

# Traceability in the Global Supply Chains

*Objectives and Challenges*

*8 January, 2014 – 10:00 am EST*



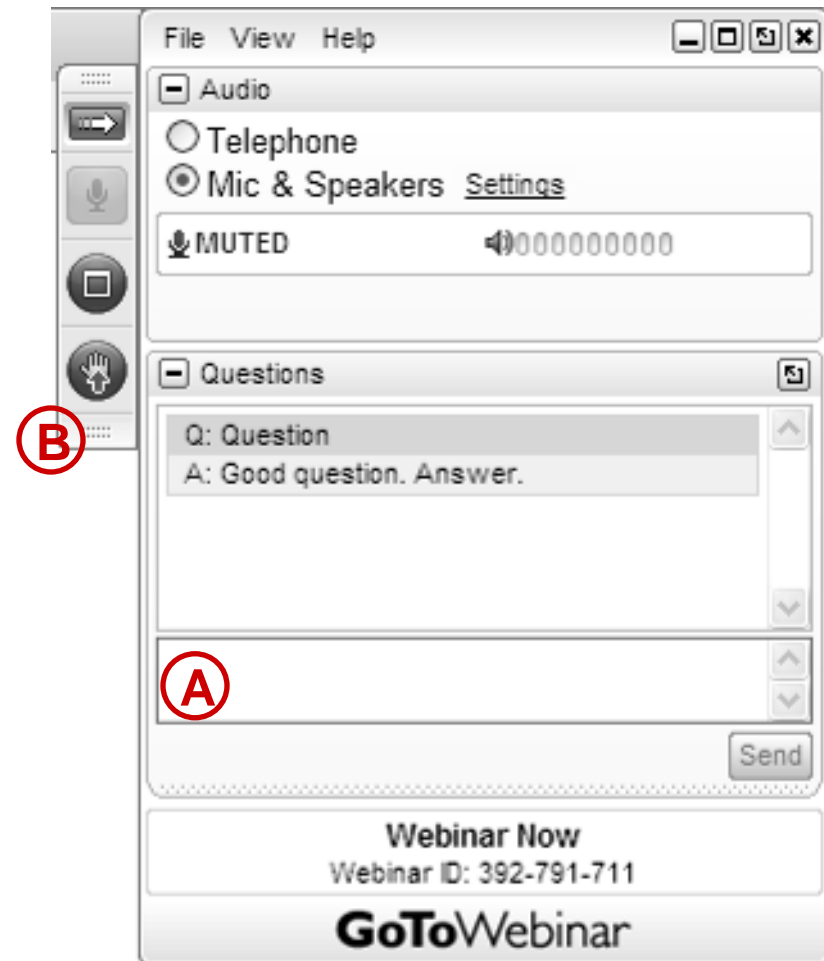
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# Questions

**Technical Difficulties:** If you have technical issues, please let us know by typing a message in the Questions pane (A). You can raise your hand (B) if we do not respond.

**Q&A:** We will be taking questions on content at the end, but you can send them to us throughout the webinar by using the Questions pane (A). Please specify to whom the question should be directed.

**Example:** *Question for John Doe: What is Human Trafficking?*



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# Agenda



## Welcome and Introduction

**Elena Bombis**, Advisor, Supply Chain Sustainability, Legal & Policy, UN Global Compact



## Update on the UNGC Guide on Traceability

**Tara Norton**, Director, Advisory Services (EMEA), BSR

Member of UNGC Advisory Group on Supply Chain Sustainability – Traceability Task Force



## UTZ Certified's role in Traceability

**Han de Groot**, Executive Director, UTZ Certified



## Sustainability at the Mosaic Company

**Chris Lambe**, Senior Director Social Responsibility, The Mosaic Company



## Historic Futures – The Why and How of Traceability

**Tim Wilson**, Director, Historic Futures

## Q & A: Remaining Time



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**Global alignment on supply chain traceability best practices**

**&**

**Update on the UNGC Guide to Traceability**



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# Agenda

1. Definition
2. Update on the Guide to Traceability
3. Highlights from the Draft Guide
  - Best practice model
  - Key drivers
  - Opportunities by commodity



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Tara Norton  
Director, BSR (Paris)



# Traceability: What do we mean?

## ISO definition:

- **Traceability** is the ability to identify and trace the history, distribution, location, and application of products, parts, and materials.
- A **traceability system** records and follows the trail as products, parts, and materials come from suppliers and are processed and ultimately distributed as end products.

In the context of **Sustainability**, traceability is a tool to assure and verify sustainability claims associated with commodities, ensuring good practice all along their supply chains.



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# Traceability Guide: Update

UNGC is developing a guide to traceability for sustainability purposes

30+ interviews with companies, suppliers, NGOs, and traceability schemes

Research to identify global traceability schemes and existing references

Draft of the guide will be completed in Q1, and open for public consultation.



