



Capitalising on green governance in retail supply chain

Consumer Markets



February 2017

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Foreword

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In the current context of global business ecosystem, consumerism has become one of the foremost reasons of business survival. Several organisations tend to alter their supply chains to address the growing consumers' demands in a better way by managing the related processes efficiently. In the current age of climate change, the focus has shifted towards 'green' products as the industry stakeholders become increasingly aware of the impact of sustainable supply chains on the Triple Bottom Line (3BL) parameters of environment, society and economy. Thus, the importance of Sustainable Supply Chain Management (SSCM) has emerged as a universal theme. Several global majors are progressively adopting measures to manage their supply chain processes more sustainably.

The implementation of sustainable practices in supply chain processes requires persistent efforts by organisations. The SSCM in the Retail sector is even more complex

owing to its myriad sources and their subsequent diversified supply channels. Retail, as an operation, associates products and services with consumers, and is thus universal in its applicability across industries and countries. Therefore, it becomes one of the most vulnerable sectors to the impact of sustainability, which necessitates the case for SSCM in the sector. Sustainability in supply chains not only helps in responsibly addressing the environmental and social concerns, but also makes way for cost optimisation, efficient business processes, employee retention and other cost-related parameters.

This report by KPMG in India-RAI, titled 'Capitalising on green governance in retail supply chain' identifies the need for sustainability in the supply chain processes and the ways to implement it in a well-monitored manner. It aims to enlighten the sector about the various regulatory and voluntary standards evolving in India vis-à-vis

global practices. At the same time, the report also highlights major challenges faced by the sector players in India towards the successful implementation of SSCM, and recommends steps for companies to strategise their approach towards sustainability. It acts as a foundation base for the sector to embark upon its journey towards SSCM, collectively and inclusively.



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Sustainability has become one of the prime areas of discussion for corporate and government alike. The Retail industry too embraces sustainability in numerous ways.

Achieving the sustainability mandate alone is an uphill task. It is therefore essential for innumerable stakeholders including service providers and consumers to come together and discuss key milestones towards sustainability, make a plan and execute.

The KPMG in India- Retailers Association of India report, 'Capitalising on green governance in retail supply chain' can be useful for retail stakeholders to understand the different ways of creating an effective sustainability agenda and crafting

mutually beneficial collaborations. This report should act both as a knowledge paper and a guide for retailers in their journey towards sustainable retailing.



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Executive summary

Sustainability has taken the front seat in today's business environment, so much so that it has become one of the core elements in the global supply chain network — interwoven with supply and demand linkages, and multilayered with complexities. Given that retail established the linkages between consumers and all other consumer-driven sectors — consumer goods, Fast Moving Consumer Goods (FMCG), packaged goods, luxury products, textile and

apparel, footwear and accessories, etc. — sustainability becomes all the more important in retail. Supply Chain Management (SCM) is even more vital in India, touted to be one of the fastest growing major economies globally.

Rapidly evolving environmental and social challenges necessitate the prioritisation of sustainability in supply chain networks. Sustainability impacts the Triple Bottom Line (3BL) parameters linked to environment, social and economy.

Major issues impacted due to non-sustainable practices in supply chain

 Global warming	 Greenhouse Gas (GHG) emissions	 Deforestation	 Undernourishment	 Labour issues	 Local sourcing
 Exhausting fossil energy resource	 Water scarcity and quality	 Waste generation	 Food safety	 Community engagement	 Fair trade



Simultaneously, several organisations are implementing sustainable supply chain networks to reap the benefits of cost reduction, brand reputation, employee retention, and competitive advantage and risk management. Regulatory and reporting requirements provide further fillip to the companies, forcing them to adopt best possible sustainable measures.

Setting up a sustainable ecosystem requires collaborative and dedicated efforts by organisations. It mandates the concerned stakeholders to first develop a coherent understanding of the need of sustainability, and then work cohesively towards making it a regular practice in their supply chain.

Implanting responsible strategy



Need to set attainable and time-bound objectives, prioritising certain set of standards and establishing a standard code of conduct.



The objectives should follow a Mutually Exclusive Collectively Exhaustive (MECE) approach to help track and plan strategies in an efficient manner.



Internal regulations, monitoring, and evaluation through non-prejudiced benchmarks and indices are ways to screen the progress towards achieving a responsible business.



Cooperation among stakeholders and inclusion of suppliers to engage them effectively is vital for successful achievement of sustainability targets.



Certain processes within a supply chain, such as sourcing of products or raw materials, manufacturing and processing, distribution and logistics, and retail operations, require custom approach to identify and address the key risks associated specifically to the respective processes.

Voluntary standards provide vital means to an organisation to address issues concerned with the following five broad aspects — environment, social, ethics and integrity, economic, and management and quality. Although the developed economies lead in terms of setting voluntary standards for their business operations, emerging economies — such as India, Brazil and South Africa — have shown notable progress in the last couple of decades. The intent of organisations to act responsibly to environmental and social concerns, which started gaining traction globally in the 1980s, has now evolved into a deed of collaboration among different

geographies through greater use of technological advancements. In India, the government plays the role of an enabler to push sustainability into the supply chain networks through its various ministries and schemes. The Voluntary Sustainability Standards (VSS) have evolved to cater to specific products, multi-products or generic category products. Similarly, these VSS can be attributed to a particular organisation, a local or state level organisations, national level organisations or regional/ global level organisations. The current number of VSS is estimated to vary from 450 to several thousands in the world.

Keeping track of the progress in sustainability measures is one of the key aspects to attaining a sustainable supply chain. Organisations around the world either have their own monitoring mechanisms or leverage the best available tools suitable to their business operations.

The retailers around the world have now become more aware of the impact of sustainable supply chains — a fact that is leading to a rapid transformation in their sustainability approaches. To encourage sustainable consumption, various retailers are keeping products with relatively longer life cycle and also allocating additional shelf space in the store to eco-friendly products.

However, with the rapidly evolving business ecosystems, evolving regulatory landscape, changing customer needs and advancing business processes, the challenges faced by organisations in attaining sustainable supply chains have become more dynamic.



Indian organisations have different standards for suppliers and for their own practices, which lead to a significant gap in attaining the overall sustainability.

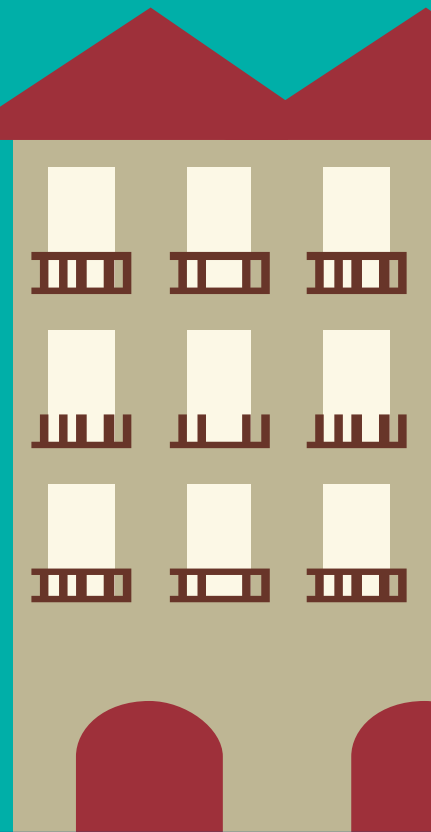
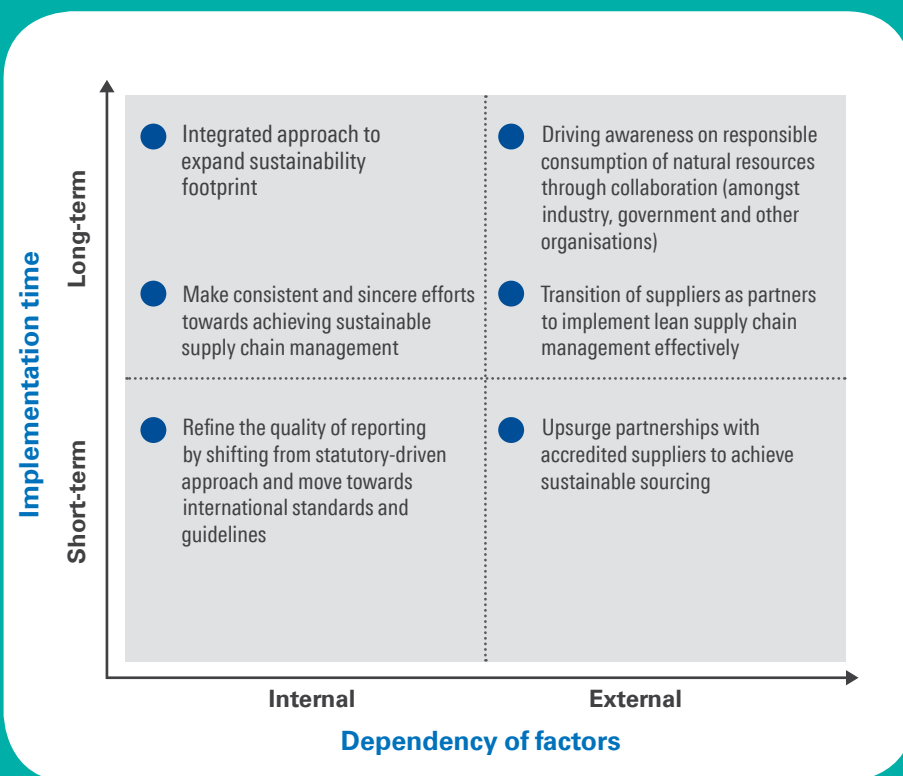


Significant presence of Small and Medium Enterprises (SMEs) as suppliers restrict the means and resources available to such companies to attain sustainable practices.

There is a need to embed the impact and potential benefits of sustainable supply chains among concerned stakeholders and drive the culture through voluntary and regulatory enforcements and creating awareness.

At the same time, SMEs should be technically equipped and funded adequately (by the industry and government stakeholders) to follow sustainable best practices and drive business processes more responsibly.

