

# CEOs *for* SUSTAINABILITY

## Supply Chain Sustainability Resource Guide: Adopt a Supplier Code of Conduct

Once established by a sustainable purchasing policy, a Sustainable Purchasing Program guides the development and implementation of more specific policies as needed. These may include policies for energy, fleet, packaging, fair trade, supplier diversity, and so on. One fundamental policy is the supplier code of conduct.

Codes of conduct are critical to establishing and managing expectations for both customers and suppliers. They create a shared foundation for sustainability from which supply chain management professionals, suppliers and other actors can make informed decisions.

For steps in developing a code, communicating the code to suppliers and more, access [Supply Chain Sustainability: A Practical Guide for Continuous Improvement, 2nd Ed.](#), BSR-United Nations Global Compact, 2015.

### Code of Conduct Components

Components will vary based on your industry sector, but here are some common ones to consider.

#### Ethics

- Business integrity
- Privacy
- Protection of identity and non-retaliation
- Fair business, advertising, and competition
- No improper advantage
- Disclosure of information
- Intellectual property
- Responsible sourcing

#### Human Rights and Labor

- Forced labor
- Child labor
- Working hours
- Wages and benefits
- Humane treatment
- Nondiscrimination
- Freedom of association and collective bargaining
- Occupational safety
- Emergency preparedness
- Occupational injury and illness
- Fire safety
- Industrial hygiene
- Physically demanding work
- Machine safeguarding

#### Environment

- Material toxicity and chemicals
- Raw material use
- Recyclability and end of life of products
- Greenhouse gas emissions
- Energy use
- Water use and waste water treatment
- Air pollution
- Biodiversity
- Responsible sourcing

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## Anti-Corruption

- Conflict of interest
- Gifts, meals and entertainment
- Bribery and kickbacks
- Accounting and business records
- Protecting information
- Reporting misconduct

**Sources:** [Responsible Business Alliance Code of Conduct](#), Responsible Business Alliance; and [Supply Chain Sustainability: A Practical Guide for Continuous Improvement, 2nd Ed.](#), BSR-United Nations Global Compact, 2015.

## Supplier Code of Conduct Template

*Although this template is much more expansive than many companies will require, it provides some general topics and language to consider. This supplier code of conduct was developed for CEOs for Sustainability by Callie Carioti as part of her work toward a Master of Arts in Food Studies at Chatham University.*

### Code of Conduct

At **[insert company name]**, our mission is to **[insert company mission statement]**.

In conjunction with our mission and ongoing commitment to sustainability, **[insert company name]** has developed a Code of Conduct to ensure that all our suppliers meet our basic business expectations related to legal requirements, ethical practices, human rights, and environmental management. These standards are based on recognized international standards, including the International Labor Organization, United Nations Universal Declaration of Human Rights and Global Compact, Responsible Business Alliance, Global Impact Investing Rating System, and industry best practices.

Compliance with these standards is an expectation of doing business with **[insert company name]**. The Supplier Code of Conduct defines the standards that we ask our suppliers to respect and adhere to.

**[Insert company name]** seeks to develop and strengthen partnerships based on a shared commitment of transparency, collaboration, and mutual respect. However, the actions of our partners affect our reputation and the level of trust we have worked to earn from customers and other stakeholders. While we appreciate that our suppliers operate in a variety of different legal, geographical, and cultural environments, we expect all suppliers to comply with the Code and strive to exceed these standards.

This Code should not be a substitute for national laws, legal agreements between **[insert company name]** and suppliers, or other laws and agreements of consent. This Code serves as a complement to preexisting legalities to enhance supply chain sustainability including supplier-company relations, ethics, labor standards, and environmental responsibility. The following categories encompass the Supplier Code of Conduct.

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## 1. Ethics

*Suppliers are expected to uphold the highest standards of business integrity and social accountability.*

- **Privacy**

Suppliers should respect the privacy rights of their workers whenever they gather private information or implement worker monitoring.

- **Protection of Identity and Non-Retaliation**

Suppliers must ensure the confidentiality, anonymity, and protection of employee concerns in the workplace. Suppliers should have a communicated process for their personnel to raise any concerns without fear of retaliation.

- **Advertising and Competition**

Standards of fair business, advertising and competition are to be upheld.

## 2. Human Rights and Labor

*Suppliers are expected to protect the human rights of their employees by treating them equally and respectfully through freedom of association, the right to collective bargaining, and the elimination of forced and compulsory labor, child labor, and employee discrimination.*

- **Voluntary Labor**

Suppliers employ all workers on a voluntary basis free from threats of violence, threats of criminal penalty, and restrictions on freedom of movement. Suppliers should not use any prison, slave, bonded, forced, indentured, debt induced labor, or engage in other forms of compulsory labor, slavery, or human trafficking.

- **Employment Practices**

Suppliers should employ only workers who are legally authorized to work in their facilities and are responsible for validating workers' eligibility to work through appropriate documentation. All work shall be voluntary, and workers shall be free to leave work or terminate their employment upon reasonable notice.

- **Worker Documentation**

Suppliers do not require workers to deposit original identification documents, travel documents, or any other personal legal documents upon starting employment.

- **Migrant Labor**

Suppliers recognize the unique legal, social, and cultural situations that migrant workers face and will ensure that such workers are treated with dignity, respect, and in accordance with the same standards that apply to other workers.

