

The Deloitte logo is positioned in the top left corner. It consists of the word "Deloitte" in a white, bold, sans-serif font, followed by a small green dot. The background of the entire slide is a dark, close-up photograph of green leaves, with a glowing green circle highlighting a central cluster of leaves.

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Towards a Green Supply Chain - Strategies and Levers to Decarbonize Effectively
Deloitte x CEPR

Deloitte 2023

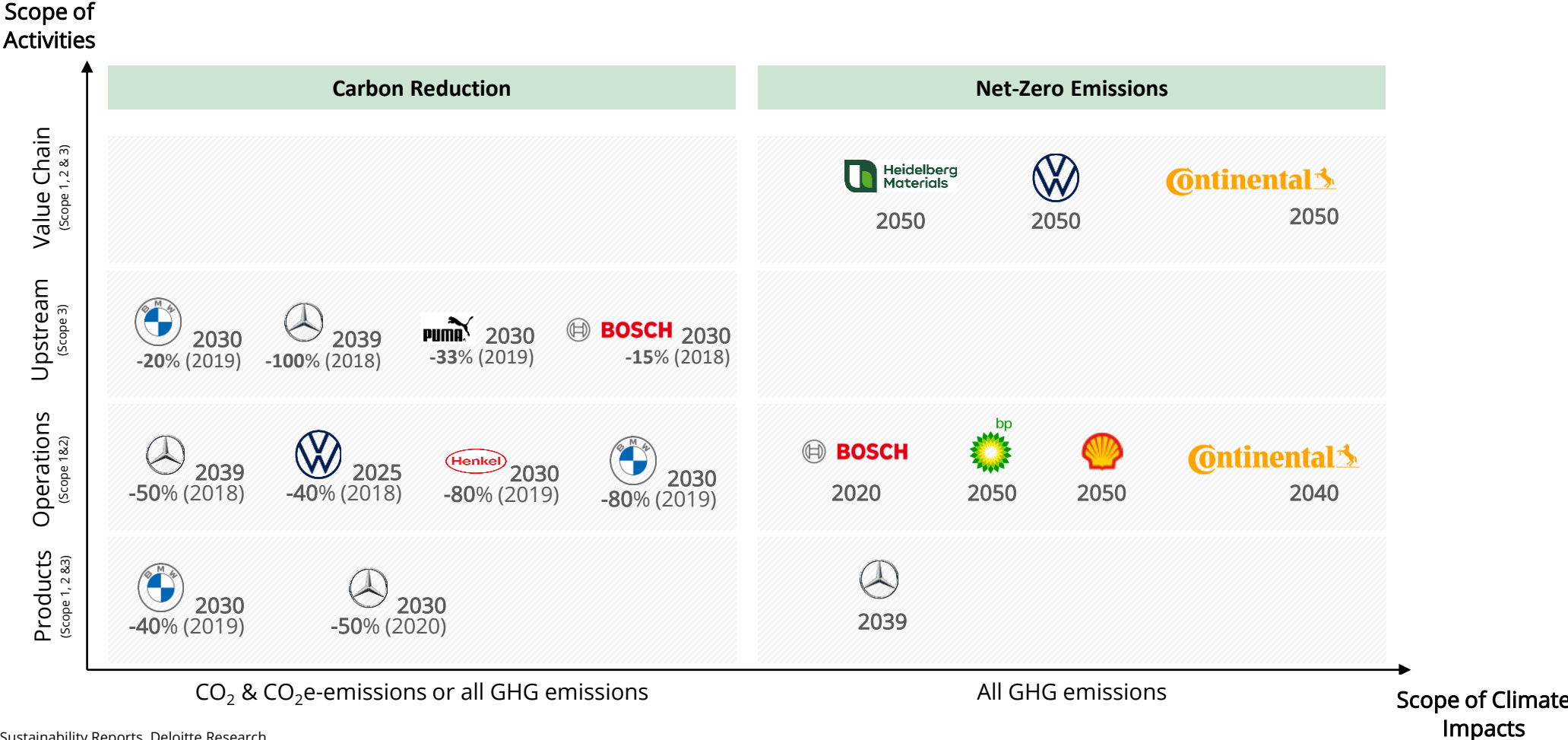


WHAT companies strive for?



Carbon Pledges of Leading Companies

The majority of companies set net-zero targets for Scope 1 & 2. Reduction targets across the entire value chain are focused on purchased goods.



