



Sustainability Journey and Goals (2012-2016)

BACKGROUND

In 2012, in order to assess, 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. The 8 month project was comprehensive and reviewed key inputs such as: client needs related to sustainability, supplier approaches to sustainability, standards reviews (e.g. "score-carding" efforts), best-practice research, category assessments and an internal review of Avendra's current approach versus future needs.

We considered a wide range of impacts and evaluated which issues were material to our business. We discussed a variety of paths we could take. Ultimately, we decided that given our business as a services company focused on procurement and supply chain services, our biggest impact could be made by concentrating our efforts around our suppliers/supply chain and the products/services that we work with on behalf of our clients.

Based upon this work, Avendra crafted an approach that: (1) outlines goals to encourage behavior that improves sustainability (see side bar), (2) tracks progress, and (3) creates more sustainable product offerings for our clients. In order to evolve this area and affect change, we are actively collaborating with our clients and suppliers and will report on our progress. We don't consider our approach to be perfect. We are constantly being exposed to new ideas, and we will continue to evolve our thinking as we progress, learn and innovate.

Avendra's 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](#).

Download Avendra's Corporate Responsibility Statement [here](#).

Avendra customers can log into myAvendra.com to review detailed information.

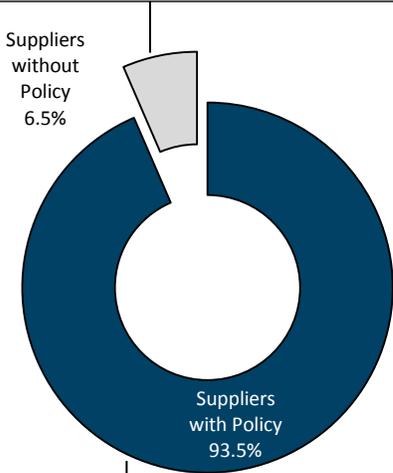


Goal #1: Sustainability Policy Collection

RESULTS TO DATE

93.5% of supplier contracts have an approved sustainability policy on file

Some suppliers have not provided a policy yet – these are mainly smaller companies and/or companies in Mexico/Caribbean. Avendra is working on outreach and education to support these suppliers in developing a policy.



- Many suppliers had already embarked on their own sustainability journeys and had policies.
- Some suppliers were already taking various steps towards sustainability but had not formalized their commitment until we asked.
- Others were at the beginning of their sustainability journeys. Avendra's request encouraged them to take action. Part of our approach included providing resources and support to get these suppliers to take this important first step.

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 contracted suppliers notified about Avendra's Sustainability Policy collection goal. Updated key documents (e.g. RFP and contract templates) to facilitate goals. Developed website (myAvendra.com) to aid in collection, display of policies. Started reviewing policies against criteria and uploading onto myAvendra.com
- 2014: Developed educational materials for suppliers (overview of required elements, sample policies, etc.). Continuously reached out to suppliers to collect policies. 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 get them to submit a policy.

Goal #1: Elements of an Acceptable Sustainability Policy for Avendra

At this point in time, Avendra is requiring that supplier sustainability policies include four elements. We believe these four elements demonstrate a supplier’s commitment to being a part of the sustainability journey, while also supporting our goals around accountability and transparency.

	Required elements	Element importance	How we judge if criteria is met
1	Policy must be written	A written policy shows that the supplier has taken the time to formulate and document a plan/strategy/approach/policy.	<ul style="list-style-type: none"> Something is given to us in writing (web page, Word document, PDF, etc.). Videos are not acceptable at this point in time.
2	Policy must include a vision statement around sustainability	A vision statement discusses what the supplier is focused on and/or why it is important to them. We are looking to see that there is an indication of some forward looking/vision towards sustainability in their broader business.	<ul style="list-style-type: none"> See if there is a general statement related to why sustainability is important and how they are taking action to support this goal. There is no right/wrong way to write a vision statement; however, we are looking for indication of integration into corporate strategy, priority, etc. What we are not looking for – a list of “green initiatives” undertaken at the company without any context for why.
3	Policy must be signed by/endorsed by the CEO, Owner, President or most senior manager	Sustainability should not be something that exists separately from a company’s business strategy. By having a senior level manager involved/aware/knowledgeable of the policy, it lessens the risk of something just being put together without more senior involvement and without true integration into a company’s operations.	<ul style="list-style-type: none"> Actual signature on the statement or in a report or on a webpage that contains the policy/statement (many GRI reports have this as an element). Email with policy attached is forwarded to Avendra by a senior level person, which can be interpreted as that person’s awareness/approval of the policy. Policy is publically available on a company’s website, thereby analogous to endorsement of senior management.
4	Policy must be shared with Avendra/customers	The sharing helps to foster a sense of accountability and transparency.	<ul style="list-style-type: none"> Submission by supplier on the myAvendra.com portal or approval to share via the myAvendra.com portal communicated in another way.



