



# Maximizing Benefits From a Sustainable Supply Chain

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## About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit [www.bsr.org](http://www.bsr.org) for more information.

## About This Brief

The findings of this brief are based on the lessons learned from BSR's work with companies and from other case studies about how companies have been able to capture the benefits from a sustainable supply chain and achieve productivity and efficiency gains. It is intended for CSR practitioners and responsible procurement managers in global companies (referred to here as "buyers") of the consumer products, information, communications and technology, food, beverage, and agriculture, pharmaceuticals, and extractive industries.

## Introduction

As demonstrated by recent company initiatives and industry-led coalitions, corporate executives see substantial benefits to be gained from improving social and environmental impacts in their supply chains. The recently launched Sustainable Apparel Coalition, which includes members such as Levi Strauss & Co. and H&M, is creating a common platform for making and measuring supply chain improvements. In another example, Unilever made a commitment to sustainably source 100 percent of the agricultural raw materials it uses to make its products. Likewise, Walmart and Procter & Gamble continue to engage their suppliers to measure and improve performance.

Indeed, leading companies are going beyond basic supplier compliance schemes, and are working to improve the sustainability performance of their supply chains. By building closer relations with suppliers, developing supplier capacity, and identifying and investing in opportunities for environmental and social improvement throughout the supply chain, companies can begin to reap the benefits from a more sustainable supply chain and achieve productivity and efficiency gains.

Evidence today points to the limits of compliance schemes that are based on supplier audits. Often these are insufficient to ensure suppliers are meeting minimum legal requirements and in achieving true sustainability improvements throughout the supply chain. Going beyond compliance programs by investing in non-traditional issues of supplier development, such as employee engagement or energy management, will reinforce suppliers' good management practices and lead to improvement.

The case studies described in this brief reveal that there are benefits for suppliers to implementing social and environmental improvement programs, including improved workforce productivity, cost savings, and stronger competitiveness. Buyers also benefit with stronger confidence in supply chain compliance, stronger relations with suppliers, and reduced risk of supply chain disruption.

Lessons learned from supplier support programs point to a few key considerations. First, buyers should invest in understanding where opportunities lie to focus resources where they will have the most impact. Also, environmental and social performance factors should be embedded alongside factors of cost, quality, supplier reliability, and trust, to achieve and sustain efficiencies. Case studies show that supplier buy-in is a main barrier for CSR improvements in the supply chain. Therefore, presenting the business case and providing real incentives for suppliers are at the heart of a successful program.

## Background

Since the 1990s, companies have developed and implemented myriad tools and programs to minimize reputational risk linked to potential poor working conditions or environmental violations in their supply chains. Supply chain compliance programs aim to ensure that suppliers meet minimum standards, defined nationally or internationally, in terms of governance, labor rights, and environment. These compliance programs are based on a top-down, audit-driven approach, whereby companies define their minimum requirements through codes of conduct or contract language and monitor their compliance through self-assessments and audits. Companies may provide training or other forms of capability building to help suppliers achieve compliance requirements.

### Supply Chain

In this brief, *supply chain* refers to the network of organizations that cooperate to transform raw materials into finished goods and services for companies to add value to and distribute to consumers, as defined in the BSR Discussion Paper “Supply Chains and the OECD Guidelines for Multinational Enterprises.”

A compliance-based approach to supply chain sustainability aims at managing risks in the supply chain through a top-down audit-driven approach. Some companies are adopting an approach aimed at supporting suppliers in continuously improving sustainability performance and creating operational efficiencies throughout the supply chain through capability building and optimization.

Today, some companies are adopting an approach to supply chain sustainability that focuses on strengthening buyer-supplier relations and engaging with suppliers to create mutual benefits. As part of this approach, companies help suppliers to identify and create efficiencies through continuously improving their sustainability performance. Objectives of these support programs may include:

- » Reducing consumption of energy, water, raw materials, or packaging in supplier facilities
- » Increasing the quality of technical management of water, energy, greenhouse gases (GHGs), and other inputs and wastes, as well as risk management and business continuity
- » Optimizing routing and deliveries of goods purchased
- » Improving workplace conditions by implementing a human resources management system
- » Improving internal labor-management dialogue by implementing grievance systems or employee assistance programs

Overall, programs targeted toward environmental performance or workplace conditions will help build stronger management systems and modern manufacturing practices in the supply chain. A key component is ensuring that suppliers assume ownership of these programs and make decisions on their own.

