The background features a complex network of thin, light green lines and dots of varying sizes, creating a sense of interconnectedness and flow. A large, dark green, angular shape is superimposed over the lower-left portion of the page, serving as a backdrop for the main text.

# HOW IT'S DONE

Responsible  
Supply  
Chains



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# RESPONSIBLE SUPPLY CHAINS: RISK & REWARD

Over the years, businesses have evolved beyond purely profitmaking ventures and job creators to take on wider responsibilities around societal and environmental impact. It is now common for leading organizations to have robust corporate social responsibility policies in place covering a variety of themes from greenhouse gas emissions of their operations to treatment of their staff. There is also an expectation that this responsibility extends into the supply chain.

There has been an evolution in the business landscape as companies of all sizes focus on their strengths and outsource other activities to suppliers. A global company like Ford purchases an estimated US\$100 billion of goods and services from suppliers each year. This translates to supplier sites in over 60 countries, at 4,400 sites, with up to ten layers between the finished product and the raw material.<sup>1</sup>

Even small companies have a global reach, with an estimated 88 per cent of companies now having global supply chains.<sup>2</sup> It can be very difficult to have much visibility beyond direct suppliers, especially as these networks

of suppliers are spread all over the world. But as long as there is a connection there is a responsibility.

Supply chain is the business function most exposed to the broadest variety of environmental, social and governance (ESG) risks. It is also held accountable within the organization for mitigating and avoiding those risks. SCMA has long recognized the importance of ethical and sustainable behaviour. The association was among the first supply chain associations in the world to require all members to adhere to a code of ethics.<sup>3</sup>

In the digital world, supply chains are frequently a major source of risk and reputational damage. Environmental, ethical, or social issues arising with suppliers in far off parts of the world are quickly linked back to the higher profile organizations in the supply chain, even if that supplier is many tiers removed.

Consumers also make choices based on what a brand portrays. Nine out of ten millennials (those born between the early 1980s and early 2000s) in the United States would switch brands to one associated with a cause.<sup>4</sup> For this generation a scandal with a supplier

implicating a company can have major consequences.

Suppliers can also be a major source of competitive advantage through practices or innovations. A company like Ford relies on its suppliers to help reduce vehicle emissions. Certain companies become successful by positioning responsibility at the heart of their brands. Cosmetics firm the Body Shop grew from one shop in Brighton in the United Kingdom to employing 22,000 people in 60 countries. This growth was underpinned by an innovative Community Trade sourcing programme set up in 1987 which established shared environmental and social commitments with suppliers spread across 21 countries.<sup>5</sup>

Non-governmental organizations, governments, consumers, shareholders, and the media are holding companies to a higher standard, regardless of where they or their suppliers operate. But corporations and supply chain professionals across the world have responded and are now driving improvements in ethical, environmental and social standards across the world.

<sup>1</sup><http://corporate.ford.com/microsites/sustainability-report-2014-15/supply-overview.html>

<sup>2</sup>[http://www.scdigest.com/experts/Amberroad\\_15-01-22.php?cid=8899](http://www.scdigest.com/experts/Amberroad_15-01-22.php?cid=8899)

<sup>3</sup><http://www.scmnational.ca/join-scma/code-of-ethics/922-code-of-ethics-update-faqs>

<sup>4</sup><http://www.conecomm.com/2015-cone-communications-millennial-csr-study-1>

<sup>5</sup>[http://www.thebodyshop.com/content/services/aboutus\\_company.aspx](http://www.thebodyshop.com/content/services/aboutus_company.aspx)

# RESPONSIBLE SUPPLY CHAINS IN CANADA

*"We recognize that we have a significant purchasing footprint, and have made it a priority to practice responsible and sustainable sourcing and manage our supply chain effectively." -RBC<sup>6</sup>*

*"BlackBerry collaborates with suppliers to ensure environmental strategies are in place, including resource reduction commitments and programs to achieve their targets." -Blackberry<sup>7</sup>*

*"We place a high value on ethical sourcing and have a strict Supplier Code of Business Conduct in place that all suppliers must review, agree to and abide by in order to conduct business with us." -Canadian Tire<sup>8</sup>*

