

Supply Chain Sustainability

Sustainable Business Network 19 March 2021



Agenda

- **Legal & Market Update** - Dr Wendy Buckley, Chair SBN North Hants
- **Supply Chain Sustainability** – Alasdair Silverman & Catherine Westoby, BEIS
- **Supply Chain Carbon Footprinting** – Myles Howard, Carbon Footprint Ltd



Legislation & Market Trends

Dr Wendy Buckley

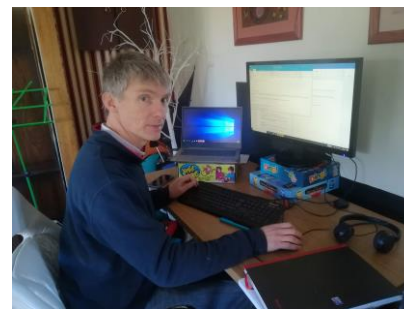
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Are You Measuring your Supply Chain Footprint?





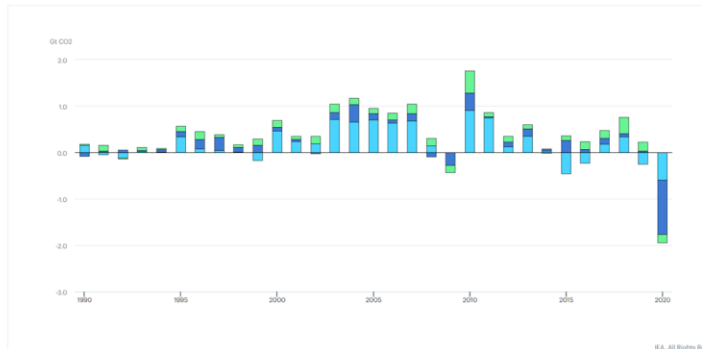
International Energy Agency (IEA) 2020 Global Review

- Primary energy demand dropped 4% causing a **5.8% reduction in CO₂e**
 - Largest annual % reduction since WW2
 - Decline of **2,000 million tonnes**
- Reduction in oil usage of 8.6% - **road transport** accounts for 50% of decline with **aviation** account for 35%
- Have rebounded to pre-lockdown levels

Change in CO2 emissions by fuel, 1990-2020

Last updated 1 Mar 2021

Download chart +

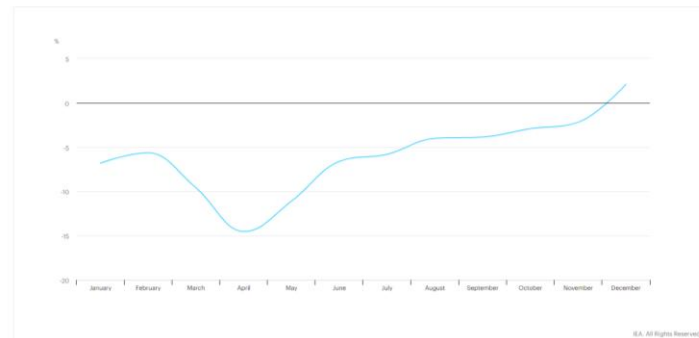


IEA. All Rights Reserved

Monthly evolution of global CO2 emissions, 2020 relative to 2019

Last updated 1 Mar 2021

Download chart +



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Significant Environmental Fines & Prosecutions

- **Thames Water fined £2.3 million**
 - Over 1000 fish and other water life dead after ammonia high sewage pollution incident in Henley-on-Thames
 - No adequate monitoring in place and not responding to alarms highlighting faults in system
 - Turnover is around £2 billion
- **Flybe hit with £52m environmental penalty** largest corporate environmental fine in the UK's history (calculated under the EU ETS rules) to cover plane emissions.
- **Lack of action against Farming water violations from the Environment Agency (EA):**
 - 243 violations since 2018 recoded with no prosecutions or fines issued
 - Aims to prevent water pollution by requiring better water management
 - Run off from agriculture is the biggest single polluter of rivers
 - Legislation states that fixed penalties of £100 - £250,000 can be issued

Streamlined Energy & Carbon Reporting (SECR) & Implications

- Companies are now reporting – some about to report for their **second year**
- **Second year report requires making a comparison to the previous year of figures and actions taken.**
- Company or LLP qualifies if satisfies **two or more** of the following requirements: (exempt if use <40MWh of energy)
 - **Turnover £36 million or more**
 - **Balance sheet total £18 million or more**
 - **Number of employees 250 or more**
- Enforced by **The Conduct Committee of the Financial Reporting Council**

