1    **ISO/TMB WG SR – IDTF N050**

2                                                                    Date:  **2008-03-11**

3    **DRAFT ISO 26000 WD4.1**

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5    # Guidance on Social Responsibility

6    *Lignes directrices pour la responsabilité sociétale*

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8    *NOTE: This is a working document that has been developed by the Integrated Drafting Task Force*
9    *(IDTF), a representative body that was established at the Vienna meeting of the ISO Working Group*
10   *on Social Responsibility. This draft has been developed on the basis of a consideration of comments*
11   *submitted by experts, and in accordance with the process agreed to in Vienna.*

12   *This draft is presented to Working Group experts for the purposes of focused review and discussion*
13   *within stakeholder groups. Experts are invited to comment on this draft within their stakeholder groups*
14   *by responding to the specific questions on this draft contained in IDTF N052.  They should do so*
15   *using the process agreed within each stakeholder group, and with consideration to IDTF N051, which*
16   *provides an explanation of, and rationale for, the changes that have been made to WD3.2.*

17   *Collated comments from the stakeholder groups need to be submitted to the IDTF by **4 April 2008**.*
18   *The submission of comments by individual experts within their groups will need to meet an **earlier***
19   ***deadline** set by the stakeholder groups.*

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23   | **Warning** |
     |---|
     24   25   **This document is not an ISO International Standard. It is distributed for review and comment. It is subject to change without notice and may not be referred to as an International Standard.** <br><br> 26   27   **Recipients of this draft are invited to submit, with their comments, notification of any relevant patent rights of which they are aware and to provide supporting documentation.** |

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# Contents

173 **Foreword**

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

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

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

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

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

191 **Introduction**

192 *Note: The text of the introduction will be reviewed towards the end of the drafting process, to*
193 *ensure consistency with the final agreed content of the standard. Once the final clauses have*
194 *been provided, a diagram will be included outlining the whole document. The benefits of including*
195 *a possible "road-map" (that reflects the final standard) will also be reviewed.*

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

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

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

212 – the general reputation of the organization;

213 – its ability to attract and retain men and women workers and/or members;

214 – the maintenance of employee's morale and productivity;

215 – the view of investors, donors, sponsors and the financial community;

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

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

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

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

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

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

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

239                                    **Table 1 — Outline of contents of ISO 26000**

| Clause title | Clause number | Description of clause contents |
|---|---|---|
| Scope | Clause 1 | Defines the subjects covered by the standard and identifies any limitations or exclusions. |
| Normative references | Clause 2 | Lists documents that must be read in conjunction with the standard. |
| Terms and definitions | Clause 3 | Identifies and provides the meaning of important terms used in this International Standard. These terms are of fundamental importance for understanding the concept of social responsibility and using the standard. |
| Understanding social responsibility | Clause 4 | Describes the factors, conditions and important issues that have influenced the development of social responsibility and that continue to affect its nature and practice. It also describes the concept of social responsibility itself - what it means and how it applies to organizations. |
| Principles of social responsibility | Clause 5 | Introduces and explains the fundamental principles and practices of social responsibility. |
| Practices of social responsibility | Clause 6 | Introduces and explains the practices of social responsibility |
| Social responsibility core subjects | Clause 7 | Explains the core subjects involved in social responsibility, namely: organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and social and economic development of the community. 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 specific actions and/or expectations. |
| Guidance for an organization on implementing social responsibility | Clause 8 | Provides practical guidance on how to implement practices relevant to social responsibility |
| Annex on social responsibility initiatives | Annex A | Presents a comprehensive list of existing initiatives relating to social responsibility. *(Note: this is attached separately to this document)* |
| Bibliography | | Includes references that may be useful in understanding and implementing social responsibility in an organization. |

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

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

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

250

251 **Guidance on Social Responsibility**

252 **1 Scope**

253 This International Standard provides guidance to all types of organizations, regardless of their size or
254 location, on: *(Note: the following bullets may be revised to reflect the content of the final Standard)*

255 ⎯ concepts, terms and definitions relating to social responsibility;

256 ⎯ the background, trends and characteristics of social responsibility

257 ⎯ principles and relating to social responsibility;

258 ⎯ practices relating to social responsibility;

259 ⎯ core subjects and issues relating to social responsibility

260 ⎯ integrating, implementing and promoting socially responsible behaviour throughout the
261 organization and its sphere of influence;

262 ⎯ identifying and engaging with stakeholders;

263 ⎯ communicating commitments and performance related to social responsibility; and hence

264 ⎯ contributing to sustainable development.

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

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

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

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

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

276 **2 Normative references**

277 *Note: This clause is for a list of documents, if any that must be read in conjunction with the standard.*
278 *The need for any normative references will be reviewed later in the process.*

279 **3 Terms and definitions**

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

281 **3.1**
282 **accountability**
283 state of being accountable for decisions and actions by an organization to its governing bodies, legal
284 authorities, and, more broadly, its other stakeholders

285 **3.2**
286 **consumer**
287 individual member of the general public purchasing or using goods, property or services for private
288 purposes

289 **3.3**
290 **customer**
291 organization or person purchasing or using goods, property or services, for commercial or private
292 purposes

293 **3.4**
294 **environment**
295 surroundings in which an organization operates

296 NOTE 1    Surroundings in this context extend from within an organization to the global system [ISO 14001:
297 2004].

298 NOTE 2   Surroundings include air, water, land, natural resources, flora, fauna, humans, and their interrelation

299 **3.5**
300 **environmental impact**
301 any change to the environment wholly or partially resulting from an organization's activities
302 [adapted from ISO 14001: 2004]

303 NOTE    changes to the environment can be adverse or beneficial

304 **3.6**
305 **ethical behaviour**
306 behaviour that is in accordance with accepted principles of right or good conduct in the context of a
307 particular situation, and consistent with international norms of behaviour

308 **3.7**
309 **gender equality**
310 fairness of treatment for women and men, according to their respective needs and interests

311 NOTE    This may include equal treatment or treatment that is different but considered equivalent in terms of
312 rights, benefits, obligations and opportunities

313 **3.8**
314 **international norms of behaviour**
315 norms that are universally, or nearly universally recognized, and based on customary international law,
316 generally accepted principles of international law, or authoritative intergovernmental instruments

317 **3.9**
318 **issue of social responsibility**
319 specific item that can be acted upon to seek favourable outcomes for the organization and/or its
320 stakeholders

321 **3.10**
322 **material**
323 of sufficient relevance and significance to influence the decisions of an organization and/or the
324 assessments of its stakeholders

325 **3.11**
326 **organizational governance**
327 system by which an organization makes and implements decisions in pursuit of its objectives

328 **3.12**
329 **principle**
330 fundamental belief that guides or influences decision-making or behaviour

331 **3.13**
332 **product**
333 article or substance that is offered for sale or is part of a service delivered by an organization

334 **3.14**
335 **service**
336 action of an organization to meet a demand or need

337 **3.15**
338 **social responsibility**
339 responsibility of an organization for the impacts of its decisions and activities on society and the
340 environment, through transparent and ethical behaviour that

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

342 — takes into account the expectations of stakeholders;

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

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

345 NOTE 1    Activities include products, services and processes

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

347 **3.16**
348 **socially responsible**
349 consistent with social responsibility

350 **3.17**
351 **sphere of influence**
352 spatial or functional area across which an organization has the ability to affect decisions or activities

353 **3.18**
354 **stakeholder**
355 individual or group that has an interest in any activities or decisions of an organization

356 **3.19**
357 **stakeholder engagement**
358 any activity or activities undertaken by an organization to create opportunities for dialogue between
359 the organization and one or more of its stakeholders, with the aim of providing an informed basis for
360 the organization's decisions

361 **3.20**
362 **supply chain**
363 system of individuals, organizations and resources involved in developing the different elements of a
364 product or service

365 NOTE 1: In some countries, supply chain refers to stages of production, processes or activities for delivery of
366 products or services that occur before an organization takes major responsibility for the product or service. In

367  other countries it also includes activities that occur after an organization has taken major responsibility for the
368  product or service, and thus is seen as being interchangeable with value chain

369  **3.21**
370  **sustainable development**
371  development that meets the needs of the present without compromising the ability of future
372  generations to meet their own needs

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

375  **3.22**
376  **transparency**
377  openness about actions and impacts, and willingness to communicate these in a clear, accurate and
378  complete manner

379  **3.23**
380  **value chain**
381  sequence of activities where each activity adds value to a product or service"
382

383  # 4   Understanding social responsibility

384  ## 4.1 The social responsibility of organizations

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

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

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

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

398  An early notion of social responsibility centered on philanthropic activities of some organizations such
399  as giving to charity.  Subjects such as labour practices and fair operating practices emerged a century
400  or more ago. Other subjects, such as human rights, the environment and consumer protection were
401  added over time when these subjects received greater attention.

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

405  ## 4.2 Current trends in social responsibility

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

407  Globalization, greater ease of travel, and the availability of instant communications mean that
408  individuals and organizations around the world are finding it easier to know about the activities of
409  organizations both nearby and in distant locations. This provides the opportunity for organizations to

410 benefit from learning about new ways of doing things and solving problems. It also means that
411 organizations' activities are subject to increased scrutiny by a wide variety of groups and individuals.
412 Policies or practices applied by an organization in different locations can be readily compared.

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

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

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

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

### 4.3 Characteristics of social responsibility

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

444 Important characteristics of social responsibility are:

445 — accountability for the organization's impact on society;

446 — engagement with stakeholders;

447 — contribution to sustainable development; and

448 — integration throughout an organization and in its relationships.

### 4.3.1   Accountability for the organization's impact on society

450 An essential characteristic of social responsibility is the willingness of an organization to take
451 responsibility and be accountable for the impacts its activities create on society and the environment.
452 Clause 7 considers the core subjects of social responsibility. Within each of these subjects various
453 issues are described that will enable an organization to identify its most important impacts on society.
454 Each issue also considers expectations and actions as to how these impacts should be addressed.

455 **4.3.2 The role of stakeholders in social responsibility**

456 The identification of and engagement with stakeholders is a central aspect of social responsibility.
457 Understanding who has an interest in the decisions and activities of an organization is necessary to
458 understanding the impacts of the organization and how to address these impacts. Stakeholders can
459 help an organization identify the relevance of issues to the activities of the organization. But
460 stakeholders do not replace broader society in determining norms of behaviour, so a particular issue
461 may be relevant to the social responsibility of an organization even if not specifically identified by the
462 stakeholders it consults. Guidance on the core subjects of social responsibility are provided in clause
463 7.

464 **4.3.3 Relationship between social responsibility and sustainable development**

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

468 **Sustainable development** (3.21) is a concept that was first introduced in the 1987 report "Our
469 Common Future" [USR1], and called "a global agenda for change." Its challenging goals are the
470 elimination of poverty, health for all, and meeting the needs of society while living within the planet's
471 ecological limits. Although numerous international forums have reiterated the importance of these
472 objectives over the years since 1987 – such as The Rio Earth Summit in 1992 and the World Summit
473 for Sustainable Development in 2002 – there is little evidence that we have moved much closer to
474 these goals. Achieving these goals will require concerted action by organizations and individuals, with
475 particular responsibility required from those in affluent nations.

476 **Social responsibility** (3.15) has more modest objectives and its focus is on the organization, not the
477 globe. Social responsibility is, however, closely linked to sustainable development because an
478 overarching goal of an organization's social responsibility should be to contribute to sustainable
479 development. Clause 5 of this International Standard identifies the principles of social responsibility.
480 Clause 6 describes the practices of social responsibility. Clause 7 describes the core subjects of
481 social responsibility. These principles, practices and subjects form the basis for an organization's
482 practical application of social responsibility. The actions of a socially responsible organization can
483 make a meaningful contribution to sustainable development.

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

489 **4.4 Governments and social responsibility**

490 This International Standard is applicable to governments in so far as their functions resemble other
491 organizations, as producers of goods or services, employers and so on. Issues such as labour
492 practices, environmental protection and other core subjects described in clause 7 are applicable to
493 government organizations.

494 This International Standard does not, however, deal with areas that are unique to the realm of public
495 policy (legislation, regulation and executive and judicial powers). This is the responsibility of
496 governments at the local, national and international levels. Only political decisions can determine
497 what activities should be undertaken by government or be subject to legally binding regulation.

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

**16**

502 **5   Principles of social responsibility**

503 **5.1 General**

504 The social responsibility of organizations involves principled behaviour, that is, behaviour based on
505 standards, guidelines or rules of conduct that are recognized as being moral and right. Although there
506 is no comprehensive list of principles for social responsibility there is widespread agreement that the
507 following principles at least should apply:

508 **5.2 An organization should be accountable for its impacts on society and the**
509 **environment**

510 A fundamental principle of social responsibility is that an organization should accept an obligation to
511 be accountable for its impacts on society and the environment. This means that an organization
512 should accept appropriate scrutiny and also accept a duty to respond to this scrutiny.

513 Accountability refers to the state of being answerable to others. This state exists with the obligation of
514 management to be answerable to the controlling interests of the organization and with the obligation
515 of the organization to be answerable to legal authorities with respect to laws and regulations. The
516 state of accountability should exist for the organization with respect to those affected by its decisions
517 and activities as well as for the organization to society in general for the overall impact on society of its
518 decisions and activities.

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

524 An organization should account for:

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

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

528 **5.3 An organization should be transparent in its decisions and activities that impact**
529 **on others**

530 An organization should disclose in a clear, balanced and truthful manner and to a reasonable and
531 sufficient degree, the policies, decisions and activities for which it is responsible, including the actual
532 and potential impacts on society and the environment. Transparency does not require that truly
533 proprietary information be made public, nor does it involve providing information that is legally
534 protected or that would otherwise breach legal obligations.

535 An organization should be transparent regarding:

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

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

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

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

**17**

542 &#8212; who it believes its stakeholders to be.

543 An organization should provide for:

544 &#8212; information being freely available to, and directly accessible by those who have been, or may be
545 affected in significant ways by the decisions of the organization;

546 &#8212; information provided being timely, factual, not omitting material information; and

547 &#8212; information being presented in a clear and objective manner to enable constituents, owners,
548 members and other stakeholders to assess accurately the impact that the decisions or actions of
549 the organization have on their interests.

**5.4 An organization should behave ethically at all times**

551 The behaviour of organizations should reflect recognized ethical principles or rules of duty. An
552 organization's behaviour should be based on principles or rules concerning honesty, equity,
553 stewardship and integrity. From these ethics flow a concern for others and the environment, and a
554 commitment to address stakeholders' interests.

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

558 Organizations should actively promote ethical conduct by:

559 &#8212; encouraging and promoting the observance of standards of ethical behaviour;

560 &#8212; defining and communicating the standards of ethical behaviour required for personnel and
561 particularly for those that have the opportunity to significantly influence the integrity, strategy and
562 operation of the organization;

563 &#8212; minimizing conflicts of interest throughout the organization;

564 &#8212; establishing oversight mechanisms and controls to monitor and enforce ethical behaviour;

565 &#8212; establishing mechanisms to facilitate the reporting of violations of ethical standards without fear of
566 reprisal; and

567 &#8212; recognizing and addressing situations where local laws and regulations do not exist or conflict
568 with ethical behaviour.

**5.5 An organization should respect and consider the interests of its stakeholders**

570 Although an organization's objectives may be limited to the interests of its respective owners,
571 members or constituents, other stakeholders may also have rights or interests that should be taken
572 into account.  An organization should be aware of other organizations and individuals that have a
573 "stake" or interest in its decisions or activities. Usually the interests of stakeholders will be easy to
574 understand. The various interests of shareholders in a corporation, of business partners and suppliers
575 in a business enterprise or of people who perform work for any organizations are not difficult to
576 understand.

577 Stakeholders can have multiple and even conflicting interests with an organization. For example
578 community residents' interests could include the positive impacts of an enterprise such as
579 employment, as well as the negative impacts of the same enterprise such as pollution. The interest of
580 most stakeholders can be related to the social responsibility of the organization. The most ordinary
581 interests of stakeholders can be related to the broader interests of society. An example would be the

582 supplier who wants to be paid. Honouring debts and contract obligations is essential to the interest of
583 society.

584 An organization should:

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

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

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

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

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

594 **5.6 An organization should respect the rule of law**

595 An organization should comply with all applicable laws and regulations. This implies taking steps to be
596 aware of applicable laws and regulations, and ensuring that these are communicated and observed
597 within the organization. It also means ensuring that its relationships are pursued and its activities are
598 undertaken within the intended and relevant legal framework.

599 An organization should:

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

602 — ensure that its relationships and activities fall within the intended and relevant legal framework;

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

604 — recognize the legal rights and legitimate interests of stakeholders;

605 — remain informed of all legal obligations; and

606 — periodically review its compliance.

607 **5.7 An organization should recognize both the importance and the universality of**
608 **human rights**

609 An organization should:

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

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

613 — in situations where human rights are not protected, take steps to the best of its ability to respect
614 human rights and not seek to take advantage or be directly or indirectly complicit of these
615 situations; and

616 — in situations where the rule of law is absent, or where the law is either inadequate to protect
617 human rights or where the law is not applied, take action to influence laws and regulations and

618 their application in order to make them consistent with respect for internationally recognized
619 human rights.

**5.8 An organization should respect relevant international norms where these norms**
620
621 **are superior to national law and practice**

622 *Note: it is anticipated that a box will be provided that gives practical guidance on what the nature and*
623 *scope of international norms. The following text is subject to further discussion.*

624 International norms are principles, expectations or standards of behaviour that are universally, or
625 nearly universally, recognized, and that are based on or derived from customary international law,
626 generally accepted principles of international law, or from sources of public international law such as
627 treaties.

628 An organization should:

629 — in situations where an international norm is not respected or followed by the State, avoid
630 becoming directly or indirectly complicit in any breach of the norm;

631 — in countries where an international norm is not respected, or is conflicting with national law, strive
632 to respect the norm;

633 — where it has operations in more than one country and in situations of irreconcilable conflict
634 between complying with national law and being consistent with an international norm, review their
635 operations in the country concerned; and

636 — use available means of association with peer and other organizations in order to convince and
637 strengthen their position to influence authorities in the direction of compliance with international
638 norms.

# 6 Practices of social responsibility

639

640 *Note: Some of the text that appeared in clause 7 of WD3.2 has now been transferred to clause 6 of*
641 *this document. This clause should be read with clause 8 when seeking to make a comparison with the*
642 *old version of clause 7).*

643 *Note: Provision will be made in this clause and/or in clause 8 for a diagram (or diagrams) that*
644 *present/s a graphical representation of the guidance relating to implementation.*

645 **6.1 General**

646 The practices of an organization include its activities, the processes it uses and the way in which it
647 organizes its work. This clause considers some of the most common practices associated with
648 organizations seeking to address their social responsibility

649 **6.2 Identifying social responsibility**

650 **6.2.1 General**

651 An organization should understand:

652 — how its decisions and activities impact on society and the environment;

653 — how these impacts affect specific stakeholders; and

654 — what the expectations or best practices are with respect to responsible behaviour concerning
655   these impacts.

656 **6.2.2    Identifying the subjects and extent of social responsibility**

657 An organization identifies its social responsibility by understanding how its decisions and activities
658 actually impact on others and by also understanding the expectations of responsible behaviour
659 concerning these impacts.

660 An effective way of identifying an organization's social responsibility is by becoming familiar with the
661 issues concerning social responsibility in the following core subjects:

662 — organizational governance;

663 — human rights;

664 — labour practices;

665 — the environment;

666 — fair operating practices;

667 — consumer issues; and

668 — Social and economic development of the community.

