

The Achilles Annual Risk and Sustainability Report

*How Organizations
Are Managing
Supplier Risk in 2026*



Foreword



Supply chains continue to operate under sustained pressure. Regulatory demands are increasing, sustainability expectations are expanding, and disruption is no longer an occasional event.

It is a constant feature of today's global operating environment for businesses.

Organizations are now expected to demonstrate deeper oversight of their supplier ecosystems, not only to meet compliance obligations, but to safeguard business continuity, protect reputation and strengthen operational resilience.

This year's survey reflects a significant rise in global engagement, with responses increasing by 70% from 1,650 last year to 2,805 in 2025. That growth signals a clear re-focusing of business priority: with

organizations placing greater strategic emphasis on third-party risk, supply chain resilience and sustainability governance.

As supply chain complexity increases and disruption persists, business leaders are seeking more proactive ways to identify and address emerging risks before they escalate to create operational or financial impact.

We received responses from organizations across the globe, including Australia, Brazil, France, Germany, Italy, the Middle East, Norway, Spain, Sweden, the UK and the USA. Reinforcing the international nature of modern supply chains and their far-reaching impact on business performance.

At Achilles, our focus is simple: to help organizations gain clear, structured insight into who their suppliers are, how they operate and where risks are emerging, enabling leaders to act early and respond to supply chain challenges with confidence.

Adam Whitfield
Head of Global Compliance and ESG,
Achilles

Section Two

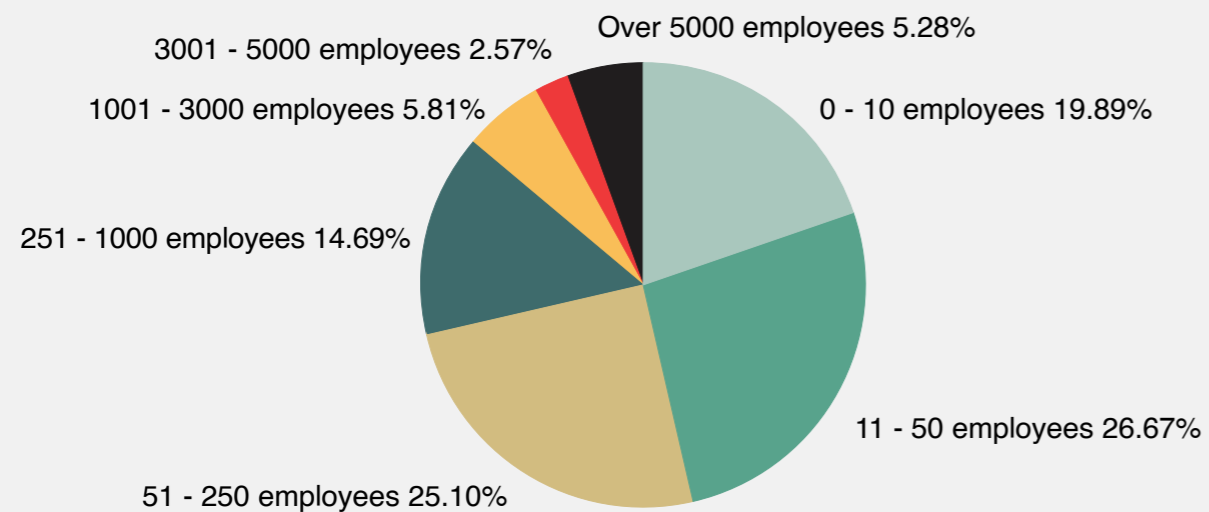
The Emerging Risk Landscape

Modern supply chains are more interconnected and more exposed than ever before. Expectations from regulators, investors and customers continue to increase, while operational volatility remains high.

This research draws on the perspective of 2,805 organizations. Responses by organization size are shown below.



Responses by organization size



Several themes emerge consistently throughout the data. Sustainability strategies are firmly established and increasingly driven by regulation. Supplier-related disruption remains a recurring challenge. Interest in AI is growing, yet progress is often slowed by data and integration constraints. Above all, organizations with structured risk management platforms demonstrate higher levels of overall maturity.

A clear gap is forming between those with scalable, standardized supplier risk foundations and those still relying on manual or automated processes.

In complex environments, confidence does not come from visibility alone. It comes from structured oversight, prioritized insight and the ability to intervene early.

A Global Cross-Section of Higher Risk and Complex Supply Chains

Participation reflects strong engagement from industries where supplier performance has direct operational and financial consequences.

Construction and engineering represent the largest share of responses, followed by energy, oil and gas, industrial manufacturing, commercial and professional services, and a broad mix of transport, utilities, metals and mining, financial services and public sector organizations.

These sectors share common characteristics:

extensive contractor networks, multi-tier and often multi-national supplier relationships, significant compliance exposure and operations that cannot tolerate prolonged disruption.

The international spread of respondents highlights the reality that supplier risk is rarely confined to one geography. Organizations manage suppliers across borders, regulatory regimes and operational contexts. Increasingly, therefore, governance has to operate at scale.

