WORKING PAPER

Elephant in the boardroom

People are missing in corporate supply chain goals

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Highlights

- **Sustainability will be won or lost in supply chains.** Most of a company's impact on people, nature, and climate occurs in its supply chain. For many, 80-90 percent of their greenhouse gas (GHG) emissions are linked to suppliers' extraction and production processes.
- **However, supply chains are competitive and complex, generally driving suppliers to produce goods at the lowest possible cost.** Large companies' sustainability goals create additional expectations and costs for suppliers—a particular challenge for small- and medium-sized enterprises.
- **So, what kinds of supply chain goals are large companies setting?**
  - **Most goals push and pull; few partner.** Our review of more than 1,000 supply chain goals revealed most companies "push" or "pull" suppliers to comply with sustainability objectives, while fewer than 10 percent take a "partner" approach. Without technical support and financing, smaller suppliers can struggle to both meet cost pressures and invest in sustainability goals.
  - **Missing: people-centered investments in supply chains.** Many large companies set goals related to climate and nature, but only 12 percent of companies have at least one goal focused on people. Only 3 percent of companies have goals focused on reskilling or upskilling workers, and fewer than 3 percent have goals that improve working conditions.

Executive summary

Introduction and context

Most of a large company's environmental impact, and most of the people who touch a product before it is sold, are part of the supply chain (CDP and BCG 2024). As a result, large companies are pushing suppliers to adopt accounting frameworks and reporting protocols to address climate change and other risks in their supply chains. These companies are asking suppliers to investigate, disclose, and set goals to reduce impacts on climate, forests, water, land, and oceans (CDP and BCG 2024). But the problem is suppliers, especially smaller suppliers upstream, face challenges meeting those expectations (Villena and Gioia 2018). They are already pressured to create high-quality products at the lowest possible cost (Shih 2020). If they are not able to sell their products for a higher price, they do not have a strong business case to invest in upgrades. Even if they do have a business case, they may still have to find resources to absorb upfront costs. These resources may come at the expense of other investments, such as improving working conditions or increasing wages. This situation is the "elephant in the room": a difficult but overlooked problem that must be acknowledged and addressed to create supply chains that work for people, nature, and climate.

About this working paper

This paper challenges large companies and their stakeholders to address a blind spot in their supply chains. Specifically, we consider the hundreds of large companies setting supply chain sustainability goals. The goals do not tell the entire story of a company's supply chain strategy, but they do serve as a good proxy for how a company is setting priorities in supplier relationships. We filtered and categorized more than 1,000 goals from nearly 700 of the world's largest companies to understand whether those goals factor in people (e.g., small business owners, workers, and communities). We looked for goals that prioritize investments in skills, financing, and other support that smaller suppliers will need as they upgrade equipment and materials, as well as develop a workforce for the future. Finally, we outline a set of priority questions and examples to inspire more large companies to not just push or pull suppliers, but also actively partner for mutual benefits, particularly with smaller suppliers.

Key findings, discussion, and challenges ahead

While companies are designing goals that prioritize their environmental footprint, they are not addressing the impact these goals have on people in their supply chains. We found that only 12 percent of large companies have people-centered supply chain goals. These goals include targets for improving working conditions and safety; investing in reskilling, entrepreneurship, and education; supporting workers' and communities' well-being; and increasing supplier diversity.

Large companies that set sustainable supply chain goals must also confront an obvious, but overlooked problem: supplier-buyer relationships are unequal. Smaller companies in a supply chain do not always benefit from nor share the ambitions of large companies or buyers. Large companies have more resources, including technical and financial, to devote to meeting sustainability goals. Smaller suppliers often do not have the internal capacity to gather and report on complex environmental information about their products and processes. Adding to this challenge, a large company may be far removed from upstream suppliers. The company may not have much visibility nor awareness of the people (e.g., business owners, workers, and communities) who are farming, mining, or manufacturing the raw materials and products it relies on. Yet, these are the people who will be asked to adjust and transition to new production methods or technologies.

Smaller suppliers that are far removed from a large company are likely not even interested in that company's GHG target. What is in it for them? Fundamentally, the suppliers want to continue to sell their products to the downstream buyer. However, if they are not selling directly to the large company, they may not have sufficient incentives because their direct customers are not willing to pay higher prices. Without additional financial incentives or resources, smaller suppliers will be unable to make upgrades to their equipment, materials, wages, or working conditions.

We found that approximately 90 percent of corporate supply chain sustainability goals are designed to push or pull direct suppliers, rather than create partnerships with mutual value. Thus, we present a challenge for large companies and their stakeholders: design upcoming goals as investments in people and partnerships, and create financial capacity and value for smaller suppliers and those working for them. Specifically, consider three priority questions:

1. **Who is impacted by transitions to supply chains of the future?** Consider mapping and identifying "pain points" beyond Tier 1 suppliers.
2. **What is in it for them?** Consider emphasizing technical support and transitions instead of only focusing on audits and compliance.
3. **Where can we invest for mutual benefit?** Consider innovative contracts that help both the large company and smaller supplier.

Introduction

Chief procurement officers (CPOs) have a tough job: they are managing a company's supply chain, which is often incredibly complex and can account for 50–70 percent of the company's operating costs (EY 2022). One CPO noted their role is to "orchestrate" the company's supply chain, including sourcing materials critical to their business from various companies, of various sizes, around the world (EcoVadis 2025). A corporate executive we interviewed told us "supply chains are a fiction," describing them instead as an increasingly complex web where many companies do not have much visibility.[1]

Imagine conducting an orchestra, with limited visibility of who is playing what instruments, and at a time when entire sections can go silent without notice. The COVID-19 pandemic and extreme weather events have shown how interconnected and vulnerable supply chains are, and how quickly they can break down (Ghadge et al. 2020; Moosavi et al. 2022). S&P Global estimates that physical climate hazards, including floods, drought, and heat stress, could cost the world's largest companies an estimated US$1.2 trillion annually by 2050 (MacFarland et al. 2025). In addition, greenhouse gas (GHG) emissions in supply chains have created significant carbon liabilities. One estimate valued the liability at more than $330 billion for just the manufacturing, retail, and materials sectors (CDP and BCG 2024).

This paper assumes that large companies will need to address major risks and vulnerabilities in their supply chains. In this paper's background section, which is informed by a literature review and expert interviews, we note that companies are asking suppliers to do more to address environmental challenges. They are asking suppliers to share data on environmental performance, set targets to reduce GHG emissions, buy renewable energy, and avoid deforestation (CDP and BCG 2024).

