

VERSION 1.0

2017 WHITE PAPER: **ACTION PROGRAMME FOR RESPONSIBLE & ETHICAL SOURCING**

Eight pathways to best practice

A Professional Approach to Responsible and
Ethical Sourcing of Materials, Products and People in
Property and Construction Markets Worldwide



breTRUST

The story so far...

In the wider world of global business and supply chain management, many commentators point to the momentous events of 2013 as initiating the wake-up call for responsible and ethical sourcing. First, the bad news of the horsemeat scandal began unfolding across Europe, destroying farming-community livestock and livelihoods. Then came the human tragedy of the Rana Plaza textile factory collapse, with the lives of more than 1100 garment workers lost in Bangladesh.

The resulting calls for change in policy and practice extended far

beyond food and fashion, or agribiz and retail, with lessons to be learned across the international landscape of industrial production. Futureproofing of reputation and investment became increasingly associated with transparency around sourcing, as demand for accountability to mitigate risk shot up the agenda of public bodies, corporate clients and financial institutions, alike. In short, the fear factor was in play.

In addition, the proliferation of mobile and digital technology, coupled with the stratospheric rise of social media, was amplifying public demand for

open access to data on sourcing, production and provenance, especially on the part of consumer groups, environmental activists and human rights campaigners. Transparency and traceability were fast becoming watchwords of sustainable business.

The need for construction and property firms to evidence effective and appropriate policy provision, together with the professional and contractual ability to convert it into practice (along the length of the supply chain), therefore became a matter of increasing urgency. The heat was on.

UK public scrutiny of employment standards and labour rights then intensified significantly in 2015, explains Chair of Architecture and Sustainable Construction at Loughborough University and APRES programme leader, Professor Jacqui Glass:

“In a year when UK businesses were getting to grips with implications of both the Living Wage and the Modern Slavery Act, it seemed inevitable that tough questions would start getting

asked about ethical policies and practices. In construction, known for long and complex global supply chains, these questions do not simply stop at the entrance to the building

With the clock ticking, EPSRC funding for the AESOP project that same year enabled Loughborough University to bring together a broad mix of inputs from leading commercial organisations and academic institutions, within construction and beyond. With the challenges of a global supply network too large for any one organisation to tackle

alone, collaboration was key and a sector-wide response vital, says Professor Glass:

“We all knew the questions; now was the time for answers. The construction industry was rightly being called upon to take a stand and articulate its position on ethical sourcing. What the

industry needed was a Manifesto.” The UK Manifesto for Ethical Sourcing in Construction was co-created in one of the first ever industry applications of a ‘Hackathon’, derived from the world of Silicon Valley software development. The Manifesto kicked off a long-term APRES campaign to coordinate construction attitudes and actions more closely with corporates

and activist communities worldwide. The Manifesto comprises '10 Pledges to Align Industry Values with Business Ethics & Human Rights', under headline categories:

1. Bribery & Corruption;
2. Labour & Workers' Rights;
3. Sustainable Development;
4. Traceability & Transparency;
5. Health, Safety & Wellbeing;
6. Legality of Materials;
7. Complex/Manufactured Products;
8. Circular Economy;
9. Certification & Accreditation;
plus
10. Openness & Communication.

At the time, managing environmental risks and responsibilities was fast becoming a regular item on the

business agenda and project brief for construction, with social sustainability also emerging strongly in CSR and reporting. The missing piece in the jigsaw of supply-chain excellence, however, was ethical sourcing. The new Manifesto broadened industry accountability beyond only **responsibl**



Taking place in November 2016, the 6th Annual APRES Conference focused on the role of the professional within this broad agenda. It explored the connection between products and people, as well as moves towards a more integrated level of understanding. Representative of the length of the construction supply chain, 80 participants were primarily drawn from contractor (24%), consultancy (24%) and manufacturer (19%) organisations. Almost half (49%) were participating in an APRES event for the first time, providing fresh perspectives for industry balance.

