

Procurement's Role in Corporate Sustainability

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Joint Committee
on Climate Change

Agenda

- ▼ CDP and supply chains
- ▼ Why assess environmental sustainability in your supply chain
- ▼ Examples of current global best practice
- ▼ Q&A

CDP – the global corporate environmental disclosure platform



CDP is a global environmental impact non-profit working to secure a thriving economy that works for people and planet.



CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.



With the world's most comprehensive collection of self reported data, the world's economy looks to CDP as the gold standard of environmental reporting.

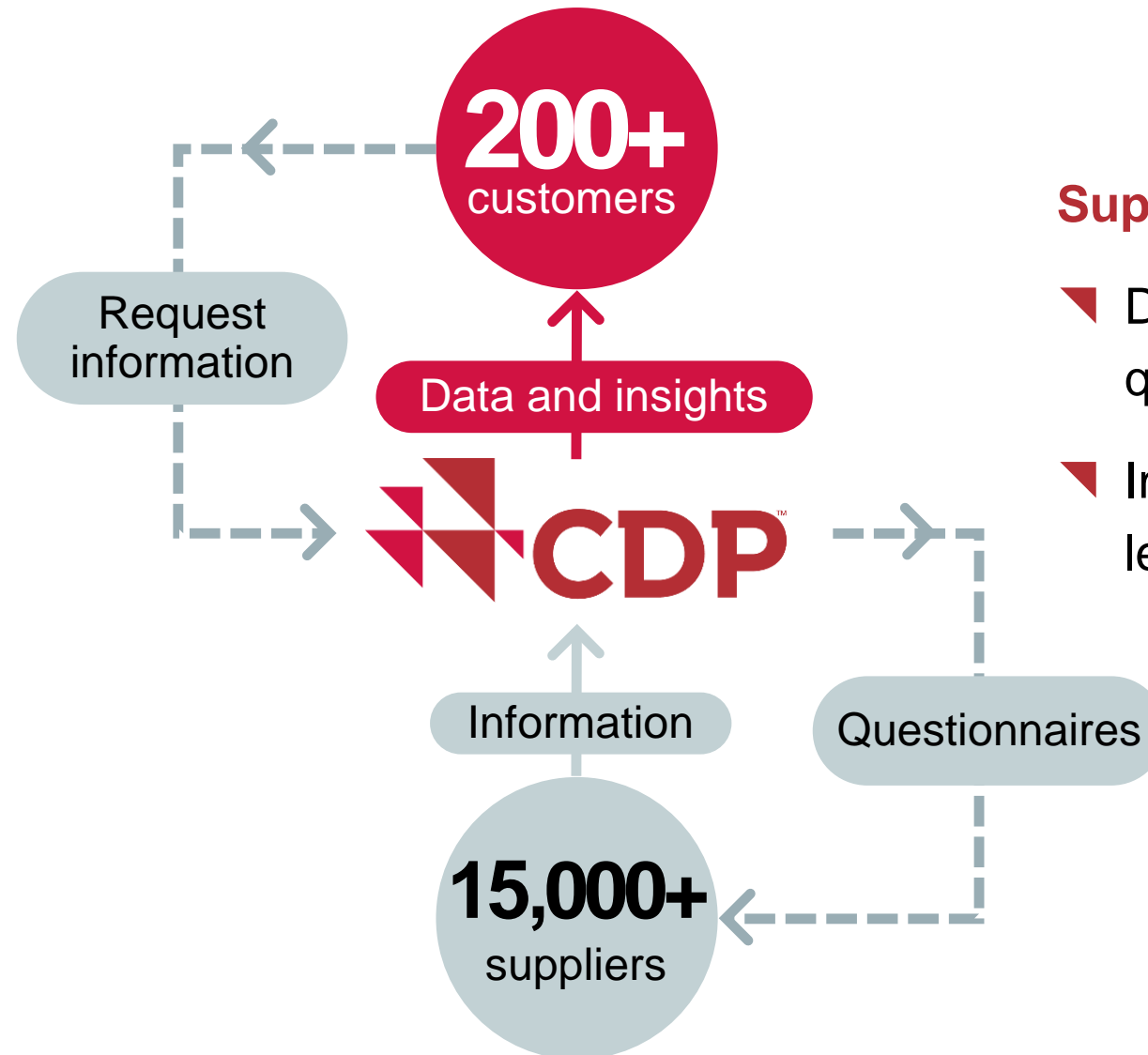


Its network of investors, purchasers and policymakers around the globe, use our data and insights to make better-informed decisions.