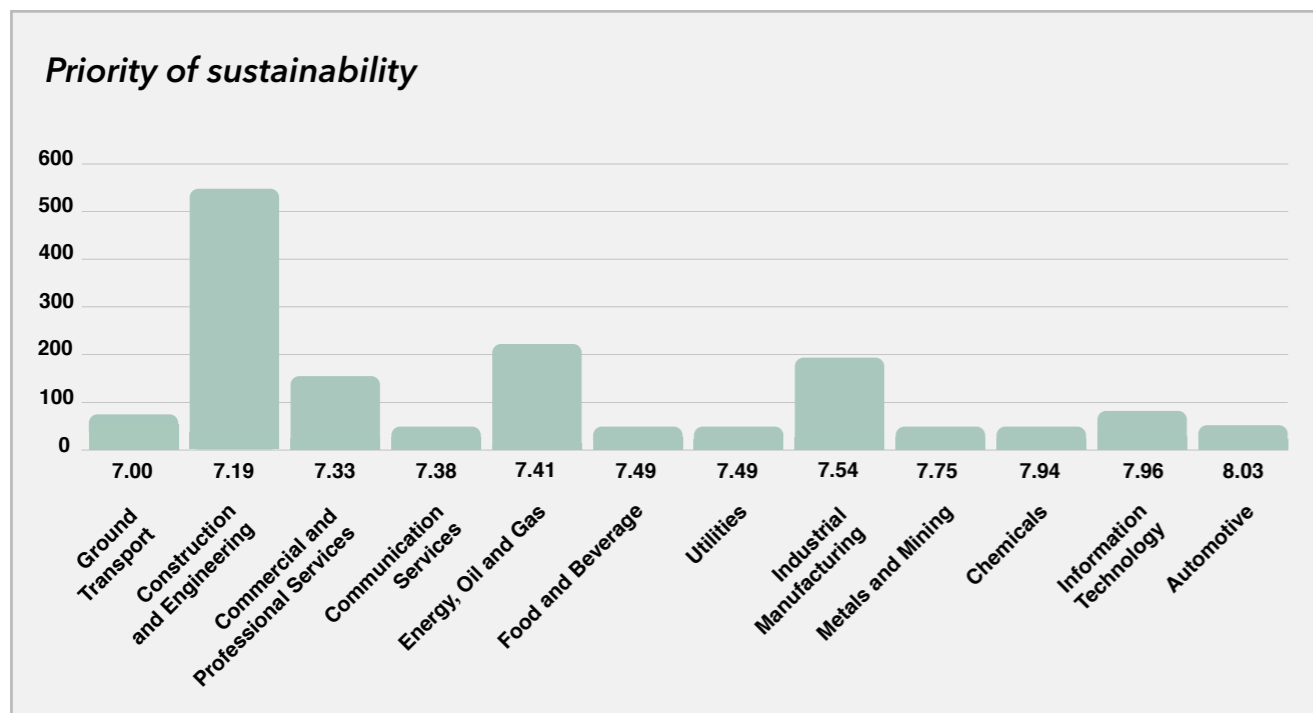


Sustainability is Embedded and Increasingly Regulation-led

Sustainability Moves Into the Mainstream

Sustainability is no longer an emerging agenda item. It is integrated into mainstream business planning.

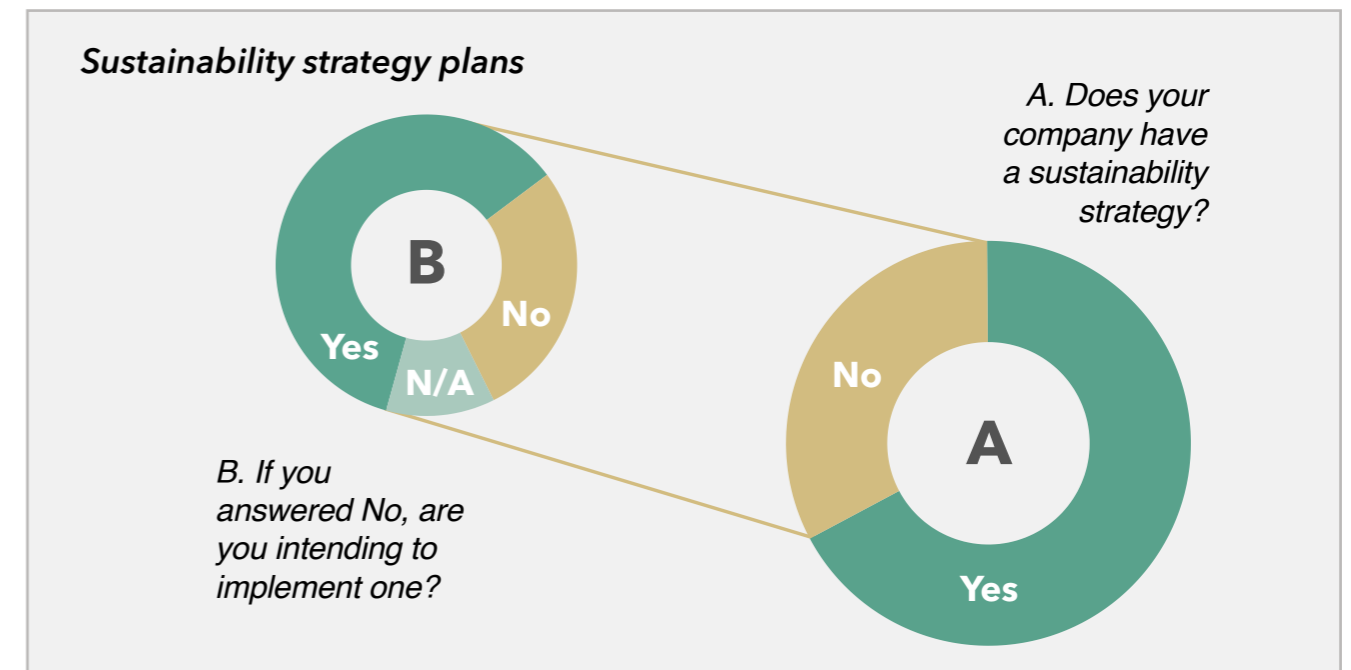
Respondents rate sustainability as a high priority, with an average score of 7.38 out of 10. Nearly three quarters report having a formal sustainability strategy, and most expect related budgets to remain stable or increase in the coming year.



Strategies are Formalizing Across Most Organizations

Overall, 72.57% of respondents stated that their organization currently has a sustainability strategy, while 27.43% reported that they do not.

Respondents who indicated that their organizations do not currently have a sustainability strategy were then asked whether they planned to introduce one. Of this group, 53.13% said they are planning to introduce a sustainability strategy, while 35.06% said they are not planning to introduce one.



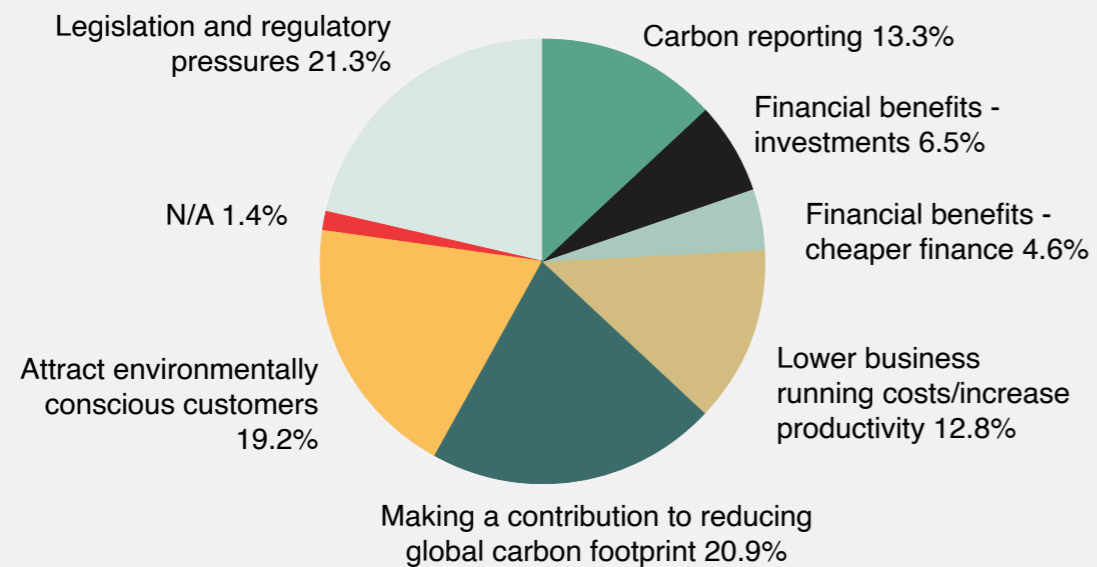
Section Three - Sustainability is Embedded and Increasingly Regulation-led

Regulation Emerges as the Dominant Driver

Legislation and regulatory pressure has emerged as the leading driver of sustainability action this year, surpassing both carbon-reduction commitments and customer expectations. This shift is most pronounced among larger and more complex organizations, where regulatory scrutiny continues to intensify.

Last year, legislation and regulatory factors accounted for 14.2% of reported drivers. This has risen significantly to 21.3%, underscoring the growing influence of compliance requirements on organizational priorities.

