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Guidance on Social Responsibility

Lignes directrices pour la responsabilité sociétale

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153 **Foreword**

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

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

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

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

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

170

170 Introduction

171 Organizations around the world, as well as their stakeholders, are becoming increasingly aware of the
172 need for socially responsible behaviour. As varying interpretations of social responsibility exist, an
173 internationally accepted standard may be of benefit in helping to achieve a common perspective and
174 understanding about the principles and practices of social responsibility.

175 Social responsibility is increasingly becoming one of the important factors affecting the way
176 organizations are regarded. This is, in part, a reflection of growing concerns about environmental
177 degradation, social inequality, corporate governance and other issues. Organizations are subject to
178 increasing expectations of their various stakeholders, including customers, workers, members, trade
179 unions, the community, non-governmental organizations, and lenders, insurers and investors. The
180 perception of an organization's social responsibility may influence:

- 181 — the general reputation of the organization;
- 182 — its ability to attract and retain workers and/or members;
- 183 — the maintenance of staff morale and productivity;
- 184 — the view of investors and the financial community;
- 185 — its ability to attract and retain customers for the organization's products or services; and
- 186 — the quality of its relationship with government, the media, the community in which the organization
187 operates and its suppliers and peers.

188 This international standard provides guidance on the underlying principles of social responsibility, the
189 issues that constitute social responsibility and on ways to implement social responsibility within an
190 organization. The standard is applicable to all types of organizations, including governmental and non-
191 governmental organizations as well as business organizations, because every organization has an
192 impact on society and the environment. It is intended to help an organization achieve mutual trust with
193 its stakeholders by improving its performance related to social responsibility.

194 This standard is for voluntary use and is not intended for third party certification, or regulatory or
195 contractual use. It is not intended to create non-tariff barriers to trade, nor does it alter an
196 organization's legal obligations.

197 Every organization is encouraged to become more socially responsible by using this standard,
198 engaging with stakeholders and complying with applicable national laws, internationally recognized
199 conventions and other authoritative instruments.

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

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

205

205 **Table 1 Outline of Contents of ISO 26000**

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

206

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

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

214

215 *Editing Committee note: All references in this document are now located in a Bibliography. Bracketed*
216 *numbers in the text refer to the number of the cited reference in the Bibliography.*

217

217 **Social Responsibility**

218 **1 Scope**

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

- 221 — Identifying principles and issues;
- 222 — Integrating, implementing and promoting socially responsible practices;
- 223 — Identifying and engaging with stakeholders;
- 224 — Communicating commitments and performance; and
- 225 — Contributing to sustainable development.

226 This standard encourages an organization to undertake activities that go beyond legal compliance.

227 It promotes common understanding in the field of social responsibility. It clarifies the relationship between
228 principles of social responsibility and frameworks for organizational governance.

229 It complements other instruments and initiatives relating to social responsibility.

230 The application of this standard may take account of societal, environmental, legal and organizational
231 diversity, as well as differences in economic conditions, provided international norms of behaviour are
232 observed.

233 This standard is not a management system standard and is not intended for conformity assessment or
234 certification purposes.

235 Use of this standard implies neither government endorsement of this standard or other standards,
236 documents or tools referenced in this standard, nor government ratification of any conventions and
237 agreements cited in this standard.

238 **2 Normative references**

239 This section is for a list of documents, if any, that must be read in conjunction with the standard.

240 *(Not currently assigned to a Task Group; to be developed later.)*

241 **3 Terms and definitions**

242 The following terms and definitions apply to this standard.

243 **3.1**

244 **accountability**

245 obligation or willingness of an organization to accept responsibility and explain the reasons, causes, or
246 motives for its actions

247 **3.2**

248 **consumer**

249 someone who uses or buys goods or services

250 **3.3**

251 **ethical behaviour**

252 behaviour that is considered right or acceptable in a particular society

253 **3.4**

254 **international norms of behaviour**

255 standards or patterns that are in conformance with generally accepted principles of international law

256 NOTE International declarations, resolutions and guidelines can also contain relevant principles

257 **3.5**

258 **key stakeholder**

259 [individual or group of individuals identified by the organisation whose interests may either significantly
260 affect, or be significantly affected by, an organization

261 NOTE Relevant interests in the context of this International Standard are those related to sustainable
262 development and the welfare of society.]

263 **or**

264 [individual or group whose interests are significantly affected by an organisation or whose interests in the
265 activities of the organisation are considered to be especially significant for the welfare of society or
266 sustainable development.]

267 **3.6**

268 **organization**

269 group of people, working together with a clear purpose, [with or without facilities,] with an arrangement of
270 responsibilities, authorities and relationships; It can be public or private, for profit or not for profit

271 EXAMPLES Academic institution, company, co-operative, credit union, enterprise, governmental or non-
272 governmental organization, charitable foundation, sole trader, trade or consumers' association

273 **3.7**

274 **organizational governance**

275 system by which an organization is directed and managed in pursuit of its specific objectives

276 **3.8**

277 **philanthropy**

278 practice of performing charitable or benevolent actions on a voluntary basis

279 **3.9**

280 **product**

281 any goods or service

282 [ISO 14025 : 2006]

283 **3.10**

284 **social responsibility**

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

287 — is consistent with sustainable development and the welfare of society;

288 — takes into account the expectations of stakeholders;

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

290 — is integrated throughout the organization.

291 NOTE Activities include products and services

292 **3.12**

293 **stakeholder**

294 [individual or group of individuals with interests that may either affect, or be affected by, an organization

295 NOTE 1 Relevant interests in the context of this International Standard are those related to sustainable
296 development and the welfare of society.

297 NOTE 2 The interests may be supportive, receptive or adverse to the objectives of an organization in
298 relation to sustainable development and the welfare of society.]

299 **or**

300 [individual or group that has an identifiable interest in any activities of an organization, where this interest is
301 also relevant to sustainable development and the welfare of society.]

302 **3.13**

303 **stakeholder engagement**

304 [activities by which an organization involves [key] stakeholders in a co-operative relationship to accomplish
305 positive outcomes

306 NOTE Positive outcomes in the context of this International Standard are those related to furthering
307 sustainable development and improvements to the welfare of society.]

308 **or**

309 [any activity or activities undertaken by an organisation intended to create opportunities for two-way
310 communication between the organisation and one or more of its stakeholders]

311 **3.14**

312 **sustainability**

313 [the feasibility of activities continuing without long-term adverse social, economic or environmental impacts
314 that outweigh beneficial impacts]

315 **3.15**

316 **sustainable development**

317 development that meets the needs of the present without compromising the ability of future generations to
318 meet their own needs (60, p8)

319 **3.16**

320 **transparency**

321 openness about actions and impacts, and willingness to communicate these in a clear, honest and complete
322 manner to all stakeholders and society

323 **4 The context of social responsibility in which an organization operates**

324 *Drafters' note: The multi-stakeholder representative drafting team that was established to draft text on this*
325 *section has failed to reach agreement on compromise text for this section. Some of the areas of*
326 *disagreement, including in some instances possibilities for alternative text, are presented in square*
327 *brackets. This current text should not be taken to suggest that some of the issues not referred to in this*
328 *Clause have been resolved or otherwise dismissed. To assist in finalising this text experts are asked to*
329 *comment on the text below, as well as to respond to specific questions pertaining to this text (these will be*
330 *attached separately). These responses will be used to inform revised text that will be prepared for*
331 *consideration and further discussion in the WG meeting in Vienna.*

332 **OPTION 1**

333 [The social responsibility of organizations is of increasing interest throughout the world. This section
334 explains what the concept means and addresses some issues that should be taken into account when
335 applying this concept. The section also provides some background as to how the ideas and practices
336 surrounding the concept of social responsibility evolved.]

337 **OPTION 2**

338 [How an organization achieves its mission and goals can have a fundamental impact on its long-term
339 success. It is not sufficient just to meet legal requirements: an organization should understand the impacts
340 of its activities on others. The development of a more informed civil society and accelerating and more
341 effective methods of sharing information increases the scrutiny on all types of organization. This clause
342 describes why organizations may find it beneficial to consider the developments, trends and influences that
343 have led to the concept of social responsibility. It also introduces the ways in which organizations can utilize
344 this concept according to their own specific circumstances.]

345 **4.1 Historical background and trends**

346 *Drafters' note: Some members of the drafting team feel that this section needs to give greater*
347 *acknowledgement to the suggestion that concerns relating to the social responsibility performance of*
348 *organizations evolved largely out of concerns about the impact of business on society. An alternative view*
349 *from the group is that drawing attention to one particular sector, when this standard is required to provide*
350 *guidance applicable to all types of organisation, is unhelpful in the effort to create a positive and beneficial*

351 *tone to the paragraph. There also are different opinions with respect as to whether to take a historical*
352 *approach or to use the core issues to provide context, as well as differences with respect to the level of*
353 *detail. Some members of the drafting team feel that this section should provide more information and more*
354 *of an explanation than is currently offered.*

355 [There have been various examples in history where organizations have incorporated socially responsible
356 measures into their operations, driven by their own moral or humanitarian considerations. Many still operate
357 successfully today, so demonstrating the effectiveness of the far-sighted approach they took. Nonetheless,
358 often they were localized in their activity and others did not see the value that these approaches brought.
359 Sharing of good practices has been helped over the last few years by globalization.

360 Globalization may be thought of as the complex process of interdependency or convergence resulting from
361 the dramatically increasing exchange in goods, information, services and capital. [Globalization has for
362 various reasons made it difficult for governments to fulfil their recognized roles. Moreover,
363 intergovernmental cooperation with respect to globalization has been insufficient.] This has helped to make
364 more visible the long-term benefits that social responsibility can bring to organizations, whether they
365 operate on a small local basis or as large multi-national operations. This is especially important in dealing
366 with the challenges globalization has brought, such as in the supply chain.

367 Various issues summarized below were encapsulated in the 2002 UN World Summit on Sustainable
368 Development in Johannesburg where the importance of a balanced interrelationship between economic,
369 social and environmental factors was widely accepted. The summit also recognised the need for
370 organizations to engage with those impacted by their activities and understand their issues, regardless of
371 the size and type of organization.

372 Some aspects of social responsibility have been recognized for many years. Principles of organized labour
373 were established in the 19th century and were consolidated with the establishment of the International
374 Labour Organization in 1919. Such labour practices are amongst the first of the international norms of
375 behaviour and are relevant to all organizations.

376 The Universal Declaration of Human Rights was developed after the formation of the United Nations at the
377 end of the Second World War. This description of human rights represents another international norm of
378 behaviour that it is essential for any organization wanting to implement social responsibility concepts to
379 understand.

380 Recognition that environmental issues are now global, and that even small, local organizations may have
381 an impact, is leading to further international norms of behaviour expressed, for example, in [the Rio
382 Declaration on Environment and Development, the Johannesburg Declaration on Sustainable Development
383 and various multilateral environmental agreements] **or** [standards such as ISO 14001].

384 Consumers have long demonstrated their power to influence social issues; this standard highlights current
385 consumer issues that relate to an organization. Some types of organizations find it makes sense to co-
386 operate to build local capacity through social development in areas such as education and medicine.

387 Finally, [the ethical and humanitarian drive by organizations referred to at the start of this clause] **or** [the
388 appreciation that good outcomes rely on good governance] is now being formally recognized in the
389 mechanisms of organizational governance being used, as well as in the adoption of fair operating
390 practices.]

391 **4.2 The concept of social responsibility**

392 *OPTION ONE:*

393 [The definition of social responsibility in Clause 3.9 refers to compliance with applicable law. Initiatives
394 beyond legal compliance and the achievement of the legitimate mission of an organization are voluntary,
395 although there should be consistency with international norms of behaviour. Once adopted, such initiatives
396 become goals of an organization alongside those associated with achieving the mission and legal
397 compliance.

398 Many successful organizations can show that a transparent and ethical drive to undertake voluntary socially
399 responsible actions beyond legal compliance results in significantly enhanced organizational performance.
400 This reinforces the notion that social responsibility contributes to the sustainability of an organization itself
401 as well as to the sustainable development of the world in which it operates. However, it should be
402 implemented in such a way that these contributions are mutually compatible.

403 It is important for an organization to understand through engagement how its operations impact others, but
404 ultimately the choices it makes must be its own, based on balancing legal and mission/goal considerations
405 against those impacts.]

406 *OPTION TWO:*

407 [Social responsibility concerns the behaviour of an organization with respect to the impact of its decisions
408 and activities on society and the environment. It involves willingness of an organization to be held
409 accountable for actions over which it has control. Social responsibility is a form of ethical behaviour, which
410 is behaviour based on acceptance that there is right and wrong.

411 An organization should be aware of the issues to be taken into account when considering the social and
412 environmental impact of its activities. It should be aware of the expectations of others concerning
413 responsible behaviour and not seek to define unilaterally the welfare of society. Respect for the rule of law
414 and compliance with legally binding obligations is an essential part of socially responsible behaviour.
415 Although the expectations of responsible behaviour will vary between countries and cultures, organizations
416 should recognize and accept the universally applicable values established through authoritative
417 intergovernmental instruments such as the Universal Declaration on Human Rights.

418 An organization's contribution to sustainable development is an essential aspect of its social responsibility.
419 However the sustainability of an organization is not the same thing as the sustainability referred to in the
420 concept of sustainable development. Actions taken to provide for the continued existence of an
421 organization may not always be consistent with the concept of social responsibility, as some activities in
422 this regard may be harmful to society as a whole.

423 An organization should integrate social responsibility into its regular and ongoing activities. While
424 philanthropy on the part of an organization can have a positive impact on society, it should not be
425 considered as a substitute for addressing the social and environmental impacts of an organization's
426 activities.

427 Although the concept of social responsibility can apply to all organizations, there are two important caveats.
428 First, some organizations, such as those established to carry out criminal activity, are too inconsistent with
429 the interests of society to be socially responsible.

430 Second, while the concept of social responsibility applies to most activities of government organizations,
431 there are some important exceptions involving the role of the state. The state has roles that cannot be
432 assumed by other organizations, as only the state can assume responsibility for the interest of society as a
433 whole through the creation of legal frameworks that hold organizations accountable. The state has the
434 indispensable role of ensuring that human rights are respected and, in most situations, it is only the state
435 that has the legitimacy to decide among competing claims over the exercise of rights. Only political
436 decisions can determine what activities should be undertaken by government or subject to legally binding
437 regulation. How these decisions should be taken involves other concepts such as democracy.]

438 **4.3 From theory to practice**

439 *OPTION 1*

440 [The challenge for each organization will be to anticipate the impact of its activities on others and to
441 understand how these impacts relate to the welfare of society and sustainable development. Organizations
442 should become familiar with the most important issues and the expectations of society with respect to
443 various aspects of these issues. This standard contains some general principles that should be taken into
444 account by organizations in considering their social responsibilities. It also identifies seven core issues and

445 provides guidance on related principles, considerations and expectations. This standard references the
446 most authoritative international standards upon which to base behaviour.]

447 *or*

448 *OPTION 2*

449 [Clause 4.1 highlights the complexity of social responsibility issues. This is complicated further as the range
450 of organizations having impacts on others is so diverse. The challenge for each organization is to determine
451 for itself how to set its own socially responsible behaviours. However, it should be noted that different types
452 of organization have different types of responsibility. For example, governments should enforce human
453 rights while other types of organization should promote respect for them. Most organizations with a long
454 history of social responsibility started with clear principles of the type shown in clause 5. These principles
455 lead to well defined codes of organizational behaviour based on an organization's mission and goals, the
456 legal framework in which it operates and applicable international norms of behaviour.]

457 Social responsibility entails a listening element and an understanding of the key impacts of an
458 organization's operations on others, as determined through engagement. These impacts can be classified
459 according to the issues described in Clause 6. It also entails an appreciation of the interactions between
460 those listened to and a balancing of conflicting interests. Even for identical operations, impacts may vary
461 according to specific circumstances and thus flexibility in the voluntary approach is essential.

462 It is well understood in any engagement that effective listening is best demonstrated by feedback. In the
463 area of social responsibility, this is achieved through reporting. Reporting mechanisms are best determined
464 by the organization itself as it develops its listening skills. Guidance on engagement, managing impacts and
465 reporting is given in Clause 7. How an organization deals with factors such as location is important and it
466 should determine how to set boundaries around each issue.

467 [The social responsibility of an organization is realized through behaviour. It is not about attitudes, feelings
468 or beliefs that may, or may not be, reflected in behaviour. Of course the actions that reflect an
469 organization's social responsibility can include the decision to refrain from an activity where that is
470 considered the right thing to do. It is not essential that actions taken by an organization be justifiable in
471 terms of a direct measurable or immediate benefit to the organization. Social responsibility involves an
472 appreciation of the role of enlightened self-interest to the welfare of the organization. This means that some
473 actions may be justified by indirect benefits or by their long-term impacts.

474 Measuring and reporting impacts and the related aspects of an organization's performance are activities
475 that can reflect its sense of social responsibility. Engaging those who may be impacted by an organization's
476 behaviour involves activities that can be an especially important part of social responsibility. This
477 engagement will not replace measures taken to secure legal compliance or measures taken to understand
478 the relevant expectations of behaviour concerning the welfare of society and sustainable development.
479 Engaging others involves two-way communication. The move from theory to practice is best reflected by
480 changes in behaviour made by an organization to increase the beneficial effects of the organization's
481 activities for the welfare of society and sustainable development.]

482 **4.4 The relationship of the stakeholder approach to the concept of social responsibility**

483 *Drafters' note: The following text was developed by the TG 6 Ad Hoc Group on stakeholders. Due to a lack*
484 *of consensus text, two alternative approaches have been presented for Sub-Clause 4.4*

485 *OPTION 1 (for the whole of section 4.4)*

486 **[4.4.1 What is the stakeholder approach?**

487 Stakeholder theory suggests that to be successful in achieving its purpose, an organization should
488 establish relationships based on respect and trust with all its stakeholders. This theory states that the

489 success of an organization depends on its ability to identify, to take into consideration and to systematically
490 manage the interests of multiple stakeholders.

491 Specifically concerning the purpose of improving its social responsibility, an organization should:

492 — Identify all its stakeholders in order to develop an understanding of their interests that are relevant to
493 sustainable development and the welfare of society; and

494 — Engage with those [key] stakeholders – to listen, understand and respond to their expectations and
495 concerns.

496 Subsequent to identifying and engaging with its stakeholders, an organization may find that there are a
497 large number of interests that require attention. A method of prioritizing the interests should be employed
498 that is transparent to the stakeholders, as it is likely that not all interests can be satisfied at one time, or in
499 some cases at all.

500 **4.4.2 Why is the stakeholder approach important to social responsibility?**

501 By identifying and working with interests that are relevant to sustainable development and the welfare of
502 society, it is possible to develop mutually beneficial outcomes for a wide range of stakeholders. For
503 example, corporations that behave in a socially responsible manner will benefit by creating value for their
504 shareholders (in terms of higher profits), their customers (for example by enhancing the quality of the
505 products), their employees (for example by improving the working conditions), their suppliers (for example
506 by agreeing on fair contracting and payment practices) and the local communities in which they operate (for
507 example through community investment programmes). In other words, socially responsible corporations
508 strive to create value for all their [key] stakeholders.

509 However, mutually beneficial outcomes may not always arise when organizations are addressing social
510 responsibility issues. There can be direct conflicts between the aims of an organization and the interests of
511 its stakeholders. The clearest and most repeated example of this concerns environmental impacts. Every
512 organization has impacts on the environment that can be challenging to address, in particular in the manner
513 in which stakeholders may desire, while pursuing its organizational goals.

514 **4.4.3 Legitimacy of stakeholders and their interests**

515 The determination of whether a stakeholder's interests are legitimate, or whether indeed a stakeholder itself
516 is legitimate, can cause difficulty for an organization because it may not be the ultimate decision maker of
517 legitimacy. The legitimacy of some stakeholders is determined by a legal framework. In situations that are
518 not controlled by law or legal agreement, legitimacy should be determined by reference to the concepts of
519 sustainable development and the welfare of society.

520 **4.4.4 What are the benefits of using the stakeholder approach?**

521 Embracing the stakeholder approach in the context of social responsibility of every organization can
522 produce substantial benefits, such as:

523 — Enabling the organization to anticipate stakeholder needs and expectations;

524 — Helping the organization to understand its social responsibility concerning its general activities;

525 — Providing the organization with new solutions to current issues and new ways to achieve its goals
526 through partnership with stakeholder groups where the organization or the stakeholder group alone is
527 ineffective;

528 — Enhancing the credibility of the organization in the eyes of its stakeholders; and

529 — Generating innovative outcomes that provide benefits to society as a whole.]

530 or

531 *OPTION 2 (for the whole of section 4.4):*

532 [The definition of social responsibility includes the criterion that behaviour of an organization “takes into
533 account the expectations of stakeholders”.

534 There are two understandings of the term stakeholder that should be noted. One use of the term developed
535 for a theory of corporate governance that concerns the relationship between the owners, the shareholders,
536 and the decision makers, the management, of the modern corporation. The purpose of this theory was to
537 make the case for corporate management taking into account interests other than those of the shareholders
538 in order to advance the purpose of the corporation. In this theory, stakeholder is defined as any group or
539 individual who can affect or is affected by the achievement of an organization’s objectives. This is not about
540 social responsibility, but instead it is about good management. This corporate governance theory assumes
541 that corporations must always have a business case for engaging stakeholders.

542 The other understanding of the term stakeholder is far more widely understood. In this understanding, a
543 stakeholder is a party having a legitimate interest. Used this way, the term refers to a party in a relationship
544 defined by the interest or stake. Because it is widely accepted that an interested party refers to an individual
545 or group having a legitimate interest, there is a link between this use of the term and the welfare of society
546 and of sustainable development.

547 The definition used in the corporate governance theory is misleading in that it does not require the
548 individual or group to have any stake but only to have the ability to affect an organization. This is
549 inconsistent with how the term is normally understood and shifts the focus to the interests of an
550 organization and away from the interests of the stakeholder.

551 Taking the interests of stakeholders into account is not the same as an organization engaging stakeholders
552 in order to understand its social responsibilities. In most situations the responsibilities of an organization will
553 be known from other sources, for example legal requirements or established best practice. The purpose of
554 engagement is, more often than not, to determine how to decrease the negative impacts or increase the
555 beneficial impacts of an organization’s activities. Engagement can in itself be an act of social responsibility.

556 The determination of whether an individual or group is really a stakeholder will be based on the ability to
557 identify what interest is involved. Understanding the nature and significance of this interest can enable an
558 organization to set its priorities with respect to a stakeholder. Of course, individuals or groups can have
559 many and various interests that will define their relationship with an organization.

560 Finally, in addition to recognizing that the term stakeholder is a relational term, it should be recognized as a
561 general term with a broad scope. The term should not be used to replace other terms such as organization,
562 worker, community group, customers, suppliers where these terms are more precise.]

563 **5 Principles of social responsibility**

564 *Drafters' note: In Sydney, the question as to whether a separate clause on principles of social*
565 *responsibility is needed was left open, pending drafting of text indicating what such a clause might*
566 *possibly contain. In commenting, WG experts are invited to comment both on the proposed text and*
567 *whether such a clause should be retained or discarded. Some of the principles are associated with*
568 *terms defined in Clause 3, with which consistency should be found.*

569 *In preparing WD3, some TG4 member comments proposed deletion of certain passages of text. The text*
570 *concerned (some initially presented as notes) is identified in WD3 by square brackets. The TG4 leadership*
571 *considers that exposure of the complete post-Sydney draft text to a greater breadth of WG expert comment*
572 *is desirable before deciding on any such deletion/retention.*

573 In approaching and practising social responsibility, certain principles should be recognized and observed.
574 They are generic in nature and should be applied consistently by an organization throughout its policy- and
575 decision-making and in its activities.

576 The application of these principles should have regard to cultural and religious factors and not violate legal
577 constraints on an organization. An organization should promote awareness of the principles both inside and
578 outside the organization.

579 **5.1 Principle of legal compliance**

580 An organization should willingly and completely observe all laws and regulations to which an organization
581 and its activities are subject.