669 These subjects cover the most likely economic, environmental and social impacts that should be
670 addressed by organizations. Each of these core subjects is considered in clause 7. Within each
671 subject, specific issues are described that an organization should take into account when identifying
672 its social responsibility. For each issue a number of actions and expectations relating to an
673 organization's social responsibility are provided. In determining its social responsibility an organization
674 should identify each issue relevant to its activities together with the related actions and expectations
675 for an organization. Of course, not all issues may be relevant for a specific organization.

676 There are other ways to organize these issues. Some important issues, including health and safety
677 issues and economic issues, are addressed under more than one subject in clause 7.

678 The essence of identifying its social responsibility involves identifying the issues raised by the
679 organization's decisions and actions and the way these decisions and actions can be related to
680 sustainable development, health and the welfare of society.

681 The social responsibility of an organization is not necessarily limited to its own activities. An
682 organization will have responsibility with respect to the behaviour of other organizations over which it
683 has control or reasonable influence. The sphere of influence of an organization would include parts of
684 or even the whole value chain. It would also include the formal and informal associations in which an
685 organization is a member or in which it participates. Under some circumstances, it would also include
686 peer organizations or organizations that are considered competitors.

687 **6.2.3    Establishing priorities**

688 Compliance with law and applicable regulations constitutes a fundamental aspect of the social
689 responsibility of all organizations. Beyond this, and for a variety of reasons, organizations should
690 make decisions concerning their responsibilities with respect to society and the environment. The
691 purpose of establishing priorities is to ensure that the most important responsibilities receive the
692 attention they deserve.

693 Generally the approach should be based on the significance and extent of specific impacts on society
694 or on the physical environment and the relationship of these specific impacts to sustainable
695 development and the welfare of society.

696 There are various considerations in establishing priorities. The impacts of an organization's decisions
697 and activities will be both positive and negative and will have different consequences for society or for
698 different elements of society. Moreover, not all issues will be of equal importance for an organization
699 or those impacted by it. Some issues will be of greater importance to society at large than to the
700 organization. The interests of stakeholders will not be the same, and some stakeholders will be of
701 greater importance to the organization or to society than others. The capacity of an organization
702 meaningfully or effectively to address an issue should be taken into account. Nevertheless
703 consideration should be given to those issues of greatest potential impact or stakeholder concern
704 even if the issue involves other organizations over which the organization has only limited influence.

705 **6.3 Stakeholder identification and engagement**

706 **6.3.1 General**

707 Identifying and engaging stakeholders are effective ways for an organization to consider its social
708 responsibility. These activities have become central among the practices associated with social
709 responsibility.

710 **6.3.2 Stakeholder identification**

711 The identification of impacts will make it easier to identify the most important of an organization's
712 stakeholders. Who will be positively or negatively affected by the organization's activities? In some
713 cases the location and time of impacts can also be useful in identifying stakeholders.

714 Stakeholders will have various and sometimes competing interests. These interests should be
715 weighted against the interests of other stakeholders taking into account other responsibilities that an
716 organization will have with respect to society or the environment.

717 Stakeholders are individuals or organizations whose interests establish a relationship with an
718 organization. In weighing the importance of specific stakeholders, an organization should understand:

719 ⸺ the relationship between the stakeholder and the organization; and

720 ⸺ the relationship of the stakeholder's interest to the broader interests of society and to sustainable
721    development.

722 An understanding of each of these relationships can be used to determine the relative importance of
723 an organization's social responsibility with respect to any specific stakeholder. Of course it should be
724 recognized that individuals and organizations may have various interests with respect to the decisions
725 and activities of a specific organization.

726 Some stakeholders will be more important then others. In some cases this will be because their
727 interests are closely related to those of the organization. Some stakeholders should be considered as
728 an integral part of the organization. These could include employees or the shareholders or other
729 owners of the organization. It should be recognized that these stakeholders will share a common
730 interest in the purpose of the organization and in its success.

731 A stakeholder does not need to have an interest in the success of the organization in order to be
732 considered important. From the standpoint of social responsibility, a stakeholder's importance is best
733 determined by the relationship of the stakeholder's interest to sustainable development and the
734 welfare of society.

735 An organization should not confuse organizations with stakeholders. Not all stakeholders of an
736 organization will belong to organizations whose purpose is to represent their interests with respect to

737  specific organizations.  An organization should weigh the representativeness and credibility of those
738  claiming to speak on behalf of groups of stakeholders.  In some cases it will not be possible for
739  important interests to be formally represented.  For instance, neither wildlife nor children will own or
740  control organizations. In this situation an organization should give attention to the views of credible
741  groups seeking to protect their interests.

742  ### 6.3.3  Stakeholder engagement

743  The objective of stakeholder engagement is dialogue between the organization and one or more of its
744  stakeholders. Although it is important for an organization to know who its stakeholders are, it will not
745  be necessary for an organization to engage with all of its stakeholders.

746  In most situations the expectations concerning an organization's responsibility for its impacts on
747  society will already be known or can be learned by the organization itself. Such expectations are
748  found in laws or regulations, widely accepted social or cultural expectations, and established best
749  practices with respect to specific issues. Expectations concerning stakeholders' interests can be found
750  in the "Related actions and/or expectations" sections following the description of various issues in
751  clause 7. In these cases it will not always be necessary to engage stakeholders for this purpose

752  There are, however, other important reasons for an organization to engage with some of its
753  stakeholders. Stakeholder engagement may be necessary to fulfill legal obligations – for instance to
754  shareholders or to employees. It can be used to determine how best to increase the beneficial effects
755  of the organization's decisions and activities or how to decrease any harmful effects. An organization
756  can use stakeholder engagement to address conflicting interests – either between the organization
757  and the stakeholder or between various stakeholders.

758  Stakeholder engagement can inform an organization's decisions by helping it acquire a better
759  understanding of the likely consequences of its actions and of its impacts that it would not otherwise
760  have. It can be part of continuous learning. Stakeholder engagement can be linked to an
761  organization's social responsibility where the purpose of the stakeholder engagement addresses the
762  link between the stakeholders' interests and the responsibilities of the organization to society at large.

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

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

772  Stakeholder engagement can be used to change the relationship between the organization and one or
773  more of its stakeholders.  This is true where the organization enters into a partnership with one or
774  more of its stakeholders in order to achieve mutually beneficial goals. Such "win-win" relationships will
775  not be possible with all stakeholders. As with all genuine partnerships all parties need to be truly
776  independent.

777  An organization should:

778  — recognize the value of stakeholder engagement in addressing its social responsibility;

779  — use stakeholder engagement to reconcile conflicts involving its interests, those of its stakeholders
780      and those of society as a whole;

781  — be responsive to its stakeholders; and

782  — be conscious of and respecting the interests and needs of the organization's stakeholders and
783     their relative capacity to contact and engage with the organization.

784 **6.4 Integrating social responsibility into the organization**

785 The social responsibility of an organization should not be addressed through isolated, occasional or
786 irregular actions.  Although giving to charities can be a socially responsible act, philanthropy is not an
787 alternative to taking responsibility for the impacts of an organization's decisions and activities on
788 sustainable development and the welfare of society. Social responsibility requires ongoing effort and,
789 to be genuine, should become an integral part of an organization's governance, structure, culture and
790 identity. This means that social responsibility should be integrated into an organization's purpose,
791 values, goals, strategies as well as its decisions and processes.

792 The most important and effective means of integrating social responsibility into the organization is
793 through an organization's governance, that is in the system by which decisions are made and
794 implemented. When making decisions, including with respect to new activities, an organization should
795 consider the likely impacts of these decisions on others.  In doing so an organization should consider
796 how best to minimize the harmful impacts and increase the beneficial impacts of its behaviour on
797 society and the environment. The resources and planning required for this purpose should be taken
798 into account when decisions are made.

799 An organization should be confident that the principles of accountability, transparency and ethical
800 behaviour are applied in its governance and reflected in its structure. Organizations should
801 periodically review procedures and processes to make sure that the social responsibility of the
802 organization is taken into account.

803 Organizations should also apply established management practices to addressing their
804 responsibilities. Planning, assessing strengths and weaknesses, developing strategies, setting targets,
805 allocating resources, developing competencies and the regular examination and evaluation of
806 activities can be used to increase the performance of an organization related to addressing its social
807 responsibility. Management processes such as continual improvement can be applied to this purpose.

808 **6.5 Communication**

809 Many practices related to social responsibility will involve, in one form or another, communication.
810 Within the organization, this can include communication to ensure that the social responsibility of the
811 organization is understood and properly addressed. Communication raises awareness within the
812 organization of its strategies and objectives and motivates employees. It is the means by which both
813 challenges and performance are recognized. Communication is important to the learning process and
814 to continuous improvement.

815 Communication is the essential activity in applying the principles of accountability and transparency.
816 It can address legal and other requirements for the disclosure of information related to social
817 responsibility. It can show the extent of conformity with its commitments and to the expectations of
818 society or of specific stakeholders.

819 An organization should regularly and publicly communicate information about the impacts of its
820 operations, products, services and other activities. In doing so it should address all relevant and
821 significant issues involved in the organization's impacts that relate to the core subjects of social
822 responsibility. And it should do so in ways that are accessible to the relevant stakeholders.

823 Communication concerning an organization's social responsibility will likely affect an organization's
824 reputation and even its performance. However, communications should not be treated as just public
825 relations or advertising. Information concerning an organization's impacts and its efforts to address
826 these impacts should have the following characteristics:

827  — it should be *understandable*: this means the information should be provided with regard for the
828     knowledge that the persons using the information will possess. Both the language used, and the

829  manner in which the material is presented, including how it is organized, should be accessible for
830  the stakeholders intended to receive the information;

831  ⎯ it should be *truthful* and *accurate:* this means that the information should be factually correct and
832  to a sufficient level of detail as to suitable for its purpose;

833  ⎯ it should be *balanced*: this means that there should be both positive and negative information
834  concerning the impacts of the organization's activities;

835  ⎯ it should include all of the *material* information about the relevant issues. The term *material* in this
836  sense refers to information that should not be withheld if a true picture is to be provided.  In this
837  context information would be considered material if it would influence the decisions or
838  understanding of stakeholders concerning their interests with respect to the decisions or activities
839  of the organization;

840  ⎯ it should be *timely*.  Out of date information can be misleading.  Understanding the period of time
841  being reported on will enable the performance of the organization to be compared against its
842  earlier performance and even with other organizations; and

843  ⎯ it should be *comparable* where appropriate. Information should be provided that will make it
844  possible to compare an organization's impacts and actions over time or to compare impacts and
845  actions with those of similar organizations.  However not all information that is important for
846  accountability will be usefully comparable with similar information from other organizations.

847  Communication over various issues should be targeted at all of the relevant stakeholders.  The
848  relevant stakeholders will not be the same for each issue. For some issues a wider sphere of
849  influence of the organization should be taken into account and it may be important to communicate
850  with a wide range of stakeholders.

851  Some organizations seek to increase the credibility of any claims they make concerning their social
852  responsibility.  Measures to enhance credibility usually cannot be taken by the organization acting
853  alone but will involve it engaging others. For instance, an organization may involve stakeholders in
854  verifying the claims that it makes. For some activities an organization may seek certification with
855  respect to the application of a specific standard. In some situations an organization may engage
856  others to issue statements attesting that the organization's claims or statements are true or that its
857  claims are the result of valid processes. This practice and the statement issued are referred to as
858  assurance.

## 859   7   Social responsibility core subjects

860  *Note: Bibliography and references have not yet been completed, but will be addressed by the IDTF.*

### 861   7.1 General

862  To identify and to address the nature of its responsibilities to society and the environment, an
863  organization should consider the following core subjects:

864  ⎯ organizational governance;

865  ⎯ human rights;

866  ⎯ labour practices;

867  ⎯ the environment;

868  ⎯ fair operating practices;

869     — consumer issues; and

870     — social and economic development of the community.

871     Each of these core subjects includes a range of **issues of social responsibility (3.10)** that are
872     described in this clause including the corresponding principles and considerations, and expectations
873     and/or related actions.

874     Economic aspects, as well as aspects relating to health and safety and the supply chain, are dealt
875     with throughout the seven core subjects, where relevant.

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

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

880     An organization should identify and address all those core subjects and issues that have a bearing or
881     relevant influence on its decisions and activities. However, there is no pre-determined order in which
882     an organization should address them; this will vary with the organization and its strategy.

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

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

890



891

892                        **Figure 1 —The Seven core subjects at a glance**

893     *Note: various proposals for a new diagram have been suggested. These will be considered in the next*
894     *round of drafting.*

895 **7.2 Organizational governance**

896 *Note: The IDTF did not reach agreement on whether and in what format this sub-clause should be*
897 *incorporated in Clause 7. Questions have been raised as to what this sub-clause should be about and*
898 *whether Clause 7 is the right place to address organizational governance.*

899 **7.2.1　Overview of organizational governance**

900 **7.2.1.1　Organizations and organizational governance**

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

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

910 **7.2.1.2　Organizational governance and social responsibility**

911 Organizational governance in the context of social responsibility has the special characteristic of being
912 at the same time a core subject on which organizations are expected to act, and a means to increase
913 the organization's ability to implement social responsibility and act accordingly on all its other core
914 subjects.

915 This special characteristic arises from the fact that an organization aiming to be socially responsible
916 should set a decision making system that incorporates, in practice, the principles of accountability,
917 transparency, compliance with law, ethical conduct and consideration to stakeholders, as described in
918 Clauses 5 of this International Standard. Some other principles and practices of good and/or socially
919 responsible organizational governance might be suitable for particular organizations, and thus this list
920 should not be taken as exhaustive or as a limit.

921 **7.2.1.3　Benefits to an organizations of socially responsible organizational governance**

922 By following this guidance, an organization can improve the effectiveness of its organizational
923 governance, and this will:

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

925 — enable better decisions that are more easily implemented;

926 — improve the organizations performance in relation to its objectives;

927 — allow better identification and management of risks and opportunities;

928 — improve the organization's relationship with its stakeholders; and

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

931 **7.2.2　Principles and considerations**

932 Effective governance is based on incorporating the principles and practices from clauses 5 and 6 into
933 decision-making and implementation.  An organization should develop specific governance processes

934 and structures to apply those principles and practices, including the development of a set of values to
935 be applied across the organization.

### 7.2.3 Organizational governance issue 1: Decision making processes and structures

#### 7.2.3.1 Description of the issue

938 Decision making processes and structures conducive to social responsibility are those that promote
939 the practical use of the principles and practices mentioned in clauses 5 and 6.

940 Every organization has some kind of decision making process and structures. In some cases – such
941 as with multinational companies and governmental bodies – these systems are very formal,
942 sophisticated and even subject to laws and regulations. In other cases – such as in small
943 organizations – such systems are frequently informal and do not clearly define the level of authority
944 and responsibility of the person that make decisions on behalf of the organization. However, in any
945 case, there is room for the application of the social responsibility principles and practices in such
946 processes and structures.

947 Setting decision making processes and structures accordingly will help the organization to implement
948 its social responsibility practices and to fulfill expectations regarding its actions on all social
949 responsibility core subjects, It will also enable the organization to benefits from socially responsible
950 organizational governance practices.

#### 7.2.3.2 Related actions and/or expectations

952 An organization should periodically review its decision making processes and structures and take
953 steps to improve their ability to inform the decision of an organization. The following should be
954 considered:

955 — to create and nurture an environment in an organization such that transparency may get
956     established and practiced as outlined in clause 5;

957 — to create and nurture an environment in an organization for the ethical conduct of business as
958     specified in clause 5;

959 — an organization not only should practice the principle of accountability as outlined in clause 5, but
960     should be confident that there is proper and efficient use of human, financial and natural
961     resources that the decisions and actions within the scope of the organization's authority are
962     consistent with its objectives; and it understands its responsibility to account for the performance
963     of the organization;

964 — directing the organization towards a long-term perspective, balancing the immediate needs and
965     objectives of its current stakeholders with the interests of future generations;

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

967 — engaging stakeholders who may be, or have been, affected by its decisions; and giving them due
968     consideration, even if they don't have a formal role in the governance process of the organization;
969     and

970 — further guidance on this issue is provided in clauses 5 and 8 of this International Standard.

### 7.2.4 Organizational governance issue 2: Delegating power

#### 7.2.4.1 Description of the issue

973 Every organization faces dilemmas and conflicts in its decision making process. Usually these
974 conflicts and dilemmas are a consequence of the process for delegating power. For power to be

975 delegated there must be a "holder" that has the power and delegates it, and a "receiver" that receives
976 the delegated power. This relationship will change its form from one type of organization to another.
977 Examples are: shareholders and CEO in an open capital enterprises, deliberative boards and
978 directors in NGOs or even owners and managers in a small and medium businesses. It can also take
979 many forms within the same type of organization, as power can be delegated in several instances of
980 an organization's hierarchy.

981 A structured process for power delegation will make decision making more effectively and will
982 contribute to the fulfillment of the organization's mission. It will also contribute to the success of the
983 organization in any activity, including social responsibility implementation.

### 984 7.2.4.2    Related actions and/or expectations

985 An organization should periodically review its decision making processes and structures and take
986 action to prevent any conflict from delegating power, by:

987 — aligning the objectives of the "holder" and the "receiver", in order to avoid that personal views
988     deviate decisions;

989 — clearly defining the mandate and responsibilities, in order to, create clear internal accountability
990     and assure autonomy and independence of the decision makers; and

991 — implement decentralized decision making processes with the aim of avoiding authoritarian
992     decisions and assuring better alignment of decisions with the organization's mission. Many
993     organizations use committees and other forms of decision making as a means for promoting
994     decentralization.

## 995 7.3 Human rights

### 996 7.3.1    Overview of human rights

### 997 7.3.1.1    Organizations and human rights

998 Human rights are the basic rights to which all human beings are entitled, irrespective of their race,
999 colour, sex, age, marital status, pregnancy, language, religion, political or other opinion, national,
1000 ethnic or social origin, property, birth, disability, sexual orientation, HIV/AIDS-status or any other
1001 status and to live in freedom from want and fear, and with dignity. The Universal Declaration of
1002 Human Rights (UDHR), adopted at the United Nations in 1948, is the most widely recognized
1003 instrument setting out these rights, being the foundation for the International Bill of Human Rights. It is
1004 supplemented by conventions, customary and international law, and by bills of rights adopted by
1005 individual states or groups of states.

1006 States assume obligations and duties under international law, and often in terms of their own
1007 constitutions or basic laws, to respect, to protect and to fulfill human rights within their jurisdiction. The
1008 obligation to respect means that states should refrain from interfering with or curtailing the enjoyment
1009 of human rights. The obligation to protect requires states to protect individuals and groups against
1010 human rights abuses. The obligation to fulfill means that states should take positive action to facilitate
1011 the enjoyment of basic human rights.

1012 International law binds states. However, there are some fundamental principles of international law
1013 that are binding on all individuals and entail legal liability. These include the prohibition of torture,
1014 crimes against humanity, slavery and genocide.

1015 Most human rights instruments are intended primarily to regulate relationships between states and
1016 individuals. However, it is also widely recognized that private organizations and individuals can affect
1017 human rights and have a responsibility and ability to advance the achievement of human rights,
1018 wherever possible and within their sphere of influence. The UDHR itself states that "every individual
1019 and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and

1020  education to promote respect for these rights and freedoms and by progressive measures, national
1021  and international, to secure their universal and effective recognition and observance.''

1022  The concept of sphere of influence denotes that an organization has the ability to affect human rights
1023  both directly and indirectly. An organization's human rights obligations apply:

1024  ⸺  in the workplace, such as provision of safe and healthy working conditions, freedom of
1025  association, and non-discrimination (an organization's human rights obligations apply in the
1026  workplace, outside the workplace, and in the wider community);

1027  ⸺  outside the workplace, such as respect for standards on use of force in relation to individuals and
1028  groups; and

1029  ⸺  in the wider community, such as protection of the livelihood of local communities and contribution
1030  to public debate.

