



Sustainable supply chains

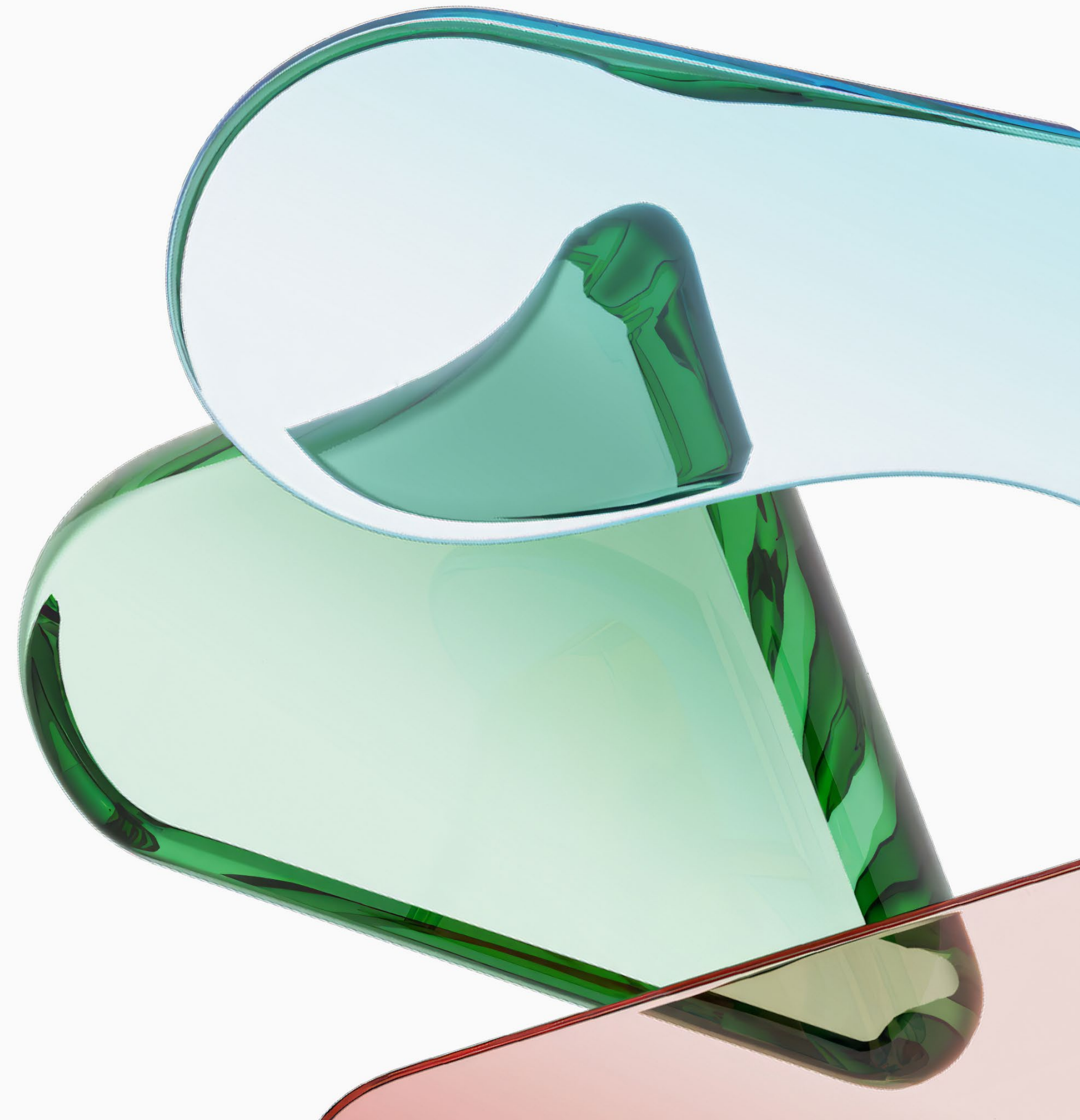
A people-first approach

BSI whitepaper



Contents

3	Foreword	18	The C-suite's roadmap for change
4	Executive summary	26	Looking ahead to the future
5	Context, challenges, and opportunities	27	Progress towards a sustainable world with BSI
10	Best practice for business leaders		



Foreword

Organizations today are relying on increasingly complex and sophisticated global supply chains. This presents both a responsibility and an opportunity to ensure these supply chains operate sustainably, particularly in relation to ethical practices.