582 Compliance implies proactive determination and awareness of applicable laws and regulations and their
583 appropriate dissemination and observance within an organization. Continued compliance should be actively
584 monitored by the organization and not merely assumed.

585 [Non-compliance can result in civil or criminal penalties for an organization.

586 An organization should not be considered responsible for the conduct of its members in their private
587 capacities.]

588 **5.2 Principle of respect for internationally recognized instruments**

589 An organization should observe those international treaties, directives, declarations, conventions,
590 resolutions and guidelines that have been ratified or endorsed by the national body or bodies relevant to an
591 organization and that are within its power to apply.

592 Where domestic laws are silent or ratification has not taken place, an organization should nevertheless pay
593 due regard to relevant international treaties, directives, declarations, conventions, resolutions and
594 guidelines when developing policies and practices.

595 [An organization should not be legally liable for failing to comply with international treaties, directives,
596 declarations, conventions, resolutions and guidelines that have not been ratified or endorsed and
597 implemented by the national government of the country of its incorporation or the government of the country
598 of its operations.]

599 **5.3 Principle of recognition of stakeholders and their concerns**

600 An organization should accept that a range of stakeholders may have valid and significant [material]
601 interests in its conduct and in the products and by-products of its activities where these may significantly
602 affect such stakeholders. Provision should be made for stakeholders to be consulted and express their
603 views on an organization's affairs and to be adequately informed on policies, proposals and decisions
604 affecting them.

605 Such recognition includes identifying stakeholders, establishing suitable means of communication with
606 them and taking into account their legitimate concerns.

607 [The rights of some stakeholders may be secured by law or contract; those asserted by others may not be
608 based on such formal instruments. Stakeholders can include employees, trade unions, consumers,
609 customers and clients, investors, suppliers, regulators, community associations and the general public.
610 Some stakeholders, for example future generations, may need to be represented by third parties.]

611 **5.4 Principle of accountability**

612 An organization should accept its duty to show and explain to its stakeholders, in a clear and balanced
613 manner and to a reasonable and sufficient degree, the obligations, policies, decisions and actions for which
614 it is responsible and the effect these have or could have.

615 Accountability implies acceptance of appropriate scrutiny and of a duty to respond thereto.

616 [The account rendered should deal with objectives and progress, successes and failures and threats and
617 opportunities. It should be given on a regular basis, with supplementary reports if needed. Due care and
618 reserve should be exercised in regard to matters of commercial or other security.]

619 **5.5 Principle of transparency**

620 An organization should be willing to disclose its internal structures, policies, rules, safeguards,
621 responsibilities, decision processes and other information through communication channels that are
622 reasonably acceptable to its stakeholders.

623 Transparency should include prompt communication of information.

624 [Transparency may be public and complete or open only to those having a justifiable need and who are
625 prepared to exercise appropriate confidentiality or a combination of these. Transparency may be restricted
626 by considerations of personal, commercial, military or other protection and security.]

627 **5.6 Principle of sustainable development**

628 An organization should continually endeavour to “meet the needs of the present without compromising the
629 ability of future generations to meet their own needs” (60, p8).

630 Sustainable development may be viewed as having social (including cultural), environmental and economic
631 dimensions, each with many facets. It should be thought of as an ongoing and gradual process, not a goal
632 attainable at a point in time. Sustainable development entails the fullest possible regard for the present and
633 future welfare of the planet and its inhabitants and for the stewardship of wealth and natural resources.

634 [Sustainable development calls for prudent assumptions and actions. It does not demand actions based on
635 unsubstantiated assumptions of future harm; nor taking actions having negative consequences outweighing
636 future benefits.]

637 **5.7 Principle of ethical conduct**

638 An organization should manage and conduct its affairs in an honourable and morally sound manner.

639 Truthfulness, honesty and faithfulness are universally recognized as intrinsic elements of ethical conduct.
640 Examples of unethical conduct are corruption, misappropriation, extortion, discrimination and nepotism.

641 [Moral codes vary among cultures.

642 The ethic of reciprocity is a fundamental moral principle reflected in all the great teachings of the world: in
643 essence it is, treat others as you would wish to be treated yourself.]

644 **5.8 Principle of precautionary approach**

645 An organization should exercise prudent foresight, preferring, where there is risk, to take actions that to
646 avoid harm or danger and secure beneficial, if more modest, outcomes.

647 The precautionary approach is of particular importance where there is a significant and demonstrable risk of
648 severe or irreversible harm to human health or property, or to the biosphere and its inhabitants resulting
649 from actions contemplated by the organization.

650 The precautionary approach should always be considered where outcomes of a prospective action are
651 scientifically or otherwise uncertain, therefore it may be appropriate to defer action pending fuller
652 knowledge or information or to limit the scale of initial action.

653 [Risk assessment and peer review are important tools in the application of this principle.

654 As with sustainable development (see Clause 5.6), the precautionary approach calls for prudent
655 assumptions and actions. Measures based on unsubstantiated assumptions of future harm, or with
656 immediate negative consequences outweighing future benefits, would not fall within the precautionary
657 approach.]

658 **5.9 Principle of respect for fundamental human rights**

659 An organization should accept its duty to implement practices and policies that reflect the aspirations set
660 out in the Universal Declaration of Human Rights [, and publications from various international bodies].

661 [Instances may arise where the national or regional law or regulations under which an organization
662 operates inhibit the implementation of practices and policies that reflect one or more provisions of the
663 Universal Declaration of Human Rights and other international instruments dealing with human rights.]

664 **5.10 Principle of respect for diversity**

665 An organization should be willing to employ people without discrimination on grounds of race, colour, creed,
666 age, gender or political persuasion, and to cultivate a positive approach to diversity as a factor for change.

667 It should be recognized that organizations operate in differing societal, environmental, legal and economic
668 conditions and that among organizations there are differing characteristics and cultures.

669 Lack of linguistic ability, necessary experience, training or academic qualification, physical disability, or
670 other characteristics reasonably related to performance of job requirements is not inconsistent with the
671 principles of respect for diversity.

672 Respect for diversity assumes compliance with child labour laws and permits the non-discriminatory
673 enforcement of permissible mandatory retirement policies.]

674 **6 [Fundamental subjects for social responsibility] [Guidance on social** 675 **responsibility core issues]**

676 **6.1 General**

677 To be socially responsible, an organization should consider the following core issues:

- 678 — Organizational governance;
- 679 — Human rights;
- 680 — Labour practices;
- 681 — The environment;
- 682 — Fair operating practices;
- 683 — Consumer issues; and
- 684 — Social development.

685
686 Each of these core issues includes a range of issues that are discussed in this clause.

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

688 Many of the issues are interrelated. In implementing actions related to social responsibility (see Clause 7),
689 an organization, in awareness of the expectations of its stakeholders, should identify the relevance of the
690 issues. Relevance will be affected by the nature of the organization, its location, activities and other factors.

691 An organization should address material issues. A material issue is one that would significantly influence
692 the assessments and decisions of an organization and/or its stakeholders. An organization should assess
693 why, how and when an issue is material.

694 There is no pre-determined order in which an organization should address the issues; this will vary with the
695 organization and its strategy. An organization should look at the issues holistically, that is, consider the
696 whole system rather than just concentrate on individual components, and understand how these issues
697 relate to and influence each other. When working with each of the seven core issues, an organization
698 should consider the ramifications of its activities throughout its supply chain and take the initiative in
699 addressing them. It should do so in a manner that does not create adverse impacts on its supply chain
700 and/or the life cycle of its products/services.

701 **Figure 1 — [Core issues][Fundamental subjects] at a glance**



702

703 **6.2 Organizational governance**

704 **6.2.1 Rationale**

705 Organizational governance is the system by which an organization is directed and managed in pursuit of its
706 objectives. Although governance processes and structures can take many different forms, both formal and
707 informal, all organizations make and implement decisions within a governance system.

708 The governance system within an organization is exercised by the person or group of persons having the
709 authority and responsibility for pursuing the organization's objectives. Depending on the type of
710 organization, these objectives may be defined by the organization's members, owners, constituents or
711 others.

712 Governance is a term that is used in several contexts: international governance, national governance, local
713 governance and organizational governance. This standard addresses organizational governance (see
714 Clause 3.7).

715 This section outlines principles and considerations that can improve the effectiveness of organizational
716 governance. An effective governance system is likely to lead to:

717 — Better decisions that are more easily implemented;

- 718 — Improved operational performance;
- 719 — Better identification and management of risks and opportunities;
- 720 — More awareness of impacts on stakeholders; and
- 721 — Trust in and broad acceptance of, the organization's decisions and actions.

722 This will, in turn, improve an organization's performance in relation to its objectives.

723 Governance systems affect the organization's ability to address the other core issues. By fostering
724 legitimacy, effective governance leads to decisions that are more likely to have the support and confidence
725 of those implementing them including those who may be affected. Effective governance also benefits
726 society in general by promoting the proper and efficient use of human, financial and natural resources, and,
727 as a consequence, building trust and confidence in society's institutions.

728 **6.2.2 Principles and considerations**

729 Governance systems may vary, depending on the size and type of organization and the cultural and social
730 contexts in which it operates. Although organizations may use different processes and structures,
731 governance is generally more effective when it is based on the following principles (see also Clause 5):

- 732 — Legal compliance;
- 733 — Accountability;
- 734 — Transparency,
- 735 — Ethical conduct; and
- 736 — Recognition of stakeholders and their concerns.

737 How an organization should develop specific governance processes and structures to apply these
738 principles, including the development of a set of values to be applied across the organization as a whole,
739 are the issues to be taken into account.

740 **6.2.3 Organizational governance issue 1: Legal compliance**

741 **6.2.3.1 Description of the issue**

742 Legal and regulatory compliance is the minimum social responsibility of all organizations, and so the most
743 important objective of organizational governance is to be confident that the organization complies with all
744 applicable laws and regulations. Some legal jurisdictions also impose particular governance obligations for
745 specific types of organizations.

746 **6.2.3.2 Related actions and/or expectations**

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

- 748 — Remain informed of all legal obligations;
- 749 — Comply with legal and regulatory requirements in all jurisdictions in which the organization operates;
- 750 — Comply with its own by-laws, policies, rules and procedures and apply them fairly and impartially;
- 751 — Recognize the legal rights and legitimate interests of stakeholders; and

752 — Review compliance programmes periodically to gain reasonable confidence that they are effective.

753 **6.2.4 Organizational governance issue 2: Accountability**

754 **6.2.4.1 Description of the issue**

755 Accountability is the obligation or willingness of an organization to accept responsibility and explain the
756 reasons, causes or motives for its action. For example, elected representatives are accountable to their
757 constituents; private organizations are accountable to their owners; associations and representative
758 organizations are accountable to their members; and publicly-listed companies are accountable to their
759 shareholders.

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

764 Accountability opens the decisions and actions of an organization to examination, and exerts a self-
765 regulating effect on those in authority. It increases the likelihood that the responsibilities that have been
766 conferred will be carried out in the manner intended. It also increases the fairness of decisions and actions,
767 because those with ultimate accountability are likely to take greater care for the quality of their decisions
768 and oversight.

769 **6.2.4.2 Related actions and/or expectations**

770 An organization has the responsibility to account for:

- 771 — The performance of the organization with respect to its specific objectives;
- 772 — The proper and efficient use of human, financial and natural resources, using generally accepted
773 accounting and reporting practices;
- 774 — The results of the organization's decisions, including significant consequences, even if they were
775 unintended or unforeseen;
- 776 — The definition of the roles, responsibilities and authorities across the different functions in the
777 organization concerning how decisions will be made, implemented and reviewed;
- 778 — The assessment of how the decisions and actions of the organization comply with the law and internal
779 procedures and controls;
- 780 — The significant impacts of the organization's decisions and actions on stakeholders; and
- 781 — Decisions and actions within the scope of the organization's authority and consistent with its objectives.

782 **6.2.5 Organizational governance issue 3: Transparency**

783 **6.2.5.1 Description of the issue**

784 With respect to organizational governance, transparency refers to the provision of relevant information to
785 individuals and organizations inside and outside the organization that may be affected by, or have an
786 interest in, its decisions and actions. It also includes the solicitation of input on key decisions. Different
787 degrees of transparency may be appropriate for different stakeholders in different situations.

788 **6.2.5.2 Related actions and/or expectations**

789 A transparent governance process means that:

- 790 — The standards and criteria against which the organization evaluates its own performance are clearly
791 communicated;
- 792 — Sufficient information is provided in easily understandable forms and media to enable stakeholders and
793 interested parties to evaluate the organization's actual and anticipated performance against their own
794 criteria;
- 795 — Information is freely available to and directly accessible by those who have been, or may be, affected
796 in significant ways by the decisions of the organization; and
- 797 — Information provided is timely, factual, does not omit material information and is presented in a clear
798 and objective manner to enable constituents, owners, members and other stakeholders to accurately
799 assess the impact that the decisions or actions of the organization have on their interests.

800 **6.2.6 Organizational governance issue 4: Ethical conduct**

801 **6.2.6.1 Description of the issue**

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

805 **6.2.6.2 Related actions and/or expectations**

806 Organizations should actively promote ethical conduct by:

- 807 — Clarifying the standards of ethical behaviour required of all personnel and particularly those that have
808 the opportunity to significantly influence the integrity, strategy and operation of the organization;
- 809 — Encouraging and promoting the observance of standards of ethical behaviour and conflicts of interest
810 throughout the organization;
- 811 — Establishing oversight mechanisms and controls to monitor and enforce ethical behaviour;
- 812 — Establishing mechanisms to enable internal and external stakeholders to report violations of ethical
813 standards without fear of reprisal; and
- 814 — Recognizing and addressing situations where local laws and regulations do not exist or do not require
815 the organization to act in an ethical manner.

816 **6.2.7 Organizational governance issue 5: Recognition of stakeholders and their concerns**

817 **6.2.7.1 Description of the issue**

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

820 In some cases, these other stakeholders may have legal rights that the organization is obligated to address.

821 **6.2.7.2 Related actions and/or expectations**

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

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

- 826 — Directing the organization toward a long-term perspective, balancing the immediate needs and
827 objectives of its current stakeholders with the interests of future generations;
 - 828 — Balancing the organization's objectives against the impacts on and risks to all its stakeholders
 - 829 — Engaging stakeholders who may be, or have been, affected by the organization's decisions in the
830 decision-making process; and
 - 831 — Considering the views of stakeholders that may be affected by a decision even if they have no formal
832 role in the governance of the organization.
- 833 Since the organization's stakeholders cover a spectrum of organizations ranging from very affected to not
834 affected, organizations should assess the relative importance of engaging with different stakeholders.

835 **6.3 Human rights**

836 **6.3.1 Rationale**

837 The Universal Declaration of Human Rights and other international instruments set out the human rights
838 that are fundamental to the dignity and development of every human being. These rights include civil and
839 political rights, as well as economic, social and cultural rights and form part of international law. These
840 instruments recognize that all human beings should be free, have freedom from fear and want, and are
841 endowed with equal and inalienable rights. Accordingly, human rights are acknowledged as being
842 universal, that is they apply everywhere, and inalienable, which means that they cannot be taken away from
843 the person even with his or her agreement. The protection of vulnerable groups deserves special
844 consideration.

845 As the international community has repeatedly recognized, all human rights are universal, indivisible,
846 interdependent and interrelated (96). The concept of human rights rests on the founding principle of the
847 inherent dignity of all members of the human family, as enshrined in the Universal Declaration of Human
848 Rights and the International Covenants of 1966. Although different categories of human rights can be
849 distinguished, the enjoyment of any specific right or group of rights will require that other rights or groups of
850 rights are also respected. Similarly, the infringement of a particular human right will often have a negative
851 impact on a range of rights. This makes them indivisible. It also follows from this that all categories of
852 human rights are equally important.

853 It is the responsibility of every state to respect, protect and fulfil the human rights of all people in its
854 jurisdiction. This includes promoting human rights and reporting on the extent to which it has given effect to
855 these rights in its jurisdiction.

856 While the state has the primary obligation to protect, promote and uphold human rights, the Universal
857 Declaration of Human Rights calls on every individual and every organ of society to play its part in securing
858 the observance of the rights set forth in the Declaration. Hence an organization has a responsibility to
859 safeguard human rights in its operations, as well as in its wider sphere of influence. [Furthermore, under
860 international law, there are some fundamental provisions that all are bound to observe. Breaches of these
861 fundamental human rights entail liability under international law (for example, crimes against humanity and
862 genocide).]

863 Organizations should also work within their political, social and cultural contexts to promote human rights
864 and engage in a dialogue about how progress can be made. In particular, care should be taken in relation
865 to vulnerable groups.

866 Safeguarding human rights and respecting the dignity of every single human being is a fundamental
867 obligation for all organizations. Moreover, it is the very basis for economic and social development in the
868 world.

869 This section describes how organizations can address some of the human rights that may be most relevant
870 to their operations. However, it does not provide an exhaustive or definitive list of human rights and is not
871 intended to provide legal guidance or to undermine any existing human rights instruments.

872 6.3.2. Principles and considerations**873 6.3.2.1 Non-discrimination**

874 Non-discrimination is one of the most accepted principles of international human rights. Everyone is entitled
875 to enjoy human rights irrespective of their colour, race, gender, religion, ethnic, social or national origin,
876 political or other opinion, property, poverty, disability, birth, lack of citizenship, sexual preference, or other
877 status, for example, severe illness such as HIV / AIDS. Decisions on the conditions for promotion, the
878 availability of products or the allocation of supplier contracts should be taken without discrimination or
879 regard to arbitrary preferences (8, 18, 19, 28, 30, 87).

880 6.3.2.2 A human rights-based approach

881 A human rights-based approach involves the actions, policies and operations that an organization should
882 implement to allow each individual to enjoy his or her human rights.

883 A human rights-based approach to organizational management is very important to the social responsibility
884 of the organization. The implementation of this approach involves developing both general policies and
885 specific management practices, as described below.

886 The first step is an executive level commitment to promote and protect human rights. To be effective, this
887 should be communicated both inside and outside the organization. The commitment and policies should
888 inform all the practices of the organization.

889 Policies can be developed to guide management action in areas particularly sensitive to human rights
890 abuse. Policies for all management areas should be considered, but particular attention may be paid to:
891 new project appraisal, supply chains, extractive-sector related projects, site security and strategies for
892 conflict zones and politically unstable areas of operation.

893 In addition to its own operations, an organization should consider how to promote and protect human rights
894 within its wider sphere of influence, including its supply chain, government and other regulatory
895 stakeholders.

896 An organization should carefully assess how it can comply with its human rights responsibilities. An
897 organization's strategy for social responsibility should recognize the interdependence of human rights, but
898 focus on the most urgent issues for the organization and those on which it can have the most impact.

899 6.3.2.3 Sensitive action

900 Situations in which human rights have been abused are often extremely complex. As a result, where an
901 organization identifies abuses, the response should be considered very carefully. In particular, it is
902 important not to compound abuse, or create other abuses.

903 6.3.2.4 Managing human rights risk

904 For many organizations, support for human rights can be an important aspect of retaining workers,
905 maintaining the organization's reputation, or attracting investors. Conversely, a lack of compliance with
906 human rights can damage the organization and result in legal sanctions. Human rights observance is
907 therefore an important part of organizational risk management. Each organization has its own risk profile,
908 depending on size, area of activity, status etc. An organization should therefore make assessments of the
909 risk it faces of abusing human rights. Organizations can work with their stakeholders to determine how they
910 can best manage their human rights impacts. Such assessments should be made periodically as well as
911 when new projects are initiated. The findings may also be integrated into the organization's existing risk
912 assessment.

913 Situations outside the workplace that represent a high human rights risk, and therefore need careful
914 management, include situations such as the following:

915 — Operations in areas in conflict or extreme political instability or situations where people and the
916 environment exist under conditions such as extreme poverty or drought;

- 917 — Involvement in extractive activities or activities that significantly affect natural resources such as water,
- 918 forests or the atmosphere;
- 919 — Proximity of operations to indigenous peoples;
- 920 — Activities that can affect or involve children;
- 921 — Operation in areas where corruption is common;
- 922 — Security of premises; and
- 923 — Supply chain.

924 **6.3.2.5 Avoidance of complicity**

925 Promotion of the observance of human rights within an organization's own activities should always be
 926 encouraged. An organization should also consider its sphere of control and influence. An organization's
 927 responsibility for human rights also pertains to the activities of connected organizations, such as
 928 subsidiaries, joint venture partners and suppliers. An organization may be regarded as responsible for, or
 929 complicit in, the activities of such organizations.

930 An organization may be regarded as complicit in human rights abuses if it in some way authorizes, tolerates
 931 or knowingly ignores abuses committed by a connected organization. In some cases, complicity may give
 932 rise to criminal or other legal liability.

933 While the participation of the organization may not directly cause abuse, complicity may consist of providing
 934 practical assistance or encouragement to actions that increase their extent. This can occur by means of
 935 activities or co-operation with state agencies in countries that do not respect human rights.

936 In assessing human rights risks and responsibilities, it is therefore important not to draw too tight a
 937 boundary around the issues under consideration but to consider the broader situation and the long term
 938 implications for human rights. While case law is developing that is clarifying the legal liability of private
 939 organizations or businesses for complicity in international crimes, most of what society, business and
 940 human rights advocates understand as complicity goes beyond its present legal definition and application.

941 **Box 1 Security arrangements and human rights**
 942

943 All organizations should make sure that security arrangements protect human rights and are consistent with
 944 international UN standards and norms for law enforcement. Procedures should include measures to
 945 prevent excessive force, torture, cruel, inhuman or degrading treatment. Organizations should refrain from
 946 any activity that supports, solicits, or encourages human rights abuse. Any security personnel (employed or
 947 contracted) should be adequately trained. Organizations should develop clear rules for contracting with
 948 state security forces and for not hiring security personnel with a record of serious human rights violations.
 949 Potential complaints about security procedures or personnel should be addressed and investigated
 950 promptly and independently. Organizations supplying military security or police services should take
 951 stringent measures to prevent any form of human rights violations. Organizations providing goods and
 952 services should confirm that firms they hire for security do not abuse human rights.
 953

954 **6.3.3 Human rights issue 1: Civil and political rights (21)**

955 **6.3.3.1 Description of the issue**

956 Civil and political rights pertain to the right to certain civil liberties, including freedom of opinion and
 957 expression, freedom of peaceful assembly and association, freedom to adopt and practice a religion,
 958 freedom to hold beliefs, freedom from arbitrary interference with family, home or correspondence and the
 959 right to privacy. Civil and political rights also include absolute rights such as the right to life, right to freedom
 960 from torture, right to security, liberty and integrity of the person. The organizational impact on these latter

961 types of rights can arise from direct or indirect support for government policies. Many civil and political
962 rights serve to protect the individual from excesses or deficiencies of the state.

963 The state has the primary responsibility for guaranteeing civil and political rights. Nevertheless, an
964 organization should respect such rights and contribute to their realization and refrain from actions that
965 obstruct or impede the realization of civil and political rights. Issues of importance will vary with the
966 organization and the context in which it operates. A non-exhaustive list of actions and expectations for an
967 organization is provided below.

968 **6.3.3.2 Related actions and/or expectations**

969 An organization should always respect and never compromise the fact that "every human being has the
970 inherent right to life"(23)and that "no one shall be arbitrarily deprived of his life" (23). Organizations should
971 be very careful before establishing operations in states that arbitrarily take human lives. Unregulated and
972 untrained security forces, which may be contracted by organizations, can also cause deaths with which the
973 organization may be associated. Using such security forces may expose the organization to the risk of
974 being complicit in the human rights abuse carried out by the state or security forces.

975 An organization should recognize that "no one shall be subjected to arbitrary or unlawful interference with
976 his privacy, family, home or correspondence, nor to unlawful attacks upon his honour and reputation"(26,
977 88). An organization may legitimately hold records (for example medical records) of their employees;
978 however these records should respect employees' privacy and their purpose should be made clear.

979 An organization should respect the right to freedom of opinion and expression (27, 92); this includes
980 freedom to hold opinions without interference and to seek, receive and impart information and ideas
981 through any media and regardless of frontiers. An organization may face a situation in which the members
982 of the local community voice opinions about its activities. Their right to freedom of expression should be
983 respected, just as should those of the employees of the organization. An organization should make every
984 effort to provide stakeholders with channels to freely express their views even in situations of disagreement
985 with organizational decisions. Organizations should not try to suppress, change or influence stakeholder
986 views or opinions.

