

Supply Chain Sustainability Report



A new report finds that 80% of supply chain professionals are making ESG a priority, but many are facing challenges in their quest to operate and source more sustainably.

As organizations, governments and individual consumers continue to place a higher emphasis on environmental, social and corporate governance (ESG), supply chain executives are placing a bigger emphasis on their own companies' ESG initiatives. According to a new *2022 Supply Chain Sustainability Report* from EY Consulting, turning ideas into action on the ESG front isn't as straightforward as it may look.

The good news is that 80% of supply chain executives are increasing their focus on ESG, but organizations still struggle to embark on their sustainability journeys. "At a time when climate change is increasingly impacting supply chains," EY reports, "one-third of respondents lacked a business case for sustainable supply chains and nearly one in five did not have a supply chain strategy or know where to begin."

Other key report findings include:

- Almost one in five (19%) companies don't have a sustainability strategy or know where to begin.
- Almost half (49%) lack an integrated scorecard to measure supply chain sustainability results.
- More than half (53%) find it difficult to manage what they can't measure, including traceability, visibility and disclosures.

According to EY, supply chain leaders expect to see positive business impacts in their supply chain sustainability initiatives within the next 1-3 years. For example, 70% have already seen or expect to see increased revenue and 55% expect to see better management of operational risks.

Also, 40% expect their employees to experience an improved quality of life (as a result of their employers' focus on ESG), 44% anticipate increased customer loyalty and 31% believe their ESG commitments will contribute to decreased employee turnover, EY reports.

5 Ways to Start Now

The EY 2022 Supply Chain Sustainability Report surveyed 525 senior supply chain executives from large organizations across North, Central and South America. In its report, EY outlines five recommendations that supply chain executives can use to jumpstart their supply chain sustainability programs. They are:

- 1. Identify the current gaps:** Understand current sustainability performance and examine how the current supply chain design supports (or does not support) the organization-wide sustainability commitments and goals.
- 2. Improve visibility and traceability:** Deploy technology and improve processes for broader data sharing with suppliers.

3. Expand the business case: Include drivers beyond cost savings—e.g., increased revenues, market share, reduced risk, customer loyalty and talent proposition.

4. Broaden your focus and prioritize: For sustainability, look beyond procurement to other functions in the supply chain such as manufacturing, logistics and product design.

5. Leverage incentives: Leverage available tax incentives and grants to fund future initiatives.

“Despite having a long-term vision for ESG, supply chain executives struggle to embark on a sustainability journey due to lack of visibility from the products and services they source to their distribution centers and delivery operations,” said Raj Sharma, EY Americas Consulting vice chair, in a [press release](#).

“Customers today are not only concerned with why products aren’t available on the store shelves,” Sharma added, “but they are asking tough questions about a company’s sustainable sourcing, working conditions of suppliers and much more.”