

Study Report on How to Make Appropriate Use of ISO 26000
and other International Standards on Corporate Social
Responsibility in Businesses
(Summary)

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I. Trends regarding how to make appropriate use of international standards on corporate social responsibility

1. Overview of international standards

Major international standards and guidelines on corporate social responsibility are outlined below.

Title	Overview
On social responsibility in general	
OECD Guidelines for Multinational Enterprises	Guidelines set out by the OECD in 1976. They provide voluntary principles calling for multinational enterprises in the member countries to implement responsible business conduct. The guidelines underwent five revisions with the latest revision in 2011. The latest edition has more information on human rights and due diligence.
United Nations Global Compact (UNGC)	Officially launched at UN Headquarters on July 26, 2000. The UN Global Compact asks its participants to be committed to aligning their strategies and operations with the ten principles in the areas of human rights, labor, environment and anti-corruption and take actions in support of broader UN goals. (Of the ten principles, the anti-corruption principle was added in 2004.) In Japan, 176 businesses and organizations participate in the UN Global Compact (as of August 2013).
ISO 26000	The ISO standard on organizations' social responsibility published in 2010. It clarified what social responsibility is. It provides guidance rather than requirements for certification.
GRI Guidelines	GRI is an initiative developed by the Coalition for Environmental Responsible Economies (CERES) and the United Nations Environment Programme (UNEP) in Boston in 1997. GRI provides benchmark indices, guidelines and supplementary documents for use in sustainability reporting. It released the G4 Guidelines in May 2013.
On specific topics	
ILO MNE Declaration	A document adopted by the ILO in 1977. It was amended in 2000 and 2006. The ILO's Multinational Enterprises (MNE) Declaration offers guidelines to governments, multinational enterprises, and employers' and workers' organizations. The guidelines cover issues such as labor practices and work conditions.
ISO 14001	The standard for an environmental management system published in 1996. Any organization that has established an ISO14001 system needs to self-declare the establishment (self-declaration) or seek certification by an external organization (third-party certification).
AA1000	An international standard developed by AccountAbility, a UK-based organization, in 1999. The standard provides operational guidance on sustainability assurance. It

	addresses assurance of sustainability and social responsibility reporting, and stakeholder engagement. The 2008 edition was published.
SA8000	An international standard developed by the Social Accountability International (SAI), a US-based organization, in 1997. It sets out auditable standards for protecting the human rights of workers. Social Accountability Accreditation Services (SAAS), an independent body, accredits organizations as certifiers of compliance with SA8000. It was revised in 2008 and is planned to be revised again in fiscal 2014.
UN Women's Empowerment Principles	Seven principles jointly created by the United Nations Global Compact (UNGC)—a voluntary initiative by the UN and businesses—and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in March 2010.
UN Guiding Principles on Business and Human Rights	Principles for states and businesses to implement the UN "Protect, Respect and Remedy" Framework for human rights. They were endorsed by the UN in July 2011.
Integrated Reporting	An integrated reporting framework released by the International Integrated Reporting Council in December 2013. It integrates financial and non-financial information to communicate corporate value creation.

2. ISO 26000-related situations in Japan

ISO 26000 was developed over almost a decade. In response to the ISO's decision to develop the standard at an international conference in 2004, a national committee for ISO/SR was set up within the Japanese Standards Association. This created momentum for Japan's involvement in the standard.

In Japan, ISO 26000 was adopted as an official standard following its adaptation into JIS in March 2012.

One of the most notable moves by Japanese businesses was that the Japan Business Federation (Keidanren) incorporated many ISO 26000 elements into its Corporate Behavior Charter and revised it, prior to the release of the sixth edition in September 2010. In the foreword of the charter it added: *"In recent years, the idea that all organizations should realize and discharge their social responsibility for sustainable development of society, a concept demonstrated by ISO 26000 (International Standard: Guidance on social responsibility), has spread around the world."* This was reflected in the revision.

3. Situations in other countries

Other countries' major ISO 26000-related efforts are outlined in the table below.

Country	Overview
Denmark	The Danish Standards Foundation released revised DS 49001, a certification standard. It provided cross references between the standard and ISO 26000, ISO 14001, ISO 9001 and OHSAS 18001. DS Guidance 49004 is also available. (2012)
Austria	Led by the initiatives of the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Austrian standard ONR 192500 based on ISO 26000 was released. It offers a certification process. (2013)
Netherlands	The Netherlands Standardization Institute released the Implementation of SR: Best Practices and Tools for ISO 26000. This includes nine best practice cases at nine different organizations (businesses and government organizations). In response to the increasing needs for the application of ISO 26000 expressed at the Geneva Forum in 2012, they developed the self declaration (NPR 9026) practical guideline. (2013)
Sweden	The Swedish Public Procurement Act allows contracting authorities to impose special social and environmental conditions. The local government standard in 2007 is said to have been influenced by a draft ISO 26000 under development. The Swedish Standards Institute issued a guideline for self-declaration. (2012)
France	The Association Française de Normalisation (AFNOR) released the ISO 26000 guidelines for the credibility of reports (2010). The national action plan for sustainable procurement (PNAAPD) referred to SA8000 and ISO 26000 as reference standards (2012).
Thailand	The Department of Industrial Works (DIW), Ministry of Industry of Thailand has been working to promote CSR among Thai companies since 2008 (the CSR-DIW program). The program requires companies to operate in accordance with the seven core subjects of ISO 26000. The program's member companies undergo an annual audit to determine whether they are qualified and will remain in the program.
Chile	Vincular, a CSR center established in 2001, of the Pontifical Catholic University of Valparaíso in Chile promotes awareness on ISO 26000 and provides ISO 26000-related training sessions. At the time of the release of ISO 26000 in 2010, the center held events in 12 countries in Latin America and 2,000 people participated in these events.

