

SUPPLY CHAIN SUSTAINABILITY



# Meeting your customers' Ethical Business requirements Workshop National Highways SDF

5<sup>th</sup> May 2022: 9.30-11.30am

Welcome & introductions

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# Introduction

## Meeting your customers' ethical business requirements

### Outcomes

At the end of this workshop you will:

- Know what 'ethical business' is and why it is important to your customers
- Understand the 'ethical business practices' that clients seek from their supply chain and how your business can demonstrate that these requirements are met (e.g. during a tender process)
- Understand the business benefits of embedding ethical business practices
- Know where to go for further guidance and advice
- Get started on action planning to embed ethical business practices.

# Please Participate

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If you have **QUESTIONS**, please feel free to speak up or write them down in the chat box



Cameras on and earphones help!

Please mute during presentations but feel free to unmute and speak up if you have a question

Please, ensure your line is **UNMUTED** during group discussions and **VIDEO** is on



We will use the platform **Jamboard** to engage in different activities



**SLIDES** will be distributed afterwards

# Introductions, using Jamboard and Chat box

- We will introduce Google Jamboard shortly – you just to open this as an interactive document via your browser – use the link we have added in the Chat function
- If you can't access Jamboard or have something else to ask, just use the Chat function. Again this is in the toolbar
- Also use this to add other comments, keep notes of anything you think could be useful to the group, add your questions etc
- Feel free to shout out – I'm very happy to be interrupted.

