AVENDRA

Sustainability Journey and Goals (2012-2016)

FINAL REPORT

EXECUTIVE SUMMARY

Since Avendra's inception, we have always put integrity and corporate responsibility at the forefront of our value system. In the broadest sense, we aspire to value the interests of everyone engaged in Avendra's business — from our customers and suppliers to our associates and our local community.

Our first set of sustainability goals: In 2012, in order to outline and prioritize a meaningful approach related to balancing environmental, social and economic elements in our business (and ultimately in our clients' businesses), Avendra partnered with an outside firm, PE International (now thinkstep - a global provider of sustainability consulting). The goal of this project was to help Avendra develop a longer term strategy related to sustainability. It reviewed key inputs such as: client needs related to sustainability, supplier approaches to sustainability, best-practice research, and category assessments. We evaluated material issues of our business. Although many paths could be taken, we decided that given our business as a services company focused on procurement and supply chain services, we would focus our efforts around our suppliers/supply chain and the products/services they provide. Based upon this work, Avendra crafted the approach, our first set of goals, outlined in the side bar.

Results: 99% of our suppliers have a sustainability policy in place, which covers 99%+ of Avendra's contracted spend, helping keep the topics of sustainability at the forefront of our contractual process. To address category specific issues, we pushed specific sustainability initiatives in ten categories – from increasing transparency and traceability through enhanced reporting to enhancing contract language to trialing ideas through pilot projects.

Looking Ahead: The following report details what we did, what we learned and where we struggled. It is informing our next set of goals which will be announced in early 2017. We will build upon some of these initial goals, and expand and set more ambitious objectives for the future.

Avendra's 2012-2016 Sustainability Goals

Avendra's approach to sustainability is organized around two goals:

Goal 1: Avendra will undertake its best efforts so that 100% of suppliers will have a sustainability policy by the end of 2016.

Goal 2: Avendra will identify 10 product/service categories and champion improved sustainability in these categories by the end of 2016.

ADDITIONAL RESOURCES

Learn more about Avendra's approach to Corporate Responsibility [here](#).

Avendra customers can log into [myAvendra.com](#) to review detailed information.

Goal #1: Sustainability Policy Collection

RESULTS TO DATE

99% of supplier contracts have an approved sustainability policy on file, covering over 99%+ of spend

Details on Supplier Policy Submission (by contract)

Category	#	%
Number of Avendra supplier contracts with approved sustainability policies/statements	854	**99%**
Number of supplier contracts with no approved sustainability policy/statement	9	1%
Total number suppliers contracts utilized in 2016	863	100%

We believe transparency related to successes and challenges in our sustainability goals is critical. It will help us and others learn and evolve. In terms of successes, we are pleased that this initial goal sent a clear message to our suppliers that commitment to environmental and social responsibility is essential to business today. In many cases, we were the first "customer" to ask this of suppliers, particularly smaller suppliers. While challenging at first, this opportunity also provided us the ability to work more closely with our supplier partners. We were able to help them understand the importance of this area to our business and guide them through a meaningful first step. In turn, suppliers provided insight into their own operations, challenges and initiatives. The ongoing dialogue and unique engagement points have been very valuable.

In terms of challenges, US and Canadian based suppliers were able to eventually meet this goal, with all but two US based suppliers submitting a policy by our deadline. Suppliers based in areas such as Mexico or the Caribbean struggled a bit more with this goal. These suppliers tended to be smaller and in earlier phases of their journeys. Even with repeated outreach, materials in multiple languages and specialized guidance on how to get started, 7 of these suppliers did not submit a policy by our deadline. This relatively small population represents less than 1% of our annual spend, and we will take a look at how we address this region moving forward.

Goal #1: Avendra will undertake its best efforts so that 100% of suppliers will have a sustainability policy by the end of 2016.

KEY ACTIVITIES

- 2013: All suppliers notified about Avendra's Sustainability Policy collection goal. Updated key documents (e.g. RFP and contract templates) to facilitate goals. Enhanced website (myAvendra.com) to aid in collection and display of policies.

