

Round Table Codes of Conduct on Social Standards

Impact, innovation and intensive dialogue



Lessons learned from stakeholder dialogues
and pilot projects focusing on the enhancement of social standards
in developing countries

“To further optimise our development cooperation work, we believe that not only dialogue between the different stakeholders is essential, but also a strong, continuous exchange of lessons learned with southern partners.”

Petra Hippmann, Federal Ministry for Economic Cooperation and Development (BMZ)



Round Table Codes of Conduct – aims and principles

Initiated and launched in 2001, the Round Table Codes of Conduct is a **multi-stakeholder forum** which is chaired by the German Federal Ministry for Economic Cooperation and Development (BMZ).

Consisting of representatives from the **private sector, trade unions, non-governmental organisations and government institutions**, it provides a platform for open and constructive **dialogue on** issues related to **social standards** as well as **corporate social responsibility (CSR)**. Furthermore, the members of the Round Table jointly implement **pilot projects** to promote a better application of social standards in developing countries.

In the context of social standards, the Round Table promotes the exchange of views and information on issues that are currently the subject of international debate, such as **public procurement policies, human rights and business, the establishment of sustainability standards in different sectors (e.g. coffee, natural stone) and the development of the ISO 26 000 standard for Social Responsibility (SR)**.

As a participant in the **German CSR Forum** – the aim of which is to develop a national CSR strategy – the Round Table contributes practical experiences related to its pilot projects in a multi-stakeholder setting.

In terms of **thematic content**, the Round Table follows the frameworks of the Universal Declaration of Human Rights (1948), the International Human Rights Accords and Conventions (1966), the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (1998), and the Global Compact Initiative (1999). The Codes of Conduct or guidelines for companies as put forward by the Foreign Trade Association of German Retailers (AVE), the Organisation for Economic Cooperation and Development (OECD), the Ethical Trading Initiative (ETI) in Great Britain and the International Confederation of Free Trade Unions (ICFTU) are an important orientation aid for the work of the Round Table.

The Round Table's processes are facilitated by a secretariat provided by Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH.

Pilot projects and joint learning

When the Round Table was initiated in 2001, **pressure from trade unions, NGOs and consumer groups** had grown and companies were starting to design Codes of Conduct for their supply chains as well as international supplier companies.

A number of **international standards organisations** were launched for the purpose of promoting better social conditions in international supply chains and manufacturing processes. Auditing schemes and certification procedures were introduced, sometimes resulting in very demanding processes for the supplier companies. However, best practices or lessons learned were very rarely exchanged among the parties concerned and too little was known about the real impact of social standards on companies.

Since then, the **approaches and strategies** for implementing social standards more successfully and sustainably have been **adapted continuously over the years**, taking account of experiences gathered and lessons learned.

The Round Table was initiated not only to discuss different experiences and learn from one another, but also with the aim of demonstrating how social standards can be implemented at the supplier level in a globalised economy. This was assessed thoroughly during implementation of the Round Table's pilot projects. With these, the Round Table addressed relevant questions and also set trends itself.

The topics addressed by the Round Table in its pilot projects **were always innovative** and dealt with the major issues of the day. The approach of initiating a dialogue between management and employees (see box below) has also been used – adapted to the situation at hand – in subsequent and current public-private partnership (PPP) projects.

This has contributed to a new understanding regarding the implementation of social standards over the years, including at the international level. There has been a **move from improving audit processes and certification** at the outset, towards **improving implementation through dialogue and training**, and promoting integrated approaches to standards in **corporate management strategies**. These are also issues that were addressed in the Round Table's pilot projects.



“When we talk about the wider distribution of decent working conditions, it is a key task to shift labour market participants away from the informal sector. Here, it is crucial to assist companies in making the leap from the informal to the formal sector and to support states in creating the prerequisite conditions for promoting growth in formal sector employment and pushing back the informal sector.”

Renate Hornung-Draus, Confederation of German Employers' Associations (BDA)



“If we want to anchor social standards more firmly in developing countries, the exchange with partners from the South is essential. Social standards cannot be implemented without adopting a multi-stakeholder approach that includes a pre-auditing process, the active participation of the workforce, follow-up and complaint mechanisms as well as the acceptance of trade unions.”

Barbara Küppers, terre des hommes
Germany

Project on promotion of dialogue in Eastern Europe (2004-2006)

An earlier public-private partnership (PPP) project with the Foreign Trade Association of the German Retail Trade (AVE) and GTZ had already begun to integrate dialogue as a key tool for successful implementation of social standards. Building on the experiences gathered here, the approach of initiating a **dialogue between management and employees** was developed as a concept at the Round Table and was implemented between 2004 and 2006 in 16 companies in Romania and eight companies in Bulgaria, reaching more than 10,000 employees.

By focusing on tools to enhance the dialogue between management and employees, social dialogue has been shown to be a suitable and effective instrument for improving company processes and performance. In-house conflicts may not disappear completely, but can be resolved more constructively. Generally, democratic involvement leads to more ownership on the part of the workers, which can have positive impacts in terms of higher productivity and economic benefits.

Round Table Expert Exchange on “Social Standards – learnings, opportunities and challenges from northern and southern perspectives”

In December 2009 the Round Table members met at GTZ in Eschborn, Germany, for an exchange of views and experiences regarding the implementation of social standards and CSR activities with partner institutions from the South.

The dialogue focused on crucial factors for the successful implementation of social standards as well as limits and constraints. Various partner institutions of Round Table members were therefore invited to share their experiences.

