its approach to local conditions and challenges. Nestlé has developed an "8-pillar Due Diligence Programme" (HRDD) to satisfy these obligations.
- Pillar 1** Since 2010 Nestlé has evaluated the specific corporate human rights policies of fifteen of its subsidiaries based on the HRDD programme to include the relevant human rights elements and operationalize the human rights approach of the group.
- Pillar 2** Nestlé continuously engages with stakeholders to better understand and categorize the global and specific challenges of its business activities.
- Pillar 3** For approximately 50'000 workers in more than 64 „high-risk“ countries Nestlé has developed an online training programme on human rights issues.
- Pillar 4** Nestlé integrated a total of 43 specific human rights risks in its „Enterprise Risk Management (ERM)“.
- Pillar 5** Together with the Danish Institute for Human Rights Nestlé conducted comprehensive impact analyses in ten countries (Columbia, Nigeria, Angola, Sri Lanka, Russia, Uzbekistan, Kazakhstan, Vietnam, Pakistan and recently Myanmar). The company compiled the „Lessons learnt“ in its „Talking the Human Rights Walk“ report that was published in December 2013.
- Pillar 6** A corporate working group meets every two months to evaluate the progress with regard to Nestlé's effort to comply with human rights standards worldwide and in particular the implementation of the HRDD programme. The group consists of representatives from eight different business areas ("Human Resources", "Public Affairs", "Legal", "Security", "Compliance", "Procurement", "Safety", "Health and Environment", and "Group Risk Management").
- Pillar 7** To be able to draw on external expertise in 2010 Nestlé entered into a partnership with the Danish Human Rights Institute and since 2012 it is a partner in the „Fair Labour Association“.
- Pillar 8** Nestlé also considers the requirements of the HRDD programme in the internal audit and controlling processes along its supply chain. Meanwhile around 9'000 suppliers have been assessed within the scope of the Responsible Sourcing-Programme". This implies that Nestlé can now trace back 38 % of the 8'000 million tons of purchased raw materials to their source. In the Nestlé Society Reports, Nestlé reports annually on the progress of its human rights efforts. The reporting follows the established indicators, such as "UN Global Compact", „GRI“, „G4“and „FTSE4Good“.
- <http://www.nestle.com/csv/human-rights-compliance/human-rights>

Conclusion

Corporate Social Responsibility is far more than compliance. Firstly, it is CSR when a company invests in the education and further training of its employees. It is secondly CSR when a company invests in the infrastructure and education system in its locations. It is thirdly CSR when a company works towards minimizing the social and environmental risks in the global production chains. And last, but not least, it is fourthly CSR, when a company addresses social issues with market-based solutions. In sum: CSR has an effect in the corporation itself, at its locations, along the value chain and on the market.

The public, however, does not perceive CSR in its entirety. Grievances over the misconduct of individual companies dominate the headlines. Therefore, CSR is often tainted with the image of being a mere PR activity. The misconduct in individual cases should not blind us to the fact that these are exceptions and that the economy is not interested in any kind of irregularities. An efficient company needs a stable society. This is also the reason why more and more companies – as shown by the examples in this brochure – are approaching CSR strategically.

At the center of the current political debate is the question whether and how the liability of corporations in connection with their adherence to high standards should be extended. We support the fact that regulatory approaches are applied for corporate abuses in a targeted and coordinated manner internationally.

However, the suggestions that only aim at sanctioning misconduct are counterproductive. Rigid (Swiss) regulations that thwart ongoing international developments undermine the initiative of companies and lump all industries and corporations of whatever size together are just as obstructive.

Enterprises urge politicians to not only focus on the sanctioning of abuses, but to strengthen their support for corporations and their own commitment. Furthermore, there is a need for a constructive dialogue with all the stakeholders. All parties should deal with the question of what contribution they can make to solve the challenges of our time. Or to say it with Professor John Ruggie's words: We have to distance ourselves from the "naming and shaming" and rather turn towards "knowing and showing". The goal is that all stakeholders jointly contribute to an effective CSR.



economiesuisse

economiesuisse is the umbrella organization of the Swiss economy. It represents the interests of its members in all aspects of economic policy and promotes the best possible overall conditions for the business location Switzerland. Membership includes 100 trade and industry associations, 20 cantonal chambers of commerce and several individual companies. Overall economiesuisse represents 100'000 Swiss enterprises from all industries with two million jobs in Switzerland. SMEs and multinational enterprises, businesses oriented towards export and the domestic market: in the umbrella organization economiesuisse they all come together.

www.economiesuisse.ch



SwissHoldings is a business federation representing the interests of Swiss based multinational enterprises from the manufacturing and service sectors. The cross-industry professional federation seeks to improve the business conditions in Switzerland as host country for multinational enterprises that operate at an international level. The main fields of activity are economic policies and law, capital market and capital market law, financial reporting as well as domestic and international tax law.

www.swissholdings.ch

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