

ISCA-LawSoc's Sustainability Apex Programme (SAP)

# Masterclass 11: Sustainable Supply Chain Management

November 2026

# Agenda for today's masterclass...



**01**

## **Introduction to Sustainable Supply Chain Management**

Explore how sustainable value chains supports business performance, and why they are essential for managing ESG.

### **1.1 The Importance of Sustainable Supply Chain Management**



**02**

## **Sustainable Supply Chain Trends across the Globe**

Examine key sustainable supply chain trends and analyse how companies use sustainable value chains to grow their business and remain socially sustainable.

### **2.1 Sustainable Supply Chain Management Trends**



**03**

## **Considerations in Implementing a Sustainable Supply Chain**

Discover key considerations for leadership teams and understand how to navigate these complexities.

### **3.1 Key Considerations in Sustainable Supply Chain Management**



**04**

## **Challenges in Embedding Sustainability into Procurement Strategies**

Understand key challenges faced by organisations and recommended mitigation strategies, to effectively deliver scope 3 decarbonisation

### **4.1 Challenges in Sustainable Supply Chain Management**

# Traditional supplier management cannot address modern risks

Trade routes and global supply chains are being disrupted by tariff volatility and warzones. **Labour rights abuses, unsafe conditions, and environmental violations often lurk deep in the supply chain.** By the time they surface, it's too late.

## Today's world requires:



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**Foresight, not hindsight** — ability to predict before disaster strikes.



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**Continuous monitoring of supplier behavior** — consolidating certifications, audits, and risk scores — and use of AI to flag potential issues early.



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**Ability to diversify** — and change suppliers quicker than ever to prevent disruption.



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**Integrating ESG metrics** — into purchasing, contracts and supplier evaluations — every decision reflecting company values.



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**Complying** — with regulations that cover the full value chain.



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**Two-way communication with suppliers** — to build capability, not just compliance.

# Due diligence cannot wait

**Sustainable supply chains are no longer just a regulatory concern; they are a strategic imperative.** From resilience and transparency to competitiveness and purpose, companies are increasingly embedding due diligence into supply chain management to protect and create value. While the **EU's Corporate Sustainability Due Diligence Directive (CSDDD)** remains a key regulatory milestone, it is just one part of a wider shift driven by investor expectations, ESG requirements, and evolving stakeholder demands.

**Responsible supply chains are non-negotiable and have a competitive edge**

Unmanaged risks will not resolve themselves. Proactively addressing human rights and environmental risks is not only a moral imperative, it is a smart business move. In a world where unethical practices are quickly exposed, companies that fail to act risk damaging their brand, losing customer trust, and eroding shareholder confidence.

Critics often argue that human rights investments hurt profitability. But a five-year study of 235 global firms tells a different story: no evidence of financial harm, and in many cases, signs of long-term advantage. Contrary to the 'cost hypothesis', markets do not punish these efforts: Valuations remain stable or even improve. **The takeaway? Human rights investments are not a burden, they are a business strategy.**

**Implementing supply chain oversight takes time**

Achieving real transparency is a complex, long-term process. It requires deep analysis of human rights and environmental risks, meaningful stakeholder engagement, and in some cases, a rethinking of operations or supplier relationships.

The journey starts with a comprehensive risk assessment and a clear understanding of your company's capacity to respond. From there, businesses can refine their due diligence through a 'test-and-try' approach that drives reliable progress over time.

**Corporate due diligence already exists in some shape or form**

The good news is that many companies already have a foundation in place that can support enhanced due diligence – be it through existing systems, past assessments or supplier engagement processes. Embedding more comprehensive value chain considerations into these existing systems and capabilities is often a matter of integration, not reinvention. Approaching it this way reduces costs, strengthens compliance, and drives long-term value.

# The link between sustainable operations and performance improvement

A further organizational impact that supply chain leaders can make is to align more sustainable supply chain operations with business performance. For example, **minimizing resource consumption, improving energy efficiency, reducing emissions, promoting the recycling of materials, and fostering responsible employee engagement** could positively impact both outcomes.

Strengthening the link between sustainable operations and business performance can be helped by incentivizing leadership to act. ESG-performance metrics can be aligned to executive remuneration, and this concept can be cascaded across the organization.



We observe organizations setting strategic imperatives to have a positive impact on the ESG agenda and in turn, business performance. Much of the data captured for Scope 3 reporting can be used to enhance supply chain decision-making and improve the resilience of the supply chain. It is now possible to use data to drive compliance and unlock business value.

**Peter Liddell**

Partner, Global Sustainable Supply Chain Solution Lead  
KPMG in Singapore

# Sustainable supply chain considerations for leadership teams

Global focus is increasingly turning to supply chains as a recognized source of high energy use, waste accumulation, biodiversity loss, greenhouse gas emissions, and human rights abuses.

The world will not achieve **Net Zero 2050 targets** or the UN's Sustainable Development Goals without transforming the management of supply chains to help create a just and positive society for everyone. As companies feel increasing pressure from stakeholders, business leaders have started taking a critical look at their supply chains through an ESG lens.

## Key Considerations

- 1 How are you **evaluating and integrating ESG criteria** into your supplier selection process to ensure alignment with your own sustainability goals, policies and risk mitigation efforts?
- 2 Are your suppliers currently **reporting on or disclosing** their sustainability practices?
- 3 Are you considering **traceability within your value chain** to track and demonstrate sustainable material and product sourcing?
- 4 How are you **enhancing resilience** within your supply chain to navigate climate-related events and resource scarcity? Have you begun discussing **circularity practices** with your suppliers?
- 5 How are you **ensuring compliance** with existing and emerging legislation and mandatory reporting requirements for environmental and social issues?
- 6 Do you have the right **technology** in place to effectively **measure, track and report** on your supply chain performance? Is the data ready for **third party assurance**?

# Challenges in embedding sustainability into procurement strategies to deliver scope 3 decarbonisation

| Typical Challenges   | Mitigations and Lessons Learned   |
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| <b>We have thousands of suppliers, where do we start?</b>                                | <ul style="list-style-type: none"><li>• Baseline and report scope 3 emissions and set science based targets (SBT). Ask strategic suppliers to set SBTs</li><li>• Carry out a segmentation of suppliers based on key criteria, such as spend, emissions intensity, criticality to business etc., in order to identify and prioritise strategic partners</li></ul>                                |
| <b>Supplier engagement – Mixed response from suppliers on sustainability and scope 3</b> | <ul style="list-style-type: none"><li>• Establish and implement a supplier engagement programme (e.g. KPMG launched our Supplier Engagement Programme at the end of 2019, and have since reduced our supply chain emission by 46%)</li><li>• The key is to Partner with strategic suppliers and avoid adversarial approaches. You need to bring the suppliers on the journey with you</li></ul> |
| <b>Lack of knowledge amongst buyers and suppliers on sustainability and scope 3</b>      | <ul style="list-style-type: none"><li>• Educate and support employees &amp; suppliers in understanding GHG emissions and GHG reduction approaches</li><li>• Align rewards for people internally and new business for suppliers to encourage adoption</li></ul>  |
| <b>How can we measure progress?</b>  | <ul style="list-style-type: none"><li>• Define sustainability KPIs that are material to your business and begin to measure them</li><li>• Explain the KPI's to suppliers and how they will be used. Embed them into supplier management processes</li></ul>   |
| <b>Individuals may be resistant to change, hindering progress</b>                        | <ul style="list-style-type: none"><li>• A stakeholder mapping exercise should be undertaken to identify potential supporters, or otherwise</li><li>• It is vital that a change management strategy is build into the Sustainable Procurement Strategy</li></ul>   |