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Guidance on Social Responsibility

Lignes directrices pour la responsabilité sociétale

NOTE: This is a working document that has been developed for the purposes of further drafting and discussions within the Integrated Drafting Task Force (IDTF) that was established at the Vienna Working Group meeting. This document has been developed by the drafting teams of Task Groups (TGs) 4, 5 and 6, following the TG discussions in Vienna. The Editing Committee has not edited this document.

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

ISO 26000 was prepared by the ISO Technical Management Board Working Group on Social Responsibility. The Draft International Standard adopted by the Working Group will be circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights.

The main task of technical committees is to prepare International Standards.

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Introduction

Note to IDTF: The IDTF should consider all TG4 text in conjunction with TG4 N0070, which provides the most recent set of comments by TG4 experts on an earlier version of this text, and identifies a number of areas of remaining disagreement.

Note to IDTF: The text on Introduction has been amended and approved by TG4 experts based on a careful review of all written comments on WD3. Further changes to this clause should not be required, other than to review the clause for accuracy in the context of any later changes to the rest of the document, especially as regards Table 1 below. The IDTF is invited to consider the possibility of replacing Table 1 with a diagram 'road map' on how to use this standard.

Organizations around the world, as well as their stakeholders, are becoming increasingly aware of the need for socially responsible behaviour. As varying interpretations of social responsibility exist, an internationally accepted standard may be of benefit in helping to achieve a common perspective and understanding about the principles and practices of social responsibility. The aim of social responsibility is to contribute to sustainable development, including the welfare of society.

Social responsibility is increasingly becoming one of the important influences on an organization's performance. More than ever, an organization's performance in relation to the social environment in which it operates, and its impact on the natural environment, has become a critical part of measuring its overall performance, and its ability to continue operating effectively. That is, in part, a reflection of the growing recognition of the need for ensuring healthy eco-systems, social equality and organizational governance.

Organizations are subject to greater scrutiny by their various stakeholders, including customers, workers and their trade unions, members, the community, non-governmental organizations, students, financiers, donors, investors, companies and other commercial entities. The perception of an organization's social responsibility performance may influence:

— the general reputation of the organization;

— its ability to attract and retain workers and/or members;

— the maintenance of employee's morale and productivity;

— the view of investors, donors, sponsors and the financial community;

— its ability to attract and retain customers, clients, members or users; and

— its relationship with government, the media, suppliers, peers, customers and the community in which it operates.

This international standard provides guidance on the underlying principles of social responsibility, the issues pertaining to social responsibility and on ways to implement social responsibility within an organization. The standard is applicable to all type of organizations, regardless of their size or location, including governmental and non-governmental organizations as well as business organizations, because every organization has an impact on society and the environment. It is intended to help an organization achieve mutual trust with its stakeholders by improving its social responsibility performance. This standard does not, however, apply to governmental organizations when exercising their executive, legislative and judicial powers.

This standard is for voluntary use and is not intended for certification purposes, or regulatory or contractual use. It is not intended to create a non-tariff barrier to trade, nor does it alter an organization's legal obligations. *(Note to IDTF: this replicates text in Scope – should reference only be made once?)*

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Every organization is encouraged to become more socially responsible by using this standard, engaging with stakeholders, complying with applicable national laws, and respecting the principles of internationally recognized conventions and other authoritative inter-governmental instruments.

This standard seeks the integration of socially responsible behaviour into existing organizational strategies, systems, practices and processes, and emphasizes results and improvements in performance.

Although the standard is meant to be read and used as a whole, readers looking for specific types of information on social responsibility may find the following outline useful.

Table 1 — Outline of Contents of ISO 26000

Clause title	Clause number	Description of Clause contents
Scope	Clause 1	Defines the subjects covered by the standard and identifies any limitations or exclusions.
Normative references	Clause 2	Lists documents that must be read in conjunction with the standard.
Terms and Definitions	Clause 3	Identifies and provides the meaning of important terms used in this standard. These terms are of fundamental importance for understanding the concept of social responsibility and using the standard.
The context of social responsibility in which an organization operates	Clause 4	Describes the factors, conditions and important issues that have influenced the development of social responsibility and that continue to affect its nature and practice. It also describes the concept of social responsibility itself - what it means and how it applies to organizations.
Principles of social responsibility	Clause 5	Introduces fundamental principles of socially responsible behaviour.
Guidance on social responsibility core issues	Clause 6	Explains the core issues involved in social responsibility, organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and development of the community and society, and for each core issue provides a rationale, principles and considerations, description of the issues, as well as related actions and/or expectations.
Guidance for an organization on implementing social responsibility	Clause 7	Provides practical guidance on integrating social responsibility in an organization and on implementation of social responsibility as a whole, including the specific issues identified in Clause 6.
Bibliography		Includes references that may be useful in understanding and implementing social responsibility in an organization.

Reference to any standard, code or other initiative in this standard does not imply that ISO endorses or gives special status to that standard, code or initiative.

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This standard was developed in a multi-stakeholder process involving experts from around 80 countries covering six different stakeholder groups: Consumers; Government; Industry; Labour; Non-governmental Organizations (NGOs); and Service, Support, Research and Others. Efforts were made to achieve transparency and broad participation of the different stakeholder groups. In addition, specific provision was made for encouraging the participation of developing countries and providing a gender balance in drafting groups.

Bracketed numbers in the text refer to the number of the cited reference in the Bibliography.

Note to IDTF: above table to be updated pending finalisation of the standard. IDTF to consider a diagram.

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Guidance on Social ResponsibilityGuidance on Social Responsibility —

1 Scope

Note to IDTF: The following text on Scope has been amended and approved by TG4 experts based on a careful review of all written comments on WD3. Further changes to this clause should not be required, other than to review the clause for accuracy in the context of any later changes to the rest of the document.

This International Standard provides guidance to all types of organizations, regardless of their size or location, on:

— concepts, terms and definitions relating to social responsibility;

— the context of social responsibility in which an organization operates;

— principles and issues relating to social responsibility;

— integrating, implementing and promoting socially responsible behaviour throughout the organization and its sphere of influence; *(Note to IDTF: differing opinions remain on reference to "sphere of influence" throughout the standard.)*

— identifying and engaging with stakeholders;

— communicating commitments and performance related to social responsibility; and hence

— contributing to sustainable development, including the welfare of society.

This standard encourages an organization to undertake activities that go beyond legal compliance, recognizing that compliance with law is an important part of any organization's social responsibility.

It is intended to promote common understanding in the field of social responsibility.

It complements other instruments and initiatives related to social responsibility.

The application of this standard may take into consideration societal, environmental, legal and organizational diversity, as well as differences in economic conditions, while observing international norms of behaviour. *(Note to IDTF: the nature of reference to "international norms of behaviour" (if any) is subject to further clarity on this issue)*

This standard is not a management system standard. It is not intended for certification purposes or regulatory or contractual use.

2 Normative references

Note to IDTF: This section is for a list of documents, if any, that must be read in conjunction with the standard. Not currently assigned to a Task Group; to be developed later.

3 Terms and definitions

The following terms and definitions apply to this standard.

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3.1
accountability
allocation or acceptance of responsibility for decisions and actions by an organization to its governing bodies, legal authorities, and, more broadly, its other stakeholders

3.2
consumer
individual member of the general public purchasing or using goods, property or services for private purposes

3.3
corruption
abuse of entrusted power for illegitimate gain

3.4
environment
surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelation

NOTE: Surroundings in this context extend from within an organization to the global system [ISO 14001: 2004]

3.5
environmental impact
any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's activities

[adapted from ISO 14001: 2004]

3.6
ethical behaviour
behaviour that is in accordance with accepted principles of right or good conduct in the context of a particular situation, and consistent with international [norms] [expectations] of behaviour

Note to IDTF: This definition will be revisited pending the outcome of further work on the issue of international norms within the IDTF. Note comments in TG4 N0070.

3.7
international [expectations] [norms] of behaviour
[expectations] [norms] that are universally, or nearly universally recognized, and based on international norms and intergovernmental instruments that have been developed through a widely representative dialogue process that gives them legitimacy

Note to IDTF: This definition will be revisited pending the outcome of further work on the issue of international norms within the IDTF.

3.8
issue of social responsibility
a specific item that can be acted upon to seek favourable outcomes for the organization and/or its stakeholders

3.9
material
of sufficient relevance and significance to influence the decisions of an organization and/or the assessments of its stakeholders

3.10
material issue
issue that is of sufficient relevance and significance to influence the decisions of an organization and/or the assessments of its stakeholders

3.11
organizational governance
system by which an organization makes and implements decisions in pursuit of its objectives

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3.12
principle
fundamental belief that guides or influences decision-making or behaviour

3.13
product
article or substance that is offered for sale or is part of a service delivered by an organization

3.14
service
action of an organization to meet a demand or need

3.15
social responsibility
responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that

— is consistent with sustainable development, including the welfare of society;

— takes into account the expectations of stakeholders;

— is in compliance with applicable law and consistent with international [norms] [expectations] of behaviour; and

— is integrated throughout the organization and practiced in its relationships.

NOTE Activities include products, services and processes

NOTE Relationships refer to an organization's activities within its sphere of influence

Note to IDTF: This definition will require specific further consideration. Note e.g. comments in TG4 N0070.

3.16
socially responsible
consistent with social responsibility

3.17
sphere of influence
the spatial or functional area across which an organization has the ability to affect decisions or activities

3.18
stakeholder
individual or group that has an interest in any activities or decisions of an organization

3.19
stakeholder engagement
any activity or activities undertaken by an organization to create opportunities for dialogue between the organization and one or more of its stakeholders, with the aim of providing an informed basis for the organization's decisions

3.20
supply chain
those involved in upstream processes and activities that deliver products and/or services

3.21
sustainable development
development that meets the needs of the present without compromising the ability of future generations to meet their own needs

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NOTE: this involves addressing economic, social and environmental factors and their interdependence in an organisation's decision-making and activities

3.22
transparency
openness about actions and impacts, and willingness to communicate these in a clear, accurate and complete manner

3.23
value chain
those involved, both downstream and upstream of an organization, in processes and/or activities that deliver or receive value in the form of products or services

3.24
welfare of society
health, well-being and prosperity of society

4 The context and concept of social responsibility

This clause provides guidance on the development of social responsibility and the factors that affect its nature and development. It also identifies some important considerations about the role of stakeholders in social responsibility and the application of this standard to government.

4.1 The context of social responsibility

This section describes the context in which the social responsibility has developed and is still developing.

4.1.1 Historical background

The term social responsibility came into widespread use in the early 1970s, although various aspects of social responsibility were the subjects of action by organizations and governments as far back as the late 19th century, and in some instances even earlier.

The attention to social responsibility has in the past primarily focused on business. The term 'corporate social responsibility' is still more familiar to most people than 'social responsibility', and even where 'social responsibility' or 'socially responsible' is used, as in 'socially responsible investment', it is mostly related to activities of business.

The view that social responsibility is applicable to all organizations has emerged as different types of organizations, not just those in the business world, recognized that they too had responsibilities for the environment and the welfare of society, and for contributing to sustainable development.

4.1.2 Changing scope of social responsibility

Social responsibility exists within the context of society. The issues that make up social responsibility reflect the expectations of society at a particular time, and are therefore ever-changing, as society's concerns and its expectations of organizations change to reflect those concerns.

Issues such as labour practices and fair operating practices emerged a century or more ago. In the early 20th century, philanthropic activities of some organizations became more than individual acts of charity and aimed to benefit society more broadly. Other issues, such as human rights, the environment and consumer protection were added over time when these issues received greater attention in the community.

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The core issues identified in this standard reflect a view of good practice at the time this standard is drafted. They will undoubtedly change in the future, and additional issues may come to be seen as important elements of social responsibility.

4.1.3 Current trends in social responsibility

A number of factors are contributing to expanded interest in the social responsibility of organizations.

Globalization, greater ease of travel, and the availability of instant communications mean that individuals and organizations around the world are finding it easier to know about the activities of organizations both nearby and in distant locations. This provides the opportunity for organizations to benefit from learning about new ways of doing things and solving problems. It also means that organizations' activities are subject to increased scrutiny by a wide variety of groups and individuals. Policies or practices applied by an organization in different locations can be readily compared.

The global nature of some environmental and health issues and recognition of worldwide responsibility for combating poverty mean that the issues relevant to an organization may extend well beyond those in the immediate area in which it is located. Documents such as the Rio Declaration on Environment and Development, the Johannesburg Declaration on Sustainable Development and the Millennium Development Goals emphasize this worldwide interdependence.

Over the past several decades, globalization has resulted in an increase in the power and influence of the private sector and a relative weakening of the role of the public sector in developed countries. The changing role of government has also seen the private sector and NGOs become the providers of many services previously offered by government. One consequence of this is that consumers, through their purchasing decisions, can have an increasing impact on society and the environment. These changes have led to closer scrutiny of the activities and policies of organizations. The situation in many developing countries is somewhat different. Governments in many of these countries have historically been weak, and private sector organizations have often provided services in areas such as health, education and welfare. As the capability of some developing country governments expand, the roles of government and private sector organizations are undergoing change.

Community expectations about the performance of organizations continue to grow. There are growing demands for organizations to be accountable to the community and other stakeholders. 'Community right to know' legislation in many places gives people access to detailed information about the operations of some organizations. A growing number of organizations now publish annual sustainability reports to meet stakeholders' requirements for information about their performance.

These factors and others form part of the context for social responsibility today and contribute to the call for organizations to demonstrate their social responsibility.

4.2 The concept of social responsibility

This section identifies some important considerations for organizations to keep in mind when considering the relevance of social responsibility to their organization's activities.

4.2.1 Characteristics of social responsibility

The elements of social responsibility reflect the expectations of society. Although the expectations of responsible behaviour will vary between countries and cultures, organizations should recognize and accept the universally applicable values. These expectations are reflected in international conventions and norms of behaviour established through authoritative intergovernmental instruments such as the Universal Declaration on Human Rights. They may be reflected in national and local laws. Respect for the rule of law and compliance with legally binding obligations are fundamental parts of social responsibility.

Important characteristics of social responsibility are:

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458 — accountability for the organization's impact on society

459 — engagement with stakeholders

460 — contribution to sustainable development

461 #### 4.2.1.1 Accountability for the organization's impact on society

462 An essential characteristic of social responsibility is the willingness of an organization to take
463 responsibility and be accountable for the impacts its activities create on society and the environment.
464 Clauses 6 and 7 describe different types of impacts and the manner in which an organization should
465 address them as part of social responsibility.

466 #### 4.2.1.2 The role of stakeholders in social responsibility

467 Engagement with stakeholders is a central aspect of social responsibility. Organizations should
468 engage with their stakeholders to identify the stakeholders' expectations and to assist in developing
469 ways of responding to stakeholders' needs. Guidance on identifying an organization's stakeholders
470 and on communicating and engaging with them is provided in Clause 7.

471 Stakeholders can help an organization identify the relevance of issues to the activities of the
472 organization. But stakeholders do not replace broader society in determining norms of behaviour, so a
473 particular issue may be relevant to the social responsibility of an organization even if not specifically
474 identified by the stakeholders it consults. Guidance on the core issues of social responsibility are
475 provided in Clause 6.

476 #### 4.2.1.3 Contribution to sustainable development

477 Another of the central characteristics of social responsibility is the contribution of the organization to
478 sustainable development. Clause 6 describes ways in which an organization should address a range
479 of issues that contribute to sustainable development.

480 It is important to note that sustainable development is a fundamentally different concept than the
481 sustainability or ongoing viability of an individual organization. Sustainable development refers to
482 meeting society's needs in a manner that allows future generations to meet their needs. The
483 sustainability of an individual organization may or may not be compatible with sustainable
484 development, depending on the way the organization is conducted and managed.

485 ### 4.2.2 Governments and social responsibility

486 Although ISO 26000 is applicable to all organizations, there are some roles of government that are not
487 covered by this standard. The government of a country (the state) as a political institution and
488 lawmaker, as directed by the country's citizens, is not addressed by this standard. The state has the
489 role of ensuring that rights are respected. Only political decisions can determine what activities should
490 be undertaken by government or be subject to legally binding regulation.

491 Many of the activities of government organizations, created to act on behalf of the state, are however
492 covered by this standard. Issues such as labour practices, environmental protection and other core
493 issues described in Clause 6 are applicable to such organizations.

494 # 5 Principles of Social Responsibility

495 In approaching and practising social responsibility, the overarching goal for an organization is to
496 maximise its contribution to sustainable development. In so doing, the following principles should be
497 recognized and observed. These principles are generic in nature and should be applied consistently
498 by an organization throughout its policy- and decision-making and in its activities. An organization
499 should use its best endeavours to apply these principles.

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Where observance of any of the following principles would bring the organization into conflict with international [expectations] [norms] of behaviour, the organization may choose to take lawful action to influence laws and regulations to bring them into conformity with these international [expectations] [norms]. An organization that seeks to take unfair advantage of such a situation, is considered not to be socially responsible.

Note to the IDTF: it was agreed in TG4 that this Clause should focus on identifying the key elements relating to each principle and that aspects relating to the implementation of the principle be addressed in Clause 7 of the Standard. The previous text on Principles (WD3) that related to the implementation of each principle should be considered when reviewing the guidance provided in Clause 7. In addition, TG4's work on this clause has been undertaken on the understanding that the value of this clause would be revisited at a later stage in the process.

5.1 Principle of ethical behaviour

An organization's behaviour should be based on the ethics of honesty, equity, stewardship and integrity. From these ethics come a concern for others and the environment, and a commitment to address stakeholders' interests.

5.2 Principle of respect for the rule of law

An organization should respect the rule of law and comply with all applicable laws and regulations. This implies taking steps to be aware of applicable laws and regulations, and ensuring that these are communicated and observed within the organization.

5.3 Principle of respect for international [norms] [expectations] of behaviour

An organization should respect international [norms] [expectations] of behaviour.

Note to IDTF: the final nature and wording of this principle will be informed by the outcome of further discussions.

5.4 Principle of respect for and consideration of stakeholder interests

An organization should recognize and accept that a range of stakeholders may have interests in its activities. An organization should respect and consider these interests.

5.5 Principle of accountability

An organization should accept appropriate scrutiny and should recognize the duty to respond to this scrutiny. An organization should disclose and justify to its stakeholders, in a clear, balanced and truthful manner and to a reasonable and sufficient degree, the policies, decisions and activities for which it is responsible, including the effects these have had or could have on society.

5.6 Principle of transparency

An organization should disclose to its stakeholders, as appropriate, information related to sustainable development, including the welfare of society.

5.7 Principle of the precautionary approach

Note to IDTF: This principle remains the subject of some disagreement and will require further specific consideration within the IDTF (see e.g. comments in TG4N0071). In addition, the final nature and wording of this principle may need to be reviewed pending the outcome of a review of the WTO TBT issue.

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Organizations should support a precautionary approach to environmental challenges. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

5.8 Principle of respect for human rights

An organization should respect the rights set out in the Universal Declaration of Human Rights.

6 Guidance on social responsibility core issues

Note to IDTF: Clauses 6.2-6.8 should be read in conjunction with the final reports of the relevant TG5 drafting team.

6.1 General

To assess its social responsibility, an organization should consider the following core issues:

— organizational governance;

— human rights;

— labour practices;

— the environment;

— fair operating practices;

— consumer issues; and

— development of the community and society.

Each of these core issues includes a range of issues that are described in this clause including the corresponding principles and considerations, expectations and/or related actions. In this document, an issue is defined as a specific item that can be acted upon to seek favourable outcomes for the organization and/or its stakeholders".

NOTE Other issues may appear in the future as social responsibility is dynamic and reflects the evolution of the social and environmental concerns.

Economic aspects, health and safety and supply chain are dealt with throughout the seven core issues, where relevant.

Dealing with these core issues should be based on the principles of social responsibility (See Clause 5).

An organization should identify and address all those issues that are material and appropriate to its activities.

Although most of the core issues are interrelated and complementary, it is recognized that the nature of organizational governance is different. Organizational governance describes the decision making process and oversight facilitates action on the other core issues.

There is no pre-determined order in which an organization should address these core issues; this will vary with the organization and its strategy.

An organization should yet look at the issues holistically, that is, consider the whole system rather than just concentrate on individual components, and understand how these issues relate to and

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influence each other. It should do so in a manner that does not create adverse impacts on its supply chain and/or the life cycle of its products/services.

Figure 1 — Seven core issues at a glance

6.2 Organizational governance

6.2.1 Rationale

Organizational governance is the system by which an organization makes and implements decisions in pursuit of its objectives. Depending on the type of organization, these objectives may be defined by the organization's members, owners, constituents or others.

Governance systems may vary, depending on the size and type of organization and the economic, political, cultural and social contexts in which it operates. Although, governance processes and structures take many different forms, both formal and informal, all organizations make and implement decisions within a governance system. The governance system within an organization is directed by the person or group of persons having the authority and responsibility for pursuing the organization's objectives.

This section sets out the principles and considerations that can improve the effectiveness of organizational governance, this will:

— enable the organization to take into account its impacts on society and sustainable development;

— enable better decisions that are more easily implemented;

— improve the organizations performance in relation to its objectives;

— allow better identification and management of risks and opportunities;

— improve the organizations relationship with its stakeholders; and

— by fostering legitimacy, leads to decisions that are more likely to have the support and confidence of those implementing them and those who may be affected.

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6.2.2 Principles and considerations

Effective governance is based on incorporating the principles from clause 5 into decision-making and implementation. An organization should develop specific governance processes and structures to apply the principles in clause 5, including the development of a set of values to be applied across the organization.

6.2.3 Organizational governance issue 1: Compliance with laws and regulations

6.2.3.1 Description of the issue

Compliance with laws and regulations is the minimum responsibility of all organizations, and so the most important objective of organizational governance is to be confident that the organization complies with all applicable laws and regulations. Some jurisdictions also impose particular governance obligations for specific types of organizations.

6.2.3.2 Related actions and/or expectations

Organizations should establish a culture of compliance and take steps to:

— comply with legal and regulatory requirements in all jurisdictions in which the organization operates;

— comply with its own by-laws, policies, rules and procedures and apply them fairly and impartially;

— recognize the legal rights and legitimate interests of stakeholders;

— remain informed of all legal obligations; and

— periodically review its compliance.

