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ISO/TMB WG SR N 143

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DRAFT ISO 26000 WD4.2

Guidance on Social Responsibility

Lignes directrices pour la responsabilité sociétale

*NOTE: This is a working document that has been developed by the Integrated Drafting Task Force (IDTF), a representative body that was established at the Vienna meeting of the ISO Working Group on Social Responsibility. This draft has been developed on the basis of a consideration of comments submitted by experts, and in accordance with the process agreed to in Vienna. Experts are invited to comment on this draft using the official comments template. Comments should be submitted to the WG Secretariat by **11 July 2008**.*

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87 Foreword

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

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

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

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

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

105 **Introduction**

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

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

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

- 122 — the general reputation of the organization;
- 123 — its ability to attract and retain men and women workers and/or members, but also customers,
124 clients or users;
- 125 — the maintenance of employee's morale and productivity;
- 126 — the view of investors, donors, sponsors and the financial community; and
- 127 — its relationship with government, the media, suppliers, peers, customers and the community
128 in which it operates.

129 This international standard provides guidance on the underlying principles of social responsibility,
130 the core subjects and issues pertaining to social responsibility and on ways to implement social
131 responsibility within an organization. The standard is applicable to all type of organizations,
132 regardless of their size or location, including governmental and non-governmental organizations
133 as well as business organizations, because every organization has an impact on society and the
134 environment. It is intended to help an organization achieve mutual trust with its stakeholders by
135 improving its social responsibility performance. This International Standard is not intended to
136 apply to governmental organizations when exercising their executive, legislative and judicial
137 powers. ISO has no authority or mandate to dictate, judge or imply what are the obligations of
138 States and their governments. However, governmental authorities may wish to use the guidance
139 to inform their policies in the area of social responsibility.

140 This International Standard is for voluntary use and is not intended or appropriate for certification
141 purposes, or regulatory or contractual use. It is not intended to create a non-tariff barrier to trade,
142 nor does it alter an organization's legal obligations.

143 Every organization is encouraged to become more socially responsible by using this International
144 Standard, engaging with stakeholders, complying with applicable national laws, and respecting
145 the principles of international norms of behaviour.

146 This International Standard provides guidance to organizations on the integration of socially
147 responsible behaviour into existing organizational strategies, systems, practices and processes,
148 and emphasizes results and improvements in performance.

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

151

Table 1 — Outline of contents of ISO 26000

| Clause title | Clause number | Description of clause contents |
|---|----------------------|--|
| Scope | Clause 1 | Defines the content covered by the standard and identifies any limitations or exclusions. |
| Terms and definitions | Clause 2 | Identifies and provides the meaning of important terms used in this International Standard. These terms are of fundamental importance for understanding the concept of social responsibility and using the standard. |
| Understanding social responsibility | Clause 3 | 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 4 | Introduces and explains the fundamental principles of social responsibility. |
| Recognizing social responsibility and engaging stakeholders | Clause 5 | Addresses two fundamental practices of social responsibility: an organization's recognition of its social responsibility and its identification and engagement of its stakeholders. |
| Guidance on social responsibility core subjects | Clause 6 | Explains the core subjects involved in social responsibility, namely: organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development. For each core subject, information has been provided, amongst other things, on the scope of the subject, its relationship to social responsibility, relevant principles and considerations, and related actions and/or expectations. |
| Guidance on implementing practices of social responsibility | Clause 7 | Provides guidance on putting social responsibility into practice in an organization |
| Annex on social responsibility initiatives | Annex A | Presents a comprehensive list of existing voluntary initiatives relating to social responsibility. |
| Bibliography | | Includes references to authoritative international instruments that have been referenced in the body of the standard as source material. |

152

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

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

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

162 **Guidance on Social Responsibility**

163 **1 Scope**

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

- 166 — concepts, terms and definitions relating to social responsibility;
- 167 — the background, trends and characteristics of social responsibility;
- 168 — principles and practices relating to social responsibility;
- 169 — core subjects and issues relating to social responsibility
- 170 — integrating, implementing and promoting socially responsible behaviour throughout the
171 organization and its sphere of influence;
- 172 — identifying and engaging with stakeholders;
- 173 — communicating commitments and performance related to social responsibility; and hence
- 174 — contributing to sustainable development.

175 This International Standard encourages an organization to undertake activities that go beyond
176 legal compliance, recognizing that compliance with law is a fundamental part of any
177 organization's social responsibility.

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

179 It is intended to complement other instruments and initiatives related to social responsibility, and
180 not to replace them.

181 The application of this International Standard may take into consideration societal, environmental,
182 legal and organizational diversity, as well as differences in economic conditions, while observing
183 international norms of behaviour.

184 This International Standard is not a management system standard. It is not intended or
185 appropriate for certification purposes or regulatory or contractual use.

186 **2 Terms and definitions**

187 The following terms and definitions apply to this International Standard.

188 **2.1**

189 **accountability**

190 state of an organization accepting responsibility for its decisions and actions and being
191 answerable to its governing bodies, legal authorities, and, more broadly, its other stakeholders
192 regarding these decisions and actions

193 **2.2**

194 **consumer**

195 individual member of the general public purchasing or using goods or services for private
196 purposes

- 197 **2.3**
198 **customer**
199 organization or person purchasing or using goods, property or services, for commercial or private
200 purposes
- 201 **2.4**
202 **environment**
203 natural surroundings in which an organization operates, including air, water, land, natural
204 resources, flora, fauna, humans, and their interrelation
- 205 NOTE Surroundings in this context extend from within an organization to the global system
- 206 **2.5**
207 **ethical behaviour**
208 behaviour that is in accordance with accepted principles of right or good conduct in the context of
209 a particular situation, and consistent with international norms of behaviour
- 210 **2.6**
211 **gender equality**
212 fairness of treatment for women and men, according to their respective needs and interests
- 213 NOTE This may include equal treatment or treatment that is different but considered equivalent in
214 terms of rights, benefits, obligations and opportunities
- 215 **2.7**
216 **impact of an organization**
217 any positive and negative change to society or the environment, wholly or partially resulting from
218 an organization's activities and decisions
- 219 **2.8**
220 **international norms of behaviour**
221 norms that are universally, or nearly universally recognized, and based on customary
222 international law, generally accepted principles of international law, or authoritative
223 intergovernmental instruments
- 224 **2.9**
225 **issue of social responsibility**
226 a specific item of social responsibility (2.18) that can be acted upon to seek favourable outcomes
227 for the organization and/or its stakeholders
- 228 **2.10**
229 **material**
230 of sufficient relevance and significance to influence the decisions of an organization and/or the
231 assessment of its stakeholders
- 232 **2.11**
233 **organizational governance**
234 system by which an organization makes and implements decisions in pursuit of its objectives
- 235 **2.12**
236 **principle**
237 fundamental belief that guides or influences decision-making or behaviour
- 238 **2.13**
239 **product**
240 any goods or service offered to members of the public either by sales or otherwise
- 241 **2.14**
242 **service**
243 action of an organization to meet a demand or need

244 **2.15**
 245 **social dialogue**
 246 all types of negotiation, consultation or simply exchange of information between, or among,
 247 representatives of governments, employers and workers, on issues of common interest relating
 248 to economic and social policy

249 NOTE It can exist as a tripartite process, with the government as an official party to the dialogue or it may
 250 consist of bipartite relations only between labour and management (or trade unions and employers'
 251 organizations), with or without indirect government involvement. It can be informal or institutionalised, and
 252 often is a combination of the two. It can take place at the national, regional or at enterprise level. It can be
 253 inter-professional, sectoral or a combination of all of these.

254 **2.16**
 255 **social investment**
 256 investment of an organization aimed at improving social aspects of community life

257 **2.17**
 258 **socially responsible**
 259 consistent with social responsibility (2.18)

260 **2.18**
 261 **social responsibility**
 262 responsibility of an organization for the impacts of its decisions and activities on society and the
 263 environment, through transparent and ethical behaviour that

264 — contributes to sustainable development, health and the welfare of society;

265 — takes into account the expectations of stakeholders;

266 — is in compliance with applicable law and consistent with international norms of behaviour; and

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

268 NOTE 1 Activities include products, services and processes

269 NOTE 2 Relationships refer to an organization's activities within its sphere of influence

270 **2.19**
 271 **sphere of influence**
 272 area across which an organization has the ability to affect decisions or activities

273 NOTE Area can be understood in a geographic sense, as well as in a functional sense

274 **2.20**
 275 **stakeholder**
 276 individual or group that has an interest in any activities or decisions of an organization

277 **2.21**
 278 **stakeholder engagement**
 279 any activity or activities undertaken to create opportunities for dialogue between the organization
 280 and one or more of its stakeholders, with the aim of providing an informed basis for the
 281 organization's decisions

282 **2.22**
 283 **supply chain**
 284 system of individuals, organizations and resources involved in developing the different elements
 285 of a product or service before an organization takes major responsibility for it

286 NOTE 1 The processes associated with developing a product or service before an organization takes
 287 major responsibility for it are commonly referred to as "upstream processes".

288 NOTE 2 In some countries, the term supply chain also includes activities that occur after an organization
289 has taken major responsibility for the product and/or service, and thus is seen as being interchangeable with
290 value chain (2.25).

291 **2.23**

292 **sustainable development**

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

295 NOTE This involves addressing economic, social and environmental factors and their interdependence
296 in an organization's decision-making and activities

297 **2.24**

298 **transparency**

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

301 **2.25**

302 **value chain**

303 sequence of processes and/or activities where each process/activity adds value to a product or
304 service before and after an organization takes major responsibility for it

305 NOTE The processes associated with developing a product or service before an organization takes
306 major responsibility for it are commonly referred to as "upstream processes", those after an organization
307 takes major responsibility for it as "downstream processes".

308 **2.26**

309 **vulnerable group**

310 group that lacks material resources or that has any other disadvantage that makes it less able to
311 maintain or improve its living conditions and to mitigate or face adverse impacts caused by others
312 or by the social and natural environment

313 NOTE Vulnerable groups can include e.g. children and young people, ill people, the aged, the illiterate
314 and people with disabilities, including intellectual impairment.

315 **3 Understanding social responsibility**

316 **3.1 The social responsibility of organizations**

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

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

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

327 The subjects that make up social responsibility reflect the expectations of society at a particular
328 time, and are therefore ever-changing, as society's concerns and its expectations of
329 organizations change to reflect those concerns.

330 An early notion of social responsibility centred on philanthropic activities of some organizations
331 such as giving to charity. Subjects such as labour practices and fair operating practices emerged

332 a century or more ago. Other subjects, such as human rights, the environment and consumer
333 protection were added over time when these subjects received greater attention.

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

337 **3.2 Current trends in social responsibility**

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

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

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

353 Over the past several decades, globalization has resulted in an increase in the power and
354 influence of the private sector and a relative weakening of the role of the public sector in
355 developed countries. The changing role of government has also seen the private sector and
356 NGOs become the providers of many services previously offered by government. The situation in
357 many developing countries is somewhat different. Governments in many of these countries have
358 historically faced serious and particular challenges and constraints, and private sector
359 organizations have often provided services in areas such as health, education and welfare. As
360 the capability of some developing country governments expand, the roles of government and
361 private sector organizations are undergoing change.

362 All of the above changes have led to closer scrutiny of the activities and policies of organizations.
363 Consumers, investors and donors are, in various ways, exerting financial influence over
364 organizations concerning social responsibility. Community expectations about the performance of
365 organizations continue to grow. 'Community right to know' legislation in many places gives
366 people access to detailed information about the operations of some organizations. A growing
367 number of organizations now publish annual sustainability reports to meet stakeholders'
368 requirements for information about their performance.

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

371 **3.3 Characteristics of social responsibility**

372 **3.3.1 General**

373 The essential characteristic of social responsibility is the willingness of an organization to take
374 responsibility and be accountable for the impacts its activities and decisions create on society
375 and the environment. This implies both transparent and ethical behaviour.

376 **3.3.2 The expectations of society**

377 Social responsibility requires an understanding of the broader interests and expectations of
378 society. A fundamental element of social responsibility is respect for the rule of law and
379 compliance with legally binding obligations. Social responsibility also requires recognition of
380 obligations to others that are not legally binding. These obligations may arise out of widely shared
381 values and beliefs and ethics.

382 Although the expectations of responsible behaviour will vary between countries and cultures,
383 organizations should recognize and accept the universally applicable values. These expectations
384 are reflected in international conventions and norms of behaviour established through
385 authoritative intergovernmental instruments such as the Universal Declaration on Human Rights.

386 Clause 6 considers the core subjects of social responsibility. Within each of these subjects
387 various issues are described that will enable an organization to identify its most important
388 impacts on society. Each issue also considers expectations and actions as to how these impacts
389 should be addressed.

390 **3.3.3 The role of stakeholders in social responsibility**

391 The identification of and engagement with stakeholders are fundamental practices of social
392 responsibility. Understanding who has an interest in the decisions and activities of an
393 organization is necessary to understanding the impacts of the organization and how to address
394 these impacts. Stakeholders can help an organization identify the relevance of issues to the
395 activities of the organization. But stakeholders do not replace broader society in determining
396 norms and expectations of behaviour, so a particular issue may be relevant to the social
397 responsibility of an organization even if not specifically identified by the stakeholders it consults.
398 Guidance on the expectations of behaviour and on other actions that organizations may take to
399 address their social responsibility can be found in Clause 6.

400 **3.3.4 The integration of social responsibility**

401 Because social responsibility concerns the impacts and likely impacts of an organization's
402 activities and decisions, the ongoing, regular daily activities of the organization constitute the
403 most important behaviour to be addressed. Philanthropy (giving to charitable causes) can have a
404 positive impact on society. However, it should not be used by organizations to avoid addressing
405 the impacts of the activities essential to the purpose of the organization.

406 The impacts of an organization's activities can be greatly affected by its relationships with other
407 organizations. An organization may need to work with others in order to address its
408 responsibilities. This can include peer organizations, competitors or parts of its value chain.

409 **3.3.5 Relationship between social responsibility and sustainable development**

410 Although many people use the terms social responsibility and sustainable development
411 interchangeably, and there is a close relationship between the two, they are actually quite
412 different concepts.

413 **Sustainable development** (2.23) is a concept that was first introduced in the 1987 report "Our
414 Common Future" (USR1), and called "a global agenda for change." Its challenging goals are the
415 elimination of poverty, health for all, and meeting the needs of society while living within the
416 planet's ecological limits. Although numerous international forums have reiterated the importance
417 of these objectives over the years since 1987 – such as The Rio Earth Summit in 1992 and the
418 World Summit for Sustainable Development in 2002 – there is little evidence that we have moved
419 much closer to these goals. Achieving these goals will require concerted action by organizations
420 and individuals, with particular responsibility required from those in affluent nations.

421 **Social responsibility** (2.18) has as its focus the organization, not the globe. Social responsibility
422 is, however, closely linked to sustainable development because an overarching goal of an

423 organization's social responsibility should be to contribute to sustainable development. Clause 4
 424 of this International Standard identifies the principles of social responsibility. Clause 5 describes
 425 two important practices: how organizations recognize their social responsibility and how they
 426 identify and engage stakeholders. Clause 6 describes the core subjects of social responsibility.
 427 These principles, practices and subjects form the basis for an organization's practical application
 428 of social responsibility. The actions of a socially responsible organization can make a meaningful
 429 contribution to sustainable development.

430 It is important to note that sustainable development is a fundamentally different concept than the
 431 sustainability or ongoing viability of an individual organization. Sustainable development refers to
 432 the way in which society's needs are met. The sustainability of an individual organization may or
 433 may not be compatible with sustainable development, depending on the way the organization is
 434 conducted and managed

435 **3.4 Governments and social responsibility**

436 This International Standard is applicable to governmental organizations in so far as their
 437 functions resemble other organizations, as producers or buyers of goods or services, employers
 438 and so on. Issues such as labour practices, environmental protection and other core subjects
 439 described in Clause 6 are applicable to government organizations.

440 This International Standard does not, however, deal with areas that are unique to the realm of
 441 public policy (legislation, regulation and executive and judicial powers). This is the responsibility
 442 of governments at the local, national and international levels. Only political decisions can
 443 determine what activities should be undertaken by government or be subject to legally binding
 444 regulation. However, governmental authorities may wish to use the guidance to inform their
 445 policies in the area of social responsibility.

446 Government is called by many names throughout this International Standard, including: public
 447 authorities, public sector, local and municipal governments, governmental agencies and
 448 institutions, international governmental organizations, and regulatory authorities. When the term
 449 "state" is used, it denotes the international obligations of the country that transcend a particular
 450 government.

451 **4 Principles of social responsibility**

452 **4.1 General**

453 The social responsibility of organizations involves principled behaviour, that is, behaviour based
 454 on standards, guidelines or rules of conduct that are recognized as being moral and right usually
 455 in the context of specific situations. This behaviour should be within the context of an overarching
 456 goal of contributing to sustainable development and the welfare of society. Although there is no
 457 comprehensive list of principles for social responsibility there is widespread agreement that at
 458 least the seven principles outlined below should apply. In addition, organizations should consider
 459 the principles specific to each core subject outlined in Clause 6.

460 **4.2 Accountability**

461 The accountability principle states that: an organization should be accountable for its impacts on
 462 society and the environment.

463 The fundamental concept of social responsibility is that an organization accepts a moral
 464 obligation to be accountable for its impacts on society and the environment. This means that an
 465 organization should accept appropriate scrutiny and also accept a duty to respond to this
 466 scrutiny.

467 Accountability refers to the state of being answerable to others. Accountability imposes an
468 obligation on management to be answerable to the controlling interests of the organization and
469 with the obligation of the organization to be answerable to legal authorities with respect to laws
470 and regulations. Accountability implies that the organization is answerable to those affected by its
471 decisions and activities, as well as to society in general for the overall impact on society of its
472 decisions and activities.

473 Acceptance of a duty to be accountable will have a positive impact on both the organization and
474 on society. The degree of accountability should always correspond to the amount or extent of
475 authority. Those with ultimate accountability are likely to take greater care for the quality of their
476 decisions and oversight. Accountability also encompasses accepting responsibility where
477 wrongdoing has occurred, taking the appropriate measures to remedy the wrongdoing and taking
478 action to prevent it from being repeated.

479 An organization should account for:

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

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

483 **4.3 Transparency**

484 The transparency principle states that: an organization should be transparent in its decisions and
485 activities that impact on others.

486 An organization should disclose in a clear, balanced and truthful manner and to a reasonable and
487 sufficient degree, the policies, decisions and activities for which it is responsible, including the
488 actual and potential impacts on society and the environment. This information should be readily
489 available and directly accessible by those who have been, or may be affected in significant ways
490 by the organization. It should be timely, factual and presented in a clear and objective manner so
491 as to enable stakeholders to accurately assess the impact that the organization's decisions or
492 actions have on their respective interests.

493 Transparency does not require that truly proprietary information be made public, nor does it
494 involve providing information that is legally protected or that would otherwise breach legal
495 obligations.

496 An organization should be transparent regarding:

497 — the manner in which its decisions are made, implemented and reviewed, including the
498 definition of the roles, responsibilities, accountabilities and authorities across the different
499 functions in the organization;

500 — the standards and criteria against which the organization evaluates its own performance;

501 — its purpose, the nature of its activities and where they are conducted;

502 — the known or likely impacts of its decisions and activities on others; and

503 — who it believes its stakeholders to be.

504 **4.4 Ethical behaviour**

505 The ethical behaviour principle states that: an organization should behave ethically at all times.

506 The behaviour of organizations should reflect recognized ethical principles or rules of duty. An
507 organization's behaviour should be based on principles or rules concerning integrity, honesty,

508 equity, stewardship and integrity. From these ethics flow a concern for others and the
509 environment, and a commitment to address stakeholders' interests.

510 An organization should adopt and apply standards of ethical behaviour appropriate to its purpose
511 and activities. Organizations should develop governance structures that help to promote ethical
512 conduct within the organization and in its interactions with others.

513 Organizations should actively promote ethical conduct by:

514 — encouraging and promoting the observance of standards of ethical behaviour;

515 — defining and communicating the standards of ethical behaviour required for personnel and
516 particularly for those that have the opportunity to significantly influence the values, culture,
517 integrity, strategy and operation of the organization;

518 — minimizing conflicts of interest throughout the organization;

519 — establishing oversight mechanisms and controls to monitor and enforce ethical behaviour;

520 — establishing mechanisms to facilitate the reporting of violations of ethical standards without
521 fear of reprisal; and

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

524 **4.5 Stakeholder**

525 The stakeholder principle states that: an organization should respect and consider the interests of
526 its stakeholders.

527 Although an organization's objectives may be limited to the interests of its respective owners,
528 members or constituents, other individuals or groups may also have rights, claims or specific
529 interests that should be taken into account. Individuals or groups that have one or more interests
530 in any activities or decisions of an organization can be considered an organization's
531 stakeholders.

532 An organization should be aware of individuals and groups that have "stakes" or interests in its
533 decisions or activities. Usually the interests of these stakeholders will be easy to understand. The
534 various interests of shareholders in a corporation, of business partners and suppliers in a
535 business enterprise or of people, who perform work for any organizations, are not difficult to
536 understand. Not all interests will be readily apparent however. Moreover, stakeholders can have
537 multiple interests and even interests that conflict with those of the organization.

538 An organization should:

539 — identify its stakeholders on the basis of those who may be or have been impacted by its
540 decisions and activities;

541 — be conscious of and respect the interests and needs of the organization's stakeholders and
542 respond to their expressed concerns;

543 — take into account the relative capacity of stakeholders to contact and engage the
544 organization;

545 — take into account the relation of the stakeholder's interests to the broader interests of society
546 and of sustainable development as well as the relation of the stakeholder to the organization;
547 and

- 548 — consider the views of stakeholders that may be affected by a decision even if they have no
549 formal role in the governance of the organization or are unaware of their interest in the
550 decisions or activities of the organization.

551 **4.6 Rule of law**

552 The rule of law principle states that: an organization should respect the rule of law.

553 The rule of law refers to the supremacy of law and, in particular, to the idea that no individual
554 stands above the law and that government is also subject to law. The rule of law contrasts with
555 the arbitrary exercise of power. Implicit in the rule of law is that laws are written, publicly
556 disclosed and fairly enforced according to established procedures. In the context of social
557 responsibility respect for the rule of law means that an organization complies with all applicable
558 laws and regulations. This implies that an organization should take steps to be aware of
559 applicable laws and regulations, to inform those within the organization responsible for observing
560 them and to see that they are observed. It also means that an organization should ensure that its
561 relationships are pursued and its activities are undertaken within the intended and relevant legal
562 framework.

563 An organization should:

- 564 — comply with legal and regulatory requirements in all jurisdictions in which the organization
565 operates;
- 566 — ensure that its relationships and activities fall within the intended and relevant legal
567 framework;
- 568 — comply with its own by-laws, policies, rules and procedures and apply them fairly and
569 impartially;
- 570 — recognize the legal rights and legitimate interests of stakeholders;
- 571 — remain informed of all legal obligations; and
- 572 — periodically review its compliance.

573 **4.7 International norms**

574 The international norms principle states that: an organization should respect relevant
575 international norms where these norms are more favourable to sustainable development and the
576 welfare of society.

577 International norms are principles, expectations or standards of behaviour that are universally, or
578 nearly universally, recognized, and that are based on or derived from customary international
579 law, generally accepted principles of international law, or from sources of public international law
580 such as treaties.

