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Sent: Monday, June 06, 2005 7:25 AM
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Subject: 1st Draft ITG5 Issues Paper



1st Draft ITG5
Issues Paper - ...



1st Draft ITG5
Issues Paper - ...

Dear ITG5 Drafting Group Members,

Thanks to all those that sent in their input and my apologies for the delay in getting back to you. The delay reflects the hard work needed to get to the next step.

Please find 2 documents attached:

1) A simple compilation of all the inputs received into a single document. No attempt was made in this document to find common elements, reconcile conflicts, or "fill in holes". It is just a compilation of inputs.

2) A synthesis first draft of the ITG5 SR Core context issues paper (from the ITG5 Convenor), that draws on your inputs, and builds on the ISO New Work Item Proposal, as well as the ISO SR Advisory group report and recommendations, and other key ISO inputs.

I am suggesting - for the purposes of clarity and to facilitate more focused discussion - that it would be better to send around the Convenor's synthesis draft to ITG5 SR experts. I would like to do this, with your permission, by Friday, June 10 (1 week past our original June 3 deadline).

Please give me your feedback on this proposed approach by end of day - Wednesday June 8. This will give the ITG5 leadership two days (Thursday and Friday, June 9 & 10) to discuss the group's feedback and make any necessary revisions before it is sent out to the full ITG5 membership for comments.

Remember that this is still the first preliminary draft and that all ITG5 experts (including drafting committee members) will have the full ability to comment on the draft issues paper after it is sent out to the full ITG5 and WG membership, as well as at the next meeting in Thailand.

I look forward to your feedback.

regards,
Darryl

<<1st Draft ITG5 Issues Paper - Compilation - June 5-05.doc>> <<1st Draft ITG5 Issues Paper - Synthesis - June 5-05.doc>>

First Draft of ITG 5 SR Core Context Issues Paper (Compilation Option)

June 5, 2005

Background:

This document is a first draft of the ITG5 SR Core Context Issues Paper. It attempts to synthesize inputs received from ITG 5 drafting group members and draws on the New Work Item Proposal, the ISO SR Advisory Group report and recommendations, and inputs made by WG experts made before and at the Brazil meeting. After review by the ITG 5 leadership/drafting group, it will be circulated to all ITG5 experts for review and comment by June 17, 2005. A revised and consolidated draft will be developed by the ITG5 leadership/drafting group following this comment period and submitted to the WG Secretariat for circulation to all WG experts.

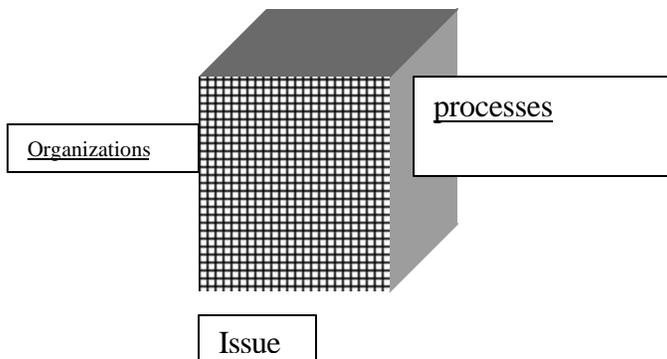
1. Interim Task Group 5: SR Core Context

2. Task Definition: to explore Social responsibility core context: issues, definitions, principles (differing types), interface of organization and society, and make to suggestions on how these issues might be reflected in a design specification and how these issues might be worked on thereafter. .

3. Social responsibility core context: issues

T. Zillberg

A three dimension concept of SR in the organization



Issues

Corporate governance;
Transparency and accountability
Working place and employee relations
Environment
Marketplace practices
International relationships
Community development...)

Processes

Stakeholder Identification, engagement and communication; Analysis/mapping;
SR policy consolidation and integration;
Auditing and reporting;
Implementation: follow up, detection, update....)

Organizations

Description and representative examples of SR relevant cases in:
Private sector;
Multinationals;
Governmental organizations;
NGOs: consumers, workers etc;
Others (hospitals, universities...)

P. Sieber

The **Issues** should cover (inter alia) the following aspects:

Social Issues with respect to own employees of the organization like

- Guiding principles and corporate policy referring to its commitment to the responsible treatment of its employees
- Measures for achieving equal gender opportunities and for integrating foreign employees and ethnic minorities
- Measures for promoting and maintaining employees health
- Measures for further training of employees
- Reporting by the organization about social aspects

Social issues with respect to sub-contractors like

- Guaranteed use of internationally recognized minimum social standards (ILO Core Conventions)
- Measures of sub-contractors to select or develop own sub-contractors to be certified for compliance with minimum social standards
- Reporting by sub-contractors about own measures of SR