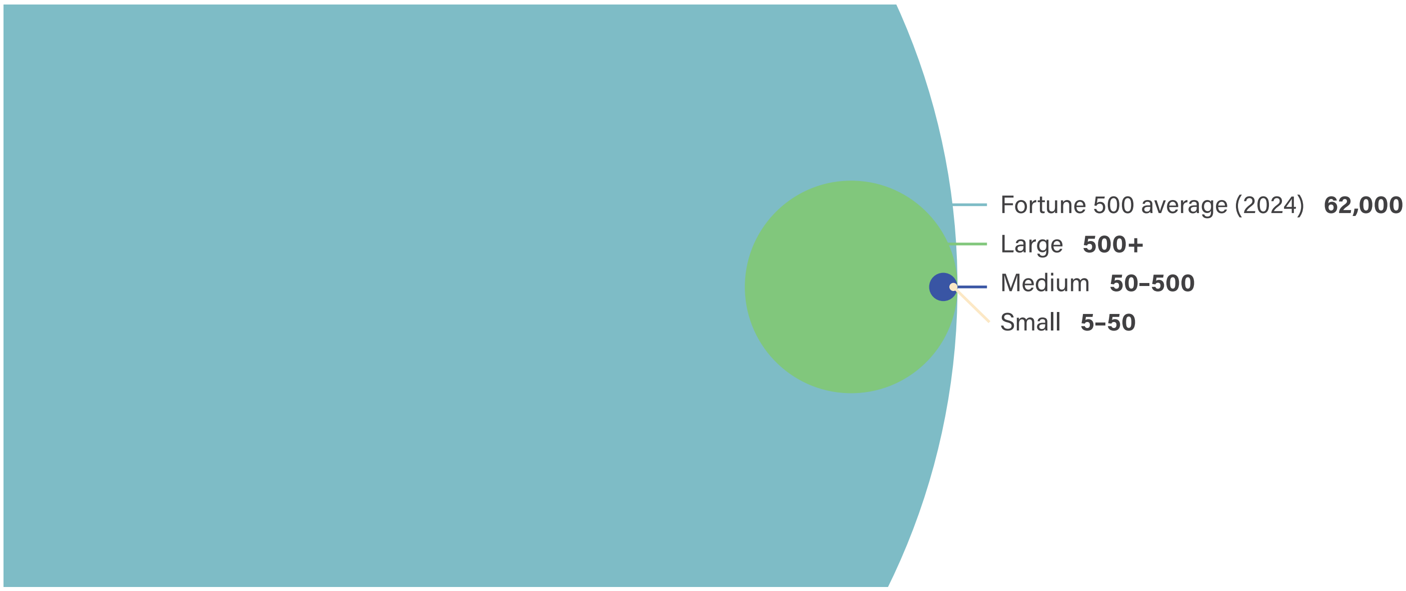
However, large companies' relationships with suppliers have evolved over decades to focus on cost reduction and hyper efficiency. These relationships have become more complicated as those same large companies are now turning to their suppliers and asking them to operate more sustainably, without increasing costs or sacrificing quality (Shih 2020; Zhang et al. 2022). This is the elephant in the room. Suppliers, especially small and medium-sized enterprises (SMEs), are already subject to a power imbalance. They have limited resources to make additional investments in the skills, people, equipment, and processes needed to adapt and compete in a changing climate (Madgavkar et al. 2024). It is hard to imagine that all suppliers, particularly SMEs, will have the time and resources needed to collect and report data, switch to renewable energy, upgrade equipment, and upskill their workforce.

The differences between large and small companies are stark (Figure 1). Smaller companies may be unable to plan for or invest in transitions to cleaner production. Instead, they may be focused on immediate needs to stay in business, such as ensuring they can recruit, pay, and retain good employees, or build new customer relationships.

Transforming a supply chain is no small task. Consider that large companies may have thousands of direct suppliers and hundreds of thousands or more of indirect suppliers further up the supply chain. Large companies may have neither visibility of nor relationships with many or most of those suppliers. Finally, large companies rely on people to change the materials, processes, or equipment they use, which requires financing and can be a difficult investment for SMEs. When relying on people, large companies also must understand what people in their supply chains need as they transition to new ways of doing business. This situation suggests two major challenges:

- **People**. Large companies can find it difficult to achieve climate or nature objectives (e.g., net zero GHG targets or deforestation-free supply chains), unless they also consider how people factor into those goals. Anecdotally, we heard from several companies that their sustainability efforts are "stalling" as they reach deeper into their supply chains, where there is less interest or ability to meet environmental goals. This suggests a challenge for large companies to also prioritize goals that are relevant to people growing, mining, processing, and assembling products. Relevant goals could include those that invest in higher yields, better working conditions, new skills, and fair wages.
- **Partnerships**. Alternatively, a large company could achieve a climate or nature goal, but suppliers end up absorbing the costs. This can put SMEs at a significant disadvantage, or out of business, if bigger suppliers can meet large companies' demands. This could also come at the expense of workers and communities. If suppliers redirect resources to meet large companies' goals, there could be fewer resources to invest in areas important to the workers (e.g., better wages or factory conditions) and surrounding community (e.g., air or water pollution controls or local sourcing).

Figure 1 | **Size of workforce for SMEs compared to large and US Fortune 500 companies**



Sources: Cole et al. 2012; Gov.UK 2012; Government of Canada 2017; Eurostat 2022; SBA 2025.

In this paper, we aim to see if companies are confronting the challenges discussed above. Specifically, we examine the goals that companies are setting for their supply chains and whether people and partnerships factor into those ambitions. By people, we mean small business owners, workers, and communities that are directly or indirectly involved in a large company's supply chain. For partnerships, we differentiate between goals that are designed to push or pull suppliers to meet a large company's interests and those that are designed to collaborate and create mutual value with suppliers.

