

Fit for Sustainable Supply Chain in Europe

A holistic and practical approach to how purchasing can systematically integrate sustainability into its strategies and practices.

IPG Masterclass



Sustainable Procurement

G4 – SUS Supplier Analysis

IPG PARTNERS GROUP

Day 2 - Morning Modules 3

9:00 -
12:00

1

Module 3

Sustainability category group analysis

09:00 –
09:45



2

M3 - Sprint



Sustainability category group assessment
(Heat Map)

09:45 –
10:30



10:30 - 10:45



3

M3 - Sprint



Sustainability optimization lever assessment
for category management

10:45 –
12:00



Day 2 - Afternoon Modules 4

13:00 –
15:00

4

Module 4

Sustainability supplier analysis

13:00 –
13:45



5

M4 - Sprint



Supplier measures for sustainability

13:45 –
14:30

14:00 - 14:15



6

Wrap-up session 1 &
Outlook training session 2

14:30 –
15:00



Questions & comments



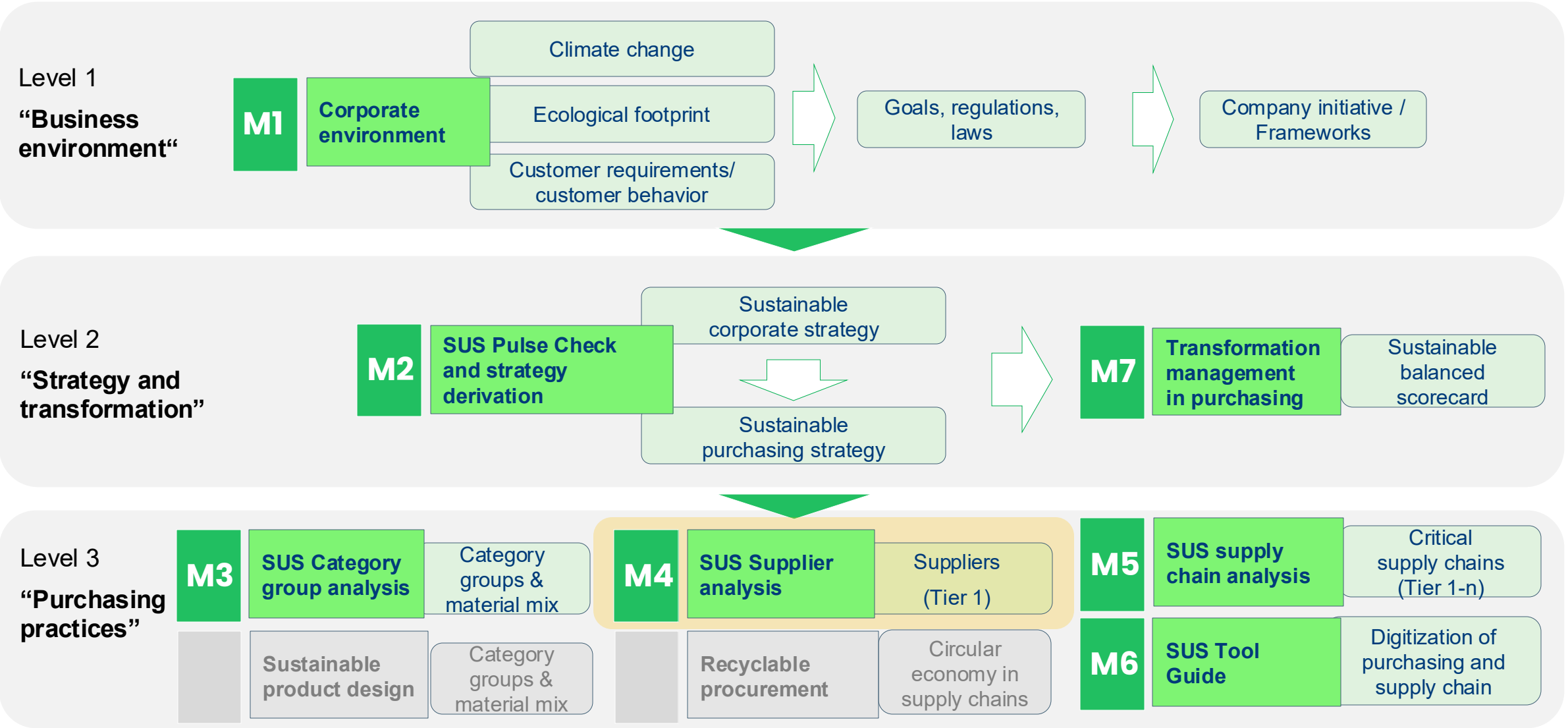
Coffee break



All times given are indicative and may vary.

SUSTAINABLE PROCUREMENT | 2025 | © IPG All Rights Reserved | 3

Module interfaces | IPG’s sustainable procurement excellence training systematically addresses important interfaces between corporate level and purchasing practices



Source: IPG

The assessment of the initial situation for each category group, including a "hot spot" analysis, forms the starting point

What we purchase

hot spots?

Simpler

Who we buy from

Hot spots?

Accessible

What do the supply chains look like

Hot spots?

One of the most difficult



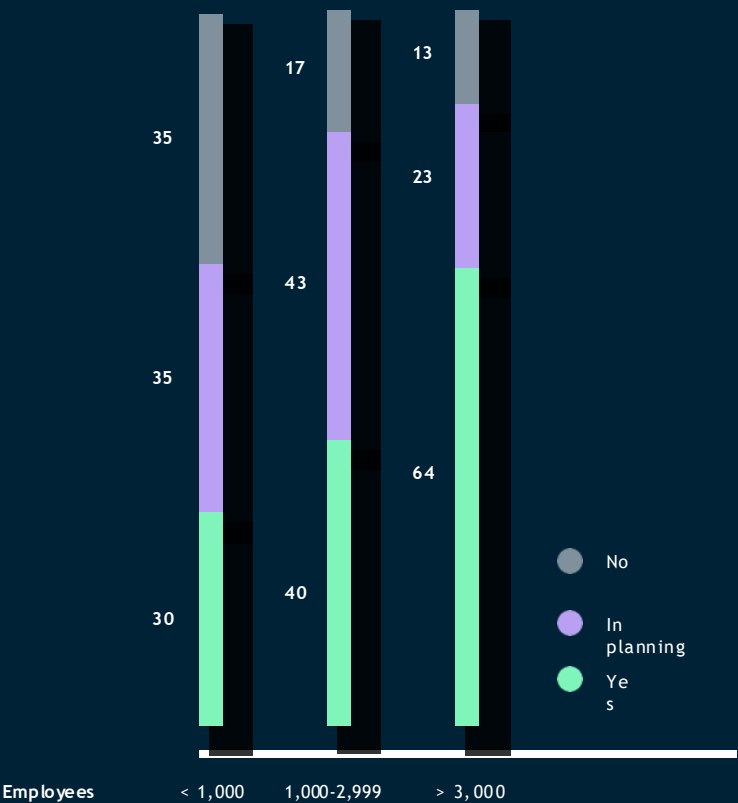
The LkSG in practice

The LkSG in practice

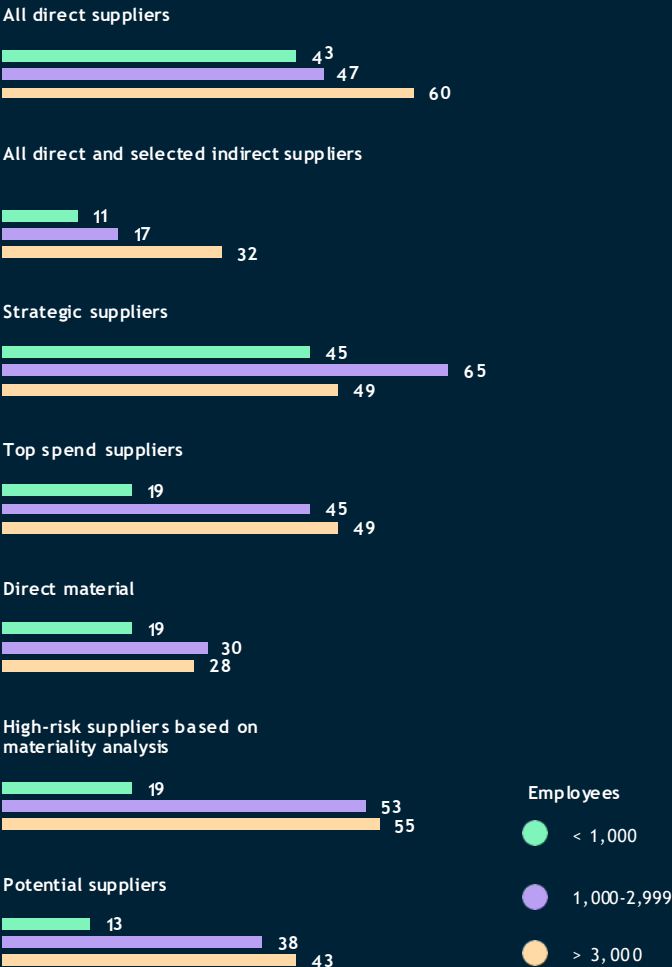
Supply chain screening is becoming increasingly important

- 78% of participating companies currently conduct a thorough sustainability analysis of their suppliers or plan to do so
- There is a clear gradation here in terms of how affected companies are by the LkSG. While the proportion is highest among the first group of companies affected by the LkSG at 87% (including planning), 83% (including planning) of companies that will fall under the LkSG from 2024 are already addressing the sustainability profile of their suppliers
- Two-thirds of SMEs are also addressing ESG issues in their supply chains, which is an important signal given the comprehensive due diligence and reporting obligations that many companies are facing.

