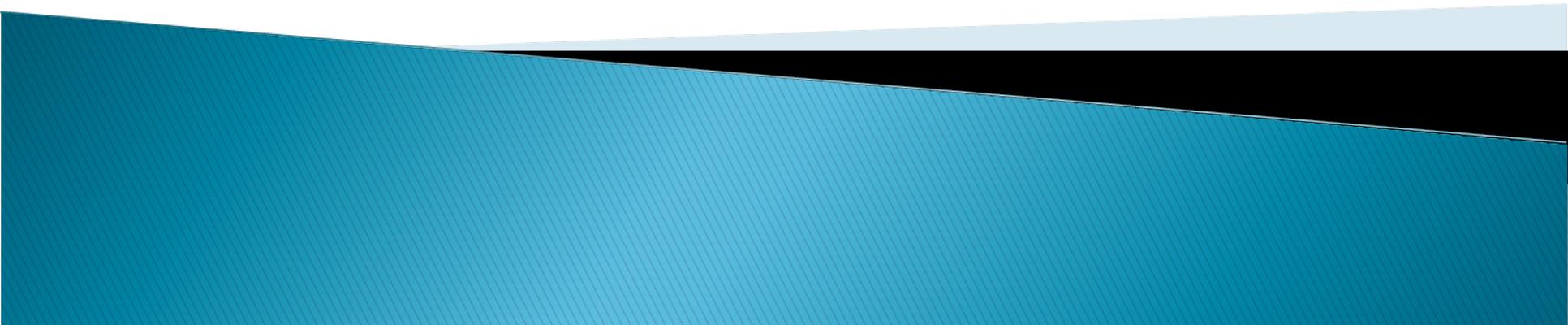
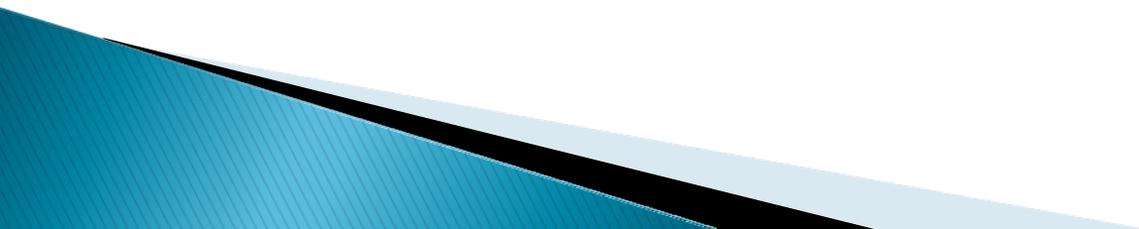


Sustainability: Measuring Social Responsibility

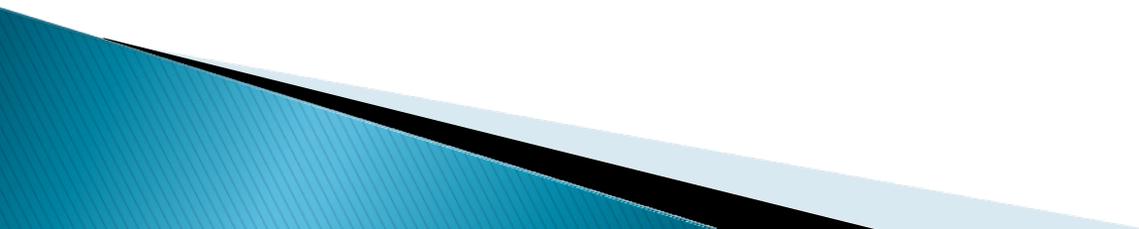
Terrie Boguski



Measuring Social Responsibility

- ▶ Corporate Social Responsibility (CSR)
 - ▶ Social Life Cycle Assessment (S-LCA)
 - ▶ Consumer Social Responsibility
- 