Upcoming Changes

- **Environmental Watchdog** will be launched on an interim basis in **July 2021**
 - Ahead of formalisation of the Environmental Bill
 - Will publish independent assessments of Government's 25 Year Environmental Plan
 - Develop Office for Environmental Protection's strategy
 - Dame Glenys Stacy will Chair
- **UK Carbon Emissions Trading Scheme (ETS) will launch in May 2021**
 - Will operate in similar way to EU ETS
 - Stricter – tighter emissions cap and higher fines
 - Increases risk for miscalculating footprint (as seen with Flybe)
 - Can register now
- **Right to Repair** – ministers confirm implementation of EU legislation
 - Manufacturers will be obligated to make spare parts
 - Aims to extend product lifespans to up to 10 years
 - 'Summer 2021'

New Environmental Land Management Schemes Rollout Post-Brexit



- Aim to reward environmental land management focusing on **sustainable farming, local nature recovery and landscape recovery**
- Pilot **Sustainable Farming Initiative** in 2021 for 2022 launch - Submit interest by 11th April
- **Local Nature Recovery and Landscape Recovery** piloting in 2022 for 2024 launch
 - Includes large scale tree planting, restoring wilder landscapes and restoring peatland and salt marsh
- Funded by gradual reductions in Basic Payment Scheme (BPS) payments (2021 – 2027)
 - Grants for farms requiring certain land management (e.g. 5% of land for good of environment)
- Estimated **100,000 tCO₂e additional carbon savings** over 2023-2027 up to **300,000 tCO₂e** between 2028-2032

UK Extension To Green Grants

- **Desire for green recovery**
- **Domestic Renewable Heat Incentive (RHI) and Green Homes Grant extended till March 2022.**
 - Vouchers for energy efficiency upgrades
 - Funds up to 2 thirds of the cost of green home improvements up to £5,000, or 100% of the cost for homeowners on low incomes, up to £10,000
- **National Infrastructure Bank**
 - National Infrastructure Bank will support regional growth
 - Aims to tackle climate change by renewable energy, carbon capture, storage and transportation
 - £12 billion initial capitalisation and is expected to support at least £40bn of investment
- **Net Zero Innovation Fund**
 - Provides funding for low-carbon technologies
 - Competitions for funding will be launching throughout 2021 including £20 million competition to develop floating offshore wind projects)
 - £1bn fund
- **Sovereign Green Bond to be released Summer 2021 (£15bn of green gilts to be released)**
- **UK's Net Zero goal will be added to the remit of the Bank of England**

References / Useful Links

- [Race To Zero Campaign | UNFCCC](#)
- [Thames Water fined £2.3m for environmental offence – BCL Solicitors LLP](#)
- [Revealed: no penalties issued under 'useless' English farm pollution laws | Farming | The Guardian](#)
- [Airline hit with £52m environmental penalty \(endsreport.com\)](#)
- [Environmental land management schemes: overview - GOV.UK \(www.gov.uk\)](#)
- [Interim Office for Environmental Protection to be launched - GOV.UK \(www.gov.uk\)](#)
- [Global Energy Review: CO2 Emissions in 2020 – Analysis – IEA](#)
- [Covid-19 paused climate emissions – but they're rising again - BBC Future](#)
- ['Right to repair' law to come in this summer - BBC News](#)
- [Participating in the UK ETS - GOV.UK \(www.gov.uk\)](#)
- [UK carbon emissions trading scheme to launch in May \(businessgreen.com\)](#)
- [Budget 2021: UK Infrastructure Bank to be based in Leeds - BBC News](#)
- [Net Zero Innovation Portfolio - GOV.UK \(www.gov.uk\)](#)
- [Budget 2021: Key climate and energy announcements | Carbon Brief](#)
- [The ten point plan for a green industrial revolution - GOV.UK \(www.gov.uk\)](#)
- [Green Homes Grant extended for extra year - GOV.UK \(www.gov.uk\)](#)

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Thank-you & Get Involved in Further Sessions!



*Basingstoke
and Deane*

RUSHMOOR
BOROUGH COUNCIL



Your business & the Race to Zero

**Catherine Westoby, SME Net Zero Eng Lead
Alasdair Silverman, BEIS COP26 Biz Eng**

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UK 2021**

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What is COP26?

Paris COP21

Dec 2015 the World agreed the Paris Agreement
– limit global warming to 1.5C.

