

Sustainable synergy: embedding ESG in modern value chains

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Confederation of Indian Industry



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Introduction

A. Evolution of supply chain dynamics

Global supply chains, which facilitate the production and distribution of goods and services, play a pivotal role in ensuring normal functioning of industries and individuals alike. In 2022, these value chains were responsible for over US\$24.9 trillion in global trade value of goods¹, underscoring their magnitude, and the extent to which we rely on them for a gamut of necessities.

Traditionally driven by financial efficiency, global supply chains are recognized as complex and fragile systems. Conventional supply chains were built and maintained for the sole purpose of moving goods and services economically, prioritizing profitability over all else. As a result, these extensive networks lacked focus on holistic value creation, non-financial parameters in decision making, and continued collaboration between buyers and suppliers. Historically, considerations for environment, social, and governance (ESG) factors were almost non-existent in these businesses.

Conventional supply chains are inherently fraught with risks, given the large footprints such networks have on the planet and people. In addition to posing environmental challenges, they also contribute significantly to societal issues such as forced labor, which, as of 2021, seems to be affecting over 17 million individuals² within the worldwide private economy alone. Such supply chains are also susceptible to disruptions caused by global events, such as the COVID-19 pandemic, and the multiple geopolitical confrontations being witnessed this decade³.

These fragilities have prompted businesses to reconsider their approaches to managing supply networks. In recent times, a notable transition from conventional supply chains to more holistic and sustainable 'value chains' is gaining momentum. Sustainable value chains offer a more cohesive and collaborative structure, emphasizing informed decision-making and resilience in the face of unexpected disruptions. This transformation is also

¹ [Worldwide export trade value 1950-2022 | Statista \(2022\)](#).

² [Slavery in supply chains | Anti-Slavery International \(2022\)](#).

³ [No End In Sight For The COVID-Led Global Supply Chain Disruption \(2021\)](#).

a response to the growing market and consumer demands for sustainable products and practices.

B. Factors shaping supply chain transformation globally

In an era marked by geopolitical tensions and heightened skepticism about international cooperation, global supply chains are undergoing significant transformations. The following mega-trends are shaping the landscape:

De-Risking global supply chain

- ▶ The aftermath of the COVID-19 pandemic and geopolitical conflicts have marked a shift toward de-risking strategies with governments promoting domestic production of critical products and exploring strategies like 'nearshoring' relationships to ensure accessibility to essential material during crises.
- ▶ This shift urges companies to diversify their value chains, and rethink supply chain strategies.

The Uncertainty of elections

- ▶ 2024's "supercycle" of elections in major economies ushers in heightened regulatory and policy uncertainty, impacting global markets and businesses.
- ▶ The contrasting visions for international engagement and economic models championed by upcoming US and EU elections hold the potential to reshape the global business terrain

Geopolitics of the ocean

- ▶ Intense competition over the world's oceans has implications for supply chains, data flows, and energy security.
- ▶ Navigate potential disruptions, managing rising maritime insurance rates, shipment delays, and property damage to cargos and vessels.

Scope 3 emissions and ESG focus

- ▶ Collection and disclosures of Scope 3 emissions data are evolving from voluntary to legal requirements in many countries.
- ▶ Given that supply chains predominantly produce most of the emissions, a concerted effort to address environmental concerns, circularity, and inequality within these chains has become imperative.

Supply chain transparency

- ▶ Overcoming visibility limitations beyond Tier 1 and Tier 2 suppliers is crucial as the call for supply chain visibility has intensified, with organizations facing heightened challenges in meeting evolving regulatory standards and effectively managing complex supply chain risks
- ▶ Companies recognize the need for comprehensive data to comply with disclosure regulations and voluntary standards such as Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB).

C. Risks, opportunities, and trends

Amidst a landscape of evolving global partnerships and heightened uncertainty, these mega-trends are transforming supply chains across diverse sectors. The following table highlights the specific risks, opportunities, and dynamics at play for some select sectors.



⁴ Fame II, Ministry of Heavy Industries (2022).

Sectors	Risks, opportunities, and trends
Automobile & mobility	Competition over commodities: Intense competition for commodities may impact price and availability of critical inputs, necessitating strategic resource management.
	Opportunity in R&D: Automobile players are investing in R&D to generate high quality recycled outputs, re-looking at their dependencies on virgin materials.
	Transition to a low carbon economy: In 2019, the government approved Phase-II of FAME Scheme (Faster Adoption and Manufacture of (Hybrid and) Electric Vehicles) with an outlay of INR10,000 Crore ⁴ .
Retail and E-commerce	Risks: The sector typically places heavy reliance on low tier suppliers, bringing out challenges on transparency and accountability, especially in certain high-risk retail sectors, such as apparel. Moreover, geopolitical tensions are disrupting critical shipping lanes, leading to increased shipping costs and insurance rates, affecting supply chain dynamics.
	Re-imagining last-mile deliveries: Drone deliveries soar beyond pilot programs in 2022, marking a revolutionary leap in last-mile logistics. Rapid adoption can be expected as e-commerce giants and regional players may optimize supply chains for the skies.
	Net zero pledges and ethical practices: Net Zero pledges are paving the way for electric delivery vehicles and sustainable packaging. Emerging regulations will also increase the uptake of locally sourced products and improve labor conditions.
Real estate	Embodied carbon: The real estate supply chain is riddled with challenges in meeting sustainability pledges, owing to the difficulty in reducing embodied carbon for resource intensive materials such as iron, steel, cement, etc.
	Energy efficiency and Smart Buildings: Sustainable materials, green building practices, and integrated smart technologies are optimizing material and energy efficiency throughout the supply chain, also reducing carbon footprint.
	Increased focus on biodiversity: As India experiences a growing demand for housing and commercial real estate, concerns about the potential loss of green cover and biodiversity have become more prominent. Such trends necessitate the evaluation of such risks through standards and disclosures like TNFD (Taskforce on Nature related Financial Disclosures).

⁵ [Discussion Paper on Climate Risk and Sustainable Finance \(2022\)](#).