Sources: Sustainability Reports, Deloitte Research



WHY need to act?

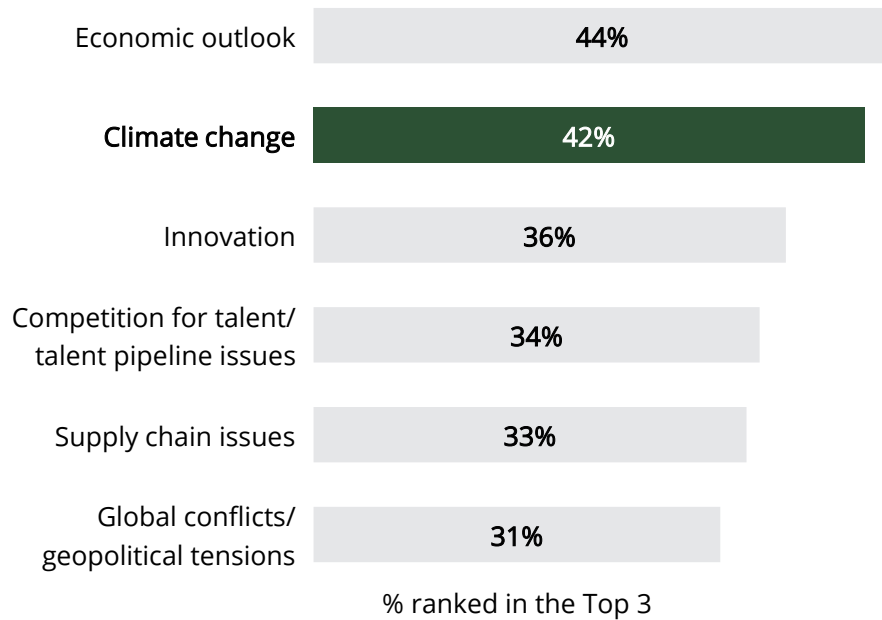
Deloitte CxO Survey

CxOs indicate that concern over climate change continues to be a top priority for their organizations and are feeling some climate issues already impacting their companies



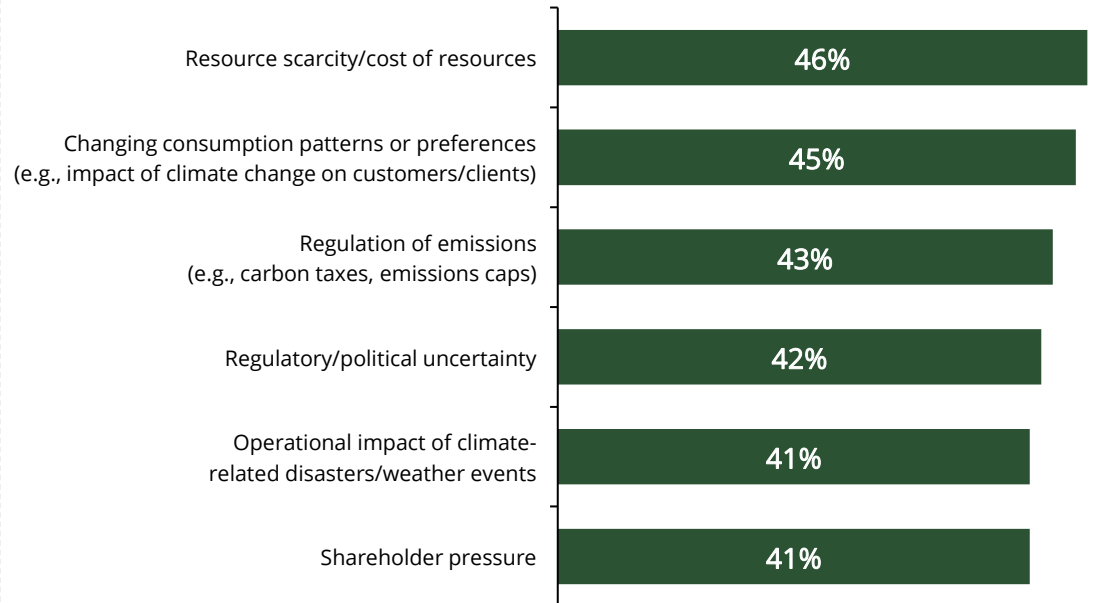
What does your organization see as the most pressing issues to focus on over the next year?