Key recommendations to retailers for driving sustainable supply chain



Introduction

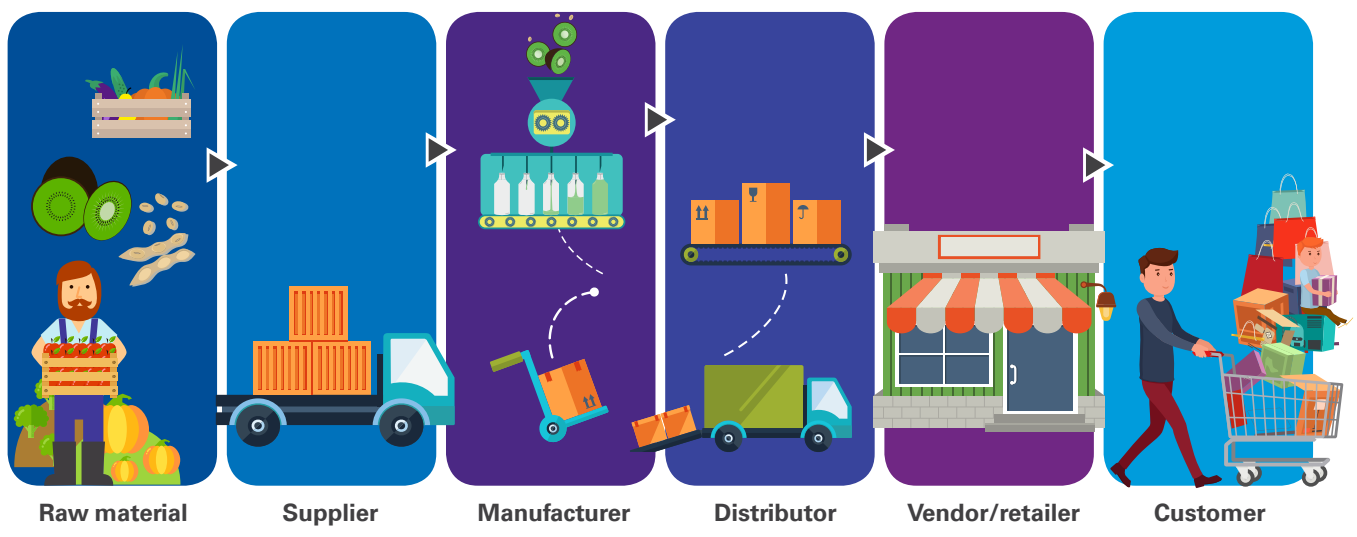


Overview of sustainability and its role in supply chain

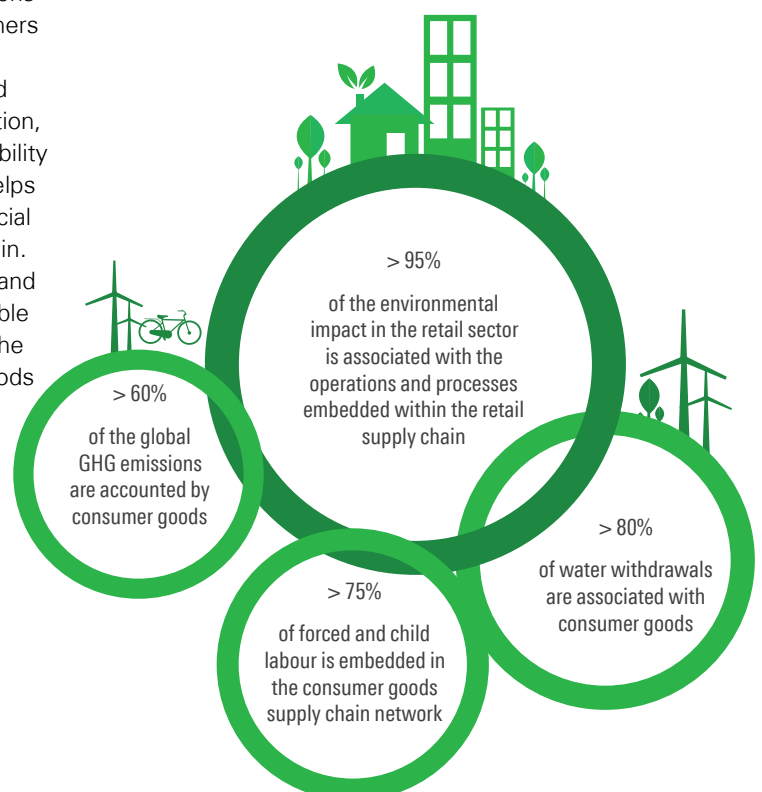
Supply chains today have evolved into a worldwide interconnected supply and demand network with significant interdependencies. Collaboration has thus become imperative in the form of frequent outsourcing and off-shoring, extending networks with multiple stakeholders,

centralising control and decentralising communication. Consequently, modern supply chains have become more complex, inter-connected and multi-layered distribution systems, enabling greater efficiency and effectiveness.

Typical retail supply chain



Sustainability has become one of the core considerations for global retail supply chains. Companies and consumers have become progressively aware of the impact of sustainable supply chains on environment, society and economics. Several factors, such as enhanced reputation, cost reduction and risk mitigation, are driving sustainability in retail supply chains. Sustainability in supply chain helps create, protect and grow long-term environmental, social and economic value for all stakeholders involved therein. It helps ensure compliance with laws and regulations and adherence to globally accepted principles for sustainable business conduct. The following statistics represent the importance of sustainability in retail and consumer goods sector overall:



Source: Sustainable Supply Chains: Can Retailers Be the Rising Tide That Lifts All Boats?, Sustainable Brands, 2 December 2014; Understand 21st century supply chain in 3 charts, Sustainable brands, 3 August 2016.

As more than 2.5 billion people join the consuming segments, owing to the growth in emerging economies of Asia and Africa, the supply chains are in a need of a revamp. The advancements in technology, policy and energy would help the cause of sustainability in supply chains in high growth emerging economies. The role of supply chain management becomes even more vital in India — a country which is envisaged by the government to become

a manufacturing hub by 2025. The flagship initiatives/ schemes/missions run by the Government of India, such as ‘Make in India’ and ‘Smart Cities Mission’, put the country in the spotlight of global development. Thus, supply chain alterations in the country, to match the global leading practices and standards, are necessary to ensure efficient, effective and responsible business processes.

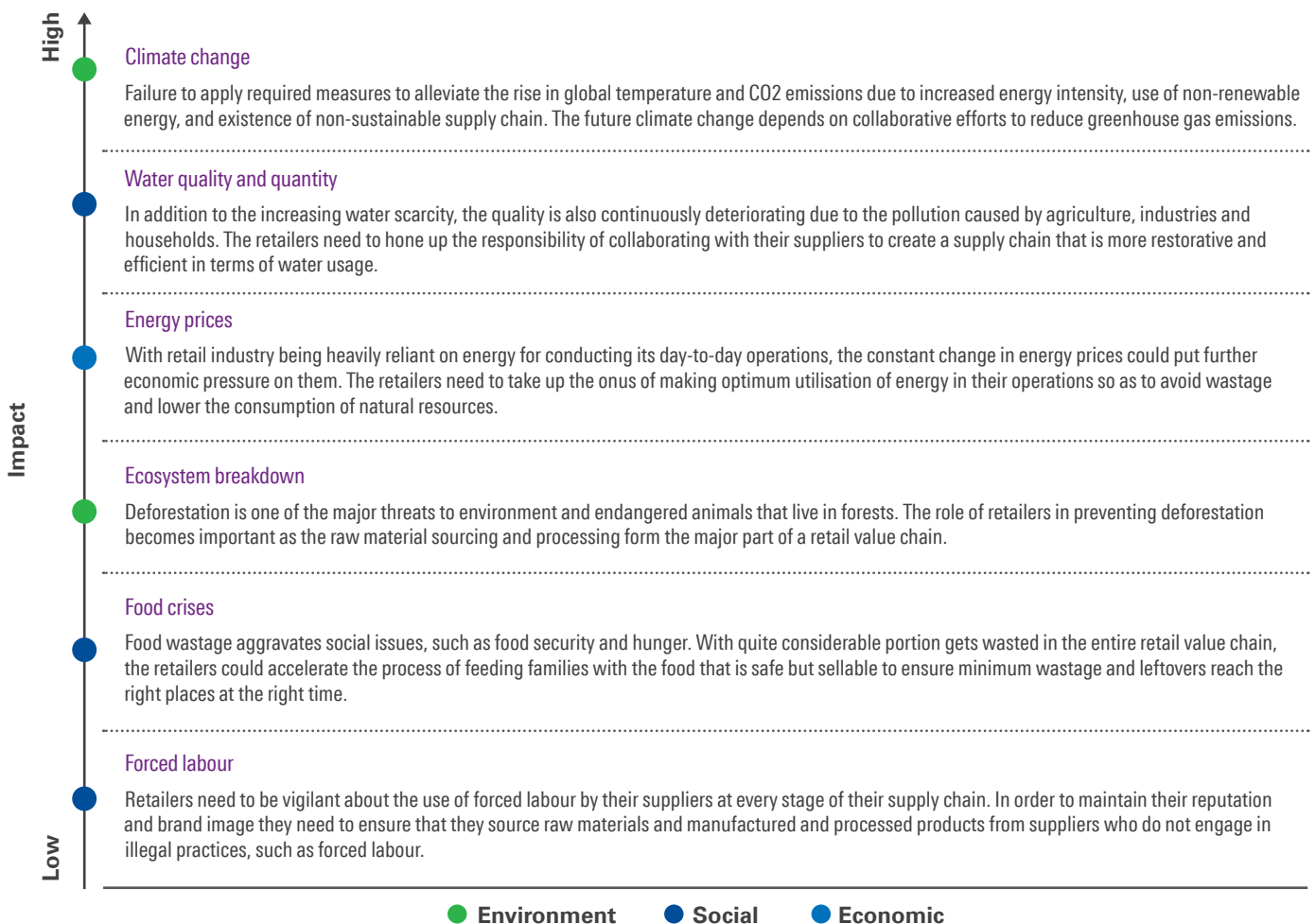
Need for sustainable supply chain

Addressing global risks

The world economy grew at an estimated rate of 3.1 per cent in 2016. The economic activity is forecast to accelerate in the coming years, with global growth projections of 3.4 per cent in 2017 and 3.6 per cent in 2018.⁰¹ The increasing

economic growth has led to an upsurge in the consumption of material, energy and resources, resulting in various economic, environmental and social challenges.

Major global risks for retailers impacting supply chain



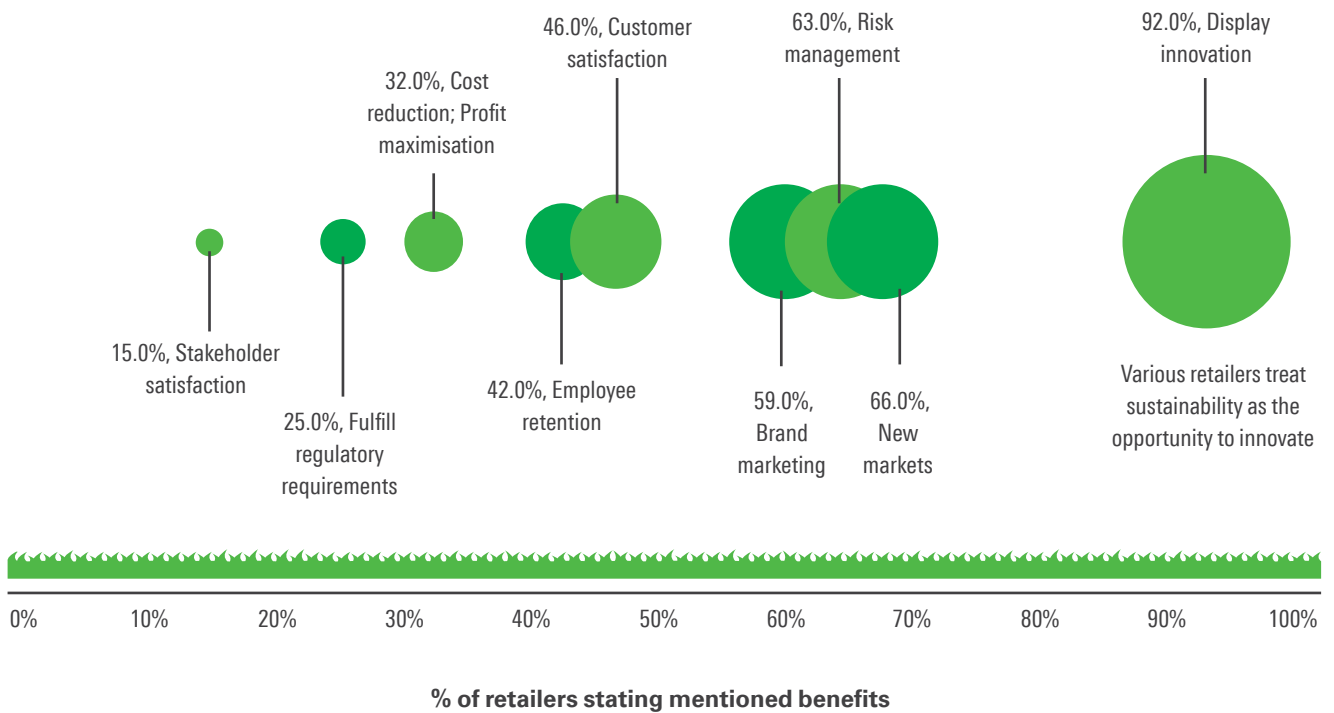
01. A Shifting Global Economic Landscape, International Monetary Fund, January 2017

Business advantage

Incorporating sustainability in supply chains can not only help retailers address the environmental and social challenges, but can also help them build their brand reputation, reduce the cost of operations, enable access to new markets, generate more business and becoming fit for the future. According to the survey conducted by the Retail Industry Leaders Association (RILA) for its 2015 Retail Sustainability Management report, 92 per cent of the respondents think that sustainability is a source of innovation.⁰²



Other benefits of sustainability for retailers



Note: The above graph presents the responses provided by 42 global retail companies, representing more than 50,000 locations, in the survey conducted by RILA for its 2015 Retail Sustainability Management report.
Source: 2015 Retail Sustainability Management Report, RILA.

02. A Shifting Global Economic Landscape, International Monetary Fund, January 2017

Key drivers for supply chain sustainability



Overview of sustainability and its role in supply chain

In today's world, sustainability has become an essential ingredient for the success of any business. Environmental and climate changes around the world have led to the emergence of new rules and regulations that need to be complied by organisations to conduct business ethically. The increasing levels of awareness and concern about the environment have steered the society towards embracing the concept of becoming green (eco-friendly) in just about every aspect of daily life. In addition, growing consumer demand for the implementation of environment-friendly practices in the retail industry has fast tracked the adoption of Sustainable Supply Chain Management (SSCM) practices.

