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IDTF N051 – Explanation of, and rationale for, changes made to WD3.2

This document provides an explanation of the main changes that have been made in WD4.1 to the text contained in WD3.2, and gives a rationale for these changes. The document has been prepared by the different drafting teams established within the IDTF at the Paris meeting. A review of the composition of these drafting teams, and of the drafting process that was followed within the IDTF, is provided in N042rev1 (available on the Livelink website).

Due to unavoidable time constraints, most sections of this document have not been circulated for full review and comment within the IDTF. The views expressed here are thus largely the views of those who were responsible for redrafting the various clauses and sub-clauses.

On a first look at WD4.1, many experts may be somewhat surprised at the restructuring of the document. The only significant change in this regard has involved moving certain elements of what was in the previous Clause 7 (Guidance on implementing social responsibility) to a new Clause 6 (Practices of social responsibility).

The rationale for this change, which was supported by all the stakeholder representatives and other IDTF members present at the Paris IDTF meeting, is provided in the explanation below relating to Clause 5 (see page 3). It was felt that it would enhance the logical flow and accessibility of the document by providing some general guidance on social responsibility practices (including guidance on identifying the subjects and extent of social responsibility), before the more specific guidance on the various core subjects. There was also seen to be benefit in distinguishing very clearly between “what” an organization should do (now outlined in Clause 6), from “how” it should do it (now outlined in Clause 8).

Further details of these and other changes to the document are provided below. Experts are strongly encouraged to read this document when reviewing WD4.1, and to give these explanations due consideration when providing their responses to the stakeholder questions in IDTF N052.

Introduction – Explanation and rationale for main changes

- No substantive changes were made to this clause.
- Table 1 was revised to reflect changes in the titles of clauses, and the sentence on the limits of the application of the standard was slightly revised to be consistent with the sentence in Scope.

Clause 1 (Scope) – Explanation and rationale for main changes

- No substantive changes were made to this clause.
- The identification of contents of the standard was revised to reflect new titles for some clauses.

Clause 2 (Normative references)

- This clause has not been changed. A decision will be made at a later date whether it is necessary to include this clause.

Clause 3 (Definitions) – Explanation and rationale for main changes

- After some discussion within the IDTF, and with consideration to the written comments and the TG4 discussions on this issue, the definition on social responsibility was amended to provide for behaviour that “*contributes* to sustainable development, *health* and the welfare of society.” After discussion within the IDTF meeting at Paris, and following consultation with the ISO Central Secretariat, it was agreed that the current definition complies with ISO requirements relating to definitions.
- A definition on “customer” was added to distinguish “customer” from “consumer” and thus clarify the focus of the guidance on the SR Core subject relating to consumer issues.
- A definition on “gender equality” was added in response to written comments on this issue.
- The definition on “international norms” was amended in response to written comments on this issues, and following discussion at the IDTF meeting in Paris.
- A definition on “corruption” was deleted as it was seen to be normal dictionary term.
- A minor change was made to the definition of environment, to move part of the definition into a Note, for clarity.
- The definitions of supply chain and value chain were altered slightly to remove the jargon terms “upstream” and “downstream”. The content of the definition remains the same.

Clause 4 (Understanding social responsibility) – Explanation and rationale for main changes

The following changes were made to Clause 4 in response to stakeholder comments:

- The distinction between “context” and “concept” was eliminated to make the document easier to read and more integrated. This involved
 - changing the title of Clause 4 from “Context and concept of social responsibility” to “Understanding social responsibility”;
 - merging the sections 4.1.1 (Historical background) and 4.1.2 (Changing scope of social responsibility) under a new sub heading “the social responsibility of organizations”; and
 - replacing 4.2 with what was 4.2.1 (now sub-clause 4.3 Characteristics of social responsibility). An additional bullet point was added to the section on sub-clause 4.3: “integration throughout an organization and in its relationships”.
- Small changes were made to the section on “the role of stakeholders in social responsibility” (Lines 467-470) to reflect the definition of stakeholder and the material in new Clauses 5 and 6.
- More explanation is provided on the relationship between sustainable development and social responsibility and the sub-heading was changed to reflect this.

- Changes were made to the section on “Governments and social responsibility” to clarify the important distinction between a governmental organization and the role of the state.

Clause 5 (Principles of social responsibility) – Explanation and rationale for main changes

At the IDTF meeting in Paris it was agreed to amend Clause 5 so that it would address the principles and practices of social responsibility and that Clause 7 would be revised to focus on the “how to” aspects of implementation. A subsequent decision was made to reformat and renumber Clause 5 into two clauses – Clause 5 on Principles of social responsibility and Clause 6 on Practices of social responsibility. (The reason for splitting the new Clause 5, and creating the separate Clause 6, was to address any perceptions that some of the key implementation aspects might be “lost” in a section on that previously focused purely on principles).

The reasons for this structural change were to:

- enhance the logical flow of the document by providing information about the general practices before considering specific issues;
- provide a clearer relationship between the core subjects (previous clause 6) and implementation (previous clause 7);
- better distinguish between “what” an organization should do, and “how” it should do so;
- address concerns relating to perceived redundancies between Clause 5 and the Clause 6 sub-clause on organizational governance; and
- make the document more accessible and easier to read.

A representative sub-group of the IDTF was charged with developing a new Clause 5 (which was later split into two clauses) and a new Clause 7 (now Clause 8). This sub group was also asked to make any changes in Clause 4.

5.2 Principles of social responsibility

Selection of principles

- Clause 5 in WD3rev 2 (“old Clause 5”) contained eight principles (ethical behaviour; rule of law; international norms; stakeholder interests; accountability; transparency; precautionary approach; and human rights). The old sub-clause 6.2 on organizational governance addressed the substance of five of these principles and provided recommendations as to what an organization should do (regarding: compliance with law, accountability, being transparent, ethical conduct, and responding to stakeholders).
- The three principles in old Clause 5 that were not addressed in sub-clause 6.2 on organizational governance were the precautionary approach, human rights and international norms.
- There was general agreement that the principles in new Clause 5 should be principles related to process, which would then be closely followed by a description of the general practices associated with the social responsibility of organizations. There was unanimous agreement that

principles concerning accountability, transparency and ethical conduct were these kinds of process principles.

- There was not unanimous support for a principle related to stakeholder interests as some felt that this subject was more of a practice than a principle. However, after a discussion it was agreed to include a principle based on this subject in addition to describing the practices related to stakeholders.
- It was agreed that there should be a principle on rule of law although it was not as strongly felt by some that a separate principle on legal compliance was the same kind of process principle as, for instance, a principle on accountability. There was also widespread acceptance that the dilemma that can exist between legal compliance and respect for human rights needed to be addressed if there was to be a principle involving the rule of law. There was no consensus that this necessarily involved a separate principle and some consideration was given to addressing the possibility of encountering this dilemma as part of the discussion on the principle on the rule of law. Some suggested that both a principle on human rights and this dilemma could also be addressed in the human rights sub-clause in the subclause 7.3, the human rights core subject.
- The principle on respect for international norms led to a similar situation. One objection was that, as with the proposed human rights principle, this principle was not a process principle. Another objection, but one going in a somewhat different direction, was that the real reason for a principle on international norms was addressed by the proposed principle on the universality of human rights. Another view was that a principle concerning respect for international norms was not significantly different in nature from a principle concerning respect for law.
- Proposed resolutions of these questions included having just one, just two or all three principles. One proposed solution was to address these issues and questions in Clause 4.
- In the end, it was decided to provide a text for all three principles (law, human rights and international norms), but to seek guidance from the WG as to how to proceed.
- There was widespread, but not unanimous agreement, that the principle of the “precautionary approach” was not always relevant in the same way as the “process principles” and that it was more appropriately considered in the context of specific subjects such as the environment (and possibly also the consumer sub-clauses of new Clause 7). It was also recognised that the principle of the precautionary approach remains very contentious to different stakeholder groups. This principle states that “where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation in conditions of uncertainty”. To many legal scholars this would be seen to constitute an international norm of behaviour as defined in the Standard. Using its most commonly accepted international application, the principle applies primarily to environmental issues, although it is increasingly being applied to health issues (and thus to issues pertaining to consumers). It is not seen, however, to apply to other core subjects such as human rights or labour practices. Since this principle is not overarching, and bearing in mind that it may also be seen as being addressed as an international norm (for which there is currently a separate principle), it was decided to remove it from the list of principles in Clause 5 and make reference to this principle in the core subjects where relevant.

