



# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) TRENDS IN SUPPLY CHAIN **MANAGEMENT**

Survey Report

February 2024

# CONTENTS

1

About This Report

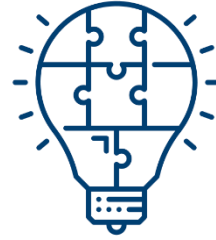
2

Environmental, Social, and Governance (ESG)  
Trends in Supply Chain Management

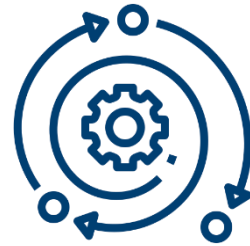
3

Participant Demographics

# ABOUT THIS REPORT



From December 2023 to January 2024, the Digital Supply Chain Institute (DSCI) and APQC jointly conducted a survey to gather insights from supply chain leaders on the role of Environmental, Social, and Governance (ESG) factors in managing their supply chains and relationships with suppliers.



The purpose of this research is to understand the current state of ESG in supply chain management (SCM) and identify the emerging trends that will shape the future of the industry.



This report provides an overall snapshot of the current state of ESG in supply chains, such as its use and prioritization, integration into corporate strategy, stakeholder influence, assessment of ESG goals, as well as challenges and opportunities.



**166**

Valid Participants

# KEY TAKEAWAYS

- » Anything DSCI would like to add here?
- » ESG is recognized as important in supply chain management
- » However, there is a gap between ESG's stated importance and its integration into strategy and operations
- » Regulations and customer demands are the primary drivers today
- » Hurdles of integrating ESG include cost, lack of reliable data and lack of employee knowledge and skills
- » Benefits from improved ESG are enhanced brand reputation, competitive advantage in the market and compliance with regulations

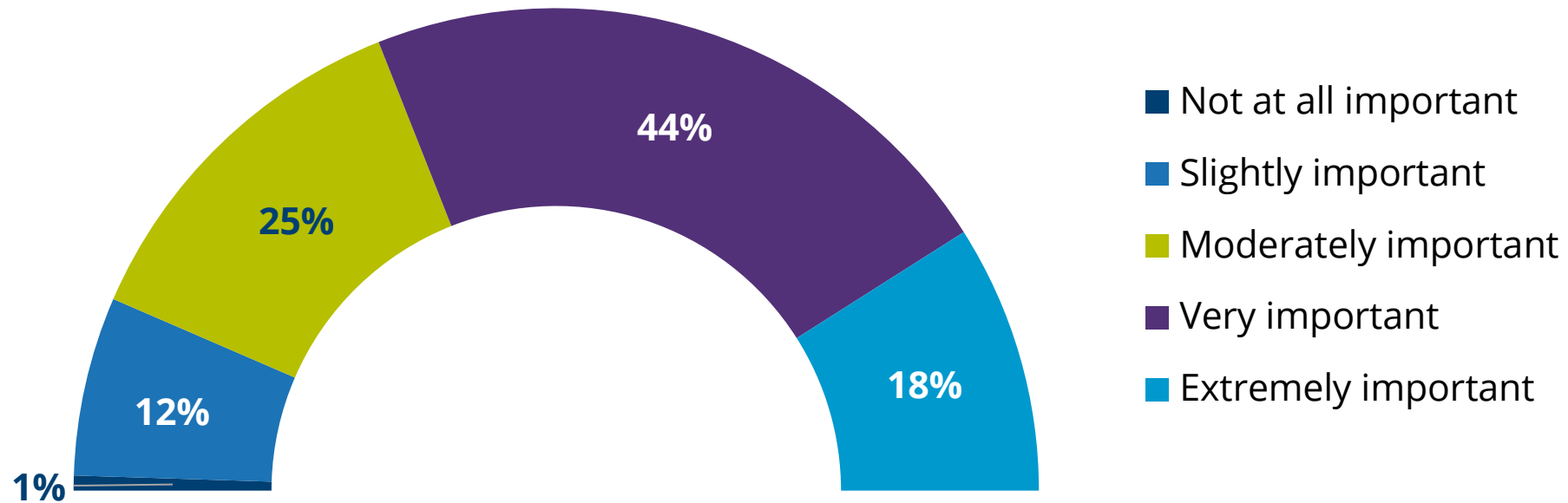


# **ESG TRENDS IN SUPPLY CHAIN**

# IMPORTANCE OF ESG IN SUPPLY CHAINS

A significant majority, 62 percent, of respondents consider ESG factors to be extremely or very important in their organization's supply chain management practices.