- 2014: Developed educational materials for suppliers (overview of required elements, sample policies, etc.). Avendra-hosted a webinar (with PE International) titled: *How to Write and Implement a Sustainability Policy.* Targeted outreach by Avendra to non-responders.

- 2015: Reviewed all policies and initiated targeted communication campaign with suppliers that have not submitted a policy including personal phone calls by Avendra's Sustainability Manager to walk suppliers through the process and help them submit a policy.

- 2016: Continued targeted outreach. Provided continuous support including templates and one-on-one sessions with suppliers. Sent letters from interested customers to show suppliers importance of this step.

Goal #2: Championing Sustainability in Key Categories

OVERVIEW

In order to help our customers meet their sustainability objectives and mitigate sustainability related risks within the supply chain, Avendra is also focused on driving sustainability issues forward within key categories/products.

How we champion sustainability varies depending upon a range of factors, including the needs of our customers, the status of sustainability within the specific category (risks/opportunities), the level of engagement/understanding on sustainability issues within a specific category, etc.

As we look at a more granular level at product categories or even specific products, we seek to identify the solution that mitigates the key challenges or creates new and better solutions. We developed a supply chain assessment tool to help us identify key risks within the supply chain and highlight opportunities for improvement. Some scenarios might necessitate that we add new products or new suppliers to our offering. Other categories benefit from increased research and improved education. Where accepted standards and client interest intersect, we create tracking and reporting tools that help clients identify, monitor and improve key category-specific sustainability indicators.

Please read the overview of each of the categories to learn more. Supporting documentation and information is cataloged on myAvendra.com for easy access by customers.

Goal #2: Avendra will identify 10 product/service categories and champion improved sustainability in these categories by the end of 2016.

CATEGORIES

1. Personal Paper - 2012

2. Sourcing Locally Produced Foods – 2013 to 2016

3. LED Lighting - 2014

4. Foodservice Disposables – 2014 to 2016

5. Seafood – 2015 & 2016

6. Packaging – 2015

7. Uniforms – 2015 & 2016

8. Textiles – 2015 & 2016

9. Palm Oil - 2016

10. Cleaning Chemicals - 2016

Category 1: Personal Paper (bath and facial tissue, napkins, paper towels)
GOAL #2 CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

While recycled content and more renewable resources are making headway in this category, virgin fiber from plants and trees still plays a prominent role in the makeup of products such as tissues and napkins. In addition to the sourcing of the raw materials, there are also manufacturing, transportation and ultimately end-of-life challenges that are innate to this product.

OUR APPROACH

We undertook the following steps to understand the key risks and possible approaches in this category:
- Deployed a supply chain assessment tool/survey for current contracted suppliers in category
- Analyzed supply chain assessment tool responses, gathered documentation, followed up on questions, etc.
- Researched best practices in this category from industry groups, NGOs, governments, non-contracted suppliers, etc.
- Vetted recommendations with industry leaders (customers, suppliers, sustainability consultant)

RESULTS

We believe the biggest opportunities for improving sustainability performance in the personal paper category are in the earliest stages of the product lifecycle (raw material growth/production). That doesn't mean that our efforts ignore the other areas of the supply chain. Rather we are choosing to focus where we believe we can have the biggest impact, and will continue to engage with suppliers on all stages of the product lifecycle. To that end, we made the following changes to our contracting approach in this category:

1) All suppliers in the category for personal paper will be encouraged to meet the following desired elements for sustainability. Preferential treatment will be given to suppliers that:
    1. Have a commitment to track and improve at least one major environmental impact of their choice (waste, energy use, water use, CO_2 emissions, etc.)
    2. Have a commitment to social sustainability issues such as community development, health & wellness, or fair labor standards
    3. Can describe how their company is implementing, or plans to implement, these commitments

2) Suppliers will need to share reporting that shows their commitment to responsible forest management
    1. This can be done via a report generated specifically for Avendra, or suppliers may submit another report that is already generated annually, that meets the above criteria, such as an annual sustainability report that meets the Global Reporting Initiative (or similarly situated) standards
    2. Suppliers should also provide a list of their products that meet third-party certification for responsible forest management (e.g. FSC). This list should be updated annually to reflect any changes. Avendra will share and promote this list with customers so they can make decisions to buy more sustainable products

3) Preferential treatment will be given to suppliers with other third party sustainability certifications (outside of responsible fiber sourcing). These could include: ECOLOGO, Green Seal, Environmental Choice, products made from recycled content, products compliant with EPA post-consumer fiber content requirements, etc.

