



Sustainable Supply Chains

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Efficient Appliances for People & the Planet

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- To manage supply chain risks, companies/borrower who have primary suppliers located in Xinjiang, China, will not be eligible for funding. This is due to the prevalence of forced labour and human rights abuses in the region and evidence of solar manufacturers, such as GCL-Poly, East Hope Group, Daqo New Energy, Xinte Energy and Jinko Solar, using forced labour.
- Applicants will be required to provide a list of their primary suppliers in the Self-Assessment Questionnaire.
- Any applicants with primary suppliers located in Xinjiang, will be asked if they are willing to change suppliers. If so, the company may be considered for funding if they are able to provide evidence that they will no longer be purchasing material/equipment from Xinjiang. If not, the applicant will not be eligible for funding.

- How does the company ensure child labor and forced labor is not used through contractors or in your supply chain? Do you use covenants in your legal agreements with suppliers and contractors?
- Any ESG Audits of company or its suppliers (if yes provide copies of the audit reports): Yes / No
- Monitoring – How many applicants had primary suppliers in Xinjiang, China? Of these, how many applicants were willing to change suppliers?

“a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.”

Chartered Institute of Procurement & Supply (CIPS)

www.cips.com

“Supply chain sustainability is the management of environmental, social and economic impacts, and the encouragement of good governance practices, throughout the lifecycles of goods and services. The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market.”

United Nations Global Compact

A Practical Guide for Continuous Improvement

- Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

- Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

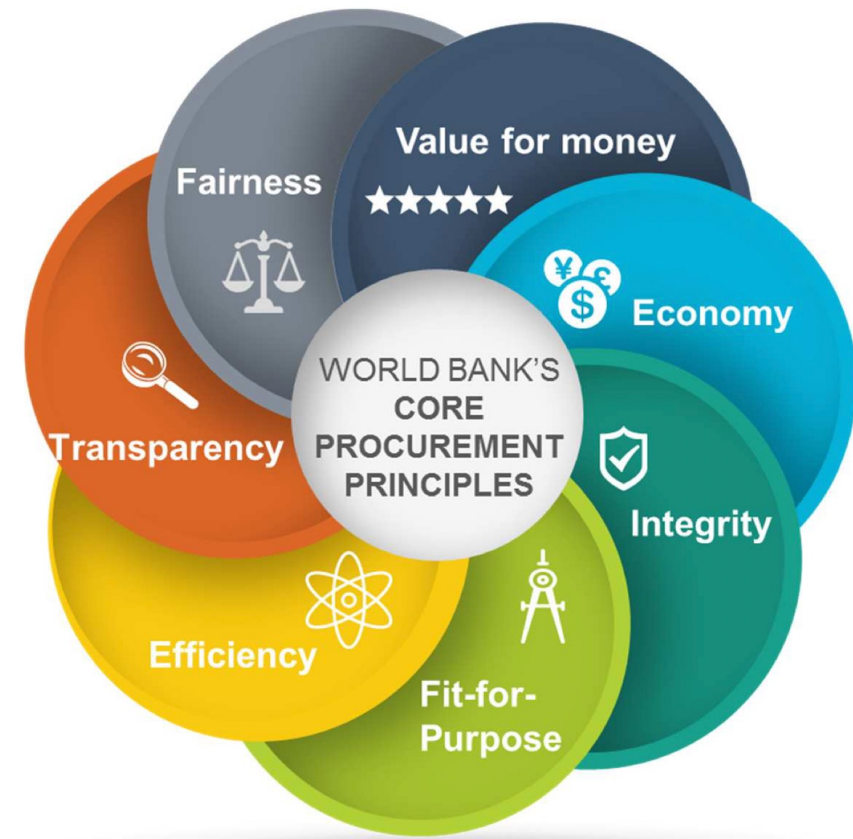
- Environment
 - Principle 7: Businesses should support a precautionary approach to environmental challenges;
 - Principle 8: undertake initiatives to promote greater environmental responsibility; and
 - Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- Anti-corruption
 - Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Financial – Reduce total operating costs by procuring more efficient and sustainable goods, works or services
- Risk management – Engage in the mapping of economic, legal, environmental and social sustainability threats and opportunities, and develop approaches to manage them.
- Commitment and goals – Reflect the purchasing agency's organizational culture, values, and ethics in accordance with relevant policies. This could include developing sustainable procurement policies that are in harmony with a country's overall strategy; that is, commitments and priorities ought to be clearly stated in the policy and the operational implementation ought to be reflected in procurement practices.

- Response to increasing stakeholder expectations – It is important to take account of social responsibility and sustainability issues. Beyond the requirements established by the company in its other policies (e.g. environmental and social), these can be further enhanced by using sustainable procurement approaches.
- Attractiveness – Performance in terms of social responsibility and sustainability may impact the company's or project's image, enhance competition and provide greater competitive advantage. Implementing sustainable procurement may attract other financial investors, boost labour markets, attract the best organizations to bid, and further company's goals.

Sustainability and the Procurement Process – Core Principles

- Value for money
- Economy
- Integrity
- Fit for purpose
- Efficiency
- Transparency
- Fairness



“The process that starts with the identification of a need and continues through planning, preparation of specifications/ requirements, budget considerations, selection, contract award, and contract management. It ends on the last day of the warranty period.”

Key to achieving effective sustainable procurement is designing a fit for purpose procurement process.

Sustainability opportunities and risks ought to be managed throughout the procurement process. However, the assessment, analysis and procurement strategy need to be proportional to the size, nature and complexity of the procurement.

1. Identify which supply chain related regulations affect your company:

- Consider country-specific standards and legislation, including any voluntary commitments.
- Understand which areas of the business these affect or are responsible for compliance.



2. Create and assess suppliers against a code of conduct:

- Align this with your corporate strategy and your own legislative compliance requirements
- Supplier attestation should be mandated in any supplier selection process, with live compliance statistics recorded.

3. Develop a consistent approach for more responsible supplier assessment

- Base on global reporting frameworks e.g. GRI, UNGC, SDGs etc.
- Include cross-business compliance requirements e.g. risk, legal, sustainability, health & Safety, information security

4. Utilise assessment information

- Identify non-compliances and communicate to relevant business areas and suppliers
- Use performance metrics to embed in supplier selection and review processes

5. Create a deeper supplier review or audit process

- Link further assessment to review process i.e. high risk / poor performance drives deeper assessment or audit
- Opportunity to work through improvement plans with suppliers

<https://www.greenstoneplus.com/blog/sustainability-in-procurement-5-practical-steps-to-more-sustainable-procurement>

Thank you!
Any questions?



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