



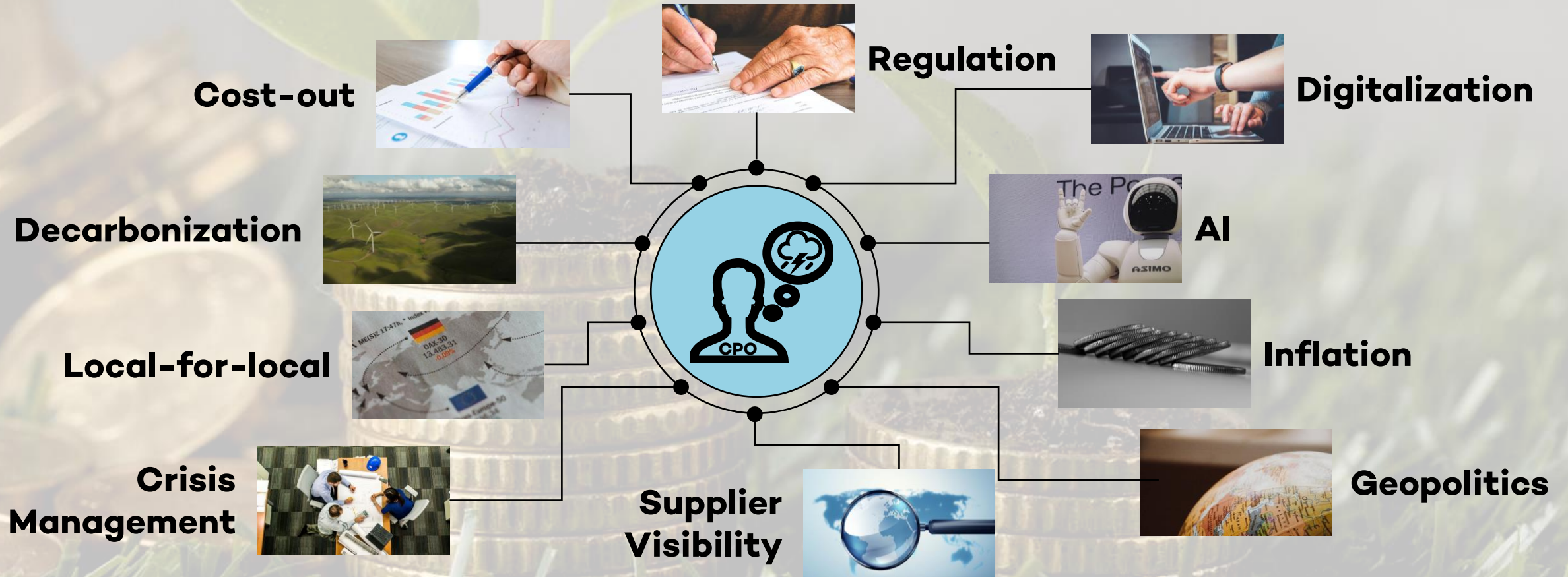
Decarbonization & Cost Reduction

Time to define a win-win strategy for procurement

Hamburg, 12. June 2024

The CPO storm

facing multiple challenges in parallel



Costs and sustainability

the most pressing topics in procurement

Question: “How would you rank the following criteria in terms of their importance for sourcing decisions?”

■ Q1/2023 ■ Q1/2024

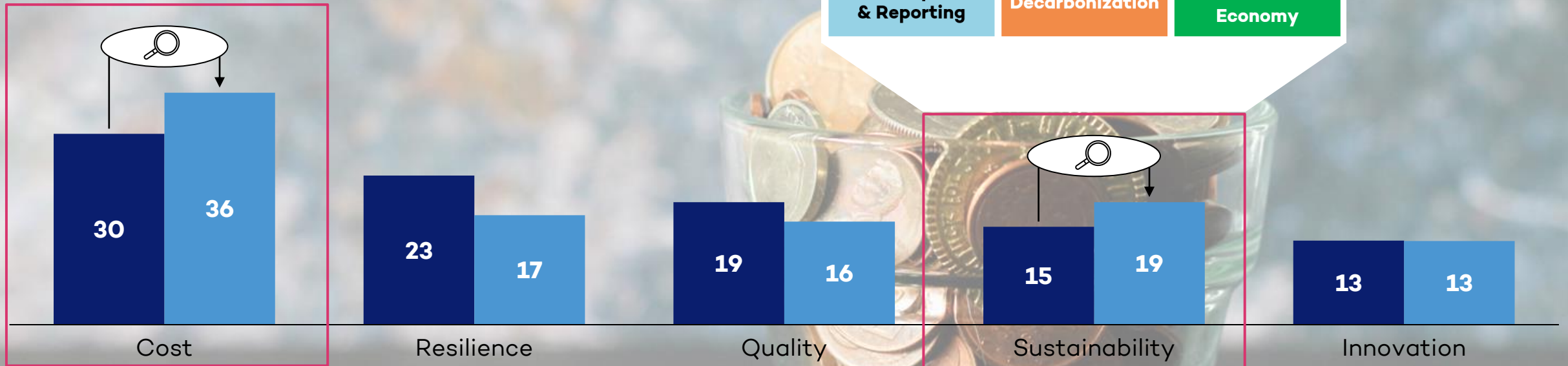
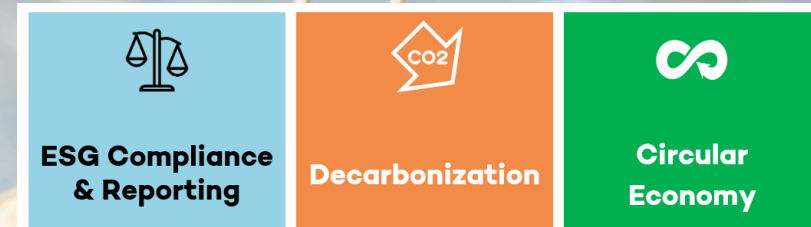


