

Energy supply chain resilience

10 areas for boards to probe

KPMG Audit Committee Institute

As we head into the colder months, energy supply chain resilience will become an increasingly important topic for many businesses and their customers. Here we set out 10 areas for boards to consider.

01

Strategy

- What is our near-term and 3-year energy strategy?
- How can this near term challenge help to accelerate our energy transition journey ?

02

Volatility

- What tools are we using to stay situationally aware as the energy situation unfolds?
- Are we using every available lever to reduce volatility impact such as accelerating delivery of energy efficiency targets?

03

Sensitivity

- How can we reduce our organisation's sensitivity to internal and external energy threats?
- Can we shift activity to other jurisdictions? Can we influence timing of activity, for example to build inventories now?

04

Governance

- What decisions can be prescribed or delegated, and when does the board need to be consulted?
- What mandates do we have and do they give us the speed to execution we need in volatile markets?

05

Risk

- How would we operate if our organisation could not see or hear, and what would we prioritise if risks begin to stack?
- Do we have aging infrastructure that increases our vulnerability?

06

Suppliers

- Who are our critical suppliers, and what options or mitigations do we have if supply is disrupted?
- Do we understand the breadth of impact of interruptible contracts under current market conditions?

07

Credit

- Do we understand the exposures of our customers and what scenarios have we used to stress test?

08

Liquidity

- Do we need extra headroom for wholesale market procurement activity, to cover (say) working capital timing differences for any activity shifts?

09

Societal

- How will we support our employees, customers and communities during these challenging times?

10

Opportunity

- How can we turn this into a win for our organisational resilience and our sustainability agenda?
- What other onsite/offsite alternative energy generation opportunities can we pursue?

The KPMG Board Leadership Centre

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