



Commercializing supply chain sustainability

This report sheds light on sustainability in the supply chain,
and how this can be commercialized

Based on data from Deloitte's Supply Chain Panel in June 2023



Key takeaways

Page 2 - 3



The importance of supply chain sustainability

Page 4 - 8



Discovering the commercialization of supply chain sustainability

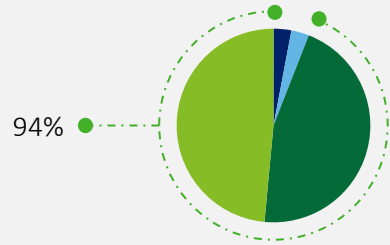
Page 9 - 16



Commercializing supply chain sustainability in practice

Page 17 - 21

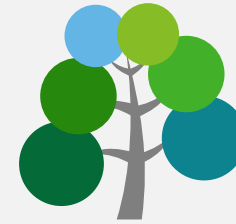
Key takeaways



There is a high degree of consensus that sustainability in the supply chain is a competitive differentiator



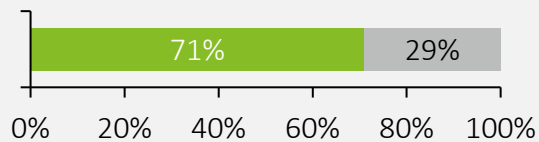
Compliance currently drives the main agenda; however, some companies go beyond and start seeing sustainability in supply chains as an enabler for growth and competitiveness



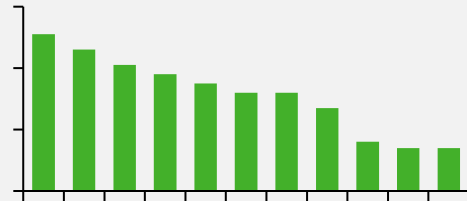
Most respondents observe a growing demand for sustainability for their company, and the majority have initiatives in motion



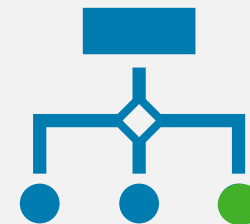
Commercialization of your supply chain sustainability can be improved through a 3-step approach



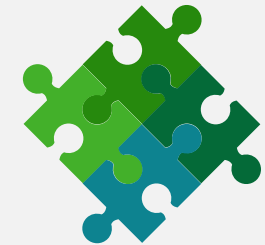
Majority of respondents find it challenging to balance commercial interests and sustainable practices



Complexity of supply chain traceability and transparency is seen as the biggest obstacle when commercializing supply chain sustainability



1 of 5 respondent companies have established a separate sustainability function.



Four tips from the survey respondent: Identify demand, get management support, align interests, and create a plan



Key takeaways

Page 2 - 3



The importance of supply chain sustainability

Page 4 - 8



Discovering the commercialization of supply chain sustainability

Page 9 - 16



Commercializing supply chain sustainability in practice

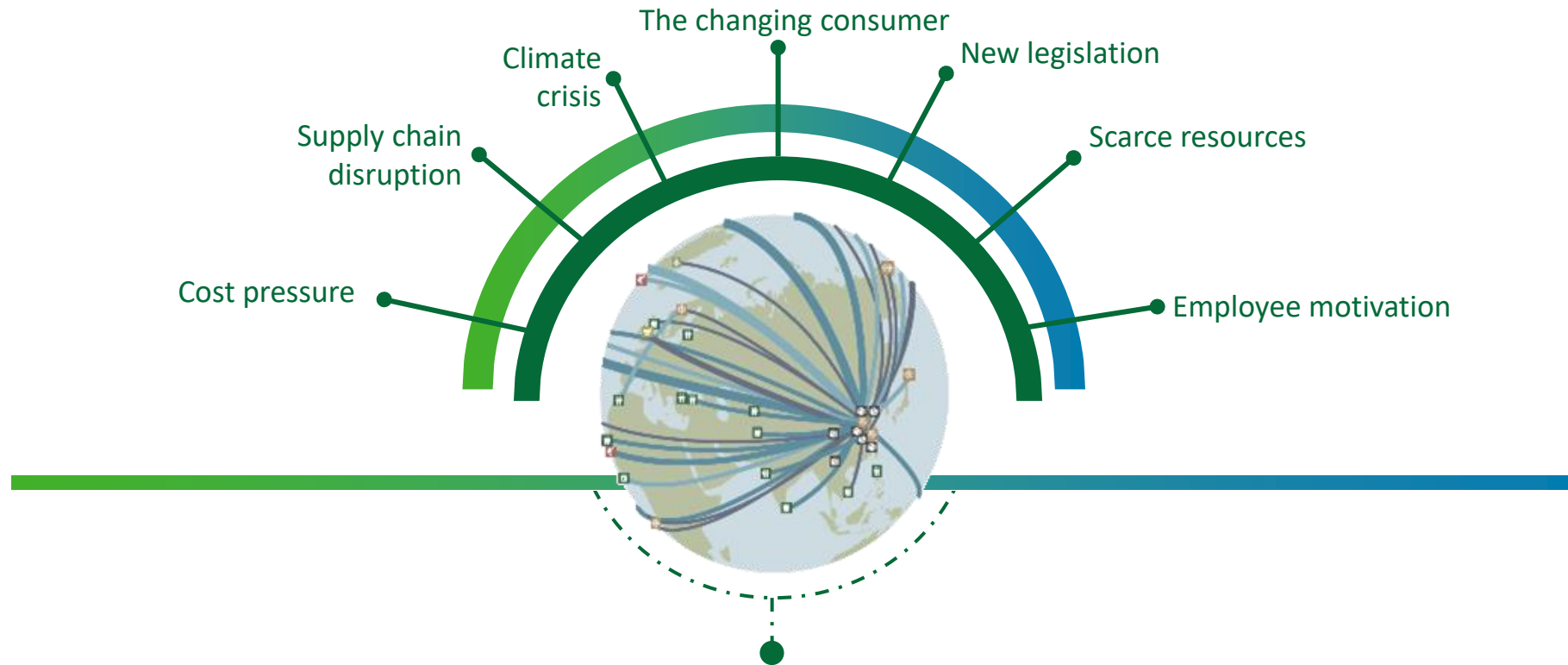
Page 17 - 21



Commercialization of sustainability in the supply chain means **incorporating eco-friendly and socially responsible practices into business operations** to ensure profitability, increase customer value and secure growth, while minimizing harm to the environment and society.