- **Discrimination & Harassment**

All workers are treated with respect and dignity. No worker is subject to physical, sexual, psychological, verbal harassment, abuse, or other form of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline,

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termination or retirement. Discrimination based on caste, national origin, ethnicity, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation, health, disability or pregnancy is unpermitted. In particular, attention is paid to the rights of workers most vulnerable to discrimination, such as, but not limited to, disabled persons, women, racial minorities, and elderly populations.

- **Diversity**

Suppliers must demonstrate a diverse workforce composition, actively embracing workforce age, gender, race, national or ethnic origin, religion, language, political beliefs, sexual orientation, and physical ability, and promoting supply chain inclusion throughout their own supply chains.

- **Wages & Benefits**

Suppliers pay workers on time and in all circumstances. Wages must be paid on at least a monthly basis and in the name of the individual performing the work. Workers are provided with a total compensation package that includes wages, overtime pay, benefits and paid leave which meets or exceeds the legal minimum standards or appropriate prevailing industry standards, whichever is higher. In addition to compensation for regular hours of work, workers shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

- **Living Wage**

Suppliers should ensure workers are provided a living wage to meet basic needs for workers and their official dependents.

### 3. Health & Safety

*Suppliers are expected to protect and promote worker health and safety in their operations, facilities, and procedures.*

- **Workplace Environment**

Suppliers shall provide workers with a safe and healthy working environment. At a minimum, potable drinking water, adequate lighting, temperature, ventilation, sanitation facilities, and personal protective equipment must be provided together with equipped work stations at no cost. In addition, facilities must be constructed and maintained in accordance with the standards set by applicable laws and regulations.

- **Hazardous Materials & Product Safety**

Suppliers should identify hazardous materials, chemicals and substances, and ensure safe handling, movement, storage, recycling, reuse, and disposal. Suppliers shall comply with material restrictions and product safety requirements set by applicable laws and regulations. Suppliers shall ensure that workers are trained in product safety practices.

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- **Emergency Preparedness**

Suppliers must be prepared for emergency situations, with evacuation procedures, emergency training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment, and adequate exit facilities. Suppliers should regularly train workers on emergency planning, responsiveness, and medical care.

- **Security**

Suppliers should ensure security of all processes and standards to ensure raw materials do not leave the legal supply chain.

#### 4. Environment

*Suppliers are expected to address environmental challenges by committing to initiatives that promote greater environmental responsibility and encourage the development of environmentally friendly products and technologies.*

- **Environmental Permits & Reporting**

Suppliers should ensure that they maintain and follow the reporting guidelines of all the required environmental permits and registrations to be legally compliant.

- **Resource Consumption, Pollution Prevention & Waste Minimization**

Suppliers should optimize consumption of natural resources, including energy and water. Suppliers should implement and demonstrate sound measures to prevent pollution and minimize generation of solid waste, wastewater and air emissions. Prior to discharge or disposal, supplier shall characterize and treat wastewater and solid waste appropriately and according to applicable laws and regulations.

- **Training**

Training is provided to all personnel on environmental policies and procedures to ensure effective implementation and compliance.

#### 5. Management

- **Records**

Suppliers should maintain accurate and transparent records and accounts of compliance with laws, regulations, and the Supplier Code of Conduct.

- **Audits & Assessments**

[**Insert company name**] reserves the right to audit compliance with this Code. In addition to supplier self-audits, audits are facility inspections that include worker interviews and a review of supplier records and business practices. If an audit identifies a violation of this Code, suppliers shall act promptly to correct the situation with a corrective action plan.

- **Reporting**

Suppliers are responsible for prompt reporting of actual or suspected violations of law, this Code, and any contractual relationship with [**insert company name**]. This includes violations by any worker or agent acting on behalf of either the supplier or [**insert company name**].

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- **Communicating & Training**

Suppliers must inform workers about the expectations contained in this Code of Conduct. This includes prominently posting the Code in the workplace in an accessible area to workers, conducting group or individual meetings to review and explain the Code, distributing explanatory pamphlets to workers, or communicating through online mediums.

## 6. Anti-Corruption

[Insert company name] maintains a zero-tolerance policy for supplier engagement in procurement fraud including kickbacks, fraudulent billing, bribery, purchasing and sales schemes, corrupt government practices, and negligence of the following: health and safety requirements, tax payments, mandatory licensing, and legitimate law enforcement.

### Addressing Violations and Concerns

[Insert company name] takes violations of this Supplier Code of Conduct seriously. By violating any of the requirements and expectations outlined in this Code, a supplier risks termination of the relationship. [Insert company name] may also refer misconduct to proper authorities. Suppliers should report known or suspected violations of this Code of Conduct to [insert company name].

Template adapted from the [International Labor Organization Labor Standards](#), [United Nations Universal Declaration of Human Rights](#), [Pet Sustainability Coalition Supplier Code of Conduct template](#), and [OSHA Employer Responsibilities](#).

## Additional Resources

- [United Nations Global Compact](#)
- [Universal Declaration of Human Rights, United Nations Global Compact](#)
- [Implementing the United Nations “Protect, Respect and Remedy” Framework: Guiding Principles on Business and Human Rights](#)
- [International Labor Standards, International Labor Organization](#)
- [Code of Practice in Safety and Health, International Labor Organization](#)
- [Guidelines for Multinational Enterprises, Organization for Economic Cooperation and Development](#)
- [The Rio Declaration on Environment and Development](#)
- [United Nations Convention Against Corruption](#)
- [ISO 14001, International Organization for Standardization](#)
- [SA 8000, Social Accountability International](#)
- [OHSAS 18001](#)



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