## Social Responsibility Best Practices

| SUBJECT | | LAST UPDATE |
|---|---|---|
| Sustainability Reporting | | July 2019 |

| APPLIES TO | FOCUS ON |
|---|---|
| · Suppliers<br>· Disributors | Reporting The Impact Of Social Responsibility On An Organization And Its Stakeholders |

**QUICK LINKS**

**Intended for advanced compliance programs**

· PPAI Social Responsibility: www.ppai.org/inside-ppai/corporate-responsibility/social-responsibility/

· UL Responsible Sourcing: industries.ul.com/responsible-sourcing

· Fair Labor Association: www.fairlabor.org/

*Italic grey text indicates a hyperlink listed in the Online Resources section of this document.*

## Introduction

Increasingly, consumers, non-governmental organizations (NGOs) and other consumer groups are pressuring some organizations to offer transparency into their supply chains. Environmental, social and product safety regulations along with other factors, including consumer and employee trust, customer loyalty, community support and enhanced credibility, are driving some organizations to develop and release sustainability reports. A sustainability report is how an organization publicly communicates the economic, environmental and social impact if its everyday operations.

## Reporting

Organizations of all sizes, types and industries provide sustainability reports. Some reports are for internal use while others also report externally. These reports provide information about the organization's responsible sourcing and economic performance. The report becomes the primary means of communicating the organization's responsible sourcing performance and overall impact of the program on the business and stakeholders.

**Internal reporting** provides for consistent awareness of risk, opportunities for improvement and visibility of progress towards goals. It allows for objective benchmarking against best practices, known standards and past performance.

**External reporting** provides the opportunity to mitigate negative public perceptions with data and facts. The transparency provided by external reporting often improves a brand's reputation and image due to the perception of openness and honesty. Sharing information externally and tying it to the organization's financial performance allows all stakeholders to more adequately assess the value and risks associated with the operations. This in turn builds trust and loyalty from consumers.

**Guiding Principles**

Whether an organization formally or informally tracks the effectiveness of its social responsibility program, it is considered a best practice to integrate the data into a formal reporting process. The UN Guiding Principles on Business and Human Rights note criteria for external reporting. "In all instances, communications should:

a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;

b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;

c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality."

Corporate responsibility and sustainability reports are now being included with financial and other business reports. These reports summarize the organization's efforts to identify and address human rights and environmental issues within the supply chain while also demonstrating the impact on financial performance.

**What To Report**

The report is an opportunity to tie the operations and social responsibility efforts together in a way that provides a compelling and transparent vision. Use data, statistics, stories and pictures

that help convey the message of the organization's commitment to social responsibility. Demonstrate the reality of the risks associated with the organization's operations and how those risks are being mitigated. While used to promote success, the focus of the report is typically on future improvement goals. This offers an opportunity to demonstrate awareness of challenges and a willingness to continuously improve. Finally, set reasonably attainable goals that are "cautiously optimistic." Criteria may include social responsibility goals, sustainability vision, human rights risks and opportunities, corruption and bribery, implementation strategy, continuous improvement and relevant examples of success.

### Reporting Format

A social responsibility and sustainability report can be structured into these sections:

**Statement** from the organization's President/CEO that defines the organization's core beliefs, priorities and ethics. It shares the organization's awareness risk and communicates the expectations for itself and all parties in the supply chain.

**Organization's social responsibility commitment and strategy** with an overview of the business, the social responsibility policy and sustainability strategy complete with targets and performance indicators.

**Current goals and results** in chart or graph form by category (labor, environment, product and community).

**Future goals** provide for continuous improvement and address manufacturing changes, innovation, people and other resources.

**Governance and public policy** addresses who is responsible for ensuring compliance, the laws and the standards that are applicable and the how public policy impacts the organization.

**Summary** of the report is the wrap up and acknowledgement section to engage stakeholders in the organization's efforts

### Summary

There is no one-size-fits-all approach to reporting. In order to determine what format is best for your organization refer to the online resources section for *Global Reporting Initiative (GRI), Corporate Social Responsibility Newswire, Nike, Adidas* and *Walt Disney.*

## *Online Resources:*

**PPAI Corporate Responsibility:**  https://www.ppai.org/corporate-responsibility/

**PPAI Product Safety Frequently Asked Questions:**
    https://www.ppai.org/corporate-responsibility/product-responsibility/product-responsibility-faqs/

**PPAI Business Partner QIMA:**  https://www.ppai.org/members/affinity-partners/#8ed9d94d-cb76-488a-9919-c94f8345d123

**United Nations Global Compact:**  www.unglobalcompact.org/

**International Labour Organization (ILO):**  www.ilo.org/global/lang--en/index.htm

**International Organization for Standardization (ISO) 26000:**  www.iso.org/iso/home/standards/iso26000.htm

**Social Accountability International (SAI) SA8000:**  http://www.sa-intl.org/index.cfm?fuseaction=page.viewpage&pageid=1689

**Global Reporting Initiative (GRI):**  www.globalreporting.org/Pages/default.aspx

**Corporate Social Responsibility Newswire:**  www.csrwire.com/reports

**Nike Sustainability Report:**  www.nikeresponsibility.com/

**Adidas:** https://www.adidas-group.com/en/sustainability/reporting/green-company/

**Walt Disney International Labor Standards:**  https://www.thewaltdisneycompany.com/wp-content/uploads/2019/03/2018-CSR-Report.pdf

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