

# **United Nations Global Compact Communication of Engagement 2017**

**Period covered by Communication on Progress (COP)  
18 Feb 2017 to 18 Feb 2018**

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## Statement of continued support by the Chief Executive Officer (CEO)

We are pleased to be supporting the United Nations Global Compact once again and to be a part of the network of organisations adhering to the UN's aims and their guiding principle across human rights and responsible corporate citizenship. Many businesses and organisations are developing their own advice and guidelines on important issues of the day but the power of many is a force for good, as we speak with one voice and tackle issues contributing to human liberation.

CIPS exists to support the public good agenda and we have worked with the United Nations on many occasions, both on people and process development and with UNDP who support our licence for procurement professionals. Buyers have a huge responsibility not just for managing budgets and sourcing quality goods and services, but also for human health and welfare. Whether keeping food safe for consumers or ensuring buildings are safe for workers, licensing in procurement is a fundamental step forward on the road to public safety. This debate about the value of licensing is important and one that CIPS is driving forward across the global procurement community.

CIPS members have to complete an ethical code of conduct each year to maintain good working practices, understand the latest developments in the profession and keep ethical procurement front of mind. Our support of human rights resonates with the aims of the UN and our continuing fight against modern slavery. CIPS research last year found that one in three businesses required to complete a statement to comply with the Modern Slavery Act 2015 had failed to do so – but there are no penalties for non-compliance. The International Anti-slavery Commissioner in the UK, Kevin Hyland, has now started to write to those top FTSE 100 companies that have not submitted statements as required by law. Without any punitive measures to ensure they meet their responsibilities, we must continue to raise awareness of the issues to help educate and inform.

We believe strongly in the value of education, whether it is supporting organisations to do the right thing, or help individuals achieve their potential as education in its many forms should be accessible to all. The CIPS Foundation supports those who struggle to get into, or continue to progress with their procurement education. We offer bursaries and mentoring opportunities to help individuals either succeed in a career that would change their lives/ those of their families or transform the way their organisation buys goods and services. This echoes the aims of the United Nations in offering freedom to individuals to excel and make a difference in the world.

**Gerry Walsh**  
Group CEO CIPS

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## 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 qualification 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 to become licenced 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 license would weed out the weaker, less experienced professionals to safeguard consumers, economies, brand reputation 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).

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.

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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.

All employees have a duty not to bully or harass each other or to help anyone else to 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 will see the introduction of ACAS approval policies and procedures. All employees and line managers have received awareness training. In 2018 CIPS are conducting a training needs analysis and the focus will be on Licence to Lead.

CIPS has conducted surveys amongst its members and the wider business community to understand the levels of knowledge, or lack of knowledge amongst these groups on the requirements of the UK Modern Slavery Act. This gives us and other anti-slavery campaigns a focus on where to target our efforts. For example:

CIPS surveyed 1288 procurement and supply chain professionals in 2017 examining the readiness of business for reporting under the new UK Modern Slavery Act regulations.

- Over a third of businesses covered by the Modern Slavery Act flout its requirements - with no consequences
- 10% of UK businesses report having found modern slavery in their supply chains compared to 6% in the 2015 survey
- The profession does not think that the Modern Slavery Act goes far enough and calls for greater legislation
- Only 45% of organisations have provided any training to staff to help them spot slavery in supply chains
- Awareness overall has improved though. In 2015, 52% of supply chain managers said they would not know what to do if slavery was found in their supply chains, compared to 17% in 2015.

## 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 (1st Nov 2016 – 31st Oct 2017) there has been between 2832 to 3348 people who have taken and passed the CIPS ethics test.

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## 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.

### Examples

**Sue can we add any of the examples below:**

- Reference to ILO Core Conventions or other international instruments
- Written company policies to uphold the freedom of association and collective bargaining and the elimination of forced labour, child labour and employment discrimination
- Written policies that clearly state employee rights and responsibilities and their compensation and benefits
- Policy requiring business partners and suppliers to adhere to the Labour principles
- Assessment of labour-related risks in the industry sector and country(ies) of operations
- Specific goals in the area of Labour Rights for the upcoming year

**Helen, I don't think we can add any of these examples, you could ask Procurement with regard to supplier's labour**

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## 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:

- 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.

## 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; 6 are men, 9 are women, and of these 5 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 6 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; 4 of the senior management team of 7 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.



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## 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

## Implementation

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 CIPS aim to work with local delivery partners to implement CIPS products and services.

## Measurement of outcomes

Policies have implemented to restrict travel with CIPS board trustees and congress and should significantly reduce the number of flights and the environmental impact. As an example, by halving the number of Board meetings attended in person of international trustees in FY15 have saved the environmental impact of four long-haul flights, estimated to be equivalent to 8 months' worth of car pollution (source: CICERO, Norway).

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## 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.

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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 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.