



State of Supply Chain Sustainability



 MIT Center for
Transportation &
Logistics



MIT CTL – CSCMP 1st Annual Report

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Presentation Agenda

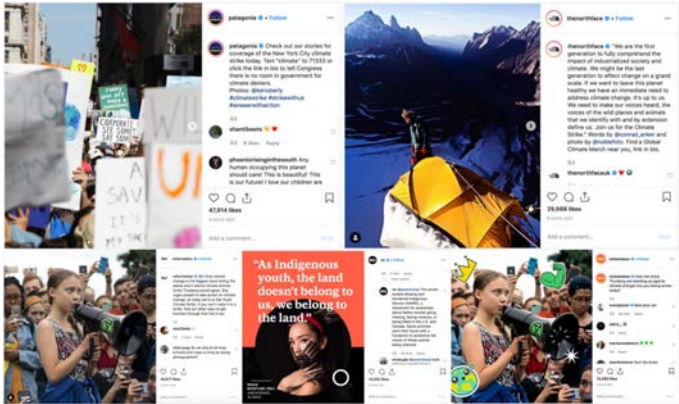
- Welcome and impetus for this work
- Exploring the State of Supply Chain Sustainability
- Main Learnings
- Covid-19 & Supply Chain Sustainability
- Q&A

But first, why are you here? Poll #1

State of Supply Chain Sustainability

- Joint MIT CTL – Council of Supply Chain Management Professionals (CSCMP) initiative
 - Exploring supply chain sustainability annually
 - Survey, interviews, content analysis
 - Conducted annually
- What is the state of supply chain sustainability in 2019?
- Contribution: annual gauge to better understand key issues and directions in supply chain sustainability; track change over time
 - Official release July 1, 2020
 - New data collection to begin September 2020
- What will sustainability look like post Covid-19?

Direct and indirect pressures on supply chain



Sustainability highlighted as a key focus moving forward



SCB Supply Chain Brief

3 Supply Chain Trends to Keep an Eye on in 2020

Sustainability on the agenda

Companies are increasingly under pressure to become more green. Moving past waste, water, and CO2 reduction, they have begun searching for renewable energy sources, different forms of packaging, and increased efficiency overall. More and more



5 Trends Set To Disrupt Global Supply Chains In 2020

The reality of climate change and consumer demand for ethically sourced products will drive sustainable supply chains

Poll #2



Data Collection & Methods



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Primary and Secondary Data



State of Supply Chain Sustainability Interview

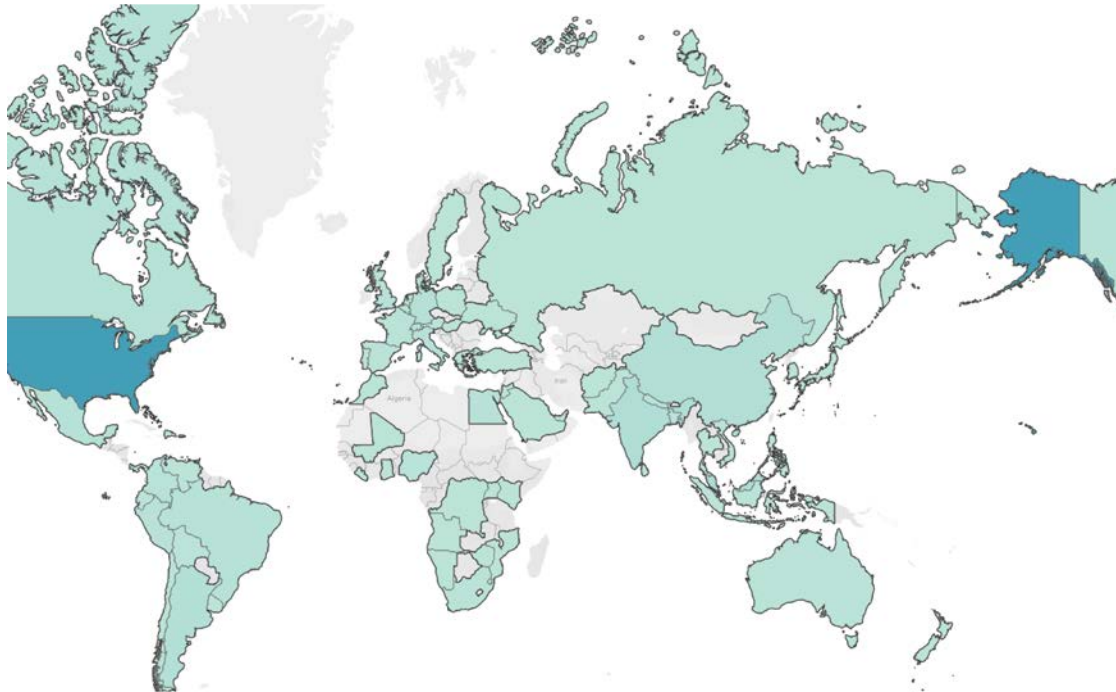
Thank you for taking the time to speak with us to contribute insight to a forthcoming report on supply chain sustainability. This report, a cooperation between the MIT Center for Transportation and Logistics and the Council of Supply Chain Management Professionals.



