



Responsible Sourcing & Growth Models: An empirical investigation across countries

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Access maps and analytics for all reported events
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Maplecroft is the world's leading global risk analytics, research and strategic forecasting company. We offer an unparalleled portfolio of risk indices, interactive maps, expert country risk analysis, risk calculators, scorecards and dashboards. These technological solutions identify emerging trends, business opportunities and risks to investments and supply chains worldwide.

Global Risks Portfolio

Risk calculators and dashboards

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Maplecroft's advisory team work with clients to deliver effective and sustainable extra-financial risk management solutions and performance. This includes the development of corporate strategy and planning, award-winning integrated and sustainability reporting, supply chain risk assessment, human rights due diligence, in-field research and engagement.

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Washington Post

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Al Jazeera

06 September 2014

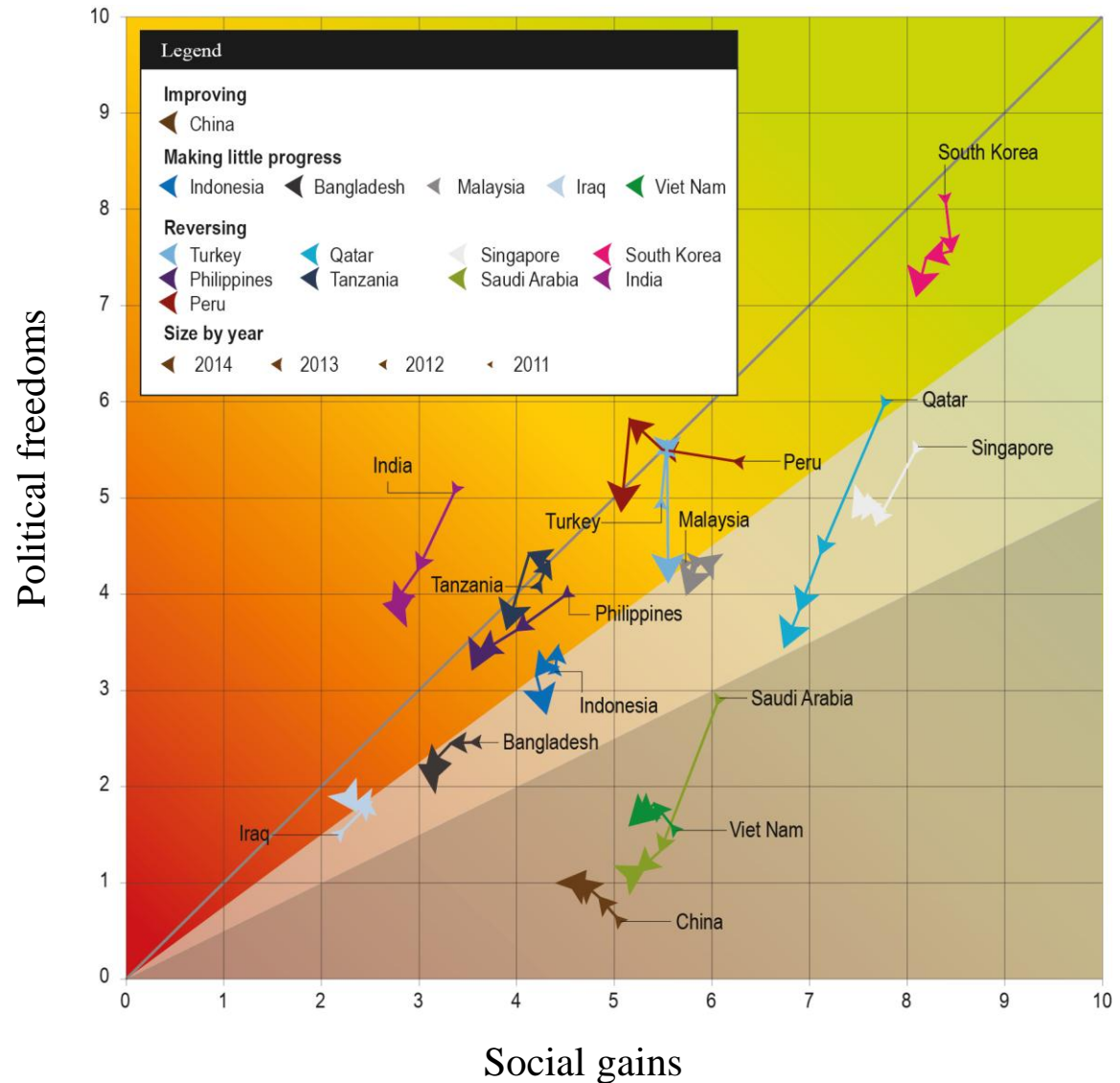
Interview: Maplecroft's Prashant Sawant analyses Modi's performance over the first 100 days of his tenure as India's political leader