The capacity building approach is distinct from the top-down approach of compliance-based programs. However, the two approaches are not mutually exclusive, but rather complementary. A compliance approach is often a first step aimed at understanding and reducing risk. Companies may then decide to deepen relations through supplier engagement programs with a smaller number of strategic suppliers to achieve mutual benefits.

Indeed, investing in capacity building can be an important driver for achieving social and environmental legal compliance. As legal standards advance (e.g., as minimum wages increase), companies must continuously improve to meet, or even exceed, them. By gaining a clear understanding of supply chain conditions, often obtained through thorough and professional assessments, companies establish a starting point for continuous improvement investments.

However, it is important to note that continuous improvements and investments in supply chain capability do not substitute for, nor excuse, the failure to meet social and environmental legal requirements.

### EXAMPLES: BSR INITIATIVES

Through consulting services and collaborative initiatives and programs, BSR supports companies' efforts to improve their supply chains' sustainability. Several ongoing projects in this area are described below.



### Supplier capability building in China

The China Training Institute (CTI) helps companies and their Chinese suppliers improve CSR performance and overall competitiveness through a wide range of training, roundtables, and salons, covering Environment, Health and Safety (EHS), human resources, and workplace improvement, as well as energy management. Since 2004, CTI has delivered more than 300 days of training to more than 4,000 managers in China of factories in the footwear, apparel, high-tech, and toy sectors.



### Labor and competitiveness in Central America

The DR-CAFTA Responsible Competitiveness Project has worked with governments, business, and labor groups throughout Central America to realize a series of projects that demonstrates how improving responsible labor practices can positively affect business competitiveness.



### Improving women’s health in factories

HERproject is a factory-based, peer-education training program focused on improving women’s health in the supply chain of 11 partnering companies (Abercrombie & Fitch, Clarks, Columbia, Hewlett-Packard, Levi Strauss & Co, Li & Fung, Marks & Spencer, Nordstrom, Primark, Talbots, and Timberland). The program has been implemented in more than 50 factories in six countries (Bangladesh, China, Egypt, India, Pakistan, and Vietnam).

### Improving energy efficiency in the supply chain

The Energy Efficiency Partnership is a BSR working group of 11 members (including Starbucks, Levi Strauss & Co, and Electrolux) and 80 of their China-based supplier factories dedicated to helping suppliers modernize their energy practices, gain a competitive advantage, and reduce their environmental impact.

## Building the Business Case

Providing targeted support to suppliers may directly benefit the supplier, as well as indirectly benefit the buyer. Through our research, we encountered cases which documented positive return-on-investment (ROI) of such programs. However, studies dedicated to showing ROI are few and far between. In addition to ROI data, some qualitative evidence supports the business case and reveals that cost savings and productivity gains are possible. The findings described below are based on the beliefs and statements from suppliers and buyers after implementing improvement programs.



The following sections outline some of the actions and related benefits highlighted above for enhancing supply chain efficiency, particularly those that are gaining ground as common practice among leading companies.

## **ACTIONS**

Supporting suppliers to build capacity on key sustainability issues can mean many things. Here are some specific actions companies can take to enhance and optimize supply chain efficiency.

### **Map flows in supply chains of purchased goods to identify environmental and social “hotspots”**

Companies typically begin supply chain programs by engaging those suppliers with whom they have direct relationships. However, in many cases, important social and environmental impacts exist farther down in the “sub-tiers” of the supply chain. For example, at the level of farming and agriculture, companies can work to improve yields, reduce the use of pesticides, and improve farmers’ incomes and their access to markets. Companies should seek to understand where changes could improve environmental and social impacts and what changes create value for themselves and their supply chain partners. The key to this action is research and dialogue to understand trends and to identify potential solutions.

### **Define programs that enable suppliers to enhance performance in specific areas such as energy management**

In our experience, many managers at suppliers would like to improve their performance, but they lack the knowledge and tools to do so. Capacity-building programs, particularly those that provide ongoing support for knowledge transfer and training and use methodologies and tools for managing impacts and measuring changes, can be effective means of improving supplier performance.

