



The Prince's
Responsible
Business Network

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RESPONSIBLE SOURCING – HOW TO EMBED SUSTAINABILITY INTO PROCUREMENT PROCESSES



A guide for procurement and supply chain professionals exploring the steps businesses can take to build sustainable purchasing practices.



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ABOUT THE AUTHORS

About BITC

Business in the Community (BITC) is the oldest and largest business-led membership organisation dedicated to responsible business.

We were created nearly 40 years ago by HRH The Prince of Wales to champion responsible business.

Today, we have a vibrant membership of hundreds of businesses, large and small, connected by the conviction their success is inextricably linked to society's prosperity.

We inspire, engage and challenge members and we mobilise that collective strength as a force for good in society to

- Create a skilled, inclusive workforce today and for the future
- Build thriving communities in which to live and work
- Innovate to repair and sustain our planet

BITC inspires and challenges businesses to mobilise their collective strength to deliver on the United Nations 17 Sustainable Development Goals, also known as the Global Goals, by providing content to help businesses understand and engage meaningfully, whilst also empowering businesses to influence those they work closely with.

We focus on how companies can bring about structural and lasting change through how they run their businesses responsibly, and in doing so create meaningful impact. We define this impact using the Global Goals.

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Deloitte Consulting delivers strategy and implementation, from a business and technology view, to help clients lead in the markets where they compete.

Deloitte's Net Zero Transformation team helps clients reimagine and validate products, services and operational change which responds to opportunities and challenges created by climate change.

Deloitte's Supply Chain and Ethical Value Chain teams provide accredited procurement, supply chain and ethical risk management specialists who help clients develop robust approaches to manage supply chain risk and drive responsible behaviour throughout the supply chain – helping to create robust, resilient businesses that meet the highest standards in terms of human rights, modern slavery, environment and , climate change, and health and safety.

Deloitte's Extended Enterprise Risk Management helps clients manage risks in their third-party engagements including their supply chain. This is through support the design and implementation of third-party risk management operating model and technologies as well developing and executing compliance inspections programme across their extended enterprise.

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FOREWORDS

BUSINESS IN THE COMMUNITY

When we began to work on this report, the world was a very different place.

Then, we hoped to bring some clarity to the procurement professionals who were telling us that they needed support to make sure their supply chains were sustainable.

Now, the pandemic is re-writing the rules of business. Procurement professionals are under more pressure than ever, dealing with enormous disruption, new financial pressures and sudden shifts in strategy. In times of crisis, issues like sustainability are easy to forget.

But – as the sustainability professionals in the responsible business network know – that is an unforgivable mistake. Not only does sustainable procurement actually increase companies' resilience, but to eschew it would mean condemning SMEs all over the world to collapse and vulnerable workers to extreme poverty.

COVID is testing everything that we took for granted – including the UK's commitment to responsible business. This is not the time to leave our principles behind. Together, we can overcome this challenge and build a fairer, more sustainable world in the process.



*Amanda Mackenzie OBE, Chief Executive,
Business in the Community*

DELOITTE

The Global Goals represent the opportunity for our generation to move the world onto a sustainable path. At Deloitte, we place our role in society at the heart of what we do. Our purpose is to make an impact that matters and we embed this ideal in our work every day. By helping our clients to succeed sustainably; by operating responsibly and through our corporate responsibility programmes; we are dedicated to making a global impact.

The challenges we all face in building ethical and sustainable businesses are intricately linked to the decisions we make about our wider supply chain operations. And procurement as a function is in a unique position to help us better understand and influence the complex ecosystem of supply and demand which we as business leaders and users sit within. Procurement can help drive change on a global footprint by driving up transparency, identifying risk, kick-starting collaboration and building resilience.

Through this report, we stand with BITC to call on the supply chain and procurement professions, on business, and on governments, to commit to "Responsible Procurement".

This means taking on the 2030 Agenda as our own. It means calling out our intended contribution to the delivery of the SDGs. And, it means identifying how we can use responsible procurement and sourcing practices to maximise our impact.

As detailed in this report, procurement professionals – working hand-in-hand with their supply chain partners – are already helping to drive incredible positive change in our world. But

there is still so much more to do. Together with our clients, we at Deloitte are committed to help meet this challenge so that we can all enjoy a sustainable future.



Ian Washington, Partner and Supply Chain Consulting Lead

CHARTERED INSTITUTE OF PROCUREMENT AND SUPPLY (CIPS)

In a world where everything is connected, understanding the impact of our sourcing and buying decisions has never been so important. The need to be transparent and ethical seems to be a running thread through everything we do; whether that be Brexit conversations with suppliers, addressing modern slavery or risk management strategies, particularly in light of the recent COVID-19 crisis.

Ethical and responsible procurement is now an economic and reputational imperative, and in some contexts a legal requirement too. The opportunity is there for the taking for procurement and supply to show the rest of the business that these issues sit firmly with us – and that we are not just about savings. Procurement and supply teams need to grab these opportunities with both hands, accept the responsibilities and own this space.

Working in partnership with suppliers we can demand better governance of procurement with the goal of creating an environment intolerant to criminal conduct, such as any form of modern slavery, corruption or bribery, and minimising or

eradicating harmful environmental and social impacts. We must ensure that labour conditions for workers in our supply chains are improved and human rights are safe-guarded. The bigger picture is to ensure a better result for all, including increased business returns for the buyers, suppliers and workers.

Whilst change is not always rapid, the expectations from consumers and investors are growing and whilst incremental changes can make a difference, this may not be fast enough in all situations. The biggest obstacle is often internal resistance; but resistance falls when the benefits or penalties are real. The time for action is now. Improving supply chains is exactly what good procurement and supply professionals do and the cost of doing nothing is clear when your organisation is not the first choice of customers.



Malcolm Harrison, Group CEO, CIPS

SETTING THE SCENE

Global supply chains are vast, dynamic and interdependent, creating a complex environment that has the potential to do harm to people, the planet and the economy.

As shown by the COVID-19 pandemic, disruptive events are no longer confined to specific geographies but have widespread consequences that can be felt across the globe. Businesses are operating in an increasingly volatile environment. With global mega-trends such as climate change, extreme weather conditions, rapid population growth, natural resource scarcity, and shifts in consumer expectations, now is the time for corporates to renew their focus on supply chain sustainability.

In 2019, 15 extreme weather events driven by climate change cost more than \$1 billion¹, with four events costing more than \$10 billion each

Responsible procurement has traditionally been understood through the narrow lens of risk mitigation and compliance with minimum ethical standards. This approach no longer responds to the demand for businesses to create positive social and environmental impacts. Companies must build supply chains that are resilient, diverse, and future-proofed for global sustainability challenges.

This ambitious vision will transform procurement departments from the historically transactional back-office function into active leaders of the responsible business agenda. Procurement and

supply chains professionals will become the delivery agents of the Global Goals, whilst creating responsible competitive advantage and protecting brand reputation.

24.9 million² people are in forced labour worldwide.

16 million of them are exploited in the private sector, many linked to the supply chains of international businesses

This guide explains why and how businesses should align procurement and supply chain functions with the Global Goals. In the first chapter, you will discover five steps to embed sustainability into your purchasing decisions. Later, you will learn about three of the most pressing responsible procurement issues: human and labour rights, climate resilience, and inclusive procurement. You will also find a bank of resources and supporting materials at the end of the guide.

THE GLOBAL GOALS

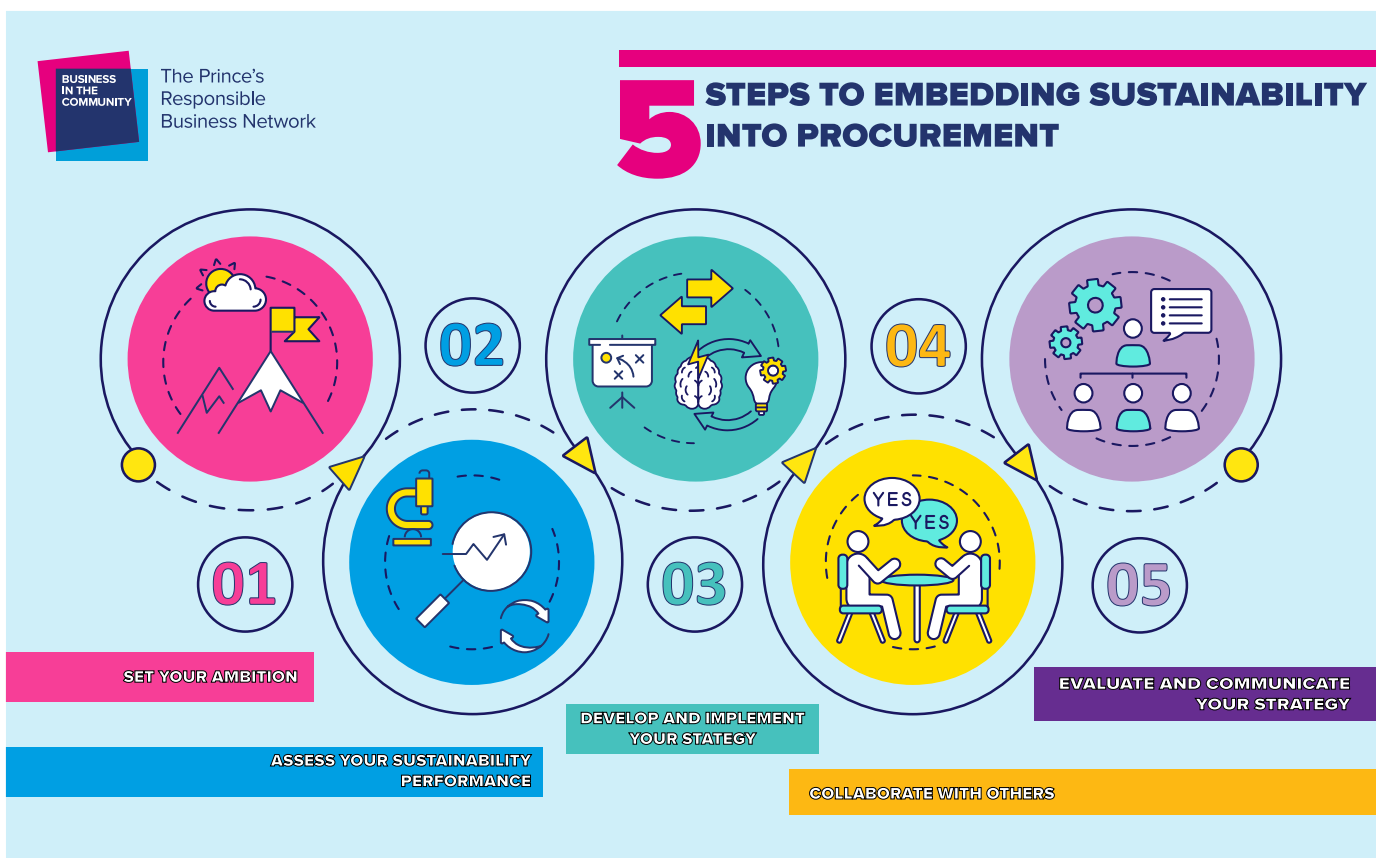
Launched in September 2015, the Global Goals (United Nations Sustainable Development Goals or SDGs) provide a powerful aspiration for improving the world by 2030. They define the world's greatest challenges and offer a shared to-do list for all. These 17 Goals cannot be met without businesses taking responsible action, which requires rethinking business as usual. This challenge requires a focus on the core elements of everyday business, including strategy, operations and stakeholder engagement.

