

September 2011

Briefing: Responsible Supply Chain Management

The UN's recent Guiding Principles on Business and Human Rights make it easier and more efficient to work with responsible supply chain management (RSCM).

Many of the corporations that wish to act responsibly have looked towards UN Global Compact's ten principles. These principles cover human rights, labour rights, the environment and anti-corruption. Whenever violations of these principles are discussed, many corporations connect such violations to their suppliers from Asia, Latin America or Africa.

A high level of regulation often prevents European and American suppliers from constituting serious risks to their buying corporations. While violations without a doubt also happen in the Western setting, the strong focus on violations by suppliers from economic developing countries is reinforced by the stories and campaigns of journalists and NGOs, who travel the world to gather information on Western corporations' value chain violations. Crises thus often arise from supplier level as with Apple and its Chinese supplier Foxconn, Nike and its Malaysian supplier Hytex and as exposed in TV broadcasts such as 'The dark side of chocolate' and 'Blood in the mobile'.

The responsible corporation is expected to ensure that Global Compact's ten principles are not violated anywhere in the value chain. In reality however this is a mission impossible, especially in corporations which practice RSCM in the same manner that most corporations have done throughout the past 15 years. In June 2011 the UN adopted a set of Guiding Principles, which describe how corporations are expected to deal with their responsibility to respect human rights including labour rights also in the value chain. These Principles introduce a new approach to RSCM and suggest that the way corporations have engaged in RSCM so far is no longer sufficient nor is it sustainable.

The UN Guiding Principles were unanimously adopted by the UN in June and since then they have been widely endorsed. They are now part of the CSR policies of the OECD, the World Bank and the EU. The Guiding Principles point towards a solution which answers many of the challenges that RSCM has previously been associated with. The Guiding Principles establish uniform expectations to all companies in all parts of the world. These expectations are fairly simple to comply with and relatively simple to handle in relation to the value chain. The Guiding Principles have thus made RSCM more tangible for corporations, and they can be expected to have a major impact on the general expectations to corporate efforts on RSCM.

GLOBAL CSR has participated in the creation of the Guiding Principles throughout the last six years. We find them pragmatic and highly usable. The Guiding Principles have the potential to make RSCM less costly and enable it to create more value for your corporation, your suppliers and the regions from which you source. If your corporation is already involved in RSCM activities or if you want to get started GLOBAL CSR recommends that you base your corporate responsibility on UN's Guiding Principles.

GLOBAL CSR is always available for a noncommittal meeting or teleconference. On such an occasion we would be delighted to outline a successful RSCM process and the necessary changes which the UN Guiding Principles imply for your corporation.

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