

# Break-out Session: Assessing Suppliers

**Context:** While brands aim to understand sustainability performance on the ground, they are also interested in how suppliers contribute through their policies and programs. How does a brand assess what suppliers are doing to improve conditions on the ground and support the brand's overall sustainability goals?

**Case Study:** Keurig Green Mountain is piloting a Supplier Engagement Self-Assessment, which complements compliance verification, to evaluate supply chain sustainability of suppliers. They will share preliminary findings and pose questions including:

1. Is there value in measuring these inputs even if impact cannot be verified
2. What are the experiences of other companies in doing this?

# CONTEXT AND GOALS

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- Keurig's direct suppliers are importers (not entities with direct origin operations)
- Supply Chain Sustainability is one metric on Keurig's Supplier Relationship Management (SRM) scorecard – made up of:
  - Responsible Sourcing (traceability, compliance, transparency)
  - Supply Chain Engagement
- The Supply Chain Engagement Metric will be comprised of multiple components:
  - Direct Supplier Upstream Supply Chain Engagement Self-Assessment (this survey)
  - Farmer Engagement Survey (in progress)
  - Program impact reporting
- Objectives of the Supply Chain Engagement Self-Assessment:
  - Communicate the importance of this work to Keurig
  - Understand what suppliers are doing in the supply chain
  - Reward suppliers who are engaging in ways that align with our strategy/ support our goals
  - Identify opportunities for collaboration

# SURVEY AREAS AND QUESTIONS

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## Sustainability Strategy and Industry Coalitions

- 1) How would you describe your supply chain sustainability strategy? (No strategy, private, public, w/ targets, w/ reporting, etc.)
- 2) Which supply chain sustainability coalitions are you actively involved in at the industry level? (GCP, WCR, SCC, etc.)

## Origin Country Engagement

- 1) Select the country where you have a supply chain sustainability program
- 2) Number of farmers engaged by programs in this country
- 3) Percent of your total purchases from this origin country during the last harvest that were covered by program(s), or sourced from program participants
- 4) What types of service(s) do your programs provide farmers in this country?
- 5) Amount spent on sustainability initiatives in this country in the past 12 months?
- 6) Name of the organization(s) executing sustainability program

## Upstream Compliance Activities

- 1) What % of your overall purchases (not just for Keurig) are traceable to farm level?
- 2) Do you have a supplier code of conduct that covers social and/or environmental sustainability in your upstream supply chain?
- 3) Is your company's supplier code of conduct globally enforced or do enforcement mechanisms vary by country?
- 4) How would you characterize your company's enforcement mechanism(s) related to the code? (comms, training, verification)
- 5) Do you conduct a social and environmental supplier risk assessment to guide your due diligence and/or buying strategy?
- 6) If yes, please explain your risk assessment strategy
- 7) Based on your risk assessment, which countries or regions have you determined to be highest risk?

## Miscellaneous

- 1) Do you monitor and/or track any of the following metrics across your supply chain? (Avg yield, GHG, Water / Fertilizer use)
- 2) What is your top priority for collaboration with Keurig in our shared supply chains, if any?
- 3) Is there anything else about your approach to working with coffee farmers that you believe drives supply chain sustainability that you would like to share?

# QUESTIONS FOR DISCUSSION

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- What is the experience of others assessing their suppliers?
  - Value of “engagement”?
  - Similar questions/areas of focus?
- Several direct suppliers do not have codes of conduct, even if they have strong origin operations –
  - Is this consistent with what others are seeing?
  - Are we asking the right question?
- Until we build out our mechanism for gathering impacts, this survey only gives us insight into policies and outputs –
  - Is there value in measuring these inputs even if impact cannot be verified?
- What is Keurig’s responsibility in charting a pathway toward improved scores?