

NHS Supply Chain's Sustainable Procurement Policy November 2008

NHS Supply Chain

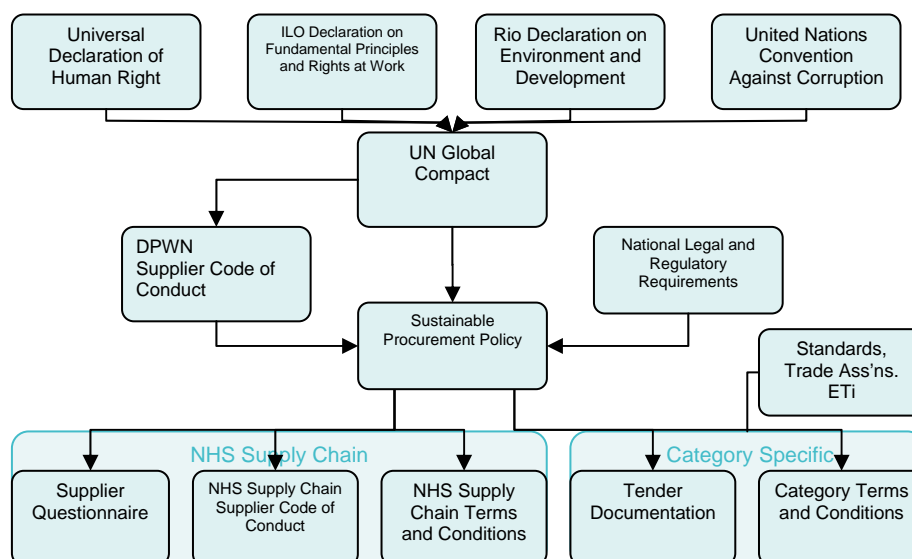
Introduction

The adoption of a Sustainable Procurement policy can assist to reduce costs, manage risk, sustain resource, secure supply, and ensure compliance with relevant legislation. NHS Supply Chain is committed to reducing, as far as possible, any adverse environmental and social impacts occurring during the life-cycle of products and services procured, thereby ensuring sustainable value for the NHS.

Aim

NHS Supply Chain recognises the importance of good corporate citizenship and of promoting and maintaining high standards of social, ethical and environmental conduct. We are also committed to ensuring that our suppliers and contractors adopt a similar responsible approach. NHS Supply Chain, through its parent company, Deutsche Post World Net (DPWN), is a signatory to the Global Compact, a widely adopted United Nations standard for responsible business practice, covering human rights, labour rights, the environment and anti-corruption. As a globally recognised and universally applicable set of standards, the Ten Principles of the Global Compact form the basis of our Supplier Code of Conduct. The 10 principles are detailed in appendix 1.

DPWN have also produced its own 'Code of Conduct main principles for suppliers' which outline the expectations of all companies who do business with any business within its network, including NHS Supply Chain. This document is detailed in appendix 2. The flow chart below illustrates the source documents and outputs of the Sustainable Procurement Policy.



The Sustainable Procurement Policy, NHS Supply Chain Supplier Code of Conduct and NHS Supply Chain Terms & Conditions represent the minimum requirements for suppliers. Any specific requirements will be addressed within the specific category and contracting strategy.

Objectives

NHS Supply Chain's key objectives regarding Sustainable Procurement are to:

- determine the need for procurement through business processes and consider alternatives
- adhere to targets set out in the Sustainable Procurement Task Force Report
- aim to ensure that all NHS Supply Chain procurement incorporates significant improvement in Sustainable Development aspects
- aim to ensure that NHS Supply Chain procurement activity complies with the Government Minimum Standards and the OGC Quick Wins specification

- adopt minimum labour standards and worker rights detailed in the UN Global Compact throughout the product life-cycle
- utilise sustainable resources wherever possible and appropriate
- protect biodiversity
- develop awareness, understanding and competencies in relation to sustainable procurement across all NHS Supply Chain procurement staff
- communicate the Supplier Code of Conduct to all its suppliers
- introduce a baseline questionnaire to enable NHS Supply Chain to encourage suppliers to share with us their policies and practices in relation to sustainable procurement
- assign a level of risk associated with sustainable procurement through Sustainable Procurement Risk and Opportunity User Tool (SPROUT) and the baseline questionnaire in order to prioritise follow-up work
- work with suppliers to understand potential risks within the supply chain and opportunities to limit these where possible

Implementation

This policy will be supported by a Sustainable Procurement Action Plan, focused on the following areas:

Sustainable Procurement Flexible Framework

- Reach level 2 (voluntary) of the Flexible Framework by end of 2008.
- Meet the requirements for Level 3 in all areas and level 5 in at least one area by end of December 2009.

'Quick Wins'

- Roll out a process to ensure that all relevant procurement activity adheres to targets set within the OGC 'Quick Wins'.

