DISCOVERING OUR SOCIAL RESPONSIBILITIES

Introduction

In this chapter we will focus on social responsibility. Every attempt has been made to try to segregate the presentation from the discussion of the other two responsibilities that constitute an organization’s sustainable development program. This is difficult to do since the literature on sustainable development and corporate social responsibility has not sought to attempt this approach to the topic. The inability to focus on a single responsibility has confused organizations that were attempting to figure out what needs to be done. For example, people with expertise in social responsibility feel that they need to address “that environmental ‘thing’” and people with environmental expertise are often at a loss as to what to do in the social area besides addressing philanthropy. This is not a good way to address the specific responsibilities. Also, prescription (checklists) cannot adequately address this issue. Every organization will approach each responsibility in a manner that meets their needs.

The Earth Charter¹ characterizes social responsibility with a number of principles:

- Eradicate poverty as an ethical, social and environmental imperative
- Affirm gender equality and equity as prerequisites to sustainable development and ensure universal access to education, health care and economic opportunity
- Uphold the right of all, without discrimination, to a natural and social environment supportive of human dignity, bodily health, and spiritual well-being, with special attention to the rights of indigenous peoples and minorities
- Strengthen democratic institutions at all levels and provide transparency and accountability in governance, inclusive participation in decision-making and access to justice
- Integrate into formal education and life-long learning the knowledge, values and skills needed for a sustainable way of life
- Treat all living beings with respect and consideration; and
- Promote a culture of tolerance, nonviolence and peace.

The United Nation’s Global Compact² addresses the areas of human rights and labor standards with the following principles:

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¹ Earth Charter; http://www.earthcharter.org/files/charter/charter.pdf
² UN Global Compact; http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

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• Organizations should support and respect the protection of internationally proclaimed human rights
• Organizations should make sure they are not complicit in human rights abuses
• Organizations should uphold the freedom of association and the effective recognition of the right to collective bargaining; and
• Organizations should work to eliminate all forms of forced and compulsory labor.

Many organizations include only their employees within the realm of social responsibility. Other organizations limit social responsibility to philanthropy. There are a myriad of different areas that fall into this responsibility. It is difficult to specify what should be included in the responsibility and what would not constitute social responsibility.

This chapter will begin with a discussion of the process focus and what social interests can be related to the process. Social responsibility begins with the employees and moves out to the neighborhoods, community and throughout the region through the supplier and customer relationships. The reader can gain an appreciation of the many elements of social responsibility through the various principles prepared by those promoting the concept and by those that seek to measure the progress of an organization’s social responsibility program. There are a number of efforts to provide management systems for social responsibility. Separate readings are provided to give a history of the movement to create an ISO management system for social responsibility. Students that have some interest in learning more about this responsibility may want to briefly review that material.

**Social Responsibility and the Process View**

When one takes the process view, you must first focus on the source of all the social responsibilities. The resource accounting sheets show all the uses and losses of resources from the process. Activity accounting sheets are used to show how people work to make each work step happen. There are activities such as getting a permit for gathering solvent fumes and discharging them and getting a permit to generate hazardous waste. There are activities to manage the wastes, discharges and emissions. An organization must manage its work. All the people that manage pay more attention to some work steps than others.

This activity accounting sheet can be expanded to look at the stakeholders that are located in the neighborhood, community and region. As the organization begins to determine the stakeholders’ interest in the organization’s processes, they will have to deal with these interests by addressing the work steps in the process that are associated with the interests. Once again, this allows for a preventive focus rather than trying to just remedy the problem that leads to the interest.

The figure below provides a schematic view of how the stakeholder interests can be related to specific work steps in the process:

**PEOPLE (ACTIVITIES) – A SUSTAINABILITY VIEW**

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Employees work on the process and staff the functional activities (e.g., accounting, environmental, health, safety, maintenance, purchasing, quality, human resources, risk management, etc.). They provide information to management. Management oversees the employee activity. Employees are active in the community. Resources that are used and lost in the process are transported through the neighborhood and the community. The ability to manage this transportation and the process determines whether the facility maintains its social “license to operate.” The product use and suppliers have their own sets of stakeholder interests that need to be allocated back to the process. The suppliers are often provided with a “Code of Conduct” to manage these interests.

All process activities need to be aligned to the vision/mission/core values of the organization and measured with the Baldrige Model strategic planning category. The people activities can be scored with three of the Baldrige model criteria: leadership, employee involvement and customers and other interests.