6 Do you currently evaluate suppliers in terms of sustainability aspects (2023)?



7 Which suppliers do you evaluate (2023)? (Multiple answers possible)



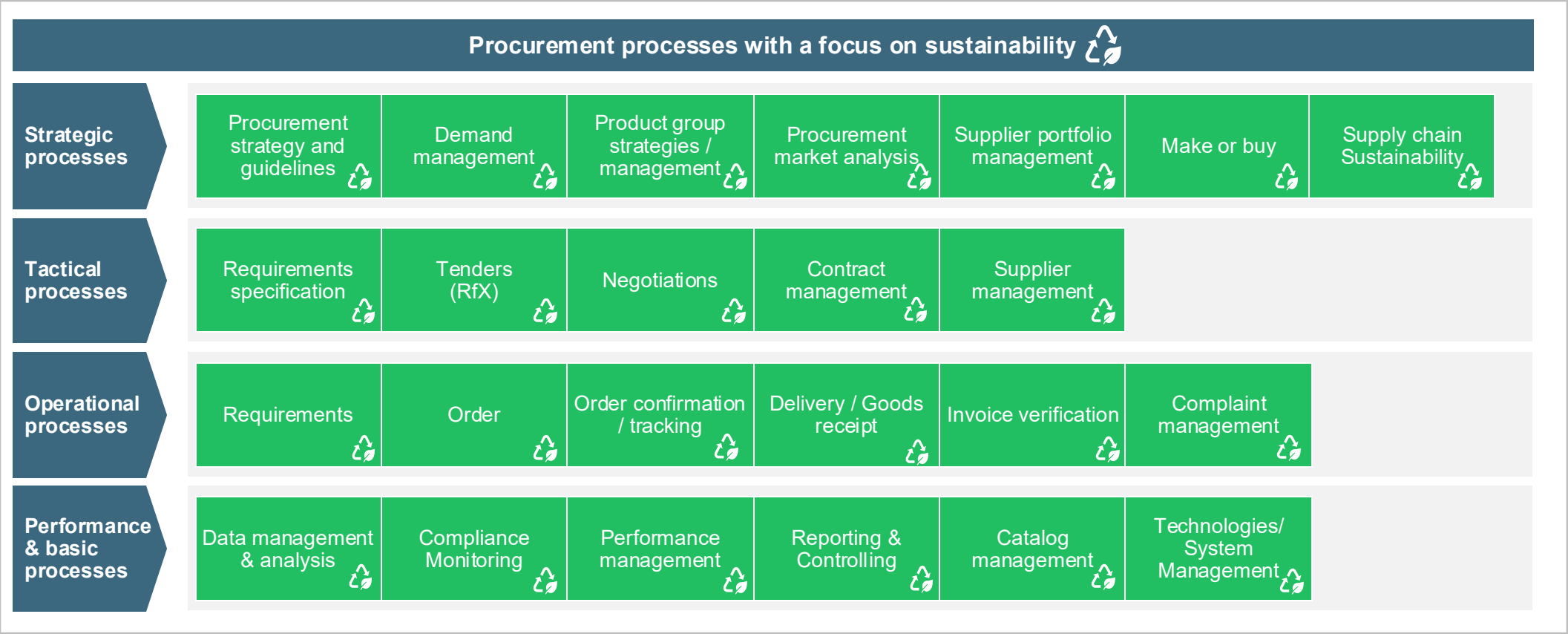


Building blocks of sustainable supplier management

Sustainability in the procurement process – Overview

In order to make the procurement function sustainable, it is first necessary to lay the **organizational groundwork**, set strategic **guidelines**, and then integrate sustainability aspects into key **processes**.

Sustainability must be anchored in strategic, tactical, and operational procurement processes.



Sustainable supplier management extends across all supplier processes

In order to make the procurement function sustainable, it is first necessary to set the **organizational course**, establish strategic **guidelines**, and then integrate sustainability aspects into key **processes**.

Sustainability criteria should be taken into account in supplier selection, in the tendering process, in supplier evaluation and development, and in supplier risk management.




Supplier selection 

- Definition and contractual anchoring of a supplier **code of conduct**¹⁾
- Integration of **sustainability criteria** into **supplier selection** (e.g., supplier self-disclosure)
- Consideration of sustainability aspects in **award decisions**

Supplier development 


- Consideration of **sustainability aspects** in supplier **development measures**
- Conducting **supplier training** on sustainability
- **(Co-)innovation processes** for the development of sustainable solutions

Supplier evaluation 

- Integration of **sustainability criteria** into **supplier evaluation**
- Conducting **supplier audits** (including social and environmental aspects)
- Definition of **phase-out criteria** from a sustainability perspective

Supplier risk management 

- Creating **transparency** and **traceability** along the value chain
- Conducting **risk analyses** and **risk monitoring** to identify sustainability risks¹⁾
- Anchoring **corporate due diligence obligations** (e.g., LkSG²⁾)

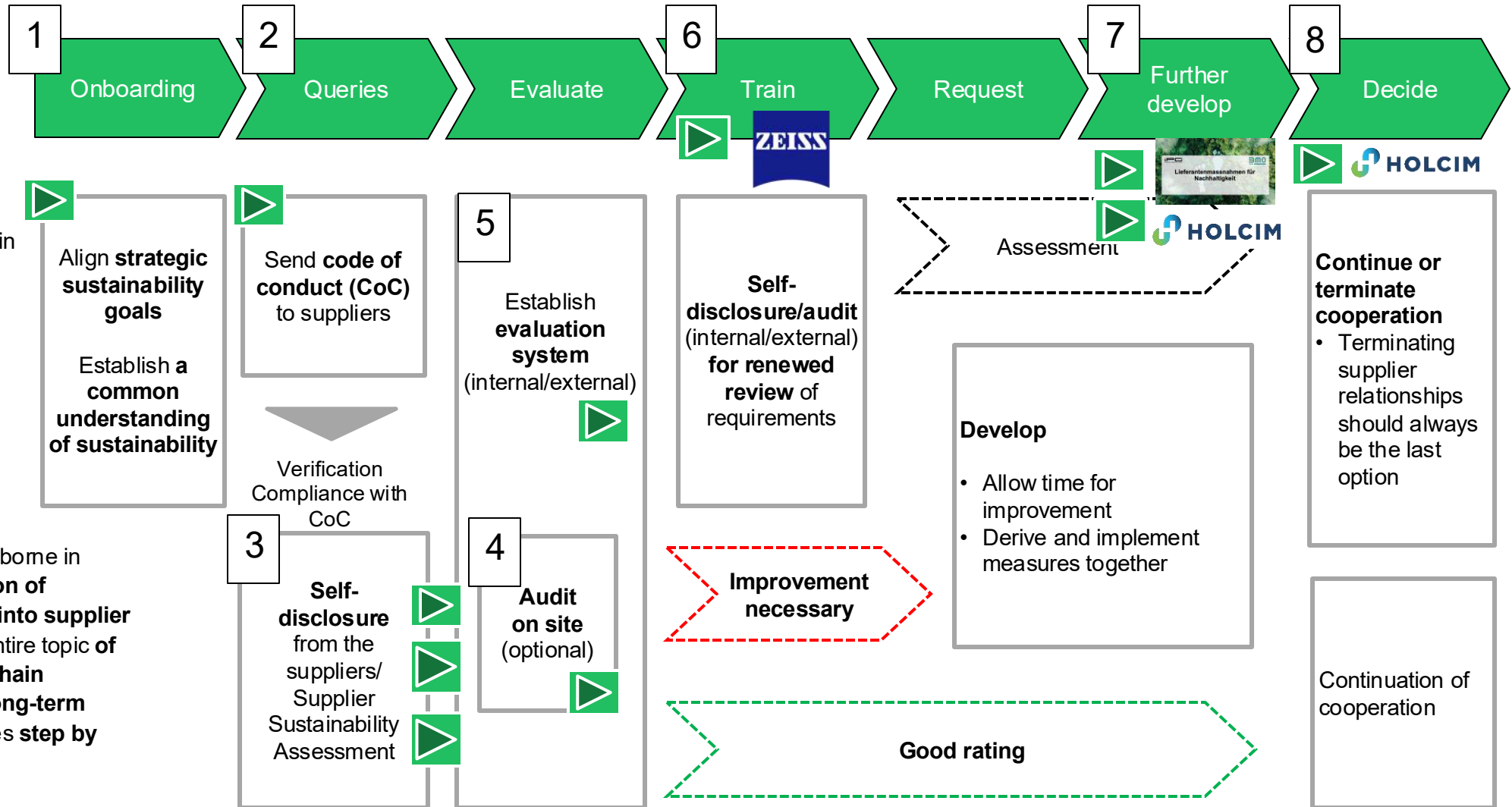
Source: Based on the Bavarian State Office for the Environment
 = Embedding sustainability in processes

1) If possible, with a transfer clause to upstream suppliers (Tier 2 to n)
2) LkSG: Supply Chain Due Diligence Act
SUSTAINABLE PROCUREMENT | 2025 | © IPG All Rights Reserved | 10

Supplier evaluation and development are important building blocks in the process-based implementation of sustainable supply chain management

Building blocks of sustainable supplier management

- › Sustainable supply chain management requires companies to consider and measure sustainability in their core business and therefore also in their supplier evaluation.
- › In general, it should be borne in mind that the **integration of sustainability criteria into supplier evaluation** – like the entire topic of "sustainable supply chain management" – is a **long-term process** that progresses **step by step**.



Good practice example

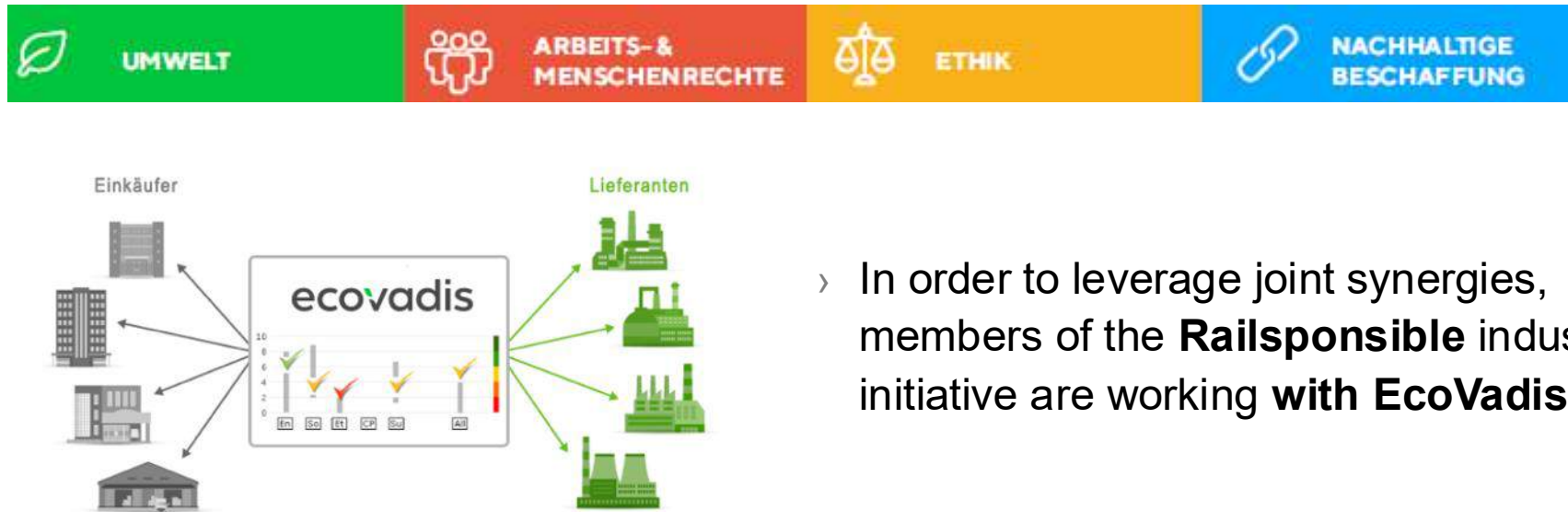
1



Good practice example Supplier onboarding

Example of the use of external service providers – What is EcoVadis?

