BRANDS

SUSTAINABILITY SPOTLIGHT

Why are brands interested in the sustainability of their supply chain?

Larger businesses are held accountable more than smaller concerns, with legal requirements and self-regulatory obligations (often with sanctions if they don't comply) as well as demands from shareholders and other investors, varying by region, as the Carrot & Sticks 2020 report shows.

Investors use ESG criteria to choose where to put their money: the environmental, social and governance framework and performance of a business. If the businesses provide products or services direct to consumers, they may also be held accountable by their customers or by environmental organisations.

Energy use and carbon emissions are the main topics that larger companies are legally required to report on, whether publicly or simply to their regulatory authorities, but this is gradually broadening, with requirements for climate-related financial disclosure (risks and opportunities from climate change) aligned with Task-Force on Climate-Related Disclosures (TCFD) and a range of environmental issues, pulled together under the heading of 'Non-Financial Reporting', plus human rights and modern slavery.

Many businesses have signed up to global voluntary initiatives for carbon disclosure, including that of their supply chains, for voluntary TCFD reporting, undertake sustainability reporting and programmes for net zero or science-based targets for greenhouse gas emissions, with measuring and reporting requirements to show progress or to protect human rights through the Ethical Trading Initiative.

There are new global treaties in the pipeline, for which businesses will need to understand what's in their supply chain, on plastics for 2024 and forests, with various pledges affecting not just timber, but other forest products, as initiated by the UN.

There are also sectoral initiatives, such as the Sustainable Hospitality Alliance and the Sustainable Apparel Coalition who have developed the Higg Index to measure sustainability for the entire life cycle of apparel and footwear.

Most such programmes and initiatives are aligned with United National Sustainable Development Goals and understanding these will take you a long way towards the policy and legislative drivers for large businesses.

In short, there are a lot of reasons why understanding and working with supply chains is a business necessity. For most businesses, and especially retailers, what they buy and what they sell is where most of their impacts are, including greenhouse gas emissions. For this reason, reporting on Scope 3 emissions (see Carbon Footprinting display) has risen up the reporting agenda.

Even if not working directly for a brand, many printers are working for one of their suppliers and so will ultimately be expected to conform to their requirements as they work down through the tiers of their supply chain. Suppliers with the largest potential impacts are usually the first to be brought into their supply chain management process.