



Studies show that companies operating responsibly and sustainably earn the trust of customers and investors, driving long-term success. Managing environmental, social, and governance (ESG) supply chain risks can be challenging for medium and smaller enterprises. The new IFS ESG Compliance Check empowers them to effectively tackle these issues. With validated check results, these businesses gain a comprehensive overview, confidently demonstrate their commitment to stakeholders, and set ambitious future goals."



Stephan Tromp IFS Managing Director





# The IFS ESG Compliance Check



## Why ESG management is your next step to responsible stewardship

Environmental sustainability, social responsibility, and business governance (ESG) issues play a key role in the long-term success of businesses. Consumers, employees and investors increasingly expect companies to act responsibly. As consumers become more aware, they want companies to take action to support the well-being of our planet and



its inhabitants. Additionally, investors seek companies that show leadership, good governance and transparency.

IFS is excited to introduce the IFS ESG Compliance Check as the next tool we present under the new IFS Supply Chain Solutions brand. This resource empowers you to evaluate and enhance your company's sustainability practices and supply chain management system.

Additionally, it will provide valuable insights to help you make meaningful improvements in your operations.

The IFS ESG Compliance Check evaluates your company's upstream supply chain management system. It highlights the effectiveness of your current processes. The unique combination of a pre-assessment and an on-site or remote check by an auditor or assessor ensures the data is reliable and trustworthy. You will gain essential insights to develop an effective risk mitigation plan for critical raw materials. This evaluation allows you to demonstrate your sustainability commitment to your business partners.

## The new approach includes strategies for reducing risks

The new compliance check replaces the current IFS ESG Check. It includes 20 requirements, a pre-assessment, a risk mitigation plan, and an improvement action plan. The check can be assessed independently or as an addon to an IFS Audit or other audit or assessment. The new approach focuses more on the ESG-related critical raw materials risks and includes the mitigation of these risks.

As an add-on to the check, the Carbon Footprint module has been slightly revised to match the new approach. It remains a voluntary option to determine whether your company has established and maintained effective processes to identify carbon emission-related risks within the supply chain. By utilising this module you can establish a carbon footprint management system, quantify your greenhouse gas (GHG) emissions, and take action to reduce them.

Current IFS ESG Check Letters of Confirmation will remain valid until the expiry date.





# The IFS ESG Compliance Check



## Identify risks, optimise your supply chain and reach your goals

The IFS ESG Compliance Check helps you systematically gain better insights into your supply chain, mitigate risks and identify areas for improvement. These are your benefits:

- Benchmark your sustainability management system, including supply chain transparency
- Identify critical raw materials and create a risk mitigation plan customised for your company
- Prepare for ESG regulations and due diligence requirements
- Demonstrate your commitment to ESG principles

- Provide auditor-verified, trustworthy information to your stakeholders
- Monitor your progress in your ESG initiatives
- Evaluate your carbon footprint management system with the optional carbon footprint module



# Start now to elevate your sustainable supply chain management system



Take these steps for the IFS ESG Compliance Check:

- Contact an IFS approved certification body or assessment service provider to communicate your intention to implement the check and module.
- Complete the pre-assessment and risk mitigation plan using the conveniently provided, free IFS auditXpress Neo Software.
- 3. Have the auditor or assessor perform the verification check on-site or remotely to validate the provided information and evidence.
- 4. Receive the improvement action plan, complete it, and return it to the certification body or assessment service provider.
- 5. Receive the report and letter of confirmation from your certification body or assessment service provider.
- 6. Find the report, letter of confirmation, and improvement action plan in the IFS Database and share them with selected business partners.
- 7. Repeat this process and renew the check annually.



# The IFS ESG Compliance Check



### IFS Guidance, Tools and Documents

#### **ESG Compliance Check Program**

The <u>program</u> provides details about the check protocol, including duration requirements, scoring system, reporting deadlines, checklist, and templates for the report and letter of confirmation. The document is available in English, French, and German, with Italian and Spanish soon to follow.

#### **Carbon Footprint Module Program**

The <u>program</u> provides details about the check protocol, including duration requirements, scope, reporting deadlines, the checklist, and templates for the report and letter of confirmation. The document is available in English, French, and German, with Italian and Spanish soon to follow.



#### **ESG Compliance Check Guideline**

A comprehensive <u>guideline</u> helps you prepare for the IFS ESG Compliance Check. It comprises explanations about the check's structure, context, interpretation of the requirements, and practical examples of possible evidence. The document is available in English, French, and German, with Italian and Spanish soon to follow.

#### **IFS Software**

The IFS auditXpress Neo Software is a free tool that helps you prepare for the IFS ESG Compliance Check and Carbon Footprint Module. It allows you to enter data for the pre-assessments and risk mitigation plan for critical raw materials and ensures an efficient validation process. You can download IFS auditXpress Neo Software for free from the IFS Database login area.

#### **IFS Database**

As an assessed business, your company is visible to business partners and potential new customers in the IFS Database. You can share your data and stored documents relating to the check and the module with them. Also, you can follow your suppliers and search for new ones.

#### Stay up to date

Stay in touch to receive regular newsletter updates about the IFS Supply Chain Solutions. Subscribe <u>here</u>.

#### **Contact**

We hope you have sufficient information. For questions related to the check and module content, please contact your regional <a href="mailto:IFS Representative">IFS Representative</a> or e-mail <a href="mailto:standardmanagement@ifs-certification.com">standardmanagement@ifs-certification.com</a>.

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Follow us on LinkedIn for the latest IFS ESG Compliance Check updates.

