



PUBLIC & PRIVATE  
SOCIAL RESPONSIBILITY  
INITIATIVE  
CSR VÄSTVERIGE

# Sustainable purchases

*Toolbox 2010*

PUBLIC & PRIVATE  
SOCIAL RESPONSIBILITY INITIATIVE  
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# TOOLBOX

## **Introduction**

This document is a toolbox preferably used as a guide to work with sustainable purchases. The toolbox has been developed by the Sustainable Purchase group 2010. The group consisted of representatives from Volvo Cars, Lindex, Kinnarps, Astra Tech, Santa Maria, Capio, Västra Götalandsregionen, Göteborgs universitet, Chalmers, Upphandlingsbolaget and Göteborg Energi who together represents more than 150.000 employees. The toolbox includes 7 areas:

1. Defining and managing one's scope of responsibility
2. Building the business case & engaging management
3. Using standards & certifications
4. Code of conduct and programs description
5. Evaluating supplier performance
6. Handling non compliance
7. Useful links

More information is available under each specific headline as well as useful links to examples and more information.

## **Toolbox content**

### **1. Defining and managing one's scope of responsibility**

When an organization starts to consider the scope of its responsibility in procuring for goods and services, here are questions it may ask itself:

- Up to where goes my responsibility in my supply-chain? How can an organization define this?
- How much of the responsibility is defined by industry branches, customers, the media, and other stakeholders?
- Since it is important to clearly define one's scope of responsibility, what process can I use to do that?

- How does one motivate one's scope definition to external parties?
- How can I participate to the public debate about what is reasonable?

Ways to manage one's scope of responsibility through the supply chain:

- Do a risk analysis by product groups;
- Define a set of formal requirements – understand one's own ambition level, and think through one's organization position;
- Understand what resources would be needed to lead such agenda with credibility;
- Establish a clear link between my requirements and the contracts to my suppliers / incorporate environmental and social demands information in contract "terms and conditions".

## **2. Building the business case & engaging management:**

Here you will find information on building a business case and engaging management around the practice of responsible procurement.

### **2.1 Information on the business benefits of sustainable procurement Social Accountability International view on business benefits**

[http://www.csrvastsverige.se/download/104\\_SAI\\_Business\\_benefits.pdf](http://www.csrvastsverige.se/download/104_SAI_Business_benefits.pdf)

### **2.2 Building a business case (Total Cost of Ownership tools, ...) Tools such as Total Cost of Ownership tools can help an organization put emphasis on the financial benefits of engaging into sustainable procurement.**

Example of TCO: The Swedish Environmental Council Life Cycle Costs tools:

[http://www.msr.se/sv/green\\_procurement/LCC/](http://www.msr.se/sv/green_procurement/LCC/)

### **3. Using standards & certifications**

A short information pack linking ISO26000 standard and sustainable procurement (in Swedish)

*[http://www.csvastsverige.se/download/121\\_ISO26000\\_och\\_HI.pdf](http://www.csvastsverige.se/download/121_ISO26000_och_HI.pdf)*

SA8000 standard presentation from Social Accountability International

*[http://www.csvastsverige.se/download/107\\_SAI\\_SA8000.pdf](http://www.csvastsverige.se/download/107_SAI_SA8000.pdf)*

ISO26000 standard presentation

*[http://www.csvastsverige.se/download/122\\_ISO26000.pdf](http://www.csvastsverige.se/download/122_ISO26000.pdf)*

Information on Wood and FSC standard from Kinnarps

*[http://www.csvastsverige.se/download/49\\_KINNARPS.pdf](http://www.csvastsverige.se/download/49_KINNARPS.pdf)*

#### **4. Codes of conduct and programs description**

Here you will find examples of comprehensive approaches to sustainable procurement.

##### **SKF program description**

[http://www.csrvastsverige.se/download/108\\_SKF\\_Program\\_description.pdf](http://www.csrvastsverige.se/download/108_SKF_Program_description.pdf)

##### **Lindex program description**

[http://www.csrvastsverige.se/download/48\\_LINDEX\\_Program\\_description.pdf](http://www.csrvastsverige.se/download/48_LINDEX_Program_description.pdf)

##### **VGR program description**

[http://www.csrvastsverige.se/download/61\\_Presentation\\_VGR.pdf](http://www.csrvastsverige.se/download/61_Presentation_VGR.pdf)

##### **Social Fingerprint program description from Social Accountability International**

[http://www.csrvastsverige.se/download/103\\_SAI\\_Social\\_Fingerprint.pdf](http://www.csrvastsverige.se/download/103_SAI_Social_Fingerprint.pdf)