Sustainability & ESG risks

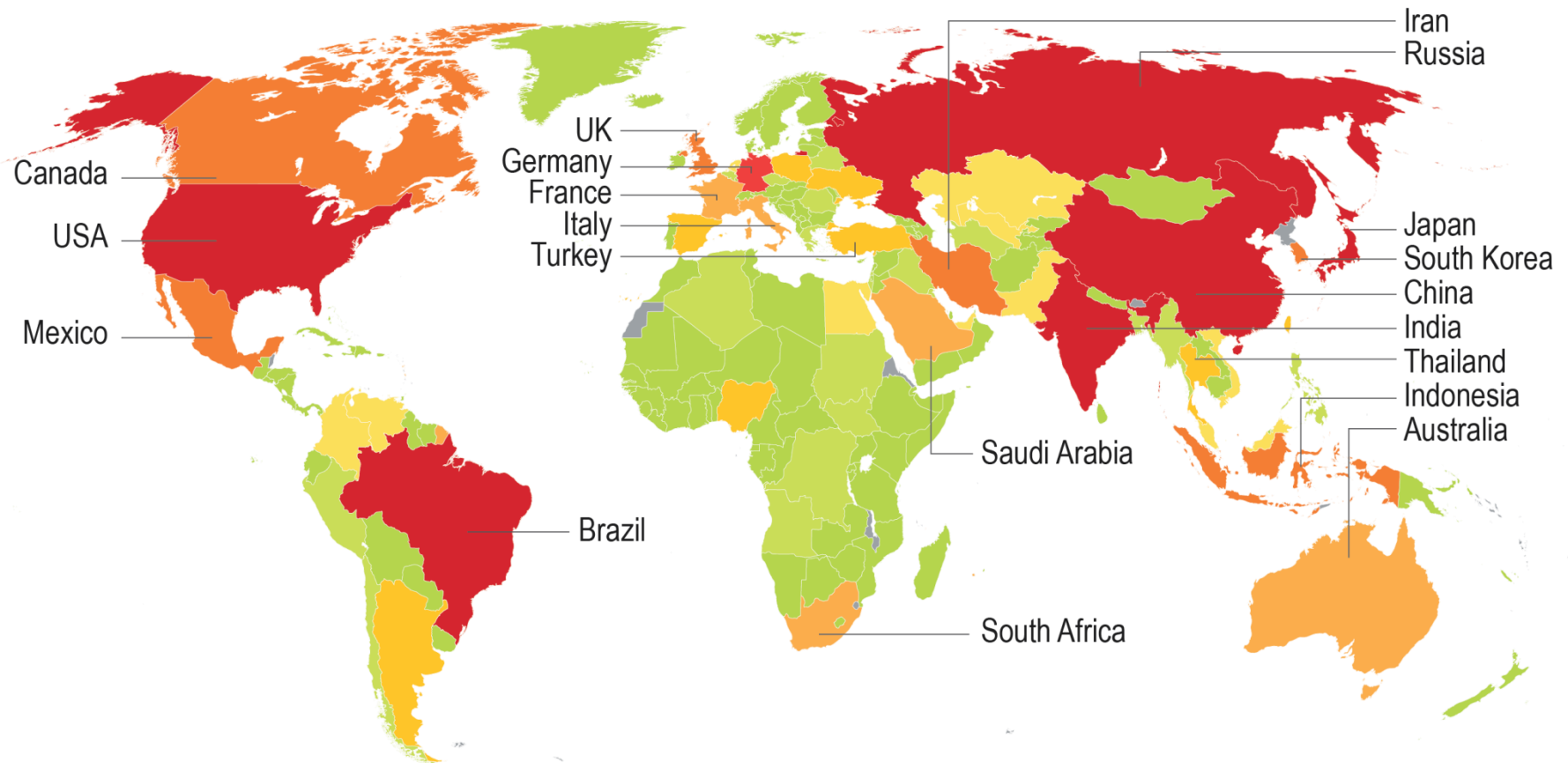
Political	Economic	Social	Environment
Dynamic Risk	Legal and Regulatory Environment	Human Rights Risk	Climate Change and Environment
Governance Framework		Complicity and Rule of Law	
Regime Stability	Rule of Law	Human Security	Climate Change Vulnerability
Political Violence	Judicial Independence	Labour Rights and Protection	Emissions and Energy Use
Terrorism	Corruption Risk	Civil and Political Rights	Sustainable Energy
Business and Macroeconomic Risk	Corporate Governance	Access to Remedy	Ecosystems Services
Expropriation & Resource Nationalism	Regulatory Framework	OTHER	Water Security
Societal Forced Regime Change	Respect for Property Rights	Poverty and Human Development	Environmental Regulatory Framework
Structural Risk	Growth Environment	Food Security	Natural Hazards Risk
Complicity with Oppressive Regimes	Growth Performance	Digital Inclusion	Natural Hazard Economic Exposure
Democratic Governance	Investment and FDI	Education	Socio-economic Resilience
Supply Chain Complicity Risk	Trade and Capital Flow Openness	Capacity to Contain Infection	Hydro-meteorological Risks
Societal Resilience	Macroeconomic Stability	Influenza Pandemic Risk	Tropical Storm and Cyclone Risk
Economic Diversification	Working-Age Population	HIV/AIDS, Malaria and TB	Geophysical Risks
Resource Security	Middle-Class Growth	Health and Safety	Seismic Risk
Infrastructure Readiness	Human Capital	Transport and Communications	Tsunami Risk