- › EcoVadis is a **neutral online platform** that evaluates suppliers based on a sustainability questionnaire and online information in four areas.
- › The supplier can share the assessment with various buyers
- › The assessment is differentiated according to industry, country, and company size
- › The result is a **scorecard** that provides a comprehensive overview of **the supplier's sustainability performance**

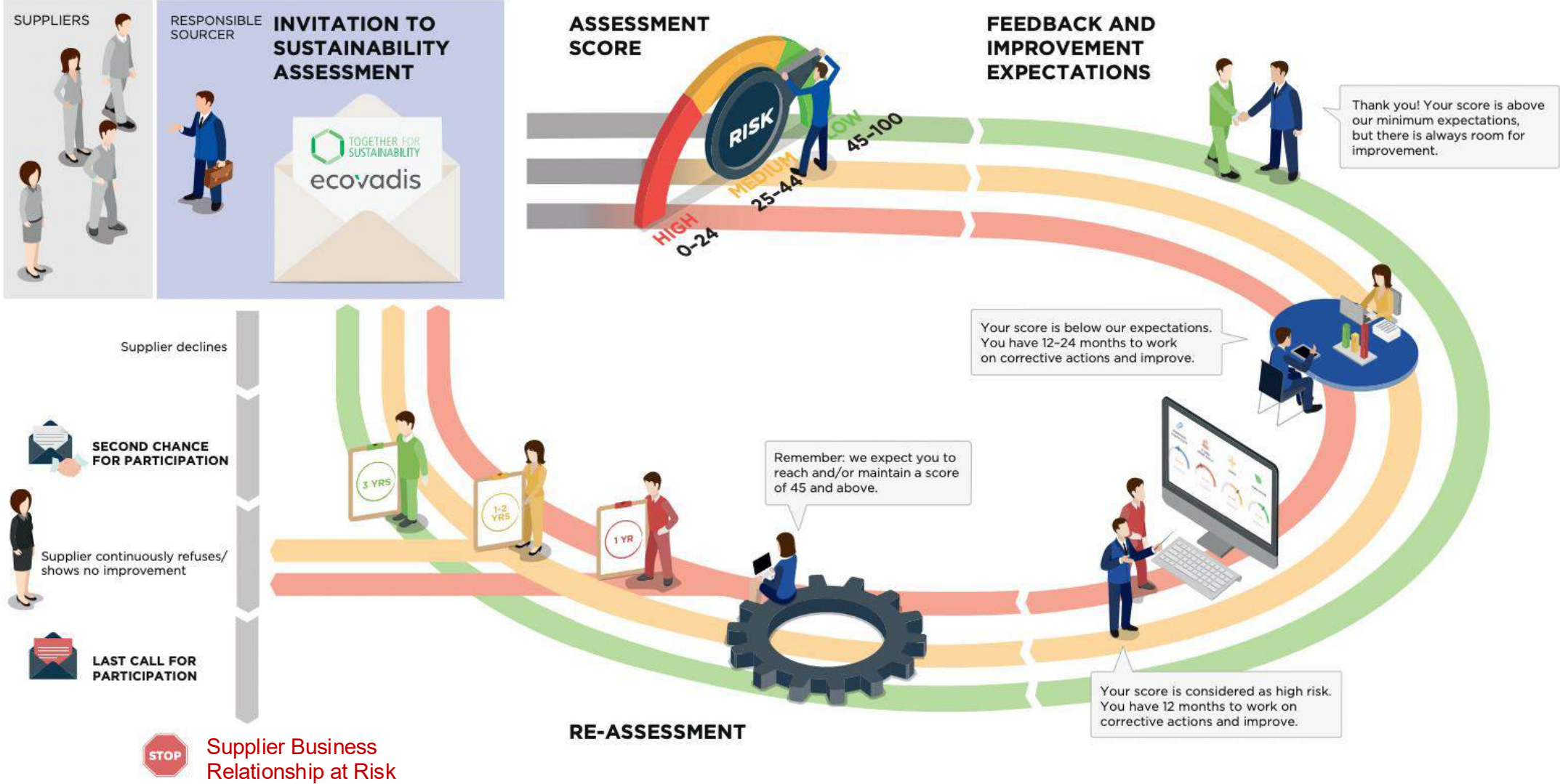


- › In order to leverage joint synergies, members of the **Railsponsible** industry initiative are working **with EcoVadis**

Supplier Sustainability Journey – Supplier Assessment

EcoVadis' methodology for supplier assessment

Illustrative



Ecovadis contract clause for new contracts

Illustrative

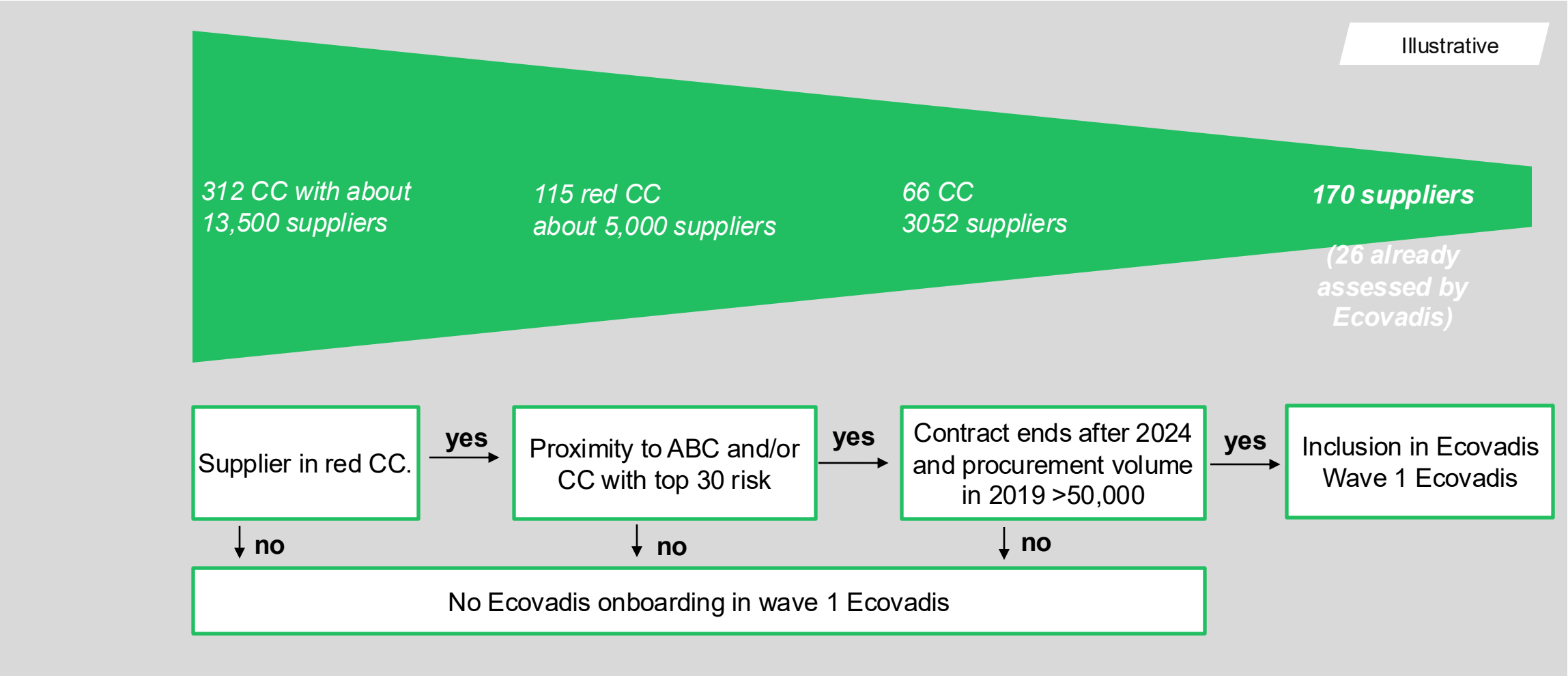
"EcoVadis documents and assesses how sustainability is embedded and implemented in companies.

By signing the contract, the supplier agrees to be assessed by Ecovadis **at its own expense within six months** and to release the assessment to ABC AG.

The **validity of the assessment** must be ensured throughout the entire term of the contract and must **not have expired more than 12 months.**"

Selection of suppliers to be assessed by Ecovadis as part of our sustainability campaign

How are priorities set for an Ecovadis campaign?



Good practice example

2



Good practice example
**Code of Conduct
for suppliers
Code of Conduct (CoC)**

CoC Standards & Best Practices – Approach

Ideal approach to CoC development

1. Analysis & Definition of Objectives

- **Current analysis:** Analyze existing guidelines, industry standards, and ESG risks in the supply chain.
- **Goal setting:** Clearly define what you want to achieve with the CoC (e.g., human rights due diligence, climate goals, compliance).

2. Benchmarking & standards

- **Comparison with leading companies:** Analyze best practices (e.g., from Unilever, BMW, Tchibo, Siemens).
- **Inclusion of standards & laws:**
 - UN Global Compact
 - ILO core labor standards
 - OECD Guidelines
 - CSDDD (EU Supply Chain Act)
 - LkSG (for German companies)
 - ISO 20400 (Sustainable Procurement)

3. Stakeholder dialogue & internal coordination

- **Involvement of relevant internal stakeholders:** Purchasing, Sustainability, Compliance, Legal Department, CSR team if applicable.
- **Involvement of external stakeholders:** Depending on the level of maturity, this may also include pilot suppliers, NGOs, or trade associations.

4. Creation & structuring of the CoC

- Typically structured as follows:
 - **Preamble / Objectives**
 - **Behavioral requirements** in the areas of: human rights, working conditions, environment, climate, ethics, and integrity
 - **Implementation & monitoring**
 - **Consequences of violations**
 - **Inclusion in contracts**

5. Validation & approval

- Legal review and final coordination with management.
- Translation into relevant supplier languages, if necessary.

6. Communication & rollout

- Training of internal teams and suppliers (e.g., via e-learning or supplier days).
- Official communication: website, supplier portal, contract documents.
- Integration into tender documents and contracts.

7. Integration into processes & monitoring

- Inclusion in purchasing processes (e.g., during onboarding, audits, self-assessments).
- Establishment of monitoring and escalation processes for violations.
- Continuous review and further development (e.g., annually, when new legal requirements arise).

