



## Magic Formula CSR?

# Corporate Responsibility between Voluntary Commitments and Binding Regulation

A Contribution to the Debate on the Quality of Voluntary CSR Measures in Tourism

by Antje Monshausen und Heinz Fuchs

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Ulrich-von-Hassell-Str. 76  
D-53123 Bonn  
Germany  
Phone: +49 (0)228 8101-0  
E-Mail: eed@eed.de  
[www.eed.de](http://www.eed.de)

**Authors:** Antje Monshausen, Heinz Fuchs.

With contributions by: Sabine Minninger, Claudia Osthues, Rania Al-Sahhoum

**Editors:** Antje Monshausen, Heinz Fuchs

**English Translation:** Christina Kamp

**Layout:** Antje Monshausen

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# I. Tourism and Corporate Social Responsibility (CSR)

Tourism is one of the largest and fastest growing sectors of the global economy. More than 200 million people are employed in the travel industry. It is an important sector in many countries.



In developing countries and emerging economies, the number of tourists is also increasing. However, what and how much remains in the country when the tourists are back home? How can the environment be protected and how can the population benefit from tourism income?

Apart from a tourism policy aimed at social and ecological sustainability, the tourism industry has a special responsibility in the cooperation with developing countries.



To ensure long term business success, the travel and tourism industry is likely to have a self-interest in operating in a sustainable manner. It depends on ecologically intact destinations, and it benefits from the people's open and hospitable behaviour towards tourists.

Under Corporate Social Responsibility (CSR) we understand various measures taken by tourism enterprises which are aimed at developing tourism in a sustainable manner. Activities range from the cultural sensitisation of tourists, gender aspects and the introduction of labour standards for employees to setting up charitable foundations. The travel and tourism industry now seems to have come to agree that CSR is a voluntary instrument which goes beyond legal provisions.

The UN Convention on Human Rights, the core labour standards of the International Labour Organization (ILO), the OECD Guidelines, and the UN Global Compact can be regarded as minimum standards and instruments of reference for enterprises.<sup>1</sup>

<sup>1</sup> CSR instruments and indicators are presented in the annex.

These days, every self-respecting consultancy firm offers support with regard to their clients' environmental and social responsibility, in order to make these companies more attractive for both investors and customers. The importance of communicating CSR activities in such a way that builds a company's image becomes evident when advertising and PR agencies offer CSR consultancy services and actually write CSR and sustainability reports.

"German Companies are well placed with regard to Corporate Social Responsibility (CSR) – first and foremost on paper!

In practice, however, many companies are reluctant, especially when it comes to the external auditing of their standards. While 86 percent of the companies publish CSR reports, only 29 percent of them have them independently audited."

**Results of a survey among 55 big businesses  
Deloitte (2009): CSR - Verankert in der Wertschöpfungskette**

Meanwhile, CSR has also reached the mainstream tourism industry. At the ITB Congress in 2010, a CSR day will take place for the second time. More and more travel and tourism enterprises report on their social and environmental activities for responsible and sustainable tourism. However, despite all the progress made, many CSR activities in the travel and tourism industry remain only selective. They lack clarity and often escape independent verification. The tourism industry is far behind other sectors in this respect.<sup>2</sup>

**CSR in the tourism industry is characterised as follows:**

- Strong focus on environmental issues; social aspects are treated as secondary.
- Many measures are externally focussed. They are often isolated projects which are not integrated into the business structure and core business operations.
- Tour operators who package various services such as accommodation, food and transport, often direct their CSR activities inwards while neglecting the supply chain.
- Lack of external control; hardly any or only internal monitoring of measures.
- Internal codes of conduct and voluntary commitments are not independently monitored.
- CSR activities are often presented and communicated in a very general and non-transparent manner.

<sup>2</sup> In 2009, for example, none of the German tour operators was under the top 20 sustainability reports prepared by big businesses in Germany, and none under the top 3 small and medium-sized enterprises (IÖF/future Ranking Nachhaltigkeitsberichte 2009).

## II. The Political and Economic Framework for CSR in the Tourism Industry

### The Framework for Corporate Social Responsibility as Set by Governments

It is a declared policy objective to link activities of the public and private sector in new ways. The magic formula to achieve this is "Corporate Social Responsibility".

However, both the EU Commission and the German government place less importance on the social activities of the private sector, and more on strengthening the competitiveness of European enterprises. Policy makers want to develop a framework for CSR, for example by raising consumer awareness in this regard, so that it becomes worth-while for companies. The "European Alliance for CSR" also serves the objective of promoting the economy. It was set up by the EU in cooperation with employers' associations. No principles or rules regarding membership were established. The Alliance serves the exchange of information. Any company can join, irrespective of its social activities and commitment. This kind of "shadow alliance of arbitrariness" thwarts the efforts of companies who take CSR seriously.