(ranked in order of importance)



Top climate issues already impacting companies

(ranked according to number of votes)



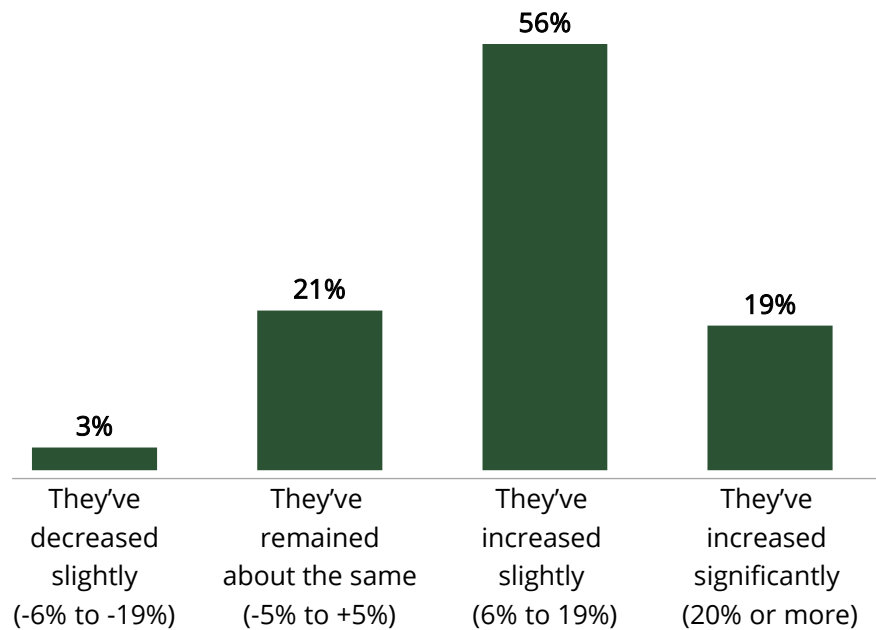
Source: Based on Deloitte 2022 CXO Sustainability Report; Sample size: 2,016 surveyed C-level executives; *as defined by Deloitte analysis

Deloitte CxO Survey

There continues to be a gap between actions and impact as organizations are slower to implement the “needle-moving” actions that embed sustainability into the core of their strategies and operations



How have your sustainability investments changed over the last year?



Which of the following actions/adaptions has your company already undertaken as part of its sustainability efforts?

(ranked according to number of votes)

Top actions taken

59%

Using more sustainable materials
(e.g., recycled materials, lower emitting products)

59%

Increasing the efficiency of energy use
(e.g., energy efficiency in buildings)

54%

Using energy-efficient or climate-friendly machinery, technologies and equipment

50%

Training employees on climate change actions and impacts

Harder-to-implement, needle-moving actions*

49%

Developing new climate-friendly products or services

44%

Requiring suppliers and business partners to meet specific sustainability criteria

43%

Updating/-relocating facilities to make them more resistant to climate impacts

33%

Tying senior leaders' compensation to environmental sustainability performance

32%

Incorporating climate considerations into lobbying/-political donations

Source: Based on Deloitte 2022 CXO Sustainability Report; Sample size: 2,016 surveyed C-level executives; *as defined by Deloitte analysis

