



# Measuring Community Engagement in Corporate Sustainability Reporting

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# Organizations Manage What They Measure

- TRI's innovation has been its use of simple disclosure to drive toxics prevention
  - TRI is routinely included in corporate sustainability reporting (CSR)
  - CSR metrics, like TRI, use disclosure to drive behavior – GHG reductions, water use reductions
- What is CSR's potential to drive social responsibility?

## Summary of Discussion

- What is current CSR practice with social indicators/community engagement?
- What trends in community engagement stand out?
- What are good practices in social reporting?

# CSR Overview

- Global Reporting Initiative (GRI) – 9,000 reports world-wide
- GRI data underpin Socially Responsible Investment (SRI) evaluations –
  - Dow Jones Sustainability Index
  - Newsweek Green Index
  - Individual investment firms – Calvert, Parnassus, Pax

# GRI Indicators for Social Responsibility

Social Indicator (SO) 1 – Nature, scope and effectiveness of any programs to assess and manage the impacts of operations on communities, including entering, operating and existing.

Suggested SO1 elements –

- Programs to assess impacts
- Selection of community members with which to interact – nature of interaction
- Mitigating negative and maximizing positive impacts
- Local impacts on health, safety, economy, culture/heritage

## **Other GRI Social Indicators Supplement Local Focus**

- Anti-corruption practices
- Lobbying disclosure
- Anti-trust violations
- Fines and violations
- Charitable contributions

# Current Perceived Importance of CSR Factors

What sustainability factors lead to change in the business?

- Customer preferences 41%
- Legislative/political pressure 35%
- Resource scarcity 30%
- Competitors 28%
- Recruitment 23%
- Maintaining “license to operate” 16%

# Stakeholder Interaction Driven by CSR Factors

Sustainability has caused increased collaboration with --

- Customers
- Suppliers
- Government/policy makers
- Internal company collaboration
- Industry associations
- Local communities
- Contractors
- NGOs
- Competitors



How do leading reporters disclose under SO1?

Sample set –

- Companies identified as leaders by Sloan/MIT and by Principles for Responsible Investment (partnering with UNEP)
- Companies reporting under SO1 in GRI as flagged in the GRI inventory

# SO1 Disclosure

Category	Metric
Public outreach	Commitment to “meaningful engagement”
	Community affairs department established
	Community engagement plans required
General environmental stewardship	Compliance with EIS requirements
	Recycling initiatives
	Support for health research

# SO1 Disclosure

<b>Category</b>	<b>Metric</b>
Employee benefits	Veterans assistance
	Human rights commitment
	Code of Ethics
	Cooperation with trade unions
	Employee development
	Employee-funded relief fund
Charitable contributions	Amount of contribution
	Equipment donation to non-profits
	Employee giving
	Humanitarian response

# SO1 Disclosure

<b>Category</b>	<b>Metric</b>
Community economic development	Local hire and purchase
	Helping local entrepreneurs
	Establishing community centers
	Community grants
	Land reclamation
	Per acre “exit” grant to community
Partnerships	Informal community partnerships
	Community advisory groups

# SO1 Innovators

## **Manufacturer**

Sustainability corps projects in communities

Community advisory panels at every major site

Community surveys

Survey follow-up to track progress

2015 goal that every community with major corporate presence will have survey ratings demonstrating company plays a positive role in making the community a better place to live

