

Responsible sourcing

Building trust in your brand through ethical procurement

It is no longer enough to take responsibility for the impacts of your own operations; you are accountable for what goes on in your supply chain, too.

Companies are increasingly being challenged about where their products come from. Tough questions are being voiced by customers, campaigners, the media, labour unions and investors. These days, it is no longer enough simply to take responsibility for the impact of your own operations; instead, you are also held accountable for what goes on in your supply chain.

Concerns about the sourcing of your products can include:

- working conditions throughout the supply chain
- your suppliers' impacts on the environment
- whether producers and labourers are getting a fair share of profits
- the stability of your commercial relationships with suppliers
- corruption and bribery
- your impact on economic development in the communities where your suppliers are based.

Pressure groups run publicity campaigns to expose companies that fail to source responsibly. Damaging media exposure can result, particularly because news outlets tend to concentrate on extreme cases of exploitation or environmental degradation – even if they are isolated examples. Once your brand is tarred with this brush, it can be hard to recover.

In addition, ethical investment indices such as FTSE4Good and the Dow Jones Sustainability Index now require companies to ensure good supply chain standards.

Faced with these pressures, it is your task to understand the impact of your buying decisions on local communities, workers and the environment. And then you need to act to make sure this impact is positive.

The csrnetwork approach

Our first step is to work with you to pinpoint and quantify the main risks in your supply chain. We do this by calling on our long experience dealing with responsible sourcing issues across all major industries, and by reviewing actual practices and performance among your suppliers.

While most of your suppliers may be operating to high standards, you may be surprised and even shocked by what you find among those that are not.

Once issues are identified, we help you raise them with suppliers with a view to agreeing remedial measures and setting performance expectations. Good engagement with suppliers is critical in agreeing realistic and appropriate targets, and in helping suppliers build capacity.

Things can be particularly tricky if a supplier is found to be exploiting workers or the environment. Often, giving practical help and advice is the best way forward. And there is usually merit in working with other stakeholders such as local government, NGOs, industry associations and even competitors to help the supplier improve. We can help you take these steps.

In addition, we assist you to navigate the confusing area of responsible sourcing standards. Some industries have several standards that enjoy mixed levels of support from different stakeholder groups. Meanwhile, other industries have none. In either case, it may be beneficial to seek to establish a new standard for your industry. Again, we provide practical support on this.



“We helped GMG develop its industry-leading paper-sourcing policy”

Case studies: Guardian and Stora Enso

csrnetwork has helped two companies at either end of a high-impact supply chain to source more responsibly.

Guardian Media Group (GMG), one of the UK's leading multimedia businesses and publishers of the *Guardian* newspaper, asked us to advise on its sourcing of paper.

We recommended actions GMG should take to ensure that the fibre in its newsprint comes from reputable sources. In addition, we helped GMG engage with its paper suppliers. This included working with some suppliers to enable them to make progress towards forest certification. We also helped GMG to develop its industry-leading paper-sourcing policy.

At the other end of the supply chain, we have worked for several years with Stora Enso, the Finnish paper, packaging and forest-products company.

Stora Enso is committed to sustainability and to being an accountable business. Every year, it reports its performance on a wide range of corporate responsibility targets, including in relation to its sourcing of pulp and fibre from forests and plantations worldwide.

csrnetwork acts as independent assessor of Stora Enso's report. We visit sites around the world to check the data and claims in the report. This includes reviewing the process Stora Enso uses to establish the origins of the pulp it buys.

We always take a pragmatic approach. For instance, a large-scale supplier audit programme may not be the best way of identifying or addressing the key issues. Instead, we could help you make an

action plan to address the most pressing risks quickly. Or we might help you start applying corporate responsibility criteria to your company's buying decisions, backed up by training for procurement staff.

Responsible sourcing services

The specific support we provide includes:

- identifying risks and material issues in the supply chain
- auditing and benchmarking supply chain practices
- developing procurement policies
- identifying suitable standards or certification systems for guiding sourcing decisions
- developing training for procurement managers, suppliers and internal auditors
- engaging with stakeholders along the supply chain
- facilitating or advising initiatives to develop new industry sourcing standards.

csrnetwork

csrnetwork is a leading consultancy that helps companies do business in a responsible and sustainable way. Our mission is to make corporate social responsibility (CSR) a reality.

We help organisations by providing services in seven main areas:

- benchmarking of CSR management and performance
- strategy development
- stakeholder engagement
- assurance of CSR and sustainability reports
- performance management
- communication (external and internal)
- responsible sourcing.

Our high-calibre team of consultants offers a rich blend of skills in everything from CSR strategy to environmental auditing, and stakeholder dialogue to report development.

We have in-depth knowledge of the crucial CSR issues across all industry sectors.

Client list

- Airbus
- ArcelorMittal
- Bacardi
- Bechtel
- The Co-operative Group
- EDF Energy
- Exxon Mobil
- First Group
- Holcim
- Guardian Media Group
- HP
- ProLogis
- Royal Bank of Scotland
- RWE
- Stora Enso
- TNT
- Tokyo Electric Power
- Vodafone