

# ISM Sustainability and Social Responsibility Metrics and Performance Criteria for Sustainability and Social Responsibility Initiatives

**Update: February 16, 2011**

## **Introduction**

The development and implementation of metrics and performance criteria is important to the success of sustainability and social responsibility programs. Integrating goals and objectives with relevant measurements will ensure the ability to track and report progress across initiatives. Often an annual sustainability and social responsibility report, sometimes called a citizenship report, is issued or results are included in the organization's annual report.

This document was developed to provide supply professionals and management with a broad-based list of possible metrics. (Please see the ISM web site [www.ism.ws/sr](http://www.ism.ws/sr), then select "metrics and indices" to find a list of metrics and reporting tools.)

Supply professionals must consider impact, influence, and positioning when selecting and developing metrics to embed throughout the: (1) supply organization, (2) entity and (3) supply base (e.g., first tier and beyond, transportation services, etc.)

ISM and the ISM Committee on Sustainability and Social Responsibility welcome your comments and suggestions and can be reached at [socialresponsibility@ism.ws](mailto:socialresponsibility@ism.ws).

*Note: Implemented metrics will usually be stated in absolute numbers, a percentage, by employee, ratios, and in other ways that allow for more effective comparison and data management.*

## **1. Community**

Community initiatives provide resources to support the community in which the company or organization operates.

- a. Number and types of community programs in place, including philanthropy and foundation resources/giving
- b. Employees hours or person days for community initiatives
- c. Employee volunteerism
  - i. Employee leave of absence as volunteer outside local community, e.g., voluntary service overseas
  - ii. Support provided for this effort by company, e.g., personal fixed cost such as mortgage repayments
- d. Corporate funding of community-based initiatives
- e. Philanthropy
- f. In-kind contributions
- g. Employee giving
- h. Donation of products and services
- i. Indigenous programs and support

## 2. Diversity and Inclusiveness – Supply Base

Supply base diversity and inclusiveness refers to efforts to engage different categories of suppliers in sourcing processes and decisions.

- a. Corporate, agency, division, and department goals tied to performance pay
- b. Program in place/communicated
- c. Percentage of direct/indirect expenditures
- d. Value-add beyond diversity (e.g., hard or soft cost savings, innovation, superior quality, customer service, and so forth)
- e. Diverse/small business category into which the supplier fits along with certification documentation
- f. Diverse supplier training

## 3. Diversity and Inclusiveness – Workforce

Workforce diversity and inclusiveness refers to efforts to attract and retain a workforce that represents the varied backgrounds of the customer and community in which the organization operates.

- a. Employee demographic mix across the organization and within organization levels
- b. Gender
- c. Ethnicity
- d. Disability/special need
- e. Retention and promotion rates, if applicable
- f. Recruiting
- g. Promotion and executive movement
- h. Other

## 4. Environment

Supply management actions and decisions that promote protection and preservation of the health and vitality of the environment within which the organization operates. (NOTE: Should we make this statement more broad?)

- a. Disposal and waste management policies and practices
- b. Water conservation, consumption, recycling. treatment
- c. Green House Gas (GHG) footprint (see Green House Gas Protocol and World Resources Institute, including carbon-neutral initiatives, )
  - i. CO<sub>2</sub> – note that “2” needs to be subscript (carbon dioxide) – also term “CO<sub>2</sub> and CO<sub>2</sub> equivalent”
  - ii. NF<sub>3</sub> – note that “3” needs to be subscript (nitrogen trifluoride)
  - iii. SF<sub>6</sub> – 22,000 times more destructive than CO<sub>2</sub>  
Sulfur hexafluoride (SF<sub>6</sub>)
- d. Direct and indirect emissions (see GHG Protocol for definitions)
  - i. Worker commutes
  - ii. Facility consumption and impacts
  - iii. Travel
- e. Other pollution and emissions
- f. Commodity and raw material consumption (renewable, nonrenewable, biobased, etc.)
- g. Product design, durability, disassembly, content (including disclosure of materials in products, product design, etc.)
- h. Material toxicity
- i. Paper and paper product consumption, reduction, recycling, etc. (see Forest Stewardship Council and the Programme for the Endorsement of Forest Certification)
- j. Packaging reduction initiatives
  - i. Design (including size reduction)

