

An aerial photograph of a two-lane asphalt road with white lane markings, curving through a dense, lush green forest. The road starts from the top left and curves towards the bottom right. The trees are vibrant green, and the overall scene is captured from a high-angle perspective.

AlixPartners

SHOULD-CARBON™

The road to supply chain carbon reduction through metrics, action and capability building

THE CHALLENGE – AND OPPORTUNITY – IN CARBON REDUCTION



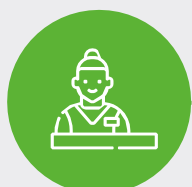
Carbon reduction ambition varies dramatically across the value chain. In the main, companies closer to the customer are making bigger commitments.



To deliver on carbon commitments manufacturers will need to 'pull' suppliers on the carbon reduction journey. Will the current supplier base respond or try to pass carbon cost on to their customers?



Suppliers should expect to be increasingly 'disrupted' by customer pressure to develop alternative products, sources and methods to reduce emissions.

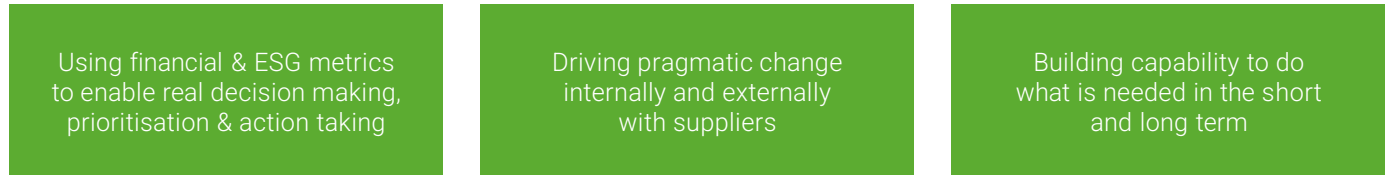


There is significant headroom for suppliers to gain competitive advantage, and for manufacturers to lead on new ways to compete and derive new value from their supply chain.



HOWEVER, CARBON REDUCTION IS COMPLEX TO CALCULATE AND IMPLEMENT

The building blocks of supplier CO2 reduction:



The challenges we consistently hear about:



Should-Carbon™ cuts through the complexity

WHAT IS SHOULD-CARBON™?

Sustainability is a complex, dynamic stakeholder environment and decarbonization is a global imperative for every industry. Yet COP26 has highlighted that companies are not on track to deliver Net Zero, and a dramatic shift from strategic intent to action and results is needed.

AlixPartners' Should-Carbon™ methodology and toolkit cuts through the complexity of

calculating and actioning carbon reduction, making it easier to measure, map and reduce supplier carbon.

Most organizations will have baselines and plans in place to improve their directly

controllable Scope 1 & 2 emissions. However, the biggest challenge they face in effectively managing carbon reduction is in their supply chain – typically categorized as Scope 3 and driven by 'upstream' suppliers.