6.2.4 Organizational governance issue 2: Enhancing accountability

6.2.4.1 Description of the issue

Accountability is the state of being answerable to the controlling interests of an organization, to legal authorities, and, more broadly to society at large. For example, elected representatives are accountable to their constituents; private organizations are accountable to their owners; associations and representative organizations are accountable to their members; public institutions are accountable to the citizens of the country and publicly-listed companies are accountable to their shareholders. All are accountable, depending on the type of organization, to specific other stakeholders on how they uphold the principles of social responsibility.

An organization should also be accountable to stakeholders who are impacted by the organization's decisions and actions. While those with governance responsibility will act on behalf of the stakeholders to whom the organization is directly accountable, these actions may also impact other stakeholders in different ways.

Accountability increases the likelihood that the responsibilities that have been conferred will be carried out in the manner intended. It also increases the fairness of decisions and actions, because those with ultimate accountability are likely to take greater care for the quality of their decisions and oversight.

Accountability also encompasses accepting responsibility where wrongdoing has occurred, and taking action to prevent it from being repeated.

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6.2.4.2 Related actions and/or expectations

An organization has the responsibility to account for:

— the proper and efficient use of human, financial and natural resources;

— the performance of the organization;

— decisions and actions within the scope of the organization's authority and consistent with its objectives;

— the results of the organization's decisions, including significant consequences, even if they were unintended or unforeseen;

— the definition of the roles, responsibilities, accountabilities and authorities across the different functions in the organization concerning how decisions will be made, implemented and reviewed; and

— the significant impacts of the organization's decisions and actions on stakeholders.

6.2.5 Organizational governance issue 3: Being transparent

6.2.5.1 Description of the issue

An organization should be transparent regarding its governance and performance provided that:

— truly proprietary information is protected; and

— it would not breach legal obligations

6.2.5.2 Related actions and/or expectations

Being transparent means that:

— the standards and criteria against which the organization evaluates its own performance are clearly communicated;

— information is freely available to and directly accessible by those who have been, or may be, affected in significant ways by the decisions of the organization;

— information provided is timely, factual, does not omit material information; and

— information is presented in a clear and objective manner to enable constituents, owners, members and other stakeholders to accurately assess the impact that the decisions or actions of the organization have on their interests.

6.2.6 Organizational governance issue 4: Promoting ethical conduct

6.2.6.1 Description of the issue

An organization's stakeholders – its members, owners, constituents and others – will expect the organization to conduct its activities in an ethical manner. Organizations should develop governance structures that help to promote ethical conduct inside the organization and in its interactions with others.

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6.2.6.2 Related actions and/or expectations

Organizations should actively promote ethical conduct by:

— Defining and communicating the standards of ethical behaviour required of all personnel and particularly those that have the opportunity to significantly influence the integrity, strategy and operation of the organization;

— Encouraging and promoting the observance of standards of ethical behaviour

— Minimizing conflicts of interest throughout the organization;

— Establishing oversight mechanisms and controls to monitor and enforce ethical behaviour;

— Establishing mechanisms to enable internal and external stakeholders to report violations of ethical standards without fear of reprisal; and

— Recognizing and addressing situations where local laws and regulations do not exist or conflict with ethical behaviour.

6.2.7 Organizational governance issue 5: Responding to Stakeholders

6.2.7.1 Description of the issue

Although an organization's objectives may be limited to the interests of its respective owners, members or constituents, other stakeholders may also have rights or interests that should be taken into account.

6.2.7.2 Related actions and/or expectations

An organization's governance process should enable it to identify and address stakeholders' rights and interests by:

— Being conscious of and respecting the interests and needs of the organization's stakeholders and their relative capacity to contact and engage with the organization;

— Directing the organization toward a long-term perspective, balancing the immediate needs and objectives of its current stakeholders with the interests of future generations;

— Balancing the organization's objectives against the impacts on and risks to all its stakeholders

— Engaging stakeholders who may be, or have been, affected by its decisions; and

— Considering the views of stakeholders that may be affected by a decision even if they have no formal role in the governance of the organization.

6.3 Human rights

6.3.1 Rationale

Human Rights are the basic rights inherent to all of each human beings, irrespective of their race, sex, national or ethnic origin, colour, religion, language, political opinion, social status, or any other status, to live in freedom from want and fear and in dignity. The Universal Declaration of Human Rights (UDHR) – born out of the ashes of the devastation and mass-murder caused by an ideology of discrimination and suppression of individual rights – together with the subsequent international conventions spelling out in more detail the content of the rights contained in the UDHR, rests on the founding principle of the inherent dignity of all members of the human family. Human rights as outlined

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in the UDHR, the international conventions and international customary law, form part of international law. The rights are considered inalienable, meaning that they cannot be denied, under any circumstances, even with an individual's consent. Human rights are universal, which means that they apply everywhere and enjoy universal protection across boundaries and civilization. Recognising both the universal nature of the rights, and also that their realisation requires the involvement of local as well as global actors, all organs of society can contribute to the protection of the rights contained in the Declaration.

Although different categories of human rights can be distinguished, the enjoyment of any specific right or group of rights will require that other rights or groups of rights are also respected. The rights are inter-related, interdependent and indivisible; this means that a person who enjoys some of these rights, but is deprived of others, does not live a life in dignity as guaranteed by the international human rights law. Similarly, the infringement of a particular human right will inevitably have a negative impact on a range of other rights causing their violations. For example, a person who has not enjoyed the right to education, may not enjoy the right to participate in an informed matter in political processes. Likewise, a person who is denied her right to the highest attainable standard of health, may in fact be denied the right to life.

Human rights entail both rights and obligations. States assume obligations and duties under international law to respect, to protect and to fulfil human rights within their jurisdiction. The obligation to respect means that States must refrain from interfering with or curtailing the enjoyment of human rights. The obligation to protect requires States to protect individuals and groups against human rights abuses. The obligation to fulfil means that States must take positive action to facilitate the enjoyment of basic human rights. States have to report regularly on the human rights situations and on the measures taken to fulfil their obligations. The States have the responsibility to secure respect for human rights. The UDHR, calls on every individual and organs of society to strive to promote respect for these rights and freedoms by progressive measures to secure their universal recognition and observance among peoples. Hence, an organization has a responsibility to safeguard the observation of human rights in its activities as well as within its sphere of influence. Additionally, all organizations have the potential to affect the enjoyment of human rights, directly or indirectly. There is therefore a strong moral and ethical reason for which organizations should support, embrace and respect human rights, independently and irrespectively of whether States fulfil their obligations under international law.

International law binds states. However, there are some fundamental principles of international law that are binding on all individuals and entail legal liability. The International Criminal Tribunals have better developed the notion of individual criminal responsibility and its jurisprudence is becoming an important guide in this matter. As a matter of fact, some international obligations are erga omnes: such as the prohibition of torture, crimes against humanity, slavery and genocide (sometimes called ius cogens or peremptory norms of international law). Some countries have adopted national legislation in order to prosecute legal entities in national courts with regard to certain international crimes. In some countries, individuals and organizations may be liable to pay compensation in respect of harm caused by behaviour that is linked to breaches of international law by state actors.

Although the precise logic can vary between different organizations, an organization will largely benefit from striving to ensure respect for human rights within their sphere of influence. Through the respect for human rights, organizations will contribute to improve their relationship with stakeholders, their transparency towards the society, a more secure license to operate; more sustainable relationships with governments, business partners, and other organizations, including trade unions.

This section describes how human rights considerations may become relevant in an organization's context. It provides some examples of how an organization may address some challenges that could become relevant to organizational operations and activities. This section provides an introduction to certain concepts of human rights and it does not provide an exhaustive or definitive list of human rights and nor is it intended to provide legal guidance. It may never be interpreted to undermine any existing human rights instruments.

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6.3.2 Principles and considerations

6.3.2.1 Non-discrimination

Non-discrimination is one of the most fundamental principles of international human rights law. Everyone is entitled to enjoy human rights without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national, ethnic or social origin, property, birth, disability, sexual orientation, HIV/AIDS-status or any other status. Organizations should respect this principle and give practical effect to non-discrimination and equal treatment for all individuals.

6.3.2.2 A (human) rights-based approach

Human rights are universal and applicable to every individual and any stakeholder group. A '(human) rights based approach' means that an organization accepts that all its stakeholders have universal rights and that an organization takes into consideration the impact that its actions can have on the enjoyment of human rights. Any decisions made by an organization should strive to respect these universal rights.

At times, the organization will face challenges and dilemmas. Using a (human) rights based approach will help an organization to identify and better manage risks in decision-making processes. Using a rights analysis can highlight risks to facilitate decision making already before actions are taken. It will also allow an organization to understand challenges and dilemmas from the perspective of its stakeholders. At times, an organization may also face 'competing rights' where the interests of one stakeholder group might be in conflict with the interests of another group. A (human) rights based approach can enable better informed decisions for an organization. An analysis of activities, policies and operations of an organization should be done as early as possible in any process to facilitate considerations, in best cases before a project is initiated.

A (human) rights based approach takes the starting point from an individual or a group of individuals' rights. The approach means that an organization firstly identifies the right at stake; secondly identifies the organization's responsibilities in terms of international human rights standards, thirdly sets out the appropriate action. Implementing this approach requires a well-trained management and personnel that can appreciate the implications of it. The implementation of this approach may involve developing both general policies and specific management practices. The commitment and policies may inform the practices of the organization. In addition, the organization may also try to promote this approach even through its sphere of influence including supply chain.

6.3.2.3 Sensitive action

Contexts in which human rights have been abused or are being abused are often extremely complex for organizations. Organizations should never be involved in activities that can violate or contribute to violations of human rights. In contexts in which abuses do occur, the response should be considered very carefully. In particular, it is important not to compound abuse, or create other abuses.

6.3.2.4 Human rights (risk) analysis

A part from its moral and legal character, the organization's respect for human rights will have positive impacts and improve the relation with stakeholders, including employees, contractors, trade unions, local communities, non-governmental organizations, local and national governments, and others. An organization's support for human rights can also minimize operational disruption; can result in better opportunities for positive public relations with society, the press and other media. It can also have a positive impact upon investor confidence and share value, and improve employee's morale due to good safety performance. Not addressing human rights issues can damage stakeholder relations, such as with workers and may result in legal sanctions. Human rights observance is therefore an important part of organizational risk management. Each organization has its own risk profile, depending on size, area of activity, status etc. An organization should therefore always make a human rights related risk assessment of the risk it faces of abusing or being complicit in abuse of human

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rights. It would be appropriate to include stakeholders in this process. There are contexts that present a high human rights related risk and need careful management, such as;

- operations in areas in conflict or extreme political instability or situations of poverty, drought or natural disasters;
- involvement in extractive activities or activities that significantly affect natural resources such as water, forests or the atmosphere;
- proximity of operations to indigenous peoples;
- activities that can affect or involve children;
- operation in areas where corruption is usual;
- security of premises; and
- supply chain.

6.3.2.5 Avoidance of complicity

Observance of human rights within an organization's own activities should always be encouraged. Nonetheless, an organization should also consider its sphere of control and influence. Organizations have responsibilities to support human rights, within their sphere of influence, and to make sure they are not complicit in human rights abuses. An organization therefore has a responsibility for the activities of subsidiaries, joint venture partners and suppliers. An organization may be regarded as responsible for, or complicit in, the activities of such organizations.

Organizations should ensure full respect for fundamental requirements and the applicable principles of international law, and take steps to ensure that they are not complicit or aiding and abetting violations of international law. One example could be lending equipment such as helicopters or earth-moving machinery knowing, or turning a blind eye, to the likelihood of it being used to commit human rights violations by state forces.

Avoiding complicity in human rights abuses is an important challenge for organizations. The United Nations Global Compact states that companies should embrace, support and enact human rights within their sphere of influence and make sure they are not complicit in human rights abuses. UNGC encourages all types of organizations to adhere to its principles. The words embrace, support and enact are not defined. To embrace human rights could mean to not interfere directly or indirectly with the enjoyment of a human right. To support human rights could mean active promotion of human rights with others. To enact human rights could mean that these rights are taken into consideration in decision-making.

An organization may be regarded as complicit in human rights abuses if it in some way authorizes, tolerates or knowingly ignores abuses committed by a related organization or if it knowingly provides practical assistance or encouragement that has a substantial effect on the perpetration of human rights abuse. The participation of the organization need not actually cause the abuse, it can consist in an organization’s encouragement or assistance without which the abuses most likely would not have occurred in the same way. This can occur by activities or co-operation with state agencies that are violating human rights. In some cases, complicity may give rise to criminal or other legal liability.

In assessing human rights risks and responsibilities, it is therefore important not to draw too tight a boundary around the issues under consideration but to consider the broader situation and the long-term implications for human rights. Case law is developing to clarify the legal liability of private entities for complicity in international crimes.

Some examples where complicity might arise:

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1. When an organization actively assists, directly or indirectly, in human rights violations committed by others e.g. where an organization provides information to a government that it knows will be used to violate human rights;

2 When the organization is in a partnership with a government and knows, or should have known that the government is likely to commit abuses in carrying out its part of the agreement e.g. forced relocation of peoples;

3 When the organization benefits from human rights violations even if it does not actively assist or cause them e.g. abuses committed by security forces, such as the suppression of a peaceful protest against an organization's activities or the use of repressive measures while guarding organizational facilities;

4 When the organization is silent or inactive in the face of systematic or continuous human rights violations e.g. inaction or acceptance by organizations of systematic discrimination in employment law against particular groups.

State-owned organizations are part of the state and may therefore have direct responsibilities under international human rights law.

6.3.3 Human rights issue 1: Civil and political rights

6.3.3.1 Description of the issue

Civil and political rights include freedom of opinion and expression, freedom of peaceful assembly and association, freedom to adopt and practice a religion, freedom to hold beliefs, freedom from arbitrary interference with family, home or correspondence and the right to privacy. Moreover, civil and political rights include rights such as the right to life, right to freedom from torture, right to security, liberty and integrity of the person. Civil and political rights serve to limit the power of the state and protect the individual liberties.

The state has the responsibility to respect, protect and fulfil such rights. Individuals and organizations should respect and refrain from actions that obstruct or impede the realization of civil and political rights. List of actions and expectations below provides an illustration and not an exhaustive list.

6.3.3.2 Related actions and/or expectations

An organization should always respect the right to life of individuals: "every human being has the inherent right to life; no one shall be arbitrarily deprived of his life".

An organization should refrain from undertaking activities in areas of the world where the governments do not respect people's right to life and where state arbitrarily takes human lives unless the organization can be assured after careful analysis that they can undertake their activities in such a way that they will not be complicit in human rights abuses.

Organizations should take all necessary measures to ensure compliance with the law and respect for human life and only engage properly trained and supervised security forces. An organization should refrain from arbitrary or unlawful interference with people's privacy, family, home or correspondence, nor engage in unlawful attacks upon people's honour and reputation. Any personal records of employees (e.g., medical records) held by an organization should be treated in the strictest confidence terms, and only with the knowledge and consent of the individual concerned.

An organization should respect the right to freedom of opinion and expression; this includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of national borders. An organization may face a situation in which the members of the local community voice opinions about its activities. Their right to freedom of expression should be respected, just as should those of the employees of the organization. An organization should make every effort to provide stakeholders with channels to freely express their

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views even in situations of disagreement with organizational decisions. Organizations should not try to suppress stakeholder views or opinions.

An organization should respect the peremptory international prohibition of torture. Any disciplinary measures should be proportionate and not involve physical punishment or inhuman or degrading treatment. Organizations operating in areas of conflict should ensure that their security forces do not commit such abuses.

Box 1 Security arrangements and human rights

All organizations should make sure that security arrangements respect human rights and are consistent with international UN standards and norms for law enforcement. Procedures should include measures to prevent excessive force, torture, cruel, inhuman or degrading treatment. Organizations should refrain from any activity that supports, solicits, or encourages human rights abuse. Any security personnel (employed or contracted) should be adequately trained. Organizations should develop clear rules for contracting with state security forces and for not hiring security personnel with a record of human rights violations. Potential complaints about security procedures or personnel should be addressed and investigated promptly and independently. Organizations supplying military security or police services should take measures to prevent any form of human rights violations.

An organization should respect everyone's right to liberty and freedom of movement. For example; organizations should not confiscate employees' passports or travels documents or unnecessarily limit their freedom of movement or liberty.

An organization within its activities and sphere of influence including its supply chain should ensure that "no one is in slavery", that "no one is held in servitude" and that "slavery and the slave trade in all their forms is prohibited". Slavery is a multidimensional violation of human rights and basic freedoms, and the prohibition against slavery and other forms of forced and bonded labour is absolute. An organization should make efforts to trace supplies that may have been produced by slave labour, and refrain from using them.

6.3.4 Human rights issue 2: Social, economic, and cultural

6.3.4.1 Description of the issue

Social, economic and cultural rights include an individual's rights to food, education, health, medical care, culture and social services. Social, economic and cultural rights can require a proactive and progressive approach by the state in order to fulfil such rights, and organizations can contribute positively within their own spheres of influence. The state has the responsibility for the fulfilment of social, economic and cultural rights. Nevertheless, all organizations should respect such rights and contribute to their realization and refrain from actions that obstruct or impede the realization of such rights. List of actions and expectations below provides an illustration and not an exhaustive list.

6.3.4.2 Related actions and/or expectations

An organization should respect everyone's right to a standard of living adequate for the health and well-being of himself or herself and family, including food, clothing, housing, medical care and necessary social protection, such as the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his or her control. For example, an organization should ensure that wages guarantee a decent standard of living, even if the domestic law allows for lower standards.

An organization should not limit or deny access to an essential product or resource, such as water. Special care should be taken when privatizing such goods or services in order not to limit their accessibility. An organization should also be careful that earnings allow access to these rights.

An organization should respect everyone's right to enjoy the highest attainable standard of physical and mental health. Activities, goods and services, as well as new projects, may require an

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assessment of their possible impacts on human rights and health and safety, including those of the local population and end-users.

An organization should respect everyone's right to education and the right of parents to choose the education for children. Education should be directed to the full development of the human personality and dignity, and should strengthen the respect for human rights and fundamental freedoms. An organization should bear in mind that, apart from the direct harm that may result, the employment of children may also deprive them of education. International standards on minimum age and young workers should be respected.

An organization should respect that adult men and women, without any limitations of race, nationality or religion, have the right to marry and to have a family. An organization should organize working conditions to be consistent with their employees' enjoyment of family life. Required working hours should be consistent with the ability to care for a sick child, to take time off to give birth or other family responsibilities. Respecting the right to family life entails not impeding employees' rights to marry and start a family, not discriminating on the basis of family affiliation, providing parental leave to families with a new child and promoting a work-life balance.

An organization should respect everyone's right to freedom of thought, conscience, religion and culture. This includes freedom to change his or her religion or belief, and freedom, either alone or in community with others, and in public or private, to manifest his or her religion or belief in teaching, practice, worship and observance.

An organization should respect everyone's right to own property, alone or in association with others. An organization should fairly compensate property owners for their intellectual and physical property. The practical knowledge of indigenous peoples is their intellectual property. An organization should divulgate the intellectual property policy for work developed by its members.

6.3.5 Human rights issue 3: Vulnerable groups

6.3.5.1 Description of the issue

Certain groups or categories of people are more vulnerable to human rights abuse. Particular attention should be given to the human rights of vulnerable groups. An organization should take into account and will benefit from understanding different aspects of vulnerability eg. when analyzing impact on its sphere of influence. The full and effective participation and inclusion in society for all groups provides opportunities for all organizations as well as the people concerned. An organization has much to gain by taking an active approach in ensuring equal opportunity and respect for all individuals. The most important measures to take will depend on the specific organization and its context. List of actions and expectations below provides an illustration of vulnerabilities and not an exhaustive list.

6.3.5.2 Related actions and/or expectations

An organization should respect the rights of indigenous peoples and minorities. Where organizations operate in unfamiliar environments, it is particularly important to protect the freedom of their stakeholders to live accordingly to their traditions. Organizations should ensure that any operation, policy and activity allow people to enjoy their culture, to profess and practice their religion or tradition, and to use their language.

An organization should respect women's rights and be mindful of the opportunities created in promoting the equal treatment of women and men. This is especially true with regards to the discrimination against pregnant women and the development of family-friendly policies which eg. enable women not to have to decide between pregnancy and employment. Family-friendly policies should aim to allow men as well as women to exercise parental and other personal responsibilities.

An organization should, in all actions concerning children, give primary consideration to the best interest of the child. The principles from the Convention on the Rights of the Child including non-discrimination, a child's right to life, survival, development and free expression should be respected.

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An organization should respect persons with disabilities and their inherent dignity, individual autonomy, including the freedom to make their own choices, and independence. Persons with disabilities include people with special needs resulting from diseases.

An organization should not discriminate against migrants and migrant workers.

6.3.6 Human rights issue 4: Fundamental rights at work

6.3.6.1 Description of the issue

This section deals with those human rights that the International Labour Organization (ILO) has designated as fundamental rights at work. The 180 member states of the ILO and their respective national employer and worker organizations, by virtue of their participation in the ILO, endorsed the ILO Declaration on fundamental principles and rights at work in 1998 and have accepted the obligation to promote and to realize these rights in good faith.

Further information on the ILO and other human rights relating to work can be found in Clause 6.4 on Labour Practices, particularly concerning how freedom of association and collective bargaining relate to social dialogue.

6.3.6.2 Related actions and/or expectations

An organization should respect the right of all workers to form or join their own organizations without previous authorization and to bargain collectively. Workers may form or join trade unions to further and protect their interests. Organizations should not interfere with the exercise of this right in any way against the workers concerned.

Representative organizations chosen by the workers should be recognized for purposes of collective bargaining. Terms and conditions of employment may be fixed by voluntary collective negotiation, and workers' representatives should be given facilities that will enable them to do their work. Collective agreements should include provisions for the settlement of disputes. Workers' representatives should be provided with information required for meaningful negotiations.