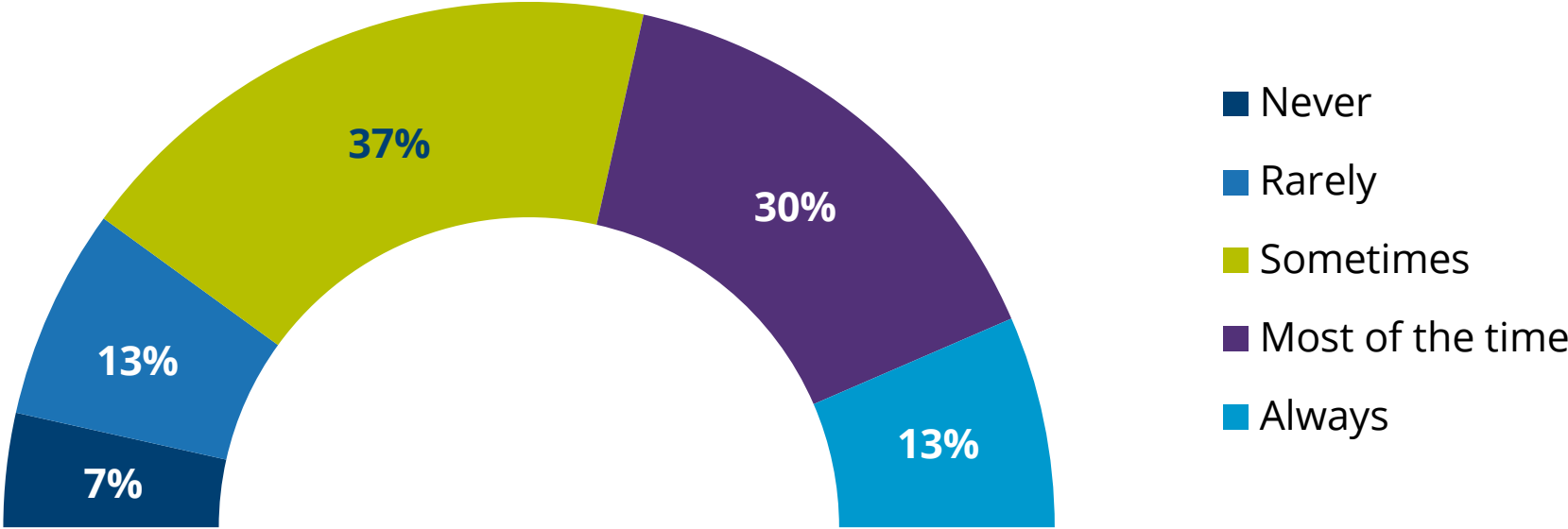
How important is ESG in the measurement of your organization's supply chain management practices?



# USE OF ESG IN SUPPLIER SELECTION

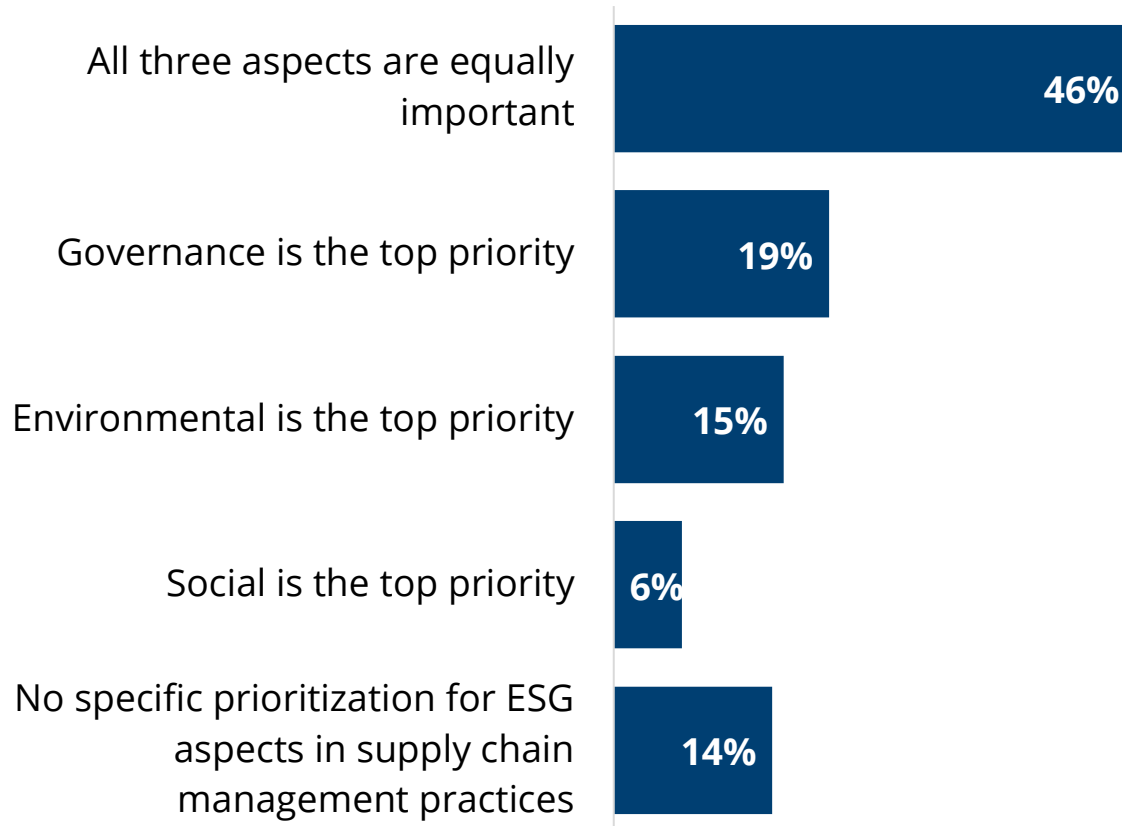
Although 62 percent of respondents acknowledge the importance of ESG in supply chain management, only 43 percent actually apply ESG performance as a criterion for selecting suppliers. This gap indicates an opportunity for businesses to align their practices with their stated values.

