

Report of the First Meeting of the ISO Strategic Advisory Group on CSR 15-16 January 2003, Toronto, Canada

This newsletter has been produced through a collaborative project of IISD, IIED, AICC, RIDES, DA and IUCN, who are working together to build understanding of the implications of potential ISO engagement in the CSR agenda. The initiative is funded by CIDA, DFID and SECO.

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Quick overview of the ISO Strategic Advisory Group on CSR (SAG on CSR)¹

The ISO SAG on CSR is mandated to determine 3 things:

- Whether ISO should proceed with the development of ISO deliverables in the field of CSR and,

If so,

- What the scope of the work should be; and
- What the appropriate type of deliverable might be.

The SAG on CSR will meet again on 16-17 February 2003, in Geneva. It will report to ISO Council on 26 February 2003. ISO Council will consider its report at its meeting of 16 March 2003, and will decide whether and how to proceed.

Meeting summary: First meeting of ISO SAG on CSR

The Chair opened the meeting and invited members to introduce themselves and to outline their interests in this work. A participant list is included as Annex A.

Opening comments noted that: CSR is not a "fad" that is going to disappear from the corporate agenda; trust in companies is at an all time low, and re-building trust is a challenge for most big companies; it was noted that CSR can help to re-establish a relationship between companies and society; CSR, and CSR standardization, is faced with a "diversity challenge" – how to address such a wide variety of issues in a consistent fashion; ISO standards are often seen as a floor and not a ceiling; ISO 9000 and ISO 14001 do not enjoy universal praise; companies do not want just another management system standard; SME's, which make up a majority of most economies, need a simple, integrated approach to managing a variety of issues, including quality, environmental, health and safety, risk, and CSR; CSR involves "beyond compliance" and is an inherently voluntary commitment – but compliance with laws is a minimum baseline.

The first meeting had an ambitious agenda and not all agenda points were discussed. The following is a summary of the main discussions.

The ISO internal decision-making process – the role of the SAG on CSR

It was noted that there is very little time for the SAG on CSR to deliberate and to make recommendations on very complex issues. Many group members suggested that there may be a need to extend the mandate of the SAG on CSR – for example, giving it enough time to undertake an assessment according to Guide 72 and Annex C of the ISO Directives, and perhaps even for the drafting of a possible future New Work Item Proposal.² The representative of the ISO Secretariat indicated to the Group that it could mention this in its report to the ISO Council.

It was also noted that ISO's work on CSR would be judged both on the value of its outputs, and on the appropriateness of the process by which the outputs are developed. As a result, it was agreed that

¹ For more information, including an agenda of the first meeting, please see the background briefing at http://iisd.org/pdf/2003/standards_csr_background.pdf

² Guide 72 is a guide for carrying out a justification study for new management system standards (MSS). It was developed to try to prevent unnecessary proliferation of MSSs. Annex C of the ISO Directives establishes the minimum justification for any type of new ISO standard. A New Work Item Proposal (NWIP) is the formal application to ISO for a new area of work. It must outline the scope of work, a justification for the need for international standards, and the type of deliverables that are envisaged.

the group should consider the need to outline certain procedural requirements, including for the work of the SAG on CSR, the ISO Council's decision to proceed, the drafting of a New Work Item Proposal, and any possible future standard-setting work. To this end, the SAG on CSR compiled an informal, preliminary list of suggestions for improving ISO's processes (http://www.iisd.org/pdf/2003/standards_improvement.pdf).

In other discussions, it was noted that CSR is not likely to be an area of work that ISO can legitimately undertake on its own, and would have to establish cooperation with other international organizations, including UN Agencies. The group also noted the gaps in representation in the SAG on CSR, and the need to actively seek out representatives of Africa, ISO's Committee on Developing Countries, the UN, SIGMA, and an environmental NGO. It was agreed that the ISO Technical Management Board should ensure that representatives for these groups are found, particularly if the mandate of the SAG on CSR is extended.

A presumption that ISO will develop CSR standards

Some members were concerned that the ISO COPOLCO Report, which recommends that ISO develop CSR management system standard, might bias discussions in the SAG on CSR. A significant amount of time was spent underscoring the fact that **no decision has yet been made on whether to develop an ISO standard in this area**, and on the fact that it should not be presumed that, if ISO does develop something, the most obvious type of standard to develop would be a management system standard. At the same time, many participants noted that CSR is not a passing fad, and that managers need help in spreading CSR throughout their companies. It was also noted that CSR is best seen as a process, so it is an area that seems to well-suited to some sort of process-based standard that can be implemented flexibly in different sectors, countries, sizes of company.

