



**ASCM
ENTERPRISE
STANDARDS
FOR SUSTAINABILITY**

Standards Version 1.2

ASCM Enterprise Standards For Sustainability

What Are the Enterprise Standards For Sustainability?

The Enterprise Standards for Sustainability are a framework that organizations can use to evaluate their supply chains and assess their alignment to the three pillars of the ASCM Enterprise Standards for Sustainability: ethical, economic and ecological. The Standards serve as the criteria by which an organization will be measured when pursuing certification.

The Standards can be used by organizations:

- To validate or update supply chain strategy
- To help identify gaps for supply chain continuous improvement
- As an unbiased tool to validate supplier quality, development, and/or selection

Many of the standards in this document are based upon processes and metrics from the SCOR model—a framework intended for organizations to optimize supply chain performance and improve procedures and management.

You can access the SCOR Digital Standard at [scor.ascm.org](https://www.ascm.org/scor).

ASCM Enterprise Standards For Sustainability

How Do I Read the Standards?

The Enterprise Standards For Sustainability are organized into three primary areas: criteria, enablers, and stakeholder engagement.

The criteria level aims to measure excellence in supply chain process and adherence to global ethical, ecological, and economic standards. The enabler sections detail standards for strategy, governance, workforce, and technology within supply chains. The final section, stakeholder engagement, outlines engagement excellence standards across all supply chain stakeholders, including customers, suppliers, governments, and communities.

The Standards have components that organizations can utilize to assess their supply chains outside of becoming certified. Those components include:

- **Standards** — Best practices and benchmarks that organizations should be adhering to within operations as they strive to achieve supply chain excellence.
- **Evidence** — Detailed documents, policies, and other materials that serve to validate an organization's adherence to their respective standards. The items listed are not exclusive, as organizations may have different means of validation, depending on the nature of their operations. Organizations pursuing the certification will be required to submit all documentation, policies, etc. that show their supply chain is meeting the standards for certification.
- **Metrics** — Most standards associated with supply chain process excellence include a set of metrics/key performance indicators (KPIs) that are used measure and asses the outcomes of supply chain process execution.
- **Key Questions** — Important questions organizations should consider when determining if they are adhering to best practices outlined in the standards. These are also questions that ASCM Evaluators may ask to further support initial statements and evidence provided by the organizations pursuing certification.

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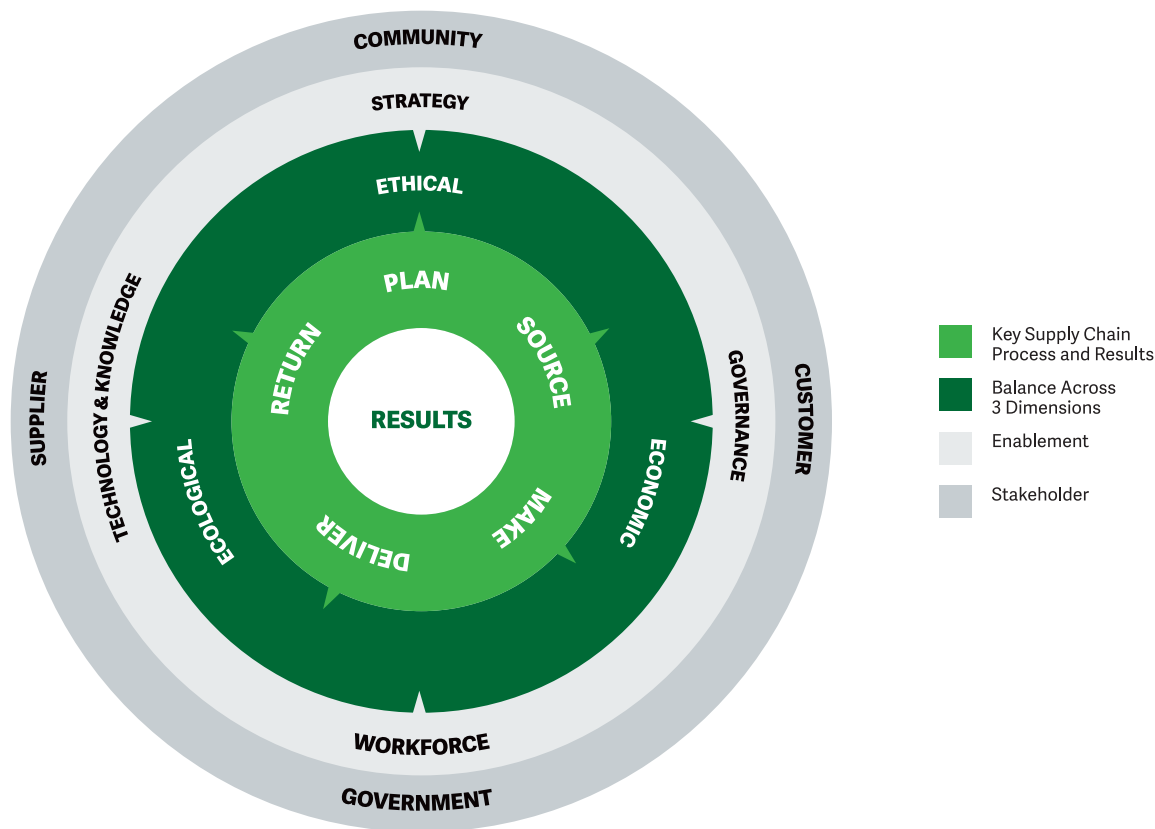
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ASCM Enterprise Standards For Sustainability

The ASCM Enterprise Standards for Sustainability is a comprehensive evaluation of a supply chain that utilizes results achieved across three dimensions:

The ASCM Enterprise Standards for Sustainability aims to empower organizations to reach their goals, improve results and be more competitive in today's global business world — through supply chain excellence. The ASCM Enterprise Standards for Sustainability is the world's first comprehensive evaluation of a supply chain. This unique designation incorporates SCOR content and all bodies of knowledge from all APICS certifications.



Ethical

Ethical criteria focus on these areas of an organization's supply chain: anti-corruption and anti-trust, codes of conduct, confidentiality of information, human rights and labor practices, intellectual property and patents, and responsible marketing and sales engagement.

Economic

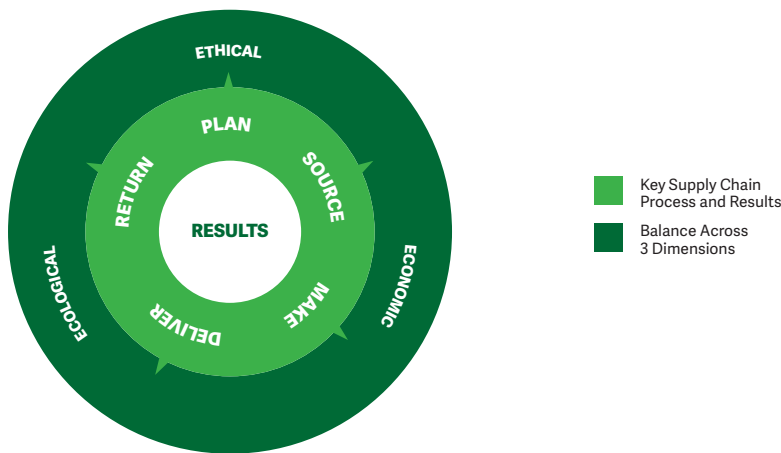
Economic criteria focus on business integrity and company reputation, board and corporate leadership, enterprise risk and crisis management, materiality index, responsible tax, supply chain strategy, and differentiated operating models.

Ecological

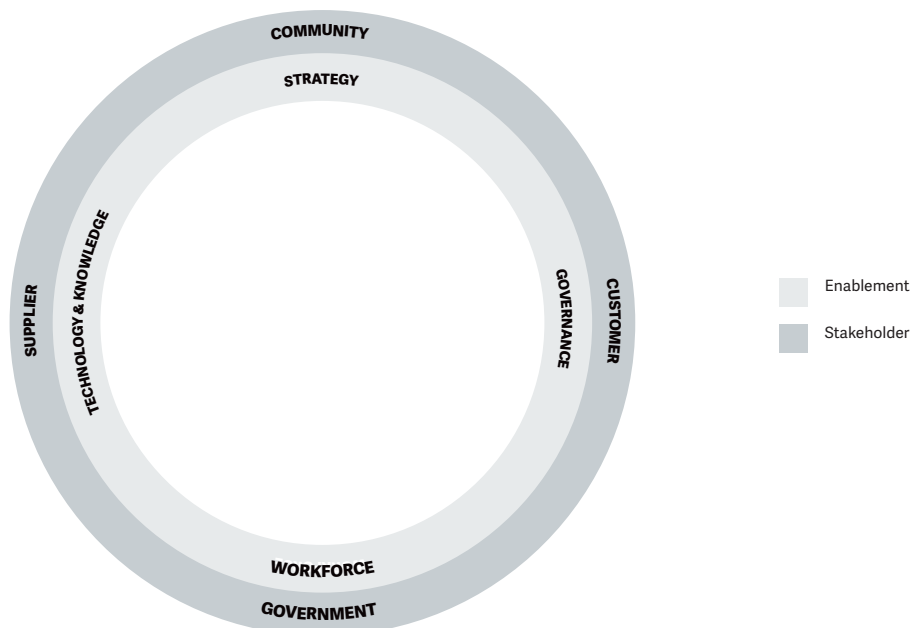
Ecological criteria focus on these areas of an organization's supply chain: circular economy, climate strategy, energy, water and waste, material usage, and product lifecycle stewardship.

ASCM Enterprise Standards For Sustainability Scoring

Organizations pursuing ASCM Enterprise Standards for Sustainability will be evaluated by based on the Standards in this document. 60% of the scoring is based on section A. Criteria and Questions, measuring the organization's level of excellence within the SCOR processes and adherence to the three pillars; ethical, ecological, and economic. 40% of the scoring will be based on the remaining sections, B. Enablers and C. Stakeholder Engagement, assessing the organization's ability to implement strong supply chain processes across the end-to-end supply chain.



60% of Overall Score



40% of Overall Score

SECTION A
Criteria and Questions



SECTION A

Criteria and Questions

A.1 Process Excellence of Plan, Source, Make, Deliver and Return

Process Excellence Criteria List

- A.1.1 Facility Master Planning
- A.1.2 Lean Planning
- A.1.3 Supply Network Planning
- A.1.4 Modal Optimization
- A.1.5 Extend Inventory Planning using Collaboration (Key Suppliers and Customers)
- A.1.6 Supply Chain and Network Optimization
- A.1.7 Improve S&OP Process
- A.1.8 Optimize Sourcing Decisions to Local Source Point
- A.1.9 Supplier Research
- A.1.10 Responsible Sourcing
- A.1.11 Sustainable Sourcing
- A.1.12 Total Cost to Serve
- A.1.13 Supplier Diversity
- A.1.14 Lean Manufacturing
- A.1.15 Carcass Disassembly (Industry-Specific)
- A.1.16 Manufacturing Quality Improvements for Return Reduction
- A.1.17 Waste Management and Disposal
- A.1.18 Process Invoice Quote, Receive, Enter and Validate
- A.1.19 Electronic Returns Tracking and Returns Management
- A.1.20 Perfect Pick Put-Away
- A.1.21 Efficient Pack Product
- A.1.22 Load Vehicle Optimization and Digital Generation of Shipping Documents
- A.1.23 Electronic Returns Tracking and Returns Management
- A.1.24 Continuous Improvement

SECTION A.1

Process Excellence: Plan

A.1.1 Facility Master Planning

A.1.1.1 Standards

- a. The facility master plan should contain a section outlining key sustainability metrics
- b. The facility master plan must contain quantified reduction in waste/reuse and recycling expectations with clear measurement criteria and feedback loops

A.1.1.2 Evidence

- Facility master plan document/system report that details sustainability metrics and shows how design efficiency leads to lowest environmental impact
- Waste disposal and energy usage policy
- Governance and internal audit results

A.1.1.3 Metrics/Results

- Return on Supply Chain Fixed Assets (SCOR Metric: AM.1.2; page 1.5.8)
- Return on Working Capital (SCOR Metric: AM.1.3; page 1.5.13)

A.1.1.4 Key Questions

1. Can your organization's facility master plan show clear benefits from a sustainability and environmental perspective?
2. Can the facility master plan provide a map of the most optimal design leading to the lowest possible waste and reuse or recycling of materials and resources?
3. Are there any regulatory constraints that prevent your organization from weighting these multidimensional criteria in the decision to award a contract to any third-party provider of facilities?
4. Are you planning for facility retirement/decommissioning, including final disposal of any plant/equipment associated with that facility?

SECTION A.1

Process Excellence: Plan

A.1.2 Lean Planning

A.1.2.1 Standards

- a. The lean planning model must have a clear section outlining sustainable benefits to be achieved through the lean planning process
- b. The lean plan must contain clear outcomes specifically related to:
 - Reusability of materials generated through the manufacturing process
 - Waste minimization through improved process efficiency
 - Recycling practices
 - Efficiency and optimization of benefit to people stakeholders such as surrounding communities and internal stakeholders

A.1.2.2 Evidence

- Documented overview of lean planning model
- Production plan or production process document showing loops back to the waste reduction/recycling steps
- Waste disposal and energy usage policy
- Evidence of PDCA (plan/do/check/act) cycle implementation
- Environmental policy, along with awareness and communication
- Governance and internal audit results
- Description/map of organizational site location (supply chain network)
- Returns policy

A.1.2.3 Metrics/Results

- Forecast Accuracy (SCOR Metric: RL.3.37; page 1.1.18)
- Waste generation rate
- Process conversion speed

A.1.2.4 Key Questions

1. During your organization's lean planning process, does the project model include work requirements related to sustainable elements (e.g., raw materials and resources)?
2. Can each of the lean principles be measured in terms of economic, ecological and ethical outputs?