Sustainable Development

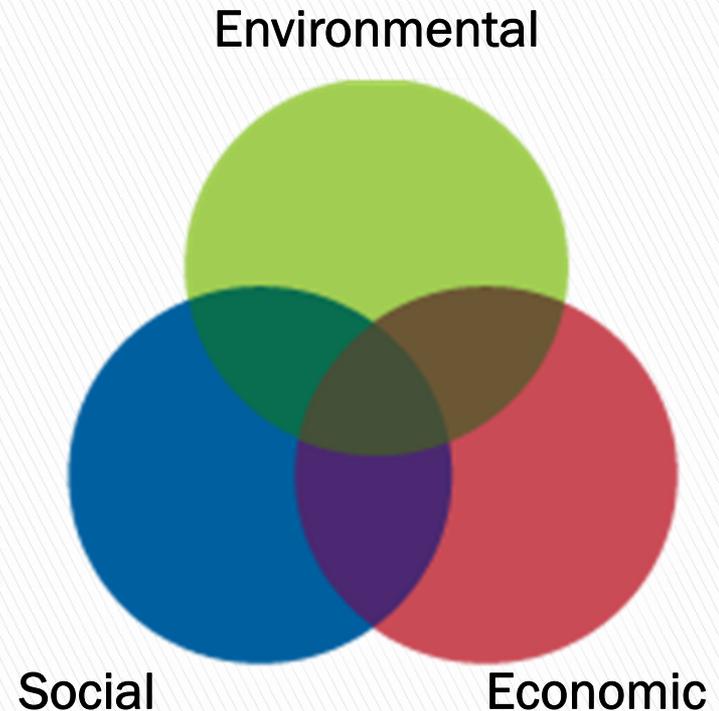
- ▶ As defined by the Brundtland Commission, 1987
 - “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”
 - ▶ How do we define “needs”?
- 

Corporate Social Responsibility (CSR)

- ▶ The European Commission's definition of CSR is:
 - "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."
- ▶ World Business Council for Sustainable Development definition of CSR is:
 - "Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

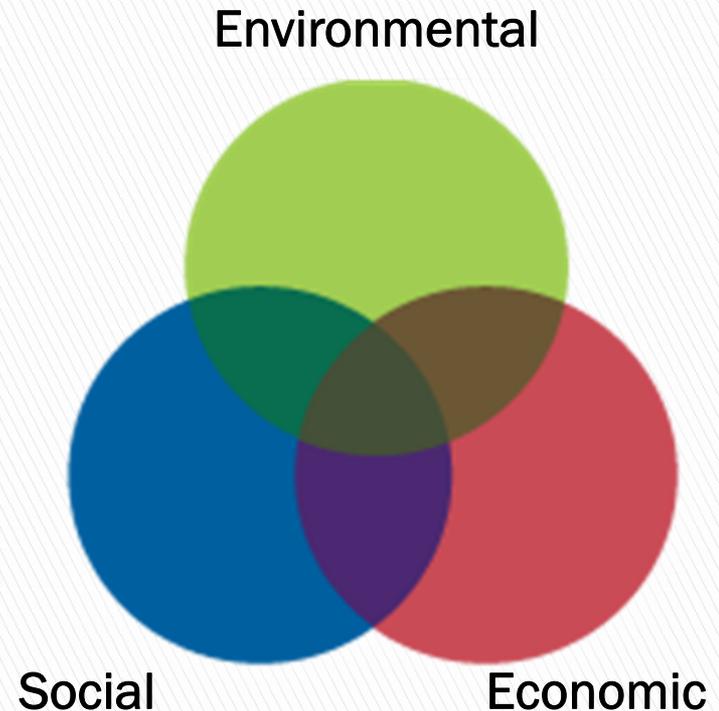
Triple Bottom Line (TBL)

- ▶ Originated by John Elkington
 - *Cannibals with Forks: The Triple Bottom Line of 21st Century Business, 1999*
- ▶ Made popular by Andrew Savitz
 - *The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success -- and How You Can Too, 2006*



Triple Bottom Line (TBL) for Products or Services

- ▶ Life Cycle Cost (LCC) – cradle-to-grave economic model
- ▶ Life Cycle Assessment – traditionally a cradle-to-grave environmental model of a product or service system
- ▶ Social LCA – a new proposed methodology to inform consumers of social effects

