

PROMOTING SUSTAINABILITY THROUGH SUPPLY CHAINS — LESSONS FROM HUMANITARIAN ORGANIZATIONS

INTRODUCTION

In 2019, Save the Children International (SCI) endorsed an Environmental Sustainability and Climate Change Policy to support improved environmental performance, noting the centrality of the supply chain in this work.

Since 2020, SCI has made considerable progress in making its supply chain more sustainable through the creation of a Supplier Sustainability Policy, a Sustainability Pledge, and Sustainability Criteria to evaluate suppliers. Through this work, SCI also aims to drive localization in the countries where it works, using sustainable procurement to create “a positive social, economic and environmental impact on the communities we serve, our suppliers and the planet.”



Photo credit © Save the Children International

The policy, pledge, and criteria are part of SCI’s broader Supply Chain Sustainability

Strategy, a multi-year strategy aimed at elevating social, economic, and environmental sustainability to the core of decision-making for the organization and its suppliers.

SCI has 55 country offices and works with 30,000 to 50,000 suppliers. The Supplier Sustainability Policy sends **a clear message to SCI’s suppliers that sustainability is a priority for the organization**. It is hoped that this will put sustainability on suppliers’ “radars” and stimulate positive changes in the way that suppliers source, package, and transport humanitarian materials. In the medium to long term, adherence to this policy should contribute to more significant improvements in the humanitarian sector, with suppliers proactively taking initiatives on social, economic, and environmental sustainability.

Given the particular focus of the Joint Initiative for Sustainable Humanitarian Assistance Packaging Waste Management (JI)’s compendium of case studies, the present case study focuses on environmental—rather than social and economic—sustainability, although these three dimensions are closely interrelated. In terms of environmental sustainability, SCI’s objectives are threefold: to reduce its negative environmental impact, to maximize the use of sustainable and natural resources, and to reduce waste through its supply chain.



WHERE AND HOW DID THE JOURNEY BEGIN?

In 2020, SCI conducted an assessment to identify where to begin its sustainability journey, leading to the development of the Supply Chain Sustainability Strategy and related objectives. To ensure staff engagement and organizational “buy-in” on the issue of sustainability, SCI also created a staff Sustainable Supply Chains Pledge, aimed at driving sustainability through personal engagement. The pledge addresses all supply chain staff wishing to become Sustainability Ambassadors and asks them to commit to several statements to elevate social, economic, and environmental sustainability to the core of their and their suppliers’ ways of working. The pledge was produced in English, French, Spanish, and Arabic and circulated towards the end of 2021 to 600 staff members (around 92% of the supply chain workforce).

To support the rollout of the pledge and improve staff awareness and knowledge of sustainability and its importance, SCI created a SharePoint resource page, hosted webinars, and launched a short explanatory video along with an online training module. By the end of 2022, over 100 staff had completed the sustainable training. In parallel, SCI began developing sustainability evaluation criteria to assess suppliers as part of the competitive bid analysis process, and staff began to use the criteria in July 2021. Finally, towards the end of 2022, SCI developed the Supplier Sustainability Policy. The policy sets forth the organization’s expectations for suppliers and came into effect at the end of November 2022.

SUPPLIER SUSTAINABILITY POLICY

POLICY OVERVIEW

The Supplier Sustainability Policy sets out SCI’s core values of creativity, accountability, integrity, collaboration, and ambition, to which suppliers of goods and services are expected to adhere. It reflects the minimum standards that the organization expects of its suppliers, although it is hoped that, over time, suppliers will exceed these standards. Suppliers are required to sign a declaration of compliance in all bid submissions and contract documents.

Before the Supplier Sustainability Policy, SCI requested suppliers to conform to six separate policies. Although these policies touched upon priority areas for the organization such as safeguarding, harassment, bullying, sexual exploitation, modern slavery, fraud and exploitation, the volume of documents (totaling 20 pages) made it difficult for suppliers to comply with requirements. **The new policy is a succinct and streamlined five-page document that lists SCI’s expectations of its suppliers and the standards to which they must adhere.** It consolidates all of SCI’s existing sustainability-related policies and supplements these with the United Nations Code of Conduct, making it easier for suppliers to navigate the process. It makes clear that all of SCI’s work is guided by a “sustainability mindset.”

The new policy contains two types of provisions:

Compulsory provisions with which suppliers must comply. Concerning environmental sustainability, suppliers “must, at all times, comply with existing environmental legislation and regulations.”

“Should” provisions that suppliers should work towards. Suppliers are required to set clear goals and work plans to achieve “should” provisions. Generally, suppliers must demonstrate their goodwill to work toward achieving these provisions, otherwise their supply relationship with SCI may be called into question.



Regarding environmental sustainability, suppliers are asked to reduce their negative environmental impact, gain a better understanding of their own carbon footprint, and address these issues by revising their practices and processes by doing the following.

- Develop environmental impact goals and implement an environmental policy.
- Measure and reduce the negative impact of their organization and operations.
- Have a clear understanding of their carbon footprint and a plan to reduce it.
- Reduce waste and emissions throughout the lifecycle of their products and operations.
- Use materials sourced from sustainable origins.
- Review processes, operations, and supply chains to maximize efficiency and reduce waste.
- Use alternative/green energy sources (e.g., solar power).
- Minimize water usage/wastage and adopt water-saving technologies.