Content of principles

- As one purpose of the new Clause 5 was to remove the significant redundancy between old Clause 5 and sub-clause 6.2 on organizational governance in old Clause 6, an effort was to use ideas and material from both clauses. The sub-clause on organizational governance provided more guidance with respect to what an organization should do and this was, for the most part, included in new Clause 5.
- The subject titles used in old Clause 5 (“The principle of accountability”) were removed and the principle itself (the first sentence after the title) was used as the heading. Principles are best expressed as propositions and are intended to provide guidance for making decisions. Some of the principles were reformulated to make them more useful – that is, to provide more guidance.

Order of principles

- The order of how the principles should appear in new Clause 5 was the subject of debate. There was general support for the order as it appears, although some wanted the principle on respect for the rule of law to be placed earlier.

5.2.1 - General

- To enhance the credibility of the document, the principles were not presented as the authoritative and definitive list. Instead, it was indicated that there was widespread agreement that the principles provided would always apply.
- Some wanted to retain the statement in old Clause 5 that “The overarching goal for an organization is to maximize its contribution to sustainable development.” This statement was put in the introductory paragraph of old Clause 5 in WD3.2 because it was difficult to turn the concept of “sustainable development” into a principle. Others did not see a need for a statement at this point, as sustainable development would appear more logically later where practices such as identifying responsibility were considered. There was however agreement that there should be further elaboration of the concept in Clause 4 (for a more detailed explanation, see note on changes in Clause 4). A question on this issue has been raised for stakeholder comment.

An organization should be accountable for its impacts on society and the environment

- This principle was placed first because the meaning of accountability is close to the meaning of responsibility, making this the most general of the process principles. The principle was worded to show the link between accountability and the definition of social responsibility. The examples in the first paragraph of the old organizational governance section were eliminated and a paragraph that considered governance obligations and the obligations to society was developed instead. Two lines in the old Clause 5 principles (Lines 528-530) were not used as they were more about transparency and were moved to that principle.
- Two of the six bullet points in organizational governance (6.2.4.2) were kept for this section. The first two points seemed more related to the success of the organization than to its responsibility. The third and fifth points were treated as being more appropriate to transparency.

An organization should be transparent in its decisions and activities that impact on others

- The principle of transparency was reformulated so as to better show the link with the definition of social responsibility.
- All of the points made in old sub-clause 6.2, together with the points taken from the old 6.2.4.2 noted above, as well as additional language to increase clarity, appear here.

An organization should behave ethically at all times

- The principle was reformulated from the one in old Clause 5 to avoid defining ethics by naming a short list of specific virtues.
- All of the material in old Clause 5 was kept, as was the material in organizational governance.

An organization should respect and consider the interests of its stakeholders

- The principle in old Clause 5 was slightly reformulated with no change in substance.
- Material reflecting the revised definition of stakeholders was added. A new point along these lines was added to the list of points from the organizational governance sub-clause (“identify its stakeholders on the basis of...”). This point replaces the point in WD3.2 Line 694 (“engaging stakeholders who may be, or have been affected...”).
- The idea of responding to the expressed concerns was added to the point in WD3.2 Clause 6 Line 689 (“being conscious of and respecting the interests...”). The part in this point about capacity was made into a new point because it was not as closely related to the other information in the point which was becoming too long.
- Two of the points in old Clause 5 posed problems and were not carried over. One was the point that called for “Directing the organization toward a long-term perspective, balancing the immediate needs and objectives of current stakeholders with the interests of future generations.” This can easily be used by an organization to justify not taking the interest of a stakeholder into account. This point does not suggest that the organization take account of its own immediate needs and objectives in the same way – only those of its stakeholders. Moreover, this point does not follow from the description of the issues that precedes it and there is insufficient advice as to how this balance should be achieved. Consideration should be given in the next draft to providing some guidance as to how organizations can take a “long term view” – perhaps as an elaboration of the concept of sustainable development or in new Clause 8 as part of how things are done.
- The second point that was not carried over to new Clause 5 called for “balancing the organization’s objectives against the impacts on and risks to all of its stakeholders.” The meaning of this point is not clear and, as with the point mentioned above, it does not follow from the material that precedes it.

An organization should respect the rule of law

- The principle is unchanged and all material from the old sub-clause 6.2 on organizational governance and old Clause 5 is retained.

- A new point concerning the “intended and relevant legal framework” has been added. This is about the black market, tax avoidance etc.

An organization should recognize both the importance and the universality of human rights

- The principle was reformulated to be about the universality of human rights. This change makes the principle more useful. It now provides an understanding of how an organization can be faced with a dilemma between respect for human rights on one hand and respect for the rule of law on the other.
- This principle was not addressed in the old sub-clause 6.2 on organizational governance. New bullet points were added in order to provide a similar level of explanation for this principle as for the other principles.

An organization should respect the relevant international norms where these norms are superior to national law and practice.

- The principle was reformulated so that it was expressed in the form of a principle. A more precise explanation of international norms has been provided.
- As with the principle on human rights, there is no treatment of this principle in the old sub-clause 6.2, and it was necessary to add points in order to provide a similar level of explanation as for the other principles.

Clause 6 (Practices of social responsibility) – Explanation and rationale for main changes

Noting the rationale outlined earlier for this new Clause (see page 3) the material to be moved from old Clause 7 to new Clause 6 was identified by whether it was a practice that all organizations “should do” or whether it was advice as to “how” an organization might or could do something.

Four practices were decided and presented in an order that corresponded to the order in which the material was presented in old Clause 7.

- 6.2 on “Identifying social responsibility” covers some of the material in sub-clause 7.2 of WD3.2;
- 6.3 “Stakeholder identification” covers the material in sub-clause 7.3 of WD3.2;
- 6.4 “integrating social responsibility in the organization” covers material in sub-clause 7.4 of WD3.2; with the same title; and
- 6.5 “Communication” covers material in sub-clauses 7.6 and 7.8 of WD3.2.

Generally, most of the material in 7.5 was considered to be more of a “how to” and was not used in new Clause 6. To the extent that the subject of old sub-clause 7.7 is addressed in new Clause 6 it is addressed in sub-clause 6.4 as part of “integrating social responsibility”. Old sub-clause 7.9 was also more “how to” and, in any event, the IDTF agreed that a separate approach for SMEs was not appropriate, bearing in mind that the standard is supposed to be applicable to all organizations.

Moving ideas from old Clause 7 to new Clause 6 involved rewriting. This was to avoid bringing an excessive level of detail. It was also to avoid some of the complex concepts and technical terms that appear in Clause 7. This was undertaken with the express intent of making the material easier

to access and to provide guidance that was appropriate for all organizations. Finally, there was rewriting to make the material conform to the agreed definitions of “stakeholder” and of “stakeholder engagement”.

6.1 General

This new section is important because it explains what is meant by “practices”.

6.2 – Identifying social responsibility

Generally, this sub-clause covers in a broader and simpler way the same ground covered in the old sub-clause 7.2. Many of the concepts in sub-clause 7.2 were considered too complex for the purpose of this sub-clause and were not used. The simpler and easier to grasp title of “Identifying social responsibilities” was used instead of “defining the scope of social responsibility” with its “general” and “applied” scopes which was seen to be jargon. The ideas of an organization’s “profile” and “social responsibility context” were considered too detailed for this sub-clause and closer to “how to” information (and thus more appropriately covered in new Clause 8).

