

# Building sustainability into the supply chain

# What we'll discuss today...

What is sustainability?  
ESG fundamentals

European Sustainable  
Finance Strategy  
EU Taxonomy

Become climate fit  
SMEs play a significant role

Reporting with impact  
ESG standards

Sustainability and supply chains  
solution to ESG challenges?

# But what I really ask from you...

- Act now: become climate fit
- Use trade and supply chain finance to incentivise change
- **Shift to a future-proof business** to secure a liveable planet and a sustainable future for all

# Sustainability as a container concept

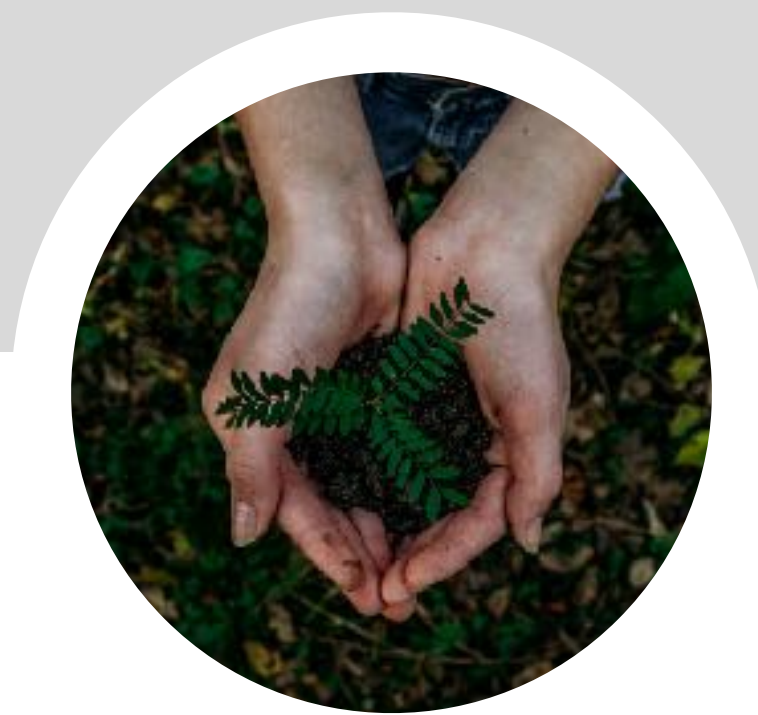
## What is sustainability?

In recent years, 'sustainability' has increasingly become a container concept for everything that is future-proof, green or circular. And, the interpretation of the concept of 'sustainable' varied widely, resulting in a risk of **Greenwashing**.



# What is sustainability?

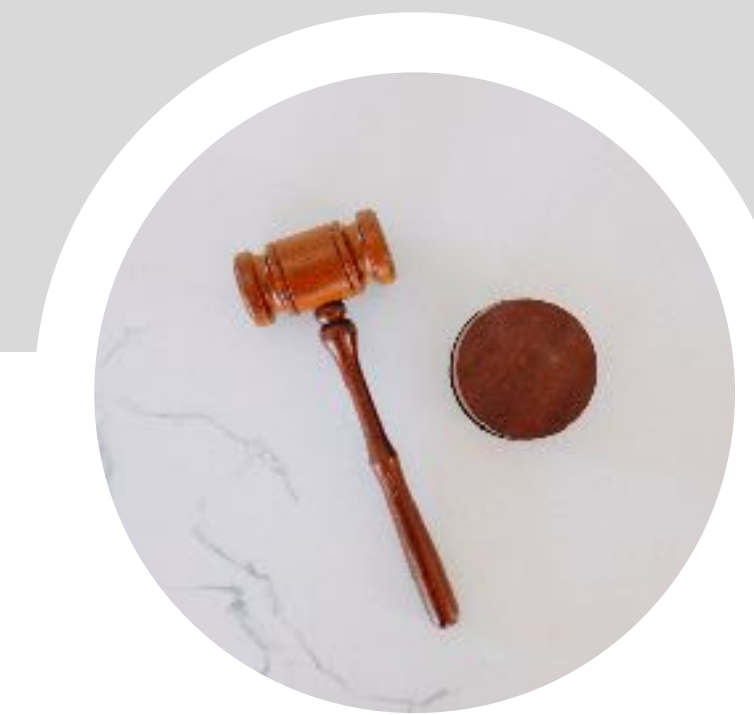
ESG factors as guidelines



environmental



social



governance



# Environmental

energy efficiencies,  
carbon footprints,  
greenhouse gas emissions,  
deforestation,  
biodiversity,  
climate change and pollution mitigation,  
waste management and  
water usage.



