

CONTENTS

Overview of Current Practice

EXTENDING CORPORATE SOCIAL RESPONSIBILITY PROGRAMS INTO PROCUREMENT (Page 2)

Shortcomings of Current Practice

PARTIAL COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (Page 3-4)

Member Imperative

DEVOTE ADEQUATE RESOURCES TO ESTABLISH CORPORATE SOCIAL RESPONSIBILITY PROGRAMS (Pages 5-7)

Practice Profiles

(Pages 8-13)



Appendices

APPENDIX A (Page 14)

APPENDIX B (Page 15)

APPENDIX C (Pages 16-17)

APPENDIX D (Pages 18-20)

APPENDIX E (Pages 21-22)

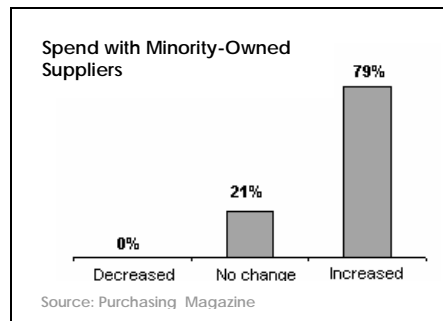
APPENDIX F (Pages 23-24)

APPENDIX G (Page 25)

RESEARCH PROCESS (Page 26)

BIBLIOGRAPHY (Page 27)

Involving Procurement in Corporate Social Responsibility Initiatives



This graph shows the average amount of company expenditure with minority-owned suppliers over the past five years, a significant component of procurement's involvement in CSR programs and an indicator of CSR's increasing importance on the procurement executive's agenda.

Executive Summary

ENHANCING PROCUREMENT'S INVOLVEMENT IN CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

The Dilemma in Brief

As Corporate Social Responsibility (CSR) programs grow, procurement must identify opportunities to involve the department in enterprise-wide initiatives. Procurement's role in CSR involves imposing labor standards for global suppliers, establishing green procurement policies, and supporting supplier diversity initiatives. Environmentally and socially conscious consumers relate CSR practices into brand recognition and reputation.

Steps to Consider

Procurement Strategy Council research indicates that firms must establish three important initiatives to successfully develop CSR programs:

- **Establish effective labor standards for global suppliers:** A strong global labor policy provides companies with a competitive advantage in the marketplace. Socially responsible procurement organizations improve financial performance by allowing access to capital and enhancing brand image and sales. Strict labor standards also enable companies to manage risk more efficiently and reduce long-term costs in foreign countries.
- **Develop and implement green procurement policies:** Adopting environmentally conscious sourcing practices allows procurement to enhance company reputation and adjust more easily to new legislation. Procurement organizations must establish criteria to assess the environmental performance and practices of suppliers. Best-in-class procurement departments incorporate environmental considerations when selecting and evaluating suppliers. Procurement should dedicate personnel to evaluate environmental performance and review pending legislation across the world.
- **Create an internal supplier diversity team to identify and support minority suppliers:** Procurement organizations benefit economically from expanding the existing supplier base to include minority-owned suppliers. Effective procurement departments establish a supplier diversity team to function as a liaison between minority suppliers and procurement. Supplier diversity teams serve as an intermediary to settle discrepancies between the parties and function as a communication channel to ensure minority-owned suppliers are represented.

Overview of Current Practice

EXTENDING CORPORATE SOCIAL RESPONSIBILITY PROGRAMS INTO PROCUREMENT

Procurement departments have begun to create social responsibility programs in areas such as labor standards for global suppliers, supplier diversity, and green procurement.

Procurement departments realize the importance of, and the benefits associated with, a strong social responsibility program. Investors and consumers increasingly demand that companies account for the social impact on operations and the operations of suppliers.

Companies with poorly structured CSR programs risk incurring devastating economic impacts as a result of negative publicity. Damaged corporate images cost companies millions of dollars in lost revenue, as well as significant costs to reverse the images.

Corporate social responsibility extends to procurement in multiple areas including labor standards for global suppliers, supplier diversity¹, and green procurement. Procurement departments with programs to address all elements of CSR reap both quantitative and qualitative benefits. Effective green procurement practices drive savings in material, repair and replacement, and disposal costs. Strong supplier diversity initiatives enhance corporate image and increase the pool of competitive suppliers. Successful and enforceable labor standards policies drastically mitigate the chance of egregious human rights violations by global suppliers. All CSR programs are cost-effective if implemented properly and supported internally.

Currently, many procurement organizations do not place a high priority on CSR initiatives. Labor standards merely meet minimum global standards and companies fail to monitor and enforce supplier compliance. Supplier diversity is not a main concern within many procurement departments, as many organizations do not commit the necessary resources to support and ensure the success of minority-owned suppliers. Additionally, many procurement departments deem the identification and selection of environmentally conscious suppliers extraneous and costly. Organizations allocate resources to these initiatives but fail to recognize the social and economic benefits of CSR programs as a result of waning organizational commitment or lack of funding.

Procurement organizations must extend CSR initiatives to include global labor standards, supplier diversity, and green procurement.

¹ For the purposes of this study, *supplier diversity* refers to company efforts to incorporate minority-owned suppliers into the company's existing supply base.

Shortcoming of Current Practice

PARTIAL COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Companies with Corporate Social Responsibility programs often under-resource the initiatives, and do not maintain functional programs.

Procurement's involvement in social responsibility programs must include robust programs for all elements of supplier sustainability, including labor standards for global suppliers, supplier diversity initiatives, and green procurement policies.

Procurement organizations must address the following three key areas of concern when creating corporate social responsibility programs:

A. Adherence to minimum labor standards: Many companies do not establish strict and enforceable labor standards, relying on minimum global standards to comply with national laws. Companies do not commit the resources to, or are not aware of, the many facets of global human rights. Procurement departments often underestimate the following issues when creating labor standards for global suppliers:

- **Varying labor standards and laws across countries:** Companies often have suppliers in many different countries, each with different standards and enforcement policies. Different cultures and struggling economies lead to divergent hiring practices and working environments. Companies must create a universal policy to provide labor guidelines to suppliers throughout the world that can be adapted to comply with country-specific standards.
- **International suppliers with individual labor standards:** Global suppliers often lack robust individual standards for employees and working conditions. Ensuring compliance with stricter policies set by American and European companies poses a significant challenge for companies. Suppliers have an incentive not to comply with strict standards unless companies demonstrate vigilance in enforcing labor policies.
- **Monitoring standards across the extended supply chain:** Companies exert control over direct suppliers but often cannot maintain this control over contractors and sub-contractors further upstream in the supply chain. Neglecting third-party vendors can lead to similar repercussions as failing to monitor direct suppliers. Products manufactured by "sweatshop laborers" anywhere within the supply chain create liabilities for companies.

B. Commitment to recognize and evaluate green suppliers: Procurement departments often do not devote proper attention to environmental practices when evaluating suppliers and measuring performance. Companies face the following challenges when developing and expanding green procurement policies:

- **Identifying environmentally-conscious suppliers:** Companies often require buyers to evaluate possible suppliers on environmental considerations to create a robust green procurement program. However, buyers occasionally struggle to identify suppliers of a particular good or service that can truly be considered environmentally responsible.
- **Ensuring that suppliers maintain environmental standards:** While many companies evaluate suppliers' environmental practices during the selection process, companies struggle to dedicate time and resources to continual assessment of the green program implementation. As a result, procurement professionals struggle to ensure that suppliers improve current practices.

