AN INTRODUCTION TO ISO 26000 AND SOCIAL RESPONSIBILITY

BULLETIN No. 90/2014

ITC TRADE IMPACT FOR GOOD

50 YEARS | 1964-2014

This document has not formally been edited by the International Trade Centre.

Contents

1. Introduction

"A business that makes nothing but money is a poor business" – Henry Ford.

The world is getting richer, healthier, better educated, more peaceful, and better connected and people are living longer. Yet the gap between the rich and poor widening. Improved decision making with a social orientation, as individuals, groups, nations, institutions and companies can bring positive results and multiply benefits for the society. Creating shared value, not just for profit per se is foreseen to drive the next wave of innovation growth in the global economy.

To small enterprises, especially in developing countries, which are faced with the day-to-day challenges of running their business and overcoming operational constraints, the concept and ideas related to social responsibility may seem far-fetched. Related efforts may seem primarily linked to brand and image building activities of larger firms, or those from developing countries, who can afford the related resources. However, social responsibility of organizations ought to be viewed as more than a fashionable concept or intent for posturing. It is an orientation and a set of practices that an organization adopts as part of its overall strategy to perform its mission effectively while maximizing returns for the society at large, an approach of responsible competitiveness.

In this millennium, if economic gains fail to reach most sections of the population, or is at the detriment of the vulnerable and disadvantaged, it puts into question the very nature of growth. The United Nations Millennium Campaign, started in 2002, supports and inspires people from around the world to take action in support of the Millennium Development Goals (MDGs). The MDGs represent a partnership between all nations to create an environment - at the national and global levels alike - which is conducive to development and the elimination of poverty. Combined efforts of all, governments, civil society organizations and the private sector are important to reduce poverty, improve well-being and environmental sustainability. In this context, the UN Global Compact (www.unglobalcompact.org) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that simultaneously benefit economies and societies through long-term "value creation".

With increasing realization that the gains from economic development need to reduce inequalities and play a key role in social development and poverty reduction, the performance of an organization in relation to the society in which it operates and to its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively. Due to the increased global nature of trade, improved connectivity and advancements in communications and technologies, there is high awareness and realization, especially among customers in advanced economies who want to know not only the quality and safety of the products or services they are buying, but also who are supplying these, how they are operating. In particular, with the challenges of global warming and climate change and the need for social accountability, customers need to be reassured as regards the impact of the supplier on the environment and on society at large.

"ISO 26000: 2010, Guidance on Social Responsibility" is a first attempt to harmonise the socially responsible behaviour of enterprises at international level. It is to be pointed out that ISO 26000 is neither a "management system standard" nor a "management standard". It is not for certification, contractual or regulatory use. ISO 26000 is a "guidance standard" that offers orientation and recommendations on how to enhance responsible behaviour towards society.

ISO 26000 dropped the word "corporate" from the title in order to communicate that the standard is applicable to all types of organizations, since the objective of social responsibility (SR) is to contribute to sustainable development in which everyone has a share of responsibility.

2. What is Social Responsibility?

Every enterprise is located within a socio-economic context where returns from human ingenuity, innovation, reputation, trust and credibility, and other intangible assets accrue results. For Small and Medium-Sized Enterprises (SMEs), which are traditionally closer to their clients and more ingrained within the communities in which they operate, ethical practices, minimizing environmental impact, and ensuring fair and transparent processes beneficial to all stakeholders can be a significant competitive advantage. SMEs often function responsibly and beneficially, but do not know how to use the potential of responsibility to their advantage. There exist a number of firms, that enjoy the good will and trust of the communities in which these firms are rooted, stemming from good practices of the firm and benefits accrued to those communities.

People and organizations are socially responsible if they behave ethically and with sensitivity toward social, cultural, economic and environmental issues. Social responsibility helps individuals, organizations and governments have a positive impact on development, business and society with a positive contribution to bottom-line results.

