

# ENGAGING SUPPLY CHAIN ON PURPOSE: CSR-SUSTAINABILITY'S NEXT FRONTIER





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# OVERVIEW & CURRENT SUSTAINABILITY LANDSCAPE

**In today's globalized economy, outsourcing business operations doesn't mean outsourcing responsibilities or risks—or that a company's responsibility ends once a product is sold. Leading companies understand that they have a role to play throughout the lifecycle of their products and services.**

Leading companies work with suppliers toward shared commitments as they recognize that suppliers play an important role in achieving their sustainability goals and those of their customers. Some are increasingly giving procurement process preference to suppliers who can help them achieve these goals.

Supply chain sustainability management is key to maintaining the integrity of a brand, ensuring business continuity and managing operational costs. That is why over the past several years, sustainability has been added to the procurement and sourcing criteria for leading companies. However, many companies still do not have a comprehensive understanding of how the supply chain impacts their overall sustainability goals.



*Everyone's doing their best, but if a company can identify problems in its own global supply chain, so can any regulator, whistleblower or advocacy organization. As CSR/sustainability professionals, we must ask ourselves: **Despite our good intentions, are we learning all we can about our supply chain shortcomings? Are we doing all we can to fix them?***

**Scott Beaudoin**

*Executive Vice President of Social Purpose & Sustainability, Brodeur Partners*



# SUSTAINABILITY IN SUPPLY CHAINS

In an era where customers, investors, and the media demand companies demonstrate purpose-driven actions in the workplace and across supply chains, it is more important than ever for companies to track the origin of products and services to stay relevant to their customers and other key stakeholders.

Because suppliers' CSR-Sustainability actions directly affect reputation, companies are increasingly making procurement choices that position their supply chains as ethical, environmentally sustainable, fair and diverse, and transparent.

To support this increased focus on CSR-Sustainability in supply chains, **Brodeur Partners**, supported by a strategic academic partnership with **The City University of New York, Baruch College's Weissman Center for International Business**, conducted a survey among CSR and Sustainability professionals that have insight into their organization's supply chains. In addition to the survey, Brodeur Partners conducted qualitative research among a group of experienced sustainability professionals to provide additional insight to the current landscape of CSR-Sustainability reporting and standards and issues companies face in supply chain partnerships.

The following report provides an overview of five key insights gleaned from research among CSR and Sustainability professionals and quotes from some about the findings.



*To be relevant in business today, a company can no longer use CSR/sustainability as a veneer on its brand. Customers want to do business with a company that deeply holds strong values, lives those values, and does everything it can to enforce them around the world. Although values are about much more than business performance, your business performance depends on them.*

**Andrea Coville**  
CEO of Brodeur Partners



## RESEARCH FINDINGS

# CSR-SUSTAINABILITY REPORTING, STANDARDS & PRIORITIZATION

**1.** CSR - Sustainability leaders are divided on the importance of suppliers' public sustainability reports

**2.** Although more than half of companies have supply chain standards, only 2 out of 3 say suppliers are compliant and the standards are effective

**3.** Holding your supply chain partners accountable means working with them to uphold your company values

**4.** Human rights are table stakes in standards prioritization

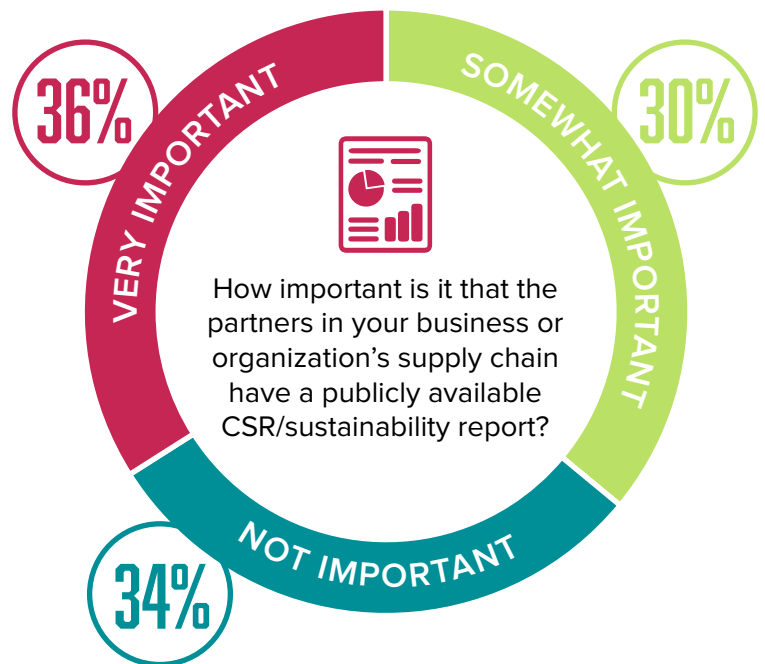
**5.** Prioritization of supplier diversity & social impact fall to the wayside in reporting

# 1. CSR - SUSTAINABILITY LEADERS ARE DIVIDED ON THE IMPORTANCE OF SUPPLIERS' PUBLIC SUSTAINABILITY REPORTS

Data shows that the sustainability community appears to be split on the importance of publicly available reports.

