

# IOE Key Issues Paper on ISO 26000 CD1

## INTRODUCTION

This paper highlights the key issues in ISO 26000 Committee Draft (CD) 1 that IOE members should consider when preparing comments on ISO 26000 CD1.

## OVERVIEW OF CD1

### 1) Length and readability

There is a strong concern that the standard is too long, too dense, too complicated and too difficult to read. This will make the standard difficult to use, especially for smaller organizations, and reduce the potential use and value of the document. In order to avoid this, efforts should be made to make the document more concise and easier to read.

### 2) Applicability to all organisations

The scope of ISO 26000 states that the standard is intended to “(provide) guidance to all types of organizations, regardless of their size or location”.

As currently drafted, the text fails to meet the intent of the scope. The draft is directed primarily at industry organizations, specifically multinational companies, and is particularly unsuitable for small organizations. Examples of this can be found throughout the text, but are most obvious in the human rights, labor, environment and consumer sections. Indeed, the sheer length and complexity of the document will reduce the likelihood that organizations of any size will be able to understand or apply much of what is covered.

### 3) Negative tone

The tone of CD1 is too negative and will discourage the reader rather than encourage or inspire an organization to address social responsibility issues. For example, too often it guides organisations to avoid doing the wrong thing rather than suggesting that they should do the correct thing. And it often suggests the possibility or probability of potential negative consequences of organization’s activities, both of which will discourage or alienate potential users.

## CLAUSE 1 – SCOPE

The bullet point lines 159-160 states that the standard provides guidance on: “*integrating, implementing and promoting socially responsible behaviour throughout the organization and its sphere of influence*”. Since “integrating and implementing” apply to the organization but not to its sphere of influence, it is proposed that this point be split into two separate bullets, as follows, to make this clearer:

- Integrating and implementing socially responsible behaviour throughout the organization;
- Promoting socially responsible behavior in the organization’s sphere of influence

## CLAUSE 2 - DEFINITIONS

A number of the definitions that have been developed in the document raise concerns due to the fact that they are either not clear or are very broad. Specific comments on the definitions of international norms of behavior, social responsibility, stakeholder, stakeholder engagement and transparency are included in the attached ICC comments on CD1.

## CLAUSE 3 – UNDERSTANDING SOCIAL RESPONSIBILITY

### 1) Recent trends in social responsibility

The current text is very negative toward globalization and the private sector and needs to be more objective. It is proposed that additional language be added that recognizes the role of the private sector as the most important engine of economic growth and development.

### 2) Role of the state

While the applicability of the standard to governments is addressed in clause 3.4, the paper does not directly address the critical role of the State in developing a legal and regulatory framework that makes it easier for organizations to be socially responsible (e.g. minimizing corruption). It is thus proposed that a useful addition might be a paragraph worded along the following lines:

*“Organizations would be more likely and able to operate in a socially responsible manner where the state has put in place, through law and regulation and their implementation, an operating environment that is conducive to, and encourages, socially responsible behavior.”*

## CLAUSE 4 – PRINCIPLES OF SOCIAL RESPONSIBILITY

### 1) 4.7 International norms of behavior

The principle on “international norms of behavior” remains highly problematic. The definition does not clearly define a single set of standards that would be universally agreed in all countries or cultures. Without this specificity, organizations will not be able to identify relevant standards, and different organizations operating in good faith may arrive at vastly different understandings of what is relevant and what is not. And as “international norms of behavior” are not clearly defined, it is not appropriate to ask organizations to try to respect them or compare them to national law. .

Another serious concern is that the passage stating that: *“Where national law or its implementation prohibits organizations from respecting international norms of behaviour, an organization should strive to respect such norms to the greatest extent possible”* can be interpreted to encourage organizations to break national law.

### 2) Complicity

Since “complicity” is a legal term, it should not be used in ways that differ from its legal meaning. Moreover, since ISO 26000 already states that organizations should comply with the law, it is unnecessary to say that organizations should not be complicit (itself a crime) in human rights violations.

## CLAUSE 5 – RECOGNIZING SR & ENGAGING STAKEHOLDERS

Clause 5 is generally in good shape and presents the issues in a balanced manner. The key issue for clause 5 is sphere of influence (SOI) in section 5.2.3:

As it stands, the text mostly reflects the industry view on this issue and thus can be supported, but other groups (primarily the NGO group) think it does not go far enough. The essence of the debate is as follows:

There is broad consensus among all stakeholder groups that each organization should be accountable for its own impacts (things it controls) – this is the core of social responsibility and derived from the definition of SR. All groups also agree that organizations should, in appropriate circumstances, try to positively influence the behavior of other organizations. These are essentially the points covered in section 5.2.3.

