Sustainability Panel
Companies across all industry types are now focused on some level of Sustainability initiatives...

Today our Sustainability Panel will share two examples illustrating how companies are thinking about, and creating a culture focused on Sustainability. As well as how analytics and data visualization can be used to identify sources of waste within the supply chain and help us find balance between what some view as competing goals.

**Safeway Sources More than Half of Seafood Sustainability**

Safeway continues to make progress in sourcing seafood sustainably, surpassing the 50 percent milestone toward having all fresh and frozen seafood responsibly caught or farmed...

July 15, 2014

**Paper Cup Recycling Group Formed**

Mondelez International, Mars Drinks and Nestlé Professional are among the founding members of an industry group formed to drive recovery and recycling of paper cups. The Paper Cup Recovery and Recycling Group (PCRRG), a...

July 11, 2014

**Major Companies Push LCD Suppliers to Make F-GHG Reductions**

In the past year, five companies – Dell, HP, Lenovo, Best Buy and Wal-Mart – have come together to ask their LCD panel suppliers to reduce...

July 30, 2014

**Walmart Drives Supply Chain Sustainability**

How Walmart is simplifying the capture of thousands of supplier sustainability innovations.

July 24, 2014
Sustainability Panel Members

Michael Keany
Sr. Category Manager, Indirect Spend
Janssen Research & Development, LLC

Megan Maltenfort
Sustainability Manager
VWR International LLC

Adam Fleischhacker
Assistant Professor
Alfred Lerner College of Business and Economics,
University of Delaware
Evolution of Our Sustainability Goals

1987
Johnson & Johnson establishes first environmental goal aimed at reducing toxic emissions

1987
Johnson & Johnson begins formalizing long-term goals across a range of environmental impacts with Pollution Prevention Goals (1993-2000)

2000

2000
Johnson & Johnson launches Healthy Planet 2010 Goals (2005-2010)

2000
Johnson & Johnson adds Safe People 2010 goals and Healthy People 2012 Goals

2011
Johnson & Johnson launches Healthy Future 2015, our five-year strategic roadmap to propel our corporate citizenship and sustainability commitments forward – our broadest and boldest goals yet
Healthy Future 2015: Our Strategic Priorities

- Honor our responsibility to communities by advancing community wellness
- Honor our responsibility to communities by enhancing outcome measurement in philanthropy
- Foster the most engaged, health-conscious and safe employees in the world
- Build on our legacy in safeguarding the planet
- **Partner with suppliers who embrace sustainability**
- Advance global health through research and development for neglected diseases and affordable access to medicines
- Commit to **enhanced transparency** and accessing the power of **external collaboration**
Enhance Supplier Sustainability

• **Partner with suppliers who embrace sustainability**

• **Goals**
  – Establish sustainable procurement criteria and processes to catalyze improved supplier performance and diversity
  – Reinforce our human rights policies, processes and education to ensure these rights are respected in all our engagements

• **Measurement/Targets**
  – All strategic suppliers have two or more publicly-reported sustainability goals\(^1\)
  – $1 billion in spend with diverse suppliers\(^2\) by 2011; increase % of spend each year thereafter
  – All palm oil and palm oil derivatives are sourced from certified sustainable sources
  – All suppliers in high-risk countries\(^3\) confirm awareness and conformance with the human rights provisions of our policies
  – All critical employees\(^4\) receive human rights training

\(^1\)Acceptable goal categories: energy, waste, water, safety, wellness, community and human rights investment.

\(^2\)Minority- and women-owned businesses

\(^3\)List of countries in Quality & Compliance Policy POL-007

\(^4\)Procurement professionals and others in positions most sensitive to potential human rights infringement.
Case Study
Enhance Supplier Sustainability

Johnson & Johnson’s Procurement Sustainability Initiative (PSI), developed in 2008, encourages suppliers to publicly report sustainability goals

Overview
- PSI breaks down procurement efforts according to a number of procurement categories and sets performance expectations for each category

Objectives
- Leverage our purchasing power to drive sustainable business practices through our supply chain
- Improve the sustainability of goods and services and enable growth
- Align procurement processes with sustainability efforts
- Segment procurement efforts and establish performance targets
- Reduce footprint and costs of supply chain operations
- Reduce risk and enhance brand equity
- Promote programs externally
Build on Transparency and External Collaboration

• **Commit to enhanced transparency and accessing the power of external collaboration**

• **Goals**
  – Share product sustainability information, enabling people to align their lives with their social/environmental values
  – Identify key stakeholders and regularly engage with them on the range of sustainability risks and opportunities
  – Enhance sustainability reporting

• **Measurement/Target**
  – All major brand websites share product sustainability information
  – JNJ/responsibility.com shares our policy perspective on major issues
  – All of our major stakeholder engagements and new collaborations are reported publicly
  – Economic and sustainability reporting is enhanced online and provided for key markets
Collaboration with Suppliers

- Focus on partnering with suppliers to meet J&J Sustainability goals.
- Utilization of J&J resources
- Training of internal staff to leverage program
- Multiple avenues of communication
- Sustainability tools
Thank You.
Sustainability: Trends Impacting Supply Chains
Megan Maltenfort, Sustainability Manager
VWR: We Enable Science

Our Mission is to enable the advancement of science throughout the world. We use process excellence to deliver what we promise to accelerate discovery, improve productivity for our customers and suppliers, and encourage innovation through collaboration.

CULTURE

We are an open, performance-driven collaborative culture based on integrity, respect and recognition, where people enjoy working and are proud to be a part of VWR.

MISSION

VISION

VALUES

COMPETENCIES

VWR's values are embedded in our Culture and our Competencies. We act with Integrity. We drive for results by delivering service excellence. And we are successful by working as a team in an open and collaborative environment.

