

The role of supply chains in the decarbonisation of businesses

Meet the team



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Our mission is to accelerate the move to a decarbonised future.



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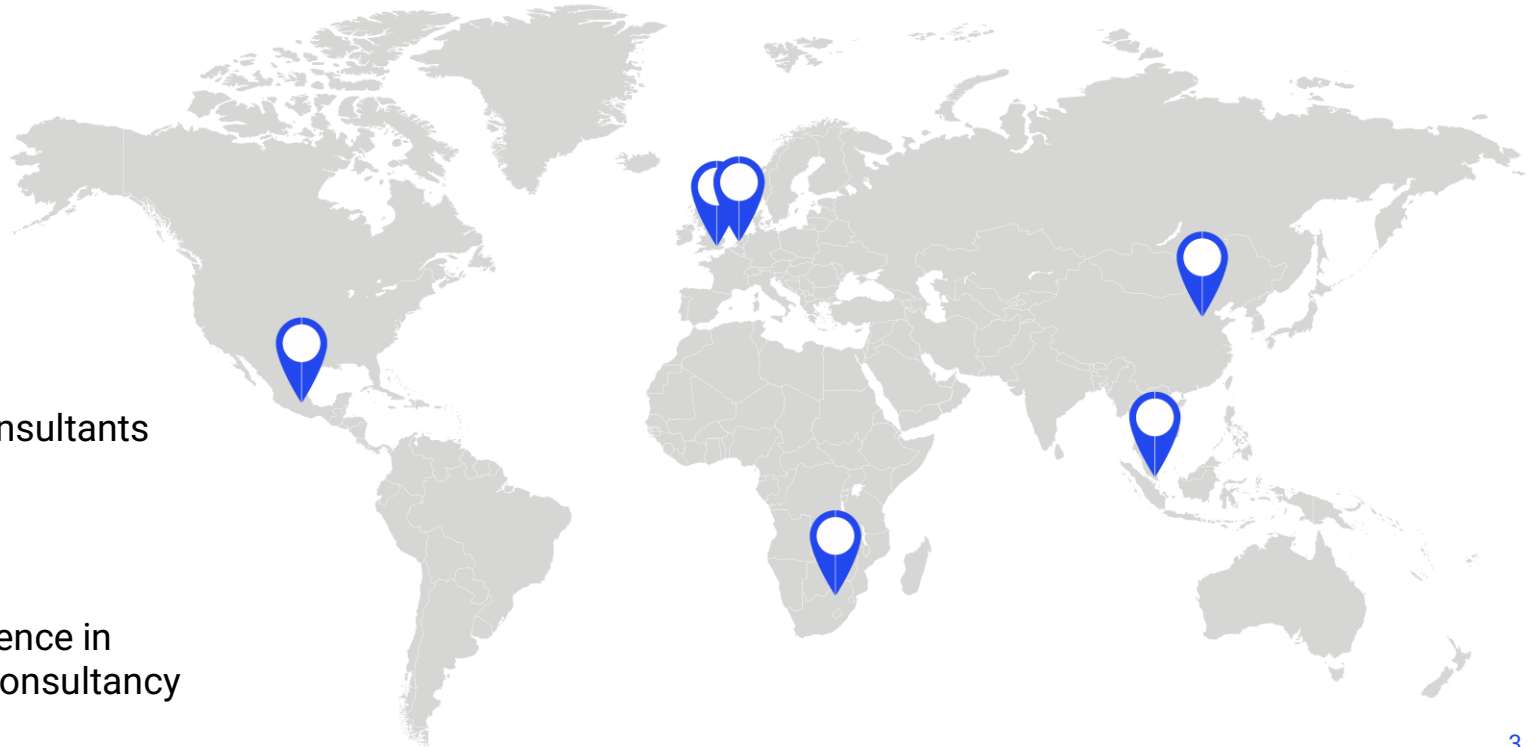
continents

400+

experts and consultants

20

years of experience in
sustainability consultancy



What we do



Strategy, delivery and reporting

We advise businesses, governments and the public sector on strategy, risks and opportunities, target setting, carbon reduction plans and transitioning to a low carbon world.

Target setting

Footprinting and reporting

Climate action and Net Zero planning



Assurance and labelling

We provide independent certification and assurance services that recognise real achievements in sustainability, enhance reputation and build trust with customers, investors and stakeholders.

Product carbon footprint label

Route to Net Zero Standard



Market transformation

We help design, implement and evaluate policies, business models and large-scale projects to meet ambitious carbon reduction targets.

