

Supply Chain Sustainability – A look through the lens of the Color Value Chain

September 25, 2024



Agenda

Introduction

Supply Chain Sustainability

Regulatory Update

Building & Implementing a
Strategic Approach to Supply
Chain Sustainability

Q&A



With you today



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ERIN MCVEIGH

Executive Director

Business Lead, Supply Chain Sustainability

Erin leads the supply chain and operations practice at Anthesis. She is a dynamic leader and change maker with over 20 years of experience in EH&S; Product Compliance; Sustainability & ESG. She is committed to driving transformational change and creating impact through data and technology. Prior to Anthesis, she was the VP of Partnerships & Strategic Initiatives at Higg (now Worldly) and the Chief Product and Technology Officer at Verisk Maplecroft.

Erin has worked for a range of clients across a multitude of sectors. She holds a bachelor's degree in economics from the University of Colorado at Boulder, and a master's degree in Natural Resource Law Studies, focusing on Environmental Law and Natural Resource Planning, from the University of Denver College of Law.





THE SUSTAINABILITY ACTIVATOR

For a more productive &
resilient world.

- ▶ Deep subject-matter expertise comprising 1,300+ sustainability and Decarbonisation experts globally
- ▶ Executive & education tailored for you by our Education team
- ▶ Impactful stakeholder comms delivered by expert in-house agency & creative teams

Why Anthesis is unique

We're not newcomers. A decade in sustainability has armed us with an integrated suite of advisory, agency, digital solutions, and carbon market capabilities. We are truly dedicated sustainability experts.

We solve sustainability challenges from start to finish. Our solutions span the sustainability range, offering a cohesive, actionable path to transformation and resilience.

We deliver at your pace, not at your cost. We match resources and timelines to your needs. Our flexible, adaptable team will be there when you need us, and won't be 'on the clock' when you don't.

Local presence, global reach. Your team is primarily Ireland based, with access to the largest dedicated group of sustainability experts in the world



What is Supply Chain Sustainability

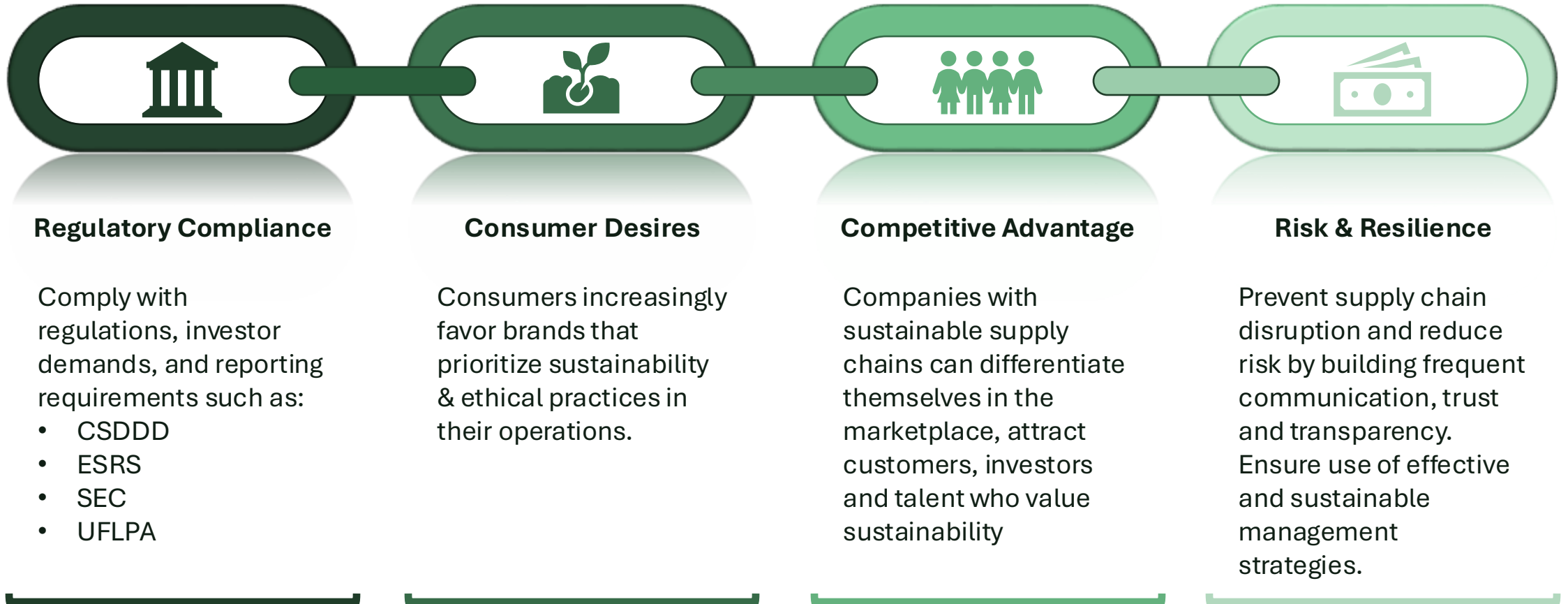
Supply Chain Sustainability is defined as the management of ESG impacts with a company's supply chain. It involves implementing practices that reduce negative effects to people and planet, while ensuring economic viability and resiliency.