It was also noted that ISO develops a variety of types of "deliverables", not all of which have the stature of international standards. ISO also develops guidelines, technical reports, international workshop agreements, and others. Other types of possible deliverables were discussed, including a "living" reference list of all the existing CSR standards and tools; a list of sources for guidance on specific aspects of CSR; a reference document indicating sources of guidance on indicators for CSR; and a tool that could help companies to integrate universal principles, such as the ILO Core Labour Standards or the Universal Declaration of Human Rights, into their operations.

Defining CSR – the scope of possible future ISO CSR standardization

A significant amount of time was spent discussing the definition of CSR. There was general agreement that there is no single definition of CSR: it is a concept that is defined in terms of a specific stakeholder group, within a specific socio-cultural, economic and environmental context. CSR means different things in different places. At the same time, it was noted that an ISO decision to develop CSR standards must be based on a specific notion of what CSR includes, and this must determine the scope of ISO's work in the field. As a result, the SAG on CSR developed a preliminary working definition of CSR, based on certain generally agreed underlying principles and characteristics of CSR. This working definition is not an attempt to define CSR: it is intended for internal ISO decision-making purposes. The preliminary working definition developed by the SAG on CSR is available at http://www.iisd.org/pdf/2003/standards_definition.pdf.

The group agreed that social responsibility is not limited to "corporations", but is also relevant to governments, NGOs, and other organizations: anyone whose actions have an impact on society. As a result, it decided to refer to Organizational Social Responsibility (OSR). A significant debate was held on the scope of OSR and whether it is limited to voluntary commitments, or whether legal and regulatory compliance could also be considered part of it. Participants also noted that CSR is not limited to "social" issues, but is inherently linked to all aspects of the sustainable development agenda. It was also noted that there are certain universal principles and issues that must be considered when discussing CSR, including internationally and regionally agreed "normative" standards (e.g. ILO Core Labor Standards, Universal Declaration of Human Rights). This definition will be the subject of more discussions at the next meeting of the SAG on CSR.

The Value of ISO involvement

It was noted that the SAG must consider both of the value of different types of international CSR guidelines and standards, and of the specific value of ISO developing such standards. The discussions focused on the compilation of a draft table outlining initial thoughts of the group on (a) the problems presently facing the implementation of CSR that could be addressed through the development of

international guidance documents or standards; (b) the value of addressing these problems; and (c) ISO's value-added. The draft table is available at http://www.iisd.org/pdf/2003/standards_added_value.pdf. This table will be reviewed at the second meeting of the SAG on CSR.

Many members, particularly those representing OECD country industry groups, used this discussion to underline the concern that they see very little value in just another management system standard – particularly one that could lead to another “certification circus”. Other comments noted the possible value of ISO reviewing its approach to management system standards – and the value, particularly to SMEs, of an “integrated” approach to managing a variety of issues, including quality, environment, occupational health and safety, CSR, ...

There was general agreement that one problem that could be addressed is the lack of a “balanced” and “structured” approach to the management of all elements of CSR: social, environmental and economic issues. Also, discussions focused on the role of international guidance documents or “process” standards in helping organizations to implement “normative” standards, such as are contained in international and regional agreements. It was also noted that – as with eco-labels – a proliferation of CSR “standards” and codes of conduct could restrict the spread of CSR and promote confusion in the marketplace. There was no consensus on whether there was such a proliferation at the moment.

Discussions on ISO's value-added focused on the fact that ISO is already a recognized source of guidance for businesses; the existing ISO management system standards (ISO 9000 and ISO 14001) provide a structured framework through which organizations could address CSR; despite some implementation problems, ISO has the most international standard-setting process, particularly as regards developing country involvement. Through all of the discussions on ISO's strengths, it was noted that ISO is a forum: successful development of CSR Standards in ISO would depend on the quality and diversity of the experts participating in the development process. It was generally agreed that, in almost all cases, ISO would not be able to develop CSR standards on its own, and would have to actively involve other international bodies and UN organizations.

Next Steps

The ISO Council will discuss how ISO should proceed at its next meeting on 13 March 2003. The SAG on CSR must submit its report by 26 February 2003 in order to feed into this meeting.