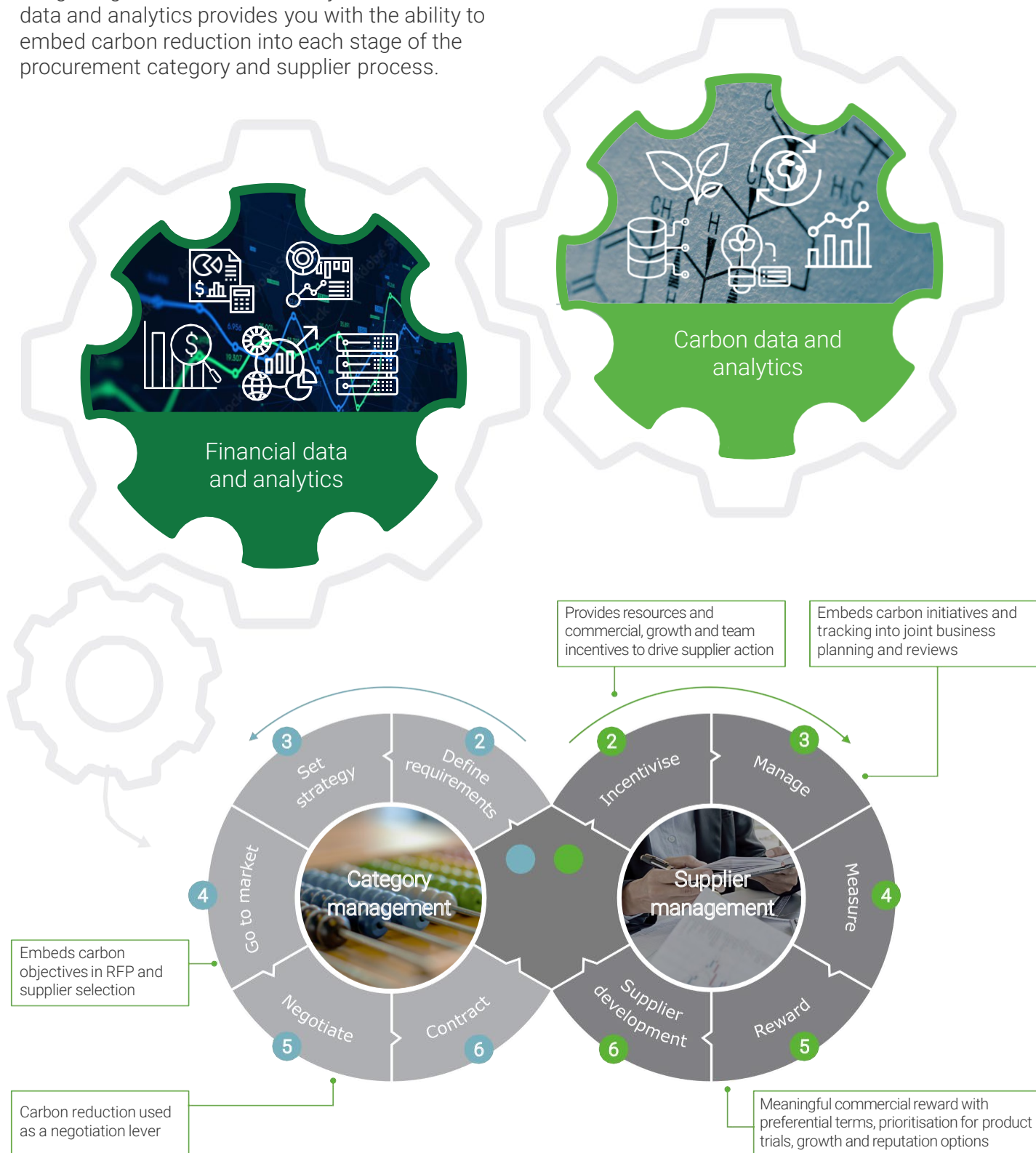
Should-Carbon™ translates carbon measurement into actionable plans at each stage of category planning, procurement and supplier management processes. This

practical and pragmatic approach accelerates cross-business decision-making to mobilize, speed up and scale carbon reduction initiatives with an organization's supplier base.



SHOULD-CARBON™ MAKES IT EASIER TO MEASURE, MAP AND REDUCE SUPPLIER CARBON

Integrating carbon data and analytics with financial data and analytics provides you with the ability to embed carbon reduction into each stage of the procurement category and supplier process.



