

# The Domino Effect of Supply Chain Disruption

# ***GoImpact*** | ***Who We Are, What We Do***

## **Who we are:**

Bridging the great divide between the talk and action, accelerating the Sustainable Development agenda from intention to implementation – GoImpact means Impact made easy and actionable.

## **What we do:**

Through our partners network with online-to-offline initiatives, we connect investors, executives and government officials and provide learning opportunities to drive real change by example for everyone who is keen to understand more about the Sustainable Finance agenda.



# Economic growth and industrialization

## The Most Popular Consumer Brand in Every Country

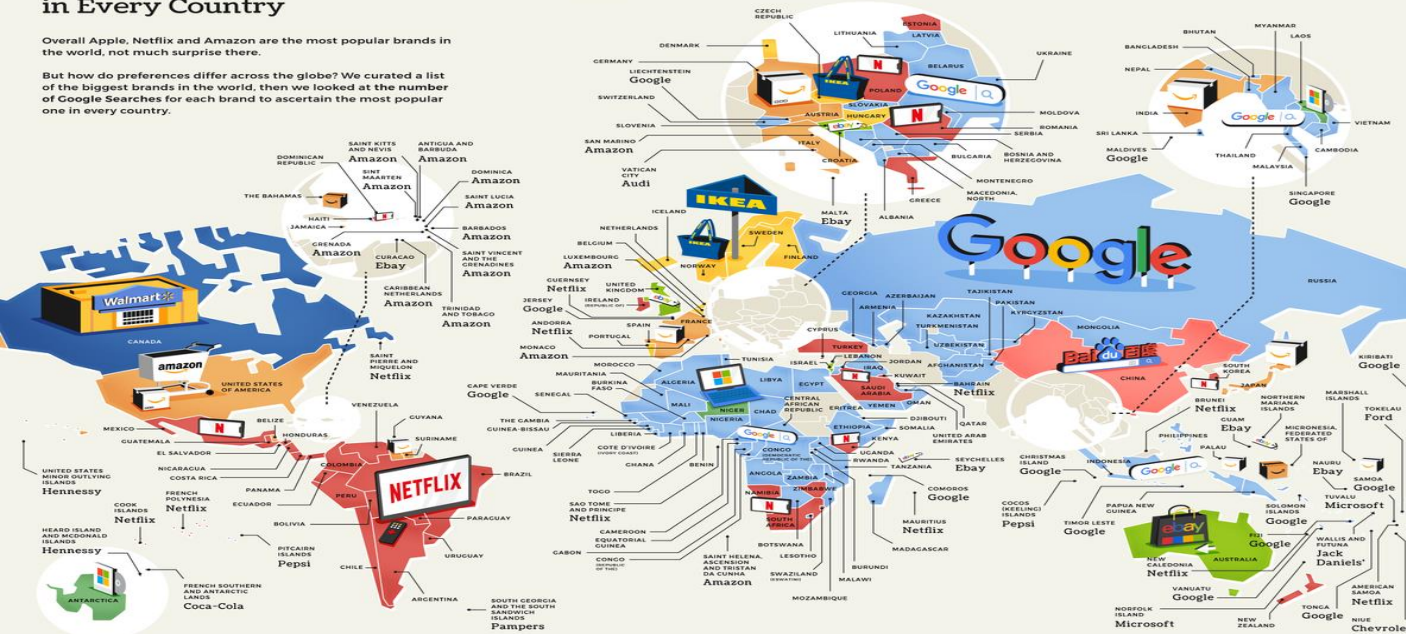
Overall Apple, Netflix and Amazon are the most popular brands in the world, not much surprise there.

But how do preferences differ across the globe? We curated a list of the biggest brands in the world, then we looked at the number of Google Searches for each brand to ascertain the most popular one in every country.

World's Most Popular Brands



Key



Economic growth and industrialization have increased demand for resources and waste generation, amplifying pollution and emission of greenhouse gases, environmental degradation and biodiversity loss.

Map Sources: Forbes, Financial Times, CurveDesigning.org, BrandDirectory, ICT Buzz, FashionUnited, WorldAtlas and Google Keyword Planner



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# *Setting the Scene* | Sustainability Risks

## **Sustainability Risk Categories**

- Reputational risk
- Regulatory risk
- Litigation risk
- Competitive risk
- Strategic risk
- Supply chain risk
- Competence and productivity risk

## The **Sustainability Risk Assessment framework**:

a life-cycle assessment of a product,  
a sustainability risk assessment,  
a study of these risks effects using activity-based life-cycle costing.

