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Corporate Social Responsibility (CSR)

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“Corporate Social Responsibility is no longer a luxury for the travel and tourism sector, but a necessity in the global marketplace.”

(Erika Harms, Executive Director of Sustainable Development at the United Nations Foundation)

Corporate Social Responsibility (CSR) is now also a relevant issue for the tourism industry. At the ITB Berlin Congress, an entire day of keynote speakers, podium discussions and examples of best practice will be dedicated to the consideration of how this issue affects the tourism sector. The market research institute GfK also introduces the first empirical study on CSR and travel.

Corporate Social Responsibility has become a key concept in modern corporate culture. Social responsibility for companies is the basic common denominator for the complex term coined by economists in the USA more than 50 years ago to describe responsible action on the part of enterprises. The concept of CSR was, however, only introduced in Germany in the mid-1990s. Since then, the idea „has prolifically developed in all directions“ (*Die Zeit*) and enjoyed a rapid rise in popularity. Two years ago, a Google search for „Corporate Social Responsibility“ „only“ scored 1.3 million hits, whereas the list of hits is currently 20.5 million.

In the 2001 EU Green Book published by the European Commission, CSR is defined as „a concept serving companies as a foundation for the voluntary integration of social and environmental matters in their corporate activity and reciprocal relations with stakeholders“. The European Commission emphasizes both the principle of voluntary action as well as the focus on a company's core business. Furthermore, a widespread consensus accepts that CSR is neither a substitute for statutory and collective wage agreement regulations nor relieves companies of the obligation to adhere to international values such as human rights or core labour standards of the International Labour Organization.

The trend for CSR is under way: company networks are emerging as, for instance, ecosense, the Forum for Sustainable Development of German Business. The Confederation of German Employers' Associations (BDA) and the Federation of German Industries (BDI) have founded the Internet site csr-germany.com. Rankings and rating lists measure companies' commitment to CSR. However, companies are not the only parties involved in the CSR debate that also includes representatives of the state, trade unions, academia and the social sector. The Federal Ministry of Labour and Social Affairs recently initiated a forum with 40 representatives of socially relevant groups to advise the government on developing a national CSR strategy. Groups representing civil society are also active within the CorA network (Corporate Accountability) to achieve binding statutory regulations.

Today, many companies appoint a CSR specialist and publish detailed CSR or sustainability reports. The spectrum of commitment ranges from sponsorship for cultural and sports events to planting trees for climate protection, donations and charity galas as well as projects for children living on the streets. Critics regard such activities as a melting pot that may reflect a company's corporate citizenship, but frequently bears



no relation to their core business. However, if the commitment to CSR is to be more than a merely skilled marketing tool, and not just to protect corporate image and reputations, a credible CSR policy – according to the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety – should incorporate the following areas of activity: „Corporate environmental protection, consideration of employee interests, respect for the protection of nature and humane work conditions within the supply chain, integrated product politics and consumer protection.“ Dr. Gerhard Prätorius, Head of Coordination CSR and Sustainability at Volkswagen AG, underlines that “CSR at Volkswagen is based on the combination of technology and social competence. With attractive and energy-efficient vehicles, we are making a contribution to sustainable transport solutions.” Establishing a dialogue with stakeholders is also part of the CSR strategy. For example, VW has concluded a cooperation agreement with the Nature and Biodiversity Conservation Union (NABU). According to Dr. Prätorius: „Among the joint projects are resettlement programmes for wolves in Germany and fuel saving training courses“.

Apart from questions pertaining to definitions and strategy, today tangible issues are raised as regards companies' social responsibility. For example, what is Lufthansa doing to improve its CO₂ account? Under what conditions are women working in Bangladeshi textile factories, where companies such as C & A, H & M and KiK commission production of their garments? What is Aldi Nord's approach to animal protection issues, for instance, whether eggs are laid by battery hens? Some companies attract publicity because of their lack of respect for social responsibility (corruption, climate change, child labour). These enterprises are under pressure from governments, the media and citizens' organizations and undergo substantial losses of sales and reputation. Consider the example of the oil company, Shell, once the consumers' boycott took hold after the construction of the Brent Spar oil platform in the Atlantic. Or similarly, US sports footwear manufacturer, Nike, was called to account by a citizens' organization for commissioning production in Asia under inhumane conditions.

