



13 February 2008  
G-2008/5 – 45.46 (c)

## **SUMMARY OF THE 5<sup>TH</sup> MEETING OF THE ISO WORKING GROUP ON SOCIAL RESPONSIBILITY**

**Vienna (Austria), 5 to 9 November 2007**

### **EXECUTIVE SUMMARY**

The ISO Working Group on Social Responsibility held its fifth meeting from 5 to 9 November 2007 in Vienna, Austria, as part of its effort to develop an ISO guidance standard on Social Responsibility (SR). 360 individuals from 65 countries and 32 liaison organizations participated in the meeting, with a majority of the participants coming from developing countries.

The main objectives of the meeting were: 1) to resolve three key issues (cross-cutting definitions, international norms of behavior, and improving the drafting process) that had been identified in advance of the meeting; and 2) to assess the 7,225 comments that were submitted on the third Working Draft (WD3) of the guidance standard.

After a very contentious debate, the Working Group decided to develop a fourth Working Draft (WD4) rather than to proceed to the Committee Draft stage, reflecting the view of many members of the Working Group that the text was still not ready to advance to next stage. As a result of adding time for another working draft, the target date to publish the guidance standard was pushed back to September 2010. A new drafting group, the Integrated Drafting Task Force (IDTF), was established to draft WD4 in advance of the 6<sup>th</sup> meeting of the Working Group to be held from 1 to 5 September 2008 in Santiago, Chile.

### **BACKGROUND**

The International Organization for Standardization (ISO) studied the issue of social responsibility for a number of years in order to determine if there was any value in developing material in this area. Following discussions in the ISO Consumer Policy Committee in 2001-2002 and the ISO Advisory Group on CSR in 2003-2004, the ISO Technical Advisory Board (TMB) decided that ISO should develop a single guidance document on social responsibility (SR) that would provide information on SR relevant to all types of organizations. The TMB has mandated that the SR guidance standard not to be used for certification of any kind (self-assessment or third-party) and that it not be a management system standard.

As part of its decision to develop a document in this area, ISO also decided to adjust its normal operating procedures to reflect the many differences between SR and the technical issues ISO normally addresses. First, the Working Group is co-chaired by representatives of a developed and a developing country: Jorge Cajazeira of Suzano Pulp and Paper of Brazil and Staffan Söderberg, of Skanska of Sweden.

Second, the Working Group has been organized according to stakeholder groups rather than national delegations, which is the normal ISO practice. Experts are drawn from six stakeholder groups: industry, government, labor, NGOs, consumers, and other. Each country can nominate six experts (one for each stakeholder group), and international organizations with liaison status with the Working Group can each nominate two experts. The IOE has liaison status with the ISO SR Working Group and has named **Adam Greene** of the U.S. Council for International Business and **Clifford Henry** of the Procter & Gamble Company as its two experts.

The Working Group established six Task Groups (TG's) to carry out the work. TGs 1-3 address organizational issues including participation, communication and procedures, respectively. TGs 4-6 were originally charged with drafting the guidance standard: TG4 covered introduction, scope, SR definition, context, and principles; TG5 covered SR issues; and TG6 covered SR implementation. With the establishment of the Integrated Drafting Task Force (IDTF), all the drafting has been assigned to a single group with TG 4-5 playing a supporting role.

### **THIRD WORKING DRAFT**

While it was the third Working Draft, WD3 represented the first complete draft of the guidance document. At 84 pages long, WD3 elicited over 7,225 comments spanning hundreds of pages from Working Group experts during the comment period – nearly 50% more than were submitted on WD2 – indicating that a large number of issues remained open for debate at this stage of the process.

#### **Industry concerns on WD3:**

The Industry Stakeholder Group (ISG) recognized that a considerable amount of new drafting had taken place following the 4<sup>th</sup> Working Group meeting in Sydney. However, it also believed that substantially more work was needed before the document would be ready for wider consultation in the Committee Draft stage. The ISG thus felt it was critical that another Working Draft (WD4) be developed following the Vienna meeting to allow for the necessary revisions to draft, including in the following areas:

- **Complexity of the Guidance**: The guidance provided in the draft seems to be primarily written for larger, more sophisticated organizations and is not practical or relevant for smaller, less sophisticated organizations. The suggested actions very often include technically advanced, logistically complex, time-consuming or costly activities that would be extremely difficult for the “average” organization to achieve. The guidance provided needs to be less complex and more relevant for less sophisticated organizations.
- **Format of the Guidance**: Too much of the guidance in WD.3 is presented as long lists of seemingly random suggested actions rather than descriptive paragraphs that offer guidance on the underlying issues. The balance in the text must be shifted to have more descriptive explanations of the issues and fewer lists of possible action items that may not be relevant in all situations. Fewer lists would also avoid a “check-list” approach.

