



Corporate social responsibility

Concepts and solutions

COPOLCO Workshop

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Summaries of papers to be delivered and
in annex biographical sketches of the speakers,
moderators and rapporteurs



CORPORATE SOCIAL RESPONSIBILITY – WHAT IS IT AND WHOSE RESPONSIBILITY?

By Mrs. Ziva Patir, Director General of Standards Institution of Israel (SII)

Corporate Social Responsibility (CSR) is a subject of great importance and preoccupation all around the world. It has been called different things - social accountability, corporate citizenship, sustainable development, corporate ethics, triple bottom line, etc. - and means many things to many people. Different organizations use different terms, and it really depends on the *raison d'être* of that organization to see where they place the emphasis. However, the term "Corporate Social Responsibility" is all encompassing and should be preferred. I personally like the definition of CSR given in the Corporate Social Responsibility Newswire, "the integration of business operations and values whereby the interests of all stakeholders including customers, employees, investors, and the environment are reflected in the company's policies and actions", to which I would add "local community" as a stakeholder.

The CSR movement is scary to the business community. Through my discussions with managers of world leading businesses, and comments received from business to the CSR forum, they are afraid that this movement might have a negative impact on their profitability and competitiveness. However, we can see from the Environmental movement that just the opposite has happened. Those companies that have adopted an environmental strategy are world leaders and it has helped their bottom line.

In the area of CSR, corporations are realizing the added value of being socially responsible; whether it is to improve their profitability, to improve their social image, to be good citizens of the world, or because they believe that only corporations who look beyond their economic bottom line will survive in the global society. Corporations that claim "the customer is king" should change their rallying cry to "the stakeholder (in the broad sense) is king".

Corporations are looking for ways to distinguish themselves from their competitors. They are looking for ways to prove to their stakeholders that they are being responsible. It is especially important in light of the unrest towards globalization. We see demonstrations at the WTO meetings, where the tendencies to use old slogans from Karl Marx, and the word "Capitalist" is used derogatorily. In other words, these corporations are searching for ways to differentiate between the "Good Guys" and the "Bad Guys".

The international standards community is the best forum to provide a single recognized solution to the business communities concerns. The solution, a management system standard, provides companies the flexibility to decide on their own corporate policy, while offering them a standard with which to declare compliance. As ISO standards reach millions of businesses throughout the world, and ISO's MS standards have been implemented in over a half a million organizations, ISO is the perfect platform to promote CSR in the international community. In addition, it is a necessity for ISO to initiate and lead world trends such as CSR.

I want to thank Dr. Webb for spearheading the ISO CSR Report, on which part of my speech is based.



CORPORATE ACCOUNTABILITY – THE RESPONSIBILITY OF GOVERNMENT, BUSINESS AND CIVIL SOCIETY IN THE GLOBAL MARKETPLACE

By Mr. José Vargas Niello, Regional Director, Consumers International, Regional Officer for Latin America and the Caribbean

Recent years have brought an explosion in global trade, with benefits and drawbacks to consumers. This is especially apparent in the area of information. Given the corresponding growth and power of advertising, consumers in every corner of the world are exposed to sophisticated marketing ploys to sell them goods manufactured in a global production chain. But the consumer often lacks basic information about the product itself, where it was produced and under what conditions and norms.

The consumer movement seeks to create fair, transparent and competitive markets operating in the service of sustainable development in a framework of equity, social justice, democracy and citizen participation. The relations that govern consumption patterns must occur in an environment in which ethical treatment prevails, from both the producing and consuming ends.

We see the use of norms - and especially consumer participation in the process of establishing norms -- as an important and still very under-utilised tool in correcting this imbalance of information and creating the framework where ethical exchange between producers and consumers becomes the standard.

Norms can be viewed as a system of communications that establishes an equilibrium among the various actors involved in consumption. Norms are fundamentally technical, but they can (and must) reflect real needs that are rooted in the socio-cultural contexts that take precedence over strictly economic considerations. Consumer input is necessary for this to occur.