An organization should not engage or benefit from any use of forced or compulsory labour. No work or service should be exacted from any person under the threat of any penalty or when that person has not volunteered for it. An organization should not engage or benefit from prison labour, unless the prisoners have been convicted in a court of law and their labour is under the supervision and control of a public authority: prison labour should not be used by private organizations, unless it is performed on a voluntary basis, as evidenced by, among other things, fair and decent conditions of employment. Forced or compulsory labour should not be imposed as a means of political coercion or as a punishment for holding political views, as a method of mobilizing for development, as a means of labour discipline, as punishment for a strike or as a means of discrimination.

An organization should not engage or benefit from any use of child labour. The minimum age for employment should be respected. International labour standards establish a minimum age of 15 years generally, and 14 years of age in some developing countries. Children and young persons under 18 should not be employed in any work that, by its nature or the circumstances by which it is carried out, is likely to harm their health, safety or morals.

An organization should not discriminate in its employment practices. Recruitment, training and promotion should be based on qualifications, skills and experience and not on any of the following criteria: race, colour, gender, sexual orientation, religion, political affiliation, nationality or social origin. In addition, organizations should not discriminate on the basis of health status, such as HIV/AIDS. Workers in an organization who are performing work of equal value should be remunerated on an equal basis; often work performed predominately by women is undervalued, due to gender discrimination. Organizations should check their remuneration policies regularly to make sure that they are free of gender bias and are based on objective job evaluation.

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6.4 Labour practices

6.4.1 Rationale

The labour practices of an organization encompass all policies and practices relating to work performed within, by or on behalf of the organization. As such, the term extends beyond the relationship of the organization with its direct employees or the responsibilities that the organization may have at a workplace that it owns or directly controls. Labour practices include the responsibilities of the organization for work performed on its behalf by others. They also include requirements that the organization may make with respect to the labour conditions of workers engaged by others to perform work for or to supply goods or services to the organization.

Labour practices include the recruitment and promotion of workers; disciplinary and grievance procedures; the transfer and relocation of workers; termination of employment; training and skills development; health, safety and industrial hygiene; and any policy or practice affecting conditions of work. Labour practices also include the recognition of worker organizations and representation and participation by the organization in collective bargaining, social dialogue and tripartite consultation to address social issues related to employment.

The labour practices of an organization can have great impact on society and thereby can contribute significantly to sustainable development. The creation of jobs, as well as wages and other compensation paid for work performed are among an organization's most important economic impacts. Meaningful and productive work is an essential element in human development. The absence of meaningful and productive work is one of the primary causes of social problems. Labour practices have a major impact on respect for the rule of law and on the sense of fairness present in society: socially responsible labour practices are essential to social justice and stability.

An organization’s labour practices can have a significant impact on its ability to recruit, motivate and retain employees and therefore on its ability to obtain its objectives. Labour practices can also have a significant impact on the reputation of the organization.

6.4.2 Principles and considerations

The fundamental principle, enshrined in the ILO's 1944 Declaration of Philadelphia, is that labour is not a commodity. This means that workers should not be treated as a factor of production and subject to the same market forces. The inherent vulnerability of workers and the need to protect their basic rights is reflected in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. The principles involved include the right of everyone to gain a living by freely chosen work, and the right to just and favourable conditions of work.

Many internationally recognized human rights are related to labour. The right of all workers to form or join their own organizations and to collectively bargain with their employer, as well as to be free from discrimination with respect to employment and occupation, and from child labour and forced labour are all basic human rights: as such they are dealt with in greater detail in Clause 6.3. These rights are also recognized by the ILO as fundamental rights at work and are expressed in eight Conventions referred to as the Core Conventions. Many other ILO Conventions and Recommendations also give practical meaning to the provisions in the Universal Declaration of Rights and its two covenants mentioned in Clause 6.3.7.

The primary responsibility for ensuring fair and equitable treatment for workers [1)] lies with governments. Through the formulation of legislation and the rule of law, governments fulfil their obligation for national standards to comply with international standards and rights. Governments also hold the primary responsibility for determining that laws and regulations are upheld, and that both workers and organizations have the necessary access to justice in the event that they are not.

1) The term “employee” refers to an individual in a relationship recognized as an “employment relationship” in national law or practice. The term "worker" is a more general term and refers to anyone who performs work. The term “worker” could refer to an employee or to someone who is self-employed.

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Unfortunately, not all governments are willing or able to assume their responsibility, in which case workers are more vulnerable, and social responsibility of employers is more imperative. Organizations express their own social responsibility by addressing labour practices and working conditions issues, which they can themselves control or influence. Failure by governments to enforce labour laws should not be seen by organizations as an opportunity to avoid the respect of workers' rights. The spirit or intent of the law should prevail. A major consideration is that co-operation and collective bargaining should be the basis for organizations behaving in a socially responsible manner.

It is important to distinguish the government in its role as organ of state as considered above with the role of government in its role as an employer. Government bodies or state owned organizations as other organizations addressed here have the same responsibilities for their labour practices as other organizations.

6.4.3 Labour practices issue 1: Employment and employment relationships

6.4.3.1 Description of the issue

The significance of employment for human development is universally accepted. As employers, organizations contribute to one of the most widely accepted objectives of society, which is the improvement of standards of living through full and secure employment.

Every country provides a legal framework within which work is to be performed. Despite a range of different legal systems, the employment relationship is a universal concept, which recognizes that most workers in a position of subordination to and dependency on the person or organization for whom they perform work should not be treated as if they are equal parties in a commercial relationship with their employer. That difference is the underlying basis for labour law or employment law. The employment relationship confers rights and imposes obligations on both employers and employees in the interest of society as a whole.

Not all work is performed within an employment relationship. Work and services are also performed by persons who are self-employed. Even here, however, the importance of the appropriate legal and institutional framework to both society and the individual performing work should be recognized. All parties to a contract are entitled to understand their rights and responsibilities and to have recourse in the event that the terms of the contract are not respected.

In this context labour is understood to be work performed for compensation and does not include activities undertaken by genuine volunteers. However the policies and measures that all organizations should adopt to discharge and fulfil obligations relating to such things as criminal liability and duty of care need to be taken into account where volunteers are involved.

6.4.3.2 Related actions or expectations

An organization should:

— Be confident that all work performed directly on its behalf is performed by individuals who are legally recognized as employees or who are legally recognized as being self-employed;

— Not seek to avoid the obligation that law places on the employer by disguising relationships that would otherwise be recognized as an employment relationship under law;

— Recognize the importance of secure employment to both the individual worker and to society. Use active workforce planning to avoid the use of work performed on a casual basis or the excessive use of work performed on a temporary basis, except where the nature of the work is genuinely short term or seasonal;

— Provide reasonable notice, timely information and, with worker representatives, jointly consider how to mitigate adverse effects to the greatest possible extent when considering changes in its operations, such as closures that affect employment;

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- Eliminate discrimination in employment practices and offer equal opportunities to women, workers with disabilities and other vulnerable groups, such as young or older workers, migrants and indigenous peoples;

- Not engage in arbitrary or discriminatory dismissal practices;

- Contract out work only to organizations that are legally recognized or are otherwise able and willing to assume the responsibilities of an employer and to provide decent work. This excludes labour intermediaries who are not legally recognized and other arrangements for the performance of work that do not confer legal rights on those performing the work. In this regard, it should take steps to confirm that the organizations with which it deals, for instance suppliers and sub-contractors, are legitimate enterprises whose labour practices require that all work be performed within the appropriate legal and institutional framework; and

- Organizations should not benefit from the unfair, exploitative or abuse labour practices of their partners, suppliers or sub-contractors. An organization should accept responsibility for work done on its behalf by other organizations commensurate with the degree of control that it exercises and with the likelihood that the rights of the workers concerned may not be respected. Depending on these circumstances reasonable efforts to address these responsibilities could include establishing contractual obligations on suppliers and subcontractors; unannounced visits and inspections; exercise of due diligence in supervising contractors and intermediaries. Where suppliers and subcontractors are expected to comply with a code of labour practice, the code should be based on internationally recognised labour standards and respect for the rule of law. Organizations adopting codes should follow good practice with respect to the implementation of such codes. See section 6.6.6 for additional information about responsibilities in the supply chain.

- Where operating internationally give priority to the employment, occupational development, promotion and advancement of nationals of the host country. This includes sourcing and distributing through local enterprises where practical.

Box 2 The International Labour Organization

The International Labour Organization is a United Nations agency with a tripartite structure (governments, workers and employers) that was established for the purpose of setting international labour standards. These minimum standards are applicable to workers everywhere, and are intended to prevent unfair competition based on exploitation and abuse. ILO standards are technically well informed and have the support of employers, workers and governments, whose tripartite negotiation at the global level leads to their adoption. The meaning and proper application of ILO standards have been elaborated through the ILO supervisory mechanisms, and this jurisprudence can be a source of guidance and good practice. ILO Conventions and Recommendations, together with the ILO Declaration on fundamental principles and rights at work 1998 and the ILO's Tripartite Declaration of principles concerning multinational enterprises and social policy 1977 (last revised 2006), constitute the most authoritative guidance with respect to labour practices and some other important social issues. The ILO seeks to promote opportunities for women and men to obtain decent and productive work, which it defines as work performed in conditions of freedom, equity, security and human dignity.

6.4.4 Labour practices issue 2: Conditions of work and social protection

6.4.4.1 Description of issue

Conditions of work include wages and other forms of compensation, working time, rest periods, holidays, disciplinary and dismissal practices, maternity protection, work-life balance and many other subjects. Many of the conditions of work are determined by national laws and regulations or by legally binding agreements between those for whom work is performed and those who perform work. The employer can determine many of the conditions of work.

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Social protection refers to all guarantees against the reduction or loss of income in case of employment injury, illness, maternity, parenthood, old age, unemployment, disability or any other financial hardship.

6.4.4.2 Related actions or expectations

An organization should:

— confirm that the conditions of work comply with national laws and regulations and are at least consistent with relevant international labour standards;

— respect higher levels of provision established through other applicable legally binding agreements; and

— observe at least those minimum provisions defined in international labour standards as established by the ILO, where national legislation is silent.

Based on principles established in international labour standards, an organization should:

— provide decent conditions of work in respect of wages, hours of work, weekly rest holidays, health and safety, and maternity protection and they should not be less favourable to the workers than those offered by other comparable employers in the country and locality concerned;

— provide the best possible wages and other conditions of work in accordance with national law and practice e.g. as included in relevant collective bargaining. these should be related to the economic position of the organization, but should at least satisfy the basic needs of the workers and their families;

— pay wages directly to the workers concerned, subject only to any restrictions or deductions permitted by law or collective agreement;

— [recognize that, within the context of the country in which it is operating, it has obligations concerning the provision of social protection for workers and should not seek to evade these obligations;]

— respect the right of workers to adhere to normal or agreed working hours established in law, regulations or collective agreements. in any event, workers should not on a regular basis be required to work in excess of 48 hours per week. workers should also be provided with at least one day off for every seven-day period, and entitled to paid annual leave of at least three weeks.

— should compensate workers for overtime in accordance with national law and practice. when requesting workers to work overtime, an organization should take into account the particular vulnerabilities of the workers concerned and any hazards inherent in the work. an organization should respect laws and regulations prohibiting mandatory and non-compensated overtime, and always respect the basic human rights of workers concerning forced labour; and

— wherever possible allow observance of national or religious traditions and customs with respect to weekly rest.

6.4.5 Labour practices issue 3: Social dialogue

6.4.5.1 Description of the issue

Social dialogue includes all types of negotiation, consultation or exchange of information between or among representatives of governments, employers and workers on subjects of common interest relating to economic and social issues. Social dialogue is based on the recognition that employers and workers have both competing and common interests, and plays an important role in the governance of many countries.

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Social dialogue requires independent parties. Genuine worker representatives are freely elected, in accordance with national laws, regulations or collective agreements, by either the members of their trade union or by the workers concerned. They are not individuals designated by the government or the employer. Social dialogue takes various forms including enterprise-level information and consultation mechanisms (such as Works Councils) and collective bargaining. Trade unions, as the chosen representatives of workers, have a particularly important role to play in social dialogue.

Effective social dialogue provides a mechanism for developing policy or finding solutions to problems that takes into account the priorities and needs of both employer and workers, and thus results in outcomes that are meaningful and sustainable for both the organization and society. Social dialogue can contribute to establishing participation and democratic principles in the workplace and to healthy labour-management relations thus minimizing the resort to costly industrial disputes and encouraging investment. Social dialogue can be the best means for managing change. It can be used to design skills development programmes contributing to human development and enhancing productivity, or to minimize the negative social effects of changes in the operations of organizations.

Social dialogue can take many forms and can occur at various levels. Workers may wish to form groups with a broader occupational, inter-occupational or geographical coverage. Employers and workers are in the best position to decide jointly the most appropriate level – if they so wish, by adopting a mixed system of framework agreements supplemented by local organization level agreements.

Social dialogue may at times address contentious issues; in which case the parties can establish a dispute resolution process. Social dialogue can also concern grievances for which a complaints mechanism is important, particularly in countries where the fundamental principles and rights at work are not adequately protected.

6.4.5.2 Related actions or expectations

An organization should:

— recognize the importance of social dialogue institutions and applicable collective bargaining structures including at the international level for organizations operating internationally in sectors where a global trade union federation exists or where the issues discussed or negotiated are of wider significance than the organizational level;

— participate in relevant employers' organizations as a means of creating opportunities for social dialogue and extending their expression of social responsibility through such channels. not oppose or discourage in any way the exercise by workers of their right to form or join their own organizations or to bargain collectively;

— not dismiss or otherwise discriminate against workers, threaten to relocate or outsource jobs or enter primarily or exclusively to thwart workers who seek to form or join their own organizations and to bargain collectively;

— provide duly designated worker representatives with access to authorized decision makers, access to workplaces and to those they represent, the facilities necessary to perform their role and information that will allow them to have a true and fair picture of the organization's finances and activities; and

— not encourage governments to restrict the exercise of the internationally recognized rights of freedom of association and collective bargaining; it should not participate in incentive schemes based on such restrictions.

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6.4.6 Labour practices issue 4: Health and safety at work

6.4.6.1 Description of the issue

Health and safety at work concerns the promotion and maintenance of the highest degree of physical, mental and social well-being of workers and prevention of departures from health caused by working conditions, the protection of workers from risks adverse to health and the adaptation of the occupational environment to the physiological and psychological capabilities of workers.

The financial and social costs to society of work-related illness, injuries and death are high. Pollutants and other workplace hazards that are harmful for workers may also have impacts on communities and or the environment. For more information on environmental hazards see section 6.5. Health and safety issues arise over dangerous equipment, processes, practices and substances (chemical, physical and biological).

Socially responsible health and safety practices can reduce costs, improve morale and increase productivity.

6.4.6.2 Related actions or expectations

An organization should:

- seek to understand and control the health and safety risks involved in its activities. it should also understand the proper procedures that should be followed and provide the safety equipment needed for the prevention of occupational diseases, accidents and for dealing with emergencies;
- analyse work accidents and diseases and problems raised by workers so as to understand and be able to advise on the different ways in which women and men are affected;
- understand and apply principles of industrial hygiene including the hierarchy of controls i.e. substitution, engineering, work procedures, administrative and personal protective equipment;
- recognize that psychosocial hazards in the workplace is the cause of stress and occupational ill-health;
- have a health and safety policy that clearly states that no phase of operation or administration of the organization is more important than safety and health and that safety and health is an integral part of all of its activities. this policy should be backed by a management commitment and reflected in resources allocated and the support given to those responsible for carrying it out;
- provide adequate training and capacity building in all relevant subjects to all relevant personnel
- respect the principle that health and safety measures should not involve expenditures by workers; and
- adopt health and safety systems that are based on the participation of the workers concerned and that recognize and respect the rights of workers to:
    - full and accurate information concerning the health and safety risks and the best practices used to address these risks;
    - freely inquire into and to be consulted on all aspects of their health and safety related to their work;
    - refuse work which is reasonably considered as posing an imminent and serious danger to their life or health or to the lives and health of others;
    - seek outside advice on health and safety issues;

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— report health and safety matters to the authorities;

— participate in health and safety processes and decisions; and

— be free of reprisals for doing any of these things.

Box 3 Joint labour-management health and safety committees

For many organizations, joint labour-management health and safety committees [can be][are] the most valuable part of the organization's health and safety program. Joint committees can perform important roles such as information gathering, the development and dissemination of safety manuals and training programs, the reporting, recording and investigation of accidents, inspections and responding to problems raised by employees. Worker representatives on these committees should not be appointed by management but elected by the workers themselves. Membership in these committees should be equally divided among management and worker representatives and should include women and men whenever possible. The committees should be of sufficient size for all shifts, sections and locations to be represented. [They should not be considered a substitute for trade unions or works councils.]

6.4.7 Labour practices issue 5: Human development

6.4.7.1 Description of the issue

Human development is the process of enlarging people's choices by expanding human capabilities and functioning, thus enabling people to lead long and healthy lives, to be knowledgeable and to have a decent standard of living. Human development also refers to political, economic and social opportunities for being creative and productive and enjoying self-respect and a sense of belonging to a community. Human development can be a labour practice because employers can use workplace policy and initiatives to further human development by addressing important social issues, such as fighting discrimination, balancing family responsibilities and promoting health and well-being.

Human development can also be a labour practice because it includes increasing the capacity and employability of individuals. Employability refers to the experiences, competencies and qualifications that increase an individual’s capacity to secure and retain decent work. Organizations have every interest in facilitating the education, training and lifelong learning of workers, as these things contribute significantly to promoting the interests of the organizations themselves - as well as those of the individual workers, the economy and society as a whole - in terms of the capacities, motivation, effectiveness, productivity and overall performance of the men and women whom they employ.

6.4.7.2 Related actions or expectations

An organization should:

— provide access to skills development and training and opportunities for career advancement to workers on an equal and non-discriminatory basis;

— respect the family responsibilities of workers by providing reasonable working hours and through other policies, such as childcare facilities and parental leave, that can help workers achieve a proper work-life balance;

— not discriminate on any basis in employment practices; this includes recruitment, selection, access to training, promotion and termination;

— take positive actions to provide for the protection and advancement of vulnerable groups such as indigenous and migrant workers as well as workers with disabilities;

— establish or participate in appropriate programmes that address issues such as youth unemployment or the underemployment of women; and

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— establish joint labour-management programmes that promote health and well-being. The impact of infectious disease and substance abuse, for example, affect both the performance of the organization and the overall health of society.

6.5 The environment

6.5.1 Rationale

Society is facing many environmental challenges including the depletion of natural resources, pollution, climate change, the destruction of habitat, loss of species and the collapse of whole ecosystems. As the population grows and our consumption increases these issues are becoming serious threats to human security, and the health and wellbeing of society. Environmental issues - from local to global - are interconnected, and addressing them requires a comprehensive approach. Environmental issues are closely linked to human rights, social development and other core social responsibility issues. Many environmental issues transcend national boundaries, and no single state or sector of society can meet the challenge alone. All organizations have aspects of their activities, products or services that may lead to negative environmental impacts. Environmental sustainability will require a collective effort to reduce rates of consumption and environmental degradation, particularly from those causing the greatest environmental burdens.

Environmental responsibility is not only a precondition for our survival and prosperity; it is a social responsibility to enable future generations to inherit a sustainable global environment. Addressing environmental issues offers a unique opportunity for organizations to act in a more socially responsible way while reducing costs and stimulating new forms of economic growth and prosperity.

6.5.2 Principles and considerations

Principles

An organization should respect and promote the following environmental principles.

6.5.2.1 Environmental responsibility (66)

An organization should accept accountability for the environmental burdens caused by its activities, products and services and act to improve its own performance and performance within its control or sphere of influence including supply chains. An organization should demonstrate environmental leadership and wherever practical, the adoption of best practices to achieve a better than average performance and, ideally, a level corresponding to the Best Available Technique (BAT) in all applicable areas.

6.5.2.2 Precautionary approach (69)

An organization should, adopt a precautionary approach to protecting human health and the environment. Where there are threats of serious or irreversible damage, a lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent potential health impacts or environmental degradation. In conditions of uncertainty, the use of tools such as life cycle analysis, environmental risk assessment and environmental impact assessment can be useful in identifying and mitigating possible social, environmental and health impacts of activities, products and services. When carrying out human health and environmental risk assessments conservative assumptions should be made to address uncertainties or data gaps (e.g., related to exposure or effects).

6.5.2.3 Environmental risk management

An organization should implement programs to assess and reduce environmental risks from activities, products and services from a life cycle perspective. An organization should develop and implement emergency response procedures to mitigate environmental and health burdens caused by accidents and to communicate environmental incidents to appropriate authorities. Risk-based approaches

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consider both the intrinsic hazard of a substance, and the potential for exposure in order to develop appropriate risk management strategies. An organization can set safety targets such as the prevention of accidents in the workplace, or during storage, handling and end-use of substances that may pose environmental risks. An organization should consider pursuing objectives such as fostering a safety culture; advancing integration between occupational health, safety and environmental considerations; and addressing accident risk reduction and preparedness for emergencies by linking use of standards such as ISO14001 and ISO18001.

6.5.2.4 Polluter pays

An organization should bear the cost of pollution caused by its activities, products and services according to the extent of either the environmental burden to society and remedial action required or the degree to which the pollution exceeds an acceptable level (international expectations of behavior). An organization should use the polluter pays principle to internalize the cost of pollution and quantify the economic and environmental benefits of preventing pollution rather than mitigating its effects.

Considerations

An organization should assess the relevance of the following considerations.

6.5.2.5 Take a Life cycle approach

A fundamental perspective for addressing environmental issues is that of a life cycle approach. A life cycle approach links the economic, social and environmental dimensions of activities, products services throughout their life cycle – from raw materials and energy generation, through production and use, to end-of life disposal or recovery - potentially leading to multiple benefits. An organization should consider the environmental performance of activities, goods and services over their life cycle.

a) Practice eco-efficiency [and eco-design]

Eco-efficiency is “the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle to a level at least in line with the earth’s estimated carrying capacity.”[2)] Eco-efficiency addresses all potential environmental burdens and links environmental and economic performance of activities, products and services. Since it is at the design stage that most of the environmental features of a product or service are defined, eco-design (the integration of environmental considerations in the design process, together with other criteria such as profit, functionality, aesthetics, ergonomics, image, overall quality, etc.) is a very effective approach to implementing eco-efficiency.

b) Adopt a product-service system approach

Product service systems can be used to shift focus from selling products to selling a system of products and services that jointly fulfill consumer needs. This can lead to innovations that reduce material use and decouple revenues from material flows, involve stakeholders in designing integrated solutions that promote extended producer responsibility through the life cycle of the product and accompanying service. Product-service systems include product lease, product renting or sharing, product pooling (simultaneous use of the product) and pay-for-service where the user does not buy the product but buys the desired output (e.g., copying services over buying a copier). A product-service system approach involves also supporting the sale of products with associated services. This can increase the value of a product by including upgrades, maintenance support, financing schemes, supply of consumables and advice on the efficient use of the product and reduce its environmental burden.