Category 2: Locally Produced Foods
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Consumers are becoming more curious about where and how their food is produced and are increasingly interested in supporting local farms when they eat (both at home and away from home). Taking these needs into the foodservice industry introduces more layers of complexity: What is local (is it 5 miles away or within a state's borders)? How can chefs develop a menu when high volumes and consistent product supply are necessary? Is locally sourced food truly more sustainable? How do you get the food from the truly desirable local producers in an efficient and predictable manner? Avendra wanted to try to answer some of these questions and help customers get access to more local produce. Additionally helping customers benchmark and track their local purchases was identified as essential within this category. One important element we needed to tackle was wading through the various definitions of "local" (less than a specific number of miles, within the state, etc.). Organic produce emerged as another important sustainability issue relating to produce that would be of interest to certain customers.

OUR APPROACH

While we have requirements in all of our produce contracts that require distributors to have a local offering for customers, we were interested in seeing if/how we might take that to the next level.

- **Pilot project:** To better understand the issues at a more granular level, Avendra began a pilot program in 2013. We partnered with Testa Produce (Chicago area) and began to promote and leverage a local relationship through a group called FarmLogix that connects small farms/farmers to commercial customers. FarmLogix started as a Community Supported Agriculture (CSA) business then developed an approach to help connect local farms to local businesses.
- **Reporting:** With the learnings from the pilot project, we worked with suppliers to have them start providing information related to local and organic produce purchases. To allow for our tracking and reporting to be relevant and useful to all customers Avendra determined that the best way to track local purchasing is to tag items with the distance measuring from the farm where the item came to the supplier's distribution center. This way reports can be useable to clients regardless of their specific definition of local. In addition, suppliers were also encouraged to provide an organic indicator (to denote produce that is certified USDA organic).

RESULTS

- Our foundational systems have been upgraded to allow for the new data to be integrated. Expectations around this level of tracking have been set with the supplier community. As of 2016, five suppliers, covering about 60% of Avendra's regional produce spend are reporting to some degree. 2% of items, representing approximately 5% of spend are tagged. 2016 saw huge increases in item level tracking, increasing the transparency in this category. Customer facing reports have not yet been widely released, so buyer decisions based on local attributes are more difficult to assess.

Category 3: LED Lighting
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Many businesses and consumers are focused on reducing energy use, which ultimately results in saving money and reducing the amount of carbon released into the atmosphere. Replacing traditional incandescent bulbs or fluorescent lamps with LED bulbs can be one way to help meet energy reduction goals. LED bulbs are today's most efficient form of lighting – 30-50% more efficient than CFLs, and 80-90% more energy efficient than conventional incandescent light bulbs. In addition, one LED bulb can last as long as 25 incandescent bulbs, so LEDs also reduce waste. The problem is, these bulbs are initially more expensive (and therefore require a more complicated life cycle analysis to prove out the cost/benefit analysis). In addition, given the relative newness of the technology, there are many questions about how they work, lighting retrofits, design implications, etc.