It is important to remember that successful norms are based on consensus and that adherence to norms is largely voluntary. For this process to be successful, there must be dialogue between producers and consumers. The former need the input of the latter if the system is to work. The question "what information should consumers have access to?" is best answered with the input of consumers themselves.

ISO and COPOLCO can play a catalytic role in the process of increasing consumer participation in the development of norms. Mechanisms are needed to increase communication between national standards bodies and consumers, and among consumer groups. Technical training is essential, as is the need for materials in Spanish (and other languages other than English.) There is a growing need for norms to be standardised across borders. A workshop on standards conducted last year by Consumers International as part of its European-Latin America Consumer Dialogue revealed these and other concerns among consumer groups from both sides of the Atlantic.

Consumers also want this consultation process to extend beyond strictly technical aspects in order to take into account, when appropriate, ethical and other issues. Consumer organisations are the ideal channel with which to make this connection between norms and society.



CONSERVING OUR ENVIRONMENT – SUSTAINABLE PRODUCTION AND CONSUMPTION

By Dr. Charmaine Gomes, Programme Specialist, Environment and Governance, United Nations Development Programme (UNDP)

The concepts of sustainable production and consumption are rooted in Chapter 4 of Agenda 21 and have attained considerable importance since the Earth Summit of 1992. Sustainable production addresses the supply side of the "environmental equation" while consumption relates to the demand aspect and inherent in this is the challenge of environmental sustainability versus economic growth. In order to conserve our environment, it is critical that production and consumption patterns integrate firstly at the levels of pro-action, secondly, risk-taking, adopting the precautionary principle, and finally at the reactive stages. It is also important to adopt a participatory approach to environmental sustainability involving all stakeholders, i.e. governments, private sector and civil society.

It is to be noted that the needs and roles of the poor, and women should not be discounted. Developing countries, in particular, require assistance as that offered by UNDP in fulfilling the requirements of multilateral agreements on environmental sustainability to which they are signatory, by addressing national policies through institutional strengthening, development of legislative frameworks, capacity building, public awareness and training programmes. However, not only must this be done at the national level but also integrated within the international context so that a holistic approach to sustainable production and consumption with a view to environmental sustainability can be charted.



CORPORATE SOCIAL RESPONSIBILITY – DRIVEN BY VALUES

**By Mr. Mo Rajan, Director, Worldwide Government Affairs and Public Policy,
Levi Strauss & Co., United States**

This presentation will outline the Corporate Social Responsibility-related programmes of Levi Strauss, based on core values of empathy, originality, integrity and courage. Among the elements described will be country assessments, which take into account various social and economic factors and ratings; which give an indication of business risk.

Levi Strauss must address a variety of challenges in the process of conducting business internationally. These include balancing risks with potential opportunities and protecting brand image and corporate reputation, against a backdrop of changeable political and economic circumstances in some countries.

The presentation will also describe some sets of guidelines, such as zero tolerance guidelines and continuous improvement guidelines, that Levi Strauss utilizes for such factors as labour conditions and corporate behaviour, and will outline the challenges in implementation of the guidelines in various countries. After a discussion of health and safety issues, the presentation will describe a number of incentives that have been created to foster community-building programmes in communities where Levi Strauss is active, and the challenges these programmes face. Finally, the presentation will conclude with a description of the current situation of CSR codes and prospects for their development.



CSR AND THE ETHICS COMPLIANCE STANDARD (ECS2000) IN JAPAN

By Iwao Taka, Ph. D., Professor at R-BEC, Reitaku University, Japan

In this presentation, the following three topics will be covered:

- (i) The background and general structure of the ECS2000;
- (ii) The main reasons why the ISO-CSR standard should be developed as a management system standard; and
- (iii) The reason why ethical/legal compliance should be given prime importance in the CSR standard.

(i) The ECS2000 is an ethical/legal compliance management system standard. In May 1999, the Business Ethics and Compliance Research Center at Reitaku University (R-BEC) formulated the ECS2000, making use of ISO 14001's general framework. In May 2000, R-BEC subsequently revised the standard and published a Guidance Document to facilitate its application.