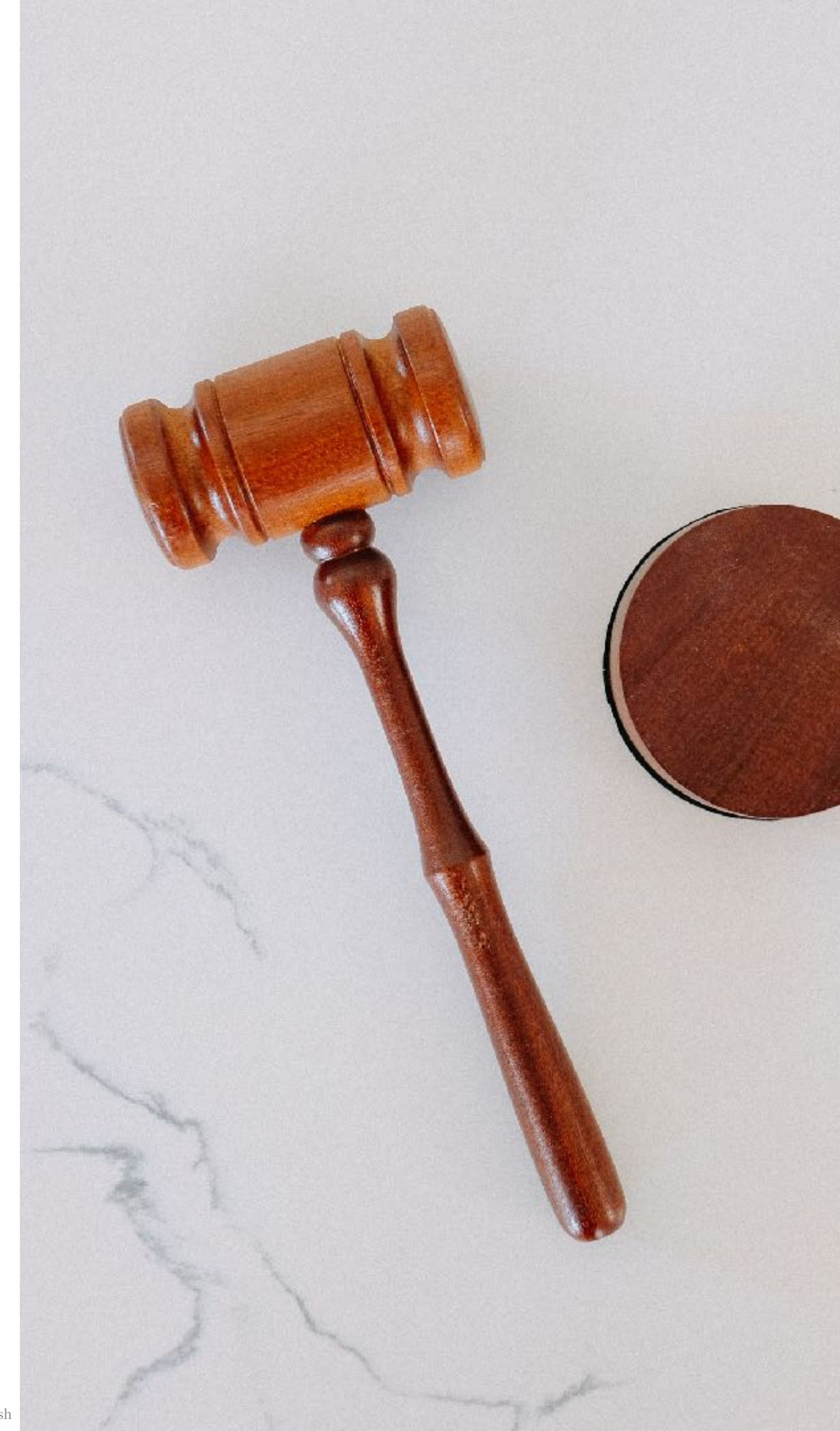
# Social



labor standards,  
wages and benefits,  
workplace and board diversity,  
racial justice,  
pay equity,  
human rights,  
talent management,  
community relations,  
privacy and data protection,  
health and safety,  
supply-chain management and  
other human capital and social  
justice issues

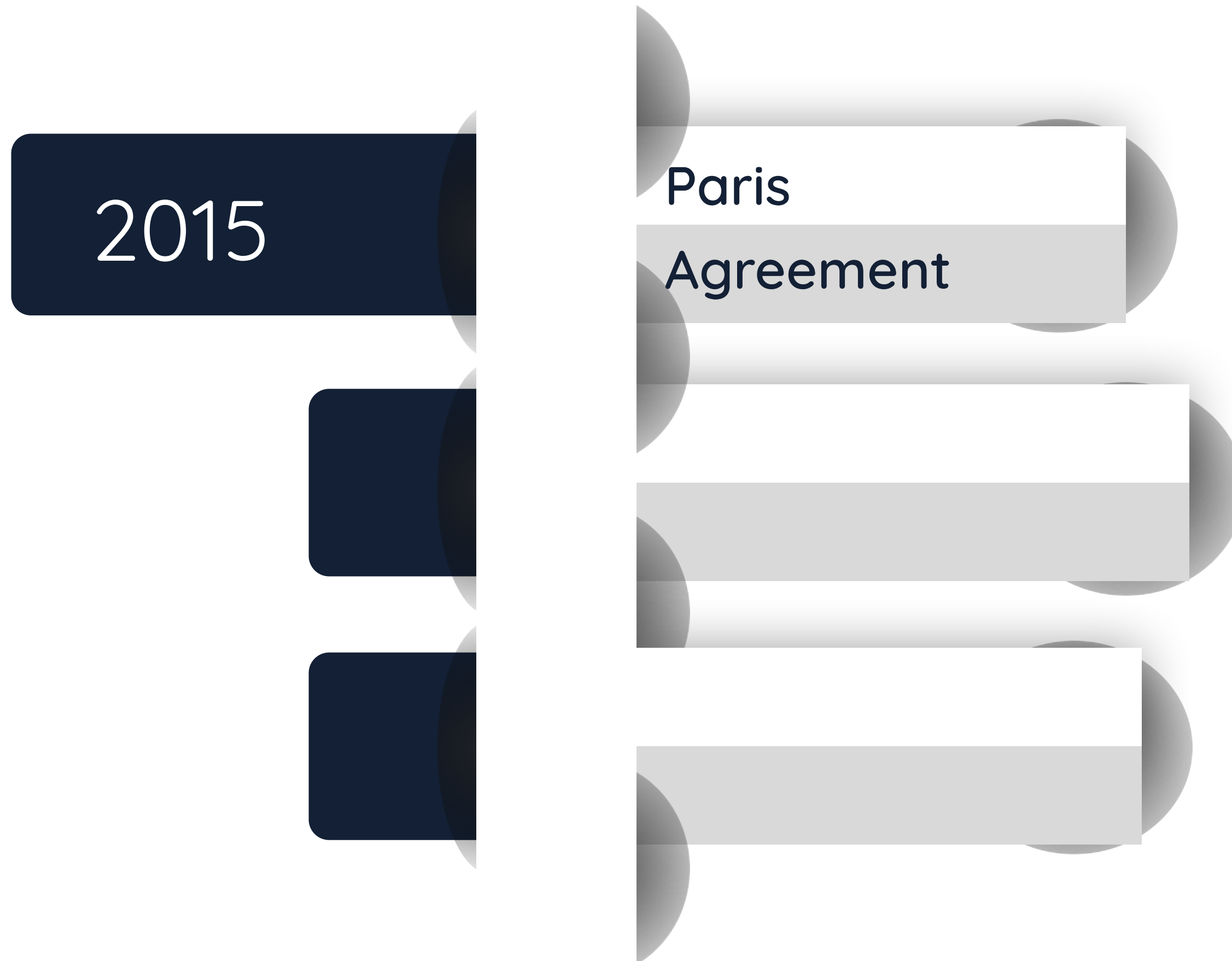
# Governance

corporate board composition and structure,  
strategic sustainability oversight and compliance,  
executive compensation,  
political contributions and lobbying, and  
bribery and corruption.

