

Results of the Conference

“G20 – Leadership for Sustainable Business?”

jointly hosted by Hamburg School of
Business Administration and the Chamber
of Commerce Hamburg on May 10th, 2017
in Hamburg at HSBA.



On May 10th, 2017 more than 140 experts joined the conference „G20 – Leadership for Sustainable Business?“ hosted by Hamburg School of Business Administration and the Chamber of Commerce Hamburg. The conference addressed the upcoming G20 leaders meeting in Hamburg in early July and it raised the questions of how G20 can contribute to the promotion and implementation of sustainable business practice in the global economy.

Participating experts represented a variety of stakeholder groups including multinational corporations as well as small and medium sized firms, NGOs, scientists and students, labor representatives and other members of the civil society.

Besides discussing best practice solutions to current challenges in the fields of sustainable management, Corporate Social Responsibility or the protection of human rights in international supply chains, experts also discussed their relating claims and expectations concerning the G20 summit and subsequent political activities.

The following passages summarize the core results of the conference.

Contents:

Panel 1: Together for Sustainability: State-Business Cooperation.....p. 3

Workshop 1: Human Rights Due Diligence in International Supply Chains.....p. 3

Workshop 2: Focusing on Sustainability: New Concepts of Materiality Analysis p. 4

Workshop 3: Traceability in Supply Chains..... p. 5

Workshop 4: CSR Directive and National Action Plan on Business and Human Rights: Impacts on SMEs p. 6

Panel 2: Corporate Responsibility in Supply Chains p. 8

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Panel 1: Together for Sustainability: State-Business Cooperations

- Dr. Thomas Weber, Leiter des Referates Nachhaltigkeit, Bundesministerium der Justiz und für Verbraucherschutz
- Dr. Laura Schneider, Econsense - Forum Nachhaltige Entwicklung der Deutschen Wirtschaft
- Thomas Brandt, Deutsch-Malaysische Industrie- und Handelskammer
- Maximilian Heyde, Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
- Isabel Ihde, Referentin für Energie- und Umweltpolitik, Handelskammer Hamburg
- Moderation: Dr. Delia Schindler, Tchibo GmbH, Zukunftsrat

Die wichtigsten Herausforderungen in der Umsetzung der SDG durch deutsche Unternehmen in globalisierten Märkten sind neben der Internationalisierung von deutschen oder europäischen Standards, insbesondere in die Produktionsländer, auch kulturelle Aspekte. Die (politischen) Kulturen in den jeweiligen Ländern und die angespannte soziale Lage etwa in manchen sudostasiatischen Ländern erschweren den Umbau von Lieferketten ganz erheblich. Prekäre Staatlichkeit ist keine gute Basis für die Umsetzung der SDG.

In Deutschland scheint ein smarterer Mix aus Freiwilligkeit und Regulierung durch die Politik ein guter Weg zur Umsetzung zu sein. Wobei Regulierungen einen kürzeren Zeithorizont (Zieljahr 2030!) versprechen. Neben einer Optimierung/Transformation des bestehenden Wirtschaftssystems stellt sich die Frage nach einer grundlegenden Neuorientierung: Statt problemverzeugende Prozesse zu verbessern ist es notwendig, Prozesse vollkommen neu aufzubauen und dabei gleich mögliche benefits durch die Digitalisierung mitzudenken.

Der Finanzsektor kann über den Weg SDG-bezogener Kriterien zur Kreditvergabe eine gute unterstützende Funktion erfüllen.

Workshop 1: Human Rights Due Diligence in International Supply Chains

Isabel Ebert (Business & Human Rights Resource Centre, London), Andreas Schindler (Geschäftsführer, Don Limón GmbH)

- Debatte, ob Nachhaltigkeit und Menschenrechtsschutz aus rein gefühlsbewegter Perspektive der Geschäftsführung betrachtet werden können - reicht Leadership des Geschäftsführers, ad hoc Aktionismus

oder braucht es ein Regelwerk rechtlicher Natur für Wandel mit rigidem Managementansatz für Menschenrechte?

