



OPENING OUR EYES TO THE SCOPE 3 SUPPLY CHAIN OPPORTUNITIES | ACCENTURE COP27 SERIES

VIDEO TRANSCRIPT

Mark Jeffries, COP27 Moderator

Hello there and welcome back to the COP27 virtual event series brought to you by Accenture.

My name is Mark Jeffries and it is truly inspiring to see all the leaders who are here together, all focused on creating a more sustainable, resilient, low-emissions and carbon-neutral future, anchored on science and principles.

Today we're going to look at the Scope 3 supply chain opportunity and talk about how we turn our sustainability targets into action.

In other words, what we need to do to achieve the goals we've worked in the past to set.

We have an outstanding lineup of thought leaders and we're going to start with some opening comments from the Global Head of Accenture's Supply Chain and Operations practice.

A big welcome to Kris Timmermans.

Kris, hello.

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

Hi, Mark.

Mark Jeffries, COP27 Moderator

Kris, what are some of the key challenges and opportunities to keep in mind when looking at supply chains in the context of climate change.

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

Well, Mark, if you talk greenhouse gas or carbon emissions, you cannot ignore supply chains. They're responsible for 60% carbon emissions.

Actually, in fact, there are 8 end-to-end supply chains that make up 50% of the global emissions. Only eight.

And they cover fashion, food, freight as a whole, automotive, electronics and some more.

So, when you're thinking about reaching our goals in supply chain, the only way to reach that is if the supply chain steps it up.

The other thing is that supply chains are fundamentally impacted by climate change and this is due to extreme weather.

When you look for example at the winter storms in Texas and how they impacted the food supply chain in the region, or even semi-conductors in that region.

Or the heat waves in Germany and how they impacted the commodity transportation in all over Europe along the waterways.

The real issue is that the frequency of these extreme weather events is going up rapidly.

So, now we're on a trajectory where an average company is going to lose 50% of its EBITDA every five years because of these disruptions.

So, it's a profound risk and dollar impact that we're seeing.

I paid a lot of attention at the beginning of COP27 when the United Nations Secretary General announced the plans for the Early warnings signal for all initiative, because it's a 3.1 billion dollar investment and as supply chains we can really benefit from that signal and link it to our control towers.



Mark Jeffries, COP27 Moderator

That 50% EBITDA reduction sounds huge, so it must be very worrying for organizations. Where do companies stand today? Because, obviously, time is running short.

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

If you look at the pledges to net zero, many of the big companies have done that. We researched thoroughly, going into COP27, what this looks like with the G2000, so those are the 2,000 most important, biggest companies, including public service organizations.

And what we saw is that 34% of them have set an aggressive net zero target, aligned with climate science and this is all reaching that target in 2030 to 2040 timeframe.

Now, 93% of them will not reach that target, unless they're able to double up or at least double up the pace of carbon emissions reduction by 2030.

Mark Jeffries, COP27 Moderator

It's interesting, isn't it, because many of these timelines are so far in the future. The leaders of the today's companies will not be leaders by the time we hit those years.

But that aside, are companies making progress, based on what you've seen?

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

They are making progress.

So, we should take Scope 1, so, those within the four walls of the company, for example in a manufacturing site.

Or Scope 2, which is the purchased energy, so they are focused on energy consumption reduction and going renewable.

The real issue, Mark, is in Scope 3.

So, as you know Scope 3 is either the upstream with suppliers, or downstream with the users who use your product and service and this is where you'll hear a lot of Chief supply chain officers, a lot of COOs, a lot of Chief Procurement Officers say 'Wow, I'm really struggling, I have no visibility to where I should focus in this Scope'.

Actually, CPP issued a survey recently highlighting that it's just a little over 10% of the companies that are tracking some form of upstream Scope 3 emissions.

And Scope 3 is also an area when you can create a fly-wheel effect, because you can actually work this through the ecosystem of the suppliers.

So, if you take for example Walmart's One Gigaton project.

This is about taking one billion metric carbon ton out through the use of their critical suppliers.

Critical here is actually the notion of fundamentally gaining visibility.

That's also why we've created the new data model with Accenture Research.

So, we've identified unique insights around the areas and the sources of these emissions.

Do you know for example that one third of upstream Scope 3 emissions, only one third, comes from the suppliers that deliver to your company?

Two thirds come actually from supplier tiers further up the supplier network where you have zero visibility.

So, the insights can create some new recommendations that can serve as a catalyst for us all.