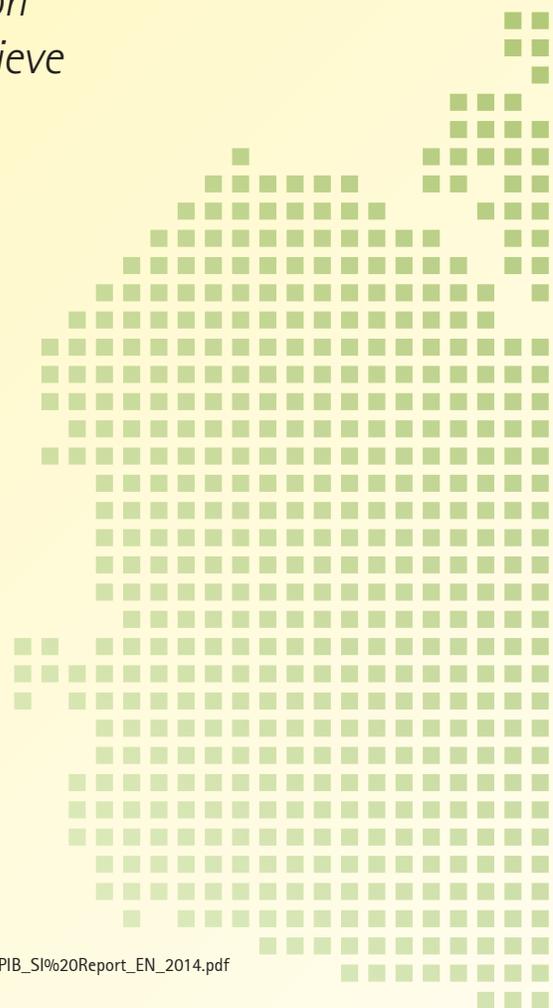
<sup>6</sup>[http://www.rbc.com/community-sustainability/\\_assets-custom/pdf/RBC-CRR-Report-2015-e.pdf](http://www.rbc.com/community-sustainability/_assets-custom/pdf/RBC-CRR-Report-2015-e.pdf)

<sup>7</sup><http://ca.blackberry.com/company/about-us/corporate-responsibility/supply-chain.html>

<sup>8</sup><http://corp.canadiantire.ca/EN/CorporateCitizenship/ResponsibleSourcing/Pages/default.aspx>

<sup>9</sup><http://www.cenovus.com/reports/corporate-responsibility/docs/2014-cr-report.pdf>

<sup>10</sup>[http://www.cppib.com/content/dam/cppib/How%20we%20invest/Responsible%20Investing/Responsible%20investing%20reports/CPPIB\\_SI%20Report\\_EN\\_2014.pdf](http://www.cppib.com/content/dam/cppib/How%20we%20invest/Responsible%20Investing/Responsible%20investing%20reports/CPPIB_SI%20Report_EN_2014.pdf)



*"We aim to continuously improve the ways in which we procure goods and services and work only with suppliers that share our commitment to safety, quality and ethical conduct." -Cenovus<sup>9</sup>*



*"Our evaluation of companies includes an Environmental Social Governance profile prepared by CPPIB's Sustainable Investing group... If necessary, the research probes into the practices of both the company and its supply chain." -CPPIB<sup>10</sup>*

# SUPPLY CHAIN CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is at the heart of the identity and business strategy of many companies. The largest companies now report environmental, social and governance metrics and activities along with their financial results. They also often require suppliers to live up to their expectations on responsibility. Examples of issues being addressed through responsible supply chain strategies are listed below:

## ENVIRONMENTAL

- Biodiversity loss
- Greenhouse gas (GHG) emissions
- Climate change impacts
- Renewable energy use
- Energy efficiency
- Resource depletion
- Chemical pollution
- Waste management
- Depletion of fresh water
- Ocean acidification
- Stratospheric ozone depletion
- Changes in land use
- Nitrogen and phosphorus cycles