Costs and sustainability

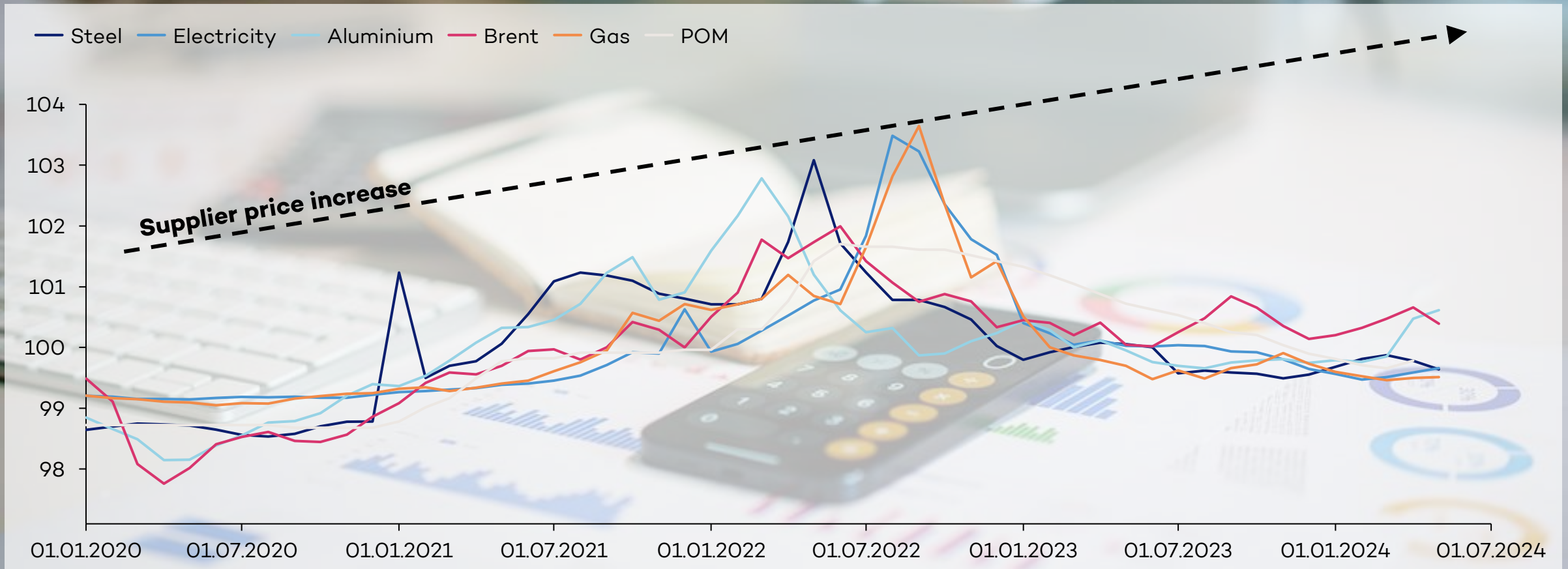
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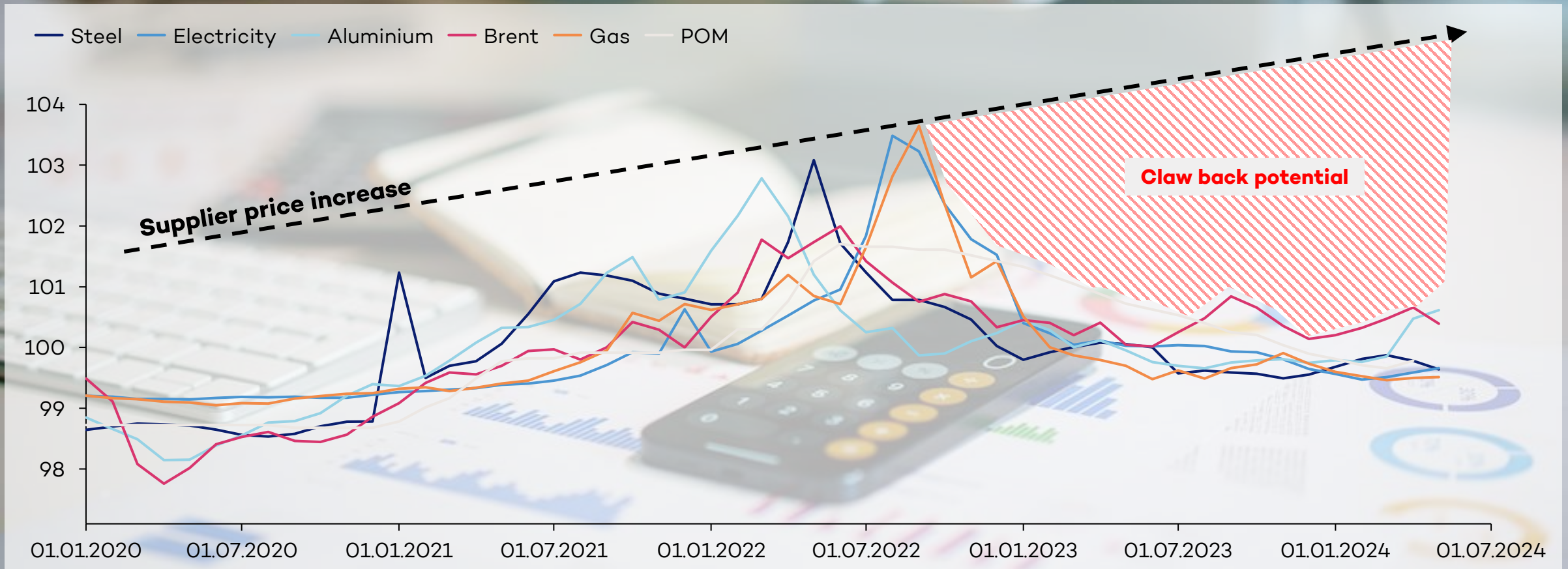
■ Q1/2023 ■ Q1/2024



