

ROUNDTABLE FOR SOCIAL METRICS: AN INDUSTRY LED INITIATIVE TO HARMONIZE APPROACHES AND IMPROVE SOCIAL SUSTAINABILITY

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ABSTRACT

Seven Companies who were all working on the development of their own methodology for the assessment of social impacts of products got together under a round table initiative from the authors. This has led to the development of a joined but modular approach, allowing companies to adjust the proposed assessment method to their needs. The main achievements are the alignment on common principles, the development of an overall framework and the alignment of social topics and indicators.

INTRODUCTION

Pro-active companies are setting frameworks and developing programs to measure and manage social sustainability at product level both as a driver for innovation as well to mitigate risks. Ultimately this is an opportunity for companies to differentiate as it enables them to improve peoples' lives while doing good businesses with responsible products. At the same time, the pressure on companies for transparency and consistency grows as different stakeholder groups are increasingly questioning the social impacts associated with goods and services. There is therefore an increasing need for companies to improve their internal assessment systems and programs.

While tools are being developed and research continues to support the frontrunners on organizational social sustainability, workable solutions on product level have not yet been sufficiently addressed. Triggered by practical dilemmas, a group of experts from large companies including DSM, Philips, Goodyear, BASF, Ahold, Reckitt Benckiser and one automotive company have decided to join forces initiating the Roundtable for Social Metrics. This working group started in 2012 aiming at i) consolidating principles for product social sustainability assessment and harmonizing approaches, ii) aligning with other global initiatives and sharing with other companies and iii) developing solutions for cross-cutting implementation issues.

METHODS

Companies have been invited to join the Roundtable. The work at the Roundtable is developed based on participants' experiences, global standards and external references.

Furthermore the Roundtable for Social Metrics is based on stakeholder engagement and literature review, i.e. following a bottom-up and top-down approach.

An important starting point has been the alignment of the guiding principles for social assessment, as these provide a basis for decisions and guidance in the method development:

- Guidance for product social sustainability needs to focus on the feasibility for the companies, allowing businesses to apply and develop it organically, as well as to improve performance based on an aligned and transparent methodology. (New applicability principle)
- The guidance should support companies to implement product social sustainability and to conduct social life cycle impact assessment in a harmonized way, thus also allowing B2B communication. (New application principle)
- The sustainability manager should identify homogenous group of internal and/or external stakeholders that are affected positively and negatively by the product along its life cycle. . (Adapted from the stakeholder inclusiveness principle of GRI (GRI, 2011))
- The social topics and performance indicators should reflect positive and negative impacts of the product to enable a reasoned assessment of overall performance. (Adapted from the balance principle of the GRI (GRI, 2011))
- The assessment should include the three stakeholder groups: employees, consumers and local communities. In addition, the impact assessment should not be conducted in a way that one stakeholder group is overweighed at the expense of the others. (New stakeholder balance principle)
- Impact assessment should make efficient use of human and financial resources (e.g. by applying a limited, but effective set of indicators) and should have a realistic approach to assessment. (Adapted from the practical focus principle of ISEAL (ISEAL, 2010))
- Data collected to support the assessment should be gathered, recorded, compiled, and eventually disclosed in case of subjective examination in a way that establishes the quality and the relevance of the information. (Adapted from the reliability principle of GRI (GRI, 2011))
- Data should be recorded and the impact assessment should be documented in a way that the assessment can be reproduced within the organization. (New reproducibility principle)
- Information should be made available in a manner that is understandable and accessible to users of the assessment report. (Adapted from the clarity principle of ISEAL (ISEAL, 2010))
- Evaluations and impact assessments should be consistent and credible, allowing for their use by stakeholders to show the contribution of a product towards social well-being. (Adapted from the quality principle of ISEAL (ISEAL, 2010))
- Assessment reports should be relevant, accurate, concise and engaging. (Adapted from the effective communication principle of ISEAL (ISEAL, 2010))

To arrive at such a generic methodology is important to understand the different types of assessment methods used by the Roundtable participants. This not only provides context for the group in order to understand different levels of maturity and cultural approaches, but also

served as building blocks from which to synergise a generic; the figure below provides an overview of the steps.