How often does your organization use ESG performance as a criteria for selecting suppliers?



# PRIORITIZATION WITHIN ESG

**How does your organization prioritize among the three aspects of ESG (environmental, social, and governance) in your supply chain management practices?**



Interestingly, 14 percent of organizations lack a clear ESG prioritization in supply chain management, and for almost half (46 percent) there's no clear winner on key ESG aspects to focus on. This suggests a need for a more defined ESG strategy and framework within the industry to guide effective integration and action.



# INTEGRATION OF ESG INTO CORPORATE STRATEGY

Which of the following best describes how ESG is integrated into your corporate strategy?

Our ESG strategy is fully integrated into our business, and we have identified specific areas in the E, S, and G pillars where we can excel in gaining a competitive advantage

19%

We have an ESG strategy that is fully aligned with our business strategies

26%

Our business strategy incorporates some elements of ESG

35%

We have a business strategy and are in the process of developing an ESG strategy

11%

Our business strategy does not incorporate a specific ESG strategy

9%



Increasing Integration

Despite 62 percent of respondents recognizing ESG as important, only 19 percent have fully integrated an ESG strategy within their business.

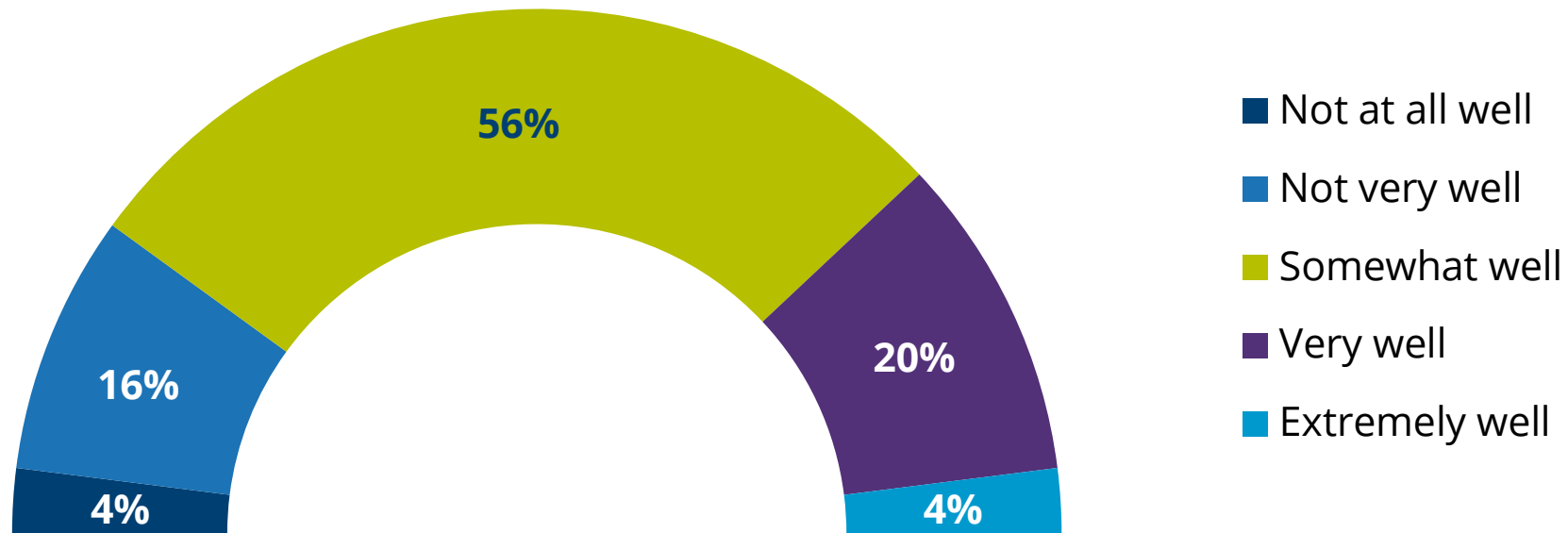
A clear execution gap: ESG is recognized in strategy discussions, but the reality of its integration lags.