987 An organization should recognize that "no one shall be subjected to torture or to cruel, inhuman or
988 degrading treatment or punishment." Disciplinary procedures should be proportionate and not involve
989 physical punishment or degrading treatment (24, 86.) Organizations operating in areas of conflict should
990 take particular care that any security forces they contract or whose protection they enjoy do not commit
991 such abuses.

992 An organization should respect everyone's right to liberty and freedom of movement (22, 83). For example;
993 organizations should not confiscate employees' passports or travels documents or in any way limit their
994 freedom of movement or liberty.

995 An organization should recognize that "no one shall be held in slavery", that "no one shall be held in
996 servitude" and that "slavery and the slave trade in all their forms shall be prohibited" (25, 85.) Slavery is a
997 violation of basic human freedoms and the prohibition against slavery and other forms of forced and
998 bonded labour is absolute. An organization should make efforts to trace supplies that may have been
999 produced by slave labour, and refrain from using them.

1000 **6.3.4 Human rights issue 2: Social, economic and cultural rights (30)**

1001 **6.3.4.1 Description of the issue**

1002 Social, economic and cultural rights include an individual's rights to food, education, health, medical care,
1003 culture and social services. Social, economic and cultural rights can require a proactive and progressive
1004 approach from an organization to try to fulfil the right in question.

1005 The state has the primary responsibility for the fulfilment of social, economic and cultural rights.
1006 Nevertheless, all organizations should respect such rights and contribute to their realization and refrain

1007 from actions that obstruct or impede the realization of such rights. A non-exhaustive list of actions and
1008 expectations on which an organization may act is provided below.

1009 **6.3.4.2 Related actions and/or expectations**

1010 An organization should respect everyone's right to a standard of living adequate for the health and well-
1011 being of himself or herself and family, including food, clothing, housing, medical care and necessary social
1012 protection, such as the right to security in the event of unemployment, sickness, disability, widowhood, old
1013 age or other lack of livelihood in circumstances beyond his or her control (32, 93). An organization should
1014 not limit access for the local community to an essential product for survival, or deny access to an essential
1015 resource, such as water. Special care should be taken when privatizing such goods or services not to limit
1016 their accessibility. An organization should also be careful that earnings allow access to these rights.

1017 An organization should respect everyone's right to enjoy the highest attainable standard of physical and
1018 mental health (33). Activities, goods and services, as well as new projects, may require an assessment of
1019 their possible impacts on human rights and health and safety, including those of the local population and
1020 end-users.

1021 An organization should respect everyone's right to education (34, 94) and the right of parents to choose the
1022 education for children. Education should be directed to the full development of the human personality and
1023 dignity, and should strengthen the respect for human rights and fundamental freedoms. An organization
1024 should bear in mind that, apart from the direct harm that may result, the employment of children may also
1025 deprive them of education. International standards on minimum age and young workers should be
1026 respected.

1027 An organization should respect that adult men and women, without any limitations of race, nationality or
1028 religion, have the right to marry and to have a family (31, 89). An organization should organize working
1029 conditions to be consistent with their employees' enjoyment of family life. Required working hours should be
1030 consistent with the ability to care for a sick child, to take time off to give birth or other family responsibilities.
1031 Respecting the right to family life entails not impeding employees' rights to marry and start a family, not
1032 discriminating on the basis of family affiliation, providing parental leave to families with a new child and
1033 promoting a work-life balance.

1034 An organization should respect everyone's right to freedom of thought, conscience, religion and culture (35,
1035 91). This includes freedom to change his or her religion or belief, and freedom, either alone or in community
1036 with others, and in public or private, to manifest his or her religion or belief in teaching, practice, worship
1037 and observance.

1038 An organization should respect everyone's right to own property, alone or in association with others (90).
1039 An organisation should fairly compensate property owners for their intellectual and physical property. The
1040 practical knowledge of indigenous peoples is their intellectual property.

1041 **6.3.5 Human rights issue 3: Vulnerable groups**

1042 **6.3.5.1 Description of the issue**

1043 Certain groups or categories of people are more vulnerable to human rights abuse. Particular attention
1044 should be given to the human rights of vulnerable groups. The full and effective participation and inclusion
1045 in society for all vulnerable groups provides opportunities for all organizations as well as the people
1046 concerned. An organization has a lot to gain by taking an active approach in ensuring equal opportunity and
1047 respect for all individuals. A non-exhaustive list of actions and expectations on which an organization may
1048 act is provided below. The most important measures to take will depend on the specific organization and its
1049 context.

1050 **6.3.5.2 Related actions and/or expectations**

1051 An organization should be careful to respect the rights of indigenous peoples and minorities (14, 17, 29).
1052 Where organizations operate in unfamiliar environments, it is particularly important to protect the freedom of
1053 their stakeholders to live according to their traditions. Organizations should try to make sure that any
1054 operations, policies and activities allow people belonging to ethnic, religious, linguistic or other communities

1055 to be able, with the other members of their group, to enjoy their own culture, to profess and practice their
1056 own religion or tradition, and to use their own language.

1057 An organization should respect women's rights and be mindful of the opportunities created in promoting the
1058 equal treatment of women (6). This is especially true with regards to the discrimination against pregnant
1059 women and the development of family-friendly policies, which enable women not to have to decide between
1060 pregnancy and employment.

1061 An organization should, in all actions concerning children, give the best interests of the child primary
1062 consideration (8, 16). The principles of non-discrimination, a child's right to life, survival, development and
1063 free expression should be respected.

1064 An organization should respect persons with disabilities and their inherent dignity, individual autonomy,
1065 including the freedom to make their own choices, and independence (7). Persons with disabilities include
1066 people with special needs resulting from disease.

1067 An organization should not discriminate against migrants and migrant workers (20).

1068 **6.3.6 Human rights issue 4: Fundamental rights at work**

1069 **6.3.6.1 Description of the issue**

1070 This section deals with those human rights that the International Labour Organization (ILO) has designated
1071 as fundamental rights at work. The 180 member states of the ILO and their respective national employer
1072 and worker organizations, by virtue of their participation in the ILO, endorsed the ILO Declaration on
1073 fundamental principles and rights at work in 1998 and have accepted the obligation to promote and to
1074 realize these rights in good faith.

1075 Further information on the ILO and other human rights relating to work can be found in Clause 6.4 on
1076 Labour Practices, particularly concerning how freedom of association and collective bargaining relate to
1077 social dialogue.

1078 **6.3.6.2 Related actions and/or expectations**

1079 An organization should respect the right of all workers to form or join their own organizations without
1080 previous authorization and to bargain collectively (13, 65). Workers may form or join trade unions to further
1081 and protect their interests. Organizations should not interfere with the exercise of this right in any way
1082 against the workers concerned.

1083 Representative organizations chosen by the workers should be recognized for purposes of collective
1084 bargaining. Terms and conditions of employment may be fixed by voluntary collective negotiation, and
1085 workers' representatives should be given facilities that will enable them to do their work. Collective
1086 agreements should include provisions for the settlement of disputes. Workers' representatives should be
1087 provided with information required for meaningful negotiations.

1088 An organization should not engage or benefit from any use of forced or compulsory labour (2, 12). No work
1089 or service should be exacted from any person under the threat of any penalty or when that person has not
1090 volunteered for it. An organization should not engage or benefit from prison labour, unless the prisoners
1091 have been convicted in a court of law and their labour is under the supervision and control of a public
1092 authority: prison labour should not be used by private organizations, unless it is performed on a voluntary
1093 basis, as evidenced by, among other things, fair and decent conditions of employment. Forced or
1094 compulsory labour should not be imposed as a means of political coercion or as a punishment for holding
1095 political views, as a method of mobilizing for development, as a means of labour discipline, as punishment
1096 for a strike or as a means of discrimination.

1097 An organization should not engage or benefit from any use of child labour (15, 16.) The minimum age for
1098 employment should be respected. International labour standards establish a minimum age of 15 years
1099 generally, and 14 years of age in some countries. Children and young persons under 18 should not be

1100 employed in any work that, by its nature or the circumstances by which it is carried out, is likely to harm
1101 their health, safety or morals.

1102 An organization should not discriminate in its employment practices (10, 11). Recruitment, training and
1103 promotion should be based on qualifications, skills and experience and not on any of the following criteria:
1104 race, colour, gender, religion, political affiliation, nationality or social origin. In addition, organizations should
1105 not discriminate on the basis of diseases, such as HIV/AIDS, or sexual orientation. Workers in an
1106 organization who are performing work of equal value should be remunerated on an equal basis; often work
1107 performed predominately by women is undervalued, due to gender discrimination. Organizations should
1108 check their remuneration policies so that they are free of gender bias.

1109 **6.4 Labour practices**

1110 **6.4.1 Rationale**

1111 The labour practices of an organization encompass all policies and practices relating to work performed
1112 within, by or on behalf of the organization. As such, the term extends beyond the relationship of the
1113 organization with its direct employees or the responsibilities that the organization may have at a workplace
1114 that it owns or directly controls. Labour practices include the responsibilities of the organization for work
1115 performed on its behalf by others. They also include requirements that the organization may make with
1116 respect to the labour conditions of workers engaged by others to perform work for or to supply goods or
1117 services to the organization.

1118 Labour practices include the recruitment and promotion of workers; disciplinary and grievance procedures;
1119 the transfer and relocation of workers; termination of employment and any policy or practice affecting
1120 conditions of work. Labour practices also include the recognition of worker organizations and representation
1121 and participation by the organization in collective bargaining, social dialogue and tripartite consultation to
1122 address social issues related to employment.

1123 The labour practices of an organization can have great impact on society and thereby can contribute
1124 significantly to sustainable development. The creation of jobs, as well as wages and other compensation
1125 paid for work performed are among an organization's most important economic impacts. Meaningful and
1126 productive work is an essential element in human development. The absence of meaningful and productive
1127 work is one of the primary causes of social problems. Labour practices have a major impact on respect for
1128 the rule of law and on the sense of fairness present in society: socially responsible labour practices are
1129 essential to social justice and stability.

1130 An organization's labour practices can have a significant impact on its ability to recruit, motivate and retain
1131 employees and therefore on its ability to obtain its objectives. Labour practices can also have a significant
1132 impact on the reputation of the organization.

1133 **6.4.2 Principles and considerations**

1134 The fundamental principle, enshrined in the ILO's 1944 Declaration of Philadelphia, is that labour is not a
1135 commodity. This means that workers should not be treated as a factor of production and subject to the
1136 same market forces. The inherent vulnerability of workers and the need to protect their basic rights is
1137 reflected in the Universal Declaration of Human Rights and the International Covenant on Economic, Social
1138 and Cultural Rights. The principles involved include the right of everyone to gain a living by freely chosen
1139 work, and the right to just and favourable conditions of work.

1140 Many internationally recognized human rights are related to labour. The right of all workers to form or join
1141 their own organizations and to collectively bargain with their employer, as well as to be free from
1142 discrimination with respect to employment and occupation, and from child labour and forced labour are all
1143 basic human rights: as such they are dealt with in greater detail in Clause 6.3. These rights are also
1144 recognized by the ILO as fundamental rights at work and are expressed in eight Conventions referred to as
1145 the Core Conventions. Many other ILO Conventions and Recommendations also give practical meaning to
1146 the provisions in the Universal Declaration of Rights and its two covenants mentioned in Clause 6.3.7.

1147 The primary responsibility for ensuring fair and equitable treatment for workers¹ lies with governments.
 1148 Through the formulation of legislation and the rule of law, governments fulfil their obligation for national
 1149 standards to comply with international standards and rights. Governments also hold the primary
 1150 responsibility for determining that laws and regulations are upheld, and that both workers and organizations
 1151 have the necessary access to justice in the event that they are not. Organizations express their own social
 1152 responsibility by addressing labour practices and working conditions issues, which they can themselves
 1153 control or influence. Failure by governments to enforce labour laws should not be seen by organizations as
 1154 an opportunity to avoid the respect of workers' rights. The spirit or intent of the law should prevail. A major
 1155 consideration is that collective bargaining and co-operation should be the basis for organizations behaving
 1156 in a socially responsible manner.

1157 **6.4.3. Labour practices issue 1: Employment and employment relationships**

1158 **6.4.3.1 Description of the issue**

1159 The significance of employment for human development is universally accepted. As employers,
 1160 organizations contribute to one of the most widely accepted objectives of society, which is the improvement
 1161 of standards of living through full and secure employment.

1162 Every country provides a legal framework within which work is to be performed. Despite a range of different
 1163 legal systems, the employment relationship is a universal concept, which recognizes that most workers in a
 1164 position of subordination to and dependency on the person or organization for whom they perform work
 1165 should not be treated as if they are equal parties in a commercial relationship with their employer. That
 1166 difference is the underlying basis for labour law or employment law. The employment relationship confers
 1167 rights and imposes obligations on both employers and employees in the interest of society as a whole.

1168 Not all work is performed within an employment relationship. Work and services are also performed by
 1169 persons who are self-employed. Even here, however, the importance of the appropriate legal and
 1170 institutional framework to both society and the individual performing work should be recognized. All parties
 1171 to a contract are entitled to understand their rights and responsibilities and to have recourse in the event
 1172 that the terms of the contract are not respected.

1173 **6.4.3.2 Related actions or expectations**

1174 An organization should:

- 1175 — Be confident that all work performed directly on its behalf is performed by individuals who are legally
 1176 recognized as employees or who are legally recognized as being self-employed;
- 1177 — Not seek to evade the obligation that law places on the employer by disguising relationships that would
 1178 otherwise be recognized as an employment relationship under law;
- 1179 — Recognize the importance of secure employment to both the individual worker and to society. Use
 1180 active workforce planning to avoid the use of work performed on a casual basis or the excessive use of
 1181 work performed on a temporary basis, except where the nature of the work is genuinely short term or
 1182 seasonal;
- 1183 — Provide reasonable notice and, with worker representatives, jointly consider how to mitigate adverse
 1184 effects to the greatest possible extent when considering changes in its operations, such as closures
 1185 that affect employment;
- 1186 — Eliminate discrimination in employment practices and offer equal opportunities to women, young
 1187 workers and other vulnerable groups, such as disabled workers, migrants and indigenous peoples;

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.

- 1188 — Not engage in arbitrary or discriminatory dismissal practices;
- 1189 — Contract out work only to organizations that are legally recognized or are otherwise able and willing to
1190 assume the responsibilities of an employer. This excludes labour intermediaries who are not legally
1191 recognized and other arrangements for the performance of work that do not confer legal rights on
1192 those performing the work;
- 1193 — Accept some measure of responsibility for work done on its behalf by other organizations. In this
1194 regard, it should take steps to confirm that the organizations with which it deals, for instance suppliers
1195 and sub-contractors, are legitimate enterprises whose labour practices require that all work be
1196 performed within the appropriate legal and institutional framework; and
- 1197 — Be aware of circumstances where socially responsible behaviour will involve requiring its suppliers and
1198 sub-contractors to respect a code of labour practice. Any code should be based on internationally
1199 recognized labour standards and respect for the rule of law. In these situations, the organization should
1200 follow good practice with respect to the implementation of such codes.

1201
1202

Box 2 The International Labour Organization

1203 The International Labour Organization is a United Nations agency with a tripartite structure (governments,
1204 workers and employers) that was established for the purpose of setting international labour standards.
1205 These minimum standards are applicable to workers everywhere, and are intended to prevent unfair
1206 competition based on exploitation and abuse. ILO standards are technically well informed and have the
1207 support of employers, workers and governments, whose tripartite negotiation at the global level leads to
1208 their adoption. The meaning and proper application of ILO standards have been elaborated through the ILO
1209 supervisory mechanisms, and this jurisprudence can be a source of guidance and good practice. ILO
1210 Conventions and Recommendations, together with the ILO Declaration on fundamental principles and
1211 rights at work 1998 and the ILO's Tripartite Declaration of principles concerning multinational enterprises
1212 and social policy 1977 (last revised 2006), constitute the most authoritative guidance with respect to labour
1213 practices and some other important social issues.
1214

1215 **6.4.4 Labour practices issue 2: Conditions of work and social protection**

1216 **6.4.4.1 Description of issue**

1217 Conditions of work include wages and other forms of compensation, working time, rest periods, holidays,
1218 disciplinary and dismissal practices, work-life balance and many other subjects. Many of the conditions of
1219 work are determined by national laws and regulations or by legally binding agreements between those for
1220 whom work is performed and those who perform work. The employer can determine many of the conditions
1221 of work.

1222 Social protection refers to all guarantees against the reduction or loss of income in case of employment
1223 injury, illness, maternity, parenthood, old age, unemployment, physical disability or any other financial
1224 hardship.

1225 **6.4.4.2 Related actions or expectations**

1226 An organization should:

- 1227 — Confirm that the conditions of work comply with national laws and regulations and are consistent with
1228 relevant international labour standards;
- 1229 — Respect higher levels of provision established through other applicable legally binding agreements;
1230 and
- 1231 — Consider at least those minimum provisions defined in international labour standards, where national
1232 legislation is silent.

- 1233 Based on principles established in international labour standards, an organization should:
- 1234 — Provide decent conditions of work in respect of wages, hours of work, weekly rest and holidays, and
1235 they should not be less favourable to the workers than those offered by other comparable employers in
1236 the country and locality concerned;
 - 1237 — Provide the best possible wages and other conditions of work in accordance with national law and
1238 practice. These should be related to the economic position of the organization, but should at least
1239 satisfy the basic needs of the workers and their families;
 - 1240 — Pay wages directly to the workers concerned, subject only to any restrictions or deductions permitted
1241 by law or collective agreement;
 - 1242 — [Recognize that, within the context of the country in which it is operating, it has obligations concerning
1243 the provision of social protection for workers and should not seek to evade these obligations;]
 - 1244 — Respect the right of workers to adhere to normal or agreed working hours. Workers should be given
1245 compensation for overtime in accordance with national law and practice. When requesting workers to
1246 work overtime, an organization should be aware of the particular vulnerabilities of the workers
1247 concerned and any hazards inherent in the work. An organization should respect laws and regulations
1248 prohibiting mandatory and non-compensated overtime, and always respect the basic human rights of
1249 workers concerning forced labour; and
 - 1250 — Wherever possible allow observance of national or religious traditions and customs with respect to
1251 weekly rest.

1252 **6.4.5 Labour practices issue 3: Social dialogue**

1253 **6.4.5.1 Description of the issue**

1254 Social dialogue includes all types of negotiation, consultation or exchange of information between or among
1255 representatives of governments, employers and workers on subjects of common interest relating to
1256 economic and social issues. Social dialogue is based on the recognition that employers and workers have
1257 both competing and common interests, and plays an important role in the governance of many countries.

1258 Social dialogue requires independent parties. Genuine worker representatives are freely elected, in
1259 accordance with national laws, regulations or collective agreements, by either the members of their trade
1260 union or by the workers within the organization or enterprise concerned. They are not individuals
1261 designated by the government or the employer. Social dialogue takes various forms including enterprise-
1262 level information and consultation mechanisms (such as Works Councils) and collective bargaining.

1263 Effective social dialogue provides a mechanism for developing policy or finding solutions to problems that
1264 takes into account the priorities and needs of both employer and workers, and thus results in outcomes that
1265 are meaningful and sustainable for both the organization and society. Social dialogue can contribute
1266 to establishing participation and democratic principles in the workplace and to healthy labour-management
1267 relations thus minimizing the resort to costly industrial disputes and encouraging investment. Similarly, it
1268 can be used to design skills development programmes contributing to human development and enhancing
1269 productivity, or to minimize the negative social effects of changes in the operations of organizations.

1270 **6.4.5.2 Related actions or expectations**

1271 An organization should:

- 1272 — Recognize the importance of social dialogue institutions and participate in relevant employers'
1273 organizations and applicable collective bargaining structures;
- 1274 — Not oppose or discourage in any way the exercise by workers of their right to form or join their own
1275 organizations or to bargain collectively;

- 1276 — Not dismiss or otherwise discriminate against workers, threaten to relocate or outsource jobs or take
1277 advantage of unduly lengthy or complicated legal procedures where the purpose is to thwart workers
1278 who seek to form or join their own organizations and to bargain collectively;
- 1279 — Provide duly designated worker representatives with access to authorized decision makers, access to
1280 workplaces and to those they represent, the facilities necessary to perform their role and information
1281 that will allow them to have a true and fair picture of the organization's finances and activities; and
- 1282 — Not encourage governments to restrict the exercise of the internationally recognized rights of freedom
1283 of association and collective bargaining; it should not participate in incentive schemes based on such
1284 restrictions.

1285 **6.4.6 Labour practices issue 4: Health and safety at work**

1286 **6.4.6.1 Description of the issue**

1287 Health and safety at work concerns the promotion and maintenance of the highest degree of physical,
1288 mental and social well-being of workers and prevention of harm to health caused by working conditions, the
1289 protection of workers from risks adverse to health and the adaptation of the occupational environment to
1290 the physiological and psychological capabilities of workers.

1291 The costs to society of work-related illness, injuries and death are high. Pollutants and other workplace
1292 hazards that are harmful for workers can also have severe impacts on communities and on the general
1293 environment. Health and safety issues arise over dangerous equipment, processes, practices and
1294 substances (chemical, physical and biological).

1295 Socially responsible health and safety practices can reduce costs, improve morale and increase
1296 productivity.

1297 **6.4.6.2 Related actions or expectations**

1298 An organization should:

- 1299 — Seek to understand the health and safety risks involved in its activities. It should also understand the
1300 proper procedures that should be followed and provide the safety equipment needed for the prevention
1301 of accidents and for dealing with emergencies ;
- 1302 — Have a health and safety policy that clearly states that no phase of operation or administration of the
1303 organization is more important than safety and health and that safety and health is an integral part of
1304 all of its activities;
- 1305 — Respect the principle that health and safety measures should not involve expenditures by workers; and
- 1306 — Adopt health and safety systems that are based on the participation of the workers concerned and that
1307 recognize and respect the rights of workers to:
 - 1308 — Full and accurate information concerning the health and safety risks and the best practices
1309 used to address these risks;
 - 1310 — Freely inquire into and to be consulted on all aspects of their health and safety;
 - 1311 — Refuse hazardous work;
 - 1312 — Seek outside advice on health and safety issues;
 - 1313 — Report health and safety matters to the authorities;
 - 1314 — Participate in health and safety processes and decisions; and
 - 1315 — Be free of reprisals for doing any of these things.

1316

1317
1318**Box 3 Joint labour-management health and safety committees**

1319 For many organizations, joint labour-management health and safety committees are the most valuable part
 1320 of the organization's health and safety program. Joint committees can perform important roles such as
 1321 information gathering, the development of safety manuals and training programs, the reporting, recording
 1322 and investigation of accidents, inspections and responding to problems raised by employees. Worker
 1323 representatives on these committees should not be appointed by management but elected by the workers
 1324 themselves. Membership in these committees should be equally divided among management and worker
 1325 representatives. The committees should be of sufficient size for all shifts, sections and locations to be
 1326 represented.
 1327

1328 **6.4.7 Labour practices issue 5: Human [resource] development**1329 **6.4.7.1 Description of the issue**

1330 Human development is the process of enlarging people's choices by expanding human capabilities and
 1331 functioning, thus enabling people to lead long and healthy lives, to be knowledgeable and to have a decent
 1332 standard of living. Human development also refers to political, economic and social opportunities for being
 1333 creative and productive and enjoying self-respect and a sense of belonging to a community.

1334 [With respect to labour practices, human development][As part of human development, human resource
 1335 development] includes increasing the capacity and employability of individuals. Employability refers to the
 1336 experiences, competencies and qualifications that increase an individual's capacity to secure and retain
 1337 decent work. As employers, organizations can play a major role in enhancing the employability of workers
 1338 and can use workplace policy and practice to address important social issues, such as fighting
 1339 discrimination, balancing family responsibilities and promoting health and well-being.

