Supply chain sustainability and business continuity planning

Business in the Community &
Climate NI

Business in the Community

- Business in the community NI are Northern Ireland's only network for responsible business
- 270+ members
- We provide members with dedicated support and expertise on their responsible business activities

OUR VISION

TO ACHIEVE A WORLD WHERE RESPONSIBLE BUSINESS IS AT THE CORE OF EVERY ORGANISATION

OUR PURPOSE

TO INSPIRE AND SUPPORT BUSINESS TO BE A FORCE FOR GOOD

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Climate NI Programme Vision

> *Climate Northern Ireland is a cross-sectoral partnership devoted to understanding and enabling adaptation and mitigation actions in Northern Ireland that can address the climate emergency.*

Climate NI Programme Aims

- **Support development and implementation of climate policy** by enabling the exchange of expertise and advice between Government Departments, public bodies, and civil society.
- **Engage the research community** to help define and address evidence needs for climate policy and action.
- **Increase co-ordination and awareness on climate change** through partnership and clear communication.
- **Enable delivery of climate action in NI** by addressing barriers and building capacity at local, regional and national levels.

Funded via the Carrier Bag Levy by:

Department of Agriculture, Environment and Rural Affairs www.daera-ni.gov.uk | An Roinn Talmhaíochta, Comhshaoil agus Gnóthaí Tuaithe | Depairtment o' Fairmin, Environment an' Kintra Matthers

Climate Northern Ireland is funded by DAERA to raise awareness of and support climate change policy development through stakeholder engagement.

Housekeeping & agenda

- Mute microphone when not speaking
- Raise hand or use the chat to ask questions
- Fully focus – limit distractions around you and participate in activities (use the workbook alongside activities!)
- Confidentiality

Part 1

- Climate change and risk
- Global supply chains & vulnerability
- Supply chain resilience

Part 2

- Activity: supply chain mapping
- Business continuity planning
- Resilience strategies

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CLIMATE CHANGE & BUSINESS RISK

Setting the scene

- Climate change is a threat to <u>all</u> businesses. Climate change in Northern Ireland will mean warmer, wetter winters and hotter, drier summers

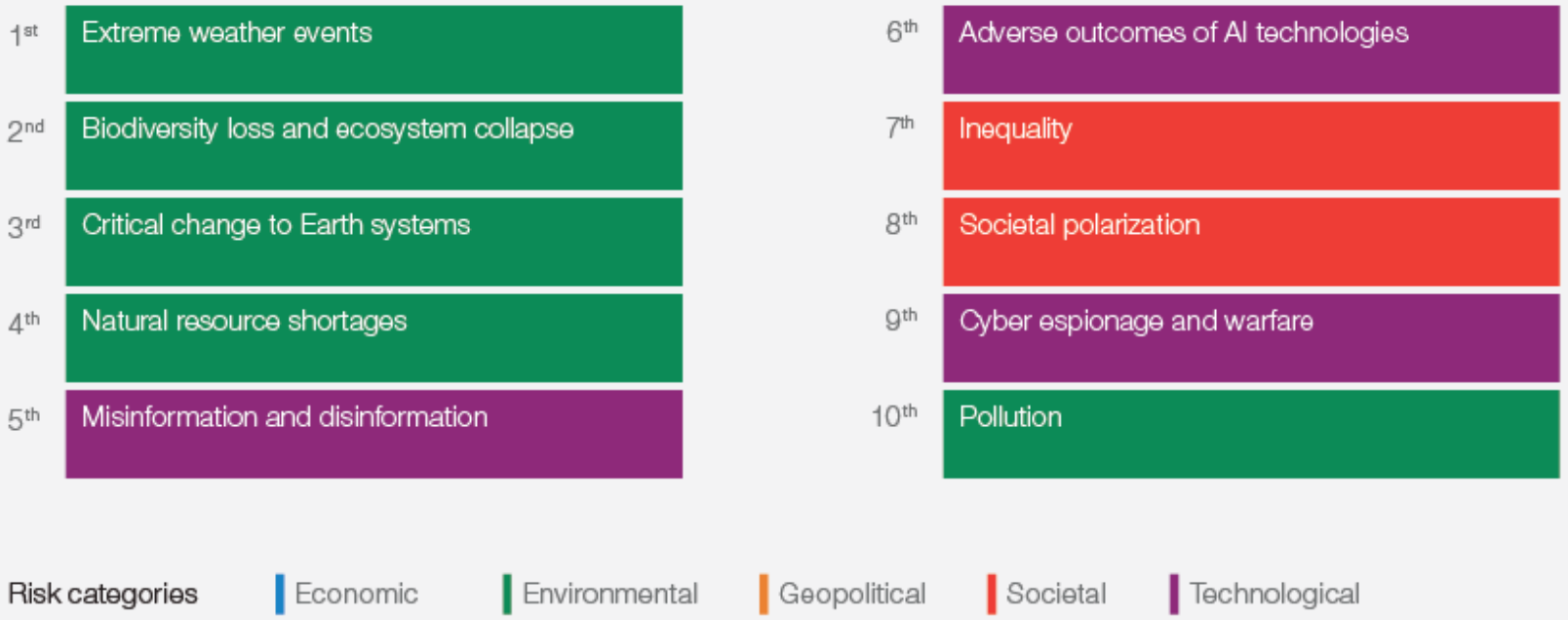
- The primary climate change risks across the UK and Ireland are storms, flooding and heatwaves. These can cause disruption, delay and frustration.

