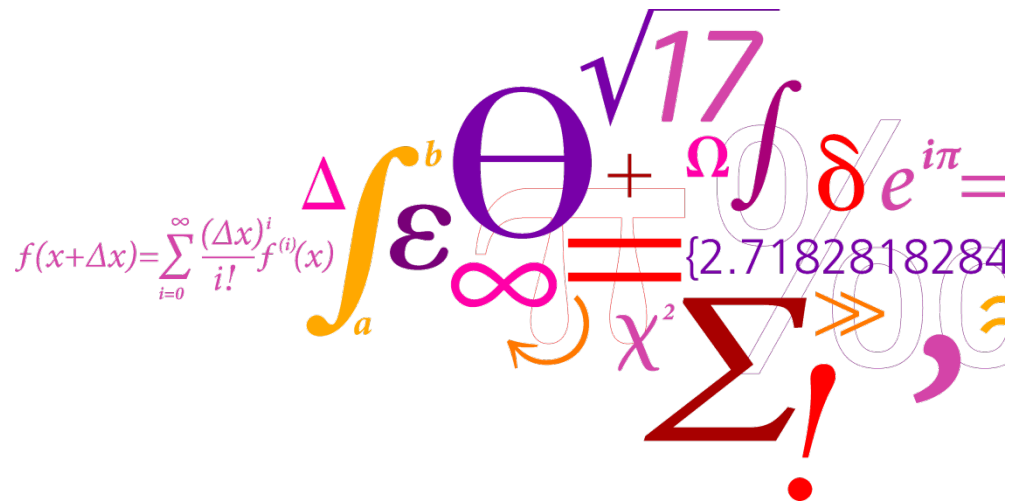


A site specific approach to life cycle management of labour rights issues

– Using the Social LCA toolbox

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Life cycle management of labour right issues

- Knowing about the risks the product chain
- Managing these risks with a view to improve the social conditions

...a wider responsibility for the activities of suppliers and sub-contractors:

- posing demands
- providing guidance
- building capacity



- Site specific approach to company assessment
- Methods for prioritisation in LCM (scoping CSR)

Fundamental labour rights:

- Abolition of forced labour
- Minimum ages for employment
- Non-discrimination
- Freedom of association, right to organise and collective bargaining
- (Health and safety in the working place)

The Social LCA tool box – tools for life cycle management (LCM)

- Combined into a quantitative Social LCA method; or
- separate tools for prioritising and executing site specific company assessment

The Social LCA tool box – tools for life cycle management (LCM)

- Product chain analysis
 - Who is embraced by the responsibility of the product manufacturer and to what degree?

Product chain analysis – scoping responsibility

1. Identify the product life cycle companies
2. Determine a product relation factor for each LC company
 - Cost - the company's contribution to the cost of the product; or
 - Value - the company's contribution to the value of the product; or
 - Working hours - the time spent by the company's workers on the product.

(iterative approach – identify one tier at the time)

Indirectly expresses a different view on the responsibility of the product manufacturer in the chain!

The Social LCA tool box – tools for life cycle management (LCM)

- Product chain analysis
 - Who is embraced by the responsibility of the product manufacturer and to what degree?
- Context assessment
 - The external risk of labour rights violations

Context assessment – external risk assessment

1. Map the locations of LC companies
2. Assess their risk environments based on reports of actual labour rights violations (one assessment for each right for each context)
3. Classify context risk

Two-folded context assessment

Violations in country

1. Common
2. Widespread
3. Several
4. Isolated
5. Non-existent

Violations in proximity to company

1. Occurrences in both industry and near location of the company
2. Occurrences in either industry or near location of the company
3. Occurrences in neither industry nor near location of the company are known

Context risk classification

CONTEXT RISK CLASSIFICATION			
Contextual Risk Class (CRC)	Probability of occurrence in context	Violations in the country	Violations in proximity to company
1.	Very likely	Common	Unknown
		Widespread	Occurrences in both industry and near location
		Widespread	Occurrences in either industry or near location
		Several	Occurrences in both industry and near location
2.	Likely	Widespread	Unknown
		Several	Occurrences in either industry or near location
		Isolated	Occurrences in both industry and near location
3.	Possible	Several	Unknown
		Isolated	Occurrences in either industry or near location
4.	Unlikely	Isolated	Unknown
5.	Very Unlikely	Non-existent	-

An example of context classification 2006 – a packaging producing company:

Contextual Risk Class (CRC)	Malaysia	Brazil	Croatia	Hungary	Israel	Denmark
Child labour	2	1	3	4	3	5
Forced labour	2	1	4	4	3	5
Discrimination	1	1	2	2	1	3
Restrictions of freedom of association (<i>abbr.</i>)	1	2	3	2	3	4

The Social LCA tool box – tools for life cycle management (LCM)

- Product chain analysis
 - Who is embraced by the responsibility of the product manufacturer and to what degree?
- Context assessment
 - The external risk of labour rights violations
- Influence assessment
 - The product manufacturer's leverage in the product chain

Influence assessment – determining leverage

- ❖ Responsibility comes with influence (second scoping PM responsibility)
- Enabling principle (objective criterion) (Danish Institute for Human Rights)
 - To what extent does the PM financially support LC companies in terms of contribution to their revenue (also indirectly through supplier or sub-contractor)?
- Good relations principle (subjective criteria)
 - Where does the PM have good relations that forms basis for exerting their influence?
 - Good co-operation and communication
 - One-stop supplier
 - Etc.

Hot spot analysis

1. Product chain analysis
 - E.g. where in the life cycle do most people work?
2. Context assessment
 - Where in the life cycle is the largest risk present?