The process needs to contribute to two forms of capital: Human capital and social capital.
**Human capital** incorporates the health, knowledge, skills, intellectual outputs, motivation and capacity for relationships of the individual. In an organizational context it includes the elements needed for people to engage in productive work and the creation of wealth, thereby achieving a better quality of life. Human capital is also about dignity, joy, passion, empathy and spirituality. Organizations depend on individuals to function – for example, they need a healthy, motivated and skilled workforce. Intellectual capital and knowledge management are increasingly recognized as key intangible assets that create wealth for the organization. Damaging human capital by abuse of human or labor rights or compromising health and safety has direct as well as reputation costs. Poverty and other negative social issues in the neighborhood and the community can affect the ability to maintain a workforce.

Here are some ways that organizations maintain human capital:

- Ensure that it is contributing positively towards meeting human needs such as subsistence, freedom and security, but also identity empathy, creativity and leisure
- Give employees and other stakeholders access to training, development and lifelong learning
- Create an enabling environment for learning, innovation and sharing of knowledge
- Respect human rights throughout the operations and community
- Understand and respect human values and their different cultural contexts
- Implement diversity policies that enable a organization to access the variety of human talent and eliminate discrimination
- Ensure health and safety, incorporating physical and mental well-being
- Support health promotion and education
- Provide a reasonable living wage and fair remuneration for employees and business partners
- Create opportunities for varied and satisfying work, and
- Adopt fair labor standards, including avoidance of forced or child labor.

**Social capital** is any value added to the activities and economic outputs of an organization by human relationships, partnerships, and cooperation. Social capital includes networks, communication channels, families, communities, businesses, trade unions, schools, and voluntary organizations as well as cultural and social norms, values and trust. Organizations rely on social relationships and interactions to help them to achieve their objectives. Within the organization, social capital takes the form of shared values, trust, communications and shared cultural norms that help people to work cohesively and to enable the organization to operate effectively. Outside of the organization, social structures help create a climate of consent and understanding – a license to operate – in which trade and the wider functions of society are possible. Organizations also rely on wider socio-political structures to create a stable society in which to operate.

Some ways organizations can enhance social capital are as follows:

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• Support the development of the community in which the organization operates, including economic opportunities (e.g., buy and hire local initiatives)
• Provide safe, supportive living and working conditions including family-friendly policies
• Ensure ethical sourcing of materials and fair treatment of suppliers, customers and citizens
• Respect and comply with local, national and international law
• Pay taxes and be supportive of social infrastructure
• Implement effective communication systems throughout the organization, reflecting shared values and objectives
• Offer accurate claims in promotional materials
• Minimize the negative social impacts of products and services and maximize the positive
• Contribute to open, transparent, and fair governance systems.

All the social responsibility depends on the **accountability** of the organization. Accountability consists of three elements:

1. **Transparency** – the duty of an organization to account to its stakeholders
2. **Responsiveness** – the need to respond to stakeholders
3. **Compliance** – the duty to comply with standards to which an organization is voluntarily committed, and rules and regulations that it must comply with for statutory reasons.

Organizational accountability is based on effective engagement with stakeholders. Engagement builds relationships with stakeholders to determine what is important (i.e., their interests) to all involved in order to improve overall performance.

The principle of accountability acknowledges that an organization is part of a wider environment, social and economic system. Stakeholder engagement helps to secure an ongoing license to operate. It also provides a powerful stimulus to innovation and helps an organization gain new understanding and insight. In addition, accountability better enables an organization to identify, evaluate and manage risks and opportunities arising from its impacts on and relationships with its stakeholders, such as customer and employee liability lawsuits and other issues affecting reputation and brand. Accountability supports improvements in the overall performance of organizations, enhancing financial performance and the long-term value of the organization to shareholders and other owners.

Here are some ways that organizations enhance their accountability:

• Identify those who have an interest in the organization
• Practice stakeholder engagement
• Identify priorities and key performance indicators by engaging with stakeholders
• Measure, communicate, report and obtain feedback on sustainability performance
• Utilize governance systems that inspire confidence and trust
• Practice accountability throughout the organizational supply chain
• Develop and observe an ethical code of conduct
• Be consistent in words, actions, including public policy positions, advertising and marketing activities, and
• Be transparent about performance through accessible reporting mechanisms.

The SIGMA Project\(^3\) provides a listing of social responsibility interests that stakeholders may have in the organization. This listing is provided in Appendix 1. It is important to look carefully at these interests to see if you can identify additional interests from your own experience. Social interests often lead to social legislation. It is better to deal with the interests at an early stage than to deal with compliance with the rules and regulations from the legislation that would ensue.

**Concept of Social Responsibility**

Let’s examine several approaches to social responsibility.

One approach to social responsibility would have us consider listing all of the social interests that must be adequately addressed through dialog with the stakeholders. Once the discussion has taken place, the organization must meet with their general acceptance. Defining social responsibility in terms of substantive acceptance assumes that certainty would be available. However, such certainty depends on consensus over what substantive achievements (A substantive element of a standard is one that directly captures an impact or achievement) are acceptable and would require describing in detail what the world and human society would have to look like in social terms. This is challenging to say the least. Appropriate levels of achievement are highly contentious issues and ones that have been the central points of conflict throughout human history.

A second approach assumes that the key interests of stakeholder concern can be defined without presuming too much. However these areas may still be contentious and not universally accepted by society in a larger context. This condition suggests that social impacts are stakeholder defined. In practice, sustainable solutions to problems are reached through dialogue and negotiation. In this sense, accountability is part of the matrix within which social issues are set. This approach suggests that the social impacts be equitable.

A third approach defines social responsibility in terms of a process (process element is one that describes HOW something is managed) that has the virtue of being the most robust since it places least reliance on specific substantive achievements. What replaces this is a real commitment by the organization to a process of working with their strengthen relationships with stakeholders, which intuitively suggest sustainable social responsibility. However, this approach provides the least satisfying answer to the crucial question as to what an organization should do, in terms of specific social impacts, to become more socially responsible. Nevertheless, this process-based definition of social

\(^3\) SIGMA Project Social Interests; [http://www.projectsigma.com/toolkit/sustainabilityissues.asp](http://www.projectsigma.com/toolkit/sustainabilityissues.asp)
responsibility will be the basic approach that will be used in this module. Social agreement is achieved as a result of a social process. For an organization, accountability is at the heart of social responsibility.

There have been a number of principles that deal with social responsibility:

**Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance**

The Interfaith Center on Corporate Responsibility⁴ (ICCR) has published “Principles for Global Corporate Responsibility,” which is not a standard but a “collective distillation of the issues of concern” to religious-oriented institutional investors developed by groups in the U.S., Canada, and the U.K. The ICCR is comprised of more than 275 religious institutions that use their investments to promote social change. The principles cover the entire spectrum of SR issues, including workplace, community, the environment, human rights, ethics, suppliers and consumers. The principles are published as a reference tool that organizations can use to benchmark or monitor their own policies.

**The Caux Round Table (CRT)**

CRT⁵ promotes principled leadership and the belief that organizations have a crucial role in identifying and promoting sustainable and equitable solutions to key global issues affecting the physical, social and economic environments. The CRT is comprised of senior business leaders from Europe, Japan and North America, and is based in Caux, Switzerland. The CRT has produced “Principles for Business,” a document which seeks to express a worldwide standard for ethical and responsible behavior for dialogue and action by business and leaders worldwide. The principles include the social impact of company operations on the local community, a respect for rules and ethics, support for multilateral trade agreements that promote the “judicious liberation of trade,” respect for the environment and “avoidance of illicit operation,” including bribery, money laundering, and other corrupt practices.

**The Global Sullivan Principles**

Introduced in 1999, the Global Sullivan Principles⁶ expand upon the original Sullivan Principles, which were developed by the late Reverend Leon H. Sullivan in 1977 as a voluntary code of conduct for companies doing business in apartheid South Africa. According to Rev. Sullivan, “The objectives of the Global Sullivan Principles are to support economic, social and political justice by companies where they do business; to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision-making committees and boards; to train and advance disadvantaged workers for technical, supervisory and management opportunities; and to assist with greater tolerance and understanding among peoples;

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⁴ ICCR, [http://www.iccr.org](http://www.iccr.org)
⁵ Caux Round Table, [http://www.cauxroundtable.org/](http://www.cauxroundtable.org/)

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thereby, helping to improve the quality of life for communities, workers and children with dignity and equality.”

**The Keidanren Charter for Good Corporate Behavior**

This Charter comes from Nippon Keidanren⁷, the Japan Business Federation. The 10-point charter states: “Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, must be useful to society as a whole.” Keidanren members agree to follow the spirit of the charter as “the criterion of their corporate behavior.” The charter was revised in October 2002 to emphasize roles and responsibilities of corporate executives in an attempt to prevent the recurrence of corporate misconduct.