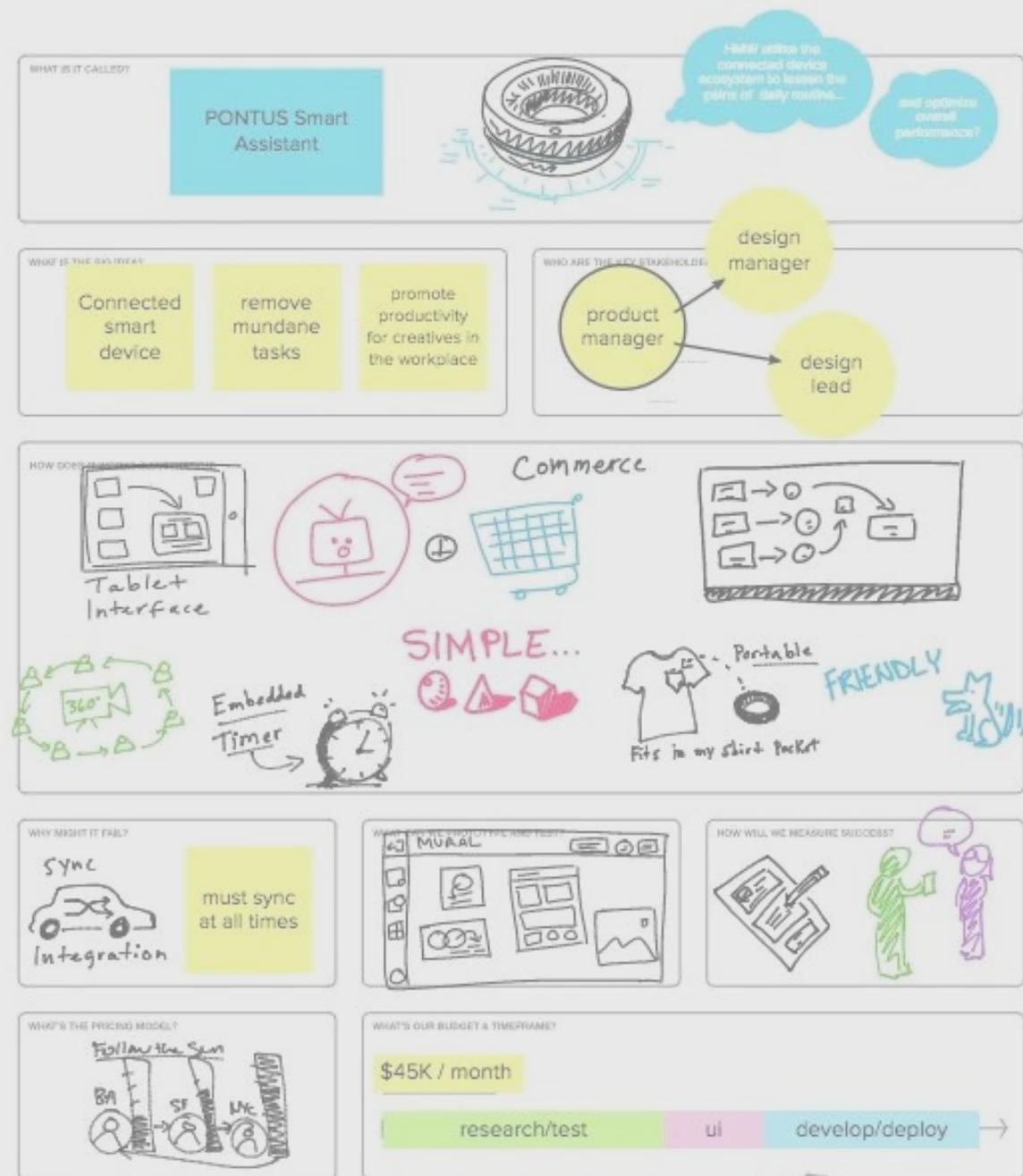
# Ethical Business

Where it sits in  
the School



# Jamboard

- **FOLLOW** the link
- **CREATE** a post it note, double click on an empty space and start writing
- To **MOVE** your post it note around, click on and drag it
- To **DELETE** your post it note, click on it and press the 'Delete' button on your keyboard
- PLEASE DON'T press the "clear form" button!



What does  
'ethical'  
business  
mean to  
you?

Who are the  
stakeholders  
and why?

## **Eligibility to work**

26% of companies had not requested or verified appropriate right to work documentation

## **Wage deductions**

17% of workers had been deducted up to 25% of their weekly wage via a range of non-standard deductions

## **Ensuring terms and conditions of employment**

11% of companies were unable to demonstrate written terms and conditions had been issued to workers

# Defining Business Ethics

*“Business ethics is the application of ethical values to business behaviour. Business ethics is relevant both to the conduct of individuals and to the conduct of the organisation as a whole. It applies to any and all aspects of business conduct, from boardroom strategies and how companies treat their employees and suppliers to sales techniques and accounting practices.”*

*(IBE)*



# More definitions



Conducting business in a way that respects local conditions and legislation, human rights, labour standards, diversity, and commits to work against corruption, bribery, and anti-competitive actions within both direct workforce and supply chain



Good, trusting relationships with customers, employees, suppliers and the community



Not breaking the law

# Stakeholders



# Dimensions of Ethical Business

Aspects of business behaviour about which stakeholders care

## Workers

- Pay & conditions
- Flexible & mobile working
- Anti-discrimination / fairness
- Diversity & inclusion
- Disciplinary, dismissal, redundancy & retirement
- Grievances
- Development & talent management
- ICT & Business systems

## Customers

- Pricing
- Terms & conditions
- Warranties
- Data protection
- Quality
- Gifts & hospitality
  
- Cover pricing
- Collusion
- Cartels

## Suppliers & Contractors

- Ethical/responsible sourcing
- Fair payment
- Supplier diversity / inclusive procurement
- Procurement process
- Fair competition

## Shareholders

- Accounting
- Dividends
- Environmental risk management and performance
- Communications / PR
- Fraud & corruption
- Health & safety

## Statutory bodies

- Corporate reporting
- Payment of tax
- Identification and management of risk of Modern Slavery
- Gender pay gap reporting
- Supply chain payment reporting
- Employment tribunals
- Data management

## Community

- Corporate [social] responsibility
- Social value
- Volunteering
- Sponsorship/donations
- Targeted recruitment and training

# Benefits of behaving ethically

What are they?

