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ISO Group Proposes Development of Corporate Social Responsibility Standard

Responses to Proposal Questions About Feasibility, Market Drivers

A committee within the International Organization for Standardization (ISO) wants to move forward with developing an international standard on corporate social responsibility (CSR).

But not everyone wants to go with them.

A draft proposal was released last month by ISO's Consumer Policy Committee (COPOLCO) and has met opposition from groups within and outside the ISO community who question whether CSR concepts can or should be taken up by the standards development body.

COPOLCO's "Consumer Protection in the Global Market" Working Group created the report, titled "The Desirability and Feasibility of ISO Corporate Social Responsibility Standards." It lays out extensive background information regarding existing initiatives on the subject and international interest in formal guidance on CSR. The report concludes that ISO is in a favorable position to fill this need and should move forward with the development of a CSR management systems standard (MSS).

"The Working Group concludes that ISO CSR MSSs are both desirable (from a consumer and business standpoint) and feasible (from a standards perspective and a business perspective)," the report states. "[They] would constitute an internationally agreed upon framework for operationalization or corporate responsibility commitments with verifiable, measurable outputs."

While there may be demand for a CSR standard in some circles, others are not supportive. Within ISO, the Liaison Leadership Group for ISO 9000 and ISO 14000 issued a formal comment late last month that applauded the COPOLCO working group for amassing a comprehensive list of current CSR initiatives and establishing that the topic is one in which many groups are interested. The response goes on to posit that while interest may exist, the COPOLCO report fails to address adequately a larger question.

“The issue at hand is not whether CSR is a good idea,” the response reads. “Rather, the issue is whether it is prudent or appropriate to create an ISO standard on this topic.”

Despite this dissent, a revised version recently has been submitted to ISO’s Technical Management Board (TMB) for consideration. Joe Cascio, chairman of ISO Technical Committee 207 (TC 207) on EMS who participated in the drafting of the Liaison Group’s response, told *IESU* that COPOLCO may be pushing for the creation of new group to further contemplate where this proposed work might fit into ISO’s current agenda. “My understanding is that they are thinking of asking the TMB to put together something along the lines of a strategic advisory group like the one created for EMS prior to the formation of TC 207,” Cascio said. “Such a group is supposed to look at the strategies and whether it is advisable to get into these area and what kind of organizational structure they would put in place—either a new TC or assign it to an existing TC—if the proposal is moved forward by the TMB.”

Standardization in ‘Softer’ Areas

The working group was directed to draft the report after COPOLCO decided last spring to investigate the viability of creating international standards in the CSR realm. A scheme of that kind ideally would provide a framework against which organizations operating in the global market could assess the effectiveness of their corporate responsibility programs. The group cited significant demands from industry, government and public-interest groups for greater corporate transparency when it comes to company’s health and safety, human rights, consumer protection and environmental policies. The report presents numerous examples of existing CSR initiatives that are being driven from inter-governmental, legislative, investor-driven and standards development groups. These efforts have produced an array of tools ranging from broad-based guidelines from the United Nations and the European Union to more stringent, certifiable programs like the Standards Institution of Israel draft CSR standard, SI 10000, *Social Responsibility and Community Involvement* and the Bureau de Normalisation du Québec Corporate Social Responsibility Certification Protocol. The report concludes that while all of these programs are steps in the right direction, their lack of continuity can discourage participation by all parties involved.

“The wide range and variable quality [of existing CSR initiatives] make it difficult for firms to know where to turn for credible assistance in being responsible and being seen to do so,” the report states, “while consumers and

other demand-side interests lack credible tools for distinguishing good corporate citizens from their counterparts.”

The COPOLCO report goes on to list five elements that any scheme hoping to effectively address CSR issues must contain:

1. Identification and selection of relevant norms and principles;
2. Stakeholder engagement in CSR development and implementation;
3. Means for ensuring organizational commitments, objectives and measurable, verifiable results;
4. Techniques to verify progress toward CSR goals; and
5. Reporting and communication structures for interested stakeholders.

It proceeds to postulate about the components a MSS incorporating all of these ideas might contain, including: guidance on applicable local, national and international regulations deemed relevant to the CSR system via stakeholder input; implementation of corporate CSR policies addressing ethics, anti-bribery and corruption, among other issues; training; outreach, and measurement and reporting to interested stakeholders.

These elements are all found in some form within the ISO catalog of MS standards, and the group therefore asserts that any CSR MSS would necessarily build on the infrastructures established through the ISO 9000 standards for quality and the ISO 14000 series on EMSs. Acknowledging that this system would serve as a fundamental piece of a larger approach to CSR, the report stresses that the documents it proposes to create must be international standards if they are to be viewed as credible and enforceable. Cascio told *IESU* that he understands COPOLCO’s desire to establish greater credibility in the area of CSR. Both ISO 9001 and ISO 14001 have been successfully proliferated by creating market pressure among organizations that seek to keep pace with their competitors who have achieved registration.

