How can procurement meet sustainability demands of regulators, consumers and investors? This whitepaper provides practical guidance to integrating sustainability in the supply chain by taking a tech-enabled approach.
EXECUTIVE SUMMARY

Sustainability is no longer “nice to have”. It has become a strategic imperative for companies to retain their competitiveness and license to operate in the years to come and has an increasingly significant impact on the bottom line. Regulators, consumers, B2B customers and investors are all putting increasing pressure on companies to take social responsibility and only those companies that are able to adapt will survive in the long term. Why does this concern procurement? As up to 65% of a company’s added value comes from suppliers, regulators have identified procurement as an important lever to foster sustainability and are holding companies responsible not only for their own actions, but those of their suppliers, too. Monitoring thousands of suppliers for sustainability and compliance, however, can be a daunting task for CPOs. IntegrityNext provides a simple solution to this challenge. The platform enables companies to monitor 100% of their suppliers in order to meet sustainability requirements and mitigate risk. This whitepaper outlines the context for action and challenges and delivers practical guidance to approaching the topic with IntegrityNext.

Martin Berr-Sorokin
CEO & Founder

Over $30 Trillion of global assets are now invested sustainably (Bloomberg, 2019)

Over 42% of consumers have stopped buying products due to environmental concerns (Accenture, 2019)

“We believe that sustainability should be our new standard for investing”
Larry Fink, 2020
CEO BlackRock

“We focus on sustainability makes us win new business”
Markus Mirgeler, CPO, Clariant

“The value at stake from sustainability issues can be as high as 70% of earnings”
Mckinsey, 2014
Companies today are confronted with a dramatically increased awareness of all aspects of sustainability. Public pressure as well as international regulatory authorities hold companies responsible not only for their own actions, but also for the practices of their suppliers. Protecting brand reputation and complying with legal requirements and international standards is challenging companies – especially in light of the fact that global supply chains are often comprised of several thousands of suppliers and multiple tiers. Many companies therefore focus only on a few strategically important suppliers. Small and medium-sized companies often shy away from the effort completely. Either way leaves procurement teams dangerously unaware of sustainability and compliance risk in their supply chains. However, turning a blind eye on the practices of suppliers is no longer an option – especially considering that up to 65% of a company’s added value is generated by third parties. Failing to comply with legislation and/or not publish CSR reports can result in injunctions, penalties in the millions and even jail sentences. Many laws, like the UK Bribery Act, UK Modern Slavery Act and the US Dodd-Frank Act to name only a few, have extra-territorial reach, meaning companies with international supply chains are affected by far more than their national legislation.

In order to establish responsibility and sustainability in our global economy, international organizations as well as national legislation have made their demands. An increasing number of laws require companies to take environmental, social and governance issues into account, which also includes monitoring and reporting on the practices of their suppliers. Non-compliance, insufficient or false reports can result in hefty penalties and even jail sentences. Many laws, like the UK Bribery Act, UK Modern Slavery Act and the US Dodd-Frank Act to name only a few, have extra-territorial reach, meaning companies with international supply chains are affected by far more than their national legislation.

Since companies are liable for the practices in their supply chains, suppliers are often required to disclose their sustainability policies and measures as part of the pre-qualification process. Hence, even small and mid-sized enterprises that are not legally affected by reporting duties must follow suit in order to stay competitive.

In order to establish responsibility and sustainability in our global economy, international organizations as well as national legislation have made their demands. An increasing number of laws require companies to take environmental, social and governance issues into account, which also includes monitoring and reporting on the practices of their suppliers. Non-compliance, insufficient or false reports can result in hefty penalties and even jail sentences. Many laws, like the UK Bribery Act, UK Modern Slavery Act and the US Dodd-Frank Act to name only a few, have extra-territorial reach, meaning companies with international supply chains are affected by far more than their national legislation.

