

# Supply Chain

An Evolving Proposition

October 2016



BSR<sup>®</sup>

The Business of a Better World

# Our Mission

Our mission is to work with business to create a just and sustainable world. We envision a world in which everyone can lead a prosperous and dignified life within the boundaries of the Earth's natural resources.



# Global Nonprofit Business Network

We are a global nonprofit organization that works with our network of more than 250 member companies to build a just and sustainable world. From our offices in Asia, Europe, and North America, we develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.



# BSR Sample Members

WAL\*MART



Unilever

Hallmark  
Cards



TARGET

Johnson & Johnson

Disney



POLO  
RALPH LAUREN



sanofi aventis

Because health matters



NOVARTIS



bp



AVERY  
DENNISON



PEPSICO

SONY



Bristol-Myers Squibb

TOSHIBA

HYATT

BOEING



ELECTRONICS



QUALCOMM



BNY MELLON



Google

HITACHI

Panasonic



PRIMARK



facebook



ebay inc

ANN INC.

ANN TAYLOR | LOFT



“The most important thing I've learned since becoming CEO is context. It's **how your company fits in with the world and how you respond to it.**”

**Jeffrey Immelt, GE CEO**

2008 BSR Conference Speaker

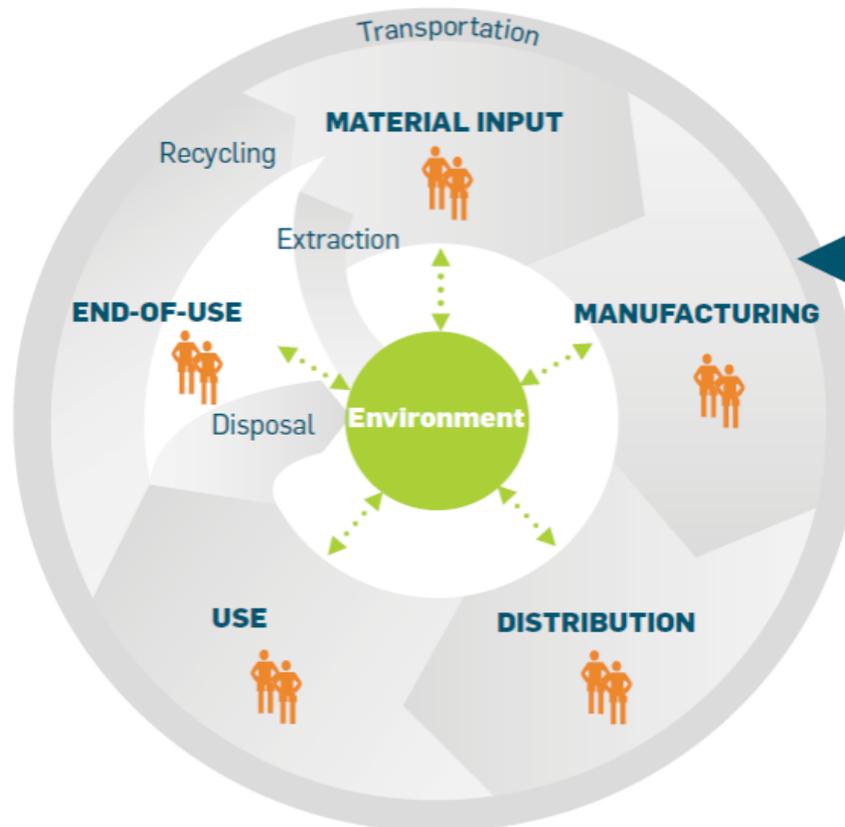


# Accountable Supply Chains

Where we are...

# The Business Case

In today's globalized economy, outsourcing business operations doesn't mean outsourcing responsibilities or risks - or that a company's responsibility ends once a product is sold.



At every stage in the life-cycle of specific products there are social and environmental impacts, or externalities, on the environment and on people. In addition, governance, or the accountability of organizations to their stakeholders for their conduct, is important at every stage throughout the supply chain.

