



International Chamber of Commerce

The world business organization

38, Cours Albert 1er, 75008 – Paris, France
Telephone +33 1 49 53 28 28 Fax +33 1 49 53 28 59
Web site www.iccwbo.org E-mail icc@iccwbo.org



**ORGANISATION INTERNATIONALE DES EMPLOYEURS
ORGANIZACIÓN INTERNACIONAL DE EMPLEADORES
INTERNATIONAL ORGANISATION OF EMPLOYERS**

Chemin de Joinville, 26
CH- 1216 Cointrin/Geneva
Telephone +41 22 929 00 00
Web site: www.ioe-emp.org

Fax +41 22 929 00 01
E-mail: ioe@ioe-emp.org

**ISO SOCIAL RESPONSIBILITY CONFERENCE
STOCKHOLM, SWEDEN
JUNE 21-22, 2004**

**Remarks of Daniel Funes de Rioja
on behalf of the
International Chamber of Commerce and the
International Organization of Employers**

Thank you.

I have two tasks to attempt in a short period of time. Firstly to share with you the perspectives of the International Organization of Employers (IOE) and of the International Chamber of Commerce (ICC) on social responsibility (SR) whom I represent here to day and, secondly, to comment on the report and recommendations of the ISO Advisory Group on Social Responsibility (AG).

But first, let me provide some background on the two organizations I represent today. The ICC and IOE are global business organizations, each comprised of national affiliates in over 130 countries. These networks thus include companies from both developed and developing countries and companies of all sizes, including SMEs and multinationals.

Both the ICC and IOE have been actively engaged in activities we now see as part of social responsibility for some time, in some areas going back to their establishment 85 years ago. The ICC, for example, has long-standing programs in the areas of anti-corruption, ethical standards in marketing, environmental management and protection, and promoting investment in Africa. The IOE, working with governments and workers, has been directly engaged in the development of all international labor standards developed this century and, importantly, as points of reference in the CSR debate, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Indeed, the IOE and its social partners participate in what amounts to the longest running multi-stakeholder dialogue ever undertaken at the international level.

Now let me turn to business' perspective on social responsibility, also referred to by some as CSR, corporate citizenship, or sustainability:

- First, SR is not an alternative to national laws. Compliance with the law is the minimum acceptable level of performance; SR, in our view, refers to initiatives that go above and beyond legal compliance. Most countries have national laws covering human rights, environmental protection, labor rights, civil freedoms, etc. The problem has been that many of these laws are not adequately implemented and enforced. Business firmly believes that improving the capacity of national governments to implement and enforce their existing laws remains one of most pressing social needs globally and do not accept any "transfer" of state responsibilities to business.

- Second, elements of what we now call SR have been part of business practices for some time. What is new is that companies and other organizations have begun exploring different ways to coordinate these activities internally to improve their efficiency and effectiveness.
- Third, SR is complex. The range of issues it covers is already very broad and getting bigger: ethics, labor rights, environment, human rights, community development, charity, and many more. The ability of any single tool to adequately address even one of these areas could be debated, never mind all of these together.
- Fourth, SR is still evolving. The policies, strategies, management approaches, tools, metrics, and mix of employee skills being used to address SR are in a state of constant change. In almost every critical aspect of SR, nothing is static or settled.
- Fifth, at the organizational level, SR challenges and opportunities are unique to each company. Each business looks at SR issues in different ways and engages for different reasons. Markets differ as too does business capacity, stakeholders differ as do their views on engagement with business. There is no “one-size-fits-all” approach, and this diversity and multiplicity of approaches lies at the heart of the success of SR. If a company feel unable to act in accordance with its own specific realities, then it will be less likely to engage. We in the business community do not want that. We seek an environment where business is able to act, if it chooses, above the requirements of law, freely and in dialogue with relevant stakeholders.

Which now brings us to the question of standardization of SR.

The business position on this point is clear: Since SR is complex, still evolving, and highly dependent on the unique circumstances of individual organizations, standardization at this point does not add value and could be counter-productive by stifling the innovations that seem to emerge almost constantly.

Even if SR was less complex and stable, the costs and benefits of any standardization would need to be carefully considered before proceeding. The question for business is not what “could” be standardized – since the answer is that anything could be, but for what purpose? The question is what “should” be standardized, and for that one must identify the problem the standard would solve.