Glasgow COP26

Summit marks deadline to align current actions with this legally binding treaty.

1-12 Nov 2021

UN climate negotiations in Glasgow. 196 countries + EU. Major focus of HMG.

Actions and treaty 'gap'

Expect major international agreements– implications for policy and markets.

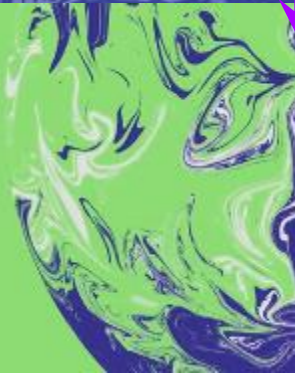
Presidency & Net Zero 2050

UK & Italy President for year post-COP26. UK's legal 2050 NZ goal.

RACE TO ZERO

UN's global campaign to rally leadership and support for a **zero carbon recovery**
Largest ever alliance committed to net zero by 2050 at the latest

TOGETHER FOR OUR PLANET



UK's year of climate action

National campaign committing UK organisations to Race to Zero before COP26

Net Zero **public** engagement

Net Zero **business** engagement

Andrew Griffith MP

Net Zero Business Champion – appointed by the PM to support the UK business community to commit to & take action on Net Zero ahead of COP26

Big business campaign

Race to Zero recruitment

Small & micro business campaign

Mass mobilisation

Global Green Investment Summit

Showing leadership



Large business & the Race to Zero

A step-by-step guide (V1)

What is the Race to Zero?



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11 PMH | 14MAY21 PMH - 1 JULY

RACE TO ZERO

Race to Zero – The Business Case

Investors and shareholders increasingly want to see action on climate.

Consumers, employees and other businesses will view your company more positively. Procurement based on climate impact is increasing. Motivate your workforce via green action.

Get the most ‘bang for your buck’ – in positive exposure and in climate impact.

Set the policy and market direction – Governments have committed to a 1.5°C so regulation and financial incentives are only going one way.

Low carbon businesses are more efficient and resilient. Also a 1.5°C world is more stable and prosperous.

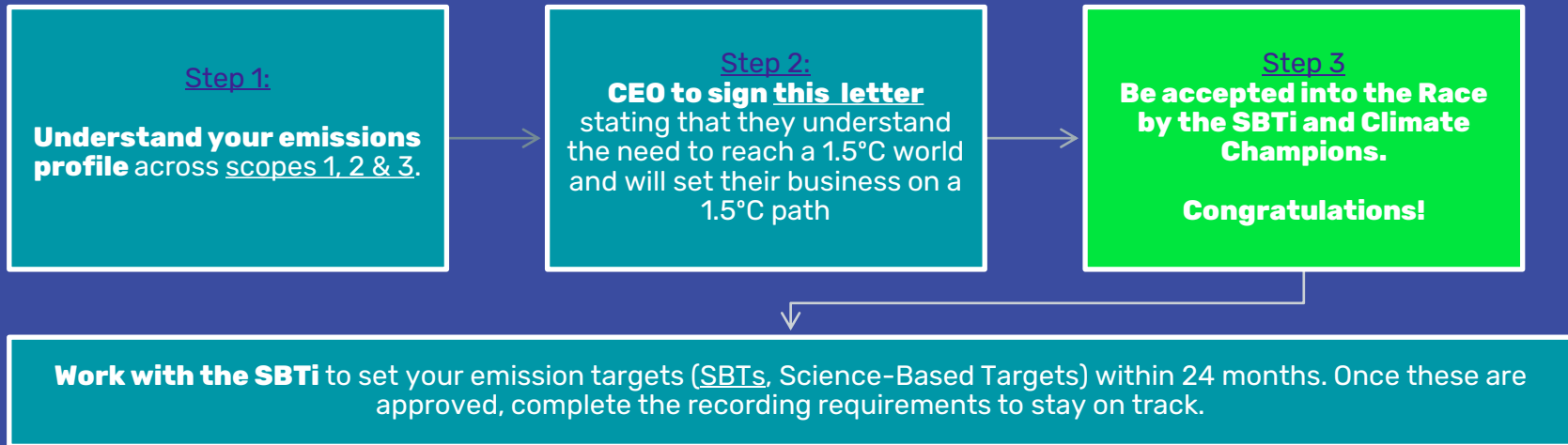


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11-12 NOVEMBER 2021 - 1 JULY

RACE TO ZERO

Three steps to Join the Race to Zero via the Business Ambition for 1.5°C



Does your business have fewer than 500 employees? You can enter via the [SME Climate Hub](#).

