

# International CSR Standards and Norms: Present Situation, Future Challenges

Prepared by: Council for Better Corporate Citizenship (CBCC)  
May 21, 2002 (revised January 14, 2003)

## Corporate Social Responsibility is becoming an increasingly prominent issue.

**Concerns over globalization of corporate activities:** Some NGOs and developing countries claim that globalization is widening the gap between rich and poor and hurting the global environment.

**Greater social awareness among consumers:** Consumers are pushing harder for companies to protect the environment, respect human rights, and abide by fair labor standards.

**Corporate behavior judged by investors:** Socially Responsible Investment (SRI) – when deciding where to place their money, investors are increasingly making choices after considering companies' commitment to social responsibility.

**A more socially conscious workforce:** People looking for employment are increasingly likely to examine a company's CSR record before applying.

**Legislative changes:** Primarily in Europe, governments have enacted legislation promoting greater CSR and SRI.

## Various International CSR Standards and Norms

### Recommended Stance for Japanese companies and CBCC Initiatives

**Recommended approach of Japanese corporations:** Japanese corporations should recognize that socially responsible activities translate into greater trust from stakeholders, greater market competitiveness, and higher profits, and should voluntarily reexamine how to place CSR in their own management goals. Part of their efforts should involve establishing CSR management systems. These efforts should be guided by the following principles and objectives.

- **Greater dedication to CSR from top management personnel:** The highest levels of management need to realize that CSR-oriented policies must focus not only on the environment but also on respect for human rights, fair labor standards, and consumer protection. Their decisions and leadership must show that they are promoting such efforts.
- **Reform of in-house structures:** CSR-related information is varied and comes from many sources, so a single company department cannot handle all CSR issues – all departments must work together, keeping horizontal lines of communication open. This means internal structures may have to be reformed, and new positions of responsibility created.
- **Release of more information on CSR practices:** Companies should provide information on their CSR practices in many areas, in addition to the environment and philanthropy.
- **International standards and norms matched to individual company policy:** Companies should determine which CSR issues they should give priority to, then decide which standards and norms they need to adopt and comply with, as part of their overall corporate management strategy. They do not need to adopt or comply with all standards and norms.
- **Corporate participation in the development of international standards and norms:** Companies should participate actively in the entire process, starting at the stage where the formulation of international CSR standards and norms is debated. The participation of Japanese corporations is important because, if the international standards and norms end up being strongly colored by Western cultural values, it would be very difficult to make modifications afterward.

#### Future CBCC initiatives

- The CBCC will continue to provide information on international standards and norms: The CBCC will continue to rigorously monitor future developments regarding international CSR standards and norms. It will also provide information on CSR-related developments in Europe and North America (including the creation and improvement of in-house structures).
- CBCC participation in the formulation of international standards and norms: The CBCC will actively campaign for the viewpoint of Japanese businesses to be heard during the formulation of international standards and norms. It will join forces with Nippon Keidanren (Japan Business Federation) and participate in the process of formulation of ISO CR standards.

#### The Movement toward ISO Standardization of CSR

During its meeting in September 2002, the ISO Council decided to request that the ISO Technical Management Board (TMB) create a High-Level Advisory Group on CSR to examine whether the ISO should develop CSR standards. A report on this issue is to be presented to the Council by March 2003. If the TMB report to the ISO Council recommends the standardization of CSR benchmarks, and if this recommendation is accepted, work on formulating standards will begin.

#### Green Paper 366

Issued by the European Commission. After taking into consideration the opinions of many sectors regarding the Green Paper, the Commission issued a White Paper indicating strategies needed to promote CSR practices at the EU level.

#### Caux Round Table Principles for Business

The first set of principles drawn up through collaboration among Japanese, American and European business leaders.

#### The Global Compact

Issued by the United Nations. Embodies 9 principles on human rights, labor standards and the environment.

#### OECD Guidelines for Multinational Enterprises

Guidelines recommended by participating governments, suggesting certain behavior patterns to be followed by multinational corporations

#### GRI Guidelines

Issued by an American NGO. The Guidelines offer standards for the content of corporate reports disclosing information on sustainability issues of an environmental, social and economic nature.

#### SA8000

Standards on human rights and ethical behavior drawn up by an American NGO to eliminate unfair and inhumane labor practices.

#### AA1000

Standards developed by a British NGO to help organizations raise their social and ethical accountability with stakeholder participation.

#### ECS2000

Issued by the Business Ethics Research Project, Reitaku Center for Economic Studies, Reitaku University. Corporate ethical standards systemically specifying the development of management systems to ensure ethical practices.