**NSF 391.1 Economic Task Group**

**Definitions**

* The economic dimension of sustainability reporting and disclosure concerns the organization’s impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels. Within this broader definition, matters pertaining to governance, technology, supplier transparency, and financial stewardship are considered material to this category.
* The term stakeholders refers to individuals most affected BY the organization, including its employees, suppliers, communities it impacts and other parties as noted in specific sections. Generally speaking, the focus of the standard shall not be to protect the interests of investors (i.e. the standard shall be mute about profitability and other internal P&L matters); however, as professional services’ organizations do have potential impacts on the financial viability of their clients, clients are considered to be among the stakeholders to be considered when determining pre-reqs and potential points.
* Guidance in this document contemplates organizations will fall into two primary categories:
  + SME which are organizations with revenues of less than $5 million
  + Large organizations with revenues of $5 million or more
  + Our concern is that the base level or pre-reqs recognize the differences between SMEs and larger organizations. We neither wish to favor or penalize SMEs. The $5 million threshold is less important than having SOME cut-off.
* KPIs fall into two categories: prerequisites and additional credit points. This working group recognizes the awarding of points should be consistent with an overall weighting system within the standard as well as the market realities related to the ability of individual organizations to comply based on size and resources.
  + Pre-reqs would be mandatory for all applicants (with potential categorization by SME/non-SME)
  + This Working Group assumed that compliance with all relevant laws and regulations would be addressed as part of the overall standard – we called out one set of regs for fair wages; however recommend and prefer that laws and regulations are address writ large and not section by section

**391.1 Economic Task Group Criteria**

**9.1 Community Investment Philanthropy**

**KPI**

Dollars invested by the company with specific not-for-profit 501 3Cs or equivalent status i.e. charitable organizations (need to finalize whether the tax status is material for this standard)

Invest 1% of more of net income

Or, X% of billable hours

**Criteria**

The service provider shall receive x points for investing financially in the community the equivalent of 1% or more of its net income calculated annually in accordance with generally accepted accounting principles. The financial investment shall be in the community where any of its services are provided or where its operational facilities are located. The service provider shall provide whether this was through human resource, monetary, in-kind product, or other method.

The service provider shall receive x points for quantifying impacts (i.e., external sustainability benefits) from investment as above.

**9.2 R&D/Innovation investment**

**KPI**

$ or % of growth in investments leading to sustainability innovation

**Criteria**

The service provider shall receive x point(s) for documenting an annual investment in continual improvement in service research and development activities that results in a quantifiable outcome such as new innovative service provision, use of new technology, efficiency in processes, training and education, etc.

**9.3 Management Incentives**

% of bonus eligibility for meeting concrete sustainable goals

**Criteria**

The organization shall provide incentives for the management of its sustainability policies and commitments, including the attainment of [monetary; recognition; other non-monetary] goals. The pre-req is to establish a policy.

Points are awarded for exceeding a threshold i.e. 25% or more of compensation is tied to sustainability measures.

**9.4 Reporting & Transparency**

**KPI**

Items or activities supporting disclosure

**Criteria**

The organization shall issue a publically available report detailing its sustainability commitments (CDP, GRI, and SASB)

Points are earned for third-party verification or auditing of CSR materials

**9.5 Sustainability Investment Strategy**

**KPI**

Divestiture policies & sustainable investment track record. This KPI will not be relevant or appropriate for privately-held companies.

**Criteria**

The organization shall issue a publically available report detailing its sustainability commitments (CDP, GRI, and SASB)

Points are earned for third-party verification

**9.5 Sustainability Investment Strategy**

**KPI**

Divestiture policies & sustainable investment track record. This KPI will not be relevant or appropriate for privately-held companies.

**Criteria**

The service provider shall earn x point for developing and implementing a sustainable investment strategy or policy document for sustainable investments. The strategy should include:

– Sustainable investment policy

– Influencing corporate behavior through investment

– Disclosure of investments

– Investment Committee

– Sustainable Investments

– Others defined by the service provider

The strategy document shall be reviewed on an annual basis.

The organization will make its investment strategy available.

NOTE: Per its work or business.

**9.6 Governance**

**KPI**

Evidence of senior leadership accountability for sustainability - at the officer or senior executive level.

**Criteria**

Designated position accountable for sustainability objectives and results.

