

The path to responsible IT Procurement

October 2020



CHARITY
IT LEADERS

Who is this document for

This guidance is aimed at both Procurement and IT leaders in the charity sector and brings together essential information from several cited sources on the modern slavery issues in electronics supply chains and what responsible buying organisations can choose to do about it.

The importance of ethical procurement and its place in the voluntary sector

We all have a duty to conduct our business without causing harm to others both directly and through our actions indirectly. Every charity would have a purpose and it would be absurd were a charity to buy electronic equipment made in factories where vulnerable workers are forced to work against their will in an environment that is dangerous to their health. Yet this is what happens, unwittingly, day in and day out.

Many organisations have historically adopted a zero-tolerance policy, as it is much easier to terminate contracts than to work with suppliers to solve problems, or to sound morally superior.

The problem with a zero-tolerance policy is that it doesn't help affected workers, for example terminating the contract and walking away still leaves workers who have paid illegal and extortionate recruitment fees out of pocket and potentially out of work at no fault of their own. Rather than force these modern slavery issues into hiding, we believe it is our moral duty as professionals to engage with supply chains in order to seek out, and either mitigate risks or change historic practices for the betterment of workers.

Imagine...

What impact would finding modern slavery in your supply chain have to your brand?

Would that change the amount of donations or public funding you were to receive?

Price is important but it should never be the only factor when professional buyers are assessing the total cost of a contract. A part of the decision should be around the treatment of workers that have created the products we buy. We've got to be thinking about more than just the bottom line, but the triple bottom line equally (People, Planet, Profit). How we buy and how it impacts society should always be a consideration for those that work for the public good.

If you have a zero-tolerance culture in your organisation, we encourage you to consider adopting an engagement culture to look for modern slavery and engage with those suppliers for the betterment of those vulnerable workers.

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Does slavery still exist?

Modern slavery is an umbrella term used to encompass the most serious violations related to work exploitation, including work in slavery-like conditions, forced or compulsory labour, bonded labour, the worst forms of child labour and human trafficking. The majority of human trafficking takes place for the purposes of labour exploitation.

What is 'Modern Slavery'? Slavery did not end with abolition in the 19th century. Modern slavery blights our society and harms people all over the world. Someone is in slavery if they are:

- forced to work – through coercion, or mental or physical threat;
- owned or controlled by an 'employer', through mental or physical abuse or the threat of abuse;
- dehumanised, treated as a commodity or bought and sold as 'property';
- physically constrained or have restrictions placed on their freedom of movement. Forms of exploitation can range from forced prostitution and forced labour to forced marriage and forced organ removal.
- Forced labour – any work or services which people are forced to do against their will under the threat of some form of punishment.
- Debt bondage or bonded labour – the world's most widespread form of slavery, when people borrow money they cannot repay and are required to work to pay off the debt, then losing control over the conditions of both their employment and the debt.
- Human trafficking– involves transporting, recruiting or harbouring people for the purpose of exploitation, using violence, threats or coercion. Source: Anti-Slavery International

www.antislavery.org

How can the voluntary sector increase its purchasing power and impact on ethical procurement? in IT procurement

Collaboration and collective purchasing/bargaining are key to influencing the behaviours of suppliers. It may feel daunting and overwhelming to know how to start building collaborations with other organisations that will impact procurement practices and ethical purchasing.

LUPC is one of six regional consortiums managing over 100 framework agreements for commonly bought goods and services across many categories of expenditure including IT hardware, software, networking, telecoms and printing equipment.

The LUPC has over 90 members and is made up of higher education, further education, public sector, museums, galleries, not-for-profit organisations and charities.

LUPC was the first public body to produce a modern slavery statement and the first public body to follow ISO 20400 international standard for responsible procurement. LUPC were one of the founding members of Electronics Watch in 2015 and took the decision to centrally fund all of their members to be affiliates to Electronics Watch.