Sustainability risks should be managed in relation to **effects on internal and external stakeholder value creation**, including, but not limited to cost (Schulte and Knuts 2022).



# *Setting the Scene* | Climate-Related Risks

Risk assessments should account for impact on the **asset** as well as the **costs**.

**Major Risks** involving:

**Physical Risks** - tangible impact on company assets, & surrounding infrastructure and key stakeholders.

**Transition Risks** – shifts in climate & environmental policy associated technologies and changing consumer preferences.

**Human Risks** – mass migration due to the adverse living conditions.



# *Setting the Scene* | **Logistics Risks**

Refers to how resources are **acquired, stored, and transported**.

**Major Risks** involving:

**Transportation Risk** - delay of material resources and finished goods during transit.

**High Fuel Price** - results in higher prices for consumers.

**Planning Risk** - errors in forecast of demand or supply.

**Reliance on Third Parties** - exposure to regulatory compliance, quality assurance or misappropriation of intellectual property risks.



# *Setting the Scene* | **Pandemic Risks**

Occurs when **majority** of the general population has been affected by a new virus.

**Major Risks** involving:

**Lockdowns** - firms face a decline in imports and exports.

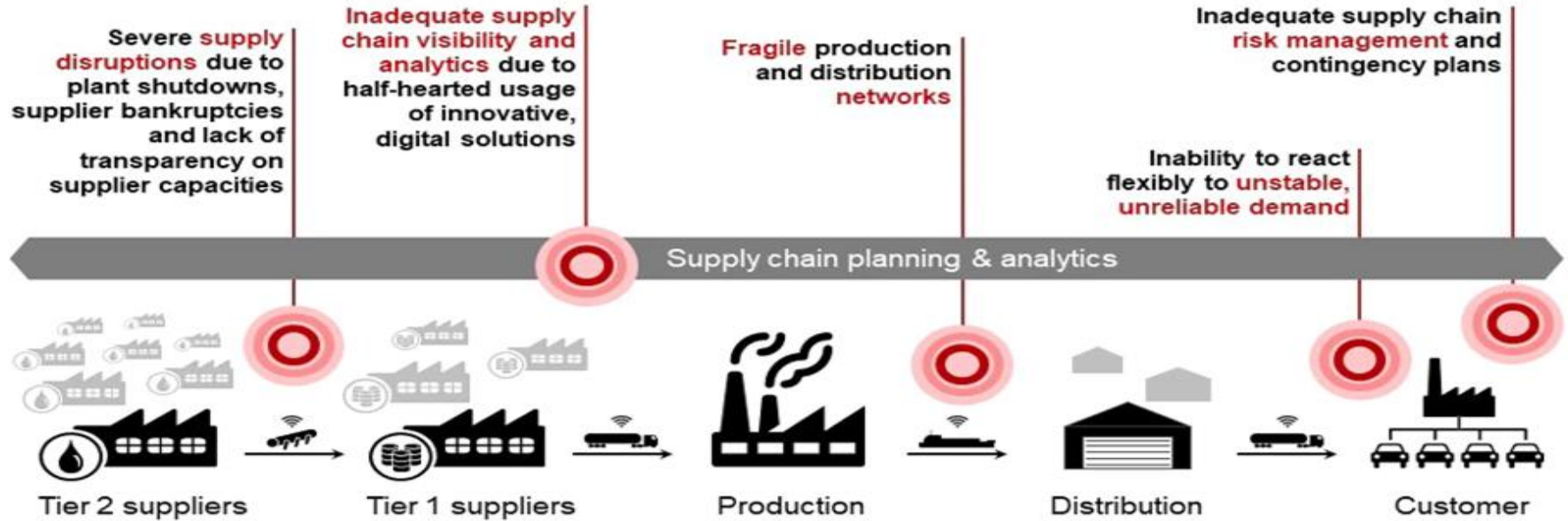
**Contaminated produce** - cannot be distributed to retail stores.

**Economic damage** - higher costs in acquiring essential goods.





# Supply Chains' Vulnerabilities | Uncovered by COVID-19



Source: Strategov& analysis

COVID-19 has disrupted almost every element of daily life around the world, but its impact on global supply chains has been one of the most significant consequences.