Indonesia	In Indonesia, ISO 26000 is reflected in the evaluation criteria for the Indonesian CSR Awards. Looking at the efforts made by individual companies, PT Semen Padang, who won the award in 2011, implements CSR practices based on ISO 26000.
Singapore	In the Policy Statement of its Guide to Sustainability Reporting for Listed Companies, the Singapore Exchange called for sustainability reporting. To help companies seeking detailed guidance, it referred to ISO 26000 and GRI as global standards.
Bangladesh	In Bangladesh, Reed Consulting Bangladesh, a private consulting firm, published a guidebook to implement ISO 26000, in collaboration with the High Commission of Canada and the Canada Bangladesh Chamber of Commerce and Industry.

II. Overview of specific efforts being made by businesses (analysis of present state)

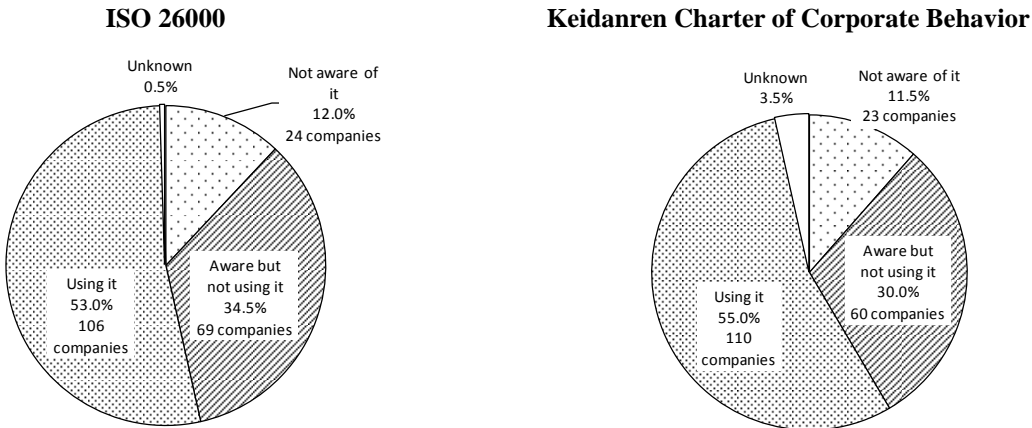
We conducted three types of research: questionnaire survey, case study and literature research.

According to the results of the questionnaire survey and the literature research, Japanese companies' ISO 26000-related efforts are relatively active when seen on a global scale. A number of ISO 26000 elements were incorporated into the Keidanren Charter of Corporate Behavior. This seems to have helped increase the use of the standard among many Japanese businesses, mainly large companies. See Reference below on page 12.

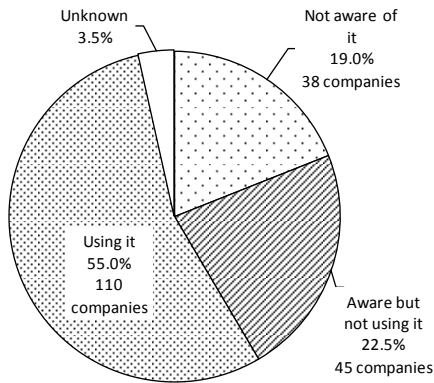
1. Questionnaire survey (responded by 200 listed Japanese companies)

Among international standards and guidelines on corporate social responsibility, the Keidanren Charter of Corporate Behavior, GRI and ISO 26000 are almost equally widely used in Japan. As for ISO 26000, the percentage of companies that use the standard increases when their foreign sales account for 50 percent or more.

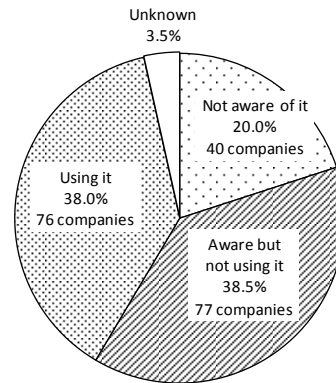
(SA) (n = 200)



