

## CONSULTATION ON G3 PROJECT

### ORSE contribution

Human Rights (*HR*), Labour (*LA*) and Society (*SO*) Indicators

#### Methodology

As part of the consultation process on the new G3 version of GRI, ORSE has organized several meetings with its members to react vis-à-vis the new « **Labour** » and « **Human Rights** » social indicators. This is a summary of the principal remarks that emerged:

#### 1 - General comments on G3 :

---

- We welcome the effort of conciseness of the GRI that proposes a reduction in the number of indicators : from around a hundred in G2 to 79 in G3.
- We notice that the new version tends to be more **quantitative** and more **result oriented** to facilitate comparisons and performance evaluation. However, the indicators, while being completed by a **disclosure on management approach** (DMA : description of policies, follow up methods, qualitative information, contextualization) and a **technical protocol** (definition, institutional references, perimeter...) allows companies to describe their strategy and to explain their processes on a more qualitative way.

#### Remarks :

It seems important to us to underline the **risk** that lies with this new orientation, with an emphasis put on results : outside observers (especially rating agencies and NGOs) might not enough take into account the **processes** put in place by the company (management system, means engaged, dialogues with the stakeholders...) and the **qualitative** explanations. Yet, these elements are indispensable to apprehend the company's **steps towards progress**, its **ongoing** dimension and the results **relevance** in regards to specific contexts and stakes.

A strong emphasis on results indicators could in other respects unfairly penalize a company that does not have probing results yet, but that is on a road to progress which could only be reflected by information on processes.

It is also important to remind that an SD report is not only a comparison tool: it is also a tool for **dialogue** and **management** of the CSR approach, therefore it has to integrate elements that will explain the **substance** and the **sense** of this approach.

**In consequence, it is essential that the G3 underlines the equal importance that should be granted to both qualitative (strategy, means) and quantitative (new quantified indicators) information.** The complexity of a company's approach does not limit itself to quantifiable aspects and results.

## 2 – We would like to propose some improvements in the category « Labour practices and Decent Work Indicators » :

---

### 2.1 - LA4 : An improvement

The indicator **LA4 «Percentage of employees represented by independent trade union organizations or covered by collective bargaining agreement »**, needs to be improved.

- We find this indicator difficult to feed because of differences of legislations ; in some countries companies are not authorized to number the employees represented by a trade union organisation. Moreover, it appears meaningless to cum ratios on collective bargaining organisations in some countries with ratios on people belonging to a trade union organisation in other countries if we aim at understanding the overall policies for the global group.
- It would be preferable to use an indicator on the percentage of sites that have an independent trade union organisation or system or elected representation. The implementation of such an indicator should show the representation in the whole group. The more decentralized the group is, the more this indicator is difficult to collect at a group level. This is why, it may be useful to refine the indicator on employee representation by distinguishing geographic area.

#### **Proposition of re-formulation :**

**« Percentage of group sites represented by independent trade union organisations or other legitimate labour representatives, especially the elected representatives»**

#### **Protocol proposal for LA4 :**

##### **1. Relevance**

*ORSE addition: the interest of this indicator is that it insures good practices of work (training etc.) thanks to discussions between corporations and labour representatives, locally. These contradictory discussions allow a better definition of the relevant stakes.*

*The collecting of information has to be made on the effective presence of independent trade unions organisations, counted by company sites (according to the size of the sites).*

##### **2. Compilation**

*ORSE addition: count the number of company sites represented by one or several organisations of labour representative or other bona fide employee representatives, broken down geographically (or cross-mediations in countries where forms of expression are different).*

*Specify the number of representatives in the organisation.*

##### **3. References**

ILO, conventions 98, 138, 135

## 2.2 – The proposal of a new indicator

As to identify the corporate strategic social stakes, they must be discussed with the labour representatives at group level or in a determined geographical frame. Therefore, it seems important to us to mention the International social dialog in the topic «**Labour Management relations** ».

In this prospect, we would like to propose an additional indicator :

### « Initiatives as to establish a trans-national social dialogue »

Protocol proposal :

#### 1. Relevance

In the global context of societal issues, it appears necessary to build up a social dialogue at an international level, as to define common stakes.

For example, integrating social partners in the dialogue on the GRI indicators would help declining themes in an operational way.

As a reference we would like to put forth the number of corporations that have already engaged in such an initiative through the signature of transnational dialogue (example of the International Framework Agreements).

#### 2. Compilation

**To record the existence of a trans-national dialogue that could take the form of :**

- An international framework agreement signed with an international trade-union federation or with national trade-union representatives dialoguing with international instances
- The setting up of a structure of trans-national dialogue
- Or other types of national or regional representations.

#### 3. References

ILO, conventions 98,138,135

## 2.3. Comment on LA8

- (Education, training, counselling, prevention and risk-control programs in place for assisting workforce members, their families or community members affected by HIV/AIDS or other communicable diseases).