Offshore wind

Green finance

Energy transition

Who we work with



Increasingly frequent extreme weather events and international climate-related policies are directly impacting global economies

Climate change turns up the heat on supply chains

'Buy local' becomes part of the corporate mantra in building business resilience to climate change



EMILIYA MYCHASUK [+ Add to myFT](#)

NEWS ANNOUNCEMENT | 29 September 2023 | Joint Research Centre

Greenhouse gas emissions from manufacturing: what difference across countries?

JRC estimations of embedded emissions in imported goods from 4 carbon-intensive industries will feed into the preparation of default values for the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) during the transitional period.



Earth saw its 3rd-warmest May in 174 years

North and South America saw their warmest May on record

Focus areas: Climate, Satellites Topics: monthly climate report, climate analyses and statistics, climate change

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June 14, 2023



Workers in



A large cluster of wildfires burns in Alberta, Canada, as seen from NOAA's GOES-18 satellite on May 5, 2023. May is NOAA's 174-year climate record. (Image credit: NOAA) [Download image](#)

It was another warm month for the globe, with May 2023 ranking as the world's third-warmest record.

A Supply Chain Issue: Panama Canal and Its Fight Against Climate Change

in Hellenic Shipping News | 29/08/2023




The Panama Canal's fight against climate change is well understood what appears to be an ongoing issue. In its latest weekly report, shipbroker Intermodal said that "as of the latest update, the Canal continues to grapple with the effects of a historic drought, in shipping markets in the region. The drought has compelled the Panama Canal Authority to implement measures to conserve water, including reducing maximum ship weights and daily ship crossings. This situation has significant implications for the global shipping industry, as the Panama Canal is a vital maritime route that connects the Pacific and Atlantic oceans, facilitating the movement of goods and commodities".

Apple's Supply Chain Is on a Collision Course With Climate Change

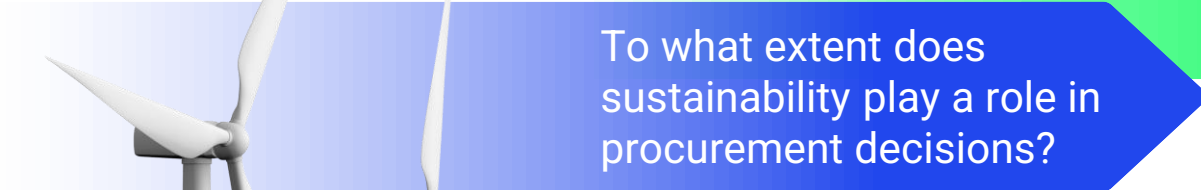
The iPhone-maker will need to be resilient as it spreads its manufacturing base across the places most impacted by global warming.

By [Tim Culpan](#), [David Fickling](#) and [Elaine He](#)
September 26, 2023 at 9:00 PM GMT+2

Poll – Insights into your organisation’s status quo



Roughly how many suppliers do you work with?



To what extent does sustainability play a role in procurement decisions?



THE CARBON TRUST X SDG FORUM

Today's agenda:

1. Introduction to value chain footprinting
2. The impact suppliers have on your GHG footprint
3. A strategy to engage with your suppliers
4. Interactive breakout session
5. Closing and questions

