



BSR®

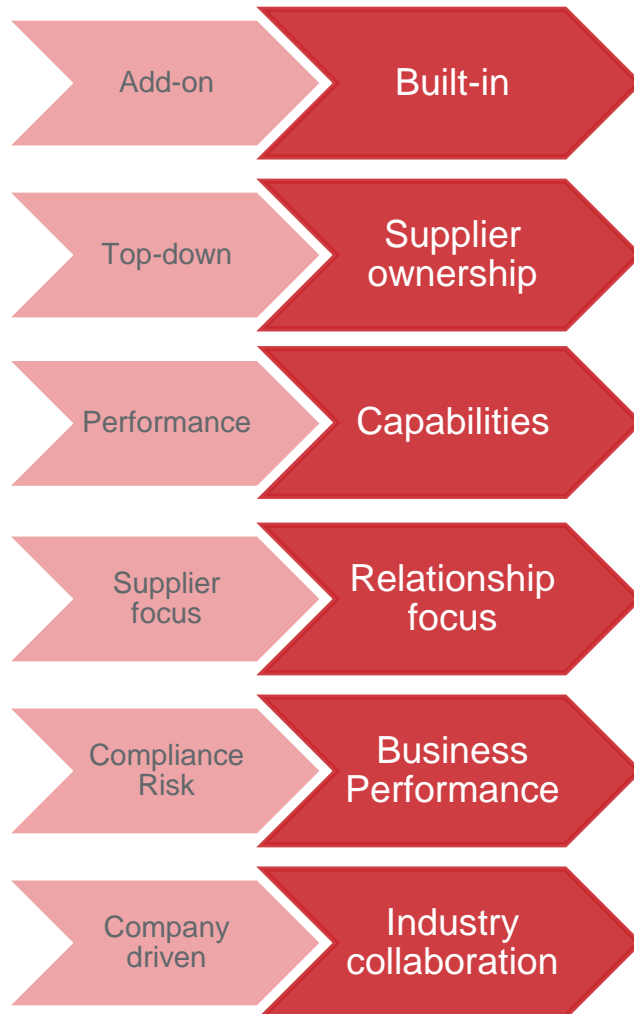
The Business of a Better World

Sustainable Sourcing: A Practical Guide

August 14, 2013

What is Sustainable Sourcing?

Sustainable Sourcing is Evolving Rapidly



Sits in the procurement function & fully embedded

Auditing serves to help supplier take control

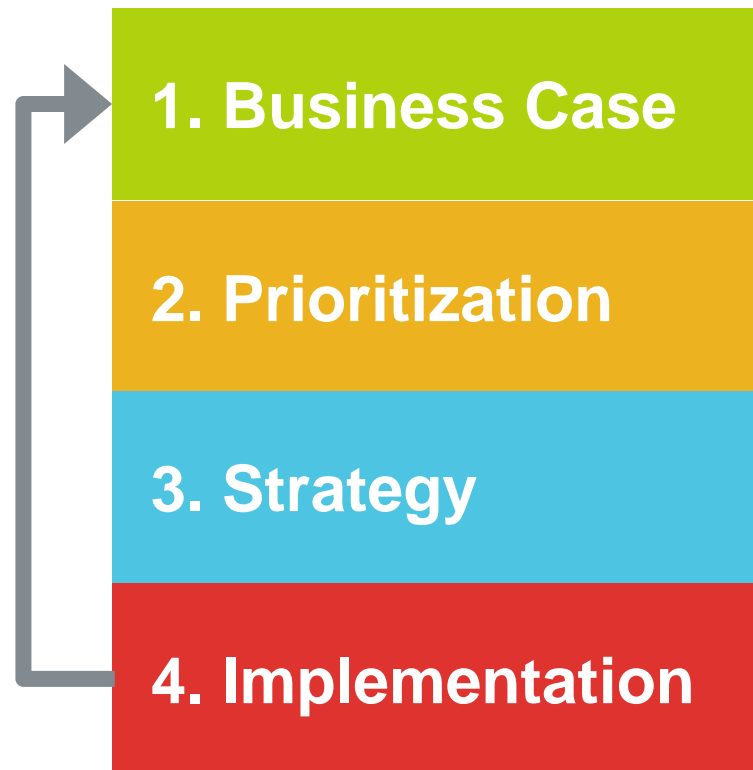
Must build capacity to comply and perform

Buyer behavior impacts supplier performance

How do supplier results impact our business?

Issues are systemic & collaboration eases burden and increases leverage

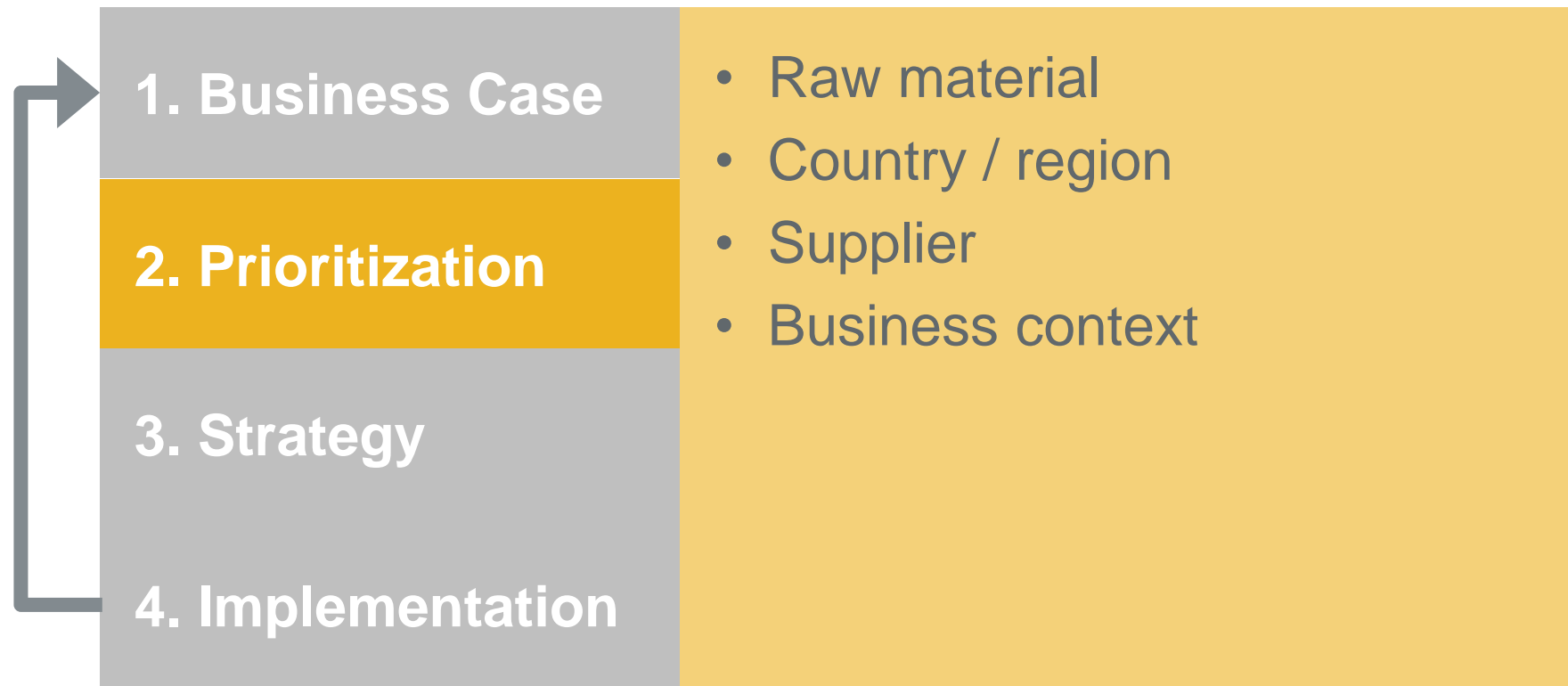
4 Step Approach to Sustainable Sourcing



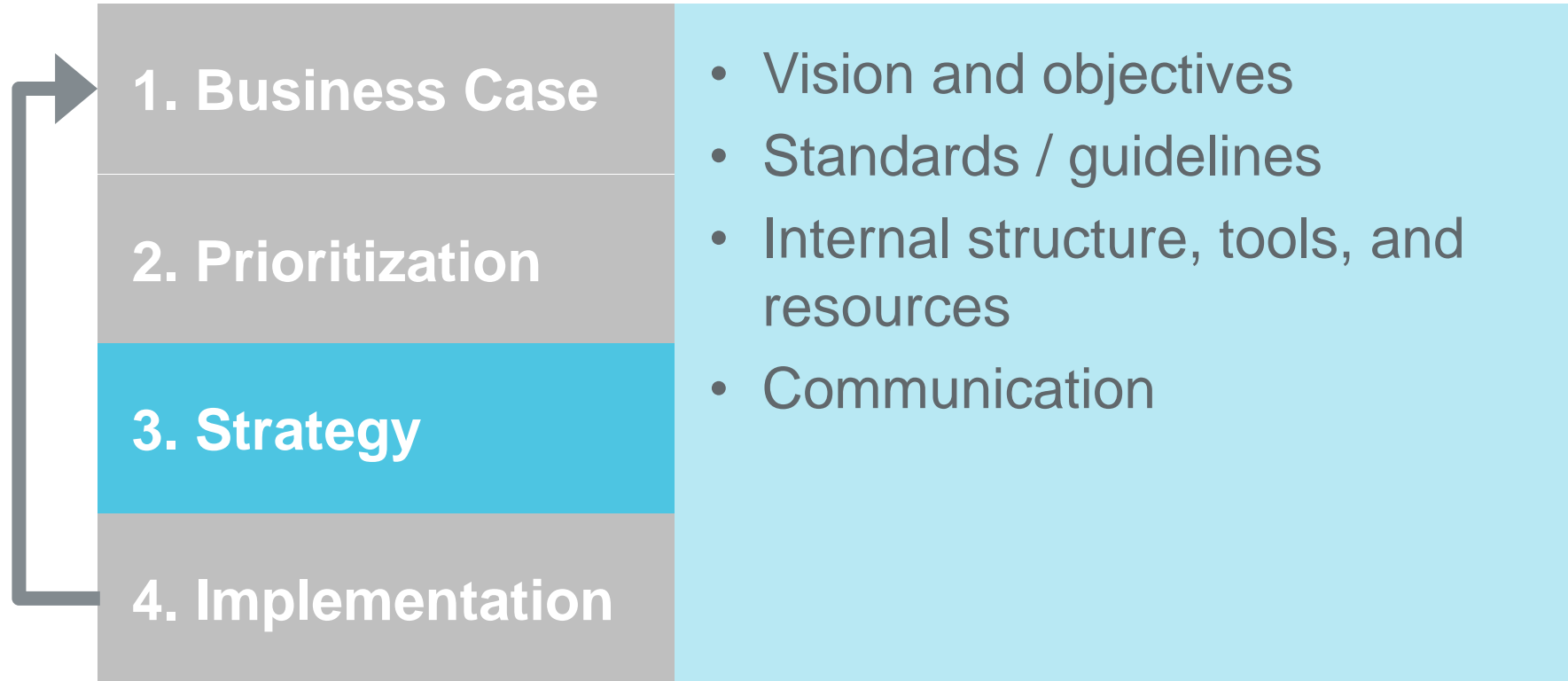
4 Step Approach to Sustainable Sourcing



4 Step Approach to Sustainable Sourcing



4 Step Approach to Sustainable Sourcing



