Product Responsibility

Performance Indicators

Aspect: Customer Health and Safety

CORE **PR1** Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

ADD **PR2** Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.

Aspect: Product and Service Labeling

CORE **PR3** Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

ADD **PR4** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

ADD **PR5** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

Aspect: Marketing Communications

CORE **PR6** Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

ADD **PR7** Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

Aspect: Customer Privacy

ADD **PR8** Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

Aspect: Compliance

CORE **PR9** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Relevance

The Product Responsibility Indicator set addresses the effects of products and services management on customers and users. Organizations are expected to exercise due care in the design of their products and services to ensure they are fit for their intended use and do not pose unintended hazards to health and safety. In addition, communications related to both products and services and users need to take into consideration the information needs of customers and their rights to privacy. The Indicators are primarily structured in pairs, with a Core Indicator seeking disclosure on the processes in place to address the aspect, and an additional Indicator to report on degree of compliance.

Definitions

Type of non-compliance

Court judgment on failure to act in accordance with regulations or laws, categorized by the nature of the laws or regulations breached.

Product and service information/labeling

Information and labeling are used synonymously and describe communication delivered with the product or service describing its characteristics.

Customer privacy

The right of the customer to privacy and personal refuge, including matters such as the protection of data, the use of information/data only for its original intended purpose (unless specifically agreed otherwise), the obligation to observe confidentiality, and protection from misuse or theft. A customer is understood to include end-customers (consumer) as well as business-to-business customers.

Marketing communication

The combination of strategies, systems, methods, and activities used by an organization to promote its reputation, brands, products, and services to target audiences. Marketing communications can include activities such as advertising, personal selling, promotion, public relations, and sponsorship.

General References

- OECD Guidelines for Multinational Enterprises, Revision 2000.

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PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

1. Relevance

This measure helps to identify the existence and scope of systematic efforts to address health and safety across the life cycle of a product and/or service. Customers expect products and services to perform their intended functions satisfactorily, and not pose a risk to health and safety. This responsibility is not only subject to laws and regulations, but is also addressed in voluntary codes such as the OECD Guidelines for Multinational Enterprises.

Efforts made to protect the health and safety of those who use or deliver the product/service have direct impacts on an organization's reputation, the organization's legal and financial risk due to recall, market differentiation in relation to quality, and employee motivation.

2. Compilation

2.1 In each of the following life cycle stages, report whether the health and safety impacts of products and services are assessed for improvement:

	yes	no
Development of product concept		
R & D		
Certification		
Manufacturing and production		
Marketing and promotion		
Storage distribution and supply		
Use and service		
Disposal, reuse, or recycling		

2.2 Report the percentage of significant product or service categories that are covered by and assessed for compliance with such procedures.

3. Definitions

None

4. Documentation

Potential information sources include the reporting organization's legal and sales departments as well as the documentation collected through quality management systems.

5. References

- OECD Guidelines for Multinational Enterprises, Revision 2000.

PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.

1. Relevance

Protection of health and safety is a recognized goal of many national and international regulations. Failing to comply with legal requirements indicates either inadequate internal management systems and procedures, or lack of implementation. In addition to direct financial consequences, ongoing compliance failure poses increased financial risk due to damage to both reputation and employee motivation. For an organization, the number of incidents of non-compliance should remain as low as possible. The trends revealed by this Indicator will indicate improvements or deterioration in the effectiveness of internal controls.

2. Compilation

2.1 This Indicator addresses the life cycle of the product or service once it is available for use and therefore subject to regulations concerning the health and safety of products and services.

2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.

2.3 Identify the total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety of products and services during the reporting period.

2.4 This Indicator refers to incidents of non-compliance within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.

2.5 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.

2.6 Report the total number of incidents of non-compliance with the health and safety of products and services, broken down by:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations resulting in a warning; and
- Incidents of non-compliance with voluntary codes.

3. Definitions

None.

4. Documentation

Potential information sources include the reporting organization's legal and R&D departments as well as documentation collected through quality management systems.

5. References

None.

