Doing Good:

Embracing Sustainability as a Risk Mitigation and Innovation Strategy

Global Sourcing Council

Wanda Lopuch
Chair of the Board

Kelsey Crouch
Managing Director

sig.org/summit
Profit with Purpose
SDGs in Supply Chains

Embracing Sustainable Development Goals in Global Supply Chains

Wanda R. Lopuch, Ph.D.; Chairman of the Board, GSC
Patricia Chaves, United Nations
Kelsey Crouch, Director, 3SAwards, GSC
Global Sourcing Council, www.gscouncil.org
About
Global Sourcing Council
Who are we?
Global Sourcing Council

- Established in 2007
- Mission: Profit with Purpose through Sustainable Global Sourcing
- 20,000 sourcing professionals around the world
  independent platform for business, academia, government organizations and NGOs
- Education, outreach, best practices, research
- Member of the UN Global Compact; consultative status with the UN ECOSOC
Program: Business Embraces the UN 2030 Agenda

Sept 24th – 193 Member States of the UN signed SDG “Transforming Our World: The 2030 Agenda for Sustainable Development”

- 17 goals
- 15 years
https://www.youtube.com/watch?v=7GjLa5kfDfA

Patricia Chaves.
Senior Sustainable Development Officer, United Nations
Chavesp@un.org
GSC presents the voices of global sourcing community in SDGs:

- State of Sustainability
- SDG Pulse Research
- Best Practices
- HB$ Challenge
How Business Embraces SDGs

The SDG Pulse Research

• Going Beyond Marketing Hype: Facts
• How Business Embraces SDG: tracks the level of adoption of sustainability in global functions such as supply chains, procurement
• Longitudinal, cross-functional study to identify qualitative and quantitative benchmarks
SDGs in Business: Best Practices

Sharing Best Practices:

- Webinars
- SIG University
- White papers; blogs
- Round tables, conferences
Programs: **GSC 3S Awards**

- Best Practices in Responsible Global Sourcing
  - Community Engagement
  - Employee Engagement
  - Diversity
  - Most Innovative Sourcing
  - People’s Choice

**Grand Finale: May 17th 2017 – New York Headquarters of The United Nations**

*Celebration of Social Entrepreneurs Empowering for Sustainable Business*

[www.gsc3sawards.com](http://www.gsc3sawards.com)
Business takes Action on SDGs

Half Billion $$$ Challenge to turn Supply Chains into Responsible Supply Chains By Sept 25th 2017

PARTNERSHIPS FOR THE GOALS

17

GSC | THE GLOBAL SOURCING COUNCIL

$500,000,000 CHALLENGE

17 SDGs

1 NO POVERTY
2 Zero Hunger
3 Good Health
4 Quality Education
5 Gender Equality
6 Clean Water and Sanitation
7 Affordable and Clean Energy
8 Decent Work and Economic Growth
9 Industry, Innovation and Infrastructure
10 Reduced Inequalities
11 Sustainable Cities and Communities
12 Responsible Consumption and Production
13 Climate Action
14 Life Below Water
15 Life on Land
16 Peace and Justice
17 Partnerships for the Goals

THE GLOBAL GOALS
SDG in Global Functions/Supply Chains

Taking the Pulse of the Market

Sustainable Development Goals - SDGs
Checking the Pulse of the Market

- Sustainability in Global Organizations:
  - **Drivers:**
    - Long Term Investors – as Risk Mitigation Strategy
    - Consumers – Voting with the wallets
    - Business – profit with purpose; innovation, effectiveness
  - **Inhibitors**
    - Short-termism: maximizing profit vs. optimizing profit
    - Mind set: cost
    - Global political trends
Checking the Pulse of the Market

- Sustainability in the Supply Chains
  - Paradigm Change: From Cost-Base value to the Risk-Based value to Brand Value
  - Scarce empirical evidence
  - Best Practices

- Sustainability: evidence;
  - RFP, SLA, Vendor management
  - Marketing noise and anecdotal information
  - Uniliver – Gold Standard
Sustainability Drivers – LT Investors

-April 2008 – WS reports on Apple- Foxconn
  -Apple stock drops over $.5 Billion over the next 2 years
-October 2011 – MS Shareholders Meeting in NYC
  -Shareholders Resolution re. Socially Responsible Supply Chain
  -Global Citizenship Standards
  -Auditing standards for Vendors Disclosure
  -Safety standards
  -Long-term compliance
Consumers Reward Sustainable Brands
Consumers Vote with their Packets

- Sector-Based Experiences

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Around the World*

*Nielsen 2014 – 60 counties

- 67% prefer to work for socially responsible companies
- 55% will pay extra for products and services from companies committed to positive social and environmental impact
- 52% made at least one purchase in the past six months from socially responsible companies
- 52% check product packaging to ensure sustainable impact
- 49% volunteer and/or donate to organizations engaged in social and environmental programs
Business Perspective

Profit

• Returns/profits –
  • Current results
• Growth & Development
  • Future profits

Sustainability
In 2014: Profit meets Sustainability

Sustainability and Profitability are COMPLEMENTARY

5%
Sales increase from SR oriented consumers

- BCCCC - 2014 Research of 750 Executives
- Ethical Corporation UK – 2014, 2015

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Built to Last

Conversation

Business Perspective
Board of Directors

Sustainability Discussion is the Strategy Discussion

Uniliver’ Chairman of the Board:
Michael Treschow: Boards should ensure that all the right questions of today and tomorrow are asked.