Voluntary measures must not become arbitrary, as this would undermine their credibility. The basic conflicts between companies and civil society groups with regard to "binding voluntary CSR commitments" have not yet been resolved at EU level either.<sup>3</sup>

Governments in Germany and many other EU countries do not question CSR as a voluntary concept.<sup>4</sup> Companies exceeding legal minimum standards in their social commitment should – this is the general tenor – not be punished with rules and conditions. Some countries, however (e.g. Denmark from 2010, and France since as early as 2001), make it compulsory for big businesses to publish reports on their sustainability and social responsibility practices.

<sup>3</sup> European Multistakeholder Forum on CSR: Final results and recommendations. Roundtable report on Diversity, Convergence, Transparency.

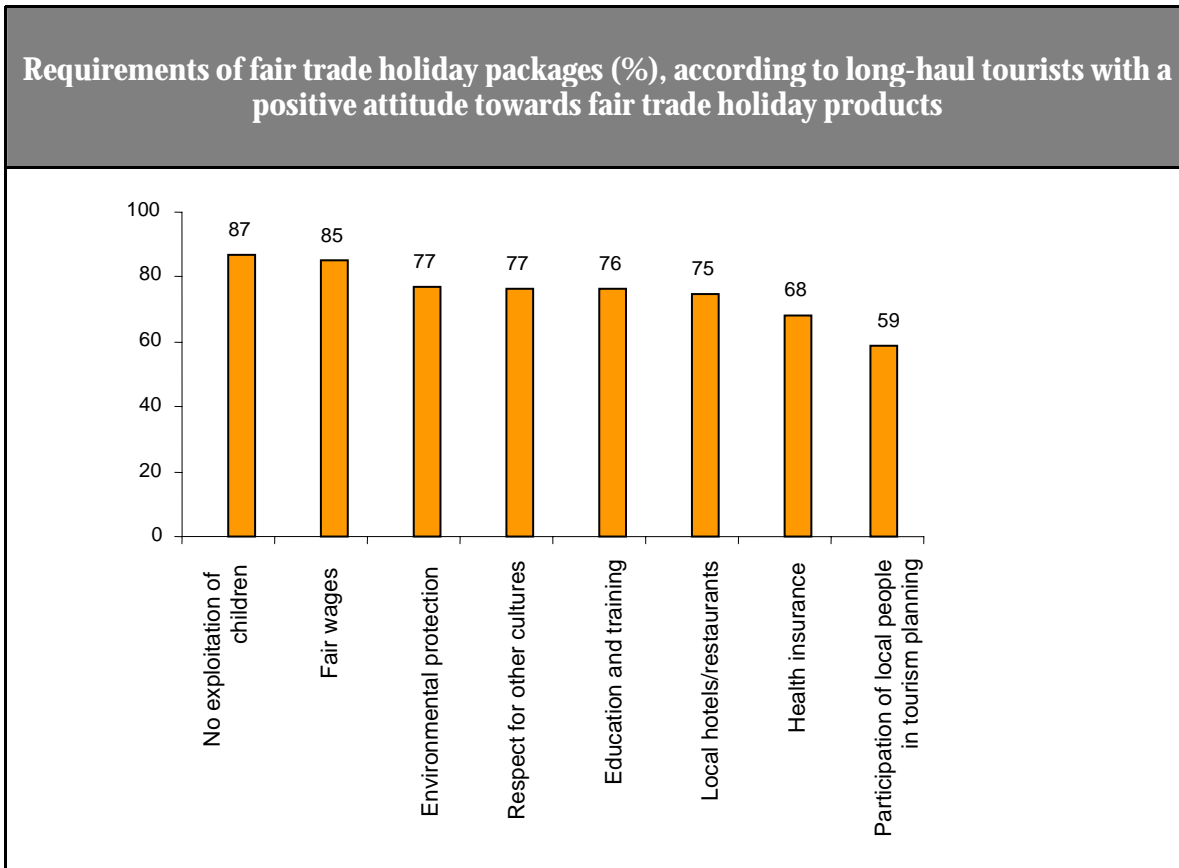
<sup>4</sup> In Germany, too, there is a CSR Forum involving civil society groups and trade unions, among others. This forum does not question the concept that CSR measures should be voluntary, either. A final report is yet to be published.

## The Power of Consumers

For travel and tourism businesses, according to the logic of the market, CSR measures have to pay off - in the form of consumer demand. If tourists are ready to appreciate efforts related to social and environmental responsibility and pay higher prices for such activities, they can exercise positive influence on the tourism industry.

Various studies show that about one-third of German households engaged in travel regard fair and responsible business practices as important. On average, they are ready to pay about eight percent more for a fair and responsible holiday.<sup>5</sup>

The enormous growth figures in organic agriculture or fair trade speak for themselves. According to a representative survey on the acceptance of fair trade in tourism packages, 1.5 million Germans are willing to pay more for such a holiday.<sup>6</sup> The situation is similar in other European countries.



Reports about inhuman working conditions, serious environmental damage and lack of respect for human rights continue to reach consumers and can lead to calls for boycott and slumps in sales. It is therefore in the self-interest of companies to push CSR activities.