This gap may indicate companies are using sources other than publicly available reports and are shifting their evaluation criteria to gain a better understanding of their prospective partners.

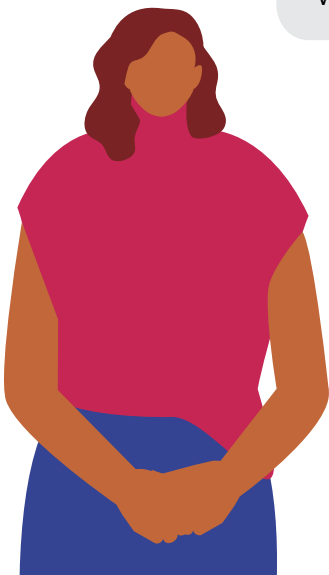
## Importance of Publicly Available Reports



“The importance of public reporting is in part to where the company is at in their sustainability journey. For me, I’m not there yet with the supply chain. I want to know who the supplier is and are they traceable? I care more about who they are and what they’re doing.”

“CSR reporting doesn’t have a standard structure. Without a standard framework, we might not get the full picture.”

“Sometimes with reporting companies tout numbers that aren’t relevant to their business operations. It’s not meaningful if it’s not something your company does.”

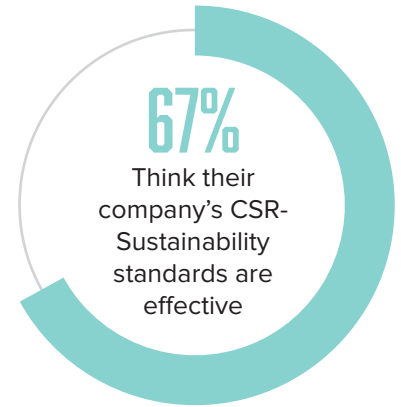
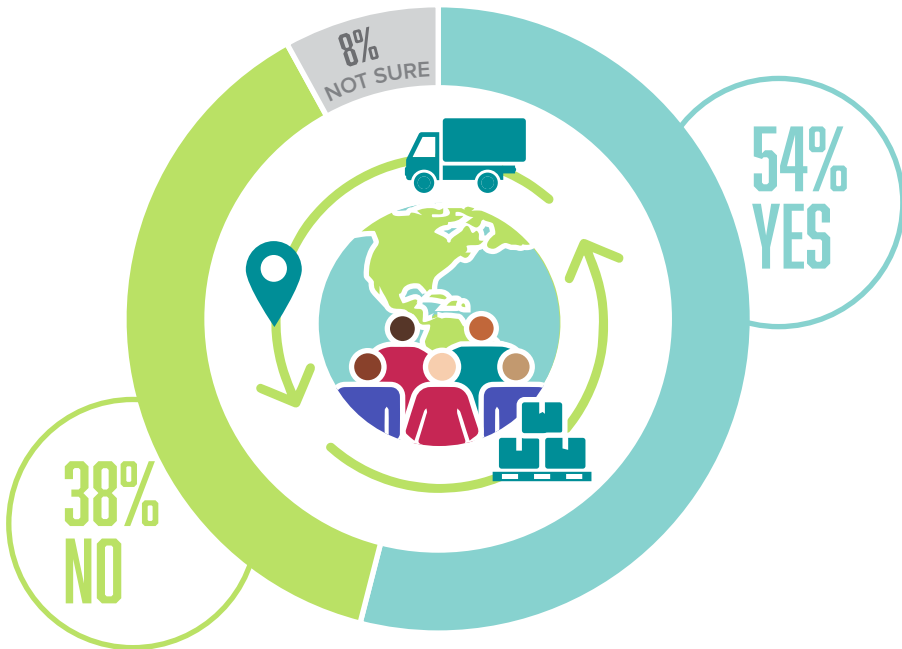


## 2. ALTHOUGH MORE THAN HALF OF COMPANIES HAVE SUPPLY CHAIN STANDARDS, ONLY 2 OUT OF 3 SAY SUPPLIERS ARE COMPLIANT AND THE STANDARDS ARE EFFECTIVE

### Companies with Formal CSR-Sustainability Standards

Just over half have formal sustainability standards for their supply chain partners. But only two-thirds say their standards are effective and estimate about two-thirds of suppliers are meeting those standards.