OUR APPROACH

Avendra has a robust LED lighting offering through Grainger and HD Supply, as well as negotiated pricing with leading LED lighting manufacturers. Our goal was to try to better educate customers on what is available and answer the most common questions that seem to exist. In order to do that, we held two separate webinars in Q4 2014, to help further awareness and education on this important topic. The webinars covered:

- The latest information on LED lighting technology
- The benefits of converting to LED lighting (Cost Savings, Life Cycle Analysis, Environmental Impacts)
- Tips on planning for a major retrofit project and ways to best navigate conversion
- Strategies and resources to manage costs associated with implementing LED lighting

RESULTS

- Several hundred Avendra customers registered for the webinars
- Recordings of the webinars were posted on myAvendra.com. Customers can access the webinars by searching "LED webinar" after logging into www.myAvendra.com
- Ongoing work continues with our suppliers and customers to further awareness and education on the LED lighting category

Category 4: Foodservice Disposables
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Foodservice disposables, such as paper or plastic cups, plates, bowls, to-go containers and plastic cutlery carry innate environmental challenges as they ultimately end up in the waste stream. There has been an increase in municipalities banning Polystyrene-based products. While many businesses are moving towards changing operations and menus so that a disposable product is not required, there is still widespread demand for disposables in the foodservice industry. Avendra wanted to help customers be better aware of the more sustainable options suppliers carry in this category. We also determined that it is important to track the purchasing of disposables for customers to allow for better goal setting and tracking and thus, behavior change. For this category, it was clear that customers are focused on two areas of interest: (1) minimizing the purchasing of Polystyrene and Expanded Polystyrene items (as non-sustainable options) and (2) increasing the purchasing of more sustainable items such as recyclable or compostable disposables.

OUR APPROACH

- Avendra has a comprehensive offering of sustainable disposables under contract. Including products that contain: post-consumer recycled content, bio-based plastics, compostable materials, etc.
- In order to raise awareness related to more sustainable foodservice disposables, we created an electronic brochure that covers these categories:
    - Hot Cups
    - Cold Cups
    - Containers & To-Go Boxes
    - Cutlery
    - Plates, Bowls & Trays
    - Bags, Wraps & Liners
    - Straws & Stir Sticks
    - Soufflé/Portion Cups
- We then focused our attention on the tracking piece: For this project Avendra is tagging the Avendra contracted manufacturers of foodservice disposables in the subcategory of Cups, Cutlery, Containers and Tableware (CCCT) as sustainable if they meet the following criteria:
    - Contain post-consumer content
    - Are recyclable (resins #1 PET and #5 Polypropylene)
    - Are made of Bio Resin
    - Are compostable

(continued)

- In addition, we are also specifically tagging items that are made from Polystyrene or Expanded Polystyrene. With these additional attributes recorded in the data system, we are able to create reports that track the purchases of the different types of materials
- In 2015 our approach was to tag the following Avendra contracted manufacturers:
    a) Bagcraft Corp. of America
    b) Dixie Foodservice
    c) Eco Products Inc.
    d) Georgia Pacific Canada
    e) International Paper
    f) Pactiv Canada
    g) Pactiv Corporation
    h) Rock-Tenn Company
    i) Solo Cup Company (includes Sweetheart)
    j) Waddington North America Inc.
    k) Wincup Holding, Inc.
- In 2016 we expanded the tagging to include non-contracted Master Food Distributors (MFD) private label items, non-contracted manufacturer items distributed through MFD and other Avendra contracted distributor items such as from MFD Private Label, Royal Cup, Starbucks, American Hotel Register, Unisource and Wasserstrom. With this we were able to cover all spend in this category.

RESULTS
- The electronic brochure was finished at the very end of 2014 and was distributed to customers in Q1 2015. It is currently housed on myAvendra.com
- We saw increased traceability in this category over the years. In 2015, 41% of contracted items were tagged with the above attributes; by the end of 2016 93% were tagged. Avendra has continued to tag additional items, as well as add new items to this category based on customer demand.
- Customer behavior is more difficult to track at this stage. We've seen minor decreases in the percentage of spend related to polystyrene products, and a minor uptick in the percentage of spend on "sustainable" foodservice disposables. However, it is difficult to isolate the cause (product category makeup changes – different products come into this category each year, price fluctuations, better tracking may be illuminating trends that were already happening versus behavior changes, while customers may also be making different buying decisions).
- Reports are available to customers that wish to track their purchase of disposables and assess the purchasing of more sustainable options versus Polystyrene. To receive a copy of this report contact sustainability@avendra.com
- Avendra has put together a specific item by item alternatives list available to help customers switch from less sustainable to more sustainable options. This list is available on myAvendra.com or by emailing sustainability@avendra.com