Drivers of sustainability strategy



Key Takeaways

As legislation expands, expectations around supplier oversight are becoming more intense. Organizations are required to evidence due diligence, monitor compliance continuously and demonstrate traceability across extended supply chains.

Meeting these expectations consistently across thousands of suppliers requires more than periodic reviews or static questionnaires. It demands structured, risk-based processes, reliable data and ongoing performance monitoring.



Disruption is Widespread, and the Financial Impact is Material



Supplier Disruption is Widespread

Supplier-related disruption is widely reported across sectors, with challenges emerging from multiple angles. Financial distress in the supply chain, quality or performance failures, labor shortages, and environmental events all feature prominently. These factors continue to place pressure on procurement and supply chain teams, often with limited warning.

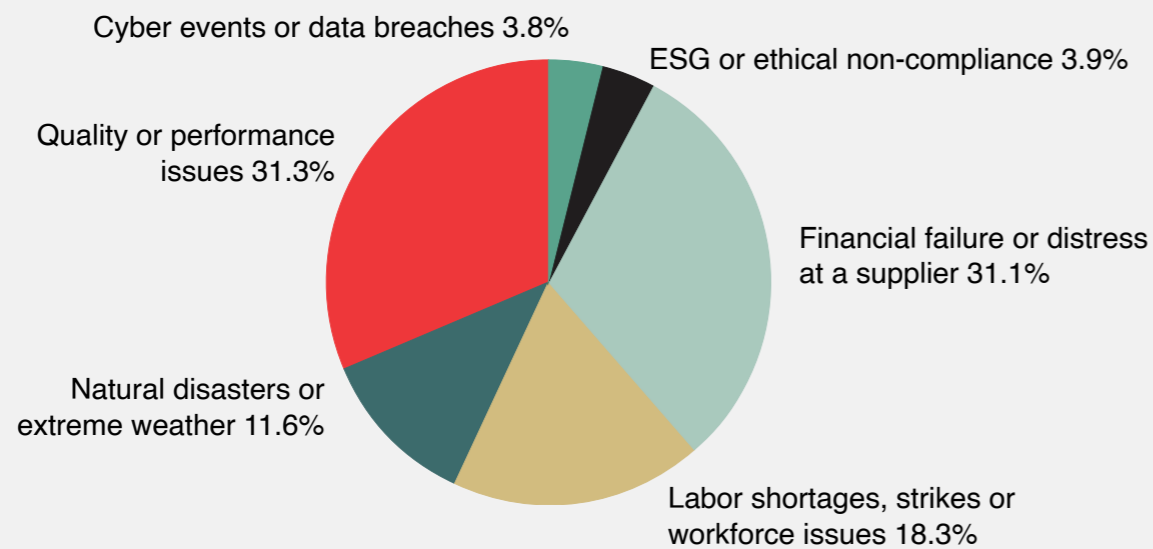
For many organizations, disruption is now assumed rather than exceptional, a recurring feature of supplier management. What varies most is not the presence of disruption, but the scale and financial impact when it occurs.

Why Some Organizations Are More Vulnerable

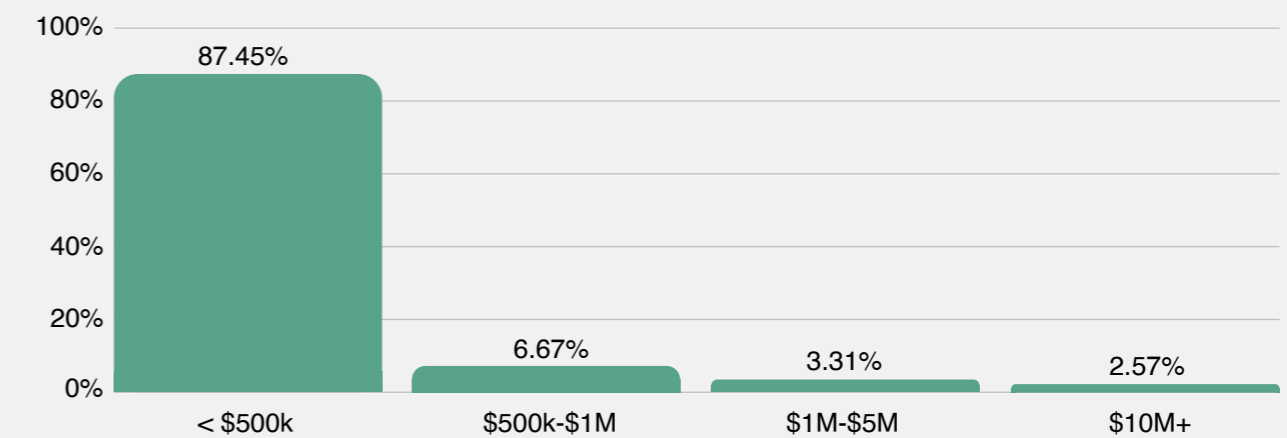
The findings highlight that in highly regulated environments, impact and severity are closely linked to dependence on critical suppliers, complex product or service requirements.

In these contexts, even a single disruption can trigger operational delays, revenue loss, compliance exposure, or reputational damage.

Most common supplier related disruption



Highest cost of disruption



The Scale of Financial Impact Varies Significantly

Most respondents indicate that their most significant disruption resulted in costs below \$500,000. However, the data also reveals a substantial high-impact segment. In pharmaceuticals, a quarter of respondents report disruption costs exceeding \$10 million. In financial services and real estate, a meaningful proportion report losses between \$1 million and \$10 million.

These figures illustrate the wide-ranging, and potentially severe, financial impact associated with supplier failure. In sectors where compliance, product integrity or operational continuity are critical, disruption can escalate quickly and become materially significant.

Key Takeaways

As supply chains become more interconnected, and as external risks intensify, the ability to identify emerging supplier issues early becomes increasingly important. The difference between a contained issue and a major operational event often hinges on timely visibility, trusted data, and proactive monitoring.