This presentation of social responsibility is a bit more complex than most local organizations may wish to consider and does not help an organization separate the responsibilities so that each can be adequately addressed before they are integrated into a sustainability program. It is important to note, that an organization should not limit itself to social responsibility. Instead, it should develop and integrate all three responsibilities. The other two responsibilities will be presented in the previous and next chapters.

**Social Indicators**

As in the case of the environmental indicators, sustainable development and corporate social responsibility programs measure their results with **sustainability indicators**. Sustainability indicators in the social responsibility area from the Global Reporting Initiative⁸ can be found in Appendix 2. This listing has been proposed to companies who prepare sustainability reports for the public. These indicators are what a consensus group feels the companies should be reporting on.

It is difficult to force fit a sustainability indicator and have everyone use it. It is confusing to have indicators that require what is referred to as “normalization” so that it can be compared to what others in the same sector may be measuring. Sustainability indicators should be chosen to fit the measurement of results need and then all the sustainability indicators can be scored using the Baldrige model. The unitless score can then be compared “apples to apples” to any other organization, regardless of size or sector.

A review of the principles described in the section above will also provide the reader with a host of different social indicators. One company that met with its local stakeholders had a list of over 500 social indicators that they wanted the company to measure!

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⁷ Nippon Keidanren, [http://www.keidanren.or.jp/](http://www.keidanren.or.jp/)
**Social Responsibility Management Systems**

There are two social responsibility management systems already in place. There is a proposal to have a third system in place in the future as the proposed ISO 26000 management standard.

**SA8000**

SA8000 is a social accountability system and workplace standard produced by Social Accountability International (SAI).[^9] This standard was first released in 1997. It was developed under the guidance of the Council on Economic Priorities Accreditation Agency (CEPAA) by a group of organizations that included: labor unions, human rights and children’s rights organizations, academia, retailers, manufacturers, contractors, as well as consulting, accounting, and certification firms. The purpose of SA8000 is to provide an auditable international standard for companies seeking to guarantee the basic rights of workers. It is based on 12 International Labor Organization (ILO) conventions, the UN Universal Declaration of Human Rights, and the UN Convention on the Rights of the Child. Requirements of this standard address nine essential areas where companies must comply with relevant local legislation and with the SA8000 provisions. Included in this listing are the following:

- Child labor
- Forced labor
- Health and safety
- Freedom of association
- Freedom from discrimination
- Disciplinary practices
- Work hours
- Compensation – minimum wage and living wage
- Management practices – collective bargaining and training.

The goal of this standard is to define requirements to enable a company to:

a. Develop, maintain and enforce policies and procedures in order to manage issues that it can control or influence;

b. Demonstrate to interested parties that policies, procedures, and practices are in conformity with the standard.

SA8000 goes a long way to providing a rigorous approach to labor and employment issues. However, relatively few companies have adopted this standard. Most of the participants are from retail organizations. Evidence suggests that more work may be necessary to ensure the use of this standard provides benefits throughout the full supply chain, especially in developing nations. As with the ISO standards, there have been concerns over the accuracy of auditing by some auditors and the limited contribution from employees in the auditing process.

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AA1000

AA1000 was produced by the Institute for Social and Ethical Accountability (AccountAbility\(^{10}\)) and launched in 1999. This standard is designed to improve accountability and performance by learning through stakeholder engagement. This stakeholder engagement process is built into daily activities. It has been used worldwide by leading businesses, non-profit organization and public organizations as a stand-alone system and process for managing and communicating social and ethical accountability performance.

The AA1000 framework helps users to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting system needed to ensure the effectiveness of the organizational performance in these important areas of social responsibility. The foundation of AA1000 is inclusivity. The building blocks of the process are planning, accounting, auditing, and reporting. It does not prescribe what should be reported. Instead it focuses on “how” the reporting should be conducted.

This is one of the few standards that explicitly puts stakeholder engagement at the heart of operations. It enables an organization to engage in dialogue and negotiate issues relating to sustainability that will also improve business performance. AA1000 can help improve value-based relationships along supply chains and in other partnership arrangements. It can also be a part of a risk management program. Investors are looking for clear and verifiable information about social performance. This standard can help ensure this need can be met.