⁶ [Walker, M. Top 10 Pharma Supply Chain Trends For 2023: Part One. Forbes. \(May 2023\)](#)

Sectors	Risks, opportunities, and trends
Financial services	Lending risks: Amidst the global shift towards a low-carbon economy, banks encounter significant lending risks, necessitating responsible decision making on funding projects and entities. With heightened public scrutiny and evolving regulatory frameworks, such decisions must be aligned with values driven by sustainability.
	AI adoption in FSIs: The adoption of AI, machine learning, and automation has been helping financial service institutions to not only optimize internal operations but also elevate customer experiences, achieving superior business outcomes.
	Emerging trends: As the financial sector undergoes digitization, new trends emerge, such as financial inclusivity, adoption of greener IT solutions, and regulations around climate change. For instance, the RBI Guidelines on requires banks to now integrate and disclose climate risk into their governance structures, strategies, and objectives ⁵ .
Pharmaceuticals	Inherent risks: The industry faces inherent risks related to various social and environmental factors, including challenges such as facilitating access to medicine, addressing issues of Antimicrobial Resistance (AMR) and Active Pharmaceutical Ingredient (API) discharge, and combating the prevalence of counterfeit medicines.
	Potential for drug discovery using AI: With companies, including startups, now actively utilizing AI-like generative models in drug discovery, it is projected that over 30% of new drugs could be AI-powered by 2025 ⁶ . Such technology could facilitate for better access to healthcare amongst populations, thus meeting a common and vital objective across the industry.
	Global pricing trends: US price controls in Inflation Act ripple through global pharma. Dampened R&D and potential revenue dips trigger supply chain adjustments, impacting sourcing, manufacturing, and distribution strategies.
Information technology	Talent mismatch stalls IT progress: Inadequate training in AI, cloud, and emerging tech areas creates critical chokepoints in the global supply chain, impacting project delivery and overall sector growth.
	Cyber security scales up: Global supply chains face intense scrutiny under evolving regulations like EU's Network and Information Security Directive (NIS2) ⁷ . As AI and machine learning increasingly intertwine with data, similar regulations are anticipated globally, further raising the bar for cyber defenses.
	Growing Indian IT industry: In India, the IT sector is anticipated to grow to \$350 billion by 2026, driven by the growing demand for emerging services and technologies ⁸ . With this, there is not only a need to optimize capital-intensive IT assets, such as data centers, but also address social aspects in the industry, including diversity, inclusivity, and challenges associated with a healthy work-life balance.

⁷ The NIS2 Directive: A high common level of cybersecurity in the EU. (February 2023)

⁸ Information Technology India, Top IT Companies in India - IBEF. India Brand Equity Foundation.

D. Global supply chain regulations

European Union

CSDDD to replace NFRD from 1 January 2024.
 EU Taxonomy: Non-financial corporations must report Taxonomy-aligned proportions of primary KPI. Starting Jan 2024, financial firms must report Taxonomy alignment of investments for eligible investee companies.
 Carbon Border Adjustment mechanism (CBAM)
 Dominant theme: Climate, Human Rights, Human Capital

Switzerland

RBI Counter - Proposal mandates statutory ESG reporting and due diligence (Conflict minerals and Child labour) Framework
 Expected: 2024
 Dominant theme: Climate, Human Capital, Human Rights, Governance

China

CSRC - Mandatory ESG disclosure framework for all listed companies;
 MEE - Disclosure rules for domestic entities to report on Environmental Management, Pollution, and emissions
 Dominant theme: Climate, Human Capital,

Japan

Guidelines for respecting human rights in the Supply Chain 2022
 Dominant theme: Human Rights,

Singapore

SGX has launched a public consultation based on Sustainability reporting advisory committee's (SRAC) recommendation for Listed issuers to report ISSB aligned climate-related disclosures starting FY2025.
 The Resource Sustainability Act 2020
 Dominant theme: Climate, Environment, Waste

New Zealand

New Zealand modern slavery act
 Expected: 2024
 Dominant theme: Human rights

Australia

Australian modern slavery Act 2019
 Dominant theme: Human rights

United States

California transparency in supply chain act 2012
 Dominant theme: Human rights (Slavery and Human Trafficking)

United Kingdom

UK Modern Slavery Act 2015
 Dominant theme: Human Rights (Slavery and Human Trafficking)

India

Business responsibility and sustainability Report (BRSR) for 1,000 largest listed Companies, Mandatory reasonable Assurance for top 150 listed companies (2023), ESG disclosures for the value chain for top 250 listed entities on comply or explain basis (2024)
 Status: Enacted in 2023
 Dominant theme: Climate, Human Capital, Human Rights

Regulatory landscape global*

An extensive web of regulations is reshaping global commerce, mandating enhanced transparency and sustainability throughout value chains. From stringent due diligence requirements to ambitious net-zero targets set by 140+ nations representing 85% of global emissions⁹, industries are under increasing pressure to address environmental and social impacts. Forced labor, resource depletion, and carbon footprints are subject to rigorous scrutiny, compelling a shift in supply chain management. Governmental push towards decarbonization and reducing GHG emissions is evident in initiatives like the EU's Carbon Border Adjustment Mechanism

(CBAM) and India's 'Panchamrit' Action Plan, among others. Disclosures and international standards such as IFRS, CDP, and GRI are further accelerating this shift, increasing the onus on businesses for greater transparency. This is not merely a regulatory burden, but a crucial opportunity for future-proofing business operations. Proactive corporates are embracing this paradigm, leveraging transparency as a competitive advantage to build customer trust and responsible value chains, charting a path to a cleaner and more equitable global economy.

⁹ United Nations. (2022). For a liveable climate: Net-zero commitments must be backed by credible action.

*Relevant to Value Chain Sustainability in Major Geographies

02

The India
story

A. Evolution of ESG in India

India's economic narrative, characterized by rapid growth and global potential, has entered a new chapter marked by a significant focus on sustainability. The evolution of India's Environmental, Social, and Governance (ESG) landscape reflects a transformative shift, driven by a convergence of factors. India's participation in COP 26 was not just a good gesture; it was a resounding declaration of intent to be part of the global sustainability narrative. Ambitious national targets like 40% non-fossil fuel energy capacity by 2030 and net-zero emissions by 2070 signal India's resolve to strike a balance between the nation's growth aspirations and the imperative to ensure energy security for its people, all the while combating the challenges of climate change.

The recently conducted COP 28 held in Dubai marked the commitment of 123 countries to the COP28 Global Renewables and Energy Efficiency Pledge, targeting a tripled renewable energy capacity and doubled energy efficiency improvements by 2030. Over 100 countries including India supported the draft Climate Agreement, highlighting the 'phase-out of unabated fossil fuels'. Further, Prime Minister Narendra Modi launched the Green Credit Initiative and co-launched LeadIT 2.0 with the Prime Minister of Sweden, focusing on voluntary environmental activities and inclusive industry transformation¹⁰.