AIDS should be the disease to be taken into account according to local relevance. In some geographical zones for example, Malaria is dominating and would need more attention.

Then, we notice the absence of indicator on internal preventions actions on tabagism, obesity, stress or alcohol.

## 3 – Specific comments on Human rights indicators:

---

- In this category, **quantitative information are difficult to feed**. Difficulties underlined are : the uncertainty of the perimeter to take into account, the vagueness of the indicators that leads to differences of interpretation.
- Moreover, half the indicators on « Human Rights » are negative. **HR4** (Incidents of discrimination), **HR5** (Incidents of violations of freedom of association and collective bargaining), **HR 6** (Incidents of child labour), **HR7** (Incidents of forced or compulsory labour) and **HR10** (Incidents involving rights of indigenous people) ask to relate **incidents**.

We think Human Rights is a sensitive and complex area to apprehend, therefore relating incidents cannot reflect performance.

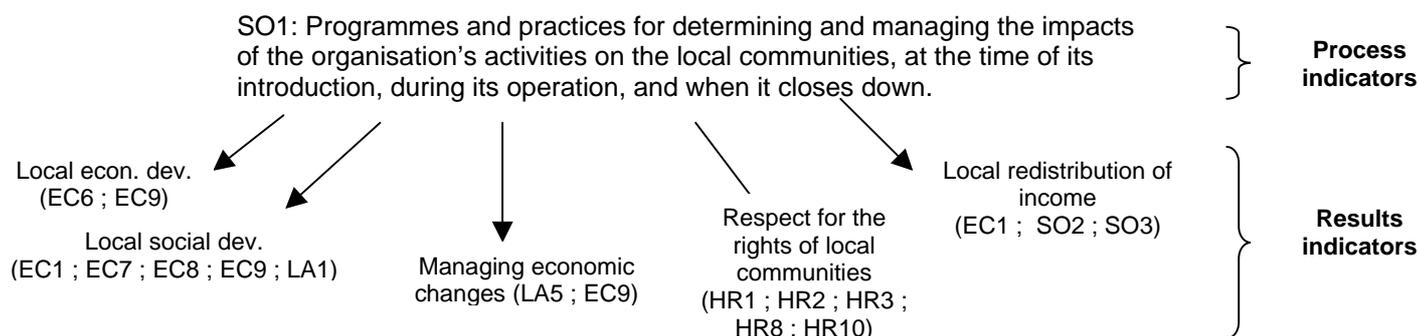
Thus it would be more relevant to put forth the issues' **causes**, relevant actions of **prevention** as well as the **results** of policies and **progress** approaches.

- Within the groups we clearly observe disparities between sectors and geographical zones. Therefore it appears necessary to develop specific sectorial and geographical indicators.

#### 4 – Comments specifically concerning the Society indicators

- In G3, **the impact of business activities on society** is regarded as a sub-category of *Social Performance*.
- **In practice this impact can be evaluated using different categories of indicators:**
  - In the *Economic Performance* chapter, which includes the economic effects of businesses on society (“major economic impacts of the organization throughout society”) and especially in their particular locations (The GRI itself makes the connections: “EC1, EC6, EC8 all relate to interactions with local communities”).
  - In the *Social Performance* chapter, the topics *Human Resources Practices* and *Human Rights* naturally have considerable impact on the well-being of society (covering for example issues such as local employment, the attention paid to the specific expectations of communities, and so on).

**The “Community” indicator is in fact very wide in scope with links to a number of issues dealt with in different parts of the GRI:**



**It is important that G3 should clearly highlight these links between the different categories in order to provide an overall view of the approaches used in managing the impacts on society of the organisation’s activities.**

- We note that in these different categories, **the numerical data are frequently difficult to identify**. The main difficulties are the uncertainty about the limits to be used and the lack of accuracy about the information requested in the indicators, which result in different interpretations.
- It is difficult, in the GRI approach where the indicators are **usually put in a highly negative orientation**, to reflect a company’s attitude to “human rights” and the fight against corruption when this may be highly praiseworthy (a progressive attitude). In fact a number of indicators call for reference to be made to **incidents** relating to the topics raised (we are referring to the indicators that are also mentioned in the procedures). It would no doubt be more relevant to talk about the causes and the corrective actions taken, or to highlight the steps taken towards prevention and progress.
- Since the differences between sectors and geographical areas cannot be disregarded (even sometimes within companies), it is necessary to develop specific sectoral and geographical indicators.

The societal approaches can be evaluated in a wholly relevant manner having regard to the specific features of the organisation’s different locations. It is therefore important to stress the need to put the organisation’s progress and results **in context** (by setting this information against the local backgrounds).