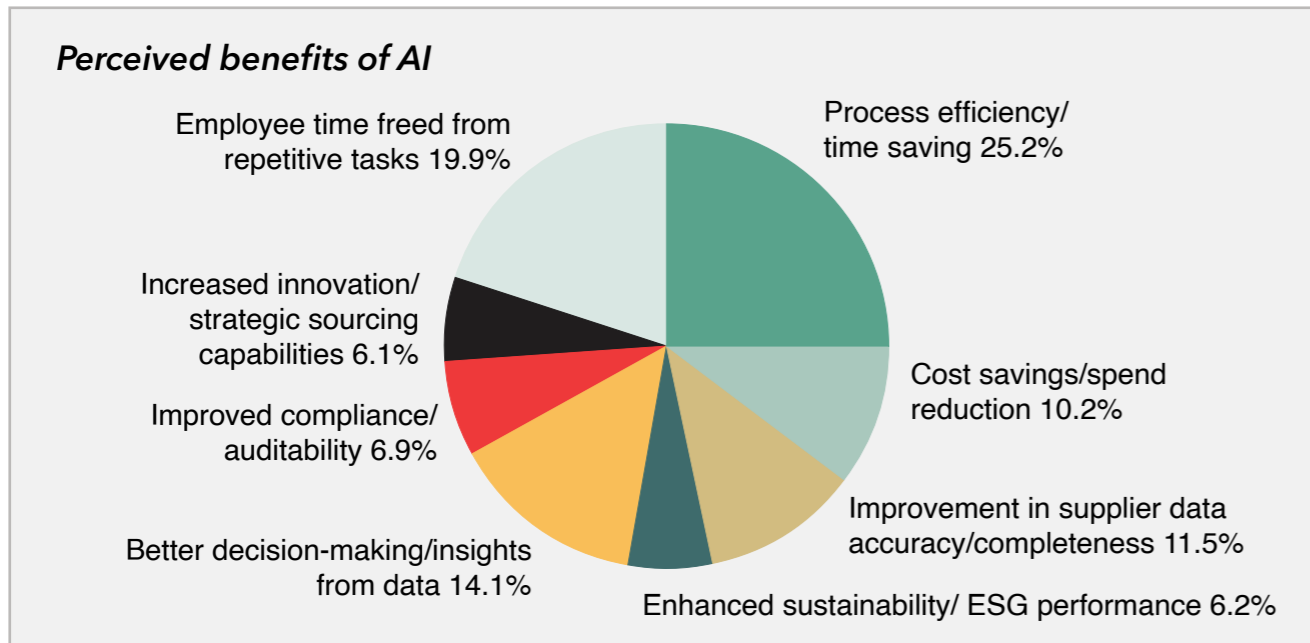
This is indicative of a broader theme across this year's survey results: organizations that invest in structured data, real-time insight, and coordinated supplier governance are better positioned to anticipate and mitigate disruption before financial impact escalates.

Section Five

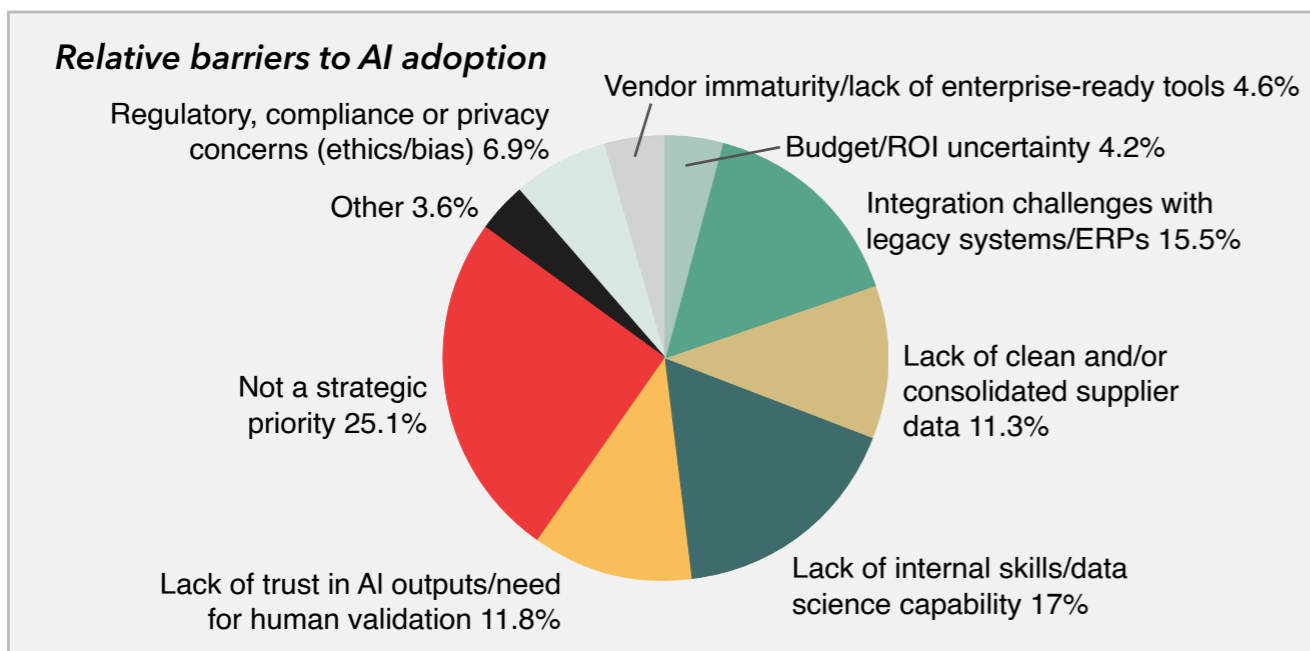
AI Adoption is Advancing, but Structural Constraints Remain

Positive AI Sentiment Fuels Pilots and Early Adoption

Interest in AI across procurement and supplier risk functions is clear. A significant proportion of organizations express positive sentiment, and many are exploring pilot use cases. The most frequently cited benefits include improved efficiency, reduced administrative burden and stronger insight from data.

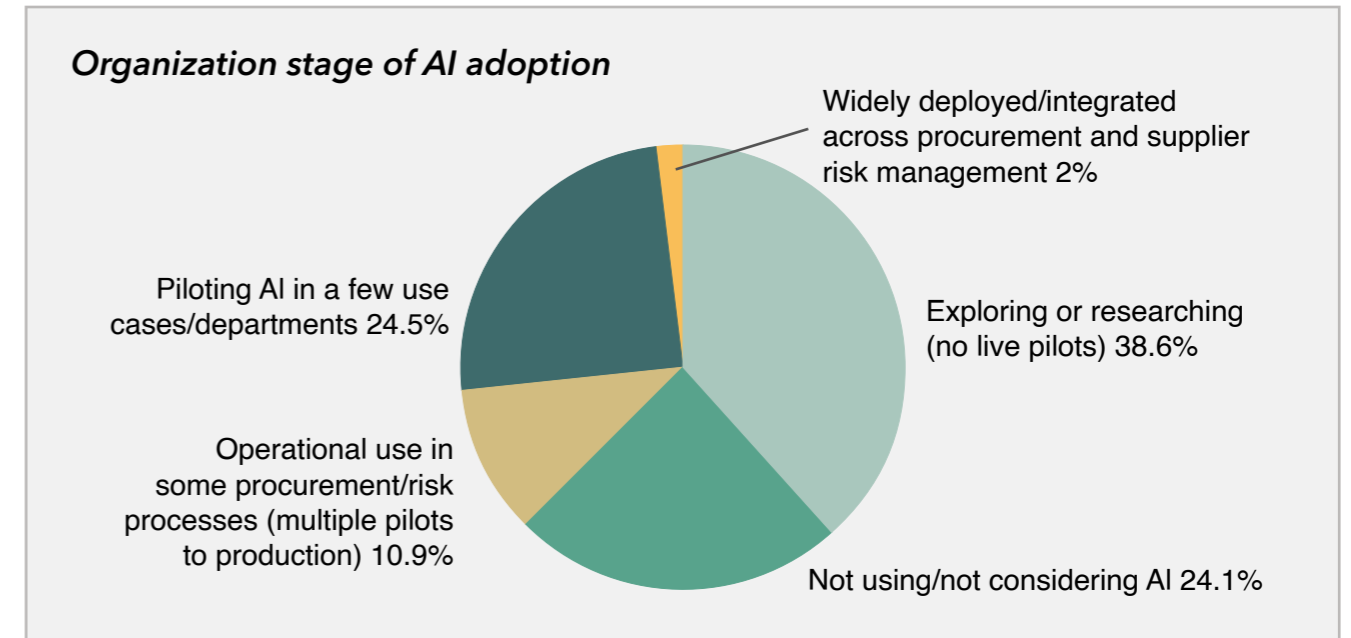


At the same time, organizations describe practical barriers to wider adoption. For some, AI has not yet been elevated to a strategic priority. Others face limitations in internal capability. Integration with legacy systems remains a common challenge, as do concerns around trust and validation.