1340 **6.4.7.2 Related actions or expectations**

1341 An organization should:

- 1342 — Provide access to skills development and training and opportunities for career advancement to workers
 1343 on an equal and non-discriminatory basis;
- 1344 — Respect the family responsibilities of workers by providing reasonable working hours and through other
 1345 policies, such as childcare facilities and parental leave, that can help workers achieve a proper work-
 1346 life balance;
- 1347 — Not discriminate on any basis in employment practices; this includes recruitment, selection, access to
 1348 training, promotion and termination;
- 1349 — Take positive actions to provide for the protection and advancement of vulnerable groups such as
 1350 indigenous and migrant workers as well as workers with disabilities;
- 1351 — Establish or participate in appropriate programmes that address issues such as youth unemployment
 1352 or the underemployment of women; and
- 1353 — Establish joint labour-management programmes that promote health and well-being. The impact of
 1354 infectious disease and substance abuse, for example, affect both the performance of the organization
 1355 and the overall health of society.

1356 **6.5. The environment**

1357 **6.5.1 Rationale**

1358 The world is facing a host of environmental challenges, many of which are linked to population growth and
1359 development, such as the depletion of natural resources, climate change, pollution and the destruction of
1360 ecosystems.

1361 Environmental issues - from local to global - are interconnected, and addressing them requires a
1362 comprehensive approach. Environmental problems pose a threat to human security and the well-being of
1363 society. Environmental issues are closely linked to human rights, social development and other core issues
1364 of social responsibility. Many environmental issues transcend national boundaries, and no single state or
1365 sector of society can meet the challenge alone. All members of society should gather their collective
1366 resources and confront the issues with a spirit of unity and cooperation.

1367 Addressing environmental issues is not only a precondition for the survival and prosperity of our generation;
1368 it is a responsibility our generation should fulfil so as to enable future generations to enjoy a sustainable
1369 global environment. [An organization should be mindful that environmental responsibility is a part of the
1370 social responsibility of any organization.]

1371 **6.5.2 Principles and considerations**

1372 In addressing environmental issues, all organizations should respect and promote the following principles.
1373 [They are encouraged to fulfil their responsibilities as completely as feasible.]

1374 **6.5.2.1 Environmental responsibility (66)**

1375 An organization should assume responsibility for harm to the environment caused by activities within its
1376 control or sphere of influence. [Society expects private and public organizations to be good neighbours.]
1377 Key elements that contribute to environmental responsibility include the following:

1378 — Applying a precautionary approach;

1379 — Acting to bring about compliance with national/state/local laws, and where the laws are not sufficiently
1380 protective of the environment or not effectively enforced, operate in adherence to accepted
1381 international norms;

1382 — Integrating environmental standards, codes and criteria in supply-chain management;

1383 — Facilitating environmental technology development and transfer;

1384 — Advancing environmental awareness, performance management and reporting in operations and
1385 locations;

1386 — Communicating and maintaining dialogue with the local community on environmental impacts; and

1387 — Sharing benefits equitably.

1388 **6.5.2.2 Precautionary approach (69)**

1389 An organization should, wherever possible, apply the precautionary approach to protect human health and
1390 the environment. Where there are threats of serious or irreversible damage, lack of full scientific certainty
1391 should not be used as a reason for postponing cost-effective measures to prevent potential health impacts
1392 or environmental degradation. [In conditions of uncertainty, the use of tools such as life cycle analysis,
1393 environmental risk assessment and environmental impact assessment is particularly relevant.]

1394 **6.5.2.3 Polluter pays principle (70)**

1395 An organization should bear the cost of pollution prevention according to the extent of either the damage
1396 done to society by pollution or the degree to which the pollution exceeds an acceptable level (standard).
1397 [This serves to promote the internalization of environmental costs.]

1398 **6.5.2.4 Use of environmentally sound technologies (68)**

1399 A responsible organization should promote the development and diffusion of environmentally sound
1400 technologies. Environmentally sound technologies are those that "...protect the environment, are less
1401 polluting, use all resources in a more sustainable manner, recycle more of their wastes and products, and
1402 handle residual wastes in a more acceptable manner than the technologies for which they were substitutes"
1403 (3).

1404 **6.5.3 Strategy, policy and tools]**

1405

1406 *Drafters' note: Should the following be retained, deleted or moved to Clause 7?*

1407 [In its effort to integrate environmental care into its operations, every organization can introduce a variety of
1408 environmental strategies and approaches. Creation of an environmental strategy and policy is a starting
1409 point for integrating consideration and management of environmental aspects into operations.

1410 Tools to provide for systematic attention and the achievement of policy and objectives include
1411 environmental management systems and environmental auditing/assessments. These help control and
1412 improve the environmental performance in line with an organization's environmental policy.

1413 Additional tools – such as life cycle assessment, total cost assessment, environmental impact assessment
1414 – can help all organizations with decision making on environmental management issues.]

1415 *Drafters' note: Some members of the drafting teams supported an alternative structure for the*
1416 *environmental issues:*

1417 *[Environmental issue 1: Promoting Sustainable Consumption and Production*

1418 *Environmental issue 2: Valuing Ecosystem Services*

1419 *Environmental issue 3: Combating Climate Change*

1420 *Environmental issue 4: Promoting Responsible Chemicals Management]*

1421 **6.5.4 Environmental issue 1: [Identifying and managing] Environmental aspects of activities,**
1422 **products and services**

1423 **6.5.4.1 Description of the issue**

1424 Every organization has an effect on the environment. These effects include air and water pollution,
1425 generation and disposal of waste and the use and disposal of toxic and hazardous substances. An
1426 organization should identify and manage, as relevant, the environmental aspects of its activities, products
1427 and services.

1428 **a) Emissions to air and water**

1429 *Editing Committee note: Drafters to add description.*

1430 **b) Waste**

1431 An organization should minimize the generation of waste. This requires an understanding of the
1432 organization's wastes and emissions, and the implementation of plans for reduction based on assessment
1433 of risk and community needs. It is important to consider the waste reduction hierarchy, not just waste
1434 treatment. [The waste hierarchy is: (i) source reduction, (ii) reuse, (iii) recycle, (iv) waste treatment and (v)
1435 waste disposal.]

1436 **c) Toxic and hazardous substances**

1437 Chemicals are found everywhere and affect our quality of life. Large quantities of toxic and hazardous
1438 materials are produced and/or released to the environment from use in manufacturing, energy generation,
1439 agriculture, commerce and households. In nature and through all ecosystems, these substances can affect
1440 plant and animal development and growth. They can cause reproductive changes, birth defects,
1441 behavioural changes and death. Some are suspected or known to cause adverse effects on human health,
1442 such as cancer or endocrine disruption.

1443 [Adopted by the International Conference on Chemicals Management (ICCM) on 6 February 2006 in Dubai,
1444 United Arab Emirates, the Strategic Approach to International Chemicals Management (SAICM) is a policy
1445 framework for international action on chemical hazards. SAICM was developed by a multi-stakeholder and
1446 multi-sectoral Preparatory Committee. The Strategic Approach supports the achievement of the goal
1447 agreed at the 2002 Johannesburg World Summit on Sustainable Development (WSSD) of ensuring that, by
1448 the year 2020, chemicals are produced and used in ways that minimize significant adverse impacts on the
1449 environment and human health.]

1450 *Drafters' note: Should the following table be retained with explanation or deleted?*

1451 **[Chemicals in daily life]**

Exposure Path	Source
Food	Fertilizers, pesticides, packaging, and food additives
Clothing	Synthetic fibres, dyestuffs, textile auxiliaries
Health	Pharmaceuticals, disinfectants
Hygiene	Soaps, detergents, cosmetics, insecticides
Shelter	Building and finishing materials
Energy	Fuel, chemicals, water, recreation

1452

1453 **6.5.4.2 Related actions and/or expectations**

1454 **a) Reducing emissions to air and water**

1455 An organization should:

1456 — [Identify, measure, record and report its significant emissions to air and effluents to water;]

1457 — Establish, implement and report on an air and water pollutant minimization programme to achieve
1458 effluent and emissions levels below legal thresholds; and

1459 — Specify targets and report about performance relating to minimizing emissions to air and water,
1460 considering guidelines/standards, benchmarks and best practices. These should be based on:

1461 — Legal provisions of countries with more ambitious legal emission and effluent limits compared
1462 to the host country of the organization;

- 1463 — Criteria contained in voluntary eco-labelling schemes; and
 1464 — Public procurement guidelines establishing sustainability criteria.

1465

1466 **b) Reducing waste**

1467 An organization should:

- 1468 — [Identify, measure, record and report its significant waste streams;]
 1469 — Establish a waste separation system, where, as a minimum, basic waste fractions are separated;
 1470 — Establish a strategy for waste handling and minimization that prioritizes waste management options
 1471 [according to the waste reduction hierarchy] and report performance;
 1472 — Provide for the sound management of waste sites; and
 1473 — Assess previously contaminated sites, report them to authorities and remediate them according to
 1474 regulation or best practice.

1475

1476

Box 4 [Title to be added]

1477 Over the past decade, battery manufacturers, partly in response to public concerns and legislation, have
 1478 implemented solutions to environmental problems. Efforts have touched on every stage of the product life
 1479 cycle:

- 1480 — Redesign – Redesigning their products to reduce or eliminate use of toxic constituents.
 1481 — Reuse – Producing more rechargeable batteries each year, relative to the number of non-rechargeable
 1482 batteries produced.
 1483 — Recycling – In some countries, collecting and recycling used rechargeable batteries.
 1484

1485

1486 **c) Reducing use of toxic and hazardous materials [Responsible management of chemicals]**

1487 Key actions for the management of toxic substances include the introduction of safer production measures,
 1488 product stewardship programmes, awareness and emergency preparedness². An organization should,
 1489 where relevant:

- 1490 — Avoid the use of extremely or highly hazardous pesticides as (defined by the World Health
 1491 Organization classification);
 1492 — Avoid the use of chemicals classified as ozone-depleting (by the Montreal Protocol (54) [and persistent
 1493 organic pollutants (POPs) (as listed in the Stockholm Convention (72), the Aarhus Protocol (1), or the
 1494 Rotterdam Convention (71));
 1495 — Avoid the use of chemicals of concern, such as substances defined as carcinogenic, mutagenic, toxic
 1496 to reproduction, persistent and bio-accumulative. Where such substances need to be used because no
 1497 feasible alternative exists, this should be justified and reported [to interested parties];

1. ² See (77) dealing with industrial accidents, which often go hand in hand with natural disasters.

- 1498 — [Regularly review chemicals used and develop a program to establish that substances of concern are
- 1499 identified for elimination and replaced by less dangerous substances or technologies where suitable
- 1500 economically and technically viable alternatives are available, taking into account the precautionary
- 1501 principle;]

- 1502 — Regularly review the use of chemicals proposed for phasing out (for example, blacklists published by
- 1503 governments or calls for bans by consumer, health or environmental organizations);

- 1504 — Develop a response containing a schedule for substitution of the chemical or a justification for its
- 1505 continued use;

- 1506 — Assess and report the human health and environmental hazards/risks of the chemicals used, taking
- 1507 into account their full life cycle and having regard to relevant human population groups and possibly to
- 1508 certain vulnerable sub-populations; and

- 1509 — Maintain a register of all dangerous chemicals, including the amounts used for each purpose, and
- 1510 make this register publicly available.

1511
1512

[Box 5 Product stewardship

1513 Product stewardship is a product-oriented approach to environmental protection. It calls on those involved
1514 in the product life cycle - manufacturers, retailers, users and disposers - to share responsibility for reducing
1515 the environmental impacts of products.

1516 (See also US Environmental Protection Agency product stewardship website: <http://www.epa.gov/epr/>)]
1517

1518 **6.5.5 Environmental issue 2: Promoting sustainable consumption and production**

1519 **6.5.5.1 Description of the issue**

1520 [Sustainable consumption implies not simply consuming less, but rather takes as a point of departure
1521 consuming differently.] Sustainable consumption refers to more efficient consumption, sharing resources
1522 between rich and poor and protecting the environment without threatening the basic needs of future
1523 generations.

1524 The 2002 Johannesburg Plan of Implementation (80) calls for a new approach to be followed under the
1525 concept of sustainable consumption and production (SCP). This approach recognizes that current trends in
1526 consumption patterns are unsustainable and undermine efficiency improvements made in the area of
1527 cleaner production. Under the auspices of the United Nations, a ten-year framework of programmes on
1528 sustainable consumption and production (Marrakech Process) is under development (62). This process
1529 recognizes that an organization can re-orient social and economic development to remain within the
1530 carrying capacity of the earth by taking action to:

- 1531 — Continue improvements in production processes;
- 1532 — Accelerate improvements in the design of goods and services; and
- 1533 — Re-orient consumer choices - of individuals, industry and public institutions – towards more sustainable
- 1534 lifestyles and purchasing decisions.

1535 **a) Cleaner production**

1536 Cleaner production is a strategy for increasing the efficiency of natural resource use and minimizing waste.
1537 Pollution and risks to human health and safety are reduced at the source, rather than the end of the
1538 production process. The adoption of cleaner production approaches typically involves improving
1539 maintenance practices, upgrading or introducing new technologies or changing production processes.
1540 These approaches are intended to meet consumers' needs for more environmentally compatible products
1541 and services. As well as reducing pollution, the adoption of cleaner production approaches can generate

1542 economic savings through improvements in efficiency of production. Cleaner production implies a
1543 precautionary approach as set out by the Rio Declaration of 1992. A key element of a precautionary
1544 approach is the idea that prevention is better than cure.

1545 For production processes, cleaner production results from one or a combination of conserving raw
1546 materials, water and energy, eliminating toxic and dangerous raw materials and reducing the quantity and
1547 toxicity of all emissions and wastes at source during the production process.

1548 For products, cleaner production aims to reduce the environmental, health and safety impacts of products
1549 over their entire life cycles, from raw materials extraction, through manufacturing and use, to the ultimate
1550 disposal of the product.

1551 For services, cleaner production implies incorporating environmental concerns into designing and delivering
1552 services.

1553 **b) Environmental risk**

1554 [Risk-based approaches consider both the intrinsic hazard of a substance, as well as the potential for
1555 exposure and the implementation of appropriate risk management strategies to reduce or control
1556 exposure.]

1557 **c) Life cycle [approach] [thinking]**

1558 A fundamental framework in the field of environmental protection through sustainable production and
1559 consumption approaches is that of life cycle management (LCM). [LCM is for organizations that have
1560 adopted a strategy expressing a wish to produce or trade or provide products and services that are
1561 sustainable, to improve public image, visibility and general relations to stakeholders and to work towards
1562 being a sustainable operation.]

1563 **d) Eco-efficiency and eco-design**

1564 *Editing Committee note: Drafters to add description.*

1565 **e) [Green purchasing][Green procurement][Supply chains]**

1566 [Broader than green procurement with its environmental focus, sustainable procurement refers to the
1567 process in which an organization should purchase supplies or services by taking into account the
1568 sustainability of the product throughout its entire life cycle]

1569 **f) [Product-service systems]**

1570 *Editing Committee note: Drafters to add description.*

1571 **g) Consumer role and related policies**

1572 *Editing Committee note: Drafters to add description.*

1573 **6.5.5.2 Related actions and/or expectations**

1574 **a) Cleaner production**

1575 *Editing Committee note: Drafters to add description*

1576 *Editing Committee note: This box seems to be misplaced here, as it is not related to cleaner production and*
1577 *it was not clear where, if anywhere, it belongs in the document.*

1578 **Box 6 Safer production**
1579

1580 This refers to a production management approach for accident prevention that comprises the promotion of
1581 process and management safety measures, establishing and harmonizing emergency plans and
1582 procedures, and communicating safety information to all stakeholders along the value chain. Safer
1583 Production objectives include the prevention of accidents in manufacturing, storage, handling and end-use
1584 of hazardous substances that may pose risks to communities and the environment. The responsible
1585 organization will promote Safer Production, among others by:

- 1586 — Fostering of a safety culture;
- 1587 — Pursuing a value-chain approach; and
- 1588 — Advancing integration between health and safety and environmental considerations in addressing
1589 accident risk reduction and preparedness for emergencies (combining the scope of ISO 14001 and
1590 OHSAS 18001 with regard to Emergency Preparedness and Response).

1592

1593 *Drafters' note: Should the following section on environmental risk be retained or deleted?*

1594 **b) [Environmental risk]**

1595 [An organization should implement programmes to assess and to reduce both direct and indirect
1596 environmental risks. These risks may arise from the organization's activities, use of raw materials, products
1597 and services. The programmes should include processes to identify hazards, including human factors. The
1598 organization should identify those risks that are considered beyond its control (for example, a supplier over
1599 whom the organization has little control or influence).]

1600 [An organization should assess the environmental performance of products and services taking into
1601 account the full life cycle. Such assessments should be made publicly available. An organization should not
1602 launch goods or services without having performed an independent third party environmental risk
1603 assessment. When new materials and/or production methods such as nanotechnology or genetic
1604 engineering are used, the full documentation of the risk assessment should be made publicly available. The
1605 organization should not launch goods or services where a significant proportion of the population has
1606 expressed strong reservations or even opposition, for example, genetically modified food). The organization
1607 should make use of eco-label criteria for benchmarking – both by registering products under such eco-label
1608 schemes and/or by using eco-label criteria for benchmarking.]

1609 The scope of the assessment should include product development, manufacturing, marketing and
1610 distribution, through to use, possible misuse, recycling and disposal].

1611 [With respect to assessing uncertainty, a number of useful tools are available to gather information on the
1612 potential issues and impacts associated with technological, process, planning and managerial changes,
1613 such as:

- 1614 — Environmental risk assessment – establishes the potential for unintended environmental damage
1615 alongside other risks;
- 1616 — Life cycle assessment (LCA) – explores the opportunities for more environmentally benign inputs and
1617 outputs in product and process development;
- 1618 — Environmental impact assessment – confirms that impacts of development projects are within
1619 acceptable levels; and
- 1620 — Strategic environmental assessment - confirms that impacts of policies and plans are taken into
1621 account and mitigated.]

1622 c) Life cycle [approach] thinking

1623 An organization should:

1624 — Follow a systematic application of life cycle thinking to provide more sustainable goods and services,
1625 by managing the total life cycle of the organization's products; and

1626 — Use LCM to facilitate the links between the economic, social and environmental dimensions within the
1627 organization.

1628 d) Eco-efficiency and eco-design (43)

1629 An organization should:

1630 — [Identify, measure, record and report its material consumption;]

1631 — Establish, implement and report against a material consumption minimization programme - covering
1632 products and services of the organization - to achieve a material consumption corresponding to the
1633 state-of-the-art; and

1634 — Record and report material performance to allow for comparisons between organizations and to
1635 monitor the progress of the organization over time.

1636 e) Green purchasing [Green procurement] [Supply chains]

1637 An organization should purchase supplies or services taking into account (throughout the entire life cycle of
1638 the goods):

1639 — Value for money: considerations such as price, quality, availability and functionality;

1640 — Environmental considerations such as resource efficiency during production and consumption,
1641 emissions levels and climate change impact of the procured good or service;

1642 — Social aspects including poverty eradication, international equity in the distribution of resources, labour
1643 conditions and fair trade; and

1644 — Options for partnering, supporting and co-operating with suppliers to promote environmental quality
1645 and efficiency.

1646

1647 *Drafters' note: Should the following be retained, deleted or combined with the subclause on "Life Cycle*
1648 *Thinking/ Approach"*

1649 f) [Product-service systems]

1650 [An organization wanting to advance environmental responsibility through Product-Service Systems (PSS)
1651 should:

1652 — Shift its business focus from only designing and selling physical products to selling a system of
1653 products and services that are jointly capable of fulfilling specific client demands;

1654 — Introduce innovations that reduce material use, and therefore environmental impact, by decoupling
1655 revenues from material flows and increasing resource productivity; and

1656 — Follow a coordinated approach involving groups of stakeholders, with partnering and a strong
1657 involvement of clients and customers, in designing integrated solutions that also promote extended
1658 producer responsibility for environmental impacts through the life cycle of the product and
1659 accompanying service.]

1660
1661

[Box 7 Types of product-service systems

1662 [Product-oriented services, which include product extension service, where the value of a product is
1663 increased through additional services (for example upgrading, repair, guarantees, financing schemes,
1664 supply of consumables, etc.) and advice and consultancy concerning the most efficient use of the product.

1665 Use-oriented services, which include product lease, product renting or sharing, product pooling (similar to
1666 renting and sharing, but with a simultaneous use of the product) and pay-per-service (the user does not buy
1667 the product anymore, but buys the output of the product according to the use level, for example the pay-per
1668 print formulas now adopted by most copier producers).

1669 Result-oriented services, which include a functional result. Here the provider agrees with the client to
1670 deliver a result that is not related to a specific technology system. Examples are pest control service
1671 instead of pesticides, delivery of a “pleasant climate” instead of selling heating or cooling equipment.]
1672

1673 **g) Consumer role and related policies**

1674 An organization should consider the role of the consumer in the production and consumption cycle and its
1675 own role in influencing consumer behaviour. Communications and advertising strategies can enable
1676 consumers to consume differently by offering sustainable choices. An organization may choose to promote
1677 sustainable products to create new business opportunities.

1678 **6.5.6 Environmental issue 3: Sustainable resource use**

1679 **6.5.6.1 Description of the issue**

1680 Organizations use renewable and non-renewable resources in the course of their operations and activities.
1681 The consumption of resources has numerous direct and indirect environmental impacts – from the
1682 destruction of habitat through mining, forestry and other extractive operations, to emissions resulting from
1683 the transportation and processing of materials. An organization should strive to reduce the use of resources
1684 including energy, fuels, raw and processed materials, land and water. An organization should implement
1685 programmes to reduce resource use, while ensuring that resources are chosen from the most sustainable
1686 sources available.

1687 **a) Energy efficiency**

1688 *Editing Committee note: Drafters to add description.*

1689 **b) Efficient water use**

1690 Water is a necessity for life. An adequate supply of clean fresh water is needed to sustain the world's
1691 growing population and its economic activities. Fresh water is an asset of global significance. Access to
1692 clean drinking water is a fundamental human need and, therefore, a basic human right.

1693 **c) Sustainable land use**

1694 Organizational decisions regarding land use have significant repercussions for the environment. Most major
1695 land use decisions are made by public authorities, but other organizations can play a role. Individual
1696 projects can have positive or negative effects on habitat, hydrology, transportation efficiency, protection of
1697 agricultural lands and quality of life.

1698 **6.5.6.2 Related actions and/or expectations**

1699 **a) Energy efficiency**

1700 An organization should:

- 1701 — [Identify, measure, record and report its sources of energy and energy consumption including that
1702 which is attributable to its operations, transportation, products and services;]
- 1703 — Develop and implement an energy efficiency programme to reduce energy needs and secure energy
1704 from renewable sources where possible. The energy efficiency programme should cover energy use
1705 for all activities under the control of the organization; and
- 1706 — Record and report energy performance using appropriate normalization, scales and benchmarks to
1707 allow for comparisons of energy efficiency between organizations and to monitor the progress of the
1708 organization over time.

1709 **b) Water conservation**

1710 An organization should:

- 1711 — Recognize the value of fresh water and implement water efficiency plans;
- 1712 — Take a watershed approach to managing fresh water by co-operating with all stakeholders within the
1713 entire watershed, regardless of jurisdictional boundaries. Authorities should manage water resources
1714 on a watershed basis by ensuring that all user needs are considered fairly. A watershed approach
1715 means that water allocation, water flow control (dams, reservoirs) and aquatic ecosystems are all
1716 managed based on the watershed as the base unit, and that decisions are made that provide fair and
1717 sustainable access to freshwater resources;
- 1718 — Implement programs to support the achievement of the Millennium Development Goals including the
1719 provision of safe, reliable drinking water and sanitation services;
- 1720 — Adopt best practices for hydro-electric power generation, protection of drinking water sources, flood
1721 control, irrigation practices and shipping and water transportation practices; and
- 1722 — [Record and report its water consumption using appropriate normalization, scales and benchmarks to
1723 allow for comparisons of water consumption between organizations and to monitor the progress of the
1724 organization over time.]