581 An organization should:

- 582 — avoid becoming complicit in any breach of the norm in situations where an international norm
583 is not respected or followed by the State;
- 584 — strive to respect the norm in countries where an international norm is not respected, or is
585 conflicting with national law;
- 586 — where it has operations in more than one country, review their operations in any country
587 where there may be situations of irreconcilable conflict between complying with national law
588 and being consistent with an international norm; and

589 — use available means of association with peer and other organizations to influence authorities
590 in the direction of compliance with international norms.

591 **4.8 Human rights**

592 The human rights principle states that: an organization should recognize both the importance and
593 the universality of human rights.

594 An organization should:

595 — respect the rights set out in the Universal Bill of Human Rights;

596 — accept that these rights are universal, that is, they are applicable in all countries, cultures
597 and situations;

598 — in situations where human rights are not protected, take steps to the best of its ability to
599 respect human rights and avoid taking advantage of these situations; and

600 — in situations where the rule of law is absent, or where the law is either inadequate to protect
601 human rights or where the law is not applied, take action to influence laws and regulations
602 and their application in order to make them consistent with respect for internationally
603 recognized human rights.

604 **5 Recognizing social responsibility and engaging stakeholders**

605 **5.1 General**

606 This Clause addresses two fundamental practices of social responsibility. These are an
607 organization's recognition of its social responsibility and its identification and engagement of its
608 stakeholders. As with the principles described in Clause 4, these practices should be kept in mind
609 when reading Clause 6 on the core subjects of social responsibility.

610 There are two aspects of recognizing social responsibility. One aspect is that an organization
611 should understand how its decisions and activities impact on others and the environment. The
612 other aspect is that an organization should understand the society's expectations of responsible
613 behaviour concerning these impacts. The recognition of responsibility involves identifying the
614 issues raised by the organization's decisions and actions as well as the way these issues should
615 be addressed so as to contribute to sustainable development and the welfare of society.

616 The recognition of responsibility involves the recognition of an organization's stakeholders. As
617 described in Clause 4 a basic principle of social responsibility is that an organization should
618 respect and consider the interests of its stakeholders.

619 **5.2 Recognizing social responsibility**

620 **5.2.1 Recognizing the subjects and expectations of responsibility**

621 An effective way for an organization to identify its social responsibility is to become familiar with
622 the issues concerning social responsibility in the following core subjects:

623 — organizational governance;

624 — human rights;

625 — labour practices;

- 626 — the environment;
- 627 — fair operating practices;
- 628 — consumer issues; and
- 629 — community involvement and development.

630 These core subjects cover the most likely economic, environmental and social impacts that
631 should be addressed by organizations. Each of these core subjects is considered in Clause 6.
632 The discussion of each core subject describes specific issues that an organization should take
633 into account when identifying its social responsibility. All of the core subjects, but not all of the
634 issues, have some relevance for every organization.

635 For each issue a number of actions that an organization should take or expectations with respect
636 to how an organization should behave are provided. In determining its social responsibility an
637 organization should identify each issue relevant to its activities together with these related actions
638 and expectations. Additional guidance on identifying issues can be found in Clause 7.2 and 7.3.

639 Of course, not all issues may be relevant for a specific organization. Moreover, these subjects
640 and their respective issues can be described or categorized in various ways. Some important
641 considerations, including health and safety, economics and the supply chain, are dealt with under
642 more than one subject in Clause 6.

643 The impacts of an organization's activities and decisions should be considered with respect to
644 these issues. Most of the core subjects include issues that apply to almost any organization. For
645 example, most organizations employ people or are dependent on other organizations that employ
646 people, and therefore find at least some of the issues under the subject of labour practices
647 relevant to their social responsibility. Similarly, most organizations will have, directly or indirectly,
648 various impacts on the natural environment and find at least some of the issues under the subject
649 of environment relevant.

650 The identification of relevant issues should be followed by the assessment of the significance of
651 the organizations impacts. The significance of an impact should be considered both with
652 reference to the stakeholders concerned, but also with an understanding on how the impact
653 affects the broader interests of society and of sustainable development.

654 Recognizing social responsibility is helped by considering interactions with other organizations.
655 For example, business organizations may consider the impact of their activities on customers,
656 suppliers, partners and competitors.

657 An organization seeking to recognize its social responsibility should consider both the legally-
658 binding and other obligations that exist. Legally binding obligations include applicable laws and
659 regulations, as well as obligations concerning social or environmental issues that may exist in
660 enforceable contracts. Organizations should consider the commitments with respect to social
661 responsibility that they have made. Such commitments could be in ethical codes of conduct or
662 guidelines or in the membership obligations of associations to which they belong.

663 Recognizing social responsibility is a continuous process. Determining potential impacts of
664 activities and decisions and taking these into account should be done during the planning stage
665 of new activities. Ongoing activities should be reviewed as necessary in order to be confident that
666 the social responsibility of the organization is still being addressed and to determine whether new
667 issues need to be taken into account.

668 **5.2.2 The extent of social responsibility**

669 The social responsibility of an organization is not necessarily limited to its own activities. There
670 may also be situations where an organization more broadly has the ability to influence the
671 decisions or behaviour of other actors within its web of activities and relationships. Such

672 situations are considered to fall within an organization's sphere of influence. In these situations
 673 an organization should assume some measure of responsibility commensurate with its ability to
 674 exert influence. However, an organization cannot be held responsible for the social impacts of
 675 every entity over which it may have some influence.

676 In some cases it is both possible and appropriate for an organization to seek to influence the
 677 behaviour of other entities, particularly those with which it has close ties (such as its partners) or
 678 where it considers the issues to be particularly compelling or relevant to its social responsibility.
 679 As an organization gains experience in the area of social responsibility it may grow in its capacity
 680 and desire to intervene with other entities to advocate for social responsibility.

681 The sphere of influence of an organization can include parts of or even the whole value chain. It
 682 could also include the formal and informal associations of which an organization is a member or
 683 in which it participates. Under some circumstances, it would also include peer organizations or
 684 organizations that are considered competitors.

685 An organization's value chain includes activities:

- 686 — backward in the chain (that is in the supply chain, such as suppliers);
- 687 — forward in the chain (such as distributors, customers and consumers); and
- 688 — parallel to the organization (such as sector associations and partners).

689 **5.3 Stakeholder identification and engagement**

690 **5.3.1 General**

691 Identifying and engaging stakeholders are effective ways for an organization to consider its social
 692 responsibility. These activities have become central among the practices associated with social
 693 responsibility and should not be avoided by an organization that wants to be recognized for its
 694 social responsibility.

695 **5.3.2 Stakeholder identification**

696 Stakeholders are organizations or individuals that have one or more interests (or stakes) that
 697 establish a relationship with the organization. "Interest" in this sense does not mean "curiosity"
 698 nor does it refer to a hobby, avocation or pursuit. In this context interest refers to something that
 699 can be the basis of a claim. Such claims need not involve financial claims or legal rights.
 700 Sometimes the claim can simply be the right to be heard. From the standpoint of social
 701 responsibility, the significance or relevance of an interest is best determined by its relationship to
 702 sustainable development and the welfare of society.

703 Individuals or groups that are affected, or likely to be affected, by an organization are usually
 704 considered to be among its stakeholders. Understanding how individuals or groups are affected
 705 by an organization's decisions or activities will make it possible to identify the interests that
 706 establish a relationship with the organization. Therefore identifying the impacts of an
 707 organization's activities or decisions will make it easier to identify the most important of an
 708 organization's stakeholders.

709 The meaning of "stakeholder" is very broad and organizations will have many stakeholders.
 710 Moreover, different stakeholders will have various and sometimes competing interests.
 711 Stakeholders can have both common and conflicting interests with an organization. For example
 712 community residents' interests could include the positive impacts of an enterprise such as
 713 employment, as well as the negative impacts of the same enterprise such as pollution.

714 Some stakeholders should be considered as an integral part of the organization. These could
 715 include the members or employees of the organization as well as the shareholders or other

716 owners of the organization. It should be recognized that these stakeholders share a common
717 interest in the purpose of the organization and in its success. This does not mean however that
718 all of their interests with respect to the organization will be the same.

719 The interest of most stakeholders can be related to the social responsibility of the organization.
720 The most ordinary interests of stakeholders can be related to the broader interests of society. An
721 example is the supplier who wants to be paid. Honouring debts and contract obligations is
722 essential to the interest of society.

723 Not all stakeholders of an organization belong to organized groups whose purpose is to represent
724 their interests with respect to specific organizations. Many stakeholders may not be organized at
725 all, and for this reason, may be wrongly overlooked or ignored. Organizations therefore should
726 take into account that stakeholders may not be organized. This problem may be especially
727 important with respect to vulnerable groups.

728 An organization should weigh the representativeness and credibility of groups claiming to speak
729 on behalf of specific stakeholders. In some cases it will not be possible for important interests to
730 be formally represented. For instance, neither wildlife nor children will own or control organized
731 groups. In this situation an organization should give attention to the views of credible groups
732 seeking to protect such interests.

733 To identify stakeholders, an organization might ask itself the following questions:

734 — to whom do legal obligations exist?

735 — who might be positively or negatively affected by the organization's activities?

736 — who has been involved when similar issues needed to be addressed?

737 — who can help an organization address specific impacts?

738 — who would be disadvantaged if they were excluded from the engagement?

739 — who is affected in the value chain?

740 In addressing its social responsibility with respect to any stakeholder, an organization should
741 understand three key relationships. One is the relationship between an organization's impact and
742 the expectations concerning responsible behaviour. Another key relationship is between the
743 stakeholder and the organization. Yet another is the relationship of the stakeholder's interest to
744 sustainable development and the welfare of society. (Assistance in this respect can be found in
745 the issues described in Clause 6)

746 An understanding of each of these relationships can be used to determine an organization's
747 social responsibility with respect to any specific stakeholder. Of course it should be recognized
748 that individuals and organizations may have various interests with respect to the decisions and
749 activities of any specific organization.

750 **5.3.3 Stakeholder engagement**

751 Stakeholder engagement involves dialogue between the organization and one or more of its
752 stakeholders. The main aim of stakeholder engagement should be to better address an
753 organization's social responsibility. Although it is important for an organization to know who its
754 stakeholders are, it will not be possible for an organization to engage with all of its stakeholders.

755 In most situations it will not be necessary to engage specific stakeholders in order to understand
756 the expectations concerning an organization's responsibility for its impacts on society. These
757 expectations will already be known or can be learned by the organization itself. Such
758 expectations are found in laws or regulations, widely accepted social or cultural expectations, and
759 established best practices with respect to specific issues. Expectations concerning stakeholders'

760 interests can be found in the “Related actions and/or expectations” sections following the
761 description of various issues in Clause 6.

762 There are, however, important reasons for an organization to engage with some of its
763 stakeholders. Stakeholder engagement may be necessary to fulfil legal obligations – for instance
764 to shareholders or to employees. It can be used to determine how best to increase the beneficial
765 effects of the organization’s decisions and activities or how to decrease any harmful effects.
766 Stakeholder engagement can address the link between the stakeholders’ interests and the
767 responsibilities of the organization to society at large.

768 An organization can use stakeholder engagement to address conflicting interests – either
769 between the organization and the stakeholder or between various stakeholders Stakeholder
770 engagement can inform an organization’s decisions by helping it acquire a better understanding
771 of the likely consequences of its actions and of its impacts that it would not otherwise have. It can
772 be part of continuous learning and a means of providing the organization with the benefits
773 associated with diverse perspectives.

774 Stakeholder dialogue can help an organization review its performance in order to improve it. It
775 can also be a way in which an organization can increase its transparency and the credibility of its
776 communications. In some cases the stakeholder relationship can become the basis for
777 cooperative activity such as partnerships.

778 An organization should not use stakeholder engagement as a way of avoiding already
779 established expectations concerning its behaviour. To the extent possible the organizations or
780 individuals identified as stakeholders should have genuine interests and, where appropriate and
781 practical, be the most representative of these interests. Genuine stakeholder engagement is not
782 just a public relations exercise and should be based on good faith.

783 Organizations should not select organized groups with which to engage in a self interested way
784 so as to avoid engaging the most appropriate or relevant stakeholders. Instead a fair and proper
785 process based on engaging the most appropriate stakeholders should be developed. When
786 engaging stakeholders an organization should not give preference to an organized group
787 because it is more “friendly” or supports its goals more than another group. An organization
788 should not form or support groups in order to give the appearance that it has a dialogue partner
789 when the “partner” is not in fact truly independent.

790 Stakeholder engagement is more likely to be meaningful where there is a clear purpose, the
791 stakeholder’s interests are identified, the relationship that these interests establish between the
792 organization and the stakeholder is direct or important, and where these interests are relevant
793 and significant to the interests of society and sustainable development.

794 Stakeholder engagement can take many forms. It can be initiated by the organization or it can
795 begin as a response by the organization to one or more stakeholders. It can take place in either
796 informal or formal meetings and can follow a wide variety of formats such as individual meetings,
797 conferences, workshops, public hearings, roundtable discussions, advisory committees,
798 participation in multi-party forums, membership and participation in community groups and other
799 associations, interactive web based forums, etc. Stakeholder engagement is interactive. Its
800 essential feature is that it involves two way communications

801 Stakeholder engagement can be used to change the relationship between the organization and
802 one or more of its stakeholders. This is true where the organization enters into a partnership with
803 one or more of its stakeholders in order to achieve mutually beneficial goals. These could involve
804 participation in “multi-stakeholder” groups or undertaking joint projects. Such “win-win”
805 relationships will not be possible with all stakeholders. As with all genuine partnerships, all parties
806 need to be truly independent. Sometimes stakeholders are included in the formal governance
807 structures such as the Board of Directors or similar governing body of an organization.

808 An organization should:

- 809 a) recognize the value of stakeholder engagement in addressing its social responsibility;
- 810 b) use stakeholder engagement to reconcile conflicts involving its interests, those of its
811 stakeholders and those of society as a whole;
- 812 c) be responsive to its stakeholders; and
- 813 d) be conscious of and respect the interests and needs of the organization's stakeholders and
814 their relative capacity to contact and engage with the organization.

815 **6 Guidance on social responsibility core subjects**

816 **6.1 General**

817 To define the scope of its social responsibility, identify the relevant issues and to set up its
818 priorities, an organization should address the following core subjects:

- 819 — organizational governance;
- 820 — human rights;
- 821 — labour practices;
- 822 — the environment;
- 823 — fair operating practices;
- 824 — consumer issues; and
- 825 — community involvement and development.

826 Each of these core subjects includes a range of issues of social responsibility (2.9) that are
827 described in this clause. An overview presenting the benefits for the organizations, the
828 corresponding principles and considerations as well as expectations and/or related actions are
829 also provided for each core subject. (Note: Other issues can appear in the future as social
830 responsibility is dynamic and reflects the evolution of the social and environmental concerns).

831 Dealing with these core subjects should be based on the principles and practices of social
832 responsibility (Clauses 4 and 5). An organization should identify and address all those core
833 subjects and issues that have a bearing or relevant influence on its decision and activities (see
834 Clause 5). When assessing relevance of issues, short and long term economic objectives should
835 be taken into account where relevant. However, there is no pre-determined order in which an
836 organization should address them; this will vary with the organization and its strategy.

837 Although most of the core subjects are interrelated and complementary, it is recognized that the
838 nature of organizational governance is different. Organizational governance describes the
839 decision-making and oversight processes that facilitate action on the other core subjects.

840 An organization should look at the core subjects holistically, that is, it should consider all core
841 subjects and issues, and their interdependence, rather than just concentrate on a single issue.
842 Particular improvements targeted at a specific issue should not adversely affect other issues or
843 create adverse impacts in the value chain; life cycle of its products/services or its stakeholders.

844 Further guidance on implementation of social responsibility is provided in clause 7.

845

Figure 1 — The seven core subjects at a glance



846

847

848 6.2 Organizational governance

849 6.2.1 Overview of organizational governance

850 6.2.1.1 Organizations and organizational governance

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

854 Governance systems may vary, depending on the size and type of organization and the
855 economic, political, cultural and social contexts in which it operates. Although governance
856 processes and structures take many different forms, both formal and informal, all organizations
857 make and implement decisions within a governance system. The governance system within an
858 organization is directed by the person or group of persons having the authority and responsibility
859 for pursuing the organization's objectives [1, 2].

860 6.2.1.2 Organizational governance and social responsibility

861 Organizational governance in the context of social responsibility has the special characteristic of
862 being both a core subject on which organizations should act, and a means to increase the
863 organization's ability to implement socially responsible behaviour in respect of the other core
864 subjects.

865 This special characteristic arises from the fact that an organization aiming to be socially
866 responsible has a decision-making system that incorporates, in practice, the principles of
867 accountability, transparency, ethical conduct, consideration of stakeholders' interests and legal
868 compliance, as described in Clause 4.

869 **6.2.1.3 Benefits to an organizations of socially responsible organizational governance**

870 The adoption of socially responsible organizational governance practices encourages more
871 informed decision-making based on an improved understanding of the expectations of society
872 and of the risks and opportunities associated with social responsibility. Responsible
873 organizational governance can improve the organization's relationship with its stakeholders. By
874 fostering legitimacy it leads to decisions that are more likely to have the support and confidence
875 of those implementing and/or affected by them. It can thus result in improved risk management
876 practices and an enhanced reputation for the organization.

877 **6.2.2 Principles and considerations**

878 Effective governance, which applies to social responsibility and other aspects of organizational
879 activity, should be based on incorporating the principles and practices of accountability,
880 transparency, ethical conduct, consideration of stakeholders' interests and legal compliance into
881 decision-making and implementation [1, 2].

882 **6.2.3 Decision-making processes and structures**

883 **6.2.3.1 Description**

884 Decision-making processes and structures conducive to social responsibility are those that
885 promote the practical use of the principles and practices mentioned in Clauses 4 and 5.

886 Every organization has some form of decision-making process and structures. In some cases –
887 such as large companies and governmental bodies – these systems are likely to be formal,
888 sophisticated and even subject to laws and regulations. In other cases – as in small organizations
889 – such systems are frequently informal and do not clearly define the level of authority and
890 responsibility of people who make decisions on behalf of the organization. However, all
891 organizations should put in place processes, systems and structures to make it possible for the
892 organizations to apply to apply the principles and practices of social responsibility [1, 2].

893 **6.2.3.2 Related actions and/or expectations**

894 An organization should periodically review its decision-making processes and structures to
895 enhance its ability to:

896 — create and nurture an environment where principles of transparency, ethical conduct,
897 accountability, legal compliance and consideration of stakeholders' interests are practiced;

898 — efficiently use financial, natural and human resources, while ensuring fair representation of
899 historically under-represented groups (including women and racial and ethnic groups) in
900 senior positions in the organization;

901 — balance the needs of the organization and its stakeholders, including immediate needs and
902 those of future generations;

903 — establish a permanent two-way communication process between the organization and its
904 stakeholders that takes into account the interests of stakeholders;

905 — encourage greater participation by its employees in the organization's decision-making on
906 social responsibility issues;

907 — delegate authority proportionately to the responsibilities assumed by each organization's
908 member or employee; and

909 — keep track of decisions to ensure they are followed through and to determine responsibilities
910 for the results of organization's activities, either positive or negative.

911 **6.3 Human rights**

912 **6.3.1 Overview of human rights**

913 **6.3.1.1 Organizations and human rights**

914 Human rights are the basic rights to which all human beings are entitled because they are human
 915 beings. One may divide human rights into two broad categories. The first category concerns civil
 916 and political rights and includes such rights as the right to life and liberty, equality before the law,
 917 and freedom of expression. The second category concerns economic, social and cultural rights
 918 and includes such rights as the right to work, the right to food, the right to education and social
 919 security.

920 Various widely held moral and intellectual beliefs conclude that human rights transcend human
 921 laws or cultural traditions. The primacy of human rights has been emphasized by the international
 922 community in the Bill of Rights and core human rights instruments.

923 **Box 1 The International Bill of Human Rights and the Core Human Rights Instruments**

924
 925 The Universal Declaration of Human Rights (UDHR) [3] is a non-binding declaration adopted by
 926 the UN General Assembly in 1948, and the most widely recognised human rights instrument. It
 927 provides the base for human rights law and elements of it have become part of international
 928 customary law. Recognising both the universal nature of the rights, and that their realisation
 929 requires the involvement of all, the Declaration calls on “all organs of society” to contribute to
 930 securing the rights contained in the Declaration. The UDHR together with the subsequent
 931 international conventions spelling out in more detail the content of the rights contained in the
 932 UDHR, rests on the founding principle of the inherent dignity of all members of the human
 933 family. The covenant on Civil and Political Rights and the covenant on Economic, Social and
 934 Cultural Rights are treaties adopted by the General Assembly in 1966 and thereafter ratified by
 935 individual states. The International Bill of Human Rights refers to the Universal Declaration on
 936 Human Rights, the covenant on Civil and Political Rights [4] and the covenant on Economic,
 937 Social and Cultural Rights [5], as well as the optional protocols to the two covenants of which
 938 one aims to the abolition of death penalty [6].

939
 940 In addition to the Bill of Human Rights, there are nine Core International Human Rights
 941 Instruments that also form part of international human rights law and that deal with: the
 942 elimination of all forms of racial discrimination [7], elimination of all forms of discrimination
 943 against women [8], efforts against torture and other cruel, inhuman or degrading treatment or
 944 punishment [9], rights of the child [10], involvement of children in armed conflict [11], sale of
 945 children, child prostitution and child pornography [12], protection of migrant workers and their
 946 families [13, 14, 15, 16], protection of all persons from enforced disappearances [17] and rights
 947 of persons with disabilities [18]. Taken together these instruments form the basis for
 948 international standards for universal human rights. Some instruments allow for individual
 949 complaints to be lodged, subject to procedural rules outlined in optional protocols.

950
 951 **6.3.1.2 Human rights and social responsibility**

952 The recognition and respect for human rights is widely regarded as essential to the rule of law, to
 953 concepts of justice and fairness and as the basic underpinning of the most essential institutions
 954 of societies such as the judicial system. Value placed on human rights is the measure of
 955 civilization.

956 **6.3.1.3 Benefits to organizations of implementing socially responsible behavior in the area
 957 of human rights**

958 The perception that an organization does not respect human rights would cause serious damage
 959 to the organization’s reputation, and could result in a loss of public trust and weakening of
 960 employee loyalty, making it difficult for the organization to achieve its purpose.

961 **6.3.2 Principles and considerations**

962 **6.3.2.1 Principles**

963 Human rights are inherent, inalienable, universal, indivisible and interdependent:

- 964 — they are inherent, in that they belong to everyone because of their common humanity;
- 965 — they are inalienable, in that people cannot consent to giving them up or be deprived of them
966 by governments or any other institutions;
- 967 — they are universal, in that they apply to all people regardless of any status;
- 968 — they are indivisible, in that the rights carry equal importance; and
- 969 — they are interdependent, in that realization of one right contributes to the realization of other
970 rights.

971 **6.3.2.2 Considerations**

972 States have the primary obligation to protect individuals and groups against abuse of human
973 rights, as well as to respect and fulfil human rights within their jurisdiction. It is widely recognized
974 that organizations and individuals have the potential to and do affect human rights, directly and
975 indirectly. Organizations have the responsibility to respect all human rights, even where the state,
976 for whatever reason, has been unable or unwilling to fulfil its duty to protect. In such cases an
977 organization may have to pay more attention to these factors than would otherwise be the case.

