

Lonza



Sila Vogiatzaki
Director, Responsible Sourcing

Lonza's Supplier Sustainability Risk & Supplier Decarbonization Maturity Frameworks

Is your case study linked to an 'ugly truth' or a 'key success factor'?

Our case study is linked to a key success factor in the implementation of our Responsible Sourcing program, namely the development of our Supplier Sustainability Risk and Supplier Decarbonization Maturity Frameworks, that support the need for creating a clear framework to assess and manage supplier ESG performance.

What does the case study help tackle?

Our Responsible Sourcing program focusses on two initiatives – Supplier Sustainability and Supplier Decarbonization. As part of these initiatives, we have two key expectations for suppliers: perform a sustainability evaluation and set science-based targets. The frameworks serve as a guidance for: ...our procurement teams to:

- Easily communicate our Responsible Sourcing requirements to their suppliers
 - Assess their suppliers' ESG performance level
 - Understand what actions to request from suppliers
 - Integrate ESG performance into supplier management and procurement decisions
- ...our suppliers to:
- Understand whether they comply with Lonza's expectations and, if not, what the next steps for compliance are
 - Get access to help resources for improvement

Who was involved (departments/roles)? How did you justify it to the business?

The Responsible Sourcing team developed the frameworks, after thorough benchmarking with industry peers, customers, suppliers and internal stakeholders. The goal of developing such frameworks and API integrated Power BI dashboards was to streamline the Responsible Sourcing process and make it easier for buyers to access relevant information per supplier.

What were the key success factors?

- Easily comprehensible frameworks (e.g., colour coded) that communicate current performance vs. desired performance to suppliers
- Development of a [Responsible Supplier Toolkit](#) (incl. the frameworks) which is publicly available
- Communication of the frameworks in a [Responsible Supplier digital event](#) with more than 1,100 participants
- Framework criteria are easily trackable via Power BI dashboards to display the Risk and Maturity of each supplier (dashboards are API connected and updated automatically, in real time)
- Development of contract clause and RfP/RfQ guidance, aligned with the frameworks, to enable buyers to include this into purchasing decisions
- Continuous training of procurement on the frameworks (e.g. via internal webinars)
- Ensuring that Lonza leads by example and meets requirements (EV score > 45 and SBTi targets)

How would you recommend those with less resources attempt this?

- Do not re-invent the wheel (e.g., some of our suppliers already replicate the concept)
- Integrate external providers via API and automatize reporting where possible to save time
- Keep it simple: the easier you make it for buyers and suppliers to understand your program, the less explaining you will have to do at a later stage

What are your watch-outs for others attempting this?

Frame your program and frameworks positively, so that suppliers do not see it as a threat: the purpose is to help suppliers continuously improve on ESG, rather than punish them for lower performance and offer suppliers capability building (e.g., we use TFS Academy).

What was the outcome and how did you measure it?

We significantly progressed towards our 2028 target achievements with 75% of spend coming from suppliers with an assessment (up from 33% in 2022) and more than 200 suppliers already engaged on decarbonization. We noticed an increased autonomy of buyers in leading Responsible Sourcing discussions with their suppliers, a high degree of usage of the Power BI dashboards and a faster understanding of our suppliers when it comes to our Responsible Sourcing expectations.