Companies must be aware of all necessary aspects in an effective labor standards policy.

Expanding innovative green procurement initiatives is challenging because of the need to ensure supplier compliance.

Many procurement organizations do not have an internal supplier diversity program.

- **Evaluating new legislation:** With governments across the globe adopting laws requiring organizations to adhere to environmental standards, companies strive to stay abreast of new legislative policies. With most companies operating in multiple countries that enforce divergent environmental laws, identifying new and pending legislation is a great and ever-changing challenge.

C. Failure to devote internal resources to a supplier diversity team: Procurement organizations often establish goals or benchmarks for minority supplier inclusion, but fail to provide support to ensure that such objectives are met. Companies lacking a specific team devoted to supplier diversity cannot properly identify, assess, and monitor minority suppliers. Procurement departments without diversity teams often experience difficulty with minority suppliers due to incomplete identification methods and inadequate support for these suppliers.

Procurement departments must commit the resources necessary to ensure adherence to minimum labor standards, create an internal supplier diversity team, and identify and evaluate green suppliers.

Member Imperative

DEVOTE ADEQUATE RESOURCES TO ESTABLISH CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

Before implementing a corporate social responsibility program, procurement departments must allocate resources to establish effective and responsible programs.

Procurement departments must adequately address all elements of CSR to successfully reap the economic benefits of these initiatives. Companies must make social responsibility a high priority to ensure the sufficient allocation of resources necessary to develop and support sustainable programs.

For procurement organizations to successfully develop and implement effective corporate social responsibility programs, executives must implement the following three strategies:

A. Develop strict labor standards for global suppliers and incorporate procedures to evaluate and verify supplier compliance: A strong global labor policy provides companies with a competitive advantage in the marketplace. Socially responsible procurement organizations improve financial performance by gaining access to capital and enhancing brand image and sales. Strict labor standards also allow companies to manage risk more efficiently and reduce long term costs in foreign countries. Procurement departments use the following methods to develop strict labor standards for international suppliers:

- **Establish a universal code of conduct:** To ensure supplier compliance with labor policies, procurement must create a labor policy that is easily understood and universal in scope. National labor laws are often below globally acceptable standards and are frequently not enforced. Companies cannot rely on foreign governments to create and enforce labor standards because the company is ultimately accountable for labor practices. To avoid potential for negative publicity, labor policies must address all aspects of labor and employment, including the working environment, salary, hiring, dismissal guidelines, and overtime policy. Firms must coordinate policies with a number of different sources to construct effective codes of conduct. Organizations consider local laws, internationally accepted standards, rigorous company requirements, consensus standards, and NGO standards when creating universal codes of conduct.
- **Create mechanisms to enforce company policy:** Corporations with weak enforcement initiatives cannot sustain an effective minimum labor standard. Without an effective inspection and enforcement mechanism, suppliers will realize company policies are not enforced and may begin to ignore a customer's labor standards.

Companies must create strict labor standard policies and develop methods to enforce the policies.

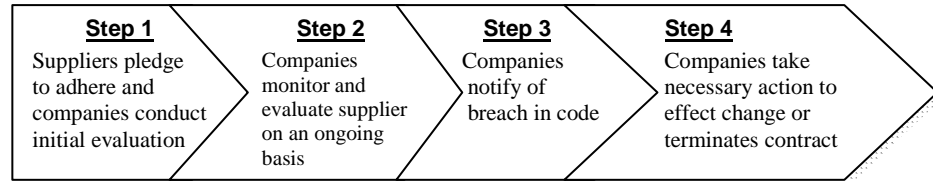
Companies cannot rely on foreign governments to create and enforce labor standards.

Firms with enforcement policies often maintain similar processes to engage suppliers. The graphic below illustrates a common process many procurement organizations utilize to enforce supplier compliance.

FOUR STEPS TO ENFORCE SUPPLIER COMPLIANCE

The following steps illustrate the process many companies use to enforce corporate labor standards

Many companies take common steps to ensure suppliers comply with company policy.



Source: Council Research

- **Maintain control over suppliers' contractors:** Companies face a significant challenge in monitoring contractors and sub-contractors of each supplier to ensure compliance with labor standards. Currently, many corporations either do not attempt supervision of these contractors or include broad language on codes of conduct statements. While on-site visits to contractors may prove expensive, best-in-class companies train suppliers to incorporate the labor standards when selecting contractors. When conducting supplier audits, firms must hold suppliers accountable for the labor policies of supplier's contractors and force suppliers to provide evidence of compliance for all contractors employed.

Mattel (profiled on pages 9-11) uses an advanced process to review suppliers and mitigate reputational risks. Mattel developed an industry-leading labor standard (Appendix D, pages 18-20) to ensure suppliers are held above minimum standards.

B. Develop and implement green procurement policies: Green procurement involves the systematic building of environmental considerations into daily procurement decision-making and operations. Since procurement facilitates multiple functions within the supply chain, purchasing professionals can strongly influence a corporation's overall environmental awareness. Procurement employees have a unique opportunity to evaluate an organization's environmental impact through the supply chain.

- **Complete environmental due diligence:** While most companies with green procurement programs require suppliers to meet certain criteria to be considered environmentally friendly (e.g. ISO-14000 certification), few companies complete environmental due diligence. As with any form of due diligence, companies continuously assess and analyze the environmental friendliness of suppliers' procurement policies and manufacturing practices. When completing environmental due diligence, procurement professionals evaluate supplier practices on a monthly or quarterly basis. Buyers must utilize this supplier evaluation tool to ensure green procurement success after contract negotiation and implementation.

Procurement organizations use environmental consultants to evaluate suppliers.

To minimize resource allocation to this extremely time-consuming process, procurement executives outsource this function to environmental consultants who specialize in performing due diligence. Environmental consultants consider a firm's business strategy and utilize environmental expertise to evaluate suppliers. The most sophisticated provider of environmental due diligence will employ both environmental and contractual transaction process specialists. These due diligence providers evaluate the impact of environmental knowledge on business issues that drive value and performance, enabling procurement executives to focus on strategic issues.

- **Incorporate environmental considerations into supplier assessments:** Companies dedicated to green procurement must review suppliers on multiple environmental considerations. While most purchasing organizations implementing green procurement programs maintain a list of criteria for buyers to evaluate suppliers (*Appendix A, page 14*), innovative firms incorporate key criteria into supplier scorecards.
- **Review and analyze pending legislation:** Given the ever-changing nature of governmental regulations, companies must review pending legislation in every country of operation. While this can be a daunting task, especially for organizations operating in multiple countries, forging relationships with environmental consultants will aid this effort. These consultants can advise companies on new and pending legislation.

Organizations must continually monitor new legislation to incorporate green procurement regulations.