Status quo of carbon accounting | GHG Scope 3

Across sectors, the enormous importance of scope 3 emissions is evident

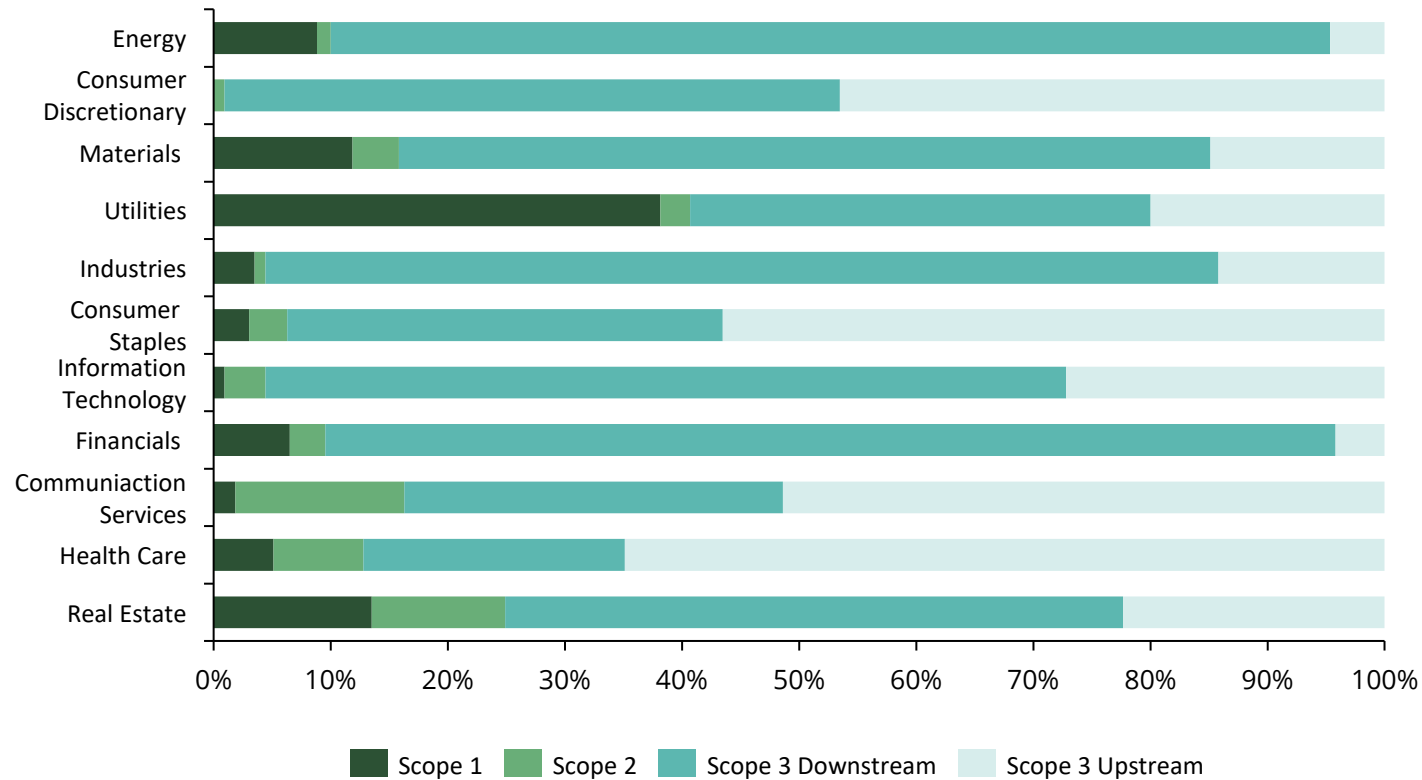


Scope 3 emissions

constitute the predominant portion of a company's carbon footprint.

Recent **CDP** findings confirm that, on average, three-quarters of a company's emissions are within this category.