The world is changing | Sustainability is becoming top priority

Global forces are directly affecting supply chains – which as a response embed sustainability in their operations!

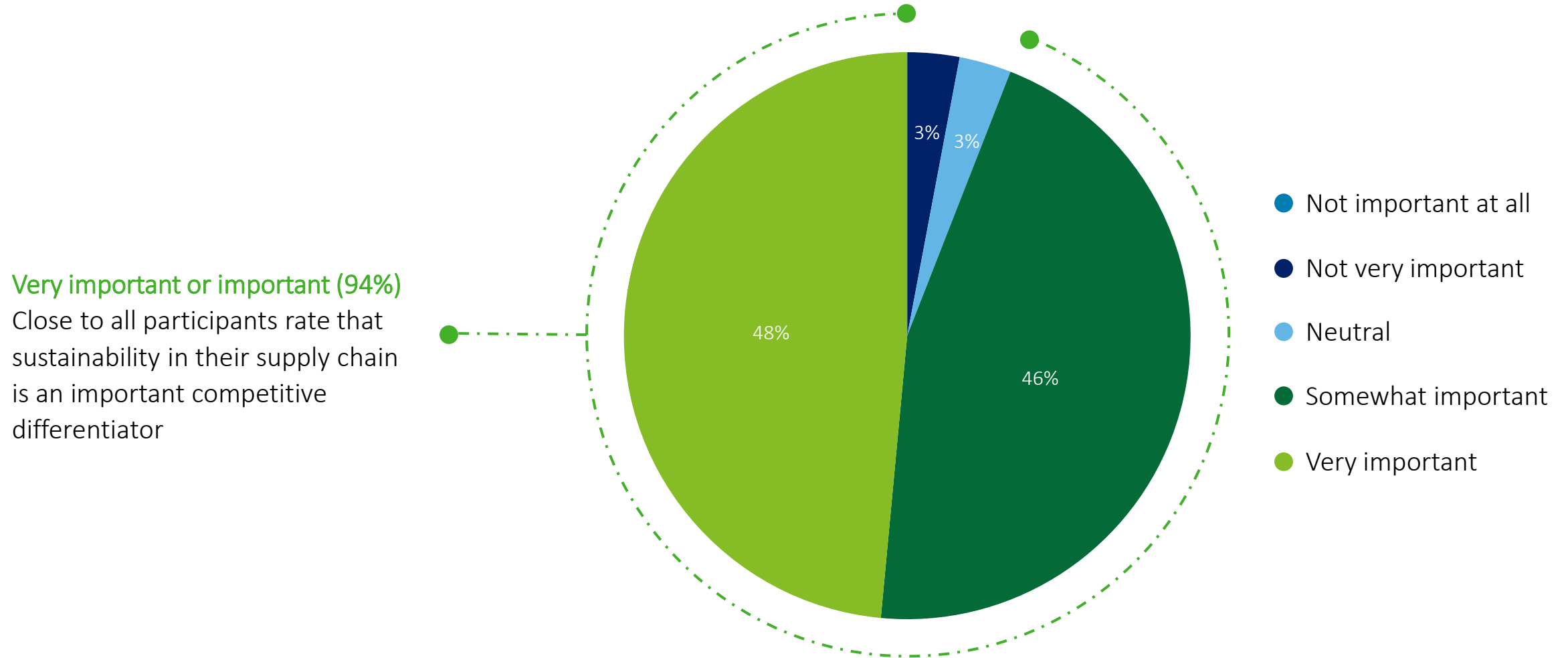


Deloitte research shows that consumers are **increasingly** making conscious decisions with **sustainability** and the environment in mind

Sustainability in the supply chain as an important competitive differentiator

Survey respondents were asked to which extent they agree to the following statement:

“How would you rate the importance of a sustainable supply chain as a competitive differentiator for your organization?”

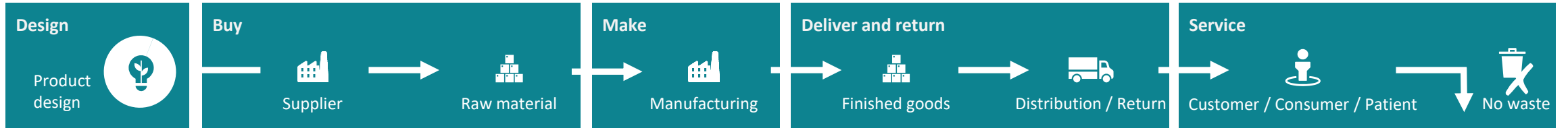


Sustainability improvement opportunities exist everywhere in the end-to-end supply chain...

...and supports both competitiveness, growth, and profit while delivering to the basic compliance requirements

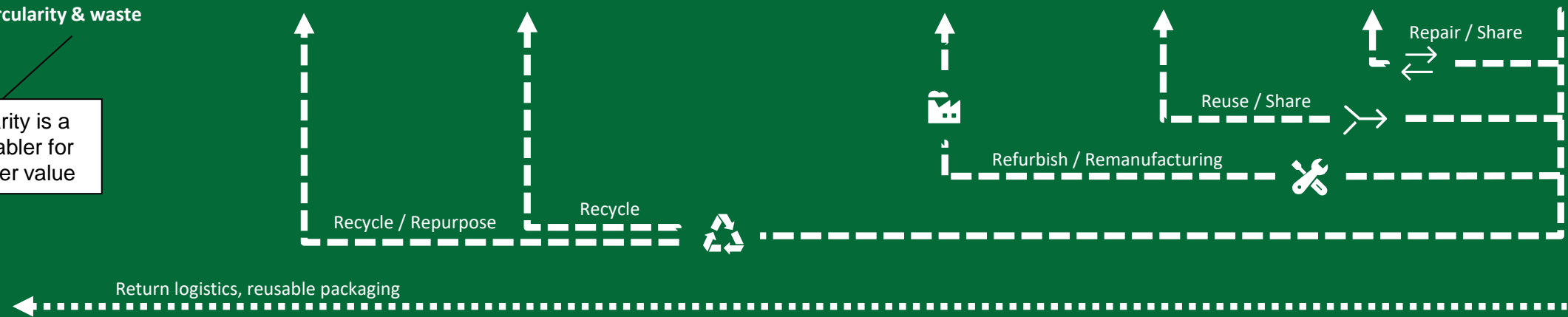
Sustainable supply chain strategy

End-to-end planning



Circularity & waste

Circularity is a key enabler for customer value



...supported by multiple compliance value levers

ESG / S&C assessment, reporting & reg. compliance

E2E aligned KPI model & steering

Value chain risk management (TPRM)