PRACTICAL IMPLEMENTATION

“Save the Children's aim is to guide its suppliers over the long term to meet these standards.”
(Page I of the Policy)

Helping suppliers to meet these standards is an ongoing process, and SCI recognizes it may be easier for larger suppliers to comply with the standards. SCI encourages suppliers to continually improve their operations and provides training and support, to help suppliers develop corrective action plans where necessary.

To implement the policy, SCI first identified 35 suppliers from Nigeria, Nepal, Ethiopia, and key global suppliers. SCI then began to assess the feasibility of the policy in chosen locations, gathered feedback, and integrated its findings into the ongoing process towards the end of 2022. However, no major changes were made to the policy before implementation. SCI supply chain staff were briefed on the policy and process, and support was provided and adapted to the different needs of each country office. SCI recognized that in some country offices, sustainability considerations were already integrated into the supply chain; whereas, for other offices, this was a fairly new concept. Supplier communication and training were also key in helping embed sustainability into supply chain processes.

At the end of 2022, it became mandatory for any new supplier registering with the organization to sign the Supplier Sustainability Policy. It is now inserted into invitations to tender, requests for quotations, and all terms and conditions. The policy will also be included as an appendix to all new and future purchase orders, contracts, and framework agreements, instead of SCI's previous mandatory policies.



SUSTAINABILITY CRITERIA

CRITERIA OVERVIEW

To ensure that sustainability is considered when selecting suppliers with whom to work, SCI has developed nearly 200 example sustainability evaluation criteria spanning 31 categories of goods and services. These criteria are used to assess suppliers alongside other “commercial” considerations such as the quality and cost of goods and services.

PACKAGING

As an active partner of the Joint Initiative, SCI is particularly aware of the scale and impact of waste resulting from the packaging of humanitarian relief items and works with other humanitarian stakeholders to address this problem in a holistic manner. This is reflected in the sustainability criteria, four of which relate specifically to packaging.

- Demonstrate a packaging reduction strategy and/or an ecological strategy.
- Offer circular economy solutions.
- Use packaging materials that can be easily recycled and are made from recycled or natural content.
- Limit single-use products (plastic bottles, etc.).

PRACTICAL IMPLEMENTATION

For single/simple quotations, the use of the sustainability criteria is encouraged but optional. For formal quotations and open tenders, the criteria are mandatory. Staff can choose the most useful and relevant criteria from a pre-defined list, or they use their own criteria. Sustainability (social, economic, and environmental) must contribute to a minimum of 10% of the total weighting for formal quotations and open tenders, although this percentage can be increased if necessary.

For each criterion, internal guidance is available for staff on how to score the potential supplier. For example, as to whether suppliers provide goods that are reusable or recyclable, SCI suggests that 10 out of 10 points be awarded to the supplier if all goods are reusable or recyclable, 5 out of 10 points should be awarded if goods contain some recyclable elements, and 0 points should be awarded to the supplier if their goods are not reusable or recyclable at all.

Staff are encouraged to prioritize the use of criteria that can be concretely measured and scored objectively. However, if not possible, staff may ask suppliers qualitative questions and the answers can be evaluated by the Procurement Committee.

To promote localization and to avoid disadvantaging local suppliers—who might find it hard to conform to the sustainability criteria—SCI has been clear that a supplier’s inability to conform with all sustainability standards and criteria will not disqualify them as potential partners if they demonstrate a willingness to become more sustainable. To support suppliers’ transition to sustainability, SCI continues to conduct supplier training sessions, provide guidance, and help suppliers develop their own sustainability plans. Regarding the additional costs of providing sustainable materials and services, **the fact that sustainability criteria are weighted at 10% as standard helps mitigate the risk** of suppliers scoring lower on commercial criteria e.g., cost.



RESULTS

Although the pledge, policy, and criteria are new and it is not yet possible to measure their full impacts, there are early signs of success. For example, of the 25,000 suppliers contacted at the end of 2022, not one replied that it was unable to comply with the organization's Supplier Sustainability Policy. Encouraged by this result, as of December 2022, it became mandatory to use the sustainability criteria to evaluate any supplier for a contract of over 10,000 USD.

Furthermore, the Interagency Procurement Group—a network of logistics professionals from 31 participating organizations—has used SCI's Sustainable Supplier Policy as the basis for its Supplier Sustainability and Ethical Code of Conduct shared with partners.

OVERCOMING CHALLENGES

Sustainability may be a new concept to some suppliers, meaning that it may be challenging for them to provide sufficiently detailed answers and supporting documents to “prove” that they are taking measures to promote sustainability. As a result, SCI supply chain staff stand ready to guide suppliers and will help suppliers complete paperwork through, for example, site visits, reference checks, and product samples.

