



## Introducing COSIRI

### – Video Transcript

Hi. Thank you very much for your interest in COSIRI. For the next few minutes, I will share with you why sustainability is increasingly becoming a necessity for companies, what some of the forces at work, and the headwinds that we can expect on the horizon.

I will share our COSIRI framework with you, explain how you can use it to determine your sustainability readiness, and how it can help you reach your sustainability targets and goals.

Let's take a look at some of the forces at work. With stakeholder expectations shifting, sustainability has become a necessity for companies. Investors such as private equity, bankers, lenders, and venture capitalists are all adding sustainability to their investment considerations.

Employees want to work for companies who care about the environment and society.

Consumers, on the other hand, especially the younger ones, are willing to pay more for products that are sustainably produced.

On regulations, we see more and more of it coming in.

In the EU, new regulations on supply chain sustainability, greenwashing, corporate reporting and carbon adjustment tax will all be enforced in the next few years.

Adding to this are NGOs, local and international, holding companies responsible for polluting to justice.

All of these and more are forces that will drive companies towards practising sustainability. This will be the new normal.

Amongst all the broad sustainability issues, the environmental drive towards net-zero has gotten the strongest pressure.

Governments worldwide are driving companies to reduce their GHG emissions, and some of the measures taken include a carbon tax and the move away from fossil fuel vehicles.

The manufacturing sector is said to be the leading GHG emitter. The EU CBAM (Carbon Border Adjustment Mechanism) imposes a tariff on goods from exporting countries that do not have a carbon tax.

As responsible corporate citizens, more and more companies are committing to reducing their carbon emissions in the supply chain. And that means Scope 3.

So, how do you go about doing it?

Let me first introduce the principles of sustainable manufacturing to you. The principles of sustainable manufacturing comprise two functions: the levers and the enablers.

The levers are where the GHG emissions are, i.e. operations, procurement, supply chain, product design, circularity, and clean tech. The enablers, on the other hand, provide the supporting functions to help realise these goals. That could be in strategy, target setting, capital allocation, and not forgetting risk management and change management to transform the company towards a new modus operandi that embeds sustainability into it.

With that, let me introduce you to the COSIRI framework, which fulfils all these eight principles.

The COSIRI Framework comprises four building blocks. First, the Strategy and Risk Management. Second, the Sustainable Business Processes. Third, on Clean Tech. And fourth, on Organisation and Governance.

There are all together 24 dimensions. The building block of Strategy and Risk Management is divided into two pillars: the Strategy pillar and the Risk Management pillar. Within the Strategy pillar, you get to see the dimensions called strategy and targets, ESG integration throughout the whole organisation, green business modelling, and importantly, capital allocation.

The other pillar under Risk Management can be physical climate risk, which includes wildfires, forest fires, floods and so on and so forth. Transition climate risk is the change in consumer behaviour, regulations and tax, followed by compliance risks and reputation risks.

The building block of Sustainable Business Processes comprises the four pillars of Operations, Procurement, Supply Chain, and Product Life Cycle, or what we call Circularity. Next come the two pillars and the two dimensions of Clean Technology, which are its adoption and transparency and optimisation.

The last building block is on Organisation and Governance, and that is about talent readiness, developing the workforce, training them, providing KPIs and the leadership to get into this new way of doing business, which includes sustainability. Now, let me share how an assessment is done on-site with you, and I want to emphasise that all assessments are done on-site—at the

factory, together with the management team. We ask the management team a couple of questions on each of the dimensions.

Let's take, for example, this one on the sustainable procurement process. We ask if you issue sustainability RFIs. Do you rate and monitor your suppliers on their sustainability performance? Do you carry out sustainability due diligence on your suppliers? Do you collaborate and work with them to achieve a higher sustainability standard? As we ask the management team all these questions, we get an exchange from them.

Based on some of the feedback, we allocate the appropriate band to the answers given. There are six different bands, starting from zero all the way to five. Zero is the lowest of all, and five is the most advanced.

Now, take that into consideration and multiply that effort 24 times. That is how we complete the 24 dimensions of the COSIRI framework.