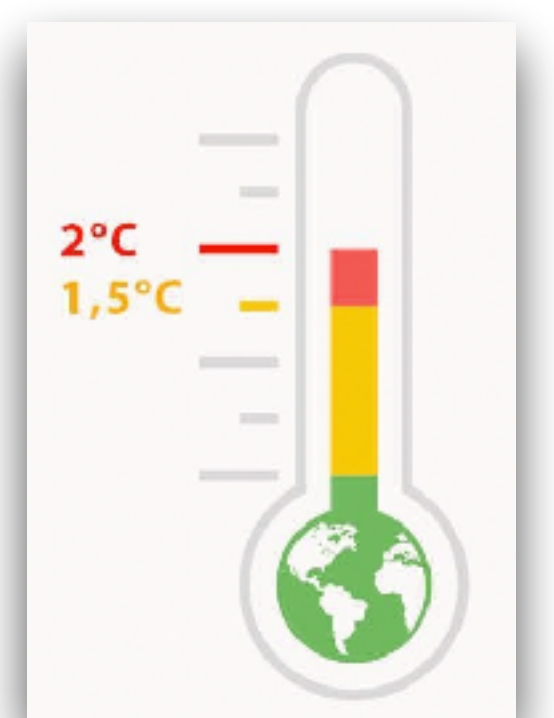




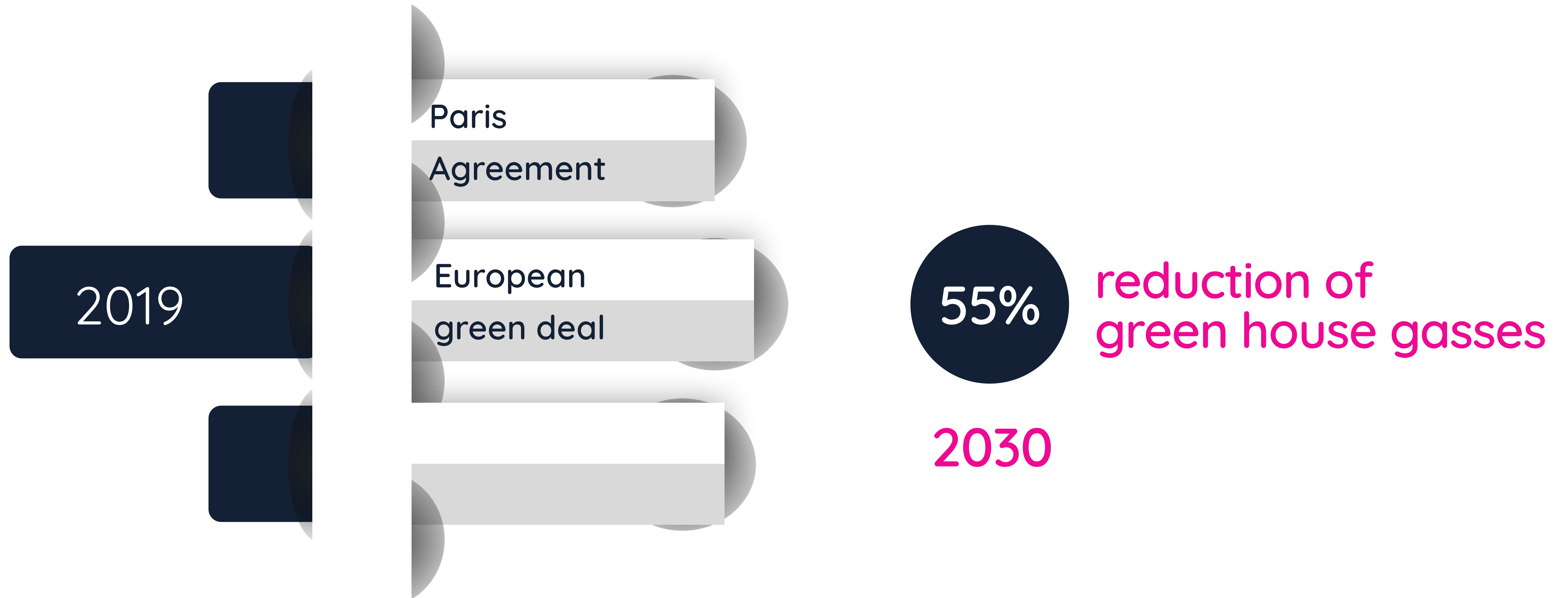
# Why this interest in ESG factors?



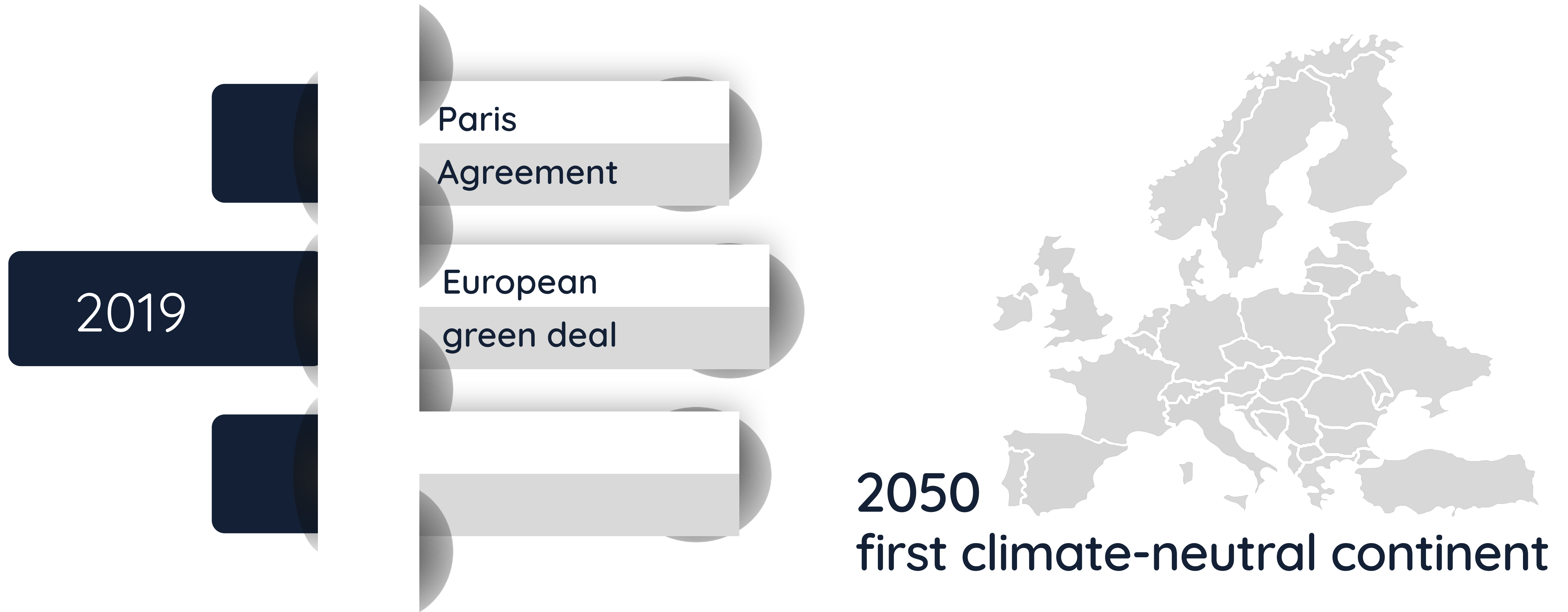
Limit global warming to **2** degrees Celsius, where possible to **1.5** degrees, compared to the pre-industrial era.