<sup>5</sup> Gesellschaft für Konsumforschung (2009): Konsumentenerwartung hinsichtlich Corporate Social Responsibility in der Touristik.

<sup>6</sup> Forschungsgemeinschaft Urlaub und Reisen, EED Tourism Watch (2007): Fair Trade Travel Offerings.



### III. Corporate Responsibility in Practice Examples of CSR Activities

In all sectors, human rights, the environment, and labour standards are at the core of corporate responsibility.



In tourism in developing countries, precarious labour conditions are not uncommon and the pressure on fragile ecosystems is particularly high.

In addition, considerable environmental damage at the global level occurs due to air travel because of the large distance to the tourists' countries of origin. In infrastructure development and land use planning, the interests and needs of the local population are often sacrificed for the sake of economic development. In many such cases, the protection especially of children, women and ethnic minorities is insufficient.

Long-haul tourism to developing countries in particular requires a high degree of responsibility from the travel and tourism industry. While legal minimum standards are mostly in place, their implementation and enforcement is often limited.

In such cases, every single company is required to act in a responsible manner and to integrate CSR activities into their core business.

In reality, however, many activities in the field of Corporate Social Responsibility are not focussed on the core business activity of a travel and tourism enterprise. Many companies donate money (social sponsoring), support project partnerships or set up charitable foundations (corporate citizenship). While these activities are welcome in most cases, they miss the central points of Corporate Social Responsibility. However, such activities are easy to communicate and therefore often able to be misused for promotional purposes.

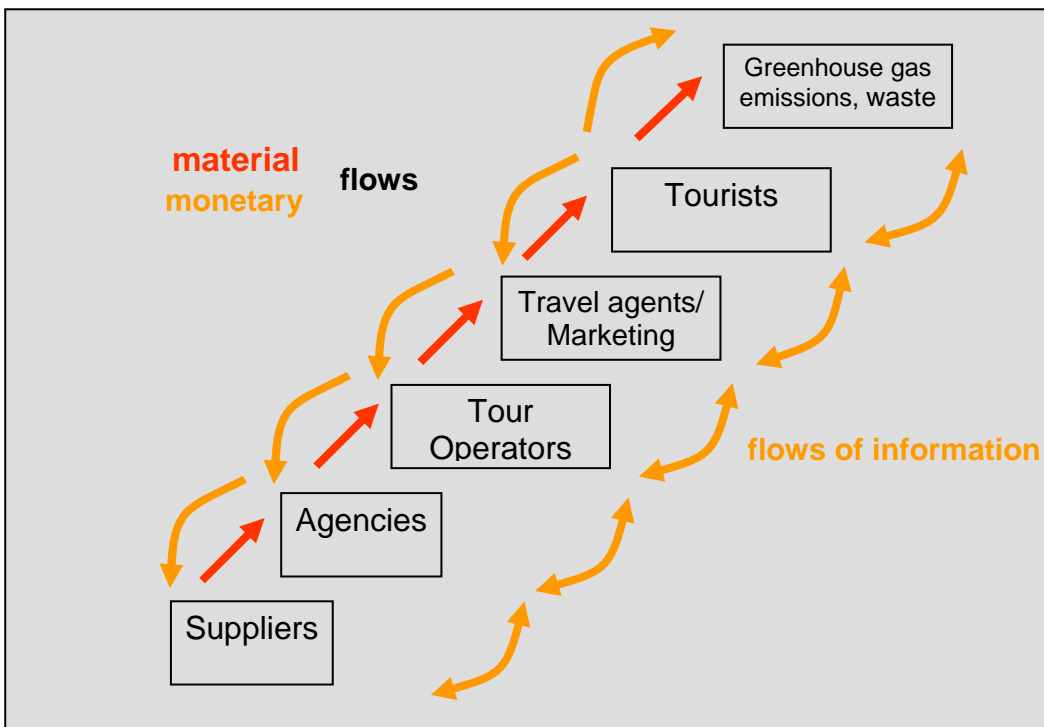
"The tourism industry is beginning to wake up to its social and environmental responsibilities, but there are still huge gaps between policy and practice. Positive measures taken by a tourism operator in one area cannot offset bad practice and human rights violations elsewhere."

**Tricia Barnett, Tourism Concern**

## Social Responsibility along the Value Chain



That consumers (tourists) directly go to the site of production (the destination) to get the product (holiday package) and that tourism has a particular long production and value chain are specific features of tourism. The supply chain starts from the travel agent in the country of origin and continues with the airline, up to the restaurant in the destination. It often includes a large number of companies and suppliers.



The editor of the TourismWatch quarterly, Christina Kamp, asked **Andreas Müsseler, chairman of the Tour Operators Initiative for Sustainable Tourism Management**<sup>7</sup>, how such a commitment to Corporate Social Responsibility along the whole value chain may look like in practice. Andreas Müsseler is head of the Environment and Sustainability Department at Rewe Touristik (Germany).

<sup>7</sup> TOI brings together more than 20 international tour operators committed to sustainable tourism development. In their brochure "Supply chain engagement for tour operators", TOI shows opportunities for tour operators to act responsibly along the whole service chain.

