SCM and its role in society

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AGENDA

INTRODUCTION – Overview

THE SERIES OF WEBINARS

THE SUPPLY CHAIN MANAGEMENT PROGRAMME

SUSTAINABLE SCM

Source: learning.intracen.org
About ITC

The International Trade Centre (ITC) is the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs).

This means that the agency enables SMEs in developing and transition economies to become more competitive and connect to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people, and poor communities.

Established in 1964, the International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.
EXAMS & INTERNATIONAL CERTIFICATION

International Certificate
Strategy & Planning

International Certificate
Sourcing

International Certificate
Operations

International Certificate
Logistics

International Diploma
Supply Chain Management
NETWORK

• 63 partner institutions in 46 countries
• Alumni networks
• Trainers
• Partnerships

IMPACT

30,000+ participants trained

3,000+ Certificates & Diplomas

$51 million enterprise savings in 2 years
Adopting sustainability practices not only improves the social and environmental performance of suppliers, but it can also contribute to the **competitive advantage** of the whole supply chain, which, in turn, reduces costs and increases market share.

The **negative outcomes** arising out of social or environmental issues are not only limited to the focal firm that is directly involved, but extends to their first, second and lower tier suppliers.
Series of Webinars
Sustainable and Inclusive Value Chains

Objective
This series of webinars aims to sensitize and prepare the private sector companies and their employees to create a framework that facilitates the adoption of inclusive business practices along the value chains.

Specific Objectives
At the end of the series of webinars, the participants will have:

• Greater awareness of the power and the responsibility business community has in the transformation of the current world situation into a more sustainable and prosper society.

• Better understanding of the power and responsibilities of large corporations along their supply chains (upstream and downstream)

• Enhanced their understanding of Supplier Development and Supplier Diversity Programmes

• Identified Opportunities through the creation or enhancement of the corporate’s CSR or Sustainability strategy
Sustainable Supply Chain Management
Firms are held responsible by their stakeholders for unethical practices in their supply chains, so they must engage with upstream producers and downstream customers to ensure that every product they manufacture, or service they offer, is sustainable. Some socially sustainable practices should be viewed as a moral responsibility and/or may be legally mandated.

**Specific Objectives**

In this webinar, you will:

- Improve your understanding of what is a Sustainable Supply Chains (SSC)
- Increase awareness of regular and extended stakeholders of an enterprise
- Understand the Power, Responsibilities & Challenges of a SSC
- Learn about the SSC performance measurements
SCM and Its Role in Society

Something to think about …

- The Role of Business in Society
- Responsibility Based on Ethical Principles
- The Moral Obligations of Business and Managers
- Tensions between business and society
- Intersection between business and society
What is an ethical supply chain?

How does your company affect the people, planet and profit?

Do you trust your suppliers and supply chain partners?

Does each link in the supply chain take care of its workers with fair pay, sustainable work loads, and ethical work conduct?

Is the sourcing of materials done from sources with renewable or low impact extraction methods? Is this certified?

If unethical behavior is discovered, how will it be remedied?

Do you know how your customers and customers of your customer use your products or services? How they dispose them?
But practice falls short of theory

Slave or child labour

Wage gap

Unsafe working conditions

Discrimination
- Gender
- Religion
- Ethnic group
- Sexual Orientation

Lack of freedom of association

The minute a company uncovers that its supply chain is compromised in this manner, it faces the possibility of a complete overhaul. That’s expensive and could create production delays.
MNCs Vs MSMEs

Participation (in number)

- MNCs: 5%
- SMEs: 95%

Value added

- MNCs: 50%
- SMEs: 50%

Employment

- MNCs: 30%
- SMEs: 70%
Sustainable Supply Chain Management

Is defined as:

The management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e. economic, environmental and social, into account which are derived from customer and stakeholder requirements.

(Seuring and Müller, 2008, p. 1700).

An ethical supply chain focuses on the need for corporate social responsibility, working to produce products and services in a way that treats its workers and the environment ethically.
The reach of the SC or VC of a large corporation

Firms must engage with upstream producers and downstream customers to ascertain that every product they manufacture is sustainable.

Ethical supply chains are everyone’s responsibility, from an organization’s employees to its suppliers, customers and trading partners.
The reach of the SC or VC of a large corporation
The reach of the SC or VC of a large corporation

**Stakeholders**
- Shareholders - Owners
- Employees
- Suppliers
- Distributors
- Creditors
- Investors
- Customers
- Financiers
- Competitors

**Institutional and Societal Context**
- Communities (local, regional, international)
- Government agencies (Regulatory, Legislative, Tax Collectors)
- Labor unions
- Industry trade groups
- Professional associations
- NGOs and other advocacy groups
- Public at Large (Global Community)
- Education institutions & Research centers
- Media
Power Responsibilities Challenges
The Supply Chain Managers

Do supply chain managers and the organizations they work for value ethics (social and environmental) in the way they operate and conduct business?

If so,

where are they investing their time and resources?

Is their performance measured based on those ethical principles?
The Supply Chain Managers

Four dimensions that can be used to structure the overall debate on sustainable supply chains

1. Pressures and incentives for sustainable supply chain management.
2. Identifying and measuring impacts on sustainable supply chain management.
3. Supplier management (particularly addressing issues at the supplier–buyer interface).
4. Supply chain management (issues across all companies involved in the supply chain).
The Supply Chain Managers

Challenges for sustainable supply chain management.