Alongside changing risks to prepare for, there's also an evolution in the definition of quality, which now, for many consumers, includes non-physical attributes such as environmental, social, and ethical impacts, as well as integrity, security, and organizational behaviour.

Supply chain and procurement practitioners also recognize the need for greater legislation to support ethical operations. A survey found that 80% believe stronger legislation is necessary regarding Modern Slavery's corporate reporting to prevent unethical practices¹.

Prioritizing sustainable supply chain operations not only mitigates risk but also instills confidence in investors that ethical practices are in place, assures regulators that standards are being adhered to, and demonstrates to customers that socially responsible goods are being produced.

Of course, as with any worthwhile endeavour, there will be challenges. Some may be tempted to cut corners, resulting in the human links in supply chains paying the price. However, the organizations at the forefront with a people-first approach to supply chain management will reduce the potential of reputational risk and supply chain disruption, while building a sustainable and ethical workforce for the future.



Executive Summary

- As supply chains extend globally and become increasingly complex, their social and environmental impact grows. Sustainable supply chain practices are critical, particularly in the areas of human and labour rights, modern slavery, and health and safety.
- Supply chain management, including procurement, legal, compliance, and health and safety, is now a core company competency and a key focus for the C-suite. Continued progress will need advocacy and total transparency.
- Business leaders can use supply chain management to address human rights, prioritize worker well-being, and accelerate supply chain inclusivity and innovation.
- Adopting best practice, whether through standardization or other global business models, allows organizations to improve performance, embed robust processes, and collaborate with their supply chains to protect against threats to human rights and modern slavery.
- There is no one-size-fits-all approach to supply chains. However, there are steps business leaders can take to map out and define supply chain goals, and understand what good looks like.



Context, challenges and opportunities



What is supply chain sustainability?

According to Sedex, supply chain sustainability (SCS) is the use of environmentally and socially sustainable practices at every stage to protect the people and environments across the whole chain².

By proactively managing supply chain risks through an effective procurement process, you can minimize social impact, protect your brand, and safeguard your people.



Five market drivers for sustainable values in the supply chain

01 Equality, inclusivity and responsibility

Complex supply chains magnify the impact of business activities on your organization and its people. Supporting the health and well-being of the workforce – both physically and mentally – and taking a stand against corruption and slavery in-house and through your suppliers will add value to every element of your business.

02 Consumer demand

Younger consumers increasingly favour organizations that uphold sustainable values. By ensuring decent, safe, and secure environments for all workers, business leaders have the opportunity to appeal to this consumer base and get ahead of changing buyer behaviour.

03 Improved resilience

Supply chain disruptions, from global pandemics to political instability, have a significant impact on a company's business and financial performance. Building a sustainable supply chain improves organizational resilience and quality control.

04 Increased profit

Working closely with suppliers on inventory, shipping and transport costs helps reduce overheads and optimize cash flow. Stronger supplier relationships also open new opportunities, including access to capital markets.

05 Competitive advantage

Putting people-first values at the heart of your commercial strategy, including championing inclusivity, backing innovation and collaborating with suppliers, increases your competitiveness.





Where does the responsibility for people-focused supply chains lie?

The goal of SCS is to create, protect, and grow long-term social, environmental, and economic value for all stakeholders involved in bringing products and services to market.

Supply chain networks that span continents are increasingly complicated. While most organizations have detailed information on the top 10-20 percent of their suppliers, many lack comprehensive insights into the rest of the supply chain. This often means limited knowledge about the factories, people, raw materials and machinery involved in producing and delivering their products and services. With a deeper understanding of your entire supply chain you can reduce the risk of corruption, breaches in labour laws, and exploitation, protecting your brand's reputation and financial performance for the future.