6.2.2 Identifying the subjects and extent of social responsibility

This section names the core subjects and shows how they can be used to identify an organization’s social responsibility. It also introduces the concept of “sphere of influence”.

6.2.3 Establishing priorities

After consideration by the IDTF, it was decided that the concept of “materiality” was not the right concept to apply to the subject of establishing priorities. Noting the origins of the term in the accountancy profession, this concept was seen to be more appropriate for the subject of communication and reporting. It was agreed that reference would be made to “relevance” (of the issue) and “significance” (of the impact) as the basis for making these decisions.

6.3 – Stakeholder identification and engagement

The text in new Clause 6 is based on agreed definitions of “stakeholder” and “stakeholder engagement”. During the Vienna meeting the definition of “stakeholder” was revised to be an “individual or organization with an interest in any activities or decisions of the organization”. This corresponds to the most widely understood use of term. It is easier to see that “stakeholder” is a relational term that is it refers to one party in a relationship. The stakeholder’s “interest” determines the relation of the stakeholder with the organization concerned. Stakeholders may, or may not, have an ability to have an impact on the organization concerned. But it is the existence of an “interest” or “stake” that makes a stakeholder a genuine stakeholder.

6.3.1 General

6.3.2 Stakeholder identification

- This section contains advice on how to prioritize stakeholders as well as on how to identify them. Prioritization is more linked to addressing the interests of stakeholders – than it is to

engaging stakeholders. The really important part about prioritizing is the relationship of the stakeholder's interests to the broader interests of society.

6.3.3 Stakeholder engagement

- In keeping with the definition of “stakeholder engagement” in this document, sub-clause 6.3.3 recognizes that it will not be possible for any organization to engage all of its stakeholders – so it provides reasons for engaging stakeholders. These reasons are more complete and realistic than in WD3.2. This is not the same as the advice offered in 7.3.2, which was not revised to take the definition into account. The description of stakeholder engagement in old sub-clause 7.3.1 does not correspond to the agreed definition of stakeholder engagement and was not used.
- One of the most important reasons for a clause on core subjects is to provide guidance on what the expectations are with respect to how the interests of specific stakeholders should be addressed.
- The material in old sub-clause 7.3.4.1 on an “engagement plan” and in old 7.3.4.2 on “engagement techniques” was not brought to new Clause 6 as these sections were considered more “how to”.

6.4 Integrating social responsibility into the organization

- Much of the language of old sub-clause 7.4 and 7.4.1 referring to “structure”; “policy”; “culture”; “identity”; “values” has been moved to the new sub-clause 6.4. Also the role of leadership has been developed and expanded to be about “governance”, which is somewhat more developed. The same reference to the process principles in new Clause 5 also appears in new sub-clause 6.4.
- The material concerning vision and mission statements in old sub-clause 7.4.2 was not moved to new sub-clause 6.4 as it was considered to be more appropriate as a “how to” in new Clause 8.
- The general practice of reviewing and performance addressed in old sub-clause 7.7 is mentioned in new sub-clause 6.4, but no details are provided because this kind of information is considered to be more “how to”.

6.5 – Communication

- Many of the ways in which the practice of communication is related to social responsibility found in old sub-clause 7.6 appear in new sub-clause 6.5. However not all ideas were moved. The purpose of enhancing an organization's reputation provided in old sub-clause 7.6.1 was not moved, as this reason confuses self-interest for enlightened self-interest.
- Much of the information in old sub-clause 7.6 was considered to be “how to” and was not moved this included most of the material in old sub-clauses 7.6.2; 7.6.3 and 7.6.4.
- New material based on principles of non-financial reporting has been added to this section although there is also a view that this material should be moved to new Clause 8. A paragraph describing the various ways an organization can enhance its credibility, including through assurance is provided.

Clause 7 (Core subjects of social responsibility) (old Clause 6) – Explanation and Rationale for main changes

Explanation of the Overview section

The Rationale sections of Clause 6 in WD3.2 varied greatly in length, content and tone. In addition, the title Rationale was not self-explanatory (rationale for what?). The inconsistency could contribute to confusion among readers, and the varying focus of the Rationale sections made these sections less helpful to the reader than they needed to be. To improve consistency across all the core subjects and to make the introductory material in each clause on a core subject more informative, an Overview was substituted for the Rationale.

The Overview section is intended to provide readers with a short introduction to the core subject so they can quickly understand what the issue is about, whether it is relevant to their organizations, and what benefits their organization would be likely to obtain from acting on that core subject.

The sections of the Overview are:

- *7.x.1.1 Organizations and [core subject]:* This section describes what the core subject covers. It should particularly focus on how this issue arises for an organization.
- *7.x.1.2 [Core subject] and social responsibility:* This issue shows the reader how the core subject is related to social responsibility
- *7.x.1.3 Benefits to an organization of socially responsible [core subject]:* This section describes how being socially responsible with respect to this core subject provides benefits to an organization.

Most of the text in the Overview sections was drawn from the previous Rationale sections or from other text in the clause on the core subject.

Clause 7.2 Organizational governance – Explanation and rationale for changes

Background

- Organizational governance has been extensively discussed in TG5 and the WG, regarding its “special nature” in comparison to the other social responsibility core subjects (formerly “social responsibility core issues”). In simple terms, organizational governance is about three basic things: the way organizations take decisions; the way organizations manage the implementation of their decisions; and the way to deal with possible conflicting interests from managers, owners and/or members against the general interests of the organization itself.
- Because of this, organizational governance is, on one hand, the function that will allow social responsibility to be disseminated throughout the organization and incorporated in its daily practices. In this sense, organizational governance strongly refers to the “operational principles” mentioned in Clause 5 and to the “implementation” subjects dealt with in Clause 8.
- But, on the other hand, organizational governance involves processes and structures that exist in any organization (even smaller ones) and that need to be properly addressed and arranged in order to contribute to the organization’s objectives towards social responsibility. In this sense,

organizational governance is a “core subject” that helps organizations to deal with all the other core subjects, presented in Clause 7.

- In appreciating this in WD3.2, WG experts and drafters decided to place organizational governance in old Clause 6 as a “social responsibility core subject”, so its nature of being something that organizations should act upon would be present. Later, when describing the actual issues and their related action and expectations, it has become clear that there was a very significant overlap between them and the ‘operational principles”, presented in Clause 5.
- Addressing this situation, the IDTF decided to merge that part of Clause 6.2 in WD3.2 with the Principles in Clause 5, thus emphasizing its overarching nature. At the same time, organizational governance is kept as a core subject in Clause 6, so its nature of being something that organizations should act upon is not lost. The changes presented in WD4.1 try to reflect this decision.

Overview of changes proposed to the “organizational governance” section

The changes address essentially the overlap between the section on ‘Principles of social responsibility’ (WD3.2 clause 5) and ‘Issues of organization governance’ (WD3.2 clauses 6.2.3 up to 6.2.7. Much of the material formerly in WD3.2 Clause 6 now stands as integral part of Clause 5 (Principles of social responsibility).

Nevertheless, organizational governance still stands as one of the core subjects of social responsibility with linkages established with Clause 5.

The details of changes made are as follows: (headings refer to WD4.1)

- **7.2.1 Overview of organization governance**
 - The heading has been changed from ‘Rationale’ to follow the proposed new structure of whole Clause 7. The explanation for this change is described in the Explanation of the Overview section.
- **7.2.1.1 Organizations and organization governance**
 - The contents retained from previous document (WD3 rev2, 6.2, 1st & 2nd paragraphs).
- **7.2.1.2 Organizational governance and Social Responsibility**
 - New text added here, as the detailing related to the linkage was missing in WD3.2.
- **7.2.1.3 Benefits to an organizations of socially responsible organizational governance**
 - The content has reference to lines 590-598 from WD3.2

Principles and considerations

- Same as 6.2.2 in WD3.2
- After 6.2.2 the rest of the clause needed to be changed in its structure in WD4.1 for the reason that, details on ‘Issues of organizational governance’ were shifted to Clause 5. The details are as follows:
 - 6.2.3 of WD3.2 forms part of 5.2.5 of WD4.1
 - 6.2.4 of WD3.2 now forms part of 5.2.1 of WD4.1

- 6.2.5 of WD3.2 now forms part of 5.2.2 of WD4.1
- 6.2.6 of WD3.2 now forms part of 5.2.3 of WD4.1
- 6.2.7 of WD3.2 now forms part of 5.2.4 of WD4.1 to some extent.

