



# 7 BEST PRACTICES TO CREATE A MORE ETHICAL SUPPLY CHAIN



Ethical sustainability goes well beyond collecting aluminum cans in a recycling bin. Consumers are calling for businesses of all sizes to advance now-common green practices and focus on ethical corporate social responsibility, asking that they treat their economic, environmental and social responsibilities with the highest respect. The stakes have also escalated to such pressing issues as child and slave labor, safe working conditions, prevention of corruption and ethical sourcing.

And a business no longer stands alone. Accountability now extends outside of their own organization to the actions of their entire supply chain. How can we manage this larger footprint and even more critical issues? Further, how can we react better and faster to changes and new crises that affect our suppliers?

This is all part of a new business paradigm asking businesses to do more, be more, all the while continuing to deliver value to their customers and their investors.

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**Here are seven guideposts  
to consider on the path  
to creating a more ethical  
supply chain.**

# 1

## ENLIST SUPPORT

A sustainable supply chain is a broad and complicated undertaking, with far-reaching ramifications. There's value in learning from others ahead of you on the same path, or consultants with expertise.

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### Consider these strategies:

- Optimize what you measure and track. KPIs can keep you on the right track but if done incorrectly, can cause confusion as to progress.
- Establish pilot programs to demonstrate small gains and establish a foundation for scaling your [sustainability efforts](#).





## REALLY CONNECT WITH YOUR SUPPLIERS

Through better connectivity with suppliers, enterprises are improving issues like carbon emissions and working conditions, and enhancing collaboration on other opportunities.

Companies need to create a true strategic network with their supply chain partners. The network has to be responsive and flexible so that all partners can take a joint proactive approach to any issue. They also need to better surface information on critical sourcing, labor and production activities to avoid the risk that a supply chain regulatory violation will disrupt their business.

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### Consider these strategies:

- Draw your supply chain partners closer and do a better job of exchanging information with them.
- Consider upgrading from manual communication methods like email, phone and spreadsheets to advanced real-time information sharing.



## UPGRADE COMMUNICATION EFFORTS

For more efficient and effective partnerships that improve compliance on ethical sustainability, commit to stronger relationships with your network partners. Use creative digital and in-person communication techniques to support greater understanding.

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### Consider these strategies:

- Establish a dialogue with your supply chain partners and come to consensus objectives on all pertinent concerns.
- Publish clear policy statements on all corporate social responsibility issues. Review them regularly with your supply chain partners.





# 4

## BE VIGILANT FOR CHILD LABOR VIOLATIONS

It shocks many people – child labor still exists on farms, in factories, in mines and in other areas of the global supply chain. This isn't a case of children working after-school jobs; this is children working long hours and companies knowingly or unknowingly relying on child labor to keep product costs low. Children suffer from lost education and greater health risks to more serious consequences.

With multiple tiers of suppliers, contract manufacturers and subcontractors, it can be difficult to uncover violations.

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### Consider these strategies:

- Consult with companies like EcoVadis and others to provide corporate social responsibility and environmental, social and governance (ESG) reports and ratings. Organizations like Amnesty International track child labor information.
- Consider employing unannounced inspections of supplier network facilities as part of your ethical toolkit to root out child labor violations.



## IMPROVE SUPPLIER SCREENING

Companies often underestimate the role supplier sourcing plays in maximizing global supply chain performance and compliance with regulatory requirements. When suppliers rely on outdated processes and use inflexible sourcing practices like spreadsheets and manual analysis, there are big opportunities for improvement.

A good practice is to collect sustainability information from suppliers during the sourcing event, and factor sustainability and ethical responses into sourcing decisions.

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### Consider these strategies:

- Improve your knowledge of secondary suppliers and document your findings, especially where the primary supplier routinely subcontracts orders or portions of orders.
- Investigate the subcontractor's business practices regarding worker health and safety and environmental awareness.





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## REPAIR INCONSISTENCIES ACROSS THE ORGANIZATION

Creating buy-in across the organization is required to mitigate current and potential sustainability risks. Ongoing education is the best way to achieve that buy-in.

It's key that both employees and trading partners talk about sustainability and fully understand the importance of minimizing the impact on the environment, supporting social standards and maintaining governance compliance.

Sustainability education is important for all employees, even though it may not seem pertinent to their job. Consumers are increasingly including environmental consciousness and social considerations in their buying decisions.

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### Consider these strategies:

- Educate all employees on economic, environmental and social corporate sustainability.
- Educate trading partners on your corporate policies regarding corporate sustainability.





## BEGIN OR IMPROVE ONGOING ESG MONITORING

Supply chain data is now vital for organizations to reduce corporate risk and guide companies to accurately meet compliance objectives and regulatory standards and laws. For many organizations, monitoring the performance of supply partners and understanding the ethical pulse of supply chains is challenging.

Advanced analytics, artificial intelligence and machine learning technology now play a role in providing deeper insights into day-to-day processes that impact ethical performance, and they will continue to increase in importance. These advanced methods can help to effectively monitor and manage performance and compliance to meet commitments, reduce risk and avoid [legislation violations](#).

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### Consider these strategies:

- Evaluate the use of modern technologies like advanced analytics, artificial intelligence and machine learning as tools in your arsenal to improve ESG monitoring.
- Begin your exploration of advanced technologies with input from your supply chain partners and full transparency about what will work best to improve your network.





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