

ICCR'S SOCIAL SUSTAINABILITY RESOURCE GUIDE

Building Sustainable Communities through Multi-Party Collaboration



INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Inspired by Faith, Committed to Action

ACKNOWLEDGEMENTS

We appreciate the very thoughtful input and review we received during the development of this resource, and gratefully acknowledge the following individuals:

- Barbara Aires, Sisters of Charity of Saint Elizabeth, New Jersey
- Sean Ansett, Mst Sustainability Leadership Candidate, Cambridge University
- Susan Baker, Portfolio Manager / Analyst, ESG Research & Shareholder Advocacy, Trillium Asset Management Corporation
- Dan Bena, Senior Director of Sustainable Development, PepsiCo
- Bastian Buck, Technical Development Manager, Global Reporting Initiative
- Kyle Cahill, Senior Program Officer, Oxfam America
- Debby Chan Sze-wan, Project Officer, SACOM
- Silvia M. Garrigo, Manager, Global Issues and Policy, Policy, Government and Public Affairs, Chevron Corporation
- Alya Z. Kayal, Vice President, Sustainability Research, Calvert Investments
- Darryl Knudsen, Director of Public Policy and Stakeholder Engagement, Gap Inc.
- Kindley Walsh Lawlor, Vice President, Social and Environmental Responsibility, Gap Inc.
- Melanie Minzes, Senior Director of Development, CARE USA
- Kahina Ouerdane, Program Officer, Economic and Social Rights, Rights & Democracy
- Andrew Pryce, Executive Director, Pro-Natura International, Nigeria
- Nils Rosemann, Human Security and Business Desk, Department of Foreign Affairs, Human Rights Policy Section, Switzerland
- Lynette Ryan, CSR Director, Asia Pacific Region, PepsiCo
- Carole Samdup, Senior Advisor, Economic and Social Rights, Rights & Democracy
- Elizabeth Umlas, Independent Human Rights Researcher
- Rees Warne, Policy Advisor for Extractive Industries, Catholic Relief Services
- Gabrielle Watson, Senior Advisor, Campaign Evaluation, Oxfam America
- Luc Zandvliet, Director, Triple R Alliance

ICCR gratefully acknowledges the support from the Alcoa Foundation which made this report possible.



Alcoa is committed to deploying socially responsible business models that ensure the engagement and participation of the communities where Alcoa operates around the world.

David Schilling and Nadira Narine, Project Coordinators

June 6, 2011 © ICCR

The SSRG was printed with environmentally friendly soy-based inks on Anthem Recycled Matte paper, which contains 10% post-consumer recycled fiber.



DESIGN & LAYOUT: HEIDI GROSS DESIGN



TABLE OF CONTENTS

Preface	2
About the Authors	4
Executive Summary	7
Introduction: A Case for Measuring Social Sustainability Impact	9
Chapter I: Current Approaches to Measuring Corporate Impact	15
Chapter II. Improving Impact: Collaborative Multi-Party, Multi-Sector Engagement	20
Chapter III. Addressing Root Causes of Economic and Social Injustice: Conceptual, Strategic, and Measurement Issues from Oxfam America’s Rights-Based Programs	29
Chapter IV. Evolving Practice: Case Studies on Social Sustainability Impact	35
A. The Community Development Foundation Model	
<i>Pro-Natura International: The Akassa Development Foundation and Development Plan</i>	38
<i>Africa Centre for Corporate Responsibility (ACCR): Chevron’s GMOU: A Strategy for Sustainable Community Empowerment</i>	43
B. Working with Local Partner Organizations	
<i>PepsiCo’s WaterHope: A Community-Driven Enterprise</i>	46
<i>Timberland’s Sustainable Living Environments Program</i>	49
C. Worker-Based Corporate Social Responsibility	
<i>Students and Scholars Against Corporate Misbehavior (SACOM): Labor Rights Training in South China</i>	53
<i>HP Capability Building: Collaboration with SACOM on Labor Rights Training in China</i>	55
D. Public Private Partnership (PPP)	
<i>The Merck-Nicaraguan Ministry of Health RotaTeq® Partnership: Helping to Improve Children’s Health in Nicaragua</i>	58
<i>Gap Inc.: Public-Private Partnership Solutions that Empower Communities</i>	60
E. Strengthening Community-Based Solutions through Shareholder Activism	
<i>Comissão Pastoral da Terra (CPT): Community-Based Action to Eradicate Slavery</i>	63
<i>Domini Social Investments: Fighting Slavery in Brazil: Strengthening Local Solutions</i>	66
Conclusion	69
Appendix: The Social Sustainability Resource Guide Framework	72
Resources	78

PREFACE

As the pioneer coalition of active investors, the Interfaith Center on Corporate Responsibility (ICCR) has an enduring history of corporate engagement that has proven influence on policies that promote justice and sustainability. While the motivation for this work is rooted in the values and principles of our largely faith-based membership, it is also grounded in the practical conviction that business leaders who choose to serve the common good build more profitable businesses over the long term. ICCR members, with on-the-ground missions across the globe, have direct experience with corporate impacts on communities—both positive and negative. These experiences have motivated us to publish the Social Sustainability Resource Guide (SSRG): We are intent on advancing the conversation from short-term outcomes to long-term positive impacts.