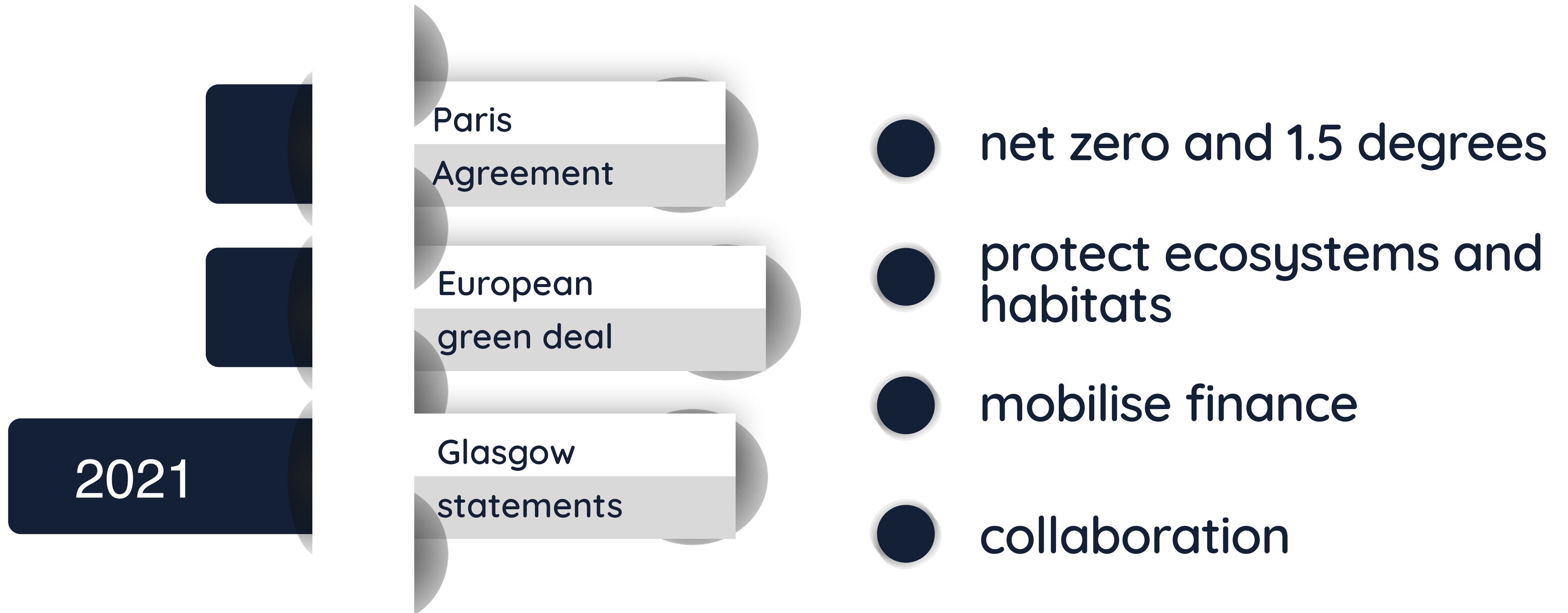
# Why this interest in ESG factors?



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# Why this interest in ESG factors?



# Reporting with impact

Show the impact you have on the economy, environment and people. Thereby attracting investor attention and increasing reputation with employees, suppliers, customers, and the communities you operate in. Besides, ESG issues have (in)direct effects on your capabilities and opportunities to create value in the future.



# Standard versus framework

Clearing up the vocabulary

**STANDARD**

Standards are the agreed level of quality requirements, that people think is acceptable for reporting entities to meet.



# Standard versus framework

Clearing up the vocabulary

## STANDARD

Agreed level of quality requirements, that people think is acceptable for reporting entities to meet.

## FRAMEWORK

A set of principles providing guidance and shaping people's thoughts on how to think about a certain topic, without a defined reporting obligation.



# Standard versus framework

Clearing up the vocabulary

STANDARD

FRAMEWORK





# Ratings and ranking

ESG rating agencies scoring the maturity or ESG savviness



# European Sustainable Finance Strategy

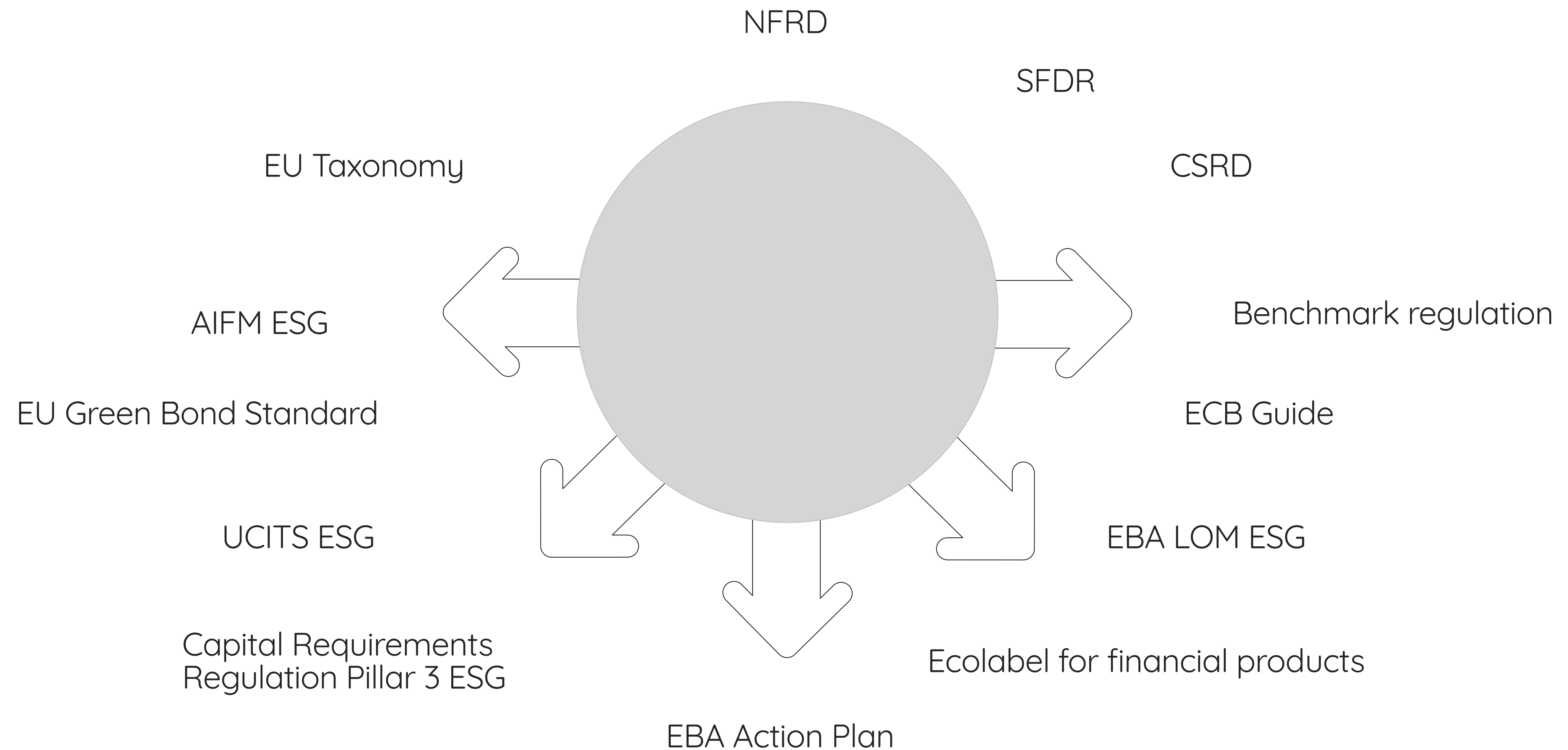
EU standards for financial and sustainability reporting

- promoting sustainable investments for sustainable and fair economic growth
- managing financial risks arising from climate change, biodiversity loss and human right
- promote long-term thinking



# Sustainable Finance Regulations

Transparency as a means



# Sustainable Finance Regulations

Transparency as a means

- same criteria for sustainable products
- greater transparency on sustainability risks
- providing a framework for objectives
- promoting cooperation



# EU Taxonomy

Assessment of sustainability

EU Taxonomy: classification system with criteria for when economic activities may be defined as sustainable.

