



Supplier Sustainability Program

Green Procurement@BCS

18.03.08

TOWARDS
SUSTAINABILITY
in procurement



Bayer CropScience

Agenda

- Sustainability in India
- Approach
- Audit Methodology
- Audit Structure
- Selection of Auditee
- Audit Coverage
- Target Spend v/s Total Spend
- Audit Observations / Experience
- What is in it for our vendor?
- Sustain the Sustainability

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Sustainability in India

- Global attention – Increasing focus on India for Sourcing opportunities
- Stakeholders demands
- Concern for environment
 - ✓ Consciousness spreading from primary schools / educational institutions
 - ✓ Awareness campaigns – NGOs / Media / Government agencies
 - ✓ New generation is more environment conscious
- A procurement India initiative – to create awareness amongst our suppliers.
- A much felt need to make this planet a better place to live.
- Sustainability now seen and appreciated as a sure way to business success.

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Approach

- Inspired by :
 - √ Mr. Prenzel's email
 - √ Climate Change program by BCS – AG
 - √ Internet / case studies
 - √ Company guidelines on related topics
 - √ Sustainability audit by Sourcing team
 - √ Bayer research on sustainability – (Roland Berger report)
- Emphasis was on creating awareness of the concept of sustainability rather than a focused audit.
- The approach also provided a first hand assessment of the state of sustainability amongst our vendors in India.
- Drive the concept as a way to select vendors to our portfolio at a later stage.
- Sustain the momentum by defining the subject as our theme for BayBuy award nite.
- Select the top 2 vendors from the audit results for special recognition in the BayBuy awards.

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Audit Methodology

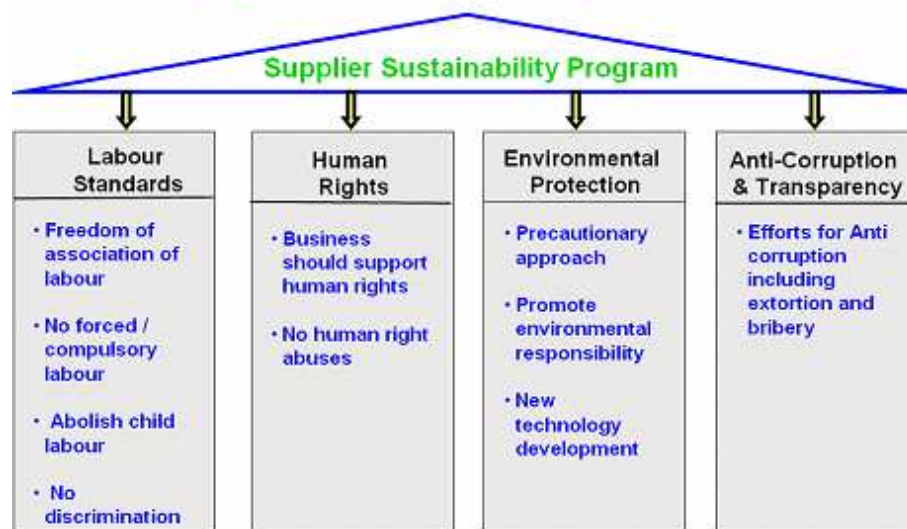
- “Green Procurement @ BCS” team led the initiative and shaped the following:
 - Conceptualisation of the Audit
 - Questionnaire, communication strategy
 - Scoring formats
 - Team Selection
- Scoring was done on a scale of 1 – 5 (1 representing the worst and 5 representing the best results)
- Auditor was required to rate the auditee on the format based on
 - Audit replies
 - Auditors judgment during the plant visit
 - Documents provided.

