Society

Performance Indicators

Aspect: Community

CORE **S01** Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

Aspect: Corruption

CORE **S02** Percentage and total number of business units analyzed for risks related to corruption.

CORE **S03** Percentage of employees trained in organization's anti-corruption policies and procedures.

CORE **S04** Actions taken in response to incidents of corruption.

Aspect: Public Policy

CORE **S05** Public policy positions and participation in public policy development and lobbying.

ADD **S06** Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

Aspect: Anti-Competitive Behavior

ADD **S07** Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

Aspect: Compliance

CORE **S08** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

Relevance

The categories of Labor, Human Rights, and Product Responsibility address social impacts associated with specific stakeholder groups (such as employees or customers). However, the social impacts of organizations are also linked to interactions with market structures and social institutions that establish the social environment within which stakeholder groups interact. These interactions, as well as the organization's approach to dealing with social groups such as communities, represent an important component of sustainability performance. The Society Performance Indicators therefore focus on the impacts organizations have on the communities in which they operate, and how the organization's interactions with other social institutions are managed and mediated. In particular, information is sought on bribery and corruption, involvement in public policy-making, monopoly practices, and compliance with laws and regulations other than labor and environmental.

Definitions

Corruption

Corruption is 'the abuse of entrusted power for private gain'[1] and can be instigated by individuals in the public or private sector. It is interpreted here to include such corrupt practices as bribery, fraud, extortion, collusion, conflict of interest, and money laundering. In this context, it includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business.[2] This may include gifts other than money, such as free goods and holidays, or special personal services provided for the purpose of, or liable to result in, an improper advantage or that may result in moral pressure to receive such an advantage.

General References

- OECD Guidelines for Multinational Enterprises, Revision 2000.
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.
- OECD Principles of Corporate Governance, 2004.
- Inter-American Convention Against Corruption, 1996.
- United Nations Convention Against Corruption, 2003.

[1] Transparency International
[2] These definitions are based on 'Business Principles for Countering Bribery' which have been developed through a project managed by Transparency International.

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SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

1. Relevance

Organizational operations such as entering, operating, and exiting have a number of significant impacts on the sustainability of a specific area. Indicators in the GRI Framework, such as environmental emissions or economic data, will offer an overall picture of these positive and negative impacts, but may not be able to break them down to the level of individual communities or geographic areas. As such, it is important to have a measure that reflects the approach used by the organization to manage its impacts, both negative and positive, systematically across the range of communities in which it operates.

Stakeholders are interested in the robustness of the approach the organization applies to managing the impacts it has on a community. Thus, having reliable management systems in place can enhance the brand and reputation of the organization as a potential partner. It also simultaneously strengthens the ability of organizations to maintain existing operations and to initiate new ones.

2. Compilation

2.1 Report whether there are programs in place for assessing the impacts of operations on local communities:

- Prior to entering the community;
- While operating in the community; and
- While making decisions to exit the community.

2.2 Report whether programs or policies define:

- How data is collected for such programs, including by whom; and
- How to select community members (individual or group) from whom information will be gathered.

2.3 Report the number and percentage of operations to which the programs apply.

2.4 Report whether the organization's programs for managing community impacts have been effective in mitigating negative impacts and maximizing positive impacts, including the scale of persons affected.

2.5 Report examples of how feedback and analysis of data on community impacts have informed steps toward further community engagement on the part of the reporting organization.

3. Definitions

Impacts of operations

This refers primarily to social impacts, such as:

- Community health and safety regarding infrastructure, hazardous materials, emissions and discharges, and health and disease;
- Involuntary resettlement, physical and economic displacement and livelihood restoration; and
- Local culture, gender, indigenous peoples, and cultural heritage.

This definition excludes impacts covered by other Indicators, such as EN10 (water sources/habitats affected by water use), EN12 (areas with high biodiversity value), and LA8 (serious diseases). It also excludes voluntary contributions (in-kind and cash) to communities.

4. Documentation

Potential information sources include organizational policies and procedures, results of data collection from community programs, and analysis results of external stakeholder forums, joint community committees, stakeholder reports, and other inputs.

Both internal and external sources and references should be used.

5. References

None.

SO2 Percentage and total number of business units analyzed for risks related to corruption.

