

## Tool 3: Risk Screening Tool

This template, based on the process completed by the UK government, sets out a process that moves through both spend profiling and the risk assessment. The benefit of this model is that it provides both a comprehensive step-by-step approach and a scoring methodology. This process is best used by companies who are currently developing their sustainability processes. Scoring can be amended based on the complexity of spend however, you should ensure that the higher risk elements are afforded higher scores.

| Section        | Step No | Steps                | Activities   | Considerations   |
|----------------|---------|----------------------|--|--|
| Prioritisation | 1.      | Identify Data Source | <ul style="list-style-type: none"> <li>Identify data source</li> <li>Create a report with full annualised spend data. If you have historic spend complete this for the prior year also.</li> </ul> | <ul style="list-style-type: none"> <li>Do you have all of the data? (Accounts payable and expense data)</li> <li>Has it been annualized?</li> <li>Do you have invoice level data? This will support categorisation for those suppliers you do know have a contract for setting out the goods and/or services being sourced.</li> <li>Are you able to forecast spend for any suppliers?</li> <li>Do you have agreed categories for suppliers to be aligned to?</li> </ul> |
|                | 2.      | Categorise Spend     | <ul style="list-style-type: none"> <li>List suppliers by total spend</li> <li>Categorise into spend areas based on goods and/or services being purchased</li> </ul>                                | <ul style="list-style-type: none"> <li>Determine what is considered high spend for your organization (usually suppliers with spend between .5% and 1% of total spend or, top 100-200 suppliers)</li> <li>Do you know the market share with your</li> </ul>   |

top suppliers? (this will be addressed in the Influence in section 10 below)

3. Stakeholder engagement

- Where Procurement do not manage the spend (e.g. contract management sits in IT) identify contract owners
- Educate stakeholder on the reason for the risk profiling exercise.
- Gain understanding on any potential future changes in the spend with the supplier
- Identify those that provide goods or services from off-shore
- Do you have all areas of spend identified and categorised? Budget owners will be able to identify gaps.
- Is there a formal supplier management program in place?
- Can you better understand the ease of addressing any potential issues with the supplier and/or category?
- Have the contract owners/budget owners completed risk profiling or audits on the suppliers in the past or do they plan to in the future?

4. List categories and/or suppliers that have been identified and requiring review

- List suppliers and or categories that require additional review through spend profile and data-gathering through stakeholder engagement/invoice details.
- All suppliers with the follow to move to remediation planning:
  - High Spend
  - Increasing spend
  - Sourcing completed off-shore
  - Categories of spend that include (manufacturing, construction etc)
  - Easy to address / assess (this will significantly reduce the effort required in the second
- How confident are you that you have all of the required data? Record any assumptions that have been made or gaps in data so that future sourcing exercises can close these for future assessments.
- To accurately identify High spend score supplier 1-5 with 5 being the highest. This can also be completed by category.

| round of supplier risk assessment assessment) |    |                             |  |   |
|---|----|-----------------------------|--|---|
| Assess Risk                                   | 5. | Assess life of supply cycle | <ul style="list-style-type: none"><li>Review the goods and/or services provided over the duration of the contract both up and down stream (see CIPS Supply Chain map)</li><li>Apply a 1-5 score based on what is to be delivered during the contract (5 being the highest).</li><li>Apply a 1-5 scoreThose that have links to countries identified in the Slavery index are to score higher than others.</li><li>Other indicators can be found through the US state department</li></ul>   | <ul style="list-style-type: none"><li>Do we have visibility to our supplier’s first and second tier supply base?</li><li>What information do we need from the stakeholders to close any gaps identified in this step?</li></ul>   |
|   | 6. | Assess current activity     | <ul style="list-style-type: none"><li>Does the supplier have a code of conduct that addresses slavery?</li><li>Does the supplier have sourcing policies that address slavery?</li><li>Do they have demonstrable management processes in place to manage the risk of slavery in their supply chain?</li><li>Have they been identified in the media, or through organisations that monitor risk (Reprisk) as having instances of slavery? If so, what remediation was taken?</li><li>Has the supplier signed the Stat Dec?</li><li>Apply a score 1-5 (with five as the highest score for those that have no policies, process and have been identified as having breaches)</li></ul> | <ul style="list-style-type: none"><li>Ensure you assess the supplier web sites. Codes of Conduct and sourcing policies are often made public through this means.</li><li>Where you cannot find answers to these points score the supplier more highly as these can be addressed in the remediation plan</li></ul> |
|   | 7. | Assess potential to do more | <ul style="list-style-type: none"><li>Understand gaps based on the assessment completed in step 6</li><li>Review internal management process e.g. do the contracts have appropriate clauses addressing the prevention of slavery, does the supplier have any reporting</li></ul>   | <ul style="list-style-type: none"><li>Ensure that all considerations are recorded as these will feed into a remediation plan</li></ul>  |

|                 |     |                              |  |   |
|-----------------|-----|------------------------------|--|---|
|                 |     |                              | requirements on high risk areas in this contract.  |   |
|                 |     |                              | <ul style="list-style-type: none"> <li>• Has the supplier and contract manager completed training on anti-slavery practices?</li> <li>• Apply a score of 1-5 (with five being assigned to those supplier with the most opportunity for improvement)</li> </ul>   |   |
|                 | 8.  | Assign overall score         | <ul style="list-style-type: none"> <li>• Add the total scores for each supplier and/or category.</li> <li>• List by highest score to complete highest priority list</li> </ul>   |   |
| Action Planning | 9.  | Develop Scope for do more    | <ul style="list-style-type: none"> <li>• List by supplier and/or Category the areas identified in the gap analysis completed in steps 6 &amp; 7</li> <li>• Engage internal stakeholders to communicate findings</li> </ul>   | <ul style="list-style-type: none"> <li>• Are there any changes in your business strategy that you should take into account to be added to this list?</li> </ul> |
|                 | 10. | Understanding your influence | <ul style="list-style-type: none"> <li>• Work with stakeholders to answer the following:               <ul style="list-style-type: none"> <li>- Are the suppliers operating in a saturated market?</li> <li>- By working with us do the suppliers improve policy and practice?</li> <li>- Do we represent &gt;0.5% of suppliers' turnover?</li> <li>- Is our market share enough to invoke change?</li> <li>- Do you comply with your own/Gov policies?</li> </ul> </li> </ul> |   |