SUSTAINABLE DEVELOPMENT GOALS



EMBEDDING SUSTAINABILITY INTO PROCUREMENT

In this chapter, you will learn five steps for your business to embed sustainability into procurement and purchasing decisions. These five steps don't describe a simple linear process but rather an iterative journey of continuous improvement.



1.SET YOUR AMBITION

Define the business case

“Responsible procurement is about embedding what your organisation stands for into relationships with suppliers.”

Laura Simmonds, Head of Responsible Procurement at IHG

First, set out a clear business case for your sustainable procurement strategy. This will help you gain stakeholder buy-in, both internally across your organisation and externally across your supply chain. Your business case should align with your company’s overarching strategy and articulate the benefits of responsible procurement:

Mitigate risks and protect your reputation:

responsible procurement will help increase transparency across your supply chain, improving resilience against social and environmental risks. This will protect your brand and meet the growing expectations of ethical investors, customers and citizens.

Investors representing over \$5.3 trillion³ in assets under management supported the creation of the UN Guiding Principles Reporting Framework, which asks companies for better disclosure on human rights performance

Generate cost savings through productivity:

responsible procurement can generate cost savings for companies and their suppliers. Better collaboration with suppliers and across industry



sectors will highlight new opportunities for increased efficiency, labour productivity, and reduction in material input or energy.

Suppliers of CDP (Carbon Disclosure Project) members reported \$20.2 billion⁴ in annual monetary savings from carbon reductions

Innovate and find new business: responsible procurement will help drive innovation, catalysing the identification of business opportunities and boosting the development of new products and services.

Working in partnerships with suppliers, Sky developed a cost-effective plastic-free alternative for the packaging of the Sky Soundbox. The methodology for creating single-use plastic free product packaging was rolled out across other Sky products, such as the Sky Q, HUB3 router and NOW TV Stick⁵



Get leaders on board

“Senior buy-in is vital to delivering sustainability objectives through the supply chain.”

Glyn Watts, Head of Rail Procurement at Go-Ahead Group

Once you've articulated the benefits of responsible procurement, engage with your senior leadership team. Their support is crucial for the success of any responsible procurement initiatives. Your leaders must adopt responsible procurement objectives, signalling a clear commitment to sustainability and the role of procurement within it.

Mature organisations embed accountability structures at executive level, to drive commitment across the organisation. Your governance model should also include clear sustainability objectives for the procurement function to be measured against. An organisation-wide steering panel of technical experts could also support the development and implementation of your new ambitions.

Commitment and accountability from the top will become even more important when tackling bolder challenges, where there may not be an obvious or tested solution. Start small and slowly gain the trust of your organisation.

IMPACT STORY

IBM's Chief Procurement Officer's open letter to suppliers

In 2010, IBM began asking all suppliers that they had a direct commercial relationship with to create their own systems for managing social and environmental responsibilities. This change was an important milestone in IBM's longstanding ambitions to doing business with responsible suppliers. New requirements included measuring sustainability performance, setting goals, disclosing results and cascading down commitments to second-tier suppliers.

Recognising the limits of a one-size-fits-all approach, IBM did not prescribe a uniform set of programmes and goals but allowed suppliers to implement requirements consistent with their sector and size. To communicate the new requirements, IBM's Chief Procurement Officer wrote a letter to all suppliers with a clear timeline for implementation. Since then, new suppliers are given a year to meet sustainability standards. IBM's ambition is not to enforce targets on suppliers but set them on a continuous improvement journey.





Define and communicate your ambition

“A bold ambition will drive innovation. There is nothing like an ambitious target to create bigger positive impact.”

Charlotte Brierley, Senior Responsible Business Manager at Sky UK

Once you've gained senior leadership support, define a broad vision for your sustainable procurement strategy. Publish a statement of your commitment, grounded in your business strategy, and linked to the Global Goals. Your vision may shift over time as you gain experience, but start by articulating:

- The high-level objectives and outcomes of the programme
- How this ambition supports the wider sustainability objectives of the organisation
- The targets you want to achieve and by when

Early engagement with your suppliers is also crucial. You need to take them on a journey with you. Establish your expectations clearly and translate them into direct guidance. A Supplier Code of Conduct is a good start for establishing minimum requirements. You can base your Code of Conduct on existing frameworks that will be familiar to your suppliers and your industry.

STANDARDS AND FRAMEWORKS: WHERE TO START?

Policies, codes, and frameworks provide clarity and inform expectations for both internal and external stakeholders. You can use them to shape your Supplier Code of Conduct. However, there are so many that it can be overwhelming to know where to start. The following might provide a helpful starting point:

- **UN Global Compact Ten Principles:** a principle-based framework for businesses in the areas of human rights, labour, environment and anti-corruption.
- **Principles of the International Labour Organization (ILO):** abolition of child labour; elimination of discrimination and all forms of forced or compulsory labour; freedom of association and the right of collective bargaining.
- **ISO20400:** a guidance standard for organisations to integrate sustainability within procurement.
- **SA8000 Standards:** a social certification standard for factories and organisations that helps demonstrate dedication to the fair treatment of workers.
- **Global Reporting Initiative (GRI):** an independent organisation that helps businesses and governments understand their societal impacts.
- **AA1000 Standards:** principles-based Standards aimed at demonstrating leadership and performance in accountability.

If you want to find industry-specific frameworks, the International Trade Centre (ITC) Standards Map provides information on over 210 standards, codes of conduct and audit protocols addressing sustainability risks in global supply chains.



2. ASSESS YOUR SUSTAINABILITY PERFORMANCE & RISK



Know your supply chain

The first step in assessing your supply chain is to improve transparency. Get as full a picture as possible of where your suppliers and business partners are located and where they are sourcing products and services from.

You can use tools such as 3D mapping to visualise product flow or a simple illustration of a generic supply chain, filling in gaps overtime (see *Generic stages of supply chain management* below).

This exercise should consider the whole value chain, tracing back from customer to raw material, and from mill to retailer. You should also include supporting agencies and labour providers at all levels of the supply chain. Isolate points where visibility is limited and determine who could help close those knowledge gaps.

If you don't know where to begin, select high-priority areas of your supply chain: focus on countries or sectors which are commonly associated with sustainability risks. You can also concentrate on your largest categories of procurement spend or categories that are critical to your business, and where there are few or no alternative suppliers.

AVOIDING PARALYSIS BY ANALYSIS

Traceability is challenging and it is often hard to know what good looks like. Full visibility across your supply chain is not always realistic, nor cost effective. Don't wait until you know every part of your supply chain to engage with suppliers. You can already make a difference within your Tier 1 suppliers. The journey we described in this guide is one of continuous improvement. Most likely, you will uncover knowledge gaps at each stage of the journey. Don't let it stop you.

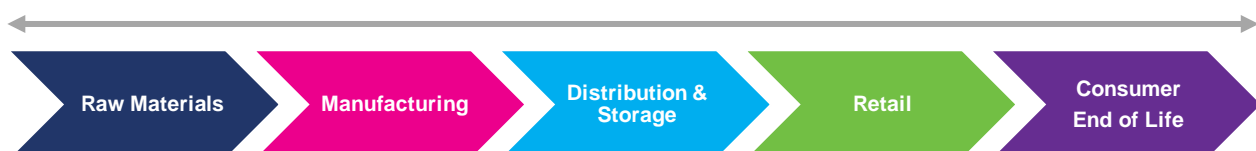
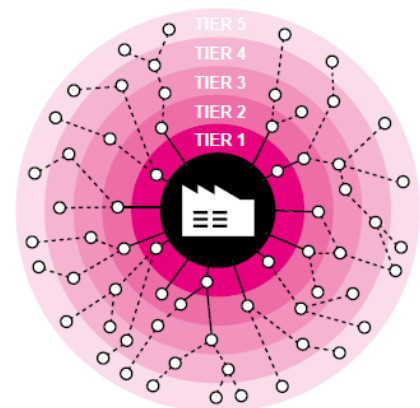


Figure 1: Generic stages of supply chain management

IMPACT STORY

Traceability and transparency at Nestlé

Traceability and transparency are paramount for Nestlé as an agri-food business. Around the world, Nestlé works with over 700,000 farmers directly and with many others through its supply chain. Nestlé set up ambitious targets to trace 80% of priority raw materials back to the original suppliers by 2020. Priority raw materials include fourteen categories, such as coffee or cacao, which cover 95% of their annual raw materials sourcing. To increase transparency, the business disclosed first-tier suppliers, upstream locations, country of origins and the total volume sourced for each priority material. This information is publicly available on their website.

VISIBILITY IN A TIME OF CRISIS

Visibility through supply networks is key to responding and recovering from crisis events. Businesses which have invested in traceability will be better prepared. They will have critical information at their fingertips within minutes of a potential disruption. Others will abruptly awake to see the gaps in their mapping exercise amidst the crisis. For those, getting some level of visibility should still be a priority. Advancements in digital technology solutions now allow companies to rapidly unlock information, helping to identify mitigating actions and solutions fast.

Evaluate risks and opportunities at category-level

With better visibility of your supply chain, you can start to identify sustainability risks and opportunities. Gather information and develop a comprehensive list of the social and environmental issues across your supply base.

Some of the information you will need probably exists within your business. Consult with category managers, as well as colleagues from other departments. Your procurement team will already have collected useful intelligence from suppliers, through self-assessment questionnaires or on-site audits.

You can also leverage publicly available information – from competitors, from industry initiatives (see *Bank of Resources*, page 48) and from public resources and indices (see *Public Resources and Indices* box).

PUBLIC RESOURCES & INDICES

- **Country-specific risk:** [Human Development Index](#); [World Bank Worldwide Governance Indicator](#); [Global Corruption Index](#); [Global Slavery Index](#); [Amnesty International Country Reports](#); [Global Climate Risk Index](#); [EU Copernicus Climate Change Service](#); [Notre Dame Global Adaptation Initiative \(ND-GAIN\)](#).
- **Category-specific risk:** [SASB Materiality Map](#); [Responsible Sourcing Tool \(RST\)](#); Industry reports; Issue-specific reports.

Prioritise categories and define your scope

You can't tackle all social and environmental risks at once. You need to prioritise the most pressing

issues within your supplier base and those that are most relevant to your business objectives and operations. For each category of spend, analyse the risks identified to understand their potential impact on people and the environment, and their likelihood and frequency of occurrence. Scoring, ranking, and mapping risks against a grid (or in tabular format) will help you prioritise, track and share.