Organizational governance Issues in WD4.1 Clause 6.2:

As a consequence of this new approach to organizational governance, the issues to be in the sub-clauses of 7.2 should be those related to:

- the role of organizational governance as the means by which the operational principles (now in Clause 5) can be integrated in the organization's daily practices;
- the way an organization takes decisions;
- the way interests of managers, owners and/or members are dealt with separate from the interests of the organization itself.

For that, two issues are proposed:

- **6.2.1 Organizational governance issue 1: Decision making processes and structures**
 - This section emphasizes the importance of organization's structure and its decision making process needed for implementation of social responsibility from the perspective of organization governance.
 - This section focuses on:
 - the linkage with Clause 5 for implementation of issues of organization governance in context of organization's social responsibility,
 - incorporates the material (ref: WD3.2) that has not been moved to clause 5, that addresses some of the topics mentioned above.
- **6.2.2 Organizational governance issue 2: Delegating Power**
 - This section addresses the process of power delegation, since is a central aspect of organizational governance, and critical for its success. It aims to provide guidance on some aspects that should be taken into account, in order to create a governance system that helps the organization to work in a socially responsible way. It addresses some aspects that have been previously touched in the drafting process.

Clause 7.3 Human Rights – Explanation and rationale for changes

The changes made to Clause 7.3 in WD3.2 were informed by the following motivations

- ensuring consistency with the agreed structure for each of the Clause 7 core subjects, most notably as regards the changes to the previous "rationale" section;
- identifying opportunities for reducing the length of the clause, but also providing clarification where needed and eliminating any areas of duplication and redundancy;
- following the IDTF guidelines regarding editing and consistency in certain terms and phrases;
- implementing changes in light of reviewing the document as a whole and with consideration to recent revisions to the structure and content of other clauses (e.g. on principles); and

- making suggested substantive changes on the basis of written comments on WD3.2, of which many were of general character regarding tone, level of guidance, clarity on concepts and developing certain key elements and guidance relevant to a human rights context for an organization (refer to IDTF N20 *Report of TG5 Human Rights and Labour Drafting Team*).

Main substantive changes

- According to decisions made in Vienna, some substantive issues needed to change shape in the document. Key concepts and content however has not been changed. There has been a restructuring of principles and issues to correspond to consistency, logic and the improved framework. Whilst some changes still need to be made, it is the view of the IDTF that it contains substantial improvements in line with the decisions taken by the drafting team during and after Vienna (refer to IDTF N20 *Report of TG5 Human Rights and Labour Drafting Team*).
- More practical and useful guidance sections have been added. Parts of text have been rewritten from the perspective of an *organization*. Sections unclear in relation to the organization have been restructured. *Tone* has been considered: positive language such as describing opportunities and benefits for an organization has been added where relevant.
- The *role of governments* has been clarified (to make it clear what an organization can and cannot be expected to do) including adding language regarding a government's responsibility for fulfilling human rights obligations. Language used regarding what an organization should do has been (partly) amended to reflect this (in specific this is done in sections where particularly important).
- Certain contexts have been amended to reflect and be relevant to a *larger variety* of organizations.
- The *content of text within brackets* has been retained as decided by experts in Vienna. Text was clarified to add more value to an organization and to frame what is meant. It outlines certain dilemmas an organization can be faced with, with regards to international norms. However, due to ongoing unresolved discussion in WG on international norms of behaviour, this issue may need to be revisited.
- The *principle of non-discrimination* has been incorporated to the issue of vulnerable groups as they stem from the same idea. The discrimination discussion uses the internationally recognized definitions and has been amended so there is no overlap between sections. The number of vulnerable groups is non-exhaustive. The examples given of vulnerable groups is done on the basis of providing an helpful illustration to the organization of different approaches towards dealing with different types of vulnerable groups.
- The issues of *complicity* and *sphere of influence* have been developed to be more specific to a human rights context.
- The *considerations* have been clarified with particular focus on what an organization can do.. *Help box* is kept since it provides guidance in a particularly relevant and important area.
- Tone has been addressed (above), as well as certain issues that are of overarching meaning in the standard (such as stakeholder engagement). Concepts are used in the way as defined by the WG.

Clause 7.4 Labour practices – Explanation and rationale for changes

The changes made to Clause 7.4 in WD3.2 were informed by the following motivations

- ensuring consistency with the agreed structure for each of the Clause 7 core subjects, most notably as regards the changes to the previous “rationale” section;
- identifying opportunities for reducing the length of the clause, were possible by “tightening” the text and eliminating any areas of duplication and redundancy;
- following the IDTF guidelines regarding editing and consistency in certain terms and phrases;
- implementing changes in light of reviewing the document as a whole and with consideration to recent revisions to the structure and content of other clauses (e.g. on principles); and
- making suggested substantive changes on the basis of written comments on WD3.2, and with consideration to earlier written comments this clause.

Every effort was made not to change the substance of the text (except in certain very specific instances outlined below), and as far as possible to use the existing wording.

The Rationale section was replaced by the Overview to conform to the new framework for all Clause 7 sections. The explanation for this change is described in the Explanation of the Overview section.

- 7.4.1.1 – Initial clarification on the extent of an organization's responsibilities, that is, to include the work carried out by sub-contractors and others doing work on the organization's behalf.
- 7.4.1.2 – Attempt to improve explanation of the link between labour practices and social responsibility
- 7.4.2.1 – Change to increase gender sensitivity
- 7.4.2.2 – Clarity on extent of link between social responsibility and ILO labour standards. Trimming of text without losing substance
- 7.4.3.2 – Again, clarity on extent of link between social responsibility and ILO labour standards
- 7.4.4.2 – Change of structure based on ISO CS comments not to have more than one unnumbered list. Clarity on balance between factors that determine a fair wage drawn from ILO standard 131. Change to increase gender sensitivity.
- 7.4.5.1 – Clarity on description of social dialogue
- 7.4.7.2 – More specific definition of discrimination

Clause 7.5 The environment – Explanation and rationale for changes

The changes made to Clause 6.5 in WD3.2 were informed by the following motivations

- ensuring consistency with the agreed structure for each of the Clause 7 Core Subjects, most notably as regards the changes to the previous “rationale” section;
- identifying opportunities for reducing the length of the clause, were possible by “tightening” the text and eliminating any areas of duplication and redundancy;
- following the IDTF guidelines regarding editing and consistency in certain terms and phrases;

- implementing changes in light of reviewing the document as a whole and with consideration to recent revisions to the structure and content of other clauses (e.g. on principles); and
- making suggested substantive changes on the basis of written comments on WD3.2, and with consideration to earlier written comments on this clause.

Every effort was made not to change the substance of the text (except in certain very specific instances outlined below), and as far as possible to use the existing wording. The explanation of the changes provided below focuses only on those changes where the reason for the edit might not be immediately obvious from its context.

7.5.1 Overview of the environment

This section was revised to follow the proposed new structure for the whole of Clause 7. The explanation for this change is described in the Explanation of the Overview section.

The sections of the Overview of the environment are:

- *Clause 7.5.1.1 (Organizations and the environment)*, which introduces the clause. The first paragraph briefly outlines the four environmental “issues” referred to in the clause;
- *Clause 7.5.1.2 (The environmental and social responsibility)*. This section shows the reader how environmental issues are related to social responsibility. This section uses almost all of the original text from the previous “rationale” in WD3.2, but slightly re-ordered; and
- *Clause 7.5.1.3 (Benefits to an organization)*, which provides a very succinct summary of some of the traditionally cited advantages of sound environmental management practices.