Category 5: Sustainable Seafood Tracking
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

According to the World Wildlife Federation (WWF), seafood is the largest traded food commodity in the world, with almost three billion people in the world relying on seafood as their primary source of protein. The United Nations Food and Agricultural Organization estimates that 85% of marine fish stocks are either fully exploited or overfished. Realizing that seafood is such an important world commodity and high-spend area for clients, Avendra chose to focus on seafood sustainability. As a first step towards driving sustainability within this category, we wanted to set up some baseline tracking in the category to better understand what data is available to track (the seafood supply chain is complex and sourcing information is notoriously difficult to access), as well as what elements of seafood sustainability are most important to clients.

OUR APPROACH

- Avendra has a substantial offering of sustainable seafood under contract, and we are working with suppliers to increase this offering, focusing on high impact and high spend species. However, there are a wide range of "sustainability" definitions within the category, with varying degrees of transparency
- To begin understanding supply and customer behavior within the seafood category, Avendra suppliers tagged products they offer with different types of sustainable certifications. Our initial work relates to reporting on Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certified seafood. Avendra chose these two certifications because: 1) they use robust and science based metrics, 2) they provide end to end traceability, 3) suppliers are able to track and report products certified to these standards, 4) there is customer interest in these certifications

RESULTS

- We saw increased traceability in this category over the years. Currently 20-25% of seafood items have some level of enhanced traceability data appended to them. This number has fluctuated up and down on an annual basis (supply changes, customer preferences, etc.)
- Customer behavior may be moving towards more sustainable seafood purchases. In 2015, 6% of spend was with sustainable seafood products. In 2016, it was 18%. Again, causality is difficult to assign – are customers making different decisions, or are we just getting better at tracking behavior that is already happening? Given that the number of items tagged was relatively consistent from 2015 to 2016, and there were no drastic pricing differences that would impact this area, there could be a trend emerging. The focus by some brands on driving changes to certified products may be having an impact, while increased supply of ASC certified products (like farmed shrimp and salmon) is increasing supply.
- Broader work is ongoing in this category – from working with suppliers to increase their certified product offerings to convening more customers behind this category to be able to use the collective interest to drive an increase in offering while keeping prices affordable

Category 6: Packaging Audits
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Whether keeping produce fresh and wholesome or a television intact, packaging serves the very important function of keeping products safe and useable. Yet packaging could become a major waste problem when it is not done with a systems approach in mind. Over-packaging and/or using packaging that is neither reusable nor recyclable means that a great amount of waste is produced. According to the US Environmental Protection Agency, containers and packaging made up 30% of the total municipal solid waste (MSW) generated in the US in 2012. Waste reduction is an area of focus with many Avendra clients. More specifically, given the number of items coming into a business each day, reducing the waste from packaging is seen as a potential area of reducing overall waste. Avendra believes in the importance of a systems approach when considering packaging; understanding the importance of ensuring that products get to customers without any compromise in quality, while finding ways to be efficient in the use of packaging and/or using packaging materials that are recyclable or reusable.

OUR APPROACH

- Our initial scope was regional food suppliers as they represent a large portion of spend within our business and we may be able to influence the packaging choices.
- To get a better understanding of what packaging issues are arising within our supply chain with these regional suppliers, we added several packaging-related questions to our "Meet the Truck" quality assurance audits. Meet the Truck audits are surprise audits done at the point of delivery to assess product integrity, handling, etc. The survey was implemented to help highlight different packaging approaches, by different types of suppliers (from meat to seafood to dairy) and identify trends and opportunities within regions, types of suppliers, etc.