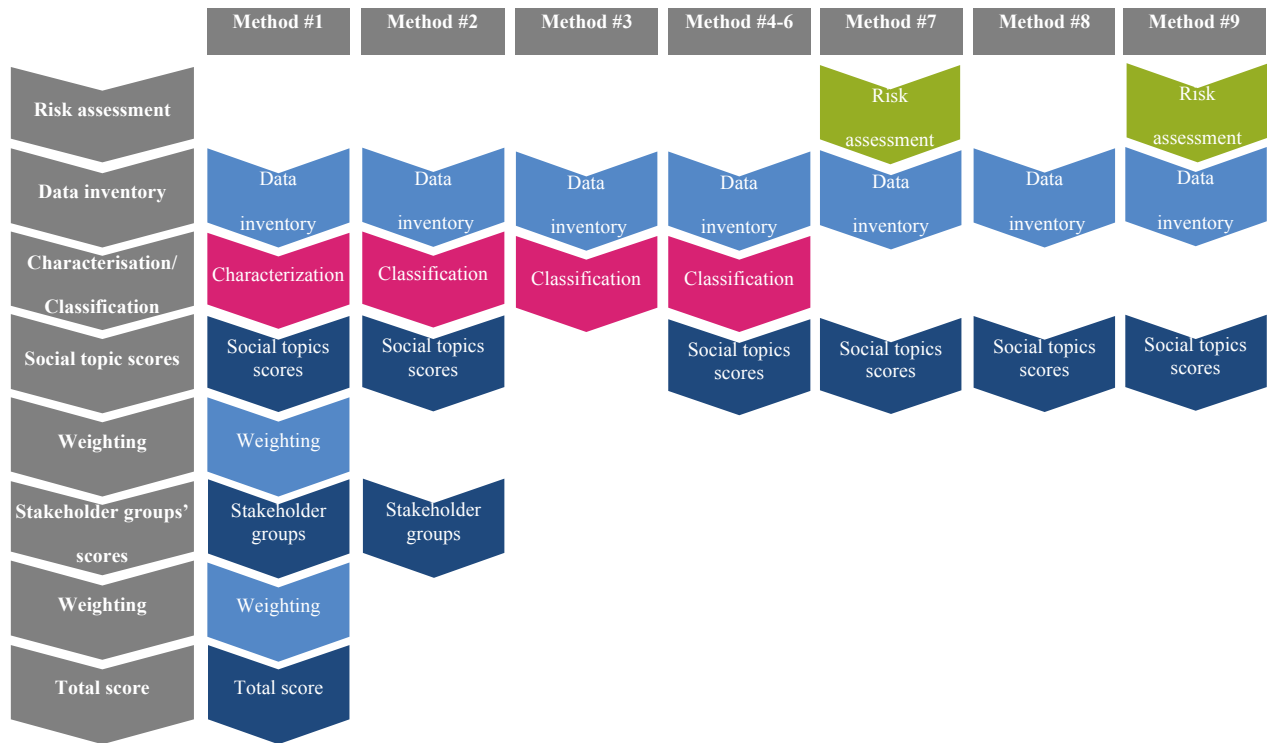


Figure 1: overview of the methodologies used or developed by the member companies.

We identified some other important overarching differences. Some use then methods in a purely quantitative way, some use 5 or three point scales. We also found differences in the normative reference. Some set their own level on what is an acceptable impact, some base the reference on more objective sources like international agreements on working and living.

Interestingly enough there important similarities between company methodologies. An important similarity was the selection of stakeholder groups and topics. We found that three stakeholder groups employees, local communities and consumers cover what most companies need. We analyzed and gathered the social topics used by companies and in external references and we found no less than 110 different social topics, but after eliminating very similar and highly overlapping topics together with the roundtable participants we reduced the number to 20 social topics.

The data inventory has the form of collecting information on predefined social indicators. Initially we identified around 500 indicators that were used by the companies and in literature, but also here many overlaps occur. We developed a procedure with the members to streamline and combine indicators, as this high number is quite unworkable. Having so many indicators and topics also introduces the risk that important issues get drowned among the many not so relevant indicators or topics. The criteria for selecting and adjusting topics we agreed upon, also taking note of the UNEP SETAC, and some other standards are:

- Not overlapping; Each indicator stands alone and no two indicators should cover the same information.

- Non sector specific; The indicator is relevant for all sectors.
- Practicality; Data is currently available from public or private databases, or relatively easy to be obtained.
- Risk oriented; Omission represents a high reputational risk.
- Preferably on product level; The indicator expresses the performance of the product. Otherwise allocation from corporate data to the product level needs to be possible.
- Balanced; The complete set of performance indicators should reflect positive and negative impacts of the product to enable a reasoned assessment of overall performance.
- Completeness; The indicators are complementary to the definition, i.e. all together the set of indicators cover all aspects of the definition.

DISCUSSION AND CONCLUSIONS

The emphasis of this roundtable so far is on getting alignment between the methods used by the members and the available handbooks and procedures already published. The next key challenge is to get the input from stakeholders. The first step is a comment (not really review) round by experts from important international organizations. After this a new project phase will start focusing on intensive stakeholder communication and understanding the level of acceptance by society, and what can be done to increase the level of acceptance..

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