GreenDELTa TC
sustainability consulting + software

Comparison of S-LCA
with other social management tools

Andreas Ciroth, Juliane Franze

GreenDeltaTC Berlin

May 25, 2012

GreenDeLTaᵀᶜ

Comparison of S-LCA
with other social management tools

1 Why this comparison?

2 S-LCA and other social management tools

4 Results, and conclusions

1 Why this comparison

GreenDeLTaᵀᶜ

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

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)

ÖKOLOGIE	ÖKONOMIE	SOZIALES
Liste verbotener Substanzen	Beratung	Arbeitsbedingungen
Umweltschonender Anbau	Stabile Mindestpreise	Gemeinschaftsprojekte
Förderung des Bio-Anbaus	Fairtrade-Prämie	Versammlungsfreiheit
Verbot gentechnisch veränderter Organismen	Langfristige Handelsbeziehungen	Diskriminierungsverbot
Bioaufschlag	Vorfinanzierung	Keine illegale Kinderarbeit

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 → 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

Core subjects and issues	addressed in sub-clause
Core subject: Organizational governance	6.2
Core subject: Human rights	6.3
Issue 1: Due diligence	6.3.3
Issue 2: Human rights risk situations	6.3.4
Issue 3: Avoidance of complicity	6.3.5
Issue 4: Resolving grievances	6.3.6
Issue 5: Discrimination and vulnerable groups	6.3.7
Issue 6: Civil and political rights	6.3.8
Issue 7: Economic, social and cultural rights	6.3.9
Issue 8: Fundamental rights at work	6.3.10
Core subject: Labour Practices	6.4
Issue 1: Employment and employment relationships	6.4.3
Issue 2: Conditions of work and social protection	6.4.4
Issue 3: Social dialogue	6.4.5
Issue 4: Health and safety at work	6.4.6
Issue 5: Human development and training in the workplace	6.5
Core subject: The environment	6.5.3
Issue 1: Prevention of pollution	6.5.4
Issue 2: Sustainable resource use	6.5.5
Issue 3: Climate change mitigation and adaptation	6.5.6
Issue 4: Protection and restoration of the natural environment	6.5.7
Core subject: Fair operating practices	6.6
Issue 1: Anti–corruption	6.6.3

(core subjetcs 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

greenDeLTa TC

sustainability consulting + software

Thank you!

Contact: Dr. Andreas Ciroth

                  GreenDeltaTC GmbH

                  Raumerstrasse 7, 10437 Berlin, Germany

                  ciroth@greendeltatc.com

                  www.greendeltatc.com