In the case of SR, the “problem” a standard would address, remains undefined. Some have pointed to the many different codes and initiatives that have been developed, but recent ILO and World Bank studies have indicated that this does not pose any real problem for their use. The business view on this is that if, there is a problem, it is that there aren’t enough SR efforts under way, and that more should be welcomed. Others have pointed to the need for minimum performance requirements regarding SR issues, but these already exist in the laws of most countries. As I stated earlier, the issue here is implementation and enforcement.

Now, what about the issues identified in the AG report and especially in its recommendations. Firstly let me say that the AG process has been a useful one in that it has brought together a diverse group of different interests and built trust among them through a transparent and inclusive process has been able to produce a recommendation that enjoys a broad consensus. The members of the AG need to be congratulated as too does ISO itself for taking such an approach to determining what if any further work ISO will undertake on SR.

That process and its outcome therefore should be accepted and respected by ISO when it considers possible next steps.

The AG recommendations recognize many of the issues I have touched on earlier. They recognize that SR is an area hard to define and noted for its complexity. They recognize that there are differences of opinion as to how issues should be addressed. Again this is no surprise, it is reality.

The AG included seven reservations to the question of whether or not ISO should proceed with the development of deliverables in the area of social responsibility. These are quite clear and the message from the Advisory Group is equally clear in saying that ISO should only proceed if these are taken on board by ISO. In our view, these points reflect reality. Lets look at our response to them briefly:

1. SR is different and is certainly different from anything else ISO has looked to address by way of a standard. There is no easy identification of subject matter nor a certainty as to the appropriate response.
2. Governments have the primary role in setting legal and social standards, and have the ongoing obligation to implement and enforce their laws within their jurisdictions. It is not appropriate for others to try and assume that role, or to be forced to do so.
3. Inter-governmental agreements can be used by companies to guide their own SR initiatives, but they are not the only source of inspiration by companies for their voluntary actions.
4. ISO standards cannot address issues that can only be resolved through political process, and therefore ISO must narrow its focus in order to find an appropriate role in the debate. This requires ISO to find a way to add value to the current debate on SR and existing instruments that will be of benefit to business to whom it addresses its action.
5. The International Labour Organization is the UN agency mandated to address international labor and social policy matters. It is there that standards affecting the world of work are debated by the direct actors of the workplace and adopted by States through the process of ratification. The MNE Declaration and the 1998 Declaration on Fundamental Principles and Rights at Work are instruments useful to governments and business in order to promote labour principles and rights. It would be inappropriate for any ISO initiative to interfere with that organization's legitimate and respected role.
6. Due to its dynamic and rapidly evolving nature, SR is a concept that cannot be captured by a "standard".
7. The actors involved in SR are more diverse than those commonly associated with the work of ISO. Therefore, ISO processes should be reviewed and adjusted to ensure meaningful participation by a fuller range of interested parties. In our view, since business will be the main recipient of any ISO deliverable on SR, business should play a key role in any further ISO work in this area.

The AG recommendations then go on to consider the type and scope of a possible ISO deliverable on SR. However, the AG considers it essential that the above be taken into account by ISO as the discussion goes forward from this conference.

What does the Advisory Group recommend?

The AG recommends a guidance document, NOT a specification document against which conformity can be assessed. This is important both in terms of how the guidance document should be shaped but also it is a clear message to those involved in certification efforts and that is “hands off”

The AG recommendations give clear instructions on the necessary characteristics of such a guidance document, particularly on its content and use:

- The document should offer guidance to business and other organizations; it should encourage and facilitate business engagement in SR recognizing the diversity that exists within business and in the environments in which business operates;
- It should recognize the proper role of the State and not weaken it;
- It should complement other relevant instruments such as for example the Global Compact, the OECD Guidelines, the ILO MNE Declaration etc; and
- It should be useable by business and other organizations of all sizes.

The AG makes further recommendations on necessary process requirements to be fulfilled by ISO in the development of such a guidance document, notably the meaningful participation of developing countries, and the inclusion of the range of interested parties such as those included within the Advisory Group.

Business, as represented by the IOE and ICC, is of the view that the AG’s recommendations provide clear and balanced guidance to ISO in its consideration of possible further work on SR. This is why we consider it essential that ISO only proceed with the development of a guidance document if all of the Advisory Group’s recommendations can be adhered to.

Thank you.