Background

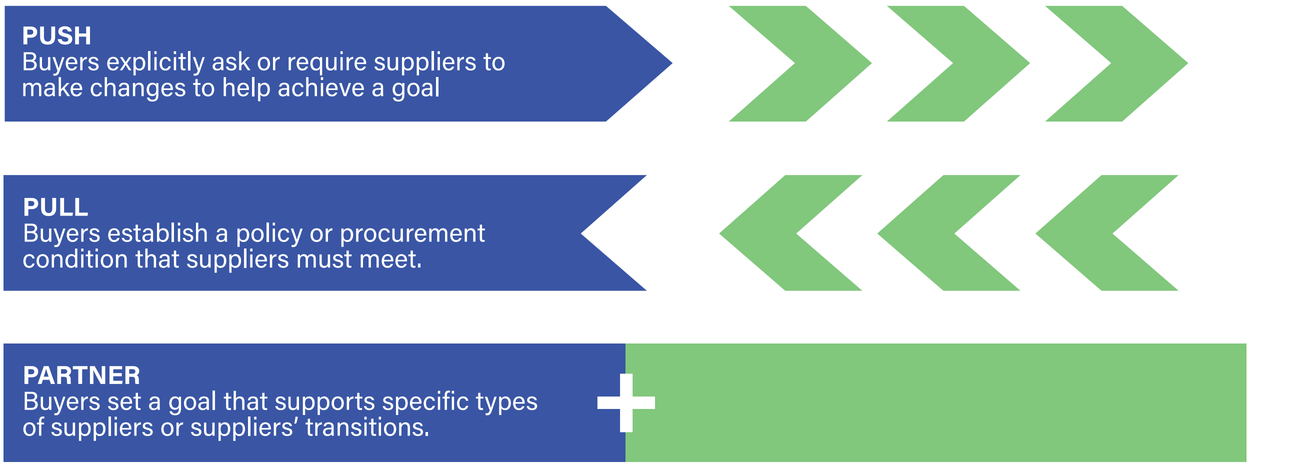
Climate change is now squarely on the agenda for large companies. A survey of 2,600 chief executive officers worldwide revealed more than two-thirds (69 percent) already see a moderate to high impact from climate change on their businesses (UN Global Compact and Accenture 2023). Most of the world's large companies now track, report, and invest in strategies to reduce their GHG emissions. Of note, their supply chains[2] cause most of their emissions at 60–90 percent (CDP and BCG 2024). On average, GHGs in supply chains are 26 times greater than operational emissions (HSBC and CDP 2024).

To hit GHG reduction targets, companies need both large and small suppliers to find ways to reduce emissions, but this can be extremely challenging. Many companies first developed sustainability programs and goals for their operations, then expanded them to address supply chain impacts (CDP and BCG 2024). While companies may be able to effectively monitor their own operations and outcomes, doing so becomes increasingly difficult when activities are outsourced or subcontracted to other firms, which often have their own subcontractors (Mosley 2017). As researchers trace relationships deeper into supply chains, they have observed "a higher incidence of violations with more acute environmental and social impacts that can jeopardize the [large companies'] operations and reputation" (Villena and Gioia 2018).

While large companies are requiring more of their suppliers, they do not necessarily come with partnership offers. Of note, only 1 percent of companies that have supply chain deforestation goals provide financial or technical assistance to their suppliers (CDP 2022). This lack of partnership is important because supply chains are not equal playing fields. For example, large companies may have a stronger business case for supply chain transformations. Many cite interest and pressure from investors or customers as key drivers.[3]

Large companies can realize benefits as they achieve their goals, including enhanced brand value and increased consumer loyalty, but smaller suppliers upstream do not necessarily share in those benefits.

Figure 2 | **Supply chain dynamics can be understood through how buyers push, pull, or partner with their suppliers**



Source: WRI Authors.

Small businesses may not have the same business case, or financial capacity, to invest in GHG reductions, clean energy, or other sustainability measures, unless they are partnering with or being paid more by large companies. If smaller suppliers want to earn more business from large companies, they must be able to sell their products at higher prices or have access to technical knowledge to make upgrades. The smaller suppliers' priorities, resources, or access to information may differ significantly. A smaller supplier may be more focused on staying in business, so maintaining cash flow, meeting payroll, or attracting and retaining good workers often are more immediate priorities.

Consider the challenges for smaller suppliers and workers who lack the power to ensure fair prices and safe working conditions. For example, a large apparel brand may require its suppliers to reduce using energy that contributes to its GHG emissions. However, those suppliers' facilities may need to use additional energy for cooling as extreme heat waves become more frequent, which could dramatically increase energy use. In such situations, SMEs may struggle to meet both the demands of their buyers and the needs of their workers. Tragic examples, such as the deadly factory collapse at Rana Plaza in Bangladesh (Box 1), highlight how people can suffer when safe working conditions are deprioritized or ignored when local regulations are insufficient in setting labor standards (Mosley 2017).

Studies project increasing risks and tensions for people and production in key apparel supplier countries. One study, looking at Bangladesh, Cambodia, Pakistan, and Vietnam, found these countries could lose $65 billion in export earnings and 1 million potential jobs by 2030 from extreme heat and climate impacts, like flooding (Bauer et al. 2023).

Box 1. Tragedy in apparel supply chain prompts investment in people and partnerships

The world watched as the apparel industry confronted the human cost of underinvesting in supply chains. In 2013, an eight-story commercial building collapsed in Bangladesh and took the lives of more than 1,000 garment workers. These unprotected "informal" workers, many of whom were women, worked in unregulated small and medium-sized businesses, which were part of the supply chains of large companies predominantly based in North America and Europe. The Rana Plaza collapse was the world's worst garment industry disaster, and it led to major changes in labor protections for workers in global supply chains. Specifically, it resulted in a greater focus on regulation and compliance, as well as more accountability for global clothing corporations (IHRB 2023).

New partnerships also emerged in response to the tragedy. Trade unions, human rights groups, and international labor organizations partnered with global clothing brands to implement worker protections through two mechanisms: an Accord on Fire and Building Safety and an Alliance for Bangladesh Worker Safety. These mechanisms aim to improve working conditions through building safety standards, with regular audits and inspections (IHRB 2023). These measures are widely considered to be successful. They are credited with preventing further factory accidents, ensuring better health and safety conditions, providing relative job security, and improving social benefits and worker representation (IHRB 2023). However, these measures only cover some Bangladeshi garment factories and have not addressed broader concerns about workers' welfare and protections in the country. Thus, there is still much to be done to improve workers' safety in garment factories in and outside of Bangladesh.

Looking for people in corporate supply chain sustainability goals

Methodology

Our overall research aims to understand two things:

1. To what extent large companies are incorporating people-centered objectives (e.g., skills, wages, safety) into their supply chain goals.
2. To what extent large companies are setting goals that indicate their intent to partner with suppliers.

We used supply chain goals as a proxy for understanding large companies' priorities and approaches. The focus of the goals, and the way they are framed, can signal whether a company is investing in people and partnerships. We suggest these two elements are essential in addressing the elephant in the room: suppliers will be expected to transition to cleaner production, but they already face cost pressures. Suppliers will need large companies to be partners in that transition and invest in priorities that also matter to the people in the supply chain, including workers, communities, and small business owners.

