

INTERTEK SUSTAINABILITY JOURNEY

Priority, Challenges & Next Stages

AGENDA

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INTERTEK



YOUR GLOBAL PARTNER FOR TOTAL QUALITY ASSURANCE



Systemic approach to Quality and Safety with ATIC Solutions



44,000
employees

Global Market
Leader in
Assurance

3,000
auditors

100,000+
audits

100+
countries

Global Market
Leader in TIC

1,000+
labs
and offices

80+
languages



Our Sectors



Products



Trade



Resources



WE HAVE **FOUR KEY DIFFERENTIATORS** THAT SET US APART FROM THE COMPETITION

- **GLOBAL REACH:** We have the biggest network of qualified auditors and inspectors
- **LOCAL EXPERTISE:** We have auditor coverage in all regions and cities to add real value to any service we provide to local clients
- **TECHNOLOGY:** Our innovative technology options has the capability to generate reports on data analytics, reporting, enabling our clients to obtain all data they want
- **CUSTOMER SERVICE:** We have the most sophisticated structure, process and output to manage clients



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INTRODUCTION TO SUSTAINABILITY



INTRODUCTION TO SUSTAINABILITY



Social Responsibility

Then: "The Social Responsibility of Business is to Increase its Profits"
– Milton Freedman, 1970

- **There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.**
- The discussions of the "social responsibilities of business" are notable for their analytical looseness and lack of rigor.
- What does it mean to say that "business" has responsibilities? Only people can have responsibilities.
 - A corporation is an artificial person and, in this sense, may have artificial responsibilities, but "business" cannot be said to have responsibilities, even in this vague sense.
 - The first step toward clarity is examining the doctrine of the social responsibility of business, is to ask precisely what it implies for whom

SUSTAINABILITY LEADERSHIP



Company leaders are not only leaders of business but leaders within society. We are a part of society, not apart from it.

- Leading a business in the twenty-first century requires the delivery of goods and services and, through the profitable management of activities, the creation of wealth.
- But leadership also requires responsibility toward people and the societies in which the company operates and stewardship of the natural resources on which it relies.
- The role of business in society is a legitimate aspect of business leadership. It is not in conflict with growth or profitability, but an integral part of successful management practice and sustainable business building.

*- **The Role of Business in Society**, Harvard University/ The Conference Board/ The Prince of Wales*

International Business Leaders Forum

CONTEMPORARY VIEW OF ROLE OF BUSINESS

“While M&S will continue to sell great quality, stylish and innovative products, our customers, employees and shareholders now expect us to take bold steps and do business differently and responsibly.

We believe a responsible business can be a profitable business. We are calling this “Plan A” because there is no “plan B”.

- Stuart Rose, Marks & Spencer, January 2007

TRANSFORMING BUSINESS

“I am determined that Tesco should be a leader in helping create a low carbon economy...We are going to have to re-think the way we live and work...For Tesco, this involves something much more than listing a series of environmentally friendly actions...

It demands that we transform our business model so that the reduction of our carbon footprint becomes a central business driver.”

- Sir Terry Leahy, Tesco, January 2007

TRANSFORMING BUSINESS

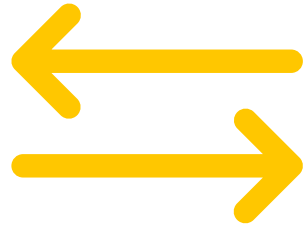
- Sustainability Development Goals (SDG') were created at the United Nations (UN) conference on Sustainable development in Rio de Janeiro in 2012.
- The objective of the SDGs is to address environmental, political and economic challenges facing our world.
- Facts informed by the UN indicated that
 - Agriculture is the single largest employer in the world, providing livelihoods for 40 per cent of today's global population. It is the largest source of income and jobs for poor rural households.
 - Since the 1900s, some 75 per cent of crop diversity has been lost from farmers' fields. Better use of agricultural Biodiversity can contribute to more nutritious diets, enhanced livelihoods for farming communities and more resilient and sustainable farming systems
- With these figures in mind, it is clear the size of the impact that sustainable agricultural practices like the ones proposed by Intertek can have in helping disseminated environmental, social and health and safety awareness and practices, fostering agricultural biodiversity by rejecting the use of genetic modified organism and ultimately helping shifting towards a more sustainable world.

02

RETAILER DIRECTION



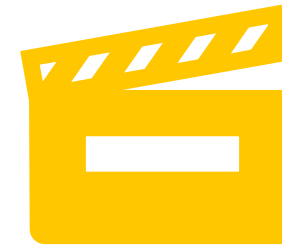
SUSTAINABILITY – DIRECTIONS



1) Take Action toward more sustainable business practices

Direct Operations: 1st wave of focus

Supply Chain: 80-90% of environmental footprint



2) Enable Customers to take action

“Sustainable Consumption”

SUSTAINABILITY DEFINITION

Business strategies and practices that promote the long term well being of the environment, society and the bottom line.