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Audit Structure

➤ Four Pillar approach

Our SSP programs rests on four pillars



➤ Structured Questionnaire – 42 questions, covering the 4 aspects with weightages assigned:

Pillars	Weightage	No. of questions
Human Rights	20%	2
Labour Standard	30%	15
Envirnmental Protection	40%	19
Anti Corruption &	10%	6
TOTAL	100%	42



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Selection of Auditee

- Audit covers vendors from Crop Protection & Bio Science and represents a wide spectrum
 - RM, AI & Sourcing
 - PM
 - T&S (White Collar / Blue Collar)
 - Logistics Service providers
- Target audience for audit selected category wise based on spend and criticality.
- Communication through presentation / emails

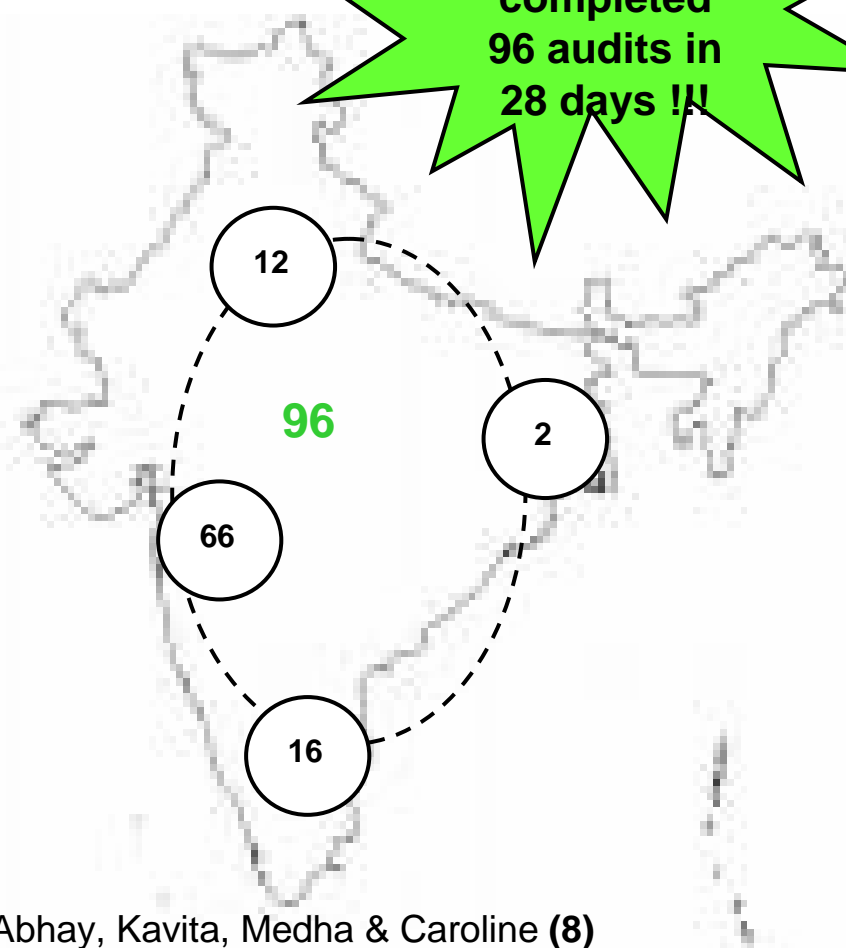
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Audit Coverage

➤ Audit coverage was as under:

Category / Section	No. of Audits Planned	No. of Audits completed
RM, AI & Sourcing	25	27
PM	25	26
T&S	23	21
Logistics	3	3
Foreign Trade	7	7
BioScience	13	12
TOTAL	96	96

**20 auditors
completed
96 audits in
28 days !!!**



Auditors :

- ✓ RM - Bipin, Hemant, Ravi, Krishnamurthy, Abhay, Kavita, Medha & Caroline **(8)**
- ✓ PM - Gautam, Rajalakshmy, Bipin, Raja, Ravi, Sathyamurthy & Abhay **(7)**
- ✓ T & S - Bhalchandra, Sameer, Pankaj, Bhupendra & Abhay **(5)**
- ✓ Logistics - Vyankatesh, Manas **(2)**
- ✓ Foreign Trade - Sathyamurthy & Charumathi **(2)**
- ✓ BioScience - Swapnil & Abhay**(2)**