As supply chains evolve through market expansion, new channels, or new partners, organizations must adapt their approach. Continuously updating your processes will improve speed, efficiency, and cost-effectiveness.

A well-organized supply chain is the foundation of long-term success. With the right leadership at the forefront and the right skills and values within the supply chain team, organizations have the power to accelerate progress towards a sustainable world.

An overview of the UN Global Compact's principles

These are the UN Global Compact's principles that relate to human and labour rights:

1. Forced labour
2. Child labour
3. Working hours
4. Wages and benefits
5. Humane treatment
6. Non-discrimination and equality
7. Freedom of association and collective bargaining
8. Occupational health and safety
9. Emergency Preparedness
10. Occupational injury and illness
11. Fire safety
12. Building structure and integrity
13. Industrial hygiene
14. Leave entitlements
15. Freedom of speech
16. Human trafficking
17. Privacy
18. Minority rights
19. Rights of specific stakeholder groups: women, children, older, disabled, indigenous or migrant workers





Best practice for business leaders



Sustainable supply chains:
a people-first approach

1 Safeguarding human rights

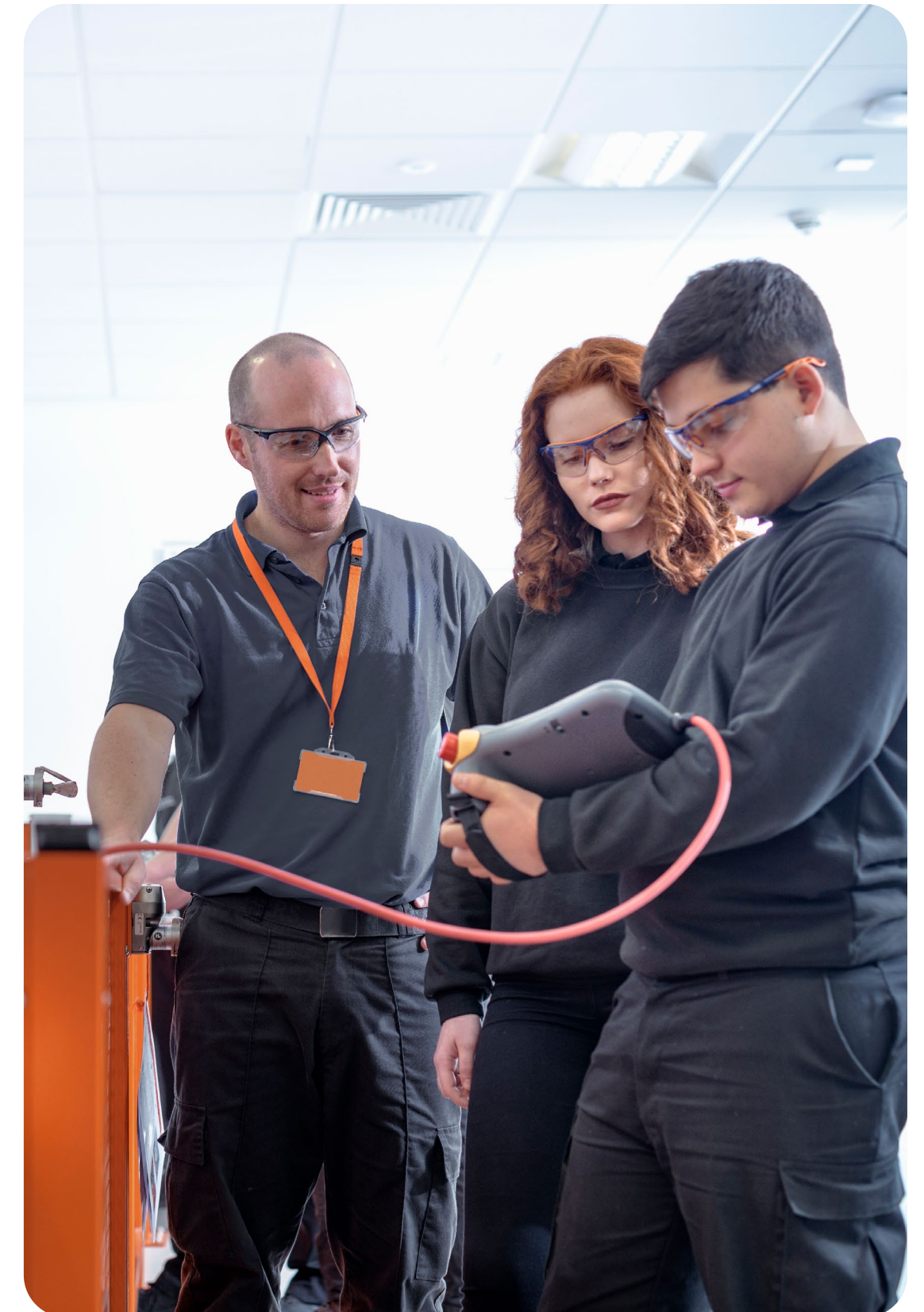
Global supply chains have the potential to be a driver for positive impact, generating growth and employment, developing skills, and promoting the transfer of technology. However, there is a critical need to protect the broad range of human rights within it. Tackling unsafe working environments and the possibility of human rights violations – including child labour, forced labour, and human trafficking – is high on the agenda of stakeholders in a range of industries.