To align with the EU Taxonomy, economic activities must:

- contribute substantially to one or more of the six environmental objectives
- do not significant harm to the other objectives
- meet minimum social safeguard standards



# EU Taxonomy

## 5 reasons to take note of the EU Taxonomy

1

Compliance

2

Reputation  
and risk  
management

3

Access  
finance

4

Assessing  
sustainable  
impact

5

Future-proof your  
business

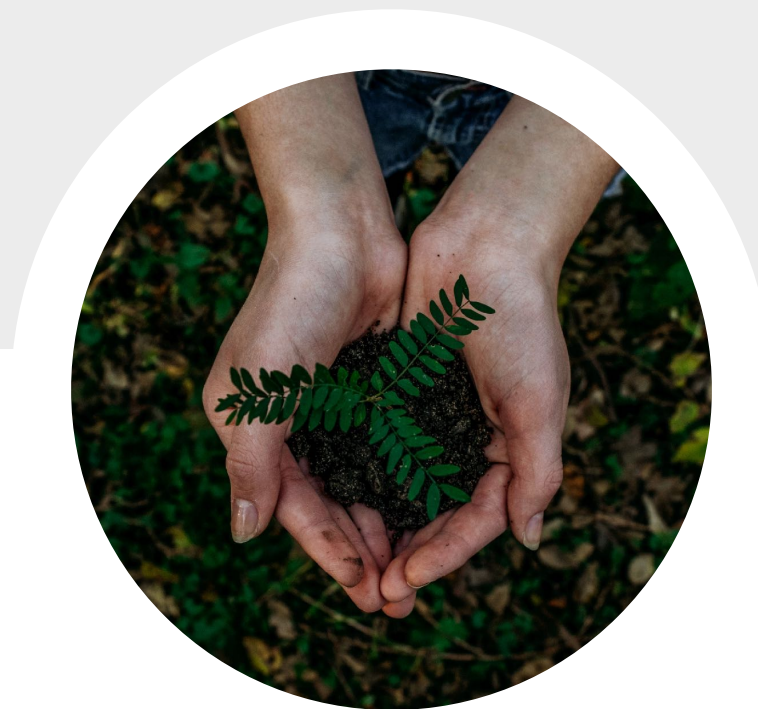
The proposal will extend the scope of sustainability reporting requirements to all large companies, whether they are listed or not meeting 2 out of 3 criteria:

- Revenues > EUR 40 million,
- Total assets > EUR 20 million and
- > 250 employees



# Sustainability and supply chains

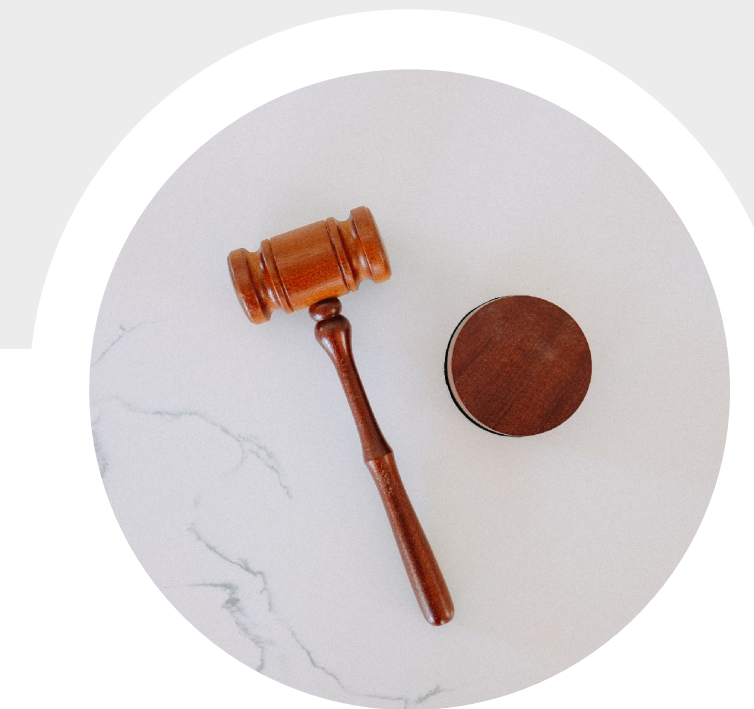
Substantial part of the solution to ESG challenges?



