

Subject 880

January 11, 2011

SUMMARY OF TOPICS

The following is proposed for review and comment only:

1. For Review and Comment Only: Interim Sustainability Requirements for Manufacturing Organizations, ULE ISR 880

COMMENTS DUE: APRIL 11, 2011

This proposal is for review and comment only.

1. For Review and Comment Only: Interim Sustainability Requirements for Manufacturing Organizations, ULE ISR 880

BACKGROUND

ULE ISR 880 are sustainability requirements for businesses that focuses on organization's environmental and social performance. Our vision is to create a uniform, globally applicable system for rating and certifying companies on a spectrum of environmental and social performance characteristics.

ULE ISR 880 is a partnership between UL Environment (ULE), a division of Underwriters Laboratories, and GreenBiz Group, an independent media and business information services company.

RATIONALE

Proposal submitted by: Catherine Sheehy, UL Environment

Conscientious review of any standard takes effort, but it is essential to ensure quality. We are grateful for your participation in this process. To make best use of your time, we ask that you keep in mind that the purpose of this standard is to recognize and promote corporate sustainability performance based on data that is verifiable, achievable yet challenging, comprehensible to the organizations seeking certification as well as to stakeholders, and valuable to decision-making in this area. Comments should be as complete and detailed as possible and contain clear opinions about strengths, weaknesses, relevance, and importance to the field.

We have provided several supplementary attachments to assist you in this effort, including a copy of the stakeholder responses received on the original draft of the requirements submitted for open comment in July 2010 and the UL Environment-GreenBiz team responses to this feedback.

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PROPOSAL

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INTRODUCTION

1 General

1.1 The most often cited definition of sustainability is human activity conducted in a way that meets “the needs of the present without compromising the ability of future generations to meet their own needs.”¹ In the marketplace, the term is used to address ideas and emerging systems of thought that include corporate social responsibility, corporate citizenship and environmental responsibility.

1.2 Sustainability has become an increasingly important business focus across all market sectors in both developed and developing economies due in part to growing recognition of, and sophistication in assessing, the real costs of externalities – that is, the negative environmental and social impacts by everyday business activities such as the manufacturing and selling of products, the delivery of services, and normal business operations. Moreover, the business world is changing to respond to emerging social and market forces that value companies that consider the effects of their operations, products and services on the environment and community. The ability to integrate environmental and social responsibility into business operations is fast becoming an indicator of good management, decreased risk, and the path to enhanced reputation. Achieving greater sustainability is becoming an important business driver that helps companies remain competitive and enhance their reputations among customers, shareholders, suppliers and employees.

1.3 However, while organizations have made progress over the last few decades in addressing their sustainability impacts, sustainability as both a process and objective remains ill-defined. Without a standardized process for assessing and rating organizations, those who seek to evaluate the sustainability of organizations are hampered by skepticism borne of real or perceived “greenwashing” and confusion about what it means to be a sustainable business.

1.4 ULE ISR 880, Interim Sustainability Requirements for Manufacturing Organizations seeks to address this gap by establishing a standardized assessment of organizations through an independent, third-party-verified process. UL Environment and GreenBiz Group, the authors of ULE ISR 880, believe that adoption of such a process globally will facilitate the establishment of corporate sustainability practices as “business as usual”, and, eventually, will enable companies and their stakeholders to align day-to-day sustainability practices with aspirational goals and objectives.

2 The Interim Sustainability Requirements Document

2.1 This document contains sustainability requirements that will serve as the basis for evaluating manufacturing organizations until such time that these Interim Sustainability Requirements (ISR) are superseded by the standard that is currently under development.

2.2 ULE ISR 880, Interim Sustainability Requirements for Manufacturing Organizations provides company-level sustainability requirements that are applicable across sectors and national borders. It covers a full spectrum of sustainability issues – governance for sustainability, environmental performance, work force practices, customer and supply chain practices, and community engagement and human rights practices. These requirements recognize the pioneering models of voluntary sustainability reporting frameworks such as the Global Reporting Initiative (GRI); international guidelines that address elements of organizational sustainability, such as International Organization for Standardization (ISO) 26000,

¹United Nations. 1987. Report of the World Commission on Environment and Development, General Assembly Resolution 42/187, 11 December 1987.

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Guidance on Social Responsibility; and a wide range of other standards and guidelines that address specific elements of sustainability, such as the Social Accountability (SA) 8000, standard on international labor practices. It provides credit to companies adhering to these organizational sustainability frameworks and rewards best practices in a series of indicators that must be verified by authorized independent third-party verifiers, and certified to be included in the ULE ISR 880 organizational registry.

2.3 Developing requirements that address an organization's impacts across multiple sustainability-related concepts is necessarily complex. There are many different approaches and a variety of potential answers to difficult questions, such as what indicators to include, how to assign value to specific indicators and how to weight categories of indicators in one area in relation to others. Building upon the century of rigor at Underwriters Laboratories in establishing standards for product safety, the UL Environment-GreenBiz Group team set out to create a standard that is comprehensible, consistently applied, credible, measurable and relevant to companies and their stakeholders. The results are comprehensive corporate sustainability requirements for manufacturing organizations covering five domain topics – governance for sustainability, environment, work force, customers and suppliers, and community engagement and human rights – four categories of indicators – prerequisite, core, leadership and innovation – that are organized into four types – inventories and baselines, policies and procedures, performance, and reporting. Combined, this matrix provides a comprehensive, consistent, yet flexible framework that is applicable across diverse manufacturing organizations while helping companies who become certified under these requirements to differentiate themselves from their peers.