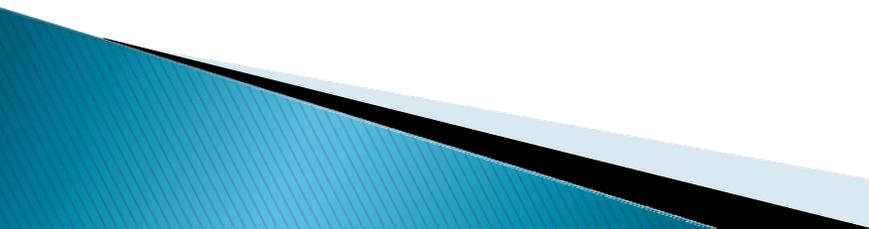


UNEP-SETAC

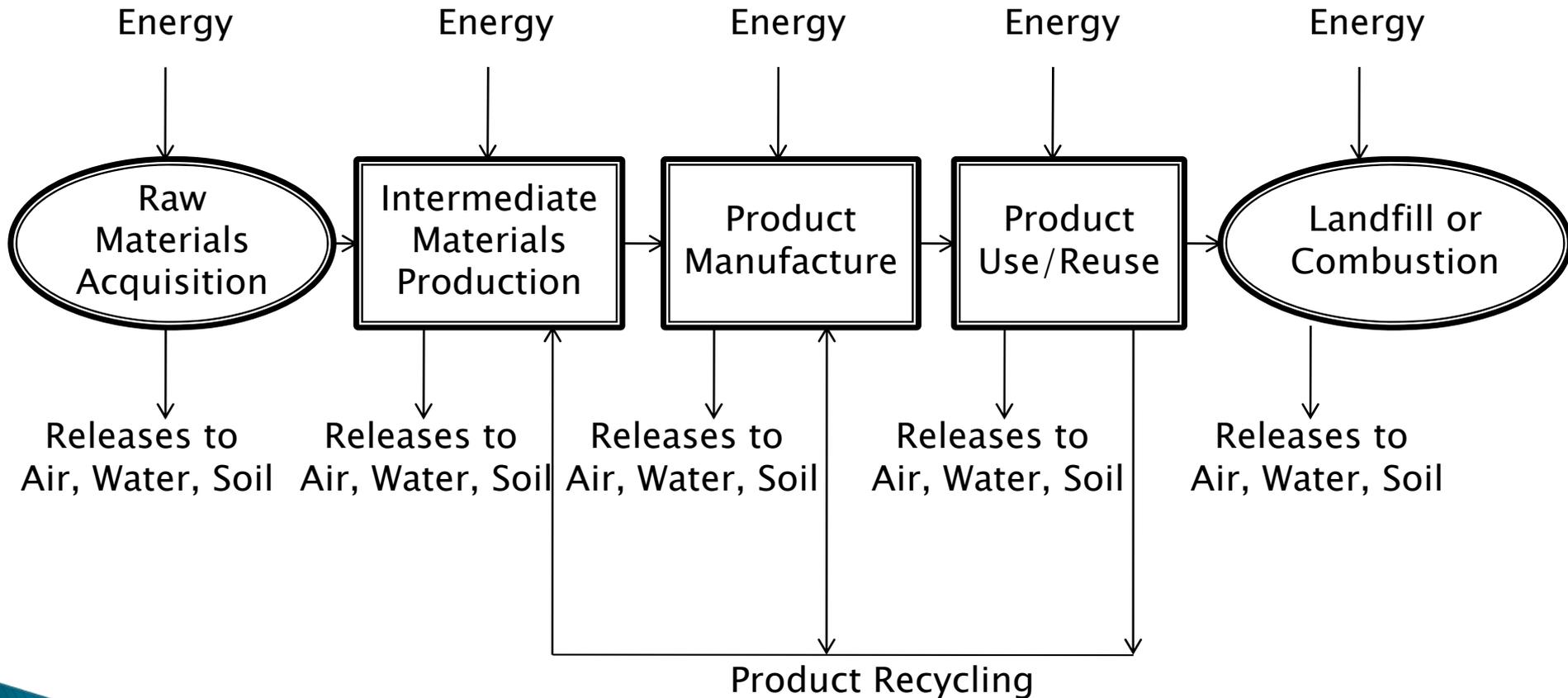
Social Life Cycle Assessment (S-LCA)

- ▶ S-LCA: A method to assess the social effects of a product along its whole life cycle
 - Includes socio-economic effects
 - Can be positive or negative
- ▶ Intended to complement traditional environmental LCA

United Nations Environmental Programme (UNEP)
Society of Environmental Toxicology and Chemistry (SETAC)



General Life Cycle Flow Diagram



UNEP-SETAC

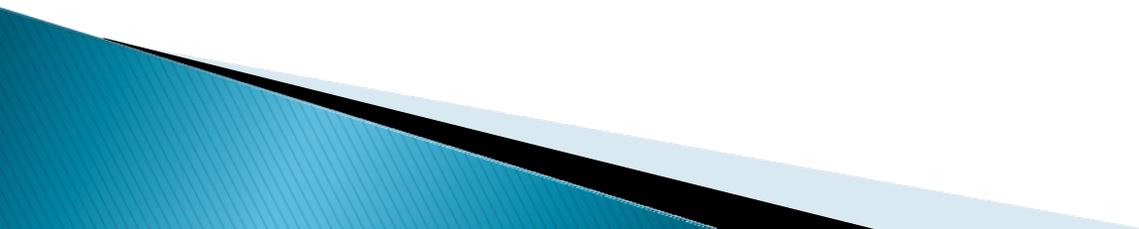
Social Life Cycle Assessment (S-LCA)