Environmental issues like

- Commitment of the organization to environmental protection
- Implementation of an environmental management system or procurement guidelines
- Compiling of organization data and quality of reporting on environmental aspects of its activities

Han-Kyun Rho

Issues

- Bribery and Corruption
- Cost of implementing and sustaining SR practices such as
 - Capacity for SMEs
- Cost of not implementing SR for society (social opportunity cost)
- Economic equity and distribution of wealth
- Consumer issues such as
 - Health impact of the product
 - Competition and pricing
- Human Rights
- Occupational, health and safety
- Quality of the products
- Good Industrial relations such as
 - Non discrimination
- Good Environmental Practices issues such as
 - Water, Air, Solid waste, Water resources,
- Supply Chain Management
 - SAI, others
- ISO guide 71
 - Design for all
- Rights of Childs
- Providers of Capital,
 - financial market manipulation
- Community development issues such as
 - Education
 - Poverty eradication
 - HIV/AIDS

4. Social responsibility core context: definitions

T. Zillberg

- Central concepts in SR (stakeholders; “good organization citizen”; civil society etc)
- Central procedures in SR (social reporting; organization mapping; organization and management commitment; resource allocation; beyond compliance etc)

A. Alonso

DEFINITION OF SOCIAL RESPONSIBILITY

It is the voluntary commitment assumed by organizations in relation to expectations coordinated in relation to integral human development, generated among the interested parties, and that starting from fulfillment of legal provisions, allows organizations to assure economic growth, social development and ecological equilibrium.

B. Blackburn

Definitions

- a. SR and related terms (CSR, sustainability, citizenship, accountability, Triple Bottom Line, etc.)
- b. Regional/cultural connotations of SR
- c. Aspects of SR within an organization
- d. Other terms (stakeholder, stakeholder engagement, etc.)

Definitions:

- Social Responsibility
- Stakeholders engagement
- Accountability
- Social (Human rights, labor practices, health and safety and community relations)
- Stakeholder Engagement
- Organization
- Sustainable Development
- Environment
- Etc

The **Definitions** given in the standard on SR as such, on the principles and on the issues will depend to quite some degree on what will be fixed in the respective parts of the standard, therefore I hesitate to deal with that part at the moment.

A) Why to define?

- There seems to be an agreement that any definitions we are seeking here are ‘operational.’ (*See Advisory Group Working Paper, 1.4.3 Implications if No Agreed Definition.*)
- Therefore, an important criterion for meaningful definitions would be the extent of their contribution to standard development rather than their comprehensiveness or exactness.
- The goal of standard development is to ‘assist organizations in addressing their social responsibilities.’ New standard can achieve this goal by providing a ‘practical guidance for operationalizing social responsibilities,’ which includes (1) identifying/engaging with stakeholders; (2) enhancing credibility of reports/claims; and (3) emphasizing performance results and improvement. (*See NWIP.*)

B) What to define?

- A first point to consider is what level of exactness is required in defining social responsibility for achieving the established goal of new standards.
- There have been three views identified (*See Advisory Group Working Paper, 1.4.3 Implications if No Agreed Definition.*):
 - (1) An agreed definition of social responsibility is a prerequisite;
 - (2) At the very least, a common set of elements or components should be agreed upon; and
 - (3) Very basic definitions, not free from ambiguity, could be useful starting points upon which elaborate standards have been developed.
- This point is closely related to the scope of new standards.
- Despite of various definitions, social responsibility has three basic elements: (1) societal needs; (2) organizational action; and (3) results of the action. (*See Advisory Group Working Paper, 1.4 Definitions.*)

- The scope of new standards depends upon which of these elements the standards will cover. For example, we will need to answer:

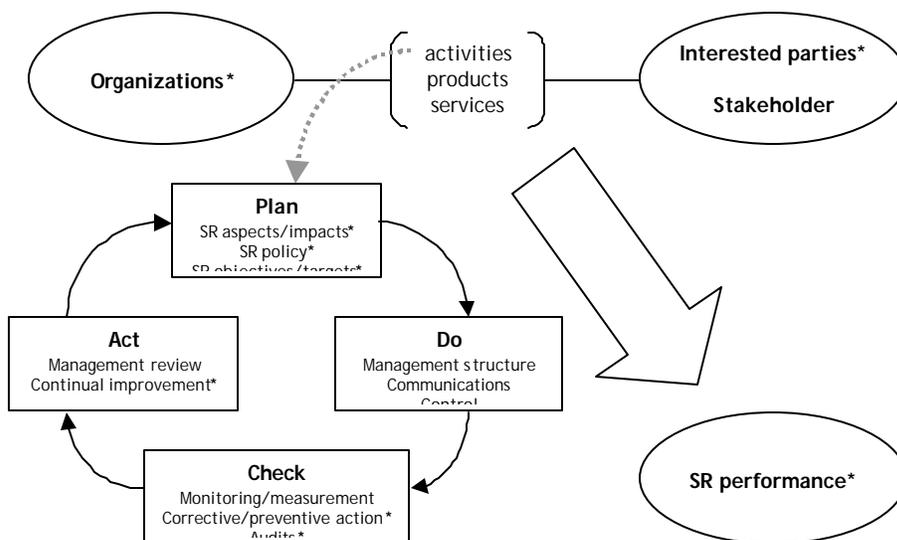
- (1) Would the standards ensure an organization's willingness to consider various societal needs?;
- (2) Would they ensure an organization's action to meet those societal needs?; and
- (3) Would the standards ensure that the results of the action taken enhance social benefits?