Distribution of emissions



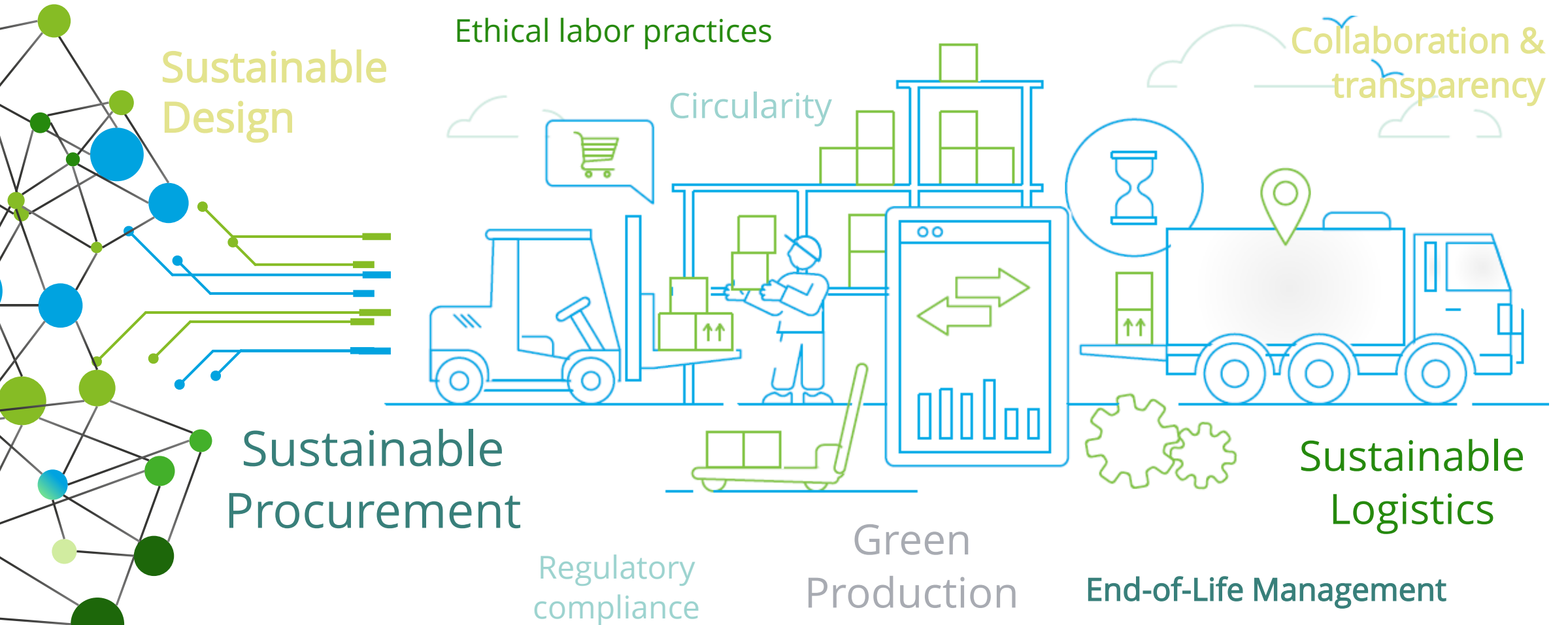
Sources: GICS sector (based on MSCI World – MSCI 08/06/2021), CDP



How does a green supply chain look like?

Introducing the E2E Sustainable Value Chain

Green supply chains are built on different blocks that guide organizations in incorporating environmental sustainability and social responsibility into supply chain operations



