

Insights from Leading Supply Chain Sustainability Programs

November 13, 2019



Welcome to NAEM

Peer Forums



Research Insights



Targeted Networking



Actionable strategies that empower
EHS&S leaders to make an impact



We Connect EHS & Sustainability leaders

120

Corporate Members

4,700

Individual Members

60

Affiliate Members

Reaching a
community of Practice

100K+



Today's Speakers



Emily Vesling
Supplier Sustainability
Manager
Ingersoll Rand



Clarence Jackson
Director, Sustainable
Supply Chain
Cox Enterprises



Jessica Wollmuth
Principal, Climate Change
and Sustainability Services
EY



Elizabeth Ryan
Director of
Communications
NAEM



Today's Purpose

To share highlights from NAEM's latest report

To help you benchmark your progress with your peers

To identify actionable strategies to take your program to the next level





About this Research

About our Research

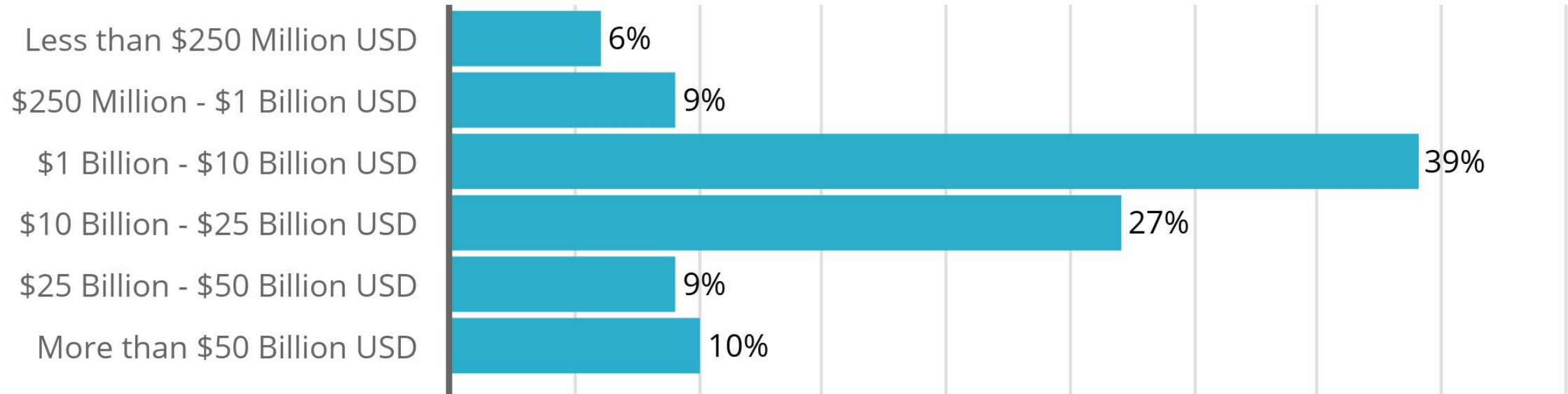


Download the full report at
naem.org

- Approach:
 - Survey of adoption on leading practices
 - Interviews with leadership companies
- Respondents:
 - 79 In-house corporate EHS&S Leaders
- Content:
 - Benchmarking results on program maturity
 - Case study examples from companies with leading programs
 - Ideas to help you advance your program performance