- Standard can provide rules, guidelines or characteristics for either activities or their results.

Standard

document, established by consensus and approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context [ISO/IEC Guide 2: 1996, definition 3.2]

- In order to decide the scope, we would need to take into account which is most desirable and plausible.
- The three elements also help us understand the meaning of social responsibility.
- Without organizational willingness to embrace societal expectations, its action and results that enhance social benefits would be purely accidental. Therefore, it can be said that this intention is a prerequisite for an organization's adopting new SR standards that we are developing.
- Organizational action to accommodate societal needs is an integral part of social responsibility. Established models of TQM, strategic management, stakeholder management, and issues management help an organization put its intention into action in a systematic way.
- A question here is whether we can regard an organization that, despite of its willingness and various efforts, finally failed to achieve intended social gains as being socially irresponsible.
- Another related question is whether we need to define the contents of societal needs *a priori* and if yes, how we could deal with any emerging SR issues that were not listed. (*See*, for example, the presentation made by Ad Hoc Team 2 – sub team 1 on 8 March, 2005 at Salvador meeting below.)
- Some examples of other definitions required in the process of standard development are illustrated in the diagram below.



5. Social responsibility core context: principles

A. Alonso

Social responsibility management will be framed within the following ethical and managerial principles:

- 1) *Respect to dignity of human beings.* This is inherent in transcendent nature and destiny of human beings, and grants him/her inalienable rights of personal, sociocultural, and environmental nature that organizations must recognize and promote.
- 2) *Legal responsibility:* Organizations actions will be framed not only within Constitution and relevant laws, but also in the proactive search of applicable standards, in order to assure their meaning and intention.
- 3) *Ethical auto regulation.* Management of social responsibility involves a coherent integration of Mission and Vision, along with ethical values built by the organization.
- 4) *Participation.* Leaders have to promote all personnel involvement in this process, so that everyone is being taken into account for the establishment of this management system, and that his/her capacities are directed towards the organization's common goals.
- 5) *Process approach.* Results looked for are efficiently reached when activities and related resources are managed as a process.
- 6) *Solidarity:* It is understood as the firm and persevering determination to work for mutual benefit, so that organizations and their interested parties can reach together objectives that can not be reached isolated.
- 7) *Integral human development:* the commitment to preserve environmental, cultural and social patrimony for future generations, respecting biodiversity and promoting reduction of social inequalities, implying that organization integrates in its strategy economic, social and environmental impacts of its operation.
- 8) *Continuous improvement:* it implies that organizations will ethically lead the constant improvement of economic, social and environmental processes.

P. Sieber

The **Principles** should cover (inter alia) the following aspects:

- International conventions, standards and guidelines, as far as they are widely accepted, should be taken into account by the ISO SR standard.
- The way to practice SR should stay voluntary. On top of legal conditions and internationally fixed rules, e. g. ILO rules, and with respect to the fact that SR is complex and multi-faceted, its individual realization by organizations has to be kept flexible.
- Enterprises should be encouraged to consider SR as an important part of business activities. But it should be aware that they depend on the development of markets and competition and can only contribute to social and ecological behavior in their own sphere of influence. To avoid competitive disadvantages especially for SMEs the standard should offer a broad variety of ways to practice SR for enterprises.

The SR standard should do justice to the information requirements of all stakeholder groups. This requires a dialogue between organizations and stakeholders which should be fostered and guided by the SR standard.

B. Blackburn

SR-related principles, codes, standards and guidelines (codes)

- a. Types of principles/obligations generally assumed under SR
- b. Existing codes of behavior (overview of code and authoring organization, indicating nature of process used to develop)
 - (1) General SR/sustainability codes
 - (2) Environmental codes
 - (3) Human rights, labor and other social codes
 - (4) Marketing and advertising codes
 - (5) Anti-corruption codes
 - (6) Governance codes
 - (7) Industry-specific and sector-specific codes
- c. Existing management system standards (overview of standard and authoring organization, indicating nature of process used to develop)
- d. Reporting-related standards (overview of standard and authoring organization, indicating nature of process used to develop)

P. Puterman

Principles related to:

- Human rights
- Labor
- Environment

According to international and national laws and principles

6. Social responsibility core context: interface of organization and society

P. Sieber

The **Interface of Organization and Society** should cover (inter alia) the following aspects:

- Means for a dialogue between the organization and NGOs
- Support given to the community by the organization
- Existence of a complaint management system in the organization
- Information given to the general public by the organization about SR aspects

B. Blackburn

Guidance on how various organizations can evaluate, prioritize, and use the principles, codes and standards in a coordinated, integrated way to further SR

- a. Businesses (large)
- b. SMEs
- c. Government/academic institutions
- d. NGOs (labor, consumer, environmental, human rights, etc.)

