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## **New Work Item Proposal – Guidance on Social Responsibility**

As a member of the Swedish Technical Committee SIS/TK 478 Social Responsibility, the Confederation of Swedish Enterprise has been given the opportunity to present its view on the formal proposal from ISO regarding a guidance document on social responsibility. We have the following comments:

### **The process so far**

The ISO Advisory Group on Social Responsibility (AG) submitted its “Working Report on Social Responsibility” in April 2004. In our view, the report has two major flaws. The Advisory Group did not manage to agree on a common definition regarding SR, nor did it succeed in providing any kind of fact-based arguments that an ISO instrument will provide added value in comparison with existing instruments. We feel that these flaws make the report a less than ideal starting point for the ISO work, especially considering the complex nature of the subject at hand, Social Responsibility (SR).

Our concerns also seems to have been shared by the Advisory Group since – with the exception of one minority position – AG members reached a consensus that ISO should proceed only on seven given conditions and AG also agreed that if ISO decides to proceed with this work, it should focus on a guidance document, and not a specification document against which conformity can be assessed.

ISO together with the Swedish Standardisation Institute (SIS) arranged a Social Responsibility Conference in Stockholm in June 2004. The purpose of this conference was to provide ISO with additional input from a range of interested parties.

During the preparations of the Stockholm Conference a number of policy papers were circulated. One was written by ICC and IOE, both major international business organisations representing companies around the world. Others came from companies like Siemens and IBM, and also from organisations like ICSCA, BDA and our own. The common theme in all the policy papers from the international business community was scepticism regarding what kind of work ISO could do in the field of SR that is not done already.

At the Stockholm Conference some business voices, mostly from developing countries, were also heard recommending ISO to start a work regarding Social Responsibility. However, there has been no demand from industry in the industrialized countries for an ISO standard regarding Social Responsibility neither before nor after the Conference. Statements such as “urgency of the activity” and “the need is urgent” in the New Work Item Proposal are therefore in our view a substantial overstatement that does not reflect the prevailing views on this subject in the international business community.

In the resolution 35/2004 which was adopted after the Stockholm Conference the Technical Management Board notes the prerequisites stipulated by the Advisory Group for ISO activities in the field of SR. It also notes that these prerequisites constitute a package. In the resolution there is also a decision to establish a TMB task force to develop a New Work Item Proposal for the International Standard providing a guidance on Social Responsibility, with a scope that encompasses all the items included in the AG’s recommendations as well as considerations from the conference.

### **Our conclusions regarding the process so far**

The Confederation of Swedish Enterprise, taking into account the reservations expressed above, supports the ISO decision to prepare a guidance document on Social Responsibility, which will not be a certifiable standard.

Given the divided international business community and the prerequisites laid down by the Advisory Group it is important that ISO respects these limitations of its mandate in this process.

Our ambition is that this project will generate results that are in the interest of business and of value for business. To be successful, the process must be characterized by openness and transparency. It is of utmost importance that the process and the final result will attract the interest of business on “its own merits”. To achieve this, the process must be genuinely business-driven, i.e it should not be driven by the standardization institutions per se but rather by the main stakeholder, business.

### **Comments regarding the future ISO/SR work**

The ongoing international discussions on (C)SR provide varying interpretations of SR. The European Union tends to have a broader perspective than other international bodies, such as the UN’s view expressed through Global Compact.

The main issue for ISO at the outset of its work on SR is to tackle the choice of definition. In our view, SR is a process whereby a basic global level of behaviour is created, on internationally accepted values that apply to business. First of all, companies must always follow the legal demands of the countries in which they operate. In many countries, the national judicial system provides satisfactory

guarantees for business and other institutions to shoulder their share of basic social responsibilities. Therefore SR is primarily relevant in countries where the national judicial system is unable to guarantee these values.

SR is a global issue. A guidance on SR must therefore be suitable for companies of different sizes, in different environments and on different stages of development. Altogether, this calls for a guidance with a limited scope that can attract universal support and application. This guidance should also be plain, easy to handle and “achievable”. A potential guidance on SR should also be compatible with other international instruments, including ISO standards on environment, quality etc.

In this context, it is of utmost importance to point out that companies are not elected permanent democratic bodies, and they are absolutely not designed for exercising public authority. In contrast, public authorities have sovereignty over territories, power to impose taxes, power to make laws and power to put these laws into effect. All of this, points to the conclusion that there are limits to the degree of responsibility that can be expected from companies.

Having said this, companies have the possibility both to influence and to control activities within their own business. To some extent they may also be able to influence other actors closely related to the own business. In our view companies can have responsibilities only within their sphere of influence. These limitations are especially important to keep in mind when considering the issue of defining the Social Responsibility of companies in the context of Human Rights, keeping the full meaning of the word responsibility in mind.

Besides living up to global values, companies may also opt for social participation and voluntarily commitments to the community. These commitments can take many shapes and forms, e.g sponsoring, charity work etc. The extent of such participation will be determined by each individual company's levels of ambition. We believe that such commitments are not suited for any form of standardisation.

Yours sincerely,

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