Many companies struggle to respond to rigorous green procurement regulations. Some of the most advanced green procurement legislation exists in Germany, including a law requiring manufacturers to reclaim and recycle packaging and consumer durables (such as automobiles). In addition to this German initiative, the European Union is currently examining possibilities of integrating environmental protection legislation with other policies to allow for quicker passage and implementation.

Firms implementing green procurement programs before governments pass legislation requiring these initiatives will increase their competitive advantage. Green organizations can continue to operate while other, less advanced organizations risk fines and even plant closure. If organizations fail to monitor green legislation, companies risk losing business and may be restricted from operating in environmentally friendly countries.



- C. **Establish an internal supplier diversity team:** To fully provide necessary support, procurement departments must dedicate employees to create a supplier diversity team. Supplier diversity teams work as an intermediary between minority suppliers and procurement, providing the necessary communication channel to resolve discrepancies and disputes. A supplier diversity team gives minority suppliers an ally and voice within the company, thus providing opportunities for future involvement with the firm. Successful supplier diversity programs work with procurement to identify areas for increased minority supplier inclusion and make recommendations for appropriate and competitive minority-owned suppliers.

Sprint established a supplier diversity team to work with procurement to identify and monitor minority suppliers.

To formalize the commitment to supplier diversity, **Sprint** (*profiled on pages 12-13*) established a team within the company's Supply Chain Management department to identify, monitor, and support diverse suppliers. After identifying and recommending competitive diverse suppliers, Sprint's supplier diversity team aggressively supports each minority supplier through all interactions with procurement.

Practice Profiles

SUMMARIES OF PROFILED COMPANIES

Company Capsule	Problem	Solution	Results
 <p><i>Profiled on Pages 9-11</i></p>	<p>Like many consumer manufacturers, Mattel sources and manufactures materials and products globally, including many third-world Asian countries. Mattel must avoid human rights mistreatments from global suppliers.</p>	<p>Mattel enacted a strict set of manufacturing principles and created a supplier review process to enable a structured assessment of global suppliers to mitigate reputational risks.</p>	<p>Mattel maintains a reputation as a human rights leader, and the company's global manufacturing principles are seen as cutting edge and serve as the industry standard.</p>
 <p><i>Profiled on Pages 12-13</i></p>	<p>Before creating a supplier diversity initiative, Sprint lacked the capability to accurately identify and assess the capabilities of minority suppliers.</p>	<p>Sprint established a Supplier Diversity Team within the company's Supply Chain Management department to identify, monitor, and support minority suppliers.</p>	<p>Sprint's coordinated process to monitor, track, and support diverse suppliers ensures successful and healthy relationships. Sprint estimates an 80 percent success rate as a conservative approximation of continued relationships with minority suppliers.</p>

Practice Profile



Company Capsule

- Industry: Consumer Products
- 2003 Sales: \$1-\$10 billion
- 2003 Employees: 10,000-40,000

MATTEL MANAGES REPUTATIONAL RISKS

Mattel aggressively seeks to identify, verify, and support suppliers committed to human rights and superior labor standards.

Mattel manufactures products for children and conscientiously maintains an excellent reputation with regards to human rights. Suppliers with poor human rights standards can affect Mattel’s bottom line, so procurement is extremely thorough in identifying appropriate suppliers and verifying compliance with the company’s robust global manufacturing principles.

At the core of the supplier selection process is a “gold standard” set of principles (*see Appendix D*) developed in conjunction with a council of highly visible outside experts, lending increased credibility to Mattel’s guidelines and demonstrating the company’s commitment to ethical sourcing.

Based on the importance Mattel places on its key customers – children – the company makes an investment that creates real (and opportunity) costs, requiring the termination of some potentially lower cost suppliers, but providing an expected return with regard to protection of the company’s reputation and brand image. The graphic below highlights the set of principles Mattel created to establish a strong reputation with regards to labor standards.

MATTEL’S GLOBAL MANUFACTURING PRINCIPLES

Mattel enlisted the assistance of outside counsel to develop a “gold standard” set of principles

Media scrutiny compels Mattel to seek expert outside counsel...



International Center for Corporate Accountability (ICCA) Formed

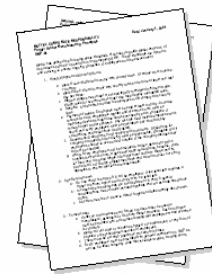
- ICCA Members**
- Dr. Prakash Sethi, Academic Director of Executive Programs and Professor of Management at Zicklin School of Business, Baruch College, advisor to the Executive Office of the U.N. Secretary-General
 - Mr. Paul McCleary, President of ForCHILDREN, Inc.



- ICCA Charter**
- Assist Mattel in the development of GMP standards
 - Evaluate Mattel and its business partners’ compliance with GMP
 - Publish public reports on the results of the evaluations

...leading to an investment in highly detailed, “Gold Standard” level supplier practices

Global Manufacturing Principles



- Sets employee minimum age at 16 versus 14 for most other companies
- Requires all overtime to be voluntary and appropriate pay for all regular and overtime hours worked
- Requires senior managers to hold quarterly meetings to share plant information with all employees
- Requires emergency evacuation plans to be implemented and tested regularly
- Requires onsite medical facility for locations with more than 1,000 workers

Mattel worked with third parties to create a strict and enforceable labor policy for suppliers.

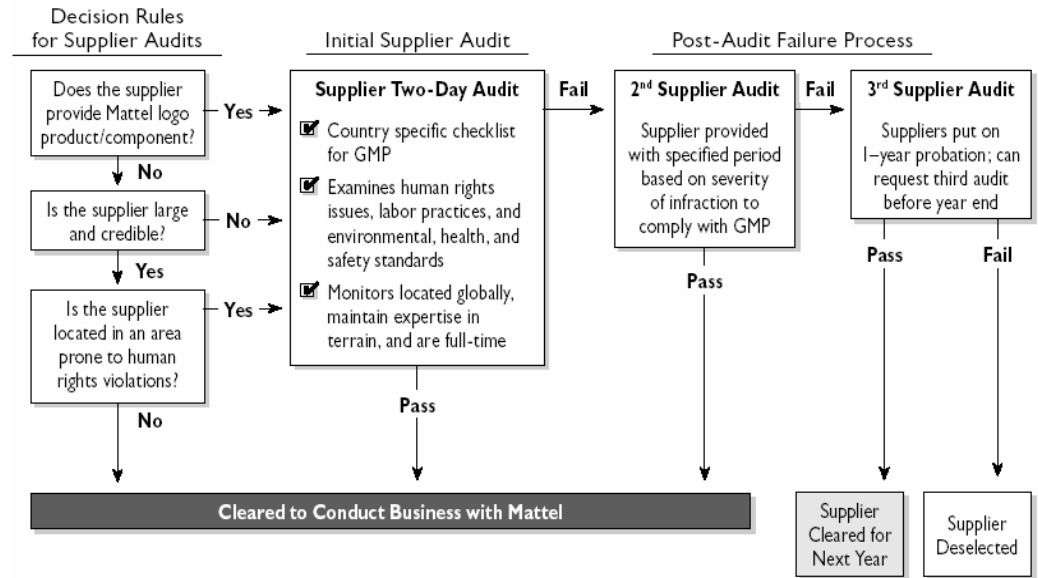
Source: Council Research (2003)

Mattel uses a structured process with tiered decision rules and audit schedules to eliminate suppliers with poor credibility or questionable human rights records, affecting a more efficient allocation of resources. Decision rules sort suppliers based on the degree of connection to the Mattel brand and likelihood of concerns based on location in regions prone to human rights violations – any violations identified during an audit require follow-up within specified time periods based on the severity of the infraction. The graphic below outlines the process Mattel conducts to ensure compliance with the company’s global manufacturing principles.

