

Procurement is key to driving sustainability efforts and reducing carbon emissions - and here's why

As sustainability regulations tighten worldwide, businesses face mounting pressure to accurately disclose and reduce their carbon emissions. However, the intricate and often opaque nature of Scope 3 data - which encompasses emissions embedded across the entire value chain, from suppliers to end consumers - means that many companies still rely on broad estimates to report their carbon footprint. This dependence on estimated data can lead to inaccuracies that hinder business leaders from making informed decisions with a genuine impact on sustainability.

Temps de lecture : minute

27 November 2024

Given these challenges, procurement becomes a critical starting point for companies striving to reduce their carbon footprint and achieve sustainability goals. By prioritising sustainable suppliers and working toward more precise Scope 3 emissions measurement, companies can embed environmental responsibility throughout their value chain, enabling accurate carbon tracking and reducing Scope 3 emissions from the ground up.

Understanding the regulatory landscape for Scope 3 emissions

Global regulatory shifts are driving the need for precise and verifiable

carbon emissions data. The EU Corporate Sustainability Reporting Directive (CSRD), for example, mandates that large EU companies and their value chains report detailed carbon emissions data, including Scope 3 emissions. Even companies outside the EU are impacted, as customers and investors increasingly demand sustainability transparency across borders. This regulatory landscape means that relying on estimates or partial data is no longer viable, making accurate Scope 3 data essential for global market competitiveness.

Navigating transparency challenges in supply chains

Complex supply chains and data inconsistencies make achieving transparency difficult. Traditional estimation methods often inflate carbon footprints, hindering informed decision-making. In fact, recent research conducted with procurement leaders revealed that 33.3% identified data accuracy as a primary challenge in measuring Scope 3 emissions.

Four key methods can be used to calculate Scope 3 emissions:

- Spend-based: This method uses procurement spending data but risks inflating emissions by increasing the emissions count every time spend increases, regardless of actual emissions.
- Average data: This approach bases calculations on the volume of goods or services consumed. Although more accurate than spend-based data, it lacks the specificity needed to account for supply chain nuances.
- Supplier-specific data: This method leverages primary data directly from suppliers, enabling companies to calculate product-specific emissions but requiring strong supplier engagement.
- Hybrid methods: Combining primary and secondary data, hybrid methods strike a balance between accuracy and feasibility by using supplier-specific data where possible and complementing it with

industry averages.

To increase data accuracy, businesses must move towards incorporating primary data from suppliers within their reporting practices. This approach is labour-intensive, requiring specialised skills, strong supplier relationships, and likely the support of carbon management specialists. However, in the long run, it enables companies to gain a more accurate picture of supply chain emissions, strengthening both decision-making and resilience.

Building supplier partnerships for sustainable impact

For companies to effectively manage and reduce Scope 3 emissions, sustainability considerations must be embedded into all procurement decision-making processes, from supplier selection to contract catalogues. Prioritising suppliers who are making tangible progress on their sustainability agenda and can provide accurate emissions data helps reduce overall emissions and fosters stronger, collaborative relationships.

Suppliers can be segmented based on their data maturity and emissions capabilities. High-maturity suppliers can provide verified data across Scopes 1, 2, and 3, along with product carbon footprints (PCF). Medium-maturity suppliers might need additional support to implement data standards. Finally, low-maturity suppliers, such as those new to emissions tracking, often benefit from educational resources, tailored training sessions or incremental steps towards transparency.

This segmentation helps companies target resources effectively, focusing advanced data requests on capable suppliers while educating and supporting others to build a collective momentum towards emissions reduction through training and development sessions.

Leveraging collaborative industry initiatives

To accelerate progress, companies should leverage sector and cross-industry collaborations that standardise Scope 3 data practices. For example, the [Partnership for Carbon Transparency \(Pact\)](#) provides a shared methodology for carbon data reporting, helping to reduce the reporting burden on suppliers. Other sector-specific collaborations, like [Together for Sustainability](#) in the chemicals sector, allow companies to align on Scope 3 standards, reducing discrepancies and enabling more accurate comparisons between suppliers.

These initiatives are crucial for Scope 3 reporting, as they simplify the process, alleviate supplier burden, and allow procurement teams to manage emissions data with greater efficiency. By working within industry frameworks, companies can ensure consistency, improve data quality, and drive systemic changes that align with global sustainability goals.