## SOCIAL

- Activities in conflict zones
- Distribution of fair trade products
- Health and access to medicine
- Workplace health safety and quality
- HIV/AIDS
- Labour standards in the supply chain
- Child labour
- Slavery
- Relations with local communities
- Human capital management
- Employee relations
- Diversity
- Freedom of association

## GOVERNANCE

- Executive benefits and compensation
- Bribery and corruption
- Shareholder rights
- Business ethics
- Board diversity
- Board structure
- Independent directors
- Risk management
- Whistle-blowing schemes
- Stakeholder dialogue
- Lobbying ethics
- Disclosure
- Business strategy implications for environmental and social issues.

Source: UN Principles of Responsible Investing<sup>11</sup>

<sup>11</sup><http://www.unpri.org/news/pri-fact-sheet/>



# RESPONSIBLE SUPPLY CHAIN: RISK

In the age of social media words must be backed up by deeds, and with supply chains stretching around the world, there are no hiding places. Companies relying on suppliers to deliver goods or services now find themselves playing a vital role in promoting and policing sustainability, social responsibility and ethical behaviour across borders.

These companies have a lot to keep track of. Suppliers make up a substantial footprint of any corporation. Research by Accenture found that the supply chain for typical manufacturing companies accounts for between 50 and 70 per cent of total expenses and greenhouse-gas emissions.<sup>12</sup> For retailers and consumer facing companies that proportion is higher. The Carbon Disclosure Project estimates emissions are seven times

greater from the supply chain than from a company's own operations.<sup>13</sup>

Indirect employment is also staggering. According to the International Trade Union Confederation, the largest 50 companies only employ 6 percent of the workforce that produces the goods and services they provide. The remainder comes from the supply chain.<sup>14</sup>

Reputation is big business. According to the World Economic Forum, reputation now accounts for an average of 25 per cent of market value.<sup>15</sup> Any issue that can be linked back to a company can have a serious lasting impact on both its reputation and its bottom line. A study by Deloitte found that 97 per cent of executives rated reputation risk more important than any other risk.<sup>16</sup> One fast emerging source of risk cited in that study was the relationship

with third-parties, including suppliers, whose behaviour ultimately ties back to the company.

Beyond the impacts on reputation and the subsequent drop in sales and share price, violations of regulations or expected ethical, environmental, and social standards can lead to severe fines or investigations that can drag out for months. The full implications can last for years, for example in attracting talent. Younger generations are increasingly put off working for companies with poor reputations around corporate social responsibility.<sup>17</sup>

Suppliers should also be wary. The Carbon Disclosure Project reported that nearly 40 per cent of companies said they would stop working with suppliers that failed to adopt sufficiently stringent carbon management practices.<sup>18</sup>

## WHERE ARE THE RISKS?

Risks from suppliers can come in many forms, but it is often the most-consumer facing brands that are under the most scrutiny.



RESOURCES

Resource companies often operate in remote regions and have faced issues ranging from corruption, to habitat destruction and pollution, to greenhouse gas emissions, to the use of child labour.



FOOD

Recent issues to hit the food supply chain include the discovery of slave labour in the seafood industry in Asia, and the horse meat scandal in Europe. Reducing food waste has been gaining traction and animal welfare is always a concern with a push to cage free eggs being a recent focus.



RETAIL

The 2013 factory collapse in Bangladesh hit the retail sector particularly hard, a growing issue in the UK has been around payment terms offered by large supermarkets.



MANUFACTURING

Visibility around conflict minerals used in cars and electronics has been under scrutiny, worker rights have been a long-standing issue in the sector, the environmental footprint of products is also a concern.



CONSTRUCTION

Construction has faced challenges with corruption in all parts of the world, worker safety and treatment of labour have received growing attention, as have issues around local community engagement.