Mark Jeffries, COP27 Moderator

That's a very interesting opportunity but also a challenge, of course. Let me hand it over to the Global Manager for Sustainability of Accenture Operations, Rebecca Sternberg.

Rebecca, welcome. Could you talk a little about the research that you've conducted?

Let's help to shine a light on the Scope 3 emissions challenge.

Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

Sure, great, thank you Mark.

As mentioned, one of the challenges that organizations have is just getting visibility into what their supply chain looks like, in particular beyond what we call Tier 1.

Again, as Kris referenced, those suppliers that companies source directly from.

And, so, you know, essentially that lack of visibility just creates a misunderstanding or not understanding at all in which industries, which countries and which suppliers contribute most materially to those Scope 3.

Mark Jeffries, COP27 Moderator

So, how did you go about dealing with that particular challenge?



Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

So, essentially, we created a model that gave us visibility at industry level all the way up to the extraction of natural resources.

And by looking at this data we gained insights into the main drivers of upstream emissions, including what were the most material impacts across particular industry value chains and geographies.

Mark Jeffries, COP27 Moderator

So, when you look at the research that's been done, that's been completed, what are your big takeaways, what should we as an audience be learning from this really in-depth research?

Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

Sure, there are two sets of insights that we gained from this modelling.

The first is the more your supply chain is, the further upstream your emissions footprint from a Scope 3 perspective is likely to sit.

So, for example if you're in the natural resources industries, such as energy or utilities or mining, you emissions are often concentrated in your Tier 1 or Tier 2, and this is intuitive.

When you're an energy company, you understand that a significant amount of your emissions comes from your own generated impact.

In contrast, if you're in High Tech, we found that 80% of your greenhouse gas emissions sit in your Tier 2 and beyond.

The second insight that we have was that every industry has, of course, a different supply chain emissions hotspot heatmap, if you will.

So, for example one industry it might be focused in power, for second in transportation, for a third in agriculture.

But we also found that supply chain emissions can vary widely within an industry based on both where the company is located and where it's suppliers are located.

So, for example in the Chinese High Tech industry almost 80% of emissions were local to China.

In contrast, in a Japanese High Tech organization 60% of emissions can be expected to be local, but in the US High Tech company 45% emissions were local.

The implication, of course, is that you might have more or less direct influence on emissions that were local versus global.

And secondly, based on where your suppliers sit, you may see a different emissions profile.

So, again, even within the same industry.

So, an example being the Indian versus the US Metal industries.

In India the energy input from fossil fuels supplying its industry comprises about 77% of all upstream emissions, whereas in the US fossil fuels comprise only 10% of upstream emissions.

Essentially, what we believe is a kind of findings that can point organizations towards the hotspots and geographic sourcing priorities that make most sense in terms of addressing the most material impact with the most efficient of resources.

Mark Jeffries, COP27 Moderator

Right, but, Rebecca let me challenge you, obviously every organization will have different drivers for that decision and it does feel possible for companies to just, I guess, just pick and choose values as they look upstream Scope 3 style.

Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

Sure, I think what our data shows us is, there are very clear priorities that affect your company's impact and so, it's sort of, hold us accountable, if you will, to addressing those emissions that data may point your organization towards.

Mark Jeffries, COP27 Moderator

That's great information.

And if I'm going to summarize, I think what you're saying is that with the right analysis, it is possible for companies to start to navigate the complexity in their unique supplier base and get a much more accurate picture of all of the sources or all of the emissions generated by the companies they buy from and as well beyond Tier 1, so there's a lot of data there.

Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

Yes, absolutely.

And, you know, understanding where your real impact can be, beyond your Tier 1, which is typically what you would have visibility to, points you in the right direction and allows you to use your limited resources to have the biggest impact



Mark Jeffries, COP27 Moderator

That's very interesting.

Rebecca, thank you so much.

Alright, I think it's time now to hear from our panelists.

We of course have three supply chain leaders who will share what they're doing to address Scope 3 and the progress that they are making.

We have Dieter Eisinger, Senior Vice-President, Sourcing and Supplier Management and Third Party Risk Management at Mastercard International. Welcome Dieter.

And we have Kirsten Hund, Head of Carbon Neutrality at DeBeers Group.

Welcome Kirsten.

Kirsten Hund

Thank you.

Mark Jeffries, COP27 Moderator

And Bob Vorlicek, Vice-President, Network Supply Chain at T-Mobile.