As raw material prices fall, now is the time to generate savings

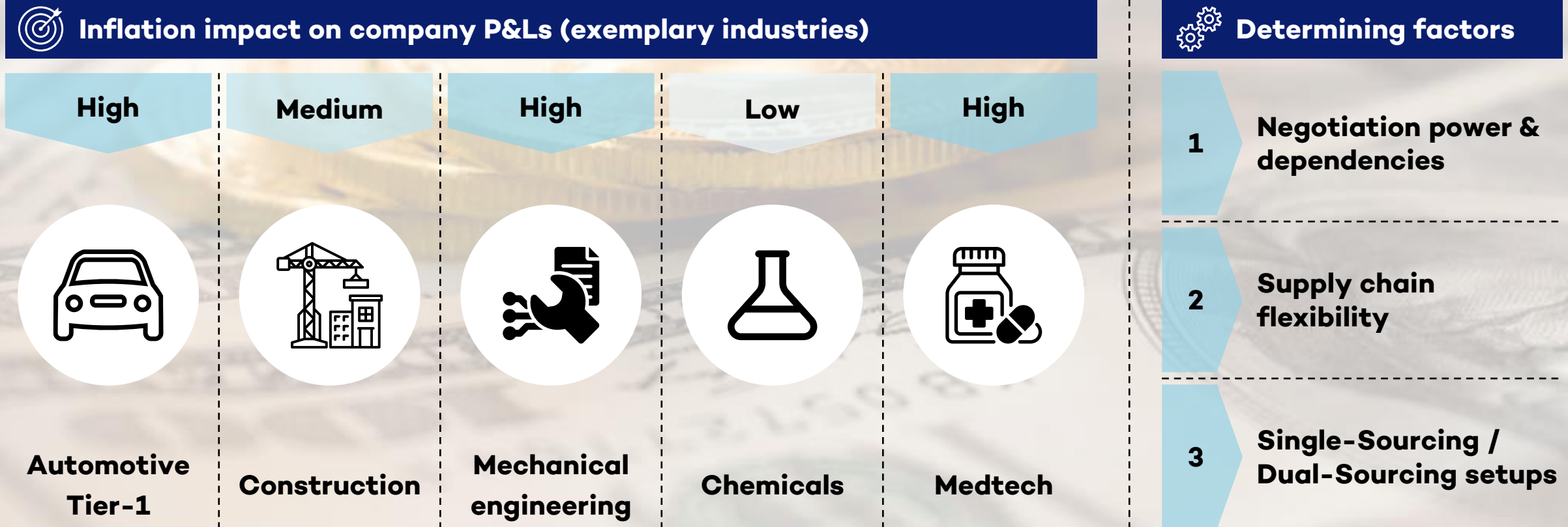


As raw material prices fall, now is the time to generate savings



Three factors of cost fluctuation

How different industries are affected



Cost Base Reset Programs

Five steps to success



Perform price and index analyses for key components

Define cost breakdown and identify key indices



Identify savings potential

Usage of supplier-based analytics results and further optimization levers



Prepare for negotiations

Define negotiation target, strategy, approach & team



Run supplier re-negotiations

Conduct supplier negotiations and realize savings effects



Track P&L impact

Identify lessons learned, roll-out the approach, and track savings effects





Invoice based PVO 2021

Invoice based PVO 2024

PVO 2021 vs. 2024 in %

4.392 Tsd.

5.866 Tsd.

33,56

Filter

Level 1

Blechteile

Level 2

Alle

Level 3

Alle

Level 4

Alle

Base Year

2021

Quantity Year

2024

Energy Index

EEX Strom Peak Deuts...