### **Provide platforms to suppliers to exchange best practices**

Closely linked to the capacity-building approach is the means of connecting supplier managers with peers in their industry. By making sustainability management part of ongoing industry discussions and business networks, suppliers can be inspired by and learn from their peers. Seeing a competitor begin to make sustainability investments can also be a powerful motivator for a supplier manager. Creating platforms for exchanging best practices can accelerate the uptake of sustainability improvements.

### **Support suppliers in implementing employee engagement strategies or an employee assistance program**

Human resources management practices are one of the core enablers of improved social and environmental impacts. In addition to respecting labor standards, human resource management practices, like improved worker-management dialogue and employee assistance programs, are crucial to building and maintaining a well-trained, motivated, and stable workforce. A solid workforce is in turn essential for managing other sustainability impacts, such as energy management and occupational health and safety.

## **KEY SUPPLIER BENEFITS**

Supplier ownership is critical to the success of supply chain efficiency programs. Therefore, it is important to understand and communicate potential benefits to suppliers, so that they are motivated to become active participants in programs. The following section describes some of the key benefits that suppliers can realize through supply chain efficiency programs.

### **Labor productivity gains and improved worker-management relations**

Case studies show that investing in workplace improvement programs helps suppliers achieve higher labor productivity, through reduced staff turnover and absenteeism, enhanced worker retention, and a stronger ability to recruit.

Workplace improvement programs range from implementing labor relations management systems and employee engagement strategies to investing in women's health. The following case studies illustrate that investing in workplace improvement programs may help suppliers achieve higher labor productivity and improved end-product quality, through reduced staff turnover and absenteeism, enhanced worker retention, and a stronger ability to recruit.

One example is investing in women's health in manufacturing facilities, where women represent a significant share of the workforce. In 2006, a study was conducted to evaluate the ROI of providing health services at a garment factory in Bangladesh.<sup>1</sup> The study found that setting up a new factory clinic, backed by an education outreach program, led to an 18 percent reduction in absenteeism and a 46 percent reduction in staff turnover over the first 18 months. Overall these improvements led to an ROI of \$3 to every \$1 invested.

Through the HERproject, a Pakistan factory implemented a peer education program focused on menstrual hygiene and introduced subsidized sanitary napkins in the factory clinic. The business benefits from this program included less difficulty in meeting production targets and an 11 percent reduction in overall absenteeism over 12 months. The program results show that women's health needs have business impacts and that addressing these needs will deliver real benefits.

Through the DR-CAFTA project, BSR and local NGO FUNDAHRSE helped Finca Tropical S.A., a banana production farm in Honduras, implement a worker empowerment program, in an industry historically characterized by conflictive worker-management relations. The project's aims were to develop employees' technical and interpersonal skills, improve supervisors' people management skills, and develop formal communication mechanisms. Following a gap analysis, the project team took steps to strengthen the farm's worker committee and held workshops on effective communication and formal communication channels with the farm management team. Immediate, documented returns included increases in farm productivity, fruit quality, and worker income. With better communication between workers and managers, employees gained a better understanding of production processes and could suggest ways to improve them. This change directly affected the quality of the fruit the farm produced.<sup>2</sup>

### Cost savings

The 2011 Carbon Disclosure Supply Chain Report, which assesses the climate change actions of 1,000 suppliers of 57 leading global companies, found that 25 percent of suppliers achieved cost savings linked to emission reduction programs.<sup>3</sup> Leading companies are working with their suppliers to improve energy and water management systems in their supply chains and help suppliers reduce costs through energy and water efficiency. Supporting suppliers means building suppliers' capacity both in terms of technical and engineering skills, as well as in the strategic management of energy issues and decision-making. A capacity-building program may include on-site consultancy to identify energy-saving opportunities, building an action plan and follow-up strategy, establishing worker and energy team training, and implementing an energy management system.<sup>4</sup>

<sup>1</sup> Extending Service Delivery Project, "Effects of a Workplace Health Program on Absenteeism, Turnover, and Worker Attitudes in a Bangladesh Garment Factory," April 2007.

<sup>2</sup> DR+CAFTA Website, [http://drcafta.bsr.org/en/demo\\_projects/view/finca\\_tropical](http://drcafta.bsr.org/en/demo_projects/view/finca_tropical), accessed March 9, 2011.