- Guidance Relevant for All Organizations: Sections of WD.3 still have a clear focus on industry. Many SR issues are only addressed in the context of “employment” and are not related to other situations. This bias toward industry needs to be removed so that the guidance is relevant for all types of organizations.
- Length of the Document: A page budget should be developed for each section (e.g. 6 pages for each SR core issue) to reduce the overall size and to achieve more uniform levels of detail in the guidance. Since most of the “help boxes” add no additional guidance, all help boxes in WD.3 should initially be deleted and only those that are absolutely necessary to explain an issue should be included after drafting is complete.
- Redundancy and Duplication: WD.3 has a considerable amount of duplication and redundancy among the various clauses, and even within some clauses. Redundancy and duplication should be eliminated.
- Management System Standard (MSS) Jargon: Clause 7 continues to use too much MSS jargon (e.g. management review process, evaluation, verification, assurance, audits/auditors, records, etc.) that should be removed to make clear that ISO 26000 is not an MSS and that its use does not require hiring “professional service providers”.

### **CROSS-CUTTING ISSUES IDENTIFIED IN COMMENTS ON WD3:**

Due to the very large number of comments received on WD3, the Liaison Task Force (LTF) identified three cross-cutting issues that needed to be resolved in Vienna before any further drafting took place. **Clifford Henry (IOE)** is the Industry Stakeholder Group (ISG) representative on the LTF. The three LTF issues were:

#### **1) Cross-cutting Definitions:**

The LTF identified a number of cross-cutting definitions were beyond the scope of any particular task group and agreed to provide proposed definitions on these cross-cutting definitions: ethical behavior, material, stakeholder, stakeholder engagement, sustainable development, social responsibility, socially responsible, and supply chain. These definitions were discussed in Vienna and added to the revised version on WD3 produced after the meeting.

#### **2) International norms of behavior / authoritative instruments / voluntary initiatives**

The LTF agreed to establish an ad hoc group to 1) define international norms of behavior; 2) clarify the nature of “authoritative intergovernmental instruments” for the purposes of Clause 6 on core SR subjects; and 3) clarify the nature of references (if any) to voluntary initiatives relating to social responsibility.

These three issues were discussed together since they were interrelated. Since the draft used the phrase “international norms of behavior”, a definition was needed. While a definition was not agreed in Vienna, it was agreed that this a legal concept that sets a very narrow scope of those concepts and actions that form part of customary international law. In relation to “authoritative international instruments”, the debate centered on the different source documents for the guidance standard and the agreed need to ensure that the most

“authoritative” international instruments were used as the source document for the SR text.

The final issue – whether to refer to voluntary SR initiatives in the body of the text or not, and if so, how – was one of the most contentious issues at the Vienna meeting. A number of voluntary initiatives participating as liaison organizations in the ISO 26000 process pressed very strongly for their particular initiative to be cited as a positive example in the text. Many others were concerned that referencing specific initiatives in the text would appear to convey an endorsement by ISO of those initiatives and proposed instead that voluntary initiatives be listed in an annex to the text. While there was no consensus on this point, it was clear that a significant number of experts from a number of different stakeholder groups objected to referencing specific voluntary initiatives in the text, so an annex was the most likely outcome.

### **3) Drafting Process issues:**

Many comments on WD3 identified the need to revise the drafting process in order to ensure a more consistent and integrated approach within the guidance standard. Additionally, the LTF agreed that some of the substantive cross-cutting drafting issues could only meaningfully be addressed once further progress has been made in revising the current document, and once a new integrated drafting process has been approved. Given wide agreement on these points, the WG experts agreed to disband the LTF and establish as Integrated Drafting Task Force (IDTF) with the following terms of reference:

- to review the full text of the ISO 26000 drafts including revised texts from drafting teams of the Standard Setting TGs;
- to review and revise the ISO 26000 drafts in an integrated manner, based on comments received;
- to compile comments received from consultations.

It was also agreed that the IDTF would be comprised of the following members:

- The Convenors and Co-Convenors of TGs 4, 5 and 6
- 2 experts from each stakeholder group, balanced between developed and developing countries, as well as 2 alternates from each stakeholder groups.
- 1 representative from the Editing Committee.
- 1 expert each from the ILO and UNGC (in accordance with their MoUs).
- 1 representative of the ISO Central Secretariat.
- 2 Secretaries, appointed by the WGSR Chairs.

The ISG elected Alan Fine (South Africa) and Adam Greene (IOE) as their representatives to the IDTF, with Ricky Fukada (Japan) and Perla Puterman (Venezuela) as alternates.