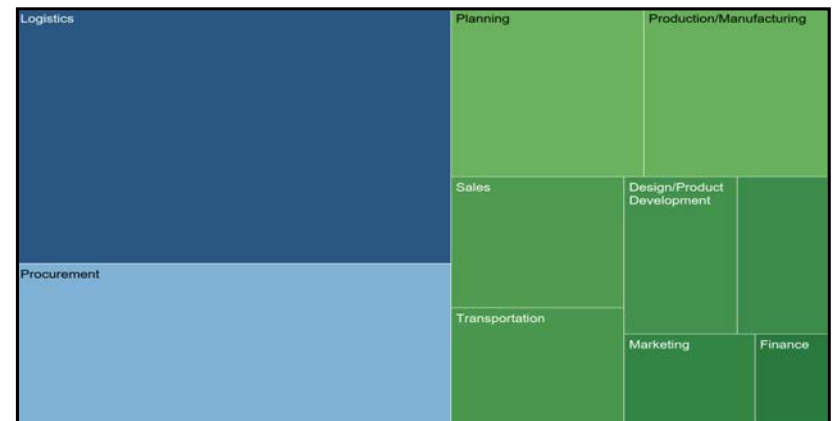
Source	Article Title	Source Type	Link	Overall Sentiment	Carbon Emissions and Climate Change			
					Theme Present?	Sentiment	Summary	Theme Present?
Forbes	Corporate Responsibility: What To Expect	News Article	https://www.forbes.com	Positive (99.9)	Yes (Mentioned)	Neutral (53.3)	Conversations	No
Cone	The Top Ten Trends in CSR Reporting in 2019	News Article	https://www.cone.com	Positive (85.8)	Yes (Major Theme)	Negative (51.6%)	Climate change	No
BSR	Emerging Trends in Supply Chain Sustainability	News Article	https://www.bsr.com	Positive (90.2)	No			No
McKinsey & Company	Starting at the source: Sustainability in supply chains	News Article	https://www.mckinsey.com	Neutral (77.1)	Yes (Major Theme)	Negative (89.9)	Relatively few	Yes (Mentioned)
UPenn	Greening the Supply Chain: Best Practices	Published Report	https://igel.wharton.upenn.edu	Positive (51.5)	Yes (Major Theme)	Negative (81.7)	The majority	No
Enablon	Sustainable Supply Chains and the 7 Trends	News Article	https://enablon.com	Neutral (77.9)	No			No
The Fifth Estate	The 6 Key Trends in Supply Chain Sustainability	News Article	https://www.thefifthestate.com	Positive (89.3)	Yes (Mentioned)	Neutral (75.8)	Companies	No
University of Naples	Environmental Sustainability and Energy: Companies Look To Supply Chains For Sustainability Gains	Research (Meta-Analysis)	https://www.unina.it	Neutral (89.6)	Yes (Mentioned)	Positive (57.9)	Climate agreements	Yes (Mentioned)
Forbes	Core Issues in Sustainable Supply Chain Management: Measuring the Sustainability of Global Suppliers	News Article	https://www.forbes.com	Positive (84)	Yes (Major Theme)	Negative (98.9)	Suppliers with	No
Research Gate	Core Issues in Sustainable Supply Chain Management: The Future of Sustainability: Re-thinking Environment and Development	Research (Meta-Analysis)	https://www.researchgate.net	Positive (82.3)	No			No
IUCN	Environment and Development	Published Report	https://www.iucn.org	Neutral (78.7)	Yes (Minor Theme)	Positive (74.9)	The climate	Yes (Mentioned)
Essays on Sustainability	Sustainable Supply Chain Management: Measuring the Sustainability of Global Suppliers	Research (Company Analysis)	https://www.sustainability.com	Positive (98.4)	Yes (Mentioned)	Positive (63.7)	Low carbon	Yes (Mentioned)
University of Massachusetts	Supply Chains: Current Practices and Trends	Research (Target Analysis)	https://www.umass.edu	Positive (76.8)	Yes (Mentioned)	Neutral (42.9)	Most efforts	Yes (Mentioned)