MATTEL’S SUPPLIER REVIEW PROCESS

The supplier review process enables structured assessment and mitigation of reputational risks

If necessary, Mattel will conduct three on-site audits to ensure supplier compliance with labor standards.



Source: Council Research (2003)

To support its Global Manufacturing Principles, Mattel segments specific types of supplier infractions to five distinct finding categories, ranging from Zero Tolerance to Minor, facilitating tiered management of supplier performance improvement.

Depending on the number and types of infractions, suppliers are given a number of demerits that correspond to compliance grades, with each grade triggering a specific action plan. The graphic below highlights the specific course of action Mattel adopts corresponding to every level of infraction.

MATTEL'S SUPPLIER ACTION PLAN





Mattel categorizes infraction into five levels, requiring specific action for each violation

Formal performance categories... ...supported by a detailed questionnaire...

GMP Finding Categories	
Zero Tolerance —There is no corrective action that fixes this GMP violation and the facility will be scheduled for termination. Violations result in a "Z" grade.	GMP Checklist Zero Tolerance Questions ✓ Are all employees hired in the facility above the age of 16? ✓ Is each employee at the facility employed at his or her own free will? Highly Critical Questions ✓ Are all employees paid correctly for hours worked? ✓ Are all wages paid in legal tender and at least monthly? ✓ Are all deductions from gross wages allowed under the labor law regulations? ✓ Is all overtime voluntarily worked? ✓ Are employees provided with the appropriate holidays off? ✓ Do the time records correctly reflect the hours worked by employees? ✓ Is the dormitory building separated from the production building and warehouse? ✓ Are all emergency exit doors kept unlocked when building is occupied?
Highly Critical —Total compliance is a top priority within GMP. These findings have the potential for very negative publicity, criminal or civil liability, and could have serious impact on employee safety or the environment. Must be corrected immediately. Violations result in an "H" grade.	
Critical —These findings could have a serious impact on employee welfare, employee safety, or the environment. Must be corrected within three months, can be extended for up to six months upon approval. Violations result in four demerits.	
Major —These findings could impact employee welfare, employee safety, or impact the environment. Must be corrected within six months, can be extended upon approval. Violations result in two demerits.	
Minor —These findings could impact employee comfort or living conditions; no danger to employees or the environment. Limited potential for liability or negative publicity. Must be corrected within nine months, can be extended upon approval. Violations result in one demerit.	

Mattel distinguishes between infractions and incorporates different follow-up steps depending on the violation.

...allow monitors to quickly track factory performance and take appropriate next steps

	 Acceptable	 Probation	 Watch List	 Termination
Demerits are given to indicate the number and severity of infractions identified				
Grades reflect the number of demerits received, signifying a corresponding percentage of compliance with GMP				
Factory Status	Acceptable	Probation	Watch List	Termination
Compliance Grade	A; B; C	F; H (First audit)	F; H (Second audit)	F/H (Third audit); Z (any audit)
Demerits	A = 0–26; B = 27–64; C = 65–102	F = 103 or more; H = any "highly critical" finding	F = 103 or more; H = any "highly critical" finding	F = 103 or more; H = any "highly critical" finding; Z = any "zero tolerance" finding
Action Plan	Corrective Action Report required until findings closed; next audit is annual	F = Second audit in 6 months; H = Second audit in 3 months	Third audit in 2 months	Terminate in 30 days

Source: Council Research (2003)

Mattel's Global Manufacturing Principles serve as an industry benchmark and strengthen the company's worldwide reputation as leader in global labor standards. Through the company's strong supplier action plan, Mattel reinforces these principles and further demonstrates the firm's leadership and dedication to enforcing strict labor standards.

Practice Profile



SPRINT'S SUPPLIER DIVERSITY TEAM SUPPORTS AND CHAMPIONS THE SUCCESS OF MINORITY SUPPLIERS

Sprint uses Supplier Diversity teams to strengthen relationships with minority-owned suppliers and add economic and societal value to the company.

Company Capsule

Industry: Telecommunications

- 2003 Sales: \$10-\$50 billion
- 2003 Employees: 50,000-100,000

To address issues with supplier diversity, Sprint established a team within the company's Supply Chain Management department to identify, monitor, and support minority suppliers. The supplier diversity team is separated into commodities, as the team has an individual administrator assigned to a SCM director or group to facilitate communication between the supplier diversity team and the commodity groups.

Sprint's procurement department proactively seeks opportunities to include diverse suppliers in all purchasing opportunities. Sprint analyzes each opportunity to determine if specific categories exist where diverse suppliers are prevalent. Depending on the category, Sprint's supplier diversity team will analyze the supplier market and determine a minimum percentage of minority suppliers procurement should involve. For example, with diversity rich category such as services, Sprint's supplier diversity may suggest at least 40 percent of the opportunity go to minority suppliers. The supplier diversity team will identify and recommend competitive diverse suppliers for procurement to incorporate into purchasing decisions.

After identifying and recommending competitive diverse suppliers, Sprint's supplier diversity team aggressively supports each minority supplier through all interactions with procurement. The diversity team incorporates the following actions to ensure healthy and mutually beneficial relationship with all minority-owned suppliers:

- **Roll diverse suppliers into a regular supplier review schedule:** Once contracted with Sprint, minority-owned suppliers are subject to the same quarterly review as all Sprint suppliers. Minority-owned suppliers must comply with the same standards and guidelines as all of Sprint's suppliers.
- **Maintain daily communication with minority-owned suppliers:** Minority-owned suppliers are often vocal; Sprint provides a channel within the supplier diversity team to facilitate daily communication.
- **Resolve miscommunications with procurement:** The supplier diversity team functions as an intermediary to mitigate all issues that arise between diverse suppliers and procurement. The supplier diversity team facilitates communication between the parties and acts as a liaison for diverse suppliers to resolve discrepancies with procurement.
- **Educate suppliers on greater opportunities within Sprint:** The supplier diversity team actively seeks to broaden the scope of diverse suppliers within Sprint. The team will communicate purchasing opportunities within Sprint for which the diverse supplier is appropriate so the supplier may enhance its presence within Sprint.
- **Utilize internal customers as an ally and resource:** The supplier diversity team works to champion the success of minority suppliers with Sprint. The team broadcasts successful diverse suppliers internally and engages internal customers to support and encourage productive diverse suppliers. Sprint allows for executive sponsorship of leading minority suppliers to broaden select suppliers' inclusion with Sprint.

Sprint's supplier diversity team uses multiple processes to ensure minority suppliers succeed.