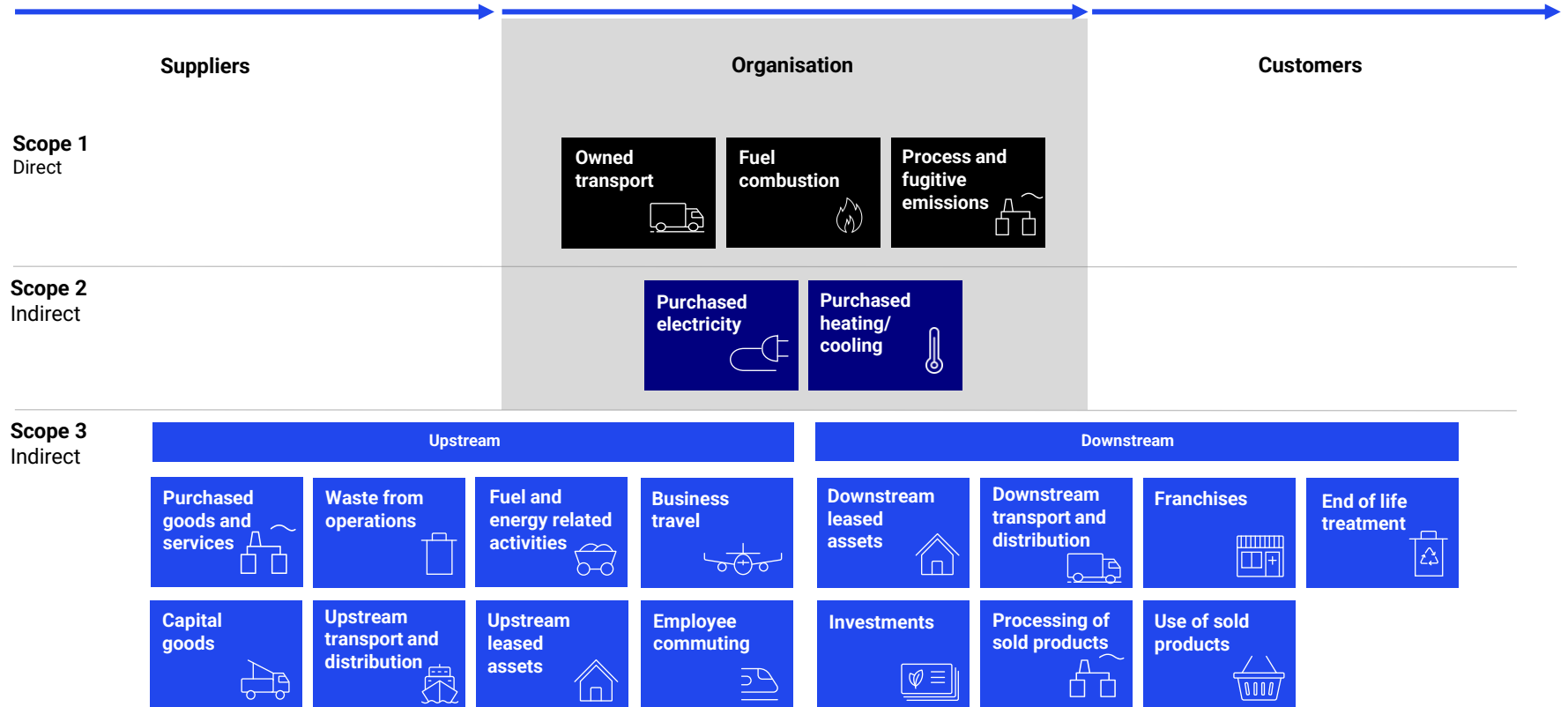


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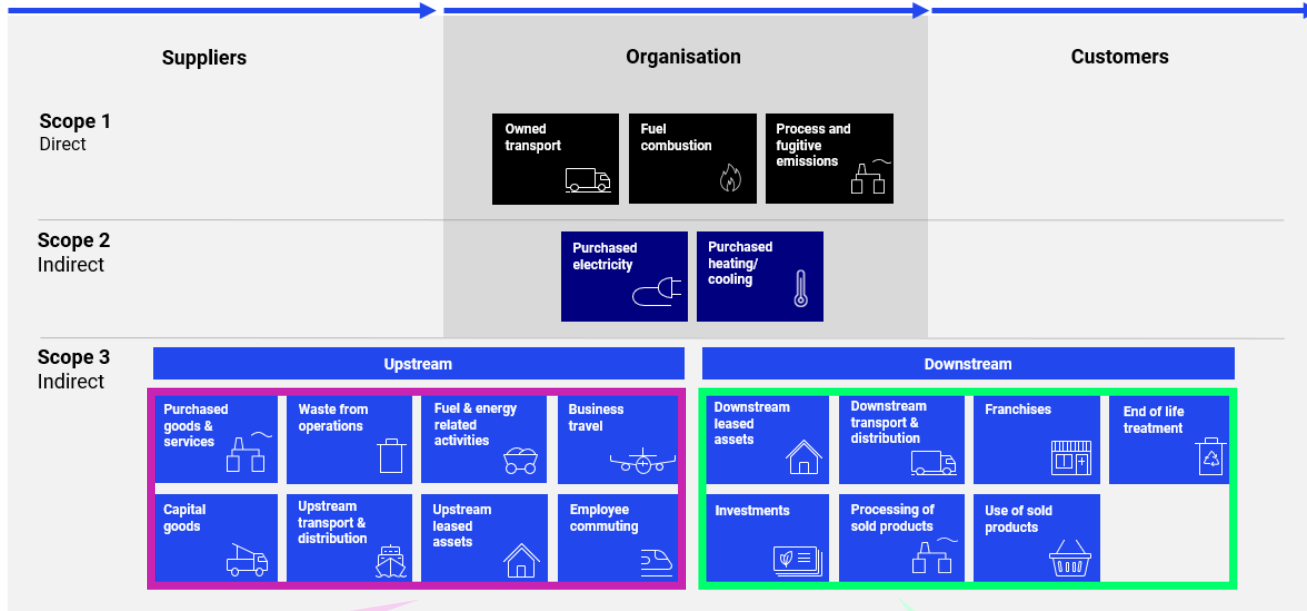
Introduction to value chain footprinting

