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# Can we handle the truth about the supply chain of our consumer goods?

We need to face up to the uncomfortable truth about where our iPads, jewellery and coffee come from in order to address it

Sissel Waage, Peter Nestor, and Tara Norton  
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As Apple is investigated for new claims of factory staff mistreatment, can we handle the truth about where our iPhones come from? Photograph: Qilai Shen

"People just want their iPads, iPhones, and jewellery, but can't handle the truth about where it comes from," a colleague said recently.

A scene from the movie *A Few Good Men* sprung to mind in which Tom Cruise and Jack Nicholson are in a courtroom argument over the Guantanamo Bay Naval Base in Cuba where they verbally spar: "I want the truth." The famous response: "You can't handle the truth."

Can we handle the truth about our modern consumer goods, in terms of the impacts of the raw material sourcing, manufacturing, distribution, use, and disposal?

In terms of knowing where our products come from, a growing number of initiatives have emerged to increase corporate and consumer understanding of the impacts associated with making modern goods.

## Increasing corporate and consumer transparency

On the corporate side, an increasing number of companies have established sustainability focused supply chain management initiatives, such as Nike. Others are

seeking to document externalities as a way to see and lessen impacts, such as both Puma and parent company, Kering, which is applying enhanced [environmental profit and loss methodology](#) across all its brands (including Gucci, Stella McCartney, and Volcom). Corporate engagement is growing as protocols continue to be refined to provide both an improved understanding of impacts as well as insights on alternatives with less negative impacts.

On the consumer side, a wide range of initiatives have sprung up in an effort to pull back the curtain on what products are made of and how they are made. From fair trade labelling to eco-labels as well as digital phone apps that allow people to scan barcodes to access impact information (such as [GoodGuide](#)), our ability to understand impacts is far better than it was.

This work is important and is providing the details that underlay the more visual messages about the true cost of modern goods, as depicted in movies such as [Blue Vinyl](#) and photographs from people such as [Sebastião Salgado](#). This kind of exposé work has been complemented more recently by in-depth analyses of the true cost of environmental and social externalities of many modern products. A recent TEEB for Business Coalition-commissioned [Trucost report](#), for example, identified \$7.3tn in environmental externalities for businesses globally - significant by anyone's measure.

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## Uncomfortable truths

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When looking at modern consumer goods, there are a number of cross-cutting elements of the truth that are uncomfortable to face.

First, people still make many consumer goods, and source many natural resource-based inputs (such as metals and minerals), and they are often treated poorly in the process. The history of labour rights, human rights advocacy, and fair trade has been focused on these issues for years. They still need attention and action. The steps are clear, as laid out in a [recent BSR piece](#) on human rights impact assessments. Work is underway but much more is needed by companies before we will be able to live in a world where we can comfortably look at supply chains and see flourishing among the many who are involved.

Second, nature is the source of more modern industrial inputs than we realise, and is also often significantly altered in the process. From fossil fuels, to metals and minerals, food, and fibre, many items are made from raw materials that come from the earth. The current state of the natural environment, and the demands that humans place upon natural resources, are [increasingly well documented](#).

For companies, the era of demands for considering natural capital in corporate decision-making will be soon upon us, as indicated by the UNEP FI's [Natural Capital Declaration](#), integration of ecosystem services into due diligence of the 79 banks, and the actions of a growing set of companies as documented in a [Corporate EcoForum report](#), among other signals documented in assessments of how the future is likely to play out around environmental issues.

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## Labelling, reporting and tracking

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The good news is that efforts to increase transparency in supply chains continue to emerge. For example, transparency through labelling has become an extensive domain, as illustrated by the Ecolabel Index's tracking of [435 ecolabels](#) in 197 countries, across 25 industry sectors. Companies seeking to learn more about supply chain impacts can also draw upon a growing number of analyses of local media coverage focused on supply

chain partner activities, such as the work of [EcoVadis](#) and [RepRisk](#). Further, [Sedex](#) drives transparency and supplier engagement as well as Enablon's [Responsible Supply Chain management software](#), which encourages good practice among corporates and NGOs alike.

Another set of related work is the ongoing refinement of corporate reporting protocols. While tedious for many in business, this reporting is a key part of forcing ourselves to face the truth within our supply chains, and in the process both lowers risk and shines a light on areas in dire need of innovative thinking. The corporate challenges in deciding how to comply with the Global Reporting Initiative (GRI), IIRC, and Sustainability Accounting Standards Board (SASB), forces a discussion about what we want to know about corporate impacts.

The corporate impact lists reveal the innovations needed and are also a set of opportunities for corporate impact investing. Such investments in innovation – around new ways for people to make products and offer services, as well as source natural resource inputs – is essential to catalysing something other than incremental change. It has the potential to drive systemic change. Such change would ideally make it easier to see and handle the truth of how modern industrial goods are made and what they are made of.

Being able to see the (often sad) truth of how modern goods are made – from sourcing raw materials through to manufacturing, distributing, retailing, and disposing of or recycling – commonly unveils the challenging truth that the sustainable options that we so badly want are often not available. Alternative materials seldom have the identical characteristics, aesthetics and price.

Once we begin to see the impacts of many modern industrial products, it raises the question: can we handle the truth about the level of innovation needed for realising a future in which we all flourish?

*Sissel Waage, Peter Nestor and Tara Norton all work for [BSR](#). Waage is director of biodiversity and ecosystems services. Bestor is advisory services manager and Norton is director of advisory services.*

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