Additionally, regulatory mandates for non-financial reporting have evolved over the last 15 years and have accelerated the rate at which the private sector has been embracing ESG principles across the value chain.

B. Regulatory impacts on value chain: navigating challenges and opportunities

The SEBI mandated publication of the BRR for the top 100 listed companies, marked the first instance in the country that required companies to disclose

their environmental and social impacts. This laid the foundation for acceleration of ESG considers in business (the BRR worked on a comply-or-explain basis), promoting transparency, responsible resource management, social inclusivity, and ethical governance among businesses.

Later, in 2021, the BRR made way for the Business Responsibility and Sustainability Reporting (BRSR) framework, encompassing an expanded scope of ESG issues for disclosure. More importantly, as per a July 2023 SEBI circular, the top 250 listed companies (by market capitalization) are required to report on their value chain ESG metrics in the 'BRSR Core' format from FY 2024-25 (cumulatively comprising 75% of its purchases / sales (by value) respectively). Further, this would also be subjected to limited assurance (on a comply-or-explain basis) from FY 2025-26¹¹.

Likewise, the trajectory of Corporate Social Responsibility (CSR) in India has undergone a significant transformation, pivoting from traditional philanthropy towards a strategic paradigm with the introduction of the (mandatory) CSR provision under the Companies Act of 2013. This legislative mandate provided an opportunity for the private sector to re-think existing philanthropic activities in local communities, which can create a trickle-down effect on the extended supply chain.

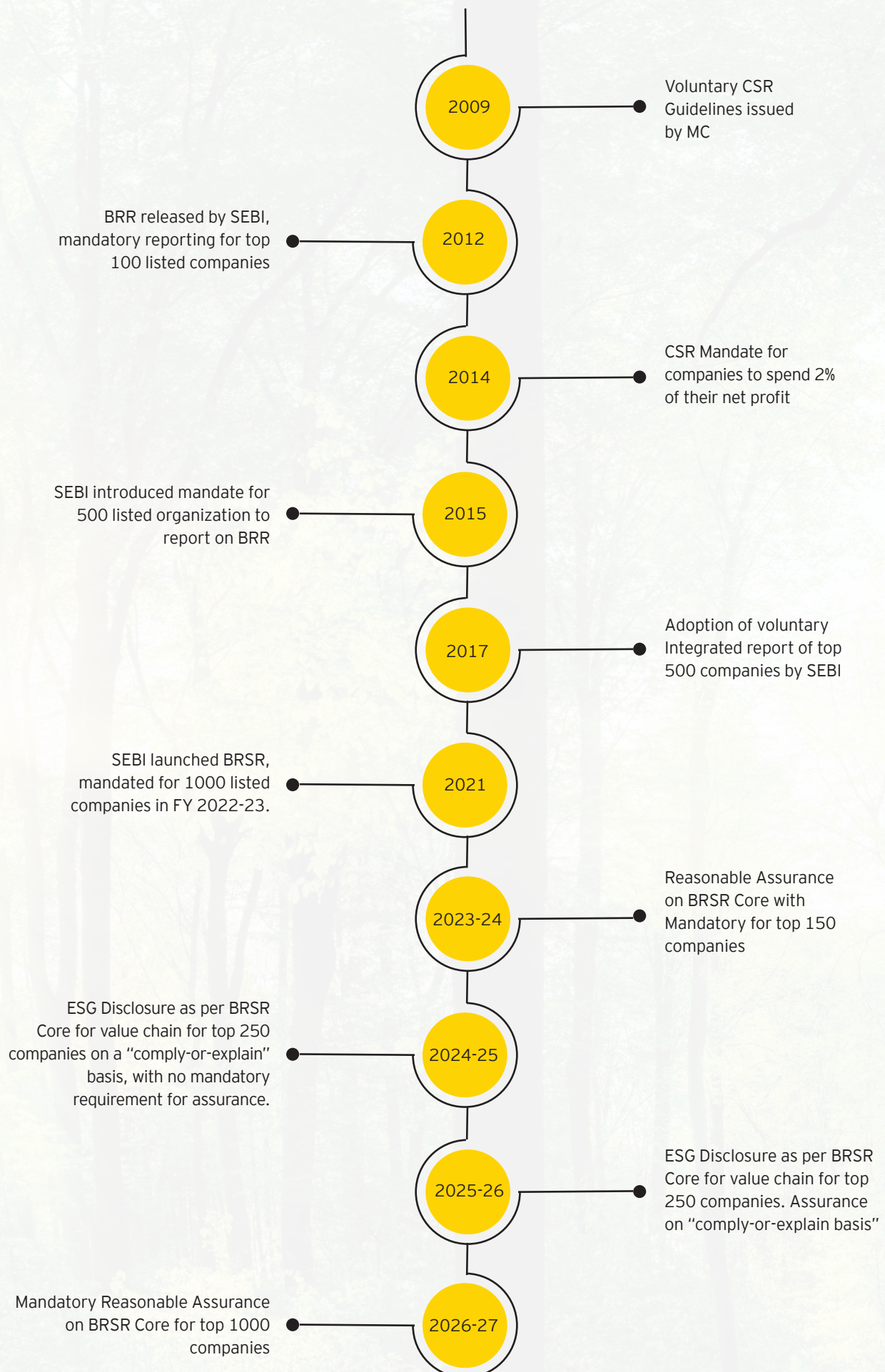
Gathering accurate and comprehensive data throughout the entire value chain can be challenging, especially when dealing with diverse suppliers and stakeholders. Ensuring the reliability of data is crucial for maintaining the credibility of the reported information.