CoC Standards & Best Practices – Contents

Structure and layout of the CoC

Section	Contents
Introduction / Preamble	Objective of the CoC, importance of sustainability, and shared responsibility.
Scope	Applicable to all suppliers, subcontractors, and business relationships.
Core principles	List of the most important sustainability requirements.
Implementation & monitoring	Expectations regarding implementation, voluntary commitment, audits, cooperation.
Consequences of non-compliance	Information on escalation levels, corrective measures, or termination of contract.

Contents and topics (clauses)

Preamble Example

"As a company, we are committed to environmental, social, and ethical responsibility throughout our entire supply chain. With this Code of Conduct, we want to work with our suppliers to ensure the implementation of internationally recognized sustainability standards and to continuously develop them further. Our suppliers are therefore called upon to actively support, implement, and promote this CoC."

CoC standards & best practices – contents

Contents and topics (clauses)

A. Human rights & labor standards

- Prohibition of forced, compulsory, and child labor
- Freedom of association and the right to collective bargaining
- Non-discrimination (age, gender, religion, origin, etc.)
- Fair working conditions (working hours, breaks, vacation)
- Adequate remuneration and statutory minimum wage
- Health & occupational safety

C. Ethical conduct & integrity

- Zero tolerance for corruption, bribery, extortion
- Avoidance of conflicts of interest
- Fair competition (no price fixing or market manipulation)
- Data protection and confidentiality of information
- Whistleblowing systems

B. Environmental protection & climate responsibility

- Resource-efficient use of water, energy, and raw materials
- Measures to reduce CO₂ emissions (e.g., SBTi commitment)
- Environmental management systems (e.g., ISO 14001, EMAS)
- Avoidance and proper disposal of waste and chemicals
- Protection of biodiversity and ecosystems

D. Supply chain & responsibility

- Commitment to passing on standards to sub-suppliers
- Conducting own risk analyses along the supply chain
- Willingness to cooperate in audits or ESG assessments

CoC Standards & Best Practices – Contents

Implementation and monitoring regulations

- **Declaration of commitment:** Supplier actively signs the CoC.
- **Self-disclosure & risk questionnaires:** e.g. based on EcoVadis, IntegrityNext, Sedex.
- **Audits** (announced or unannounced): optional or risk-based.
- **Improvement plans** in case of deviations (corrective action plans).
- **Training & awareness:** for own employees and suppliers.
- **Continuous improvement** as a common goal.

Best practices

- **Gradual introduction with training and dialogue formats** (e.g., BMW Group, Adidas).
- **Linking the CoC to self-assessments & sustainability indicators** (e.g., Henkel, BASF).
- **Integration of the CoC into digital supplier portals and e-sourcing platforms.**
- **Consistent monitoring** with risk maps, audits, whistleblower channels (e.g., Siemens, Daimler Truck).
- **Embedding in contract terms:** CoC as an integral part of supply contracts.
- **Reference to international standards:**
 - UN Global Compact
 - ILO core labor standards
 - UN Guiding Principles for Business and Human Rights (UNGP)
 - OECD Guidelines for Multinational Enterprises
 - ISO 26000, ISO 14001, ISO 45001
- **Dialogue orientation:** Promotion of partnership-based cooperation instead of pure control.
- **Integration into sustainability strategy:** Linking to corporate goals.

Good practice example

3



Good practice example
Supplier self-disclosure

Supplier self-disclosure – Example (1/3)

Illustrative

Supplier self-assessment on sustainability

This supplier self-assessment is intended to help you, the purchaser, evaluate the sustainability aspect of your supplier assessment if the supplier does not have an Ecovadis score.


We recommend discussing the following topics in more detail with the supplier during a supplier meeting.

Environment		
Does your company have any environmental certifications (e.g., ISO 14001, EMAS, etc.)?	Yes <input type="checkbox"/>	No
If so, which ones?		
Does your company have targets for reducing energy consumption and greenhouse gases (CO ₂ , SF6, etc.)?	Yes <input type="checkbox"/>	No
If so, what are they and how are they to be achieved?		
What is your company doing in the area of water/water consumption ? (Water consumption during operations, pollutants discharged into water, etc.)		
What efforts or measures is your company taking in the area of biodiversity ? (Renaturation, greening of company premises, etc.)?		
What efforts or measures does your company take with regard to the impact of its operations on the environment in the vicinity of the company (dust, noise, and odor emissions, etc.)?		

What efforts or measures does your company take in relation to the raw materials, chemicals, and/or industrial and residual waste it uses? (Reduction in raw material consumption, replacement of hazardous chemicals, etc.)?		
Are the environmental impacts determined and systematically documented in product management (ecodesign, environmental impacts during production, direct use, and at the end of the product's life cycle, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If so, which ones?		
Are there positions and departments in your company that deal with environmental services and environmental interest groups ?	Yes <input type="checkbox"/>	No
If yes, which ones?		

Supplier self-disclosure – Example (2/3)

Illustrative


Labor and human rights 		
Does your company have any certifications/memberships in the area of labor and human rights (e.g., SA8000, etc.)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If so, which ones?		
What measures does your company take in the area of employee health and safety ?		
How are working conditions recorded, evaluated, ensured, and further developed in your company with a view to achieving a sustainable impact (working hours, remuneration, social benefits, etc.)?		

Is there social dialogue in your company and is it actively practiced and applied (through recognized employee representatives and collective bargaining)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Does your company have measures and opportunities in place in the area of career and training management ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
How does your company deal with diversity ? What measures are taken against discrimination and harassment ?		
What does your company do to prevent child labor, forced labor, and human trafficking (in company-owned operations in high-risk countries)?		

SA8000 is an internationally recognized standard for social responsibility that is used on a voluntary basis by companies to comply with social labor standards. It aims to ensure decent working conditions and the rights of workers worldwide.

Supplier self-disclosure – Example (3/3)

Illustrative

Sustainable procurement		
		
Does your company have any certifications/memberships in the area of sustainable procurement (e.g., amfori BSCI/BEPI, UN Global Compact, industry initiatives, etc.)?	Yes <input type="checkbox"/>	No
If so, which ones?		
Does your company have transparency regarding its supply chains and are the relevant subcontractors known?	Yes <input type="checkbox"/>	No
How does your company ensure the environmental practices of the supply chains and the suppliers involved (environmental issues and impacts within the supply chain at suppliers and subcontractors)?		
How does your company ensure the social practices of the supply chains and the suppliers involved (labor practices and human rights issues within the supply chains of subcontractors)?		

amfori BSCI is a leading corporate initiative to improve working conditions in global supply chains.

With the amfori BSCI Code of Conduct, companies can strengthen their business in the long term and reduce risks – also for business partners and investors, lenders, or insurers.

amfori BEPI is an initiative for retailers, importers, and private labels that want to improve environmental performance in their global supply chains.

The initiative supports purchasing companies in implementing the BEPI system as an essential part of their business practices and in developing their supply chains while improving environmental performance. BEPI also brings direct benefits to producers.

Good practice example

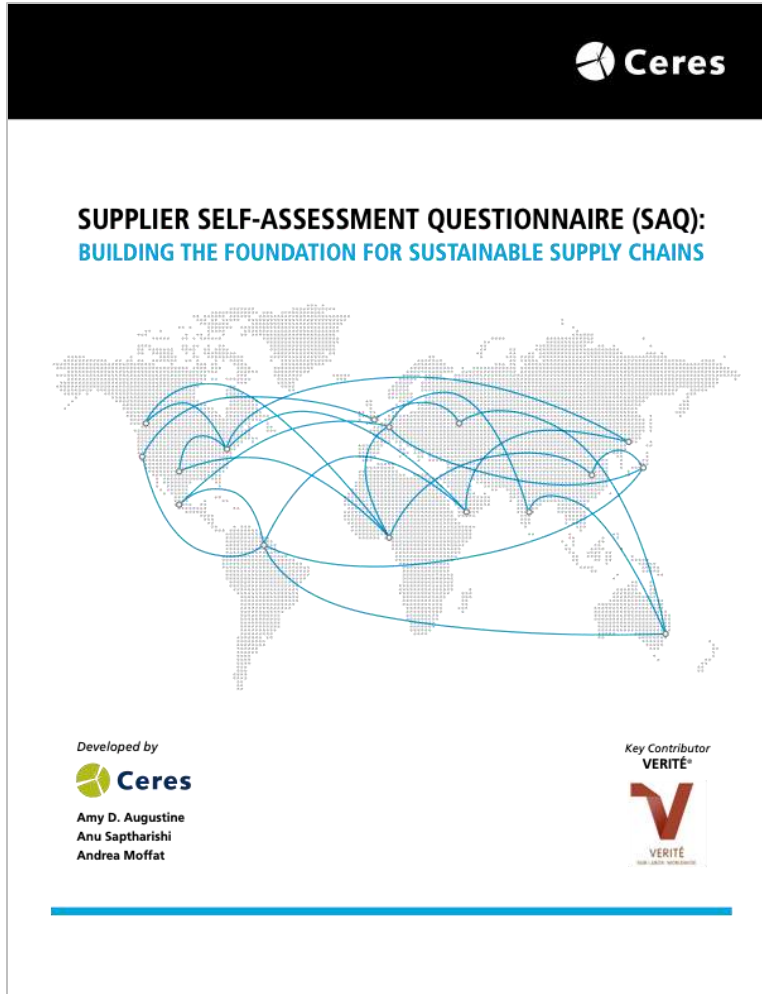
3



Good practice example **Supplier Self Assessment (SAQ)**

Supplier Self Assessment (SAQ) – Example

Illustrative



Ceres is a nonprofit organization founded in 1989 and based in Boston, Massachusetts, that promotes sustainability.

In 2007, Ceres was named one of the 100 most influential players in corporate governance by Directorship magazine.

Ceres was awarded the Skoll Foundation Award for Social Entrepreneurship in 2006 and received the Fast Company Social Capitalist Awards in 2008.

Supplier Self Assessment (SAQ) – In the SAQ, you will be asked to collect information on the following topics

Illustrative



- › Self-assessments are a valuable tool for any sustainability program in the supply chain
- › They can help you assess, manage, and communicate your ESG policies, practices, and performance
- › In addition, by addressing the issues highlighted in this SAQ, you can achieve efficiency gains, realize cost savings and productivity benefits, and lay the groundwork for product innovation

I. General Company Information

- ◆ Facility Information
- ◆ Workforce Profile
- ◆ Employment Relationship

II. Environment

- ◆ Management Systems and Training
- ◆ Air Emissions
- ◆ Pollution Prevention
- ◆ Greenhouse Gas Emissions and Energy Usage
- ◆ Water Management
- ◆ Other Raw Materials
- ◆ Waste Management
- ◆ Transportation
- ◆ Packaging

III. Social

- ◆ Workplace Management
- ◆ Discrimination
- ◆ Compensation
- ◆ Health & Safety
- ◆ Freedom of Association & Collective Bargaining
- ◆ Hours of Work
- ◆ Forced Labor
- ◆ Harassment & Abuse
- ◆ Child Labor & Young Workers

IV. Governance

- ◆ Accountability
- ◆ Supplier Management
- ◆ Disclosure
- ◆ Grievance and Remediation
- ◆ Stakeholder Engagement

CONTENTS INTENDED FOR IPG MASTERCLASS PARTICIPANTS

Supplier Self Assessment (SAQ) – Overview

Illustrative



I. GENERAL INFORMATION

I.A. Facility Information

I.A.1

Name of Facility

Address of Facility

I.A.2

Contact Name

Title

I.A.3

Date of Self-Assessment

I.A.4

Name, City & Country of Facility Owners or Parent/Holding Company:

Detail:

I.A.5

List the names and addresses of all sub-contractors. Describe the tasks and processes they perform for the facility. Attach additional documentation, as needed.

