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Statement of continued support by the Chief Executive Officer (CEO) of the Chartered Institute of Procurement & Supply

We are delighted to support the good work of the UN Global Compact protecting the most vulnerable in our society and highlighting the value of procurement and supply chain management can bring to societies and economies around the world.

As a body existing for the public good, we hold dear the principles of the Compact and our work resonates with the UN's efforts. Our support of human rights is echoed in our fight against modern slavery in supply chains. Our recent survey of procurement and supply chain professionals revealed that one fifth of large UK businesses are not aware of their obligations under the Modern Slavery Act, which came into force in April 2016 when the statements were due. The Act requires companies with more than £36 million turnover to publish a statement online detailing what they are doing to tackle slavery and human trafficking in their supply chain. Of those surveyed, only 27% said they could be certain there was no slavery in their supply chains; 52% of buyers said they wouldn't know what to do if they did identify forced labour abuse.

Our campaign with our magazine, *Supply Management*, reports on government findings that there are between 10 - 13,000 slaves in the UK, with 130 related labour abuse convictions in 2014, and 233 in 2015. We are doing what we can to eradicate this evil, through practical guidance, events and training on what our professionals should be looking for and how to act to stamp it out.

These supply chain risks and their consequences can't be allowed to spiral out of control. (I would remove this section as it was used in a previous year's foreword and replace with latest Risk Index please).

According to the Q3 results of the CIPS Risk Index 2016, powered by Dun & Bradstreet, global supply chain risk climbed to 81.6, which was the third consecutive increase. The Index tracks the impact of economic and political developments on the stability of supply chains.

Triggers for the rise in risk included the UK's decision to leave the European Union, raising questions about the future of globalisation, rise in populist tendencies in socio-political systems and the increase in protectionist policies. According to the World Trade Organisation there was an average of 22 new trade restrictive measures a month in its latest report.

The index figure was the highest since 2013 and reflected increased risk in Western, Central and Eastern Europe, the Middle East, Latin America and Sub-Saharan Africa.

As risk increases and supply chains are less understood and monitored, there will be more opportunity for unethical practices to creep in unnoticed. Understanding the risk environment means anti-slavery agencies

are more likely to share intelligence around people trafficking, for instance, and understand suppliers' attitudes towards bribery and corruption.

We abhor the bad practices of bribery and corruption in procurement practice and encourage our members to complete the ethics eLearning each year to learn about best practice and to keep ethical conduct at the forefront of everything procurement teams. Our clarion call for licensing the profession, which is supported by UNDP and Etihad Airways, makes great steps to protect the public, governments and business from misdemeanour which can result in injury and even death. This approach has also been supported by The Gangmasters' Licensing Authority (GLA) and the Independent Anti-Slavery Commissioners Office to protect vulnerable workers.

We have only to point to scandals involving factory collapse, product recalls and corruption in food supply chains to see so many examples of bad conduct that we must all tackle and ensure the best and most talented professionals are in place to prevent these disasters. These professionals can stand up against any unscrupulous actions of corporate management boards and CEOs as a licensed professional can honestly claim that not only is the reputation and productivity of a company impacted, but that their professional licence can be questioned. That's a powerful argument.

Trained, talented and licensed professionals have mitigation plans in place and the resources and knowledge to hand to reduce impact and circumvent disaster where possible. Use them, challenge them, and get the best out of the profession in the fight against human rights abuses.

David Noble
Group CEO CIPS

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

The main impact CIPS can report on when it comes to human rights is through the products and services we offer our members and the wider public. Sustainability – which covers social aspects of employees, local communities, and workers in supply chains - is embedded in our qualifications and more specifically in products such as the CIPS Sustainability Index (aimed at organisational sustainability), and the Sustainable Procurement review (aimed at improving the sustainability skills and impact of the procurement team). We have a whole raft of publicly available guidance, from what is sustainability and how it can be implemented, to what is modern day slavery and how it can be identified and largely eradicated in supply chains. We also offer training in various aspects of sustainability. Sustainability and people development are also threaded through our corporate Certification programme, which looks at how the procurement practice is set up and run in organisations.