1031  Human rights may be categorized into civil and political rights; and economic, social and cultural rights.
1032  This sub-clause briefly outlines some elements typical to the rights in these two broad categories, with
1033  a particular focus on how users of this International Standard might incorporate respect for and the
1034  promotion of human rights in their own activities and sphere of influence, in a manner relevant and
1035  suitable to their own circumstances. It does not provide an exhaustive or definitive list of human rights,
1036  nor is it intended to provide legal guidance. It may never be interpreted to undermine any existing
1037  human rights instruments.

1038  **7.3.1.2  Human rights and social responsibility**

1039  Even if it is the states that carry the primary responsibility for the fulfillment of human rights, all
1040  organizations have the potential to affect the enjoyment of human rights, directly or indirectly.

1041  There are some fundamental principles of international law that are binding on all individuals and
1042  entail legal liability. The International Criminal Tribunals have better developed the notion of individual
1043  criminal responsibility and its case practice is becoming an important guide in this matter. As a matter
1044  of fact, some international obligations are obligations towards the whole international community such
1045  as the prohibition of torture, crimes against humanity, slavery and genocide (sometimes called
1046  peremptory norms of international law). Some countries have adopted national legislation in order to
1047  prosecute legal entities in national courts with regard to certain international crimes. In some countries,
1048  individuals and organizations may be liable to pay compensation in respect of harm caused by
1049  behaviour that is linked to breaches of international law by state organizations.

1050  **7.3.1.3  Benefits to organizations of implementing socially responsible behaviour in the**
1051  **area of human rights**

1052  Respect for human rights is the subject of increased public attention and the trend is to recognize
1053  greater responsibilities for private organizations in this area. The perception that an organization does
1054  not respect human rights would cause serious damage to the organization's reputation. In some
1055  situations this damage can be so severe as to make it difficult for the organization to achieve its
1056  purpose. Insensitivity with respect to human rights issues is likely to be seen as a grave moral lapse.
1057  Among the consequences could be severe weakening of employee loyalty and the loss of public trust.
1058  Alternatively, an organization that recognizes its responsibilities in this area will be more likely to enjoy
1059  an enhanced public reputation and the benefits that come with this kind of reputation.

1060  **7.3.2  Principles and considerations**

1061  **7.3.2.1  Principles**

1062  One of the primary principles governing human rights is that rights are universal and indivisible.

1063  Human rights are considered to be inherent, inalienable, universal, indivisible and interdependent:

1064 ⸺ they are inherent, in that they belong to everyone because of their common humanity;

1065 ⸺ they are inalienable, in that people cannot consent to giving them up or be deprived of them by
1066 governments or any other institutions;

1067 ⸺ they are universal, in that they apply to all people irrespective of their race, colour, sex, age,
1068 marital status, pregnancy, language, religion, political or other opinion, national, ethnic or social
1069 origin, property, birth, disability, sexual orientation, HIV/AIDS-status or any other status, property,
1070 birth, disability, sexual orientation, HIV/AIDS-status or any other status; and

1071 ⸺ they are indivisible, in that the rights carry equal importance ; and they are interdependent, in that
1072 realization of one right contributes to the realization of other rights.

1073 **7.3.2.2 Considerations**

1074 There are certain human rights risk situations where an organization will specifically benefit from
1075 making a risk analysis. At times, organizations may face challenges and dilemmas in dealing with
1076 issues related to the promotion and observance of human rights. Certain contexts may provide
1077 particular difficulties and high risk situations of violating or being complicit in human rights abuses.
1078 Challenges and dilemmas may be likely to be most pronounced when operating in circumstances and
1079 environments characterized by:

1080 ⸺ conflict or extreme political instability, or situations of poverty, drought or natural disasters;

1081 ⸺ involvement in extractive activities or activities that significantly affect natural resources such as
1082 water, forests or the atmosphere and often disrupt communities;

1083 ⸺ proximity of operations to communities of indigenous peoples;

1084 ⸺ activities that can affect or involve children;

1085 ⸺ a culture of corruption;

1086 ⸺ complex supply chains that involve work performed on an informal basis without legal protection;
1087 and

1088 ⸺ a need for extensive measures to ensure security of premises or other assets.

1089 Contexts in which human rights have been abused or are being abused are often extremely complex
1090 for organizations. Organizations should never be involved in activities that can violate or contribute to
1091 violations of human rights. In contexts in which abuses do occur, the response should be considered
1092 very sensitively and carefully. In particular, it is important not to compound abuse, or create other
1093 abuses.

1094 Responding to an ongoing human rights abuse situation requires sensitive action. Particularly when
1095 operating in environments in which one or more of these circumstances apply, organizations are likely
1096 to be faced with the need to make difficult and complex judgments on whether and how to conduct
1097 themselves. While there are no simple formulas or solutions, any judgment should be based on
1098 promoting and defending the overall advancement of the human rights (including all referred to in this
1099 document). The organization should also give thought to the potential consequences of its actions
1100 taken, so that the desired objective is actually achieved, while not using the complexity of some
1101 situations in which human rights violations occur as an excuse to not act.

1102 There are no simple nor general solutions to human rights challenges facing an organization in a
1103 given situation and context. However, adopting a (human) rights-based approach could help an
1104 organization to identify and better manage risks and challenges. A rights analysis may expose
1105 priorities and interests and enable the conception of procedures and strategies for responding to
1106 challenges and resolving conflicts.

1107 A '(human) rights based approach' means that an organization accepts that all people in the societies
1108 in which they operate or in other ways come in contact with have universal rights and that an
1109 organization takes into consideration the impact that its actions can have on the enjoyment of human
1110 rights. Any decisions made by an organization should strive to respect these universal rights. Using a
1111 rights analysis can highlight risks to facilitate decision making before taking action. It also enables an
1112 organization to understand challenges and dilemmas from the perspective of humans surrounding it..
1113 An organization may also face 'competing rights' where the interests of one stakeholder group or
1114 other group might be in conflict with the interests of another group.

1115 A (human) rights-based approach takes as its starting point the rights of the individual or group. It
1116 entails:

1117 — identifying the right at stake or under threat;

1118 — identifying the organization's responsibilities in terms of international human rights standards;

1119 — formulating an appropriate set of actions following a thorough assessment of the situation, and

1120 — implementation and follow-up.

1121 The implementation of this approach may involve developing both general policies and specific
1122 management practices. The commitment and policies may inform the practices of the organization. In
1123 addition, the organization may also try to promote this approach even through its sphere of influence.

1124 **7.3.3 Human rights issue 1: Non-discrimination and concern for vulnerable groups**

1125 **7.3.3.1 Description of the issue**

1126 Non-discrimination is one of the most fundamental principles of international human rights law. The
1127 principle means that everyone is entitled to enjoy human rights without distinction of any kind to race,
1128 colour, sex, age, marital status, pregnancy, language, religion, political or other opinion, national,
1129 ethnic or social origin, property, birth, disability, sexual orientation, HIV/AIDS-status or any other
1130 status. Organizations should respect this principle and give practical effect to non-discrimination in
1131 their activities and equal treatment for all individuals. An organization's relationships with its
1132 stakeholders should also be applied without discrimination.

1133 Certain groups or categories of people are more vulnerable than others to human rights abuse.
1134 Groups that have suffered persistent discrimination, leading to entrenched disadvantages, are more
1135 vulnerable to further discrimination. Particular attention should be given to the human rights of
1136 vulnerable groups, including women, children, indigenous peoples and, minority groups.

1137 The application of the principle of non-discrimination, and giving special attention to the advancement
1138 of vulnerable individuals and groups, offers benefits to those organizations and society as a whole, in
1139 addition to, obviously, benefiting those individuals and groups. Organizations that are able to benefit
1140 from using the talents of the entire spectrum of society will enjoy higher performance in pursuit of their
1141 objectives. And society, and its components, will benefit through the maximum participation of all
1142 citizens and individuals in society's mainstream activities though the achievement of greater social
1143 harmony and the reduction of levels of stratification and the social tensions which are invariably their
1144 consequence.

1145 **7.3.3.2 Related actions and/or expectations**

1146 Organizations should:

1147 — not discriminate against anyone on the basis of race, colour, sex, age, marital status, pregnancy,
1148 language, religion, political or other opinion, national, ethnic or social origin, property, birth,
1149 disability, sexual orientation, HIV/AIDS-status or any other status;

1150    — not tolerate discrimination in direct or indirect dealings with the state or private actors; and

1151    — contribute to redressing discrimination wherever practicable, for example by making special
1152        efforts to employ, or do business with organizations operated by people from groups historically
1153        discriminated against and, where feasible, supporting efforts to increase access to education,
1154        infrastructure or social services for groups denied full access.

1155    When organizations operate in unfamiliar environments, it is particularly important for them to
1156    sensitize themselves to local conditions and social dynamics, and promote due respect for cultural
1157    and other diversity including allowing people to enjoy their culture, practice their religion and language.

1158    An organization's policies and activities, both its internal operations and its contributions to economic
1159    and social development more broadly, should respect women's rights and promote the equal
1160    treatment of women and men in the economic, social and political spheres.

1161    All actions with effect or potential effect on children should give primary consideration to the best
1162    interests of the child. The principles from the Convention on the Rights of the Child, which include
1163    non-discrimination, a child's right to life, survival, development and free expression, should be
1164    respected and taken into account.

1165    Migrants and migrant workers are also a vulnerable group. Organizations should avoid discriminating
1166    against migrants in their operations, and should contribute to promoting a climate of respect for the
1167    human rights of migrant workers and their families.

1168    People with disabilities are in part vulnerable, because of misperceptions about their skills and abilities.
1169    An organization should contribute to ensuring that men and women with disabilities are accorded
1170    dignity and autonomy; are not subjected to discrimination through their own employment practices,
1171    and their contribution to promoting the dignity and autonomy of people with disabilities, and their full
1172    integration and participation in society.

1173    **7.3.4    Human rights issue 2: Avoidance of complicity**

1174    **7.3.4.1        Description of the issue**

1175    An organization may be regarded as complicit in human rights abuses if it in some way authorizes,
1176    tolerates or knowingly ignores abuses committed by a related organization, or if it knowingly provides
1177    practical assistance or encouragement that helps perpetuate the abuse of human rights abuse. Thus
1178    complicity can be direct or indirect. This can occur by association or co-operation with state or non-
1179    state actors that are violating human rights.

1180    Avoidance of complicity in human rights abuses means that an organization does not only promote
1181    human rights within their sphere of influence;

1182    **7.3.4.2        Related actions and/or expectations**

1183    To avoid being complicit in human rights violations, an organization should:

1184    — avoid actively assisting, directly or indirectly, in human rights violations committed by others, for
1185        example, where an organization provides information to a government that it knows will be used
1186        to violate human rights;

1187    — avoid entering into a partnership with a government if it knows, or should know, that the
1188        government is likely to commit abuses in carrying out its part of the agreement, for example,
1189        forced relocation of peoples;

1190    — avoid benefiting from human rights violations even if it does not actively assist or cause them, for
1191        example, abuses committed by security forces, such as the suppression of a peaceful protest

1192    against an organization's activities or the use of repressive measures while guarding
1193    organizational facilities;

1194 —  speak out and not remain silent or inactive in the face of systematic or continuous human rights
1195    violations.

1196    **7.3.5    Human rights issue 3: Civil and political rights**

1197    **7.3.5.1    Description of the issue**

1198    Civil and political rights include rights such as absolute rights such as right to life, right to freedom
1199    from torture, right to security, liberty and integrity of the person, and to due process of law and a fair
1200    hearing when facing criminal charges. They further include freedom of opinion and expression,
1201    freedom of peaceful assembly and association, freedom to adopt and practice a religion, freedom to
1202    hold beliefs, freedom from arbitrary interference with family, home or correspondence and the right to
1203    privacy, to access to public service and to take part in elections.
1204
1205    These rights are primarily the duty of the state to secure in national law and uphold. Contraventions by
1206    private persons and organizations of many of these, such as the right to life, normally carry criminal
1207    penalties. However, these also concern and point both public and private organizations, any user of
1208    this International Standard, in a direction that encompasses, for example below actions.

1209    Organizations successfully addressing civil and political rights will tolerate and value criticism,
1210    freedom of expression and diversity. They will benefit from improved working and business relations
1211    with their direct stakeholders and the comparative advantages of diverse and innovative thinking,
1212    skills and cultures. And they will earn the respect of others and enhance their status as leaders in the
1213    field of social responsibility.

1214    **7.3.5.2    Related actions and/or expectations**

1215 —  An organization should always respect the right to life of individuals and refrain from undertaking
1216    activities in areas of the world where the governments do not respect people's right to life and
1217    where state arbitrarily takes human lives or torture persons, unless the organization can be
1218    assured after careful analysis that they can undertake their activities in such a way that they will
1219    not be complicit in human rights abuses.

1220 —  An organization should exercise respect and tolerance for the right to freedom of opinion and
1221    expression; without interference and to seek, receive and impart information and ideas through
1222    any media and regardless of national borders. This includes freedom to hold opinions and
1223    criticize the organization internally and externally. Organizations should not aim to suppress
1224    anyone's views or opinions. The right to freedom of expression, peaceful assembly and of
1225    association should be respected.

1226 —  An organization should have respect for due process and the right to a fair hearing before taking
1227    any disciplinary measures within the organization. Any disciplinary measures should be
1228    proportionate and not involve physical punishment or inhuman or degrading treatment.

1229 —  An organization should exercise respect of the right of employees and others to privacy and
1230    family life.

1231 —  An organization should exercise tolerance for diversity, for example. of belief and opinion among
1232    anyone who is impacted by the activities of the organization.

1233    **Box 1 Security arrangements and human rights**

1234    All organizations should verify that security arrangements, involving either government or private
1235    forces, associated with them respect human rights and are consistent with international UN standards
1236    and norms for law enforcement. Procedures should include measures to prevent torture, cruel,

1237 inhuman or degrading treatment and the use of excessive force. Any security personnel (employed or
1238 contracted) should be adequately trained, including in adherence to these standards of human rights.
1239 Organizations should develop clear rules for contracting with security forces and for not hiring security
1240 personnel with a record of human rights violations. Complaints about security procedures or personnel
1241 should be addressed and investigated promptly and independently. Organizations supplying military
1242 security or police services should take measures to prevent any human rights violations. Such
1243 measures could include adequate training for staff, and oversight and monitoring of staff behaviour.

1244 **7.3.6    Human rights issue 4: Economic, social and cultural rights**

1245 **7.3.6.1        Description of the issue**

1246 The UDHR states that every person, as a member of society, has the right to economic, social and
1247 cultural rights indispensable for his or her dignity and personal development. This includes the right to
1248 an education and to a decent standard of living including adequate food, clothing and medical care
1249 through, among other things, a just remuneration or social security.

1250 The primary obligations here again fall on the state, and states are encouraged to aid the
1251 development of less developed countries. However, organizations can also contribute to realization of
1252 these rights including by refraining from actions that obstruct or impede the realization of such rights.
1253 In doing so, they should base their actions on an acknowledgement of the ideals that everyone should
1254 enjoy a standard of living adequate for the health and well-being of himself or herself and family,
1255 including food, clothing, housing, medical care and necessary social protection, such as the right to
1256 security in the event of unemployment, sickness, disability, widowhood, old age or other lack of
1257 livelihood in circumstances beyond his or her control. An organization should also base actions on the
1258 ideals that everyone should have right to education, that parents be entitled to choose the education
1259 for their children, and that education should be directed to the full development of the human
1260 personality and dignity.

1261 **7.3.6.2        Related actions and/or expectations [note from drafters; content under this section**
1262 **need further work ]**

1263 —    An organization should respect everyone's right to a standard of living adequate for the health
1264        and well-being of himself or herself and family, including food, clothing, housing, medical care
1265        and necessary social protection, such as the right to security in the event of unemployment,
1266        sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his or
1267        her control. For example, an organization should check that wages paid are sufficient for a decent
1268        standard of living, even if the domestic law allows for lower standards.

1269 —    An organization should not limit or deny access to an essential product or resource, such as
1270        water. Special care should be taken when privatizing such goods or services in order not to limit
1271        their accessibility. An organization should also be careful that earnings allow access to these
1272        rights.

1273 —    An organization should respect everyone's right to enjoy the highest attainable standard of
1274        physical and mental health. Activities, goods and services, as well as new projects, may require
1275        an assessment of their possible impacts on human rights and health and safety, including those
1276        of the local population and end-users.

1277 —    An organization should respect everyone's right to education and the right of parents to choose
1278        the education for children. An organization should bear in mind that, apart from the direct harm
1279        that may result, the employment of children may also deprive them of education. International
1280        standards on minimum age and young workers should be respected.

1281 —    An organization should respect that adult men and women, without any limitations, have the right
1282        to marry and to have a family. An organization should organize working conditions to be
1283        consistent with their employees' enjoyment of family life. Required working hours should be
1284        consistent with the ability to care for a sick child, to take time off to give birth or other family

1285 responsibilities. Respecting the right to family life entails not impeding employees' rights to marry
1286 and start a family, not discriminating on the basis of family affiliation, providing parental leave to
1287 families with a new child and promoting a work-life balance. (Discussion on moving this section to
1288 LP)

1289 — An organization should respect everyone's right to freedom of thought, conscience, religion and
1290 culture. This includes freedom to change his or her religion or belief, and freedom, either alone or
1291 in community with others, and in public or private, to manifest his or her religion or belief in
1292 teaching, practice, worship and observance.

1293 — An organization should respect everyone's right to own property, alone or in association with
1294 others. An organization should fairly compensate property owners for their intellectual and
1295 physical property. The practical knowledge of indigenous peoples may be their intellectual
1296 property. An organization should publish the intellectual property policy for work developed by its
1297 members.

1298 **7.3.7    Human rights issue 5:  Fundamental rights at work**

1299 **7.3.7.1       Description of the issue**

1300 This subclause deals with those human rights that the International Labour Organization (ILO) (see
1301 Box 2) has identified and designated as fundamental rights at work. These include:

1302 — recognition of the rights of freedom of association and collective bargaining;

1303 — the elimination of forced or compulsory labour;

1304 — the abolition of child labour; and

1305 — the elimination of discrimination in employment and the world of work.

1306 **7.3.7.2       Related actions and/or expectations**

1307 These rights are legislated for in many societies. Additional considerations include:

1308 — **freedom of association and collective bargaining**. Representative organizations formed or
1309 joined by workers should be recognized for purposes of collective bargaining. Terms and
1310 conditions of employment may be fixed by voluntary collective negotiation where workers so
1311 choose, and workers' representatives should be given facilities that will enable them to do their
1312 work effectively and allowed to perform their role without interference. Collective agreements
1313 should include provisions for the settlement of disputes. Workers' representatives should be
1314 provided with information required for meaningful negotiations. See clause 7.4 for further
1315 information, particular how freedom of association and collective bargaining relate to social
1316 dialogue.

1317 — **forced labour.** An organization should not engage or benefit from any use of forced or
1318 compulsory labour. No work or service should be exacted from any person under the threat of
1319 any penalty or when that person has not volunteered for it. An organization should not engage or
1320 benefit from prison labour, unless the prisoners have been convicted in a court of law and their
1321 labour is under the supervision and control of a public authority. Further, prison labour should not
1322 be used by private organizations, unless it is performed on a voluntary basis, as evidenced by,
1323 among other things, fair and decent conditions of employment.

1324 — **child labour.** Organizations should respect and not engage or benefit from any use of child
1325 labour. The minimum age for employment as determined through international instruments.
1326 International labour standards establish a minimum age of 15 years generally, and 14 years of
1327 age in some developing countries. Children and young persons under 18 should not be employed

1328     in any work that, by its nature or the circumstances by which it is carried out, is likely to harm their
1329     health, safety or morals.