Among the issues that were highlighted by the southern partners were the **weak social auditing and social complaint mechanisms**. This is due to a lack of independence, institutional follow-up and awareness of complaint mechanisms. Also lacking is the involvement of trade unions and the **integration of upper tiers** of the supply chain, and integrating the **informal sector** is a further challenge.

It was also pointed out that there is a certain amount of **time pressure on the producers** in the South to deliver supplies quickly. This should be given more consideration, as it often results in the reduction of workers’ wages as the best means of reducing costs.

As a practical example, Shahana Kaukab from BASF Pakistan gave participants a presentation on a project in Pakistan where BASF has implemented key measures to give female workers equal job opportunities compared to their male colleagues, as well as a good working atmosphere.

ILO representative Stephan Ulrich presented the ILO Sustaining Competitive and Responsible Enterprises (SCORE) programme, which aims at supporting small and medium enterprises to improve quality and productivity by building their capacity for good workplace practices.

Furthermore, the participants worked on specific topics such as

- creating promising cooperations
- initiating cooperations between the global stakeholders
- initiating stakeholder dialogues on the local level
- structures/organisational capacities needed.

Here, the importance of **trust, respect and transparency**, as well as a commonly shared idea of outputs based on international standards, were seen as crucial factors for generating promising cooperation.



For cooperation between global stakeholders, the involvement of all actors/stakeholders including buyers/end-consumers and producers/manufacturers was seen as essential. In addition, existing global instruments need to be strengthened and should clearly address the obstacles hindering the implementation of social standards.

Participants also came to the conclusion that **establishing dialogue is already a success in itself!** It was viewed as the result of a longer-term process and it was emphasised that **dialogue should commence at enterprise level** and then be scaled up to include other stakeholders.

Promoting and strengthening workers' organisations, developing complaint mechanisms and adopting multi-stakeholder processes and systems based on a commonly accepted understanding of social standards were all seen as crucial preconditions for the successful implementation of social standards, as were the **development of legal instruments** and the **strengthening of law enforcement mechanisms by national governments** (e.g. including unions in monitoring).

After a day of exchanging experiences from the northern and southern perspectives, the lessons learned were that **integrating the southern perspective and strengthening the overall dialogue is essential.** Moreover, an honest **social dialogue** together with **collective bargaining** were seen as crucial factors for the successful implementation of social standards in developing countries.



“The Codes of Conduct and CSR are important tools to use to ensure workers' rights in the present context, since the government and the employers are not implementing national labour laws and not respecting the principles of ILO Conventions which are the responsibility of the government and the employer.”

Anton Marcus, Free Trade Zones and General Services Employees Union, Sri Lanka





Lessons learned from stakeholder dialogues

Over the years, different experiences and approaches towards enhancing the successful implementation of social standards have been shared and discussed among different stakeholders.

The practical experience gained in pilot projects has shown that the following positive factors and barriers are crucial to the success of projects on social standards carried out in multi-stakeholder initiatives:

- **Involvement of employees:** The success of the Round Table pilot project on promoting/enhancing dialogue between management and employees at factory level demonstrated that integrating the workforce is a basic requirement, not only to improve the situation on a sustainable basis, but also to cover less visible and tangible topics such as discrimination, which are almost impossible to capture through regular audits.
- **Necessity of training:** Projects have proven that training suppliers is indispensable. Current projects show that the private sector is willing to invest in an improved exchange/dialogue between management and employees in their supplier firms.
- **Building up local service providers:** There is a strong and increasing demand for trainers/consultants to train supplier firms. It will be necessary to build up local service provider networks in cooperation with the relevant stakeholders such as civil society organisations.
- **Integration of most important stakeholder groups:** Nowadays the establishment of a multi-stakeholder forum to jointly plan and carry out projects is a well-known and accepted tool for the implementation of social standards.
- **Assuring the project's financial sustainability:** The development and provision of services (e.g. offering certain training tools) is one possibility for ensuring that the work and achievements of multi-stakeholder projects can be continued sustainably even after a pilot project has ended.

Members of the Round Table Codes of Conduct

Private sector

- adidas-Salomon AG
- Arcandor
- Foreign Trade Association of German Retailers (AVE)
- BASF Group
- Confederation of German Employers' Associations (BDA)
- ICTI - CARE Foundation
- OTTO GmbH & Co KG
- PUMA AG
- Tchibo GmbH
- TÜV Rheinland Group
- Zapf Creation AG

Non-governmental organizations

- Eine Welt Netzwerk Bayern e.V.
- German Business Ethics Network (DNWE)
- Food First Information and Action Network (FIAN)
- TransFair
- oxfam Germany
- terre des hommes Germany
- Misereor / Association of German Development NGO's (VENRO)

Trade unions

- DGB-Bildungswerk
- Mining, Chemical and Energy Industrial Union (IGBCE)
- Trade Union for the Metal Industry (IG Metall)
- Unified Service Sector Union (ver.di)
- Friedrich-Ebert-Stiftung (FES)

Government

- German Federal Foreign Office (AA)
- Federal Ministry of Economics and Technology (BMWi)
- Federal Ministry for Economic Cooperation and Development (BMZ)
Moderation of the Round Table
- Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)
- Federal Ministry for Labour and Social Affairs (BMAS)
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
Secretariat of the Round Table

Further Organisations

- German Section of the International Labour Organization (ILO)



This brochure contains the views of different interest groups.
The individual statements do not necessarily reflect the opinions of all parties involved.