Labour Index

Labour - Germany (Eu...

Raw Material Index

Feinblech DC01 Deuts...

Energy Share in %

0

Labour Share in %

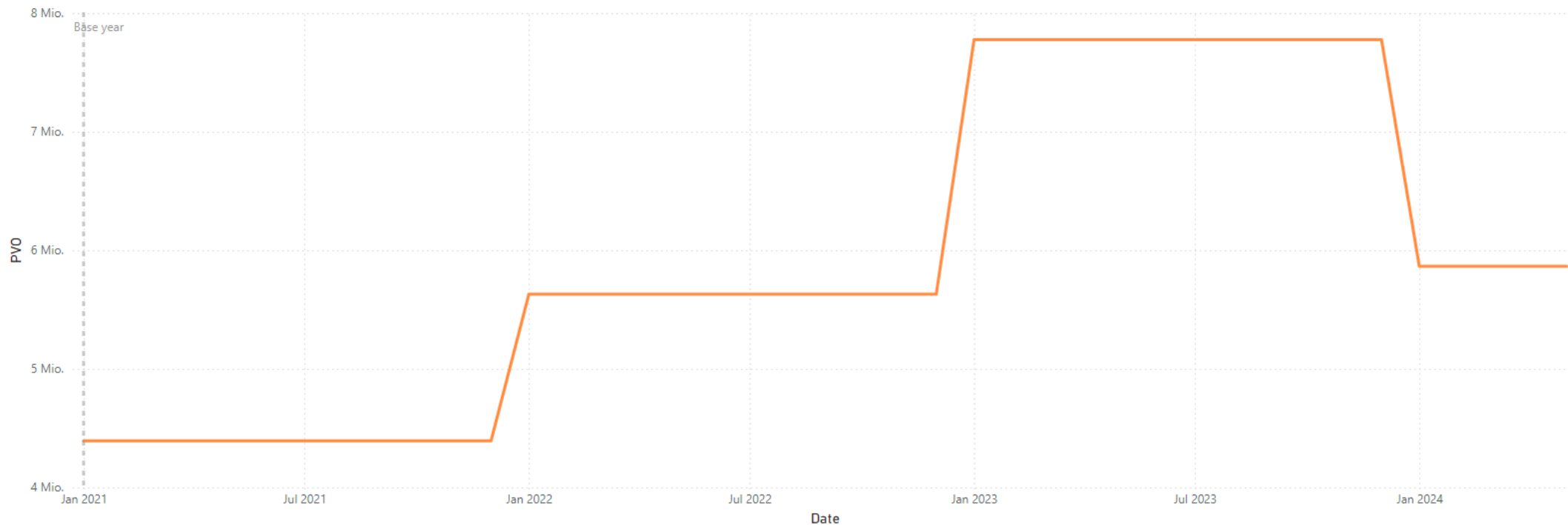
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Raw Material Share in %

0

PVO Development

Quantity based PVO - - Monthly Index based PVO - Yearly Index based PVO





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Raw Material In...

Feinblech DC01 Deuts...