4 Step Approach to Sustainable Sourcing

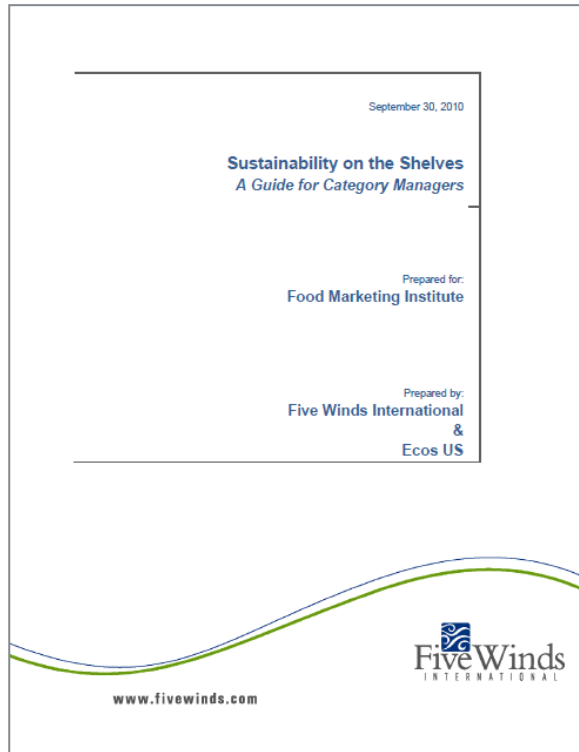


Center for Sustainable Procurement

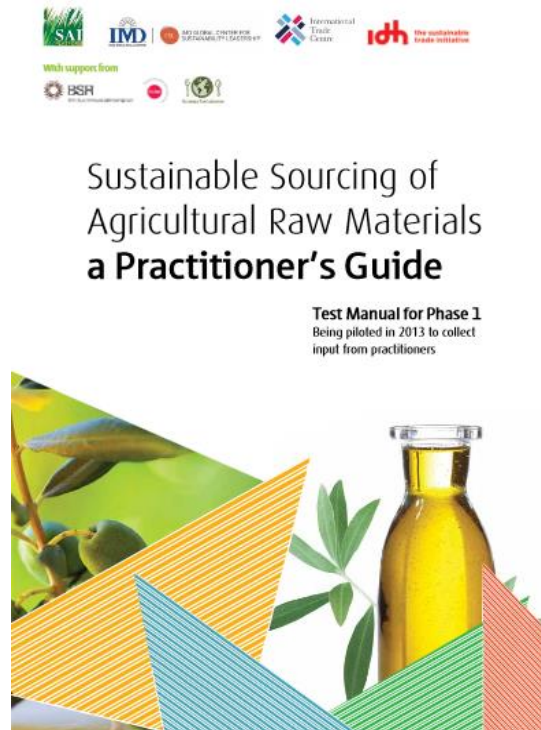
*Our work has resulted in **important insights** for integrating sustainability into procurement. These insights have strengthened our methodology:*