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PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

1. Relevance

Accessible and adequate information on the sustainability impacts of products and services (positive and negative) is necessary for customers and end users to make informed purchasing choices, and for these preferences to be reflected in the market. Providing appropriate information and labeling with respect to sustainability impacts is directly linked to compliance with certain types of regulations and codes (such as national laws or the OECD Guidelines for Multinational Enterprises) and, potentially, with strategies for brand and market differentiation. This measure provides an indication of the degree to which information and labeling addresses a product's or a service's impact on sustainability.

2. Compilation

2.1 Report whether the following product and service information is required by the organization's procedures for product and service information and labeling:

	yes	no
The sourcing of components of the product or service		
Content, particularly with regard to substances that might produce an environmental or social impact		
Safe use of the product or service		
Disposal of the product and environmental/social impacts		
Other (explain)		

2.2 Report the percentage of significant product or service categories covered by and assessed for compliance with such procedures.

3. Definitions

None.

4. Documentation

Potential information sources include legal and sales departments and the documentation collected through quality management systems.

5. References

- OECD Guidelines for Multinational Enterprises, Revision 2000.

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

1. Relevance

The display and provision of information and labeling for products and services are subject to many regulations and laws. Non-compliance indicates either inadequate internal management systems and procedures or ineffective implementation. In addition to direct financial consequences, such as penalties and fines, non-compliance poses a risk to reputation and customer loyalty and satisfaction. An organization's incidents of non-compliance should remain as low as possible. The trends revealed by this Indicator can indicate improvements or deterioration in the effectiveness of internal controls.

2. Compilation

2.1 This Indicator refers to incidents of non-compliance decided within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.

2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.

2.3 Identify the total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period.

2.4 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.

2.5 Report the total number of incidents of non-compliance with regulations concerning product and service information and labeling, broken down by:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations resulting in a warning; and
- Incidents of non-compliance with voluntary codes.

3. Definitions

None.

4. Documentation

Potential information sources include the reporting organization's legal and technical departments as well as documentation collected through quality management systems.

5. References

None.

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PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

1. Relevance

Customer satisfaction is one measure of an organization's sensitivity to its customers' needs and, from an organizational perspective, is essential for long-term success. In the context of sustainability, customer satisfaction provides insight into how the organization approaches its relationship with one stakeholder group (customers). It can also be used in combination with other sustainability measures. Used in combination, customer satisfaction can provide insights into the degree to which an organization considers the needs of other stakeholders.

2. Compilation

2.1 Report on organization-wide practices in place to assess and maintain customer satisfaction, such as:

- Frequency of measuring customer satisfaction;
- Standard requirements regarding

  methodologies of surveys; and
- Mechanisms for customers to provide feedback.

2.2 Report the results or key conclusions of surveys (based on statistically relevant sample sizes) conducted in the reporting period that were related to information about:

- The organization as a whole;
- A major product/service category; or
- Significant locations of operation.

2.3 For any survey results reported, identify the product/service category or locations of operations to which they apply.

3. Definitions

None.

4. Documentation

Potential information sources include the reporting organization's customer relations and R&D departments.

5. References

None.

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

1. Relevance

Marketing communications are designed to influence opinions and purchasing decisions. Marketing communications that do not conform to generally accepted ethical or cultural standards, privacy intrusion, dual standards, or attempts to influence vulnerable audiences such as children, can be a significant issue for stakeholders, as shown by the growth of consumer activism. Marketing approaches that are seen as inappropriate can incur risks for organizations, including alienation of customers and other stakeholders, damage to reputation, financial costs, and legislative action.

In addition to frameworks of national or international law, voluntary and self-regulatory codes (such as the ICC International Code of Advertising Practice or the OECD Guidelines for Multinational Enterprises) seek to express concepts of responsibility in marketing communications. The adoption of such self-disciplinary codes or rules can assist organizations in ensuring that their marketing communications practices conform to generally accepted standards.

