

Improving Environmental Sustainability in Supply Chains: Best Practices Webinar

Friday, September 9, 2016

Presented by:

Melissa Klein, U.S. EPA

Nena Shaw, U.S. EPA

Verena Radulovic, U.S. EPA

Guest Speakers:

Melissa Bouilly, Dell

Rick Love, United Technologies Corporation

Kathleen Shaver, Cisco Systems



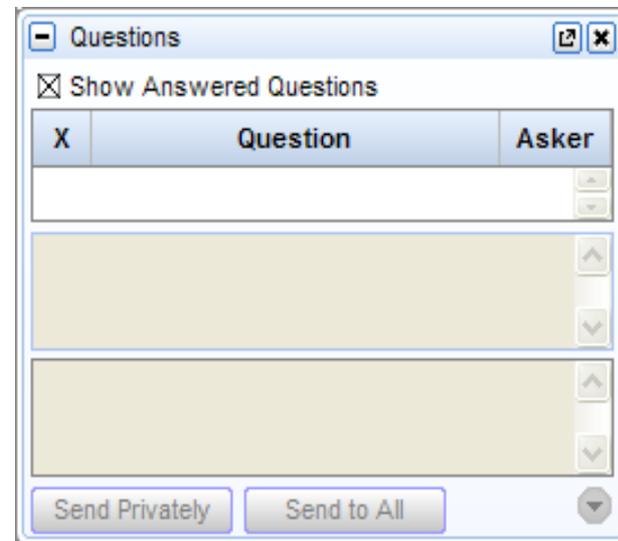
Webinar Agenda

- Introduction and webinar logistics
- Speakers
 - Melissa Klein, Communications Lead, Center for Corporate Climate Leadership, U.S. Environmental Protection Agency
 - Nena Shaw, Acting Office Director, Office of Strategic Environmental Management, U.S. Environmental Protection Agency
 - Verena Radulovic, Product Lead, ENERGY STAR Electronics, U.S. Environmental Protection Agency
 - Melissa Bouilly, Program Manager, Supply Chain Responsibility, Dell
 - Rick Love, Manager, Environmental Sustainability, United Technologies Corporation
 - Kathleen Shaver, Director of Sustainability and Risk, Cisco Systems
- Q&A
- Post-webinar survey

Webinar Logistics

- Attendees are muted to reduce background noise.
- Submit questions and comments in writing via the online control panel. →→ →
- To minimize or maximize the control panel, click on the button at the top left of the tool bar.
- Post-webinar survey on this webinar and topics for future webinars.
- Today's presentations will available at:

<https://www.epa.gov/climateleadership/improving-environmental-sustainability-supply-chains-best-practices>





About the Center

- A resource center for organizations of all sizes looking to expand their work in the area of greenhouse gas (GHG) measurement and management.
- Provides technical tools & guidance, educational resources, opportunities for information sharing (e.g., Webinars) and peer exchange.
- Promote practices that reduce GHG emissions, drawing upon the successes of Climate Leadership Award recipients and innovations by organizations.
- Support the implementation of E.O. 13693.



Climate Leadership Awards

The U.S. EPA Climate Leadership Awards is a national awards program that recognizes and incentivizes exemplary corporate, organizational, and individual management and reduction of GHG emissions—both in internal operations and throughout the supply chain.

- Now in its sixth year, the awards highlight leadership in reducing carbon pollution and building resilience to climate change.
- Six categories: Excellence in Greenhouse Gas Management - Goal Setting & Goal Achievement; Innovative Partnerships; Supply Chain Leadership; Individual Leadership; Organizational Leadership.
- EPA's Center co-sponsors the awards with NGOs: Center for Climate and Energy Solutions (C2ES) and The Climate Registry.
- **Award application period closes 9/26/16.** Awards dinner to be held 3/2/17 during the Climate Leadership Conference in Chicago, IL.

<https://www.epa.gov/climateleadership/climate-leadership-awards>

Nena Shaw

Acting Office Director
Office of Strategic Environmental Management
U.S. EPA





EPA's Interest in Supply Chain Work

- Supply chains often represent a large percent of an organization's environmental footprint, e.g., approximately 40%-60% of a manufacturing company's and 80% of a non-manufacturing company's carbon footprint.
- As companies extend or expand their markets into emerging and growing country economies, their supply chains will likely become more disperse, globalized, and complex, resulting in greater environmental impacts.
- It is important for EPA to consider supply chain impacts, including shifts and movements of pollution, when the Agency manages or oversees programs, develops policies, makes national and regional regulatory and non-regulatory decisions, takes actions, and makes enforcement decisions.
- Environmental impacts from supply chains can be strategically integrated into EPA's activities such that the Agency works more effectively to fulfill its mission.