<sup>3</sup> A.T. Kearney, "Carbon Disclosure Project: Supply Chain Report 2011," [www.cdproject.net/en-US/Pages/HomePage.aspx](http://www.cdproject.net/en-US/Pages/HomePage.aspx), accessed March 9, 2011.

<sup>4</sup> For an example of an energy management system, please refer to the EPA Energy Star Guidelines for Energy Management. [http://www.energystar.gov/index.cfm?c=guidelines.guidelines\\_index](http://www.energystar.gov/index.cfm?c=guidelines.guidelines_index)

BSR's Energy Efficiency Partnership was set up by major companies that wanted to help their suppliers improve energy efficiency. Suppliers that participated in the program received energy management training, shared best practices with fellow participants, gained access to information-sharing tools, and set up energy management action plans. Although the partnership continues, on average suppliers are on track to save 20 percent in energy costs over five years.<sup>5</sup>

### **Increased competitiveness of suppliers**

Companies increasingly value their suppliers' environmental and social performance beyond basic compliance. Companies such as Walmart and Procter & Gamble are implementing supplier scorecards to track sustainability performance throughout their supply chain, in terms of energy use, waste, and raw materials, as well as labor and community indicators. Other industries may also adopt this approach. According to a BSR survey of 19 companies in the electronics industry, 9 percent reward suppliers with preferential status for improved CSR performance, 9 percent changed their spending according to preferential status, and 18 percent recognized suppliers' improvements with awards.

Buyers increasingly interpret suppliers' good CSR performance as a sign of strong overall management, which affects other elements of supplier development, such as quality and on-time deliveries. In the long run, suppliers that work to continuously improve their environmental and social performance will gain better access to markets and clients.

### **KEY BUYER BENEFITS**

Buyers face a unique challenge to contribute to and capture the benefits from supply chain improvements made outside their scope of operations, i.e. improvements at supplier facilities. However, there are a growing number of companies that are realizing benefits from investing in supply chain efficiency. The following section describes the benefits that are most commonly referenced by buyers.

#### **Improved environmental footprint**

In many industries, the environmental footprint lies upstream (in the supply chain) and downstream (in the product use phase and disposal phases) of the company's direct impact. Supporting suppliers to reduce their environmental impact represents a strong leverage point for reducing companies' overall environmental footprint. In 2008, Walmart set an aggressive target for 200 of its Chinese suppliers to improve energy efficiency by 20 percent by 2012. It supported suppliers through training, a model factory visit, on-site consulting, and case study sharing. It then required its suppliers to report on key performance indicators quarterly, as well as on progress against a defined action plan. In its first year, the program recorded an increase in efficiency of more than 5 percent in more than 100 factories.

#### **Stronger confidence in supply chain compliance**

When MIT Professor Richard Locke studied the CSR performance of Nike's supply chain, he found that the stronger the relationship between Nike and its supplier (measured by whether it is a strategic supplier and how often noncompliance staff person visits a factory), the better the working conditions in the manufacturing facility. Locke demonstrated that compliance programs based on monitoring and audit had little to no effect on factory working conditions, while

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<sup>5</sup> For a breakdown of potential cost savings, please refer to "Unlocking Energy Efficiency in China: A Guide to Partnering with Suppliers," BSR, May 2010.

a cooperative relationship based on supplier engagement positively affected working conditions.<sup>6</sup>

As suppliers take ownership of sustainability improvement programs, the level of compliance of suppliers with local and international standards and regulations may improve and buyers may have stronger confidence in the level of compliance through their supply chain. For example, 45 percent of companies participating in the women's health project HERproject have noted improvements in their suppliers' ability to comply with laws and regulations.

### Enhanced supply chain security

Disruptions in the supply chain linked to labor unrest or due to shortages in raw materials or energy may have business consequences. Procuring supplies from companies that have invested in managing energy and improving labor-management relations strengthens supply chain security and reduces the risk of supply chain disruption. In China, energy shortages in certain provinces are expected to worsen in the coming decades as heavy industry drives local demand,<sup>7</sup> while, in India, poor water management led to the shutdown of hundreds of textile bleaching and dyeing units in one city.<sup>8</sup> These examples are another good reason to invest in suppliers' capabilities in terms of resource management.

