



# End to end sustainability

## The role of responsible business conduct in strengthening supply chains

Launched in 2018, the Responsible Supply Chains in Asia (RSCA) programme, is a joint initiative between the EU, the OECD, and the International Labour Organization (ILO). Its mission is to encourage sustainable social, environmental, and economic development by promoting the integration of responsible business conduct (RBC) in the supply chains of multinational businesses.

**In addition to** helping firms identify vulnerabilities in their supply chains, RBC and due diligence can improve transparency, human and labour rights, and environmental standards, as well as contribute to the eradication of forced labour and child labour.

On 21 January, the RSCA held an online roundtable event titled “The role of Responsible Business Conduct in building resilience: Perspectives from Japan”. Panellists, drawn from government and business in Japan and the EU, discussed the role of RBC in ensuring sustainable supply chains in a post-Covid-19 world.

In her opening remarks, Ewa Synowiec, senior manager at the Directorate-General for Trade of the European Commission, observed that the value of adopting RBC practices had been demonstrated through the challenges of 2020.

“As the Covid-19 pandemic spread, societies shut down and supply chains dried up as demand for goods and services plummeted,” she said.



Ewa Synowiec, senior manager at the Directorate-General for Trade of the European Commission

“Companies that made sustainability a core part of their business were best equipped to prevent and mitigate adverse impacts of the pandemic on workers, business partners, and customers.”

Future calamities caused by the global climate emergency are predicted to lead to even greater disruption in the coming decades. Many speakers, including Masamichi Kono, deputy secretary-general of the OECD, argued that RBC practices will help countries to rebuild following the pandemic and position them to better withstand similar shocks in the future.

“To keep the flow of trade sustainable in times of crisis, firms and governments need to have a sound understanding of the strengths and vulnerabilities of key supply chains, and look to embed resilience frameworks,” Kono said. “RBC tools can enhance resilience in global value chains by emphasising awareness, transparency, accountability, and agility.”

Kono highlighted efforts made by Japan and the EU to implement RBC policies. He noted that the Japan National Action Plan of Business and Human Rights includes commitments to promote the OECD’s guidelines for multinational enterprises, while the EU has committed itself to introducing due diligence legislation that aligns with the OECD’s RBC standards.

He also passed on an important message to businesses: “The EU has committed to introduce mandatory due diligence

legislation aligned with OECD standards on RBC.”

The ILO estimates there was a 17% decline in working hours globally in the last quarter of 2020, compared with the same period in 2019, and a loss of some 80,000 jobs in Japan. Chihoko Asada-Miyakawa, the ILO’s assistant director general and director of the Asia-Pacific regional office, drew attention to the importance of cooperation between businesses, trade unions, and governments to minimise the impact of supply chain disruption.

“The ILO believes the promotion and implementation of socially responsible labour practices and RBC is no longer an option, but rather a requirement for businesses to operate in the long term,” she said. “Policy coordination and alignment through tripartite-based dialogue and exchange of good practices creates strong, resilient, and sustainable economic growth.”

Although much about the shape of the global recovery from Covid-19 is yet to be decided, the speakers were clear that a return to the pre-pandemic way of doing business would be a grave mistake.

“2020 has shown us that a sole focus on short-term economic growth over long-term resilience can have huge societal costs,” Kono said. “RBC gives companies a framework that can address environmental, social, and governance issues during a crisis, and also future-proof their businesses and supply chains.” ●