- ▶ Michael Mozur, Global Executive Director of SETAC
 - “As you will see, important work has been done to tackle the issues related to social life cycle assessments. But much more is needed to bring the approach and its related tools to maturity and to mainstream use.”³

Objective of S-LCA

- ▶ “The ultimate objective for conducting a S-LCA is to promote improvement of social conditions and of the overall socio-economic performance of a product throughout its life cycle for all of its stakeholders.”³

S-LCA: Four Major Phases

1. Goal and Scope
 2. Inventory Analysis
 3. Impact Assessment
 4. Interpretation
- 

S-LCA: Four Major Phases

1. Goal

- Why is a S-LCA being conducted?
- What is the intended use?
- Who will use the results?
- What do we want to assess?

Scope

- Define the product system to be studied
- Define the functions of the product system
- Define the system boundary
- Determine the data type to be collected (generic and/or specific)

S-LCA: Four Major Phases

2. Inventory analysis (collect data and validate data)

- On unit processes
 - For social hotpots' assessment
 - For refinement of system boundary
-
- literature surveys
 - Interviews
 - Site visits

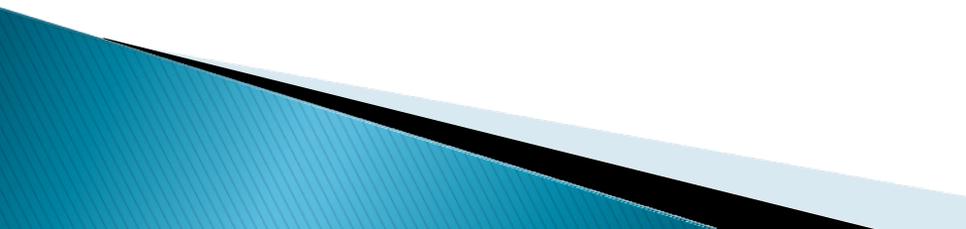
S-LCA: Four Major Phases

3. Impact assessment

- aggregate some inventory data within subcategories and categories; and
- make use of additional information, such as internationally accepted levels of minimum performance, to help understand the magnitude and the significance of the data collected in the Inventory phase.
 - For example: minimum age and maximum hours for child labor

S-LCA: Four Major Phases

4. Interpretation

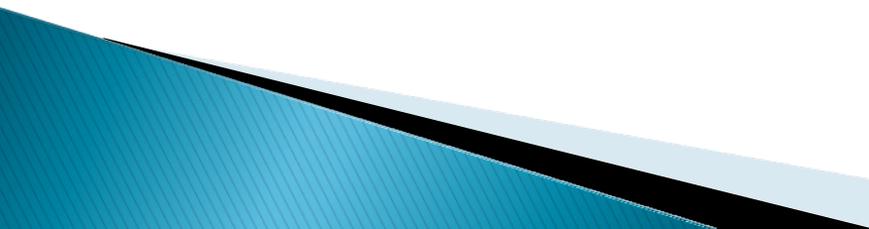
- Identification of the significant issues;
 - Evaluation of the study (which includes considerations of completeness and consistency)
 - Level of engagement with stakeholders
 - Conclusions, recommendations and reporting
- 

Metrics for S-LCA Inventory

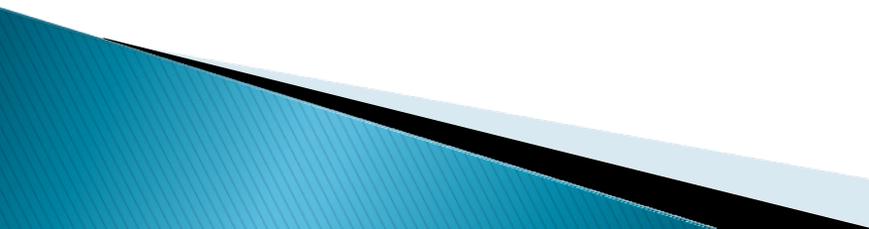
▶ Five Main Stakeholder Categories

- Workers/employees
 - How are workers treated?
- Local community
 - Effects on local community?
- Society (national and global)
 - Effects on society beyond local community?
- Consumers (through the entire supply chain)
 - How are consumers protected and valued?
- Value chain actors (suppliers, other nonconsumers affected by product life cycle)
 - How are suppliers and other involved persons affected?