### Reduced supply chain cost

Opportunities exist to reduce costs along the supply chain. BSR worked with a major oil and gas company to map the environmental impacts that occurred throughout the life cycle of different products and services procured. The project highlighted the most significant impacts in life cycle maps and identified quick-wins to mitigate these impacts through changed management practices. For example, it was found that optimized route planning and deliveries for transporting goods could considerably reduce GHG emissions and related costs. Another opportunity was helping the supplier eliminate unnecessary packaging at the source, which reduced buyers' waste disposal costs.

When working with suppliers on environmental or workplace improvement projects, price reduction of procured products may be considered taboo between suppliers and buyers. However, some companies have chosen a cost-based pricing model for procuring, through which the buyer is able to share cost savings with the supplier. Cost-based pricing is based on actual production costs, as opposed to market-based pricing, through which a price is negotiated regardless of production costs. Supplier support programs will affect key elements of price, such as labor, material, and energy costs.

### STRENGTHENING THE BUSINESS CASE

Lessons learned from engaging with suppliers about environmental and social improvement programs show that lack of supplier buy-in is a recurrent barrier to success. Presenting the business case to suppliers and underlining the key benefits are the first steps toward convincing suppliers to act.

Evidence shows that investing in workplace improvement programs can lead to stronger worker productivity and reduced turnover and absenteeism, and those suppliers that implement efficiency programs can reduce their costs. However, few studies focus on these programs' costs and benefits. There is room to

<sup>6</sup> Alberto Brause, Richard Locke, and Fei Qin, "Does Monitoring Improve Labor Standards? Lessons from Nike," *Industrial & Labor Relations Review*, Cornell University, 61.1 (2007): 3–29.

<sup>7</sup> Daniel H. Rosen and Trevor Houser, "China Energy: A Guide for the Perplexed," Center for Strategic and International Studies and Peterson Institute for International Economics, 2007.

<sup>8</sup> Sumana Narayanan, "Tirupur Dyeing Told to Close," *Down to Earth*, [www.downtoearth.org.in/content/tirupur-dyeing-units-told-close](http://www.downtoearth.org.in/content/tirupur-dyeing-units-told-close), posted February 28, 2011, accessed March 9, 2011.

## Elements of Price in Cost-Based Pricing

Profit Margin

Selling and Administration Cost

Production Overhead

Direct Labor Cost

Direct Materials Cost

strengthen the business case by providing more case studies of positive ROI, over the short and medium term. The case studies above show that CSR improvement programs lead to better product quality. Studying the link between CSR and quality, by collecting relevant data, would also strengthen the business case.

## Considerations for Capturing Benefits

Companies that are looking to launch or expand their approach to maximizing supply chain efficiencies should reference the following lessons learned.

### **INVEST IN UNDERSTANDING WHERE THE OPPORTUNITIES LIE**

Understanding where the greatest opportunities lie is the first step to reaping the benefits from a sustainable supply chain. When initiating supply chain programs, buyers and suppliers may not know where, along the life cycle of procured products, the main social and environmental impacts are. By measuring or estimating the impacts along a supply chain of a product purchased, buyers can identify easy ways to reduce impact and can uncover the hidden costs, both upstream and downstream, associated with poor performance.

In product manufacturing, typical capacity-building programs start with a gap assessment and discussions around current challenges regarding human resources, productivity, EHS or energy efficiency. In energy management programs for example, buyers should ask their suppliers background questions pertaining to their energy consumption, major energy-consuming processes, energy management systems, or actions already in place. Gathering this information will allow buyers to focus resources on where they can have the most impact.

### **CHOOSE ONE TOPIC**

The scope of the program should be focused in terms of issue, geography, and methodology. When the companies of the Energy Efficiency Partnership decided to invest in the energy management capabilities of their suppliers based in China, they knew that there were more quick-wins for energy-efficiency improvements at Chinese manufacturers than at European or U.S. manufacturers. They also knew that energy management was perceived to be a more critical challenge than waste or water management.

However, building capacity of suppliers on a specific aspect of CSR may very well open doors for improvements in other fields. Understanding energy management, for example, could lead suppliers to find opportunities on their own for efficiency in other resource issues, such as water management or packaging.