There are various drivers that propel organisations to engage in SSCM. While internal factors, such as top management, strategy and reputation, drive many firms, others engage in sustainable supply issues, owing to external influences, such as customer requirements and regulations. Organisations aim to achieve enhanced governance, management and transparency by adopting SSCM, which can facilitate them to open new avenues for conducting business and generating profits

Business drivers for supply chain sustainability

Internal drivers

1. Management commitment
2. Effective risk management
3. Cost reduction
4. Efficiency in supply chain
5. Reputation and brand value

External drivers

1. Regulations and reporting requirements
2. Customers and stakeholders demand
3. Innovation for evolving markets
4. Competitive advantage
5. Technological advancements

Internal drivers

A. Management commitment

In several firms impetus for the adoption of sustainable practices is provided by the top management. The top management plays a pivotal role in integrating sustainability into their supply chain systems and, hence, creates a supportive culture by increasing middle management and employee involvement in the process. The owners of such organisations generally give high importance to their social reputation and possess ethical beliefs that they may want to pursue.^{01, 02}

B. Effective risk management

Retailers are increasingly engaging in sustainable supply chain management to minimise business disruption from environmental and social risks. Effective management of social and environmental risks could help companies avoid costly operational delays arising from conflicts with local communities.⁰³

C. Cost and material input reduction

Adopting sustainable supply chain not only helps reduce a company's procurement costs, but also lowers the company's environmental footprint of the supply chain, including energy, water and use of natural and synthetic materials. Retailers could engage in designing more efficient processes and systems to facilitate reduction of required inputs and lowering of costs.



In September 2015, a leading multinational beverage brand reported that the company witnessed cost savings of USD375 million, owing to its sustainability initiatives, since 2010.

Source: Sustainability at PepsiCo Generated \$375 Million in Cost Savings, Triple Pundit, 28 September 2015.

01. A Review on Drivers and Barriers towards Sustainable Supply Chain Practices, International Journal of Social Science and Humanity, 10 October 2015

02. Drivers and Obstacles for Creating Sustainable Supply Chain Management and Operations, American Society for Engineering Education, accessed on 13 January 2017

03. Supply Chain Sustainability, UN Global Compact, June 2015

D. Creating efficiency in a supply chain

To implement sustainability initiatives in a supply chain requires complete understanding of various steps involved within, their cost drivers and their social and environmental impact. This understanding helps attain greater knowledge about key processes, including natural resources management and extraction, and logistics and manufacturing, which subsequently aids in better management and channelling of resources. This could also aid in improving workers' health and safety, thus resulting in increased motivation and productivity. Additionally, it could prove to be an effective mean of quality enhancement, along with reduction of wastes and pollution levels.^{04, 05}

Reputation and brand value



Brands with an established commitment to sustainability grew more than 4 per cent globally in 2015.

Brands without an established commitment to sustainability grew only 1 per cent globally in 2015.

Source: "Retailers, suppliers with sustainability focus see greater growth", Drug Store News, 12 October 2015.

The SSCM helps inculcate an ethical code of conduct for a company, pertaining to human rights, labour, environment, corruption, etc., across the retail value chain. It helps brands to pro-actively manage reputation risks, which may arise due to violation of standards or unethical practices followed by some suppliers/stakeholders who form a part of a supply chain. Following an ethical code of conduct also helps a company enhance its brand image in the market and further helps it to become a preferred choice for customers.

External drivers

A. Regulations and reporting requirements

Many retailers engage in SSCM to meet existing and emerging legal regulations and reporting requirements to be fulfilled in various countries. Some of these regulations include, providing the country of origin proof for imported timber under the EU Timber Regulation (EUTR); reporting the use of certain minerals originating from conflict-affected countries under Section 1502 of the Dodd-Frank Act, introduced by the U.S. in 2010; and, reporting firm's efforts to eradicate human trafficking and slavery under

the California Transparency in Supply Chains Act, 2010. Additionally, retailers make use of supply chain sustainability to enable their suppliers to adapt to anticipated changes in environmental regulations or emergence on new laws, such as the legislation of Extended Producer Responsibility. The benefits of collaborating with suppliers in a company's sustainability efforts include minimisation of exposure to potential future liabilities and creation of a more sustainable operating environment.⁰⁴



In 2015, the Modern Slavery Act was introduced in the U.K. which required retailers to ensure there is no slavery and human trafficking involved in the supply chain. A British apparel retailer revised the supplier contracts to make them comply with the Modern Slavery Act. Also, to measure the progress, the retailer reviewed various indicators to mitigate the effectiveness to be fully compliant.

Source: M&S Modern Slavery Statement 2015/16, June 2016.

B. Meet demands of evolving customers and stakeholders

Customers are one of the key stakeholders for any retail organisation. Retailers consider meeting and exceeding consumer demands as their prime objective. Increasing awareness and understanding of various environmental issues have led to an upsurge in the demand/pressure from customers and other stakeholders to adopt environment-friendly practices and follow internationally recognised ethical standards for production and distribution of goods.



In 2015, U.S.-based public relations and marketing firm conducted a survey in collaboration with a marketing analytics firm, in which nearly 10,000 citizens of nine of the largest countries by GDP in the world took part. According to the survey results, 90 per cent of the people responded that they are more likely to trust companies that address social and environmental challenges.

Source: Study: 81% of Consumers Say They Will Make Personal Sacrifices to Address Social, Environmental Issues, Sustainable brands, 27 May 2015.

04. Supply Chain Sustainability, UN Global Compact, June 2015
05. A Review on Drivers and Barriers towards Sustainable Supply Chain Practices, International Journal of Social Science and Humanity, 10 October 2015

C. Innovation for evolving markets

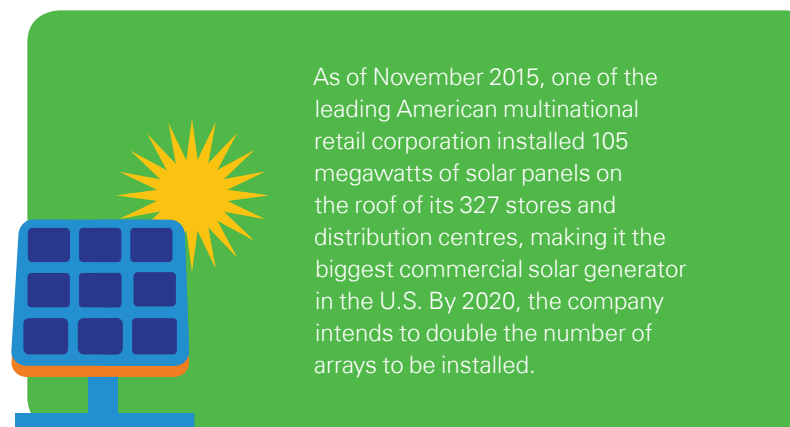
Sustainability of products could act as a differentiating factor and lead to increased sales growth for a company. Following a collaborative approach with suppliers on sustainability-related issues could foster product innovation, as suppliers could provide valuable inputs on developing environment-friendly products/processes. Several companies that engaged in sustainable initiatives have either been able to enhance features and performance characteristics of their existing products or develop new products while reducing their environmental impact. A few of such products are suitcases made of vulcanised fibre, sustainable acoustic absorption wall system, cup-saving water dispenser, high-precision sustainable watch and fully sustainable wooden crib.⁰⁶

D. Competitive advantage

Many retailers embark on the path to achieve sustainability in their supply chain with an aim to gain competitive advantage. By integrating sustainability into the supply chain, an organisation could significantly enhance its economic value and its brand's standing, thus attaining a competitive edge in the market. Some firms may also engage in sustainability initiatives owing to the competitive pressure exerted by a rival firm already engaged in such sustainability practices.⁰⁷

E. Technological advancement

Technological advancements are now enabling new means of attaining sustainability. Advancements in renewable technology has led to increased investments by leading retailers in clean energy.⁰⁸ Several technologies, such as Radio Frequency Identification (RFID), Internet of Things (IoT), 3D printing, driverless trucks, logistics tracking and augmented reality, are facilitating retailers in increasing fuel efficiency, reducing wastage of goods and resources, energy savings, lowering adverse environmental impacts and also developing more sustainable products. These technologies are empowering retailers to integrate sustainability into retail store operations, supply chains and logistics.^{09, 10, 11}



Source: How Walmart Became A Green Energy Giant, Using Other People's Money, Forbes, 04 November 2015



06. Green Product Award 2015, GP-Award, May 2015

07. How sustainability can give your company a competitive edge, Green Biz, 29 May 2012

08. Apple to Wal-Mart, Big Biz is Betting on Green Energy (Op-Ed), Live Science, 25 February 2015

09. 3 Uses of IoT Tech Spurring Sustainability in Supply Chains, Cerasis, 17 August 2016

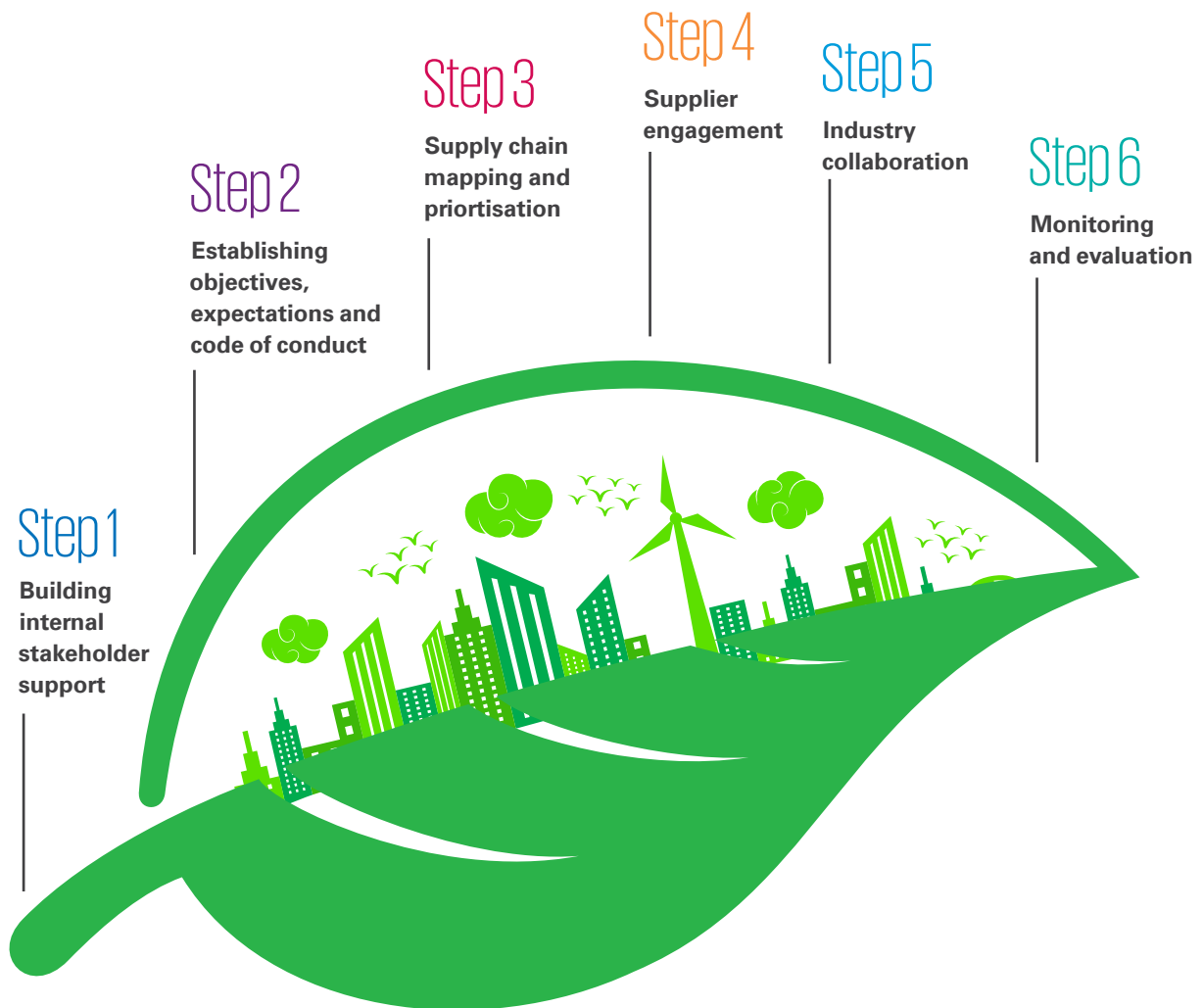
10. Sustainable retail trends to watch in 2017, Green Biz, 30 December 2016

11. Technology And Substance In Sustainability, Forbes, 22 March 2016

How sustainability could be institutionalised into the supply chain

At every stage in the retail value chain there are several processes and practices that have environmental, social and economic impacts. An organisation may differ in the products or services they offer, however, commonalities

exist in the sustainable approach that can be adopted and customised by any firm engaged in the retail sector. The following steps could facilitate retailers in incorporating sustainability in their supply chains.



Step 1: Building internal stakeholder supports

Developing a strong business case, including various business drivers, strategic focus and benefits to the business, could enable a retailer to attain stakeholder and key management support for inculcating sustainability in a supply chain.

