



CII-ITC Centre of Excellence
for Sustainable Development



Confederation of Indian Industry
125 Years: 1895-2020



Virtual Conference

Supply Chain Sustainability
Resurgence post COVID-19 | 22 May, 1300-1630hrs

Proceedings

Partners



IJM



SCLG

Agenda

Time	Sessions
1230-1300 hrs	Login & registration
1300-1345 hrs	<p style="text-align: center;">Opening Session Global Perspective on Supply Chains: Pandemic Effect</p> <p>Overall understanding of sustainable supply chains and the geographical spread Interdependencies of countries Impact on economic and social securities</p> <p>Opening Remarks</p> <ul style="list-style-type: none"> • Ms Seema Arora, Deputy Director General, Confederation of Indian Industry (CII) <p>Address</p> <ul style="list-style-type: none"> • Mr Simon McCalla, Chief Executive Officer, Sedex <p>Address</p> <ul style="list-style-type: none"> • Prof Zhao Xiande, Professor of Operations and Supply Chain Management, China Europe International Business School (CEIBS)
1345-1440 hrs	<p style="text-align: center;">Panel Discussion Evolving Supply Chains</p> <p>COVID-19 impacts - challenges faced by businesses and their supply chain Tackling the challenges and response to the crisis Contingency plans for business continuity</p> <p>Moderator</p> <ul style="list-style-type: none"> • Ms Divya Aggarwal, Counsellor, CII-ITC Centre of Excellence for Sustainable Development <p>Panelists</p> <ul style="list-style-type: none"> • Mr Swaminathan R, Chief Supply Chain Officer, Aditya Birla Fashion and Retail Ltd. • Mr David Patett, Social & Human Rights Senior Manager, Reckitt Benckiser • Mr Mitesh Pandya, AVP- Sustainability & CSR, Vedanta Resources Limited
1440-1535 hrs	<p style="text-align: center;">Panel Discussion COVID-19 and its Impact on Workforce: Human Rights Dimension</p> <p>Current standing of the workforces in supply chain Social responsibilities of government and employer towards workforce at the time of crisis.</p> <p>Moderator</p>

	<ul style="list-style-type: none"> • Ms Swati Pandey, Counsellor, CII-ITC Centre of Excellence for Sustainable Development <p>Panelists</p> <ul style="list-style-type: none"> • Mr Viraf Mehta, Adjunct Faculty, Indian Institute of Corporate Affairs (IICA) • Mr Sanjay Macwan, Vice President, Strategic Partnerships for International Justice Mission (IJM), South Asia • Mr Michael Elkin, Chief Technical Advisor and Global Programme Manager for SCORE, International Labour Organisation (ILO)
1535-1605 hrs	<p style="text-align: center;">Panel Discussion Involving Automobile Sector Supply Chain in Low Carbon Transition of the Sector</p> <p>CII-CESD, with the support of Shakti Sustainable Energy Foundation (SSEF) undertook a project, with an objective to develop and implement a capacity building program for MSME auto component suppliers to improve greenhouse gas accounting and reporting practices, and facilitate GHG emissions reduction in the supply chain of Indian automobile OEMs. This session will briefly cover the findings of this project, recommendations made based on the outcomes, case studies & best practices and the way forward towards low carbon supply chains in the automobile sector.</p> <p>Moderator</p> <ul style="list-style-type: none"> • Mr Arnab Deb, Counsellor, CII-ITC Centre of Excellence for Sustainable Development <p>Panelists</p> <ul style="list-style-type: none"> • Mr Pustav Joshi, Associate Director – Clean Energy Finance Program, Shakti Sustainable Energy Foundation • Mr Rajesh Sharma, Associate General Manager, Hero MotoCorp Ltd • Mr. V K Sharma, Head Cluster Program, Automotive Component Manufacturers Association of India (ACMA)
1610-1630 hrs	<p style="text-align: center;">Summary & Close</p> <p>Panelists</p> <ul style="list-style-type: none"> • Mr Shikhar Jain, Principal Counsellor, CII-ITC Centre of Excellence for Sustainable Development • Mr Vishal Londhe, Business Head-India, Sedex

About the Conference

CII-ITC Centre of Excellence for Sustainable Development has organised the first Virtual Conference on Supply Chain Sustainability: Resurgence Post COVID-19 on 22 May 2020. This virtual conference was organised in partnership with Sedex, International Justice Mission (IJM), Shakti Sustainable Energy Foundation, Supply Chain & Logistics Group (SCGL).