Company Annual Revenue

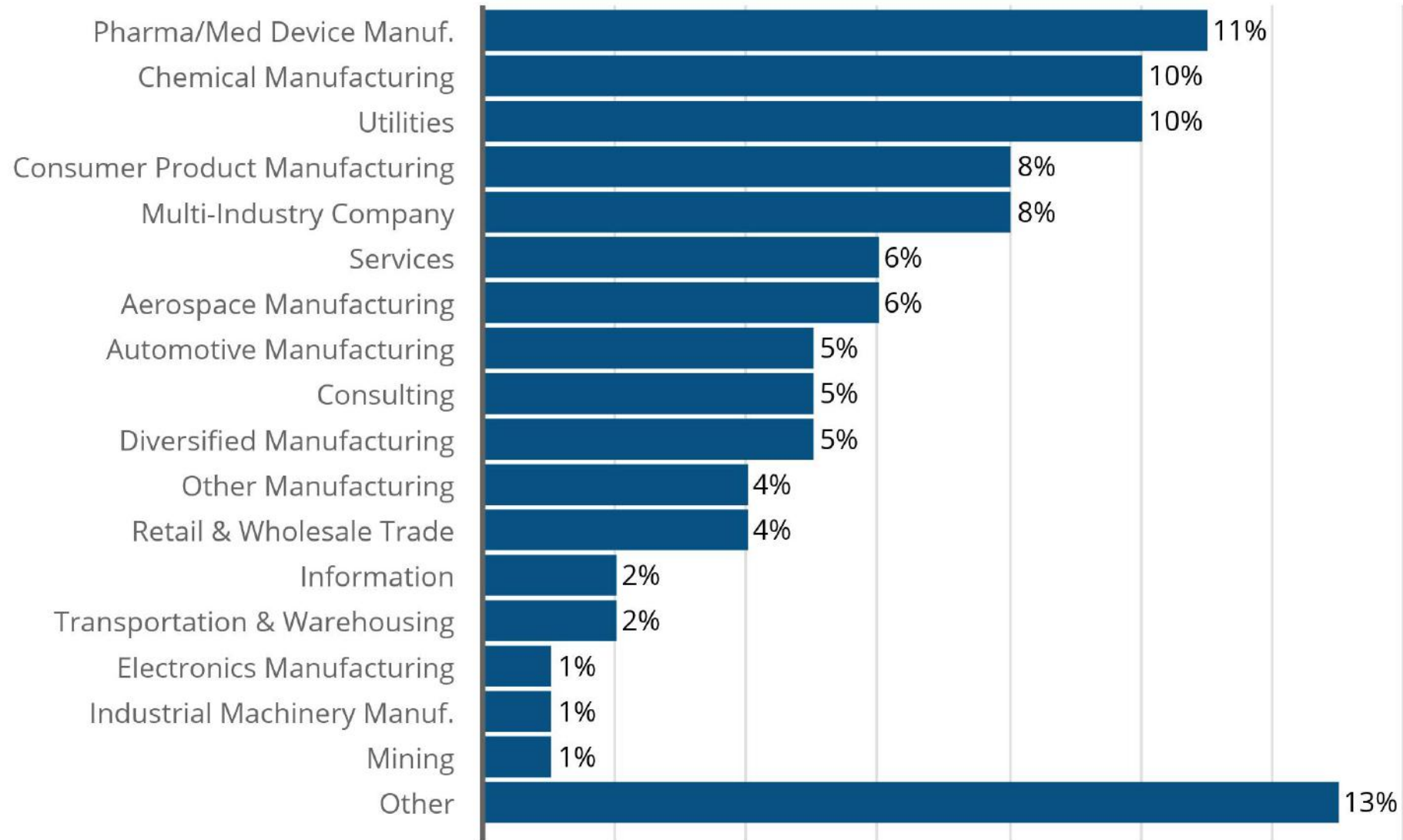


Source: NAEM's 2018 Trends research

N = 79



Industry Sector

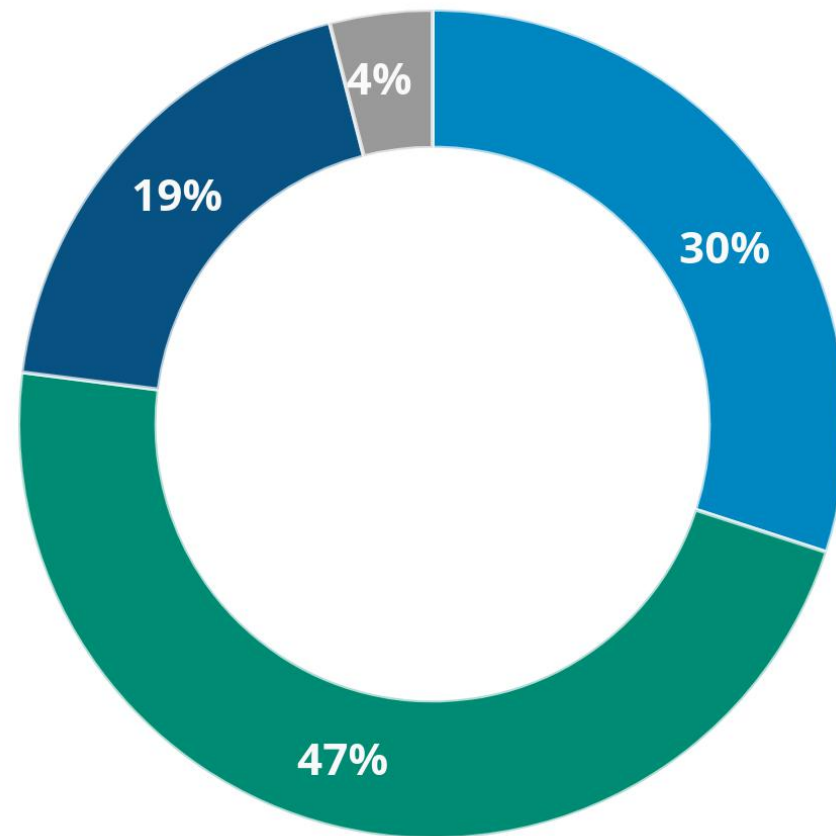


Source: NAEM's 2018 Trends research

N = 79



Maturity of Sustainability Program



Source: NAEM's 2018 Trends research

N = 79

Report Contributors

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A photograph of two people working at a wooden desk. In the foreground, a person wearing a blue button-down shirt is holding a pair of black-rimmed glasses in their right hand and a tablet in their left. In the background, another person with a beard and glasses is working on a laptop. A coffee cup is visible on the left side of the desk. The scene is brightly lit, suggesting a window nearby.

Key Takeaways



**Sustainability in the
Supply Chain is
Starting to Take Hold**

A close-up photograph of hands placing white puzzle pieces onto a wooden surface. The puzzle pieces are shaped like interlocking stars or flowers. The background is softly blurred, showing more hands and puzzle pieces, suggesting a collaborative effort.

“Most of the chemical manufacturers and our direct suppliers will tell you that this is a pretty common ask nowadays.”

“The company is finally getting the message of how important sustainability is...As a result our corporate group in the last couple of years has gone from two to three people to up to eight to 10 people.”



**Most Companies are
Measuring their
Environmental Impacts
Along the Supply
Chain**



89%
of companies are
looking at their
environmental
impact along the
supply chain or are
planning to do so.



