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Engaging the Supply Chain to Address Emerging ESG Regulations and Stakeholder Expectations

AHFA Member Sustainability Best Practices

10 August 2023

ESG Framework

- **Consideration of companies social and environmental impacts**
  - ✓ Operations
  - ✓ Value Chains
  - ✓ Products

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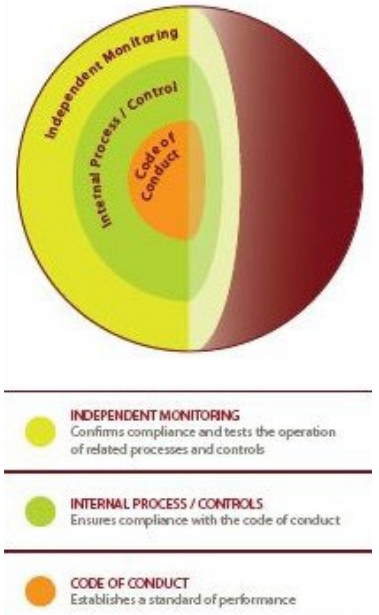
ESG Approach

- **Defined Requirements and Standards**
- **Processes and Controls**
  - ✓ Preventative
  - ✓ Detective
  - ✓ Corrective
- **Monitored Performance**
  - ✓ Data gathering and evaluation



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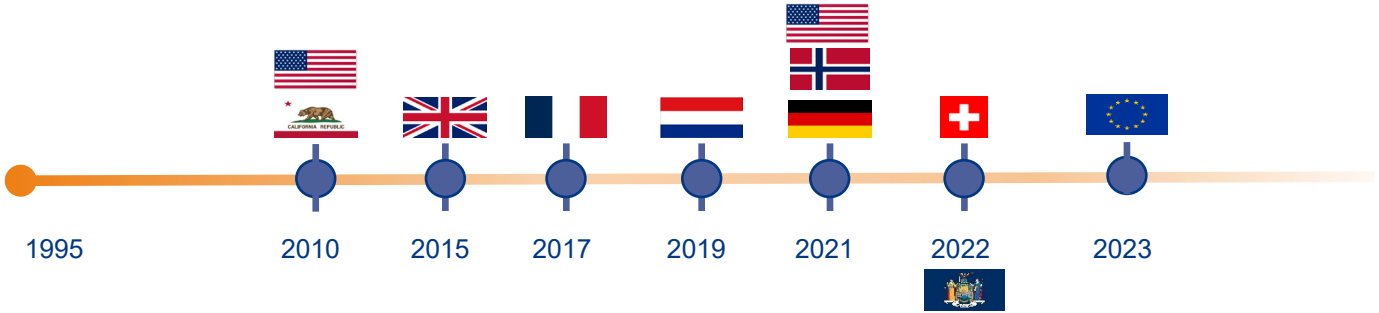
Regulatory Landscape

Statutory requirements for consideration of social and environmental issues in the supply chain



- ✓ Dodd–Frank Wall Street Reform and Consumer Protection Act
- ✓ California Transparency in Supply Chains Act of 2010
- ✓ UK Modern Slavery Act
- ✓ French Duty of Vigilance Law
- ✓ Dutch Child Labour Due Diligence Law [*Wet Zorgplicht Kinderarbeid]*
- ✓ German Act on Corporate Due Diligence in Supply Chains (LkSG)
- ✓ Norwegian Transparency Act
- ✓ Uyghur Forced Labor Prevention Act
- ✓ Swiss Code of Obligations
- ✓ EU Directive on Corporate Sustainability Due Diligence
- ✓ New York Fashion Sustainability and Social Accountability Act