- However, living and working in a global market means that **global climate change impacts** can also affect your business

"Our supply chain has encountered several disruptions stemming from natural disasters and unforeseen incidents that have been impacted by climate change"

FIGURE 2.2 **Global risks over the long term (10 years), ranked by severity**

"Please estimate the likely impact (severity) of the following risks over a 10-year period."



Source

World Economic Forum Global Risks Perception Survey 2024-2025.

FIGURE 2.3 **Global risks over the long term (10 years), by region**

Source

World Economic Forum Global Risks Perception Survey 2024-2025.

Note

Each column represents the top 5 risks by region. Sample size by region varied, and all respondents were weighted equally for the purposes of global rankings. The results are based on the following: Eastern Asia, n = 38 (4% of total), Europe, n = 345 (40%), Latin America and the Caribbean, n = 105 (12%), Middle East and Northern Africa, n = 52 (6%), Northern America, n = 140 (16%), South-Eastern Asia, n = 46 (5%), Southern Asia, n = 78 (9%) and Sub-Saharan Africa, n = 49 (6%).

Business Impacts: managing risk

Climate change risks can be managed like any other business risks.

Approaches to assessing and mitigating risks may include **business continuity planning, risk management, supply chain resilience**

These can help you to:

- Assess your strengths and weaknesses
- Identify and manage any significant impacts
- Secure cost savings and internal efficiencies

What is one thing that has disrupted your business or supply chain in the past few years?

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SUPPLY CHAINS & VULNERABILITY

Changing Perceptions of Global Supply Chains

Early to mid 1900's: relatively simple, localised, and vertically integrated

Mid-1980s Onwards: Globalised, fragmented supply chains seen positively

Boom in Trade: International trade outpaced global GDP growth

Post-2008 Recession: economic uncertainty and a wake-up call for many in relation to understanding your supply chain

New Risk Narrative: Supply Chain Resilience beginning to gain some focus in research and policy

2020/21 impact of covid: disruptive impact on global supply chain management, much more severe and wide-reaching than the 2007–2009 recession

2025: emerging climate risk

How are supply chains adapting?

Nearshoring	• Covid highlighted the vulnerabilities of long global supply chains and dependency on single-country sourcing. Is nearshoring a solution to this?
Digitisation	• The digital transformation of supply chain management includes increased automation, better predictive analytics and the use of AI
Risk management	• Better supplier risk management includes vetting suppliers' financial health and developing multi-sourcing strategies to avoid dependency
Lean operations	• eliminating waste and streamlining operations, which can reduce costs but also can feed into circular economy and emission reduction
Collaboration	• Closer supplier relationships and collaborative planning can improve communication and ensure better coordination across the supply chain

Resilience & vulnerability

- **Supply chain vulnerabilities**: weaknesses that can potentially disrupt business operations, induce delivery delays, incur extra costs, or expose sensitive data to security breaches.

- Disruptions or supply chain vulnerabilities include:
  - Natural disasters
  - Extreme weather events
  - Pandemics
  - Cybersecurity and AI
  - Operational risks

- **Supply chain resilience**: a supply chain's ability to anticipate, adapt and recover from these types of disruptions.

