

PRESS RELEASE

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FOR IMMEDIATE RELEASE!

China Sourcing: New unique supplier code of conduct program minimizes risk for buyers, and improves standards at suppliers in China

Shanghai, China, November 25, 2008. Scandic Sourcing announced at the Bauma China 2008 exhibition held at the Shanghai International Exhibition center Nov 25-28, 2008, in Shanghai it's new service for supplier code of conduct programs, enabling overseas buyers to limit risk of supply interruptions and negative publicity from their suppliers in China.

Recent issues in the milk, toy and garment industries highlight both the risk and the enormous impact a careless supplier can have on a whole industry and a company's brand. It has been also seen how the Chinese government has no hesitation to go out and rapidly closed down hundreds of companies not meeting the standards leaving overseas buyers scrambling to quickly find new suppliers.

The Scandic Sourcing Supplier code of conduct program is directed to international companies sourcing industrial products, that either already have a sourcing operations in China, or who source directly from overseas.

"The rapid industrialization of China has led to many improvements in the general standard in factory, health, safety, environment and labor treatment. However, there is an enormous awareness gap both from workers, factory managers and government over the standard western companies expect" says Per Linden, President of Scandic Sourcing, based in Shanghai, China

While textile and the toy industry have developed own programs for supplier evaluation, there are no international certification programs that are suitable to use in China. Multinational companies usually have well developed code of conduct programs, often based on the UN Global Compact. However, many points in the UN Global Compact are against the Chinese law, such as independent unions, human rights and many labor issues to mention a few. For this reason these programs seldom penetrate through a foreign company's own organization in China, and even less often, all the way to its suppliers.

SCANDIC SOURCING

SOLUTION

Scandic Sourcing help international companies to develop effective supplier code of conduct programs adapted to the company's own CSR values.

Scandic Sourcing look at international norms, the company's own value system, Chinese laws and Chinese reality and develop a condensed practical and pragmatic policy suitable for the individual client. Training is provided to the clients purchasing and sourcing staff to inform suppliers about company values and requirements. Then, Scandic Sourcing audits the suppliers on key criteria, providing clear statistics and documentation on individual suppliers as well as supplier pool averages.

"You cannot expect your suppliers to meet home country standards immediately, but it is important to start the process in a pragmatic way and gradually, while awareness increases, tighten the requirements. We have seen a 40% improvement between the first and the second audit. It is a win-win situation, where international companies get a chance to engage suppliers, get a clear picture over the supplier risk situation and start a continuous improvement process. At the same time the Chinese suppliers have shown great interest, considering it a free service to better understand and meet international customers' demands." Says Mr. Linden.

" Our clients usually come to us to satisfy requests from their top management and owners that they have control over the supplier situation in China, or to meet ISO 14000 requirements of independent auditing of suppliers environmental situation" , Continues Mr. Linden.

The Scandic Sourcing Supplier code of conduct program is a very cost efficient and practical way to reduce supplier risk, and at the same time promote better awareness and higher standards in environment, health, safety and labor in the Chinese industry. An additional benefit has been a strong improvement in supplier relationships, which is particularly useful in China.

Scandic Sourcing provide consulting services in supplier search, evaluation, benchmarking and control of Chinese suppliers in the mechanical industry. Scandic sourcing has a team of qualified foreign and local engineers, experienced in supplier evaluation, operation, quality control and factory set-up in China. Scandic Sourcing is a division of Scandic Trading Limited based in Shanghai, China.

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Bauma China 2008

The International Trade Fair for Construction Machinery, Building Material Machines, Construction Vehicles and Equipment is held 25 - 28 November 2008 at the Shanghai New International Expo Centre (SNIEC), Shanghai (Pudong)/China.

<http://www.bauma-china.com/>

UN Global Compact is a global corporate responsibility initiative, developed under the former UN General Secretary, Mr. Kofi Annan's leadership.

<http://www.unglobalcompact.org/>



Scandic Sourcing audit Chinese factories



Per Linden, President and founder of Scandic Sourcing

Per Linden is the founder and President of Shanghai, China based Scandic Sourcing. He has an over 20 year career in multinational companies and 12 years experience of sales, sourcing and operations in China and Asia. Mr. Linden is based in China since 6 years.