1. Fit the strategy to the nature of the category and supplier relationships
2. Involve the right players in the sustainable procurement discussion
3. Establish clear business case for purchasing more sustainable products
4. Start with what is measurable and scale up from there

Resources



<http://www.fmi.org/docs/sustainability/sustainability-on-the-shelves--a-guide-for-category-managers.pdf?sfvrsn=2>



<http://www.bsr.org/files/fba/sustainable-sourcing-guide.pdf>



http://www.bsr.org/reports/BSR_CS_P_Year_1_Findings_Insights.pdf

Wal-Mart Stores, Inc

Jeff Rice

Senior Director, Sustainability

Walmart 

Walmart's Sustainability Goals



ENERGY



WASTE



PRODUCTS



Be supplied 100% by
renewable energy

Create zero waste

Sell products that sustain
people and the environment

“ those suppliers who partner with us in building a responsible supply chain will be the suppliers that will grow with us.. And you too will become a better and more sustainable business.”

- **Mike Duke**, President and CEO, Wal-Mart Stores, Inc.



10,000 + Stores
100,000 Suppliers
Thousands of Categories
Thousands of merchants
Millions of SKUs

LIMITED RESOURCES

Canada
379 Units

United Kingdom
565 Units

China
393 Units

Japan
438 Units

Mexico
2,353 Units

U.S.
4,622 Units

Central America
642 Units

India**
20 Units

Brazil
550 Units

Chile
329 Units

Argentina
94 Units

South & Central America
377 Units

Integrate Into the Business

Make it Part of Being Merchant



 **Tools**

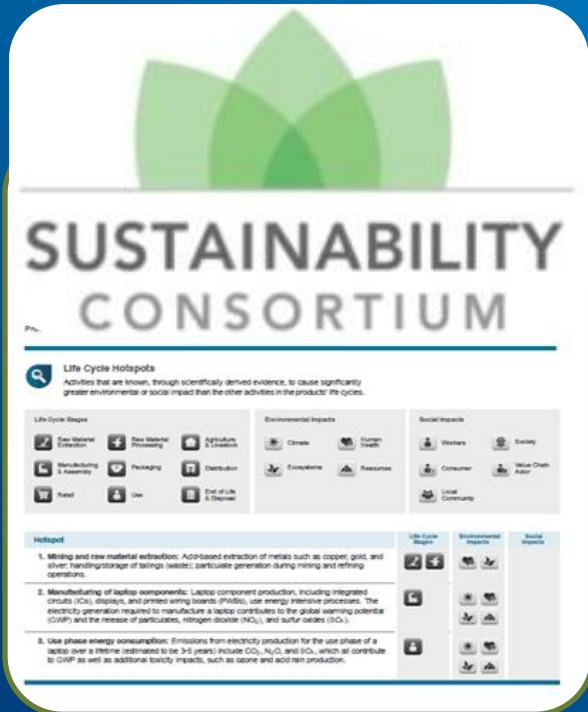
 **Processes**

 **Training**

 **Incentives**

Prioritize and Act

How do buyers work on the right things?



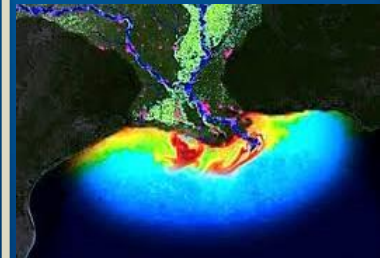
Mobile Devices



Laundry Detergent



Packaged Cereal



How do buyers set goals and measure progress? Walmart

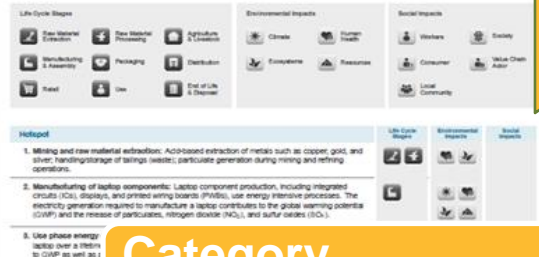


Introduction to Category Sustainability Profiles

A Category Sustainability Profile, or CSDP, is a summary of the best available, credible and actionable knowledge about the sustainability aspects related to a product over its entire life. Each CSDP represents the culmination of an enormous body of scientific research and expert opinion into one user-friendly document. CSDPs are developed and managed by The Sustainability Consortium. To learn more about The Sustainability Consortium and the Category Sustainability Profile development process please visit www.sustainabilityconsortium.org/csdps.