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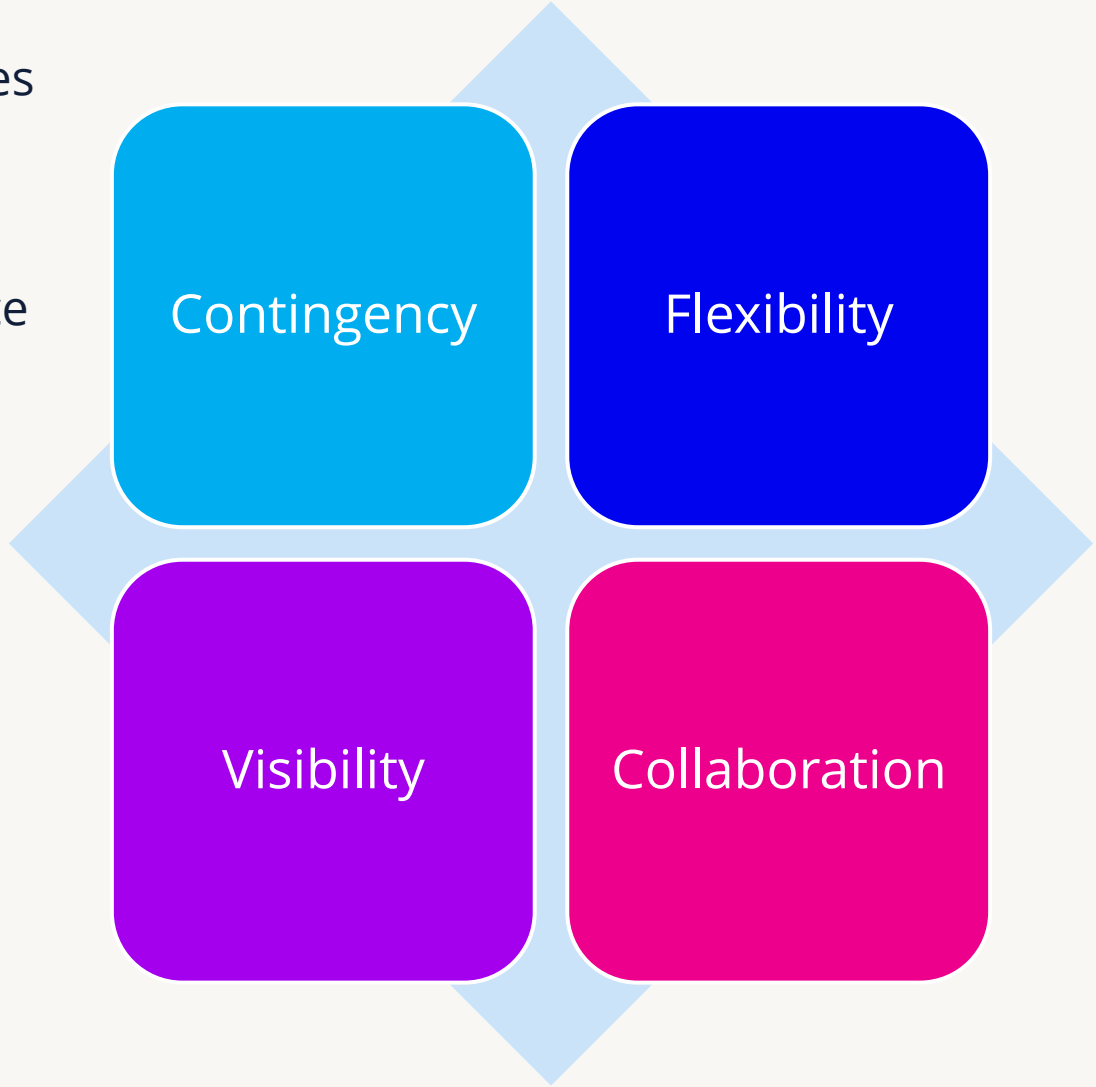
SUPPLY CHAIN RESILIENCE

- Having back up processes
- Plan B
- Maintaining extra inventory
- Contingency plan in place for emergencies



- Act fast
- Adjust business operations
- Accommodate unexpected issues arising

- Transparency
- Clear communication
- Ability to address issues as they arise

- Building relationships
- Internal and external partners
- Supports Scope 3 measurement

Resilient supply chains maintain continuity by minimising the impact of disruptions and ensuring customer satisfaction

Introduction to today's case study

FINNEBROGUE – BUILDING RESILIENCE THROUGH SUSTAINABILITY

For Finnebrogue, *sustainability* and *resilience* in food production go hand in hand. In their words "the food industry is fundamentally dependent on the **natural world** - from how and where crops are grown and how livestock are reared, to the materials Finnebrogue use for packaging and the transport systems that move ingredients and products across the supply chain. Every link in the chain depends on **natural resources and healthy ecosystems**".