978 Even though international law primarily binds states, there are some fundamental principles of
979 international law that are binding on all individuals and entail legal liability. These include the
980 prohibition of torture, crimes against humanity, slavery and genocide. Some countries have
981 adopted national legislation in order to prosecute legal entities in national courts with regard to
982 certain international crimes.

983 Governments and courts at the international and national level define the scope of legal
984 obligations of organizations concerning human rights. However, the scope of responsibility of an
985 organization to respect human rights is broader than its legal obligations in that this responsibility
986 is also shaped by social expectations. Stakeholder expectations also often extend beyond the
987 avoidance of harm to the belief that organizations can and should make a positive contribution to
988 the realization of human rights where they are in a position to do so.

989 The concept of “sphere of influence” can be used to help develop the scope of an organization's
990 opportunities to support human rights, including with respect to the categories of rights holders
991 and rights where they can have the greatest positive impact. In many situations, an organization's
992 sphere of influence and opportunities to support human rights will be greatest with respect to its
993 own operations and workers, with its ability to act gradually declining outward to the supply chain,
994 local communities and beyond. In some cases, organizations may wish to increase their leverage
995 or sphere of influence through collaboration with other organizations and individuals. Assessment
996 of the opportunities for action and leverage will depend on the particular circumstances, some
997 specific to the organization and some specific to the context in which it is operating.

998 **6.3.3 Human rights issue 1: Due diligence**

999 **6.3.3.1 Description of the issues**

1000 Due diligence involves compliance with national laws but also managing the risk of harm to
1001 human rights with a view to avoiding it. It may also entail influencing the behaviour of others,
1002 which may be the cause of human rights violations. In order to respect human rights,

1003 organizations have a responsibility to conduct due diligence to become aware of, identify, prevent
1004 and address actual or potential adverse human rights impacts related to their activities.

1005 **6.3.3.2 Related actions and/or expectations**

1006 An organization should:

1007 — Consider in any due diligence three sets of factors;

1008 a) the country context in which the organization operates or in which the organization's
1009 activities take place;

1010 b) the potential and actual human rights impacts of the organization's own activities; and

1011 c) the potential for abuse of human rights resulting from the actions of other entities whose
1012 activities are significantly linked to those of the organization.

1013 — Include, in a due diligence for it to be reliable, the following components;

1014 a) a human rights policy for the organization that gives meaningful guidance to those within
1015 the organization and those significantly linked to the organization;

1016 b) means of assessing how existing and proposed activities may affect human rights, which
1017 is appropriate to the types and location of activities;

1018 c) means of integrating the human rights policy throughout the organization; and

1019 d) means of tracking performance over time, to be able to make necessary adjustments in
1020 priorities and approach.

1021 In identifying potential areas for action, an organization should strive to better understand
1022 challenges and dilemmas from the perspective of the individuals and groups potentially harmed.

1023 In addition to this self-examination, an organization may find that in some cases it is both
1024 possible and appropriate to seek to influence the behaviour of other entities in support of human
1025 rights, particularly those with which it has closer ties or where the organization feels the issues is
1026 particularly compelling or relevant to its situation. As an organization gains experience in the area
1027 of respect for human rights it may grow in its capacity and willingness to intervene with other
1028 entities to advocate for respect for human rights.

1029 **6.3.4 Human rights issue 2: Human rights risk situations**

1030 **6.3.4.1 Description of the issues**

1031 Organizations are more likely to face challenges and dilemmas in dealing with issues related to
1032 the protection and observance of human rights in certain circumstances and environments.

1033 **6.3.4.2 Related actions and/or expectations**

1034 Organizations should take specific care when dealing with situations characterized by:

1035 — conflict [19] or extreme political instability, or situations of poverty, drought or natural
1036 disasters;

1037 — involvement in extractive activities or other activities that might significantly affect natural
1038 resources such as water, forests or the atmosphere and often disrupt communities;

1039 — proximity of operations to communities of indigenous peoples [20, 21];

- 1040 — activities that can affect or involve children [10, 11, 12];
- 1041 — a culture of corruption;
- 1042 — complex supply chains that involve work performed on an informal basis without legal
1043 protection; and
- 1044 — a need for extensive measures to ensure security of premises or other assets.

1045 When operating in environments in which one or more of these circumstances apply,
1046 organizations are likely to be faced with the need to make difficult and complex judgments on
1047 whether and how to conduct themselves. While there are no simple formulas or solutions, any
1048 judgment should be based on respecting, promoting and defending the overall fulfilment of
1049 human rights.

1050 Contexts in which human rights have been abused or are being abused are often extremely
1051 complex. In responding, the organization should give thought to the potential consequences of its
1052 actions so that the desired objective is actually achieved, - in particular it is important not to
1053 compound or create other abuse - while not using complexity as an excuse to not act.

1054 **6.3.5 Human rights issue 3: Avoidance of complicity**

1055 **6.3.5.1 Description of the issues**

1056 Complicity means an organization is indirectly involved in abuse of human rights by failing to act
1057 when an entity within its sphere of influence commits an abuse. There are three forms of
1058 complicity:

- 1059 a) direct complicity occurs when an organization knowingly assists a state in violating
1060 human rights. An example of an organization which took measures to ensure that it was
1061 not complicit was a trade union whose members refused to unload a shipment of arms
1062 destined for a ruler to use against the country's citizens.
- 1063 b) beneficial complicity suggests that an organization benefits directly from human rights
1064 abuses committed by someone else. Examples include an organization tolerating
1065 security forces suppressing a peaceful protest against its activities or the use of
1066 repressive measures while guarding its facilities.
- 1067 c) silent complicity might involve the failure by an organization to raise the question of
1068 systematic or continuous human rights violations in its interactions with the appropriate
1069 authorities, such as not speaking out against systematic discrimination in employment
1070 law against particular groups.

1071 Organizations can become aware of, prevent and address risks of complicity by integrating the
1072 common features of legal and societal benchmarks into their due diligence.

1073 **6.3.5.2 Related actions and/or expectations**

1074 A prominent area in respect of potential complicity relates to security arrangements. In this
1075 respect:

- 1076 a) organizations should verify that their security arrangements respect human rights and are
1077 consistent with international UN standards and norms for law enforcement.
- 1078 b) procedures should include measures to prevent torture, cruel, inhuman or degrading
1079 treatment and the use of excessive force.

- 1080 c) security personnel (employed or contracted) should be adequately trained, including in
1081 adherence to these standards of human rights.
- 1082 d) organizations should develop clear rules for contracting with security forces and for not
1083 hiring security personnel with a record of human rights violations.
- 1084 e) complaints about security procedures or personnel should be addressed and
1085 investigated promptly and independently.
- 1086 f) organizations supplying military security or police services should take measures to
1087 prevent any human rights violations. Such measures could include adequate training for
1088 staff, and oversight and monitoring of staff behaviour.

1089 **6.3.6 Human rights issue 4: Discrimination and vulnerable groups**

1090 **6.3.6.1 Description of the issues**

1091 Discrimination involves making a distinction in favour of or against a person to deny him or her
1092 the same treatment or opportunities as others, where that consideration is based on prejudice
1093 rather than a legitimate ground. Illegitimate grounds for discrimination include: race, colour, sex,
1094 age, marital status, language, religion, political or other opinion, national, ethnic or social origin,
1095 sexual orientation or HIV/AIDS-status [3, 22, 23, 24, 25, 26]. Certain other grounds, such as
1096 disability [15] or pregnancy also often form the basis for undue, prejudicial discrimination. The
1097 prohibition of discrimination is one of the most fundamental principles of international human
1098 rights law.

1099 The full and effective participation and inclusion in society for all vulnerable groups provides
1100 opportunities for all organizations as well as the people concerned. An organization has much to
1101 gain by taking an active approach to ensuring equal opportunity and respect for all individuals.

1102 **6.3.6.2 Related actions and/or expectations**

- 1103 a) An organization should take care to ensure that it does not discriminate against anyone
1104 on any unjustified grounds. This includes employees, business partners, customers,
1105 stakeholders, members and anyone, which the organization has any contact with or
1106 impact on.
- 1107 b) Groups that have suffered persistent discrimination, leading to entrenched
1108 disadvantages, are more vulnerable to further discrimination, and their human rights
1109 should be the focus of additional attention in terms of protection by the state and respect
1110 by organizations. Vulnerable groups include the following, but there may be others in an
1111 organization's particular community of operation.
- 1112 c) Although women comprise half of the world population, they are almost universally
1113 denied access to resources and opportunities on equal terms with men. Women have the
1114 right to non-discrimination in education, employment and economic and social activities
1115 as well as the right to decide on marriage, family matters and right to make decisions
1116 over their own reproductive health. An organization's policies and activities should
1117 respect women's rights and promote the equal treatment of women and men in the
1118 economic, social and political spheres. [8]
- 1119 d) People with disabilities are often vulnerable, in part because of misperceptions about
1120 their skills and abilities. An organization should contribute to ensuring that men and
1121 women with disabilities are accorded dignity, autonomy and full participation in society.
1122 [18]
- 1123 e) Children are vulnerable because of their dependent status. All actions with effect or
1124 potential effect on children should give primary consideration to the best interests of the
1125 child. The principles from the Convention on the Rights of the Child, which include non-

1126 discrimination, a child's right to life, survival, development and free expression, should
1127 always be respected and taken into account. [10, 11, 12]

1128 f) Indigenous rights are collective rights granted to enable indigenous peoples to continue
1129 their distinct traditional lifestyles. Indigenous rights are established to support indigenous
1130 peoples' self-determination and their freedom to make decisions on issues such as
1131 management of land that they traditionally occupy, resources, education, judicial and law
1132 enforcement. Organizations should respect applicable indigenous rights when carrying
1133 out activities within a country and ensure that proper consideration, respect and
1134 consultation is carried out to respect the rights.[20, 21]

1135 g) Migrants and migrant workers and their families are also a vulnerable group.
1136 Organizations should contribute to promoting a climate of respect for the human rights of
1137 migrant workers and their families. [13, 14, 15, 16]

1138 Organizations also should contribute to redressing discrimination or the legacy of past
1139 discrimination, wherever practicable. For example, they should make special efforts to employ or
1140 do business with organizations operated by people from groups historically discriminated against
1141 and, where feasible, supporting efforts to increase access to education, infrastructure or social
1142 services for groups denied full access.

1143 **6.3.7 Human rights issue 5: Resolving grievances**

1144 **6.3.7.1 Description of the issues**

1145 Effective grievance mechanisms play an important role in the state duty to protect human rights.
1146 Equally, the organization's responsibility to respect human rights requires a means for those who
1147 believe they have been harmed to bring this to the attention of the organization and seek redress,
1148 without prejudice to legal channels available. Non-state mechanisms must not undermine the
1149 strengthening of state institutions, particularly judicial mechanisms, but can offer additional
1150 opportunities for recourse and redress.

1151 **6.3.7.2 Related actions and/or expectations**

1152 An organization should establish remedy mechanisms for use by organizations and their
1153 stakeholders. For these mechanisms to be effective they should be:

1154 a) legitimate: clear, transparent and sufficiently independent governance structures should
1155 be in place to ensure that no party to a particular grievance process can interfere with the
1156 fair conduct of that process;

1157 b) accessible: publicized to those who may wish to access it and provide adequate
1158 assistance for aggrieved parties who may face barriers to access, including language,
1159 literacy, awareness, finance, distance, or fear of reprisal;

1160 c) predictable: clear and known procedure with a time frame for each stage and clarify the
1161 types of process and outcome it can (and cannot) offer, as well as a means of monitoring
1162 the implementation of any outcome;

1163 d) equitable: aggrieved parties should have reasonable access to sources of information,
1164 advice and expertise necessary to engage in a grievance process on fair and equitable
1165 terms;

1166 e) rights-compatible: the outcomes and remedies should accord with internationally
1167 recognized human rights standards; and

1168 f) transparent: the process and outcome should be sufficiently open to public scrutiny and
1169 prioritize the public interest.

1170 **6.3.8 Human rights issue 6: Civil and political rights**

1171 **6.3.8.1 Description of the issues**

1172 Civil and political rights include absolute rights such as right to life, right to freedom from torture,
1173 right to security, liberty and integrity of the person, and to due process of law and a fair hearing
1174 when facing criminal charges. They further include freedom of opinion and expression, freedom
1175 of peaceful assembly and association, freedom to adopt and practice a religion, freedom to hold
1176 beliefs, freedom from arbitrary interference with family, home or correspondence and the right to
1177 privacy, to access to public service and to take part in elections. [4, 6]

1178 **6.3.8.2 Related actions and/or expectations**

1179 An organization should always respect the right to life of individuals. An organization should
1180 respect the right to:

1181 — freedom of opinion and expression, and should not aim to suppress anyone's views or
1182 opinions, even when the person expresses criticism of the organization internally and
1183 externally;

1184 — freedom of peaceful assembly and of association;

1185 — seek, receive and impart information and ideas through any media and regardless of national
1186 borders; and

1187 — due process and the right to a fair hearing before taking any internal disciplinary measures.
1188 Any disciplinary measures should be proportionate and not involve physical punishment or
1189 inhuman or degrading treatment.

1190 **6.3.9 Human rights issue 7: Economic, social and cultural rights**

1191 **6.3.9.1 Description of the issue**

1192 Every person, as a member of society, has the right to economic, social and cultural rights
1193 indispensable for his or her dignity and personal development. Economic, social and cultural
1194 rights include rights to health, education, food and culture. [5]

1195 **6.3.9.2 Related actions and/or expectations**

1196 In acting with respect for these rights, organizations should base their actions on an
1197 acknowledgement that everyone has the right to an education, a standard of living adequate for
1198 the physical and mental health and well-being of himself or herself and family, including food,
1199 clothing, housing, medical care and necessary social protection, such as the right to security in
1200 the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in
1201 circumstances beyond his or her control.

1202 An organization should also base actions on the ideals that parents are entitled to choose the
1203 education for their children, and that education should be directed to the full development of the
1204 human personality and dignity.

1205 Organizations can contribute to respect for these rights by refraining from actions that obstruct or
1206 impede the realization of such rights, and more positively by helping to secure them when
1207 appropriate. Two such examples are given below.

1208 — An organization should not directly or indirectly limit or deny access to an essential product
1209 or resource, such as water. For example, production processes should not compromise the
1210 supply of scarce potable water resources.

1211 — An organization should respect everyone's right to enjoy the highest attainable standard of
1212 physical and mental health. To this end, activities, goods and services, as well as new
1213 projects, may require an assessment of their possible impacts on human rights and health
1214 and safety, including those of the local population and end-users.

1215 Economic, social and cultural rights should also be considered in the local context of the rights
1216 holders. Further guidance on related actions and expectations is provided in subclause 6.8 on
1217 community involvement and development.

1218 **6.3.10 Human rights issue 8: Fundamental rights at work**

1219 **6.3.10.1 Description of the issue**

1220 This sub-clause deals with those human rights that the International Labour Organization (ILO)
1221 (see Box 2) has identified and designated as fundamental rights at work [27]. These include:

1222 — recognition of the rights of freedom of association and collective bargaining [28, 29];

1223 — the elimination of forced or compulsory labour [30, 31];

1224 — the abolition of child labour [32, 33, 34, 35]; and

1225 — the elimination of discrimination in employment and the world of work [36, 37, 38].

1226 **6.3.10.2 Related actions and/or expectations**

1227 These rights are legislated for in many societies. Additional considerations include:

1228 — freedom of association and collective bargaining [28, 29]: Representative organizations
1229 formed or joined by workers should be recognized for purposes of collective bargaining.
1230 Terms and conditions of employment may be fixed by voluntary collective negotiation where
1231 workers so choose, and workers' representatives should be given facilities that will enable
1232 them to do their work effectively and allowed to perform their role without interference.
1233 Collective agreements should include provisions for the settlement of disputes. Workers'
1234 representatives should be provided with information required for meaningful negotiations.
1235 See Clause 7.4 for further information, particularly about how freedom of association and
1236 collective bargaining relate to social dialogue.

1237 — forced labour [30, 31]: An organization should not engage or benefit from any use of forced
1238 or compulsory labour. No work or service should be exacted from any person under the
1239 threat of any penalty or when the work is not conducted voluntarily. An organization should
1240 not engage or benefit from prison labour, unless the prisoners have been convicted in a
1241 court of law and their labour is under the supervision and control of a public authority.
1242 Further, prison labour should not be used by private organizations, unless it is performed on
1243 a voluntary basis, as evidenced by, among other things, fair and decent conditions of
1244 employment.

1245 — child labour [32, 33, 34, 35]: Organizations should respect and not engage or benefit from
1246 any use of child labour. The minimum age for employment is determined through
1247 international instruments. International labour standards establish a minimum age of 15
1248 years generally, and 14 years of age in some developing countries. Children and young
1249 persons under 18 should not be employed in any work that, by its nature or the
1250 circumstances by which it is carried out, is likely to harm their health, safety or morals.

1251 — non-discrimination [36, 37, 38]: Organizations should check that their employment policies
1252 are free of gender, racial or other bias and that earnings, employment conditions and hiring
1253 policies are based on objective job evaluations.

1254 **6.4 Labour practices**

1255 **6.4.1 Overview of labour practices**

1256 **6.4.1.1 Organizations and labour practices**

1257 The labour practices of an organization encompass all policies and practices relating to work
1258 performed within, by or on behalf of the organization.

1259 As such, the term extends beyond the relationship of the organization with its direct employees or
1260 the responsibilities that the organization may have at a workplace that it owns or directly controls.
1261 Labour practices include the responsibilities of the organization for work performed on its behalf
1262 by others, including subcontracted work.

1263 Labour practices include the recruitment and promotion of workers; disciplinary and grievance
1264 procedures; the transfer and relocation of workers; termination of employment; training and skills
1265 development; health, safety and industrial hygiene; and any policy or practice affecting conditions
1266 of work. Labour practices also include the recognition of worker organizations and representation
1267 and participation by the organization in collective bargaining, social dialogue and tripartite
1268 consultation to address social issues related to employment.

1269 **6.4.1.2 Labour practices and social responsibility**

1270 The creation of jobs, as well as wages and other compensation paid for work performed are
1271 among an organization's most important economic and social impacts. Meaningful and productive
1272 work is an essential element in human development through the improvement of standards of
1273 living through full and secure employment. Its absence is a primary cause of social problems.
1274 Labour practices have a major impact on respect for the rule of law and on the sense of fairness
1275 present in society: socially responsible labour practices are essential to social justice and
1276 stability.

1277 **6.4.1.3 Benefits to an organization of socially responsible labour practices**

1278 Socially responsible labour practices can have a significant positive impact on an organization's
1279 ability to recruit, motivate and retain its employees, thereby enhancing its ability to attain its
1280 objectives. Responsible labour practices generally encourage improved safety and health
1281 performance of employees, and can result in greater engagement of employees in identifying
1282 social responsibility risks and opportunities. Responsible labour practices can also positively
1283 impact on an organization's reputation.

1284 **6.4.2 Principles and considerations**

1285 **6.4.2.1 Principles**

1286 The fundamental principle, enshrined in the ILO's 1944 Declaration of Philadelphia [39], is that
1287 labour is not a commodity. This means that women and men workers should not be treated as a
1288 factor of production and subject to the same market forces that apply to commodities. The
1289 inherent vulnerability of workers and the need to protect their basic rights is reflected in the
1290 Universal Declaration of Human Rights and the International Covenant on Economic, Social and
1291 Cultural Rights [5]. The principles involved include the right of everyone to gain a living by freely
1292 chosen work, and the right to just and favourable conditions of work.

1293 **6.4.2.2 Considerations**

1294 Many internationally recognized human rights are related to labour. The right of all workers to
1295 form or join their own organizations and to collectively bargain with their employer, as well as to
1296 be free from discrimination with respect to employment and occupation, and from child labour

1297 and forced labour are all basic human rights: as such they are dealt with in greater detail in
1298 Clause 7.3. These rights are also recognized by the ILO as fundamental rights at work and are
1299 expressed in eight Conventions referred to as the Core Conventions [27]. Many other ILO
1300 Conventions and Recommendations also give practical meaning to the provisions in the
1301 Universal Declaration of Rights and its two covenants mentioned in Clause 6.3 (Box 1).

1302 The primary responsibility for ensuring fair and equitable treatment for workers¹ lies with
1303 governments. This is achieved through the formulating of legislation consistent with the Universal
1304 Declaration of Human Rights and the principles underlying relevant ILO labour standards, the
1305 upholding of those laws, and ensuring that workers and organizations have the necessary access
1306 to justice in the event that they are not upheld.

1307 Where governments have failed to legislate or uphold such laws, organizations operating in those
1308 environments, rather than taking advantage of any such failures, should abide by the principles
1309 underlying to these international instruments and the spirit or intent of the law. A major
1310 consideration is that co-operation and collective bargaining should be the basis for organizations
1311 behaving in a socially responsible manner.

1312 It is important to distinguish between the government in its role as organ of state as considered
1313 above, and the role of government in its role as an employer. Government bodies or state owned
1314 organizations have the same responsibilities for their labour practices as other organizations.

1315 **6.4.3 Labour practices issue 1: Employment and employment relationships**

1316 **6.4.3.1 Description of the issue**

1317 The significance of employment for human development is universally accepted. As employers,
1318 organizations contribute to one of the most widely accepted objectives of society, namely the
1319 improvement of standards of living through full and secure employment.

1320 Every country provides a legal framework within which work is to be performed. Despite a range
1321 of different legal systems, the employment relationship is a universal concept, which recognizes
1322 that most workers in a position of subordination to, and dependency on, the person or
1323 organization for whom they perform work should not be treated as if they are equal parties in a
1324 commercial relationship with their employer. That difference is the underlying basis for labour law
1325 or employment law.

1326 The employment relationships confer rights and impose obligations on both employers and
1327 employees in the interest of society.

1328 Not all work is performed within an employment relationship. Work and services are also
1329 performed by men and women who are self-employed. Even here, however, the importance of
1330 the appropriate legal and institutional framework to both society and the individual performing
1331 work should be recognized. All parties to a contract are entitled to understand their rights and
1332 responsibilities and to have recourse in the event that the terms of the contract are not respected
1333 [40].

1334 In this context labour is understood to be work performed for compensation and does not include
1335 activities undertaken by genuine volunteers. However the policies and measures that all
1336 organizations should adopt to discharge and fulfil obligations relating to such things as criminal
1337 liability and duty of care need to be taken into account where volunteers are involved.

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.

