



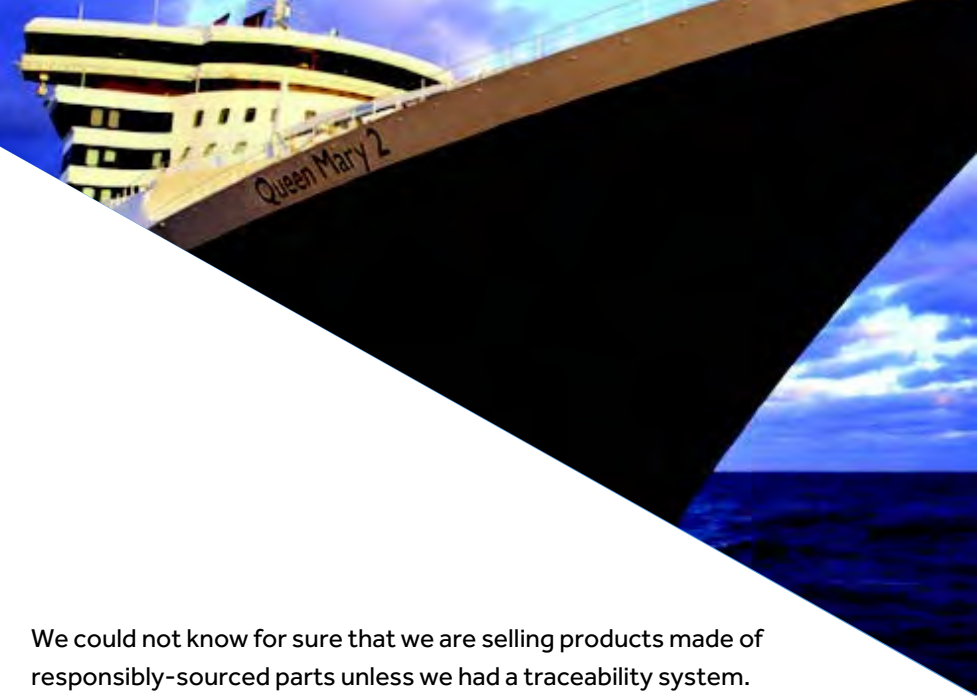
Case Study

World leader Alfa Laval on how IMPA ACT helps with strengthening partnerships and improving CSR

Ever since 1917, when Alfa Laval provided the US Navy with the first marine centrifugal separator, the company has been steadily becoming the world leader within the key technology areas of heat transfer, separation and fluid handling. The company's worldwide presence allows it to help customers optimise their processes in nearly 100 countries. Today, Peter Borgnaes, Nordic Market Unit Manager, and Catarina Paulson, Head of Sustainability, share how IMPA ACT has helped Alfa Laval not only strengthen the relationship with one of its main customers, but also correct some blips on the company's CSR radar.

Responsible Supply Chain Management (RSCM) and its importance

There are many urgent global issues facing us today; among these, we have human rights abuses, corruption and climate change. While in the past, the governments were the only ones expected to respond to these, the focus has now expanded to include society leaders and multi-government organisations. As a global company, we too now have the responsibility to ensure that we have policy statements in place, as well as due diligence and remediation systems to enable prevention or compensation of human rights abuses.



We could not know for sure that we are selling products made of responsibly-sourced parts unless we had a traceability system. RSCM is important because, if done right, your company will not be dealing with an erosion of its reputation. It is also important because there is an increasing expectation for businesses to deal sustainably, especially from customers and investors, and you often find that you will develop much better relationships with these. Lastly, you will get to know your own suppliers better.

RSCM at Alfa Laval before IMPA ACT

I reckon that the strong focus on CSR applies for the whole of Scandinavia more or less, as companies here have always been frontrunners in placing major importance on respecting human and labour rights. As an example, Alfa Laval has been a signatory to the United Nations Global Compact since 2011 and has been investing in RSCM for over a decade. So, to answer this bit, Alfa Laval has been a company versed in sustainable practice for years. And when one of our biggest customers approached us with the IMPA ACT Code of Conduct, we did not feel like we would be inventing the wheel – the wheel was already there.



However, what the IMPA ACT programme did was help us further our CSR efforts and spot additional issues that needed to be addressed. It also helped us strengthen our partnership with this important customer. IMPA ACT was a complementary tool for our responsible business practice.

One of the main reasons that makes me proud of working for Alfa Laval is definitely the company's long-standing stance on CSR. Yes, IMPA ACT has brought about consolidation, as well as identification of some of the risks that we didn't know were there. But Alfa Laval had not been new to the CSR arena before this initiative – we had already ticked the required boxes in terms of environmental and health and safety compliance, so it was not innovative altogether; consolidating for sure, but not pioneering for Alfa Laval's practice.

How IMPA ACT worked for Alfa Laval

When we were contacted by one of our customers to implement the IMPA ACT Code of Conduct, we naturally said yes. It was an opportunity to take sustainability a level further and maybe identify some glitches in our practice. So we started working with this company for two years. We took everything step-by-step.

Did we have a policy commitment that attested our compliance with human rights, environmental regulations and anti-corruption principles? Yes, we already had one and it listed expectations in line with the IMPA ACT Code of Conduct's principles.