Why?

# Benefits

Why ethical business is good for your firm:

- Increased employee loyalty, higher commitment and morale as well as lower staff turnover
- Attraction of high quality staff
- Reputational benefits (customers and suppliers)
- More open and innovative culture
- Decreasing cost of borrowing and insurance
- Generation of goodwill in the communities in which the business operates

*Institute of Business Ethics* [www.ibe.org.uk](http://www.ibe.org.uk)

# Benefits of behaving ethically

Your company avoids this....



**SCROOGES** 179 companies fined for not paying minimum wage, including Wagamama and TGI Fridays

**Ten of the UK's big businesses that fail to pay suppliers on time get named and shamed by the Government**

By MYRON JOBSON FOR THISISMONEY.CO.UK  
PUBLISHED: 07:54, 19 January 2018 | UPDATED: 07:54, 19 January 2018

NEWS > UK > CRIME

**More than 200 potential modern slaves found working at Cornwall flower farm**

Three men arrested in dawn raid as workers offered specialist support

Lizzie Dearden Home Affairs Correspondent | @lizziedearden | Thursday 8 February 2018 19:40

## Outrage and no ferries after mass P&O sackings

By Josh Martin  
Business reporter

18 March



Virgin Trains has apologised to Olympic gymnast Louis Smith after he claimed staff only checked the tickets of black people in his first class carriage.

6th September 2017

**Activists protest over pay and zero hour contracts at Sports Direct**

# CABINET OFFICE GREEN PAPER



Cabinet Office

Transforming Public Procurement:  
Government response to consultation

Date of Publication: December 2021

CP 556

## *“Transforming Public Procurement”*

- *Proposed changes to the Public Procurement Regulations*
- *MEAT to become MAT – “Most Advantageous Tender”*
- *Reinforcing wider social, environmental, and political factors such as SME engagement, social value and net zero carbon*

Source: [Cabinet Office](#)

**..... consider issues like business reputation and brand...**



..... consider the labour standards and materials sources in your supply chain....