Sustainable Procurement Strategy

- Consider a Sustainable Procurement strategy for all contracting activity by including it as part of the business case.
- Conduct risk assessments for all contracting activity using the SPROUT risk assessment tool.
- Communicate the NHS Supply Chain Supplier Code of Conduct to the supply base and ensure it is part of any communication with any new contracting activity.
- Include Sustainable procurement evaluation criteria and supplier selection where possible within the OJEU legal guidelines.

Training & Development

All procurement staff have received training to raise awareness, understanding and competencies in relation to implementing this sustainable procurement policy. Sustainability is an integral part of the new employee induction programme as is training for Procurement staff in use of SPROUT.

Communications

The Sustainable Procurement Policy, Strategy and Action Plan will be communicated both internally and externally. All documents will be made available to customers and suppliers via the NHS Supply Chain website.

Monitoring and Reporting

Progress against the Sustainable Procurement Action Plan will be monitored on an ongoing basis and reports will be submitted quarterly to the Business Services Authority.

Review

The NHS Supply Chain Sustainable Procurement Policy and Action Plan will be reviewed annually and in line with any relevant legislation.

Appendix 1

The Ten Principles of the Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

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

Environment

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

Anti-Corruption

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

Appendix 2

Deutsche Post World Net Code of Conduct Main Principles for the Supplier

Deutsche Post World Net (DPWN) is a global and multicultural group, offering worldwide mail, express, logistics and financial services. We are fully aware of the responsibility we bear towards our customers, shareholders, employees and the communities in which we work. Thus, we have given ourselves a strict set of ethical values to guide us in our business dealings.

We expect all our suppliers, i.e. all companies who do business with any company within DPWN, to adhere to the same ethical principles. For this purpose DPWN has drawn up this Supplier Code of Conduct, which sets the standard for doing business with a DPWN company.

Laws and Ethical Standards

The supplier shall comply with all laws applicable to its business. The supplier should adhere to the principles of the United Nations' Global Compact, UN Declaration of Human Rights as well as the 1998 International Labour Organisation's "Declaration on Fundamental Principles and Rights at Work" in accordance with national law and practice, especially:

Child Labour

The supplier shall not use child labour younger than the age of fifteen. In no event especially when national law or regulations permit the employment or work of persons 13 to 15 age on light work, the employment shall prevent the minor from complying with compulsory schooling or training requirements and being harmful to their health or development.

Forced Labour

The supplier shall make no use of forced, or compulsory labour.

Compensation and Working Hours

The supplier shall comply with national applicable laws and regulations regarding working hours, wages and benefits.

Discrimination

The supplier should promote the diversity and heterogeneity of the individuals in the company with regard to race, religion, disability, sexual orientation or gender among others.

Health & Safety

The supplier shall comply with applicable occupational health and safety laws and regulations and provide a safe and healthy working environment to prevent accidents and injury to health.

Business Continuity Planning

The supplier shall be prepared for any disruptions of its business (e.g. natural disasters, terrorism, software viruses, medical/infectious diseases).

Improper Payments/Bribery

The supplier shall comply with international anti-bribery standards as stated in the United Nations' Global Compact and local anti-corruption and bribery laws. In particular, the supplier may not offer services, gifts or benefits to DPWN employees in order to influence the employee's conduct in representing DPWN.

Environment

The supplier shall comply with all applicable environmental laws, regulations and standards as well as implementing an effective system to identify and eliminate potential hazards to the environment.

Business Partner Dialogue

The supplier shall communicate the above mentioned principles stated in the Code to its subcontractors and other business partners involved in the products and services described in the main contract and motivate them to adhere to the same standards.

Compliance with the Supplier Code of Conduct

DPWN reserves the right upon reasonable notice to check compliance with the requirements of the Supplier Code of Conduct.

DPWN encourages its suppliers to implement their own binding guidelines for ethical behaviour.

The supplier agrees that it is responsible for controlling its own supply chain and that it shall encourage compliance with ethical standards, human rights, health and safety and environmental standards by any subsequent supplier of goods and services that are used by the supplier when performing its obligations under this Agreement.

Any breach of the obligations stipulated in this Supplier Code of Conduct is considered a material breach of contract by the supplier.

Appendix 3

Sustainable Procurement Task Force Report

NHS SC Targets

- Achieve L1 of the flexible framework by Dec 07, L3 by 2009 (Mar 2010) and achieve L5 in at least 3 areas by 2012 (Mar 2013)
- Communicate our commitment to the flexible framework to suppliers and private partners and encourage them to improve their own procurement practices in line with the framework
- Work with PASA and relevant partners to map the supply chains for two commodity areas, including surgical instruments to better understand the social impacts and ethical issues associated with the way NHS procures and take action where necessary, keeping the healthcare sector informed of progress
- Work with partners to reduce the carbon emissions associated with logistics and delivery of goods to the NHS.