

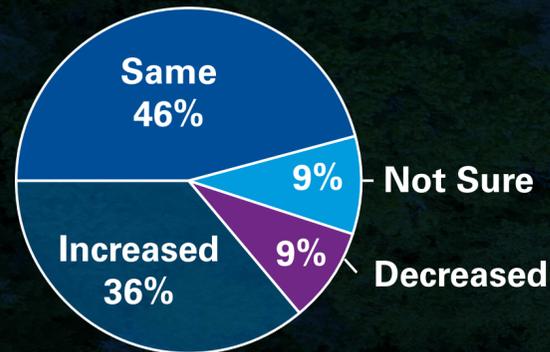


Sustainable Supply Chain & Procurement

**How to become more sustainable in your Supply
Chain & Procurement processes?**

The rise and challenges of sustainability

Since the start of Covid-19, my firm's commitment to **supply chain sustainability** has...



Source: State of SC Sustainability 2021, MIT Center for Transportation & Logistics

By 2029, the Millennial and Gen-Z generations will make up...



Source: Marsh & McLennan Companies, ESG as a workforce strategy report, 2020



CEOs say they want to lock-in climate change gains that have been realized during the pandemic

Source: KPMG 2020 CEO Outlook Covid-19 Special Edition

47% of businesses have put ESG benefits in the business case for the digital transformation strategy and investment



Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, April 2021

A company's supply chain contains an average of

5.5 TIMES

as many greenhouse gas emissions as its own operations

Source: CDP, Global Supply Chain Report 2019

70% of the world economy

65% of global carbon dioxide emissions



...having committed to net zero

Source: UNFCCC, UN Secretary-General Calls for Exponential Growth in Global Coalition to Achieve Net Zero Emissions, February 2021

Why act now?

Consumers

- Sustainability increasingly features in purchase decisions.

Half of the growth in consumer packaged goods are due to “sustainable-marketed goods”.

Financial community

- Investment appetite is shifting to ESG / sustainability.

Unattended supply chains hide issues that can impact investors trust significantly.

Regulations & Standards

- Failure leads to both reputational and operational risks.

Regulations such as the EU directive on Corporate Due Diligence and Corporate Accountability (2021) as well as the Sustainable Development Goals (2015).

Business partners

- Greater transparency fuels demand to improve sustainability of supply chains.

Food companies face more demand for supply chain-related information about ingredients, food fraud, animal welfare and child labor.

Employees

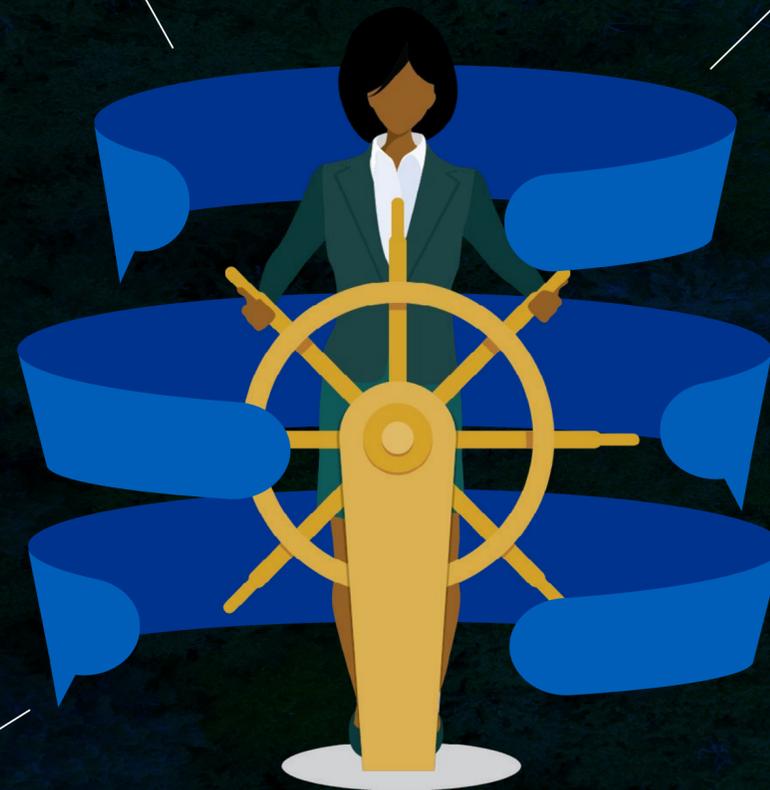
- Sustainability has become a vital flank in ‘the war for talent’.

Young graduates prefer to work for a company having positive impact on the world.

