



Canadian Business for Social Responsibility

Ethical Sourcing

*Weighing social, environmental
and economic factors*

Lorraine Smith
Associate, CBSR



Agenda

- Introduction to CBSR
- Ethical Sourcing at a Glance
- Random acts vs. Strategy
- “Balanced Scorecard”
- Certification & Labelling
- Avoiding “Greenwash”
- Take a Life Cycle Approach
- Q&A



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2

Introduction to CBSR

- Founded in 1995, non-profit, member-led organization that mobilizes Canadian companies to make powerful business decisions that improve performance and contribute to a better world.
- Globally recognized source for corporate social responsibility in Canada, representative in a world-wide network committed to corporate social responsibility (CSR).
- Believe that corporate responsibility and business success go hand-in-hand.

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3

Introduction to CBSR

- Members include cross-sectoral range of large Canadian companies in mining, banking, **consumer goods, retail, manufacturing** and more.



CBSR supports member companies' efforts to enhance their ethical sourcing as part of their overall CSR programs

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4

Ethical sourcing at a glance

Working definition: *Ethical sourcing is the effort to reduce the negative/enhance the positive social and environmental impacts of an organization's supply chain* – Lorraine Smith

Labour conditions

Environmental impacts

Customer education

Stakeholder engagement

Ethical Sourcing

Regional differences – enforcement standards, economic priorities, ability to influence

Knowledge gaps – what is ethically/environmentally “good”?

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5

Strategic approach

Move beyond “random acts of kindness” ...

Set Goals:

- Meaningful to the business
- Measurable
- Prioritized for impact

Measure Progress:

- Report on KPIs
- Assess impacts

Communicate:

- Engage suppliers & employees
- Identify areas of improvement

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6

The “balanced scorecard”

Consider purchasing decisions that take into account traditional performance indicators (price, quality, timing, convenience, etc)

AND...

Social and Environmental factors such as energy/water use, toxicity, biodiversity, labour standards, etc.

Non-financial factors can be a “tie-breaker”

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7

Walmart’s Sustainability Index

Energy and Climate: Reducing Energy Costs and Greenhouse Gas Emissions

1. Have you measured your corporate greenhouse gas emissions?
2. Have you opted to report your greenhouse gas emissions to the Carbon Disclosure Project (CDP)?
3. What is your total annual greenhouse gas emissions reported in the most recent year measured?
4. Have you set publicly available greenhouse gas reduction targets? If yes, what are those targets?

Material Efficiency: Reducing Waste and Enhancing Quality

1. If measured, please report the total amount of solid waste generated from the facilities that produce your product(s) for Walmart for the most recent year measured.
2. Have you set publicly available solid waste reduction targets? If yes, what are those targets?
3. If measured, please report total water use from facilities that produce your product(s) for Walmart for the most recent year measured.
4. Have you set publicly available water use reduction targets? If yes, what are those targets?

Natural Resources: Producing High Quality, Responsibly Sourced Raw Materials

1. Have you established publicly available sustainability purchasing guidelines for your direct suppliers that address issues such as environmental compliance, employment practices and product/ingredient safety?
2. Have you obtained 3rd party certifications for any of the products that you sell to Walmart?

People and Community: Ensuring Responsible and Ethical Production

1. Do you know the location of 100 percent of the facilities that produce your product(s)?
2. Before beginning a business relationship with a manufacturing facility, do you evaluate the quality of, and capacity for, production?
3. Do you have a process for managing social compliance at the manufacturing level?
4. Do you work with your supply base to resolve issues found during social compliance evaluations and also document specific corrections and improvements?
5. Do you invest in community development activities in the markets you source from and/or operate within?

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8

Certification & Labelling schemes

There's no one-size fits all!