SECTION A.1

Process Excellence: Plan

A.1.3 Supply Network Planning

A.1.3.1 Standards

- a. The supply network plan must contain outputs showing a quantified impact on environmental and societal factors, just as the plan would typically show economic factors like cost to serve
- b. The decision-making criteria must reference ethical and environmental factors
- c. The supply network plan must include measurement criteria to ensure plan adherence and success

A.1.3.2 Evidence

- A supply network map/plan showing environmental and ethical considerations
- Description/map of organizational site location (supply chain network)
- Human rights policy
- Ethics and compliance policy
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Fair trade code of conduct
- Copy of applicable environmental/social responsibility certifications for the enterprise (e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility))
- Key customers/suppliers and other stakeholders (e.g., investors, joint ventures)

A.1.3.3 Metrics/Results

- Balance Supply Chain Resources with Supply Chain Requirements Cycle Time (SCOR Metric: RS.3.15, page 1.2.12)
- Identify, Assess, and Aggregate Supply Chain Resources Cycle Time (SCOR Metric: RS.3.36, page 1.2.13)
- Identify, Prioritize, and Aggregate Supply Chain Requirements Cycle Time (SCOR Metric: RS.3.38, page 1.2.14)
- Inventory Days of Supply (SCOR Metric: AM.2.2, page 1.5.5)
- Cost to Deliver (SCOR Metric: CO.2.4, page 1.4.7)
- Carbon emissions

SECTION A.1

Process Excellence: Plan

A.1.3.4 Key Questions

1. When planning your organization's supply network, have you considered the environmental and social impacts of the supply network plan (e.g., inventory obsolescence, carbon emissions through transportation or production) and labor impact (e.g., working hours/societal impact on locations considered) of different network configurations?
2. When aggregating overall supply chain resource requirements, does your algorithm minimize the environmental impacts (e.g., carbon emissions, inventory destruction impact) of the total supply network?
3. Have social and ethical impacts been considered when planning the supply chain network?

SECTION A.1

Process Excellence: Plan

A.1.4 Modal Optimization

A.1.4.1 Standards

- a. The organization's modal optimization models must consider optimized solutions beyond cost saving, including environmental and ethical factors
- b. Cross-modal environmental measures should be harmonized to form one clear view of the impact across various modes of transport and should evaluate overall network impact
- c. An optimized modal solution may not only be financially beneficial, but also environmentally and ethically acceptable

A.1.4.2 Evidence

- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria related to both goods and services suppliers such as third party logistics providers (3PLs)
- Health, safety and environmental compliance audit records through applicable local governing body

A.1.4.3 Metrics/Results

- Inventory (SCOR Metric: AM.2.8, page 1.5.18)
- Carbon emission per unit
- Storage utilization
- Logistics costs
- On-time delivery (OTD)

A.1.4.4 Key Questions

1. When planning for modal optimization, do you balance the trade-off between logistics cost reduction and increased capital costs from a financial as well as a sustainability perspective? Are the following key factors considered (with consideration given to available modes of transport such as rail)?
 - Shipment lot size impact on carbon emissions per unit
 - Per-shipment setup costs and resource requirements
 - Consumption/demand of raw materials and impact on environment
 - Identification of the appropriate storage capacity to minimize freight costs and the environmental impact thereof

SECTION A.1

Process Excellence: Plan

A.1.5 Extend Inventory Planning using Collaboration (Key Suppliers and Customers)

A.1.5.1 Standards

- a. The organization must have visibility of intra-organizational inventory levels and types of inventory (e.g., hazardous materials, expired inventory); these should be clear and timely provided across all participants of the supply chain
- b. The inventory plan should cover the overall inventory levels and environmental considerations to best optimize inventory across participants

A.1.5.2 Evidence

- Overview process document defining steps in the sales and operations planning (S&OP) and/or integrated business planning (IBP) process when the actual inventory levels of key customers and suppliers are not known; the evidence should demonstrate an attempt or future plan to gain visibility thereto
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Clear documentation of raw materials sourcing criteria as well as elements related to handling and disposal
- Visibility of hazardous material definitions and how they compare to the organization's own definitions
- Supply chain strategy document

A.1.5.3 Metrics/Results

- Inventory and types of inventory as percentage of total
- Inventory turns
- Inventory coverage (to support desired service levels)

A.1.5.4 Key Questions

1. Collaborative inventory planning can be used to extend supply chain planning with key suppliers and customers. Does your collaborative planning agenda include the impact on environmental and ethical aspects?
2. Are all stakeholders able to share information related to inventory and inventory types (to assess environmental impacts)?

SECTION A.1

Process Excellence: Plan

A.1.6 Supply Chain and Network Optimization

A.1.6.1 Standards

- a. The process of optimizing the organization's supply chain and network must cover measurement of sustainable key performance indicators (KPIs)
- b. Full visibility and measurement must be available across the network to ensure true end-to-end understanding

A.1.6.2 Evidence

- Description/map of organizational site location (supply chain network)
- SCORmark (if available) and/or applicable performance reports
- Management discussion

A.1.6.3 Metrics/Results

(SCOR Metric: RS.3.36–RS.3.44, pages 1.2.13–1.2.14)

Identify, Assess and Aggregate:

- Production Resources Cycle Time
- Delivery Resources Cycle Time
- Product Resources Cycle Time
- Supply Chain Resources Cycle Time

Identify, Prioritize and Aggregate:

- Delivery Requirements Cycle Time
- Product Requirements Cycle Time
- Production Requirements Cycle Time
- Return Requirements Cycle Time
- Supply Chain Requirements Cycle Time

A.1.6.4 Key Questions

1. When redesigning the supply chain as part of your enterprise's overall strategy, do the optimization criteria include or focus on *sustainable* KPIs *in addition* to reduction in the cash-to-cash cycle, shorter customer lead times, lower inventory requirements, lower E&O inventories, and lower transportation costs?
2. Are the systems and tools used to model different supply chain optimization scenarios also enabled to provide visibility into sustainable elements of the supply chain (e.g., carbon emissions, energy usage, waste disposal)?
3. Network strategy optimization can be used to determine optimal manufacturing and warehouse locations by focusing on reducing total supply chain costs. Does your network optimization plan also have sustainability inputs (e.g., lowest carbon emissions, most ethical/beneficial to communities, most environmentally friendly)?
4. Do you apply the same optimization principles and considerations for internal movement of goods?

SECTION A.1

Process Excellence: Plan

A.1.7 Improve Sales and Operations Planning (S&OP) Process

A.1.7.1 Standards

- a. The S&OP process demands clear goals, strategy, rewards, governance, forecasting, and association between planning and execution — the organization should show executive commitment toward this cause
- b. The organization's S&OP process must cover elements of sustainability — forecasting the impact on the environment and society, as well as on traditional S&OP measures

A.1.7.2 Evidence

- Overview process document defining steps in the S&OP and/or integrated business planning (IBP) process
- SCORmark (if available) and/or applicable performance reports (e.g., inventory, service, forecast accuracy metrics to be focused on)

A.1.7.3 Metrics/Results

- Inventory (SCOR Metric: AM.2.8, page 1.5.18)
- Perfect Order Fulfillment (SCOR Metric: RS.1.1; page 1.2.2)
- Forecast Accuracy (SCOR Metric: RL.3.37; page 1.1.18)
- Excess and obsolete (E&O) inventory
- Value of supply constraints

A.1.7.4 Key Questions

1. Does your organization have a well-run and organized S&OP process in place that establishes a disciplined monthly cross-functional process to increase accuracy of demand management (forecasting and demand shaping), a business inventory policy, and agreement on demand and supply balancing (with an element of efficiency for the purposes of lowering inventory and reducing waste)?
2. Are services (internal and external) included in your S&OP process as a potential constraint?
3. Does the future-state objective incorporate specific links to ethical and environmental factors?
4. Does the S&OP process consider the impact on suppliers when alternative decisions are made?
5. How does S&OP drive the master production schedule (MPS)? Can a clear link be seen (i.e., is this truly a connected process)?
6. Does the "mindset" for stakeholder impact exist in the S&OP process?
7. Is the S&OP process itself "green" (e.g., paperless)?

SECTION A.1

Process Excellence: Source

A.1.8 Optimize Sourcing Decisions to Local Source Point

A.1.8.1 Standards

- a. The organization must be able to show why the decision to use local sourcing options is more sustainable than non-local alternatives within the context of the greater supply chain trade-offs, including inventory holding, transportation and manufacturing, and local workforce development/community benefit programs
- b. The organization must show how local people and resources are considered in sourcing decisions
- c. Local manufacturer and storage options must meet minimum ethical and ecological requirements
- d. The organization's processes must recognize the standard requiring local suppliers to meet or exceed sourcing requirements

A.1.8.2 Evidence

- Supplier selection process overview and assessment criteria document
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Health, safety and environmental compliance audit records through applicable local governing body
- Description/map of organizational site location (supply chain network), including supplier map
- Key customers/suppliers and other stakeholders (e.g., investors, joint ventures)

A.1.8.3 Metrics/Results

- Return on Working Capital (SCOR Metric: AM.1.3; page 1.5.13)
- Supply Chain Revenue (SCOR Metric: AM.2.4; page 1.5.10)
- Inventory (SCOR Metric: AM.2.8, page 1.5.18)

A.1.8.4 Key Questions

1. Are your organization's local source points optimal for both goods and services and in line with sustainable/ethical practices?
2. Do the inventory holding and lead time benefits of each local source point outweigh any potential risk of raw material waste, overutilization of energy, or unethical practices?
3. Are there sourcing decisions that might create conflict between different stakeholders? How do you manage this conflict?

SECTION A.1

Process Excellence: Source

A.1.9 Supplier Research

A.1.9.1 Standards

- a. The supplier assessment criteria extend to ethical and ecological dimensions, and include the supplier's track record for societal impact (e.g., local community impact and interaction, animal rights track record, and ecological impact the supplier has had)
- b. The organization must show uniformity regarding its supplier assessments in terms of what information is gathered and the standards set for which there are minimum requirements. Different minimum standards are not acceptable when the supplier is researched for different purposes, as the impact from an ecological or ethical standpoint may be the same

A.1.9.2 Evidence

- Key customers/suppliers and other stakeholders (e.g., investors, joint ventures)
- Supplier selection process overview and assessment criteria document
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Copy of applicable environmental/social responsibility certifications for the enterprise —e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)

A.1.9.3 Metrics/Results

- Percentage of Suppliers Meeting Environmental Metrics/Criteria (SCOR Metric: RL.3.16, page 1.1.14)
- Percentage of Suppliers with EMS or ISO 14001 Certification (SCOR Metric: RL.3.17, page 1.1.14)
- Supplier mitigation plans implemented (percentage)
- Shared ethical standpoint between the Enterprise and Suppliers

A.1.9.4 Key Questions

1. In addition to performance and financially related supplier due diligence, do you also research the supplier's ethical track record related to human or animal rights, as well as the supplier's impact on the environment?
2. How often do you perform supplier research? How often do you review standards for suppliers?
3. What drivers that trigger research on suppliers have you identified (e.g., supply failure, new product launches)?
4. Have you researched both proactive and reactive sources of supply?
5. How closely do your suppliers' standards conform to standards of responsible sourcing?

SECTION A.1

Process Excellence: Source

A.1.10 Responsible Sourcing

A.1.10.1 Standards

a. Minimum ethical standards are to be demonstrated by suppliers and should include the following key areas:*

- Comply with the laws and regulations of the host country or overarching corporate policy
- Recognize and respect the right of their workforce to freedom of association
- Prohibit the use of child labor
- Do not tolerate inhumane treatment of their workforce, including any form of abuse or intimidation
- Protect the safety and health of their workforce, including the maintenance of a healthy work environment that has a high emergency preparedness with reduced potential for occupational-related diseases and injuries
- Contribute to the economic, social and educational well-being of the communities where they operate
- Recognize the cultural heritage and traditions of indigenous communities
- Be committed to transparency and accountability in their business dealings, supported by confidential whistleblowing channels
- Adhere to anti-corruption policy
- Adhere to anti-discrimination policy
- Adhere to anti-harassment policy

A.1.10.2 Evidence

- Fair trade code of conduct
- Supplier scorecard/audit results
- Supplier selection process overview and assessment criteria document
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Copy of applicable environmental/social responsibility certifications for the enterprise — e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)

A.1.10.3 Metrics/Results

- Percentage of orders with on-time and accurate documentation
- Percentage of supplier base from “responsible”/sustainable vendors
- Percentage of supplier violations vs. criteria/supplier compliance score

*To be included within the assessment performed on new suppliers and reviewed periodically with existing suppliers

SECTION A.1

Process Excellence: Source

A.1.10.4 Key Questions

1. Do you have an integrity assessment/program for supplier selection?
2. Do you monitor compliance with the integrity program after you've selected the supplier and the contract has been awarded? What standards do you measure supplier integrity against?
3. Does the company operate in a high-risk country (e.g., where high levels of corruption exist)? For reference, see the following: Transparency International — guidelines on defining corruption levels; Transparency Corruption Index (per country); Corruption Perceptions Index 2017 (transparency.org)
4. Do you have established criteria for responsible sourcing selection? Are you monitoring against those same criteria? Do you have an appropriate response once a supplier has a violation against your criteria?
5. Do you have a method for identifying violations of ethical standards? What is your established process for imposing consequences in response to such violations?
6. Do you have an appropriate accountability structure for source decision making/approvals that complies with standard Sarbanes-Oxley (SOX) requirements?
7. Do you have an internal governance system for monitoring and avoiding risk and compliance? How transparent are your bid process and selection criteria?
8. How influential are the suppliers in your organization? How does this impact decisions to reduce or increase suppliers' influence?

