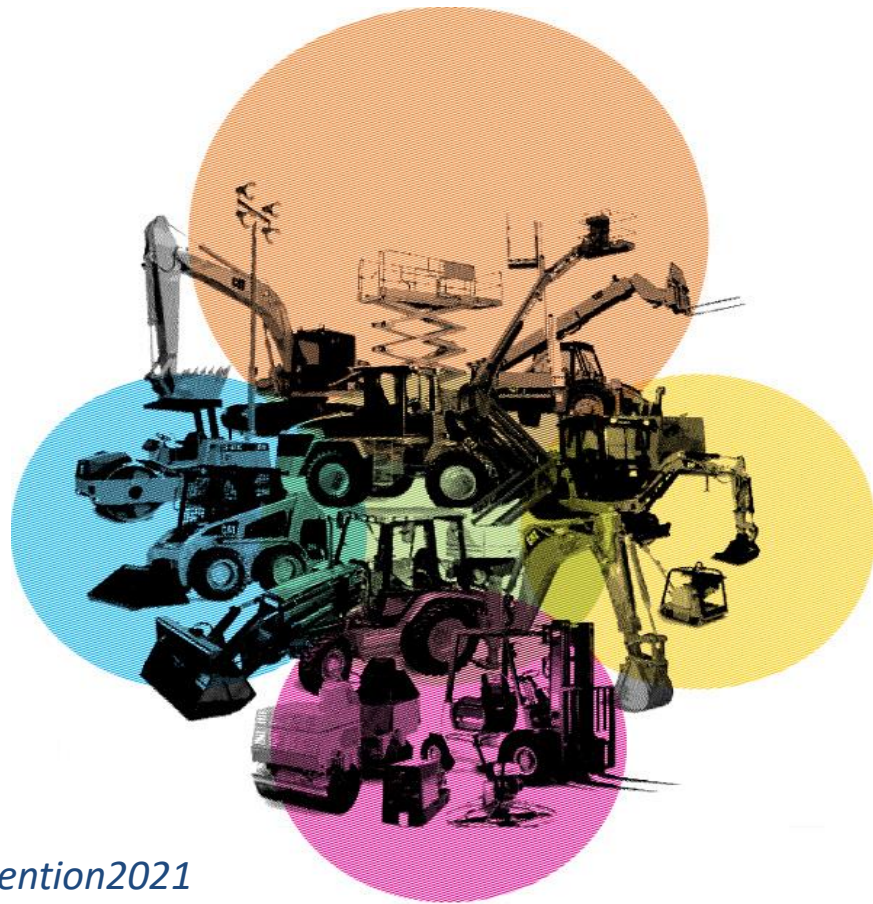# Sustainable Supplier Framework and CSR KPI Guidance Framework

John SPEAR

EPI Consulting

Please react on Twitter, @era_rental, #eraconvention2021

ERA Convention 2021, " SMART RENTAL", Amsterdam, 29 and 30 September

Sustainability within the European Rental Industry

Sustainable Supplier Framework and CSR KPI Framework

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29 September 2021

Please react on Twitter, @era_rental

Why sustainability matters

EMPLOYEES

INVESTORS

CUSTOMERS

LEGISLATORS

The **ERA CSR KPI Guidance Framework** is a tool to enable rental companies to assess their current approach to sustainability performance measurement and reporting, and rate how well they perform against an industry framework.

How to use this Guidance Framework

In using this report, it is suggested that rental companies use the report in the following three main ways:

1. **Review and update** the current approach to ensure sustainability reporting needs of stakeholders are met, based on the recommendations within this report, noting the minimum, good practice and best practice recommendations for each of the eight areas

2. If there is not already a sustainability KPI framework in place, **create a framework which is most suitable for your organisation** by implementing minimum, good practice or best practice KPIs as appropriate to the size, complexity and sophistication of your organisation

3. **Develop a sustainability reporting action plan**, starting with a plan to introduce the minimum recommended KPIs in each area, moving onto good practice as you mature your approach and finally implementing best practice and becoming an industry leader

ERA
CSR KPI
GUIDANCE
FRAMEWORK

The rental industry is committed to responsible business practices and high standards of sustainability.

The ERA Sustainable Supplier Framework aims to set the industry best practice guidelines and raise common practices across the industry in sustainability assessments of suppliers. The framework helps rental companies to define minimum sustainability requirements and aspirations for all suppliers to rental companies, in the areas of:

• Human rights and working conditions
• Health and safety
• Responsible sourcing of components and raw materials
• Environmental performance
• Business ethics
• Product sustainability performance

Rental Companies
• Adopt the framework as presented by ERA in their supplier sustainability assessments
• Adapt the framework template into its own code of conduct for supplier sustainability assessment.