## ACTION BEING TAKEN

Companies have been very good at addressing sustainability in their own operations. On issues such as corruption, governments have introduced laws that hold their domestic companies to account wherever they operate. There has however been a lag on action to address the environmental and social impact of suppliers.<sup>19</sup>

Sustainability in supply chain is a fast growing priority when it comes to corporate social responsibility. A study by PwC found that three quarters of supply chain professionals expected sustainability to become more of a focus in the next three years.<sup>20</sup>

The challenge is often the disconnect between the vision from the top and execution. The same PwC study found that 39 per cent of supply chain executives did not get the mandate, incentives or resources to implement a supply chain sustainability strategy.

Companies feel most exposed to risks they perceive beyond their control, with suppliers and vendors a particular concern. The consequences of risks being realised in the supply chain serves to focus minds and drive action. That has contributed to a growing number companies in Canada introducing plans to ensure suppliers behave responsibly.

## SECTORS SHARING RESPONSIBILITY

Given the scale of global supply chains no one organization can deliver responsible supply chains. Numerous sector-based initiatives have emerged to promote fair trade, protect the environment and improve treatment of workers across the supply chain.

- The **Retail Council of Canada** oversees Canadian Retailers Advancing Responsible Trade, an advisory council that provides insight, perspective and tools to address issues related to responsible trade. The guidelines were updated after the Rama Plaza tragedy in Bangladesh in 2013.
- Many Canadian electronics firms including **BlackBerry** and **Celestica** are members of the Electronic Industry Citizenship Coalition. The electronics industry coalition is a non-profit group dedicated to social, environmental and ethical responsibility along its members' supply chains.
- The Automotive Industry Action Group (AIAG) is a not-for-profit working towards a seamless, efficient and responsible supply chain in the automotive industry. It brings together retailers, suppliers of all sizes, carmakers, service providers, academia and government with the aim of collaboratively developing global standards and harmonized business practices.

<sup>12</sup><https://www.accenture.com/ca-en/insight-outlook-why-sustainable-supply-chain-is-good-business.aspx>

<sup>13</sup><https://www.cdp.net/CDPResults/committing-to-climate-action-in-the-supply-chain.pdf>

<sup>14</sup>[http://www.ituc-csi.org/IMG/pdf/pdffrontlines\\_scandal\\_en-2.pdf](http://www.ituc-csi.org/IMG/pdf/pdffrontlines_scandal_en-2.pdf)

<sup>15</sup>[http://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl\\_Reputation\\_Risk\\_survey\\_EN.pdf](http://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl_Reputation_Risk_survey_EN.pdf)

<sup>16</sup>[http://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl\\_Reputation\\_Risk\\_survey\\_EN.pdf](http://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl_Reputation_Risk_survey_EN.pdf)

<sup>17</sup>[http://www.gartner.com/smarterwithgartner/how-socially-responsible-is-your-supply-chain/?cm\\_mmc=social-\\_-rm-\\_-gart-\\_-swg](http://www.gartner.com/smarterwithgartner/how-socially-responsible-is-your-supply-chain/?cm_mmc=social-_-rm-_-gart-_-swg)

<sup>18</sup>[https://www.pwc.com/us/en/operations-management/publications/assets/sustainable\\_supply\\_chain.pdf](https://www.pwc.com/us/en/operations-management/publications/assets/sustainable_supply_chain.pdf)

<sup>19</sup>[http://www3.weforum.org/docs/WEF\\_ENV\\_SustainableConsumption\\_Book\\_2013.pdf](http://www3.weforum.org/docs/WEF_ENV_SustainableConsumption_Book_2013.pdf)

<sup>20</sup>[https://www.pwc.com/us/en/operations-management/publications/assets/sustainable\\_supply\\_chain.pdf](https://www.pwc.com/us/en/operations-management/publications/assets/sustainable_supply_chain.pdf)

# RESPONSIBLE SUPPLY CHAIN: REWARD

Corporate social responsibility is no longer about an organization making a few token efforts to recycle or donate to local charities; it has become central to an organization's brand and business strategy.

Many companies recognise that doing the right thing can also be good for the bottom line. Research from the World Economic Forum has found that UPS, SABMiller, DHL, Unilever and Nestle have all raised their revenues by up to 20 per cent, and cut costs by 16 per cent through a focus on sustainability. Similarly, a PwC study found that 43 per cent of respondents attributed cost reduction to sustainable supply chain initiatives, and 25 per cent reported improved customer satisfaction.

