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Supply chain mapping and the transparency wave of the future

By Sascha Matuszak

On Oct. 1, the U.S. Customs and Border Protection announced withhold release orders[1] covering five imported products from five countries. The companies, ranging from apparel producers in Asia to conflict mineral miners in Africa and Brazil, are prohibited from importing their goods into the U.S. until they can demonstrate that their goods are not produced using forced labor.

In a morning press conference, Brenda Smith, Customs and Border Protection executive assistant commissioner for trade, described the work that the agency does, which includes the enforcement of more than 500 federal laws, trade agreements and international trade regulations, and stated that forced labor is one of the most difficult challenges the agency faces.

Smith said that, although most regions of the world outlaw forced labor and human trafficking, more than 24 million people work in forced conditions "in the shadows and undetected."

The key problem is a lack of supply chain transparency, even within supply chains that have been vetted and investigated. Achieving supply chain transparency is critical and requires constant dynamic action and evaluation.

A lack of transparency can 'stop businesses cold'

Supply chain transparency is an increasingly critical goal for companies engaging with the modern consumer. A host of stakeholders have made transparency and sustainability key priorities and drivers of consumption. For example, food companies are facing more demand for supply chain-related information about ingredients, food fraud, animal welfare and child labor.

"When the media began covering the Amazon fires, the response from industry players was immediate," said Sanket Mehta, corporate social responsibility analyst at Assent Compliance Inc., in a conversation. "PepsiCo[, Inc.] and Nestlé [S.A.] both halted operations and investigated, because they wanted to be sure none of their suppliers were implicated in the fires."[2]

The quick action was not necessarily out of moral outrage or ethical duty, but quite simply a business decision.

According to an article in *Harvard Business Review*,[3] "[R]esearchers at the [Massachusetts Institute of Technology] Sloan School of Management found that consumers may be willing to pay 2% to 10% more for products from companies that provide greater supply chain transparency." The authors state, "A lack of supply chain transparency can now stop businesses cold."

The article cited numerous studies and examples to emphasize the importance of supply chain transparency, including an MIT[4] on supply chain transparency, Patagonia's "The Footprint Chronicles",[5] and another MIT article on the value of achieving transparency.[6]