**Christina Kamp: For a couple of years, Corporate Social Responsibility (CSR) has been frequently discussed. Where does CSR become visible at Rewe Touristik?**

**Andreas Müseler:** The tourism wing of the Rewe Group has been active in this field since the 1990s. While at the beginning we focussed mainly on environmental issues, soon more and more social aspects came into the picture. Today we talk of CSR. Large corporations in particular are increasingly held accountable and are expected to assume responsibility in a comprehensive manner.

Even though tourism happens globally, it has to be implemented locally. As tour operators, we are in a special position. We are the link between the service providers in the destinations and our guests. In this role, we have to take responsibility. For us this means that on the one hand, we are in a permanent dialogue with our business partners in the destinations regarding possible improvements of environmental and social aspects. We support them in implementing such improvements. This happens through personal contact as well as specific programmes.

On the other hand, our customers rightfully expect transparency. They expect us to be ready to take a position even on critical questions. We offer our customers a variety of information, in the form of thematic brochures and through our websites and catalogues. We also give them the possibility to contact us in different ways, e.g. using a particular e-mail address which can be found in each of our catalogues.

Another example is the active implementation of the "Code of Conduct" to fight sexual exploitation of children. This includes workshops for partners, staff, and destination representatives in the respective countries, as well as internal training programmes and information for our guests.

**Christina Kamp: To what extent can you involve your business partners in the planning and decision making processes for more sustainability in tourism?**

**Andreas Müseler:** One problem tour operators are facing is that under normal circumstances a tour operator enters the stage when the planning has already happened, that means, when tourism development is already in full swing. At this stage, sustainability has often lost out already. Our business partners are often not the decision makers who kick-start tourism development. It would be desirable to enter into an exchange of ideas with the decision makers at an early stage.

However, this is not easy, even for large tourism enterprises. For this reason we founded the "Tour Operators Initiative for Sustainable Tourism Development" ten years ago, together with tour operators from different parts of the world. In a global business association and under the patronage of the World Tourism Organization, the United Nations Environment Programme and the UNESCO, we seek contact with local and national decision makers in charge of tourism development. In various ways we are thus able to express that sustainable development is the only way in which we see the enormous opportunities of tourism as an economic activity for many regions ensured on the long run. Experience has shown that for the purposes of sustainability this is the right approach.

## The Code of Conduct to Protect Children from Sexual Exploitation in Tourism



One of the worst human rights violations in tourism is the sexual exploitation of children.

**Mechtild Maurer**, director of **ECPAT Germany**, describes the activities of the tourism industry to protect children from sexual exploitation.

As a voluntary instrument jointly promoted by the industry, the public sector and non-governmental organisations (NGOs), it soon became a success: "The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism" (CC).

By November 2009, as many as 994 companies and associations in 34 countries had signed the Code of Conduct.

As a consequence of the keen interest in the Code, "The Code" Organisation with a board of directors and an advisory board was created in 2007. The tourism sector as well as international tourism associations and NGOs are represented in this organisation. The Code now also has a standardised procedure of implementation. There is a formalised reporting system that provides transparency about the measures taken by individual companies and makes it easy to understand them. Unfortunately, there is no money available yet to finance the monitoring system needed, and in many destinations there are no sufficiently trained local partners at this stage who could do the monitoring.

The focus of the work to date has been on raising employee's awareness, both in Germany and abroad. For example, training programmes were conducted with German tour operators in Kenya in 2009, in Phuket/Thailand in 2008, and in the Dominican Republic in 2007. These training programmes were conducted by the German Travel Association (DRV) and ECPAT in cooperation with Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). The participants were employees of hotels, local travel agencies and incoming agencies, i.e. agents working with German tour operators and tourism enterprises in the destination, who, for example, manage local hotel room allotments for German companies. Local NGOs, representatives of the local and international police, embassies, tourism ministries as well as tour operators from tourist sending countries also participated in the training programmes. One of the most important tasks ahead in the near future is the establishment of an independent monitoring system at a global level.

In Germany, not only individual companies signed the Code, but also the German Travel Association (DRV) and the Federal Association of the German Tourism Industry (BTW). However, the solution of having associations sign the Code makes its implementation rather sluggish. Meanwhile, DRV has set up a working group for the implementation of the Code which also includes ECPAT Germany as a "local partner of the signatories".

## A Jungle of Tourism Certification

There is a confusing multitude of certifications and labels for companies or individual tourism products and services. Actually, they are meant to provide clarity to consumers on whether their holiday packages meet environmental or social criteria.

However, this kind of certification does not always fulfil its initial promises: Often there is no external monitoring. Even company-owned certificates are presented as if they were independent. Many labels in tourism exclusively cover environmental aspects.<sup>8</sup>



**Katarina Mancama** of **Fair Trade in Tourism South Africa** describes the process of a transparent and credible certification.