} **Hot spots**

Prioritisation

3. Influence assessment
 - Where does the company have the largest influence? (short term prioritisation)
 - Where should the company seek influence in the future? (long term prioritisation)

Assessment

4. Site specific assessment of priority companies

The Social LCA tool box – tools for life cycle management (LCM)

- Product chain analysis
 - Who is embraced by the responsibility of the product manufacturer and to what degree?
- Context assessment
 - The external risk of labour rights violations
- Influence assessment
 - The product manufacturer's leverage in the product chain
- Company assessment
 - The internal risk of labour rights violations

Company assessment – internal risk assessment

- ❖ Evaluation of the presence of circumstances allowing labour rights violations to take place in the company

Multi-criteria indicator model

→ The will and ability of a company to manage labour rights issues:

- (1) existence of relevant 'preventive' managerial measures (A, B, C, ...)
(labour right specific)
- (2) Effort in integration of measures into daily practice (I, II, III) (predefined).

One indicator for each labour right!

Social LCA tool box: Company assessment – performed on site

MULTI-CRITERIA INDICATOR		EFFORTS IN INTEGRATION								
		I The company has established a practice or issued a guideline, which addresses the criterion stated in the left column			II The company has communicated and delegated responsibility for compliance with the practice/guideline to relevant managers and employees			III The company performs continuous active control to ensure that managers and employees comply with the established practice or guideline		
Implementation degree		1	2	3	1	2	3	1	2	3
MANAGERIAL MEASURES	A									
	B									
	C									
	D									
	...									

Social LCA tool box: Company assessment – performed on site

MULTI-CRITERIA INDICATOR Abolition of forced labour (excerpt 'employment contracts')		EFFORTS IN INTEGRATION								
		I The company has established a practice or issued a guideline, which addresses the criterion stated in the left column			II The company has communicated and delegated responsibility for compliance with the practice/guideline to relevant managers and employees			III The company performs continuous active control to ensure that managers and employees comply with the established practice or guideline		
Implementation degree		1	2	3	1	2	3	1	2	3
MANAGERIAL MEASURES	Employment contracts that stipulate wage, working time, annual holidays and length of personal holiday, are issued			X			X	X		
	Employment contracts that stipulate terms of resignation, which ensure employees voluntary leave of employment after due notice, are issued	X								
	Employment contracts that are comprehensible to the employee as to terms, language and formulation are issued		X		X			X		
	Employment contracts are kept on file			X			X	X		
	...									

- Aspects of forced labour: 'Deception about types and terms of work'; 'exclusion from future employment'; 'birth/decent into bonded labour' etc.

Purpose of company assessment performed on site:

- Assessing the risks (the indirect complicity to labour rights violations)
- Facilitating improvements

As an alternative or supplement to:

- application of self-assessment questionnaires
- sending of code of conducts
- incorporating terms in contracts
- requirement of SA8000 certification
- traditional auditing

Experiences from six companies:

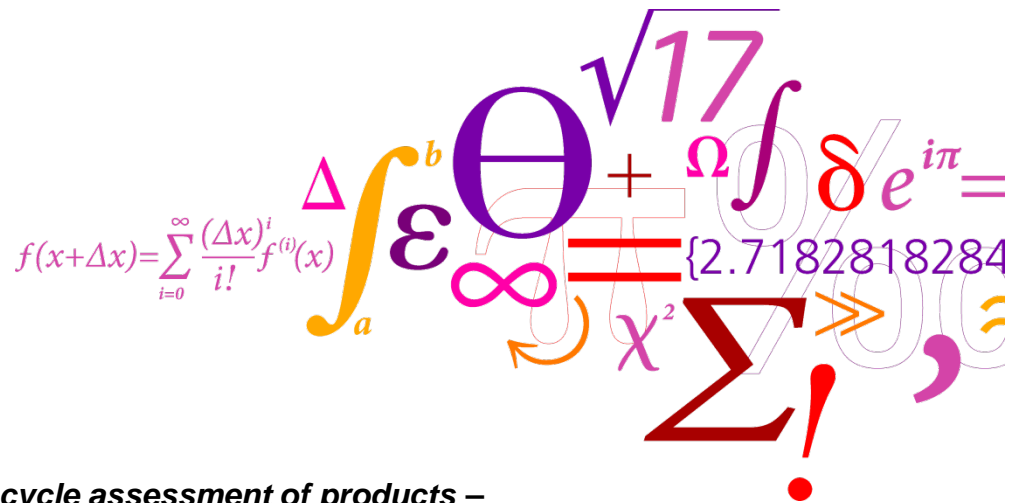
Company Assessment...

- starts the discussion of sensitive topics;
- provides overview of practices;
- reveals pro forma management systems;
- identifies inconsistencies in systems i.e. disagreement between written guidelines and actual practices, and between what a company says it does and what it actually does;
- identifies actual violations of labour rights;
- serves as a motivator for improving performance (a scoring motivates);
- serves as practical guidance for improving performance (gives an idea of how to get there and enables a systematic step-wise approach);
- gives feedback and input to people working with the area (primarily Human Resources – which sometimes is just one person);
- identifies possibilities for streamlining management processes;
- serves as platform for sharing experience between production sites - within a Corporation or across corporations (through practitioners);
- provides overview to determine gaps with e.g. SA8000 certification; and
- serves as a basis for defining performance goals for the company or corporation.

Thank you for your attention!

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Main reference:

Dreyer LC **'Inclusion of social aspects in life cycle assessment of products – Development of a methodology for social life cycle assessment'** Industrial PhD

Thesis, April 2009. Technical University of Denmark