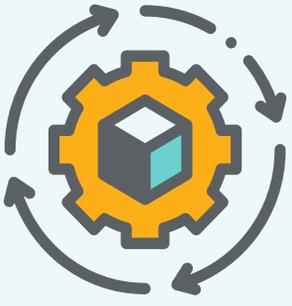


# 6

## FACTORS SHOWING SUPPLY CHAIN SUSTAINABILITY



Studies show that up to 90% of a company's sustainability impact originates in their firm's supply chain.<sup>1</sup> As a result, corporations are looking closely at their supply chains through the lens of environmental, social, and corporate governance (ESG) issues. To help identify the hidden ESG risks in supply chain management, this infographic breaks down six factors for identifying strong and weak sustainability traits in any organization.

**WEAK**

**STRONG**

**SUPPLY CHAIN SUSTAINABILITY**

### #1 Risk Management

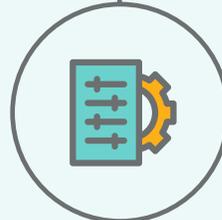
Increased likelihood of unexpected financial and reputational risks



Greater ability to identify, avoid, and manage potential risks, including better distribution of risks by greater collaboration with suppliers

### #2 Operations

Unstable access to raw materials and increased chance of disruption to supply chain



Reduced incidences and/or impact of supply chain disruptions

### #3 Reputation

Increased reputational risks, including loss of brand value due to controversial events



Builds brand loyalty among customers and increases ability to operate without disruption or negative media attention

### #4 Costs

Increased costs related to supply chain disruptions



Reduced costs due to increased efficiency and productivity

### #5 Shareholder Value

Potential decrease in shareholder value due to higher costs and impacts of controversial events on share value



Potential increase in shareholder value due to lower costs and reduced reputational and financial risks

### #6 Human Resources

Increased likelihood of workforce instability (e.g., strikes, low retention rates)



Decrease in employee turnover and greater stability in workforce

[1] Bové, A. and Swartz, S. (2016), 'Starting at the source: Sustainability in supply chains,' McKinsey & Company, accessed (12.01.21) at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/starting-at-the-source-sustainability-in-supply-chains>

**LEARN MORE** about the hidden risks in your supply chain by reading our latest ebook, *Future-Proofing Supply Chains: Supply Chain Sustainability and Key Trends in 2021*.

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