

white paper

Perspectives on business and brand

Issue 01 2013

THE CITIZENSHIP ISSUE



The whole picture

—
Rob Cameron

—
[INTERVIEW WITH]
Rob Cameron, Executive Director, SustainAbility

—
[CAREER HIGHLIGHTS]
Former Chief Executive Of Fairtrade International.
Appointed Prince Of Wales' Ambassador for Corporate Responsibility (UK).

—
[NOTED FOR]
Deepening the impact of Fairtrade's work with farmers and producer communities.

—
[LIVES]
Cambridge, UK

—
[INTERVIEWED BY]
David Faulks & Kris McIntyre, Gen.a

Rob Cameron is the UK-based Executive Director of consulting firm, SustainAbility, and former Chief Executive of Fairtrade International. Gen.a caught up with Rob to talk about corporate social responsibility measures in the supply chain and the steps companies can take to be more discerning in their choice of suppliers.

We met Rob in 2008 when Gen.a was engaged to develop, design and implement the new brand strategy for Fairtrade and its 23 national licensing initiatives. During his time with Fairtrade, Rob worked closely with farmers and coop leaders to help raise their profile within the Fairtrade movement and international community as part of a strategy he led to strengthen the organisation's impact, broaden its reach and deepen its impact. In his role with SustainAbility, Rob works with clients to create business and societal value in response to global challenges; dealing with issues ranging from consumption and transparency, to stakeholder engagement and strategy, innovation and transformation.

—_Gen.a

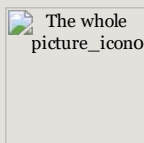
Since John Ruggie's report to the United Nations Human Rights Council on the issue of human rights and business in 2008, companies have been working to address human rights issues across their value chains. But critics argue that many companies still continue to overlook corporate social responsibility in the supply chain. Do you agree?

—_Rob

'Supply chain' is a big topic. But if we take the food producing industry as an example, companies have historically been fairly blind to where their core products come from. One of the things that really surprised me when I joined Fairtrade, was how little senior business executives in the food and agriculture industry knew about the origins of the core commodities that their businesses depend upon, and about the lives of the people that produce them. For many people, the product was seen as a commodity to be brought of the right quality at the best possible price, without too much consideration to the deeper aspects of where it came from.

That mentality is changing and the landscape has shifted due to a number of different factors. First, through globalisation, people are generally more aware of the realities of the developing world. An example of this is the sweatshop debate in the late 1990s. At that time, the apparel industry was driven to find competitive advantage in terms of who could source product at the lowest cost. But the complexity of that supply chain was beyond many companies' understanding. That led to an awful lot of abuses in the supply chain and it became obvious that was unsustainable – a company such as Patagonia or Nike couldn't promote values around sport and fair play and with a supply chain in which products were being manufactured in places that didn't meet the basic labour rights criteria. So what was a source of competitive advantage originally – a kind of race for the cheapest possible sources – instead became a source of threat. A number of these companies entered into a 'pre-competitive' collaboration to establishing decent labour rights working with the likes of International Labour Organization (ILO). Although these developments were specific to the apparel industry, it made a broader point about the use of the developing world as a source of product and competitive advantage.

So play that forward to the commodities sector, Fairtrade emerged more than 40 years ago because there was a complete disconnect between the farmer and the manufacturing process and end-consumer with unfair trading practices. So this is not a new problem by any means, but clearly when you get large companies who have relied on these commodities without knowing too much about them there are problems.



ROB'S TIPS : HOW TO BE MORE DISCERNING IN CHOOSING SUPPLIERS.

Proper supply chain mapping – so that you know exactly who your suppliers are. Going back 10 years ago, one of the most interesting things that happened was when the retailer Gap first published its CSR report with a grid of its tier one suppliers, was how little they knew about these suppliers. So, the first thing to do is to figure out who your supply chain actually is and where your raw materials physically come from.

—2

Identify where the problems in the supply chain are – What are the things affecting the sources of origin such as climate change, labour, child labour or human rights issues? It may be all of them and more if it is sourced from the developing world.

—3

Create a proper supply chain strategy that does not attempt a quick fix – A strategy that answers questions such as: What is the long-term horizon for our business? What products are we going to need to fulfill our needs over the next five to ten years?

—4

Make sure that the implementation is thought through – There are examples, and I won't name them, of companies that see a problem in the supply chain and they say "we're going to fix it, here is our vision and our strategy for this" but then they actually fall down on the day-to-day implementation and the 'stickability' of their commitments.


—5

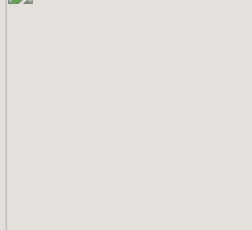
Putting these steps into action – reach out, include, listen and respond to the concerns of stakeholders, especially the producers themselves. Involve stakeholders in finding solutions and how to implement them.

THE REGENERATION ROADMAP

A collaborative and multi-faceted initiative by GlobeScan SustainAbility, The Regeneration Roadmap aims to provide a way forward for achieving sustainable development within the next generation.