Detailed description of community projects

# SO1 Innovators

## **Oil Developer and Refiner**

Impact assessment for major new projects

Mandatory plan to minimize negative impacts

Work with community on local sourcing

Microfinance contributions

Education projects

Sharing of technical expertise

Contributions

Case studies

# SO1 Innovators

## **Diversified Industries**

Employee health programs

Tracking of performance of company-sponsored international health clinics

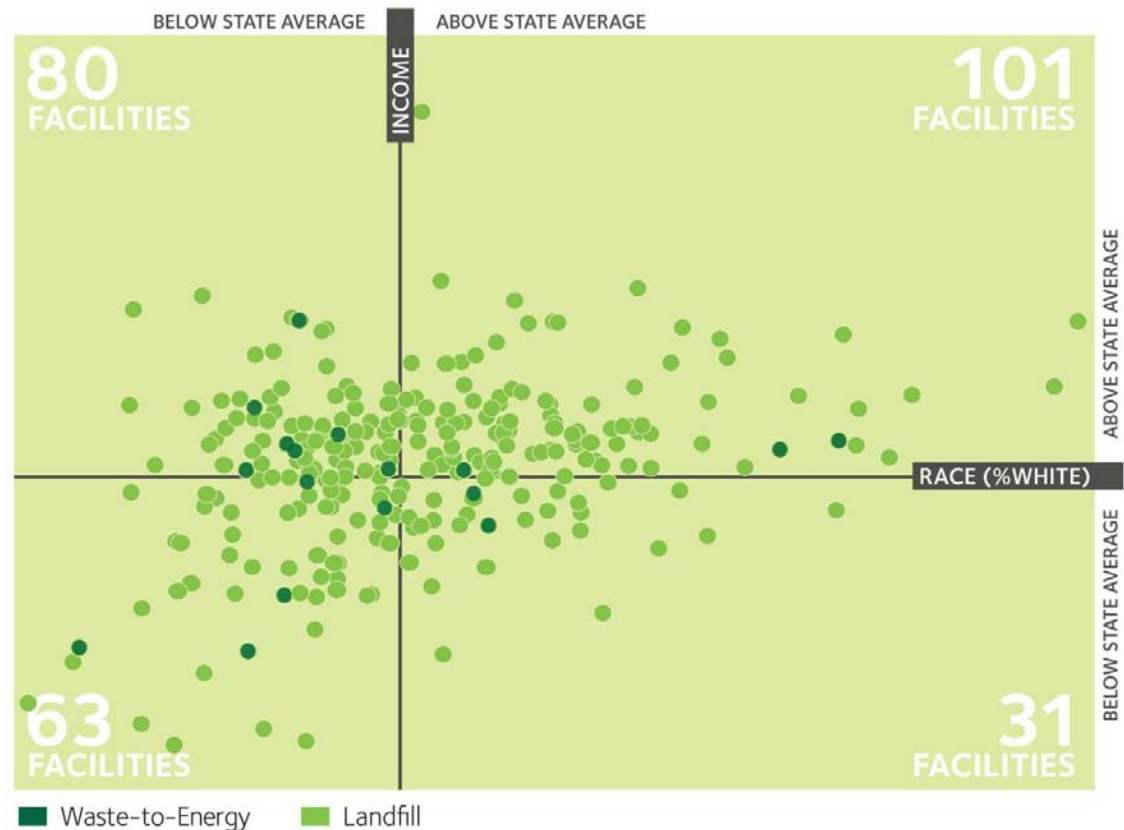
Community renew grants

Foundation, focused on healthcare in underserved communities

# Response to Specific Community Concerns

Disclosure of  
Demographics of  
Major facilities

INCOME/RACE WITHIN 5 KM OF WASTE MANAGEMENT LANDFILLS



Data template: Mohai, et al.,  
"Toxics at Twenty"



# Beyond GRI – What does the SRI community look for on social responsibility?

## **SAM/Dow Jones Sustainability Index**

Labor practice

Human capital development

Talent attraction & retention

Corporate philanthropy

Social reporting (disclosure of human rights commitments)

Occupational health and safety performance

Stakeholder engagement policy

# Beyond GRI – What does the SRI community look for on social responsibility?

## **Trucost/Newsweek**

TRI for some contaminants to land

GHG

Water consumption/abstraction

Non-hazardous waste volume

# Supply Chain Innovator -- Retail

“Do you invest in community development activities in the markets you source from and/or operate within?”

# Conclusion

- Challenges
  - No standard metrics
  - Little focus on community engagement/location specific contributions, particularly by sustainability rating agencies who SRI community
  - Little engagement with local community members on social reporting
- Opportunities
  - GRI and SRI metrics do drive behavior