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.

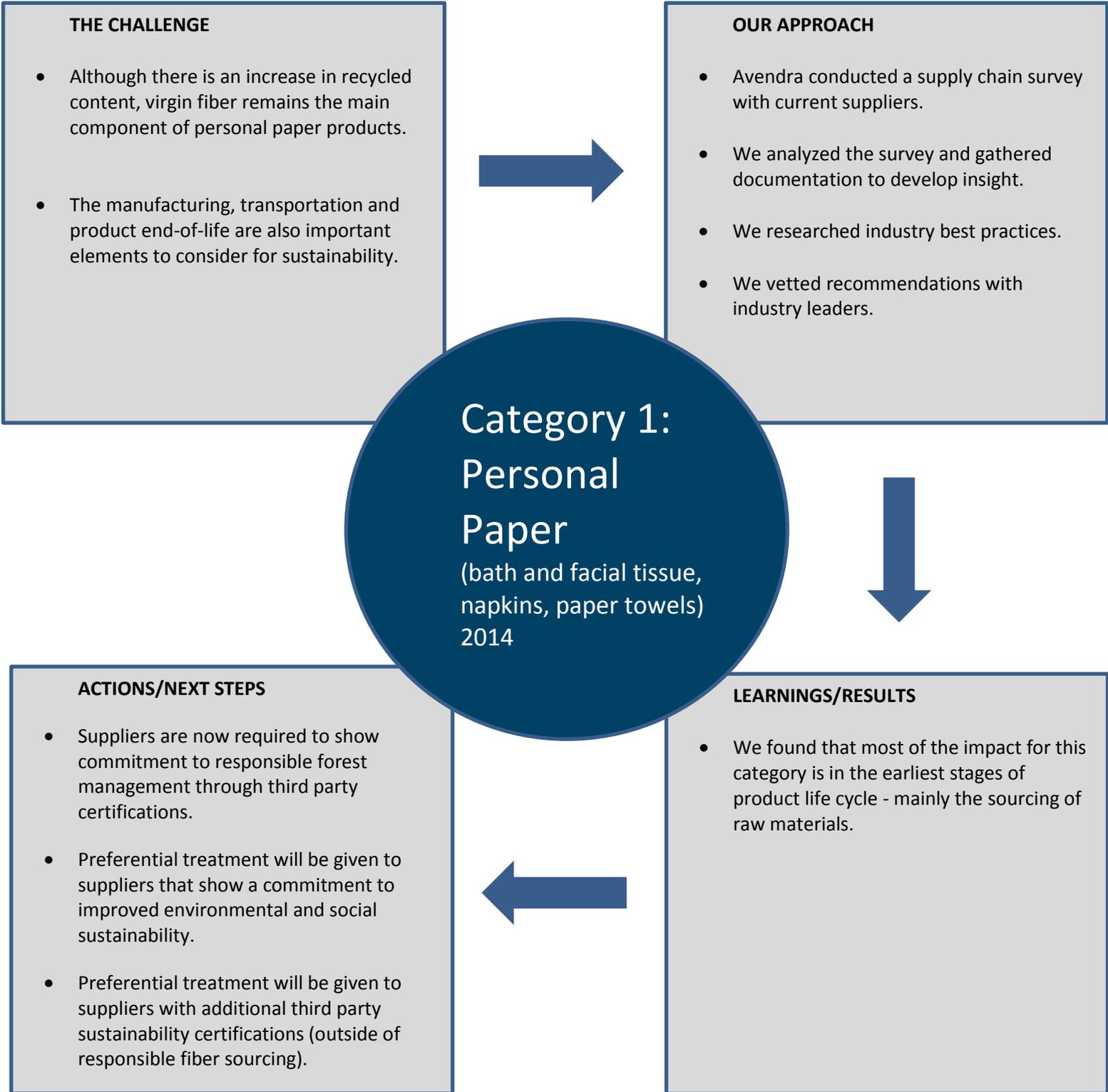
As we look at a more granular level at categories of goods or specific products, we seek to identify the solution that mitigates the key challenges. We developed a supply chain assessment tool to help us identify key risks within the supply chain. This can be used to help identify new contracting approaches. Other scenarios might necessitate that we add new products or new suppliers to our offering. We also look at gaps in education, tracking and reporting that could help 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 (2013)
2. Sourcing Locally Produced Foods (2014 + 2015)
3. LED Lighting (2014)
4. Foodservice Disposables (2014 + 2015)
5. Seafood (2015)
6. Packaging (2015)
7. Uniforms (2015 + 2016)
8. Textiles (2015 + 2016)
9. Palm Oil (new for 2016)
10. Cleaning Chemicals (new for 2016)