None of the changes outlined above are seen to be contentious, and every effort has been made to follow the original text as closely as possible.

7.5.2 Principles and considerations

- Some formatting changes were made to ensure consistency with the other clauses. This included changing the numbering of headings, and using bullets instead of numbered headings for each of the principles and considerations.
- General edits were made to further shorten the text, as far as possible without changing its meaning (unless for reasons outlined below). As regards the principles, the focus is on explaining the core content of the principle, leaving aspects regarding its implementation to the body of the Clause.
- On the principle of environmental responsibility:
 - Following the IDTF guidance (IDTF N033) aimed at ensuring consistency throughout the document, the words “including its supply chain” have been deleted from the reference to “sphere of influence”.
 - To address concerns voiced by several stakeholder groups that this clause has a predominant focus on large organizations, the reference to BAT (best available technology) was removed. The reference to “better than average” was removed in response to comments that it is mathematically impossible for all organizations to be

better than average. Both these changes were also undertaken as part of efforts to focus the text on the core of the principle rather than its implementation

- On the precautionary approach:
 - This has been reworded to use the wording contained in the original principle in Clause 5, which draws directly from agreed international texts.
 - References to life cycle analysis etc was removed as this is addressed elsewhere.
- On environmental risk management
 - To ensure consistency with other clauses, this was changed to focus on describing the content of the principle, and not to explain how the principle should be implemented as this is addressed elsewhere.
- No changes were made to the polluter pays principle
- Regarding considerations:
 - Efforts focused throughout on tightening and shortening the text, and removing instances of duplication, as part of addressing the overriding concern of all stakeholders regarding length and density.
 - The clauses on eco-efficiency and cleaner production were combined as they address very similar concepts.
 - The clause on product-service systems was shortened, while striving to ensure that the key concepts were retained.
 - The reference to environmentally sound technologies was shortened to focus on describing its core implications, rather than describing how it should be implemented
 - Preference was given to “green procurement” in line with the specific focus of this clause on environmental issues.

7.5.3 Environmental issue 1: Prevention of pollution

- “Description of the issue” was reformatted to ensure consistency with other clauses. In addition:
 - Minor edits were made to shorten the text and ensure accuracy (e.g. “affect” replaces “effect”).
 - A minor substantive addition was made by including provision for “visual” pollution.
- “Related actions and/or expectations” was reformatted to ensure consistency. In addition:
 - To address the bracketed text, and in response to concerns that this Clause has a predominant focus on large organizations, the original first bullet, which stated that organizations should “identify, measure, record and report” has been split into two bullets. The first states that organizations should “identify” (in this instance) the sources of pollution and wastes, while the second bullet states that organizations should “measure, record and report on relevant and significant” sources of pollution and waste. The aim here is to make the guidance more appropriate to all organizations. While (for example) a church may be expected to identify its possible sources of wastes, it should not be necessary for it to measure, record and report on all its wastes; it should only do so in those instances where this may be seen as a “material” issue. Following earlier IDTF guidance aimed at using plain English, the phrase “relevant and significant” is used

instead of material. This thinking has guided all the other similar instances of bracketed text in this clause.

- In response to concerns that this clause has a predominant focus on large organizations, the reference to life cycle has been removed from the expectation that an organization should publicly disclose known human health and environmental risks throughout the life cycle of the materials that it may use. Using the example of the church organization above, it is suggested that it might be unduly burdensome to expect a church to disclose the health impacts of glue manufacture used for its hymn books. Furthermore, due provision has been given to the life cycle concept as an overarching consideration in 6.5.2.

7.5.4 Environmental issue 2: Sustainable resource use

- “Description of the issue” was reformatted to ensure consistency with other clauses. In addition:
 - Minor edits were made to shorten the text.
 - Some additional guidance was provided to distinguish between renewable and non-renewable resources.
- “Related actions and/or expectations” was reformatted to ensure consistency. In addition:
 - For the original bracketed bullet, the same solution for addressing this bracketed text was used as proposed above for Clause 6.5.3
 - To address concerns relating to length and duplication, the separate bullets relating to different resource efficiencies (i.e. energy, water and materials) were combined into one bullet.
 - A separate bullet was provided on the issue of renewable energy, using the original text.

7.5.5 Environmental issue 3: Climate change mitigation and adaptation

- “Description of the issue” was reformatted to ensure consistency with other clauses. In addition:
 - Minor edits were made to shorten the text.
 - Some changes were made to the wording of the covering paragraph to ensure closer correlation to the wording of the cited source (the new wording draws from the Intergovernmental Panel on Climate Change Fourth Assessment Report – Summary for Policy Makers)
- “Related actions and/or expectations” was reformatted to ensure consistency. In addition:
 - For the original bracketed bullet, the same solution for addressing this bracketed text was used as proposed above for Clause 6.5.3
 - In line with the approach proposed by the IDTF regarding reference to initiatives, the specific references to ISO 14064 and the WBCSD Protocol were replaced with a reference to the relevant Annex.
 - The reference to better than average performance was removed in response to comments that it is mathematically impossible for all organizations to be better than average.

- In response to the IDTF guidance regarding boxes (see IDTF N034), in which more than 65% of the IDTF representatives stated that they did not find these two boxes to be sufficiently helpful, the boxes were deleted.

7.5.6 Environmental issue 4: Protection and restoration of the natural environment

- “Description of the issue” was reformatted to ensure consistency with other clauses. In addition:
 - Minor edits were made to shorten the text.
 - Some additional (non contentious) examples of important ecosystem services were added as guidance.
- “Related actions and/or expectations” was reformatted to ensure consistency. In addition:
 - Minor edits were made to shorten the text.

Clause 7.6 Fair operating practices – Explanation and rationale for changes

There were few changes made to Clause 6.6 in WD3.2, as it was already well drafted and concise. The minor editing changes consisted of:

- ensuring consistency with the agreed structure for each of the Clause 7 Core Subjects, most notably as regards the changes to the previous “rationale” section; (The explanation for this change is described in the Explanation of the Overview section.) This required the addition of text under the heading “Principles and considerations”, which Joanne Petrini kindly provided.
- identifying opportunities for reducing the length of the clause, where possible by “tightening” the text and eliminating any areas of duplication and redundancy;
- following the IDTF guidelines regarding editing and consistency in certain terms and phrases;
- following the government guidance document and a specific request from the government members of the IDTF, we added a reference to procurement and purchasing;
- government guidance document and the request for reference to procurement and purchasing
- implementing changes in light of reviewing the document as a whole and with consideration to recent revisions to the structure and content of other clauses (e.g. on principles); and

There were no substantive changes.

Clause 7.7 Consumer issues – Explanation and rationale for changes

The IDTF review of Clause 6.7 in WD3.2 had the following objectives:

- to ensure consistency with a uniform framework for the Clause 7 core subjects;
- to identify opportunities for reducing the length of the clause, eliminate any areas of redundancy and consider whether some sections provided excessive detail;
- to follow the IDTF guidelines and ISO rules regarding editing and consistency in certain terms and phrases and formats;
- to implement changes in light of a review of the document as a whole and to take account of recent revisions to the structure and content of other clauses (e.g. on principles);

- to make suggested substantive changes on the basis of written comments on WD3.2, and with consideration of earlier written comments on this clause, while taking account of the key issues identified by the TG5 drafting team for this clause; and
- to make editorial changes that would clarify the meaning of any unclear areas and would improve the readability of the section, without altering the intent.

Although examination of a tracked changes version of the text of this clause would make it appear that almost everything had changed, nearly all the changes actually involved moving words within a sentence, changing the order of sentences or phrases within a paragraph, substituting simpler clearer wording for difficult to understand phrasing, combining items in bulleted lists to reduce the length of the lists, modifying bulleted lists to comply with the ISO requirement that only one bulleted list can appear under a subheading, and similar sorts of changes that did not change the meaning or content.