# EMPLOYEE KNOWLEDGE OF EXECUTING ESG STRATEGY

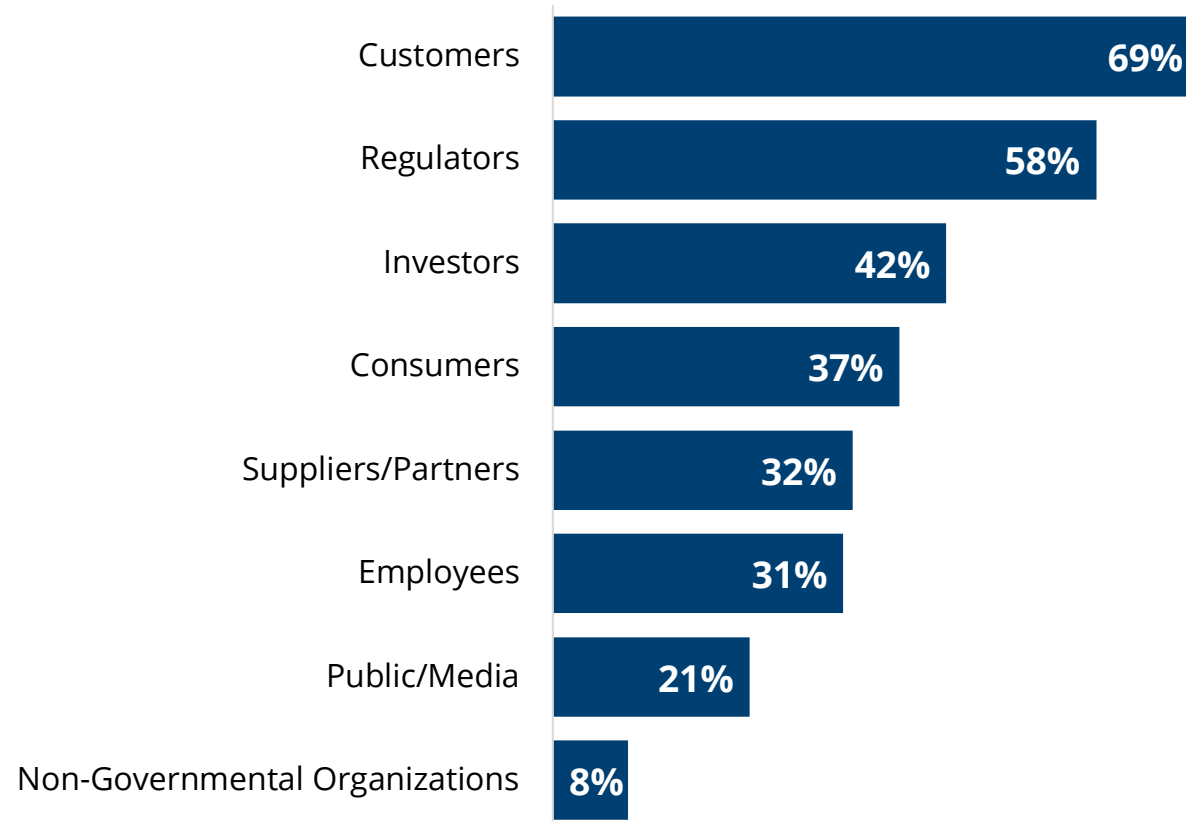
A majority (76 percent) of respondents acknowledge a significant gap in their employees' knowledge or understanding needed to execute ESG strategies effectively.

**How well do you feel that your organization's supply chain/operations employees understand how to execute against your overall ESG strategy?**



# STAKEHOLDER INFLUENCE ON ESG STRATEGY

How much influence do the following stakeholders have on your ESG strategy?  
*(Ranked Among Top 3)*



Customer demands and regulatory mandates are the primary influencers of ESG strategies, underscoring the critical link between market demands, risk management, and compliance.

# FACTORS ASSESSED TO SELECT IMPACTFUL AND ACHIEVABLE ESG GOALS

Which of the following do you assess to help select impactful and achievable ESG goals?

Strategy alignment and regulatory mandates are the two most impactful factors that help in selecting ESG goals.

Additionally, a number of other factors are also helpful to more than 60 percent of respondents.

