A Collaborative Approach to Supplier Sustainability Scorecards

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By Way of Introduction

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A Buyer’s Introduction to Sustainability

• Procurement is about obtaining goods and services
• Goal is to generate “benefits” - cost savings, better terms, special conditions
• Many buyers do not get involved in the “supply chain”
• No time to devote to supplier sustainability
• Campus sustainability a huge focus, but focused on campus operations
• Campus Sustainability Plan – not supplier focused
• First time - supply chain focus incorporated
• UCSD and UCSC pilots for benchmarking supplier sustainable practices
• Procurement / Purchasing intro to sustainability
• Sustainability Office Internship Program
• Students built our Supplier Sustainability Scorecard
A Higher Ed Challenge

Purchasing is an area where higher ed can have a massive impact on sustainability, but it’s hard to find the right recipe for action.

- University staff are interested in sustainability but don’t have time
- Students have passion for change but no access to business processes where sustainability decisions can be made
- Campuses are all thinking about sustainability but there are no shared tools for supply chain management
- There is a lack of consistency on what information is communicated to suppliers about sustainability

How can we use the power of higher ed to influence suppliers to be more sustainable?
A Recipe for Campus Action

- Blend of passion and experience
- Collaboration creates framework for action
- Scope matters (getting multiple campuses involved sweetens the pot for everyone)
- Source of authority, momentum (Campus Sustainability Plan)
- Motivation matters (our vendor, SupplyShift, was highly motivated to create a higher ed market)
Motivating Our Stakeholders

**Intrinsic**
- Green movement
- Saving the future
- Personal cause
- Makes me look good
- The right thing to do

**Extrinsic**
- Internship program
- Annual goals (dept, staff)
- Business interests
- Public campus commitments
  - Zero waste 2020
  - Carbon neutral 2025
  - UC Sustainable Policy
  - Climate Action Plans
Influence is What It’s All About

Every higher ed institution has thousands of suppliers

Suppliers want a piece of this spend

Use this as influence to get action on sustainability

They are used to negotiating terms, meeting requirements

Most have a “sustainability plan,” will take steps if asked

Small changes add up

Data source: UC Spend Analytics FY 14-15
Mechanism for Our Influence

• We want to influence suppliers to act more sustainably
• Currently, we only have **passive influence** - it looks good when a supplier fills out a profile, and they want to look good at UC, so they fill it out
• We can expand that passive influence
  • Get buyers to encourage suppliers to fill out a profile
  • Advertise our efforts - campus news articles, newsletters, etc
• We want to move to **active influence**
  • Follow up with suppliers to increase participation
  • Give suppliers feedback & seek commitments to improve their sustainability profile
  • Make data available to campus clients to inform their spending decisions - a good profile makes you “competitively sustainable”
The Power of Working Together

Through our collaboration, we realized the potential of a shared platform.

Imagine...

- An industry standard for assessing higher ed suppliers
- Suppliers providing sustainability info as normal part of doing business
- Transparency into supply chains to make informed purchasing decisions
- A shared online tool for colleges & universities to track supplier sustainability
UC SAN DIEGO PILOT

Gayle Ta
UC San Diego

- Enrolls over 33,000 students
- Employs over 29,000 faculty and staff
- Was named Sierra Magazine’s 7th Coolest School in the Nation for Sustainability Efforts
- Has 24 LEED certified buildings
- Generates 92% of its own electricity and has one of the largest, most advanced microgrids in the world
Procurement Structure

• Decentralized Organization
  • 119 Departments
  • 29,000 employees with the ability to make purchases
  • Only guidance and encouragement

• Department Authority
  • 221,891 Total POs
    • 14,946 POs that went through professional buyer approval (6.7%)
    • 66% POs with contracted suppliers
A Deeper Look into Our Supply Chain

Suppliers
- Our gateway to the upstream
  - Purchasing structures vary between departments
  - Many purchasers

Purchasers

Customers
- Difficult to track what happens to items purchased
Challenges

Lack of insight of our supply chain impacts

Not all product categories have 3rd party certifications or industry standard

Information about products regarding sustainable attributes are limited within our e-Procurement System
Strategies

Challenge: Lack of insight of our supply chain environmental impacts

- Issue a sustainability scorecard questionnaire to gather baseline data about our suppliers
  - Targeted our top 20 Life Sciences Suppliers (Distributors and Manufacturers)
  - Largest category at UC San Diego (86,000 POs vs 24,000 POs for Office Supplies in FY 14)
  - Labs are product and price focused
  - There currently is no industry or market standard for sustainability with the Life Sciences category