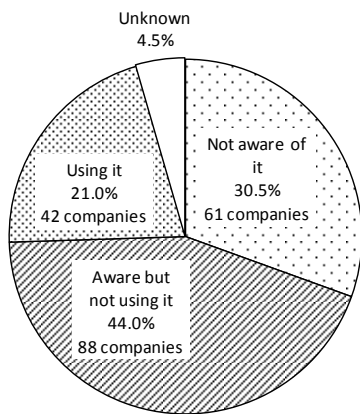
GRI



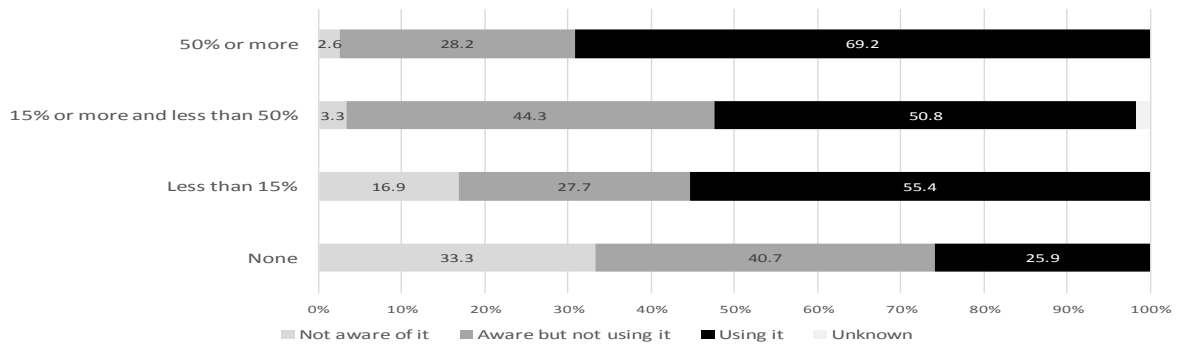
United Nations Global Compact



OECD Guidelines for Multinational Enterprises



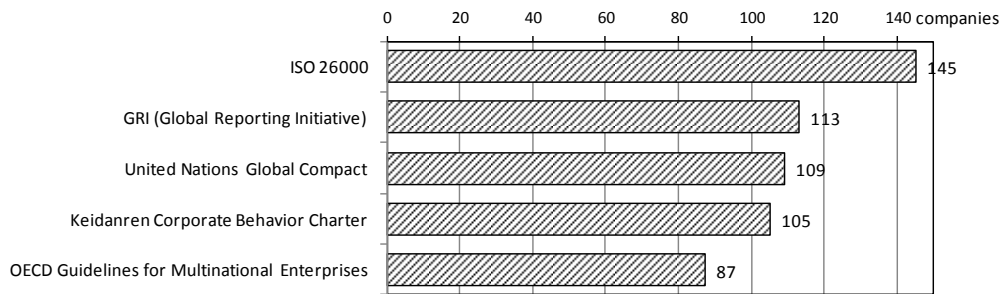
Use of ISO 26000 by the share of foreign sales



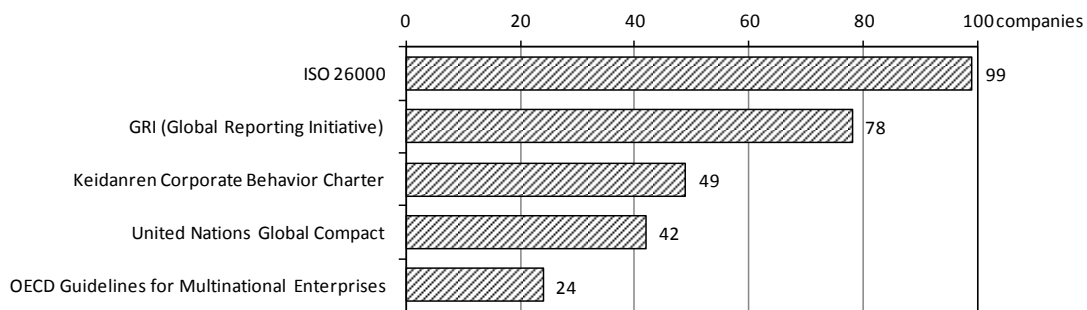
Looking at the reasons for which these standards are used, the most cited reason for ISO 26000 was "to become familiar with a CSR standard," followed by "to assess performance in our overall CSR activities" and "to increase efforts in CSR activities." The most cited reason for GRI was "to gain external recognition by mentioning it in reports and on websites."

(MA) (n = 200)

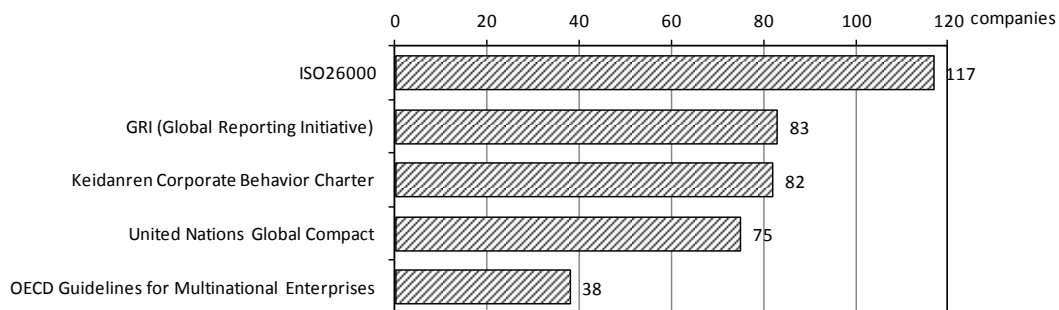
To become familiar with a CSR standard



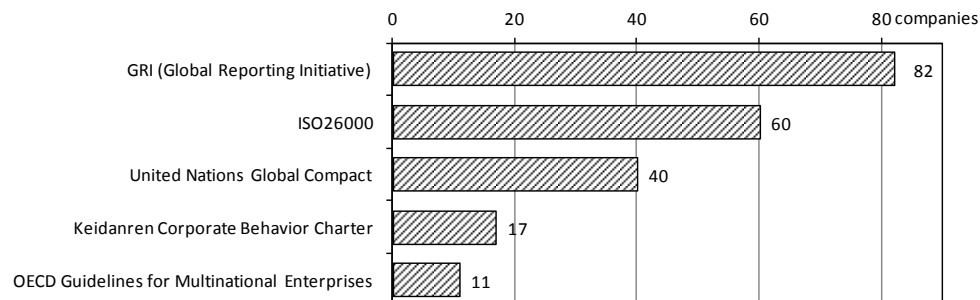
To assess performance in overall CSR activities



To raise quality of CSR activities



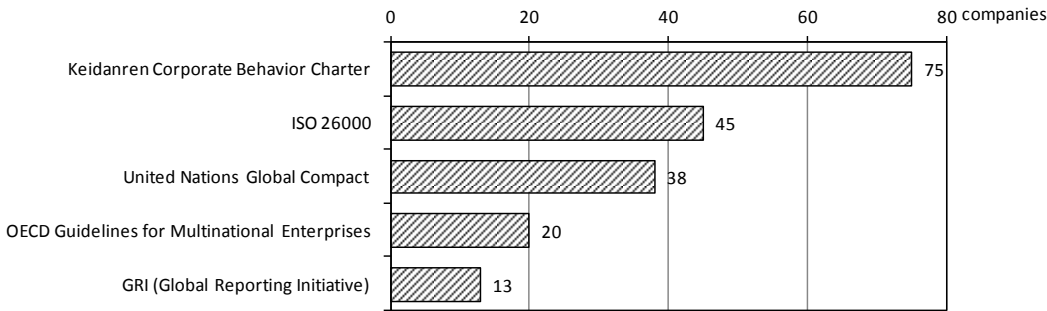
To gain external recognition by mentioning it in reports