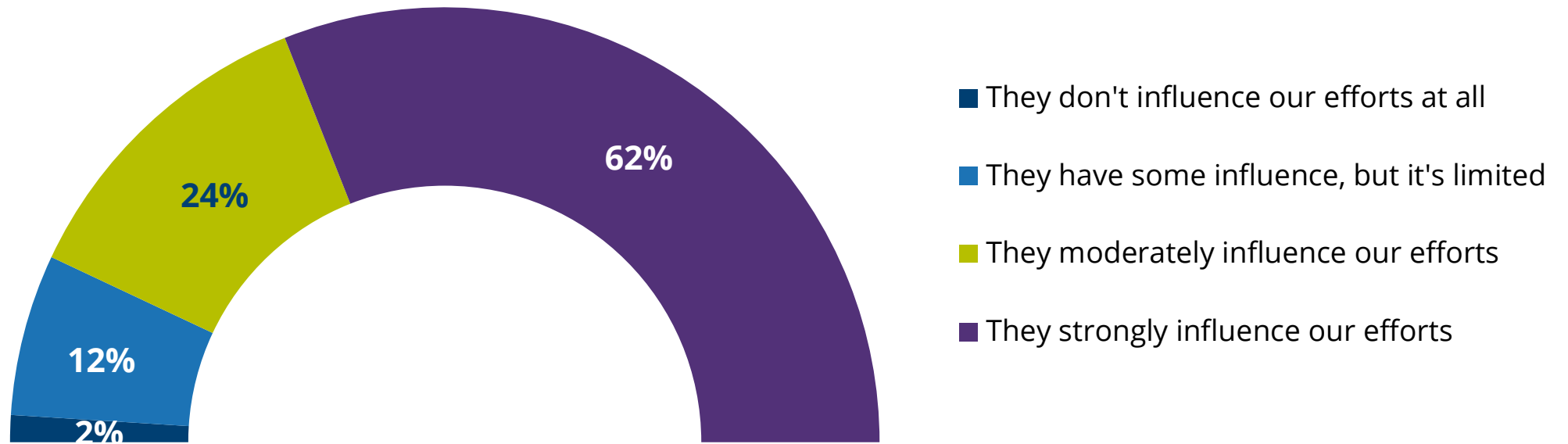


*The values above do not add up to 100 percent because it was a "select all that apply" question.*

# INFLUENCE OF REGULATORY REQUIREMENTS ON ESG

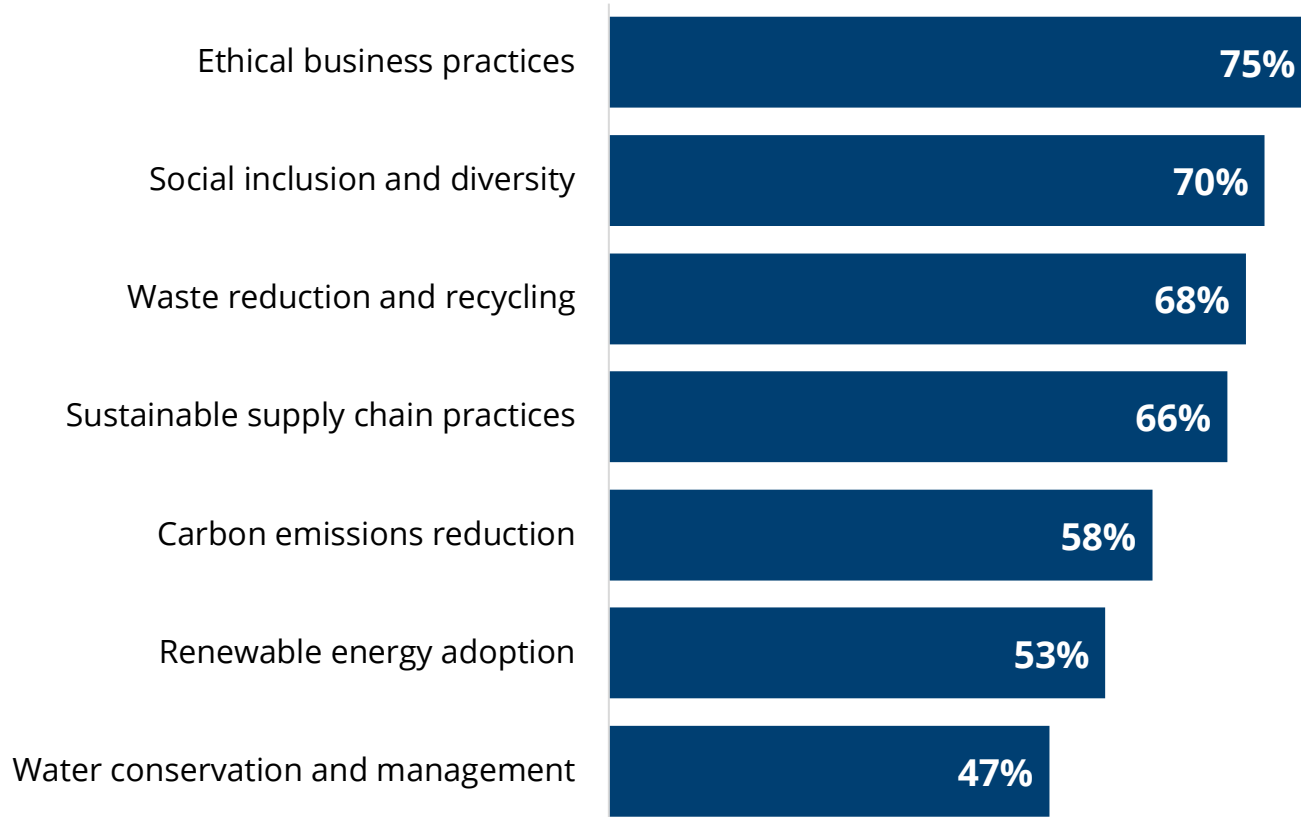
Regulations are a major driver for ESG strategies, with 62 percent of organizations adapting their approach to meet rising regulatory demands.

How do regulatory and legal requirements influence your organization's ESG efforts?



# ESTABLISHMENT OF ESG GOALS BY TOPIC

Has your organization established ESG (Environmental, Social, and Governance) goals on any of the following specific topics?



