

Supply chain insight prevents purchasing team contracting with high-risk supplier

Business intelligence and insights are the building blocks for long-term success. With businesses using global suppliers to source raw materials, many are investing more time into ensuring that the right standards are being followed throughout their supply chains. A leading renewable energy provider wanted to understand how closely its suppliers were aligned with its own values. It turned to Achilles for help.

Challenge

With regulations on sustainability and compliance tightening in markets around the world, global organisations face the additional challenge of not only ensuring that their operations meet the right standards, but that their suppliers do as well. For this reason, a leading energy provider turned to Achilles to help it understand how its key suppliers in the Achilles Green Energy network performed when assessed against key financial, sustainability and governance criteria, and for help identifying risk in its supply chains. Supply chain leaders are turning to Achilles more and more to help meet the reporting needs imposed by legislation, such as the Modern Slavery Act in the UK, Norway's Transparency Act, the USA's Uyghur Forced Labor Prevention Act, and Germany's Supply Chain Act.

The Green Energy network helps energy providers to source and pre-qualify suppliers for green energy projects. Open to providers in onshore and offshore wind, solar energy, wave energy, hydro energy and other renewable sources, it provides real-time information about the compliance levels of potential suppliers across a number of different criteria, from health and safety to human rights. In a pilot test for how this network can help organisations source green suppliers, Achilles helped the buyer assess its suppliers against these key standards.

Solution

These suppliers completed the pre-qualification questionnaire for Green Energy, and Achilles assessed the submitted content against our rigorous data framework. Achilles identified over 2,000 upstream suppliers as having connections with this company's first-tier suppliers. Taking into account a wide range of factors, Achilles developed an in-depth understanding of the strengths, minor weaknesses and major weaknesses in the buyer's supply chain. As well as

highlighting operational risks to the buyer, Achilles produced a score against which it could benchmark supplier performance.

Results

The results of Achilles' risk assessment were presented to the buyer, giving it vital insights into the types of risk that could impact the business' performance and how it can encourage its suppliers to improve their processes.

Highlighting a key supplier as a risk

Thanks to Achilles' in-depth and fully validated supplier questionnaire, we were able to identify one supplier in particular as presenting a high risk to the purchasing organisation. The supplier in question had reported a disproportionately high injury rate (25 times the average rate), multiple major injuries in 2020 and had been served with multiple statutory HSE/HAS notices in the previous year, suggesting that health and safety management systems, while certified, were not followed appropriately by all colleagues at the supplier organisation. Achilles immediately highlighted to the purchasing organisation that this supplier could significantly increase the risk of an accident on site. Through Achilles' audit program, we are able to identify and take action to mitigate such risks in the supply chain, by issuing corrective action plans and tracking supplier performance over time.

Achilles also highlighted that over half of the suppliers have no policies aimed at preventing modern slavery or human trafficking, suggesting that there were both ethical and

health and safety risks in the buyer's supply base. This represents a risk to any purchasing teams based in the UK, Germany, or Norway, based on recent legislation requiring supply chain due diligence related to human rights and the eradication of modern slavery in supply chains.

Achilles made recommendations to ensure the buyer could continue to meet regulatory requirements and made suggestions on how it could identify and improve its risk avoidance procedures. Achilles also suggested that the provider audit high risk suppliers to ensure they continue to meet health and safety regulations.

Highlighting insurance risks in the supply chain

Two other suppliers failed to provide proof of insurance, potentially posing a major problem should a life-threatening accident occur. To help mitigate this risk, Achilles maintains records of insurance certificates and expiry dates to ensure insurances are kept in date and shared with relevant parties in the supply chain.



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