Fair Trade in Tourism South Africa (FTTSA) is a non-profit organisation that facilitates the world's first Fair Trade certification programme for tourism. A special label is awarded to South African tourism businesses that adhere to strict Fair Trade criteria such as fair wages and working conditions; fair purchasing; fair operations; equitable distribution of benefits; and respect for human rights, culture and the environment. Each business goes through an on-site assessment every 24 months, with self-audits in the alternating 24-month periods. By adhering to FTTSA standards and aiming to achieve quantifiable improvements each assessment cycle, companies can signify a concrete commitment to fair and sustainable tourism through the FTTSA label.

The FTTSA label can also be used as a tool for implementing and communicating CSR strategies. The certification programme addresses most issues likely to be on the CSR agenda for a South African company, such as community investment and upliftment, capacity building and skills transfers, creation of opportunities for previously disadvantaged communities and individuals, and environmental conservation.

In addition to supporting CSR targets and strategies, the FTTSA label is a useful marketing tool. With growing awareness of Fair Trade and related issues amongst travel intermediaries and the general public, a third-party approval such as the FTTSA label can set a tourism product apart from its competition.

<sup>8</sup> Verena Sohmer: Auszeichnung mit Vorbehalt. K-Tipp Nr. 5, 14/03/2007



## Aspects of Corporate Social Responsibility in Tourism to Conflict Zones



Some countries with current or previous armed conflicts or deep social divisions reflecting in violent clashes are at the same time tourism destinations.

In a study for Tourism Watch, **Claudia Osthues** shows the opportunities for the tourism industry in such destinations, but also its task to promote peace and development.

In countries such as Colombia, Burma or Sri Lanka, the tourism industry can have a positive or negative effect on the conflict situation. When sending tourists to countries with autocratic governments, for example, tour operators should inform tourists about the situation in the destinations even before their departure. This will make it easier for tourists to interpret their impressions during their trip. It also reduces the danger of tourists getting a "glorified" picture of a regime which may "prescribe" travel routes showing only positive aspects.

Even though the tourism sector has its own economic interest in peace and security, the promotion of peace needs to be more directly integrated into the Corporate Social Responsibility of tour operators.

In general, we can say that there are still very few CSR activities in the tourism sector which are directly aimed at conflict resolution. There are other areas in which indirect contributions to peace are being made – e.g. through environmental regulation which can have a mediating effect in cases of conflict over natural resources.

As the example shows, other CSR measures can also have positive effects in cases of conflict. Nevertheless, as positive developments related to conflicts are not meant to be just a by-product, tour operators in conflict zones will also have to take their own measures to contribute to conflict resolution. In conflicts they must not become players of their own. This would be the case, for example, if individual parties to a conflict benefited from the tourism income and would thus gain financial support.

## Corporate Social Responsibility and Climate Change

Tourism already contributes 5 to 12.5 percent to global greenhouse gas emissions.<sup>9</sup> The environmental costs of aviation are particularly high. In 2009 UNWTO recorded 880 million international tourist arrivals; the forecast for 2020 is 1.6 billion.

If the tourism industry wants to be credible in its social responsibility and if "Corporate Social Responsibility" (CSR) is to be filled with life, the tourism sector needs to set its own binding emission reduction targets and develop instruments, methods and new climate friendly products that help to achieve these targets.

Concerning the challenges of climate change, tourism businesses are asked to work towards sustainable tourism in a creative and innovative manner, by:

- practicing corporate social responsibility and by developing – on the basis of measurability and transparency – an action plan for the Davos Declaration<sup>10</sup> that includes clear climate protection targets
- introducing social and ecological product labelling, e.g. by providing information on carbon footprints or on the ecological balance sheet of tourism products
- including a Radiative Forcing Index (RFI)<sup>11</sup> of at least three when calculating flight emissions in order to take into account the higher impact on the climate as aircraft emissions occur at high altitudes
- recognising and ensuring that growth in tourism is possible while emissions are being reduced at the same time
- ensuring that reduction targets are achieved mainly by increasing efficiency and by reducing emissions in the core business. The offsetting of emissions by supporting climate protection projects in developing countries should happen only on a very limited scale and under strict conditions (at least CDM-Gold Standard).<sup>12</sup>

<sup>9</sup> Scott, D., Peeters, P., Gössling, S. (2009). Can Tourism 'Seal the Deal' of its Mitigation Commitments? The Challenge of Achieving 'Aspirational' Emission Reduction Targets. Hintergrundstudie für das Symposium 'Tourism & Travel in the Green Economy', 14 - 15 September, 2009, Gothenborg.

<sup>10</sup> The Davos-Declaration is the final document of the UNWTO International Conference in 2007 and gives advises to all stakeholders in tourism how to deal with climate change.

<sup>11</sup> The so-called radiative forcing index (RFI) is a multiplier used to multiply CO<sub>2</sub> emissions emitted at high altitudes. In the IPCC report of 2007, it is estimated to be between 1.9 and 4.7.