CIPS is lobbying and promoting the procurement profession and the 'licence' in recognition that the profession is accountable and expected to deliver. Procurement holds vast budgets and has a responsibility to do good in all the regions and sectors it operates in. As the largest professional body in the world dedicated to procurement and supply management, CIPS is beholden to lay claim to the assertion that these professions can do good, and bad, in the world and a licence would weed out the weaker, less experienced professionals to safeguard consumers, economies, brand reputation, human safety and public spending.

CIPS understands the influence and impact that procurement professionals can have on supply chains and we have for some time campaigned for the profession to take active steps to remove modern day slavery from supply chains. We have produced extensive guidance on how to identify and tackle this problem. In addition we encourage and promote employee and worker rights and have recently been involved with the Equalities Commission to promote the living wage. We encourage our members to act responsibly and ethically and have a member code of conduct which all our members are required to sign up to.

We also have a corporate code of ethics which we encourage organisations to adopt as the foundation for their own ethical policies and procedures.

For CIPS employees there are policies which cover:

- Equality and diversity
- Grievances and whistleblowing
- Flexible working
- Bullying and harassment

CIPS is also accredited by Investors in People which is the sign of a great employer, an outperforming place to work and a clear commitment to sustainability, achieving Silver award in 2012. This was retained (with higher results in 2015) and it is the aim to achieve gold by 2017.

Since early 2014 CIPS has encouraged employees to take part in 'Best Companies' surveys in an attempt to gain employee feedback and improve working conditions at CIPS in a variety of ways.

Best Companies helps organisations gain competitive advantage by measuring, recognising and improving employee engagement levels.

Using Best Companies has impacted on the culture of CIPS, enabling the organisation to see there are areas to improve to help achieve the business goals.

Implementation

In 2015 CIPS updated its Code of Conduct for members to include a specific requirement to respect human rights and take action to prevent the violation of human rights in the supply chain, especially modern slavery. Members who fail to act in accordance with the code will be liable to disciplinary action and may be referred to the disciplinary committee for investigation and sanction.

CIPS registers which of its members are ethically certified (by taking and passing the ethics test) on the CIPS website. The ethics test is currently being updated to add content around the environmental aspects of ethical procurement and will be available from January 2017.

All employees have a duty neither to bully nor harass each other or help anyone else do so. CIPS will not tolerate bullying or harassment in the workplace or at work-related events outside of the workplace, whatever the seniority of the perpetrator and whether the conduct is a one-off act or repeated course of conduct, and whether done purposefully or not.

CIPS encourages employees to raise any genuine concerns they might have about certain wrongdoings within the organisation without fear of reprisal. Guidance is provided on how to raise concerns to enable CIPS to investigate such concerns and deal with them appropriately. Employees are encouraged to disclose this information verbally or in writing to CIPS.

2016 saw the introduction of ACAS approval policies and procedures. All employees and line managers will receive awareness training. Dignity at work will be a focus of 2016 training.

In January 2016, Supply Management ran a campaign to raise awareness of modern slavery, urging our members to help tackle it and CIPS ran a survey amongst members and the wider procurement community to gauge understanding amongst all levels of seniority, so then use the data to sharpen products, services and guidance.

We told our 56,000 magazine readers and 61,181 unique web users that if they own a smartphone, an item of cotton clothing and eat food, they've probably had about 40-60 slaves working for them in their own personal supply chain.

The news, features and opinion we've published and posted on the issue have sought to help readers meet the requirements of the Modern Slavery Act and raise awareness of this evil.

