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The Green Transformation of the Supply Chain

Sustainability, ecology and climate protection seem like yesterday's topics at the moment, as the worldwide Covid-19 pandemic dominates everyday life. Nevertheless, environmental issues are still as important as they were a year ago: The entire automotive industry must accelerate its green transformation to avoid becoming overwhelmed by reality.

Accordingly, German politicians have been discussing the Supply Chain Act for some time. It would require the business community to examine preliminary work or preliminary products procured abroad for environmentally damaging production conditions, among other things. However the law will look in detail: In the future, companies will need clarity as to whether their supply chain pays sufficient attention to the topic of sustainability. This clarity means that environmental sustainability is becoming an important criterion for awarding contracts.

The topic has now reached the automotive industry and is seen as a central challenge for the coming years. According to the Staufen study "Green Transformation in the Automotive Industry," a clear majority of vehicle manufacturers and suppliers sees themselves as pioneers of the green transformation. OEMs in particular are open to ecological aspects. More than 60 % have already defined sustainability as an award criterion

when selecting suppliers. Suppliers, however, are somewhat less active when it comes to their own suppliers: Here, just under 40 % are currently focusing on ecological issues. This makes it clear that the potential for ecologically sustainable management in automotive is far from exhausted. The greatest obstacle is that many ecological measures do not pay off when it comes to economic profitability. This is why companies have so far concentrated on saving energy and materials. These traditional cost-cutters, however, also affect environmental aspects positively.

The influence of consumers, who are increasingly taking ecological aspects into account, is crucial for OEMs. For companies in the supply chain that are further away from end customers, however, sustainability is of less or indirect importance; in this case, the ordering behavior of the OEMs has a greater impact.

In the future, suppliers will also have to optimize their production facilities and processes to achieve greater sustainability. This is because the CO₂ targets can only be reached within entire supply chains. One way of doing this is to emphasize environmental aspects in supply contracts. Whereas the focus was primarily on quality and price in the past, ecology is now also becoming a central issue in the supply chain of the automotive industry.