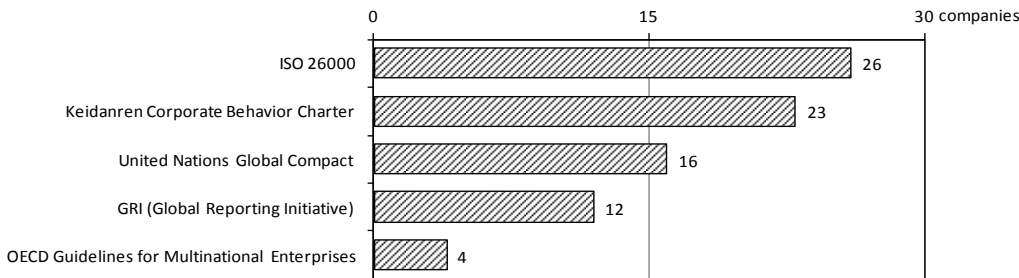
Looking at the purposes for which these standards are used, the Keidanren Charter of Corporate Behavior is used most for "setting out or revising a corporate code of conduct." ISO 26000 is widely used for "creating or revising business policies and mid- to long-term business plans," "setting CSR objectives and agendas," and "self-assessing CSR activities."

(MA) (n = 200)

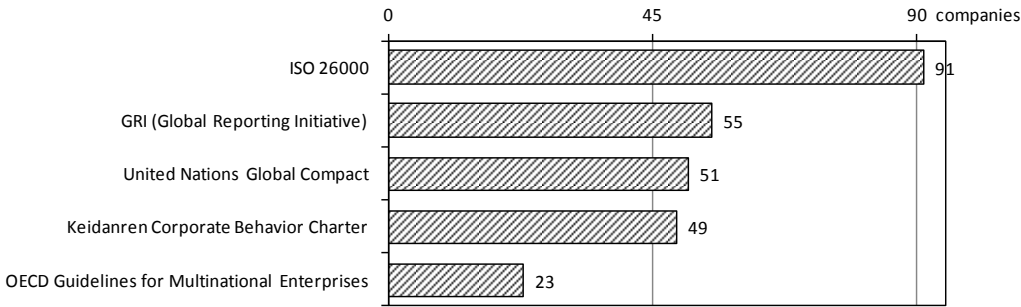
To set out or revise a corporate code of conduct



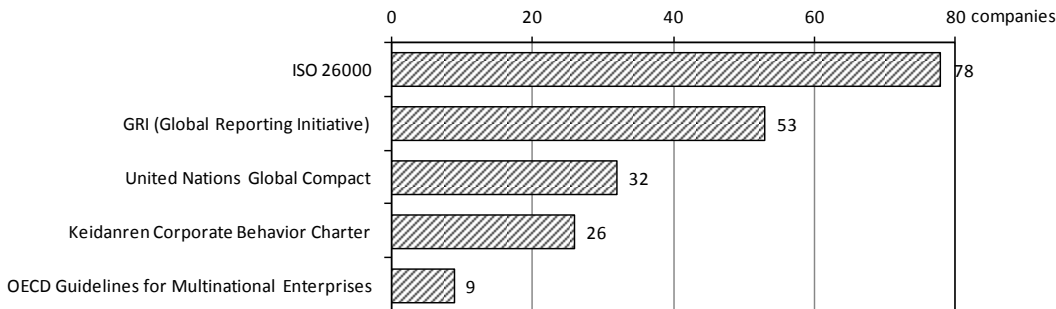
To create or revise business policies/mid- to long-term business plans



To set CSR objectives and agendas



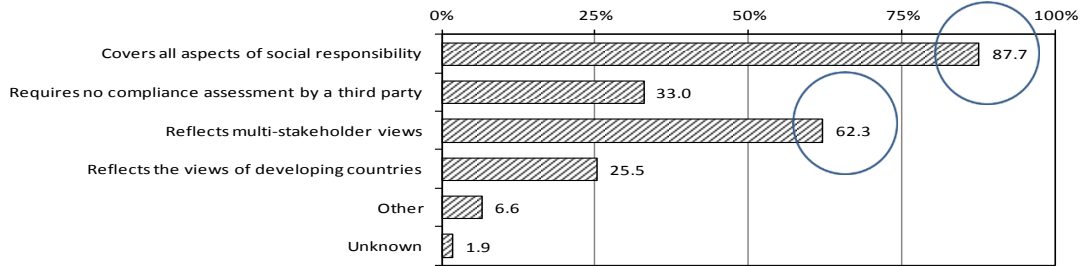
To self-assess CSR activities



Companies that use ISO 26000 appreciate how it covers all aspects of social responsibility. Many felt that it helped improve their risk management. Some also praised its value as a common global language for social responsibility when they promote CSR among its employees and business partners. Depending on the usage, some felt that it helped improve their corporate image and brand value.