<sup>12</sup> The "Clean Development Mechanism" (CDM) is an important pillar of the Kyoto Protocol. It allows for the offsetting of greenhouse gas emissions through compensation projects in developing countries and emerging economies. The "Gold Standard" was launched by environmental organisations under the lead of WWF in order to ensure that CDM projects really contribute to sustainable development.

## IV. CSR is Voluntary, but not arbitrary! Eight Demands Addressed to the Public and Private Sector

Not only the environment and local people benefit from social responsibility in the tourism industry, understood as a serious CSR strategy anchored at all levels within the company. The respective companies themselves also benefit. While CSR is voluntary, it must not be "just as you like".

Making use of CSR as a mere marketing instrument may bring short term image gains. In the medium term, however, it endangers the credibility of a company and has nothing to do with sustainable business operations. Companies will be more credible if they do not understand their CSR concepts as tools to avoid legal regulation, but, on the contrary, as a challenge to the public sector to develop binding standards. This requires the involvement of both industry and government.

### 1. Legal obligations must be introduced and backed up with sanctions

A voluntary concept such as CSR will only be of use if companies are already required by law to respect human rights, to create humane working conditions, and to minimise environmental damage.

Only if there are laws and their enforcement is ensured; companies can make a contribution to society by voluntarily doing more. Especially in developing countries, however, the legal requirements are minimal and their implementation is not guaranteed. For civil society organisations in the global South and East, CSR can therefore only be a second step. As a first step, the state has to fulfil its duty and prevent companies from acting irresponsibly.

#### **Regulations in the aviation and shipping sector are urgently needed**

Due to the strong growth that is to be expected especially in international tourism, global tourism emissions are projected to increase two and a half fold by 2035 (+161 percent). Aviation with its high environmental costs causes half of this burden.

But these fastest growing emissions are not subject to legal regulation. Voluntary mitigation measures in tourism can be found only here and there, and on a rather small scale. Examples of CSR activities include energy efficiency in the accommodation sector, using renewable sources of energy, but also the provision of possibilities for compensation payments. These payments compensate for the greenhouse gas emissions produced by aircrafts by avoiding similar emissions elsewhere. Such compensation payments are increasingly offered by airlines. However, the airlines often show only a small part of the actual emissions caused while withholding information on a larger part.



In the Kyoto Protocol of 1997 which runs out in 2012 and in which internationally binding reduction targets were agreed upon, the bunker emissions had not been included in any binding regulation. These emissions thus remained "tax free" and "free of charge".

As tourism emissions continue to increase and voluntary measures by the tourism industry are not being implemented to the extent to which it is necessary, there is a need for political decisions. When heads of state and government came together in Copenhagen in December 2009 in order to negotiate a post Kyoto agreement, there was major hope that bunker emissions would now be included in a binding framework. The negotiations in Copenhagen, however, ended in a disaster. The parties were not able to agree on a new deal, so these transport emissions therefore also remained untouched on the negotiation table.

Nevertheless, one good result needs to be noted: In order to avoid unfair competition, at last both the tourism industry and the aviation and shipping sector seem to favour a global sectoral solution to reduce bunker emissions. So there is hope for a positive outcome at the next global climate conference in December 2010 in Mexico. This would lay the foundations for legal regulations placing obligations on companies to reduce these emissions.

## 2. Socially responsible purchasing and procurement

It is not only each individual consumer who can, through his or her decisions to buy, support companies committed to more sustainable business practices. Public institutions – governmental but also church-based – have an enormous market power. Regarding business trips, for example, they may not only strategically reduce flights, but also deliberately choose airlines that compensate flight emissions according to "atmosfair" standards. They can also opt for environmentally friendly hotels that are particularly concerned about the social security of their staff.

It is the responsibility of legislators to pass bills making public procurement offices observe environmental and social standards. In Germany, the public procurement law was reformed in 2008. Public institutions can now consider this kind of criteria in their procurement. A more binding regulation, as often demanded, could not be pushed through at the political level.

"By introducing a binding regulation, the government would have strengthened the market for goods produced in a sustainable manner and would have put pressure on irresponsible corporates. The present solution continues to allow public procurement offices to purchase goods and services according to the motto 'stinginess is cool'."

**Peter Fuchs, WEED – World Economy, Ecology & Development**

### 3. Focus on human rights, labour standards, environmental protection and fair participation of the local population

Without exception, the basic minimum standards of Corporate Social Responsibility, such as the respect for human rights, the application of ILO core labour standards and the protection of the environment, also apply to the tourism sector. Furthermore, the tourism sector is special in one way: Where tourists spend their holidays, tour operators have a major responsibility. They are expected to support local businesses, push for the employment of local workers, and facilitate a fair exchange between tourists and people in the destinations. The fair involvement of local people in tourism also includes their political participation.

### 4. CSR must go beyond legal regulations and must not replace them

Voluntary commitments, codes of conduct and individual projects promoting sustainability must not fall behind legal requirements. There are a number of legal minimum standards which have found entrance into national legislation and which have put restrictions on corporate activities. As a matter of fact, the respect for basic human rights and national legislation, including pay on the basis of legal minimum wages, has nothing to do with voluntary social standards and CSR. Codes of conduct must always have a significant social value added. Activities which should be taken for granted are frequently presented as CSR, such as refraining from employing children. There are laws prohibiting child labour in almost any country in the world.

