

CDP 2013 Supply Chain Report has released

In 2012, the Carbon Disclosure Project (CDP) conducted its fifth annual information request for member companies and their suppliers. Companies that responded indicated that they are more aware than ever of the considerable risks that climate change poses to their global supply chains. Growing percentages of respondents are making investments to reduce emissions and drive cost savings, though a notable capability gap exists between the best-performing CDP Supply Chain members and their suppliers.

For this study, the CDP information request was sent to more than 6000 suppliers on behalf of 52 of the 54 Supply Chain members. Responses were received from 2415 organizations, including 52 members. The findings are significant in that the members represent combined spending power of almost US\$1 trillion.

Key findings of this year's report are:

1. Supply chain risks from climate change are greater than ever

The business continuity risk to the global corporate supply chain posed by climate change is clear. 70% of the respondents this year identify a current or future risk related to climate change—risks with a potential to significantly affect business or revenue. More than half of the supply chain risks identified due to drought.

2. A persistent performance gap exists between CDP Supply Chain members and their suppliers

Only 38% of suppliers, compared with 92% of CDP Supply Chain members, report having a target for emissions reduction.

The 29 percent of suppliers that have reduced their emissions have saved some \$13.7bn as a result.

3. Leading companies are investing and making a difference

Compared with 2011 figures, we see an increase in the proportion of suppliers realizing benefits in areas of both monetary savings and emissions reductions. For example, the proportion of suppliers reporting emissions reductions has increased from 19% in 2011 to 29% in 2012.

Risk identification is one of the key factors that is spurring investments in emission reductions activities. Regulations do not appear to be the primary driver here, but rather concerns about business continuity based on a growing awareness of physical risks and customer demands.

4. Supply chain sustainability is creating additional business value

This year's respondents are realizing business value through multiple areas such as operational efficiency, emissions reductions, product and service innovation and premium pricing for low-carbon products. Better integration of climate change strategy with overall business strategy is another success factor: among the respondents that integrate climate change strategy with business strategy.

5. To achieve a leadership position in supply chain sustainability, companies should have strong capabilities in data, process and governance

Making investments in sustainable supply chains is important, but it must also be accompanied by efforts to improve capabilities in several areas: the ability to manage data and measure progress; to embed sustainability in day-to-day processes; and to manage multiple parts of the organization more effectively. As CDP respondents look to the future, they should be aware of the importance both of protecting against risk and of driving value for their businesses.