SHOULD-CARBON™ CREATES TRANSPARENCY AND BUILDS A CARBON REDUCTION ROADMAP

Companies understand the need to reduce carbon but face practical challenge:

- Lack of reliable carbon data in the supply chain
- Greater focus placed on more controllable Scope 1 & 2 emissions
- Mismatch between targets, operational execution capability and engagement within partners and suppliers
- Shared responsibility is not the same as accountability

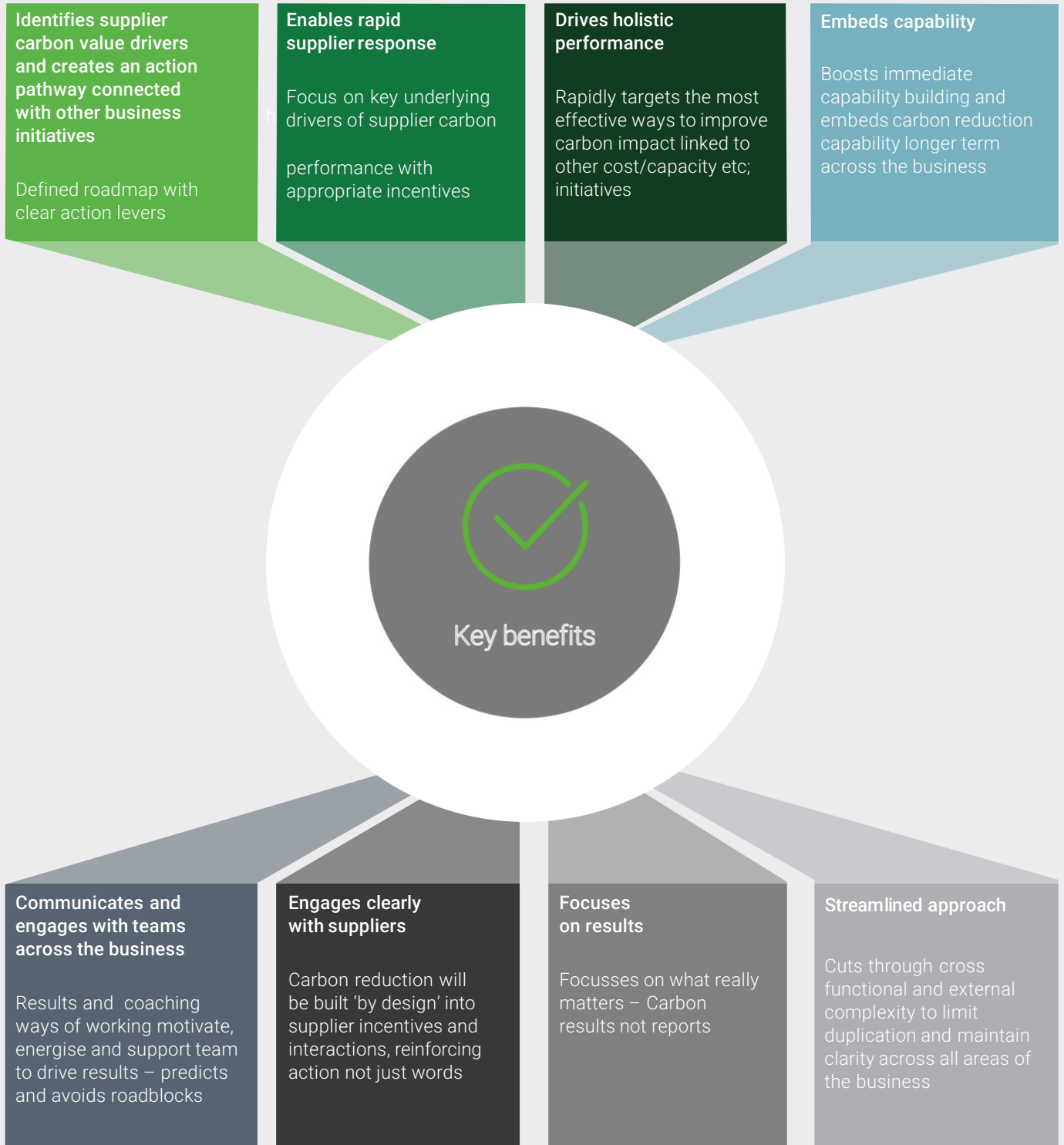
Should-Carbon™ accelerates carbon reduction from whatever stage you are on the journey