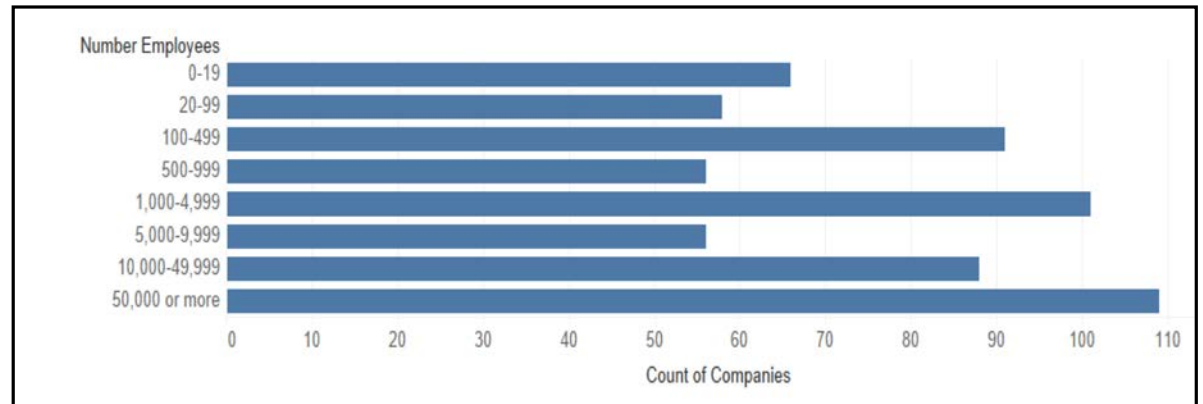
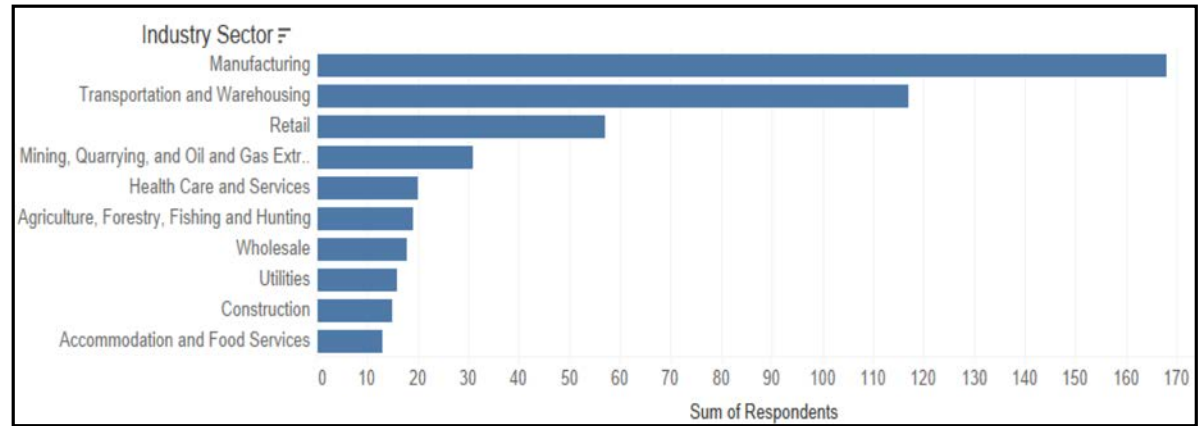
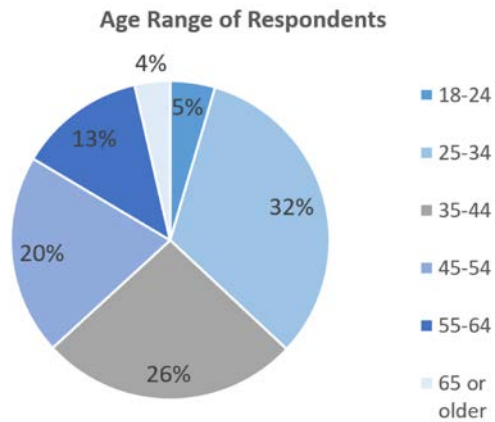
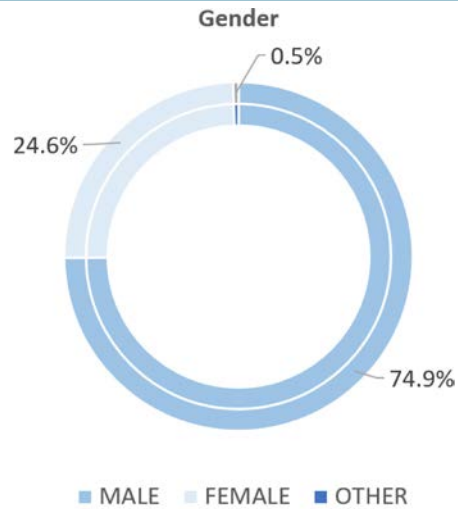
Surveyed Participants