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# The Guide: Contents

## 1. Definitions

MODEL

KEY DRIVERS FOR  
COMPANIES

## 2. Benefits & Limitations of Traceability

## 3. Global Collaborative Opportunities

OPPORTUNITIES BY  
COMMODITY

## 4. Assessments of Options & Alternatives

## 5. The Practicalities of Traceability

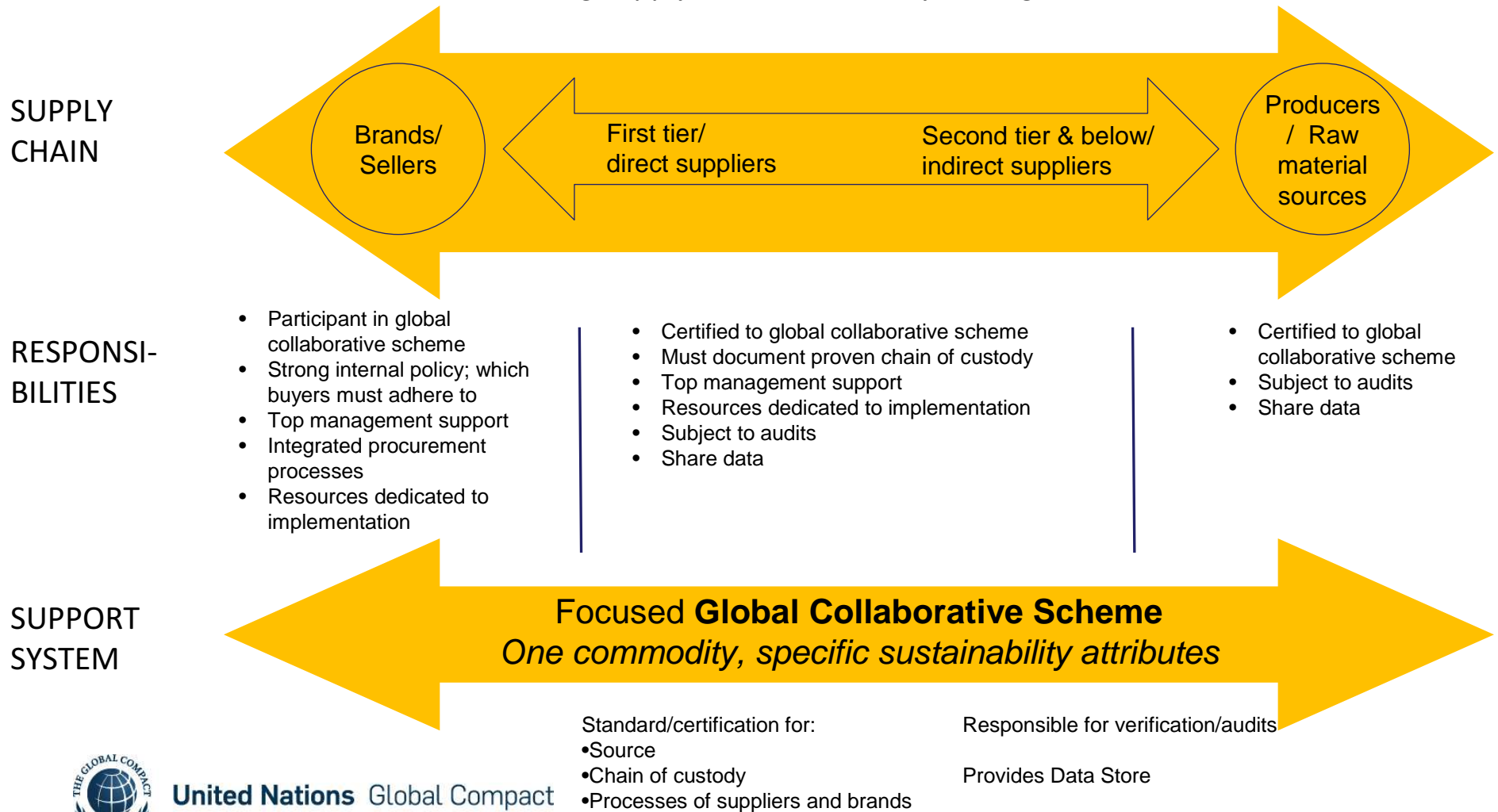


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# Model: Best practice is collaboration

*Achieving supply chain traceability through collaboration*



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# Key Drivers for Companies

## Value & Efficiencies

- Commodity is of significant value to the business
- Operational efficiencies
- Process consistency

## Regulation

Trading in the commodity is subject to legal requirements, *e.g. The Lacey Act [wood]; The Dodd-Frank Act [minerals]*

## Stakeholder Pressure

- Assurance to customers, media, NGOs, investors

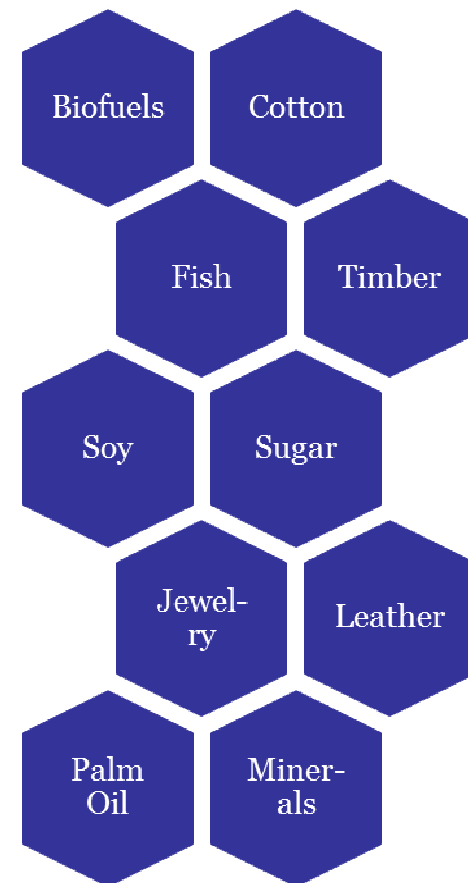
## Level Playing Field

- Standardization of approach across an industry
- Ensure security of natural resources



# Opportunities by commodity

- A focus by **Commodity**
- Research has highlighted 40+ sustainability schemes with some traceability component
- Enable companies to identify schemes by commodity
- For 10 key commodities, highlight global opportunities:
  - Main traceability schemes, with benefits and challenges
  - Challenges that further collaboration could address





Thank you.



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# UTZ Certified's role in Traceability

**Han de Groot, Executive Director**  
**January 8, 2013**





# UTZ Certified

- UTZ Certified is a **program** and **label** for sustainable farming worldwide
- Independent foundation since 2002
- Development of sustainable agricultural supply chains through **certification programs** and **traceability services** for agricultural commodities
  - Coffee since 2002
  - Cocoa and tea since 2007 (Rooibos 2012)
  - Palm oil & cotton (traceability services)





# Mission & Vision

Our mission is to create a world where  
**sustainable farming** is the **norm**.

Sustainable farming helps **farmers, workers** and their **families**  
to fulfill their ambitions and contributes to safeguard the  
world's resources, now and in the future.

A world where sustainable farming is the norm, is a world  
where:

**farmers** implement good agricultural practices and manage  
their farms profitably with respect for people and planet,  
**industry** invests in and rewards sustainable production, and  
**consumers** can enjoy and trust the products they buy.





