



SUPPLY CHAIN EMISSIONS GUIDE



INTRODUCTION

The greenhouse gas (GHG) emissions from a business' suppliers contribute to its upstream and downstream scope 3 emissions and represent a significant portion of its total emissions inventory. This makes understanding and tracking these emissions crucial to business' emissions reduction efforts and to achieving future Net Zero goals.

Collecting GHG emissions data from suppliers can be challenging, particularly if you work with a large number of suppliers or have limited access to data, but engaging with your suppliers is crucial for reducing indirect GHG emissions and driving meaningful progress toward your sustainability goals.

Your suppliers may be in the early stages of emissions data collection, with smaller businesses in particular often finding it more difficult to understand how to assess their impact. Working together is a great way to build on relationships and share best practices.

WHY REQUIRE SUPPLIERS TO REPORT GHG EMISSIONS?

1. Regulatory Requirements

In the UK, large and publicly listed organisations are already required to report on their scopes 1, 2 and partial scope 3 emissions by law via Streamlined Energy and Carbon Reporting (SECR) regulations. While reporting supply chain emissions is not currently mandatory, legislation is tightening in this area, particularly in Europe and the UK. Getting ahead of the game in understanding supply chain emissions is therefore highly advisable.

2. Organisational Reputation

If your company is taking steps to reduce its GHG emissions footprint, it's crucial that your suppliers align with these efforts. By requiring emissions reporting from suppliers, you are able to identify those with higher emissions, allowing for steps to work collaboratively.

3. Supply Chain Improvements

Requiring emissions reporting will encourage suppliers to adopt more sustainable operational practices. This can include encouraging suppliers to measure, track, report, and ultimately reduce their emissions, driving overall improvements in the environmental performance of your supply chain and bringing down costs.




SUPPORTING SUPPLIERS TO REPORT THEIR EMISSIONS

For both new and existing suppliers, establish clear expectations for GHG emissions reporting, outlining specific requirements to ensure accuracy and consistency in reporting.

DEFINE REPORTING REQUIREMENTS FROM SUPPLIERS

- Decide which scopes you will require your suppliers to report (1, 2, and/or 3). This ensures consistency in your data collection.
- Set clear reporting guidelines that you require your suppliers to follow, for example, providing a consistent template for data collection.
- For new suppliers, include the requirement to report GHG emissions within your Supplier Code of Conduct and/or as a clause of contractual agreements.

 **For additional information on scope emissions, a FuturePlus Guide breaking down scopes 1, 2, and 3 can be found [here](#).**

ENSURING SUPPLIER BUY-IN

Establishing a supplier engagement strategy is crucial for initiating emissions reporting and fostering collaborative efforts to achieve emissions reductions.

- Be open about why you are requesting the data, and the benefits to suppliers in terms of potential cost savings from more energy efficient initiatives.
- Provide suppliers with resources, templates and guidance to help them understand how to begin measuring and reporting their emissions (we can help with this!).
- Set clear timelines for suppliers to submit emissions data.
- Set joint emissions reduction targets to enhance transparency, accountability, and motivation.
- Encourage suppliers to engage in sustainable sourcing, for example, the promotion of greener practices and tracking progress toward emissions reductions.



MAKING PROCUREMENT DECISIONS BASED ON SUPPLIER EMISSIONS

Start by establishing a clear procurement policy that prioritises sustainability. This policy should outline the importance of considering carbon emissions as part of the supplier selection process and set targets for reducing the carbon footprint of purchased goods.

Data from supplier manufacturing processes, energy consumption and transportation methods can be used to calculate the carbon emissions associated with each product or service. By analysing this information, organisations can identify suppliers with lower carbon footprints and make informed procurement decisions based on balancing a consideration of carbon footprint with other environmental and social considerations.

THIRD-PARTY VERIFICATION

Third-party verification of emissions data and certifications relating to environmental and socially sustainable practices more broadly can provide an unbiased evaluation of suppliers, ensuring the validity of information reported.

This is crucial for organisations to accurately report climate and environmental impact, meet regulatory standards and satisfy consumer expectations. Ensure that the requirement for third-party verification of supplier data is included in your Supplier Code of Conduct where applicable.

Examples of third-party certifications to consider include FSC Certified, Leaping Bunny, Fair Trade, Certified Organic, etc. or ISO standards such as ISO 14001, which demonstrates regulatory compliance and commitment to ongoing environmental improvement.

NEED MORE HELP?

For more information and support with scope 3 and supply chain emissions, please feel free to contact our **PlusCarbon** team at: pluscarbon@future-plus.co.uk.

