



SUSTAINABLE SUPPLY CHAINS

Making the relationship
between TRADE, SOCIAL and
ENVIRONMENTAL POLICIES
more effective and mutually
beneficial



BUSINESSEUROPE



Company representatives from different sectors across Europe shared their experiences of engaging and collaborating with their stakeholders to drive improvements in their supply chains. They highlighted the benefits and competitive advantages, but also the complexities and challenges.





Markus J. Beyrer, Director General, BusinessEurope

Companies are instrumental in making global supply chains more sustainable - the challenge is to build a business model that is competitive, while promoting high-level environmental and social standards. In today's globalised world, companies operate in extremely complex supply chains and they need to engage actively in making their supply chains sustainable, taking social and environmental needs into account.



Mr Roland Verstappen, Global Director, Public and Governmental Affairs, Global Corporate Relations, Heineken

Heineken is a global company, headquartered in the Netherlands. As we believe beer is a local product, we produce in over 75 countries worldwide. With our Brewing a Better World Strategy, we are strongly committed to making our supply chains everywhere sustainable, reducing our environmental footprint while maximising our positive impact on communities, including through securing human rights. We are committed to working with local partners and sourcing our raw materials locally as much as possible. We drive our commitment to sustainability and human rights throughout our supply chains with our Code of Business Conduct and our Supplier Code. To demonstrate our commitment, we believe in transparency and accountability in our supply chains. Accountability and transparency helps us to learn and evolve as a business and to export best practices throughout our business, including to our suppliers, who also have to adhere to our sustainability and human rights standards. We work with the NGO SHIFT to conduct due diligence in terms of human rights, and we participate in global benchmarks to demonstrate how we are reducing our environmental footprint.





global witness



Mr Michael Gibb, Campaign Leader, Conflict Resources, Global Witness

Global Witness campaigns to break the links between conflict-finance, human rights abuses and the exploitation of natural resources. In this context, we believe that the role of companies engaging in responsible trade is crucial, and we welcome the integration of values into the development of trade policy. Companies have a responsibility to respect human rights in their activities all over the world, and to do so in a consistent manner. Over the past decade, steps have been taken by companies in this direction, but more still needs to be done. Many companies active in the trade in minerals are still falling short of their due diligence and reporting obligations. Making responsible and transparent business part of doing business as usual, including through increased cooperation, is critical to achieving this aim.





Mr Hervé Deguine, Director, Relations with Non Governmental and Civil Society Organisations, Corporate Public Affairs, Michelin

We produce tyres in 17 countries, employing 112,000 people. One of the key materials used to make tyres is natural rubber. The worldwide demand is growing. An immense number of hectares is required to grow rubber and yet the land is finite. Therefore, one of the key challenges for us in Michelin and for all the industry is to reduce the risk of land competition and/or deforestation. Our Sustainable Natural Rubber Commitment consists in supporting better agricultural practices and encouraging productivity increases. In Michelin, we believe that all the stakeholders of the value chain must be involved in this approach. Our Research & Development Department works on lighter tyres, better use of raw material, intense recycling. Our rubber experts help our suppliers to improve their operations. We also work on rubber traceability to detect and support best practices.





MAERSK



Ms Renata Frolova, Head of Responsible Procurement, Group Procurement, A. P. Møller - Maersk

Maersk works with approximately 100,000 suppliers, buying everything from paperclips to construction of large vessels. We are a member of UN Global Compact LEAD and have an internal compliance mechanism that covers, among others, responsible procurement. For us, one of the key challenges of ensuring supply chain sustainability is the combination of our geographic spread with varied levels of law enforcement – according to research from 2014, only 17% of countries have adequate law enforcement. This means companies cannot rely on enforced local laws and ratified conventions and have to do own due diligence when deciding whether or not to sign with a supplier. So what solutions are there? We combine risk management with supplier development, since we know purely auditing your suppliers does not work. Another key challenge is contract turnover - while making necessary improvements is in the interest of the supplier as well as Maersk, a large portion of contracts are renegotiated every 2-3 years, making it difficult at times to ensure continuity of the relationship. To maintain the desired level of compliance in the supply chain, companies and governments need to create opportunities for suppliers to dialogue collectively. In 2016 we have launched such a collective action by piloting supplier development workshops within local UN Global Compact networks in which the companies can anchor themselves and develop over time.





Mr Bart Vandewaetere, Head of Relations with European Institutions – Assistant Vice President, Nestlé Zone Europe, Middle East and North Africa

Nestlé is the world's leading Nutrition, Health and Wellness Company. Today, we have 436 factories in 85 countries around the world, employ 340,000 people and have 161,000 tier 1 suppliers. We source raw materials from more than 4 million farmers, 760,000 of them supplying us directly. Consumers and other stakeholders increasingly want to know where their food comes from and how it was produced. So working alongside NGO partners, Nestlé has set up a responsible sourcing programme, allowing the company to identify and resolve the salient issues in our supply chains, including human rights issues such as child labour. The process starts with mapping our supply chains, to trace the ingredients back to all potential farm or plantation's origins. Then we audit according to our supplier code and our specific responsible sourcing guidelines. The aim is to promote the best, remove the worst, and improve the rest. By end of 2015, 400 000 farmers had already taken part in our trainings, covering a wide range of aspects, from farm animal health and welfare to farm management and water conservation. We also work with the community directly around the farmers, and help them progress in other areas such as women empowerment, sanitation and nutrition.





Mr Didier Bergeret, Director, Social Sustainability, Global Social Compliance Programme, The Consumer Goods Forum

The Consumer Goods Forum (CGF) brings together consumer goods manufacturers and retailers from across the globe in pursuit of business practices for efficiency and positive change across the industry. In 2006 it created the Global Social Compliance Programme (GSCP), a platform that gathers key actors of the consumer goods industry to collaborate on a common goal: improving the sustainability of their often shared supply base through convergence of supply chain sustainability practices. The proliferation of codes of conduct, multiplication and complexity of audits, have led to mixed and varying approaches to improving sustainability in supply chains. The GSCP seeks to break through this confusion by way of the application of one common and consistent message to suppliers, delivered through its framework for sustainable supply chains: the GSCP Reference tools, and therefore incentivise suppliers through improved market readiness. The GSCP also forms the backbone of the CGF's industry resolution striving to eradicate forced labour, as part of its social sustainability workstream, a natural progression from the broader sustainability benchmarking (The Equivalence Process) and driving positive change in sustainability.



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BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 34 European countries whose national business federations are our direct members.



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Avenue de Cortenbergh 168
B - 1000 Brussels, Belgium
Tel: +32(0)22376511 / Fax: +32(0)22311445
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