

TRACEABILITY

Supply Chain Mapping and Risk Assessment

Background

Globalization has led to the emergence of low cost, efficient (and perhaps risky) supply chains spanning multiple countries. Sourcing regions exhibit a wide range of economic, political, social, labor and environmental standards, which – combined with heightened public awareness – means that full traceability of a product (and its components) is likely to become a consistent demand made by governments, civil society organizations, and consumers. In response, companies must make supply chain mapping and product tracing a standard business practice.

Ensuring compliance at the tier one supplier level does not guarantee a “clean product.” The upstream supply chain exhibits many labor compliance issues, and the lack of any sort of monitoring at these levels augments the risk of labor and human rights violations. In these situations, violations are already weaved into a product by the time it arrives for final processing at the tier one supplier level (in most cases, the factory where the final product is assembled). In order for companies to ensure that products are manufactured in a socially responsible environment, the upstream supply chain needs to be looked at more closely – starting at the raw materials level.

Project Objectives

FLA’s objective through this initiative is to facilitate traceability and transparency in upstream supply chains, followed by a risk assessment. One intended outcome is the visibility of the upstream supply chain and education about existing risks, based on which the companies can make better sourcing decisions and further mitigate risks. The project furthers FLA’s overall mission to promote and protect workers’ rights and to improve working conditions globally through adherence to international standards.

Methodology and Product Tracking Tool

During the first phase of its cotton traceability project, FLA recognized that retroactive physical mapping and risk analysis of the supply chain requires a large investment of time and resources. In order to facilitate upfront tracing, FLA has designed a stand-alone online Product Tracking Tool (PTT) and methodology, which is a proactive risk identification and management tool.

The process begins with online tracking to aid companies and suppliers in mapping their supply chains at large or to further trace the origins of a product from the point at which the design is conceptualized and prototype development begins (e.g., before production commences). The PTT can also be used to discover the origins of a product while it is under production. In addition to creating a map of the supply chain, the tool also can alert companies about the risks embedded at critical levels of the supply chain.

In addition to supply chain mapping and risk identification using the PTT, FLA is equipped to conduct physical verification of the tasks and risks¹ and subsequently provide recommendations and work with companies on risk management and mitigation. Training on the rationale for tracing and the use of the PTT is available on request.

Testing of the Tool

Since 2010, the PTT has been tested for a variety of supply chains including garments, accessories, agricultural products, cotton, leather and synthetics.

Pilot Project with Primark using the PTT

In 2011, FLA began work on a pilot program with the European retailer, Primark, using FLA's Product Tracking Tool as a means to trace cotton supply chain risks for one of their products manufactured in India. This project included:

- In-person training for Primark staff and suppliers in India;
- Upstream tracing and risk assessment of the cotton supply chain using FLA's online tool;
- Recommendations on next steps; and
- The option to work with FLA to verify the supply chain.

In order to learn more about FLA's efforts in supply chain traceability and transparency or to access FLA's Product Tracking Tool, please contact *Richa Mittal, Director, Agriculture and Strategic Projects* at rmittal@fairlabor.org and *Sunil Sahai, Eastern Hemisphere Manager, Agriculture and Strategic Projects* at ssahai@fairlabor.org.

¹The FLA has championed the task and risk mapping methodology whereby we map the supply chain with respect to stakeholders, the different actors in the supply chains, tasks carried out to produce a product and risks attached to the tasks and supply chain in general. These mappings help identify the high-risk areas and tasks involved in the supply chain.