

# Supplier Engagement to Cut Emissions and Increase Adoption of Greener Materials



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## Part I

# Introduction

## 1.1

# Why Focus on Supplier Engagement to Cut Emissions and Increase Adoption of Greener Materials?

Both regulatory frameworks and market demands are driving companies to take sustainability aspects of their products and services into account along their entire value chains.

In striving for increased sustainability, cutting overall GHG emissions and utilising greener materials are vital as they directly address the core environmental challenges of climate change and resource depletion. Reducing emissions tackles one of the most pressing global issues, helping to mitigate the impacts of climate change. Simultaneously, the use of greener materials is vital to reducing the ecological footprint associated with industrial processes and products, referring to materials with a reduced environmental impact compared to conventional ones, promoting sustainable resource usage, and reducing waste. Greener materials are characterised by e.g. sustainable sourcing, lower GHG emissions and energy consumption in their production and processing, recyclability, and minimised toxicity.

Together, the strategies of cutting overall GHG emissions and utilising greener materials, are integral to creating more sustainable, environmentally responsible, and resilient business models.

Focusing on supplier engagement is one purposeful pathway for decreasing emissions and increasing access

to and adoption of greener materials because suppliers play a pivotal role in the overall environmental footprint of products. By engaging suppliers, companies can extend their sustainability efforts beyond their immediate operations, influencing the entire supply chain. This approach enables the identification and implementation of emission reduction opportunities at the source, in addition to the possibility of aligning the sustainability goals throughout the value chain. Having a clear understanding of the common sustainability goals fosters opportunities for collaboratively seeking out ways to work towards them and finding win-win solutions for both suppliers and their customers. This approach promotes innovation and sustainability practices throughout the value chain while fostering a market for greener materials. In essence, supplier engagement is a strategic lever for companies to amplify their sustainability impact, driving industry-wide change toward higher sustainability performance.

As a result, companies not only contribute to environmental stewardship but also align with evolving regulatory standards and increasing consumer demand for sustainable products, securing their competitive advantage in a rapidly changing market.

## 1.2

# Focus and Purpose

The purpose of this brief is to examine key challenges associated with supplier engagement for GHG emission reduction and integrating greener materials into production processes and products. A set of proposed actions are outlined for each challenge complemented by strategic reflection points serving as critical questions for companies to consider in their decision-making and strategic planning and ensuring relevance and adaptability of the proposed actions across various industries and sectors. The content is informed by insights gathered from industry leaders during two workshop sessions hosted by the UN Global Compact networks in Finland, Denmark, Sweden, and Norway, focused on tangible dilemmas and solutions from frontrunner companies in the Nordics, in addition to input from subject matter experts from Rambøll Management Consulting.

The brief aims to equip companies with the knowledge to make informed decisions that enhance supplier engagement, leading to decreased emissions and greener material sourcing and thus, lowering overall environmental impacts. This document is particularly geared toward sustainability officers, decision-makers, procurement officers, product developers, strategists and other staff members keen to adopt best practices in their respective industries.



## Part II

# Employing Supplier Engagement for Decreasing GHG Emissions

This chapter looks at the key challenges related to supplier engagement to decrease GHG emissions and provides a set of suggested actions that will help the practitioner engage in successful supplier engagement and manage the key challenges.

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## 2.1

# Internal Organisational Challenges

This section outlines the primary challenges arising from the internal organizational structures of companies.

## Lack of Internal Resources for Supplier Engagement and Data Handling

**Specific issue:** The increasing regulatory and market requirements for companies to prioritise sustainability necessitates significant internal changes, including the need for skilled staff, advanced data management systems, and dedicated time for sustainability-focused supply chain management. These requirements often come with associated costs and organisational restructuring, posing a substantial challenge for companies adapting to the evolving demands of sustainability in their operations.

**Proposed actions:** Companies need to identify the most impactful sustainability initiatives and strategically allocate internal resources and competencies towards addressing these key areas, while also ensuring that

they are in alignment with any set sustainability objectives. This ensures a focus on areas that yield significant sustainability results. Concurrently, it is essential to align the organisation's sustainability ambitions with its actual capabilities and actions. This alignment involves balancing various agendas, including the demands of transparency acts and due diligence regulations, while also ensuring that sustainability strategies are in harmony with the broader business objectives. Navigating the complexities introduced by sustainability-focused legislation, particularly in intricate supply chains, is integral to this alignment, ensuring that the organisation's operations are both compliant and strategically focused on sustainable growth.