2.4 While the ULE ISR 880 framework provides much-needed consistency in assessing sustainability across manufacturing organizations, performance measurement remains difficult to develop and apply comprehensively and consistently. Measuring performance is challenging even in arenas outside sustainability, such as finance, where there is a well-developed history of metrics and measurement. The complexity increases when it comes to sustainability, where there is often an enormous gap in understanding how an organization's business decisions and operations translate into positive or negative social and environmental impacts.

2.5 With this in mind, the authors of ULE ISR 880 have designed a process of capturing performance data and incentivizing participating organizations to set targets and have their performance against those targets verified on a regular basis. In this manner, it is the intent of ULE ISR 880 to encourage organizations to develop performance data and reporting, such that over time these requirements will better enable organizations to link their organizational practices and performance to environmental, social, and financial objectives pertinent to not only their organization, but to broader objectives. In other words, ULE 880 ISR seeks to build a bridge between an organization's immediate needs with the needs of future generations.

3 Statement of Principles

3.1 The following core principles have guided the development of ULE ISR 880 indicators:

- a) **Aspirational and achievable:** ULE ISR 880 should establish criteria that are aggressive but feasible to achieve and verify.
- b) **Verifiable:** ULE ISR 880 criteria should be written such that the verification and certification process is repeatable and consistent when rating different organizations within the same sector and when rating the same organization from one year to the next.
- c) **Leverages Existing Standards and Guidance:** A number of leading organizations have developed standards or guidelines that cover specific attributes of organizational sustainability. Whenever possible and appropriate, ULE ISR 880 should incorporate these by reference, with a priority given to company-wide, global, verifiable standards and reporting protocols.

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d) **Transparency and Disclosure:** Disclosure has become a core tenet of sustainability and good organizational governance. Disclosure in the context of ULE ISR 880 means that the text of the ISR document will be available to all. In addition, these requirements are designed to help move organizations toward the goal of greater transparency in terms of sustainability-related risks and opportunities. Therefore, it is the intention of the certification program to publish audited Applicant scores at the aggregate level, by domain, and by indicator.

e) **Precautionary Approach:** The concept “Precautionary Principle” was introduced to help companies, government entities, organizations, communities, scientists, and others take measures to reduce harm to human health and the environment from their activities when those activities raise threat of harm – even in the absence of scientific certainty around cause and effect. The “Precautionary Approach” is a decision-making process that requires a thorough exploration and careful analysis of a range of alternatives, as well as a duty to take anticipatory action to prevent harm. Any gaps in scientific data uncovered by the examination of alternatives will provide a guidepost for future research, but will not prevent the taking of protective action. These requirements seek to reward organizations that apply this concept in their business operations. In ULE ISR 880, this Approach pertains to Indicators 22.1□ Environmental Site Assessments (when identifying environmental risks and issues); 24.2□ Product Design – Life Cycle Program Incorporation (when considering environmental impacts and material selections); and 24.6◇ Chemical Alternatives Program (when considering the assessment of chemicals for use in product design and development). See Appendix AB3.1 for additional information.

f) **Achieving actual improvements:** Companies certified under ULE ISR 880 should demonstrate tangible reductions in environmental and social impacts across their operations.

g) **Continuous Improvement:** The requirements of ULE ISR 880 should be dynamic and reflect current and leading thinking, practices and systems with the objective of assisting organizations in continually improving sustainability performance.

3.2 These requirements establish a uniform system for rating and certifying manufacturing organizations across a spectrum of environmental and social performance characteristics. These requirements are also intended to provide a roadmap for company and organizational sustainability by establishing verifiable criteria for certification.

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4 Scope and Intended Users

4.1 Definition of Manufacturing and Organization Size

4.1.1 ULE ISR 880 – Sustainability for Manufacturing² Organizations is designed to cover the unique sustainability-related issues faced by large³ and medium-sized organizations that fabricate tangible goods such as components, machines, source materials, or final products for sale to other organizations or directly to consumers.

4.2 Geographic Applicability

4.2.1 While this first edition of ULE ISR 880 contains many indicators based on North American guidance and best practices, equivalent indicators may be applied for manufacturing companies located outside of North America that seek certification to these requirements.

4.3 Intended Users

4.3.1 ULE ISR 880 is intended to enable procurement officials, customers, trading partners, investors, and employees to consider company environmental and social performance in decision-making, thereby elevating the importance of these issues to organizations. It is intended for use by stakeholder groups including, but not limited to:

- a) Product manufacturers;
- b) Service professionals;
- c) Government and municipalities;
- d) Customers;
- e) Regulators;
- f) Environmental professionals;
- g) Policymakers; and

²Manufacturing: For the purpose of ULE ISR 880, manufacturing business activities pertain to involvement in market sectors including, but not limited to aerospace, automotive/transportation, industrial goods, chemicals, electrical and electronics, food and beverage, textiles and wearing apparel, heavy machinery and machine tools, medical equipment, pharmaceuticals and biotech, wood products and furniture, plastics and rubber, and remanufacturing.