# The Business Drivers

The most common business drivers for supply chain sustainability are:



Managing  
business  
risks

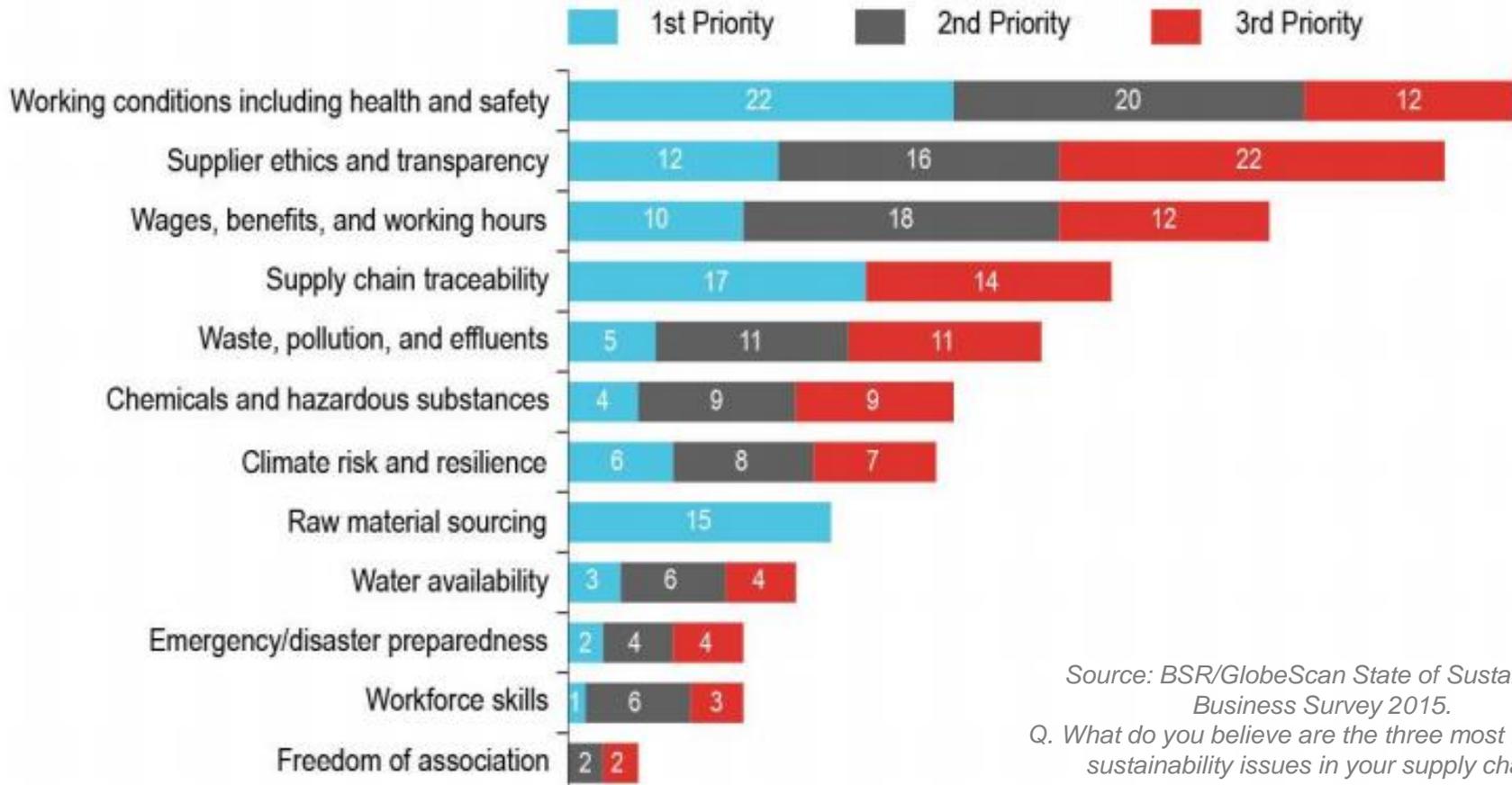
Realizing  
efficiencies

Creating  
sustainable  
products

# Key Supply Chain Issues

## Good working conditions and transparency among top supply chain issues

Top Mentions, Ranked, 2015  
 (Percentage of All Respondents Identifying an Issue as a Top-Three Priority, Combined)



Source: BSR/GlobeScan State of Sustainable Business Survey 2015.  
 Q. What do you believe are the three most important sustainability issues in your supply chain? 9

# Our Vision for Supply Chains

Supply chains are a critical leverage point for companies to scale their sustainability impacts.

BSR's vision is a future where all supply chains are **inclusive**, **resilient**, and **transparent**.



# An Integrated System

Sustainable supply chains depend on companies adopting and embedding an **integrated system** of internal, supplier-facing, and collaborative efforts across industries and geographies. Three pillars must work in tandem:

## Proactive management

of the supply chain, with processes and practices in place that enable purchasing decisions with a positive impact.