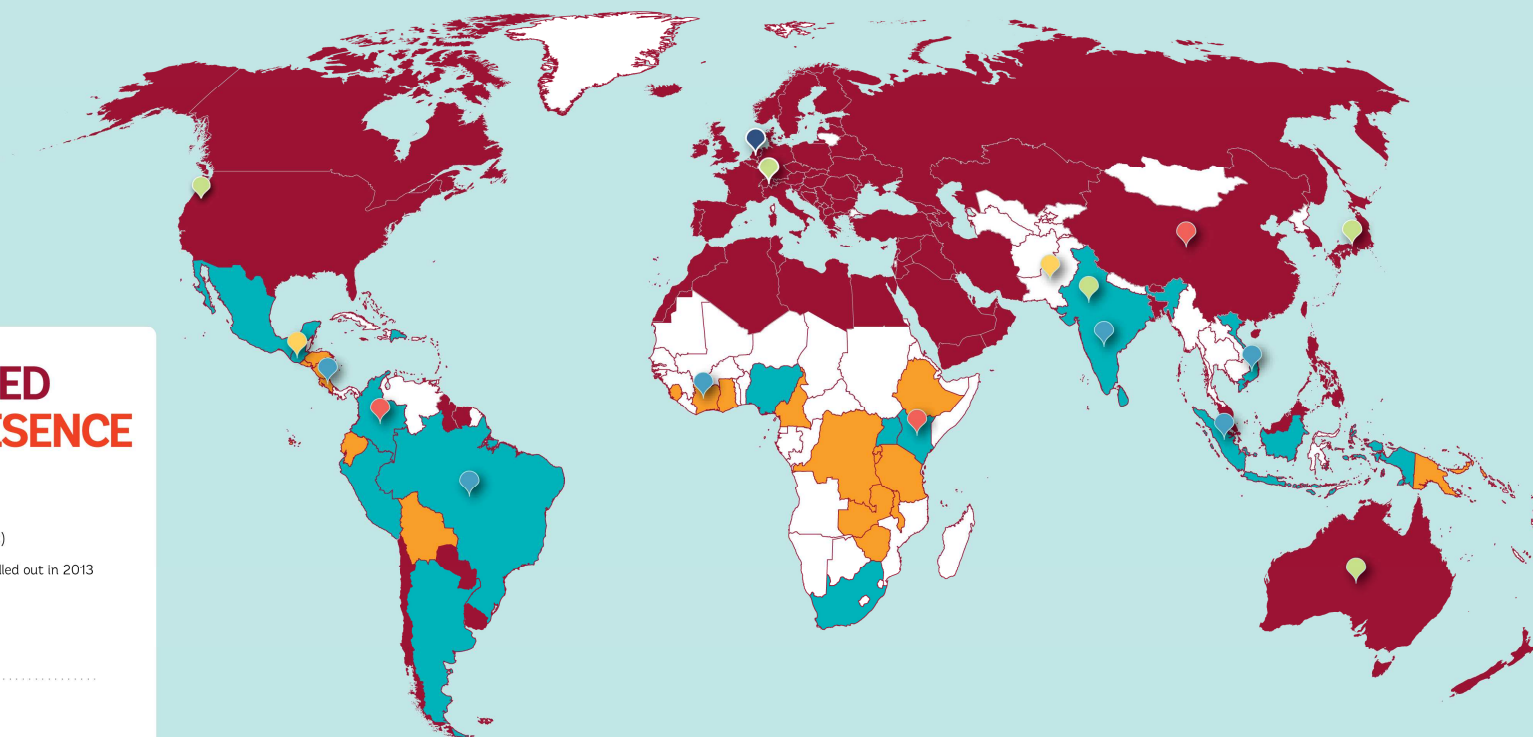


# Where do we work?

## UTZ CERTIFIED GLOBAL PRESENCE

- Market Development offices
- Field Development offices (current)
- Field Development offices to be rolled out in 2013
- Member Support offices
- Headquarters