- 1,128 responses
- 71 countries
- Over 15 industries
- Covering markets in the 5 continents
- 65% privately held and 35% publicly held companies
- Firm size ranges from 10 – 50,000 employees



Survey Participants





Snapshot of Learnings

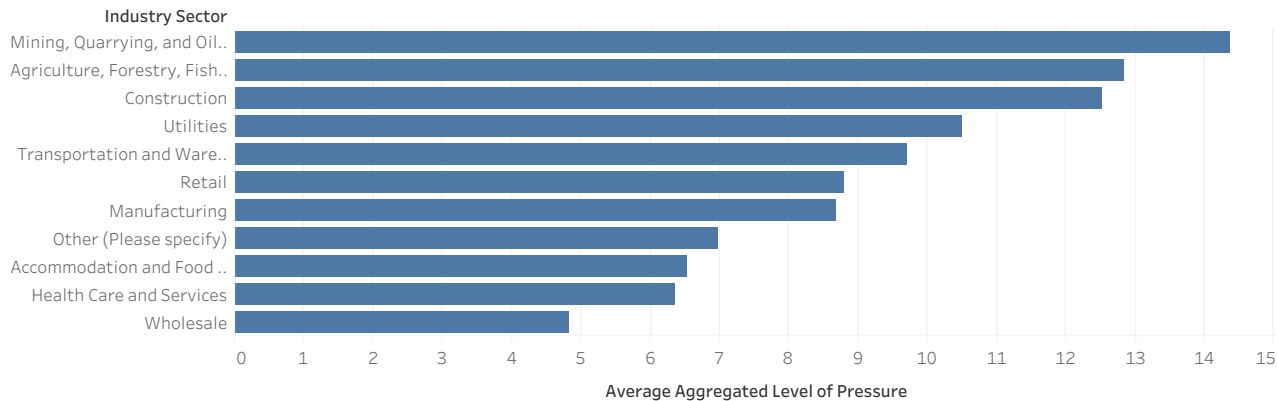


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Pressure is diffuse across stakeholders

