

GEMI Case Study

Supply Chain Sustainability

Harmonization Solutions



These case studies examine why and how companies are using certain supply chain sustainability harmonization solutions to impact business decision-making.

Many companies are seeking ways to better understand the sustainability performance of companies within their supply chains while responding to similar requests from their own customers. While the objectives of such efforts are often similar, the format and content vary. Several industry groups and 3rd party platform providers have developed Supply Chain Sustainability (SCS) solutions that streamline the process for gathering SCS data and provide a common framework for assessing the sustainability performance of suppliers. Through case studies, GEMI seeks to highlight examples of how companies are utilizing some of these supply chain sustainability harmonization solutions (i.e., supplier assessments and surveys) to impact business decision-making, and the extent to which these solutions have reduced fatigue related to data collection and reporting for both buyers and suppliers.

SOLUTION: Ecodesk
BUYER: PG&E
SUPPLIER: Anecdotal feedback from suppliers

SCS SOLUTION BACKGROUND

The Electric Utility Industry Sustainable Supply Chain Alliance (Alliance) is a 501(c) (6) non-profit organization comprised of electric utility companies that are committed to working with their suppliers to improve environmental performance and advance sustainable business practices across their supply chains. The Alliance Supplier Sustainability Survey is a cloud-based self-assessment questionnaire available on the Ecodesk platform for suppliers of Alliance member companies.

Ecodesk is a proprietary cloud platform for companies to share and report sustainability data with customers/suppliers on upstream product, site and enterprise level ESG metrics. Their data collection covers environmental, social, governance, commodities of interest, supplier codes of conduct and SAQs powered by their Crowd Sourced Question Repository. Ecodesk is free of charge for suppliers.

The Alliance survey scope is predominantly around environmental maturity and assesses a company's management systems, the establishment and measurement of sustainability metrics, products and services, and supplier management. The survey consists both quantitative and qualitative information and contains advanced logic to tailor it to the individual supplier's reality i.e. service providers vs. manufacturers. It also is supported by a maturity matrix and aims to measure the maturity of the respective supplier.

A supplier receives a self-assessment report upon completion of the survey. This report displays the supplier's score for each of the key areas and benchmarks performance against both other suppliers of a selected Alliance member and the Alliance as a whole. The Alliance member has the option to add comments to the self-assessment report/scorecard. All member companies have bespoke access to the Ecodesk platform to view assessment scores. Members are also able to view aggregated Alliance results and their own supply chain performance 1) over time and 2) against fellow Alliance members.

The survey questions align largely with the Global Reporting Initiative and Carbon Disclosure Project to help avoid having to perform extraordinary analysis. Core to Ecodesk's philosophy is the "enter once, share with many" principle: Each Alliance supplier is able to respond to the survey questions once and the results are shared with all of the applicable Alliance members. This way the supplier does not have to answer multiple different surveys over the course of the year and survey fatigue is reduced. The Alliance survey is available each year between September and November. This period was selected to follow after other reporting deadlines to make sure the supplier has the relevant information collected and has sufficient time to provide a response.

BUYER PERSPECTIVE

PG&E is an Alliance member and moved toward a single survey to gauge key suppliers' environmental performance. "We recognize that our suppliers are asked for a considerable amount of data from us and their other customers. Our participation in the survey helps minimize the amount of data and number of responses that a supplier has to prepare," explained Tiffany Rodriguez, Expert Supply Chain Responsibility Program Consultant, PG&E. The Alliance survey is completed by each selected supplier annually and is accessible via the cloud. Each member can view both their own response data and that for the Alliance aggregated anonymously. Many of PG&E's suppliers are small/medium size enterprises and have staffing limitations to complete surveys. The online tool provides an easy-to-use platform with which a supplier can enter their responses.

PG&E reports that the Ecodesk dashboard format is easy to understand and gives graphical representation of the data that allows PG&E to compare year-over-year performance as well as benchmark their suppliers' environmental performance against that of all Alliance suppliers. Previously, the supplier response data provided to PG&E and Alliance members was done mainly via spreadsheet which was more cumbersome. PG&E uses additional tools to capture sustainability performance in the areas of safety, reputational risk, internal systems, and supplier code of conduct compliance.

Several functional areas within PG&E use the SCS data collected from suppliers including Sourcing, Corporate Sustainability and the lines of business use the information in various manners. Sourcing uses the information to complete an annual review of top suppliers' scorecards, which influences line of business decisions. Corporate Sustainability shares supplier environmental performance data publicly via PG&E's annual corporate responsibility report. Suppliers receive points based on the environmental performance data provided in the annual survey. Survey results also are used to identify gaps in PG&E's supplier knowledge. This provides PG&E and the Alliance opportunities to target training to fill these gaps. Trainings are held multiple times per year via webinars and once per year in person at the Alliance's Annual Sourcing Conference.

SUPPLIER PERSPECTIVE

PG&E's suppliers have shared that responding to the survey is easier as only one survey needs to be filled out and all of the Alliance members that requested the data from a supplier can view it. Suppliers have expressed a desire for more of their customers to agree on one set of questions and to be surveyed once each year. Suppliers have indicated they appreciate that the questions on the survey are set up based on the Alliance's Maturity Framework, so suppliers are provided a path to improvement.

Suppliers are provided a scorecard upon completion of the survey and there they can see how they benchmarked against a member's suppliers as well as the Alliance suppliers in aggregate. The Alliance has a goal for members to include the survey results in their supplier relationship management efforts. This should drive member feedback to the suppliers on their performance.