This category was worked on in two phases:

Phase 1: Pilot project to promote and streamline local produce purchasing

Phase 2: Developing tracking system for local and organic produce

THE CHALLENGE

- Consumers are becoming more curious about where and how their food is produced.
- There are multiple layers of complexity for the foodservice industry: How do we ensure high volumes and steady supply?
- How do we define “local” for a wide audience? How do we benchmark and track local purchasing?

OUR APPROACH

- Avendra already requires distributors to have a local offering for customers.
- We began a pilot program in the Chicago area in 2013 – using a local partner to connect small farms/farmers to commercial customers.
- In Phase 2, we began working with produce suppliers to report mileage and organic sales.

Category 2: Local Sourcing & Tracking Produce 2014 + 2015

ACTIONS/NEXT STEPS

- Further education on this topic/our offerings for customers may be necessary.
- In Phase 2, Avendra upgraded our spend reporting system to allow for new local/organic sales data from suppliers to begin to be integrated.
- Further work on reporting is needed.

LEARNINGS/RESULTS

- The pilot project in Chicago showed high interest in local offerings.
- Customers desired more data about products and some sort of tracking/reporting system.
- Reporting would need to indicate mileage versus a “local” value.

THE CHALLENGE

- Many businesses and consumers are focused on reducing energy use, ultimately saving money and reducing greenhouse gas emissions.
- Switching to LED bulbs can be one way to help with energy reduction goals, but they are initially more expensive and, given the relative newness of the technology, there are many questions about how they work, lighting retrofits, design implications, etc.



OUR APPROACH

- Avendra already had a robust LED lighting offering through multiple suppliers.
- We held webinars to try to better educate customers on this topic: covering information on LED lighting technology, the benefits of converting to LED lighting, tips on planning for a major retrofit project and ways to best navigate conversion and strategies and resources to manage costs associated with implementing LED lighting.

Category 3: LED Lighting 2014



ACTIONS/NEXT STEPS

- We will continue to work with our suppliers and customers to further awareness and education on the LED lighting category.



LEARNINGS/RESULTS

- Several hundred Avendra customers registered for the webinars.
- Recordings of the webinars were posted on myAvendra. Customers can access the webinars by searching "LED webinar" after logging into www.myAvendra.com.

This category was worked on in two phases:

Phase 1: Developed sustainable disposables brochure to promote products

Phase 2: Developed reporting to help track attributes of foodservice disposables

THE CHALLENGE

- Foodservice disposables, such as paper cups, to-go containers and plastic cutlery, carry innate environmental challenges as they ultimately end up in the waste stream.
- The raw materials used for such products, as well as their end-of-life options must be considered.
- The need to be able to benchmark and track more sustainable disposables is essential.



OUR APPROACH

- Avendra already provides a comprehensive offering related to sustainable disposables.
- We initiated communications to find what is needed for this category in terms of educational materials, what criteria to use to define sustainable products within this category, etc.
- In Phase 2, we developed reporting capabilities to track client spend on disposables with different attributes.