1725 **c) Sustainable land use**

1726 An organization should:

- 1727 — Use land in a more sustainable way by adopting sustainable urban design practices and making a
1728 commitment to considering the environmental impacts of land use decisions;
- 1729 — If a public authority, develop sustainable growth plans and work with land owners and developers to
1730 manage their land for the long term; and
- 1731 — Incorporate the protection of natural habitat, wetlands and forest, wildlife corridors and agricultural
1732 lands into the planning of urban and suburban expansion and the selection of sites for new buildings.

1733 **6.5.7 Environmental issue 4: [Combating][Addressing] climate change (63, 76)**

1734 **6.5.7.1 Description of the issue**

1735 Climate change affects the future of human society globally. According to the Intergovernmental Panel on
1736 Climate Change (IPCC), climate change refers to any change in climate over time, whether due to natural
1737 variability or as a result of human activity. Man-made greenhouse gas emissions, primarily from burning
1738 fossil fuels, are causing global climate change, which is having significant impacts on the natural and
1739 human environment (63).

1740 Every organization is responsible for some greenhouse gas emissions and is impacted in some way by
1741 climate change. An organization should recognize its responsibility to both minimize its own carbon
1742 dependence and to collaborate with others to address this issue.

1743 An organization should identify the types of action it can take to reduce greenhouse gas emissions. It
1744 should take a back-casting approach to setting targets using a precautionary approach. An organization
1745 should use an integrated approach involving both mitigation and adaptation.

1746 The impacts of climate change are already evident. Among the trends observed are: rising sea levels, more
1747 frequent occurrences of extreme weather events, such as heat waves, torrential rain, hurricanes/monsoons
1748 and drought, and impacts on ecosystems, agriculture and fisheries. Climate change affects vulnerable
1749 ecological and social systems first. As climate change passes a tipping point, changes will be felt far more
1750 widely and acutely. Adaptation has implications for social issues such as human rights and community and
1751 requires a comprehensive approach to these issues.

1752 **6.5.7.2 Related actions and/or expectations**

1753 **a) Climate change mitigation**

1754 To mitigate climate change, an organization should:

1755 — Introduce its own climate change strategy and policy with measurable greenhouse gas emission
1756 reduction targets;

1757 — Substantially reduce its own greenhouse gas emissions;

1758 — Improve the energy efficiency of its operations and transportation;

1759 — Implement a greenhouse gas minimization program that takes account of the greenhouse implications
1760 of activities in its sphere of influence and control;

1761 — Reduce dependence on fossil fuels, and make use of renewable energy wherever possible;

1762 — Reduce wastes sent to landfill by avoiding the creation of waste, reusing and recycling materials and
1763 using products made from recycled materials;

1764 — Contribute to structural reforms in society and encourage behavioural changes that will facilitate
1765 reductions in greenhouse emissions. It is also important to raise awareness of the climate crisis in
1766 society at large;

1767 — Take additional measures for offsetting of remaining greenhouse gas emissions, through actions such
1768 as reforestation and tree planting to absorb carbon dioxide, or purchasing of energy from renewable
1769 sources; and

1770 — Make use of flexibility mechanisms such as the Clean Development Mechanism under the UN
1771 Framework Convention on Climate Change (76) to accelerate the introduction of sound environmental
1772 technologies in different organizations.

1773

1774 **Box 8 Examples of actions that could be taken by various types of organizations to mitigate climate** 1775 **change** 1776

1777 Governments should put forward medium-to-long-term policy frameworks.

1778 Governments and other sectors should co-operate in developing optimum transportation systems to
1779 achieve greenhouse gas reduction

1780 Scientists and the media should provide easy-to-understand explanations to the public.

1781 Businesses should develop energy-efficient products and services.

1782

Box 8, continued

1783

Consumers should make green purchases that would minimize their environmental impacts.

1784

Investors should make green investment.

1785

NGOs should put forward policy recommendations and raise the awareness of the general public.

1786

1787

b) Climate change adaptation

1788

To reduce vulnerability to climate change, an organization should:

1789

— Take a preventative approach for managing risks and minimizing negative consequences regarding climate change;

1790

1791

— Explore the feasibility of moderating potential damages, to take advantage of opportunities where possible, or to cope with the consequences;

1792

1793

— Analyze possible impacts, identify risks and take preventative measures to increase adaptive capacity;

1794

— Plan urban growth and infrastructure taking account of the implications of a changing climate; and

1795

— Develop agricultural, industrial, medical and a range of other technologies and make them accessible to those in need, ensuring the supply of water, food and other resources critical to human health.

1796

1797

Box 9 Examples of actions that could be taken by various types of organizations to adapt to climate change

1798

1799

1800

— Scientists should provide policymakers with information about impacts on ecological and social systems.

1801

1802

— Governments should establish policies and strategies for water management.

1803

— International society should provide means of relocation for people who live in areas that will be affected by rising sea levels.

1804

1805

— Businesses should develop disaster-prevention and disaster-reduction technologies.

1806

— Research organizations should make efforts to develop new agricultural products that can adapt to climate change.

1807

1808

— Public health Institutions should examine ways to prevent the spread of endemic and other infectious diseases that will be intensified by climate change.

1809

1810

— International organizations should provide assistance to vulnerable groups that are exposed to sinking land areas and other natural disasters.

1811

1812

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

1813

1814

1815 **6.5.8 Environmental issue 5: [Valuing ecological services][Ecosystems]**

1816 **6.5.8.1 Description of the issue**

1817 Over the past 50 years, people have changed ecosystems more rapidly and extensively than in any
1818 comparable period of time in history, largely to meet rapidly growing demands for food, fresh water, timber,
1819 fibres and fuel. This has resulted in a substantial and largely irreversible loss in the diversity of life on earth
1820 (75).

1821 **a) Restoration of ecosystems**

1822 Ecosystems contribute to society by providing services such as clean fresh water, soil, pollinators,
1823 absorption of pollution and greenhouse gases, natural fibres, fisheries and recreation. However, many
1824 ecosystems have been degraded, damaged or destroyed and no longer provide these services. Ecosystem
1825 restoration is now common in many countries and includes actions to repair and re-establish various types
1826 of ecosystems, such as wetlands, forests, grasslands, estuaries and coral reefs.

1827 **b) Ecosystem services**

1828 [The ecosystem services framework is already well-established as a scientific and technical framework; it is
1829 now becoming recognized as a means of structuring business transactions (through proper valuation and/or
1830 trading of ecosystem services) and for regulatory and governance purposes (for example, managing the
1831 population and all activities within a watershed.)]

1832 The priority consideration should be to keep the integrity of ecosystems, so they can keep providing their
1833 services. If it is impossible to maintain an ecosystem's integrity, then compensation to replace the services
1834 that have been depleted should be provided. However, it will not always be possible to replace or otherwise
1835 offset the loss of these services, in which case financial compensation may be appropriate.

1836 **c) Biodiversity**

1837 *Editing Committee note: Definition of biodiversity is needed. The existing definition of IUCN, UNEP and*
1838 *WWF (1991) could be used:*

1839 *"the variety of life in all its forms, levels and combinations. This includes ecosystem diversity, species*
1840 *diversity, and genetic diversity."*

1841 Biodiversity conservation may apply to land and aquatic ecosystems, species and genetic heritage. It
1842 includes the conservation of natural ecosystems and through this, protecting wild species and helping to
1843 maintain its genetic variety in wild conditions.

1844 In situ conservation refers to conservation of biodiversity in the natural environment. Ex situ conservation
1845 refers to conservation activities undertaken outside natural habitats, for example in botanical gardens, seed
1846 banks, zoos and aquariums. Generally, in situ conservation is the preferred approach.

1847 **6.5.8.2 Related actions and/or expectations**

1848 **a) Ecosystems restoration**

1849 An organization involved in development projects, programmes for geographic features, ecosystem
1850 management or conservation of nature should identify ecosystem restoration as a component of its
1851 projects.

1852 An organization should participate in ecosystem restoration in its communities, particularly when its own
1853 activities have contributed to ecosystem degradation or destruction.

1854 **b) Ecosystem services**

1855 An organization, in particular a public institution, seeking to maintain, enhance and benefit from ecosystem
1856 services, should:

- 1857 — Involve stakeholders in all decision making and planning processes that may affect ecosystems or
1858 create or diminish benefits for specific groups/organizations based on the use of ecological services
- 1859 — Provide for the creation of incentives for organizations (and/or their managers/employees) whose
1860 activity is meant to maintain the continuity of ecosystem services;
- 1861 — Recognize the value of ecosystem services and factor their value into decision-making processes;
- 1862 — Seek first to avoid loss of natural ecosystems and then look for ways to restore ecosystems, leading to
1863 a net gain in ecological services over time; and
- 1864 — Account for ecological services in economic and social performance measurements.
- 1865 **c) Biodiversity (4, 5, 9, 51, 53, 61)**
- 1866 An organization should:
- 1867 — Incorporate considerations of biodiversity conservation into operational practices;
- 1868 — Consider an integrated strategy for the administration of land, water and living resources that promotes
1869 conservation and sustainable use in an equitable way;
- 1870 — Consider the development and diffusion of technologies designed to increase the efficiency of resource
1871 use or reduce the impacts on ecosystems, including the promotion of technologies to increase energy
1872 efficiency and reduce water consumption;
- 1873 — Involve local communities in biodiversity conservation through improving communication and
1874 awareness and sharing the benefits and responsibilities arising from the sustainable use of resources
1875 in a fair and equitable way;
- 1876 — Inform itself about protected areas that could be affected by its activities, and respect the restrictions of
1877 these areas. It should promote education and awareness and the creation of protected areas;
- 1878 — Where endangered species may be affected by its activities, take measures to preserve these species
1879 and their habitats; and
- 1880 — Undertake education and awareness activities on the importance of nature conservation and
1881 restoration.

1882
1883

Box 10 Examples of actions to protect biodiversity

- 1884 — Integrated pest management can protect biodiversity on farms, lower costs by reducing the need for
1885 pesticides, and meet the growing demand for organic food products;
- 1886 — A Cleaner Production Agreement was established between government and the mining sector in Chile
1887 to promote the most efficient use of water resources;
- 1888 — Protection areas of tens of thousands of hectares have been created as compensation for operations
1889 impacting rainforest habitat; and
- 1890 — Island communities have increased commitment to the preservation of marine and terrestrial
1891 environments through effectively conserving at least 30% of the near-shore marine and 20% of the
1892 forest resources across their regions.
1893

1894 **6.6 Fair operating practices**

1895 **6.6.1 Rationale**

1896 Fair operating practices are the practical application of many principles of social responsibility in
1897 relationships between an organization and other organizations (see Clause 5). These relationships may
1898 exist between organizations and government authorities as well as between an organization and its
1899 partners, suppliers, contractors, competitors and the associations of which it is a member.

1900 Fair operating practices improve the environment in which organizations function by: encouraging fair
1901 competition, improving the reliability and fairness of commercial transactions, preventing corruption and
1902 promoting fair political processes. Organizations should use their relative strength and position in their
1903 relationship with other organizations to promote positive outcomes. This includes using their position and
1904 influence to provide leadership and encourage the broader-scale adoption of social responsibility
1905 throughout the supply chain.

1906 **6.6.2 Principles and considerations**

1907 *Editing Committee note: If there are any principles and considerations relevant to this core issue, they*
1908 *should be described here and/or reference should be made to Clause 5.*

1909 **6.6.3 Fair operating practices issue 1: Anti-corruption and anti-bribery (56, 73)**

1910 **6.6.3.1 Description of the issue**

1911 Corruption is the abuse of entrusted power for private gain. Corruption can take many forms, from the
1912 minor, yet inappropriate, use of influence to institutionalized bribery or extortion. Corruption is normally but
1913 not universally illegal. For example, what are termed 'facility payments' may be common practice in one
1914 country but illegal in another.

1915 The effects of corruption can be to violate human rights, erode political processes, damage the
1916 environment, distort competition and impede the redistribution of wealth and economic growth. Often the
1917 effects are most harmful in poor communities.

1918 **6.6.3.2 Related actions and/or expectations**

1919 To prevent corruption and bribery, an organization should:

- 1920 — Implement, apply and improve policies and practices that counter corruption, facility payments, bribery
1921 and extortion;
- 1922 — Confirm that the remuneration of its employees and agents is appropriate and for the provision of
1923 legitimate services only;
- 1924 — Train and raise the awareness of employees and agents about corruption and how to counter
1925 corruption;
- 1926 — Encourage employees and agents to report violations of the organization's policies and implement a
1927 whistle-blowing procedure; and
- 1928 — Work to influence others to oppose corruption.

1929 6.6.4 Fair operating practices issue 2: Responsible political involvement**1930 6.6.4.1 Description of the issue**

1931 Organizations can play a positive role in public policy by staying informed and actively engaged. However,
1932 activities that are aggressive, coercive, or tantamount to bribery erode the political process and impede the
1933 development of public policy that benefits society at large.

1934 6.6.4.2 Related actions and/or expectations

1935 An organization should:

- 1936 — Avoid lobbying activities that involve misinformation, misrepresentation, threat, compulsion and
1937 aggressive tactics;
- 1938 — Train and raise the awareness of employees and agents about responsible political involvement and
1939 contributions;
- 1940 — Avoid political contributions that are illegal or that amount to an attempt to control policymakers in
1941 favour of a specific cause;
- 1942 — Establish controls to regulate the activities of paid lobbyists; and
- 1943 — Be transparent regarding its activities related to lobbying, political contributions and political
1944 involvement.

1945 6.6.5 Fair operating practices issue 3: Fair competition**1946 6.6.5.1 Description of the issue**

1947 Fair and widespread competition stimulates efficiency, reduces the costs of goods and services, promotes
1948 innovation, encourages the development of new or improved products or processes and, in the long run,
1949 enhances economic growth and living standards.

1950 Anti-competitive behaviour impedes competition and offsets the benefits of fair competition. Anti-
1951 competitive behaviour includes, but is not limited to: bid-rigging, price fixing, dumping, predatory pricing,
1952 exclusive dealing, refusing to deal, resale price maintenance, coercive monopoly, dividing territories,
1953 product tying and limit pricing.

1954 *Editing Committee note: Terms like "bid-rigging, price fixing, dumping, predatory pricing, exclusive dealing,*
1955 *refusing to deal, resale price maintenance, coercive monopoly, dividing territories, product tying and limit*
1956 *pricing" need further explanation. The Editing Committee suggests this information be included in a box.*

1957 6.6.5.2 Related actions and/or expectations

1958 To promote fair competition, an organization should:

- 1959 — Conduct its activities in a manner consistent with competition legislation and co-operate with
1960 competition authorities;
- 1961 — Establish safeguards to prevent engaging in or being complicit in anti-competitive behaviour;
- 1962 — Promote employee awareness of the importance of compliance with competition legislation and fair
1963 competition; and
- 1964 — Support public policies that encourage competition, including anti-trust and anti-dumping practices and
1965 local regulations.

1966 **6.6.6 Fair operating practices issue 4: Promoting social responsibility through the supply chain**

1967 **6.6.6.1 Description of the issue**

1968 An organization can influence other organizations through the exercise of its purchasing power as well as
1969 through leadership and mentorship. By doing so, an organization can use its relationship with other
1970 organizations to promote broader-scale adoption and support of principles of social responsibility. It can
1971 also stimulate demand for socially responsible goods and services. These actions should not be viewed as
1972 replacing the role of authorities to implement and enforce laws and regulations.

1973 **6.6.6.2 Related actions and/or expectations**

1974 An organization should:

- 1975 — Incorporate ethical, social and environmental criteria , including health and safety, in its purchasing and
1976 contracting policies;
- 1977 — Encourage other organizations to adopt similar policies;
- 1978 — Carry out relevant and appropriate inquiries (investigations) of the organizations with which they have
1979 relationships so that their actions do not compromise the organization's commitments to social
1980 responsibility;
- 1981 — Promote fair sharing of the costs and benefits of implementing socially responsible practices
1982 throughout the supply chain; and
- 1983 — Actively participate in raising the awareness of organizations with which they have relationships on
1984 social responsibility issues and principles.

1985 **6.6.7 Fair operating practices issue 5: Respect for property rights**

1986 **6.6.7.1 Description of the issue**

1987 Property rights cover both physical property and intellectual property and include interest in land,
1988 copyrights, patents, moral rights and other rights. They also extend to rights that may not be recognized in
1989 law, such as traditional knowledge of specific groups or the intellectual property of employees.

1990 Recognition of property rights promotes investment, economic and physical security as well as encouraging
1991 creation and invention.

1992 **6.6.7.2 Related actions and/or expectations**

1993 An organization should:

- 1994 — Comply with all laws and regulations related to respect for property;
- 1995 — Not engage in activities that violate property rights, including counterfeit and piracy;
- 1996 — Conduct proper investigations to be confident it has legitimate ownership to use or dispose of property;
1997 and
- 1998 — Pay fair compensation for property that it acquires or uses.

1999 **6.7 Consumer issues**2000 **6.7.1 Rationale**

2001 Consumers are among an organization's important stakeholders. An organization's operations and output
 2002 have a strong impact on those who use its goods or services, especially when they are individual
 2003 consumers. Consumers are referees in the competitive marketplace, and their preferences and decisions
 2004 have a strong influence on the success of most organizations. Despite this, when bargaining, buying
 2005 products or receiving services, individual consumers are often in a weaker position than the organizations
 2006 with whom they deal. Moreover, they do not have the same level of bargaining power, expertise and
 2007 amount of information concerning a specific product or service as organizational purchasers. Society
 2008 expects an organization to treat its consumers fairly, assume responsibility for their safety when using its
 2009 goods and services and provide access to essential goods and services at an affordable price. Unfair
 2010 practices or the provision of dangerous products and services are incompatible with society's expectations
 2011 for the social responsibility of organizations.

2012 Furthermore, consumers play a key role in promoting sustainable development through sustainable
 2013 consumption. An organization should enable consumers to consume in an enlightened and sustainable
 2014 way. Sustainable consumption is, however, only possible if consumers have information about the
 2015 conditions under which goods and services are produced and/or delivered and only if consumers can
 2016 compare the goods and services, for example, with respect to their energy efficiency. That means that an
 2017 organization should provide consumers with relevant information and engage in awareness-raising
 2018 campaigns to stimulate the demand for sustainably produced goods and services. If these preconditions
 2019 are fulfilled, consumers can substantially stimulate demand for sustainable production and service delivery.

2020 Although fair operating practices are discussed, the emphasis in this subclause is on the relationship
 2021 between organizations and individual consumers and not on the relationship between organizations (see
 2022 Clause 6.6 for Fair operating practices between organizations).

2023 **6.7.2 Principles and considerations**

2024 *Editing Committee note: If there are any principles and considerations relevant to this core issue, they*
 2025 *should be described here and/or reference should be made to Clause 5. The following have been cited as*
 2026 *principles within the text of this clause: principles of fairness and transparency, causer pays principle,*
 2027 *collection limitation principle, sparsity principle, purpose specification principle, use limitation principle,*
 2028 *security safeguards principle, openness principle, individual participation principle, accountability principle,*
 2029 *principle of affordable access to essential goods and services.*

2030 **6.7.3 Consumer issue 1: Fair operating, marketing and information practices (55, 56)**2031 **6.7.3.1 Description of the issue**

2032 In their dealings with consumers, organizations should be guided by the principles of fairness, transparency
 2033 and care, especially towards vulnerable groups. Consumers however, are confronted daily with
 2034 representations, omissions or practices that are deceptive, misleading, fraudulent or unfair. Such practices
 2035 include untruthful or coercive marketing, discriminatory and unfair pricing and supply, and inappropriate
 2036 targeting of vulnerable consumer groups, such as children, people who are illiterate, people with special
 2037 needs, the seriously ill and the elderly. The effects of such practices are that some consumers may be
 2038 harmed, consumers may not make choices that reflect their best interests and competition may be
 2039 infringed. These problems are especially pertinent in dealing with consumers who are unaware of their
 2040 rights and responsibilities and with illiterate consumers, who may be wholly dependent on information
 2041 provided by the organization through advertising and other marketing practices.

2042 **6.7.3.2 Related actions and/or expectations**

2043 In dealing with its consumers, an organization should:

- 2044 — Not make any representations³, or engage in any practices that are likely to be deceptive, misleading, fraudulent or unfair, including omissions of information;
- 2045
- 2046 — Comply with any representations it makes regarding policies and practices relating to its transactions with consumers;
- 2047
- 2048 — Substantiate any publicly expressed or implied claims or representations upon request by providing underlying facts and information for as long as the representations are maintained and for a reasonable time thereafter;
- 2049
- 2050
- 2051 — Not use unfair contract terms, such as the exclusion of liability, the right to unilaterally change prices and conditions, transfer of risk of insolvency to consumers or unduly long length of contracts;
- 2052
- 2053 — Not discriminate against consumers based on their religion, gender, race or their place of residence;
- 2054 — Disclose prices, terms and conditions openly so that the information is easily accessible;
- 2055 — Provide full and comparable information on:
 - 2056 — materials and hazardous chemicals contained in or released by products;
 - 2057 — the price of the product and any accessories;
 - 2058 — after-sales service including locations and costs;
 - 2059 — the quality aspects of goods and services using standardized test procedures, for example colour-fastness, washing performance and durability;
 - 2060
 - 2061 — the health and safety aspects of goods and services, including conformity to applicable laws and regulations as well as to relevant standards and other specifications; and
 - 2062
 - 2063 — the environmental aspects of goods and services, for example resource efficiency and energy consumption during use and/or the full life cycle of the good or service (40);
 - 2064
 - 2065 — Provide tools that enable consumers, when necessary, to trace through the distribution process back to the producers of goods and services;
 - 2066
 - 2067 — Clearly identify advertising and marketing in any communications;
 - 2068 — Be particularly careful to use fair operating, marketing and information practices targeted to vulnerable groups; and
 - 2069
 - 2070 — Ask an independent committee of experts including stakeholders, to assess the organization's advertising for fairness.
 - 2071

2072
2073

Box 11 Examples of good information practice

- 2074 — Information on goods and services is based on scientific methodologies that are sufficiently thorough, comprehensive and reproducible to support the claim;
- 2075
- 2076 — Details are provided about the procedure, methodology and any criteria used to support the claims upon request to all interested parties;
- 2077
- 2078 — Information makes clear whether or not third parties have been involved in the conformity assessment of the goods and services and identify such bodies;
- 2079
- 2080 — Information is displayed so that people with reduced vision do not encounter difficulties reading it;

2081

³ The term representation entails different forms of communication, including statements, advertisements and any expressed claims.

2082

Box 11, continued2083
2084

— The location for obtaining information is highly visible, easy to access and user friendly, for example by:

2085

— Making documents as short as possible by leaving out extraneous material;

2086

— Highlighting critical information;

2087

— Organizing information in a logical way, for example moving from the simple to the more detailed;

2088

2089

— Making it easy to find specific information in the document;

2090

— Using plain and direct language; and

2091

— Using a range of communication tools, including simple graphical illustrations.

2092

— Information based on national, regional or international standards and other specifications is provided on accessibility, for example usability of goods and services for elderly and disabled persons.

2093

2094

2095

6.7.4 Consumer issue 2: Protecting consumers' health and security (44, 45, 46, 47, 48, 50, 56, 77)

2096

6.7.4.1 Description of the issue

2097

Consumers have a right to expect that goods and services they procure are safe and do not carry unreasonable risk of harm when used or consumed as directed, indicated or foreseeably misused.