Detail:

Detail:

Detail:

I.A.6

List the names and addresses of all labor brokers used to source labor (foreign or domestic) at this facility (if applicable). Attach additional documentation, as needed.

Detail:

Detail:

Detail:

I.B. Workforce Profile

I.B.1

Total number of employees at the facility:

Number:

I.B.2

Percentage of employees that are male/female.

M (%)

F (%)

II. ENVIRONMENT

II.A. Management Systems and Training

II.A.1

Does the facility have a management system in place, or is it developing one, to assess environmental risks associated with production?

Yes

No

II.A.2

Is the facility management system in compliance with applicable environmental laws and regulations?

Yes

No

II.A.3

Does the facility have up-to-date ISO 14001, RC 14001, or EMAS certification?

Yes

No

Please list relevant certifications:

II. ENVIRONMENT (continued)

II.A.4

Does the facility hold the necessary license(s) or permit(s) for and has the facility received any fines, prosecution, or warnings by regulators in relation to (select all that apply):

License(s) or Permit(s):

Fines, prosecution, or warnings by regulators:

☐ Air emissions

☐ Storage or use of hazardous substances

☐ Wastewater management

☐ Waste issues

☐ Air emissions

☐ Storage or use of hazardous substances

☐ Preventing soil & groundwater contamination

☐ Wastewater management

☐ Waste issues

II.A.5

Are environmental policies, practices, and expectations communicated to all employees and suppliers in local or appropriate languages?

Yes

No

II.A.6

Are employees trained on relevant environmental matters, including (select all that apply):

☐ Air emissions

☐ Management & use of hazardous substances

☐ Preventing soil & groundwater contamination

☐ Wastewater management

☐ Waste management, including hazardous waste

☐ Water use

II.A.7

Does the facility have established environmental targets and objectives to improve environmental performance?

Yes

No

If yes, what are the targets and objectives?

II.A.8

Does the facility review its environmental performance annually?

Yes

No

Source: Ceres

SUSTAINABLE PROCUREMENT | 2025 | © IPG All Rights Reserved | 30

CONTENTS INTENDED FOR IPG MASTERCLASS PARTICIPANTS

IPG

INNOVATE · PERFORM · GROW

Supplier Self Assessment (SAQ) – Overview

Illustrative



III. SOCIAL

III.A. Workplace Management

III.A.1

Does the facility have a written corporate responsibility policy or statement of commitment that defines its approach to labor, health, and safety standards?

☐ Yes ☐ No

III.A.2

Does the facility have policies that prohibit forced labor and child labor?

☐ Yes ☐ No

III.A.3

Does the facility have written personnel policies that cover (select all that apply):

☐ Benefits and deductions

☐ Discipline and termination

☐ Grievance procedures

☐ Harassment and abuse

☐ Overtime hours

☐ Overtime wage rates

☐ Regular hours

☐ Vacation and leave

☐ Wages

Does the policy cover all workers, including migrant workers?

☐ Yes ☐ No

III.A.4

Does the facility have a management system in place, or is it developing one, to assess labor, health, and safety risks?

☐ Yes ☐ No

III.A.5

Is the facility performance management system in compliance with applicable social laws and regulations?

☐ Yes ☐ No

III.A.6

Does the facility have up-to-date SA8000, ETI, or other recognized certification?

☐ Yes ☐ No

Please list relevant certifications:

III.A.7

Does the facility have a system in place for employee appraisal that covers regular workers and probationary employees/trainees?

☐ Yes ☐ No

III.A.8

Are formal and written policies and procedures for disciplining and terminating employees standardized throughout the facility?

☐ Yes ☐ No

III.A.9

Does the facility strictly prohibit physical punishment of employees as a disciplinary measure?

☐ Yes ☐ No

III.A.10

Are labor, health, and safety policies, practices, and expectations communicated to all employees and suppliers in local or appropriate languages?

☐ Yes ☐ No

What communication vehicles are used? (Select all that apply)

☐ Bulletin board posting

☐ Electronic mail

☐ Employee handbook/literature

☐ Formal training

☐ Manager meeting

☐ Website

IV. GOVERNANCE

IV.A. Accountability

IV.A.1

Does the facility have a management representative assigned responsibility for assuring compliance with environmental laws, regulations, and codes?

☐ Yes ☐ No

List the name(s) and title(s):

IV.A.2

Does the facility have a management representative assigned responsibility for assuring compliance with labor, health, and safety laws, regulations, and codes? List the name(s) and title(s).

☐ Yes ☐ No

List the name(s) and title(s):

IV.A.3

Has the facility conducted audits of its environmental management system(s) in the past year?

☐ Yes ☐ No

In the past three years?

☐ Yes ☐ No

IV.A.4

Has the facility conducted audits of its labor, health, and safety laws management system(s) in the past year?

☐ Yes ☐ No

In the past three years?

☐ Yes ☐ No

IV.A.5

Are corrective actions identified by the environmental, labor, health, and safety audits tracked to closure?

☐ Yes ☐ No

IV.A.6

Does the corrective action process include root cause analysis and preventative mechanism implementation?

☐ Yes ☐ No

IV.A.7

Does the facility have a process in place to evaluate and update environmental, social, and governance policies and systems on an on-going basis?

☐ Yes ☐ No

IV.B. Grievance and Remediation

IV.B.1

Does the facility have effective grievance procedures in place to allow employees to bring environmental and/or work-related violations and/or concerns to management's attention in an anonymous manner without fear of retribution?

☐ Yes ☐ No

IV.B.2

Does the facility have procedures in place to investigate reports of environmental and/or work-related violations and/or concerns?

☐ Yes ☐ No

IV.B.3

In the past year, how many complaints have been received and investigated? How many have been resolved?

Received:

Resolved:

Supplier Self Assessment (SAQ) – Overview

Illustrative



V. ADDITIONAL INFORMATION

V.A.1

Provide a list of all attached documents:

Attached document names:

Attached document names:

V.A.2

Additional comments, if needed:

Detail:

Good practice example

3



Good practice example Supplier Sustainability Assessment

The 15 most important questions for assessing su' sustainability

Illustrative



Energy and climate

Reducing energy costs and greenhouse gas emissions



- › 1. Have you **measured** your company's **greenhouse gas emissions** and **taken measures** to reduce them (Y/N)?
- › 2. Have you decided to report your greenhouse gas emissions and climate change strategy to the **Carbon Disclosure Project (CDP)**? (Y/N)
- › 3. What are your total **annual greenhouse gas emissions in the last year measured**? (Indicate the total amount in tons of CO2e)
- › 4. Have you **set** publicly available **targets for reducing greenhouse gas emissions**? If so, what are these targets? (Indicate the total amount in tons and the target date)

Material efficiency

Waste prevention and quality improvement



- › 5. If measured, please indicate the **total amount of solid waste** generated in the facilities that manufacture your product(s) for Walmart in the last year measured. (Indicate the total amount in pounds)
- › 6. Have you set publicly available **targets for reducing solid waste**? If so, what are these targets? (Please provide the total amount of waste and the target date)
- › 7. If measured, please indicate the **total water consumption of the facilities** where your product(s) are manufactured for Walmart for the last measured year. (Indicate the total amount in gallons)
- › 8. Have you established publicly available **targets for reducing water consumption**? If so, what are these targets? (Please indicate the total number of liters and the target date)

Nature and resources

High-quality, responsibly sourced raw materials



- › 9. Have you established publicly available **sustainability purchasing guidelines for your direct suppliers** that address issues such as compliance with environmental regulations, employment practices, and product/ingredient safety? (Y/N)
- › 10. Have you obtained **third-party certifications** for the products you sell to Walmart? If yes, please select from the list of certifications below those for which your products are currently certified or for which you use materials that are currently certified.

People and community

Vibrant, productive workplaces and communities



- › 11. Do you know the **location of 100% of the facilities** that manufacture your product(s)? (Y/N)
- › 12. Do you assess **the production quality and production capacity** of a production facility before entering into a business relationship with it? (YES/NO)
- › 13. Do you have a procedure in place to **monitor compliance with social standards** at the production level? (YES/NO)
- › 14. **Do you work with your supplier base** to resolve issues identified during the assessment of social standards and document specific corrections and improvements? (Y/N)
- › 15. Do you invest in **community development in the markets** from which you source and/or in which you operate? (YES/NO)

Good practice example

4



Good practice example
On-site supplier audit

Supplier audit – the most important facts in brief



- A supplier audit is a systematic and independent **process for evaluating the performance and compliance** of suppliers to ensure that they meet quality and ESG standards.
- The **importance of supplier audits** has increased with the Supply Chain Due Diligence Act, which requires companies to identify and manage human rights and environmental risks
- The aim is **to ensure that suppliers meet agreed standards** and requirements in terms of quality, the environment, social responsibility, and corporate governance
- Audits enable companies **to identify and minimize risks in the supply chain**, improve the quality of the products and services delivered, and ensure compliance with legal and regulatory requirements
- The audit process includes **planning, implementation, follow-up, and tracking**, with typical questions relating to quality assurance and ESG criteria.
- Success factors for an effective audit include **good preparation, transparent communication, regularity, and the use of technology**

Good practice example

7

8



Good practice example Supplier auditing

Due diligence – performance level compared to previous year



HOLCIM focuses its measures on suppliers with high ESG impact potential



Due diligence

Doing things right...