The conference was focused on the current situation of supply chains, impact of COVID-19 on their geographical spread, how businesses are evolving from the global pandemic, and the contingency plans for business continuity. The conference also touched upon social responsibilities of government & businesses during these testing times, and way forward towards low carbon supply chains in the automobile sector.

There were 2 global and 15 national speakers. The diversity of speakers include think tanks, experts, senior management from companies representing sectors like retail, consumer goods, mining, & automobiles and institutions like Sedex, China Europe International Business School, Indian Institute of Corporate Affairs, International Justice Mission, International Justice Mission, Shakti Foundation and Indian Institute of Corporate Affairs.

The number of national and global delegates who participated at this virtual conference is 133, out of which 28% are female delegates. Majority of the delegates were from corporates representing sectors like textile and apparels, labels and stickers, IT, food, service sector, paper, malt extracts, exports, agriculture, packaging, jewellery, instrumentation, logistics and warehouse, followed by delegates from institutions and international NGOs.

Opening Session

Global Perspective on Supply Chains: Pandemic Effect

At the opening session of the Supply Chain Sustainability Conference: Post Covid Resurgence, organized by the CII-ITC Centre of Excellence for Sustainable development **Ms Seema Arora, Deputy Director General, CII** extended a warm welcome to all participants, mentioned that this was the first conference that the Centre was hosting virtually and presented her perspective. The pandemic is affecting hundreds of thousands of people worldwide, it is being seen that there are significant health issues, economic implications – there are humanitarian issues as well and all of these will have a significant long-term impact. This is an interconnected, interdependent world, where supply chains and value chains are the strongest example of how we are interconnected. To make one final product, raw materials are sourced from different continents, geographies, assembled in one part of the world and then transported to another part of the world. This is a rather complicated manufacturing set-up that has been created over the years done for various reasons and has brought about a huge amount of scale, affordability and visibility, as well as lots of technological centres of excellence across the world. But it has also meant that we are now, in a way, open to many vulnerabilities across all sectors, that may not have been thought of and are very glaring as this pandemic has unfolded. In India, the post Covid-19 pandemic scenario has offered many opportunities to attract foreign investment and India has been a favoured destination for foreign investments for the last for the last 5-6 years. However, much more needs to be done to be able to capitalize on this opportunity. Especially if India wants to become part of global value chains, there is a need to build resilience amongst its supply chains so that such disruptions can be resisted and also recovery can take place fast from such disruptions. While it's hard to predict that what would be the major changes in the ways that we would look at supply chains and value chains, going forward, it is certainly expected that there will be more emphasis on local sourcing and geographical diversification

Simon McCalla, Chief Executive Officer, Sedex, speaking on the occasion, gave some insights with respect to the work being done by Sedex. The organization has a membership base of 60,000 globally and provides platforms and tools as well as services to connect suppliers with buyers. Sedex has undertaken a survey of its membership on the impact of COVID 19 on businesses and received 3500 responses so far which point to: 99% of businesses are taking actions to protect health and safety of workforce, 67% expect decrease in revenue, Garment, footwear and construction are being hit the hardest. Disruption in the supply chain is the most common challenge : 43% face inability to get some form of raw material or input, 20% of businesses had orders cancelled, 4% experienced delays in payments, 56% of suppliers – customers taking supportive action, particularly in cleaning, transport and logistics., 37% have too many workers employed for demand in which case should they reduce workforce or reduce hours? SEDEX has seen a 50% reduction in audits uploaded to their platform. He expressed that post the pandemic, there will be a change in the way supply chain will be looked at. Buyers

need to review purchasing practices, sector collaboration is needed as well as tools and technology. There is a greater need to work with the government to protect worker incomes.