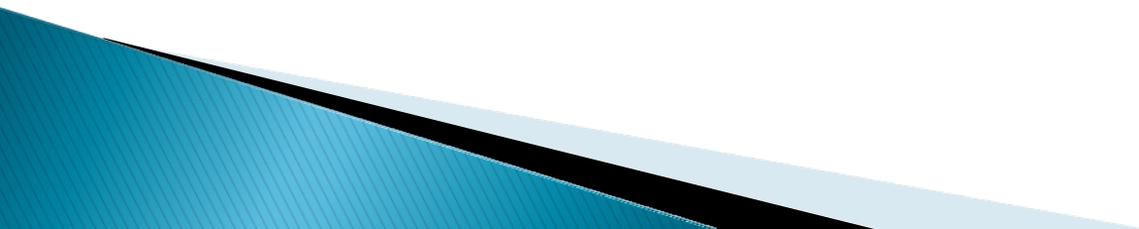
Workers / Employees

- ▶ Freedom of Association and Collective Bargaining
 - ▶ Child Labor
 - ▶ Fair Salary
 - ▶ Working Hours
 - ▶ Forced Labor
 - ▶ Equal opportunities / Discrimination
 - ▶ Health and Safety
 - ▶ Social Benefits / Social Security
- 

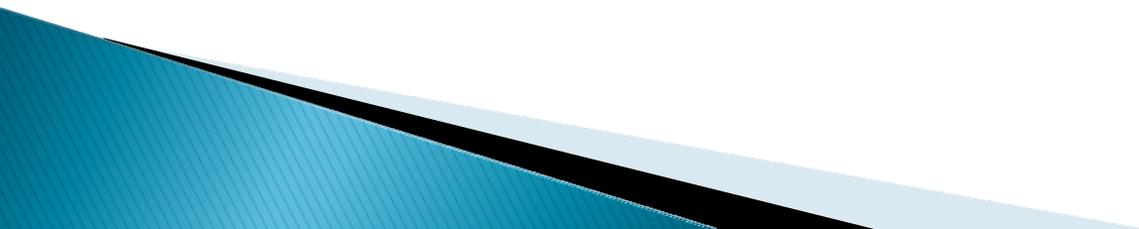
Local Community

- ▶ Access to material resources
 - ▶ Access to immaterial resources
 - ▶ Delocalization and Migration
 - ▶ Cultural Heritage
 - ▶ Safe & healthy living conditions
 - ▶ Respect of indigenous rights
 - ▶ Community engagement
 - ▶ Local employment
 - ▶ Secure living conditions
- 

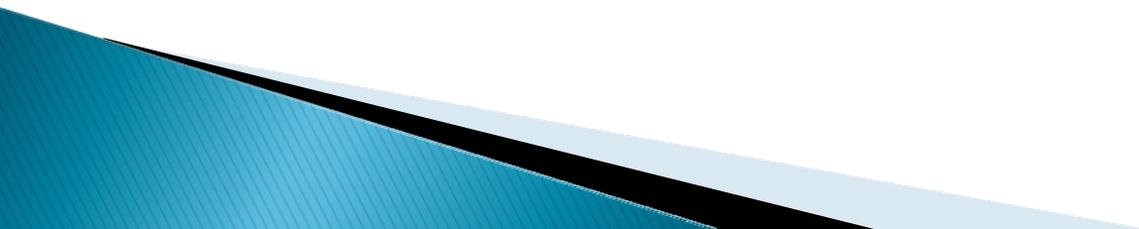
Society (National and Global)

- ▶ Public commitments to sustainability issues
 - ▶ Contribution to economic development
 - ▶ Prevention & mitigation of armed conflicts
 - ▶ Technology development
 - ▶ Corruption
- 

Consumers

- ▶ Health & Safety
 - ▶ Feedback Mechanism
 - ▶ Consumer Privacy
 - ▶ Transparency
 - ▶ End of [product] life responsibility
- 

Value Chain Actors

- ▶ Fair competition
 - ▶ Promoting social responsibility
 - ▶ Supplier relationships
 - ▶ Respect of intellectual property rights
- 