Work with approved suppliers

- 1. **WHO** is the supplier and what risks/opportunities do they bring to Holcim? (prioritization)
- 2. **Verify** compliance (qualification)
- 3. **Remediate** non-compliance
- 4. **Monitor** ongoing performance



HOLCIM checks suppliers' compliance with regulations according to risk level



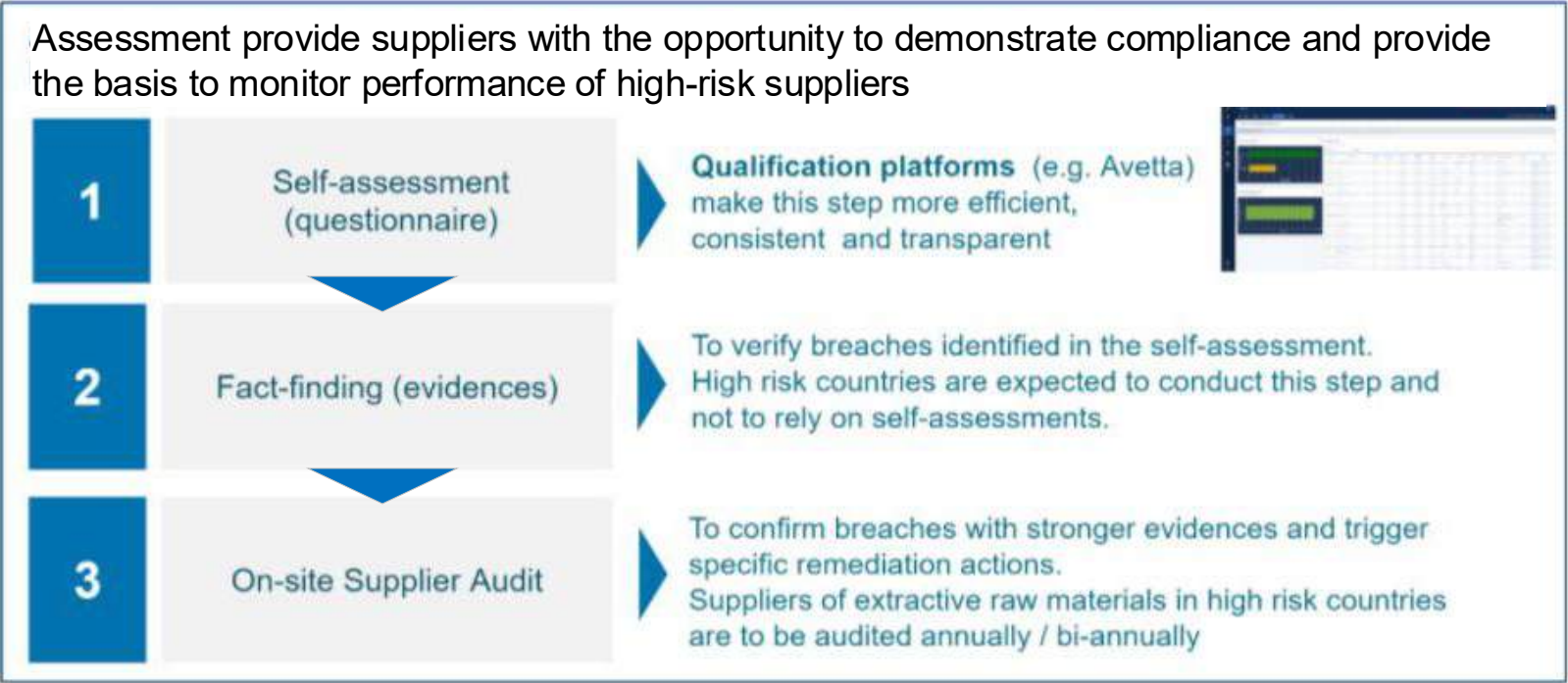
Due diligence

Doing the things right...

Work with approved suppliers



- 1. WHO is the supplier and what risks/opportunities do they bring to Holcim? (prioritization)
- 2. **Verify** compliance (qualification)
- 3. Remediate non-compliance
- 4. Monitor ongoing performance



Supplier auditing – audit protocol and toolbox for procurement organizations to adopt



3

On-site Supplier Audit

- On-site audits conducted to:
- Verify breaches identified during self-assessment & fact-finding
 - Verify compliance of suppliers of extractive raw materials and
 - For contractors conducting very high-risk jobs

Child Labor

5

Child Labour

Suppliers shall not employ children at an age where education is still compulsory. Children under the age of 18 or below the legal minimum age, if higher, shall not be employed and Minors (below 18 years of age) shall not be hired to perform work that is hazardous or harmful to their health, safety or morals.

	Information on laws and/or facility	Comments
X	ILO convention (s)	Article 3 of ILO Convention No. 182
A	Legal minimum age applicable for the facility	18 years
B	Legal restrictions for young workers up to 18 years old regarding: Type of work Working hours Overtime Night work Safety	Not applicable for mines

Item no	Level	Requirement	Compliance Yes/No/NA	Documents checked & comments	Description of non-compliance & reasons given	Corrective action recommended
5.1	Critical	Is the local minimum working age for children applied? Provide age of the youngest worker found	Yes			
5.2	Major	Is there an effective procedure to verify the age of workers at the time of recruitment?	Yes			
5.3	Major	Does the facility keep adequate age documents of workers such as ID copies and personnel records?	Yes			
5.4	Major	Are young workers exempted of hazardous work?	N/A			
5.5	Major	Are young workers exempted of night shift?	N/A			

◀ ▶ 🔍

Audit Details

Audit Overview

Compliance Summary

1 Occupational Health & Safety

2 Working Conditions

3 FSA & Certification

4 Forced Labour

5 Child Labour

6 Discrimination

7 Environment & Regulatory Compliance

- The Audit protocol provides guidelines on:
- When is needed to conduct an Audit on supplier premises?
 - Audit Objective
 - Audit Scope
 - Audit Duration
 - Audit Team
 - Audit Process
 - Audit preparation
 - Audit Execution
 - Report and follow-up



HOLCIM instructs its suppliers to address ESG risks and violations using a guidebook containing recommended measures.



Due diligence

Doing the right things...

Work with approved suppliers

- 1. WHO is the supplier and what risks/opportunities do they bring to Holcim? (prioritization)
- 2. Verify compliance (qualification)
- 3. Remediate non-compliance
- 4. Monitor ongoing performance

The “Guidebook” compiles a set of recommended actions to close breaches to our Supplier Code of Conduct. Recommendations include pragmatic considerations related to the size and maturity of the supplier (small contractors, sole owners).

Guidebook for supplier sustainability improvement
Recommendations to address breaches resulting from supplier sustainability qualification
Group Sustainable Development - Responsible Sourcing
LafargeHolcim

4.1.1 Non-Discrimination (Equality)
Employment-related decisions shall be based on relevant and objective criteria. Suppliers shall make no distinctions on grounds including, but not limited to: age, disability, gender, sexual orientation, political or other opinion, ethnic or social origin or religion. Employment-related decisions include, but are not limited to: hiring, promotion, lay-off and relocation of workers, training and skills development, health and safety, any policy related to working conditions like working hours and remuneration.

Requirement	Finding	Corrective Action / Guidelines	Recommended Timeline	Verification Method
2T : Does your company comply with all applicable laws on employment and occupation discrimination?	No	<ul style="list-style-type: none">Supplier to provide evidence of the law they are bound to comply with (based on type of legal entity registered) and the content of the breaches.LH CSR, Legal and Procurement to analyze the records and determine the magnitude of impact on LH reputation and supply continuity. Same group is to provide a recommendation to steering group to decide (i.e. block supplier, waive the risk due to low materiality ...).	Two weeks	Fact-Finding
4B : Does your company have a non-discrimination policy in place (policy on equal treatment of employees including criteria such as gender, sexual orientation, race or religion)?	No	<p>1. LH to provide an example of Policy Statement for Supplier to adopt and communicate to employees and external stakeholders</p> <p>2. LH shall continuously verify with workers' representatives to confirm that employment decisions are non-discriminatory and culturally sensitive.</p> <p>Note: Sole Owners and Small Companies (10 or less FTEs) are NOT required to develop a Policy. However, field audit (point 2) is mandatory for Small Companies to gather evidence from workers. Supplier to develop a Policy, example:</p>	1. Two weeks 2. After period agreed with Supplier (upon completion of point 1.)	1. Fact-Finding 2. Field Audit
2T : In the last three years have any findings of unlawful discrimination been made against your organization by any court or industrial or employment tribunal or equivalent body?	Yes	<ul style="list-style-type: none">Supplier to provide copy of the records (if required, a confidentiality agreement can be signed between the parties).LH CSR, Legal and Procurement to analyze the records and determine the magnitude of impact on LH reputation and supply continuity. Same group is to provide a recommendation to steering group to decide (i.e. block supplier, waive the risk due to low materiality ...).	One week	Fact-Finding

HOLCIM monitors the implementation of all measures using a KPI cockpit

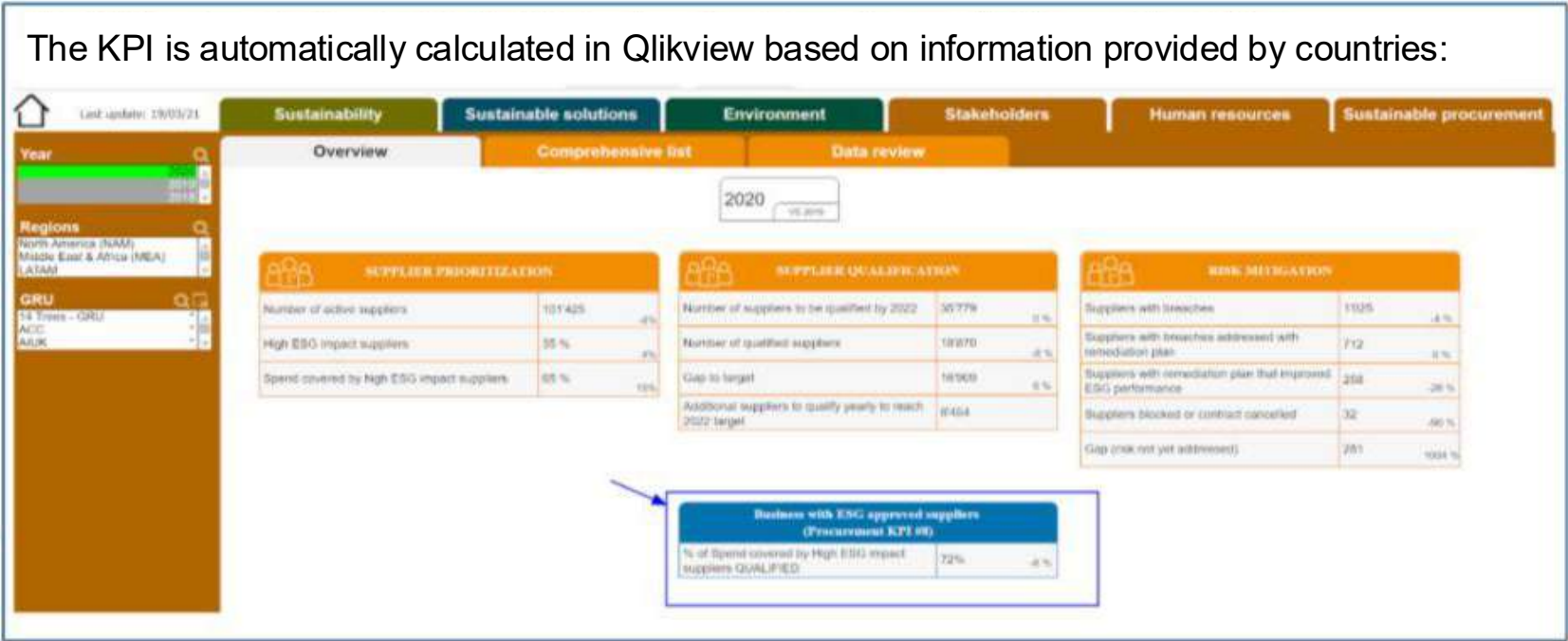


Due diligence

Doing the right things...

