

How to Lean on Sustainability When Supply Chain Shocks Hit

With the uncertainty around global trade, including tariff hikes and bi-lateral agreements, new due diligence regulations and increasing climate disruptions, it's no surprise that businesses are rethinking their supply chain strategies. Short-term chaos, however, may be masking a real opportunity: businesses that embed sustainability across their supply chain are managing risk while building agility and resilience.

Why it matters

Reactive moves to an unpredictable environment can only get you so far. Companies that understand the carbon, compliance, capacity and human rights risks in their supply chains are more agile and better positioned to make faster, more informed decisions under pressure, avoiding costly surprises.

What we know

- **Disruption is the new norm in supply chains.** Companies face a range of new, challenging risks. Tariffs have reached their highest level since 1909 ([Deloitte, 2025](#)). Climate change is no longer a distant threat: in 2023 alone, weather-related disasters caused \$280 billion in economic losses globally, with cascading impacts across supply chains ([Swiss Re, 2024](#)).
- **Tariffs amplify uncertainty and stall decision-making.** On again, off again tariffs are complicating decision-making, forcing companies to either pass costs on to customers or reassess sourcing strategies. 73% of U.S. manufacturers cited trade uncertainties, including tariffs, as their top business challenge in the first quarter of 2025 ([Deloitte, 2025](#)).
- **Emerging regulations add complexity.** Regulations like the [EU Carbon Border Adjustment Mechanism](#) (CBAM) and the [Corporate Sustainability Due Diligence Directive](#) (CSDDD) are expanding compliance requirements, in an attempt to hold companies accountable for both emissions in their supply chains and human rights impacts. Carbon pricing mechanisms are expanding and becoming more expensive with 75 instruments covering 24% of global emissions ([World Bank, 2024](#)). Understanding these complex regional regulations adds additional costs, obligations, and the need for more transparency.

- **The logistics backbone of the global economy is becoming a regulated emissions frontier.** International accords like [CORSIA](#) for aviation and the newly introduced [IMO](#) for shipping enforce carbon emission standards and reduction mandates. This adds new pressure on companies to optimize routes, rethink freight strategies and prioritize suppliers with low-carbon transit solutions.
- **Customer expectations push sustainability upstream.** Some B2B buyers are willing to pay a premium for suppliers that meet sustainability goals, with 36% willing to switch suppliers if expectations aren't met ([Bain, 2024](#)).

What we observe

- **Leaders are rethinking sourcing to build resilience.** As disruptions mount, companies are re-evaluating the geographic and material dependencies in their supply chains. By tapping into local suppliers and recycling streams, they reduce exposure to tariff swings and geopolitical bottlenecks. Tech giants like [Microsoft](#) and [Apple](#) are securing recycled rare earth metals to minimize geopolitical and environmental risk exposure.
- **Traceability is hard but pays off when disruption hits.** Companies that better map their origin-to-customer value chain can spot risks early including tariff zones, forced labor risks, emissions hotspots, emerging compliance hurdles and act faster resulting in fewer disruptions, smoother audits and steadier margins.
- **Sustainability can bridge internal silos.** Supply-chain teams and sustainability teams once spoke different languages: cost versus carbon, speed versus social impact. Now they're finding common ground: order-consolidation cuts both excess shipments and emissions and living wages curb absenteeism.
- **Technology is turning data into action.** AI, IoT, and blockchain are powering low-carbon routing, automating compliance alerts and enhancing scenario planning resulting in more resilient supply chains that are efficient and agile.

Bottom line

Volatility is here to stay. Businesses that embed sustainability throughout their supply chains, from sourcing to product design, will be better positioned to weather the storm. Here are actions leaders are taking now:

1. **Collaborate across silos.** Engage strategy, compliance, sourcing and sustainability teams. Align cost, carbon, and compliance KPIs across teams. Involve industry peers to harmonize goals, streamline processes and share risk insights.
2. **Map for transparency in high-risk segments.** Prioritize mapping for high-risk categories or geographies first. Invest in supplier-level data on environmental and social performance so you can identify and address risks before they surface.
3. **Embrace circularity where scarcity or waste can impact margins.** Identify circular opportunities tied to material scarcity, waste costs, or trade risks.
4. **Deploy smart tech.** Leverage tech that solves immediate pain points - like emissions tracking, traceability, or real-time risk alerts. Start small and scale solutions that prove business value.
5. **Shape policy.** Engage with regulators and standards bodies to craft pragmatic trade and sustainability rules and ensure your operational realities inform future regulations.



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