1338 **6.4.3.2 Related actions or expectations**

1339 An organization should:

1340 — be confident that all work performed is performed by women and men who are legally
1341 recognized as employees or who are legally recognized as being self-employed;

1342 — not seek to avoid the obligation that law places on the employer by disguising relationships
1343 that would otherwise be recognized as an employment relationship under law;

1344 — recognize the importance of secure employment to both the individual worker and to society.
1345 Use active workforce planning to avoid the use of work performed on a casual basis or the
1346 excessive use of work performed on a temporary basis, except where the nature of the work
1347 is genuinely short term or seasonal;

1348 — provide reasonable notice, timely information and, with worker representatives where they
1349 exist, jointly consider how to mitigate adverse effects to the greatest possible extent when
1350 considering changes in its operations, such as closures that affect employment; [41, 42]

1351 — eliminate discrimination in employment practices and offer equal opportunities to women,
1352 workers with disabilities [43, 44, 45] and other vulnerable groups, such as young or older
1353 workers, migrants and indigenous peoples [21];

1354 — not engage in arbitrary or discriminatory dismissal practices [41, 42];

1355 — contract out work only to organizations that are legally recognized or are otherwise able and
1356 willing to assume the responsibilities of an employer and to provide decent work. This
1357 excludes labour intermediaries who are not legally recognized and other arrangements for
1358 the performance of work that do not confer legal rights on those performing the work [46, 47].
1359 In this regard, it should take steps to confirm that the organizations with which it deals, for
1360 instance suppliers and sub-contractors, are legitimate enterprises whose labour practices
1361 require that all work be performed within the appropriate legal and institutional framework;

1362 — not benefit from unfair, exploitative or abusive labour practices of their partners, suppliers or
1363 sub-contractors. An organization should accept responsibility for work done on its behalf by
1364 other organizations commensurate with the degree of control that it exercises and with the
1365 potential that the rights of the workers concerned may not be respected [48]. Depending on
1366 these circumstances, reasonable efforts to address these responsibilities could include
1367 establishing contractual obligations on suppliers and subcontractors; unannounced visits and
1368 inspections; and exercising due diligence in supervising contractors and intermediaries.
1369 Where suppliers and subcontractors are expected to comply with a code of labour practice,
1370 the code should be consistent with the Universal Declaration of Human Rights and the
1371 principles underlying relevant ILO labour standards (see Clause 7.6.6 for additional
1372 information about responsibilities in the supply chain); and

1373 — where operating internationally give priority to the employment, occupational development,
1374 promotion and advancement of nationals of the host country. This includes sourcing and
1375 distributing through local enterprises where practical [48].

1376 **Box 2– The International Labour Organization**

1377 The International Labour Organization is a United Nations agency with a tripartite structure
1378 (governments, workers and employers) that was established for the purpose of setting
1379 international labour standards. These minimum standards are applicable to workers everywhere,
1380 and are intended to prevent unfair competition based on exploitation and abuse. ILO standards
1381 are technically well informed and have the support of employers, workers and governments,
1382 whose tripartite negotiation at the global level leads to their adoption. The meaning and proper
1383 application of ILO standards have been elaborated through the ILO supervisory mechanisms,

1384 and this jurisprudence can be a source of guidance and good practice. ILO Conventions and
 1385 Recommendations, together with the ILO Declaration on fundamental principles and rights at
 1386 work 1998 [27] and the ILO's Tripartite Declaration of principles concerning multinational
 1387 enterprises and social policy 1977 (last revised 2006) [48], constitute the most authoritative
 1388 guidance with respect to labour practices and some other important social issues. The ILO seeks
 1389 to promote opportunities for women and men to obtain decent and productive work, which it
 1390 defines as work performed in conditions of freedom, equity, security and human dignity.

1391 **6.4.4 Labour practices issue 2: Conditions of work and social protection**

1392 **6.4.4.1 Description of issue**

1393 Conditions of work include wages and other forms of compensation, working time, rest periods,
 1394 holidays, disciplinary and dismissal practices, maternity protection, work-life balance and many
 1395 other subjects. Many of the conditions of work are determined by national laws and regulations or
 1396 by legally binding agreements between those for whom work is performed and those who
 1397 perform work. The employer can determine many of the conditions of work.

1398 Conditions of work determine quality of the life of workers and their families. They also form a
 1399 base for national economies. Fair and appropriate consideration should be given to the quality of
 1400 conditions of work.

1401 Social protection refers to all guarantees against the reduction or loss of income in case of
 1402 employment injury, illness, maternity, parenthood, old age, unemployment, disability or any other
 1403 financial hardship. Social protection plays an important role in preserving human dignity and
 1404 establishing a sense of fairness and social justice.

1405 **6.4.4.2 Related actions or expectations**

1406 An organization should:

1407 — confirm that the conditions of work comply with national laws and regulations and are at least
 1408 consistent with relevant international labour standards;

1409 — respect higher levels of provision established through other applicable legally binding
 1410 agreements;

1411 — observe at least those minimum provisions defined in international labour standards as
 1412 established by the ILO, where national legislation is silent, accordingly;

1413 — provide decent conditions of work in respect of wages [49, 50, 51, 52, 53], hours of work [54,
 1414 55, 56, 57, 58], weekly rest holidays [59, 60, 61, 62, 63], health and safety [26, 64, 65, 66,
 1415 67, 68, 69, 70, 71, 72, 73, 74, 75] and maternity protection [76, 77, 78] and they should not
 1416 be less favourable to the workers than those offered by other comparable employers in the
 1417 country and locality concerned [46, 47];

1418 — provide the best possible wages and other conditions of work in accordance with national
 1419 law and practice, for example, as included in relevant collective bargaining. Organizations
 1420 should pay wages at least adequate for the needs of workers and their families, taking into
 1421 account the general level of wages in the country, the cost of living, social security benefits,
 1422 and the relative living standards of other social groups, as well as economic factors,
 1423 including the requirements of economic development, levels of productivity and the
 1424 desirability of attaining and maintaining a high level of employment. In reaching a balance
 1425 between these concerns, the organization should bargain collectively with the workers; [46,
 1426 47]

1427 — pay wages directly to the workers concerned, subject only to any restrictions or deductions
 1428 permitted by law or collective agreement; [49, 50, 51, 52, 53]

- 1429 — recognize that, within the context of the country in which it is operating, it has obligations
1430 concerning the provision of social protection for workers and should not seek to evade these
1431 obligations; [48]
- 1432 — respect the right of men and women workers to adhere to normal or agreed working hours
1433 established in law, regulations or collective agreements. In any event, workers should not on
1434 a regular basis be required to work in excess of 48 hours per week [49, 50, 51, 52, 53].
1435 Workers should also be provided with at least one day off for every seven-day period, and
1436 entitled to paid annual leave of at least three weeks [54, 55, 56, 57, 58];
- 1437 — compensate workers for overtime in accordance with national law and practice. When
1438 requesting workers to work overtime, an organization should take into account the particular
1439 vulnerabilities of the workers concerned and any hazards inherent in the work. An
1440 organization should respect laws and regulations prohibiting mandatory and non-
1441 compensated overtime [49, 50, 51, 52, 53], and always respect the basic human rights of
1442 workers concerning forced labour [30]; and
- 1443 — wherever possible allow observance of national or religious traditions and customs with
1444 respect to weekly rest.

1445 **6.4.5 Labour practices issue 3: Social dialogue**

1446 **6.4.5.1 Description of the issue**

1447 Social dialogue includes all types of negotiation, consultation or exchange of information between
1448 or among representatives of governments, employers and workers on subjects of common
1449 interest relating to economic and social issues. It could take place between employer and
1450 employee representatives, on matters affecting their interests, and could also include
1451 governments where broader issues, such as legislation and national social policy, are at stake.

1452 Social dialogue requires independent parties. Genuine worker representatives are freely elected,
1453 in accordance with national laws, regulations or collective agreements, by either the members of
1454 their trade union or by the workers concerned. They are not individuals designated by the
1455 government or the employer. Social dialogue takes various forms including enterprise-level
1456 information and consultation mechanisms (such as Works Councils) and collective bargaining.
1457 Trade unions, as the chosen representatives of workers, have a particularly important role to play
1458 in social dialogue.

1459 Social dialogue is based on the recognition that employers and workers have both competing and
1460 common interests, and plays a significant role in the industrial relations and the governance of
1461 many countries.

1462 Effective social dialogue provides a mechanism for developing policy or finding solutions to
1463 problems that takes into account the priorities and needs of both employer and workers, and thus
1464 results in outcomes that are meaningful and sustainable for both the organization and society.
1465 Social dialogue can contribute to establishing participation and democratic principles in the
1466 workplace and to healthy labour-management relations thus minimizing the resort to costly
1467 industrial disputes and encouraging investment. Social dialogue can be the best means for
1468 managing change. It can be used to design skills development programmes contributing to
1469 human development and enhancing productivity, or to minimize the negative social effects of
1470 changes in the operations of organizations.

1471 Social dialogue can take many forms and can occur at various levels. Workers may wish to form
1472 groups with a broader occupational, inter-occupational or geographical coverage. Employers and
1473 workers are in the best position to decide jointly the most appropriate level, by adopting
1474 framework agreements supplemented by local organization level agreements.

1475 Social dialogue may at times address contentious issues, in which case the parties can establish
1476 a dispute resolution process. Social dialogue can also concern grievances for which a complaints

1477 mechanism is important, particularly in countries where the fundamental principles and rights at
1478 work are not adequately protected.

1479 International social dialogue is a growing trend, and includes international Work Councils in
1480 Europe and global dialogue and agreements between organizations operating internationally and
1481 international trade union organizations.

1482 **6.4.5.2 Related actions or expectations**

1483 An organization should [79, 80, 81]:

1484 — recognize the importance of social dialogue institutions and applicable collective bargaining
1485 structures including at the international level for organizations;

1486 — participate in relevant employers' organizations as a means of creating opportunities for
1487 social dialogue and extending their expression of social responsibility through such
1488 channels;

1489 — not oppose or discourage in any way the exercise by workers of their right to form or join
1490 their own organizations or to bargain collectively;

1491 — not dismiss or otherwise discriminate against workers, threaten to relocate or outsource jobs
1492 or to thwart workers who seek to form or join their own organizations and to bargain
1493 collectively;

1494 — provide duly designated worker representatives with access to authorized decision makers,
1495 access to workplaces and to those they represent, to facilities necessary to perform their role
1496 and to information that will allow them to have a true and fair picture of the organization's
1497 finances and activities; and

1498 — not encourage governments to restrict the exercise of the internationally recognized rights of
1499 freedom of association and collective bargaining nor participate in incentive schemes based
1500 on such restrictions.

1501 **6.4.6 Labour practices issue 4: Health and safety at work**

1502 **6.4.6.1 Description of the issue**

1503 Health and safety at work concerns the promotion and maintenance of the highest degree of
1504 physical, mental and social well-being of workers and prevention of departures from health
1505 caused by working conditions, the protection of workers from risks adverse to health and the
1506 adaptation of the occupational environment to the physiological and psychological capabilities of
1507 workers.

1508 The financial and social costs to society of work-related illness, injuries and death are high.
1509 Pollutants and other workplace hazards that are harmful for workers may also have impacts on
1510 communities and or the environment. For more information on environmental hazards see Clause
1511 6.5. Health and safety issues arise over dangerous equipment, processes, practices and
1512 substances (chemical, physical and biological).

1513 Socially responsible health and safety practices can reduce costs, improve morale and increase
1514 productivity.

1515 **6.4.6.2 Related actions or expectations**

1516 An organization should [26, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75]:

- 1517 — seek to understand and control the health and safety risks involved in its activities. It should
- 1518 also understand the proper procedures that should be followed and provide the safety
- 1519 equipment needed for the prevention of occupational diseases, accidents and for dealing
- 1520 with emergencies;

- 1521 — analyze work accidents and diseases and problems raised by workers so as to understand
- 1522 and be able to advise on the different ways in which women and men are affected;

- 1523 — understand and apply principles of industrial hygiene including the hierarchy of controls, that
- 1524 is substitution, engineering, work procedures, administrative and personal protective
- 1525 equipment;

- 1526 — recognize that psychosocial hazards in the workplace is the cause of stress and
- 1527 occupational ill- health;

- 1528 — have a health and safety policy that clearly states that no phase of operation or
- 1529 administration of the organization is more important than safety and health and that safety
- 1530 and health is an integral part of all of its activities;

- 1531 — provide adequate training and capacity building in all relevant subjects to all relevant
- 1532 personnel;

- 1533 — respect the principle that health and safety measures should not involve expenditures by
- 1534 workers; and

- 1535 — adopt health and safety systems that are based on the participation of the workers
- 1536 concerned and that recognize and respect the rights of workers to:

- 1537 — full and accurate information concerning the health and safety risks and the best
- 1538 practices used to address these risks;

- 1539 — freely inquire into and to be consulted on all aspects of their health and safety related to
- 1540 their work;

- 1541 — refuse work which is reasonably considered as posing an imminent and serious danger
- 1542 to their life or health or to the lives and health of others;

- 1543 — seek outside advice on health and safety issues;

- 1544 — report health and safety matters to the authorities;

- 1545 — participate in health and safety processes and decisions; and

- 1546 — be free of reprisals for doing any of these things.

1547 **Box 3 – Joint labour-management health and safety committees**

1548 Joint labour-management health and safety committees can be the most valuable part of the
 1549 organization's health and safety programme. Joint committees can perform important roles such
 1550 as information gathering, the development and dissemination of safety manuals and training
 1551 programmes, the reporting, recording and investigation of accidents, inspections and responding
 1552 to problems raised by employees. Worker representatives on these committees should not be
 1553 appointed by management but elected by the workers themselves. Membership in these
 1554 committees should be equally divided among management and worker representatives and
 1555 should include women and men whenever possible. The committees should be of sufficient size
 1556 for all shifts, sections and locations to be represented. They should not be considered a
 1557 substitute for trade unions or works councils.

1558 **6.4.7 Labour practices issue 5: Human development**

1559 **6.4.7.1 Description of the issue**

1560 Human development includes the process of enlarging people's choices by expanding human
1561 capabilities and functioning, thus enabling women and men to lead long and healthy lives, to be
1562 knowledgeable and to have a decent standard of living. Human development also includes
1563 access to political, economic and social opportunities for being creative and productive and
1564 enjoying self-respect and a sense of belonging to a community.

1565 Human development can be a labour practice as employers can use workplace policy and
1566 initiatives to further human development by addressing important social issues, such as fighting
1567 discrimination, balancing family responsibilities and promoting health and well-being.

1568 Human development can also be a labour practice as it includes increasing the capacity and
1569 employability of individuals. Employability refers to the experiences, competencies and
1570 qualifications that increase an individual's capacity to secure and retain decent work.
1571 Organizations have every interest in facilitating the education, training and lifelong learning of
1572 workers, as these things contribute significantly to promoting the interests of the organizations
1573 themselves – as well as those of the individual workers, the economy and society as a whole – in
1574 terms of the capacities, motivation, effectiveness, productivity and overall performance of the
1575 men and women whom they employ.

1576 **6.4.7.2 Related actions or expectations**

1577 An organization should [82, 83, 84, 85, 86, 87, 88, 89, 90, 91]:

1578 — provide access to skills development and training and opportunities for career advancement
1579 to workers on an equal and non-discriminatory basis;

1580 — respect the family responsibilities of workers by providing reasonable working hours and
1581 through other policies and facilities, such as childcare facilities and parental leave, that can
1582 help workers achieve a proper work-life balance;

1583 — not discriminate on the basis of race, colour, gender, sexual orientation, religion, political
1584 affiliation, nationality, social origin, age or HIV/AIDS status on any basis in employment
1585 practices; this includes recruitment, selection, access to training, promotion and termination;

1586 — take positive actions to provide for the protection and advancement of vulnerable groups
1587 such as indigenous and migrant workers as well as workers with disabilities;

1588 — establish or participate in appropriate programmes that address issues such as youth
1589 unemployment or the underemployment of women; and

1590 — establish joint labour-management programmes that promote health and well-being. The
1591 impact of infectious disease and substance abuse, for example, affect both the performance
1592 of the organization and the overall health of society.

1593 **6.5 The environment**

1594 **6.5.1 Overview of the environment**

1595 **6.5.1.1 Organizations and the environment**

1596 The decisions and activities of organizations invariably have an impact on the natural
1597 environment. These impacts may be associated with the organization's use of energy and natural
1598 resources, the generation of pollution and waste, and the implications of its activities, products

1599 and services on natural habitats. Climate change presents an increasingly significant challenge
 1600 for most organizations, both in terms of the need to reduce greenhouse gas emissions and to
 1601 adapt to the physical impacts of a changing climate. To reduce their environmental impacts,
 1602 organizations should adopt an integrated approach that takes into consideration the wider
 1603 economic, social and environmental implications of their decisions and activities.

1604 **6.5.1.2 The environment and social responsibility**

1605 Society is facing many environmental challenges including the depletion of natural resources,
 1606 pollution, climate change, the destruction of habitat, loss of species and the collapse of whole
 1607 ecosystems. As the population grows and our consumption increases, these issues are
 1608 becoming increasing threats to human security and the health and wellbeing of society.
 1609 Environmental issues, at the local and global level, are interconnected. Addressing them requires
 1610 a comprehensive, systemic and collective approach.

1611 Environmental responsibility is not only a precondition for our survival and prosperity; it is also a
 1612 social responsibility to enable future generations of women and men to meet their developmental
 1613 needs. Environmental issues are closely linked to human rights, community involvement and
 1614 development, and other social responsibility core subjects.

1615 **6.5.1.3 Benefits to an organization from its socially responsible environmental** 1616 **performance**

1617 The adoption of sound environmental management practices can lead to savings associated with
 1618 increased resource productivity and efficiency, lower energy and water consumption, decreased
 1619 waste, the recovery of valuable by-products, and the increased availability of raw materials. As
 1620 awareness of the global scale of the environmental challenges increases, an organization's
 1621 environmental impacts can also have significant implications for its reputation.

1622 **6.5.2 Principles and considerations**

1623 **6.5.2.1 Principles**

1624 An organization should respect and promote the following environmental principles:

1625 — environmental responsibility: an organization should accept responsibility for the
 1626 environmental burdens caused by its activities, products and services, and should act to
 1627 improve its own performance, as well as performance within its control or sphere of
 1628 influence;

1629 — precautionary approach: an organization should support a precautionary approach to
 1630 environmental challenges. Where there are threats of serious or irreversible damage, lack of
 1631 full scientific certainty should not be used as a reason for postponing cost-effective
 1632 measures to prevent environmental degradation (Principle 15 of the Rio Declaration [92]).
 1633 When carrying out human health and environmental risk assessments, conservative
 1634 assumptions should be made to address uncertainties or data gaps;

1635 — environmental risk management: an organization should implement programmes to assess
 1636 and reduce environmental risks from activities, products and services from a life cycle
 1637 perspective. An organization should develop and implement emergency response
 1638 procedures to mitigate environmental and health burdens caused by accidents and to
 1639 communicate environmental incidents to appropriate authorities; and

1640 — polluter pays: an organization should bear the cost of pollution caused by its activities,
 1641 products and services according to the extent of either the environmental burden to society
 1642 and the remedial action required, or the degree to which the pollution exceeds an acceptable
 1643 level (Principle 16 of the Rio Declaration [92]). An organization should use the polluter pays

1644 principle to internalize the cost of pollution and quantify the economic and environmental
1645 benefits of preventing pollution rather than mitigating its effects.

1646 **6.5.2.2 Considerations**

1647 In its environmental management activities, an organization should assess the relevance of the
1648 following considerations:

1649 — life cycle management: a life cycle approach links the economic, social and environmental
1650 dimensions of activities, products services throughout their life cycle – from raw materials
1651 and energy generation, through production and use, to end-of life disposal or recovery. An
1652 organization should consider the environmental performance of activities, goods and
1653 services over their life cycle;

1654 — cleaner production and eco-efficiency: cleaner production and eco-efficiency are strategies
1655 for satisfying human needs by using resources more efficiently and by generating less
1656 pollution and waste. An important focus is on making improvements at the source rather than
1657 at the end of a process or activity. Cleaner production and eco-efficiency approaches
1658 include: improving maintenance practices, upgrading or introducing new technologies or
1659 processes, reducing materials and energy use, eliminating or safely managing toxic and
1660 hazardous materials, and improving product and service design;

1661 — a product-service system approach: product-service systems can be used to shift the focus
1662 from selling products to selling a system of products and services that jointly fulfil consumer
1663 needs. Product-service systems include product lease, product renting or sharing, product
1664 pooling and pay-for-service. Such systems can reduce material use, decouple revenues from
1665 material flows, and involve stakeholders in promoting extended producer responsibility
1666 through the life cycle of the product and accompanying service;

1667 — use of environmentally sound technologies and practices: an organization should seek to
1668 adopt, and where appropriate, promote the development and diffusion of environmentally
1669 sound technologies and services (Principle 9 of the Rio Declaration [92]; and

1670 — environmental procurement: in its purchasing decisions, an organization should take into
1671 account the environmental and social performance of the product or service being procured,
1672 over its entire life cycle, and where possible should prioritize performance based on eco-
1673 labelling criteria.

1674 **6.5.3 Environmental issue 1: Prevention of pollution**

1675 **6.5.3.1 Description of the issue**

1676 An organization can improve its environmental performance by preventing pollution including
1677 emissions to air, discharges to water, the generation of solid or liquid waste, contamination of
1678 land and soils, the use and disposal of toxic and hazardous chemicals, and other pollution from
1679 its activities, products and services.

1680 — Preventing emissions to air: An organization's emissions to air of pollutants such as lead,
1681 mercury, volatile organic compounds (VOCs), sulphur dioxide (SO₂), nitrogen oxides (NO_x),
1682 particulates and ozone depleting substances can cause environmental and health burdens
1683 on society. These emissions may come directly from an organization's facilities, or be
1684 caused indirectly by the use of its products or services or the generation of the electricity it
1685 consumes.

1686 — Preventing discharges to water: An organization may cause water to become polluted
1687 through direct, intentional or accidental discharges into surface water bodies, or unintentional
1688 runoff to surface water or infiltration to ground water.

- 1689 — Preventing waste: An organization's activities, products and services may lead to the
 1690 generation of liquid or solid waste that, if improperly managed, can cause contamination of
 1691 air, water land and soils. Responsible waste management follows the waste reduction
 1692 hierarchy of: source reduction; reuse; recycle and reprocess; waste treatment; and waste
 1693 disposal.
- 1694 — Preventing the release of toxic and hazardous chemicals: An organization utilizing or
 1695 producing toxic and hazardous chemicals (both naturally occurring and anthropogenic) may
 1696 adversely affect ecosystems and human health through acute (immediate) or chronic (long-
 1697 term) impacts.
- 1698 — Preventing all identifiable forms of pollution: An organization's activities, products and
 1699 services may cause other forms of pollution including; noise, visual, vibration, radiation,
 1700 infectious agents (for example, viral or bacterial) or biological hazards (for example, invasive
 1701 species, uncontrolled spread of genetically modified organisms) that negatively affect the
 1702 health and wellbeing of communities.

1703 **6.5.3.2 Related actions and/or expectations**

1704 To improve performance in the prevention of pollution an organization should:

- 1705 — identify the sources of pollution and waste associated with its activities, products and
 1706 services, including emissions to air, discharges to water and land, waste disposal, release of
 1707 toxic and hazardous chemicals and other forms of pollution;
- 1708 — measure, record and report on any relevant and significant sources of pollution associated
 1709 with its activities, products and services;
- 1710 — implement measures aimed at preventing pollution and waste, using the waste reduction
 1711 hierarchy, and ensuring proper management of unavoidable pollution and waste;
- 1712 — publicly disclose the amounts and types of relevant and significant toxic and hazardous
 1713 materials used and released as part of its activities, including the known human health and
 1714 environmental risks of these materials; and
- 1715 — implement a programme to systematically identify and prevent the use of banned chemicals
 1716 and, where possible, the use of chemicals identified as being of concern to the public, from
 1717 all activities, products and services within its control or sphere of influence. Chemicals to
 1718 avoid include, but are not limited to: ozone-depleting substances [93], persistent organic
 1719 pollutants [94] and Rotterdam Convention [95], hazardous pesticides (as defined by the
 1720 World Health Organization), and chemicals defined as carcinogenic (including tobacco),
 1721 mutagenic, toxic to reproduction, persistent and bio-accumulative, and endocrine disrupting.

