ISO 26000 Guidance on Social Responsibility: What it means for your company
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“ISO 26000: What it Means for Your Company”
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ECOLOGIA (Middlebury, Vermont)
Expert Member, ISO WGSR (Working Group on Social Responsibility)
ECOLOGIA is a D Liaison (NGO)

Framework for the Session
1. Introduction (5 minutes)
2. Background on ISO 26000 (15 minutes)
3. Ways ISO 26000 is already being used globally (15 minutes)
4. Suggestions for use of ISO 26000 by US companies (15 minutes)
5. Issues and questions raised by the audience (40 minutes)
2. Background on ISO 26000

What is ISO?

ISO : International Organization for Standardization

- Private, not-for-profit organization established in 1947 (Geneva, Switzerland)
- Promotes the development of international standards
- Voluntary standards: positive contribution to our world; encourage global trade
- Worldwide collaboration (WTO, UN, ILO, WHO…)
- 157 country members, representing 98% of the world economy and 97% of its population. (ISO-Annual Report 2008)
What is the purpose and scope of ISO 26000?

• To assist organizations in addressing their SR;

• To provide practical guidance related to operationalizing SR, identifying and engaging with stakeholders, and enhancing credibility of reports and claims made about SR;

• To emphasize performance results and improvement;

• To increase confidence and satisfaction in organizations among their customers and other stakeholders;

• To be consistent with and not in conflict with existing documents, international treaties and conventions and existing ISO standards;

• To promote common terminology in the SR field and broaden awareness of SR.

• *It is not intended to reduce any government’s authority to address the SR of organizations; it is not intended to be a “non-tariff barrier to trade” (WTO)*

• *It is not intended or appropriate for certification purposes. Any offer to certify, or claims to be certified to ISO 26000 would be a misrepresentation of the intent and purpose of this International Standard.*
Timeline, Goals and Applicability

- Initial ISO SR meeting 2001
- First Working Group meeting 2005
- DIS (Draft International Standard) approved by vote of ISO member bodies, February 2010
- Final Draft International Standard approved by Working Group, May 2010
- Planned publication = December 2010
- “ISO 26000 provides guidance on the principles of SR, core subjects and issues, and guidance on SR implementation”
- Likely recognized as universal and international SR standard
- Standard that can link many of the existing global SR standards / initiatives
- Global benchmark across all organizations in any industry, including outsourcing
How does ISO 26000 define “social responsibility”? 

- 2.16 social responsibility

- responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society;

- takes into account the expectations of stakeholders;

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

- is integrated throughout the organization and practiced in its relationships.

- Note 1 Activities include products, services and processes

- Note 2 Relationships refer to an organization’s activities within its sphere of influence
INTRODUCING ISO/DIS 26000
ISO 26000 overview
INTRODUCING ISO/DIS 26000

SR CORE SUBJECTS

- 6.8 Community involvement and development
- 6.3 Human rights
- 6.7 Consumer issues
- 6.6 Fair operating Practices
- 6.4 Labour Practices
- 6.5 The Environment

Holistic approach
Interdependence
Governance
Organizational

Social Responsibility
<table>
<thead>
<tr>
<th>SR CORE SUBJECT AREA</th>
<th>ISSUE</th>
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<td>Avoidance of complicity</td>
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<td>Resolving grievances</td>
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<td><strong>Labour Practices</strong></td>
<td>Employment and employment relationships</td>
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<td>Conditions of work and social protection</td>
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<td>Social dialogue</td>
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<td><strong>The environment</strong></td>
<td>Prevention of pollution</td>
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<td>Sustainable resource use</td>
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<td><strong>Fair operating practices</strong></td>
<td>Anti-corruption</td>
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<td>Responsible political involvement</td>
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<td>Fair competition</td>
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<td><strong>Consumer issues</strong></td>
<td>Fair marketing, information and contractual practices</td>
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<td>Protecting consumers’ health and safety</td>
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<td>Sustainable consumption</td>
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<td><strong>Community involvement and development</strong></td>
<td>Community involvement</td>
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<td>Education and culture</td>
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<td>Employment creation and skills development</td>
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3. Ways ISO 26000 is already being used globally – Carolyn Schmidt, ECOLOGIA

- “trial runs” / “early implementer” efforts + publicity (Netherlands; Denmark; Germany; Canada; China; Japan; South Africa . . .)
- Stakeholder engagement using the ISO 26000 “multi-stakeholder” consensus process
  Industry, Consumer, NGO, Government, Labor, SSRO* [+ Finance ?]