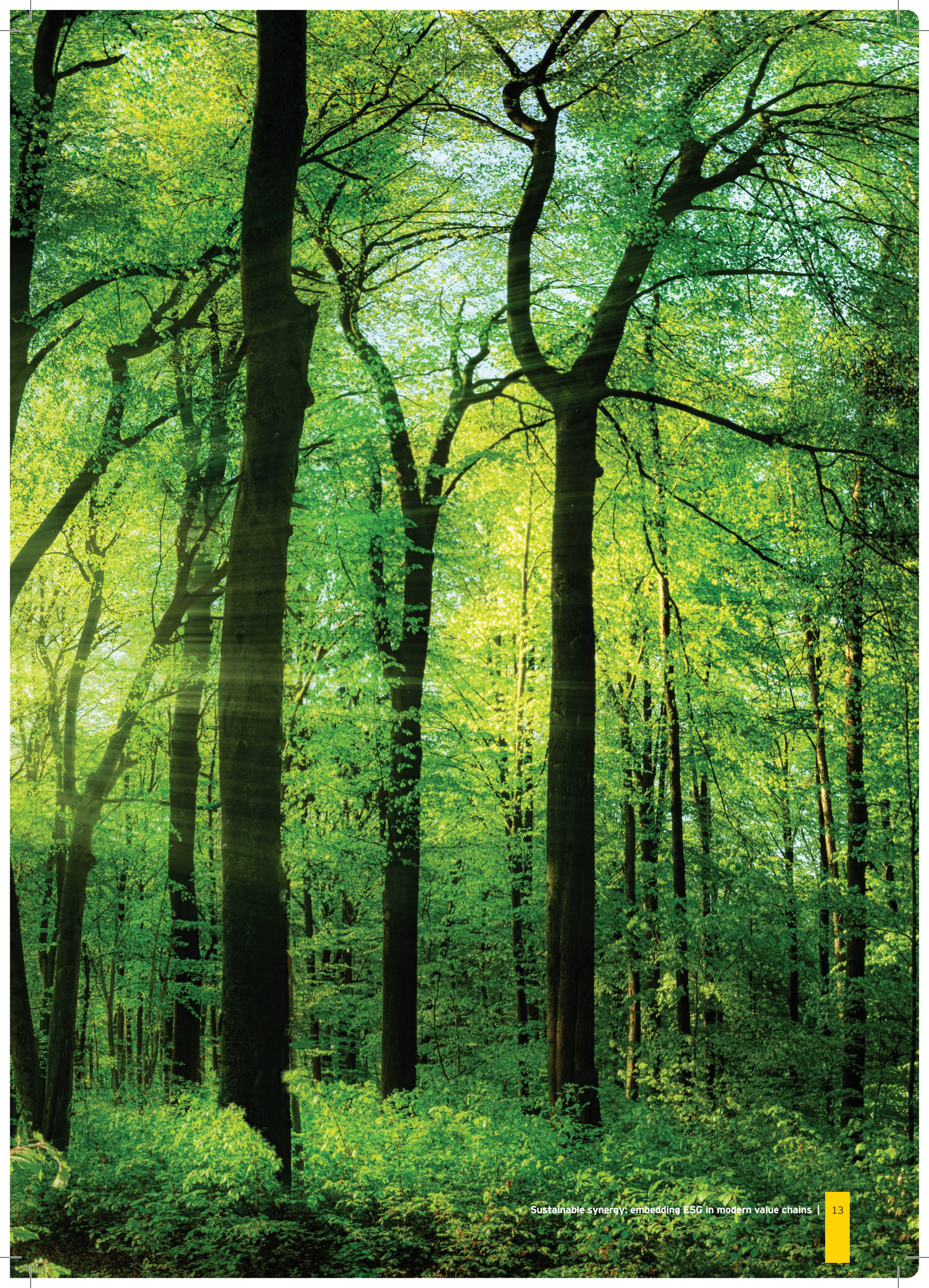
India's sustainability journey unfolds like a rapidly evolving story, with each milestone marking a step towards a greener future. For value chain partners, embracing this shift extends beyond enhancing compliance; it presents a strategic opportunity to build business resilience, unlock growth, and contribute to a more sustainable and vibrant India.

¹⁰ India at COP-28: Highlights of 28th Conference of Parties (Dec 2023)

¹¹ BRSR Core - Framework for assurance and ESG disclosures for value chain (July 2023)

