

How Your Suppliers Can Make or Break Your Sustainable Supply Chain Efforts



Custom content for Metsä Board by studioID



Consumers increasingly **expect sustainability** from the brands they do business with – but attracting customers isn't the only compelling reason to build a sustainable supply chain. It's also a **crucial component** in making your operation more resilient and competitive.

Building a more sustainable and adaptable supply chain doesn't begin and end with your own internal efforts.

You need to look at your entire product journey, especially its beginning. Where you source your materials, components and products has a trickle-down effect all the way through your supply chain to the end consumer.

In this playbook, we'll explore the role suppliers play in supply chain sustainability, and how businesses can find suppliers aligned with their environmental and compliance goals.

What's a Sustainable Supply Chain?



Sustainability involves more than one or two actions (though every step helps). To truly build a sustainable supply chain, you have to go beyond things like using biodegradable packaging or buying carbon credits.

Having a sustainable supply chain means paying close attention to the entire lifecycle of all of the materials that go into your product – from extracting

or harvesting raw materials, to the packaging you use, all the way to the end of your product's life. At every stage of a sustainable supply chain, you're making decisions that reduce emissions, conserve energy, water, and materials, and minimize waste.

One of the most crucial parts of a sustainable supply chain is transparency, allowing customers to see the steps

you're taking. That includes, crucially, how you're ensuring your entire supplier and partner ecosystem supports your brand's overall environmental record.

That's why your suppliers are a critical part of your organization's sustainability efforts. If even one supplier doesn't share your goals, it can minimize or even negate efforts you're making farther downstream.

Sustainability: No Longer Just “Nice to Have.”

So why is building a sustainable supply chain so important?

Maybe the most important reason is enhanced brand reputation. As mentioned at the beginning, customers are increasingly eco conscious – and increasingly focused on buying from brands with the same planet-friendly values. “If you’re demonstrating a genuine commitment to sustainability,” notes Nathan Pajka, Sustainability Manager at Metsä Board, “it’s going to result in positive brand perception.”

Another critical reason to embrace sustainability throughout your supply chain is the opportunity for gaining a competitive advantage. Many brands are still in the early stages of building sustainable practices, and those that position themselves as pioneers of sustainable outcomes can enjoy a first mover advantage.

This is also true when it comes to innovation, both in products and operational efficiency. “Because of this trend toward sustainability, we’re seeing brands get nudged out of their comfort zone,” Pajka says. “They’re having to develop cutting-edge products and processes that are also not harmful to the planet.”

Risk management, whether it’s regulatory, financial, reputational or climate risks, also provides a compelling case for sustainability throughout your supply chain. Ensuring your suppliers and partners adhere to your sustainability standards can minimize your chance of disruption from a variety of sources: labor issues, pollution or other environmental violations, new and changing regulations in different markets, and more.

Pajka points out, “Sustainability can protect you from changing compliance standards globally. Not just environmental regulations, but also social regulations relating to labor practices, human rights and ethical sourcing.”

“Having a sustainable supply chain insulates you from regulatory risks.”

-NATHAN PAJKA, SUSTAINABILITY MANAGER AT METSÄ BOARD

The Cost of Sustainability: Perception vs. Reality

One potential sticking point for brands considering sustainability initiatives in their supply chains is cost. More sustainable products are often perceived as being more expensive – and if you're only looking at the issue from the perspective of cost to implement changes, that may be true. Up-front investment in operational improvements can be considerable, which can be a hard sell for your upstream suppliers.

But the benefits can outweigh the costs, especially in an increasingly volatile regulatory environment. Here are just a few ways investments in sustainable practices can justify the cost:

- A more sustainable supply chain is more resource efficient, so you spend less on energy, water, and materials.
- You gain more operational efficiency and better productivity, which lowers your labor and operational costs.

- You build more efficient logistics and optimized routes, so you spend less on fuel and related logistics costs.
- You gain economic stability. Reduced resource use and increased efficiency save you money and make your operation more resilient to unforeseen supply chain disruptions.
- You reduce the risk of disruptions – which can quickly add up to as much or more expense than investing in sustainability. If you don't meet regulatory compliance standards, you can face expensive lawsuits and fines.

Presenting all of these benefits can help get your suppliers on board with your sustainability goals.





Suppliers Play a Critical Role in Supply Chain Sustainability

Getting your suppliers on board with your plan to build a sustainable supply chain is critical to your success. If you partner with suppliers who don't meet your expectations, you expose yourself to the risks mentioned earlier: regulatory and compliance issues, damaged customer perception and brand reputation, and more.

Of course, that's easier said than done, especially if you have a complex supply chain involving a lot of suppliers.

"At Metsä Board, we're pretty lucky," says Pajka. "Our parent company is owned by Metsäliitto Cooperative (consisting of over 90,000 Finnish forest owners),

from whom we source most of our wood fiber, ensuring traceability and mitigating raw material sourcing risk. But a lot of companies don't have that luxury."