Welcome to all of you.

Dieter, we'll start with you.

We'd love you to share Mastercard's third party related decarbonization journey.

I'll hand it over to you.

Dieter Eisinger, Senior Vice President (CPO), Sourcing and Supplier Management, Third Party Risk Management. Mastercard International

Thank you, Mark.

To put some context around it, in 2001 we moved our target, our commitment to reach net zero by ten years.

Our new target for this goal is 2040.

And executive competition was last year also formally linked to carbon neutrality at Mastercard.

In 2020, beginning this year, we replaced carbon neutrality metric with two environmentally-based metrics that have been improved by a science-based initiative.

The first one is to reduce greenhouse gas emissions Scope 2 and Scope 2 by 38% and in our suppliers by 20%.

So, coming back to starting early in the supply chain.

The second is to track supplier engagement through their responsiveness to the CDP survey, which is our main way to extract information from our suppliers. We also increased actually our outreach to our supply chain to include the suppliers who work with us on setting these targets and the same time to start to measure.

Internally we continue to outreach to our business owners.

Everybody in sourcing knows that you are not making alone a decision which suppliers to use.

So, we started that outreach very early and intensified it, so that the business owner community drives supplier compliance, because the decision is being made jointly.

Mark Jeffries, COP27 Moderator

So, let me ask you, how do you go about incentivizing the suppliers that you're working with to contribute their quality data to your Scope 3 emissions?

There's just so much data out there, some it is, I guess, less robust than other types.

So, give me your feedback on that.

Dieter Eisinger, Senior Vice President (CPO), Sourcing and Supplier Management, Third Party Risk Management. Mastercard International

OK, thank you, Mark.

We invite our suppliers to our CDP survey, right, so we really push very hard with several teams on the Mastercard side to encourage them to submit that data.

We also make very sure that we communicate that in the future we will distinguish preferred suppliers and let them know where they stand there, right. We also started a mapping exercise of our supplier community to say which ones are the strategic suppliers, which ones are the emerging suppliers and which ones are the legacy suppliers, what are the tactical suppliers.

Many supplier characteristics flow into this mapping exercise, the CDP survey will become more and more important and the submission of relevant data will be very critical.

Actually, we use the greenhouse gas emission initiative to focus our supply chain and accelerate the consolidation of suppliers.

One last point that I want to make, because you asked how to actually incentivize them.

One is clearly helping them, then there comes



the stick and there comes also that the suppliers actually see Mastercard as a very desirable customer.

That means that they are attracted to a very strong brand and Mastercard's leadership in the ESG space, right.

So, actually two of them.

We have put them online, so it's very easy to find and there you can read more about what Mastercard does.

But just as an example, Mastercard created the first network to introduce a carbon calculator into its network.

Or the hundred million trees, you know, coalition, which we called the Priceless coalition, to plan a hundred million trees.

So, that's another one that our suppliers are attracted to.

It attracts them to work with us through this initiative

Mark Jeffries, COP27 Moderator

Dieter, that's a great answer, let me take a bit into it, you're incentivizing these suppliers.

How would you go about managing the data integrity challenge that exists?

Dieter Eisinger, Senior Vice President (CPO), Sourcing and Supplier Management, Third Party Risk Management. Mastercard International

As I mentioned, we more or less motivate them to submit their data through CDP.

Over the last four years we received an A rating for supplier management that the team has established.

This year we had actually a much better supplier participation because I think a lot of our suppliers had launched very similar initiatives and we got a 90% response rate, so we're feeling very comfortable with that.

But, having said that, valid data when you look into the results was only 80% and below.

So, when you look at this, we also motivate our suppliers and recommend them this tool called Acclimate, so that they can work with Acclimate

and more or less and learn about how to measure and how to submit valid data.

In the short term, we're also doing a lot on our side to make sure that the categorization of the suppliers aligns correctly on our side.

And we're currently also experimenting with developing a variety of tools.

So, we're evaluating the Salesforce Net Zero solution and we're close to full implementation and this will become our single source of truth going forward.

And going back to what you mentioned before and what Rebecca mentioned there is also the second part of my organization, the Third Party Risk Management organization where we reached much deeper into the supply chain in terms of risk, right.

So, Tier1, Tier 2 and even further which becomes very important for all of our regulators going ahead.

So, we're using these solutions combined with our suppliers' data to help enterprise-wide risk management, while we also see a lot more risks as mentioned in the beginning, right, climate risk and other risks, and so on, that are emerging.