Image: Evolution of ESG Reporting & CSR Landscape in India

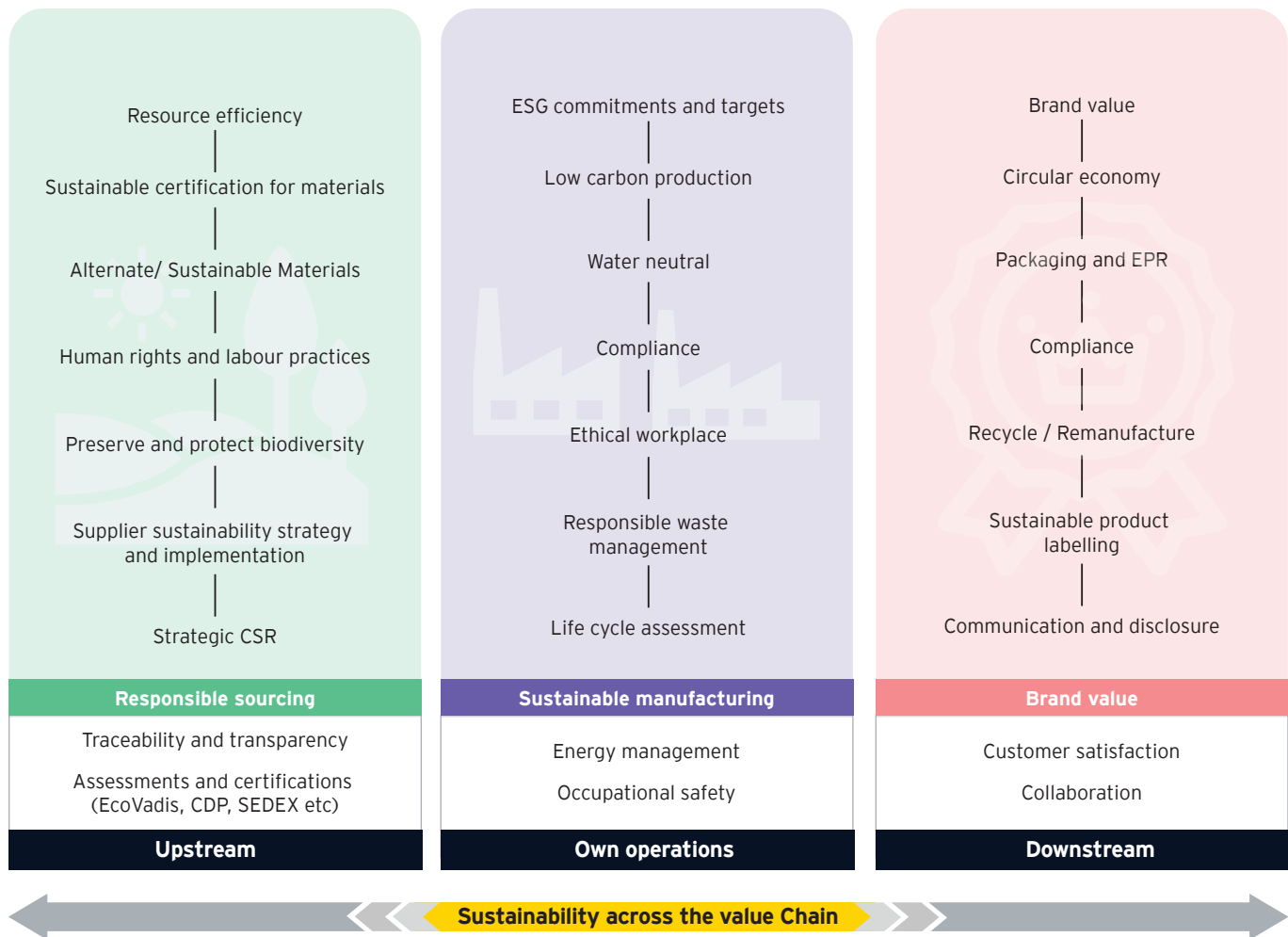




03

Role of
value chain
partners

Over the years, heightened stakeholder expectations regarding sustainable processes and products have prompted a comprehensive transformation of value chains. This transformation spans everything from raw material sourcing to end-of-life considerations. It goes without saying that value chain partners play a crucial role in this transformative journey.



A. ESG as a risk mitigation tool

The risks that value chains face can significantly impact operational efficiency, profitability, and overall sustainability, making effective risk identification and management critical in today's competitive environment. Consequently, Indian corporates are proactively adopting international benchmarks/standards such as the Task Force

on Climate Related Financial Disclosure (TCFD)¹² and the Science-Based Target initiative (SBTi)¹³. They are also participating in assessments such as the Climate Disclosure Project (CDP)¹⁴, MSCI¹⁵, and the S&P Corporate Sustainability Assessment (commonly referred to as DJSI)¹⁶. This approach aids companies in recognizing risks and opportunities, not only within their corporate boundaries but also throughout the value chain.

¹² Task Force on Climate-Related Financial Disclosures | TCFD

¹³ Ambitious corporate climate action - Science Based Targets

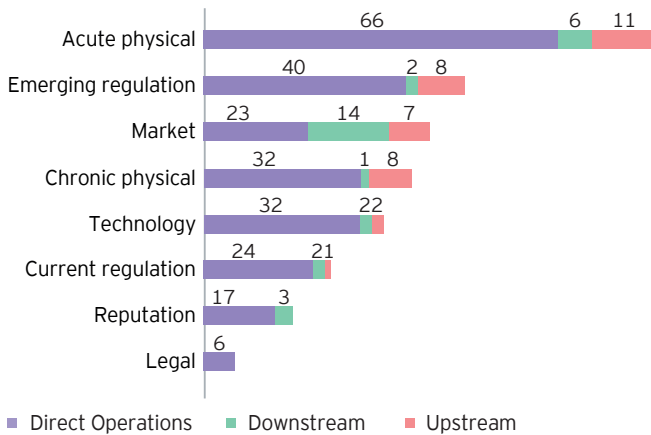
¹⁴ CDP- Disclosure, Insights, Actions

¹⁵ Powering better investment decisions - MSCI

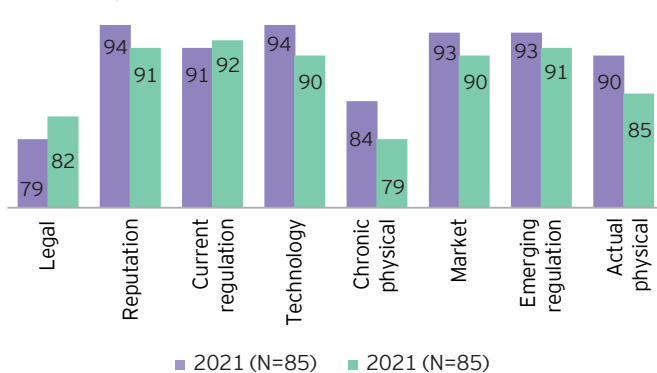
¹⁶ DJSI Index Family | S&P Global (spglobal.com)

According to CDP's Annual Report 2022, 85.24%¹⁷ of the Indian companies that responded to climate assessments have indicated that climate-related risk and opportunities influence at least one of their key business areas (such as sourcing, manufacturing, R&D etc). Notably, 71% of the organisations observe that supply chains are being impacted by climate change. Considering this, it is essential to prioritise strategies, both adaptive and mitigative to build long term resilience. This includes the implementation of nature-based solutions, transitioning to cleaner energy sources, and taking a view of holistic value chain emissions.

Risks identified in value chain (# of companies)



Risks relevant to Indian companies (% of Companies)



Source: CDP India Annual Report 2022

The CDP report also reveals that 70% of respondents recognize the value chain as a strategic climate risk and opportunity area, with 19% currently in the process of evaluating and enhancing their strategies. The findings also highlight a

growing engagement among Indian corporates and their value chain partners to devise innovative and sustainable solutions (increasing from 85% in 2021, to 89% in 2022). This emphasizes the growing importance of a comprehensive and strategic approach to addressing climate-related challenges in the value chain.

B. Embracing ESG to meet stakeholder expectations

Globally, businesses as customers, have extended their ESG commitments to their value chain partners, requiring compliance to supplier codes of conduct (with embedded ESG elements). These include measures to transition to low carbon economies, social considerations such as the well-being of employees and communities, and assessment of human rights risks.

Sustainable supplier frameworks also entail certification, assessments, score cards, training, and recognition of value chain partners. Non-compliance can lead to discontinuity in business as well as loss of reputation. While customer demands continue to be the primary driver, many value chain partners are beginning to recognise the advantages of ESG practices, ranging from enhancing operational efficiencies to achieving substantial cost savings, among others. As a result, even Micro, Small, and Medium Enterprises (MSMEs) are becoming increasingly aware and taking proactive steps in this direction.

Further, global standards and frameworks, some tailored to specific sectors, have gained widespread acceptance.