SECTION A.1

Process Excellence: Source

A.1.11 Sustainable Sourcing

A.1.11.1 Standards

a. Minimum environmental standards to be demonstrated by suppliers include the following key areas:*

- Reduced energy consumption
- Responsible use of water
- Safe handling and disposal of chemicals
- Improved management of waste; reduced air emissions and wastewater discharges
- Containment of spills and other potential accidental discharges
- Standards related to industry-recognized standards such as ISO 14001 or OHSAS 18001

A.1.11.2 Evidence

- Fair trade code of conduct
- Supplier selection process overview and assessment criteria document
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Copy of applicable environmental/social responsibility certifications for the enterprise — e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)
- Climate/environmental company strategy
- Supplier scorecard/audit results

A.1.11.3 Metrics/Results

- Percentage of orders with on-time and accurate documentation
- Percentage of supplier base from responsible/sustainable vendors
- Percentage of supplier violations vs. criteria/supplier compliance score

*To be included within the assessment performed on new suppliers and reviewed periodically with existing suppliers

SECTION A.1

Process Excellence: Source

A.1.11.4 Key Questions

1. Do you have a health, safety and environment (HSE) evaluation for supplier selection?
2. Do you have transparency requirements for the HSE? Is it clear who is accountable for the monitoring of these requirements?
3. Do you have executive-level representation for the procurement department?
4. Do you have an appropriate response once a supplier has a violation against your criteria?
Do you have a method for identifying violations of HSE standards? What is your established process for imposing consequences in response to such violations?
5. Do you evaluate whether your suppliers are in compliance with ISO 14001, OHSAS 18001 and local regulatory requirements? Have frameworks like the Carbon Disclosure Project (CDP) and Dow Jones Sustainability Index been considered to evaluate suppliers?

SECTION A.1

Process Excellence: Source

A.1.12 Total Cost to Serve

A.1.12.1 Standards

- a. In your cost to serve model, the measures should include the triple aspects of profitability (including cost), environmental impact and societal impact
- b. The cost to serve model must identify the following key factors:
 - Who are your most/least profitable/green/ethical customers/suppliers?
 - What are your most/least profitable/green/ethical products?
 - Where are the best opportunities to remove suboptimal areas and improve performance in all three areas in your supply chain?

A.1.12.2 Evidence

- Stated mission, vision and/or values
- Annual report, if applicable (prior three years)
- Description/map of organizational site location (supply chain network)
- Copy of applicable environmental/social responsibility certifications for the enterprise — e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)
- Sourcing scorecard/playbook

A.1.12.3 Metrics/Results

- Total departmental cost to source
- Annual savings and cost avoidance
- Sourcing employee productivity
- Total cost of inventory
- Total cost of ownership
- Total environmental cost (carbon and waste emissions)
- Total societal cost

SECTION A.1

Process Excellence: Source

A.1.12.4 Key Questions

1. Do you have enterprise-wide transparency of demand?
2. What are the measures of success for your sourcing and procurement teams?
3. Do you employ tax optimization in your sourcing decisions?
4. Do you have an effective monitoring system to avoid taxes and fines?
5. Is total cost of ownership considered in the awarding of contracts?
6. Do you have a current sourcing strategy that aligns to your business objectives and supports the higher-level corporate vision reflected in supplier playbooks (could be commodity-specific playbooks)?
7. Do you have an organizational RACI (responsible, accountable, consulted and informed) matrix that clearly supports both strategic sourcing and tactical procurement activities? How do you track adherence to your RACI matrix?
8. From a taxation perspective, how is the country of origin considered in routing decisions to optimize tax impact? How is inherent risk assessed for different scenarios?

SECTION A.1

Process Excellence: Source

A.1.13 Supplier Diversity and Development

A.1.13.1 Standards

- a. The organization must be able to provide a supplier sourcing process that is impartial to all possible suppliers and not discriminatory based on prejudices
- b. A supplier diversity program should be in place that aims to provide opportunities to previously overlooked suppliers in an effort to build community participation and provide upliftment to the organization's environment with a purposeful plan of development support
- c. Supplier diversity should be a key area of business/societal upliftment programs, given the economic benefits that could be gained for small/medium/micro enterprises or previously disadvantaged suppliers beyond legally mandated programs such as affirmative action

A.1.13.2 Evidence

- Diversity in workplace tracking document (including external stakeholder analysis)
- Supplier selection process overview and assessment criteria document
- Supplier scorecard/audit results
- Risk matrix
- Management discussion

A.1.13.3 Metrics/Results

- Percentage of spend awarded to small/medium/micro enterprises
- Percentage of small/medium/micro enterprise suppliers in your supply base

A.1.13.4 Key Questions

1. Do you have a sourcing/bid strategy for the potential inclusion of small/medium/micro enterprises in your supply base?
2. How transparent is your strategy to potential bidders?
3. How do you ensure compliance with any local content requirements?
4. Does your supplier research agenda help you identify small/medium/micro enterprises and diverse suppliers?
5. Do you engage in supplier development (e.g., training, funding) plans?
6. Do you engage in the strategic development of key diversified suppliers?

SECTION A.1

Process Excellence: Make

A.1.14 Lean Manufacturing

A.1.14.1 Standards

- a. Lean manufacturing activities must be mapped out, clearly identifying value-added and non-value-added activities, bottlenecks, queues, cycle times, etc. as well as those areas having the greatest negative impact on the environment and people
- b. Clear performance improvement goals must be defined and assessed against actual performance on a periodic basis

A.1.14.2 Evidence

- Waste disposal and energy usage policy
- Management discussion
- Manufacturing processes (showing reuse and regenerative elements)
- Waste generation/measurement report

A.1.14.3 Metrics/Results

- Manufacturing cycle time
- Rate of reuse/recycling in manufacturing process
- Carbon emissions per load/mile traveled
- Excess inventory ratio
- Delivery performance

A.1.14.4 Key Questions

1. Lean activities focus on the elimination of waste. Does your production philosophy include a key focus on waste reduction/elimination within the manufacturing process? There are seven types of waste to consider:
 - **Overproduction** — Making more than is needed, leading to obsolescence or rework that expends more energy
 - **Transport** — Excessive movement of materials that expends energy or causes more carbon emissions
 - **Motion** — Inefficient movement of people or assets, creating a carbon footprint impact
 - **Waiting** — Underutilization of people, leading to less efficient use of time and resources
 - **Over-processing** — Manufacturing to a higher quality standard than required by the customer, which expends more natural resources, energy and raw materials than required
 - **Defects** — Time spent correcting defects, including the resulting scrap that results and the time that is wasted

SECTION A.1

Process Excellence: Make

A.1.15 Asset Decommissioning (Industry-Specific)

A.1.15.1 Standards

- a. The organization must adhere to industry-specific asset decommissioning methods
- b. The organization's asset decommissioning process must be approved as meeting acceptable minimum environmental standards

A.1.15.2 Evidence

- Management discussion

A.1.15.3 Metrics/Results

- Cost to Return (SCOR Metric: CO.2.5, page 1.4.8)
- Percentage Unserviceable Maintenance, Repair, and Operations (MRO) Inventory in Disposition (SCOR Metric: AM.3.39, page 1.5.23)
- Percentage Unserviceable MRO Inventory in Return Authorization (SCOR Metric: AM.3.41, page 1.5.23)

A.1.15.4 Key Questions

1. When disassembling and storing returned maintenance, repair and operations (MRO) items, is consideration given by your organization to the environmental impact of the machinery disassembly process and the storage impact?

SECTION A.1

Process Excellence: Make

A.1.16 Manufacturing Quality Improvements for Return Reduction

A.1.16.1 Standards

- a. The organization must define manufacturing quality standards (industry-specific) for the purpose of measuring actual quality output vs. expectations
- b. Manufacturing process improvement initiatives must be in place and improvements to quality output, as well as reduction in returns due to quality issues, must be measured

A.1.16.2 Evidence

- Quality control process
- Quality standards documents
- Quality measurement reports

A.1.16.3 Metrics/Results

- Inventory (SCOR Metric: AM.2.8, page 1.5.18)
- Capacity Utilization (SCOR Metric: AM.3.9, page 1.5.20)
- Manufacturing quality levels
- Returns due to quality issues

A.1.16.4 Key Questions

1. Does your organization have manufacturing quality improvement initiatives in place that incorporate analysis/simulation of quality losses/returns and opportunities for inventory reduction?

SECTION A.1

Process Excellence: Make

A.1.17 Waste Management and Disposal

A.1.17.1 Standards

- a. The organization must have defined processes in place to measure waste levels and the composition of its waste materials
- b. The organization must perform periodic measurement of waste composition
- c. The organization must perform frequent measurement of waste production
- d. Waste management and reduction programs must be in place to reduce waste generation or dispose of it in more environmentally friendly ways
- e. The organization must show that research has been done on ways to reduce harmful materials used in or generated by the manufacturing process

A.1.17.2 Evidence

- Waste generation/measurement report
- Evidence of research into waste management practices
- Waste management process
- Environmental policy, along with awareness and communication
- Waste disposal and energy usage policy
- Management discussion
- Quality control process

A.1.17.3 Metrics/Results

- Hazardous Waste as Percentage of Total Waste (SCOR Metric: AM.3.15, page 1.5.21)
- Percentage of waste (by weight) generated from production that is classified as hazardous material

A.1.17.4 Key Questions

1. Does your organization measure total waste generation through the production process?
2. Is there a plan in place to effectively dispose of waste?
3. Does your organization segment waste types by the extent of their harmfulness to the environment?

SECTION A.1

Process Excellence: Deliver

A.1.18 Transportation Optimization

A.1.18.1 Standards

- a. In order to ensure overall transport optimization (including last mile and inter-DC), the organization must have a framework that considers the variations in mode/multi-modal, consolidation of product mix, pooling point and multiple stops (including last mile)
- b. The organization must establish environmental metrics and use them as part of its decision-making criteria to most efficiently optimize transportation options across its network
- c. The organization must have legislative considerations in place that take into account the balance between efficiency and regulatory (e.g., driver-allowed hours vs. full utilization of transportation resources)
- d. The organization must show that it actively manages transportation risk against efficiency requirements
- e. The organization must show how it optimizes efficiency (e.g., incorporation of fleet configuration of last mile or reduction in empty legs into transport optimization)

A.1.18.2 Evidence

- Description/map of organizational site location (supply chain network)
- Transportation metrics report detailing environmental impact vs. targets
- Transportation optimization process/system algorithm overview (consideration of environmental factors)

A.1.18.3 Metrics/Results

- Return on Working Capital (SCOR Metric: AM.1.3, page 1.5.13)
- On-time delivery (OTD)
- SCOR Metric: RS.3.36–RS.3.44, pages 1.2.13–1.2.14

Identify, Assess and Aggregate:

- Production Resources Cycle Time
- Delivery Resources Cycle Time
- Product Resources Cycle Time
- Supply Chain Resources Cycle Time

Identify, Prioritize and Aggregate:

- Delivery Requirements Cycle Time
- Product Requirements Cycle Time
- Production Requirements Cycle Time
- Return Requirements Cycle Time
- Supply Chain Requirements Cycle Time

SECTION A.1

Process Excellence: Deliver

A.1.18.4 Key Questions

1. When assessing transportation optimization options, are cost, speed, on-time delivery (OTD), and environmental/regulatory metrics balanced within your internal and third-party logistics network (e.g., deadheading, full truckload (FTL))?
2. Are the broader environmental impacts of transport options considered in conjunction with total supply chain environmental and social impact (e.g., does an optimized transport system create inefficiencies elsewhere in the supply chain)?
3. How are regulatory considerations managed in your transportation network for incoming and outgoing materials?
4. Do you have capabilities for monitoring electronic logging devices (ELD)?
5. Has your company made decisions related to transportation and digital balancing (e.g., CD vs. download) when considering the requirements of transportation to move physical products?
6. How are site-related transport optimization constraints factored into decision making?

SECTION A.1

Process Excellence: Deliver

A.1.19 Process Invoice Quote, Receive, Enter and Validate

A.1.19.1 Standards

- a. The organization must show that an electronic process of order acquisition, validation and acknowledgement is in place
- b. The organization must have in place a clear list of criteria for an order to be executable, and the process should ensure governance of go/no-go criteria (e.g., the existence of a credit check validation step prior to order execution)

A.1.19.2 Evidence

- Creditworthiness checking policy
- Do not ship list
- Documented invoice, receive, enter and validate process
- Client validation list (credit, terms, etc.)