Key Aspects:

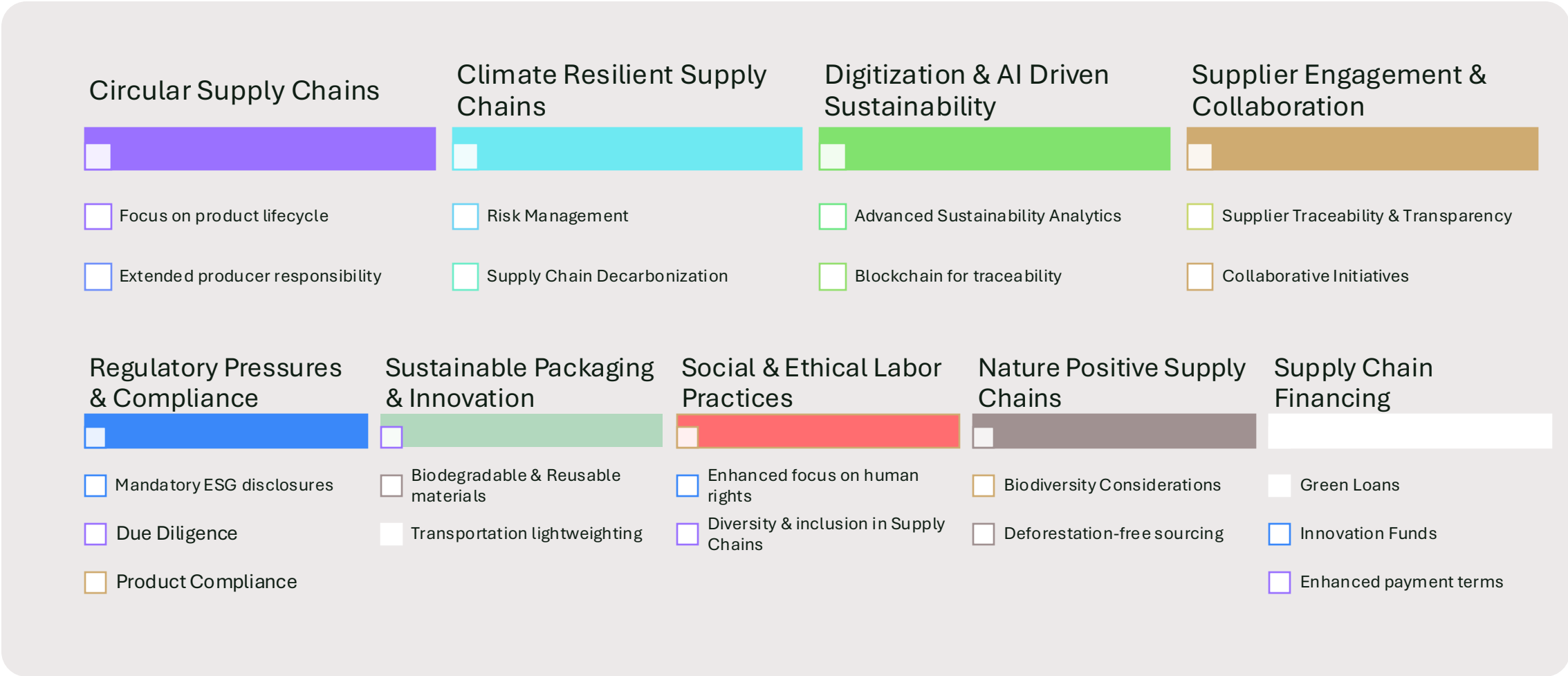
- ✓ Decarbonization
- ✓ Resilience
- ✓ Biodiversity Protection
- ✓ Ethical Labor Practices
- ✓ Diversity & Inclusion
- ✓ Resource Efficiency
- ✓ Waste reduction



Why Does Supply Chain Sustainability Matter?