The ECS2000 was developed as a management system standard for the following reasons:

1. The ISO management system standards were already well known in Japan, and
2. The approach of a management system standard was the only practical and effective solution to deal with the diversity of legal, ethical, and social issues/challenges faced in different industries and individual organizations.

(ii) Based upon the experience of producing the ECS2000 in Japan, I believe that the CSR standard should also be developed in the form of a management system standard. By "management system standard" I mean that it should not predicate the objectives, which each organization must pursue. Rather, the standard should permit each organization to determine its own legal, ethical, and social objectives, and require that the organization disclose those objectives to the public.

There are four reasons for this:

1. Each culture, society, or region has its own distinct social environment;
2. Each organization has its own distinct characteristics, which will act to diversify the legal, ethical, and social challenges facing each organization;
3. CSR activities should be included as a part of an organization's efforts to achieve competitive advantage; and
4. The CSR standard should follow and build upon the successes of the ISO14001.

(iii) From the viewpoint of ECS2000, I strongly urge that ethical/legal compliance, which means complying not only with the letter but also the spirit of relevant laws, regulations and codes of conduct, should be given a prime role within the CSR standard.

Simply put, CSR activities can be classified into two types:

1. Activities to control negative social impacts (legal/ethical compliance, consumer protections, etc.); and
2. Activities to enhance positive social development (such as community involvement, and monetary contribution to the community). Although we expect organizations to pursue both types of CSR activities, I believe that greater emphasis must be placed upon the first type.

Imagine the case, where an organization was certified as socially responsible upon the basis of a long record of monetary donations to the community. But if the community later discovers the fact that part of the donated funds had been gained as a result of illegal business practices, not only the reputation of the organization but also the fundamental credibility of the entire ISO certification system itself will be seriously damaged. For this reason, I strongly insist that the first type of CSR should be given priority.



CORPORATE MANIPULATION OF NATIONAL VULNERABILITIES

By Mr. David Abdulah, Chief Education and Research Officer, Oilfield Workers Trade Union, Trinidad & Tobago

One of the features of the process of globalization is the concentration of capital as corporations merge to meet the demands of competition and deliver the performance required by shareholders. At the same time, the tremendous forces unleashed by competition and facilitated by liberalization, have resulted in fierce competition both for direct foreign investment and market share.

Small economies and countries are particularly vulnerable in this situation since they are in a much weaker position than the transnational corporations. For one thing, the data show that the size of the larger global corporations, measured in total sales or assets, is considerably more than the GDP of most nations. Secondly, many nations are anxious to have direct foreign investment inflows to stimulate growth, create employment and bolster foreign exchange earnings. The transnational corporations are therefore in the driver's seat and can extract the most favourable terms and conditions for their investment. Thirdly, the average pay of senior company officials dwarfs that of the incomes of Government Ministers and public officers, thus making the latter susceptible to inducements.

This practice by corporations of buying influence is not restricted to smaller, more vulnerable nations. As information about Enron in the United States or Ispat in the UK or the so-called "crony-capitalism" in East Asia has shown, there is a considerable amount of influence-buying taking place. This has sparked debate about the fairness of certain arrangements and whether or not the playing field is level. This debate has also been taking place with respect to trade processes such as the World Trade Organization. It would seem that certain countries are "more equal than others", as highlighted by the banana issue as well as the recent steel and timber issues.

The paper will explore the ways in which small and vulnerable economies, in particular, have had their economic development objectives adversely affected by these asymmetrical relations of power.



CORPORATE SOCIAL RESPONSIBILITY – CONCEPTS AND SOLUTIONS

Chairman:

Ms. Caroline Warne

COPOLCO Chairman (United Kingdom)

Caroline Warne, Chairman of ISO/COPOLCO for the 2002-2003 term is also chair of the Consumer Policy Committee (CPC) of the British Standards Institution (BSI) and the UK national observer to ANEC.