In a few cases, there were substantive changes made, and the logic behind these changes is explained below. As noted above, the changes reflect comments made on WD3.2 or previous versions.

7.7.1 Overview

The changes from the previous Rationale section to the Overview were made in accordance with the revised framework for all the Clause 7 sections. The explanation for this change is described in the Explanation of the Overview section.

The sections of the Overview are:

- *7.7.1.1 Organizations and consumer issues*
 - This section describes what consumer issues covers. It particularly focuses on how consumer issues arise for an organization.
- *7.7.1.2 Consumer issues and social responsibility*
 - This section shows the reader how consumer issues are related to social responsibility.
- *7.7.1.3 Benefits to an organization of socially responsible [core subject]*
 - This section describes how being socially responsible with respect to consumer issues provides benefits to an organization.
 - Most of the text in the Overview section was drawn from the previous Rationale sections or from other text in the Consumer issues clause.

7.7.2 Principles and considerations

- The **principles** in the Consumer clause in WD3.2 were, with one exception, the same principles as presented in Clause 5 for social responsibility. The IDTF decided that it would be more useful to readers to identify under each core subject the principles specifically relevant to that core subject. We therefore included principles based on the eight consumer rights included in the UN Guidelines for Consumer Protection, and added the principle of the right of privacy from the UN Declaration on Human Rights, because this is reflected in the text of the Consumer section, even though the principle had not been included. We retained the precautionary approach,

which had appeared in the Consumer section of WD3.2; it no longer appears in Clause 5, only in the Environment and Consumer sections in Clause 7.

- In WD3.2 no **considerations** were identified in the Consumer section.
 - The need for special care for vulnerable groups appeared in several sub-clauses of the Consumer section and appeared to be a consideration that cut across many consumer issues. It was therefore included under Considerations, with text drawn from elsewhere in the Consumer section. It still also appears in those sections.
 - The second consideration shown resulted from a change elsewhere in the text. In WD3.2, the Consumer section included as one of its issues “Access to essential products and services.” The description of this issue was totally based on the roles of the state in providing consumers with access to essential products and services. The role of the state is outside the scope of ISO 26000. The actions listed under this issue included one action for the state, one on behaving transparently, and one saying organizations should provide everyone with access to essential services at affordable prices.
 - The issue of meeting people’s basic needs (which is closely related to providing access to essential products and services) was discussed at length in the IDTF, because it cuts across a number of core subjects (human rights, labour practices and consumer issues). (There is an extensive section on this issue in Clause 7.3 Human Rights.) The conclusion was that it is unrealistic (and therefore inappropriate) for this standard to say that private organizations should provide their goods and services at reduced prices to some consumers. This is seen as the role of the state. It was considered reasonable to say that organizations that provide specific essential services should not disconnect consumers from those services without giving them some opportunity to obtain financial relief so that they can continue to have access to the service. As this provision and the one referring to organizations operating in a transparent manner were the only items remaining in the Access to essential products and services section, the section was eliminated and the items moved to Considerations.

7.7.3 Consumer issue 1. Fair marketing, information and contractual practices

Except for the removal of the parenthetical phrase (such as VAT) as an example of an eventual tax, no substantive changes were made in this section. All other revisions are purely editorial; the substance of all points is retained. VAT was removed because it is specific only to some countries and would not necessarily be understood by readers in countries where it does not apply, it also provides a level of detail inconsistent with that in other clauses.

7.7.4 Consumer issue 2. Protecting consumers’ health and safety

At two points in this section the level of detail that had been the subject of critical comments was reduced. The intent of each item was still retained, but some of the extensive elaboration was not.

- The first point relates to the recommendation that organizations identify the hazards that can result from all the stages and conditions of use of the product, process or service. The recommendation has been retained, but the recommendation no longer states that all the stages and conditions of use include installation, maintenance, repair and destruction/disposal, because listing of the stages was considered unnecessary detail. The recommendation in WD3.2 also identified the types of hazards that could result, including entrapment, choking,

suffocation, etc), chemical, thermal, electrical, acoustic, drowning. The listing of these hazards was considered excessive detail and has been removed.

- The second point in which the level of detail has been reduced relates to recall procedures. This point was specifically seen by commenters to provide a considerable amount of unnecessary detail. The major point is to stress the need for a recall procedure, not to tell organizations how they should be organizing their recall operations. The revised section identifies the recommended objectives of the recall process, and the basic actions to be taken, but does not spell out the details of how to conduct a recall procedure.
- One bullet point under this issue stated that organizations should “not introduce or use products or services where a significant proportion of the population has expressed strong reservations or even opposition to such products or services”. In the review of the Consumer section by the IDTF, it was pointed out that the broad nature of this point would allow it to be interpreted in a host of unsatisfactory ways including promoting censorship, religious intolerance, etc. It could for example, be seen to say that controversial books or art works, meat, furs, tobacco, potential weapons, products that contribute to obesity, products from certain countries, etc should not be introduced or used. We have therefore deleted this sentence.
- Any other changes in this section are editorial or involve reformatting bulleted lists to conform to the ISO requirement that only one bulleted list appear in any sub-clause.

7.7.5 Consumer issue 3. Sustainable consumption

Two changes were made in this section to reduce the level of detail presented without weakening the recommendations.

- The first change occurs in a recommendation that organizations offer products and services that operate as efficiently as possible, considering the full life cycle. WD3.2 specifically referred to the reduction in standby losses of energy. As standby losses only occur in electrical products that employ transformers, this was seen as too specific for a standard applying to all organizations, and was therefore removed.
- The second change occurs in a recommendation on giving consumers access to products and services using the principles of universal design. An example, which embodied the principles of universal design more clearly than the examples shown, was added to the section. Three examples, which were seen as either too specific or unnecessarily detailed were removed. The recommendation itself has not been weakened.

Any other changes in this section were editorial.

7.7.6 Consumer issue 4. Consumer service, support, and dispute resolution

The Description of the issue was revised to provide a clearer explanation of the activities related to this issue and to be consistent with other core subjects. The words used in this revision were largely drawn from elsewhere in the text.

Some provisions that were seen to provide excessive detailed have been reduced or removed. These were:

- In a recommendation for organizations to provide guarantees or warranties beyond those legally required, WD3.2 included the recommendation for providing free repair or exchange of faulty products or remedy of non-satisfactory services, and for providing all transportation and packaging costs and making replaceable parts and consumables available during the life of the product. These latter points were seen as providing excessive detail.
- A recommendation for organizations to ‘regularly evaluate consumer satisfaction or consumer’s emotional experiences concerning products and services, support, maintenance and repair systems using standardized methods’ was seen to be telling organizations how they should operate their organizations, when the primary concern of consumers is the outcome, not how an organization organizes its affairs. This provision was deleted.
- A provision calling for organizations to provide appropriate remedies to customers, “for example compensation within a specified period of time, which can be given directly from the organization to consumers or through their agents world-wide” was seen as providing excessive detail and was deleted.

Any other changes were editorial.

7.7.7 Consumer issue 5. Consumer data protection and privacy

The Description of the issue was revised to provide a clearer explanation of the activities related to this issue and to be consistent with other core subjects. The words used in this revision were largely drawn from elsewhere in the text.

The recommendations in this section have been somewhat rewritten to eliminate jargon and make them easier to understand. None of the recommendations have been substantively altered. In a recommendation on providing security to protect personal data, the listing of the types of risks that an organization should safeguard against has been removed, as excessive detail, but the recommendation for protecting the security of data remains.

7.7.8 Consumer issue 6. Education and awareness

Only minor editorial changes were made in this section.

