

SCALA

a leading international consultancy

**TAKING FIRST STEPS
TOWARDS NET ZERO SUPPLY CHAIN**

MATERIALITY ANALYSIS

30 JUNE 2021

NET ZERO SUPPLY CHAIN

- “The European Council on Monday announced the adoption of the European climate law, setting into legislation the EU goal to reach climate neutrality by 2050.” [\[EU Adopts 2050 Climate Neutrality into Law - ESG Today\]](#)
- “At a glance, food giant Nestle, home furnishings leader IKEA, tech services powerhouse Tech Mahindra and wireless behemoth Ericsson have very little in common. What binds these multinational companies together is **their formal, publicly declared commitment to working with suppliers in their value chain** to halve emissions by 2030 and reach net zero before 2050” [The link between net zero and supply chain innovation | Greenbiz](#)

NET ZERO SUPPLY CHAIN

- It can only be achieved through collaboration with key stakeholders
- A Materiality Analysis is a tool that tests your organization's purpose, engages with all your stakeholders and gives them a voice
- While the carbon footprint of your organization will be material to you and your stakeholders, the full analysis of all materialities supports the collaborative and holistic efforts to achieve Net Zero

WHAT DOES MATERIALITY MEAN?

A material issue is one that reflects the significant economic, environmental and social impact of the organisation or that profoundly influences the assessments and decisions of stakeholders. [GRI 2016 definition]

Definition of materiality varies with the regulating body however it's always about relevance to your organisation and your stakeholders



MATERIALITY ANALYSIS - BENEFITS

- Provides clarity on relevant issues and sustainability strategy
- Provides insights into stakeholders' perceptions of the company and the relevance of issues for their decisions
- Gives the basis for a sustainability report (GRI)
- Gives the basis for setting up a management system related to relevant issues / sustainability strategy
- Drives internal and external consensus, and therefore enables collaboration

MATERIALITY ANALYSIS – WHERE TO START

- The UN Sustainable Development Goals underpins all sustainability standards and platforms
- Understanding which SDGs your organization is impacting on will give you pointers as to what is material

Example:



MATERIALITY ANALYSIS – MATERIALITIES THEMES

Economic, environmental and/or social impacts - Research based

Business Risks including reputation related to economic, environmental and/or social matters

Talents and skills necessary to drive a sustainability agenda

Economic, environmental and/or social interests and issues from external stakeholders

Internal Stakeholders voices on Economic, Environmental and/or Social matters

Regulatory context – mandatory and voluntary schemes

Industry issues and challenges

Purpose and mission of the organisation

MATERIALITY ANALYSIS – MATERIALITIES EXAMPLES

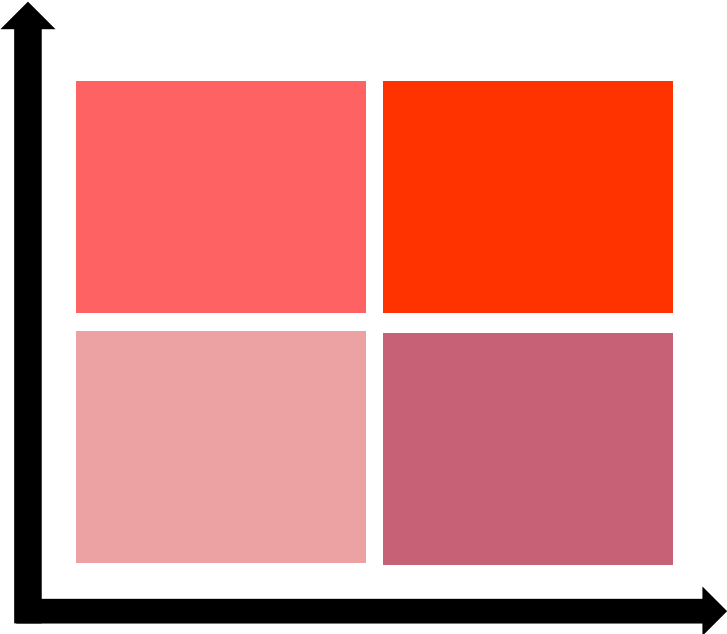
| | | |
|------------------------|--------------------|---------------------------|
| Raw Materials | Living Wage | Develop the local economy |
| Renewable energies | Human Rights | Local sourcing |
| Waste Management | Talent development | Customer satisfaction |
| Water management | Safe place to work | Consumer satisfaction |
| Resources conservation | | Regulatory Compliance |

MATERIALITY ANALYSIS – PARTICIPATING STAKEHOLDERS

Customers
Suppliers
Regulators
Industry bodies
Etc...