Key findings of a snapshot survey, undertaken on the day, were as follows:

- **PERSONAL:** Around two thirds of participants (64%) agreed strongly they are personally active in championing responsible and ethical sourcing, a further third (32%) merely agreed;
- **COMPANY:** However, when asked if their company also champions responsible and ethical sourcing, only one third (34%) agreed

strongly, almost half (47%) just agreed and more than 1 in 6 (17%) disagreed;

- **PROFESSIONAL BODY:** When asked about their professional body, numbers slid further into negatives: only half (51%) agreed their organisation was similarly active, over one third disagreed (37%), plus 1 in 8 (12%) were unsure.

Given that ethics can tend to occupy a space where personal values and professional standards overlap, it is perhaps only to be expected that the commitment of the individual might appear stronger than that of their employer, or corporate culture. What is less obvious is why there should be such a falling away in respect of the attitudes and actions of professional bodies. Members evidently do look to their representative bodies to provide advocacy (88%) and training (74%) on issues such as responsible and ethical practice, however, their expectations are clearly not being met. The number of participants who admitted they were unsure, arguably suggests one of two likely scenarios:

- Either, the professional body is failing to communicate adequately on these issues and so members remain unclear on its advocacy and training;
- Or, the body lacks understanding of the importance of these issues to its members and is therefore out of touch and ineffective as a voice or guide.

Whilst there are, of course, notable exceptions to this generalisation such as CIOB, CIPS, RICS and others, the message remains that professional bodies typically appear behind the curve on responsible and ethical sourcing. There is a need on the part of their members that is largely not being fulfilled.

In response, APRES recognises that although it already works closely with a number of professional, trade and membership organisations, this area of outreach activity and network engagement merits further exploration. There is an important role for professional bodies to play, and play better.



As part the 2016 APRES Conference, the audience discussed 'What success looks like', and participants were also asked to identify the top three an organisation needs to prioritise to be successful in implementing responsible and ethical sourcing. The results were as follows:-

1. Material Traceability (25% of the vote);
2. Risk Management (22%); and
3. Collaboration (15%).

It should be noted these choices (from a menu of options) placed ahead of specifics like 'Bribery and Corruption' (12%) and 'Modern Slavery' (11%).

Then, when asked to identify the top three an organisation needs to prioritise to be successful in implementation, preferred choices were:

1. Setting KPIs / Targets (23%);
2. Monitoring Compliance (16%); and
3. Training (16%).

Again, it should be noted that these options came in markedly ahead of both 'Engaging Hearts and Minds' (12%) and 'Publicising Actions' (11%).

The decidedly practical and proactive nature of the higher-ranking preferences serves as an indicator of where the industry stands – for many, we are in the implementation phase of measurables and deliverables.

The challenge is, for your business, which of these important issues do you tackle first?



Eight pathways to best practice

The APRES model for embedding responsible & ethical sourcing in your organisation

The journey to take an organisation from where it is now on responsible and ethical sourcing to where it ultimately wants to be, begins with practical next steps. Key to getting started on turning good intentions into positive actions is having clear pathways towards change and success.

What is it?

The APRES Eight Pathways Model to better practice are based on the critical areas of operation in a business: from initial policy-making, via compliance, right through to PR and continuous improvement.

Who is it for?

Clients and asset owners;
Contractors;
Designers and specifiers;
Manufacturers and distributors;
Market analysts, business and trade media;
Professional and representative bodies;
Purchasing and procurement specialists;
Subcontractors and suppliers; and,
Supply-chain auditors.