- Buyer countries
- Producer countries
- Buyer and producer countries





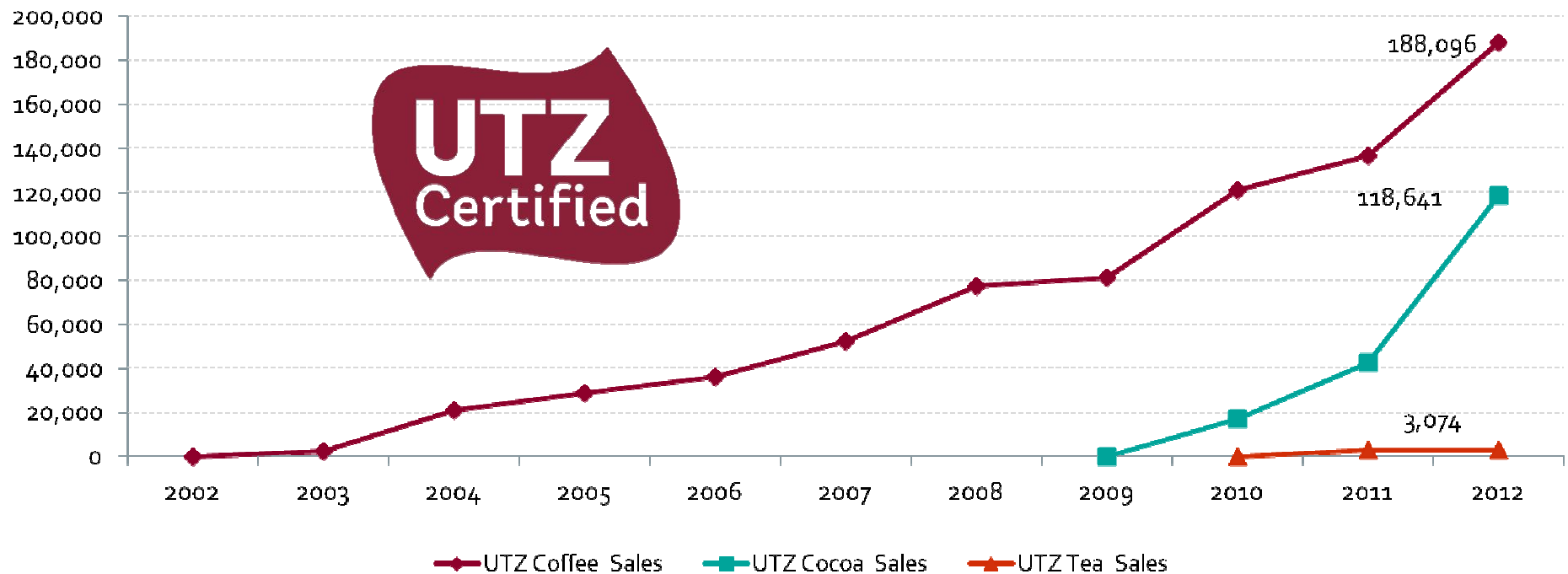
# Key numbers



- 97 consuming countries (8,350 products with our logo)
- 31 producing countries (coffee, cocoa, tea, Rooibos)
- 398,626 certified producers
- 1,069 partners
- 90 employees (based in 13 countries)



# UTZ Certified product sales

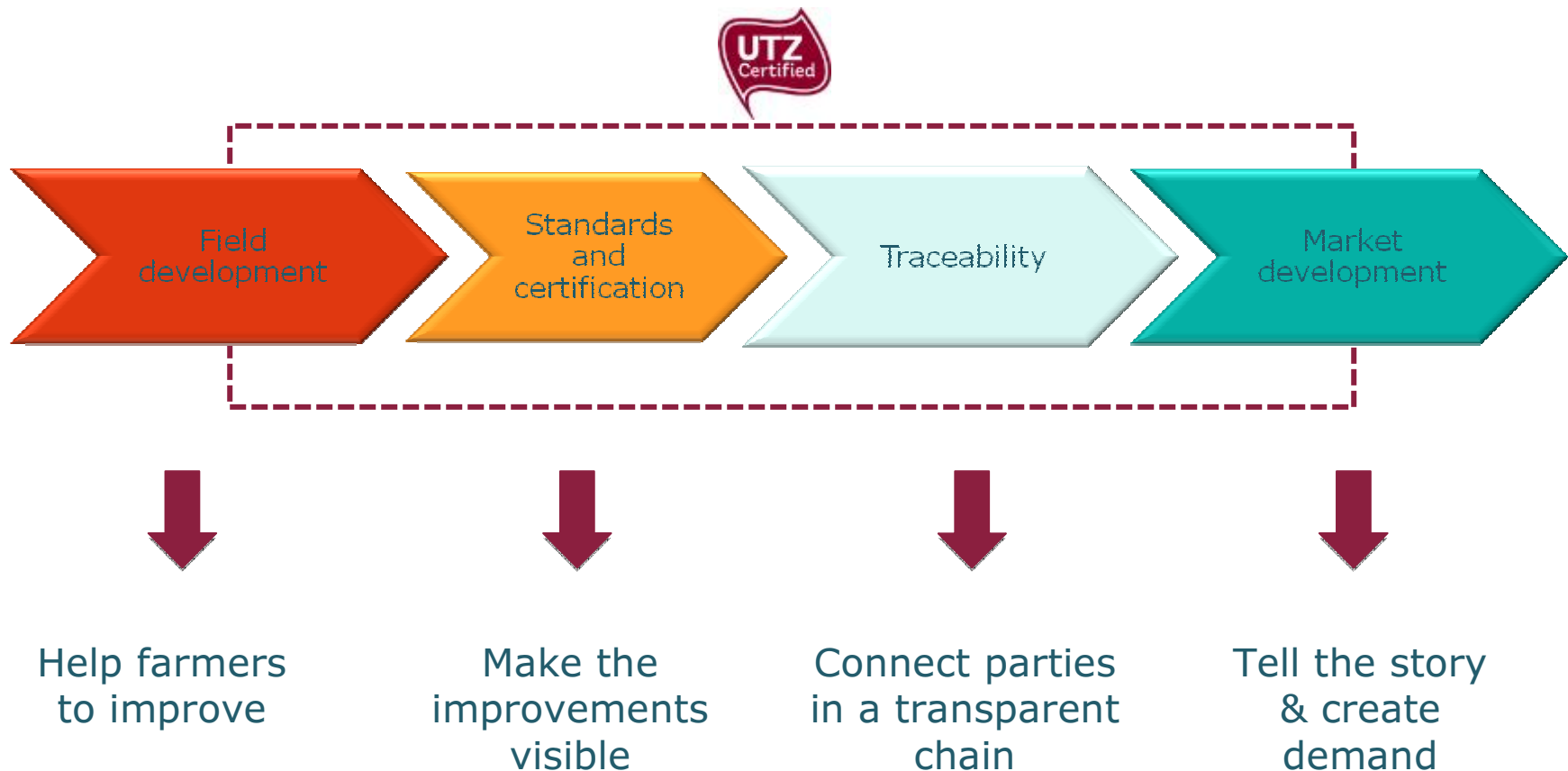


In 2012,

- UTZ Coffee was produced in 23 countries and consumed in 62 with 8% of global production
- UTZ Cocoa was produced in 14 countries and consumed in 93 with 13% of global production
- UTZ Tea was produced in 10 countries and consumed in 14 with 2% of global production