Source: NAEM's 2018 Trends research

N = 79

The background is a collage of various sustainability-related icons and illustrations. In the top left, there are icons of city buildings and a thermometer. In the top right, a cloud contains the text 'CO2'. The center features a large, stylized green tree. The bottom left shows a lightbulb with arrows indicating a cycle, and the bottom right shows a recycling symbol. The entire background has a warm, wood-grain-like texture.

CO₂

“Most people might think it’s energy or transportation or something like that, but our carbon footprint is really focused heavily around what materials we choose, whether it be their embedded energy, their environmental and health impact, their weight; all of those different factors kind of are carried into the material choices...That’s why we spend so much time in our supply chain helping [our partners] understand the importance of good choices.”



**Supplier Risk
Assessments are Also
Common**

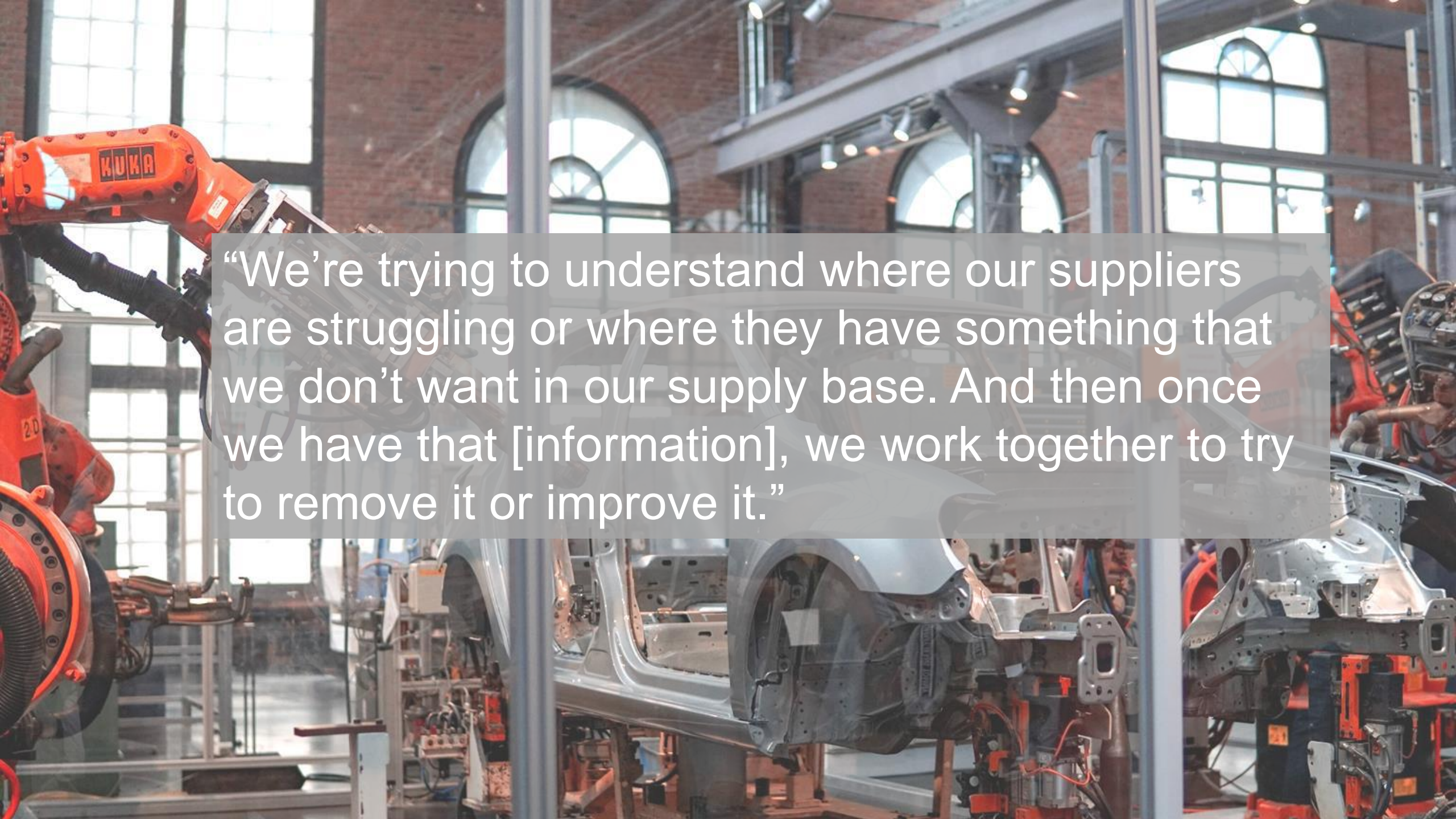


80%
of companies
conduct supplier
EHS&S risk
assessments or are
planning to do so.

Source: NAEM's 2018 Trends research

N = 79



A KUKA robotic arm is shown in the foreground on the left, working on a car chassis. The background shows a large industrial facility with high ceilings, arched windows, and other car bodies on the assembly line.

“We’re trying to understand where our suppliers are struggling or where they have something that we don’t want in our supply base. And then once we have that [information], we work together to try to remove it or improve it.”



**Sustainability
Requirements are now
Baked Into Purchase
Agreements**




76%
**of companies are
incorporating
sustainability criteria
into the procurement of
goods and services or
are planning to do so.**

Source: NAEM's 2018 Trends research

N = 79



A close-up photograph of several hands clasped together in a circle, suggesting a group agreement or teamwork. The hands are of different skin tones, and one person is wearing a brown beaded bracelet. The background is blurred, showing parts of people's clothing in teal and blue. A semi-transparent grey box with white text is overlaid on the center of the image.