³Large Organizations: ULE and GreenBiz Group realize that small businesses face unique sustainability challenges and opportunities that are not reflected in the current standard. For that reason, the threshold for verification and certification under ULE ISR 880 is above the size standards defined by the US Small Business Administration (SBA) as the upper limit for small business concerns. ULE will consider certifying organizations defined as "small" by the SBA on a case-by-case basis when an organization's market share or involvement in the supply chain of others suggests a larger organizational profile in its industry than its annual receipts or employee headcount indicate. See (<http://www.sba.gov/contractingopportunities/officials/size/index.html>) for more information.

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h) Investors.

5 ISR Architecture

5.1 Domains

a) **Governance for Sustainability:** including sustainability strategic planning, board oversight, internal stakeholder engagement, ethics policies, and creating the infrastructure and fostering the behaviors that create a culture of sustainability

b) **Environment:** including product stewardship, sustainable resource use, environmental management systems, energy efficiency and carbon management, materials optimization, facilities and land use, habitat restoration, and pollution and waste prevention

c) **Work Force:** including professional development, workplace integrity, employee satisfaction and retention, work place safety, and employee health and well-being

d) **Customers and Suppliers:** including fair marketing practices, product safety, customer support and complaint resolution, and sustainable supply chain management, monitoring and improvement

e) **Community Engagement and Human Rights:** including community impact assessment, community investment, and human rights issues

5.2 Baseline Year

5.2.1 Organizations seeking certification to these requirements shall use the common baseline year of 2005 that is applicable across all domains and indicators. Any reference to a baseline year used in this ISR shall refer to this baseline year. An exception shall be made for manufacturers that have launched operations after 2005, in which case the Applicant shall establish an appropriate baseline in collaboration with the assessor.

5.3 Organizational Boundaries

5.3.1 In order to assess and verify an organization against these requirements, the Applicant and the verification entity need to agree on organizational boundaries via a thorough scoping process. These requirements will adopt the “control approach” – that is, an understanding of what aspects of its operation it directly or indirectly controls – for establishing the outer limits of an organization’s boundaries for purposes of assessment and verification. This control approach can take the form of either financial control or organizational control. As defined by the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, “A company has financial control over the operation if the former has the ability to direct the financial and operating policies of the latter with a view to gaining economic benefits from its activities.”⁴ In the case of operational control, “A company has operational control over an operation if the former or one of its subsidiaries has the full

⁴The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. The World Resources Institute and the World Business Council for Sustainable Development, p. 17.

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authority to introduce and implement its operating policies at the operation.”⁵ In order to simplify and clarify the organizational boundary assessment process, an equity share approach shall not be considered appropriate for these requirements.

5.3.2 For the purpose of certification to ULE ISR 880, an organization may set its boundaries more narrowly – for instance, its North American operations only – unless a specific requirement is noted in the indicator. In all cases, the Applicant’s boundaries shall include at a minimum its corporate headquarters, its global policies, and at least one primary manufacturing facility. The boundaries of the organization’s certification will be a required element in communicating its certification results. These boundaries shall be applicable across all domains and indicators unless explicitly stated otherwise.

5.4 Indicators

5.4.1 ULE ISR 880 seeks to encourage the continuous improvement of assessed organizations through a four-step process of collecting data, establishing policies and procedures based on an analysis of that data, establishing and meeting performance targets that contribute to improved sustainability performance, and disclosing specific results achieved to stakeholders. To help convey this structure, each indicator has been marked as one of the following four types:

a) **Inventories and Baselines** – denoted by the symbol: Δ

The measurement and aggregation of data with a defined starting point and a methodology for continued collection and maintenance.

b) **Policies and Procedures** – denoted by the symbol: □

Operational processes and norms.

c) **Performance** – denoted by the symbol: ◇

Measurable progress against goals set by the organization. For the purpose of this ISR, conformance to performance indicators is based on demonstrated improvement against previously established goals from the baseline year, articulation of new goals going forward, and in future years, verification of performance against those new goals. Performance against future goals shall be audited each year between required recertifications.

d) **Reporting** – denoted by the symbol: ○

Information to stakeholders about particular actions taken and results achieved by the organization.

5.4.2 For a list of all indicators and their associated points, please see Appendix AC.

⁵Ibid, p. 18

5.5 Weighting of Domains

5.5.1 ULE ISR 880 includes a comprehensive set of environmental, social, and governance sustainability indicators across five domains. Please note: this ISR does not include financial indicators – the third leg of the triple bottom line. The ULE-GreenBiz Group team is working with several experts to identify and integrate relevant financial indicators into subsequent versions of this ISR.

5.5.2 Points have been allocated to indicators based on type (described above under 5.4) and an estimate of level of effort and effect on a company's sustainability operations. The combination of indicator types and point allocations result in a distribution of points by domain illustrated in Table 5.1 as follows:

Table 5.1
Point Allocations and Percentage Weightings

Domain	Points	Percentage of Total
Governance for Sustainability	141	14%
Environment	470	47%
Social:	389	39%
Work Force	163	
Customers and Suppliers	166	
Community Engagement and Human Rights	60	

6 Certification Requirements

6.1 Required and Optional Indicators

6.1.1 General

6.1.1.1 Each domain includes prerequisites, core indicators, and leadership indicators, for a total of 1,000 possible points across all domains. Additional innovation points are available to recognize exceptional performance beyond these requirements.