In addition, it could help retailers build understanding about the internal and external landscape of operations in their organisations. Retailers would be in a better position to identify and assess the adverse impacts on environment and people, associated with their supply chain. It could also facilitate companies to identify high priority challenges related to their supply chains and evaluate several risks and opportunities for the firms, which would lead to generating respective stakeholders' commitment towards sustainability.¹²

Step 2: Establishing objectives, expectations and code of conduct

Clearly stated objectives and expectations from a company's sustainable supply chain programme could help attain strategic direction and define a retailer's commitment. It is important to outline objectives to manage short- and long-term expectations from the implementation of sustainability approach in a supply chain.

Objectives should be detailed and could cover a wide range of subjects, including:

Operational goals

(saving cost by reducing wastage of material and energy)

Business goals

(creating long-term value, improving reputation)

Environmental goals

(reducing CO₂ emissions, zero deforestation)

Social goals

(ethical labour practices, animal welfare)

It is essential that an ethical code of conduct is formulated, which needs to be followed throughout the organisation and by all the suppliers engaged with the company. Internal policies and procedures could also be developed to simplify the implementation of the supplier code of conduct by staff and suppliers. The guidelines for company staff and suppliers can be revisited at regular intervals, with regular updation as and when required.

Step 3: Supply chain mapping and prioritisation^{13, 14}

A retailer could map its entire supply chain to understand the risks involved at each stage. The mapping exercise cannot be limited to the first-level of suppliers, and should involve the entire value chain starting from the sourcing of raw materials until consumption by end customers. Some of the ways that could be adopted by retailers for inculcating sustainable practices at different stages of their supply chain are mentioned below:

Sourcing/ procurement



Sourcing is an important aspect in the retail supply chain. Practices followed in sourcing raw materials have a significant impact on the environmental and social aspects of a supply chain. Apart from ensuing compliance to the laws and regulations related to environment, labour, health, safety, etc., sustainable sourcing also requires companies to determine that raw materials used have a minimal damage/impact on the environment and local communities. However, retailers typically do not engage in direct sourcing; the process becomes tough for them to assess the sustainability of third-party procured raw materials. Hence, retailers and stakeholders have understood to collaboratively work with each other to achieve sustainable sourcing.

There are several global agencies/organisations that provide certification of sustainability attributes to suppliers, to help retailers to source their raw material from certified partners only.

The membership of several non-profit organisations could help suppliers authenticate the sustainability of their production process and responsibility towards the environment. The retailers could then use maximum certified material to increase the proportion of sustainable sourcing in their supply chain.

12. Environmental Sustainability in Style for the Retail Sector, First Carbon Solutions, June 2014

13. Five first steps to a sustainable supply chain, ACCSR, March 2015

14. Supply Chain Sustainability, UN Global Compact, June 2015

Some organisations also use metrics, such as the Issue–Material matrix, to evaluate the risks associated with their sourcing activities.

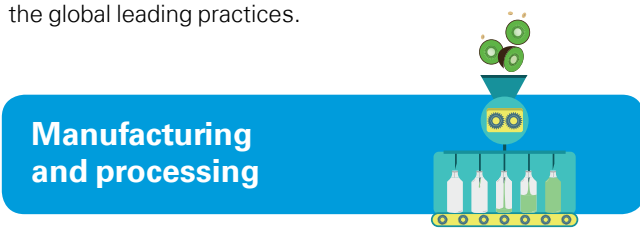
Issue–Material matrix illustration* (for benchmarking different sourcing options)

Aspect	Parameter	Material A	Material B	Material C
Environmental	Deforestation	Moderate	High risk	Low risk
	Water consumption	Low risk	Moderate	High risk
	Gas emissions	Moderate	Low risk	Moderate
Social	Child labour	Low risk	Low risk	Low risk
	Health and safety	Low risk	Moderate	Low risk
	Land issues	High risk	Low risk	High risk
Business	Consistent supply	High risk	Moderate	Moderate
	Relations with supplier	Low risk	High risk	Low risk

■ Low risk
 ■ Moderate
 ■ High risk

Note*: Only relevant parameters need to be included in the matrix.

Represented above is a simplified Issue–Material matrix model, which is used by several organisations in different forms, to compare raw materials or sources in terms of their impact on relevant sustainability aspects. Leading retailers, globally, generally align their organisations and processes with programmes, which encourages energy conservation and sustainable practices. The retailers benefit from the expertise offered by the programme and stay abreast with the global leading practices.



According to the United Nations (UN), sustainable manufacturing helps in meeting the needs of the present without compromising the needs of future generations. At the same time, it also means using those manufacturing processes that are environment-friendly and socially acceptable.

Some of the practices that can help integrate sustainability in manufacturing include reducing emissions of greenhouse gases, reducing water consumption, and reducing wastage of materials and energy, following the international labour standards (no forced or child labour), promoting women employment and gender equality, etc.

It is essential to set measurable targets for quantifiable parameters, such as CO2 emission, water wastage reduction, etc., to evaluate organisational performance on these parameters.



A distribution process, which includes storage, order processing, packaging, vehicle loadings and delivery to the customer, is one of the most important parts of a retail supply chain. Incorporating sustainability in distribution would mean adopting practices that would facilitate storage and movement of goods in a way that results in lowest possible environment and social impact.

Firms should follow best practices that could help in the reduction of energy consumption and CO2 emissions during the entire distribution process.



Retailers can introduce sustainability by reducing the use of energy through application of LED lights and ensuring proper maintenance of heating and cooling systems in retail stores, super markets, hypermarkets, etc. They could also save materials and resources by redesigning packaging and introducing reusable packaging. The increasing efficiency in stock and inventory management would help reduce spoilage and wastage.¹⁵ A number of large retailers are addressing the principle challenges of eliminating wastes from their supply chains and also intend to achieve 'zero waste' through various initiatives

An integrated waste scorecard could be an effective quality control tool to connect waste collection vendors and store managers to ascertain possible gaps and provide reports on recycling and donation on a daily/month/yearly basis.

After gaining a thorough understanding of a supply chain through the mapping exercise, retailers would be better equipped to identify the priorities in their supply chain. As a next step, they could identify which parts of their supply chain are most susceptible to severe risks pertaining to environment, human rights, labour, ethics, etc. The risk impact and its magnitude could be evaluated based on the country/geography, nature of the business, type of relationship with the supplier, etc. The retailers can prioritise and target their sustainability efforts based on the company's assessment of severity and criticality of the risks associated with their immediate and extended supply chains.

15. Retail and supermarkets, Sustainability Victoria, accessed on 23 January 2017

Step 4: Supplier engagement¹⁶

After identifying the scope of the sustainability programme and the priority focus areas, retailers need to engage with their suppliers to collaboratively address the sustainability challenges in their supply chain. Supplier engagement is an essential process, which helps in developing a shared mindset towards sustainability issues, building supplier ownership about sustainability, and implementing various sustainability initiatives for reducing environmental and social impacts of the supply chain. Engaging with suppliers facilitate the retailers to clearly communicate the company's sustainability expectations and code of conduct. This enables a detailed risk and impact assessment, evaluate sustainability performance, and devise solutions and strategies for various sustainability-related risks. Retailers could develop customised training programmes for their suppliers to increase awareness and communicate sustainability requirements, and further demonstrate ways to effectively reduce the environmental and social impacts of various supplier operations. They could also train suppliers about the leading practices followed around the globe, which can help suppliers increase their efficiency while reducing environmental footprints.

Step 5: Industry collaborations^{17, 18}

Many a times, retailers face issues in designing and implementing sustainable processes owing to the complexity and scale of the company's supply chain. Collaborating with relevant industry groups could help instill the industry leading practices and standards in a retailer's supply chain. Additionally, association with industry groups could help increase the effectiveness and efficiency of a retailer's sustainability efforts by extending the company's reach, avoiding conflicting messages, resource pooling and reduction of duplication. Some examples of such groups include the Sustainable Apparel Coalition, the Electronic Industry Citizenship Coalition and the Sustainability Consortium.

Step 6: Monitoring and evaluation^{16, 19}

Monitoring and evaluating performance against the sustainability performance goals set by a retailer is vital for the company's commitment to continuous improvement. A monitoring system could be used to collect information on how well a retailer and its suppliers are performing on sustainability practices and help ensure to achieve the compliance with the codes of conduct established by the retailer. Companies could use several tools for monitoring

and measuring performance, such as self-assessments, audits and benchmarking. Several retailers have designed their own metrics to enable accurate evaluation of their progress against the goals identified. For instance, an American footwear firm created a 'Green Index' environmental rating system to measure and communicate critical aspects of environmental performance to product design and development team in an easy format. The measurement of sustainability would be covered in detail in the following section.

Case studies

Case study 1

Sourcing/procurement: A Swedish clothing retailer

Majority of raw materials used in the production cycle of the retailer was cotton, which is rarely produced through environment-friendly methods.²⁰ Therefore, the retailer decided to increase its cotton procurement from certified sources, including²¹:

1. Organic cotton: inspected by an independent certification body
2. Recycled cotton: certified by a third-party organisation
3. Authenticated cotton: certified by a non-profit organisation that operates with an objective of growing environment-friendly cotton and improving the welfare of farmers.

The retailer targets to use 100 per cent sustainable cotton in its processing by 2020. To measure the progress, the retailer compares the proportion of cotton sourced through sustainable sources with that of others.

Percentage of sustainable cotton used of the total cotton²²



16. Supply Chain Sustainability, UN Global Compact, June 2015

17. 6 steps for a more sustainable supply chain, Green Biz, 24 January 2014

18. Five Steps to a More Sustainable Supply Chain, GE Capital, accessed on 24 January 2017

19. Environmental Sustainability in Style for the Retail Sector, First Carbon Solutions, June 2014

20. A Guide to Traceability, 2014, United Nations Global Compact Office

21. Hennes & Mauritz website, accessed on 19 January 2017

22. Key performance 2015, Hennes & Mauritz website, accessed on 19 January 2017

Case study 2

Manufacturing and processing: A French cosmetics company²³

This company has set a target of reducing its environmental footprint of its plants and distribution centres by 60 per cent by 2020 from a 2005 baseline level. In 2015, it proved that tackling climate change is totally compatible with the business model by recording a production growth of 26 per cent from 2005 baseline level while achieving a 56 per cent reduction in its emission levels.

- The company achieved a reduction of 33 per cent in its energy consumption per finished product from 2005 to 2015
- It achieved a 45 per cent reduction in water consumption from 2005 to 2015, by introducing a number of initiatives, such as designing a special tool that categorises water consumption at each stage of the process and helps identify the potential to reduce water usage at its plants
- The company also reached a milestone in 2015 by achieving the goal of sending zero waste to landfill from all its plants with the help of initiatives, such as eco-design, reuse, standardisation, weight savings and improvement in manufacturing and packaging.

Case study 3

Distribution: An Indian consumer goods company²⁴

In a bid to reduce greenhouse gas emission from transportation and storage, the company took the following initiatives:

- Increased the direct despatch of goods from factories to consumers
- Installed solar pannels and LED lights at distribution centres and warehouses, and expected to help save 60,000 trees every year and reduced company's carbon footprint by 130 tonnes
- Installed Oracle Transport Manager (OTM) technology and centralised transport operations to increase the efficiency in truckload management
- Realigned product packs, changed their case configuration and design, to optimise the space utilised and gross weight of products for loading
- Lastly, it launched environment-friendly freezer cabinets, which use hydrocarbon (HC) refrigerants.

These initiatives helped the company achieve over 2 per cent reduction in CO₂ emissions from its logistics network in 2015.

Case study 4

Retail operations: A U.S.-based retailer²⁵

In support of environmental- and social-related initiatives, one of the biggest U.S.-based retailers committed to achieve 'zero waste to landfill' in its major markets (including the U.S., the U.K., Japan and Canada) by 2025. The retailer recognised the need to evaluate the inconsistencies in the system and introduced a global integrated data management system to improve the quality control, and circulated the actionable areas regarding performance on recycling and donation to each store.

Also, for one of the subsidiaries, the retailer launched a food waste scorecard that provided reliable measurement and tracking of reuse/recycling progress. Every store was given a target to reduce food waste and the performance was monitored on a daily basis using the scorecard. The cross-department evaluation committee advised various solutions to improve the inspection of logistics and frozen products during deliveries.

In 2015, the company was able to divert 75 per cent of its global waste from landfills. This was achieved by reduced food waste, improved packaging and accelerated recycling efforts.

23. 2015 Progress report: l'oréal's sustainability program is accelerating, L'oreal, 20 April 2016

24. Unilever sustainable living plan – India progress 2015, HUL, accessed on 23 January 2017

25. Walmart Offers New Vision for the Company's Role in Society, Wal-Mart website, 4 November 2016



Different sustainability standards evolving globally and in India



Standards involved in supply chain for retail and other related sector

In the current global business environment, it has become imperative to manage the end-to-end supply chain network in an efficient and effective manner. Typical processes within a supply chain system, including sourcing of raw materials, manufacturing, packaging and labelling, distribution and storage, and usage and disposal, have become the requisite to follow certain sustainability benchmarks to address social, environmental and economic business needs. Such benchmarks and standards, primarily voluntary by nature, benefit organisations in multiple ways, including economic, corporate responsibility, operational efficiency, and social, health and environmental impact. These Voluntary Sustainability Standards (VSS) play an important role in tackling such multiple sustainability challenges that might not be easy to resolve through compliance and mandatory market requirements.