By using framework agreements that have competitive 'ceiling pricing' with the Electronic Watch clauses pre-written in, there is no need to push for ethics within your organisation and you need only opt into the Electronics Watch process. LUPC has many competitively priced frameworks where they have already inserted the Electronics Watch clauses such as:

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- Desktops and Notebooks (NDNA)
- Servers, Storage & Solutions National Agreement (SSSNA)
- Apple Equipment & Services (National)

Looking at the NDNA framework as an example, this is how it is structured, and which suppliers have agreed to the Electronics Watch clauses:



Lot	Suppliers
Desktops - Lot 1	CDW - Lenovo Reseller, DTP Ltd - HP Inc Reseller, Dell Computers Corporation Ltd, Getech - Lenovo Reseller, HP Inc, Insight - Lenovo Reseller, Lenovo Technology (UK) Ltd, Stone - HP Inc Reseller, Stone Computers Ltd, XMA - HP Inc Reseller, XMA Ltd ,
NDNA One-Stop Shop - Lot 3	CDW - Lenovo Reseller, DTP Ltd - HP Inc Reseller, Dell Computers Corporation Ltd, Getech - Lenovo Reseller, HP Inc, Insight - Lenovo Reseller, Lenovo Technology (UK) Ltd, Stone - HP Inc Reseller, Stone Computers Ltd, XMA - HP Inc Reseller, XMA Ltd ,
Notebooks (Mobile Devices) - Lot 2	Acer UK Ltd, CDW - Lenovo Reseller, Centerprise - Acer Reseller, DTP Ltd - HP Inc Reseller, Dell Computers Corporation Ltd, Dynabook Europe GmbH (F/T as Toshiba), European Electronique - Acer Reseller, Getech - Lenovo Reseller, HP Inc, Insight - Lenovo Reseller, Lenovo Technology (UK) Ltd, Stone - Acer Reseller, Stone - HP Inc Reseller, Stone - Toshiba/Dynabook Reseller, XMA - HP Inc Reseller, XMA - Toshiba/Dynabook Reseller,

Key features:

- I. Average savings of 14% compared with best available market pricing.
- II. Minimum 3 year collect and return warranty included in price on all TPM devices* with enhanced on-site warranty services with some suppliers.
- III. Electronics Watch Terms and Conditions either agreed or in the process of being agreed with suppliers on the framework.
- IV. Provides compliance under latest EU Procurement Directives 2015.

Where the member institutions have significant standardised expenditure, they can call off from the framework to their chosen supplier, purchase the items, then send factory disclosure forms to the supplier to complete and send to Electronics Watch. (Electronics watch wants to audit factories where the items are made, with a disaggregated equipment list, the number of factories in your supply chain will dilute your impact of any collaborative factory monitoring initiatives).

Members of LUPC (or Electronics Watch directly) can view the factory audit reports as they are uploaded to the affiliate member area of their website. They can choose to then be a named signatory on any letter sent to brands to improve workers' rights and working conditions in the supply chain of that brand (the OEM).