UNICEF estimates that 160 million children work worldwide. Although it's difficult to know how many of these individuals are linked to global supply chains, there's no doubt that forced labour is becoming increasingly common. From clothing to construction, factories to fishing, victims are working for little or nothing, often in appalling conditions.

How to create change

We all have the power to create change. All organizations connected to global supply chains have a responsibility to ensure that human rights violations are addressed. The UN's Guiding Principles on Business and Human Rights provide a globally authoritative baseline for how companies, of any size, can meet this responsibility. Importantly, the Guiding Principles say that human rights due diligence is an ongoing process, with a regular "know and show" approach to human rights.

The Guiding Principles provide clarity around the connection between corporate responsibility and respect for human rights and can be cross-referenced with the UN's Global Compact for further information and resources.





Why compliance matters

49.6m

49.6 million victims of modern slavery

According to a comprehensive study conducted in 2021, there were 49.6 million victims of modern slavery, this includes forced labour and forced marriage. That means there was nearly one victim for every 150 people in the world³.

27.6m

27.6 million people trapped in forced labour

And of these people, 86 percent of people were estimated to be exploited in the private sector; 6.3 million persons were in forced commercial sexual exploitation on any given day; and 3.9 million were in forced labour imposed by state authorities³.

3.3m

3.3 million children in forced labour

More than 3.3 million of all those in forced labour are children³.

74%

74% of nations exclude trade unions

In 2024, 74% of nations prevented workers from establishing or joining trade unions, highlighting a critical need for stronger labour rights and protections globally⁴.

2 Prioritizing a safe, healthy workforce

Prioritizing the health, safety, and well-being of your people helps you attract, retain, and get the best from your workforce. This can be achieved through a holistic strategy that goes beyond basic needs to consider social engagement, work-life balance, career development, and more. The result? Lower employee turnover and reduced recruitment costs as well as greater innovation, creativity, and higher levels of commitment.

The Ten Principles of the UN Global Compact have become important considerations for any company, but particularly those with supply chains that extend into low-cost manufacturing economies. In 2022, the International Labour Organization (ILO) added a safe and healthy working environment to its Declaration on Fundamental Principles and Rights at Work, further reinforcing the need to ensure that workers are protected from physical and mental harm.

Organizations that go beyond the legal requirements – ensuring that their workers, and those in the supply lines, have a safe and healthy work environment as well as a sustainable community – will drive high levels of commitment, future-proofing the workforce.