6.1.1.2 An Applicant must first meet all prerequisites to be considered for certification. Those that do may be certified for their sustainability efforts in one of two ways:

- a) An Applicant may receive certification by achieving points in at least each core indicator (though it need not achieve all available points in any individual core indicator).
- b) To receive certification and recognition at higher levels, an Applicant must earn additional points. The ULE-GreenBiz team will use the pilot program to collect data necessary to establish appropriate levels of achievement for recognition, including a leadership level. The following sections describe each indicator category in more detail.

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6.1.2 Prerequisites

6.1.2.1 Prerequisites are required indicators. Applicants shall meet all seven prerequisites, identified in Table 6.1 below, in order to be considered for certification under these requirements. There are no points associated with prerequisites.

Table 6.1
Prerequisites

Domain	Prerequisite
Governance for Sustainability	10□ Prerequisite: Sustainability Policy 14.1□ Prerequisite: Ethics Policies
Environment	17.2□ Prerequisite: EMS
Work Force	26□ Prerequisite: Work Force Requirements 29.2□ Prerequisite: Occupational Safety
Customers and Suppliers	32.2□ Prerequisite: Green Claims and Truth in Advertising
Community Engagement and Human Rights	37□ Prerequisite Human Rights Requirements

6.1.3 Core Indicators

6.1.3.1 At a minimum, to be certified, Applicants must achieve points in each of the 19 core indicators, identified in Table 6.2 below. Applicants may earn up to 159 points across all core indicators. An Applicant need not achieve all 159 points to be certified.

Table 6.2
Core Indicators

Domain	Core	Points Available
Governance for Sustainability	11.3○ Sustainability Reporting	10
	13.1□ Shareholder Engagement	10
	13.2□ Employee Engagement	10
	14.3□ Environmental and Social Legacies	10
Environment	18.2Δ Greenhouse Gas (GHG) Inventory: Scope 1 and Scope 2	10
	19.2□ Water Use and Wastewater Policy	5
	20.2Δ Waste Inventory	10
	22.2.10 Green Building and Leasing	7
	23.2□ EPP Policy	5
	24.2□ Product Design - Life Cycle Program Incorporation	8
Work Force	27.2□ Performance Management System	6
	28.2□ Diversity and Inclusion Policy	5
	28.5□ Addressing Employee Concerns / Whistleblower Protection	10
	30.2□ Access to Health Care	5
Customers and Suppliers	33.2○ Customer Health and Safety Reporting	10
	34.2□ Complaint Resolution and Customer Satisfaction	8
	35.2□ Sustainable Supply Chain Code of Conduct	10

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Table 6.2 Continued

Domain	Core	Points Available
Community Engagement and Human Rights	38.2 External Stakeholder Engagement	10
	40.2 Human Rights Risks Assessment	10

6.1.4 Leadership Indicators

6.1.4.1 Applicants may earn up to 841 points for all other indicators (except the Innovation indicator described below). Applicants will be required to secure points in this category to be recognized at higher levels of achievement under the certification program. The levels for recognition will be determined during the pilot program.

6.1.5 Innovation

6.1.5.1 Up to an additional 25 points are available to Applicants to submit their own achievements for consideration. Such achievements shall be in any of the domains covered in these requirements. These submissions shall be documented appropriately, and shall be subject to independent audit. For more information see Innovation Points, Section 41.

6.2 Documentation of Achievements

6.2.1 To comply with the requirements of ULE ISR 880, an Applicant shall provide documentation to the auditor for all prerequisites, core indicators, and each leadership indicator for which it seeks conformance. The methodology for assessing whether an organization conforms to the requirements shall be documented and be of sufficient detail to provide confidence that the organization has correctly conformed to these requirements. The underlying raw data supplied as evidence of conformance shall not be made publicly available without the Applicant's consent.

6.2.2 ULE ISR 880 is designed to recognize organizations that go beyond regulatory compliance toward ever increasing levels of sustainability. In order to be considered for certification to ULE ISR 880, all Applicants must attest in writing to their conformance to all regulatory and legal requirements relevant to their operations. In the case of noncompliance, Applicants must provide explanation of any violations and information about related settlements, voluntary mitigation actions, and/or fines. It is up to the discretion of the verification and certification bodies whether such explanations are sufficient to be considered for certification to ULE ISR 880. See Appendix AB6.2 for more information.

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6.3 Frequency of Evaluation

6.3.1 With the exception of specific performance indicators, as noted below, Applicants shall be reevaluated against the requirements every three years for recertification, or more frequently when significant changes to the organization's policies, processes, or performance occur that have potential to affect conformance results to the requirements in this standard. Such changes may include: mergers, acquisitions, and divestments; outsourcing and in-sourcing of significant functions; other changes affecting the boundaries of the organizations operational or financial control; changes or improvements in the accuracy of activity data that result in a significant change in the Applicant's sustainability assessment; and discovery of significant errors, or a number of cumulative errors that are collectively significant. It may be to the organization's benefit to seek re-certification in instances where continuous improvement could allow the Applicant to achieve a higher level of conformance.

6.3.2 Several performance indicators require Applicants to establish future goals. Applicants receive additional points when they achieve these goals. An Applicant that initially achieves any points for a performance indicator of this type shall be reevaluated every year between initial certification and recertification to confirm that it is achieving its own stated goals.

7 Normative References

7.1 Where applicable, these requirements invoke several other credible standards, guidelines, and vision documents, listed below, that have been developed to guide specific policies and practices that are important to sustainability for manufacturers. Any undated reference to a code, standard, or guideline appearing in the criteria of these requirements shall be interpreted as referring to the latest edition of that code, standard or guideline. The exception shall be in the case where the criterion explicitly states a certain version or date to be used.