environmental

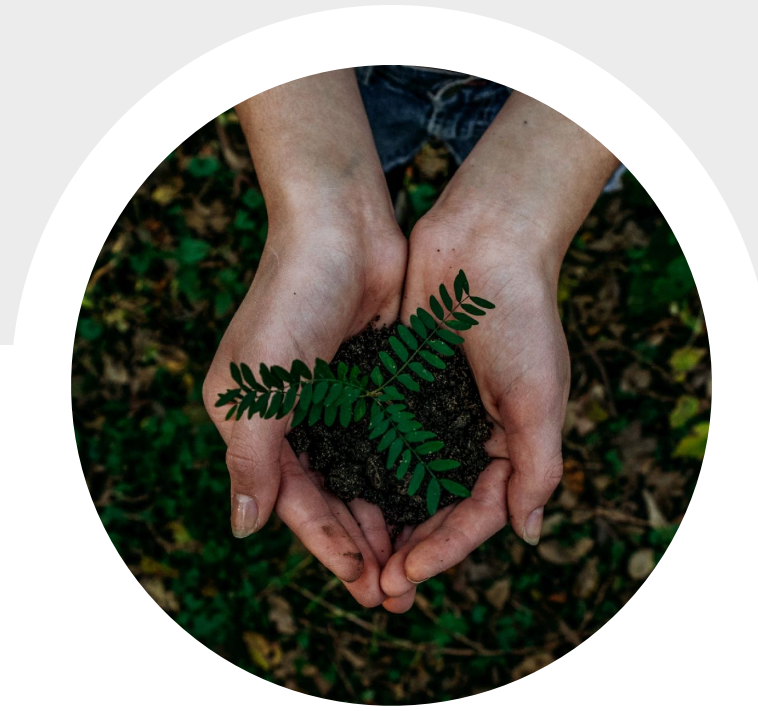


social



governance

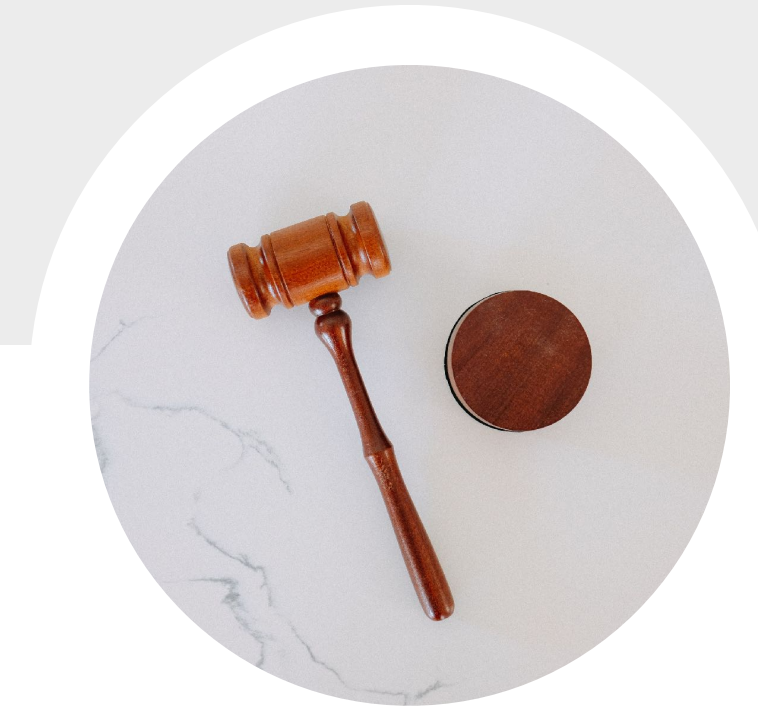




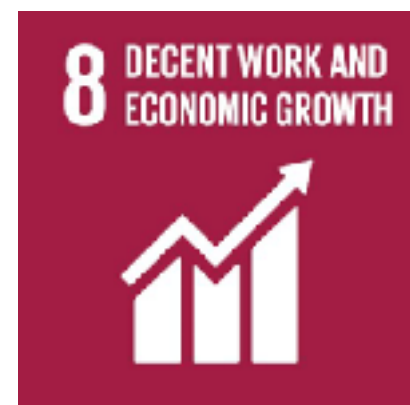
environmental



social



governance





# Value drivers

AUDIBILITY

COMPLIANCE

DATA MANGEMENT

DATA SECURITY

OWNERSHIP

TRUST

TRACK AND TRACE

PROCESS AUTOMATION

SUSTAINABILITY

STANDARDISATION

RECONCILIATION

TRANSPARENCY

DATA SHARING



How will  
blockchain  
effect your  
supply chain?

## Blockchain could help to ...

- build trust
- enhance transparency
- enhance efficiency of processes
- support paperless trade
- reduce costs
- enhance procurement processes
- open up new opportunities micro, small and medium sized enterprises and small producers from developing countries



# Sustainability and supply chains

Substantial part of the solution to ESG challenges?



raw material sourcing



manufacturing



distribution and retailing



use

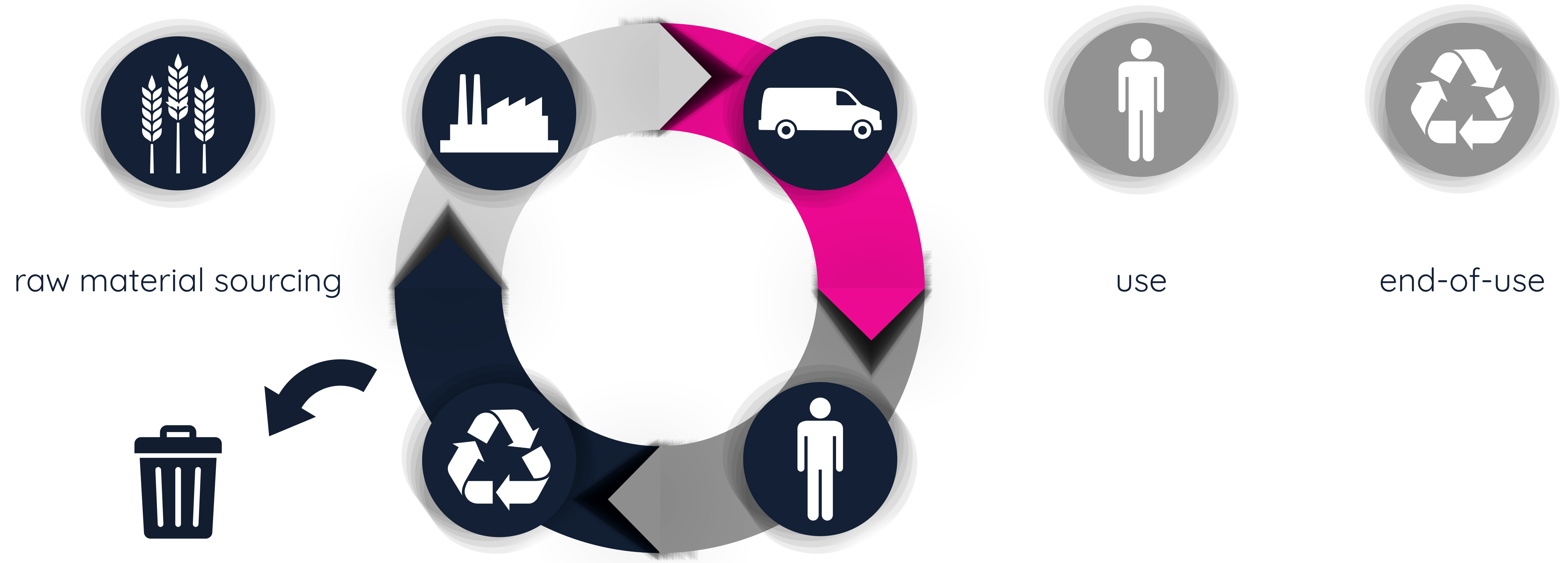


end-of-use



# Sustainability and supply chains

Substantial part of the solution to ESG challenges?



# Become climate fit

Reduce the emissions you don't directly own or control



raw material sourcing



manufacturing



distribution and retailing



use



end-of-use

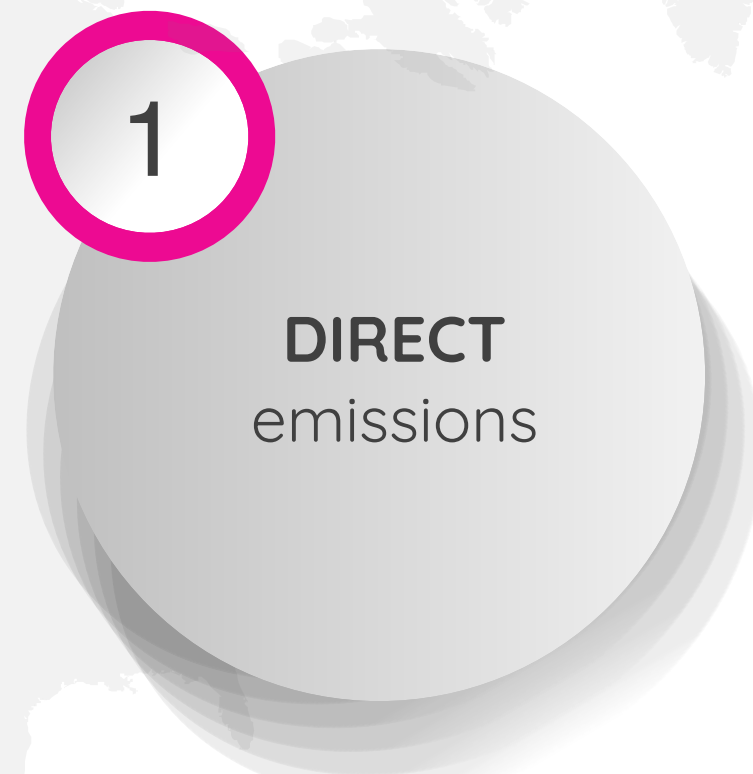
80%

**GLOBAL SUPPLY CHAINS**  
world's total carbon emissions



# The race to net zero

## Three scopes of greenhouse gas emissions



from facilities and vehicles owned and operated by the primary company



from the use of energy or electricity purchased by the primary company



from the primary company's value chain, including operations by suppliers, distribution, logistics, business travel, investment by the company in the supply chain, and the use of sold products

GHG Protocol is a framework developed by the World Resources Institute and the World Business Council for Sustainable Development. It defines three scopes: metrics and criteria for a company to use in measuring and managing its emissions.



