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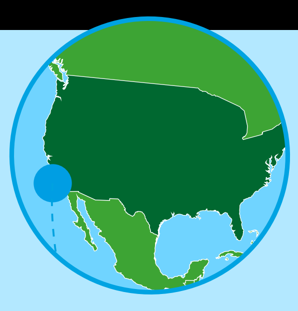
Where in the world is your risk hiding?

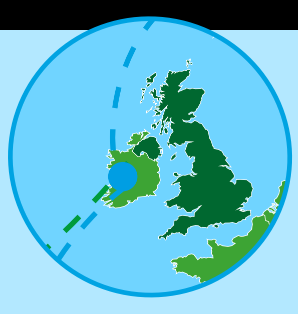
Discover ESG risks within your global supply chain

Your environmental, social, and governance (ESG) risk may be hiding within the complex ecosystem of your supply chain or your suppliers. With mounting pressure from your customers demanding transparency and governing bodies expecting you to adapt to their specific regulations geographically, the time for change is now.

Globally, climate disclosure regulations are evolving



The **United States** requires disclosure of greenhouse gas emissions (CO_2 equivalents), climate risk management processes, and overall impacts of climate change.



The **United Kingdom** requires mandatory Task Force on Climate-related Financial Disclosures (TCFD) reporting for large companies.

The **European Union** has approved 12 European Sustainability Reporting Standards (ESRS) on climate and sustainability disclosures.

Asia Pacific regions such as Hong Kong, Singapore, Japan, and Malaysia announced mandatory climate disclosures aligned with TCFD.

When risk is hard to find, where do you start to look for it?

Scope 1: CO_2 emissions produced by your company, such as from company vehicles, facilities, and other sources.

Scope 2: Indirect consumers of energy for self-use, including electricity, steam, heating, and cooling.

Scope 3: Other sources of indirect greenhouse gas emissions.

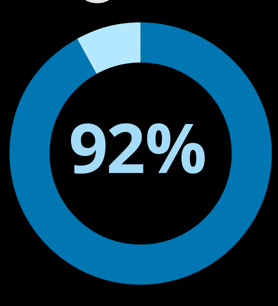
Upstream activities Waste generated through company operations, such as purchased goods and services, leased assets, capital goods, fuel and energy-related activities, transportation and distribution, employee commuting, and business travel.

Downstream activities Activities such as transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, franchises, and leased assets.

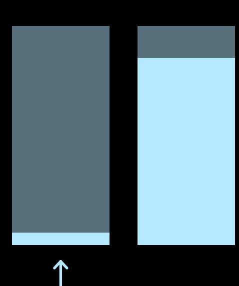
Putting sustainability on the map

CH_4

CO_2



Approximately 92% of an organization's total greenhouse gas emissions are accounted for by supply chain emissions[1]



Greater supply chain emissions are 11.4 times higher than **operational emissions**[2]

