

WEC Roundtable, hosted by F. Hoffmann – La Roche AG September 3rd and 4th 2008 in Basel, Switzerland:

“Effective Integration of Sustainability Issues into the Supply Chain”

WHAT:

As Multinational Company's' influence in the global economy is growing, their Corporate Responsibility is becoming a critical business risk, but also an opportunity. This WEC Roundtable followed up on identifying the business case for managing supply chains in a sustainable way and showed how companies can effectively integrate sustainability aspects into their procurement processes. The event was structured into four parts

- (a) Sustainability risks and opportunities in supply chains and ways to solve organizational challenges
- (b) Corporate strategies for managing sustainable supply chains and barriers identified
- (c) Experiences of procurement departments with integrating sustainability aspects into their processes
- (d) Opportunities for collaboration that bring about effective codes, supplier training & supplier auditing

WHO:

The Roundtable was structured to provide a highly interactive process of discussion among 40 global sustainability experts from nine countries and ten industries, many of them heads of their companies' sustainability departments. 2/3 of participants came from WEC member companies, 12% from non-member companies and 22% from government, science, consultancies.

Host

Roche: Dr. Peter Schnurrenberger

MODERATORS

AstraZeneca: Mr. Alan B. Horowitz

At Stake Advisors: Mr. Sean Ansett

Boehringer Ingelheim: Dr. Hartmut Leidig

IMD: Dr. Aileen Ionescu-Somers

WEC: Dr. Terry F. Yosie

SPEAKERS

Bayer HealthCare: Mrs. Ingrid Reinkober

Cadbury: Ms. Alison Ward

Daimler: Ms. Heike Schulze

DCCA: Mr. Rune Gottlieb Skovgaard

FTSE4Good: Mr. Will Oulton

General Motors: Ms. Jodi Theut

Hewlett-Packard: Mr. Karl Daumüller

IMD: Prof. Corey Billington

Marks & Spencer: Mr. Mike Barry

Novartis: Mr. Marino Buser

Roche: Dr. Isabelle Conrot

Ricoh: Mr. Ienobu Kakegawa

Siemens: Dr. Thomas Kaiser

Volkswagen: Dr. Gerhard Prätorius

LEARNINGS:

- (1) The **risks** of neglecting Corporate Responsibility became clear once more. These range from being excluded from SRI-Funds to becoming a target of campaigns, to increased scrutiny by insurance companies and increased control by stock exchange supervision. On the other hand **business opportunities** are becoming ever more obvious, such as that employees are more loyal, processes run more efficiently, and consumers sometimes even pay more. It is also assumed, that there is a strong correlation between sustainability, compliance, and quality.
- (2) It became evident, that Corp. Responsibility is very much **people driven**. Experience shows that progress is made only when strong personalities commit themselves to the issue and are backed by the CEO. Such an environment was seen to be necessary to get started, e.g. when the solution to a sustainability challenge is not fully elaborated yet. But showing some quick results creates momentum and often helps to activate unforeseen assistance.
- (3) The roundtable showed that **procurement departments** have started to give sustainability issues more attention, e.g. in some cases by establishing responsibilities and by working with sustainability departments. However, even the most advanced companies continue to face challenges in integrating environmental and social issues into their procurement processes. This calls for greater collaboration between the relevant company units.
- (4) **Lack of information** was identified as one of the most obvious challenges for building sustainable supply chains. Companies stated that they have difficulties to gaining information about their global supply chain activities as well as about suppliers' compliance status. It was recommended to create industry-wide codes of conduct for suppliers, and to make use of existing audit results conducted by competitors. It was also recommended that companies form long-term partnerships with their suppliers and start getting suppliers' feedback on audits.
- (5) **Communication** was agreed upon to be of utmost importance in order to find allies with a similar mindset, with advice and technical solutions, and often at little or no cost, whether internally or externally. It's indispensable to establish effective processes between organizational units and to form industry-wide collaboration schemes.