- Share results and incorporate sustainability goals and discussions in supplier business reviews
UC San Diego Pilot Objectives

- Increase awareness and visibility to the supply chain impacts of key suppliers
- Increase transparency and supplier engagement
Our Process

- Worked with 3rd party online scorecard platform
- Identified top 20 Suppliers by spend
- Conducted intensive review of questionnaire
- Issued scorecard
- Reviewed results and shared with suppliers
- Conducted supplier business review meetings
Cloud-based Supply Chain Management Platform

- Questionnaire library
- Analytics
- Scorecard Report
- Reduces survey fatigue
- Market based tool

supply-shift
Scorecard Questionnaire

- Questions were quantifiable, easy to answer, addressed different environmental areas, and were weighted based on importance.

- Focused on generic questions that could be applied to any supplier:
  - Governance
  - Climate
  - Suppliers
  - Product
  - Packaging

<table>
<thead>
<tr>
<th>Section</th>
<th>Supplier Questionnaire Details</th>
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<tbody>
<tr>
<td>Suppliers</td>
<td>UCSD Supply Chain 1: Supplier Engagement (GHG Emissions)</td>
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<tr>
<td></td>
<td>Q: Do you engage with any of your suppliers, manufacturers, or consumers on GHG emissions and climate change strategies? If you do not engage with any party concerning GHG emissions and climate change strategies, please elaborate in the comment section.</td>
</tr>
<tr>
<td></td>
<td>A: Multi-Select</td>
</tr>
<tr>
<td></td>
<td>Yes, our suppliers</td>
</tr>
<tr>
<td></td>
<td>Yes, our customers</td>
</tr>
<tr>
<td></td>
<td>Yes, our manufacturers</td>
</tr>
<tr>
<td></td>
<td>Yes, other partners in the supply chain</td>
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<tr>
<th>Suppliers</th>
<th>UCSD Supply Chain 2: Suppliers (Intermediate Goods/Services Sourcing)</th>
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<tr>
<td></td>
<td>Q: Do you have a procurement policy on the sourcing of sustainable intermediate goods/services from your suppliers? Intermediate goods and services are defined as inputs in production of a final good sold to the customer (e.g. post-consumer content, pipe tip containers). Please attach any relevant documentation or provide a brief description.</td>
</tr>
<tr>
<td></td>
<td>A: Yes/No</td>
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<table>
<thead>
<tr>
<th>Suppliers</th>
<th>UCSD Supply Chain 3: Suppliers (Local Purchasing Policy)</th>
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<tbody>
<tr>
<td></td>
<td>Q: Does your company have a strategy for purchasing from local companies (distance within 200 miles/322 km)?</td>
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<td></td>
<td>A: Yes/No</td>
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<th>UCSD Supply Chain 4: Raw Materials (Local Purchasing %)</th>
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<tbody>
<tr>
<td></td>
<td>Q: What % of your company’s raw materials (in dollar value) were grown or harvested (by company or local independent suppliers) within 200 mi / 322 km of where the end product is manufactured?</td>
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<td>A: Multiple Choice</td>
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<td></td>
<td>75-100%</td>
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<td>50-74%</td>
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<td>25-49%</td>
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<th>Suppliers</th>
<th>UCSD Supply Chain 5: Suppliers (Environmental Performance)</th>
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<tbody>
<tr>
<td></td>
<td>Q: Does your company work with suppliers to develop products with a lower environmental impact? (e.g. increasing recycled content or energy efficiency, decreased toxicity or waste in manufacturing)</td>
</tr>
<tr>
<td></td>
<td>A: Yes/No</td>
</tr>
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**Sample Scorecard Results**

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<tr>
<th>Name</th>
<th>Total</th>
<th>Governance</th>
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<th>Suppliers</th>
<th>Product</th>
<th>Packaging</th>
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<td>57.50</td>
<td>25.48</td>
<td>43.38</td>
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<td></td>
<td>39.85</td>
<td>30.17</td>
<td>25.48</td>
<td>49.38</td>
<td>46.15</td>
<td>47.63</td>
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Analytics