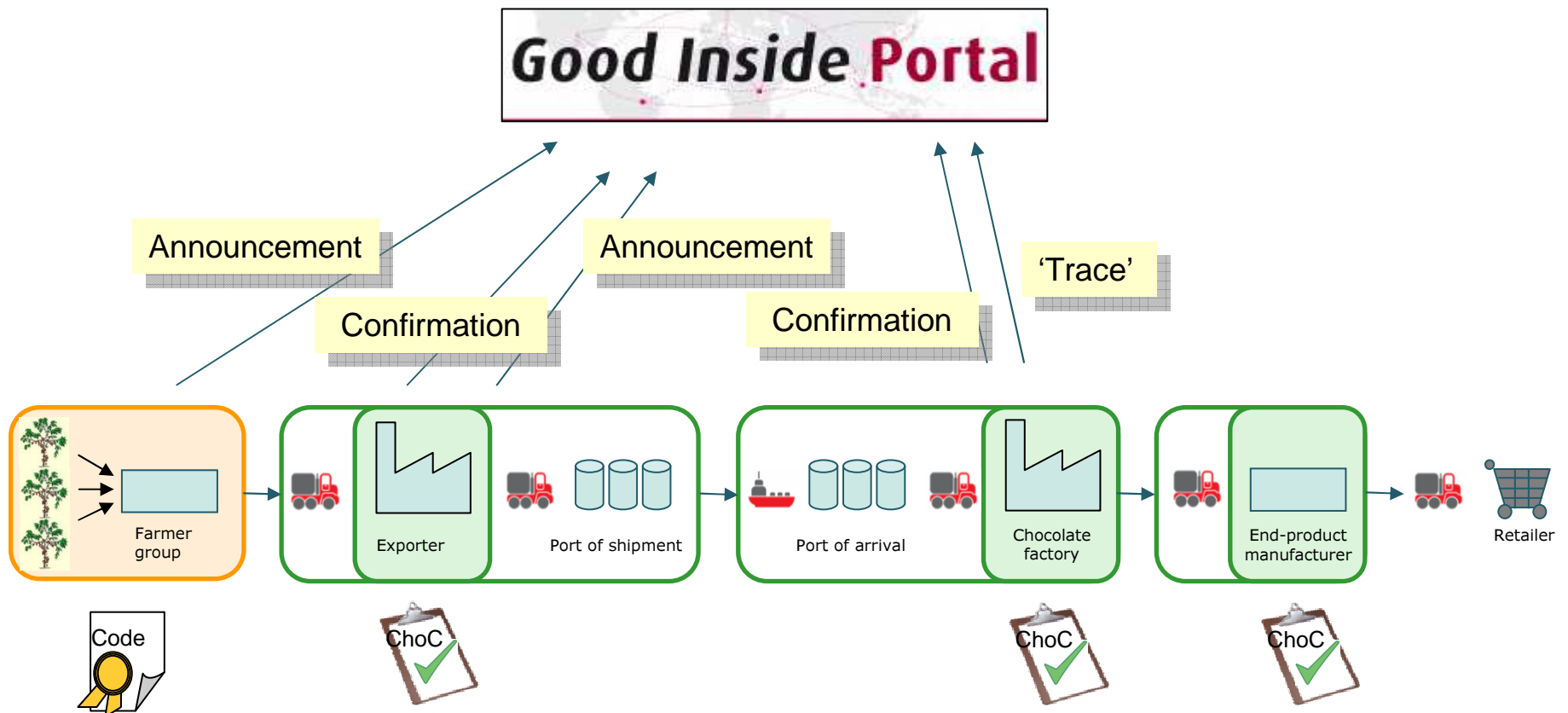


# What do we do?



# The Traceability System

Traceability is assured by the combination of chain-of-custody certification and a central online system

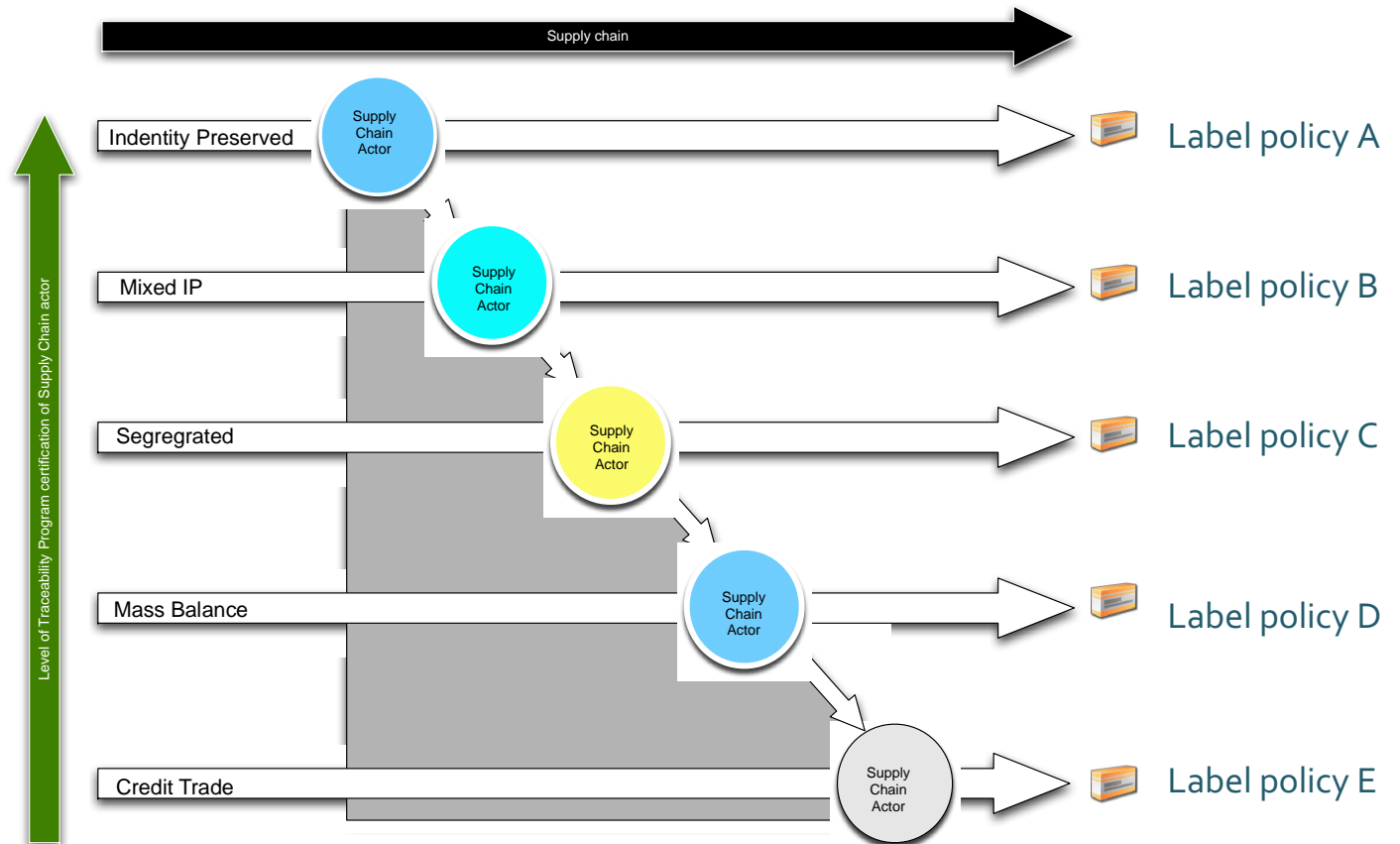


# Coexistence & interaction of Traceability Programs



Adjust the traceability program level of product while it goes through the supply chain.