Large companies' goals are often public and accessible for analysis. However, a limitation of analysis is that companies' strategies for meeting goals are not always public or accessible. For example, a company may provide a people-centered goal, but not follow through on implementing strategies to meet it. Additionally, a company may set a goal that does not highlight people or partnerships, but behind the scenes the company invests heavily in collaboration with its suppliers and workers.

We used Pivot Goals,[4] which is a public database initiative of Winston Eco-Strategies and Sustainserv Inc., to evaluate how people and partnerships are represented in corporate supply chain goals. Pivot Goals was the best available, accessible, and searchable database of corporate sustainability goals. At the time of our analysis, the database contained more than 5,000 corporate goals related to social, environmental, and governance performance published since 2012. It covers the US Fortune 250 and Global 200 companies, among other large companies. We filtered results for supply-chain-specific goals and extracted the data for further analysis and categorization.

We identified and analyzed a sample of approximately 1,000 corporate supply chain commitments from nearly 700 companies. These goals generally take the form of short sentences in annual reports or are posted on a company's sustainability webpage.[5] We searched this sample to find goals that seek to support people and empower suppliers in improving sustainability performance (for examples and additional detail, see Box 2 and the appendix). We then coded and grouped goals into 13 corporate goal categories and two people categories, as shown in Table 1.[6]

We categorized goals as either people-centered or non-people-centered. We considered people-centered goals as those that explicitly and directly aim to improve human well-being or focus on people within supply chains. These goals might aim to improve working conditions or advance new skills or fair wages. Non-people-centered goals may focus on processes, procurement goals, or environmental improvements. While non-people-centered goals do have positive impacts for people, they are less direct. They might focus on reducing emissions or waste or complying with sourcing regulations.

The language companies use to express their goals reveals a great deal about how those goals will be achieved. After we outlined the people-centered and non-people-centered categories, we further evaluated the goals to differentiate between goals where companies ask suppliers to make changes without support and goals that explicitly indicate support for suppliers.[7] This approach helped us identify goals that recognized challenges small business owners, workers, and communities may be facing. Using this approach, we categorized corporate goals into one of three categories: push, pull, or partner. All examples given are goals pulled directly from the Pivot Goals database (Pivot Goals n.d.).

- Push. Companies explicitly ask or require suppliers to make changes to help achieve a goal (e.g., net zero GHG emissions or zero deforestation).
  - Example: "Require 100 of our top suppliers to disclose their GHG emissions and emission reduction activities."
- Pull. Companies establish a policy or procurement condition that suppliers must meet.
  - Example: "Integrate sustainability and environmental management policy questions into our standard tender process."
- Partner. Companies set a goal to support specific types of suppliers or suppliers' transitions.
  - Example: "Partner with at least 90 percent of active suppliers to advance responsible sourcing practices and improve transparency."

Table 1 | Categories of corporate supply chain goals analyzed

CORPORATE GOAL CATEGORIZATION	DEFINED AS/CATEGORIZED BY	PEOPLE CATEGORIZATION
Emissions and clean energy	Mention of emissions specifically; low carbon; energy reduction/consumption, electric vehicles	Non-people-centered
Environmental hazards	Mention of chemicals; waste; environmental impact	Non-people-centered
Gender diversity/empowerment	Mention of women or gender specifically as related to goals in training, skills development, education, etc.	People-centered
Packaging and materials	Mention of packaging, material products specifically (example: paper packaging)	Non-people-centered
Philanthropy[a]	Mention of volunteer hours; impact outside of the company; money donated to causes	Non-people-centered
Physical/mental well-being of workers and communities	Mention of assisting communities affected by supply chain, commodity sourcing, etc.	People-centered
Reskilling/entrepreneurship/education	Mention of worker or community skills development, investments in businesses and local education (not gender or youth-specific)	People-centered
Sourcing and compliance[b]	Mention of traceability goals (example: compliance with reporting), sourcing of products, goals of more sustainable sourcing, effects on biodiversity and land related to sourcing commodities	Non-people-centered
Supplier diversity/local SMEs	Mention of goals specifically focused on supplier diversification or spending/sourcing from a more diverse supplier base	People-centered
Wages/income	Mention of worker wages or pay	People-centered
Water usage	Mention of water use, access, and vitality as it relates to supply and production	Non-people-centered
Working conditions/safety	Mention of human rights; specific references to working conditions	People-centered
Youth empowerment/education	Mention of youth/young people in school in terms of education, training, access to opportunity, etc.	People-centered

Notes: [a] While philanthropy can be defined and varies widely across different corporate initiatives, for the purpose of this paper, we define philanthropy goals as those that relate to additional giving that go beyond a company's direct employees or suppliers. For this reason, we do not categorize them as people-centered supply chain goals, but the reason they are included in this analysis is because many companies, and the database from which many of these goals were pulled, do include them under their supply chain goals. [b] While many sourcing and compliance goals impact and affect suppliers and workers within a supply chain, we categorized these goals as non-people-centered. This is because how these goals are phrased focuses on the end goal of a company, such as sourcing all eggs from cage-free chickens by 2030, or reducing the emissions associated with a particular product by a certain year.

Source: WRI Authors

There are some limitations of the analysis. Our evaluation is limited to what we can draw from this specific sample of corporate goal statements. Our sample is limited to goals that US Fortune 250 and Global Fortune 200 published through 2023,[8] and companies continue to update their supply chain goals. Notably, a company's strategy to meet its sustainability goals may include additional initiatives that could be categorized as people-centered or supportive of supplier partnerships. Similarly, we based our analysis on how companies have worded their goals, which could be more reflective of presentation, rather than an actual focus on and investment in time and effort. Furthermore, we recognize this sample cannot account for the unique regional representation and diversity that are relevant to each company's supply chain, as we only reviewed goals presented in English.

Additionally, the analysis does not extend to implementation or accountability mechanisms. While this paper highlights the need for partnership, we acknowledge the impact of such initiatives may be minimal without proper oversight or standardization of metrics and definitions at a global level. This is one area where further research can be done to understand how the existence or lack of regulation affects corporate goals and what is lost or gained in each scenario. Such research can further explore the impact on people and SMEs in different scenarios. There is an opportunity for large and multinational companies, through increased visibility and recognition of suppliers, to bring SMEs and their needs into national dialogues and propel accountability mechanisms. Finally, this analysis does not

Box 2. Additional examples of supply chain goals focused on people and partnership

Below is a list of 10 illustrative examples of corporate goals we found that highlight people and partnerships. Terms such as "work with," "provide," and "support" suggest companies are not just pushing or pulling suppliers to comply. (Notably, few of these supportive goals include quantifiable elements, which suggests a need for more attention on tracking and accountability mechanisms.)

