

FULLY INTEGRATED RISK SCANNING TOOL (FIRST)



WHY IS A RISK SCAN NECESSARY?

Agriculture and food face significant global challenges. Climate change, population growth and shifts in dietary patterns, for example, can impact resource availability, biodiversity, political stability and human health. As a result of these and many other challenges, food companies are exposed to several risks in each stage of their supply chains.

This dynamic, complex and interconnected risk environment can significantly impact a company's operations, supply security and brand reputation. How a business responds to these challenges and, importantly, how it is seen to respond by consumers and the media, will determine whether it succeeds or fails.

The first step in actively addressing these challenges is to identify areas of high risk through a risk scan. Once the unique challenges facing your company and supply chain have been identified, companies can begin designing a strategy to respond to and mitigate their highest priority risks with help from NSF International's Responsible Sourcing team.

WHAT DOES FIRST DO?

NSF's Fully Integrated Risk Scanning Tool (FIRST) is designed to identify a company's key environmental and social indicators, and to scan those indicators for risks—both in terms of risk likelihood, and in terms of each risk's potential impact on the company's supply chain.

HOW DOES FIRST WORK?

FIRST combines company-specific information from a client questionnaire with external industry, commodity and area-specific data to assess risks throughout the supply chain.



After inputting over 700 data points, FIRST provides a risk and impact score for 27 risk indicators within six categories. These categories encompass two themes as shown above: environmental and operational risks (shown in green), and social and corporate image risks (shown in blue).

The result is an overview of a company's macro risk areas, such as natural climate risks, and the relative concern associated with specific risk areas, such as extreme temperature, for a specific supply chain.



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WHAT DOES THE FIRST REPORT LOOK LIKE?

The FIRST report provides several levels of output for clients, two of which are shown below. First, there is a risk scan overview, which provides a snapshot of how each of the six risk categories rank in terms of: the company's priority level (on the y-axis), the risk likelihood (on the x-axis), and the potential impact (the area of each bubble). Below is an example of this output based on a juice company. From this example, it is clear that the "Trust Risk" category is at the highest risk.

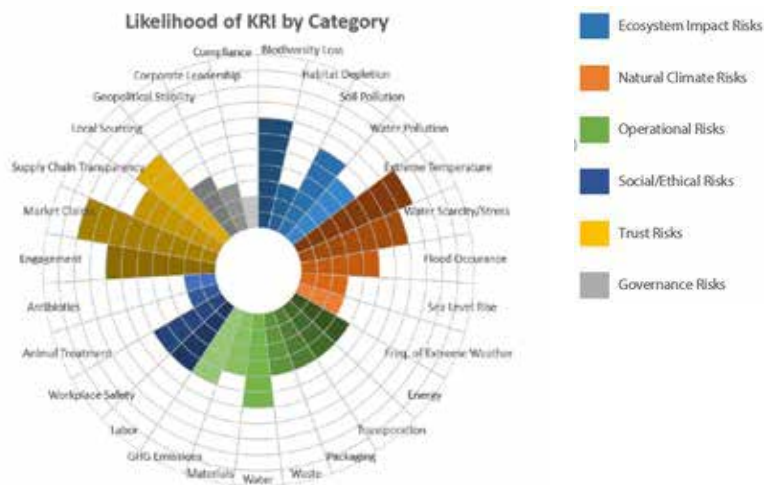


In addition to a risk scan overview, another output that clients receive is a breakdown of how each risk indicator contributes to the risk category. This is shown in the chart below. Using the same juice company as an example, we can see that the largest contributor to the "Trust Risk" category, is "Market Claims".

HOW DO WE USE THE FIRST REPORT?

Identifying high risk areas through FIRST is the initial step in NSF International's responsible sourcing process. NSF professionals work then with clients to understand and prioritize their risk profile, and design programs and strategies to mitigate their most pressing risks—both in the short and long-term.

For more information about the FIRST program or other Responsible Sourcing services, contact us at responsiblesourcing@nsf.org.



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