



LBG

ISO 26000 and LBG

How LBG can help firms get the most out of ISO 26000

ISO 26000 and LBG: How LBG can help firms get the most out of ISO 26000

Background

The standard

ISO 26000 is an international standard that has been developed as the result of a long stakeholder based consultation process. It is intended to complement the other standards in the International Standards Organisation's suite of standards.

ISO 26000, unlike say ISO 14001, is a guidance note not a measurable standard. ISO is specific about this stating that it: "...is not a management system standard. It is not intended or appropriate for certification purposes or regulatory or contractual use."

However, while it is not be a certifiable standard, it is likely to be influential and companies will benefit from using the intellectual framework that it offers.

This paper sets out how LBG and LBG practitioners can make a contribution to securing that benefit. Before addressing we must first to consider the structure of ISO 26000.

The standard's structure

The core of the standard is a detailed set of thirty-six issues relating to the subject areas. These form Clause 6 of the document:

- 6.3 Human rights;
- 6.4 Labour practices;
- 6.5 Environment;
- 6.6 Fair operating practices;
- 6.7 Consumer issues;
- 6.8 Community involvement and development.

These are set within a broader context of organisational governance, outlined at 6.2.

The standard does not always use the most reader-friendly language but it is clear where LBG fits in. The big contributions come in 6.2 and 6.8

Where LBG makes a contribution

ISO 26000 has a wide agenda. Corporate engagement with the community contributes to that agenda both in terms of how the company is organised and its support for the community.

6.2 Organisational governance

ISO 26000 directs: "All organisations should put in place processes, systems, structures or mechanisms that make it possible to apply the principles and practices of social responsibility".

LBG is such a system.

ISO 26000 lists twelve possible features of such governance systems. These are shown in the table below with where and how LBG helps fulfil the requirement.

ISO 26000 feature of governance system	Where and how LBG fulfils requirement
Develop strategies, objectives, and targets that reflect its commitment to social responsibility	LBG helps a company to measure, plan and target resources effectively to deliver on its corporate responsibility to the community
Demonstrate leadership commitment and accountability	<p>Consistent use of LBG can secure a leadership position for a company.</p> <p>Accountability is demonstrated through using a well recognised measurement system</p>
Create and nurture an environment and culture in which the principles of social responsibility are practised	LBG assists in doing this by establishing clear thinking about benefit, long-term impact and most efficient use of cash, time and in-kind resources
Create a system of economic and non-economic incentives related to performance on social responsibility	Effective use of LBG as a system can incentivise companies and parts of companies to direct resources to the most cost-efficient vehicles for community support
Use financial, natural and human resources efficiently	By valuing costs and benefits both for company and community, and by enabling the evaluation of long-term impacts LBG can bring about the most efficient use of financial and human resources
Promote a fair opportunity for underrepresented groups (including women and racial and ethnic groups) to occupy senior positions in the organisation	Not a material issue for LBG, though application of LBG in certain circumstances could help achieve this goal
Balance the needs of the organisation and its stakeholders, including immediate needs and those of future generations	Not a material issue for LBG, though by tracking community and business benefit, it enables practitioners to assess whether these needs are met
Establish two-way communication processes with its stakeholders, identifying areas of agreement and disagreement and negotiating to resolve possible conflicts	Not a material issue for LBG, though LBG is helpful in creating common language so company and community partners can reach agreement as to most mutually beneficial way to proceed
Encourage effective participation of all levels of employees in the organization's social responsibility activities	LBG enables practitioners to measure employee engagement effectively and consistently, and provides a consistent framework for communicating with employees
Balance the level of authority, responsibility and capacity of people who make decisions on behalf of the organization	Not a material issue for LBG,
Keep track of the implementation of decisions to ensure that these decisions are followed in a socially responsible way and to determine accountability for the results of the organisation's	Application of LBG measures can help in tracking and measuring the effectiveness of decision making within the community programme

decisions and activities, either positive or negative	
---	--

ISO 26000 feature of governance system	Where and how LBG fulfils requirement
Periodically review and evaluate the governance processes of the organization; adjust processes according to the outcome of the reviews and communicate changes throughout the organization	Not a material issue for LBG,

So any company using LBG can prove that it more than meets the criteria set down by ISO 26000 in the governance of its community programme.