### 5. CSR is not the sum of isolated measures, but anchored in the core business

Responsibility for sustainable business practices must be anchored at all levels within a company and at all stages of the supply chain. Tour operators packaging various tourism products and services have a special responsibility in that regard. All suppliers must be bound to the tour operator's social and environmental standards and must implement them. All measures, whether in the field of environmental management or social responsibility, should be placed at the highest, i.e. at the management level.

As CSR relates to the core business of a company, it is fundamentally different from activities such as social sponsoring (charitable donations) and corporate citizenship (activities of a company in areas other than its core business). CSR goes far beyond this.

„We cannot delink Corporate Social Responsibility (CSR) from the negative impacts of tourism we are facing in the destinations as a result of corporate irresponsible actions.“

**Sumesh Mangalassery, KABANI –the other direction**

## 6. Disclosure of CSR activities in sustainability reports

Companies must make their activities transparent for customers, so that in their decision to buy a certain product or service, they will be able to take into account what a travel and tourism business does with regard to social and environmental indicators. Only in this manner will the efforts made by companies be credible and comparable to the efforts made by other companies. In this way, CSR can be prevented from being used as a mere marketing tool.

## 7. Generally accepted reporting standards

Sustainability or CSR reports should meet standards which make them comparable and meaningful. As far as big businesses are concerned, the standards of the Global Reporting Initiative (GRI) have gained acceptance over the past few years. In tourism, however, they are hardly ever used. When the reporting standards of TourCert were developed, the GRI standards and others were included to establish a viable reporting system for small and medium sized enterprises in tourism. The optimisation programme in the sustainability reports written in line with the standards of TourCert is of special importance. It helps companies to show in which areas they want to improve upon their sustainability and CSR performance.

**We are surprised!** At some results and data.

**We are on the right track!** What we have done so far has been worth it and will be continued.

**There is a lot more for us to do!** There is scope for improvement in all areas.

**We can continue to improve!** We will steadily and in a targeted manner improve upon all the results.

**We are keen to see...**our next annual report in comparison and as a measure of the success of our programme for improvement.

**"Radissimo Radreisen" (Radissimo bicycle tours)  
produces its sustainability report according to TourCert standards.**

## 8. Independent monitoring and certification

Certification enables interested tourists to assess the performance of a company at first glance. However, only independent monitoring can guarantee this kind of reliability.

### The Certifying Institution TourCert and the Label "CSRcertified"

The Center for Ecology & Development (KATE Stuttgart) and EED Tourism Watch in cooperation with the business association Forum anders reisen developed guidelines on CSR reporting in tourism in order to assist tour operators in writing CSR reports. These guidelines are the basis for the **reporting standards** of TourCert.

The structure of a CSR report looks as follows:

1. Company profiles
2. Sustainability within the company
3. Responsibility for customers
4. Environment
5. Employees
6. Social responsibility
7. Product responsibility in the supply chain
8. Programme for improvement



For points 3-7, ten tangible indicators were identified, permitting to assess the company's performance. For example, these indicators include the CO<sub>2</sub> emissions per guest per day, the percentage of the price of a holiday that remains in the destination country, the well-being of the employees, or working conditions in the accommodation sector.

These indicators make it possible to compare individual companies. In the sustainability report, a company has to publish seven out of these ten indicators. The core element of the sustainability report is a programme for improvement in which the company mentions fields of action where there are deficits, along with measures planned to optimise performance.

Tour operators who have published a sustainability report according to the TourCert guidelines and have established a CSR management system (CSR vision, CSR manager, and programme for improvement) are eligible to apply for external certification.

**TourCert** appoints an independent auditor who will check whether the data given are plausible, whether the report is comprehensible, whether the minimum requirements with regard to the indicators are met, and whether the programme for improvement is adequate. In order to obtain the label **CSRcertified**, companies commit to write an annual progress report. On the basis of the auditor's report, the independent certification council of experts decides on whether the label CSRcertified is to be issued or not. Issued for the first time, the label is valid for two years. The company will then have to go for a renewed certification process once in three years in order to continue to use the label.

Developing a CSR report according to the guidelines of TourCert is therefore not just an instrument for social and environmental sustainability, but also an integrated management tool.

The label makes the sustainability commitment and activities of a company comparable and transparent for consumers.

## Annex: Selected CSR Tools of Reference and Indicators

### International Frameworks

#### UN Convention on Human Rights and ILO Core Labour Standards

These agreements are placing obligations on signatories to adapt their legislation and government action to these principles. Respecting human rights and core labour standards are minimum criteria of Corporate Social Responsibility and should not be ignored or violated by any company at all. They are the basis for any other voluntary commitments. The core labour standards include, among other things, a ban on forced labour, protection against discrimination, a ban on child labour, and freedom of association.