A.1.19.3 Metrics

- Delivery Item Accuracy (SCOR Metric: RL.3.33, page 1.1.16)
- Order accuracy
- Order net costs
- Receive, Configure, Enter & Validate Order Cycle Time (SCOR Metric: RS.3.111, page 1.2.20)

A.1.19.4 Key Questions

1. Does the system follow and enable the invoicing process?

SECTION A.1

Process Excellence: Deliver

A.1.20 Perfect Pick Put-Away

A.1.20.1 Standards

- a. The organization must have checks and balances for validating the accuracy of stock items in place
- b. The organization must have storage and handling standard operating procedures (SOPs) in place that are cross-referenced to related regulatory and client requirements
- c. The organization's warehouse layout design should show consideration of efficient/optimal movement for the picking function

A.1.20.2 Evidence

- Warehouse map/layout
- Picking list example
- Picking SOP/picking process
- Storage and handling process
- Health, safety, and environment (HSE) policy

A.1.20.3 Metrics

- Pick accuracy
- Order-to-pick cycle time
- Percentage of Correct Material Documentation (SCOR Metric: RL.3.4, Page 1.1.13)

A.1.20.4 Key Questions

1. Is your organization using /considering the use of technology in its picking process?
2. Are there guidelines for selecting the most optimal assets/equipment for picking operations?
3. Does the pick process philosophy include elements of waste reduction?
4. What checks and balances are in place to ensure pick process accuracy?
5. Are there any initiatives in place to reduce the time from picking list generation to actual picking?
6. How do you reduce movement in the picking process?

SECTION A.1

Process Excellence: Deliver

A.1.21 Efficient Pack Product

A.1.21.1 Standards

- a. To ensure packing optimization and product integrity, the organization must show researched or implemented initiatives for circularity, cost reduction and waste reduction
- b. The organization must meet industry regulations for packing products
- c. The organization must ensure metrics are in place that can be used in decision making and to optimize packing and packaging options

A.1.21.2 Evidence

- Packing and packaging process
- Documentation requirements for material handling (industry, regulatory and stakeholder-oriented)

A.1.21.3 Metrics

- Percentage of packing using recycled materials
- Material availability percentage
- Packing accuracy
- Waste generation from packing materials
- Perfect Condition (SCOR Metric: RL.2.4, page 1.1.11)

A.1.21.4 Key Questions

1. Do you have a packing efficiency program in place (e.g., essential packing, direct to shelf)?
2. When assessing packing options, in addition to cost and product integrity, how are environmental and ethical considerations taken into account?
3. When assessing packing options, in what way(s) are local sources considered?
4. How are your packing suppliers engaging from the economic, environmental and ethical viewpoints?

SECTION A.1

Process Excellence: Deliver

A.1.22 Load Vehicle Optimization and Digital Generation of Shipping Documents

A.1.22.1 Standards

- a. The organization must show compliance with and optimization of safety, ergonomics, and loading truck weight distribution and limits
- b. The organization must show how efficiencies have been gained through the use of technology such as warehouse management systems (WMS) and transportation management systems (TMS)
- c. The organization must show reductions in time and waste through the use of auto-ID and electronic digital transfers on mobile technology or on vehicle dashboards instead of manual paper-based systems
- d. The organization must generate shipping documents efficiently and show that it has reduced waste and documentation rework
- e. The organization must adhere to regulatory and stakeholder requirements for vehicle loading and shipping document generation
- f. The organization must generate all documents digitally with the ability to print only where required (i.e., documents should be printed only as needed and not by default)

A.1.22.2 Evidence

- Loading process
- Shipping documentation generation process
- Online visibility of shipping documents

A.1.22.3 Metrics

- Documentation Accuracy (SCOR Metric: RL.2.3, page 1.1.9)
- Number of violations for not following normal regulations or standards
- Load Product and Generate Shipping Documentation Cycle Time (SCOR Metric: RS.3.51, page 1.2.15)
- Volume optimization
- Order consolidation accuracy

A.1.22.4 Key Questions

1. How much integration exists between your organization's warehouse and transport systems?
If there is no integration, do you have a plan to achieve it?
2. Can documents be accessed (master bill of lading, delivery note, inventory pack list, ASN, etc.) from mobile technology?
3. Is track and trace technology used (where appropriate)?
4. Can your organization provide a view of its improvement initiatives in vehicle loading?
5. Can your organization provide a view of its improvement initiatives in the generation of shipping documents?

SECTION A.1

Process Excellence: Return

A.1.23 Electronic Returns Tracking and Returns Management

A.1.23.1 Standards

- a. The organization must establish clear return policies to ensure that the impact of returns is minimized as much as possible and must demonstrate effective returns management optimization, including returns for MRO and recovered products
- b. The organization must track and respond to clear areas of high returns based on location or product in order to direct return minimization efforts
- c. The organization must establish an electronic returns tracking framework to provide real-time visibility of returns and the environmental impact thereof

A.1.23.2 Evidence

- Returns process
- Returns policy
- Percentage of returns associated with a defect and details related to the root cause of the defect
- Lot tracking capabilities demonstrated

A.1.23.3 Metrics/Results

- Percentage of Error-free Returns Shipped (SCOR Metric: RL.3.5, page 1.1.13)
- Percentage of Identified Maintenance, Repair and Operations (MRO) Products Returned to Service (SCOR Metric: RL.3.6, page 1.1.13)
- Percentage of Excess Product Returns Delivered Complete to the Designated Return Center (SCOR Metric: RL.3.10, page 1.1.13)
- Percentage of MRO Returns Delivered to the Correct Service Provider Location (SCOR Metric: RL.3.13, page 1.1.13)
- Authorize MRO Product Return Cycle Time (SCOR Metric: RS.3.7, page 1.2.11)
- Current Supplier Return Order Cycle Time (SCOR Metric: RS.3.22, page 1.2.12)
- Return shipments shipped on time

A.1.23.4 Key Questions

1. Does your organization use electronic returns tracking to improve the efficiency of its returns process? Do you quantify this in terms of internal and external environmental/resource benefit?
2. Does your returns process proactively reduce your returns percentage?
3. Does your returns process track taxation liability exposure?
4. Does your returns process include the effective management of transportation containers?
5. Do you have a policy/process for product recalls?
6. Does your supply chain design include provisions for planned and unplanned returns?

SECTION A.1

Process Excellence: Enable

A.1.24 Continuous Improvement

A.1.24.1 Standards

- a. The organization must establish a measurement process to ensure that continuous improvement objectives are met

A.1.24.2 Evidence

- Continuous improvement tracking document/measurement process

A.1.24.3 Metrics/Results

- Product quality (quality to consumers as well as sustainable composition of products)
- Number of initiatives completed per annum and percentage of these linked to ethical, environmental, and economic dimensions
- Time savings
- Safety improvements

A.1.24.4 Key Questions

1. Successful companies recognize that the path to excellence and competitiveness is best achieved when the company culture embraces concepts of continuous improvement and incorporates these into all daily activities. Do your organization's continuous improvement initiatives also extend into improving areas related to sustainability?
2. Do continuous improvement practices in your organization include the following dimensions?
 - **Feedback** — Reflection of processes related to sustainability
 - **Efficiency** — Identification, reduction and elimination of suboptimal processes where an environmental or ethical benefit can be measured
 - **Evolution** — The emphasis of the continuous improvement process (CIP) is on incremental continual steps rather than giant leaps
3. Do your continuous improvement efforts seek incremental improvement over time (e.g., lower emissions levels) or "breakthrough" improvement all at once (e.g., use of a new energy source)?

SECTION A.1

Process Excellence: Performance

Do you measure the following key performance indicators (KPIs)? If so, can you supply your most current state of performance? If other supply chain KPIs are utilized, please also provide that information, along with a copy of your supply chain scorecard (if applicable).

- Perfect Order Fulfillment (SCOR Metric: RL.1.1, page 1.1.2)
- Order Fulfillment Cycle Time (SCOR Metric: RS.1.1, page 1.2.2)
- Upside/Downside Supply Chain Flexibility
- Cash-to-Cash Cycle Time (SCOR Metric: AM.1.1, page 1.5.2)
- Inventory Days of Supply (Raw/WIP/FG)
(SCOR Metric: AM.3.16; AM.3.17; AM.3.45, pages 1.5.21 and 1.5.24)
- Return on Working Capital (SCOR Metric: AM.1.3, page 1.5.13)
- Return on Fixed Assets (SCOR Metric: AM.1.2, page 1.5.8)
- Forecast Accuracy (SCOR Metric: RL.3.37, page 1.1.18)
- Total Supply Chain Management Costs (TSCMC) (SCOR Metric: CO.1.1, page 1.4.2)

SECTION A

Criteria and Questions

A.2 Ethical Excellence Dimension

Process Excellence Criteria List

- A.2.1 Anti-Corruption and Anti-Trust
- A.2.2 Codes of Conduct
- A.2.3 Confidentiality of Information
- A.2.4 Intellectual Property and Patents
- A.2.5 Human Rights and Labor Practices
- A.2.6 Responsible Marketing and Trading Partner Engagement

Key Questions

1. **Strategy:** Is there an organization-wide strategy for driving ethical excellence across the enterprise?
2. **Accountability:** Who is accountable within the enterprise for achieving results associated with that strategy?
3. **Measures of success (reporting):** What are the measures of success that demonstrate the desired results associated with that strategy? What KPIs are utilized? What is the enterprise's current performance against desired target performance?
4. **Incentives:** What management-level incentives are used to motivate decision making with respect to the enterprise's ethical aspirations?
5. **Designations:** What other additional designations or certifications have been achieved related to this dimension?

SECTION A.2

Ethical Excellence: Criteria

A.2.1 Anti-Corruption and Anti-Trust

A.2.1.1 Standards

- a. Appropriate policies and procedures should be implemented, and disciplinary action taken internally against staff who intentionally or recklessly involve the organization in infringements of anti-trust laws
- b. Regular reporting and periodic reassessment of compliance risks and responses must be in place
- c. Anti-trust compliance should be embedded as company culture and policy through a code of conduct
- d. Rules, guidelines and policies must be distributed to relevant staff and their circulation suitably documented

A.2.1.2 Evidence

- Antitrust/anti-corruption policy
- Ethics and compliance policy
- Policy on use of intellectual property
- Leadership training/learning and development programs
- Code of conduct (and evidence of distribution within company)
- Risk matrix
- Management discussion
- Compliance register/audit reports tracking (internal/external)

A.2.1.3 Key Questions

1. What efforts do you make to ensure compliance with anti-corruption and anti-trust policies? Where do the appropriate checkpoints occur in the supply chain processes so that the opportunity for potential violations can be mitigated and education reinforced?
2. Have any breaches occurred in the past? If so, when and where? What was the remedy?
3. Do you run sufficient background checks before appointing managerial positions?
4. Do you provide an anti-trust and anti-corruption education system during onboarding and annually for employees and trading partners?
5. What efforts do you make to ensure alignment between your codes of conduct and those of your trading partners?

SECTION A.2

Ethical Excellence: Criteria

A.2.2 Codes of Conduct

A.2.1.1 Standards

- a. A clear code of conduct document must be produced with clear lines of accountability and recourse should these codes not be upheld
- b. This code of conduct should be expanded to include the expected behavior of suppliers and other supply chain partners

A.2.2.2 Evidence

- Code of conduct (and evidence of distribution within company and across supply chain partners)
- Evidence of recourse for breach of code of conduct
- Response to audit results and changes in policy or process

A.2.2.3 Key Questions

1. Which of the following enterprise-led codes of conduct have been developed, documented and communicated?
 - Anti-corruption and bribery
 - Anti-trust/anti-competitive practices (e.g., collusion)
 - Confidentiality of information
 - Conflicts of interest
 - Discrimination
 - Disciplinary policy
 - Health, safety, and environment
 - Money laundering
 - Whistleblowing
2. Which of these codes of conduct also apply to contractors, employees, suppliers, service providers, joint ventures, and customers?
3. What is your organization's recourse for breaches in codes of conduct?
4. What mitigation actions does your organization take to prevent potential risks?

SECTION A.2

Ethical Excellence: Criteria

A.2.3 Confidentiality of Information

A.2.3.1 Standards

- a. A confidentiality of information policy must be in place defining the elements of data collection, storage and dissemination, and the policy must be visible company-wide
- b. There must be periodic training and confirmation of employee understanding
- c. Non-disclosure agreements (NDAs) should routinely be used for purposes of ensuring that leaks of sensitive company/employee/customer information are minimized

A.2.3.2 Evidence

- Examples of mutually signed NDAs
- Policies on confidential information and knowledge sharing/record retention and security of personnel information
- Policy on use of intellectual property
- Leadership training/learning and development programs

A.2.3.3 Key Questions

1. How is private and sensitive information collected, stored, maintained and disclosed in accordance with applicable regulations and prevailing industry practices? How does this differ based on omni-channel environments?
2. What are your enterprise's documented policies related to confidentiality of information?
3. What training is available to employees and other stakeholders regarding information confidentiality?
4. How is information protected across digital connections, intranets and corporate networks? What are the established terms of use within your digital and corporate networks and your intranet?
5. Do you consistently exercise the execution of a non-disclosure agreement (NDA) when establishing a new supplier relationship?

SECTION A.2

Ethical Excellence: Criteria

A.2.4 Intellectual Property and Patents

A.2.4.1 Standards

- a. Intellectual property (IP) rights are outlined in Article 27 of the Universal Declaration of Human Rights, which provides for the right to benefit from the protection of moral and material interests resulting from authorship of scientific, literary or artistic productions; these standards should be embraced by the organization
- b. Intellectual property protection and international patent laws are to be upheld by the organization
- c. Mechanisms to protect forums or designs must be in place to minimize the chance of intellectual property theft
- d. Non-disclosure agreements (NDAs) are to be routinely used for purposes of ensuring that leaks of sensitive company information are minimized

A.2.4.2 Evidence

- Policy on usage of intellectual property
- Examples of mutually signed NDAs

A.2.4.3 Key Questions

1. How do you ensure that IP and patent rights are respected in the transfer of technology and knowledge across the ecosystem?
2. Have you identified the intellectual property that should be safeguarded?
3. Do you consistently exercise the protection of intellectual property and patents when establishing a new supplier relationship?