2) Eco-efficiency: Creating more value with less impact. WBCSD, 2000. www.wbcsd.com

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6.5.2.6 Adopt cleaner production strategies

Cleaner production is a strategy for using resources more efficiently while generating less waste by making improvements at the source rather than the end of a process or activity. Cleaner production approaches include; improving maintenance practices, upgrading or introducing new technologies or processes, reducing materials and energy use, eliminating toxic and hazardous materials, and improving design. These approaches can lead to more environmentally sustainable processes, products and services along with economic benefits.

6.5.2.7 Use of environmentally sound technologies and practices (68)

An organization should seek to adopt, and where appropriate, promote the development and diffusion of environmentally sound technologies and services, those that “protect the environment, are less polluting, use all resources in a more sustainable manner, and follow the waste management hierarchy" (3). Relevant technical guidance and standards such as ISO 14000 series standards and international expectations of behavior should be considered when pursuing environmentally sound technologies and practices. An organization may refocus research and development towards ‘design for sustainability’, and examine investment criteria and its sourcing policy for suppliers and contractors to ensure that tenders stipulate minimum environmental criteria.

6.5.2.8 Implement [Sustainable purchasing] [Green procurement] programs

An organization should implement a sustainable purchasing program committing to purchase products, materials and services taking into account the environmental and social performance over the entire life cycle and prioritizing performance based on eco-labeling criteria. This principle addresses the environmental and social implications of the purchasing decisions of organizations and not the influence an organization has on the purchasing habits of individual consumers (which is addressed in the section on Consumer Issues).

6.5.3 Environmental issue 1: Prevention of pollution

6.5.3.1 Description of the issue

An organization can improve its environmental performance by preventing pollution including emissions to air, discharges to water, the generation of solid or liquid waste, contamination of land and soils, the use and disposal of toxic and hazardous chemicals, and other pollution from its activities, products and services. Pollution may be prevented by applying appropriate techniques such as cleaner production, eco-efficiency and life cycle management (as introduced as Considerations).

a) Prevent emissions to air

An organizations emissions to air of pollutants such as lead, mercury, volatile organic compounds (VOCs), sulfur dioxide (SO2), nitrogen oxides (NOx), particulates and ozone depleting substances can cause environmental and health burdens on society. These emissions may come directly from an organizations facilities or mobile sources or be caused indirectly by, the use of its products or services or the generation of the electricity it consumes.

b) Prevent discharges to water

An organization may cause water to become polluted through direct, intentional or accidental discharges (liquid or solid) into surface water bodies, or unintentional runoff to surface water or infiltration to ground water. An organization may be discharging toxic or hazardous chemicals, organic materials, invasive species (ship ballast water), sewage, petro-chemicals or fuels and other pollutants to water causing negative impacts on human health, ecosystems and the value of natural resources.

c) Prevent waste

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An organization's activities, products and services may lead to the generation of liquid or solid waste that if improperly managed can cause contamination of air, water land and soils. Responsible waste management follows the waste reduction hierarchy of: (i) source reduction, (ii) reuse, (iii) recycle, reprocess, (iv) waste treatment, and (v) waste disposal.

d) Prevent the release of toxic and hazardous chemicals

An organization may be using toxic or hazardous chemicals in its activities, products or provision of services. Toxic and hazardous chemicals both naturally occurring and anthropogenic can adversely effect ecosystems and human health through acute (immediate) or chronic (long-term) impacts,

e) Prevent all identifiable forms of pollution

An organizations activities, products and services may cause other forms of pollution including; noise, vibration, radiation, infectious agents (e.g., viral or bacterial) or biological hazards (e.g., invasive species, uncontrolled spread of genetically modified organisms) negatively effecting health and wellbeing of local or even global communities.

6.5.3.2 Related actions and/or expectations

To improve performance in the prevention of pollution an organization should:

— [identify, measure, record and report on its significant pollution - from all activities, products and services - including emissions to air, discharges to water and land, waste disposal, release of toxic and hazardous chemicals and other forms of pollution;]

— implement a program and set targets for preventing all forms of pollution to achieve better than average performance considering relevant best practice indicators and other benchmarks, such as regulation in countries with leading environmental laws;

— establish a waste minimization and management system following the waste reduction hierarchy and ensuring proper management of unavoidable waste;

— publicly disclose the amounts and types of toxic and hazardous materials used and released including the known human health and environmental risks over the entire life cycle;

— implement a program to systematically identify and prevent the use of banned chemicals and, where possible the use of chemicals identified as being of concern to stakeholders, from all activities, products and services within its control or sphere of influence including supply chain. Chemicals to avoid include (but are not limited to); ozone-depleting (Montreal Protocol (54)), persistent organic pollutants (POPs) (Stockholm Convention (72), the Rotterdam Convention (71)), hazardous pesticides (defined by the World Health Organization), and chemicals defined as carcinogenic (including tobacco), mutagenic, toxic to reproduction, persistent and bio-accumulative,(PBTs and vPvBs), endocrine disrupting[3)] .

6.5.4 Environmental issue 2: Sustainable resource use

6.5.4.1 Description of the issue

Performance improvements in the prevention of pollution can be undermined by unsustainable rates of consumption. An organization can improve its environmental performance by ensuring that it uses electricity, fuels, raw and processed materials, land and water more responsibly. This can preserve non-renewable resources and reduce environment burdens without limiting economic growth. An organization can also promote sustainable resource use within its sphere of influence including supply

3) International Conference on Chemicals Management (ICCM) - Strategic Approach to International Chemicals Management (SAICM)

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chains. It can also promote sustainable consumption through marketing and communications aimed at re-orienting consumers towards more sustainable lifestyles and purchasing decisions (see section on Consumer Issues for guidance on consumers).

a) Use energy efficiently

An organization can implement energy efficiency programs to save money and reduce the energy demand for buildings, transportation, production processes, appliances and electronic equipment, and the provision of services. Lowering the demand for energy may reduce the indirect environmental burdens caused by energy generation while reducing overall energy costs for the organization.

b) Conserve water

Water is a fundamental human need and, therefore, a basic human right. The Millennium Development Goals include the provision of safe, reliable drinking water and sanitation services to all people. An organization can improve its social responsibility by conserving water and making decisions that protect fair and sustainable access to freshwater resources within its local watershed.

c) Use materials efficiently

Materials use causes numerous direct and indirect environmental burdens from the impact on ecosystems of mining, forestry and other extractive operations, to emissions resulting from the use, transport and processing of materials. An organization can implement materials efficiency programs to save money and reduce the environmental burden caused by the use of raw materials for production processes or finished products used in its activities and the delivery of services.

6.5.4.2 Expectations and/or related actions

An organization should:

— [identify, measure, record and report its use of energy, water and materials for all activities, products and services;]

— develop and implement an energy efficiency program to reduce energy use to achieve better than average performance considering best practice indicators and other benchmarks, and secure energy from renewable and low emission sources where possible;

— develop and implement water efficiency plans to minimize water use and co-operate with stakeholders to manage water resources to ensure fair access for all users within a watershed; and

— develop and implement a materials efficiency program to reduce materials use to achieve better than average performance considering best practice indicators and other benchmarks.

6.5.5 Environmental issue 3: Climate change mitigation and adaptation (63, 76)

6.5.5.1 Description of the issue

Greenhouse gas (GHG) emissions, primarily from burning fossil fuels, are the leading cause of global climate change, which is having significant impacts on the natural and human environment (63). Among the trends observed are: rising sea levels, more frequent occurrences of extreme weather events, and changes to ecosystems, agriculture and fisheries. As climate change passes a tipping point, changes will be felt far more widely and acutely.

Every organization is responsible for some GHG emissions (either directly or indirectly) and is impacted in some way by climate change. An organization should accept responsibility to both minimize its own GHG emissions (mitigation) and to plan for a changing climate (adaptation).

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Adapting to climate change has social implications in the form of effects on health, prosperity and human rights.

6.5.5.2 Expectations and/or related actions

a) Climate change mitigation

To mitigate climate change, an organization should:

— [identify, measure, record and report on its GHG emissions for all activities, products and services using methods defined in standards such as ISO 14064 and the WRI/WBCSD Greenhouse Gas Protocol;]

— commit to climate change mitigation by reducing direct and indirect GHG emissions associated with its activities, products and services and those within its control and sphere of influence including supply chains to achieve better than average performance. This should be done taking a back-casting approach which involves setting performance targets for the future and implementing programs to reduce GHG emissions overtime in order to meet those established targets;

— improve the energy efficiency and reduce the overall energy use of its activities, products and services;

— reduce dependence on fossil fuels, and make use of low-emission technology and renewable energy leading to reduced life cycle GHG emissions for activities (including transportation), products and services wherever feasible;

— prevent the release of GHG emissions (particularly those also causing ozone depletion) from processes or equipment including heating, ventilation and air conditioning (HVAC) units;

— consider measures to offset remaining GHG emissions through carbon sequestration or emissions reduction programs striving for carbon neutrality; and

— make use of flexibility mechanisms such as the Clean Development Mechanism under the UN Framework Convention on Climate Change (76) to accelerate the introduction of sound environmental technologies in different organizations.

Box 8 Examples of mitigation actions for various types of organizations

Governments and other organizations should co-operate to develop transportation systems that achieve GHG emissions reduction;

Scientists, academics and the media should provide the public with clear and easy to understand information about climate change and GHG emissions;

Businesses should develop energy-efficient and low emitting products and services

Consumers should make purchasing decisions considering environmental impacts;

Investors should consider the GHG emissions performance of organizations or activities in which they invest; and

NGOs should propose constructive solutions for addressing climate change and raise public awareness of the issue.

b) Climate change adaptation

To reduce vulnerability to climate change, an organization should:

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- consider future climate predictions (with particular attention to extreme weather and increasing variability and uncertainty) to identify risks and integrate climate change adaptation into decisions to protect health and property with a preventative approach to managing risks;

- identify opportunities to avoid or minimize damages from climate change and take advantage of opportunities where possible, to proactively adjust for changing conditions;

- plan for land use, zoning and infrastructure design and maintenance taking account of the implications of a changing climate and greater climatic uncertainty and the possibility of increasingly severe weather including floods, high winds or intense heat; and

- develop agricultural, industrial, medical and a range of other technologies and techniques and make them accessible to those in need, ensuring the security of drinking water, sanitation, food and other resources critical to human health.

Box 9 Examples of adaptation actions for various types of organizations

Scientists and academics should provide decision-makers with information about impacts of climate change and possible adaptive measures to reduce risk;

Governments should establish strategies to protect water resources and infrastructure from climate change impacts;

Businesses should develop disaster-prevention and disaster-reduction technologies and implement programs to protect human health and resources from climate change impacts;

Public health Institutions should develop programs to predict, monitor and respond to the changing patterns of disease that may be caused by climate change; and

Authorities should create and adopt disaster-response plans and raise public awareness of appropriate actions.

6.5.6 Environmental issue 4: Protection and restoration of the natural environment

6.5.6.1 Description of the issue

Over the past 50 years, human activity has changed ecosystems more rapidly and extensively than in any comparable period of time in history. Our rapidly growing demand for food, fresh water, fiber, fuel and mineral resources has resulted in a substantial and often irreversible loss of habitat and the diversity of life on earth (75). An organization can become more socially responsible by acting to protect and restore the natural environment and the social and economic services provided.

a) Value, protect and restore ecological services

Ecosystems contribute to the wellbeing of society by providing services such as clean fresh water, flood control, soil, pollinators, absorption and breakdown of toxics and greenhouse gases, natural fibers, fisheries and recreation. However as ecosystems are degraded or destroyed they lose the ability to provide these services. The ecosystem services framework is well-established as a scientific and technical framework and is now being recognized as a means of structuring business transactions (through proper valuation and/or trading of ecosystem services) and for regulatory and governance purposes (for example, managing resources on a watershed basis.)

The priority consideration should be to protect ecosystem integrity in order to retain natural resiliency and adaptive capacity. Otherwise restoration efforts should be implemented, followed by compensation to replace the services that have been depleted. However, it will not always be possible to replace or otherwise offset the loss of these services, in which case organizations should provide financial compensation for the loss of ecological services.

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b) Value and protect biodiversity

Biodiversity is, "the variety of life in all its forms, levels and combinations. This includes ecosystem diversity, species diversity, and genetic diversity" IUCN, UNEP and WWF (1991). Protecting biodiversity includes terrestrial and aquatic species, genetic variability, and natural ecosystems.

c) Use land and natural resource sustainably

An organizations decisions regarding land and resource use may place burdens on the environment. Most major decisions are made by public authorities, but other organizations play a role. An organizations land use projects (e.g., agriculture, building and resource extraction) may protect or degrade habitat, water, soils, and ecosystems ultimately affecting human health and the wellbeing of society.

6.5.6.2 Expectations and/or related actions (4, 5, 9, 51, 53, 61)

An organization should:

— [Identify potential adverse impacts of its activities, products and services on ecosystem services and biodiversity and take measures to eliminate or minimize them;]

— Participate in market mechanisms to internalize the cost of environmental burdens caused by its activities, products and services and create economic value in protecting ecosystem services;

— Seek first to avoid loss of natural ecosystems and then to restore ecosystems, and finally compensate for losses leading to a net gain in ecological services over time;

— Consider an integrated strategy for the administration of land, water and ecosystems that promotes conservation and sustainable use in an socially equitable way;

— Where endemic or endangered species may be adversely affected by its activities, products or services, take measures to preserve these species and their habitats;

— Use land in a more sustainable way by adopting sustainable development, design, agricultural and operating practices considering the possible environmental burdens resulting from its land use decisions;

— Incorporate the protection of natural habitat, wetlands, forest, wildlife corridors, protected areas and agricultural lands into the planning of the built environment expansion and development;

— Adopt sustainable agricultural, fishing and forestry practices as defined in leading standards and certification schemes; and

— Avoid activities or approaches that lead to the extinction or extirpation of species, or the distribution or proliferation of invasive species.

6.6 Fair operating practices

6.6.1 Rationale

Fair operating practices deals with social responsibility in the context of relationships between organizations This includes relationships between organizations and government agencies, as well as between organizations and their partners, suppliers, contractors, competitors and the associations of which they are a member.

Fair operating practices improve the social and economic environment in which organizations function by: encouraging fair competition, improving the reliability and fairness of transactions, preventing corruption and promoting fair political processes. Organizations should use their relationship with

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other organizations to promote positive outcomes. This includes providing leadership and promoting the adoption of social responsibility more broadly throughout the supply chain [sphere of influence].

6.6.2 Principles and considerations

Fair operating practices are the practical application of the principles of social responsibility in relationships between organizations, in particular ethical conduct (see Clause 5).

6.6.3 Fair operating practices issue 1: Anti–corruption

6.6.3.1 Description of the issue

Corruption is the abuse of entrusted power for illegitimate gain. Corruption has two aspects, active and passive for example offering a bribe and the acceptance of a bribe. Corruption can take many forms, for example bribery of domestic and foreign public officials, bribery in the private sector, conflict of interest, fraud, money laundering and trading influence. Corruption undermines an organization's ethical environment, and can put it at risk for criminal prosecution as well as civil and administrative consequences. Amongst other effects corruption can also violate human rights, erode political processes, damage the environment, distort competition and impede the redistribution of wealth and economic growth.

6.6.3.2 Related actions and/or expectations

To prevent corruption and bribery, an organization should:

— implement, apply and improve policies and practices that counter corruption, facilitation payments, bribery and extortion;

— support workers and agents in their efforts to eradicate bribery and corruption and provide incentives for progress;

— train and raise the awareness of employees and agents about corruption and how to counter corruption;

— confirm that the remuneration of its employees and agents is appropriate and for legitimate services only;

— encourage employees and agents to report violations of the organization's policies by adopting mechanisms that enable reporting without fear or reprisal;

— bring violations of the criminal law to the attention of the relevant law enforcement authorities; and

— work to oppose corruption by influencing others to adopt similar practices.

6.6.4 Fair operating practices issue 2: Responsible political involvement

6.6.4.1 Description of the issue

Organizations can support the political process and encourage the development of public policy that benefits society at large. Organizations should avoid behaviour that can erode the political process such as manipulation, intimidation, and coercion.

6.6.4.2 Related actions and/or expectations

An organization should:

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— train and raise the awareness of employees and agents about responsible political involvement and contributions;

— be transparent regarding its activities related to lobbying, political contributions and political involvement;

— establish controls to regulate the activities of paid lobbyists;

— avoid political contributions that amount to an attempt to control policymakers in favour of a specific cause; and

— avoid lobbying activities that involve misinformation, misrepresentation, threat or compulsion.

6.6.5 Fair operating practices issue 3: Fair competition

6.6.5.1 Description of the issue

Fair and widespread competition stimulates efficiency, reduces the costs of goods and services, promotes innovation, ensures all organizations have equal opportunities, encourages the development of new or improved products or processes and, in the long run, enhances economic growth and living standards.

Anti-competitive behaviour impedes competition and offsets the benefits of fair competition. There are many forms of anti-competitive behaviour, some examples include practices such as: price fixing where parties collude to sell the same product or service at the same price; bid rigging, where parties collude to fix a competitive bid; and predatory pricing, selling a product at very low price with the intent of driving competitors out of the market.

6.6.5.2 Related actions and/or expectations

To promote fair competition, an organization should:

— conduct its activities in a manner consistent with competition legislation and co-operate with competition authorities;

— establish procedures and other safeguards to prevent engaging in or being complicit in anti-competitive behaviour;

— promote employee awareness of the importance of compliance with competition legislation and fair competition; and

— support public policies that encourage competition, including anti-trust and anti-dumping practices and local regulations.

6.6.6 Fair operating practices issue 4: Promoting social responsibility

6.6.6.1 Description of the issue

An organization can influence other organizations through the exercise of its purchasing power as well as through leadership and mentorship to promote broader-scale adoption and support of principles of social responsibility. It can also stimulate demand for socially responsible goods and services. These actions should not be viewed as replacing the role of authorities to implement and enforce laws and regulations.

6.6.6.2 Related actions and/or expectations

An organization should:

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— incorporate ethical, social and environmental criteria, including health and safety, in its purchasing and contracting policies;

— encourage other organizations to adopt similar policies;

— carry out relevant and appropriate investigations and monitoring of the organizations with which they have relationships so that their actions do not compromise the organization's commitments to social responsibility;

— promote fair sharing of the costs and benefits of implementing socially responsible practices throughout the supply chain; and

— actively participate in raising the awareness of organizations with which they have relationships on social responsibility issues and principles.

6.6.7 Fair operating practices issue 5: Respect for property rights

6.6.7.1 Description of the issue

Property rights cover both physical property and intellectual property and include interest in land, copyrights, patents, moral rights and other rights. They also extend to rights that may not be recognized in law, such as traditional knowledge of specific groups or the intellectual property of employees.

Recognition of property rights promotes investment, economic and physical security as well as encouraging creation and invention.

6.6.7.2 Related actions and/or expectations

An organization should:

— implement policies and practices that promote respect for property rights;

— conduct proper investigations to be confident it has legitimate ownership to use or dispose of property;

— not engage in activities that violate property rights, including counterfeit and piracy, or otherwise infringe consumer interests; and

— pay fair compensation for property that it acquires or uses.

6.7 Consumer issues

6.7.1 Rationale

Consumer decisions have a strong influence on the success of organizations. An organization can therefore gain by engaging with consumers and consumer organizations to evaluate and improve products and services. The result of such engagement is that the organization's outputs will better fit the expectations of consumers, demand may rise and the potential for conflict can be reduced.

Consumers expect an organization to:

— treat them fairly;

— have respect for their rights;

— provide information that enables making informed decisions;

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— assume responsibility for the safety, performance and support of its products and services; and

— offer effective dispute resolution.

By taking these expectations seriously, an organization can enhance its reputation of being a socially responsible organization in the eye of consumers and minimize the risk of damage to its reputation.

Consumers contribute to sustainable development if they have choice and adequate and accurate information to make informed decisions. An organization should provide consumers with products and services that are environmentally and socially beneficial. It should also offer information about the conditions under which products and services are produced and/or delivered and about the effects of the products or services on consumer health and the environment.

6.7.2 Principles and considerations

The **United Nations Guidelines for Consumer Protection** is the most important inter-national norm of behaviour in the realm of consumer protection. The UN General Assembly adopted it in 1985 by consensus. In 1999 it was expanded to include elements on sustainable consumption. It calls upon states to protect consumers from hazards to their health and safety, promote and protect the economic interests of consumers, enable them to make informed choices, provide consumer education, make available effective consumer redress, guarantee freedom to form consumer groups and promote sustainable consumption patterns.

The issues addressed below are primarily based on the following principles:

— respect for the rule of law;

— respect for international [norms] [expectations] of behaviour;

— transparency;

— ethical behaviour; and

— precautionary approach.

6.7.3 Consumer issue 1: Fair marketing, information and contractual practices

6.7.3.1 Description of the issue

Fairness, transparency and care are key principles that help organizations to build a constructive and lasting relationship to consumers. When marketing organizations should ensure that presentations are complete, clear, accurate, truthful and understandable. When engaging in contracts terms and conditions should be fair.

Special care should be taken when dealing with vulnerable consumers who are unaware of their rights and responsibilities or hindered to act on their knowledge. Vulnerable consumers include children and youth, the aged, the illiterate and people with disabilities, including intellectual impairment. Some wholly depend on information provided by the organization through advertising and other marketing practices.