Suppliers
• Submit the signed checklist and display the Sustainable Supplier Framework logo on their website.

Desktop review of 15 rental company sustainability KPI's :

- Atlas Copco
- Avesco Rent
- Boels Rental
- Bredenoord
- CGT Edilizia
- Cramo
- HSS Hire
- Kiloutou
- Loxam
- Mateco
- Ramirent
- Riwal
- Sunbelt
- United Rentals
- Zeppelin Rental

EUROPEAN RENTAL ASSOCIATION SUSTAINABILITY KEY PERFORMANCE INDICATOR GUIDANCE FRAMEWORK

Contents

Definition of a sustainability KPI:

"A sustainability KPI is a **quantifiable** measurement used to gauge a company's overall long-term sustainability performance. KPIs specifically help determine a company's strategic and operational sustainability performance, especially compared to those of other businesses within the same sector".

KPI's were allocated to the following three categories:

Providing a development path for ERA member companies:

BEST PRACTICE

GOOD PRACTICE

MINIMUM

Getting started   Maturing   Leadership
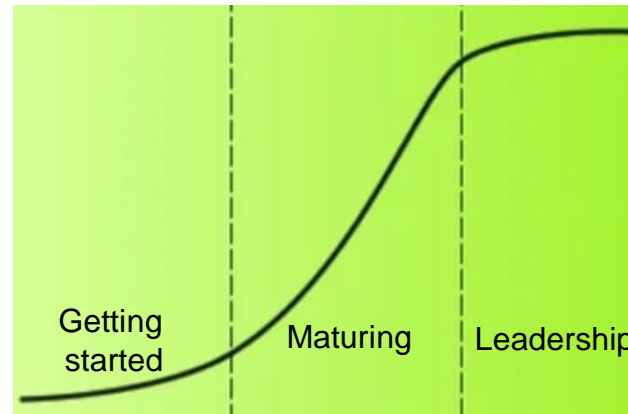
KPI's are grouped in 8 sections

People
1. Employee engagement / satisfaction
2. Employee voluntary turnover
3. % of workforce women
4. % managers women
5. Sick leave
6. % of employees permanently employed
7. Legal proceedings on human rights
8. Number of nationalities employed
9. % of employees under 25
10. % of employees over 50
11. Gender pay gap

Health and Safety
1. Lost time incident frequency rate (LTIFR)
2. Share of operations covered by OHSAS 18001 or similar (relative to sales)
3. Safety offering as a % of sales

Training
1. % of employees receiving training
2. Number of external individuals participating in safety training

KEY:

Should implement and report against KPI as a minimum
Should implement and report against KPI as good practice
Should implement and report against KPI as best practice

Environment
1. Electric powered/low emission units in fleet
2. Reduction in carbon emissions
3. Reduction in waste
4. Number of branches ISO 14000 certified
5. Water consumption per € unit turnover
6. CDP rating
7. Legal proceedings – environment
8. Environmental incident / near miss

Supply chain
1. % of suppliers signing up to sustainable supply chain Code of Conduct
2. % of suppliers assessed on CSR

Anti-Corruption and Bribery
1. % of employees signing the business code of conduct
2. % employees receiving business ethics/CoC training annually
3. Violations of corruption or bribery

Circularity
1. % of equipment recycled by unit
2. % of waste recycled by weight

Other
1. Fleet operator recognition scheme (FORS or local equivalent) certification per location

KPI's have been rationalised and simplified:

Environment KPI 2   Reduction in carbon emissions.

There are a number of measures for reduction in carbon emissions. The most popular being:

- Energy consumption reduction versus a baseline
- Emissions per employee
- Emissions per € unit turnover
- % of renewable energy or low carbon energy
- Carbon emission of leased equipment (own fleet)
- Light vehicle replacement (hybrid / electric).

All of these measures are valid; however, we recommend that you measure emissions per unit of activity (which would be per employee or per unit (typically per €1000 or €100,000) of turnover).

This takes into account energy consumption, provides a figure relative to the size of your business taking into account growth or reduction and also takes into account use of renewable energy or low carbon energy.

Good practice KPIs:

Environment KPI 3   Reduction in waste.

To report against this measure, you first need to calculate your organisations waste emissions, decide if this is total waste produced, or after you have deducted waste going to recycling (state if this is the case) and then divide the waste emissions by your turnover or number of employees and reported as a figure based on the scale of your economic activity.

See the KPI in the circularity section for an example of reporting recycling of waste – Circularity KPI indicator number 2.