ISO 26000 defines social responsibility as "the responsibility of an organization for the impact of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- is consistent with sustainable development and the welfare of society;

- takes into account the expectations of stakeholders;

- is in compliance with applicable law and consistent with international norms and behaviour; and

- is integrated throughout the organization and practice in its relationships."

Expectations of socially responsible behaviour may vary between countries and cultures. Nevertheless, organizations should respect international norms of behaviour such as those indicated in the Universal Declaration of Human Rights[1], the Johannesburg Declaration on Sustainable Development and other instruments.

THE NEW REGULATORS OF GLOBAL COMMERCE

The collapse of an eight-story garment factory in Bangladesh in April 2013, killing more than 1,100 workers, most of whom were women , months after a fire at another garment factors, where 112 workers lost their lives in a fire at another garment factory, lead to global outrage fanned by extensive media coverage. In both cases, building safety and fire standards were lacking. Advocacy groups pressured large Western garment buyers—mostly retailers such as Gap, Wal-Mart Stores, and Swedish fashion retailer H&M, but also Disney - into paying for needed safety improvements. Disney pulled out of Bangladesh altogether.

Apple and its main manufacturing contractor, Foxconn Technology, agreed to improve labor conditions in its factories in China following alleged illegal overtime and poor-quality housing for workers.

- Article by Daniel Diermeier.

(www.businessweek.com/articles/2014-02-24/the-new-regulators-of-global-commerce)

3. What is ISO 26000?

ISO 26000 gives guidance on social responsibility, what it means, what issues an organization needs to address in order to operate in a socially responsible manner, and what is best practice in implementing social responsibility. ISO 26000 contains voluntary guidance, not requirements, and therefore is not for use as a certification standard like ISO 9001:2008 and ISO 14001:2004. Thus it helps organizations move from good intentions to good actions. The principles of ISO 26000 are in line with the UN Global Compact and also ensures consistency with ILO labour standards.

ISO 26000 is a tool intended to:

- Assist organizations to contribute to sustainable development;

- Encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility; and

- Promote common understanding in the field of social responsibility, and to complement other instruments and initiatives for social responsibility, not to replace them.

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[1] http://www.un.org/en/documents/udhr/

As all ISO standards, ISO 26000 may be purchased from ISO's national member bodies, which are listed with full contact details on the ISO Website at www.iso.org/isomembers. It can also be purchased from the ISO Web store on ISO's Website at www.iso.org.

3.1.   Principles and Applications

ISO 26000 is centered around the following seven core principles :

- **Ethical   behaviour**: Behaviour based on honesty, ethics and integrity and in accordance with accepted principles of right or good conduct.

- **Respect for the rule of law**: Compliance with all applicable laws and regulations.

- **Respect for international norms of behaviour**: Compliance with international laws and regulations.

- **Respect for and consideration of stakeholder interests**: Taking into account the rights, claims, and interest of all stakeholders.

- **Accountability**: Being answerable for decisions and activities and their impacts on society, the economy and the environment.

Figure 1: Social responsibility: 7 core subject areas. Source: ISO

- **Transparency**: Openness about decisions and activities of the organization regarding the relevant social, economic and environmental aspects of its operations.

- **Respect for human rights**: Respect and foster the rights covered in the international Bill on Human Rights.

3.2. The contents of ISO 26000

ISO 26000 addresses seven core subjects of social responsibility:

- Organizational Governance;

- Human Rights;

- Labour Practices;

- The Environment;

- Fair Operating Practices;

- Consumer Issues; and

- Community Involvement and Development.

These are defined in the standard. Other issues like economic factors, health and safety related aspects, the supply chain or gender issues are dealt with throughout the core subjects, where appropriate. An

enterprise should look at all core subjects, though for SMEs not all core subjects and issues are equally relevant.