- Enable the economic empowerment of 5 million women entrepreneurs across the value chain.
- Create an unbroken chain of protected human and workplace rights that stretches from our corporate headquarters to the farm, field, or forest where our ingredients grow.
- Deliver future-ready skills development for workers in our supply chain each year through 2030.
- Establish partnerships that support the needs of workers both inside and outside of factories.
- Provide and support safe and healthy work, labor rights, and social protections, striving to secure stable and predictable work for everyone in the value chain. Secure a just transition to a net-zero and circular economy, focusing on enabling decent work through upskilling and reskilling to meet future demands, as examples.
- Work alongside farmers to increase the economic, social, and climate resilience of farming households and communities.
- Help increase farmers' incomes with programs that combine good agricultural practices, access to inputs, the latest plant science, price premiums, and/or other ongoing engagement.
- Ensure farmer training support programs are developing agripreneurs; are equally accessible to men, women, and young people; and are available to farm workers.
- Engage women in cocoa and mint supply chains through income programs, focusing on interventions that boost their savings rates and develop entrepreneurial skills.
- Improve the livelihoods of more than 250,000 people in the agricultural supply chain and their surrounding communities, including economically empowering women, by 2030.

investigate the financial implications of, nor include economic modeling that reflects, what happens if a company does or does not implement changes to its corporate supply chain strategy.

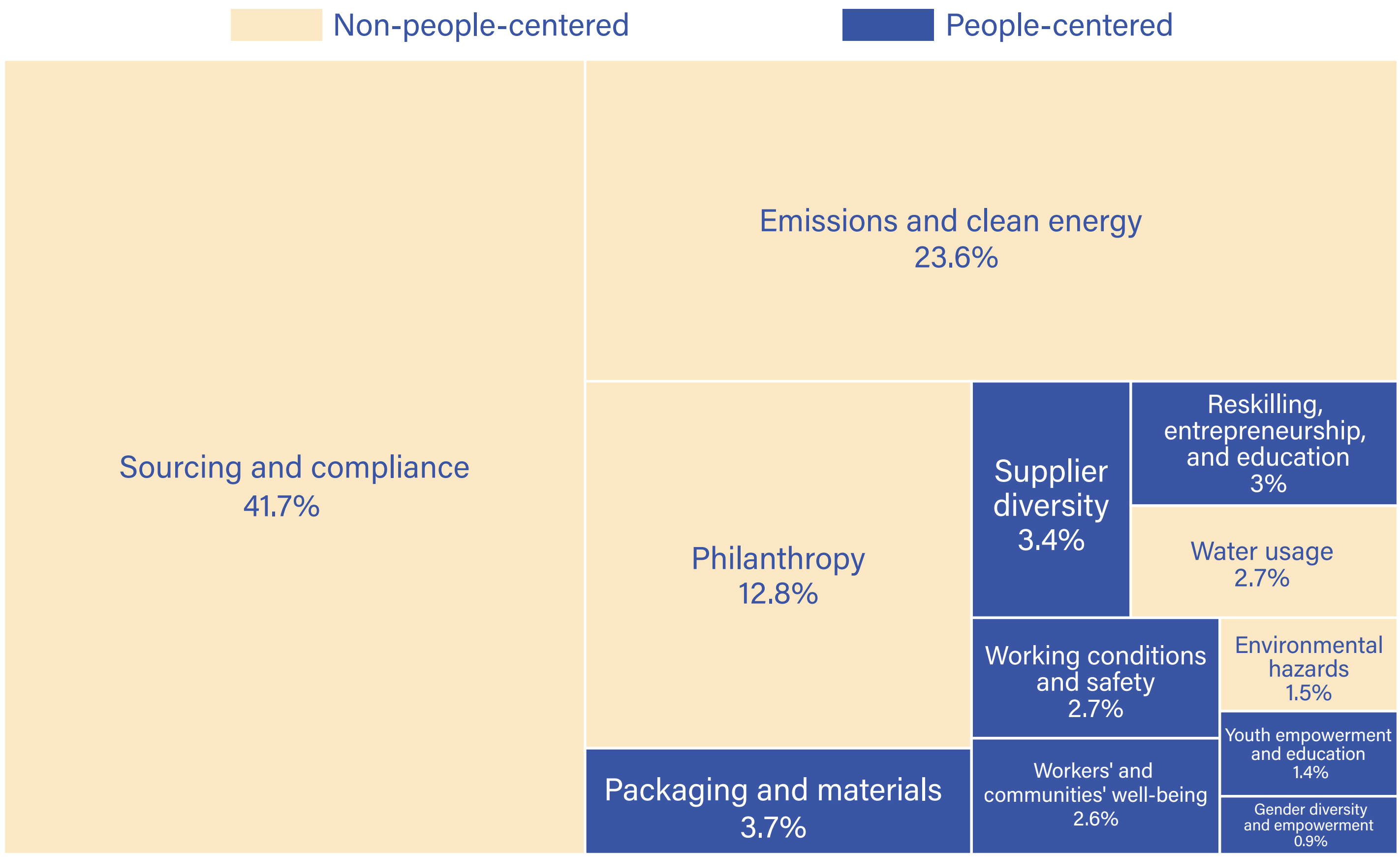
Results

Of the companies in the database with supply chain goals, only 12 percent had at least one people-centered goal (Figure 3). Instead, most goals focused on meeting certain environmental outcomes, such as reducing emissions or using more sustainable product packaging. Most goals did not focus on the following areas:

- Supplier diversity
- Working conditions and safety
- Reskilling, entrepreneurship, and education
- Workers' and communities' well-being
- Youth empowerment and education
- Gender diversity and empowerment

We also found that fewer than 10 percent of companies had goals framed as partner goals. Among more than 1,000 supply chains goals from all companies, the majority (approximately 900) were either push or pull goals.

Figure 3 | **Most supply chain sustainability goals are not people-centered**



Source: Based on raw data from Pivot Goals (n.d.), modified/aggregated by WRI.

Figure 4 | **Out of more than 1,000 supply chain goals reviewed, approximately 900 were pushing and pulling suppliers to meet the large companies' sustainability targets**

Source: WRI authors.