Track Supplier Improvement Over Time
Supplier Engagement

• Suppliers can see how they did relative to other suppliers
• Supplier Business Reviews conducted to discuss results and comparisons
• Responses reviewed and discussions with suppliers about areas for improvement
• Objectives prioritized for suppliers to focus on before next business review

<table>
<thead>
<tr>
<th>Name</th>
<th>Overall Score</th>
<th>Governance</th>
<th>Climate</th>
<th>Suppliers</th>
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<tbody>
<tr>
<td>Supplier 1</td>
<td>83.40</td>
<td>81.43</td>
<td>91.66</td>
<td>82.67</td>
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<tr>
<td>Supplier 2</td>
<td>78.66</td>
<td>93.10</td>
<td>58.58</td>
<td>82.67</td>
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<td>Supplier 3</td>
<td>78.49</td>
<td>83.77</td>
<td>60.56</td>
<td>80.61</td>
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## Results

10 out 20 suppliers responded to questionnaire

<table>
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<tr>
<th>Governance</th>
<th>Climate</th>
<th>Supply Chain</th>
<th>Product</th>
<th>Packaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Most suppliers had a written environmental policy</td>
<td>• 6 out of 10 suppliers publicly report GHG emissions but only 4 set GHG emissions reduction targets</td>
<td>• Only 2 suppliers had a policy about purchasing locally</td>
<td>• 4 suppliers have a product take back program</td>
<td>• 5 suppliers reuse packaging from primary and secondary packaging sources</td>
</tr>
<tr>
<td>• Most have a manager/officer/sr mgr in charged of environmental management</td>
<td>• 8 suppliers stated they work with their suppliers to develop products with lower environmental impacts</td>
<td></td>
<td>• 7 suppliers have a strategy to promote environmentally preferable products</td>
<td></td>
</tr>
</tbody>
</table>
Supplier Success Story

- Update Sustainability Policy on more regular basis including endorsement by CEO
- Created own supplier survey based on UCSD’s approach
  - 72 suppliers completed
  - Each received a scorecard with a score for each category, ranking of how they performed against suppliers and specific strengths and opportunities
- Set up phone calls with the bottom 10-15 suppliers and develop continual improvement plans (again mirroring UCSD’s approach)
- Setting 2020 emissions reduction goal this year and will publish goal in Sustainability Report
UCSC

- 17,868 Students
- The largest single employer in Santa Cruz County
- UCSC generated over $1.3 billion in economic activity within the Monterey Bay Area (2014-15)
- 42% of all UC students participated in community service and volunteer activities in the 2013-2014 academic year
- 6 LEED Buildings (7% of campus operating square footage)
- Cogeneration Unit
- Sustainability Office
Procurement Services

- Procures over $200 million of goods and services annually
- Achieved $1.5 million in cost savings during the past fiscal year
- Handles over 10,000 purchase requests each year
- Reviews and approves approximately 1,500 business contracts each year

UCSC Procurement Sustainability:
- Recycling carpet
- Provost’s Sustainability Internship (PSI) projects
UCSC Pilot Scope

46 total suppliers across all supplier categories:

- 22 UC wide suppliers that incorporate sustainability reporting currently
- 20 UCSD Life Science suppliers, to build trending data from UCSD pilot
- 4 additional suppliers: supplier selected from last years project, new food supplier, shipping supplier, and local problematic supplier
UCSC Pilot Objectives

• Built upon UCSD pilot and past PSI project
• Increase awareness of supply chain impacts across all supplier categories
• Increase supplier participation in transparency projects and create collaborative partnerships with suppliers to support UC system goals
• Progress goals from the Campus Sustainability Plan
## Built off Past Projects

**Past PSI Project:**
- 17 yes or no questions sent to top 9 suppliers by spend

**UCSD’s Pilot:**
- Used same supply chain management platform as UCSD
- Based scorecard off UCSD’s
Changing Questions for Data and Analysis

Replace Yes or No with:

How far does the policy go?

How is the policy enforced?
Results

Does the policy cover enough?