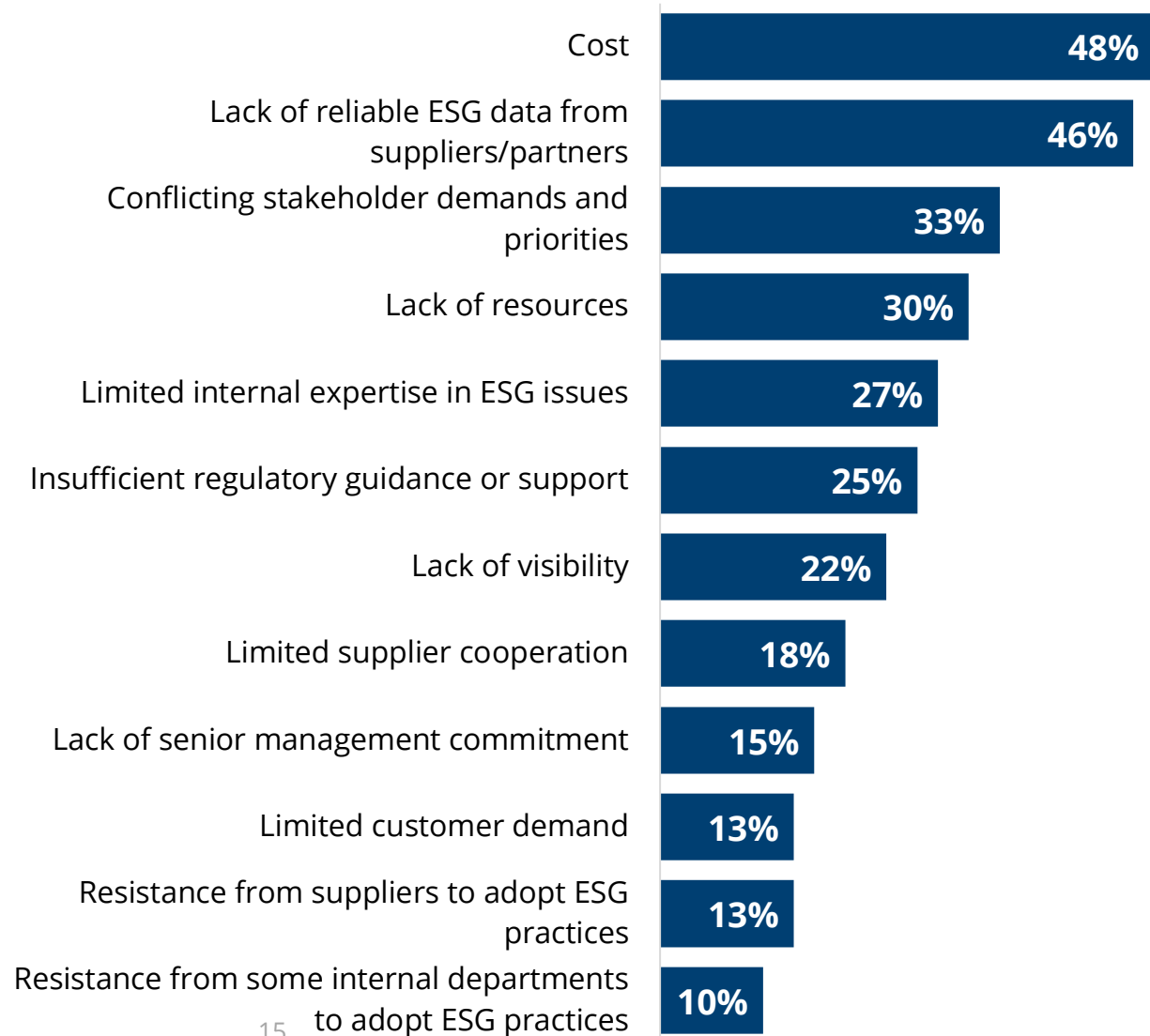
Social- and Governance-focused goals—specifically ethical business practices and social inclusion and diversity—are established in more organizations compared to Environmental goals.

*The values above do not add up to 100 percent because it was a “select all that apply” question.*