1330 — **non-discrimination.** Organizations should check that their employment policies are free of
1331     gender, racial or other bias and that earnings, employment conditions and hiring policies are
1332     based on objective job evaluations.

1333

## 1334   7.4 Labour practices

### 1335   7.4.1   Overview of labour practices

#### 1336   7.4.1.1     Organizations and labour practices

1337 The labour practices of an organization encompass all policies and practices relating to work
1338 performed within, by or on behalf of the organization.

1339 As such, the term extends beyond the relationship of the organization with its direct employees or the
1340 responsibilities that the organization may have at a workplace that it owns or directly controls. Labour
1341 practices include the responsibilities of the organization for work performed on its behalf by others,
1342 including subcontracted work.

1343 Labour practices include the recruitment and promotion of workers; disciplinary and grievance
1344 procedures; the transfer and relocation of workers; termination of employment; training and skills
1345 development; health, safety and industrial hygiene; and any policy or practice affecting conditions of
1346 work. Labour practices also include the recognition of worker organizations and representation and
1347 participation by the organization in collective bargaining, social dialogue and tripartite consultation to
1348 address social issues related to employment.

#### 1349   7.4.1.2     Labour practices and social responsibility

1350 The creation of jobs, as well as wages and other compensation paid for work performed are among an
1351 organization's most important economic and social impacts. Meaningful and productive work is an
1352 essential element in human development through the improvement of standards of living through full
1353 and secure employment. Its absence is a primary cause of social problems. Labour practices have a
1354 major impact on respect for the rule of law and on the sense of fairness present in society: socially
1355 responsible labour practices are essential to social justice and stability.

#### 1356   7.4.1.3     Benefits to an organization of socially responsible labour practices

1357 An organization's labour practices can have a significant impact on its ability to recruit, motivate and
1358 retain employees and therefore on its ability to attain its objectives. Labour practices can also have a
1359 significant impact on the reputation of the organization.

### 1360   7.4.2   Principles and considerations

#### 1361   7.4.2.1     Principles

1362 The fundamental principle, enshrined in the ILO's 1944 Declaration of Philadelphia, is that labour is
1363 not a commodity. This means that women and men workers should not be treated as a factor of
1364 production and subject to the same market forces that apply to commodities. The inherent
1365 vulnerability of workers and the need to protect their basic rights is reflected in the Universal
1366 Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights.
1367 The principles involved include the right of everyone to gain a living by freely chosen work, and the
1368 right to just and favourable conditions of work.

1369 **7.4.2.2    Considerations**

1370    Many internationally recognized human rights are related to labour. The right of all workers to form or
1371    join their own organizations and to collectively bargain with their employer, as well as to be free from
1372    discrimination with respect to employment and occupation, and from child labour and forced labour
1373    are all basic human rights: as such they are dealt with in greater detail in Clause 7.3. These rights are
1374    also recognized by the ILO as fundamental rights at work and are expressed in eight Conventions
1375    referred to as the Core Conventions. Many other ILO Conventions and Recommendations also give
1376    practical meaning to the provisions in the Universal Declaration of Rights and its two covenants
1377    mentioned in Clause 7.3.7.

1378    The primary responsibility for ensuring fair and equitable treatment for workers [1] lies with
1379    governments. This is achieved through the formulating of legislation consistent with the Universal
1380    Declaration of Human Rights and the principles underlying relevant ILO labour standards, the
1381    upholding of those laws, and ensuring that workers and organizations have the necessary access to
1382    justice in the event that they are not upheld.

1383    Where governments have failed to legislate, or uphold such laws, organizations operating in those
1384    environments, rather than taking advantage of any such failures, should abide by the principles
1385    underlying to these international instruments and the spirit or intent of the law. A major consideration
1386    is that co-operation and collective bargaining should be the basis for organizations behaving in a
1387    socially responsible manner.

1388    It is important to distinguish between the government in its role as organ of state as considered above
1389    and the role of government in its role as an employer. Government bodies or state owned
1390    organizations have the same responsibilities for their labour practices as other organizations.

1391    **7.4.3    Labour practices issue 1: Employment and employment relationships**

1392    **7.4.3.1    Description of the issue**

1393    The significance of employment for human development is universally accepted. As employers,
1394    organizations contribute to one of the most widely accepted objectives of society, namely the
1395    improvement of standards of living through full and secure employment.

1396    Every country provides a legal framework within which work is to be performed. Despite a range of
1397    different legal systems, the employment relationship is a universal concept, which recognizes that
1398    most workers in a position of subordination to and dependency on the person or organization for
1399    whom they perform work should not be treated as if they are equal parties in a commercial
1400    relationship with their employer. That difference is the underlying basis for labour law or employment
1401    law.

1402    The employment relationships confer rights and impose obligations on both employers and employees
1403    in the interest of society.

1404    Not all work is performed within an employment relationship. Work and services are also performed by
1405    men and women who are self-employed. Even here, however, the importance of the appropriate legal
1406    and institutional framework to both society and the individual performing work should be recognized.
1407    All parties to a contract are entitled to understand their rights and responsibilities and to have recourse
1408    in the event that the terms of the contract are not respected.

1409    In this context labour is understood to be work performed for compensation and does not include
1410    activities undertaken by genuine volunteers. However the policies and measures that all organizations

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[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.

1411 should adopt to discharge and fulfill obligations relating to such things as criminal liability and duty of
1412 care need to be taken into account where volunteers are involved.

1413 **7.4.3.2    Related actions or expectations**

1414 An organization should:

1415 — be confident that all work performed is performed by women and men who are legally recognized
1416   as employees or who are legally recognized as being self-employed;

1417 — not seek to avoid the obligation that law places on the employer by disguising relationships that
1418   would otherwise be recognized as an employment relationship under law;

1419 — recognize the importance of secure employment to both the individual worker and to society. Use
1420   active workforce planning to avoid the use of work performed on a casual basis or the excessive
1421   use of work performed on a temporary basis, except where the nature of the work is genuinely
1422   short term or seasonal;

1423 — provide reasonable notice, timely information and, with worker representatives where they exist,
1424   jointly consider how to mitigate adverse effects to the greatest possible extent when considering
1425   changes in its operations, such as closures that affect employment;

1426 — eliminate discrimination in employment practices and offer equal opportunities to women, workers
1427   with disabilities and other vulnerable groups, such as young or older workers, migrants and
1428   indigenous peoples;

1429 — not engage in arbitrary or discriminatory dismissal practices;

1430 — contract out work only to organizations that are legally recognized or are otherwise able and
1431   willing to assume the responsibilities of an employer and to provide decent work. This excludes
1432   labour intermediaries who are not legally recognized and other arrangements for the performance
1433   of work that do not confer legal rights on those performing the work. In this regard, it should take
1434   steps to confirm that the organizations with which it deals, for instance suppliers and sub-
1435   contractors, are legitimate enterprises whose labour practices require that all work be performed
1436   within the appropriate legal and institutional framework; and

1437 — not benefit from unfair, exploitative or abusive labour practices of their partners, suppliers or sub-
1438   contractors. An organization should accept responsibility for work done on its behalf by other
1439   organizations commensurate with the degree of control that it exercises and with the potential
1440   that the rights of the workers concerned may not be respected. Depending on these
1441   circumstances reasonable efforts to address these responsibilities could include establishing
1442   contractual obligations on suppliers and subcontractors; unannounced visits and inspections;
1443   exercise of due diligence in supervising contractors and intermediaries. Where suppliers and
1444   subcontractors are expected to comply with a code of labour practice, the code should be
1445   consistent with the Universal Declaration of Human Rights and the principles underlying relevant
1446   ILO labour standards. See Clause 7.6.6 for additional information about responsibilities in the
1447   supply chain ,and

1448 — where operating internationally give priority to the employment, occupational development,
1449   promotion and advancement of nationals of the host country. This includes sourcing and
1450   distributing through local enterprises where practical.

1451 | **Box 2 The International Labour Organization**

1452 | The International Labour Organization is a United Nations agency with a tripartite structure
1453 | (governments, workers and employers) that was established for the purpose of setting international
1454 | labour standards. These minimum standards are applicable to workers everywhere, and are intended
1455 | to prevent unfair competition based on exploitation and abuse. ILO standards are technically well

1456 informed and have the support of employers, workers and governments, whose tripartite negotiation
1457 at the global level leads to their adoption. The meaning and proper application of ILO standards have
1458 been elaborated through the ILO supervisory mechanisms, and this jurisprudence can be a source of
1459 guidance and good practice. ILO Conventions and Recommendations, together with the ILO
1460 Declaration on fundamental principles and rights at work 1998 and the ILO's Tripartite Declaration of
1461 principles concerning multinational enterprises and social policy 1977 (last revised 2006), constitute
1462 the most authoritative guidance with respect to labour practices and some other important social
1463 issues. The ILO seeks to promote opportunities for women and men to obtain decent and productive
1464 work, which it defines as work performed in conditions of freedom, equity, security and human dignity.

1465 **7.4.4 Labour practices issue 2: Conditions of work and social protection**

1466 **7.4.4.1 Description of issue**

1467 Conditions of work include wages and other forms of compensation, working time, rest periods,
1468 holidays, disciplinary and dismissal practices, maternity protection, work-life balance and many other
1469 subjects. Many of the conditions of work are determined by national laws and regulations or by legally
1470 binding agreements between those for whom work is performed and those who perform work. The
1471 employer can determine many of the conditions of work.

1472 Conditions of work determine quality of the life of workers and their families. They also form a base for
1473 national economies. Fair and appropriate consideration should be given to the quality of conditions of
1474 work.

1475 Social protection refers to all guarantees against the reduction or loss of income in case of
1476 employment injury, illness, maternity, parenthood, old age, unemployment, disability or any other
1477 financial hardship. Social protection plays an important role in preserving human dignity and
1478 establishing a sense of fairness and social justice.

1479 **7.4.4.2 Related actions or expectations**

1480 An organization should:

1481 — confirm that the conditions of work comply with national laws and regulations and are at least
1482   consistent with relevant international labour standards;

1483 — respect higher levels of provision established through other applicable legally binding
1484   agreements;

1485 — observe at least those minimum provisions defined in international labour standards as
1486   established by the ILO, where national legislation is silent, accordingly;

1487 — provide decent conditions of work in respect of wages, hours of work, weekly rest holidays, health
1488   and safety, and maternity protection and they should not be less favourable to the workers than
1489   those offered by other comparable employers in the country and locality concerned;

1490 — provide the best possible wages and other conditions of work in accordance with national law and
1491   practice, for example, as included in relevant collective bargaining. Organizations should pay
1492   wages at least adequate for the needs of workers and their families, taking into account the
1493   general level of wages in the country, the cost of living, social security benefits, and the relative
1494   living standards of other social groups, as well as economic factors, including the requirements of
1495   economic development, levels of productivity and the desirability of attaining and maintaining a
1496   high level of employment.  In reaching a balance between these concerns, the organization should
1497   bargain collectively with the workers;

1498 — pay wages directly to the workers concerned, subject only to any restrictions or deductions
1499   permitted by law or collective agreement;

1500 — recognize that, within the context of the country in which it is operating, it has obligations
1501     concerning the provision of social protection for workers and should not seek to evade these
1502     obligations;

1503 — respect the right of men and women workers to adhere to normal or agreed working hours
1504     established in law, regulations or collective agreements. In any event, workers should not on a
1505     regular basis be required to work in excess of 48 hours per week. Workers should also be
1506     provided with at least one day off for every seven-day period, and entitled to paid annual leave of
1507     at least three weeks;

1508 — compensate workers for overtime in accordance with national law and practice. When requesting
1509     workers to work overtime, an organization should take into account the particular vulnerabilities of
1510     the workers concerned and any hazards inherent in the work. An organization should respect laws
1511     and regulations prohibiting mandatory and non-compensated overtime, and always respect the
1512     basic human rights of workers concerning forced labour; and

1513 — wherever possible allow observance of national or religious traditions and customs with respect to
1514     weekly rest.

1515 **7.4.5    Labour practices issue 3: Social dialogue**

1516 **7.4.5.1      Description of the issue**

1517 Social dialogue includes all types of negotiation, consultation or exchange of information between or
1518 among representatives of governments, employers and workers on subjects of common interest
1519 relating to economic and social issues. It could take place between employer and employee
1520 representatives, on matters affecting their interests, and could also include governments where
1521 broader issues, such as legislation and national social policy, are at stake.

1522 Social dialogue requires independent parties. Genuine worker representatives are freely elected, in
1523 accordance with national laws, regulations or collective agreements, by either the members of their
1524 trade union or by the workers concerned. They are not individuals designated by the government or
1525 the employer. Social dialogue takes various forms including enterprise-level information and
1526 consultation mechanisms (such as Works Councils) and collective bargaining. Trade unions, as the
1527 chosen representatives of workers, have a particularly important role to play in social dialogue.

1528 Social dialogue is based on the recognition that employers and workers have both competing and
1529 common interests, and plays a significant role in the industrial relations and the governance of many
1530 countries.

1531 Effective social dialogue provides a mechanism for developing policy or finding solutions to problems
1532 that takes into account the priorities and needs of both employer and workers, and thus results in
1533 outcomes that are meaningful and sustainable for both the organization and society. Social dialogue
1534 can contribute to establishing participation and democratic principles in the workplace and to healthy
1535 labour-management relations thus minimizing the resort to costly industrial disputes and encouraging
1536 investment. Social dialogue can be the best means for managing change. It can be used to design
1537 skills development programmes contributing to human development and enhancing productivity, or to
1538 minimize the negative social effects of changes in the operations of organizations.

1539 Social dialogue can take many forms and can occur at various levels. Workers may wish to form
1540 groups with a broader occupational, inter-occupational or geographical coverage. Employers and
1541 workers are in the best position to decide jointly the most appropriate level, by adopting framework
1542 agreements supplemented by local organization level agreements.

1543 Social dialogue may at times address contentious issues; in which case the parties can establish a
1544 dispute resolution process. Social dialogue can also concern grievances for which a complaints
1545 mechanism is important, particularly in countries where the fundamental principles and rights at work
1546 are not adequately protected.

1547 International social dialogue is a growing trend, and includes international Work Councils in Europe
1548 and global dialogue and agreements between organizations operating internationally and international
1549 trade union organizations.

1550 **7.4.5.2    Related actions or expectations**

1551 An organization should:

1552 — recognize the importance of social dialogue institutions and applicable collective bargaining
1553    structures including at the international level for organizations;

1554 — participate in relevant employers' organizations as a means of creating opportunities for social
1555    dialogue and extending their expression of social responsibility through such channels;

1556 — not oppose or discourage in any way the exercise by workers of their right to form or join their own
1557    organizations or to bargain collectively;

1558 — not dismiss or otherwise discriminate against workers, threaten to relocate or outsource jobs or to
1559    thwart workers who seek to form or join their own organizations and to bargain collectively;

1560 — provide duly designated worker representatives with access to authorized decision makers,
1561    access to workplaces and to those they represent, to facilities necessary to perform their role and
1562    to information that will allow them to have a true and fair picture of the organization's finances and
1563    activities; and

1564 — not encourage governments to restrict the exercise of the internationally recognized rights of
1565    freedom of association and collective bargaining nor participate in incentive schemes based on
1566    such restrictions.

1567 **7.4.6    Labour practices issue 4: Health and safety at work**

1568 **7.4.6.1    Description of the issue**

1569 Health and safety at work concerns the promotion and maintenance of the highest degree of physical,
1570 mental and social well-being of workers and prevention of departures from health caused by working
1571 conditions, the protection of workers from risks adverse to health and the adaptation of the
1572 occupational environment to the physiological and psychological capabilities of workers.

1573 The financial and social costs to society of work-related illness, injuries and death are high. Pollutants
1574 and other workplace hazards that are harmful for workers may also have impacts on communities and
1575 or the environment. For more information on environmental hazards see Clause 7.5. Health and
1576 safety issues arise over dangerous equipment, processes, practices and substances (chemical,
1577 physical and biological).

1578 Socially responsible health and safety practices can reduce costs, improve morale and increase
1579 productivity.

1580 **7.4.6.2    Related actions or expectations**

1581 An organization should:

1582 —  seek to understand and control the health and safety risks involved in its activities. it should also
1583    understand the proper procedures that should be followed and provide the safety equipment
1584    needed for the prevention of occupational diseases, accidents and for dealing with emergencies;

1585 — analyze work accidents and diseases and problems raised by workers so as to understand and be
1586    able to advise on the different ways in which women and men are affected;

1587  — understand and apply principles of industrial hygiene including the hierarchy of controls, that is
1588  substitution, engineering, work procedures, administrative and personal protective equipment;

1589  — recognize that psychosocial hazards in the workplace is the cause of stress and occupational ill-
1590  health;

1591  — have a health and safety policy that clearly states that no phase of operation or administration of
1592  the organization is more important than safety and health and that safety and health is an integral
1593  part of all of its activities;

1594  — provide adequate training and capacity building in all relevant subjects to all relevant personnel;

1595  — respect the principle that health and safety measures should not involve expenditures by workers;
1596  and

1597  — adopt health and safety systems that are based on the participation of the workers concerned and
1598  that recognize and respect the rights of workers to:

1599  — full and accurate information concerning the health and safety risks and the best practices
1600  used to address these risks;

1601  — freely inquire into and to be consulted on all aspects of their health and safety related to their
1602  work;

1603  — refuse work which is reasonably considered as posing an imminent and serious danger to
1604  their life or health or to the lives and health of others;

1605  — seek outside advice on health and safety issues;

1606  — report health and safety matters to the authorities;

1607  — participate in health and safety processes and decisions; and

1608  — be free of reprisals for doing any of these things.

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1609  **Box 3 Joint labour-management health and safety committees**

1610  For many organizations, joint labour-management health and safety committees [can be][are] the
1611  most valuable part of the organization's health and safety program. Joint committees can perform
1612  important roles such as information gathering, the development and dissemination of safety manuals
1613  and training programs, the reporting, recording and investigation of accidents, inspections and
1614  responding to problems raised by employees. Worker representatives on these committees should not
1615  be appointed by management but elected by the workers themselves. Membership in these
1616  committees should be equally divided among management and worker representatives and should
1617  include women and men whenever possible. The committees should be of sufficient size for all shifts,
1618  sections and locations to be represented. [They should not be considered a substitute for trade unions
1619  or works councils.]

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1620  **7.4.7    Labour practices issue 5: Human development**

1621  **7.4.7.1      Description of the issue**

1622  Human development includes the process of enlarging people's choices by expanding human
1623  capabilities and functioning, thus enabling women and men to lead long and healthy lives, to be
1624  knowledgeable and to have a decent standard of living. Human development also includes access to
1625  political, economic and social opportunities for being creative and productive and enjoying self-respect
1626  and a sense of belonging to a community.

**43**

1627 Human development can be a labour practice because employers can use workplace policy and
1628 initiatives to further human development by addressing important social issues, such as fighting
1629 discrimination, balancing family responsibilities and promoting health and well-being.

1630 Human development can also be a labour practice because it includes increasing the capacity and
1631 employability of individuals. Employability refers to the experiences, competencies and qualifications
1632 that increase an individual's capacity to secure and retain decent work. Organizations have every
1633 interest in facilitating the education, training and lifelong learning of workers, as these things
1634 contribute significantly to promoting the interests of the organizations themselves - as well as those of
1635 the individual workers, the economy and society as a whole - in terms of the capacities, motivation,
1636 effectiveness, productivity and overall performance of the men and women whom they employ.

