



THE 1.5°C BUSINESS PLAYBOOK

PILLAR

2

**Reduce your value
chain emissions**

PILLAR 2. REDUCE YOUR VALUE CHAIN EMISSIONS

2

Value chain emissions include all the emissions “outside the company walls”. They normally represent the largest share of a company’s total footprint and must therefore be addressed. As an example, IKEA’s value chain emissions represent 97% of the company’s total emissions and for Max Burgers they represent 99%.

Value chain emissions are emissions from upstream (e.g. supplier material) and downstream (e.g. use of sold products) activities associated with the operations of the reporting company, and are referred to as scope 3 emissions in the Greenhouse Gas Protocol.⁵ Upstream activities include emissions all the

way from raw material extraction and downstream activities including customer final use and end-of-life. The largest emission sources in this category tend to be **purchased goods and services** and the **use of sold products**, but proportions vary between sectors and companies.

You should work actively to drive down value chain emissions. This can be done in many ways – examples include procurement guidelines and supplier code of conduct criteria, changes in the design of products, collaborations with suppliers and customers, and by reassessing your business model and investments.

ACTIONS

- Map out the carbon emissions associated with your value chain to understand which are the most substantial and start tracking and reducing them systematically. Strive to include all significant emissions categories so that maximum 5% of overall emissions are omitted.
- Within one year, set a target for the first halving of absolute value chain emissions.
 - » Apply the same base year as for your own company’s emissions (scopes 1 & 2).
 - » Your minimum goal to align with 1.5°C should be to halve emissions by 2030 (7% year-on-year reduction), but preferably faster.
 - » Break down the plan into yearly targets and milestones.
- Decide in which order to reduce emissions, and develop a plan on how to reach the targets.

- Disclose value chain emissions and plans to reduce them as part of your annual public reporting. Clearly explain and motivate any slower pace than halving every decade.*
- Evaluate results and update your targets if necessary on a yearly basis.

* Rapidly growing companies that provide solutions which avoid or remove emissions as their core business do not have to commit to halving their absolute emissions, but should halve their intensity (as a minimum) and show that their growth is 1.5°C compatible.

KEY REDUCTION MEASURES

- Request your suppliers to commit to the 1.5°C ambition and halve emissions before 2030, by applying this playbook and/or other applicable frameworks, such as SBTi 1.5°C,⁶ and include it in procurement criteria and your supplier code of conduct.
 - » This will drive reductions of upstream emissions from purchased goods and services.
- Choose suppliers of transport and data services, materials and products based on their climate strategy and transparency of emission data, and collaborate with other industry partners to strengthen and align purchase requirements.
- Consider investing in emissions reduction projects within your own supply chain.
- Integrate strong climate criteria at the heart of your R&D, product and service design processes to improve energy performance of products, require less material, use recycled materials and low-carbon materials, and build low-carbon and circular economy solutions for customers.
- Include climate measures and targets on product use and end-of-life to steer your product development.
- Evaluate and improve the energy and resource performance of your own product and service mix. Optimise them for the use of renewable energy.
 - » This will enable a reduction of downstream emissions from the use of sold products.
- Set up a plan to enable reduction of commuting travel emissions e.g. through promoting and sponsoring low-carbon travel to and from work, and enabling employees to work from home and green office hubs, closer to home.
- Provide and/or promote the choice of plant-rich, healthy food whenever it is possible for you to influence.
- Evaluate and reduce the footprint of your financial investments, including pension funds, to make sure they are in line with your 1.5°C commitment.*

* This concerns investors and finance institutes and would belong to pillar 4 for other types of companies.

This is an offprint from the 1.5° Business Playbook.

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