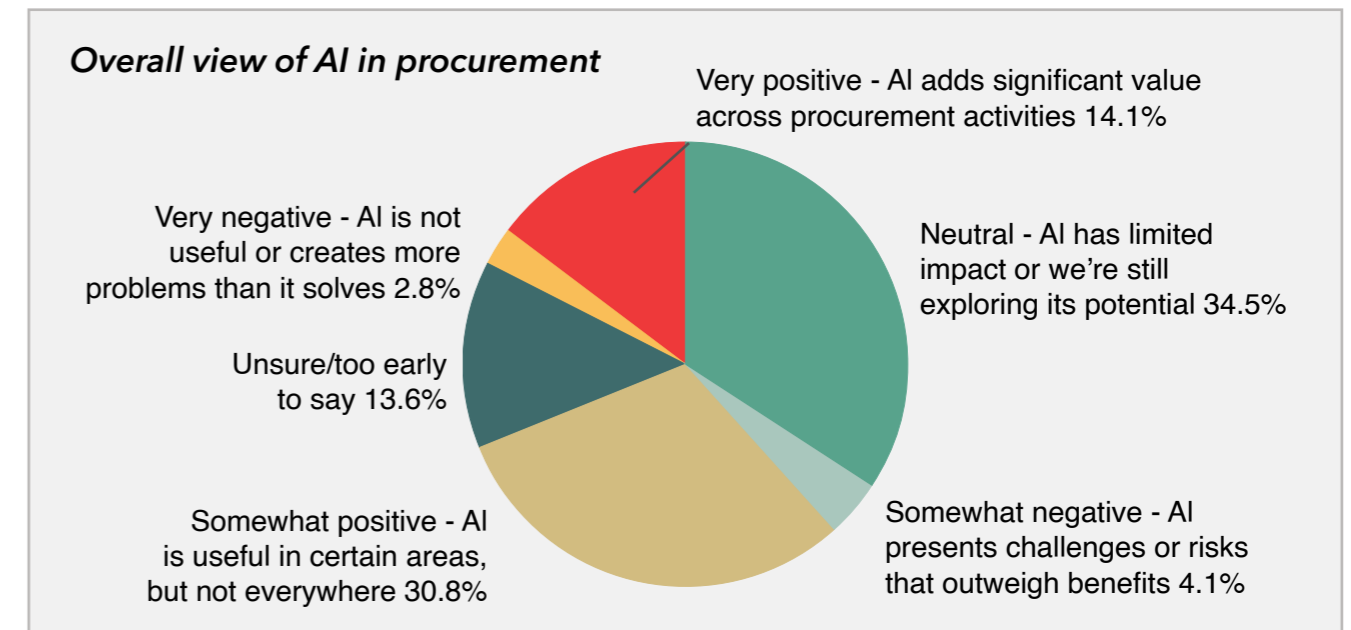


Data Quality Emerges as the Critical Barrier to AI Progress

Data quality appears repeatedly as a constraint. Where supplier information is fragmented across spreadsheets, regional platforms and disconnected systems, progress slows. AI initiatives depend on structured, consistent and trusted inputs.



Across organizations of all sizes, the same pattern emerges: the more mature the data and governance framework, the easier it is to move from experimentation to operational deployment.

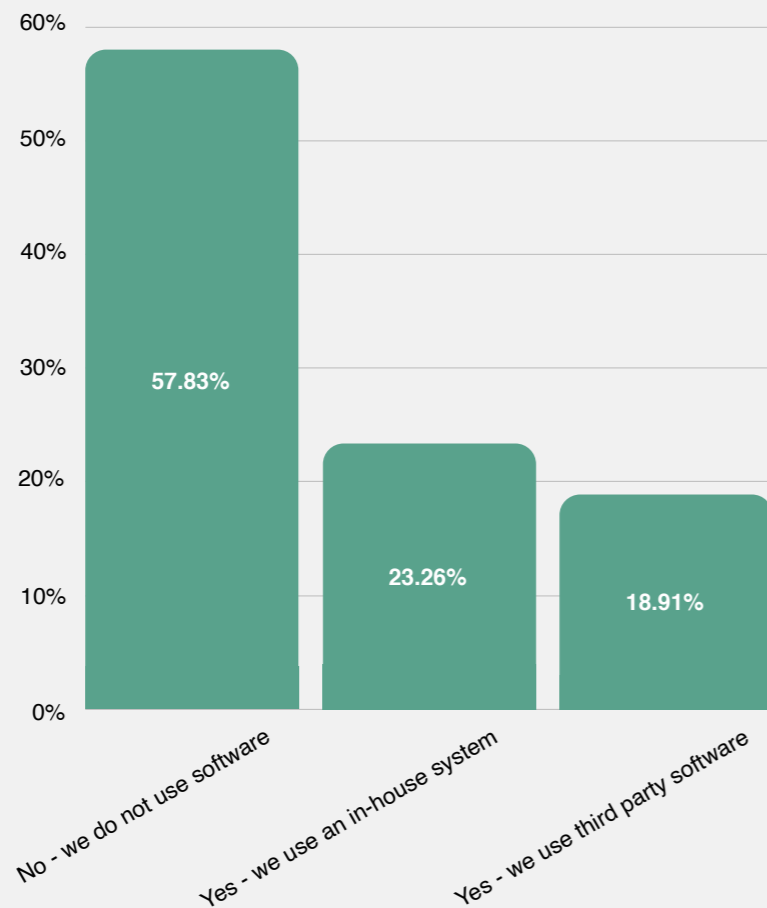


Technology Maturity and Program Maturity Are Closely Linked

A Divided Landscape in Supply Chain Digitalization

Responses to the question of supply chain software adoption reveal a divided landscape. The majority of respondents indicated that they do not have a dedicated system to support supplier monitoring and measurement. Others rely on internally developed solutions. A smaller group use established third-party platforms.

