

## Part 1 of 3 - Sustainability in supply chains: trends, impacts, and collaborative solutions

In the first of this three-part series, we explore key sustainability trends in Retail and FMCG supply chains, focusing on the need to drive resilient, eco-friendly operations to remain competitive and deliver long term value.

### Industry



Logistics & Distribution



Retail & FMCG

### Services



Architecture



Cyber



Operating Model & Organisational Design



Service Management



Sourcing



## Sustainability in supply chains: trends, impacts, and collaborative solutions

It is almost four decades since the concept of more sustainable approaches to business operations entered the global consciousness. Initially, sustainability primarily focused on environmental conservation and protection.

However, as awareness and understanding has evolved, the focus is now on commitment and action. Retailers understand that sustainability has more currency than ever before when it comes to consumer values and their influence on trends and loyalty. Industries that centre on supply chains have fundamental role to play in harnessing these opportunities.

Traditionally, supply chains create a substantial environmental footprint, encompassing transportation, manufacturing, packaging, and disposal. But, by adopting sustainable practices, such as reducing greenhouse gas emissions, minimising waste generation, and promoting renewable energy sources, businesses can significantly mitigate their ecological impact.

In the UK, there are a number of key sustainability trends driving the change. These include:

### Increasing regulatory changes and improving transparency

Over the past few years, environmental, social and governance (ESG) legislation has increased. Regulatory bodies, industry and consumers are moving beyond simply acknowledging the need to reduce environmental impact. Today, the focus is on organisations to be transparent and actually evidence their commitment and contribution.

Modern UK and European regulations target a comprehensive list of environmentally detrimental factors. These range from pollution and conservation aspects of the Environmental Act through to the Extended Producer Responsibility (EPR) policy framework, developing

changes like the [deposit return scheme](#) for containers, which reportedly costs producers around 1.7bn a year.

There are some key ways in which businesses can prepare to handle shifting and stricter regulatory policies:

- Communicate expectations around environmental and sustainable practices with suppliers and integrate these into vendor selection.
- Ensure cohesive data management practices and tools that enable reporting on key metrics and provide analytics that can help to drive the right objectives.

### Closing the loop with the circular economy

Consumers and organisations alike now face a reckoning between the convenience-driven comforts of an enhanced consumer experience, (part of the 'Amazon effect'), and the desire to protect our planet. One way to address this is by moving towards a **circular economy**, encompassing **closed loop systems**.

A circular economy is a system that aims to minimise waste, maximise resource efficiency, and promote sustainable consumption and production. It is a departure from the traditional linear 'take-make-dispose' model, where resources are extracted and eventually discarded as waste.

In a circular economy, the focus is on keeping products, materials, and resources in use for as long as possible through strategies such as recycling, reusing, repairing, and remanufacturing. The goal is to create closed-loop systems where materials and products continuously circulate within the economy.

The fashion and retail industry has provided fertile ground for conversations surrounding this, with initiatives like the [Circular Fashion Ecosystem Project](#) (CFE) launched by the British Fashion Council (BFC).

According to the BFC, "E-commerce, for all the opportunities it brings to the fashion industry, has also resulted in a growing wave of fashion returns, which is an issue that affects the online channel far more than bricks-and-mortar retail. The UK fashion industry is estimated to lose at least £7 billion

in 2022 due to returns. However, what is most concerning about returns in the long run is their environmental impact. UK returns are estimated to generate about 750,000 tonnes of CO2 emissions in 2022, out of which 350,000 tonnes come from reverse logistics processes."

Numerous companies have placed this at the front and centre of their operations, harnessing digital tools at every turn to incorporate circular economy principles, from Patagonia's reuse and repair promotion through to Nestle [piloting blockchain technology](#) to trace the entirety of the product lifecycle:

### Maintaining sustainability through disruption

Supply chain disruptions can be far reaching and significantly contribute to sustainability challenges. They often lead to inefficiencies, delays, and increased handling of goods. This, in turn, causes additional fuel consumption, emissions, energy usage and, ultimately, a higher carbon footprint. Disruptions can also lead to product spoilage, expiration, or damage, resulting in increased waste generation, a common pain point for many FMCG organisations.

When supply chain disruptions occur, organisations may also need to find alternative sources or suppliers for materials, increasing resource extraction and depletion. Often, organisations must quickly switch suppliers or sourcing regions, potentially leading to longer transportation routes and increased energy consumption. This can impact the organisation's overall sustainability goals, hindering efforts to reduce emissions and environmental impact.

Being able to navigate these sometimes inevitable disruptions successfully requires taking proactive steps, rather than being reactive and embedding certain strategies, such as:

- Making sure you work with and diversify your supplier network, ensuring potential weaknesses are addressed and that suppliers share the same sustainable aspirations.
- Embrace a culture of continuous improvement and innovation. Seek opportunities to implement new sustainable practices and technologies that can strengthen your supply chain's resilience.

### Voluntary and wanted collaboration

During the 2023 Retail Technology Show (RTS) held annually in the UK, there was a resounding message across different industry leaders: **collaboration is key**. No single organisation can address these challenges alone; they are complex and interconnected. Pooling resources, expertise, and influence is a powerful strategy to drive meaningful change and increase collective impact at a larger scale. Transparency and collaboration can strengthen support for sustainability initiatives during challenging times. This collaboration mindset encourages innovation within industry and supply chain practices. It facilitates knowledge sharing, technology adoption, and best of breed implementation. After all, sustainability is a shared responsibility extending beyond individual organisations.

As Retail and FMCG industries evolve their understanding of environmental impacts, there is a new sense of urgency to embrace future proofed, sustainable solutions as a strategic imperative in supply chain operations. Mason Advisory's experience across the technology ecosystem and with our client-base confirms that the changes cannot be achieved without digital alignment.

The effective use of bleeding-edge, proven and adaptable technologies generates sustainability benefits at pace. Mason Advisory's clients are already achieving significant

environmental impact from these technology-driven strategies. It is the beginning of a future where retail, supply and sustainability seamlessly co-exist within the same, commercially viable ecosystem.



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### About Mason Advisory

Mason Advisory has offices in Manchester and London and employs over 100 staff, with plans to continue its expansion. We enable organisations to deliver value through digital & technology transformation, solving complex business challenges, and helping clients set strategy through the intelligent use of IT resources including architecture, cyber, operating model and organisational design, service management, and sourcing. We operate in sectors such as financial services and insurance, legal and law, government, health and social care, emergency services, retail, FMCG, logistics and distribution, transport, and not-for-profit.

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