The United Nations Forum on Sustainability Standards (UNFSS) defines VSS as⁰¹:

Voluntary sustainability standards are 'specifying requirements that producers, traders, manufacturers, retailers or service providers may be asked to meet, relating to a wide range of sustainability metrics, including respect for basic human rights, worker health and safety, the environmental impacts of production, community relations, land use planning and others'.

In general, the key processes involved in a supply chain system, affect three broad aspects — environmental, social, and others (including ethics and integrity, economic and management, and quality). Several parameters for which standards or benchmarks can be defined by organisations, specific to the retail industry, include⁰²:

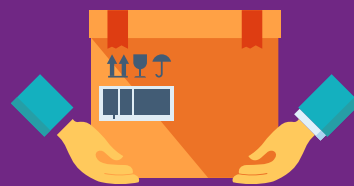
Environment

- Biodiversity/deforestation
- Soil erosion and quality
- Material sourcing (product certification)
- Energy consumption
- Water consumption
- Emissions to air - Greenhouse Gases (GHG)
- Wastewater management
- Waste management
- Transport - fuel consumption
- Plastic usage



Social

- Labour conditions
- Health and safety
- Local community engagement
- Land usage
- Access to services for persons with special needs
- Life cycle assessment of products
- Marketing and consumer communication (sustainability education and promotion)
- Product safety and screening
- Wages and benefits



Others

- Corporate governance
- Supplier screening (standards followed by suppliers)
- Relations with supplier (payment terms, contract transparency, etc.)
- Sourcing strategy and policies (supply security and outsourced manufacturing facilities)
- Quantitative importance (replaceability of product/ raw material/ supplier)
- Qualitative importance (uniqueness of a product/raw material/supplier)
- Life cycle assessment of products



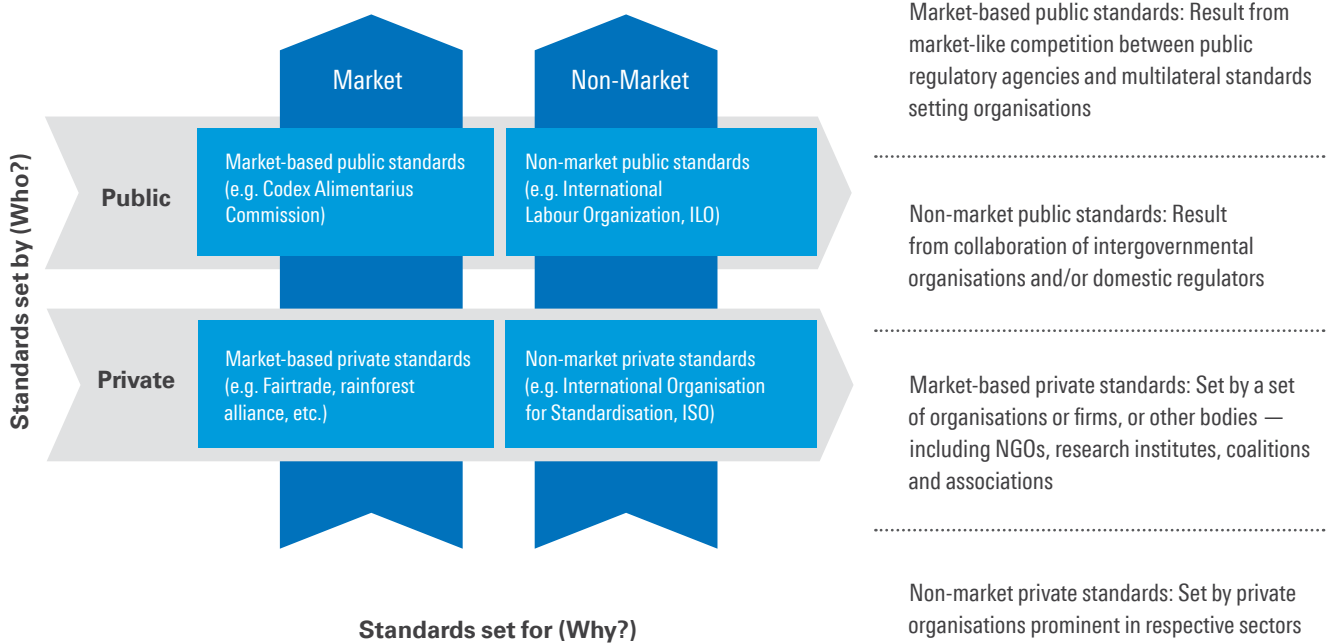
01. United Nations Forum on Sustainability Standards, accessed on 19 January 2017

02. Sustainability Topics for Sectors: What do stakeholders want to know?, Global Reporting Organisation, October 2015

Types of standards^{03, 04}

Standards for sustainability followed by various organisations could be segregated based on two broad parameters:

- Standards set by (Who?): Public (government) or private, can also be termed as regulatory or non-regulatory
- Standards set for (Why?): Market (competitive) reasons or non-market (non-competitive) reasons.



The environmental and social parameters of a supply chain are among the key areas that public standards regulate, as the risk associated is broad in nature affecting a set of people, community or region as a whole. The major role government organisations play in the process of implementing sustainability standards includes facilitating the process — by enhancing knowledge and awareness, incentivising, providing infrastructure and enabling environment, and enforcing compliance — through laws and regulations, and non-compliant penalties.

Key themes or areas for setting private standards vary in objective, scope and ownership. The objectives for private standards may range from implementing environmental conservation and social causes to adopting best sustainable practices in business for efficient operations and better output. Similarly, the scope could range from a process level within a unit to an organisation level globally, which might be owned by executives within the organisation or independent companies or individual(s). These private standards, which are generally voluntary in nature and go beyond the public or regulatory requirements, help organisations to differentiate themselves from competitors, build brand recognition and consumer loyalty, and help them address their Corporate Social Responsibility (CSR) goals.



03. Social and Environmental Standards, ITC, 22 September 2016
 04. The Interplay of Public and Private Standards, ITC, February 2014

Evolution of standards

According to the International Trade Centre (ITC), the estimated number of existing VSS globally could vary from 450 to several thousands⁰⁵. A majority of these standards emerged in the developed countries, originating mostly in the Organisation for Economic Co-operation and Development (OECD) countries. However, with increasing awareness of sustainability and a rapidly evolving

competitive business environment globally, non-OECD countries have also contributed towards the cause of sustainability standards. Developing countries, such as Brazil, Kenya, India and South Africa, in particular, have been more active towards the development of sustainability standards.

Top-five countries

(Based on the number of VSS applicable in the country)

The number of sustainability standards* applicable in a few select countries* is presented below⁰⁶:



Country	Number of standards
U.S.A.	85
U.K.	75
Australia	60
Brazil	78
China	73
India	68
South Africa	62
Russia	45

Brazil leads among BRICS nations, followed by China

Note: The number of standards applicable in different countries is taken from ITC's Standards Map tool, which provides global comprehensive VSS information for producers, manufacturers, brands, retailers, researchers and policymakers. The organisation provides information for more than 210 VSS, not necessarily linked to retail.

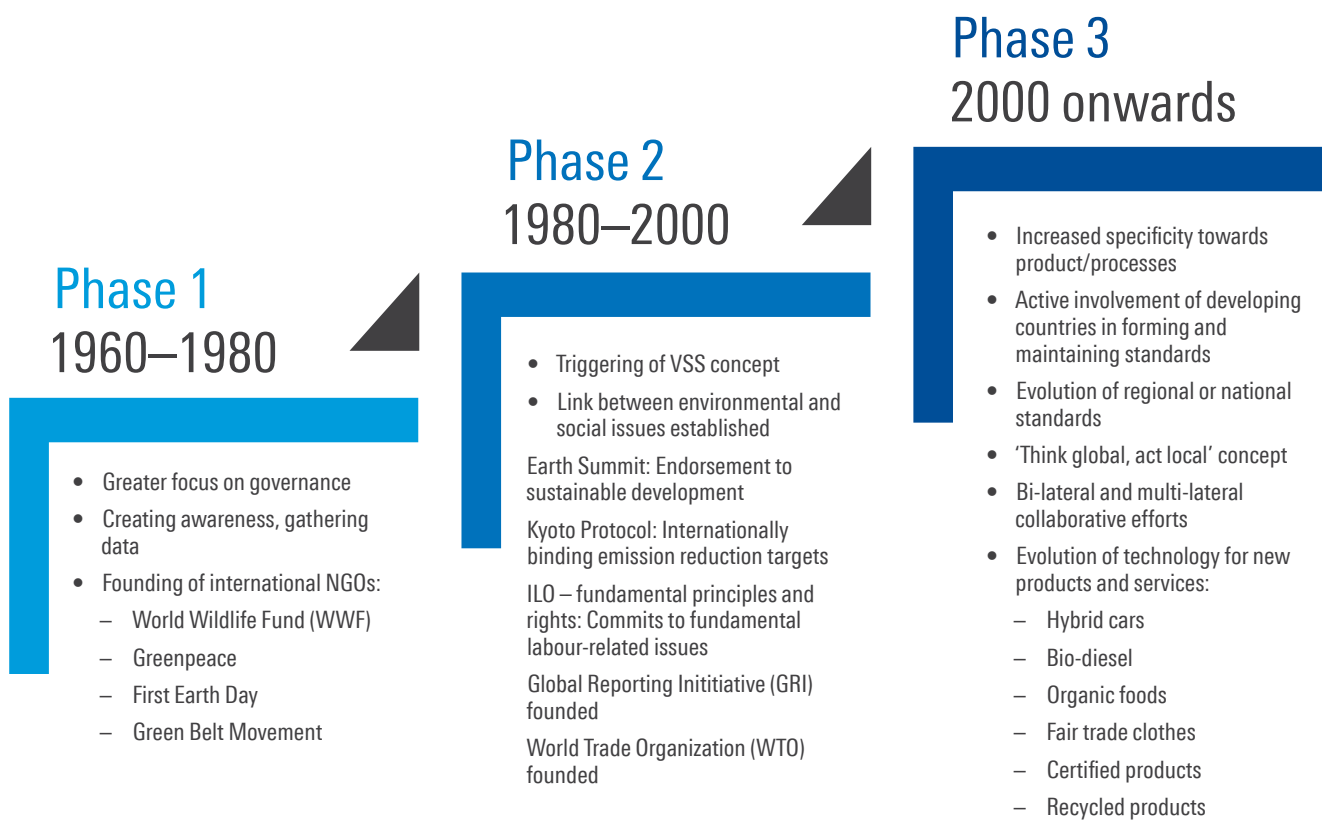
⁰⁵ Social and Environmental Standards, ITC, 22 September 2016

⁰⁶ Standards Map website, accessed on 19 January 2017

A critical juncture towards the evolution of VSS was the United Nations Conference on Environment and Development that was held in 1992 in Rio de Janeiro — also known as the Earth Summit.⁰⁷ It endorsed the concept of sustainable development, which triggered a wave of VSS across the world, and specifically among the developed economies. Later, various events, such as Kyoto Protocol (1997) and International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

(1998) increased the diffusion rates of voluntary standards. With time, the increasing awareness of environmental and social issues led to a surge in demand for new governance mechanisms in developing countries as well. The focus on voluntary standards has become more specific to a particular product/ category or operation, e.g., agricultural products, textile-based, organic products, trade practices and supplier relations.^{08, 09, 10}

Evolution of global VSS: Timeline



Source: Sustainable Development Timeline, IISD, May 2012; The impacts of private standards on producers in developing countries, ITC, April 2011; Sustainability Reporting, GIZ, May 2012.

07. National Institute of Standards and Technology, accessed 19 January 2017
 08. Sustainable Development Timeline, IISD, May 2012

09. The impacts of private standards on producers in developing countries, ITC, April 2011
 10. Sustainability Reporting, GIZ, May 2012

Case studies

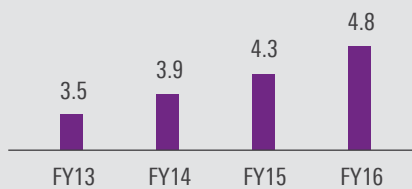
Global sustainable sourcing¹¹

One of the leading America-based multinational retailers follows Responsible Sourcing programme to manage risks in the supply chain, set standards for suppliers, educate and train on sustainable practices and take collaborative initiatives.

