

## ESG opportunities for supply chain and finance leaders

*Unlock new value with a multistakeholder approach*

As regulatory frameworks evolve, and environmental, social, and governance (ESG) changes challenge long-term economic growth, business leaders have moved away from an exclusively shareholder-centric view. This extends to supply chain and finance leaders, who are presented with new ESG challenges and opportunities. Together, they can embrace a multistakeholder approach to value creation.

According to the [Deloitte 2023 Global Chief Procurement Officer \(CPO\) Survey](#), while 62% of CPOs are targeting climate mitigation, 72% are focused on waste reduction and material circularity that can help reduce costs and respond to market demand. This creates a natural intersection with Finance that can lead to added value and enhanced focus on the future.

Finance leaders serve a critical role in this work and should consider partnering with their supply chain teams on ESG practices. Chief financial officers (CFOs) can make great strides by initiating a few key steps:

1. Commit to partnering across the organization

A multistakeholder view starts with recognizing interdependencies across multiple sectors and all departments. Collaboration between supply chain and Finance can create a better understanding of the impact on stakeholders outside of the traditional value model. Finance can also partner with the organization's sustainability leaders to understand external reporting and disclosure requirements—and work with supply chain to execute and monitor regulatory pressures.

2. Develop performance measures and scorecards

A new approach will likely require new metrics for success. Finance can contribute to adding new value metrics for defining outcomes important to nonshareholder stakeholders. Look for key resources and inputs to track availability of things such as talent, societal, and natural resources. Identify the key risk indicators for identifying potential issues. Find cost efficiencies that create a competitive advantage or reduce costs from better sourcing or energy management.

3. Rethink value creation

Customers may be willing to pay a premium for sustainably developed goods and services. Companies can push the same responsibility to suppliers, possibly creating more resilient supply chains that reduce waste and costs. ESG policies might also help mitigate risk created by climate impacts. By addressing the interests of a broad set of constituencies, new opportunities may arise.

Finance and supply chain teams together can help an organization shift to an expanded stakeholder view, address upcoming challenges, and unlock new value from ESG efforts.

To learn more about how a multistakeholder view can lead to sustainable long-term benefits, check out [A New Value System](#).