- Publikumsfeedback: Systematische Herangehensweise an das Thema Menschenrechte gewünscht, insbesondere in Bezug auf die Themen Vereinigungsfreiheit und Lohnniveau
- Wichtig herauszustellen, dass jedes Unternehmen zum Respekt der Menschenrechte in Geschäftstätigkeiten seinen Beitrag leisten kann, je nach Spielraum nach Unternehmensgröße
- Kleine und mittlere Unternehmen können durch Brancheninitiativen Wandel anstossen

Isabel Ebert, Workshopmoderator

Workshop 2: Focusing on Sustainability: New Concepts of Materiality Analysis

Dr. Norbert Taubken & Tim Feld (Scholz & Friends Reputation, Scholz & Friends Group GmbH)

The alignment of CSR-activities with the Sustainable Development Goals (SDGs) increases the need to sharpen the focus. Organizations are requested to concentrate their actions on material issues. International frameworks - particularly the reporting standards of the Global Reporting Initiative (GRI) - ask for the use of proper tools and outline a universal approach, the materiality assessment. Workshop 2 dealt with the demands and requirements for this process and presented different approaches and methodologies.

To identify material issues, CSR-topics shall be assessed in two dimensions. One dimension asks if a topic substantively influences the assessments and decisions of stakeholders, while the other dimension deals with an organization's significant economic, environmental, and social impacts. Some further remarks on both dimensions:

Stakeholder perspective: Several questions need to be answered before assessing the relevance of CSR-topics for stakeholders. On which basis and how do I create a list of topics to be assessed? Which stakeholders do I ask? Only external or also internal stakeholders? Am I building subgroups which then can be weighted differently? And finally: Which

methodology is used for the assessment of topics? There are no clear requirements or a single standard procedure. Every organization must develop a unique approach based on its specific business model and requirements.

Impact: Corporate actions should have an impact! Therefore not only materiality assessments but also sustainability ratings like the assessment for the Dow Jones Sustainability Index (DJSI) focus more and more on impact. The assessment of impacts always requires a clear definition of the desired goals. Only then it is possible to expand the scope and shift the attention from short-term effects to long-term impacts.

Concepts like “Gemeinwohlbilanzierung” (Accounting for the Common Good) or “Integrated Profit & Loss Accounting” (IP&L) are currently tested by organizations. The publication “Measuring Socio-Economic Impact - A Guide for Business” from the World Business Council for Sustainable Development (WBCSD) contains a comprehensive list of tools for impact assessment. What they all have in common is the need of specific knowledge and time. However most organizations need a smart, pragmatic approach. Important are nonetheless plausibility and transparency.

For further information, please, send an email to Dr. Norbert Taubken: norbert.taubken@s-f.com.

Workshop 3: Traceability in Supply Chains

Andreas Zamostny (Schlange & Co, Consultants for Corporate Responsibility)

In his presentation on “Traceability in supply chains” Andreas Zamostny, Managing Director of the C(S)R consultancy Schlange & Co. (S&C), emphasized the high significance of building trust in a product for the purchasing decision.

In the past, trust in a product could be built through personal relationships. Today, in times of complex and global supply chains, third-party providers such as audit firms provide labels and certifications to create trust. But how will trust in products and their supply chains be ensured in the future? What role will new technologies – such as blockchains – play? How much transparency is reasonable and how can traceability be achieved efficiently? A lively discussion on these and other questions ensued among the approximately 25 participants of workshop 3.

The most important results:

- The workshop participants agreed that transparency in supply chains is necessary – including data and information on the production conditions and compliance with sustainability standards.
- Only tracking can enable efficient traceability.
- The need for comprehensive supply chain transparency and corresponding traceability of materials and products depends on the type of product.
- Additional approaches to build trust in products and processes among consumers are certifications and proofs of management systems.
- The G20 countries should create the framework for ensuring compliance with sustainability standards and should support supply chain transparency.

If you have any questions, please do not hesitate to contact Andreas Zamostny (zamostny@schlange-co.com).