Is the policy enforced or integrated into the company?
Results

29 of 46 suppliers responded (63% response rate)

Governance:
Majority of respondents have:
• Senior Management with direct responsibility to the environment (60%)
• Environmental Protection Policy (85%)
• Workplace health and safety training (80%)
• Waste Reduction Targets (60%)

Suppliers:
• Evaluate suppliers annually (45%)
• Work with suppliers to lower environmental impacts of products (70%)
Results

UC 2.1: GHG Emissions (Scope 1 Absolute)

Group average: 293,924

<table>
<thead>
<tr>
<th>Answer</th>
<th>%</th>
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<tbody>
<tr>
<td>Electricity</td>
<td>80.77</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>69.23</td>
</tr>
<tr>
<td>Diesel Fuel</td>
<td>57.69</td>
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<tr>
<td>Electricity from Solar energy</td>
<td>46.15</td>
</tr>
<tr>
<td>Propane</td>
<td>42.31</td>
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<tr>
<td>Motor Gasoline</td>
<td>42.31</td>
</tr>
<tr>
<td>Electricity from Wind power</td>
<td>34.62</td>
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<tr>
<td>Electricity from Coal Power Plant</td>
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<td>Electricity from Hydropower</td>
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<td>Electricity from Nuclear Power Plant</td>
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<td>Electricity from Natural Gas Power Plant</td>
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<td>Kerosene</td>
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Market Based Tool

Use awareness to drive change within supply chain operations

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<th>DQ</th>
<th>Name</th>
<th>Total</th>
<th>Governance</th>
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<td>4</td>
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<td>0</td>
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Internal Challenges

Supplier engagement

Timing of project

Time for analysis
UCSD AND UCSC SUMMARY
Benefits of Sustainability Scorecard

- Increase supplier engagement
- Provide quantitative approach and benchmarks when comparing our suppliers
- Share with department customers
- Learn more about our supplier partners
- Emphasize UC’s value on a Sustainable Supply Chain
  - In conversation
  - In practice
- Put downward pressure on our suppliers to be more sustainable

By creating a “marketplace” for sustainability information, education institutions can demonstrate a shared commitment to sustainable practices and incentivize competition among suppliers.
Supplier Feedback

We look forward to being part of it each and every year!

I would be happy to support this and future Sustainability events and endeavors.

It definitely pushed us to think differently.

Timing of the survey is critical to reduce reporting effort.

This project is commendable and inspiring.

This has stirred up a lot of productive internal discussions.
## Lessons Learned

### UC San Diego
- Make suppliers fully aware that you are beginning an assessment and help them understand the why
- Understand supplier organizational structure
- Provide a glossary of sustainability-related terms
- Create separate assessments for a manufacturing suppliers and distributors
- Incentivizing suppliers to complete questionnaire helped with response rates

### UC Santa Cruz
- Use buyers with supplier relationships
- Know implications of project timeline
- Don’t rush project development for future results
- Calls are the most effective outreach
Next Steps

• Continuing the intern program
• Looking into extending the tool beyond the pilot, build up longitudinal data
• Lobbying UCOP to fund a tool at the system level
A Special Message for Students

• Procurement is an area where you can have a direct impact on sustainability at your campus - get involved!

• Everything you touch and see on your campus comes from a supplier, and your local purchasing department buys it

• You have the power to influence purchasing decisions to be more sustainable

• There are many steps suppliers can take if asked: providing sustainable options, using sustainable packaging, and improving social sustainability

• Purchasing departments are not staffed to actively pursue sustainability programs, but student projects / internships can fill in the gap

• Many viable projects and efforts
  • Sustainability scorecard approach
  • Participating on RFPs
  • Talk to your local administrators
Dear Nancy Nieblas,

I am a student at UCSC and I work for Student Environmental Center. I heard that the beverage contract for UCSC is being renewed soon, and I'd love to be involved in the purchasing process if that's possible! I want to discuss the possibility of adding more healthy food and/or drinks to the vending machines, if you have the time, would you like to meet sometime in the fall?

Thank you for your time!

**UCSC Undergrad Student**

(Name redacted)
Resources

• Online Scorecard Platforms
  • SupplyShift
    • https://www.supplyshift.net

• EcoDesk
  • https://www.ecodesk.com/

• UC San Diego Climate Action Plan
  • http://blink.ucsd.edu/buy-pay/responsible/environment/climate-action-plan-goals.html

• UC Santa Cruz Climate Sustainability Plan

• UCOP Sustainable Policy
  • http://policy.ucop.edu/doc/3100155/SustainablePractices
Ready to Collaborate with YOU

• Gayle Ta, UC San Diego
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• Nancy Nieblas, UC Santa Cruz
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• Will Watson, UC Santa Cruz
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Thank you!