7. How SR Core Context aspects might be reflected in a design specification

8. How stakeholder issues might be worked on within the WG (e.g., organization of Task Groups and sub-groups)

9. Summary of Key Recommendations and Outstanding Issues

10. Key Methodological References

11. Annex: Convenors and Secretariats

12. Annex: ITG Members (sign-ups from WG)

13. Annex: Dialogue Record (summary of process and content, including reference to document containing record of all email traffic on content)

14. Annex: Key References

First Draft of ITG 5 SR Core Context Issues Paper (Synthesis Option)

June 5, 2005

Background:

This document is a first draft of the ITG5 SR Core Context Issues Paper. It attempts to synthesize inputs received from ITG 5 drafting group members and draws on the New Work Item Proposal, the ISO SR Advisory Group report and recommendations, and inputs made by WG experts made before and at the Brazil meeting. After review by the ITG 5 leadership/drafting group, it will be circulated to all ITG5 experts for review and comment by June 17, 2005. A revised and consolidated draft will be developed by the ITG5 leadership/drafting group following this comment period and submitted to the WG Secretariat for circulation to all WG experts.

1. Interim Task Group 5: SR Core Context

- 2. Task Definition: to explore Social responsibility core context: issues, definitions, principles (differing types), interface of organization and society, and to make suggestions on how these issues might be reflected in a design specification and how these issues might be worked on thereafter.***

Suggestion for consideration by ITG 5 experts:

that the primary purpose of the social responsibility core context part of the standard is to provide users of the standard with an understanding of what social responsibility is, and how it relates to their organization. This social responsibility core context might consist of:

- a background discussion of SR definitions, principles, instruments, definitions, key issues/subjects, global SR trends, and*
- an understanding of the relation between the social responsibility of an organization and societal expectations, the law, political processes, international (inter-governmental) instruments and norms, non-governmental instruments and tools, and philanthropy.*

This broad SR Core Context then becomes an important foundation for the development of an organization's own commitments, and actions, to be worked out and implemented through a process of engagement with stakeholders. Other parts of the standard (i.e., the parts pertaining to SR operationalization and stakeholder engagement/communication that are being addressed by ITG 4 and ITG 6) are more directly devoted to SR operationalization and stakeholder engagement, although it is clear that there is considerable overlap between the various sections of the standard. For example, the SR principles and other aspects of the SR Core Context part of the standard should form a basis for any SR decision-making and actions by an organization.

3. Social responsibility core context: issues

A preliminary question is: what do we mean by "issues." ***Based on input received from drafting group members, there would appear to be at least two possible interpretations of the word "issues":***

- (1) issues could refer to the ***global trends and developments*** that have led to the rising prominence of and interest in the social responsibility of organizations (e.g., issues such as globalization, trade liberalization, regulatory reform, supply chains, rising concerns about global environmental degradation, rising concern about the gap between "haves" and "have nots" around the world);

- (2) issues could also refer to the *specific SR subjects that fall within the scope of SR that organizations could or should address as part of their SR approach* (e.g., human rights, workplace and employee issues, unfair business practices, community and social development, etc.)

With respect to *global trends and developments* relevant to SR, there is a useful base of material included in the ISO SR Advisory Group report that could form the basis for an SR global trends and developments part of the standard, although it might need to be shortened, and re-focused so that it contains information relevant to all types of organizations, and does not focus exclusively on global trends and developments pertaining to business.

With respect to *SR subjects or issues that fall within the scope of SR that organizations could or should address as part of their SR approach*, a number of *drafting group members proposed their own lists.*¹²³

There are a number of other possible useful sources that could also be drawn on. In a non-consensus working document, the ISO SR Advisory Group identified a non-exhaustive list of SR issues or subjects as including (not in any particular order):

- human rights (Universal Declaration of Human Rights, ILO Core Conventions)
- workplace and employee issues (including occupational health and safety)
- unfair business practices including bribery, corruption and anti-competitive practices
- organizational governance
- environmental aspects
- marketplace and consumer issues
- community involvement
- social development

Others have proposed slightly different lists.⁴ A sub-group within Ad Hoc Group 2 at the Brazil meeting of the Working Group proposed a list of SR issues/subjects that included: human rights; labour standards;

¹ One drafting member proposed the following issues: Corporate governance; Transparency and accountability; Working place and employee relations; Environment; Marketplace practices; International relationships; Community development.

