



CE Automotive Newsletter

Q3 2023

[The Future of the Automotive Value Chain: Global Supplier Risk Monitor 2023](#)

75% of CO2 emissions arise from three key cluster components in the automotive value chain!

Automotive industry is still in the middle of their largest transformation ever and Suppliers are struggling with various challenges. On the one hand, the growing share of vehicles with alternative drives increases the pressure to transform; on the other hand, they have to take sustainability aspects into account across the entire value chain.

The carbon footprint is becoming more and more important for the automotive industry. Since battery production is the prime emitter of CO2 followed by body and frame due to resource- and energy- intensive processes. Our analyses show that 75% of CO2 emissions arise from three key components in the automotive value chain.

[Deloitte's current Supplier Risk Monitor 2023](#) enables companies to monitor risks continuously and systematically in 19 different clusters.

The consequence automotive industry is currently experiencing a pronounced shift towards recognizing the growing significance of sustainability and the integration of Environmental, Social, and Governance (ESG) principles within the automotive value chain. This transformation is catalyzed by the intensifying environmental impact and the mounting pressure on the automotive industry to:

- adopt environmentally responsible practices to
- reduce the CO2 footprint and to
- be compliant with ESG requirements.

Notably, one major drivers of CO2 emissions within the automotive value chain are the HV Battery and Fuel Cell (58,9%), Body (8,0%) and Frame (6,7%) all of which are largely composed of rare earth materials. The extraction of these materials

unsurprisingly contributes substantially to the industry's overall carbon footprint. Addressing these environmental concerns related to HV Batteries and Fuel Cells is crucial for automakers striving to adhere to ESG standards.

However, it's worth acknowledging that within automotive companies, sustainability efforts may not always be the primary focus. Concerns often revolve around the initial increase in costs associated with the implementation of sustainable strategies, the challenges in tracing relevant data, and the difficulty of motivating management to include sustainability-related topics in their KPIs.

Nonetheless, there are perspective paths to make the most of the capital and energy invested in these initial phases of sustainability integration, strengthening the entire supply chain and the organization as a whole. For instance, the need for enhanced data quality in sustainability reporting can lead to improved data management practices, resulting in reduced operational costs in day-to-day operations. Additionally, adopting a new approach to KPI-based steering can unveil opportunities for capital gains.

As with any new initiative introduced into the business landscape, the journey toward sustainability can be perceived as either a challenge or an opportunity. However, non-compliance with ESG standards can have a cascade of adverse effects, including reputational damage, investor concerns, regulatory actions, market restrictions, supply chain pressures, and competitive disadvantages. All of these factors serve as potent motivators for companies in the automotive value chain to enhance their ecological practices, mitigate negative consequences, and align with the evolving environmental and sustainability standards.

We can support you with your company specific ESG risk analysis and the development of possible countermeasures using our risk framework.

Deloitte latest analysis and studies

In pursuit of the Self-Driving Supply Chain

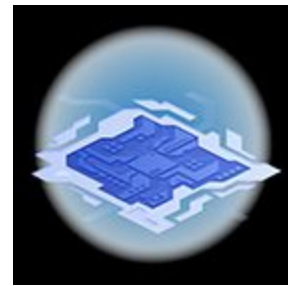
Many organizations embraced Enterprise Resource Planning (ERP) and Advanced Planning Systems (APS) systems for decades, but their limitations have become evident. Discover how industry leaders are now turning to Robotic Process Automation and Cognitive Automation of supply chain to enhance decision-making and automate repetitive tasks.



[Cognitive Automation Self-Driving Supply Chain](#)

Reimagining a more resilient automotive supply chain

How can the automotive industry navigate the current semiconductor shortage, mitigate negative impacts, and rethink global supply networks to help future-proof sector growth? Our new report examines the challenges presented by the computer chip shortage, then explores opportunities to reinvent the automotive supply chain and build a road map for resiliency.



[Reimagining the Automotive Supply Chain | Deloitte US](#)

2023 Automotive Supplier Study

By 2027, certain segments of the automotive industry are projected to experience a remarkable 245% growth! Discover which segments are expanding, which ones are stagnating, and which are in decline. Explore opportunities for your organization to gain unexpected benefits, such as improved price positioning and increased profitability. Dive into our latest study, the 2023 Automotive Supplier Study.



[2023 Automotive Supplier Study | Deloitte US](#)

What we do? Elevating Automotive Security

Elevating Automotive Security: Penetration Testing for Vehicles

Connectivity in the automotive industry refers to the integration of vehicles with digital networks, enabling communication between cars, infrastructure, and external systems. This connectivity facilitates features like navigation, real-time data sharing or autonomous driving. However, with this integration comes a critical need for robust cybersecurity measures to protect vehicles and their data from potential cyber threats, ensuring the safety and privacy of passengers and road users.

For details please contact László Tóth, e-mail ltoth@deloittece.com, mobile +36 20 405 6501 or András Kabai, email akabai@deloittece.com, mobile +36 30 529 6893.

Team



Milan Kulhánek

Partner, Central Europe
Automotive Leader

Prague | Czech Republic
mkulhanek@deloittece.com



László Tóth

Partner, Cyber Risk Services

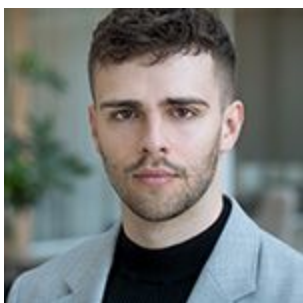
Budapest | Hungary
ltoth@deloittece.com



András Kabai

Director, Cyber Risk Services

Budapest | Hungary
akabai@deloittece.com



David Krupa

Consultant, Consulting

Prague | Czech Republic
dkrupa@deloittece.com