So, for the time being some of them include the tools that we have and also our own tools, Mastercard launched a lot of tools, accented about payments but now we are using them for ESG data. So, when we onboard a supplier, we see his ranking and his data on the outside, before we actually engage with that supplier.

So, you can see that we're tracking the data and recording the ESG from many different angles and we're hoping that the industry progresses very rapidly in the climate and also in the tool integration. That is also a lot of tools out there in the market.

Mark Jeffries, COP27 Moderator

Your answers have been very comprehensive. So much information, we appreciate it. Thank you.

Anything else you would add about the changes you've made to your sourcing strategy?

Dieter Eisinger, Senior Vice President (CPO), Sourcing and Supplier Management, Third Party Risk Management. Mastercard International

I'll keep this very brief, right.

So, the sourcing strategy, what we did is, as our supply chain includes technology and marketing as the major categories, we now also inserted



responsible sourcing as a sourcing team and that is run by a VP level individual with his own team that works very closely with environmental sustainability team to actually educate our suppliers, work with them on very specifically targets.

So these teams have a very prioritized list where they're working through the list and making sure that next year these will be better than this year. On the operational side, we updated our Supplier Code of Conduct, we also updated our contract templates with a much sharper ESG language. And we also at one point in our supplier process include a lot more questions in regards to ESG than we did in the past.

So, in a nutshell, our data with regards to sourcing strategy, we're really welcoming our suppliers but at the same time we're making very sure that they understand.

They have to be with us on the same journey, otherwise it will be a limited time that they will be with us.

Mark Jeffries, COP27 Moderator

There's a lot of conversation around ESG on the E, but not everyone spends a lot of time talking about the G and Governance is of course key to keeping all of these efforts on track.

So, how have you and Mastercard structured your governance?

Dieter Eisinger, Senior Vice President (CPO), Sourcing and Supplier Management, Third Party Risk Management, Mastercard International

The governance is top drive, all of it comes from the top, right.

It is clearly the full intention of the Mastercard. There is a slogan of Mastercard, I don't know whether you've heard of it: 'Doing well but meaning good.'

Mastercard has a very strong tie to environment and social causes as we are a part of the economy.

And at the Board level we have a nominated corporate Governance Committee that has environmental stewardship. It oversees our progress against net zero targets and on the broader ESG strategy and reporting they're being informed, typically twice a year.

Then we have sub-committees to the Board

which is the Audit Committee and the Risk Committees, so they are informed as much as before and they're the interlink between our risk management and the environmental team, so they are syncing and they inform on regular basis, especially about what's in their remit, right, so risks and financial disclosure.

That's a very hot topic right now.

And below that, at the C-level people, there is an ESG Steering Committee.

So, we have the C-level, the Board, the C-level and then the environment and sustainability working group which is more or less recruited with many specialists and the business units representatives.

And clearly the business unit leads, the Heads drive their agenda of these business units.

And all ESG objectives have been linked to all employee compensation to really get it into the organization.

Mark Jeffries, COP27 Moderator

Alright, Dieter, thank you so much.

Rebecca, I'll turn it back to you.

When you're listening to Dieter's comments, especially around sourcing strategy, does that resonate with what you've found in the research?

Rebecca Sternberg Martilla, Managing Director, Sustainability Lead, Operations, Accenture

Yes, absolutely.

You know, Dieter highlighted the carrot and the stick methodology.

I think, as we get into the upper Tiers, if you will, there will need to be increasingly comprehensive initiatives, like the Gigaton project that Kris mentioned, to address suppliers where you may have less control.

And so, again, that will be a combination of governance, accountability, carrots and sticks, as Dieter mentioned.

Mark Jeffries, COP27 Moderator

Alright, carrots and stick.

Thank you for that.

Bob, I'm going to move over to you now.

Let's talk about what T-Mobile has been doing, especially on Scope 3.

How have you been working with your suppliers and their suppliers to achieve your net zero commitments: carrots, or sticks, or both?



Bob Vorlicek, Vice President, Network Supply Chain + Partner Management, T-Mobile

Thank you, mark, I appreciate the opportunity to come here and talk to you guys about what we at T-Mobile have been doing to drive sustainability. You know, I love what Dieter talked about, as he mentioned the momentum around sustainability. It needs to start at the top, you know, our senior leadership team has been passionate about being a responsible corporate citizen and reducing our footprint.