- **Perform secondary operations review:** In addition to the regular review procurement conducts, the supplier diversity team performs a quarterly operations review of all diverse suppliers. These reviews complement the regular audit and ensure equality issues, late pays, and issues with products and services are resolved. For new suppliers, the team ensures the diverse supplier can provide services commensurate with their size, and Sprint is not overstretching the suppliers' limitations.

Sprint's coordinated process to monitor, track, and support diverse suppliers ensures successful and healthy relationships. Sprint estimates an 80 percent success rate (as a conservative approximation) of continued relationships with minority suppliers. Sprint finds that diverse suppliers are competitive, and the company saves money utilizing these suppliers.

Appendix A

LABOR STANDARDS ASSESSMENT TOOL

To ensure supplier compliance with international human rights standards, companies must create a human rights policy that is easily understood and universal in scope. National labor laws are often below globally acceptable standards and are frequently not enforced. Companies cannot rely on foreign governments to create and enforce human rights standards because the company is ultimately accountable for all supplier labor practices. To avoid potential for negative publicity, human rights policies must address all aspects of labor and employment, including the working environment, salary, hiring, dismissal guidelines and overtime policy.

The following checklist provides companies with a self-assessment in regards to their human rights program to ensure the company's policy exceeds minimum global standards. More than three "NO" responses suggests the company should consider revising its labor standard policy.

	Response	
	YES	NO
1) Does the company prohibit the use of forced, indentured, and prison labor of all kinds?	_____	_____
2) Does the company ensure all workers must be at least the local legal age, above the oldest compulsory school age, and at least 14?	_____	_____
3) Are conditions at supplier facilities safe and healthy, and do suppliers provide first-aid facilities, adequate fire exits, clean water, clean restrooms, and safety equipment?	_____	_____
4) Are wages set above local minimum wage or industry standard (including overtime)?	_____	_____
5) Does the company follow local limits for work hours and create a maximum of 60 hours per week?	_____	_____
6) Can workers refuse overtime, and do they have at least one day off a week?	_____	_____
7) Do factories comply with all applicable environmental laws or company specific requirements, whichever is greater?	_____	_____
8) Is employment (salary, benefits, promotion, training, termination) based on merit and ability and not on beliefs or personal characteristics?	_____	_____
9) Are workers free to join organizations and bargain collectively without restriction or penalty?	_____	_____
Total	_____	_____

Appendix B

SUPPLIER DIVERSITY ASSESSMENT TOOL

A successful supplier diversity program incorporates many attributes to create an effective and actionable policy. The following checklist provides companies with a tool to assess supplier diversity programs to ensure that all facets of a complete program are satisfied. More than five “NO” responses suggests the company should reconsider its supplier diversity policy.

	Response	
	YES	NO
1) Does the company have a written supplier diversity policy directing adherence to affirmative procurement measures?	_____	_____
2) Did the policy originate at a senior management level?	_____	_____
3) Are there written procedures that specify and/or clarify the actions staff must take to ensure inclusion of diverse suppliers?	_____	_____
4) Has procurement classified the company’s entire supplier base?	_____	_____
5) Does the company certify MWBE suppliers either through self-certification or an authorized body?	_____	_____
6) Does the company have a viable supplier diversity database management system offering online access to all purchases?	_____	_____
7) Has all purchasing staff been trained and oriented on supplier diversity policies and procedures as well as legal/compliance requirements?	_____	_____
8) Does the company have an internal supplier diversity officer?	_____	_____
9) Does the company have a team process to ensure participation from all departments beyond procurement?	_____	_____
10) Does a mechanism for generating feedback from minority suppliers exist?	_____	_____
11) Is there a formal process for encouraging prime contractors to undertake second tier subcontracting?	_____	_____
12) Is there a performance measure that is monitored in connection with MWBE utilization?	_____	_____
13) Is there a monitoring and reporting process to senior management?	_____	_____
14) Does a process for recognition of exemplary supplier performance exist?	_____	_____
15) Has a benchmark study been performed to determine the comparative effectiveness of the company’s minority purchasing program within the company’s industry?	_____	_____

Total

Appendix C

GREEN PROCUREMENT DIAGNOSTIC TOOL

Companies seeking to evaluate the environmental sustainability of suppliers should establish a buyer checklist. The Canadian Government established the following green procurement checklist to reduce the environmental impact of acquisitions. Companies should use the checklist to evaluate the economic sustainability of acquisitions. More than ten “NO” responses suggests the company should reconsider its environmental practices.

	Response	
	YES	NO
Acquisition		
1) Have other options for meeting the needs been explored?	_____	_____
2) Has the feasibility of short-term rental or product sharing been investigated as alternatives to purchasing?	_____	_____
3) Is the quantity requested appropriate and sure to be used?	_____	_____
4) Will the product be used to the end of its useful life? If not, can it be easily relocated?	_____	_____
Is the product:		
5) Certified by the Environmental Choice Program?	_____	_____
6) Designed to minimize waste?	_____	_____
7) Energy-efficient? Does the product compare favorable to other products in the same category?	_____	_____
8) Less polluting during its use than competing products?	_____	_____
9) Free from hazardous ingredients that would require special disposal?	_____	_____
10) Free from resources that come from environmentally sensitive regions?	_____	_____
11) Free from banned or restricted substances?	_____	_____
12) Manufactured from recycled materials, including a high percentage of post-consumer recycled contents?	_____	_____
Is the product packaging:		
13) Designed to minimize waste?	_____	_____
14) Reusable by the end user?	_____	_____
15) Accepted by the supplier for reuse, recycling, or recovery?	_____	_____
16) Recyclable locally?	_____	_____
17) Made from recycled materials?	_____	_____

Appendix C Continued

	Response	
	YES	NO
Operation, Utilization, and Maintenance		
Is the product:		
18) Durable, with a long service life?	_____	_____
19) Accompanied by clear and comprehensive operating instructions?	_____	_____
20) Easy to maintain in good operating condition?	_____	_____
21) Economical to repair?	_____	_____
22) Easy to upgrade?	_____	_____
23) Reusable or does it include reusable parts?	_____	_____
Disposal		
Can the product or its parts:		
24) Be reused or reallocated?	_____	_____
25) Be resold?	_____	_____
26) Be returned to the supplier for reuse, recycling, or recovery?	_____	_____
27) Be contributed to a waste exchange program?	_____	_____
28) Be recycled locally?	_____	_____
Total	_____	_____

Appendix D

MATTEL'S GLOBAL MANUFACTURING PRINCIPLES

Mattel defines the following basic standards of conduct to guide Mattel and each of the company's business partners' in implementing Global Manufacturing Principles. These dynamic and evolving standards ensure ongoing protection of employees and the environment.

Mattel Corporate Responsibility Policy: Global Manufacturing Principles GMP-01

Mattel's policy is often more strict than country laws in terms of working hours.

1. Hiring, Wages and Working Hours
 - a. Work Hours: Mattel will comply with country laws. Overtime work must be voluntary.
 - b. Work Week: We will comply with country laws but require at least one rest day per week.
 - c. Wages: Wages must meet or exceed legally mandated minimum wage. Wage rates for overtime work must also meet legally mandated rates
 - d. Benefits: All benefits provided to employees must comply with country laws.
 - e. Deductions: Deductions must comply with local laws. Deductions for company-provided food and living must be reasonable, affordable and if employees choose to live and eat outside of the company facilities they will not be charged.
 - f. Hiring: Every employee must be provided a written document which outlines work hours, wages and wage calculations, benefits, costs for food and living and length of employment contract. Mattel and its partners will not charge employment fees and we will monitor our hiring agencies to ensure that fees are reasonable.