The Greenhouse Gas Protocol defines how emissions across the value chain are categorised

Scope 3 emissions typically represent the majority of company emissions



Across Scope 1, 2 and 3 companies' emissions can overlap



These emissions can represent your upstream suppliers' Scope 1 and 2 emissions

These emissions can represent your downstream customers' Scope 1 and 2 emissions

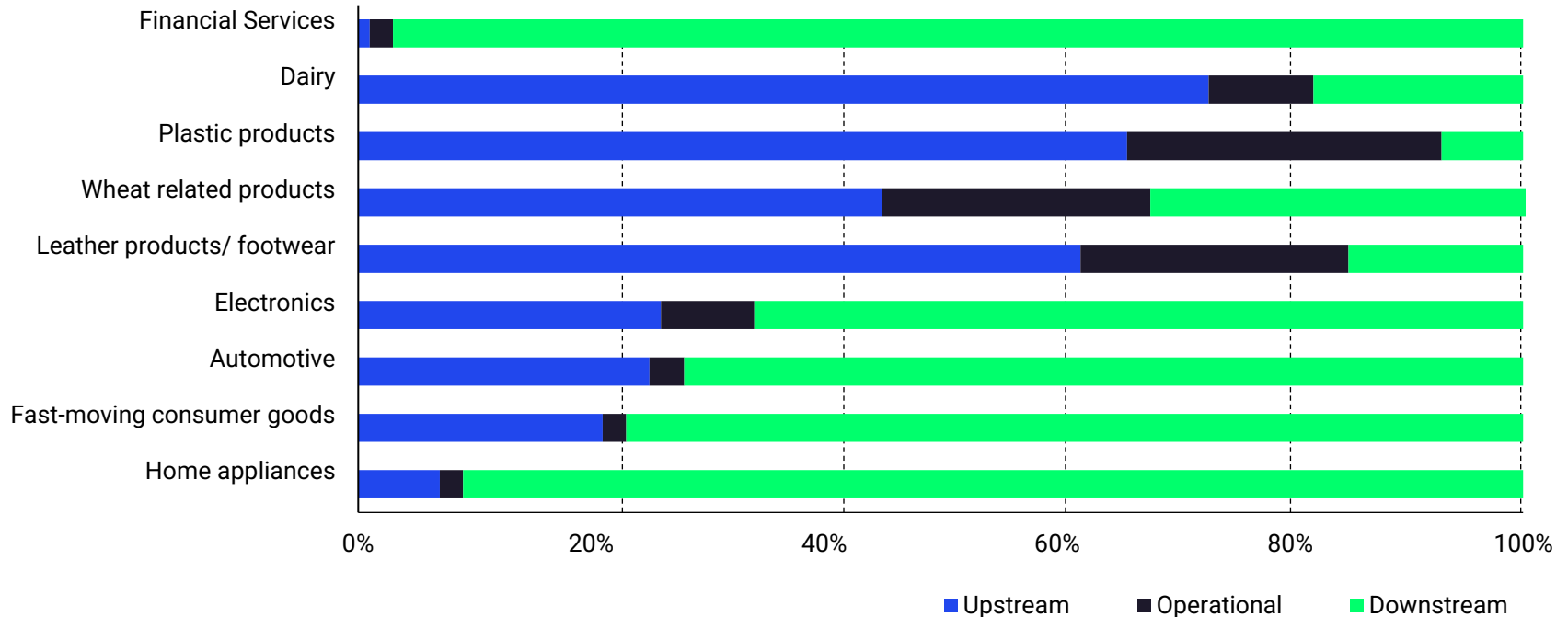


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The impact suppliers have on your GHG footprint

Composition of emissions will vary by sector and organisation, but Scope 3 emissions are often >70% of total emissions

