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Despite high sustainability ambitions, only half of manufacturers worldwide are on track to reach Paris Agreement goals

Paris, June 15, 2021 – Manufacturing organizations are setting ambitious sustainability targets for the coming decade with 20% aiming for carbon-neutral operations and two in five (40%) setting their sights on 100% renewable operations by 2030. This is according to a new report from the [Capgemini Research Institute](#) entitled, [Sustainable operations: A comprehensive guide for manufacturers](#), which reveals that only 51% of manufacturing organizations globally are aiming to align with the temperature contribution target of the Paris Agreement. Within this cohort, Germany (68%) and France (67%) are leading the pack with respect to their manufacturers being on track to achieve the targets.

The report also reveals that manufacturers are boosting their sustainability agenda with technology, as more than half (56%) of organizations are currently prioritizing the deployment of digital technologies for sustainability.

According to the report, strong progress in sustainable manufacturing is helping organizations realize the benefits of sustainability initiatives. 89% of organizations implementing sustainability initiatives see an enhanced brand reputation and 81% noted an improved environmental, social and governance (ESG) rating of their company. 79% achieved improved efficiency and productivity and more than half reduced packaging costs and boosted employee motivation levels. The report also finds that 9 in 10 organizations have seen a reduction in waste (98%) and greenhouse gas emissions (94%) as a result of implementing sustainability practices — both of which are top priorities for manufacturers.

However, despite high ambitions, only a few are on track to becoming sustainable manufacturers¹. According to the report, the manufacturing sector lacks a comprehensive focus on sustainability, and the maturity of sustainability practices remains low: only 10% of organizations employ a holistic approach to sustainable manufacturing. Across industries, consumer products is the most sustainable sector (15%), followed by industrial and capital goods (11%) and automotive (10%). Furthermore, only 11% of sustainability initiatives are actively being scaled across organizations and just one in five agree that sustainability is fully integrated into their manufacturing strategy. While 38% of organizations are prioritizing Scope 1 emissions (direct emissions that the organization owns or controls), even fewer are focusing on Scope 2 (indirect emissions such as generating the electricity used by the organization) and Scope 3 (all other indirect emissions that occur in a company's value chain), neglecting other carbon drivers beyond internal processes.

¹ This research defines sustainable manufacturers as those organizations that have a comprehensive focus on all 6Rs – Reduce, Reuse, Recycle, Recover, Redesign and Remanufacture and are incorporating sustainability into their entire value chain.



"There is a paradox in the fact that only 11% of green sustainability initiatives are actively being scaled across organizations, while the benefits realized by companies adopting sustainability initiatives are huge," comments Corinne Jouanny, Chief Innovation Scaling Officer at Capgemini Engineering. *"Technologies and data are critical to accelerating the sustainability agenda. We're seeing growing investments in digital technologies by manufacturers who are forming partnerships with established technology firms and startups to further develop their sustainable solutions. This is leading organizations to a full range of opportunities to reconcile profitable growth and sustainability."*

Addressing the barriers to success

Less than one in three manufacturing organizations have alignment between sustainability executives and business executives on their sustainability priorities.

According to the report, manufacturers need to go beyond existing lean and green practices – reduce, reuse, recycle – to a more comprehensive approach, one that incorporates recover, redesign and remanufacture. While most organizations focus on direct emissions to achieve their carbon-neutrality goal, much of the carbon footprint for manufacturers lies within the indirect emissions of their organization, and that of their value chain.

The report concludes with the top sustainability practices or applications within each of the 'six R' areas and outlines the critical success factors for organizations to reach their sustainability goals:

1. Align business teams and sustainability executives to explain synergies between performance and sustainability, and anchor the joint agenda
2. Work with customers and suppliers to reduce indirect emissions
3. Build transparency through effective reporting and ensure accountability
4. Incorporate sustainable ways-of-working and operating culture
5. Invest in technology and data-driven innovation to ensure sustainability goes hand in hand with profitable growth.

Research methodology

The Capgemini Research Institute surveyed 1,000 executives among large manufacturers across business functions and regions. Out of these, 480 organizations surveyed were represented by an executive from the business-facing side and one from sustainability functions. In addition, the researchers conducted one-on-one interviews with 15 senior sustainability executives from the industry's major players.

The full report can be downloaded [here](#).

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