EPA's Current Supply Chain Efforts

Over the past 20 years, EPA has undertaken a number of supply chain efforts:

- Developing the former Green Suppliers Network
- Participating in third-party organization development of sustainability standards
- Recognizing organizations for their supply chain work through the Center for Corporate Climate Leadership's Supply Chain Leadership Award
- Exploring strategies to improve freight supply chain efficiency through the SmartWay program
- Sustainable Marine Transport Initiative



Recommendations for Future Supply Chain Efforts

- Identify opportunities to consider supply chain impacts in EPA programs, policies, actions, decisions, and tools through the creation of an overall strategy.
- Build EPA's supply chain capability by developing an internal network of EPA programs and staff working on or interested in supply chain issues.
- Engage with the private sector, non-governmental organizations, and other stakeholders (including other government agencies) for EPA to learn about their supply chain sustainability efforts and to network and identify opportunities for EPA to share their leading practices and help build supplier capabilities.
- Provide information internally and externally to share the importance of considering supply chain impacts and examples of what EPA, the private sector, non-governmental organizations, and other stakeholders are doing to reduce these impacts.

Environmental Sustainability in Supply Chains

A Dialogue with Leading
Stakeholders and EPA

May 3, 2016 Highlights

Verena Radulovic
Product Lead, ENERGY STAR Electronics
U.S. EPA





Overview

Public, Private, Nonprofit Participants

Accenture; CDP; Cisco; Clif Bar; Dell; Electronic Industry Citizenship Coalition; GM; HP; IBM; Johnson Controls; Johnson & Johnson; Lockheed Martin; Mars; Steelcase; Suppliers Partnership for the Environment; Sustainable Purchasing Leadership Council; United Technologies Corporation; World Resources Institute; GSA; DOE; CEQ; EPA: ENERGY STAR, Green Power Partnership, Center for Corporate Climate Leadership, SmartWay, OCSPP, OP, OLEM

Panels

- **DO:** Strategies for Sustainable Supply Chain Management
- **MEASURE:** Data and the Value-Add: Charting Accomplishments
- **DRIVE:** The Triple Bottom Line: Policy, Procurement, and Standards Setting



Selected Insights

Strategies for success

- Collect data essential to improve performance
- Leverage common reporting platforms
- Target measurements on biggest impacts
- Set science-based environmental goals
- Reward performance and innovation
- Benchmark success

Barriers to success

- Unclear business case
- Supplier survey fatigue
- Lack capability to measure progress
- Difficult to engage small suppliers with limited resources
- Lack standardized metrics across sectors
- Hard to penetrate organizational culture, build support and encourage innovation



Possible EPA/Federal Action to Advance Supply Chain Sustainability

Participants' Suggestions:

- Articulate agency support (at top levels) for supply chain sustainability
- Simplify access to EPA tools and resources
- Engage SMEs through established resources and programs (i.e., Lean toolkit)
- EPA needs to share information, be engaged, and sit at the table alongside leading companies and NGOs