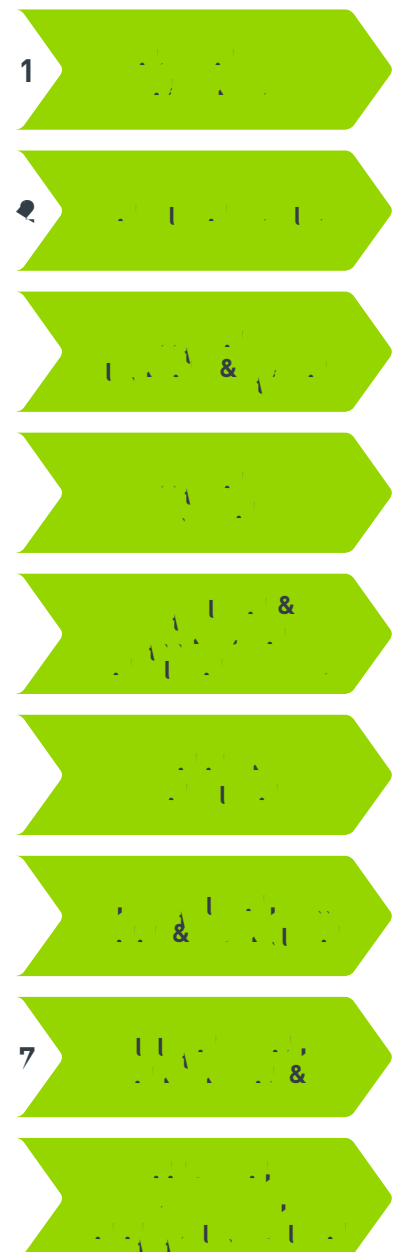
How does it work?

The APRES Eight Pathways model is designed to take an organisation through from **Baseline** (or **New Entrant**) levels of performance on responsible and ethical sourcing, towards **Best in Class** achievement. This journey is taken over time, via four stages – preparation (Plan), action (Do), review (Check) and refinement (Improve) – and along eight Pathways.

Not all eight elements need operate concurrently – a staggered progression is envisaged. Approaching the process as a journey, involving distance travelled with a sense of direction over time, is a beneficial mindset to adopt, rather than simply seeking to be incrementally better today, than yesterday.

How do I use it?

Examine your own organisation against each of the eight elements and determine at which stage of the maturity pathway your business is operating. The next step is to identify areas for improvement to gradually move up the maturity pathway over time. Some elements may be more significant to your business, so start with those.



APRES Eight Pathways Model

1: Organisation Strategy and Policies (Board level decisions)

Strategies & Policies can come under criticism for being nothing more than a framed piece of paper. However, these are important building blocks for any organisation and are often part of a wider plan. The policies are sometimes individual or encompass a multitude of areas with fewer policies; this will often depend on the type of business and how the management systems are built.

- • • • Outcome in mind, champions identified and working group in place.



• • • • Organisational approach to responsible and ethical sourcing is built into the values of the business and operationalised at every level. Others look to you for leadership and insight; case studies show the journey.

2: Management Systems

Management systems are typically related to quality, environment and Health & Safety. These, however, are not exclusive to any particular sector. Some systems are integrated and others will operate standalone approaches for each area. Some are centralised whilst others are autonomous within each country/region or even site/project. The focus should be on continuous improvement and in particular how the organisation is recognising the role of top management and context of its operations.

- • • • Single Board sponsor in place, plus mission, values and objectives.



• • • • Management systems are integrated; ownership within the business with clear objectives to build and improve the system year on year.



3: (A) Assurance – Compliance & Auditing

Companies can rely on third party audits to give further assurance on their practices. Some companies will conduct an audit on their supply chain themselves and others will rely on external specialists to provide this service. Most important are the actions taken as a result of the findings and what the company will do to improve the situation.