Product lifecycle, transparency and traceability



Key takeaways

Page 2 - 3



The importance of supply chain sustainability

Page 4 - 8



Discovering the commercialization of supply chain sustainability

Page 9 - 16

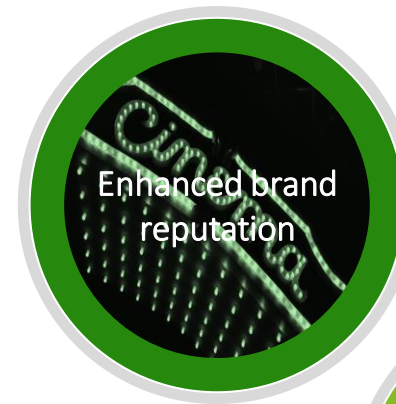
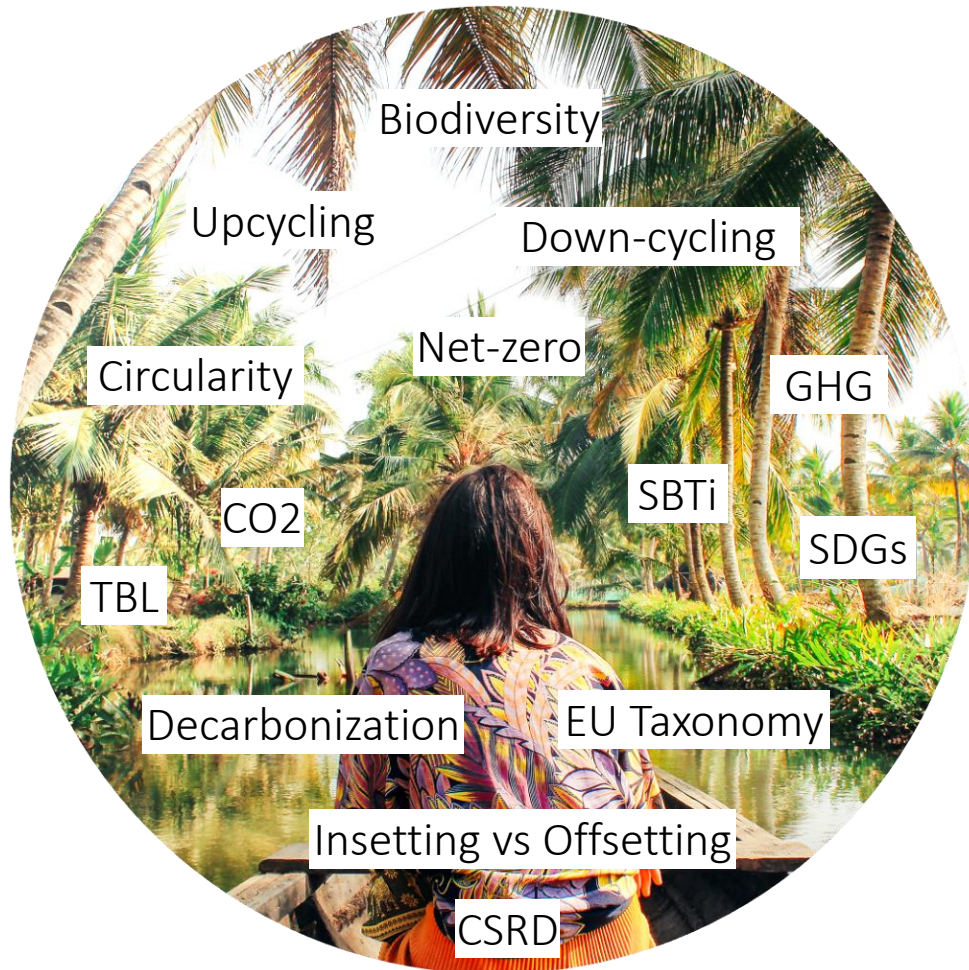


Commercializing supply chain sustainability in practice

Page 17 - 21

Navigating sustainability in supply chains can be a jungle...

... and looking beyond compliance can be a challenge, yet needed, to create value



Six sustainability trends drive new focuses when commercializing the sustainable supply chain...

...and sustainability in supply chains is constantly on the move offering customer and stakeholder value everywhere



Circularity

Circularity is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature.

Climate accounts

Climate accounts are essential for companies to understand their CO2 impact and to reduce emissions, develop mitigation actions as well as reporting.

Green products

Consumers are focusing more and more on purchasing green products e.g., products with lower environmental impacts such as biodegradable products, recycled or reused

Biodiversity

Biodiversity fundamentally underpins the benefits that business derive from natural capital and supports the key ecosystem functions that ensure the delivery of business operations and productivity.

Responsible value chains

Consumers have more and more focus on products and services to be ethically sourced and produced. This means that company's need to ensure ethical working standards in their own operations and in the supply chain.