Discussion: Three partnership priorities for people-centered supply chain goals

It makes sense that companies would set goals that push or pull suppliers. Large companies can send strong signals to suppliers of all sizes with goals to reduce emissions, improve efficiency, or change product materials. Each supply chain and large company will be unique in its approach to setting and achieving goals. It would be difficult to determine, if even possible, what the appropriate proportion of goals should be for push, pull, or partner goals. Each large company also may need to determine its own mix of people-centered goals related to its environmental goals. Our analysis suggests people and partnerships need more attention.

Large companies rely on their suppliers to follow them on a pathway to their 2030 goals. The people managing and working for these suppliers will need the right tools, knowledge, and resources to make those transitions. This is particularly important for SMEs in supply chains. SMEs and their employees will need access to financing, new skills and training programs, and critical equipment upgrades.

Supply chains are already incredibly complex, so we propose a simple approach to incorporating people into companies' goals. We draw inspiration from existing efforts and resources to offer three priority questions. These are questions that large companies and other stakeholders (e.g., investors, governments, and civil society) can ask and answer to better understand the people and partnership blind spots in their supply chains:

- Priority question 1: Who is impacted by transitions to supply chains of the future?
- Priority question 2: What is in it for them?
- Priority question 3: Where can we invest for mutual benefit?

Priority question 1: Who is impacted by transitions to supply chains of the future?

Within supply chains, people can face the following challenges and risks: the impact of market volatility, including a disconnect between supply and demand; extreme weather events caused by climate change that impact crop and selling seasons; a lack of access to capital for business improvements; and challenges due to unsafe working conditions or a lack of representation in leadership.

Companies can map the pain points for people in their supply chains, just as they map climate risks and impacts. A UN Global Compact brief notes "businesses need to ensure that workers and local communities are heard and involved in decision making regarding transition planning and climate risk management" (UN Global Compact 2023). Companies can go beyond Tier 1 suppliers and identify people further upstream in supply chains who may need support to make critical industry transitions (see Inspirational examples 1 and 2). This approach means companies must ask two important questions: Who are we (and our Tier 1 suppliers) relying on, and who is relying on us? Where are sourcing decisions and climate changes affecting communities and workers?

Companies must consider three particular groups when asking these questions:

- **SMEs** often lack a voice or incentive to meet the emissions, sustainability, and climate-related demands that large companies create.
- **People working for SMEs** in global supply chains often lack safe work or labor conditions, living wages, and employment protections.
- **Communities where goods and services are produced** in global supply chains do not typically have a say in where factories are located, the impact to their lives, or the types of jobs these facilities create. The communities of people working for SMEs, and their families, are affected by the facilities and their workers' ability to work regularly, earn wages, and provide for them.

Inspirational example 1: Mars Shubh Mint partnership with farmers in India

Approximately 80 percent of the world's mint is farmed in India, but climate change now makes it difficult to grow mint for products like toothpaste and chewing gum (Tanager 2024). To secure a future supply of natural mint for its products, Mars[9] spent more than seven years working with smallholder farmers in India to understand the challenges they faced. The company hired local implementing partners to help understand the challenges and needs of mint farmers in India and apply a "test and learn" approach before scaling the work. Those insights helped inform people-centered partnership goals, including increasing the average incomes of approximately 24,000 smallholder farmers through innovative agricultural practices in the Indian state of Uttar Pradesh (Child 2020). To date, the program has doubled yields, reduced water consumption by approximately 30 percent, and increased smallholder mint incomes by 156 percent (Tanager 2024). In a personal communication with Bilal Bawany at Mars on June 9, 2025, the authors learned the Shubh Mint partnership has also created a nascent ecosystem of four farmer-owned Farmer Producer Companies, affordable input shops, and more than 400 self-help groups for women members.

Inspirational example 2: Tony's Open Chain initiative

Tony's Chocolonely, also known as Tony's, is a company with a publicly stated vision of "together we'll end exploitation in cocoa" (Tony's n.d.). It has spent 20 years learning, testing, and enhancing a collaborative approach to sourcing cocoa for its chocolate bars. The company identified and focused on building partnerships with farmer cooperatives in West Africa, a region with more than 1.5 million cases of child labor on cocoa farms (Sadhu et al. 2020). The company established five "Sourcing Principles" to prioritize people in its supply chain: traceability, higher prices, long-term commitments, strong farmer partnerships, and enhanced quality and productivity. Tony's also recognized it would need other industry players and governments to join the company in this mission. It launched a partnership in 2019, Tony's Open Chain, to share insights and scale impacts from the company's 20 years of initiatives and investments in the cocoa supply chain. Tony's shares its sourcing model with other companies, referred to as "Mission Allies." Tony's has recruited 20 Mission Allies to join the effort and established a set of ambitions that include a collective goal of sourcing 80,000 metric tons of West African beans by 2027–28, using the five Sourcing Principles (Tony's 2024). As part of this scaling effort, Tony's Open Chain created the following people-centered key performance indicators: the percentage of households covered by a Child Labor Monitoring and Remediation System, the number of child labor cases identified and closed, and the number of farmers who are paid a living income reference price for their cocoa beans.

Priority question 2: What is in it for them?

Partnering with people in supply chains means listening and learning, as well as finding mutual benefits. Large companies need to figure out where their goals connect to the goals of SMEs and workers, and these SMEs' and workers' families and communities. Drawing on stakeholder theory, a business case must go beyond financial performance for shareholders and should be "co-created in the exchange between and with contributions from various stakeholders" (Schaltegger, Hörisch, and Freeman 2019). For integration to happen, something (or someone) may need to strengthen the business case.

If companies need SMEs to take action to reduce climate risks, they can look for what motivates the people managing and working for these suppliers. SMEs upstream in supply chains have neither investors nor consumers pressuring them to reduce GHG emissions. Many are not monitoring long-term government policy outlooks or market structures. These SMEs are more interested in immediate benefits, such as access to new skills, equipment, markets, and customers. They want to maintain good relationships with large companies, but they also have a different capacity, or a different business case, and are managing different tradeoffs when investing in cleaner production. Their employees are often interested in better wages and improved working conditions. The communities where these SMEs operate also have systemic issues, such as education and health care, that need investment.

Some SMEs are already taking action to address challenges such as climate change, which can help large companies understand and build a joint business case with SME suppliers. The SME Climate Hub surveyed hundreds of small businesses in 2025, asking about motivations and benefits. More than 60 percent of respondents cited a desire to "meet customer expectations and increase loyalty" as a key driver. More than half of SMEs surveyed highlighted enhanced business reputation as a key benefit, also noting they are taking actions to differentiate their businesses, win new customers, and strengthen their resilience to climate change (SME Climate Hub 2025).

