

Limited scope of corporate sustainability revealed

February 12 2018



A worker in East Kalimantan, Indonesia, loads palm fruit into a truck for transport to a factory that will process it into palm oil -- an ingredient in a wide range of consumer products. Credit: Joann de Zegher / Stanford University

You want chocolate. You scan the market shelf for a bar with a Fair

Trade or Rainforest Alliance certification because you don't want your indulgence to drive labor abuse and deforestation. It's the right thing to do, right?

But buying ethically sourced products is not as straightforward as it might seem, according to Stanford researchers who undertook the first large-scale analysis of sustainable sourcing practices. While more than half of the global companies surveyed apply sustainability practices somewhere in their supply chain, according to the study, these efforts tend to have a much more limited reach than consumers might imagine given media attention to the issue and the proliferation of sustainable product labeling.

"Our results show a glass half full and half empty," said study coauthor Eric Lambin, the George and Setsuko Ishiyama Provostial Professor in Stanford's School of Earth, Energy & Environmental Sciences.

The paper, published Feb. 12 in the *Proceedings of the National Academy of Sciences*, relates sourcing practices to the U.N. Sustainable Development Goals, an agenda for a sustainable global economy. With global supply chains touching more than 80 percent of global trade and employing more than one in five workers, corporate supply chains have the potential to play an outsized role in achieving the U.N. goals.

The researchers analyzed 449 publicly listed companies in the food, textile and wood-products sectors, and found about half use some form of sustainable sourcing practice ranging from third-party certification of production standards to environmental training for suppliers. Among their findings:

More than 70 percent of sustainable sourcing practices cover only a subset of input materials for a given product. For example, a [company](#) might use recycled materials for the packaging of a product, but leave

the remainder of a product's upstream impact unaddressed.

Only 15 percent of sustainable sourcing practices focus on health, energy, infrastructure, climate change, education, gender or poverty.

Almost all sustainable sourcing practices address only a single tier in the supply chain, usually first-tier suppliers, such as the textile factories that sew T-shirts. Often, the remaining processes, from dying the cloth to growing the cotton, remain unaddressed.

More than a quarter of sustainable sourcing practices apply to only a single product line. For example, a company may use Fair Trade certification for only one type of chocolate bar among many that it sells.

"Advancing environmental and social goals in supply chains can quickly become very complex," said study co-author Joann de Zegher, a postdoctoral fellow at the Stanford Graduate School of Business. "This complexity is reflected in our findings that companies use a broad range of strategies and that current efforts have limited reach."

On a hopeful note, the researchers find that companies on the receiving end of consumer and civil society pressure are "significantly more likely" to adopt at least one sustainable sourcing [practice](#). So, perhaps unsurprisingly, companies headquartered in countries with many active nongovernmental organizations are more likely to use sustainable sourcing practices, according to the study.

"The pressure consumers put on firms when they demand more sustainable products might be paying off," said study lead author Tannis Thorlakson, a graduate student in the Emmett Interdisciplinary Program in Environment and Resources of Stanford's School of Earth, Energy & Environmental Sciences. "I hope this paper acts as a call to action for those 48 percent of companies that aren't doing anything to address

sustainability challenges in their [supply chain](#)."

More information: Tannis Thorlakson et al., "Companies' contribution to sustainability through global supply chains," *PNAS* (2018). www.pnas.org/cgi/doi/10.1073/pnas.1716695115

Provided by Stanford University

Citation: Limited scope of corporate sustainability revealed (2018, February 12) retrieved 9 April 2024 from <https://phys.org/news/2018-02-limited-scope-corporate-sustainability-revealed.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--