Energy Share in %

6

Labour Share in %

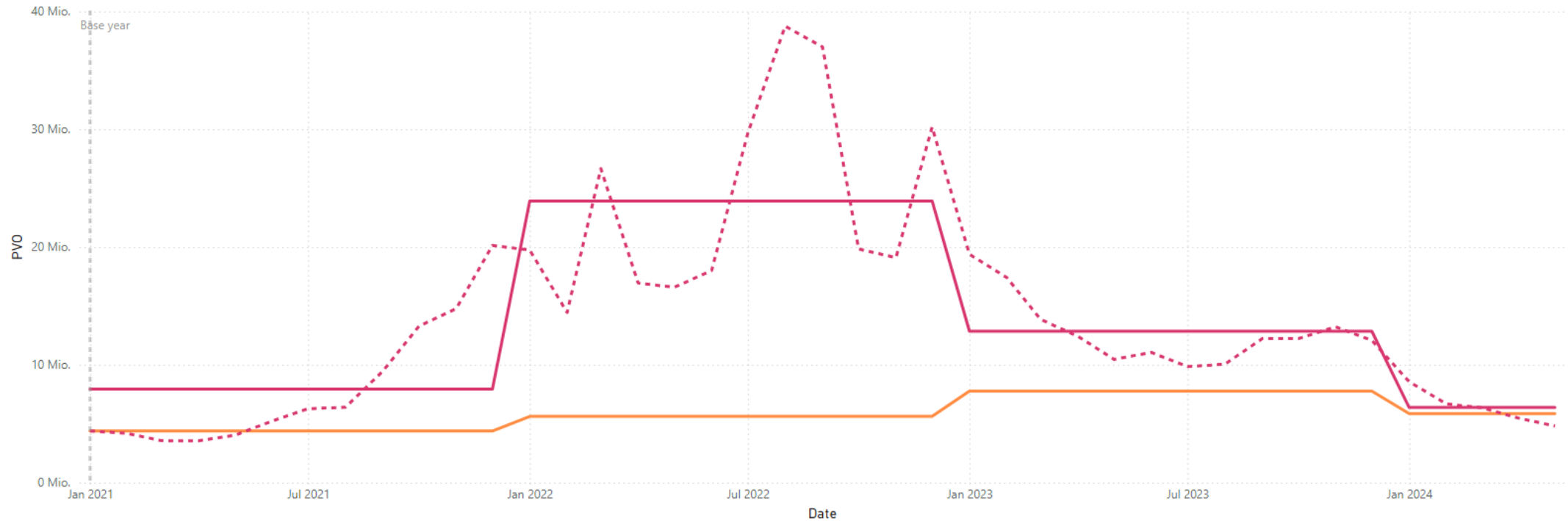
0

Raw Material Share in %

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PVO Development

Quantity based PVO Monthly Index based PVO Yearly Index based PVO





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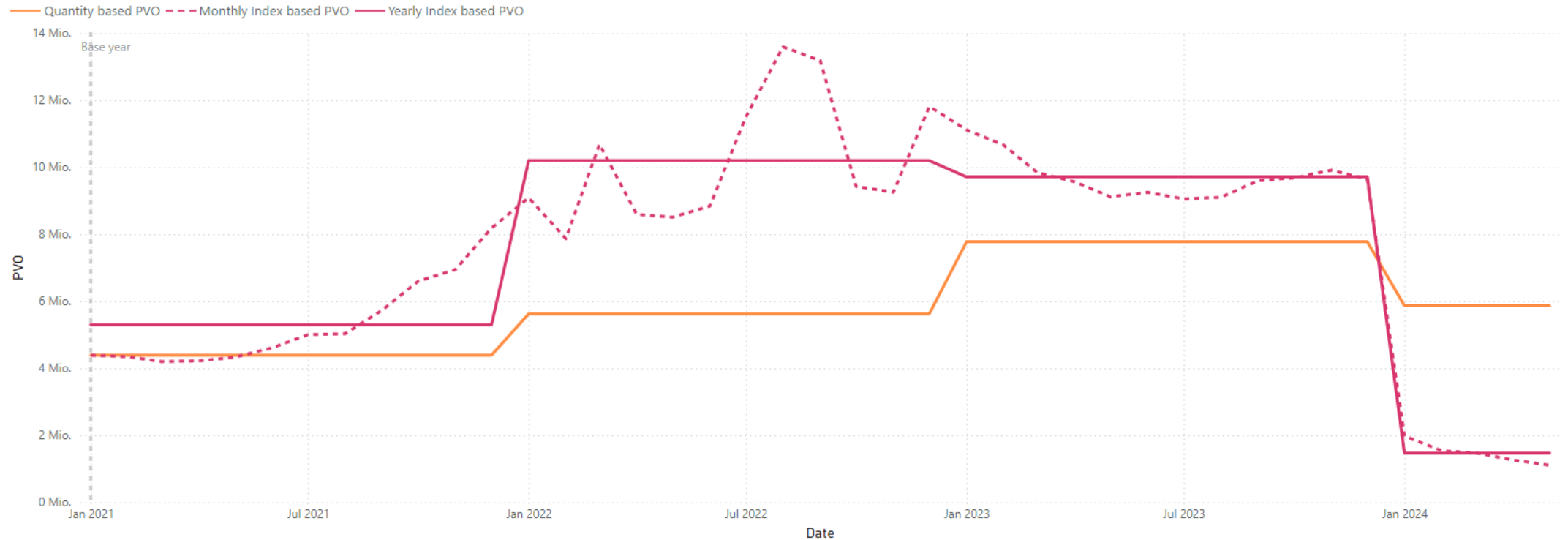
Labour Share in %