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Spend Summary

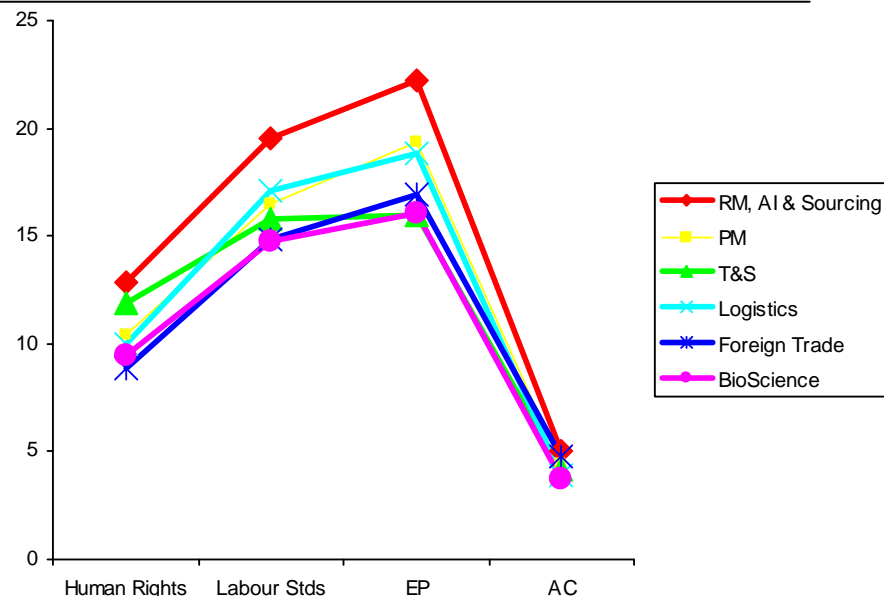
(In Rs. Mio)

	Spend covered	Total Spend	%
RM, AI & Sourcing	698	1,234	57
PM	123	209	59
T&S	141	758	19
Logistics	76	194	39
Foreign Trade	41	41	100
BioScience	65	338	19
TOTAL	1,145	2,775	41

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Audit Observations

	Human Rights	Labour Stds	EP	AC	TOTAL
RM, AI & Sourcing	12.89	19.50	22.20	5.07	59.65
PM	10.46	16.52	19.37	4.40	50.75
T&S	11.90	15.76	16.01	4.13	47.81
Logistics	10.00	17.09	18.84	3.89	49.82
Foreign Trade	8.86	14.82	16.89	4.81	45.37
Boi Science	9.50	14.72	16.02	3.72	43.96
WT AVG	11.21	16.86	18.81	4.46	50.43
MAX SCORE	20.00	30.00	40.00	10.00	100.00
%	56	56	47	45	