The generic answers given in the right-hand column can be expanded and customised by a company with its own data and examples.

6.8 Community involvement and development

ISO 26000 addresses this issue in a whole-firm way considering the direct and indirect impacts of the basic business operations on the community with only one of the seven elements identified focussing fully on the traditional community programme.

The places where LBG may be relevant are picked out in the table below.

ISO 26000 feature of governance system	Where and how LBG fulfils requirement
6.8.9 Social investment : Social investment takes place when organisations invest their resources in initiatives and programmes aimed at improving social aspects of community life	LBG is uniquely placed to do this as it can measure the benefits to the community of each aspect of the programme and the impact of the programme as a whole
6.8.9 Social investments should prioritise projects that are viable in the long term and contribute to sustainable development	This is a value judgement but the measurement aspect of LBG allows for measuring contribution over time of investment and their impacts
6.8.3 Community involvement: Contribute to monitoring and evaluation of development programmes	By definition LBG is relevant here as the only generally accepted measurement system that evaluates the effectiveness of programmes
6.8.4 Education and culture: engage in actions to improve the quality of and access to education...and help eradicate illiteracy	
6.8.5 Employment creation and skills: Consider helping to develop or improve skills development programmes in the community where these are inadequate, possibly in partnership with others in the community	
6.8.7 Wealth and income creation: Consider contributing to durable programmes and partnerships that assist community members...to establish businesses...and promoting entrepreneurship	
6.8.8 Health: Contributing to access to medicines and vaccinations and encouraging healthy lifestyles	
6.8.8 Health: Consider raising awareness about health threats and major diseases and their prevention	
6.8.8 Health: Consider supporting long lasting and universal access to health services and to clean water and appropriate sanitation	

Conclusion

Many companies will use ISO 26000 to test, verify and improve their CSR engagement.

Community contributions managers using LBG have the opportunity to step forward and to make a significant contribution to mapping out the contribution they are making to measuring up against the standard.

Corporate Citizenship

January 2011

Appendix: ISO's own description of its ISO 26000 standard

ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location, on:

- concepts, terms and definitions related to social responsibility;
- the background, trends and characteristics of social responsibility;
- principles and practices relating to social responsibility;
- the core subjects and issues of social responsibility;
- integrating, implementing and promoting socially responsible behaviour throughout the organization and, through its policies and practices, within its sphere of influence;
- identifying and engaging with stakeholders; and
- communicating commitments, performance and other information related to social responsibility.

ISO 26000:2010 is intended to assist organizations in contributing to sustainable development. It is intended to encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility. It is intended to promote common understanding in the field of social responsibility, and to complement other instruments and initiatives for social responsibility, not to replace them.

In applying ISO 26000:2010, it is advisable that an organization take into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behaviour.

ISO 26000:2010 is not a management system standard. It is not intended or appropriate for certification purposes or regulatory or contractual use. Any offer to certify, or claims to be certified, to ISO 26000 would be a misrepresentation of the intent and purpose and a misuse of ISO 26000:2010. As ISO 26000:2010 does not

contain requirements, any such certification would not be a demonstration of conformity with ISO 26000:2010.

ISO 26000:2010 is intended to provide organisations with guidance concerning social responsibility and can be used as part of public policy activities. However, for the purposes of the Marrakech Agreement establishing the World Trade Organization (WTO), it is not intended to be interpreted as an “international standard”, “guideline” or “recommendation”, nor is it intended to provide a basis for any presumption or finding that a measure is consistent with WTO obligations. Further, it is not intended to provide a basis for legal actions, complaints, defences or other claims in any international, domestic or other proceeding, nor is it intended to be cited as evidence of the evolution of customary international law.

ISO 26000:2010 is not intended to prevent the development of national standards that are more specific, more demanding, or of a different type.



Corporate Citizenship
Holborn Gate
330 High Holborn
London WC1V 7QG

Tel: +44 (0)20 7861 1616

www.corporate-citizenship.com