Category 4: Foodservice Disposables 2014 + 2015



ACTIONS/NEXT STEPS

- We will update the brochure as needed.
- We will keep customers informed about this category (e.g. sending information on polystyrene bans and more sustainable alternative products they can use).
- We will continually distribute and make available to our customers the updated brochure and reports as they are released.



LEARNINGS/RESULTS

- We created an electronic brochure showcasing foodservice disposables that are more sustainable.
- Our reporting for Phase 2 tracked client spend on products having sustainability characteristics (e.g. compostable, recycled content, etc.) as well as usage of polystyrene (PS) and expanded polystyrene (EPS) products – these reports are available for interested customers.

THE CHALLENGE

- The United Nations Food and Agricultural Organization estimates that eighty-five percent of marine fish stocks are either fully exploited or overfished.
- Seafood is an important (large, visible) category of spend in our industry.
- The seafood supply chain is fragmented, complex, and difficult to track. In addition there are many different sustainability rating systems and certification approaches.



OUR APPROACH

- Avendra already provides a substantial sustainable seafood offering. We worked with suppliers to increase this offering, focusing on high impact and high spend species.
- Avendra suppliers tagged products they offer with different types of sustainable certifications.
- Our initial work focused on reporting Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certified seafood.

**Category 5:
Sustainable
Seafood
2015**



ACTIONS/NEXT STEPS

- Avendra will continue to work with existing suppliers to increase certified sustainable seafood offerings.
- Avendra is working on rallying more customers behind this category to use collective interest to drive increase in offering while keeping prices affordable.
- We will continually distribute and make available to our customers the updated reports.



LEARNINGS/RESULTS

- Avendra now considers the sustainable offering of a supplier during the RFP process.
- We developed reporting capabilities to track client spend on products with MSC or ASC certifications – these reports are available for interested customers.

THE CHALLENGE

- 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.
- Packaging requires a systems approach to balance between the need for keeping a product safe while minimizing the amount of packaging that gets discarded.



OUR APPROACH

- To get a better understanding of what packaging issues are arising within our supply chain we added several packaging-related questions to our “Meet the Truck” quality assurance audits.
- Our initial scope covered regional food suppliers as they represent a large portion of spend within our business and the packaging is more often within the control of the contracted suppliers.

Category 6: Packaging 2015



ACTIONS/NEXT STEPS

- We reached out to suppliers that, based on the audits, are using more sustainable packaging options, and are trying to surface up ideas to change behavior (e.g. if a seafood supplier is using more sustainable packaging we are investigating if that can be recreated in another market).
- We are conducting parallel research to find sustainable packaging materials and sustainable packaging solutions that could be of use to our business.



LEARNINGS/RESULTS

- Audits highlighted some important trends:
- Majority of packaging materials were recyclable or reusable.
 - Waxed cardboard boxes were the most widely used non-recyclable/non-reusable packaging item.
 - Regional bakery and regional dairy use the highest percentage of reusable packaging.
 - Seafood suppliers use the highest proportion of non-reusable/non-recyclable packaging materials.

THE CHALLENGE

- Social injustices and human rights abuses in the textile, apparel and footwear sectors around the world have been reported.
- The textile and uniform supply chains are complex and span the globe, operating in varying political, cultural and economic environments.



OUR APPROACH

- We wanted to better understand what the supply chain for textiles and uniforms looked like and what our suppliers (and their suppliers) are doing.
- We did preliminary research with 4 of our largest suppliers (primarily distributors) to better understand policies and procedures in regards to human rights and social responsibility.
- We conducted a survey with 25 textile and uniform suppliers and manufacturers under contract with Avendra to get more details about sourcing, manufacturing facilities, etc.

Categories 7 & 8: Textile & Uniform Supply Chains 2015



ACTIONS/NEXT STEPS

- We will be assessing the initial results and discussing next steps in this category in 2016.



LEARNINGS/RESULTS

- We received survey responses from 25 suppliers, including copies of internal policies and procedures on human rights standards, auditing protocols and auditing reports, etc.
- We supplemented the findings with research on types of standards and certifications that exist as well as country specific risks.
- From this body of information, we have created an internal report organizing our initial findings.