##### **Upphandlingsbolaget program tools (in Swedish):**

[http://www.csrvastsverige.se/download/\\_Avvikelser\\_och\\_tillagg\\_till\\_ramavtalsvillkor.pdf](http://www.csrvastsverige.se/download/_Avvikelser_och_tillagg_till_ramavtalsvillkor.pdf)

[http://www.csrvastsverige.se/download/\\_Bilaga\\_E-handel.pdf](http://www.csrvastsverige.se/download/_Bilaga_E-handel.pdf)

[http://www.csrvastsverige.se/download/\\_Forfragningsunderlag\\_Auditorer.pdf](http://www.csrvastsverige.se/download/_Forfragningsunderlag_Auditorer.pdf)

[http://www.csrvastsverige.se/download/\\_Ramavtalsvillkor\\_UHB.pdf](http://www.csrvastsverige.se/download/_Ramavtalsvillkor_UHB.pdf)

##### **Examples of codes of conduct:**

##### **SKF Code of Conduct**

[http://www.csrvastsverige.se/download/116\\_SKF\\_code\\_of\\_conduct\\_ENG.pdf](http://www.csrvastsverige.se/download/116_SKF_code_of_conduct_ENG.pdf)

##### **Lindex Code of Conduct (common to BSCI members**

[http://www.csrvastsverige.se/download/117\\_LINDEX\\_Code\\_of\\_Conduct.pdf](http://www.csrvastsverige.se/download/117_LINDEX_Code_of_Conduct.pdf)

##### **VGR Code of Conduct**

[http://www.csrvastsverige.se/download/118\\_VGR\\_Social\\_responsibility\\_in\\_procurement.pdf](http://www.csrvastsverige.se/download/118_VGR_Social_responsibility_in_procurement.pdf)

## IKEA Supplier Code of Conduct

[http://www.ikea.com/ms/en\\_CA/about\\_ikea/read\\_our\\_material/index.html](http://www.ikea.com/ms/en_CA/about_ikea/read_our_material/index.html)

### **5. Evaluating supplier performance**

Evaluating supplier performance according to environmental and social standards can be done using processes (5.2) and tools (5.1).

Given how geographically spread the typical supplier base of an organization can be, challenges can be lightened by calibrating one's standards according to local cultures and laws (5.4) and resources can be spared by associating with others (5.3).

#### **5.1. Supplier performance evaluation tools.**

SKF illustration of a tool:

[http://www.csvastsverige.se/download/109\\_SKF\\_supplier\\_performance\\_tool.pdf](http://www.csvastsverige.se/download/109_SKF_supplier_performance_tool.pdf)

#### **5.2. Audits.**

Here you will find information on recruiting auditors to carry environmental and social audits through the example of Upphandlingsbolaget (in Swedish):

Terms of the call for submission of bids to the selection of auditors, contact Upphandlings bolaget

<http://www.upphandlingsab.goteborg.se>

Procurement form for auditing services:

[http://www.csvastsverige.se/download/105\\_UHB\\_Auditors\\_Recruitment\\_Form.pdf](http://www.csvastsverige.se/download/105_UHB_Auditors_Recruitment_Form.pdf)

Auditing process described:

[http://www.csvastsverige.se/download/97\\_UHB\\_Auditing\\_process.pdf](http://www.csvastsverige.se/download/97_UHB_Auditing_process.pdf)

This information is a part of Upphandlingsbolaget approach illustrated in (anchor to section 4 – Upphandlingsbolaget program tools)

### 5.3. Pooling resources

Lindex is a member of the Business Social Compliance Initiative.

The Business Social Compliance Initiative is the broadest business-driven platform for the improvement of social compliance in the global supply chain. BSCI offers companies a comprehensive monitoring and qualification system covering all products sourced from any country. More info: <http://www.bsci-eu.org/>

### 5.4. Adapting to local context

Organizations may decide to take into account local, legal and cultural specificities of their supplier factory locations, when evaluating performance.

