



Tackling social risk in supply chains by prioritising action

Client's objectives

Operating in 30 countries, BUNZL plc is a global distribution and outsourcing organisation specialising in non-food consumable products with a complex and ever-changing supply chain across nearly 70 countries. Bunzl acknowledges the social risk associated with a global supply chain of this magnitude and is committed to working with suppliers to ensure that adequate standards are maintained in all areas of Corporate Responsibility (CR). Indeed, the business demonstrates leadership in this area with an audit team based in Shanghai, a large blue-chip supplier base, and ongoing engagement with suppliers requesting them to meet their CR standards.

With the arrival of the UK Modern Slavery Act in 2015, large undertakings are required to publish a statement with the steps the organisation has taken to investigate and mitigate modern slavery in their supply chains. Bunzl sought third-party expertise to their existing approach to prioritising and addressing social risk, carry-out an independent risk assessment, and support the business to prioritise action to mitigate risk.

The project

Carbon Smart worked closely with Bunzl's central risk committee team and procurement leads from each business units across the world to review and prioritise exposure to social risks across its multibillion-dollar supply chain and establish a mitigation approach for the business to take forward. The work covered five key areas:

1. **A review of material social risks for Bunzl** - Carbon Smart carried out a series of interviews with Bunzl's procurement leads and a review of what leading experts from governmental organisations, NGOs, research and industry findings regarding social risk relevant to Bunzl
2. **Evaluation of initial analysis carried out by BUNZL** – in light of the findings of the materiality review above, Carbon Smart reviewed the internal analysis and provided insights into additional social risks and how and where these additional risks could manifest themselves in Bunzl's supply chain
3. **Data collection across business units across 57 countries and 11 sectors** - Carbon Smart supported Bunzl to collect decentralised procurement data across a decentralised procurement system and manipulate and categorise the data into a coherent format to carry out the risk assessment
4. **Independent risk assessment using our propriety multi-region risk assessment based on economic input-output modelling techniques and leading governmental/NGO research** – The risk assessment carried out by Carbon Smart provided the business with a view of the direct (tier 1) and indirect (tier 2+)

social risk of suppliers. The model, based on leading governmental research, assessed suppliers' risks by sector and location weighted by spend

5. **Develop high level approach to address and mitigate social risk** – Carbon Smart worked with Bunzl to develop a prioritised action plan to manage and mitigate social risk based on the materiality and quantitative risk assessment.

Project's impact

Social risk in the supply chain is a growing concern for many organisations both in the UK and abroad. This is driven by the increasing complexity and global reach of supply chains, exposing organisations to a whole array of social risks. As a responsible global business, supply chain risk is an issue of significant importance for Bunzl and this project delivered the following key benefits to the business:

- **Understanding of material social risks**– By augmenting Bunzl's inhouse knowledge with external best practice, we developed a more extensive understanding of the social risks material to the business, their relative prevalence by geography and product sector, and Bunzl's relative exposure
- **Risk weighted view of their global spend** – Combining this view of material risks with Bunzl's procurement data supported the creation of a risk weighted view of expenditure. This enabled the company to differentiate between absolute and relative risk scenarios and formulate tailored responses, such as focused engagement and training on specific social risk issues
- **A prioritised action plan to mitigate risk** – We identified a series of actions and developed an implementation roadmap to prioritise attention on the areas of greatest risk, thereby enabling the business to focus resource where it matters most.

Testimonial

“When we started our work to map the social risks in our supply chain, we were soon faced by the challenge presented by the volume of our supplier data and complexity of our supply chain. We then approached Carbon Smart to support us in collating and organising the data and to develop a robust risk assessment process. They formed good relationships with our procurement staff across the world to obtain and validate the data required and within a short timescale. They provided knowledge of social risks which allowed us to complete the social risk analysis and to define our direction and actions to mitigate the risks. Carbon Smart has been easy to work with, responsive to our requirements and pragmatic in their solutions.”



Gijs Voskuilen, Head of Corporate Responsibility, Bunzl plc.

For more information, please contact:

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