Clause 7.8 Development of the community and society – Explanation and rationale for changes

The changes made to sub-clause 7.8 from old sub-clause 6.8 in WD3.2 were informed by the following motivations:

- ensuring consistency with the agreed structure for each of the Clause 6 core subjects, most notably as regards the changes to the previous “rationale” section;
- identifying opportunities for reducing the length of the clause, were possible by “tightening” the text through a reduction in the use of jargon, elimination of unnecessary examples, box text and any areas of duplication and redundancy;
- following the IDTF guidelines regarding editing and consistency in certain terms and phrases;

- implementing changes in light of reviewing the document as a whole and with consideration to recent revisions to the structure and content of other clauses (e.g. reducing redundancy between “community engagement” issues and “stakeholder engagement” issues); and
- making suggested substantive changes on the basis of written comments on WD3.2, and with consideration to earlier written comments on this clause.

Every effort was made not to change the substance of the text and as far as possible to use the existing wording. Most of the text of the revised sub-clause 7.8 comes directly from old sub-clause 6.8 in WD3.2.

The major changes to old sub-clause 7.8 (formerly old sub-clause 6.8) involved:

- restructuring the clause from three general issues into eight more specific issues (using existing text, but with new headings);
- reducing the overlap between “community involvement” and “stakeholder engagement”; an
- rewording some titles and headings (e.g. “social investment” to “capacity building”).

The explanation and rationale provided below provides more details on these changes and others where the reason for the edit might not be immediately obvious from its context.

- The main revision to sub-clause 7.8 was the *restructuring of existing text* and the revision of titles and headings. While the former version had three issues, the revised version further breaks these broad categories down into eight more specific issues. Note that the former text was maintained and complemented where needed - the revision to the issues was more focused on reorganizing and adding specific titles. The reason for a more detailed approach is to make it easier for the reader to understand specific issues, the expectations associated to them and the related actions suggested by the standard. The new organization also creates more consistency in presentation between this section and the other sections of clause 7. The title was revised from “Development of society and the community” to “Social and economic development of the community” to reflect both the contents of the original text, comments on WD3.2, and the perceived redundancy of the words “society” and “community” (more on this redundancy below). New “issues” were created (from 3 to 8) and new titles were created for these issues based on the existing text (see more below on the new issues and new titles created).
- In section 7.8.1.2 there are only small changes to emphasize poverty reduction. The concept of community was further elaborated in relation to the impacts of organizations; this was done in order to overcome the redundancy of the earlier draft’s reference to both community and society. In the new draft, the terms “*society*” and “*community*” are seen as synonymous: whereas the term “society” may have been originally used to broaden the scope of the guidance in relation to a narrow concept of local “community”, in practice the terms can be used interchangeably, as the word “community” carries with it no implication regarding size. Indeed the term “community” can refer to a specific town or an entire country (see the dictionary definition for community: “the people living in one place, district or country, considered as a whole”).
- *Former Issue 1 – Community involvement*: Part was summarized and moved to Considerations. The main focus in this section was to preserve the essence of community involvement as

central to development, while avoiding unnecessary overlap with text on “stakeholder engagement” found elsewhere in the standard.

- The part about *social investment* became an issue, and was renamed “Capacity building”. The rationale for the renaming was based on feedback that expressed concern that “social investment” was not sufficiently defined. In attempting to define the phrase, it appeared that it was being used in the text in a way that was nearly synonymous with “capacity building”. Most of the original text was maintained under this new heading and using this new term, which is hoped accurately reflects the meaning behind the previous term “social investment”.
- *Former Issue 2 - Economic development*: it was divided into four issues: employment, technologic development, wealth generation and responsible investment. This reflects the contents of the original text as well as comments on WD3.2. It was seen as a move to make the issues more specific and more accessible to users. The text of the document remains largely the original text.
- *Former Issue 3 - Social development*: Divided into three issues: citizenship, education and culture and health. Again, this division reflects the contents of the original text as well as comments on WD3.2. It was seen as a move to make the issues more specific and more accessible to users. The text of the document remains largely the original text.
- *Rational section*: The former "rationale" section was reorganized according to the framework agreed at the IDTF. Most of the former text was maintained. However in sub-clause 7.8.1.1 three paragraphs were added in accordance with the framework agreed by the IDTF. The first says that economic and social issues are interrelated aspects of development. The second relates social and economic development to organizations. The third is about community involvement. These changes give a clear indication of the relevance of the involvement of an organization with the community as a way to potential its contribution for the development.
- *Principles and considerations* was divided into two sub-clauses. Under Principles there is a longer elaboration on international instruments. This reinforces the reference to intergovernmental authoritative instruments. It may be useful to add a box providing further details of such instruments as the Millennium Declaration.
- The sub-clause on *considerations* got a new paragraph about community involvement as proactive outreach to the community. The same sub-clause now summarizes what the former “Issue 1 Community involvement” had about engagement with the community. This was done because of the predominant view among the stakeholder groups indicating that there were overlaps with the content of Clause 7 section on stakeholder engagement.
- All *help boxes* were deleted according to the discussion in Paris. (Many of the former help boxes had been kept in WD.3.2 just because the Drafting Team hadn't got a clear guidance from the LTF about what to do with them.)

Clause 8 (Guidance for an organization on implementing social responsibility) – Explanation and Rationale for main changes

Rationale for revisions and explanation of structural and cross-cutting changes

The changes made to Clause 7 in WD3.2 were informed by the following motivations:

1. Implementing the IDTF decision taken in Paris to revise “Clause 7 to focus on the ‘how’ issues of implementation, rather than the ‘should’ aspects relating to process principles, which would be covered in revised Clause 5 [now Clause 6]”.
2. Addressing the concern that the clause was too long and detailed, and that there is evident scope for tightening the sections and reducing duplication.
3. Integrating the sub-clause on “enhancing credibility” (sub-clause 7.8 in WD3.2) into an existing section.
4. Ensuring that the guidance on implementation is applicable to all kinds of organizations rather than having a separate section for SMOs (sub-clause 7.9 in WD3.2).
5. Implementation of the IDTF agreement taken in Paris that for the purpose of the next phase of drafting, specific social responsibility initiatives would not be referenced to in the body of the text while at the same time providing some guidance to the user on considering social responsibility initiatives in the body of the text.
6. Removing all help boxes for the time being to improve text first. Later it can be decided where help boxes might need to be reinserted.
7. Using plain English, limiting the use of jargon, addressing concerns relating to the use of MSS terms and addressing specific editorial comments identified by the ISO Central Secretariat.
8. Need for more and better guidance on how to implement social responsibility.

An explanation of the manner in which each of these motivations was carried out is provided below.

1. Implementing the IDTF decision taken in Paris to revise “Clause 7 to focus on the ‘how’ issues of implementation, rather than the ‘should’ aspects relating to process principles, which would be covered in revised Clause 5 [now Clause 6]”.

In Paris many IDTF members felt that it would be useful for the user of this standard to introduce the principles and practices of social responsibility before the user reads Clause 7 on the core subjects of social responsibility. This implied that Clause 8 would focus on the question “how to implement social responsibility” rather than what an organization should do in its practices to address social responsibility.

Consequently, in a first step the “should” aspects related to process principles were identified in old Clause 7 and informed the drafting of the new Clause 6. The structure of new Clause 8 was then changed to parallel the structure of Clause 6 on the practices of social responsibility. This implied that:

- the sub-clause in WD3.2 7.2 Defining the scope of social responsibility for the organization was renamed 8.2 Identifying social responsibility;
- sub-clauses in WD3.2 “7.4 Integrating social responsibility into the organization” and 7.5 The implementation of social responsibility in daily practices were merged into a new sub-clause 8.4 Integrating social responsibility into the organization and its daily practices; and
- sub-clauses in WD3.2 7.6 Communicating on social responsibility and 7.8 Enhancing credibility were merged into a sub-clause “8.5 Communication on social responsibility”.

Clause 8 does not, however, fully parallel Clause 6.

