

Ennovi's Strategy for A Sustainable Supply Chain



In this Q&A, ENNOVI's Chief Sustainability Officer, Nantha Kumar, discusses how ENNOVI is navigating geopolitical challenges in the current global supply chain amid rising cost, and the strategies for achieving net zero emissions by 2040.

How does ENNOVI address challenges in the automotive and e-mobility industries while keeping sustainability goals?

The issues around sustainability in the automotive and e-mobility industries are complex and intertwined. Yet, demonstrating sustainability is important for business resilience, as it can impact a company's ability to attract talent and investment. ENNOVI's strategy is built on six pillars: Environmental Stewardship, People Excellence, Driving Innovation, Quality Excellence, Sustainable Procurement, and Good Governance.

Sustainability in the supply chain is a critical challenge. We ensure that our suppliers adhere to global regulations regarding climate change, human rights, and responsible sourcing, including

conflict minerals. Their action plans must align with UN Global Goals, particularly those focused on reducing greenhouse gas (GHG) emissions and promoting decent work.

The company has received the EcoVadis Platinum Rating for four consecutive years, placing it in the top 1% of evaluated companies globally. This award demonstrates our sustainability across our operations with a transparent and traceable supply chain, and our commitment to a culture of decent work and best labour practices.

ENNOVI has implemented energy-efficient practices, invested in renewable energy, and reduced water usage. We continue to work diligently to reduce GHG emissions both within our operations and throughout our supply chain. Our GHG reduction targets are aligned with our customers' sustainability goals, and we aim to achieve net zero emissions and source 100% renewable electricity by 2040. We are also proud to have achieved a B rating from CDP in Climate Change and Water Security.

How do you manage the costs of sustainability in a competitive landscape?

Managing the costs of sustainability in a competitive landscape can be approached using a blend of different strategies.

Long-term perspective: investing in sustainable practices often leads to long-term savings. Evaluating the full lifecycle costs of products and services, including disposal and recycling, is essential. Incorporating sustainability into risk management can mitigate future environmental and regulatory risks.

Prioritise initiatives: conducting a materiality assessment helps identify the most critical sustainability issues. Establishing clear sustainability objectives should align with the company's core strategy, and implementing systems to measure and report on sustainability performance is crucial for transparency.

Leverage technology: ENNOVI is dedicated to driving technological progress and maintaining high-quality standards. Adopting energy-efficient technologies can significantly reduce energy consumption. We have developed innovative solutions like Press-Fit Technology and Green Laser Beam Welding to enhance product performance and sustainability.

Collaborate with stakeholders: engaging with suppliers can enhance sustainability across the supply chain. Partnering with non-governmental organisations brings in expertise, and involving customers in sustainable practices can lead to shared benefits.

Innovative financing: governments should implement policies that favour e-mobility. By offering incentives such as tax breaks, subsidies, and grants, governments can encourage consumers to adopt electric vehicles. Additionally, financial institutions can play a crucial role by providing green loans to e-mobility companies to support the adoption of the latest technologies and green initiatives.

Can you provide one example where ENNOVI has improved sustainability goals while increasing production?

ENNOVI is committed to sustainable production practices, minimising its environmental impact. We utilise natural resources responsibly and continuously strive to reduce water and energy consumption. In 2023, we achieved a 19% reduction in water consumption and a 4% reduction in energy consumption while increasing production, based on 2022 intensity levels. As a result of this productivity improvement, our GHG emissions decreased by 18% in the same period.

How does ENNOVI address the geopolitical challenges in a global industry with its supply chain, while remaining sustainable?

To address geopolitical challenges and ensure sustainability in the automotive and e-mobility industries, we should consider supply chain resilience and diversification, and sustainability and ethical sourcing.

In the current geopolitical situations, businesses face significant challenges in maintaining business continuity due to supply chain disruptions. To mitigate these risks, we have established local supply chains for local production. By developing local suppliers, we maintain business continuity and optimise production.

We established multiple suppliers for critical components and prioritise engaging with local suppliers with strong sustainability practices, including ethical labour practices, environmental responsibility, and social impact. This approach also contributes to local job creation and supports national efforts to achieve Sustainable Development Goals (SDGs). ENNOVI is also involved in various philanthropic activities, including supporting children with autism, tree planting, and donations to orphanages and schools.

How do you address good governance internally, as well as with your suppliers and customers?

The safeguarding of sensitive information and systems from cyber threats, data breaches, and unauthorised access is of paramount importance for ensuring the confidentiality, integrity, and availability of our data and assets. In recognition of this, we are dedicated to the implementation of information security measures that align with the ISO/IEC 27000 Information Security Management System standards.

Our strategy for the forthcoming year is to embrace the Trusted Information Security Assessment Exchange (TISAX) assessment and exchange mechanism, which is specifically tailored for the mobility industry. TISAX is an information security assessment that was established by the Association of the German Automotive Industry (Verband der Automobilindustrie) in collaboration with the European Network Exchange (ENX), a consortium of European automotive manufacturers. Our facility in Hangzhou, China, was awarded TISAX AL3 certification in December 2022, and we are intent on securing this certification for additional sites progressively.

To further protect our organisation's digital assets from cyber threats, we have adopted a robust cybersecurity framework that consists of a comprehensive five-step approach. This framework provides a structured method for managing and enhancing our security practices, allowing us to identify and mitigate potential cyber risks and threats effectively. It also includes emergency response plans and business continuity strategies at the departmental level for our IT systems.