# The UN Sustainable Development Goals



# Dimensions of Demonstrating Ethical Business

Action that firms can take



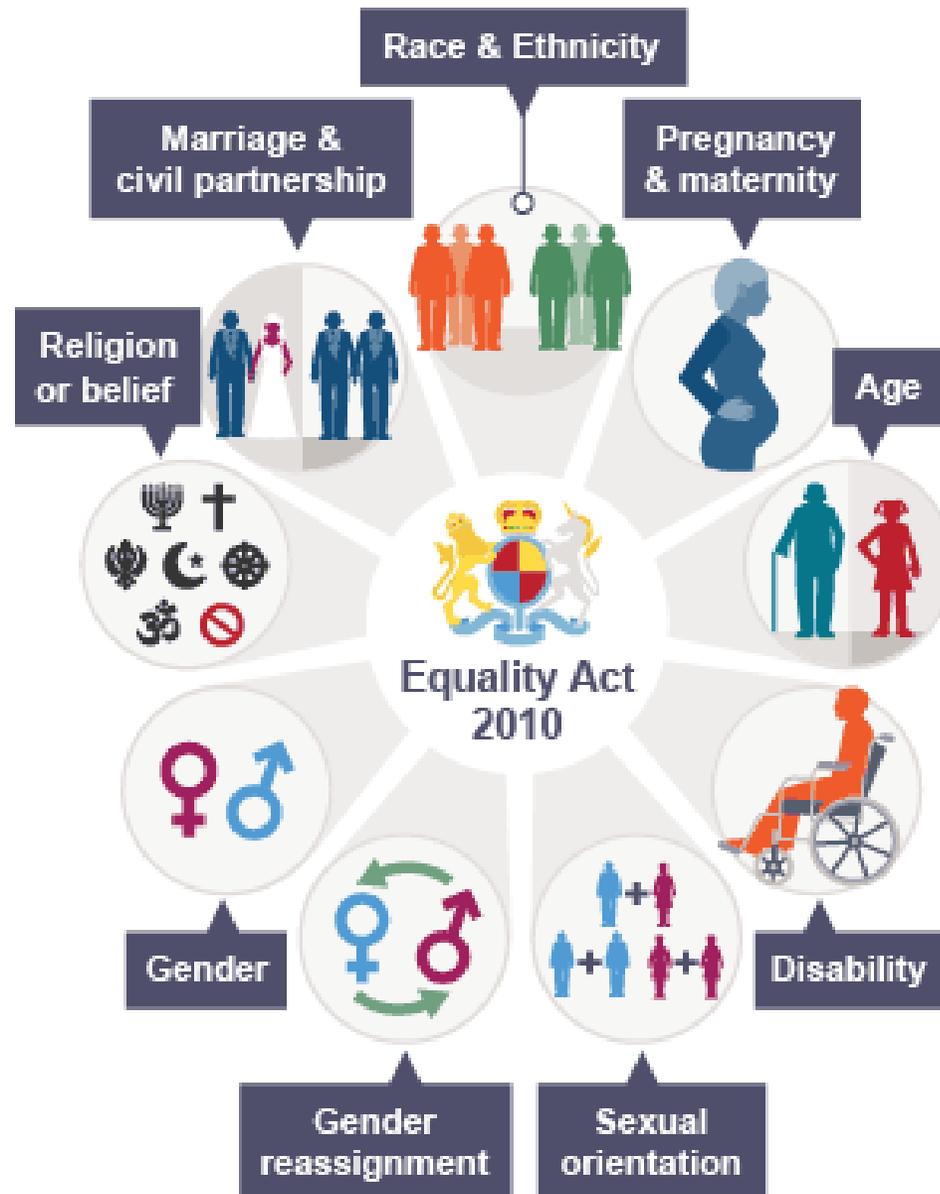
# Legal Compliance

## Bribery Act 2010

- Concerned with influencing decision makers (e.g. during a tender process)
- Allows bona fide hospitality, promotional and other business expenditure
- If a senior company representative commits bribery, organisation will be accountable
- Organisation could also be liable where someone who performs services for it – like an employee or agent – pays a bribe specifically to get business, keep business, or gain a business advantage for your organisation
- Address through **proportionality, top level commitment, risk assessment, due diligence, communication, monitoring & review**

# Legal Compliance

- Equality Act 2010
- Nine “Protected Characteristics”



## Equality, diversity and inclusion

Evidence the implementation of equality & diversity/fairness, inclusion & respect objectives and practices that go beyond the Equality Act 2010, to deliver increased employee satisfaction and an improvement in workplace behaviour.

