



BSR Conference 2010
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Supply Chain Energy Innovation

Breakout Session Summary
Wednesday, November 3, 2010 | 10:15 a.m.-12:30 p.m.

Speakers

- » **Bruce Bergstrom**, Vice President, Vendor Compliance, Li & Fung
- » **Pankaj Bhatia**, Director, GHG Protocol Initiative, World Resources Institute
- » **Jay Celorie**, Global Program Manager, HP
- » **Ken Lanshe**, Vice President, Administration and Shenzhen Hub, Global Sourcing, Walmart
- » **Ryan Schuchard**, Manager, Research & Innovation, BSR (moderator)

Highlights

- » Companies can't do it alone. Many companies share the same suppliers and by collaborating can motivate suppliers to integrate energy efficiency.
- » Partnerships with NGOs are important in developing solutions for energy efficiency in the supply chain.
- » Energy efficiency creates better products and builds corporate goodwill.

Memorable Quotes

"Our business model is positioned at the nexus of the demand and supply side of the value chain to serve as an agent of change, and to facilitate our stakeholders' ongoing economic, social, and environmental success." —Bruce Bergstrom, Li & Fung

"We believe that what's measured gets managed." —Jay Celorie, HP

Overview

Bergstrom said Li & Fung is the one of world's leading companies in supply chain management for consumer products. He described the elements of the company's sustainability strategy, which include considering the needs of employees and developing sustainable partnerships and sourcing. Before he discussed Li & Fung's specific projects in improving supply chain energy efficiency, Bergstrom provided a brief overview of both energy demand and the garment and textiles industry in China.

Next, Bergstrom described how Li & Fung is promoting energy-efficient practices in its supply chain. Li & Fung has participated in BSR's [Energy Efficiency Partnership](#) to help suppliers focus on energy efficiency. It has engaged 15 of its suppliers to formulate action plans that include energy-efficient lighting and heating, ventilation, and air condition (HVAC) systems. Bergstrom talked about a project with the Natural Resources Defense Council (NRDC) that focused on how Li & Fung's mills suppliers can reduce energy, water, and chemical use.

Bergstrom closed with key lessons he has learned about energy innovation in the supply chain. First, it's important to discuss the issue of energy with suppliers. Second, collaborate with NGOs to develop energy efficiency solutions. Third, establish partnerships with governments to identify programs and projects on energy efficiency. Finally, undertake supplier audits, trainings, and workshops in your supply chain.



Celorie then described how HP uses materiality in its product lines to identify and understand the energy usage of its products. The company learned that pursuing energy efficiency helps HP create better products.

Celorie next described how HP engages suppliers on this topic. First, it establishes a corporate policy or code of conduct. Then the company trains its suppliers on the policy, and has each of the suppliers perform a self-assessment that is followed by third-party audits. Finally, HP implements corrective action plans.

Lanshe said that Walmart launched energy-efficiency trainings for 300 suppliers. He also said that partnerships are important in developing innovative energy-efficiency solutions.

Bhatia, from the GHG Protocol Initiative, opened his presentation by stating that when he started working with the World Resources Institute in 2007, businesses asked why there wasn't a standard for product carbon footprinting (Scope 3). He also said there was a growing interest from consumers and other stakeholders for a carbon emissions standard throughout the entire value chain. Bhatia said Scope 3 was developed with unprecedented swiftness and released for public comment in only two years. Prior standards took four to six years to reach the point of public comment.

Bhatia provided an overview of how the Scope 3 standards were designed. Standards involve setting goals and boundaries, data collection, data analysis, and reporting. He then described how standards can enhance transparency, but Bhatia noted concerns about misuse, such as using standards for product comparisons.

In the breakout groups, each speaker responded to questions and comments from participants. Lanshe discussed partnerships, scale, and risks in the supply chain.

Bhatia talked about quantifying uncertainty in developing standards. He also discussed ensuring data accuracy and the value of reporting.

Celorie discussed life-cycle assessments in the supply chain, and he also described how long it took to fully implement energy-efficiency initiatives with HP's suppliers.

Participants from the breakout group for Li & Fung discussed key issues and challenges, such as training and education, resource constraints, return on investment, and building trust with suppliers.

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