To note, these steps are to join via the *Business Ambition for 1.5°C*. A full list qualifying of initiatives are found [here](#).



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**BUSINESS
AMBITION FOR 1.5°C**

T&Cs: What am I committing to?

You are committing to aligning to a 1.5°C pathway*. There is flexibility - your emissions can reduce more slowly initially:

Work with the SBTi to understand this criteria and your options. The SBTi verify emission reduction plans as Science-Based Targets (SBTs). We can introduce you to our contact there.

Scopes 1 and 2:
Must be well-below
2C° pathway.

Set detailed targets
to cover next 5 to 15
years.

Go net zero across all
three scopes no later
than 2050.

Climate Leader:
Advocate for change
& champion your
own action.

Scope 3: Only included if >40% of total
emissions.
If included, SBT to cover two thirds of scope 3
emissions & align to a 2C° pathway.

*To note: Emission cuts consistent with holding global temperature rises at 1.5°C, the stated aim of the Paris Agreement and seen as the safe boundary by the majority of scientists. Following a pathway of above 1.5°C initially will have to be compensated by sharper emission cuts later – although costs of this are expected to fall sharply.



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11 PAVILION SQUARE RD - 1 JULY

Additional ways to support COP26

Key ask of Business: Join the **Race to Zero** through **Business Ambition for 1.5°C**

Finance

- Join Race to Zero via relevant initiative, aligning portfolio with a 1.5°C future
- **TCFD** disclosure
- Align with **Powering Past Coal Alliance** finance principles
- Invest in low carbon and resilient projects.
- Expand open source data sets to improve risk models

Energy Transition

- Commit to renewable power via **RE100**.
- Commit to coal free energy via **Powering Past Coal Alliance**
- Boost energy productivity via **EP100**
- Invest in clean energy with NZ Asset Owners Alliance & **CA100+**
- Support the **Just Transition** via the B Team

Nature

- Support the **Forests, Agriculture and Commodity Trade** dialogue and commit to due diligence on supply chains
- Buy only high-quality nature-based carbon credits as part of a credible net zero plan
- Sign the **Leaders Pledge for Nature**

Clean Transport

- Commit to electrifying your fleet by 2030 and investing in EV infrastructure by joining **EV100**
- Commit to 100% ZEV production by 2040 or earlier.

Adaptation & Resilience

- Join the **Race to Resilience**
- Increase A&R investments in developing countries
- Join the **Coalition for Climate Resilient Investment** and the **Adaptation Action Coalition**

Events and Engagement

Be a part of the conversation and ensure your company gets the exposure it deserves by joining the Race to Zero.

Announce your entry to the Race at an event in the lead to COP26 to stay ahead of competitors.

Events currently include the **Business Ambition Summit** and the **Global Green Investment Summit**.

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Small businesses & the Race to Zero

UK COP26 Campaign

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Why SMEs?

Business & industry = 25% UK emissions

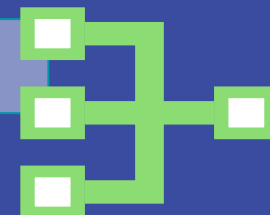


SMEs:

- **99% of our 5.87 million enterprises**
- **16.6 million employees (60%)**
- **£2.2 trillion of revenue (52%)**
- **Just under half of UK business emissions**



Cannot ignore SMEs: whole systems approach



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11-12th November 2021 - 12th July

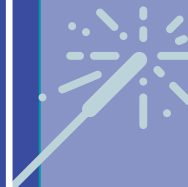
Campaign objectives



**Raise awareness
of climate
change** among
small businesses &
consumers



**Encourage
uptake of
specific actions**
to reduce
emissions,
supporting UK's
2050 target



**Generate place-
based interest &
press coverage**
ahead of COP26 in
Glasgow.



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UK 2021**

11-12th November 2021 - 1.7.21

RACE TO ZERO

Road to COP26

Andrew Griffith MP becomes NZ business champion
Nov 2020

Official campaign launch
Spring/Summer 2021

Regional events
February - October 2021

Digital platform soft launch
March 2021

Launch of sector toolkits
June 2021

COP26
1st – 12th November



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RACE TO ZERO

Campaign strands

Key ask of small businesses: Join the **Race to Zero** through **UK digital platform on SME Climate Hub**

