

The Deloitte logo, featuring the word "Deloitte" in a white sans-serif font with a small green dot at the end of the word. It is positioned in the top left corner of the slide.

**Deloitte.**

## THE RIPPLE EFFECT

Stories of purpose and lasting impact

# Making informed sourcing decisions begins with sourcing the right information

**A consumer products company set ambitious ESG goals.  
But did its suppliers share them?**

# YOU CAN'T REACH **NET-ZERO** WITH **ZERO SUPPLIER INTELLIGENCE.**

## THE SITUATION

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. We presented a service intended to provide insight into its 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 SOLVE

Deloitte's Strategic Risk Sensing solution was engineered to assist with challenges like the one our client was facing. It's used to detect ecosystem risk at scale and would be able to gather intelligence the company needed 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; and it shared criteria that enabled us to build a framework to explore how these third parties' efforts aligned with its own. 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 it has and whether they're quantified.

This information comes 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, our 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 our Strategic Risk Sensing solution facilitated industry benchmarking to help our client see where its ESG efforts were already leading and where there was opportunity to be even bolder.

FOCUSING ON **THEIR TARGETS**  
CAN **HELP YOU HIT YOURS.**

# THE IMPACT

Companies can't reach their climate-focused goals if the suppliers they work with aren't moving in the same direction.

Our solution helps our client to make sourcing decisions informed by suppliers' environmental impact and ESG commitments—and makes it possible to gather that intelligence quickly in an automated, scalable way. Case in point: Our client initially set out to collect this information on its own, manually, and after nearly a year was unable to reach the number of suppliers our solution accessed in just a few weeks.

We provided a look at the big picture along with individual assessment reports for each supplier analyzed. And as contracts come up for review, this information can become a topic of discussion and potentially inspire changes in practice for suppliers that want to continue doing business with the company.

The benchmark analysis can also inspire changes in practice within our client's organization through insights into how the company's sustainability metrics and initiatives measure up against those of its peers. This can help guide our client's decision-making process and enable it to remain competitive within its industry while continuing on its path to net zero.



THE MOST AMBITIOUS ESG GOALS NEED TO BE SHARED.

# LET'S CONNECT.

Do these challenges sound familiar?



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