INFLUENCE ON STAKEHOLDER OPINIONS
AND DECISIONS



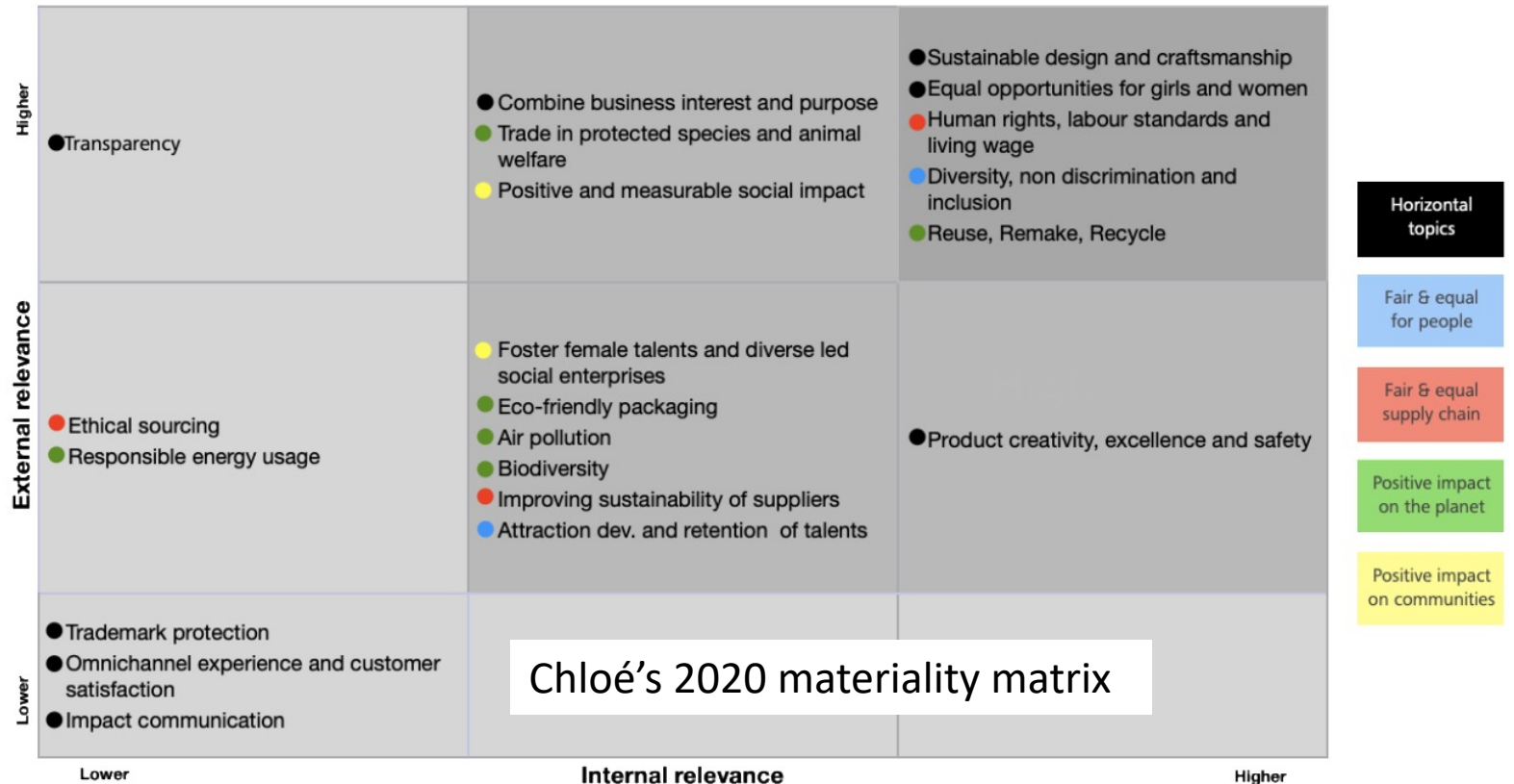
SOCIAL, ECONOMIC AND ENVIRONMENTAL
IMPACT



Board of Directors, Employees
at all levels of the organization

MATERIALITY ANALYSIS – EXAMPLES

- Many corporations are publishing their materiality matrices on their website nowadays



MATERIALITY ANALYSIS – EXAMPLES

- Nestle: “We use the materiality assessment to refine commitments and identify areas for improvement”



NET ZERO SUPPLY CHAIN

- Key factors for success:



**Collaboration
Innovation**



Seeing the bigger picture



Measure what matters