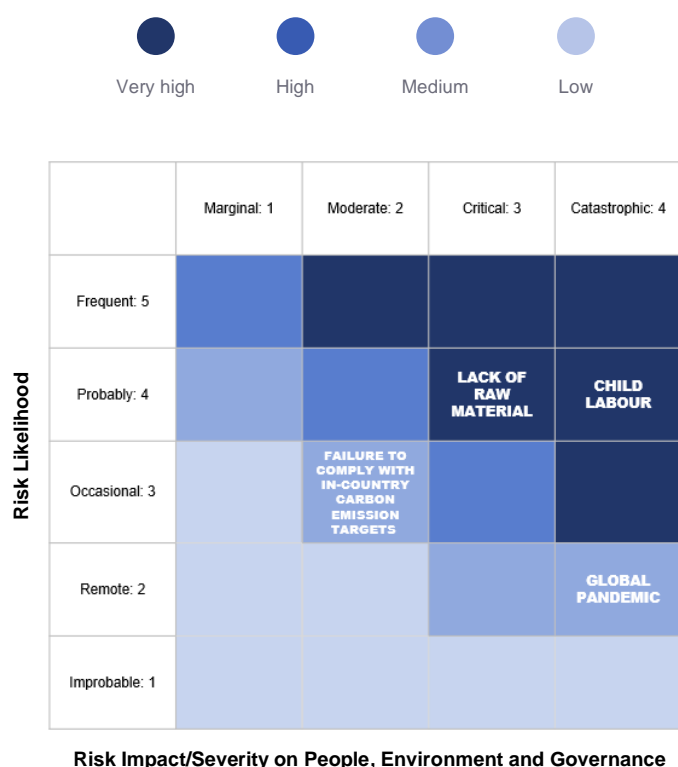


Figure 2: Supply Chain Sustainability Risk Matrix

Undertaking an immediate review of every category in your supplier base will be very challenging. Instead, select high-risk and high-value categories to focus on. Bear in mind that sustainability and business risks don't always overlap: you shouldn't overlook high-risk categories or suppliers simply because they are

less critical to the overarching profitability objectives of your business.

62%

Of BITC's Tracker¹ respondents have conducted a high-level impact and risk assessment of social and environmental risks in their supply chain, to identify low, medium, and high-risk suppliers.

Leverage Third Party Risk Management (TPRM) technologies

New technology solutions can provide organisations with a better infrastructure and means to understanding risks in their supply chains. This includes end-to-end TPRM technologies as well risk-specific intelligence sources. Examples of existing technologies include **Deloitte's Automated Screening and Monitoring Solution**. It helps organisations address the challenge of managing a complicated supplier ecosystem and making risk-based and responsible decisions over supplier relationships. It continuously monitors risk in the extended enterprise and filters the results in a time-efficient way.

¹ See the methodology section page 54 for more information on BITC's Responsible Business Tracker®.

Evaluate risks and opportunities at supplier-level

“Working with suppliers to collect supply chain emissions data has helped us understand key risks and opportunities. It has also encouraged our suppliers to become more knowledgeable in this space.”

**Maria Gorsuch-Kennedy, Senior Manager,
Supply Chain Sustainability at CISCO**

Once you have established your priorities, you should refine your assessment and evaluate the sustainability risks and opportunities at the individual supplier-level. This will help identify suppliers who might need additional support, as well as those who could help your business gain a competitive edge.

Capturing honest, relevant and real-time information from suppliers is important. You can first build simple indicators within your supplier scorecard to assess the risks associated with individual suppliers in line with priorities at a category-level. The table below gives examples of factors that could indicate sustainability risks.

You will also need appropriate tools to evaluate sustainability performance across your supplier base. Most companies require suppliers to complete a self-assessment questionnaire which covers social and environmental aspects (see suggested questions on page 35 and 42).

Risk Drivers	Low risk examples	Medium risk examples	High risk examples
Length of the relationship	Over 5 years	Between 1 and 5 years	New supplier
Sourcing country (based on indices such as the Human Development Index)	Low-risk country	Medium-risk country	High-risk country
Climate resilience	Low water-stressed areas, low risks of severe weather conditions	Medium water-stressed areas, medium risks of severe weather conditions	High water-stressed areas, high risks of severe weather conditions
Raw material	Easily available	Scarce material	Highly scarce material
Carbon Intensity	Low carbon intensity	Medium carbon intensity	High carbon intensity
Labour Type	Highly skilled workforce above minimum wage, permanent contracts	Low skilled workforce, manual work risks of automation, temporary contracts	Unskilled workforce, seasonal work, migrant workers, zero and minimum-hour contracts
First-hand visibility of operations	Visited multiple times	Visited between 1 and 3 times	Never visited
Supply Chain Visibility	Full visibility to source	Visibility across most of the supply chain	Limited visibility, use of agents and buyers

Table 1: Supplier Sustainability Risk Drivers



Other tools include, for example, one-off supplier surveys, third-party due diligence data, product coding and tracking to drive closer industry collaboration on shared issues.

To decrease the burden on suppliers, some industries have developed common expectations and procedures. For example, the Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) has developed a Code of Conduct and Supplier Questionnaire that are widely used across the electronics industry. You can also help your suppliers to report against a well-established disclosure system, such as the Carbon Disclosure Project (CDP).

Based on the information collected from suppliers or third parties, you will be able to classify suppliers and decide on next steps. Some suppliers might demonstrate a best-in-class approach and require no further action. Others may need on-site visits and ongoing engagement for you to understand the challenges they face and the root causes of poor performance. For some very high-risk suppliers and categories, you may also want to consult external stakeholders including workers, NGOs and local communities. At all times, you should seek to develop trust with your suppliers and support them on a continuous improvement journey. Negative incentives and threats will be counterproductive.

SHARING KNOWLEDGE THROUGH ONLINE PLATFORMS

All sustainability questionnaires and audits share similar objectives, but their format and content greatly vary. This can be challenging for small suppliers with limited time and resources. Buyers can reduce the strain on suppliers by using the same standards and evaluation processes and by sharing information on common suppliers. Online platforms such as **Sedex** or **Ecovadis** can help you increase transparency whilst reducing the burden on suppliers.



IMPACT STORY

Philips – Building Trust and Capacity amongst suppliers

For several years, Philips adopted a traditional approach to supplier audits. These audits were led by third parties and encouraged a pass or fail mindset. The year-on-year results demonstrated that this compliance-driven approach did not drive long-term improvements. Most suppliers closed all non-conformities within a few months of the initial audit but showed exactly the same failures two or three years later.

As a result, Philips developed a Supplier Sustainability Performance programme based on continuous improvement and collaboration. The programme is built on mutual trust: suppliers are given confidence that their score will not affect their ability to work with Philips, as long they show a willingness to engage with the programme and implement long-term solutions.

Using a self-assessment questionnaire, Philips qualifies suppliers based on their sustainability performance and their criticality to the business – from best performers to those requiring improvement. Low-performing suppliers then receive tailored support and training from Philips to continuously improve sustainability practices. Philips encourages peer-learning amongst suppliers and shares examples of best practice.

Overall, the focus moved from repeated audits and negative incentives to trust and capacity-building. Through this positive and customised approach, Philips found that suppliers show higher levels of commitment to sustainability but also that performance improvements are real and long-lasting. Philips has also been collecting data on supplier performance and, using machine-learning, is now able to predict supplier performance and year-on-year improvements.

PRIORITISING IN A TIME OF CRISIS

When a crisis hits, it is tempting to prioritise your most critical suppliers. You may be inclined to exclusively support those suppliers which are essential to short-term objectives and long-term competitive advantage and which could not be replaced. Whilst sensible, this approach overlooks the risks posed by the crisis to small businesses and vulnerable workers in your supply chain who might benefit from additional support to build capacity. As part of your prioritisation exercise, we also recommend identifying:

- **Sourcing countries** where human rights abuse is prevalent and where government response is more likely to be insufficient to support workers affected
- **Categories of spend** that rely on vulnerable workers (e.g. low-income, seasonal, migrant, women, zero-hour and minimum-hour contract)
- **Suppliers with a low-cash** reserve and little access to credits, at high risk of bankruptcy, and highly reliant on your business to survive.

As always, supplier engagement should be an integral part of this exercise. You can survey suppliers to better understand how they have been affected, possibly in collaboration with the rest of your industry.

FURTHER READING



Sedex, [Guide to risk assessment in supply chains](#): a useful introduction to risk assessment on human rights and environmental issues in supply

3. DEVELOP AND IMPLEMENT YOUR STRATEGY

Establish your strategy and approach



You have identified and prioritised the key risks and opportunities across your supply base – you can now develop a responsible procurement strategy that mitigates risk and encourages continuous improvement amongst suppliers. Define SMART (Specific, Measurable, Attainable, Relevant, and Time-bound) targets, with clear metrics and aligned roles and responsibilities for

delivery. Set out your roadmap for delivering your targets, including any priority initiatives to deliver quickly.

Your strategy should include:

- Your defined ambition
- Role of purchasing in achieving the ambition
- Identified risks and opportunities
- Critical categories and suppliers to target
- Actions and a high-level roadmap to manage risks and opportunities
- Targets and metrics for success

IMPACT STORY

Go-Ahead's Sustainable procurement charter

Go-Ahead spends £2 billion with suppliers each year. In 2018, Go-Ahead decided to leverage this spend to positively influence suppliers. The business had already gained ISO20400 (a standard for sustainable procurement), but it did not know what priorities it wanted suppliers to focus on and what targets it should set them.

Go-Ahead organised workshops across the organisation, involving all departments and consulting suppliers. The group identified the main sustainability risks and opportunities across procurement categories and eventually listed 17 sustainability priorities, mapped against five Global Goals. These priorities cover a variety of social and environmental issues – such as zero-hour contracts or extreme weather risks. The business also developed heatmaps, assessing the 17 sustainability priorities against key procurement categories.

Following this collaborative effort, Go-Ahead published a [Supplier Charter](#) in 2019. For each sustainability priority, the Charter establishes:

- Minimum standards which are now mandatory in all tenders. For example, Go-Ahead is no longer working with suppliers who use unpaid internships or zero-hour contracts.
- Aspirational goals, which are included in relevant tenders and ongoing conversations with suppliers. For example, Go-Ahead collaborates with suppliers to promote opportunities to underrepresented groups.
- Key Performance Indicators (KPIs) to measure and benchmark supplier performance.

The sustainability priorities are now reflected in the supplier-selection processes, contracts and contract management meetings. Recognising that not all priorities will be relevant to every contract, Go-Ahead uses the heatmaps as a guide to establish individual KPIs for suppliers.



Embed sustainability in your procurement processes

“Get your commercial team to bring up sustainability – suppliers will understand that your organisation truly cares about the topic.”

Jocelyn Wilkinson, Responsibility Programme Director at Burberry

To activate your responsible procurement strategy, you must embed sustainability in everyday processes. Work through your procurement lifecycle and highlight key touchpoints at which sustainability should be considered. Important stages for this include:

Defining specifications. Ensure that sustainability requirements are included alongside functional and cost requirements. Ask yourself:

- What are the environmental and social issues associated with this category of spend?
- How might my sustainability priorities be addressed within this category?
- Is there a potential to substitute this? Could we avoid buying new?
- What are competitors doing in this category?
- Is there a market for small and medium enterprises (SMEs) and social enterprises? Am I engaging sufficiently with them? Are my processes accessible?
- What will the disposal requirements be for this product or service?

Prequalification questionnaires. Set clear minimum and aspirational requirements for your suppliers, including relevant indexes or

certifications. For example, an apparel manufacturer might be required to have signed up to the Better Cotton Initiative. Use supplier self-assessment to gather additional relevant information from your suppliers.

Tender evaluation. Consider how you build sustainability into the way you evaluate tenders. This could be specific questions, assigning a proportion of marks to sustainability questions, or the use of Total Cost of Ownership (TCO) methodology to understand the environmental and social cost resulting from the use of goods or services across their full lifetime. For example, Go-Ahead Group uses a whole-life cost analysis. When tendering for a new lease for printing, they identified a product with a reduced power drawer that would contribute to their net-zero ambition.

Only 53%

of BITC's Tracker respondents tailor tenders to include responsible business questions

Contract approach. Define clear performance measures linked to your sustainability requirements and embed these within your contracts. For example, require suppliers to reduce and report their carbon emissions annually as part of the Carbon Disclosure Project.