² Another drafting group member proposed the following: **Social Issues** with respect to own employees of the organization like: Guiding principles and corporate policy referring to its commitment to the responsible treatment of its employees; Measures for achieving equal gender opportunities and for integrating foreign employees and ethnic minorities; Measures for promoting and maintaining employees health; Measures for further training of employees; Reporting by the organization about social aspects; **Social issues** with respect to sub-contractors like Guaranteed use of internationally recognized minimum social standards (ILO Core Conventions); Measures of sub-contractors to select or develop own sub-contractors to be certified for compliance with minimum social standards; Reporting by sub-contractors about own measures of SR; **Environmental issues** like Commitment of the organization to environmental protection; Implementation of an environmental management system or procurement guidelines; Compiling of organization data and quality of reporting on environmental aspects of its activities.

³ Another drafting group member proposed the following: bribery and corruption; cost of implementing and sustaining SR practices such as capacity for SMEs; cost of not implementing SR for society (social opportunity cost); economic equity and distribution of wealth; consumer issues such as health impact of the product and competition and pricing; human rights; occupational, health and safety; quality of the goods; good industrial relations such as non-discrimination; good environmental practices such as waste, air, solid waste, water/resources; supply chain management SAI, others; ISO guide 71 design for all; rights of children; providers of capital (financial market manipulation); community development issues such as education, poverty eradication, HIV/AIDS.

⁴ For example, the Japanese experts, in comments submitted in preparation for the Brazil WG meeting, proposed their own list. The Japanese list included the following elements: legal enforcement/compliance; human rights; employment; quality of products and services; safety/information security; environment; international contribution. The Japanese list of issues was elaborated on in their submission.

environmental duties; anti-corruption; governance; consumer rights; stakeholder approach; transparency; and the supply chain.

Although there are differences expressed, there is considerable overlap in the suggestions made by various parties concerning what constitute SR subjects/issues that fall within the scope of SR that an organization should address.

Suggestion for consideration by ITG 5 experts:

that the SR Core Context part of the standard includes discussion of two types of issues:

*- **global trends and developments** that have led to the rising prominence of and interest in the social responsibility of organizations (e.g., issues such as globalization, trade liberalization, regulatory reform, supply chains, rising concerns about global environmental degradation, rising concern about the gap between “haves” and “have nots” around the world). The ISO SR Advisory Group has useful material that can be drawn on for this section;*

*- **specific SR subjects that fall within the scope of SR that organizations could or should address as part of their SR approach** (e.g., human rights, workplace and employee issues, unfair business practices, community and social development, etc.). Although differences have been expressed by drafting group members and others on what might be included, there is considerable overlap in the suggestions made by various parties concerning what constitute SR subject that fall within the scope of SR that an organization should address. Therefore, it should be possible for the WG (or a task group within the WG) to develop a core list of SR subjects that organizations should address. There would be value in having in the SR core context part of the standard a brief elaboration of each subject, so that users of the standard could have a better idea of what is intended by each. In other parts of the standard (e.g., the parts concerning operationalization), it would be possible for there to be more detailed discussion of SR subjects as appropriate.*

4. Social responsibility core context: definitions

Drafting group members suggested that in the ISO SR Advisory Group’s deliberations, as well as in the New Work Item Proposal (NWIP), the importance of clear definitions and terminology is emphasized. Drafting group members noted that **Drafting group members** suggested that definitions will depend to some degree on what is developed in other parts of the standard, and so a tentative approach to listing of definitions should be adopted at this point. **Drafting group members** suggested that definitions can assist organizations in addressing (operationalizing) their social responsibilities (e.g., identifying/engaging with stakeholders, enhancing the credibility of SR claims; and emphasizing performance results and improvement). **Drafting group members suggested** that the WG accept that the definitions might not be perfectly comprehensive or exact, but as long as they contribute to meaningful operationalization, they are still useful.

Drafting group members suggested that central concepts and procedures should be defined, including: social responsibility (see discussion on definition of social responsibility below); SR frameworks (this term is used in the NWIP); stakeholder (the definition of stakeholder will benefit from input of ITG4 (see more on stakeholders below); stakeholder engagement; organization; and continually improvement.

The definition of “stakeholder” and “stakeholder engagement” will benefit from the input of ITG 4. The ISO SR Advisory Group report also contains useful discussions concerning the meaning of and issue associated with idea of “stakeholders.” **Drafting group members noted** that there are different types of stakeholders, with different types of claims (see discussion below under “interface of organization and society”).