## Workforce culture

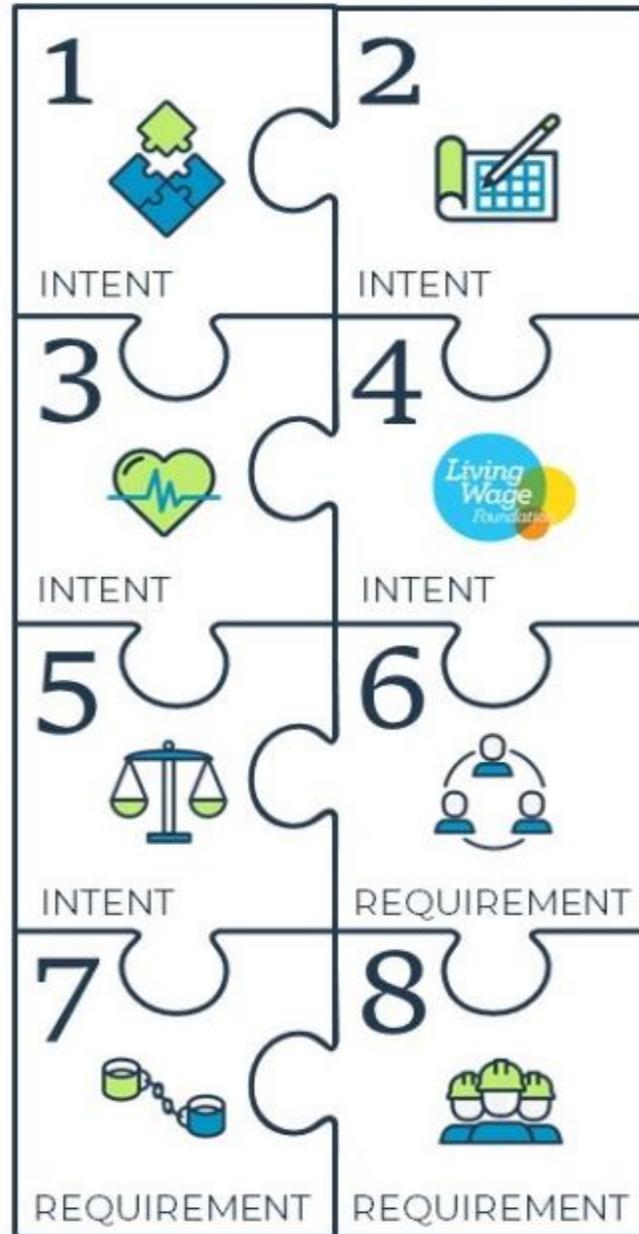
Evidence the implementation of physical, mental and social wellbeing objectives and practices designed to support a healthy, resilient and independent workforce culture.

## Due Diligence

Evidence materials supply chain due diligence processes that ensure basic human rights are being protected.

## Labour exploitation

Evidence processes are in operation and monitored to ensure that the organisation has the capacity and resilience to identify and report issues of labour exploitation



## Skills and training

Evidence an employment, skills and training strategy with a monitored implementation plan.

## Living Wage

Evidence a plan towards paying the real living wage as defined by the Living Wage Foundation.

## Labour legal requirements

Evidence that the organisation is complying with legal requirements to ensure all permanent or temporary labour in your organisation has the right to work in this country.

## Payments

Demonstrate that all payment mechanisms in place for employment comply with HMRC Legislation in relation to Tax, NI and pension contributions. As well as legal compliance, evidence that employees directly employed or through supply chain are not subjected to hidden payments and have access to all benefits such as sick, holiday and paternity pay, and are made aware of their entitlements.

# FIR Resource Library

We provide learning resources in eight key FIR related issues

FIR RESOURCES



TOPIC

## Being a Good Employer

We as managers need to understand our own strengths and...

READ MORE >



TOPIC

## Performance Advantage

Using the FIR Toolkit will enable your business to achieve...

READ MORE >



TOPIC

## Standards

Standards allow businesses to benchmark themselves against their peers within...

READ MORE >



TOPIC

## The Law

The Equality Act 2010 provides a legal framework that protects...

READ MORE >



TOPIC

## What clients do

The FIR Toolkit Resource Library contains material that explains the...

READ MORE >



TOPIC

## FIR in service delivery

Fairness, Inclusion and Respect needs to be a core element...

READ MORE >

# Values, leadership & behaviour

The “softer” organisational challenges:

- Large firm v medium firm v small firm culture
- Multi-site working
- Setting an example
- Doing as you say
- Training
- Mentoring
- Disciplinary action



# Demonstrating Ethical Approaches

## Example policies and codes



BAM Construct UK Ltd 

**Business Ethics Policy**

**Sustainable Procurement Policy Requirements**  
Guidance

Balfour Beatty UK

**Equality, Diversity & Inclusion Policy and Framework** Version 1.2  
Owner: Diversity & Inclusion, HR Approved by  
Ien Icelon, Group HR Director

**NetworkRail** 

Date issued 31.01.2017  
Reference NR/HR/POU024



Slavery and human trafficking statement 2017

WILLMOTT DIXON GROUP MODERN SLAVERY POLICY



# National Highways

We appreciate that everybody has a unique perspective shaped by characteristics such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, ethnicity, religion or belief, sex and sexual orientation, as well as social factors such as culture, education and background.