3.3. Outline of ISO 26000

Clause title	Clause number	Description of clause contents
Scope	Clause 1	Defines the scope of ISO 26000 and identifies certain limitations and exclusions.
Terms and definitions	Clause 2	Identifies and provides the definition of key terms that are of fundamental importance for understanding social responsibility and for using ISO 26000.
Understanding social responsibility	Clause 3	Describes the important factors and conditions 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. The clause includes guidance for small and medium-sized organizations on the use of ISO 26000.
Principles of social responsibility	Clause 4	Introduces and explains the principles of social responsibility.
Recognizing social responsibility and engaging stakeholders	Clause 5	Addresses two practices of social responsibility: an organization's recognition of its social responsibility, and its identification of and engagement with its stakeholders. It provides guidance on the relationship between an organization, its stakeholders and society, on recognizing the core subjects and issues of social responsibility and on an organization's sphere of influence.
Guidance on social responsibility core subjects	Clause 6	Explains the core subjects and associated issues relating to social responsibility. For each core subject, information has been provided on its scope, its relationship to social responsibility, related principles and considerations, and related actions and expectations.
Guidance on integrating social responsibility throughout an organization	Clause 7	Provides guidance on putting social responsibility into practice in an organization. This includes guidance related to: understanding the social responsibility of an organization, integrating social responsibility throughout an organization, communication related to social responsibility, improving the credibility of an organization regarding social responsibility, reviewing progress anand improving performance and evaluating voluntary initiatives for social responsibility.
Examples of voluntary initiatives and tools for social responsibility	Annex A	Presents a non-exhaustive list of voluntary initiatives and tools related to social responsibility that address aspects of one or more core subjects or the integration of social responsibility throughout an organization.
Abbreviated terms	Annex B	Contains abbreviated terms used in ISO 26000.
Bibliography	Annex B	Includes references to authoritative international instruments and ISO standards that are referenced in ISO 26000 as source material.

Source: ISO

3.4. The Core Subject and the Issues covered

Core Subject	Issue Covered
Organizational Governance	• Decision making system to put into practice the principles of social responsibility.
Human Rights	• Due diligence • Human rights risk situations • Avoidance of complicity • Resolving grievances • Discrimination and vulnerable groups • Civil and politics rights • Economic, social and cultural rights • Fundamental principles and rights at Work
Labour Practices	• Employment and Employment relationships • Conditions of work and social protection • Social dialogue • Health and Safety at work • Human development and training in the workplace
Environment	• Prevention of pollution • Sustainable resource use • Climate change mitigation and adaptation • Protection of the environment, biodiversity and restoration of natural habitats
Fair Operating Practices	• Anti-Corruption • Responsible political involvement • Fair Competition • Promoting social responsibility through the value chain • Respect for property rights
Consumer Issues	• Fair marketing, factual and unbiased information and fair contractual practices • Protecting consumers' health and safety • Sustainable consumption • Consumer service, support, and complaint and dispute resolution • Consumer data protection and privacy • Access to essential services • Education and awareness
Community involvement and development	• Community involvement • Education and culture • Employment creation and skills development • Technology development and access • Wealth and income creation • Health • Social investment

4. The benefits of operating in a socially responsible manner

The potential benefits that could be achieved by operating in a socially responsible manner includes but not limited to the following;

- Competitive advantage: Strengthens an organization's value proposition vis-à-vis competitors.
- Public trust and strong reputation: Reputation building that establishes a good relationship with companies, governments, the media, suppliers, peers, customers and the community
- Ability to attract and retain workers or members, customers, clients or users
- Maintenance of employees' morale, commitment and productivity
- Positive stakeholder relationships: Harmonizing the views of investors, owners, donors, sponsors and the financial community
- Better decision making, knowledge of risks, and risk management
- Employee safety, loyalty, and morale
- Bottom-line savings from increased efficiency of resource allocation, decreased waste, and reuse of by-products
- Reliability and fairness in transactions, fair trade, and absence of corruption.
- Long-term viability through sustainable natural resources and environmental services

5. Steps towards the implementation of ISO 26000

The following steps for implementation of ISO 26000 may be adopted by an organization:

- Understanding the characteristics of social responsibility and its relationship with sustainable development (clause 3);
- Review of the principles of social responsibility described in clause 4;
- Considering two fundamental practices of social responsibility: recognizing its social responsibility within its sphere of influence, and identifying and engaging with its stakeholders (clause 5);
- Respect and address the principles in clause 4 along with the principles specific to each core subject (clause 6)

Clause 7 provides guidance on integrating social responsibility the decisions and activities of an organization.