Apply certification level of the supply chain actors involved





# Value of 3<sup>rd</sup> party traceability

- Assurance that certified products are linked to certified sources
  - Proof to the logo and/or claim on the product
  - Sector wide ambition and playing field
  - Connect main market players and civil society
  - Monitoring of performance and impact
- 
- Create a system that brings good practice to scale



## Some UTZ Certified partners





# THANK YOU

FOLLOW US ON:  [facebook](#)  
 [twitter](#)  
 [www.utzcertified.org](http://www.utzcertified.org)





A photograph of a person wearing a cap and dark clothing, crouching in a field of young corn plants. The sun is low on the horizon, creating a warm, golden glow across the sky and field. The person is looking down at the plants.

# Sustainability at The Mosaic Company

Chris Lambe — Senior Director Social Responsibility & Executive  
Director the Mosaic Company Foundation



# Mosaic is the world's largest combined producer of potash and phosphate - 2-essential crop nutrients



Vertically integrated company with 8,000 employees; operations in 9 countries; and sales in 40+ countries.



Operating mines and production facilities in the United States, Canada, Peru and Saudi Arabia; and production, blending and distribution facilities in, Brazil, China and India.



Expansive transportation network that moves 50,000 tons of raw materials, goods in process and finished product each day.



Promoting best agricultural practices while developing precision fertilizers, nutrient application training and educational outreach programs.





# Is Supply Chain Material to Mosaic?

## 5- Buckets of Sustainability at Mosaic

### Food

- Food Security, Balanced Nutrition, Product Innovation, Agricultural Development

### Environment

- Land, Water, Energy, Air, Nutrient Management

### People

- Safety, Employment Practices, Employee Development, **Supply Chain and Contractors**, Sourcing , Diversity and Inclusion

### Community

- Community Investment, Stakeholder Engagement, Employee Involvement

### Company

- Governance, Partnerships, Management Structure, Management Systems





# Customer Focus for Traceability

- Mosaic is at the very beginning of the Supply Chain. Most of our procurement is not material to our overall sustainability profile.
- We provide data and assurance to others more than we evaluate our own vendors and suppliers.
- Carbon, Water & Product Innovation (R&D) are the most common enquiries.
- Our customers requests are often driven by their customer requests for traceability. E.g. Tyson Foods & Wal-Mart.



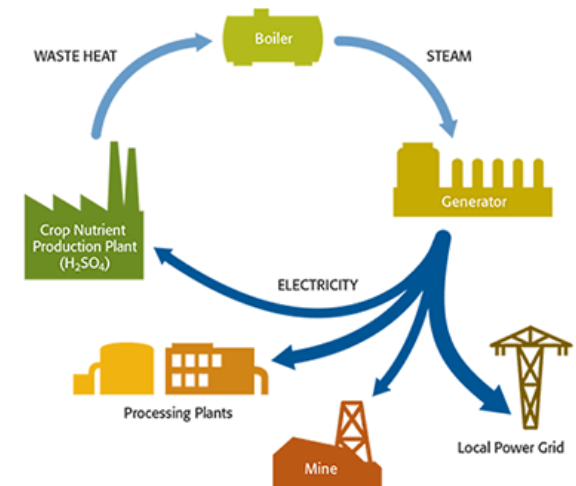


# Carbon & Water

Our two most common questions are what is the carbon and water footprint of a ton of product?

- **Carbon:** Through power cogeneration (waste heat capture), Mosaic has greatly reduced carbon emissions per ton of product produced.
- **Water:** In 2012, Mosaic reused or recycled **90%** of all water used in our Florida Phosphates operations and **80%** in our Canadian shaft mines.

## Cogeneration





# New Products

## Nexfos® *Nexfos*

- The first innovation in feed-grade phosphate in 40 years, requires 90% less water and 55% less electricity per ton to produce than a traditional feedstock.

