Are Our Suppliers Leaders, Laggards, or Risks?

Impact spend analysis

SPLC Summit 2015

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Today’s Agenda

Short Presentations
• Overview of SPLC Guidance – Impact Spend Analysis
• Case Study Examples

Small Group Discussions
1. Going deeper on the Guidance. Questions?
2. How to use information you collect to get the supply chain you want?
3. Getting Started
What would you like to know?
Setting Priorities: Forest or Trees?
SPLC Guidance: 8 Step Spend Analysis (Steps 1 – 4)

1. Create a shared understanding of spend analysis
2. Choose spend analysis methods, tools, and partners
3. Collect & standardize purchasing data
4. Analyze the data and validate the results
SPLC Guidance: 8 Step Spend Analysis (Steps 4 – 8)

5. Interpret the results
6. Stakeholder feedback
7. Prioritize areas for strategy planning
8. Communicate to management and stakeholders
Building More Resilient Supply Chains

Trucost's approach to measuring and managing environmental risks to inform green procurement programs
“This latest expansion to our offering enables companies to concentrate efforts where they can best minimize business risk and reduce environmental impact.”

“EEIO data are particularly useful in screening emission sources when prioritizing data collection efforts.”

Trucost's approach is a breakthrough that finally facilitates a cost-effective, fast and timely assessment of a corporation's supply chain environmental impact.

Trucost to identify supply chain 'hot spots' for Carbon Disclosure Project: Nov, 2010

Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Oct 2011

Sprint releases findings of industry-first Trucost supply chain carbon report, March 2011

Trucost example supply chain clients
TRUCOST TOOLS & DATA FOR IMPACT SPEND ANALYSIS

- Patented EIO-LCA model for impact spend analysis, updated annually, covering 550+ commodities
- Trucost Environmental Register (supplier database)
- Trucost Environmental Dashboard (online tool for data visualization and management)
- Supplier Engagement Portal (customizable data collection)
- Monetary valuation of risk (various databases and models)
500+ metrics in the world’s largest data base of corporate environmental metrics and impact valuations

- Greenhouse Gases
- Air Pollutants
- Water
- Land and Water Pollutants
- Waste
- Natural Resource Usage

4,800 companies and their supply chains researched annually by Trucost analysts

8 – 10 years historical data

93% coverage of global markets by market cap
OUTCOMES OF TRUCOST IMPACT SPEND ANALYSIS

Outcomes

• Priorities - Understanding of “hot spots”
• Quantified impacts and risks

used for...

• Supplier engagement
• Managing supply chain risks
• Strategic sourcing
• Category management
• External disclosure of supply chain footprint (for example, CDP)
Small number of suppliers = big impact
Case Study: City of London

Trucost was commissioned to assess the carbon footprint of London’s public procurement – a world first

£8bn public procurement
120,000 suppliers
45,000 transactions
31 London Councils
2 London Authorities
2.6mn tonnes carbon

“Having commissioned Trucost to assess the region's performance, we will have the information available to start making progress very quickly. The project will identify those suppliers that contribute the most to London's overall footprint so we can focus on areas of high potential, without ever overburdening those suppliers that have a low impact.”

Ben Sellar-Moore, Project Manager, Capital Ambition

Access details on the study, here.
Procurement spend categories are ranked and those with higher than average footprints are priorities for reduction opportunities and engagement.
EXAMPLE: SUPPLIER COMPARISON

The top three contributors to the water footprint are [Redacted] and [Redacted], which together account for 65% of total supply chain water use.
EXAMPLE: SPRINT SUPPLIER ENGAGEMENT

Supply Chain Goal: 90% of supplier spend meet our criteria by 2017

2007: Materiality assessment
2008: Baseline GHG and long-term goals
2009: Focus on GHG reduction, e-waste and green devices
2010: Trucost Hot Spot Analysis Carbon
2011: Expanded Trucost report – water, other scope 3 categories. Revised Code of Conduct, Supplier Criteria
2012: Repeat Trucost study, engage top suppliers to meet our criteria
2013: Supplier Handbook and webinars

Operational Impacts
Supply Chain Impacts
### EXAMPLE: SPRINT SUPPLY CHAIN FOOTPRINT

Sprint obtained 93% of emissions data from Trucost’s Environmental Register – saving considerable time and resources.

<table>
<thead>
<tr>
<th>Source of Scope 3 emissions</th>
<th>Evaluation status</th>
<th>metric tonnes CO2e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased goods and services</td>
<td>Relevant, calculated</td>
<td>2255306</td>
</tr>
<tr>
<td>Capital goods</td>
<td>Relevant, calculated</td>
<td>425451</td>
</tr>
<tr>
<td>Fuel-and-energy-related activities (not included in Scope 1 or 2)</td>
<td>Relevant, calculated</td>
<td>247067</td>
</tr>
<tr>
<td>Upstream transportation and distribution</td>
<td>Relevant, calculated</td>
<td>45756</td>
</tr>
<tr>
<td>Waste generated in operations</td>
<td>Relevant, calculated</td>
<td>598</td>
</tr>
<tr>
<td>Business travel</td>
<td>Relevant, calculated</td>
<td>13013</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>Relevant, calculated</td>
<td>83133</td>
</tr>
<tr>
<td>Upstream leased assets</td>
<td>Relevant, calculated</td>
<td>not yet calculated</td>
</tr>
</tbody>
</table>

Sprint was able to identify high risk sectors and suppliers to inform engagement.
Example: Product & Commodity Analysis

Material issues across our value chain
We also assess our material issues in the context of our value chain. This helps us to better understand and communicate how those issues connect to our business and where risks and opportunities reside.

<table>
<thead>
<tr>
<th>AGRICULTURE</th>
<th>TRANSFORMING</th>
<th>CONVERTING*</th>
<th>PACKAGING**</th>
<th>SHIPPING</th>
<th>SELLING</th>
<th>CONSUMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing crops (planting, tending and harvesting)</td>
<td>Turning crops into food ingredients (cleaning, milling and preparing)</td>
<td>Making products from food ingredients (mixing and cooking)</td>
<td>Producing packaging materials (mixing and transporting)</td>
<td>Moving food to stores (transporting and delivering)</td>
<td>Making food for purchase (cooking, prepping and eating)</td>
<td>Engaging food (cooking and eating)</td>
</tr>
</tbody>
</table>

-41% 7% 8% 14% 0% 12% 14%
62% 3% 7% 14% 0%*** 0%*** 0%***

Impact, spend results

GHG emissions across our value chain [% of total]*

Water consumption across our value chain [% of total]*

- Agriculture 41% (score 3)
- Converting 8% (score 3)
- Packaging 7% (score 3)
- Shipping 4% (score 3)
- Packaging supply chain 14% (score 3)

*Based on an analysis completed by Trucost in September 2012. Water consumption in Shipping, Selling and Consuming was considered to be immaterial.
For More Information

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