

The Supplier Self-Assessment Questionnaire (SAQ): Ceres Launches New Tool for Strengthening Supply Chains

BOSTON, Sep. 04 /CSRwire/ - In the modern global economy, almost every company has a supply chain that reaches around the world. On Labor Day, a day when most Americans enjoy a day off to honor working men and women, we should acknowledge, too, the millions of invisible hands that are the backbone of these global supply chains. These are the people (too often children) who stitch the shirts on our backs, harvest the coffee beans that end up in our cups, and assemble the smart phones in our pockets, often toiling in conditions we can scarcely imagine. They are the foundation of the global economy and essential to its future.

Supply chain management is a major focus of The 21st Century Corporation: The Ceres Roadmap for Sustainability, a practical framework for developing a sustainable business strategy. Building resilient supply chains is essential in an era when increasing extreme weather events around the world are frequently disrupting commerce, and human rights concerns can damage even the glossiest reputation. Recent flooding in Thailand that shuttered auto parts factories for months and a rash of suicides among unhappy workers at the Foxconn electronics assembly company in China are just two examples of supply chain disruptions causing negative ripples for leading global companies.

With the regulatory, reputational, legal and operational risks associated with sustainability issues rising, companies must understand how every one of their suppliers is performing on key environmental, social and governance (ESG) metrics. In short, companies are expected to “own” and disclose the performance of their suppliers whether it relates to the human rights of their workforces or greenhouse gas emissions from their operations.

To catalyze better supply chain practices, Ceres is today releasing a new tool for companies, the Supplier Self-Assessment Questionnaire (SAQ): Building the Foundation for Sustainable Supply Chains.

For many companies, the biggest sustainability risks they face are embedded in the supply chain. While some companies and industry sectors have developed fairly sophisticated methods for assessing and improving the sustainability performance of their suppliers, Ceres’ year-long survey of best practices in this arena revealed that most focus on either environmental or social impacts. Effective supply chain management requires attention to both, including issues such as climate change, water scarcity, human rights, governance and stakeholder engagement.

There is ample opportunity for companies with extensive supply chains to raise the bar. Our analysis of 600 major U.S. companies revealed that more than 70 percent take only minimal steps, if any at all, to engage their suppliers on these critical business issues, giving those that do a competitive advantage.

The SAQ will be useful for all companies seeking to strengthen their supply chain engagement, though it was designed with the industrial goods sector in mind, as well as those that are just beginning to address sustainability issues in their supply chains. Drawing on leading practices in the field, and addressing environmental, social, and governance issues, the SAQ is a “conversation starter” for companies to use with their suppliers as they begin to assess the sustainability risks in their supply chains. Working with a selected group of companies and industry coalitions, Ceres will be promoting uptake of this tool whether as a stand-alone or a complement to tools companies may already have in place. The goal is to help companies be more competitive and build resiliency in their supply chains by identifying, assessing, managing and disclosing supply chain sustainability risks.

Investors, too, are acutely aware that supply chain risks can have significant impacts on companies and that building long-term value requires that companies skillfully manage those risks. Large institutional investors looking to better understand how supply chain issues might impact their portfolio companies will find the SAQ useful, as well. By integrating sustainable supply chain disclosure as an investment criterion, these major market players can influence the companies they invest in. Ceres will be working with its network of investors to use the SAQ to help build investor demand for sustainable supply chains.

The SAQ is part of a broader strategy to raise the bar of supply chain sustainability performance across the global economy. Traditionally, supply chain management has focused on whether a particular supplier facility is complying with certain minimum standards or codes of conduct related to treatment of workers or environmental impacts. We are now seeing a paradigm shift from supply chain management to supply chain improvement. For any company that expects to thrive in the 21st century global economy, higher standards for supplier social and environmental performance, and robust measurement and transparency of that performance, is essential. The SAQ will help companies get started on this journey.

In today’s highly integrated global economy, no company can afford a hear-no-evil, see-no-evil approach to problems in its supply chain. The well-being of the workers who stitch our garments, harvest our coffee beans and assemble our computers is vital to every company and to our long-term prosperity, too.

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