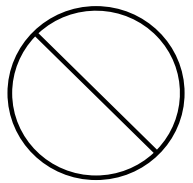


Sustainable Supply Chain Management Trends – Top 10



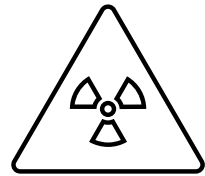


Additive, Chemical, and Food Safety Regulations



Uyghur Forced Labor Prevention Act

Caustic soda, a main ingredient in caramel flavoring, was found to be produced with forced labor



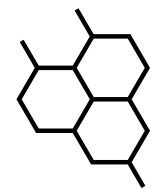
California Proposition 65

Updated once a year, and requires businesses to warn consumers in the state of California about chemicals in products that might cause cancer, birth defects, or reproductive harm



California Food Safety Act

Bans the sale of foods containing red dye 3, potassium bromate, brominated vegetable oil, and propylparaben, by 2027

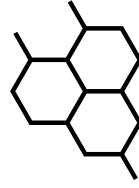


EUDR – EU Deforestation Regulation

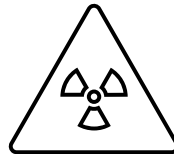
EUDR applies to high risk commodities (cocoa, coffee, rubber, soya, wood, cattle and palm oil). Requires implementation of robust Due Diligence programs



- Regulations pertaining directly to food additive sector
- Regulations that your customers/suppliers may need to comply with



Traceability and Transparency



Communication to Consumers



Sustainability Trends: Risks and Opportunities

Consumer Demand for Clean and Safe Products

Relevant Policies:

California Prop. 65, REACH, California Food Safety Act, EU Green Claims Directive

Risks:

Increasing regulatory pressure, reputational damage for non-compliance, or unpreparedness upon ingredient scrutiny

Opportunities:

Customer loyalty, brand differentiation, access to premium markets

Supply Chain Transparency

Relevant Policies:

UFLPA, CSDDD, EUDR

Risks:

Lack of supply chain transparency can expose companies to unknown risks, leading to regulatory non-compliance or reputational damage

Opportunities:

Improve long term supply chain preparedness, strengthen stakeholder relationships, build trust with consumers and investors

Emissions Measurement and Disclosure

Relevant Policies:

CSRD, CSDDD

Risks:

Increasing regulatory pressure, limited market access in some regions

Opportunities:

Long term cost saving due to efficiency measures, competitiveness in marketability, preparedness for global compliance



What is the CSDDD?

The CSDDD (Corporate Sustainability Due Diligence Directive) is an EU directive that introduces legal obligations on businesses to conduct human rights and environmental due diligence.

The CSDDD requires certain companies to:

- Integrate due diligence into **policies & risk management systems**
- **Identify, assess and prioritize** actual or potential adverse human rights and environmental impacts in their operations and chains of activities
- **Prevent, mitigate or bring to an end** adverse impacts
- **Provide remediation** where necessary
- Meaningfully **engage** with stakeholders
- Implement a robust **notification/complaints** mechanism
- **Monitor** the effectiveness of measures taken
- **Communicate** publicly on due diligence
- Develop and implement a **climate transition plan**

What is meant by chain of activities?

- The term “chain of activities” is broader than supply chains and means that companies must not only consider their direct suppliers but also the wider impacts of their production and operations.
- This includes both **upstream activities** (Tier 1 and beyond) and some **downstream activities** (distribution, transport, and storage of products).