Social LCA – Coffee

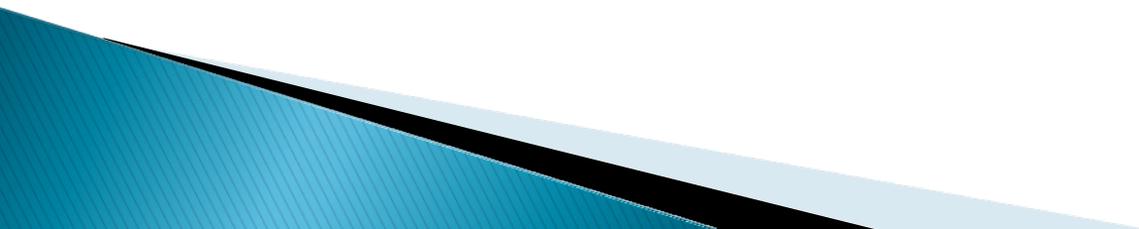


S-LCA – Four Major Phases

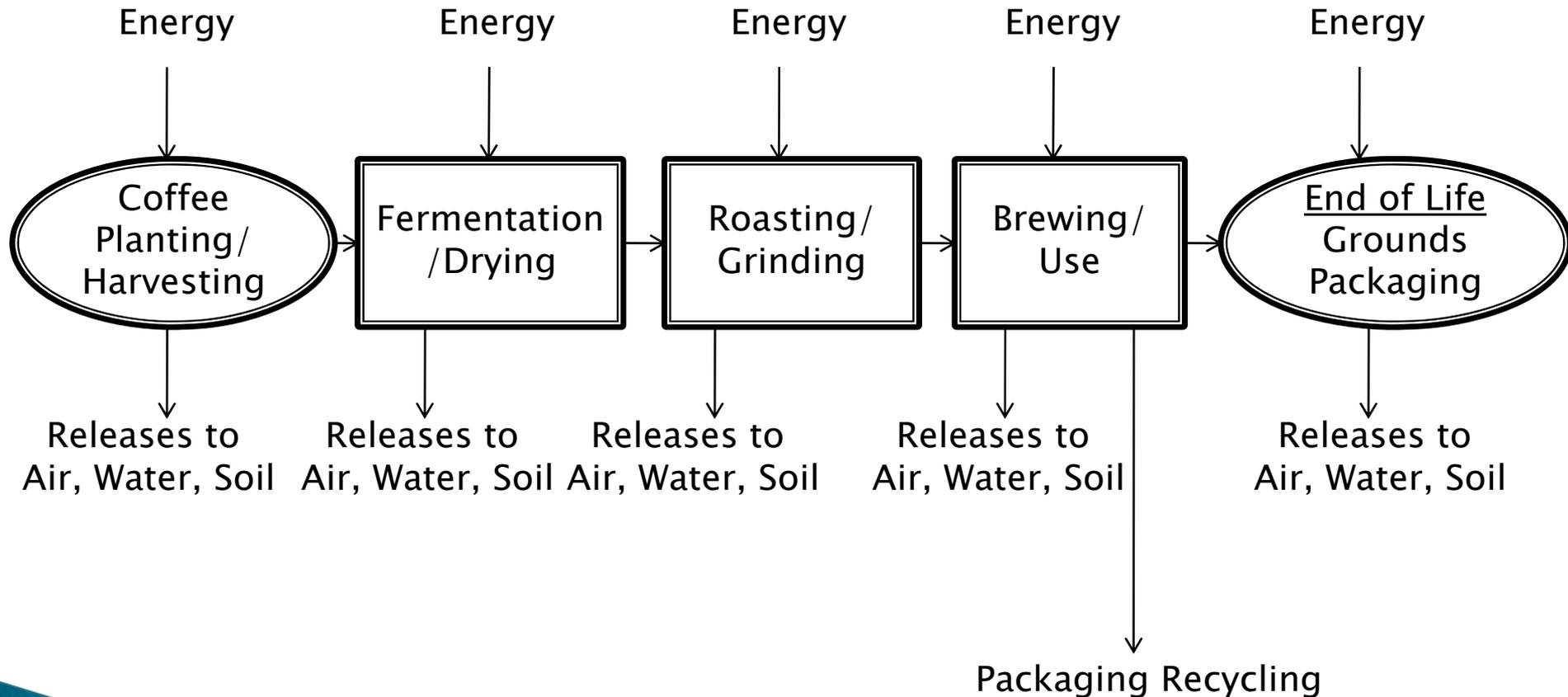
1. Goal

- Determine if there is acceptable social justice in the growing and production of coffee for U.S. consumers