2. Age Requirements
 - a. No one under the age of 16 will be employed. If the local law requires a higher minimum age, we will comply with the local law.
 - b. In cases where employees are hired between 16 and 18 special considerations must include annual physicals and will exclude hazardous duties.
 - c. A system must be in place to detect forged and false identity documents.

3. Forced Labor
 - a. Under no circumstances will forced or prison labor be used to manufacture, assemble or distribute Mattel products. Each employee must be provided with a document stating that employment and overtime is voluntary.
 - b. Mattel will not allow or condone physical or verbal abuse, or any form of physical or psychological coercion of employees.
 - c. There must be a written grievance procedure in place.
 - d. Every employee must be provided with general orientation on GMP as well as the local company code that includes: wages, working hours, dormitory rules, canteen procedures, grievance procedures, disciplinary procedures, safety training, evacuation, fire prevention, self improvement opportunities and a plant tour.

Mattel directs its business partners to employ only persons over the age of 16, two years older than international standards.

Under no circumstances does Mattel allow or condone forced labor of any kind.

(Continued on next page)

Mattel has policies and procedures to address discrimination.

4. Discrimination
 - a. The location must have a procedure on hiring, promotion and disciplinary practices that addresses discrimination. Discrimination or harassment on the basis of age, religion, sex or ethnicity will not be tolerated.
 - b. Mattel will make every attempt to further employee job skills through training. The company will give strong preference to promotion from within the ranks of the current employees. No employee will be denied promotion opportunities for reasons of age, sex, ethnicity or religion.

Suppliers must allow employees to organize and express opinions.

5. Freedom of Expression and Association
 - a. Each employee has the right to associate, or not to associate, with any legally sanctioned organization.
 - b. Management must create formal channels to encourage communications among all levels of supervisors and employees-without fear of reprisal-on issues that impact their working and living conditions.
 - c. Senior managers must hold quarterly meetings with all levels of employees to share information and discuss plant-wide issues.

Mattel extends minimum standards to address living conditions of global employees.

6. Living Conditions
 - a. Dormitories (if provided)
 - i. Every employee must be provided with adequate living space.
 - ii. Ventilation must be provided.
 - iii. Showers and bathrooms must be convenient, centrally located or in the room.
 - iv. Lockable storage space for each employee must be provided.
 - v. Hot water must be provided.
 - vi. Dormitories must be maintained, clean and safe.
 - vii. Safety hazards must be eliminated.
 - b. Canteens (if provided)
 - i. Canteen staff must have annual physical examinations.
 - ii. Canteen staff must wear clean clothing with proper protective equipment when serving food.
 - iii. Canteens must be clean, well lit, and free of food scraps.
 - iv. Refrigeration must be available if perishable food is stored.
 - v. Tables and chairs must be provided.
 - vi. Meals provided must meet nutritional requirements.

Mattel has explicit protocols to ensure the safety and health of all employees in the workplace.

7. Workplace Safety
 - a. There must be trained or certified safety professionals and a written safety program must be developed.
 - b. Combustible materials must be properly handled with special precautions taken in spraying and mixing areas.
 - c. Machines with revolving or moving parts must be guarded and employees will receive special training on the use of this machinery.
 - d. Hazards must be eliminated where possible. Employees must be provided and trained on the use of Personal Protective Equipment where hazards cannot be fully eliminated.
 - e. Mattel will identify all hazardous materials and properly train employees on the appropriate procedures for handling these materials.
 - f. Safety training must be conducted for special work categories (industrial trucks, electricians, maintenance, painters, molding operators etc.)
 - g. Employee exposure to chemicals and vapors must be below legal requirements or Mattel Standards whichever is the most stringent. In special cases where ventilation cannot eliminate the exposure, respiratory protection will be used and employees trained.
 - h. All accidents must be investigated and corrective actions documented.
 - i. All locations must continuously reduce accident rates and have specific targets on reductions.

(Continued on next page)

Mattel mandates onsite medical facilities for global suppliers.

8. Health
 - a. In locations where there are more than 1000 employees, there must be an onsite medical facility for routine medical treatment and work related injuries. In locations where there are less than 1000 employees treatment must be available to employees within 15 minutes if there is not a clinic on site.
 - b. The facility must have lighting which meets Mattel's standards or local requirements, whichever are higher.
 - c. Temperatures must be measured during hot and cold seasons and, if they exceed local or Mattel standards, corrective actions must be taken.

Mattel has processes and procedures in place in the event of an emergency.

9. Emergency Planning
 - a. Emergency plans for evacuation, spills and natural disasters must be current and identify key responsibilities.
 - b. Emergency evacuation signals must be understood and audible in all locations of the facilities.
 - c. Emergency exits must meet local or Mattel standards.
 - d. Emergency lighting must provide immediate (within 5 seconds) and sufficient lighting to allow evacuation.
 - e. Fire extinguishers must be provided and employees designated to use fire extinguishers must be trained.
 - f. Employees must be trained on reporting emergencies and evacuation procedures.
 - g. Emergency equipment and respective documentation must be maintained.
 - h. Special protective and prevention systems must be used when open flames are present.

Mattel commits suppliers to rigorous environmental standards.

10. Environmental Protection
 - a. Trained environmental personnel must be assigned to manage the areas of air and water emissions and waste management.
 - b. Hazardous wastes must be properly contained, stored and only disposed of at approved facilities.
 - c. Water discharges must meet local requirements or Mattel's standards.
 - d. Mattel will quantify its wastes and continually reduce them.
 - e. Air emissions must meet local requirements or Mattel's standards.
 - f. Any and all spills or releases must be immediately cleaned.
 - g. Plans to handle environmental emergencies must be current and identify key responsibilities.

Mattel strictly evaluates suppliers to ensure compliance with the company's GMP.

11. Evaluation, Corrective Action & Monitoring
 - a. Mattel and its business partners will undergo an audit process to assess compliance with GMP. This process must include a corrective action plan to ensure that audit findings are corrected and GMP compliance achieved. Mattel will work closely with all business partners to ensure that corrective actions are completed in a timely manner.
 - b. In cases where corrective actions are not taken in a timely manner, Mattel will identify alternative suppliers. Mattel is prepared to terminate any operation or partnership where compliance is not achieved within the time frame agreed upon. Mattel will not engage potential business partners unless they meet the company's stringent requirements or are committed to achieving full compliance.

Appendix E



Company Capsule

Industry: Technology

- 2003 Sales: \$1-\$10 billion
- 2003 Employees: Over 10,000

COMPANY A'S SUPPLIER DIVERSITY PROGRAM

Company A outlines the basic elements of the supplier diversity policy as well as describes purchasing professionals' roles in the program.