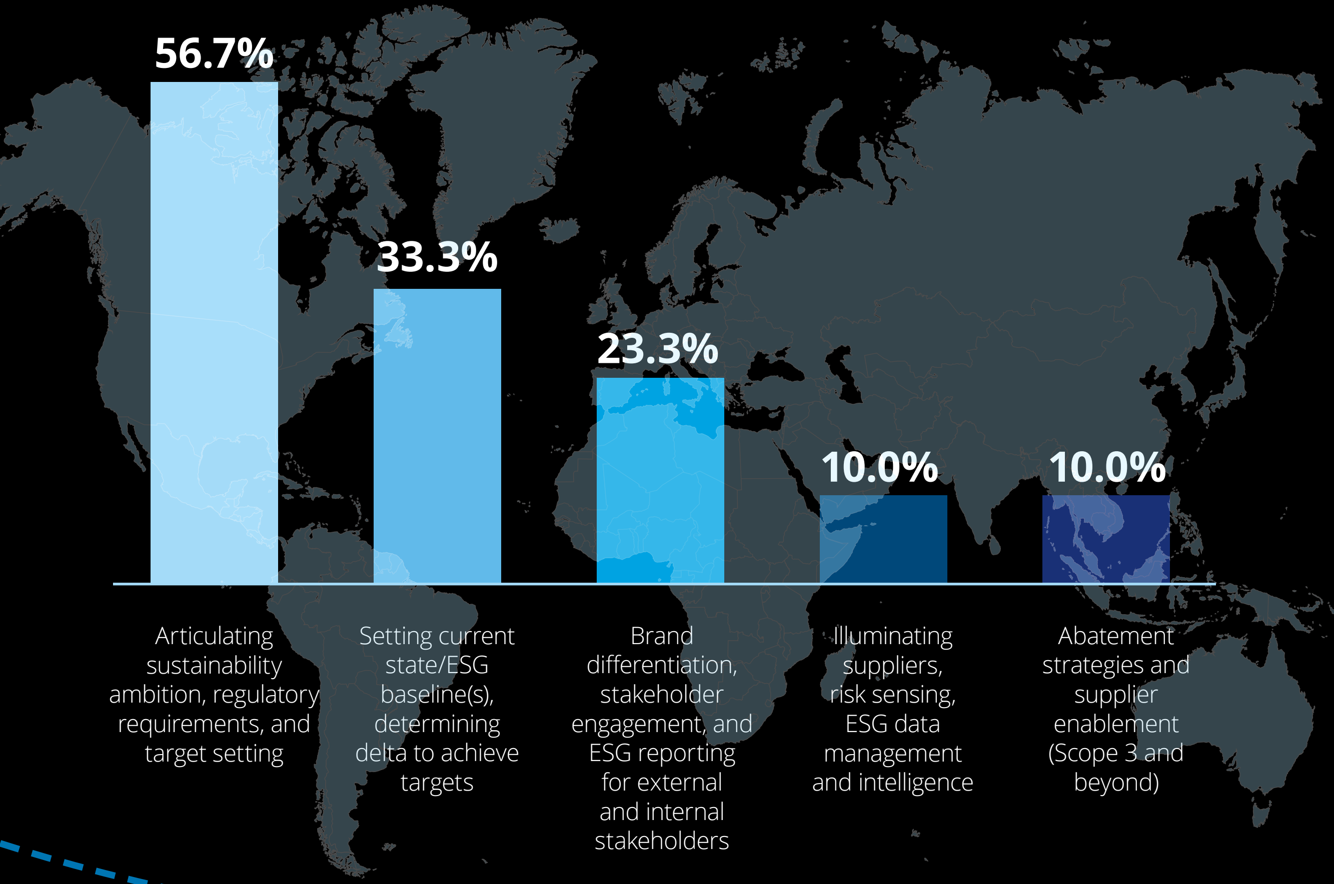
2020 2021 2022

700%[3]

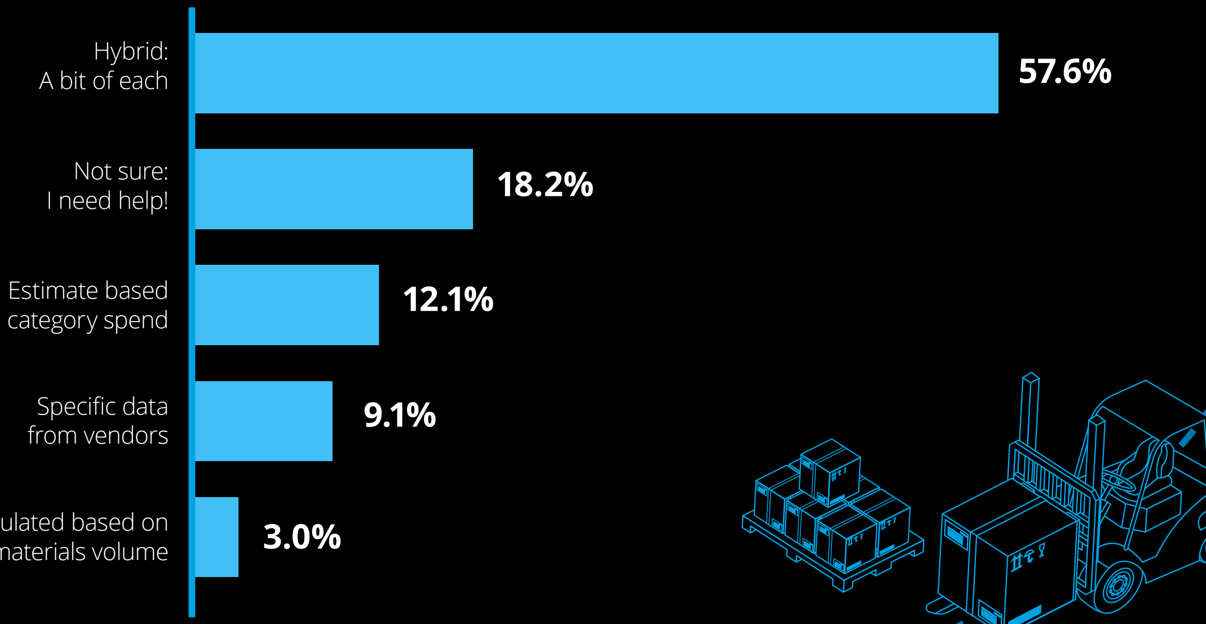
ESG has made its way into 700% more earnings calls over the last three years

Where are you on your supply chain sustainability journey?[4]

When asked, respondents revealed a wide range of ESG third-party risk priorities



Where are respondents sourcing their ESG third-party risk data?[5]



Some next steps to take along your ESG third-party risk journey

Identify: Collect and aggregate ESG and risk data from your value chain, and identify categories and suppliers that are negatively impacting your Scope 3 inventory and security of supply.

Sense: Determine current and emerging regulatory and compliance requirements that affect your global operations and value chain.

Optimize: Pair an ESG optimization engine with product portfolio to optimize supplier enablement investments and support Scope 3 reduction.

Empower: Provide support to suppliers via green finance programs and tax rebates/incentives in order to reduce investment hurdles for critical sustainability-focused investments.

Enhance: Certify emission reductions through carbon in-setting, which enables suppliers to monetize their energy transition investment while also driving toward absolute emission reductions.

Actions your organization can take

Unlock trapped value to transform society and business for the better

- Meet customer transparency expectations, and identify opportunities for future engagement
- Improve stakeholder engagement and network integration
- Procurement optimization
- Create ESG performance transparency
- Provide data visibility across the supply chain to monitor sustainability

Let's talk

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1. CDP, Global Supply Chain Report 2022 – Scoping out: Tracking nature across the supply chain, March 2023.
2. Ibid.
3. Debbie Carlson, "Mentions of 'ESG' and sustainability are being made on thousands of corporate earnings calls," MarketWatch, July 19, 2021.
4. Polling data from the "What's hiding in your consumer supply chain?" webcast, February 16, 2023. Responses were taken "as is" and were not validated or confirmed by Deloitte.
5. Ibid.