## Supplier leadership

in sustainability, enabled through engagement and an understanding of sustainability from supplier and worker perspectives.

**Accountable collaboration** with others who share your drive and ambition to accelerate change. Many of today's challenges require a collective commitment.

# Sustainable Supply Management

Key elements to address how well a company manages its supply chain?

1. Corporate governance and leadership
2. Supplier management
3. Measuring and Reporting
4. Integration into purchasing process
5. Ambition



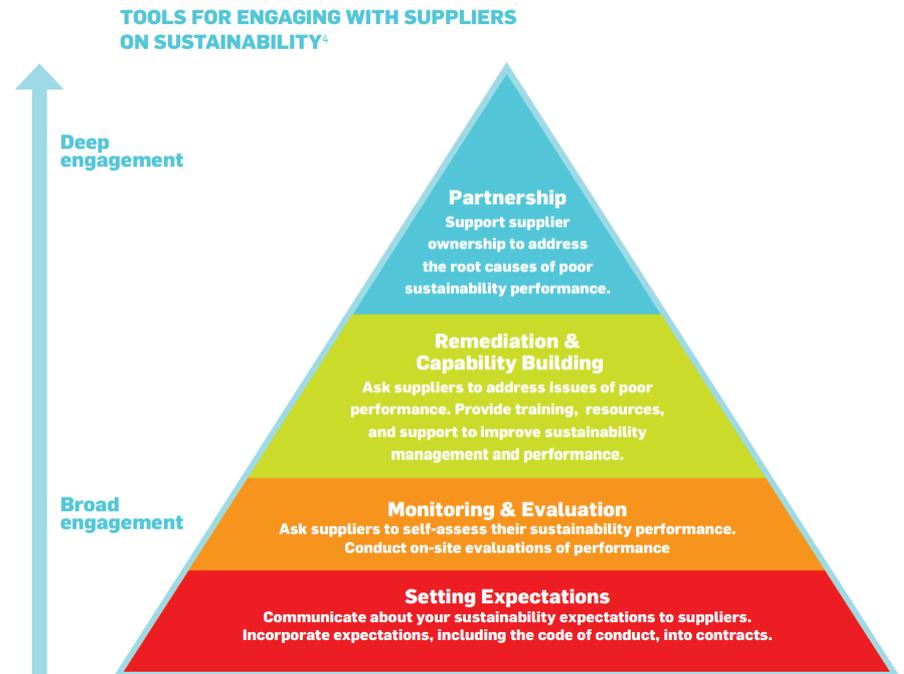
(illustrative example: addressing climate change in the supply chain)

# Supplier Engagement is Key

There are many options to engage your supply chain

- Codes
- Communication.
- Auditing/Assessment.
- Capacity Building.
- Partnership.

Don't reinvent the wheel! Guidance already exists.

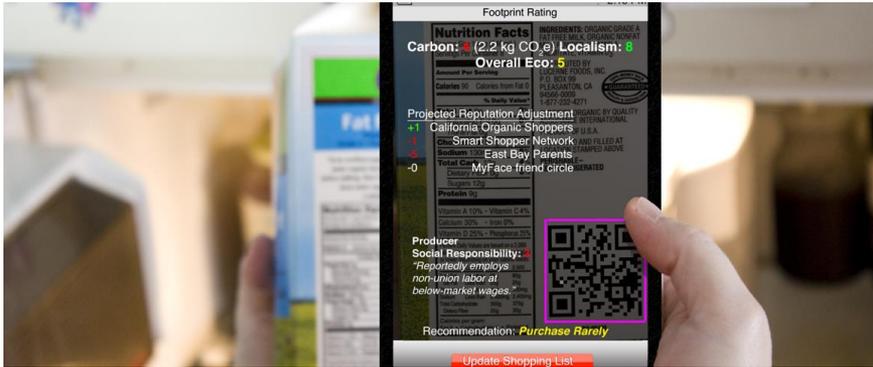


# Accountable Supply Chains

...where we are going to.