6.7.3.2 Expectations and/or related actions

When communicating with consumers, an organization should

— not engage in any practices that are deceptive, misleading, fraudulent or unfair, including critical omissions of information;

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- clearly identify advertising and marketing;

- openly disclose total prices, eventual taxes (such as VAT), terms and conditions of the products and services as well as any accessories or delivery costs;

- substantiate claims or assertions by providing underlying facts and information;

- provide complete, accurate and understandable information that is comparable on:

  - hazardous materials and chemicals contained in or released by products;

  - all relevant aspects of a product or service taking into account ideally the full life cycle (e.g. save use, maintenance, storage, disposal and after-sales service, including refund polices, complaints handling and dispute resolution including locations and if appropriate, costs);

  - the key quality aspects of products and services using standardized test procedures, for example colour-fastness, washing performance and durability using when possible average performance or best practice as benchmarks;

  - health and safety aspects of products and services, including conformity to relevant national, regional or international laws and regulations as well as standards and other specifications establishing a higher level of protection compared to baseline requirements required by law; and

  - financial and investment products.

- assess the organization's advertising for compliance with law, internationally recognized standards and fairness.

In contracts, an organization should:

- not use unfair contract terms, such as the exclusion of liability, the right to unilaterally change prices and conditions, transfer of risk of insolvency to consumers or unduly long length of contracts;

- provide clear and sufficient information about prices, terms, conditions and costs associated with the transaction and specify the organization's physical address including phone number when selling products over distance or in the internet.

6.7.4 Consumer issue 2: Protecting consumers' health and safety

6.7.4.1 Description of the issue

Regulatory authorities and standards writing bodies cannot keep up with the rapid pace of global change in product design, construction and materials and thereby ensure that appropriate safety requirements are in place. Globalization has led to the increase of cross- border movement of products and sourcing of services and this puts strain on regulatory and testing resources.

An organization has the responsibility to ensure that its products and services are safe and do not carry risk of harm when used or consumed by consumers as directed, indicated or reasonably foreseeably misused. This implies that an organization should anticipate potential risks of their products and services which are used by consumers by taking action to avoid harm or danger.

In order to minimise risk from usage of its products or services an organization should be guided by the ethical conduct and precautionary principles. Failing to do so might have dangerous consequences for individuals and the environment. This would contradict the objectives of a sustainable development and also the reputation of the organization might be damaged. Since not all risks can be foreseen, an organization should also establish a mechanism for product recall.

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6.7.4.2 Expectations and/or related actions

In protecting the health and safety of consumers an organization should focus on the following issues and pay special attention to vulnerable groups who might not have the capacity to recognize or assess potential dangers:

- provide products and services which, under normal and reasonably foreseeable conditions of use, are safe for the user, his/her property, other persons and the environment;

- assess the adequacy of health and safety laws, regulations, standards and other specifications to ensure that all health and safety aspects are adequately addressed. In cases where accidents are reported involving products or services that conform to regulation, standards or other specifications, or when alternative product designs have been developed which can reduce the number and/or severity of accidents or when independent product tests show that goods and services of other providers are better rated, the organization should go beyond these minimum requirements to achieve the best possible protection level;

- minimize risks in the design of products:

    - identify the likely user group(s) and pay special care to vulnerable groups;

    - identify the intended use and assess the reasonably foreseeable misuse of the product, process or service;

    - identify each hazard arising in all the stages and conditions of use of the product, process or service, including installation, maintenance, repair and destruction/disposal, for example mechanical (entrapment, choking, suffocation, etc), chemical, thermal, electrical, acoustic, drowning;

    - estimate and evaluate the risk to each identified user/contact group arising from the hazards identified; and

    - reduce the risk. When reducing risks, the order of priority should be: Inherently safe design, protective devices and information for users.

- [avoid the use of products that may be carcinoengic, mutatgenic, toxic for reproduction, or that are persistent and bio-accumulative. if such products are used, they should be clearly labelled;]

- not introduce or use products or services where a significant proportion of the population has expressed strong reservations or even opposition to such products or services;

- when new materials and/or production methods are introduced, organizations should perform an [independent third-party] human health risk assessment of products and services before their introduction. all relevant documentation should be made publicly available;

- convey vital safety information to consumers, wherever possible using symbols, preferably internationally agreed ones, in addition to the textual information;

- instruct consumers in the proper use of products and inform them of the risks involved in intended or normally foreseen use;

- suppliers, exporters, importers, retailers and other related organizations should adopt measures that prevent products from becoming unsafe through improper handling or storage while in their care.

Even if these recommendations are followed, there might be instances in which a risk was not foreseen. To be prepared for these cases, the organizations should establish a mechanism for product recall. That implies that an organizations should:

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- establish a system to trace products through the production and distribution chain to be able to recall products;

- operationalize a system for product recall;

- if a product, after having been placed on the market, turns out to present an unforeseen hazard or series defect, or contains misleading or false information an organization should:

  - notify the relevant authorities, the media and through web sites in all countries where the product was sold, even if sold by other organizations. in so doing, an organization should clearly:

  - identify the product and when it was produced. use illustrations to raise awareness of the product and the recall;

    - specify the kind of risk posed by the product and about how to avoid it;

    - explain what consumers should do to return the product; and

    - give information on the type of compensation for consumers.

- depending on the severity of the harm or injury a product can cause, recall all products that are still in the distribution chain and label products or their packaging;

- take additional measures to inform vulnerable groups and people living in rural areas; and

- repair, replace, modify or substitute another product for the defective product or refund as soon as possible.

6.7.5 Consumer issue 3: Sustainable consumption

6.7.5.1 Description of the issue

The principle 8 of the 1998 Earth Summit, Agenda 21 states that to achieve sustainable development and a higher quality of life for all people, states should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies. Organizations should contribute their part to sustainable consumption by implementing more sustainable production processes, by designing environmentally and socially beneficial products and services and by offering consumer information about both the performance of an organization and its products and services relating to social responsibility.

Consumers play a pivotal role in fostering a sustainable development by considering social and environmental performance of products and services in their purchasing decisions.

6.7.5.2 Expectations and/or related actions

The organization should do the following to offer consumers socially and environmentally beneficial products and services and prevent the environment and society from being adversely affected:

- offer sustainable products and services that operate as efficiently as possible, considering the full life cycle. this should be done by identifying the environmental performance of the most efficient products or services, and by largely eliminating stand-by losses of energy;

- eliminate and minimize where possible any negative health and environmental impacts of products and services, such as noise and waste;

- design products so that they can be easily reused, repaired or recycled;

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— reduce waste by minimizing packaging material and if appropriate, offer recycling and disposal services; and

— provide and inform consumers about adequate disposal systems and statement as to second hand use and final disposition.

To enable consumers to consume in a sustainable manner an organization should:

— provide consumers with information about the environmental and social conditions under which the products or services were produced or delivered. the information should take into account the value chain and also include information on resource efficiency where relevant;

— provide consumers with information about the sustainability of products and services. this should include information on the performance, country of origin, energy efficiency (where applicable), contents or ingredients (including where appropriate, reference regarding the use of GMOs), impact on health, side effects, safe use, maintenance, storage and disposal of these products and their packaging. This should be based on average performance or best practice; and

— make use of eco-label schemes and/or other benchmarks to communicate the environmental and social qualities of products and services.[4)]

To give consumer broadest access to products and services, organizations should employ the principles of universal design. Organizations should, for example:

— make efforts so that information about products and services is accessible to people with disabilities, e.g. by providing the information for people without vision in other forms than visual such as tactile warnings;

— create websites which are in compliance with web accessibility guidelines of the World Wide Web Consortium (W3C);

— display the information on products and services such as texts in leaflets or price tags in shops in a manner so that people with reduced vision do not encounter difficulties reading it; and

— provide information on the accessibility (usability for elderly and disabled persons) of products and services using national, regional or international standards and other specifications.

6.7.6 Consumer issue 4: Consumer service, support, and dispute resolution

6.7.6.1 Description of the issue

Even the best organization cannot guarantee that its products and services perform as intended and that consumers will know how to use them. It is therefore important that organizations establish channels for communication to ensure that consumers are treated fairly even after products and services are bought or provided.

6.7.6.2 Expectations and/or related actions

An organization should:

— engage in precautionary measures to prevent complaints[5)] by offering consumers the option to return products within a specific time period;

4) For guidance see: ISO 14021, 14024 and 14025.

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— offer guarantees for a certain period of time exceeding any warranty periods guaranteed by law, providing free repair or exchange of faulty products or remedy of non-satisfactory services, [providing all transportation and packaging costs and making replaceable parts and consumables available during the life of the product];

— clearly communicate to consumers how they can access after-supply services and support as well as dispute resolution and redress mechanisms[6] , for example by providing contact information on a product label;

— offer adequate and efficient support systems, for example hotlines with minimal waiting times and competent advice;

— provide mechanisms for the consumer to return and to be refunded for products acquired on distant-selling purchases;

— regularly evaluate consumer satisfaction or consumer's emotional experiences concerning products and services, support, maintenance and repair systems using standardized methods;

— offer maintenance and repair at a reasonable price and make transparent the expected availability of spare parts for products;

— make use of alternative dispute resolution mechanisms and conflict resolution and redress procedures that are based on national or international standards and that do not impose a fee or charge for accessing or using the process[7] ;

— provide appropriate remedies to customers, for example compensation within a specified period of time, which can be given directly from the organization to consumers or through their agents world-wide; and

— not require consumers to waive their rights to seek legal recourse when they use dispute resolution mechanisms.

6.7.7 Consumer issue 5: Consumer data protection and privacy

6.7.7.1 Description of the issue

Personal data is widely collected and processed by public and private entities and has the potential of being misused. An organization should do its part to ensure that the privacy of consumers, especially personally identifiable information, is respected.

6.7.7.2 Expectations and/or related actions

To prevent personal data collection and processing from impairing privacy, an organization should be guided by the following principles and take the recommended actions:

— sparsity: an organization should limit the collection of personal data, and any such data should be obtained by lawful and fair means. when not required by law data collection should be either essential for the provision of products or services or provided voluntarily by the consumer. an example of essential data is the address to which a product should be delivered;

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5) Fair trading codes of conduct can promise standards of quality of products and/or service delivery. For guidance see: Quality Management: Customer Satisfaction--Guidelines for Codes of Conduct (ISO 10001)

6) For guidance see: Quality Management: Customer Satisfaction--Guidelines for Complaints Handling (ISO 10002) and Quality Management: Customer Satisfaction–Guidelines for External Customer Dispute Resolution (ISO 10003)

7) Op cit

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— purpose specification: the purpose for which personal data are collected should be specified by the organization not later than at the time of data collection;

— use limitation: personal data should not be disclosed, made available or otherwise used for purposes other than those specified except: (a) with the informed and voluntary consent of the data subject which means that the consumer needs to be informed about how data will be used and the consent needs to be given freely; or (b) by the authority of law;

— security safeguards: organizations should protect personal data by reasonable security safeguards against such risks as loss or unauthorized access, destruction, use, modification or disclosure of data;

— openness: there should be a general policy of openness about developments, practices and policies with respect to personal data. Means should be readily available of establishing the existence and nature of personal data, and the main purposes of their use, as well as the identity and usual location of the data controller;

— individual participation: an individual should have the right to obtain from a data controller confirmation of whether the data controller has data relating to him or her and to challenge data relating to him or her. if the challenge is successful, the data should be erased, rectified, completed or amended;

— accountability: a data controller should be accountable for complying with measures that give effect to the principles stated above; and

— ethical conduct: Personal data should not be misused for marketing and spamming unless the consumer has consented to this voluntarily.

6.7.8 Consumer issue 6: Access to essential products and services

6.7.8.1 Description of the issue

[Low-income] consumers [, especially in developing countries,] often do not have access to essential products and services such as water, basic food, healthcare, housing, energy, education, telecommunication and financial services impairing on their human rights. Governments should make provision for all people, especially those with low-incomes or those in rural or remote areas, to have access to these essential products and services.

6.7.8.2 Expectations and/or related actions

— governments should develop a suitable institutional framework so that all consumers have access to essential products and services at affordable prices;

— organizations that provide essential products and services should offer everyone, regardless of financial capabilities and location, adequate access to these products and services at affordable prices, even in circumstances in which they are not legally required to do so;

— public and private organizations that provide essential products and services should operate in a transparent manner, providing information related to the setting of prices, or charges covered.

6.7.9 Consumer issue 7: Education and awareness

6.7.9.1 Description of the issue

Consumers are vital actors in the life cycle of products and services. To enable consumers to be well-informed, conscious of their rights and responsibilities and consume responsibly, they should be

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2047 educated. Special attention should be given to the needs of disadvantaged consumers both in rural
2048 and urban areas, including low-income consumers and those with low or non-existent literacy levels.

2049 The aim of consumer education should not only be to transfer knowledge, but also to provide practice
2050 in acting on this knowledge. Thus, in addition to content, educational projects should teach skills for
2051 assessing products and services and for making comparisons. They should also raise awareness
2052 about the impact of consumption choices on others, including the environment.

2053 #### 6.7.9.2 Expectations and/or related actions

2054 In educating consumers an organization should specifically focus on:

2055 — health and safety;

2056 — information on appropriate regulations, how to obtain redress and agencies and organizations for
2057 consumer protection;

2058 — product hazards;

2059 — product labelling;

2060 — information on weights and measures, prices, quality, credit conditions and availability of basic
2061 necessities;

2062 — financial and investment products;

2063 — environmental protection;

2064 — efficient use of materials, energy and water;

2065 — sustainable consumption; and

2066 — disposal of packages and products.

2067 ## 6.8 Development of the community and society

2068 ### 6.8.1 Rationale

2069 Social development, together with economic development and environmental protection, form the
2070 basis for a sustainable society. Although the primary responsibility for social and economic
2071 development belongs to governments, all organizations have the potential to contribute to social and
2072 economic development.

2073 This influence is generally most significant in an organization's local community but may also reach
2074 out to all communities within its sphere of influence.

2075 Community involvement is a process by which an organization and its community stakeholders get
2076 acquainted, learn to respect their different roles, visions and interests and build trust. The result of this
2077 process is co-operation for social and economic development, with justice and equity as its core
2078 elements. An organization may contribute through specific programs in support of community and
2079 society issues or by aligning its activities with the creation of a positive contribution..

2080 Economic development is the process by which economic activities increase and become diversified
2081 in order to better satisfy needs of the society. Achieving higher levels of income and wealth should be
2082 accompanied by a balanced distribution of the outputs of the economic development process in order
2083 to benefit society as a whole.

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Social development refers to those conditions that constitute a decent standard of living, such as health, education and housing and the overall wellbeing of society.

Social and economic development are interdependent and an organization's influence and contribution can be greatly enhanced by community involvement processes.

An organization that is aware of its influence and contributes to development of the community and society will create better relations with its stakeholders, an enhanced reputation, and more efficient risk and opportunity management.

6.8.2 Principles and considerations

International instruments such as the Millennium Declaration and the Copenhagen Declaration express basic principles concerning contribution to the community and society. These invite all organizations to contribute to the goals and compromises that nations have assumed.

For guidance on social development principles see Clause 5 Principles of social responsibility.

The following are considerations that an organization should take into account when addressing social development:

— promotion of fair treatment: organizations should promote fair treatment with respect to criteria such as race, ethnic origin, gender, sexual orientation, religion, disability, age and disadvantage;

— empowerment: organizations should take actions that empower people to maximize their own capabilities, resources and opportunities;

— work in partnership: combining capabilities in a partnership, such as the exchange of experience, resources and efforts among organizations, makes the combined economic and social development actions more effective than any individual action. partnerships can include many different types of organizations and can operate at international, national, regional or local level; and

— promotion of income and wealth generation and their fair distribution.

6.8.3 Development of the community and society issue 1: Community involvement

6.8.3.1 Description of the issue

To be successful in achieving its objectives, an organization needs relationships with all its stakeholders that are based on respect and trust. Building relationships within a community takes time.

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Recognizing stakeholder expectations and promoting the right of stakeholders to be consulted and to participate in decision making will help create positive relationships and will help align the organization's objectives with the needs of the community.

To address community involvement issues, organizations should consider consultation, dialogue and negotiation, as well as community empowerment and social investment in the community.

Consultation, dialogue and negotiation offer valuable opportunities to improve the relationship between an organization and the communities in which it operates. Understanding the characteristics and composition of communities affected by the organization is central to ascertaining the organization's impacts and designing appropriate measures to address these impacts.

Two of the major challenges of community involvement are to secure fair and equitable representation for community members and be confident that they have the skills to negotiate and to express their interests.

By understanding its changing impacts on society an organization will be able to adapt its activities to society's best interests as well as its own. An organization that considers its present and past impacts on, and experience with the community, will be better equipped to address community involvement issues.

With respect to social investment, the aim should be to align the organization's contribution with the needs of the communities in which the organization invests.

6.8.3.2 Expectations and/ or related actions

To contribute to community and society through involvement in the community an organization should:

Note to IDTF: LTF recommended integrating Impacts on the community from WD3 into clause 7.3. The drafting team believes that Impacts on the community belongs under section 6.8.3.2 as appears in the next three bullets and Box 17.

— identify and responsibly manage the key social, environmental and economic impacts of its past, present and planned operations on the community;

— gather information on the community to determine the main impacts and the main development issues in the local community; and

— compensate fairly those affected by unavoidable negative impacts. The affected community should be involved in the determination of appropriate compensation.

Box 17 [Example of managing environmental impacts on the community]

A company analyses its impact on a river located in a community and develops technology to treat the water it discharges into the river, so that the wastewater is cleaner than before it was extracted. The local community takes advantage of this new situation and uses the river for recreation purposes.

— give the community access to relevant information and undertake meaningful communication (see also clause 5.2.4 for the accountability principle;

— when engaging with community stakeholders, the organization should include previously ignored stakeholders as well as familiar stakeholders on new topics and in new ways. It is important to identify not only dominant local groups, but also vulnerable and marginalized groups, for example indigenous people or religious minorities;

Box 18 Examples of consultation and dialogue

Governments involve the community in the development of city planning.

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NGOs involve the community in the planning, implementation, monitoring and evaluation of their community-based programmes.

During the construction period of a new project, a company, together with the local government and an environmental NGO implement a community forum. The goals are to listen to the stakeholders' concerns and expectations and to manage the project's impacts on the community.

— Build and strengthen capacity in the community to negotiate and express their interests, by identifying and assessing community stakeholder needs in terms of both resources, for example staff, money and time, and in terms of competencies, for example expertise and experience. For a community to become an effective partner in the process of involvement it should be empowered to do so.

— Negotiate with community stakeholders in good faith, that is, with an open mind, a willingness to engage in the process and a genuine desire to reach agreement.

Box 19 Example of strengthening capacity in the community to negotiate and to express their interests

An organization with significant environmental impacts in the neighboring community, that complies with local environmental laws, creates a Community Environmental Committee to engage affected parties in its decision making process and to address these impacts. Technical support is provided by the local government's environment department and local health service. By partnering with an NGO, the organization develops an environmental training program for community representatives. In every session, the organization gives material information and makes performance improvement commitments. These are monitored by the community and the local authorities.

— Make social investments in the community that are related to its impact on society and the environment. Its investments in the community should be in proportion to the risk and impacts the organization is likely to create for the community;

— Orient, where appropriate, social investment towards capacity building in the community;

— Recognize that an organization's social investment does not preclude other social actions and philanthropy, for example grants, volunteering and donations. These however, should be aligned with the organization's overall social investment aims. They should focus on giving resources to the community through programs or projects for long-term development;

— Promote sustainable social investment projects, by involving the community in their design and development. Community involvement will help projects to survive and prosper when the organization is no longer involved;

— Take into account the promotion of economic, social and human development in planning social investments. All actions should broaden the opportunities for citizens, for example increasing local procurements and outsourcing to support local business development;

— Within the context of social responsibility, take into account the value of aligning organizational contributions to the community with local and national policy priorities. This will increase the probability of a successful and sustainable social investment;

— Avoid actions that perpetuate a community's dependence on the organization's philanthropic activities;

— Take special care concerning involvement in poor host communities; and

— Assess existing community-related initiatives, provide feedback on their success and suitability and identify where improvements might be made.

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Box 20 [Examples of social investment in communities]

— A company seeks to increase procurement in a local community. It builds local capacity by engaging with local people to supply services such as gardening, laundry service, vehicle maintenance and recycling.

— A timber company exports certified products. In partnership with an NGO, it helps small producers to obtain the certification by providing technical assistance and training as well as financial resources. This action contributes to the integration of these small producers into its supply chain.

— A Government asks its procurement specialist that historically underutilized businesses be included in all bids.

— A corporation promotes active supplier diversity initiatives and program including technology support and working capital.

Note: LTF recommended integrating the following Consultation, dialogue and negotiation up to and including Box 18 into clause 7.3. The drafting team agreed to move the following. Final agreement not yet received from TG-6.

— *[Give stakeholders the right to be heard and accept the obligation to be accountable to these stakeholders] Recommend to move to section 7.3.*

— *[In time, strategic partnerships may develop between an organization and the community and/or other stakeholders, such as government or NGOs]. Recommend to move to section 7.3*

6.8.4 Development of the community and society issue 2: Contribution to economic development

6.8.4.1 Description of the issue

The process of economic development is fundamental for the increase of incomes with broad consequences in the society. Access to goods and services provided by higher incomes tend to improve life expectancy, allow the achievement of higher levels of education, to a better health and contribute to human rights protection.

The economic development of a society depends on the public policies regarding governance, the rule of law, regulation, economic policies, property rights, etc. However all organizations and their operations have an effect on the whole economy and its development at an international, national or local level. Often their main impacts, both positive and negative, are at the local level. Economic development not only helps to overcome social problems but also may strengthen the organizations involved.

Employment is an internationally recognized goal regarding economic development. By creating employment, organizations can make an important contribution to fighting poverty and promoting development.

Income from taxes provides the means for authorities to manage and develop infrastructure, for example transportation, and public services, such as education. Governments play an important part when establishing and managing fair tax systems and in the effective use of revenues. Civil society organizations can contribute to the functioning of a tax system and to the efficient use of resources by the scrutiny of these activities of government.

There is a huge potential in innovation, technology and science for an organization to develop goods and services that can contribute to sustainable development. To overcome under-development and its associated problems, countries need, amongst other things, access to modern technology.

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Economic development depends largely on investments, on the efficient use of resources and on productivity. Responsible investment is a means by which investors may give preference to activities beneficial to society, which can be viewed as a contribution to the present and future welfare of society.