National dissemination

- UK landing page SME Climate Hub
- Government channels
- Net Zero taskforce - large corporations

Regional events

- Six virtual regional events
- Sharing best practice across business, government & academia

Place-based engagement

- Mobilising local communities, in partnership with individual networks & local authorities

Sector specialisation

- SME working group shaping sector-specific support
- Assimilating & signposting to existing plans and resources

Digital platform

Drive sign ups to **Race to Zero**: small businesses

Communicate **relevance of** climate change & COP26 to business

Provide a **'one stop shop'** for net zero support and advice

Elevate & signpost **sector-specific** tools and resources

Present latest news, events & opportunities in lead up to COP26



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11-15 PM | 14 MAY-19 JUN - 1 JULY

Small Business Climate Hub

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Small Business Climate Hub

Future-proof your business today

Get Involved

Small Business Climate Hub

Small Business Climate Hub

Small Business Climate Hub

Where SMEs come to future proof their business

The science is clear - we must take immediate action by 2025 and achieve net zero emissions by no later than 2050 to avoid the worst effects of climate change. By cutting your emissions and providing innovative climate solutions, you will meet the climate expectations of customers, retain market access and win new business. We work with leading partners with the goal to make the path towards a net-zero business simple and successful.

The Small Business Climate Hub for small and medium-sized enterprises (SMEs) provides a one-stop-shop to make a climate commitment and access best in class tools and resources. The tools and resources provide support in regards to measuring your emissions, developing your climate strategy, reducing your own emissions and the emissions in your value chain, and examples of complementary offset projects.

We also partner with multilateral companies, financial institutions and governments to create clear priorities and opportunities for SMEs that connect to making their emissions better 2025 and achieving net zero by 2050.

Why not get a jump start on the competition right now?

10 actions your small business can take today

- 1 Switch to LED lighting 3
- 2 Adjust heating/cooling system settings, temperatures and rooms 3
- 3 Switch to a 100% renewable tariff 3
- 4 Install a smart meter 3
- 5 Talk to your supply chain 3
- 6 Insulate your buildings 3

For more information on responsibilities for SMEs, visit the Greenhouse Gas emissions website.

Property landlords are advised to carry out energy audits and improve energy efficiency with measures such as: improving insulation, glazing and double glazing.

Businesses that are not yet ready to take action should consider the following steps to get started:

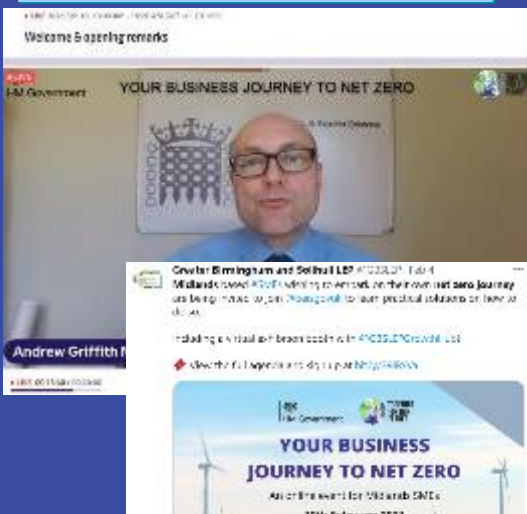
- 7 Switch to your utility's best and/or install charging points 3
- 8 Install your own renewable electricity or heating 3
- 9 Encourage your employees to make sustainable changes 3

NET ZERO EMISSIONS BY 2050

Join the thousands of businesses who are already taking action.

Campaign Activity

EVENTS



It was great to speak this morning at 'Your Business Journey to Net Zero' event alongside [Andrew Griffith MP](#), [Trevor McMillan](#), [Gudrun Cartwright](#), [Phil Karabel](#) - discussing solutions for Midlands based companies wishing to embark on their net zero journey.

The Department for BEIS event was delivered with [Keele University](#) - we're proud to support Keele's innovative work to develop low carbon solutions by providing a multi technology renewable energy park connected to their campus.

#TogetherForOurPlanet

PRESS



"My ultimate goal is the whole of the U.K. business community from the largest to the smallest," Griffith said.