Top-level interviews have included the UK's Independent Anti-Slavery Commissioner Kevin Hyland, slavery survivor-turned-campaigner Rani Hong, Unseen CEO Andrew Wallis and Gangmasters Licensing Authority Chief Paul Broadbent. Articles have also covered a raft of practical content such as How to

comply with the Modern Slavery Act; How to manage human rights due diligence in the supply chain; case studies of organisations that have uncovered slavery and what they've done about it and a world map featuring problematic hot spots for the purchase of everything from cotton to prawns.

Feedback from readers and leaders from outside the profession say it has made an impact on them. The hard evidence is even more unequivocal. A reader survey found 91% said the coverage helped increase their awareness; 78.7% said it has made them think or act differently, with 67% saying it had changed their behaviour both as a consumer and procurement professional.

Measurement of outcomes

CIPS monitors breaches of the Code of Conduct that result in disciplinary action and can confirm that in the past reporting period there were no reported breaches relating to human rights violations.

Investors in People Results:



Best Companies:



One to Watch



One Star, No 85 on Times
Top 100 Best Companies,
Not for Profit, CIPS won the
special Best Improver award
this year.



Two Stars (Times Top 100 TBC)

Ethics test:



In FY14/15 to date (1 November 2014 – 31 October 2015) there has been between 2832 and 3348 people who have taken and passed the CIPS ethics test.

CIPS requires its entire staff around the world to complete the ethics test each year so we have achieved our own corporate ethics mark for two years' running.

As an SME, under the current reporting threshold for the Modern Slavery Act 2015, CIPS is not required to complete an anti-slavery statement. However, to lead the way, we are compiling our own anti-slavery statement as we believe that this issue affects companies of all sizes and in all sectors.

CIPS Community Fund launched in 2016, benefits all those less fortunate in our local community. Amongst all the projects, we have supported young children, the elderly, the hospitalised, sport and recreation, and the poverty-stricken and hungry, with a range of activities around the world.

Labour Principles

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**
- Principle 4: The elimination of all forms of forced and compulsory labour;**
- Principle 5: The effective abolition of child labour; and**
- Principle 6: The elimination of discrimination in respect of employment and occupation**

Assessment, Policy and Goals

Since 2009 CIPS has issued ethical and sustainable procurement guidance (compiled with Traidcraft), which focuses on the human and social aspects of workers in the supply chain to try and improve worker conditions. In 2013 CIPS developed this guidance to include more detail about modern day slavery – how to identify and mitigate the risks of this happening in the supply chains our members buy from. This is currently being built upon with a working party group put in place via the ETI. CIPS also now offers training delivered by ETI. CIPS has campaigned on the issue of modern day slavery and eliminating all forms of forced and compulsory labour in supply chains and has contributed to the development of the legislation leading up to the passing of the Modern Slavery Bill in parliament.

One element of modern slavery is where legitimate employment is conditional on the production of appropriate documentation demonstrating the right to work in the relevant country. CIPS is committed to eliminating discrimination (and encouraging diversity) amongst the workforce. CIPS' objective is to create a working environment in which there is no unlawful discrimination.

CIPS has designed structures and processes for its own governance and representative bodies which give members from all backgrounds an equal opportunity to contribute to the direction and leadership of the institute. These structures and processes actively engineer diversity through a combination of democratic election and direct appointment processes using positive selection criteria. We have a number of staff with a disability. (Correct phrasing?)

Implementation

CIPS has put in place a series of measures, in the form of published policies and procedures, which promote and protect the fair treatment of all employees. These include:

- Employee conduct policy
- Probation policy
- Equality and diversity policy
- Grievance policy
- Disciplinary policy
- Recruitment policy
- Employment interview guide
- Global pay and bonus policy
- Bullying and harassment policy
- Whistleblowing policy
- Variable working guidance
- Health and safety policy
- Maternity, paternity and adoption leave policy
- Leave of absence policy

CIPS has a dedicated HR team who are responsible for the protection of employees' rights and wellbeing. They ensure that CIPS not only meets the minimum legal requirements but exceeds them, with the result that CIPS has been externally audited against national standards and independently rated as one of the top 100 not for profit companies to work for in the UK as well as Investors in People Silver accreditation.