For further information:
www.sustainability.com/projects/the-regeneration-roadmap

 The whole picture_icon03



—Gen.a

What was the tipping point in shifting the mindset across most business sectors towards ethical and sustainable sourcing?

—Rob

The big breakthrough has been the realisation by major corporates that without deeper, stronger, more thoughtful investment in their supply chains, they will not have a supply chain in years to come. The supply of commodities such as cocoa and coffee is threatened by factors like bad agricultural practices, climate change, water stress and economic breakdown. Without significant, on-the-ground investment in those commodities, there won't be much of a supply chain in ten or 20 years. Ultimately, when the moral case meets the business case there is an opportunity for change.

In terms of climate change, we see some businesses shifting priority to adaptation strategies rather than mitigation. But there is also plenty of evidence that business is moving to a more activist stance on climate change issues. Business has always lobbied government, so that's not new, but what is interesting is that business lobbying has traditionally been around protecting traditional business interests. Now what we are seeing are a lot of companies, albeit not the majority, starting to lobby government around more aggressive action on climate.

For example, look at the recent actions of the Aldersgate Group in the UK. What's interesting is the Aldersgate Group is not WWF or Greenpeace, but a cross-sector alliance of businesses that have deep concerns about the lack of government policy and are taking decisive action. Then you have the major power companies of the world also writing similar letters saying "come on Government, make some decisions, show some leadership, we need proper policies".

—Gen.a

With businesses being economically stressed as a result of the wave of change that has happened in the world recently, does that same dynamic apply across the value chain? Is there still a continued impetus towards a sustainable value chains and human rights in the value chain?

—Rob

If you look at companies like Mars, Nestlé and P&G, they are taking very proactive steps in their supply chains. Who would have thought five years ago that Nestlé would be collaborating, as they are, with the Fair Labor Association (FLA) on child labour rights? Unilever's responsible sourcing guidelines are about as far-reaching as you are going to get as an example of good practice across not just one or two, but all of their commodities. In part, this is reputational, because no company wants to be exposed as having human rights abuses in the supply chain, but there are clear moral and business aspects. Companies now realise that the origins of core commodities are under severe pressure, so they have to have invest in those communities, and sourcing policies have to reward good practice. Although the likes of Nestlé and Unilever are unlikely to solve all of the problems that still exist in cocoa, for example, they are certainly making a major contribution.

—Gen.a

What do you think the role of government and business is in trying to get it right?

—Rob

Government's role is to develop legislation and regulatory frameworks, but sometimes it goes beyond that into influencing business as well. For example, the US Government's work on child labour in the cocoa supply chain is a clear example of a government extending itself into an area where it sees change is needed.

As far as companies are concerned, there is a big role to play. If you look at a company like Mars, it is able to do many things because it is privately owned. There are also a number of publicly listed companies doing equally well, under a degree of shareholder pressure and the responsible investment community. I think that most companies want to know more about their supply chains from a risk management point of view, if nothing else.

There is also an interesting dynamic going on between businesses and civil society where previously the NGO community was very much on the outside and almost attacking corporations. In the last five years NGOs have become increasingly engaged in working with companies. Fairtrade is an example of this, as is WWF who are doing a huge amount with corporations in either helping them set up roundtables or direct consultancy on their supply chains.

Interestingly, a recent survey by Accenture on business opinions indicated that business no longer sees NGOs solely as 'opponents' but also able to help with providing solutions in supply chains. NGOs can particularly help in implementation in the field.

—Gen.a

In all of that, are you optimistic about the progress being made in addressing supply chain issues? What is your overall attitude at the moment?

—Rob

I'm always optimistic and I see so much energy and action in addressing global concerns that it is impressive. But I have doubts too. Are we really going to address climate change? A world in which the climate warms by at least two degrees now seems inevitable and yet we are still failing to address the problem with all the resources it will take to shift tack. I hope our work on The Regeneration Roadmap (see box below) will help define a path forward on this.

I also have some reservations about the current state of the ethical standards movement. I haven't really spoken much about the role of standards certification in supply chains, but if you look the percentage of commodities certified by Fairtrade, Rainforest Alliance etc., it is typically below ten per cent. There have been some successes and real breakthroughs, and in the example of Fairtrade, it has succeeded in

bringing these issues into the public domain. But I feel that the actual success in impact may be less than the market profile. Fairtrade has certified something like 1.3 million producers, which is great for those farmers, but the scale of need dwarfs the numbers that could benefit from better trading conditions.

So, that leads to the question of what is the best way forward? If it's not certification standards, the more challenging question is 'what is'? The standards movement needs to do more to scale up than it has done. The other way of looking at it is that there needs to be more collaborative industry action such as we saw in the apparel industry. The challenges are great and the only way to solve them is to leave behind past enmities and work more collaboratively with future outcomes in mind rather than past politics and disagreements.

Gen.a loves

A quick look at the books, events, movies, music, websites and other things we love.



In the studio

- Australia Awards
- Penrith City Council
- Virgin Live
- UNGC Communication On Progress Report 2014
- UNGC Communication On Progress Report 2015