Due to these experiences and against the backdrop of the current financial crisis, which has seriously undermined citizens' trust in companies and business elites, the practical focus for CSR management includes „philanthropic and communicative strategies, while also increasingly bringing to the forefront strategic questions relating to minimizing social risks from a company's individual commercial activity.“ (Study by consulting firms Pleon/IFOK). For VW's manager, Dr. Prätorius, CSR is also logically about risk management: „Anyone in the business of risk prevention must develop a strategic CSR policy; and he must set up a radar system for future ecological, social and political risks.“

What is the situation regarding social responsibility in the tourism sector? In the wake of the debate on climate change, on the one hand, and fair trade on the other, an increasing number of companies offer „sustainable travel“ with a promise of „socially “ and „ecologically“ responsible behaviour. But whom can the customers actually believe? How can they identify genuinely sustainable travel offers? In the unanimous opinion of experts, CSR is still largely *terra incognita* in the tourism sector in comparison



with other industries. To date, comprehensive CSR strategies are the exception, and CSR reports do not present a true picture. Instead, individual *ad hoc* actions for good causes as well as social and environmental projects are already presented as CSR initiatives. CSR in tourism should mean, however, that travel companies organize their core business in a socially and ecologically responsible way to facilitate transparency as regards how and under which conditions the „product“ of travel is undertaken, even if this product is comprised of many elements within a complex chain of value-added activities. „The key point is not whether a company earns profits, but primarily under which conditions these profits are created“, according to Angela Giraldo, CSR expert for the Center for Ecology and Development (KATE).

For Mike Brunner, a corporate ecological management/sustainable development specialist with TUI, CSR plays a decisive role in sustainable development for a „profit-oriented corporate strategy that embraces ecological and social requirements.“ As well as motivating and supporting employees and an ongoing stakeholder dialogue, this means „responsible treatment of natural resources and the environment at our locations and in holiday destinations, the development and continual improvement of ecological management systems and integration of ecological quality and product quality.“

Rolf Pfeifer, Director of the Forum Anders Reisen (Forum for Alternative Travel/FAR), an association of about 150 small and medium-sized travel operators, believes this self-imposed obligation for ecological and social sustainability is inadequate: „In major groups, marketing departments produces the CSR reports,“ comments Pfeifer, „and they include whatever is beneficial for the company's reputation.“ A major drawback is that sustainability reports are not comparable and no external body monitors content. However, the Forum Anders Reisen is also in a dilemma, since although all FAR members are committed to sustainable tourism by accepting a detailed catalogue of criteria, as Pfeifer explains, in practice „no single tour operator“ could fulfil all the criteria. Furthermore, there are repeated infringements of the so-called „flight criterion“ (e.g. no flights exceeding 2,000 km for trips under 14 days). As a result, conflicts emerge within the association and there is outside pressure as well as a loss of credibility.

For the Forum Anders Reisen, there is only one potential way out of this dilemma: „We have to deliver proof of sustainability performance with quantifiable criteria that can be tested“, explains Rolf Pfeifer. In association with KATE, and Tourism Watch, an office of the Church Development Service (EED), FAR has developed the guideline on „CSR Reporting in Tourism“. Initially, member companies gather data from their entire services chain. The data are then defined in terms of ten „core indicators“ and rated with points – key indicators include, for instance, CO₂ emissions per guest/day, the share of local added value, the employee satisfaction index as well as sustainability index of accommodation and partner agencies. An independent, external expert checks the CSR report that includes a recommended programme of improvement (measures for improving sustainability performance). If a positive result is achieved, the operator receives a quality-approved seal for corporate responsibility or „CSR certified tourism“.