Zhao Xiande, Professor of Operations and Supply Chain Management, China Europe International Business School (CEIBS), quoting a WEF survey where 369 senior supply chain executives from across Asia, Europe and US were surveyed between March 30 and April 17, expressed that regarding demand side disruptions, customer demand surged for essential goods and there is a dramatic shift away from in-store shopping to online deliveries. Over 50% companies in China that were surveyed faced issues with how to adjust to this.; supply-side disruptions would mean challenges in terms of factory shutdowns, personnel isolations and difficulty with logistics and uncertainty about how long the disruptions will last. Foreign supplies affected due to dependence and as a result other countries can't start manufacturing even if lockdown is lifted. With respect to ongoing ripple effects in global supply chain mechanism, in February, China's PMI was the lowest in History at 35.7%. There was a sharp decline of export of intermediate products from China declined. It used to account for 53.1 of total exports. Import of intermediate products declined. It accounted for 79.5 of total imports earlier. Supply chains in three major regions of Asia, Europe and North America were affected. A survey of 237 companies around the world showed that 32% of companies faced a shortage of parts, components and materials.

He elaborated on Innovative practices taken up: digital data and big data helped companies by demand forecasting i.e real time interaction in cities, districts, etc. to know accurately on demand of product; Filling short term gap with global sourcing; flexible manufacturing in terms of adjusting production capacity according to demand volatility; matching supply and demand by building information platforms to visualize demand and supply of specific equipment in different regions; using data to prioritize allocation and rationing; optimising warehousing and delivery through analysing GIS and traffic control data. One company in China that has done this well is Jing Dong logistics that collaborates with Hubei province to visualize the real time status of supply and demand and help the allocation and rationing of equipment and supplies for epidemic prevention and control through an ISCM platform and big data analytics.

He stressed that the need of the hour is ability of supply chain to plan, respond and recover disruptions : a) Responsiveness- quickly and accurately to change in pattern of demand, quality of products needed and quantity of products needed; b) Resilience – ability to ensure continuity of SC operations and recover quickly from disruptions caused by external disasters c) Restoration – ability to restart supply chain after complete stops and redesign/reconfigure the supply chain to meet new demands post disasters. Haier Company has done this very well during the pandemic and showed superior performance by being able to adjust to changes in volume and variety of products, worked closely with suppliers and government agencies to help solve problems in different parts of the SC and reconfigured new supply chains to offer new products and services.

Lastly, professor Xiande, provided directions for SC innovation and improvements- adopt digital technology to improve end to end visibility of the SC; apply big data analytics and AI to automate and optimize SC processes and decisions; enhance SC collaborations through relationship management and supply selections; redesign the SC network(balancing globalization and localization) and map processes in the network; establish a formal supply chain risk management function and make contingency plans; follow the changes in consumer demand and improve customer satisfaction through omni-channel supply chain.

Panel Discussion Evolving Supply Chains

Over the years, with the increase in globalisation, industries and the supply chains have become substantially interconnected. Supply chains while being interconnected, are also fragile. The outbreak of COVID-19 pandemic has placed significant attention on how supply chain dependencies are conceived and affect businesses at large. Companies while already reeling under cost pressures are also adversely impacted by the labour shortages and raw material unavailability. Additional impacts are beginning to be seen in consumer preferences which will be fueled by anxieties and increased focus on personal safety.

There is a strong realization by businesses to reflect on their business activities and tackle the issue head-on by first focusing on the short term priorities. This is by providing access of products to customers, improving the health & safety parameters of employees, and the supply chain. The mid-term and long-term focus of companies will largely be around addressing supply chain dependencies and making supply chains resilient.

Challenges

This pandemic has accentuated pressures on textile supply chains, given the dependence on raw materials from China and the labour intensive nature of the sector. The pressure has further been heightened due to unexpected cash flow blockages. Frequent changes in consumer demand patterns and the need for safe products will have an impact on the lead time of manufacturing, putting pressure on the operations across the value chain.

The FMCG companies are likely to have disrupted supply chains due to their dependence on cheap raw materials from different geographies and interrelated nature of supply chains. Impacts may be seen on the entire value chain beginning from raw material procurement, through manufacturing and then distribution and marketing due to logistical challenges. Given the extent of the impact on the health of people and unfortunate deaths, there will be a significant stress on the job undertaken at various levels of the value chain.

Sectors on the demand-side of the value chain such as mining will face challenges related to labour shortages and migration of employees. Another significant impact on the sector is on customer demand variations arising post-COVID-19. Government regulations and trade wars will accentuate issues regarding demand with respect to onward raw materials such as coal and minerals like bauxite.