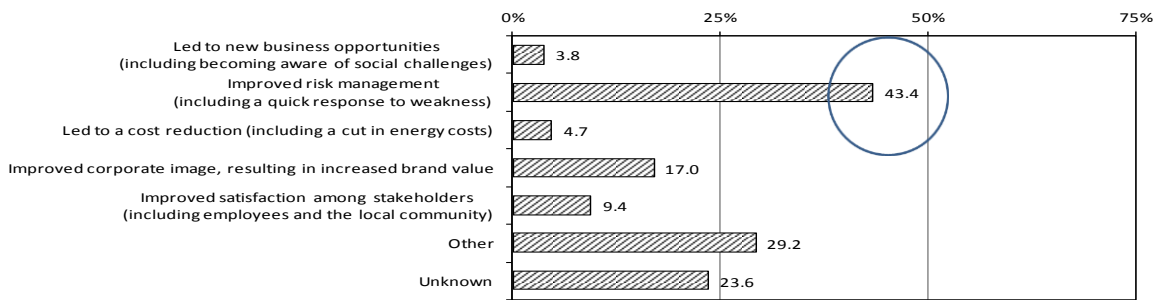
What they appreciate about ISO 26000

(MA) (n = 106)



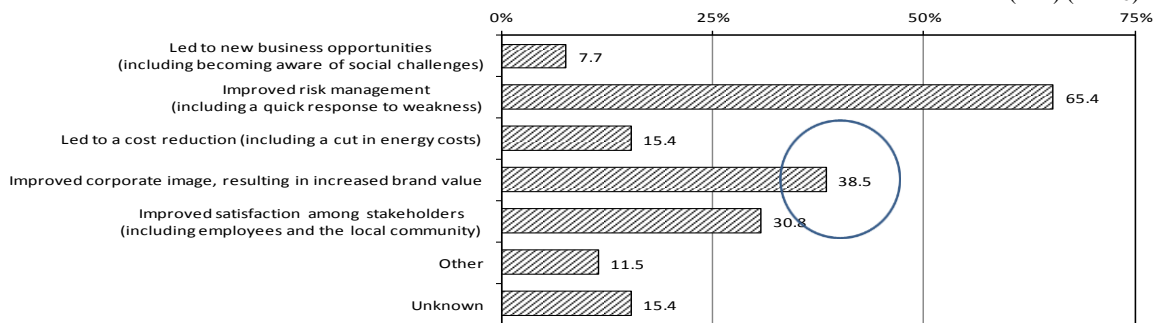
Benefits of using ISO 26000 that lead to corporate value enhancement

(MA) (n = 200)



Companies that use ISO 26000 to create or revise business policies/mid- to long-term business strategies

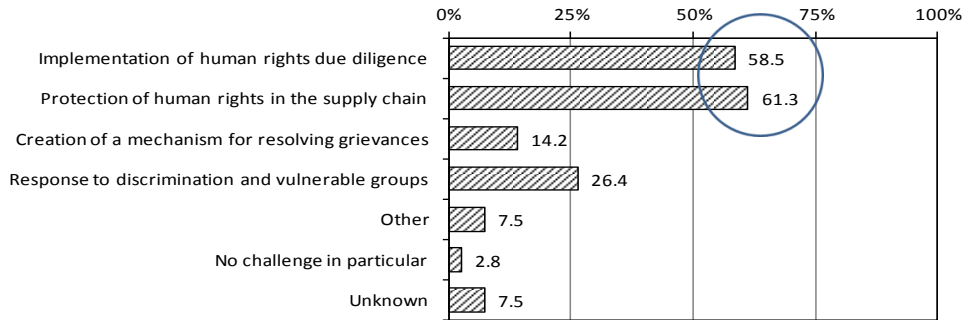
(MA) (n = 26)



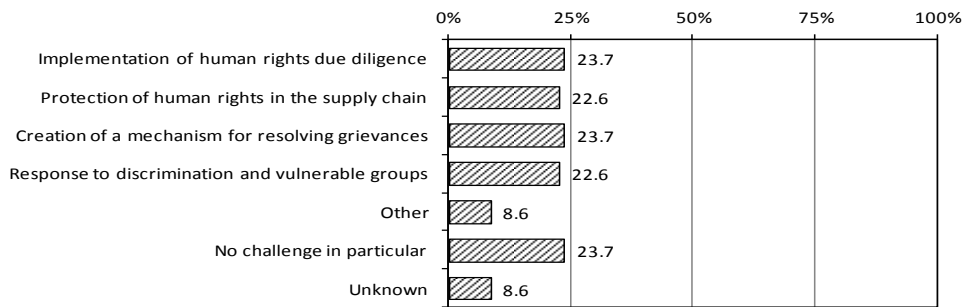
In terms of the level of recognition of social responsibility issues (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development), a significant gap was seen between companies using ISO 26000 and those not in the recognition of human rights and fair operating practices issues in particular.

Human rights

Using ISO 26000 (MA) (n = 106)

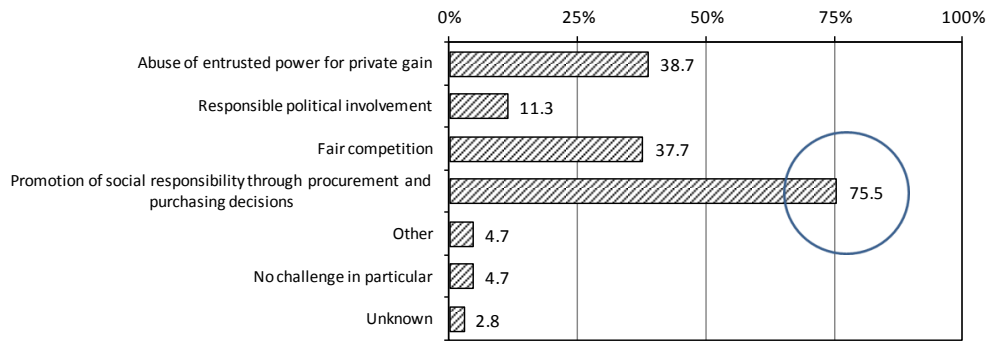


Not using ISO 26000 (MA) (n = 93)