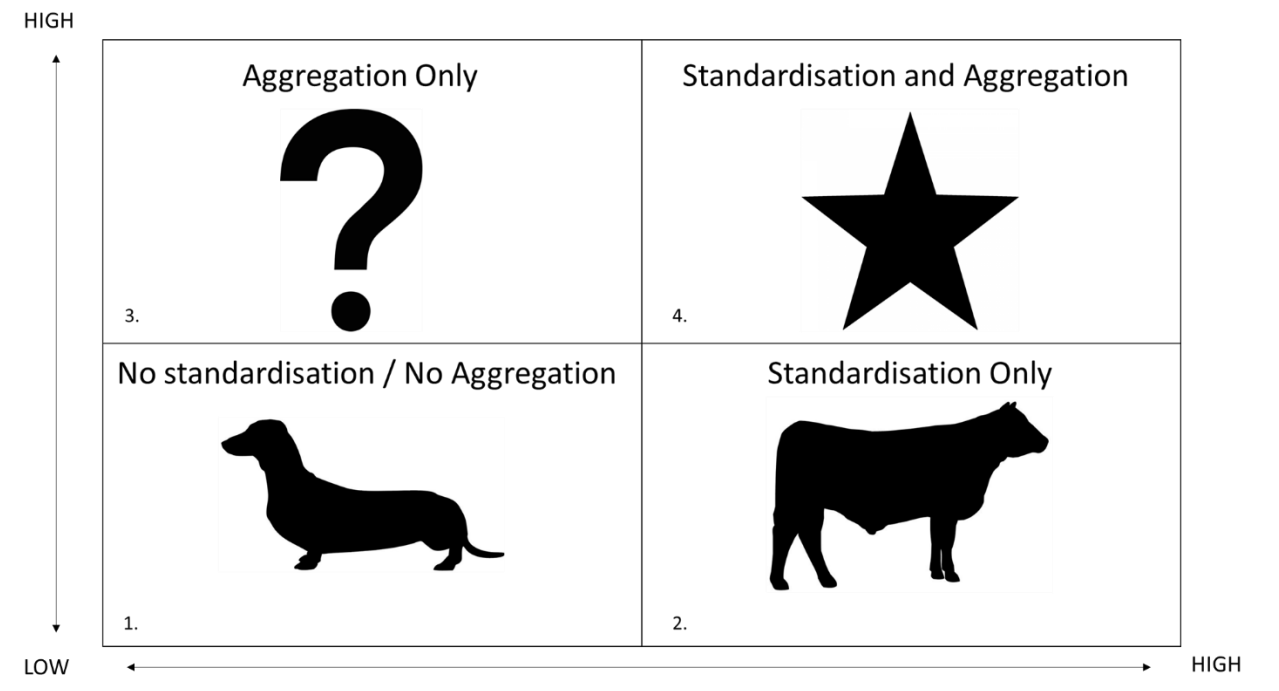
But surely demanding more from suppliers costs more?

There is a common perception that demanding suppliers do more by adding tender questions and contract clauses around responsible procurement, will increase costs. In the current climate, price is even more of a consideration than usual. Yet this is not the case.

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We can use an adaptation of the Boston Matrix to show how suppliers are likely to perceive customers when standardising the product list, as well as being able to aggregate their orders with other/similar customers. This also shows the likelihood of them wanting to meet the additional demands of responsible procurement:



A buyer will be viewed by Suppliers in a certain way and will be categorised by potential future business as well as relative complexity as a customer. Organisations who allow for choice amongst their internal customers end up buying items individually, this is diluting buying power and making your perception to suppliers as less than your potential. This will make the supply market view you in a quadrant that suggests they would want to charge more or not even bid. However, through standardisation within your organisation, followed by an aggregation of buying power, you can give greater impact and influence with your suppliers and shift their view of you as a buyer. We should aim towards the principle that a collaboration is greater than the sum of its parts.

How can we join LUPC and what will it cost?

Normal membership fee is based on the non-pay spend of an organisation and would be between £2,250 and £7,200 per annum. LUPC have agreed a preferential rate for Charity IT Leaders' members that ensures charities can join for the lowest membership fee of £2,250 irrespective of their size. You should contact Tree at tree.hall@charityitleaders.org.uk if you're interested.

LUPC member benefits

To find out more about LUPC and our work, visit www.lupc.ac.uk

As a member of LUPC you will benefit from:

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Guaranteed savings
Guaranteed compliance
Access to over 100 agreements
Full engagement
Access to HE contracts
Creditsafe
Spend Analysis
CIPS Study Courses

Electronics Watch
Achilles' THEMIS
Procurement Maturity Assessments
Consultancy Services
Ensemble Purchasing – London's Shared Procurement Services
Memberships and discounts
Commodity Groups

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Additional information

Modern slavery and the background to our legal obligations

The UN Human Rights Council in 2011 endorsed the guiding principles on Business and Human Rights.