Only 47%

of BITC's Tracker respondents build social and environmental factors into contractual terms



Contract exit. Ensure upfront that exit and transition plans are clear and understood by all. If you consider exiting a long-term supplier relationship because of a poor sustainability performance, only do so after attempting to work with the suppliers to improve performance.

IMPACT STORY

IHG Green supplier criteria

In 2019, InterContinental Hotels Group (IHG) introduced a Green Supplier Scorecard to help buyers understand the sustainability credentials of prospective suppliers participating in tendering process. The criteria poses sustainability-related questions on carbon, water, waste, raw materials, manufacturing methods, transportation and the use phase of the product. The information provided is used to assess potential suppliers' sustainability performance and qualify them as an IHG Green Supplier. In 2019, IHG awarded 45% of new contracts through tendering processes to an IHG Green Supplier.

Impact: In 2019, 45% of new IHG contracts through tendering processes were awarded to

Consider using the following checklist with your buying teams to support the uptake of the responsible procurement agenda.

Specification and tendering

- How does the award criteria take account of sustainability?
- Have you tested your requirements for the burden on SMEs?
- What evidence will suppliers be asked to provide? Is this proportionate to the risk?
- How will the credibility of evidence be tested?
- Have the terms and conditions of the contract been set out? Do they meet your needs to achieve your sustainability targets?
- What evidence will bidders provide to demonstrate if subcontractors are used, that the supply chain will be managed and monitored to mitigate any supply chain risks? Is the evidence proportionate to the risk?

Contract management

- Have you avoided unnecessary or overly complex terminology or 'jargon' in contracts?
- Are there proposed KPIs to monitor progress against sustainability targets?
- Are you confident that your supplier understands what is expected of them?
- Have you set up a mechanism to allow feedback from suppliers on your own performance?
- Have you explored opportunities to work with your supplier on joint initiatives?
- Have you designed training or action plans to address skills gaps within your supplier?
- Are you providing reasonable incentives to your supplier to reward good performance?
- Is there a forum where you can celebrate the success and reward suppliers to highlight positive performance?
- Have you considered how your own behaviours might impact your suppliers and taken action to address this, for example by signing up to the [UK Prompt Payment Code](#)?



Enable the team

"If you don't get buyers to believe in your sustainability ambitions, it's hard for them to convince suppliers."

Matthew Chalkley, Global Program Manager
at IBM's Center of Excellence for Product
Environmental Compliance

- **Link sustainability targets with performance-related bonuses**, incentivising buyers to consider sustainability alongside cost and quality
- **Train your procurement team in sustainability**, ensuring everyone has enough knowledge to mitigate risks and seize opportunities
- **Include sustainability as part of onboarding process**, clarifying sustainability expectations for new joiners

Only 15%

of BITC's Tracker respondents formally consider performance on social and environmental supply chain objectives and targets when appraising and/or awarding bonuses to supply chain employees.

Only 34%

of BITC's Tracker respondents offer training in responsible supply chains to all employees and buyers with operational and strategic supply chain duties.

To successfully embed responsible procurement, you also need a knowledgeable team. Employing experts full-time on supply chain sustainability will increase your chances of success, but this is by no means the only option. Buyers and procurement professionals should consider the following actions to help enable the uptake of responsible procurement:

- **Include sustainability into your procurement team's objectives**, setting a common goal for your procurement staff
- **Translate the team's sustainability objectives into personal targets**, making it clear that sustainability is everyone's responsibility





IMPACT STORY

Sopra Steria's Sustainable Procurement Champions

Sopra Steria developed its responsible purchasing programme several years ago in line with the group's sustainability priorities. This commitment translated into new resources and training for the procurement team. Sopra Steria appointed a dedicated sustainable procurement Business Partner, who reports directly to the Head of Procurement and supports the business in embedding sustainability within purchasing decisions.

All procurement colleagues receive sustainability training as part of their onboarding and ongoing development. The team receives collective and individual targets to drive social and environmental performance amongst suppliers.

"Sustainability has become such a fundamental part of our procurement practices that our buyers' only option is to be constantly immersed in the topic." **Andy Hepworth, Head of Corporate Services at Sopra Steria**



4. COLLABORATE WITH OTHERS

**Build positive
engagement with your
suppliers**



**“By far, the most
important thing is to
gain trust from your
suppliers”**

**Marco Baren, Head of Supplier Development,
Supplier Sustainability, Operational
Excellence at Philips**

An ambitious strategy and well-appointed team are not enough to successfully drive responsible procurement. Positive engagement, collaboration and co-creation with suppliers are vital too. Your team should aim to move away from a solely compliance-based approach that focuses on minimum standards, policing and audits to a more proactive approach that engages suppliers on the root causes of shared issues and helps find meaningful resolutions that add real value to both parties.

Only 33%

**of BITC's Tracker respondents
offer training for suppliers to
be as responsible as possible
in their local context**

TIPS TO POSITIVELY ENGAGE WITH SUPPLIERS

- **Don't approach all suppliers in the same way.** Deep engagement with your entire supply base is neither realistic nor cost effective. Consider what levels of engagement are appropriate for each supplier relationship.
- **Make the business case to suppliers.** It is likely you will not be the first or last buyer to talk sustainability with a supplier. However, if the supplier is reluctant to engage, help them understand the mutually beneficial outcomes for both parties.
- **Provide opportunities to listen.** Get feedback from suppliers to understand how you can further support them in embedding sustainability.
- **Reward positive actions.** Seek out opportunities to promote and highlight the positive performance of your suppliers, for example through supplier appreciation events or annual awards.

To shift towards positive engagement with your suppliers, consider these three key principles:

- ✓ **Moving beyond compliance**
 - ✓ **Building long-term relationships**
 - ✓ **Fostering mutual respect**
-
- ✓ **Moving beyond compliance**

Supplier audits are regularly used to monitor ethical and environmental performance. Although the approach provides a robust platform for the identification of major risks, there are limitations to



traditional audits. A strict '*pass or fail*' approach can lead suppliers to work to the requirements without fully understanding why they are being requested to do so. Such approaches also rarely address the root causes of sustainability issues in a meaningful way.

Moving beyond the compliance mindset means working hand-in-hand with suppliers to continually improve and understand the sources of sustainability risk and mitigation challenges. You should foster a relationship of openness, working with suppliers as partners and growing their confidence to share struggles without fear of repercussions or penalties. This may require a regular, on-the-ground presence, with teams who understand the local context, speak the language, and importantly see their roles not as policing but as building genuine and purposeful relationships. If teams on the ground are not an option for you, consider working in collaboration with partners across industry or with local 'in-country' NGOs.

Only 17%

of BITC's Tracker respondents
reward suppliers who
demonstrate a high socio-
environmental performance.

✓ **Building long-term relationships**

Stable and long-term relationships provide security to suppliers and enable them the certainty needed to invest in improved sustainability practices. Give privilege to longer-term contracts to indicate your intention to build long-lasting relationships.

You could also show willingness upfront: provide financial backing or pro bono time, for instance to

develop training materials to upskill a supplier's workers or to implement new initiatives. Consider funding pilots to demonstrate the societal and business benefits of sustainability practices and to encourage suppliers to roll them out.

IMPACT STORY

Bettys and Taylors' long-term contracts and fair price practice

Bettys and Taylors Group sources across the globe – from Yorkshire farmers to smallholders in the tropics. The business has integrated sustainability ambitions directly into its supplier relationships. Its strategy is underpinned by long-term relationships and fair prices. Bettys and Taylors moved suppliers from one-year contracts to three or five-year contracts and is committed to paying fair prices, aiming to meet farmers' production costs as a minimum. This long-term approach provides suppliers with greater security, as well as time to understand sustainability and quality specifications. Bettys and Taylors also supports smallholders in increasing resilience and coping with the effects of climate change. The business invests in local projects to help farmers improve productivity and adopt climate smart practices.

✓ **Fostering mutual respect**

When asking suppliers to adapt their practices to adhere to your sustainability standards, be mindful of how your own purchasing practices could negatively impact them. Ask yourself:

- Are there specific categories with consistent **late payment**?



- Are expected **lead times** putting too much pressure on suppliers?
- Do your buyers regularly **change orders or specifications** at the last minute?
- Do your buyers systematically push for **low prices**?

These purchasing practices pressure suppliers and often drive unethical labour practices further down the supply chain. Research shows, for example, the connection between low prices and forced labour in tea and cacao supply chains⁶.

PROMPT PAYMENT CODE

The **UK Prompt Payment Code** sets standards for payment practices and best practice. Signatories undertake to:

- Pay suppliers on time
- Give clear guidance to suppliers on existing procedures
- Encourage good practice within their own supply chain

WHAT IF YOU DISCOVER ZERO-TOLERANCE INCIDENTS IN YOUR SUPPLY CHAIN?

Your Supplier Code of Conduct should clearly state that you will not tolerate forced labour, corruption, bribery, or other unethical practices. But what if you discover them within your supply chain? It could be tempting to immediately terminate the relationship with the supplier, but this will often lead to greater damage for workers and local communities. Your focus should be on remediation. Concentrate first on affected workers and individuals if any, ensuring they are safe and adequately compensated. Then work with the supplier to understand the root-cause of the issue and to develop an action plan preventing future incident. Avoid quick fixes and agree pragmatic timescales with your supplier.

SUPPORTING SUPPLIERS AND THEIR WORKERS IN A TIME OF CRISIS

When a crisis hits, it is more important than ever to collaborate closely with your suppliers. Buyers may be urged to cut costs, sometimes cancelling orders or lengthening payment terms. However, these short-term strategies will come at a high economic and human cost. Small businesses may go bankrupt and vulnerable workers may lose their jobs, sometimes with no governmental safety net to help them feed their families.

Buyers can take several actions to support small and medium-sized businesses:

- Offer better payment terms
- Offer financial facility/low-interest loans
- Allow delays in delivery dates
- Suspend penalties for not meeting contractual obligations

This flexibility will help suppliers stay afloat and in return continue paying workers their wages and statutory benefits.

Large businesses can also support supply chain workers directly by:

- **Sharing tools and resources** they have developed to support their own employees during the crisis. This could include extending their Employee Assistance Programme and other benefits.
- **Communicating with supply chain workers**, to help prevent a potential rise in human rights abuse as a result of the crisis. Businesses should leverage existing grievance mechanisms and connections with Trade Unions.
- **Developing compensation packages** for vulnerable supply chain workers (e.g. gig workers) who may not be recognised as employees and eligible for government benefits.



FURTHER READING

The joint Ethical Trading Initiatives, [Guide to buying responsibly](#): useful guidance to develop and implement responsible purchasing practices.

Partner with your industry and stakeholders

“As big as each brand is, their influence alone is not as great as they can be together. There is definite power in numbers.”

Chris Grayer, Head of Supplier Ethical Compliance at Next

Sustainability requires you to collaborate across and beyond your industry. Partner with competitors, NGOs, local communities, and authorities to share learnings, gain greater leverage, or work together to tackle common challenges.

There are many benefits for cross-sector partnerships:

- **Reducing the burden on suppliers**
As responsible procurement becomes increasingly important across all industries, more organisations ask suppliers to provide information across a range of topics. This increased pressure often creates a burden for suppliers with limited resources. Seek out companies who use the same suppliers or work with industry groups to reduce duplication and standardise requirements.
- **Increasing your own influence**
You may be a relatively small player in your supplier's customer base, leaving you with limited leverage to influence change. Collaborating across industry and developing partnerships with other organisations offer an invaluable way of building your leverage.
- **Leveraging local expertise**
Developing trusting relationships is key to being able to influence change with suppliers.