- Corporate Governance - translating discussions of CSRs into serious changes in firm decision-making
- Customer - lack of final customer demand for sustainable products and services’
- Government regulations - the role of local governments and their own sourcing policies for green and sustainable public procurement
- Companies pro-actively developing sustainable products and markets
- Pressure from NGOs
- Political agenda setting
The Supply Chain Managers

Challenges for sustainable supply chain management.

- Economic - without economic success, no supply chain will exist in the long run
- Environmental
- Social
- Integration of the TBL
The Supply Chain Managers

Challenges for sustainable supply chain management.

In 1997 John Elkington introduced the well-known, accepted and used triple bottom line concept, where:

“Sustainability is equally based in three dimensions: Economic, Environment and Social.”
The Supply Chain Managers

Challenges for sustainable supply chain management.

The four categories of social sustainability:

- **Labour Practices and Decent Work**
  - Diversity and Equal Opportunity
  - Equal Remuneration for Women and Men
  - Labour/Management Relations
  - Occupational Health and Safety
  - Training and Education

- **Human Rights**
  - Non-discrimination
  - Freedom of Association
  - Child Labour
  - Forced or Compulsory Labour

- **Society**
  - Impact in Local Communities
  - Anti-competitive Behaviour

- **Product Responsibility**
  - Customer Health and Safety
The Supply Chain Managers

Challenges for sustainable supply chain management.

- Supplier selection including environmental and social criteria
- Auditing and monitoring of suppliers
- Certification of suppliers according to environmental and social standards
- Communication and integration with suppliers
- Lower tier suppliers monitoring
The Supply Chain Managers

Challenges for sustainable supply chain management.

- Cooperation and communication between supply chain members
- Risk management across the supply chain (so that environmental and social problems are identified before they are exposed publicly, which might damage the brand reputation of the company)
- The total life-cycle of the product has to be taken into account
- Learning and innovation
- Codes of conduct are widely discussed as a policy measure to reduce the risk associated with such sourcing and supply chain activities
- Integrating such measures into the sustainability strategy of companies
Barriers for implementation - From the Supplier Perspective

- Lack of awareness of sustainability issues
- Absence of perceived benefits
- Lack of knowledge and expertise on sustainability issues
- Lack of human and financial resources
Performance measurement & Sustainability management tools
Performance measurement

Voluntary Sustainability Standards (VSS) Vs. Sustainable Development Goals (SDGs)

Using original data, the report tracks the extent to which sustainable practices promoted by voluntary standards align with the SDGs.

This innovative research provides a clear picture of how the private sector can work towards the SDG targets by adopting voluntary sustainability standards.

https://www.intracen.org/publication/Sustainable-Development/
### Overview of Performance Measurement and Management Tools in SSCM

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Environmental</th>
<th>Economic</th>
<th>Social</th>
<th>Integrative</th>
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<tbody>
<tr>
<td>Conclusion</td>
<td>Design for the environment</td>
<td>SCOR framework</td>
<td>Social LCA</td>
<td>Sustainability audit</td>
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<tr>
<td>System</td>
<td>Environmental management system (EMS)</td>
<td>Quality management system (QMS)</td>
<td>Social management system (SMS)</td>
<td>Sustainability benchmarking</td>
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<tr>
<td>Standard (corresponding tool)</td>
<td>ISO 14001 (EMS)</td>
<td>ISO 9001 (QMS)</td>
<td>Occupational health and safety system (OHS)</td>
<td>Social reporting</td>
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<td>EMAS (EMS)</td>
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<td>Sustainability reporting</td>
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<td>ISO 14040 (LCA)</td>
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<td>ISO 14064</td>
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<td>Sustainability balanced scorecard (SBSC)</td>
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Performance measurement

ITC’ Tools

https://standardsmap.org/en/home

https://www.sustainabilitymap.org/home
Invitation to a Mindset Change

• **Leverage capabilities with external organizations**
  - UN Global Compact, ITC, International Labour Rights Forum,
  - BSOs as Chamber of Commerce, Women associations,
  - Universities, NGOs

• **Leverage capabilities with Standards**
  - GRI, Rainforest Alliance, Fairtrade, Travelife, Cerise

• **Develop capabilities and share resources with current and potential suppliers** *(this is the third webinar)*

• **Extend your awareness … and actions over lower tier suppliers, and customers of costumers until disposal**

• **Increase transparency and accountability along the whole value chain.**

*It is pro-active companies who are the ones developing sustainable products and supply chains; this development does not arise from customer demand*
What is an ethical supply chain?

From stakeholders to shareholders prosperity
Q & A
Next Webinar

Free online webinar
DIPLOMA PROGRAMME
Sustainability & Corporate Social Responsibility

Date: 13th October 2022
Time: 10:00H – 11:30H CET
Language: English
Facilitator: Juan Hoyos
спасибо
GRACIAS
THANK YOU
ありがとうございました
MERCİ
DANKE
ধন্যবাদ
شُكْراً
OBRIGADO
2050 net-zero goals
Sustainability Jargon
ESG Reports
Events
Action