How CDP work with Suppliers

Procurers

- Identify strategic suppliers
- Evaluate climate, forests and water risks



Suppliers

- Disclose qualitative and quantitative information
- Improve performance and learn best practices

2021 CDP supply chain members

200+ purchasing organizations | US\$5tr+ procurement spend | 15,000+ suppliers

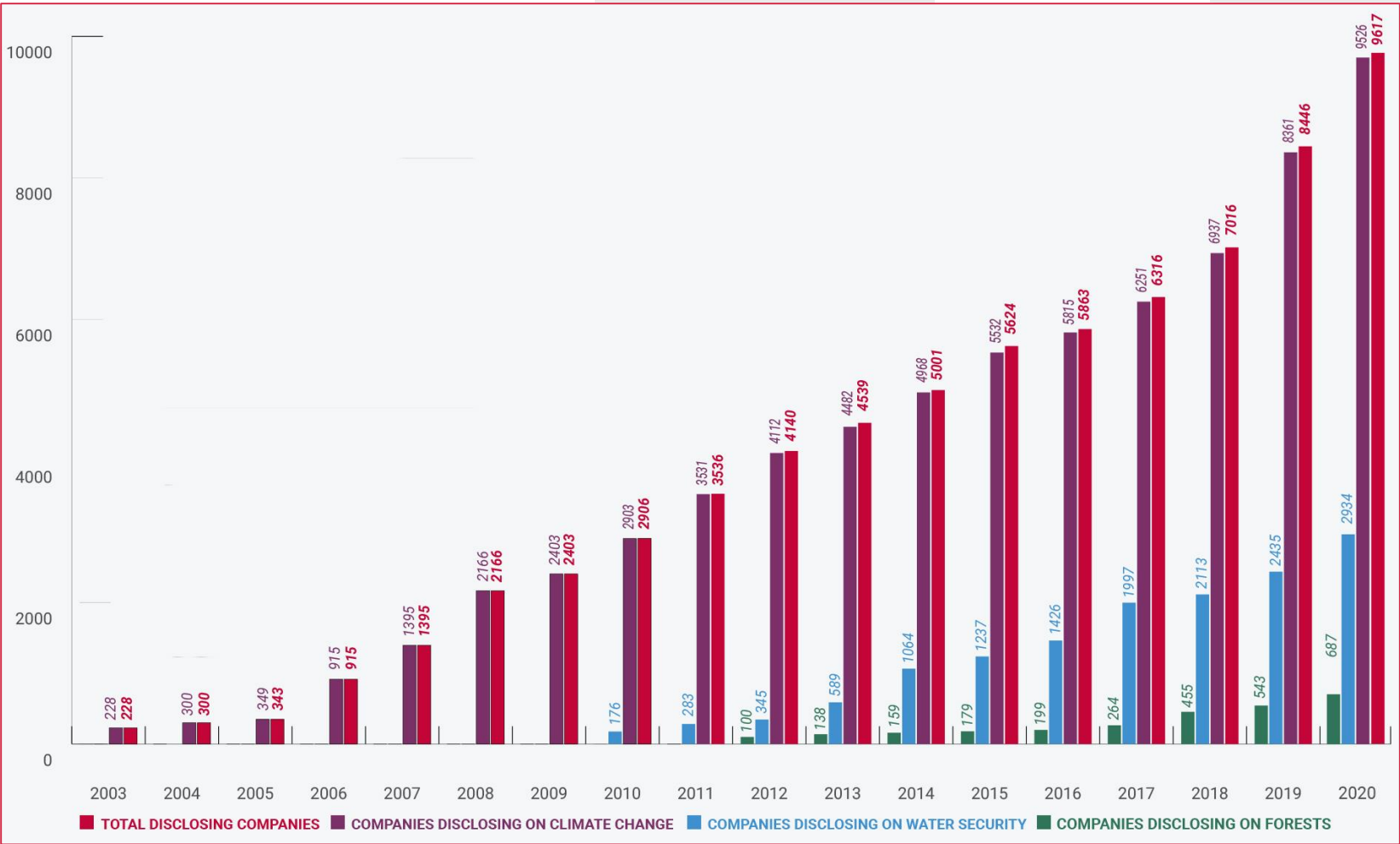


DISCLOSURE INSIGHT ACTION

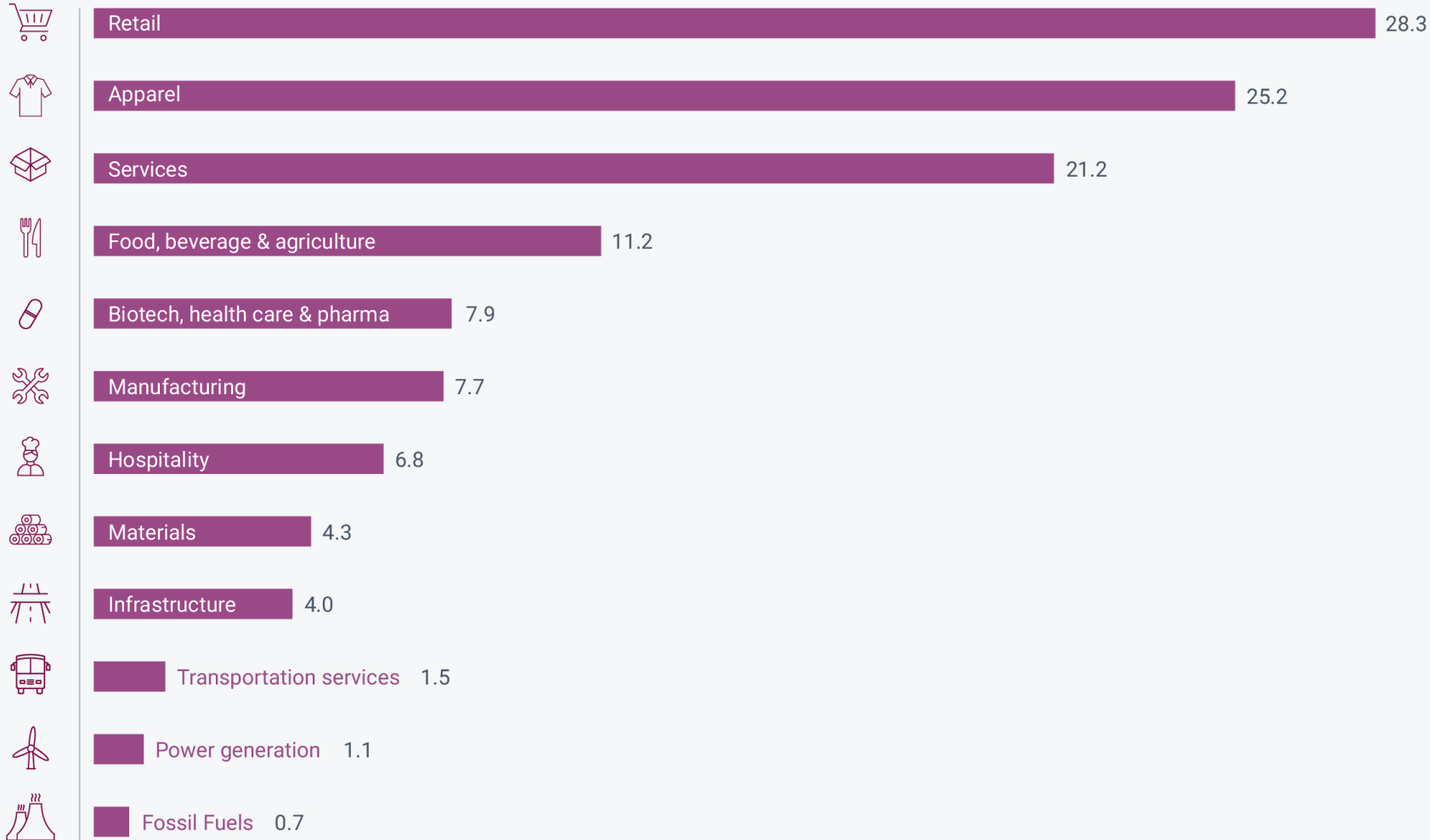


Growth of Disclosure to CDP

2003 - 2020



Your Emissions Lie in your Supply Chain



**11.4x
higher**

Supply chain emissions
are 11.4 times higher than
operational emissions

Source: CDP, 2020

Why Collect Environmental Data from Suppliers



Measure and reduce environmental impact and benchmark impact against peers



Identify cost savings and areas to improve operational efficiency



Identify risks and opportunities and communicate risk management practices



Propose collaborative opportunities and increase value from customer relationships