# CHALLENGES IN IMPLEMENTING ESG

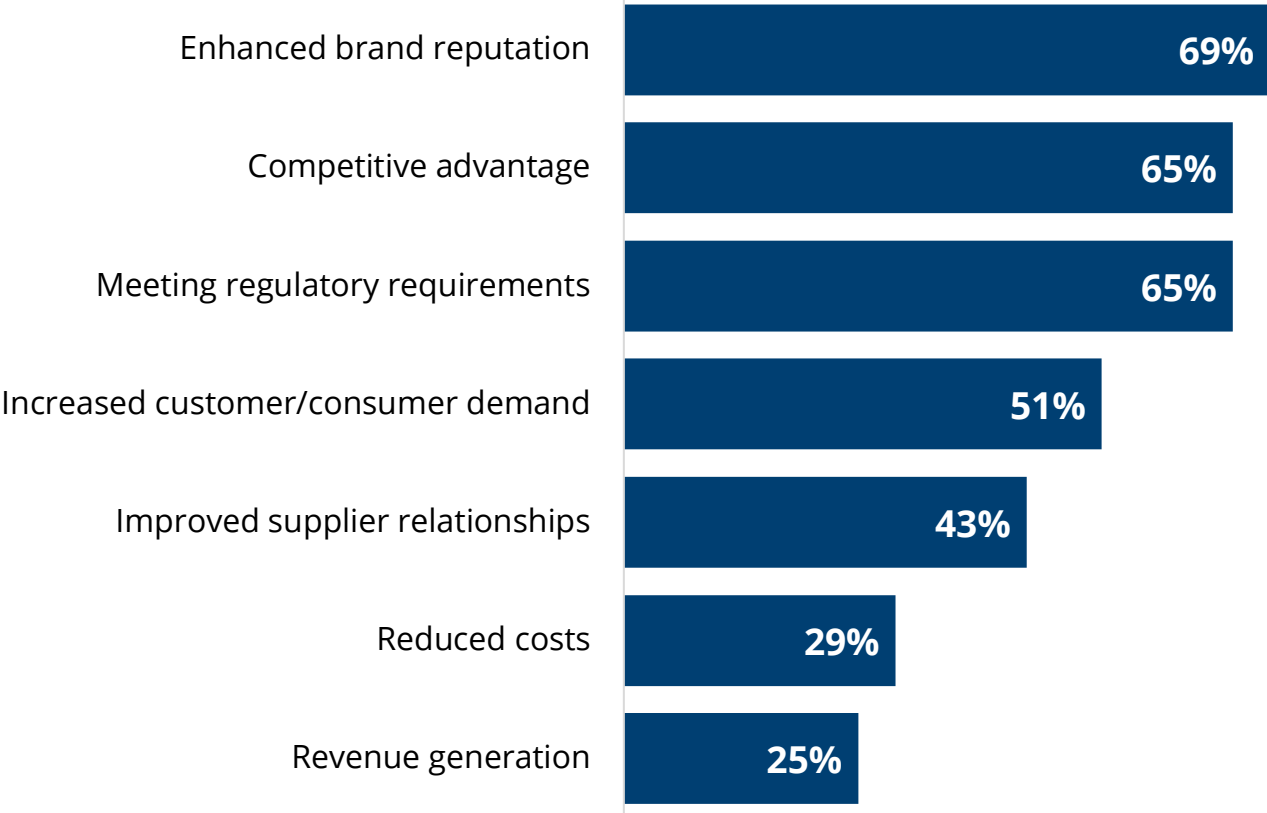
What are the top three challenges your organization faces in implementing ESG in your supply chain?  
(Selected Among Top 3)

Beyond cost as a barrier, the leading challenge for 46 percent of respondents underscores a critical bottleneck in ESG implementation: the lack of reliable data from suppliers and other supply chain partners.



# OPPORTUNITIES FOR IMPLEMENTING ESG PERFORMANCE CRITERIA

What opportunities does your organization see in implementing and integrating ESG performance criteria into your supply chain management?



While the cost of ESG implementation is a noted challenge for 48 percent of organizations, only 25 percent recognize its revenue-generating potential.

This suggests a narrative shift is needed, framing ESG not as a financial burden but as an untapped source of value creation and market differentiation.

The values above do not add up to 100 percent because it was a "select all that apply" question.

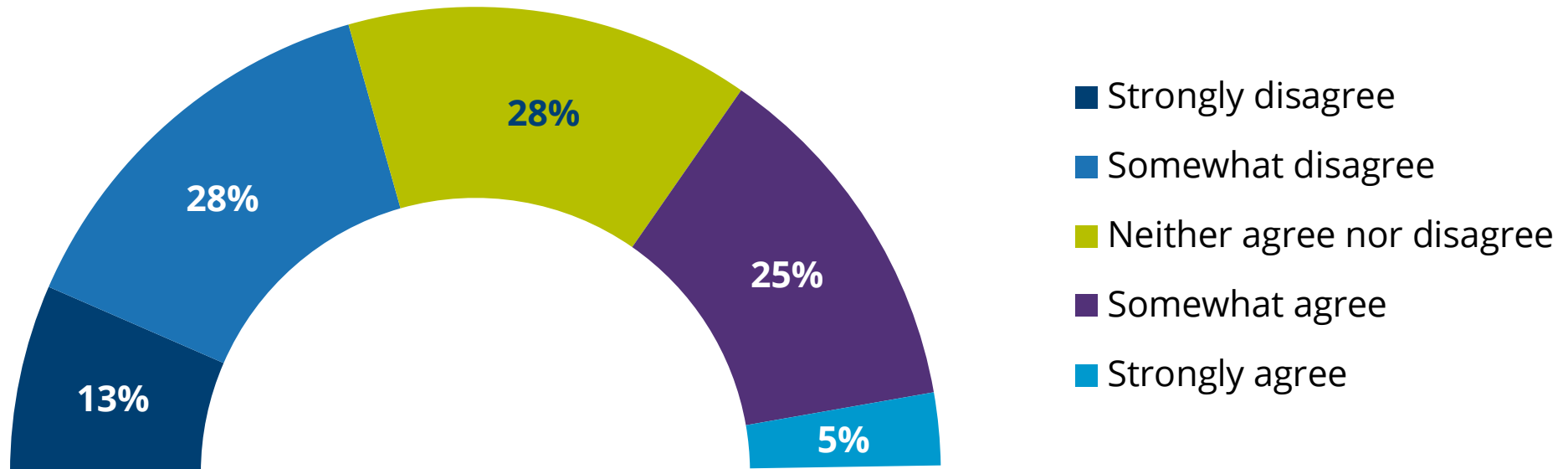


# AVAILABILITY OF RELIABLE ESG DATA

Only 30 percent of companies feel confident about the availability of reliable ESG data. And 41 percent of organizations disagree to some extent about the availability of accurate and reliable ESG data from supply chain partners.