How supplier risk is currently managed

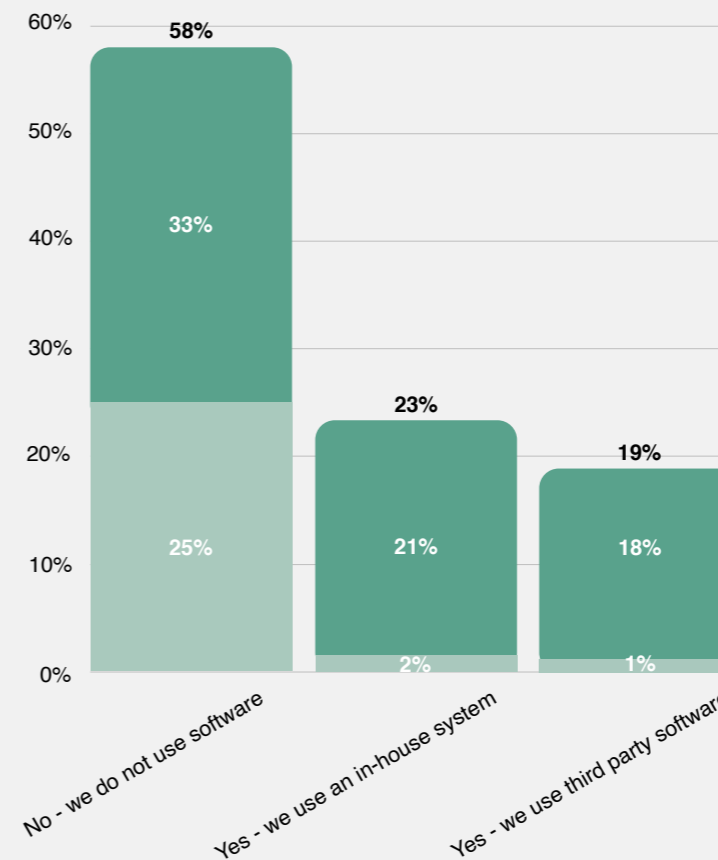


Structured Approaches Surge Ahead in Sustainability and AI Readiness

The differences in maturity between these groups are notable. Organizations using structured third-party systems are significantly more likely to report having a formal sustainability strategy in place. They are also more likely to be piloting AI and less likely to report no AI activity at all.

How supplier risk is currently managed versus sustainability strategy

■ No, we do not have sustainability strategy
 ■ Yes, we have sustainability strategy



Of the 19% of companies that reported that they use third-party software, 95% of companies reported having a sustainability strategy. As opposed to only 57% of those companies who reported that they do not currently use software.

Key Takeaways

As supplier ecosystems expand, the limitations of manual tools become more apparent. Spreadsheets and disconnected databases struggle to provide consistent oversight across regions, categories and tiers.

Adopting a structured platform reflects a broader commitment to governance discipline and risk transparency. It signals an intention to manage supplier risk systematically rather than reactively.



Supplier Risk Confidence Gaps: What the Data Reveals

Responses to questions examining supplier confidence, transparency and operational control reveal a similarly divided landscape. While many organizations report moderate levels of preparedness and predictability within their supplier base, full visibility and assurance remain limited across several critical dimensions. Concerns persist around the long-term availability of qualified suppliers, the consistency of compliance standards across jurisdictions, and the reliability of supplier-reported safety information. Confidence declines further when looking beyond tier-one suppliers, where visibility into sub-suppliers and lower-tier relationships remains partial at best. Taken together, the findings point to

a structural assurance gap, particularly in complex, multi-tier and cross-border supply networks.

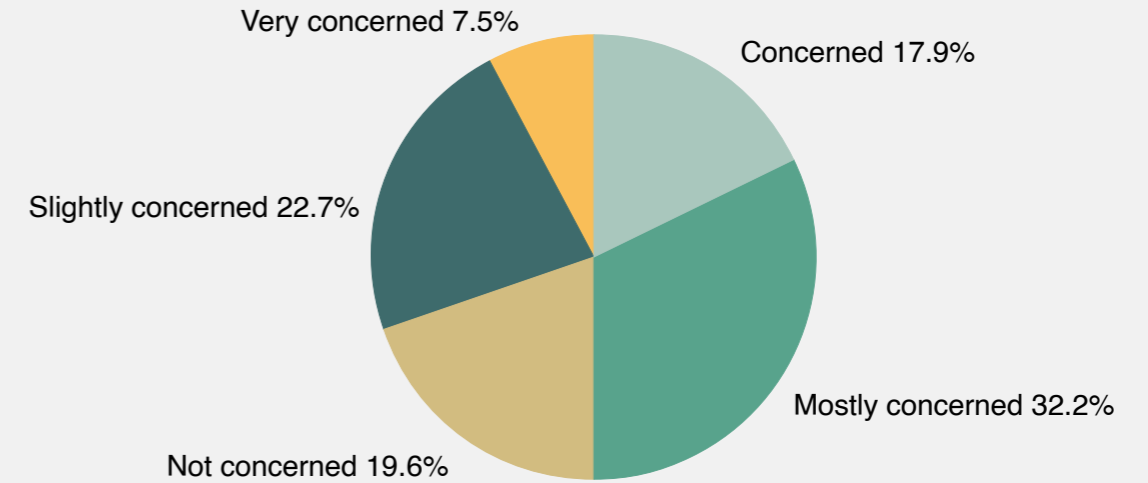
The survey highlights a growing challenge for procurement and risk leaders operating in high-risk environments: while expectations around safety, sustainability and compliance continue to rise, many organizations lack full confidence in the readiness, transparency and consistency of their supplier base.

Across multiple measures, respondents point to a clear visibility and assurance gap, particularly beyond tier-one suppliers.

Concern is Rising Around the Future Supply of Qualified Suppliers

A majority of respondents express concern about the long-term availability of qualified suppliers for specialized, high-risk work. Nearly 60% report being mostly, concerned or very concerned. Only 20% say they are not concerned. These signals mounting pressure on critical supply markets, where skills shortages, regulatory demands and operational complexity are tightening supplier capacity.

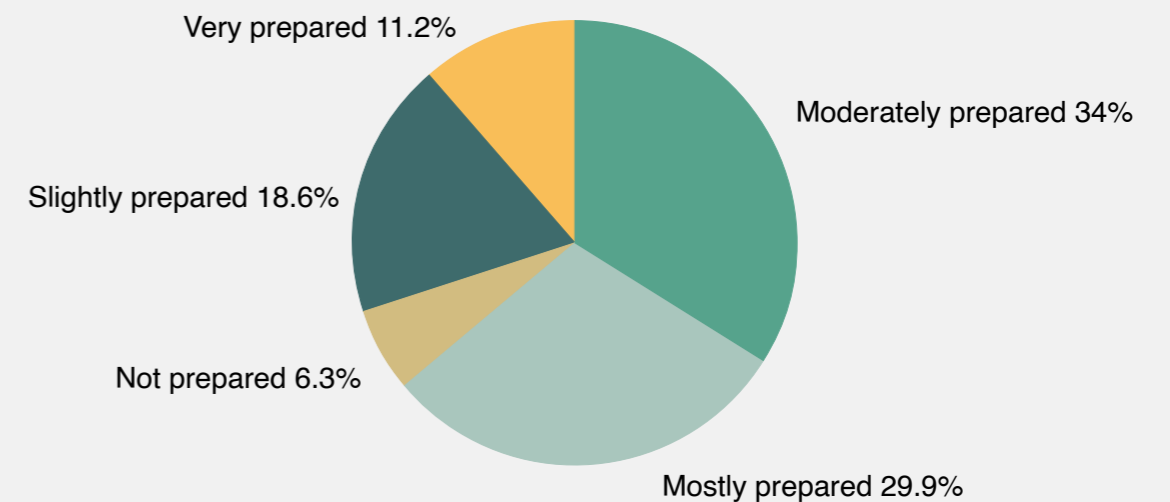
Concern about long-term availability of qualified suppliers for specialized high-risk work



Preparedness for Higher Standards Remains Uneven

As safety and environmental regulations and workforce transparency expectations increase globally, organizations are unsure whether their suppliers are ready to meet rising standards. Around 64% say their supplier base is only moderately or mostly prepared. Just 11% feel suppliers are very prepared.