More than ever, companies rely on their suppliers to deliver a competitive advantage by improving environmental performance through products and processes. As an example the Canadian government set targets for the auto sector to reduce fuel consumption by 50 per cent by 2025 from 2008 models.<sup>21</sup> GM estimates that its supply chain, which includes 18,500 suppliers, produces ten times the greenhouse gas emissions of GM's own facilities.<sup>22</sup>

To deliver the innovation needed to meet standards set around emissions reductions and consumer expectations companies like GM rely on their suppliers. GM developed a deeper strategic partnership with its biggest 400 suppliers to get innovation to market quicker. This identifies top

performers, gives them access to GM leadership, and holds joint planning and technology "visioning" sessions.

Entirely new business models are developing to take advantage of the shift towards greater sustainability in the supply chain. The concept of a circular economy presents many opportunities for smart businesses where companies use design and processes to ensure there is no waste or pollution. Ontario's Beer Store for example developed a return-to-retail recovery system which involves the entire supply chain. This means the average beer bottle is refilled 15 times, saving money and reducing waste, and also increasing visits to stores.<sup>23</sup>

To meet the challenges of delivering sustainability and to secure the economic benefits requires cooperation. Companies are developing cross-functional teams to develop products and services, pulling together the brain power of all parts of the business to deliver a sustainability strategy.<sup>24</sup>

To deliver these sustainability gains, supply chain professionals are becoming more involved in product development. Embedding supply chain knowledge within the design process is essential to reach the full potential around environmental performance. This helps companies to think differently about product design, and also encourages greater collaboration with suppliers from the start to jointly find solutions.

Research by Accenture found that implementing an ethical and sustainable supply chain can:

- **Raise revenues by between 5% and 20%.**
- **Reduce supply chain costs by 9–16%.**
- **Increase brand value by 15–30%.**
- **Cut carbon emissions by 13–22%.**

<sup>21</sup><http://news.gc.ca/web/article-en.do?mthd=advSrch&ctr.mnthndVI=11&ctr.mnthStrtVI=1&ctr.page=1&nid=886509&ctr.yrndVI=2014&ctr.kw=vehicles&ctr.yrStrtVI=2002&ctr.dyStrtVI=1&ctr.dyndVI=19>

<sup>22</sup>[http://www.generalmotors.green/product/public/us/en/GMGreen/home.detail.html/content/Pages/news/us/en/gm\\_green/2015/1008-sustainable-supply-chain.html](http://www.generalmotors.green/product/public/us/en/GMGreen/home.detail.html/content/Pages/news/us/en/gm_green/2015/1008-sustainable-supply-chain.html)

<sup>23</sup>[http://www.thestar.com/life/food\\_wine/2013/06/28/the\\_average\\_beer\\_bottle\\_is\\_refilled\\_15\\_times\\_in\\_its\\_environmentallyfriendly\\_life\\_cycle.html](http://www.thestar.com/life/food_wine/2013/06/28/the_average_beer_bottle_is_refilled_15_times_in_its_environmentallyfriendly_life_cycle.html)

<sup>24</sup>[https://www.greenbiz.com/article/basfs-new-strategy-greener-supply-chain?utm\\_source=dvr.it&utm\\_medium=twitter](https://www.greenbiz.com/article/basfs-new-strategy-greener-supply-chain?utm_source=dvr.it&utm_medium=twitter)

## SCALING THE HEIGHTS OF CORPORATE SOCIAL RESPONSIBILITY

**Mountain Equipment Coop (MEC)** can trace its roots back to the 1970s when a group of mountaineers decided to set up a store where they could buy ropes and ice axes without having to go to the United States. New technology and an influx of foreign retailers to Canada over the past decade are among the factors that have led to intensified competition in the retail sector, and MEC had to reinvent itself to compete.