The disagreement came from the NGO view that, beyond seeking to use its influence, organizations should be held responsible for the impacts of the organizations in its sphere of influence, which would be highly problematic since it would undermine the core element of SR that says each organization is responsible for its own impacts. Since the NGO view was not included in the text, NGO comments are very likely to call for additional text seeking to assign responsibility for impacts based on influence (rather than control), which would undermine the core aspect of SR.

## CLAUSE 6 – GUIDANCE ON SR CORE SUBJECTS

### 1) Organizational Governance:

No critical Issues

### 2) Human Rights:

The main problem with the Human Rights section is that the dense way the text is written may result in readers skipping over important issues or failing to understand the relevance of the issue for their organization. Given the complexity and “legalese” of many of the issues covered, the text could be revised to be much more open and inviting and better explain to the reader how human rights are relevant to their organization.

### 3) Labor Practices:

A key concern in the Labor Practices section is the clear focus on organizations with more structured (unionized) industrial relations practices as opposed to other approaches to working arrangements.

Another issue that should be noted in this section is the role of the informal economy (organizations that are not legally recognized or licensed). In lines 1357-1358, the text calls for organizations to work only with other organizations that are legally recognized, which would exclude all informal enterprises. However, the Community Development section, in lines 2424-2431, takes a more objective and realistic approach by indicating where it may be beneficial to engage with informal organizations.

### 4) Environment:

While the Environment section has improved from previous drafts and is considerably shorter, it continues to suffer from being overly complex and technical in its approach.

Many of the issues covered in the section are beyond the capacity of all but the most sophisticated organizations, and even these organizations would have difficulty with many of the recommendations (see lines 1717-1723 for example). As with the human rights section, the concern is that readers will simply skip over this section due to the complex way the issues are presented.

Another concern is that the Environment section incorrectly includes “management” issues in that almost all of the “related actions and/or expectations” sections for the issues include the recommendation to “*measure, record and report*” on various issues (see lines 1712, 1754 and 1776). The concern is that, aside from promoting an overly bureaucratic approach usually associated with management system standards, general implementation issues are better addressed in Clause 7.

5) Fair Operating Practices:

No critical Issues

6) Consumer Issues:

The Consumer section is overly detailed, which makes the section much less reader-friendly than it could otherwise be. The section would be better if it were it to cover the main consumer issues relevant for social responsibility and point the reader to additional resources for more details on any given issue, which would make it easier to read and reduce the possibility that the reader will miss more relevant information.

Another serious concern is the use of a modified version of the precautionary approach in this section (lines 2030-2033), which changes the agreed text on precaution from the 1992 Rio Declaration to include “human health”. The concern is that ISO has not standing or authority to rewrite existing inter-governmental language and so the modified text should be removed.

7) Community Involvement and Development:

The Community Involvement and Development section has been extensively rewritten from the previous draft and is improved, but it continues to suffer from the lack of a clear approach or unifying theme. The issues appear to be a random collection of topics and there is no clear reason why an issue is included or not.

## **CLAUSE 7 – GUIDANCE ON INTEGRATING SR THROUGHOUT THE ORGANIZATION**

Parts of Clause 7 have improved over previous versions and the new focus on “integration” in existing programs vs. “implementation” via new programs is very helpful. In that respect, sections 7.1 - 7.4 cover the material in a balanced manner and do not contain any critical issues. However, sections 7.5 on Communication and 7.6 on Enhancing Credibility raise some concerns.

1) Communication (7.5):

The critical issue in this section is the need to present a balanced view on communication in general and on reporting in particular. The guidance should note that organizations need to devote adequate time and resources to integrating SR into the organization, and that focusing excessively on communication at the expense of actually doing the work needed would, in many cases, result in criticism from stakeholders.

With regard to reporting, Box 14 should present a more balanced view or reporting that includes the common complaints about stand-alone SR reports (e.g. that they are time consuming and costly to produce and yet only reach a small audience, thus adding little value to the organization or its stakeholders). Moreover, the overall number of organizations that issue such reports is very small and the vast majority of organizations do not currently communicate in this manner and are not likely to do so in the near future.

2) Enhancing Credibility (7.6):

The critical issue with this section is the treatment of enhancing the credibility of communication in section 7.6.3, which says very little about communication and instead is almost entirely devoted to the issue of reporting. As stated above, reporting affects a very small number of organizations (perhaps a few thousand out of hundreds of millions of existing organizations), and thus the focus on enhancing the credibility of reports is excessive.

## **ANNEX A – VOLUNTARY INITIATIVE AND TOOLS FOR SR**

The Annex has undergone considerable change with most efforts designed to simplify the table and make the information more presentable. Key issues with the Annex have been to treat all initiatives in a balanced and equal manner, and avoid giving special treatment to any individual initiatives. **Additional initiatives can still be added**, so any initiatives that IOE members would like to see included should be submitted now.