As part of this process, the organization should translate its priorities for action on core subjects and issues into manageable organizational objectives that have strategies, processes and timelines. The ISO 26000 implementation process takes into consideration the following areas:

- Management Responsibility (who owns the process);
- Resource Management (personnel, skills, equipment, infrastructure, materials);
- SR Realization (the steps to realise the objectives of SR action);
- Measurement, Analysis and Improvement (determine the output, outcome and outcome indicators).

ISO website on best practices in implementing ISO 26000 provides the following tools to help apply the principles of ISO 26000. These tools may be downloaded freely at www.iso26000bestpractices.com/free_tools/

- **Issue matrix:** The tool helps to prioritize SR issues and map connections between relevant SR issues, stakeholder interests and own processes.
- **Stakeholder communication matrix**: This tool provides an overview of the SR communications with stakeholders, and involving the organization and assigning those responsible.
- **Implementation matrix**: This matrix maps important process steps for the implementation of SR.

- **Step-by-step plan**: Provides an overview of the process steps and actions for SR implementation included in all ISO 26000 sub-clauses.

6. ISO 26000 Communication Protocol

Organizations that want to communicate about how they use the ISO 26000 standard should be careful in their choice of wording. It is for example, made clear in the text of ISO 26000 that the guidance standard is not intended to be used for certification. This protocol has been developed by the ISO 26000 Post Publication Organization or PPO based on experiences so far, and it is intended to give guidance on appropriate wordings as well as wordings to avoid in communication regarding use of ISO 26000. The PPO, represents the leadership of the working group that developed ISO 26000, and provides support and expertise for ISO 26000 users.

Appropriate wording
Using the ISO 26000 standard to integrate / implement social responsibility / socially responsible behaviour into the organization
Applying the ISO 26000 standard to integrate / implement social responsibility / socially responsible behaviour into the organization
Recognizing ISO 26000 as a reference document that provides guidance
Based on ISO 26000
Follow the guidance provided by ISO 26000
Inspired by ISO 26000
Inappropriate wording
...certified according to ISO 26000
…verified according to ISO 26000
…in accordance with ISO 26000
…conformance with ISO 26000
…compliance with ISO 26000
…assessed against ISO 26000
…meets the requirements of ISO 26000

Source: http://www.iso.org/iso/n15_rev_1_ppo_sag_-_communication_protocol.pdf

7. Conclusion

Social responsibility should be an integral part of the core strategy of any organization with assigned responsibilities and accountability at all appropriate levels. Social responsibility is an evolving concept. Globalisation is calling for much such responsibility covering a wide range of issues including governance issues, environmental management, social justice and fair labour practices, and addressing pressures coming from employees, customers, consumers, governments, and others.

Indeed, organizations can differentiate their brands and reputations as well as their products and services and attract top talent if they take responsibility for the protection and future of societies and environments in which they operate. There is now much evidence that enterprises can do well by doing good. By following the guidance of ISO 26000, businesses and organizations can operate in a socially responsible way and act in an ethical and transparent way that contributes to the health and welfare of society.

ANNEX

Some examples of social responsibility initiatives

1. Responsible growth: Chile's Sodimac commits to sustainability.

Sodimac is a leading company in the market of home improvement goods and construction materials. The company is also the market leader in Colombia and Peru. Its activity focuses on developing and providing solutions aimed at its clients' construction projects, in addition to meeting the needs for improvement and decoration of their homes, by offering service excellence, integrity in its work and a strong commitment to the community.

The dual objective of the company is not only to grow in the market, but also to help improve quality of life for people from the communities in which it operates, with the overall intent to contribute the comprehensive development of the country.