6.8.4.2 Expectations and/ or related actions

An organization should:

- Consider the impact of its investment decisions on employment creation, and where viable, direct investments to areas with high levels of poverty;
- Consider the impact of technology choice on employment, and where viable, select technologies that maximise employment opportunities.
- Constantly improve its productivity and/or efficiency in order to maximize its value added to the economy
- Consider engaging in partnership with local organizations, where mutually beneficial, for example universities or research laboratories and where appropriate, perform its scientific and technological development in the local community and employ local people in this work;
- Where feasible, adopt practices that allow technology transfer and diffusion. Where applicable the organization should set reasonable terms and conditions for licenses or technology transfer so as to contribute to long term local development
- Consider the impact of outsourcing decisions on employment creation, both within the organization making the decision and within external organizations affected by such decisions.
- Use resources efficiently including seeking to make multiple uses of natural resources and endeavouring to use resources in a way that helps to alleviate poverty;
- [Uphold and promote respect for property rights] *(Note to IDTF: This may be addressed in Fair operating practices)*
- Obtain prior informed consent of the local community for the use of local natural resources and respect the traditional use of natural resources by local populations, in particular indigenous people;
- Give preference to local suppliers of goods and services and, where possible, contribute to local supplier development;
- Fulfil its tax responsibilities and provide the authorities with the necessary information to correctly determine its taxes. An organization should refrain from seeking or accepting tax exemptions not contemplated in the statutory or regulatory framework;
- [Adapt its transfer pricing practices to the arm's length principle.] *(Note to IDTF: Drafting Team recommends addressing this clause in Fair operating practices, final agreement not yet received)*
- [Refrain from entering into agreements with host country fiscal authorities when the purpose of the agreement is to suppress information that could be used to hold these authorities accountable;] *(Note to IDTF: Drafting Team recommends addressing this clause in Fair operating practices, final agreement not yet received)*
- Consider the environmental, social and corporate governance aspects and the social responsibility of the organizations in which they invest or seek to invest

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— Make use of shareholder rights to improve the social performance of organizations in which they have invested

— Consider possible positive impacts on host communities in decision making concerning investments

Box 14 Examples of contribution to economic development

A large pulp and paper company that owns a forest plantation sells to small local businesses part of its forest stocks.

A state-owned company consults the local community before building a dam.

A car producer gives technical and managerial training to small- and medium-sized enterprises in its supply chain.

A large investment bank establishes a fund that invests only in organizations that fulfil criteria based on the "triple bottom line", that is economic, social and environmental factors.

6.8.5 Development of the community and society issue 3: Contribution to social development

6.8.5.1 Description of the issue

Nowadays, an equitable social development is far from being reached. The gap between rich and poor has significantly increased and social exclusion is an oppressing reality. Social problems are major obstacles that affect negatively all actors in society and need to be faced in order to make the right to development a reality for every one.

Organizations can have positive and negative impacts on social development through all their operations, including those in their value chain. An organization that aligns its activities with the creation of a positive contribution to social development, within its sphere of influence, will create better relations with its stakeholders, an enhanced reputation, and more efficient risk management.

To contribute to social development, organizations should promote awareness among citizens of their potential contribution to social development. Organizations should also address issues such as the promotion of good health, the promotion of education and the reduction of poverty and hunger, which are central to social development. Because culture can have such a positive impact on social cohesion, the promotion of culture and the preservation of cultural heritage is also part of social development.

The United Nations Millennium Development Goals call for the active engagement of all actors in society in order to achieve an equitable social development. Every organization should contribute to social development through concrete actions in its own fields of activities.

6.8.5.2 Expectations and/ or related actions

An organization should endeavour to:

— Contribute to raising of awareness by communicating to citizens the importance of their actions for social development and the rights and duties of citizenship;

— Encourage and assist citizens with their voluntary activities regarding social responsibility;

— Support capacity building that will enable communities and citizens to participate in the formulation and implementation of public policies and expenditures;

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- Promote good health by, for example, providing access to medicines and vaccination and by encouraging healthy lifestyles, such as the practice of exercise, good eating habits and avoidance of consumption of unhealthy substances;

- Raise awareness about major diseases and their prevention, such as HIV/AIDS, cancer, heart diseases, malaria and tuberculosis;

- Support the access to essential health care services and to clean water and appropriate sanitation as means to prevent illness;

- Promote cultural activities to its stakeholders, respect and value the local culture and cultural traditions. Actions to support cultural activities that strengthen the identity of minorities are specially important as a means of combating discrimination;

- Help conserve and protect cultural heritage, especially where its operations may have an impact on it;

- Promote and/or support education at all levels and engage in actions to improve the quality of education, promote local knowledge and to eradicate illiteracy;

- Encourage the enrolment of the children in formal education, and contribute to the elimination of barriers to children obtaining an education, such as child labour;

- Contribute to programs that provide access to food and other basic necessities for vulnerable groups of low income, taking into account the importance of increasing their capabilities, resources and opportunities. Special attention should be given to child nutrition;

- Support social entrepreneurship ventures and the development of low cost social technologies that are easily replicable and have a high social impact on poverty and hunger eradication.

Box 12 Examples of actions

A large company installs classrooms at its factories for its employees to complete primary and secondary schooling.

A governmental agency gives financial aid to poor families to help them keep their children at school as a means of promoting education and combating child labour.

7 Guidance for an organization on implementing social responsibility

7.1 General

This clause provides practical guidance on developing, integrating and implementing practices of social responsibility. It identifies actions that organizations of any type or size and location may take. The actions described here need not be applied in a step-by-step approach, but all main elements should be considered. Some organizations may find it more appropriate to undertake the elements in a different order or to repeat one or several of them.

Comprehensively addressing social responsibility is an ongoing activity that takes time. An organization implementing social responsibility will often address what its activities, goods and services are. Therefore it will look at the SR principles lined out in clause 5 and the SR core issues of clause 6 and evaluate its own policy, strategy and operations – also along its supply chain – accordingly. Then it will decide what it needs to do following the guidance given in this clause.

Social responsibility also involves considering an organization's impact on its stakeholders. An organization should identify, prioritize and accommodate the activities it undertakes to become more and more socially responsible according to its profile, context and feedback from stakeholders. The

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context in which an organization operates has an impact on its vision, policy and strategy, as well as its relationship with stakeholders and its daily practices. To make progress and allow for accountability, an organization should review its activities and progress and communicate about them.

All these activities are interdependent. This standard is intended to be compatible with and should be integrated into an organization's existing models, strategies and practices.

7.2 Defining the scope of social responsibility for the organization

7.2.1 Key considerations

As a preliminary step in implementing social responsibility, an organization should work with its stakeholders to define the scope of social responsibility for action. The scope includes the who (people and entities), what (social responsibility impacts and issues), where (locations) and, for specific applications, when (the time frames) to be covered. After collecting and evaluating its social responsibility profile information and understanding the social responsibility context in which it operates, the organization should identify the broadest "general scope" of social responsibility within which it might take action.

Next, more specific and typically narrower scopes ("applied scopes") should be set defining the coverage for particular tools and purposes of the organization related to social responsibility. These tools and purposes may include, for example, the organization's vision statement (what it aspires to be), mission statement (it's role and purpose), strategies and objectives (Clause 7.4); targets (Clause 7.5); and public reports (Clause 7.6), as well as other tools that help it integrate social responsibility into its activities, products and services. Applied scopes may start as narrow and be broadened over time and may vary from purpose to purpose. Small organizations may find it appropriate to maintain a narrower applied scope for many purposes to accommodate resource limitations.

This process of examining the profile and context and setting the general and applied scopes for social responsibility should be repeated from time to time to account for changing circumstances and the availability of new information. In implementing this process, organizations may find it useful to join with their peers in developing model sets of issues, impacts and scopes that could be applied to their own type of operations.

7.2.2 Describing an organization's profile and social responsibility context

In order to describe its social responsibility profile, the organization should collect and evaluate specific information. The aim should be to focus on information that will likely prove useful in identifying the entities, issues and locations to be placed within the general scope and various applied scopes. Organizations just starting down the path to social responsibility may find that some of this information is not available. In this case, it should compile what is available and refine the profile later during subsequent scope-setting exercises. Profile information may include the following:

— The vision, mission and purpose of the organization and its major operating units;

— Key locations and geographic reach, organizational structure (e.g., non-profit corporation, partnership) and governance structure of operations (e.g., oversight board with chief operating office and audit committee); major customers and suppliers; major competitors; products and services; workforce make-up; annual revenue and expenses; and other quantitative information;

— The stakeholders with whom the organization should engage as outlined in Clause 7.3;

— The important social responsibility codes and instruments to which the organization voluntarily subscribes, and any general policies of the organization about social responsibility;

— The social responsibility requirements for suppliers issued by the organization's key customers, and those imposed on the organization by parties that provide it funding;

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- Performance information concerning social responsibility produced from monitoring and assessment processes (see Clause 7.7). This would include, for example, the degree to which an organization's activities and practices meet internal and external requirements. For this purpose, it may be helpful to review litigation records, audit results, regulatory enforcement records, performance reports, comments from stakeholders or other documents and data. It may also be useful to examine the organization's social responsibility objectives and targets, and its recent performance toward achieving them;

- Recent and anticipated major changes in strategies, policies, products, services, and major activities;

- Current and likely future major trends in the field of work or sector;

- Major strengths, competencies, and weaknesses of the organization, including those related to human and other resources; and

- Recent noteworthy media coverage of the social responsibility performance and activities of the organization, the major entities within its sphere of influence and its major competitors, and the latest public social responsibility reports, if any, issued by them.

To understand the social responsibility context in which it operates, the organization should identify the major social, cultural and environmental trends underway that may be relevant to it and to those entities within its sphere of influence. It should also consider the context presented in Clause 4, the principles in Clause 5, and other important, relevant expectations of behaviour, legal standards and instruments related to social responsibility.

7.2.3 Defining the general and applied scopes

After defining its profile, understanding the social responsibility context in which it operates and considering the opinions of its stakeholders, the organization can use that information to identify its general scope for social responsibility. This involves answering the following three questions to identify the maximum range in coverage that the organization should consider:

1) Who? Who are the entities and people that might be covered within the scope?

   This will include the organization and those entities within its sphere of influence. An entity may be considered within the organization's sphere of influence if the entity's actions or policies are controlled by the organization or subject to its reasonable influence. This may include various entities in the value chain that are upstream of the organization (such as the supply chain and contractors) and downstream (such as distribution and customers). It may also include entities parallel to the organization (such as trade and sector associations), as well as others within its stakeholder network (see Clause 7.3). Within the supply chain, degrees of control may be related to the size, complexity and types of organizations in the chain, as well as the organization's competitive situation — that is, the strength of the organization compared to similar organizations - and the number of entities within the chain.

2) What? What social responsibility issues and impacts might be covered?

   The organization should work with its stakeholders (see Clause 7.3) to identify the material social responsibility issues associated directly with its own operations, activities, products and services as well as those associated with the entities within its sphere of influence. In developing this list of material issues, the organization should start by examining those mentioned in Clause 6 but may also consider others. See help box.

   An issue is material if its actual or potential impact is significant or would substantially influence the assessments and decisions of the organization or its stakeholders. Impacts include those that affect the organization's own operations, activities, products or services, or those of the entities within its sphere of influence. They also include the impacts generated by the organization and such entities. Impacts may be determined using a range of

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methodologies, including those based on measurement, calculation, or reasonable estimation or on the judgement of experts of the organization and its stakeholders.

When evaluating issues to determine if they have actual or potential significant impacts, the organization may find it useful to focus on the profile and context information and ask whether the issues and impacts are being addressed by peer organizations, covered extensively in the media, raised in government or other stakeholder complaints or otherwise communicated to the organization, or important to the success of the organization.

3) Where? What locations of operations and activities of the organization and other covered entities might be addressed?

Much of this information can be drawn from the profile.

This process may start either with the identification of issues and impacts or with the identification of entities and locations, with the one often leading to the other.

Once the general scope is defined in terms of the who (entities and people), what (impacts and issues) and where (locations), the organization can later consider how to narrow this scope to develop "applied scopes" for particular purposes or tools related to social responsibility. The applied scopes will identify the who, what, where and when---that is, those entities and people, impacts and issues, and locations, as well as time periods to be covered.

When setting the applied scope for a particular purpose or tool, the organization may find it useful to consider the significance and extent of the social responsibility impacts and stakeholder views that are relevant to the purpose; the resources available; importance to the organization's success in controlling various threats and realizing opportunities related to social responsibility; consistency with the organization's culture; public visibility or pressure to act; responsiveness to important social responsibility trends; and ease of implementation. When deciding which material issues to include within an applied scope, special consideration should be given to those issues of greatest potential impact or stakeholder concern, even if the issue is present at entities with which the organization has only limited influence.

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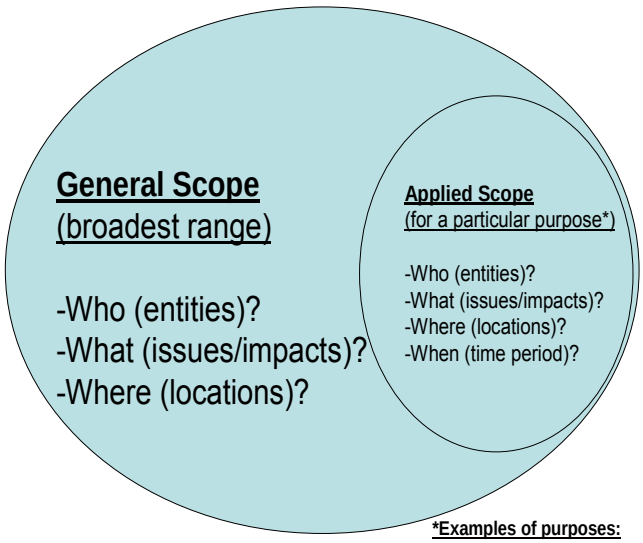
Box __ General and Applied Scopes



***Examples of purposes:**
-Establishing mission, vision (Clause 7.4.2)
-Goal-setting: objectives (Clause 7.4.3)
targets (Clause 7.5.4)
-Reporting (Clause 7.6)
-Monitoring (Clause 7.7.2)

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HELP Box __ Examples of Possible Material Social Responsibility Issues for Various Types of Organizations

Social Responsibility Issue	Example Organization			
	Large Food-Processing Company	Small Auto Repair Shop	NGO	Labour Union
Organizational Governance	Chief executive compensation	Compliance with tax laws	Compliance with bylaws concerning election of officers	Fair member recruiting practices
Human Rights	Child labor on farms	Nondiscrimination in hiring	Promotion of human rights as core purpose	Diversity of leadership
Labour Practices	Employee health & safety	Fair wages	Excessive work hours	Employee development and benefits
The Environment	Water conservation	Solvent disposal	Greenhouse gases from travel	Paper recycling
Fair Operating	Compliance	Non-predatory	Responsible	Anti-corruption;

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HELP Box __ Examples of Possible Material Social Responsibility Issues for Various Types of Organizations				
Social Responsibility Issue	**Example Organization**			
	Large Food-Processing Company	**Small Auto Repair Shop**	**NGO**	**Labour Union**
Practices	with political funding limits	pricing	funding-solicitation practices	fair political campaign practices
Consumer Issues	Food safety, nutrition; responsible advertising	Quality of auto repairs; customer dispute resolution procedures	Promotion of consumer rights as core purpose	Protecting the privacy of data on potential members
Contributions to Community and Society	Charitable donations	Community volunteerism	Community education on citizen rights	Community impacts from union negotiations on outsourcing
Other Social Responsibility Issues [Editor's note: Delete this row if no other issues can be identified]	?	?	?	?

7.3 Working with stakeholders

7.3.1 Key considerations

All organizations already undertake some form of stakeholder engagement by communicating with individuals or groups such as customers, employees, the government or communities. Stakeholder dialogue and engagement do not necessarily need an organization to develop a new communication system, but can entail building on existing experiences, approaches and results. Engagement may also be requested by stakeholders themselves and is not always initiated by the organization.

Stakeholder engagement consists of three main components:

— Identification of stakeholders;

— Prioritization of stakeholders and their interests; and

— The engagement process.

An organization should engage with stakeholders on its overall actions related to social responsibility or on a specific issue or project accordingly to the prioritization it makes. The aims of the engagement should be clear from the outset to manage the expectations of those involved in the process.

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7.3.2 The identification process

An organization should strive to identify all of the stakeholders, both internal and external, that have interests in its activities and effects at the organizational and/or project/issue level. The organization's existing relationships can be used as a starting point for the identification of stakeholders, but consideration should also be given to stakeholders with whom an organization does not yet have relationships. To identify stakeholders, the organization can ask itself a number of questions, for example:

— Who has interests that might be positively or negatively affected by us or our projects?

— Who has been involved in similar matters in the same region in the past?

— Who has said they would like to be involved?

— Who has expertise that could be helpful in improving our approach to social responsibility?

— Who would be dissatisfied or disadvantaged if they were excluded from the engagement?

— Who would be particularly concerned by the sustainability, positively or negatively, of the organization's activities, products and/or services?

Once the identification process has taken place, the stakeholder list should be documented and reviewed periodically as interests and relationships change and develop over time. See Help Box 7.3 for ideas of how different types of organizations can identify their range of stakeholders before prioritising them.

7.3.3 Prioritisation

Having identified the stakeholders, an organization should prioritise the stakeholders and their interests.

There are different means by which an organization might do this, including:

— The stakeholders' relationship and/or relevance to the seven core issues (see Clause 6);

— A risk-management approach, identifying which activities most significantly impact the interests of the organization or its stakeholders;

— Consider interests derived from stakeholders who have a legal relationship with the organization and those based on national laws or internationally recognized conventions, principles or recommendations;

— Match organizational resources to the cost and complexity of the engagement process – ranging from simpler to more challenging ones.

Through prioritization, it is likely that an organization will end up engaging more effectively with a smaller number of stakeholders, making the process more manageable. The prioritization of stakeholders and their interests helps to indicate relationships, and thus to integrate stakeholder needs and issues into the organizational strategies and actions (see Clause 7.4, including its Help Box.)

7.3.4 The engagement process

The stakeholder engagement process aims to develop trust between the organization and its stakeholders, with the ultimate objective of improving the organization's social responsibility. Trust is developed through a combination of performance and transparency, and involves two-way communication regarding interests of social responsibility between the organization and its

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stakeholders. To secure their trust, organizations should engage with stakeholders in a manner appropriate to the situation and conditions. Provisions should be made for legitimate concerns to preserve confidentiality by, for example, restrictions on trade secrets, or individuals' medical records.

7.3.4.1 Engagement plan

Before any engagement is undertaken, an organization should be prepared. The development of a stakeholder engagement and communication plan can be helpful in identifying specific means of communicating with stakeholders, including communication methods and frequencies. The plan should be communicated to stakeholders, be easily accessible as a document, and should evolve over time.

Organizations should consider that stakeholders themselves may not be prepared for the engagement process. Organizations should assess stakeholder needs and provide them with some capacity building in order to enable them to fully participate in the engagement process.

Stakeholders should be engaged at an early stage of a project or decision-making process to be confident that their interests are understood. An organization should be prepared for critical or negative stakeholder feedback, which may provide avenues for improvement.

7.3.4.2 Engagement techniques

Paths for stakeholder engagement should be appropriate to their resources and communication styles. These range from group dialogue to telephone and e-mail. Regardless of the paths used, records of dialogue should be maintained for future reference.

It may be advantageous to develop partnerships with stakeholders to proactively achieve particular goals. Partnership and collaboration are sources of creative thinking that can produce win-win solutions to existing conflicts, and may avoid potential conflicts, that may occur between an organization and its stakeholders.

Meaningful stakeholder engagement is not an isolated activity. It is a decision-making method that involves a degree of cultural and procedural change within an organization. It has the potential to result in continuous learning within and outside an organization. This mutual learning process is likely to strengthen trust between an organization and its stakeholders. Trust, in turn, fortifies credibility. Ultimately, decisions are made by the organization, which should account for them (explain these decisions) to the stakeholders.

HELP Box __ Who are Your Stakeholders?: Some Examples for Various Types of Organizations

Social Responsibility – The Seven Core Issues	**Example Organization**			
	Large Food-Processing Company	**Small Auto Repair Shop**	**NGO**	**Labour Union**
Organizational Governance	Stockholders/ Investors Owners	Principals (President, Secretary, Treasurer)	Board of Directors; Contributors	Board of Directors; Heads of Locals
Human Rights	Farmers in supply chain (including overseas	Workers (full and part time)	Workers (full and part time)	Members

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HELP Box __ Who are Your Stakeholders?: Some Examples for Various Types of Organizations				
Social Responsibility – The Seven Core Issues	**Example Organization**			
	Large Food-Processing Company	**Small Auto Repair Shop**	**NGO**	**Labour Union**
	plantations)			
Labour Practices	Employees / Staff	Workers (full and part time)	Workers (full and part time)	Employers
The Environment* *note: since "the environment" is non-human, human judgments on environmental impacts control the stakeholder process	Environmental impact on local water supplies -Members of local community whose water supplies are affected by the processing	Environmental impact of "end of life" disposal of batteries, etc. - Governmental environmental regulators and NGOs– (advocates for the environment)	Environmental impacts of NGO operations (for example, consider greenhouse gas emissions due to airplane travel)	Environmental impacts of labour union operations (for example, consider "green purchasing" of office supplies to minimize waste)
Fair Operating Practices	Governmental agencies; Entities under contract	Governmental agencies; Suppliers	Contributors	Members involved in voting for union leaders
Consumer Issues	People who buy and eat the product	Customers	Clients (those who are funded by the NGO)	Protection for "whistle blowers" who identify unsafe practices at work
Contributions to Community and Society	Local / regional community residents	Local / regional community residents	Local / regional community residents	Local / regional community residents

Notes to IDTF: NOTES from Drafting team (Miles Watkins, Annette Kleinfeld, Carolyn Schmidt) – Our only unresolved issue relates to the current WD Rev.3 Clause 4.2.1 (Context) – most of the stress is on international norms, etc., and it concludes saying that "stakeholders do not replace broader society in determining norms of behavior". Thus, this "stakeholder context" section does not point toward meaningful stakeholder engagement as an important SR tool in itself. We suggest that Clause 4 drafters consider the wording from WD 3, Clause 5.3 (principle of recognition of stakeholders and their concerns). We want to keep the "stakeholder" sections clear, encouraging and conducive to two-way dialogue.