C. ESG maturity of value chain partners

In India, Environmental, Social, and Governance (ESG) practices among value chain partners is gaining momentum. Navigating the complex ESG landscape, Indian value chain partners have exhibited substantial progress in their sustainability journey, addressing sector-specific issues and showcasing a heightened commitment to responsible business practices.

¹⁷ Decarbonizing India: Driving Climate Action through Disclosure, CDP India Disclosure Report 2022 (February 2023)

EcoVadis, a leading sustainability rating provider, reports that small and medium enterprises (SMEs) collectively constitute three-quarters of the total Indian companies in the EcoVadis network. Remarkably, local SMEs tend to outperform their larger counterparts in ESG, demonstrating a noteworthy inclination towards improvement in sustainable practices¹⁸. The overall EcoVadis ratings across sectors have witnessed improvement between 2016-2022, with the food and beverage sector leading with an impressive increase of 7.2 points (from 35.4 to 42.6), followed closely by the heavy manufacturing sector with a rise of 6.9 points (from 38.9 to 45.8)¹⁹. Supplier assessment and reporting, along with a proper rating mechanism, can get suppliers to take ownership of their performance and drive lasting improvements and innovation with the supply network.

In response to global challenges such as climate change, private sector players in India are increasingly embracing collaboration with their value chain partners to derive innovative and sustainable solutions. According to the CDP India 2022 report, the engagement of Indian corporates working on climate issues with their value chain partners has increased from 85% in 2021, to 89% in 2022²⁰. This emphasizes the growing importance of a comprehensive and strategic approach to addressing climate-related challenges throughout the value chain.

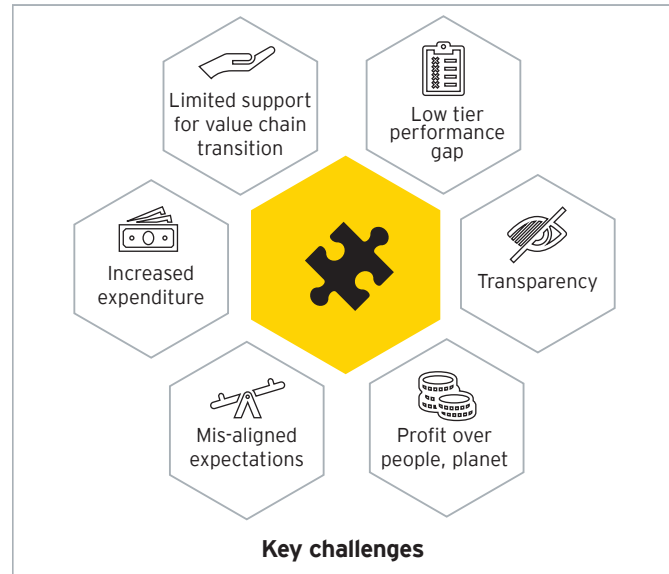
D. Key focus areas, challenges, and opportunities

Although the adoption of ESG among supply chain partners is increasing, there remains room for holistic integration of sustainability across the value chain. While companies identify and focus on key areas, the path remains riddled with challenges. Nevertheless, in their continued efforts, organizations are paving the way for opportunities that promise long-term benefits

¹⁸ [Half of Indian Companies Considered “Risky” When It Comes to Sustainability Management \(August 2023\)](#)

¹⁹ [EcoVadis MY Index, Industry Comparison](#)

²⁰ [Decarbonizing India: Driving Climate Action through Disclosure, CDP India Disclosure Report 2022 \(February 2023\)](#)



04

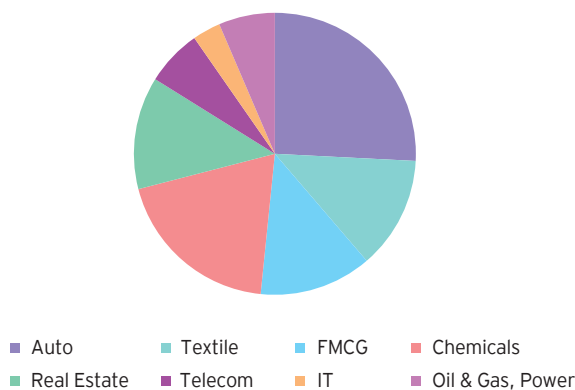
Understanding ESG trends in supply chains

In an effort to comprehend the perspectives and experiences of value chain players, we conducted a survey among supply partners of companies in diverse sectors. The respondents comprised over 50 businesses, spanning different sizes, locations, and industries served. This section showcases the outcomes of the survey, highlighting value chain partners' views on ESG, including the benefits to their businesses and challenges experienced.

Profile of respondent companies

The respondents exhibit a diverse profile, representing a broad spectrum of industries and sizes, ranging from small enterprises with fewer than 100 employees to larger corporations exceeding 500. This ensures a comprehensive and representative sample in the survey.

Sectors



Methodology

Participants were requested to respond to a questionnaire with focused questions on value chain sustainability aspects. Participants' responses were collated using a hybrid method, which included online responses to the questionnaire as well as one-to-one discussions. This approach allowed them to complete the survey at their convenience.

Key Findings

Implementation of sustainability principles in supply chain operations

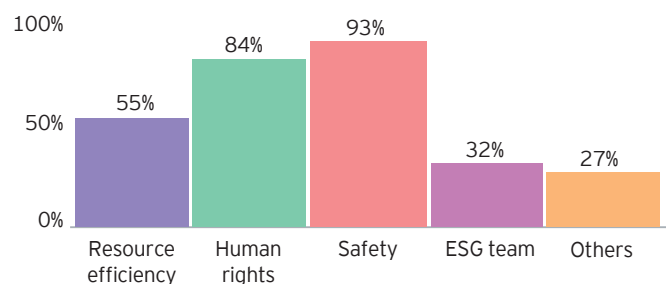
Against the backdrop of corporates' initiatives to enhance value chain sustainability, it comes as no surprise that the majority of value chain

participants (83%) in this survey have incorporated ESG practices into their operations.

Notably, human rights and safety were recognized as the most pivotal facets within the canvas of ESG issues at play, garnering attention from 84% and 93% of surveyed value chain partners. As such, companies appear to be broadening their ESG objective to create sustainable business practices that extend beyond environmental considerations.

Acknowledging the significance of reduced consumption of natural and other resources, 55% of the surveyed businesses reported having implemented measures in resource efficiency. This may include judicious use of water, steps in energy efficiency, appropriate waste management, and conservation and management of biodiversity, among others.