- a) AccountAbility 1000, Stakeholder Engagement Standard, AA1000SES
- b) ASHRAE, Standard for the Design of High-Performance, Green Building, 189, <http://www.ashrae.org/publications/page/927>
- c) ASHRAE, Ventilation and Acceptable Indoor Air Quality in Low-Rise Residential Buildings, 62, http://www.ashrae.org/doclib/20090706_62_2_2007_e_final.pdf
- d) ASTM, Standard Guide for Disclosure of Environmental Liabilities, E2173, www.astm.org/Standards/E2173.htm
- e) California Proposition 65, Safe Drinking Water and Toxic Enforcement Act of 1986, <http://www.oehha.ca.gov/prop65/background/p65plain.html>
- f) CERES, The 21st Century Corporation: The CERES Roadmap for Sustainability, <http://www.ceres.org/ceresroadmap>
- g) Electronic Code of Federal Regulations, Title 16: Commercial Practices – Part 260: Guides for the Use of Environmental Marketing Claims, http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&=b2333ddf96abf25788ef3037ffcfb40a&tpl=/ecfrbrowse/Title16/16cfr260_main_02.tpl
- h) Electric Code of Federal Regulations, Title 40: Protection of Environment, Part 261 – Identification and Listing of Hazardous Waste, <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=2c0859ca55fbe0ff5c5dfbc15532d8bb&rgn=div5&view=text&node=40:25.0.1.1.2&idno=40>

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- i) European Community's Eco-Management and Audit Scheme, http://ec.europa.eu/environment/emas/index_en.htm
- j) FTSE4Good Index Series, www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp
- k) Global Reporting Initiative (GRI), G3: Sustainability Reporting – Requirements, guidelines and conformance levels, <http://www.globalreporting.org>
- l) Green Globes Assessment and Rating System, <http://www.greenglobes.com/about.asp>
- m) Greenhouse Gas (GHG) Protocol, <http://www.ghgprotocol.org/>
- n) ILO Conventions, www.ilo.org
- o) ICC, International Green Construction Code, <http://www.iccsafe.org/cs/igcc/Pages/default.aspx>
- p) ISO standards and guidelines, <http://www.iso.org>
 - 1) Quality management systems – Requirements, ISO 9001
 - 2) Quality management – Customer satisfaction – Guidelines for complaints handling in organization, ISO 10002
 - 3) Quality management – Customer satisfaction – Guidelines for dispute resolution external to organizations, ISO 10003
 - 4) Environmental assessment of site and organization (EASO), ISO 14015
 - 5) Environmental labels and declarations – Self-declared environmental claims (Type II environmental labeling), ISO 14021
 - 6) Environmental labels and declarations – Type I environmental labeling – Principles and procedures, ISO 14024
 - 7) Environmental labels and declarations – Type III environmental labeling – Principles and procedures, ISO 14025
 - 8) Environmental management – Life cycle assessment – Principles and framework, ISO 14040, and Environmental management – Life cycle assessment – Requirements and guidelines, ISO 14044
 - 9) Guidance on social responsibility, ISO 26000
- q) Occupational Health and Safety Zone, OHSAS 18001, <http://www.ohsas-18001-occupational-health-and-safety.com/>
- r) OECD, Guidelines for Multinational Enterprises, <http://www.oecd.org/dataoecd/56/36/1922428.pdf>
- s) Social Accountability 8000, SA8000, <http://www.sa-intl.org>

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- t) UN International Convention on the Elimination of All Forms of Racial Discrimination, <http://www2.ohchr.org/english/law/cerd.htm>
- u) UN Convention on the Elimination of All Forms of Discrimination Against Women, <http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm>
- v) UN Global Compact, The Ten principles, <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>
- w) UN Global Compact: Business for Social Responsibility (BSR) Self Assessment Tool, <http://www.unglobalcompact.org>
- x) UN Global Compact: Supply chain sustainability, <http://www.unglobalcompact.org>
- y) UN Guidelines for Consumer Protection, http://www.un.org/esa/sustdev/publications/consumption_en.pdf
- z) US EPA Design for the Environment, <http://www.epa.gov/dfe/>
- aa) US EPA: Environmentally Preferable Purchasing (EPP), <http://www.epa.gov/epp/>
- bb) US EPA: Toxic Release Inventory (TRI) Program, <http://www.epa.gov/tri/>
- cc) US Green Building Council LEED® Rating Systems, <http://www.usgbc.org>
- dd) US EPA: Summary of the Safe Drinking Water Act, <http://www.epa.gov/lawsregs/laws/sdwa.html>
- ee) World Business Council for Sustainable Development, Vision 2050, http://www.wbcsd.org/web/projects/BZrole/Vision2050_Summary_Final.pdf

8 Acronyms and Terminology

8.1 Acronyms

- a) **AIHA**: American Industrial Hygiene Association
- b) **ANSI**: American National Standards Institute
- c) **ASHRAE**: American Society of Heating, Refrigeration, and Air-Conditioning Engineers
- d) **BREEAM**: Building Research Establishment Environmental Assessment Method
- e) **CDP**: Carbon Disclosure Project
- f) **CERES**: Coalition for Environmentally Responsible Economies
- g) **DfE**: Design for the Environment
- h) **EPD**: Environmental Product Declaration
- i) **EPP**: Environmentally Preferred Purchasing

