



CORPORATE SUSTAINABILITY DUE DILIGENCE IN A GLOBALIZED ECONOMY

Megatrend: Shifting Global Economic Power

Sustainability Challenge(s): Responsible Consumption and Production (SDG 12)

In a shifting global economic landscape, endogenous and exogenous risks, as well as acute shocks and chronic vulnerabilities can harm economic resilience. Strengthening the resilience of global supply chains, improving the international rulebook to make sure global markets are more predictable and reliable, and, addressing the challenges stemming from the transformation of our economies will help build resilience. Addressing these, alongside heightened ambitious efforts to tackle climate change and social inequalities, is essential to improve economic resilience but also to rebuild trust in governance structures, institutions and evidence itself¹.

Corporate sustainability due diligence aims to foster sustainable and responsible corporate behavior throughout global value chains. Companies play a key role in building a sustainable economy and society, and are increasingly held responsible for it. They will be required by the European Union and individual European member states to identify and - where necessary - prevent, end or mitigate adverse impacts of their activities on human rights, such as child labor and exploitation of workers, and on the environment, for example pollution and biodiversity loss².

Due diligence is essential for sustainable consumption and production patterns and therefore at the heart of SDG 12. It makes sure that words are followed by actions and progress on social and climate related issues is reported in a transparent manner. One of the pioneers on this principle was the fairtrade label 'Max Havelaar', founded in 1988. It ensures a fair price and fair treatment of farmers in the coffee sector³. Another well-known example is Patagonia, who is using a 4-Fold Approach to Supply Chain Decisions to comply with the committed Supplier Workplace Code of Conduct⁴.

The globalization of value chains has made it complex, however, to identify and - where necessary - prevent, end or mitigate adverse impacts of activities on human rights and the environment. How can companies effectively map their supply chains and make sure that the supplier of their supplier complies with their corporate standards and legal due diligence obligations?

What can your company do to (help) identify and prevent, end or mitigate adverse impacts of (business) activities on human rights and the environment in the entire supply chain, including third suppliers. Strive to do this in an efficient and responsible manner. New technologies nowadays may make it easier to track the supply chain compared to the time when fairtrade label 'Max Havelaar' was

¹ OECD Report Fostering Economic Resilience in a World of Open and Integrated Markets, 2021 - [Link](#)

² European Commission, 2022 - [Proposal for a Directive of the European Parliament and the Council on Corporate Sustainability Due Diligence and amending Directive \(EU\) 2019/1937](#). Please note that at the time of writing, the proposal is still in negotiation between the three EU institutions.

³ Fair Trade, 2023 - [History of Max Havelaar and Fair Trade](#)

⁴ Patagonia, 2023 - [The Patagonia 4-Fold Approach to Supply Chain Decisions](#)



launched – which new opportunities does this bring? You are encouraged to use existing or develop new (digital) tools to map supply chains, identify compliance risks, and measure progress. Work on a solution (product, service or other) that your company could deliver, alone or in collaboration with other organizations, build the business case, and prove that it will work, with impact!