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## Effective Supplier Engagement — How Sprint is Greening its Supply Chain

In recent years the corporate sustainability community has shown increasing interest in supply chain management for the purposes of reducing environmental footprint and climate impacts of business operations. Scope 3 emissions, which are indirect emissions related to purchased goods and services in the supply chain, are often quite significant for large companies. Measuring and reducing Scope 3 emissions is particularly important for a large business like Sprint, with roughly 38,000 individual suppliers across its operations. Among other environmental initiatives, Sprint has set company-wide goals of reducing absolute GHG emissions and electricity use to 20% below 2007 levels by the year 2017.<sup>i</sup> Accordingly, Sprint is engaging its supply chain by setting sustainability criteria for suppliers, soliciting data and feedback from them, and helping them to set and achieve their own sustainability goals. Part of this effort has involved the publication of a unique Supplier Guide in September 2013, which provides guidance for suppliers on conducting materiality assessments as well as GHG measurement and reporting — two important criteria by which Sprint evaluates its suppliers.<sup>ii</sup> Spearheaded by Director of Corporate Responsibility and Sustainability, Amy Hargroves, the Guide shares tools and lessons learned from Sprint’s own CSR journey in order to enable and inspire the business leaders in its supply chain. The project is helping Sprint to measure and reduce its own Scope 3 emissions and at the same time, expand the impact of Sprint’s environmental programming beyond the company walls.

### Project Development

In 2009, under direction from CEO, Dan Hesse, Sprint focused attention on, among other environmental initiatives, its paper and printed material consumption. To address this category, Sprint formed an internal Paper Leadership Council — led by Mary Lewis, a Sourcing Manager in Sprint’s supply chain management organization — tasked with working across business units to develop and implement paper reduction strategies. Considerable effort was needed just to account for all of the paper being used and establish a consumption baseline. Over the next four years, however, the Council was able to reduce Sprint’s paper usage by almost 65%, cumulatively saving the company an estimated \$64M.<sup>iii</sup> The

<sup>i</sup> [http://www.sprint.com/responsibility/ouoperations/climate\\_change/index.html](http://www.sprint.com/responsibility/ouoperations/climate_change/index.html)

<sup>ii</sup> Sprint. “Meeting Sprint’s Supplier Criteria: Materiality Assessment and Greenhouse Gas Emissions,” September 24, 2013. [http://www.sustainablebrands.com/news\\_and\\_views/new\\_metrics/inspiring-supply-chain-sprints-new-supplier-booklet](http://www.sustainablebrands.com/news_and_views/new_metrics/inspiring-supply-chain-sprints-new-supplier-booklet)

<sup>iii</sup> <http://www.sprint.com/responsibility/ouoperations/resource/paper.html>

success of these early efforts served as a framework and testing ground for the wider supply chain work and supplier engagement strategies that followed.

Hargroves traces some of the original ideas for her work on supplier engagement in Scope 3 emissions reduction efforts back to the 2012 GreenGov Symposium (co-sponsored by the Council on Environmental Quality and the Association of Climate Change Officers). A panel on Supply Chain Leadership with Nancy Gillis, formerly of the U.S. General Services Administration, sparked more formal conversations between Hargroves and others about the lack of affordable resources available to small to medium sized businesses on sustainability — GHG measurement in particular — and possible solutions. This eventually led to the development of five simple criteria for evaluation of Sprint suppliers. The criteria include a basic materiality assessment, GHG emissions work (measurement, reporting, and reduction goals), and policy statements on human rights impacts, employee health and safety, and overall environmental impacts of the business. As Sprint fine-tuned its supplier assessment framework, there was also discussion on whether to apply the same criteria to all suppliers — regardless of size or industry. The answer was a resounding “Yes.”

Although the criteria are applicable to all Sprint suppliers, Sprint chose to focus its efforts on suppliers accountable for 90% of its \$13 billion+ supply chain spend — encompassing about 190 separate suppliers — in order to better evaluate its Scope 3 emissions. It was important to assess whether each of these suppliers was on a sustainable path, and to aid those that were struggling to address sustainability issues. Bringing 90% of the supply chain up to speed with all five of its criteria by fiscal year 2017 represents a significant commitment, but as of January 2014, Sprint had already achieved a 79% compliance rate.

The team quickly discovered that the two criteria its suppliers needed the most help with were conducting (and publishing) a corporate responsibility materiality assessment to determine social and environmental impacts, and GHG accounting. Requiring more information, Sprint contacted the suppliers that were not able to meet its criteria and asked for feedback. What was holding them back? What resources did they need in order to bring their companies up to speed? Responses from these partners indicated that there was a lack of information available to guide them on materiality analysis and GHG management, and sources that were available were too complex to be useful and widely applicable. Recognizing this need, Hargroves collaborated with Sprint’s supply chain management team to create a resource for companies that were struggling to meet Sprint’s environmental criteria.

