

# Management of Non-Compliant Suppliers

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## 4 Minute Read



To achieve ethical supply chain goals, commodity buyers must begin by mapping their supply chains, and then monitor and assess the environmental and social performance of their suppliers. When these processes—or others, such as grievance mechanisms or campaigns—reveal non-compliance with company policies, buyers must manage suppliers to resolve existing non-compliances and avoid future ones.



Accountability  
Framework

Delivering on  
ethical supply chain  
commitments

Find out more here:  
[Supplier management](#)

## Related Core Principle



6

Managing for supply chain compliance

[Learn More >](#)

## What is supplier non-compliance?

When companies issue commitments or policies to eliminate deforestation, ecosystem conversion, or human rights abuses from their supply chains, achieving their goals depends on ensuring that the material they purchase from their suppliers are compliant with those policies. If a buyer determines that a supplier does not meet expectations for protection of ecosystems and human rights - for example if a supplier's production area was converted from forest after the cutoff date or employs forced labor - that supplier would be considered non-compliant with the buyer's policies.

## How should supplier non-compliance be addressed in company policies?

Core Principle 6 of the Accountability Framework states that companies should manage their entire supply chain to fulfill commitments, identify non-compliance, and resolve any such issues expeditiously and effectively. However, while the Accountability Framework sets the expectation that companies identify and actively address supplier non-compliance, it does not prescribe a specific course of action. Rather, it states that companies should have clear, consistent, and documented policies and procedures for how supplier non-compliance will be addressed. These should include systems through which the buyer will support suppliers in meeting its supply chain goals; procedures for supplier engagement in the case of non-compliance; and ways in which buyers will consider supplier non-compliance in future purchasing decisions. These policies and procedures should be made public and communicated to current and potential suppliers.



## How should buyers engage with non-compliant suppliers?

When a buyer decides to remain engaged with a non-compliant supplier, it must identify what steps need to be taken for that supplier to achieve compliance. The buyer should work with its supplier to develop an implementation plan to resolve or remedy all issues of concern; this includes establishing a supplier engagement plan that lays out how the buyer will support the supplier's efforts and monitor progress, and what course of action will be followed in the event of enduring non-compliance—such as providing increased levels of support, or cancelling or suspending contracts or purchasing arrangements.

# Next steps

## Review additional guidance on supplier management

- [Core Principle 6](#): Key expectations for supplier management
  - [Operational Guidance on Supply Chain Management](#)
    - See section 4 for guidance on determining a course of action related to non-compliant suppliers
    - See section 5 for guidance on engaging with non-compliant suppliers
  - [Operational Guidance on Smallholder Inclusion in Ethical Supply Chains](#)
    - See section 4 for guidance on managing non-compliance of smallholder producers
  - [Operational Guidance on Monitoring and Verification](#)
    - See section 2.3 for guidance on monitoring of suppliers
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## Apply the Framework

Companies can use the Framework to assess, improve, and report on their supplier management systems in the following ways:

1. **Assess your supplier management systems** against the elements of the Accountability Framework  
[Self-assessment](#) >
2. **Develop supplier codes** that align with the Accountability Framework  
[How to guide](#) > (Forthcoming)
3. **Develop supplier assessment tools** that align with the Accountability Framework  
[How to guide](#) > (Forthcoming)
4. **Determine how to best to report on supplier** using existing reporting systems and in alignment with the Framework:  
[Report on progress](#) >

# Next steps

## Find additional support

Even with the Framework's clear guidance, there can be numerous decisions and challenges in setting up an ethical supply chain strategy that is well-suited to your company. Many companies seek the support of a service provider whose approach and advice are aligned with the Accountability Framework.

You may also [contact the AFi](#) to discuss your company's next steps. The AFi is not a fee-based service provider but will help guide you in identifying ways to apply the Framework and direct you to additional support from AFi coalition members or other sources based on your needs and interests.