RESULTS

- Report highlights:
  - Regional seafood, regional meat/poultry and regional produce suppliers use the highest percentage of non-reusable and non-recyclable packaging respectively with regional seafood having 31% of their packaging neither reusable nor recyclable
  - Regional bakery and regional dairy use the highest percentage of reusable packaging
  - Waxed cardboard boxes are the most common non-recyclable and non-reusable packaging item. A full report was posted on myAvendra.com in January 2016
- We reached out to suppliers that, based on the audits, are using more sustainable packaging options to learn more and see if it can be replicated (e.g. if a seafood supplier is using more sustainable packaging is that something that can be recreated in another market?)
- We conducted parallel research to find sustainable packaging materials and sustainable packaging solutions that could be of use to our business

Categories 7&8: Textile & Uniform Social Responsibility

GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Since the 1990s, reports have surfaced about the social injustice and human rights abuses facing workers in the textile, apparel and footwear sector around the world. Unfortunately, issues in this industry continue to exist (the 2013 Rana Plaza collapse in Bangladesh being a major reminder that this sector requires attention and commitment). Avendra is committed to conducting business in an ethical and responsible manner. As part of this commitment, we seek to put systems and processes in place that help ensure human rights violations do not occur within our supply chain. The textile and uniform category is a large area of spend for Avendra, and the supply chain is complex and spans the globe, operating in varying political, cultural and economic environments. Avendra determined that the first step needed was to better understand the supply chain(s) involved in the areas of textiles and uniforms and identify possible areas of further exploration.

OUR APPROACH

- This project spanned several years. Our first goal was to better understand what the supply chain for textiles and uniforms looked like and how our suppliers (and our suppliers' suppliers) are addressing this important topic
  - Phase 1: Preliminary research and communications with 4 of our largest suppliers (primarily distributors) to better understand policies and procedures in regards to human rights and social responsibility. This initial research showed a need to look more deeply into the supply chains of these categories (e.g. manufacturing facilities)
  - Phase 2: A survey was sent out to 25 textile and uniform suppliers and manufacturers under contract with Avendra asking more detailed questions about sourcing, manufacturing facilities, etc. Questions helped make more transparent a wide-range of areas of the supply chain, including: types of certifications and audits our suppliers adhere to and perform, countries where products are made, and details on specific product categories.
  - Phase 3 and 4: Analyzed possible risks based on supplier activities throughout the supply chain (where they manufacture, what they manufacture, what systems are in place to mitigate social responsibility risks, etc.). Based on analysis we drafted a list of recommendations which we vetted internally, with industry experts and with various suppliers. We shared the research and recommendations to interested clients.

- Avendra conducted research in-parallel on:
  - Major issues in similarly situated supply chains
  - Standards, audits and certifications that exist to ensure social justice for workers in this sector
  - Country specific risks relating to labor and human rights issues
  - Other companies and organizations working towards this cause

RESULTS

- Based on our surveys and research we found that most suppliers in this category have systems in place to ensure some level of social responsibility compliance but with a wide spectrum of rigor.
- Our contracts have requirements and expectations in place that strive to ensure our suppliers uphold human rights and labor rights. We require suppliers to conduct their business with ethical and legal business conduct standards similar to what is laid out in the Avendra Business Conduct Guide. Avendra also expects its suppliers to conduct their businesses in a manner consistent with the standards set forth in Avendra's Supplier Conduct Guidelines.
- Building upon what we have in place, we are enhancing our expectations through new contract language and audit requirements in the textile and uniform categories to better ensure that human rights, labor rights and Health, Safety and Environment (HSE) requirements are in place throughout the supply chain.

Category 9: Palm Oil
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Palm oil is a versatile and useful oil. It can be found in many of the products used and consumed daily, from baked goods to bath amenities. Palm oil is highly efficient in terms of production as yields per acre are much higher than other oils. Unfortunately Palm oil production is tied to many environmental and social issues. Major expanses of rainforests are cleared and many acres of peatlands are drained to be replaced with Palm plantations. This deforestation and peatland destruction is causing great ecosystem and habitat loss which leads to species loss. This destruction is also a major contributor to climate change because of the burning of lands as well as removing vital carbon sinks. In addition, Palm oil production is also tied to labor and justice issues. Child and forced labor are utilized for palm oil production. Land grabbing from indigenous peoples is also a major concern in palm oil production. With so many issues connected to such a ubiquitous commodity, Avendra wanted to understand approaches suppliers had in place to address concerns about palm oil so that we could understand opportunities to improve traceability and transparency of this ingredient.