- Identify what is material for your organization
- Ask questions of certifiers and your stakeholders
- Prioritize recognition vs. available resources
- Visit <http://ecolabelling.org/>



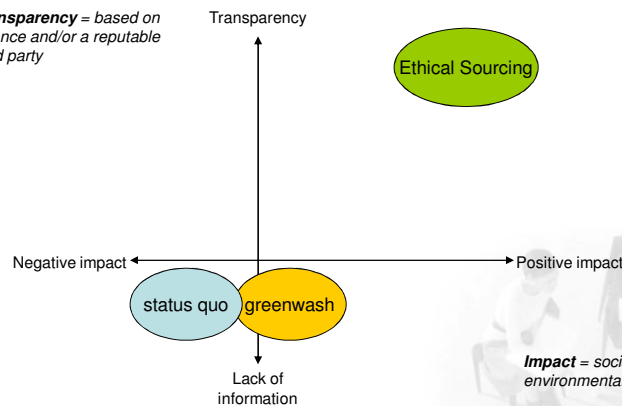
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9

Avoiding Greenwash

Transparency = based on science and/or a reputable third party



Impact = social and/or environmental change

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10

Applying a life cycle approach

Life Cycle Assessment or Analysis:

A 'Life Cycle Assessment' ('LCA', also known as 'life cycle analysis', 'ecobalance', and cradle-to-grave analysis) is the investigation and valuation of the environmental impacts of a given product or service caused or necessitated by its existence. - Wikipedia

Life Cycle Approach to sustainability:

Taking a product or service's full life cycle into consideration when planning, implementing or communicating social or environmental actions.

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11

Applying a Life Cycle Approach

Why apply a Life Cycle Approach?

1) Avoid unintended consequences:

- Child labour vs. ???
- Unsubstantiated claims (e.g. bamboo = green)

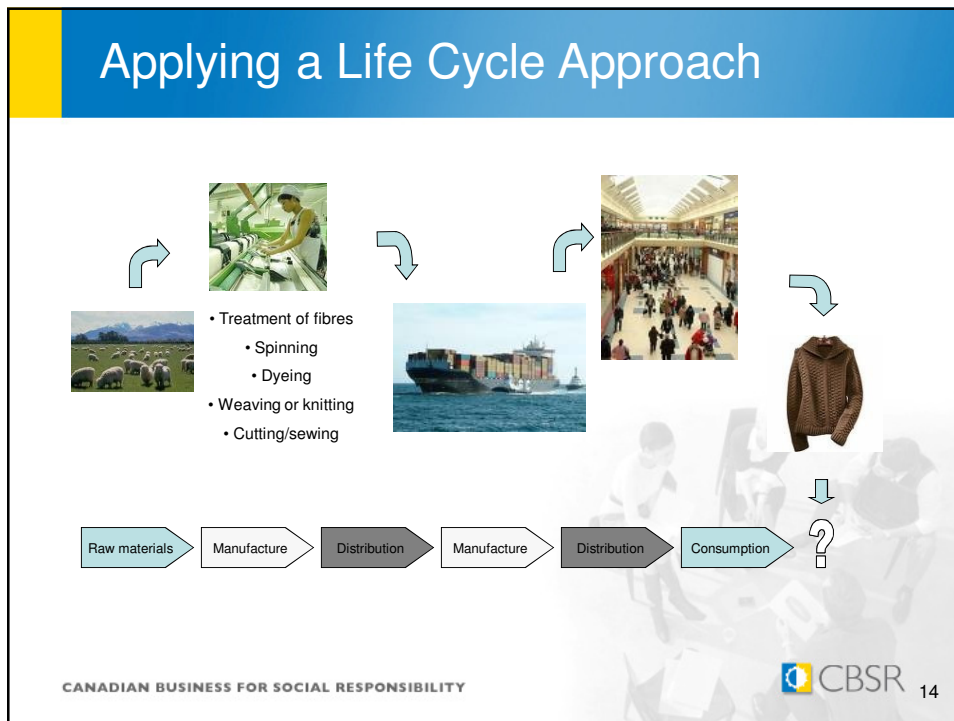
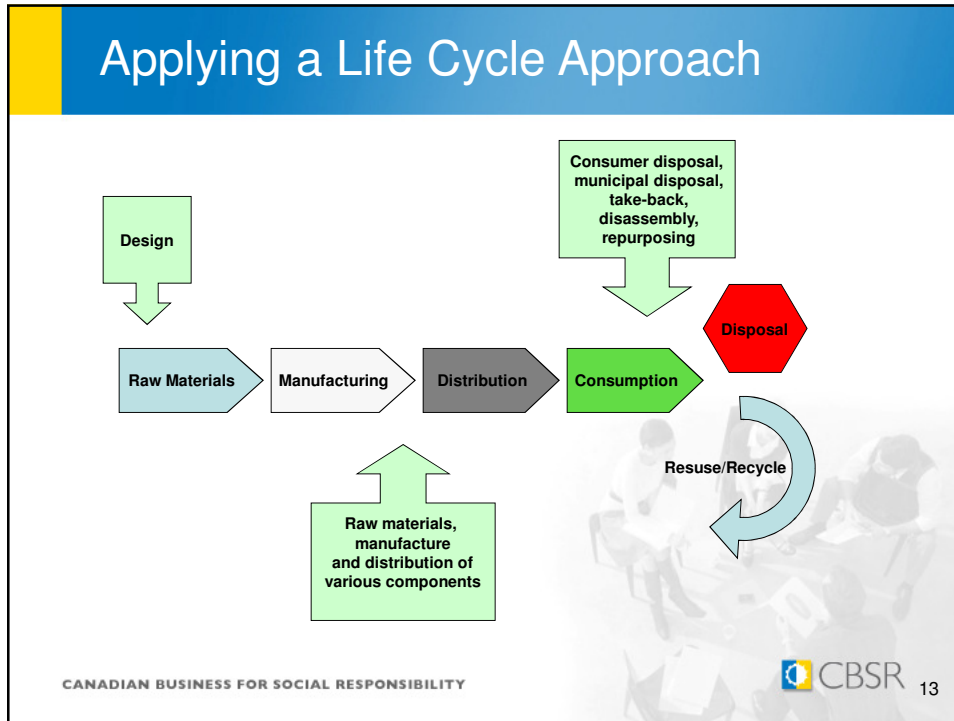
2) Prioritize impact:

- "Local" vs. Laundry

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12



Life Cycle Approach – Textile Example

Raw material	Manufacture	Distribution	Consumption	End-of-life
<ul style="list-style-type: none"> <input type="checkbox"/> from above ground or below? <input type="checkbox"/> what was there before? <input type="checkbox"/> farmed or processed? <input type="checkbox"/> produced organically? <input type="checkbox"/> fair-trade? <input type="checkbox"/> water/energy/land/chemical-intensity? 	<ul style="list-style-type: none"> <input type="checkbox"/> includes processing, spinning, weaving/knitting, dyeing, finishing <input type="checkbox"/> inputs: water, chemicals, energy, labour <input type="checkbox"/> outputs: effluent, emissions <input type="checkbox"/> factory conditions for all stages? 	<ul style="list-style-type: none"> <input type="checkbox"/> packaging <input type="checkbox"/> distance travelled 	<ul style="list-style-type: none"> <input type="checkbox"/> washability <input type="checkbox"/> durability <input type="checkbox"/> flammability <input type="checkbox"/> toxicity 	<ul style="list-style-type: none"> <input type="checkbox"/> product take-back <input type="checkbox"/> donation to thrift shop <input type="checkbox"/> industrial recycling <input type="checkbox"/> landfill

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Recap

1. Ethical sourcing is part of overall Corporate Social Responsibility, and should support business objectives
2. Take a strategic approach: set goals, measure and communicate with stakeholders
3. Use LCA to ensure to prioritize and maximize impact

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Agenda

Questions?

LorraineSmith@sympatico.ca

416-432-1965

www.cbsr.ca

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