1722 **6.5.4 Environmental issue 2: Sustainable resource use**

1723 **6.5.4.1 Description of the issue**

1724 To ensure the availability of resources into the future, current patterns of consumption and
 1725 production need to be transformed to ensure they operate within the Earth's carrying capacity.
 1726 The sustainable use of renewable resources (such as fish stocks), requires that the resource is
 1727 used at rate that is less than or equal to its rate of natural replenishment. For a non-renewable
 1728 resource (such as fossil fuel), long-term sustainability requires that its rate of use is less than the
 1729 rate at which a renewable resource can be substituted for it. An organization can ensure more
 1730 sustainable resource use by using electricity, fuels, raw and processed materials, land and water
 1731 more responsibly, and by switching from non-renewable to renewable resources.

1732 — Energy efficiency: An organization can implement energy efficiency programmes to save
1733 money and reduce the energy demand for buildings, transportation, production processes,
1734 appliances and electronic equipment, and the provision of services.

1735 — Water conservation: Water is a fundamental human need and a basic human right. The
1736 Millennium Development Goals (Box 5) include the provision of safe, reliable drinking water
1737 and sanitation services to all people. An organization can improve its social responsibility by
1738 conserving water and making decisions that protect fair and sustainable access to
1739 freshwater resources within its local watershed.

1740 — Materials efficiency: Materials use causes numerous direct and indirect environmental
1741 burdens, associated for example, with the impact on ecosystems of mining, forestry and
1742 other extractive operations, and the emissions resulting from the use, transport and
1743 processing of materials. An organization can implement materials efficiency programmes to
1744 reduce the environmental burden caused by the use of raw materials for production
1745 processes or for finished products used in its activities and/or in the delivery of its services.

1746 **6.5.4.2 Expectations and/or related actions**

1747 An organization should:

1748 — identify the sources of energy, water and other material usage for all its activities, products
1749 and services;

1750 — measure, record and report on any relevant and significant uses of energy, water and other
1751 materials associated with its activities, products and services;

1752 — implement resource efficiency measures to reduce its use of energy, water and other
1753 materials, considering best practice indicators and other benchmarks;

1754 — identify feasible opportunities for non-renewable resources with alternative renewable and
1755 low impact sources; and

1756 — manage water resources to ensure fair access for all users within a watershed.

1757 **6.5.5 Environmental issue 3: Climate change mitigation and adaptation**

1758 **6.5.5.1 Description of the issue**

1759 It is recognized that greenhouse gas (GHG) emissions from human activities are the very likely
1760 cause of global climate change, which is having significant impacts on the natural and human
1761 environment (Intergovernmental Panel on Climate Change [96]. Among the trends observed and
1762 anticipated are: changes in rainfall patterns, more frequent occurrences of extreme weather
1763 events, rising sea levels, and changes to ecosystems, agriculture and fisheries. It is anticipated
1764 that climate change may pass a tipping point, after which changes would be felt far more widely
1765 and acutely and would be much more difficult to address.

1766 Every organization is responsible for some GHG emissions (either directly or indirectly) and will
1767 be impacted in some way by climate change. There are implications for organizations both in
1768 terms of minimizing their own GHG emissions (mitigation), as well as planning for a changing
1769 climate (adaptation). Adapting to climate change has social implications in the form of effects on
1770 health, prosperity and human rights.

1771 **6.5.5.2 Expectations and/or related actions**

1772 **6.5.5.2.1 Climate change mitigation**

1773 To mitigate climate change, an organization should:

1774 — identify the sources of direct and indirect GHG emissions for its activities, products and
1775 services;

1776 — measure, record and report on all relevant and significant GHG emissions associated with its
1777 activities, products and services, preferably using methods defined in internationally agreed
1778 standards (see Annex A for some examples of initiatives and standards);

1779 — implement measures to reduce the direct and indirect GHG emissions associated with its
1780 activities, products and services and those within its control and sphere of influence;

1781 — strive to reduce its dependence on fossil fuels, and make use of low-emission technology
1782 and renewable energy sources with the aim of reducing the life cycle GHG emissions for its
1783 activities (including transportation), products and services;

1784 — prevent the release of GHG emissions (particularly those also causing ozone depletion) from
1785 processes or equipment including heating, ventilation and air conditioning (HVAC) units;

1786 — consider measures to offset remaining GHG emissions through carbon sequestration or
1787 emissions reduction programmes striving for carbon neutrality; and

1788 — consider relevant opportunities for emissions trading, such as the Clean Development
1789 Mechanism under the Kyoto to the UN Framework Convention on Climate Change [97].

1790 **6.5.5.2.2 Climate change adaptation**

1791 To reduce vulnerability to climate change, an organization should:

1792 — consider future climate predictions to identify risks and integrate climate change adaptation
1793 into its decision making;

1794 — identify opportunities to avoid or minimize damage from climate change and take advantage
1795 of opportunities, where possible, to proactively adjust for changing conditions;

1796 — plan for land use, zoning and infrastructure design and maintenance taking account of the
1797 implications of a changing climate and greater climatic uncertainty, and the possibility of
1798 increasingly severe weather including floods, high winds or intense heat; and

1799 — develop agricultural, industrial, medical and a range of other technologies and techniques
1800 and make them accessible to those in need, ensuring the security of drinking water,
1801 sanitation, food and other resources critical to human health.

1802 **6.5.6 Environmental issue 4: Protection and restoration of the natural environment**

1803 **6.5.6.1 Description of the issue**

1804 Over the past 50 years, human activity has changed ecosystems more rapidly and extensively
1805 than in any comparable period in history. Rapidly growing demand for food, fresh water, fibre,
1806 fuel and mineral resources has resulted in a substantial and often irreversible loss of habitat and
1807 the diversity of life on earth [98].

1808 An organization can become more socially responsible by acting to protect and restore the
1809 natural environment and the social and economic services provided.

1810 — Valuing, protecting and restoring ecological services: Ecosystems contribute to the wellbeing
1811 of society by providing services such as fresh water, food, fuel, flood control, soil, pollinators,
1812 natural fibres, recreation, and the absorption of pollution and waste. As ecosystems are
1813 degraded or destroyed they lose the ability to provide these services. Organizations should
1814 strive to protect ecosystem integrity in order to retain natural resilience and adaptive
1815 capacity. Where necessary, restoration efforts should be implemented, followed by
1816 compensation to replace services that have been depleted.

1817 — Valuing and protecting biodiversity: Biodiversity is the variety of life in all its forms, levels and
1818 combinations. This includes ecosystem diversity, species diversity, and genetic diversity [99].
1819 Protecting biodiversity includes terrestrial and aquatic species, genetic variability, and natural
1820 ecosystems.

1821 — Using land and natural resource sustainably: An organization's land use projects may protect
1822 or degrade habitat, water, soils, and ecosystems ultimately affecting human health and the
1823 wellbeing of society.

1824 **6.5.6.2 Expectations and/or related actions**

1825 An organization should:

1826 — identify the potential adverse impacts of its activities, products and services on ecosystem
1827 services and biodiversity and take measures to eliminate or minimize these impacts;

1828 — where feasible and appropriate, participate in market mechanisms to internalize the cost of
1829 environmental burdens caused by its activities, products and services and create economic
1830 value in protecting ecosystem services;

1831 — strive first to avoid loss of natural ecosystems and then to restore ecosystems, and finally to
1832 compensate for losses leading to a net gain in ecological services over time;

1833 — consider an integrated strategy for the administration of land, water and ecosystems that
1834 promotes conservation and sustainable use in a socially equitable way;

1835 — take measures to preserve any endemic or endangered species or habitats that may be
1836 adversely affected by its activities, products or services;

1837 — adopt sustainable development, design, agricultural and operating practices considering the
1838 possible environmental burdens resulting from its land use decisions;

1839 — incorporate the protection of natural habitat, wetlands, forest, wildlife corridors, protected
1840 areas and agricultural lands into the planning of the built environment expansion and
1841 development;

1842 — adopt sustainable agricultural, fishing and forestry practices as defined in leading standards
1843 and certification schemes (see for example Annex A); and

1844 — avoid activities or approaches that lead to the extinction of species, or the distribution or
1845 proliferation of invasive species.

1846 **6.6 Fair operating practices**

1847 **6.6.1 Overview of fair operating practices**

1848 **6.6.1.1 Organizations and fair operating practices**

1849 Fair operating practices concern ethical conduct in an organization's dealings with other
1850 organizations. This includes relationships between organizations and government agencies, as
1851 well as between organizations and their partners, suppliers, contractors, competitors and the
1852 associations of which they are members.

1853 Fair operating practice issues arise in the areas of anti-corruption, responsible involvement in the
1854 public sphere, fair competition, promoting social responsibility in relations with other
1855 organizations; and respect for property rights.

1856 **6.6.1.2 Fair operating practices and social responsibility**

1857 In the area of social responsibility, fair operating practices are about how organizations use their
1858 relationship with other organizations to promote positive outcomes. Positive outcomes can be
1859 achieved by providing leadership and promoting the adoption of social responsibility more
1860 broadly throughout its sphere of influence.

1861 **6.6.1.3 Benefits to an organization of fair operating practices**

1862 Fair operating practices tend to improve the social and economic environment in which
1863 organizations function. By preventing corruption, promoting fair political processes, encouraging
1864 fair competition, and improving the reliability and fairness of transactions, a more equitable social
1865 and economic environment is established with resulting benefits for all organizations.

1866 **6.6.2 Principles and considerations**

1867 Adherence to ethical standards is fundamental to establishing and sustaining legitimate and
1868 productive relationships between organizations. Therefore, observance, promotion and
1869 encouragement of standards of ethical behaviour underlie all fair operating practices. Preventing
1870 corruption and responsible political involvement depend on respect for the rule of law, adherence
1871 to ethical standards, accountability and transparency. Fair competition and respect for property
1872 rights cannot succeed if organizations do not deal with each other honestly, equitably and with
1873 integrity.

1874 **6.6.3 Fair operating practices issue 1: Anti-corruption**

1875 **6.6.3.1 Description of the issue**

1876 Corruption is the abuse of entrusted power for illegitimate gain. Corruption has two aspects,
1877 active and passive (for example: offering a bribe and accepting a bribe). Corruption can take
1878 many forms (for example: bribery of domestic and foreign public officials, bribery in the private
1879 sector, conflict of interest, fraud, money laundering and trading influence).

1880 Corruption undermines an organization's ethical environment, and can put it at risk for criminal
1881 prosecution as well as civil and administrative sanctions. Amongst other effects, corruption can
1882 also violate human rights, erode political processes, damage the environment, distort competition
1883 and impede the redistribution of wealth and economic growth.

1884 **6.6.3.2 Related actions and/or expectations**

1885 To prevent corruption and bribery, an organization should:

- 1886 — implement, apply and improve policies and practices that counter corruption, facilitation
1887 payments, bribery and extortion;
- 1888 — support workers and agents in their efforts to eradicate bribery and corruption and provide
1889 incentives for progress;
- 1890 — train and raise the awareness of employees and agents about corruption and how to counter
1891 corruption;
- 1892 — confirm that the remuneration of its employees and agents is appropriate and for legitimate
1893 services only;
- 1894 — encourage employees and agents to report violations of the organization's policies by
1895 adopting mechanisms that enable reporting without fear or reprisal;
- 1896 — bring violations of the criminal law to the attention of the relevant law enforcement
1897 authorities; and
- 1898 — work to oppose corruption by influencing others to adopt similar practices.

1899 **6.6.4 Fair operating practices issue 2: Responsible political involvement**

1900 **6.6.4.1 Description of the issue**

1901 Organizations can support the political process and encourage the development of public policy
1902 that benefits society at large. Organizations should avoid behaviour that can erode the political
1903 process such as manipulation, intimidation, and coercion.

1904 **6.6.4.2 Related actions and/or expectations**

1905 An organization should:

- 1906 — train and raise the awareness of employees and agents about responsible political
1907 involvement and contributions;
- 1908 — be transparent regarding its activities related to lobbying, political contributions and political
1909 involvement;
- 1910 — establish policies and guidelines to control the activities of people retained to advocate on
1911 the organization's behalf;
- 1912 — avoid political contributions that amount to an attempt to control policymakers in favour of a
1913 specific cause; and
- 1914 — avoid lobbying activities that involve misinformation, misrepresentation, threat or compulsion.

1915 **6.6.5 Fair operating practices issue 3: Fair competition**

1916 **6.6.5.1 Description of the issue**

1917 Fair and widespread competition stimulates efficiency, reduces the costs of goods and services,
1918 promotes innovation, ensures all organizations have equal opportunities, encourages the
1919 development of new or improved products or processes and, in the long run, enhances economic
1920 growth and living standards. Anti-competitive risks harming the reputation of the organization
1921 with its stakeholders; and may create legal problems. When organizations refuse to engage in
1922 anti-competitive behaviour they help to build a climate of zero tolerance, which benefits everyone.

1923 There are many forms of anti-competitive behaviour, some examples include practices such as:
 1924 price fixing, where parties collude to sell the same product or service at the same price; bid
 1925 rigging, where parties collude to fix a competitive bid; and predatory pricing, selling a product at
 1926 very low price with the intent of driving competitors out of the market.

1927 **6.6.5.2 Related actions and/or expectations**

1928 To promote fair competition, an organization should:

1929 — conduct its activities in a manner consistent with competition legislation and co-operate with
 1930 competition authorities;

1931 — establish procedures and other safeguards to prevent engaging in or being complicit in anti-
 1932 competitive behaviour;

1933 — promote employee awareness of the importance of compliance with competition legislation
 1934 and fair competition; and

1935 — support public policies that encourage competition, including anti-trust and anti-dumping
 1936 practices and local regulations.

1937 **6.6.6 Fair operating practices issue 4: Promoting social responsibility in the sphere of**
 1938 **influence**

1939 **6.6.6.1 Description of the issue**

1940 An organization, including public organizations, can influence other organizations through the
 1941 exercise of its procurement and purchasing decisions and more broadly in the value chain, as
 1942 well as through leadership and mentorship to promote broader-scale adoption and support of
 1943 principles and practice of social responsibility. It can also stimulate demand for socially
 1944 responsible goods and services. These actions should not be viewed as replacing the role of
 1945 authorities to implement and enforce laws and regulations.

1946 **6.6.6.2 Related actions and/or expectations**

1947 An organization should:

1948 — incorporate ethical, social, environmental, and gender equality criteria, including health and
 1949 safety, in its purchasing, distribution and contracting policies;

1950 — encourage other organizations to adopt similar policies;

1951 — carry out relevant and appropriate investigations and monitoring of the organizations with
 1952 which they have relationships so that their actions do not compromise the organization's
 1953 commitments to social responsibility;

1954 — promote fair sharing of the costs and benefits of implementing socially responsible practices
 1955 throughout the value chain; and

1956 — actively participate in raising the awareness of organizations with which they have
 1957 relationships on social responsibility issues and principles.

1958 **6.6.7 Fair operating practices issue 5: Respect for property rights**

1959 **6.6.7.1 Description of the issue**

1960 Property rights cover both physical property and intellectual property and include interest in land,
1961 copyrights, patents, moral rights and other rights. They also extend to rights that may not be
1962 recognized in law, such as traditional knowledge of specific groups or the intellectual property of
1963 employees.

1964 Recognition of property rights promotes investment, economic and physical security as well as
1965 encouraging creation and invention.

1966 **6.6.7.2 Related actions and/or expectations**

1967 An organization should:

1968 — implement policies and practices that promote respect for property rights;

1969 — conduct proper investigations to be confident it has legitimate ownership to use or dispose of
1970 property;

1971 — not engage in activities that violate property rights, including counterfeit and piracy, or
1972 otherwise infringe consumer interests; and

1973 — pay fair compensation for property that it acquires or uses.

1974 In exercising and protecting their intellectual and physical property rights organizations should
1975 take into account public and social needs.

1976 **6.7 Consumer issues**

1977 **6.7.1 Overview of consumer issues**

1978 **6.7.1.1 Organizations and consumer issues**

1979 Organizations that provide goods or services to consumers have responsibilities to those
1980 consumers. These include use of fair, transparent and helpful marketing, information and
1981 contractual processes. They also involve minimizing risks from the use of the products or
1982 services through design, information provision, support services and recall procedures.

1983 Many organizations collect personal information and have a responsibility to protect the privacy of
1984 consumers' information.

1985 Organizations have significant opportunities to contribute to sustainable consumption and
1986 sustainable development through the products and services they offer and the information they
1987 provide.

1988 **6.7.1.2 Consumer issues and social responsibility**

1989 By offering sustainable products and services, and by providing consumers with information
1990 about the sustainability of those products and services, an organization can stimulate sustainable
1991 consumption. Both stimulation of sustainable consumption and respect for consumer rights, are
1992 aspects of an organization's social responsibility.

1993 **6.7.1.3 Benefits to an organization of socially responsible consumer issues**

1994 Consumer decisions have a strong influence on the success of organizations. Through
 1995 engagement with consumers, organizations can more effectively meet consumer expectations,
 1996 thereby preventing or reducing potential conflicts about their products or services. By
 1997 demonstrating social responsibility in their relations with consumers, organizations can enhance
 1998 their reputation. Use of fair marketing, information and contractual practices may make a
 1999 substantial positive contribution to the reputation of an organization.

2000 **6.7.2 Principles and considerations**

2001 **6.7.2.1 Principles**

2002 **Box 4 – United Nations Guidelines for Consumer Protection**

2003 The **United Nations Guidelines for Consumer Protection** is the most important international
 2004 document in the realm of consumer protection. The UN General Assembly adopted these
 2005 Guidelines in 1985 by consensus. In 1999 they were expanded to include provisions on
 2006 sustainable consumption. They call upon states to protect consumers from hazards to their health
 2007 and safety, promote and protect the economic interests of consumers, enable them to make
 2008 informed choices, provide consumer education, make available effective consumer redress,
 2009 guarantee freedom to form consumer groups and promote sustainable consumption patterns
 2010 [100].

2011 There are a number of principles that should guide socially responsible consumer issues:

2012 — principles based on the eight consumer rights that underpin the United Nations Guidelines
 2013 for Consumer Protection [100]:

2014 — the right to satisfaction of basic needs – the right to have access to basic essential
 2015 goods and services, adequate food, clothing, shelter, health care, education and
 2016 sanitation;

2017 — the right to safety – the right to be protected against products, production processes and
 2018 services that are hazardous to health or life;

2019 — the right to be informed – the right to be given facts needed to make an informed choice,
 2020 and to be protected against dishonest or misleading advertising or labelling;

2021 — the right to choose – the right to be able to select from a range of products and services,
 2022 offered at competitive prices with an assurance of satisfactory quality;

2023 — the right to be heard – the right to have consumer interests represented in the making
 2024 and execution of government policy, and in the development of products and services;

2025 — the right to redress – the right to receive a fair settlement of just claims, including
 2026 compensation for misrepresentation, badly made goods or unsatisfactory services;

2027 — the right to consumer education – the right to acquire knowledge and skills needed to
 2028 make informed, confident choices about goods and services while being aware of basic
 2029 consumer rights and responsibilities and how to act on them; and

2030 — the right to a healthy environment – the right to live and work in an environment, which
 2031 is non-threatening to the well-being of present and future generations.

2032 — additional principles:

2033 — the right to privacy, from the Universal Declaration on Human Rights, Article 12 [3] – no
2034 one shall be subjected to arbitrary interference with their privacy, family, home or
2035 correspondence, or to attacks upon their honour and reputation. Everyone has the right
2036 to the protection of the law against such interference or attacks; and

2037 — a precautionary approach – where there are threats of serious or irreversible damage to
2038 the environment or human health, lack of full scientific certainty should not be used as a
2039 reason for postponing cost-effective measures to prevent environmental degradation or
2040 damage to human health.

2041 **6.7.2.2 Considerations**

2042 Vulnerable consumers need to be treated with special care. They have special needs because
2043 they may not know their rights and responsibilities or may be unable to act on their knowledge.
2044 They may also be unaware of or unable to assess potential risks associated with products or
2045 services. Vulnerable consumers include children and young people, the aged, the illiterate and
2046 people with disabilities, including intellectual impairment.

2047 Although it is the primary responsibility of the state to ensure that the right to satisfaction of basic
2048 needs is respected, an organization can contribute to the fulfilment of this right. Particularly in
2049 areas where the state does not or cannot adequately satisfy people's basic needs, organizations
2050 should be sensitive to the effect their actions could have on the ability of people to satisfy their
2051 basic needs, and should try to avoid actions that would place this ability in jeopardy and to take
2052 actions that would help this ability to be met.

2053 **6.7.3 Consumer issue 1: Fair marketing, information and contractual practices**

2054 **6.7.3.1 Description of the issue**

2055 Fair marketing, information and contractual practices allow consumers to make informed
2056 decisions about purchases and to compare the characteristics of different products and services.
2057 They provide information about products and services in a manner that can be understood by
2058 consumers. Fair contractual processes aim to protect the legitimate interests of both suppliers
2059 and consumers to overcome imbalances in negotiating power between the parties.

2060 Details of products and services provided by suppliers play an important role in purchasing
2061 decisions because this information may provide the only data readily available to consumers.
2062 Unfair or misleading marketing and information can result in purchase of products or services that
2063 do not meet consumer needs and result in waste of money, resources and time [101, 102].

2064 **6.7.3.2 Related actions and/or expectations**

2065 When communicating with consumers, an organization should

2066 — not engage in any practices that are deceptive, misleading, fraudulent or unfair, including
2067 critical omissions of information;

2068 — clearly identify advertising and marketing;

2069 — openly disclose total prices, eventual taxes, terms and conditions of the products and
2070 services as well as any accessories or delivery costs. When offering consumer credit,
2071 provide details of the actual annual interest rate, amount to be paid in each instalment,
2072 number of payments, and the due date of instalment payments;

2073 — substantiate claims or assertions by providing underlying facts and information;

2074 — avoid using images that could perpetuate negative stereotypes of people, in particular
2075 gender and ethnic stereotypes

- 2076 — provide complete, accurate understandable and comparable information on:
- 2077 — all relevant aspects of products or services, including financial and investment products,
2078 ideally taking into account the full life cycle;
- 2079 — the key quality aspects of products and services using standardized test procedures,
2080 compared, when possible, to average performance or best practice;
- 2081 — health and safety aspects of products and services, such as hazardous materials and
2082 chemicals contained in or released by products; and
- 2083 — the organization's physical address including phone number, when using distance
2084 selling.
- 2085 — use contracts that:
- 2086 — do not include unfair contract terms, such as the exclusion of liability, the right to
2087 unilaterally change prices and conditions, the transfer of risk of insolvency to consumers
2088 or unduly long contract periods; and
- 2089 — provide clear and sufficient information about prices, terms, conditions and costs.

2090 **6.7.4 Consumer issue 2: Protecting consumers' health and safety**

2091 **6.7.4.1 Description of the issue**

2092 Protection of consumers' health and safety involves the provision of products and services that
2093 are safe and that do not carry risk of harm when used or consumed by consumers as directed,
2094 indicated or when misused in a reasonably foreseeable way [100, 101]. Clear instructions for safe
2095 use are also an important part of the protection of health and safety.