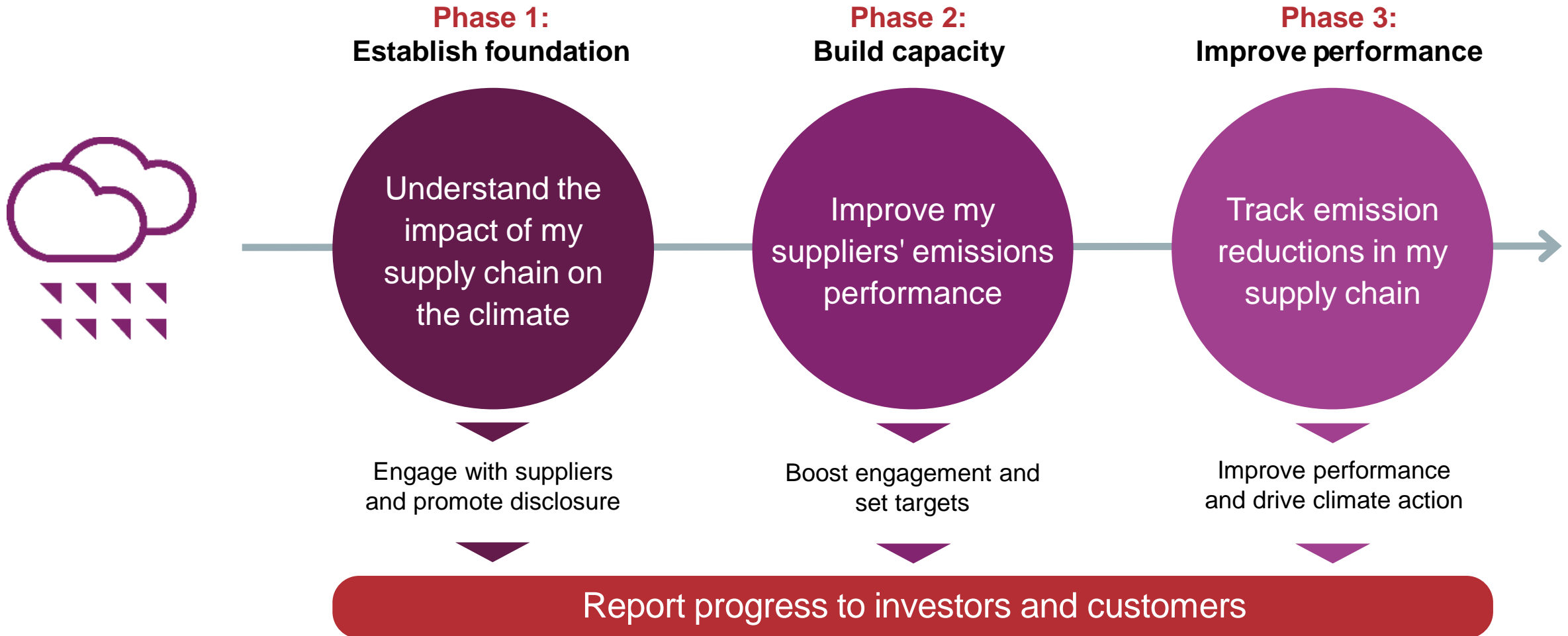
Demonstrate transparency and operational competence to their customers



Monitor and support your own environmental efforts

Why Collect Environmental Data from Suppliers

Roadmap for members' supplier engagement strategy



Engagement and Disclosure Works

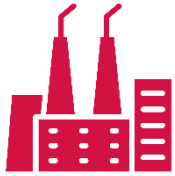
Supplier improvement over time

First-time disclosers

Second-time disclosers

Third-time disclosers

Percent of disclosers who have **emissions reduction initiatives**



38%

48%

69%

Percent of disclosers who have set **company-wide targets and goals**



50%

60%

66%

Engagement and Disclosure Works

Retailers



Consumer Goods



Manufacturing



Logistics



Setting a sustainability target on a corporate level is only step one.
Cascading commitments is fundamental to sustainability.
At AB InBev, we want to be the ones disrupting the market because we don't want to be chasing the market.