# Sustainability and supply chains

Decarbonation opportunities



raw material sourcing



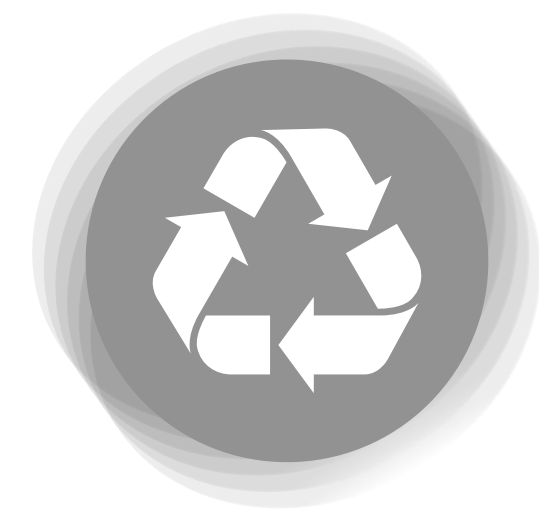
manufacturing



distribution and retailing



use



end-of-use

Source green or recycled materials



# Sustainability and supply chains

Decarbonation opportunities



raw material sourcing



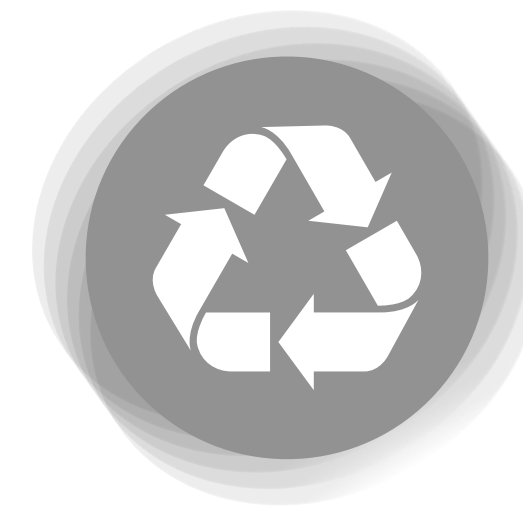
manufacturing



distribution and retailing



use



end-of-use

Improve energy efficiency of processes

Switch to innovative, less carbon intensive processes

Use recycled components





# Sustainability and supply chains

Decarbonation opportunities



raw material sourcing



manufacturing



distribution and retailing



use



end-of-use

Deploy electric fleet for distribution and transport  
Improve energy and operational efficiency  
Increase share of renewable energy for operations