Initiatives taken by the retailer under the Responsible Sourcing programme include:

1. Empowering women through sourcing from Women-Owned Businesses (WOB)
2. Promoting local manufacturing through local sourcing
3. Supporting growth of small businesses.

Spending on WOB (in USD billion)



- The company has set a five-year target to source USD20 billion from WOB in the U.S.
- The target also includes doubling its sourcing from WOB across their global operations in FY16
- Further, it also entails to launch dedicated e-platform to provide WOB direct access to customers.

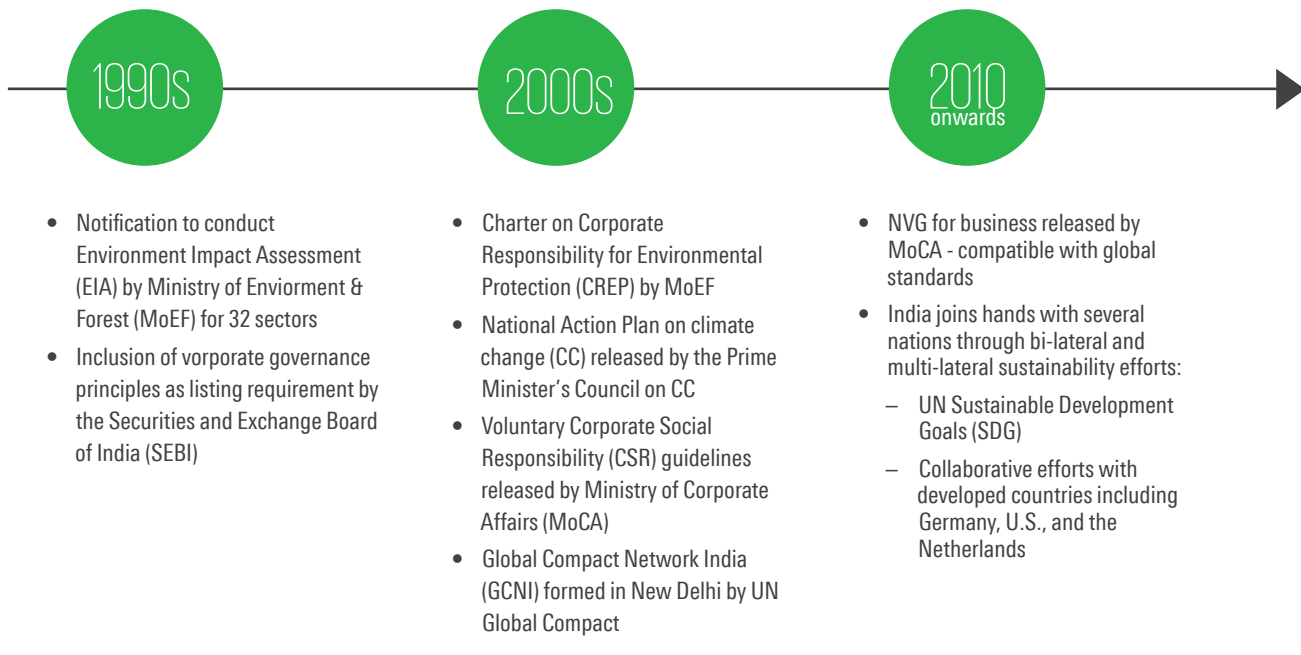
Similarly, the company also sets targets to promote local manufacturing by local sourcing. The practice also helps the retailer to respond faster to the customer needs, address seasonal demands, and mitigate risks related to currency volatility and logistics. Local sourcing also reduces transportation costs, contributing to reduced prices as well as reduced GHG emissions.



¹¹ Supply Chain Sustainability, BSR, November 2015

What is the scenario in India?

Evolution of sustainability standards in India^{12, 13}:



One of the crucial developments to bring focus on sustainability and its reporting in India was the launch of Standard & Poor's (S&P) ESG India index in 2008.¹⁴ It is one of the first indices in the country to measure and rank 50 National Stock Exchange (NSE)-listed companies on ESG (Environment, Social and Corporate Governance) parameters. In 2012, the Bombay Stock Exchange (BSE) Greenex index¹⁵ was launched to analyse stocks of sustainable companies, based on their carbon efficiency. Globalisation further led to the adoption of global sustainable practices, and reporting through international standards, such as Global Reporting Initiative (GRI).

India, currently, has several publically funded programmes dedicated to sustainable practices. The government supports and promotes the cause of sustainable development through its ministries and institutions¹⁶:

- The Reserve Bank of India (RBI) issues guidelines to banks to maintain a certain percentage of their lending for the developmental sectors; they are also referred to as priority sectors
- The Ministry of Environment & Forest (MoEF), through its charter on Corporate Responsibility for Environmental Protection (CREP), looks across the standards that are beyond the regulatory norms, including in-plant process control, waste minimisation and adoption of clean technologies

- In 2011, the scope of annual Economic Survey was expanded by the Ministry of Finance to include the financing of climate change. The motive was to discuss and prioritise government's efforts towards the changing climate, financing and overall strategy
- The Ministry of Corporate Affairs (MoCA) released the National Voluntary Guidelines (NVG) in July 2011, which are compatible with the globally accepted sustainable reporting guidelines. These are based on the following nine principles¹⁷:
 - Ethics, transparency and accountability
 - Safe and sustainable goods and services
 - Well-being of employees
 - Responsiveness to all stakeholders
 - Promoting human rights
 - Protecting the environment
 - Responsible policy advocacy
 - Supporting inclusive development
 - Providing value to customers

12. Why sustainability standards are important for India's growth, Eco-business website, 21 October 2016

13. Sustainability Reporting, GIZ, May 2012

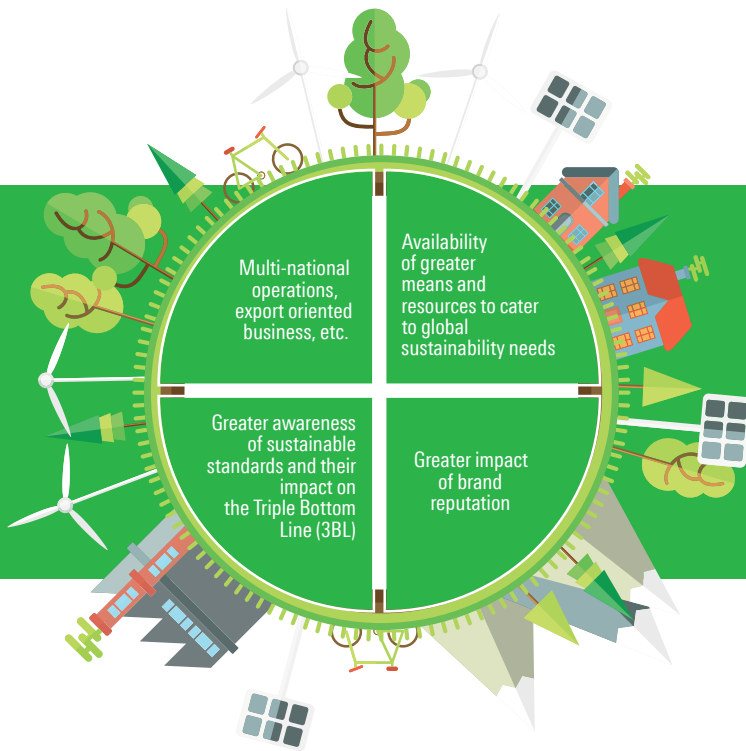
14. 2015 Retail Sustainability Management Report, RILA, 11 September 2015

15. BSE launches Greenex, The Hindu, 23 February 2012

16. Sustainability Reporting, GIZ, May 2012

17. National Voluntary Guidelines, MoCA, July 2011

Many Indian companies have adopted the global VSS or have associated with such organisations working towards the cause of sustainability. The adoption of global standards is easier and more prevalent among the larger organisations and MNCs. The primary reasons for this trend include:



The VSS act as an important tool to move towards sustainability. These standards could be generic in nature, applicable across the world (ethical trading is an example), or multi-product focussed (organic products for example) applicable to select countries, or are specific to a single product (cotton as an example) and/ or country. As the importance and awareness about sustainability grows, new standards and systems would emerge in other sectors, such as bio trade, jewellery and sports. Simultaneously, new applications for VSS are also emerging — government and financial institutions, for example, are increasingly employing VSS to facilitate the implementation of policy objectives and assess portfolio risks.

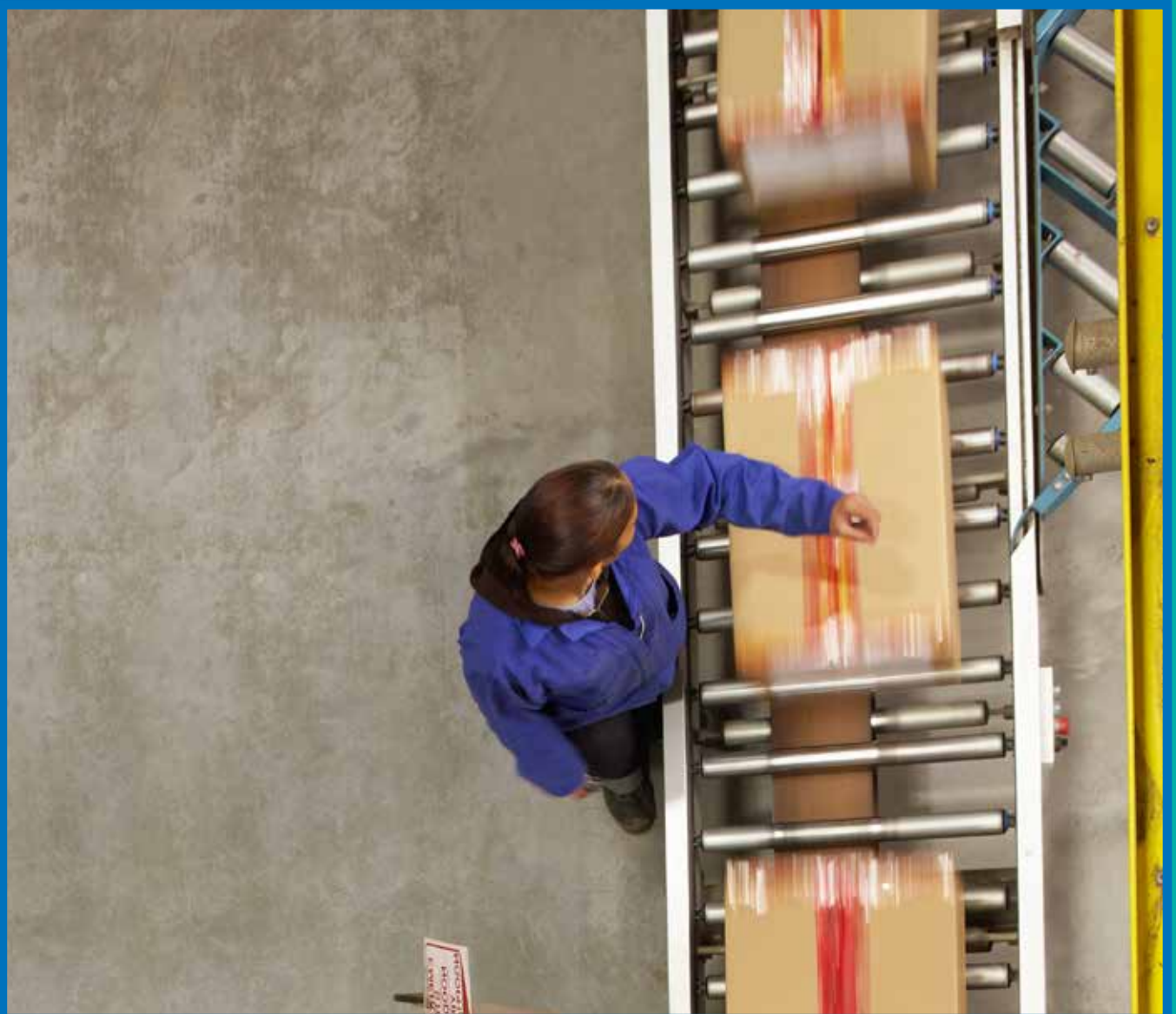
Implementation of standards

The market mechanism for implementation of standards relies on four important components¹⁸:

- **Assurance:** The organisation or authority that sets up standards also establishes an assurance system to ensure compliance to the standards set. Certification by internal committee, independent third-party audit, self-declaration, etc., are a few tools that facilitate the assurance system
- **Labels and claims:** Labels and claims help in increasing demands for products that are produced in accordance with the sustainability standards
- **Traceability:** This component helps keep a record of the product sourced throughout the value chain. This also helps to track the sustainability label or claim to a specific process or operation
- **Capacity building:** Standard setting organisations also assist to facilitate companies meet the VSS by providing capacity-building services. Other means include training and support, infrastructure development, stepwise guidance, etc.

