

Business for Social Responsibility

# ***Working Conditions in the Supply Chain***

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# About BSR

## Structure

- Not-for-profit global business membership organization
- Member companies account for \$2 trillion in annual revenues, and employ six million people globally
- Governed by executives from Fortune 500 corporations
- Offices in San Francisco, Guangzhou, Paris
- Staff of 50

# Illustrative Member Companies

Coca-Cola Co.

Ford Motor Co.

Gap Inc.

General Electric

General Motors

H & M

Home Depot

Hewlett-Packard

Ikea

Intel

Levi Strauss & Company

Mattel

McDonald's

Microsoft

Nike

Novartis

Pfizer

Procter & Gamble

Reebok

Unilever

Wal-Mart

Walt Disney Company

# BSR and Supply Chain Practices

- China Training Institute
- Labor Law Database
- Working Groups:
  - Labor Standards Working Group
  - Clean Cargo
  - Restricted Substances Working Group
  - China Working Group
  - Information Computer Technology WG
  - Pharmaceutical Working Group
- Advisory Services

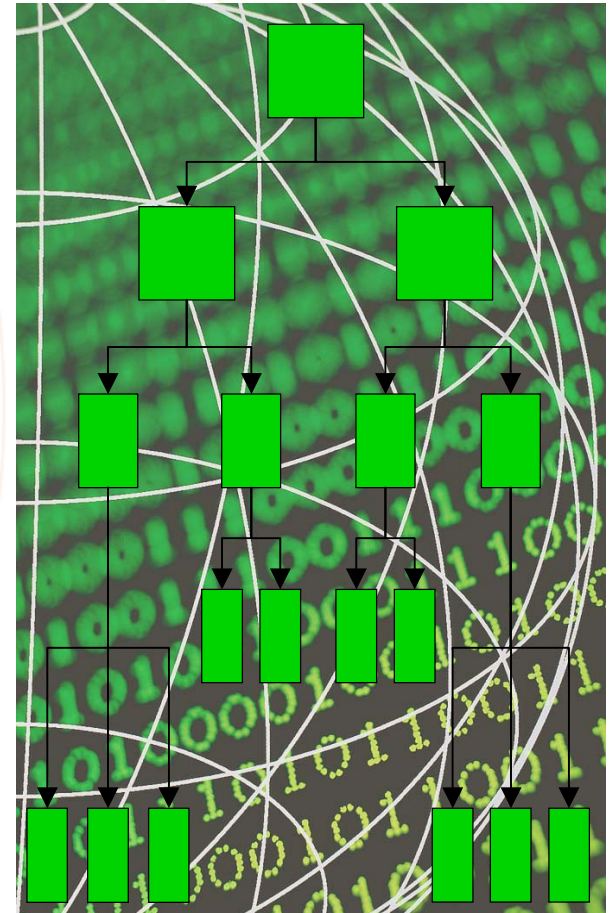
# BSR and Ford Partnership

- **Policy:** Assisted with development of Code of Basic Working Conditions
- **Training:** Conducted initial trainings, help with training curriculum and labor law
- **Assessments:** Helped identify external auditors, accompanies initial assessments. Improved assessment tool
- **External auditors:** Working with other companies to improve standards for external monitoring firms

# New Expectations – Human Rights in the Supply Chain

## How Did We Get Here?

- A global marketplace
- More complex supply chains
- The existence of varying local standards and enforcement
- Price pressures/more demanding marketplace
- Increased attention and communication through campaigns and media attention



# What Has Been Achieved

2004 World Bank Study found:

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- Common Themes**
- Acknowledgement that conditions are improving
  - Collaboration
  - Increasing recognition of responsibility for supply chain
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- Company -Level**
- More than 250 Codes of Conduct
  - Acknowledgement that conditions are improving
  - Social compliance company departments
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- Supplier-Level**
- Improved communication and partnership with suppliers
  - Code implementation

# Remaining Challenges

2004 World Bank Study found:

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- Company Level**
- “Culture of compliance” created by top-down approach
  - Social compliance inadequately integrated into purchasing decisions
  - Transparency efforts not meeting stakeholders’ needs
  - Many industries still without policies
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- External**
- Lack of enforcement by local governments
  - Limits to collaboration
  - On-going poor conditions in many locations



# Key HR Issues for Stakeholders

Migrant or Contract Labor  
Serious Health and Fire Risks  
Homework  
Multi-cultural  
communications  
Worker Education &  
communication  
Transparency/Disclosure  
Public policy engagement  
Environmental issues in the  
supply chain

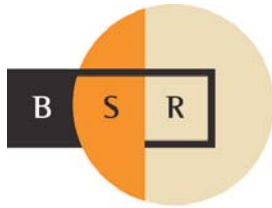


# Joint Industry Efforts

- Growth of consensus standards in Europe and the US
- Common standards and verification systems
  - Electronics Industry Code of Conduct (EICC)
  - Ethical Trading Initiative (ETI)
  - Fair Labor Association (FLA)
  - International Council of Toys (ICTI)
  - Social Accountability 8000 (SA 8000)
  - Workers Rights Consortium (WRC)
  - Worldwide Responsible Apparel Production Program (WRAP)
- Code Consolidation: there is a growing effort to consolidate codes so they become easier to enforce and verify (i.e., Joint Initiative on Corporate Accountability & Workers' Rights)

# Horizon Issues for HR in the Supply Chain

- Role of governments
- Transparency
- Worker empowerment
- Comprehensive systems
- Consumer campaigns
- China
- Industrial sectors



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[www.bsr.org](http://www.bsr.org)

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