Scope 3 emissions is one area where a supplier can have a major effect on your overall supply chain. If your process requires a particular chemical, for example, the supplier providing that chemical could have a significant influence on your Scope 3 emissions depending on how they extract raw materials and produce that chemical. The rest of your supply chain may be well optimized, but that one supplier can contribute a large portion of your Scope 3 emissions.



If you want to be able to label your products as recyclable or compostable, your suppliers are crucial, too. If you add a new supplier who turns out to be producing raw materials that can't be recycled or composted, you can't label your end products that way – which will affect your reputation with customers looking for those labels.

The bottom line is, consumers want to support brands that operate sustainably. Just one incident with a supplier who runs into regulatory or social responsibility issues can put a negative mark next to your brand in customers' minds. The more transparent you are about your own organization's sustainability, where your materials come from, and how your products can be responsibly disposed of at the end of their lifecycle, the more trust you'll build with consumers.

And more trust from consumers equals more sales and revenue for your brand.

How to Choose Suppliers Aligned with Your Sustainability Goals

Because suppliers play such a crucial role in building your brand's sustainability reputation, you have to choose them carefully. That's especially true now that social media has become a major part of people's lives – news of a supplier using environmentally harmful practices or violating human rights spreads fast.

There are some important criteria to look for when evaluating new suppliers (or checking your existing supply chain for potential risks).

First (and most obvious), look for environmental responsibility. That includes low emissions, efficient energy and water usage, waste minimization, practices that avoid sending waste to landfills, and practices that help protect ecosystems and biodiversity. Look at the supplier's ESG ratings to help evaluate these practices. Do they have science-based ESG targets?

Social responsibility is the next thing to look for. Ethical sourcing of raw materials is important, but so is fair labor and (depending on the part of the world your supplier is in) community engagement.

Transparency and traceability are also important. What goals has the supplier set, and how are they performing against those goals? Do they update their progress each year? Do they know where their raw materials came from? Are their materials from certified sources?

And finally, a supplier trait that might not be obvious to sustainability goals is collaboration and communication. A supplier who's not easy to get ahold of or who doesn't easily share goals and performance data can open you up to risk if it turns out they're not as aligned with your expectations as you thought.

“Something we ask of our suppliers is to create goals that are set in accordance with the Science-Based Targets initiative,” says Pajka. “That ensures we're all on the same page and can move in the same direction.”

Pajka also points out the importance of doing your due diligence. Read up on the supplier, look at their website, check with industry peers, and do all the background research you can before partnering with them. Some suppliers and



brands even have sustainability questionnaires that need to be answered every year – and while those can sometimes be tedious to answer, they are extremely helpful in ensuring your entire supply chain is aligned on sustainability goals.

Site audits can also be helpful. Though they may not be feasible for every brand or every supplier (especially if you source from far-flung places of the world), they can be very eye opening.

Once you've chosen your suppliers, your job's not done. Supporting suppliers to keep them aligned with your sustainability efforts into the future is the final piece of the puzzle. Here are a few ideas for steps you can take to accomplish this:

- Create a supplier code of conduct that lays out your expectations for sustainability targets, social responsibility, and other sustainability initiatives.
- Educate suppliers on what you expect from them, along with ways to reduce risk and address pain points.

- Assess suppliers periodically with questionnaires and evaluations for performance standards.
- Create joint emissions reduction projects with your suppliers – for example, working toward electric vehicles to transport materials.
- Encourage all of your suppliers to collect as much primary data as they can on their materials extraction and production activities. The more accurate data you can get from a supplier, the more prepared you'll be to spot areas for improvement throughout your supply chain.




With consumers increasingly focused on making more environmentally conscious and socially responsible purchasing decisions, a sustainable supply chain is no longer just nice to have. It's increasingly becoming a critical part of doing business, and the suppliers you partner with play a major role in getting there. By choosing suppliers carefully and supporting them with ongoing education and collaboration, you can reduce risk and ensure success for both your organization and theirs.

[LEARN MORE](#)

Metsä Board

Metsä Board produces lightweight high-quality folding boxboard and food service paperboards, as well as white kraftliners. The fresh wood fiber used in our products is a renewable and recyclable raw material from Northern European forests. We aim for completely fossil free mills and raw materials by 2030. We promote a culture of diversity, equality and inclusion.

Metsä Board's shares are listed on the Nasdaq Helsinki. In 2024, our sales totalled EUR 1.9 billion, and we employ approximately 2,290 people. Metsä Board is part of Metsä Group, whose parent company Metsäliitto Cooperative is owned by more than 90,000 Finnish forest owners. The sales of the whole Metsä Group were EUR 5.7 billion.

Follow Metsä Board:   YouTube 

LEARN MORE





studio / **ID** BY INDUSTRY DIVE

studioID is Industry Dive's global content studio offering brands an ROI rich tool kit: Deep industry expertise, first-party audience insights, an editorial approach to brand storytelling, and targeted distribution capabilities. Our trusted in-house content marketers help brands power insights-fueled content programs that nurture prospects and customers from discovery through to purchase, connecting brand to demand.

[Learn more](#)