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- j) **FAO:** Food and Agricultural Organization of the United Nations
- k) **GHG:** Green House Gas / Gases
- l) **GRI:** Global Reporting Initiative
- m) **GTOS:** Global Terrestrial Observing System
- n) **HMIS:** Hazardous Materials Identification System
- o) **ILO:** International Labour Organization
- p) **ISO:** International Organization for Standardization
- q) **LCA:** Life cycle assessment
- r) **LEED / LEED EBOM:** Leadership in Energy and Environmental Design / LEED for Existing Buildings Operations and Maintenance
- s) **OECD:** Organization for Economic Co-operation and Development
- t) **OSHA:** Occupational Safety and Health Administration – US
- u) **PCRs:** United Nations Environmental Programme
- v) **UNEP:** United Nations Environmental Programme
- w) **USGBC:** US Green Building Council
- x) **UNGC:** United Nations Global Compact
- y) **WBCSD:** World Business Council for Sustainable Development
- z) **WRI:** World Resources Institute

8.2 Terminology

- a) **Air pollution:** The presence of contaminants or pollutant substances in the air that interfere with human health or welfare, or produce other harmful environmental effects.
- b) **Alternative-fuel vehicle:** Any motorized vehicle that runs on fuels other than petroleum-based fuels. Examples include hybrid, fuel cell, and battery-electric vehicles.
- c) **Applicant:** The company or individual who applies to UL or UL Environment for the certification to a standard.
- d) **Biodiversity:** The number, variety, and genetic variation of different organisms found within a specified geographic region.
- e) **Biopersistent:** A chemical or physical (fiber, particulate) toxicant that is not readily degraded in the environment or within the organism.

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f) **Byproduct:** A production material that is not waste and possesses characteristics that make it ready for further use in the marketplace without any further processing.

g) **Carcinogen:** A chemical that can cause cancer in animals or humans.

h) **Chemicals of Concern:** A chemical that may be categorized in one or more of the following ways:

- 1) Persistent and/or bio-accumulative toxins (PBT)*;
- 2) Reproductive/developmental toxins*;
- 3) Carcinogens; and/or
- 4) Endocrine disruptors (EDs).

*Reference Lists: National Toxicology Program (NTP), IARC, California EPA Proposition 65, FDA (endocrine disruptor knowledge database), Stockholm convention

i) **Child Labor:** Employment of children under the minimum legal age for employment in the country where the work is being completed.

j) **Closed Loop Water System:** A system in which water used in production is cleaned and recirculated for reuse in operations without evaporation or exposure to the atmosphere.

k) **Communication on Progress (COP):** Within two years of declaring support for the UN Global Compact, an organization is expected to produce a Communication on Progress that reports, publicly, the organization's improvement against its stated goals and the 10 principles outlined in the Compact.

l) **Community Impact Assessment (CIA):** Also called a Social Impact Assessment, a CIA is a methodical process to evaluate the potential effects of specific organizational policies, plans, project, and proposed facilities on the communities in which it current operates or seeks to operate. An effective stakeholder engagement strategy is essential for implementing effective CIAs.

m) **Design for the Environment (DfE):** The systematic integration of environmental and human health factors into the design of products and processes to prevent pollution and conserve resources during the manufacture of those products. The US EPA's DfE partnership program is designed to identify safer chemical products. (<http://www.epa.gov/dfeprojects/formulat/saferproductlabeling.htm>)

n) **Environmental Management System (EMS):** Part of an organization's management system used to develop and implement its environmental policy and manage its environmental aspects. (Reprinted from Environmental management - Vocabulary, ISO 14050)

o) **Environmental Product Declaration (EPD):** The documentation of an audited Life Cycle Assessment (LCA) of the environmental performance of a product, based on approved Product Category Rules (PCRs) in accordance with Environmental labels and declarations – Type III environmental declarations – Principles and procedures, ISO 14025

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p) **Eco-label:** Product or service markers, often in the form of a label, service mark, or seal, that seek to make consumers aware of the imperceptible environmental contents of the product or to indicate that its production meets certain standards deemed to be socially desirable. (Reprinted from ILO Thesaurus 2005)

q) **Ecosystem:** A functional system that includes the organisms of a natural community together with their environment. (Reprinted from Access Science Dictionary from McGraw Hill)

r) **Environment:** The sum of all external conditions affecting the life, development, and survival of an organism.

s) **Environmental Justice:** The fair treatment and meaningful involvement of all people in an affected community, regardless of race, color, gender, national origin, or income, in considering investments and developments that affect the environment. The concept was developed to highlight the disproportionate risk that members of disadvantaged ethnic, minority, or other groups have suffered historically as a result of non-participatory or unfair decision making about environmental issues that affect these communities. (US Environmental Protection Agency, Environmental Justice, <http://www.epa.gov/environmentaljustice/>)

t) **Environmental Policy:** A statement by the organization of its intentions and principles in relation to its overall environmental performance, which provides a framework for action and for the setting of its environmental objectives and targets.

u) **Environmentally Preferable Purchasing (EPP):** A process for selecting products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose.

v) **Forced Labor:** All work or services extracted from any person under the menace of any penalty or for which the person has not offered himself or herself voluntarily. (Reprinted from ILO Thesaurus 2005)

w) **Fossil Fuel:** Fuel derived from ancient organic remains. Examples are peat, coal, crude oil, and natural gas.