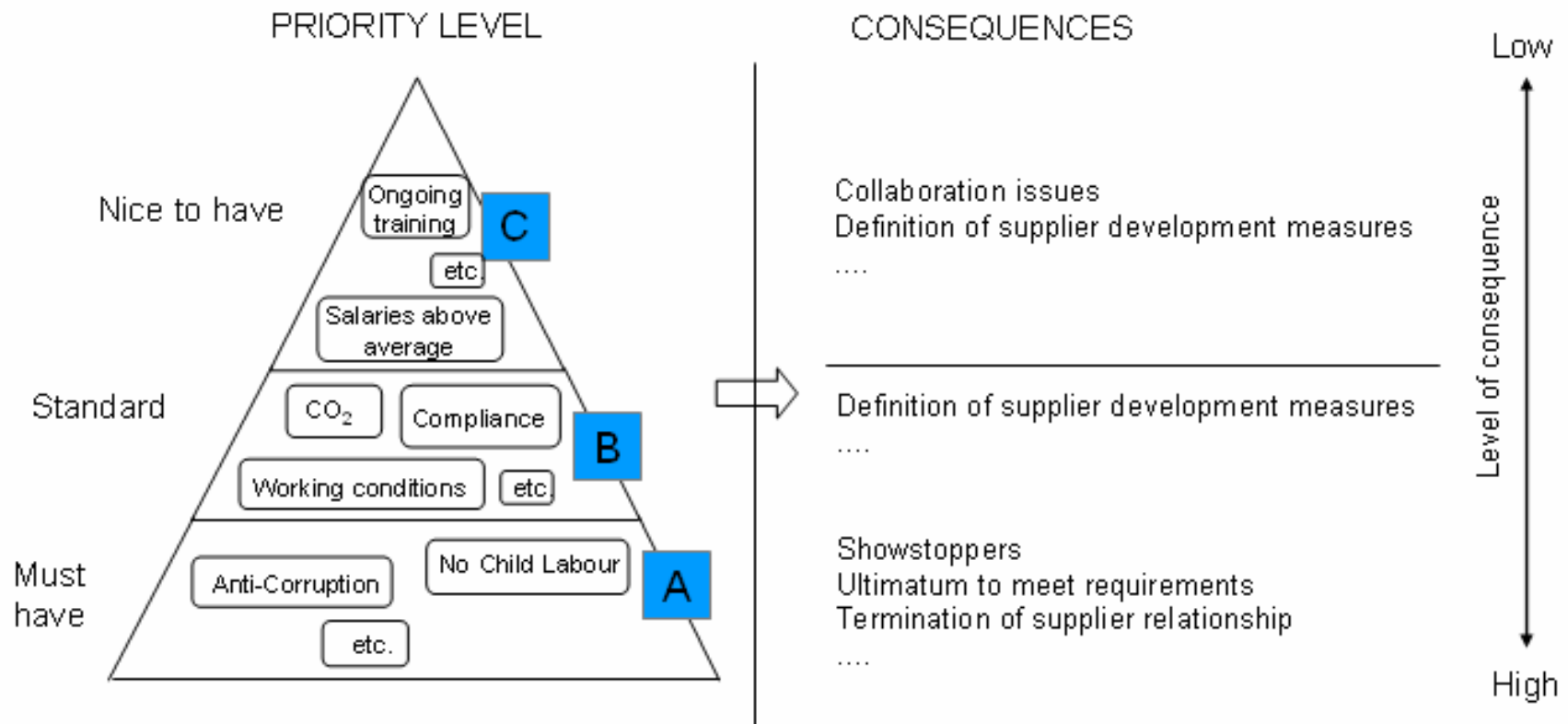
- Score ranges between 33.30 to 72.51
- Environmental Protection (47%) and Anti-Corruption (45%) score low (< 50%)
- Lowest score of 33.30 was from T&S
- Highest score of 72.51 was from AI category (CP)
- RM, AI & Sourcing appears more consistent across pillars
- PM's contribution to EP is clearly seen as an area for improvement.

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What is in it for our Vendors?