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Please note that we have added a Help Box 7.3, modeled on the Help Box 7.2. There is also a related "Help Box 7.4". In our judgment, these will be useful tools to encourage any organization to prioritise and engage with its stakeholders in a planned, productive and useful way.

7.4 Integrating social responsibility into the organization

7.4.1 Key considerations

This section provides guidance on how to develop policy, strategies, and objectives for setting the specific SR agenda of the organization, how to decide what core issues of social responsibility (see Clause 6) are most significant for the organization, and which stakeholder groups have priority along the entire organizational value chain.

When aiming for a credible and effective approach, social responsibility increasingly should become an integral part of the organizational structure, culture and identity. This means, the concept of SR should be integrated into the organization's mission, vision, overall goals, strategies, processes, and value orientation, and should focus on the core products, services and activities of the organization.

The process of integration should be supported by the organization's leadership. Embedded in the organization's mission and/or vision and policies, and developed through interactive dialogue with stakeholders. The person or team responsible for implementing SR should be located at a level sufficiently high in the organization to resolve any challenges that could arise. The organization should also provide adequate resources for the implementation to ensure that the SR activities can be carried out effectively.

The more an organization integrates its SR activities into its own cultural and structural context, the more it can improve its legal compliance, accountability, transparency, ethical conduct, while recognizing its stakeholders and their concerns (the "SR issues" described in the Organizational Governance category, Clause 6). In so doing, the more its implementation of SR will effectively contribute to improved operations, stakeholder relationships, sustainable development and the welfare of society.

Guidance for SMOs: SMOs may have fewer stakeholder categories, and fewer "core issues" that they are directly involved in. SMOs may use the Help Boxes (Clause 7.3 and Clause 7.4) to identify those stakeholders and issues material (relevant, significant) to them, and to exclude those not relevant, before proceeding too far into the process.

7.4.2 Adopting principles of social responsibility and connecting them to the organization's statements

The organization's activities should be based on the principles of social responsibility as stated in Clause 5. (Legal compliance, respect for internationally recognized instruments, recognition of stakeholders and their concerns, accountability, transparency, respect for fundamental human rights and respect for diversity.) These principles should be specified and clearly defined. Then, it is essential to connect these principles to the organizational values and rules of conduct.

A written mission and/or vision statement can be helpful to define an organization's overall values and goals. Usually, these instruments are used by organizations to state its commitment to take on social responsibility and to align the organization with the principles of SR mentioned in Clause 5. "Mission statement" refers to the organization's primary and daily activities. It helps to guide strategic planning and to allocate resources. A "vision statement" is long-term oriented, describes the future profile of the organization and strives to inspire by invoking important values.

The organization may find it useful to use a written code of conduct or ethics code approved by its leadership. Such a code specifies the social responsibility commitment by translating the principles and values into behaviours.

A code of conduct, or ethics code, provides general guidance to employees, members, constituents, neighbours, students, local governments, suppliers, consumers, owners/shareholders and other

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stakeholders on how an organization should behave ethically and in accordance with its values, principles and mission. It can assist staff and members in daily decision-making. Also, the organization increases its accountability to and transparency toward stakeholders when its code of conduct or ethics code is made publicly available. Any organization can create its own code, or it can choose to follow existing ethics codes, charts of values, or professional association codes which are relevant for its context.

In all of the above activities, the organization may find it useful first to consult internal stakeholders when developing these statements, and then to involve external stakeholders for review and feedback.

7.4.3 Developing objectives and strategies for SR

The organization should first examine its existing policies (if any) for dealing with the seven SR "core issues" explained in Clause 6: organizational governance, human rights, labour relations, the environment, fair operating practices, consumer issues, and contribution to the community and society.

The organization should choose a clear approach, centralized or decentralized, bottom up or top down, or a combination, for the implementation process. As a starting point both the specific features of the organizational culture as well as local customs should be identified and taken into consideration.

By identifying and prioritising the stakeholders (see Clause 7.3, including Help Box 7.3) the organization has already identified issues to be considered in the strategy formulation and objective setting process. Organizations can use the stakeholder-issue-matrix (Help Box 7.4, attached) to systematically approach the seven core issues mentioned in clause 6 with reference to their stakeholders.

With this information, the organization can connect its significant SR issues to organization-wide policies, define its objectives for improvement of its SR performance, and develop strategies and processes to implement those objectives.

To develop an effective strategy, the organization should link its SR objectives to clearly understood goals. When selecting goals, the organization should be realistic (not overly ambitious), especially at the start Clause 7.2.3 provides guidance on analysing the scope, boundaries and context of the organization, in order to identify its "applied scope" – within which it should take responsibility.

An organization's strategies for handling issues of social responsibility may include information on how to:

- Determine the procedures for addressing selected issues;
- Engage with stakeholders, including dealing with situations where stakeholders' interests are in conflict with each other or with the organization (see Clause 7.3);
- Develop its overall framework to manage the implementation of social responsibility including performance, progress and reporting. (see Clause 7.5 and 7.7);
- Fairly share the implementation costs of social responsibility throughout the supply chain through adequate purchasing practices (e.g. prices, delivery times, long-term supplier relationships);
- Handle issues in different countries, locations and/or specific local situations, taking into account differences in culture as well as in social and economic conditions.

In all of the above activities, the organization may find it useful to consult internal stakeholders when developing these statements, and then involve external stakeholders for review and feedback.

The organization should allocate sufficient resources (staff, time, money, leadership support, etc.) to ensure that the planned SR goals can actually be accomplished. All stakeholders (employees, members, constituents, neighbours, students, local governments, suppliers, consumers, partners, stockholders, etc.) should be included in and/or informed of the SR efforts. The organization should

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2663 develop practices to communicate its objectives and goals in orienting its activities to SR, and to
2664 incorporate stakeholders' feedback.

2665 NOTE "Objectives" refers to mid-or long-range goals; "targets" refers to short term goals. (See Clause 7.5.4)

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Note to IDTF:Help Box: Stakeholder-Issue-Matrix (Note: not all boxes are filled out – but enough to give a representative idea of how to use this.)

	Core Issues						
Stake-holders	Organizational Governance Legal compliance Accountability Transparency Ethical conduct Recognition of stakeholders and their concerns	Human rights Civil and political rights Social, economic and cultural rights Vulnerable groups Fundamental right at work	Labour practices Employment and employment relationships Conditions of work and social protection Social dialogue Health and safety at work Human development	Environment Environmental aspects of activities, products and services Promoting sustainable consumption an production Sustainable resource use Climate change Ecosystems	Fair operating practices Anti-corruption and anti-bribery Responsible political involvement Fair competition Promoting SR through the supply chain	Consumer issues Fair operating, marketing and information practices Protecting consumers' health Mechanism for product recall Provisions and development for socially and environmentally beneficial goods and services ….	Contribution to Community and Society Contribution to social development Contribution to economic development Community involvement
Employees	Train employees for fair and ethical business conduct		Compliance with international recognized labour standards at all locations			Awareness building and behavioural trainings in case of product recalls	Identify situations (health issues, safety practices, community problems such as alcohol and drug abuse) where organization can engage workers to improve community situation and their own productivity
Clients Customers Consumers		Provide information on treatment of workers / suppliers; notify clients etc. of good conditions and improvements		Provide information on environmental impact / biodegradability etc. of products			
Share-holders /	Provide owners with clear economic			Openly discuss the need to address	Explain and enforce anti-corruption		

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Owners / Investors (if organization is a for-profit business)	reports, including setbacks			issues such as climate change	policies		
Members (if organization is a not-for-profit entity, such as a Labour Union, NGO, Foundation, etc.)		Examine inclusion policies as they apply to vulnerable groups (people with physical disabilities, racial or religious minorities, etc.)			Providing clear guidelines to ensure that organization does not go beyond its mandate and become politically involved against the wishes of its members		
Local / regional community residents	Establish communication links with residents			How to notify residents of environmental impacts of organization's activities, especially in case of accidents			
Suppliers / Contractors (partners in value chain)		Involve partners in efforts to identify problems and improve conditions				Inform consumers of actions taken by the organization, which improve conditions for suppliers (take credit for SR actions!)	

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7.5 The implementation of social responsibility in daily practice

Note to IDTF: 7.5.0 or Helpbox for SMO guidance: "How to get started!" Is this kind of guidance helpful for SMO's (in the beginning of a section as it was proposed in Vienna?)

Establishing structure

Invite some employees who are interested in social responsibility to join a small multi functional team (including members for example of the communication, the HR, the marketing, the controlling department) that will support and coordinate the integration.

Think of a simple reward or recognition that will work within your existing rewarding system.

Arrange for management to be available in case of difficulties in implementing social responsibility.

Raising awareness

Before starting, inform all employees of the own organization about the ideas (or vision) and objectives of the management with regard to integrating social responsibility.

Explain that integrating social responsibility is a chance to improve services, products or activities and stakeholder relationships.

Building competencies

Explain that it is a learning process for everyone and for the organization itself.

Organize one or more information sessions or workshops to discuss ideas within the own organization. Invite stakeholders or local experts for relevant issues who are cooperative and willing to participate.

Setting targets

Start with one or two core issues that have been selected as material using the guidance provided in 7.2 and 7.4.

Choosing the issues may be guided by:

— Issues that affect stakeholders where the relationships are very close (for example, your own employees);

— Issues expected to require a short implementation time or limited resources to address;

— Issues for which some expertise already exists within the organization.

The criteria above can help to explain to the own organization and to external stakeholders why other material core issues are being addressed later in time.

Translate the objectives for the selected issues into short-term targets that are clear, measurable, achievable, time bound and realistic!

Implementing

Define actions for addressing each issue and objective and monitor the progress.

Consider reviewing the successful actions of similar organizations in similar situations (examples of best practice) when defining the actions for addressing each issue.

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Try to measure the results as much as possible, because it will motivate people and will help the organization with evaluation in the learning process.

7.5.1 Key considerations

Organizations should consider the following when implementing social responsibility:

People are a key success factor!

Therefore, an organization should raise awareness and build its own competencies and capabilities. People at all levels of an organization should be involved in implementing a strategy, policy, goals, and objectives as well as a code of conduct.

The same is true for other stakeholders: Determining short-term targets and defining action plans and indicators should be done, as far as possible, through engagement with stakeholders (see Clause 7.3).

Be creative with existing structures, systems and capacities!

When integrating social responsibility into an organization, make use of existing systems, methods and capacities as much as possible. For example, make use of management, quality and information systems, especially of their tools and structures such as decision-making and determining rewards. Organizations should not duplicate existing structures, but may need to modify them, such as in working with multiple stakeholders.

Find the right balance while striving for necessary and realistic changes!

Feasibility and a realistic perspective are more important when integrating social responsibility into an organization than striving for results that are too ambitious to be achieved. Setting a realistic agenda and integrating it into the organization's daily practices involve a learning process for the organization and all its stakeholders. The most important factor is that an organization gets started seriously (i.e. by focusing on core products, services and activities), stays on this path and tries to improve its practices continuously!

7.5.2 Establishing structure and reviewing operations against strategy

To effectively integrate social responsibility into daily practice, an organization should review existing structures at the operational level against strategy (see Clause 7.4) and modify these structures, where necessary, with regard to their relevance, support and applicability.

To begin, the organization should determine whether it already has appropriate procedures to engage with internal and external stakeholders and to address their feedback (see Clause 7.3.). In addition, it should determine how existing procedures can be modified to better engage with stakeholders.

Example box:

If an organization regularly holds interviews with its employees or conducts an employee survey, it should review the form or survey and the content of these interviews against its social responsibility strategy. It could also determine if the form used for internal stakeholder dialogue could be used for external stakeholder dialogue as well.

A next step is to choose an appropriate approach for the implementation process in general: As a starting point, both the specific features of the organizational culture as well as local customs should be identified and taken into consideration. Against this background, it should be considered whether the process design should be rather centralized or decentralized, bottom up or top down, or a combination of these.

Note to IDTF: We think this paragraph needs some further, more precise guidance]

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Further areas that should be looked at in order to support the implementation of strategy are:

— Developing an effective communication strategy within the organization;

— Determining rewards and recognition for successful implementation or for innovative and valuable ideas and integrating rewards into existing human resources systems;

— Identifying people at all levels within the organization and determining their authorities and responsibilities to integrate social responsibility into existing decision-making procedures;

— *Note to IDTF: Some more guidance to be defined?*

7.5.3 Raising awareness and building competencies

An organization should explain at all levels the principles of social responsibility, the specific issues of social responsibility that have been identified as significant for the organization and their consequences, for the mission, the vision, the code of conduct and the policies of the organization.

A success factor is that the top management of the organization is itself committed to these principles, values and issues and, therefore, is willing to promote, motivate and stimulate social responsibility in an open, transparent and convincing way to the internal stakeholders.

The following actions can help the organization to further raise awareness about social responsibility:

— Encouraging participation, for example in teams, and stimulating the involvement of employees from all levels;

— Communicating regularly about the organizational efforts;

— Organizing information sessions with the use of internal or external experts or stakeholders;

— Informing designers, whose work typically occurs at the start of service or product life cycles, about the possibilities or consequences of addressing or not addressing core issues of social responsibility.

Integrating social responsibility in daily practice requires building internal competencies. A simple way is identifying people within and around the organization who already have knowledge of and experience with the core issues, for example, specialists in environmental or human resources issues, members of an in-house consultancy, quality employees, suppliers,and communication experts.

The organization may identify people who are willing or who are especially well suited to actively support implementation. Organizing training sessions with the use of internal or external experts or stakeholders can help to improve the own competencies.

Other options in building competencies can be achieved through various actions, including:

— Studying best or worst practices of your own and your organization’s industry or sector;

— Creating multi-level and/or multi-functional teams to exchange knowledge and ideas;

— Organizing workshops to enable people to identify quick wins and successes in their own work;

— Stimulating innovative and valuable ideas for the activities, goods or services of the organization and providing research or development specialists or designers with opportunities to do pilot projects;

— Sharing and discussing with employees and stakeholders the organization’s social responsibility achievements, for example in workshops.

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7.5.4 Setting social responsibility targets

The establishment of concrete and practical short-term targets at the operational level requires a translation of the long - and mid-term objectives defined in Clause 7.4.

This should be done for an organization's activities, products and services, including their life cycles, as well as for the different departments and functions, down to the individual employee.

In setting the targets it is crucial that they are clear, specific, measurable, time bound and realistic! In doing so an organization enlarges the acceptance of changes caused by implementing SR and enhances the credibility both internally and externally.

An organization should develop these targets in consultation with its stakeholders, especially with its own employees and internal experts as far as possible, and take into consideration that engagement is a learning process. It should prioritize the defined targets and the concrete activities while considering:

- Own potentials, strengths and (economic) power;
- Degree of organizational and management maturity;
- Regional, national, local and cultural differences of its subsidies;
- Differences in economic development of the places where it is active.

Setting concrete targets in social responsibility can be further supported by the following actions:

- Defining opportunities, new ideas, quick wins and innovative activities by stimulating people (because integrating social responsibility sometimes needs new ways of thinking and working);
- Creating possibilities to do pilot projects and invite interested stakeholders to participate;
- Defining risks, threats, negative impacts and difficult changes and ways to minimize those risks at operational level by doing risk analysis and where necessary setting up crisis management procedures;
- Defining timelines and budget.

One approach is to check and regularly monitor the efforts and achievements working with indicators of social responsibility (see 7.5.6).

Monitoring the efforts and fulfillment of SR targets could also be done, for example, by asking a representative (focus) group of the respective stakeholders, whether or not they consider the communicated targets to have been fulfilled, and if not, why not.

Example box:

If one of the targets has been to improve the tidiness and the climate (temperature, humidity, etc.) of the working place, the respective group of stakeholders, here the employees of the organization will be easily able to confirm or deny its fulfillment by the organization.

7.5.5 Working with Indicators of social responsibility

Indicators will help an organization in measuring and monitoring the targets and activities for social responsibility:

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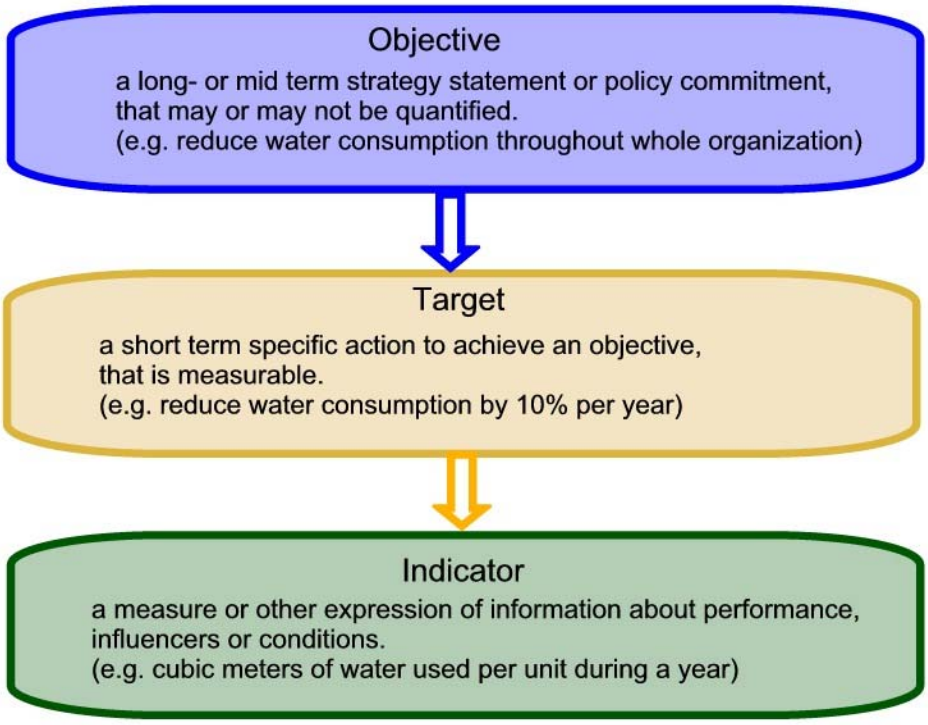

Although this is an approach more often used by larger organizations, not all kinds of targets need a sophisticated system of indicators and not all indicators need heavy statistics, so smaller organizations can work with a smaller set of indicators too.

7.5.5.1 Types of indicators

There are several types of indicators:

— Metric indicators express a quantitative measure or rating (i.e. numbers or a percentage);

— Initiative indicators are an expression of the status about a specific project or task;

— Descriptive indicators express a qualitative description of conditions;

— Leading indicators measure attitudes, behaviors, efforts or conditions that may eventually affect the outcome; and

— Lagging indicators measure the outcome of the organization's activities.

A key performance indicator is a measure of performance critical to the success of an organization.

Key performance indicators are not restricted to those items that can be applied across the entire organization; they can also be developed for sub-units, specific projects, processes or activities.

Organizations may find it useful to establish a set of indicators that are complementary. Such indicators may be established to address various levels of the organization, such as headquarters, country or regional level, facility level or various stages of a process, or various organizations in a supply chain, or cause-and-effect.

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For any particular social responsibility objective, a mix of indicator types can be most effective in driving the desired action.

7.5.5.2 Considerations for selecting or defining indicators

The indicator should be:

- Appropriate for the purpose of the measurement and consistent with the kind of information stakeholders would want to see;
- Appropriate for the scope and location of operations the organization covers;
- Easy for intended audiences to understand;
- Suitable for benchmarking; and
- Able to measure data or other information that can be provided reliably and within the time required.

Ideas for indicators can also be obtained from existing instruments like the GRI Sustainability Reporting Guidelines *(Note to IDTF: Regarding reference to GRI final check is needed with the results of the ad hoc group working on this key issue)* as well as from peer social responsibility reports and other sources.

NOTE An organization does not need to select or define indicators that call for information that is private, proprietary or otherwise legally protected from disclosure, or that is impractical to obtain or disclosure.

In addition, indicators should not impose an excessive burden in measuring and reporting results.

7.5.5.3 Indicator development principles

An organization should take into account principles for indicator development, such as stakeholder inclusiveness, comparability, materiality, accuracy, reliability, accessibility (how easy is it to get the information?), timeliness and clarity, which are described in more detail in the GRI Sustainability Reporting Guidelines *(Note to IDTF: Regarding reference to GRI final check will be needed)*

Example box: *(Note to IDTF: With some indicator examples, like below)*

- % of employees being represented by a legal trade union at the beginning of a working season;
- average number of hours spent on education by employees per unit per year.

7.5.6 Action plans and instruments

Action plans can help with implementing social responsibility in a structured way taking into account the organization's capacities and verifying at the same time the appropriateness of the targets set before. Developing action plans could include:

- Defining implementation milestones that include or link to actions that are part of the stakeholder engagement plan (see Clause 7.3) and communication plan (see Clause 7.6);
- Allocating resources, for example budget, human resources, specific expertise, technology and information systems; and
- Describing methods for executing the plan, for example, project management.

An organization should first consider existing instruments, frameworks and tools and explore how specific actions and measures of social responsibility could be integrated.

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Practical help box: "Using tools and frameworks"

Note to IDTF: What are the greater needs for this help box:

1) Do we rather need guidance on integrating SR into existing frameworks and tool including simple tools SMOs will be more likely to use

and / or:

2) Do we need guidance on ideas for / on creating new tools such as

- the "Issue Matrix" from Sweden: Match the SR (core) issues towards 3 perspectives: value chain, processes and stakeholders.In matching use a degree of impact from high, medium till low. Use 3 phases: analysis, implementation and evaluation

or

- the Issue Matrix from Kim Christiansen (mentioned in Vienna), where the SR (core) issues are matched with the stakeholders (see usage in 7.4)

We think that innovative tools and ideas of the WG SR experts should be included in the Guidance Document itself (as was done already with the Issue Matrix in 7.4)! In this way ISO 26000 will clearly add value to the existing practices an).