- ii. Eco-friendly materials/biodegradables (glues, inks, papers, etc.)
- k. Energy consumption (power, natural gas, electric, including reduction, alternative energy generation and consumption, in plant, offices, warehouses, etc.)
  - i. Baseload sources (e.g., nuclear, coal, hydropower)
  - ii. Intermittent sources (e.g., wind and solar)
- l. Energy sources (natural gas, coal, oil, wind, geothermal, etc.) and consumption
- m. Heat generation
- n. IT and Print Fleet (see Energy Star, existence of print lifecycle management software)
- o. Buildings and construction policy and practices (see LEED Certification, Green Globes, Energy Star, etc.)
- p. Land use (e.g., sustainable agriculture, etc.), soil erosion management
- q. Noise pollution
- r. Transportation and logistics management including routing and consolidation, fleet management (see EPA SmartWay, hybrid trucks, truckload utilization, alternate fuels, etc.), gasoline and diesel consumption
- s. Travel policies and statistics (miles driven, miles flown, nights away from home base, etc.)
- t. Use of awards and certifications (see Performance Track, ISO 14000, SA8000, etc.) (see International Organization for Standardization, Social Accountability International, American Society for Quality, etc.)
- u. Participation in Consortia (see GRI, GEMI, etc.)
- v. Education and communication initiatives
- w. Reduction of content for landfill
- x. Biodiversity concepts and practices
- y. Business travel
- z. Offset policies and programs
- aa. Other green and sustainable practices applications
- bb. Climate protection initiatives

## 5. Ethics and Business Conduct

Ethical behavior and business conduct is a critical element impacting personal, business (public and private), supplier and governmental relationships and governance.

- a. Employee and supplier training
- b. Inquiries into business conduct (by employees, suppliers, others)
- c. Allegations of impropriety
- d. Audit and accounting concerns
- e. Types and numbers of disciplinary actions taken (oral warning, written warning, termination, resignation, counseled)
- f. Use of ethics reporting channels (e.g., audits, hotlines, etc.)
- g. Written code in place and communicated
- h. Encourage discussion around the topics of influence
- i. Ethics hotline
- j. Executive ethics committee
- k. Regular communication with suppliers
- l. Actively explore topic during job interviews/hiring
- m. Document sourcing decisions
- n. Subscribe to the *ISM Principles and Standards of Supply Management Conduct*
- o. Conduct built into supplier contracts and measured
- p. Ethical sourcing defined and practices
- q. Suppliers required to formally sign on to ethical sourcing and practice policy

## 6. Financial Responsibility

Financial responsibility refers to understanding and applying financial concepts to supply management decisions to address allocation of funds, accurate reporting, and management of risk.

- a. Is supply strong/viable/sustainable source of supplies
  - i. Business Continuity Plan in place
- b. *UN Principles of Responsible Investment*
- c. Accounting principles and standards issued by governance and governmental entities
- d. Published internal policies and guidelines
- e. Responsible investing
- f. Fiscal supplier health

## 7. Human Rights

Human rights refer to the concept of human beings having universal natural rights, or status, regardless of legal jurisdiction or other localizing factors.

- a. Working hours
- b. Compensation and wages (e.g., living wage concept)
- c. Workplace environment and conditions
- d. Workplace culture
- e. Benefits
- f. Freedom of association practices
- g. Training and development
- h. Performance and evaluation processes and programs
- i. Understanding and following local laws and regulations
- j. Impacting indigenous peoples
- k. Child labor policies
- l. Signatory to UN Global Compact and/or other relevant documents

## 8. Health and Safety

Health and safety refers to the condition of being protected or free from the occurrence of risk of injury, danger, failure, error, accident, harm or loss.

- a. Accidents and injury rates
- b. Illnesses
- c. Health care and insurance (costs, coverage)
- d. Health and wellness initiatives and programs
- e. Employee housing
- f. Cafeterias
- g. Written safety procedures, audits
- h. Working conditions (heat, lighting)
- i. Providing safety equipment (eye wear, ear plugs, gloves, hard hats)
- j. Product safety

## 9. Sustainability

Sustainability refers to the ability to meet current needs without hindering the ability to meet the needs of future generations in terms of economic, environmental and social challenges.

- a. Use of sustainability criteria in procurement **and supply** decisions
- b. Processes in place to embed sustainability and social responsibility into supplier qualification and certification decisions
- c. Processes in place to embed sustainability and social responsibility into product design, redesign, and statements of work

- d. Developing processes/knowledge to ensure understanding of sourcing, recycling, etc. decisions
- e. Development of relationships with key suppliers to gain access to protected information on chemical makeup of products being purchased
- f. Working with risk management and/or internally to develop, quantify and base decisions on financial and other risks related to nonconformance with or lack of support of sustainability and social responsibility initiatives
- g. Maintain appropriate records to feed into corporate sustainability and social responsibility reporting
- h. Senior management engaged across the organization with appropriate governance structures in place
- i. Contact information for Chief Sustainability Officer publicly available
- j. Measurement, tracking and reporting mechanisms embedded at worker level
- k. At a minimum, periodic reports released internally and into the marketplace
- l. Implementing end-of-life-of-product management policies and procedures internally and with suppliers