Upon completion, the assessor returns to the office and enters the data into our platform. We call it our COSIRI Platform.

At some point, upon the collection of all the data, the scores from the 24 dimensions combined with the GHG emission profiles, the rankings of the sustainability business objectives, and the proximity factor that compares the scores of the 24 dimensions against the Best-in-class. We put all of them together, ferment it, cook it, and the outcome is what we call the Prioritisation Matrix.

The Prioritisation Matrix comprises four dimensions, each lifted off from the building blocks. So, within the Strategy and Risk Management, one is taken off from there, another is taken off from the Sustainable Business Processes, another is lifted off from Clean Technology, and another is taken from the Organisation and Governance.

Putting them together, this comprises the four dimensions of the prioritisation metrics. The plus one is where we return to the Sustainable Business Processes to select one more. In total, these five Prioritisation Matrix dimensions are the ones that will give you the highest impact to produce the results for the next 24 months when you work on it.

As you enter our COSIRI Platform, all of these will be automatically generated for you and the outcome of it is what we call an Assessment Report.

The Assessment Report will be anywhere from 25 pages to 30 pages. It comprises a score of all 24 dimensions and the assessment notes that are inputted by the assessor. You also get the Best-in-Class comparison, which is what I'll show you in a minute, the Prioritisation Matrix, and recommendations for improvements. The rating that you get is valid for two years.

This is what we call the Best-in-Class comparison across the 24 dimensions. You get a comparison to see where you stand relative to the best in the industry. You can compare it in three categories. Better than Best-in-Class, in other words, you are actually performing better than the industry's best. And you can get into those that are similar in scoring with the industry best, and the last one would be the lower than Best-in-Class.

This is where you need to put a little bit more attention and effort into it.

Within the report, you'll also get a 3B Benchmark. Here, you can see what scores are in the lowest 10%, the middle 80%, and the top 10%.

COSIRI follows what we call a LEAD framework, where you get to learn about the key concepts and establish a common language for alignment within your organisation. You get to evaluate the state of your existing facilities, in other words, your factory's sustainability practices and how ready they are to get into the next level of transformation.

You also get to architect a comprehensive transformation roadmap on how you can take from where you are today to the next two years and how you can achieve that goal. Eventually, it is to deliver the impact and to sustain your transformation activities.

If the above 24 dimensions framework (also called COSIRI-24) is too daunting for you, we have a lighter version called COSIRI-10. The COSIRI-10 assesses only 10 dimensions within the Sustainable Business Processes. The focus is very much on GHG reduction, along with the dimensions of strategy, risk management, workforce development, etc.

The COSIRI-10 is most suited for SMEs who are just starting their sustainability journey. The assessment will help uncover areas to reduce GHG emissions beyond their immediate shop floor, such as supply chain, logistics, and product design.

In the process, we collect a lot of data that allow us to further analyse in what we call the XIRI-Analytics beyond the assessment report. This is going to be a separate product which we will explain a little bit more in detail in the subsequent videos. But this is where much greater details of analytics can be developed.

I'll give you an example of what it is like. If you are the government and you would like to look at what are some of the maturity indexes of various industries, whether it is electronics, semiconductor, textile, food and beverage and so on and so forth, we can develop this archetype based on the data that we have collected.

Over here electronics is doing the best because they are at the top left-hand corner, but at the lowest end of it, you see food and beverage, textile clothing, leather and footwear. They are really at the bottom end of it. In other words, they're not doing very well when it comes to sustainability practises.

As a government, how do you help them? You re-engineer back to where you started with the 24 dimensions and look into the scores. This is all in Xiri-Analytics. Whether it is in the training part of it, the workforce development part of it, the capital funding part of it, or in other aspects. This is where “help” is most accurate to help, to push up their performance in ESG.

I hope all of these give you an idea of what COSIRI is, what it can do for you, and how you can create your sustainability transformation roadmap. If you would like to know more, please visit our website at [www.incit.org](http://www.incit.org), or contact us, and we will be happy to help you with your transformation journey. Once again, thank you for your interest in COSIRI.