## 2.1 – SO1: Enlightenment and investigations

With regard to indicator SO1 “Programs and practices for assessing and managing the impacts of operations on communities, including entering, operating and exiting,” we should like the various issues underlying this indicator, and hence the **connections** to be made with the other relevant GRI indicators on this topic (see above), to be made much more explicit.

Of the issues incorporated in the SO1 indicator, the one relating to support for people in difficulties (support for the social and/or vocational integration of people in difficulties; development of systems for social mediation), a key factor in the continuing presence of many organisations in a particular area, is completely absent from the GRI. There is a good case for mentioning this in the procedures, as one of the fields of action of the programmes covered in SO1.

In another context, it is essential that the SO1 procedure should refer to the importance of data on:

- **the managerial approach**, by clearly identifying its different components: determining issues, formalising undertakings, setting objectives, drawing up plans of action, introducing management structures, training schemes, monitoring/reporting facilities, and so on.
- the whole **procedure of consultation** with stakeholders. In fact this approach reflects the organisation’s desire to embark on actions that meet the expectations of society and to contribute to their permanence (the organisation’s partners take over, for example when activities cease). In the absence of data concerning this approach, the performance indicators have no **meaning**.  
→ The GRI should embody a focal point that highlights all the factors demonstrating that the organisation is committed, not merely to a unilateral approach, but to a **process that involves all stakeholders as well as other organisations**: co-operative arrangements with NGOs and with local experts, participation in sectoral initiatives (for example, the EITI facility, and so on). This applies to the procedures for all the GRI indicators linked to the organisation’s impact on society (local social development, fight against corruption, and so on).

## 2.2 – EC1 & EC8: further information

As regards indicators **EC1 “Economic value generated and distributed, including donations and other community investments”** and **EC8 “Description of infrastructure investments and services supported that provide public benefit”**, we should like further details to be added.

*Note: The indicators EC1 and EC8 are interesting in that they reflect the organisation’s contribution to social development, particularly all the voluntary contributions to the development of so-called social infrastructure (education, health, etc.).*

- However, the quantification of investments of a general nature has little meaning by comparison with a dialogue approach with the local parties involved aimed at establishing appropriate local investment schemes, particularly as certain organisations (from whom the only information provided is the amounts paid over) could be regarded as illegally taking the place of the local authorities, or of being in a tit-for-tat situation.
- It seems to us essential, as we have indicated above, to make clear in the procedures that these indicators have no meaning unless related to an approach of **dialogue with local stakeholders**.

### 2.3 – EC6: further information

As regards indicator **EC6 “Practices and proportion of spending on locally-based suppliers at significant locations of operation”**, we should like further details to be added.

*Note: the indicator EC6 is interesting in that it can be used to illustrate the organisation’s participation in local economic development.*

- However this indicator seems to us too broad if it concerns all the companies located in the region: for example, a multinational company located in China, which works for the local market and with the Chinese, could be regarded as a local organisation.
- Accordingly it would appear to us preferable to make reference to what is spent with local **SMEs**, whose truly local character is easier to grasp and with whom the issue of local economic development has more meaning.

#### **Proposed rewording:**

**“Practices and proportion of spending on local SMEs at significant sites”**

### 2.4 – EC7: proposal for a new, supplementary indicator

As regards indicator **EC7 “Procedures for local hiring, and proportion of senior management in locations of significant operation from the local community”**, we should like to propose that it be supplemented by another indicator.

*Note: the EC7 indicator is interesting in permitting an evaluation of the organisation’s efforts in contributing to the development of local employability in the areas where it is located.*

- However, this indicator concerns only the access to employment of the local population, with no reference to the measures for facilitating their **advance** in the organisation, which are decisive criteria in the contribution to the development of local employability.
- It therefore seems to us to be important to add an indicator that reflects this contribution:

#### **The indicator we propose is the following:**

**“Number of hours of training and number of people trained in each significant geographical area”**

### 2.5 – EC9: a proposal for an additional, supplementary indicator

As regards indicator **EC9 “Indirect economic impacts”**, we should like to propose a supplementary indicator for those organisations particularly involved in the measures for adapting products/services (additional indicator, concerning certain organisations).

*Note: The EC9 indicator is interesting because its procedure makes reference to the accessibility of products and services to people on low incomes, a key contribution to the well-being of society.*

- This indicator does not show how to measure this contribution to social development, which certain organisations are keen to take on. Moreover, it concerns only those on low incomes.

- It would therefore be useful to suggest a few indicators reflecting this contribution which, in its offer of product/services, seeks to take into account the **diversity of its public** (people in difficulties, handicapped persons, and so on):

**The indicator we propose is the following:**

**“% of turnover accounted for by the modified products/services”**

**Note: This indicator should be combined with data on the mechanisms for modifying products/services (management approach) and on the framework in which the approach is operated (“business”, “sponsorship” or “regulations”).**