The salient features of Sodimac's initiatives are as follows:

Modern labour relations that aim to maintain transparent and constructive relationships with employees, implementation of various development programmes for human capital, such as prevention, training, comprehensive well-being, working environment and internal communications.

Awareness of environmental impact, promoting recycling, eco-efficient products, energy efficiency in shops. Use of lighting equipment and technology with 30% lower energy consumption than traditional premises.

Corporate governance and business ethics, with respect for human rights, non-discrimination and rejection of corrupt practices. Institutionalization of a corporate integrity programme and code of ethics . Rule of order, hygiene and safety for both internal and external staff.

Commitment to community, with employees participating in support initiatives for the community, through training and charitable organizations, raising of funds, material and logistical support during natural disasters, discounted prices on materials and consultations for constructing emergency homes.
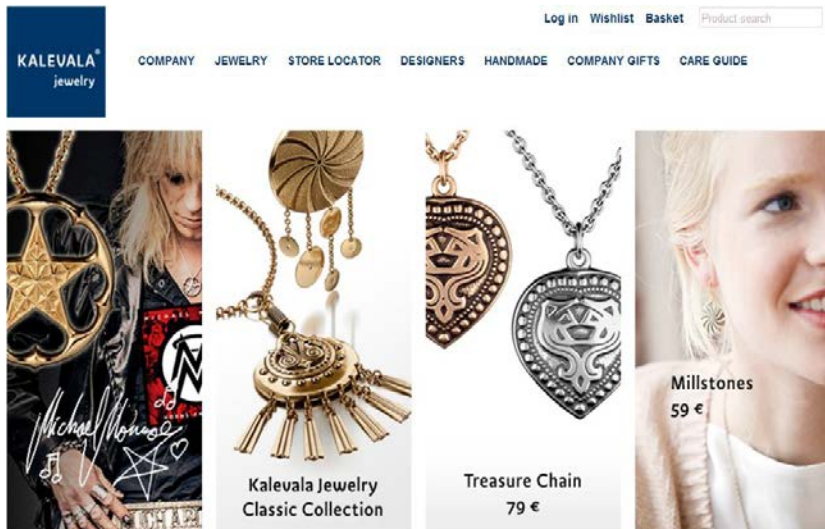
Responsible business and marketing with a business policy that seeks to safeguard quality and safety of products sold by the company, complemented by supplier requirements related to sustainability and social responsibility. The company works to ensure there is no child or forced labour, that occupational safety rules are enforced. Marketing communications follow strict ethical guidelines and good faith.

Responsible supply that maintains transparent relationships with suppliers, emphasis on long-term relationships, respect and compliance with agreements and mutual profit.

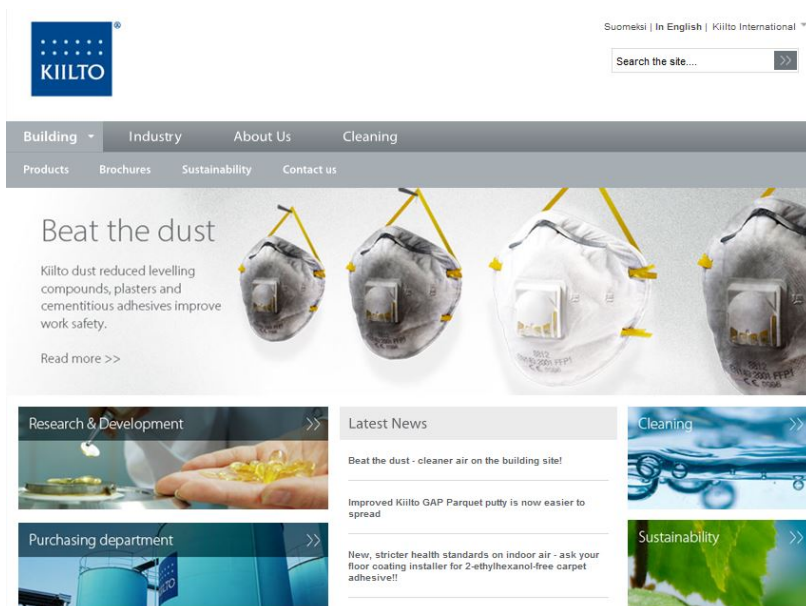- *Abridged from article by Pablo Urbina, CSR Coordinator, Sodimac. Source: ISO Focus Magazine*

