



Does India INC. Care About ESG In Their Supply Chain?

HOW GREEN IS INDIA'S SUPPLY CHAIN?

Open markets have enabled companies to source materials and outsource production to suppliers in developing and emerging economies. Globalization has reduced costs, enhanced profitability, and percolation of wealth, improving the standard of living for millions of people. Reliable supply chains have enabled companies to focus on core activities, allowing customers to enjoy the benefits of specialization. The flip side of complex supply chains is the lack of/limited control on partner practices and the direct impact on a company. Many of us vividly remember the price automakers had to pay due to quality issues in Takata's airbags; inspections mandated after Kobe admitted to supplying poor quality steel, and Mattel's toy recall due to excess quantities of lead.



UN Global Compact has highlighted that enhanced public scrutiny and weak implementation of local ESG regulations have forced companies to address issues that have traditionally been outside of their core competencies and responsibilities. Numerous examples highlight supply chain impact and the inadequacy of managing ESG risk and compliance only within the company's own operations.

Responsible companies need to evaluate and disclose ESG risk management in their entire value chain, covering suppliers, distributors, and even retailers. Corporate buying practices directly impact suppliers' ability to improve their business conduct. This downward pressure on cost and efficiency can force suppliers to compromise ESG standards to meet buyers' commercial requirements.

ESGDS has an in-depth [ESG analysis](#) data taxonomy covering supply chain responsibility. This newsletter focuses on the E in ESG data analytics and how the supply chain can affect a company's environmental footprint. We also assess both if and how the top 500 Indian companies evaluate their supply chain on ESG practices.