Many organizations like the non-prescriptive nature of AA1000. However, it is still in its early stages of implementation and not as proven as SA8000. Yet, it is already seeking to integrate itself with SA8000, GRI, ISO 14001, Investors in People, Forest Stewardship Council, ETI, Balanced Scorecard, and the Baldrige performance excellence model.

Proposed ISO Social Responsibility Standard

A joint industry project between the Western Norway Research Institute (Vestlandsforsknings), Det Norske Veritas (DNV), and the Norwegian state railway (NSB BA), prepared a report\(^{11}\) to serve as the basis for a standard for social responsibility. The report gives guidelines on how to choose social indicators and how to implement a SR management system. Furthermore, the connection between CSR and sustainable development is discussed. Not surprisingly, it shows that these two concepts broadly cover the same subjects.

You can view the internal working documents for developing the ISO 26000 social responsibility standard at their web site - [http://www.iso.org/wgsr](http://www.iso.org/wgsr)

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\(^{10}\) AccountAbility, [http://www.accountability.org.uk/](http://www.accountability.org.uk/)

A couple of ISO 26000 documents have been posted on the class web site if you want additional detail.

According to ISO 26000 technical committee, the new standard should:

- Assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions;
- Provide practical guidance related to operationalizing social responsibility, identifying and engaging with stakeholders, and enhancing credibility of reports and claims made about social responsibility;
- Emphasize performance results and improvement;
- Increase confidence and satisfaction in organizations among their customers and other stakeholders;
- Be consistent with and not in conflict with existing documents, international treaties and conventions and existing ISO standards;
- Not be intended to reduce government's authority to address the social responsibility of organizations;
- Promote common terminology in the social responsibility field; and
- Broaden awareness of social responsibility.

As in the case of ISO 14001 and OHSAS 18001, management systems are conformance systems. The organizations that use these management systems must conform to all the provisions stated in the standard. There is no incentive to move beyond that level of conformance. The Baldrige model is compatible with these management systems. It helps drive the behaviors that help make the conformance system work properly. Furthermore, it will drive continuous improvement and quantitatively measure the level of improvement that is attained within the program. Organizations using the Baldrige performance excellence model can obtain a single score for their social responsibility.

**Concluding Remarks**

This chapter presents the social responsibility component of sustainable development. Many environmental managers interested in sustainable development are not so familiar with the area of social responsibility. Social responsibility practitioners are not so familiar with the environmental responsibility. The Systems Approach can be used to monitor multi-disciplinary project teams that address the integration of the three responsibilities in each of their projects. The department heads and other functional managers will be involved in the management oversight of these employee projects. They will begin to see how the constant interaction of sustainable development responsibilities will enhance the movement down the path to sustainable development. The chapter on the “integrating the three responsibilities” will provide some detail on what is needed to have the three components work well together. The next chapter is on economic responsibility.
### APPENDIX I

**SIGMA PROJECT SOCIAL INTERESTS**¹²

<table>
<thead>
<tr>
<th>Sustainability Interest</th>
<th>Explanation/comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accidents or incidents</td>
<td>Unforeseen event that causes an adverse environmental, social or health impact. Risk evaluation and management can minimize the severity of the impacts.</td>
</tr>
<tr>
<td>Abuse or inhumane treatment</td>
<td>The threat or use of physical or verbal abuse, sexual or other harassment or intimidation of any kind in the work place.</td>
</tr>
<tr>
<td>Accessibility to key services</td>
<td>Communities need good access to facilities such as post offices, transport and medical help. The less accessible these become, the greater will be the disadvantages to vulnerable groups such as disabled people, older people and those living in poverty.</td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>Offering, payment, soliciting or accepting bribes or substantial favors of any form to influence organizational relationships or contracts.</td>
</tr>
<tr>
<td>Child labor</td>
<td>Organizations recruiting or using children as labor. Ages where it is considered acceptable for children to work vary dependent on culture and location and advice should be sought. Child labor transition programs should enable the child to attend and remain in quality education and ensure they get appropriate support in the transition to adulthood.</td>
</tr>
<tr>
<td>Community development</td>
<td>Organizations working with governments and the communities in which they operate, along with other relevant organizations to improve the educational, cultural, economic, social and environmental well being of those communities.</td>
</tr>
<tr>
<td>Conflicts of interest</td>
<td>Lack of accountability and transparency about the objectives of an individual or organization in other circumstances or roles that could lead to inappropriate decisions being made. Unlawful acts or the threat of them, leading to a negative affect on people’s quality of life, such as reducing people’s ability to go out or live without intimidation.</td>
</tr>
<tr>
<td>Crime, fear of crime</td>
<td>Deduction of wages as punishment should not be permitted in sustainably managed organizations. The payment to Directors and other senior employees of salary, bonuses, compensation and other payments out of keeping with organizational performance or misaligned to remuneration of the full range of employees. This can have a destabilizing effect on the workforce and other stakeholders, such as investors. Ensuring equal opportunities for all in an organization without unfair restrictions or barriers. Good practice in this area minimizes workplace harassment, improves understanding between people, and helps an organization ‘fit’ into its surroundings, matching its workforce and supplier mix to that of the locale.</td>
</tr>
<tr>
<td>Deduction of wages</td>
<td></td>
</tr>
<tr>
<td>Directors’ pay and unfair remuneration</td>
<td></td>
</tr>
<tr>
<td>Diversity &amp; opportunity</td>
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**Education for all/lifelong learning**