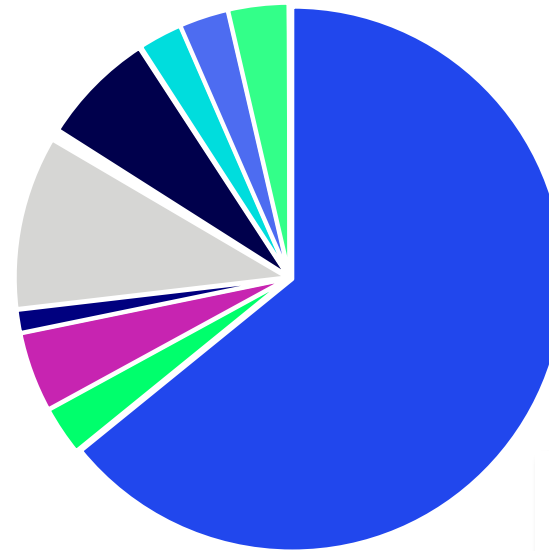
- Supplier engagement becomes increasingly important as share of upstream emissions increases



Goods procured is often one of the largest contributors to Scope 3 emissions

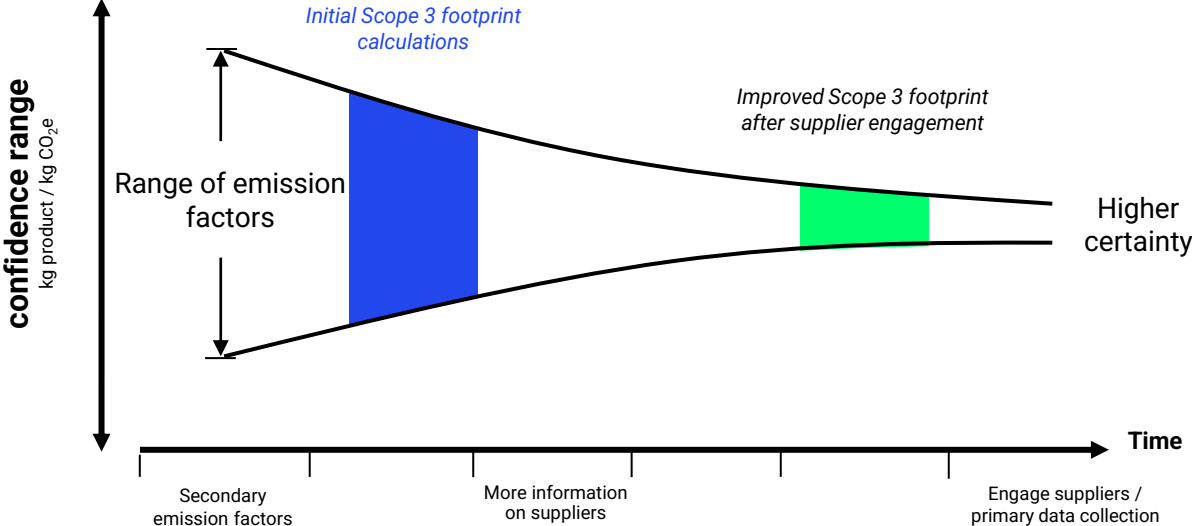
A typical food and beverage manufacturer

- 1a: Purchased goods and services (product)
- 1b: Purchased goods and services (non-product)
- 2: Capital goods
- 3: Fuel and energy related activities
- 4: Upstream transportation and distribution
- 5: Waste generated in operations
- 6: Business travel
- 7: Employee commuting
- 8: Upstream leased assets
- 9: Downstream transportation and distribution
- 10: Processing of sold products
- 11a: Use of sold products (Direct)
- 11b: Use of sold products (Indirect)
- 12: End-of-life treatment of sold products
- 13: Downstream leased assets
- 14: Franchises
- 15: Investments