Our focus will be to ensure equality, diversity and inclusion (EDI) are key to the business decisions we take.

- We'll work to get better at listening to our customers, so that we can deliver effective and inclusive services more quickly.
- We'll use insights from our own people and supply chain partners to develop our policies and practices.
- We'll provide expert and timely workplace adjustments for our people, removing all physical and psychological barriers to inclusion.

EDI will be embedded into all we do and we'll report on our progress in our Annual Report.

## Ambitions

Building an inclusive culture that encourages, supports and celebrates diverse voices to improve the experience of our people, supply chain and our customers.

### What is public sector equality duty?

As a public sector organisation, we're required to carry out our work with due regard to the objectives set out in the Equality Act 2010.

[Find out more about the Equality Act 2010 objectives](#)

[Objectives and the Equality Duty: A Guide for Public Authorities](#)

 [Cookie preferences](#)

Source: <https://nationalhighways.co.uk/about-us/equality-diversity-and-inclusion/our-public-sector-equality-duty-objectives/>

## Client requirements

- What policies or 'plans' are [potential] clients asking for during procurement processes and/or contract delivery?

## Organisational performance

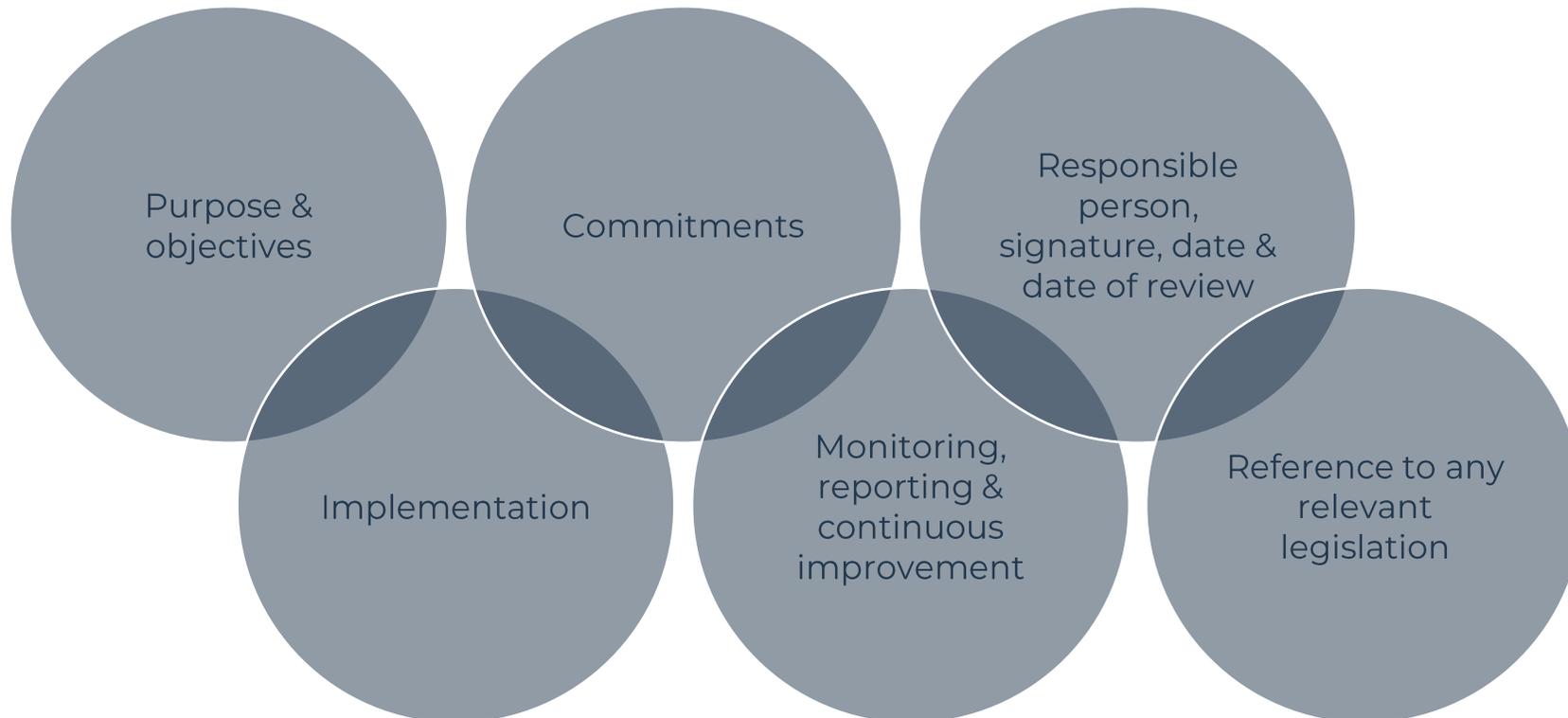
- What aspects of business operations could be improved by being formalised?

