



ProCredit Bank

# ProCredit Eco

Sustainable suppliers

www.procreditbank.ge

NEWSLETTER, Q2/2021

## A more sustainable supplier chain management in the Financial Services Sector

Although the financial sector does not appear to be in the front row when it comes to supply chain management, most of its environmental and social impact is caused indirectly – i.e. by the suppliers it uses and the clients it serves<sup>1</sup>. The UN Global Compact encourages companies to take a broader view of their role in society and explore what they can do to support their suppliers with regard to corporate sustainability. This can increase companies' positive impacts on people and the environment tremendously<sup>2</sup>.

The principles of the UN Global Compact are in alignment with our own principles and values, which are formulated in our Code of Conduct (click on the photo for more info). At ProCredit, the Code of Conduct is an essential part of our identity and reflects our values as a responsible banking group with a moral compass. This obliges us to apply similar criteria when assessing and selecting our suppliers.

Continue reading this newsletter in order to learn more about our group-wide approach and the measures we take regarding sustainable suppliers.



## How does the ProCredit group contribute to a more sustainable supply chain?

© beugdesign - stock.adobe.com



In March 2021, the EU parliament paved the way for a new EU law that requires companies to address human rights and environmental standards throughout their value chains. Our Group Guidelines on Sustainable Suppliers represent a proactive approach towards managing supply chain responsibility and gives preference to suppliers that are particularly sustainable.

### Why?

Because ProCredit strongly believes that sustainability is one of the main drivers of working responsibly. We consider all of our suppliers to be strategic partners who play a crucial role in our environmental and social impact. That is why each ProCredit institution is continuously striving to increase the number of sustainable suppliers used when sourcing goods and services.

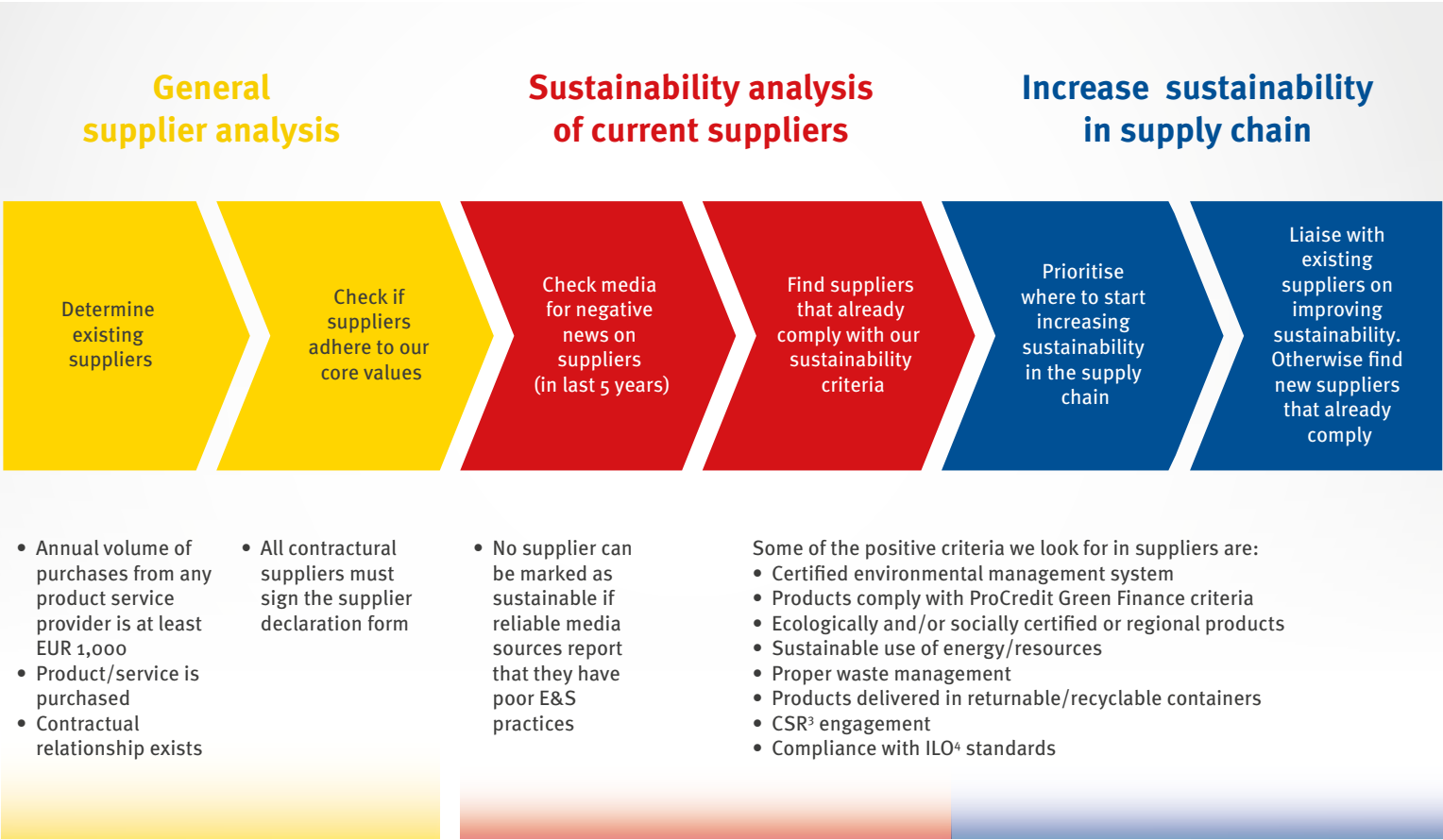
In 2019, ProCredit initiated a group-wide project to analyse the sustainability of our supply chain and suppliers. With the project we defined who we consider to be suppliers and the criteria for “sustainable” suppliers.

