UCLA IoES
Corporate Partners Program

Sourcing Sustainability
A guide to third party evaluation services

There is a proliferation in companies addressing environmental, social, and governance criteria. 90% of CEOs express that engaging in sustainability is essential for success and 85% of Fortune 500 companies produced a sustainability report in 2017. As companies look to increase overall sustainability, their supply chains are a critical component. The supply chain of a typical consumer company accounts for more than 80% of their greenhouse gas emissions and over 90% of impact on environmental resources.

Among companies that voluntarily report their emissions to CDP, a not-for-profit organization dedicated to advancing transparency of environmental impacts, just 23% of them claim to be engaging their suppliers. This leaves a sizeable portion of the global supply chain available for substantial development with overlooked emission reductions and untapped financial savings.

Some of the leaders in supply chain sustainability include Walmart, Nike, and L'Oreal which each have internal programs they use to engage with their supply chains. But what about smaller companies? They have smaller staffs and less resources so what options exist for them…

Third party companies can offer support. The researchers talked to companies to understand what services they could contract for to help with their supply chain sustainability considerations. Four categories emerged:

	ISO Certifications	CSR Strategy	Audits	Supply Chain Management Software (SCM)
Definition	ISO certification means a standard of practices is followed for a particular management system	Companies pursuing sustainability reporting can hire third parties to provide strategy and framework	Audits are conducted by third parties to assess labor practices, environmental quality, and corruption	SCM documents supplier relationships, tracks compliance, and provides metrics
Case Studies	DQS SMITHERS	bsi. SRI Quality System Registrar	COMPLYWORKS	Avetta
Notable Takeaways	The ISO standards that most directly tie to sustainability are ISO 9001 and ISO 14001	59% of companies that published a sustainability report in 2016-2017 used the GRI guidlines	Supply chain issues can be identified within the company itself or with suppliers under contract	The top 10 SCM companies total over 830,000 customers internationally

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