Key milestones: The final text of the Directive was officially published in the EU's Official Journal on July 5, 2024, and the Directive **went into effect on July 25, 2024**. Expected years to take effect:

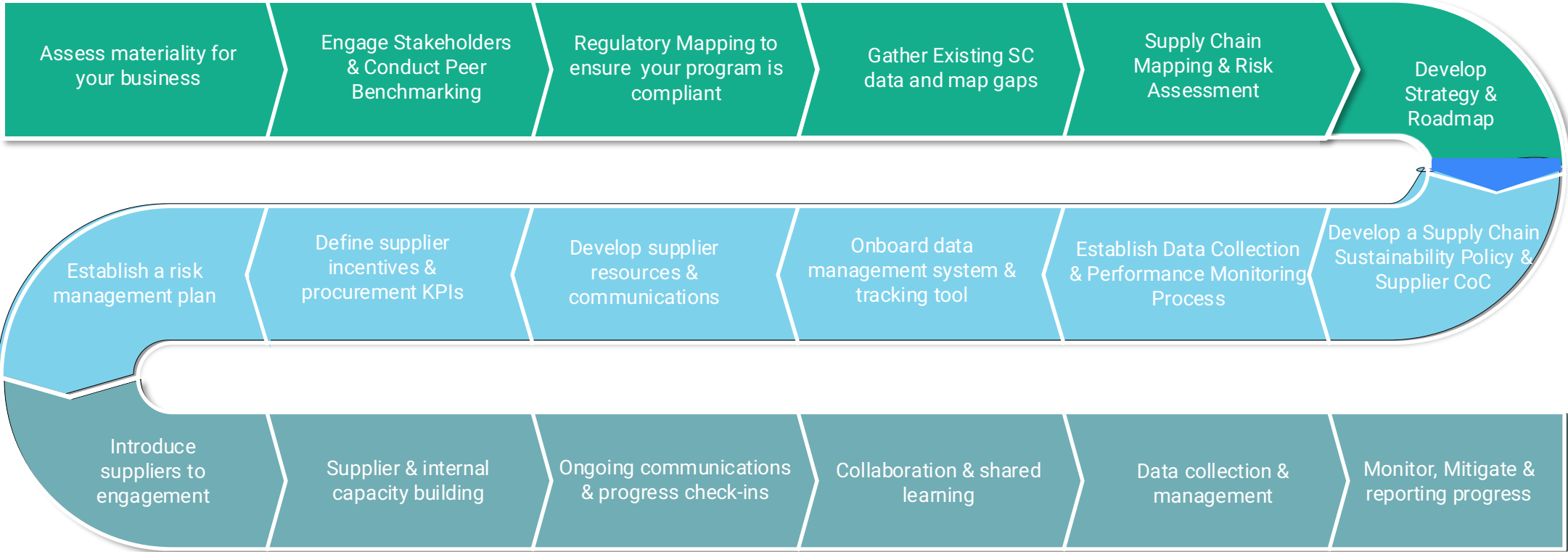
When	EU Companies	Non-EU Companies
2027	5,000+ employees and a net turnover of at least 1,500 million EUR globally	Net turnover of at least 1,500 million EUR in the EU market
2028	3,000+ employees and a net turnover of at least 900 million EUR globally	Net turnover of at least 900 million EUR in the EU market
2029	1,000+ employees and a net turnover of at least 450 million EUR globally	Net turnover of at least 450 million EUR in the EU market



THE SUPPLY CHAIN SUSTAINABILITY JOURNEY

Start by establishing a clear vision and mission that aligns with your broader sustainability strategy & corporate values. Ensure that you include measurable goals !

PROGRAM DEVELOPMENT ■
STRATEGY IMPLEMENTATION ■
ENGAGEMENT & MANAGEMENT ■



Supply Chain Sustainability Program

Managing a supply chain sustainability program is iterative and continuous.

As you navigate your sustainability journey, continuously focus on these four key pillars to drive program success.



Key Launch Tips:

- ✓ Start small and scale over time
- ✓ Assign program responsibility to one person
- ✓ Communicate early & often
- ✓ Celebrate wins

Set clear expectations & communicate

Set realistic expectations for suppliers and deliver ongoing, timely internal & external communications

Optimize data collection

Utilize a technology-enabled system to efficiently collect high quality data and quickly visualize to track progress

Expanded Capacity & Knowledge

Deliver personalized training and support, meeting suppliers where they are

Embed Internal trainings to create alignment and buy-in

Collaboration

Partner with Key Suppliers to drive Innovation. Leverage Industry Associations to reduce effort and drive industry synergies



SECTION 5

Q&A





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