2. Compilation

2.1 Report any codes or voluntary standards relating to marketing communications applied across the organization.

2.2 Report the frequency with which the organization reviews its compliance with these standards or codes.

2.3 Report whether the organization sells products that are:

- Banned in certain markets; or
- The subject of stakeholder questions or public debate.

2.4 Report how the organization has responded to questions or concerns regarding these products.

3. Definitions

None.

4. Documentation

Potential information sources include the reporting organization's legal, sales, and marketing departments.

5. References

- International Chamber of Commerce recommendations (i.e., the ICC International Code of Advertising Practice) and related codes of conduct.
- OECD Guidelines for Multinational Enterprises, Revision 2000.

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PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

1. Relevance

Non-compliance indicates either inadequate internal management systems and procedures or ineffective implementation. In addition to direct financial consequences such as penalties and fines, non-compliance poses a risk to reputation and customer loyalty and satisfaction. An organization's incidents of non-compliance should remain as low as possible. The trends revealed by this Indicator can indicate improvements or deterioration in the effectiveness of internal controls

2. Compilation

2.1 This Indicator refers to incidents of non-compliance within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.

2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.

2.3 Identify the total number of incidents of non-compliance with regulations concerning marketing communications during the reporting period.

2.4 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.

2.5 Report the total number of incidents of non-compliance with regulations concerning marketing communications, broken down by:

- Incidents of non-compliance with regulations resulting in a fine or penalty;
- Incidents of non-compliance with regulations resulting in a warning; and
- Incidents of non-compliance with voluntary codes.

3. Definitions

None.

4. Documentation

Potential information sources include the reporting organization's legal, sales, and marketing departments.

5. References

None.

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

1. Relevance

Protection of customer privacy is a generally recognized goal in national regulations and organizational policies. Non-compliance indicates either inadequate internal management systems and procedures or ineffective implementation. This Indicator provides an evaluation of the success of management systems and procedures relating to customer privacy protection. In addition to direct financial consequences such as penalties and fines, non-compliance poses a risk to reputation and customer loyalty and satisfaction. An organization's incidents of non-compliance should remain as low as possible. The trends revealed by this Indicator can indicate improvements or deterioration in the effectiveness of internal controls.

2. Compilation

2.1 Identify the total number of complaints regarding breaches of customer privacy during the reporting period.

2.2 If a substantial number of these breaches relate to events in preceding years, this should be indicated.

2.3 Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by:

- Complaints received from outside parties and substantiated by the organization; and
- Complaints from regulatory bodies.

2.4 Report the total number of identified leaks, thefts, or losses of customer data.

2.5 Where the reporting organization has not identified any substantiated complaints, a brief statement to this fact is sufficient.

3. Definitions

Breach of customer privacy

Covers any non-compliance with existing legal regulations and (voluntary) standards of which the reporting organization is a member regarding the protection of customer privacy.

Substantiated complaint

Written statement by regulatory or similar official body addressed to the reporting organization that identifies breaches of customer privacy, or a complaint lodged with the organization that has been recognized as legitimate by the organization.

4. Documentation

Information can be drawn from departments responsible for customer service, public relations, and/or legal concerns.

5. References

None.

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PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

1. Relevance

The level of non-compliance within an organization is an indicator of the ability of management to ensure that operations conform to certain performance parameters. From an economic perspective, ensuring compliance helps to reduce financial risks that occur either directly through fines or indirectly through impacts on reputation. The strength of an organization's compliance record can also affect its ability to expand operations or gain permits.

2. Compilation

2.1 Identify administrative or judicial sanctions levied against the organization for failure to comply with laws or regulations, including international declarations/conventions/ treaties, and national, sub-national, regional, and local regulations concerning the provision and use of the reporting organization's products and services. Relevant information for this Indicator includes but is not limited to data from PR2, PR4, and PR7.

2.2 Report total monetary value of significant fines.

2.3 Where the reporting organization has not identified any non-compliance with laws or regulations, a brief statement to this fact is sufficient.

3. Definitions

None.

4. Documentation

Data sources include audit results or regulatory tracking systems operated by the legal department. Information regarding monetary fines can be found in accounting departments.

5. References

None.