In creating the SSRG, ICCR is initiating an intentional conversation and formalizing the analysis that will anticipate these connections and better serve the 10 billion individuals expected on the planet by the end of this century. Clearly, corporations that move beyond output measures to recognizing the importance of positive community impact will be well positioned to anticipate the marketplace of the future.

For four decades ICCR members have been encouraging companies to extend their vision and to develop sustainable business solutions that allow for more effective long-term competition while enhancing the well-being of the communities in which they operate. These notions are not universally embedded in business practices and yet, more and more, companies are making this shift with positive results. Mindful of the water footprint of its worldwide bottling facilities, Pepsi co-developed the WaterHope Project, a community-owned and operated enterprise that makes safe and clean drinking water available to poor villages in the Philippines. In its on-going efforts to ensure an ethical supply chain free from human trafficking, the Gap collaborated with a local supplier, buyer and an NGO providing worker training to co-create the Mewat Project in India. These are just two examples of the creative solutions developed by forward-thinking companies and presented in the SSRG as models for building sustainable communities.

The SSRG was created as a framework, as both a learning tool and a guide for integrating social sustainability into business operations and implementing socially sustainable initiatives. It is clear that in evaluating potential programs, a responsible manager will ask: *How will we know if it's working?* The SSRG encourages management to dig deep to find answers, issuing a direct and powerful call to action. It reaches out beyond corporations and including local governments, non-governmental

organizations and community organizations, with the goal of redefining sustainable leadership while focusing on long-term impact rather than short-term outcomes.

At the time of ICCR's founding, a longtime executive from AT&T named Robert Greenleaf was beginning to explore the leadership challenges of the future. After a 40-year career, Greenleaf began writing about a new kind of leadership, coining the phrase "servant-leader", which is defined as follows:

"Servant leadership deals with the reality of power in everyday life—its legitimacy, the ethical restraints upon it and the beneficial results that can be attained through the appropriate use of power."

Oxfam's piece, "Addressing the Root Causes of Economic and Social Injustice", demonstrates the importance of balancing power relations between parties so that communities have input into corporate activity that impacts their destinies. This is often the first step in the hard work of developing socially sustainable programs. As the current director of the Greenleaf Leadership Institute states¹, there are ten identifiers of servant leadership: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of

people and building community. You will see these leadership qualities emphasized over and over again in this report as the fundamental building blocks required for successful socially sustainable strategies. But to this list we would add one more leadership characteristic: adaptability. Because as Marcy Murningham points out in her piece "Improving Impact", success takes flexible and creative leaders who honor the never-ending learning process as "human with plenty of room for human foibles, errors, and passions".

We invite you to join us as we redefine the path that leads to a new paradigm of "servant leadership" that builds sustainable communities and encourages the creation of socially sustainable business models. ICCR remains inspired by our fundamental faith in people and communities, and committed to act on their behalf. With your help, together we will co-create a more just and sustainable world.

Laura Berry, Executive Director, ICCR

1 Lewis, R., Spears, L., and Lafferty, B., "Myers-Briggs and Servant-Leadership" The Spears Center for Servant-Leadership USA and Ralph Lewis Associates, 2010. http://www.spearscenter.org/Myers-BriggsServant-Leadership_Final.pdf

ABOUT THE AUTHORS

John Ambler is Vice President, Strategy at Oxfam America. He is responsible for overall strategic program development, and serves on Oxfam International's Global Team and chairs the Program Development Group, which works on improving program quality across the Oxfam confederation and in finding greater scale and impact in field programs. He holds a Ph.D. in development sociology from Cornell University.

Lakshmi Bhatia is former Director, Global Partnerships, Gap Inc., and was on the Board of Directors of the Ethical Trading Initiative in the UK, for a number of years. She currently lives in Delhi and works with various not for profit and some for profit organizations. Bhatia was recently nominated to be a member of the SustainAbility Council, which is a global platform working on various issues of sustainability.

Michelle Brown is a Director in CSR Asia and works with companies and their stakeholders on sustainable business practices. Her particular areas of expertise are around monitoring and evaluation and impact assessment and developing strategies which bring returns for both the business and the community. She is currently pursuing a PhD at the University of Hong Kong focused on CSR and impact assessment in developing countries.