### **THINK ABOUT WHICH AND HOW MANY SUPPLIERS TO WORK WITH**

Implementing supplier capacity-building programs will affect the buyer-supplier relationship. Buyers may ask themselves whether programs will increase the cost of doing business, or will benefit their competitors, or whether it will be harder to walk away from a supplier. Criteria for choosing suppliers may include:

- » The relative importance to business (e.g., spend)
- » Ability to influence (e.g., share of business for the supplier)
- » Potential impact of program (e.g., focusing on suppliers with the potential for greatest improvements)
- » Existing programs with the supplier
- » Clear business case for a long-term commitment

### **CONVINCE YOUR SUPPLIERS, CREATE INCENTIVES, AND BUILD TRUST**

Findings and lessons learned from supplier engagement programs point to supplier buy-in as a key requisite of a successful program. The supplier's management team must be convinced of the usefulness and positive outcomes of the program and must take concrete actions. Convincing suppliers means explaining the business case, setting targets, and rewarding achievement through incentives. A report by the Foreign Investment Advisory Service (FIAS) on CSR in the Chinese ICT sector noted that many suppliers are not convinced of CSR's business benefits. According to the FIAS report, companies can provide two types of incentives:

- » Tangible benefits, including continued business, longer contracts, growth in business, or reduced CSR audits. This approach requires buyers to integrate sustainability incentives into their methods for procuring goods and services.
- » Intangible benefits, including rewards and recognition from buyers, for example by creating supplier ranking, preferred supplier status, or supplier awards.

Buyers should find opportunities to link improvements in social and environmental impacts with economic benefits, to encourage suppliers to take active roles throughout improvement programs and to become champions for sustainability with their businesses and industries. The more benefits can become internal, cumulative, and scalable, while bringing tangible competitive advantage with other business relationships (e.g., cost savings and access to markets or financing), the stronger the business case for a supplier to invest in CSR programs with a buyer.

### **MEASURE PROGRESS**

Asking suppliers to measure and report progress is a key underlying requirement. Identifying relevant metrics will allow buyers to establish a baseline for improvement and to define incentives based on the achievement of specific targets. Buyers should ask suppliers to track and report quantitative data on key environmental and social metrics, as well as qualitative information, including past actions and progress against an action plan. Buyers should use both quantitative and qualitative (including history) reporting to understand a supplier's track record and future prospects.

Buyers should support the reporting process by providing relevant information tools to suppliers. These resources may include data collection tools as well as action-oriented analytical tools that assist them in finding opportunities and making decisions on their own. Also, a platform, whereby suppliers could share best practices and build collective knowledge, can be a valuable resource. Appropriate systems of governance can support effective communication and provide opportunities to discuss hard issues. Suppliers should have venues, such as anonymous questionnaires or access to a third party, to express concerns and feedback.

Although some suppliers may show strong progress in the first year of a program by "picking low-hanging fruit," instituting new processes and systems may take more time to deliver visible benefits. Therefore action-oriented progress should also be taken into consideration when measuring supplier performance.

### **LEVERAGE NETWORKS**

Working collaboratively with peers or external organizations on supply chain sustainability can effectively lower a program's cost. Buyers should explore opportunities to leverage their networks and connect with bilateral or multilateral programs to share costs. For example, BSR's HERproject is partly funded by international foundations and organizations, including the Swedish International Development Agency, the David & Lucille Packard Foundation, and Levi Strauss

Foundation. This support makes the program's cost more attractive to companies.

### **MANAGE SUSTAINABILITY AS A CORE OPERATIONAL ISSUE**

Lessons learned show that supplier support programs can suffer from misalignment between decisions made by the purchasing team and by the responsible procurement team. If suppliers receive mixed signals from buyers, they will not adhere to the program's objectives in good faith. The only way to reconcile conflicting interests in the supply chain is by embedding environmental and social performance factors in the supply chain approach, alongside other factors of cost, quality, supplier reliability, and trust.

### **Conclusion**

This brief highlights the key benefits to improving the environmental and social performance of a company's supply chain. Companies that take this step face numerous challenges, including building the business case, gaining supplier commitment, and measuring ROI across the triple-bottom line. As companies embark on this journey, they must understand where the opportunities are, in order to determine the right approach and to shape a program to make the best use of resources. Measuring improvements and the direct and indirect benefits will allow companies to provide incentives for suppliers to sustain these improvements.

Collaboration with peers and third parties has proven to be a successful way to reduce costs and share good practices. BSR looks forward to engaging with our members and to continue learning about progress and challenges in realizing benefits from improving social and environmental impacts of supply chains.

### **About This Brief**

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