20

Raw Material Share in %

0

PVO Development





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Invoice based PVO 2024

PVO 2021 vs. 2024 in %

PVO vs. Index based PVO 2024 in %

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26,94

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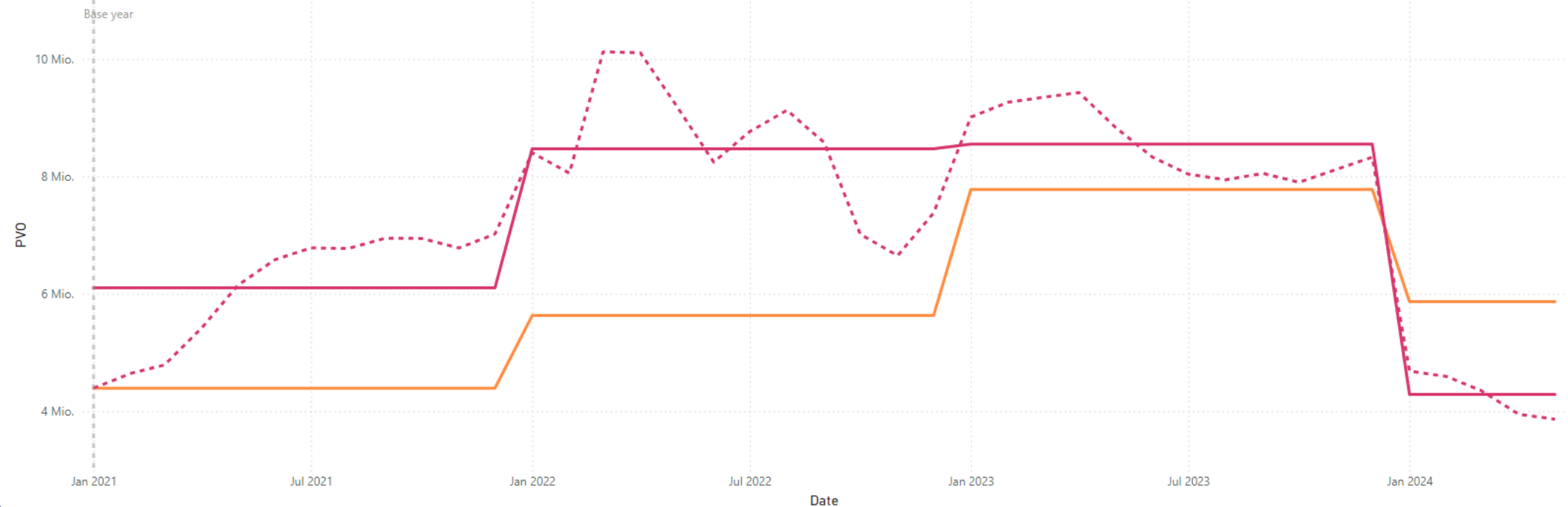
20

Raw Material Share in %

50

PVO Development

Quantity based PVO Monthly Index based PVO Yearly Index based PVO



Future costs redefined

CO2 footprint will reshape your bottom line

RAINBOW
VISTA



The EU Green Deal

Policies for the EU's Green Transformation

Supply Chain Due Diligence

LkSG



CSDDD



Transparency & Comparability

CSRD



EU Taxonomy



Financial Impact

CBAM



EU ETS



Goal: EU climate neutrality by 2050

Various laws translate **political commitments** into **legal obligations**, motivating companies to act and providing investment incentives.

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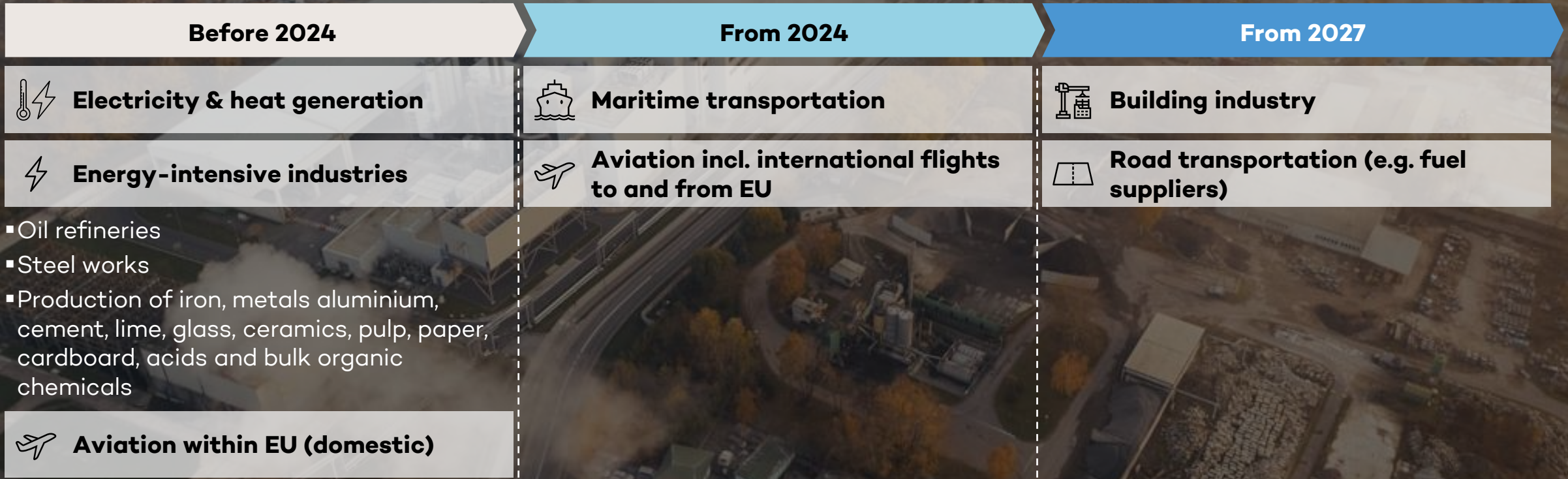


Goal: EU climate neutrality by 2050

Various laws translate **political commitments** into **legal obligations**, motivating companies to act and providing investment incentives.