Work with approved suppliers

- 1. **WHO** is the supplier and what risks/opportunities do they bring to Holcim? (prioritization)
- 2. **Verify** compliance (qualification)
- 3. **Remediate** non-compliance
- 4. **Monitor** ongoing performance

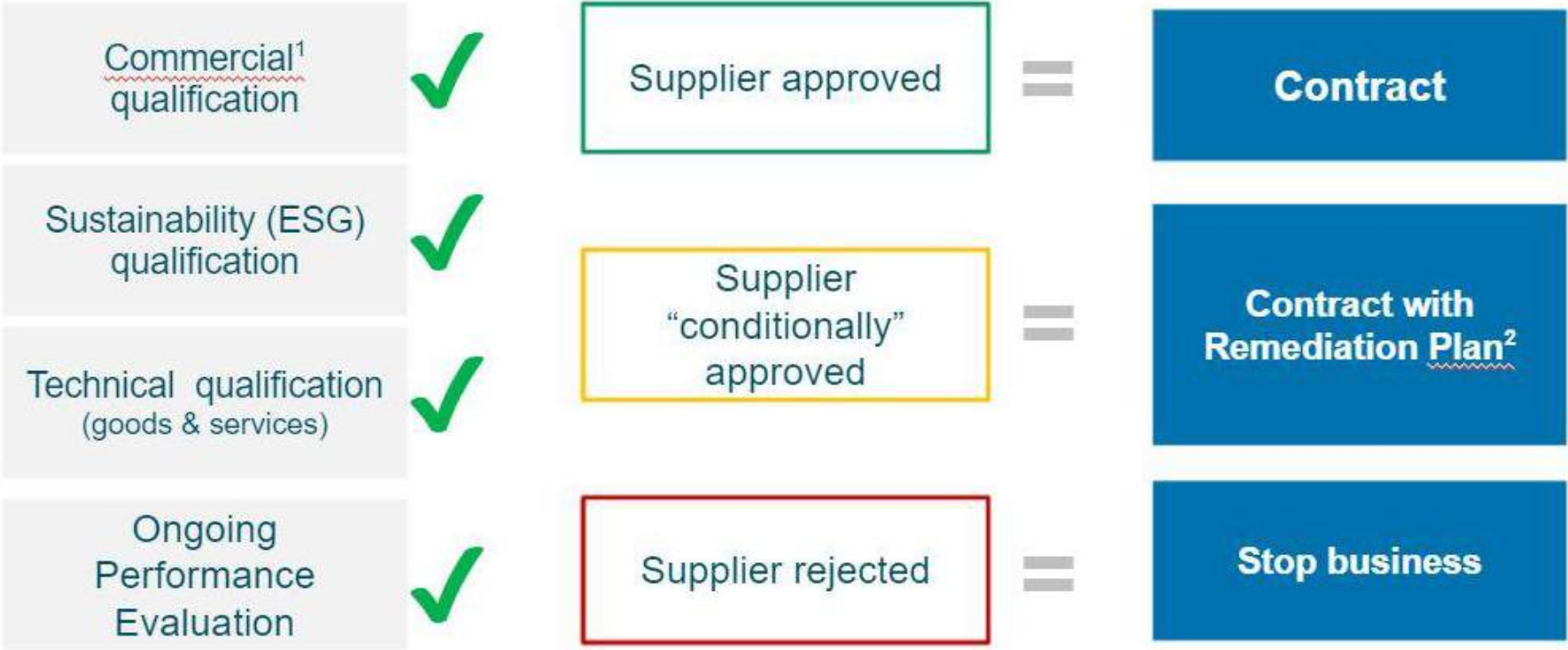


"Consequence management" for dealing with violations

Prequalification and ongoing performance evaluation



Comprehensive guidance is available for procurement to work with suppliers on closing the identified breaches.



¹ Financial health of the supplier

² Conditionally approved suppliers are required to establish a remediation plan within a specific period of time to fix identified gaps. After that period, if gaps are not closed or if the supplier does not collaborate, then Holcim shall stop business with the supplier

Good practice example

7

8



**Supplier measures
for sustainability**

Day 2 - Morning Modules 3

9:00 -
12:00

1

Module 3

Sustainability category group analysis

09:00 –
09:45



2

M3 - Sprint



Sustainability category group assessment
(Heat Map)

09:45 –
10:30



10:30 - 10:45



3

M3 - Sprint



Sustainability optimization lever assessment
for category management

10:45 –
12:00



Day 2 - Afternoon Modules 4

13:00 –
15:00

4

Module 4

Sustainability supplier analysis

13:00 –
13:45



5

M4 - Sprint



Supplier measures for sustainability

13:45 –
14:30

14:00 - 14:15



6

Wrap-up session 1 &
Outlook training session 2

14:30 –
15:00



Questions & comments



Coffee break




All times given are indicative and may vary.

SUSTAINABLE PROCUREMENT | 2025 | © IPG All Rights Reserved | 46

SUS Category Group analysis & SUS supplier analysis





M3 – Sprint 1/2

SUSTAINABLE PROCUREMENT – PULSE CHECK AND STRATEGY DEVELOPMENT

Risk analysis – risk matrix

Assessment of Severity
6 – catastrophic
5 – very high
4 – critical
3 – medium
2 – low
1 – very low

Assessment of Likelihood
6 – certain
5 – high
4 – medium
3 – medium
2 – low
1 – very low

Material Category | Severity | Likelihood | Combined Risk Score

Steel	5	4	20
Aluminum	5	4	20
Plastics	4	3	12
Copper	5	4	20
Glass	3	3	9
Electronics	5	5	25
Packaging	3	4	12
Coating	4	3	12

Sustainability Risk Evaluation

High CO₂ emissions due to fossil fuel-based production, energy-intensive smelting and forming processes. Recycling rates are high but do not fully offset energy demand. Decarbonization possible via hydrogen-based smelting and energy-based models.

One of the most energy-intensive materials, basic mining impacts ecosystems and water use. High recycling potential significantly reduces footprint, as global primary production remains carbon-heavy. Transition to renewable-powered smelters is critical.

Fossil-based raw material with long degradation time and low recyclability rates. High GHG emissions and pollution from incineration. Switching to bio-based polymers and improving closed-loop recycling systems can mitigate impact.


High environmental footprint from extraction and refining, often sourced from regions with social risks. Recyclability is high, but a waste recovery remains inefficient. Responsible sourcing and improved collection systems are key levers.

Majority energy demand during melting; inert material with excellent recyclability. Main sustainability challenge lies in future energy use and logistics emissions. Transition to electric furnaces and higher output use can improve performance.

High risk due to complex global supply chains, critical raw materials, and a waste generation. Involves hazardous substances (e.g., lead, increased flame-retardancy). Focus on design for disassembly, supplier transparency, and take-back schemes.

Majority raw materials often single-use and fossil-based. Recycling infrastructure and supplier practices vary by region. Use of recycled content, reduced material thicknesses, and paper-based alternatives can reduce impact.










Contains potentially hazardous substances (solvents, VOCs, microplastics). High energy use in curing processes; moderate recyclability challenges. Substitution with water-based or bio-based coatings can reduce impact.




M3 – Sprint 1/2

Material criticality assessment

- Which materials contribute most to CO₂ emissions, energy consumption, resource scarcity and all relevant sustainability focus areas defined (1-9)
- Plot material groups into the Material Risk Matrix
- Derive appropriate mitigation measures for each material group





M3 – Sprint 2/2

MASSNAHMEN JE TOP3 HEBEL ABLEITEN

Top3 WG Hebel | 1 | XXX

Massnahme	Beitrag: Beschäftigter	Beitrag: Einkauf
...
...
...

KOCHSTAR – NH Warengruppen-Analyse


Sprint 1

Verknüpfung der Spezifikationen

„Vorteile entwickeln“

Gemeinsame Verknüpfung


1. November 2023 | © IPG für KOCHSTAR | Top Hebel für KOCHSTAR | © protime | 124



M3 – Sprint 2/2

Category optimization levers for sustainability

- Which category group levers for sustainability do you consider most suitable for your category group?
- Which top three levers would you prioritize?
- What other stakeholders do you need to implement the top three levers?
- What specific measures would you pursue for the top three levers?
- What role does purchasing play in each case?



M4 - Sprint 3

MASSNAHMEN JE TOP3 MASSNAHME ABLEITEN


Top3 Massnahmen | 1 | XXX

Massnahme	Beitrag: Beschäftigter	Beitrag: Einkauf
...
...
...

Handlungsfeld: Lieferanten überprüfen und unterstützen (1%)

Massnahmen	Ziele	Erfolgsfaktoren
1. Lieferanten in der Lieferkette identifizieren und bewerten	Überprüfung der Lieferantenqualifikation, Identifizierung von Lieferanten in Bezug auf die Bedeutung des nachhaltigen Lieferkettengemanagements	Verfahrensweise sollte strukturiert und gleichzeitig flexibel sein. Die Anforderungen werden transparent sein und bei Nicht-Erfüllung Konsequenzen nach sich ziehen.
2. Nachhaltigkeitskriterien in den Beschaffungsprozess integrieren	Hohes Transparenz: Teil der Herkunft von Materialien und der Lieferanten-Umweltstandards schaffen, was wiederum die Umsetzung konkreter Maßnahmen zur Verbesserung der Umweltleistung von OET ermöglicht. Konkrete und zielbezogene Beschaffung	Mit Geschäftsleitung, Fachabteilung (Purchasing) und Nachhaltigkeitsbeauftragten (Purchasing) zusammenarbeiten und Nachhaltigkeitskriterien in den Beschaffungsprozess integrieren.
3. Lieferanten von Nachhaltigkeitskriterien in den Lieferkette	Nachhaltigkeit vorantreiben	Nähe der Lieferanten (die Nachhaltigkeitserwartungen der Lieferanten erhöhen und durch Überwachung ausbauen können).