Workshop 4: CSR Directive and National Action Plan on Business and Human Rights: Impacts on SMEs

Dr. Doris Hillger (Handelskammer Hamburg), Dr. Michael Arretz (VFI Verband Deutscher Fertigwarenimporteure), Kirsten Kück (Sustainability Manager, Aurubis AG)

Workshop 4 looked at the implications for small and medium enterprises (SMEs) of the EU Directive on non-financial reporting and corresponding German legislation and the National Action Plan (NAP) on Business and Human Rights.

The first input presentation depicted the legislative framework created by these two pieces of legislation. Importantly, in contrast to the CSR-Directive which covers large companies with 500+employees, the NAP targets all companies whose supply chains extend to third countries irrespective of size and company setup, and mandates the setting up of a human rights due diligence process.

In the second input presentation, the process of establishing a sustainability strategy in the supply chain was depicted using the example of the social/fair initiative of the Association of Non-food Importers (ANFI).

Most important steps include the collection and compilation of relevant data regarding labour and employment, environment and human rights, followed by formulation of key performance indicators and development goals.

Following the input presentations, participants divided into small groups and discussed three focal topics – focal areas and requirements of a CSR-strategy for SMEs, challenges in management and integration of suppliers abroad - using the world café format.

It became clear during discussions that SMEs' CSR activities are usually driven by customer demand (especially those who are obliged to report on CSR), and that due to lack of human resources and time it is difficult to develop a coherent strategy which satisfies a maximum of different customers. Customers demand numerous different audits of suppliers abroad, which entail enormous additional direct and indirect costs, but usually also lead to an increase in productivity. Most important criteria for a sustainability strategy were found to be the firm foundation of the issue at the top of the company, the inclusion of stakeholder perspectives (esp. customers and business partners) and a deep knowledge of business and production processes at least in most immediate tiers of the value chain.

With regard to management, there is an inherent tension between necessary long-term thinking in sustainability-terms, and short-term goals such as customer satisfaction.

Companies feel overburdened by the complexity of global production and value chains, however it was made clear that a sustainability strategy is a never-ending development process and cannot be achieved overnight (this is also not the expectation of the recent legislative initiatives). A tried and tested framework which provides orientation to SMEs without prescribing undue measures and formats is helpful.

The inclusion of suppliers abroad was found to pose many challenges, which by and large differ widely between sectors and countries. The most important factors here are a good personal relation to the management of the supplying companies, and a tight monitoring coupled with trust-building measures in order to enhance a cooperative attitude on both sides in order to enhance the joint development of goals on eye-level. Adequate incentives (such as long-term supply contracts) and removal of financial

barriers (such as access to credit) were identified to be promising tools toward that goal.

Panel 2: Corporate Responsibility in Supply Chains

- Maren Barthel, Senior Manager · Sustainability Management - Buying Markets, Otto Group
- Jürgen Janssen, Leiter Sekretariat Bündnis für nachhaltige Textilien des Bundesministeriums für wirtschaftliche Zusammenarbeit und Entwicklung
- Nanda Bergstein, Head of Vendor Relations and Sustainability Non Food, Tchibo
- Frank Hoffer, ILO/ACT
- Ulla Hüppe, Corporate Sustainability Management, Henkel AG & Co. KGaA
- Moderation: Prof. Dr. Sarah Jastram, Dr. Jürgen Meyer Chair of International Business Ethics and Sustainability, Hamburg School of Business Administration

The 2nd panel of HSBA's G20 event focused on current challenges and best practice examples of responsible supply chain management. Core questions included: *Which factors determine the successful implementation of decent social and ecological standards in international value creation processes? Which impact do audits have? How do new forms of cooperation between businesses and unions work in this context? What is the impact of sector-wide initiatives?*

The panelists stressed the high complexity of the topic and agreed that single management instruments such as supplier audits only have limited impact. Audits are useful for screening purposes and for identifying visible problems. Industry initiatives are important but can potentially have negative competitive effects. Systematic change requires structural improvements via the establishment and support of unions. G20 leaders are expected to keep the topic of responsible supply chains on the political agenda and support successful initiatives such as the ACT Initiative on Living Wages. G20 leaders should take the lead and strengthen existing initiatives and coalitions. It takes "patient and persistent radicality" to systematically improve the social as well as environmental conditions and impacts of today's global economy.

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