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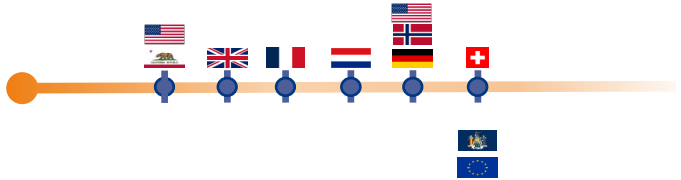
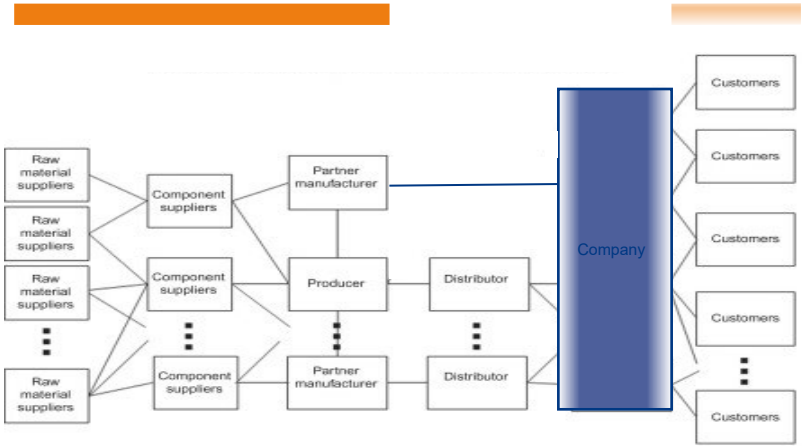
Implications and Actions

Supply Chain Mapping

- ✓ Complete value chain





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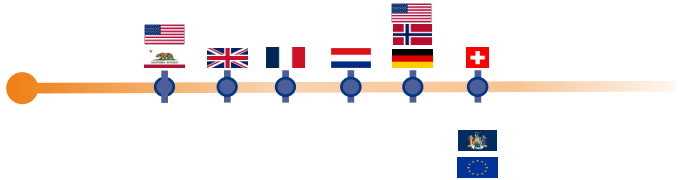
Implications and Actions

- Supply Chain Mapping
- **Risk Factor Identification**
  - ✓ Historical
  - ✓ Expanded



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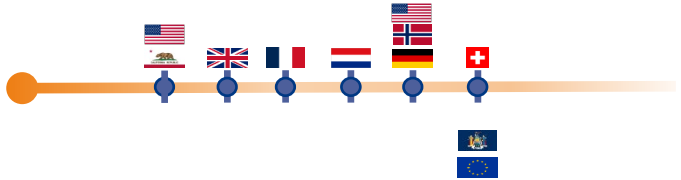
Implications and Actions



- Supply Chain Mapping
- Risk Factor Identification
- **Managing Risk Factors**
  - ✓ Preventative
    - Supplier selection processes
    - Training
    - Procurement strategies and policies
    - Contractual requirements and assurances

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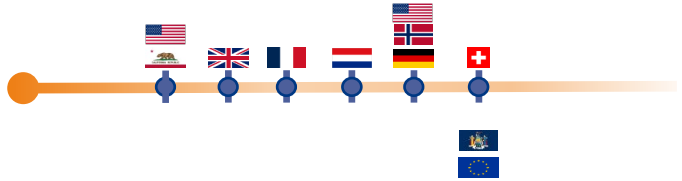
Implications and Actions

- Supply Chain Mapping
- Risk Factor Identification
- Managing Risk Factors
- **Managing Due Diligence Activities**
  - ✓ Detective



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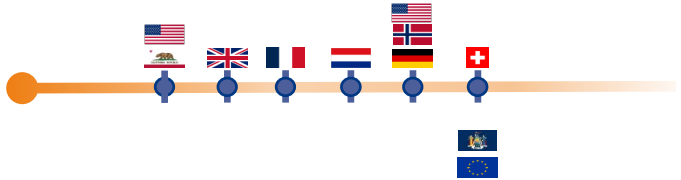
Implications and Actions



- Supply Chain Mapping
- Risk Factor Identification
- Managing Risk Factors
- Managing Due Diligence Activities
- **Managing Results**
  - ✓ Corrective

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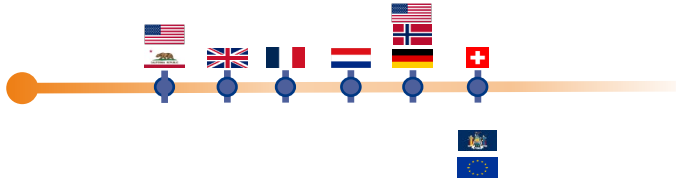
Implications and Actions



- Supply Chain Mapping
- Risk Factor Identification
- Managing Risk Factors
- Managing Due Diligence Activities
- Managing Results
- **Reporting**