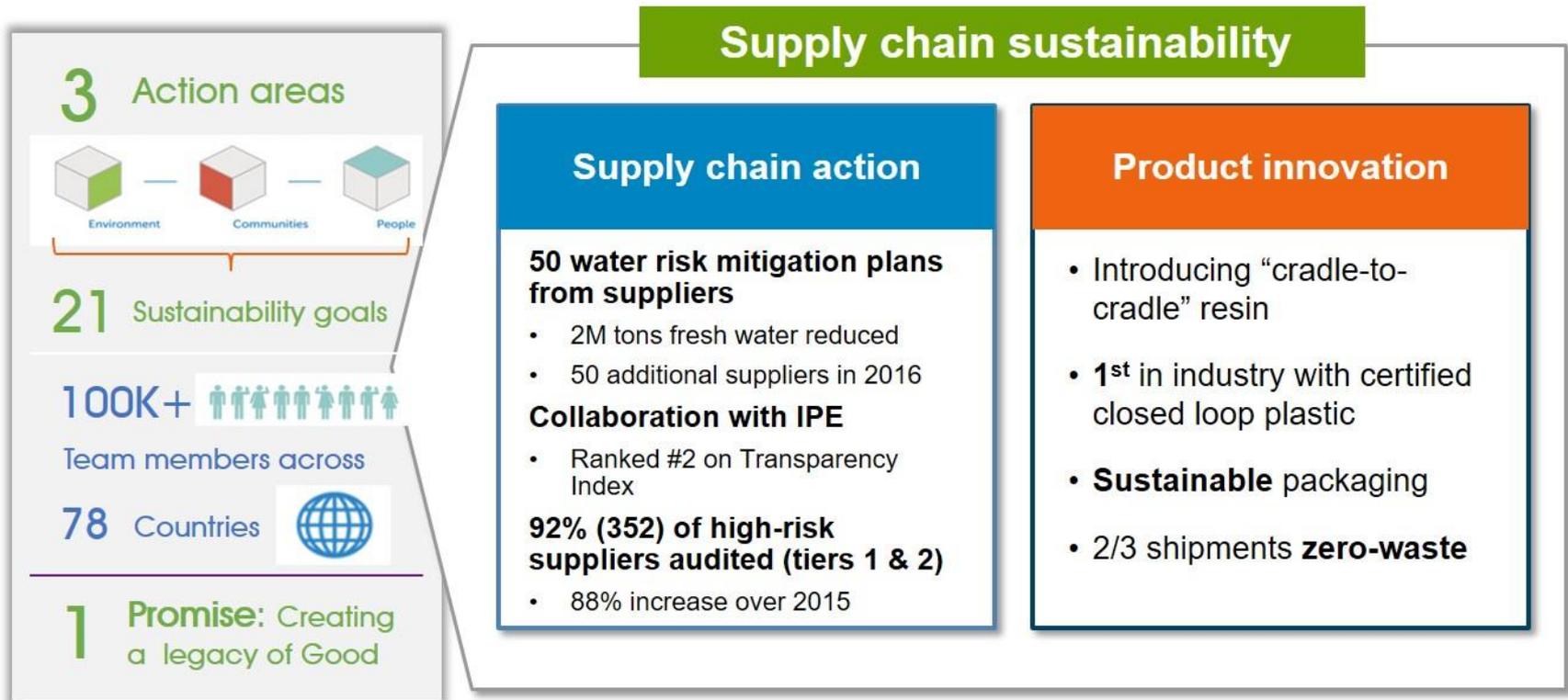


Dell

**Social and Environmental Responsibility
in the Supply Chain**



We are partnering with suppliers to drive the 2020 Legacy of Good plan and continuing to offer customers innovative solutions



We are working toward full transparency of social and environmental issues in the supply chain

We have a 2020 goal to reach 100% transparency on all issues in our Supply Chain



- Publish our **supply chain audit findings** and partner with suppliers to improve performance
- Share **demonstrated improvements** across the supply chain to drive best practices
- **Collaborate with customers** and NGOs to drive continuous improvement.

Trust and collaboration are the essential building blocks of a transparent supply chain

We are building a stronger supply chain through collaborative projects, capability opportunities, and open dialogue



SER Champions engage with suppliers directly



Provide capability-building opportunities



Build value to expand business opportunities

The Champions team drives engagement on issues of social and environmental responsibility throughout procurement



The challenge

We increased supplier EICC audits by 88%. Without a **process to engage suppliers and build capabilities**, we were finding more risk than we were mitigating.

The solution

We implemented a **Champions Team** across procurement to drive engagement and accountability for SER into the category management strategy

The impact

This has effectively **quadrupled** the number of people we have working directly with suppliers on SER issues

We offer a wide range of capability-building opportunities to our suppliers – and our offerings are expanding



Specialized trainings for SER Practitioners

Equip SER professionals with the sophisticated skills necessary to implement Dell requirements



New Supplier Orientation

Educate prospective suppliers on the EICC Code and Dell expectations



E-learning via the EICC Academy

Obtain targeted knowledge for CAP management and specific issue remediation



SER Networking and Seminars

Build a supplier network to share best practices and a communication network to cascade Dell SER messages

Trainings targeted to regional issues

- Protecting vulnerable workers
- Water risk mitigation plan development
- Air quality and waste water treatment

Engaging directly on a wide range of issues

- Worker engagement initiative
- Hotline for grievances or counseling
- Anonymous worker surveys

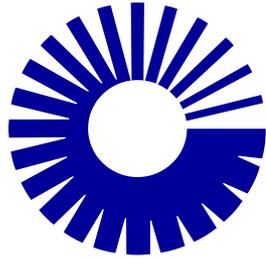
Customers expect forward-looking actions and sustainability leadership will open new opportunities in the future

		Requirements	Value-add to business
	Regulations and standards	<ul style="list-style-type: none">• New laws in UK, US, China• Stricter EICC standards• International agreements	<ul style="list-style-type: none">• Strengthen the brand• Prevent operational disruptions• Increase efficiency• Reduce turnover• Develop innovative processes
	Performance reporting	<ul style="list-style-type: none">• Carbon Disclosure Project• Water risk mitigation plans• Global Reporting Initiative	
	Customer expectations	<ul style="list-style-type: none">• Innovative materials• Sustainable packaging• Circular economy	