In order to establish responsibility and sustainability in our global economy, international organizations as well as national legislation have made their demands. An increasing number of laws require companies to take environmental, social and governance issues into account, which also includes monitoring and reporting on the practices of their suppliers. Non-compliance, insufficient or false reports can result in hefty penalties and even jail sentences. Many laws, like the UK Bribery Act, UK Modern Slavery Act and the US Dodd-Frank Act to name only a few, have extra-territorial reach, meaning companies with international supply chains are affected by far more than their national legislation.
THE INTEGRITY NEXT SOLUTION

In order to procure sustainably, full transparency into the supply chain is imperative and this ultimately starts with the suppliers. To gain the necessary insights and supplier data, a tech-enabled approach is almost crucial – modern technology can pick up where traditional methods and manpower come short. Having an automated, standardized process in place that is scalable and repeatable allows procurement teams to monitor the entire supplier base permanently without additional resources.

This is where IntegrityNext comes in. The cloud-based platform enables companies to continuously monitor 100% of their suppliers for sustainability and compliance. We know that getting started is usually the biggest challenge. IntegrityNext was designed to offer companies an automated all-in-one solution to cover the fundamentals, providing actionable supplier data on a large scale to actuate your sustainability efforts.

By using IntegrityNext, companies can automate the process of monitoring suppliers, include sustainability and compliance aspects in the pre-qualification of prospective suppliers and simplify the on-boarding process.

INTEGRITY NEXT COVERS

Environmental Protection
Human Rights & Labor
Anti-Bribery & Anti-Corruption
Health & Safety
Supply Chain Responsibility
Energy Management
Sanction List Check
Quality Management
Data Protection & Cyber Security
Conflict Minerals
REACH & RoHS
Diversity

... AND MANY MORE

SUPPLIER ASSESSMENTS

Dive deeper by automatically obtaining pre-built assessments from your suppliers. Our questionnaires are based on the relevant international standards and cover all aspects of Corporate Responsibility (CSR). To verify, IntegrityNext will collect your supplier’s certificates in a database for easy access. This allows you to meet all reporting requirements and have the necessary documentation right at your fingertips.

- Pre-built supplier questionnaires
- Adhering to international standards
- Available in 11 languages
- Ready-to-run and easy-to-execute

SOCIAL MEDIA MONITORING

The easiest way to monitor 100% of your suppliers in real-time, 24/7. Our Social Media Monitoring intelligence gets to work as soon as you upload your suppliers onto the platform, giving you instant access to data. IntegrityNext AI scans over one billion social media messages per day and issues risk alerts in case of potential threats in your supply chain. You’ll be the first to know.

- 1 billion news and messages scanned per day
- Background information from news, authorities, NGOs, experts and employees
- Early warnings on malpractice and reputational threats
Clariant is well aware of the dangers of sustainability risk in their supply chain. The company uses IntegrityNext to continuously monitor 66,000 active suppliers for sustainability and compliance, allowing the collected data to feed into their risk management system in real-time. Additionally, all new suppliers must undergo the IntegrityNext pre-qualification before being listed as a vendor in the ERP.

DMG MORI
DMG MORI’s maxim is to digitise and automate as many purchasing processes as possible to increase efficiency and allow employees to focus on value-adding tasks. For DMG MORI, gaining transparency about the sustainability of a broad supplier base is a prime example of successful automation. Solutions such as IntegrityNext can continuously monitor thousands of suppliers fully automated and identify those suppliers that require individual attention. IntegrityNext ratings enrich supplier profiles in SAP Ariba and help DMG MORI’s buyers make procurement decisions based on sustainability performance.

Deutsche Börse Group uses IntegrityNext to fulfill the regulatory for risk management (MaRisk) and comply with BaFin regulatory (German Federal Financial Supervisory Authority). MaRisk consists of two modules and by choosing and obtaining the applicable IntegrityNext self-assessments from their partners and suppliers, Deutsche Börse is able to comply with both.