

# Supply Chain Sustainability is a Key Priority for Organizations



**A new MIT Center for Transportation & Logistics report reveals an increase in companies' supply chain sustainability efforts over the last year.**

**W**ith customers, investors, business partners and employees all expecting the companies they do business with (or, work for) to do right by the environment, more of those organizations are putting an effort into supply chain sustainability.

This means looking outside of a company's own four walls and figuring out how the organizations that they buy from, rely on and interact with are doing with their own sustainability initiatives. This isn't as easy as cutting out single-use plastics in the workplace or switching out old light bulbs for LEDs, but it's clearly something companies view as being worthwhile in today's competitive business environment.

A new *State of Supply Chain Sustainability 2022* report from the MIT Center for Transportation & Logistics proves this point. "As one of the executives interviewed for this year's report commented, customers want to buy from companies that are investing in, and are committed to, supply chain sustainability (SCS)," MIT states.

"While the individual components of SCS may be in a state of flux, overall, the importance of sustainability in supply chains continues to trend upwards," it continues. For example, climate change mitigation has become a top-of-mind issue for companies. "Supply chain circularity (i.e., taking discarded materials and remaking them for resale) also gained favor in 2021," MIT points out. "The adoption of technology and practices to support SCS goals also appears to be on the rise."

## **COVID Didn't Stop the Momentum**

One of the biggest questions on everyone's minds is whether the global pandemic impacted companies' commitments to supply chain sustainability, and if so, in what specific ways? MIT says that for the second year in a row, roughly 80% of respondents reported that the global pandemic did not slow their firms' supply chain sustainability efforts.

"It turns out that the supply chain crisis triggered by the global pandemic actually brought new scrutiny, but with it also new resources and opportunities," MIT states in its report. Citing one executive who participated in the report, the university says the pandemic actually provided "air cover" for companies that wanted to take on projects that otherwise might not have been possible. "Many firms utilized the opportunity presented by the crisis to make bold moves to improve their firm's supply chain sustainability to, if nothing else, mitigate risk of disruption and improve their supply chain resilience."

According to the study, every dimension of supply chain sustainability that MIT studied has shown an increase over the three-year period of observation. "That data point alone speaks to the urgency of these issues," it states. In fact, it says that the resurgence of interest in environmental SCS dimensions in this year's data "implies that firms whose focus in recent years was on social issues should take a longer view to the reemerging focus worldwide on water conservation, natural resource conservation, and climate change mitigation."

### **Ignore SCS at Your Own Risk**

In assessing what 2022 portends for the future of SCS, MIT says it has no reason to doubt that SCS will continue to gain importance in the near term. “Even the Covid-19 pandemic and its aftermath did not arrest this trend,” it points out. “For the second consecutive year, about 80% of respondents reported that their firms were undaunted by the global pandemic. Moreover, our research suggests that one of the pandemic’s legacies is to promote new thinking in key supply chain areas such as SCS.”

Companies that choose to ignore their sustainability challenges or leave them unchecked could face some rough waters in the future. “...the gravity of the danger we face by neglecting sustainability on any front is immense and omnipresent,” MIT states. “Thus, firms that fail to pivot accordingly do so at their own peril; they risk losing not only their competitive advantage, but they also contribute to a much larger and existential risk for our shared planet.”