Why is sustainable growth important for (Emerging Markets) FDI?

- Economic growth is sustainable when “it meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations World Commission on Environment and Development, 1987)
- To businesses: sustainability refers to “an organization’s activities that demonstrate the inclusion of social, environmental, and corporate responsibility concerns in business operations and interactions with stakeholders” (van Marrewijk & Verre, 2003)
- In practice, businesses have to mitigate risks:
 - Environmental risks
 - Social risks
 - Governance risks



GHG: Emerging economies becoming the big emitters



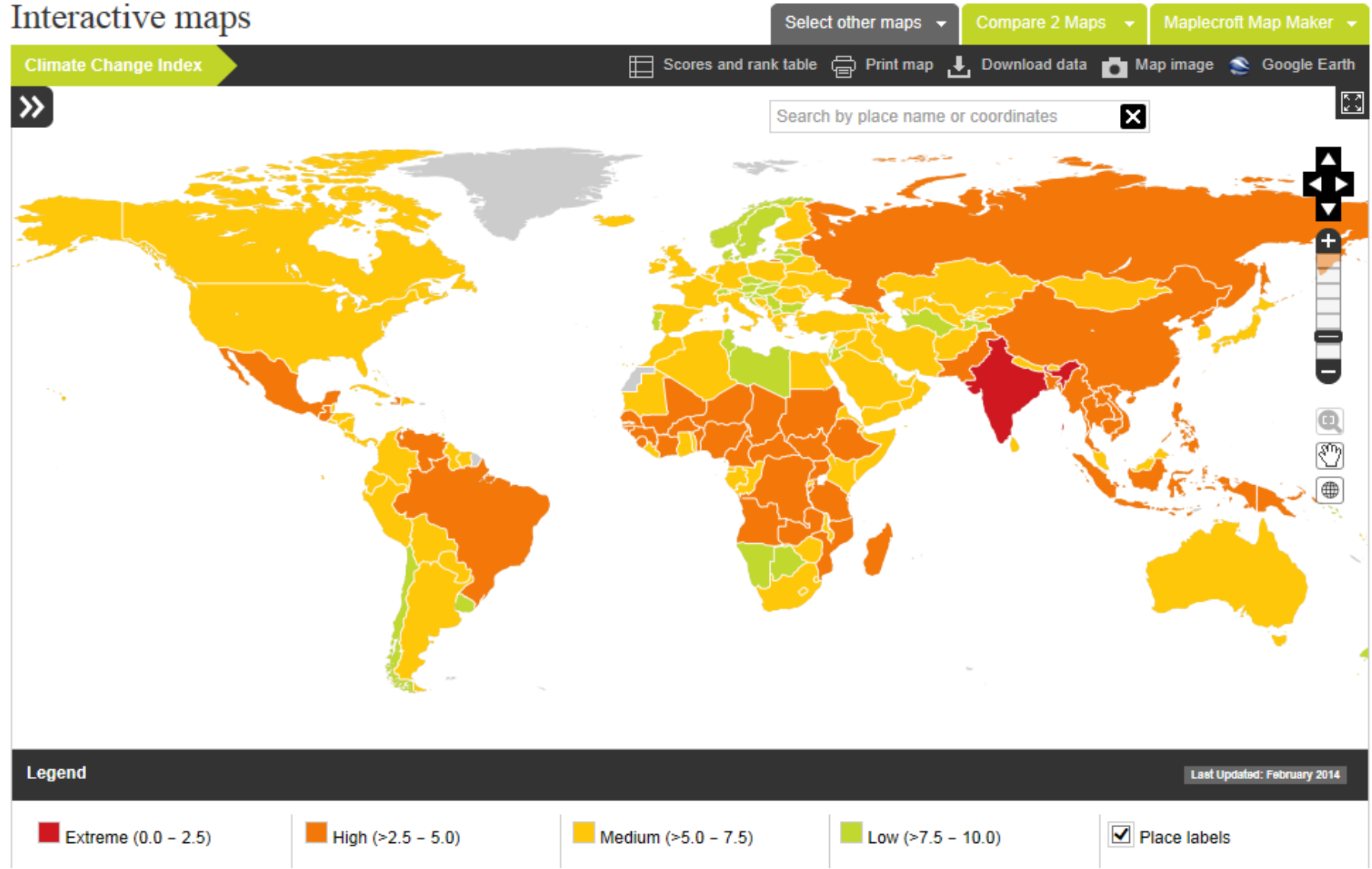
Total GHG Emissions Index 2013

© Maplecroft 2012

Legend	Extreme Risk		High Risk		Medium Risk		Low Risk	
	■ 0.00 - 1.25	■ >1.25 - 2.50	■ >2.50 - 3.75	■ >3.75 - 5.00	■ >5.00 - 6.25	■ >6.25 - 7.50	■ >7.50 - 8.75	■ >8.75 - 10.00