1637 **7.4.7.2    Related actions or expectations**

1638 An organization should:

1639 — provide access to skills development and training and opportunities for career advancement to
1640     workers on an equal and non-discriminatory basis;

1641 — respect the family responsibilities of workers by providing reasonable working hours and through
1642     other policies and facilities, such as childcare facilities and parental leave, that can help workers
1643     achieve a proper work-life balance;

1644 — not discriminate on the basis of race, colour, gender, sexual orientation, religion, political affiliation,
1645     nationality, social origin, age or HIV/AIDS status any basis in employment practices; this includes
1646     recruitment, selection, access to training, promotion and termination;

1647 — take positive actions to provide for the protection and advancement of vulnerable groups such as
1648     indigenous and migrant workers as well as workers with disabilities;

1649 — establish or participate in appropriate programmes that address issues such as youth
1650     unemployment or the underemployment of women; and

1651 — establish joint labour-management programmes that promote health and well-being. The impact of
1652     infectious disease and substance abuse, for example, affect both the performance of the
1653     organization and the overall health of society.

1654

1655 **7.5 The environment**

1656 **7.5.1    Overview of the environment**

1657 **7.5.1.1    Organizations and the environment**

1658 The decisions and activities of organizations invariably have an impact on the natural environment.
1659 These impacts may be associated with the organization's use of energy and natural resources, the
1660 generation of pollution and waste, and the implications of its activities, products and services on
1661 natural habitats. Climate change presents an increasingly significant challenge for most organizations,
1662 both in terms of the need to reduce greenhouse gas emissions and to adapt to the physical impacts of
1663 a changing climate.

1664 To reduce their environmental impacts, organizations need to consider an integrated approach that
1665 takes into consideration the wider economic, social and environmental implications of their decisions
1666 and activities.

1667 **7.5.1.2 The environment and social responsibility**

1668 Society is facing many environmental challenges including the depletion of natural resources, pollution,
1669 climate change, the destruction of habitat, loss of species and the collapse of whole ecosystems. As
1670 the population grows and our consumption increases, these issues are becoming serious threats to
1671 human security, and the health and wellbeing of society. Environmental issues - from local to global -
1672 are interconnected, and addressing them requires a comprehensive, systemic and collective approach.

1673 Environmental responsibility is not only a precondition for our survival and prosperity; it is also a social
1674 responsibility to enable future generations of women and men to meet their developmental needs.
1675 Environmental issues are closely linked to human rights, social development and other core social
1676 responsibility issues.

1677 **7.5.1.3 Benefits to an organization from its socially responsible environmental**
1678 **performance**

1679 The adoption of sound environmental principles can lead to increased resource productivity and
1680 efficiency, lower energy and water consumption costs, decreased waste, the recovery of valuable by-
1681 products, and the increased availability of raw materials. As awareness of the global scale of the
1682 environmental challenges increases, an organization's environmental impacts can also have
1683 significant implications for its reputation amongst many of its stakeholders.

1684 **7.5.2 Principles and considerations**

1685 **7.5.2.1 Principles**

1686 An organization should respect and promote the following environmental principles:

1687 — environmental responsibility: an organization should accept responsibility for the environmental
1688 burdens caused by its activities, products and services and should act to improve its own
1689 performance, as well as performance within its control or sphere of influence;

1690 — precautionary approach: an organization should support a precautionary approach to
1691 environmental challenges. Where there are threats of serious or irreversible damage, lack of full
1692 scientific certainty should not be used as a reason for postponing cost-effective measures to
1693 prevent environmental degradation (Principle 15 of the Rio Declaration (Env17)). When carrying
1694 out human health and environmental risk assessments, conservative assumptions should be
1695 made to address uncertainties or data gaps;

1696 — environmental risk management: an organization should implement programs to assess and
1697 reduce environmental risks from activities, products and services from a life cycle perspective. An
1698 organization should develop and implement emergency response procedures to mitigate
1699 environmental and health burdens caused by accidents and to communicate environmental
1700 incidents to appropriate authorities; and

1701 — polluter pays: An organization should bear the cost of pollution caused by its activities, products
1702 and services according to the extent of either the environmental burden to society and the
1703 remedial action required, or the degree to which the pollution exceeds an acceptable level
1704 (Principle 16 of the Rio Declaration (Env17)). An organization should use the polluter pays
1705 principle to internalize the cost of pollution and quantify the economic and environmental benefits
1706 of preventing pollution rather than mitigating its effects.

1707 **7.5.2.2 Considerations**

1708 An organization should assess the relevance of the following considerations:

1709 — life cycle management: a life cycle approach links the economic, social and environmental
1710 dimensions of activities, products services throughout their life cycle, from raw materials and

1711    energy generation, through production and use, to end-of life disposal or recovery. An
1712    organization should consider the environmental performance of activities, goods and services over
1713    their life cycle;

1714    — cleaner production and eco-efficiency: cleaner production and eco-efficiency are strategies for
1715    satisfying human needs by using resources more efficiently and by generating less pollution and
1716    waste. An important focus is on making improvements at the source rather than at the end of a
1717    process or activity. Cleaner production and eco-efficiency approaches include: improving
1718    maintenance practices, upgrading or introducing new technologies or processes, reducing
1719    materials and energy use, eliminating or safely managing toxic and hazardous materials, and
1720    improving product and service design;

1721    — a product-service system approach: product service systems can be used to shift the focus from
1722    selling products to selling a system of products and services that jointly fulfill consumer needs.
1723    Product-service systems include product lease, product renting or sharing, product pooling and
1724    pay-for-service. Such systems can reduce material use, decouple revenues from material flows,
1725    and involve stakeholders in promoting extended producer responsibility through the life cycle of
1726    the product and accompanying service;

1727    — use of environmentally sound technologies and practices: an organization should seek to adopt,
1728    and where appropriate, promote the development and diffusion of environmentally sound
1729    technologies and services (Principle 9 of the Rio Declaration (Env17)); and

1730    — environmental procurement: in its purchasing decisions, an organization should take into account
1731    the environmental and social performance of the product or service being procured, over its entire
1732    life cycle, and where possible should prioritize performance based on eco-labelling criteria.

1733    **7.5.3    Environmental issue 1: Prevention of pollution**

1734    **7.5.3.1    Description of the issue**

1735    An organization can improve its environmental performance by preventing pollution including
1736    emissions to air, discharges to water, the generation of solid or liquid waste, contamination of land
1737    and soils, the use and disposal of toxic and hazardous chemicals, and other pollution from its activities,
1738    products and services.

1739    — Preventing emissions to air: An organization's emissions to air of pollutants such as lead, mercury,
1740    volatile organic compounds (VOCs), sulfur dioxide ($SO_2$), nitrogen oxides ($NO_x$), particulates and
1741    ozone depleting substances can cause environmental and health burdens on society. These
1742    emissions may come directly from an organization's facilities, or be caused indirectly by the use of
1743    its products or services or the generation of the electricity it consumes.

1744    — Preventing discharges to water: An organization may cause water to become polluted through
1745    direct, intentional or accidental discharges into surface water bodies, or unintentional runoff to
1746    surface water or infiltration to ground water.

1747    — Preventing waste: An organization's activities, products and services may lead to the generation
1748    of liquid or solid waste that, if improperly managed, can cause contamination of air, water land and
1749    soils. Responsible waste management follows the waste reduction hierarchy of: source reduction;
1750    reuse; recycle and reprocess; waste treatment; and waste disposal.

1751    — Preventing the release of toxic and hazardous chemicals: An organization utilizing or producing
1752    toxic and hazardous chemicals (both naturally occurring and anthropogenic) may adversely affect
1753    ecosystems and human health through acute (immediate) or chronic (long-term) impacts.

1754    — Preventing all identifiable forms of pollution: An organization's activities, products and services
1755    may cause other forms of pollution including; noise, visual, vibration, radiation, infectious agents
1756    (for example, viral or bacterial) or biological hazards (for example, invasive species, uncontrolled

1757  spread of genetically modified organisms) that negatively affect the health and wellbeing of
1758  communities.

1759  **7.5.3.2      Related actions and/or expectations**

1760  To improve performance in the prevention of pollution an organization should:

1761  — identify the sources of pollution and waste associated with its activities, products and services,
1762    including emissions to air, discharges to water and land, waste disposal, release of toxic and
1763    hazardous chemicals and other forms of pollution;

1764  — measure, record and report on any relevant and significant sources of pollution associated with its
1765    activities, products and services;

1766  — implement measures aimed at preventing pollution and waste, using the waste reduction hierarchy,
1767    and ensure proper management of unavoidable pollution and waste;

1768  — publicly disclose the amounts and types of relevant and significant toxic and hazardous materials
1769    used and released as part of its activities, including the known human health and environmental
1770    risks of these materials; and

1771  — implement a program to systematically identify and prevent the use of banned chemicals and,
1772    where possible the use of chemicals identified as being of concern to the public, from all activities,
1773    products and services within its control or sphere of influence. Chemicals to avoid include (but are
1774    not limited to); ozone-depleting substances (the Montreal Protocol (Env15)), persistent organic
1775    pollutants (the Stockholm Convention (Env19)) and Rotterdam Convention (Env18)), hazardous
1776    pesticides (as defined by the World Health Organization), and chemicals defined as carcinogenic
1777    (including tobacco), mutagenic, toxic to reproduction, persistent and bio-accumulative, (PBTs and
1778    vPvBs), and endocrine disrupting.

1779  **7.5.4    Environmental issue 2: Sustainable resource use**

1780  **7.5.4.1      Description of the issue**

1781  Sustainable resource practices are necessary to ensure that current production and consumption
1782  patterns can be continued into the future. The sustainable use of renewable resources (such as fish
1783  stocks), requires that the resource is used at rate that is less than or equal to its rate of natural
1784  replenishment. For a non-renewable resource (such as fossil fuel), long-term sustainability requires
1785  that its rate of use is less than the rate at which a renewable resource can be substituted for it. An
1786  organization can ensure more sustainable resource use by using electricity, fuels, raw and processed
1787  materials, land and water more responsibly, and by switching from non-renewable to renewable
1788  resources.

1789  — Energy efficiency: An organization can implement energy efficiency programs to save money and
1790    reduce the energy demand for buildings, transportation, production processes, appliances and
1791    electronic equipment, and the provision of services.

1792  — Water conservation: Water is a fundamental human need and a basic human right. The
1793    Millennium Development Goals include the provision of safe, reliable drinking water and sanitation
1794    services to all people. An organization can improve its social responsibility by conserving water
1795    and making decisions that protect fair and sustainable access to freshwater resources within its
1796    local watershed.

1797  — Materials efficiency: Materials use causes numerous direct and indirect environmental burdens
1798    from the impact on ecosystems of mining, forestry and other extractive operations, to emissions
1799    resulting from the use, transport and processing of materials. An organization can implement
1800    materials efficiency programs to save money and reduce the environmental burden caused by the

1801  use of raw materials for production processes or finished products used in its activities and the
1802  delivery of services.

1803  **7.5.4.2    Expectations and/or related actions**

1804  An organization should:

1805  — identify the sources of energy, water and other material usage for all its activities, products and
1806  services;

1807  — measure, record and report on any relevant and significant uses of energy, water and other
1808  materials associated with its activities, products and services;

1809  — implement resource efficiency measures to reduce its use of energy, water and other materials,
1810  considering best practice indicators and other benchmarks;

1811  — identify feasible opportunities for non-renewable resources with alternative renewable and low
1812  impact sources; and

1813  — manage water resources to ensure fair access for all users within a watershed.

1814  **7.5.5    Environmental issue 3: Climate change mitigation and adaptation**

1815  **7.5.5.1    Description of the issue**

1816  It is recognized that greenhouse gas (GHG) emissions from human activities are the very likely cause
1817  of global climate change, which is having significant impacts on the natural and human environment
1818  (Env5). Among the trends observed and anticipated are: rising sea levels, changes in rainfall patterns,
1819  more frequent occurrences of extreme weather events, and changes to ecosystems, agriculture and
1820  fisheries. It is anticipated that climate change may pass a tipping point, after which changes would be
1821  felt far more widely and acutely and would be much more difficult to address.

1822  Every organization is responsible for some GHG emissions (either directly or indirectly) and will be
1823  impacted in some way by climate change. There are implications for organizations both in terms of
1824  minimizing their own GHG emissions (mitigation), as well as planning for a changing climate
1825  (adaptation). Adapting to climate change has social implications in the form of effects on health,
1826  prosperity and human rights.

1827  **7.5.5.2    Expectations and/or related actions**

1828  **7.5.5.2.1    Climate change mitigation**

1829  To mitigate climate change, an organization should:

1830  — identify the sources of direct and indirect GHG emissions for its activities, products and services;

1831  — measure, record and report on its relevant and significant GHG emissions for all activities,
1832  products and services, preferably using methods defined in internationally agreed standards (see
1833  Annex *);

1834  — implement measures to reduce the direct and indirect GHG emissions associated with its activities,
1835  products and services and those within its control and sphere of influence;

1836  — strive to reduce its dependence on fossil fuels, and make use of low-emission technology and
1837  renewable energy sources with the aim of reducing the life cycle GHG emissions for its activities
1838  (including transportation), products and services;

1839   — prevent the release of GHG emissions (particularly those also causing ozone depletion) from
1840     processes or equipment including heating, ventilation and air conditioning (HVAC) units;

1841   — consider measures to offset remaining GHG emissions through carbon sequestration or emissions
1842     reduction programs striving for carbon neutrality; and

1843   — consider relevant opportunities for emissions trading, such as the Clean Development Mechanism
1844     under the Kyoto to the UN Framework Convention on Climate Change (Env13).

1845   **7.5.5.2.2    Climate change adaptation**

1846   To reduce vulnerability to climate change, an organization should:

1847   — consider future climate predictions (with particular attention to extreme weather and increasing
1848     variability and uncertainty) to identify risks and integrate climate change adaptation into its
1849     decision making;

1850   — identify opportunities to avoid or minimize damage from climate change and take advantage of
1851     opportunities, where possible, to proactively adjust for changing conditions;

1852   — plan for land use, zoning and infrastructure design and maintenance taking account of the
1853     implications of a changing climate and greater climatic uncertainty and the possibility of
1854     increasingly severe weather including floods, high winds or intense heat; and

1855   — develop agricultural, industrial, medical and a range of other technologies and techniques and
1856     make them accessible to those in need, ensuring the security of drinking water, sanitation, food
1857     and other resources critical to human health.

1858   **7.5.6    Environmental issue 4: Protection and restoration of the natural environment**

1859   **7.5.6.1    Description of the issue**

1860   Over the past 50 years, human activity has changed ecosystems more rapidly and extensively than in
1861   any comparable period in history. Rapidly growing demand for food, fresh water, fiber, fuel and
1862   mineral resources has resulted in a substantial and often irreversible loss of habitat and the diversity
1863   of life on earth (Env14).

1864   An organization can become more socially responsible by acting to protect and restore the natural
1865   environment and the social and economic services provided.

1866   — Valuing, protecting and restoring ecological services: Ecosystems contribute to the wellbeing of
1867     society by providing services such as fresh water, food, fuel, flood control, soil, pollinators, natural
1868     fibers, recreation, and the absorption of pollution and waste. As ecosystems are degraded or
1869     destroyed they lose the ability to provide these services. Organizations should strive to protect
1870     ecosystem integrity in order to retain natural resilience and adaptive capacity. Where necessary,
1871     restoration efforts should be implemented, followed by compensation to replace services that have
1872     been depleted.

1873   — Valuing and protecting biodiversity: Biodiversity is the variety of life in all its forms, levels and
1874     combinations. This includes ecosystem diversity, species diversity, and genetic diversity (Env2).
1875     Protecting biodiversity includes terrestrial and aquatic species, genetic variability, and natural
1876     ecosystems.

1877   — Using land and natural resource sustainably: An organization's land use projects may protect or
1878     degrade habitat, water, soils, and ecosystems ultimately affecting human health and the wellbeing
1879     of society.

1880 **7.5.6.2     Expectations and/or related actions**

1881 An organization should:

1882 — identify the potential adverse impacts of its activities, products and services on ecosystem
1883      services and biodiversity and take measures to eliminate or minimize them;

1884 — where feasible and appropriate, participate in market mechanisms to internalize the cost of
1885      environmental burdens caused by its activities, products and services and create economic value
1886      in protecting ecosystem services;

1887 — strive first to avoid loss of natural ecosystems and then to restore ecosystems, and finally to
1888      compensate for losses leading to a net gain in ecological services over time;

1889 — consider an integrated strategy for the administration of land, water and ecosystems that
1890      promotes conservation and sustainable use in a socially equitable way;

1891 — take measures to preserve any endemic or endangered species or habitats that may be adversely
1892      affected by its activities, products or services;

1893 — adopt sustainable development, design, agricultural and operating practices considering the
1894      possible environmental burdens resulting from its land use decisions;

1895 — incorporate the protection of natural habitat, wetlands, forest, wildlife corridors, protected areas
1896      and agricultural lands into the planning of the built environment expansion and development;

1897 — adopt sustainable agricultural, fishing and forestry practices as defined in leading standards and
1898      certification schemes; and

1899 — avoid activities or approaches that lead to the extinction of species, or the distribution or
1900      proliferation of invasive species.

1901 **7.6 Fair operating practices**

1902 **7.6.1     Overview of fair operating practices**

1903 **7.6.1.1     Organizations and fair operating practices**

1904 Fair operating practices concern ethical conduct in an organization's dealings with other organizations.
1905 This includes relationships between organizations and government agencies, as well as between
1906 organizations and their partners, suppliers, contractors, competitors and the associations of which
1907 they are a member.

1908 Fair operating practice issues arise in the areas of anti-corruption, responsible involvement in the
1909 public sphere, fair competition, promoting social responsibility in relations with other organizations;
1910 and respect for property rights.

1911 **7.6.1.2     Fair operating practices and social responsibility**

1912 In the area of social responsibility, fair operating practices are about how organizations use their
1913 relationship with other organizations to promote positive outcomes. Positive outcomes can be
1914 achieved by providing leadership and promoting the adoption of social responsibility more broadly
1915 throughout its sphere of influence.

1916 **7.6.1.3 Benefits to an organization of fair operating practices**

1917 Fair operating practices improve the social and economic environment in which organizations function
1918 by: encouraging fair competition, improving the reliability and fairness of transactions, preventing
1919 corruption and promoting fair political processes.

1920 **7.6.2 Principles and considerations**

1921 Adherence to ethical standards is fundamental to establishing and sustaining legitimate and productive
1922 relationships between organizations. Therefore, observance, promotion and encouragement of
1923 standards of ethical behaviour underlie all fair operating practices. Preventing corruption and
1924 responsible political involvement depend on respect for the rule of law, adherence to ethical standards,
1925 accountability and transparency. Fair competition and respect for property rights cannot succeed if
1926 organizations do not deal with each other honestly, equitably and with integrity.

1927 **7.6.3 Fair operating practices issue 1: Anti–corruption**

1928 **7.6.3.1 Description of the issue**

1929 Corruption is the abuse of entrusted power for illegitimate gain. Corruption has two aspects, active
1930 and passive, for example offering a bribe and accepting a bribe. Corruption can take many forms, for
1931 example bribery of domestic and foreign public officials, bribery in the private sector, conflict of
1932 interest, fraud, money laundering and trading influence.

1933 Corruption undermines an organization's ethical environment, and can put it at risk for criminal
1934 prosecution as well as civil and administrative sanctions. Amongst other effects corruption can also
1935 violate human rights, erode political processes, damage the environment, distort competition and
1936 impede the redistribution of wealth and economic growth.

1937 **7.6.3.2 Related actions and/or expectations**

1938 To prevent corruption and bribery, an organization should:

1939 — implement, apply and improve policies and practices that counter corruption, facilitation payments,
1940 bribery and extortion;

1941 — support workers and agents in their efforts to eradicate bribery and corruption and provide
1942 incentives for progress;

1943 — train and raise the awareness of employees and agents about corruption and how to counter
1944 corruption;

1945 — confirm that the remuneration of its employees and agents is appropriate and for legitimate
1946 services only;

1947 — encourage employees and agents to report violations of the organization's policies by adopting
1948 mechanisms that enable reporting without fear or reprisal;

1949 — bring violations of the criminal law to the attention of the relevant law enforcement authorities; and

1950 — work to oppose corruption by influencing others to adopt similar practices.