1. Relevance

Efforts to manage reputational risks arising from corrupt practices by employees or business partners require a system that has supporting procedures in place. This measure identifies two specific actions for ensuring the effective deployment of the reporting organization's policies and procedures by its own employees and its intermediaries or business partners. Risk analysis is an important and necessary management approach that helps to assess the potential for incidents of corruption within the organization.

2. Compilation

2.1 Identify business units analyzed for organizational risks related to corruption during the reporting period. This refers to either a formal risk assessment focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments.

2.2 Report the total number and percentage of business units analyzed for risks related to corruption.

3. Definitions

None.

4. Documentation

Potential information sources include monitoring reports.

5. References

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.
- OECD Guidelines for Multinational Enterprises, Revision 2000.
- Inter-American Convention Against Corruption, 1996.
- United Nations Convention Against Corruption, 2003.
- Business Principles for Countering Bribery, 2003.

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SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.

1. Relevance

Efforts to manage reputational risks arising from corrupt practices by employees or business partners require a system that has supporting procedures in place. Training is an important element of such a system as it builds internal awareness and capacity necessary to prevent incidents of corruption. This measure reveals the proportion of the organization's employees that can reasonably be assumed to be aware of the anti-corruption issues.

2. Compilation

2.1 Identify the total number of employees, distinguishing between management and non-management employees, using the data from LA1.

2.2 Report separately the percentage of total number of management and non-management employees who have received anti-corruption training during the reporting period.

3. Definitions

None.

4. Documentation

Potential information sources include training records.

5. References

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.
- OECD Guidelines for Multinational Enterprises, Revision 2000.
- Inter-American Convention Against Corruption, 1996.
- United Nations Convention Against Corruption, 2003.
- Business Principles for Countering Bribery, 2003.

SO4 Actions taken in response to incidents of corruption.

1. Relevance

Corruption can be a significant risk to an organization's reputation and business. It is broadly linked to contributing to poverty in transition economies, damage to the environment, abuse of human rights, abuse of democracy, misallocation of investments, and undermining the rule of law. Organizations are increasingly expected by the marketplace, international norms, and stakeholders to demonstrate their adherence to integrity, governance, and good business practices. This Indicator demonstrates specific actions taken to limit exposure to sources of corruption and reduce the risk of new instances of corruption. For stakeholders, there is an interest in both the occurrence of incidents, but also how the organization chooses to respond.

2. Compilation

2.1 Report actions taken in response to incidents of corruption, including:

- The total number of incidents in which employees were dismissed or disciplined for corruption; and
- The total number of incidents when contracts with business partners were not renewed due to violations related to corruption.

2.2 Report any concluded legal cases regarding corrupt practices brought against the reporting organization or its employees during the reporting period and the outcomes of such cases.

3. Definitions

None.

4. Documentation

Potential information sources include legal department records of cases brought against the reporting organization, its employees, business partners, or contractors; minutes of the proceedings of internal disciplinary hearings; and contracts with business partners.

5. References

- United Nations Convention Against Corruption, 2003.
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.
- Inter-American Convention Against Corruption, 1996.
- OECD Guidelines for Multinational Enterprises, Revision 2000.
- Anti-Corruption Instruments and the OECD Guidelines for Multinational Enterprises, 2003.
- Business Principles for Countering Bribery, 2003.

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SO5 Public policy positions and participation in public policy development and lobbying.

1. Relevance

This Indicator provides information that allows organizations to compare public policy positions with formal sustainability policies and objectives. This information provides insight into the extent to which publicly-expressed positions on sustainability are consistently embedded across the organization and aligned across different units. This allows a comparison of organizational priorities (particularly when making comparisons within the same sector) at the same time as the particular policy positions help to clarify the strategic relevance of sustainability issues for the organization. It also helps to provide transparency for lobbying activities for those concerned with the integrity of the practices and potential impacts on stakeholders.

2. Compilation

2.1 Participation refers to efforts where the organization has taken a formal position or activities where participation has been formally recognized. While this could include activities through trade associations, roundtables, task forces, and other forms of lobbying with public policymakers, the disclosure relates to the position of the organization and not that of the bodies in which it is involved.

2.2 Report the significant issues that are the focus of the reporting organization's participation in public policy development and lobbying. This refers to participation at the level of the organization rather than individual operations.

2.3 Report the core positions held on each of the reported issues above and explain any significant differences between lobbying positions and stated policies, sustainability goals, or other public positions.

3. Definitions

Public policy development

Organized or coordinated activities to effect government policy formulation.