## **Simpler is Better**

While developing the Supplier Guide, Sprint sought the help of a technical consultant with expertise in materiality and GHG assessments. Because it was crucial the Guide address the needs of its target audience, Sprint also enlisted 4 of its supplier companies to serve as a review panel. Input from these sources was used to improve the document each step of the way during the development process. Sprint made a point to keep the language and process descriptions in the Guide as simple as possible — and focused on what suppliers needed to do to meet Sprint’s criteria. Whereas response to Carbon

Disclosure Project (CDP) questionnaires can often be an intense, complex and very time-consuming exercise for companies to undertake, Sprint sought to collect only the information it truly needed from its suppliers, and has ensured that the criteria it uses are simple, concise, and easily understood. According to Supply Chain Sourcing Manager Mary Lewis, the litmus test they used was “Could my mother understand this?”

The Guide spells out the information needed and processes involved in carrying out materiality and GHG assessments. Throughout the document Sprint provides information from its own assessments, and even includes some of the documents, formulas and conversions used in its own GHG accounting work to help suppliers conduct their own. Sprint also developed two webinars (one on GHG emissions accounting; another on developing a materiality assessment), presenting the information with their outside consultant. It was important that Sprint’s suppliers understand what was expected of them, why it is important, and most of all, that Sprint and its suppliers can engage in a collaborative relationship to advance supply chain sustainability.

## Supplier Response

Initial response to the Sprint Supplier Guide has been very positive. Hargroves reports that many suppliers were pleasantly surprised when Sprint contacted them about its sustainability criteria, and have appreciated the effort Sprint has made to help their suppliers move their sustainability efforts forward. Whereas CR surveys can in some cases turn into “check the box” chores, Sprint has managed to use the Booklet as a tool for authentic individual engagement with its suppliers. Hargroves has already seen stronger relationships between Sprint and the companies it has engaged on GHG and environmental issues, and has observed a desire to co-create and improve performance.

Japs-Olson, for example, which provides Sprint with printing services for direct mailing, legal, and other customer communications, began work on GHG accounting and set its own reduction goal (8% intensity below 2007 by 2020) in response to Sprint’s engagement. Another of Sprint’s print and direct mail suppliers, Precision Dialogue, also began to address its carbon footprint more formally as a result of Sprint reaching out to them on the issue. Precision Dialogue’s Director of Training and Sustainability Initiatives, Judy Herscha, relates that although the company had pursued earlier initiatives on recycling, water use and lighting efficiency, they took the request from Sprint (one of their bigger clients) very seriously, establishing a sustainability team and developing formal policies and workforce engagement strategies to reduce energy use, emissions, and waste. Precision Dialogue has set an absolute GHG emissions reduction goal of 15% below 2008 levels by 2015, and had already achieved a roughly 10% reduction as of 2012.<sup>iv</sup>

Suppliers are seeing the value of their sustainability efforts in their own bottom line as well as enhancement of their other business relationships. According to Precision Dialogue’s Executive Vice President, Tom Orgler, the company’s more formal work on GHGs and energy have helped the company win over clients that it otherwise may not have gained.

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<sup>iv</sup> [http://www.precisiondialogue.com/Portals/0/PDD\\_Sustainability%20GHG%20Report%20June%202013.pdf](http://www.precisiondialogue.com/Portals/0/PDD_Sustainability%20GHG%20Report%20June%202013.pdf)

For those suppliers who did not respond initially to the basic assessment, a follow up communication from Steve Elfman, Sprint's President of Network Operations and Wholesale, was sent to senior officers at these companies — emphasizing how important the matter was to Sprint and why — and proved to be extremely effective. Elfman's engagement demonstrated Sprint's interest in authentic collaboration on sustainability and serves as an example of how best to approach partners that do not yet view sustainability as a top business priority.

## Future Directions

Sprint plans to expand this project further by adding an experience portal to the Guide and website, which would showcase the success stories of suppliers that have benefited from the Guide and their work on GHG emissions. By sharing these best practices online Sprint hopes to leverage these successes to inspire and incentivize additional GHG reductions as well as build further support for climate action in the business community. Hargroves hopes that more practical examples will provide the hard proof needed to impress CFOs and get other large companies competing to green their supply chains.

## About ACCO

The Association of Climate Change Officers is a 501(c)(3) non-profit membership organization for executives and officials worldwide in industry, government, academia and the non-profit community. ACCO's mission is to define, develop and support the functions, resources and communities necessary for effective organizational leadership in addressing climate-related risks and opportunities. For more information about ACCO, please visit <http://www.accoonline.org>.

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