Virginia Covo
Global Director, Supply Chain Sustainability
Anheuser Busch InBev

Examples of Global Best Practices

▼ Governance

- ▼ Board and management level oversight of climate-related issues

▼ Risks and opportunities

- ▼ Risk management processes in place

▼ Strategy

- ▼ Transition-plans
- ▼ Climate-related scenario analysis

▼ Targets

- ▼ Science-based emissions reduction targets

▼ Emissions data

- ▼ Third-part verification

▼ Supply chain engagement



Case study: Dell Inc.: Integration into procurement standards



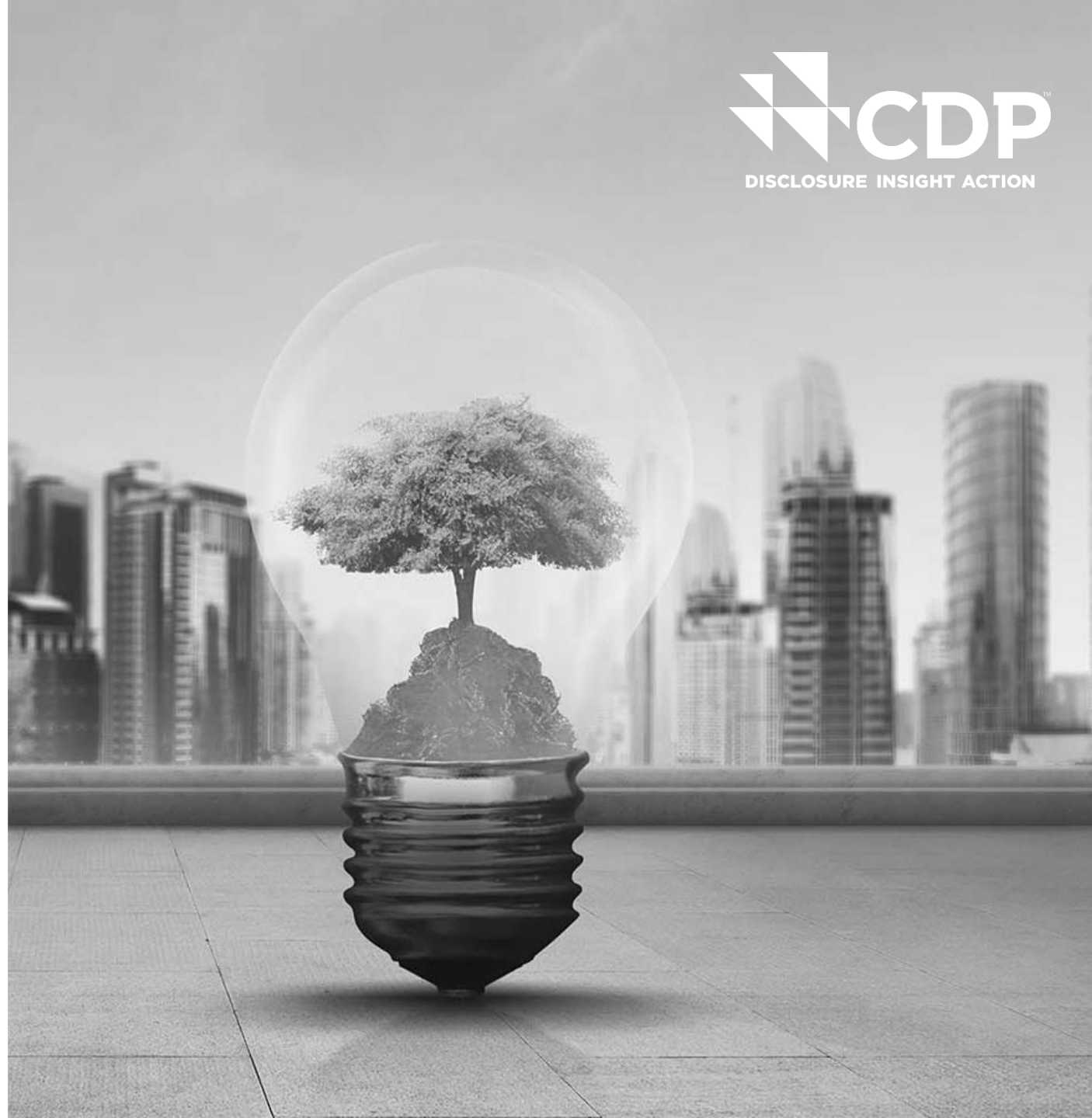
Dell's guidelines for suppliers

- ▼ Report GHG emissions via CDP (**minimum Scope 1 & Scope 2** - Scope 3 encouraged)
- ▼ Set **public goals** to reduce operational GHG impacts
- ▼ Tier 1 suppliers to establish **GHG management and reporting requirements for their suppliers**
- ▼ Report on **water** via CDP Water
- ▼ Publish a GRI-based **sustainability report**

Failure to meet these requirements can impact your supplier ranking and potentially **diminish your ability to compete for Dell's business.**



Q&A



Thank you!



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