

Introducing the NSE Responsible Procurement Policy

Please find an overview of the Policy and what it means for suppliers below.



Why does Deloitte NSE have a responsible procurement policy?

Deloitte's Responsible Procurement Policy sets out our environmental, social and governance (ESG) expectations and requirements of suppliers.

This new policy is designed to ensure we continue to meet our sustainability objectives and actively contribute towards supporting the broader environmental and social challenges we all collectively face. It consolidates expectations into one set of standards across Deloitte NSE.

Suppliers' performance against them will inform our decision-making throughout the procurement process, where relevant to the product or service provided.

We follow all relevant criteria that we require of our suppliers.

What are the key requirements and additional criteria included in the policy?

The policy includes 5 sections, with minimum requirements and additional criteria. Some requirements within the Environmental section are *required* of strategic suppliers and *encouraged* for our non-strategic suppliers. Each section includes detailed requirements and additional criteria, and includes requests such as:

Legal compliance

- Comply with all applicable laws, regulations and standards

Social and governance

- Uphold human values and protect human rights
- Uphold standards of fair business practice

Environmental

- Comply with all applicable environmental protections, environmental laws and standards
- Take steps to halt and reverse nature loss and implement circularity
- Commit to setting a science-based net-zero goal and complete, upon request, the CDP Climate Change questionnaire

What is the ask of suppliers?

All suppliers providing services to the Deloitte NSE network are required to meet policy requirements, where applicable, in connection with the operations of their businesses and provision of goods and services, and apply comparable requirements in their own supply chains.

Suppliers' performance against policy will inform our procurement decision-making. We are committed to engaging with suppliers and overcoming challenges together. Our aim is to collaborate for better outcomes to the extent possible and appropriate.

In instances of non-compliance, we will engage suppliers with the policy and work to understand the compliance challenges they face. Actions that follow will be decided on a case-by-case basis and could include enhanced monitoring, agreeing a recommended plan for improvement or, ultimately, discontinuing a commercial relationship in the event of ongoing non-compliance depending on local legal or regulatory requirements.

Read the full [NSE Responsible Procurement Policy](#).

Key policy terms explained

Please find below definitions of key terms used in the Policy and links to additional resources.

- **Net-zero** – when a company releases no more greenhouse gas emissions into the atmosphere than it reliably removes. (NB: the [SBTi Corporate Net Zero Standard](#) allows for an organisation to emit up to 10% of its baseline emissions footprint at the point in time at which they declare net-zero emissions provided they remove an equivalent volume of emissions from the atmosphere and permanently store it to counterbalance the impact of said unabated residual emissions).
- **Scope 1 emissions** – greenhouse gases [directly emitted from operations owned or controlled by the reporting company](#). For example, emissions from boilers or vehicles with internal combustion engines.
- **Scope 2 emissions** – [indirect greenhouse gas emissions associated with the reporting company's operations](#): for example, greenhouse gases emitted to produce electricity the company purchases.
- **Scope 3 emissions** – [indirect GHG emissions not covered in scope 2 that occur up and down the reporting company's value chain](#). For example, greenhouse gases emitted from extracting or processing raw materials used by the company (i.e. in the products they procure), or when customers use a company's product.
- **Science-based net-zero target** – a greenhouse gas reduction target that implies a) reducing scope 1, 2, and 3 emissions to zero or a residual level consistent with reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways; and b) permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter. For more information, start [here](#).
- **Near-term greenhouse gas emissions reduction target** – greenhouse gas reduction targets that are in line with what the latest climate science deems necessary to limit warming to 1.5°C above pre-industrial levels, and that are achieved within a 5 to 10-year timeframe from the date of submission to the SBTi or equivalent.
- **Long-term greenhouse gas emissions reduction target** – greenhouse gas reduction targets that are in line with what the latest climate science deems necessary to reach net-zero and limit warming to 1.5°C above pre-industrial levels at the global or sector level, and that are achieved by 2050 at the latest (SBTi requires a 90+% reduction on base year emissions).
- **External validation by SBTi or equivalent** – independent organisations such as the Science-Based Targets initiative (SBTi) assess targets to confirm that they are science-based, then publish their validation externally. Learn more [here](#).
- **Renewable energy** – renewable energy includes all forms of energy produced from renewable sources in a sustainable manner, including bioenergy, geothermal energy, hydropower, ocean energy, solar energy and wind energy ([IRENA, 2013](#)).
- **Greenhouse Gas Protocol** – a widely used, standardized framework for reporting greenhouse gas emissions, which includes guidance on how to differentiate, measure and report on scope 1, 2 and 3 emissions. Within the wider framework, a [GHG Protocol Corporate Standard](#) has been designed specifically to support corporates.
- **Greenhouse gas emissions inventory** – another way of referring to a company's GHG emissions.
- **CDP Climate Change Questionnaire** – formerly known as the Carbon Disclosure Project, CDP is an NGO focused on improving the availability of information on company efforts to manage environmental risks. Disclosers, and their supply chains, are asked to complete questionnaires about relevant environmental, risks, opportunities and performance, which CDP analyses and scores to indicate how much a company is doing to actively and intentionally to manage its climate impact. Find out more [here](#).