## Organisational risk

- What organisational risks could be better managed or mitigated by formalised processes?

# Policy or Code Content

“Template” contents, adaptable to risk and requirements and tailored to your business



*Underpin with training and communications*

# Bringing it all together

Make sure that all your policies, codes and strategies align and complement one another

Sustainability  
policy

Equality,  
diversity &  
inclusion policy

Modern Slavery  
/ Human  
Rights Policy

Code of  
Conduct /  
Ethics Policy

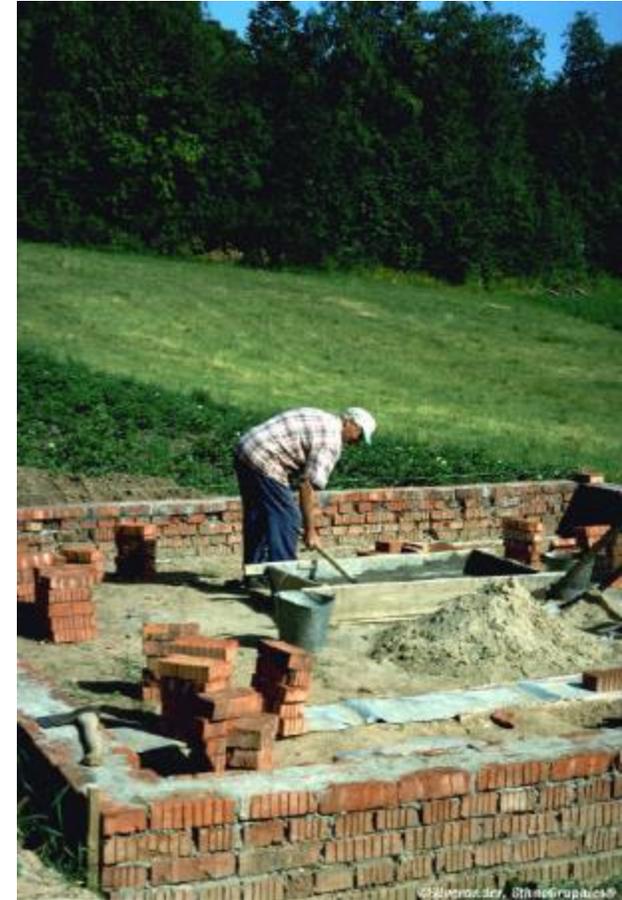
HR strategy

Supply chain  
management  
strategy

# Demonstrating Ethical Approaches

Issues that should be acknowledged during a tender process:

- Company prosecutions (e.g. HSE)
- Employment tribunals
- Prosecution or disqualification of Directors
- Potential conflicts of interest
- Personal / family connections
- Investigations
- Negative media coverage
- Perceived fraudulent activity or collusion
- Namecheck in any investigations of your sector



