



Ethical Sourcing: A Growing Focus on Supply Chain Responsibility

Environmental

Corporate, Securities, and Governance



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The rise of consumer-led movements



Jewelle Johnson, Vice President & Assistant General Counsel at [Graphic Packaging International, LLC](#)

Johnson noted that the movement toward ethical sourcing is largely driven by consumer expectations. Consumers today are more informed than ever and are willing to pay a premium for products that align with their values. This shift is reshaping industries, from agriculture and hospitality to manufacturing, and is influencing companies to take a more proactive stance in addressing issues like forced labor, fair wages, working conditions, and environmental sustainability.

"Ethical sourcing directly affects a company's bottom line," Johnson explained. "It's not just about meeting regulatory requirements; it's about maintaining brand reputation, attracting top talent, and ensuring a resilient supply chain."

Case studies of supply chain failures

The importance of ethical sourcing is underscored by tragic case studies such as the 2013 Bangladesh building collapse, where despite audits conducted just before the disaster, ongoing safety complaints were ignored. Similarly, the 2015 revelation of forced labor on Thai fishing boats demonstrated the persistent challenges in eliminating exploitative practices, even in regions with extensive oversight.

Moreover, the Xinjiang region in China, a major supplier of solar panels, has come under scrutiny for human rights abuses, drawing attention to the complex nature of global supply chains and the difficulty in ensuring ethical practices across borders.

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Legal and regulatory pressures

The global focus on environmental, social, and governance (ESG) issues continues to intensify, with increasing governmental monitoring and legislation. While the term "ESG" may be losing favor in some circles, the regulatory focus on transparency and due diligence is only growing. Laws like the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Australia Modern Slavery Act are setting high standards for companies to track, report, and address human rights and labor issues in their supply chains.

"These legal requirements are expanding," Johnson noted, "and they're putting pressure on companies to ensure that they are not complicit in modern slavery or exploitative practices." According to her, the CSDDD, in particular, is one of the most stringent regulations, requiring companies to create remediation plans, conduct thorough due diligence, and even engage in data mining to ensure compliance.

The role of technology and due diligence

Technological tools, like [RobobAI](#), are emerging to help companies monitor their supply chains and identify potential violations. Johnson stressed the importance of conducting regular pay audits, particularly regarding gender and race, and emphasized the need for businesses to work within the legal frameworks of different jurisdictions. For example, salary history cannot be asked in many places, and California requires particular care when negotiating wages.

A strategic and long-term approach



Britney Torres, Senior Counsel at [Littler Mendelson P.C.](#)

Ultimately, Torres stressed that the approach to ethical sourcing must be strategic, holistic, and long-term. In order to maintain a genuine commitment to fair trade practices, companies should ensure that these values are woven into their operations, governance structures, and transparency strategies. As legal requirements continue to evolve, businesses that prioritize ethical sourcing will not only meet compliance standards but will also build stronger, more resilient supply chains that can withstand future challenges.

Ethical sourcing, once seen as a niche concern, is now a central issue for businesses that want to thrive in a rapidly changing marketplace. For companies committed to ethical sourcing, the path is clear: invest in fair trade practices, address modern slavery, and develop a transparency strategy — because, as Torres aptly pointed out, this is the future of global commerce.

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