Factors shared by companies leading the way:

- Active consultation and participation;
- offer flexibility in terms of working hours and location of work;
- deliver growth and development programmes to encourage employees to fulfil their potential; and
- provide rewards and recognition schemes that don't focus solely on financial reward.

It is therefore no surprise that these are all requirements within established supply chain audits such as SA 8000, covering social accountability and other ethical trade audits.

In striving to have a safe, healthy, and happy workforce, a business can deliver significant social benefits while ensuring sustainable supply chain resilience and adaptability to unexpected disruptions.

Safe, healthy workforce in action: enhancing well-being at a global footwear brand

The challenge

A global footwear brand had aligned its strategy to United Nations Sustainable Development Goal 8 – Decent Work and Economic Growth, leveraging skills development to support decent work and economic growth. However, it faced a challenge. A key supplier was struggling to reduce their excessive worker hours.

With BSI's support, the supplier was able to cut annual worker turnover from 18 percent to 3 percent.

The solution

BSI helped to understand the supplier's challenges, supporting it to identify gaps in its management systems and diagnose causes of excessive working hours. It was found that high turnover of workers contributed to an increase in product defects, which took additional time and resources to rectify, resulting in excessive working hours. This high worker turnover was having other consequences for the business too: increased costs, risk to worker health, safety

& well-being, and damage to the supplier's customer relationships.

A plan was created to improve how data was gathered and analysed to understand the needs of workers and the reasons behind their resignations. Based on this enhanced understanding, the supplier developed a strategy to improve worker retention, as well as control over working hours.

The client said:

"BSI provided creative ideas, consistent support and well-informed guidance to help our supplier make significant changes to its practices that led to workplace improvements for employees, and also to improved quality, profitability and business performance."

3 Building a more inclusive supply chain

A diverse supplier is a business that is at least 51 percent owned and operated by an individual or group that is traditionally underrepresented.

By collaborating with businesses owned by women, ethnic minorities, the elderly, and the disabled, organizations can promote an inclusive supply chain. Disadvantaged groups are often at the base of the economic pyramid, and by giving them the opportunity to compete for business and improve skills and earning potential, organizations can widen their pool of loyal and flexible suppliers.

This approach has many benefits, from corporate social responsibility to the bottom line. The introduction of new products and services boosts innovation and opens up access to new markets. This in turn drives competition between existing and potential vendors, and even helps to attract new talent to a company.

3 steps to advance supply chain diversity:

01

Build a picture of where your company's external procurement funds are spent, and in what categories.

02

Set about diversifying your current and prospective pool of suppliers.

03

Aim to include at least one diverse supplier in competitive supplier selection.



Supply chain diversity is much more than a compliance-driven exercise; it's essential for both societal progress and business success.

4 Innovating within the supply chain

In recent years, we've seen technology transforming due diligence in global supply chains, improving processes and generating far better oversight for business leaders as they map out risks or ethical breaches.

Technology solutions focused on human rights are emerging that help meet the needs of workers, suppliers, and companies. Artificial intelligence, blockchain, and machine learning all have the capacity to process vast quantities of data. With greater trust, transparency, and traceability, supply chain management professionals from all industries can tackle human rights, modern slavery, and health and safety risks in a far more proactive way. From a worker's perspective, technology is assisting with reporting grievances and human rights violations and tracking working hours and pay.

Technology can do much more to aid progress, especially if used at scale. Business leaders who are committed to preventing human rights abuses are seeking out solutions that will meet their specific needs.



Innovation in action: Bringing visibility and trust to the distribution of medicines

In 2014, two global pharmaceutical companies, in partnership with an NGO, pledged to donate and distribute up to one billion international units of cold chain pharmaceutical products for use in developing countries over 10 years.

The challenge

The NGO distributes donated medicines through a global distribution network of numerous treatment centres. The donating parties raised initial concerns regarding potential product diversion and subsequent loss of medicines in the supply chain in India. Contributing factors included stakeholder competency gaps in quality management, uncertainty around stock and storage capacity levels, and inconsistent and manual processes to document and track products. Similar challenges were likely in other parts of the world as well.