# Demonstrating Ethical Approaches

Benchmarking, standards and third party schemes



# The UN Global Compact

Strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption

Participation possible at just about any level

Detailed structure and reporting requirements



# Other standards and processes

## **SA8000**

Social certification standard for decent workplaces

Originated in the USA but applied worldwide

Fees involved

## **SEDEX**

A not for profit membership organisation seeking to improve responsible and ethical business practices in global supply chains

Works as a collaborative platform for sharing ethical supply chain data

Fees charged

## **Others include:**

Achilles

Constructionline

Ecovadis

Etc

# Living Wage Foundation – accreditation

## WHAT DO I NEED TO DO?



	THE MINIMUM WAGE <small>Government minimum for under 23s</small>	NATIONAL LIVING WAGE <small>Government minimum for over 23s</small>	REAL LIVING WAGE <small>The only wage rate based on what people need to live</small>
WHAT IS IT?	£8.36	£9.50	£9.90 across the UK £11.05 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	23 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, it aims to reach 66% of median earnings by 2024.	Calculation made according to the cost of living, based on a basket of household goods and services 

<https://www.livingwage.org.uk/what-real-living-wage>

# Some product standards

## FSC

Introduced to protect indigenous forests and provide a market and certification scheme for sustainably sourced timber

Critical within construction industry where large volumes of timber and timber products are used



## BES6001

BRE Standard for responsible sourcing of construction materials

Covers both environmental and social elements

Growing importance within construction industry

BES 6001 Responsible  
Sourcing of  
Construction Products  
Helping you prove your sustainable building  
approach

## Exercise

- How are key ethical issues currently being addressed in your company?
- What are you doing well?
- Should/could you do something else?
- If so, what would work?

# Action planning



# Action planning - what are you going to do now?

	Next week	Next month	Next quarter
What are you going to do?			
Who is responsible?			
What resources do I need?			
What will success look like?			

# Recap

What we've covered:

- What ethical business is
- Benefits of ethical business
- Evidence of ethical business
- Gaps in your business activity
- Actions you will take

By the end of this session, we said that you will:

- Know what 'ethical business' is and why it is important to your customers
- Understand the 'ethical business practices' that clients seek from their supply chain and how your business can demonstrate that these requirements are met (e.g. during a tender process)
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- Get started on action planning to embed ethical business practices.

# Further learning

## Training and Awareness – loads of content in the School library

SUSTAINABILITY



**Institute of Business Ethics**  
Home page of the Institute of Business Ethics providing ...



**SEDEX**  
Supplier Ethical Data Exchange, a not for profit ...



**Ethical Trading Initiative Home Page**  
The ETI Base Code is an internationally recognised code ...



**Jones Lang LaSalle Code of Business Ethics**  
Jones Lang LaSalle and LaSalle Investment Management Code ...



**Ethical Trading Initiative - Guidance**  
The alliance of companies, trade unions and voluntary ...



**Ethical Trading Initiative - The Business Case**  
Article



**SEDEX Supplier Workbook**  
Practical guidance to help suppliers working towards ...



**Ethical Values and Codes**  
Institute of Business Ethics article about ethical codes ...



**Ethical Procurement and Supply**  
BIFM Guidance Notes on ethical procurement and supply and ...



**Ethical Trading Initiative Base Code**  
Ethical Trading Initiative - ETI - Review the main features



**Welsh Code of Practice in Ethical Employment**  
employment in ...



**Ethical Risk Index by Marshalls**  
Insight into ethical challenges associated with different ...



**Welsh Govt - Unfair Employment Practises**  
A Toolkit Guide to implementing Ethical Employment in ...



**Ethical Labour Standard**  
Assess your organisations management systems established ...



**Competitive Advantage through Business Ethics**  
E Learning module introducing you to how business

**THANK YOU**

**ANY QUESTIONS?**

**WE NEED YOUR  
FEEDBACK  
PLEASE**

[LINK TBC](#)



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**SCHOOL**



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