### **EXPERTS COMMENTS ON WD3**

The majority of the WG meeting in Vienna consisted of separate Task Groups meeting to discuss and resolve comments on the various section of the draft text. It was agreed that the WG would address as many of the comments as possible during the meeting and continue

drafting for one month after the meeting before handing the text over to the IDTF for further drafting and revision.

### **WORKING DRAFT vs. COMMITTEE DRAFT**

A major issue that was debated during the Vienna meeting was whether the document should stay in the Working Draft stage for a 4th draft, or advance to the Committee Draft (CD) stage. While the SR Working Group's project plan envisioned the move to a CD in Vienna, the WG still needed to agree that the text was ready for this step. Thus, this question had been debated for some time within the WG and it was evident that there was no consensus on moving to a CD, mainly because WD3 was the first complete draft and significant revisions were required to ensure that it would provide useful guidance on SR. Despite the obvious lack of consensus, a proposal to move to the CD stage was presented to the WG, which led to a very contentious debate. In the end, slightly more than half of the WG supported moving to a CD and slightly less than half supported remaining in the Working Draft stage. Without consensus to move to a CD, the WG thus remained in the Working Draft stage.

### **WD3 - REVISION 2**

Following the Vienna meeting, drafting continued in Task Groups 4, 5 and 6 to develop a revision version of WD3 that would reflect the discussions in Vienna. Most of the drafting during this period resulted in clearer, more concise text except for clause 7 on SR implementation, which doubled in size. Overall, the Industry Stakeholder Group still have major concerns with the draft of the revised text:

- **Target Audience:** The document should be targeted to organizations that are in the early stages of thinking about SR - primarily the smaller and medium-sized organizations that are the most likely readers of the guidance document. Writing the guidance for SMOs means that the entire document should be clear, easy to read and understand, and should be relevant for and applicable for SMOs. Much of the current text is too long, too complex, and too all-encompassing for even the largest organizations.
- **Size of the Document:** The size of current draft is almost 100 pages and must be reduced if it is to be read by organizations, particularly SMOs. As a general guideline to achieve this, it is suggested that clause 4 should be no more than 2 pages in length, that each core issue in clause 6 should be no more than 3 pages, and that the size of clause 7 should be considerably reduced (it is now one third of the total length of the document). Another important way to reduce the size of the document and increase its "user-friendliness" would be to remove references to relevant documents from the core of the text and include these in an explanatory annex at the end of the document.
- **Clarity of Language:** The document should be written for non-experts in SR and thus should be written in clear and concise English, without any jargon or unnecessary double nouns or adjectives. This will make the document easier to read, shorter, and simpler to translate.
- **Relevance of Issues:** It should be made clear in the introduction or scope and at the beginning of clause 6 that - as a guidance document - not all issues will be relevant

for or apply to all organizations, especially for the benefit of SMOs. In addition, it should be made clearer in clause 6 which issues are covered by law or regulation.

- Practical vs. Detailed Guidance: While recognizing that the guidance offered needs to be broadly applicable to all types and sizes of organizations, particular attention should be given to providing practical guidance especially to SMOs. In order to achieve this delicate balance, the current draft -- and particularly clauses 6 and 7 -- need to provide less descriptive detail on the various issues and more concise practical guidance on how organizations could deal with these issues, again taking into account that not all issues will be relevant to all organizations.
- Relationship between clauses: The relationship between clauses 5, 6 and 7 remains unclear, leading to considerable duplication that may well confuse the reader.
- Role of Stakeholders: WD3 rev2 appears to be quite oppressing, as it excessively emphasizes organizations to work with and involve their stakeholders when engaging in social responsibility. In fact, its descriptions impede organizations from proactively and aggressively engaging in social responsibility, but promote negative behaviour of passively waiting and reacting to what stakeholders' want or request (please refer line 2843-2844, 2913-2914 and 3090-3092). This tendency becomes obvious as clauses go down to Clauses 6 and 7. Also, some sections still confuse the role of stakeholder engagement with organizations' sole responsibility of decision making. Based on the definition of stakeholder engagement agreed in Vienna, stakeholder engagement should be treated as a consultative process encouraging and conducive to two-way dialogue throughout the guidance document. Final decision making of proposed needs by stakeholders should be made by the organization.
- Avoid Misuse of 26000: WG should make every efforts to stay clear of risks of misuse of ISO26000 as government procurement requirements both domestically and internationally.
- Avoid Management System Standard (MSS) Language: The existence and frequent use of MSS terms and concepts throughout ISO26000 will lead the users to the mindset of ISO MSS. TG6 fully discussed on the usage of the certifiable MSS terms in Vienna and reached consensus to replace them with more general English words or define dictionary meaning. This consensus should cover the entire text. Minimize certifiable MSS concepts and allow greater flexibility in internal management and operations and specify simple methods. Such MSS terms include the following: review, verify, verification, assurance, evaluation, assessment, conformity, and alignment.
- Help Boxes: The help boxes in WD3-Rev2 are not used consistently and many are of questionable help to the reader. The help boxes should be critically assessed in order to determine their usefulness and value-added. Eliminating the help boxes would help reduce the length of the text.
- References to Voluntary Initiatives: Specific initiatives should not be promoted in the body of the guidance document. ISO26000 should concentrate on providing self-sufficient guidance with minimum essential references to SR initiatives.