The solution

In just over six months, this single-issue investigation developed into a comprehensive quality distribution strategy.

As long-term consultative partners, BSI worked to improve the in-country management systems and governance, as well as provide on-the-ground presence to monitor the ongoing implementation of the client's quality management programme.

As part of the engagement, BSI and Trace Labs also deployed AidTrust, a data management hub powered by the Origin Trail Decentralised Knowledge Graph (DKG). AidTrust significantly enhances the transparency

of in-country distribution, using trusted data to better understand the traceability and risk exposure of donated products. AidTrust enables product authentication, tracks patient utilization, provides transparency on stock levels, and highlights any diversion or waste issues.

This innovative solution enables the NGO to manage donations more efficiently and effectively, ensuring the medicine reaches the intended patients at the right time. After the successful deployment of AidTrust in India, the NGO is working with BSI and Trace Labs to plan for the global rollout of AidTrust across 40 countries.

The C-suite's roadmap for change



Sustainable supply chains:
a people-first approach

1 Align your values with global leaders

SCS begins with a broader understanding of global responsibility and the role your organization plays in achieving meaningful change.

There are a range of international frameworks related to labour rights that can help guide your sustainability agenda and align it with global standards.

An overview of international frameworks

The Ten Principles of the UN Global Compact

This focuses on a company's value system, encouraging a principled approach to doing business that meets fundamental corporate responsibilities in the areas of human rights, labour, the environment, and anti-corruption.

The UN's Guiding Principles on Business and Human Rights (UNGPs)

This provides guidance and tools to ensure the preservation of human rights in business operations. There are 31 principles in total organized by three pillars:

- **Protect:** States have a duty to protect against human rights abuses by third parties.
- **Respect:** Businesses have a responsibility to respect human rights wherever they operate.
- **Remedy:** Both states and businesses must have effective grievance mechanisms in place to remedy any human rights violations.

These international frameworks address sustainability issues at a global and national level. They provide a powerful aspiration for businesses to act responsibly and, where possible, align business strategy and operations to the frameworks, guiding the way to a more sustainable world.



2 Inspire change from the top

Organizations' executive leadership have an opportunity and a responsibility to prioritize the role of governance and oversight of the supply chain.

How to start inspiring change:

- Set out the company's approach to SCS through milestones and key performance indicators;
- communicate with business and supply chain managers to emphasize its importance; and
- regular review and update priorities, successes, and challenges.

SCS strategies are far more efficient when they are seamlessly integrated with wider business strategies. Internal alignment creates harmony between the commitment to sustainability frameworks, like the UN Global Compact, and commercial objectives. This works best when a wide variety of functions come together to align business requirements with the company's SCS. They should ensure the company's requests meet realistic expectations that encourage and support suppliers to maintain the required level of sustainability performance.



Questions for CEOs: check your progress

Ask yourself:

- How many suppliers does our organization have?
- Where is our direct and indirect supply chain located?
- What percentage of our buyers are critical to our business?
- Have we conducted social risk assessments on all our suppliers?
- How many suppliers have we physically visited?
 - What issues were identified and where?
 - What improvements have we made?
- Does our full value chain adhere to our corporate values?

3 Adopt a standards based approach

Many organizations recognize the importance of collaboration when addressing the root cause of sustainability issues. Adopting globally recognized standards of best practice allows organizations to embed robust processes for mitigating the impact of disruptions across an ever-changing global landscape. They can be a catalyst for positive change, ensuring greater cooperation and alignment through the supply chain.

Best practice sharing

Whether it's focused within a single industry or cross-sector, sharing knowledge, tools and solutions to common problems can support SCS programmes.

Joint standards and implementation

These collaborations typically focus on one sector and aim to create consistency among companies' expectations and programmes. Compliance-based approaches to supplier monitoring don't instill the cultural change needed for success and are frequently characterized by inconsistency, duplication, and inefficiency across companies.