Enabling people to adapt and update their skills. An educated workforce is a vital part of a successful economy. This also contributes to general social well-being.

**Employee development**

The provision of training and other opportunities for employees to improve their capabilities to benefit the individual, the organization and society.

Lack of work for economically available people that can lead to demotivation, deprivation and social exclusion and can waste human resources. There is generally a net loss to the community from people who have lost the motivation or skills required to return to work.

**Unemployment**

Ensuring that advertising, public relations, marketing and other forms of communication reflect sustainability ethics and values.

Trade, especially involving small-scale producers, that does not put the producers at a disadvantage and ensures they receive a reasonable price for their products and can work in decent, healthy conditions. This must adequately cover all costs for sustainable production and provides them with enough income to develop their working conditions and business.

**Ethics in communication**

Any pattern of working which is different from a standard, traditional nine to five, 48 week per year, worked on an employer's premises. The huge variety of options include: shift work; working part-time; job share; home/teleworking; flexitime; school hours; term-time work; and many other possibilities.

**Fair trade**

The right of workers to join or form trade unions, of their own choosing and to bargain collectively for the protection of their interests. Where such rights are restricted under law, parallel means to facilitate such practices should be implemented.

**Flexible Working**

Ensuring no use or support of practices resulting in forced or bonded labor, or in any form of involuntary servitude.

**Freedom of association and the right to collective bargaining**

Preventing people from being harmed by work or becoming ill by taking the right precautions - and providing a satisfactory working environment.

**Health & Safety at work**

People without regular accommodation. A sustainable society will reduce the instability arising from temporary accommodation and homelessness.

The organization will recognize and afford protection to the intellectual and property rights of both individuals and communities. The organization will respect, in accordance with appropriate jurisdictions and laws, the rights of indigenous peoples.
Involvement in countries with records of human rights abuses
Supporting regimes that have poor human rights records may help sustain the practices. Such abuse is contrary to the International Declaration on Human Rights.

Living wage/Fair pay
Everyone, without discrimination, has the right to equal pay for equal work. Organizations will ensure that worker remuneration meets legal or industry standards, which ever is highest, as a minimum to ensure their basic needs are met. All workers shall be provided with written and understandable information with respect to their wages and terms of employment.

Partnerships
Working in cooperation with other organizations or individuals for mutual and wider benefits.

Philanthropy
Donations, involvement and partnerships with civil society, especially with those without commercial sources of income. Where people lack the means to meet their basic needs.

Poverty
Poverty threatens life and an individual’s opportunity to contribute to the social and economic life of their community.

Regeneration and Rebuilding communities
Poverty and social marginalization of people in deprived areas should be addressed to build communities to create jobs, fight crime, improve health, provide better and more affordable housing, educate people better, and improve local surroundings.

Repatriation of profit
Where an organization makes a profit abroad, it should achieve a fair balance of investment in the host country with repatriating business returns.

Reputation
The perception of key stakeholders such as investors can be crucial to the success of a product or organizational strategy.

Social and community enterprise
Providing local services and bringing people together are crucial to molding a sustainable society; enterprises take many forms, including community groups helping old people, time banks and other local exchange systems, and community businesses such as selling recycled furniture.

Supplier chain issues
Organizational responsibility for its indirect impacts of the suppliers, sub-contractors and vendors that are used.

Working conditions
Provision for all of just and decent working conditions and a safe and hygienic working environment to protect human health. Accidents and risks of injury to health from hazards inherent to the workplace are to be avoided.