SECTION A.2

Ethical Excellence: Criteria

A.2.5 Human Rights and Labor Practices

A.2.5.1 Standards

- a. Adoption of standards set out by UN Guiding Principles on Business and Human Rights
- b. Full adherence to minimum local standards for basic conditions of employment set out by government — covering, but not limited to, workers' basic rights, unfair dismissal, and pay and working conditions within the organization
- c. Regular auditing of the organization against standards, with remedial action and transparency should standards not be met
- d. Regular training of people, managers and employees on best labor practices and ethics in the workplace
- e. Adoption of the Policy on the Humane Care and Use of Laboratory Animals or local equivalent (country-dependent)

A.2.5.2 Evidence

- Internal and external audit results
- Human rights policy
- Workplace diversity policy
- Employee compensation policy
- Ethics and compliance policy
- Skills and competency framework
- Diversity in workplace tracking document (including external stakeholder analysis)
- Supplier scorecard/audit results
- Copy of applicable environmental/social responsibility certifications for the enterprise — e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Health, safety and environmental (HSE) compliance audit records through applicable local governing body
- Supplier selection process overview and assessment criteria document
- Leadership training/learning and development programs

SECTION A.2

Ethical Excellence: Criteria

A.2.5.3 Key Questions

1. Have you adopted the UN Guiding Principles on Business and Human Rights?
2. What due diligence is performed across your organization in order to ensure that these guidelines are adhered to? How are these policies documented and enforced?
 - **Freely chosen employment** — What efforts are taken in order to ensure that there exists no forced, bonded, or indentured labor within the enterprise or the supply chain trading partners (customers/suppliers) within the ecosystem?
 - **Child labor** — What enterprise-wide policy has been established to ensure that no child labor is used in any portion of the enterprise and that the policy remains in compliance with global standards as well as local laws and regulations?
 - **Working hours** — What tracking and practices are in place to ensure that no worker exceeds the maximum working hours as set by local laws and regulations and that appropriate levels of compensation and legally mandated benefits are established for overtime?
 - **Freedom of association** — How do you support the right of all workers to form and join trade unions of their own choosing and to collectively bargain and/or engage in peaceful assembly, as well as also supporting the rights of workers to refrain from these activities?
 - **Animal rights** — What efforts are made to ensure that animals are not harmed in the manufacturing or testing of the enterprise's product or service?
 - **Wages and benefits** — What tracking, policies and practices are in place to ensure that all workers receive the applicable wages and benefits set by local laws and regulations, and that HSE standards are established for the employee environment in which they are engaged?
 - **Humane treatment** — What policies does the enterprise have in place regarding the humane treatment of employees with respect to sexual harassment or abuse, mental or physical coercion, verbal abuse, etc.? What disciplinary procedures are established for violations?
 - **Non-discrimination** — In line with efforts toward diversity and inclusion, how does the organization protect the workforce to ensure no unlawful discrimination occurs based on age, color, disability, ethnicity, gender, gender identity, marital status, political or union affiliation, race, religion, or sexual orientation?

SECTION A.2

Ethical Excellence: Criteria

A.2.6 Responsible Marketing and Trading Partner Engagement

A.2.6.1 Standards

- a. The organization must adhere to the standards set out by industry competitions, boards and advertising standards authorities

A.2.6.2 Evidence

- Ethics and compliance policy
- Anti-trust/anti-corruption policy

A.2.6.3 Key Questions

1. What policies or efforts are made to prevent the giving or accepting of anything of value to obtain or retain business, or otherwise gain any improper advantage?
2. What standards of fair business, advertising and competition have been established to ensure fair trading? Does your company have enabling systems to support fair business?

SECTION A

Criteria and Questions

A.3 Ecological Excellence Dimension

Process Excellence Criteria List

- A.3.1 Energy, Water and Waste
- A.3.2 Material Usage and Restrictions
- A.3.3 Climate Strategy
- A.3.4 Product Lifecycle Stewardship
- A.3.5 Circular Economy

Key Questions

1. **Strategy:** Is there an organization-wide strategy for driving ethical excellence across the enterprise?
2. **Accountability:** Who is accountable within the enterprise for achieving results associated with that strategy?
3. **Measures of success (reporting):** What are the measures of success that demonstrate the desired results associated with that strategy? What KPIs are utilized? What is the enterprise's current performance against desired target performance?
4. **Incentives:** What management-level incentives are used to motivate decision making with respect to the enterprise's ecological aspirations?
5. **Designations:** What other additional designations or certifications have been achieved related to this dimension?

SECTION A.3

Ecological Excellence: Criteria

A.3.1 Energy, Water and Waste

A.3.1.1 Standards

- a. The organization must have defined processes in place to measure waste levels and composition of waste materials
- b. The organization must perform periodic measurement of waste composition
- c. The organization must perform frequent measurement of waste production
- d. The organization must have waste management and reduction programs in place to reduce waste generation or dispose of it in more environmentally friendly ways
- e. Where applicable, the organization must show the extent of its efforts to implement an offset policy for eco-system balancing (e.g., carbon credits)

A.3.1.2 Evidence

- Waste disposal and energy usage policy (e.g., LEED certification)
- Waste generation/measurement report
- Waste management process
- Energy management system (e.g., ISO standards for energy management)

A.3.1.3 Key Questions

1. What specific steps has your organization taken to ensure that its products/services are produced with less energy and water utilization and/or are creating less waste?
2. What energy and water utilization targets and waste reduction targets were set, and performance achieved, over the past three years?
3. What percentage of energy consumed in operations is considered reusable?
What is the current performance and last three years' performance to target?
Has this been third-party verified?
4. Does your enterprise measure the total amount of waste in its supply chain operations?
What is the amount of total waste that has been disposed of by the organization versus what was either reused, recycled or repurposed?
5. Do you have transparent reporting on energy consumption usage within your supply chain operations?

SECTION A.3

Ecological Excellence: Criteria

A.3.2 Material Usage and Restrictions

A.3.2.1 Standards

- a. The organization must have defined processes in place to measure waste levels and composition of waste materials, focusing particularly on hazardous materials
- b. The organization must perform periodic measurement of waste composition
- c. The organization must perform frequent measurement of waste production
- d. The organization must have waste management and reduction programs in place to reduce waste generation or dispose of it in more environmentally friendly ways
- e. The organization must show that it has performed research on ways to reduce harmful materials generated through the manufacturing process
- f. The organization must ensure that the composition of each product meets acceptable industry standards of what can legally be included in a product or used during the manufacturing process

A.3.2.2 Evidence

- Management discussion
- Waste generation/measurement report
- Waste management process
- “Materials allowed” list (can also include endangered fauna or flora; e.g., WWF Endangered Species List (ESA) or similar)

A.3.2.3 Key Questions

1. How does your enterprise identify, control and restrict any usage of potentially hazardous substances or materials unethically sourced within its design chain? Within its supply chain?
2. Does your enterprise adhere to industry- or country-specific regulatory policies such as REACH and RoHS, conflict minerals, or rare earth?
3. Are there other regulatory policies that the enterprise participates in or is seeking compliance with?

SECTION A.3

Ecological Excellence: Criteria

A.3.3 Climate Strategy

A.3.3.1 Standards

1. The organization must abide by the standards contained within existing frameworks such as Climate Disclosure Standards Board (CDSB) or ISO 14001, or a similar set of international standards or organizations such as “The Greenhouse Gas Protocol” by the World Resources Institute and the World Business Council for Sustainable Development
2. The organization must ensure clear and transparent reporting on greenhouse gas (GHG) emissions by type and quantity emitted
3. The organization must show plans for reduction in gas emissions and, ideally, set up an internal task team or department that specifically aims to implement and monitor the company’s climate strategy
4. The organization must demonstrate inclusion of greenhouse gas and climate-related risks within its existing business risk management process
5. The organization must have an offset strategy and recovery in place

A.3.3.2 Evidence

- Climate/environmental company strategy
- Risk matrix

A.3.3.3 Key Questions

1. How does your organization strive to fully participate in the product lifecycle (PLC)? Are you proposing development of a program? Do you have transparent reporting on all greenhouse gas (GHG) emissions (e.g., carbon dioxide, methane, nitrous oxide)? Are your F-gas emissions, if any (e.g., hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride), third-party verified?
2. Where are the highest levels of GHG emissions occurring in your enterprise’s supply chain?
3. How are these being addressed for reduction? What are the current targets and past three years’ performance to target (where applicable)?
4. How are your enterprise’s processes for identifying, assessing and managing climate-related issues integrated into your enterprise risk management?
5. Which climate-related ambitions and goals are embedded in your enterprise’s strategy? How is management held accountable for achieving them?
6. Are your climate change-related impacts considered when running scenario analysis in supply chain planning?
7. What level of visibility to climate-related impacts is transparent in the labeling or information included in your product or service?
8. Has your enterprise utilized “The Greenhouse Gas Protocol” by the World Resources Institute and the World Business Council for Sustainable Development to assist you in determining measurements and targets?

SECTION A.3

Ecological Excellence: Criteria

A.3.4 Product Lifecycle Stewardship

A.3.4.1 Standards

- a. The organization must have an end-to-end lifecycle plan in place for each product specifically defining and measuring the waste generation or potential harm created at each stage of the product's lifespan from "cradle to grave"
- b. The organization must have a product take-back program/process in place and demonstrate that using it reduces the amount of pollution or other environmental harm generated through the process

A.3.4.2 Evidence

- Product life cycle process/policy

A.3.4.3 Key Questions

1. How are ecological inputs (e.g., choice of raw materials or components) factored into your overall product design?
2. Do you consider Design for Supply Chain (D4SC) elements such as energy in order to produce or manufacture, distribute, store or transport? Do you consider factors such as operational servicing and maintenance or end-of-life (EOL) management?
3. How does your enterprise assess environmental impacts in relationship to product portfolio choices?
4. How does your enterprise assess the resource efficiency benefits associated with the introduction of a new product?
5. Is your enterprise actively or directly involved in a product take-back / reclamation program? If not, is this type of program under consideration by the organization?
6. Packaging standards: Has your organization provided visibility into the climate change impact of all products sold in order to allow consumers to make decisions based on this information?

SECTION A.3

Ecological Excellence: Criteria

A.3.5 Circular Economy

A.3.5.1 Standards

- a. The circular economy mindset should be adopted by the organization to include the following key elements:
 - **Use regenerative resources** — Ensure renewable, reusable, non-toxic resources are utilized as materials and energy in an efficient way
 - **Preserve and extend what's already made** — While resources are in use, maintain, repair and upgrade them to maximize their lifetime and give them a second life through take-back strategies when applicable
 - **Waste as a resource** — Utilize waste streams as a source of secondary resources and recover waste for reuse and recycling
 - **Business model rework** — Consider opportunities to create greater value and align incentives through business models that build on the interaction between products and services
- b. The organization should demonstrate its adoption of these elements through the measurement of benefits derived as well as by visible plans

A.3.5.2 Evidence

- Discussion and analysis of business model
- Manufacturing processes (showing reuse and regenerative elements)
- Waste disposal and energy usage policy
- Returns process
- Product life cycle process/policy
- Returns policy

A.3.5.3 Key Questions

1. How does your organization strive to fully participate in the product lifecycle (PLC) by proposing development of an ecosystem that will support a circular economy?
2. Do you measure the percentage of products purchased, produced, distributed or sold that have the possibility of being returned, reused or repurposed? What are the current targets and past three years' performance to target?
3. Has your organization done any research in terms of the material circularity indicators (MCI)?
4. Do you use any indices to measure your adoption of circular economy (e.g., CE100 — Ellen McArthur Foundation)?
5. Have resources or technologies such as excess material exchange been considered? Or are they already in place?

SECTION A

Criteria and Questions

A.4 Economic Excellence Dimension

Process Excellence Criteria List

- A.4.1 Business Integrity and Company Reputation
- A.4.2 Board and Corporate Leadership
- A.4.3 Enterprise Risk and Crisis Management
- A.4.4 Materiality Index
- A.4.5 Responsible Tax
- A.4.6 Supply Chain Strategy and Differentiated Operating Models

Key Questions

1. **Strategy:** Is there an organization-wide strategy for driving ethical excellence across the enterprise?
2. **Accountability:** Who is accountable within the enterprise for achieving results associated with that strategy?
3. **Measures of success (reporting):** What are the measures of success that demonstrate the desired results associated with that strategy? What KPIs are utilized? What is the enterprise's current performance against desired target performance?
4. **Incentives:** What management-level incentives are used to motivate decision making with respect to the enterprise's economic aspirations?
5. **Designations:** What other additional designations or certifications have been achieved related to this dimension?