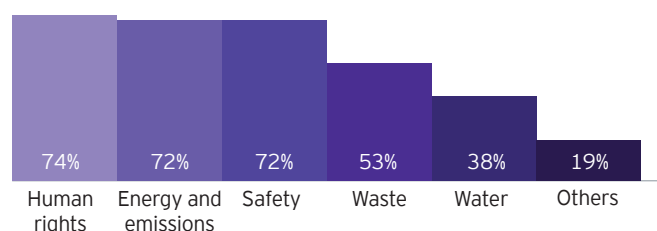
Sustainability practices adopted by companies



Awareness of sustainability requirements

Most survey participants (88%) are aware of ESG standards and frameworks and associated sustainability requirements. Of the requirements they are familiar with, human rights and safety emerge as the most cited, mentioned by 74% and 72% of the participants, respectively. Energy and emissions reduction (72%) follow next, while waste management and water stewardship find mention among 53.1% and 38.29% participants, respectively.

Top practices



ESG certifications play a pivotal role in assessing and affirming sustainable business practices, yet a substantial portion (57%) of surveyed value chain partners revealed non-participation in any certification/assessment programs. Among those that participate, EcoVadis was the leading choice (27.6%), followed by CDP Climate, among others. However, it is important to note that the assessment/certification choices of value chain partners are likely influenced by customer preferences, reflecting the partners' commitment to shared values.

Adherence to a supplier code of conduct

Increasingly, corporates across sectors are implementing a supplier code of conduct, requiring value chain partners to address their sustainable supply chain ambitions. Notably, 56.60% of partners are bound by a supplier code of conduct with clauses on ESG and 17% of partners are bound by a standalone ESG supplier code of conduct.

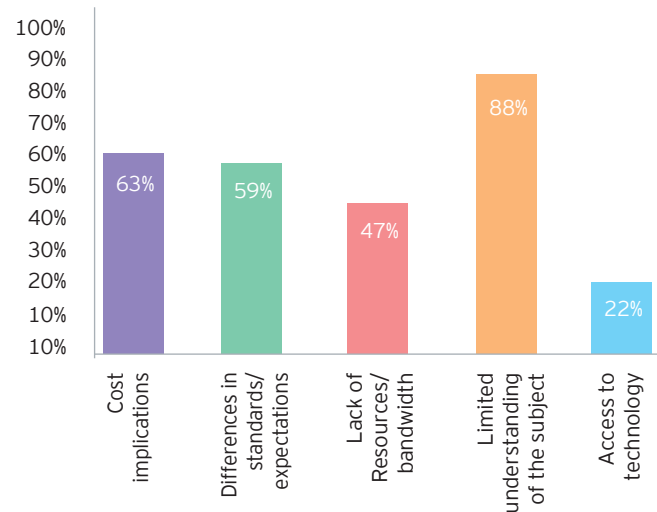
Challenges in establishing sustainable practices

Implementing sustainability principles in an established organization requires considerable re-orientation, both in terms of mindset as well as in business processes and conduct.

Understandably, over 60% of participants in our survey acknowledged that they face challenges in addressing the requirements of their customers.

The top three challenges include a limited understanding of the subject matter, cited by the majority (87.5%), cost implication (62.5%), and varying expectations from different customers (59.3%). Lack of resources and bandwidth was cited by 46% of respondents, while constraints in accessing technology posed a challenge for 21% of the participants.

Challenges



In light of this, value chain players would like to be supported by their customers in the following ways:

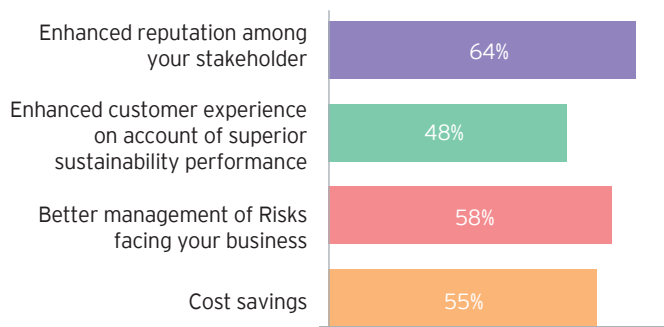
- ▶ Receive training and capacity development inputs,
- ▶ Be actively involved / consulted in the development of customers' supply chain goals,
- ▶ Receive technical support and guidance for new/emerging technology relevant to the value chain.

Benefits of sustainable practices in value chain companies

Despite the many challenges they face, half of all participants also acknowledge that there are benefits to be had from implementing sustainability practices aligned with their customers' requirements. The other half, however, are unsure about gaining from taking the sustainability route for their businesses.

Among those who have experienced or foresee benefits, 64% cite enhanced reputation as a positive outcome, while 58% highlight better management of business risk. Additionally, 54% of the respondents also cited cost savings as a benefit, followed by 48% who felt they provided enhanced customer experience owing to better sustainability performance.

Benefits of implementing ESG



How value chain players stay informed about customers' sustainability practices

Reflecting a commitment to aligning their operations with their customers' supply chain objectives, value chain businesses employ a variety of methods to stay abreast of the sustainability practices adopted by their customers. Capacity-building workshops emerged as the most popular method, followed by seminars and webinars, while industry association meetings/communications are an occasional option.

Drawing conclusions

At the close of the survey, we asked participants if they would consider implementing sustainability requirements for their suppliers. The majority of participants responded in the affirmative (64%), while the views of the remaining were divided, highlighting the need for further discussions, support, and understanding of such requirements.

In conclusion, the survey underscores a widespread acknowledgment of ESG practices, particularly focusing on human rights, safety, and resource efficiency. However, the divergence in expectations from customers, coupled with the lack of standardization, poses challenges alongside traditional barriers, such as cost implications and resource constraints. Those who have embraced ESG practices report tangible benefits, such as enhanced risk management, cost efficiency, and improved reputation. Although the findings point towards an increasing understanding and adoption of ESG practices within supply chains, they also highlight the need for continued efforts in educating and upskilling partners, emphasizing return on investments and providing crucial implementation support to foster sustainable business practices in the future.