- **Sustainable Development**
- Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

World Commission on Environment and Development (Brundtland Report),1987



03

SUSTAINABILITY IN THE SUPPLY CHAIN



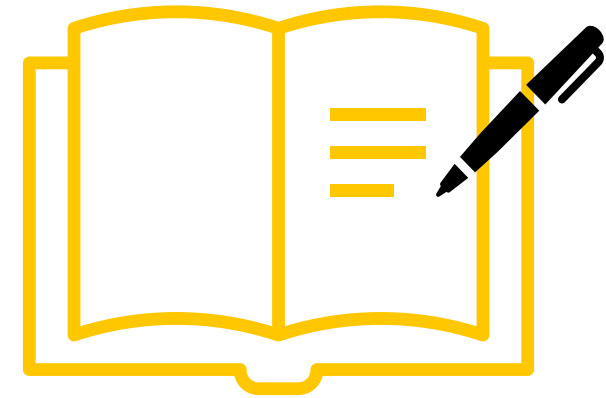
SUPPLY CHAIN DEFINITIONS



Green Supply Chain: the logistics supply chain that transports physical products, and its efforts to reduce power consumption (fuel, electrical), carbon footprint, etc.

vs.

Sustainable Supply Chain: adding environmental and social performance characteristics of the suppliers that ship to, and products that flow through, the physical supply chain

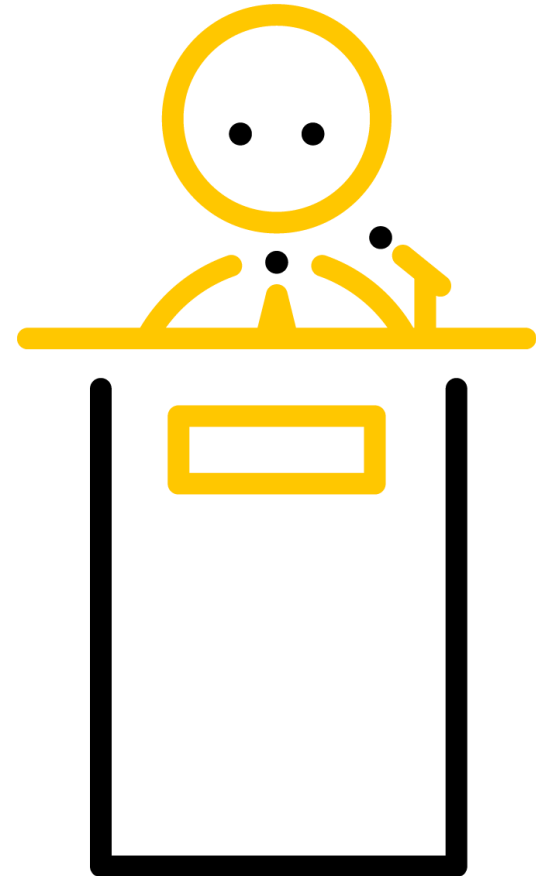




THE “PIONEER” PHASE

- Large global companies, often focused on ethical / fair labor
- Creation of proprietary guidelines/ criteria
- Burden of overhead expenses to implement the program
- Onus to educate, train, track supplier
- Benefits: Risk management; Recognition for leadership

But: It will soon become an expectation for all Retailers & Manufacturers to be accountable for the relative sustainability of their supply chains.



INDICATORS OF THE NEED FOR COLLABORATION



Note: Most companies yet to implement systems, many who have focused on labor performance 1st (not environmental), still...

- Over 1,000 different ethical and labor codes/criteria/standards globally (GSCP)
- No environmental standard, numerous competing to fill void
- Pioneering companies built up large in-house teams & overhead
- Audit fatigue among suppliers: 20-30 or more differing audits per year
- Are “sustainable” supply chain systems to-date only creating expertise in passing audits?
- Companies embarking now: face this and the escalation in these challenges with each new initiative



MANY EMERGING “PIECES” IN SUPPLY CHAIN SUSTAINABILITY “INFRASTRUCTURE”

	CRITERIA	COMPLIANCE	TRACKING
Food Safety	GFSI: FSA/FSSC	Existing	Second & Third Party
Environment		Emerging	Sedex, Fair Factories
Ethical Labour	GSCP/ILO	Emerging	



Transactional / Product Data: Product Registries (UPC bar codes) GS1



SUSTAINABILITY IN SUPPLY CHAINS: THE “MAINSTREAM” PHASE = COLLABORATION



EXAMPLE OF COLLABORATION IN SUPPLY CHAINS

- **The Global Food Safety Initiative**
- The GFSI Objectives are:
 - **Convergence** among food safety standards (BRC, IFS, FSSC 22 000, HACCP, & SQF) through maintaining a **benchmarking process** for food safety management schemes.
 - **Improve cost efficiency** throughout the food supply chain through **the common acceptance of GFSI recognized standards by retailers** around the world.

intertek

Total Quality. Assured.