

ASSISTING BUSINESSES WITH SUPPLY CHAIN TRANSPARENCY

Supply chain transparency provides information about the companies, suppliers and sourcing locations in the supply chain of any given consumer product. Increasingly, consumers want to know the origin of products and services and they are demanding supply chain transparency. Online companies like Sourcemap offer tools to map supply chains. Companies that do not share information with consumers, or perhaps do not gather the information internally, are finding themselves at an economic disadvantage in today's marketplace. It is imperative in this global and digital economy that companies fully understand their supply chains to avoid unnecessary legal and market exposure to social, environmental, and economic risks.

Natural capital costs (the financial cost of resources used and wastes and emissions produced) mostly occur in the supply chain. For example, climate change is considered an economically disruptive force for most supply chains because of shipping and transportation impacts from weather and rising seas. This cost is a natural capital cost.

Commodity Tracing

Tracing raw materials through complex global supply chains is not an easy task. The process of tracking a product's path from raw source material to finished product, and then ultimately to its end-of-life, depends on information that is not always easily attainable. Commodity tracing third parties such as Forest Stewardship Council and Marine Stewardship Council have developed standards and recordkeeping that provide more certainty, but participation in these programs is voluntary. Because consumers are demanding more information about how and by whom products are made, programs are increasingly being used by companies to improve their supply chain management. Technology already exists to allow consumers to simply scan a product using a smart phone and obtain supply chain information. Soon traceability will be the norm, if not mandated by regulators.

Corporate supply chain practices are attracting increasing legal, regulatory, and consumer scrutiny. Consumers and regulators are starting to require that companies include information about their supply chain in their reviews of component quality. Conflict minerals, green chemistry, and safe labor practices are all issues that need to be mapped and tracked and in some cases reported.

Today's supply chains for multi-national businesses are very complex and layered, making transparency both critical and difficult. Without transparency, there is significant risk of illegal or unacceptable activity by the suppliers, which can reflect poorly and even create liability for the corporation purchasing the supplies. Driven by growing calls for transparency, firms such as Wal-Mart, Tesco, and Kroger are beginning to use new technologies to provide provenance data to the marketplace. In time, easy access to such information will be the norm.

The steps to supply chain management include:

- Identifying key commodities and locate those commodities in the supply chain;
- Collaborate with key suppliers;
- Identify how to mitigate sustainable procurement risks;
- Create and implement internal practices and processes to ensure sustainable procurement practices; and
- Communicate the information to end users via certifications and online reporting.

Our Experience with Supply Chain Management

Our lawyers have experience mapping supply chain, including garnering and assessing information about suppliers and sourcing locations and determining the appropriate way to make that information readily available to end-users. Our lawyers have extensive experience identifying and monitoring the practices of multi-national corporate supplier networks.