Jenny Chan is an executive committee member at Students and Scholars Against Corporate Misbehavior (SACOM), and is a doctoral candidate in sociology at University of London. She co-authored "Suicide as Protest for the New Generation of Chinese Migrant Workers: Foxconn, Global Capital, and the State," which appeared in *Asia-Pacific Journal* (September 2010).

Daniel Fibiger is a Project Manager with Gap Inc.'s Social and Environmental Responsibility department. Prior to joining Gap Inc. he worked at As You Sow, an NGO that utilizes shareholder advocacy and innovative legal strategies to promote corporate accountability, and at the International Labor Rights Forum, a labor rights advocacy organization in Washington DC.

Beth Ginsberg Holzman is Manager of CSR Strategy and Reporting at The Timberland Company. She is responsible for managing CSR strategy through internal and external stakeholder engagement, producing the company's quarterly and bi-annual CSR reports, and integrating CSR throughout the business. Prior to working at Timberland, Holzman was Manager of Corporate Accountability Programs at Ceres, where she helped shape companies' sustainability strategies and convened various multi-stakeholder groups within that process. She has a B.A. in Sociology from Tufts University.

Judy Glazer is Director, Social & Environmental Sustainability and Compliance, at Hewlett-Packard Company. She drives programs to implement sustainability policy into HP's products and supply chain, from design and materials through manufacturing, distribution and reuse or recycling. Glazer is responsible for an internationally-recognized program to implement the company's code of conduct for labor, health and safety, and environmental standards in one of the electronics industry's largest supply chains.

Kent Glenzer is Oxfam America's Director of Learning, Evaluation, and Accountability. He has worked with international NGOs for 17 years, and is particularly interested in the construction of measurement and inquiry systems that enable critical and multi-stakeholder assessments about impacts on the root causes of poverty and injustice.

Godson Jim-Dorgu is Programs Coordinator of Bayelsa State at Pro-Natura International, in Nigeria. He has over 10 years of experience in civil society work and is a member of Nigerian Institute of Management. He holds a MA in International Law and Diplomacy, and a MSc. Educational Management and Administration.

Adam Kanzer is Managing Director and General Counsel of Domini Social Investments and Vice President and Chief Legal Officer of the Domini Funds. He directs Domini's shareholder advocacy department, where for more than ten years he has led numerous dialogues with corporations on a wide range of social and environmental issues. In June 2009, Mr. Kanzer was named to the Securities and Exchange Commission's Investor Advisory Committee, representing "social investors."

Maggie Kohn is Director of Global Corporate Responsibility at Merck & Co., Inc. where she oversees engagement with Socially Responsible Investment groups, coordinates the company's stakeholder engagement in support of its CR strategy, and works with Merck's business units to integrate CR into their day-to-day work. She is a graduate of the Medill School of Journalism at Northwestern University with a double-major in African Studies.

Sanjay Kumar is the Director of SEWA Bharat, and oversees the SEWA movement in nine Indian states. He is involved in diverse activities, both at the grassroots and policy level. He completed his PhD from Jawaharlal Nehru University, New Delhi on "Microfinance Interventions among Women Workers: A Comparative Study of SEWA in India and BRAC in Bangladesh."

Barbara J. Kuter is currently Executive Director, Pediatric Vaccine Medical Affairs, Merck & Co., Inc. where she has been employed for over 25 years. She is responsible for all pediatric vaccines in development and licensed, and holds a Ph.D. from Temple University and an M.P.H. from Columbia University.

Marcy Murningham is a longtime scholar-practitioner on civic stewardship, most recently Senior Research Fellow at AccountAbility and co-founder/editor of the MurninghamPost.com. She is now focusing on how digital tools can advance the public interest. The author of many publications, she's taught at Harvard Divinity School and Babson College. Clients have included: the Global Reporting Initiative, Ceres, ICCR, KLD, NY State Comptroller, large cap companies, foundations and institutional investors. She holds a doctorate from Harvard and degrees from Antioch University and Albion College.

Nadira Narine is Program Director of Strategic Initiatives at Interfaith Center on Corporate Responsibility and is responsible for research and analysis, coordination and support of ICCR's corporate engagement on issues related to water and food. She holds a MA in Political Science from The Graduate Center, The City University of New York.

Austin Onuoha is Executive Director of the Africa Centre for Corporate Responsibility (ACCR) in Port Harcourt, Nigeria. He is currently monitoring Chevron's community engagement initiative in Nigeria and pursuing a PhD in Conflict Analysis and Resolution at Nova Southeastern University. He is the former executive secretary and head of conflict resolution at the Human Rights and Conflict Resolution Centre in Abakaliki, Nigeria.

Xavier Plassat is a French Dominican friar who has worked in Brazil since 1989. He currently works with Comissão Pastoral da Terra (CPT) - Pastoral Land Commission, which is linked to the Catholic Church. Since 1997, Plassat has coordinated the CPT national Campaign against slavery and is member of CONATRAE, the National committee for eradication of slave labor. He holds a degree in Political Science and Management.

