



Fédération des Experts
Comptables Européens

Press Release

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Supply Chain Key Element in the Management of Business Risk say Europe's Accountants

Independent assurance can provide credibility regarding the effectiveness of the code of conduct demanded of suppliers

Brussels, 30 June 2005: The business case for sustainable supply chains as well as the wider public interest was emphasised today at the launch of the discussion paper- **Assurance for a Sustainable Supply Chain** – by FEE, the representative organisation of the European accountancy profession.

"Increasingly, customers and external commentators expect a company's values to be present in the products it sells. Furthermore, as a result of globalisation many European companies work with suppliers from all over the world. The supply chain now forms an important element in the management of business risk and opportunity and hence in the governance of many companies," advised David Devlin, President of FEE, speaking at the launch of the discussion paper.

Brands have suffered major reputational damage when it transpired that their suppliers engaged in unacceptable practices. Outsourcing risks needs to be managed effectively. Implementing a code of conduct for supplies is essential in this regard. The wider public interest as well as brand and bottom line benefits stemming from such codes can be safeguarded.

The businesses that provide the goods or services used by a company form its supply chain. The FEE publication provides background and guidance on management of supply chains with a emphasis on aspects, such as codes of conduct, where independent assurance and related services may be particularly valuable.

"Previously, buyers were influenced in their choice of supplier only by the latter's ability to supply products of the right quality, at a fair price and with reliable and timely delivery. However in managing risk and opportunity today, it has become necessary for companies to consider the risks to brand reputation associated with the use of a supplier that does not reflect the company's values. Such risks can impact on the bottom line," warned Chairman of the FEE Sustainability Assurance Group, Mr. Lars-Olle Larsson.

Mr. Lars-Olle Larsson added that: "a company can impose its sustainability policies on its supply chain by using a supplier code of conduct. To be useful codes must have sufficient detail to allow clear interpretation, and companies must be able to measure the extent to which suppliers are complying. Active monitoring of take-up and compliance is important if a company is to derive the maximum benefit from its supplier code of conduct.

Independent assurance is a powerful tool for use in the monitoring of suppliers and it adds credibility to a company's own reporting. Independent assurance commissioned by the company provides the greatest degree of stakeholder confidence in the implementation and operation of its supplier code of conduct."

-ENDS-

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Notes for Editors:

1. The discussion paper ***Assurance for a Sustainable Supply Chain*** can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or copies may be ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: Sylvie_Romancide@fee.be). Comments on the paper are welcome and may be submitted to the FEE Secretariat (Corinne.Soubies@fee.be).
2. Recent FEE publications in the field of sustainability include: *FEE Alert Emissions Trading (2005)*; and *FEE Call for Action: Assurance for Sustainability (2004)*.
3. The Fédération des Experts Comptables Européens (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 44 professional institutes of accountants from 32 countries. FEE member bodies are present in all 25 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe.