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Decarbonation: explore the Three Paths for Sustainable Change!

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Global Footprint – Pedagogic Expertise – Client Relationship – Research Driven

Vision: To serve our clients deploy knowledge in Purchasing and Supply Management to contribute to sustainable value creation for the different stakeholders

Our Key Numbers

30
YEARS
OF
EXPERIENCE

5000
PROFESSIONALS
TRAINED AND
EDUCATED
EVERY YEAR

9
LANGUAGES
AVAILABLE
FOR TRAININGS

2
CAMPUSES
GENEVA & SHANGHAI

7
BRANCHES
WORLDWIDE

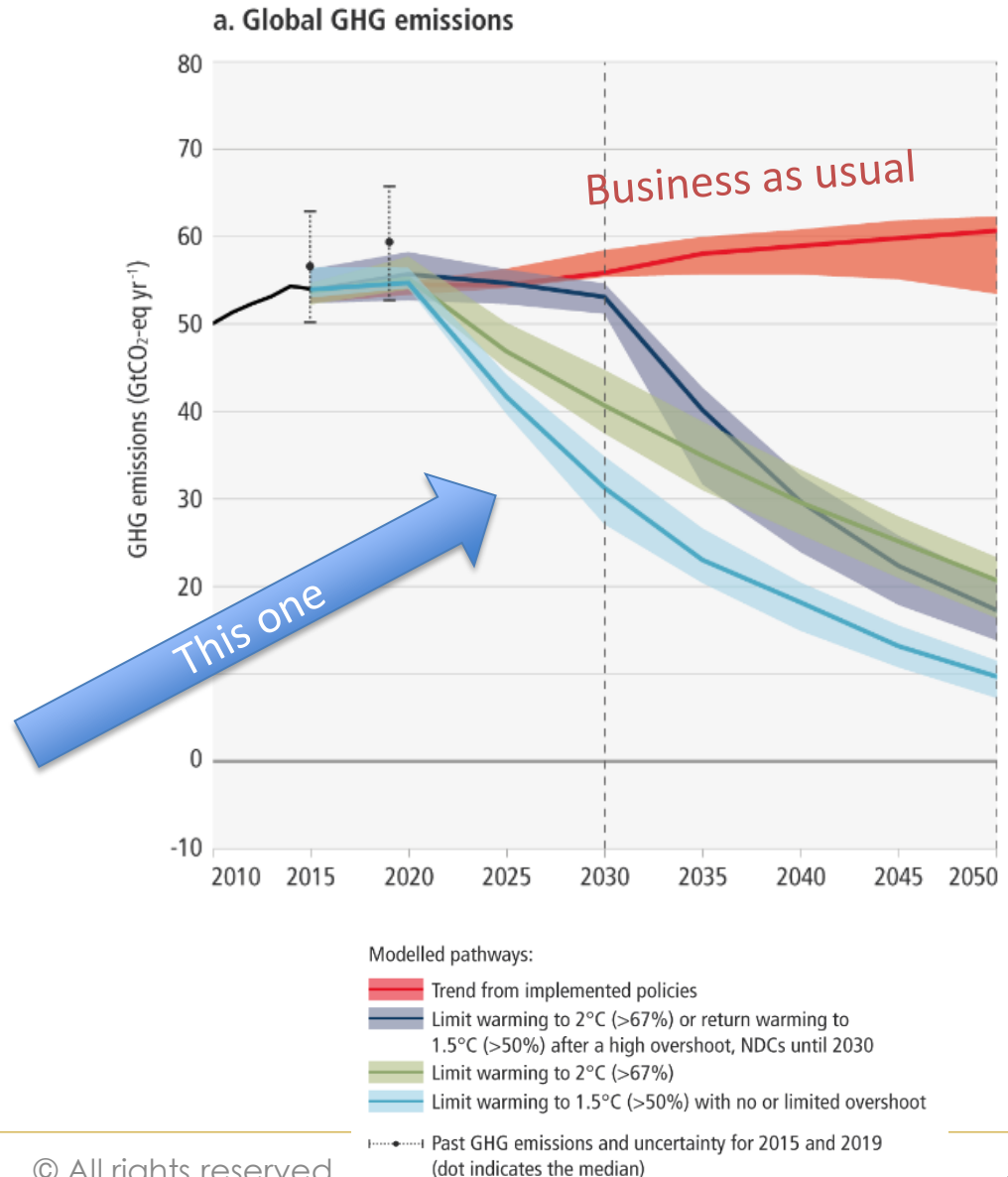
The WHY!

Greenhouse gas include CO₂
NO_x, SO₂, PM2.5, PM10

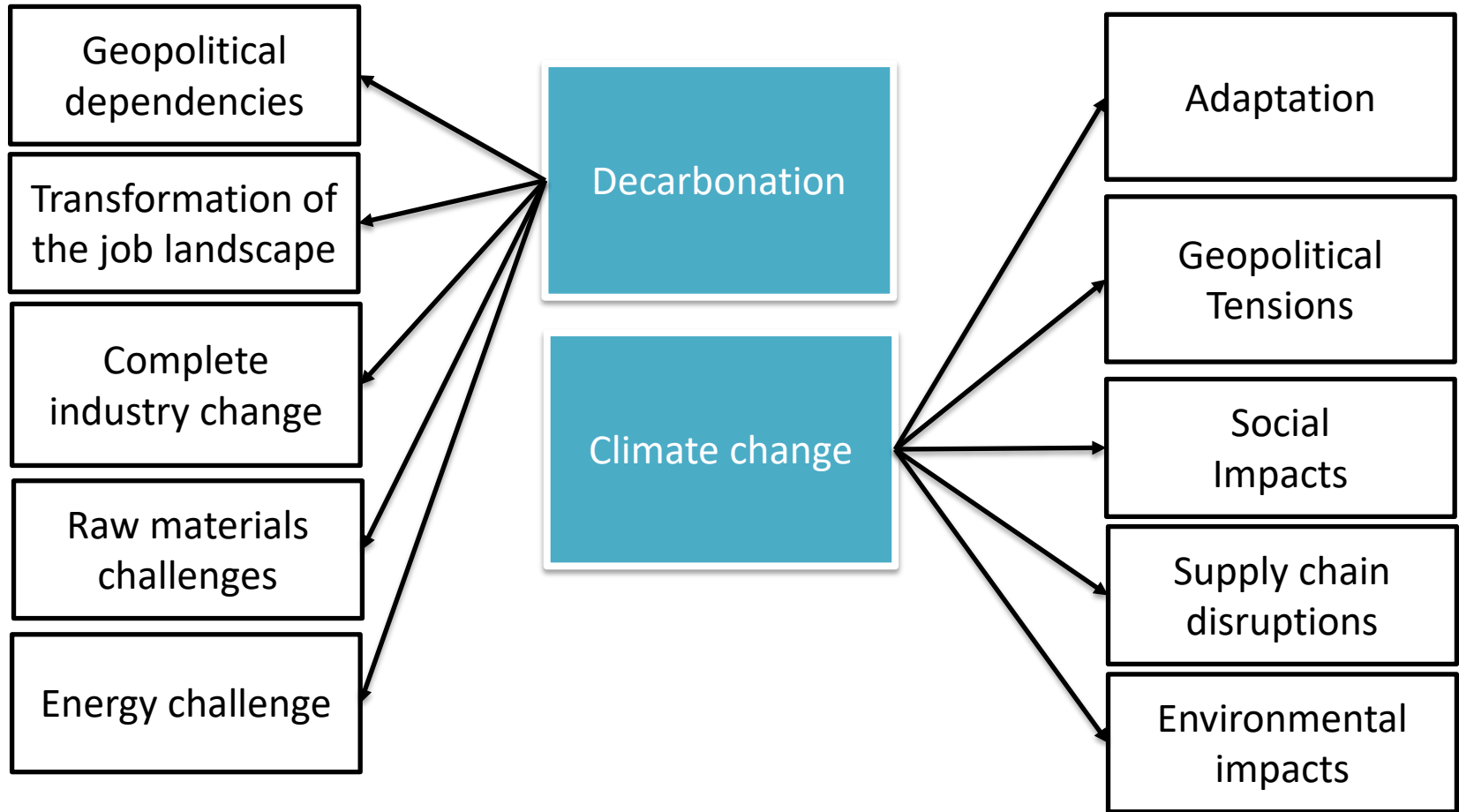
Impacts

- warmer temperature
- rising sea levels
- reduction of biodiversity
- frequent disastrous climatic events

And 1.5 °C was set in the Paris Agreement as the preferred target to avoid catastrophic consequences