2096 Regulatory authorities and standards writing bodies have the primary responsibility for developing
2097 safety provisions to protect consumers from being injured or suffering adverse health effects from
2098 use and misuse of products and services [103]. However the rapid pace of change in product
2099 design, construction and materials means that products and services may be in use before
2100 appropriate safety requirements are in place. Globalization has led to the increase in cross-
2101 border movement of products and sourcing of services, which puts strain on regulatory and
2102 testing resources.

2103 An organization's reputation may be directly affected by the health and safety of its products and
2104 services.

2105 Whether or not legal safety requirements are in place, products and services should be safe –
2106 this follows from the precautionary approach. Safety includes anticipation of potential risks to
2107 avoid harm or danger. As not all risks can be foreseen, measures to protect safety include
2108 mechanisms for product withdrawal and recall.

2109 **6.7.4.2 Related actions and/or expectations**

2110 In protecting the health and safety of consumers an organization should take the following
2111 actions and pay special attention to vulnerable groups that might not have the capacity to
2112 recognize or assess potential dangers. It should:

- 2113 — provide products and services that, under normal and reasonably foreseeable conditions of
2114 use, are safe for users, their property, other persons and the environment;
- 2115 — assess the adequacy of health and safety laws, regulations, standards and other
2116 specifications to address all health and safety aspects [104, 105, 106, 107, 108].

- 2117 Organizations should go beyond these minimum safety requirements where there is
2118 evidence that these requirements do not achieve the best possible protection level, as
2119 indicated by the occurrence of accidents involving products or services that conform to the
2120 requirements, or the availability of products or product designs that can reduce the number
2121 and/or severity of accidents;
- 2122 — minimize risks in the design of products:
- 2123 — identify the likely user group(s) and give special care to vulnerable groups;
- 2124 — identify the intended use and the reasonably foreseeable misuse of the product, process
2125 or service and hazards arising in all the stages and conditions of use of the product or
2126 service;
- 2127 — estimate and evaluate the risk to each identified user/contact group, including pregnant
2128 women, arising from the hazards identified; and
- 2129 — reduce the risk; when reducing risks, the order of priority should be: inherently safe
2130 design, protective devices and information for users.
- 2131 — avoid the use of products that may be carcinogenic, mutagenic, toxic for reproduction, or that
2132 are persistent and bio-accumulative. If such products are used, they should be clearly
2133 labelled;
- 2134 — perform a human health risk assessment of products and services before the introduction of
2135 new materials and/or production methods, and make all relevant documentation publicly
2136 available;
- 2137 — convey vital safety information to consumers, wherever possible using symbols, preferably
2138 internationally agreed ones, in addition to the textual information;
- 2139 — instruct consumers in the proper use of products and inform them of the risks involved in
2140 intended or normally foreseen use;
- 2141 — adopt measures that prevent products from becoming unsafe through improper handling or
2142 storage while in their care; and
- 2143 — if a product, after having been placed on the market, turns out to present an unforeseen
2144 hazard, has a serious defect or contains misleading or false information, an organization
2145 should withdraw all products that are still in the distribution chain, and recall products using
2146 appropriate measures and media to reach people who purchased the product.

2147 **6.7.5 Consumer issue 3: Sustainable consumption**

2148 **6.7.5.1 Description of the issue**

2149 Sustainable consumption is consumption of products and resources at rates consistent with
2150 sustainable development. The concept was promoted by Principle 8 of the Rio Declaration on
2151 Environment and Development [92], which states that to achieve sustainable development and a
2152 higher quality of life for all people, states should reduce and eliminate unsustainable patterns of
2153 production and consumption and promote appropriate demographic policies. Sustainable
2154 consumption also encompasses a concern for ethical behaviour regarding animal welfare.

2155 Organizations' role in sustainable consumption arises from the products and services they offer,
2156 the production processes they use and the nature of the information they provide to consumers.

2157 Current rates of consumption are clearly unsustainable, particularly in the developed world,
2158 contributing to environmental damage and resource depletion. Consumers play a pivotal role in

2159 fostering sustainable development through the incorporation of social and environmental
2160 performance of products and services and the social responsibility of organizations providing
2161 them in purchasing decisions.

2162 Benefits to organizations from contributing to sustainable consumption may include cost savings,
2163 enhanced sales and improved reputation.

2164 **6.7.5.2 Related actions and/or expectations**

2165 To contribute to sustainable consumption, organizations should:

2166 — offer consumers socially and environmentally beneficial products and services and reduce
2167 adverse impacts on the environment and society by:

2168 — offer products and services that operate as efficiently as possible, considering the full life
2169 cycle;

2170 — breed animals in a way that respects their physical integrity and avoids cruelty;

2171 — eliminate where possible or minimize any negative health and environmental impacts of
2172 products and services, such as noise and waste;

2173 — design products so that they can be easily reused, repaired or recycled;

2174 — reduce waste by minimizing packaging material and if appropriate, offer recycling and
2175 disposal services;

2176 — provide and inform consumers about reuse, recycling and safe disposal of products;

2177 — enable consumers to consume in a sustainable manner by:

2178 — providing consumers with information about the environmental and social factors related
2179 to production and delivery of their products or services, including information on
2180 resource efficiency where relevant, taking the value chain into account [109, 110, 111,
2181 112];

2182 — providing consumers with information about the social responsibility of organizations
2183 providing products and services;

2184 — providing consumers with information about the sustainability of products and services,
2185 including performance, country of origin, energy efficiency (where applicable), contents
2186 or ingredients (including where relevant, use of GMOs), impact on health, aspects
2187 related to animal welfare, safe use, maintenance, storage and disposal of the products
2188 and their packaging. This should be based on average performance or best practice;
2189 and

2190 — making use of eco-label schemes and/or other benchmarks to communicate the
2191 environmental and social qualities of products and services [110, 111, 112]; and

2192 — give all consumers access to products and services, using the principles of universal design,
2193 for example, by:

2194 — designing products that can be used flexibly by people with different tools, access or
2195 abilities and providing information on their accessibility; and

2196 — providing information about products and services that is accessible to people with
2197 disabilities, for example, people with low or no vision.

2198 **6.7.6 Consumer issue 4: Consumer service, support, and dispute resolution**

2199 **6.7.6.1 Description of the issue**

2200 Consumer service, support, and dispute resolution are the mechanisms an organization uses to
2201 address the needs of consumers after products and services are bought or provided. Such
2202 mechanisms include warranties and guarantees, technical support regarding use, as well as
2203 provisions for return, repair and maintenance.

2204 Products or services that do not provide satisfactory performance, either because of flaws or
2205 breakdowns or as a result of misuse, may result in a waste of money, resources and time.

2206 Providers of products or services can increase consumer satisfaction and reduce levels of
2207 complaints by offering clear advice to consumers on appropriate use and recourse or remedies
2208 for faulty performance. They can also monitor the effectiveness of their after-sales services,
2209 support and dispute resolution procedures by periodic surveys of their users [101, 113].

2210 **6.7.6.2 Related actions and/or expectations**

2211 An organization should:

2212 — engage in precautionary measures to prevent complaints [114] by offering consumers,
2213 including those who obtain the products through distance selling, the option to return
2214 products within a specific time period or obtain other appropriate remedies;

2215 — review complaints and improve practices in response to these complaints;

2216 — offer warranties that exceed periods guaranteed by law;

2217 — clearly communicate to consumers how they can access after-supply services and support
2218 as well as dispute resolution and redress mechanisms [115, 116];

2219 — offer adequate and efficient support and advice systems;

2220 — offer maintenance and repair at a reasonable price and make information readily accessible
2221 on the expected availability of spare parts for products; and

2222 — make use of alternative dispute resolution, conflict resolution and redress procedures that
2223 are based on national or international standards, are free of charge to consumers [115, 116]
2224 and that do not require consumers to waive their rights to seek legal recourse.

2225 **6.7.7 Consumer issue 5: Consumer data protection and privacy**

2226 **6.7.7.1 Description of the issue**

2227 Consumer data protection and privacy are intended to safeguard consumers' rights of privacy by
2228 limiting the types of information that is gathered and the ways in which such information is used
2229 and secured.

2230 Increasing use of electronic communication, including for financial transactions, as well as growth
2231 in large-scale databases raises concerns about how consumer privacy can be protected,
2232 particularly with respect to personally identifiable information [101, 117, 118, 119].

2233 Organizations can help to maintain their credibility and the confidence of consumers through the
2234 use of rigorous systems for obtaining, using and protecting consumer data.

2235 **6.7.7.2 Related actions and/or expectations**

2236 To prevent personal data collection and processing from infringing on privacy, an organization
2237 should take the following actions:

2238 — limit the collection of personal data to information that is either essential for the provision of
2239 products or services or provided with the informed and voluntary consent of the consumer,
2240 and obtain data by lawful and fair means;

2241 — specify the purpose for which personal data are collected, either before or at the time of data
2242 collection;

2243 — not disclose, make available or otherwise use personal data for purposes other than those
2244 specified, including marketing, except with the informed and voluntary consent of the
2245 consumer or by the authority of law;

2246 — provide consumers with the right to confirm whether the organization has data relating to
2247 them and to challenge this data. If the challenge is successful, the data should be erased,
2248 rectified, completed or amended;

2249 — protect personal data by reasonable security safeguards; and

2250 — be open about developments, practices and policies with respect to personal data and
2251 provide readily available ways of establishing the existence, nature and main uses of
2252 personal data. Disclose the identity and usual location of the person responsible for data
2253 protection in the organization (sometimes called the data controller), and hold this person
2254 accountable for complying with the above measures;

2255 **6.7.8 Consumer issue 6: Access to essential services**

2256 **6.7.8.1 Description of the issue**

2257 Although it is the primary responsibility of the state to ensure that the right to satisfaction of basic
2258 needs is respected, there are many locations in which the state does not or cannot ensure that
2259 this right is protected. Even where satisfaction of some basic needs is protected, protection of the
2260 right to essential services may not be fully protected. An organization can contribute to the
2261 fulfilment of this right [100].

2262 **6.7.8.2 Related actions and/or expectations**

2263 Regarding access to essential services:

2264 — if adequate government frameworks are not in place to guide suppliers of essential services
2265 such as electricity, gas, water and telephone, these organizations should not disconnect the
2266 essential services for non-payment without providing the consumers with the opportunity to
2267 seek financial relief. Suppliers should also operate in a transparent manner, providing
2268 information related to the setting of prices and charges;

2269 — in cases of non-payment of bills paid collectively by a group of consumers, an organization
2270 should not resort to collective disconnection of services that penalize all consumers
2271 regardless of payment; and

2272 — if networks are subject to curtailment or interruption of supply, such curtailments or
2273 interruptions should be managed in an equitable manner, avoiding discrimination against any
2274 groups of consumers.

2275 **6.7.9 Consumer issue 7: Education and awareness**

2276 **6.7.9.1 Description of the issue**

2277 Education and awareness initiatives enable consumers to be well informed, conscious of their
2278 rights and responsibilities, able to make knowledgeable purchasing decisions and consume
2279 responsibly. Disadvantaged consumers in both rural and urban areas, including low-income
2280 consumers and those with low or non-existent literacy levels, have special needs for education
2281 and increased awareness.

2282 The aim of consumer education is not only to transfer knowledge, but also to provide practice in
2283 acting on this knowledge, including developing skills for assessing products and services and for
2284 making comparisons. It is also intended to raise awareness about the impact of consumption
2285 choices on others and on sustainable development [100].

2286 **6.7.9.2 Related actions and/or expectations**

2287 In educating consumers an organization should address:

- 2288 — health and safety, including product hazards;
- 2289 — information on appropriate regulations, ways of obtaining redress and agencies and
2290 organizations for consumer protection;
- 2291 — product labelling;
- 2292 — information on weights and measures, prices, quality, credit conditions and availability of
2293 essential services;
- 2294 — financial and investment products;
- 2295 — environmental protection;
- 2296 — efficient use of materials, energy and water;
- 2297 — sustainable consumption; and
- 2298 — disposal of packages and products.

2299 **6.8 Community involvement and development**

2300 **6.8.1 Overview of community involvement and development**

2301 **6.8.1.1 Organizations and community involvement and development**

2302 This section addresses issues related to two interrelated areas of concern. The first is an
2303 organization's involvement in the community which concerns the relationships between the
2304 organization and other organizations and institutions in the communities where they operate. The
2305 second is development, the process by which economic, social, cultural, political and
2306 environmental dimensions of the society improve thus promoting higher levels of wellbeing.

2307 Organizations operate in communities, taken here as the people living in one place, district or
2308 country. Because of this, organizations can't be considered to be apart of community.
2309 Relationships with other community members and institutions are unavoidable and in some
2310 cases may be a necessary condition for any organization to operate, perform its role and achieve
2311 its goals. It is not possible for an organization to operate without having relations with other
2312 organizations.

2313 The quality of the relationship an organization establishes with the rest of the community will
 2314 influence its contribution to the development process. The need for contributions to development
 2315 in order to reduce poverty and improve poor social conditions is universally accepted, as
 2316 reflected in the United Nations Millennium Declaration (see box 5, [120]) Although development is
 2317 guided and driven by public policies, the development process depends on the contributions of all
 2318 organizations, public and private, large and small.

2319 Development is the improvement in the standard of living of a population. It comprises the
 2320 increase and diversification of economic activities that will better satisfy the needs of society. A
 2321 balanced distribution of the outputs of economic growth is also necessary to reduce poverty and
 2322 benefit society as a whole. The social dimensions of the development process are related to the
 2323 conditions that constitute a decent standard of living, such as health, education, democratic
 2324 institutions and the rule of law.

2325 **6.8.1.2 Social responsibility and community involvement and development**

2326 Robust civil society relationships and institutions make society more sustainable. Organizations
 2327 contribute to the strength of civil society through participation in associations especially where
 2328 these associations contribute to common purposes and the public good. Organizations also
 2329 strengthen civil society by engaging in a respectful manner with such institutions that reflect
 2330 democratic and civil values, the worth of individuals and the duties of citizenship and belonging.
 2331 This goes beyond identifying and engaging stakeholders over the impacts of an organization's
 2332 operations. It also encompasses actions based on a sense of solidarity and identification with the
 2333 community.

2334 While small organizations will probably be in a position to contribute to their immediate local
 2335 community, large organizations may be in a position to contribute to a broader community, one
 2336 that could encompass a whole district, country or group of countries.

2337 Development, together with environmental protection, is also a necessary basis for a sustainable
 2338 society. Development in a sustainable manner requires the balance of its social, economic,
 2339 environmental and political dimensions. Development is about the reduction of poverty and the
 2340 attainment of a higher quality of life. Although the primary responsibility for social and economic
 2341 development belongs to governments, all organizations have a responsibility to contribute to the
 2342 development process. Organizations are frequently invited by authorities or other organizations to
 2343 get involved in efforts to overcome problems and challenges that communities face.
 2344 Organizations may even take a lead through specific programs in support of communities,
 2345 contributing with resources and knowledge. This section offers guidance related to local
 2346 development impacts that include and go beyond those that would arise through an
 2347 organization's performance of its core objectives and activities.

2348 **6.8.1.3 Benefits to an organization of community involvement and development**

2349 All organizations should recognize their long term interest in the sustainability of the communities
 2350 in which they operate. Community involvement contributes to the common good and to
 2351 strengthening civil society and institutions that are essential elements of social cohesion and
 2352 stability as well as of social justice. An organization's community involvement should arise out of
 2353 recognition that the organization is a stakeholder in the community with significant common
 2354 interests with all members of the community. Effective community involvement can increase both
 2355 the quality of the community and the ability of the organization to achieve its own purposes.
 2356 Among other things, an organization's community involvement will impact on an organization's
 2357 reputation and on the morale of its employees.

2358 By contributing to the development of the community in which it is located, an organization can
 2359 benefit from the resulting enhanced opportunities to individuals and organizations associated with
 2360 greater economic development and higher levels of education and wellbeing of people that this
 2361 entails. This can result in benefits associated with an enhanced reputation, higher levels of
 2362 employee morale and improved management of risks and opportunities.

2363 **6.8.2 Principles and considerations**

2364 **6.8.2.1 Principles**

2365 International declarations such as the Millennium Declaration [120] and the Copenhagen
 2366 Declaration [121] express basic principles concerning contribution to the community and society.
 2367 One of the values of the Millennium Declaration is that “no individual and no nation must be
 2368 denied the opportunity to benefit from development”. The Copenhagen Declaration recognizes
 2369 the “urgent need to address profound social challenges, especially poverty, unemployment and
 2370 social exclusion”. Both documents invite all organizations to contribute to the development goals
 2371 to which nations have agreed.

2372 In addition to the principles outlined before it is necessary to consider that the respect for
 2373 Economic, Social and Cultural Human Rights are intimately related to community and
 2374 development issues (see Clause 7.3.6). The same may be said regarding the environment issues
 2375 addressed in Clause 7.6, which is a pillar of a sustainable development.

2376 **Box 5 Millennium Development Goals and the Copenhagen Declaration**

2377 *Millennium Development Goals*

2378 The Millennium Development Goals (MDGs) are eight goals to be achieved by the year 2015 that
 2379 respond to the world's main development challenges. The MDGs are drawn from the actions and
 2380 targets contained in the Millennium Declaration that was adopted by 189 nations and signed by
 2381 147 heads of state and governments during the UN Millennium Summit in September 2000. The
 2382 8 MDGs break down into 18 quantifiable targets that are measured by 48 indicators. The 8 MDGs
 2383 are:

- 2384 1. Eradicate extreme poverty and hunger
- 2385 2. Achieve universal primary education
- 2386 3. Promote gender equality and empower women
- 2387 4. Reduce child mortality
- 2388 5. Improve maternal health
- 2389 6. Combat HIV/AIDS, malaria and other diseases
- 2390 7. Ensure environmental sustainability
- 2391 8. Develop a global partnership for development

2392 *Copenhagen Declaration*

2393 At the World Summit for Social Development, held in March 1995 in Copenhagen, Governments
 2394 reached consensus on the need to put people at the centre of development. The Social Summit
 2395 was the largest gathering ever of world leaders at that time. The Copenhagen Declaration and
 2396 Programme of Action pledged the international community to make the conquest of poverty, the
 2397 goal of full employment and the fostering of social integration overriding objectives of
 2398 development.

2399 **6.8.2.2 Considerations**

2400 The following are considerations that an organization should take into account when addressing
 2401 community involvement and development:

- 2402 — recognition of rights: organizations should recognize the rights of men and women to decide
 2403 over the life of their community and in doing so to maximize their own capabilities, resources
 2404 and opportunities;

2405 — partnership: combining capabilities in a partnership, such as the exchange of experience,
 2406 resources and efforts among organizations, makes development actions more effective than
 2407 actions taken by an individual organization; partnerships can include many different types of
 2408 organizations and can operate at international, national, regional or local level; and

2409 — reduction of poverty and inequality: promotion of income and wealth generation and its fair
 2410 distribution are priorities for nations and civil society at all levels.

2411 **6.8.3 Community involvement and development issue 1: Community involvement**

2412 **6.8.3.1 Description of the issue**

2413 Organizations contribute to their communities through their participation in, and support for, civil
 2414 institutions and through the involvement in networks of groups and individuals that constitute civil
 2415 society. The strengthening of civil institutions and civil society facilitates the creation of shared
 2416 values which results in greater levels of trust in society essential to the rule of law and to the
 2417 success of democratic institutions. Organizations support a community by respecting its laws and
 2418 practices.

2419 Organizations can join associations of others to defend and advance their own interests.
 2420 However, these associations should represent their member's interests within the context of
 2421 respecting the rights of other groups and individuals to do the same and they should always
 2422 operate in a way so as to increase respect for the rule of law and for democratic processes. Such
 2423 associations should be transparent and conduct their activities in an ethical manner.

2424 Organizations should join associations and work with groups and individuals to advance the
 2425 common good of the community. This involvement will increase the capacity of communities to
 2426 promote their own development, to address problems of broad concern and to achieve worthy
 2427 objectives and goals. Organizations are increasingly being invited by authorities or other
 2428 organizations to get involved in programs and actions aimed at solving the challenges that
 2429 communities face.

2430 However organizations should not seek to cooperate with groups or individuals where the effect
 2431 of the activities is to undermine respect for the rule of law or democracy. This could include
 2432 informal economic activities where the effect or purpose is to avoid taxes or to thwart the purpose
 2433 or spirit of laws or regulations. Organizations should in this regard respect other practices that
 2434 may have evolved to protect the community and to build shared values and increase trust.

2435 **6.8.3.2 Expectations and/ or related actions**

2436 An organization should:

2437 — participate in local associations with the objective of contributing to the public good and the
 2438 development objectives of communities;

2439 — contribute to democratic processes through the appropriate and transparent participation in
 2440 the political process that respects the rights and views of others to express and defend their
 2441 interests; this processes may relate to the setting up, implementation, monitoring and
 2442 evaluation of development programs. In some cases, this involves contributing knowledge,
 2443 skills, human resources and/or material resources;

2444 — conduct all activities within an appropriate legal and/or institutional framework, including
 2445 when establishing relations with other organizations thus contributing to broad respect for the
 2446 law in the community; and

2447 — maintain transparent relationships with government officials free from bribery or improper
 2448 influence.

2449 **6.8.4 Community involvement and development issue 2: Social investment**

2450 **6.8.4.1 Description of the issue**

2451 Social investment takes place when organizations invest their resources in infrastructure and
2452 programs aimed at improving social aspects of community life. Social investment is a means by
2453 which organizations can contribute to the development of the communities where they operate.
2454 This includes compensation for negative impacts of an organization's operations.

2455 In identifying opportunities for social investment an organization should align its contribution with
2456 the needs of the communities in which the organization operates. Information sharing,
2457 consultation and negotiation are useful tools for a participative approach in identifying and
2458 implementing social investments.

2459 The increase of a community's collective capacities does not depend exclusively on
2460 organizations but also on individuals. Organizations have a central role in communicating to
2461 citizens the importance of their actions in achieving social development. All organizations, both
2462 large and small, can also contribute through awareness raising activities to mobilize the public for
2463 social development.

2464 **6.8.4.2 Expectations and/ or related actions**

2465 Organizations should:

2466 — undertake social investments in the community or communities that are related to its
2467 operations;

2468 — seek to align capacity building with the core competencies of the organization itself; this will
2469 maximize the contribution of the organization by leveraging its existing expertise;

2470 — recognize that social investments do not preclude other social actions and philanthropy (for
2471 example grants, volunteering and donations). These however, should be aligned with the
2472 organization's overall capacity building aims. They should focus on giving resources to the
2473 community through programs or projects for long-term development;

2474 — promote sustainable social investments projects, by involving the community in their design
2475 and implementation. Community involvement will help projects to survive and prosper when
2476 the organization is no longer involved;

2477 — take into account the promotion of community development in planning social investment
2478 projects. All actions should broaden the opportunities for citizens, for example increasing
2479 local procurements and outsourcing to support local development;

2480 — within the context of social responsibility, take into account the value of aligning
2481 organizational contributions to the community with local and national policy priorities. This
2482 will increase the probability of a successful and sustainable social investment;

2483 — avoid actions that perpetuate a community's dependence on the organization's philanthropic
2484 activities; and

2485 — assess existing community-related initiatives, provide feedback on their success and
2486 suitability and identify where improvements might be made.

2487 **6.8.5 Community involvement and development issue 3: Employment creation**

2488 **6.8.5.1 Description of the issue**

2489 Employment is an internationally recognized goal related to economic development. By creating
2490 employment, all organizations, both large and small, can make an important contribution to
2491 reducing poverty and promoting economic development. In the course of creating employment,
2492 issues referred to in clauses 6.3 (Human Rights) and 6.4 (Labour Practices) should apply.