Like many other companies, MEC put increased emphasis on supply chain management with the goal of controlling costs, sharpening its competitive edge, staying close to its brand, and, as a result, gaining market share. Corporate social responsibility is an integral part of the MEC brand, and 1 per cent of gross sales are given to environmental causes annually, but competitors have also been actively building their credentials as responsible companies.

MEC has committed to a number of goals around the use of organic cotton, fair trade certifications, human rights and worker well-being, reduced carbon footprint, and cutting waste and water use. This approach to transparency can reveal some awkward details – for example only 38 per cent of factories were reaching standards expected around human rights and worker well-being – but is the first step to improving the performance of suppliers.

In an article in *Canadian Business*, MEC CEO David Labistour highlighted the importance of supply chain to the overall MEC strategy, "It's trying not just to sell product but tying the community, the supply-chain pieces and the service into one cohesive brand statement."

## DELIVERING INNOVATION, SUSTAINABILITY & PROFIT

**General Electric (GE)** spends US\$30 billion annually with suppliers located in all corners of the world to build everything from jet engines to MRI machines. GE is also a leader in sustainability. In 2005 the company launched its Ecomagination strategy. This approach offered solutions that would enhance resource productivity, reduce environmental impact, and improve business performance. It has also delivered serious profits – generating \$200 billion of revenue over 10 years.

GE developed an EcoAward program to encourage collaboration with its suppliers. As GE points out "we've learned that the best projects with the greatest impacts happen when sourcing, the design teams, and our suppliers and partners work in very close collaboration."

Given the complexity of what GE makes and the problems it has to solve are often very large, partnerships with suppliers are deep and extend over many years. This collaborative approach has yielded significant results which went from recovering platinum from turbine blades, to recycling packaging for medical devices.

GE has also used its experience of collaborating with suppliers to work with its customers. Sensing an opportunity for collaboration, GE opened its Customer Innovation Centre in Calgary to help oil sector workers find solutions to some of the cost and environmental challenges faced.

# CANADIAN LEADERSHIP

## RBC

RBC is a leader in responsible supply chain in the financial services sector. Beyond having a code of conduct and an audited monitoring process in place, RBC is planning responsible procurement training sessions for all procurement managers, implementing a screening process for conflict minerals in its supply chain, and developing a three-year plan to expand its Supplier Diversity Program beyond Canada and the U.S.

## CANADIAN TIRE

In 2015, Canadian Tire performed 558 audits of factories that manufacture products sold in its stores insuring compliance with its Code of Conduct. The company also joined together with industry partners to improve the situation at factories in Bangladesh, including increased inspections and safety training as well as compensation to workers displaced by factory improvements.

## CN RAIL

CN transports over 300 million tonnes of cargo worth about \$250 billion each year. As well as having 15,000 suppliers worldwide, companies transporting goods look to CN to reduce their environmental impact. CN has Supply Chain Collaboration Agreements in place to help customers meet sustainability goals. The company itself has reduced locomotive emissions intensity by 17% since 2005, through introducing new technologies, optimizing routes and introducing new processes.

## TIM HORTON'S

The Tim Hortons Coffee Partnership works to improve economic, social and environmental performance of small-scale coffee farmers. This program is delivered through technical training, community consultations, and education on sustainable farming techniques. So far 4,830 farmers have participated, 20,000 technical trainings delivered, the result has been an 80% increase in yield per hectare, with over 14,000 hectares under sustainable environmental management.



## BOMBARDIER

Bombardier works with over 3,900 key suppliers worldwide who are central to achieving environmental goals. Before designs are finalized, Bombardier identifies the best materials and partners with suppliers to reduce environmental and financial risk, and build eco-efficient products. 95% of the materials in their rail vehicles are recoverable, with a goal of 100% by 2025. As well as spot check and audits, the company also convenes supplier sustainability workshops around the world.

## TELUS

TELUS has seen a 30% improvement in its Dow Jones Sustainability Index score in part by integrating environmental thinking into every aspect of its supply chain management. Suppliers are expected to act across a number of measures from resource use through to reuse and disposal. In 2015 this approach saw the company save \$1.2 million in cardboard costs, \$260,000 in direct freight costs, and 68 tonnes less of CO2 emissions through less trailer shipments.