	Primary Consumer Markets Location				
	Africa	Asia	Europe	Latin America and Carribean	North America
Corporate Buyers	2.2	2.1	1.6	2.1	2.3
Employees	2.1	2.1	1.7	1.6	1.9
End Consumers	2.3	2.3	2.3	1.9	2.2
Executives	2.6	2.6	1.7	1.8	2.3
Government	2.8	2.4	1.7	2.2	1.6
Industry Associations	2.4	2.1	1.5	1.4	1.7
Investors	2.6	2.2	1.4	1.8	2.0
Local Communities	2.4	2.0	1.3	2.2	1.5
Mass Media	2.6	2.0	1.8	2.0	1.7
NGO	2.5	2.1	1.4	1.4	1.9

Level of Pressure Received by Industry Sector



Perspectives on Pressure

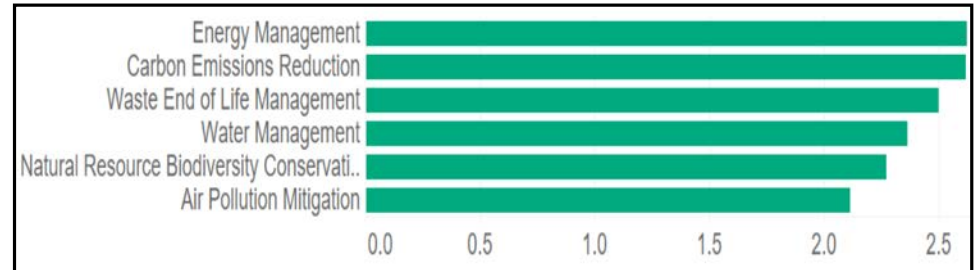
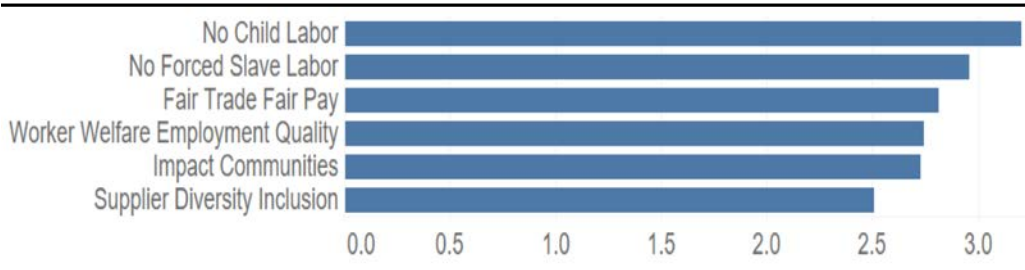
“I think pressure (for supply chain sustainability) has definitely increased significantly in the last two years... key customers have higher expectations than what's in the regulatory schemes.” **-VP of Sustainability, Fortune 500 Electronics Firm**

“Awareness of where environmental impact rests in the apparel supply chain is increasing.”
-VP Sustainability for Fortune 500 Apparel Co.

