

Improving ERG supplier sustainability with Achilles



One of Europe's largest renewable energy companies is helping its supply chain achieve its sustainability goals with collaboration from Achilles.

Founded in 1938, ERG is a leading operator in the production of energy from renewable sources. It is a leader in wind energy in Italy and among the top ten in Europe, and also enjoys prominence in the solar energy sector. The company, which has always been mindful of ESG (Environment, Social, Governance) issues, intended helping its more than 1500 suppliers grow in the field of sustainability and turned to Achilles to achieve this goal.

Challenge

ERG chose to share with its suppliers the experience and focus it has always given to sustainability issues. As Anna Campi, Head of Procurement Planning, Control & Vendor Management, explains, "We seek continuous improvement. Sustainability forms the basis for our activities and we are constantly looking to improve both our performance and that of our supply chain."

Already active in the sector as one of the largest producers of electricity from wind and solar sources, ERG has announced plans to expand its development in Italy and the rest of Europe.

But growth brings considerable challenges, particularly when it comes to maintaining high ESG standards across international supply chains. "We asked ourselves what we could do to raise our supply chain's awareness of these important issues and hence how to improve our performance through that of our partners".

In line with the consistent decarbonisation targets presented to its investors, ERG needed to assist its strategic partners in the transition to increasingly "green" processes, without compromising their competitiveness and still ensuring a good quality-price ratio.

Solution

"What we were looking for was the possibility of mapping our partners, providing an industry benchmark and offering support during a process of improvement. The aim to support the supplier in this process and have a clear picture of the aspects on which to focus were the determining factors in our choice of Achilles".

With the help of Achilles, ERG asked for a questionnaire, focused on all aspects of sustainability (governance, social and environmental aspects, occupational health and safety, supply chain), to be completed annually. The 50 questions help ERG assess each company's ESG areas with specific ratings, and these constitute a bonus allocated during tender procedures. At the same time, ERG activated the Achilles audit service to analyse margins for improvement with its suppliers, by funding two days of "desktop" and in situ checks. This was to ensure improved supply chain performance, without burdening individual suppliers.

Results

Anna believes that the benefits of Achilles' support were as follows:

Empowering suppliers to embrace sustainability

The new rating assessment has enabled ERG to progress further in helping its suppliers adopt increasingly sustainable practices. As Anna explains, "The result achieved by our suppliers year on year shows evidence of strong growth among the companies supported by Achilles. One company has increased its score by over 100%, demonstrating that it has understood the importance of this activity and embarked on a virtuous cycle."

Building a shared understanding of best practices

By creating continuous learning tools (webinars, guides, etc.) on ESG best practices, ERG has strengthened the direct relationship with its suppliers. Anna continues "We have offered genuinely practical help by designing webinars, guides and manuals with Achilles, offering our suppliers tips on how to set up certain procedures and policies. In addition, feedback from the annual assessment highlights the areas of success and areas for improvement."

By building a shared understanding of sustainable supply chains, ERG maintains excellent relationships with its suppliers based on continuous learning.

Broadening ESG criteria

Turning its attention to the future, ERG has even more ambitious plans. By continuing to support its own activities and those of its suppliers to achieve the "scope 3" net zero carbon emissions goal in 2040, the company intends to expand the mapping of its supply chains with Achilles. "We have challenging CO2 reduction targets. For this reason we are already using the ESG questionnaire to ask suppliers if they measure carbon dioxide emissions both at company level and at product level. We would also like to know if companies have set CO2 reduction programmes and if they are aligned with ours."

"Finally, we are thinking of offering an additional bonus to companies that already have certified CO2 reduction targets."

ERG is expanding the scope of its analyses to the themes of diversity and inclusion. "The questionnaire already takes these aspects into account. We will use the audits to ascertain whether these practices are actually implemented by our suppliers", Anna concludes.

Some interesting facts

1938

Year ERG was established

1500

The number of suppliers evaluated in ESG terms

50

The number of suppliers audited in 2021

65%

Percentage of suppliers who improved their ESG score thanks to Achilles audits compared to the total number of suppliers who improved for other reasons



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