“We’re communicating it right up front, when a supplier receives our terms and conditions ... so there’s no way for them to get around it...When a supplier agrees to do business with us, it has all of these guidelines about what they can send to us and what they can’t.”



**Companies are
Redesigning Their
Products With
Sustainability in Mind**




81%
**are integrating
sustainability into the
new product
development or are
planning to do so.**

Source: NAEM's 2018 Trends research

N = 79






“What's in it for our suppliers is a better understanding of requirements for safe chemicals...When we do bring new products to market there's less likelihood that we'd have to eliminate chemicals of concern.”

A blurred office scene with people working and a city skyline in the background. In the foreground, a man with a beard and glasses is smiling and looking towards a woman with short hair. They are sitting at a table with a blue cup and some papers. In the background, several other people are working, and a city skyline is visible through the large windows.

Program Case Study: Cox Enterprises



Cox Enterprises: Sustainable Supply Chain Progress and Strategy

Clarence Jackson

Director, Sustainable
Supply Chain



Who We Are

Privately Held , Family - Owned

Led by 3rd and 4th Generation Family Members

55,000 Employees



1898
Year
established



\$21B
in annual
revenues



300
separate
businesses



13
countries of
operation



COX
ENTERPRISES

COX

COX
AUTOMOTIVE™

COXMEDIA™
GROUP



Cox Enterprises

2018 GOALS AND RESULTS for Cox Operations

Zero Waste to
Landfill by 2024



Water Neutral by
2044

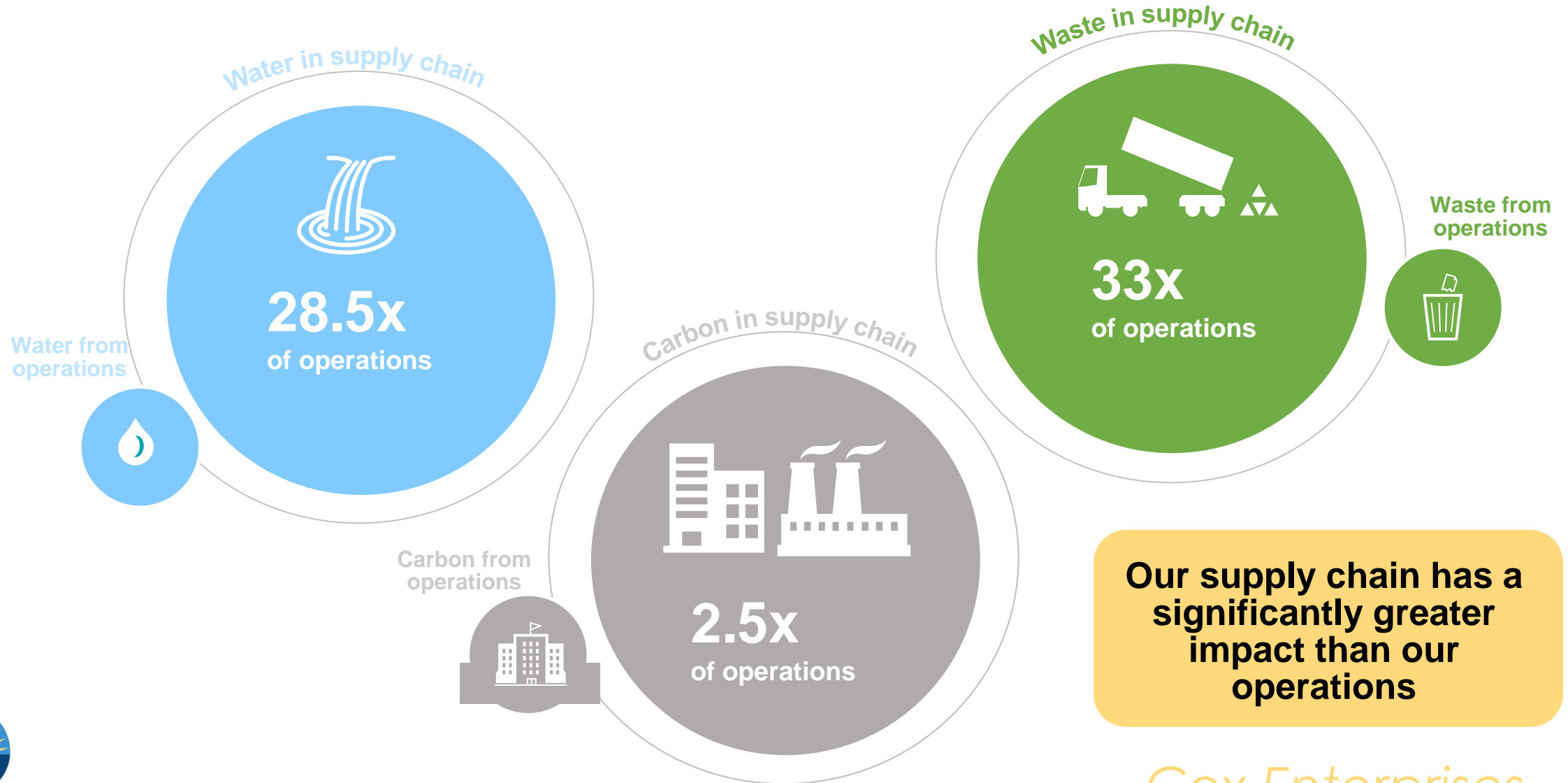


Carbon Neutral
by 2044

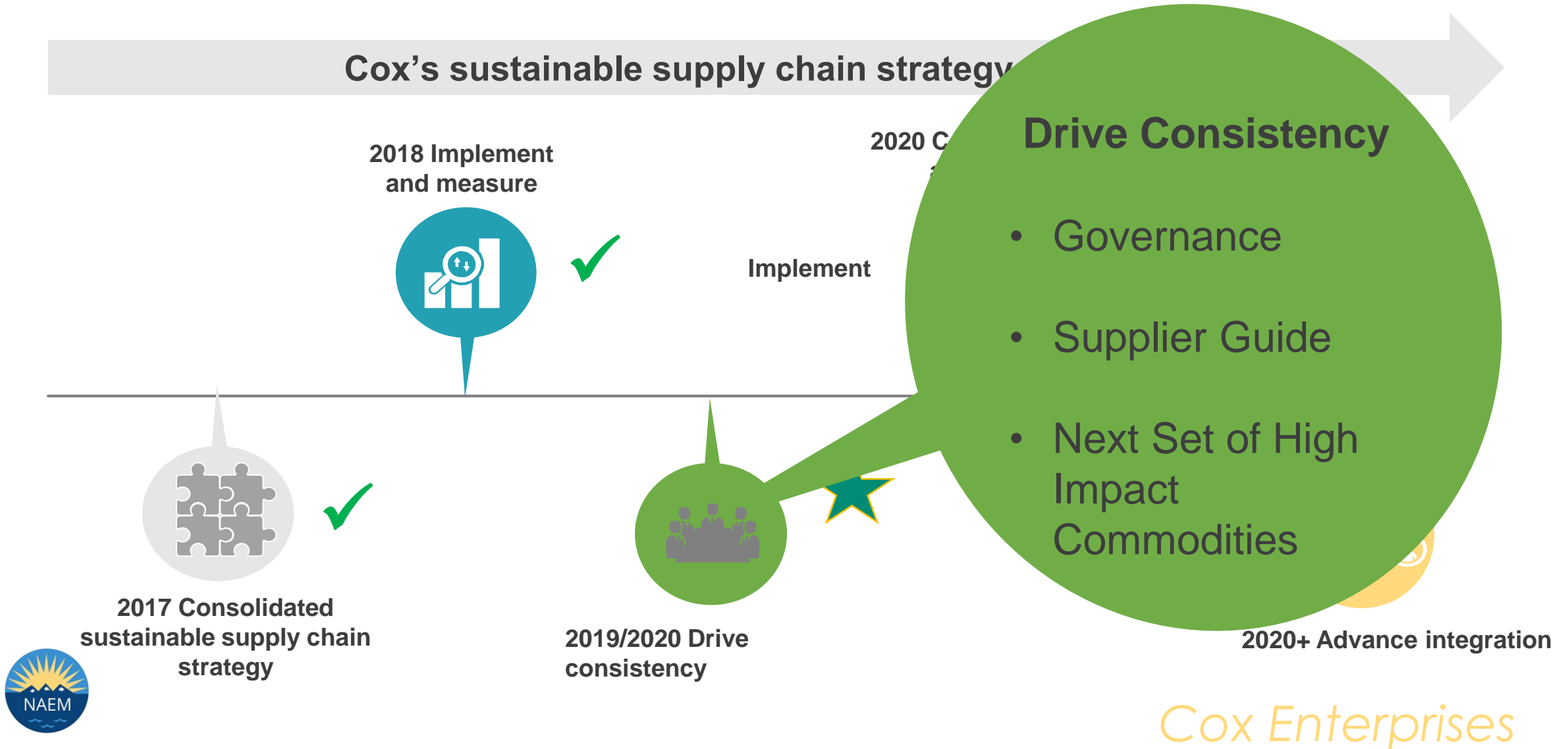


Cox Enterprises

Why we are focused on sustainable supply chain



Where we are in the process



Final draft RACI model for sustainable supply chain governance

Excerpt from DRAFT sustainable supply chain strategy RACI

Cox Enterprises

DRAFT Sustainable Supply Chain Strategy RACI

Instructions

1. Review each activity in Column A and confirm you agree with it or highlight it as something that should be modified or deleted
2. Then determine if individuals from Corporate, the Divisions or both will need to be involved for each activity and make your selection in Column B
3. Assign only one "A" and at least one "R" for each activity. Assign "C's" and "I's" as needed

Guide

R = Responsible - Individual(s) who performs an activity – responsible for action/implementation of an activity. Must be in goals/MBOs. An activity can have more than one R
 A = Accountable - The individual who is ultimately accountable, including yes/no authority and power of veto. Must be in goals/MBOs. **Only one A can be assigned to an activity**
 C = Consulted - Must always be consulted before a decision or action is taken
 I = Informed - Must always be informed after a decision or action has been taken