Supplier Diversity Program Basics

The Supplier Diversity Program, part of Worldwide Corporate Affairs, was established in 1993 to ensure that Historically Underutilized Businesses (HUBs) were provided the maximum opportunity to do business with Company A. Recognizing that it might be difficult for a new supplier to know where and how to solicit business, a full time manager and staff were assigned to develop and implement a formal program. The Supplier Diversity team is dedicated to provide assistance to both the buyer and the seller.

The basic components of Company A's Supplier Diversity Program are:

1. **Outreach** - actively seeking diverse suppliers through minority and business development organizations and participation in various trade show activities;
2. **Certification** - verification of HUB status through screening processes;
3. **Qualification** - review and input of selected business criteria and referral to appropriate purchaser for consideration;
4. **Development** - review of additional needs of suppliers and exploring ways to provide assistance to them;
5. **Utilization** - activities in the purchasing processes, such as routine purchases, requests for bids and contracts and other forms of purchase.

Purchasing at Company A

Company A purchases a variety of products and services through several different departments. In each, the overall goal is the same - to obtain the highest quality products and services, at the best cost to the company, in a timely manner and with the best service.

Company A's purchasing professionals play a key role by meeting both the company's purchasing goal and at the same time supporting our Supplier Diversity Program. Purchasers work together with the Supplier Diversity team to identify additional suppliers. In addition, other employees who make purchasing decisions are required to seek and utilize diverse suppliers.

Corporate Procurement is responsible for the majority of non-manufacturing purchases at Company A. Products such as office products, printing services, furniture, and paper are examples. Global Supply Managers, who are located throughout the company, are responsible for procuring the necessary materials for the manufacture of our computers and peripherals and related products. The other large percentage of buying decisions is left to the individual employees at Company A.

Chairman's Statement

Company A encourages all employees' support of the Supplier Diversity Program. Our policy statement includes the following:

Businesses owned by African Americans, Asian Americans, Hispanic Americans, Native Americans citizens, Disabled Veterans, referred to as Historically Underutilized Businesses (HUB), and American Women, as well as small businesses, all account for an increasing segment of U.S. suppliers, and equally important, our customer base.

(Continued on next page)

Company A describes the role of the purchasing professional to set internal expectations for the diversity program.

These businesses must be developed and more fully utilized as suppliers to Company A. An effective Supplier Diversity Program is an essential part of Company A's selling success. Company A sales personnel in all domestic sectors are encountering customer requirements for an active Supplier Diversity Program as a precondition for bidding on potential sales.

I want to strongly reaffirm Company A's policy of increasing purchases from Historically Underutilized and woman-owned businesses by establishing long-term mutually profitable relationships with these firms. In addition, it is the responsibility of Company A as a large, well developed corporation, to mentor and, when appropriate, utilize HUB and woman-owned suppliers who have the potential to meet Company A's progressive and high standards for quality, delivery, and cost.

The obligation to provide equal opportunity and increase minority, disabled veteran, woman owned, and small business for participation in the business of Company A is not the role of Procurement alone. The responsibility lies throughout Company A with all personnel who influence or make supplier selection decisions. This policy applies to any department of a U.S. entity procuring equipment, materials, or services.

An internal letter from Company A's Chairman underscores the importance the company places on the supplier diversity program.

I recognize that increasing the selection and participation of HUB and woman owned suppliers will require extra effort, especially in light of supplier streamlining and efforts to reduce costs. However, it is important that every department contribute to this effort by actively supporting the Supplier Diversity Program being led by Corporate Procurement.

Company A senior management views this program and efforts to support this program as business fundamentals. As such, Company A's progress will be monitored by the Supplier Diversity Program and reviewed by Internal Audit. The full support of management is required to make continuous improvement toward our goals. We must meet these goals not only because they are the law and a requirement in support of certain sales but also because Company A must continue to function as an example to communities both locally and globally.

Opening Letter - Message to Suppliers

Thank you for your interest in establishing a business relationship with Company A. The Company A Supplier Diversity Program, part of Channel Operations, is designed to provide you access and information about purchasing at Company A.

The chairman's letter to suppliers reinforces and validates Company A's commitment to supplier diversity.

Company A is an established world leader in the computer industry, providing hardware, software, and a full range of computing solutions for business, home, Education customers. Company A's reputation for ease of use in its high quality products and services has earned it increasing global market share. A wide range of suppliers is utilized to support our business operations. We recognize that there are many experiences, diverse suppliers available, some of which we are currently using.

At Company A, all aspects of the business enjoy the advantage of diversity. We benefit from diversity in our workforce, our customers, and of course, our supplier base.

Company A is active in the communities in which it markets its products. We are a national member of the National Minority Supplier Development Council (NMSDC) and take part in several of Minority Business Opportunity Trade Fairs across the country. We also take our commitment to community very seriously in the education field where we have a leadership position. This goes beyond supplying equipment, Company A funds our own education technology research group - The Company A Classroom Of Tomorrow - to explore new ways of teaching and learning.

We want to learn more about your company and its capabilities. We encourage you to be a part of an important commitment to support Historically Underutilized Business (HUB) development. It makes good business sense and benefits both business and the communities we serve.

Appendix F



COMPANY A'S SUPPLIER TRAINING PROCESS

Company A provides a tutorial for suppliers seeking to participate in the supplier diversity program. Company A sets supplier expectations and provides government regulations to ensure suppliers meet the requirements of the program.

How to Get Started

As with Company A's general philosophy of making things easy to use, here are a few basics for starting the process with the Supplier Diversity Team and gaining access to your purchasing contacts:

1. **Complete the On-line Supplier Profile Questionnaire.**
It will get you into our internal on-line Supplier Information System. The standard Supplier Profile Questionnaire was developed to help us locate the appropriate contact for you and to provide our Global Supply Managers with basic information about your company.
2. **Include any brochures or marketing material** when returning the completed form. Include a copy of your HUB certification if available.
3. **You material will be viewed, logged in** and forwarded to the appropriate purchaser(s) at Company A.
4. **If we need your product or service**, a Company A purchaser will contact you with information regarding the next steps and other pertinent details.
5. **If there is no current need**, your information will remain in our database for future requests from our purchasers.

The Supplier Diversity Program is designed to complement existing marketing activities, not replace them. Successful suppliers continually market. The computer industry is very fast moving and most of Company A purchases are project based and often on a one-time only basis.

What We Look for in Suppliers

- **Quality** – Company A sets high standards of performance for itself and the products and services we produce. We expect the same from our suppliers, in the areas such as quality, responsiveness and service commitments. We appreciate you informing us of any examples of excellence in your business, such as awards, certifications, and so on.
- **Customer Focus** - We want companies who will extend the same or better customer service goals and objectives.
- **Cost Savings** - We appreciate suppliers who continually look for ways to help us lower our costs through savings in all areas.
- **Innovative Business Solutions** - We want companies to join our team who are willing to work toward continuous improvement and more efficient products and services.
- **Technology** - We look favorably on companies who take advantage of the use of technology to maintain a competitive edge and add to responsiveness levels.

What You Can Expect from Us

- **Information** - We will provide you with as much information as possible on how our purchasing process works, as well as the specific requirements of projects.
- **Fair treatment** - Our processes are set up to ensure equal and fair treatment to you and your company so that you fully participate in the purchasing and contracting process.