T-Mobile has taken a number of steps and realized a lot of successes but we also see there's still a lot to do.

Just to account for some of the successes that we realized in 2022, so we've been given a Gold Level level by the EPA on sustainable material management, also the EPA Power Leader Award. We're also on the CDP A- List-er, if you will.

We're also a Finalist for Fast Company, Innovation in Sustainability.

Going back to your original question, we recognize that five years ago the importance and challenges with Scope 3 when we started tracking and we felt we had a good handle on Scope 1 and 2.

We do report our Scope 3 publicly in our CDP report and Corporate annual sustainability report.

We implemented a number of systems and methodologies to track emissions and we fine-tune these over time as we realize as this is not a , you know, set it and forget it, this is something that we have to continuously revisit and look at how we're progressing, how we're driving responsibility within our supplier base.

So, we currently use a large data set from our suppliers and a variety of sources, including their self-reported CDP emissions, publicly available data, life-cycle analysis of products that we are procuring and they're providing us and then, obviously, the most effective is the direct engagement with our suppliers.

We've established science-based targets for Scope 3 to reduce it by 15% a year starting in 2018 and we've achieved that goal last year in 2021.

Mark Jeffries, COP27 Moderator

That's great and by the way, congratulations on all the awards and recognition, great work.

But, of course, Scope 3 is so much more complex, as you've said, you must look upstream across all of the supplier base and their suppliers.

So, I wanted to know what specific actions have you

taken to address Scope 3 in your supply chain. Any that you can point to and share with us?

Bob Vorlicek, Vice President, Network Supply Chain + Partner Management, T-Mobile

Absolutely, so really for us it starts at the onboarding of our supplier base and that really is the incorporation of the language into our supplier Code of conduct, establishing the expectations of suppliers on emissions and reduction based on science-based targets.

We've updated our Responsible sourcing policy which provides guidance to category managers and internal stakeholders.

We've also created RFI and RFP templates to incorporate ESG metrics into the evaluation process for potential suppliers.

We've looked at all of our supplier base and really honed in on anybody that we're spending over 10 million dollars a year with.

And we've leveraged a third-party service to evaluate their ESG performance.

And this incorporates collecting additional Scope 3 data, provides remediation and guidance to our suppliers to improve their ESG performance over time.

In procurement specifically, we've established an internal team that directly engages with supply chain internally and externally, we look at sharing best practices, soliciting best practices from others, leveraging third-party companies that help us to get a feel for what's going on in the industry.

We've co-established annual improvement goals and really focused on training of sourcing managers for sustainable procurement, providing ongoing support and education to suppliers.

An example of that is, we do workshops with our suppliers to walk through our leadership in renewable energy which then in turn helps them to reduce their Scope 1 and 2.

We've also looked at really ratcheting up the dialogue with our radial axis network of suppliers to discuss what they're doing to drive down emissions in ways.

In network supply chain I know that I am solely reliable, reliant on what our upstream supplier are doing, not just our Tier 1, but our Tier 2 and



Tier 3 and that really starts at engaging with our people who are sourcing our raw materials and components and produce equipment for us.

Mark Jeffries, COP27 Moderator

And just an extra question, if you see action being taken, is that sometimes good enough, or if there's not a result straight away, would you just cut a supplier out?

How strict can you be as you move through this process of Scope 3?

Bob Vorlicek, Vice President, Network Supply Chain + Partner Management, T-Mobile

Yes, we absolutely have the ability to look at how our suppliers are performing, how are they sourcing materials responsibly, what do their production facilities look like.

And we do have the opportunity to either decide to or not to do business with their company.

We look hard at how do we reuse equipment in future designs, as well as some of the circular economy opportunities we'll have in the future.

Mark Jeffries, COP27 Moderator

Yes, so on the subject of reuse, tell us more about the circularity activities that support your overall strategy, but you may not be so clear for us.

Bob Vorlicek, Vice President, Network Supply Chain + Partner Management, T-Mobile

So, the team works continuously on upgrading our network, our technology organization are constantly looking at what equipment are we deploying, how does that satisfy our current, as well as our future needs.

And then beginning discussions with our hardware manufacturers to evaluate the potential reuse of components that are operating in our network today but then as we harvest them through network deployments, how can we take components out of those currently being utilized radios, base bands and other pieces of equipment and then deploy them in the future for revisions of hardware that we will be purchasing two to three years down, two to three versions out.

The key is really looking at how do we make this

reality to drive sustainability from a cost perspective as well as through the lens of reducing carbon emissions and the ESG.