Affected industries

CO2 costs¹⁾ through the EU ETS²⁾



 **Scope: EU Member states + Iceland, Liechtenstein, Norway and Northern Ireland**

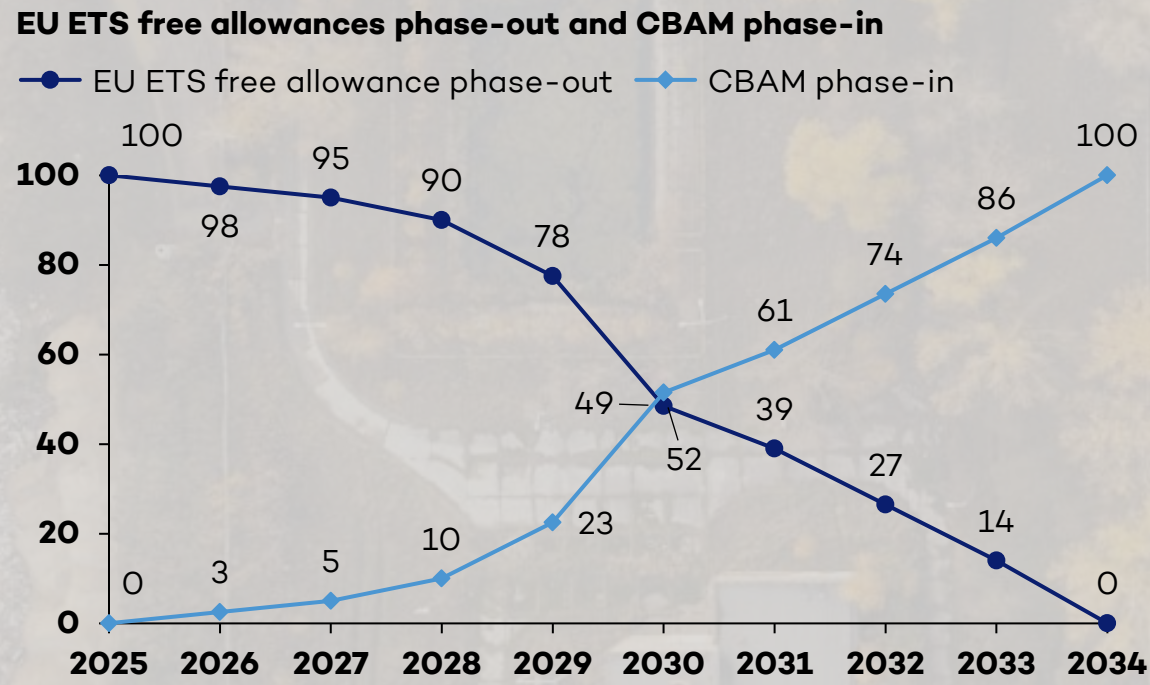
1) Plus N₂O and PFC costs 2) Emissions Trading System

Decreasing free allowances

challenge procurement functions to decarbonize

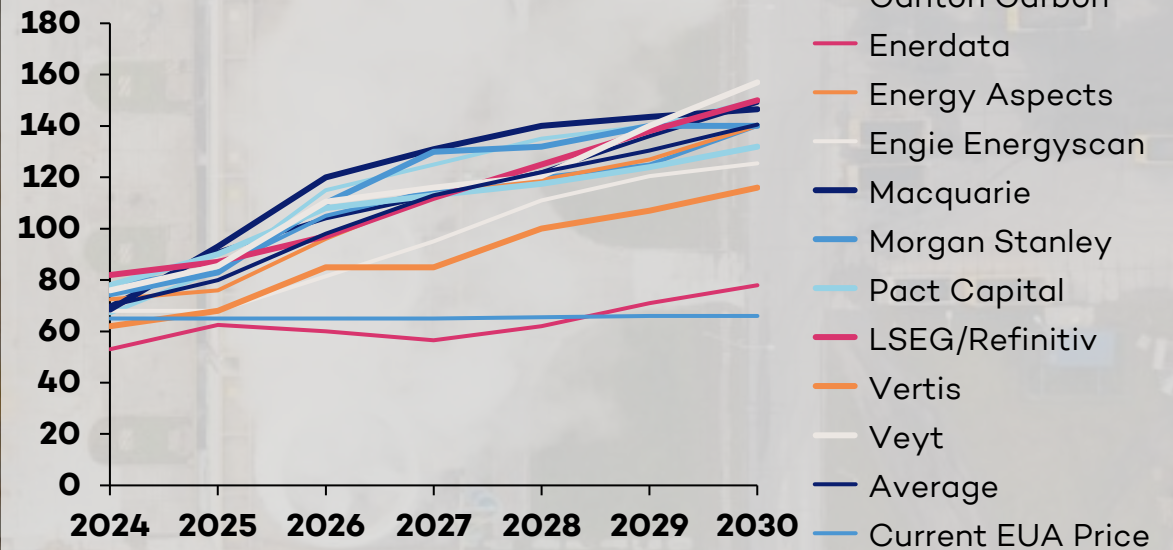


Free allowances will decrease continuously...



