

**SUSTAINABILITY:
PAIN TO NET GAIN**

SUSTAINABLE SUPPLY CHAINS

3 KEY POINTS



We spoke to 1,000 business and finance leaders across Europe for fresh insights into the intersection between the finance sector and the corporate sustainability agenda. We found that business leaders are concerned about supply chain complexity and lack of transparency, and are feeling the pressure from procurement teams.

THE DATA

Sustainability factors are now fundamental to accessing funding, and businesses that fail to act sustainably risk severe economic pain. But for those who embrace sustainable practices, the gains will be felt on the balance sheet, as well as by wider society and the environment.

1 SUPPLY CHAINS UNDER THE SPOTLIGHT

Pressure from procurement is an important lever in forcing sustainable business practice:

76%

Three-quarters of companies (76%) say that pressure from procurement has been an important incentive for them to act more sustainably.

THE FINANCE EXPERT'S VIEW

**Philip Newborough, Co-CEO,
Bridges Fund Management**

“The biggest impact you can have is understanding your supply chain. It’s a huge risk for consumer-facing businesses. People care, and if you’re a brand that depends on customers caring, you ought to be careful.”

And finance providers increasingly scrutinise the sustainability of supply chains:

63%

of lenders and 58% of investors currently assess a business’s supply chain sustainability when looking at the overall performance of that business against ESG criteria generally.

7%

This has dramatically increased over the last few years: just 7% of lenders and 5% of investors focused on the sustainability of the supply chains of the businesses they lent to or invested in prior to 2015.

THE DATA

2 BUT SUPPLY CHAIN CONCERNS ARE RIFE

69%

of business leaders are concerned about the lack of transparency in their supply chain.

64%

64% of companies don't believe their supply chains live up to their environmental standards.

63%

of business leaders believe issues with supply chain collaboration and complexity are a barrier to acting more sustainably.

54%

Over half (54%) say their supply chain doesn't always align with their company values.

THE BUSINESS'S VIEW

Jamie Quinn, Director Responsible Business and SHEQ, UK & Ireland, Engie

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“Supply chain transparency is challenging when you deliver a broad range of services, projects are disparate and you have a diverse supply chain. Setting a requirement on reporting on carbon emissions, for example, may be easier for strategic suppliers with the in-house specialists but for smaller businesses that you're deliberately trying to support the challenge may well be greater.”

3

CHAIN REACTION: SUPPLY CHAINS MOVE UP THE AGENDA

49%

of business leaders plan to make new investments in supply chain transparency over the next 12 months.

97%

of business leaders believe that demand from customer’s procurement teams (i.e. sustainable supply chain pressures) will have a significant influence on their business’s sustainability by 2025, making procurement the number one influencer at this point.

The proportion of business leaders who believe the following groups will be significant in influencing their business to act more sustainably in 2025:



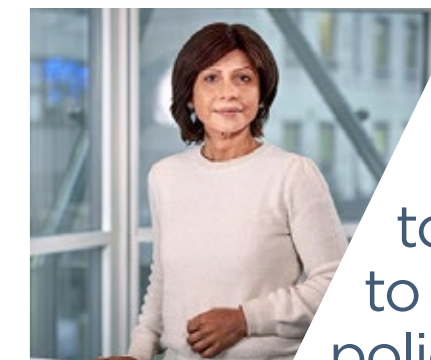
KEY TAKEAWAY:

INVEST IN INNOVATION

Scrutiny of supply chains is rapidly ramping up, and businesses need to invest in data and transparency now, or risk getting left behind. The quality of data is really important, and measurement is key. Transparency is challenging, especially for businesses with long and complex global supply chains, but technology like blockchain is providing potential solutions.

THE PARTNER'S VIEW

Fiona Ghosh, Partner (Commercial),
Addleshaw Goddard



“For many businesses, achieving real supply chain transparency will be challenging, although technology can assist to a degree. The most difficult question is how to deal with suppliers who don’t meet your policy standards. If you replace them, you risk unfairly prejudicing smaller businesses with fewer resources. More enlightened business customers will prioritise support for their suppliers to help them transition.”

SUSTAINABILITY: PAIN TO NET GAIN

A series of insights backed up by data that aims to provide a fresh perspective on the intersection between the finance sector and the corporate sustainability agenda.

Survey conducted in late 2020 and early 2021 under the ethical research guidelines set by both the MRS (Market Research Society) and ESOMAR (European Society for Opinion and Market Research). The sample included 550 senior business leaders and 450 finance leaders (including investors, banks and insurers) based in the UK, Germany, the Netherlands and France.

These insights are organised into the following chapters:

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|--|----------------------|
| / Sustainability is just good business | / Real Estate |
| / Sustainability: Now or never? | / Retail & consumer |
| / Be green or be gone | / Transport |
| / Sustainability: Data and reporting | / Energy |
| / Sustainable Supply Chains | / Litigation |
| / Sustainability: Engaging People | / Health |
| / Sustainability: Juggling priorities | / Financial Services |
| | The Lender's Lens |
| | Investor Insights |
| | Borrower's View |



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