Mark Jeffries, COP27 Moderator

Outstanding, thank you so much.

So, Kris, let me bounce back to you, I know you're passionate about circularity and about this.

The wonders of reuse.

What do you see on the horizon in terms of companies adopting them, becoming more circular in their way of doing business?

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

Yes, this is full and center, Mark.

It's even more about upcycling, so taking it to the next level of performance of the products that you take back and drive even more economic value from them.

So, that circularity, not just as a mechanism for emission reduction is front and center, but also as a mechanism to upcycle in terms of economic value for sure.

Mark Jeffries, COP27 Moderator

And, Kris, let me ask you an extra question, you know, there is a lot of carrot and stick going on here, but the stick is omnipresent. I want to know, have you heard any stories of suppliers pushing back, of suppliers saying we can't deliver this, we will try, but here's what we've always had as an agreement, has there been any pushback, or is everyone on board?

Kris Timmermans, Lead – Supply Chain & Operations, Accenture

Yes, the pushback is out there, obviously, and it's determined also by your economic and commercial relationship with your supplier.

So, if you've been beating up suppliers and you've been asking and asking and asking, you're going to sense a bit more of a pushback. If the relationship is a partnership, a commercially solid relationship, you will get more of this done.

But that was in the early days.

Now I think it has become such common



knowledge that everybody has to work together to get this done and time is short, so there's less of it going on.

Everybody is trying to be on board, also especially when their CEOs, many of the suppliers' CEOs also made very big pledges on net zero, so they need to sort of start a collaboration to get there.

Mark Jeffries, COP27 Moderator

Brilliant, thank you for that.

Kirsten, I'll move over to you if I may.

Tell us a bit about what De Beers has been doing, first in the broader sustainability space?

Kirsten Hund, Head of Carbon Neutrality, De Beers

Thanks so much, Mark.

Thanks so much to you and Accenture to have me here.

I think it's good to embed it, right.

I think all of us here believe that we really need to embed our plans and strategy within the framework of our broader sustainability strategy.

For us the sustainability is called Building Forever and it is our blueprint as a mining luxury goods company for creating a lasting sustainable impact.

And within that we've set ourselves twelve goals that we are determined to achieve by 2030, including a climate change goal which is focused on achieving carbon neutrality across our operations for Scope 1 and 2 by 2030.

And that strategy is focused on three pillars.

One is Reduce, which is about efficiency.

Replace, which is about replacing fossil fuels and fossils-based electricity which is quite a challenge since most of our operations are inside of Africa where power generations is as you all know coal-based.

And Remove, which is about removing the last pertubating machines.

So, that is the big strategy.

Then, for the today's topic of Scope 3, our journey there is still fairly young.

Earlier this year we have completed our baseline and sort of a strategy and we are in the process of setting our science-based targets for Scopes

1,2 and 3 and hoping to get those validated.

But we will have to be in the queue with a lot of others with the SBTi in the early 2023.

So, that's the plan and where we are.

Mark Jeffries, COP27 Moderator

So, for those watching who are also at the very early stages of trying to tackle the Scope 3 challenge, tell us a bit more about how you've developed the strategy and what it looks like for a diamond company? I imagine this is somewhat challenging.

Kirsten Hund, Head of Carbon Neutrality, De Beers

With quite a long value chain, right, because we mine the diamonds but we also sell the jewellery, so we really had to look across the whole value chain and we spent, well, the whole of 2021 and a chunk of 2022 to really work through it and understand our Scope 3 emissions throughout the whole supply chain and a strategy to address them.

We have calculated our Scope 3 emissions and they account to about 60% of our carbon footprint.

So, we are well aligned with the rest of the world, based on the numbers I've heard earlier on this call.

And about 80% sits in capital goods and purchase of goods and services, so really on the mining side of the operations.

And, as I said, we're committed to reducing them in line with SBTi targets.

Ewe have identified, I mean, we have obviously tons and tons of suppliers, but we have ten suppliers who are responsible for the majority of our Scope 3 emissions and we are working very closely with those, with our supplier management team on addressing those. Our strategy really focused on three key elements.

I think probably the most important for all of us on this call is supplier and customer engagement, including capacity building, awareness raising, best practice knowledge sharing.

We have put in place supplier education programs, provide support and guidance and give the resources and really help suppliers and bring them along on the journey for those who have not done that yet, or are still in the early stages.