Decarbonization Principles



DEFINE YOUR METHOD



CREATE YOUR PATHWAY



LAUNCH FIRST ACTIONS

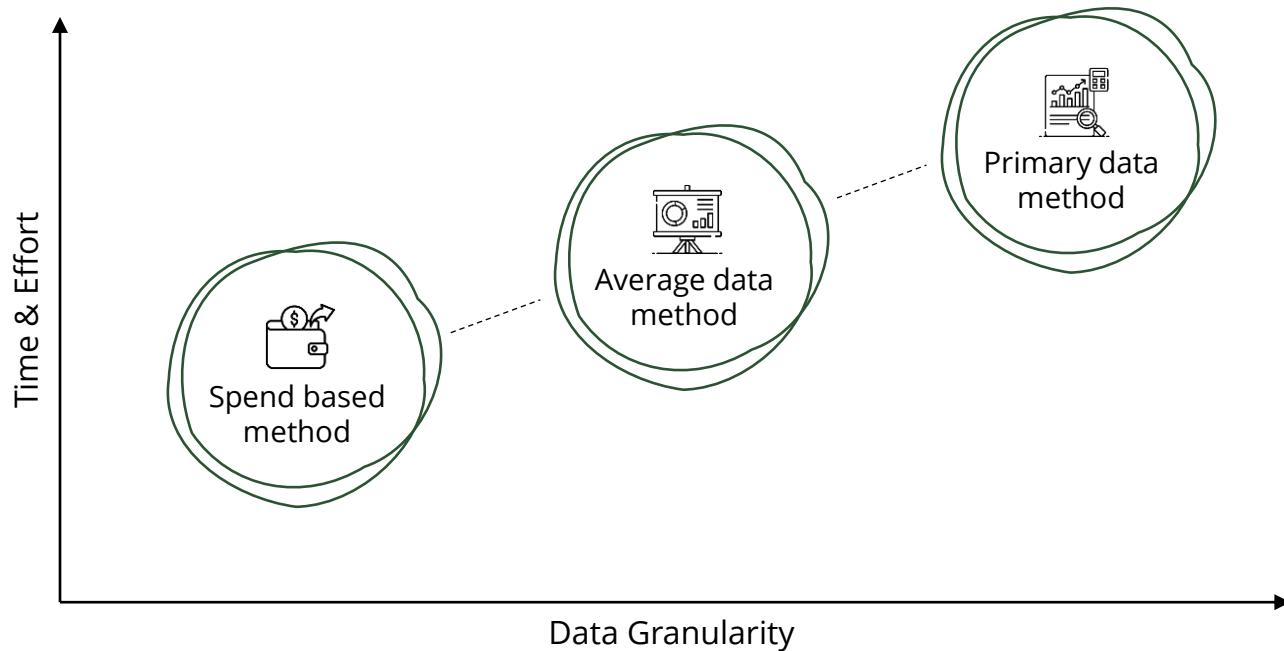


INTEGRATE CIRCULARITY

Define Your Method



Development Stages



Industry Example



Several **WAYS**...

- ① Industry-agnostic measurement standards
- ② Innovative accounting

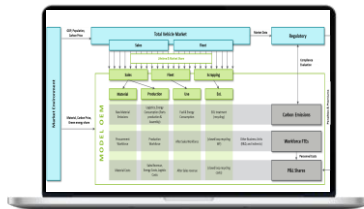


Create Your Pathway



Development Stages

I. Baseline Creation & Target Setting



- ✓ How does my **CO2-footprint** look like?
- ✓ What is my **goal** in terms of a SBT?

II. Model Simulation & Visualization



- ✓ Which **decarbonization levers** can I apply?
- ✓ How will my **footprint** develop in time?

III. Results & Implications



- ✓ Which **behavioral path** is right for me?
- ✓ What does it mean for my **business**?



Deloitte Study – Automotive Pathway to net-zero



- What is the right path to realize a **net-zero aim** and how does it impact the automotive OEMs current business?
- To answer these questions we developed an **integrated and scenario-based model**

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SCAN ME

Launch First Actions



Exemplary Steps to Launch Sustainability Practices

-
- 1 Greening Procurement – Establish a green dimension within procurement
 - 2 Greening Logistics – Adjust transport planning & fleet utilization to minimize carbon emissions
 - X



Industry Example



- Launched as a **pilot project in Dingolfing** since 2021 **BMW uses E-trucks for factory transport**
- It is planned to **further extent the use** in the nearby future

**BMW
GROUP**



SCAN ME

Integrate Circularity

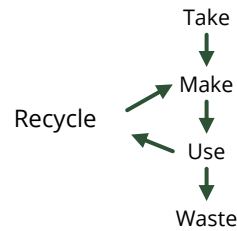


From Linear to Circular Economy

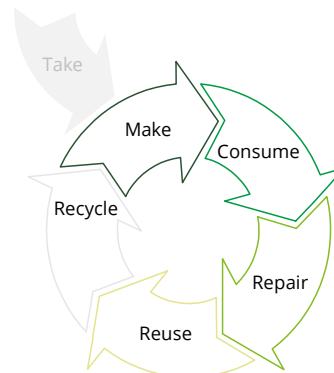
Linear Economy –
Old Reality



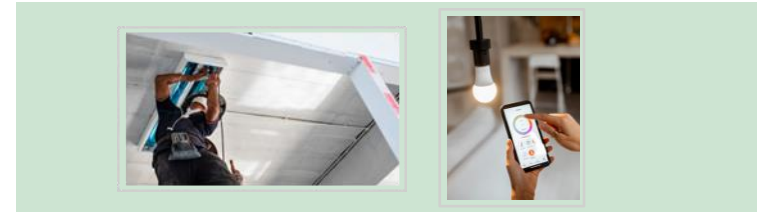
Recycling Economy –
Closing Loops



Circular Economy –
New Reality



Industry Example



- **Circular lighting at Schiphol Airport:** The principle is simple: instead of buying light bulbs, Schiphol Airport is paying for the light
- These **light bulbs** have been designed to allow fast and easy repair or replacement

Signify





Looking into the crystal ball



Looking forward

What needs to come next?



STANDARDIZED CO2
measurement
approach is needed



TIME TO ACT is now -
be aware that
regulatory will
become more strict



There is no getting
around **CIRCULAR**
ECONOMY



TECHNOLOGY will not
solve it all - at least
not in at short- or
medium-term



COLLABORATION IS
KEY for a successful
transformation

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