Benefits of resilient supply chains

Business Continuity

- Ensures smooth operations during disruptions, minimising downtime and maintaining customer satisfaction

Risk Mitigation

- Anticipating and addressing potential issues before they escalate

Agility & Flexibility

- Enables quick adaptation through potential supplier diversification

Transparency

- Transparency and visibility along the supply chain

Compliance & customer expectations

- Promotes ethical sourcing and renewable energy use, supporting environmental goals and regulatory compliance

Finnebrogue's supply chain management

"Strong supply chain management has delivered tangible benefits for Finnebrogue - from improved risk management and supplier relationships, to cost savings and innovation. The company's innovative **Supplier Environmental and Social Assessment (SESA)** has created visibility across the supply base, helping benchmark and track the sustainability performance of suppliers against key ESG criteria"

Finnebrogue presenting one of their suppliers with a ***Finnebrogue Supplier Sustainability Award***

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SUPPLY CHAIN MAPPING

Supplier tiers

Supplier tiering categorises suppliers based on their importance and proximity to the final product

- **Proximity**: the distance the supplier is from the final product.

How closely is the supplier involved in the physical creation of the final output?

- **Importance**: the impact a supplier has on the company's success, considering factors like cost, quality and delivery timelines.

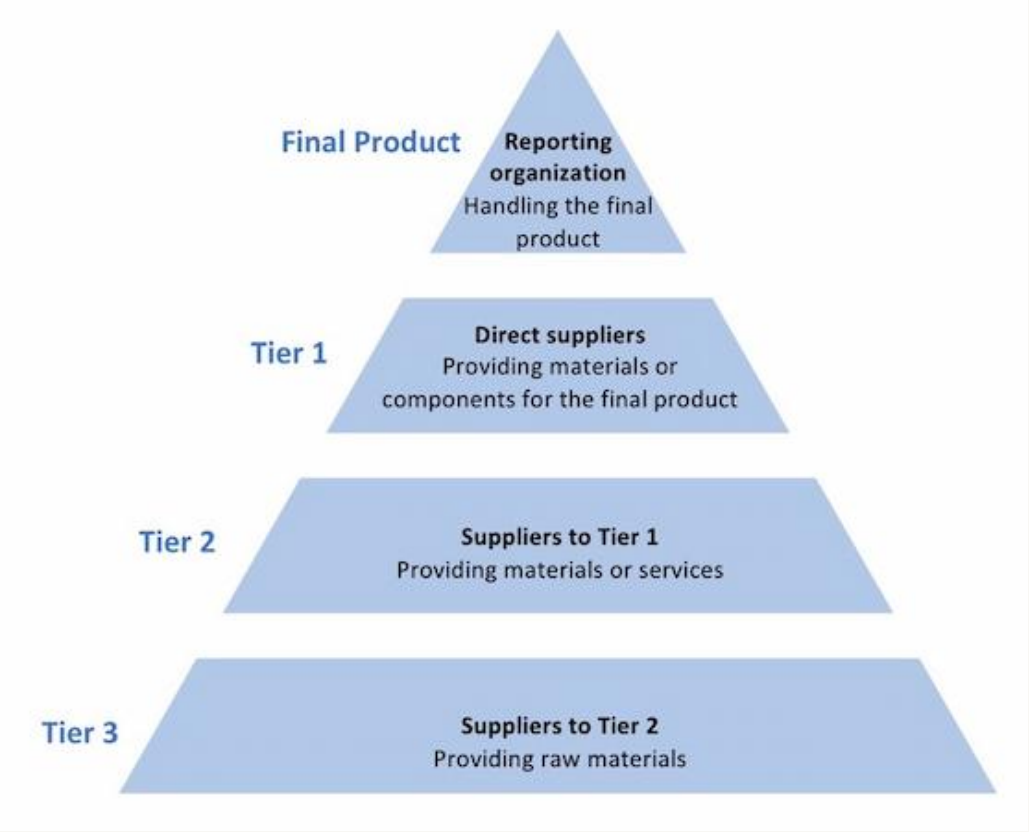
Is the company reliant on this supplier?