Standards in action: proven to improve performance

A joint study conducted by scholars at Harvard Business School and Duke University analyzed proprietary certification data from some of the world's largest certification companies as well as injury microdata from the US Bureau of Labor Statistics.

It is the first study to directly examine the effects of health and safety management standards on establishment-level health and safety performance using injury and illness data.

The study found that:

- Standards certification reduces the total number of illness and injury by 20 percent, and the number of illness and injury cases associated with job transfers or restrictions by 24 percent.
- The most severe injuries and illnesses – those that lead to days away from work – are also reduced by a similar magnitude.

The study shows that standards and accompanying certifications improve performance, serving as a credible signal of a safer workplace.

Read the latest insight report:

Management standards and certification proven to significantly increase performance throughout an organization >

Where to start?

Knowing where to start can be daunting, but there are actionable steps you can take. First, begin by identifying the most common best practices and required standards within your industry. What are the other standards that are not required but are highly regarded? Next, consider your organization's objectives and how standardization can help you achieve them. And finally, communicate any changes with your supply chain partners to keep everything consistent.



Standards and global best practice to guide your journey

BSI's [Prioritizing People Model](#)© provides a structured framework for all the people aspects of your organization and supply chain.

[ISO 45001](#) Occupational Health & Safety Management System

[ISO 45003](#) Occupational Health and Safety Management – Psychological Health and Safety at Work

[BS 25700](#) Modern Slavery Risk Management (new)

[ISO 30415](#) Human Resource Management – Diversity and Inclusion

[ISO 26000](#) Guidance on Social Responsibility

[BS 8950](#) Social Value

[PAS 808](#) Purpose Driven Organizations (new)

[ISO 37001](#) Anti-bribery Management Systems

[ISO 37000](#) Governance of Organizations

[ISO 37002](#) Whistleblowing Management Systems

[ISO 27701](#) Security Techniques. Extension to ISO/IEC 27001 and ISO/IEC 27002 for Privacy Information Management

[ISO 20400](#) Sustainable procurement

Every business is different and timescales will vary for each. Following best-practice frameworks and using relevant tools established by recognized standards bodies – such as [BSI's Supply Chain Risk Exposure Evaluation Network \(SCREEN\)](#) – enables organizations to give full consideration to the wide-ranging challenges and opportunities they will face.

4 Define your supply chain goals

Most organizations are outcome-driven, so it is important to set clear aims for people to follow that align with your vision, values, and mission statement. Once these are in place, you can then outline the practical steps needed to reach these goals.

In the global market, the biggest challenge for supply chain ethics is how well you know your suppliers. There's no denying that determining how ethical your suppliers are is a complex task. To start, you need to map your supply chain and understand the relationships you have with different levels of suppliers. With a clearer picture, you can better understand the levels of risk that may expose you to human rights violations, and how to monitor the effectiveness of your efforts.

Know your suppliers

- What is the potential human impact of streamlining the risk assessment process, from low to high?
- Where are suppliers based and what impact does the location have?
- How big/small are your suppliers and what bearing does that have on your sustainability strategy?
- What is your volume of spend with suppliers? If you do a lot of business with a supplier, or if they are your sole supplier in a region, they may be difficult and time-consuming to replace.
- What is the length of your relationship with the supplier? Risk could possibly be reduced if it's a longstanding relationship.



Understand risk

- Put together supplier profiles and risk-score them to assess which areas will be prioritized and monitored.
- Use a standard like [PAS 7000](#) Supply Chain Risk Management to pre-qualify prospective suppliers, mapping risk through profiles, capabilities and performance. This holistic approach can mitigate risks and protect against reputational damage.
- Develop a specific programme which outlines your organization's commitment to responsible business and sets out the requirements for suppliers.
- Establish what your organization wants suppliers to adhere to: a code of conduct, signed contracts, legal requirements, certification against standards, etc.

Monitor and measure

Many organizations are implementing policies, adopting audit programmes and actively engaging with stakeholders to strengthen their social responsibilities.