- First, there were some in the IDTF who wished to leave sub-clause 8.4 Integrating social responsibility into the organization and its daily practices and sub-clause 8.6 Examining activities about social responsibility as separate sub-clauses. While proponents of keeping it separate argued that examining activities about social responsibility was a separate and distinct activity, opponents argued that examining activities should be treated as part of the integration process and thus in sub-clause 8.4. They also highlighted that by having a separate sub-clause, the parallel structure to Clause 6.3 would be undermined. Question 16B (IDTF N052) asks for feedback from the WG on this question.
- Second, by adding a sub-clause 8.7 Using instruments and initiatives on social responsibility the parallel nature of Clause 8 is further undermined (for further information on this sub-clause, see point 5 below).

2. Addressing the concern that the clause is too long and detailed, and that there is evident scope for tightening the sections and reducing duplication.

In reviewing Clause 7 in WD3.2, duplications were identified and removed, and a consistent level of detail was sought in the new Clause 8. IDTF members felt that there were duplications particularly in sub-clause 7.2, 7.4 and 7.5 in WD3.2.

IDTF members did not find agreement, however, on the question whether Clause 8 could also entail generic guidance that is not specific to the context of social responsibility. (Contested sections were, for example, sub-clause 8.4.3 Establishing objectives and strategies for social responsibility and sub-clause 8.6.3 Examining performance.) While some believed that such generic guidance could be given if applicable, others believed that general management guidance should not be offered (see Question 16D (IDTF N052)).

3. Integrating the sub-clause on “enhancing credibility” (sub-clause 7.8 in WD3.2) into an existing section.

Concerns were raised in Paris about the sub-clause 7.8 Enhancing credibility in WD3.2. It was recognised that the content of this sub-clause did not represent a consensus position taken in Vienna and that it was too detailed. At the same time it was acknowledged that the New Work Item Proposal highlights the importance of enhancing credibility. It was therefore decided to address the concern to enhance credibility in sub-clause 8.5 Communicating on social responsibility. Most IDTF members who worked in the drafting team on Clause 8 saw credibility to be closely related to communication since credibility is a concept that relates to communication. Furthermore, they considered the emphasis of old clause 7.8 on assurance to be too limited. Assurance is only one

means by which to enhance credibility. Other means of enhancing credibility are the engagement of stakeholders or greater transparency.

Implementing a decision taken in Paris (see point 5 below), references to initiatives and instruments were removed. This explains why references to the initiatives enumerated in 7.8.4 in WD3.2 were not included.

Some felt, however, that credibility is not only linked to communication and that useful guidance on assurance in sub-clause 7.8 in WD3.2 got lost. They favoured a separate sub-clause on enhancing credibility and more guidance on assurance to be taken from former sub-clause 7.8 (see Question 16C (IDTF N052))

4. Ensuring that the guidance on implementation is applicable to all kinds of organizations rather than having a separate section for SMOs (sub-clause 7.9 in WD3.2).

In Paris it was decided that it was unsatisfactory to address SMOs in a separate sub-clause since the guidance of the whole standard should be applicable to all kinds of organizations. Therefore an attempt was made to phrase the ‘how to guidance’ in the revised Clause 8 in a way that is applicable to all kinds of organizations or to at least highlight what guidance is applicable to specific kinds of organizations.

5. Implementation of the IDTF agreement taken in Paris that for the purpose of the next phase of drafting specific social responsibility initiatives would not be referenced to in the body of the text while at the same time to provide some guidance to the user on considering social responsibility initiatives in the body of the text.

All references to specific social responsibility initiatives and instruments were removed from the body of the text. At the same time a new sub-clause (8.7 Using instruments and initiatives on social responsibility) was included that gives guidance to users of the standard how to identify and select an instrument or initiative that is appropriate for its purposes.

There remain, however, questions as to whether such guidance is necessary, whether 8.7 gives appropriate guidance and whether Clause 8 is the right place for such guidance (see Question 5B (IDTF N052)).

6. Removing all help boxes for the time being to improve text first. Later it can be decided where help boxes might need to be reinserted.

All help boxes were removed for the time being to focus on revising the text of this clause. In a later step it will be decided whether and if so which help boxes should be used (see Questions 6A and 6B (IDTF N052)).

7. Using plain English, limiting the use of jargon, addressing concerns relating to the use of MSS terms and addressing specific editorial comments identified by the ISO central secretariat.

An effort was made to rewrite the section so that it is easily understandable by all users. Various instances of jargon in the previous text were identified and removed.

8. Need for more and better guidance on how to implement social responsibility.

In reviewing WD3.2 the IDTF noticed that in some areas there was insufficient guidance on “how to” implement social responsibility. Because of time constraints the IDTF did not succeed in creating enough new guidance. This will need more attention in the next drafting round. Experts are asked to offer concrete text proposals for these areas (see Question 15a).

To make a comparison between Clause 7 in WD3.2 and the new Clauses 6 and 8 easier, in an attached document (IDTF N054) the following colours were used to highlight:

- text in WD3.2 that was used almost to 100 percent (**green**);
- text in WD3.2 where the ideas/concepts were used in Clauses 6 or 8 but with different words (**yellow**); and
- text in WD3.2 that was not used (**red**).

Note that some text does not have a colour. Introductions to sub-clauses that summarize the content of the sub-clause and do not entail genuine information, were often not considered.

Rationale for revisions and explanations for changes regarding specific sections

Clause 8.2 Identifying social responsibility

The most important conceptual change that has been made in this sub-clause relates to the concept of materiality. While in old sub-clause 7.2.3 in WD3.2 the concept of materiality was used for the identification of an organization’s (general scope for) social responsibility, the IDTF thought that the concepts of relevance and significance are much more appropriate and easier to understand. The IDTF drafters of this clause think that an organization’s social responsibility is determined by its impacts and by the expectations as defined in Clause 7. In this sense a core subject and its issues are relevant to an organization if the organization’s activities have an impact or bearing on them.

The concept of materiality applies, however, in the context of communication. Material information is information that should not be withheld if a true picture is to be provided. Thus, the concept of materiality is used in sub-clauses 6.5 and 8.5.

This sub-clause also addresses an organization’s responsibility for other organizations. The drafters took as much guidance as possible from WD3.2 (especially old sub-clause 7.2.3) but think that more guidance is still needed. (This is highlighted by the note in sub-clause 8.2.1.3.)

In addition to this conceptual change, the concepts of general and applied scopes were considered to be too complicated and jargon. The IDTF therefore decided to sub-divide this section into:

- 8.2.1 The subjects of and the extent of social responsibility
 - 8.2.1.1 Reviewing the organization’s activities – formerly described as scoping (which the IDTF considered to be jargon)
 - 8.2.1.2 Understanding the organization’s context of social responsibility
 - 8.2.1.3 Defining the organization’s responsibility with respect to other organizations

- 8.2.1.4 Identifying core subjects by assessing an organization's impacts
- 8.2.2 Establishing priorities

Clause 8.3 Stakeholder identification and engagement

This section drew on old sub-clause 7.3 and brought it into consistency with new sub-clause 6.3 (see also rationale for changes on old sub-clause 6.3 above).

Clause 8.4 Integrating social responsibility into the organization and its daily practices

In addition to merging former sub-clauses 7.4 and 7.5, another major change in this sub-clause was to reduce the level of detail, simplify concepts and use concepts consistently. An example for excessive detail and duplication was the introduction to sub-clause 7.5 in WD3.2, which summarized the content of the sub-clause in a form that was not consistent with the other Clauses.

Regarding simplification of concepts and their consistent use, the drafters identified a number of different concepts in the former Clause 7: objectives, targets, goals and milestones. Some IDTF members decided to use the following concepts instead: relevant core subjects and issues = objectives and targets. Some IDTF members questioned this decision.

Finally, the section on indicators was considered by some IDTF drafters to belong to sub-clause 8.6 Examining activities about social responsibility.

Clause 8.6 Examining activities about social responsibility

In the old sub-clause 7.5.5 much was said about working with indicators. The IDTF considered that while much was said about indicators there was too little guidance on how to use indicators and that the level of detail was excessive and not always clear to the reader. A decision was taken – with some strong objections – to delete working with indicators and only to mention indicators briefly as an instrument in this sub-clause.