# Supply Chains of the Future | *Future-Proofing*

## Resilience

Build resilience from the ground up, diversify sourcing

## Sustainability

Achieve supply chain sustainability

## Reconfiguration

Redesign functions in the system to be more 'plug-and-play', integrate digital capabilities

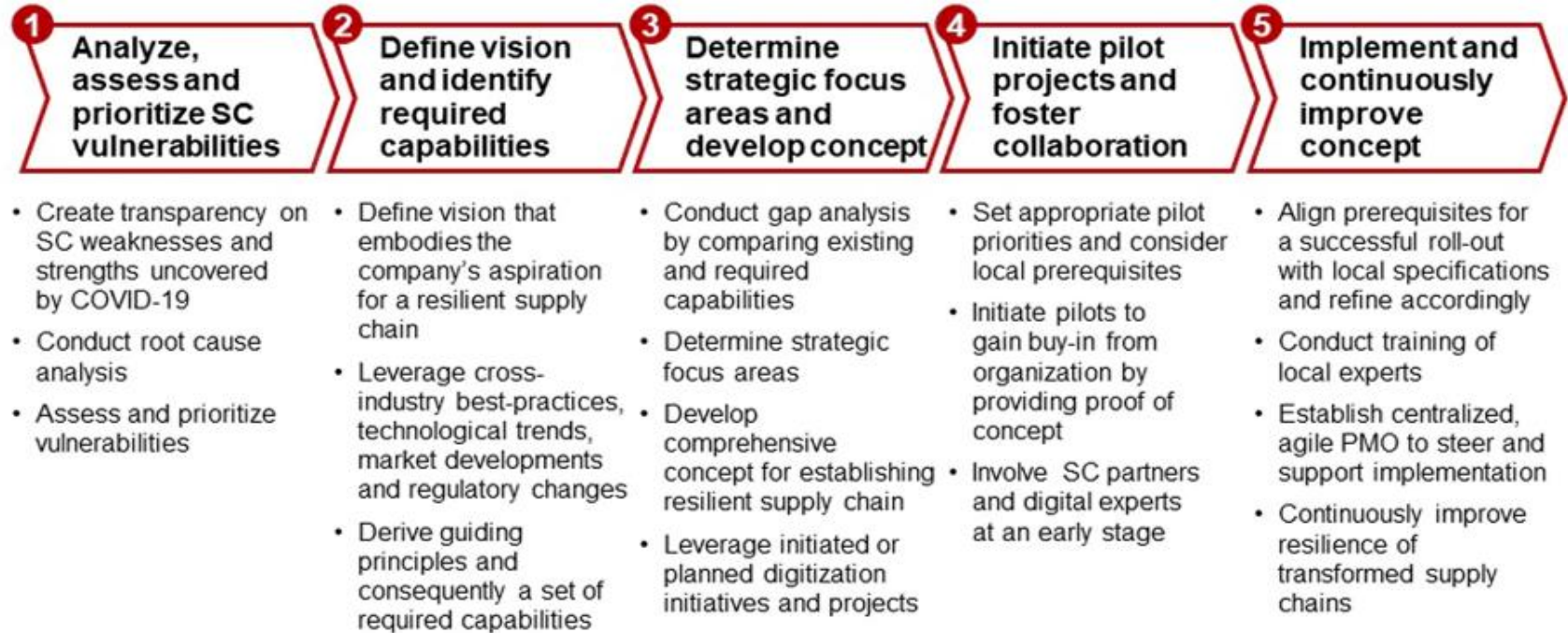
## Agility

Move with consumers, value real-time updates on inputs from external environment, all aspects of the business must be agile