2. Kalevala Jewelry (www.kalevalakoru.com)

This company in Finland donates part of the proceeds from its jewellery collection 'Gravity' designed by Kaisaleena Mäkelä, to the Women's Bank. The Women's Bank supports women's entrepreneurship in the developing countries and provides women with opportunities to earn a living for themselves and their families. It also helps to improve the well-being of the local community in general. Previously, Kalevala Jewelry donated part of the proceeds of the 'Africa' jewellery collection to a project providing basic education to young girls in Ghana. The Women's Bank is a fund coordinated by Finn Church Aid.
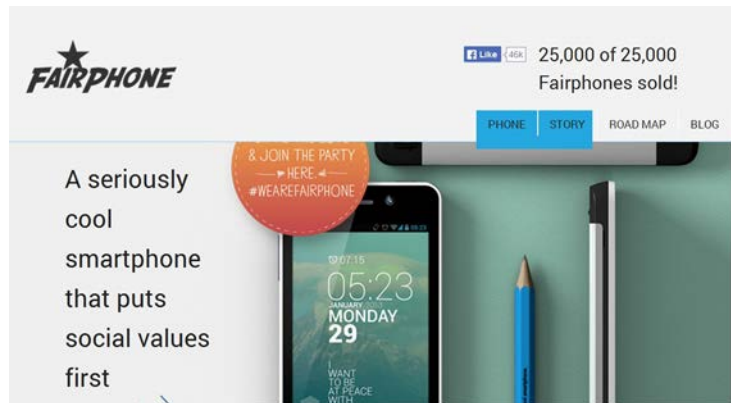

3. Kiilto Oy (www.kiilto.com)

is a chemical industry enterprise. Its main product is adhesives. Finland's largest solar power plant is located on the roof of Kiilto's production plant in Lempäälä, with 332 solar panels. These panels produce around 60,500 kWh of electricity per year, equivalent to around one per cent of Kiilto's own energy consumption. The enterprise has invested in environmental responsibility in both its own development and that of its products.

Corporate responsibility in the SME sector: Best Practices, Ministry of Employment and the Economy, Government of Finland

4. Fairphone

Fairphone began by finding conflict-free sources of tin and tantalum (two of the roughly two dozen minerals required), while attempting to improve working conditions for the small-scale miners in Congo who supply them, as well as workers at the plant in China where the phones are produced.

Fairphone's ultimate goal is to revolutionize the global electronics supply chain by producing a device made completely of recycled, toxin-free materials that is long lasting and reusable.

The design

To reduce waste and allow greater control, the Fairphone features: batteries that are easily replaced, dual SIM capability (turns one phone into two), minimal packaging, no proprietary charger or unnecessary accessories, an uncluttered, user-friendly interface with an indicator for energy consumption.

The parts

The casing (30 per cent of overall weight) is made of polycarbonate from recycled plastic, reducing carbon consumption and emissions, while the circuitry and capacitors use tin and tantalum from Congolese mines that are certified to be conflict-free. Serial numbers allow components to be traced as well as verified.

The minerals

Sourcing minerals free of military control, the company claims, has more than doubled pay for small-scale miners, helping to formalize the Congo mining sector, increase employment and contribute to economic development and regional stability.

The assembly

Fairphone vows to 'actively promote' International Labour Organization conventions enshrining reasonable work hours, decent conditions and collective bargaining throughout the supply chain.

- *Excerpt from article "Meet Fairphone: A phone company turning protest into a disruptive product" Shaun Pett*

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