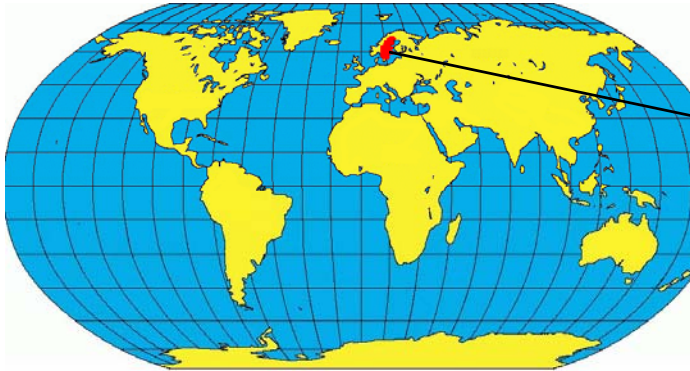




# Social responsibility in public procurement

**Bengt Strömstedt**  
**Environmental Director & SR Procurment Coordinator**  
**The Swedish Defence Materiel Administration**

# SWEDEN



## Some basic facts

Area: 174,000 sq mi (450,000 km<sup>2</sup>) (Papua New Guinea, Iraq)

Population: 9.3 million (Somalia, Belarus, Bolivia)

Capital: Stockholm

Form of government: Constitutional monarchy, parliamentary democracy

# FMV

- **Independent civil government agency under MoD**
- **Approx. 1500 employees**
- **Annual turnover of ~2.2 billion USD**
- **Main customer is the Swedish Armed Forces (SAF) (>90%)**
- **FMV has a life-cycle responsibility for SAF systems**
- **Other customers incl. National Crisis Agency, National Board of Police, Coastal Guard**

# FMV's Environmental and SR Engagement

- **Started systematic environmental work in 1997**
- **Since 2000 an EMS according to ISO 14001**
- **The 20 largest suppliers (80% of the contracts) are certified according to ISO 14001**
- **Since 2001 adopting "Fundamental Rights of Employees" in procurement**
- **Using animal welfare requirements in procurement since 2008**

# Why bother??

## Environment

- **It is the law!**
- **Political vision, EU and Sweden**
- **Customer demand**
- **Employee demand**
- **Reduce our foot-print!**
- **Secure the operational freedom of the SAF!**
- **It's sound economy!**

## Social responsibility

- **Part of sustainable development**
- **Protect our reputation**
- **It is the right thing to do!**

# Environmental requirements in procurement

Requirement	Development contract	COTS
EMS	Yes	No
Environmental plan	Yes	No
Product related	Yes	Yes
Audits	Yes	(Yes)



# Evaluation criteria for chemicals

All material supplied to FMV shall, as far as possible, be free from substances that are

- carcinogenic
- allergenic
- that affect genetic material or reproduction
- that are environmentally hazardous
- that affect the climate or the ozone layer

# Social Responsibility Code of Conduct for Suppliers

## Fundamental Rights of Employees

The Contractor shall **comply with national legislation concerning its employees' work and employment conditions**. Work and employment conditions shall, **as a minimum, be compatible with** the International Labour Organization's **(ILO) conventions** in the below stated respects

- a) Minimum Age for Admission to Employment (**ILO Convention No. 138**)
- b) Abolition of the Worst Forms of Child Labour (**ILO Convention No. 182**)
- c) Abolition of Forced or Compulsory Labour (**ILO Convention No. 29 and 105**)
- d) Equal Remuneration for Men and Women Workers for Work of Equal Value (**ILO Convention No. 100**)
- e) Discrimination in Respect of Employment and Occupation (**ILO Convention No. 111**)
- f) Freedom of Association and Protection of the Right to Organize and Collective Bargaining (**ILO Conventions No. 87 and 98**)

In the case of subcontractors the **Contractor shall be responsible to FMV for such subcontractors complying** with their national legislation and the mentioned ILO Conventions





# Animal Welfare

European Council Conventions # 65, 87, 102

- ❁ **Basic living conditions**
- ❁ **Transport**
- ❁ **Slaughtering**
- ❁ **Mulesing**



# How is the CoC used in procurement?

## **As a prerequisite in the qualification phase**

The Tenderer shall in a separately signed document attached to the Tender certify that the conditions in the CoC are fulfilled.

## **As a contractual requirement**

Breach of the CoC can lead to cancellation of the contract.

**The CoC has mostly been used for clothing and other textile products, but the scope is now expanded.**

# Inspection and Monitoring

The Contractor shall

- 1) as soon as possible upon FMV's request **supply information concerning work and employment conditions** of employees
- 2) **permit inspection** without any reservations, by FMV or an independent third party appointed by FMV, at the workplace
- 3) **ensure that relevant information** concerning work and employment conditions of employees **is available at the workplace for inspection** by FMV or an independent third party appointed by FMV,
- 4) **not punish, dismiss or otherwise discriminate against employees** who perform work for delivery to FMV and **who disclose information about compliance** with the stipulations in the Code of Conduct

# Cancellation for default

Concerning Fundamental Rights of Employees the following is considered as a **substantial breach of contract**:

- Clear cases of breach of the conditions laid down in the ILO conventions
- Not providing requested information concerning work and employment conditions
- Not permitting inspections by FMV or an independent third party
- Taking punitive action against an employee disclosing information about compliance with the CoC

The Contractor has immediately and within ten days, in writing, to show how Corrective actions will be taken.

The Contractor has within thirty days, in writing, to show how corrections have made in a way provable to FMV.

# Challenges (they are many and substantial....)

## FMV

- **Many complex systems procured**
- **Very many and long supply chains**
- **In many cases FMV is a marginal procurer:  
We do not get the information!**

## Suppliers

- **Suppliers are burden with contradictory CoC and to many audits**
- **Workers of suppliers are happy to work overtime**
- **Continuously decreasing margins also affects the way the Codes of Conduct are followed**
- **Short-term orders and increasing speed of deliveries facilitate poor working conditions**

**....but it can be done....and....**

It is the right thing to do!