Ms. Warne holds degrees in Natural Science and Educational Psychology and spent some years researching accidents and safety. When with the UK government's Consumer Safety Unit she was instrumental in establishing the Home Accident Surveillance System, the UK's national home accident database. She has represented consumer interests on a range of BSI technical committees, including fire test methods and nursery furniture. Ms. Warne sees a positive role, in both developed and developing countries, for standards (whether for products or services), for protecting consumers in the increasingly global economy.

Introduction

Professor Clement K. Sankat

Trinidad & Tobago Bureau of Standards

Professor Sankat, Chairman of the Trinidad & Tobago Bureau of Standards, is Dean of the Faculty of Engineering at the University of the West Indies and member of the Board of Directors of the Caribbean Industrial Research Institute. Specializing in mechanical/agricultural/food engineering with a concentration on post-harvest technology processing of tropical crops and food engineering and machine design, Professor Sankat teaches at the Department of Mechanical Engineering. His research areas include the design and development of processing machinery/systems for crops, post-harvest processes, the utilization of agricultural residues in feed manufacture and other applications, and grain milling.

Professor Sankat holds a B.Sc. and M.Sc. in mechanical engineering and a Ph.D. in engineering. He is a member of numerous agricultural and engineering societies and a member of the Caribbean Academy of Sciences.

Speakers:

Mrs. Ziva Patir

Standards Institution of Israel (SII)

Mrs. Patir was appointed Director General of the Standards Institution of Israel (SII) in 1996 where she has held several managerial positions since 1976, when she first began as Manager of the Chemistry, Plastics, Food, Textiles and Packaging group in the Standardization Division. After having spent several years in the Industry Division, Mrs. Patir was appointed Director of the Quality and Certification Division and for six years served as the President of the Israel Quality Society. Through her leadership, the Israel Quality Week, involving all sectors of the economy, was established.

Extremely active in the community, consumer issues and in the advancement of women in managerial positions, Mrs. Patir is involved in various community outreach programs and serves as a member of the editorial board of the Israel Consumer Council's magazine. Mrs. Patir is a member of the ISO Council for the term 2001-2002. She holds a B.Sc. and M.Sc. degree in Chemistry.

Mr. José Vargas Niello

Consumers International, Regional Office for Latin America and the Caribbean

Mr. Vargas opened CI's Latin American and Caribbean Regional Office, of which he is currently Director in 1986 after joining Consumers International in 1984 as project officer for a special programme for Latin America and the Caribbean. During the early 1970s, Mr. Vargas worked with the Chilean Ministry of Agriculture in the nation's agrarian reform programme and later with diverse non-governmental organizations in the defence of human rights in Chile. He holds a Master's degree from the Institute of Social Studies in the Netherlands, specializing in rural development.

Dr. Kernaghan Webb

Office of Consumer Affairs in Industry Canada

Dr. Webb is Chief of Research and Senior Legal Policy Advisor at the Office of Consumer Affairs in Industry Canada and an adjunct research professor at Carleton University's Department of Law and School of Public Administration. He holds a Bachelor's, Masters and Doctorate of Law.

Dr. Webb is currently a member of the joint CSA/BNQ E-Commerce Consumer Standards Working Group and several advisory committees to the Standards Council of Canada including the Consumer and Public Interest Committee, the Advisory Committee on Standards, the E-Commerce Standards Strategy Team and the Developing Countries Committee. Furthermore, he is a member of the ISO/COPOLCO Global Markets Working Group, a member of ISO 176/SC 3 *Complaints Handling*. For the Federal Government, he is responsible for the Voluntary Codes Project.