Legislation

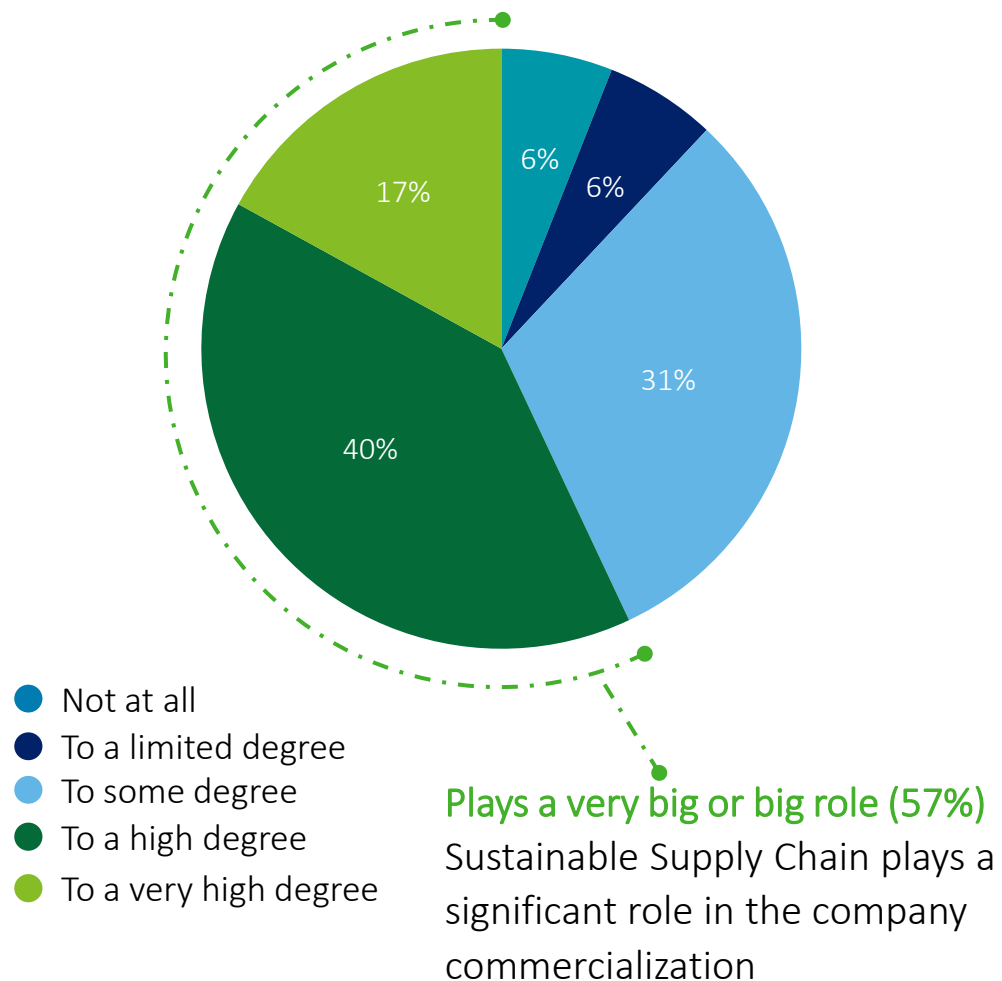
There are more and more legislation coming from EU and locally in Denmark with the focus on ensuring a greener future and minimizing emissions.

Sustainability in supply chains plays a commercial role...

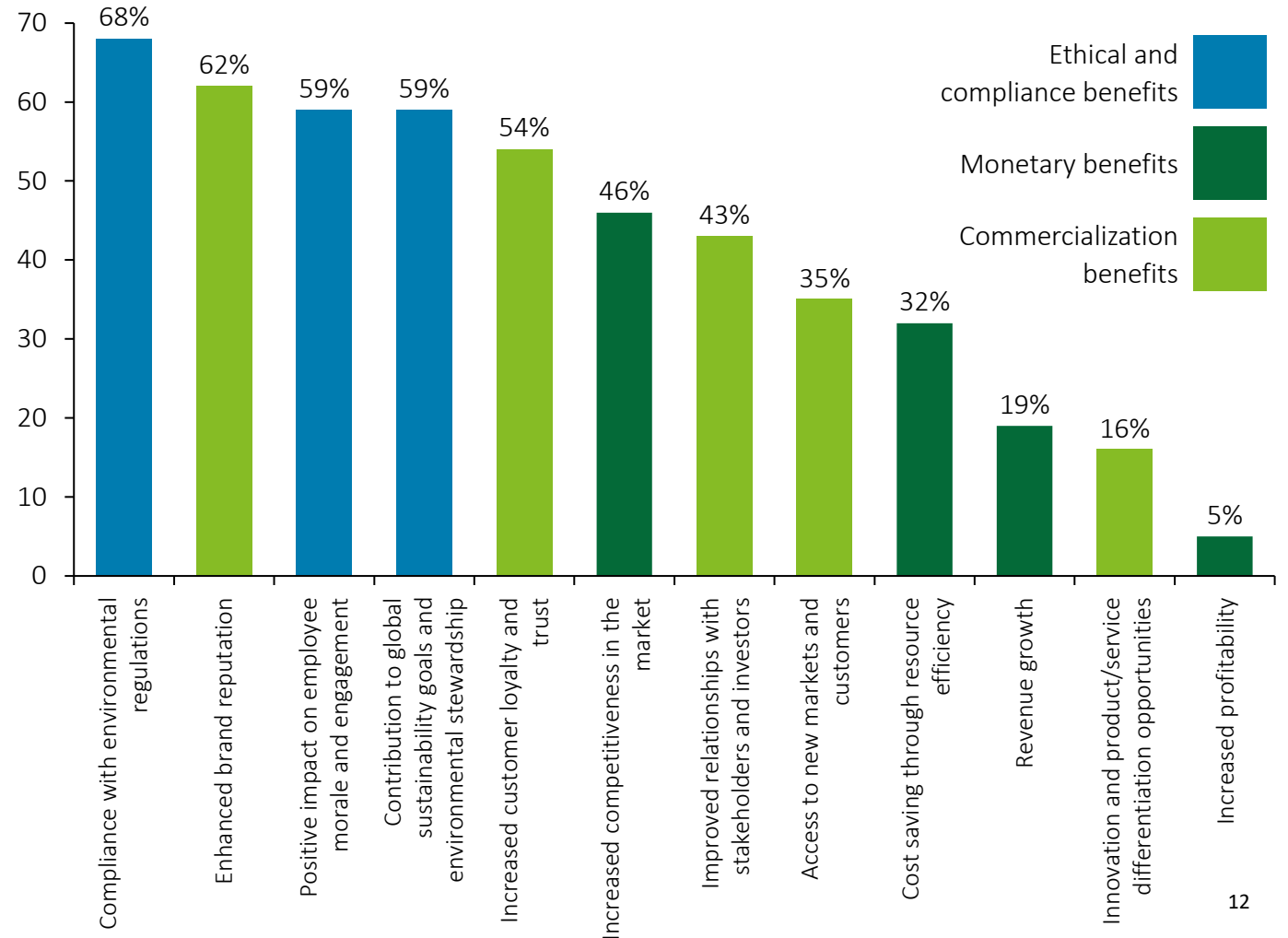
...but the #1 key benefit is still perceived to be ethical and compliance benefits