This can be accelerated by on-the-ground engagement with suppliers. However, if you are not able to engage with all of your suppliers in person, it can be beneficial to build a network in the local area, or leverage existing networks, and trusted on-the-ground NGOs in order to increase trust and credibility with suppliers.

IMPACT STORY

Burberry and the UN Climate Change Fashion Industry Charter for Climate Action

Recognising the need to collaborate across industry to maximise impact, Burberry became a founding signatory of the UN Climate Change Fashion Industry Charter for Climate Action. The initiative aims to drive change across the fashion industry with an initial goal of reducing aggregate greenhouse gas emissions by 30% by 2030. As co-chair of the renewable energy working group alongside Adidas, Burberry has been able to support the creation of comprehensive guidance documents for six priority countries (Vietnam, Indonesia, Cambodia, Bangladesh, China, Italy) on energy efficiency, renewable energy, policy landscape and financing tools. Future initiatives being worked on include online Climate Action training for the supply chain, to help bring this information to life.

The approach taken by Burberry and its peers acknowledges the country-specific challenges posed by a topic such as renewable energy and energy efficiency and leverages the opportunity to learn from other members of the industry who are already tackling these issues.

Impact: 79% of Burberry products are manufactured in facilities that have significantly decreased emissions through involvement in Burberry's Energy and Water Reduction programme or the procurement of renewable energy.

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Sustainability is a challenge that the UK construction industry faces every day. Collaboration, such as joint ventures and shared supply chains, is already widespread in the industry.

The Supply Chain Sustainability School was founded to develop the sustainability competence of construction suppliers and in turn help build more sustainable supply chains for the industry. The initiative is voluntary and is open to any supplier in the construction industry regardless of whether they supply to the school's partners. The school provides an array of free support to members including self-assessment tools, tailor-made action plans, e-learning, workshops and supplier days.

The school has gained traction within the industry as it provides a common and consistent message to suppliers on what to do. The Supply Chain Sustainability School has also meant that partners have been able to find cost-effective ways of working with suppliers on sustainability and ensure that suppliers have the competent skills to be considered for future business.

COLLABORATING WITH STAKEHOLDERS IN A TIME OF A GLOBAL CRISIS

When a global crisis hits, competitors and industries are often forced to collaborate in new and innovative ways. Collaboration will prove crucial to:

- [Support common suppliers](#) to enhance resilience across extended supply chains. Established industry platforms can be used to survey suppliers in a consistent way and share data. Large businesses can work together to keep common suppliers afloat, planning for different industry-wide scenarios and widening their supplier base.
- [Advocate for better social protection](#), urging governments to strengthen local safety nets for workers and support small businesses and those self-employed. Amidst a sanitary crisis, this could include advocating for sick and carer's leave being made mandatory.

[For examples of initiatives driving additional collaboration, see the appendix \(page 48\).](#)

5. EVALUATE AND COMMUNICATE YOUR PROGRESS

"The last thing you want is to forget about sustainability once you have run a tender. Supplier engagement on sustainability should be an ongoing process."

Glyn Watts, Head of Rail Procurement at the Go-Ahead Group



With new responsible procurement initiatives going live, it can be easy to overlook the importance of evaluation and communication.

Your responsible procurement programme should support the business to **continually learn from the insights gained** through engagement with suppliers and stakeholders. This can be something as practical and simple as a spreadsheet database or a sophisticated set of real-time risk indicators.

Regularly communicate on your progress to leadership, critical stakeholders, and the wider business. Set a clear basis for measuring your impact and report publicly on this periodically. Be transparent, highlighting both successes and outstanding areas of improvement. Ensure you provide information that is easily accessible and sufficient for interested parties to adequately evaluate your approach. By being open, you will encourage and support other organisations to learn from your journey.

Consider **publishing a list of your Tier-1 suppliers**. This disclosure will empower NGOs, unions, local communities and even workers

themselves to alert you of any human rights and environmental issues. This is becoming common practice amongst fashion and food retailers. Many companies have already disclosed their Tier-1 suppliers and beyond, including Marks & Spencer, Patagonia, Nestlé, and Nike.

Rather than viewing the Global Goals and sustainability as a challenge or burden, leverage consumer and citizen sentiment, the vast swathes of meaningful supply chain data and your supplier relationships to identify improvement areas, promote responsible business practices, strengthen your brand image, drive new differentiated revenue streams and minimise the impact of major disruptions lurking in the future.



FURTHER READING

UN Global Compact and BSR, [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#): practical guidance how to develop a sustainable supply chain programme, with additional examples of good corporate practice.

EMERGING TECHNOLOGIES

“We need to use technology that meets our current and future needs, rather than allowing technology to shape our behaviours.” **Laura Simmonds, Head of Responsible Procurement at IHG**

Technology has opened new opportunities for organisations to drive transparency within their supply chains. The Internet of Things (IoT), blockchain and risk platforms can help leverage data and insight from suppliers. Many of these tools are still emerging and so require careful consideration before investing. However, some benefits can be gained:

- **Single “source of truth”** for organisations looking to verify and monitor the origin of materials within the supply chain. For example, Oritain developed forensic technology to trace the origin of cotton back to its source.
- **Supplier visibility and accountability**, with platforms such as EcoVadis and Sedex being used to collect and analyse data about suppliers. Having single, shared data systems allows for easy comparison and selection of suppliers. It also reduces the burden on suppliers to answer the same assessment multiple times.
- **Real-time supply chain data** can be extracted from platforms, particularly if they are integrated with supplier management systems or enterprise resource planning.
- **Modelling supply chain risk and opportunities** is possible through technologies such as digital twins, which create a digital representation of your supply chain, enhanced through the cloud, enabling more efficient and informed decision making.

HUMAN & LABOUR RIGHTS

OVERVIEW

“Ethical practices drive trust with our customers. They expect us to do the right thing and protect workers in our supply chain.”


Chris Grayer, Head of Supplier Ethical Compliance at Next

Companies have a responsibility to protect the rights and welfare of all individuals who work for them and within their supply chain, in line with the United Nations Guiding Principles on Business and Human Rights. Suppliers in your first and lower tiers may be adopting practices that harm workers or place them in precarious conditions. Through your purchasing decisions, you can improve the lives of workers and their families whilst rewarding suppliers who treat employees with respect.

SPECTRUM OF LABOUR EXPLOITATION

The past year has seen an increased awareness of the 40.3 million⁸ people who live in slavery worldwide. In the UK alone, an estimated 136,000 individuals⁹ are trapped in forced labour. Legislation, such as the UK 2015 Modern Slavery Act, has played a key role in encouraging procurement professionals to strengthen their due diligence processes and cascade them down their supply chain. Issues like modern slavery and child labour are at the extreme end of the spectrum of labour exploitation.

Such exploitation should be given due focus, but other forms of poor labour standards should not be overlooked. Workers in your supply chain may suffer discrimination, receive insufficient wages, work excessive hours or be in precarious employment. In the UK, one in eight⁸ workers live in poverty, struggling to meet basic needs.

- 
- **Modern slavery:** workers are controlled and forced to work through coercion, or mental or physical threat.
 - **Dangerous working conditions:** workers operate in an unsafe environment, without the adequate protection material and safety procedures.
 - **Low wage:** workers receive a salary that does not allow them to live with dignity, perpetuating the poverty cycle.
 - **Discrimination:** workers are discriminated against because of their race, gender, ethnicity, sexual orientation, ability or age.
 - **Precarious contracts:** workers are on minimum or zero-hours contracts which can lead to uncertainty for the individual and a lack of financial security.

LEADING PRACTICE ACTIONS

Focus on the risks to people

Unlike traditional risk management, human rights due diligence should focus on risks to people, rather than risks to the business.

In prioritising human rights risks in your supply chain, you should evaluate their relative severity based on the scale, scope and ability to remediate those risks. The table below details three key dimensions that you should consider when prioritising these risks.

Dimensions	Definition	Potentially less severe	More severe
Scale	How serious the impact is	A 14-year-old helps in the family store	A 10-year-old child works in a mine
Scope	How serious the impact would be	One individual	A whole community
Remediability	How hard it would be to fix the impact	A worker is fired on a discriminatory basis but can be promptly reinstated with appropriate compensation	A worker is left with permanent disability after an incident due to the lack of safety measures

Table 2: Understanding severity. Adapted from: Shift, Oxfam and Global Compact Network Netherlands (2016) *Doing Business with Respect for Human Rights: A Guidance Tool for Companies*.

Provide grievance mechanisms

Grievance mechanisms are a formal way for workers and stakeholders to raise their concerns with a business. They play an important role in identifying, assessing and tackling human rights abuse. You can create your own hotlines and promote them amongst workers in your supply chain. You can also use third-party services such as [Clear Voice](#) or leverage industry resources. You should ensure that your mechanisms are trusted and lead to genuine action. In some contexts, a lack of reported incidents of human rights violations is a bad indicator.

Engage with workers and communities

Meaningful stakeholder engagement is essential to tackling human and labour rights abuse in supply chains. You should provide opportunities for workers and communities in your supply chain to be listened to and take their perspectives into account. If you can't reach out directly to affected stakeholders, you can liaise with credible voices, such as human rights NGOs and experts.

Demand a living wage for workers

Poverty is often at the root of human and labour rights abuse. Ensuring a decent wage for workers in your supply chain is, therefore, an important element of tackling other labour rights issues.

The living wage is defined as the minimum income necessary for people to meet their basic needs. In most countries, the living wage exceeds the legal minimum wage. This is a complex issue that you won't fix overnight. Companies continue to grapple with how to calculate living wage levels in their supply chain and how to support suppliers to pay the living wage. NGOs such as the [Living Wage Foundation](#) provide guidance to UK

companies looking to pay a living wage. Work with your industry to change practice in priority sourcing countries and use your collective leverage to influence suppliers and governments. Most importantly, pay your suppliers the fair price for their products and services.



WHAT TO ASK YOUR SUPPLIERS?

Gaining a full picture of labour practices of your supply base is important in determining priority risk areas. The questions you should ask suppliers largely depend on your industry, the countries you source from, and the risks you have identified at category-level. The following list provides some example questions you might consider including in self-assessment questionnaire or tenders.

- Do you have a Human Rights Policy?
- Does your Human Rights policy flow down to your suppliers and their suppliers?
- Have you implemented a mechanism for employees and third parties to raise their concerns?
- Have you implemented due diligence checks in the appointment of suppliers to establish their ability to manage human and labour rights?
- Have you implemented due diligence checks of sub-contracted labour suppliers or agencies to establish their ability to manage human and labour rights?
- Do you train employees, especially those in charge of supply chain management, on Modern Slavery & Human Rights?
- How does your organisation check that all your employees have the right to work in the UK?
- Do you pay the Real Living Wage, as defined by the Living Wage Foundation?
- Do you move workers from temporary, zero-hour, and minimum-hour contracts onto more secure contract types whenever resourcing demand is consistent?

WHAT ARE THE RISK FACTORS?

