

INCORPORATING SUSTAINABILITY IN SUPPLY CHAINS

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Introduction

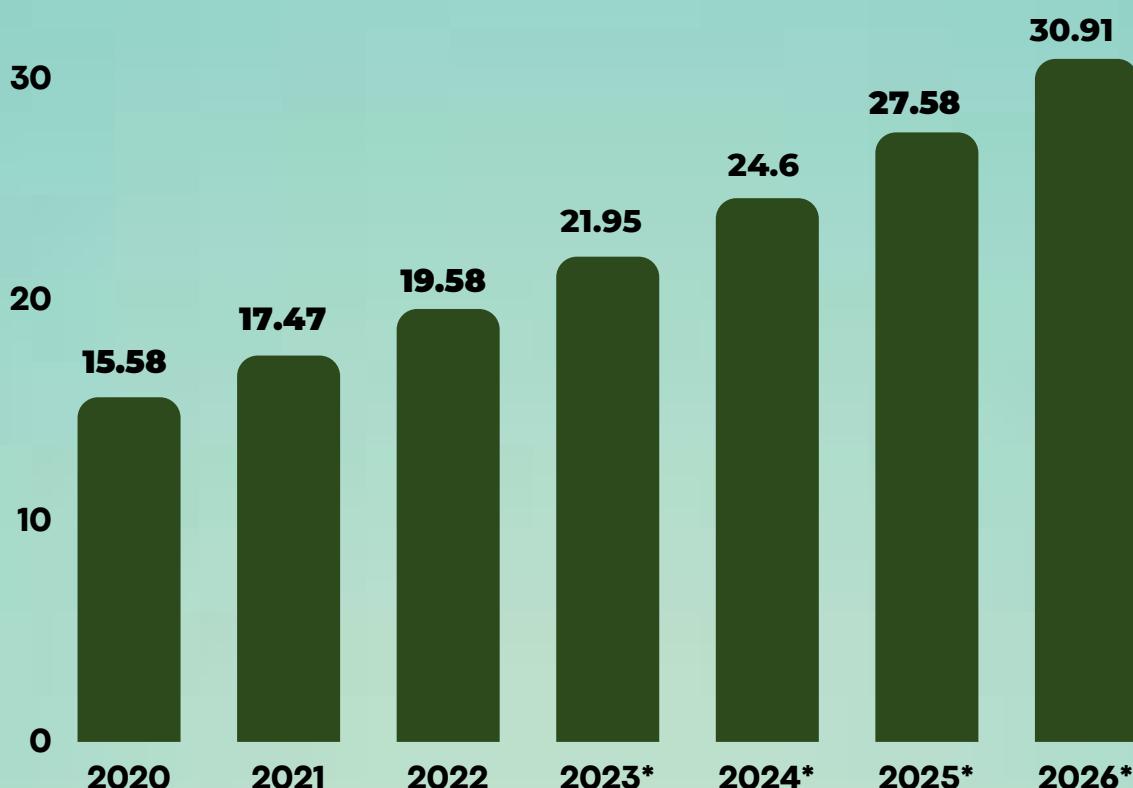
Supply Chain Management

Supply chain management is concerned with monitoring the flow of products or services, from the procurement of raw materials to arriving at the finished product that is delivered to the customer. Supply chain management is a very time-consuming, and complex process, where each partner (suppliers, manufacturers, etc.) must work amongst themselves to efficiently mitigate risks and be able to adapt quickly to changes.

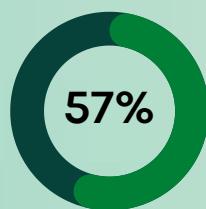


Market Size for Global Supply Chain Market from 2020-2026 (in Billion)

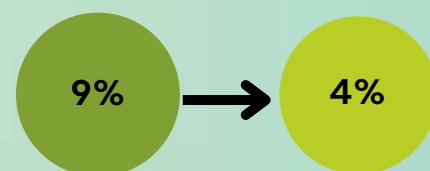
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in 2020, the global supply chain management market was valued at \$15.58 Billion and is estimated to reach \$30.91 billion in 2026, at a Compound Annual Growth Rate of 12.09%.



57% of the companies believe that implementing supply chain management gives them a competitive edge over others.

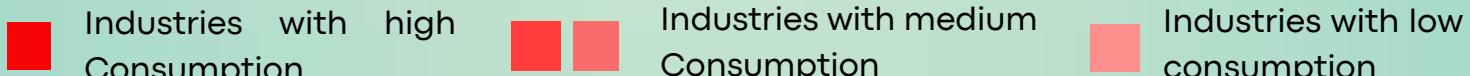


By reducing supply chain costs from 9% to 4%, the probability to make higher amount of profits will be doubled.