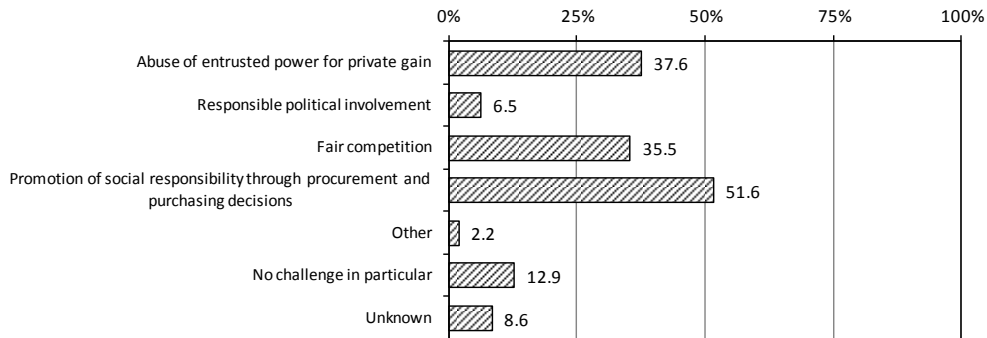


Fair operating practices

Using ISO 26000 (MA) (n = 106)



Not using ISO 26000 (MA) (n = 93)



2. Case study (covering 15 companies)

- Specific usage of ISO 26000

[Checking progress in CSR promotion and creating indicators to evaluate CSR activities]

In consideration of ISO 26000's nature that it covers all aspects of social responsibility, some companies use it as a checklist to evaluate their performance in CSR activities and determine their progress. Specifically, they **relate the content to their business and relevant departments, translate the content into the words and expressions that fit the company, and use a third party as necessary.**

- We use ISO 26000 as a checklist. We also use it to compare ourselves with other companies. (communications company)
- By using ISO 26000, we reorganized our KPI (indicators to self-evaluate CSR performance) categories according to the ISO 26000 core subjects. (construction company)
- In light of the seven core subjects of ISO 26000, we set targets for the subjects that are of close relevance to our department. (non-life insurance company)
- Because we thought it would be impossible to fully understand the ISO 26000 content by ourselves, we hired an outside consulting firm and spent a considerable amount of time turning it into our language. (electric machinery manufacturer)

[Disclosure]

There are two main ways to use ISO 26000 in information disclosure: one is to edit the content of a website or a CSR report according to the core subjects of ISO 26000 and another is to list a comparative table or an analysis table.

- We have on our website a table listing the GRI and ISO 26000 categories that are of relevance to our business. (communications company)
- We use ISO 26000 when creating a sustainability report to check if the report covers all categories of interests of our stakeholders. (electric machinery manufacturer)
- In addition to our regular top page, we created an ISO 26000 perspective section on our website and offer different content depending on the level of understanding and interests of visitors. (trading house)
- We have an ISO 26000-based analysis table on our website. (chemical manufacturer)

- Benefits gained through using ISO 26000

[As a social responsibility standard]

ISO 26000's nature that it is an internationally agreed standard on social responsibility plays an important role in supporting our work to **promote understanding on CSR and implement CSR activities inside and outside companies.**

- We believe that ISO 26000 is serving as a new baseline to assess internal performance including overall

CSR. We regard it as an element that helps new values take root. (automaker)

- It is very useful as a checklist covering all aspects of social responsibility. (communications company)
- Because ISO 26000 was developed through a multi-stakeholder process, it is a reliable basis that we feel safe to refer to. (electric machinery manufacturer)
- It is useful as a basis for CSR. Application of ISO 26000 as a common basis is making our approach to stakeholders more persuasive. (construction company)
- Since ISO 26000 represents a consensus of the international community, it can be used as a foundation for the implementation of CSR as well as for the provision of information to the public. (printing company)
- We appreciate that ISO 26000 defined what CSR is. (rubber company)

[As a source of inspiration for specific efforts and how to implement social responsibility]

Many valued the fact that ISO 26000 gives them answers as to what to do to implement CSR as it **provides full guidance** on what is expected of companies. It also helps companies **become aware of specific challenges** on issues such as human rights and supply chain management and introduces **concepts such as risk management and due diligence.**

- One of the advantages of ISO 26000 is how it covers all aspects of social responsibility. (multiple answers)
- One of the benefits of this guideline is that it showed us what to do to implement CSR when we were at the stage of figuring them out. (communications company)
- While human rights and labor practices issues were the areas of focus of CSR activities in other countries, human rights issues did not get that much attention in CSR activities in Japan. As countries and businesses had different levels of understanding on CSR, it is of a great significance that a global standard is finally available. (printing company)
- Our attitude towards our supply chain would have taken a very different course without ISO 26000. (construction company)
- One of the achievements is that ISO 26000 helped raise awareness on the necessity to view things in a variety of perspectives. ISO 26000 also brought benefits in terms of risk management as it helps us check if there is any negative impact on multiple stakeholders. (trading house)

Reference

Although simple comparison among survey results is difficult, below are the charts showing the results from three surveys—the European Commission survey, the Four Nordic countries survey, and the questionnaire survey we conducted under this study—regarding the extent to which international standards on corporate social responsibility (note) are being implemented.

Note: This comparison covers the following standards and guidelines commonly used in European and Nordic countries: ISO 26000, GRI, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the ILO Core Labor Standards, and the ILO MNE Declaration.