DIFFERENT AND COMPLEMENTARY APPROACHES

- Validate existing beliefs in and strengthen implementation of “SR principles” – accountability, transparency, ethical behavior, etc.; use in choice of business partners; build SR networks
- Use specific recommendations in ISO 26000 to document CSR–strengthen your negotiating hand and marketing efforts
- Follow the structure of ISO 26000, work through principles, core subjects, stakeholder engagement, reporting, improvement plans etc. (ex. MACTEC’s “gap analysis”; ECOLOGIA’s “handbook”, others)
Yang Qi’s Tea Houses, Sichuan Province – value-added business model: organic tea from local cooperatives; cultivate urban domestic market; report / advertise CSR benefits

- 6.7.5 Consumer issue: Sustainable consumption
- 6.5 3 & 6.5.4: Prevention of pollution & sustainable resource use
- 6.8.7: Community involvement: wealth & income creation
- 6.6.6.2 Fair sharing of costs and benefits of SR throughout the value chain
Sustainable Cashmere: working throughout the global supply chain

PROBLEM: Increasing global sales of an unsustainably grown and unsustainably priced high-end luxury product (cashmere clothing)

Too many goats = desertification = long-term destruction of region
Low prices for raw cashmere = dramatic expansion of herds

unsustainably grown and unsustainably priced
Building a “triple bottom line” sustainable supply/value chain

THE SOLUTION

- 6.2.3 Organizational governance – decision-making processes and structures (herders’ cooperatives; SR factories)
- 6.5.6 Environment – protection of the environment and restoration of natural habitats
- 6.6.6 Fair operating practices – promoting social responsibility in the sphere of influence
Hi-min Solar Corporate headquarters, education and conference center in Shandong
Hi-min Solar

- World class high tech alternative energy company aspiring to go global (recent $100,000,000 FDI from Goldman Sachs + British Ministry of Trade)
- What kinds of questions will they need to address, to reach global market?
- ISO 26000 as guide to international expectations

Most relevant:
- 7.5 Communication on social responsibility (reporting) and stakeholder dialogue
- Clause 6 (the 7 core subjects)
Priorities when implementing ISO 26000 - ECOLOGIA’s focus

ECOLOGIA’s WORK IN CHINA:

- Strengthen existing Chinese SR entrepreneurs’ competitiveness and brand appeal; expand into local, national and global SR markets
- Show how ISO 26000 guidance supports current Chinese national government policy to promote sustainable development and quality of life (economic, human health, environment)

GENERAL – APPLIES TO ANY SIZE COMPANY AND ANY LOCATION

- Attention to each of the 7 core subjects (Clause 6)
- Stakeholder involvement, two-way communication (Clause 5, Clause 7)
- Reporting; independent verification; marketing (Clause 7)
- Fair sharing of costs and benefits of implementing social responsibility throughout the value chain / supply chain (Clause 6.6.6.2)
- FLEXIBILITY - TAILOR YOUR USE OF ISO 26000 TO YOUR OWN CONTEXT, NEEDS, SIZE, ETC.
4. Suggestions for use of ISO 26000 by US companies - Peter Hall, MACTEC

• Implementation Strategies
Stakeholders & Business Drivers

Strategic Social Responsibility Planning

- Investment in low carbon technologies/services and forward cost curves
- Growth in financial performance of sustainable companies with progressive climate-change programs
- Rising power costs, consumption and scarcity
- Impact of climate change including weather events
- Sustainable consumption, limited Resources and consumer educations
- Carbon Cap and Trade market system, carbon tax, government regulations and compliance

Expectation from Clients/Business Units/Shareholders
Key Implementation/Planning for SR Programs

Legal & “Other” Requirements and Compliance

Stakeholders
- Community
- Regulators
- Human Rights

Employees

Customers

Interest Groups

External/Internal Parties; Consumers/Community

Continual Improvement/Culture

Aspects/Risks; Labor Practices; Fair Operating Practices; Human Rights
Integration with Existing Systems/Programs

- ISO 14001
- OHSAS 18001
- SA8000
- EU Eco-Label
- FTSE4Good Criteria & DJSI
- CERES Principles
- Sarbanes Oxley
- Global Reporting Initiative (GRI)
- Many Other Sustainability Reporting/Programs
Examples of Implementation Tips