1. November 2023 | © IPG für KOCHSTAR | Top Hebel für KOCHSTAR | © protime | 124



M4 - Sprint 3

Supplier measures for sustainability

- Which supplier measures for sustainability do you consider most suitable for your category group?
- Which top 3 measures would you prioritize?
- What other resources do you need to implement the top three measures?
- What specific action plan do you intend to pursue for each of the top three measures?
- What role does purchasing play in each case?



Tier-1 Supplier – Supplier measures for sustainability

As a strategic purchaser at DUALIS you will be responsible for a category group of your choice.

You want to improve the sustainability performance of your supplier portfolio of your category group.

- **Which supplier measures for sustainability do you consider most suitable for your category group?**
- **Which top 3 measures would you prioritize?**
- **Which other stakeholders do you need to implement the top three measures?**
- **What specific action plan do you intend to pursue for each of the top three measures?**
- **What role does purchasing play in each case?**

Notes for processing:

- The appropriate measures and action plans may vary depending on the industry, category group, and supplier type.

Product group

...

Checklist for suppliers and supply chain Measures

Area of action: Review and support suppliers (1/3)			
No	Measure	Goal(s)	Success
1 <input type="checkbox"/>	Formulate a code of conduct for suppliers	<ul style="list-style-type: none">• Provide guidance for company management, employees and, above all, suppliers on the importance of sustainable supply chain management• Make the company's sustainability requirements clear to suppliers	<ul style="list-style-type: none">• The code of conduct should be demanding yet achievable• The requirements should be binding and failure to comply should result in consequences
2 <input type="checkbox"/>	Integrate sustainability criteria into the procurement process	<ul style="list-style-type: none">• Create greater transparency regarding the origin of materials and existing environmental standards, which in turn enables the implementation of targeted measures to improve environmental performance on site• Conflict-free and lower-risk procurement	<ul style="list-style-type: none">• Disclose conflicting goals (price vs. sustainability) with management and discuss approach
3 <input type="checkbox"/>	Include sustainability issues in the supply contract	<ul style="list-style-type: none">• Make sustainability binding	<ul style="list-style-type: none">• Use the code of conduct (as a contractually binding appendix or by adopting key elements)

Product group

...

Checklist for suppliers and supply chain Measures

Area of action: Review and support suppliers (2/3)			
No	Measure	Goal(s)	Success factors
4 <input type="checkbox"/>	Obtain self-disclosure from suppliers	<ul style="list-style-type: none">Obtain information about how sustainable suppliers are and how they deal with risks (and whether steps to improve their performance or further review processes need to be established)Reflection on the supplier's own situation, initiation of improvement measures if necessary	<ul style="list-style-type: none">Establish internal processes that enable the information to be analyzedCompare with the results of your own assessment
5 <input type="checkbox"/>	Conduct sustainability audits with suppliers	<ul style="list-style-type: none">Obtain a meaningful picture of suppliers' sustainability performanceIdentify precise starting points for potential improvements	<ul style="list-style-type: none">Consider the results of the inventory when deciding which suppliers should be audited (focus on "risk" suppliers if necessary)
6 <input type="checkbox"/>	Participation in/use of industry initiatives	<ul style="list-style-type: none">Centralize/bundle supplier reviews via an industry initiative	<ul style="list-style-type: none">Availability of an industry initiative that covers this service

Product group

...

Checklist for suppliers and supply chain Measures

Area of action: Review and support suppliers (3/3)

No	Measure	Objective(s)	Success
7 <input type="checkbox"/>	Organize information events on the topic of sustainability for suppliers	<ul style="list-style-type: none"> Introduce suppliers to the topic 	<ul style="list-style-type: none"> Support from management
8 <input type="checkbox"/>	Develop a corrective action plan for/with suppliers	<ul style="list-style-type: none"> Improve the sustainability performance of suppliers based on the potential identified in the assessment system 	<ul style="list-style-type: none"> Ability to influence suppliers (e.g., based on procurement volume)
9 <input type="checkbox"/>	Conduct risk analyses together with suppliers	<ul style="list-style-type: none"> Identify risks in the supply chain beyond the direct supplier level 	<ul style="list-style-type: none"> Pragmatic approach Use existing publications and databases Good contact with suppliers
10 <input type="checkbox"/>	Technical support for process optimization (e.g., to reduce emissions; implementation of product-related standards, including in the paper or wood sector)	<ul style="list-style-type: none"> Achieve concrete results through pilot projects 	<ul style="list-style-type: none"> Initiatives should lead to quantifiable successes (e.g., improved energy efficiency)
11 <input type="checkbox"/>	Training for suppliers (e.g., on sustainability standards)	<ul style="list-style-type: none"> Build capacity at suppliers so that they can improve their sustainability performance independently 	<ul style="list-style-type: none"> Develop appealing formats Collaborate with suppliers in a spirit of partnership

 Suitable for

 Top 3 levers for ...

DUALIS – Supplier measures for sustainability

Derive action plan for each of the top 3 measures

Top 3 measures	1	xxx	Product group	xxx
----------------	---	-----	---------------	-----

Action plan	Stakeholders involved	Role of purchasing

Day 2 - Morning Modules 3

9:00 -
12:00

1

Module 3

Sustainability category group analysis

09:00 –
09:45



2

M3 - Sprint



Sustainability category group assessment
(Heat Map)

09:45 –
10:30



10:30 - 10:45



3

M3 - Sprint



Sustainability optimization lever assessment
for category management

10:45 –
12:00



Day 2 - Afternoon Modules 4

13:00 –
15:00

4

Module 4

Sustainability supplier analysis

13:00 –
13:45



5

M4 - Sprint



Supplier measures for sustainability

13:45 –
14:30

14:00 - 14:15



6

Wrap-up session 1 &
Outlook training session 2

14:30 –
15:00



Questions & comments



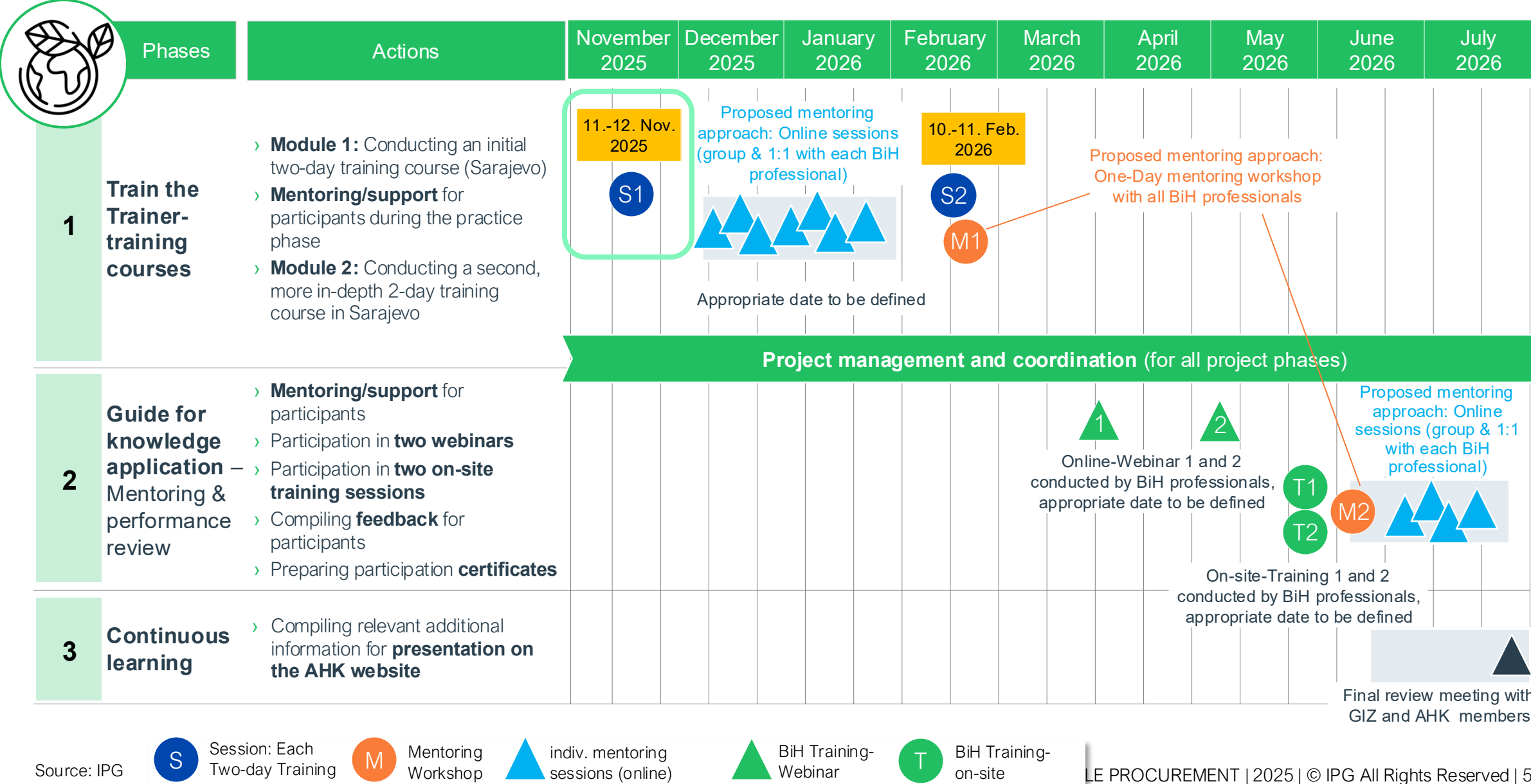
Coffee break



All times given are indicative and may vary.

SUSTAINABLE PROCUREMENT | 2025 | © IPG All Rights Reserved | 53

Timing | Tainings will be conducted in Nov. 25 (S1) and Feb. 26 (S2) – mentoring workshops planned for February 26 and May/June 26



Outlook – Next steps between training session 1 and 2 in Feb. 2026



- › Carsten will send full documentation of Session 1 incl. SPRINT templates in powerpoint
- › SPRINT transfer: Each participant applies SPRINT methodology in its own business environment (Objective: Each participant applies all Sprints and document results in an individual PowerPoint presentation until Mid of Jan. 2026)
- › Carsten will collect questions and open topics from participants during SPRINT transfer
- › Carsten will organize video calls with individuals or groups to cover questions and open topics



Wrap-up Reflection

Questions?
Comments?



This document is intended exclusively for participants in the IPG Masterclass "Sustainable Procurement."

The content is strictly confidential and remains the intellectual property of IPG PARTNERS GROUP [IPG].

Distribution, citation, and reproduction—even in part—for the purpose of disclosure to third parties is only permitted with the prior written consent of IPG.

www.SWISS-IPG.com

Connect with us on
LinkedIn