Life Cycle Hotspots

Activities that are known, through scientifically derived evidence, to cause significantly greater environmental or social impact than the other activities in the product's life cycle.



Category Sustainability Profile



Introduction to Key Performance Indicators

The Sustainability Consortium (TSC) is developing the Sustainability Measurement and Reporting System (SMRS). As part of the portfolio of deliverables associated with the SMRS, TSC has developed Key Performance Indicators (KPIs) in the form of questions that can be used to assess and track performance towards addressing the critical sustainability issues for consumer goods. The KPIs focus on the relevant environmental and social issues for a single product category, or family of consumer goods. The KPIs correspond directly to the issues highlighted in a corresponding Category Sustainability Profile (CSDP) also developed by TSC. The KPI sets for each product category were developed through TSC's multi-stakeholder process, which included input from member and stakeholder organizations representing companies, NGOs, governmental organizations and academic experts. To learn more about TSC and the SMRS, you can visit www.sustainabilityconsortium.org/SMRS.

General User Guidance

- Required Elements, Criteria, and Definitions**
KPI questions must stem from an item identified in the Category Sustainability Profile (CSDP) and further referenced in a corresponding dossier. Components of a CSDP include:
 - Hotspots** – A hotspot is an activity or process in a product's life cycle, perhaps in a specific region that contributes substantially to a product's environmental or social impacts.
 - Impact Groups** – An impact group represents a summation of detailed impact categories in terms of a single endpoint of concern (e.g. climate, ecosystems, human health, or resources).
 - Additional Issues** – An issue that has scientific evidence and reasonable consensus that identifies the issue as related directly or indirectly to this category or its supply chain.
 - Stakeholder Concerns** – An issue that is of high concern to one or more stakeholder groups but is not directly linked to an impact group.
 - Improvement Opportunities** – An improvement opportunity is a practice that improves a product's environmental and/or social performance relative to one or more hotspots, additional issues and/or stakeholder concerns.

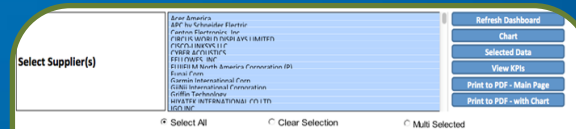
Updates and Versioning

The Sustainability Consortium strives for continuous improvement and will be releasing new versions of KPI sets on a periodic basis. The current version 1.0 KPIs will be revised and a new version produced within the first year following their initial release. Future versions will be released on a 2 to 3 year cycle thereafter.

KPI Question

- KPI
- SC
- CI

Key Performance Indicators



Category Summary

Completion Date: September 14, 2012
Product Category: Mobile Devices
Included Products: Cell phones, smartphones, e-readers, cameras, GPS units, mp3s, headphones, flash drives, hard drives, Blu-ray, DVD
Excluded Products: Computers, laptops, tablets, monitors, printers

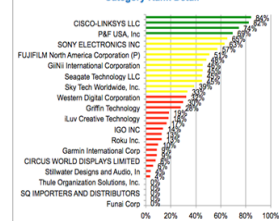
Category Assessment Score

Category Responses: 36
Score: 30%

Sustainability Dimension Scores

Climate	25%
Materials & Resources	20%
Ecosystems & Human Health	30%
People & Community	65%

Category Rank Detail



Category Improvement Opportunities

No.	Question	Dimensions	Improve ment
2)	Do you track energy consumption at the manufacturing facilities that produce your mobile phone products and major mobile phone components?	• Energy & Climate • Materials & Resources	9.1%
11	Is your company a current signatory of the European Commission's Code of Conduct on Energy Efficiency of External Power Supplies that has fulfilled the commitments of this Code of Conduct?	• Ecosystems & Human Health • Energy & Climate • Materials & Resources	8.8%
12	Do you require that Electronic Industry C equivalent code of conduct for mobile phone product line?		
9)	Do you require that Electronic Industry C equivalent code of conduct for mobile phone product line?		

Buyer Index Scorecard

Elevated Opportunities

How do we prioritize and elevate the biggest opportunities?

Common CSP
Hotspots and
Index Results

Sales Volume &
Business / Customer
Relevance

Sustainable Value
Network Pillars and
Executive Priorities



Select Supplier(s)

☐ Select All ☐ Clear Selection

Category Summary

Completion Date: September 14, 2012
 Product Category: Mobile Devices
 Included Products: Cell phones, smartphones, e-readers, cameras, GPS units, radios, headphones, flash drives, hard drives, Blu-ray, DVD
 Excluded Products: Computers, laptops, tablets, monitors, printers