Drafting group members suggested that that many other terms may also need to be defined. For example, if concepts such as “social reporting”, “organization mapping” “organization commitment” are used, then they will need to be defined. There may also be a need to define SR-related terms such as CSR, sustainability, citizenship, triple bottom line (these could perhaps be included in another part of the SR Core Context: see “Interface of organization and society” below).

Drafting group members suggested that key principles, such as accountability, transparency, integrity, etc. will also need to be defined (see discussion of principles, below).

Drafting group members suggested that a base of terms that ISO has already defined that may be relevant to an SR standard, including organization, aspects, impacts, objectives, targets, performance, continual improvement, customer, customer satisfaction, interested party, quality, corrective/preventive action, process and product.

Definition of Social Responsibility

Drafting group members suggested that a definition of social responsibility will need to be culturally and regionally sensitive (see “Interface of Organization and Society” below). ***Drafting group members suggested*** that social responsibility is an organization’s expressed policy in stakeholders that might be affected by the organization’s operations. Thus, the question of what is meant by stakeholders, stakeholder claims, stakeholder rights, interests, claims, and how to identify, engage, and differentiate among various stakeholders, their rights, claims, etc., will be very important. The work of ITG 4 on stakeholder engagement and communication will be an important contribution to this work, and can draw on numerous sources.

Drafting group members noted that three views were identified in the Advisory Group working paper concerning the need to define social responsibility.

- (1) an agreed definition of social responsibility is a prerequisite
- (2) at the very least, a common set of elements or components should be agreed upon; and
- (3) very basic definitions, not free from ambiguity, could be useful starting points upon which elaborate standards have been developed.

Drafting group members suggested that based on the ISO SR Advisory Group report, it would appear that the concept of social responsibility has three basic elements: social needs, organizational action, and results of the action.

In the ISO SR Advisory Group’s deliberations, there was considerable discussion concerning the definition of social responsibility. ITG 5 drafting group members also had suggestions as to how SR could be defined. The ISO SR Advisory Group developed a non-consensus working definition of “organizational social responsibility” (OSR). OSR was defined as: “a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society.” The need to reflect regional/cultural differences in the understanding of SR will be important (see discussion of “Interface of organization and society” below).

The ISO SR Advisory Group, in its report, notes that, while the terms and definitions used to describe the phenomenon of CSR vary somewhat, “several key points emerge”:

- CSR is about the role of business in society and the expectations of society concerning firms;
- CSR is seen as a voluntary concept and is about activities that assume or include compliance with the law and also societally beneficial activities that are beyond compliance with the law;
- CSR is concerned with the role of management and management initiatives, managing social impact, and management systems;
- CSR includes a major focus on the impact of business activities and the results of those impacts, both positive and negative, on society;
- CSR is about the ongoing or regular activities of a business, and not unrelated philanthropic activities. However, some question whether philanthropy even qualifies as CSR;

- CSR is about measuring and improving performance on social, environmental and economic dimensions and can contribute to furthering the goal of sustainable development;
- CSR is about identifying, engaging and reporting performance to those who are impacted by the activities of the business.

Many of these points could be said to apply equally to a notion of social responsibility that extends to organizations of all types.

Drafting group members noted that national standards pertaining to social responsibility have been developed, and that these include definitions of social responsibility that could be useful.

Suggestion for consideration by ITG 5 experts:

- that the above-noted terms be defined and/or discussed in the ISO SR standard, in the definitions section, or in the sections of the ISO SR standard that pertain to principles, issues, or the interface of organizations with society, drawing, where relevant, on terms and definitions from existing ISO standards, national standards and other sources.

- that a working definition of social responsibility be developed, drawing on the work of the ISO Advisory Group and other sources, and be re-considered later in the deliberations of the WG, once the WG has more experience. The same approach could be adopted with respect to other key concepts such as SR frameworks, stakeholder, and stakeholder engagement. The definitions of stakeholder and stakeholder engagement will benefit from the input of ITG 4.

5. Social responsibility core context: principles

A preliminary question to ask is: what do we mean by “principles”? Drawing on dictionary definitions, principles might be described as: *guides to action that should animate or inform an organization’s decision-making and action*. In other words, principles need to be flexible enough to reflect different cultural and other operating conditions. This is in keeping with ***one drafting group member’s*** comments that in view of the fact that SR is complex and multi-faceted, “its individual realization by organizations has to be kept flexible.”

The ITG 5 template noted that there may be different types of principles. One approach might be to classify principles into substantive and procedural types⁵:

- o Substantive principles include those derived from international instruments developed through widely recognized inter-governmental processes (e.g., those of U.N. bodies), and should play a key role when an organization establishes its SR policies, commitments, etc..
- o Procedural principles (such as transparency, accountability) may also be derived from inter-governmental instruments, and should play a key role in the implementation of an organization’s SR policies, commitments, etc.