- 12 trillion dollars investment opportunity
- 28 trillion dollars in gender inclusion/fully including women in economy

There is something in SDGs for any company, big and small, global and local. They should be embodied in every business – Michael Treschow, Chairman, Uniliver
Checking the Pulse of the Market

Sustainability in Global Organizations:

Drivers:
- Long Term Investors – as the Risk Mitigation Strategy
- Consumers – Voting with the wallets
- Business – profit with purpose; driver for innovation, effectiveness

Inhibitors
- Short-termism: maximizing profit vs. optimizing profit
- Mind set: cost
- Global political trends
The SDG Pulse Research

Stages:
1. Stage 1: Qualitative Insight
2. Stage 2: Quantitative: on-line Questionnaires
3. Stage n+: longitudinal tracking study

Scope
1. Respondents: on-line survey
2. Population: global

Sampling Methodology
1. Type of org
2. Functions
3. Org structure
4. Geography
The SDG Pulse Research

Goals: to understand better

• Awareness of sustainability in global functions
  • sourcing, procurement,
  • risk management, supply chains
  • global finance,
  • communications, marketing, stakeholder relationships
• Intent to embrace sustainability in global functions
• Benchmarks for Sustainability
• Factors that enhance and inhibit SDGs in business
SDG Pulse Research - first cut of the data – March 1st, 2017

Respondents

- public
- private
- SME
- Large
- C-suite
- Director
- Manager/Supervisor
- Individ. Con
- USA
- Non-US
SDG Pulse Research - first cut of the data – March 1st, 2017

State of Sustainability: Companies

- Structure: How Sustainability is Managed

- no response
- communications
- other
- coss functional
- dedicated dep.

![Bar chart showing the structure of sustainability management.](chart.png)
State of Sustainability: Respondents

- **Familiar with sustainability**
  - Circular economy
  - Company's programs
  - In general

- **Personally involved in sustainability initiatives**
  - In the company
  - Outside company

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**Graphs:**
- **Familiar with sustainability:**
  - Circular economy
  - Company's programs
  - In general

- **Personally involved in sustainability initiatives:**
  - In the company
  - Outside company
Respondents: Familiarity with concepts Sustainability/Circular Economy/SDGs

Sustainability
- extremely
- very
- moderately
- slightly
- not

Circular Economy
- extremely
- very
- moderately
- slightly
- not

SDGs
- extremely
- very
- moderately
- slightly
- not
The SDG Pulse Research
CSR/”Nonfinancial” Reporting

No

Yes

SIG
G&I
Pulse
The SDG Pulse Research
CSR/"Nonfinancial" Reporting

Governance & Accountability Institute Research Results
S&P 500® Companies Sustainability Reporting

- Reporters
- Non-Reporters

<table>
<thead>
<tr>
<th>Year</th>
<th>Reporters</th>
<th>Non-Reporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>2012</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>2013</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>2014</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>2015</td>
<td>19%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Source: Governance & Accountability Institute, Inc. 2016 Research — www.ga-institute.com
The SDG Pulse Research

Best Practices – Sustainability in the Global Business

- Goal setting
  - Mapping SDGs against company goals

- Transparency/reporting
  - “Green wash”

- Vendor Management
  - RFP, SLA, ..
  - Monitoring, Vendor Score Cards
  - Vendor Development

- Risk Management
  - ESG as the risk management platform
The SDG Pulse Research
SDGs – Material Impact on Business

- Mapping the SDGs against company’s goals
- How many SDGs?
- Accountability for the SDGs

Respondents understanding of SDGs

- ex/very
- moderately
- slightly
- none
The SDG Pulse Research

SDGs: Me vs. My Company

- Me
- My Company

- none
- slightly
- moderately
- Very
The SDG Pulse Research

Mapping SDGs against Company Goals

- me
- my company

- none
- slightly
- moderately
- very

- yes
- no
- no response
The SDG Pulse Research

Conclusions - Discussion

- Awareness
  - General awareness about sustainability
  - Specific about SDGs

- Best Practices
  - Reporting
  - Vendor Management
  - Risk Management

- Opportunities: Unrealized Potential
  - Build-to-Last conversation; Profit with Purpose
  - Employees, stakeholders – unlocking potential
  - Economic gains
The SDG Pulse Research

Quo Vadis – Where Are We Going?

Sustainability?
Profit with Purpose?
SDGs?
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Evaluation How-to:

**Why?**
- Your feedback **drives** SIG Event content
- By signing and submitting your evaluation, you are automatically entered into a prize drawing

**How?**

**Option 1: App**
1. Select **Schedule**
2. Select Schedule by Day
3. Select **Day**
4. Select **Session**
5. Scroll to **Description**
6. Click on the **Evaluation link**

**Option 2: Browser**
1. Go to [www.sig.org/eval](http://www.sig.org/eval)
2. Select **Session (#29)**

COMPLETE & SUBMIT EVAL
Session #29

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Are You a Winner?

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Mention #SIGspring17 in your tweets!

All Tweeters will be entered to win a $50 Gift Card.
The winner will be announced Thursday, March 16, 2017