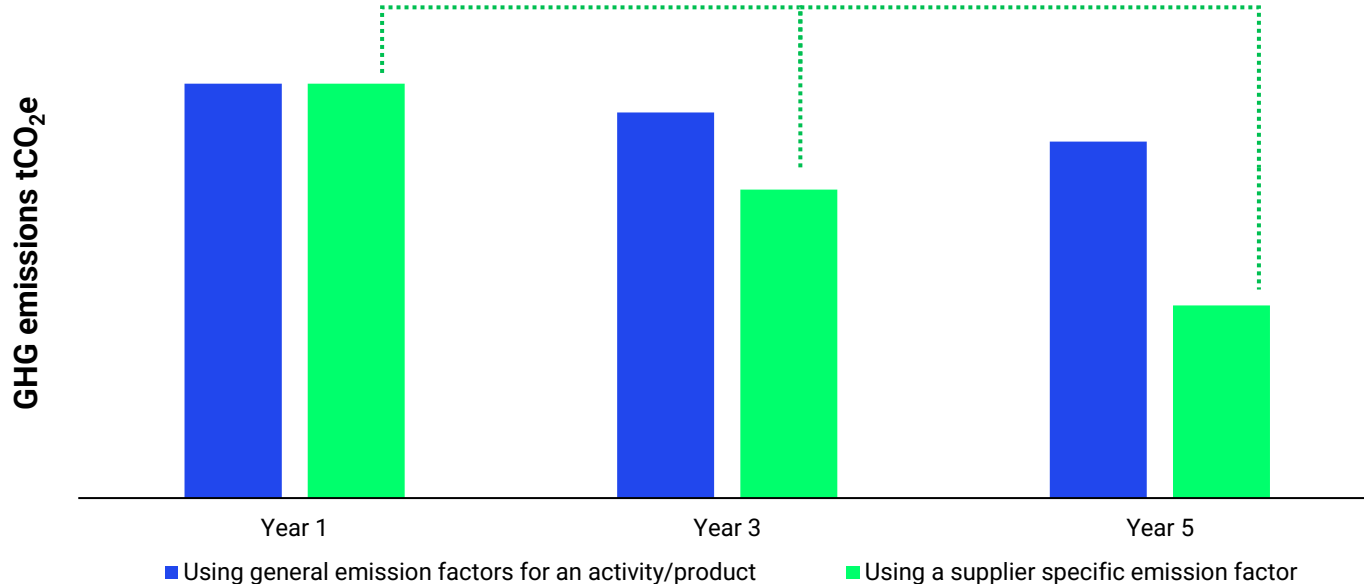
Category 1 usually ranges between 20%-70%

Engaging with your suppliers to collect accurate data ensures an improvement in the certainty of Scope 3 emissions over time