<sup>1</sup> BSR (2015), Supply Chain Sustainability in the Financial Sector, BSR\_Financial\_Sector\_Supply\_Chain\_Sustainability\_2015.pdf

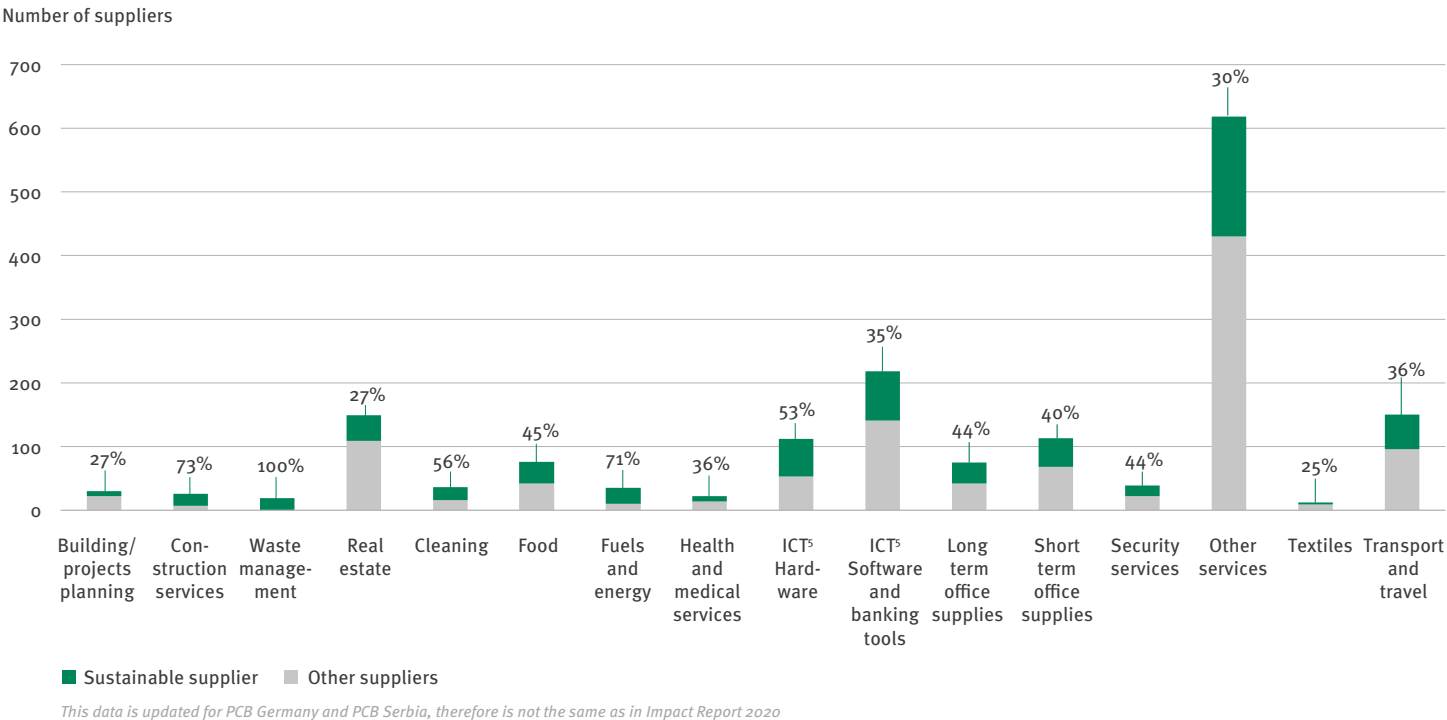
<sup>2</sup> UN Global Compact and BSR (2015), Supply Chain Sustainability, [https://d3o6pr3piseo4h.cloudfront.net/docs/issues\\_doc%2Fsupply\\_chain%2FSupplyChainRep\\_spread.pdf](https://d3o6pr3piseo4h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FSupplyChainRep_spread.pdf)