We then disclose our report on emissions and set science-based targets.

Supplier reporting is something we are working towards, it has to be obviously part of your engagement, benchmarking and I think an important one is also policy and advocacy to support the enabling environment.

What we see in some of the countries where we operate, it's not even allowed, or it's really difficult for companies to, well, generate their own power for example, they have to go and buy the power from the grid.

So, what we do in partnership with other industry associations is to make it easier for others in our supply chain as well to address their emissions.

So, that is in a nutshell our strategy and where we are right now.

Mark Jeffries, COP27 Moderator

So, I was going to ask you about that local challenge. How do you deal with local context and supplier engagement when it comes to Scope 3, is there a buy-in locally and also, is there an education element that you're pushing forward with your local suppliers?

Kirsten Hund, Head of Carbon Neutrality, De Beers

There is and I think this is a very relevant question because this is really just about the energy transition, right.

It's a topic that keeps coming up at the COP27 right now as well and with our operations being so concentrated in South Africa, we want to make very sure that the requirements, our effort to clean up our own supply chain do not come at the expense of the local suppliers, local jobs creation, local economic development is crucial and our climate strategy needs to be embedded in our sustainability strategy.

So, a big chunk of our work is really about building capacity and working with these local suppliers to see how we can help them also gain a bigger market position by reducing their carbon footprint.

And I think it goes beyond that, it's not just about helping these organizations, these partners to measure their emissions and maybe to reduce them, but also how to transform businesses.

We talked about circularity just now.

There are so many opportunities with the renewable energy and the green economic transition.

The what we can do and how we can really help local organizations to make really use of that and to

really become part of the green economy, where it's supposed to be headed.

And I think working with them, providing them with the training.

We're working with universities, with training institutes etc. to provide the training and skillset that will be needed,. It's a really important part of our strategy as well.

Mark Jeffries, COP27 Moderator

So, a fascinating perspective, also for a business that is so different to many out there.

Thank you for that.

Any other reflections to share- and I'm using that term in particular with reference to the diamond industry- on where we are now at the COP27?

Kirsten Hund, Head of Carbon Neutrality, De Beers

Well, I think it's the stage of where we are on our sustainability journey, right.

I think we are all focusing on, we spend so much time on number crunching and getting all the data right and we really need to go from accounting and reporting, which will always be a crucial part of the governance, but it's really about the operationalizing and embedding everything around this within our business.

The focus of this Cop is this implementation and as a business we all need to move forward as fast as we can probably run ahead of them, of some of the governance and really show the way and set the targets.

And, as I said again, as I said just now, I think this is not just a transition.

We all need to be really sure that we are a part of that and the switch to green economy needs to be inclusive and create as many green jobs and skills where they are the most needed.

And then, at least for us, that has to be a fundamental part of our strategy.

Lots more to say, but I'll leave it there for now.

Mark Jeffries, COP27 Moderator

Alright, thank you so much. Kirsten, appreciate that.

And also thanks to Bob and to Dieter as well for taking the time to join us today, to talk about the work that they are all doing.

Great content, really it's exciting to hear about the effort that's being made towards real progress heading towards those emissions.

From the discussions so far today, it's obvious that



technology and data are key in all those initiatives that are being undertaken.

So, now let's bring in Howard Kitto, Chief Technology Officer at Carbon Intelligence, which is part of Accenture.

Howard, welcome.

Howard Kitto, Chief Technology Officer, Carbon Intelligence, part of Accenture

Hello, Mark, thanks so much for having me on this show this afternoon and I just wanted to say how great it is to be on a panel with these business leaders who are really trying to make a difference.

Mark Jeffries, COP27 Moderator

Absolutely, and I know that you spend a lot of your time working with emissions-related technologies and have a good view of what's out there in the marketplace.

Could you tell us where you're seeing technology making a big impact right now and maybe what we might expect in terms of future innovations?

Howard Kitto, Chief Technology Officer, Carbon Intelligence

Indeed, yes, my team and I were building these solutions, implementing them for our clients for the past few years and I think it's a very fast, very dynamic part of the technology industry right now.

There is a lot of people focusing on greenhouse gas emissions and on ESG more generally.

So, I thought I'd describe the three kind of categories.

The first thing that we see are kind of generic GHG tools or platforms that will tend to gather data across Scope 1, 2 and 3.

And there are a number of very large players, as Dieter mentioned, Salesforce, earlier on.