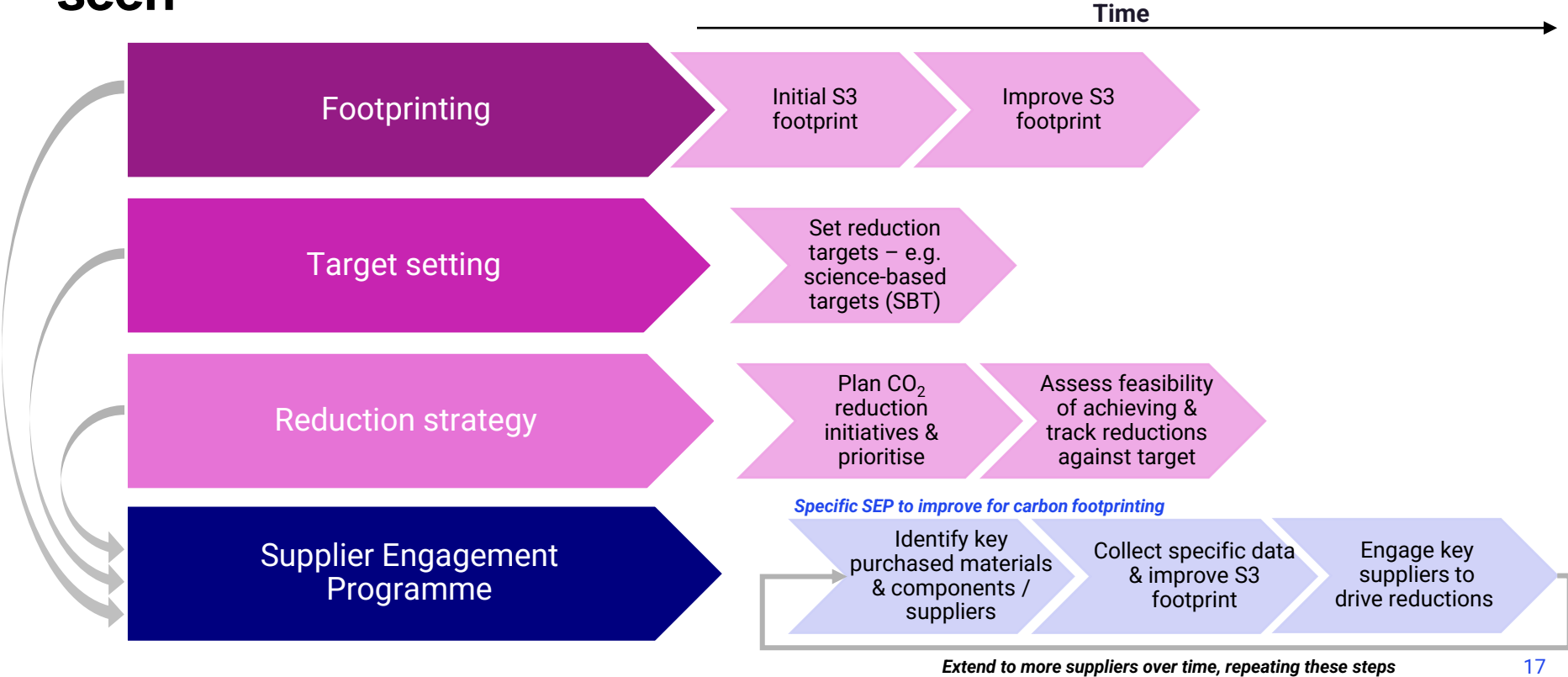



Engaging with suppliers to collect data on the emissions intensity of their operations can allow organisations to accurately monitor and track carbon reductions

As improvements are made in the carbon intensity of a product or service you specifically procure, emissions reductions are visible when utilising supplier specific emission factors



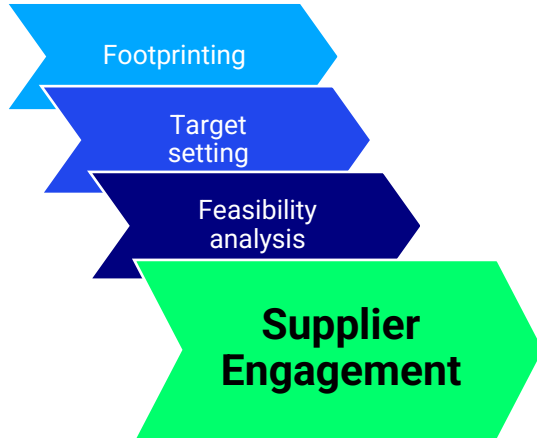
Across an organisation's decarbonisation journey, the impact of good supplier engagement can be seen





Supplier engagement case study

Supplier engagement programmes are key to measuring and reducing upstream emissions



1

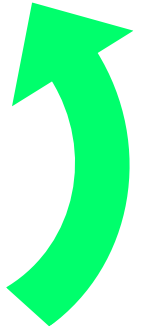
- **Evaluate suppliers** to identify key materials and suppliers

2

- **Collect specific data** across key hotspots
- **Improve your footprint** with more accurate data to prioritise reduction actions

3

- **Reduction initiatives:** Identify and involve targeted suppliers



*Repeat steps 1-3 with more suppliers

Data improvements through a supplier engagement guidebook & workshops

- VELUX worked with Carbon Trust to issue a guide to suppliers, outlining the data expected from suppliers and help indicate how suppliers could provide this data as well as how to improve it
- This has made it easier for suppliers to start their emissions data collection journeys, improve their practices and align with the methodologies required for VELUX to achieve their reduction targets





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A strategy to engage with your suppliers

Supplier Engagement strategy





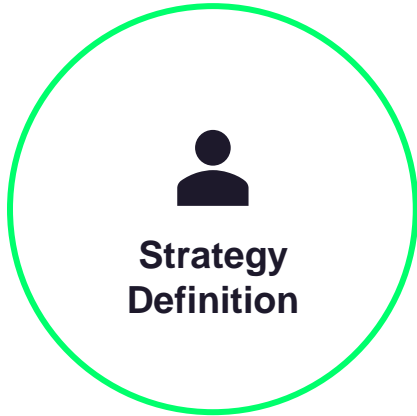
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Breakout session

