Grow & Optimize
Changing for the Better

Sonoco Supplier Sustainability Engagement
Brian Nelson
Renee Paris
Sonoco Sustainable Supplier Engagement

- Diversity
- Sonoco Recycling
- DJSI
- CAPS
- 3SA
- Supplier Training

Sonoco Supplier Sustainability Team (6 people)
Sonoco Recycling

- Division of Sonoco
- Recycling Department collects more than 3.5 million tons of paper, plastic, metal and other materials annually
- Administers Sonoco Supplier Sustainability Star Award
  - Recognizes customer- and Sonoco-owned facilities for achieving significant milestones in landfill diversion and waste stream reduction
Supply Management Training

- Annual Lunch and Learns required for all Supply Management staff
- Marketing materials available to use and give to suppliers

Business Review Q&A

Q. Does the supplier have a structured environmental management policy and pertinent KPI’s?

A. If the supplier does not have a policy, have them contact Renee Paris at Sonoco.

Q. What innovative ideas do you have to help Sonoco improve our footprint in waste and materials management?

A. Sonoco encourages innovative ideas from its supply base. Some examples include down gauging in raw materials, reducing transportation costs, or developing a program for demand management.

Q. What are the biggest sustainability-related risks to your business today? What actions are you taking to reduce these risks so they do not affect Sonoco?

A. One example of a Sonoco risk is redundancy of operations. Duplicating actions in various plant locations could significantly deter our sustainability efforts. Preventative actions include management training and people development, as well as performing supply chain risk assessments.

Q. What are the top 3 things your company is doing to promote corporate social responsibility?

A. Sonoco continues to promote social responsibility through education, health & welfare, arts & culture, and community collaboration. Sonoco strongly supports local colleges and educational programs. Sonoco also sponsors local sports teams and civic mentoring programs. Our focus on corporate social responsibility has also lead to work on social supply chain issues like supplier diversity and conflict minerals.

Q. Does your supplier ask their suppliers if they have an associated environmental policy and associated KPI's?

A. If not, please seek opportunities to do so. Sonoco continues to drive sustainability into our supply base by asking its top spend suppliers this question in quarterly business reviews.

Q. What sustainability initiatives are you driving within your company to improve your own footprint?

A. A couple of Sonoco’s environmental initiatives are to reduce greenhouse gas emissions by 15% and to reach 10% landfill free status for global operations by the end of 2015. Sonoco also has sustainability initiatives that support the community and supplier diversity.
Sonoco Supplier Diversity

- Part of quarterly business reviews with suppliers
- Annual conference and reverse trade show to convey importance and provide training for our suppliers (11 years)
- Sonoco currently spends 9% of total spend with diverse suppliers
- Overseen primarily by Sonoco’s Diversity Committee within the Supply Management Organization
CAPS Research

1. Conduct an Environmental Survey – Even Years
2. Help us host a sustainability conference in Chicago on alternating years

- Survey sent to 130 suppliers, 89 answered
  - 39 Questions – Average of 3 hours to Complete
  - 9 Sections/Topics
    - General Company Profile
    - Policy and Environmental Management
    - Greenhouse Gas
    - Air Emissions
    - Energy Consumption
    - Water Consumption
    - Waste And Materials Management
    - Innovation
    - Survey Disclosure and Comments
Dow Jones Sustainability Index (DJSI) Submission

- Sonoco has been successful in earning the DJSI the past 6 years due in part to our improved performance on pushing sustainability with our supply base.

- In 2015, the questions continue to evolve with more emphasis on actions taken.

- We request suppliers to provide us examples of their sustainability work.

- DJSI covers a wide variety of topics on governance and sustainability topics.
Sonoco Sustainable Supplier Awards (3SA)

- Third year of process
- 33 Supplier Nominations for 2015 (30 in 2014 & 15 in 2013)
- Suppliers must have a sustainability policy in play to compete
- Suppliers self-nominate

Questions relate to:
- Environmental policy
- Goals & performance against goals
- Supplier code of conduct
- Ideas for Sonoco sustainability
- Diversity Initiative

Winners for 2015 were announced at Sonoco’s Annual Diversity conference and reverse trade show
Sustainability Training for Suppliers

- Partnership with ACF since 2011
- Paid training for suppliers
- Online internal audit course and online template
- Offers certification as a ‘sustainable supplier’ after audit and exam
- Number of Sonoco suppliers in program has tripled since 2011
ACF Training

- **Level 1: Basic** - Indicates a commitment to sustainability, recognition of impacts and a willingness to focus on risks that need to be addressed.

- **Level 2: Sustainability Advanced Certificate** - Involves development and implementation of a sustainability action plan and understanding a scorecard concept; also demonstrates a commitment to progress, responsibility and continuous performance improvement.

- **Level 3: Certification** - Internal self-auditing using a sustainability audit template prepares supplier for a certification exam. Creating Internal Sustainability Audit Reports creates a higher standard for supplier transparency and disclosure through third-party Certification of steps completed to improve sustainability performance.
Future Partnership

- Rebranding training as ACF-Sonoco partnership
- Focus will be on small/diverse suppliers
  - Partnering with diversity councils (GWBC and CVMSDC)
  - Sending invitations to diverse Sonoco suppliers
  - Press release with ACF announced partnership
- ACF will help to recruit new participants
  - Will reach out to SBA and MBDA
  - Advertising program on website
  - Lowered price
- Sonoco will partially subsidize
Conflict Minerals

- Because we report to the Security & Exchange Commission, each year we are required to do an analysis if any of our materials come from countries surrounding the Democratic Republic of Congo.
- By Sonoco policy, we strive to avoid sourcing from this area, and if our suppliers are sourcing from this area, we will want to move away from that source if possible.
- Conflict Minerals are Gold, Tin, Tantalum and Tungsten.
- We are now completing the second cycle of Conflict Minerals review & reporting.
  - We assessed all spend areas, and via use of spreadsheet checklist, determined areas of concern. Based on some inputs from industry action, we simplified the process and didn’t need to pursue as many areas as previously.
  - We queried ~83 suppliers and received 56 responses.
Supplier Code of Conduct

- Can be found by any supplier on www.sonoco.com/about
- We expect our suppliers to follow the same kind of conduct as Sonoco
  
  - *Compliance with Applicable Laws and Practices*
  - Compensation
  - Hours of Labor
  - Child Labor and Forced Labor
  - Discrimination/Rights
  - Immigration Law and Compliance
  - Safety and Work Environment
  - Environment
  - Grievance Process
  - Code of Conduct