2493 **6.8.5.2 Expectations and/ or related actions**

2494 An organization should:

2495 — consider the impact of its investment decisions on employment creation, and where
2496 economically viable, direct investments to areas with high levels of poverty;

2497 — consider the impact of technology choice on employment, and where economically viable,
2498 select technologies that maximize employment opportunities; and

2499 — consider the impact of outsourcing decisions on employment creation, both within the
2500 organization making the decision and within external organizations affected by such
2501 decisions.

2502 **6.8.6 Community involvement and development issue 4: Technology development**

2503 **6.8.6.1 Description of the issue**

2504 To overcome under-development and its associated problems, countries need, amongst other
2505 things, access to modern technology. Organizations can contribute to the development of the
2506 communities in which they operate by applying specialized knowledge, skills and technology in
2507 such a way as promote human resource development and technology diffusion.

2508 **6.8.6.2 Expectations and/ or related actions**

2509 To contribute to the technological development of the community an organization should:

2510 — consider engaging in partnerships with local organizations (for example universities or
2511 research laboratories), and where mutually beneficial and where appropriate, engage in
2512 scientific and technological development with partners from the local community, employing
2513 local people in this work [101]; and

2514 — where economically feasible, adopt practices that allow technology transfer and diffusion.
2515 Where applicable the organization should set reasonable terms and conditions for licenses
2516 or technology transfer so as to contribute to long term local development.

2517 **6.8.7 Community involvement and development issue 5: Wealth and income**

2518 **6.8.7.1 Description of the issue**

2519 The creation of increased incomes for broad sectors of society is critically important towards
2520 freeing men, women and children from the abject and dehumanizing conditions of extreme
2521 poverty, to which more than one billion people around the world are subjected. All organizations,
2522 both large and small, should contribute within their means, and based on their core
2523 competencies, to poverty and hunger eradication initiatives. Access to goods and services
2524 provided by higher incomes tends to improve life expectancy, allow the achievement of higher
2525 levels of education and health, and contribute to gender equality, child welfare and the protection
2526 of human rights.

2527 Income from taxes provides the means for a community's authorities to manage and develop
2528 infrastructure, for example transportation, and public services. Governments play an important
2529 part when establishing and managing tax systems and in the effective use of revenues. All
2530 organizations can contribute to the proper functioning of a tax system and to the efficient use of
2531 resources by complying with all applicable laws and regulations, and by scrutinizing the functions
2532 of a tax system to ensure transparency and conformance with applicable laws and regulations.

2533 One important consideration for the contribution of organizations to wealth and income
2534 generation is the need to conduct activities under a legal framework. Many organizations conduct
2535 operations on an informal basis often to avoid taxes or regulation. These activities can impose
2536 costs that are unfairly born by all of society. Additionally, such practices contribute to the erosion
2537 of legal frameworks and respect for laws and government institutions.

2538 **6.8.7.2 Expectations and/ or related actions**

2539 To contribute to an increase in the wealth and income of the community where it operates, an
2540 organization should:

2541 — engage in commercial relations only with suppliers that operate under legally recognized
2542 frameworks;

2543 — encourage and assist informal organizations to become formal organizations operating under
2544 legal frameworks;

2545 — endeavour to use natural resources in a sustainable way that helps to alleviate poverty [122];

2546 — obtain prior informed consent of the local community for the use of local natural resources
2547 and respect the traditional use of natural resources by local populations, in particular
2548 indigenous people [21];

2549 — give preference to local suppliers of goods and services and contribute to local supplier
2550 development;

2551 — contribute to programs that provide access to food and other essential goods for vulnerable
2552 groups of low income people, taking into account the importance of contributing to their
2553 increased capabilities, resources and opportunities. Special attention should be given to
2554 child nutrition;

2555 — support social entrepreneurship ventures and the development of low cost social
2556 technologies that are easily replicable and have a high social impact on poverty and hunger
2557 eradication;

2558 — where economically feasible develop potential local knowledge and technologies and respect
2559 the communities rights to that knowledge or technology; and

2560 — fulfil its tax responsibilities as described in law and related regulations, and provide the
2561 authorities with the necessary information to correctly determine its taxes [101].

2562 **6.8.8 Community involvement and development issue 6: Education and culture**

2563 **6.8.8.1 Description of the issue**

2564 Education is an imperative for the progress of civilization and the foundation for all social and
2565 economic development. Culture is an important component of a community and society's identity.
2566 Organizations should be aware that the promotion and preservation of education and culture has
2567 a positive impact on social cohesion and development [122].

2568 **6.8.8.2 Expectations and/ or related actions**

2569 An organization should:

- 2570 — promote cultural activities, respect and value the local culture and cultural traditions. Actions
2571 to support cultural activities that strengthen the identity of historically disadvantaged groups
2572 are especially important as a means of combating discrimination;
- 2573 — help conserve and protect cultural heritage, especially where its operations may have an
2574 impact on it [123];
- 2575 — promote the use of appropriate indigenous knowledge systems where possible [21];
- 2576 — promote and/or support education at all levels and engage in actions to improve the quality
2577 of education, to promote local knowledge and to eradicate illiteracy; and
- 2578 — encourage the enrolment of children in formal education and contribute to the elimination of
2579 barriers to children obtaining an education, such as child labour [10].

2580 **6.8.9 Community involvement and development issue 7: Health**

2581 **6.8.9.1 Description of the issue**

2582 Health is an essential element of life in society and is a universally recognized human right.
2583 Threats to public health can have severe impacts on communities and can hamper their
2584 development. Thus, all organizations, both large and small, are called to contribute, within their
2585 means, to the promotion of health. Even in communities where it is a role of the state to provide a
2586 public health system, all organizations can consider contributions to health in their communities.
2587 A high level of health in the community reduces the burden on the public sector and contributes
2588 to a good economic and social environment for all organizations.

2589 **6.8.9.2 Expectations and/ or related actions**

2590 An organization should:

- 2591 — promote good health by, for example, contributing to access to medicines and vaccination
2592 and by encouraging healthy lifestyles, including exercise and good nutrition, and by
2593 discouraging the consumption of unhealthy substances;
- 2594 — raise awareness about major diseases and their prevention, such as HIV/AIDS, cancer,
2595 heart diseases, malaria and tuberculosis;
- 2596 — support access to essential health care services and to clean water and appropriate
2597 sanitation as means to prevent illness, especially for women and children; and
- 2598 — seek to minimize or eliminate the negative health impacts of any products or services
2599 provided by the organization.

2600 **6.8.10 Community involvement and development issue 8: Responsible Investment**

2601 **6.8.10.1 Description of the issue**

2602 Responsible investment is a means by which investors may better align their activities with
2603 broader objectives of society. It can produce positive contributions on all core subjects of this
2604 standard, not only on community development. Responsible investment includes consideration of
2605 the economic, social, environmental and governance dimensions of an investment, in addition to

2606 the traditional financial dimensions. Where financially sustainable, preference should be given to
2607 activities which can be viewed as a contribution to the present and future welfare of society.

2608 The term “investment” here refers not only to traditional capital investments by financial
2609 institutions and other businesses, but also to projects that may be identified, considered, funded
2610 and/or managed by NGOs and other organizations covered by this guidance standard.

2611 **6.8.10.2 Expectations and/ or related actions**

2612 To orient its investments according to the guidance on social responsibility, in addition to financial
2613 considerations, an organization should:

2614 — incorporate economic, environmental, social and governance issues into investment analysis
2615 and decision-making processes;

2616 — develop and disclose an active ownership or governance policy consistent with principles of
2617 social responsibility;

2618 — seek appropriate disclosure on economic, environmental, social and governance issues by
2619 the organizations in which it has invested;

2620 — engage with organizations on their economic, environmental, social and governance
2621 practices, with a view to improving the social performance of organizations in which it has
2622 invested; and

2623 — seek to maximize positive social, cultural and economic contributions to communities when
2624 making investment decisions.

2625 **7 Guidance on implementing practices of social responsibility**

2626 **7.1 General**

2627 Previous clauses of this standard have identified the principles, core subjects and issues of social
2628 responsibility. This clause provides guidance on putting social responsibility into practice in an
2629 organization. In most cases, organizations can put social responsibility into practice without
2630 creating new structures or major new systems, although some activities are likely to be
2631 conducted in new ways, or with consideration for a broader range of issues. Implementation of
2632 social responsibility is primarily about integrating social responsibility into existing systems,
2633 policies, structures and networks.

2634 It is generally not necessary, or productive, to totally re-invent the organization to build social
2635 responsibility into the way that it operates. There are occasions when an organization might
2636 decide it should undertake a radically new approach to its activities – which could arise, for
2637 example, from a sense of urgency about the need to address climate change – but in most
2638 cases, social responsibility can be integrated into an organization without dramatic changes in its
2639 structures or systems.

2640 The purpose of this clause is to identify important practices of social responsibility and to assist
2641 organizations in understanding how to use and apply the information in earlier clauses. Some
2642 organizations may already have well developed techniques for introducing new approaches into
2643 their activities, as well as effective systems for communication and internal review, and may have
2644 little need for the approaches in this clause. Others may find one or more of the approaches
2645 useful as they put social responsibility into practice.

2646 **7.2 The relationship of the organization's characteristics to social responsibility**

2647 The role and practices of social responsibility will vary considerably between organizations.
 2648 Social responsibility may be dramatically different in a large multi-national corporation than in a
 2649 small community group, both with respect to the breadth of relevant issues and the need for
 2650 formal procedures to implement actions related to social responsibility. To provide an informed
 2651 basis for integrating social responsibility into the organization, it is useful to analyze how some of
 2652 the key characteristics of the organization relate to social responsibility.

2653 This analysis could include consideration of factors such as:

- 2654 — locations in which the organization operates;
- 2655 — nature of the legal framework in these locations (Is there a strong legal framework that
 2656 regulates many of the activities related to social responsibility?);
- 2657 — social, environmental and economic characteristics of the areas of operation;
- 2658 — the organization's type, purpose and size;
- 2659 — characteristics of the organization's workforce or employees;
- 2660 — industry or sector organizations in which the organization participates;
- 2661 — activities related to social responsibility undertaken by these organizations;
- 2662 — codes or other requirements related to social responsibility imposed by these
 2663 organizations;
- 2664 — concerns of internal and external stakeholders relevant to social responsibility;
- 2665 — decision making structure of the organization (which decisions are made centrally, which are
 2666 decentralized); and
- 2667 — value chains and contractors for the organization.

2668 In addition to understanding the characteristics of the organization and the context in which it
 2669 operates, it is also important to understand the current attitudes and understanding of social
 2670 responsibility by the organization's leadership. A good understanding of the benefits of social
 2671 responsibility will greatly assist the integration of social responsibility into the organization.

2672 The analysis will help in identifying relevant core subjects and issues of social responsibility for
 2673 the organization. It will also provide a basis for determining how social responsibility can be
 2674 effectively integrated throughout the organization.

2675 **7.3 Understanding the social responsibility of the organization**

2676 **7.3.1 The scope of social responsibility for the organization**

2677 Social responsibility involves integrating all the principles in Clause 4 into the way the
 2678 organization operates, as well as identifying and addressing the expectations associated with
 2679 relevant and significant core subjects and issues. Clause 4 provides examples of the practical
 2680 application of these principles of social responsibility. Clause 5 addresses two fundamental
 2681 practices of social responsibility: how an organization recognizes its social responsibility and how
 2682 it identifies and engages its stakeholders. Clause 6 provides specific guidance on core subjects
 2683 and issues. This clause (Clause 7) identifies and describes the practices used to address the
 2684 core subjects and issues.

2685 **7.3.2 Determining relevance and significance of core subjects to the organization**

2686 **7.3.2.1 Determining relevance**

2687 All the core subjects, but not all issues, have some relevance for every organization. The degree
2688 of relevance and the significance of the core subject vary, depending on the nature, size and
2689 location of the organization.

2690 In an initial review of the relevance of the core subjects and issues, there could be benefit in
2691 taking a very broad view of possible relevance. It will be relatively easy later to narrow down the
2692 list of relevant issues to those of greatest significance. To start the identification process, an
2693 organization can:

2694 — list the full range of its activities;

2695 — look at the activities of the organization itself and the activities within the organization's value
2696 chain and sphere of influence (see Clause 5.1.2 for discussion of sphere of influence and
2697 value chain/supply chain). The activities of suppliers and contractors can reflect on the social
2698 responsibility of the organization;

2699 — determine which core subjects and issues might arise when the organization and others
2700 within its value chain carry out these activities;

2701 — examine the range of ways in which the organization's decisions and activities can cause
2702 impacts on sustainable development and the welfare of society; and

2703 — identify the societal expectations of responsible behaviour concerning these impacts.

2704 Although the organization itself may understand societal expectations of its social responsibility
2705 (see Clause 5.2.3), there can be benefit in involving stakeholders in this process to broaden the
2706 perspective on the core subjects and issues. It is important to recognize though that issues may
2707 be significant even if stakeholders fail to identify them.

2708 When looking at the possible core subjects and issues relevant to the organization, an
2709 organization should include both those that relate to day-to-day activities as well as those that
2710 arise only occasionally under very specific circumstances. As an example, organizations do not
2711 construct or lease new buildings for their offices or facilities very often, but when they do, the
2712 issues of energy and water efficiency (Core subject: Environment) and access for people with
2713 disabilities (Core subject: Human rights) are likely to be important aspects of social responsibility
2714 to be considered.

2715 An organization is likely to identify more relevant core subjects and issues than it had previously
2716 considered. An organization that operates only in one location in an area with strong laws on
2717 such issues as human rights, consumer protection and environmental management may assume
2718 that all the relevant aspects of such issues are covered by law, and that these core subjects are
2719 probably irrelevant. But careful review of the core subjects and issues in Clause 6 is likely to
2720 reveal issues that are not legally regulated and are directly relevant to the activities of the
2721 organization.

2722 Even for subjects or issues covered by applicable law, responding to the spirit of the law may in
2723 some cases involve action beyond simple compliance. As an example, although some
2724 environmental regulations limit emissions of air or water pollutants to specific amounts or levels,
2725 a socially responsible organization is likely to strive for using best practice to reduce its emission
2726 of those pollutants to the lowest levels that can be achieved in a cost-effective manner.

2727 **7.3.3 Determining significance**

2728 Once an organization has identified the broad range of issues relevant to its actions, it can look
2729 carefully at those issues identified and develop a set of criteria for deciding on the core subjects
2730 and issues that have the greatest significance for the organization. Possible criteria could include:

- 2731 — the extent of the impact of the issue on sustainable development and the welfare of society;
- 2732 — the potential effect of taking action or failing to take action on the issue;
- 2733 — the level of stakeholder concern about the issue;
- 2734 — the potential effect of the related action on the issue compared to the resources and effort
2735 required to implement the action; and
- 2736 — the ease of controlling threats or taking advantage of opportunities for contributing to
2737 sustainable development, health and welfare of society.

2738 **7.3.4 Establishing priorities for addressing core subjects and issues**

2739 The significance of a core subject or issue is not the same as the priority an organization assigns
2740 to taking action on that issue. Having determined its significant issues, an organization should
2741 determine priorities for action based on its plans for integrating social responsibility into the
2742 organization and its daily practices. An organization may find it valuable to involve some of its
2743 stakeholders in the identification of priorities.

2744 Priority may be given to issues and actions that:

- 2745 — relate to compliance with law or professional codes;
- 2746 — relate to potential violations of human rights;
- 2747 — relate to practices that could endanger life;
- 2748 — will take a long time to become fully effective;
- 2749 — are of immediate concern to stakeholders;
- 2750 — have significant cost implications if not addressed quickly; and
- 2751 — can be implemented quickly and easily and will be useful in increasing awareness of and
2752 motivation for action on social responsibility within the organization.

2753 In addition to setting priorities for immediate action, an organization can establish priorities for
2754 consideration of core subjects and issues that are relevant to activities that an organization
2755 expects to carry out in the future, such as building construction, employing new staff, hiring
2756 contractors or conducting fund-raising activities. The priority considerations will then form part of
2757 the planning for these future activities.

2758 An organization should also consider what other criteria it considers important to establishing
2759 priorities for action. These are very likely to vary among organizations.

2760 Once the process of integrating social responsibility throughout the organization is underway,
2761 there would be value in re-examining and updating the priorities for action.

2762 **7.4 Integrating social responsibility throughout the organization**

2763 **7.4.1 General**

2764 A fundamental characteristic of social responsibility is its integration through all parts of the
 2765 organization and their activities. This involves making social responsibility an important part of
 2766 existing organizational strategies, systems, practices and processes. This clause provides
 2767 guidance on how an organization can bring about this integration.

2768 **7.4.2 Setting the direction of the organization towards social responsibility**

2769 The statements and actions of the organization's leadership and the organization's strategic
 2770 framework — its purpose, its aspirations and its values — set the directions for the organization.
 2771 To make social responsibility an important part of the functioning of the organization, it should be
 2772 reflected in the organization's strategic framework. This framework includes a number of
 2773 elements.

2774 The purpose or role of the organization is the reason why the organization exists. Examples of
 2775 some purposes are: 'to protect wetlands', 'to publish the best literature by local authors', and 'to
 2776 work for a fair marketplace for consumers'. Some organizations express their purpose in the form
 2777 of a mission statement.

2778 The aspirations of an organization are what it would like to be in the future. Some organizations
 2779 express their aspirations in the form of a vision statement.

2780 An organization's values, beliefs, attitudes and philosophy are designed to reflect and to shape
 2781 the organization's culture. They determine how the organization operates and how its people
 2782 make decisions.

2783 Ethics or accepted behaviours guide the activities of people within an organization even if these
 2784 are not formally expressed or acknowledged. Some organizations adopt written codes of conduct
 2785 or ethics codes approved by the organization's leadership.

2786 An organization's strategy, whether or not it is formally stated, is based on the organization's
 2787 purpose, vision, values and ethics and describes how an organization intends to operate and
 2788 what it needs to do to achieve its goals.

2789 An organization can help set the direction of the organization by making social responsibility an
 2790 integral part of its strategic framework. Some of the ways it can do this include:

2791 — incorporating in its purpose or in a mission statement specific clear and concise references
 2792 to important aspects of social responsibility, including the principles and issues of social
 2793 responsibility, that help determine the way the organization operates;

2794 — including in the organization's aspirations or vision statement reference to the way in which it
 2795 intends social responsibility to influence its actions;

2796 — reviewing the organization's values or philosophy to determine if they are consistent with a
 2797 socially responsible approach and whether there would be benefit in a more specific
 2798 reference to social responsibility;

2799 — adopting a written code of conduct or ethics code that specifies the organization's
 2800 commitment to social responsibility by translating the principles and values into statements
 2801 on appropriate behaviour. Codes can be specific to the organization or based on codes
 2802 developed by professional or sector organizations;

2803 — including social responsibility as a key element of the organization's strategy. Social
 2804 responsibility has implications for all aspects of the way an organization is run and operates.

2805 It should be integrated into systems, policies, processes and decision making behaviours. It
 2806 affects the labour practices of the organization, its purchasing practices and the way it deals
 2807 with suppliers, its attitudes and practices related to the communities where it operates, its
 2808 relationship with government and many other activities; and

2809 — translating the priorities for action on core subjects and issues into manageable
 2810 organizational objectives, with strategies, processes and timelines developed to achieve
 2811 these objectives. Objectives should be specific and measurable conditions that contribute to
 2812 the goal of being socially responsible. Stakeholder input can be valuable in assisting this
 2813 process. The details of achieving the objectives, including budgets and the effect on other
 2814 activities of the organization, should be an important element in establishing the objectives
 2815 and the strategies for their achievement.

2816 **7.4.3 Raising awareness and building competency for social responsibility**

2817 Building social responsibility into every aspect of an organization involves commitment and
 2818 understanding by employees at all levels of the organization. The commitment and understanding
 2819 should start at the top of the organization. The organization's leadership plays a very important
 2820 role in setting the direction of the organization. Efforts should therefore be made to provide the
 2821 organization's leadership with a thorough understanding of the principles, core subjects and
 2822 issues and the implications of social responsibility for the activities of the organization.
 2823 Understanding of the benefits of social responsibility for the organization can play a major role in
 2824 gaining commitment from the organization's leadership.

2825 In the early stages of an organization's efforts related to social responsibility, the focus of
 2826 awareness-building should be on increasing understanding of the aspects of social responsibility,
 2827 including principles, core subjects and issues.

2828 Not all employees and all sections of an organization will be equally receptive and willing to adopt
 2829 socially responsible practices. No single formula for bringing about change is applicable to all
 2830 organizations. Creating a culture of social responsibility within an organization may take a
 2831 substantial amount of time, but proceeding systematically and building from existing values and
 2832 cultures will ultimately create the desired outcomes.

2833 Building the capability for implementing practices of social responsibility may involve
 2834 strengthening or developing skills in some areas of activity such as stakeholder engagement, and
 2835 in improving knowledge and understanding of the application of the core subjects. Efforts should
 2836 build on the existing knowledge and skills of people within the organization. Specific training may
 2837 be useful for some issues.

2838 To effectively integrate social responsibility, the organization may identify a need for changes in
 2839 decision making processes and governance that would promote greater freedom, authority and
 2840 motivation to suggest new approaches and ideas. An organization may also find that it requires
 2841 better tools for monitoring and measuring some aspects of its performance.

2842 **7.4.4 Building social responsibility into the organization's systems and procedures**

2843 The most important and effective means of integrating social responsibility throughout the
 2844 organization is through the organization's governance, the system by which its decisions are
 2845 made and implemented. When making decisions, including with respect to new activities, an
 2846 organization should consider the likely impacts of these decisions on others. In doing so an
 2847 organization should consider the best ways of minimizing the harmful impacts of its activities and
 2848 of increasing the beneficial effects of its behaviour on society and the environment. The
 2849 resources and planning required for this purpose should be taken into account when decisions
 2850 are made.

2851 An organization should confirm that the principles of accountability, transparency and ethical
 2852 behaviour are applied in its governance and reflected in its structure. Organizations should

2853 periodically review procedures and processes to make sure that they take into account the social
2854 responsibility of the organization.

2855 Organizations should apply established management practices to addressing their social
2856 responsibility. Planning, assessing strengths and weaknesses, developing strategies, setting
2857 targets, allocating resources, developing competencies and regularly examining and evaluating
2858 activities can be used to improve the performance of an organization related to social
2859 responsibility. Management processes such as continual improvement can be applied to this
2860 purpose.

2861 Efforts should be made to identify the ways in which the principles of social responsibility and the
2862 core subjects and issues apply to the various departments and sections of the organization. The
2863 roles and responsibilities for achieving the objectives related to priority core subjects and issues
2864 should be identified for each department or section of the organization.

2865 Specific short-term targets should be set to translate objectives into their practical application at a
2866 departmental or other level of the organization. The targets should be clear, specific, measurable,
2867 time bound and realistic. An example of a specific target related to an objective of achieving fair
2868 operating practices for the organization is to prepare and adopt (by specified dates) a policy on
2869 prompt payment of creditors and contractors. If achieving a target will involve a number of steps
2870 and several people or groups, it may be helpful to prepare an action plan that specifies exactly
2871 what will be done, by whom and by what deadline. Resources necessary for meeting the targets
2872 should be determined.