Proof points
<ul style="list-style-type: none">➤ 81 suppliers reduced 7M tons CO² for \$41M savings➤ 27 suppliers realized energy savings of \$54.6M



Thank you



United Technologies

UTC Supplier Sustainability

Rick Love

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September 9, 2016

No technical data subject to the EAR or the ITAR



Environment, Health & Safety

United Technologies Corporation

UNITED TECHNOLOGIES

FOUR BUSINESS UNITS: \$56.4B



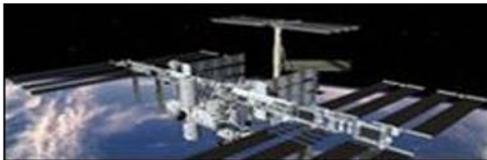
Heating, ventilating, cooling & refrigeration systems



Security & fire protection services



Elevators, escalators, moving walkways, people movers & horizontal transportation systems



Industrial & aerospace systems



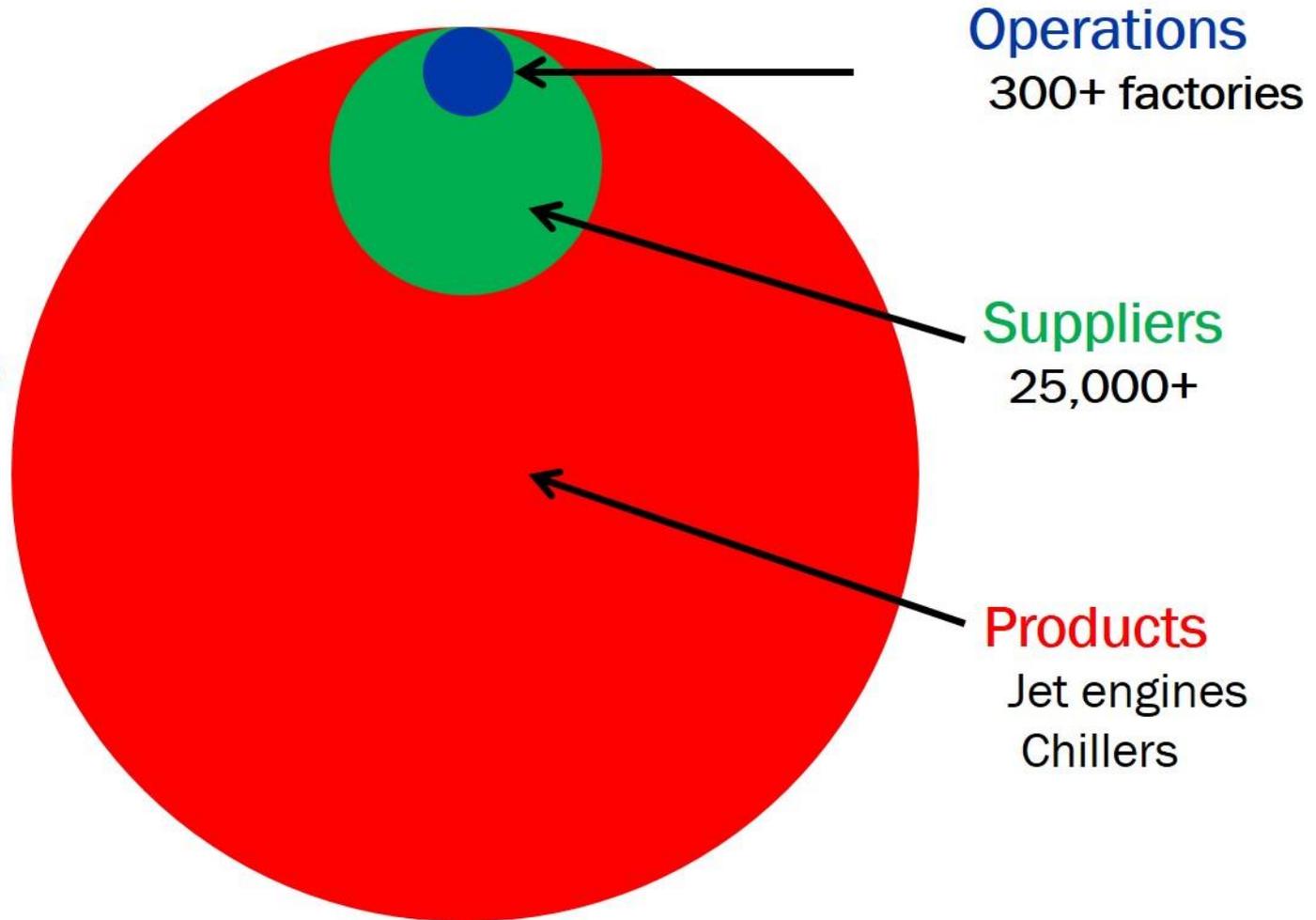
Aircraft engines, gas turbines & space propulsion systems