Italicized parties need to have a contact or contacts defined

		Corporate												Councils		Divisions		
Activity	Activity type (Corporate, Division, Both)	SVP Finance	VP Env. Sust.	AVP Env. Sust.	Director, Cleantech Strat. and Invest	AVP Supply Chain & Fleet	Senior Director Enterprise Sourcing and Proc.	Director Vendor Management	TBD New Director SSC	Senior Director, Corporate Social Responsibility and Corporate Affairs	Legal	IT	ERM	Cox Proc. Council	Cox Env. Council	SSC Division Teams	Vendor Management / Procurement Leads	Supply Chain Leads
Ongoing executive and Board Sustainability Committee awareness of progress toward achieving SSC strategy	Corporate	A	C	I					R									
Strategy development, refinement and implementation																		
Refinement and implementation of SSC strategy																		
Ongoing development and refinement of division-level management actions	Both		I						C					I	I	R	C	A
Implementation of the division-level management actions, working with necessary functional leads to execute management actions	Division															R	C	A
Annual review of SSC strategy and management actions proposed by respective SSC Division Teams	Both	I	A						R					I	I			R
Ongoing development of the SSC strategy, including <u>companywide</u> goals, targets, and initiatives	Corporate	C/I	A						R					I	I			



Cox Enterprises

Cox Enterprises Supplier Guide

A sustainable supply chain / supplier guide will be our formal document we'll share with our suppliers to promote supply chain transparency and sustainability

- Cox's vision
- Conveys sustainability expectations of suppliers
- Foundation for RFPs and contracts
- Will drive collection of supplier sustainability information to support decision-making

Minimum supplier expectations addressing topics within environmental, social & governance aspects



A network diagram is constructed on a light-colored wooden surface. Numerous wooden pins are arranged in a somewhat regular grid. Red string is used to connect many of these pins, creating a dense web of interconnected lines. Some pins are also connected by blue string, particularly towards the bottom right of the frame. The background is a soft-focus view of the same wooden surface.

How to Get Started

How do I get started building a sustainable supply chain?

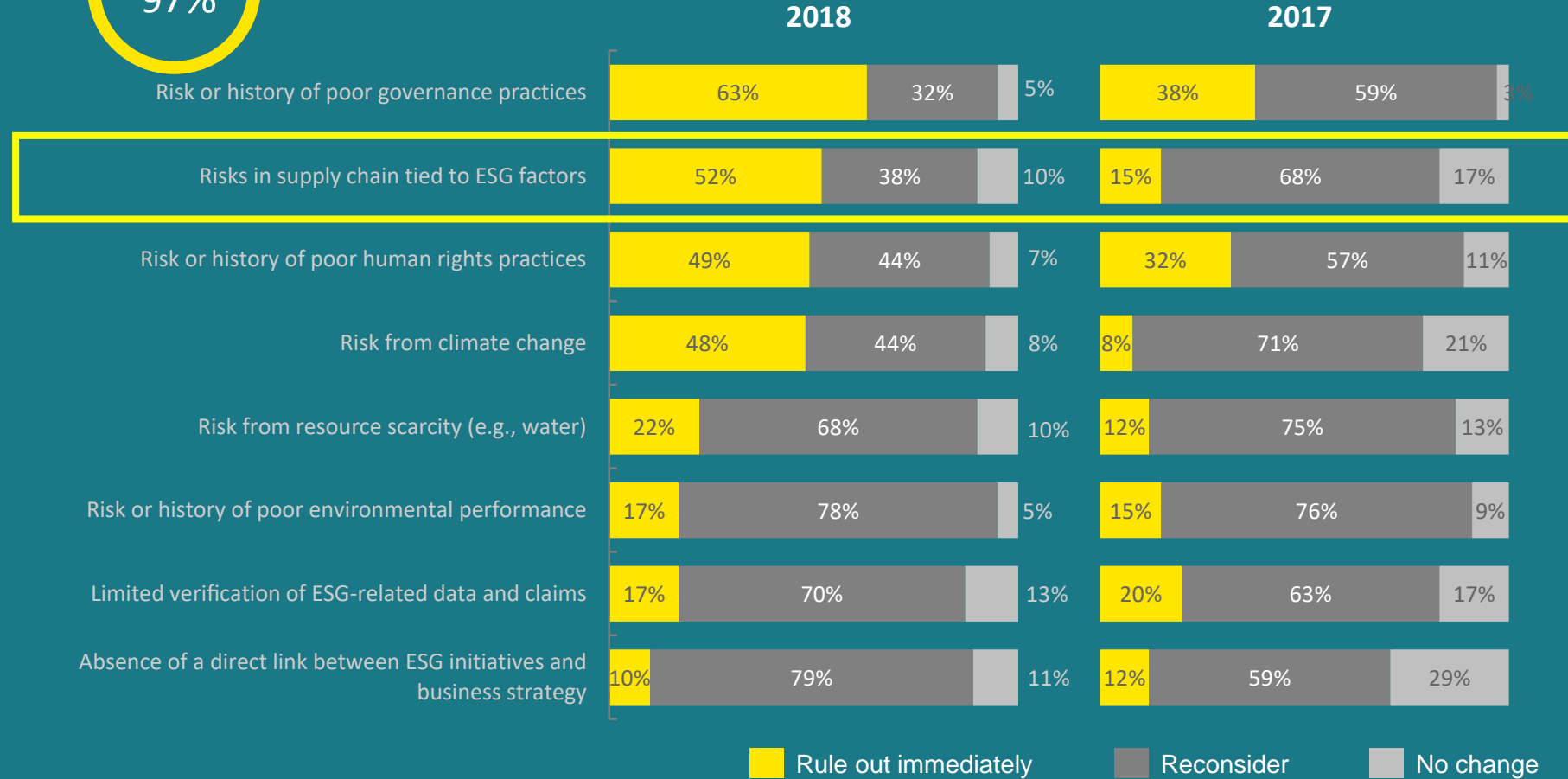
Jessica Wollmuth: Principal, Climate Change and Sustainability
Services