Ranjeeb Sarma is currently working with Gap Inc.'s Social & Environmental Responsibility Department in its Global Partnerships Team. Earlier he was part of the field team and had carried out Factory Monitoring and Vendor Development work for the company in North India, Nepal & Pakistan. Before joining Gap Inc in the year 2006, he worked as an Ethical Sourcing Auditor at Wal-Mart. Ranjeeb holds a professional law degree and has an MA Human Rights.

David M. Schilling is Program Director at Interfaith Center on Corporate Responsibility working with ICCR members and allies to engage corporations on human and labor rights and social sustainability. He has participated in delegations to a number of countries visiting supplier factories, meeting with workers, community representatives, trade unions, governmental officials and non-governmental organizations to promote workplace human rights and community sustainability. David is an advisor to the Global Social Compliance Program and the Institute for Human Rights and Business.



“Poverty is about power,
and power is about how people
relate to other people.
Thus, providing services -
such as healthcare or education -
can actually increase vulnerability...
unless we also simultaneously
help people gain voice and
political power to hold leaders
accountable.”

–Kent Glenzer and John Ambler, Oxfam America

EXECUTIVE SUMMARY

Faith-based members of the Interfaith Center on Corporate Responsibility (ICCR) have one foot in companies as shareholders and one foot in communities as religious organizations with local, national and global faith-based partners. This dual role as investors and as community participants places ICCR members in a unique position to address the relationship between corporate operations and their social impacts on communities. Through on-going engagements with companies as shareholders, ICCR has advocated for corporate programs, policies, and practices that promote sustainable social, environmental and economic practices that have a meaningful impact on the people and communities in which they operate.

While a number of companies have implemented sustainability initiatives, few measure the social impacts of their operations and programs in communities. In order to address this gap, ICCR is publishing this guide for implementing and measuring social sustainability programs.

Based on our experience of working with companies and with a network of community and non-governmental organizations (NGOs), we propose the Social Sustainability Resource Guide (SSRG) as our contribution to the development of four areas.

1. Social sustainability needs greater participation from the corporate sector. Many companies have programs addressing their environmental impacts; however, few focus the same resources on their social impacts. Social sustainability is about the process of meeting the needs of people and communities today in a way that does not compromise the ability of future generations to meet their needs. Because social sustainability programs advocate for human rights and the development of people and their communities, it benefits corporations by contributing to stable environments required for successful operations and by securing a ‘social license to operate.’ The SSRG proposes that companies put more emphasis on addressing their social impacts, which we believe can contribute to the long-term health and well being of both businesses and the local communities where they operate.

2. Measuring social impacts is still in its infancy. It is critical to know whether or not programs and initiatives designed to address specific social issues are meeting their goals and having an impact. It is easy to measure the activities and outputs of a program, but harder to measure its impact. Luc Zandvliet writes: “Many companies

measure “output” (for example, the number of people trained, the number of bed nets provided to prevent malaria) rather than focusing on “outcomes” (detailing how outputs have been used) or “impacts” (the result or change that is a consequence of the outcome¹).” There needs to be a shift in focus from counting (the number of employees trained or the number of bed nets distributed) to capturing outcomes and long-term impacts. The SSRG provides a framework and resources to help make the shift.

3. Inclusive, collaborative frameworks have the potential to make substantial progress on measuring social impact and making change. The SSRG proposes a rigorous, collaborative, multi-party, multi-sector approach to social sustainability that is rooted in on-the-ground realities that impact people’s lives. Since no one company, government, or community can solve social sustainability challenges alone, the SSRG emphasizes that multi-party, multi-sector initiatives have a greater chance of making sustained progress.

4. Multi-stakeholder case studies advance our knowledge of how community groups, along with companies and other stakeholders have tackled tough issues and made progress. The eight case studies in this guide are indicators of a growing focus on social sustainability and the challenges that impact measurement poses. The case studies offer examples and key lessons learned from initiatives using a variety of models and methodologies for measuring impact. Each case study, however, illustrates the same conclusion: in order to make long-term change, community organizations and institutions need to be engaged with other stakeholders in every aspect of the process from the beginning. This includes identifying needed changes, developing and monitoring implementation strategies, creating impact indicators and evaluating progress.

The SSRG is a work in progress. So much more needs to be done to elevate the importance of measuring social impacts. As investors, ICCR members support the integration of social sustainability goals into company business operations and interactions with communities. We hope the SSRG’s values-based framework, and learning from on-the-ground company/community collaborations, will provide useful guidance—for companies, communities and investors—as they work together towards defining and measuring social impacts that make a difference.

Please see our recommendations for investors, companies, NGOs, governments and international institutions on pages 70 & 71.

1 Zandvliet, L, “Creating Successful Sustainable Social Investment,” IPIECA, 2008.