Climate Change will create systemic threats



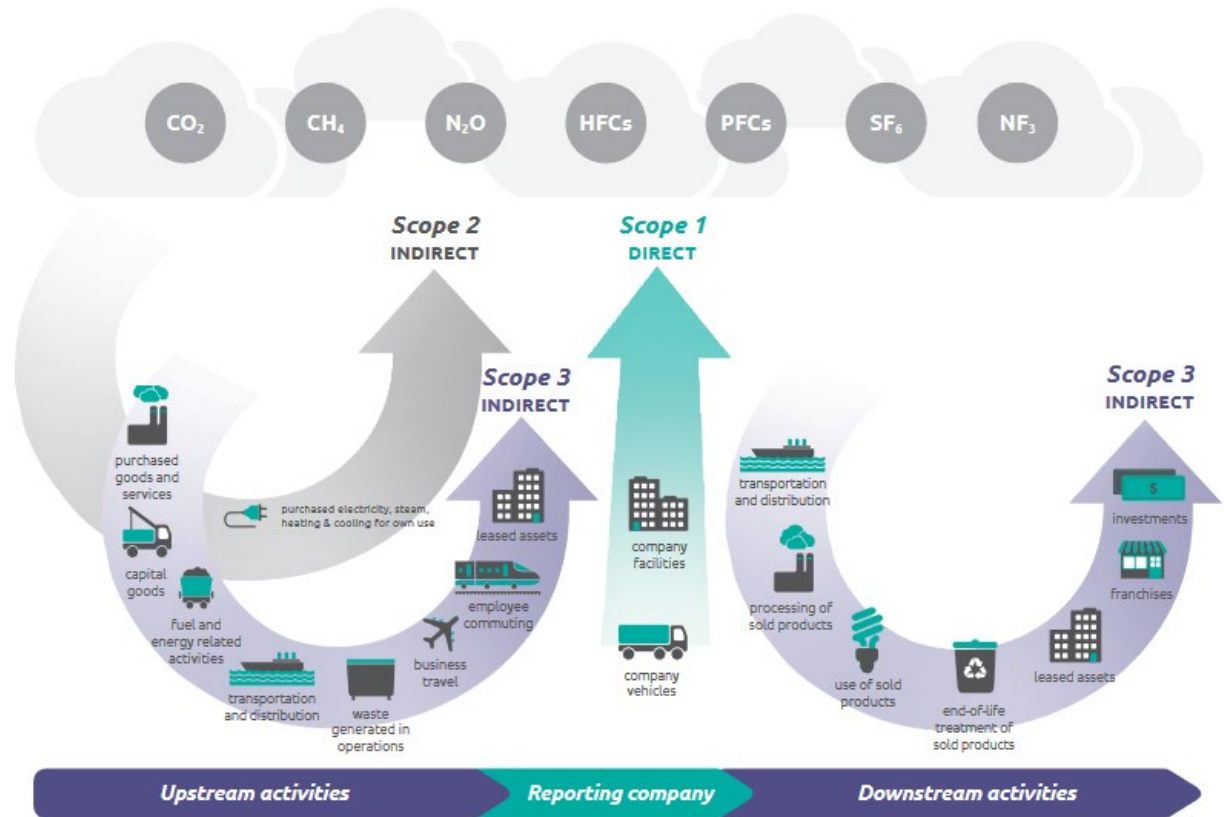
Scope 1, Scope 2 and Scope 3 emissions

The following picture is part of the GHG protocol documentation, it outlines what is part of Scope 1, scope 2 and scope 3 emissions

So, there is a key role for procurement here!

Initial baseline of the carbon footprint can be calculated by using average base tools compatible with the GHG protocol

Figure [1] Overview of GHG Protocol scopes and emissions across the value chain

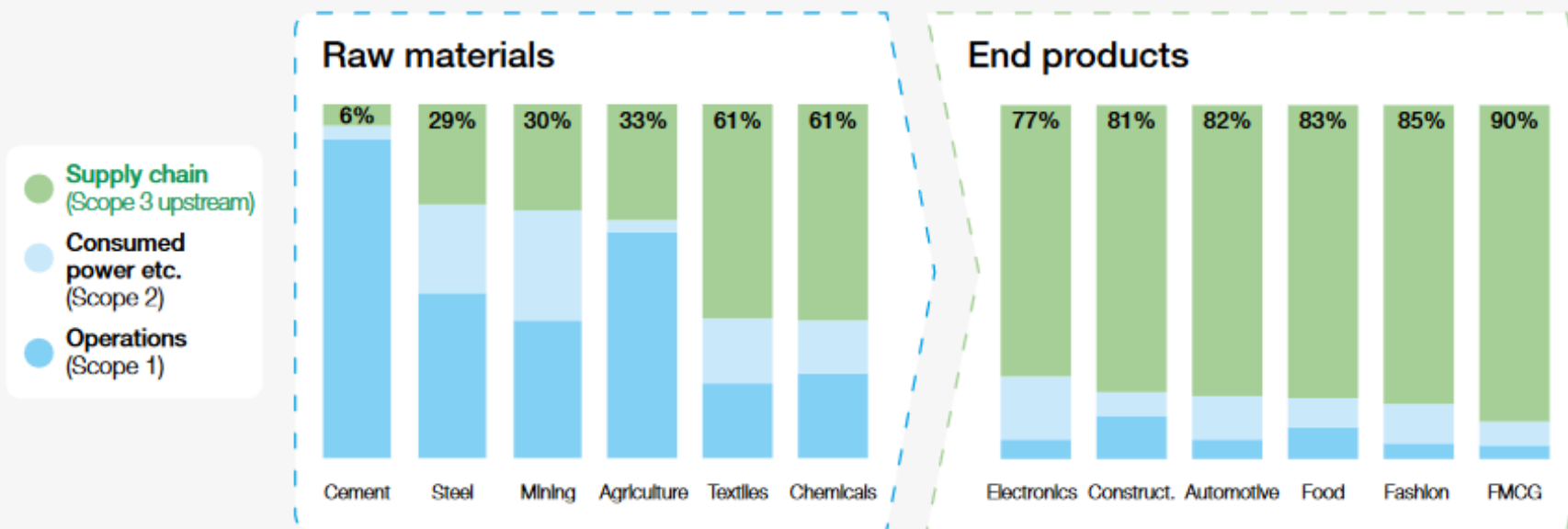


Source: Figure 1.1 of Scope 3 Standard.

Procurement role is not just about scope 3

We also impact on Scope 1 and 2: we buy the energy, the assets that create emissions

Emission split in Scopes 1, 2 and 3 upstream for selected industries (CO₂e, 2019)

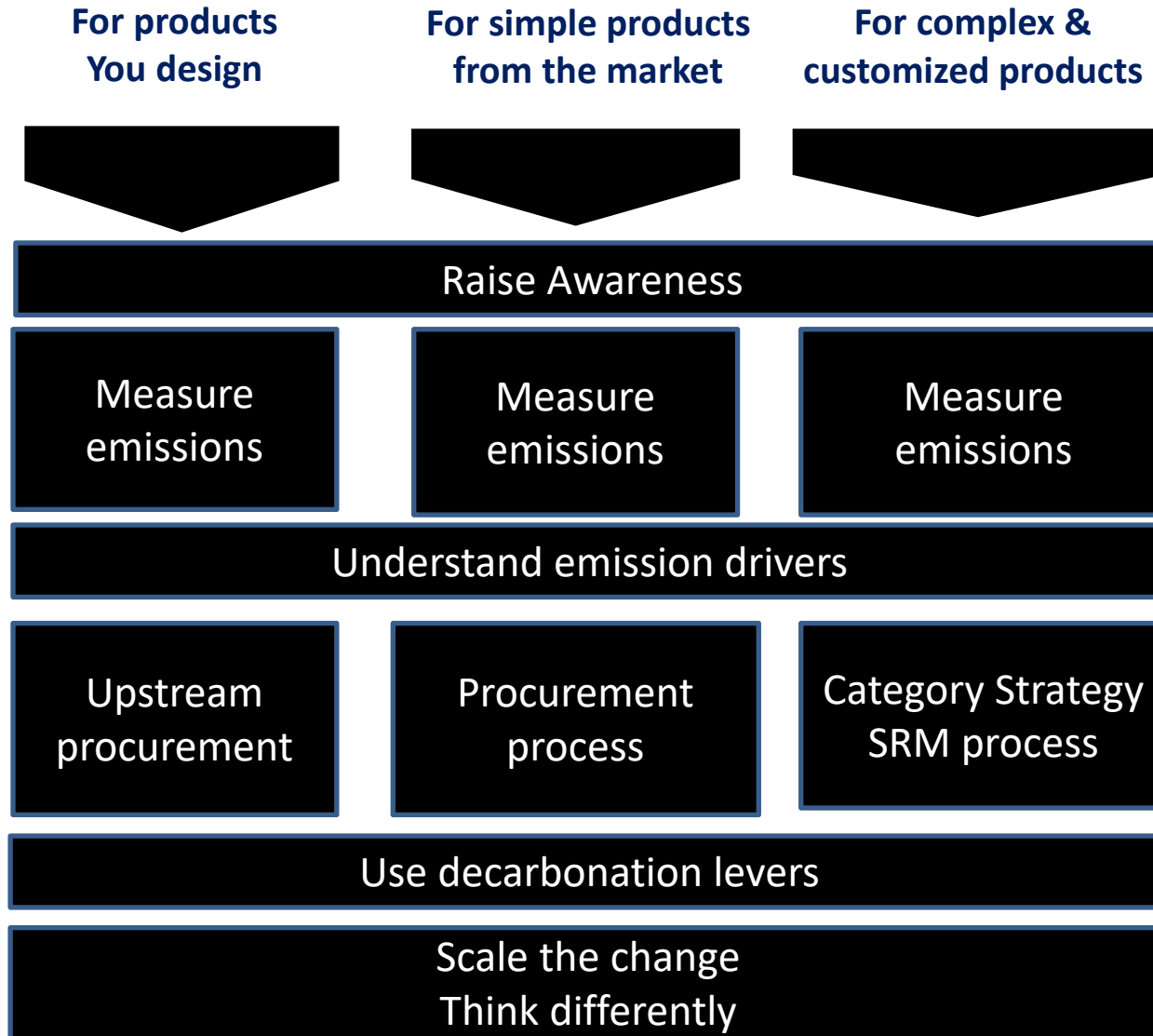


Note: Top companies selected based on number of reported Scope 3 upstream categories and industry fit;

FMCG = fast-moving consumer goods

Source: CDP, BCG

Three path to decarbonation



Raising awareness

Preparing the ground

*SRM level 1
on decarbonation*

Create a supplier development program

Following the first baseline, target suppliers identified as large emitters who have not committed to Science Based target

Provide them with resources for education, assessment and toolbox to get started

Don't reinvent the wheel - See for instance <https://smeclimatehub.org/start-measuring/>

Organize events and exchange on the topic to create a momentum

Look for opportunity to join forces within your industry or per country

Measuring the carbon footprint

*For reporting
& priority setting*

Use average base tools compatible with the GHG protocol

See for instance
<https://smeclimatehub.org/start-measuring/>

*For reducing the footprint
and driving change*

If you design or co-design the product

Use estimates based on lifecycle analysis right from the design stage, where data is missing work with suppliers to create estimates based on lifecycle analysis

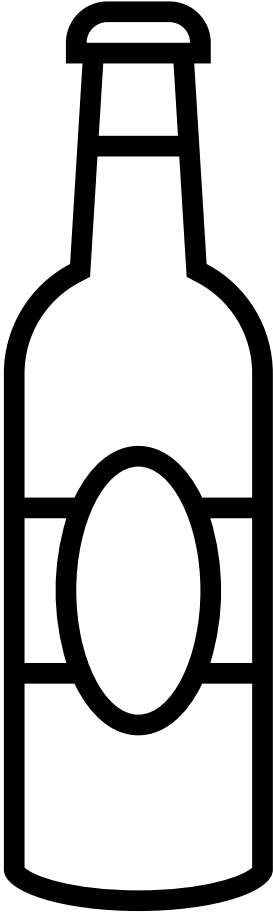
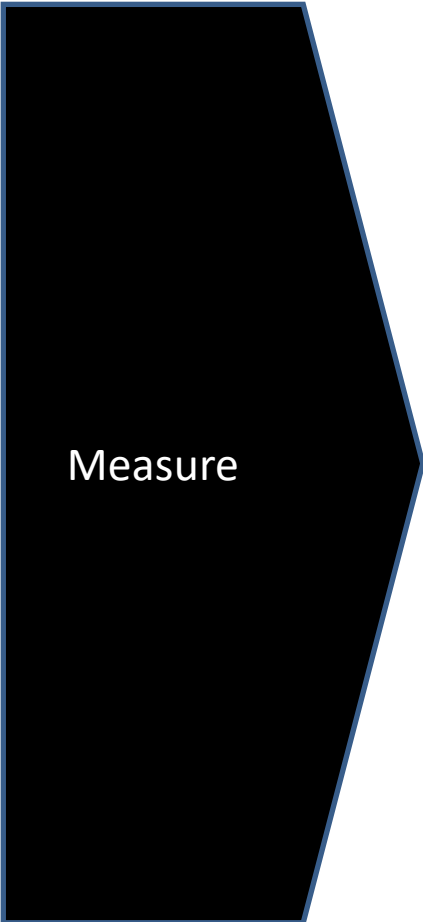
If you buy standard product from the market

Ask for Environmental Product declaration if they are not available
Encourage the supply market to create standards and share data
Use estimates in the meantime.

If you buy complex or customized products and services

Inquire about your supplier methodology to calculate the footprint and, understand if industry guidelines and standards exist

Understand the « emission » drivers



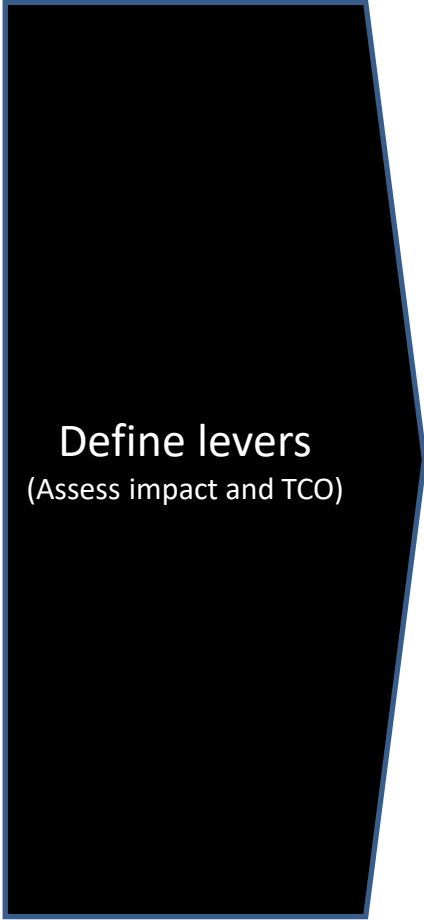
Understand the Drivers

Source of energy used for production

Efficiency of the production process

Weight of glass

Share of recycled glass



Reducing the carbon footprint

Driving the change

If you design or co-design the product
-
Upstream procurement

- Work with Engineering and R&D to reduce the impact from the product design stage
- Focus on the main drivers from the design stage
- Change materials – Use the circular economy levers – Calculate TCO
- Involve suppliers in the design to ensure that decisions have the expected impact

Carbon is the new cost!

If you buy standard product from the market
–
Supplier selection

- Understand the drivers ahead of the selection
- Integrate it in a systematic way in your supplier selection process (Policies, user strategies, requirements, supplier selection criterion, performance measures)
- Use Request For information, workshops and exchange with supplier to seek improvement

Be systematic!

If you buy complex or customized products and services
-
Category Strategy and SRM

- Understand measurement practices and the decarbonized solution you can expect
When? What impact? what prices? What TCO impact?
- Understand the drivers (Look for industry roadmap)
- Influencing the market, alone or through collaboration with key suppliers or other buyers.

Anticipate! Look at diverse options

Zoom on “integration in the procurement process

Update the Procurement policy

Update the Procurement Policy to ensure users favour the most sustainable solutions

Provide supplier with guidelines on what is expected from them on decarbonation (we expect our suppliers to Measure, Commit and Reduce)

Case study

Bayer supplier code of conduct on Climate protection (Dec 22)

“Suppliers shall have climate protection as a core element of their business strategy (e.g. targets and/or company values). Suppliers shall assess the impact and risks climate change has on their business and supply chains and adapt both to climate change. Suppliers shall set targets to reduce the greenhouse gas (GHG) emissions caused by their operations directly (scope 1) or indirectly (scope 2) and those caused in their value chains (scope 3). Bayer expects its suppliers to have ambitious reduction targets set latest by 2025; and expects those targets to be in line with the approach and the criteria of the Science-Based Targets initiative (www.sciencebasedtargets.org). Suppliers shall reach net-zero value chain GHGs emissions by no later than 2050. Upon request and if available, suppliers shall be able to provide Bayer with the carbon footprint of their organization and of a representative product.”

Source: Bayer website

Zoom on “integration in the procurement process

Include decarbonation requirements into Supplier selection

Requirements

“We will favour low carbon solutions in our awarding process”

“We will expect a year on year reduction of the carbon footprint by....”

“We will only accept recyclable raw materials or product with a footprint lower than...”

Include sustainability in the awarding criterion

Quantitative?

- Impacts? (CO2 equivalent)
- Drivers? (recycled mat., green energy)

Qualitative?

- Commitment?
- Labels?
- Capabilities?

Case study

Vodafone supplier evaluation

“Since October 2020, Vodafone Group evaluates its suppliers on their commitments to diversity, inclusion and the environment when they tender for new work. A supplier’s ‘Purpose’ accounts for 20% of the evaluation criteria, and suppliers are asked to demonstrate policies and procedures that keep those working on high-risk activity safe (10%), support diversity in the workplace (including gender, ethnicity, LGBT+, age and disability criteria) (5%), and to address carbon reduction, renewable energy, plastic reduction, circular economy and product lifecycle (5%).”

Source: Vodafone website

Zoom on “integration in the procurement process

Add clauses in contracts

Legal requirements to be introduced to ensure suppliers and companies are aligned.

- Guidelines
- Communication of GHG emissions
- Communication on deviation

Inform Users

Set resource consumption reduction targets on user side.

Provide carbon footprints and other impacts on product catalogues

Educating users on what is key and how they can best take relevant decisions

Measure progress

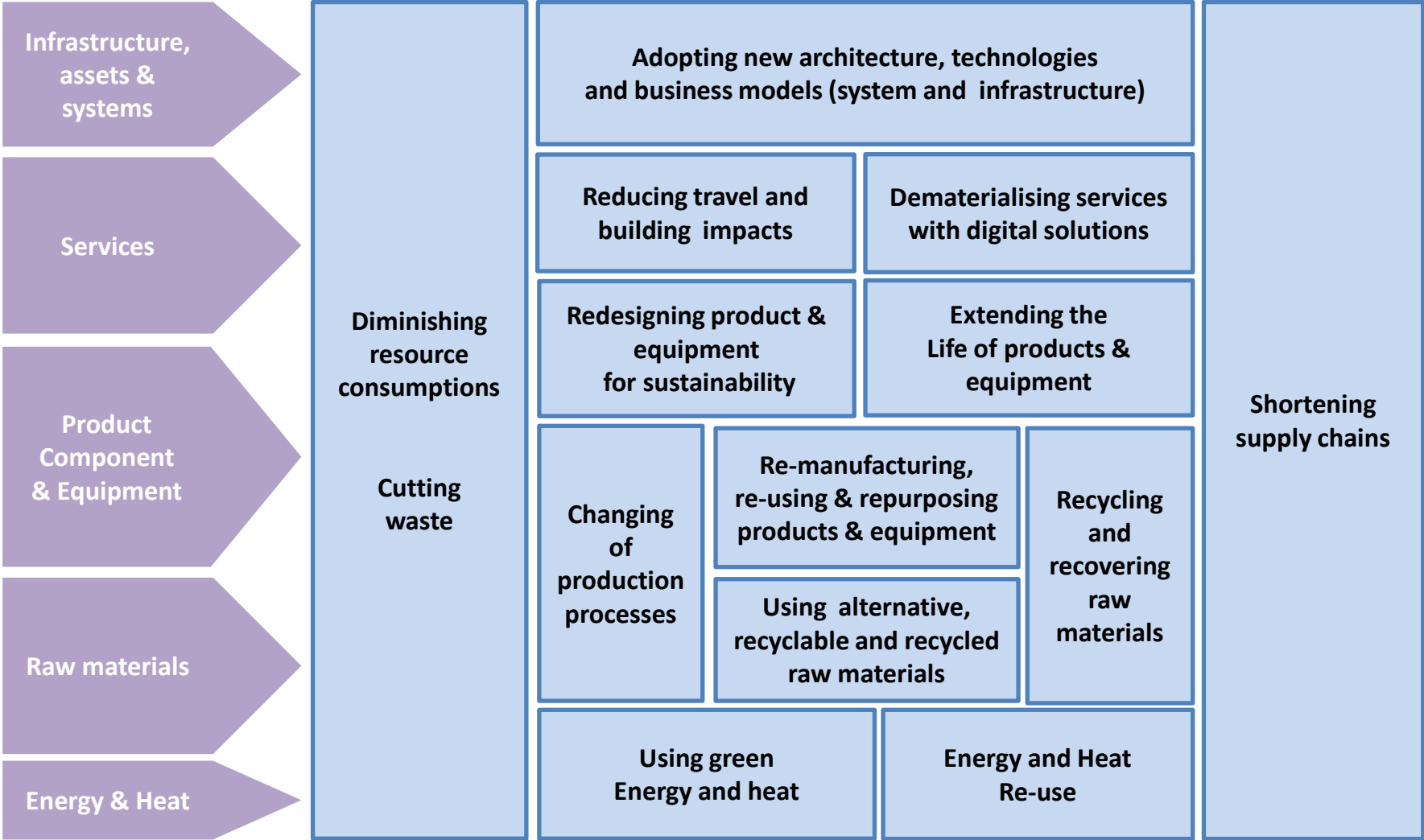
Align on measurement and ensure access to quality data

Measure progress

- Impacts? (CO2 equivalent)
- Drivers? (recycled mat, green energy)

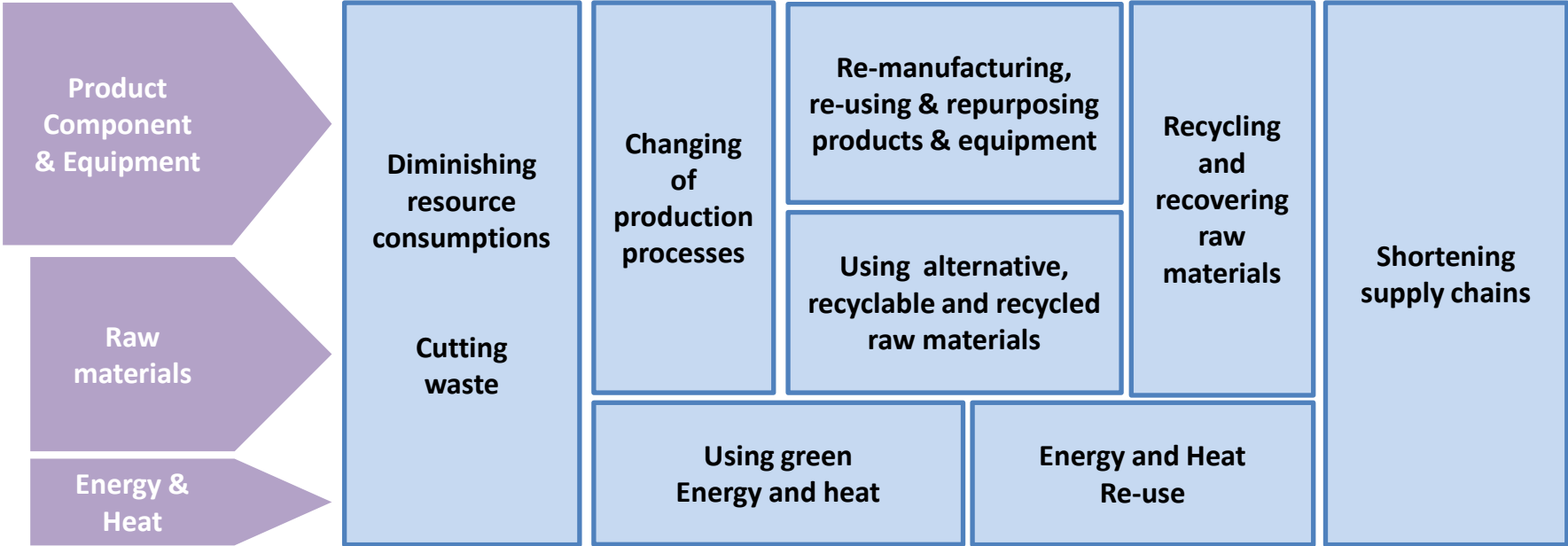
Source: based on a slide developed by Hani AlSaigh in his EIPM Executive Diploma programme