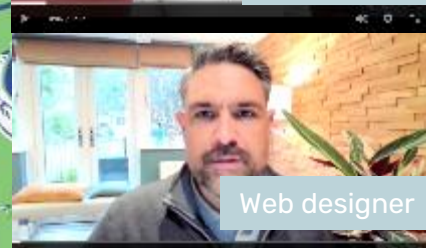
Once smaller companies are included, the U.K. is already outstripping the likes of Germany and France in terms of involvement in the Race to Zero, he said. His message to companies is to look at their sources of energy, their buildings and their product sourcing.

Jewellery maker

CASE STUDIES



Chocolatier



Web designer



Property developer

How you can help:

Sign up to Race to Zero!

& encourage
your members
to follow you

Promote the campaign

Share on your
social media
channels,
newsletters

Share tools & opportunities

on ongoing
basis to
networks

Synergise R2Z with your existing events & campaigns

Highlight best practice

Tell your story
or introduce us
to inspiring
businesses



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RACE TO ZERO

**Thank you
for listening**

Catherine Westoby

SME Net Zero Engagement Lead |
Sustainable Behaviours & Public
Engagement for Net Zero

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Alasdair Silverman

Senior Policy Lead | COP26 &
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Stakeholder Engagement

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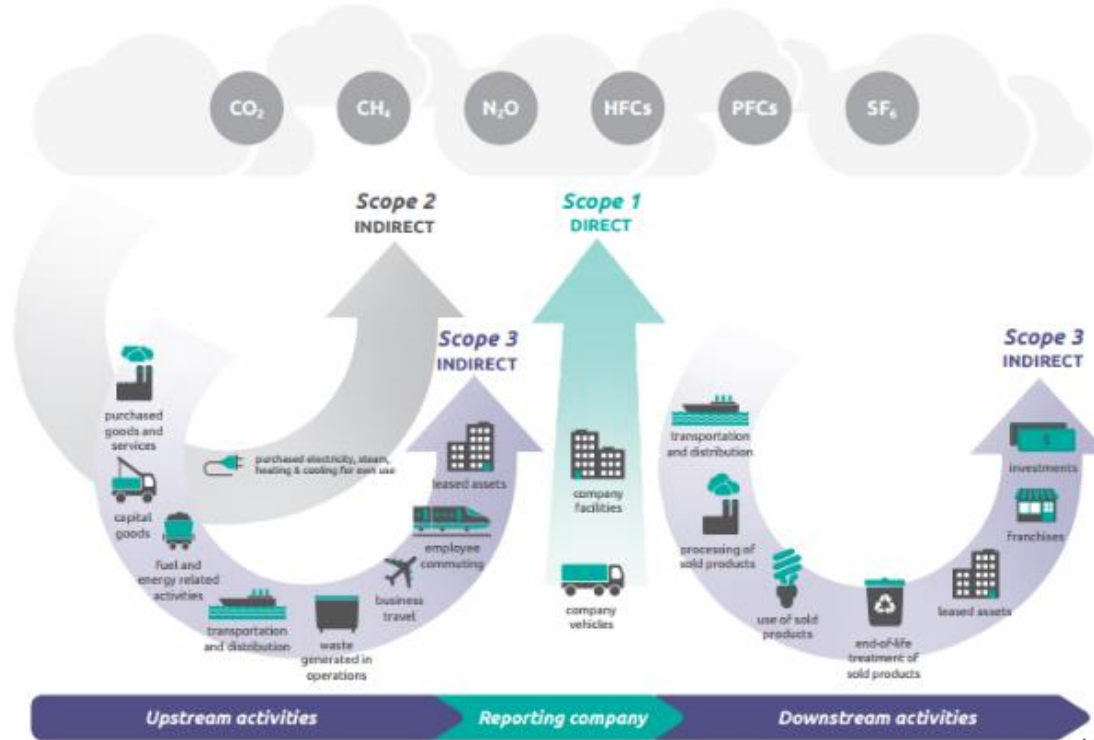
Supply Chain Carbon Footprinting

Myles Howard

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The Scopes

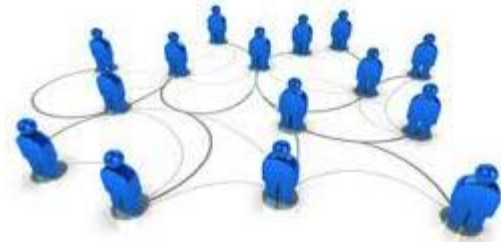


(GHG Protocol)

Why measure and manage your supply chain footprint



- Disclosure of Scope 3 Supply Chain emissions is becoming more popular by forward thinking Corporate businesses in their Annual Reports.
- The Carbon Disclosure Project and Science Based Target Initiative are actively promoting the need for Scope 3 carbon footprint reporting.
- Assessment enables an organisation to identify and respond to carbon 'hot spots' in their supply chain.
- There is potential to save cost and improve sustainability in the supply chain.