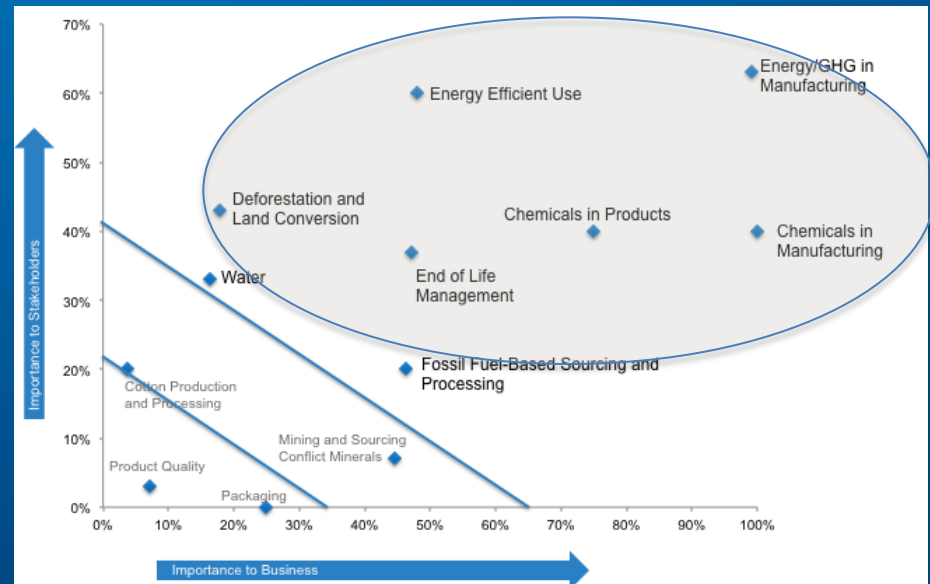
Category Assessment Score

Number of Category Responses: 36

Category Score: 30%

Sustainability Dimension Scores

Dimension	Score
Energy & Climate	28%



Our North Star.....



Customers shouldn't have to
choose between products they
can afford and products that
are good for the environment

(or themselves, their communities, society and
future generations)