2098

2099

6.7.4.2 Related actions and/or expectations

2100

a) Actions that should be taken

2101

An organization should:

2102

— Provide goods and services that are not inherently harmful to consumers' health, their property or the environment;

2103

2104

— Conform to all applicable laws and regulations, as well as to relevant standards and other specifications relating to health and safety aspects of the goods and services concerned;

2105

2106

— Assess the adequacy of such laws, regulations, standards and other specifications to establish that all health and safety aspects are adequately covered. In particular, in cases where accidents are reported involving goods or services that conform to the standards or other specifications, the organization should go beyond these minimum requirements;

2107

2108

2109

2110

— Avoid the use of dangerous chemicals. In particular, substances falling in the following categories should not be used: carcinogenic, mutagenic, toxic for reproduction, persistent and bio-accumulative (PBTs, vPvBs) and endocrine disrupters should generally be eliminated. Where heavy metals such as cadmium (Cd), mercury (Hg), lead (Pb) and hexavalent chromium (CrVI) are used because no technical alternative exists, these heavy metals should not be found above permitted levels in the product. The presence of these heavy metals should appear on product labels;

2111

2112

2113

2114

2115

2116

— Minimize exposure to all other groups of dangerous chemicals;

2117

— Convey vital safety information to consumers, wherever possible using symbols, preferably internationally agreed symbols, in addition to the textual information;

2118

2119

— Instruct consumers in the proper use of goods and inform them of the risks involved in intended or normally foreseen use;

2120

- 2121 — Accept liability for the impacts of goods and services that cause harm to consumers and compensate
- 2122 them for damages caused by such deficiencies. To do so, the organization should consider having
- 2123 sufficient insurance cover to meet its liabilities;

- 2124 — Protect especially vulnerable groups who might not have the capacity to recognize or assess potential
- 2125 dangers;

- 2126 — Not introduce goods or services where a significant proportion of the population has expressed strong
- 2127 reservations or even opposition to such goods or services, for example genetically modified food; and

- 2128 Suppliers, exporters, importers, retailers and other related organizations should adopt measures that
- 2129 prevent products from becoming unsafe through improper handling or storage while in their care.

- 2130 **b) Procedures that should be used when taking the above actions**

- 2131 An organization should:

- 2132 — Set up a system to bring about conformance with applicable laws and regulations, as well as to
- 2133 relevant standards and other specifications relating to health and safety aspects of the goods and
- 2134 services concerned;

- 2135 — Establish a monitoring system to register and evaluate any dangerous incidents involving products, to
- 2136 identify their health and safety risks;

- 2137 — Regularly review chemicals used. Develop a program to eventually replace substances of concern with
- 2138 less dangerous products. The results of such efforts should be reported;

- 2139 — Take corrective action and modify the product as quickly as possible where health and safety concerns
- 2140 or breaches of laws or regulations are found;

- 2141 — Minimize risks in the design of products:

- 2142 — Identify the likely user group(s) and pay special care to vulnerable groups;
- 2143 — Identify the intended use and assess the reasonably foreseeable misuse of the product,
- 2144 process or service;
- 2145 — Identify each hazard arising in all the stages and conditions of use of the product, process or
- 2146 service, including installation, maintenance, repair and destruction/disposal, for example
- 2147 mechanical (entrapment, choking, suffocation, etc), chemical, thermal, electrical, acoustic,
- 2148 drowning;
- 2149 — Estimate and evaluate the risk to each identified user/contact group arising from the hazards
- 2150 identified; and
- 2151 — Reduce the risk. When reducing risks, the order of priority should be:
- 2152 — Inherently safe design;
- 2153 — Protective devices;
- 2154 — Information for users.

- 2155 — Perform an independent third-party human health risk assessment of goods and services before their
- 2156 introduction. When new materials and/or production methods, for example nanotechnology or genetic
- 2157 engineering, are used, all relevant documentation should be made publicly available.

2158 **6.7.5 Consumer issue 3: Mechanism for product recall (77**

2159 **6.7.5.1 Description of the issue**

2160 Organizations have a responsibility for the products they sell or provide even after purchase or delivery.
 2161 This responsibility derives from the causer pays principle.

2162 6.7.5.2 Related actions and/or expectations

2163 If a product, after having been placed on the market, turns out to present an unforeseen hazard or to be
2164 defective an organization should:

- 2165 — Notify the relevant authorities and the public in all countries where the product was sold, even if sold by
2166 other organizations. In so doing, an organization should clearly:
 - 2167 — Identify the product and when it was produced. Use illustrations to raise awareness of the
2168 product and the recall;
 - 2169 — Specify the kind of risk posed by the product; and
 - 2170 — Explain what consumers should do to return the product.
- 2171 — Recall all products that are still in the distribution chain;
- 2172 — Take measures to inform vulnerable groups and people living in rural areas;
- 2173 — Repair, replace, modify or substitute another product for the defective product;
- 2174 — Adequately compensate consumers without delay; and
- 2175 — Establish a system to trace products to be able to recall products.

**2176 6.7.6 Consumer issue 4: Provision and development of environmentally and socially beneficial
2177 goods and services****2178 6.7.6.1 Description of the issue**

2179 [Goods and services offered by organizations should have a positive social and environmental value.]
2180 Organizations should therefore not only manufacture and deliver goods and services in a socially and
2181 environmentally friendly way, but also the goods and services they offer should be as socially and
2182 environmentally friendly as possible. Activities to this end are based on the idea that all parties should
2183 contribute to sustainable development (see Clause 6.5 The environment for further details).

2184 Barrier-free design enables elderly people, physically disadvantaged or disabled people and people who
2185 are illiterate to access and use these goods and services.

2186 6.7.6.2 Related actions and/or expectations

2187 An organization should:

- 2188 — Minimize any negative health impacts of goods and services;
- 2189 — Provide some goods and services that are barrier-free
- 2190 — Offer durable goods and services that operate as efficiently as possible, considering the full life cycle.
2191 This should be done by identifying the environmental performance of the leading goods or services,
2192 that is, the most efficient, and by largely eliminating stand-by losses of energy;
- 2193 — Design products so that they can be easily reused, repaired or recycled;
- 2194 — Minimize noise emission of products;
- 2195 — Provide or develop goods and services in varied size or choices to fit consumers' needs;
- 2196 — Reduce waste by minimizing packaging material and offer recycling services;
- 2197 — Provide an adequate disposal system for electro-electronic waste;

- 2198 — Use reusable containers wherever possible;
- 2199 — Use eco-labels and benchmarks to communicate the environmental and social qualities of the product
2200 and service;
- 2201 — Provide and inform consumers about adequate disposal systems; and
- 2202 — In its procurement, give preference to local goods and services that do not need to be transported over
2203 long distances.

2204 **6.7.7 Consumer issue 5: Consumer service and support** (44, 45, 46, 47, 48, 50, 56, 78)

2205 **6.7.7.1 Description of the issue**

2206 A high level of consumer satisfaction with goods and services is vital not only for the existence of
2207 organizations, but also for consumers. While organizations want to make profits or provide certain services,
2208 consumers have an interest in being treated fairly even after goods and services are bought or provided.

2209 **6.7.7.2 Related actions and/or expectations**

2210 An organization should:

- 2211 — Engage in precautionary measures to prevent complaints, such as offering consumers the option to
2212 open packages and examine the contents or use goods and services before purchase;
- 2213 — Offer adequate and efficient support systems, for example hotlines with minimal waiting times and
2214 competent advice;
- 2215 — Offer maintenance and repair at a reasonable price and make transparent the expected availability of
2216 spare parts for goods;
- 2217 — Regularly evaluate consumer satisfaction concerning goods and services, support, maintenance and
2218 repair systems using standardized methods. The results should be published to improve quality and
2219 transparency and to foster innovation;
- 2220 — Develop, implement and maintain a complaint management system that is based on national or
2221 international standards and that does not impose a fee or charge for accessing or using the process;
- 2222 — Clearly communicate to consumers how they can access after-supply services and support as well as
2223 dispute resolution and redress mechanisms, for example by providing contact information on a product
2224 label;
- 2225 — Establish channels of communication that are responsive as well as easily and promptly accessible;
- 2226 — Provide appropriate remedies to customers, for example compensation within a specified period of
2227 time;
- 2228 — Make use of alternative dispute resolution mechanisms and conflict resolution and redress procedures
2229 that are based on national or international standards;
- 2230 — Offer guarantees for a certain period of time, providing free repair or exchange of faulty goods or
2231 remedy of non-satisfactory services, providing all transportation and packaging costs and making
2232 replaceable parts and consumables available during the life of the product; and
- 2233 — Not require consumers to waive their rights to seek legal recourse when they use dispute resolution
2234 mechanisms.

2235 **6.7.8 Consumer issue 6: Consumer data protection and privacy** (49, 56, 57, 58)

2236 **6.7.8.1 Description of the issue**

2237 Automatic data processing allows vast quantities of data to be processed. While the privacy of people was
2238 historically potentially endangered by the misuse of personal data by the state, today personal data is also
2239 widely collected and processed by private entities.

2240 **6.7.8.2 Related actions and/or expectations**

2241 To prevent personal data collection and processing from impairing human rights and infringing privacy, an
2242 organization in its operations should be guided by the following principles and take the recommended
2243 actions:

2244 — Collection limitation principle: An organization should limit the collection of personal data and any such
2245 data should be obtained by lawful and fair means. Data collection should always be transparent. When
2246 not required by law it should be either essential for the provision of goods or services or provided
2247 voluntarily. An example of essential data is, the address to which a product should be delivered;

2248 — Sparsity principle: Personal data collection and processing should be minimal;

2249 — Purpose specification principle: The purpose for which personal data are collected should be specified
2250 by the organization not later than at the time of data collection;

2251 — Use limitation principle: Personal data should not be disclosed, made available or otherwise used for
2252 purposes other than those specified in accordance with the purpose specification except: (a) with the
2253 consent of the data subject; or (b) by the authority of law;

2254 — Security safeguards principle: Organizations should protect personal data by reasonable security
2255 safeguards against such risks as loss or unauthorized access, destruction, use, modification or
2256 disclosure of data;

2257 — Openness principle: There should be a general policy of openness about developments, practices and
2258 policies with respect to personal data. Means should be readily available of establishing the existence
2259 and nature of personal data, and the main purposes of their use, as well as the identity and usual
2260 location of the data controller;

2261 — Individual participation principle: An individual should have the right to obtain from a data controller
2262 confirmation of whether the data controller has data relating to him or her and to challenge data
2263 relating to him or her. If the challenge is successful, the data should be erased, rectified, completed or
2264 amended; and

2265 — Accountability principle: A data controller should be accountable for complying with measures that give
2266 effect to the principles stated above.

2267 **6.7.9 Consumer issue 7: Access to essential goods and services (77)**2268 **6.7.9.1 Description of the issue**

2269 Poor consumers, especially in developing countries, often do not have access to essential goods and
2270 services owing to a lack of supply or to their limited purchasing power. Governments are increasingly
2271 privatizing the provision of essential goods and services such as water, basic food, housing, energy,
2272 education, telecommunication and financial services. From the principle of affordable access to essential
2273 goods and services, it follows that governments should make provision for all people, especially those with
2274 low-incomes or those in rural or remote areas, to have access to these essential goods and services.

2275 If privatizing, governments should make provisions for everyone to have access to these goods and
2276 services at affordable prices. Organizations that provide essential goods and services should offer
2277 everyone, regardless of financial capabilities and location, adequate access to these goods and services at
2278 affordable prices, even in circumstances in which they are not legally required to do so.

2279 **6.7.9.2 Related actions and/or expectations**

2280 *Editing Committee note: Drafters should add related actions.*

2281 **6.7.10 Consumer issue 8: Sustainable consumption** (39, 40, 41, 42, 77)

2282 **6.7.10.1 Description of the issue**

2283 Consumers can play a pivotal role in fostering sustainable development by means of their demand. Yet, to
2284 foster sustainable consumption, consumers need information about both the performance of an
2285 organization and its goods and services relating to social responsibility.

2286 **6.7.10.2 Related actions and/or expectations**

2287 An organization should:

2288 — Provide consumers with information about the environmental and social conditions under which the
2289 goods or services were produced or delivered. This should take into account the value chain and also
2290 include information on resource efficiency. Information can be given by means of labels, stickers,
2291 brochures and websites;

2292 — Provide consumers with full, frank and correct information when selling, promoting and marketing
2293 goods. This should include information on the performance, country of origin, energy efficiency (where
2294 applicable), contents or ingredients, health aspects, side effects, safe use, maintenance, storage and
2295 disposal of these goods and their packaging. This should be based on average performance or best
2296 practice; and

2297 — Make use of eco-label schemes and other benchmarks to communicate the environmental quality of
2298 goods and services.

2299 Specific recommendations concerning the environment are provided in Clause 6.5.5.2 g) Consumer role
2300 and related policies.

2301 **6.7.11 Consumer issue 9: Education and awareness** (77)

2302 *Drafters' note: Should this clause be retained or moved to Clause 7?*

2303 Consumers are a vital element in the life cycle of goods and services, and they can foster sustainable
2304 production by means of their demand. To enable consumers to be well-informed, conscious of their rights
2305 and responsibilities and consume sustainably, they should be educated. Education is essential both for
2306 developing and developed countries. In developing countries special attention should be given to the needs
2307 of disadvantaged consumers both in rural and urban areas, including low-income consumers and those
2308 with low or non-existent literacy levels. In these circumstances, there is a need for education on minimizing
2309 wasteful consumption, for example, throw away and disposable products, over packaging, use of too much
2310 electricity, water and wrapping and oversized portions in restaurants.

2311 The aim of consumer education should not only be to transfer knowledge, but also to provide practice in
2312 acting on this knowledge. Thus, in addition to content, educational projects should teach skills for assessing
2313 products and services and for making comparisons. They should also raise awareness about the impact of
2314 consumption choices on others, including the environment.

2315 With regard to content, organizations should specifically focus on:

2316 — Health, nutrition, prevention of food-borne diseases and food adulteration;

2317 — Relevant legislation, how to obtain redress and agencies and organizations for consumer protection;

2318 — Product hazards;

2319 — Product labelling;

- 2320 — Information on weights and measures, prices, quality, credit conditions and availability of basic
2321 necessities;
- 2322 — Environmental protection;
- 2323 — Efficient use of materials, energy and water;
- 2324 — Sustainable consumption;
- 2325 — Disposal of packages; and
- 2326 — Disposal of redundant products, such as computers and cell phones.

2327 **6.8 [Social development] [Contribution to the community and society] (14, 30, 63, 80, 83, 97)**

2328 *Editing Committee note: "Social development" was proposed by the drafting team as the title of this clause*
2329 *instead of "community involvement/society development", which was agreed by the WG SR experts in the*
2330 *Sydney meeting. Society development is not an accepted phrase in English and the meaning of social*
2331 *development is neither universally agreed, nor defined in this clause.*

2332 *The Editing Committee believes that the title "Contribution to the community and society" captures the*
2333 *intent of the WG SR experts and transforms it into acceptable English.*

2334 **6.8.1 Rationale**

2335 Social development, together with economic development and environmental protection, is the basis for a
2336 sustainable society.

2337 Social development and well-being for all are high priorities for nations of the world. There is an urgent
2338 need to address the major social problems that affect every country, such as poverty, unemployment and
2339 social exclusion.

2340 Although the primary responsibility for social development belongs to governments, all organizations have
2341 an important role to play. Every organization has both positive and negative impacts and influence on
2342 society.

2343 Major obstacles to achieving equitable social development include poverty, social inequality, poor health,
2344 limited access to education, lack of adequate housing and discrimination against minorities. These
2345 obstacles should be overcome to make the right to development a reality for everyone.

2346 Even though social development challenges are more acute in developing countries, especially in those of
2347 low and middle income, developed countries also have social development problems.

2348 All members of society should be actively engaged in social development for it to be achieved. Each
2349 organization should commit to contributing to social development through its activities.

2350 Along with social progress, economic development is needed to solve social problems. Economic
2351 development does not just refer to the growth in a country's Gross National Product (GNP), but also to the
2352 distribution of wealth and income. A balanced distribution of wealth and income is necessary to achieve a
2353 better quality of life for all.

2354 In the context of social development, community involvement allows organizations and communities to get
2355 acquainted, to respect their different roles, visions and interests and to build trust. The result of this process
2356 is co-operation for social and economic development, with justice and equity as its core elements. The goal
2357 is to create new values for organizations, the communities in which they operate, and more broadly, society
2358 and the environment.

- 2359 The core issue of social development includes:
2360 — Contribution to social development;
2361 — Contribution to economic development; and
2362 — Community involvement.

2363 **6.8.2 Principles and considerations**

2364 For guidance on social development principles see Clause 5 Principles of social responsibility.

2365 The following are considerations that an organization should take into account when addressing social
2366 development:

- 2367 — Promotion of equitable treatment: organizations should promote equitable treatment with respect to
2368 criteria such as race, ethnic origin, gender, sexual orientation, religion, disability, age and
2369 disadvantage;
- 2370 — Empowerment: Organizations should take actions that empower people to maximize their own
2371 capabilities, resources and opportunities;
- 2372 — Work in partnership: combining capabilities in a partnership, such as the exchange of experience,
2373 resources and efforts among organizations, makes the combined social development actions more
2374 effective than any individual action. Partnerships can include many different types of organizations and
2375 can operate at international, national, regional or local level; and
- 2376 — Promotion of equitable distribution of wealth and income.

2377 **6.8.3 Social development issue 1: Contribution to social development**

2378 **6.8.3.1 Description of the issue**

2379 Organizations can have positive and negative impacts on social development through all their operations,
2380 including those in their value chain. An organization that aligns its activities with the creation of a positive
2381 contribution to social development at an international, national or local level will create better relations with
2382 its stakeholders, an enhanced reputation, and more efficient risk management.

2383 To contribute to social development, organizations should promote awareness among citizens of their
2384 potential contribution to social development. Organizations should address issues such as public health
2385 and environmental degradation, as well as the provision of education and training, as they concern impacts
2386 throughout society that are crucial to social development. Moreover, the alleviation of poverty and hunger is
2387 central to social development,

2388 Because culture can have such a positive impact on social cohesion, cultural heritage is also part of social
2389 development. Organizations should promote and participate in the preservation of cultural heritage, which
2390 includes, for example art, language, traditional knowledge, as well as natural sites and places of
2391 archaeological or historical significance.

2392

2393 **6.8.3.2 Related actions and/ or expectations**

2394 **a) Citizenship awareness**

2395 Organizations should have a major role in raising awareness by communicating to citizens the importance
2396 of their actions for social development.

2397 An organization should:

- 2398 — Raise awareness of the rights and duties of citizens. For example, organizations can raise awareness
2399 of the importance of voting or the need to tackle corruption; and

2400 — Support capacity building that will enable communities and citizens to participate in the formulation and
2401 implementation of public policies and expenditures.

2402 **b) Promotion of good health**

2403 An organization should

2404 — Promote good health, especially of their employees, by, for example, actions such as:

2405 — Improving working conditions;

2406 — Providing access to medicines and vaccination, for example by supporting vaccination
2407 programmes;

2408 — Promoting healthy lifestyles, such as exercise and good eating habits; and

2409 — Raising awareness about major diseases, such as HIV/AIDS, malaria and tuberculosis.

2410 — Provide support to employees and their families in gaining access to essential health care services;
2411 and

2412 — Employ the highest levels of safety to protect the health of their workers and the community.

2413 For further guidance on health and safety, see Clauses 6.4 Labour practices and 6.5 The environment.

2414 **c) Promotion of culture and preservation of cultural heritage**

2415 An organization should:

2416 — Promote cultural activities to its stakeholders;

2417 — Value the local culture and cultural traditions;

2418 — Support cultural activities that strengthen the identity of minorities as a means of combating
2419 discrimination; and

2420 — Help conserve and protect cultural heritage, especially where its activities may have an impact on
2421 cultural heritage.

2422 **d) Promotion of education**

2423 An organization should:

2424 — Promote and/or support education at all levels for its employees and their families in partnership with
2425 public authorities;

2426 — Encourage the enrolment of the children of its employees in formal education, for example primary
2427 school;

2428 — Engage in actions to improve the quality of education and to eradicate illiteracy;

2429 — Take action to eliminate the barriers to children obtaining an education, such as child labour; and

2430 — Promote education and training that contribute to lifelong learning, particularly for its employees.

2431
2432

Box 12 Examples for promotion of education

2433 A large company installs classrooms at its factories for its employees to complete primary and secondary
2434 schooling.

2435 A government gives financial aid to poor families to help them keep their children at school as a means of
2436 promoting education and combating child labour.
2437

2438 **e) Contribution to alleviation of poverty and hunger**

2439 An organization should:

2440 — Contribute to employment and income generation, bearing in mind the value of including minority
2441 groups. This can be done through its core activities and/or investments in social programmes;

2442 — Contribute to programmes that provide access to food for disadvantaged people, taking into account
2443 the importance of increasing their capabilities, resources and opportunities; and

2444 — Support social entrepreneurship ventures and the development of technologies that are low cost, easily
2445 replicable and have a high social impact on poverty and hunger eradication.

2446
2447

Box 13 Examples of contribution to alleviation of poverty and hunger

2448 An NGO collaborates with the government to build cisterns that provide access to drinking water during
2449 droughts.

2450 A local government develops a programme to support subsistence production in rural areas.

2451 A financial institution develops a micro credit programme.
2452

2453 **6.8.4 Social development issue 2: Contribution to economic development**

2454 **6.8.4.1 Description of the issue**

2455 All organizations and their operations have an effect on the whole economy and its development at an
2456 international, national or local level, but often their main impacts, both positive and negative, are at the local
2457 level.

2458 Economic development not only helps to overcome social problems but also may strengthen the
2459 organizations involved.

2460 The efficient use of resources, the payment of taxes, the development of new technologies and investment
2461 all contribute to economic development. Income from taxes provides the means for authorities to manage
2462 and develop infrastructure, for example transportation, and public services, such as education. There is a
2463 huge potential in innovation, technology and science for an organization to develop goods and services that
2464 can contribute to sustainable development. To overcome under-development and its associated problems,
2465 countries need access to modern technology.

2466 Responsible investment is a means by which investors may give preference to activities beneficial to
2467 society, which can be viewed as a contribution to the present and future welfare of society.

2468 Although employment generation is crucial for economic development, this issue is addressed in Clause
2469 6.4 Labour practices.

2470 **6.8.4.2 Related actions and/ or expectations**2471 **a) Use of resources**

2472 An organization should:

- 2473 — Use resources efficiently, including seeking to make multiple uses of natural resources, endeavouring
2474 to use resources in a way that helps to alleviate poverty;
- 2475 — Uphold and promote respect for property rights;
- 2476 — Respect the traditional use of natural resources by local populations, in particular indigenous people;
2477 and
- 2478 — Obtain the informed consent of the local community to use of the local natural resources before using
2479 them.

2480
2481**Box 14 [Examples of involvement of local communities in the use of resources]**2482 A large pulp and paper company that owns a forest plantation assists small local businesses to sell their
2483 forest stocks.2484 A state-owned company consults the local community before building a dam.
24852486 **b) Contribution to the local economy**

2487 An organization should:

- 2488 — Try to create positive effects for the local economy, thus contributing to local capacity building and the
2489 formation of human capital; and
- 2490 — Give preference to local suppliers of goods and services and, where possible, contribute to local
2491 supplier development.

2492
2493**Box 15 Example [Title needed]**2494 A car producer gives technical and managerial training to small- and medium-sized enterprises in its local
2495 area.
24962497 **c) Taxes**

2498 An organization should fulfil its tax responsibilities and provide the authorities with the necessary
2499 information to correctly determine its taxes. Governments play an important part in managing tax systems
2500 properly and the effective use of revenues. Civil society organizations can contribute to both a robust tax
2501 system and the efficient use of resources and should scrutinize these activities of government.

2502 **d) Innovation, technology and science**

2503 An organization should:

- 2504 — Engage in partnership with local organizations, for example universities or research laboratories, to
2505 undertake research;
- 2506 — Where appropriate, perform its scientific and technological development in the local community and
2507 employ local people in this work;

2508 — Set reasonable terms and conditions for licenses or technology transfers so as to contribute to long
2509 term local development; and

2510 — Where feasible, adopt practices that allow technology transfer and diffusion.

2511 **e) [Socially] responsible investment**

2512 An organization should consider the environmental, social and corporate governance aspects and the
2513 social responsibility of the organizations in which they invest or seek to invest.

2514 **Box 16 [Example of socially responsible investment]** 2515

2516 A large investment bank establishes a fund that invests only in organizations that fulfil criteria based on the
2517 “triple bottom line”, that is economic, social and environmental factors.
2518

2519 **6.8.5 Social development issue 3: Community involvement [issues]**

2520 **6.8.5.1 Description of the issue**

2521 To be successful in achieving its objectives, an organization needs relationships with all its stakeholders
2522 that are based on respect and trust. Building relationships within a community takes time. To address
2523 community involvement issues, organizations should consider consultation, dialogue and negotiation, as
2524 well as community empowerment and community social investment.