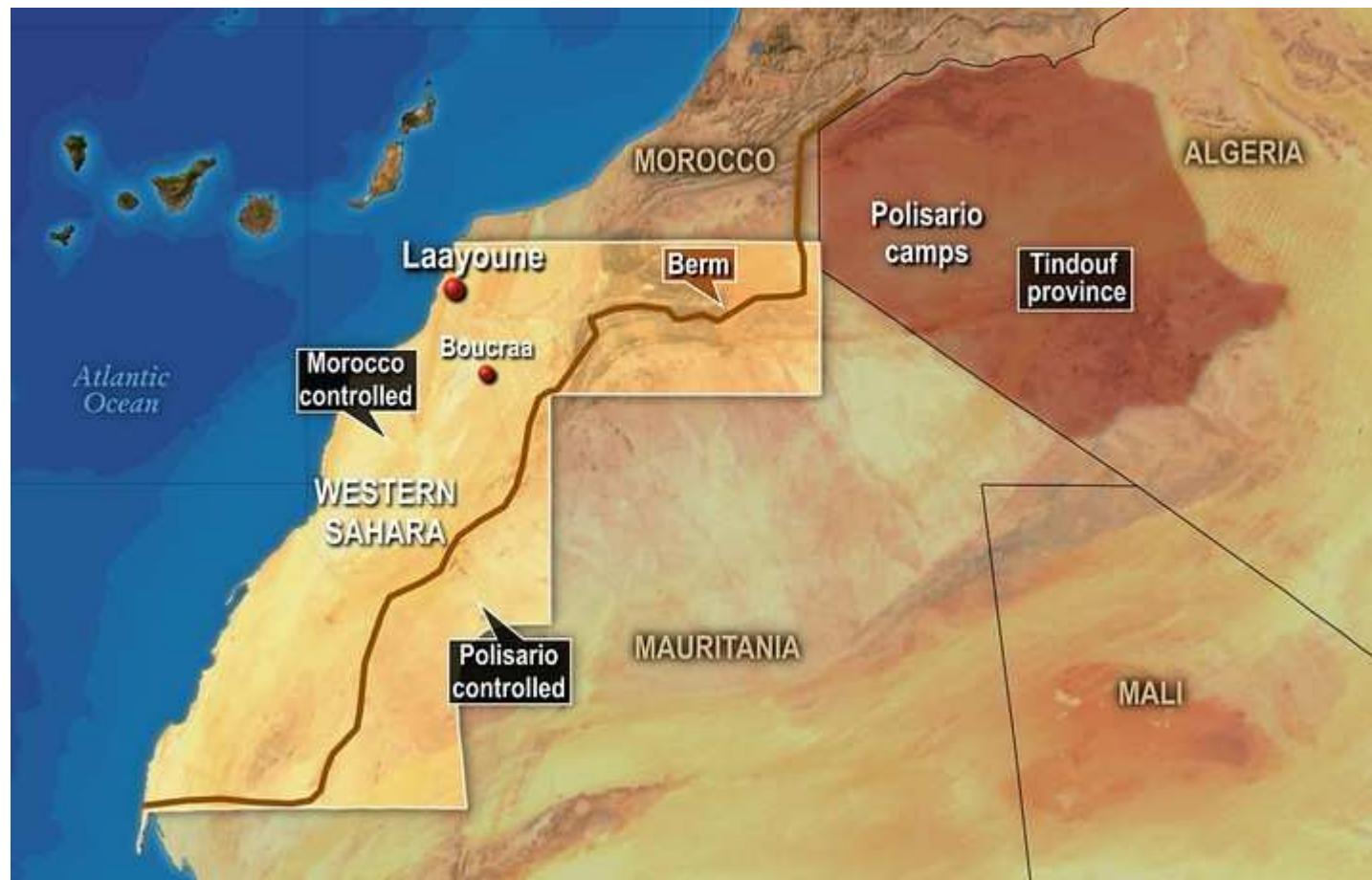
## MicroEssentials® *MicroEssentials*

- The unique chemistry and proper nutrient ratio of MicroEssentials promotes uniform nutrient distribution and improved nutrient uptake.





# Western Sahara Rock





**HISTORIC FUTURES**  
the future is history

**Traceability in Global Supply-Chains**  
*Objectives and Challenges*

*8<sup>th</sup> January 2014*

*UNGC / BSR*

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# Why...?



- **80% of social and environmental impact of any product is in the value-chain...** there are no **tools to measure**

The **lack of accurate and complete information** about the history of individual products undermines brand owners' ability to make informed sourcing decisions and reliable product claims.

The inability of value-chain participants to convey information about their best practice management means they cannot differentiate their contribution to **the production process**.

**Supply networks are not effectively accountable** to customers, regulators and civil society.

Understanding the value-chain / supply-network can:

- Drive efficiency – **strategic sourcing** to improve resource utilisation
- Manage risk – **compliance** with regulatory and voluntary schemes
- Revolutionise marketing – meet customer needs for **trust and transparency**
- But it's challenging to do...

# How...?



- **Independent**, for profit organisation **focused** entirely on **value-chain mapping** techniques and applications

Because...

**Companies** taking part **in the value-chain** cannot provide a solution

**Industry** specific and **standard** specific solutions are difficult to scale **to consumer-ready products**

**Incoherent**, poorly defined **market**; too small / risky for existing B2B service providers

## **Applicability**

Solutions must be practical, usable in real situations, working globally, at scale and with commoditised products.

*...requires an alternative approach to differentiated materials*

## **Accuracy / precision / automation**

How accurate should the data be? Who will check and how do they know the “right” answer?

*...it's not (just) about barcodes and RFID tags*



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Improves Efficiency - Manages Compliance - Inspires Trust - Strengthens Relationships - Creates New Markets

# Details (might) matter...



**Product History**

Wal-Mart Stores Inc  
Retailer - USA  
Love Earth Jewelry[ 147714 ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Tagged Love, Earth Item[ 147697 ]

↑

Exportadores Bolivianos S.R.L.  
Jewelry Manufacturer - Bolivia  
06 Castings[ 3 batches ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Silver bars[ 2 batches ] | Gold bars[ 2 batches ]

↑

Kennecott Utah Copper  
Mining and Refining - United States  
Silver bars[ 2 batches ] | Gold bars[ 2 batches ]

↑

Arin  
Jewelry Manufacturer - Peru  
05 Rope[ 2 batches ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Silver bars[ 2 batches ]

↑

Kennecott Utah Copper  
Mining and Refining - United States  
Silver bars[ 2 batches ]

↑

Exportadores Bolivianos S.R.L.  
Jewelry Manufacturer - Bolivia  
07 Rope[ 4 batches ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Silver bars[ 144780 ]

↑

Kennecott Utah Copper  
Mining and Refining - United States  
Silver bars[ 144692 ]

**Product History**

Wal-Mart Stores Inc  
Retailer - USA  
Love Earth Jewelry[ 166870 ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Tagged Love, Earth Item[ 163530 ]

↑

Exportadores Bolivianos S.R.L.  
Jewelry Manufacturer - Bolivia  
Finished item by style[ 163238 ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Silver bars[ 2 batches ] | Gold bars[ 9 batches ] | gold grain[ 5 batches ]

↑

Kennecott Utah Copper  
Mining and Refining - United States  
Silver bars[ 2 batches ] | Gold bars[ 6 batches ]

↑

Arin  
Jewelry Manufacturer - Peru  
01 Gold Bars[ 2 batches ]

↑

Aurafin  
Jewelry Design and Manufacture - USA  
Gold bars[ 2 batches ]

↑

Kennecott Utah Copper  
Mining and Refining - United States  
Gold bars[ 2 batches ]

↑

Valcambi S.A.  
- Switzerland  
GreenGold 9999 Box[ 2 batches ]

↑


Newmont Mining Company  
- USA  
Dore[ 4 batches ]

↑

Carlin Mill  
- USA

**Starfish Pendant**

The Love, Earth sterling silver and 10K starfish pendant. This pendant represents the vital importance of marine ecosystems. Each piece in the Love, Earth family is created with materials from responsible sources and can be traced to its origin.