In approaching the question of what principles could or should be included in the SR standard, the Advisory Group’s report and recommendations and New Work Item Proposal includes several useful points:

- o - The AG in its recommendations notes that “ISO does not have the authority or legitimacy to set social obligations or expectations.” Thus, for the purposes of the ISO SR guidance standard, a principle cannot set social obligations, but it can guide in a flexible way an organization in understanding and implementing its SR responsibilities. .
- o - The NWIP states that the standard is expected to “foster greater awareness and wider observance of agreed sets of universal principles as expressed in United Nations conventions and declarations including the Global Compact principles and particularly the Universal Declaration

⁵ This was suggested by Netherland’s experts in their submission in preparation for the ISO WG meeting in Brazil.

of Human Rights, the International Labour Organization's Declarations on Fundamental Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption." Thus, it would be possible, in a principles section of the ISO SR guidance standard, to reflect principles contained in inter-governmental instruments of this nature.

- The AG in its recommendations indicates the need to recognize the difference between on the one hand, instruments adopted by authoritative global inter-governmental organizations (such as the UN Universal Declaration on Human Rights, international labour convention and other instruments adopted by the ILO and relevant UN Conventions) and on the other hand, private voluntary initiatives that may or may not reflect the universal principles contained in the above instruments. Thus, it will be important in any principles part of an ISO SR guidance standard to respect the qualitative difference between instruments adopted by inter-governmental organizations and instruments adopted by private voluntary instruments.
- - The NWIP also notes that the standard is intended "to assist organizations in effectively addressing their social responsibilities in various cultures, societies and environments." Thus, it will be important in any principles part of an ISO SR guidance standard to develop principles that are sensitive to different cultures, societies and environments.
- - The NWIP states that the standard should be compatible with and/or complementary to nongovernmental international SR initiatives such as the GRI, the FSC, the FLA [NWIP Annex D]. Thus, effort should be made to ensure that any principles that are part of an ISO SR Guidance standard are compatible with and/or complementary to such instruments.

In view of this guidance from the New Work Item Proposal and the ISO Advisory Group, ***drafting group members suggested*** that one basis for articulating global SR principles might be to derive them from (or take into account) widely accepted SR-relevant international conventions and declarations, standards and guidelines, in particular those international conventions and declarations that have been established by United Nations bodies (e.g., the ILO) and widely ratified by governments, and other instruments (codes, standards, guidelines) that are compatible with these international conventions and declarations. It should be acknowledged that even international conventions and declarations established by the UN and ratified by governments are not necessarily endorsed or ratified by *all* countries of the world. In this regard, there is also the challenge of determining the relationship between global SR principles and local laws. These points (because they touch on the issue of the relation of an organization with society) are discussed in "Interface of Organization with Society" below.

One drafting group member suggested that a section of the standard be devoted to SR-related principles, "codes, standards and guidelines." This suggestion (because it addresses more than just principles) is discussed in greater detail in the section on interface of organizations and society, below.

Drawing on drafting group member suggestions, international conventions such as those listed above, other compatible instruments and tools, the ISO SR AG deliberations, the NWIP, and submissions of ISO SR WG experts in preparation for the Brazil WG meeting, the following are examples of principles that could be included within the ISO standard:

- respect for human rights and dignity,
- respect for law and the legal system
- respect for worker rights and labour standards
- respect for the environment
- fairness
- equality
- polluter pays principle
- precautionary principle
- ethical behaviour
- transparency (including recognizing the different information needs of all stakeholder groups)
- accountability
- inclusiveness, dialogue and engagement of affected/interested stakeholders/parties
- honesty
- integrity

- commitment
- keeping of promises
- avoidance of harm
- sustainable development
- continual improvement

Note: the suggestion is not being made here that this is a comprehensive list of principles, that the principles here are identified in the most appropriate way, that all the principles are of the same weight, or that principles cannot be combined, removed or added. It is provided in order to give ITG 5 members some idea of what a list of principles might include. It should also be noted that possibly some principles could be combined, removed or added. Working definitions for or descriptions of each of these principles should be developed, as the WG develops other parts of the standard.

Suggestion for consideration by ITG 5 experts:

- *that a list of principles be developed for inclusion in the ISO SR Guidance standard,*
 - o *using the description of principles as “guides to action that should animate or inform an organization’s decision-making and action” as a working definition of the term until the WG can develop a better definition of “principles”;*
 - o *taking into account the guidance provided by drafting group members, the ISO SR Advisory Group, the NWIP, and submissions made by experts at or before the Brazil meeting;*
 - o *drawing on widely accepted SR-relevant international conventions and declarations, standards and guidelines, in particular those international conventions and declarations that have been established by United Nations bodies (e.g., the ILO) and widely ratified by governments, and other instruments (codes, standards, guidelines) that are compatible with these international conventions and declarations,*
- *that the principles might be divided into those of a substantive nature and those of a procedural nature;*
- *that the above-noted list of principles is provided to illustrate the types of principles that might be included. This list is not intended to be comprehensive, the principles might not be identified in the most appropriate way, not all the principles are necessarily of the same weight, and principles could be combined, removed or added. It is provided in order to give ITG 5 members some idea of what a list of principles might include;*
- *that working definitions for or descriptions of each of these principles should be developed, as the WG develops other parts of the standard.*

6. Social responsibility core context: interface of organization and society

Drafting group members had a number of suggestions for SR core context material to be included in the ISO SR Guidance standard that relate to the interface of organizations and society but that didn’t fit easily or entirely within the “principles,” “issues”, and “definitions” headings.