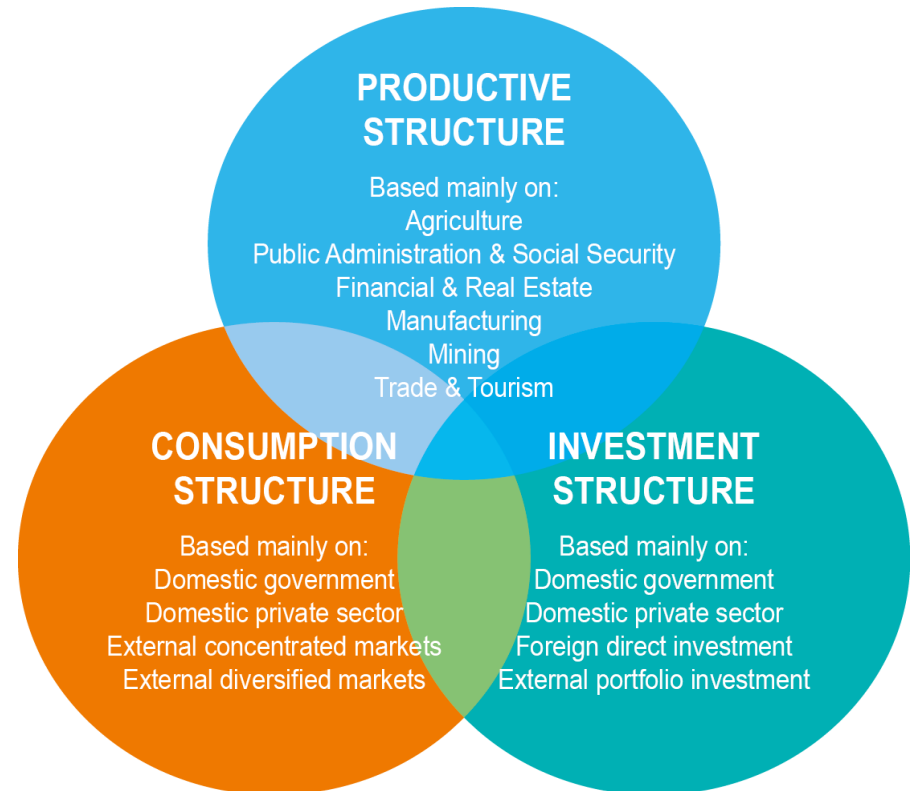
Climate change index

Interactive maps

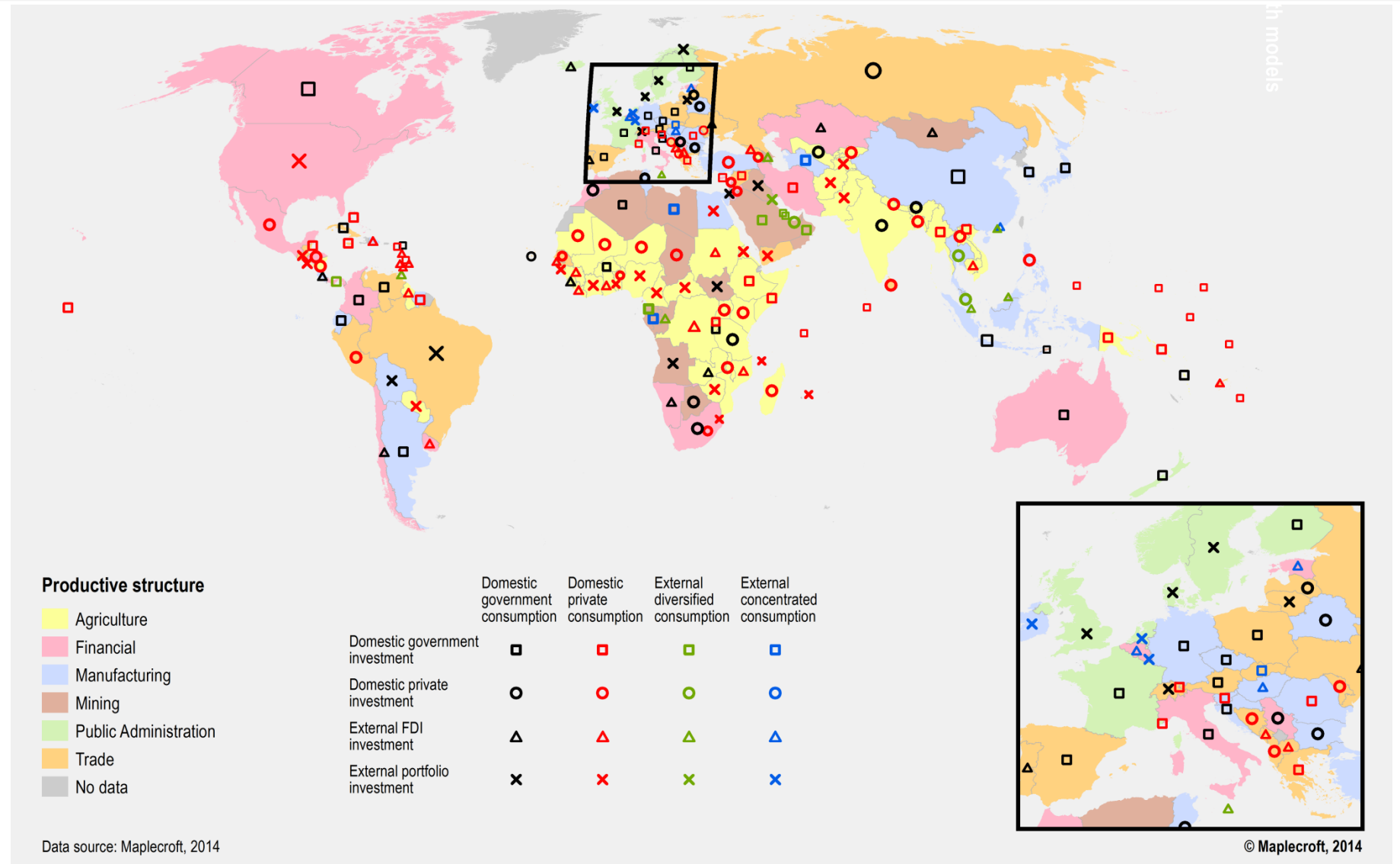


Structurally-bounded growth models across countries

- Economic growth is bounded by a country's productive, consumption, and investment structures. Yet, there is no systematic mapping of countries' different economic structure configurations or studies about the relationship between these configurations and sustainable growth
- The structurally-bounded growth models (Magaldi & Maldonado, 2014; Maplecroft's Growth Opportunity Atlas, 2015):
 - **Productive Structure**
 - **Consumption Structure**
 - **Investment Structure**
- What is the geographical distribution of these growth models?
- Is there an empirical relationship between FDI-based growth models and sustainability performance?
- A new typology of growth models combined with the sustainability performance indicators allows us to answer these questions