x) **Fuel-Efficient Vehicle:** A conventional vehicle that delivers higher miles per gallon (MPG) than other conventional vehicles in the same category.

y) **Green Chemistry:** Also called sustainable chemistry, "is the utilization of a set of principles that reduces or eliminates the use or generation of hazardous substances in the design, manufacture and application of chemical products." (Paul Anastas and John Warner, Green Chemistry Theory and Practice)

z) **Greenhouse Gas (GHG):** Gases (e.g., carbon dioxide, methane, ozone, fluorocarbons) whose absorption of solar radiation helps accelerate the greenhouse effect, which is heating phenomenon caused by solar radiation becoming trapped in the atmosphere.

aa) **Greenhouse Gas Protocol Initiative (Scopes 1, 2, 3):** An international accounting tool widely used by government and business leaders to understand, quantify, and manage GHG emissions. Scope 1, 2, and 3 emissions are the GHG Protocol's categories of direct and indirect emissions. According to the Greenhouse Gas Protocol Initiative website, the definitions of Scopes 1, 2, and 3 are:

1) Scope 1: All direct GHG emissions

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2) Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam

3) Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

(World Resource Institute and the World Business Council for Sustainable Development, "The Greenhouse Gas Protocol Initiative," <http://www.ghgprotocol.org/>)

bb) **Hazardous Substances:** Any substance that are known to pose a threat to human health and/or the environment. Typical hazardous substances are toxic, corrosive, ignitable, explosive, or chemically reactive and the legal use of many hazardous substances in industry is regulated by international, national and local laws.

cc) **LEED EBOM (Existing Building Operations & Maintenance):** Leadership in Energy and Environmental Design (LEED) is a voluntary, internationally recognized green building certification system that provides third-party verification of adherence to the standard. It was developed and is maintained by the US Green Building Council. The LEED for Existing Buildings Operations and Maintenance rating system is a set of performance standards developed to certify the operations and maintenance of existing commercial or institutional buildings and high-rise residential buildings of all sizes, both public and private, with the intent of promoting high performance, healthful, durable, affordable, and environmentally sound practices in existing buildings. (US Green Building Council, LEED for Existing Buildings, <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=221#v2008>)

dd) **Life Cycle:** The total impact of a system, function, product, or service from the extraction of raw materials through its disposal.

ee) **Life Cycle Assessment (LCA):** Compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its life cycle. (Reprinted from Environmental management - Vocabulary, ISO 14050)

ff) **Life Cycle Impact Assessment (LCIA):** Phase of life cycle assessment aimed at understanding and evaluating the magnitude and significance of the potential environmental impacts for a product system throughout the life cycle of the product. (Reprinted from Environmental management - Vocabulary, ISO 14050)

gg) **Life Cycle Thinking:** The process of taking into account the environmental, social, and economic impact of a product from raw material extraction to consumption and disposal. (United Nations Environment Programme, Division of Technology, Industry, and Economics, Sustainable Consumption and Production Branch, Life Cycle & Resource Management, <http://www.unep.fr/scp/lifecycle/>)

hh) **Material Flow Analysis (MFA):** A method for analyzing the flows of material within a system. The goal of MFA in a company is to optimize production processes in such a way that materials and energy are used in the most efficient manner.

ii) **Nonpoint Source Pollution:** Water pollution that affects a body of water from diffuse sources such as urban area stormwater runoff or runoff from agricultural areas.

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jj) **Packaging:** The process, content and technology used, and design of the enclosing material used to protect products for storage, sale, and use.

kk) **Policy:** Documented guidelines that articulate the organization principles and its and its employees' response to known and knowable situations. Policies shall be approved through the organization's official governance mechanisms and managed and maintained by the organization's official policy function(s).

ll) **Post-Consumer Content:** Content produced by households, commercial, or industrial facilities that has been diverted or recovered from waste streams and broken down and processed for use in new products or packaging. (Bright Hub, The Explanation of Post Consumer Content, <http://www.brighthub.com/environment/green-living/articles/72079.aspx>)

mm) **Post-Industrial (pre-consumer) Content:** Scrap or waste recovered from the manufacturing process for reuse or recycling. (The Encyclopedia of Alternative Energy and Sustainable Living, post industrial content, http://www.daviddarling.info/encyclopedia/P/AE_post_industrial_content.html)

nn) **Precautionary Approach:** An approach to product development that requires manufacturers to take anticipatory action – or decide not to take certain actions – even in the absence of scientific certainty, should an activity raise the threat of harm to human health and the environment. (The Science and Environmental Health Network, Precautionary Principle, <http://www.sehn.org/precaution.html>)

oo) **Recovered Material:** Waste material (post-industrial content) or byproduct recovered or diverted from solid waste.

pp) **Recyclable:** Used products or packaging that can be collected and remanufactured into new products.

qq) **Recycled Content:** The proportion of pre-consumer or post-consumer recycled material, by mass, in a product or packaging.

rr) **Renewable Energy:** Energy derived from resources that are naturally replenished and can be sustained indefinitely. Potential sources include, but are not limited to, solar electric (photovoltaic), solar thermal, wind, geothermal, bio-gas, biomass, low-impact hydro and renewable cogeneration on-site or off-site, on- or off-grid. It is recommended that supporters of renewable energy, through the purchase of RECs and utility delivered products, seek third party certification, such as Green-e, EcoLogo or equivalent.

ss) **Renewable Energy Credits or Certificates (RECs):** Is equivalent to 1000 kWh of Renewable Energy. A REC represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC, and its associated attributes and benefits, can be sold separately from the underlying physical electricity associated with a renewable-based generation source.

tt) **Right-to-Know:** A legal principle in the United States that individuals have the right to know the chemicals to which they may be exposed in their communities or the workplace.