18. Introduction to Voluntary Sustainability Standards, CSR-Academy, 8 July 2015

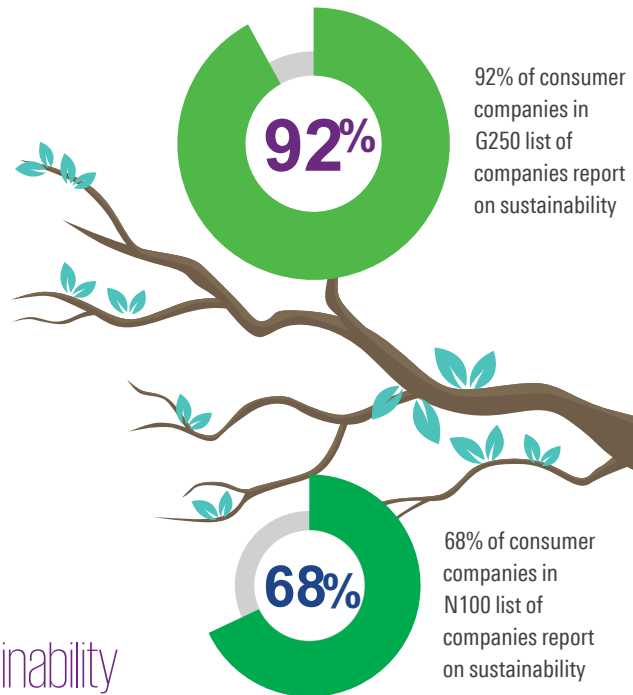
Monitoring sustainability in supply chain



Importance of measuring sustainability

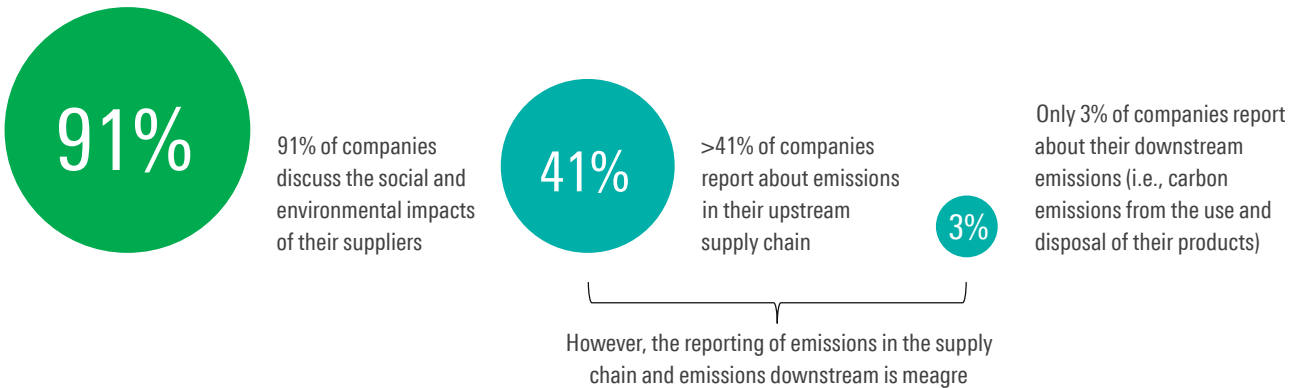
The reporting and evaluation of sustainability performance have certainly gained importance in various studies and businesses. The need for reporting impacts on society and the environment is becoming important, and many developed countries and major companies are now engaging in reporting their sustainability to promote transparency.

Note: **G250:** Includes 250 globally largest companies by revenue as defined by the Fortune 500 2014 listing, with consumer companies accounting for 15 per cent of the sample (37 companies).
N100: Includes 100 globally largest companies by revenue in each of 45 countries – a total of 4500 companies worldwide. Consumer markets companies make up approximately 20 per cent of this sample (889 companies).



Current state of global supply chain sustainability reporting for consumer companies⁰¹

Consumer companies report well on sustainability issues in supply chains (G250)



Source: Corporate responsibility reporting in the Consumer Markets sector, KPMG International Cooperative, August 2016.

The retailers are comparatively consistent in measuring the benefits of cutting carbon on the business. Nearly 65 per cent of retail companies report this, well above the global average of 51 per cent.

While the selection of indicators is specific to different industries, the objective is to have a combination of several quantitative indicators related to performance, efficiency,

welfare, etc., to assess the overall performance in a particular category⁰².

The need for reporting is also pushing the requirement of measuring tools, techniques and frameworks that can help countries and companies to assess their progress and performance.

01. Corporate responsibility reporting in the Consumer Markets sector, KPMG International Cooperative, August 2016

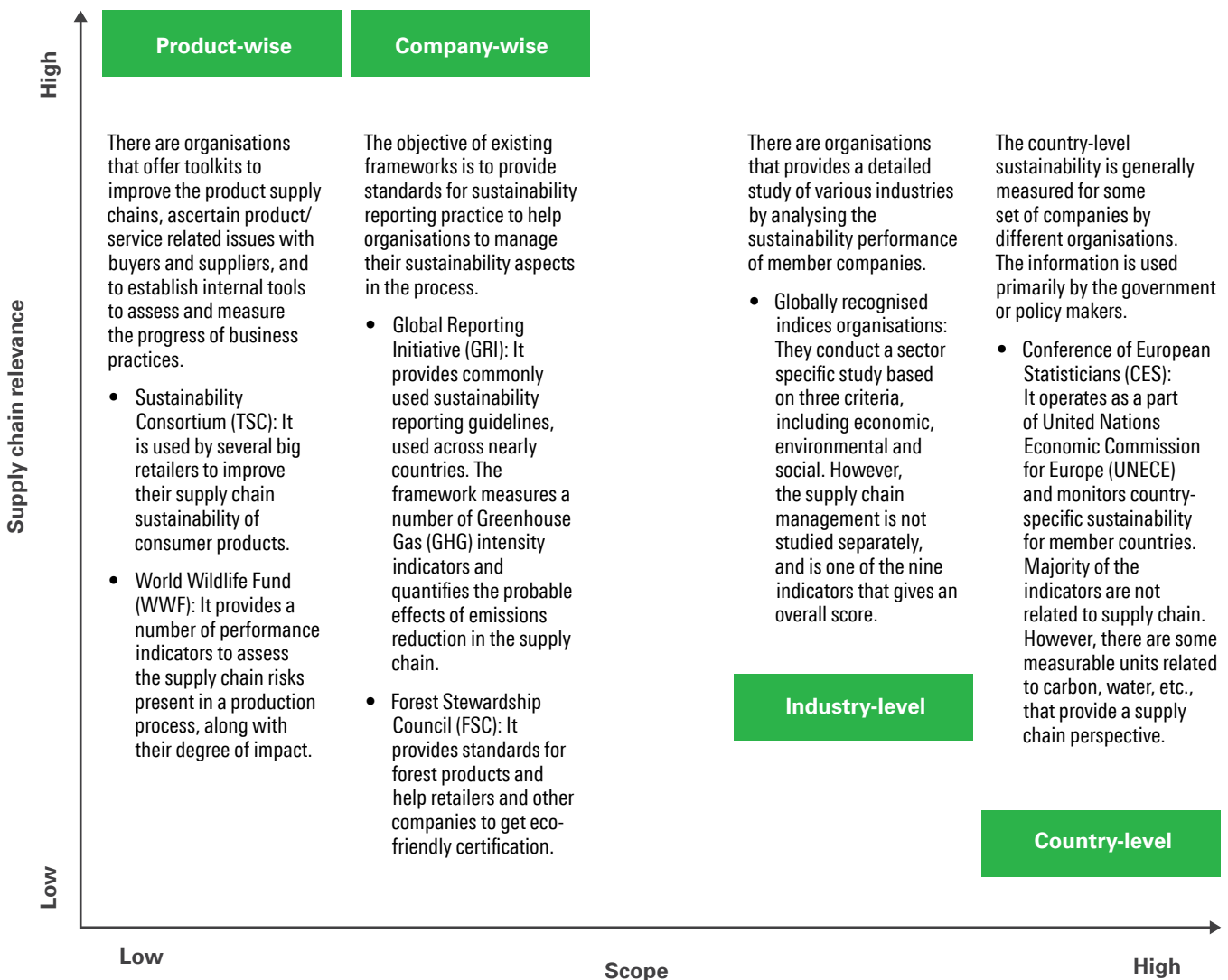
02. Key figures, The Linde Group website, accessed on 17 January 2017

Measurement techniques

The performance indicators serve as measurable units that establish a relationship between the socio-economic and environmental activities to evaluate a business' progression and performance. There are a number of encouraging

initiatives underway that seek to create industry benchmarks and reporting standards. However, there are only a few measurement systems that are generally followed by stakeholders to evaluate their performance.

Major tools/frameworks for supply chain sustainability assessment



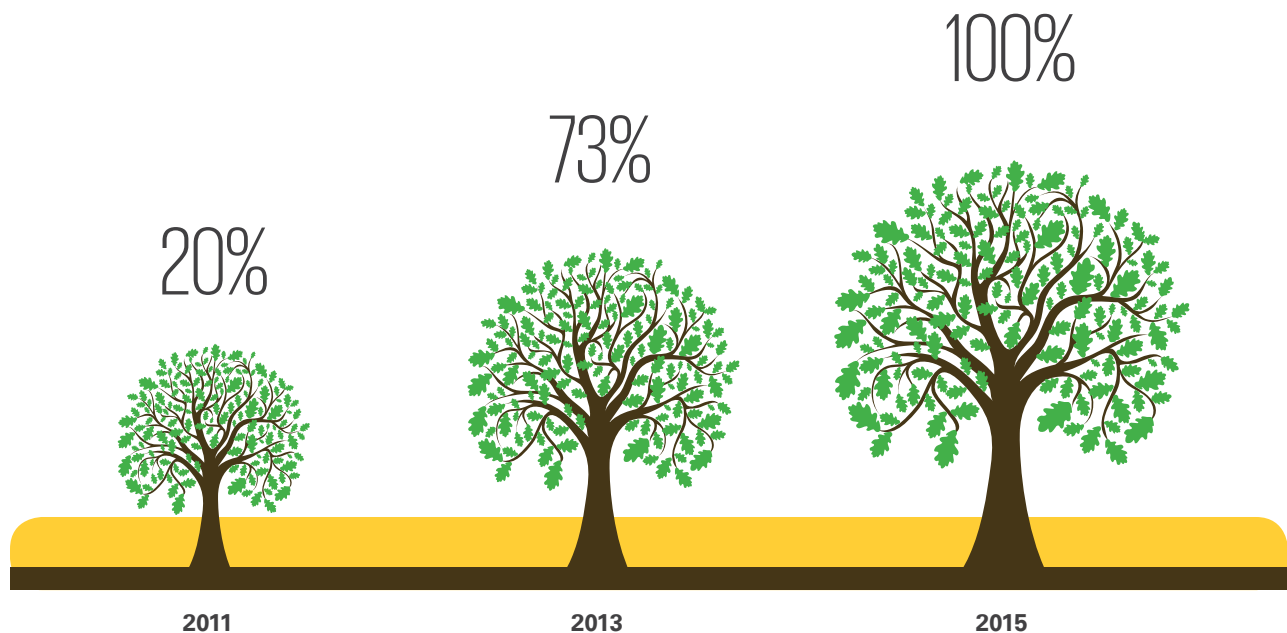
Source: The Sustainability Consortium, World Wide Fund for Nature, Global Reporting Initiative, Forest Stewardship Council, Conference of European Statisticians websites, accessed on 17 January 2017.

What is the scenario in India?

In India, the businesses are recognising the advantage of sustainability reporting and organisational transparency. Over the last couple of years, companies have realised the need of measuring their sustainability performance with evolving regulatory necessities around environmental and social parameters.

The corporate responsibility reporting for top Indian companies has increased significantly⁰³.

% of top 100 Indian companies reporting sustainability⁰⁴



Note*: Covers 100 largest companies in India by revenue.

Source: Corporate responsibility reporting on the rise, finds KPMG survey, Livemint, 25 November 2015.

After a regulatory mandate to include sustainability report with Business Responsibility Reporting (BRR) by the capital market controller, Securities and Exchange Board of India (SEBI), in 2012, there has been a rise in reporting on sustainability governance in India.