**Batch Details**


Batch No: 785ZT0022

Batch Tag: XDT3A2

**Map**

Zoom In | Zoom Out | Normal | Satellite | Hybrid

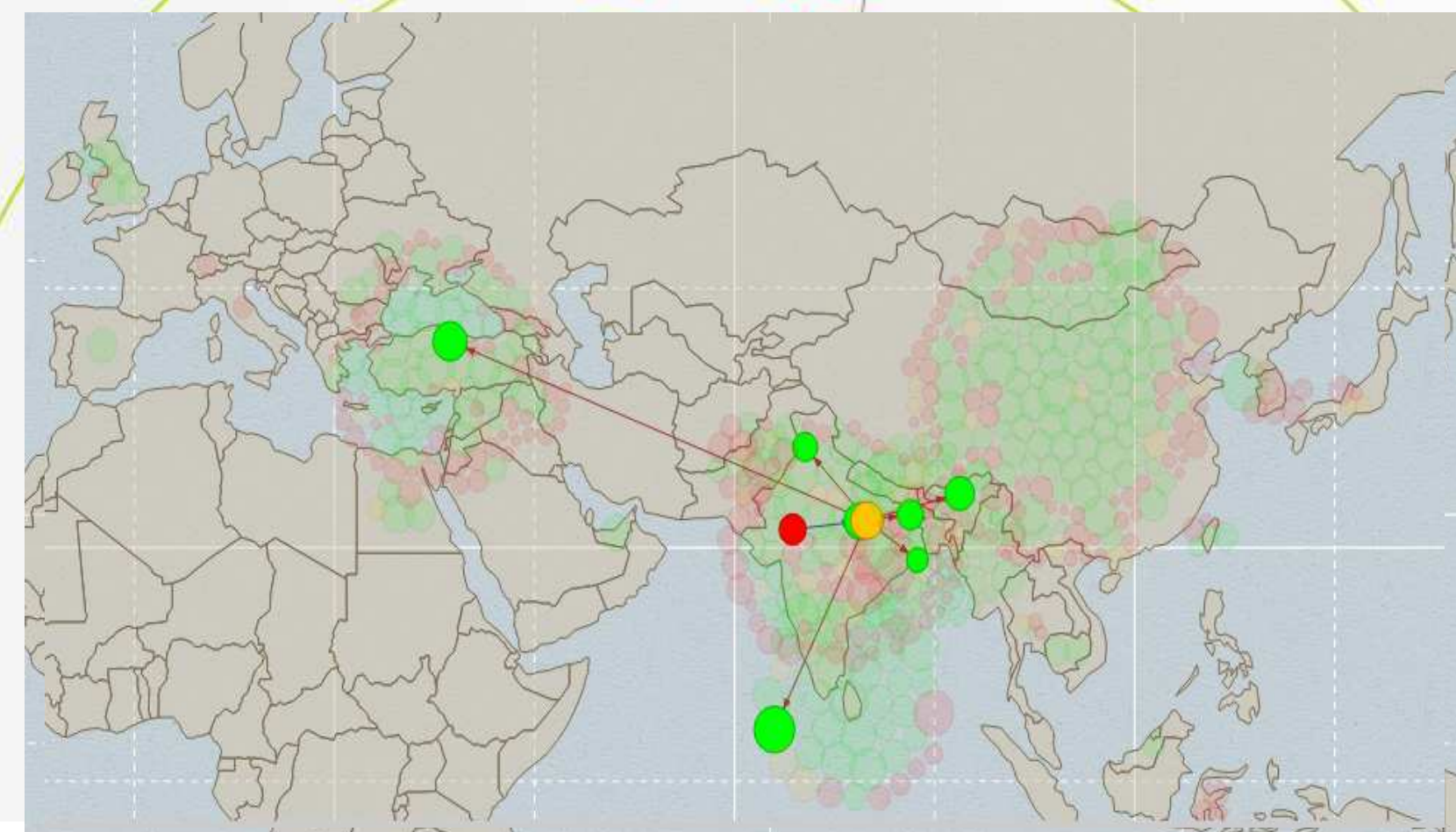
Imagery ©2011 NASA, Map data ©2011 MapLink, Tele Atlas - Terra



Live, production since 2009

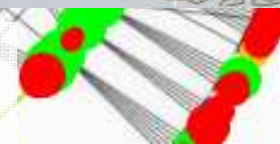
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# Scale does matter...



YOUR M&S

>12.5 million items; >6,500 retailer PO's;  
>700 3<sup>rd</sup> party production sites; 15 months



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# But simplicity is king...



The screenshot shows the FSC International Online Claims Platform (OCP) interface. The top navigation bar includes the FSC logo, user information (fscocp+1@gmail.com), and links for Notifications, Rough Wood Ltd., Admin, Help, and Log Out. Below this is a secondary navigation bar with tabs for Purchases, Sales, Supply Chain, and Reports. The main content area is titled 'Invoice Details' and contains a form for submitting a claim. The form includes fields for Transaction Identifier (INV001), Claim Date (2013-12-13), Claim Type (FSC 100%), Species (Picea abies, Pinus strobus, Quercus mongolica), Countries of Harvest (China), Product Type (W1 Rough wood), and Quantity (300 m3). A 'Submit Claim' button is at the bottom. A red banner on the left side of the interface reads 'DEMO USE ONLY'.



>40,000 sites globally, every time zone; multiple languages.

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# Thank you



**HISTORIC FUTURES**  
the future is history

# Q & A



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# Thank You

## Thank you for joining us today.

Presentation slides and a recording of the webinar  
will be available on the UNGC website.

*If you have any additional questions, please contact:*

**Elena Bombis:** [bombis@unglobalcompact.org](mailto:bombis@unglobalcompact.org)



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