



## Engaging Suppliers to Reduce Emissions

### Introduction

This guide offers a step-by-step approach to collaborating with your suppliers to lower emissions in your value chain. It provides a framework, based on the [Supplier Action Guide](#), which encourages suppliers to take action against climate change. You can follow the steps in order or start with the ones that are easiest for you to implement right now.

The goal is for your suppliers to take responsibility for their own climate action and cut their emissions in half by 2030. The potential for reducing emissions in this way is enormous since each organisation using this guide will work with numerous suppliers, scaling climate action exponentially.

### Key Actions

#### Securing Management Commitment

Secure commitment from management at all relevant levels to work with your suppliers to halve their greenhouse gas emissions before 2030. Senior management level involvement is particularly important.

#### Setting Targets for Supplier Engagement

Set targets for your organisation's engagement with suppliers. Potential metrics could include:

- Percentage or number of suppliers that have committed to halving their GHG emissions by 2030, are actively working towards that goal, and have joined the UN-backed Race To Zero Campaign.
- Reducing supplier greenhouse gas emissions by a specified percentage by a certain year.
- Percentage of total capital expenditure to go towards suppliers who are committed to halving their greenhouse gas emissions by a given year.

#### Public Commitment to Supplier Engagement

Publicly declare your commitment to engage suppliers through methods like a press release or a post on the company website. Join relevant initiatives like the [UN Race to Zero](#) or the [SME Climate Hub](#).

#### Estimating Emissions in Supply Chain

Identify where in your supply chain the most emissions occur or where there's the greatest potential for emission reduction. Relevant factors include:

- High-emission suppliers
  - Suppliers with whom you spend a lot
  - Suppliers of strategic value
  - Suppliers with whom you have a good relationship
  - Suppliers who are more advanced in their climate work
  - Suppliers in regions with high climate action ambitions
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Note that the emissions estimates or supplier selections don't have to be perfect. The key is to start and learn as you progress. You can use the [Business Carbon Calculator](#), available for free at the SME Climate Hub, to get an understanding of where your emissions hot spots in your supply chain may be.

The greatest emissions tend to derive from the following supply chain areas:

1. Transport, delivery, or shipment methods
2. Energy consumption from production or manufacturing
3. Certain materials – steel, for example, is a source of very high GHG emissions – and processes (such as upstream agriculture and deforestation emissions)
4. Distant supplier locations

### **Encourage Your Suppliers to Join the UN-Backed Race to Zero Campaign**

Encourage your suppliers to make a public climate commitment and join the UN-backed Race to Zero Campaign through one of the accredited partner initiatives. If your supplier is an SME, the SME Climate Hub is the entry point to join the Race to Zero campaign. Find more information on how to join the Race to Zero [here](#).

#### **Communicating Expectations**

Communicate your expectations for your suppliers to halve emissions by 2030. This communication should come from both your company's top management and procurement team to the supplier's management and sales/key account team. Direct communication can be made through a letter or email (see example in the [Supplier Action Guide](#)).

#### **Informing Suppliers about Resources**

Inform suppliers about resources that are available to support them in taking climate action (see examples in the [Supplier Action Guide](#)).

#### **Integrating Climate Action into Purchasing Processes**

Integrate supplier engagement on climate action into your regular purchasing processes by:

- Including text in supplier contracts and codes of conduct requiring suppliers to halve their emissions by 2030, for example by including a requirement to report emissions according to the GHG Protocol (see example [Supplier Action Guide](#)).
- Training staff who work with suppliers.
- Regularly discussing climate performance with suppliers.

#### **Tracking Supplier Climate Performance**

Implement a clear process to track supplier climate performance at least annually, for example, by requesting annual emissions reports from your suppliers.

#### **Public Disclosure of Progress**

Assess and publicly disclose your organisation's progress towards your commitment to engage suppliers in climate action.

#### **Engage with Employees**

Incorporating climate action into supplier relations should be a fundamental part of the company's high-level sustainability strategy. To achieve this, different departments like procurement, sourcing, finance, and sustainability must collaborate effectively to promote climate action among suppliers.

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