Environmental Impact of Industries on Supply Chain Turnover

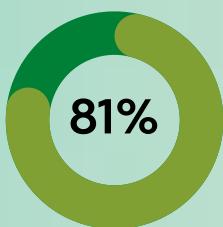
	Greenhouse Gases kg/EUR	Air Pollution g/EUR	Water Consumption L/EUR	Land Use m ² /EUR
Fashion Retailing Sector	0.3	0.8	13.6	0.3
Chemical Industry	0.4	0.7	9.5	0.2
Electronics Industry	0.3	0.5	3.0	0.1
Automotive Industry	0.3	0.6	4.1	0.1
Food-Retailing Sector	0.6	1.6	46.6	1.2
Machinery Industry	0.2	0.5	2.8	0.0
Metal Production & Processing	0.7	0.9	3.4	0.0
Paper Industry	0.4	1.0	8.5	0.1

Source: Adlephi.de

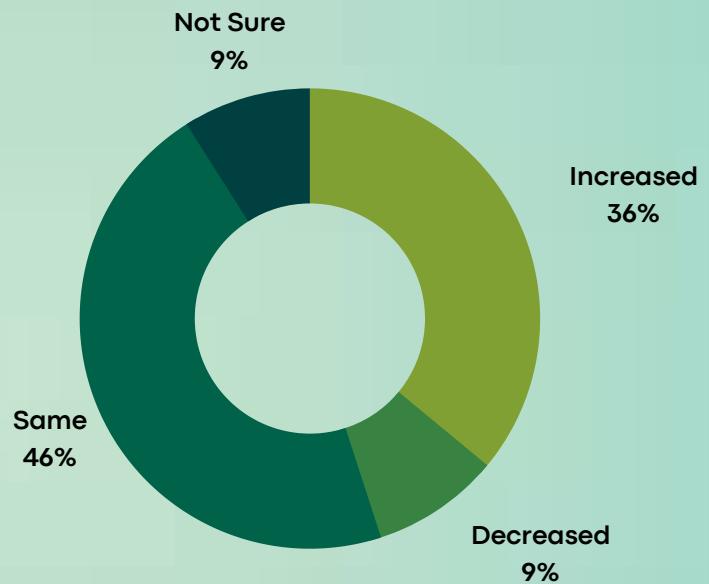


Sustainable Supply Chain Management

Supply Chain Sustainability validates the company's obligations to reduce the impact of their products on the environment and people, in the supply chain process i.e., sourcing raw materials, production, delivery, etc. The main purpose is to minimize the harm inflicted by factors like excessive energy usage, water consumption, waste production, etc., along with helping people and communities through their operations.



81% of companies are more focused on making sustainability as a part of their objectives at the moment.



A report in 2021 stated that the commitment of various firms towards sustainability was changed post-pandemic

Major Trends in Sustainable Supply Chains

With supply chains becoming more difficult to understand, and much harder to manage, companies need to somehow meet their customer demands and maintain profitability, and sustainability at the same time.

Rise in Adoption of Green Logistics

Green Logistics will not only improve the supply chain, but also can increase sales, reduce expenses, and improve profitability by reducing greenhouse gas emissions and minimizing waste in the process.

Increased Technology Utilization

Organizations have already started adopting newer technologies such as Industrial IoT, AI, and blockchain, especially to reduce the environmental impact of supply chains, and also for better management of the company.



Focus on Sustainable Development

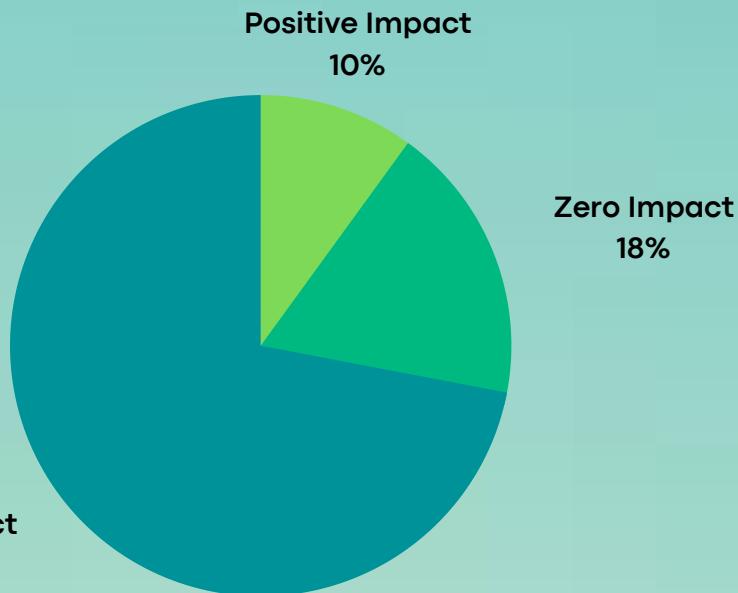
To make more resilient and less disruptive supply chains, companies will focus on improving sustainability, by reducing carbon emissions, and mitigating risks, that could cause harm to the supply chain.

Ecosystem Collaboration

Ecosystem Collaboration is required to create an effective work environment for people, and also have a chance to generate higher value opportunities.



Impact of COVID-19 on Friendly Supply Chain

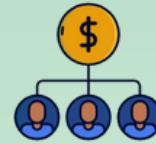


The COVID-19 pandemic had a substantially negative effect on supply chains. Sectors like trade, health, finance, education systems, businesses, and societies took a big blow. It disrupted the workforce and caused many employees to be asked to work from home, adhering to factory settings, in a protective environment.