Source: Future Proofing the Supply Chain, McKinsey



# Transitioning to a Resilient & Robust Supply Chain

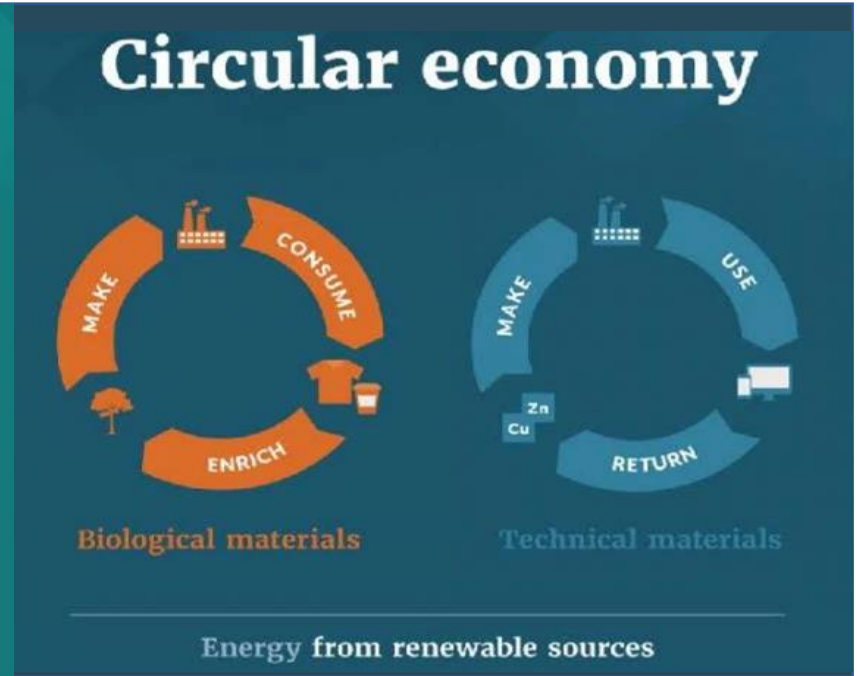


Source: Strategy& analysis

# *It's Time To Make The Change*



In the linear economy, raw natural resources are taken, transformed into products and are disposed.



A circular economy model closes the gap between the production and the natural ecosystems' cycles.

# Circular Economy | A Strategy

## Need For Urgent Action



During the 20th century the use of natural resources rose at about **twice the rate of population growth**<sup>3</sup>



In the last decade we have seen a recoupling of economic growth with material use, with **more materials being used per unit of GDP**<sup>4</sup>



We extract over 84 billion tonnes of materials per year to meet the functional needs of society. Yet, **only 9% of these materials are cycled back into our economies**<sup>5</sup>



Estimates suggest that by 2050, if current trends continue, there will be **more plastic than fish in the ocean**<sup>6</sup>



Diseases caused by pollution were responsible for more than 9 million premature deaths in 2015 – **16% of deaths worldwide or three times more deaths than from AIDS, tuberculosis, and malaria combined**<sup>7</sup>

## Promising Solution



Circular economy provides a **\$4.5 trillion opportunity** by 2030 through avoiding waste, making businesses more efficient and creating new employment opportunities<sup>8</sup>



The Circular Economy is an important strategy to achieve SDG 12 on responsible consumption and production and is also critical to delivering **on 6 further related SDGs**



Reducing or reusing just one fourth of the current amount of food waste can feed **870 million hungry people in the world**<sup>9</sup>

