



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

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Missing Link: Harnessing the Power of Purchasing for a Sustainable Future

What happens when CDP supply chain members leverage their US\$2.7 trillion of procurement spend to request information from over 8,200 suppliers? The result is the CDP Supply Chain Global Report, produced and co-written by the Carbon Trust, which showcases how supply chains provide the key to a sustainable future. Aptly titled *Missing Link: Harnessing the power of purchasing for a sustainable future*, the report highlights how leading companies are using purchasing and procurement tools and practices to deliver effective action on climate change. The foreword by Patricia Espinosa: Executive Secretary, United Nations Framework Convention on Climate Change, highlights this key message of climate action as having never been more achievable, stating that this report provides the evidence for action.

It is a consistent feedback item in the NBI analysis of CDP data in South Africa that companies need to work across their value chains to both understand the risk of climate change as well as the opportunity of collaborative reductions. This report offers South African companies an understanding of some of the best practice in supply chain management for climate change.

While companies have increasingly begun to realise the risk of climate exposure, the supply chain is put forward as the new frontier for delivering valuable climate-related outcomes. The positive case for action is increasingly compelling and the numbers speak for themselves. The report details how supplier disclosed reductions were equivalent to 434 million tonnes of CO₂, with associated cost savings of US\$12.4 billion. The report sets out a framework for action within the supply chain, including key examples of how organisations are undertaking mitigation efforts.

The key to supply chain solutions lies in deeper buyer-supplier engagement. Interestingly, 68% of suppliers surveyed identify climate opportunities, with 52% integrating climate into business strategy. However, greater awareness of supplier climate risks is still needed. While emissions reductions save companies money, many suppliers struggle to set

targets that are both aspirational and achievable. The solution lies in setting science-based targets through the *Science-Based Targets Initiative (SBTi)* – a partnership between CDP, the UN Global Compact, WWF and the World Resources Institute, which helps companies to commit to set ambitious emissions reduction targets in line with current climate science.

In order to reach critical mass, large purchasers have to use their weight to lead the low carbon transition. However, demonstrably effective strategies require four fundamental steps regardless of organisational size. These are: understanding, planning, implementing and learning. Understanding the supply chain is key as this unlocks innovation. Planning sets the vision and level of ambition and acting means putting the policies, governance or processes in place to implement real change. Introducing a continuous learning loop ensures that actions remain relevant and have the desired impact. Specific strategies and examples are contained in the full report which is available at: *[‘The Missing Link: Harnessing the power of purchasing for a sustainable future’](#)*.

By opting to work closely with their suppliers, companies place themselves in a strong position for growth by reducing their environmental and social impact. In this report, the CDP also launches the new Supplier Engagement Leader board. In 2016, for the first time, the CDP scored all responders to CDP (except SMEs) on their ability to engage with their suppliers on climate change. The result was 29 companies who made the Leader board.

Considering that the annual purchasing power of CDP’s supply chain members in 2016 was \$2.7 trillion, roughly equal to the size of the entire United Kingdom’s economy, it is clear that the power of the supply chain in driving positive climate outcomes has never been more prominent than it is right now.

Please contact [Naseema Elias](#) for further details.

Business Action for Sustainable Growth

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