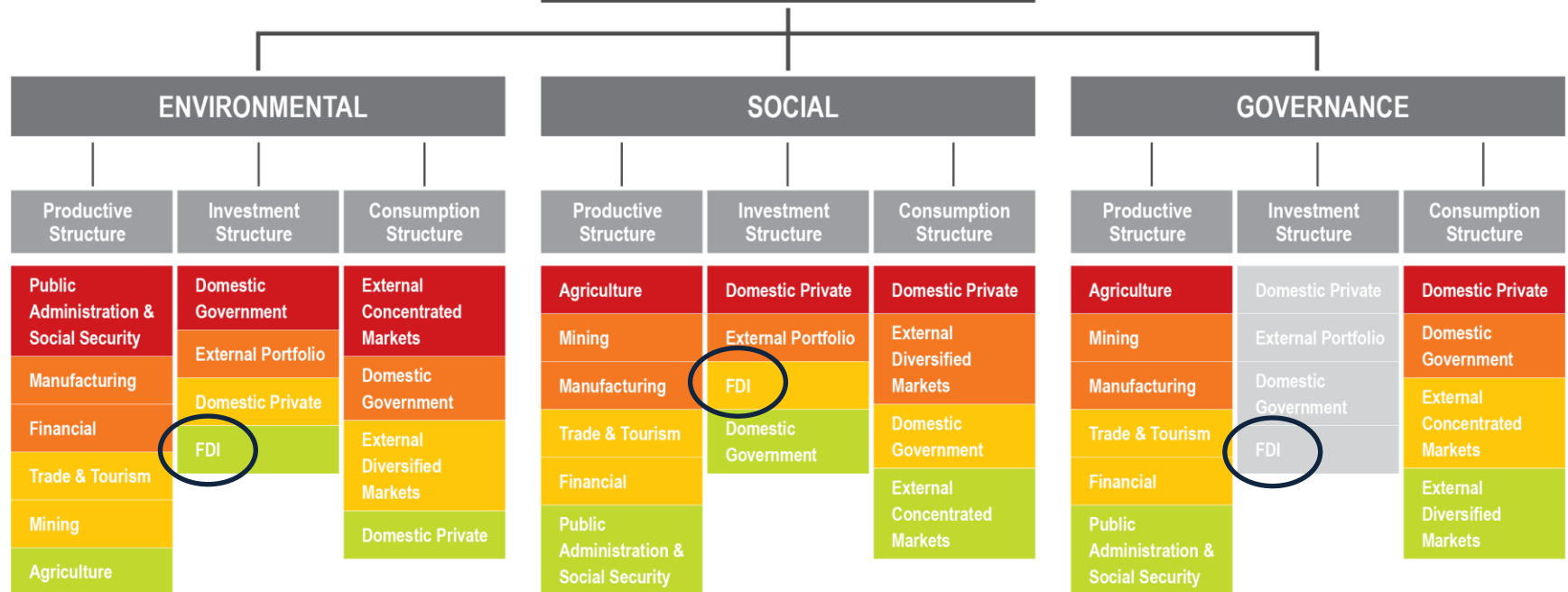


A map of structurally-bounded growth models



ESG risks vs. growth models

ESG RISK TREE (by growth models)



Legend: ■ = Extreme Risk ■ = High Risk ■ = Medium Risk ■ = Low Risk ■ = Group means are statistically equal at the 0.01 confidence level

Maplecroft's Supply Chain Management Tool

Supply Chain Management Tool

Maplecroft works with some of the world's leading organisations to structure and inform approaches to responsible and strategic sourcing. We advise on all stages of the process for all sectors. This includes risk assessment and due-diligence for existing and new suppliers, geographic and commodity analysis / horizon scanning for direct and indirects, as well as managing and monitoring risk and resilience across the supply chain.