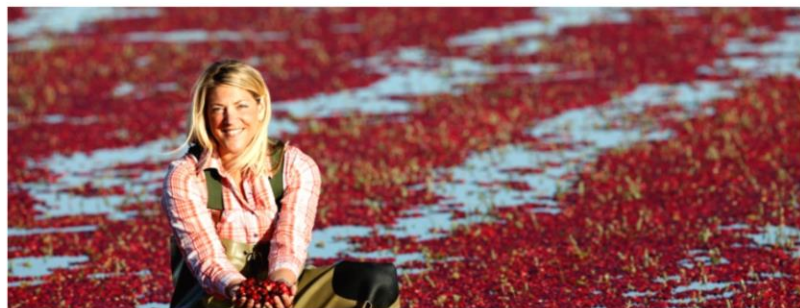
Ocean Spray Cranberries, Inc

Kristine Young

Sustainability Manager

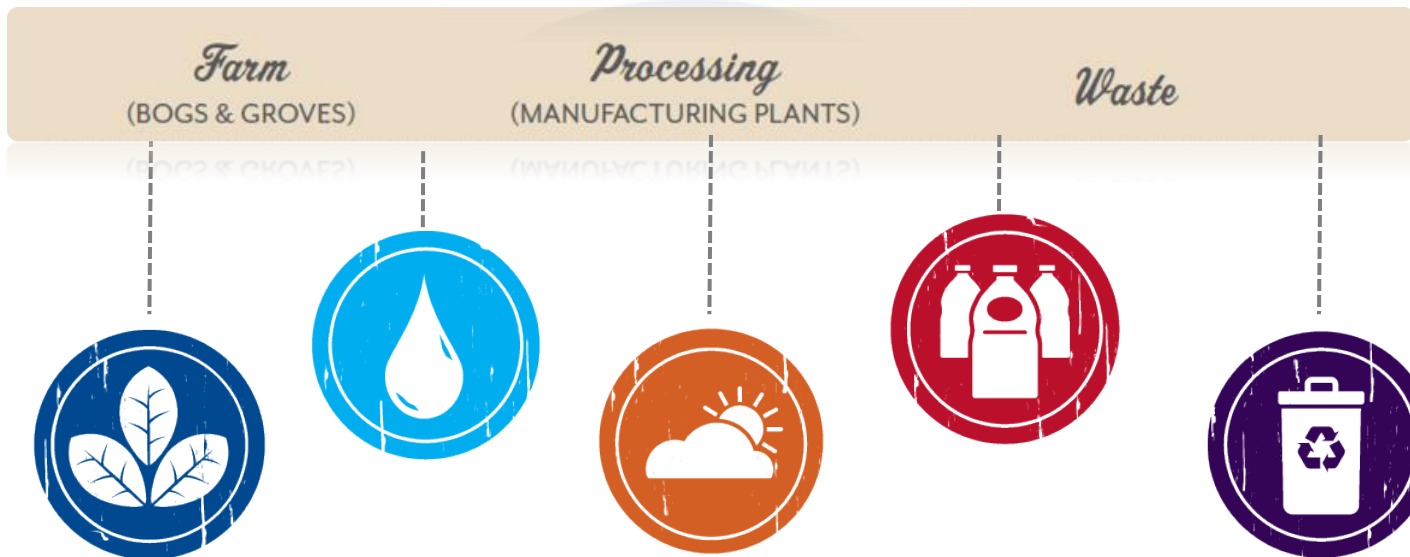


Since 1930
2006 1930



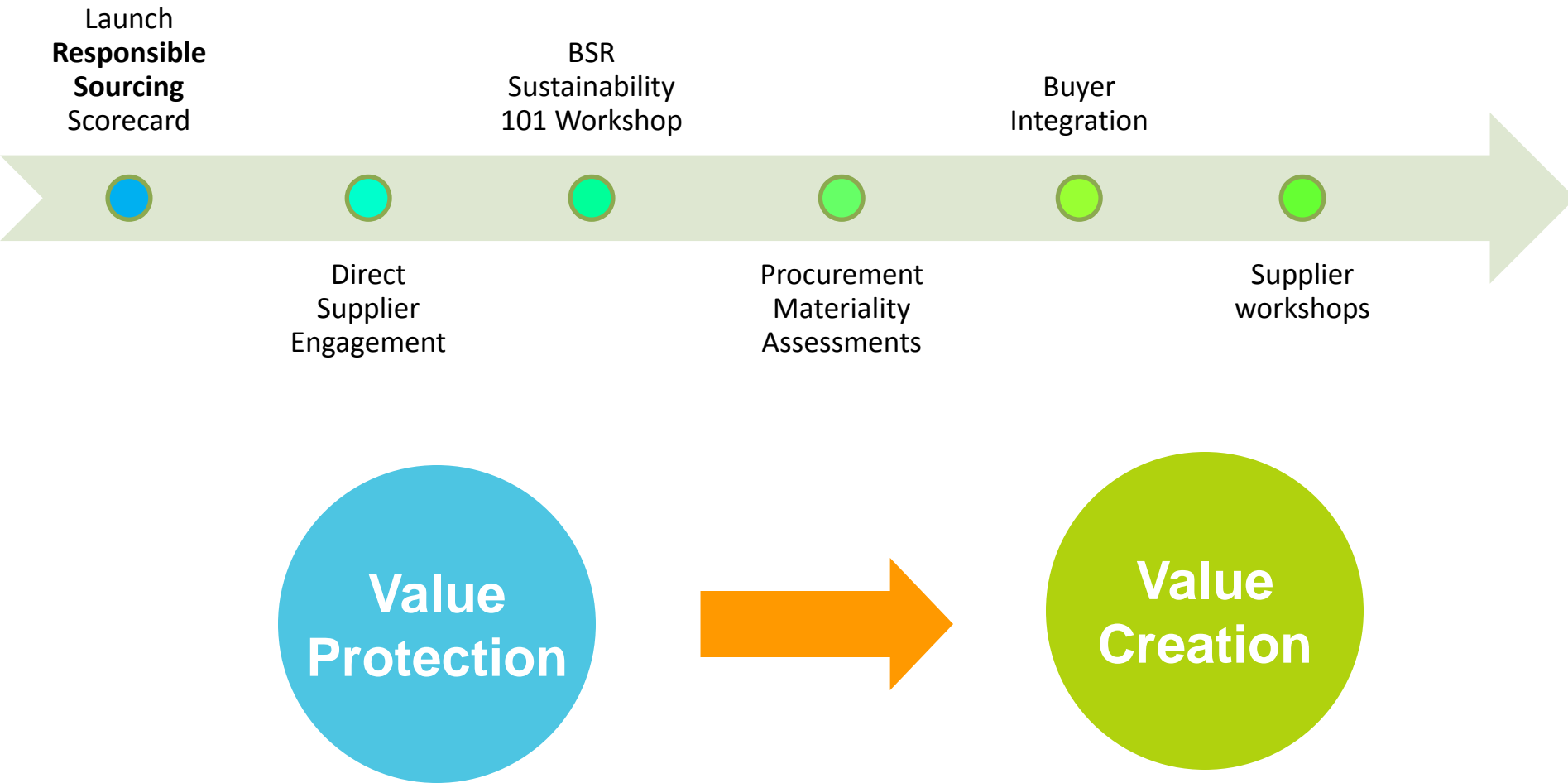
GROWING Sustainability



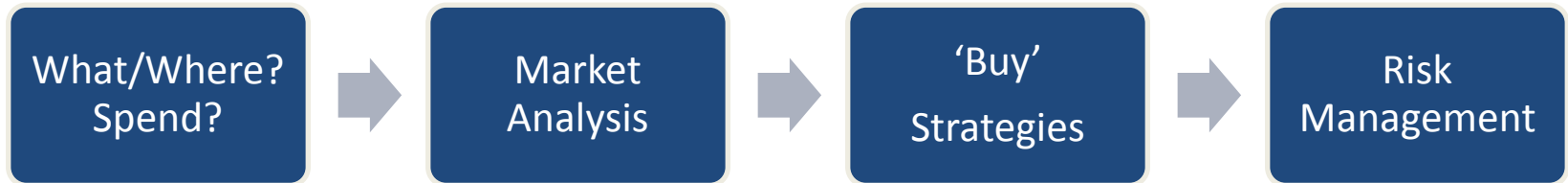


GROWING *Sustainability*

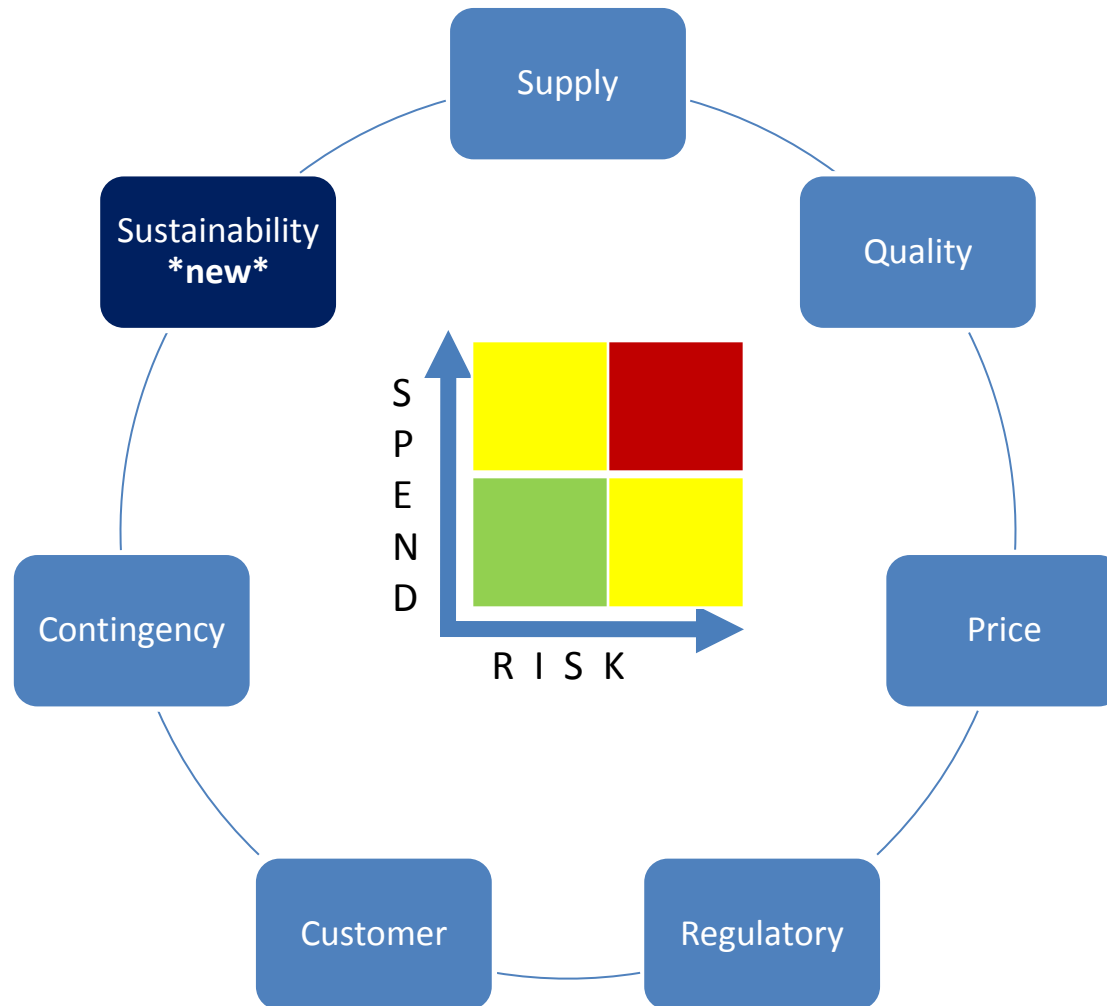
Sustainable Sourcing



Standing with Procurement



Buyer Risk Assessment Matrix



Procurement Collaboration

Listen more, talk less...

Sustainability 101 → Procurement 101

Don't show up to the party with the cake already baked...let it be a group effort

Materiality assessment → Buyer collaboration

Look for the right spot to park the car...right in front doesn't always make sense

Integration → Risk Matrix

Q&A