**Strengths:** *Generally accepted. They have already found entrance into national legislation and are therefore both justiciable and binding.*

**Weaknesses:** *Governments can decide which parts of these agreements are to be translated into national law.*

#### OECD Guidelines for Multinational Enterprises

The OECD Guidelines are meant for multinational enterprises with headquarters in an OECD country (or in one of the states that have signed the OECD Guidelines). In 10 chapters, recommendations are given with regard to transparency, human rights, environment, consumer protection, etc. Each signatory state sets up a National Contact Point (NCP) which will handle questions and allegations regarding violations of the OECD guidelines by enterprises. Complaints can be filed by civil society groups.

**Strengths:** *Corporate responsibility is made tangible and refers to both social and ecological dimensions. Civil society groups can file complaints. Negative corporate action is made transparent (public shaming).*

**Weaknesses:** *No possibilities for sanctions against enterprises but a mediation mechanism. Implementation of the guidelines and how the NCPs should work is up to governments.*

### Voluntary Commitments in the Travel and Tourism Industry / Codes of Conduct

#### The Code of Conduct for the Protection of Children from Sexual Exploitation

This code of conduct is a commitment by the industry developed in cooperation with governmental and non-governmental organisations. The signatories commit to integrate the protection of minors from sexual exploitation into their business vision and to take tangible steps.

**Strengths:** *Broad acceptance. NGOs and implementing agencies in development cooperation offer support and conduct broad-based training programmes. A monitoring system is to be established.*

**Weaknesses:** *Not justiciable, implementation partly sluggish.*

#### Global Code of Ethics for Tourism

In the 10 paragraphs of the Code of Ethics, the UN World Tourism Organization has established principles for sustainable and ethical tourism. The Code of Ethics also calls upon businesses to contribute and take responsibility.

**Strengths:** *Broad-based support and publicity. Gives tourism a normative direction.*

**Weaknesses:** *Not justiciable. No programme for implementation and no monitoring mechanism. Its role and the way in which the "World Committee on Tourism Ethics" works is not clear.*

### Global Compact

The Global Compact is a United Nations initiative in order to promote the implementation of 10 principles in the fields of human rights, core labour standards, environmental protection and the fight against corruption in business. Companies can sign the Global Compact and commit to prepare annual progress reports. Tourism enterprises are obviously underrepresented in the Global Compact. UNWTO has therefore announced the initiative "Tourpact.gc", which is still in its infancy stage, though.

**Strengths:** *Integrates environmental and social criteria.*

**Weaknesses:** *Not binding, not justiciable. The principles are merely minimum standards, most of which are already covered by national legislation. There is no monitoring of progress reports. Any company can sign. There is a danger of blue-washing, i.e. companies using the UN logo to boost their image.*

### Global Sustainable Tourism Criteria (GSTC)

International organisations, NGOs, tourism businesses and academics jointly developed and gathered criteria to help make tourism sustainable. These criteria include both environmental and social criteria and require political participation of the population.

**Strengths:** *Very broad based. Supported by NGOs and international institutions. Provide indicators on how companies can act sustainably and socially responsibly in tourism.*

**Weaknesses:** *Not binding. No visible programme of implementation since publication of the GSTC in 2008.*

### Tour Operators Initiative for Sustainable Tourism Development (TOI)

Voluntary commitment of big tour operators for environmentally, socially and economically sustainable tourism development. It includes the protection of the environment, culture, and natural resources, and the involvement of local communities in tourism planning. Partners in private companies and public institutions are to be strengthened in their efforts to create and develop sustainable structures in tourism.

**Strengths:** *Obligation to integrate the principles into business policy, otherwise companies risk to be excluded. A panel discusses the admission of interested companies. Broad range of ecological and social criteria.*

**Weaknesses:** *Not justiciable, no monitoring of effects.*

## Certification for Environmental and Social Management

### EMAS

The "Eco Management and Audit Scheme" is a voluntary instrument for the presentation and improvement of a company's environmental protection measures. It includes external monitoring. Because of the label, it can also be used for the company's external presentation.

**Strengths:** *External monitoring. Management system. The certificate is valid for three years, then a new certificate will be issued. Furthermore, an annual control audit has to be done.*

**Weaknesses:** *Only takes into account the ecological dimension.*

### SA 8000

SA8000 is a certifiable standard for socially responsible management. It is based on the International Convention on Human Rights and selected paragraphs by the International Labour Organization. It certifies companies that treat their employees in line with internal guidelines related to human rights and labour laws.

**Strengths:** *External monitoring. The certificate is valid for three years, and then a renewed auditing will take place.*

**Weaknesses:** *Mere management system, limited to labour conditions.*



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Church Development Service (EED)  
An Association of the Protestant Churches in Germany  
- Evangelischer Entwicklungsdienst e.V. -  
Ulrich-von-Hassell-Str. 76  
D-53123 Bonn  
Germany

Phone: +49 (0)228 8101-0  
E-Mail: [eed@eed.de](mailto:eed@eed.de)  
[www.eed.de](http://www.eed.de)