Levers for carbon footprint reduction

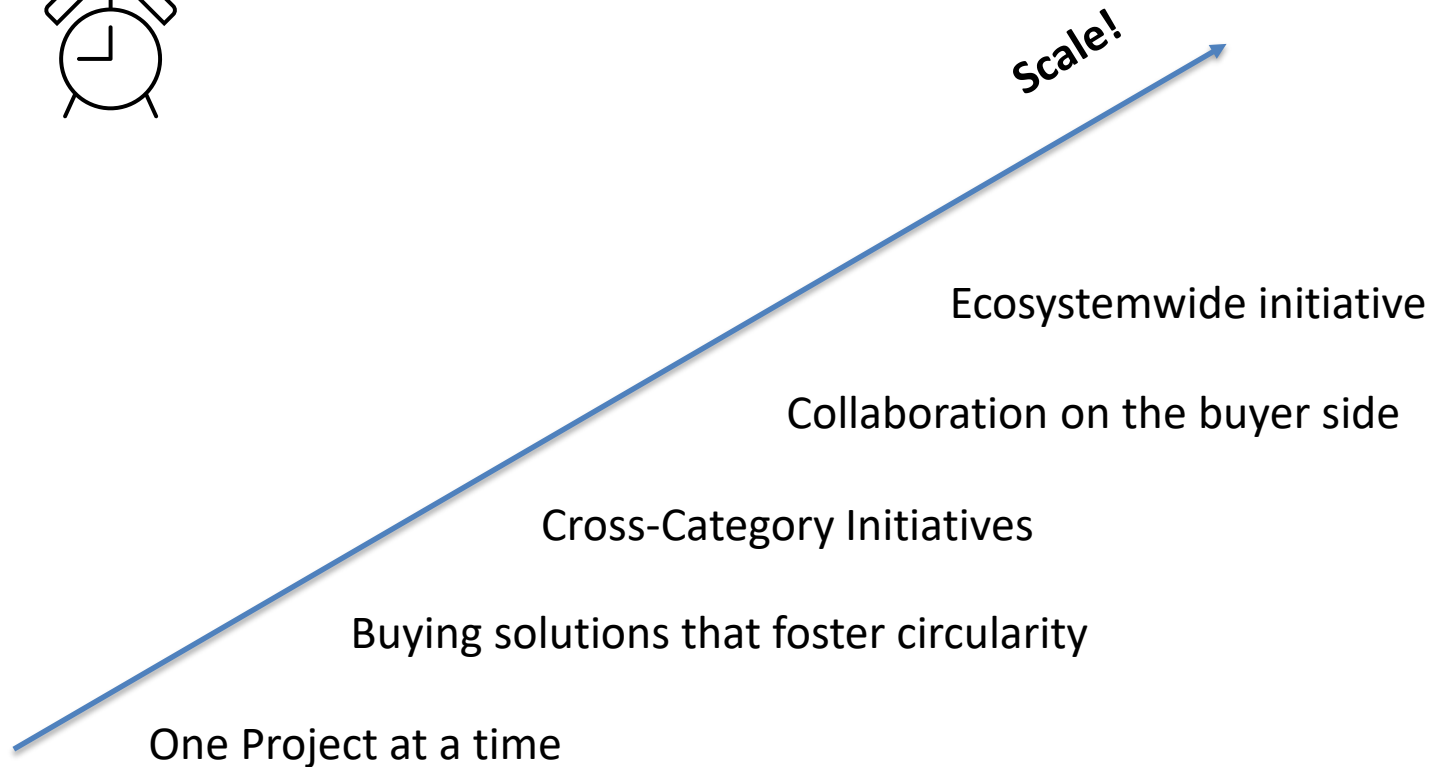


Levers for carbon footprint reduction

If you buy:

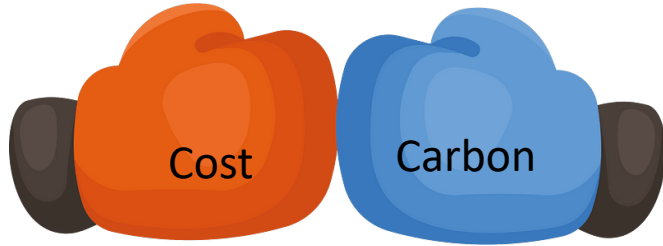


Scale the change – Think differently



Towards Cross-Category initiative

From tensions



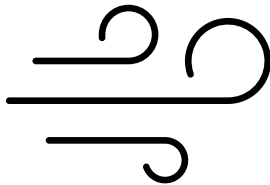
To positive dynamics



Cost

Carbon

From project or category



To cross category



Cross category and ecosystem

Example of strategy in the water industry

Switch to composites materials

Collaboration with existing suppliers, raw material suppliers, authorities and test labs



Impact

- Reduced CO2 impact compared to Asian production
- Circularity – Use of recycled materials
- Extended Product Life cycle (resistance to chemicals)
- 10 000 jobs in europe
- Improved working conditions due to the reduced weight and ease of installation
- Positive TCO impact

Example of strategy in the wine industry

Sogrape in Portugal

Create an ecosystem that support the recycling of glass in Portugal

Vidro+ Platform has a goal of achieving collection of 90% of glass packaging placed on the market, for recycling, by 2030.



Leader: Plataforma Vidro+

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October 2023 on
decarbonation



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Programmes where you
initiate change as you
learn



We have a working
Group on
decarbonation

Our core belief

VALUES... FOR VALUE!