A good example is the 2019 Riwal corporate social responsibility report:

KPI	Goal	Result
Kg Carbon (CO₂) emission per FTE	-1%	-1.5%
Kg Carbon (CO₂) emission per €M revenue	-1%	+2.6%
Waste (Ton) per FTE	1	0.7
Waste (Ton) per €M revenue	10	7.67
Waste recycled	70%	95.2%
Waste (Ton) per FTE	1	0.7

Each of the KPI's outlined in this guidance framework can be linked to the following SDG's.

Different indicators may be linked to multiple SDG's but we have indicated the main relevant SDG for each indicator:

People	Sustainable Development Goals
1. Employee engagement / satisfaction	8 Decent work and economic growth
2. Employee voluntary turnover	
3. Sick leave	
4. % managers women	5 Gender equality
5. % of workforce women	
6. Gender pay gap	
7. % of employees permanently employed	8 Decent work and economic growth
8. Legal proceedings on human rights	
9. Number of nationalities employed	10 Reduce inequalities
10. % of employees under 25	
11. % of employees over 50	

Finally we have provided a checklist for you to evaluate your own organisation…….

9   Sustainability KPI performance checklist

TOPIC	NOT YET IN PLACE	IN PLACE
SECTION 1 - PEOPLE		
1. Employee engagement / satisfaction		
2. Employee voluntary turnover		
3. % of workforce women		
4. % managers women		
5. Sick leave		
6. % of employees permanently employed		
7. Number of nationalities employed		
8. % of employees under 25		
9. % of employees over 50		
10. Gender pay gap		
11. Disability employment %		
12. Legal proceedings on human rights		
SECTION 2 – HEALTH AND SAFETY		
1. Number of accidents as measured by Lost Time Incident Rate (LTIR)		
2. Share of operations covered by OHSAS 18001 or similar (relative to sales)		
3. Safety offering as a % of sales		
SECTION 3 - TRAINING		
1. % of employees receiving training		
2. Number of external individuals participating in safety training		
SECTION 4 - ENVIRONMENT		
1. Electric powered/low emission units in fleet		
2. Reduction in carbon emissions		
3. Reduction in waste		
4. Number of branches ISO 14000 certified		
5. Water consumption per € unit turnover		
6. Third party rating		
7. Legal proceedings – environment		
8. Environmental incident / near miss		

Interviews with 16 organisations - rental companies and suppliers:

- Atlas Copco
- Avesco Rent
- Boels Rental
- Bredenoord
- Cramo
- Hilti
- JCB
- JLG
- Kiloutou
- Loxam
- Manitou
- Ramirent
- Riwal
- Sunbelt
- Volvo CE
- Zeppelin Rental

Self assessment code of conduct

Guidance for suppliers

Excel scoring assessment tool (advanced)

The Sustainable Supplier Framework, is available as a comprehensive code of conduct and a summary….

Section	Comprehensive code of conduct	Summary version	For non product suppliers
1.0 CORPORATE			
1.1 Leadership, strategy and stakeholder engagement	Requirement and aspiration	Requirement only	No change
1.2 Management systems	Requirement and aspiration	Requirement only	No change
1.3 Business integrity including anti-corruption and bribery (ACB)	Requirement and aspiration	Requirement only	No change
1.4 Data privacy	Requirement and aspiration	May be omitted	No change
2.0 OPERATIONS			
2.1 Resource efficiency and energy consumption	Requirement and aspiration	May be omitted	No change
2.2 Emissions and waste management	Requirement and aspiration	May be omitted	No change
2.3 Hazardous substances	Requirement and aspiration	Requirement and aspiration	May be omitted
2.4 Health and Safety	Requirement and aspiration	Requirement only	No change
3.0 HUMAN RESOURCES			
3.1 Child labour	Requirement and aspiration	Requirement only	No change
3.2 Non-discrimination, diversity and fair treatment	Requirement and aspiration	Requirement only	No change
3.3 Human rights / Modern slavery	Requirement and aspiration	Requirement only	No change
3.4 Working conditions – wages, social security, working hours	Requirement and aspiration	Requirement only	No change
3.5 Union agreements/ workforce representation	Requirement and aspiration	Requirement only	No change
4.0 SUPPLY CHAIN			
4.1 Supply chain engagement	Requirement and aspiration	Requirement - scope as summary	Requirement - scope as non product supply
4.2 Conflict minerals	Requirement and aspiration	May be omitted	May be omitted
5.0 PRODUCT			
5.1 Management of regional and global requirements and regulations	Requirement and aspiration	Requirement only	May be omitted
5.2 Packaging, design, use, recycling (for products which use packaging)	Requirement and aspiration	May be omitted	May be omitted
5.3 Sustainability impact of products and services	Requirement and aspiration	Requirement only	May be omitted
5.4 In use product and service health and safety promotion	Requirement and aspiration	Requirement only	May be omitted

