Comparison of S-LCA with other social management tools

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1 Why this comparison?

2 S-LCA and other social management tools

4 Results, and conclusions
1 Why this comparison
Motivation for this comparison

- NOT: to arrive at a final recommendation that determines “the perfect approach”
- But to characterise and think through some methods that address social aspects of products, in a sustainability context
- When to use which? / strengths, shortcomings / …
- Relation to S-LCA
Comparison of S-LCA with other social management tools

2 S-LCA and other social management tools
S-LCA and other social management tools

The following approaches are considered:

• Fair trade label(s)
• Codes of Conduct, Global Compact
• Management Systems (ISO 26000 and others)
• Corporate Social Responsibility (CSR)
• S-LCA
Fair trade labels

- Goals:
  - Improve trade conditions between developing and developed / industrialised countries
  - Improve social conditions of workers and producers
  - Establish long term, sustainable conditions between trade / retailers and producers
  - Products that are certified as “fair trade” need to fulfil certain criteria, and are then awarded a label that is shown on the product
Fair trade labels, 2

- Topics that are checked can be quite broad: Topics addressed according to the Fairtrade Labelling Organizations International (FLO)

<table>
<thead>
<tr>
<th>ÖKOLOGIE</th>
<th>ÖKONOMIE</th>
<th>SOZIALES</th>
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<tbody>
<tr>
<td>Liste verbotener Substanzen</td>
<td>Beratung</td>
<td>Arbeitsbedingungen</td>
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<td>Umweltschonender Anbau</td>
<td>Stabile Mindestpreise</td>
<td>Gemeinschaftsprojekte</td>
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<td>Förderung des Bio-Anbaus</td>
<td>Fairtrade-Prämie</td>
<td>Versammlungsfreiheit</td>
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<tr>
<td>Verbot gentechnisch veränderter Organismen</td>
<td>Langfristige Handelsbeziehungen</td>
<td>Diskriminierungsverbot</td>
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<tr>
<td>Bioaufschlag</td>
<td>Vorfinanzierung</td>
<td>Keine illegale Kinderarbeit</td>
</tr>
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</table>
Fair trade labels, 3

- **BUT**: Focus of fair trade label is to improve the trade and production situation
- Often used for agricultural products (coffee, honey, …)
Fair trade labels, evaluation

- Useful for products with bad working conditions and low payment of producers
- These problems can be addressed effectively by fair trade labels: Better payment & production conditions $\rightarrow$ also better health.. of workers
- Other social aspects barely addressed
- S-LCA studies can be a basis to establish meaningful criteria for a label
Codes of Conduct, UN Global Compact

- Codes of Conduct: Literally: Provide guidance for “how to behave” as a business
- In recent years established by quite many organisations
- UN Global Compact is one example for a Code of Conduct
  - Driven by UN, global initiative (www.unglobalcompact.org)
  - 10 principles
Global Compact, 10 principles

Human Rights
**Principle 1**: Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2**: make sure that they are not complicit in human rights abuses.

Labour
**Principle 3**: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
**Principle 4**: the elimination of all forms of forced and compulsory labour;
**Principle 5**: the effective abolition of child labour; and
**Principle 6**: the elimination of discrimination in respect of employment and occupation.

Environment
**Principle 7**: Businesses should support a precautionary approach to environmental challenges;
**Principle 8**: undertake initiatives to promote greater environmental responsibility; and
**Principle 9**: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
**Principle 10**: Businesses should work against corruption in all its forms, including extortion and bribery.
Global Compact, practical

- Companies and organisations can join the Global Conduct, and pay a fee (depending on annual revenues)
- Self-declaration of companies, emphasis is on working towards implementation of the ten principles
- Annual public report
- “Integrity Measures”: if self-declaration is challenged, in writing, company has two months to reply
Global Compact

The UN Global Compact’s Blueprint for Corporate Sustainability Leadership provides a much-needed roadmap for all companies to step-up their work and achieve the next level of sustainability performance.”
—H.E. Ban Ki-moon, UN Secretary-General
Global Compact, evaluation

- Codes are quite often minimal “standards” that are anyhow required by law
- Self-declaration of companies → cases where reported information is not correct
- Effective only if combined with external, independent monitoring and control of the reported information
- Principles, codes are a small set and should address the relevant aspects → S-LCA can also here help to identify these
Management systems

- (ISO 9000, ISO 14000, ….)
- General aim: Provide a systematic approach for business management or stakeholders, in a specific topic
- For social topics: ISO 26000, SA 8000 (and others)
Management systems, SA 8000

- Based on conventions of the International Labour Organisation, ILO
- Developed in the USA by Social Accountability International (SAI), as a „standard“, in 1997
- General aim is to improve working conditions
- Products can be certified according to this standard
Management systems, SA 8000

- Criteria considered include:
  - Child work,
  - Forced labour,
  - Health and safety,
  - Union rights,
  - Discrimination,
  - Working time,
  - Payment, and
  - Management system of the company
Management systems, SA 8000: evaluation

- Criteria are similar to a Code of Conduct, and
- Address only the stakeholder worker, but
- Criteria are clearly defined
- Criteria are evaluated by external independent auditors
- For all companies, the same criteria are applied, independent from local conditions
- Criteria are a fix set and cannot be modified
- Use of SA 8000 is effective if social impacts are mainly caused by the criteria used in SA8000
Management systems, ISO 26000