At this year's ITB Berlin, the first CSR seals will be awarded to 15 or 20 members of the Forum Anders Reisen. The Latin American specialist INTI Tours is among this group. CEO Simone Probst sees external certification not only as a marketing tool and means of boosting image, but primarily also as a chance of positive discrimination in comparison with other tour operators whose sustainability is based more on appearance than reality: „We can now clearly say: yes, we are tested and certified as sustainable and no longer have to engage in concerted green initiatives.“ The Forum Anders Reisen has decided that by next year a uniform CSR reporting body will be obligatory for all members. By this date, sufficient actual experience values should be available for CSR benchmarking to facilitate the comparison of companies with benchmark indicators that are specifically relevant in each sector. With regard to social responsibility in tourism, those tour operators who have already been certified are „well ahead of other companies in the sector“, CSR expert Angela Giraldo of KATE underlined. However, currently it is not possible to tell whether sustainability certification will actually lead to the anticipated competitive and market advantages.

Giraldo explains further: „Our CSR reporting standard for travel operators is the first of its kind in tourism“. For structures and key data, the expert team focused on standards issued by the international management systems EMAS and ISO. For the CSR reporting, they referred to the respected Global Reporting Initiative. What are the chances that major companies will also sign up to this process? CSR reporting is by no means restricted to small and medium-sized companies, Giraldo points out. Major tour groups such as TUI, Thomas Cook and REWE Touristik could also submit to such a procedure. „This is because these operators, in particular, have a large number of administrative functions, which already have EMAS or quality management, and they have the staffing and financial capacities to implement this type of CSR process.“ Currently, however, neither the global players nor medium-sized travel companies have sent any signals that they prefer to move towards external controlling. Will „CSR reporting“ of the Forum Anders Reisen therefore only remain a niche product for the niche sector of sustainable travel? Or can it indeed become a benchmark for the sector as a whole? For Heinz Fuchs from Tourism Watch (EED), in the near future things are initially a case of „creating acceptance for the certification system“.

CSR in tourism naturally also has an international dimension, for instance, for child protection. 800 tourism companies around the world (operators, hotel chains, incoming agencies) have so far signed a behavioural code to protect children from sexual exploitation in tourism. However, in the view of Mechthild Maurer, Director of the child protection organization ECPAT Germany, „it is very difficult to ensure the regular and serious evaluation of annual reports for the relevant companies“. The responsible officials of the „The Code“ organization lack the financial reserves as well as staff to carry out efficient tests. Reporting standards are not sufficiently standardized and therefore companies often produced „prose texts“. Additionally, Maurer supports child protection being accepted as a criterion in both the key international regulatory guidelines for social responsibility: the OECD standards for multinational companies and the UN's Global Compact.

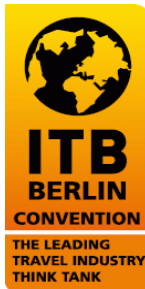


What about the consumers? Holidaymakers are increasingly interested in the effects their trips have on the climate and society – this is the view in industry circles. However, can it really be accurate? How important is the social responsibility of tour operators for holidaymakers, and how significant is climate and social sustainability of travel promotions? To answer these questions, at the start of the year, the GfK market research institute carried out a representative survey on „consumer expectations as of Corporate Social Responsibility in tourism“. Initial results are already available. For consumers, according to the GfK, the application of social and ecological standards by tour operators, airlines and hotels is an important quality feature of holiday trips. Approximately three out of four holidaymakers regard a sustainable treatment of nature, security upon arrival and maintenance as well as preservation of human rights in the holiday country as important or very important. In particular, older people and women pay attention to the social and ecological sustainability of travel offers.

As regards the ecological aspect of airline travel, holidaymakers first and foremost see responsibility within the travel industry: while two out of three interviewees regard the use of eco-friendly airliners as important, only every fifth interviewee sees the option of voluntary donations to offset flight emissions as important. Finally, proof of the ecological sustainability of travel by means of a certification system is only important for about every third holidaymaker.

Measures to improve the situation at the holiday destination were also strongly supported. Thus, for the overwhelming majority of holidaymakers, of particular importance were measures to protect nature, action against exploitation and prostitution among children at the holiday destination as well as maintaining security standards for hotel staff. As regards the services on offer, guests turned their attention mainly to security in hotels, information for guests about travel safety as well as monitoring the security situation in the country of travel.