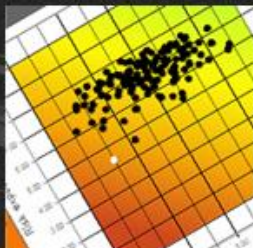


VIEW RISK SCORECARD FOR INDIVIDUAL SUPPLIER



PRE-SCREEN POTENTIAL/NEW SUPPLIER

Assess potential/new suppliers using existing risk assessment data



VIEW RISK LISTS FOR ALL SUPPLIERS

Sortable list of all suppliers and risk assessment scores



Full list of suppliers

Analytics



ACCESS RESOURCE CENTRE

Background materials including policies, guidance, questionnaires and other resources



VIEW SITES ON INTERACTIVE RISK MAPS

Global risk maps for all suppliers across key risks



Definition of responsible sourcing

Four pillars of responsible sourcing:

Responsible labour practices	The responsibility of a company to adhere to national and international labour standards, and promote best practice throughout their supply chain
Social responsibility	The responsibility of a company to positively impact societies. This includes ensuring respect for and the promotion of human rights
Environmental responsibility	The responsibility of a company to mitigate against environment harm and maximise sustainability
Ethical business practices	The responsibility of a company, its employees and business partners to be accountable for their impact throughout the supply chain, recognising the values of transparency and integrity

Businesses are increasingly incorporating these four pillars in to their responsible sourcing strategy in order to protect supply chain and business continuity. This demonstrates a move from a 'compliance' approach to a 'beyond-compliance' approach.

Supplier self-assessment questionnaires



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Human Rights

Written policy (element) or guidance on human rights

- ☐ None
- ☐ In development
- ☐ Yes, requires compliance with national law and international best practice
- ☐ Yes, requires monitoring and reporting of performance
- ☐ Yes, requires targets and continuous improvement

Scope of human right policy (element) or guidance

- ☐ None
- ☐ Security forces and human rights
- ☐ Human trafficking
- ☐ Indigenous peoples
- ☐ Other

Assessment and management of risks and responsibilities relating to security forces

- ☐ None
- ☐ In development
- ☐ Yes, for individual projects/activities
- ☐ Yes, systematically for all relevant projects/activities
- ☐ Yes, with monitoring and improvement plans in place

Assessment and management of risks and responsibilities relating to human

- ☐ None
- ☐ In development
- ☐ Yes, for individual projects/activities
- ☐ Yes, systematically for all relevant projects/activities
- ☐ Yes, with monitoring and improvement plans in place

1. Best practice and certification

1.1 Own set of business principles relating to corporate responsibility

Evidence includes documentation of principles or standards based on core values, with reference to laws, rules or ethical principles that govern company operations in relation to corporate responsibility. [IDENTICAL QUESTION CII 1.1 and MSPB 1.1 - ENSURE CONSISTENT RESPONSE]

- ☐ No evidence
- ☐ None (0.00)
- ☐ In development (25.00)
- ☐ Internally held (50.00)
- ☒ Publicly disclosed (100.00)

Changes:

[show history](#)

Comments

[Insert a reference](#)

We have designated economic, environmental and social responsibilities as the key elements of our sustainable management. We are committed to continuing to identify our various stakeholders, build positive relationships with them and ultimately enhance our value for both the company and the stakeholders.
(<http://www.samsung.com/uk/aboutsamsung/citizenship/oursustainabilityreports.html>)

Sources

- ☐ Samsung_AR_2008.pdf
- ☐ Samsung_SR_2009.pdf
- ☐ Samsung_SR_2010.pdf

Labour standards

18	Working conditions	125 / 500 (25.00%)	0	275	107.50	--	--	--	0	300	77.52
19	Child labour	225 / 300 (75.00%)	0	225	92.50	--	--	--	0	225	56.46
20	Forced labour	125 / 300 (41.67%)	0	195	95.00	--	--	--	0	220	56.48
21	Discrimination	175 / 300 (58.33%)	0	200	100.00	--	--	--	0	275	91.58
22	Diversity	250 / 500 (50.00%)	0	290	144.00	--	--	--	0	375	134.68
23	Gender	225 / 400 (56.25%)	0	275	132.50	--	--	--	0	375	119.46
24	Freedom of association and collective bargaining	175 / 300 (58.33%)	0	175	72.50	--	--	--	0	250	52.69

Health and safety

25	Occupational health and safety	500 / 800 (62.50%)	275	675	487.50	--	--	--	0	775	357.80
26	Health and well-being	370 / 700 (52.86%)	0	405	157.50	--	--	--	0	575	116.80
27	Product integrity and safety	250 / 300 (83.33%)	0	300	175.00	--	--	--	0	300	108.75