SECTION A.4

Economic Excellence: Criteria

A.4.1 Business Integrity and Company Reputation

A.4.1.1 Standards

- a. A code of conduct for integrity and ways of working within the organization and with suppliers must be clearly set out, with training loops to ensure understanding and implementation throughout the supply chain
- b. The impact of a possible failure of the company's reputation should be well defined, quantified and incorporated into the company's risk management process
- c. The organization must hold regular audits related to company data, ethical compliance and company culture
- d. A whistleblowing policy and mechanism must be in place, allowing for undesirable actions to be reported efficiently and factually while protecting the whistleblower

A.4.1.2 Evidence

- Whistleblowing policy
- Ethics and compliance policy
(e.g., Global Reporting Initiative (GRI)-derived set of generally accepted standards)
- Risk matrix and mitigation opportunities
- Recall process and communication thereof

A.4.1.3 Key Questions

1. How do you consider, promote and ensure business integrity in all supply chain interactions internally and across the supply chain ecosystem?
2. Has your enterprise monetized potential impacts to shareholder valuation as a result of a supply chain-related incident that could damage the company/brand reputation?
3. What sources of information, that could risk business integrity and company reputation, are utilized by your organization?

SECTION A.4

Economic Excellence: Criteria

A.4.2 Board and Corporate Leadership

A.4.1.1 Standards

- a. The organization must foster a culture of accountability that is measured through performance management programs and valid performance indicators to ensure the right people are measured on the right outcomes and receive the appropriate incentives or disincentives for performance
- b. The organization should have robust succession plans in place to ensure the sustainability of good leadership within the organization

A.4.2.2 Evidence

- Evidence of succession plan
- Workplace diversity policy
- Employee compensation policy
- Organizational structure with key leadership profiles

A.4.2.3 Key Questions

1. What executive-level success metrics has your organization established that impact performance evaluation and compensation?
2. Which of these success factors demonstrates a balance in the ethical and ecological dimensions beyond economic performance? Are these transparent to the enterprise?
3. How are executive compensation factors aligned to longer-term performance, as well as to your aspirations of meeting or exceeding ethical and ecological ambitions?
4. What is the degree of gap between executive (C-level) compensation and median employee compensation?
5. Has the board/leadership suggested or mandated strategic initiatives that positively or negatively impact the balance of the ethical, economic and ecological dimensions?

SECTION A.4

Economic Excellence: Criteria

A.4.3 Enterprise Risk and Crisis Management

A.4.3.1 Standards

- a. The organization's risk profile should be well defined, providing a view of the level of inherent risk across the ethical, economic and ecological dimensions
- b. A risk management board/forum must be established and must provide periodic reporting to the board on where the organization has risk and what actions are in place to mitigate/prevent it
- c. The organization must establish a risk matrix that transcends the entire supply chain and covers the full risk spectrum across multiple organizations

A.4.3.2 Evidence

- Risk matrix (e.g., ISO 31000)
- Management discussion

A.4.3.3 Key Questions

1. Which individual in your enterprise has the direct responsibility for enterprise risk management? What is the degree of this individual's organizational influence to drive substantive change in your enterprise risk management maturity levels?
2. How are risks identified and monitored in your enterprise? How are mitigation efforts considered? What factors drive mitigation investment decisions?
3. Does your enterprise perform stress testing on financial risk elements, environmental risk elements and ethical risk elements? What examples are available?
4. What risks are reported in the public domain? What risks are shared with supply chain trading partners?
5. What efforts are pursued by the enterprise to drive an effective risk culture throughout the enterprise? What measures of success do you use to gauge progress in enterprise risk management?

SECTION A.4

Economic Excellence: Criteria

A.4.4 Corporate Social Responsibility (CSR) Materiality Index

A.4.4.1 Standards

- a. A materiality index for CSR initiatives must be available and defined by the results expected of the CSR initiative
- b. The materiality index should be balanced between business benefit and societal benefit
- c. The organization must routinely publish a materiality index to external stakeholders
- d. A future-state performance view must be created and be comparable against the documented critical skills and competencies required to achieve these future-state performance objectives

A.4.4.2 Evidence

- Published materiality index (e.g., based on ISO 26000)
- Corporate sustainability strategy/CSR mandate

A.4.4.3 Key Questions

1. How does your enterprise measure and improve overall organizational performance (current state) and capabilities (future state)?
2. Does your enterprise prepare and communicate a materiality index across the three dimensions of economic, ecological and ethical? Do you base strategic priorities based on this index?
3. Is your materiality index published externally?
4. How do you project your enterprise's future performance? How do you assess the critical skills and competencies that are necessary to meet your future-state performance objectives?
5. What are your highest priorities based upon your materiality index?

SECTION A.4

Economic Excellence: Criteria

A.4.5 Responsible Tax

A.4.5.1 Standards

- a. The organization must adhere to the minimum tax laws applicable based on the location of the business
- b. A tax policy must be visible and transparent for outsiders wishing to understand the tax approach used by the organization

A.4.5.2 Evidence

- Tax policy

A.4.5.3 Key Questions

- 1. Does your enterprise have a publicly available tax policy/principles/strategy in place that indicates your approach toward taxation?

SECTION A.4

Economic Excellence: Criteria

A.4.6 Supply Chain Strategy and Differentiated Operating Models

A.4.6.1 Standards

- a. Within its supply chain strategy, the organization should include the following factors:
- A formal process to identify potential sustainability risks with periodic measurement
 - Clear ethical, economic and ecological objectives and weighting thereof
 - Detailed plans to achieve success in all three areas

A.4.6.2 Evidence

- Supply chain strategy document
- Nature/description of business
- Description of product/service offerings

A.4.6.3 Key Questions

1. Does your enterprise identify both critical suppliers and customers? Upon what basis is this determination of criticality made?
2. Does your enterprise have a formal process for identifying potential sustainability risks that might exist within the supply chain (upstream and downstream)? Do you measure sustainability risks on an ongoing basis?
3. What are the formalized ethical, economic and ecological objectives that have been identified for your supply chain management strategy? How do the operating model(s) respect these objectives? Does each objective receive equal weighting as it relates to each dimension?
4. How does your enterprise measure success in achieving a balance across the ethical, economic and ecological dimensions?
5. What aspects of its supply chain management approach does your enterprise share in the public domain? How do these influence efforts to acquire customers or select suppliers?
6. Does the enterprise report key supply chain performance metrics by individual supply chain or operating model?

SECTION B

ASCM Enterprise For Sustainability Enablers



SECTION B

ASCM Enterprise For Sustainability Enablers

B.1 Strategy Enablers

Strategy Criteria List

- B.1.1 Research and Innovation
- B.1.2 Supply Chain Strategy and Execution
- B.1.3 Vision and Core Values

SECTION B.1

Strategy: Criteria

B.1.1 Research and Innovation

B.1.1.1 Standards

- a. The organization must show clearly documented strategic initiatives intended to drive enhanced performance across the ethical, economic and ecological dimensions
- b. The organization must have a robust innovation stage gate process incorporating ethical, economic and ecological considerations during product ideation and throughout the product lifecycle. The go/no-go decisions at each gate must be defined by acceptable standards for ecological and ethical dimensions
- c. A holistic lifetime product cost must be forecasted prior to product or other innovation launch
- d. The organization's innovation/research and development (R&D) departments are mandated to show that sustainability factors (including raw materials, packaging, manufacturing process and product disposal) are sufficiently researched

B.1.1.2 Evidence

- Research reports
- Evidence of strategic initiatives within R&D to enhance environmental, ethical and economic considerations
- New product development (NPD) stage gate process
- Problem-solving failure mode and effects analysis (FMEA) or similar process
- Risk matrix

B.1.1.3 Key Questions

1. How does your enterprise ensure that the strategic aspirations for the three dimensions (ethical, economic and ecological) are known and considered — from the time of ideation and design through execution?
2. Which strategic stage gate exists to assess whether the influence of these considerations is represented throughout the product lifecycle?
3. What strategic initiatives are currently underway or planned within research and development that deliver enhanced performance across the ethical, economic and ecological dimensions?
 - Bill of material selection
 - Quality impacts
 - Health and welfare
 - Consumer impact
4. Do you use problem-solving tools (e.g., DMAIC, Ishikawa diagrams, FMEAs or other diagnostic tools) to determine where the potential risks are and to avoid issues being built into the process?
5. How does the enterprise's innovation aspiration impact any stakeholders? How is it considered in the process?

SECTION B.1

Strategy: Criteria

B.1.2 Supply Chain Strategy and Execution

B.1.2.1 Standards

- a. The organization must map out and document a supply chain strategy incorporating key initiatives, resource allocation, Responsible, Accountable, Consulted and Informed (RACI) matrix and measurement thereof
- b. The supply chain strategy must show how customer service is balanced against ecological and ethical impact
- c. The organization must show that its supply chain strategy is aligned to its company vision

B.1.2.2 Evidence

- Supply chain strategy document
- Supply chain initiative roadmap
- Business plan for key supply chain projects
- Description/map of organizational site location (supply chain network)

B.1.2.3 Key Questions

1. How are your strategic initiatives directed and deployed across the organization?
2. How are resources applied and allocated across strategic initiatives?
3. How are your strategic initiatives tracked for effectiveness and reaching the goals set forth upon their initial approval? Does the appropriate level of accountability exist?
4. In the network optimization strategy that exists today, is a purposeful viewpoint and trade-off that considers both the customer experience and any potential ecological and ethical impact of these decision(s) linked to the supply chain strategy?
5. How are external influences considered in the development of the supply chain strategy?

SECTION B.1

Strategy: Criteria

B.1.3 Vision and Core Values

B.1.3.1 Standards

- a. The organization must have in place a process and forum (consisting of key senior leadership) to set and communicate its organizational vision and values
- b. The organization must demonstrate implementation of and adherence to its organizational core values
- c. The organizational vision must be time-specific to ensure a definite endpoint for implementation of the vision

B.1.3.2 Evidence

- Stated mission, vision and/or values
- Discussion on business adherence to values

B.1.3.3 Key Questions

1. How does your organization's senior leadership set your organization's vision and values?
Is there a supply chain leader who champions the vision?
2. How are your organization's vision and values communicated and deployed within and throughout the workforce and among other stakeholders (customer/supplier/community)?
Is feedback encouraged?
3. How does leadership ensure multi-dimensional consideration across all key decisions taken within the supply chain (including Plan, Source, Make, Deliver and Return)?
4. How is the organization set to adapt to changes in strategy or adjustment to its vision and values?
5. How does senior leadership create both focus and adherence to the established core values?

SECTION B

Enablers

B.2 Governance Enablers

Strategy Criteria List

- B.2.1 Leadership
- B.2.2 Process Governance
- B.2.3 Health, Safety and Environmental (HSE) Management
- B.2.4 Risk Management and Transparency
- B.2.5 Regulatory and Compliance
- B.2.6 Contracts and Agreements
- B.2.7 Adherence

SECTION B.2

Governance: Criteria

B.2.1 Leadership

B.2.1.1 Standards

- a. Leadership success measurement criteria and processes must be in place within the organization, with clear defining factors such as employee engagement, employee growth and development, compliance, and balanced results across the three dimensions (ethical, ecological, economic) that show how leadership succeeds within the organization
- b. The organization must establish and implement training programs to build and retain good leaders, with evidence of success provided for both areas

B.2.1.2 Evidence

- Leadership training programs
- Skills and competency framework/enterprise talent development

B.2.1.3 Key Questions

1. How does your organization ensure proactive and responsive governance? Is there an established enterprise governance board or accountable individual?
2. Is there an established governance system focused on clear accountabilities and transparency?
3. How does leadership protect various stakeholder interests (including customer, supplier, community and government)?
4. How do you evaluate and reward performance at the leadership level?
5. Do you have a chief compliance officer?
6. What training is offered to other constituents (e.g., customers and suppliers)?

SECTION B.2

Governance: Criteria

B.2.2 Process Governance

B.2.2.1 Standards

- a. A process governance with clear accountabilities must be in place at the organization to determine ownership and measure the success of and adherence to existing processes within the organization
- b. Organizational processes must be measured regularly against a set of key process success criteria:
 - **Efficiency indicators** — Measurement of results achieved as an output of the process (financially focused)
 - **Effectiveness and productivity indicators** — Measurement of resources used to achieve results, particularly regarding the ecological and ethical cost thereof, as well as the utilization of people and other resources to achieve the output
 - **Capacity indicators** — Production output vs. time, machinery and resources
 - **Quality indicators** — Quality of outputs resulting in better products, less returns, etc.
 - **Profitability indicators** — Economic profitability of business activities (as an output of successful processes)
 - **Competitiveness indicators** — Relationship to competitors (define how the process makes the organization more competitive)
 - **Stakeholder impact indicators** — Impact of the processes on internal and external stakeholders, defining any unintended consequences of the process

B.2.2.2 Evidence

- Internal and external audit results
- Copy of applicable environmental/social responsibility certifications for the enterprise — e.g., ISO accreditations or proof of implementation (quality, environment, risk, social responsibility)

B.2.2.3 Key Questions

1. How are senior-level executives held accountable for ensuring implementation of the management and governance systems necessary to achieve multi-dimensional compliance in any key decisions that are made?
2. How is the implementation of governance systems applied to all levels of the organization?
3. Are process, performance, decision-making authorities, policies and controls in place?