Data Availability

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Primary- Exact usage data from operations (e.g. Fuels, Mileage, Materials).

Secondary- Data from global average emissions factors based on known processes.

Tertiary- Cost Based Analysis to identify key data sources to help identify where to target the above data. Need the above data to have measurable reductions.

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Spend based carbon assessment

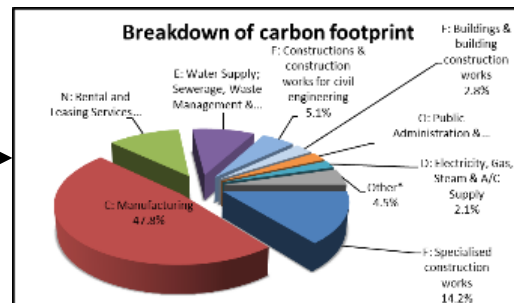


- Using cost based factors to estimate supply chain GHG emissions based on financial spend.
- Identify “Hot Spots”, typically the top 3 sources to focus on.
- Report on findings, identifying suppliers contributing to your Organization's footprint.

SIC Group	Section	Sector Summary	Total Cost (£)	Comments	EF (thousand tonnes CO2e / £million)	tCO2e
2	A	Products of forestry, logging and related services	30,156	Forestry	0.15	4.52
8	B	Other mining and quarrying products	91,605	Mining products	0.71	65.04
10	C	Processing and preserving of meat and production of meat products	11,520	Meat products	0.23	2.65
13	C	Textiles	74,108	Textiles	0.31	22.97
16	C	Wood and of products of wood and cork, except furniture; articles of straw and plaiting materials	989,169	Wood products	0.59	589.61
18	C	Printing and recording services	66,575	Printing services	0.08	5.33
20	C	Manufacture of cleaning & toilet preparations	301,760	Cleaning products	0.08	24.14
21	C	Basic pharmaceutical products and pharmaceutical preparations	32,149	Pharmaceutical products	0.06	1.93
22	C	Rubber and plastic products	46,123	Rubber and plastic products	0.49	22.60
23.1-4 & 23.7-9	C	Manufacture of glass, refractory, clay, other porcelain and ceramic products, Stone, & abrasive products	4,529	Natural soil based products	1.33	6.02
23.5-6	C	Cement, lime, plaster and articles of concrete, cement and plaster	3,862	Cement products	3.15	12.17
24.1-5	C	Manufacture of basic iron & steel	296,468	Iron and steel	3.83	1,135.47
24.4-5	C	Other basic metals and casting	1,056,849	Other metals	0.54	559.90
25.1-3+25.5-9	C	Fabricated metal products, except machinery and equipment, excluding weapons and ammunition	2,236,097	Metal products	0.21	469.58
26	C	Computer, electronic, communication and optical products	1,705,287	Electronics	0.05	85.26
27	C	Electrical equipment	1,256,920	Electrical equipment	0.16	201.11
28	C	Machinery and equipment n.e.c.	5,756,326	Machinery and equipment	0.17	690.76