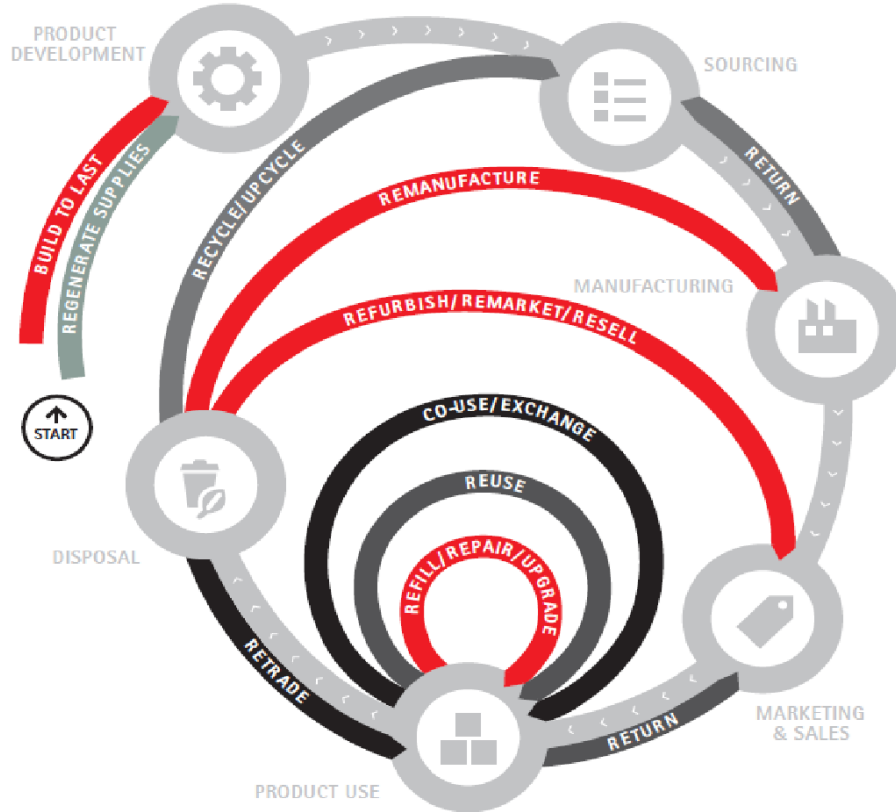


Circular Economy has been shown to almost half the number of years of anticipated **water shortages in water stressed regions of California**<sup>10</sup>



Circular Economy in India could lead to **82% less consumption of virgin materials** in transportation & vehicle manufacturing by 2050<sup>11</sup>

# Slowing and Closing the Loop



- CIRCULAR SUPPLY-CHAIN
- RECOVERY & RECYCLING
- PRODUCT LIFE-EXTENSION
- SHARING PLATFORM
- PRODUCT AS A SERVICE

## Slowing the Loop:

design of **long-life** products, product life extension techniques (e.g. repair, and refurbishing pay-per-use or time-based solutions).

## Closing the Loop:

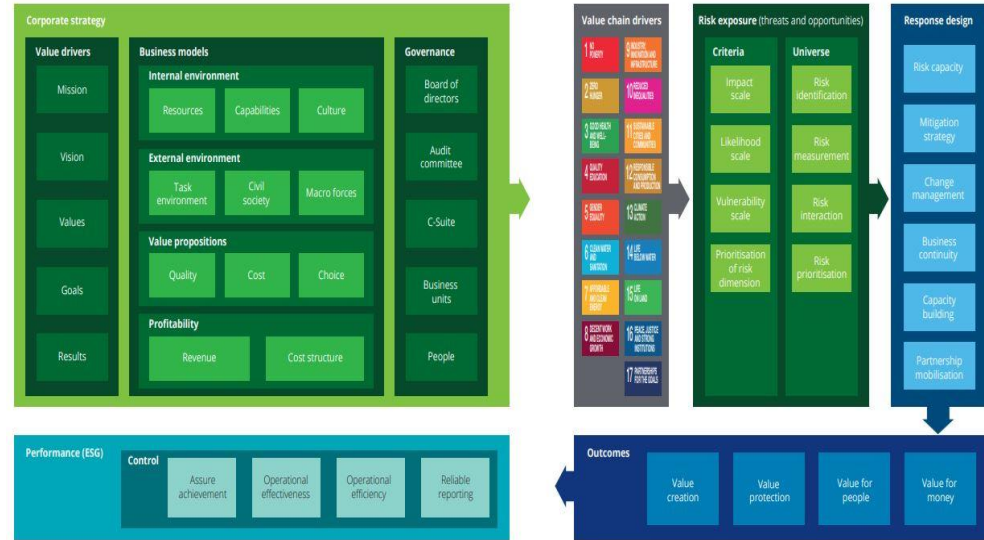
returning products to production after use. May involve reverse logistics that take products back from consumers to producers & reuse of materials through recycling.

Lacy P and Rutqvist J., 2015

# Sustainability Risk Management Frameworks

## Benefits:

- Brand differentiation
- Reputational risk mitigation
- Innovation and market opportunity creation
- Attracting, engaging, and retaining talent
- Increased operational efficiency and supply chain resilience
- Access to international investors or business partners
- Partnerships with international organisations





# Board | *Engaging Stakeholders*



- Board leaders must have a collaborative partnership with their CEO and senior executives, and engage regularly on sustainability
- By sustainably being constantly top-of-mind, executives will think of sustainability as part of their remit
- The issues and solutions will then be correctly brought from the top down to shareholders