“Used to be name and shame from NGOs, journalists exposing companies in the 1990s and early 2000s. Pressure has increased but it is a different type of pressure... (coming from multiple sources).” **-VP Supply Chain & Manufacturing, Apparel Startup**

“We have seen a significant increase in consumer and retailer engagement around citizenship and sustainability over the last 5 years.” **Supply Chain Sustainability Leader, Fortune 500 CPG Co.**

Goals & Investments



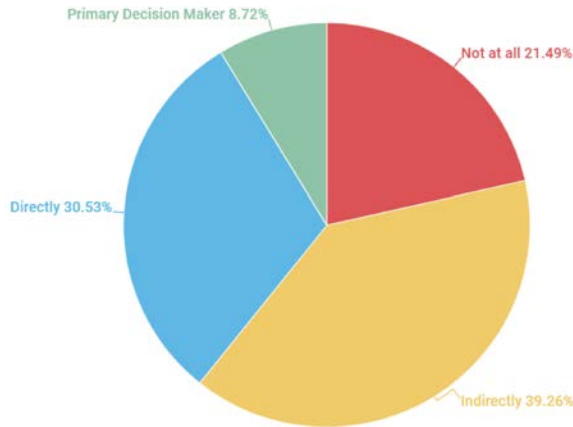
	Goals_Carbon_Emissions_Reduction	Goals_Air_Pollution_Mitigation	Goals_Energy_Management	Goals_Water_Management	Goals_Waste_End_of_Life_Management	Goals_Natural_Resource_Biodiversity_Conservation	Goals_Worker_Welfare_Employment_Quality	Goals_No_Forced_Slave_Labor	Goals_Impact_Communities	Goals_Supplier_Diversity_Inclusion	Goals_No_Child_Labor	Goals_Fair_Trade_Fair_Pay
Investment_Carbon_Emissions_Reduction	49%	49%	46%	45%	43%	45%	43%	40%	44%	44%	41%	43%
Investment_Air_Pollution_Mitigation	46%	51%	46%	45%	44%	45%	42%	40%	44%	45%	42%	43%
Investment_Energy_Management	45%	47%	49%	46%	45%	44%	43%	41%	44%	47%	40%	43%
Investment_Water_Management	42%	44%	43%	45%	42%	43%	39%	39%	40%	43%	39%	41%
Investment_Waste_End_of_Life_Management	44%	47%	44%	45%	48%	47%	43%	42%	44%	45%	42%	44%
Investment_Natural_Resource_Biodiversity_Conservation	47%	49%	47%	44%	45%	51%	45%	43%	46%	45%	45%	46%
Investment_Worker_Welfare_Employment_Quality	47%	49%	48%	46%	47%	48%	49%	46%	47%	50%	44%	47%
Investment_No_Forced_Slave_Labor	42%	45%	43%	44%	41%	44%	41%	49%	42%	45%	50%	47%
Investment_Impact_Communities	45%	49%	48%	45%	47%	47%	47%	45%	51%	50%	43%	47%
Investment_Supplier_Diversity_Inclusion	45%	49%	47%	45%	44%	46%	44%	44%	45%	49%	43%	47%
Investment_No_Child_Labor	45%	48%	46%	45%	43%	46%	43%	50%	44%	47%	51%	49%
Investment_Fair_Trade_Fair_Pay	41%	45%	43%	42%	42%	43%	42%	45%	43%	44%	44%	48%

Most Common Practices Across Industries

Industry	Number One Practice Category	Number Two Practice Category
Accommodation and Food Services	Sustainability Standards Certifications	Supplier Benchmarking Environmental Impact Assessment Audit
Agriculture, Forestry, Fishing, and Hunting	Code of Conduct	Sustainability Standards Certification Supply Chain Mapping Supplier Audit
Construction	Audit Material Traceability	Code of Conduct Sustainability Standards Certification
Health Care and Services	Code of Conduct Due Diligence	Supplier Collaboration Sustainability Standards Certification
Manufacturing	Code of Conduct	Supplier Audit
Mining, Quarrying, and Oil and Gas Extraction	Code of Conduct	Supplier Audit
Retail	Code of Conduct	Sustainability Standards Certification
Transportation and Warehousing	Code of Conduct	Supplier Training Environmental Impact Assessment Supplier Benchmarking Supplier Audit..
Wholesale	Code of Conduct Due Diligence	Supplier Collaboration