The three pillars of the guiding principles are:

1. 'the state duty to protect',
2. 'the corporate responsibility to respect'
3. 'for victims to have access to effective remedy'.

https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf (move to bottom)

The UK was the first to write an action plan and to adopt this into law called 'The Modern Slavery Act 2015' (MSA). https://www.legislation.gov.uk/ukpga/2015/30/pdfs/ukpga_20150030_en.pdf

Article 54 of the MSA relates to "Transparency in supply chains etc" where it is a requirement to prepare a slavery and human trafficking statement for each financial year of the organisation.

If your organisation doesn't have one or you would like to learn more, an excellent guide on drafting a statement can be found here: (move to the bottom)

<https://www.lupc.ac.uk/sites/default/files/Guidance%2Bfor%2BHigher%2BEducation%2Bupdated%2B11.11.19.pdf>

In 2019 the UK government reviewed the modern slavery act and provided a list of recommendations that can be read here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/803406/Independent_review_of_the_Modern_Slavery_Act_-_final_report.pdf

It is worth noting that recommendations 15-35 relate to modern slavery statements and transparency of supply chains.

Free Modern Slavery e-learning tools

The E-learning was written by Dr Olga Martin-Ortega, Reader in Public International Law and leader of the Business, Human Rights and Environment Research Group at the University of Greenwich and LUPC Director, Andy Davies FCIPS.

https://www.lupc.ac.uk/Responsible_Procurement

Where is Modern Slavery happening?

Electronics is just one area where modern slavery risks occur, there are big issues in textiles, agriculture, fisheries and food production for instance, but our area has significant challenges that we can help address.

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Original Equipment Manufacturers (OEM's) rarely produce anything themselves, but utilise extensive Tier 2 supply chains and beyond.

For example: there were 22 separate companies that make components for Apple in the production of the iPhone 6. <https://www.macworld.co.uk/feature/apple/where-are-apple-products-made-3633832/>

The producers involved are constantly being asked to reduce prices and increase production, which can lead to further pressure on the workforce.

Antislavery international created the following website to show which countries and products are most at risk of human rights abuses: <https://www.productsofslavery.org/>

Solving the modern slavery problem

Solving the modern slavery problem might seem an impossible task when considering the totality of it, as much of it the problem happens outside your sphere of influence. Public buyers, unlike consumers, can exert real influence with their buying power, even more so through collaborative purchasing.



If everyone focused on what was within their sphere of influence, it has a ripple effect in the supply chain.

Electronics Watch

In 2015 Electronics Watch was formally launched as an independent monitoring organisation, bringing together public sector buyers and civil society organisations in electronics production regions, with experts in human rights and global supply chains.

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Electronics Watch is continuously expanding the scope of monitoring to more regions and more suppliers as increasing numbers of public sector organisations choose to share the cost of monitoring and coordinate their engagement with industry through Electronics Watch.

Electronics Watch is a not-for-profit non-governmental organisation incorporated under Dutch law (No. 62721445 in the Dutch Chamber of Commerce Trade Register). The bylaws describe the organisational structure, including the composition, election, and authority of the Board of Trustees and the role of the Advisory Group.

At the time of writing Electronics Watch audit factories on behalf of 337 affiliate members.

The Electronics Watch approach is a three-step approach:

1. Demand better working conditions in contracts
2. Monitor performance of compliance to the contract
3. Share information to improve conditions

The best way to demand better working conditions in contracts is to make this a requirement in the tendering process. Electronics Watch has a toolkit to help responsible buyers here:

https://electronicswatch.org/en/public-buyer-toolkit_2548345

About the authors

This guidance is co-authored on behalf of Charity IT Leaders by Don Bowman Director of the London Universities Purchasing Consortium and Cristian Martin, Head of Procurement at the London School of Economics & political science and Chair of the LUPC (RPAG).

The London Universities Purchasing Consortium (LUPC) is a not-for-profit professional buying organisation owned by our members, for their members. Established in 1968, their sole aim is to secure best possible value for our members in the procurement of goods and services, without causing harm to others.

To ensure it is acting as ethically as possible for its members, the LUPC has a responsible procurement policy and strategy that is overseen by a specialist group of Procurement and sustainability professionals called the 'Responsible Procurement Advisory Group' (RPAG).

End.

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