As a result of Covid-19, it is no secret supply chains have been put under a microscope to ensure delivery of essential products. As result, the pandemic has shed light on many vulnerabilities within the supply chain.



“Global supply chains are so complex and large. Working in a large global supply chain you know there are a lot of risks in it.”

“If they recognize there is a vulnerability in the supply chain, that means it's discoverable by others.”

“If there was ever a chance to find deficiencies in the supply chain, it's Covid-19. If the pandemic has not exposed vulnerabilities in your supply chain nothing will.”





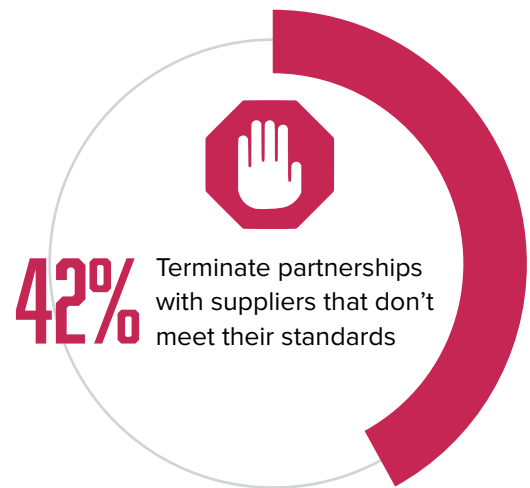
# 3. HOLDING YOUR SUPPLY CHAIN PARTNERS ACCOUNTABLE MEANS WORKING WITH THEM TO UPHOLD YOUR COMPANY VALUES

In today's world, it's not enough to just say your company is rooted in purpose and values – those values must be embedded in the full value chain. To ensure your company values are embraced throughout the value chain, CSR-Sustainability professionals have two prominent points of views:

## 1. WORK WITH THEM TO MEET THE STANDARDS



## 2. TERMINATE THE PARTNERSHIP



It's dependent on the commodity and industry. There is always going to be someone who will turn a blind eye.



THEY DON'T EXPECT PERFECTION, BUT THEY EXPECT YOU TO HAVE A PROCESS TO WORK TOWARDS A BETTER SYSTEM.



I want to know what are the risks with this supplier and can I work with them to get to a better place?



“IF YOU’VE NEVER FIRED A SUPPLIER FOR NOT MEETING YOUR STANDARDS, YOUR STANDARDS ARE NOT DOING WHAT THEY ARE MEANT TO DO.”

“If you can bring them up to your standards, then work with them. But if you can't work with them to get to a better place, you move on.”





# 4. HUMAN RIGHTS ARE TABLE STAKES IN STANDARDS PRIORITIZATION

Among standards tested, labor, corruption and human rights issues are considered the most important standards for suppliers to meet and approximately two-thirds said their suppliers were doing a good job in those areas.

The prioritization of these areas is not surprising as most codes of conducts and standards focus on the treatment of people – including labor and human rights.

## SURVEY QUESTIONS

Please indicate how important each of the following aspects of a CSR/sustainability report are to your organization in the context of supply chain management.

**Important Sustainability Standards  
(Extremely + Very Important)**

On each of the following CSR/sustainability standards, how would you assess the overall performance of your global supply chain partners?