Dr. Charmaine Gomes

United Nations Development Programme (UNDP)

Dr. Charmaine Gomes is Programme Specialist (Environment and Governance) at the UNDP Country Office in Port-of-Spain that presently covers Trinidad and Tobago, Surinam, Aruba and the Netherlands Antilles. Dr. Gomes holds an M.Sc. in Marine Resource and Environmental Management as well as a Ph.D. in Biology and a first degree in Zoology and Applied Zoology, as well as a Diploma in Education (Science Education). Prior to joining UNDP, Dr. Gomes was a lecturer at the postgraduate level in Fisheries Biology, Natural Resource Systems and Biodiversity and was a graduate science teacher for 15 years spread over four schools in Trinidad & Tobago.

Mr. Mo Rajan

Worldwide Government Affairs and Public Policy, Levi Strauss & Co. USA

Mr. Mo Rajan is currently Director, Labor & Human Rights in the Worldwide Government Affairs & Public Policy Department of Levi Strauss & Co.

Mr. Rajan has been with Levi Strauss & Co. for 25 years and has held various positions during that period. In his current position, he is responsible for recommending to Senior Management policy positions related to labor and human rights and represents the company in communicating the policies to external stakeholders. In addition, he is responsible for developing relationships with senior government officials at the State and Labor Departments and foreign governments in Central and Latin America and selected countries in Asia to advocate company positions on a

variety of public policy issues including labor/human rights, trade initiatives, and intellectual property protection.

Mr. Rajan is a member of the Social Responsibility Committees of the U.S. Council for International Business and the American Apparel and Footwear Association. He is an active participant (as a representative of the Company) in the Fair Labor Association.

Professor Iwao Taka

Reitaku University, Japan

Professor Iwao Taka holds a Ph.D. and teaches business ethics at Reitaku University in Japan. He has been participant in several projects concerning business ethics and in 2001 launched a new initiative to make R-BEC001, an ethics-compliance oriented screening framework. Professor Taka is a member of the National Council for Consumer Policy of the Japanese Government, Board member of ISBEE (World Congress of Business Ethics), and Senior Director of the Business Ethics and Compliance Research Center at Reitaku.

Recent interests of Professor Taka are anti-corruption, SRI, CSR, and pension fund reform. His publications include "The ECS2000: A New Business Ethics Standard,"(with Scott Davis, 2000), "Contextualism in Business and Ethical Issues in Japan,"(1998), and "Business Ethics: A Japanese View,"(1998).

Mr. David Abdulah

Trinidad & Tobago Oilfield Workers Trade Union

Mr. Abdulah is the Chief Education and Research Officer at the Trinidad Oilfields Workers' Trade Union. An economist by profession, Mr. Abdulah is involved in the search for and development of a popular and relevant pedagogy. He is a labour and political activist committed to social transformation and justice.

Mr. Abdulah is the Labour representative on the Board of Directors of the Trinidad and Tobago Bureau of Standards. He is a columnist of the Newsday newspaper and host of a weekly radio talk programme. Mr Abdulah has presented papers at many local, regional and international seminars and conferences on political and social issues and has spoken on a wide range of development issues throughout the Caribbean and in North America.

Mr. Martin Daly

Senior Counsel, Trinidad & Tobago

Mr. Martin G. Daly is an attorney-at-law and Senior Partner of the firm M.G. Daly and Partners. He has practiced extensively in virtually every field of civil law, including at Her Majesty's Privy Council, London. His specialities are in Commercial, Corporate and Labour Law and Civil Litigation.

Mr. Daly held the office of Senator in the Parliament of Trinidad and Tobago between 1992 and 2002 by appointment of the President who, in accordance with the Constitution, selects nine Senators at his own discretion "from outstanding persons from economic or social or community organization and other major fields of endeavour".

Mr. Daly is a Board Member of two important holdings in Trinidad and is a columnist on the editorial page of the Sunday Express.

Moderators

Mrs. Annie Tricoche

Consumer Affairs, Association française de normalisation (AFNOR)

Mrs. Annie Tricoche is the Consumer Affairs Advisor at the French Association for Standardization (AFNOR) where as secretary of the consumer committee, she is the interface with all the French consumer organizations. She is also responsible for the training of new experts in standardization committees. She participates in the French delegation to COPOLCO and is an active member of several COPOLCO working groups. At the European level, Mrs. Tricoche participates in the work of ANEC.