Survey respondents were asked to **which degree** sustainability in their supply chains play a commercial role

for their company



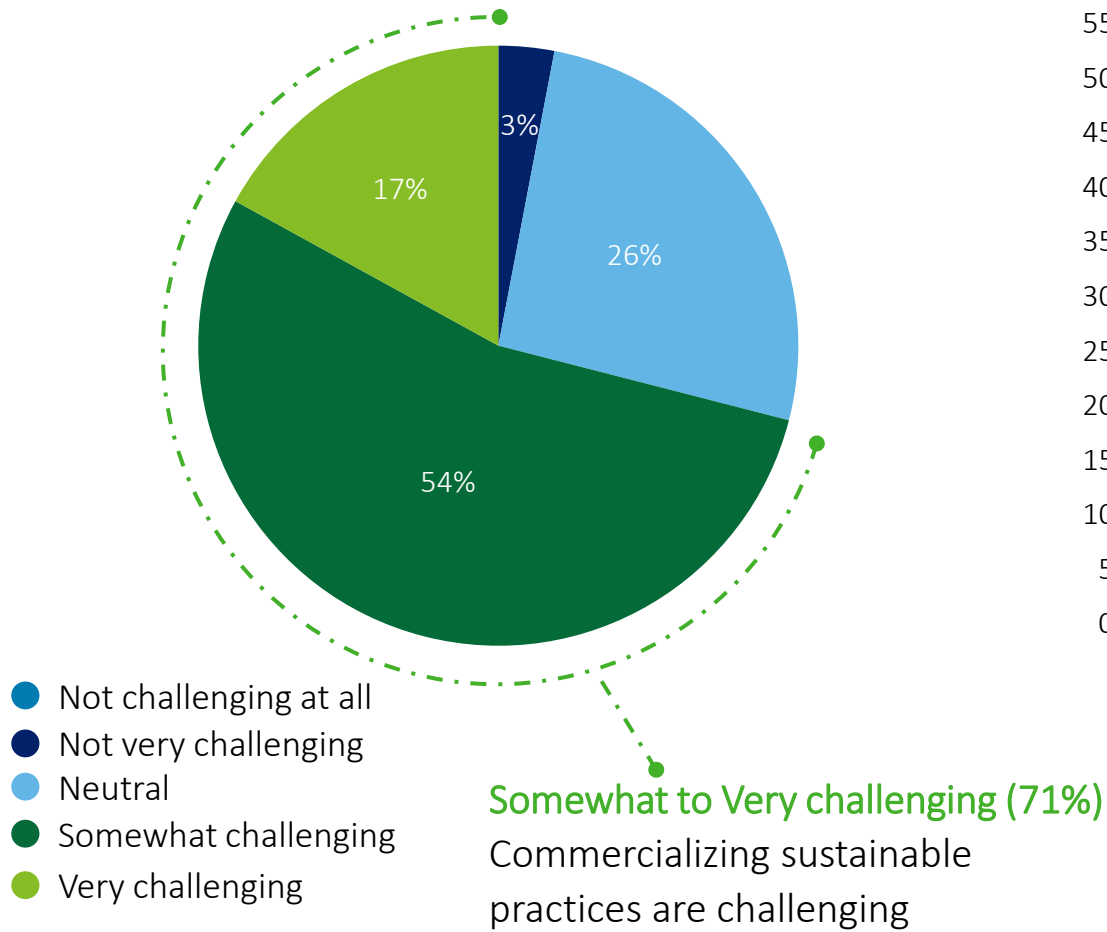
Survey respondents were asked what they see as **key benefits of supply chain sustainability**