Large companies and SME suppliers may share certain risks and benefits. Likewise, addressing a risk for a large company could open new market opportunities for SME suppliers. Consider the clean energy upgrades example. A large company may be interested in reducing GHG emissions and may want suppliers to purchase cleaner sources of energy. SMEs, workers, and local communities could benefit from cleaner energy sources, both in terms of air quality and access to new customers interested in products with lower GHG emissions. Some large companies have recognized this as an opportunity to partner with suppliers. They have found ways to make it easier for suppliers to access clean energy and realize the business benefits that come with it (see Inspirational example 3).

Inspirational example 3: IKEA partnership with suppliers to buy renewable energy

In an effort to reduce GHG emissions in its supply chain, IKEA[10] created an approach that made it easier for suppliers to buy renewable energy. The company set a goal "of securing 100 [percent] renewable electricity at direct suppliers" (IKEA 2021). IKEA set out to help suppliers switch to clean energy by negotiating pre-arranged agreements such as power purchase agreements (PPAs), bundled frame contracts, or credible renewable energy certificates. These solutions are adapted to each country's energy market, enabling suppliers to access renewable electricity more easily and affordably.

The program launched in June 2021, initially targeting three of IKEA's largest supplier regions: China, India, and Poland (IKEA 2021). Following the strong early response, in 2023, IKEA expanded the program into a second wave of ten additional markets, specifically: the Czech Republic, Germany, Italy, Lithuania, Portugal, Romania, Slovakia, Sweden, Türkiye, and Vietnam. Most recently, in 2025, IKEA initiated a third wave, further extending the program to 14 more markets (Segal 2025). In all, IKEA has helped 491 suppliers (44 percent of all direct suppliers) procure renewable electricity, representing more than 91 percent of supplier electricity-related CO_2 emissions.

Priority question 3: Where can we invest for mutual benefit?

Companies that want to create supply chains of the future will need to find support (financial or otherwise) for SMEs, workers, and communities. Waddock and Smith (2002) emphasize "the mutuality of interests and practices between society and business, between community and community members and stakeholders of the firm," and call for a focus on the nature of companies' relationships with their various stakeholders through daily operating practices (Waddock and Smith 2002). In other words, find a means to operate the business such that if the company "treats society well, society will return the favor" (Falck and Heblich 2007).

There are lessons to learn from industries that rely on long-term collaboration with local communities. For example, experiences in the mining industry have highlighted the need for a framework that emphasizes partnership performance from both corporate and community perspectives (Esteves and Barclay 2011. Successful collaborations have reduced mining-community conflict and improved outcomes for both companies and communities. Evidence shows mutual value created when companies invite and implement proposals directly from workers and community stakeholders (Fraser 2021).

There are also opportunities to test innovative approaches with existing tools that shape relationships between buyers and suppliers. Contracts could be adapted to ensure that suppliers have the time, financing, or additional resources needed to meet a large company's sustainability goals. Similarly, industry associations or other pre-competitive partnerships could be leveraged to create joint investment opportunities. If multiple large companies have a shared interest in supporting action in their supply chains, they can find ways to invest together (see Inspirational example 4).

Inspirational example 4: Apparel Impact Institute's Fashion Climate Fund

In 2022, the Apparel Impact Institute[11] (Aii) launched an effort to create a $250 million fund with the world's largest clothing companies. The institute secured seven lead funders from corporate and philanthropic sources: HSBC, Target Corporation, PVH Corp., Lululemon, H&M, H&M Foundation, and The Schmidt Family Foundation. The $250 million fund stated its goal was "to unlock up to $2 [billion] in blended capital – accelerating the deployment of proven impact solutions and aiming to reduce up to 100 million [tons] of CO_2 from the apparel supply chain by 2030" (Aii 2025). In shaping the fund, Aii and its partners have prioritized $120 million for grants to suppliers and focused on ensuring suppliers get better investment and lending terms for critical factory upgrades (Aii 2025).

Challenges and future work

Our review of 1,000 corporate goals suggests a blind spot for tomorrow's supply chains. Few goals highlight priorities such as worker reskilling, entrepreneurship, and education; supplier diversity; working conditions and safety; workers' and communities' well-being; youth empowerment and education; and gender diversity and empowerment.

Large companies aspiring to more sustainable and resilient supply chains will take a closer look—and lead. They will create new ambitions and investments, specifically with more people-centered goals. We challenge all large companies to have at least one people-centered supply chain goal for 2030.

Large companies that do not step up to lead will need incentives from others. Investors, governments, consumers, and other companies can all encourage more large companies to prioritize people and partnerships in their supply chains. We challenge actors in this system to find a role in testing and scaling ideas, such as the three offered below. For each of the priority questions we highlight in this paper, we propose actions and ideas for future exploration and innovation.

Priority question 1: Who is impacted by transitions to supply chains of the future?

Action: map and identify. Idea: go find the pain points beyond Tier 1 suppliers.

The old theory of change in supply chain sustainability was that companies could identify and engage their direct suppliers and change would cascade up the chain, all the way to a product's raw material origins. Instead, what if companies mapped out climate risks and impacts on suppliers and people far upstream, including, and especially, SMEs and informal or vulnerable workers like contract and migrant workers? With this approach, companies can go beyond talking about climate change and connect with the impacts it has on people, such as air quality, heat stress, flooding, and drought.

Priority question 2: What is in it for them?

Action: listen and learn. Idea: send extension agents instead of compliance auditors.

The old model for ensuring suppliers were following sustainability requirements was to send auditors to factories to confirm compliance. Instead, what if companies borrowed from the extension agent model and sent individuals who have (or can earn) suppliers' trust and can implement upgrades and teach new skills? In following this model, large companies can gain new and better insights into what people in their supply chains need.

Priority question 3: Where can we invest for mutual benefit?

Action: ask and offer. Idea: test new contracting models that emphasize mutuality.

The old approach to contracting with suppliers was to ensure the best possible prices and protect individual company interests. Instead, what if more large companies integrated new types of contracts or community benefit agreements into their procurement processes? Some examples of innovative contracts include relational contracts that build trust and long-term relationships; collaborative contracts with a shared vision, values, and objectives; performance-based contracts with payments based on outcomes and quality; and value-based contracts that go beyond costs to account for and maximize overall value delivered.

Bonus challenge: ask more questions and demand more action to build a business case for investing in people.