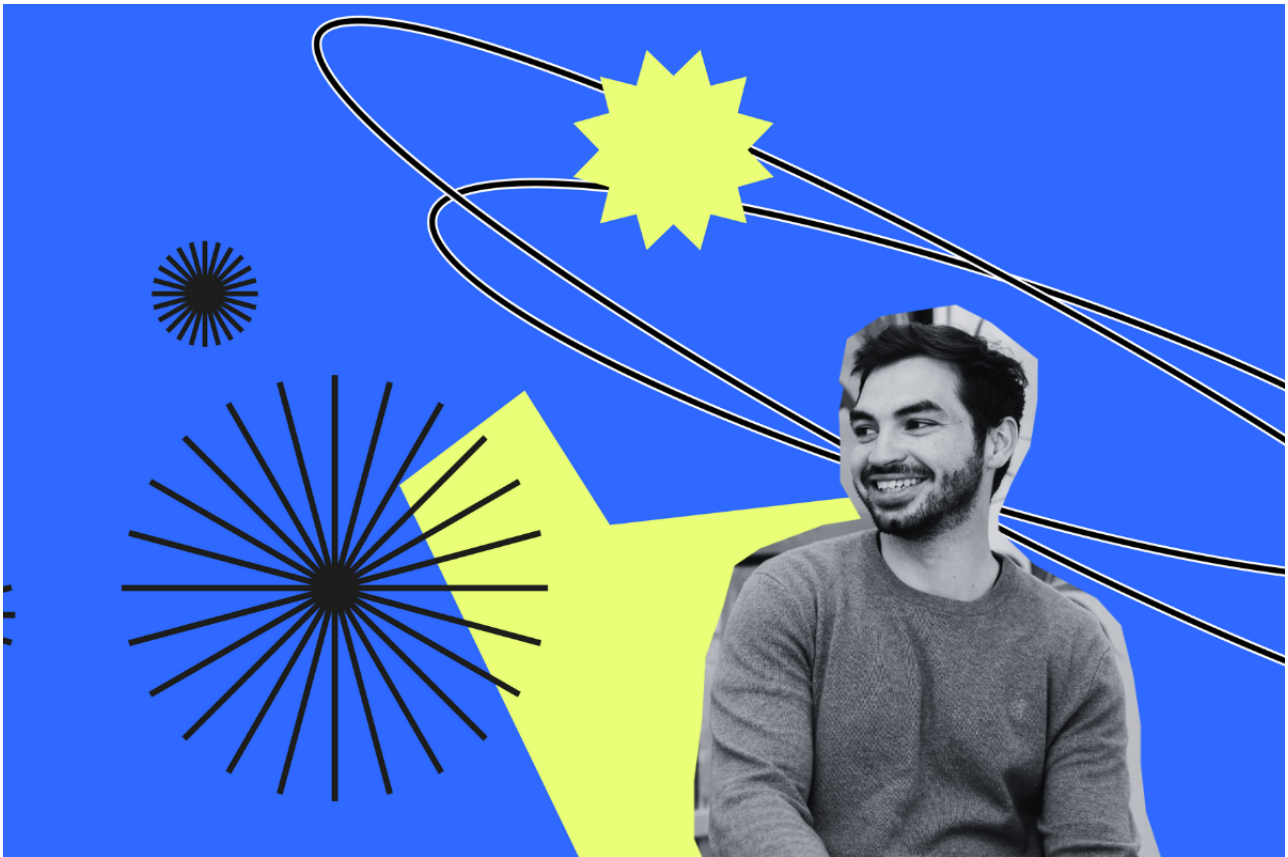
The long-term benefits of sustainable procurement

Embedding Scope 3 data practices in procurement not only improves regulatory compliance but also strengthens supplier relationships, mitigates climate-related risks, and enhances the company's resilience in a changing regulatory environment. As organisations and industries increasingly rely on primary data to meet their emissions goals, sustainable procurement practices position companies to lead the transition to a low-carbon economy, benefiting both the planet and long-term business performance.

By using procurement as a key carbon management tool, businesses can drive tangible changes in their supply chains, create accountability across suppliers, and ensure that their sustainability efforts are built on accurate,

actionable data.

Mauro Cozzi is the CEO and cofounder of Emitwise



Read also

Take the creativity out of carbon accountancy with Emitwise

Article by Mauro Cozzi