„Naturally, no consumer is likely to book his holiday merely on account of CSR aspects“, the Director of GfK, Dr. Wolfgang Adlwarth, provisionally concludes on the basis of the study. „However, measures in the CSR sector are certainly an appropriate way to form a decisive opinion when selecting from the various alternatives for and against a particular holiday country or travel operator. This especially applies in tourism to groups of consumers who take into account CSR factors.“



ITB Berlin Convention 2009 takes place from March 11 to 14, 2009 in halls 7.3, 7.1 a and 7.1 b. The first **ITB Corporate Social Responsibility Day on March 12** presents the results of an exclusive consumer survey on the willingness to pay for CSR, as well as best practices from other industries and precise suggestions for the implementation and monitoring of CSR in the travel industry. Top keynote speakers present their visions of CSR. Planeterra is the sponsor of the ITB CSR Day.

- 11.00 – 11.05: *Opening of the CSR-Day*
 Speaker: Klaus Betz, Press Officer, Institute for Tourism and Development
- 11.05 – 11.15: *A Word from our Sponsor Planeterra*
 Speaker: Richard G. Edwards, Director, Planeterra Foundation
- 11.15 – 11.45: *Corporate Social Responsibility: From Nice-to-have to Need-to-have*
 Speaker: Erika Harms, Executive Director of Sustainable Development, United Nations Foundation
- 11.45 – 12.15: *Social Inclusion as a Competitive Advantage for Tourism Destinations*
 Speaker: Dr. h.c. Fritz Pleitgen, Chairman, Ruhr.2010 GmbH
- 12.30 – 13.00: *Exclusive Study: Consumers' Willingness-to-pay for Corporate Social Responsibility*
 Speaker: Dr. Wolfgang Adlwarth, Managing Director, GfK Panel Services Germany
- 13.15 – 14.00: *Benchmarking CSR*
 Moderated: Klaus Betz
 Panel guests: Dr. Hans-Herwig Geyer, Director Corporate Responsibility & Communications, Beluga Shipping GmbH
 Peter-Mario Kubsch, Managing Director, Studiosus Reisen München GmbH
 Dr. Gerhard Prätorius, Head of Coordination CSR and Sustainability, Volkswagen Group
- 14.15 – 15.30: *CSR at Work*
 Introductory Presentation: David Ruetz, Senior Manager, Head of ITB Berlin, Messe Berlin
 Moderated by: David Jones, Director General, The World Youth, Student & Educational (WYSE) Travel Confederation
 Panel guests: Richard G. Edwards, Director Planeterra Foundation
 John Koldowski, Director Strategic Intelligence Centre, PATA
 Dr. Rüdiger Leidner, Committee member, NATKO, Federal Ministry of Economics and Technology
 Mechtild Maurer, Executive Director, ECPAT Germany e.V.
 Gopinath Parayil, Founder and Chief Executive, Blue Yonder Holidays Pvt. Ltd., International Centre for Responsible Tourism India
 David Ruetz
 Birgit Steck, Tourism Advisor, SNV – The Netherlands Development Organization



- 15.45 – 16.15: *CSR Reporting und Transparenz*
Moderated by: Thomas Loew, Managing Director, Institute 4 Sustainability
Podiumsgäste: Angela Giraldo, Co-Director, Communication, KATE Center for Ecology and Development
Matthias Leisinger, Head of Corporate Responsibility, Kuoni Travel Ltd.
Rolf Pfeifer, Managing Director, forum anders reisen
- 16.30 – 17.15: *Practical Aspects of CSR – Challenges and Solutions*
Moderated by: Volker Angres, Head of Environmental Department, ZDF
Podiumsgäste: Aiko Bode, Head of CSR, TÜV Rheinland Gruppe
Mike Brauner, Environmental Management and Sustainable Development Specialist, TUI AG
Dr. Klaus A. Dietsch, Member of the Board, Tour Operators' Initiative for Sustainable Tourism Development
Severin Schulte, Managing Director, Severin Touristik GmbH
- 17.15 – 18.00: *Cocktail Reception*

For further information please visit: www.itb-convention.com

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