Responsible Procurement Policy – Readiness Checklist for Suppliers

Please progress through the following questions to help assess your readiness to comply with policy requirements. We aim to collaborate for better outcomes to the extent possible and appropriate and are committed to engaging with suppliers and overcoming related challenges together.



Checklist: please confirm the following	Answer (Y/N)
Do you comply with local laws and regulations in respect to human rights and conditions of employment, hours of work, entitlement to leave and appropriate working conditions for all workers, including contractors and casual workers? This includes paying the minimum legal wage or a wage that meets local industry standards, whichever is greater.	
Do you uphold standards of fair business practice and implement reasonable practices to prevent bribery in all forms and support efforts to fight corruption, avoid bias or conflicts of interest to override its professional judgements and responsibilities and not engage in or assist any third party with money laundering, terrorist financing or other financial crime activities?	
Do you abide by domestic and international standards and legislation regarding the protection, collection and proper handling of confidential and personal information?	
Do you comply with all applicable environmental protections, environmental laws and standards, and have all required permits, licenses or equivalent in place?	
Do you support us to only consume what we need to, including by taking reasonable steps to extend product lifespans.	
Have there been changes to the steps you take to conserve natural resources, including the use of energy, water, land and associated materials – for example, through reducing the use of plastics and packaging across your products' lifecycle?	
Do you take reasonable steps to minimize negative environmental impacts, such as greenhouse gas emissions, hazardous pollutants and waste?	
<i>Additional requirements for strategic suppliers (and invited actions for all suppliers):</i>	
Do you commit to setting a science-based net-zero goal (including near-term and long-term greenhouse gas emission reduction targets) consistent with limiting global warming to 1.5°C above preindustrial levels via the Science Based Targets initiative (SBTi) or equivalent within one year of contracting with us? Have you shared confirmation of this commitment with us?	
Do you commit to setting such goal(s) within two years of contracting with us, and have it externally validated by the SBTi or equivalent?	
Do you set a target that 100% of the electricity used shall be from renewable sources by 2030 within one year of contracting with us, and publicly report progress annually?	
Do you calculate your greenhouse gas emissions inventory inclusive of Scopes 1, 2, and 3 (including all relevant categories of Scope 3, including Purchased Goods and Services) annually following the latest version of the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard?	
Do you publicly report your greenhouse gas emissions inventory inclusive of Scopes 1, 2, and 3 (including all relevant categories of Scope 3, including Purchased Goods and Services) annually, together with progress towards achieving their science-based net zero goal? (note we grant flexibility for SMEs to build towards scope 3 reporting over time)	
Will you complete, upon request, the CDP Climate Change questionnaire including the Supply Chain section of the questionnaire regarding products and services provided to us?	



Responsible Procurement Policy – Additional Criteria Checklist for Suppliers

At Deloitte NSE we aspire to work with organisations proactively striving to make an impact that matters on climate change, nature and society. We invite all suppliers to work with us to meet the additional criteria outlined below and welcome ideas on how we can be even more responsible through our procurement activities.

Checklist: Which of the additional criteria are you already implementing?	Answer (Y/N)
Communicate business standards and expectations clearly throughout your value chain.	
Take a living wage approach to fair compensation for all workers, ensuring that they can meet their everyday needs.	
Create jobs and facilitate opportunities for people from underrepresented groups and with a distance to the labour market.	
Encourage increased participation of enterprises championing and supporting diversity, social enterprises and small-and-medium-sized enterprises (SMEs) in our supply chain.	
Embed controls and due diligence processes to assess human rights impacts within own operations and supply chain, take appropriate steps to mitigate and remediate risks or issues identified, and report in accordance with applicable laws and regulations.	
Maintain confidential processes that encourage employees and contractors to report incidents of unethical behaviour without (fear of) retaliation.	
Implement a circular economy strategy encompassing raw materials acquisition, product/service design, production, distribution, consumption and end-of-life. In particular, maximise the use of renewable, reusable and/or recyclable alternatives to limit the use of fossil fuels and single-use plastics.	
Take steps to halt and reverse nature loss and move towards a vital natural ecosystem, including healthy soil, clean water and air; ensuring operational adherence to World Health Organisation (WHO) and other applicable standards through regular monitoring and preventative and remedial action.	
Attain best practice sustainability certification relevant to the product or service, such as demonstrating alignment with global efforts to halt deforestation or reduce energy use.	
We welcome suggestions on any additional activities or ideas that could support an even more sustainable supply chain in the comments box below:	
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