Section 4 - Supply Chain

4.1 Supply chain engagement

Requirement:

As a minimum, suppliers should follow a similar approach to this code of conduct and require suppliers to rate themselves against a code of conduct and commit to following minimum standards of operation and performance. The requirement is that a supplier following this code of conduct, commits to obtaining a commitment from its highest risk, highest spend suppliers against a self-assessment questionnaire / code of conduct which addresses the following areas:

- Business integrity, including Anti-Corruption and Bribery
- Resource efficiency and energy consumption
- Emissions and waste management
- Hazardous substances
- Health and Safety
- Child Labour
- Non-discrimination, diversity and fair treatment
- Human rights / Modern Slavery
- Working conditions – wages, social security, working hours
- Union agreements / workforce representation
- Supply chain engagement
- Conflict minerals
- Management of regional and global requirements and regulations

Aspiration

Suppliers are encouraged to go beyond the minimum requirement of its key suppliers signing up to a code of conduct which covers the areas outlined above, and look to:

- Set a target for the % of the supply base signing up to a code of conduct
- Undertake a risk analysis of its supply chain and identify key supply chain risks based on categories being supplied, regional analysis (where is the product, material or service being supplied from) and product end use. This risk analysis then being used to prioritise its supply chain assessment activities – code of conduct requirement, online or remote risk assessment, face to face or third-party audit
- Set a target to audit a % of the high-risk supplies identified via the risk analysis (outlined above)

4.2 Conflict Minerals

Requirement:

The supplier shall exercise adequate due diligence following the OECD Due Diligence Guidelines with respect to sourcing, extraction and handling of conflict minerals and to make a reliable determination of the origin and source of such minerals. The supplier shall have a policy and process in place to ensure that any of these minerals contained in the products manufactured by the supplier do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses or in any other way directly or indirectly contribute to human rights violations. It is a requirement of suppliers to ensure that all smelters and refiners in its supply chain take part and actively engage in third party audit programs and to provide any information on such smelters and refiners upon request to customers.

Aspiration

Supplier is encouraged to exercise adequate due diligence for any materials and minerals contained in the products delivered by the Supplier, that directly or indirectly contributes to human rights and/or environmental violations.

At the end of the code of conduct, suppliers indicate their performance level and sign a summary

SUPPLIER PERFORMANCE CHECKLIST

Topic	Requirement met			Aspiration met		
	Not met	Partially	Fully	Not met	Partially	Fully
Section 1 - Corporate						
1.1 Leadership, strategy and stakeholder engagement						
1.2 Management systems						
1.3 Business integrity including anti-corruption and bribery (ACB)						
1.4 Data privacy						
Section 2 - Operations						
2.1 Resource efficiency and energy consumption						
2.2 Emissions and waste management						
2.3 Hazardous substances						
2.4 Health and Safety						
Section 3 –Human Resources						
3.1 Child labour						
3.2 Non-discrimination, diversity and fair treatment						
3.3 Human rights / Modern slavery						
3.4 Working conditions – wages, social security, working hours						
3.5 Union agreements/ workforce representation						
Section 4 – Supply Chain						
4.1 Supply chain engagement						
4.2 Conflict Minerals						
Section 5 – Products and Services						
5.1 Management of regional and global requirements and regulations						
5.2 Packaging, design, use, recycling (for products which use packaging) enter N/A if no packaging used						
5.3 Sustainability impact of products and services						
5.4 In use product and service health and safety promotion						

Company Name:

Product(s) / service(s) supplied:

Name of person completing the form:

Position of person completing the form:

Date of completion: Signature:

18   Version 3.0 – 3rd June 2020

Submit directly to rental company

Post on their website and display the ERA sustainable supplier logo

Optional (advanced) excel spreadsheet tool providing analysis of scores and supplier performance rating

For each area of performance Suppliers get a requirement score of 0, 1 or 2 based on:

- Not meeting the **requirement** = zero score
- Partially meeting the requirement = score of 1
- Fully meeting the requirement = score of 2

For each area of aspiration Suppliers get an additional score of 0, 1 or 2 based on:

- Not meeting the **aspiration** = zero score
- Partially meeting the aspiration = score of 1
- Fully meeting the aspiration = score of 2

For providing proof of external verification (e.g. ISO standard, EcoVadis audit etc) and proof of externally rated as a high performer, suppliers get an additional score of:

- Providing external **verification** of performance = additional score of 1
- Providing evidence of external recognition of **high performance** = additional score of 1

So for each area of performance a maximum score will be 6

Scoring captured in excel version based on the CoC summary

Scoring scheme

	Requirement met			Aspiration met			External verification	Award / recognition	Score	Total by section
	Not met	Partially	Fully	Not met	Partially	Fully				
Section 1 - Corporate										
1.1 Leadership, strategy and stakeholder engagement	0	1	2	0	1	2	1	1	6	
1.5 Management systems	0	1	2	0	1	2	1	1	6	
1.6 Business integrity including anti-corruption and bribery (ACB)	0	1	2	0	1	2	1	1	6	
1.7 Data privacy	0	1	2	0	1	2	1	1	6	24 (19%)
Section 2 - Operations										
2.1 Resource efficiency and energy consumption	0	1	2	0	1	2	1	1	6	
2.2 Emissions and waste management	0	1	2	0	1	2	1	1	6	
2.3 Hazardous substances	0	1	2	0	1	2	1	1	6	
2.4 Health and Safety	0	1	2	0	1	2	1	1	6	24 (19%)
Section 3 – Human Resources										
3.1 Child labour	0	1	2	0	1	2	1	1	6	
3.2 Non-discrimination, diversity and fair treatment	0	1	2	0	1	2	1	1	6	
3.3 Human rights / Modern slavery	0	1	2	0	1	2	1	1	6	
3.4 Working conditions – wages, social security, working hours	0	1	2	0	1	2	1	1	6	
3.5 Union agreements/ workforce representation	0	1	2	0	1	2	1	1	6	30 (24%)
Section 4 – Supply Chain										
4.1 Supply chain engagement	0	2	4	0	2	4	2	2	12	
4.2 Conflict Minerals	0	2	4	0	2	4	2	2	12	24 (19%)
Section 5 – Products and Services										
5.1 Management of regional and global requirements and regulations	0	1	2	0	1	2	1	1	6	
5.2 Packaging, design, use, recycling (for products which use packaging)	0	1	2	0	1	2	1	1	6	
5.3 Sustainability impact of products and services	0	1	2	0	1	2	1	1	6	
5.4 In use product and service health and safety promotion	0	1	2	0	1	2	1	1	6	24 (19%)

Verification standards

Area of performance	Verification standards (or equivalent, or third-party assessment such as eco-vadis which has been passed)
Section 1 - Corporate	
1.1 Leadership, strategy and stakeholder engagement	Audited sustainability report
1.2 Management systems	ISO 26000, ISO 14001, ISO 45001, SA8000
1.3 Business integrity including anti-corruption and bribery (ACB)	ISO 37001
1.4 Data privacy	ISO 27001, GDPR compliance
Section 2 - Operations	
2.1 Resource efficiency and energy consumption	CDP submission, ISO 14046, ISO 24526, ISO 50001, ISO 14064, ISO14001
2.2 Emissions and waste management	ISO 14001
2.3 Hazardous substances	ISO 14001
2.4 Health and Safety	ISO 45001
Section 3 – Human Resources	
3.1 Child labour	ISO 26000, SA 8000
3.2 Non-discrimination, diversity and fair treatment	ISO 26000, SA 8000
3.3 Human rights / Modern slavery	ISO 26000, SA 8000
3.4 Working conditions – wages, social security, working hours	ISO 26000, SA 8000
3.5 Union agreements/ workforce representation	ISO 26000, SA 8000
Section 4 – Supply Chain	
4.1 Supply chain engagement	ISO 20400
4.2 Conflict Minerals	RMAP assessment
Section 5 – Products and Services	
5.1 Management of regional and global requirements and regulations	Relevant independent testing approval – i.e. CE mark
5.2 Packaging, design, use, recycling (for products which use packaging)	ISO 18601, LCA
5.3 Sustainability impact of products and services	ISO 14044, TS14067, LCA
5.4 In use product and service health and safety promotion	ISO 45001

- Aligns with codes of conduct and other systems used by companies in interviews.

- Aligns with international benchmarks – ILO, ISO, EcoVadis etc.

- Blank available on ERA website for download.

- Rental companies can adopt "as is" or adjust for own requirements.

- Rental companies can issue to suppliers and request return.

- Suppliers can provide on their websites, together with supporting documents such as ISO accreditations and display the ERA Sustainable Supplier logo.

- Rating spreadsheet is optional.

https://erarental.org/sustainable-suppliers/

https://erarental.org/publications/csr-kpi-framework/

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