2525 Consultation, dialogue and negotiation offer valuable opportunities to improve the relationship between an
2526 organization and the communities in which it operates. Understanding the characteristics and composition
2527 of communities affected by the organization is central to ascertaining the organization's impacts and
2528 designing appropriate measures to address these impacts.

2529 Two of the major challenges of community involvement are to secure fair and equitable representation for
2530 community members and be confident that they have the skills to negotiate and to express their interests.

2531 Recognizing stakeholder expectations and promoting the right of stakeholders to be consulted and to
2532 participate in decision making will help create positive relationships.

2533 By understanding its changing impacts on society an organization will be able to adapt its activities to
2534 society's best interests as well as its own. An organization that considers its present and past impacts on,
2535 and experience with, the community will be better equipped to address community involvement issues.

2536 With respect to social investment, the aim should be to align the needs of the community with the objectives
2537 of the organization.

2538 **6.8.5.2 Related actions and/ or expectations**

2539 **a) Impacts on the community**

2540 An organization should

2541 — Identify and responsibly manage the key social, environmental and economic impacts of its past,
2542 present and planned operations on the community;

2543 — Gather information on the community to determine the main impacts and the main development issues
2544 in the local community; and

2545 — Compensate fairly those affected by unavoidable negative impacts. The affected community should be
2546 involved in the determination of appropriate compensation.

2547
2548

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

2549 A company analyses its impact on a river located in a community and develops technology to treat the
2550 water it discharges into the river, so that the wastewater is cleaner than before it was extracted. The local
2551 community takes advantage of this new situation and uses the river for recreation purposes.
2552

2553 **b) Consultation, dialogue and negotiation**

2554 An organization should:

- 2555 — Give stakeholders the right to be heard and accept the obligation to be accountable to these
2556 stakeholders;
- 2557 — Give the community access to relevant information and undertake meaningful communication (see also
2558 Clause 5.2.4 for the accountability principle);
- 2559 — Build relationships and maintain communication with all its key community stakeholders. This should
2560 include previously ignored stakeholders as well as familiar stakeholders on new topics and in new
2561 ways. It is important to identify not only dominant local groups, but also vulnerable and marginalized
2562 groups, for example indigenous people or religious minorities; and
- 2563 — Negotiate with community stakeholders in good faith, that is, with an open mind, a willingness to
2564 engage in the process and a genuine desire to reach agreement. In time, strategic partnerships may
2565 develop between an organization and the community and/or other stakeholders, such as government
2566 or NGOs.

2567
2568

Box 18 [Examples of consultation and dialogue]

2569 Governments involve the community in the development of city planning.

2570 NGOs involve the community in the planning, implementation, monitoring and evaluation of their
2571 community-based programmes.

2572 During the construction period of a new project, a company, together with the local government and an
2573 environmental NGO implement a community forum. The goals are to listen to the stakeholders' concerns
2574 and expectations and to manage the project's impacts on the community
2575

2576 **c) Community empowerment**

2577 To build and strengthen capacity in the community, an organization should identify and assess community
2578 stakeholder needs in terms of both resources, for example staff, money and time, and in terms of
2579 competencies, for example expertise and experience.

2580
2581

Box 19 [Example for community empowerment]

2582 An organization with significant environmental impacts in the neighbouring community, creates a
2583 Community Environmental Committee to engage affected parties in its decision making process and to
2584 address these impacts. Technical support is provided by the local government's environment department
2585 and local health service. By partnering with an NGO, the organization develops an environmental training
2586 programme for community representatives. In every session, the organization gives material information
2587 and makes performance improvement commitments. These are monitored by the community and the local
2588 authorities.
2589

2590 **d) Community social investing**

2591 An organization should:

- 2592 — Make social investments that are related to its impact on society and the environment. Its investments
2593 in the community should be in proportion to the risk and impacts the organization is likely to create for
2594 the community. These investments should also take account of the organization's nature, location and
2595 scale, as well as the interests of the community concerned;
- 2596 — Orient social investment towards capacity building in the community;
- 2597 — Recognize that an organization's social investment do not preclude other social actions and
2598 philanthropy, for example grants, volunteering and donations. These however, should be aligned with
2599 the organization's overall social investment aims They should focus on giving resources to the
2600 community through programmes or projects for long-term development;
- 2601 — Promote sustainable social investment projects, by involving the community in their design and
2602 development. Community involvement will help projects to survive and prosper when the organization
2603 is no longer involved;
- 2604 — Take into account the promotion of economic, social and human development in planning social
2605 investments. All actions should broaden the opportunities for citizens, for example increasing local
2606 procurements and outsourcing to support local business development;
- 2607 — Avoid actions that perpetuate a community's dependence on the organization's philanthropic activities.
2608 Special care needs to be taken in poor host communities; and
- 2609 — Assess existing community-related initiatives, provide feedback on their success and suitability and
2610 identify where improvements might be made.

2611 **Box 20 [Examples of social investment in communities]**
2612

2613 A company seeks to increase procurement in a local community. It builds local capacity by engaging with
2614 local people to supply services such as gardening, laundry service, vehicle maintenance and recycling.

2615 A timber company exports certified products. In partnership with an NGO, it helps small producers to obtain
2616 the certification by providing technical assistance and training as well as financial resources. This action
2617 contributed to the integration of these small producers into its supply chain.
2618

2619 **7 Guidance for an organization on implementing social responsibility**

2620 **7.1 General**

2621 This clause provides practical guidance on developing, integrating and implementing practices of social
2622 responsibility. It identifies actions that organizations of any type or size may take and also provides more
2623 detailed guidance for specific types of organizations such as small and medium sized organizations (SMOs)
2624 and NGOs in the relevant clauses. The actions described here need not be applied in a step-by-step
2625 approach, but all main elements should be considered. Some organizations may find it more appropriate to
2626 undertake the elements in a different order or to repeat one or several elements.

2627 Comprehensively addressing social responsibility is an ongoing activity that takes time. An organization
2628 implementing social responsibility will often address what it does for example, its activities, goods and
2629 services; and how it does it, for example, its policy, strategy and operations. Social responsibility also
2630 involves considering an organization's impact on its stakeholders. An organization should prioritize and
2631 accommodate the activities it undertakes to become socially responsible according to its profile, complexity,
2632 context and feedback from stakeholders. The context in which an organization operates has an impact on

2633 its vision, policy and strategy, as well as its relationship with stakeholders and its daily practices. To make
2634 progress and allow for accountability, an organization should review and communicate its activities and
2635 progress. All these activities are interdependent. This standard is intended to be compatible with and
2636 should be integrated into an organization's existing models, strategies and practices.

2637 **7.2 Understanding the context of social responsibility**

2638 **7.2.1 Key considerations**

2639 An organization needs specific information and analysis to develop its vision, mission, strategies, objectives
2640 and targets to integrate social responsibility into its activities, goods and services. This information
2641 gathering and analysis is best done in a way that enables an organization to understand the social,
2642 environmental and economic context in which it operates. Key components of this effort may include
2643 understanding an organization's profile, analyzing the boundaries and context of its social responsibility and
2644 understanding its stakeholders' concerns, particularly with respect to its core issues concerning social
2645 responsibility (see Clause 6).

2646 **7.2.2 Understanding an organization's profile**

2647 Before an organization begins establishing and implementing an approach for addressing issues of social
2648 responsibility, it should collect and evaluate specific information to better understand its current profile. This
2649 information may include:

- 2650 — Key goods and services, locations/geographic scope and organizational structure of operations,
2651 governance structure, workforce make-up, annual income and expenses and other quantitative
2652 information;
- 2653 — The degree to which an organization's activities and practices conform to identified internal and
2654 external requirements through for example, reviewing litigation records, audit trends, regulatory
2655 enforcement records, adopted codes or other records;
- 2656 — Key goals and recent performance in achieving those goals;
- 2657 — Recent and anticipated major changes in goods, services, activities, strategies or policies;
- 2658 — Projections of the current and likely future trends in the field of work or sector; and
- 2659 — Key strengths and competencies including human and other resource needs.

2660 **7.2.3 Analyzing the boundaries and context of social responsibility**

2661 An organization should identify and analyze the issues of social responsibility material to it and its
2662 stakeholders and evaluate the context for those issues (see Clause 6). This may involve assessing the
2663 boundaries of social responsibility within an organization and its supply chain [upstream, downstream and
2664 sideways] and within its stakeholder network. These will help identify the issues of social responsibility that
2665 may be prioritized for action. Within its boundaries of social responsibility, an organization should take
2666 responsibility based on laws, conventions and/or ethics. In addition, within its sphere of influence, an
2667 organization should seek to affect the socially responsible actions of other organizations. Outside its sphere
2668 of influence, an organization is less likely to be held accountable by stakeholders.

2669 This boundary assessment can identify the issues of social responsibility that may have an actual or
2670 potential significant [material] impact or be controlled or affected by an organization's own activities, goods
2671 and services. It also can identify entities within the supply chain and stakeholder network [stakeholder map]
2672 that an organization can control or reasonably influence, that is, those within its sphere of influence. It can
2673 identify the actual or potential significant [material] impacts of social responsibility that may be generated by

2674 those organizations. Within the supply chain, degrees of control and impact may be related to the size,
 2675 complexity and types of organizations in the supply chain, as well as an organization's competitive situation
 2676 and the number of organizations within the supply chain.

2677 The evaluation of information on the context can include:

- 2678 — Understanding the trends concerning the significant [material] issues of social responsibility;
- 2679 — Identifying what actions have already been taken and progress made by an organization and
 2680 its supply chain in addressing the significant [material] issues of social responsibility;
- 2681 — Identifying progress on any existing goals of social responsibility; and
- 2682 — Analyzing the potential opportunities, risks and challenges posed by the significant [material]
 2683 issues of social responsibility over the short and long term.

2684 Several questions can be helpful in evaluating the context:

- 2685 — Which operational activities are contravening international laws, treaties, protocols or conventions?
- 2686 — Which processes, procedures, activities, actions or existing socially responsible activities of an
 2687 organization are not in keeping with, or even in conflict with, an organization's strategy and objectives
 2688 for social responsibility?
- 2689 — Which elements of an organization's culture for example, operational values, norms, basic beliefs and
 2690 convictions, are contributing to the realization of the strategy and commitment for social responsibility?
 2691 Conversely, which of these are not contributing and need to be changed?

2692 **7.2.4 Understanding stakeholder concerns**

2693 An organization should understand the concerns of its [key] stakeholders relative to the significant [material]
 2694 issues of social responsibility within its social responsibility boundaries. These concerns can be identified
 2695 through a stakeholder identification and engagement process (see Clause 7.3).

2696 **Box 21 Analyzing the boundaries of social responsibility**

2697

2698 Below are three examples showing how a large food processing company, a small auto repair shop and a research-
 2699 orientated NGO might each analyze its boundaries of social responsibility. This analysis identifies examples of issues of
 2700 social responsibility to consider in setting boundaries before an organization seeks to set goals and integrate social
 2701 responsibility into its activities, goods and services.

2702 **Large food processing company**

<i>The entities that an organization can control or reasonably influence</i>	<i>Examples of significant [material] impacts of social responsibility [actual and potential] generated by those entities</i>
The farmers, farm co-operative organizations and agricultural corporations supplying farm produce used in the food products, where at least 20 percent of their production or \$2 million in sales is purchased by the company	Environmentally sustainable farming issues for example, irrigation water and pesticide use, water contamination, erosion control, deforestation of lands and preservation of wildlife habitat; socially sustainable farming issues for example, labour wages and practices, farm safety and genetically modified crops and animals.
Fully owned subsidiaries, joint ventures with ownership of at least 35% by the company	Issues of social responsibility similar to those of the company
Major distributors	Energy consumption [greenhouse gas] worker health and safety, packaging materials and waste
Major suppliers of processing equipment used in the company's factories	Operator safety, energy efficiency, ergonomics, waste minimization and diversity

Box 21, continued	
Major suppliers of packaging and other materials used in the goods	Materials used and waste throughout the life cycle, elimination of hazardous ingredients, ergonomics, re-use and recyclability of materials and employee diversity
Maintenance, service and construction contractors	Waste prevention, avoidance of hazardous materials, green building practices, waste recycling and appropriate disposal, worker health and safety, diversity and fair labour practices
2703 2704 2705 2706 2707 2708 2709	The issues of social responsibility that are or may be significant for [material to] an organization's own activities, goods and services: food nutrition, obesity concerns, labelling on ingredients and health effects, consumer safety, minimization of packaging, energy use/greenhouse gases, emission/ discharge of harmful pollutants, waste generation, water usage, worker privacy, health and safety, diversity, development and fair labour practices, collective bargaining, crisis management concerning social responsibility issues, stakeholder communications, philanthropy, employee participation in voluntary community social responsibility activities, fair operating, marketing and advertising practices, after-supply services and dispute resolution and redress, data-protection and privacy.
2710	
2711	Small auto repair shop
<i>The entities that an organization can control or reasonably influence</i>	<i>Examples of significant [material] impacts of social responsibility [actual and potential] generated by those entities</i>
Maintenance and service contractors	Safety, waste reduction, diversity
2712 2713 2714 2715	The issues of social responsibility that are or may be significant for [material to] an organization's own activities, goods and services: customer safety, minimizing use of hazardous solvents, recycling solvents and hand rags, recycling of used tires and other components, worker health and safety, diversity, development and working conditions, participation in and contribution to community affairs.
2716	
2717	Research-oriented NGO
<i>The entities that an organization can control or reasonably influence</i>	<i>Examples of significant [material] impacts of social responsibility [actual and potential] generated by those entities</i>
Research contractors, consultants	Employee diversity, fair labour practices, worker health and safety, minimizing environmental impacts associated with goods and services, protection of confidential/private information, etc.
2718 2719 2720 2721	The issues of social responsibility that are or may be significant for [material to] an organization's own activities, goods and services: service mission consistent with social responsibility, use of recycled paper, soy inks, procurement of energy-efficient computers, reduction of office energy use, worker health and safety, diversity, development, and fair labour practices, use of green hotels for conferences, privacy, safety in public rallies.
2722	

2723 7.3 Working with stakeholders

2724 7.3.1 Key considerations

2725 All organizations already undertake some form of stakeholder engagement by communicating with
2726 individuals or organizations such as customers, employees or suppliers. Stakeholder dialogue and

2727 engagement do not necessarily need an organization to develop a new communication system, but can
2728 entail building on existing experiences, approaches and results. Stakeholder engagement consists of two
2729 main components:

2730 — Identification of stakeholders; and

2731 — The engagement process itself.

2732 An organization may wish to engage with stakeholders on its overall actions related to social responsibility
2733 or perhaps on a specific issue or project. The aims of the engagement should be clear from the outset to
2734 manage the expectations of those involved in the process.

2735 **7.3.2 Identification of stakeholders**

2736 [The definition of a stakeholder can encompass such a wide range of groups that it is impossible for an
2737 organization to engage in a meaningful way.] [Individuals and groups will have many interests and can have
2738 various interests with respect to the activities of an organization.] An organization should identify its
2739 stakeholders [on the basis of their interests and in particular, on the relationships of these interests to the
2740 welfare of society and sustainable development and the nature of the relationship of the stakeholder to an
2741 organization]. Taking this focused approach enhances the value of dialogue with stakeholders and helps to
2742 maintain the relationship with the stakeholder over the long term.

2743 No organization can engage with all its stakeholders at the same time or to the same level of intensity. Nor
2744 can an organization necessarily address all stakeholder interests simultaneously and with equal effort.
2745 Stakeholders have interests that are different from, and may at times conflict with, the interests of other
2746 stakeholders and perhaps the organization itself.

2747

2748 **7.3.2.1 The identification process**

2749 An organization should identify all of the individual stakeholders and stakeholder groups, both internal and
2750 external, that have interests in its social responsibility. An organization's existing relationships can act as a
2751 starting point for the identification of stakeholders, but consideration should also be given to stakeholders
2752 with whom an organization does not yet have relationships. During stakeholder identification an
2753 organization should consider the following six points.

2754 First, some stakeholders will be essential for an organization to determine and address its issues of social
2755 responsibility. The relationship between an organization and other stakeholders may be more strategic in
2756 nature.

2757 Second, how precisely an organization identifies stakeholders may have a dramatic effect on an
2758 organization's ability to forge relationships with them and ultimately address their interests as appropriate.
2759 Care should be taken to identify the most appropriate people from within groups. This is particularly
2760 challenging when engaging with groups that are not formally organized for example, neighbours to a plant.

2761 [Third, those within the organization who are identifying the stakeholders will often have differing views on
2762 who should be included. These views may differ due to experience, roles and education. Involving a team
2763 of people in the identification process may help avoid bias.]

2764 Fourth, some stakeholders may identify themselves. An organization should consider the legitimacy of
2765 stakeholders' interests with reference to sustainable development and the welfare of society and be
2766 transparent in its decision.

2767 Fifth, some stakeholders may be surrogates for others, for example, young children. There can be
2768 representation issues with this approach and an organization should be aware of potential abuses. Some
2769 representation may not be consistent with sustainable development and the welfare of society.

2770 Sixth, the stakeholder list may differ among geographic regions, the activities of the organization and
2771 whether the whole or part of the organization is under consideration.

2772 [An organization should identify all the individual stakeholders and stakeholder groups, both internal and
2773 external, that have an interest in its social responsibility.] [Some stakeholders may be identified by several

2774 means for example, focus groups, surveys, public announcements of the identification process and
 2775 invitations to stakeholders to indicate their interest in becoming involved.]

2776 More simply, an organization could ask itself a number of questions, for example:

2777 — Who has interests that might be positively or negatively affected by the organization or project?

2778 — Who has been involved in similar matters in the same region in the past?

2779 — Who has said they would like to be involved?

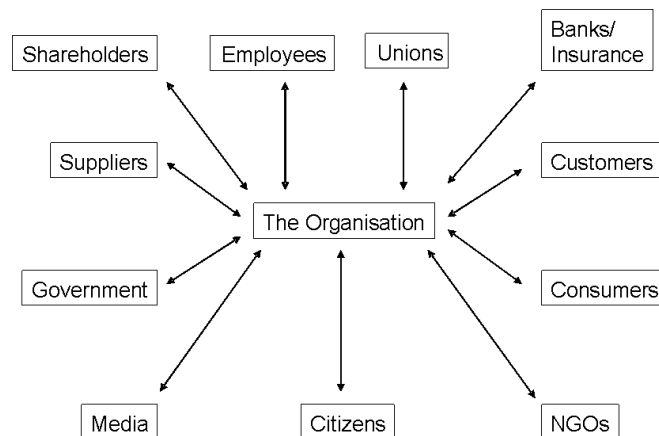
2780 — Who has expertise that could be useful in improving the organization's social responsibility?

2781 — Who would be dissatisfied if they were excluded from the engagement?

2782 Once the identification process has taken place, the stakeholder list should be documented and revisited
 2783 periodically as interests and relationships change and develop over time. One documentation method is the
 2784 stakeholder map (see Figure 2).

2785

2786 **Figure 2 Stakeholder map for a publicly traded business**



2787

2788 **7.3.2.2. Prioritisation of interests**

2789 Having identified the stakeholders, an organization should prioritize their interests. There are different
 2790 means by which an organization might do this, including:

2791 — A risk-based approach, considering which interest could affect either the organization or its
 2792 stakeholders most significantly;

2793 — Consider some interests over others, especially those derived from stakeholders who have a legal
 2794 relationship with the organization and those based on national laws or internationally recognized
 2795 conventions, principles or recommendations;

2796 — Resource-based assessment, dealing with the simplest issues first to give more time to more
 2797 challenging interests or those contrary to the organization's identified needs; and

2798 — A consensus-based approach, addressing those interests commonly held by the majority of
 2799 stakeholders being considered first.

2800 Through prioritizing interests, it is likely that an organization will end up engaging with a smaller number of
2801 [key] stakeholders, making the process more manageable.

2802 **7.3.3 The engagement process**

2803 The stakeholder engagement process should always aim to develop trust between an organization and its
2804 [key] stakeholders, with the ultimate objective of improving an organization's social responsibility. Trust is
2805 developed through a combination of performance and transparency, and involves an exchange of
2806 information regarding interests of social responsibility between an organization and its [key] stakeholders.
2807 To secure their trust, organizations should engage with stakeholders in an appropriate manner. Provisions
2808 should be made for legitimate concerns to preserve confidentiality by, for example, restrictions on trade
2809 secrets and socially sensitive issues.

2810

2811 **7.3.3.1 When to engage**

2812 [Key] stakeholders should be engaged in the following steps:

- 2813 — Defining objectives and targets of social responsibility;
- 2814 — Verifying data and claims about performance on principles and issues of social responsibility;
- 2815 — Reviewing performance with regard to an organization's relevant core issues (see Clause 6); and
- 2816 — Resolving controversial or difficult issues of social responsibility facing an organization.

2817

2818 **7.3.3.2 Engagement and communication plan**

2819 Before any engagement is undertaken, an organization should be prepared. The development of a
2820 stakeholder engagement and communication plan can be helpful in identifying specific means of
2821 communicating with stakeholders, including communication methods and frequencies. The plan should be
2822 communicated and easily accessible, and it should evolve over time.

2823 [Key] stakeholders should be engaged early in the life of a project or decision-making process to be
2824 confident that their interests are understood as soon as possible. An organization should be prepared for
2825 stakeholder feedback from the process, remaining aware that it may not always be positive toward the
2826 organization's original intentions. It is essential to enter into the decision-making process with an open
2827 mind.

2828

2829 **7.3.3.3 Engagement techniques**

2830 Many engagement techniques exist. Not all issues or projects are suited to facilitated group dialogue, which
2831 can be time consuming and difficult for some stakeholders lacking resources. This can mean that they fail
2832 to participate, even though both the stakeholders and the organization believe they are instrumental to the
2833 process and outcome. In such cases, on-going methods of dialogue, such as communicating by email and
2834 telephone, can be more effective and manageable for all parties. If group meetings are planned, it is
2835 recommended that they be professionally facilitated.

2836 When engaging with [key] stakeholders on labour-related issues, topics should be based on ILO principles
2837 of social dialogue, applicable national and local legislation and agreements between national labour and
2838 employer organizations. Further, it should be recognized that the most essential form of engagement for
2839 labour stakeholders is collective bargaining.

2840 Sometimes it may be advantageous to develop partnerships with [key] stakeholders to achieve particular
2841 goals. Partnership and collaboration are sources of creative thinking that can produce win-win solutions to
2842 conflicts that may occur between an organization and its stakeholders. They sometimes produces new
2843 opportunities, new approaches and new developments that add value to an organization and often to

2844 society as a whole. If there are conflicts of interest between an organization and a particular [key]
2845 stakeholder, partnership approaches may not be relevant or possible.

2846 Meaningful engagement with [key] stakeholders is not simply an isolated activity. It is a decision-making
2847 method that may involve a degree of cultural and procedural change within an organization. It has the
2848 potential to result in continuous learning within and outside an organization. This mutual learning process is
2849 likely to strengthen trust between an organization and its [key] stakeholders. Trust, in turn, fortifies
2850 credibility.

2851 When [key] stakeholders are engaged in the context of social responsibility, decision-making should be
2852 based on consensus. If a consensus solution cannot be reached, best efforts should be made to overcome
2853 the differences. Irreconcilable differences should be communicated transparently to other stakeholders.

2854 **7.4 Integrating social responsibility into an organization's goals and strategies**

2855 **7.4.1 Key considerations**

2856 Social responsibility should be integrated into an organization's overall goals and management strategies.
2857 This process of integration only succeeds if it is supported by top management, developed through
2858 interactive dialogue with stakeholders and explained in the context of an organization's mission and
2859 policies.

2860 From the beginning of the implementation process, top management should have a specific role and be
2861 committed to improving an organization's performance on social responsibility. To make the development
2862 and implementation of activities related to social responsibility meaningful and successful, management
2863 commitment should represent a level sufficiently high in an organization to resolve any challenges that
2864 could arise.