# Sustainability and supply chains

Decarbonation opportunities



raw material sourcing



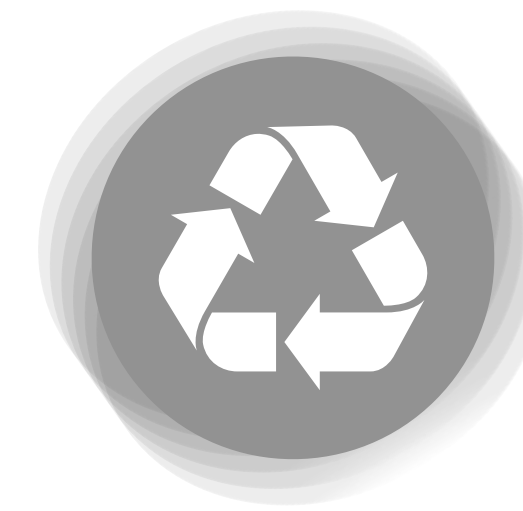
manufacturing



distribution and retailing



use



end-of-use

Promote sustainable usage



# Sustainability and supply chains

Decarbonation opportunities



raw material sourcing



manufacturing



distribution and retailing



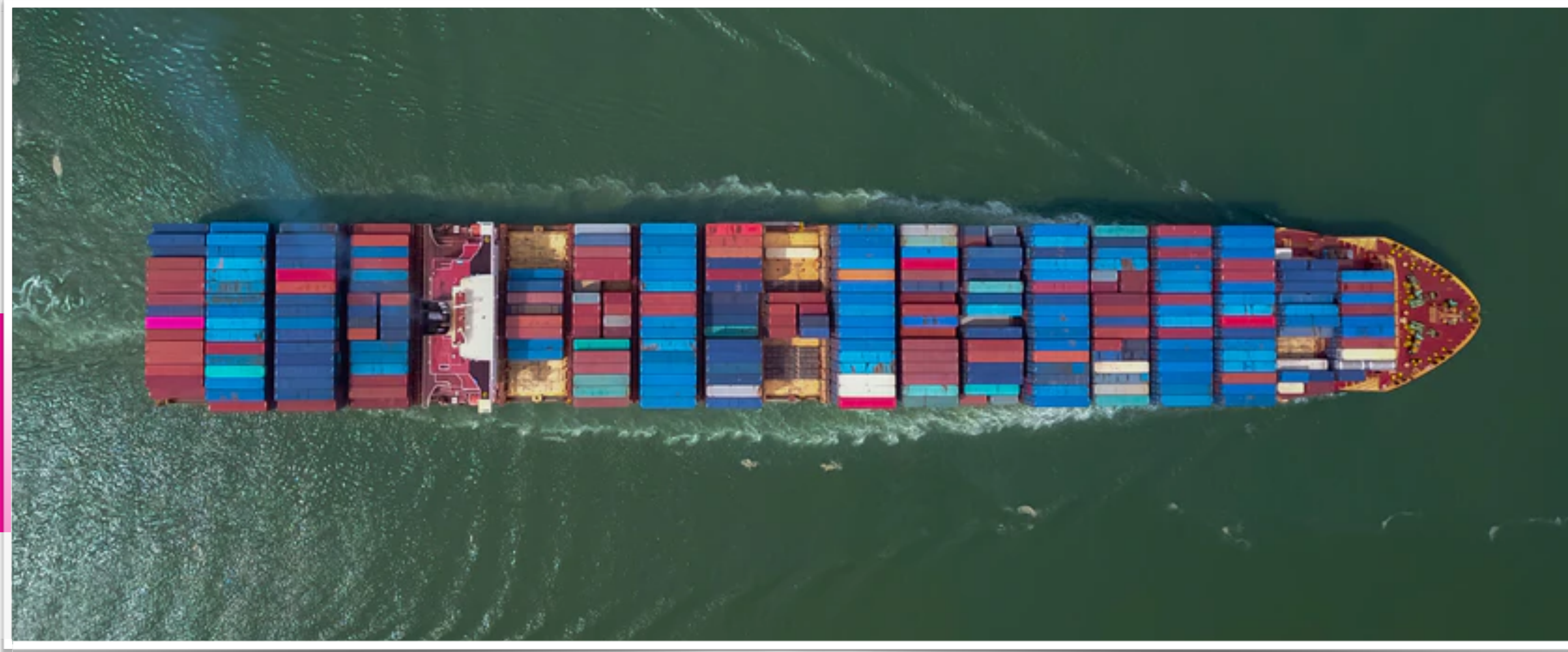
use



end-of-use

Promote longer use, re-use and second hand re-selling





enter

80%

GLOBAL SUPPLY CHAINS  
sea-born trade

enter the port



port authorities

shipping lines



port  
ecosystem

customs



terminal operators



cargo owners

logistics companies







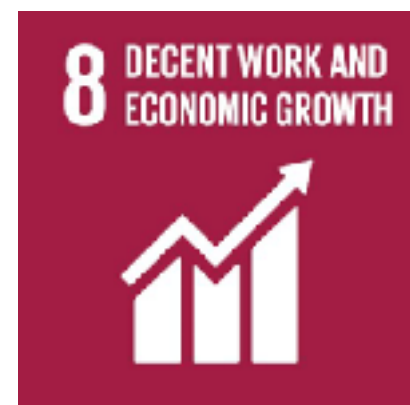
environmental



social



governance







environmental



social



governance



17 PARTNERSHIPS FOR THE GOALS



## Digitalisation

- innovative digital applications
- data collaboration with stakeholders
- process and documentation flow improvements
- intra-port and hinterland mobility
- port call optimisation and just-in-time (JIT) arrival of ships
- Port Community Systems (PCS)
- Maritime Single Windows (MSW)
- Port Management Systems (PMS)
- smart port initiatives





environmental



social



governance



promotion of health and safety culture  
 enhancing health and safety of personnel and port visitors  
 innovation in security controls  
 Innovation in inspections of cargo and passengers  
 secure as well as accessible port areas  
 working in automated environments  
 cybersecurity measures

## Health, safety and security





environmental



social



governance



## Environment

- addressing air pollution, dust, noise and water pollution
- protecting freshwater resources
- addressing water consumption
- waste collection
- re-use and recycling initiatives
- reducing marine litter
- addressing soil and sediment contamination
- protecting habitats and enhancing biodiversity





environmental



social



governance



## Climate and energy

- energy efficiency
- circular economy
- bio-based economy
- renewable energy
- CO2 reduction initiatives
- clean ship incentives
- deployment of alternative transport fuels
- low and zero-carbon bunkering infrastructure



# Become climate fit

SMEs play a significant role

## WHERE TO START?

SMEs simply do not feel ready for the transition. Challenges holding them back include: potentially limited access to finance, lack of incentives, knowledge and resource gaps, and unclear and costly data gathering and reporting methods.

90%

**SMALL MEDIUM-SIZED ENTERPRISES (SMES)**  
global businesses and half of all employment

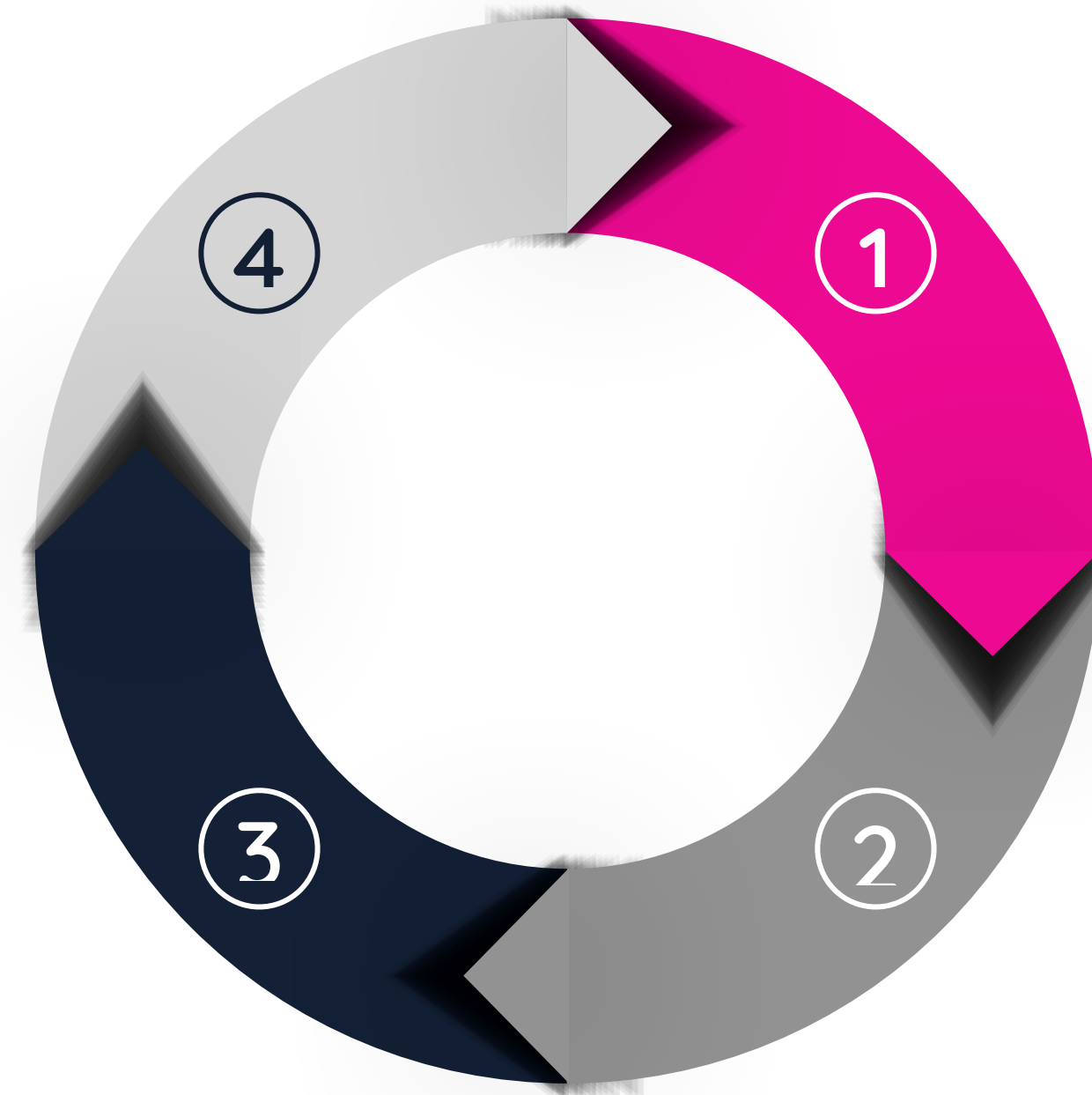


# Supply chain finance

A path to a more sustainable business

supply chain management

sustainable operations



sustainability strategy

financial benefits



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# But what I really asked from you...

- Act now: become climate fit
- Use trade and supply chain finance to incentivise change
- **Thrive as a future-proof business** and secure a liveable planet and a sustainable future for all



# Questions...



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**THE  
VALUE  
DEPARTMENT**

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