1951 **7.6.4    Fair operating practices issue 2: Responsible political involvement**

1952 **7.6.4.1    Description of the issue**

1953 Organizations can support the political process and encourage the development of public policy that
1954 benefits society at large. Organizations should avoid behaviour that can erode the political process
1955 such as manipulation, intimidation, and coercion.

1956 **7.6.4.2    Related actions and/or expectations**

1957 An organization should:

1958 — train and raise the awareness of employees and agents about responsible political involvement
1959      and contributions;

1960 — be transparent regarding its activities related to lobbying, political contributions and political
1961      involvement;

1962 — establish policies and guidelines to control the activities of people retained to advocate on the
1963      organization's behalf;

1964 — avoid political contributions that amount to an attempt to control policymakers in favour of a
1965      specific cause; and

1966 — avoid lobbying activities that involve misinformation, misrepresentation, threat or compulsion.

1967 **7.6.5    Fair operating practices issue 3: Fair competition**

1968 **7.6.5.1    Description of the issue**

1969 Fair and widespread competition stimulates efficiency, reduces the costs of goods and services,
1970 promotes innovation, ensures all organizations have equal opportunities, encourages the
1971 development of new or improved products or processes and, in the long run, enhances economic
1972 growth and living standards. Anti-competitive risks harming the reputation of the organization with its
1973 stakeholders; and may create legal problems. When organizations refuse to engage in anti-
1974 competitive behaviour they help to build a climate of zero tolerance, which benefits everyone.

1975 There are many forms of anti-competitive behaviour, some examples include practices such as: price
1976 fixing where parties collude to sell the same product or service at the same price; bid rigging, where
1977 parties collude to fix a competitive bid; and predatory pricing, selling a product at very low price with
1978 the intent of driving competitors out of the market.

1979 **7.6.5.2    Related actions and/or expectations**

1980 To promote fair competition, an organization should:

1981 — conduct its activities in a manner consistent with competition legislation and co-operate with
1982      competition authorities;

1983 — establish procedures and other safeguards to prevent engaging in or being complicit in anti-
1984      competitive behaviour;

1985 — promote employee awareness of the importance of compliance with competition legislation and
1986      fair competition; and

1987 — support public policies that encourage competition, including anti-trust and anti-dumping practices
1988      and local regulations.

1989 **7.6.6    Fair operating practices issue 4: Promoting social responsibility in the sphere of**
1990 **influence**

1991 **7.6.6.1        Description of the issue**

1992 An organization, including public organizations, can influence other organizations through the exercise
1993 of its procurement and purchasing decisions and more broadly in the value chain, as well as through
1994 leadership and mentorship to promote broader-scale adoption and support of principles and practice
1995 of social responsibility. It can also stimulate demand for socially responsible goods and services.
1996 These actions should not be viewed as replacing the role of authorities to implement and enforce laws
1997 and regulations.

1998 **7.6.6.2        Related actions and/or expectations**

1999 An organization should:

2000 — incorporate ethical, social, environmental, and gender equality criteria, including health and safety,
2001      in its purchasing, distribution and contracting policies;

2002 — encourage other organizations to adopt similar policies;

2003 — carry out relevant and appropriate investigations and monitoring of the organizations with which
2004      they have relationships so that their actions do not compromise the organization's commitments
2005      to social responsibility;

2006 — promote fair sharing of the costs and benefits of implementing socially responsible practices
2007      throughout the value chain; and

2008 — actively participate in raising the awareness of organizations with which they have relationships on
2009      social responsibility issues and principles.

2010 **7.6.7    Fair operating practices issue 5: Respect for property rights**

2011 **7.6.7.1        Description of the issue**

2012 Property rights cover both physical property and intellectual property and include interest in land,
2013 copyrights, patents, moral rights and other rights. They also extend to rights that may not be
2014 recognized in law, such as traditional knowledge of specific groups or the intellectual property of
2015 employees.

2016 Recognition of property rights promotes investment, economic and physical security as well as
2017 encouraging creation and invention.

2018 **7.6.7.2        Related actions and/or expectations**

2019 An organization should:

2020 — implement policies and practices that promote respect for property rights;

2021 — conduct proper investigations to be confident it has legitimate ownership to use or dispose of
2022      property;

2023 — not engage in activities that violate property rights, including counterfeit and piracy, or otherwise
2024      infringe consumer interests; and

2025 — pay fair compensation for property that it acquires or uses.

2026    **7.7 Consumer issues**

2027    **7.7.1    Overview of consumer issues**

2028    **7.7.1.1    Organizations and consumer issues**

2029    Organizations that provide goods or services to consumers have responsibilities to those consumers.
2030    These include use of fair, transparent and helpful marketing, information and contractual processes.
2031    They also involve minimizing risks from the use of the products or services through design,
2032    information provision, support services and recall procedures.

2033    Many organizations collect personal information and have a responsibility to protect the privacy of
2034    consumers' information.

2035    Organizations have significant opportunities to contribute to sustainable consumption and sustainable
2036    development through the products and services they offer and the information they provide.

2037    **7.7.1.2    Consumer issues and social responsibility**

2038    An organization's products and services as well as its relationship to consumers are often among the
2039    most apparent aspects of its social responsibility.

2040    **7.7.1.3    Benefits to an organization of socially responsible consumer issues**

2041    Consumer decisions have a strong influence on the success of organizations. Through engagement
2042    with consumers, organizations can prevent or reduce potential conflicts about their products or
2043    services. Demonstration of social responsibility in relations with consumers can enhance the
2044    organization's reputation.

2045    **7.7.2    Principles and considerations**

2046    **Box 4 United Nations Guidelines for Consumer Protection**

2047    The **United Nations Guidelines for Consumer Protection** is the most important international
2048    document in the realm of consumer protection. The UN General Assembly adopted these Guidelines
2049    in 1985 by consensus. In 1999 they were expanded to include provisions on sustainable consumption.
2050    They call upon states to protect consumers from hazards to their health and safety, promote and
2051    protect the economic interests of consumers, enable them to make informed choices, provide
2052    consumer education, make available effective consumer redress, guarantee freedom to form
2053    consumer groups and promote sustainable consumption patterns.

2054    **7.7.2.1    Principles**

2055    There are a number of principles that should guide socially responsible consumer issues:

2056    — principles based on the eight consumer rights that underpin the United Nations Guidelines for
2057    Consumer Protection:

2058    — the right to satisfaction of basic needs – the right to have access to basic essential goods
2059    and services, adequate food, clothing, shelter, health care, education and sanitation;

2060    — the right to safety – the right to be protected against products, production processes and
2061    services that are hazardous to health or life;

2062    — the right to be informed – the right to be given facts needed to make an informed choice, and
2063    to be protected against dishonest or misleading advertising or labelling;

2064 ⎯ the right to choose – the right to be able to select from a range of products and services,
2065 offered at competitive prices with an assurance of satisfactory quality;

2066 ⎯ the right to be heard – the right to have consumer interests represented in the making and
2067 execution of government policy, and in the development of products and services;

2068 ⎯ the right to redress – the right to receive a fair settlement of just claims, including
2069 compensation for misrepresentation, shoddy goods or unsatisfactory services;

2070 ⎯ the right to consumer education – the right to acquire knowledge and skills needed to make
2071 informed, confident choices about goods and services while being aware of basic consumer
2072 rights and responsibilities and how to act on them; and

2073 ⎯ the right to a healthy environment – the right to live and work in an environment which is non-
2074 threatening to the well-being of present and future generations.

2075 ⎯ additional principles:

2076 ⎯ the right to privacy, from the Universal Declaration on Human Rights, Article 12 – no one
2077 shall be subjected to arbitrary interference with their privacy, family, home or correspondence,
2078 nor to attacks upon their honour and reputation. Everyone has the right to the protection of
2079 the law against such interference or attacks; and.

2080 ⎯ a precautionary approach – acting to avoid serious or irreversible potential harm to health or
2081 the environment, despite lack of scientific certainty as to the likelihood, magnitude or
2082 causation of that harm.

2083 **7.7.2.2    Considerations**

2084 Vulnerable consumers have special needs because they may not know their rights and responsibilities
2085 or may be unable to act on their knowledge. They may also be unaware of or unable to assess
2086 potential risks associated with products or services. Vulnerable consumers include children and young
2087 people, the aged, the illiterate and people with disabilities, including intellectual impairment.

2088 Even if adequate government frameworks are not in place to guide suppliers of the essential services
2089 of electricity, gas, water and telephone, these organizations should not disconnect the essential
2090 services for non-payment without providing the consumers with the opportunity to seek financial relief.
2091 They should also operate in a transparent manner, providing information related to the setting of
2092 prices and charges.

2093 **7.7.3    Consumer issues issue 1: Fair marketing, information and contractual practices**

2094 **7.7.3.1    Description of the issue**

2095 Fair marketing, information and contractual practices allow consumers to make informed decisions
2096 about purchases and to compare the characteristics of different products and services. They provide
2097 information about products and services in a manner that can be understood by consumers. Fair
2098 contractual processes aim to protect the legitimate interests of both suppliers and consumers to
2099 overcome imbalances in negotiating power between the parties.

2100 Details of products and services provided by suppliers play an important role in purchasing decisions
2101 because this information may provide the only data readily available to consumers. Unfair or
2102 misleading marketing and information can result in purchase of products or services that do not meet
2103 consumer needs and result in waste of money, resources and time.

2104 Use of fair marketing, information and contractual practices may make a substantial positive
2105 contribution to the reputation of an organization.

2106 **7.7.3.2 Related actions and/or expectations**

2107 When communicating with consumers, an organization should

2108 — not engage in any practices that are deceptive, misleading, fraudulent or unfair, including critical
2109 omissions of information;

2110 — clearly identify advertising and marketing;

2111 — openly disclose total prices, eventual taxes, terms and conditions of the products and services as
2112 well as any accessories or delivery costs;

2113 — substantiate claims or assertions by providing underlying facts and information;

2114 — avoid using images that could perpetuate negative stereotypes of people, in particular gender and
2115 ethnic stereotypes

2116 — provide complete, accurate understandable and comparable information on:

2117 — all relevant aspects of products or services, including financial and investment products,
2118 ideally taking into account the full life cycle;

2119 — the key quality aspects of products and services using standardized test procedures,
2120 compared, when possible, to average performance or best practice;

2121 — health and safety aspects of products and services, such as hazardous materials and
2122 chemicals contained in or released by products; and

2123 — the organization's physical address including phone number, when using distance selling.

2124 — use contracts that:

2125 — do not include unfair contract terms, such as the exclusion of liability, the right to unilaterally
2126 change prices and conditions, the transfer of risk of insolvency to consumers or unduly long
2127 contract periods; and

2128 — provide clear and sufficient information about prices, terms, conditions and costs.

2129 **7.7.4 Consumer issues issue 2: Protecting consumers' health and safety**

2130 **7.7.4.1 Description of the issue**

2131 Protection of consumers' health and safety involves the provision of products and services that are
2132 safe and that do not carry risk of harm when used or consumed by consumers as directed, indicated
2133 or when misused in a reasonably foreseeable way. Clear instructions for safe use are also an
2134 important part of the protection of health and safety.

2135 Regulatory authorities and standards writing bodies have the primary responsibility for developing
2136 safety provisions to protect consumers from being injured or suffering adverse health effects from use
2137 and misuse of products and services. However the rapid pace of change in product design,
2138 construction and materials means that products and services may be in use before appropriate safety
2139 requirements are in place. Globalization has led to the increase in cross-border movement of products
2140 and sourcing of services, which puts strain on regulatory and testing resources.

2141 An organization's reputation may be directly affected by the health and safety of its products and
2142 services.

2143 Whether or not legal safety requirements are in place, products and services should be safe. Safety
2144 includes anticipation of potential risks to avoid harm or danger. As not all risks can be foreseen,
2145 measures to protect safety include mechanisms for product recall.

2146 **7.7.4.2    Related actions and/or expectations**

2147 In protecting the health and safety of consumers an organization should take the following actions and
2148 pay special attention to vulnerable groups that might not have the capacity to recognize or assess
2149 potential dangers. It should:

2150 — provide products and services that, under normal and reasonably foreseeable conditions of use,
2151     are safe for users, their property, other persons and the environment;

2152 — assess the adequacy of health and safety laws, regulations, standards and other specifications to
2153     address all health and safety aspects. Organizations should go beyond these minimum safety
2154     requirements where there is evidence that these requirements do not achieve the best possible
2155     protection level, as indicated by the occurrence of accidents involving products or services that
2156     conform to the requirements, or the availability of products or product designs that can reduce the
2157     number and/or severity of accidents;

2158 — minimize risks in the design of products:

2159     — identify the likely user group(s) and give special care to vulnerable groups;

2160     — identify the intended use and the reasonably foreseeable misuse of the product, process or
2161         service and hazards arising in all the stages and conditions of use of the product or service,;

2162     — estimate and evaluate the risk to each identified user/contact group, including pregnant
2163         women, arising from the hazards identified; and

2164     — reduce the risk. When reducing risks, the order of priority should be: inherently safe design,
2165         protective devices and information for users.

2166 — avoid the use of products that may be carcinogenic, mutagenic, toxic for reproduction, or that are
2167     persistent and bio-accumulative. If such products are used, they should be clearly labelled;

2168 — perform a human health risk assessment of products and services before the introduction of new
2169     materials and/or production methods, and make all relevant documentation publicly available;

2170 — convey vital safety information to consumers, wherever possible using symbols, preferably
2171     internationally agreed ones, in addition to the textual information;

2172 — instruct consumers in the proper use of products and inform them of the risks involved in intended
2173     or normally foreseen use;

2174 — adopt measures that prevent products from becoming unsafe through improper handling or
2175     storage while in their care;

2176 — if a product, after having been placed on the market, turns out to present an unforeseen hazard,
2177     has a serious defect or contains misleading or false information, an organization should recall all
2178     products that are still in the distribution chain, using appropriate measures and media to reach
2179     people who purchased the product.

2180 **7.7.5  Consumer issues issue 3: Sustainable consumption**

2181 **7.7.5.1    Description of the issue**

2182 Sustainable consumption is consumption of products and resources at rates consistent with
2183 sustainable development The concept was promoted by Principle 8 of the Rio Declaration on
2184 Environment and Development, which states that to achieve sustainable development and a higher
2185 quality of life for all people, states should reduce and eliminate unsustainable patterns of production
2186 and consumption and promote appropriate demographic policies.

2187 Organizations' role in sustainable consumption arises from the products and services they offer, the
2188 production processes they use and the nature of the information they provide to consumers.

2189 Current rates of consumption are clearly unsustainable, particularly in the developed world,
2190 contributing to environmental damage and resource depletion. Consumers play a pivotal role in
2191 fostering sustainable development through the incorporation of social and environmental performance
2192 of products and services in purchasing decisions.

2193 Benefits to organizations from contributing to sustainable consumption may include cost savings,
2194 enhanced sales and improved reputation.

2195 **7.7.5.2    Related actions and/or expectations**

2196 To contribute to sustainable consumption, organizations should:

2197 — offer consumers socially and environmentally beneficial products and services and reduce
2198     adverse impacts on the environment and society by:

2199     — offering products and services that operate as efficiently as possible, considering the full life
2200         cycle;

2201     — eliminating where possible or minimizing any negative health and environmental impacts of
2202         products and services, such as noise and waste;

2203     — designing products so that they can be easily reused, repaired or recycled;

2204     — reducing waste by minimizing packaging material and if appropriate, offer recycling and
2205         disposal services; and

2206     — providing and informing consumers about reuse, recycling and safe disposal of products.

2207 — enable consumers to consume in a sustainable manner by:

2208     — providing consumers with information about the environmental and social factors related to
2209         production and delivery of their products or services, including information on resource
2210         efficiency where relevant, taking the value chain into account;

2211     — providing consumers with information about the sustainability of products and services.
2212         including performance, country of origin, energy efficiency (where applicable), contents or
2213         ingredients (including where relevant, use of GMOs), impact on health, safe use,
2214         maintenance, storage and disposal of the products and their packaging. This should be
2215         based on average performance or best practice; and

2216     — making use of eco-label schemes and/or other benchmarks to communicate the
2217         environmental and social qualities of products and services.(CP1. CP2, CP3)

2218 — give all consumers access to products and services, using the principles of universal design, for
2219     example, by:

2220      — designing products that can be used flexibly by people with different tools, access or abilities
2221          and providing information on their accessibility; and

2222      — providing information about products and services that is accessible to people with
2223          disabilities, for example, people with low or no vision.

2224      **7.7.6    Consumer issues issue 4: Consumer service, support, and dispute resolution**

2225      **7.7.6.1      Description of the issue**

2226 Consumer service, support, and dispute resolution are the mechanisms an organization uses to
2227 address the needs of consumers after products and services are bought or provided. Such
2228 mechanisms include warranties and guarantees, technical support regarding use, as well as
2229 provisions for return, repair and maintenance.

2230 Products or services that do not provide satisfactory performance, either because of flaws or
2231 breakdowns or as a result of misuse, may result in a waste of money, resources and time.

2232 Providers of products or services can increase consumer satisfaction and reduce levels of complaints
2233 by offering clear advice to consumers on appropriate use and recourse or remedies for faulty
2234 performance. They can also monitor the effectiveness of their after-sales services, support and
2235 dispute resolution procedures by periodic surveys of their users.

2236      **7.7.6.2      Related actions and/or expectations**

2237 An organization should:

2238      — engage in precautionary measures to prevent complaints (CP4) by offering consumers, including
2239          those who obtain the products through distance selling, the option to return products within a
2240          specific time period or obtain other appropriate remedies;

2241      — offer warranties that exceed periods guaranteed by law;

2242      — clearly communicate to consumers how they can access after-supply services and support as
2243          well as dispute resolution and redress mechanisms (CP5, CP6);

2244      — offer adequate and efficient support and advice systems;

2245      — offer maintenance and repair at a reasonable price and make information readily accessible on
2246          the expected availability of spare parts for products; and

2247      — make use of alternative dispute resolution, conflict resolution and redress procedures that are
2248          based on national or international standards, are free of charge to consumers (CP6) and that do
2249          not require consumers to waive their rights to seek legal recourse.

2250      **7.7.7    Consumer issues issue 5: Consumer data protection and privacy**

2251      **7.7.7.1      Description of the issue**

2252 Consumer data protection and privacy are intended to safeguard consumers' rights of privacy by
2253 limiting the types of information that is gathered and the ways in which such information is used and
2254 secured.

2255 Increasing use of electronic communication, including for financial transactions, as well as growth in
2256 large scale databases raises concerns about how consumer privacy can be protected, particularly with
2257 respect to personally identifiable information.

2258 Organizations can help to maintain their credibility and the confidence of consumers through the use
2259 of rigorous systems for obtaining, using and protecting consumer data.