Some industries are more vulnerable to human and labour rights abuse. The following factors increase the risks of exploitation taking place in your supply chains:

- Intense competition between suppliers
- Pressure on the supplier for low costs and short lead times
- Widespread use of third-party recruiters and labour agencies
- Seasonal and transient work
- Sourcing countries with a high level of unemployment and poverty
- Large use of migrant workers
- Low-skilled work and minimum wage

HOW TO TRACK AND MONITOR?

Tracking labour and human rights impact can be difficult. Most companies monitor their processes and activities in terms of outputs (such as the number of audits conducted) without adequately evaluating the effectiveness of their approach. It is important that you develop ways to track the short and long-term effects of your human rights programmes, moving from outputs to outcomes and impacts (see table 3 below).

	Description	Examples
Outputs	The activities that your business implemented to identify or tackle human rights abuse	<ul style="list-style-type: none"> • Number of on-site visits and audits conducted • Number of workers who have access to grievance mechanisms • Number of suppliers who received training on human rights or modern slavery
Incidents	The monitoring of instances of negative impacts	<ul style="list-style-type: none"> • Number of zero-compliance incidents (e.g. child labour, modern slavery) detected • Number of non-compliance detected during audits • Number of reported incidents of discrimination
Outcomes/impacts	The short-term and long-term effects of the activities that your business implemented	<ul style="list-style-type: none"> • Number of suppliers who demonstrate sustained performance improvement • Wage levels amongst workers in supply chains • Satisfaction levels amongst workers in supply chains

Table 3: Monitoring human rights activities. Adapted from: Shift, Oxfam and Global Compact Network Netherlands (2016) *Doing Business with Respect for Human Rights: A Guidance Tool for Companies*.

IMPACT STORY

Next is collaborating with The Very Group and Varner to improve employment conditions for young women in India's fabric mills with the support of the NGO SAVE. The first phase of the programme focused on two mills and five villages in the state of Tamil Nadu. They provided training and support to workers in order to enhance peer interaction and establish better policies, procedures and grievance handling systems. On top of this, village-based outreach has been conducted to raise awareness of broader issues affecting female mill workers. Sessions were also conducted for families with young children to learn about issues relating to underage employment. By working with trusted NGOs who understand local context, Next has been able to begin to address the root-cause of potential labour issues before they arise. On top of this, collaboration with other brands has provided additional leverage for Next to make a genuine impact at the mill-level of their supply chain - a notoriously hard tier to engage with. The initiative is now into its second phase, working with the NGO SAVE, to further expand and develop its programme.

Key stat: Through collaboration, Next helped to provide training to 950 workers to date, boosting their life skills and awareness of employment rights.

IMPACT STORY

John Lewis' Better Jobs programme

John Lewis launched the Better Jobs programme in 2018 to build its suppliers' capacity to listen and respond to workers' concerns and ideas. John Lewis provides suppliers with guidance and dedicated resources through an online portal based on a new framework spanning seven areas of work: Growth, Reward, Security, Job Design, Respect, Health and Wellbeing and Voice.

Suppliers complete questions on the framework and can access resources highlighting practice examples in each area. John Lewis also offers to survey suppliers' employees on their day-to-day experience of the workplace and their insights into what makes a good job. They take these responses and, working with suppliers, use them to define the areas of activity suppliers should prioritise, tracking progress year on year. More advanced suppliers can opt out, avoiding unnecessary pressure on time and resources.



FURTHER READING

Shift, Oxfam and Global Compact Network Netherland, [Doing business with Respect to Human Rights](#): a very comprehensive guide to help companies of all sizes translate the UN Guiding Principles on Business and Human Rights into concrete action.

The Walk Free Foundation, [Tackling Modern Slavery in supply chains. A Guide 1.0](#): guidelines and tools for businesses that want to eliminate the risk of forced labour and slavery in their supply chains.

Stronger Together, [toolkit series](#): toolkits to help UK employers and labour providers tackle modern slavery in their operations and supply chain.

CLIMATE RESILIENCE

OVERVIEW

Climate change has already had significant consequences for our world and its impact is set to grow over the next decade. It has the power to disrupt national economies and impact people and communities around the world. At the 2015 United Nations Climate Change Conference, or COP 21, countries across the globe signed the Paris Agreement and committed to work to limit the global temperature rise to well below 2°C above pre-industrial levels. Since this point, many businesses have aligned their goals to this commitment, recognising the risks and opportunities that climate change presents. For many organisations, unlocking the potential of the supply chain is critical to achieving their own ambitious climate targets. Supply chains are often a major source of greenhouse gas emissions, deforestation and biodiversity loss, overconsumption of water and toxic effluents, and high levels of waste.

On average, supply chain greenhouse gas emissions are **5.5 times¹⁰** greater than those of a company's direct emissions

Climate-resilient businesses mitigate their negative impacts on the environment whilst preparing for climate-related disruptions, such as reduced access to natural resources. Understanding the climate impact of what you are buying and the potential risks to this supply are critical steps in building climate resilience into your supply chain

WHAT ARE THE KEY CONCEPTS?

- **Climate mitigation:** business efforts to reduce or prevent contribution to climate change.
- **Climate adaptation:** business adjustments to cope with the consequences of climate change, such as extreme weather events or reduced availability of raw material
- **Scope 3 emissions:** the international [Greenhouse Gas Protocol](#) categorises greenhouse gas emissions into three groups or scopes. Scope 3 emissions include all indirect emissions due to the activities of a business across its value chain. Supply chain emissions fall under that category.
- **Science-based targets:** carbon emission targets are defined as science-based if they are in line with what the latest climate science says is necessary to limit the global temperature increase to below 2°C above pre-industrial levels.
- **Net Zero Carbon:** an organisation can achieve a net zero carbon footprint by eliminating carbon emissions from its operations or by balancing carbon emissions with carbon removal activities, such as offsetting or tree-planting.
- **Circular economy:** an alternative to the traditional linear take-make-dispose economy, in which waste is eliminated and resources are continuously re-used. 'Circular' products are designed to be easily repaired, re-used, or recovered at the end of their lifetime.
- **Life cycle assessment:** a technique to assess environmental impacts associated with

WHY SHOULD YOU ACT?

Climate-related risks, such as extreme weather and biodiversity loss, were positioned as the top five most likely risks to impact the world in the next ten years, in the 2020 Global Risks Report from the World Economic Forum. This was the first time one category dominated all the top slots since the report was launched in 2006. Climate change presents many risks to your supply chain¹¹, including:

- **Physical risk to suppliers:** extreme weather damaging your suppliers' assets and operations
- **Input risk:** reduced availability or increased costs of raw materials, water and energy
- **Workforce risk:** climate-related disruptions impacting workforce availability and productivity
- **Regulatory risk:** changing regulations in sourcing or distribution markets

Procuring in a way which decarbonises your supply chain can also have immediate positive benefits for your organisation, for example reducing costs, spurring innovation, and improving reputation with key stakeholders

WHERE TO START?

It is important you identify the areas of your supply chain with the biggest potential to build climate resilience. You can follow the steps outlined in chapter 1 (step 2, page 13) to identify and prioritise risks and opportunities at category-level and supplier-level. In your analysis, identify those categories and suppliers with a high intensity of greenhouse gas emissions, water consumption, waste, or those that contribute to high levels of deforestation. You should also consider how vulnerable each category and supplier could be to climate change.

Consider the following questions:

- Are you sourcing from climate-vulnerable regions?
- Does the product heavily rely on climate-vulnerable natural resources, such as water?
- Does the product require specific temperatures or weather patterns that are likely to be impacted by climate change?
- Do suppliers lack awareness or resource to prepare for climate disruption?

Armed with the results of your assessment, develop a strategy as described previously (chapter 1, step 3, page 20). Launch initiatives and set targets with your suppliers that aim to mitigate their negative environmental impacts. Don't forget to plan for adaptation activities that will support vulnerable suppliers in preparing for potential climate-related disruptions.

DECARBONISING YOUR SUPPLY CHAIN

The [UK government has set a net-zero emissions](#) target for 2050, prompting many businesses to do the same, with some striving for as early as 2028 to reach carbon neutrality. Stakeholders and investors are also putting pressure on businesses to minimise climate risk – the [Taskforce for Climate-related Financial Disclosures](#) is one example of voluntary reporting of information to investors, lenders, insurers and other stakeholders. Many such initiatives look beyond direct operations to meet organisational carbon targets to reduce climate-related risk.

This has enabled businesses to deepen their understanding of their activities and identify carbon hotspots. Working within your procurement function to decarbonize your supply base is an essential step not only to meet your business targets, but also to meet targets set by local authorities, governments and regions in order to reduce climate-related impacts.

COLLECTING DATA FROM SUPPLIERS

It is common for organisations to have limited data from suppliers on their environmental performance. In the absence of this primary data, existing datasets such as financial data can be adapted to help understand carbon emissions. In parallel to this, engage with your key suppliers to build up the availability of primary data. You may choose to work first with a small selection of suppliers, prioritising categories with the biggest impact.

IMPACT STORY

Cisco's Carbon Programme

In 2016, Cisco set up an ambitious goal to avoid one million metric tonnes of greenhouse gas (GHG) emissions from its supply chain operations by 2020. This goal was achieved one year early, and among other benefits, helped to raise awareness of carbon accounting in the business decisions made in its supply chain. With this goal complete, Cisco announced new goals to address supply chain GHG emissions.

- 80 percent of Cisco component, manufacturing and logistics suppliers by spend will have a public, absolute GHG emissions reduction target by FY25
- Reduce Cisco supply chain-related Scope 3 GHG emissions by 30 percent absolute by FY30 (FY19 base year)

The availability and accuracy of supplier carbon data is a big challenge for companies in setting Scope 3 emission goals, especially reduction goals of this type. Cisco has been working with suppliers to disclose and improve environmental data for many years. The business requests that all key direct suppliers report their GHG emissions to CDP, a well-established non-profit that runs a global disclosure system to help corporations manage their environmental impacts.

Cisco's engagement with suppliers is underpinned by long-term business incentives. Over the last five years, Cisco has used focused sustainability metrics to improve the response and accuracy of suppliers' CDP reporting. These metrics impact the supplier scorecard, which holds suppliers accountable and informs new business awards. Cisco has found that connecting sustainability to established business processes is the best way to drive ongoing conversations of change.

CIRCULAR PROCUREMENT

Procurement professionals play a key role in supporting the transition towards a circular economy, in which all waste is eliminated, and resources are continuously re-used. Circularity is crucial in the fight against climate change.

According to the Ellen MacArthur Foundation, a circular economy could help reduce emissions associated with the four key materials of cement, steel, plastic and aluminium by 40% by 2050. It can also help your business and your suppliers to reduce costs, spur innovation and create new revenue streams.

There is no silver bullet to 'close the loop', but supplier collaboration is paramount. You can explore with suppliers how to:

- Include recycled or reclaimed materials
- Refurbish or remanufacture old products
- Develop a rental model and/or a take-back scheme to repurpose products at the end-of-life

The way that you can engage with these suppliers on these issues will depend on a number of factors, including the scale of your procurement. Work with your suppliers to introduce KPIs that measure performance against your circular ambitions. A life cycle assessment can be used to assess environmental impacts associated with all the stages of a product's life – from raw material extraction through to materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling. For large scale procurements, you might be able to work with your suppliers to help them to innovate new circular approaches – Business in the Community may be able to provide further support.

IMPACT STORY

Jaguar Land Rover's Reality Project

The aim of the REALITY project by Jaguar Land Rover was to recover aluminium from existing Jaguar and Land Rover vehicles and reform it into a new high-grade aluminium to create new vehicles. The process was tested on early, pre-production Jaguar I-PACE prototypes which had their batteries safely removed.