- Collaboration is key. Share expectations with suppliers, communicating the level of monitoring and compliance you are looking for.
- Monitoring can be tailored to the level of risk, from self-assessments to supplier audit programmes by a third party.
- Once you have implemented a monitoring programme, help your suppliers understand why and how improvements can be made, putting that continuous “know and show” approach we've already discussed into action.
- Devise a series of KPIs for the organization to improve its responsible supply chain process and keep up momentum.

What does 'getting it right' look like?

- We align corporate values with our supply chain, R&D, procurement, risk and compliance.
- We maintain a living database of approved supplier profiles.
- We conduct supplier risk assessments relating to country, product type, process, supplier and reputational risk.
- We map intelligence-based enterprise risks of global supply chain threats including environmental, social and human rights.
- Our procurement is risk-based, categorising suppliers into risk profiles by country, product, process, value, etc.
- We allocate resources based on areas of greatest known risk.
- We conduct on-site validation of higher risk suppliers.
- We strive for continuous improvement – the performance of suppliers is measured, monitored and improved – supporting those that adhere to corporate values.

Supplier visibility in action: Building a resilient supply chain in food manufacturing

Barilla is an Italian multinational food manufacturer. With 8,500 employees in over 100 countries, it is the largest pasta company in the world. Its mission is to create Mediterranean-inspired food sourced from responsible and transparent supply chains.

The challenge

In line with its sustainable business ethos, and in tune with several SDGs, Barilla's aim was to accept no compromise on food quality or safety, while maintaining an efficient, resilient supply chain – from responsible sourcing and production, to preserving workers' rights and safety in the workplace. To achieve this, Barilla needed an immersive auditing system that could monitor the entire supply chain.

The solution

Partnering with BSI, a multidisciplinary team was quickly established to develop a tailored plan to manage the auditing process effectively, making it as immersive as possible. This process, covering Barilla's activities and all its suppliers, was overseen by a dedicated BSI project manager who ensured Barilla's expectations were met and managed any difficulties within the supplier network.

Barilla's remote auditing, underpinned by BSI verification, has proven the strength of its processes and the sustainability of its supply chain. With its procurement strategy built on solid back-up plans, Barilla believes it is now more resilient than ever in the face of the unexpected.

Alessandro Ruggeri, Global Suppliers Quality Director for Barilla, comments:

“BSI provided us with a pool of skilled auditors, who have been supporting us in the different countries where our suppliers operate, while remote audits have been highly effective for collecting evidence via interviews or document review. BSI's expertise has been crucial during the pandemic.”

Looking ahead to the future

We are experiencing a global paradigm shift. Supply chains have transitioned from the back office to become a key measure of an organization's social values. Rising consumer expectations, amplified by social media, are encouraging organizations to improve the human impact of their supply chains.

Many future-focused companies are making strides, moving from efficiency- or service-driven supply chain strategies to more holistic strategies driven by profitability and socio-environmental benefits.

Implementing responsible, people-first supply chains is more than a conscious choice; it's an opportunity for competitive advantage and better business performance. Those who take the proactive steps today are set to lead and succeed in this new era.



Progress towards a sustainable world with BSI

The financial, environmental, and social climates of our planet are shifting continuously, and as a result, organizations are becoming more conscious of the ethical and sustainable practices within their supply chains.

By embedding the highest standards of social performance across your own organization and value chain, BSI drives meaningful impact, helping to instill and uphold better human rights practices and social standards, accelerating progress towards a fairer society for everybody.

Working globally across a range of sectors – with specialist expertise in transport and mobility, the built environment, food and retail, and healthcare – BSI offers a range of services and solutions that enable innovation and improvement. As your trusted partner, we work with you towards a shared goal, embedding sustainable behaviours for the long-term benefit of your people, your customers, and our planet.





Drive social change with your partner in progress

Connect with BSI today to learn more about how we partner with you to drive impact and inspire trust throughout your value chain.

Read more about our services and products on our website [bsigroup.com](https://www.bsigroup.com)

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