

# Supply chain decarbonization: How to Engage Your Suppliers

Want to gather accurate greenhouse gas (GHG) data from your suppliers, but not sure where to start? This guidance is designed to assist businesses in gathering accurate greenhouse gas (GHG) data from their suppliers, a critical step for developing Scope 3 GHG inventories. This guidance is based on recommendations by SBTi and the GHG Protocol, and by following these steps, companies can build stronger partnerships with their suppliers and contribute to meaningful environmental progress.

1. **Define Your Internal Targets:** Managing the emissions in your supply chain relies heavily on the actions of others, and that can feel disempowering, but you're not alone and it doesn't mean there's no action to be taken! Most Net Zero targets, possibly including yours, have been set for 2050 - that's a long time away. A key step in reaching this goal is to align your value chain with a Net Zero future, rather than necessarily reducing those emissions today.

So it may be tempting to set yourself goals such as: "I'll reduce my supply chain emissions by 30% by 2030", but a more feasible goal depending on your level of influence may be: "30% of my suppliers will have a Net Zero target by 2030".

Setting interim targets is also a great idea for both your business and your suppliers - interim targets help to track progress and foster accountability.

2. **Internal Planning:** Businesses should prepare before conducting supplier engagement by:
  - Identifying responsible internal departments.
  - Engaging and educating procurement staff.
  - Selecting suppliers.
  - Developing a system to manage supplier data.
3. **Supplier Selection:** We advise you to prioritise suppliers by considering both their impact on your carbon footprint, and your level of influence with those suppliers to inspire change and engage them to maximise data quality. Managing supplier data may include creating or using automated systems, standardising data formats, and addressing confidentiality concerns.

4. **Supplier Engagement:** Involves direct collaboration with suppliers to collect relevant emissions data where available, steps may involve:
- Announcing the GHG data collection program to suppliers and explaining how their supply chain emission contributes to their overall carbon inventory.
  - Offering training sessions for suppliers on the process.
  - Periodic check-ins on supplier progress.
  - Establishing consequences for non-compliance and following up on data quality.

**NB:** *If you have suppliers who are public companies, try searching the web for publicly available emissions data first. You'll be looking for an emissions intensity metric in the form of CO<sub>2</sub> per \$ revenue, or per product. If annual emissions and annual revenue are reported separately, that works too! If you don't have the resources to do this, reach out to Trace and we can help out!*

5. **Ongoing Communication:** Effective, regular communication with suppliers and procurement teams is critical to the success of the program. Feedback, follow-ups, and continuous education help improve data quality and supplier engagement over time.

Need help getting started? Reach out and we can guide you through it!