Should-Carbon™ drives carbon reduction through metrics, action and capability building

 <p>Metrics Creates baselines, supports decision making and tracks improvement</p>	 <p>Actions Creates roadmap and accountability for action</p>	 <p>Capabilities Educates and engages the team Builds long-term capability</p>
<p>1. Carbon metrics setting Identify standards (compliance vs. strategic) and translate into business metrics/KPIs that can be monitored and are influenced.</p>	<p>5. Carbon value creation levers Assesses range of carbon reduction levers & implementation options – promotes cross functional decision making to decide action.</p>	<p>9. Data management, analytics and performance reporting capabilities Establishes ongoing supplier carbon metrics management tools and capability.</p>
<p>2. Granularity Define pragmatic levels of carbon mapping granularity and data refresh to support decision making.</p>	<p>6. Accountability Creates cross functional business accountability and mobilizes delivery teams to operationalize actions.</p>	<p>10. Category management Embeds carbon management into category strategy, supplier selection, negotiation and contracting methods and training.</p>
<p>3. Analytics Map Should-Carbon™ targets to actual supplier carbon baseline highlighting current performance drivers and levers for improvement.</p>	<p>7. Monitoring Predicts and manages reaction to roadblocks and changed environment, e.g. compliance changes, supply/demand issues, supplier failure.</p>	<p>11. Supplier management Embeds carbon management into supplier communications and performance, development and incentive frameworks.</p>
<p>4. Scenario modelling Models the impact and feasibility of carbon improvement options e.g. Ingredients/Product design, and supplier footprint scenarios.</p>	<p>8. Governance Visibility, regular review and robust governance process to ensure progress.</p>	<p>12. Specialist carbon value creation expertise Access to SMEs for specialist solutions. E.g. carbon economic product modelling, regenerative agriculture, electrification.</p>