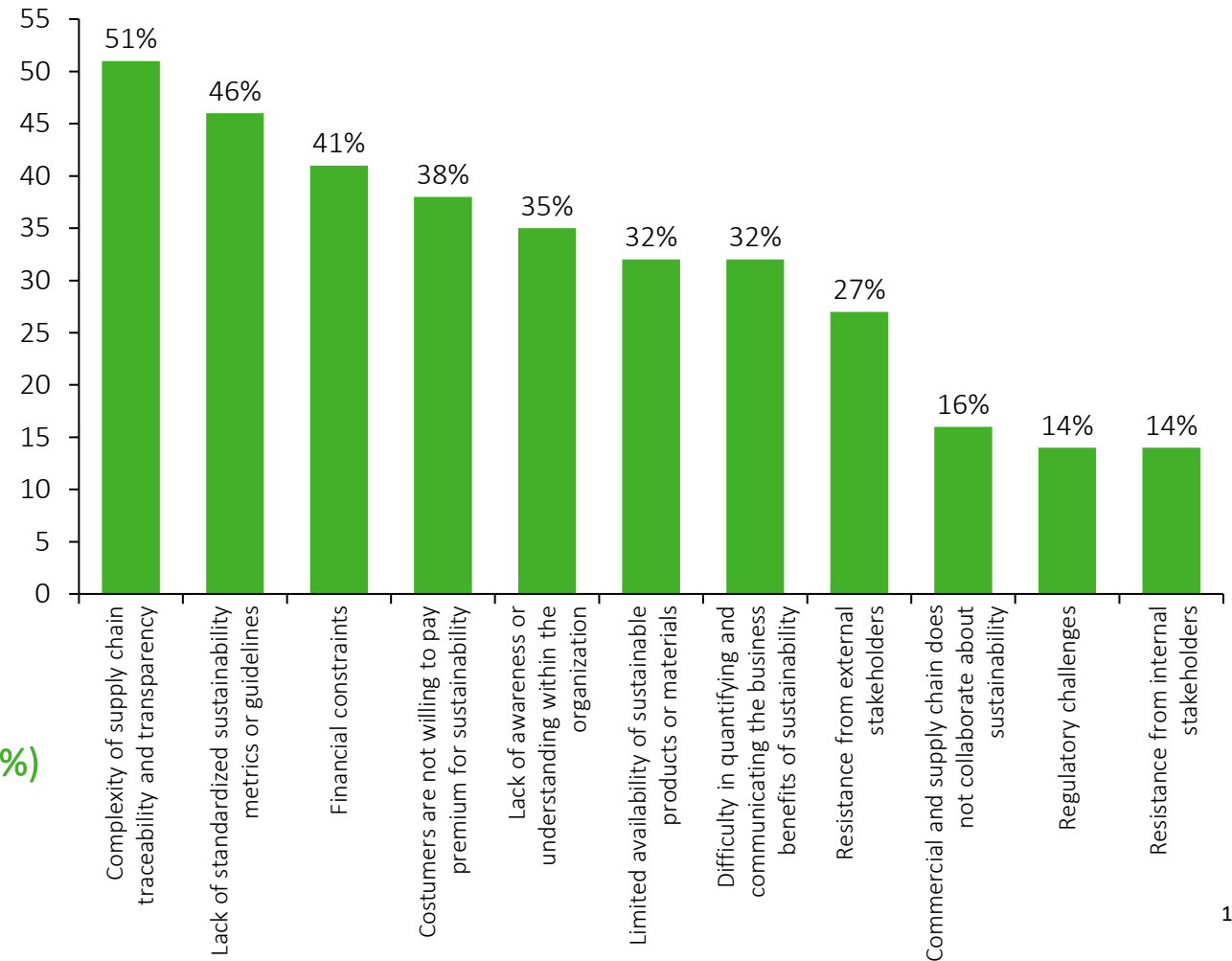
It can be challenging to balance sustainability with commercial interest...

...and the biggest obstacle is perceived the complexity of traceability and transparency

Survey respondents were asked **how challenging they find it to balance commercial interests with sustainable practices in their supply chain?**

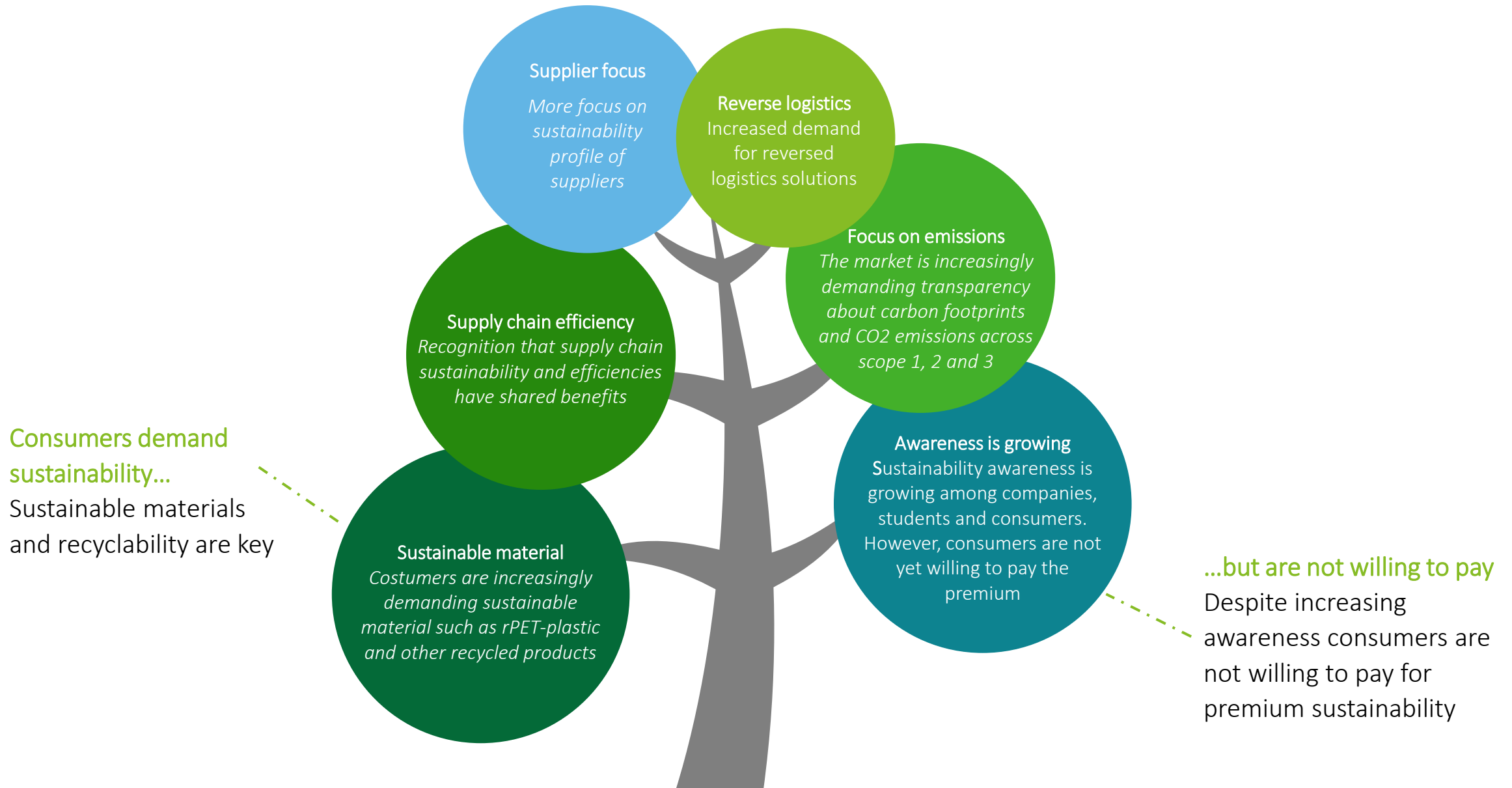


Survey respondents were asked which **possible barriers or obstacles** they see when **commercializing supply chain sustainability**



Survey respondents echoed the six sustainability trends in their comments...