Lobbying

Refers to efforts to persuade or influence persons holding political office, or candidates for such office, to sponsor policies, and/or to influence the development of legislation or political decisions. In this Indicator, this can relate to lobbying governments at any level or international institutions.

4. Documentation

Potential information sources include the public policy statements of the reporting organization; internal minutes of government relations committees or departments; statements of positions adopted by the reporting organization in relevant trade associations; and records of interactions with public policy-makers.

5. References

- OECD Guidelines for Multinational Enterprises, Revision 2000.
- OECD Principles of Corporate Governance, 2004.

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

1. Relevance

The purpose of this Indicator is to reflect the scale of the reporters' engagement in political funding and to ensure transparency in political dealings and relationships with the reporting organization. Many countries have legislation that sets limits on official expenditure by parties and political candidates for campaigning purposes.

2. Compilation

2.1 Identify the total monetary value of financial and in-kind contributions committed by the reporting organization during the reporting period to political parties, politicians, and related institutions. The value of in-kind contributions should be estimated.

2.2 Calculate contributions in accordance with national accounting rules (where these exist).

2.3 Report the total monetary value broken down by country for those countries where:

- The organization has major operations and/or sales;
- The organization holds a significant share of the market in comparison to other organizations; or
- The sums contributed are significant compared to the total amount contributed globally.

3. Definitions

Contributions

Contributions can include donations, loans, sponsorships, purchase of tickets for fundraising events, advertising, use of facilities, design and printing, donation of equipment, retainers or jobs for elected politicians or candidates for office, etc.

Related institutions

Any bodies established with the primary purpose of arranging official or unofficial funding support for political parties, their elected representatives, or persons seeking political office. This definition also includes think-tanks, policy organs, trade associations, and other support organizations that are linked to the creation of support for political parties, their representatives, or candidates for office.

4. Documentation

Potential information sources include the accounting records of external payments and public disclosure statements.

5. References

- OECD Guidelines for Multinational Enterprises, Revision 2000.

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SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

1. Relevance

Mergers and acquisitions can affect consumer choice, pricing, and other factors that are essential to efficient markets. Legislation has been introduced in many countries that seeks to control or prevent monopolies, with the underlying assumption that competition between enterprises also promotes economic efficiency and sustainable growth. Legal action indicates a situation in which the market actions or status of the organization have reached a sufficient scale to merit concern by a third party. Legal decisions arising from these situations can carry the risk of significant disruption of market activities for the organization and/or punitive measures.

2. Compilation

2.1 This Indicator pertains to legal actions initiated under national or international laws designed primarily for the purpose of regulating anti-competitive behavior, anti-trust, or monopoly practices.

2.2 Identify legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the reporting organization has been identified as a participant.

2.3 Report the total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices.

2.4 Report the main outcomes of such actions, including any decisions or judgements.

3. Definitions

Anti-competitive behavior

Actions of the reporting organization and/or employees that may result in collusion with potential competitors to fix prices, coordinate bids, create market or output restrictions, impose geographic quotas, or allocate customers, suppliers, geographic areas, and product lines with the purpose of limiting the effects of market competition.

Anti-trust and monopoly practices

Actions of the reporting organization that may result in collusion to erect barriers to entry to the sector, unfair business practices, abuse of market position, cartels, anti-competitive mergers, price-fixing, and other collusive actions which prevent competition.

4. Documentation

Potential information sources include the legal department records and public records.

5. References

- OECD Guidelines for Multinational Enterprises, Revision 2000.

SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

1. Relevance

The level of non-compliance within the organization helps to indicate 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.

Indicators EN28 and PR9 address compliance with specific aspects of law. An organization's overall record of compliance with the range of laws under which it must operate is equally of interest. This Indicator is intended to reflect significant fines and non-monetary sanctions under laws or regulations not covered by EN28 and PR9, such as laws and regulations related to accounting fraud, workplace discrimination, corruption, etc.

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, and.
- Cases brought against the organization through the use of international dispute mechanisms or national dispute mechanisms supervised by government authorities.

2.2 Report significant fines and non-monetary sanctions in terms of:

- Total monetary value of significant fines;
- Number of non-monetary sanctions; and
- Cases brought through dispute resolution mechanisms.

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

2.4 Organizations are encouraged to report fines and non-monetary sanctions in terms of the focus of laws.

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.

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