Investors are concerned about the sustainability risks in supply chains



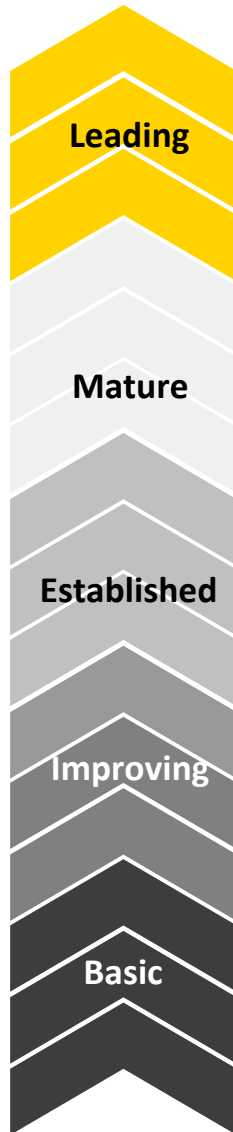
Of investors surveyed (97%) say they conduct an evaluation of target companies' nonfinancial disclosures



Source: https://www.ey.com/en_gl/assurance/does-nonfinancial-reporting-tell-value-creation-story



What does a sustainable supply chain look like?



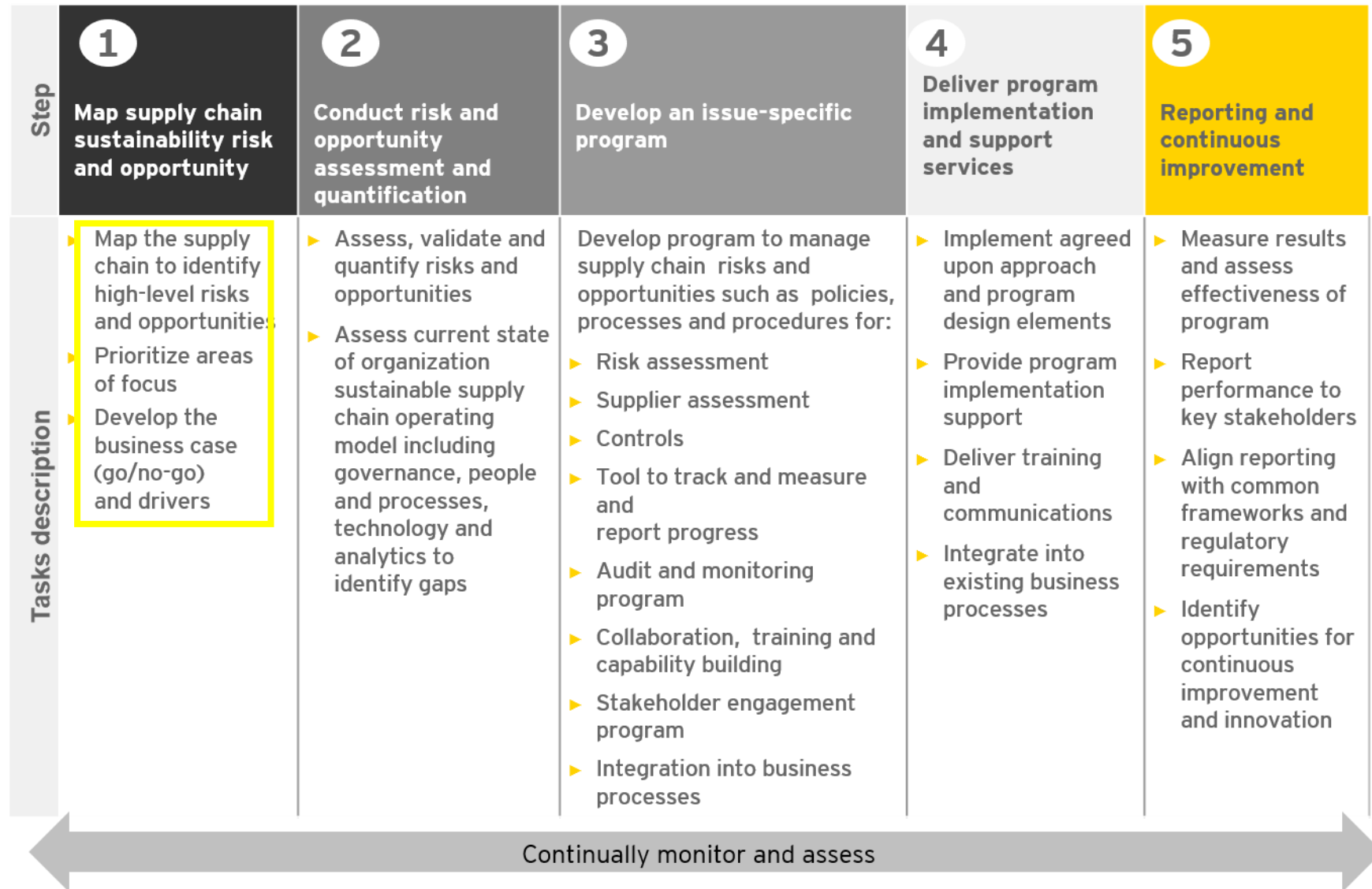
- ▶ Sustainability is part of the company culture
 - ▶ Focus on long-term risk and opportunity
 - ▶ Sustainability is part of upstream design and/or purchasing decisions
 - ▶ Invest in supplier capacity building
- ▶ Monitoring and visibility beyond Tier 1
 - ▶ Supplier spend allocation are based on sustainability performance
 - ▶ Provide training for suppliers
 - ▶ External collaborations
- ▶ Optional or mandatory processes are in place to screen, select and manage suppliers
 - ▶ Greater focus on managing short term risks
 - ▶ Includes site visits of suppliers
- ▶ Focus on risk and compliance
 - ▶ Focus on audit-only approach for high risk areas
 - ▶ Transactional relationship with suppliers
- ▶ Set minimum standards or guidelines for suppliers
 - ▶ Basic understanding of supplier risks