UTC VALUE CHAIN IMPACTS

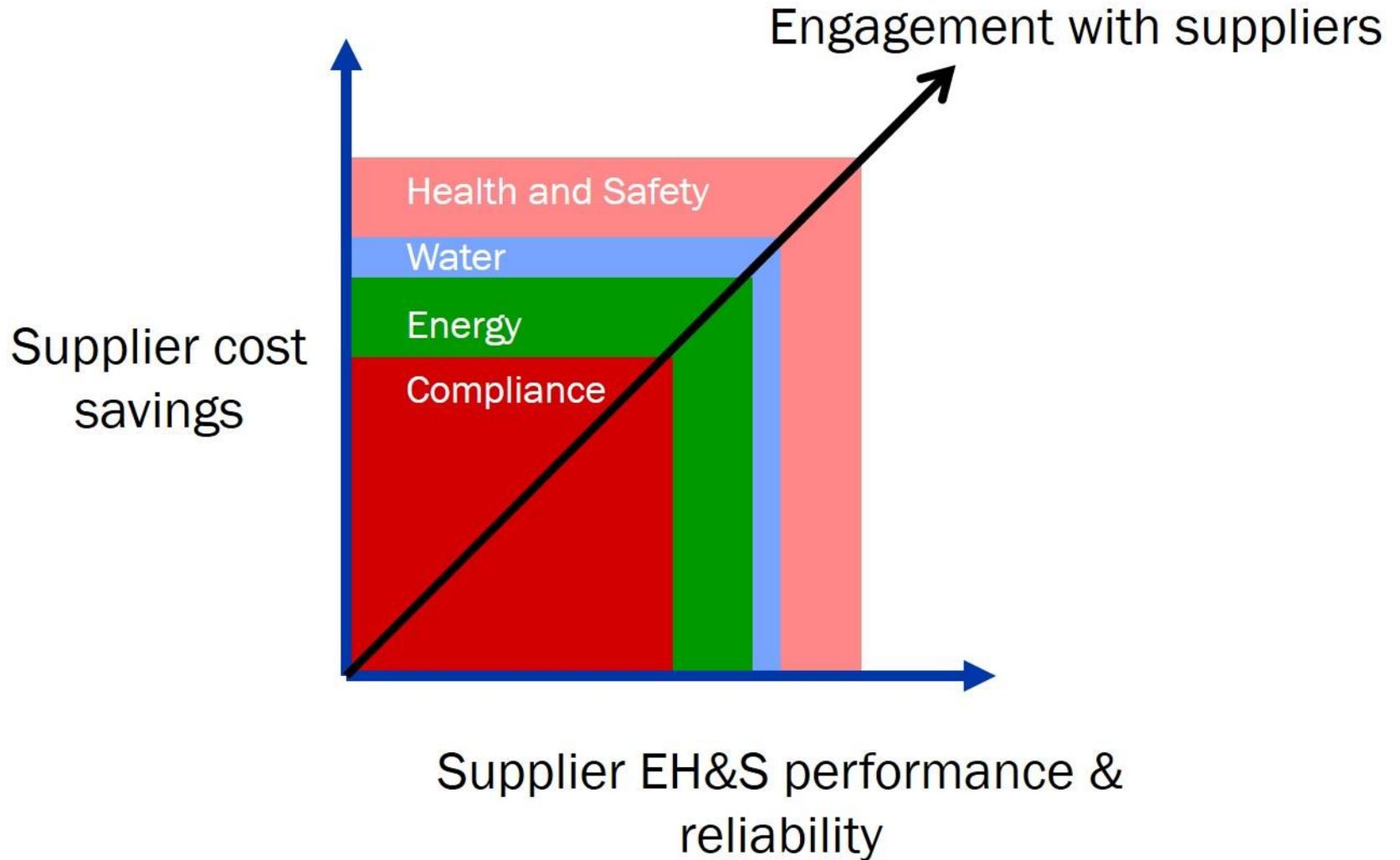
2014 GHGs
2 mmtCO₂e

8 mmtCo₂e

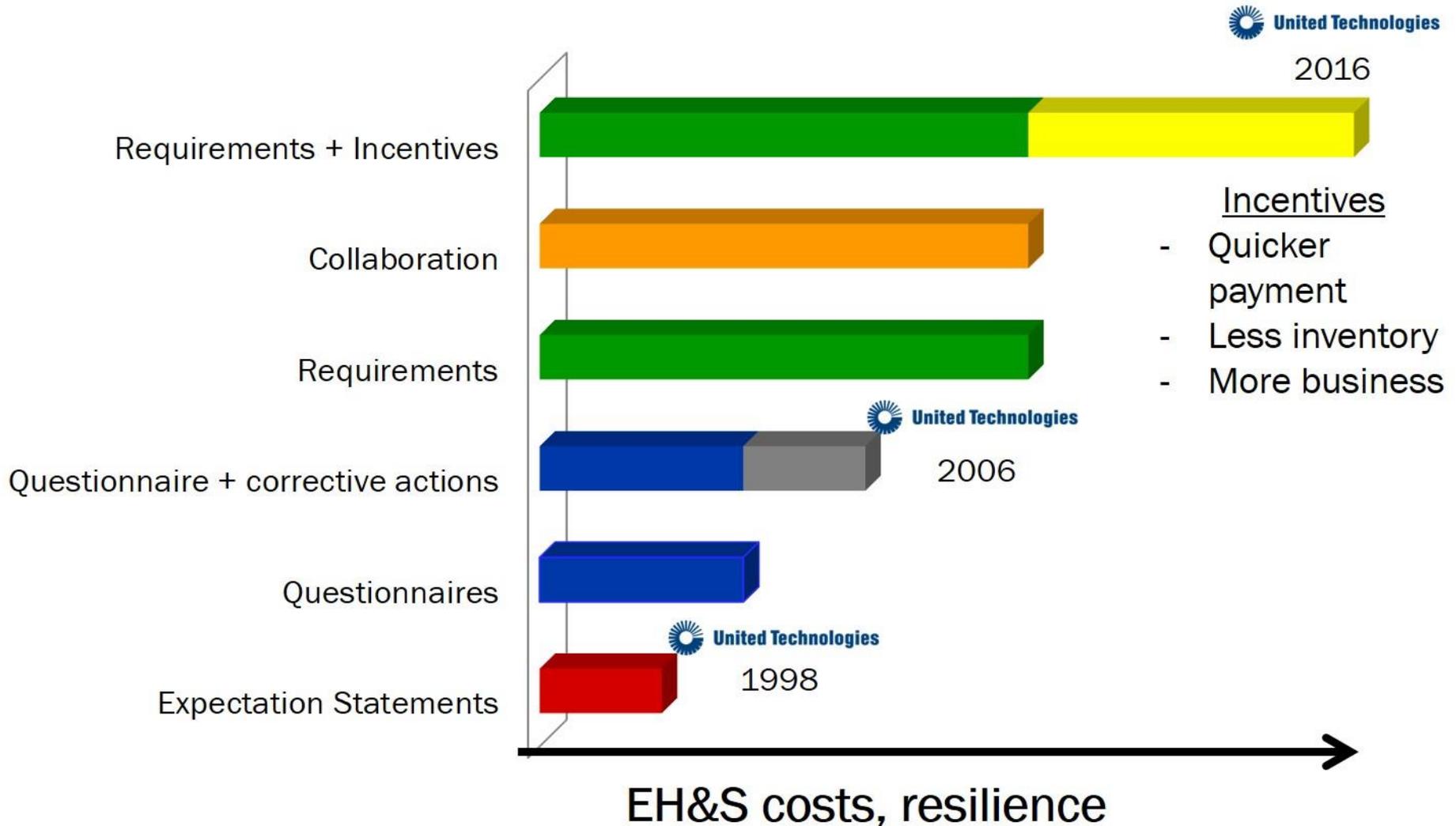
400mmtCO₂e



SUSTAINABILITY PROGRAM VALUE



ACTIONS AND SUPPLIER IMPACTS



RULES OF DEVELOPMENT

Nothing we don't require of ourselves

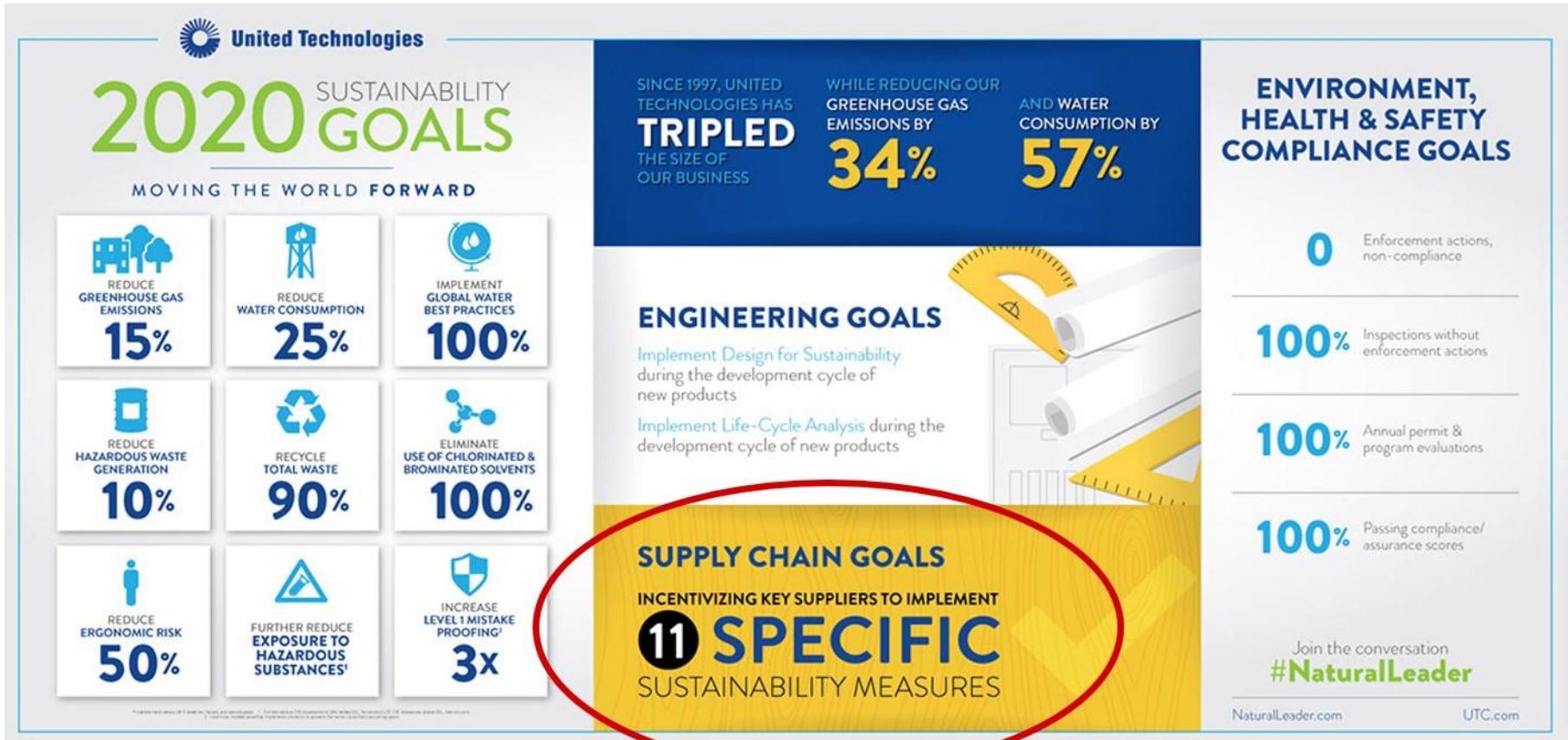
Comparable to best-in-class programs

No unreasonable burden on suppliers

No extensive data analysis by UTC

No technical data subject to the EAR or the ITAR

2020 SUSTAINABILITY GOALS



No technical data subject to the EAR or the ITAR

REQUIREMENTS

1. Supplier has code of conduct for ethics and sustainability appropriate for its business
Required for Gold: 2017
2. Supplier has formal CEO or Board level commitment to continuous EH&S improvement
Required for Gold: 2017
3. Supplier uses an appropriate, written workplace EH&S management system
Required for Gold: 2017
4. Supplier has a current injury incident rate < 3.0
Required for Gold: 2017
5. Supplier uses root cause analysis following all serious or fatal injuries
Required for Gold: 2017
6. Supplier has demonstrated annual improvements in its use of energy
Required for Gold: 2017
7. Supplier has formal EH&S goals
Required for Gold: 2018
8. Supplier has demonstrated annual improvements in workplace safety
Required for Gold: 2018
9. Supplier has demonstrated annual improvements in its use of water
Required for Gold: 2018
10. Supplier includes attainment of formal EH&S goals in executive compensation
Required for Gold: 2019
11. Supplier has demonstrated annual improvements in its waste recycling rate
Required for Gold: 2019