• ISO standard, developed in an international multi-stakeholder approach, released 2010
• Aim is to help organisations to contribute to sustainable development
• 7 core topics
  • Organisational governance
  • Human rights
  • Working practices
  • Environment
  • Fair business practices
  • Consumer concerns
  • Integration into society and contribution to its development
### Comparison of S-LCA with other social management tools

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<table>
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<tr>
<th>Core subjects and issues</th>
<th>addressed in sub-clause</th>
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<tbody>
<tr>
<td>Core subject: Organizational governance</td>
<td>6.2</td>
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<tr>
<td>Core subject: Human rights</td>
<td>6.3</td>
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<tr>
<td>Issue 1: Due diligence</td>
<td>6.3.3</td>
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<td>Issue 2: Human rights risk situations</td>
<td>6.3.4</td>
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<td>Issue 3: Avoidance of complicity</td>
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<td>Issue 4: Resolving grievances</td>
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<td>Issue 6: Civil and political rights</td>
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<td>Issue 7: Economic, social and cultural rights</td>
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<td>Issue 8: Fundamental rights at work</td>
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<td>Core subject: Labour Practices</td>
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<tr>
<td>Issue 1: Employment and employment relationships</td>
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<tr>
<td>Issue 2: Conditions of work and social protection</td>
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<td>Issue 3: Social dialogue</td>
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<td>Issue 4: Health and safety at work</td>
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<tr>
<td>Issue 5: Human development and training in the workplace</td>
<td>6.5</td>
</tr>
<tr>
<td>Core subject: The environment</td>
<td>6.5.3</td>
</tr>
<tr>
<td>Issue 1: Prevention of pollution</td>
<td>6.5.4</td>
</tr>
<tr>
<td>Issue 2: Sustainable resource use</td>
<td>6.5.5</td>
</tr>
<tr>
<td>Issue 3: Climate change mitigation and adaptation</td>
<td>6.5.6</td>
</tr>
<tr>
<td>Issue 4: Protection and restoration of the natural environment</td>
<td>6.5.7</td>
</tr>
<tr>
<td>Core subject: Fair operating practices</td>
<td>6.6</td>
</tr>
<tr>
<td>Issue 1: Anti-corruption</td>
<td>6.6.3</td>
</tr>
</tbody>
</table>

*(core subjects with issues, ISO 26000)*
Management systems, ISO 26000: Evaluation

- Due to the topics / subjects, ISO 26000 addresses the stakeholder groups workers, value chain actors, consumers, local community of an organisation
- Only general guidelines → effects can be hardly evaluated
Corporate Social Responsibility, CSR

- CSR: Voluntary commitment of companies to contribute to sustainable development, exceeding legal requirements
- Quite a broad concept: All approaches presented so far can also be seen as CSR approaches
- Usual distinction:
  - Inner responsibility: Company
  - Medium responsibility: Supply chain of the company
  - External responsibility: Not related to supply chain, society as a whole
Corporate Social Responsibility, CSR, evaluation

- Quite a broad concept: In principle, CSR activities can help address relevant impacts, for different stakeholders

But / and

- Quite a broad concept: Quite often activities that are not related to the business activity of the company; often strong link to marketing

→ Effects are difficult to evaluate (and will vary)
→ Reputation of CSR activities may also vary
3 Comparison results
Aim of the approach

- **S-LCA**: comprehensive, science-based assessment of social impacts related to products, along their entire life cycle; identification of hot spots in the life cycle
- **Fair trade**: Improvement of conditions for workers and producers
- **Code of Conduct**: Closing existing legal gaps especially related to working conditions and environment
- **SA8000 / ISO 26000**: Improvement of working conditions / integration of social considerations into management
- **CSR**: A company behaves socially more responsible, on a voluntary basis
Scope: What is assessed

- **S-LCA**: Full life cycle of a product, all relevant stakeholders
- **Fair trade**: One supply chain for one specific product, mainly workers as stakeholders
- **Code of Conduct**: One enterprise / company, mainly workers as stakeholders
- **SA8000 / ISO 26000**: One organisation; SA8000: only working conditions, ISO 26000: Also other stakeholders
- **CSR**: Varying; often independent from the company and its products
Effect: How far does the application of the approach improve the social conditions overall?

- **S-LCA**: Low – very high
- **Fair trade**: Medium
- **Code of Conduct**: Low – medium (lack of control)
- **SA8000 / ISO 26000**: Medium / high (lack of control, not all stakeholders and not full life cycle addressed)
- **CSR**: Low – high
Flexibility

- **S-LCA**: Very flexible (indicators, stakeholders)
- **Fair trade**: Specific requirements that need to be met
- **Code of Conduct**: Rules can be freely formulated; often vague
- **SA8000 / ISO 26000**: Inflexible, fix / very flexible
- **CSR**: Very flexible, defined by the company
When to use which approach: Suggestions

• **S-LCA:**
  a) Hotspots of the product are not (fully) known and are assumed in several parts of the life cycle, for different stakeholders
  b) Comprehensive comparison of products

• **Fair trade:** Hot spots are known and exist only for one stakeholder (worker/producer)

• **Code of Conduct:** Hot spots are known and can be tackled with simple rules

• **SA8000 / ISO 26000:** Sustainability management of an organisation

• **CSR:** Improving the relation between a company and its stakeholders
Thank you!

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