Present / Proposed Solutions:

Immediate Priorities-

- Releasing financial pressures to bring cash flow on track

- Health & safety, well-being of workforces and employees directly involved across the value chain
- Providing customers access to safe products, enhancing distribution and marketing efforts
- Adjusting well with consumer demand - flexibility, adaptability in moving to products which will be in high demand
- Strengthen relationships with stakeholders- community, regulators, consumers

Mid-term Priorities

- Focus on localization and strengthening local supply partners. Dependence on external suppliers will be minimized
- High priority to efficiency over cost of production
- Rehaul the supply chains to be more equitable and resilient
- Digitization and tracing of materials to the last person will help in bringing efficiency in the system and prevent blockages
- Outsourcing models must be rethought in the context of geopolitical risks, and logistical reasons
- Human rights of workers must be included in business practices to safeguard businesses from future disruption.

Panel Discussion

COVID-19 and its Impact on Workforce: Human Rights Dimension

Covid-19 has made it critical for companies/businesses to review the architecture of human rights policy for their organisations. Thrown into a situation like this, most companies would have to follow a steep learning curve concerning human rights policy and implementation. Labour issues, that have cropped up since this pandemic has surfaced, need to be internalized as it is a cost for companies that none of them would have accounted for in the past. The panel also highlighted the fact that not just the informal sector is the most affected by the Covid-19, they are the ones who have no/limited access to social security.

Challenges:

Human rights is an untouched domain for most companies. With the nation developing a draft National Action Plan on Business & Human Rights, the companies are still looking at it mostly from the lens of corporate responsibility. The challenge that the Covid-19 pandemic has brought to fore is that companies will quickly need to develop clear policies and due diligence in identifying issues and develop tools for self-assessment of their businesses.

Another challenge mentioned by panelists was around internalizing the economic impacts of human rights issues created in the wake of the pandemic. With relaxed labour laws and lesser intervention of regulations in the labour issues, it would not be wrong to assume that labourers may be pushed to exploitation and slavery-like situations. With an estimated figure of 1.6bn people worldwide in the informal sector, it is expected to be the most affected. More so because there is lesser accountability of companies when it comes to the informal sector workers.

Not to undermine the shortage of workers, businesses will face an employment challenge when they resume their services because many migrant workers terrified by the loss of employment and fear of getting sick, have moved back to their villages. The need of the hour is to protect all labourers and workers from the second phase of violation i.e. post Covid-19 which may pertain to loss of pay and loss of employment.

Present/Proposed Solutions:

The panelists concluded that extensive reporting on human rights impacts and having a stronger internal mechanism for grievances may help mitigate human rights issues. As India moved to a National Action Plan on Business & Human Rights, companies will also have a guidance document through which they can work on bettering their human rights policies by having conversations around collaboration.

As this fear of uncertainty is becoming real, the cascading effects of various stimuli that Government of India is providing would be a much-needed relief for companies. The workers' issues related to the ones at the bottom of the economy will be given attention, to recuperate

from the Covid-19 pandemic. Protection of workforce in the present scenario as well as in the future will help companies lead to profits and sustainability as economic costs of forced labour, workers issues, etc. may run into millions.

Another highlight of the discussion was the unanimous voice to responsible recruiting much on the lines of responsible sourcing. It would help companies segregate as to whom to attend to, in a scenario like Covid-19.

Lastly, the discussions focused upon capacity building especially for small & medium enterprises as that may be of help to deal with a pandemic like Covid-19 in the future as this scenario is certainly not a one-off incident.

Panel Discussion

Involving Automobile Sector Supply Chain in Low Carbon Transition of the Sector

The automobile sector has been progressing fast over the last few years, contributing significantly to the GDP and has one of the longest supply chains primarily constituted by MSMEs. The sector has shown leadership in climate action at global platforms by instigating ambitious initiatives. However, in most instances, emissions from supply chain has not been the focus. The session touched upon a study conducted by CII-CESD and Shakti Foundation on the reporting of supply chain emissions by the automotive industries and discussed the the present scenario, key challenges, opportunities and the future prospects of a low carbon supply chain.