While the EUA¹⁾ price will increase continuously

All carbon markets expert analyses forecast an increase in the EUA price (Source: Carbon Pulse, January 2024 survey)



1) European allowances (EUA)



As carbon prices
rise, it's time to
think about decarbonization

Five step strategy

to start your decarbonization journey



Establish the carbon emissions baseline

... using emission factors to identify CO₂e contributors



Identify your specific "hot spots"

... within sourcing categories and for specific suppliers



Validate the carbon emissions baseline

... by replacing emission factors with primary data



Develop a decarbonization roadmap

... clustering activities into short- and long-term measures



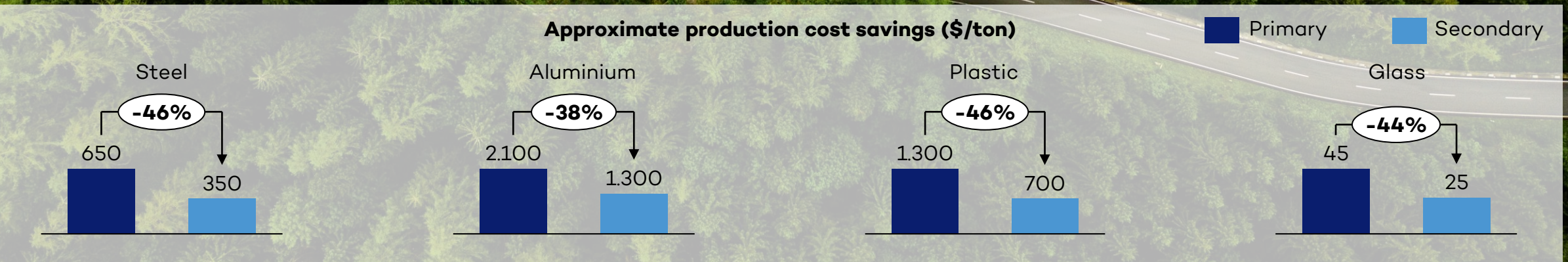
Build a measure tracking methodology

... incl. a dashboard to ensure continuous progress tracking



Secondary material sourcing

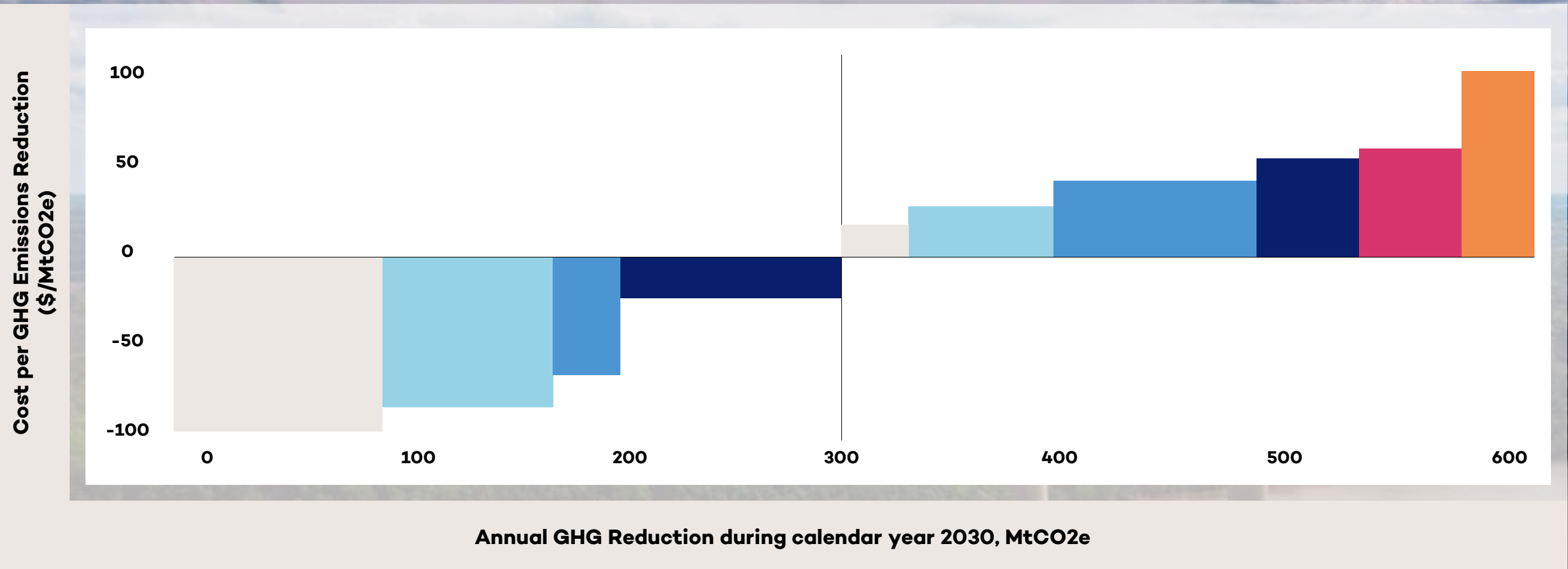
The beginning of cost-effective decarbonization



Sources: World Economic Forum, World Steel Association, Recycling Today, London Metal Exchange, International Aluminium Institute, Plastics News, Glass Packaging Institute, International Rubber Study Group.

CO2 reduction means higher costs?

Not necessarily...



Electricity

Raw materials

Buildings

Transportation

Waste management

Water management

Have you begun your

Decarbonization Journey

amidst the cost driven storm?



An aerial photograph of a winding asphalt road with white dashed lane markings, curving through a dense, lush green forest. The trees are tall and appear to be a mix of deciduous and coniferous species. The road starts from the bottom right and curves towards the top right.

Let's discuss!

...come and meet us at booth D07



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