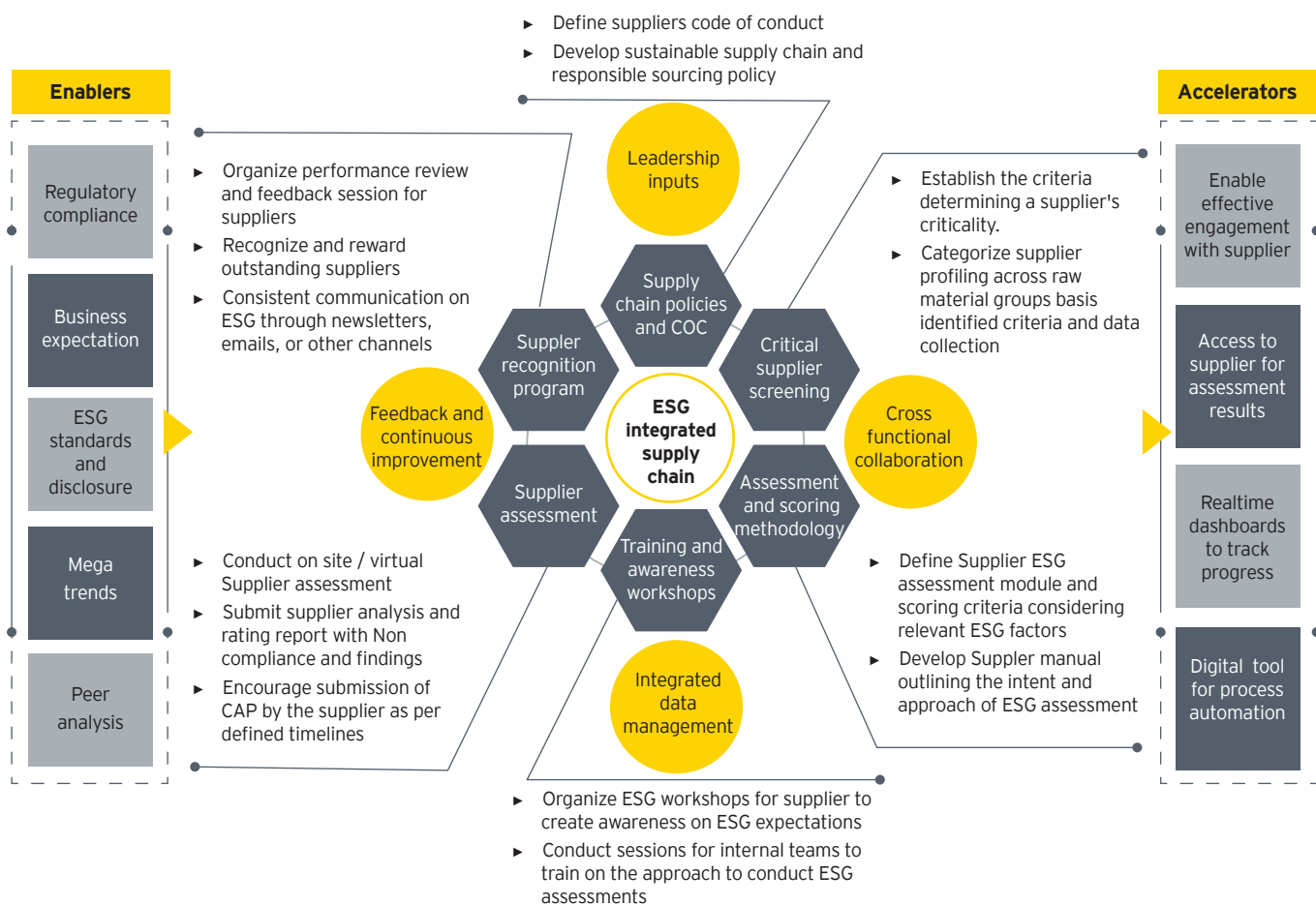
05

How EY fosters
Value Chain
sustainability
across
industries

At EY, we believe that efficiently managing and improving the supply chain is vital to minimize potential negative impacts on the environment, society, and the economy. We support our clients realize long-term value for the organization and its stakeholders, through seamless integration of sustainable practices across procurement, logistics, manufacturing, and distribution. This transformation is much needed considering how value chains of the future are envisaged to operate. We also bring in our global and sectoral knowledge to create lasting value for our clients.

EY helps clients construct sustainability strategies using its sustainable supply chain framework, which assists in identifying, establishing, and implementing sustainable practices in their value chains.

Supply chain Framework



We support Value Chain Partners across the length and breadth of the business spectrum including material suppliers, logistics partners, OEMs, customers, distributors and end-of-life management partners.

EY will continue to lead the way, providing support for supply chain transformations that bring about positive impacts for both people and the planet.

Our digital enablers

EY ESG Compass is a comprehensive digital ecosystem that seeks to help organizations evaluate their ESG maturity levels and adapt a sector-specific strategy using the power of analytics.

https://www.ey.com/en_in/climate-change-sustainability-services/esg-compass

EY Sustainability Reporting Maturity Assessment tool simplifies complex ESG reporting requirements and provides a clear path for organizations. It allows organization to thoroughly evaluate its ESG reporting capabilities.

https://www.ey.com/en_in/sustainability/ey-sustainability-reporting-maturity-assessment

Corporate Sustainability Reporting Directive (CSRD) is known as the gold standard for sustainability reporting frameworks, as it considerably enlarges the scope of companies that must disclose sustainability information and brings forward new requirements.

https://www.ey.com/en_in/climate-change-sustainability-services/corporate-sustainability-reporting-directive-maturity-assessment

The EY Climate Analytics Platform is an online tool providing on-demand granular climate-related risks. It assists organizations in meeting regulatory and market requirements and optimally futureproofing assets and activity considering climate-change.

https://www.ey.com/en_gl/assurance/climate-analytics-platform

Sustainability Academy: Designed and curated by sustainability experts, with practical business insights and application, the EY Sustainability Academy comes with the first-of-its-kind integrated approach to diverse sustainability topical coverage followed by an assessment and EY Certification.

https://www.ey.com/en_in/ey-sustainability-academy



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 286 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India strategizes for the next 25 years to India@100, Indian industry must scale the competitiveness ladder to drive growth. It must also internalize the tenets of sustainability and climate action and accelerate its globalisation journey for leadership in a changing world. The role played by Indian industry will be central to the country's progress and success as a nation. CII, with the Theme for 2023-24 as 'Towards a Competitive and Sustainable India@100: Growth, Inclusiveness, Globalisation, Building Trust' has prioritized 6 action themes that will catalyze the journey of the country towards the vision of India@100.

With 65 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 350 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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