## SOBEY'S

Sobey's estimates that 80-90% of a food retailer's cumulative environmental footprint comes from sourcing, packaging, manufacturing and transporting the products sold. Sobey's was lauded for its commitment to ethically sourced food by Humane Farm Animal Care. It also works with other partners to achieve net zero deforestation and constantly reevaluating packaging to reduce its environmental impact.



## BLACKBERRY

BlackBerry is active in industry initiatives that champion social and environmental responsibility, including the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative. The company conducts on-site audits and investigations into Supplier Code of Conduct violations, and has placed a significant focus on conflict-free sourcing of minerals. They also have a strong supplier diversity program in place.

## McCAIN

McCain has 35,000 suppliers worldwide with 80% of products sold in the markets where they were produced. McCain works closely with local farmers in each of its markets, to create stability through pre-agreed raw material contracts. McCain's Global Good Agricultural Practices program sets a standard for environmental care and efficient production for the company's 3,200 potato and vegetable growers.

## SUNCOR

In 2014 Suncor spent \$11 billion on goods and services with 8,600 suppliers spread around the world. Suncor emphasizes local supplier selection with regional development clauses in place for contracts across all businesses and spent \$463 million with Aboriginal businesses in 2014. Suncor also works closely with strategic partners, including suppliers, to solve environmental challenges around the oil sands including water use, waste management, and emissions.

# DELIVERING A RESPONSIBLE SUPPLY CHAIN

Large companies and entire sectors now set expectations of their supply chains. Driven by supply chain professionals, companies are stepping up to the plate to meet a challenge with no easy solution. The following steps provide a framework for developing a responsible supply chain program:

1

## BUSINESS CASE



For a supply chain program to be truly sustainable it needs to be based around a sound business case. CEOs may come and go, but if the economic benefits are clearly laid out from investing in supply chain responsibility it will help to make sure the program is there for the long-term.

2

## CODE OF CONDUCT



Expectations should be developed for the company's suppliers. These should be based off existing respected standards, such as the SCMA's Code of Ethics or the UN's Global Compact. This will help suppliers to put in place systems that can meet requirements. A patchwork of different requirements from competing firms makes it very difficult for suppliers to comply and improve.

3

## SUPPLY CHAIN VISIBILITY



The biggest risks can lurk deep in the supply chain. A major first step in addressing supply chain responsibility is knowing who suppliers are, who supplies them, and so on. Knowing who suppliers are provides a better understanding of where efforts can have the greatest impact, where there is the most need, and where there is the most risk.

4

## SETTING TARGETS & METRICS



To drive improvements ambitious but achievable targets need to be set and clearly communicated to suppliers. Posting targets and reporting supplier performance against them, helps to ensure there is momentum and buy-in.

5

## PARTNERSHIPS



Companies of all sizes will face challenges in addressing issues within their supply chain. A lot more can be achieved by working together to develop and set expectations, to build capacity of supply chains, and to ensure suppliers are living up to their commitments. Common frameworks for audits and shared metrics also make it easier for suppliers to cope with demands for improvement.

6

## SUPPLIER ENGAGEMENT



Purely setting targets for suppliers and expecting them to deliver is often not enough. If companies are setting ambitious targets for improvements, or if there are serious issues to address, requires a commitment to provide resources, guidance and training. In some instances, real cost-cutting or product-improving benefits can be identified through innovation.

7

## AUDITS & INDEPENDENT ASSESSMENTS



Audits can help measure performance improvements and also ensure that suppliers are truly meeting the level expected. They also identify specific challenges faced locally and form a basis for establishing corrective actions. These audits should also be supplemented by assessments of suppliers and programs carried out by independent non-governmental organizations.

The Supply Chain Management Association (SCMA) is the premier association for individual supply chain professionals in Canada. Each day, over 800,000 supply chain professionals manage the smooth flow of goods, services, finance and information around Canada. We are the voice of the profession, and provide training, education, certification and professional development.

**[www.scma.com](http://www.scma.com)**



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