**9.6.1 Governance - Risk Management Strategy**

**Criteria**

Evidence of a climate change risk management policy or audit process.

**9.6.2 Governance - Civic Engagement**

**Criteria**

Points awarded for participation in industry or trade associations dealing with climate change remediation and/or other sustainability organizations.

**9.6.3 Governance - Evidence of Codes of Conduct**

**Criteria**

Provide a statement from the most senior decision-maker of the organization (such CEO, chair or equivalent senior position) that demonstrates a culture of responsible / proactive sustainability practices.

The statement should present the firms’ vision and strategy specifically addressing significant economic, environmental and social impacts that the organization causes and contributes to, or the impacts that can be linked to its activities as a result of relationships with others (such as suppliers, people or organizations in local communities)

**9.6.4 Governance- Business Codes of Conduct**

**Criteria**

Describe the organization’s values, principles, standards and norms of behavior such as code organization’s codes of conduct policies and practices that ensure progress toward sustainability goals and codes of ethics.

*The applicant shall earn x point if it adopts a publicly available documented policy on social responsibility that, at minimum, addresses:*

**9.6.5 Governance –Supply Chain**

**Criteria**

The applicant shall earn one point for creating and using a documented Supplier Assessment Tool / Code of Conduct (8.7.1 Basic Level).

The applicant shall earn one additional point if it conforms to 8.7.2.1 and develops a Supplier Assessment Tool / Code of Conduct must be based on criteria from an internationally recognized social responsibility guideline or standard. At a minimum, the Code of Conduct shall include but not be limited to the following criteria: child labor; forced labor; health and safety; discrimination; discipline-harassment; working hours; compensation; corruption; bribery

*Fair Hiring Practices*

**9.6.7 Governance –Ethics**

**Criteria**

The service provider’s chief executive or duly authorized official shall personally assure compliance of these standards, including documentation of performance to or lapse in meeting standards referenced above .At a minimum, a service provider shall maintain within their plan for conducting business, ethical standards of operating which include but are not limited to the following topic areas:

– Fair business practices

– Fair treatment of employees

– Equal employment opportunity

– Protection of employee, client and other stakeholder privacy information

– Financial, environmental, and social performance

*Education for applicable employees in this subject area - corporate ethics*

**9.7 Data Privacy**

**KPI**

Evidence of data privacy policy and related technology solution

**Criteria**

The organization shall have a policy and plan appropriate to the nature of the organization that protects the personal, confidential and privacy-related information of the organization and its stakeholders.

*Receipt of gifts*

**9.7.1 Data Privacy**

**KPI**

Protection of confidential information

**Criteria**

Confidential information

The service provider shall always protect the personal, confidential and privacy-related information pertaining to its employees, community members and other stakeholders with legitimate expectations or legal rights to the protection of such information, and incorporate this principle within the documented procedures and actions maintained in relation to its sustainability efforts. It shall provide evidence of policies or processes to do so.

*Insider Trading*

**9. x Business Continuity**

**KPI**

Evidence of business continuity plan

**Criteria**

The organization shall have a policy and plan appropriate to the nature of the organization that provides for the continuity of its business operations

**9.8 Emissions Trading**

**KPI**

Policy related to travel-related GHG emissions

**Criteria**

A service provider shall earn an additional X point for purchasing quality carbon offsets equivalent to 50% or more of their estimated or documented inventory amount of scope 1 and 2 greenhouse gas emissions. This alternative is available only to businesses in the facilities where they do not have operational control of scope 1 and 2 emissions (e.g., leased building with shared energy metering).

**9.9 Fair Wages**

**KPI**

Compliance with the law

**Criteria**

Level 1 - disclosure CEO pay ratio

Level 2 - X to 1 (market deems appropriate)

The service provider shall receive 1 point for documenting and publicly disclosing the ratio between CEO (or head executive) and median employee compensation.

The service provider shall earn 1 additional point for any one of the following practices:

– Limiting the ratio between CEO (or head executive) and median employee compensation to no more than 25:1.

– Limiting the ratio between top and bottom compensation to no more than 10:1 (meaning that no full-time permanent employee may be paid more than 10x the least-paid full-time permanent employee).

– Limiting total executive compensation to no more than twice an executive’s annual salary

– Capping tax deductions for the expense of executive compensation.