There is one final blind spot to acknowledge: only about one-third of supply chain executives report being able to build a strong business case for supply chain sustainability investments (EY 2022). That business case depends largely on whether there is support (and pressure) from investors, governments, consumers, and civil society. We challenge all stakeholders with a vested interest in seeing more sustainable, resilient supply chains to ask more questions and offer more support to companies that are willing to innovate and invest in people.

Appendix: Methodology for corporate supply chain sustainability goals analysis

We reviewed corporate goals compiled on PivotGoals.com, which contains more than 5,000 corporate goals related to social, environmental, and governance factors, and filtered for goals related to "value chain," "supply chain," and "other."

After pulling these data into an Excel file, we hid all "health/nutrition"-related goals (e.g., reduce sodium in products), all employee-specific goals (e.g., increasing volunteer hours of staff and staff satisfaction), and other goals deemed unrelated to supply chains. We also deleted all duplicate goals and goals that were included multiple times, either by accident or if a company had a goal that included a year in one version and not the other (e.g., purchase 50 percent clean energy for store versus purchase 50 percent clean energy for store by 2030).

We then coded all goals using the categories defined in the table below. In instances where a goal could hit multiple categories, we recorded each one and included them in the final tally for those categories.

Over time, multiple researchers reviewed and refined the data. There were fewer than 10 goals that researchers coded differently. In those instances, the team discussed and aligned on agreed coding. We include the final version of categories and their definitions below.

Our evaluation is limited to what we can draw from this specific sample of corporate goal statements. We acknowledge that a company's strategy to meet its public sustainability goals may include additional initiatives that could be categorized as people-centered or supportive of supplier partnerships. Furthermore, we recognize this sample cannot account for the unique regional representation and diversity that are relevant to each company's supply chain. Likewise, our sample is limited to goals that US Fortune 250 and Global Fortune 200 published through 2023,[12] and companies continue to update their supply chain goals.

Additionally, this paper does not focus on the need for regulation to ensure that companies follow through with their commitments. While this paper highlights the need for partnership, we acknowledge the impact of such initiatives may be minimal without proper oversight or standardization of metrics and definitions at a global level. This is one area where further research can be done to understand how the existence or lack of regulation affects corporate goals and what is lost or gained in each scenario. Such research can further explore the impact on people and SMEs in different scenarios. There is an opportunity for large and multinational companies, through increased visibility and recognition of suppliers, to bring SMEs and their needs into national dialogues and propel accountability mechanisms. Finally, this analysis does not investigate the financial implications of, nor include economic modeling that reflects, what happens if a company does or does not implement changes to its corporate supply chain strategy.

Table A-1 | **Coded Categories and Definitions Used for Goal Analysis**

CORPORATE GOAL CATEGORIZATION	DEFINED AS/CATEGORIZED BY
Emissions and clean energy	Mention of emissions specifically; low carbon; energy reduction/consumption, electric vehicles
Environmental hazards	Mention of chemicals; waste; environmental impact
Gender diversity/empowerment	Mention of women or gender specifically as related to goals in training, skills development, education, etc.
Packaging and materials	Mention of packaging, material products specifically (example: paper packaging)
Philanthropy	Mention of volunteer hours; impact outside of the company; money donated to causes
Physical/mental well-being of workers and communities	Mention of assisting communities affected by supply chain, commodity sourcing, etc.
Reskilling/entrepreneurship/education	Mention of worker or community skills development, investments in businesses and local education (not gender or youth-specific)
Sourcing and compliance	Mention of traceability goals (example: compliance with reporting), sourcing of products, goals of more sustainable sourcing, effects on biodiversity and land related to sourcing commodities
Supplier diversity/local SMEs	Mention of goals specifically focused on supplier diversification or spending/sourcing from a more diverse supplier base
Wages/income	Mention of worker wages or pay
Water usage	Mention of water use, access, and vitality as it relates to supply and production
Working conditions/safety	Mention of human rights; specific references to working conditions
Youth empowerment/education	Mention of youth/young people in school in terms of education, training, access to opportunity, etc.

Endnotes

1. Interview with corporate sustainability executive from the retail industry. Background interviews were conducted with industry experts throughout the research process for this paper. Several interviews were recorded and featured in a three-part podcast series: *Voices of Supply Chains*. See https://www.wri.org/podcasts/podcast-series-voices-supply-chains.

2. A supply chain can be defined as a network of individuals and businesses that are involved in creating and delivering a product to a consumer.

3. Background interviews with members of WRI's Corporate Consultative Group (CCG). See https://www.wri.org/corporate-consultative-group-ccg.

4. WRI used the Pivot Goals database (Pivot Goals n.d.), which contains more than 7,000 corporate goals related to social, environmental, and governance factors. We filtered for goals related to "value chain," "supply chain," and "other," then filtered for goals companies are setting for suppliers, leaving approximately 1,000 corporate goals. We then filtered and coded goals by topic and approach.

5. Only some companies take additional steps to publish details on progress or plans they are implementing to achieve these goals. Thus, this research is restricted to publicly available data and resources.

6. While some goals analyzed could fall into more than one category, the team categorized each goal into the category it predominately fell into. Therefore, using this methodology to analyze these same goals may have resulted in slightly different numbers or percentages in terms of how many goals belonged to each category.

7. "Support" in this context refers to the financial, educational, or technical aid that a company can provide to its suppliers.

8. To assess this limitation, we conducted an additional analysis of the most recent goals from several dozen companies that are members of WRI's CCG. The results mostly mirror those we see in the analysis of the 1,000 corporate goals.

9. Mars is part of WRI's CCG and provides funding to WRI, but did not fund this research paper.

10. IKEA is part of WRI's CCG and provides funding to WRI, but did not fund this research paper.

11. WRI is one of Aii's nongovernmental organization partners.

12. To assess this limitation, we conducted an additional analysis of the most recent goals from several dozen companies that are members of WRI's CCG. The results mostly mirror those we see in the analysis of the 1,000 corporate goals.

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About WRI

World Resources Institute works to improve people's lives, protect and restore nature, and stabilize the climate. As an independent research organization, we leverage our data, expertise, and global reach to influence policy and catalyze change across systems like food, land and water; energy; and cities. Our 2,000+ staff work on the ground in more than a dozen focus countries and with partners in over 50 nations.

About CREST

CREST is a five-year, $25 million career preparation and reskilling initiative of the Ares Charitable Foundation (the "Ares Foundation") that aims to help close the gap between the demand for a skilled workforce for green jobs and the number of people prepared for these opportunities so that individuals achieve economic mobility. Working with our partners and local communities, the Ares Foundation can deepen our impact, harness new opportunities, and help create a more prosperous, green, resilient future that benefits generations to come.