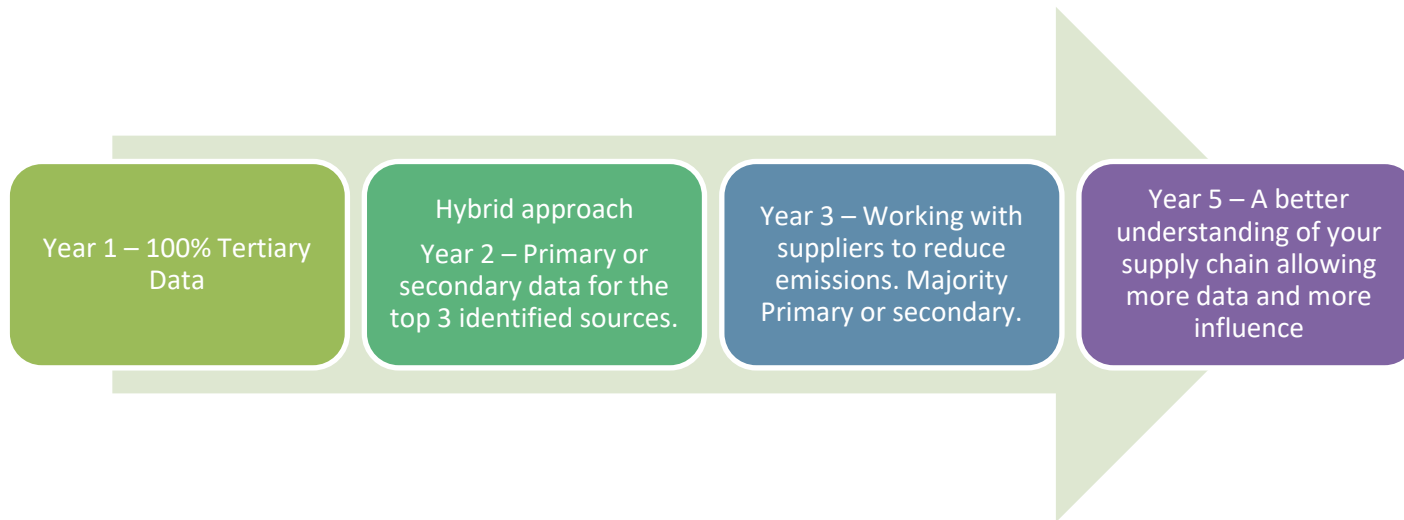
Emissions factors based on the £M spent on Cost or SIC codes can be used to estimate the

Some downstream emissions sources may need modeling if not directly paid for
e.g. Distribution, Product Use and Waste.



Progression

Improving data as you go



Market Pressures and additional benefits



- **Reduce overall emissions** through identifying hotspots and addressing large emissions sources.
- Can help with **tenders** and **becoming part of** companies supply chains as well as **remaining in supply chains**.
- Having a good **supply chain understanding** can allow businesses to go **above and beyond** the minimum reporting requirements and show their **Environmental understanding**.
- Provides many opportunities to show **green credentials**, **differentiate your brand** and many additional **transparent marketing opportunities**.
- **Target setting...**



Target Setting

SBTi — require a screening of Scope 3 emission with the minimum of a cost based approach with targets typically for the 3 key sources of emissions. Certain SBTi targets require actions for the companies supply chain.

Reduction targets on a per scope basis examples

Depends on data availability and the scope 3 emission source...

- Promoting Carbon Assessment
- Working with suppliers to increase efficiency
- Greener suppliers
- Local supply
- Reuse/reduce (hierarchy)



Recap

This Executive Overview provides some ideas on how you may wish to address Supply Chain Carbon Footprinting.

The aim of this talk was to:

- Identify your next step and a potential strategy for achieving a supply chain footprint
- Identify the benefits of monitoring your supply chain
- Provide details on how extensive and how far a supply chain can stretch



Calculate



Aim



Reduce



Offset



Communicate



Comply

Information & Further Resources

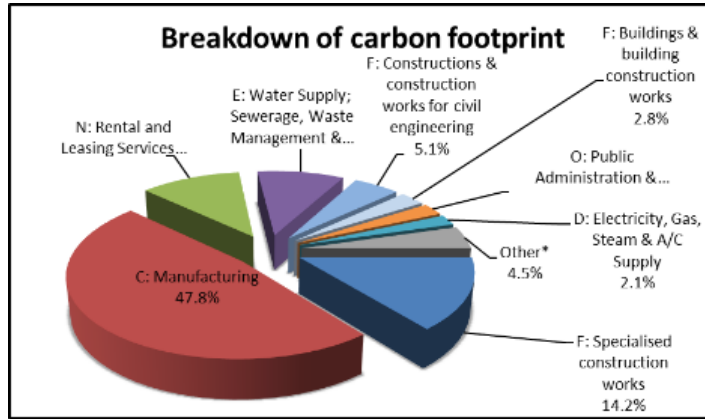


SUPPLY CHAIN FOOTPRINT

Services To Calculate The Environmental Impact Of Your Supply Chain

- Carbon Footprint Website <https://www.carbonfootprint.com/supplychainfootprint.html>
- GHG Protocol <https://ghgprotocol.org/scope-3-technical-calculation-guidance>
- Gov.UK <https://www.gov.uk/government/statistics/uks-carbon-footprint>
- ONS.gov.uk <https://www.ons.gov.uk/economy/environmentalaccounts>
- WIOD Socio Economic Accounts 2016 <http://www.wiod.org/database/seas16>

Carbon Footprint



<https://www.carbonfootprint.com/supplychainfootprint.html>

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