Challenges during COVID-19



Lack of Resiliency



Stakeholder expectations
were not met



Lack of
Flexibility



Increase in Supply
Chain Costs



Human workforce
dependency



Use of Outdated
Technology for IT
systems

Pushbacks to Sustainable Supply Chains



Increased Costs

Developing sustainable supply chains is an extremely difficult task, especially for small enterprises, as it involves high expenditures.



Difficulty in Monitoring Complex Supply Chains

Surveilling an entire production process is too much work for companies, as they may not be able to focus on new barriers, that may arise



Lack of Alignment in Responsibility and Sustainability framework

Companies find it difficult to adopt to sustainable practices, as they fail to update them as a part of their organizational goals and objectives



Procurement of Raw Materials or Components

There are often less sustainable options, regarding the purchase of raw materials, and also that the suppliers may not comply with the sustainability standards, which are imposed by the company.



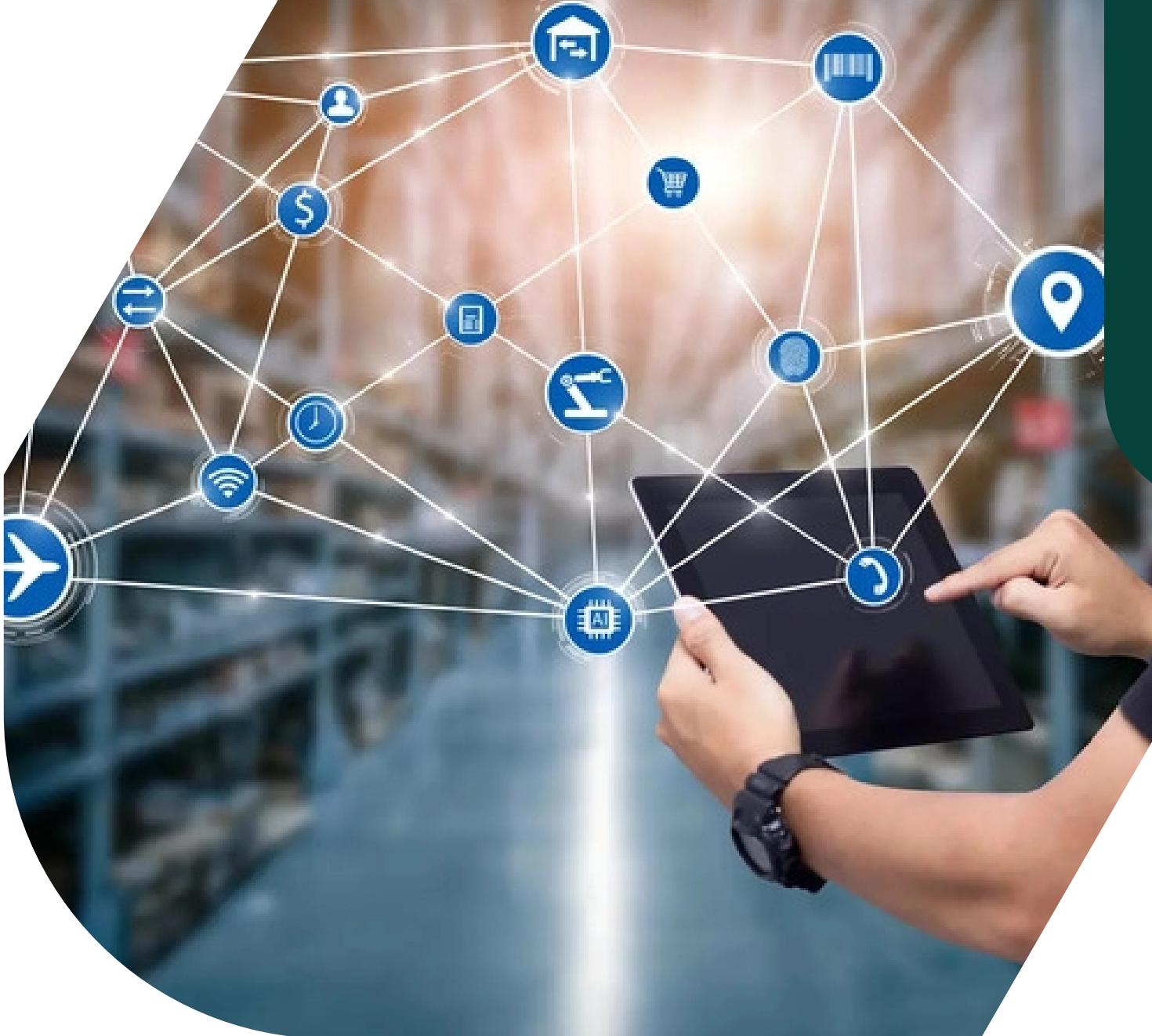
Lead Times

Implementing sustainable processes is very time-consuming in nature.



Logistics

To implement sustainable development practices, supply chain companies need to develop environment-friendly logistics systems, which help in coordinating activities.



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