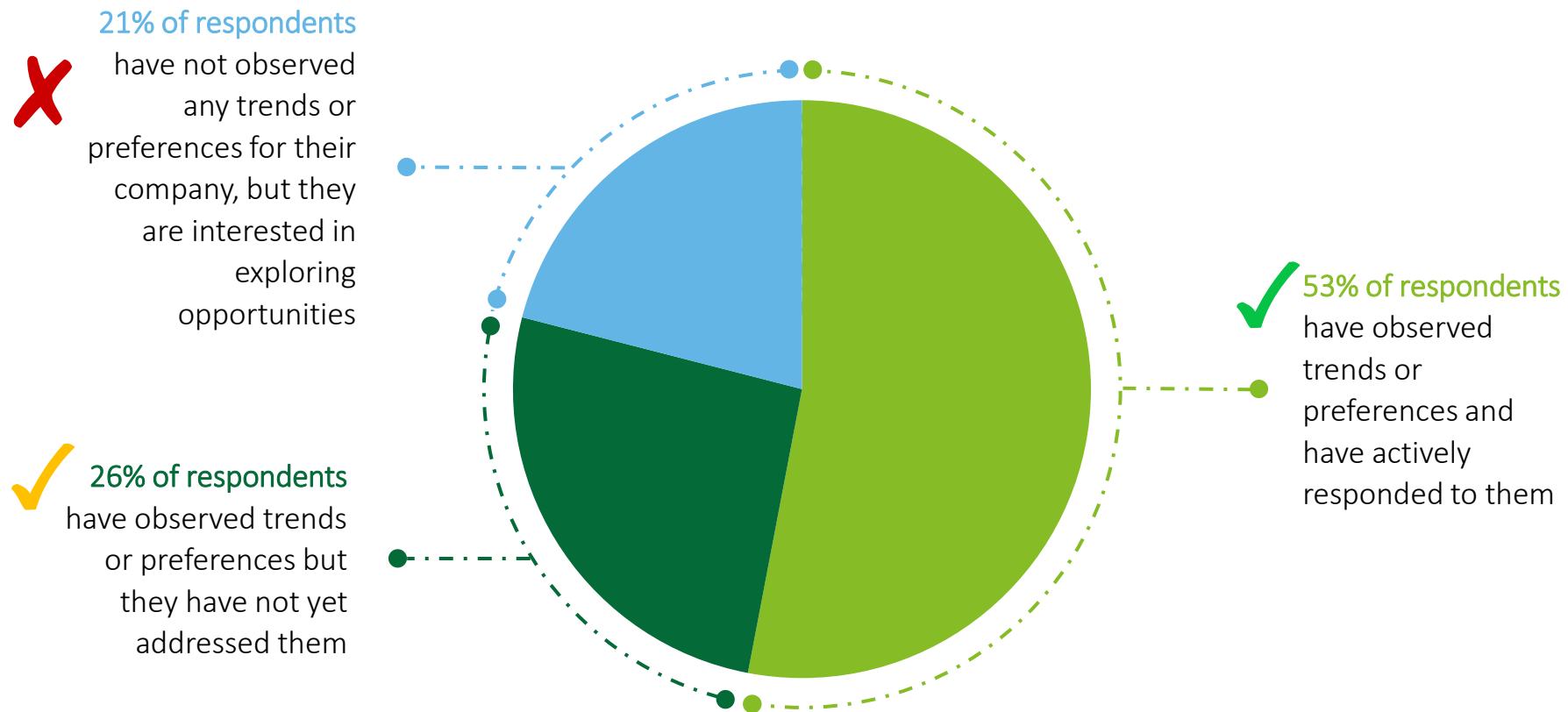
...however; several respondents express the concern that consumers are not yet willing to pay extra for sustainability



Most respondents observe a growing demand for sustainability...

...and majority of them are actually also acting!

Survey respondents were asked if they have observed any **specific customer preferences** or **market trends for their company** that indicate a growing demand for sustainable products, services, or environmentally responsible **supply chains**



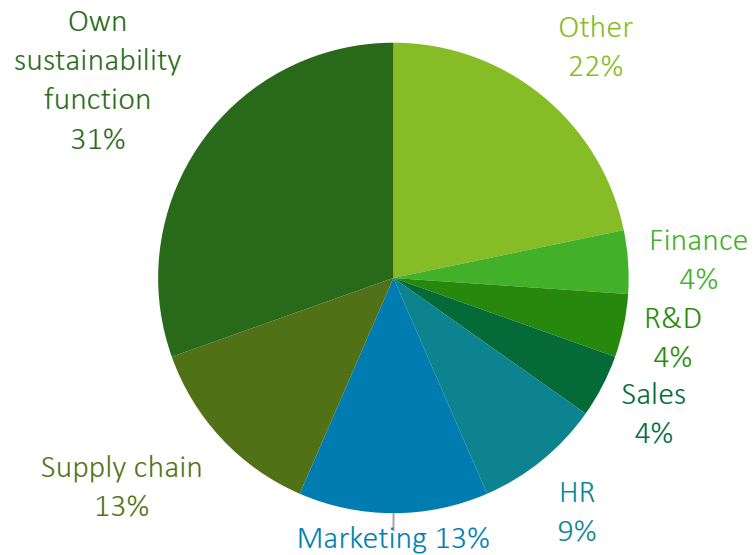
0% of respondents have not observed any trends or preferences, and do not believe it is necessary to address possible trends or preferences

Different practices amongst respondent on where the responsibility for sustainability is placed...