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SUSTAINABILITY AT CITY

LEADERSHIP ALIGNMENT

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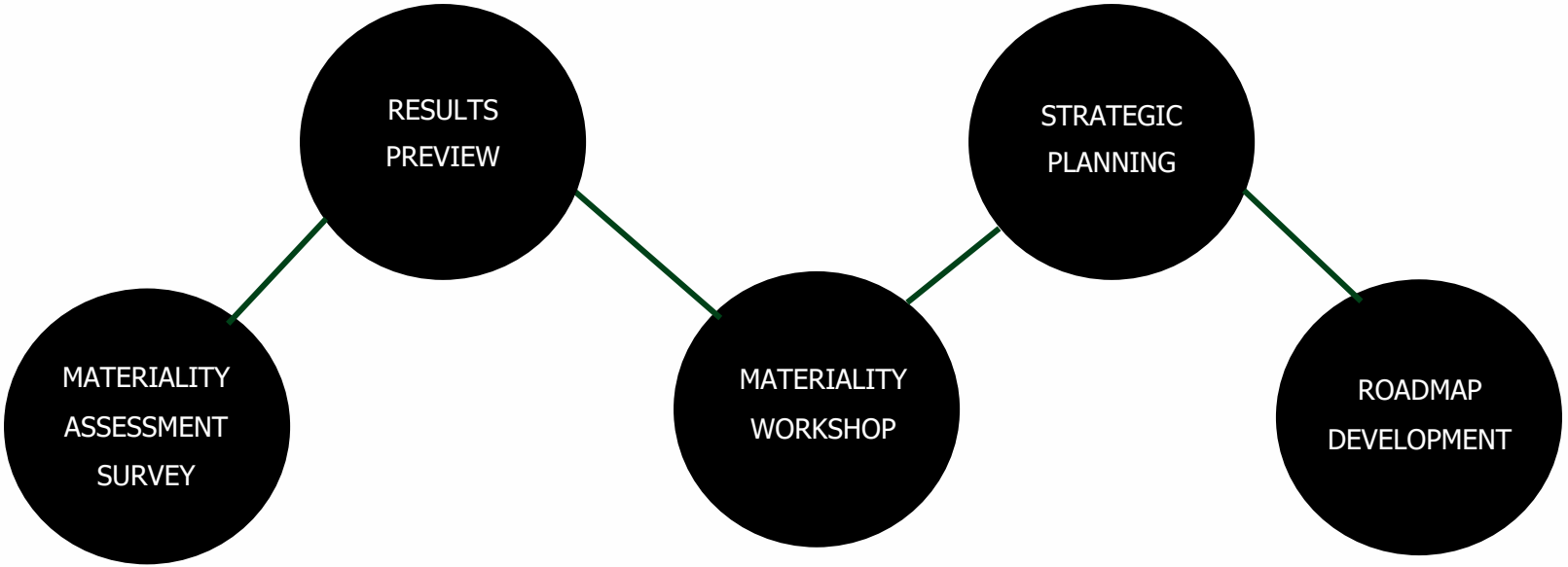
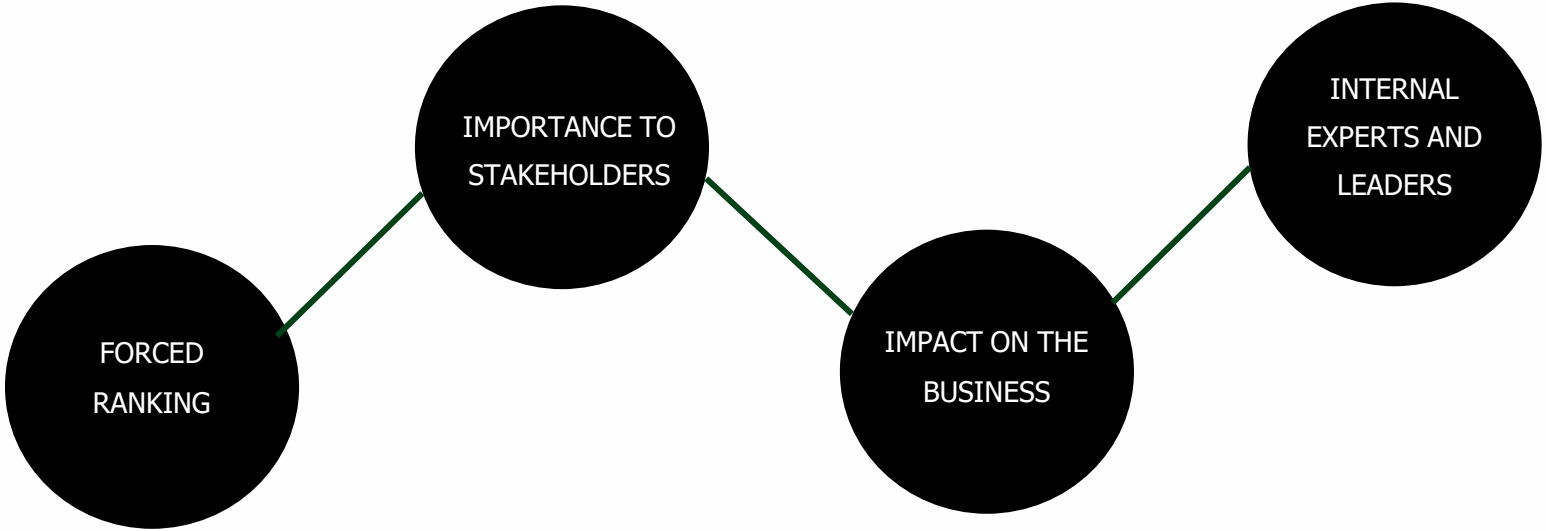
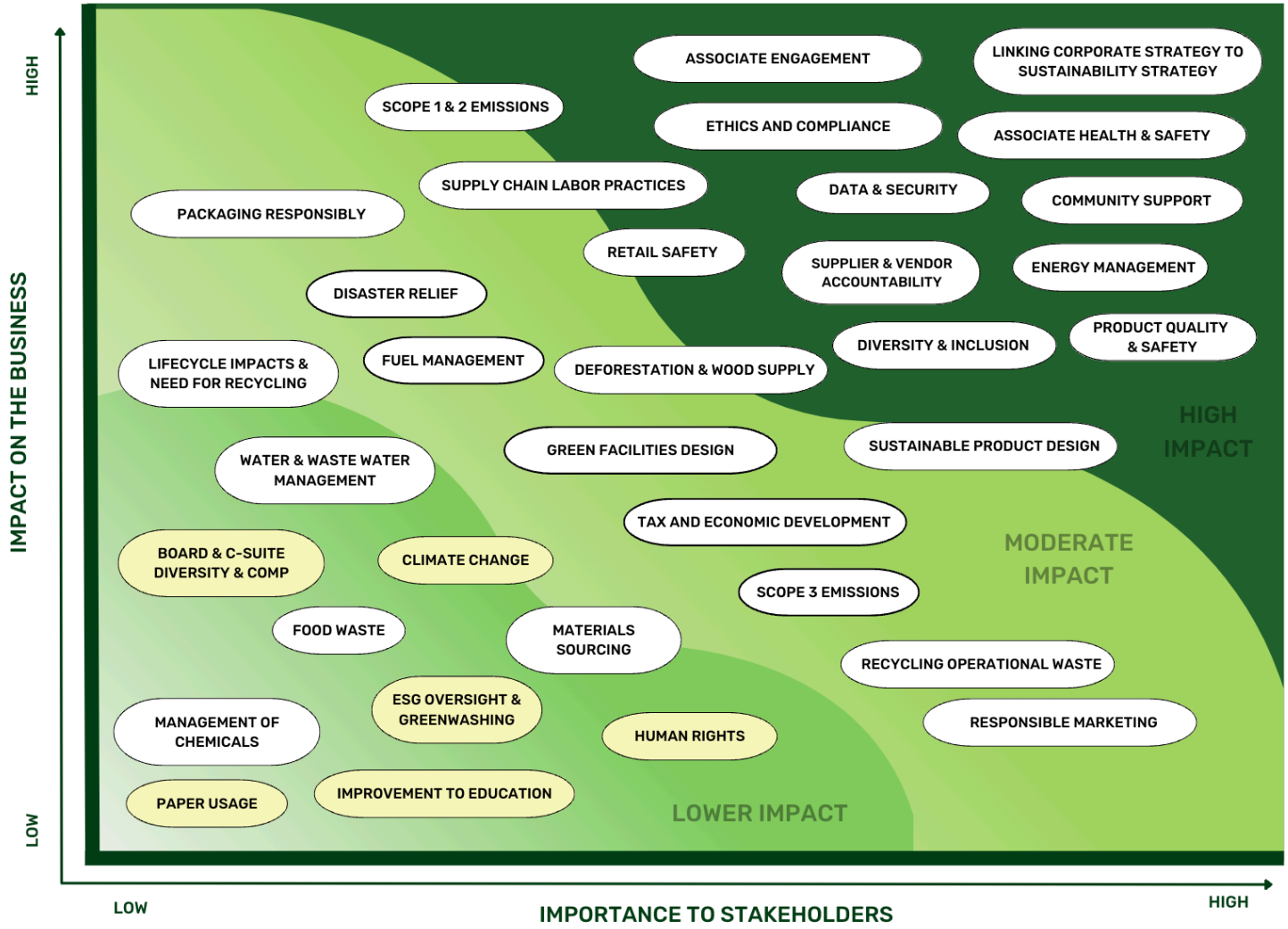


THE DATA


FORCED RANKING
IMPORTANCE TO STAKEHOLDERS
IMPACT ON THE BUSINESS
INTERNAL EXPERTS AND LEADERS


HIGH
IMPACT ON THE BUSINESS
LOW
ASSOCIATE ENGAGEMENT
LINKING CORPORATE STRATEGY TO SUSTAINABILITY STRATEGY
SCOPE 1 & 2 EMISSIONS
ETHICS AND COMPLIANCE
ASSOCIATE HEALTH & SAFETY
SUPPLY CHAIN LABOR PRACTICES
DATA & SECURITY
COMMUNITY SUPPORT
PACKAGING RESPONSIBLY
RETAIL SAFETY
SUPPLIER & VENDOR ACCOUNTABILITY
ENERGY MANAGEMENT
DISASTER RELIEF
DIVERSITY & INCLUSION
PRODUCT QUALITY & SAFETY
LIFECYCLE IMPACTS & NEED FOR RECYCLING
FUEL MANAGEMENT
DEFORESTATION & WOOD SUPPLY
HIGH IMPACT
GREEN FACILITIES DESIGN
SUSTAINABLE PRODUCT DESIGN
WATER & WASTE WATER MANAGEMENT
TAX AND ECONOMIC DEVELOPMENT
MODERATE IMPACT
BOARD & C-SUITE DIVERSITY & COMP
CLIMATE CHANGE
SCOPE 3 EMISSIONS
FOOD WASTE
MATERIALS SOURCING
RECYCLING OPERATIONAL WASTE
ESG OVERSIGHT & GREENWASHING
MANAGEMENT OF CHEMICALS
HUMAN RIGHTS
RESPONSIBLE MARKETING
PAPER USAGE
IMPROVEMENT TO EDUCATION
LOWER IMPACT
LOW
IMPORTANCE TO STAKEHOLDERS
HIGH

2040 GREEN PROMISE

WE ARE WORKING TO GO CARBON NEUTRAL BY THE YEAR 2040

ENERGY EFFICIENCY

20% REDUCTION OF CARBON EMISSIONS

We have enrolled in 4,766kW of solar energy production. Each year, one third of all of our power consuption for CITY's facilities is now provided from zero carbon solar energy. This has reduced our carbon emissions by over 20%.

TRANSPORTATION

TOP FLEET IN AMERICA FOR 8+ YEARS

We were the first in our industry to convert 100% of delivery trucks to CNG. Approximately 60% of the CNG we use is Renewable Natural Gas.

RECYCLING

8,500,000

With the addition of Plant City in 2022, we now operate four state-of-the-art recycling centers. We're able to recycle almost everything that comes through our doors, keeping 8,500,000 pounds of waste out of landfills each year.

FOSTERING CIRCULARITY

12 MILLION TONS OF FURNITURE WASTE ANNUALLY

CITY FURNITURE

74% OF CONSUMERS CARE ABOUT THE ENVIRONMENTAL IMPACT OF THE PRODUCTS THEY BUY.

79% OF CONSUMERS WANT AN EASIER WAY TO IDENTIFY COMPANIES THAT CARE ABOUT ENVIRONMENTAL IMPACTS OF THEIR PRODUCTS AND SERVICES.

ENVIRONMENTAL STATUS CATEGORIES

CITY FURNITURE

TIER 1	• FSC Certified • Verified Rediscovered
TIER 2	• PEFC Certified • FSC Controlled Wood • Verified Legal • Rediscovered
TIER 3	• Known Legal
TIER 4	• Unknown / Limited Knowledge
TIER 5	• Unwanted

STRATEGIC PARTNERSHIPS

CITY FURNITURE

WWF | FORESTS FORWARD

Helping companies achieve sustainability, social-impact and business goals through the power of forests.

eurofins | Modern Testing Services

Third party verification immediately reinforces supply chain efficiency and resiliency.

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QUESTIONS