# Key Trends in Sustainable Supply Chains

## Transparency & Traceability



## Focus on Key Impacts



## From Ethical to Legal



## Accountable Collaboration



# Key Trends in Sustainable Supply Chains

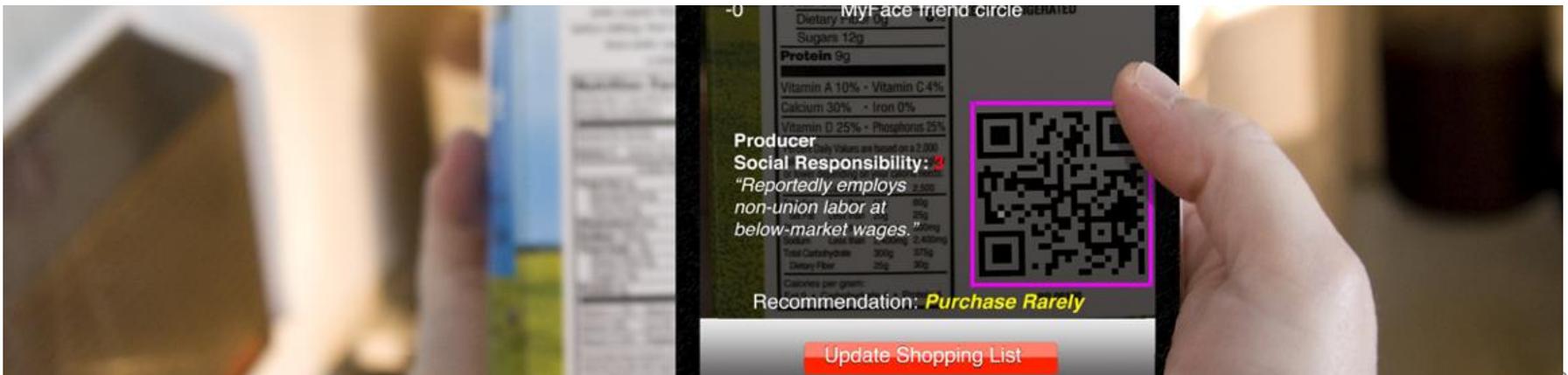
## Transparency & Traceability



### UK Modern Slavery Act

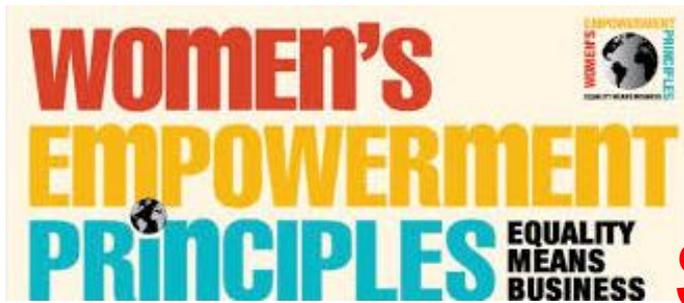


The Trade Facilitation and Trade Enforcement Act of 2015.  
 US Federal Gov't Procurement Guidelines



# Key Trends in Sustainable Supply Chains

## Focus on Key Impacts



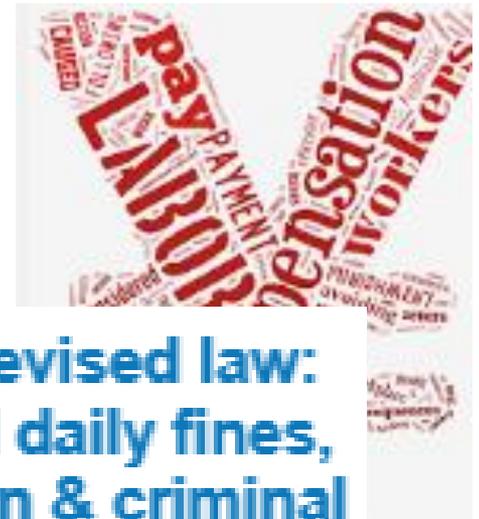
**STOP**  
Modern  
Slavery



# Key Trends in Sustainable Supply Chains

## From Ethical to Legal

The Elephant in the Room - Addressing Bribery and Integrity in Social Compliance



**China's revised law: unlimited daily fines, shut down & criminal punishments**



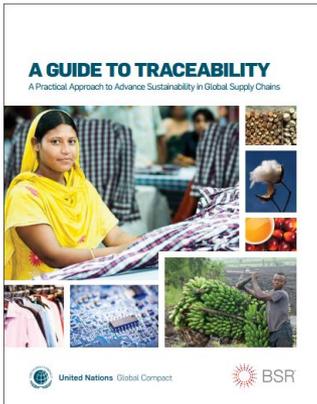
# Key Trends in Sustainable Supply Chains

## Accountable Collaboration



# How BSR is Engaging

## Transparency & Traceability



United Nations  
Global Compact



## Focus on Key Impacts

BSR | her+project

BSR  
INITIATIVES



## From Ethical to Legal



## Accountable Collaboration



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