

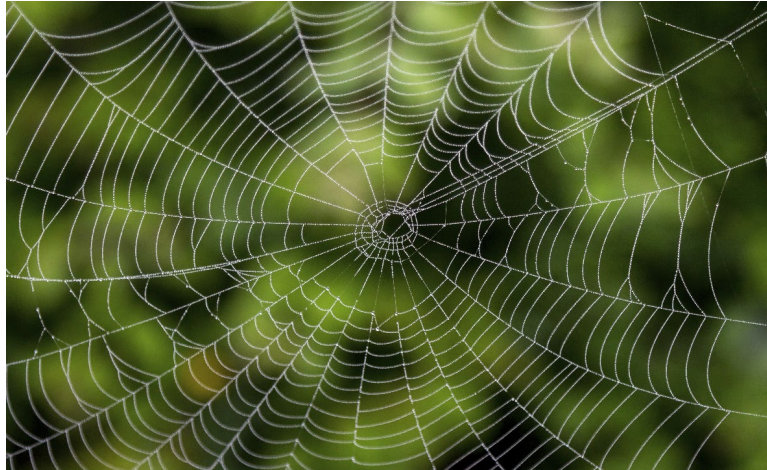


Making informed sourcing decisions by sourcing the right information

How a consumer products company acted toward ambitious ESG goals, with suppliers

Consumer products company





The Vision

As a global organization with science-based sustainability targets, the company wanted visibility into how suppliers' sustainability initiatives aligned with its own climate focused goals.

The starting point

Zero carbon and zero waste are lofty goals, but the escalating climate crisis demands that kind of ambition from businesses. And, increasingly, consumers demand it, too. Companies can identify science-based targets and implement sustainability initiatives within their own organizations, but they also need to consider their suppliers. Do their standards align with yours—or could they hinder your sustainability efforts?

A global consumer products company prioritized sustainability and set science-based targets within its organization, but it also worked with a vast global supplier network. Many of these suppliers were implementing their own sustainability programs, and the company wanted visibility into how these initiatives aligned with its own climate-focused goals. It needed to develop a baseline of the relative maturity of these

suppliers' programs. This could help the company avoid transactions that would make it harder to reach certain goals or even negatively impact its brand and reputation.

With thousands of suppliers to account for, reaching out to each one didn't make sense. The company was already working with Deloitte's Audit & Assurance team on related environmental, social, and governance (ESG) work. One possible path presented to the company by Deloitte—a service intended to provide insight into suppliers' ESG metrics and, at the same time, provide a deeper analysis into how peers within the larger industry are approaching important environmental benchmarks.

The achievements



Ability to quickly gather intelligence in an automated, scalable way



Enhanced sourcing decision-making, informed by suppliers' environmental impact and ESG metrics/commitments



Tighter alignment with suppliers on climate-focused goals



A big-picture view plus individual assessment reports for each supplier analyzed



Greater ability to avoid transactions that do not effectively support goals or that could negatively impact the brand



New conversations that could potentially inspire changes in practice for suppliers



Insights on company's metrics and initiatives, compared with peer organizations

The way forward

The company decided to leverage a strategic risk sensing solution, engineered by Deloitte, to assist with challenges it was facing. The solution can be used to detect ecosystem risk at scale and can gather the intelligence that an organization needs in a short period of time.

The company wanted to focus on a subset of indirect suppliers, such as data providers, utilities, and legal firms. It shared criteria and worked with Deloitte to build a framework to explore how these third parties' efforts aligned with its own. For example: Had the supplier also set science-based targets? Was it part of the Carbon Disclosure Project (CDP) or the RE100 initiative?

Through automation, natural language understanding, and cloud-based advanced analytics, the risk-sensing tool could go beyond answering binary questions of whether a supplier has specific goals. It could also

determine what types of goals a supplier had and whether they were quantified.

This information came from more than 1 million licensed data sources, accessed using proprietary ontologies. Once the sensing engine pulled the data and supporting context into the sensing platform, Deloitte human analysts stepped in to evaluate the intelligence and issue recommendations on how the company could enhance its existing supplier framework.

The company had also been asking itself challenging questions about its sustainability program: Was it focusing on the right topics? Were its stated targets in line with the larger consumer industry? The flexibility that's built into the new risk sensing solution facilitated industry benchmarking to help the organization see where its ESG efforts were already leading, and where there was opportunity to be even bolder.

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Let's talk sustainability

How is your organization working to align with suppliers when it comes to sustainability goals? Discover how Deloitte's worldwide team of industry-focused specialists can help you understand the opportunities and navigate risks as you move forward on your sustainability journey. Contact us to get the conversation started.

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The view ahead

The flexibility built into the company's strategic risk sensing solution facilitates industry benchmarking—to help the organization see where its ESG efforts were already leading, and where there was opportunity to be even bolder.

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Sustainability & Climate Stories