Please indicate the extent of your agreement with the following statement:

**“We get reliable and accurate data from the companies in our supply chain that allow us to measure our progress against our stated ESG goals.”**

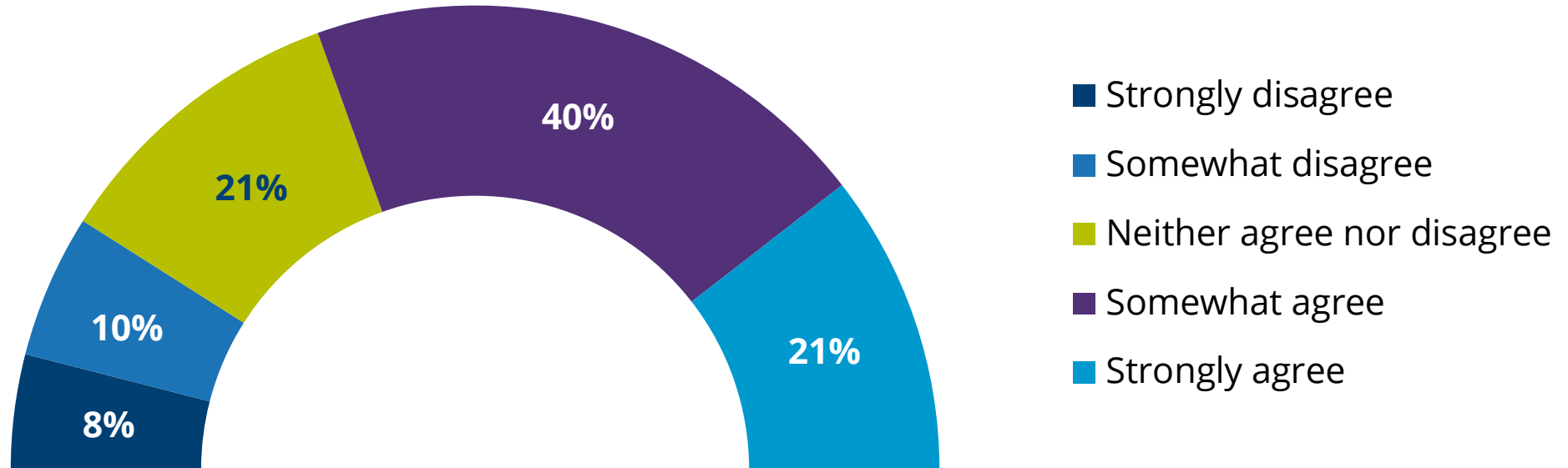


# EMERGING TECHNOLOGIES CAN HELP ACHIEVE ESG GOALS

Meeting ESG goals with the support of emerging technologies can lead to increased transparency and improved traceability—leading to better accountability. And 21 percent of respondents strongly agree that emerging technologies are central to supply chains achieving their goals.

Please indicate the extent of your agreement with the following statement:

**“Emerging technologies (such as Blockchain, etc.) will transform how the supply chain function participates in achieving our ESG goals through better transparency and traceability.”**





# **PARTICIPANT DEMOGRAPHICS**

# DEMOGRAPHICS

Region	
United States and Canada	30%
Asia-Pacific	25%
Africa and Middle East	20%
Europe	18%
Central and South America	7%

Level of Role	
Head of Business	8%
VP/Senior Executive	19%
Director/Senior Manager	25%
Manager/Process Owner	22%
Specialist/Analyst	15%
Consultant	11%

Top Industries	
Consumer Products/Packaged Goods	12%
Software/Technology	12%
Electronics	7%
Agriculture	6%
Distribution/Transportation	6%
Healthcare	6%
Petroleum/Chemical	6%
Services	6%
Utility	6%
Industrial Products	5%
Retail and Wholesale	5%



## APQC

APQC is the world's foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management. APQC's unique structure as a member-based nonprofit makes it a differentiator in the marketplace. APQC partners with more than 500 member organizations worldwide in all industries.

## DSCI

The Digital Supply Chain Institute (DSCI) is a leading-edge research institute focused on the evolution of enterprise supply chains in the digital economy and the creation and practical application of supply chain management best practices. It is a research arm of the non-profit Center for Global Enterprise.

# CONTACT US

Marisa Brown, APQC

**Senior Principal Research Lead,  
Supply Chain Management**

[mbrown@apqc.org](mailto:mbrown@apqc.org)

[www.apqc.org](http://www.apqc.org)

Vivek Ghelani, DSCI

**Director of Research**

[vghelani@thecge.net](mailto:vghelani@thecge.net)

[www.dscinstitute.org](http://www.dscinstitute.org)