Preparedness of supplier base for potential increases in safety, environmental, or workforce transparency requirements

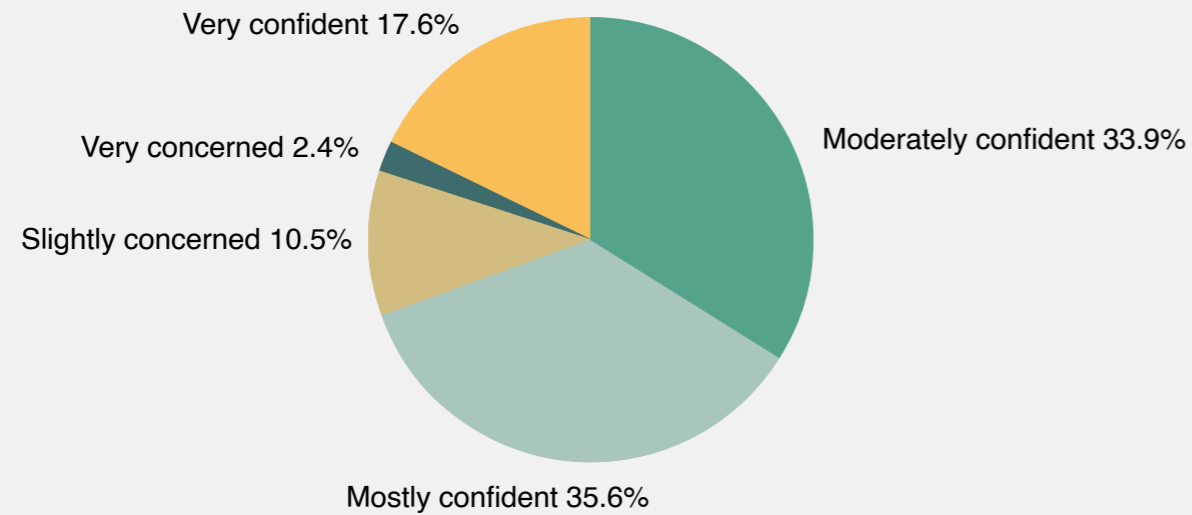


Section Seven - Supplier Risk Confidence Gaps

Confidence in Supplier-Reported Data is Limited

Only 18% of organizations are very confident in the accuracy of supplier-reported safety data. Most remain only moderately or mostly confident, with a minority actively concerned.

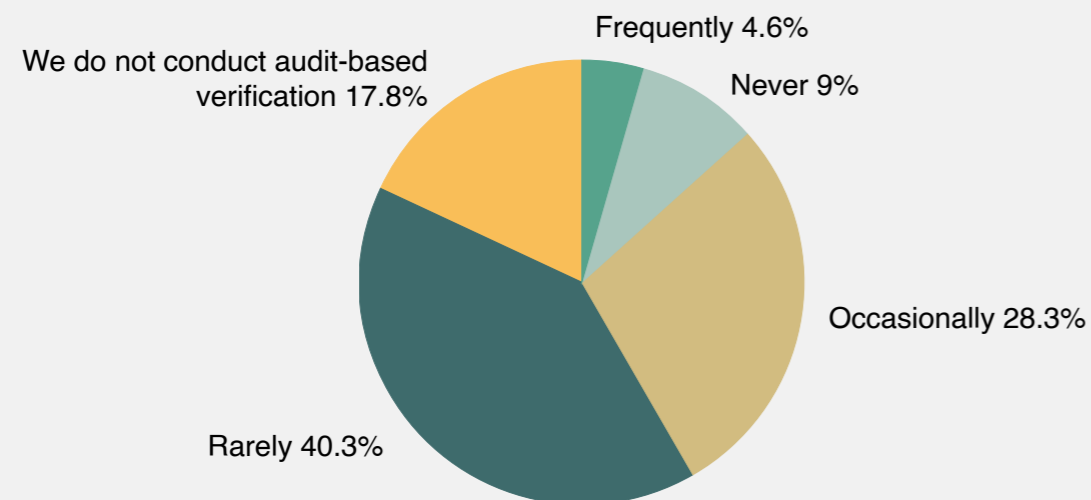
Accuracy confidence of safety-critical information reported by suppliers



Audit and Verification Gaps Persist

40% report that audit-based verification is conducted rarely. Only 5% say audits happen frequently. Nearly 18% report they do not conduct audit-based verification at all.

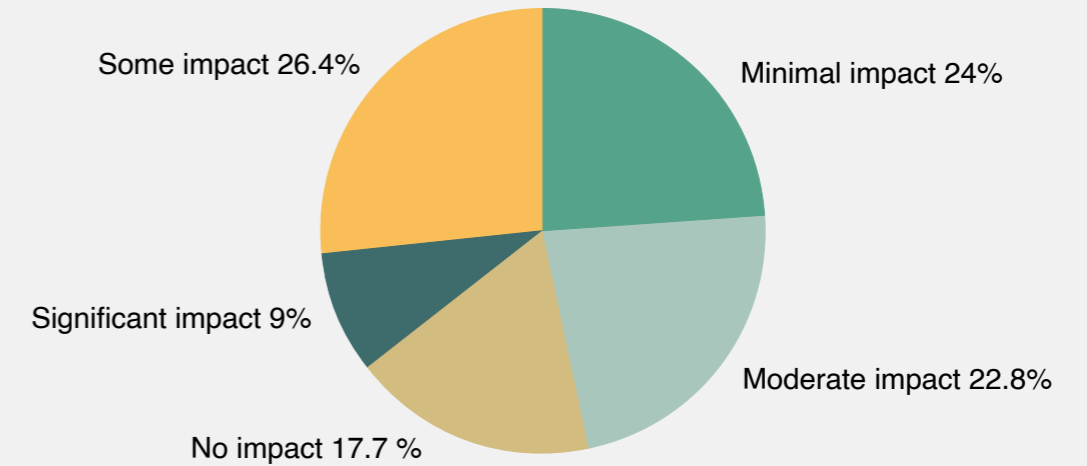
Discrepancies found between supplier-reported data and results of audits



Regulatory Fragmentation is Creating Operational Risk

More than 75% of companies report that inconsistent national regulations have at least some impact on maintaining consistent supplier requirements across borders.