2865 **7.4.2 Adopting principles of social responsibility and connecting them to an organization's 2866 statements**

2867 An organization's activities related to social responsibility should be based on principles of social
2868 responsibility connected to its values and rules of behaviour. These principles should be specified and
2869 clearly defined (see Clause 5). Many organizations have a written mission statement and/or vision
2870 statement to define their overall values and goals. Those organizations should review their existing
2871 statements to determine how principles of social responsibility might be integrated into these statements.
2872 An organization without a written mission or vision statement should develop one as a starting point for
2873 integrating principles of social responsibility. An organization's mission and vision are key statements that
2874 provide stakeholders with a basis from which to evaluate an organization's commitment to social
2875 responsibility.

2876 An organization may also find it useful to have a written code of conduct and have it approved by top
2877 management. A code of conduct provides general guidance to employees and other stakeholders on how
2878 an organization should behave in accordance with its values, mission, vision and principles. It can also
2879 serve as a reference to assist an organization's employees in daily decision-making. In addition, a code of
2880 conduct, made publicly available, can give external stakeholders a basis upon which to evaluate an
2881 organization's commitment to social responsibility.

2882 **7.4.3 Developing objectives and strategies**

2883 An organization, together with its stakeholders, should develop objectives and strategies to implement
2884 social responsibility based on the organization's vision, mission, statement of principles, code of conduct
2885 and any other relevant documents. These objectives and strategies should be integrated into existing
2886 organizational practices.

2887 Objectives may be based on:

2888 — The results of the context analysis (see Clause 7.2), the mission and/or vision, the adoption and
2889 integration of principles, the determination of sphere of influence and information from stakeholders;

2890 — The selection of core issues of social responsibility to be addressed; and

2891 — The assignment of priorities and timing for addressing these selected issues.

2892 An organization's strategies for handling issues of social responsibility should include a review of the
2893 existing policies and the development of new ones as necessary to achieve its objectives. The strategies
2894 may include information on how to:

2895 — Reach the objectives set;

2896 — Determine the practices or procedures for addressing selected issues in an organization's activities,
2897 goods and services;

2898 — Handle issues in different countries, locations and/or specific local situations, taking into account
2899 differences in culture as well as social and economic conditions;

2900 — Address cases where stakeholder interests are in conflict with each other or the organization;

2901 — Provide groups within an organization with the authority and resources to implement actions related to
2902 social responsibility;

2903 — Fairly share the implementation costs of social responsibility in the supply chain;

2904 — Engage with stakeholders, and

2905 — Develop an overall framework to manage the implementation of social responsibility including
2906 reviewing performance and progress (see Clause 7.7).

2907 **7.5 The implementation of social responsibility in daily practice**

2908 **7.5.1. Key considerations**

2909 Organizations should consider the following when implementing social responsibility:

2910 Successfully integrating social responsibility into the activities, goods and services of an organization
2911 typically requires a strategy. Determining short-term targets and defining actions plans and indicators
2912 should be done, as far as possible, through engagement with stakeholders (see Clause 7.3).

2913 When integrating social responsibility into the organization, make use of existing systems, for example,
2914 management, quality and information systems and tools and structures such as structures for decision-
2915 making and determining rewards. Organizations should not duplicate existing systems and structures but
2916 may need to modify them.

2917 Implementing a strategy, policy, long and mid-term objectives and a code of conduct should involve people
2918 at all levels of an organization. People are a key success factor, so an organization should raise awareness
2919 and build competences and capabilities throughout the organization.

2920 **7.5.2 Raising awareness and building competencies**

2921 The following actions can help an organization to raise awareness:

2922 — Encouraging top management to promote, motivate and stimulate social responsibility in an open and
2923 transparent way;

- 2924 — Explaining and discussing, at all levels of the organization, the elements related to social responsibility
2925 of an organization's code of conduct, mission, vision and policies;
- 2926 — Encouraging participation, for example in teams, and fostering the involvement of employees from all
2927 levels;
- 2928 — Organizing information sessions with the use of internal or external experts or stakeholders; and
- 2929 — Informing designers, whose work typically occurs at the start of service or product life cycles, about the
2930 possibilities or consequences of addressing or not addressing core issues of social responsibility.
- 2931 Integrating social responsibility with daily practice requires building internal competencies, which can be
2932 achieved through various actions, including:
- 2933 — Identifying people within the organization or organizational network who already have knowledge and
2934 experience of the relevant issues of social responsibility, for example, specialists in environmental or
2935 human resources issues, members of an in-house consultancy, total quality managers and suppliers;
- 2936 — Identifying people who may be willing or who are especially well suited to actively support
2937 implementation;
- 2938 — Organizing training sessions with the use of internal or external experts or stakeholders;
- 2939 — Studying best or worst practices in the organization's industry or sector;
- 2940 — Creating multi-level and/or multi-functional teams to exchange knowledge and ideas;
- 2941 — Organizing workshops to enable people to identify successes in their own work;
- 2942 — Stimulating innovative and valuable ideas for the activities, goods or services of the organization and
2943 providing research or development specialists or designers with opportunities to do pilot projects; and
- 2944 — Sharing and discussing with employees and stakeholders the organization's socially responsible
2945 achievements for example, in workshops.

2946
2947

Box 22 How to start implementation in an SMO

2948

Overcoming challenges:

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2950
2951

- Anticipate the fear and reluctance, especially of small and medium-sized organizations, to dealing with social responsibility in a systematic way, for example, owing to a lack of budget, personnel resources and time; and

2952
2953
2954

- Identify the reasons for these fears, for example, negative experiences with the bureaucratic side effects of quality norms, the cost of certification, a lack of knowledge about which topics to address and a lack of expertise in an organization.

2955

Key considerations:

2956
2957

- Begin with one core issue of social responsibility, define a short-term target where quick successes are possible and define actions to achieve the target [This is the most important task.];

2958
2959

- Consider that there is often more expertise within an organization than might be expected and that there is a growing interest and expertise in social responsibility in the wider society; and

2960
2961
2962

- See the integration of social responsibility as a chance to improve goods, services, activities or stakeholder relationships and see the process as a learning opportunity.

2963 **7.5.3 Establishing structure and reviewing operations against strategy**

2964 To effectively integrate social responsibility into daily practice, an organization should review existing
2965 structures at the operational level and modify these structures, where necessary, with regard to their
2966 relevance, support and applicability to integrating social responsibility into the organization.

2967 This could be achieved through the following activities:

- 2968 — Identifying procedures to engage with internal and external stakeholders and reflect their feedback;
- 2969 — Determining rewards and recognition for successful implementation and innovative or valuable ideas
2970 and integrating rewards into existing human resources systems;
- 2971 — Identifying individuals and responsibilities at all levels within the organization to integrate social
2972 responsibility into existing decision-making procedures;
- 2973 — Reviewing the organization's operations and behaviour against strategies (see Clause 7.4) and modify
2974 where necessary;
- 2975 — Choosing either a centralized or decentralized approach, or a combination, for the implementation; and
- 2976 — Reviewing the results of the context evaluation (see Clause 7.2).

2977 **7.5.4 Setting targets for social responsibility**

2978 The establishment of concrete targets for social responsibility can be supported by the following actions:

- 2979 — Translating the long and mid-term objectives into short-term targets at the operational level for
2980 activities, goods and services, including their life cycles, as well as departments and people;
- 2981 — Prioritizing the targets for social responsibility and the development of concrete measures to put them
2982 into daily practice, while considering regional, national and local differences [respect for culture and
2983 customs, awareness of the differences in economic development];
- 2984 — Defining opportunities and activities to maximize these at the operational level;
- 2985 — Defining risks and ways to minimize those risks at the operational level, including crisis management ;
2986 and
- 2987 — Defining timelines and budget.

2988 Working with indicators of social responsibility is another option for monitoring an organization's efforts (see
2989 Box 23).

2990 **Box 23 Working with indicators of social responsibility**
2991

2992 Once an organization sets its longer-term strategic objectives for social responsibility, for example, to
2993 reduce water consumption or increase the use of suppliers owned by women, it should establish specific
2994 short-term targets. Such targets could be, for example, reduce annual water consumption by 10% from the
2995 previous year or add 3 more suppliers owned by women to the list of approved suppliers by a certain date.

2996 One option for monitoring the performance for social responsibility is to identify appropriate indicators that
2997 support the targets, for example, gallons or cubic meters of water consumed per unit of production or
2998 percent of expenditures for supplies paid to suppliers owned by women.

2999 **Considerations for selecting or defining indicators**

3000 The indicator should:

- 3001 — Measure something an organization can control or use in decision-making to help achieve a strategic
3002 objective and specific targets;

3003

Box 23, continued

3004

— Be appropriate for the purpose of the measurement and consistent with the kind of information stakeholders would want to see;

3005

3006

— Be appropriate for the scope and location of operations the organization covers;

3007

— Be easy for intended audiences to understand;

3008

— Be suitable for benchmarking; and

3009

— Measure data or other information that can be provided reliably and within the time required.

3010

Ideas for indicators can also be obtained from guidelines, as well as from peer social responsibility reports and other sources.

3011

3012

NOTE An organization need not select or define indicators that call for information that is private, proprietary or otherwise legally protected from disclosure, or that is impractical to obtain or disclose. In addition, indicators are not intended to pose an excessive burden in measuring and reporting results.

3013

3014

3015

Types of indicators

3016

There are several types of indicators:

3017

— Metric indicators express a qualitative measure or rating;

3018

— Initiative indicators are a statement of status about a discrete project or task;

3019

— Descriptive indicators express a qualitative description of conditions;

3020

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

3021

3022

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

3023

Indicator development principles

3024

An organization should take into account principles for indicator development, such as stakeholder inclusiveness, comparability, significance [materiality], accuracy, reliability, timeliness and clarity.

3025

3026

Approach

3027

A common approach is to have indicators that measure:

3028

— Process inputs, for example number of trainers and training budget;

3029

— Process outputs, for example number of people trained;

3030

— Process performance, for example number of training sessions given; and

3031

— Process outcomes, for example reduced violations of wastewater standards, reduction in fines and reduction in incidents of adverse publicity from the previous year.

3032

3033

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

3034

3035

3036

3037

3038 For any social responsibility objective, a mix of indicator types can be most effective in driving the desired
3039 action.

3040 **7.5.5 Action plans, instruments and implementation**

3041 Action plans can help with implementing social responsibility in a structured way. This could include:

3042 — Defining and prioritizing actions to implement issues relevant to social responsibility into the main
3043 activities, goods and services;

3044 — Defining short-, mid-, and long-term implementation milestones that include or link to actions that are
3045 part of the stakeholder engagement plan (see Clause 7.3), communication plan (see Clause 7.6),
3046 educating and training of employees, and that minimize risks and maximize opportunities for
3047 integrating social responsibility into the organization and for measuring the defined indicators;

3048 — Allocating resources, for example budget, human resources, specific expertise, technology and
3049 information systems; and

3050 — Describing methods for executing the plan and measuring results.

3051 To avoid their redundancy, existing instruments, systems and frameworks already established in an
3052 organization should be used for implementing social responsibility plans.

3053 An organization should determine how to integrate the necessary measures and actions into the existing
3054 operational framework, for example, systems for setting targets and rewards, management systems and
3055 mechanisms of organizational and human resources development. It should also consider existing
3056 instruments, frameworks and tools for realizing the strategies for social responsibility and discuss how
3057 specific actions and measures could be integrated.

3058 **7.6 Communicating on social responsibility**

3059 **7.6.1 Key considerations**

3060 Effectively communicating with stakeholders about social responsibility serves many purposes. Such
3061 communication:

3062 — Raises awareness within an organization about its plans, performance and challenges for social
3063 responsibility;

3064 — Stimulates improvements on issues of social responsibility;

3065 — Aligns plans, actions and roles concerning social responsibility with the expectations of its
3066 stakeholders;

3067 — Enhances an organization's reputation for responsible action, openness, integrity and accountability, to
3068 strengthen stakeholder trust and confidence in the organization;

3069 — Meets the requests of investors, consumers and other stakeholders for information on social
3070 responsibility about an organization that can be used to assess performance;

3071 — Addresses legal and other requirements for such information;

3072 — Shows the extent of conformity with commitments to social responsibility to which the organization
3073 subscribes; and

3074 — Provides a framework for ensuring prompt and adequate responses to emergencies related to issues
3075 of social responsibility.

- 3076 To be effective, communication about social responsibility must be credible with its stakeholders. Such
3077 communication should:
- 3078 — Use a variety of communication tools and techniques, as appropriate;
 - 3079 — Be both regular and ad hoc on specific issues;
 - 3080 — Address short-term targets and long-term objectives;
 - 3081 — Discuss both achievements and problems;
 - 3082 — Be open [transparent], honest, ethical and accurate as well as responsive to the reasonable requests
3083 and needs of stakeholders without divulging protected information;
 - 3084 — Be consistent and comparable over time and be comparable with applicable, reasonably available
3085 performance benchmarks;
 - 3086 — Be feasible and practical for the organization; and
 - 3087 — Be timely, clear, succinct and complete for the purpose intended.

3088 **7.6.2. Types of communication on social responsibility**

3089 **7.6.2.1 Periodic public reporting**

- 3090 An organization should regularly and publicly communicate information about its performance and activities
3091 concerning social responsibility. Typically, stakeholders expect the following to be included in such reports:
- 3092 — Information about issues relevant to social responsibility that may pose significant [material] impacts or
3093 substantially influence stakeholder assessments or decisions about the organization;
 - 3094 — Information about performance on issues as identified in Clause 6, especially those core issues
3095 designated as fundamental expectations of society and the organization's stakeholders, unless such
3096 issues are not significant for [material to] an organization and its stakeholders;
 - 3097 — Information about guidance statements, strategies, objectives, targets, indicators, issues, practices,
3098 performance, stakeholder key concerns and important aspects relevant to the social responsibility of
3099 activities, goods and services;
 - 3100 — Information showing conformance with any external commitments to social responsibility and related
3101 reporting guidelines to which the organization subscribes;
 - 3102 — Information about how the organization addresses its significant [material] issues relevant to social
3103 responsibility;
 - 3104 — Achievements and shortfalls concerning social responsibility and plans to address shortfalls;
 - 3105 — Performance on the significant [material] core issues relevant to social responsibility, for example,
3106 regulatory compliance, key indicators, risks and opportunities, initiatives and other contextual
3107 information; and
 - 3108 — Mix of quantitative data with explanatory and contextual information that provides a fair and complete
3109 picture of performance.
- 3110 This information can be provided in a single report, incorporated into another report or spread across
3111 several documents.
- 3112 An internal and/or external party should review the reported information and the processes used to collect
3113 and present it, to assure the accuracy, reliability, completeness and appropriateness of the report. At the

3114 very least, all information covered in the report should be subject to internal assurance by an organization's
3115 own personnel, preferably those independent of the people who prepared the report. To further enhance
3116 the credibility of the social responsibility report, an organization should seek assurance by an independent
3117 third party or parties, such as external stakeholders.

3118 **7.6.2.2 Additional communication about social responsibility**

3119 Other disclosures relating to social responsibility may be warranted based on the needs of an organization
3120 and its stakeholders. This communication may be made on a regular or ad hoc basis, as appropriate.
3121 Examples include:

- 3122 — Communication to the organization's management and employees to raise general awareness about
3123 social responsibility and related activities;
- 3124 — Communication with stakeholders concerning claims about the social responsibility of activities, goods
3125 and services. These claims should be verified through internal review and assurance. For enhanced
3126 credibility, these claims should be verified by external assurance;
- 3127 — Communication to suppliers about procurement requirements related to social responsibility;
- 3128 — Communication in crisis situations with implications for social responsibility; and
- 3129 — Communication with stakeholders on specific issues or projects of social responsibility (see Clauses
3130 7.3 and 7.6.5).

3131 **7.6.3 Planning and selecting forms of communication and media**

3132 A plan can enhance the effectiveness and reduce the costs of communication about social responsibility.
3133 The plan can identify the following:

- 3134 — Information to be communicated;
 - 3135 — Target audience, that is an organization's stakeholders;
 - 3136 — Reasons and objectives for the communication, for example to inform, consult with, respond to or
3137 involve target stakeholders;
 - 3138 — Internal and/or external parties who will communicate;
 - 3139 — Time and frequency;
 - 3140 — The information best suited to periodic versus that suited to ad hoc communication;
 - 3141 — Means of communicating;
 - 3142 — Approximate size and length of communication document and, if presented in hard copy, the quantity;
 - 3143 — Basic organization or structure of the communication, for example the major sections of a report about
3144 social responsibility; and
 - 3145 — Sequence and timing of communication if done in multiple segments.
- 3146 The following factors should be considered in developing the plan:
- 3147 — The budget and other resources available, including access to the services of a professional to aid in
3148 developing and/or implementing the plan;
 - 3149 — Alignment of the communication plan with the organization's existing strategic and/or operational plans;
 - 3150 — Time constraints;

- 3151 — The cultural, social, educational, economic and political background of the target audience as well as
3152 their values, views and concerns;
- 3153 — The expected level of participation by the target audience in the communication, that is, whether they
3154 will provide feedback, help decide solutions or convey the information to others;
- 3155 — Ease of access to the information by the target audience; and
- 3156 — Type and level of assurance to which the information may be subject.
- 3157 There are many communication tools and techniques to deliver the message directly through print and
3158 electronic media, for example reports, newsletters, magazines, posters, advertising, podcasts, blogs and
3159 websites. It is also possible to communicate through the media, for example using interviews, editorials and
3160 articles.

3161 **Box 24 Suggestions for minimizing communication costs**
3162

3163 Here are some suggestions to minimize the costs associated with communication that may be of particular
3164 use for small and medium-sized organizations:

- 3165 — Incorporate information into existing communication channels, for example an internal newsletter,
3166 quarterly external mailing, or available electronic means;
- 3167 — Set priorities for the information content and eliminate or postpone communication on lower priority
3168 items;
- 3169 — The content is the most important aspect of communication, and costs related to making the
3170 presentation fancy can be kept to a minimum;
- 3171 — Choose an appropriate frequency of reporting, for example issue reports every two years rather
3172 than annually but provide more frequent updates on specific initiatives on the Internet;
- 3173 — Use a voluntary advisory group or other volunteers to conduct external assurance of an
3174 organization's report, limit assurance activities to the most important data, and/or invite existing
3175 auditors to undertake report assurance while they are already in the organization on other matters;
- 3176 — Use performance and other data that has been reviewed and is readily available for example,
3177 environmental and/or health and safety reports, diversity information reported to the government,
3178 charitable donations in the tax report, energy consumption [and associated greenhouse gas
3179 emissions] data from energy and fuel bills, water consumption from water bills and key priorities
3180 from an organization's strategic plan;
- 3181 — Use external guidance on communication about social responsibility specifically designed for
3182 SMOs;
- 3183 — Narrow the geographical distribution of the information and expand it over time; and
- 3184 — Use employees to plan for and prepare the communication or seek the help of an outside
3185 communication professional who is willing to provide social responsibility communication services
3186 for free. Contact a professional communication association to help.

3187 **7.6.4 Stakeholder dialogue on communication about social responsibility**

3188 An organization should seek dialogue with its stakeholders to:

- 3189 — Assess the adequacy and effectiveness of the content, media, frequency and scope of communication
3190 so that it can be improved as needed;

- 3191 — Set priorities for the content of future communication;
- 3192 — Secure external assurance of reported information from stakeholders, if this approach to assurance is
3193 used; and
- 3194 — Identify best practices.
- 3195 (See Clause 7.3.)

3196 **7.7 Evaluating activities and practices of social responsibility**

3197 **7.7.1 Key considerations**

3198 The effectiveness and credibility of an organization's activities and practices can be enhanced by regular
3199 evaluation and review. The focus should be on reviewing performance for improvement. Regular monitoring
3200 of activities and measurements of performance is of little value to an organization if the results are kept
3201 confidential or internal. Evaluation without communication internally and externally of the results will not
3202 provide organizational learning, drive performance improvement or enhance the dissemination of
3203 experiences and competencies.

3204 Disclosing evaluation results will also be a learning process for stakeholders and is likely to strengthen trust
3205 between an organization and its stakeholders. Trust, in turn, enhances credibility. Engaging stakeholders in
3206 evaluation and review is an ongoing process with dialogue and feedback that adds to an organization's
3207 awareness of its risks and opportunities. Stakeholder feedback is valuable for a review of an organization's
3208 mission, vision, policies and code of conduct, as well as for a review of its overall objectives and specific
3209 targets for social responsibility.

3210 **7.7.2 Monitoring**

3211 At regular intervals, an organization should review its performance on social responsibility in broader terms
3212 as well as monitor progress on specific actions. An organization should communicate this information by
3213 appropriate means to its significant stakeholders and society at large (see Clause 7.6). An organization
3214 should verify that the information to be disclosed to others is accurate, complete and reliable. Records
3215 should be identifiable and traceable.

3216 In gathering information and data, an organization may face some challenges, such as costs, availability,
3217 reliability and accuracy. An organization should evaluate the costs and efforts compared to the benefits of
3218 gathering specific data.

3219 Monitoring performance should include activities related to social responsibility that are objectively
3220 verifiable. Some objective measures may be difficult to obtain, for example the absence of bribery. Often
3221 local processes of stakeholder review, for example, legal compliance audits by NGOs or local authorities,
3222 can be used as a starting point for setting up more comprehensive review activities.

3223 The monitoring process should include performance against an organization's commitments to social
3224 responsibility and generally accepted indicators of social responsibility for the type and nature of the
3225 organization, as well as issues of social responsibility that have proved controversial for the organization or
3226 its stakeholders.

3227 An organization may choose to involve stakeholders in the review of its performance of social responsibility
3228 at appropriate intervals for example, by using stakeholder forums and social auditing. To enhance
3229 assurance, external and independent auditors and/or stakeholders may also be used to verify the
3230 completeness and accuracy of the collected data. In the management review process (see Clause 7.6.3),
3231 stakeholders will be much more likely to engage with an organization constructively if they trust the data
3232 presented.

3233 An organization should gather information and keep records of its activities and performance on social
3234 responsibility for use in a management review of its performance on social responsibility. The information

3235 should include achievements on all significant [material] issues of social responsibility, but issues not at
3236 present prioritized can also be included.

3237 7.7.3 Improvement options

3238 The objective of a management review is to identify activities relevant to social responsibility that need
3239 improvement, while addressing obstacles and realigning an organization's statements, objectives, allocated
3240 resources, targets and actions plans, as necessary. An organization can benefit from establishing an
3241 internal management review team.

3242 When a lack of compliance with an organization's statements, objectives and targets is identified, this
3243 should be recorded for continuous learning. Appropriate measures should be established and taken to
3244 overcome the problems.

3245 Results of management reviews should be communicated to an organization's stakeholders. An
3246 organization should respond to any stakeholder reactions within a reasonable time frame and should make
3247 publicly available both the stakeholder feedback and the response.

3248 **Box 25 Types of review documents**

3249

3250 Depending on the nature and size of an organization, many types of review documentation may be
3251 available including:

- 3252 — Data records of key performance indicators (see Clause 7.5.4) measured at regular intervals, for
3253 example compliance with relevant laws and organizational commitments;
- 3254 — Results of environmental audits;
- 3255 — Results of supply chain audits;
- 3256 — Results of assessments of ethical behaviour, governance and other activities;
- 3257 — Evaluation results of specific activities of social responsibility, both successes and failures;
- 3258 — Records of actions on complaints from employees, customers, neighbours, citizens and others;
- 3259 — Employee and customer satisfaction surveys;
- 3260 — Documentation of the public perception of the organization, for example from newspapers; and
- 3261 — Results of assessment of compliance with other specifications, codes, guidelines, best practice
3262 documents and benchmarks to which the organization subscribes.
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Annex (informative)

3267 *Editing Committee note: Title, content and text to be determined.*

3268

Bibliography

3269 *Editing Committee note: Most of the references listed in this Bibliography are missing information and are*
3270 *not in proper ISO reference format. Drafters are requested to provide the complete reference in correct ISO*
3271 *format in the next draft.*

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Index

3273 *Editing Committee note: The Editing Committee believes that an index would increase the usability of ISO*
3274 *26000 and that it should be provided in the final document.*

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