



WHY PROCUREMENT TEAMS SHOULD ENGAGE SUPPLY CHAINS IN REDUCING EMISSIONS



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It's clear that if you're going to achieve your net zero target every area of your business must play its part. This includes businesses in your supply chain that contribute your Scope 3 emissions.

We spoke to Lisa Moore, Responsible Procurement Manager at the City of London Corporation and Matt Sparkes, Head of Sustainability at Linklaters about why SMEs should help their own procurement teams engage suppliers in reducing their emissions.



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Why is it important for an SME to engage their own supply chain on the topic of climate action?

Matt

“For most businesses, the supply chain represents the bulk of emissions so it’s impossible to reduce a carbon footprint credibly without factoring these into the calculations.”

Lisa

“Think of it as your supply chain is our supply chain. By engaging your suppliers and helping them measure and reduce their emissions, your company will ultimately be a more attractive supplier to work with. It makes good business sense.”

Should a company wait until they’ve measured their emissions and set a target before engaging their suppliers?

Lisa

“Depending on your approach you may need information from your supply chain to calculate your footprint. If that’s the case early engagement is sensible. Alternatively, you may want to lead by example and calculate your emissions using standard values first and then engage your supply chain to get more accurate emissions numbers.”



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Matt

“ Whilst it’s important to be credible and demonstrate that you are putting yourself through the same grilling, I would recommend that it is run concurrently as, after all, while you can control the pace of your own work, you are reliant on others for the supply chain.”

What would you consider the first steps a procurement team should take to start this process?

Matt

“ First off, make sure you have data that’s as accurate as it can be. Most businesses start by simply analysing their spend and applying agreed ‘conversion factors’ which can turn that spend into emissions. The more reliable and granular your numbers, the better your starting point will be.

Secondly, have some initial conversations with key suppliers that seem well-placed already. More often than not, you’ll be surprised at how much they already know and how much they’re willing to share. You probably won’t be the first to ask but, when you do, you’ll always add weight to that supplier’s need to respond.”



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Lisa

“ I agree. Ask the question. It doesn’t have to be more complicated than that at first. Have they made a plan? Are they calculating their carbon emissions? You may be surprised at how many of your suppliers have started to consider it and from there you can continue to work out how to tackle it together. All businesses, large and small, are feeling their way. By having the conversation and being open to working collaboratively, everyone will benefit.”

How do you engage a resistant or nonresponsive supplier?

Matt

“ Emphasise early on that this is the way the world is going and that the sooner the journey begins, the easier it will be for the supplier will be to respond to the inevitable.”

Lisa

“ If it isn’t something they’re contractually obliged to do, take time to explain ‘what’s in it for them’ and make sure they know that it’s something that’s important to your business and theirs. Adding something into future agreements with suppliers will be helpful when having these conversations.”



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After the first steps of engaging a supplier, what's next?

Lisa

// Look for quick wins which will be beneficial to both parties and then put together a few items on an action plan which you can both agree on. Look into options that will have the most benefit for the time and cost it would take to implement it. This might be a company policy, sign posting them to useful organisations or a more hands-on approach."

Matt

// It depends on your capacity to invest time and money. It's certainly helpful for it to be a joint endeavour and there'll always be points of commonality which can shortcut the timescale suppliers would otherwise face. I suppose the best advice is to share what you can and to provide as much additional resource as you can afford."

After the first steps of engaging a supplier, what's next?

Lisa

// To show a trend, start with an annual footprint. Depending on what actions you've agreed, you may want to check in with your suppliers quarterly or bi-annually for an update on progress."



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Matt

“Annually seems fair to me, certainly initially. Perhaps some years into the relationship when frameworks and reporting mechanisms are in place then more frequent reporting will be possible but in the early stages it’s more important that progress is made than reported upon.”

What do you do with the emissions data and targets your supply chain give you?

Matt

“We’re currently exploring a range of platforms that will aggregate data, not just for carbon emissions but across the spectrum of Environmental, Social and Governance (ESG). That’s an expensive option so a better bet for many will be to invest in a more straightforward tool or framework which helps to present the data more clearly and which aids analysis. This work can swiftly become a significant programme for the business and needs a corresponding amount of investment.”

Lisa

“You can use this data to inform your own carbon footprint. Additionally, you may choose to use data and commitments as part of your supplier selection.”



Climate for SMEs: 4 Steps to Action is funded by the City of London Corporation in support of its Climate Action Strategy targets for a net zero and resilient Square Mile



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