Measurement of outcomes

- CIPS actively manages the demographics of its governing body and representative body to ensure that policy and strategy decisions are not unduly influenced by a particular group or point of view, but instead reflect the diversity of the global membership the institute represents
- Out of a total of 15 trustees; six are men, nine are women, and of these five are non UK nationals
- In order to ensure broad international representation and support ethnic diversity the seats in our elected congress are allocated on a proportional representation basis by region. There are six regions: UK, Africa, Asia, Australasia, Europe and Middle East, the Americas
- We also have student representation from around the world to represent the views and interests of studying members
- The majority of our UK staff are female; four of the senior management team of seven are female
- The majority of staff in our international offices are local nationals, with a wide ethnic diversity

CIPS aims to ensure that all actual or potential employees are treated equally, regardless of race, colour, nationality, ethnic or national origin, sex, marital status, age or disability (or offending background assuming it poses no risk to others).

CIPS aims to ensure that no job applicant is placed at a disadvantage by practices or requirements which disproportionately disadvantage protected groups and which are not justified by the demands of the job.

Environmental Principles

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** Undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** Encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

- As a global body we mitigate the impact of our activities on the environment through our travel policies, by restricting the number of long-haul flights required and using technology to conduct meetings as much as possible
- We have a policy that trustees who are based outside the UK should limit the number of meetings they attend in person in the UK and instead participate via WebEx or video conference
- Members of our representative body, congress, only travel to the UK once a year for the global meeting. To reduce the need for long-haul flights, we have introduced regional congress meetings which are normally combined with other major regional events to minimise the number of journeys undertaken
- We are progressively moving to accrediting and using more local training providers and delivery partners in the areas of the world where CIPS is most active to reduce the need to send personnel out from the UK
- We log all the car miles staff travel for CIPS business

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.

CIPS actively encourages recycling and collection of waste such as paper and plastic cups, and the responsible disposal of potentially hazardous items such as used printer ink cartridges and redundant electrical equipment including laptops and mobile phones.

CIPS has implemented light switch monitors in meeting rooms and has installed new double glazed windows into CIPS HQ to reduce energy consumption.

Air travel for CIPS staff is minimised and flights have to be signed off by a director. As the location of CIPS head office in the UK is not well served by public transport, CIPS supports staff to reduce the number of daily car journeys by enabling home working where possible, remote participation in meetings using technology, and encouraging car sharing.

We have reduced the need to air freight CIPS course books through licensing the local printing of learning materials in Africa, our biggest market for these products. This will have the added benefit of reducing the cost of learning materials to African students and increasing their access to information and guidance on best practice.

As part of our new media partnership and Supply Management transformation, we have moved to a digital magazine for all international members saving in print, material and transportation environmental impact.

Where possible on a global level we aim to work with local delivery partners to implement CIPS products and services.

Measurement of outcomes

During our last financial year we achieved the following in recycling cardboard, paper, plastic and glass:

| | |
|-----------------------------------|------------------|
| 1100 Litre Euro bin for cardboard | x 50 collections |
| 1100 Litre Euro bin for paper | x 50 collections |
| 660 Litre Euro bin for plastics | x 50 collections |
| 240 Litre Euro bin for glass | x 50 collections |

Policies we have implemented to restrict travel with our board trustees and congress should significantly reduce the number of flights and the environmental impact. As an example, by halving the number of board meetings attended in person by our international trustees in FY15 we have saved the environmental impact of four long-haul flights, estimated to be equivalent to eight months' worth of car pollution (source: CICERO, Norway).

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

CIPS employees undertake to work to exceed the expectations of the following CIPS Ethical Code and regard the Code as the basis of best conduct. Staff and Members seek the commitment of CIPS as employer to the Code and seek to achieve widespread acceptance of it amongst their fellow employees.