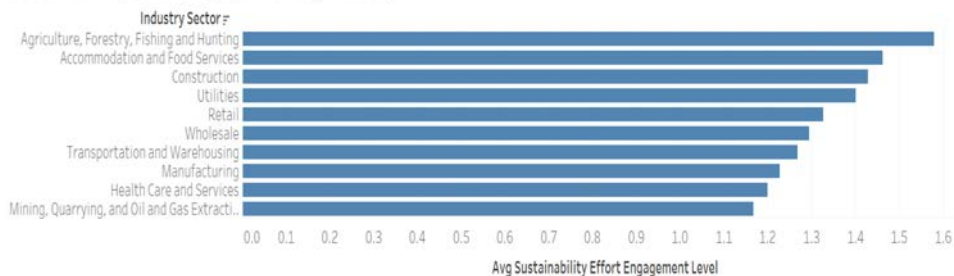
The role of supply chain professional is changing

Are you engaged with your firm's sustainability efforts in the supply chain?



- Over $\frac{3}{4}$ of surveyed supply chain professionals are directly or indirectly involved in sustainability
- “Supply chain professionals are really on the front lines... And so just from the standpoint of effective management, they are really the individuals who should be pursuing many of these types of initiatives.” **VP of Sustainability, Fortune 500 Electronics Co.**

Sustainability Effort Engagement by Industry



Supply Chain increasingly “owns” sustainability @ exec levels

“More supply chain executives “own” sustainability than ever before.”
Client Executive, Supply Chain Research Group

“Most of the Executives from Supply Chain, Logistics or Transportation that we work with have Sustainability as one of their top items on the development agenda.” **Executive Recruiter**

“Some of the best sustainability leaders come from within the supply chain.” **Supply Chain Sustainable Leader, Fortune 500 CPG Co.**



Entering 2020 and the era of Covid-19



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What will Covid-19 mean for supply chain sustainability?

 BBC News

Will Covid-19 have a lasting impact on the environment?

 Financial Times

Coronavirus poses 'acid test' for conscious capitalism;
climate pressure continues

 Forbes

Pandemic, Plastics And The Continuing Quest For
Sustainability

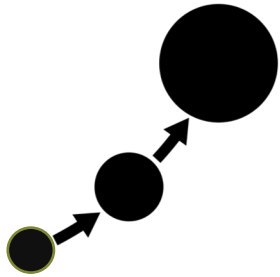
POLITICO

Emissions are down thanks to
coronavirus, but that's bad

Supply Chain Sustainability: From Peak to Purpose

A NEW PEAK

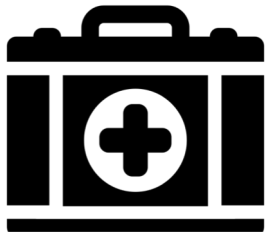
2019



Growing sustainability recognition adoption

DISRUPTION

2020



Pivoting supply chain for response and mitigation

RECOVERY & REDESIGN

2021



Redesigning supply chains for recovery and future

A NEW PURPOSE

2022+



From recovery to purpose

Key Findings

- Pressure is growing
 - Pressure is diffuse across areas
 - Media plays a role
- Clear differences across industries in commitment, investment, and approach
 - Loftier goals that don't match perceived investment
- Practices are limited in supply chain scope
 - Code of Conduct is standard, further engagement is still limited
- The role of the supply chain professional and executive is changing
 - Professionals not engaged fully but growing role
 - Supply chain owning sustainability at senior levels
- 2020 will look much different than 2019
 - Likely a greater focus on safe, fairly paid, and equitable labor
 - Traceability & transparency to enable both risk management and sustainability

With what we have seen in the data, why is it important to track change in supply chain sustainability over time?

Knowing that the role of the supply chain professional is changing, how can professionals equip themselves moving forward?

How do you think supply chain sustainability will change in a period of recovery from COVID-19?

Poll #4



Thank you! Questions?



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