Was our due diligence process addressing all potential and actual impacts on these four areas of fundamental responsibility? No, it lacked demonstrating mitigation for some potential impacts.

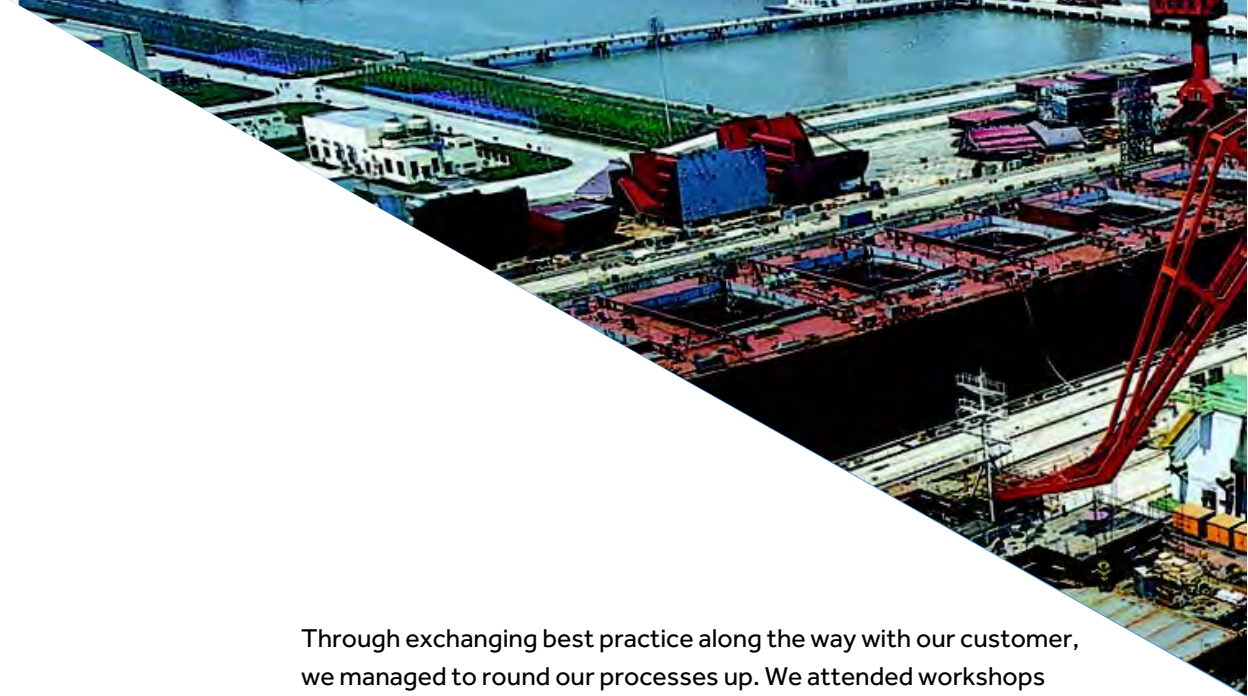
Did we have a comprehensive remediation process that was actual, legitimate and transparent? Yes, but not that comprehensive.

Through exchanging best practice along the way with our customer, we managed to round our processes up. We attended workshops together and had many discussions on these soft issues.

I would like to underline how important this dialogue aspect is. Yes, you can go through the IMPA ACT process alone; but would we recommend it? No. The most important thing about the programme is the collaborative aspect – not only do you improve your own processes, but your partner can also improve theirs.

For Alfa Laval, the process finalised in 2016 when we successfully undertook an audit that saw us become an IMPA ACT Certified Company. And this proved to be more than just a quality stamp; it made our processes more robust – we now have better systems to prevent adverse impacts and better remediation practices.

I see the real and tangible benefits and, in my view, IMPA ACT was the perfect opportunity to strengthen our relationship with a valued customer, manage risks better within our supply chain, and increase the quality of the products we source.





It is simple and I saw IMPA ACT as a commercial tool from the very beginning – yes, you are preventing, mitigating and remediating your adverse impacts on human rights, labour standards, environment and anti-corruption regulations, but at the same time, you develop better products, higher in quality that satisfy your customers much better.

Yes, the prices will be higher than our competitors', but the key here is to understand that buying and supplying is no longer a race to the bottom – we do not want to give priority to those customers who are only looking for the smallest prices and often find ourselves challenging their approach to making business.

This is about developing high-quality products that you can sell and attest to their sustainability.

IMPA ACT has helped us understand more about ensuring traceability of the components we source and has contributed to our developing of better auditing processes for sub-suppliers.

IMPA ACT does not drive our processes, of course not – we have to be realistic about this – but it certainly helps them run smoother.

And there is no harm in highlighting that the programme can be a commercial tool – it is definitely why some customers choose Alfa Laval over other suppliers – we are not afraid of placing quality over price.



Responsible Business Conduct
in the Global Maritime Industry

International Marine Purchasing Association

IMPA ACT is an initiative of IMPA, a non-profit organisation that facilitates cooperation between marine buyers and suppliers and develops best practice standards within the shipping industry. As of 2022, IMPA has more than one thousand members internationally.

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