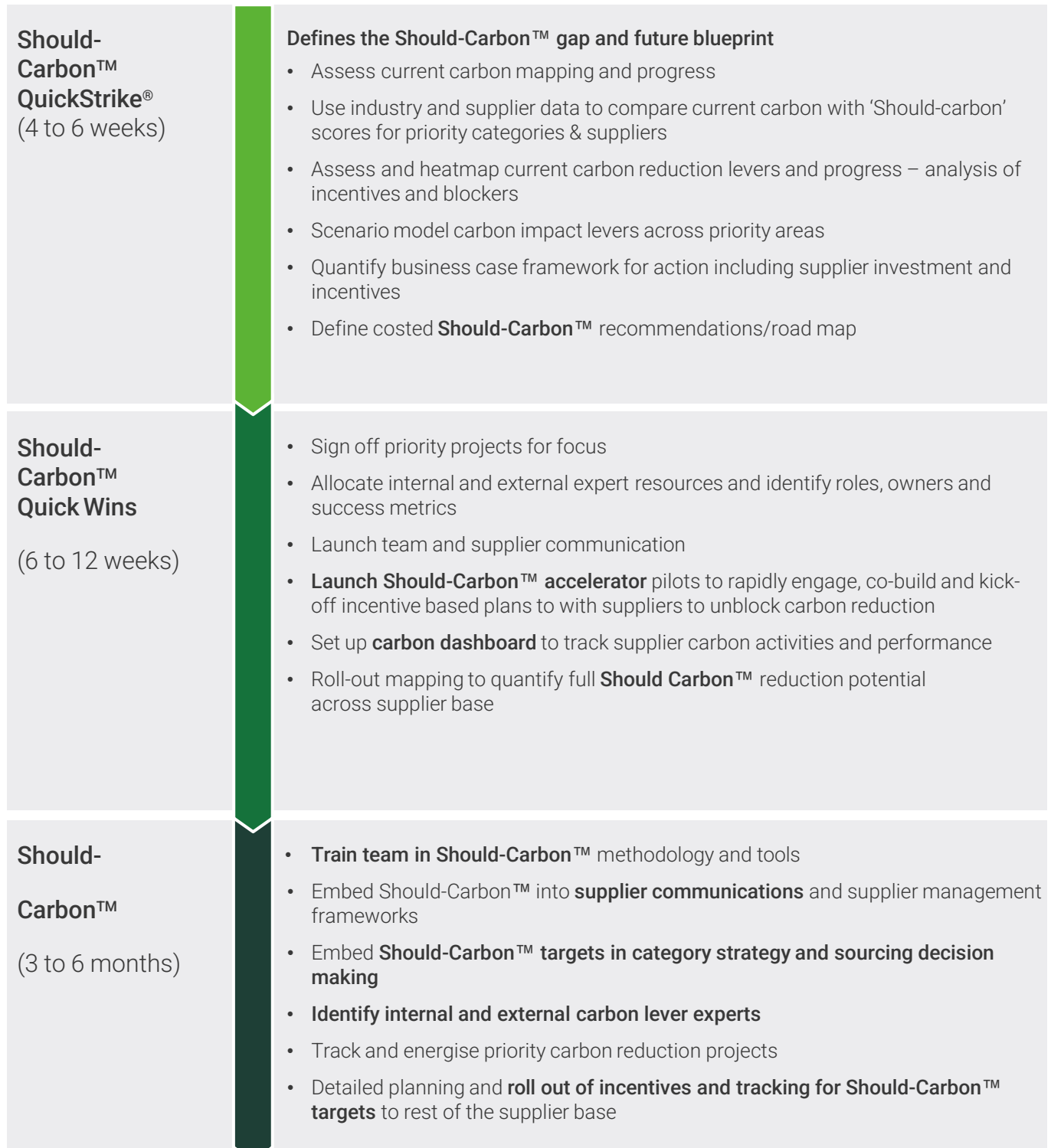
SHOULD-CARBON™ ACCELERATES CROSS-BUSINESS DECISION-MAKING

Key benefits



OUR TIMELINE MOBILISES AND SCALES SUPPLIERS' CARBON REDUCTION INITIATIVES...

Timeline achievements



...AND ARMS YOU WITH A TOOLKIT TO IMPROVE SUPPLIER COLLABORATION AND MAKE THE RIGHT ONGOING DECISIONS

Should-Carbon™ Implementation toolkit



Should-Carbon™ indicators

- Design for sustainable value' models
- Embedded product carbon (BOM) benchmarks
- Supply market geography and lifecycle indicators
- Supply market incentive ratios (e.g. Global trade, carbon markets, border tariffs)
- Should-Carbon™ gap calculator

Should-Carbon™ Category management tools

- Should-Carbon™ Carbon category and product strategy framework
- Weighted Should-Carbon™ value driver scorecard embedded in bid evaluation
- Should-Carbon™ negotiation levers - Cost/Benefit of offsets, intensity reduction, energy efficiency, funding, payment terms and financial structuring options
- Should-Carbon™ contracting frameworks

Should-Carbon™ Supplier management tools

- Should-Carbon™ Supplier carbon performance tracking
- Carbon under management and Carbon maturity scores
- Should-Carbon™ supplier collaboration frameworks
- Should-Carbon™ metrics and incentives

A 'VALUE CREATION' APPROACH IDENTIFIES LEVERS AND INCENTIVES THAT PRAGMATICALLY REDUCE SUPPLIER CARBON

Examples of Should-Carbon™ levers and incentives



THE ROAD TO DECARBONIZATION IS CHALLENGING

It involves detailed operational thinking and commitment to new ways of working. Companies and their supplier base need aligned targets, but they must also find practical ways to move from strategic intent and targets to action.

Should-Carbon™ is AlixPartners' proprietary collaborative supplier and product carbon reduction methodology.

Contact us to learn more about Should-Carbon™ and how we can help you with operational solutions to accelerate your carbon reduction programme.

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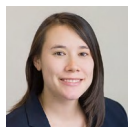


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ABOUT US

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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