Outlines of each survey

Country	Japan	10 EU member states ¹ Czech, Denmark, France, Germany, Italy, Netherlands, Poland, Spain, Sweden and UK	Four Nordic countries ² Denmark, Sweden, Finland and Norway
Who conducted the survey and how	Business Policy Forum, Japan conducted a paper-based questionnaire survey to identify the extent to which international standards on corporate social responsibility are used.	In accordance with a renewed EU strategy 2011-14 for Corporate Social Responsibility announced by the European Commission in October 2011, the European Commission conducted a survey to look into the efforts of EU-based large enterprises, using publicly available information, including company websites, CSR and sustainability reports, and codes of conducts and guidelines.	Supported by the Nordic Council of Ministers, the Danish Standards Foundation conducted a survey as part of the Nordic Initiative for Social Responsibility to identify knowledge of ISO 26000 and uncover the extent to which ISO 26000 is being implemented in Nordic companies.
Period of the survey	Mid-Nov. – late Dec. 2013	Nov. 2012 – Jan. 2013	Oct. – Nov. 2013
Number of respondents (companies)	200	200	221
Target of the survey	A total of 2000 companies comprising all the companies listed on the First Section of the Tokyo Stock Exchange and the Second Section-listed top companies in terms of	After target companies in the 10 countries were narrowed down in accordance with the criteria below, 20 companies were randomly selected for each country. A total of 200 companies were covered by the survey. ➤ Over 1,000 employees	The survey used snowball sampling, a technique where study subjects are recruited from among acquaintances of relevant parties, such as CSR professionals in contact with the national standards bodies (NSBs) and those who bought ISO 22000 series.

¹ An Analysis of Policy References made by large EU Companies to Internationally Recognized CSR Guidelines and Principles

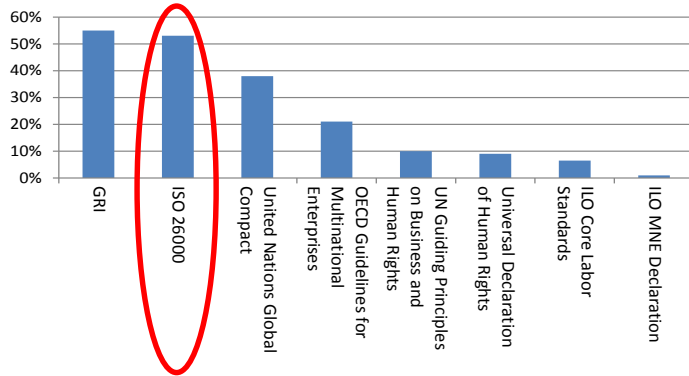
² Survey report on Nordic initiative for social responsibility using ISO26000

	<p>market value (Response rate: 10%)</p> <p>Survey forms were sent to company departments in charge of CSR.</p>	<ul style="list-style-type: none"> ➤ Not wholly owned by a government ➤ Not wholly owned by a foreign parent company <p>Of the 200 companies covered by the survey, about half of them had 1000–10000 employees, roughly 25 percent had 10000–20000 employees, and around 25 percent had over 20000 employees.</p> <p>46.5 percent were listed companies and 53.5 percent were privately owned companies.</p>	<p>Of the respondents, 43 percent were SMEs with 200 employees or less and 57 percent were large companies with over 200 employees.</p> <p>Breakdown by country: Sweden 33%, Denmark 29%, Finland 25% and Norway 13%.</p> <p>Respondents were CSR-related staff, with the majority of them being managers in the fields of the environment, quality and CSR.</p>
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Japan

In the survey, respondents had to choose from three options for each of the international standards: "using it in business management," "aware but not using it" or "not aware of it" (See page 5). The number of respondents who said they are "using it" was highest for GRI, followed by ISO 26000.

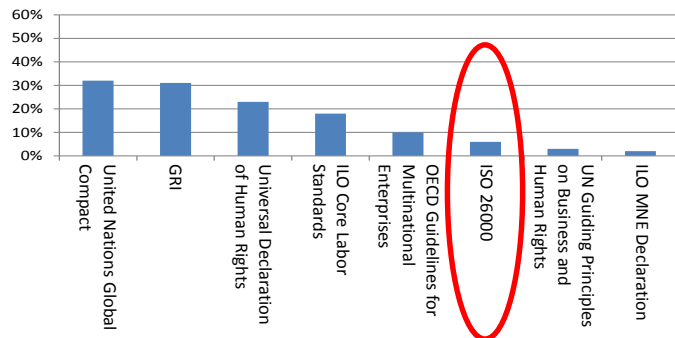
Percentage of respondents who said they use the standard (%)



EU

The European Commission survey looked into what international standards on corporate social responsibility companies refer to. In the EU, the number of companies that refer to ISO 26000 is relatively low.

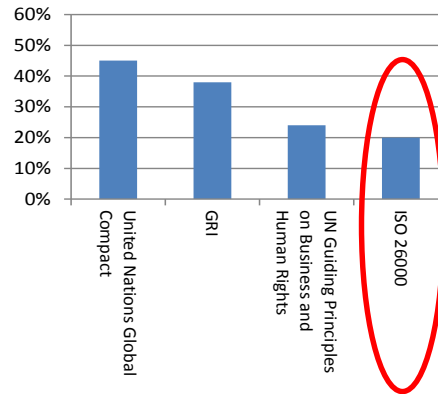
Percentage of respondents who said they refer to the standard (%)



Four Nordic countries

In the four Nordic countries survey, respondents were asked if they apply each³ of the international standards (respondents had to choose from two options: "to a high extent" or "to a moderate extent"). Also in the four Nordic countries, the number of companies who said they apply ISO 26000 "to a high extent" was relatively low.

Percentage of respondents who said they apply the standard to a high extent (%)



III. How to make appropriate use of international standards on corporate social responsibility (significances, challenges and recommendations)

We focused on ISO 26000 among other international standards on corporate social responsibility, identified benefits and challenges in the use of the standard, and drew up recommendations.

1. Significances of using global standards such as ISO 26000 in implementing corporate social responsibility

1) Awareness on issues

A big gap was observed between companies using ISO 26000 and those not in the level of recognition of issues such as human rights and supply chain, the issues considered relatively unfamiliar to Japanese businesses. This indicates that ISO 26000 helped companies become aware of their business management challenges in terms of social responsibility.