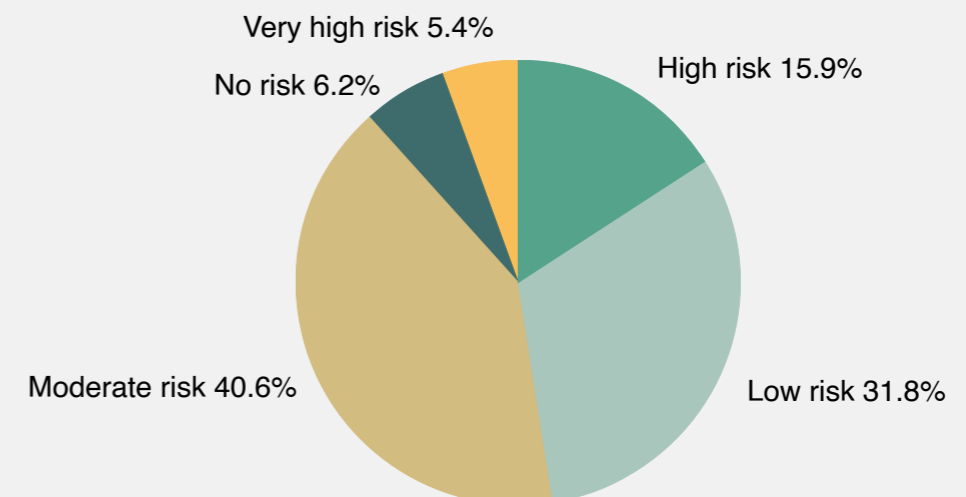
Extent of inconsistent national regulations affecting maintenance of consistent supplier requirements



Operational Risk Perceptions Linked to Supplier Safety Culture

Most organizations perceive tangible operational risk arising from inconsistent safety practices across their supplier base. A majority classify the risk as moderate (40.6%) or low (31.8%), indicating that while the threat is recognized, it is not universally seen as acute. However, a meaningful minority signal higher levels of concern: 15.9% report high risk and 5.4% very high risk, highlighting that for some organizations, particularly those operating in safety-critical or highly regulated environments, the impact of uneven safety culture can be significant. Only 6.2% report no risk, suggesting that supplier-related safety inconsistency is widely viewed as a structural vulnerability rather than an isolated issue.

Operational risk level attributed to inconsistent safety culture across supplier base



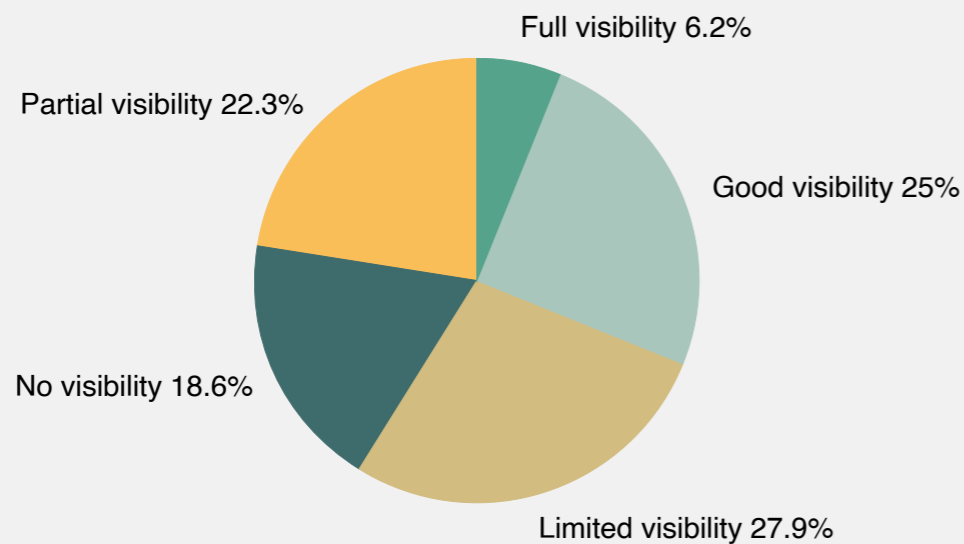
Section Seven - Supplier Risk Confidence Gaps



Tier-2 and Tier-3 Visibility Remains Limited

Only 6% report full visibility into tier-2 and tier-3 suppliers. Nearly half report limited or no visibility.

Visibility into tier-2 and tier-3 suppliers involved in operations



A Clear Signal for Procurement and Risk Leaders

Taken together, these findings point to a clear conclusion: organizations are being asked to deliver stronger assurance and greater supplier transparency, yet many supplier ecosystems remain characterized by limited downstream visibility, uneven preparedness and incomplete verification.

In high-risk industries, closing this assurance gap will be central to building resilience.

Conclusion: Confidence in Complex Supply Chains

Taken together, the findings of this year's Achilles Risk and Sustainability Survey signal a clear shift. Supplier risk is becoming more complex, sustainability expectations are rising and disruption carries real financial consequences.

Disruption is recurring. Regulatory expectations are intensifying. Demands for transparency now extend beyond tier one and across borders. At the same time, many organizations acknowledge only partial visibility into their extended supplier networks.

That is also impacting how supplier risk must now be managed. Procurement teams are being asked to deliver stronger oversight, faster decision-making and greater confidence across extended supplier networks.

In this environment, fragmented processes and limited downstream oversight create uncertainty precisely where control is most needed.

Confidence does not come from policy statements or periodic reviews. It comes from knowing who suppliers are, understanding how they perform, and identifying where risk is building across the full supply chain. It requires the ability to prioritize emerging vulnerabilities and intervene before issues escalate into financial or operational loss.

Organizations that invest in structured supplier data, consistent governance and scalable oversight frameworks are better equipped to manage complexity. When visibility is embedded into operational decision-making, it moves beyond reporting and becomes a source of resilience, accountability and competitive strength.

For procurement leaders operating in high-risk environments, the priority is clear: move from partial assurance to structured control.



About Achilles

Achilles helps procurement leaders understand who their suppliers are, how they perform, and where risk is building, so they can act before problems become incidents.

For more than 30 years, Achilles has supported organizations operating in complex, multi-national and high-risk environments, where manual tools and basic systems are no longer enough. We provide the data, insight and oversight needed to manage supplier risk at scale, across sustainability, compliance and operational performance.

Our solutions help procurement teams to:

- Build trusted visibility across supplier networks
- Strengthen sustainability and ESG governance
- Identify and prioritize emerging supplier risks
- Meet due diligence and regulatory expectations with confidence
- Improve resilience across critical supply chains

Achilles operates globally, working with organizations across industries including construction, real estate and infrastructure, energy, manufacturing, banking and finance, hospitality, utilities, transport and the public sector.

Turn Insight into Action

Achilles helps organizations take that next step, moving from fragmented approaches to structured supplier governance, with risks visible, prioritized and under control.

Speak to Achilles

If you would like to explore how Achilles can support your procurement and supplier risk priorities, we would welcome the conversation.

Request a demo or speak to a specialist to learn how Achilles can help you:

- Strengthen supplier onboarding and due diligence
- Monitor performance and sustainability requirements at scale
- Identify risk early and act before issues escalate

Visit www.achilles.com to request a demo.

All suppliers. All risks. All geographies.

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