1.1.1 Non-certified management in place and compliance understood.

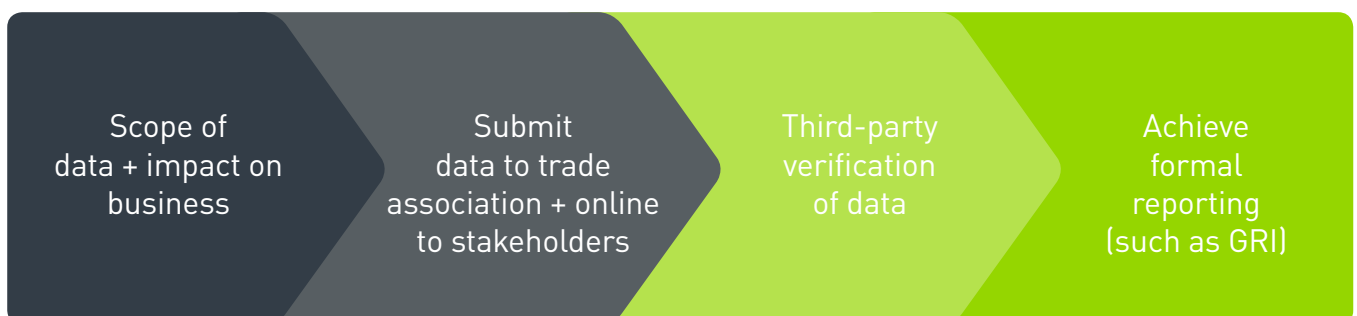


1.1.2 The business utilises audits and compliance to great benefit for themselves and their supply chain. Improvements are in place with longer-term goals visible for higher-risk supply-chain partners. A willingness to share and disseminate learning is key.

3: (B) Assurance – Reporting

We would expect companies to report on their activities under the ethical sourcing agenda. We appreciate that reporting gets more accurate with time and that the breadth of information also improves as the company gets a better understanding of the risks and opportunities associated with responsible and ethical sourcing. There may be case studies highlighting where intervention has made a positive impact.

1.1.1 Informal public reporting.



1.1.2 Transparency and traceability are the key points of reference in terms of reporting. Global benchmarks can be used to measure performance outside of the sector. There is alignment of objectives and performance against United Nations' Sustainable Development Goals.

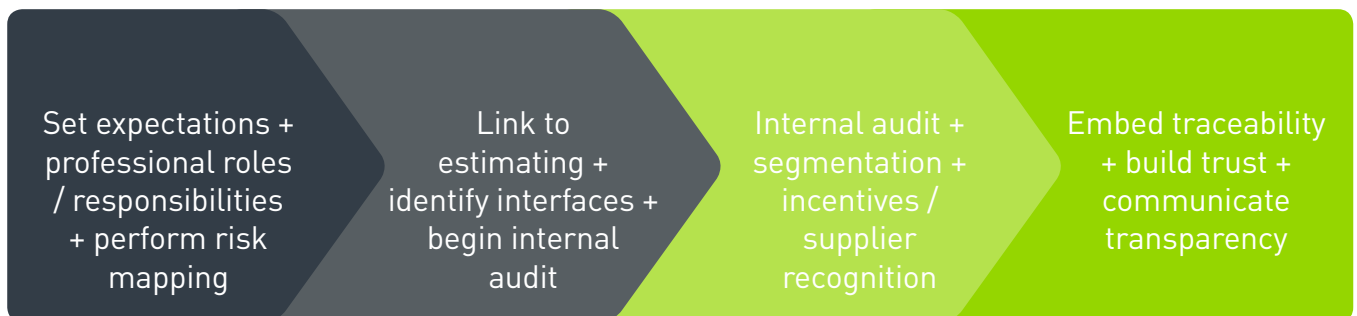


APRES Eight Pathways Model (cont.)

4: Procurement & Supply Chain Management Practices

The standards and procedures employed for procurement are critical to ensure policies and training are fed into the supply chain with clear expectations on all parties. Procurement is fast becoming a conduit to improve sustainability mechanisms and has the 'teeth' to create direct change in the procurement of goods and services. Companies are increasingly conscious of the need to collaborate and work with their supply chains in order to form longer-term strategic partnerships with them.