To overcome this challenge, SCI is in the process of launching an initiative to start capturing sustainability benefits achieved through its supply chain activities. This will focus primarily on procurement but will also include benefits achieved from SCI's own supply chain operations (e.g., fleet, warehousing). It will allow country offices to report, monitor, and track improvements in sustainability related to greenhouse gas emissions, waste reduction, etc. In addition, SCI is finalizing a Supplier Dashboard, which will monitor various sustainability metrics, allowing for live progress to be monitored, and for SCI to understand key metrics for its suppliers.

LESSONS LEARNED

BUILD MOMENTUM AND ENGAGE STAFF

Given the crucial role of supply chain staff in implementing the Supplier Sustainability Policy and criteria, it was essential to convince staff of the importance of this work and to ensure that they shared SCI's sustainability ambitions. The staff sustainability pledge was critical to secure staff commitment and was supported by strong communication including webinars and videos, which demonstrated how small changes in staff behavior could have a positive impact on the organization's overall sustainability. Sharing the results of its supply chain sustainability work internally also helped to build enthusiasm for this work. The organization is now exploring fun ways to ensure continued staff engagement on this issue by, for example, rewarding the office with the best environmental performance.

BE PROACTIVE AND AMBITIOUS AND LEAD BY EXAMPLE

SCI was proactive and ambitious. Rather than waiting for donors to provide guidance or funding for increased supply chain sustainability, the organization developed its approach to supply chain sustainability and engages in ongoing dialogue with its donors. SCI was among the first humanitarian organizations to develop a policy on sustainability for its suppliers and to use sustainability criteria to evaluate suppliers.



TAKE A LONG-TERM APPROACH: A JOURNEY OF CONTINUOUS IMPROVEMENT

Ensuring that suppliers meet sustainability standards is an ongoing process. SCI encourages its suppliers to continually improve their operations and supports them in doing so. The fact that a supplier does not meet all of SCI's sustainability standards does not mean that the organization will not partner with them, but rather shortcomings will be addressed collaboratively to help suppliers to transition to more sustainable practices.

LINK ENDEAVOURS TO TOP-LEVEL STRATEGIES

SCI's work to increase its supply chain sustainability links directly to its top-level commitments and targets related to climate and localization and its social mission—something which is clearly outlined in the Supplier Policy and Sustainability Pledge. This has not only helped strengthen supply chain staff engagement and involvement in the sustainability “agenda”, but also ensured that supply chain staff are key allies in helping the organization achieve its overarching ambitions and targets related to climate and localization.

SUPPLY CHAIN “MULTIPLIER”

Using the Supplier Sustainability Policy will ensure that more sustainable products are procured from suppliers who not only respect the environment but also protect children, uphold moral and ethical standards, and promote diversity, inclusion, and equality in their ways of working. Adhering to the policy will lead to positive results beyond the realm of procurement and contribute to a positive social, economic, and environmental impact on the communities SCI serves, thereby enhancing the impact of its programs.

SUPPLY CHAIN STAFF “GET A SEAT AT THE TABLE”

Since the original drive by the Supply Chain Team to address supply chain sustainability in 2018, the team has grown and is now able to influence key decision-making processes within the organization. For example, the Supply Chain Team participates in SCI's Global Climate Change Task Force, has been included in the development of environmental response plans, and has made valuable contributions to the revision of the core humanitarian standards. These actions ensure that internal expertise is shared and that a whole-of-organization approach to tackling climate change and environmental issues is adopted. They reflect the centrality of suppliers and the supply chain in achieving SCI's overall impact.

NEXT STEPS

For the remainder of 2023, SCI will continue, among other things, to reduce its greenhouse emissions from vehicles, through fleet rejuvenation, rightsizing,¹ and more efficient fuel consumption. In 2024, the organization will build on the foundations of the Supplier Sustainability Policy and further strengthen supplier capacity through its Supplier Sustainability Impact Programme (SSIP). The SSIP, which is tailored to different types of suppliers, focuses on the environment, ethical conduct, and safeguarding of suppliers and targets a selection of “priority” suppliers in each country where SCI operates. The programme is mandatory for selected suppliers, and they will have a year in which to complete it.

A lighter version of the SSIP will be offered to other suppliers, ensuring that a maximum number of SCI's suppliers are informed about the organization's sustainability work and aware of the need to address this issue. Training

¹ Ensuring SCI's fleet is appropriately sized with the quantity and types of vehicles required to meet the needs of its operations.



materials will be developed by SCI at a global level, with input from country offices, and implemented using a Train-the-Trainer process. Training will be delivered online, via webinars, or in person. Materials will be translated and can be customized and adapted to local contexts. Learnings from these training sessions will help SCI staff better understand the challenges and opportunities linked to sustainability at the local level and will inform the development of future work on this topic.

CONCLUSION

Sustainability is a new area of focus for SCI and the wider humanitarian sector, and it will take time to embed this concept into ways of working. At times, it may be difficult to determine how best to integrate sustainability into policies, processes, and programs, but the key is to act with the best intentions. SCI has already made considerable progress towards achieving its supply chain ambitions. The coming 12 months will be an important phase in which SCI will work intensively with suppliers. Ongoing monitoring of the practical implementation of the policy and criteria among suppliers will be crucial, allowing the organization to learn, adapt, and target its efforts where support is most needed in the future.



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