- English Usage: Social responsibility is a concept that can be 'practised' - but not 'implemented'; policies, plans and measures can be 'implemented'; guidance can be 'followed'. See clause 7 in particular.

## **FIRST IDTF MEETING**

The IDTF held its first meeting on January 16-19 in Paris to review WD3-Rev2 and begin the process of revising the text to develop Working Draft 4. On the whole, the IDTF meeting made a fair amount of progress in establishing a process for the drafting of WD4.1. The procedure followed involved the meeting going through a summary prepared by the convenor and secretariat with the main "high level" issues raised in the comments and discussing each one. The summary is presented in the attached set of slides.

The vast majority of participants entered the meeting willing to be flexible and considerate of other's inputs. There was also near unanimity on some critical issues, particularly on the need to produce a more user-friendly document that avoids repetition and seeks to eliminate unnecessary and non-value-added features of the previous draft (such as many of the help boxes). While there was not general support for the idea of page budgets for each section, these two common perspectives should help create a standard shorter than WD3-Rev2.

Cross-Cutting Issues: In relation to the issues of references to voluntary initiatives, the IDTF agreed that for the purposes of the next phase of drafting, specific social responsibility initiatives would not be referenced in the body of the text, but rather that cross reference would be provided to an Annex that provides a listing of social responsibility initiatives. The IDTF also agreed on a definition of international norms of behavior: "*norms that are universally, or nearly universally recognized, and based on customary international law, generally accepted principles of international law or authoritative intergovernmental instruments*".

Clauses 1-4: Various issues were discussed under clauses 1-4 (scope, definitions, context) but no major changes were discussed.

Clause 5: The most important decision taken was related to "restructuring" as defined by the Convenor, but which mainly focused on Clause 5. Essentially, the idea is that all aspects of process principles and their accompanying implementing practices should be combined with the existing principles into a broadened clause 5. This is hence likely to incorporate some of the latter parts of clause 4, the existing process principles in clause 5 (precaution and human rights move to clause 6), relevant aspects of organisational governance in section 6.2, and parts of clause 7 related to the process principles. OG would remain a core issue in clause 6 and clause 7 would focus on the "how" issues of implementation rather than the "should" aspects. The understanding is that clauses 6.2 and 7 will be revised after the new clause 5 has been drafted.

Clause 6: The IDTF agreed that the human rights and community development sub clauses require substantial reworking. In addition, the whole of clause 6 will be re-examined and reworked to ensure greater consistency across all sub-clauses, the elimination of redundancies etc. On the question of referencing voluntary initiatives, it was agreed that such initiatives will not be named in the text, but will be cross referred to in an annex, and will be classified there according to subject. Devising these classifications is part of the job of the committee,

as will working on draft advice as to how organisations should determine whether and what instruments to use;

Clause 7: There was general agreement across many of the stakeholder groups that clause 7 is too long, contained too much jargon and is not focused enough to be helpful. It was agreed that clause 7 should be clear for all readers and that a separate section for SMOs should be avoided. It was also agreed that the new clause 7.8 on "assurance" was not agreed by consensus and that it would not be the basis for further drafting. Since clause 7 will obviously be impacted by the revision of clause 5, with the intention to move the "should" elements of clause 7 to clause 5, with clause 7 then focusing on the "how" issues.

IDTF Drafting Process: The IDTF broke into two main working teams. The first will draft the new clause 5 and the revisions of clauses 6.2 and 7. The second will deal with clause 6. Since WD4.1 must be sent to the stakeholder groups for comment on March 10, the IDTF agreed that the two drafting groups must finish their work by 22 February to allow for a review of the complete document within the IDTF. Following this first comment period, the IDTF will produce WD4.2 for a full review and comment period in advance of the next WG meeting.

## **NEXT WORKING GROUP MEETINGS**

The 6<sup>th</sup> SR Working Group meeting will take place from **1 to 5 September 2008** in Santiago, Chile and will be hosted by the National Standards Body of Chile.

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