First Steps in Getting Started



1. Map your suppliers and assess materiality to focus on the most pressing value chain issues
2. Engage with your industry bodies to understand the trends in your sector
3. Leverage technology to increase visibility into your supply chain

Map your supply chain and prioritize



Collaboration is critical for addressing the complexity of supply chain challenges



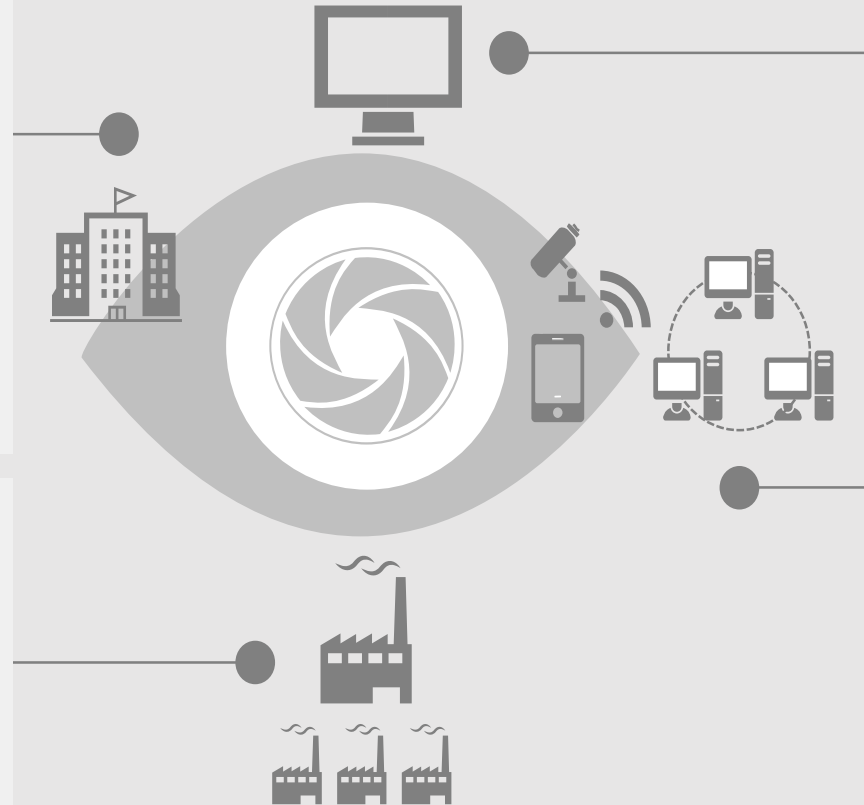
- Responsible Business Alliance
- Sustainability Consortium
- International Petroleum Industry Environmental Conservation Association (IPECA)
- Together for Sustainability (TfS)
- Pharmaceutical Supply Chain Initiative (PSCI)
- Sustainable Apparel Coalition (SAC)
- Issue or commodity specific, e.g. Alliance to End Plastic Waste

Companies are leveraging technologies and collaborating to increase visibility and influence

How companies use technology to create sustainable supply chains

- ▶ Interface with the customer to provide real-time information relating to the supply chain
- ▶ Integration with supplier management systems and existing enterprise resource planning
- ▶ Communication and collaboration with stakeholders to track trends and regulations

- ▶ Supply chain partners connected via one platform
- ▶ Comprehensive analysis tools for categorization and selection of vendors
- ▶ Learning and survey capabilities to foster education for suppliers
- ▶ Transparency through Tier 2 and beyond



- ▶ Dashboard that displays supplier profile, factory risks, KPIs and open issues
- ▶ Visibility of supplier and factory by brand or product
- ▶ Scheduling and controlling of audits, milestones and corrective actions

- ▶ Single source of truth
- ▶ Utilizing emerging, real-time data sources to monitor supplier performance
- ▶ Leveraging cloud-based modules to execute compliance/audit plans, including logistics, reporting and traceability
- ▶ Audits conducted via tablet to streamline audit process
- ▶ Facilitates sharing of audit data

Discussion



Wrap Up

Thank you to our Report Sponsor



Access the Full Results



Visit www.naem.org



Mark your calendar

November 21

Improve Enterprise Risk Management
With Systems Thinking and New
Technology



December 5

How Agile Leads to a Win-Win
Software Implementation



For more information or to register, visit
www.naem.org



Save the Date for NAEM's 2020 Conferences



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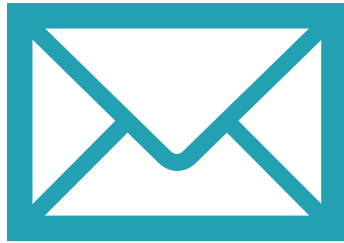


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 - LinkedIn: <https://www.linkedin.com/company/naem>



Thank you for Attending!



A recording will be available in 1-2 days.
You will receive an email once it's posted
to our site.



Have a safe & great day!