Scope

- Define the system boundaries
- 

Coffee Life Cycle Flow Diagram



S-LCA of Coffee

- ▶ The top ten coffee growing nations
 - Brazil
 - Vietnam
 - Colombia
 - Indonesia
 - Mexico
 - India
 - Ethiopia
 - Guatemala
 - Honduras
 - Peru

Workers / Employees

- ▶ Freedom of Association and Collective Bargaining
 - All workers and employers have the right to establish and to join organizations of their choice, without prior authorization, to promote and defend their respective interests, and to negotiate collectively with other parties. They should be able to do this freely, without interference by other parties or the state, and should not be discriminated as a result of union membership.

Workers / Employees

- ▶ Freedom of Association and Collective Bargaining
 - GENERIC DATA SOURCE EXAMPLES:
 - US Department of States country reports on human rights
 - International Trade Union Confederation Annual survey
 - UN Human Rights index on freedom of association
 - SITE-SPECIFIC DATA SOURCE EXAMPLES:
 - Interviews with workers
 - Interviews with governmental agencies
 - Interviews with management
 - Interviews with non-governmental organizations
 - Interviews with certification bodies
 - Organization-specific reports

GENERIC ANALYSIS (HOTSPOTS)

Inventory Indicator	Unit of Measurement	Data Available
Evidence of restriction to Freedom of association and Collective bargaining	Semi-quantitative	International Trade Union Confederation (ITUC) http://survey09.ituc-csi.org/
Evidence of country/sector/ organization or factory non respect or support to Freedom of association and Collective bargaining	Quantitative, semi-quantitative, qualitative	Daily trade union news Labourstart http://www.labourstart.org/
GRI: HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Semi-quantitative, qualitative	Organizations GRI Sustainability reports

SPECIFIC ANALYSIS

Inventory Indicator	Unit of Measurement	Data Available
Employment is not conditioned by any restrictions on the right to collective bargaining	Qualitative/Semi-Quantitative	<ul style="list-style-type: none">· Employment contract· Interview with directors or human resources officer· Interview with workers and trade union representatives· NGOs reports· Regulations
Copies of collective bargaining negotiations and agreements are kept on file	Semi-Quantitative	<ul style="list-style-type: none">· Visit to facility· Interview and/or questionnaire filled by directors or human resources officer
Workers are free to join unions of their choosing	Qualitative/Semi-Quantitative	<ul style="list-style-type: none">· Regulation· Verification of organizations' documents· Interview with workers and trade union representatives· Interview with NGO and Trade Union association

Generic Analysis

▶ Brazil

- The Constitution and the Labor Code protect the right of all workers to unionize, except the military, uniformed police, fire fighters and various other state employees.
- Collective bargaining is only open to those unions that are legally registered with the Ministry of Labor.

Source: 2009 Annual Survey of trade union violations
<http://survey09.ituc-csi.org>

Generic Analysis

▶ Vietnam

- Workers are not free to organize or join unions of their choosing.
- The Law on Trade Unions sets out that trade unions operate "under the leadership of the Communist Party of Vietnam" (CPV).

Source: 2009 Annual Survey of trade union violations
<http://survey09.ituc-csi.org>

Generic Analysis

▶ Colombia

- Freedom of association is enshrined as a basic right in the Constitution.
- The Labor Code provides for the automatic recognition of any trade union that has at least 25 members and has complied with a simple registration process.
- 49 trade unionists murdered during the year.

Source: 2009 Annual Survey of trade union violations
<http://survey09.ituc-csi.org>

Workers / Employees

▶ Child Labor

- The term “child labour” is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that:
 - is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by:
 - depriving them of the opportunity to attend school;
 - obliging them to leave school prematurely;
 - or requiring them to attempt to combine school attendance with excessively long and heavy work.