Competencies support VWR's entire talent lifecycle from recruitment to development (includes Performance Management Process). Our competencies are the behaviors aligned with our strategy which focus on:

- Critical Thinking
- Driving Results
- Customer Focus
- Developing People
- Collaboration & Teamwork
- Continual Improvement and Innovation
What drives responsible supply chains

Customers

What do Customers want: Operational transparency & product transparency

Why: 1) New regulations- REACH, RoHS, conflict minerals; 2) supply chain pressure; 3) Need to expand sustainability goals/initiatives

How are they asking: RFPs, surveys, audits, partnerships

Most Businesses

Society

What does Society want: Corporate responsibility

Why: 1) Ethical/working condition/environmental violations have been exposed; 2) Business has the power to create huge change

How are they asking: public-private partnerships, media campaigns, protests
How do Companies address this

Build **transparency** and **partnerships** in order to **mitigate** supply chain **risks**, operate **responsibly**, and create **resiliency** into the future.

**Engage your stakeholders to understand priorities!**
Engaging the Supply Chain

Identify internal Corporate values and external stakeholder values and engage suppliers to support both

**Business Values**

What does the Customer want?
- Added value
- Cost savings
- Transparency

What does your Company want?
- Meet customer needs
- Outperform competition
- Mitigate business risks

**Sustainability Values**

What does the Customer want?
- Recycle products at end-of-life
- Purchase EPPs without paying more
- Disclosure of information

What does your Company want?
- Meet customer needs
- Offer innovative solutions
- Drive positive environ & social impact
VWR Supplier Sustainability Charter

• Launched in Q3 2013 to communicate to suppliers VWR’s sustainability expectations around ethics, health & safety, worker’s rights, environment and governance
• Launched to top 175 Suppliers (NA and EU) based on COGS
• Then launched to all suppliers on Supplier Central port
• To date, 180 Suppliers have acknowledged the Charter

I acknowledge that I have reviewed this Sustainability Charter and understand VWR’s expectations of Suppliers.
Environmentally Preferable Products

- VWR is defining Environmentally Preferable Products (EPPs) based on EPA standards and customer needs
- VWR is working with our suppliers to identify products that meet EPP definition
- EPPs are searchable and identified on vwr.com with a green leaf 🍃 to build greater product transparency allowing customers to make more informed purchasing decisions
- Customers will be able to get reporting on EPP spend by attribute to help them track trends and develop sustainable procurement goals

Case Study: Product Transparency

<table>
<thead>
<tr>
<th>Product</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Product is energy and/or water efficient</td>
<td></td>
</tr>
<tr>
<td>Product and/or packaging is recyclable or reduces waste</td>
<td></td>
</tr>
<tr>
<td>Product and/or packaging contains recycled/renewable content</td>
<td></td>
</tr>
<tr>
<td>Product is manufactured with low CO₂ impact</td>
<td></td>
</tr>
<tr>
<td>Product and/or packaging is safer to human and environmental health</td>
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</tbody>
</table>
Creating impactful partnerships

Tip Box Recycling

- “From the Lab Bench to the Park Bench” pipet tip box recycling program in the U.S. and Canada
- More than 167,000 tip boxes diverted from the landfill

Advantages

- VWR is reducing waste in the supply chain and helping customers achieve sustainability goals
Thank you!

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Are lean practices, green practices? Some visual evidence

Presentation by Adam Fleischhacker
Assistant Professor of Operations Management
JP Morgan Chase Scholar
University of Delaware
Quick Introduction

• Adam Fleischhacker
  – Research Interests
    • Clinical Trial Supply Chains
    • Analytics/Visualizations for Measuring/Managing Uncertainty

• Lerner College of Business & Economics
  – Evidence Based Decision Making
  – Experiential Learning
Is Lean Green?

Motivating Example

• Identify causes of mismatched supply and demand through a life-science company’s supply chain

• We will look at three visualizations of inventory flow through one warehouse over an 8 week period

• Thousands of SKU’s
<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Focus on Waste Reduction</td>
<td>Small lot sizes (JIT) lead to:</td>
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<tr>
<td>Eliminate non-value adding activities</td>
<td>Increased transportation costs, packaging, and</td>
</tr>
<tr>
<td>Minimize environmental impact</td>
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</tbody>
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The Problem of Infrequent Demand

How many deliveries were delayed by a particular SKU?

Count of SKU's Causing Delivery Delay

Number of Deliveries Delayed by A Particular SKU's Stockout
The Problem of Infrequent Demand

How many deliveries were delayed by a particular SKU?

Paths to Green
- MTO vs. MTS
- SKU Rationalization
- Reduce demand variability
Is Lean Green?

**Yes**
- Focus on Waste Reduction
- Eliminate non-value adding activities
- Minimize environmental impact

**No**
- Small lot sizes (JIT) lead to:
  - Increased transportation costs, packaging, and handling
Visualizing Your “Late Orders”
Do you really need more inventory?

Average % Late Due to Missing Part: 50.9%
Do you really need more inventory?

Average % Late Due to Missing Part: 50.9%

- Order consolidation practices
- Buffering against supply disruptions
Measuring Flow Time To Gauge Lean Inventory Practices

Flow Time
(Time Required to Turn Invested $ Into Deployed $)
Measuring Flow Time To Gauge Lean Inventory Practices

Flow Time
(Time Required to Turn Invested $ Into Deployed $)
Concluding Remarks: Aligning Lean and Green

- Find the right visual to illuminate waste in your supply chain
- Often, eliminating waste is a green activity
- When it is not, seek consistency with your firm’s mission and sustainability goals

Questions? (feel free to contact me at ajf@udel.edu)