

IIRC Consultation Draft Feedback 2013

Comments from RAISE Health Initiative for Workers, Companies, and Communities, Washington, D.C.

Key Points

Worker health has been an under-prioritized and under-protected area in sustainability and corporate accountability/responsibility standards and principles. This oversight is most striking in those, which emphasize their commitment to enhancing human capital. However, health has long been recognized as a vital component of human capital, and therefore business outcomes. From the perspective of a value creation approach, as indicated in the standard's fundamental concepts, more health-specific language is needed within the Framework. Incorporating worker health into a more holistic perspective on human capital will have a magnifying effect on business model outcomes in the short, medium, and long term. Health is also a major external factor of material concern affecting business performance as well as the local enabling environment.

From a business case perspective, there is also a strong case to be made for companies and their supply chains incorporating worker health concerns into their business models. Studies undertaken by Business for Social Responsibility and others indicate a strong return on investment from reduced absenteeism and turnover and a wide range of other qualitative benefits to a firm that views the health of its workers, particularly women's health, as integral to effective operations. The IIRC Framework needs to recognize the broader responsibility for companies and their suppliers to respect the broad health needs and rights of their workers. Language that does not make broader health issues, including women's health, explicit will cause those firms that comply with these principles to do nothing more than address human capital from the perspective of worker training.

Moreover, it is critical that the Framework recognize gender differences explicitly in its language – or company managers will likely continue to ignore these differences. Gender does not simply mean “women,” although women tend to be the workers who are ignored when standard language refers only to “all workers” or “workers.” Mainstream corporate social responsibility groups recognize that company investment in women is essential as there is significant evidence linking firm performance with gender equitable policies and practices as well as the providing social benefits to workers and communities. When you approach the

issue of development of capital and how it affects sustainability, you should give clear guidance to companies to show how they are investing in women. Gender and health are of material importance to firm performance and should not be put under broad categorical generalities. The UN Global Compact's Women's Empowerment Principles and the Gender Equity Principles are becoming the norm. They and others emphasize the importance of meeting gender benchmarks, and the first step to gender equity is collecting and analyzing sex-disaggregated company data.

Here are two examples of how lack of gender focus can lead to discriminatory outcomes:

- Menstrual hygiene. Addressing this issue, which reduces women worker productivity and can cause serious infection because of employer inattention, must be addressed as a basic expectation of all companies.
- Trainings. When companies do not provide training at hours that take into account women's needs, this can make it impossible for women to attend and the company inadvertently if not consciously is discriminating against women workers.

This standard will lose international credibility if gender is not made more explicit, not simply as a discrimination issue but as a crosscutting issue.

Question 5: Do you agree with this approach to the capitals? Why/why not?

We agree with your overall approach to the capitals. However, we suggest the following amendments be made to the definition of human capital:

- Add to Section 2.13: "...the quality of its human capital is improved when employees become better trained, ADVERSE GENDER DYNAMICS ARE ADDRESSED, AND WHEN ACCESS TO COMPREHENSIVE HEALTH SERVICES IS READILY AVAILABLE."
- Add to Section 2.17, under the "Human Capital" bullet point: "People's competencies, capabilities and experience...including their: -- HEALTH STATUS AS IT RELATES TO ACCESS TO COMPREHENSIVE HEALTH SERVICES AND FREEDOM FROM GENDER-BASED RISKS."

Question 6: Please provide any other comments you have about Section 2B?

Explanatory Comments:

In Section 2.14, the Framework's acknowledgement of "...the continuous interaction and transformation between the capitals" suggests a fundamental commitment of firms to reinvest capital in ways that increase overall value. We argue that the ensuring access to or providing comprehensive healthcare is an essential mode of capital transformation with obvious long-term, value-added benefits. Investing in human capital in this way creates a stronger, more productive worker population over time. The evidence on health investments in human capital is not a zero sum game, but in fact increases financial and other capital over time.

Furthermore, the Framework's definition of human capital is too limited in scope. A more nuanced definition is needed in order to incorporate the importance of workers' health status and gender-related issues. The depletion of worker health can significantly impact the potential for human capital, and thus, business model outcomes. Furthermore, it deeply impacts a company's ability to create value over time. Several examples of this may include issues related to chronic absenteeism, sanitation-related issues, and gender-based violence.

Question 7: Do you agree with this definition? Why/why not?

We agree with the overall definition of a business model. However, we suggest with the following amendments be made to the definition of inputs:

- Amendment to Section 2.28, bullet point #3: "Many "knowledge" and "organizational" intangibles, INCLUDING HEALTH AND GENDER EQUITY, are not captured on the balance sheet but may be vital to a robust business model..."
- Amendment to Section 2.28, bullet point #4: "Many business models require not only a dedicated, ~~and~~ committed, and HEALTHY workforce but also..."

Question 8: Do you agree with this definition? Why/why not?

While we agree with your overall definition of outcomes, we suggest specifically noting gender in your examples. Thus, in 2.35 we would suggest:

- "Internal to an organization (e.g., employee morale, ~~and~~ GENDER EQUITY, and organizational reputation) or external..."

Question 10: Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.

With regard to Section 2.45, adding another bullet:

- “EMPLOYEE WELL-BEING, HEALTH, AND GENDER EQUITY.”

Question 12: Please provide any other comments you have about Section 3D or the Materiality determination process.

In Section 3.10, we suggest adding the following sub-bullet:

- “AN ANALYSIS OF HUMAN CAPITAL DEVELOPMENT AND FINANCIAL RETURN ON INVESTMENT IN TERMS OF CROSS-CUTTING ISSUES OF GENDER EQUITY, EMPLOYEE HEALTH NEEDS, PRODUCTIVITY, AND MORALE.”

Question 13: How should the reliability of an integrated report be demonstrated?

The reliability of an integrated report should be demonstrated by its commitment and adherence to international benchmarks and guidelines. For example, the consistent collection and analysis of comprehensive crosscutting and sex-disaggregated data on inputs, outputs, and outcomes are an international standard to which all organizations should be held. A basic norm for all business is talking with employees about strategy objectives and norms. The IR should make clear employees have a role in ensuring the reliability of the report, which includes various existing mechanisms for employee-management dialogue and dispute resolution.

Question 16: Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).

Section 4.8-9, this section requires companies to state the context in which they operated and what they do. We are pleased to see you mention such external factors as societal changes, health, and population and demographic changes. They are exceptionally important for medium and long-term business models. But firms should be expected to state more than just the context. They should state how they are respond to this context. Most firms are not good at strategic, crosscutting thinking on these issues that create internal and external business risks. We suggest you consider providing firms examples of key variables related to these issues

in describing context and the company response, including specific company policies on reproductive health services and general health care; maternal health, family leave and day care; family planning, and nutrition in countries in where a company operates and how these policies address the external context.