GENERIC ANALYSIS (HOTSPOTS)

Inventory Indicator	Unit of Measurement	Data Available
Percentage of children working by country and sector	Quantitative, semi-quantitative, qualitative	Understanding Children Work (ILO, World Bank, UNICEF) http://www.ucw-project.org/
GRI HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Semi-Quantitative	Organizations GRI Sustainability reports

SPECIFIC ANALYSIS

Inventory Indicator	Unit of Measurement	Data Available
Absence of working children under the legal age or 15 years old (14 years old for developing economies)	Quantitative, semi-quantitative, qualitative	<ul style="list-style-type: none">· Visit to facility· Interview with directors or Human resources officer· Verification of organization documents· NGOs reports· Verification with workers interviews or audits· Interview with community members
Children are not performing work unauthorized by the ILO conventions C138 and C182 (hazardous work)	Quantitative, semi-quantitative, qualitative	<ul style="list-style-type: none">· Visit to facility· Interview with directors or human resources officer· Verification of organization documents· NGOs reports· Verification with workers interviews or audits

Generic Analysis

▶ Brazil

- 9.1 percent (1.5 million) of boys and 4.5 percent (0.7 million) of girls ages 5–14 work (SIMPOC, 2001)
- Child labor in Brazil remains chiefly fueled by extreme poverty. Brazilian children are often employed in places where they can work with their hands, such as in sugar, orange, coffee, or cocoa plantations.
(Council on Hemispheric Affairs. “Made in Brazil: Confronting Child Labor.” November 2010)

Generic Analysis

▶ Vietnam

- 15 percent (0.61 million) of boys and 16 percent (0.28 million) of girls in the age range 5–14 work (UNICEF, 2000 –2009)

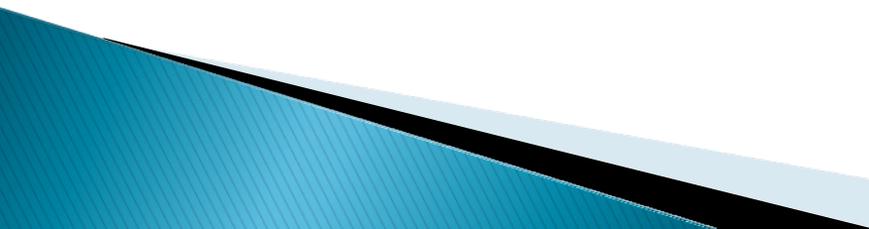
▶ Colombia

- 14.1 percent (0.61 million) of boys and 6.6 percent (0.28 million) of girls in the age range 5–14 work (IPEC/SIMPOC, 2001)

Impact Assessment/Interpretation

- ▶ Low wages, inability to unionize, child labor and other factors contribute to continuing poverty in many coffee producing countries

S-LCA Summary

- ▶ S-LCA is a method being developed to consistently measure the social impact of a product or service
 - ▶ S-LCA follows as closely as possible the conventions established for environmental life cycle assessment
 - ▶ S-LCA is a work in progress
 - ▶ Consumer demand for socially responsible products promotes corporate social responsibility
- 

More about Coffee

- ▶ What drives corporate social responsibility?
 - Corporate social responsibility is often driven by consumer demand.

Consumer Social Responsibility

- ▶ “As consumer demand for ethically-produced goods increases, we’re able to chip away at the cycle of poverty that plagues farming communities around the world,” said Paul Rice, president and CEO of TransFair USA.

Fair Trade USA press release
April 2010

Certified Socially Responsible

- ▶ Fair Trade involves the following principles:
 - Producers receive a fair price – a living wage. For commodities, farmers receive a stable, minimum price.
 - Forced labor and exploitative child labor are not allowed
 - Buyers and producers trade under direct long-term relationships
 - Producers have access to financial and technical assistance
 - Sustainable production techniques are encouraged
 - Working conditions are healthy and safe
 - Equal employment opportunities are provided for all
 - All aspects of trade and production are open to public accountability

Global Exchange

<http://www.globalexchange.org/campaigns/fairtrade/>

Consumer Driven Solutions

▶ Starbucks

- *We set a goal in 2008 to purchase 100 percent responsibly grown and ethically traded coffee by 2015. When we cite “responsibly grown and ethically traded coffee,” we’re referring to coffee that is third-party verified or certified, either through Coffee and Farmer Equity (C.A.F.E.) Practices, Fairtrade, or another externally audited system.*

STARBUCKS™ SHARED PLANET™
GLOBAL RESPONSIBILITY REPORT 2009

Consumer Driven Solutions

▶ Procter & Gamble

- Impoverished coffee farmers around the world won a victory when Procter & Gamble, the largest seller of coffee in the United States, announced on September 15, 2003 that it would begin offering Fair Trade Certified coffee through its specialty coffee division, Millstone.

Global Exchange

<http://www.globalexchange.org/campaigns/fairtrade/coffee/Millstonevictory.html>

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