All official PCG-contracted suppliers were asked to sign a compliance declaration form which reflects the minimum standards for the suppliers whom we are prepared to work with. Moreover, in order to get an indication of what additional steps could be taken towards improved sustainability, in 2020 all institutions conducted a sustainability analysis which looked beyond these minimum standards.

In this way, we not only minimise the negative environmental and social impacts associated with our supply chain, we also strengthen partnerships between our organisation and suppliers who share the same values and principles. The following graphic shows you more about the processes we use when engaging sustainable suppliers.



This shows that our main suppliers already make a good contribution towards sustainability; nevertheless, we see great potential for improvement in the service sector, where we have a particularly high number of suppliers. This applies especially in the area of employees’ working conditions (health and safety, equal opportunities and treatment for all). The same applies for suppliers of information and communication technologies, since we are increasingly investing in higher levels of digitalisation.



Graphic 3 – Share of sustainable suppliers by product or service



Did you know?

By applying sustainable supplier chain management, ProCredit benefits in many ways<sup>6</sup>:

- reduction in cost and waste
- ensuring compliance with standards
- creating a stable business environment
- process efficiency
- better resource management e.g. use of raw materials, technology and energy



<sup>5</sup> Information and Communication Technologies  
<sup>6</sup> UN Global Compact (2015), Support your SME suppliers, [https://d3o6pr3piseo4h.cloudfront.net/docs/issues\\_doc%2Fsupply\\_chain%2FSMEsinSupplyChain.pdf](https://d3o6pr3piseo4h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FSMEsinSupplyChain.pdf)

ProCredit Bank Georgia assessed and analyzed product/service suppliers at the end of 2020. We appraised all suppliers with whom we had a valid contract, and the number of annual purchases exceeded EUR 1000. We conducted the assessment in communication with the company representatives and based on the information provided by them. In the supplier assessment, we used the assessment tool recognized by ProCredit Group as a prerequisite for identifying a sustainable supplier.

Assessments of existing suppliers revealed that ProCredit Bank, out of 72 product/service suppliers in Georgia, is a 72% sustainable supplier and the suppliers are in line with the Group's assessment strategy. Twenty suppliers that do not meet the criteria do not have a sustainable development plan. Collaboration with suppliers of this type will not be possible unless the companies take specific actions to improve.

The above approach also applies to the process of new supplier selection and involves evaluating the environmental and social responsibility of all companies participating in the tender and selecting the best one therefrom. We are constantly monitoring the innovations that relate to the introduction and development of a sustainable business model by companies in the Georgian market; we also support them in financing a sustainable business model since the existence of such companies is important to us in all aspects.