Challenges

One of the most fundamental challenges faced by the supply chain companies is lack of awareness about greenhouse gases, national and international frameworks and impact of climate change on the environment as well as businesses. The primary focus of companies so far has been on the financial aspect, i.e. 'Cost to produce' and thus in order to transition towards a low carbon supply chain, it is imperative to shift the focus to 'Cost to Environment'. Another aspect is growing international reporting frameworks, most of which include scope-3 emissions and in order for businesses to sustain, international agreements and reporting frameworks are inevitable. Also, it was emphasized that, it is not easy to implement global initiatives just as is, owing to the fact that national and sectoral circumstances vary to great extents.

Present/Proposed solutions

Today, more automotive companies in India are setting their own benchmarks of climate action. Ambitious targets with commitment to achieve Carbon neutrality, including supply chains is one such example. Companies are partnering with vendors as well as dealers to demonstrate their commitment to the consumers. Although, there has been a lack of awareness among the supply chain companies, a gradual increase in knowledge is evident from the shift in focus of these industries. The changing ecosystem enabled a smooth transition of BS-IV to BS-VI and accelerated the demand and production of electric vehicles. The proposed solutions emphasized on innovation and design in India concepts - Design in India should be the Mantra.

In order to create awareness and maximum outreach, it is important to build common platforms for awareness, trainings and interaction among suppliers and OEMs. Companies should be made aware of risks of climate change in businesses and finances if immediate action is not taken. In order to encourage more companies and MSMEs to take climate action, it is important to incentivize in different financial as well as non-financial terms.

Key takeaways

- Coronavirus escalation could cut global economic growth in half, 67% business expect a decrease in revenue
- Ripple effects in the global supply chain management with disruption in supply and demand
- Larger OEMs have started to understand the importance of local sourcing
- Focus on localization and strengthening local supply partners. Dependency on external suppliers will be minimized.
- Geo diversification of business units is important
- Big data and AI has enabled innovative supply chain management practices
- Overcoming the impact of the pandemic through 3R – Responsiveness, Resilience and Restoration
- Textile industry sourcing is mainly from India (85-90%), Bangladesh and China
- Dependencies on China for materials in mining
- The automobile sector has one of the longest supply chains among the manufacturing industries and is one of the most affected sectors
- Enhance supply chain collaboration through relationship management and suppliers selection
- Developing the culture of personal hygiene, lead time change
- Robust management of sales and operations planning
- Requirement of resilient business creation
- High priority to efficiency over cost of production
- Companies need to review human rights policies.
- Need for economic and human cost calculations by companies along with statement of intent
- Self-assessment of businesses in very important
- 1.6 bn workers impacted
- 6-10% of GDP is contributed by migrant workers
- Moving away from passive compliance to active protection. Need of responsible recruitment
- Climate change impacts, failure to decarbonise on time, carbon pricing regulations, can cause similar disruptions like COVID 19.

CESD's Virtual Events

CESD is pleased to announce that its events for 2020 are going virtual. This also includes the flagship event; 15th Sustainability Summit.

CESD is organising a series of virtual events in the run-up to the Summit and beyond. The series of virtual events will align with the broader theme of the Summit while touching upon the impacts of COVID19 and way ahead.



For interests and to get details on sponsorship, contact us

Banajyotsna Baruah

Sonia Dhamija

sustainability.summit@cii.in



CII-ITC Centre of Excellence for Sustainable Development

CII-ITC Centre of Excellence for Sustainable Development is a not-for-profit, industry-led institution that helps business become sustainable organisations. It is on a mission to catalyse innovative ideas and solutions, in India, and globally, to enable business, and its stakeholders, in sustainable value creation. It's knowledge, action and recognition activities enable companies to be future ready, improve footprints profiles, and advocate policymakers and legislators to improve standards of sustainable business through domestic and global policy interventions.

CESD leverages its role of all-inclusive ecosystem player, partnering industry, government, and civil society. It has been a pioneer of environment management systems, biodiversity mapping, sustainability reporting, integrated reporting, and social & natural capital valuation in India, thus upgrading business in India to sustainable competitiveness.

With two locations in India, CESD operates across the country and has also been active in parts of South and South East Asia, Middle East, and Africa. It has held institutional partnerships and memberships of the United Nations Global Compact, Global Reporting Initiative, International Integrated Reporting Council, Carbon Disclosure Project, development agencies of Canada, the USA, the UK, and Germany.

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Delhi | Mumbai

T: +91 11 41502301 • W: www.sustainabledevelopment.in

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