So, there are some really big organizations in there and there are some specialists and there's a whole bunch of stuff and services.

And these are your generic GHG tools, where you have usually a module or a component that will calculate Scope 3 category emissions and also often provide engagement tools.

The second thing we see in the market are

specialist supply chain tools.

And there's a lot of various sub-categories in there.

These range from tools that aim to do like integrating, like questionnaires where you can evaluate suppliers.

Then there are obviously the larger ones, the supplier analysis is very hot right now.

There's a lot of need for profiling products and services and looking at their carbon emissions.

And then, the other thing that we see is really interesting technologies that are looking at the Tiers in the supply chain, as Rebecca mentioned there earlier on.

Something that we're seeing a little bit more of is that you have your supply chain emissions, you have your Tiers, you can see the impacts high up in the chain affecting a large number of organizations.

And so my favorite anecdote here, we were working with some restaurant chains in the UK.

Turns out there are very few suppliers of chickens in the UK and then for the chicken wholesale companies, there are even fewer supplier so chicken food.

So, up the chain what we see is, somebody changes the profile to soya beans they make the chickens from, it ripples throughs and covers emissions for all the people at the end.

So there multiple organizations were affected by the change high up the Tiers.

And we've seen quite a few technology solutions to ascertain that being available.

Finally, we have data sources.

So, there are a lot of data sources, different dimensions.

CDP was mentioned before and there are a lot of repositories of information and know these need to get better, they need to improve to be verifiable and have the same standards for interchange.

So, in terms of technology solutions that's how I kind of categorize them.

Mark Jeffries, COP27 Moderator

Yes, there's a lot of potential out there.

I have a question for you.

What happens in the situation where the tech reveals a much better supplier in terms of climate impact but at a far higher cost?

Right, that's a tough decision for a company to have to make.



Howard Kitto, Chief Technology Officer, Carbon Intelligence

Indeed, but that's actually what it's all about, isn't it? We're trying to create a positive change here and the transparency that technology and data can give you, can help you to make these and also investment decisions.

Sometimes indeed, the better, more sustainable solution will not be achieved as one.

And I think that is why what we're talking here about is a Boardroom issue.

Because sometimes these decisions are going to affect the bottom line and those need to be surfaced and transparent.

But what we can see is, especially when we look at the network effects, going back to Rebecca's point earlier on, it affects all the network of inter-related organizations, it's the engagement part that we're working on here.

It can kind of reinforce itself.

If you have one supplier who is seeking these engagements with multiple major customers, it kind of changes the industry.

And so, you would hope that customer pressure, basically, quite a lot of stick, but some carrots as well, that you can see industries changing and eventually a sustainable decision becomes the only decision over time which you can see already happening in some industries.

Mark Jeffries, COP27 Moderator

Alright, that's a very interesting perspective.

We appreciate that you shared that, thank you.

So, looking at what's going on now, how are companies using these solutions to take action, what are you seeing out there?

Howard Kitto, Chief Technology Officer, Carbon Intelligence

A lot of it is driven from data, isn't it? Data supporting decision making.

Do I buy this product, if I use this organization...

And that's, carbon is our focus at Carbon Intelligence, but also the broader ESG topics as well.

So, that's the key thing.

It's about decision making.

I think up until now, I think it's crossing to the point from the measurement and the reporting, but now we're kind of beyond that, taking action, making decision and that's what it's all about: that level of maturity.

It's not just like ticking a box and doing a report, it's actually about making decisions.

Mark Jeffries, COP27 Moderator

That's very interesting.

Howard, thank you so much, great content.

So, this has been a truly fascinating discussion.

We've certainly come a long way to get to our targets, but also as you can see, the urgency to meet the targets and to extend them remains in place. But it's also encouraging to hear about the tools, the approaches and the innovations that are helping companies to take action and make progress.

I'd like to thank our participants today for their time, enthusiasm and valuable insights.

So, a big thank you, once again to Kris, Kirsten, Dieter, Bob, Howard and Rebecca.

It's inspiring to think about what we could all do together to accomplish great things and to effectively tackle the global challenge of climate change and secure a bright future for our world.

One final note, if you want more information on what we talked about today, click on the Resources which you can find right now at the bottom of the Touchcast screen to find related content at Accenture.

And thank to you all for joining us today.

Enjoy the rest of the conference and I'll see you next time.

Copyright © 2023 Accenture
All rights reserved.

Accenture, its logo, and High Performance Delivered are trademarks of Accenture.