4.1 Policy established, ambition stated and contract clauses specified



4.2 Strategic relationships have been built with the supply chain. There is a transparent process to procure products, labour and services. Ethical and responsible practices are integrated and considered in a balanced scorecard. Supply chain mapping has been undertaken.



5: Financial Management

Traditional financial management has focussed on the capital and operational costs of conducting business. As organisations mature, the externalities of business operation do however need to be acknowledged in the form of risks and opportunities, at least. The supply chain similarly will need to be considered as 'within the area of influence' of the financial instruments of the business.

1.1.1 Senior management commitment to address risk / cost, plus invest in tools and analysis

1.1.2 Externalities for environmental and social impact are accounted for and used to drive improvements in the supply chain.

6: Human Resources, Recruitment, Staff Training & Development

This area can cover a wide range of issues within an organisation. Policies need to be in place for managing people and other specific items such as grievance. This issue is particularly connected to the culture and values of the organisation and how effectively Ethical Labour Sourcing challenges are communicated through the business. As the company begins to recognise its responsibilities outside of its direct estate, so too must the employees be trained and developed to better understand the risks relating to ethical and responsible sourcing. Not every employee faces the same challenges.

1.1.1 Make corporate procurement or responsible sourcing policy available to all staff

1.1.2 Responsible and ethical considerations and the alignment to the corporate values are translated for the benefit of all staff. Inductions and ongoing training, professional

7: Communications, External Relations & Press/public Relations

Effective communications both internally with staff and externally with stakeholders is a key part of the maturity of an organisation. The availability of information in an increasingly data-hungry society is particularly important. Board level support for Press/public Relations and stakeholder engagement is essential to integrate the brand.

2.2.1 Code of conduct, value statement and stakeholders / external drivers identified.

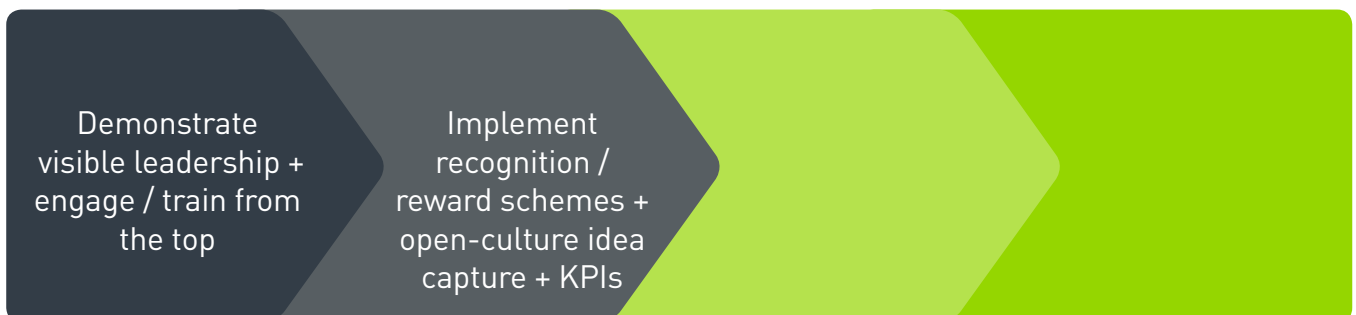


2.2.2 There is open and transparent governance and reporting leading to genuine stakeholder engagement on a regular basis. Stakeholder groups should feel that they are involved in direction setting. Positive PR and advocacy comes from others.

8: Innovation, Best Practice, Continuous Improvement

Innovation and best practice can cover all elements of business governance, operation and management. Continuous Improvement should be built into all aspects of the aforementioned systems of the business. Innovation can be a change-management process and not always related to a product or system.

2.3.1 Draft policy on innovation, best practice and continuous improvement.



2.3.2 Processes are integrated into business management. Recognition is given and received for innovation both internally and externally. All staff are engaged in continuously improving responsible and ethical sourcing in their areas of the business.



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