Employees should raise any matter of concern of an ethical nature with their immediate line manager irrespective of whether it is explicitly addressed in the Code.

If an employee believes that CIPS or any colleague has taken, is intending to take, or has failed to take action that leads or amounts to any of the below they are encouraged to disclose this information:

- a criminal offence including bribery;
- a failure to comply with any legal obligations;
- a miscarriage of justice;
- danger to the health and safety of any individual;
- damage to the environment, or
- the deliberate concealment of information concerning any of the matters listed above

CIPS publishes a Group Purchasing Policy to ensure that all employees worldwide work to the same standards. The policy is supported by information and guidance on the Bribery Act and all employees who purchase goods and services for CIPS during the course of their work are required to undertake and pass the CIPS Ethics Test annually. In addition, CIPS publishes strict guidelines for employees on the acceptance (or refusal) of gifts and other personal benefits offered by suppliers or customers. Other than gifts of nominal value, all gifts or benefits have to be approved by a line manager and recorded on a register which can be viewed on the CIPS intranet. CIPS employees are not allowed to accept cash. Breaching these rules would lead to disciplinary action.

CIPS' new global finance system prevents the unauthorised or hidden spend of CIPS' financial resources by automatically referring all Purchase Orders to line managers for approval. CIPS operates an employee expenses policy which will only reimburse against approved and documented expenditure supported by receipts.

CIPS has also put in place a Conflict of Interest policy to ensure complete transparency with regard to the relationship between the CIPS Awarding Body and its internal customers. This is supported by the Awarding Body Whistleblowing policy which provides a safe environment for staff to report any potential abuse of this relationship.

CIPS has a huge opportunity to help eliminate fraud and corruption in supply chains globally. Many governments in Africa for example, stipulate that public sector procurement officials have to be MCIPS professionals because members have signed up to the Code of Conduct which specifically prohibits fraud, corruption and human rights abuses, while the requirement for members to re-commit to the code on an annual basis when they renew their membership serves as a regular reminder of the importance CIPS attaches to these issues.

CIPS ethics eLearning contains a module on fraud and corruption; it is also embedded in the CIPS global standard and qualification.

CIPS also offers training and free guidance to members and to the wider community on the issue of fraud, corruption, bribery and extortion and how to mitigate the risks of these.

Implementation

CIPS will take robust action if members or employees are found to be involved in corruption. The Code of Conduct is published on the global website, with guidance for members and other stakeholders who want to make a complaint about a member's professional conduct. Allegations that members have breached the Code of Conduct are referred to the Disciplinary Committee. If, after investigation, the allegations are upheld, the Disciplinary Committee will impose an appropriate sanction, which could be that the member is permanently expelled from the institute. Outcomes of the disciplinary process may be published online or in the CIPS magazine. Members who are expelled are removed from the public register and are no longer entitled to use their professional designation.

Because of the not-for-profit ethos of the institute, employees tend to have a high level of awareness and regard for ethical principles, and incidents of fraud or corruption are very rare. However, CIPS' internal controls are set up to detect any malpractice and the institute will take internal disciplinary action which could result in the employee being dismissed. If there is evidence that there has been a criminal offence, the institute will report the matter to the police.

Measurement of outcomes

CIPS carries out internal audits from time to time to examine particular areas of the organisation. This may be in order to uncover the causes of any adverse events or to identify opportunities for improved working practices. During the course of these audits the performance and conduct of employees and any related third parties will be reviewed so that any issues, if found, can be addressed. Learnings from the internal audit are shared with the senior management team globally so that future risks can be mitigated.

CIPS' financial statements are audited by independent external auditors who are required to comply with the UK's Financial Reporting Council's Ethical Standards for Auditors. By law, the auditors are required to report to the institute's trustees any discrepancies or failure to provide adequate explanations for those discrepancies. The auditors undertake random checks of areas that could be vulnerable to fraud and corruption, such as checking the expenses claimed by trustees.