OUR APPROACH

- Our initial scope was national bakery suppliers. According to the Sustainable Sourcing Guide for Palm oil Users from WWF and Conservation International 90% of all Palm oil used in the US is used in food products and 60% of that goes into baked goods.
- We undertook a general research study to understand this category better and what risks are related to the commodity, and drew on studies and information from palm oil experts such as the World Wildlife Fund (WWF), Conservation International, Rainforest Alliance, Rainforest Acton Network, Roundtable on Sustainable Palm Oil (RSPO) and others.
- We conducted a survey with bakery suppliers to understand how aware and knowledgeable they are on the challenges inherent in palm oil production and what they are doing to mitigate these risks and challenges.

RESULTS

- The research and survey provided helpful insight and identified opportunities to improve traceability and transparency this category. Many suppliers are aware of the issues and risks connected to Palm oil. There is a wide spectrum of commitments and actions from suppliers relating to sourcing ethical and responsible palm oil.
- From our research it appears that 18% of suppliers within the bakery category do not use palm oil as an ingredient, 52% use some level of sustainable palm oil (varying levels of claims and certifications), 26% use palm oil that has no sustainability claims, and 4% did not reply to our survey.
- Avendra does not procure palm oil as a main commodity, so we have some barriers to affecting it directly. However, as it is an ingredient in many products that are covered by our contracts, the research illuminated areas of influence and generated ideas for how we could help move this category forward. We are actively working on this category to move these ideas forward.

Category 10: Cleaning Chemicals
GOAL #2: CHAMPIONING SUSTAINABILITY IN KEY CATEGORIES

THE CHALLENGE

Cleaning chemicals help ensure healthy and sanitized conditions for our customers. However, there are many sustainability challenges for this category. Balancing the efficacy of cleaning agents while minimizing potentially harmful effects on staff and guests is a major concern for customers. Navigating the issues and choosing from a wide spectrum of environmental and health claims and labels is difficult. In the laundry and ware-washing arena, choosing certain detergents can help lower energy and water needs, but that needs to be balanced with textile/linen longevity. These are some of the many different considerations that are important for this category and Avendra wanted to initiate some research on this category to better understand this category and better help customers make decisions.

OUR APPROACH

- We researched the various risks and concerns relating to cleaning chemicals, such as human health concerns especially for staff directly dealing with the cleaning agents, the elimination of high risk chemicals from cleaning agent ingredients, the ability of certain laundry and ware-washing detergents to lower the need for hotel water.
- We assembled a list of "best practices" related to the procurement of safe cleaning chemicals.
- We surveyed a range of our suppliers to understand what they are doing in this category including cleaning chemical providers as well as cleaning service providers who use chemicals in their operations.

RESULTS

- Our survey showed that suppliers have a large offering of cleaning agents that come in closed loop systems making them less prone to misuse or spills, reducing the potential harm on staff – around 57% of products.
- Suppliers put effort in making their cleaning agents available in concentrated form and in reduced packaging to reduce waste and transport – around 81% of products.
- Cleaning chemical suppliers working with Avendra are putting great efforts into making their products safer for humans and the environment, the uptake in 3rd party certifications is low – only around 2% of spend goes to certified products.
- Immediate changes were identified for our largest area of cleaning chemicals spend, including: Adding questions to the upcoming RFP process, and including Avendra's Sustainability Manager in the Development Team for this category.
- Local "cleaning" related service providers were difficult to engage in this process and provided limited responses (typically smaller businesses, with smaller staffs). This is a smaller spend base, distributed across a very segmented supplier base, creating a challenge for communication and change. We will look for opportunities to engage this supplier segment through future RFPs.