2260 **7.7.7.2    Related actions and/or expectations**

2261 To prevent personal data collection and processing from infringing on privacy, an organization should
2262 take the following actions:

2263 — limit the collection of personal data to information that is either essential for the provision of
2264    products or services or provided with the informed and voluntary consent of the consumer, and
2265    obtain data by lawful and fair means;

2266 — specify the purpose for which personal data are collected, either before or at the time of data
2267    collection;

2268 — not disclose, make available or otherwise use personal data for purposes other than those
2269    specified, including marketing, except with the informed and voluntary consent of the consumer or
2270    by the authority of law;

2271 — provide consumers with the right to confirm whether the organization has data relating to them
2272    and to challenge this data. If the challenge is successful, the data should be erased, rectified,
2273    completed or amended;

2274 — protect personal data by reasonable security safeguards; and

2275 — be open about developments, practices and policies with respect to personal data and provide
2276    readily available ways of establishing the existence, nature and main uses of personal data.
2277    Disclose the identity and usual location of the person responsible for data protection in the
2278    organization (sometimes called the data controller), and hold this person accountable for
2279    complying with the above measures;

2280 **7.7.8    Consumer issues issue 6: Education and awareness**

2281 **7.7.8.1    Description of the issue**

2282 Education and awareness initiatives enable consumers to be well-informed, conscious of their rights
2283 and responsibilities, able to make knowledgeable purchasing decisions and consume responsibly.
2284 Disadvantaged consumers in both rural and urban areas, including low-income consumers and those
2285 with low or non-existent literacy levels have special needs for education and increased awareness.

2286 The aim of consumer education is not only to transfer knowledge, but also to provide practice in acting
2287 on this knowledge, including developing skills for assessing products and services and for making
2288 comparisons. It is also intended to raise awareness about the impact of consumption choices on
2289 others, including the environment.

2290 **7.7.8.2    Related actions and/or expectations**

2291 In educating consumers an organization should address:

2292 — health and safety, including product hazards;

2293 — information on appropriate regulations, ways of obtaining redress and agencies and organizations
2294    for consumer protection;

2295 — product labelling;

2296 — information on weights and measures, prices, quality, credit conditions and availability of
2297    essential services;

2298 — financial and investment products;

2299 — environmental protection;

2300 — efficient use of materials, energy and water;

2301 — sustainable consumption; and

2302 — disposal of packages and products.

2303 **7.8 Social and economic development of the community**

2304 **7.8.1    Overview of social and economic development of the community**

2305 **7.8.1.1      Organizations and social and economic development of the community**

2306 The need for contributions to social and economic development in order to reduce poverty and
2307 improve poor social conditions is universally accepted. The critical need to address issues of social
2308 and economic development is reflected in the United Nations Millennium Declaration.

2309 Economic development is the process by which economic activities increase and become diversified
2310 in order to better satisfy the needs of the society. Achieving higher levels of income and wealth should
2311 be accompanied by a balanced distribution of the outputs of the economic development process in
2312 order to reduce poverty and benefit society as a whole.

2313 Social development refers to those conditions that constitute a decent standard of living, such as
2314 health, education and housing and the overall wellbeing of society.

2315 The social and economic dimensions of the development process are interrelated and mutually
2316 reinforcing. One does not occur in the absence of the other. In this clause they are explained as
2317 specific issues but they remain interconnected and should be considered as such.

2318 Although public policies guide and give impulse to the social and economic development of the
2319 community, this process must be complemented by the contributions of individual organizations.
2320 Every organization, regardless of size, has the possibility to contribute to the social and economic
2321 development of its community.

2322 Organizations operate within the context of communities, taken here as the people living in one place,
2323 district or country, considered as a whole. Establishing relationships with various members of the
2324 community where an organization operates for the purpose of identifying partners and priorities is
2325 integral to maximizing an organization's positive contribution to social and economic development.

2326 **7.8.1.2      Social responsibility and social and economic development of the community**

2327 Social and economic development, together with environmental protection, forms the basis for a
2328 sustainable society. The development of the community is a pre-condition for the reduction of poverty
2329 and the attainment of a higher quality of life. Although the primary responsibility for social and
2330 economic development belongs to governments, all organizations have a responsibility to contribute
2331 to social and economic development.

2332 The contribution that an organization can make to social and economic development is generally most
2333 significant in its local community but may also reach out to other communities. While small
2334 organizations will probably be in a position to contribute to their immediate local community, large
2335 organizations may be in a position to contribute to a broader community, one that could encompass a
2336 whole country or group of countries. In this sense the word community must be taken as a relative
2337 concept, and it should be understood that both small and large organizations, operating within their
2338 means, have the potential to make some contribution to development.

2339 **7.8.1.3    Benefits to an organization of socially responsible contributions to social and**
2340 **economic development**

2341 When an organization contributes to the social and economic development of the community where it
2342 is located it can benefit from a better environment in terms of social stability, economic growth, higher
2343 levels of education and wellbeing of the local population. Social and economic development are
2344 interdependent and an organization's influence and contribution should be shaped by community
2345 involvement processes.

2346 An organization that contributes to the social and economic development of its community will create
2347 better relations with its stakeholders, an enhanced reputation, improved employee morale and
2348 improved risk and opportunity management.

2349 **7.8.2    Principles and considerations**

2350 **7.8.2.1    Principles**

2351 International declarations such as the Millennium Declaration and the Copenhagen Declaration
2352 expresses basic principles concerning contribution to the community and society. One of the values of
2353 the Millennium Declaration is that "no individual and no nation must be denied the opportunity to
2354 benefit from development".  The Copenhagen Declaration recognizes the "urgent need to address
2355 profound social problems, especially poverty, unemployment and social exclusion". Both documents
2356 invite all organizations to contribute to the development goals to which nations have agreed.
2357

2358 **7.8.2.2    Considerations**

2359 The following are considerations that an organization should take into account when addressing social
2360 and economic development:

2361 — organizations should recognize the rights of men and women to decide over the life of their
2362     community and in doing so to maximize their own capabilities, resources and opportunities;

2363 — partnership: combining capabilities in a partnership, such as the exchange of experience,
2364     resources and efforts among organizations, makes the combined economic and social
2365     development actions more effective than actions taken by an individual organization; partnerships
2366     can include many different types of organizations and can operate at international, national,
2367     regional or local level; and

2368 — reduction of poverty and inequality: promotion of income and wealth generation and its fair
2369     distribution are priorities for nations and civil society at all levels.

2370 — In most cases engagement with the community improves the potential of organizations to
2371     contribute to the social and economic development of the community where they operate.
2372     Engagement helps an organization to define objectives, outcomes and proceedings considering
2373     the needs and priorities of the community.  Organizations engage with community stakeholders to
2374     build trust, learn to respect their different roles, visions and interests and identify common
2375     priorities. This is a continuous process based on mutual respect and cooperation. Two of the
2376     major challenges of community involvement are to secure fair and equitable representation for
2377     community members and be confident that they have the skills to negotiate and to express their
2378     interests.

2379 — Understanding the characteristics and composition of communities affected by the organization is
2380     central to ascertaining the organization's impacts and designing appropriate measures to address
2381     these impacts. The result of this process is co-operation for social and economic development,
2382     with justice and equity as its core elements

2383    **7.8.3    Social and economic development issue 1: Community involvement**

2384    **7.8.3.1    Description of the issue**

2385    Contributing to social and economic development includes organizations being involved in the
2386    community where they operate. Community involvement is an organization's proactive outreach to the
2387    community. It is an approach aimed at problem-solving, fostering partnerships with local organizations
2388    and stakeholders and aspiring to be a good organizational citizen of the community.

2389    Organizations contribute to civil society through their participation in, and building of, civil institutions.
2390    The formation of a network of organizations can increase the capacity of communities to take
2391    collective actions that promote their development and the attainment of objectives and goals. When
2392    organizations are involved in collective actions for the benefit of the community, then values like
2393    democracy, legality, participation, justice and fairness are extremely important.

2394    The increase of a community's collective capacities does not depend exclusively on organizations but
2395    also on individuals. All organizations, both large and small, can also contribute through awareness
2396    raising activities to mobilize the public for social development. Organizations have a central role in
2397    spreading to citizens the importance of their actions in achieving social development.

2398    **7.8.3.2    Expectations and/ or related actions**

2399    An organization should:

2400    — participate in local associations with the objective of contributing to the local development of
2401         communities;

2402    — contribute to democratic processes related to the setting up, implementation, monitoring and
2403         evaluation of development programs. In some cases this involves knowledge, skills, human
2404         resources or even material resources;

2405    — comply with the law at all times;

2406    — communicate information in relation to their contributions to social and economic development and
2407         the rights and duties of citizenship; and

2408    — maintain transparent relationships with government officials free from bribery or improper
2409         influence.

2410    **7.8.4    Social and economic development issue 2: Employment generation**

2411    **7.8.4.1    Description of the issue**

2412    Employment is an internationally recognized goal related to economic development. By creating
2413    employment, all organizations, both large and small, can make an important contribution to reducing
2414    poverty and promoting economic development.

2415    **7.8.4.2    Expectations and/ or related actions**

2416    An organization should:

2417    — consider the impact of its investment decisions on employment creation, and where economically
2418         viable, direct investments to areas with high levels of poverty; and

2419    — consider the impact of technology choice on employment, and where economically viable, select
2420         technologies that maximize employment opportunities.

**63**

2421 **7.8.5    Social and economic development issue 3: Technology development**

2422 **7.8.5.1     Description of the issue**

2423 To overcome under-development and its associated problems, countries need, amongst other things,
2424 access to modern technology. Organizations can contribute to the development of the communities in
2425 which they operate by applying specialized knowledge, skills and technology in such a way as
2426 promote human resource development and technology diffusion.

2427 **7.8.5.2     Expectations and/ or related actions**

2428 To contribute to the technological development of the community an organization should:

2429 — consider engaging in partnerships with local organizations (for example universities or research
2430      laboratories), and where mutually beneficial and where appropriate, engage in scientific and
2431      technological development with partners from the local community, employing local people in this
2432      work; and

2433 — where economically feasible, adopt practices that allow technology transfer and diffusion. Where
2434      applicable the organization should set reasonable terms and conditions for licenses or technology
2435      transfer so as to contribute to long term local development.

2436 **7.8.6    Social and economic development issue 4: Wealth and income**

2437 **7.8.6.1     Description of the issue**

2438 The process of economic development is critically important towards freeing men, women and
2439 children from the abject and dehumanizing conditions of extreme poverty, to which more than one
2440 billion people around the world are subjected.  Fundamental to this process is the creation of
2441 increased incomes for broad sectors of society. Access to goods and services provided by higher
2442 incomes tends to improve life expectancy, allow the achievement of higher levels of education and
2443 health, and contribute to gender equality, child welfare and the protection of human rights.

2444 Income from taxes provides the means for a community's authorities to manage and develop
2445 infrastructure, for example transportation, and public services. Governments play an important part
2446 when establishing and managing tax systems and in the effective use of revenues. All organizations
2447 can contribute to the proper functioning of a tax system and to the efficient use of resources by
2448 complying with all applicable laws and regulations, and by scrutinizing the functions of a tax system to
2449 ensure transparency and conformance with applicable laws and regulations.

2450 One important consideration for the contribution of organizations to wealth and income generation is
2451 the need to conduct activities under a legal framework. Many enterprises conduct operations on an
2452 informal basis often to avoid taxes or regulation. These activities can impose costs that are unfairly
2453 born by all of society. Additionally, such practices contribute to the erosion of legal frameworks and
2454 respect for laws and government institutions.

2455 Poverty devastates society and destroys human dignity, causing instability and conflict. Many social
2456 and economic problems that have direct impacts on organizations have their root causes in poverty.
2457 All organizations, both large and small, should contribute within their means, and based on their core
2458 competencies, to poverty and hunger eradication initiatives.

2459 **7.8.6.2     Expectations and/ or related actions**

2460 To contribute to an increase in the wealth and income of the community where it operates, an
2461 organization should:

2462 — seek to maximize its value added to the economy;

2463     — ensure compliance with all applicable laws and regulations;

2464     — engage in commercial relations only with suppliers that operate under legally recognized
2465       frameworks;

2466     — encourage and assist informal organizations to become formal organizations operating under legal
2467       frameworks;

2468     — consider the impact of outsourcing decisions on employment creation, both within the organization
2469       making the decision and within external organizations affected by such decisions;

2470     — endeavour to use natural resources in a way that helps to alleviate poverty;

2471     — obtain prior informed consent of the local community for the use of local natural resources and
2472       respect the traditional use of natural resources by local populations, in particular indigenous
2473       people;

2474     — give preference to local suppliers of goods and services and contribute to local supplier
2475       development;

2476     — contribute to programs that provide access to food and other basic necessities for vulnerable
2477       groups of low income people, taking into account the importance of contributing to their increased
2478       capabilities, resources and opportunities. Special attention should be given to child nutrition;

2479     — support social entrepreneurship ventures and the development of low cost social technologies that
2480       are easily replicable and have a high social impact on poverty and hunger eradication; and

2481     — fulfill its tax responsibilities as described in law and related regulations, and provide the authorities
2482       with the necessary information to correctly determine its taxes.

2483    **7.8.7    Social and economic development issue 5: Responsible Investment**

2484    **7.8.7.1     Description of the issue**

2485 Economic development depends largely on investments. Responsible investment is a means by which
2486 investors may better align their activities with broader objectives of society. This includes
2487 consideration of the economic, social, environmental and governance dimensions of an investment, in
2488 addition to the traditional financial dimensions. Where financially sustainable, preference should be
2489 given to activities which can be viewed as a contribution to the present and future welfare of society.

2490    **7.8.7.2     Expectations and/ or related actions**

2491 To orient its investments to reflect sound social and economic development priorities, in addition to
2492 financial considerations, an organization should:

2493     — incorporate economic, environmental, social and governance issues into investment analysis and
2494       decision-making processes;

2495     — develop and disclose an active ownership policy consistent with principles of social responsibility;

2496     — seek appropriate disclosure on economic, environmental, social and governance issues by the
2497       organizations in which it has invested

2498     — engage with organizations on their economic, environmental, social and governance practices,
2499       with a view to improving the social performance of organizations in which it has invested; and

2500 — seek to maximize positive social and economic contributions to communities when making
2501 investment decisions.

### 7.8.8 Social and economic development issue 6: Education and culture

#### 7.8.8.1 Description of the issue

2504 Education is an imperative for the progress of civilization. Education is the foundation for all social and
2505 economic development. Culture is an important component of a community and society's identity.
2506 Organizations should be aware that the promotion and preservation of education and culture has a
2507 positive impact in social cohesion and development.

**Expectations and/ or related actions**

An organization should:

2510 — promote cultural activities, respect and value the local culture and cultural traditions. Actions to
2511 support cultural activities that strengthen the identity of historically disadvantaged groups are
2512 especially important as a means of combating discrimination;

2513 — help conserve and protect cultural heritage, especially where its operations may have an impact
2514 on it;

2515 — promote and/or support education at all levels and engage in actions to improve the quality of
2516 education, to promote local knowledge and to eradicate illiteracy; and

2517 — encourage the enrolment of children in formal education, and contribute to the elimination of
2518 barriers to children obtaining an education, such as child labour.

### 7.8.9 Social and economic development issue 7: Health

#### 7.8.9.1 Description of the issue

2521 Health is an essential element of life in society and is a universally recognized human right. Threats to
2522 public health can have severe impacts on communities and can hamper social and economic
2523 development. Thus, all organizations, both large and small, are called to contribute, within their means,
2524 to the promotion of health. Even in communities where it is a role of the state to provide a public
2525 health system, all organizations can consider contributions to health in their communities. A high level
2526 of health in the community reduces the burden on the public sector and contributes to a good
2527 economic and social environment for all organizations.

#### 7.8.9.2 Expectations and/ or related actions

An organization should:

2530 — promote good health by, for example, contributing to access to medicines and vaccination and by
2531 encouraging healthy lifestyles, including exercise and good nutrition, and by discouraging the
2532 consumption of unhealthy substances;

2533 — raise awareness about major diseases and their prevention, such as HIV/AIDS, cancer, heart
2534 diseases, malaria and tuberculosis;

2535 — support access to essential health care services and to clean water and appropriate sanitation as
2536 means to prevent illness, especially for women and children; and

2537 — seek to minimize or eliminate the negative health impacts of any products or services provided by
2538 the organization.

2539  **7.8.10   Social and economic development issue 8: Capacity building**

2540  **7.8.10.1    Description of the issue**

2541  Organizations frequently invest their resources in infrastructure and programs aiming at social aspects
2542  of community life. Capacity building is a way that organizations may contribute to the social and
2543  economic development of the communities where they operate. This includes compensation for
2544  negative impacts of organization's operations.

2545  With respect to capacity building, the aim should be to align the organization's contribution with the
2546  needs of the communities in which the organization operates.

2547  **7.8.10.2    Expectations and/ or related actions**

2548  When engaging in capacity building organizations should:

2549  ⎯ undertake capacity building in the community or communities that are related to its operations;

2550  ⎯ seek to align capacity building with the core competencies of the organization itself; this will
2551       maximize the contribution of the organization by leveraging its existing expertise;

2552  ⎯ recognize that an organization's capacity building activities do not preclude other social actions
2553       and philanthropy (for example grants, volunteering and donations). These however, should be
2554       aligned with the organization's overall capacity building aims. They should focus on giving
2555       resources to the community through programs or projects for long-term development;

2556  ⎯ promote sustainable capacity building projects, by involving the community in their design and
2557       implementation. Community involvement will help projects to survive and prosper when the
2558       organization is no longer involved;

2559  ⎯ take into account the promotion of economic and social development in planning capacity building
2560       projects. All actions should broaden the opportunities for citizens, for example increasing local
2561       procurements and outsourcing to support local business development;

2562  ⎯ within the context of social responsibility, take into account the value of aligning organizational
2563       contributions to the community with local and national policy priorities. This will increase the
2564       probability of a successful and sustainable capacity building;

2565  ⎯ avoid actions that perpetuate a community's dependence on the organization's philanthropic
2566       activities; and

2567  ⎯ assess existing community-related initiatives, provide feedback on their success and suitability
2568       and identify where improvements might be made.

2569  **8    Guidance for an organization on implementing social responsibility**

2570  *Note: Some of the text that appeared in Clause 7 of WD3.2 has now been transferred to Clause 6 of*
2571  *this document. This version of Clause 8 cannot be compared with the old version of Clause 7 on its*
2572  *own; it must be read after reading Clause 6).*

2573  *Note: Provision will be made in this clause and/or in Clause 6 for a diagram (or diagrams) that*
2574  *present/s a graphical representation of the guidance relating to implementation.*

## 8.1 General

This clause provides guidance on how an organization might implement social responsibility. It is closely linked to Clause 5 on the principles of social responsibility, Clause 6 which establishes what an organization should do, and to Clause 7, which provides guidance on the core subjects and issues of social responsibility. The guidance below on how to implement social responsibility is intended to be applicable to organizations of any type, size or location.

## 8.2 Identifying social responsibility

### 8.2.1 The subjects of and the extent of social responsibility

The identification of an organization's social responsibility is an ongoing process. From time to time the identification should be reconsidered to account for changing activities, circumstances and impacts. This process should include internal consultations with personnel who have an overview of the organization's activities and its impacts and with the organization's stakeholders.

#### 8.2.1.1 Reviewing the organization's activities

The first step in identifying relevant core subjects and issues is to review the organization's activities. The purpose of this review is to establish an organization's major operating units, activities and products and services. In the process of reviewing it may be helpful to draw on information about an organization's profile, which can be found in guidance documents, such as mission or vision statements. It is also important to take into account major changes in policies and/or strategy.

#### 8.2.1.2 Understanding the organization's context of social responsibility

The next step is to understand the social, environmental and economic context in which the organization operates. The context includes an organization's interactions with other organizations, including its suppliers, customers, partners and society at large. Information that may be helpful in understanding the organization's context is its market situation and major competitors in a region, and current and likely future major trends in the field of work or sector. This information may not always be present within an organization and may need to be collected elsewhere.

#### 8.2.1.3 Defining the organization's responsibility with respect to other organizations

An organization does not only have a responsibility for its own activities but also with respect to other organizations in its value chain over which it has control or reasonable influence. The closer the contractual relationship between the organization and other organizations and entities, the more influence it can exercise on them. A very close relation exists, for example, between an organization and its contractors.