Standard/customised supplier risk assessment tools

<< first < prev 1 2 3 4 5 6 7 8 9 10 next > last >> 10 ▼

Total: 1000

Name	Country risk	Sector	Sector risk	Total spend	Spend risk	Overall risk	Code status	SAQ status	Audit status	Recommendation
Supplier 26815384	Sri Lanka (3.77)	Metal and mineral industries	3.75	\$25,164,862.64	0.00	2.51	Contacted	To contact	Alternative accepted	SA / briefing
Supplier 19235594	Sri Lanka (3.95)	Plastic and chemical industries	3.75	\$52,212,367.34	0.00	2.57	In dispute	In progress	In progress	SA / briefing
Supplier 49020065	Sri Lanka (4)	Plastic and chemical industries	3.75	\$169,273,891.11	0.00	2.58	To contact	Not applicable	In dispute	SA / briefing
Supplier 87213942	Viet Nam (3.99)	Metal and mineral industries	3.75	\$219,733,630.86	0.00	2.58	In dispute	Not applicable	Contacted	SA / briefing
Supplier 90404299	Syria (3.98)	Metal and mineral industries	3.75	\$76,702,180.63	0.00	2.58	To contact	In progress	Completed	SA / briefing
Supplier 20140397	Sri Lanka (4.02)	Metal and mineral industries	3.75	\$108,027,007.99	0.00	2.59	Contacted	Not applicable	In dispute	SA / briefing
Supplier 89132961	Cape Verde (6.57)	Elements and gases	1.25	\$193,999,702.70	0.00	2.61	Completed	Not applicable	To contact	SA / briefing
Supplier 2601499	Syria (4.12)	Plastic and chemical industries	3.75	\$89,371,823.80	0.00	2.62	Contacted	In progress	In progress	SA / briefing
Supplier 2775536	Sri Lanka (4.1)	Metal and mineral industries	3.75	\$218,562,899.04	0.00	2.62	In dispute	Completed	In progress	SA / briefing
Supplier 6565345	Syria (4.12)	Metal and mineral industries	3.75	\$29,311,975.74	0.00	2.62	In dispute	In progress	Alternative accepted	SA / briefing

Enables cross-supplier comparison against chosen issues / risks

Geographic map

Theme
(Map)

Country
comparison

Sites
comparison

Sites comparison

DOWN

SITE	PRODUCT	CLIMATE CHANGE INDEX	COMMUNITY VULNERABILITY INDEX	HUMAN RIGHTS RISK INDEX	VULNERABLE WORKERS INDEX	COMB
ARGENTINA (VIEW RESOURCES FOR ARGENTINA)						
Supplier 17963490		4.15	6.90	6.07	6.14	5.82
MADAGASCAR (VIEW RESOURCES FOR MADAGASCAR)						
Supplier 2318998		4.51	2.43	4.05	3.50	3.62
Supplier 51018221		4.51	2.43	4.05	3.50	3.62
SYRIA (VIEW RESOURCES FOR SYRIA)						
Supplier 39850409		6.29	5.35	1.52	5.32	4.62
Supplier 61549062		6.29	5.35	1.52	5.32	4.62
Supplier 89041416		6.29	5.35	1.52	5.32	4.62
UNITED KINGDOM (VIEW RESOURCES FOR UNITED KINGDOM)						
Supplier 44117234		5.91	8.56	7.74	7.89	7.53
URUGUAY (VIEW RESOURCES FOR URUGUAY)						

LEGEND

Extreme risk (> 0 <= 2.5) High risk (> 2.5 <= 5) Medium risk (> 5 <= 7.5) Low risk (> 7.5 <= 10)

1 Countries and Suppliers


2 Themes filter

3 Sites filter

FILTERED SITES

SHOW SELECTED SHOW ALL

Search:

Location	Choose theme	Name	Product	
Syria	—	Supplier 61549062		<input type="radio"/>
Syria	—	Supplier 89041416		<input type="radio"/>
United Kingdom	—	Supplier 28889395		<input type="radio"/>
United Kingdom	—	Supplier 31163627		<input type="radio"/>
United Kingdom	—	Supplier 44117234		<input type="radio"/>
Uruguay	—	Supplier 64824432		<input checked="" type="radio"/>
Uruguay	—	Supplier 70667971		<input checked="" type="radio"/>
Uruguay	—	Supplier 97992644		<input type="radio"/>

Compare

Allows you to select individuals issues and supplier sites in order to compile comparative risk scores and strategically evaluate (a) what sites are high risk and (b) the implications of switching / diversifying to new other existing suppliers.

Implications

- FDI benefits from and contributes to sustainable economic growth
- But, in some areas more than others...
 - 1) Environment
 - 2) Social
 - 3) Governance
- Challenge: find new ways to promote enforcement of ESG criteria into businesses considerations