SECTION B.2

Governance: Criteria

B.2.3 Health, Safety and Environmental (HSE) Management

B.2.3.1 Standards

- a. The organization must maintain a safe work environment to protect employees from accidents and hazards in line with maximum regulatory obligations (where a country or region's own health and safety codes are not at the same level as US standards, the company must comply with US standards; i.e., Occupational Safety and Health Administration (OSHA) — for example, temporary labor camps to comply with shelter and water standards set out by OSHA)
- b. The organization must show documented proof of the implementation of its standards (including audits of suppliers required to abide by the same codes)

B.2.3.2 Evidence

- HSE compliance audit records through applicable local governing body
- HSE policy
- Supplier scorecard/audit results

B.2.3.3 Key Questions

1. How does your organization's leadership demonstrate its commitment in support of the HSE strategy, including regulatory requirements and extended internal HSE obligations?
2. What are the consequences of violations of the HSE strategy or its execution?
3. How do you measure the success of the HSE strategy or its execution? How is OSHA (or similar EU/OSHA/SA 8000/OHSAS 18001) implemented?
4. How is HSE demonstrated in Plan, Source, Make, Deliver and Return?
5. Are health and safety risks ranked within your organization's risk management process?
6. Are risk scenarios run and appropriate prevention strategies put into place?

SECTION B.2

Governance: Criteria

B.2.4 Risk Management and Transparency

B.2.4.1 Standards

- a. An organizational risk matrix must be documented that defines and assesses key risks inherent across the economic, ecological and ethical dimensions, with mitigation initiatives in place to reduce or prevent risk
- b. The organization must ensure periodic communication with external and supply chain stakeholders on risk factors that may impact them (e.g., engage with local authorities on any environmental risks as a result of manufacturing activities)

B.2.4.2 Evidence

- Risk matrix

B.2.4.3 Key Questions

1. How transparent are decisions in which risk to a stakeholder is considered but not deemed “risky enough” to alter the introduction or ongoing production of a product or service?
2. How are ethical and environmental risks identified and quantified?
3. What enterprise-wide risk management systems are in place to identify whether legal compliance and environmental, ethical and economic ambitions and progress are achieved?
4. Are risks communicated throughout the organization for awareness creation and to ensure appropriate countermeasures are enacted?
5. Is there a clear monitoring process to identify potential risk occurrences (e.g., are waste levels in the manufacturing process monitored to preempt potential environmental concern)?

SECTION B.2

Governance: Criteria

B.2.5 Regulatory and Compliance

B.2.5.1 Standards

- a. A repository of common compliance standards/regulatory framework must exist within the organization, with assigned responsibility for constant updating of regulations; the framework should clearly show the legal requirements set out by the applicable governing body, as well as the set point targets to which the organization operates
- b. A training program must be in place to regularly train employees and stakeholders on the latest compliance requirements
- c. An audit program must be in place to ensure adherence to regulations
- d. A supplier compliance framework and audit plan must exist within the organization whereby suppliers are routinely assessed against the minimum standards set out by the organization's regulatory framework (including manufacturing methods, use of human resources, materials used and environmental impact of activities)

B.2.5.2 Evidence

- Code of conduct (and evidence of distribution within company)
- Company regulatory framework
- Training program evidence
- Internal process audit results
- Contracts/standard operating procedures (SOPs) with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Supplier selection process overview and assessment criteria document
- Supplier scorecard/audit results
- Customer scorecard
- Leadership training/learning and development programs

SECTION B.2

Governance: Criteria

B.2.5.3 Key Questions

1. What are the key measures of success used by your organization to demonstrate either meeting or surpassing regulatory or legal requirements? Are these measures incorporated into your organization's senior leadership compensation program?
2. Is your enterprise's adherence to regulatory and compliance mandates set at zero tolerance?
3. Is your workforce trained across the enterprise to educate them on regulatory-related concerns? When and how is this training performed? Is it tracked by employee?
4. How is regulatory compliance monitored? Are there internal and external audits? What areas are covered?
5. Are customers held to the same level of regulatory compliance as the organization itself?
6. Can you show that your regulatory and compliance policy(ies) has been communicated to your customers?

SECTION B.2

Governance: Criteria

B.2.6 Contracts and Agreements

B.2.6.1 Standards

- a. The organization must have a contract management repository in place to manage company contracts, ensure compliance, monitor expiry thereof and ensure clauses are up to date with legal requirements
- b. Standard operating procedures (SOPs) should be attached to contracts in order to measure performance adequately
- c. All of the organization's existing contracts must be in line with company templates in terms of what the contract must contain and specify

B.2.6.2 Evidence

- Contract management process
- Contract management policy
- Contract repository

B.2.6.3 Key Questions

1. Does your enterprise have a contract management system to ensure that expiry dates have not been missed?
2. Are the codes of conduct referenced in your existing supplier and customer contracts?
3. Are the required contract templates available and utilized? And, where applicable, do the contracts reference the expected execution elements of the ethical, economic and ecological dimensions?
4. Does your organization hold a contracts repository to access key contracts?
5. Does your organization's legal and/or sourcing team regularly compare your contracts to the latest legal information or changes in legislation that could affect them?
6. Have you clearly stated the engagement criteria required to determine whether a contract is necessary?

SECTION B.2

Governance: Criteria

B.2.7 Adherence

B.2.7.1 Standards

- a. The organization must have a clear process for self-reporting to the public or a monitoring agency
- b. A channel must exist where an employee or stakeholder can report suspicious activity without fear of retaliation. Each case of reported suspicious activity must be investigated by an independent body and reports captured with appropriate action and transparency
- c. The organization must be able to demonstrate adherence in all areas and show that it upholds integrity in all business activities

B.2.7.2 Evidence

- Ethics and compliance policy
- Self-reporting policy
- Whistleblowing policy
- Whistleblowing procedure and mechanism

B.2.7.3 Key Questions

1. How does your enterprise use legal and/or regulatory compliance to address any environmental or societal impacts arising from a violation?
2. Is there a mechanism to ensure whistleblowers have a simple channel to report undesirable behavior?
3. Is the process of investigation robust?
4. Are post-violation actions appropriate? Do they deter future violations?
5. Does your organization self-report any violations to the appropriate regulatory authorities/ monitoring agencies?

SECTION B

Enablers

B.3 Workforce Enablers

Strategy Criteria List

- B.3.1 Diversity and Inclusion
- B.3.2 Engagement
- B.3.3 Empowerment
- B.3.4 Skills and Competencies
- B.3.5 Learning and Development
- B.3.6 Health and Safety
- B.3.7 Workforce Feedback and Grievance

SECTION B.3

Workforce: Criteria

B.3.1 Diversity and Inclusion

B.3.1.1 Standards

- a. The organization must have a diversity and inclusion (D&I) policy that is communicated to all employees and stakeholders. The D&I policy should include ways in which the organization can achieve the following objectives:
 - Attract a diverse workforce
 - Foster an internal culture of inclusion and acceptance
 - Aim to understand differences in cultures/beliefs
 - Achieve regulatory mandates of workforce diversity
- b. The organization should aim to show how diversity and inclusion can be advantageous for the organization beyond just being politically correct

B.3.1.2 Evidence

- Workplace diversity policy
- Diversity in workplace tracking document (including external stakeholder analysis)

B.3.1.3 Key Questions

1. Do your organization's hiring and staff retention practices specifically aim to eliminate all forms of discrimination, including those based on race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability or attributes, religious or ethical values system, national origin, and political beliefs?
2. Does your organization have practices in place to encourage and/or enable enhanced diversity within the workplace?
3. Is your organization aware of and sensitive to cultural and/or other differences between people within the workforce in different operating locations?
4. Does your organization have a clear policy of inclusion that outlines standards for ensuring that all individuals have access to the same resources and opportunities?

SECTION B.3

Workforce: Criteria

B.3.2 Engagement

B.3.2.1 Standards

- a. The organization should conduct periodic reviews of employee engagement levels in the form of anonymous surveys or forums. The feedback from these reviews should be compared to previous engagement results and initiatives
- b. Business performance vs. engagement scores should be consistently reviewed to ensure engagement efforts have yielded results (e.g., employee retention, work performance, profitability)
- c. Engagement scores should be included in the organization's management and executive performance appraisal process

B.3.2.2 Evidence

- Employee engagement program/survey and related initiatives list
- Leadership training/learning and development programs

B.3.2.3 Key Questions

1. What programs does your enterprise have in place to encourage innovation and engagement while improving the workplace culture to promote a positive employee experience overall? How does the enterprise track and measure workforce engagement?
2. Does the organization facilitate mechanisms by which employees can provide input and suggestions toward improving their engagement (e.g., surveys, forums)?
3. Is employee engagement included in your management performance criteria?
4. What measures are in place to measure the engagement of your employees (e.g., staff retention rate, external surveys and comparisons to other organizations, productivity measures)?

SECTION B.3

Workforce: Criteria

B.3.3 Empowerment

B.3.3.1 Standards

- a. The organization should show evidence that there exists a culture of learning and dissemination of knowledge (through training, knowledge management processes and systems, and employee development programs)

B.3.3.2 Evidence

- Empowerment policy
- Evidence of empowerment initiatives
- Training needs analysis
- Knowledge management policy
- Leadership training/learning and development programs

B.3.3.3 Key Questions

1. How does your enterprise define, track and measure empowerment? What management practices and policies are in place to promote empowerment among your workforce?
2. How does your organization decide where to focus empowerment efforts? Which groups of people or areas inside and outside the business are earmarked to benefit from empowerment practices and policies?
3. What types of training programs are in place to upskill the workforce?
4. What initiatives does your organization have in place to empower the communities and the broader organization in which it operates to best represent their interests and ensure they become more able to self-direct their own successes?
5. How does your organization manage company culture to ensure that sharing of skills and knowledge is prevalent throughout the organization?
6. How do your organization's knowledge management systems support empowerment in the workplace?

SECTION B.3

Workforce: Criteria

B.3.4 Skills and Competencies

B.3.4.1 Standards

- a. The organization should have a skills and competencies framework in place that identifies and matches roles to skill requirements, then to actual skills present in the organization. The framework should then link to skills development plans or actions to match skills to roles
- b. The organization's skills and competency framework should include the skills and competencies required to understand and operate in a business environment where ethical and ecological considerations are very important

B.3.4.2 Evidence

- Skills and competency framework

B.3.4.3 Key Questions

1. Has your enterprise implemented and utilized a competency management approach to understand and track workforce skills and competencies? How does your enterprise recognize the contributions of highly performing employees?
2. As part of its employee development programs, has your organization defined and put in place actions to rectify skills gaps?
3. As part of its environmental and societal focus, has your organization focused any skill building on the improvement of non-economic aspects of the business? Does your training and development approach include an overlay of ecological and ethical aspects?
4. Does your skills and competencies framework include soft skills such as diversity management, culture understanding and engagement?

SECTION B.3

Workforce: Criteria

B.3.5 Learning and Development (L&D)

B.3.5.1 Standards

- a. The organization's L&D efforts should be periodically measured against its investments in training and development initiatives and linked to employee appraisal processes
- b. The organization must have in place an L&D framework that is linked to a skills and competencies framework, with the following elements featured in the L&D framework:
 - Link to organizational strategy
 - Utilization of technology to support L&D
 - Key areas of training and development programs
 - Repository of internal training or materials that can be used to train and develop employees, including in areas focused on ethical and ecological considerations

B.3.5.2 Evidence

- L&D framework document
- Leadership training/learning and development programs

B.3.5.3 Key Questions

1. What data collection mechanisms does your enterprise have in place to track and objectively measure workforce performance?
2. How does your enterprise match strategic objectives to potential skill challenges in meeting those objectives?
3. How does your organization approach L&D from a return on investment (ROI) perspective? How do the respective investments in employees and communities vs. potential returns in productivity and community building compare?
4. How has your L&D program assisted you in closing any skill and/or competency gaps?
5. What data and analytics does your organization use to identify future skills requirements?

SECTION B.3

Workforce: Criteria

B.3.6 Health and Safety

B.3.6.1 Standards

- a. The organization must adhere to its health, safety and environmental (HSE) standards, as described in Section B.2.3.2, in line with OSHA or similar occupational health and safety standards
- b. Health and safety risks are to be included in the organization's risk matrix

B.3.6.2 Evidence

- HSE compliance audit records through applicable local governing body
- HSE policy
- Risk matrix

B.3.6.3 Key Questions

1. What policies or measures exist in your organization for the following areas?
 - Occupational safety, injury and illness
 - Emergency preparedness
 - Industrial hygiene
 - Physically demanding work
 - Machine safeguarding
 - Sanitation, food and housing
 - Health and safety communication
 - Wellness programs
2. Are health and safety risks ranked within your organization's risk management process?
3. Are risk scenarios run and appropriate prevention strategies put into place?

SECTION B.3

Workforce: Criteria

B.3.7 Workforce Feedback and Grievance

B.3.7.1 Standards

- a. The organization's workforce grievance procedures must be followed in line with country-specific minimum requirements in terms of documentation of the grievance and the correct procedure to follow. In general, the grievance procedure should follow these steps:
 - Initiate the grievance procedure in writing or through a dedicated channel
 - Investigate the grievance (gather evidence and gain further statements if staff members, customers or suppliers are involved)
 - Hold a hearing with the parties involved (a union representative is permitted to join the hearing)
 - Make a judgment and inform the employee
 - Take further action, if necessary; for example, an appeal or request for further action can necessitate the use of an outside party (arbitrator or mediator) to make the decision
- b. The organization must ensure that a "complaints help line" through which employees can channel grievances is easily available and communicated throughout the organization

B.3.7.2 Evidence

- Workforce grievance policy
- Whistleblowing policy
- Whistleblowing/reporting process
- Employee satisfaction survey

B.3.7.3 Key Questions

1. What process exists within your organization to ensure effective grievance monitoring and mitigation when practices are witnessed that might violate codes of conduct or other established policies?
2. Does a robust grievance process exist whereby employees can easily provide feedback in a non-judgmental/non-intimidating environment and have the peace of mind that their complaints will be followed up on?
3. Does your organization's grievance process follow the minimum standards set out by the government? Is the process audited periodically to ensure compliance and quality?