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uu) **Solid Waste:** Any refuse or sludge from a wastewater treatment plant, water supply treatment plant, or air pollution control facility and other discarded materials including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining and agricultural operations, and from community activities. (New York State Department of Environmental Conservation, What is Solid Waste, <http://www.dec.ny.gov/chemical/8732.html>)

vv) **Source Reduction:** Any action that causes a net reduction in the generation of solid waste. "Source Reduction" includes, but is not limited to, reducing the use of nonrecyclable materials, replacing disposable materials and products with reusable materials and products, reducing packaging, reducing the amount of yard wastes generated, establishing garbage rate structures with incentives to reduce the amount of wastes that generators produce, and increasing the efficiency of the use of paper, cardboard, glass, metal, plastic, and other materials. "Source Reduction" does not include steps taken after the material becomes solid waste or actions that would impact air or water resources in lieu of land, including, but not limited to, transformation. (Section 40196 of the California Public Resources Code)

ww) **Stakeholder:** Any individual or group affected by or who can affect the actions of an organization. Stakeholders include shareholders, employees, customers, regulators, community members, or suppliers.

xx) **Supply Chain:** The network of organizations that cooperate to transform raw materials into finished goods and services for consumers. (OECD, "10th OECD Roundtable on Corporate Responsibility: Supply Chains and the OECD Guidelines for Multinational Enterprises," June 30, 2010)

yy) **Sustainability:** Human activity conducted in a way that meets "the needs of the present without compromising the ability of future generations to meet their own needs." (United Nations, Report of the World Commission on Environment and Development, General Assembly Resolution 42/187 (1987)) In the marketplace, the term is used to address ideas and emerging systems of thought that include corporate social responsibility, corporate citizenship and environmental responsibility.

zz) **Sustainable Consumption:** Decision-making about consumption that takes into account larger sustainability issues.

aaa) **Take-Back Programs:** Programs that enable manufacturers to take responsibility for return of products or packaging at the end of their useful lives for the purpose of recycling or landfill avoidance.

bbb) **Third Party Certification:** An assessment carried out by an impartial entity that is not part of the entity being assessed to ensure compliance with a publicly available technical specification.

ccc) **Toxic:** Materials (solids, liquids or gases) that are carcinogenic, poisonous, or otherwise directly harmful to life in any form. This includes any chemical that, through its chemical action on life processes, and in sufficient doses, can cause death, temporary incapacitation, or permanent harm to humans or animals. This includes all such chemicals, regardless of their origin or of their method of production, and regardless of whether they are produced in facilities, in munitions or elsewhere.

ddd) **Waste:** Material from the generator or holder that does not possess characteristics or meet technical specifications for use in the marketplace without further processing and will be discarded or released to the environment.

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eee) **Waste Inventory:** An audit of the specific types and amounts of materials that make up a facility's waste stream. It is a tool for establishing a baseline for the types and quantities of waste leaving a building. The waste auditing process allows building managers to identify opportunities for diverting waste streams away from disposal in landfills or incineration facilities and toward reuse, recycling or composting.

GOVERNANCE FOR SUSTAINABILITY

9 General

9.1 Consensus is building among business leaders, shareholders, consumers, and regulators that strategic oversight and effective management of sustainability-related risks and opportunities can improve an organization's performance. The intention of the Governance for Sustainability domain is to assess the extent to which the Applicant's leadership – its board, executive leadership and its senior management – views sustainability as part of its fiduciary responsibility and ensures that sustainability issues are well managed throughout the organization. The criteria in this domain address the Applicant's sustainability planning efforts, its commitment to transparency, how it engages its shareholders and employees in setting and fulfilling its sustainability objectives, and how the Applicant implements its sustainability strategy through its organizational structure, management policies, corporate procedures, and the allocation of resources to steward this commitment effectively.

10 ☐ Prerequisite: Sustainability Policy

10.1 Applicant shall demonstrate that an organization-wide internally developed sustainability policy is in place, and that the company is actively pursuing this policy. Evidence of meeting this prerequisite shall include documentation confirming that the sustainability policy has been communicated to all employees and is available on an internal or external corporate website or document available to all employees.

10.2 This indicator corresponds with the following section of the GRI report guidelines: GRI G3: Governance, commitments, and engagement, 4.8.

10.3 **Cross-reference:** See 14.1 ☐ Prerequisite: Ethics Policies, 19.2 ☐ Water Use and Wastewater Policy, 22.3.2 ☐ Sustainable Land Use Policy, 23.2 ☐ EPP Policy, and 28.2 ☐ Diversity and Inclusion Policy for additional policy indicators.

11 Sustainability Strategic Plan and Reporting

11.1 ☐ Sustainability Plan

11.1.1 Applicant shall earn 10 points for providing evidence that it has a corporate sustainability action plan that integrates goals, performance measures, and targets. The plan shall include, at minimum, goals and targets aligned with the five domains of this ISR – Governance for Sustainability, the Environment, Work Force, Customers and Suppliers, and Community Engagement and Human Rights. Sustainability performance shall be measured against baselines as determined by the company.

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