Rising costs

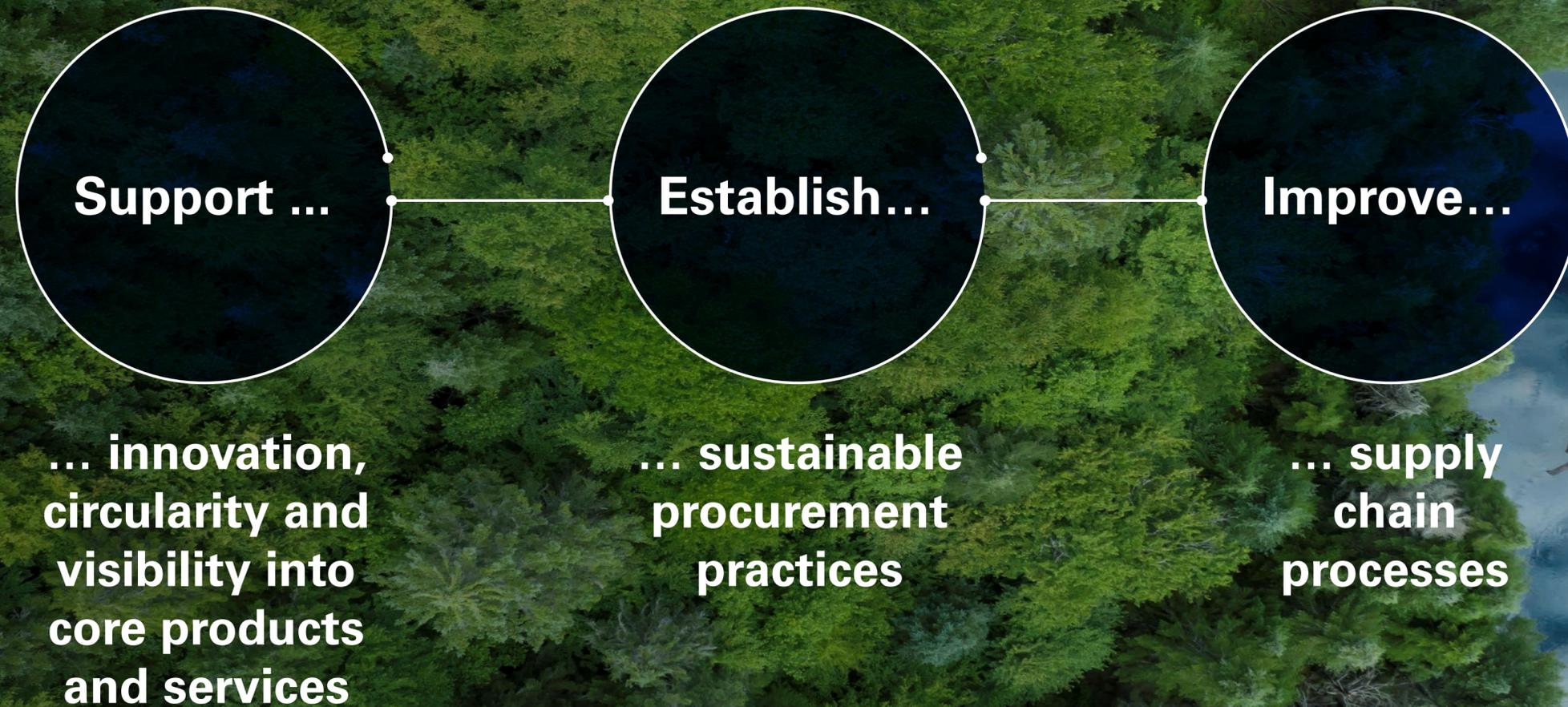
- Poor ESG performance can lead to significant costs in the form of fines, increased insurance premiums and insecurity of supply.

Fines applied to BP due to the Deepwater Horizon oil spill reached US\$13.8 billion.



How can KPMG help?

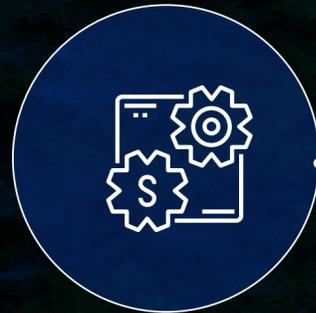
KPMG's experienced ESG professionals work closely with their clients to establish the foundation of a long-term successful ESG strategy, starting from assessment down to assurance



Bringing in innovation in your core products and services



Understand how your product composition and design affects your circular performance (less waste, resource, recyclable materials, ...) and act upon it via reporting.



Create Product Identity Cards and set up **Product Circularity Improvement Plans** with key suppliers.



Screen the market for new suppliers, products and innovation. Central role supplier scouting and **category plans**.

Sustainable Procurement

SUPPORT PROCESSES: Embed your sustainability and ESG performance improvement in your processes
PROCUREMENT shift from focus only on costing towards improving your resilience



Supplier relationship management

- **Supplier Risk Screening** at onboarding & during entire lifecycle (**TPRM**)
- **Supplier performance** monitoring incl. ESG KPIs
- **Improvement plans**

Risk and Performance Management

Sourcing

- Avoidance of **sole & singlesourcing**
- **Scenarios building** not only cost based but also resilience & circularity, diversity, local SMEs
- **Awarding** including ESG performance criteria

Sourcing Optimization

Contract management

- **Contract clauses**
 - Child labor
 - Data privacy
 - Diversity
 - Compliance
 - Waste
 - Minimum resource utilisation

CLM

Analytics

- **Screening of anomalies in transactional data ensuring ethical procurement**
- Potential errors & duplicate invoices
- Collusion employees
- Collusion suppliers

Analytics + Community Intelligence

Sustainable Supply Chain

SUPPORT PROCESSES: Embed your sustainability and ESG performance improvement in your processes
SUPPLY CHAIN shift from global supply chains to resilient micro supply chains with full traceability



Plan

- Optimised planning and forecasting to **avoid waste**
- NPI design for **circularity** and/or repair

S&OP

Make

- **Optimisation** of the use of resources via building of production **scenarios**
- **Reducing waste** in Manufacturing

Digital Twin

Deliver

- **Flexible Supplier Chain Modelling** multi tier supplier network visibility
- **Scenarios building** allowing quick supply chain adaptations
- **Calculating and monitoring your ESG Performance throughout the supply chain** (CO2 footprint, waste reduction, ...)

Coupa Llamasoft

Analytics

- **Full traceability** from finished product to raw materials
- **Control Towers & Predictive Supply Chain Risk Management**

KPMG Origins & KPMG PSCR

Transparent Supply Chain