SECTION B

Enablers

B.4 Technology and Knowledge Management Enablers

Strategy Criteria List

- B.4.1 Knowledge Management
- B.4.2 Technology Management
- B.4.3 Information Management

SECTION B.4

Technology and Management: Criteria

B.4.1 Knowledge Management (KM)

B.4.1.1 Standards

- a. The organization must have a KM system in place to support business tasks requiring a knowledge link. The system must be able to fully capture and distribute appropriate knowledge requirements across the organization
- b. The KM system's structures should be modeled based on where knowledge is required (and sourced), with allowances for cross-functional learning and collaboration
- c. A common vision and organizational culture of information sharing must be fostered for the KM system to be effective
- d. The KM system must capture and retain the knowledge of key employees and roles so that should a key employee resign, his or her knowledge remains inside the organization
- e. The organization's core competencies must be covered through the KM system by identifying the organization's key areas of knowledge, and then leveraging them for optimal results
- f. The organization must have a mechanism whereby it can gather information from external sources such as suppliers, customers or other stakeholders (this is of particular importance when considering the ethical and ecological dimensions and know-how in these areas)

B.4.1.2 Evidence

- Knowledge management process and policy/business process support (e.g., links to processes as well as key metrics)
- Policy on confidential information and knowledge sharing/record retention and security of personnel information policy
- Contracts/SOPs with suppliers containing a clear assessment of ecological and ethical standards
- Raw materials sourcing criteria
- Succession plans

SECTION B.4

Technology and Management: Criteria

B.4.1.3 Key Questions

1. Does your organization have a knowledge management system in place that supports and enhances knowledge-intensive processes and tasks within the business?
2. Does the knowledge interface (e.g., online, repository, data bank) adequately support withdrawal of knowledge in a usable form? Does it also enable your organization's L&D framework?
3. Is your organization's knowledge management system highly functional and able to perform the following roles?
 - Occupational safety, injury and illness
 - Emergency preparedness
 - Industrial hygiene
 - Physically demanding work
 - Machine safeguarding
 - Sanitation, food and housing
 - Health and safety communication
 - Wellness programs
4. How does your organization's knowledge management system support its ecological and ethical agendas, such as enhancing the understanding of the environmental impact of decisions made in business?
5. How does it support skills sharing between people within the organization and the extended supply chain?
6. How do you measure the extent to which your KM system has a positive impact on your organization?

SECTION B.4

Technology and Management: Criteria

B.4.2 Technology Management

B.4.2.1 Standards

- a. The technology management systems/tools within the organization should contribute to excellence in the ethical and environmental areas of the business
- b. The organization has a clear technology strategy that supports its overall strategy
- c. The organization's technology needs should be tied to clear organizational objectives (suppliers, customers and stakeholders) and their ROI impact defined
- d. Analysis of new technology (particularly within the supply chain or manufacturing process) should be reviewed in the context of its environmental and societal impact
- e. New IT and/or technology and digital transformation projects must be reviewed against their business benefit, impact on employees or business community, and integration capabilities with suppliers and customers

B.4.2.2 Evidence

- Technology strategy
- Transportation optimization process/system algorithm overview (consideration of environmental factors)
- Manufacturing processes (showing reuse and regenerative elements)
- Supply chain strategy document

SECTION B.4

Technology and Management: Criteria

B.4.2.3 Key Questions

1. Do the technology management systems/tools within your organization optimize its business processes and contribute to excellence in the following key areas?
 - **Efficiency in operational (supply chain, manufacturing, general business) processes** — Lower waste and emissions and increased quality of outputs
 - **Forecasting and inventory planning** — Improved forecast accuracy for improved utilization of inventory, lower transport waste, lower inventory holding and handling, production optimization
 - **Communication ability** — Faster decision making and clarity of communication
 - **Resource management (including human resources)** — Better visibility and deployment of resources
 - **Labor utilization and monitoring** — Tracking of labor activity and output and better utilization of labor through more efficient planning
 - **Safety enhancements** — Better risk prevention and monitoring for potential issues
 - **Business security** — Digitally linked security enhancements including anti-virus and data breaches
 - **Automation** — Repeatable tasks performed faster and more efficiently
 - **Scenarios and modeling** — Improved and faster modeling of business scenarios and their impact on the environment or society
 - **Omni-channel customer support**
2. Does your organization have a clear technology strategy for staying competitive and up to date with the latest innovations?
3. Does your organization monitor the benefits gained from technology usage and compare them to implementation costs and expectations?
4. How does your technology support data gathering?

SECTION B.4

Technology and Management: Criteria

B.4.3 Information Management

B.4.3.1 Standards

- a. The organization must have in place a documented internal information security policy to govern the storage and use of the organization's customer information. The organization should protect key customer information against sinister use (e.g., unsolicited selling to advertisers) in line with ISO/IEC 27001 standards
- b. The organization must have adequate digital protection of information (e.g., firewalls, anti-virus, cloud access) in place and must audit these security protections regularly
- c. The organization's records management and storage should be governed in line with international achievement standards such as ISO 15489

B.4.3.2 Evidence

- Information management process and policy
- Policy on confidential information and knowledge sharing/record retention and security of personnel information policy
- Policy on use of intellectual property
- ISO/IEC 27001 accreditation
- Plan for dealing with an information crisis (risk response plan, risk management)

B.4.3.3 Key Questions

1. Does your organization have a clear information management strategy covering which types of technology to use? Does the strategy also cover how the business's information requirements could most effectively be organized and controlled throughout the organization and broader supply chain (e.g., how information systems interact with each other and how to provide the best interfaces for information)?
2. What types of information are prioritized by your organization's information management team?
3. Does your organization's IT infrastructure adequately support the business in its sustainability goals?
4. Regarding tangible investments such as computer hardware, does your organization have a disposal process in place that considers their impact on e-waste and aims to reduce this impact?
5. Has your organization adequately protected its information (internal and customer) from incorrect, unethical or illegal use?

SECTION C

Stakeholder Engagement



SECTION C

Enablers

C. Stakeholder Engagement

Strategy Criteria List

- C.1 Customer Engagement
- C.2 Supplier Engagement
- C.3 Government Engagement
- C.4 Community Engagement

SECTION C

Stakeholder Engagement: Criteria

C.1 Customer Engagement

C.1.1 Standards

- a. The organization must have a voice of the customer (VOC) process/framework in place that addresses the outcomes of customer requirements in the areas of ecology (e.g., carbon emissions impact of product), economics (e.g., price and product availability) and ethics (e.g., ethically sourced raw materials)
- b. The VOC process/framework must be ranked according to how strongly these elements influence the customer decision to purchase
- c. Clear measurement criteria must be defined to adequately benchmark and make comparisons with competitors
- d. The organization must set clear customer satisfaction targets across the areas deemed to be most important in order to ensure customer service requirements have been adequately met
- e. The VOC survey should include the elements of:
 - Net promotor score (NPS)
 - House of quality (HOQ)
 - Customer needs analysis

C.1.2 Evidence

- VOC input mechanism including:
 - Survey/demonstrated availability of data
 - Net promotor score
 - House of quality
 - Customer needs analysis
 - Customer retention/customer satisfaction analysis
- Key customers/suppliers and other stakeholders (e.g., investors, joint ventures)
- Differentiation of customers and applicable actions in place to handle different customer requirements

SECTION C

Stakeholder Engagement: Criteria

C.1.3 Key Questions

1. How is the VOC obtained and used to influence your organization's strategy across the three dimensions?
2. How is the VOC obtained and used to influence your organization's product and service offerings?
3. How is the VOC obtained and used to influence your organization's ethical and ecological aspirations in providing the products/services your customers purchase from you?
4. Do your customers place value on executing to a balanced set of dimensions? Does this placement of value influence their behavior?
5. How are your customers segmented? What characteristics are used to determine which customers should carry the strongest voice of influence?
6. How is customer satisfaction measured? Do you consider levels of both satisfaction and engagement? How do you compare your customers' satisfaction to that of other organizations that provide similar products and/or services?
7. In what way and how often is your VOC obtained?
8. How do you align your end-to-end supply chain to your supply chain operating model and then to your supply chain strategy (performance attribute tie-back)?
9. How frequently do you perform customer check-ins/pulse checks?
10. How do you align the supply chain to your VOC strategy?

SECTION C

Stakeholder Engagement: Criteria

C.2 Supplier Engagement

C.2.1 Standards

- a. The organization must have a voice of the supplier (VOS) process/framework in place that addresses aspects important to suppliers
- b. The organization must show how mutually beneficial relationships are being fostered in the areas of ecology, economics and ethics
- c. Criteria must be defined to adequately benchmark and make comparisons between suppliers and thereby show how an engagement strategy for different suppliers is in place
- d. The supplier partnership must develop competitive advantages that enable both sides for future competitiveness
- e. To ensure engagement levels are high, supplier satisfaction targets must be clearly set across the areas deemed most important to both the organization's suppliers and the organization itself
- f. A supplier development program should be in place

C.2.2 Evidence

- VOS survey/data demonstrating availability
- Key customers/suppliers and other stakeholders (e.g., investors, joint ventures)
- Evidence of a differentiated strategy for different types of suppliers (e.g., ABC analysis)
- Supplier scorecard

C.2.3 Key Questions

1. How is the VOS obtained and used to influence your organization's strategy across the three dimensions?
2. How is the VOS obtained and used to influence your organization's product and service offerings?
3. How is the VOS obtained and used to influence your organization's ethical and ecological aspirations in providing the products/services you procure from your suppliers?
4. Do your suppliers place value on executing to a balanced set of dimensions? Does this placement of value influence their behavior?
5. Are your organization's suppliers engaged in the development of your supply base-driven code of conduct? Are they in compliance with this code?
6. Are regular supplier meetings and engagement sessions held? How frequently do they occur? What is a typical agenda for these meetings?
7. Is there a documented process to obtain feedback from suppliers? How often is feedback gathered?
8. Can you show a recent meeting agenda related to business review, operational discussions, new technology, and/or ethical and environmental considerations?
9. Do you have a differentiated strategy for different suppliers?

SECTION C

Stakeholder Engagement: Criteria

C.3 Government Engagement

C.3.1 Standards

- a. The organization must have a government engagement policy in place that specifies its desired relationship with government entities or officials, ways of working, and clear standards for engagement — particularly where financial implications or movement of money is in question
- b. The organization must align to ethical standards set out by the UN Global Compact (generally accepted as the authority on ethical standards) and additional standards like the Guiding Principles of Organization for Economic Co-operation and Development (OECD)
- c. The organization must establish a government engagement strategy that covers:
 - Contact points in line with government focus areas and business impact
 - Government policies important to the organization
 - Benefits the organization can provide to support worthwhile government initiatives

C.3.2 Evidence

- Government engagement policy
- Ethics and compliance policy
- Government engagement strategy
- Disclosure of potential conflict of interest policy

C.3.3 Key Questions

1. How does your organization, in cooperation with regional and local governments, ensure full compliance and alignment/support of government focus areas — particularly regarding sustainable development?
2. Does your organization regularly engage with government entities for the purpose of effective and ethical utilization of human resources and natural resources?
3. How are government interactions, particularly in more corrupt countries, handled? What procedures/processes are in place to ensure ethical conduct is maintained and corrupt practices eliminated?
4. Are ecological and ethical implications considered within your government engagement strategy?
5. How do you ensure that government engagements actually do benefit the correct stakeholder?
6. Do you disclose your ties with government officials or organizations? Is the nature of these ties clearly defined?
7. How do you ensure that a conflict-of-interest situation does not occur when company employees are linked to the government?
8. As a responsible corporate citizen, how do you ensure that the local government is engaged and held accountable on areas in which its conduct is not responsible or ethical? How does your organization engage with chambers of commerce or business forums to address these issues?
9. What is the frequency of your organization's government engagement? What are the typical agenda items discussed?

SECTION C

Stakeholder Engagement: Criteria

C.4 Community Engagement

C.4.1 Standards

- a. The organization must have a community engagement strategy that covers the following areas:
 - Contact points in line with government focus areas and business impact
- b. As part of its corporate social responsibility (CSR) initiatives, the organization must show how those initiatives contribute to leaving the community in a better position both during and after business activities

C.4.2 Evidence

- Community upliftment program documentation
- Human rights policy
- Corporate sustainability strategy/CSR mandate
- Community scorecard

C.4.3 Key Questions

1. What are your organization's key communities of focus? How are these determined?
2. How does your organization actively support and strengthen the development of the key communities within which your organization operates?
3. Does your organization have a community engagement strategy that focuses on the following areas?
 - Communication about organization activities
 - Programs that empower and uplift communities to leave them in a better position than they were before your organization commenced operations and/or used labor from their communities/in their geographical location
 - Allowance for community interaction and engagement with your organization (feedback loops)
4. Does your organization adequately understand the social norms of doing business in a particular community?
5. How does your organization establish a living wage?
6. Do you have a policy whereby you perform an assessment of the community's state to assess its needs?
7. Does your organization understand how its business impacts healthcare, police, transportation or other services?
8. Do you give your employees consent or encouragement to engage in CSR initiatives? How are such initiatives structured from a time-away-from-work perspective (e.g., are your employees paid for the time they spend on CSR initiatives)?
9. Do environmental impact assessments for new sites also extend into the assessment of community impact?

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