Working hours
Organizations should ensure that work schedules are reasonable, such that workers are not required to work in excess of 48 hours a week on a regular basis (In Europe). The organization should ensure that workers have sufficient rest and relaxation, including reasonable constraints on working hours and periods of paid holiday.
Work-life balance ensures that everyone, regardless of age, race or gender or other needs can combine work with their other responsibilities or aspirations. Sustainable organizations are open to adjusting working patterns and providing flexibility in employment practices. This can help to increase productivity, attract the skilled, experienced and motivated staff needed and to retain them in a competitive market place.

APPENDIX 2

Social Indicators

Labor Practices and Decent Work

Employment

LA1. Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.

LA2. Net employment creation and average turnover segmented by region/country.

LA12. Employee benefits beyond those legally mandated. (e.g., contributions to health care, disability, maternity, education, and retirement).

Labor/Management Relations

LA3. Percentage of employees represented by independent trade union organizations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.

LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization’s operations (e.g., restructuring).

LA13. Provision for formal worker representation in decision-making or management, including corporate governance.

Health and Safety

LA5. Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.

LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).

LA8. Description of policies or programs (for the workplace and beyond) on HIV/AIDS.


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LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.

**Training and Education**

LA9. Average hours of training per year per employee by category of employee. (e.g., senior management, middle management, professional, technical, administrative, production, and maintenance).

LA16. Description of programs to support the continued employability of employees and to manage career endings.

LA17. Specific policies and programs for skills management or for lifelong learning.

**Diversity and Opportunity**

LA10. Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring. Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination.

LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.

**Human Rights**

**Strategy and Management**

HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.

HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.

HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring. “Human rights performance” refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.

HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations. Include type of training, number of employees trained, and average training duration.

**Training and Education**

LA9. Average hours of training per year per employee by category of employee. (e.g., senior management, middle management, professional, technical, administrative, production, and maintenance).

LA16. Description of programs to support the continued employability of employees and to manage career endings.
LA17. Specific policies and programs for skills management or for lifelong learning.

**Diversity and Opportunity**

LA10. Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring. Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination.

LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.

**Strategy and Management**

HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.

HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.

HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring. “Human rights performance” refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.

HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations. Include type of training, number of employees trained, and average training duration.

**Non-discrimination**

HR4. Description of global policy and procedures/programs preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.

**Freedom of Association and Collective Bargaining**

HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programs to address this issue.

**Child Labor**

HR6. Description of policy excluding child labor as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring.

**Forced and Compulsory Labor**

HR7. Description of policy to prevent forced and compulsory labor and extent to which this policy is visibly stated and applied as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring. See ILO Convention No. 29, Article 2.
Disciplinary Practices

HR9. Description of appeal practices, including, but not limited to, human rights issues. Describe the representation and appeals process.

HR10. Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).

Security Practices

HR11. Human rights training for security personnel. Include type of training, number of persons trained, and average training duration.

Indigenous Rights

HR12. Description of policies, guidelines, and procedures to address the needs of indigenous people. This includes indigenous people in the workforce and in communities where the organization currently operates or intends to operate.

HR13. Description of jointly managed community grievance mechanisms/authority.

HR14. Share of operating revenues from the area of operations that are redistributed to local communities.

SOCIETY

Community

SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring. Include explanation of procedures for identifying and engaging in dialogue with community stakeholders.

SO4. Awards received relevant to social, ethical, and environmental performance.

Bribery and Corruption

SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption. Include a description of how the organization meets the requirements of the OECD Convention on Combating Bribery.

Political Contributions

SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions. SO5. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.

Competition and Pricing

SO6. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.

SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior.
**Product Responsibility**

**Customer Health and Safety**

PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring. Explain rationale for any use of multiple standards in marketing and sales of products.

PR4. Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.

PR5. Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.

PR6. Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received. Include explanation of the process and criteria involved.

**Products and Services**

PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labeling.

PR7. Number and type of instances of non-compliance with regulations concerning product information and labeling, including any penalties or fines assessed for these breaches.

PR8. Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.

**Advertising**

PR9. Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising. Identify geographic areas covered by policy.

PR10. Number and types of breaches of advertising and marketing regulations.

**Respect for Privacy**

PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy. Identify geographic areas covered by policy.

PR11. Number of substantiated complaints regarding breaches of consumer privacy.