**Sustainability Standards Performance  
(Excellent + Good)**

### SUPPLIER LABOR PRACTICES

77%



70%

### SUPPLIER COMPLIANCE & ANTI-CORRUPTION

74%



67%

### SUPPLIER HUMAN RIGHTS PROTECTION

68%



65%

### SUPPLIER ENVIRONMENTAL EFFORTS

63%



51%

### SUPPLIER DIVERSITY

46%



33%

### SUPPLIER IMPACT ON SOCIETY

36%



29%

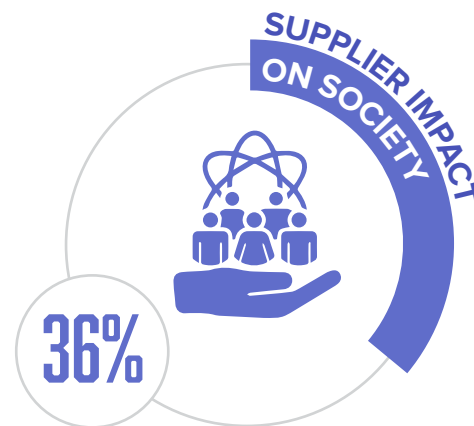
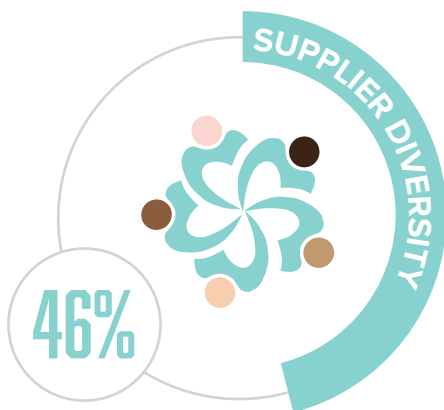
“ Human rights has been table stakes since the 80s. I wouldn't say the same for other aspects of reporting like carbon footprint or diversity. ”

“ People are always going to be the most important thing in the supply chain – you do labor practices and human rights, then you focus on others. ”

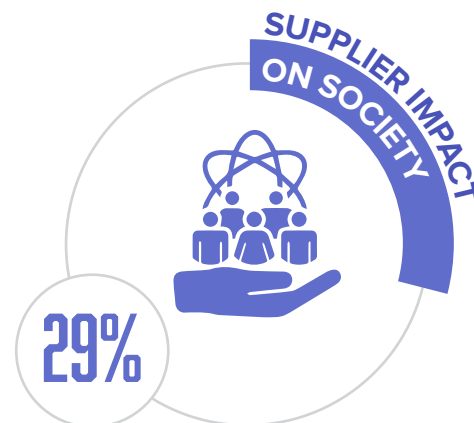
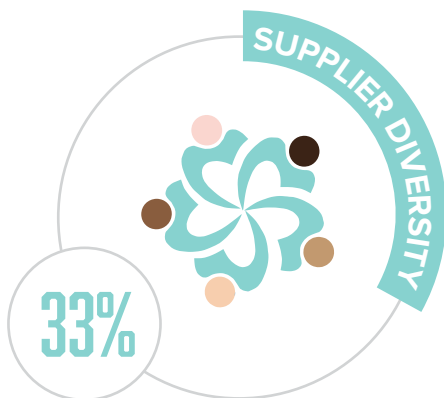
# 5. PRIORITIZATION OF SUPPLIER DIVERSITY & SOCIAL IMPACT FALL TO THE WAYSIDE IN REPORTING

While diversity and the impact companies are making on society are important pillars in purpose-driven organizations, fewer CSR-Sustainability professionals say they are important to their organizations standards reporting.

Less than half say **SUPPLIER DIVERSITY** and **SUPPLIER IMPACT ON SOCIETY** are **important**.



Even fewer say their organization **performs well** in **SUPPLIER DIVERSITY** or **IMPACT ON SOCIETY**.



“ You have to look at what is critically important, meaning if you don't do these things you can't do business. Once you are a mature and established business, you can start to look for the 'nice to haves' as a point of differentiation. ”

“ I get asked a lot about human rights and environmental impact, but no one's asking me what our suppliers are doing to support local communities and what the diversity of our supply chain is. ”

# METHODOLOGY

To better understand the current landscape of CSR-Sustainability reporting and standards and issues companies face in supply chain partnerships, **Brodeur Partners**, supported by a strategic academic partnership with **The City University of New York, Baruch College's Weissman Center for International Business**, conducted a survey among corporate CSR and Sustainability professionals that have insight to their organization's supply chains.

The survey was fielded from May 26 to July 15, 2020 among n=111 corporate CSR and Sustainability professionals that represent 111 organizations across various industries and sectors. Survey participants were sourced from a propriety list of CSR-Sustainability professionals.

In addition to the survey, **Brodeur Partners** collected qualitative feedback from a group of experienced sustainability professionals to provide additional insight to the current CSR and sustainability landscape.

# ABOUT

## BRODEUR PARTNERS

**Brodeur Partners** is a strategic communications company that helps organizations become and remain relevant in a complicated world. Headquartered in Boston, the company has four U.S. offices and operates in 33 countries globally. It is differentiated by its focus on relevance, behavioral change, and ability to bring a discipline-agnostic approach to its non-profit, consumer, and business-to-business clients.

[www.brodeur.com](http://www.brodeur.com).

## THE CITY UNIVERSITY OF NEW YORK, BARUCH COLLEGE

**Baruch College's Weissman Center for International Business** is designed to enable Baruch College to respond to the global economy with programs appropriate to a preeminent school of business. Baruch College's annual CSR-Sustainability Monitor provides industry-based rankings of the quality of CSR reports of 614 of the largest companies worldwide.