Ikea for instance setup a Global Compliance Council, whose role is to “calibrate” audits based on location “parameters”  
[http://www.csrvastsverige.se/download/106\\_IKEA\\_Global\\_Compliance\\_Council.pdf](http://www.csrvastsverige.se/download/106_IKEA_Global_Compliance_Council.pdf)

SA8000 standard approach to assessing basic living wages is another example:

Using SA8000 standard,

- basic living wage is calculated for each factory specific situation;
- basic living wage calculation is done by the supplier (or the auditor) according to SA8000 guidelines and must be verified by the SA8000 auditors
- SA8000 stays away from recommending any particular number.
- basic living wage must be sufficient to leave on without having supplement with extra time

## 6. Handling non compliance

Information on IKEA's approach:

[http://csrvestsverige.projectsplaces.com/files/111\\_IKEA\\_-\\_Supplier\\_non-compliance\\_process.pdf](http://csrvestsverige.projectsplaces.com/files/111_IKEA_-_Supplier_non-compliance_process.pdf)

A range of approaches can be used to handle supplier non-compliance to ethical demands. Illustrations follow:

<b>Issues under this topic</b>	<b>Processes involved</b>	<b>Tools employed</b>	<b>Practice illustrations</b>
Classifying grades of non-compliance	<i>Define and describe own priorities</i>	<i>Grading lists</i>	<b>Lindex</b> ( <i>Observation, Deviation, Critical Deviation</i> )
Standardization of assessments (local context)	<i>Use an internal "global compliance council"</i>		<b>Ikea</b>  <i><a href="http://www.csrvestsverige.se/download/106_IKEA_Global_Compliance_Council.pdf">http://www.csrvestsverige.se/download/106_IKEA_Global_Compliance_Council.pdf</a></i>
Communicating assessment basis	<i>Include env. &amp; social criteria in contract with supplier</i>	<i>Own Code of conduct, policy, industry code, ...</i>  (see section 4.)	<b>Ikea I-Way, UHB, VGR SKF</b>
Taking corrective action	<i>Grade suppliers</i>  <i>Engage with supplier</i>  <i>New Business Hold</i>  <i>Terminate supplier</i>	<i>Green Red Black type of listing</i>  <i>Corrective action plan</i>	<b>Ikea</b> <i><a href="http://www.csrvestsverige.se/download/120_IKEA_Supplier_grading_staircase.pdf">http://www.csrvestsverige.se/download/120_IKEA_Supplier_grading_staircase.pdf</a></i>  <b>Lindex, SKF</b>  <b>SKF</b>  <b>Lindex, Ikea</b>

## 7. Useful links

- 7.1 Miljöstyrningsrådet – The Swedish Environmental Management Council (SEMCo) contributes to sustainable development through supporting companies and public organisations in their environmental work in a strategic and cost-efficient way. Through its three main tools and services, SEMCo offers guidance in the field of Green Public Procurement (GPP), environmental management and the use of environmental product information. More information: <http://www.msr.se>
- 7.2 CSR Europe Supply Chain portal – A web based tool for sustainable supply chain development created by CSR Europe members. More information: <http://www.csr-supplychain.org>
- 7.3 Swedwatch: – Swedwatch is a non profit organization reporting on Swedish business relations in low-wage countries. Swedwatch covers different sectors and focuses on social and environmental concerns. More information: <http://www.swedwatch.org>
- 7.4 Maplecroft – A service tool providing information on labour standards and labour rights issues per country. Example brought forward by SKF.  
[http://www.csrvastsverige.se/download/115\\_Useful\\_links\\_-\\_Maplecrofts.pdf](http://www.csrvastsverige.se/download/115_Useful_links_-_Maplecrofts.pdf)
- 7.5 IRIN News - **humanitarian news and analysis**. A service of the UN Office for the Coordination of Humanitarian Affairs - News tool on social and environmental issues. Example brought forward by Lindex.  
[http://www.csrvastsverige.se/download/114\\_Useful\\_links\\_-\\_IRIN.pdf](http://www.csrvastsverige.se/download/114_Useful_links_-_IRIN.pdf)
- 7.6 String – Tracability tool for material on social and environmental issues. Example brought forward by Lindex.  
[http://www.csrvastsverige.se/download/113\\_Useful\\_links\\_-\\_STRING.pdf](http://www.csrvastsverige.se/download/113_Useful_links_-_STRING.pdf)
- 7.7 United Nations Global Compact – Supply Chain Guidance material  
[http://unglobalcompact.org/Issues/supply\\_chain/guidance\\_material.html](http://unglobalcompact.org/Issues/supply_chain/guidance_material.html)

2009 Public & Private Social Responsibility Initiative decided to create a time limited group with organizations and businesses in Västra Götaland with focus on sustainable purchases.

In this report we have put together a toolbox for sustainable purchases.

[www.csrvastsverige.se](http://www.csrvastsverige.se)