REALITY is an Innovate UK funded project with a consortium comprising Jaguar Land Rover, Novelis, Axion, Norton, Innoval Technology, as well as two academic partners, Brunel University and Warwick Manufacturing Group.

Jaguar Land Rover chooses to use aluminium to lightweight vehicles and reduce tailpipe emissions, even though it is more energy intensive to produce aluminium than steel. Working in partnership with its material supplier, Novelis, Jaguar Land Rover was able to reuse some of its aluminium as feedstock to Novelis to produce a new aluminium product with acceptable properties. The project required a move away from a transactional supplier relationship to a closer partnership. Specific processes were introduced to improve active collaboration and governance. Between September 2013 and January 2019, around 300,000 tonnes of closed-loop scrap have been processed back into Jaguar Land Rover's lightweight aluminium intensive architecture, across all vehicle lines. When operating at full capacity, REALITY is expected to reduce the CO2 impact of production while reducing the amount of virgin aluminium required to produce vehicles.

Jaguar Land Rover is committed to an ongoing decarbonisation process and has already reduced its global operating CO2 emissions per vehicle by 50.7 per cent compared to 2007.

WHAT TO ASK YOUR SUPPLIERS?

The questions you should ask suppliers largely depend on your industry, the countries you source from, and the risks you have identified at category-level. The following list provides some example questions you might consider including in self-assessment questionnaires or tenders.

- Do you use an Environmental Management System (EMS) to manage your environmental performance and responsibilities?
- Does your organisation currently measure and report on key environmental metrics, including: energy usage; transport and travel-related emissions; waste production; water consumption? Have you set targets to reduce these metrics? Do you have evidence of improved performance on these targets?
- What proportion of your electricity comes from renewable sources?
- What is the proportion of recycled or reclaimed or bio-based content within your products?
- Do you offer refurbished or remanufactured options for your products?
- Do you offer a take-back scheme and take responsibility for your products at end-of-life?
- Is the packaging of your products reusable and/or recyclable?
- Do you offer a packaging take-back scheme?
- Do your products contain any materials which are deemed toxic to the environment? If yes, what are these toxic materials? What are your plans, including targets, to decrease their use?

FURTHER READING



BSR, [Business Action for Climate-Resilient Supply Chains](#): practical framework to understand how to develop climate-resilient supply chains. Zero Waste Scotland, [Procuring for: Repair, Re-use and Remanufacturing. Category and commodity guidance](#): a very comprehensive and practical guide to help buyers embed the benefits of circular economy in their business.



IMPACT STORY

Sky's Ocean Rescue Programme

In July 2017, Sky launched Ocean Rescue to raise awareness of the issues surrounding ocean health, find innovative solutions to the problem of ocean plastics and inspire people to do their bit every day to make a collective difference. As part of the programme, Sky also made a commitment to remove single-use plastic out of their supply chain by 2020. They worked closely with suppliers to remove plastic from products and packaging and to identify cost-neutral alternatives. Many suppliers had never created industry processes for single-use plastic alternatives. Sky supported them to enable the co-creation of solutions, for example, in making the Sky Mobile SIM card single-use plastic packaging free. Engaging some parts of the supply chain was challenging initially, but overtime it persuaded suppliers to develop their own strategy and targets to reduce plastic usage. By the end of 2019, Sky removed over 300 tonnes tons of single-use plastics across its supply chain. All new Sky products now have packaging free of single-use plastic.



INCLUSIVE PROCUREMENT

OVERVIEW

"The procurement function has the potential to have a huge impact, where we spend our money is exactly where we can drive social change and social value."

John Cully, Chief Procurement Officer at Amey

Inclusive procurement is a powerful way to support economic growth and drive social value in your local communities. To diversify your supply chain, you can seek to purchase from small and medium enterprises, social enterprises, or minority-owned businesses.

KEY TERMINOLOGY

- **Supplier diversification:** a business practice that ensures all potential suppliers – including small and medium enterprises SMEs, social enterprises and minority-owned businesses – have a fair and equal opportunity to compete for business.
- **Small and Medium Enterprises:** enterprises with less than 250 employees. This definition varies across regions and includes a range of businesses. It covers a heterogeneous group, ranging from micro enterprises (1 - 9 employees) to small (10 - 49 employees) and medium (50 -249 employees) businesses.
- **Social enterprise:** a business that trades for social and environmental purposes, reinvesting all profits back towards their social mission.
- **Minority-owned business:** a business that is owned in majority by individuals from minority groups.

THE BUSINESS CASE FOR INCLUSIVE PROCUREMENT

There are many benefits for businesses to diversity their supply chain:

- Wider base of potential suppliers and larger range of solutions
- More innovation and greater flexibility
- Access to local knowledge and alignment with a culturally diverse marketplace
- Reduction in transport and logistics costs
- Opportunity to support and build relationships with local communities
- Contribution to your company's sustainability objectives



CHALLENGING COMMON MISCONCEPTIONS

There are some common barriers large companies face when looking to increase their engagement with SMEs and social enterprises¹².

Perceived lack of capacity

- Work closely with suppliers to ensure they understand their contractual obligations and requirements, including sustainability standards.
- Avoid prescriptive specifications based on previous contracts and give suppliers scope to describe how they can meet your needs in new and different ways.

Lack of business maturity

- Allow suppliers to submit 'action plans to create procedures' when they have not fully-developed the required procedures.
- Ask for evidence of progress towards accreditations and standards, as well as any accreditation that has already been achieved.
- Assign an SME Champion who can act as a single point of contact for various trade associations and their members. This can support identifying opportunities to improve processes and procedures.
- Prepare a briefing pack to describe how to contract with you. For example, list key frameworks and renewal dates or when you might direct award.

Lower level of insurance and limited financial history

- Check the insurance level you require is consistent with the work and risk threshold. A £10 million public liability insurance may not be needed for every tender and contract.
- Within reason, don't systematically request audited accounts and allow for alternative proof of credit history or financial stability (such as references from a bank or copies of management accounts).



IMPACT STORY

Amey & the Buy Social Corporate Challenge

In 2017, Amey joined Social Enterprise UK's (SEUK) *'Buy Social Corporate Challenge'*. Amey spent £930,000 with social enterprises during that year, which more than doubled to £3.7 million in 2018 and in 2019 Amey spent a further £5 million. Amey has since committed to increase its social enterprise spending to £40 million (5% of addressable spend) by 2023.

To meet this ambitious goal, Amey's procurement teams receive training and awareness on social enterprise, working closely with their in-house social value team and SEUK. The procurement teams work closely with all business units, which are responsible for identifying their own social enterprise spending targets and putting in place a plan to achieve them. To support social enterprises in meeting contractual requirements, Amey provides them with upskilling and capacity building support. When there is no social enterprise to meet the demand, Amey works with SEUK to support new start-ups or existing ones to diversify to meet their needs.

Amey also encourages its large suppliers to diversify their supplier base, both through procuring with social enterprises themselves and in delivering broader social value. To help deliver this, Amey developed a Social Value Supply Chain Charter. When tendering to work with Amey, suppliers provide details on how they will contribute to the outcomes of the charter which is then evaluated as part of the tender process. Amey provides suppliers with guidance and examples of actions they can take to deliver social value.

Read about Amey's work with social enterprise Paint360 [here](#).

UNLOCKING SUCCESS

Know your market

The biggest barrier to greater engagement with diverse suppliers is a poor knowledge of the landscape. Understand which small and social enterprises exist in your markets and how to best engage with them. Collaborate with intermediaries such as Social Enterprise UK, local business associations or chambers of commerce.

Embed it within your strategy

Inclusive procurement cannot be an add-on. You must build it within your procurement strategy and lifecycle, as well as develop specific targets. Your team should work with business functions towards a common goal to drive social value. For example, within their Responsible Procurement Charter, Fujitsu explicitly acknowledges that SMEs might not be able to demonstrate full compliance, but that they would expect them to embrace the ethos of the Code and work towards compliance together.

Be flexible in your approach

Adjust procurement procedures to remove barriers for diverse suppliers. Avoid jargon and adapt requirements across tender documents, supplier questionnaires, and other processes. Make sure sustainability standards are adapted to the size of the business. You can offer to train groups of small suppliers in how to prepare a tender and win work.

Engage early

Give advance notice of opportunities, informing potential suppliers that you want to hear from diverse suppliers. Engaging the marketplace early

will empower small suppliers to prepare tender and build capacity to deliver.

Collaborate with your large suppliers

Even if you decide to contract with a large organisation to supply the contract, collaborate with your larger suppliers to encourage them to use SMEs or social enterprises in their supply chains.



FURTHER READING

Institute for sustainability and Action Sustainability's [Best practice guidance for successful SME engagement](#) provides guidance on how best to diversify supply chains to include more small and medium-sized enterprises (SMEs).

BITC's [Would You Be Ready? Small Business Resilience Starter Kit](#) contains simple tips for small business owners to improve their businesses resilience and can be shared with your small suppliers.

IMPACT STORY

EMCOR UK helping small supplier to improve health & safety

Following a significant near-miss incident on a client site, EMCOR UK worked with their supplier City Belts and Bearings (CBB) to improve their health and safety systems. There was a genuine desire from CBB to resolve their shortcomings and the incident served as a stark warning.

EMCOR UK conducted an initial site audit and shared outcomes with CBB's senior team. They provided guidance and practical support to CBB, including identifying training and development partners. The result was a transformative culture change across CBB, with employees now regularly suggesting improvements which are acted upon.

EMCOR UK also organised a Health, Safety & Wellbeing day for all UK suppliers to exchange approaches. CBB volunteered to share the near-miss incident and subsequent learnings. In this way, EMCOR UK can help other small businesses to understand potential hazards and prevent other incidents.

This what CBB's Managing Director said:

"I was fully expecting my company to be removed from EMCOR UK's supply chain. Instead, and to my surprise, they wanted to engage with us and help us improve our procedures. They allowed us to approach all their health and safety personal for assistance. Since the incident, our company has health and safety at the front of all our activities. Without the guidance of EMCOR UK, we would not have been where we are today."

KEY RESOURCES

EMBEDDING SUSTAINABILITY INTO PROCUREMENT

Core policies, standards, and legislation

- [AA1000 Standards](#): principles-based Standards aimed at demonstrating leadership and performance in accountability.
- [ISO 20400](#): a guidance standard for organisations to integrate sustainability within procurement.
- [SA8000 Standards](#): a social certification standard for factories and organisations that helps demonstrate dedication to fair treatment of workers.
- [Welsh Procurement Community Benefits](#): Welsh Government procurement policies and guidance on how to include social, economic, and environmental requirements when tendering contracts.

Tools, guides, and resources

- [SASB Materiality Map](#): a map to identify sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry.
- Sedex, [Guide to risk assessment in supply chains](#): a useful introduction to risk assessment on human rights and environmental issues in supply chains.
- The joint Ethical Trading Initiatives, [Guide to buying responsibly](#): a useful guidance to develop and implement responsible purchasing practices.

- UN Global Compact and BSR, [Guide to Traceability](#): an overview on the importance of traceability for sustainability purposes, outlining the global opportunities and challenges it represents.
- UN Global Compact and BSR, [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#): practical guidance how to develop a sustainable supply chain programme, with additional examples of good corporate practice.