2) Approach to issues

Another benefit is that ISO 26000 provides guidance on how to approach issues when companies implement CSR activities. In particular, ISO 26000 explained the definitions and importance of approaches such as stakeholder engagement and due diligence.

3) Assessment of performance

ISO 26000 can be also used as a baseline when companies self-evaluate their performance in CSR activities. It offers about 240 actions (related actions and expectations), covering all aspects of social

³ No data on the following standards and guidelines was available for the four Nordic countries: the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights, the ILO Core Labor Standard, and the ILO MNE Declaration.

responsibility, which many companies find useful.

4) Improvement in organizational capability through implementation

Through the awareness of issues, approach, and self-assessment of performance mentioned above, companies that use ISO 26000 are aware of its positive impact on corporate value, including improved risk management and improved corporate image and brand value.

Participating in global discussions on various standards or sharing the implementation process and practices of such standards would give companies access to the latest information and allow for earlier decision making on global issues.

2. Types of challenges businesses are facing in promoting social responsibility activities and business management

2.1 In companies

1) Involvement of various departments

The survey results revealed a variety of internal CSR efforts by companies in addition to the use of ISO 26000. Such efforts include the incorporation of the standard into position-specific training materials, the provision of study sessions targeting relevant departments and seminars for setting CSR activity targets, and dissemination through e-learning. Some companies, however, commented that seeking involvement of various departments is not easy as the sharing of the benefits and cross-departmental coordination require a lot of work.

2) Understanding on the meanings, purpose and nature of ISO 26000

Some companies that do not use ISO 26000 are not fully aware of the differences between the purpose, approach and nature of ISO 26000 and that of the other ISO standards and guidelines. For example, some commented in the questionnaire that they do not need it because they are ISO 14001- certified or they do not need it because none of the core subjects is of any relevance to their business. These misunderstandings can be attributable to insufficient guidance and explanation about ISO 26000 and unclear external factors to make companies aware of the meanings of using the standard.

3) Stakeholder engagement

As explained in ISO 26000, stakeholder engagement can take various forms and businesses have different sets of stakeholders. This is why, despite being aware of its importance, companies that use ISO 26000 are finding it difficult to put it into practice and achieve coordination, as seen in their comments like "it is difficult to identify stakeholders" and "lack of communication opportunities."

2.2 Regarding ISO 26000

1) Documents and terminology

The survey results showed that the hurdles to putting ISO 26000 into practice are high. Many commented that the volume of the document is too large and the terminology is too difficult and abstract.

2) Environment supporting business practices

Even when CSR staff in companies tries to put ISO 26000 into practice, a practical tool that serves as a reference is not easily available. In light of this fact, some viewed it likely that only companies with resources and capabilities to comprehend it by themselves are utilizing the standard. Some pointed out that the fact that the standard needs to be purchased and is expensive may be preventing it from widespread use.

3) Communication with people outside the company

The survey also confirmed comments from leading advocates for ISO 26000, such as "it is not easy to communicate our ISO 26000-related efforts to those outside the company" and "it is difficult to communicate the benefits of using ISO 26000 to those who do not know the standard."

3. Recommendations on how to make appropriate use of ISO 26000

There is no definite answer as to how international standards such as ISO 26000 should be used. The use of the standard in itself is not the goal. The goal lies in driving companies' efforts for social responsibility through the use of the standard, raising their corporate value, and achieving the sustainable development of the society as a whole.

In this report, we make the following recommendations in the hope that the benefits and advantages will continue to be recognized, which in turn will facilitate companies' efforts and improve the sustainability of the society as a whole.

3.1 Regarding organizations (companies) that use ISO 26000

1) Implementation throughout the value chain

For companies with a number of suppliers and customers, it is important to use their business relationship to encourage their business partners' efforts for social responsibility. Putting ISO 26000 philosophy and principles into practice throughout the value chain will help raise businesses and their stakeholders' awareness and interest in ISO 26000.

2) Strengthening engagement with stakeholders

Companies are expected to further explore how to communicate and cooperate with their stakeholders and put their findings into practice. The leading efforts found in this survey include undergoing reviews through thorough discussions with multiple experts, and discussing at stakeholder meetings which areas to give priority to.

3) Raising employees' sensitivity to social responsibility

In order to raise the sensitivity of not only the department in charge but also frontline employees, it is crucial that the leader clearly states their commitment to CSR. Once the employees' sensitivity increases, they begin to form ideas on their own initiative on how to make use of ISO 26000. This also requires improvements in CSR education and training programs and practice support tools, and employer-

employee discussions.

4) Active participation in global initiatives such as creation and implementation of standards

Participating in the development of global standards and guidelines gives companies an opportunity to significantly improve their organizational capability in the area of social responsibility. Active application of standards will also give them experiences, which will automatically help improve their ability to respond to situations and make decisions. We expect businesses to proactively participate in global initiatives and become a leading player in the generation.

3.2 Regarding ISO 26000

1) Building mechanisms to facilitate the use of ISO 26000

There is a need for the development of tools to support the implementation of ISO 26000 for a range of purposes, such as tools specific to a certain sector, size of business or core subject. Proposals for such tools should be made not only by government organizations, trade associations and individual companies but also by a variety of organizations that have been addressing a wide range of issues, including human rights, labor, the environment, consumer affairs, corruption, and community contribution, based on their own experiences and perspectives.

We also want to note that there is a strong call for the creation of a collection of utilization examples and best practices that offers a path to achieving increased corporate value.

2) Developing ways for companies to persuasively communicate the benefits and importance of using ISO 26000 as well as the level of their efforts to those outside the company

The survey received comments about how it is difficult for businesses to communicate their efforts to those outside the company despite their active use of ISO 26000. This is also a challenge recognized in Europe. Some countries have adopted an approach called "self-declaration" which is based on management practices related to social responsibility. We hope these case examples will be used in Japan to advance discussion on how to develop ways to improve communication.