(Continued on next page)

Company A outlines a process for suppliers to participate in the supplier diversity program.

Company A outlines the company's expectations for participation in the supplier diversity program.

- **Feedback** - We will provide feedback regarding performance and other business issues.

Assistance from the Supplier Diversity Team

The Supplier Diversity team is an advocate for doing business with Company A. They will match your company to the appropriate purchaser. In addition, they work externally with HUB development organizations and other groups chartered to assist diverse suppliers. If needed, the team can offer references and contacts to help with your business development.

Feel free to call the Supplier Diversity Program team at the following address:

Federal Acquisition Regulations (FAR)

Company A requires [follows] several minimum Federal Acquisition Regulation (FAR) clauses for commercial items from subcontractors. The text of these FAR sections can be found on the Federal Acquisition Regulations Web site

Click [here](#) to go to a page titled, “[General Structure and Subparts](#).”

Scroll down to **Part 52-Solicitation Provisions and Contract Clauses**

Clicking on this link opens a list of all sections in Part 52. Scroll down to the links for each of the following sections:

- (1) 52.222-26, Equal Opportunity (E.O. 11246)
- (2) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- (3) 52.222-36, Affirmative Action for Workers with Disabilities
- (4) 52.222-41, Service Contract Act of 1965, as amended (41 U.S.C. 351, et seq.) and
- (5) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels

Company A includes governmental regulations to ensure suppliers satisfy all requirements.

Customs - Trade Partnership Against Terrorism

The U.S. Customs Service developed the Customs - Trade Partnership Against Terrorism (C-TPAT) to protect the security of cargo entering the United States without interfering with the flow of trade.

Through C-TPAT, Customs asks businesses to ensure the integrity of their security practices, and to communicate certain security guidelines to their employees and vendors throughout the supply chain.

Please review and follow the C-TPAT security recommendations when shipping to Company A or its receiving agents in the United States. The security recommendations, and additional information on C-TPAT, may be found on the [U.S. Customs web site](#).

Conclusion

Company A continues to advance with technology changes and increased customer requirements, thus the ongoing need for suppliers. All suppliers must continually look for ways to shape and re-shape their businesses to meet the continuously changing environment.



Appendix G

BP'S PROCUREMENT ASSESSMENT MATRIX

BP uses a procurement assessment matrix when making purchasing decisions or specifying materials for projects to help compare products and to give each potential supplier an environmental rating.

BP extends a corporate-wide commitment of "green" policies to all departments throughout the company, including procurement. The company looks to identify environmentally conscious suppliers with which to conduct business. BP maintains a strong reputation as an environmental leader in all aspects of the company.

BP actively seeks to engage suppliers that share a commitment to practice environmental visions and values. Thoughtful procurement decisions allow BP to minimize energy consumption, encourage efficient use of resources, and reduce generation of waste and loss of biodiversity. BP uses the following tool to set a guideline and help identify suppliers committed to improve the environmental impact of products and packaging.

Company Capsule

- Industry: Energy
- 2003 Sales: Over \$100 billion
- 2003 Employees: Over 100,000

BP'S PROCUREMENT ASSESSMENT MATRIX

BP rates suppliers on the following criteria from 1-5 to provide an environmental rating.

BP uses the matrix as a visual tool when evaluating suppliers, conveying to suppliers the importance of green procurement at BP.

Manufacturer/Supplier	Company 1	Company 2	Company 3
The manufacturer/supplier has a commitment to reduce the environmental and biodiversity impact of both their operations and the products they supply.			
The manufacturer/supplier has measures to track the environmental impact of their products.			
The manufacturer/supplier is willing to work with BP to achieve innovative performance of products and packaging.			
The manufacturer/supplier is a low carbon dioxide emitter.			
Product	Product 1	Product 2	Product 3
The product is made from recycled material or renewable resources.			
The product has minimal effect on the environment whilst being made.			
The product has minimum packaging and what it does have is recyclable and reusable.			
The materials and products have minimal effect on the environment whilst in use.			
The materials and products can be re-used, recycled, or disposed of in an environmentally friendly way.			

Source: Council Research (2004)

THE RESEARCH PROCESS IN BRIEF

Project Aims and Research Methodology

This document seeks to provide senior procurement executives with a brief overview of the latest trends in corporate social responsibility programs. Because it employs an abbreviated research process to maximize its timeliness, this project (by design) does not provide an examination of every problem contingency. That said, the Procurement Strategy Council attempts to provide objective insight into problems expressed by the initial member inquiry. While this report reproduces the opinions of experts and others regarding an issue of key strategic concern, we cannot emphasize enough that (consistent with our charter) we are not recommending any particular course of action.

Council staff conducted approximately ten weeks of research on this project, reviewing proprietary Corporate Executive Board data and projects on this topic, thoroughly reviewing secondary literature and conducting interviews of procurement organizations which have implemented CSR initiatives.

Professional Services Note:

This project was researched and written to fulfill the specific request of a single member of the Procurement Strategy Council and as a result may not satisfy the information needs of other members. In its short answer research, the Procurement Strategy Council refrains from endorsing or recommending a particular product, service or program in any respect, nor to provide an exhaustive solution framework for the underlying problem. Sources are contacted at random within the parameters set by the requesting member, and the resulting sample is rarely of statistically significant size. That said, it is the goal of the Procurement Strategy Council to provide a balanced review of the study topic within the parameters of this project. The Procurement Strategy Council encourages members who have additional questions about this topic to assign research projects of their own design.

BIBLIOGRAPHY

- Author Unknown. "Green Procurement." *Business Europe* (July 2001).
- Author Unknown. "'Green Procurement' Gaining Ground." *Nikkei Weekly* (May 2002).
- Author Unknown. "New Labour Standards." *CMA Management* (July 2003).
- Author Unknown. "Towards a Policy Framework for Decent Work." *International Labour Review* (January 2002).
- Carter, Craig R., Ellram, Lisa M., and Ready, Kathryn J. "Environmental Purchasing: Benchmarking Our German Counterparts." *International Journal of Purchasing and Materials Management* (Fall 1998).
- Case, Scot. "Green Purchasing Requirements." *Purchasing Today* (September 2001).
- Case, Scot. "Environmentally Preferable Purchasing – Moving Beyond 'Buy Recycled'." *Government Procurement* (October 2002).
- Cramer, Aron. "Leveraging Global Supply Chain Relationships." *BSR Magazine* (May 2002).
- Fredette, Michael. "The Benefits of Green Purchasing." *Purchasing Today* (April 2002).
- Frenkel, Stephen. "Globalization, Athletic Footwear Commodity Chains and Employment Relations in China." *Organization Studies* (January 2001).
- Global Environmental Management Initiatives (GEMI). "New Paths to Business Value: Strategic Sourcing—Environment, Health, and Safety." www.gemi.org (March 2001).
- Mebratu, Desta. "Environmental Competitiveness 'Green' Purchasing." *International Trade Forum* (2001).
- Rothnie, David. "Environmental Due Diligence Adding Value." *European Venture Capital Journal* (July 2002).
- Were, Marco. "Implementing Corporate Responsibility." *Journal of Business Ethics* (May 2003).