Example: clothing company

Tier	Supplier type	Example	Role in supply chain
1	Finished goods manufacturer	A garment/clothing factory	Assembles the final clothing products and transports them to the clothing brand or retailer
2	Component supplier	A textile mill	Produces the fabric (cotton, denim etc) used by the tier 1 factory to make clothing
3	Raw material supplier	A cotton farm	Grows and harvests the raw cotton that is woven into fabric by the tier 2 supplier

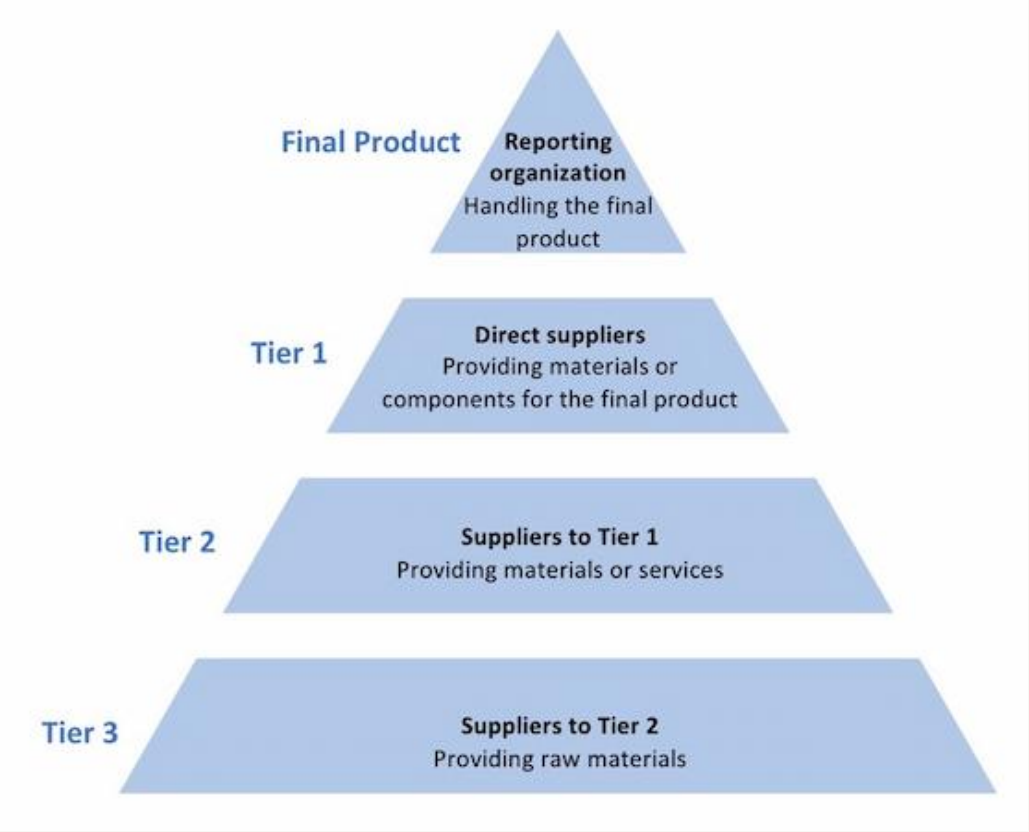
Tier 1 suppliers

- Suppliers you directly engage with – these are your closest business partners
- They're also known as manufacturing partners who provide essential services and components used directly in your finished product.
- They have a significant impact on your business, specifically on your product's cost, quality and delivery timelines.
- High **proximity** and high **importance**



