



IP



Indicator Protocols Set  
Sourcing (SG)  
Food Processing  
Sector Supplement

## Sourcing

### Performance Indicators

#### Aspect: Across all Aspects of Sourcing

**CORE** **FP1** Percentage of purchased volume from suppliers compliant with company's sourcing policy.

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**CORE** **FP2** Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.

FP



**FP1 Percentage of purchased volume from suppliers compliant with company's sourcing policy**

**1. Relevance**

Food processing companies have the potential to influence the sustainability of their suppliers through their sourcing management approach. The fact that a sourcing management approach exists, however, does not on its own ensure that all purchases fulfill this approach. The number of suppliers to a food processing company may be very large and they may be located all over the world in remote areas. It is therefore necessary for companies to identify material sourcing issues and suppliers throughout the supply chain as warranted and then verify and report on whether or not suppliers are bringing the policies into practice. This indicator will identify whether companies are working with suppliers that are compliant with their sourcing policy.

**2. Compilation**

- 2.1** Identify suppliers in the reporting organization's supply chain.
- 2.2** Identify those suppliers that are compliant with the sourcing policy (through, for example, legally binding contract clauses, self-assessments, buyer's audits, third party verifications).

Compliant suppliers should also include those suppliers with an implemented action plan to bring about compliance.

- 2.3** Identify the purchased volume from each compliant supplier identified in 2.2.
- 2.4** Calculate the purchased volume from compliant suppliers by adding together the purchased volume of the respective compliant suppliers identified in 2.3.
- 2.5** Calculate the percentage of purchased volume from suppliers broken down by compliance and non-compliance with the company's sourcing policy by using the following equation:

$$\frac{\text{Purchased volume of compliant suppliers as calculated in 2.4}}{\text{Total purchased volume from all suppliers}} \times 100$$

= percentage purchased volume from compliant suppliers

- 2.6** Report the percentage calculated in 2.5, disaggregating data by method used to assess compliance with the sourcing policy.
- 2.7** Report disaggregated data by compliant suppliers and those with an action plan.

**3. Definitions**

None.

**4. Documentation**

Potential information sources include billing and accounting systems, the procurement or supply management department, self-assessment reports, buyer audit reports, third-party auditor reports, supplier action plans.

**5. References**

None.



## FP2 Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard

### 1. Relevance

Credible, internationally recognized responsible production standards have been developed for a large number of food processing products. Detailed sustainability requirements are included in these standards, targeted to specific products and the locations where they are produced. Most of these standards are developed by a large group of stakeholders and supported by leading international organizations. By complying with these standards, basic levels of sustainability are guaranteed on a large number of issues. Geographical origin of verified products might be relevant for understanding the need for using the standard.

### 2. Compilation

- 2.1** Identify the product type, geographical origin and volume of all purchased materials.
- 2.2** Identify the internationally recognized responsible production standards relevant for the reporting organization's purchases.

For the purposes of this indicator, a credible and internationally recognized standard is a set of criteria on social or environmental sustainability issues which follows harmonized international standard-setting and international accreditation procedures as defined by the ISEAL Alliance.

Examples of standards include Fair Trade (WFTO fair trade standard); Organic (IFOAM); Roundtables (e.g., Roundtable on Sustainable Palm Oil - RSPO); Common Code for the Coffee Community (C4); Rainforest Alliance agriculture certification; Marine Stewardship Council (MSC); Forest Stewardship Council (FSC); etc.

The management approach to these can be reported as part of the Sourcing Disclosure on Management Approach.

- 2.3** Identify the purchased materials verified in accordance with the standards identified in 2.2.
- 2.4** Calculate the purchased volume verified as being in accordance with the relevant standards identified, by adding together the purchased volume of materials identified in 2.3.
- 2.5** Calculate the percentage of purchased volume which is verified as being in accordance with standards identified in 2.2. by using the following equation:

$$\frac{\text{Purchased volume calculated in 2.4}}{\text{Total purchased volume}} \times 100$$

= percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards

- 2.6** Report percentage calculated in 2.5 broken down by the credible, internationally recognized responsible production standards identified in 2.2 and broken down by origin identified in 2.1.

### 3. Definitions

None.

### 4. Documentation

Self-assessment reports, verification reports, purchasing orders, delivery orders, bills, certificates.

### 5. References

None.

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