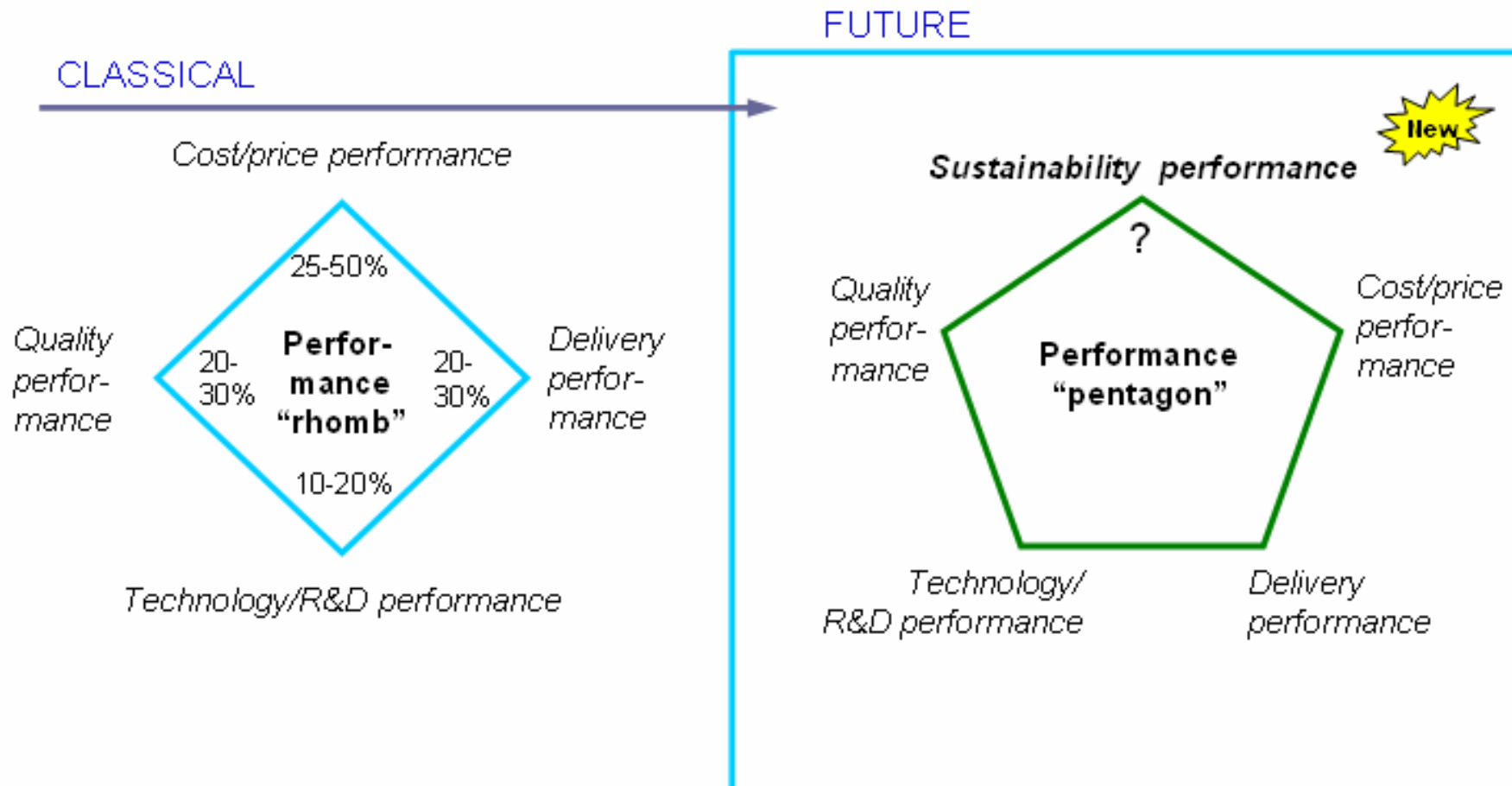
Sustainability – An integrated element of supplier selection process

Example of Sustainability pyramid selection - Prioritization



What is in it for our Vendors?

Significance of Sustainability



What is in it for our Vendors?

Questionnaire

		Max (Rating)	Rating (Select from the drop box)	Remarks
1	Do you have Trade Unions in your company? Yes / No If yes,	5	4	Yes
a.	Registered _____		n/a	Registered
b.	Unregistered _____		1	
			2	
			3	
2	How many of your employees / workers are registered as member of the Trade Unions? _____	5	4	workers
			5	
3	If yes, what are the no of meetings / year held with the unions? _____	5	4	Once in a week
4	Do you have a wage agreement with your unions? Yes / No If yes,	5	4	Yes
a.	Tenure of the current agreement _____			3.5 years
b.	Expiry date _____			mid of 2009
5	Can you briefly describe the process you follow in reaching a wage agreement:	5	4	Union and management cor formed and meetings are cc and understand each other's expectations and demands agreement is reached.
6	What are the "Non-wage" topics covered in the collective bargaining process in your company? (for eg: leave, amenities, bonus, etc)	5	4	
a.	Service conditions			
b.	facilities			
c.	leaves			
d.	bonus			

Summary Score Sheet

[illegible]

What is in it for our Vendors?



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Sustain the Sustainability

Next Steps :

- Sustain the momentum (email, fliers, brochures, etc.)
- Communication of audit findings
- Gap Analysis and identify areas for improvement
- Action plan (time lines, responsibility, etc.) for implementation on agreed points
- Sustainability also to be part of agenda during meeting with suppliers.
- Announce next round of audit (year end or 1st quarter 2009)



we are ready to make a difference !!

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Thank you very much for your attention