2873 Departments or groups within the organization should review and revise operating procedures to
2874 make them consistent with the principles and core subjects of social responsibility. A broad and
2875 effective mechanism for promoting social responsibility across the organization is to build social
2876 responsibility issues into all human resource practices, such as recruitment, hiring, orientation
2877 and other employee training, as well as into performance reviews.

2878 To monitor progress on integrating social responsibility throughout the organization, an
2879 organization should identify the methods it will use for evaluation. These can include periodic
2880 reviews, benchmarking, obtaining feedback from stakeholders, measurement against indicators
2881 (see clause 7.7.2) or other methods identified by the organization.

2882 The role of the department (or individual in small organizations) with primary responsibility for
2883 oversight of social responsibility activities in the organization can be a powerful indication of how
2884 social responsibility is viewed by the organization. If responsibility is assigned to a group or
2885 individual whose primary focus is on public relations or external affairs, this may indicate to
2886 people both inside and outside the organization that social responsibility is seen as enhancing
2887 the image of the organization but not fundamentally changing the way it operates. The
2888 appropriate location for oversight of social responsibility activities will depend on the nature and
2889 structure of the organization, but it should relate to the ability of that group or individual to foster
2890 integration of social responsibility across the organization.

2891 The existing values and culture of the organization can have a significant effect on the ease and
2892 pace with which social responsibility can be fully integrated throughout the organization. For
2893 some organizations, where the values and culture are already closely aligned to those of social
2894 responsibility, the process of integration may be quite straightforward. In others, some parts of
2895 the organization may not recognize the benefits of social responsibility and may be resistant to
2896 change. Systematic efforts over an extended period may be involved in integrating a socially
2897 responsible approach in these areas.

2898 It is important too to recognize that the process of integrating social responsibility throughout an
2899 organization does not occur all at once or at the same pace for all core subjects and issues. A
2900 plan for addressing some social responsibility issues in the short term and some over a period of
2901 time should be realistic and should take into account the capabilities of the organization, the
2902 resources available and the priority of the issues (see clause 7.3.3).

2903 **7.5 Communication on social responsibility**

2904 **7.5.1 Characteristics of communication for social responsibility**

2905 Communication concerning an organization's social responsibility will likely affect an
2906 organization's reputation and even its performance. However, communications should not be
2907 treated as just self-promotion or advertising. Information concerning an organization's impacts
2908 and its efforts to address these impacts should have the following characteristics:

2909 — it should be *understandable*. Information should be provided with regard for the knowledge
2910 that the persons using the information will possess. Both the language used, and the manner
2911 in which the material is presented, including how it is organized, should be accessible for the
2912 stakeholders intended to receive the information. In planning communication with specific
2913 groups, the organization should consider the cultural, social, educational and economic
2914 background of those who will be involved in the communication, so that any materials are
2915 appropriate for the intended participants;

2916 — it should be *truthful* and *accurate*. The information should be factually correct and should
2917 provide sufficient detail to be useful and appropriate for its purpose;

2918 — it should be *balanced*. If it is presenting positive information, it should not omit relevant
2919 negative information concerning the impacts of the organization's activities;

2920 — it should include all the *material* information about the relevant issues. The term **material**
2921 (3.10) in this sense refers to information that should not be withheld if a true picture is to be
2922 provided. In this context information would be considered material if it would influence the
2923 decisions or understanding of stakeholders concerning their interests with respect to the
2924 decisions or activities of the organization;

2925 — it should be *timely*. Out of date information can be misleading. An understanding of the
2926 period of time covered will allow stakeholders to compare the performance of the
2927 organization with its earlier performance and even with the performance of other
2928 organizations; and

2929 — it should be *comparable* where appropriate. Information should be provided that will make it
2930 possible to compare an organization's impacts and actions over time or to compare the
2931 organization's impacts and actions with those of similar organizations.

2932 Information on specific issues should be made available to the relevant stakeholders. The
2933 relevant stakeholders will not be the same for each issue. For some issues a broader sphere of
2934 influence of the organization should be taken into account and it may be important to
2935 communicate with a wide range of stakeholders.

2936 **7.5.2 The role of communication in social responsibility**

2937 Many practices related to social responsibility will involve some form of internal and external
2938 communication. Communication can serve many different functions in social responsibility
2939 including:

2940 — demonstrating accountability and transparency;

2941 — addressing legal and other requirements for the disclosure of information related to social
2942 responsibility;

2943 — showing how the organization is meeting its commitments on social responsibility and
2944 responding to the expectations of stakeholders and of society in general;

- 2945 — raising awareness within the organization of its strategies and objectives plans, performance
2946 and challenges for social responsibility;
- 2947 — providing information about the impacts of the organization's operations, products, services
2948 and other activities;
- 2949 — helping to engage and motivate employees and others to support the organization's activities
2950 in social responsibility;
- 2951 — facilitating benchmarking among peer organizations, which can stimulate improvements in
2952 performance on social responsibility;
- 2953 — helping to engage and create dialogue with stakeholders; and
- 2954 — enhancing an organization's reputation for responsible action, openness, integrity and
2955 accountability to strengthen stakeholder trust and confidence in the organization.

2956 **7.5.3 Communicating about the organization's performance on social responsibility**

2957 Many organizations issue some form of report to their members, shareholders, or the public on a
2958 regular basis. In some cases, these are simple, short reports to inform members and other
2959 interested parties about the activities of the organization over the period since the previous
2960 report.

2961 In many jurisdictions, a number of organizations are legally required to produce financial reports
2962 on an annual basis. The requirements for dissemination of such reports may vary depending on
2963 the nature and size of the organization.

2964 To be accountable, an organization should at appropriate intervals report significant impacts
2965 related to social responsibility to concerned stakeholders.

2966 Increasing numbers of organizations that are committed to socially responsible behaviour are
2967 producing periodic reports on social responsibility, which are sometimes called sustainability or
2968 stakeholder reports. Some produce environment or health, safety and environment reports. The
2969 majority of organizations producing such reports are relatively large, although some very small
2970 organizations also produce social responsibility reports. Some reports are produced in hard copy;
2971 some are web-based, and some use a combination of hard copy and web-based formats. Some
2972 of the reports are in the form of separate documents; others appear as sections in an
2973 organization's annual report. Some sector associations strongly encourage their member
2974 organizations to produce such reports.

2975 In some countries, certain types of organizations, typically large corporations or government
2976 agencies, are legally required to produce non-financial reports, such as sustainability or
2977 environment reports.

2978 Some organizations, particularly large ones, produce several different social responsibility
2979 reports. One report may cover the activities of the organization as a whole; other, smaller reports
2980 cover activities at a particular location or site. Community groups often consider smaller, location-
2981 specific reports more useful than an organization-wide report.

2982 Publication of a social responsibility report can be a valuable aspect of an organization's activities
2983 on social responsibility. The scope and scale of an organization's report should be appropriate for
2984 the size and nature of the organization and can also reflect the extent of the organization's
2985 experience with such reporting. In some cases, organizations initiate their efforts with limited
2986 reports covering only a few key subjects and in subsequent years expand coverage as they gain
2987 experience and have sufficient data on which to base the broader report scope.

2988 A social responsibility report should cover an organization's objectives and performance on its
2989 relevant and significant core subjects. The report should provide a fair and complete picture of

2990 social responsibility performance, including achievements and shortfalls and ways in which the
2991 shortfalls will be addressed. It should include a description of how the organization decided upon
2992 the issues to be covered in the report.

2993 There are a number of initiatives – at global, national and/or sector-specific level – that are
2994 intended to provide guidance to organizations on social responsibility reporting (see Clause 7.8
2995 and Annex A).

2996 **7.6 Enhancing credibility regarding social responsibility**

2997 **7.6.1 Enhancing the credibility of reports and claims about social responsibility**

2998 Some organizations take measures to enhance the credibility of their reports and claims about
2999 social responsibility. The credibility of social responsibility reports is usually enhanced by making
3000 the reports comparable over time and with reports produced by peer organizations. Providing a
3001 brief explanation of why omitted subjects are not covered can also be used to show that the
3002 organization has made an effort to cover all significant matters.

3003 As no binding criteria exist for social responsibility reports, unlike for legally required financial
3004 reports, some organizations undertake efforts to show that preparation of the report has involved
3005 use of rigorous and responsible procedures. To promote confidence in the data and information
3006 provided in a social responsibility report, some organizations undertake a process of verification,
3007 in which the data and information are traced back to a reliable source to check the accuracy of
3008 that data and information. An individual or individuals independent of the process of report
3009 preparation, either within the organization or external to it, usually undertake the verification
3010 process. Often a statement attesting to the verification is published as part of the report.
3011 Professional assurance providers, usually engineering or management consulting firms, produce
3012 written conclusions concerning public reports of organizations. These conclusions can concern
3013 either the processes or the information in the report.

3014 Some organizations undertake processes for their social responsibility reports that involve a
3015 determination that the report reflects the **material** (3.10) issues for the organization, that it is
3016 responsive to the needs of stakeholders, and that it provides complete coverage of the issues
3017 addressed. Use of stakeholder groups to provide such reviews is becoming more widespread as
3018 organizations recognize the value of stakeholder input to improvement of their social
3019 responsibility and reporting practices.

3020 Another way of enhancing credibility is to take extra steps to be transparent. Credibility will be
3021 increased by providing information of a kind and in a form that can be easily checked by others.
3022 For instance, instead of just reporting statistics concerning performance, an organization can also
3023 make available details on the sources of the information and the processes used to develop the
3024 statistics. An organization can increase the credibility of claims it makes about its value chain by
3025 revealing the places where it conducts its activities and/or the names and locations of all of its
3026 suppliers or partners.

3027 As a further means of adding credibility to their reports, some organizations report their
3028 conformance to the reporting requirements of an external organization.

3029 A great many products include claims about environmental or social aspects of the product or the
3030 organization that produced it. To enhance the credibility of their claims, some organizations
3031 obtain eco-labels, certification or other form of recognition from bodies that use life-cycle
3032 assessments, audits or other criteria-based systems for evaluation.

3033 **7.6.2 Enhancing the credibility of the organization regarding social responsibility**

3034 There are various ways in which an organization establishes its credibility. One is stakeholder
3035 engagement. Dialogue with stakeholders is one means of increasing confidence that the interests
3036 and intentions of the parties are understood. This dialogue can build trust, and hence enhance
3037 credibility. Dialogue provides a means of correcting wrong impressions. Stakeholder engagement

3038 can be a basis for involving stakeholders in the verification of an organization's claims concerning
3039 its performance. Arrangement can be made for stakeholders to periodically review or otherwise
3040 monitor aspects of an organization's performance.

3041 Credibility with respect to certain issues can sometimes be enhanced through participation in
3042 specific certification schemes. Initiatives have been developed to certify product safety or to
3043 certify processes or products with respect to their environmental impact and other aspects of
3044 social responsibility. Such schemes must be credible in themselves. Any "certifiers" must be truly
3045 independent. This requires that they work to a rule-driven process and that an effective system is
3046 in place to prevent or address conflicts of interest. In some situations, organizations involve
3047 independent parties in their activities to provide credibility. An example of this is the creation of
3048 advisory committees or review committees consisting of persons who are selected because they
3049 will be considered credible.

3050 Organizations sometimes join associations of peer organizations to establish or promote socially
3051 responsible behaviour within their area of activity or within their respective communities.
3052 Membership in these associations can be another means of enhancing the credibility of an
3053 organization's claims concerning its social responsibility.

3054 **7.7 Reviewing and improving the organization's actions and practices related to** 3055 **social responsibility**

3056 **7.7.1 General**

3057 Effective performance on social responsibility, as on most major initiatives of an organization,
3058 depends in part on careful oversight, evaluation and review of the activities undertaken, progress
3059 made, achievement of identified objectives, resources used and other aspects of the
3060 organization's efforts.

3061 Ongoing monitoring or observation of activities related to social responsibility is primarily aimed at
3062 making sure that activities are proceeding as intended, identifying any crisis or out-of-the ordinary
3063 occurrences, and for making minor modifications to the way things are done.

3064 Periodic reviews of performance are used to determine progress on social responsibility, help
3065 keep programmes well focused, identify areas in need of change and contribute to improved
3066 performance. Stakeholders can play an important role in reviewing an organization's performance
3067 on social responsibility.

3068 In addition to reviewing existing activities, organizations also should keep abreast of changing
3069 conditions or expectations and new opportunities for enhancing its efforts on social responsibility.
3070 This clause identifies some techniques organizations can use for monitoring, reviewing and
3071 improving their performance on social responsibility.

3072 **7.7.2 Monitoring activities on social responsibility**

3073 To have confidence in the effectiveness and efficiency with which social responsibility is being
3074 put into practice by all parts of an organization, it is important to monitor ongoing performance on
3075 the activities related to core subjects and issues. The extent of this effort will obviously vary with
3076 the scope of the core subjects covered, the size of the organization and other factors.

3077 When deciding on the activities to be monitored the organization should focus on those that are
3078 significant and seek to make the results of the monitoring easy to understand, reliable and timely,
3079 and responsive to stakeholders' concerns. As in any other type of performance management, the
3080 manner in which monitoring of performance is done and the nature and extent of feedback can
3081 have a significant impact on the level of cooperation of workers in maintaining high standards and
3082 bringing about improvement.

3083 There are many different methods that can be used to monitor performance on social
 3084 responsibility, including periodic reviews, benchmarking and obtaining feedback from
 3085 stakeholders. One of the more common methods is measurement against indicators. An indicator
 3086 is a measurement of a specific aspect of performance; it is used to monitor or evaluate the
 3087 achievement of project objectives over time. For example, if an organization has an objective of
 3088 reducing its electricity use, a good indicator of its progress toward achieving that objective is the
 3089 size of its electricity bill. By checking its bill every three months, an organization can determine
 3090 whether its electricity use is increasing or decreasing. Comparison of the bills over a few years
 3091 will allow the organization to take account of variations that reflect seasonal patterns.

3092 Indicators are often used when it is too difficult or expensive to monitor every activity that makes
 3093 up a programme for social responsibility. As an example, the proportion of computer monitors
 3094 turned off overnight or the proportion of computers on which energy saver features have been
 3095 enabled can be a good indicator of the effectiveness of an energy efficiency programme for a
 3096 small office-based organization. This indicator is considered representative of the performance
 3097 on its whole energy efficiency programme. A larger or more complex organization could have a
 3098 number of different performance indicators for energy efficiency.

3099 To be valuable in organization's efforts on social responsibility, indicators chosen for monitoring
 3100 performance should be valid, that is, they should actually measure what they are intended to
 3101 measure. It is important to have confidence that the results provide a clear picture of the
 3102 performance activity they are meant to measure or the results may not be useful. As an example,
 3103 it could be misleading to use the number of community survey forms that are completed as a
 3104 measure of community interest in a specific issue. A poor result, that is, only a few surveys are
 3105 completed, could indicate a low level of interest, or it could reflect the poor quality of the survey
 3106 form and survey process.

3107 Indicators should also be:

3108 — informative – readily understandable in the provision of the type of information desired by
 3109 stakeholders;

3110 — practical – able to be used to compare conditions over time and between locations and able
 3111 to be monitored easily using available or readily obtainable data;

3112 — credible – accepted as valid by the community, and logically or scientifically defensible; and

3113 — reliable – sensitive to changes in time, space or within groups but not subject to significant
 3114 variability in measurement.

3115 Extensive additional detail on selecting and using indicators is available in many references on
 3116 social responsibility and sustainability.

3117 Although indicators that yield quantitative results are relatively straightforward to use, they are not
 3118 appropriate for all aspects of social responsibility. In the area of human rights, for example,
 3119 people's views about whether they are being fairly treated can be more meaningful than some
 3120 quantitative indicators on discrimination. Beyond this, it is important to recognize that social
 3121 responsibility is about more than specific achievements in measurable activities, such as
 3122 reducing pollution and responding to complaints. As social responsibility is based on values,
 3123 application of principles of social responsibility, and attitudes, monitoring involves more subjective
 3124 approaches such as interviewing, observing and other techniques for evaluating behaviour and
 3125 commitments.

3126 **7.7.3 Reviewing the organization's progress and performance on social responsibility**

3127 In addition to its day-to-day oversight and monitoring of the activities related to social
 3128 responsibility, organizations should carry out periodic reviews to determine how they are
 3129 performing against their targets and objectives for social responsibility and to identify potential
 3130 changes in the programmes and procedures.

3131 These reviews typically involve the comparison of indicators of performance across a range of
3132 social responsibility core subjects with results from earlier reviews, to determine progress and
3133 measure achievement against objectives. They should also include examination of less easily
3134 measured aspects of performance such as attitudes to social responsibility, integration of social
3135 responsibility across the organization and adherence to principles, value statements and
3136 practices.

3137 The role of stakeholders can be a valuable part of such reviews. Stakeholder information notifies
3138 an organization not only how stakeholders perceive specific achievements of its social
3139 responsibility programme, but also how they view the organization's overall efforts on social
3140 responsibility. Stakeholders can also keep an organization attuned to changes in expectations
3141 and attitudes in the broader community.

3142 Types of questions that could be asked during periodic reviews include:

3143 — Were objectives achieved as envisioned?

3144 — Did the strategies and processes suit the objectives?

3145 — What worked and why? What did not work and why?

3146 — Were the objectives appropriate?

3147 — What could have been done better?

3148 Based on the results of its reviews, an organization should identify changes to its programmes
3149 that would remedy any deficiencies and bring about improved performance on social
3150 responsibility.

3151 **7.7.4 Enhancing the reliability of data and information collection and management**

3152 Organizations that are accountable for the provision of performance data to government, other
3153 organizations or the public or for maintaining databases containing sensitive information can
3154 increase their confidence in their data collection and management systems by detailed audits or
3155 reviews of the systems. The aim of such reviews or audits may be to:

3156 — increase the organization's confidence that the data it provides to others is accurate;

3157 — improve the credibility of data and information; and

3158 — confirm the reliability of systems for protecting the security and privacy of data.

3159 Such detailed reviews may be prompted by legal or other requirements for release of data on
3160 emissions of greenhouse gases or pollutants, conditions of environmental licenses or permits,
3161 requirements for provision of programme data to funding bodies or oversight departments, and
3162 concerns about protection of private information, such as financial or medical data or personal
3163 details,

3164 As part of such reviews, independent people or groups, either internal or external to the
3165 organization, examine the ways in which data is collected, recorded or stored, handled and used
3166 by the organization. The reviews can help identify vulnerabilities in data collection and
3167 management systems that would allow the data to become contaminated by errors or would
3168 permit access by unauthorized individuals. The results of the reviews can help the organization
3169 strengthen and improve its systems.

3170 7.7.5 Improving performance

3171 On the basis of periodic reviews, or at other appropriate intervals, an organization should
 3172 consider ways in which it could improve its performance on social responsibility. These
 3173 improvements could involve modification of targets and objectives to reflect changing conditions
 3174 or aspiration for greater achievement. As an example, an organization that has undertaken a
 3175 green purchasing programme for office supplies may now aim to include a broader range of
 3176 products or expand the programme to other parts of the organization. The provision of additional
 3177 or different resources for activities related to social responsibility might be an issue to consider.
 3178 Improvements could also include programmes or activities to take advantage of newly identified
 3179 opportunities.

3180 Stakeholder views expressed during reviews may assist the organization in the identification of
 3181 new opportunities and changed expectations to be taken into account in improving performance
 3182 of its activities on social responsibility.

3183 To encourage the realization of organizational goals and objectives, some organizations build
 3184 achievement of specific social responsibility objectives into the annual or periodic performance
 3185 reviews of senior executives and managers. Such steps emphasize that the organization's action
 3186 on social responsibility is intended to be a serious commitment.

3187 7.8 Selecting initiatives on social responsibility

3188 Many government and private organizations have developed voluntary programmes to
 3189 encourage and support others to become more socially responsible. These can be considered
 3190 voluntary initiatives for social responsibility. There is a wide variety of initiatives: some address
 3191 principles, some address one or more core subjects and issues, and others address
 3192 implementation practices. Some initiatives also provide practical support such as tools, practical
 3193 guidelines, value statements or other mechanisms.

3194 In implementing social responsibility, an organization may find it useful to participate in one or
 3195 more social responsibility initiatives. Participation should lead in one way or another to concrete
 3196 action within the organization, such as obtaining support or learning from others. Participation
 3197 can be especially valuable when an organization starts using or drawing upon tools or practical
 3198 guidance that accompanies the initiative. Organizations may use initiatives to seek some form of
 3199 recognition, such as a certificate or label. Some initiatives are broadly recognized as a credible
 3200 basis for public recognition of performance or compliance regarding specific practices or on
 3201 specific issues. Practical guidance of these initiatives can vary from self-assessment tools to third
 3202 party verification.

3203 In considering the added value of an initiative, the organization may ask the following questions:

3204 — do we have issues to integrate that can be addressed or supported by an initiative?

3205 — do we have a lack of important information, guidelines or tools that can be provided by an
 3206 initiative?

3207 — do we need support in reaching specific stakeholder groups that can be addressed by an
 3208 initiative?

3209 — is the initiative designed for our particular type of organization and is it locally or regionally
 3210 relevant?

3211 In identifying and selecting initiatives to answers these questions, an organization should
 3212 consider first:

3213 — the purpose of the initiative (for example: substantive guidance concerning one or more core
 3214 subjects or issues, good practices, reporting guidance, practical implementation tools, or
 3215 information assisting in verification); and

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- 3216 — the scope of application of the initiative (for example: global, regional or local application, a
3217 particular sector or all sectors, large or small organizations, or a specific stakeholder group).
- 3218 In a second step the organization may identify the relevance of an initiative. The following factors
3219 may be worth considering:
- 3220 — whether the initiative is consistent with the principles mentioned in Clause 4 (for example,
3221 'guided by internationally recognized norms applicable to social responsibility');
- 3222 — the reputation of the organization or entities developing or supporting the development of the
3223 initiative and/or tools;
- 3224 — the nature of the process for developing and implementing the initiative (for example,
3225 whether the initiative is developed and/or implemented through a multi-stakeholder,
3226 transparent, open, and accessible process with developed and developing country
3227 participants); and
- 3228 — the accessibility of the initiative (for example, whether there is a cost to join the initiative or
3229 not).
- 3230 These factors may be difficult to weigh so it is important that an organization considers more than
3231 one view:
- 3232 — a widespread accepted initiative 'by the market' may be an indication of relevance, although
3233 it might also be an indication that it has less strong requirements; by contrast a new and less
3234 widespread initiative may be more innovative or challenging; or
- 3235 — a freely available initiative may seem attractive, while an initiative available at a price may be
3236 kept up-to-date, and thus more valuable in the long-term.
- 3237 Participating in an initiative often requires a tailored approach for the organization and the same
3238 is true for integrating its practical tools. Initiatives that currently meet the criteria can change in
3239 ways that they become less interesting, so periodically reviewing the initiatives available will be
3240 necessary.
- 3241 An overview of initiatives is listed in a table in Annex A, "Reference to initiatives and tools related
3242 to social responsibility". This Annex also includes a brief description of the initiative and the
3243 organization that is administering it.

3244

Annex A – Social Responsibility Initiatives

3245 *Note: At the time of submitting WD4.2, this Annex was still being finalized by the IDTF. The*
3246 *proposed Annex will be distributed and made available separately.*

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Index

3477 *Note: the Editing Committee believes that an index would increase the utility of ISO 26000 and*
3478 *that is should be provided in the final document. This is something that could be undertaken at*
3479 *the end of the process*

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