“They want to give CRS a degree of formality and backing from a reputable organization so that companies will be less prone to disregard it,” Cascio said. “There are some issues that are easily quantified and addressed in a manner that you can write a process standard that companies can be tested to.

“One could make the assertion that ISO 14001 is advancing because of peer pressure; that is, companies are doing it and then others think that they have to do it as well,” he continued. “There is a supposition in some circles that if we create an international CSR standard that has visibility and ISO’s name on it, it will create a dynamic that cannot easily be turned away from.”

Overextending the Reach

It is generally accepted that the concept of creating buy-in to the point that a considerable number of organizations adopt a particular systems' standard has been at least partially responsible for the successful promotion of ISO's quality assurance and environmental protection standards. Cascio was quick to point out, however, that the "quantum leap" from those issues to CSR is not realistic.

"As you move up to issues on the level of corporate social responsibility, you get into levels of abstraction where it becomes less and less tenable to standardize," Cascio argued. "This issue is at a level of abstraction where it doesn't make any sense to standardize. To have a process standard on CSR is fundamentally meaningless."

The position outlined in the U.S. Liaison Group's document makes clear that the group supports CSR and appreciates the effort that COPOLCO expended in summarizing current initiatives in the field. The argument against the creation of an ISO standard on CSR is firmly rooted in the idea that experts can and have reached consensus regarding technical issues in the quality and environmental arenas. Conversely, social and/or ethical responsibility are inherently, culturally and individually defined concepts and therefore cannot be dealt with in a consensus-based setting like ISO.

The Liaison Group also argues that attempts to create a universally accepted definition of corporate responsibility within ISO not only would encounter cultural obstacles but also would enter the realm of political policy setting. Legislating political ideology or creating performance standards around such issues, Cascio explained, are not tasks that ISO has ever addressed—nor should it.

"ISO is not in the business of creating public policy," he said. "ISO is the business of standardizing practices among industrial users."

Another organization that responded with similar comments is the United States Council for International Business (USCIB), a New York-based pro-trade, pro-market liberalization organization that promotes an open world trading system. It has a corporate social responsibility committee that was formed in 1999 to facilitate the group's participation in the redrafting of the Organization for Economic Cooperation and Development (OECD) Multinational Enterprise guidelines. According to Adam Greene, USCIB's director of environmental affairs and corporate responsibility, his organization's position is that while the draft report consolidates a wealth of useful information, it is only an indicator that what might be a useful product for ISO to consider creating is a guidance document on the subject. In USCIB's estimation, there is still some doubt as to the value of creating an international standard on CSR.

“What [COPOLCO] is envisioning is an internal process standard like ISO 14001, but what companies would have to look at would be pulled in by themselves or from other initiatives,” Greene explained. “It’s really not too clear what sort of value it would add.”

The USCIB comments also echo the U.S. Liaison Group’s assertion that the political implications of creating a CSR standard are a strong indication against ISO creating a code of conduct. To address CSR, an ISO process standard would have to be able to address issues such as environmental protection, worker health and safety, human rights, community development, philanthropy efforts and employee training, among other topics. Greene told *IESU* that if the proposal was developed to involve an ISO 9001- or ISO 14001-certification system, it has the potential to be an exercise in futility.

“If it got to the point of third-party certification, it would end up being a lot of paperwork process,” he said. “It wouldn’t really move the ball in terms of what you were actually doing on CSR.”

Up in the Air

Although the responses issued by the U.S. Liaison Group and USCIB do not support the COPOLCO report’s assertion that there is a market need or justification for creating a CSR MSS, there are organizations and countries out there that support this initiative. That fact does not convince Jim Highlands, expert to the U.S. TAG to TC 207 on ISO 14001, that this will have much influence on the U.S. delegation when it releases its official positions.

“I know that the U.K. and some other countries are really big on [CSR] right now and pushing in favor of this,” Highlands told *IESU*. “I would imagine that the United States’ response would be fairly negative.”

The working group will present the revised proposal to the attendees of COPOLCO’s upcoming CSR Workshop, to be held on June 10 in Trinidad and Tobago. The event will bring interested stakeholders from industry, government and consumer groups to discuss the report and other CSR-related issues. The meeting is scheduled at the same time as the TC 207 plenary in Johannesburg, South Africa, where Cascio expects the report to be one topic of discussion during the Future Vision Task Force sessions.

“It is an issue that has been introduced to the group, but that doesn’t mean that the task force is going to back it,” he said. “In fact, I’d be surprised if it did.”

Greene speculated that COPOLCO may vote to move forward on the development of an ISO CSR standard. While it is unclear how such a

proposal will move forward or through what ISO body it must proceed, he said that the stakeholders ultimately will make their choices based on a company's actions, not their proposals.

“What people care about is what companies are doing, not that they have a process by which they set a policy and that policy will be checked every once in a while,” Greene said. “Where is the value in that?”

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