Supplier Engagement strategy

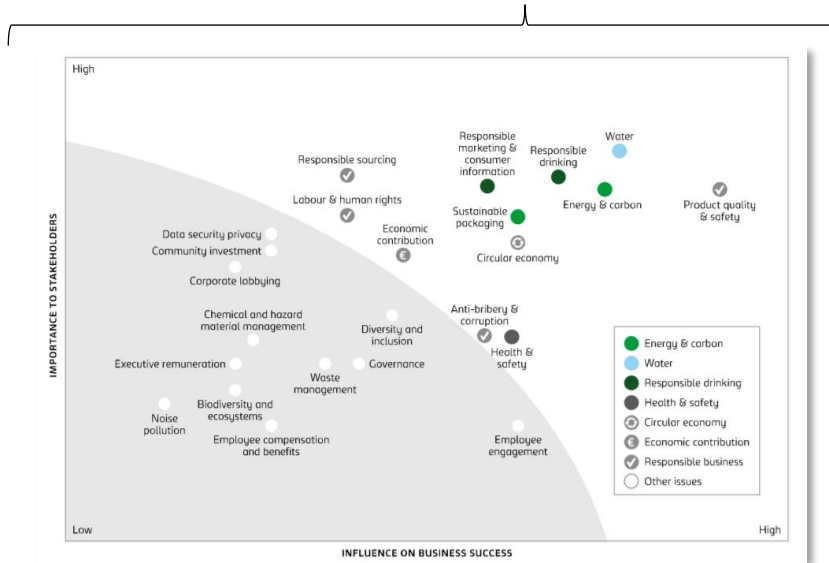
Group 1&2

Group 3&4



1. Discuss your approach to these stages  5 min
2. Discuss potential barriers to implementing your approach  5 min
3. Discuss way to overcome/mitigate these barriers  5 min

Stage 1: Strategy definition



Stage 2: We outline below the major steps to undertake under the Measure sections



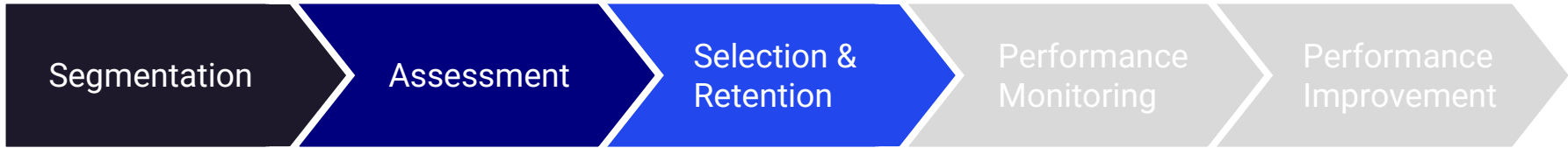
Identify the key suppliers having the largest impact / relative importance in your supply chain.


Develop a full ESG questionnaire to assess the performance of your suppliers.


Define requirements to be met by suppliers to be selected / onboarded.


Manage the supplier assessment process in the long-run.


Support the ESG performance improvement of your suppliers.





 Group your suppliers


 List main areas to assess your suppliers upon


 Ensure sustainability is part of selection process


 Ensure a continuous review of your suppliers performance


 Incentivise the development of your suppliers

 Manage your suppliers effectively

 Assess the performance of your suppliers

 Set clear requirements to your suppliers

 Track the progress over time

 Set up appropriate governance

Stage 3: We outline below the major steps to undertake under the Manage section



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Stage 4: Reporting materials



Sustainability Report

The primary method for communicating ESG progress, the sustainability report is the centrepiece where FG companies can showcase the results of the supplier engagement process.



Annual Report

The annual report may contain a shorter summary of ESG progress, reporting key KPIs without going into the granular level of detail present in the sustainability report.



Website and Social Media

The internet can be used more sparingly to communicate key achievements to a wider audience

This could include case studies of top performing suppliers, celebrating hitting a certain percentage of suppliers assessed, or more.



Internal communication

Internal communication of progress can be just as important as external reporting.

FG company employees should be aware of key milestones and ESG targets. This can be communicated through an internal newsletter, emails or ESG training.

- *Over time companies should work to improve and expand the scope of their reporting.*
- *Reporting on the successes of top performing suppliers can be a powerful incentive for other suppliers to compete and improve their performance*



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Closing

Key messages to take with you today

- 1 Supplier engagement programs are **key to measuring and reducing** upstream emissions
- 2 **Engagement is complex**, implementing a **strategy and processes** that you can embed **within your procurement process** is the first step
- 3 Most likely **your suppliers are facing the same pressures** from other customers, therefore there should be less resistance to engage
- 4 Supplier engagement is a **reiterative and ongoing process** that will only improve over time
- 5 Achieving **Net Zero will not be possible without engaging with your supply chain** and driving industry wide decarbonisation



Q&A

**Thanks for
listening**