### STRATEGIC REFLECTION POINT

Do we know what sustainability areas are bringing the most harmful impacts from our company on our natural and social environments, or which pose the highest risks? Are our internal resources optimally allocated towards these?

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## Lack of Internal Staff Engagement and Competence

**Specific Issue:** It can be challenging to engage relevant staff, such as procurement teams, R&D teams, leadership, and managers, effectively as ambassadors for sustainability due to a lack of sustainability knowledge, time restraints, and general resistance to change.

**Proposed Actions:** Prioritise resources for implementing training and development programs, which will indirectly help the company obtain its sustainability goals. In addition to enhancing understanding and skills related to sustainability and supplier engagement, they should also help staff understand what sustainability means in practise for the company and which regulative requirements the company needs to live up to.

This action can be complemented by clear communication on the company's sustainability goals and by establishing incentive mechanisms that encourage active participation and ownership of the sustainability goals within the organisation. Additionally, fostering a culture that values and rewards sustainable practices can significantly boost staff engagement and competence. Regular workshops, seminars, and collaborative projects with external sustainability experts can also be instrumental in keeping the staff updated and motivated about the latest trends and best practices in sustainable supply chain management.

### STRATEGIC REFLECTION POINT

Do we actively communicate our sustainability goals and requirements to our staff?  
Are we willing to allocate resources to adequately train and empower our staff on sustainability matters aligned with our sustainability goals?

---

## Lack of Specific Programs for Supplier Engagement

**Specific Issue:** The lack of specific programs for supplier engagement reflects a gap in many organisations' strategic planning. Without these dedicated programs, companies often struggle to effectively communicate their sustainability goals to their suppliers, set actionable sustainability requirements, monitor compliance, and the ability to together drive improvements in environmental performance across the supply chain. Consequently, organisations miss out on opportunities to leverage supplier partnerships for mutual sustainability benefits, limiting their ability to achieve broader environmental objectives and to respond adaptively to evolving sustainability demands.

**Proposed Actions:** Develop a robust strategic framework for supplier engagement, initiating dialogue with the most important suppliers, or suppliers representing resources with the highest sustainability related impacts or risks. Together, outline clear and realistic sustainability objectives, and investigate ways of obtaining them together. It is imperative to establish a cost-sharing mechanism between them and look for win-win projects and solutions. Also, clear expectations

and performance metrics need to be established from the beginning, in addition to open lines of communication for feedback and continuous improvement.

In addition, include clauses on integrating a strong commitment to collaboration and transparency into the Supplier Code of Conduct, keeping supplier guidelines up-to-date, and maintaining continuous, meaningful dialogue with all suppliers. Reward suppliers for efforts in reducing emissions, e.g. by incorporating CO2 performance into evaluations. You can even recognise achievements through awards. Set clear expectations for suppliers and outline consequences for not engaging in emission reduction efforts, and for not sharing relevant data.

Leveraging technology, such as digital platforms for tracking progress and sharing best practices, can facilitate more efficient and transparent interactions. By institutionalising these programs, companies can foster a more collaborative and proactive approach with their suppliers, driving collective progress towards sustainability goals.

### STRATEGIC REFLECTION POINT

Have we identified our key suppliers based on sustainability? Have we engaged in dialogue with our suppliers on what could be win-win responses to the most important sustainability issues? Does our Supplier Code of Conduct include clauses on commitment to collaboration and engagement regarding sustainability issues?

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## 2.2

# Supplier-Related Challenges

This section outlines the primary challenges arising from complications within supplier operations.

## Limited Supplier Capability on Sustainability Related Issues

**Specific Issue:** Suppliers have varying abilities to meet sustainability standards and varying availability and quality of sustainability data. Particularly smaller ones can lack the necessary knowledge, resources, or technology to meet the sustainability standards required by their clients. This gap can stem from a variety of factors, including limited financial resources, lack of expertise in sustainable practices, or inadequate access to sustainable materials and technologies. As a result, these suppliers may struggle to implement environmentally friendly processes, adhere to carbon reduction targets, or provide accurate data on their sustainability metrics. This challenge not only hampers the suppliers' ability to contribute to the overall sustainability goals of the supply chain but also poses a significant obstacle for companies aiming to enhance their environmental performance and meet regulatory

compliance. Consequently, it can lead to inconsistencies in sustainability efforts across the supply chain, affecting the end-to-end environmental impact of products and services.