Help Box xx: Integrating SR into existing frameworks and tools

This help box could provide guidance on how to use in the SR context:

- *the "classic" EFQM model or the modified EFQM model "Sustainable Excellence",*
- *a classic (ISO compatible) PDCA management system, or*
- *a tool for strategic evaluation like the (Sustainable) Balanced Scorecard*
- *interviews, contracts with employees, clients, suppliers, etc.*

Note to IDTF: here we would have a chance to explain that ISO 26000 is not an MSS itself, but will make use of existing MSS's. Some drafters felt that it would be enough to use the PDCA circle as an example here and only refer to the existing modifications of the other tools, maybe in the Annex.

7.6 Communicating on Social Responsibility

7.6.1 Key considerations

Effectively communicating with internal and external stakeholders about social responsibility serves many purposes. Such communication:

- Raises awareness within an organization about its strategies, plans, performance and challenges for social responsibility, engaging and motivating employees to support the organization's activities in social responsibility;
- Enhances an organization's reputation for responsible action, openness, integrity and accountability, to strengthen stakeholder trust and confidence in the organization;

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- Better aligns plans, actions and roles concerning social responsibility with the interests of the organization's stakeholders;

- Helps meet the reasonable requests of stakeholders for information that can be used to assess the organization's performance on social responsibility;

- Facilitates benchmarking among peer organizations, which can stimulate improvements in performance on social responsibility;

- Provides information that can be used to begin stakeholder engagement and respond to stakeholder concerns;

- Addresses legal and other requirements concerning the disclosure of social responsibility information;

- Shows the extent of conformity with commitments to social responsibility to which the organization subscribes; and

- Provides a framework for ensuring prompt and adequate responses to emergencies related to issues of social responsibility.

7.6.2 Planning and selecting forms of communication and media

A communications plan can enhance the cost-effectiveness of communication about social responsibility. The plan can identify, for example, the purpose/ desired outcome, audience, content, extent, timing/sequence, methods and forms of communication; the parties who will do the communicating; and the internal and external personnel and other resources needed.

The following factors should be considered in developing the plan:

- The budget and other resource limits, including whether an internal or external professional will be used to help develop and/or implement the plan;

- The potential value of using multiple forms of communication to deliver key messages to reach the most stakeholders;

- Alignment of the communications plan with the organization's existing strategic and operational plans;

- The cultural, social, educational, economic and political background of those stakeholders who make up the primary audience for the communication, as well as their values, views and concerns;

- The expected level of participation by the intended audience, that is, whether they will provide feedback, help decide solutions or convey the information to others;

- Ease of access to the information by the intended audience; and

- Type and level of assurance to which the information may be subject.

7.6.3 Types of communication on social responsibility

When developing effective communications to internal and external stakeholders, the organization should consider various types of communication, including periodic public reporting and other ways to communicate with stakeholders.

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To be effective, communication about social responsibility must be accessible to and credible with its stakeholders. Such communication should, as appropriate:

— Be informed by dialogue among the organization and its stakeholders;

— Use a variety of communication tools and techniques to ensure reasonable access to the intended audience and others who may need the information;

— Be both regular and ad hoc on specific issues;

— Identify and address short-term targets and long-term objectives;

— Discuss both achievements and problems;

— Be transparent, honest, ethical and accurate as well as responsive to the reasonable requests and needs of stakeholders without divulging protected information;

— Be consistent and comparable over time and be comparable with applicable, reasonably available performance benchmarks;

— Be feasible and practical for the organization;

— Be timely, clear, succinct and complete for the purpose intended.

7.6.3.1 Periodic public reporting

An organization should regularly and publicly communicate performance and other information about its operations, products, services and activities related to social responsibility. It should address those social responsibility issues (see Clause 6) that are material (see Clause 7.2) to the organization and its stakeholders. [If any of the seven core issues from Clause 6 are not addressed in at least some way, the organization should explain why in order to enhance credibility.] The communication should contain a mix of quantitative data and qualitative explanatory and contextual information that provides a fair and complete picture of social responsibility performance, including achievements and shortfalls and how those shortfalls will be addressed. This information may include, for example, plans, objectives, targets, performance, compliance, issues, commitments, approaches and stakeholder engagement activities. See, for example, the GRI Sustainability Reporting Guidelines, which suggest specific information that might be included in simple social responsibility reports as well as more sophisticated ones. These Guidelines provide model indicators as well as reporting principles for enhancing the comparability, credibility and usefulness of the reported Information.

[Clause 7.X provides guidance on assurance processes that may be used to enhance the credibility of social responsibility reports.]

7.6.3.2 Other communication about social responsibility

A wide range of other internal and external disclosures relating to social responsibility may be used to address the needs of an organization and its stakeholders. This communication may be made on a regular or ad hoc basis, as appropriate. Examples include:

— Communication within the organization to raise general awareness about social responsibility and related activities and inform further dialogue about them;

— Communication with stakeholders concerning claims about the social responsibility of activities, products and services. [See Clause 7.8 concerning assurance processes that may be used to enhance the credibility of these claims.];

— Communication to suppliers about procurement requirements related to social responsibility;

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— Communication in crisis situations that may have implications for social responsibility; and

— Communication with stakeholders on specific issues or projects related to social responsibility (see Clauses 7.3 and 7.6.5).

There are many tools, methods and media that may be used for sharing information. These include, for example, reports, newsletters, magazines, posters, advertising, letters, voicemail, live performance, video, websites, podcasts (website audio broadcasts), blogs (website discussion forums), product inserts and labels, and advertising. It is also possible to communicate through the media using press releases, interviews, editorials and articles.

Box 24 Suggestions for improving the cost-effectiveness of communication

Here are some suggestions for improving the cost-effectiveness of communication that may be of particular use for small and medium-sized organizations:

— Incorporate information into existing communication channels, for example an internal newsletter, quarterly external mailing, or available electronic means;

— Set priorities for the information content and eliminate or postpone communication on lower priority items;

— Focus on the content of the communication, and minimize glossy photos, sophisticated graphics, and other features that can add effort and cost;

— Choose an appropriate frequency of reporting; for example, issue reports every two years rather than annually, but provide more frequent updates of specific initiatives on the Internet;

— Where external assurance is desired to boost credibility, use a voluntary advisory group or other volunteers to conduct external assurance of an organization's report, limit assurance activities to the most important data, and/or invite existing auditors to undertake report assurance while they are already in the organization on other matters;

— Use performance and other data that has been reviewed and is readily available, such as environmental and health and safety reports; diversity information reported to the government; charitable donations from tax reports; energy consumption from energy and fuel bills, and associated greenhouse gas emissions which can be calculated from this data; water consumption from water bills; and key priorities from an organization's strategic plan;

— Use guidance on social responsibility communications specifically designed for SMOs, such as the guidance on periodic social responsibility reporting for small organizations provided by the Global Reporting Initiative and the Global Compact;

— Narrow the geographical distribution of the information and expand it over time; and

— Use employees to plan for and prepare the communication or seek the help of an outside communication professional who is willing to provide social responsibility communication services for free. Contact a professional communication association to help.

7.6.4 Stakeholder dialogue on communication about social responsibility

In addition to engaging stakeholders on social responsibility issues as provided in Clause 7.2 and 7.3, an organization should also periodically discuss its communications about social responsibility with its stakeholders. These discussions can help the organization:

— Assess the adequacy and effectiveness of the content, media, frequency and scope of communication so that it can be improved as needed;

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- Set priorities for the content of future communication;
- Secure external assurance of reported information from stakeholders, if this approach to assurance is used; and
- Identify best communication practices.

7.7 Examining activities and practices of social responsibility

Note to IDTF: This subclause has been revised after reading of 7.x, which is expected to be 7.8. Comments on WD3 has been included and all about credibility and assurance has been removed.

7.7.1 Key considerations

The effectiveness of an organization's activities and practices can be enhanced by regular evaluation and examination. The focus should be on keeping track of performance of practices and the results of the activities. The results of the examination and the regular monitoring of activities and measurements of performance should be communicated internally and externally to provide for organizational learning, drive performance improvement and enhance the dissemination of experiences and competencies.

Disclosing examination results will also be a learning process for stakeholders and is likely to strengthen trust between an organization and its stakeholders. Engaging stakeholders in examination is an ongoing process with dialogue and feedback that adds to an organization's awareness of its risks and opportunities. Stakeholder feedback is valuable for an examination of the organization's overall objectives and specific targets for social responsibility.

7.7.2 Keeping track of performance

Keeping track of performance and examine its activities is a process that helps to collect information about what is happening on the practices implemented and the actions planned after a certain period of time and at regular intervals.

At appropriate intervals, an organization should examine its actions and performance on social responsibility in relation to the specific targets but also in relation to how the single action adds to the overall objectives and strategy of the organization. The organization should keep records of the examinations. The organization should communicate this information by appropriate means to the relevant stakeholders. The organization should verify that the information to be disclosed to others is accurate, complete and reliable.

The examination should look into:

- What worked and why? – what did not work and why?
- What could have been done differently?
- Ideas for adjustments and changes.

In gathering information and data for the examination the organization may face some challenges. Some issues and actions may be costly to examine, others are difficult to examine quantatively and objectively and others might lack available data. An organization should evaluate the costs and efforts compared to the benefits of gathering specific data.

Examination of performance should include examination of activities that are as objectively verifiable as possible. Some objective measures may be difficult to obtain. In such cases advise from stakeholders can be used as a starting point to identify appropriate indicators for an initial examination before setting up more comprehensive examination activities.

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The monitoring process and examination should include performance against an organization's commitments to social responsibility and the significant and controversial issues by using generally accepted indicators of social responsibility for the type and nature of the organization.

An organization should gather information and keep records of its activities and performance on social responsibility and present it in a form that could be reviewed by top management. The information should include achievements on all issues of social responsibility, including those explained not relevant for the time being.

7.7.3 Improvement options

The result of a systematic examination of the achievements of SR practices and actions should include an identification activities that should be improved. The ideal examination identifies areas and success and areas where the organization will learn that it needs to improve its performance.

The results of the examination should also be used while management is addressing challenges and reviewing the organization's statements, objectives, allocated resources, targets and actions plans, as necessary. Large organization can benefit from including SR expertise in the internal management review team.

If lack of compliance with the organization's statements, strategies, objectives and targets is identified, this should be used for continuous learning and improvements. Appropriate measures should be established and taken to overcome the challenges.

Results of examinations should be communicated to the organization's stakeholders to provide adequate and constructive feedback. An organization should respond to any stakeholder reactions within a reasonable time frame and should make publicly available both the stakeholder feedback and the response.

Box xx Documents to be examined

Depending on the nature and size of an organization, various types of documentation may be included in an examination of SR performance:

- Data records of key performance indicators (see Clause 7.5.4) measured at regular intervals, for example compliance with relevant laws and organizational commitments;
- Results of environmental, health and safety audits;
- Results of supply chain audits;
- Results of assessments of ethical behaviour, governance and other activities;
- Evaluation results of specific activities of social responsibility, both successes and failures;
- Records of actions on complaints from employees, customers, neighbours, citizens and others;
- Records of training;
- Employee and customer satisfaction surveys;
- Documentation of the public perception of the organization, for example from newspapers and
- Results of assessment of compliance with other specifications, codes, guidelines, best practice documents and benchmarks to which the organization subscribes.

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Box 25 Types of review documents

Depending on the nature and size of an organization, many/[various] types of review documentation may be available including:

- Data records of key performance indicators (see Clause 7.5.4) measured at regular intervals, for example compliance with relevant laws and organizational commitments;
- Results of environmental audits;
- Results of supply chain audits;
- Results of assessments of ethical behaviour, governance and other activities;
- Evaluation results of specific activities of social responsibility, both successes and failures;
- Records of actions on complaints from employees, customers, neighbours, citizens and others;
- [Records of training];
- [Records of health?];
- Employee and customer satisfaction surveys;
- Documentation of the public perception of the organization, for example from newspapers and
- Results of assessment of compliance with other specifications, codes, guidelines, best practice documents and benchmarks to which the organization subscribes.

7.8 Enhancing credibility

Note to IDTF: Our initial formulation of the title was "Enhancing credibility of an organization's social responsibility approach" but after discussion the team decided to call this sub-clause simply "Enhancing credibility", much like the stakeholders sub-clause is called simply, "Working with stakeholders". However, if the longer version is preferred, the wording "SR approach" is chosen as we think "approach" is the broadest possible concept, including the organization's "commitment, strategy, implementation, monitoring, assessment, reporting, communication and improvement". It is noted that French speakers tend to ascribe to "SR Policy" the above meaning, while for Spanish speakers "SR Policy" is also a narrow concept, limited to "intentions" and not necessarily actions.

7.8.1 Key considerations

IS0 26000 Is not intended for third-party certification

Note to IDTF: check consistency with lines 244-245: "third party conformity assessment measures" should be deleted.

Organizations can, however, enhance the credibility of each element of their social responsibility approach by seeking appropriate forms of assurance, that increase confidence of both management and the organization's stakeholders in the data and information that is collated and communicated. Assurance can also include the evaluation of the performance achieved by the organization, confirming how well the organization implements its overall social responsibility approach and enabling the identification of areas for further improvement.

Note to IDTF: "Assurance" must be added to the definitions — we formulate a proposal in the Help-Box here.

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As illustrated earlier *(Note to IDTF: This wording assumes that this sub-clause will become 7.8; otherwise it will need to be reworded accordingly)* in Clause 7, the elements of the SR approach include the organization's commitments, strategies, objectives, targets, as well as its operations, communication, the processes of stakeholder engagement and the activities of performance assessment.

HELPBOX: What is Assurance?

Assurance is an internal or external evaluation that can be directed to the quality of an organization's specified reports, as well as include an evaluation of the organization's actual performance, together with the underlying competencies, systems and processes that enable the organization to fulfil its social responsibility commitments. Assurance also includes the communication of the results of this evaluation to enhance the organization's credibility towards its stakeholders.

7.8.2 Benefit of relationships based on trust

Demonstrating that socially responsible behavior is integrated into existing organizational systems and actual operations facilitates the process of building relationships based on trust with all the organization's stakeholders. This, in turn, generates positive outcomes in terms of reduced costs (e.g. of negotiations, contracting, complaints and monitoring) and increases the opportunities for mutually beneficial collaboration.

Moreover, the process of obtaining assurance enables organizational learning that facilitates future performance improvements to enhance the organization's SR approach and overall effectiveness, by enhancing its credibility among stakeholders.

7.8.3 Levels and forms of assurance

Assurance can cover different elements of the SR approach, from the communication (and reporting) to the internal processes and systems that enable the implementation of the SR approach, as well as to the actual results achieved by the organization. Therefore, assurance can be provided at different levels and in different forms, that are not mutually exclusive, but, rather, reinforce each other.

Organizations can seek assurance at different levels, including:

— Data and information communicated (controlling the accuracy);

— Organizational processes (evaluating the reliability); and

— Performance on SR issues (evaluating the quality of achieved performance and identifying areas for improvement).

Assurance also can be obtained in different forms, by engaging with people and organizations providing different skills, competencies and methodologies to meet the specific assurance needs of the organization. Accordingly, assurance can be provided by a wide range of subjects, from internal personnel to professional assurance firms, but also from NGO or SR experts, who bring their specific knowledge and legitimacy on SR issues. Organizations can obtain assurance, for example, by:

— Using internal personnel to conduct audit and other controls;

— Holding open-house events to promote dialogue with external stakeholders and seek their feed-back on the various elements of the organization's SR approach;

— Establishing a stakeholder panel with the task to review specific elements of the organization's SR approach, such as its strategy, targets or performance results;

— Using external audits – both commissioned ('second party audits') and independent ('third party audits') to evaluate specific aspects related to SR, such as workplace conditions;

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— Seeking systematic assurance on the organization's reports, underlying systems and actual performance from external experts and/or organization(s) who have competencies on social responsibility issues and assurance practices.

Each organization should choose the most appropriate level and form of assurance in relation to its context, the material issues and the objectives identified in its SR approach.

BOX of examples – Forms of Assurance

How to choose the right form of assurance?

EXAMPLE 1 - A European pharmaceutical company

The approach taken by a European medium-size pharmaceutical company to its SR assurance is a 'modular approach', which can be summarized as follows:

The basic idea is that in SR assurance, different skills and competencies are needed, and different organizations can provide the best answer to different questions.

Therefore, the modular approach is articulated as follows:

— When it is about seeking assurance over => we rely on the work of hard DATA and FIGURES professional ACCOUNTANTS

— For assurance about social, ethical and we seek dialogue with the environmental ISSUES that are crucial => representatives of all in the different business activities relevant STAKEHOLDERS

— When it is about assurance of the => we ask the opinion SYSTEMS concerning the overall SR strategy of SR EXPERTS

EXAMPLE 2 - A SMO in Costa Rica

The approach taken by a SMO in Costa Rica to its SR assurance is an 'integrated approach', which can be summarized as follows:

The basic idea is that in SR assurance, different skills and entrepreneurial competencies are promoted to enhance continuous improvement and an organizational culture.

Therefore, the integrated approach is articulated as follows:

— Acknowledge and integration =>Self assessment report of the SR principles and core issues

— Identification of strengths and =>Second or third party improvements opportunities assessment

— Analyze and prioritize the improvement =>Developing of action opportunities identified plan

7.8.4 Linkages between ISO26000 and existing SR standards

The credibility of the type of assurance adopted is further enhanced when it is conducted based on established standards in the SR field that are generally accepted for the purpose intended.

Two main different types of standards enhancing the credibility of an organization's SR approach exist: general SR standards and specific SR standards. The former take a general approach to SR, while the latter are often issue-based (e.g. on working conditions), or focus on one specific activity (e.g. the banking sector) or organizational process (e.g. reporting).

General SR standards: SR standards of this nature help organizations to view the wide range of social, environmental and ethical issues that are relevant for its overall SR approach, and focus on the

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relationships between the organization and all its stakeholders. At the international level, relevant examples of these standards are:

- The UN Global Compact principles: Ten general principles to guide business behavior in the areas of human rights, labor, the environment and anti-corruption;

- The AA1000 Series: Standards providing the basis for improving the sustainability performance of organizations, including a specific assurance standard, AA1000AS, whose core principles of materiality, completeness and responsiveness apply to the overall approach of assurance.

- *Note to IDTF: Other relevant examples?*

Other general SR standards exist at Regional or national level, such as, for example, ValuesManagementSystem in Germany, SD21000 in France, the Q-RES Guidelines in Italy, etc. *(Note to IDTF: these are only a few of the many, many relevant examples that could be done – and it would be nice to have other examples from developing countries. Instead of having a long list here in the text, a further Help-Box could be added here.)*

Specific SR standards: These are standards that, focussing on specific SR issues or processes, enhance the credibility of an organization's SR approach by demonstrating its adoption of practices that are broadly accepted. Therefore, they provide guidance to develop the organization's SR approach and can include external evaluation of the organization's reporting, management systems and actual performance on specific SR issues, such as, for example:

- ISO14000, a series of international standards on environmental management, providing a framework for the development of an environmental management system and the supporting audit program;

- SA8000, helping organizations to manage ethical working conditions throughout global supply chains, and to monitor and improve their actual performance;

- OSHAS 18001, helping organizations to control occupational health and safety risks through monitoring and improving health and safety management systems;

- GRI, Guidelines providing a framework of principles and indicators that organizations can use to measure and report their economic, environmental, and social performance;

- Forest Stewardship Council standards promoting environmentally responsible, socially beneficial and economically viable management of the world's forests;

- *Note to IDTF: Other relevant examples?*

The above list is intended to provide some examples of existing SR standards, and is not to be considered an exhaustive list of SR standards endorsed by ISO26000. There are many other international, regional or national-based SR standards and initiatives that can be usefully applied by organizations in conjunction with IS026000 as way to enhance the credibility of their SR approach.

Note to IDTF: Check that reference to ALL THE STANDARDS IN THIS SUB-CLAUSE is in accordance with the criteria developed by the ad hoc task group to refer to international standards and initiatives.

7.8.5 Communicating about SR performance

Assuring the accuracy, reliability and completeness of communications about social responsibility is important for both public reporting and other forms of communications. For public reporting, an internal and/or external party should review the reported information and the processes used to collect and report it. At the very least, all information covered in the report should be subject to internal assurance by the organization's own personnel, preferably those independent of the people who prepared the report. To further enhance the credibility of the report, an organization may seek

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assurance by an independent third party or parties such as external stakeholders. A similar process may be followed for assuring the accuracy and reliability of other communications. An organization should communicate with stakeholders concerning claims about the social responsibility of activities, products and services and these claims should be verified through internal review and assurance. For enhanced credibility, these claims may be verified through external assurance.

From this interactive communication, the organization can determine how to continue making improvements, and is able to enhance its SR approach and overall effectiveness, and its credibility among stakeholders.

7.9 Implementing guidance for small and medium organizations

7.9.1 Key Considerations

Small and Medium Organizations play a key role in the societies and economies of every country and world region. They often practice Social Responsibility as a part of their owners' and managers' vision of their role in the community, and often without putting a formal label on their SR activities. SMOs are an important sector for ISO 26000, as their decisions taken collectively can have a great impact on sustainable development and the welfare of societies.

Clause 7.X is meant to encourage small and medium organizations to be comfortable with ISO 26000, and to understand how to implement the practical guidance of the standard with flexibility according to their size and context.

7.9.2 General guidelines for implementation in small and medium organizations

— According to the typical functioning of small organizations, internal management setup and procedures can be flexible and do not need to be formally expressed.

— Organizations are encouraged to prioritize issues according to their nature and size, and according to their stakeholders' perceptions. SMOs should consider each of the seven core issues (see Clause 7.2, especially Help Box) when planning their Social Responsibility activities, but are not under obligation to act on each of those issues

—. Collective approach to the implementation is encouraged. Two or more small organizations that operate in similar conditions can share resources to implement ISO26000. Even when collective actions are carried out by groups of organizations, each of them is individually accountable for its actions.

— Collective organizations like trade associations, chambers of commerce, umbrella associations (for NGOs) are encouraged to develop their own suggestions for implementation, based on their own needs and context.

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Annex A (informative)

Note to IDTF: Title, content and text to be determined.

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Bibliography

Note to IDTF: Most of the references listed in this Bibliography are missing information and are not in proper ISO reference format. Drafters are requested to provide the complete reference in correct ISO format in the next draft.

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Index

Note to IDTF: The Editing Committee believes that an index would increase the usability of ISO 26000 and that it should be provided in the final document.

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