Prior to taking up her current position in 1998, Mrs. Tricoche held several responsible positions including that of engineer responsible for the NF mark of conformity in the certification sector. In the communication sector, she was in charge of the creation and management of a network of company directors, set up to increase their familiarity with standardization, certification and quality with the opening of the European internal market and with the application of the New Approach.

Mr. Bill Dee

Compliance Solutions Australia

Mr. Bill Dee is Chairman of the COPOLCO Working group on *Consumer Protection in the Global Marketplace*. He has extensive experience in standards work both at national and international level. At the national level, he has chaired committees that drafted standards on complaints handling, compliance programs and a guideline to dispute prevention, handling and resolution. At the international level he is Chairman of TC207/SC3 covering environmental labelling matters and of TC/176/SC/WG10, the working group charged with drafting an ISO standard on complaints handling. Having worked for the national consumer protection and competition authority, Mr. Dee has extensive background in consumer issues.

Ms. Linda Golodner

National Consumers League, USA

Ms. Linda Golodner is the President of the National Consumers League, USA, the nation's pioneer consumer organization, founded in 1899, to bring consumer power to bear on marketplace and workplace issues.

In addition to serving as President of NCL, Ms. Golodner chairs several committees and serves on Boards of various institutions including that of the American National Standards Institute where she chairs the Consumer Interest Council. In addition, she co-chairs the Verizon Consumer Advisory Board. She is a member of several welfare Councils and Associations involved in water quality, pharmaceutical care, and child labour.

Mrs. Golodner has received awards for her work in human rights and contributions to consumer interests.

Rapporteurs

Mr. Gene Hutchinson

Botswana Bureau of Standards

Mr. Gene A Hutchinson is Managing Director of the Botswana Bureau of Standards (BOBS) and Chairman of the ISO Committee for Developing Country Matters (ISO DEVCO) for the terms 1997-1999 and 2000-2002). Prior to joining BOBS in 1998, he helped to start the Trinidad and Tobago Bureau of Standards in July 1974 from which he retired in July 1998 after ten years as its second

Executive Director. While at TTBS he was the ISO Regional Liaison Officer for the Caribbean and Central America from 1991 - 1998 and Chairman of the Caribbean Common Market Standards Council from 1990 - 1998. He has represented both TTBS on the ISO Council for the term 1996-97 and BOBS for the term 2000 – 2001.

Mr. Ian Mathieson

Consumer Policy Committee of the British Standards Institution (United Kingdom)

Mr. Mathieson is the Chairman of the COPOLCO working group on *Guidelines for standardization of services*. He has been a member of BSI's Consumer Policy Committee for over 15 years. He is currently Chairman of CPC's Coordinating Committee on Personal Protection, Systems and Services and sits on BSI's Management Systems Sector Policy and Strategy Committee. He also represents CPC on the ANEC Environment Working Group and has been part of the UK and CI delegations to ISO TC207 (Environmental management) from its inception.

In October 2000, Mr. Mathieson was appointed to the Scottish Consumer Council and represents the Council on several committees overseeing the refocusing of health services in Scotland to reflect a greater emphasis on "the patient pathway". He is a graduate in Town Planning and, through the Scottish Council for Voluntary Organizations, is currently managing a number of EU grant assistance funds to the voluntary sector and social economy organizations in Scotland

Mr. Herman Schipper

Netherlands Normalisatie-instituut

Mr. Schipper is Head, International and European Affairs of the Netherlands Standardization Institute (NEN), and has been secretary of its Consumer Policy Committee (COCON) since 1992. A trained microbiologist, he joined NEN in 1977 in the agricultural sector as secretary of the ISO committees for meat and meat products, milk and milk products, animal feeding stuffs and essential oils. He participates in the Dutch delegation to COPOLCO and in several of its working groups and is a member of the ISO/IT Strategies Implementation Group (ITSIG) and represents NEN on the ISO Technical Management Board for the 2002-2004 term.