

3-STEP

Sustainability Engagement Checklist



This Sustainability Engagement Checklist is crafted to equip supply chain leaders with the necessary information to engage suppliers in sustainability improvement efforts. Drawing insights from the CAPS Research report, “Engaging Suppliers in Sustainability,” this checklist offers practical steps and best practices for fostering sustainability across supplier networks.

Step 1 – Demonstrate Commitment:

- Measure and disclose your greenhouse emissions: Scope 1, 2 and 3, as well as product carbon footprint.
- Confirm internal commitment to decarbonization: Science Based Targets initiative (SBTi) near-term/2030 goals and long-term goals, such as net zero goals or similar.
- Announce publicly the commitment to disclose specific environmental, social, and governance (ESG) indicators and improvements.
- Establish a Sustainability/ESG Steering Committee - ESG leader, staff, and cross-functional ESG workgroups.
- Tie C-Suite executive bonuses to ESG performance metrics and goals.
- Tie employee goals and rewards to ESG objectives.

Step 2 – Conduct Materiality Assessment:

An ESG materiality assessment is a process that evaluates the significance of ESG issues for a company. The assessment aims to weigh the impacts of various ESG issues and determine their relevance to

both the organization and its stakeholders. It generally begins by asking senior leaders and key stakeholders (like customers and employees) what issues are important and how they should be prioritized. Resources can then be allocated to ensure efforts are focused on the most important areas. It is critical to establish an initial baseline to measure subsequent improvements. In accordance with new regulatory trends such as the Corporate Sustainability Reporting Directive (CSRD), consider a double materiality assessment - this broader approach considers both financial impacts of ESG into the company and how the company’s activities might influence the environment and society at large.

Potential topics for ESG materiality assessment:

- Climate change
 - Energy consumption and renewable energy usage
 - Greenhouse Gases (GHG) emissions
- Water consumption
- Waste management
- Biodiversity
- Data privacy
- Human rights
- Diversity, equity, and inclusion

Step 3 – Supplier Engagement:

- Define criteria for Supplier engagement prioritization: spend; materiality to ESG topic etc.
- Map and prioritize suppliers based on defined criteria. Identify relevant topics per supplier.
- Launch ESG surveys for priority

suppliers.

- Create collaborative sustainability scorecards.
- Incorporate sustainability metrics into supplier evaluation systems.
- Provide resources and support for supplier success – remember that different companies are at different stages of their sustainability journey.
- Add measurable, rewardable metrics for improved supplier performance to personal performance scorecards for employees.

Conclusion:

This Sustainability Engagement Checklist empowers organizations to drive meaningful change by engaging suppliers in sustainability improvements. By leveraging the actionable strategies outlined in this toolkit, supply chain leaders can drive positive environmental impact and foster sustainable supply chain practices.

Members have access to the full research report Engaging Suppliers in Sustainability, which provides in-depth insights and actual examples illustrating organizational readiness, materiality, best practices, and scorecard metrics. If you would like to consider a CAPS Research membership, learn more at

www.capsresearch.org/membership.