

SUSTAINABILITY EXPLAINER

NATURAL PRODUCT SUPPLY CHAINS: NATURE-RELATED DEPENDENCIES AND IMPACTS

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Consumers are shifting to **natural products** over synthetics - but “natural” doesn’t always mean low impact.

Ingredient sourcing, ecosystem dependencies, and climate risks all raise **challenges for sustainability** in this sector.



Large companies may rely on thousands of **natural ingredients**.

Understanding **nature-related impacts** and **supply chain vulnerabilities** is essential for building resilience and achieving truly sustainable growth.





DEPENDENCIES ON NATURE

Natural Product supply chains depend on nature for:

- **Climate regulation** that mitigates climate extremes and provides favourable growing conditions
- **Water supply** that is clean and sufficient for growing
- **Soil** which has sufficient fertility, stability and drainage
- **Ecosystem resilience** - including species biodiversity and pest resistance

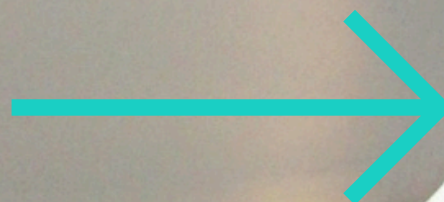


CLIMATE CHANGE IMPACTS

The production of natural ingredients is impacted by:

- **Reduced climate regulation**, increasing risk of drought, intense rainfall, storms and cyclones, heatwaves and fires
- **Increased stress to water supplies** altering growing environments, exacerbating other climate change impacts, and reducing ecosystem resilience
- **Changing temperature conditions**; fewer cold extremes and more heat extremes





CHALLENGES AND SOLUTIONS

Companies that recognise their dependencies on nature, and correlate the impacts of climate change on those touchpoints, are better placed to...



- **Mitigate risk** of supply chain failure
- **Build positive relationships** with supply chain partners
- **Protect their social licence** to operate with customers and regulators

But there are some very significant challenges...



CHALLENGE #1

Incomplete or inaccurate data being captured by global supply chain partners

SOLUTION #1

- Build a **supplier portal** to gather site-specific nature-related data on a hyper-user-friendly platform
- Leverage existing, **verified public databases** to fill data gaps



CHALLENGE #2

Scope of information required to adequately mitigate supply chain failure is too complex for simple modelling

SOLUTION #2

Create an **integrated model** to combine geo-located nature-related data, climate projection data and operational data to generate a vulnerability map, to identify **ingredient and supply chain hotspots** at risk of exposure to climate-related impacts.





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