Two drafting group members suggested that there should be in the introduction to the standard a discussion of the guideline concept (a “global background” section with a short review of central initiatives), and local background (a short review of local initiatives, to be included by the local mirror committees of ISO).

Another drafting group member suggested the following aspects should be covered: means for a dialogue between the organization and NGOs; support given to the community by the organization; existence of a complaint management system in the organization; and information given to the general public by the organization about SR aspects.

Another drafting group member suggested that, in addition to a short overview of important global SR trends, there should be an overview discussion of existing and potentially helpful SR-related codes, standards, guidelines and other tools (general SR/sustainability codes; environmental codes; human rights,

labour and other social codes; marketing and advertising codes; anti-corruption codes; governance codes; industry-specific and sector specific codes), existing management system standards, and reporting related standards, and an overview of the organizations that developed these codes, and the nature of the processes used to develop them.

The NWIP states expressly that:

- the standard is not intended to reduce government's authority to address the social responsibility of organizations;
- the standard is to assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic developing conditions; and
- the standard is to be consistent with and not in conflict with...international treaties and conventions;
- the standard should be compatible with and/or complementary to private nongovernmental international SR initiatives such as the GRI, the FSC, the FLA .

There is considerable potentially useful material in the ISO SR Advisory Group report on:

- the relation of organizations and society, regional and cultural differences
- the relation of organizations, social responsibility and philanthropy
- the relation of organizations, social responsibility and the legal system
- the relation of organizations, social responsibility and the political process
- the relation of organizations, social responsibility and international norms/instruments
- the relation of organizations, social responsibility and private codes, standards, guidelines, and other tools (including those of ISO).

At a practical level, as noted in the ISO SR Advisory Group report *and by drafting group members*, processes of stakeholder identification, engagement, communication, reporting, and techniques for weighing the claims of various stakeholders can play an important role in assisting organizations in understanding their relations with society. The input of ITG 4, charged with the responsibility exploring stakeholder engagement issues, should be of considerable assistance in better understanding the stakeholder aspects of the ISO SR guidance standard.

Suggestion for consideration by ITG 5 experts:

- *that, in addition to the introduction and sections of the standard pertaining to definitions, principles, and issues, a section be included in the ISO SR Guidance standard entitled "The Social Responsibility Context in Which Organizations Operate";*
- *that this section include a short discussions of issues such as global issues and trends related to SR, the relation between the SR and societal expectations, the law, international norms, political processes, regional and cultural differences, philanthropy, the potential value to organizations of private, non-governmental SR-related codes, standards, and tools, and the value of SR activities to organizations;*
- *that this section draw on the useful material included in the ISO SR Advisory Group report, as well as material concerning stakeholders derived from ITG 4.*
- *That in the subsequent adoption of the ISO standard by national standards bodies, this section be supplemented by additional material provided by the local mirror committees to the ISO SR Guidance standard process.*

7. How SR Core Context aspects might be reflected in a design specification

Suggestion for consideration by ITG 5 experts:

That the SR Core context be reflected in the manner suggested above, in the following parts of the ISO SR Guidance standard:

- introduction
- scope,
- definitions,
- SR principles,
- SR subjects/issues,
- SR Context in Which Organizations Operate

8. How stakeholder issues might be worked on within the WG (e.g., organization of Task Groups and sub-groups)

ITG 5 suggests that a separate task group be assigned the responsibility of drafting a preliminary version of the social responsibility core context. In case there is a need at some point for separate sub-task groups to undertake certain SR Core Context responsibilities, the SR core context task group should be provided the authorization to create such task groups.

9. Summary of Key Recommendations and Outstanding Issues

This will be developed based on the foregoing parts of the issues paper once the draft has been circulated and agreed to (with appropriate changes) by the ITG 5 leadership, the ITG 5 drafting committee, and by the full ITG 5 membership.

10. Key Methodological References

To be filled in later. Will include NWIP, Advisory Group recommendations, and Advisory Group Report.

11. Annex: Convenors and Secretariats

12. Annex: ITG Members (sign-ups from WG)

13. Annex: Dialogue Record (summary of process and content, including reference to document containing record of all email traffic on content)

14. Annex: Key References