- Spend Time Understanding “Stakeholders”
- Use Established Management Practices & Programs
- **Prioritize Core Issues within SR Core Subject Areas**
- Set Specific Short-Term Targets (with Long-Range in Mind) & Establish Responsibilities
- Leverage Cross-functional Teams
- **Top Management and Respected Company Leaders is Key**
- **Allocate Sufficient Resources to Allow Targets and Goals to be Met**
- Revise/Develop Operating Procedures/Training/Norms Consistent with the SR Program
- Internal and then External Communication
- **Incorporate SR into Purchasing and Investment Practices**
- Build Issues of SR into HR Management and other Key organization/business areas (Integrate!)
“GREEN FACTORY” as a Framework for SR

- Uses Green Materials and Processes for Manufacturing
- Produces lowest possible emissions
- Recycling
- Uses closed loop cleaning processes
- Promotes a Healthy Work Environment
- Is Energy Efficient
- Minimizes the generation of hazardous and non-hazardous waste
Strategic SR Planning – DfE and Supply Chain
Observations of ISO 26000 by SMEs

- Many Small & Medium Sized Enterprises (SMEs) see ISO 26000 as more designed for large multi-national companies (broad-based international standard)
- Labor practices in less developed countries still a concern
- **SMEs that are linked to international value chains are more interested**
- Many SMEs lack expertise/resources to understand the SR agenda, prioritize with business, estimate resources/costs to implement
- Need to communicate internally how SR activities contribute to business
- **Personal values of owner/Sr. managers are a key driver of SR at SMEs**
- Many SMEs approach SR issues in a “non-integrated” manner
- SMEs financed by SR investors more likely to address SR programs

*(2008 IISD Survey)*
“Our social license to operate and our responsibility as a steward of the land is a trust that we continuously strive to uphold for benefit of future generations”.

Red Dog operates the world’s largest zinc mine in a remote, Arctic environment. We believe that business growth and success are based on, sound economics, efficiency, innovation, as well as respect for people and the environment. In order to achieve our vision, Red Dog will:

- **Demonstrate** (due diligence towards achieving compliance with environmental laws and permits)
- **Respect** (the importance of subsistence and traditional lifestyles and historical artifacts of the Northwest Arctic region)
- **Prevent** (pollution through waste minimization strategies and source reduction)
- **Minimize** (the area impacted by mining activities)
- **Design** (engineered structures for environmental impact during and after their usable life)
- **Foster** (open communications with major stakeholders including NANA, employees and customers)
- **Implement** (and maintain an Environmental Management System)
- **Strive** (for continual improvement)
### Example: ISO 26000 Gap Analysis

<table>
<thead>
<tr>
<th>ISO 26000 SR CORE ELEMENTS</th>
<th>EXISTING PROGRAM COMPONENTS</th>
<th>SCOPE/ELEMENTS</th>
<th>GAP FINDINGS</th>
<th>RECOMMENDED ACTIONS</th>
<th>PRIORITY RANKING</th>
</tr>
</thead>
</table>
| 6.2 Organizational Governance | | • Organizational governance and social responsibility (6.2.1.2)  
• Principles and considerations (6.2.2)  
• Decision-making processes and structures (6.2.3)  
• Related actions and expectations (6.2.3.2) | | | |
| 6.3 Human Rights | | • Due diligence (6.3.3)  
• Human rights risk situations (6.3.4)  
• Due diligence (6.3.3)  
• Avoidance of complicity (6.3.5)  
• Resolving grievances (6.3.6)  
• Discrimination and vulnerable groups (6.3.7)  
• Civil and political rights (6.3.8)  
• Economic, social and cultural rights (6.3.9)  
• Fundamental principles and rights at work (6.3.10) | | | |
5. Open discussion –
Ted Freeman, Praxis Consulting Group

questions, comments, ideas…

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pjhall@mactec.com
www.iso.org/sr
Example: ISO 26000 Implementation Schedule

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<th>2009</th>
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<td>Internal SR Audits (Recommended)</td>
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<td>Communication (SR Report)</td>
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Communication of ISO 26000

• Part of existing system/program
• Integrated in “Legal and Other Requirements” for an organization
• “[Organization] has implemented or developed a Social Responsibility (SR) program consistent with ISO 26000”