An organization's value chain includes activities:

— backward in the chain (that is in the supply chain, such as suppliers);

— forward in the chain (such as distributors, customers and consumers); and

— parallel to the organization (such as sector associations and partners).

*Note: It might be helpful to create a Help Box with criteria (or factors) on how to determine the sphere of influence.*

#### 8.2.1.4 Identifying core subjects by assessing an organization's impacts

Once the organization has reviewed its activities and understands its context, it should assess the impacts its activities have on others and the environment. This means what core subjects are relevant

2615 to the organization, including its sphere of influence. In doing so, an organization should draw on the
2616 core subjects of social responsibility as described in Clause 7 to determine whether the organization's
2617 activities have a bearing or relevant influence on them. Examples for questions are:

2618 — does the organization employ people? If so, then the labour practices core subject is relevant.

2619 — does the organization have impacts on the environment? If so, then the environment core subject
2620   is relevant.

2621 — does the organization interact with consumers or does it have a relevant influence with its
2622   products and services on consumers? If so, then the consumer issues core subject is relevant.

2623 If a core subject is relevant to the organization, the organization should assess whether all or only
2624 some issues of a core subject are relevant to the organization.

2625 Further information that could inform the identification process might be found in:

2626 — the social responsibility codes and instruments (for example, sector association codes, or specific
2627   product codes) to which an organization subscribes, and any general policies (for example,
2628   ethical code or code of conduct) of the organization about social responsibility;

2629 — the social responsibility requirements for suppliers issued by the organization's key customers,
2630   and those imposed on the organization by parties that provide it funding; and

2631 — activities of peers related to social responsibility.

2632 As a result of this identification process the organization will know what its relevant core subjects and
2633 issues of social responsibility are and what the extent of its social responsibility is.

2634 **8.2.2 Establishing priorities**

2635 To ensure that the relevant core subjects and issues receive the attention they deserve, an
2636 organization might want to establish priorities. To do so, the organization should set up a structured
2637 decision-making process that relies on both internal and external consultations with its stakeholders.
2638 Since compliance with all applicable laws, regulations [and international norms of behaviour]
2639 constitutes a fundamental aspect of social responsibility, the organization's priorities should address
2640 all subjects and issues that are part of its legal obligations.

2641 Beyond compliance with law [and international norms of behaviour] there might be a need for
2642 establishing priorities. In this prioritization process stakeholders should be engaged. In establishing
2643 priorities the following criteria might be considered:

2644 — significance: the greater the impact of an issue on others or the environment, the more important
2645   it is to take action;

2646 — stakeholder concern: the greater the stakeholder concern, the more important it is to take action;

2647 — cost/benefit: the greater the potential effect of the related action in relation to the resources
2648   needed, the more important it is to take action; and

2649 — ease of controlling threats or applying opportunities in contributing to sustainable development,
2650   health and welfare of society.

2651 As a result of the process of prioritization an organization will know what core subjects and issues to
2652 address with what priority.

## 8.3 Stakeholder identification and engagement

### 8.3.1 Stakeholder identification

Stakeholder engagement is regarded as a central element of social responsibility. Since organizations might have many stakeholders, they should seek to identify their stakeholders and prioritize them. Since stakeholder engagement will usually be an ongoing process, the organization should consider establishing a method of stakeholder identification that can be used and re-used on an ongoing basis. In some cases, it may be helpful to develop a list of stakeholders, which should be reviewed periodically and updated to reflect changes in the organization and/or changes in identified stakeholders.

Organizations review the full range of stakeholders in order to identify those stakeholders that might need to be engaged. To identify stakeholders, an organization might ask itself the following questions:

— to whom do legal obligations exist?

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

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

— who has expertise that could be helpful in improving the organization's approach to social responsibility?

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

— who said they would like to be involved?

Having identified a range of potential stakeholders, an organization should determine which stakeholders should be engaged on a priority basis and to what extend. The aim of this process is to make the engagement process effective and manageable. The most important criterion for establishing priorities is the extent to which the stakeholder is impacted by an organization's decisions and activities and whether the stakeholder interest is in line with the broader interest of society and sustainable development. Further considerations that should guide stakeholder prioritization include:

— whether there exist any legal obligations to engage the stakeholder;

— whether the stakeholder is the most representative and credible of the interest; and

— whether the whole range of identified core subjects and issues can be addressed by the stakeholders.

### 8.3.2 Stakeholder engagement

Organizations should engage stakeholders for a variety of reasons as noted in Clauses 5 and 6. The main aim of stakeholder engagement is to better address an organization's social responsibility. Consulting with stakeholders can assist the organization to fulfill legal obligations, establish priorities, integrate social responsibility into the organization, enhance transparency and the credibility of communications, and examine activities about social responsibility.

Meaningful stakeholder engagement is not an isolated activity and it should not be used as a public relations exercise. It is an ongoing consultation process that can involve a degree of cultural and procedural change within both an organization and stakeholders and that has the potential to result in continuous learning on both sides. To achieve this, an organization should:

— establish an engagement mechanism that is based on a constant cycle of dialogue between the organization and its stakeholders. feedback to stakeholders is important so that they can understand how the organization has responded to their views;

2694 — match the engagement process with the capacity of the different stakeholder to use it; and

2695 — consider providing stakeholders who do not have the capacity to engage with the organization
2696 with some support. Yet, there is a danger that by doing so, the independence of the stakeholder
2697 will be compromised and thus may not any more constitute a genuine representative of the
2698 stakeholders concerned.

2699 **8.4 Integrating social responsibility into the organization and its daily practices**

2700 **8.4.1 General**

2701 Social responsibility should be an integral part of an organization's structure, culture and identity. This
2702 means that an organization should integrate social responsibility into its objectives, strategies and
2703 processes and awareness and competency within the organization should be raised.

2704 Such an integrated approach to social responsibility requires the support of an organization's
2705 leadership, adequate resources and dialogue with stakeholders.

2706 There are a number of steps that help an organization in the integration process:

2707 **8.4.2 Adopting and applying value statements and standards of ethical behavior**

2708 One way of integrating social responsibility within an organization is to link social responsibility with
2709 the purpose of the organization. This is sometimes done through "mission statements" or "vision
2710 statements". These statements express the purpose of the organization, but also how the organization
2711 wishes others to see it. Integrating social responsibility can be fostered by recognizing contributions
2712 to sustainable development as a goal or value of the organization. Mission and vision statements can
2713 be a way to motivate employees and to make social responsibility a part of an organization's official
2714 "culture".

2715 Another means for integrating social responsibility is through the application of ethical standards. This
2716 is often done through codes of conduct addressing specific issues and applied to employees. These
2717 issues can include some of the most important issues of an organization's social responsibility such
2718 as fair operating practices and consumer relations. Codes of conduct do not have to be limited to
2719 employees however. In recent years organizations have been adopting codes of conduct addressing
2720 the labour practices of their suppliers and sub-contractors. Such codes and the measures that are
2721 taken to give them effect are often the principle means for an organization to address its social
2722 responsibility in its supply chain.

2723 **8.4.3 Establishing objectives and strategies for social responsibility**

2724 While Clause 8.2 on the identification of social responsibility guides an organization to its social
2725 responsibility and helps it to establish priorities, an organization should seek to translate these
2726 priorities into manageable objectives, to design strategies and to set up a process to achieve them.
2727 The organization should consult its stakeholders in this process.

2728 In establishing objectives an organization should consider its core subjects and issues of social
2729 responsibility and define for each of them at least one objective. It should also define a budget and
2730 targets so that movement towards objectives can be traced.

2731 For each objective an organization should then establish a strategy that describes the actions that
2732 should be taken within a timeline. An organization should define procedures for achieving objectives.
2733 To match means to ends, an organization might take into account best practices and it might consider
2734 joining with peers. In designing strategies an organization should take into account its culture as well
2735 as local customs to decide whether a centralized or decentralized process is most suitable. It is also
2736 important that an organization identifies people and determines their authorities and responsibilities to
2737 integrate social responsibility into the organization.

2738 **8.4.4    Raising awareness and building competencies**

2739 Without the support of its employees, an organization will not be able to integrate social responsibility
2740 into the organization and its daily practices. An organization should therefore raise awareness about
2741 the social responsibility priorities and objectives and their consequences for the organization's mission,
2742 vision, code of conduct and policies and it should build competencies.

2743 A success factor for the support of the social responsibility objectives and strategies is that the senior
2744 leadership of the organization is itself committed to them. The following action can also help an
2745 organization to raise awareness about social responsibility:

2746 — encourage participation and stimulate the involvement of employees from all levels in the
2747    identification of relevant social responsibility subjects and issues and in the integration of social
2748    responsibility in daily practices;

2749 — communicate regularly about the organization's efforts and results;

2750 — organize information sessions with internal or external experts or stakeholders;

2751 — inform designers, whose work typically occurs at the start of service or product life cycles; and

2752 — determine rewards and recognition for successful implementation or for innovative and valuable
2753    ideas and integrate rewards into existing human resource system.

2754 Integrating social responsibility requires building internal competencies. A simple way of increasing
2755 competencies is by identifying people within the organization who already have knowledge of and
2756 experience with the core subjects and let them work together. Other means by which to increase
2757 competencies include:

2758 — study best and worst practices of other peer organizations, industries or sectors; and

2759 — share and discuss ideas with stakeholders, for example in workshops.

2760 **8.5 Communication on social responsibility**

2761 **8.5.1    General**

2762 An organization will, in one form or another, communicate about its practices related to its social
2763 responsibility. All kinds of communication should be understandable, truthful and accurate. Balanced,
2764 material information about the core subjects and issues should be provided, and communication
2765 should be timely and comparable where appropriate – as highlighted in Clause 6.5.

2766 To communicate effectively, an organization should clearly identify the purpose of the communication,
2767 plan the communication, select the most appropriate type and form of communication and apply
2768 methods to enhance the credibility of its communications.

2769 To set priorities for communication and to assess the adequacy of the communication the organization
2770 should periodically discuss its communications about social responsibility with its stakeholders.

2771 **8.5.2    Identifying the purpose of communication**

2772 Organizations should identify the main purposes of its communications. Communication can serve
2773 various purposes. It can be used to:

2774 — raise awareness within an organization about its strategies, plans, performance and challenges
2775    for social responsibility;

2776 — engage and motivate employees to support the organization's activities in social responsibility;

2777 — help meet the reasonable requests of stakeholders for information that can be used to assess the
2778    organization's performance on social responsibility;

2779 — facilitate benchmarking among peer organizations, which can stimulate improvements in
2780    performance on social responsibility;

2781 — address legal and other requirements concerning the disclosure of social responsibility
2782    information;

2783 — show the extent of conformity with commitments to social responsibility to which the organization
2784    subscribes; and

2785 — enhance an organization's reputation for responsible action, openness, integrity and
2786    accountability to strengthen stakeholder trust and confidence in the organization.

2787 **8.5.3    Planning communication**

2788 In planning its communication, the organization should consider the purpose, audience, content,
2789 extent, time/sequence, type and form of communication. It might also identify the people who will do
2790 the communication and to what extent internal and external personnel and other resources are
2791 needed. In planning its communication, the organization should consider the following factors:

2792 — the cultural, social, educational and economic background of those stakeholders who make up
2793    the primary audience for the communication;

2794 — the necessity to communicate regularly or on an ad hoc basis;

2795 — the budget and other resource limits; and

2796 — the value of using multiple forms of communication.

2797 **8.5.4    Selecting type and form of communication**

2798 The appropriate type of a communication is closely related to its purpose and audience. The following
2799 forms of communication can be distinguished.

2800 — Internal communication: This type of communication is used within an organization to raise
2801    general awareness about social responsibility and the objectives and strategies of the
2802    organization relating to social responsibility. This type of communication can be made on a
2803    regular or ad hoc basis.

2804 — Communication with stakeholders: This type of communication is a vital element in facilitating
2805    genuine dialogue between an organization and its stakeholders.

2806 — Periodic public reports: This type of communication is used to inform stakeholders and the wider
2807    public on a regular basis about the whole range of activities and performance of the organization
2808    relating to its social responsibility. Such reports should address all relevant subjects and issues of
2809    social responsibility and provide information that is material about them. Since such reports are in
2810    most cases regularly provided they should be as comparable as possible both over time and in
2811    comparison with peer organizations.

2812 — Communication with suppliers: This type of communication can be used to inform suppliers about
2813    the organization's code of conduct and to engage them to fulfill those requirements.

2814 There are many different forms and media that may be used for communication. These include, for
2815 example, reports, newsletters, magazines, posters, advertising, letters, voicemail, live performance,
2816 video, websites, podcasts (website audio broadcast), blogs (website discussion forums), product

2817 inserts and labels. It is also possible to communicate through the media using press releases,
2818 interviews, editorials and articles.

### 8.5.5 Enhancing credibility

2820 Successful communication, among other things, will be dependent on the credibility of both the
2821 organization and the message. For various reasons an organization's messages concerning its own
2822 social responsibility will not always be considered true or accurate. In itself this can make it more
2823 difficult for an organization to address its social responsibility.  There are various ways in which an
2824 organization establishes its credibility. One is stakeholder engagement.  Dialogue with stakeholders is
2825 one means of ensuring that the interests and intentions of the parties are understood. This dialogue
2826 can build trust, and hence enhance credibility. Dialogue provides a means to correct the wrong
2827 impressions.  Stakeholder engagement can be a basis for involving stakeholders in the verification of
2828 an organization's claims concerning its performance. Arrangement can be made for stakeholders to
2829 periodically review an organization's performance or otherwise monitor aspects of an organization's
2830 performance.

2831 Another means of enhancing credibility is through even greater transparency.  Providing information of
2832 a kind and in a form that can be easily checked by others will increase credibility. For instance,
2833 instead of reporting some statistics concerning performance, the sources of the information and the
2834 processes used to develop the statistics could also be made available. Revealing the places where an
2835 organization conducts its activities or the names and locations of all of its suppliers or partners can be
2836 a means of increasing the credibility of claims an organization makes about its supply chain.

2837 Credibility with respect to certain issues can sometimes be enhanced through participation in specific
2838 certification schemes.  Initiatives have been developed to certify product safety or to certify processes
2839 or products with respect to their environmental impact and other aspects of social responsibility.  Such
2840 schemes must be credible in themselves. Any "certifiers" must be truly independent. This requires that
2841 they work to a rule-driven process and that an effective means to prevent or address conflicts of
2842 interest is in place.  In some situations organizations have sought to involve independent parties to
2843 provide credibility. An example of this is the creation of "advisory committees" or "review committees"
2844 consisting of persons who are selected because they will be considered credible. A new industry of
2845 self-styled professional "assurance providers" has emerged in recent years to provide written
2846 conclusions concerning public reports of organizations. These conclusions can concern either the
2847 processes or the information in the report.

2848 Organizations sometimes join associations of peer organizations in order to establish or promote
2849 socially responsible behaviour within their area of activity or within their respective communities.
2850 Membership in these associations can be another means of enhancing the credibility of an
2851 organization's claims concerning its responsibility.

### 8.6 Examining activities about social responsibility

### 8.6.1 General

2854 The effectiveness of an organization's activities and practices can be enhanced by regular evaluation
2855 and examination. To evaluate and examine performance an organization should measuring its
2856 performance, examine whether objectives are met and review what should be done to improve
2857 performance. In the examination process stakeholders should be involved. Engaging stakeholders is
2858 likely to strengthen the relationship between the organization and its stakeholders and stakeholders
2859 might give valuable feedback on what lessons to learn and how to improve performance.

### 8.6.2 Keeping track of performance

2861 An organization should continuously track its performance by measuring its performance in certain
2862 areas over time. The measurement over time can point to developments and shed light on whether
2863 objectives are achieved.

2864 When deciding on the areas where an organization plans to measure and track its performance, the
2865 organization should seek to make the measurement easy to understand, suitable for benchmarking,
2866 reliable and timely, and addresses stakeholders concerns.

2867 There is a range of sources that might be used to assist keeping track of performance:

2868 — results of environmental, health, safety or supply chain audits;

2869 — complaints from employees, customers, consumers, neighbours, citizens and others;

2870 — records of training;

2871 — employee and customer satisfaction surveys; and

2872 — results of assessments of compliance with other specifications, codes, guidelines, best practice
2873 documents and benchmarks to which the organization subscribes.

2874 One way of systematically using these sources is by using indicators. An indicator indicates a state at
2875 a particular point in time. Indicators can potentially be a powerful tool when quantitative data – such as
2876 data on $CO_2$ emissions – is used. In most cases qualitative data will not be suitable to be expressed in
2877 form of indicators – such as information about labour conditions or human rights violations.

2878 **8.6.3    Examining performance**

2879 At appropriate intervals, an organization should use the results from measuring its performance to
2880 examine its performance on social responsibility in relation to its objectives on social responsibility.
2881 This examination should focus both on achievements and failures.

2882 In the examination process an organization should ask the following questions:

2883 — Were objectives achieved as envisioned?

2884 — Did the strategies and processes suit the objectives?

2885 — What worked and why? – What did not work and why?

2886 — Were the objectives appropriate?

2887 — What could have done better?

2888 **8.6.4    Improving performance**

2889 Based on the results of the examination, the organization should consider activities that should be
2890 improved. It should also assess whether new objectives relating to social responsibility need to be
2891 developed, whether changes to strategy and processes need to be implemented and whether the
2892 mission and vision statements or the code of conduct need to be updated.

2893 **8.7 Using instruments and initiatives on social responsibility**

2894 In implementing social responsibility, an organization might find it useful to draw on or apply a
2895 particular social responsibility instrument or initiative. Given the great amount of instruments and
2896 initiatives in the field of social responsibility, organizations might find it difficult to identify and select an
2897 appropriate instrument and initiative.

2898 In identifying and selecting instruments and initiatives an organization might find it helpful to consider
2899 two key factors: the purpose of engagement and the appropriateness of an instrument or initiative.
2900 Consequently, in a first step an organization should consider the following questions:

2901 — Is the initiative seen as useful by the organization?

2902 — Does the initiative help the organization address a problem?

2903 — Does the initiative help the organization reach an important stakeholder group?

2904 — Does the initiative provide the organization with useful information or tools?

2905 — Is the initiative locally relevant?

2906 — Is the initiative designed for this particular type of organization?

2907 In a second step the organization should identify the appropriateness of an instrument or an initiative.
2908 The following factors might be worth considering:

2909 — nature, reputation and profile of the entity or entities developing or supporting the development of
2910 the instrument or initiative (for example, whether the entity developing or supporting the
2911 development of the instrument or initiative is an inter-governmental or governmental body, a
2912 multi-stakeholder non-governmental non-profit body, single stakeholder non-profit body, or a for-
2913 profit commercial body);

2914 — nature of the process for development and implementation of the instrument or initiative (for
2915 example, whether the instrument or initiative is developed and/or implemented through a multi-
2916 stakeholder, transparent, open, accessible with developed and developing country participants, or
2917 does not have some or all of these characteristics);

2918 — scope of application of the instrument or initiative (for example, global, regional or local
2919 application; and

2920 — access to the instrument or initiative (for example, whether the instrument or initiative is available
2921 at no cost, available at a cost).

2922
# Annex A – Social Responsibility Initiatives

2923    *Note: Please see the document NIDTF N053 which provides a suggested Annex and set of questions*
2924    *on SR initiatives.*

2925

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2927

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**77**

2929 # Bibliography

2930 *Note: The Bibliography is currently being finalized and updated to reflect the revised text and to*
2931 *ensure that all references are provided in proper ISO reference format. Because of time constraints*
2932 *this task has not yet been completed.*

2933

2934 # Index

2935 *Note: The Editing Committee believes that an index would increase the usability of ISO 26000 and*
2936 *that it should be provided in the final document. This is something that could be undertaken by ISO at*
2937 *the end of the process.*

2938