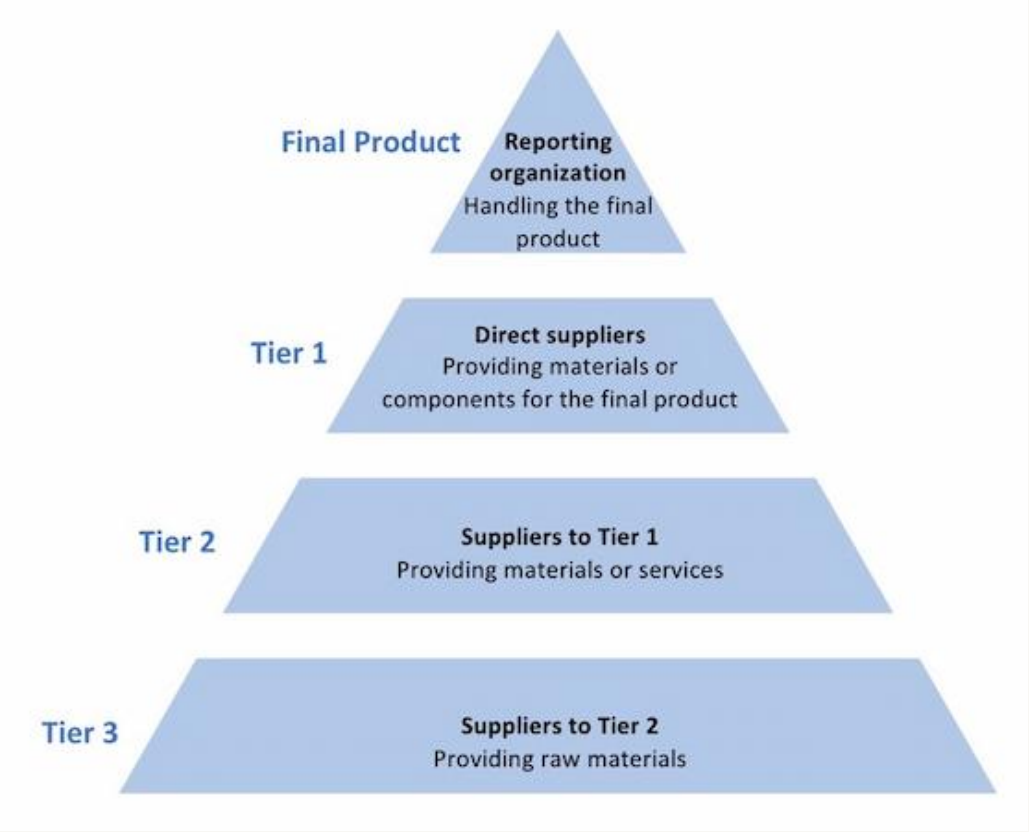
Tier 2 suppliers

- Often referred to as secondary suppliers
- These companies supply materials or services to your tier 1 suppliers, making them one step removed from the end product
- They can have an indirect impact on product quality and delivery



Tier 3 suppliers

- These suppliers are even further removed from the final product
- They typically provide raw materials or services to your tier 2 suppliers
- While their impact on the end item is indirect and generally considered less significant than tier 1 and 2 suppliers, they are still the base of the entire supply chain, and are essential for business success



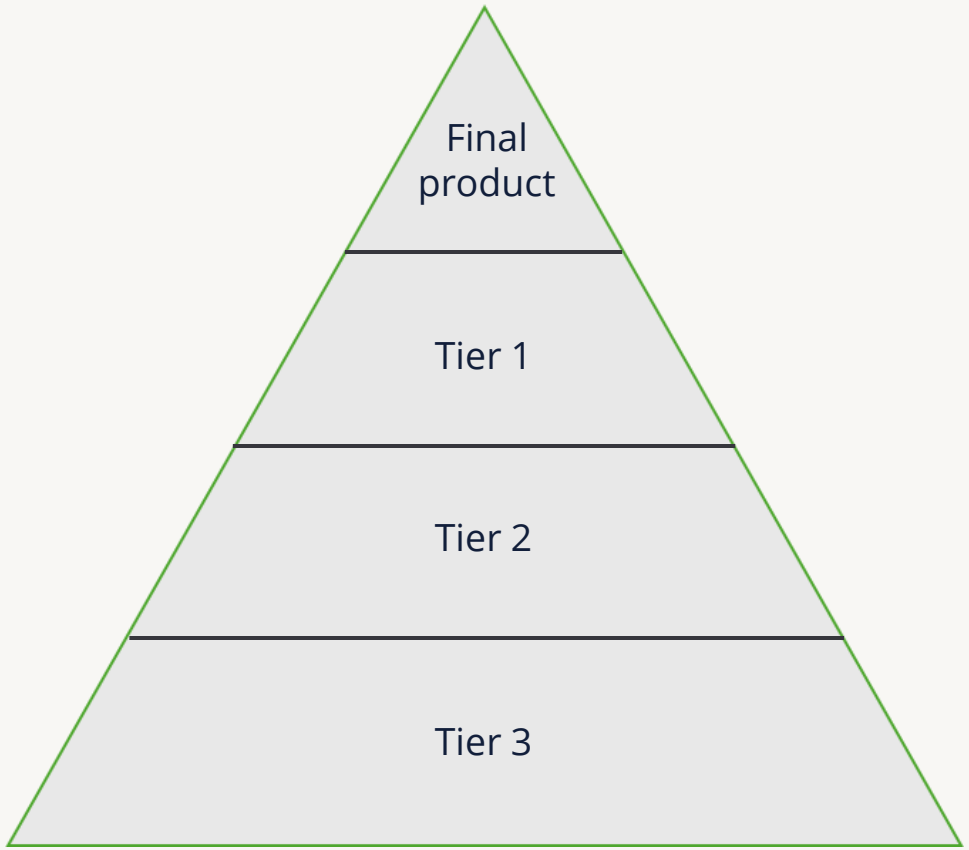
Activity 1: Supply chain mapping activity