It was agreed that a second meeting of the SAG on CSR would be held in Geneva, Switzerland, from 16-17 February 2003. It was also agreed that the ISO Technical Management Board would seek additional members to represent Africa, ISO's Committee on Developing Countries, and the UN. Also, the representative from IISD was asked to prepare a paper for the SAG's consideration on the procedural issues that ISO should address in its consideration of CSR.

Organizations interested in contributing their comments to the SAG on CSR are invited to send comments by 10 February 2003 to trotherham@iisd.ca. In order to be integrated into the second meeting's likely agenda, comments should be made under the following headings:

- The ISO process: the SAG on CSR, ISO Council's decision to proceed, the New Work Item Proposal process, a possible future ISO standard-setting process on CSR;
- The preliminary working definition of CSR;
- The draft table on ISO value-added;
- A list of possible ISO deliverables on CSR;
- Information comparing existing approaches to CSR (codes of conduct, standards);
- References to existing “universal” or “normative” standards of relevance to CSR.

Closing Comments

All participants were in general agreement that – although there is still a mountain to climb before all relevant issues are addressed – the meeting was more productive than they had originally hoped. This was due to the very open and frank nature of the discussions, the willingness of participants to understand and consider each other's positions, and the high level of understanding of the issues.

Annex A: List of Participants at the 1st meeting of the SAG on CSR

Name	Affiliation	Representing
Daniel Gagnier (Chair)	Senior Vice President Corporate and External Affairs Alcan Inc.	
David Hecnar (Special Assistant to Chair)	Alcan Inc.	
Takashi Hamasaka (Secretary)	International Organization for Standardization/Central Secretariat (ISO/CS)	
Michael A. Smith	Director, Standards International Organization for Standardization/Central Secretariat (ISO/CS)	International Organization for Standardization Central Secretariat (ISO/CS)
Leonardo J. Cardenas	Principal Consultores en Calidad Ambiental De CV, Mexico	Americas Region
Richard Johns	Director Corporate Responsibility Standards Office of Ethics and Compliance Motorola, inc. USA	Americas Region
Marcos Egydio Martins	Superintendent Director Ecofuturo Institute, Brazil	Americas Region
Guido Guertler	Director of Standards & Regulation Siemens AG, Germany	European Region
Lennart Piper	Environmental and Quality Specialist Swedish Industry Association, Sweden	European Region
Ir Hussein Rahmat	Chairman Industry Standards Committee for Petroleum and Gas, Malaysia	Asia/Oceania Region
Iwao Taka	Professor Department of International Economics Reitaku University, Japan	Asia/Oceania Region
Villy Dyhr	Director Policy Issues Danish Consumer Council	Consumers International (CI)
Hans Hofmeijer (1 st day) Michael Urminsky (alternate 2 nd day)	Director Multinational Enterprises Programme International Labour Office (ILO)	International Labour Office (ILO)
Kernaghan Webb	Chief of Research/Senior Legal Policy Advisor Canadian Office of Consumer Affairs	ISO/Committee on Consumer Policy (COPOLCO).
Tom Rotherham	Associate International Institute for Sustainable Development (IISD)	International Institute for Sustainable Development (IISD)
Mark Brownlie (Alternate)	Global Reporting Initiative (GRI)	Allen White Acting Chief Executive Global Reporting Initiative (GRI)
Adam Greene (Alternate)	Director Corporate Responsibility U.S. Council for Int'l Business	Brent Wilton Deputy Secretary General International Organization of Employers

Brian Kohler (Alternate)	National Representative for Health Safety and the Environment Paperworkers Union of Canada.	Dwight Justice Multinational Enterprises Branch International Confederation of Free Trade Unions (ICFTU)
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Not Present

Name	Affiliation	Representing
Frederic Tiberghien	President Observatoire sur la Responsabilité Sociétale des Entreprises (ORSE) France	European Region
John Martin	Commissioner Australian Competition and Consumer Commission (ACCC), Australia	Asia/Oceania Region
John Maresca	President Business-Humanitarian Forum Geneva, Switzerland	International Chamber of Commerce (ICC)
Veit Ghiladi	Senior Manager Standardization Daimler Chrysler AG	International Federation of Standards Users (IFAN)
African Representative	No representative	African Region
African Representative	No representative	African Region
ISO Committee on Developing Countries (DEVCO)	No representative	ISO DEVCO