SUPPLIER BENEFITS

Based on UTC experience

Decreased operating costs

Improved worker safety

Reduced environmental impacts

Increased resiliency and reliability

+

UTC Gold = Financial incentives



Driving Innovation for Organizational Change

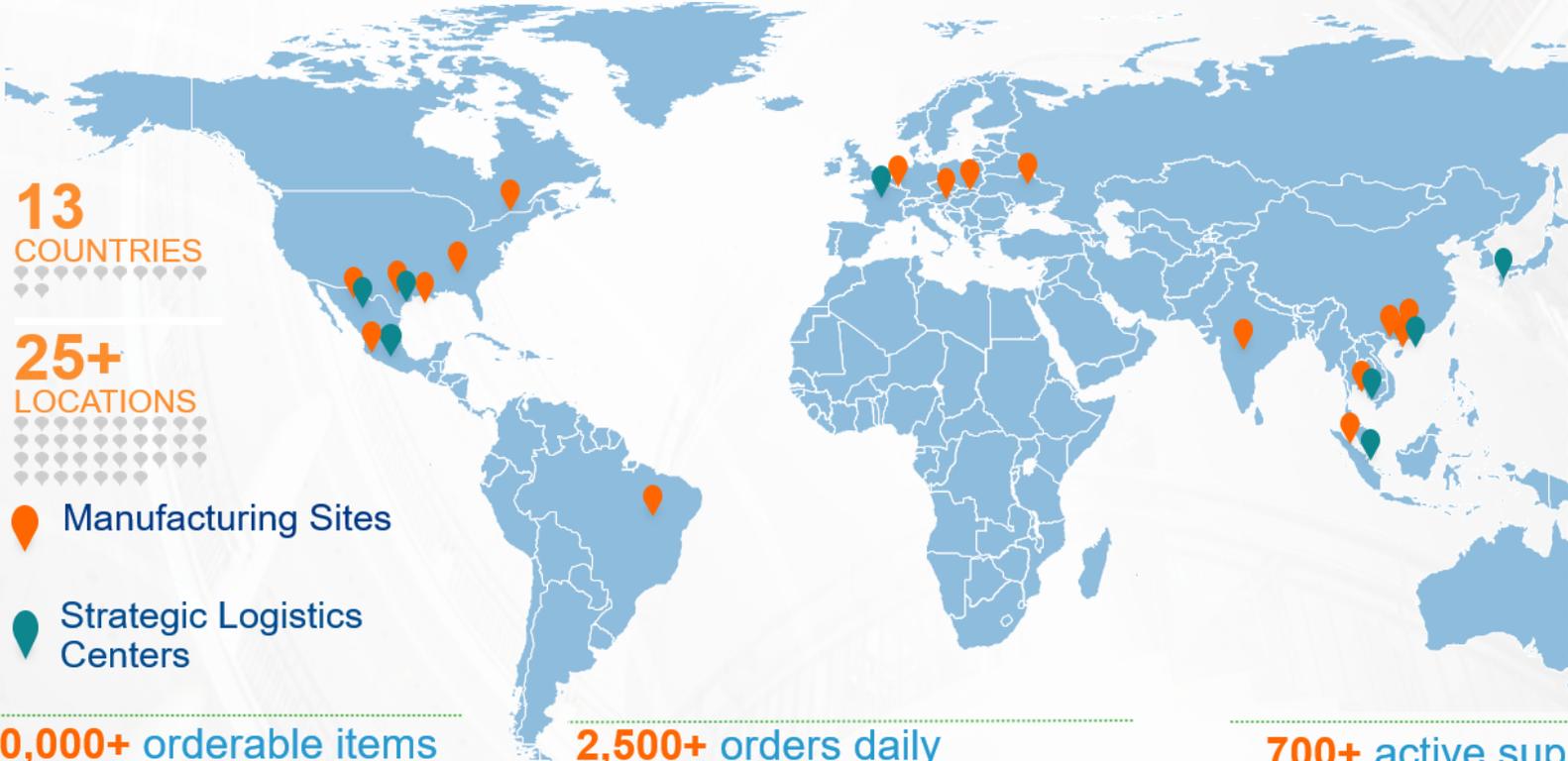
Kathleen Shaver

Director, Supply Chain
Sustainability



Cisco's Supply Chain

Global. Complex. Diverse.



13
COUNTRIES

25+
LOCATIONS

 Manufacturing Sites

 Strategic Logistics Centers



Diverse Portfolio

Mass production to highly configured

30,000+ orderable items

20,000+ virtual teams

2,500+ orders daily

220,000+ items shipped daily

700+ active suppliers

62,000 components



Sustainability Enablement

The Speed of Innovation.

**Simple Focused
Strategy**

**Business Process
Integration**

**Partner Value
Proposition**

**Agile Problem
Solving**

Progress in sustainability requires **bold ideas, persistence**, and above all, **collaboration**.





Q&A



Contact Us

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For more information, visit www.epa.gov/climateleadership

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