

G4-LA15

SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS FOR LABOR PRACTICES IN THE SUPPLY CHAIN AND ACTIONS TAKEN

- a. Report the number of suppliers subject to impact assessments for labor practices.
- b. Report the number of suppliers identified as having significant actual and potential negative impacts for labor practices.
- c. Report the significant actual and potential negative impacts for labor practices identified in the supply chain.
- d. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which improvements were agreed upon as a result of assessment.
- e. Report the percentage of suppliers identified as having significant actual and potential negative impacts for labor practices with which relationships were terminated as a result of assessment, and why.

GUIDANCE**Relevance**

This Indicator informs stakeholders about an organization's awareness of significant actual and potential negative impacts for labor practices in the supply chain.

Processes to identify and assess significant actual and potential negative impacts for labor practices in the supply chain may enable an organization to address them.

Compilation

If it will provide appropriate context on significant impacts, organizations are encouraged to break down the information requested by this Indicator by the location of the supplier and the significant actual and potential negative impact for labor practices.

Negative impacts include those that are either caused or contributed to by the organization, or that are linked to its activities, products, or services by its relationship with a supplier.

Impact assessments for labor practices may include:

- Employment practices
- Health and safety practices
- Incidents (such as of verbal, psychological, physical or sexual abuse, coercion or harassment)

- Industrial relations
- Wages and compensation
- Working hours

Assessments may be made against agreed performance expectations which were set and communicated prior to the assessment.

Assessments may be informed by audits, contractual reviews, two-way engagement, and grievance and complaint mechanisms.

Improvements may include the adjustment of the reporting organization's procurement practices, the adjustment of performance expectations, capacity building, training, and changes to processes.

Definitions

See Glossary in *Implementation Manual*, p. 244

- Supplier

Documentation sources

Potential sources of information include procurement, purchasing and legal departments.