Breakout rooms for 10 minutes

- Discuss your supply chains and begin to form a tiered map of your suppliers
- What are the relationships between tiers
- Consider the levels of proximity and importance to you

Refer to your workbook for guidance and to make some notes

10 mins



Focus on your tier 1 suppliers: How are those organisations at risk from climate change?

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RESILIENCE STRATEGIES

Resilience strategies

Inventory management	Supplier management	Data gathering	Map your supply chain	Supplier questionnaire
• Automation and agility	• Manage relationships & diversify	• Informed decision making	• Know every link	• Vetting for reliability

Examples:

- Sourcing from multiple vendors to reduce risk and increase flexibility
- Collect accurate data to spot risks early and make decisions fast
- Automate stock take to respond quickly to demand changes and reduce waste
- Visualising the full supply chain to identify weak spots and foster transparency

Construction sector example

- **Supplier diversification by climate zone**: source materials from regions with different climate profiles to reduce disruption risk eg diversifies timber suppliers across regions to avoid shortages due to wildfires or strikes
- **Weather-Responsive Scheduling**: Integrate climate forecasts into project timelines to avoid delays from storms or heatwaves eg using predictive weather tools to reschedule concrete pours during heat alerts.
- **Green Infrastructure Investment**: Build with nature-based solutions like green roofs and walls and more trees for share to manage urban heat and water runoff eg a landscape architect includes rain gardens in public park designs to reduce flood risk
- **Nearshoring:** Reduce reliance on long-haul transport vulnerable to climate disruptions eg sourcing bricks from a nearby manufacturer to cut transport costs and reduce delays.

Food sector example

- **Forecasting**: A supermarket chain uses seasonal trends and loyalty data to predict demand for fresh produce to reduce wate
- **Supplier Management**: Builds relationships with multiple farms to ensure steady supply during disruptions.
- **Diversify**: Adds plant-based product lines to meet changing consumer preferences and reduce reliance on meat.
- **Map Your Supply Chain**: Trace ingredients from farm to shelf to ensure food safety and compliance.
- **Supplier Questionnaires**: Evaluates growers on pesticide use, labour practices, and climate resilience.

Sustainable Sourcing

Supplier Environmental & Social Assessment (SESA)

In January 2024 Finnebrogue launched an initiative to baseline and score our supplier ESG maturity to identify risks and opportunities for sustainably sourced goods.

The **Supplier Environmental & Social Assessment** (SESA) aimed to collect data from all ingredient, packaging, and meat suppliers on the following topics:

- Supplier energy and decarbonisation targets
- Biodiversity policies
- Water consumption monitoring
- Forest risk commodity mapping – Soya, Palm Oil, etc
- Supplier social policies
- Human Rights policies
- Supply chain risks

FOODS CONNECTED

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BUSINESS CONTINUITY PLANNING

In summary...

Business Continuity Planning (BCP) refers to the process of creating systems and strategies that ensure a company can continue its operations in the event of a disruptive incident

BCP can include: risk assessment, contingency planning, communications plans, supply chain mapping

Why bother?

Integrating BCP into an organisation's overall strategy is essential for ensuring long-term resilience.

What is one action your organisation could take to improve resilience?

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Next steps

Please take a few minutes to provide some feedback on todays session and let us know if there are any other areas you'd like us to cover in upcoming webinars

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Supply chain resilience webinar feedback

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Thank you!