Initiatives for collaboration

- [AIM-Progress](#): forum of Fast-Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains.
- [CIPS Chartered Institute of Procurement & Supply chain](#): a global not-for-profit organisation, serving the procurement and supply management profession and dedicated to promoting good practice.
- [Global Reporting Initiative](#): international independent standards organisation that helps organisations understand and communicate their societal impacts
- [Supply Chain Sustainability School](#): an online and in-person community improving the knowledge of a sustainably built environment.
- [UN Global Compact](#): an initiative based on CEO commitments to implement universal sustainability principles.

Business solutions

- [Sedex](#): ethical trade service provider helping companies improve their responsible and

sustainable business practices, and source responsibly.

- [Ecovadis](#): a provider of business sustainability ratings, intelligence, and collaborative performance improvement tools for global supply chains.
- [Ecodesk](#): a cloud-based data platform used by corporate businesses to track, monitor, and report their ESG data.
- [Verisk Maplecroft](#): a global risk analytics company providing ESG, climate, political, and economic risk data.

HUMAN RIGHTS AND LABOUR STANDARDS

Core policies, standards, and legislation

- [International Labour Organisation](#): UN agency developing standards, policies and programmes promoting decent work for all women and men.
- [Modern Slavery Act 2015 \(UK\)](#): an Act to give law enforcement the tools to fight modern slavery, servitude, forced or compulsory labour and human trafficking, including provision for the protection of victims.
- [UN Guiding Principles on Human Rights](#): a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations.
- [UN Universal Declaration of Human Rights](#): a milestone document that sets out fundamental human rights to be universally protected.

Tools, guides, and resources

- Shift, Oxfam and Global Compact Network Netherlands, [Doing business with Respect to](#)

[Human Rights](#): a very comprehensive guide to help companies of all sizes translate the UN Guiding Principles on Business and Human Rights into concrete action.

- Walk Free Foundation: [Tackling Modern Slavery in supply chains. A Guide 1.0](#): guidelines and tools for businesses that want to eliminate the risk of forced labour and slavery in their supply chains.
- Stronger Together, [Toolkits](#): a series of tools to help UK employers and labour providers to tackle modern slavery in their operations and supply chain.
- Joint Ethical Trading Initiatives, [Living wages in global supply chains](#): an agenda for businesses to reposition the debate on living wages for companies within global supply chains.
- [ETI Base Code](#): an internationally recognised code of good labour practice used as a benchmark standard against which to conduct social audits and develop ethical trade action plans.
- [Corporate Human Rights Benchmark](#): a collaboration led by investors and civil society organisations dedicated to creating open and public benchmarks of corporate human rights performance.
- [Responsible Sourcing Tool \(RST\)](#): a website created to help visualize and understand the risks of human trafficking in supply chains.

Collaborative initiatives and organisations

- [Anti-Slavery International](#): a human rights organisation working to free people from all forms of slavery across the world.
- [Business & Human Rights Resource Centre](#): research centre dedicated to advancing

human rights in business and eradicating abuse.

- [Business against Slavery forum](#): a platform to help businesses identify, tackle, and prevent slavery in their supply chains.
- [Ethical Trading Initiative](#): an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.
- [Fair Labour Association](#): a collaboration of socially responsible companies, colleges and universities, and civil society organisations to create lasting solutions to abusive labour practices.
- [Global Living Wage Coalition](#): a coalition aiming to develop living wage benchmark estimates based on a single definition and methodology to calculate living wage.
- [Human Rights Watch](#): an international non-governmental organisation that investigates and reports on abuses happening globally.
- [Human Trafficking Foundation](#): a UK-based charity to support and add value to the work of charities and agencies operating to combat human trafficking in the UK.
- [Fairtrade International](#): an organisation that seeks to share the benefits of trade more equally through standards, certification, producer support, programmes and advocacy.
- [Institute for Human Rights and Business \(IHRB\)](#): a global centre focused on the relationship between business and internationally proclaimed human rights standards.
- [Social Accountability International \(SAI\)](#): a global non-governmental organisation advancing human rights at work.
- [The Global Business Initiative on Human Rights](#): a global business-led initiative to

advance corporate respect for human rights through learning and by business practice.

- [Slave Free Alliance](#) (Hope for Justice): a membership scheme for businesses to enhance their compliance obligations and ethical statement of commitment.
- [Stronger Together](#): a multi-stakeholder business-led initiative aiming to reduce modern slavery.
- [Unseen](#): a UK-based charity working towards a world without slavery.
- [Walk Free \(Minderoo Foundation\)](#): an initiative that undertakes research to build an evidence-base of modern slavery – the Global Slavery Index.

CLIMATE RESILIENCE

Core policies, standards, and legislation

- [BS8001](#): a guidance Standard which sets out a practical framework for organisations to implement the principles of the circular economy.
- [CDP](#): CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
- Greenhouse Gas Protocol, [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#): a supplement that allows companies to assess their value chain emissions impact and identify where to focus reduction activities.

Tools, guides, and resources

- BITC's, [Circular Office Report](#): an initiative that aspires to bring the circular economy to life in offices.

- BSR, [Business Action for Climate-Resilient Supply Chains](#): a practical framework to understand how to develop climate-resilient supply chains.
- Local Governments for Sustainability, European Secretariat, [Circular Procurement Best Practice Report](#): a collection of best practices related to circular supply of products and services.
- Zero Waste Scotland, [Procuring for: Repair, Re-use and Remanufacturing. Category and commodity guidance](#): a very comprehensive and practical guide to help buyers embed the benefits of circular economy.
- [Global Environmental Management Initiative \(GEMI\)](#): a forum for corporate sustainability leaders to advance solutions to emerging environmental and sustainability challenges.
- [Rainforest Alliance](#): an international non-profit organisation working at the intersection of business, agriculture and forests to make responsible business the new normal.
- [Science-based Target Initiative \(SBTi\)](#): a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to mobilise companies to set greenhouse gas emission reduction targets.

Collaborative initiatives and organisations

- [Accountability Framework initiative \(AFi\)](#): an initiative aiming to catalyse a shift to ethical practices in agricultural and forestry production and trade.
- [Alliance for Water Stewardship](#): is a global member-led organisation with the collective goal of promoting responsible use of freshwater.
- [Carbon Disclosure Project \(CDP\)](#): a not-for-profit charity running the global disclosure system for investors, companies, etc. to manage their environmental impacts.
- [Carbon Trust](#): an independent organisation helping businesses, governments etc. realising plans for a sustainable, low carbon future.
- [Climate Group](#): a non-profit organisation specialising in climate and energy initiatives to accelerate climate action.
- [Ellen McArthur Foundation](#): a foundation working to accelerate the transition to a circular economy.
- [Terracycle](#): an innovative company specialised in recycling hard-to-recycle materials.
- [Waste & Resources Action Programme \(WRAP\)](#): a UK-based charity helping organisations achieve greater resource efficiency.
- [World Wildlife Fund \(WWF\)](#): an organisation that aims to conserve nature and endangered species.

INCLUSIVE PROCUREMENT

Core policies, standards and legislation

- [UK Prompt Payment Code](#): a voluntary code in the UK that sets standards for payment practices and best practice.
- [UK Social Value Act](#): an Act which requires public authorities to have regard to economic, social and environmental well-being in connection with public services contracts.

Tools, guides, and resources

- EU Copernicus Climate Change Service; [Notre Dame Global Adaptation Initiative \(ND-GAIN\)](#): an initiative that aims to help private and public sectors prioritise climate adaptation.
- Institute for Sustainability, [Best practice guidance for successful SME engagement](#): a report that aims to provide guidance on how best to diversify supply chains to include more small and medium-sized enterprises.
- [MSD UK, Procurement Hub](#): a hub that brings together ethnic minority businesses with global corporations.
- [SE UK Social Enterprise Supply Chain Guide](#): a guide for businesses and other organisations interested in buying goods and services from the UK's social enterprise sector.

Initiatives for collaboration

- [Global Impact Sourcing Coalition](#): a collaborative network to build more inclusive global supply chains.
- [London Benchmarking Group](#): a global standard in measuring and managing corporate community investment.
- [MSD UK \(Minority Supplier Diversity Council\)](#): an entrepreneurial community that works with global corporations to understand the value of supply chain inclusion and diversity.
- [Social Enterprise UK](#): a network of social enterprises in the UK.

EXAMPLES OF INDUSTRY INITIATIVES

- [Automotive Industry Action Group \(AIAG\)](#): a non-profit organisation to drive down costs and complexity from the automotive supply chain.
- [Better Cotton Initiative \(BCI\)](#): a global not-for-profit organisation working on a cotton production sustainability programme.
- BRE Group, [Responsible & Ethical Leadership for Global Construction Supply Chain Conference](#): a gathering of companies and organisations undertaking to map and monitor their global supply chains.
- [Clean Clothes Campaign](#): a global alliance dedicated to improving working conditions and empowering workers in the global garment industry.
- Consumer Goods Forum, [Sustainable Supply Chain Initiative](#): an initiative aiming to build trust in sustainability standards worldwide.
- [Fair Wear Foundation](#): a foundation that works with brands and industry influencers to improve working conditions where clothing is made.
- [Forest Stewardship Council \(FSC\)](#): an international non-profit, multi-stakeholder organisation that claims to promote responsible management of the world's forests.
- [ICTI-Care](#): ICTI CARE is the toy industry's ethical manufacturing programme.
- [International Aerospace Environmental Group](#): a non-profit organisation of global aerospace companies created to collaborate on and share environmental solutions for the aerospace and defence industry.
- [Pharmaceutical Supply Chain Initiative \(PSCI\)](#): a group of pharmaceutical and



healthcare companies who share a vision of better social, health, safety and environmental outcomes.

- [Railsponsible](#): promotes sustainability practices throughout the railway industry supply chain.
- [Responsible Business Alliance](#), Formerly the Electronics Industry Citizenship Coalition, an industry coalition dedicated to corporate social responsibility in global supply chains.
- [Responsible Jewellery Council](#): a whole-of-supply chain standards initiative for the jewellery supply chain, from mine to retail.
- [Responsible Minerals Initiative](#): a resource compilation for companies from a range of industries addressing responsible mineral sourcing issues in their supply chains.
- [Sustainable Apparel Coalition \(SAC\)](#): an alliance dedicated to measuring sustainability performance of the apparel, footwear, and textile industry.
- [The Leather Working Group](#): a not-for-profit membership organisation for stakeholders across the leather supply chain.
- [Together for Sustainability \(TfS\)](#): a joint initiative of chemical companies that delivers global standards for environmental, social and governance performance of chemical supply chains.
- [Worldwide Responsible Apparel Production \(WRAP\)](#): a non-profit organisation dedicated to promoting ethical manufacturing through certification and education.
- [Zero Discharge Hazardous Chemicals \(ZDHC\) Programme](#): a collaboration of organisations committed to advancing towards zero discharge of hazardous chemicals the fashion industry.





METHODOLOGY

The project team undertook desk research, reviewing a mix of academic and grey literature. It also conducted eleven interviews with senior procurement and sustainability professionals.

This report includes statistics from BITC's 2020 Responsible Business Tracker. The Responsible Business Tracker® is a measurement tool available to all BITC members. It enables an assessment of their performance as a responsible business by tracking their progress against BITC's Responsible Business Map, which was built on the UN's Global Goals or Sustainable Development Goals (SDGs). In 2020, 94 companies from 24 sectors completed the Tracker®. BITC experts reviewed submitted evidence to validate participants' responses.

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