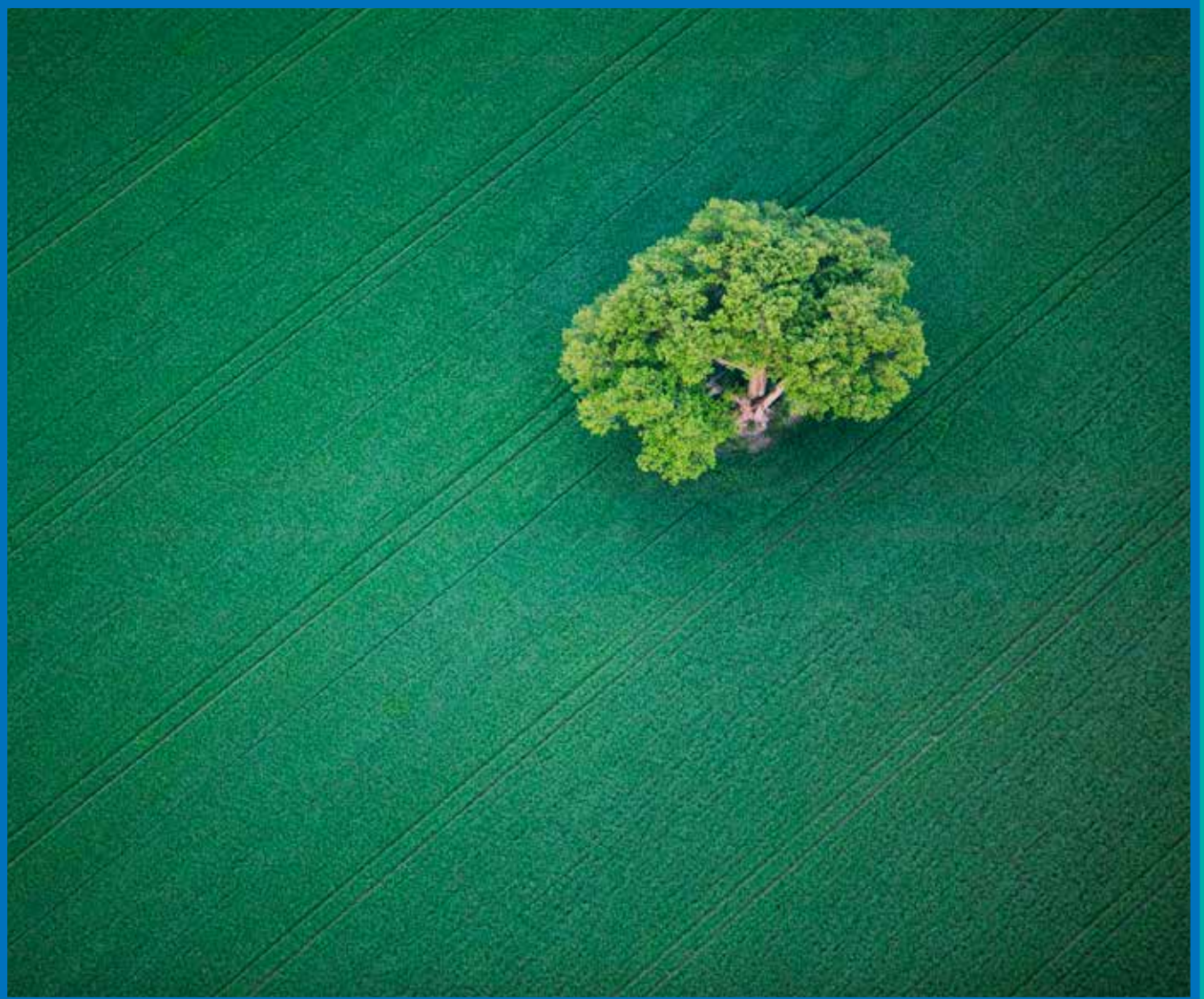
To drive sustainability reporting in India, GRI Focal Point India was established that provide the required guidance and support to businesses in India. The introduction of framework led to an increase in reporting companies in India.

However, the change is still seen as legislative driven, and the companies still need to be more diligent to adopting the international standards, such as GRI frameworks, to improve the quality of reporting.

03. Moving Beyond Disclosure: Leveraging Sustainability Reporting to Drive Change, Tata Consultancy Services, 2015

04. Corporate responsibility reporting on the rise, finds KPMG survey, Livemint, 25 November 2015

Challenges and next steps for India

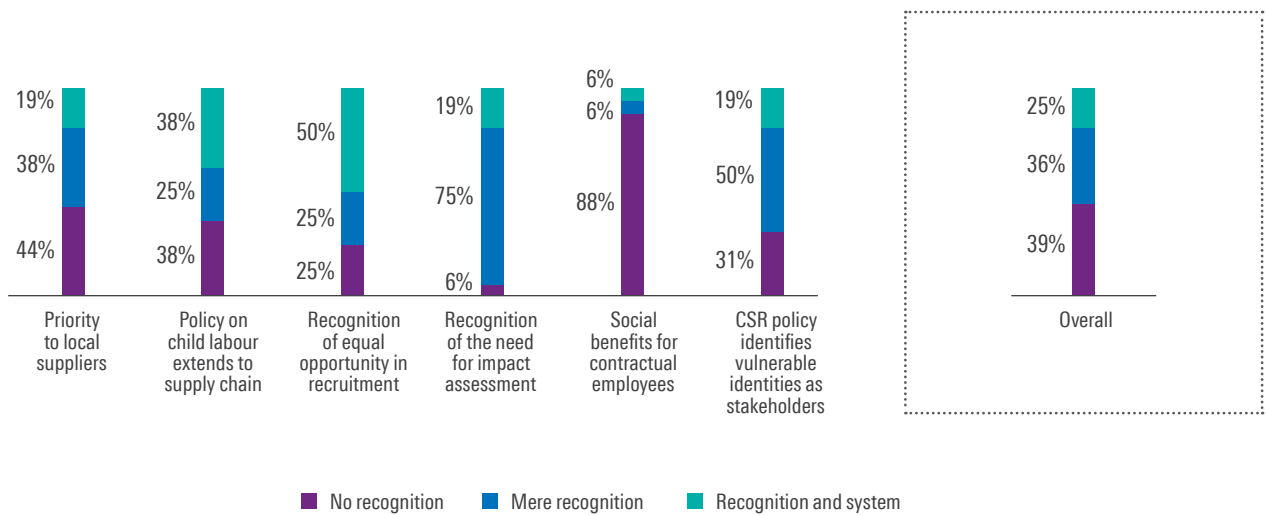


Priority areas in Sustainable Supply Chain Management (SSCM)

With the evolving consumer demands, globally, collaborative operations and inconsistent supply of raw materials (in various sectors), the challenges in India's supply chain processes have become dynamic. While addressing these challenges, only a few Indian companies prioritise having a responsible supply chain as an important aspect of their strategies. According to the

India Responsible Business Forum (IRBF) Index 2015^{01*}, organisations in India have inconsistent social standards for suppliers and their own processes.⁰² The following charts delve into such issues:

Companies focused on social inclusion (2014-15)



Note*: The percentages may not add up to 100 as they are rounded off to the nearest integer.
 *IRBF Index analyses the policies, disclosures and mechanisms of top-100 companies listed on the Bombay Stock Exchange (BSE) within the National Voluntary Guidelines (NVG) framework. The above chart depicts the percentage of companies focussed on social inclusion in the period 2014-15. The companies belong to either one or more of the FMCG, textiles, healthcare, and consumer durables industry. As can be witnessed from the graphs, only 25 per cent of the top-100 companies (in FMCG, textiles, healthcare and consumer durables industry), listed on BSE, have a recognition mechanism and practice in place to address social parameters of their supply chain systems.

01. About the Index, IRBF website, accessed on 23 January 2017
 02. India Inc's policies for supply chain not robust, LiveMint, 14 November 2015

Key challenges to implement SSCM system

One of the biggest barriers faced by companies to adopt sustainable supply chain practices is that a majority of suppliers are small and medium enterprises, lack of

awareness, resources, means and sincerity to adopt such practices. Following are the other major hurdles faced by the organisations⁰³:

Regulatory and legislative	Awareness and knowledge	Management commitment	Resource availability	Collaboration and trust
<ul style="list-style-type: none"> The country's legislative frameworks and policies supporting sustainable efforts in supply chain lack thoroughness, specificity and exhaustiveness Further, there is a significant gap in addressing the regulatory challenges originating from political instability, corruption, and lack of civil society. 	<ul style="list-style-type: none"> Lack of awareness among supply chain members regarding the benefits of SSC and green products. There is, thus, a lag in providing customer as well as supplier support Inadequate groups and organisations (environmental conservation, citizen groups or NGOs) in India to push companies undertake sustainable measures in a sincere manner. 	<ul style="list-style-type: none"> Resistance from top management to make efforts and investments in altering business processes – owing to lack of motivational drive, funds restriction, unawareness, etc. Companies also fail to adopt sustainable practices in a consistent manner owing to factors linked to organisational culture, such as improper communication structures, internal politics and institutional norms. 	<ul style="list-style-type: none"> Organisations fail to engage in SSCM owing to high costs and lack of financial resources. Several programmes, such as conducting audits and running supplier development programme, are considered costly and time-consuming, which elongate the RoI period Lack of advanced technology and deficit of technical expertise required to follow SSCM are also amongst the major hindrances to SSCM. 	<ul style="list-style-type: none"> SSCM requires collaboration amongst the supply chain members. Lack of trust creates a major bottleneck to collaborative efforts, which could have otherwise provided benefits, including customer satisfaction, quality control, innovation, supply risk management, optimal inventory, work-plan flexibility, lead time and cost control.

Companies in India are currently in the initial stage of sustainable reporting maturity – their annual sustainability reporting accounts for only 1.5 per cent of the global spend on sustainability reporting. India spends about USD2 million on sustainability reporting annually, compared to USD133 million globally.⁰⁴ In the current global business environment, it is imperative to integrate and manage the end-to-end supply chain network in an efficient, effective as well as sustainable way to realise the true potential of business processes in a socially, environmentally and economically credible manner.

Creating awareness among all the stakeholders of a supply chain network, and a strong regulatory push are needed to overcome major challenges faced by businesses to make their supply chains sustainable. Tailored approaches for the country through sincere and concerted collaborative efforts amongst the supply chain stakeholders is required for the retail industry in India to advance in a sustainable manner. Further, ways to channelise strategies to proactively manage the complexities have to be devised in a coherent and inclusive manner.

03. Implementation Barriers for Sustainable Supply Chain Management in India, International Journal of Enhanced Research in Science Technology & Engineering, June 2015

04. Verdantix, Sustainability Assurance: Global Market Forecast 2015-2020, June 2015

Key recommendations for retailers in India to improve sustainability

One of the biggest barriers faced by companies to adopt sustainable supply chain practices is that a majority of suppliers are small and medium enterprises, lack of

awareness, resources, means and sincerity to adopt such practices. Following are the other major hurdles faced by the organisations.

Focus area	Our recommendation	Priority
	<p>Top management's commitment to sustainability is one of the biggest factors to push an organisation's supply chain towards sustainability. The management needs to be more dedicated and sincere towards achieving sustainability in supply chain practices and consistently pushing for improvement.</p>	
	<p>Focus more on sourcing maximum material from suppliers that are accredited by non-profit organisations committed to promote responsible production and trading of commodities. A special consideration should be given while sourcing soy and palm oil, as their production has a massive impact on environment and endangered animals live in forests.</p> <ol style="list-style-type: none"> 1. Extensive scope for Indian suppliers to acquire Round Table Responsible Soy (RTRS) credits to ensure sustainable production process 2. Suppliers need to continue enrolling for Roundtable on Sustainable Palm Oil (RSPO) certifications. 	
	<p>Initiate the usage of comprehensive global frameworks for reporting sustainability progress to improve the quality of reporting. Although the use of GRI G4 framework has increased in the country, the overall reporting approach in the country is quite statutory based than wide-ranging. Hence, the retailers (especially non-listed) could be more industrious to adopt widely used standards to cope with evolving regulatory necessities around environmental and social parameters.</p>	
	<p>Develop understanding about sustainability in supply chain and its benefits on the triple bottom line (3BL) parameters. The efforts could either be driven by non-profit organisations or NGOs, or by the government at multiple levels in collaborations with global industry leaders.</p>	
	<p>Develop deep business relationship with suppliers by effectively communicating sustainability requirements and indicating methods to effectively reduce the environmental and social impact of various supplier operations. Converting suppliers into partners would provide a number of benefits to both the parties to understand each other's requirements.</p>	
	<p>Introduce integrated control measures in the form of technological tool connecting stores and suppliers/vendors to track and manage sustainability progress. This will help the members to ascertain process inconsistencies and a core committee/management could develop an actionable strategy to improve sustainable footprint.</p>	



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About Retailers Association of India (RAI)

Retailers Association of India (RAI) is the unified voice of Indian retailers. RAI works with all stakeholders for creating the right environment for the growth of the modern retail in India. As the apex body of retailers in India, RAI takes various initiatives to upgrade the quality of retail workforce, promote and sustain retail investments, enhance consumer choice and industry competitiveness. For further information, visit rai.net.in.

Acknowledgements

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