Source: The Board's Role in Sustainable Leadership, Harvard Law School, 2021



# Supply Chain Sustainability | *Key Trends*

## Greenhouse Gas Emissions Management

- Driver: Stakeholder expectation for emissions management
- Mitigate and reduce greenhouse gas emissions
- Adapt to build resilience and manage risks

## Biodiversity and Ecosystem Impacts

- Driver: Anticipate stakeholder pressure to preserve and restore ecosystems
- Understand the threat of biodiversity loss
- Identify where and how to intervene

## Resource Accessibility

- Driver: Resource constraints driven by trade, price and availability
- Shifting to a circular economy is key



Source: Gartner for supply chain: 3 key trends in supply chain sustainability, 2020

# Case Study

## Palm Oil Embargo | Indonesia

Palm oil accounted for **35%** of global vegetable oil production in 2021 and Indonesia accounted for about **60% of global production**

- In an attempt to improve its domestic cooking oil supply, Indonesia, the world's top palm oil exporter, banned palm oil export for three weeks
- Initially only covered refined products, but the ban was extended to crude palm oil (Used in food products, detergent, cosmetics, confectionery, and shampoo)
- Coupled with sunflower oil disruption from the Ukraine invasion, the palm oil embargo caused major supply chain disruption across Asia



*Source: Ban on export of all crude and refined palm oil products, HKTDC, 2022*

# Case Study

## Energy | Malaysia

- Due to Covid-19 and the Russian-Ukraine war, the disrupted global supply of oil, gas, and coal has resulted in an energy crisis
- With a heavy reliance on coal imports, Malaysia's government faces surging generation costs to maintain a reliable power supply to its people
- Government subsidies will not be enough to maintain current electricity prices
- Unless supply chains are restored, surcharges and more expensive electricity prices are in store for citizens



*Source: Malaysia ultra-supercritical coal-fired plant goes online, Largue, P, 2019*

# Case Study

## MIDA and XinYi | Malaysia

- Malaysian Investment Development Authority (MIDA) has extended its support to the supply chain programme of Xinyi Energy Smart
- This partnership will open up opportunities for local suppliers and domestic companies
- Will narrow the gaps in the supply chain
- By establishing a supply chain ecosystem by partnering with local suppliers, vendors, and service providers, Xinyi Energy Smart and MIDA will fortify supply chain resilience



Source: MIDA partners Xinyi Energy Smart in supply chain programme, *The Edge Market*, 2022



# GoImpact | *Helene Li and Hsu-sheng Wong*



A seasoned management consultant and finance industry professional, Helene has held various senior management positions in Strategic Planning, Marketing and Branding throughout her career which includes tenure at global consulting giants Boston Consulting Group and Willis Towers Watson.

Prior to founding GoImpact platform developed to accelerate the adoption of Sustainable Finance, Helene was Managing Director and Head of Strategic Planning, Brand and Communications Asia Pacific for BNP Paribas Wealth Management, a role she has held for 5 years. She also held similar roles at J.P. Morgan Private Bank and Swiss wealth management firm Lombard Odier. In these capacities, she was instrumental in advancing the agenda of Sustainable Finance and Investments across a broad client base of family offices and asset owners.

Helene is a known Influencer and Key Opinion Leader in Fintech and Digital Transformation, recognized by Thomson Reuters Refinitiv as Top 5 in Asia Pacific, and globally a Top 2 Influencer in Sustainable Finance. She has received numerous accolades as Top 100 Women in Finance from FinTech Times, and Top 50 Hall of Fame Global Fintech Leaders.



Hsu-sheng has an extensive legal and finance background, having worked for over 16 years as a lawyer, investment banker and commercial banker. In his last banking role, he was appointed as Head, Financial Institutions at the regional headquarters of a major Middle Eastern bank and was subsequently appointed as Acting General Manager to manage the operations during the COVID crisis. Prior to joining GoImpact, he was a partner and course facilitator in a private equity and educational institute specializing in digitization, business transformation and sustainability.

A keen sustainability proponent, Hsu-sheng has been actively involved in developing ESG frameworks and operationalising them for practical application in the office and at home. He is a Senior Fellow (Sustainability) with the Singapore Institute of International Affairs and an Advisor (Sustainability) with TrueVA Capital. He has attended the Yale-SOM Sustainable Finance and Investment program and is a certified Green and Sustainable Finance Professional with the Chartered Banker Institute.



Thank you for your attention