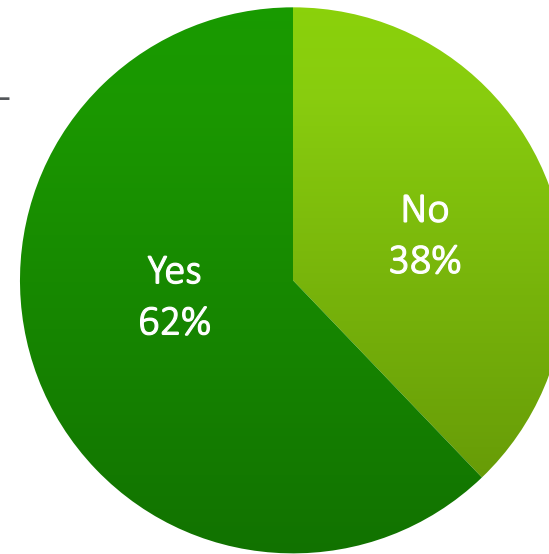
...however; 1 in 5 respondents have established a separate sustainability function

Survey respondents were asked if their company have **ONE person with the overall responsibility** for sustainability?

...in which function does that ONE person report?

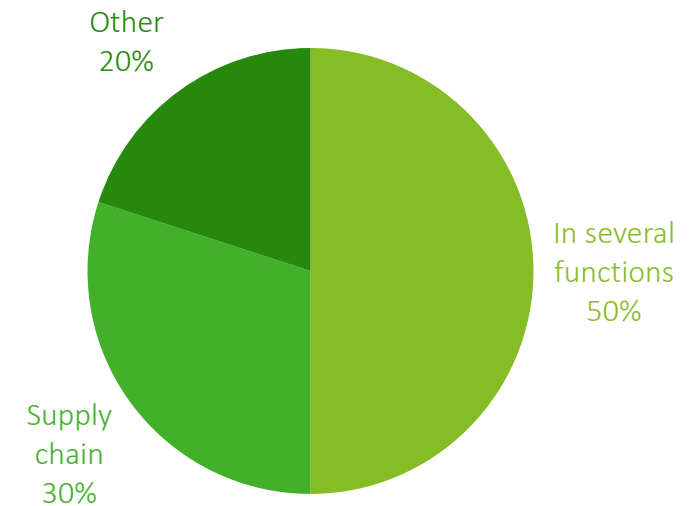


31% of the “yes” are organized in their **own sustainability function**



62% of respondents have **ONE person** overall responsible for sustainability

...in which functions does sustainability lay?



50% of the “no” have initiatives in **several functions**



Key takeaways

Page 2 - 3



The importance of supply chain sustainability

Page 4 - 8



Discovering the commercialization of supply chain sustainability

Page 9 - 16



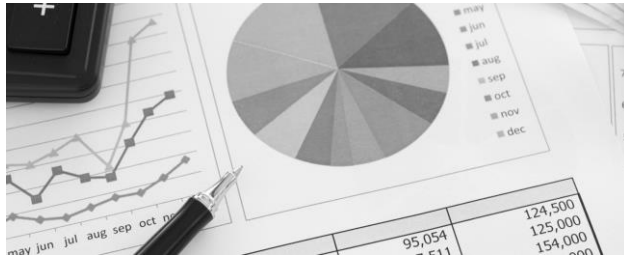
Commercializing supply chain sustainability in practice

Page 17 - 21

Three levers drive valuable commercialization of sustainability in the supply chain

Survey respondents were asked which actions can be taken to enhance the commercialization of sustainable supply chains

1. Measuring practices



Set up measurement practices to get a clear idea of the impact of your supply chain. Measure both scope 1, 2, and 3, and consider not only emissions but also other factors such as chemical usage, water consumption and social factors.

Then identify and calculate the benefits obtained by your sustainability initiatives. How much did your water consumption decrease? Will consumer use less energy? Is waste going down? Make sure to get the numbers right.

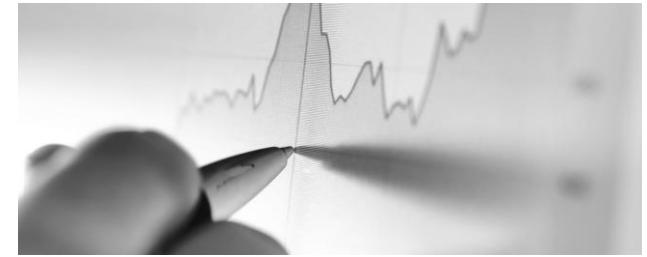
2. Communicate the benefits



Once a clear understanding of the situation is obtained, most relevant consumer / customer values must be clearly articulated and communicated. Focus on convenience, ESG impact and perceived value increase.

The objective here is to make the customer / customer understand the value creation from the sustainability perspective and incentivize them to pay a premium and / or change behavior, e.g. by starting to recycle, upgrade or even move into a new business models like for example 'Equipment as a Service'.

3. Manage cost



Increasing sustainability may lead to a higher cost. Although you may potentially succeed in creating an incentive for the consumer / customer to pay a premium, keeping price and cost as low as possible will inevitably help you stay competitive in the long run.

View the investment required in a bigger picture of securing future markets resulting in revenue growth, increased profit and new more sustainable products and services.

Typically, the compliance and increased sustainability in supply chain also helps you to lower own cost.

Survey respondents' four tips on getting started

The survey participants were asked to give advice on how to get started with the commercialization of your sustainable supply chain. These have been grouped into four main enablers





This report is the work of Supply Chain & Network Operations, Deloitte Consulting, Deloitte Denmark.
The results are based on a survey distributed to participants of Deloitte's supply chain panel in June 2023.

Any questions about the survey can be directed to:



Camilla Thuge Lund

Partner

DK DC SCNO

cathlund@deloitte.dk

+45 21 15 56 29

[LinkedIn](#)



Henrik Knak

Director

DK DC SCNO

hknak@deloitte.dk

+45 53 54 60 55

[LinkedIn](#)

The authors of this report are:



Christine Hoelgaard-Nielsen

Senior Consultant

DK DC OT

choelgaard@deloitte.dk

+45 30 93 60 91

[LinkedIn](#)



Emma Visgaard Duch

Business Analyst

DK DC OT

educh@deloitte.dk

+45 30 93 44 61

[LinkedIn](#)



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 415,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.