**Proposed Actions:** Collaborate with the most important suppliers, or suppliers representing resources with the highest sustainability-related impacts or risks on relevant sustainability training and develop targeted programs to build the sustainability competencies. Companies can involve internal staff members in these training courses, thus increasing both their own sustainability literacy and that of their suppliers. Participating in mutual sustainability training can also help ensure mutual understanding and alignment on sustainability goals.

### STRATEGIC REFLECTION POINT

Do we know the sustainability-related weaknesses of our suppliers and their internal capacities? Are we willing to seek out opportunities for mutual training to foster true competencies for meeting sustainability standards and objectives?

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## Large “Conventional” Suppliers with High Bargaining Power

**Specific Issue:** Large suppliers can wield high bargaining power and therefore, if a large supplier is unfavourable towards sustainable practices and emission reduction initiatives (here termed as a “conventional supplier”), they can pose a substantial barrier to smaller companies to negotiate for greener materials or more sustainable production methods. This can potentially hinder a smaller company’s overall progress toward achieving their sustainability goals.

**Proposed Actions:** Implement strategic approaches to managing the influence of large suppliers that are opposed to sustainability initiatives. Initiate or actively

engage in leveraging industry alliances and collaborative engagements, to effectively drive for sustainability throughout the entire supply chain. Strategically focus on “conventional” suppliers in a position capable of driving significant change, which in turn can help shape an industry-wide approach to more sustainable practices.

Alternatively, or in parallel, determine whether there are other suppliers with ambitious sustainability agendas able to deliver your needed greener material.

### STRATEGIC REFLECTION POINT

Do we have the necessary alliances and strategies for addressing sustainability-adverse power dynamics in our supply chain? Are we effectively leveraging our influence to foster collective industry transformation, particularly with key suppliers? How can we better challenge and influence our key suppliers to drive impactful change? Are we leading the industry transformation, or are we simply following trends?

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## Struggles in achieving actual Supplier Engagement and Collaboration

**Specific Issue:** To effectively enhance sustainability across the supply chain, it is essential to move beyond mere compliance and foster genuine engagement and collaboration with suppliers. This approach involves a strategic balance between enforcing contractual obligations and cultivating cooperative relationships, as well as aligning mandatory sustainability goals with aspirational targets across supply chains as much as possible. Additionally, it's crucial to establish and enforce clear consequences for suppliers who fail to meet

sustainability requirements, ensuring accountability and continuous improvement in environmental performance.

**Proposed Actions:** The struggles in achieving actual supplier engagement and collaboration should be confronted through a company's programs for supplier engagement. Please read through the proposed actions for developing and implementing such programs in the section "Lack of specific Programs for Supplier Engagement"

### STRATEGIC REFLECTION POINT

Can we describe our supplier engagement as fostering genuine dialogue and collaboration? Have we made efforts in finding a suitable alignment between our internal sustainability goals and those of our main suppliers? In conjunction with these reflection points, it could be relevant to also examine the Strategic Reflection Points associated with the section on "Lack of Specific Programs for Supplier Engagement".

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## 2.3

# Data-related challenges

This section outlines the primary challenges arising from issues related to data availability, management, and quality.

## Lack of Digital Solutions for Data gathering and Management

**Specific Issue:** Operating without digital solutions for data gathering and management, companies face difficulties in accurately tracking and managing crucial data. Although purchasing and implementing such digital solutions can be costly, the manual processes they would be substituting are time-consuming, prone to error, and unsustainable for scaling, which becomes increasingly challenging as sustainability reporting requires increasing disclosures on supply chains, while the supply chains become more complex and globalised. Thus, even though acquiring the digital solution can be costly, it can save time and resources in the longer run. The lack of digital platforms also limits transparency and accountability and impedes the potential for data-driven insights that could drive significant improvements in sustainability performance.

**Proposed Actions:** Invest in developing or adopting digital platforms and tools tailored for sustainability data management. This could involve partnerships with technology providers or collaborating with industry peers to co-develop solutions, to share the related costs. Regular updates and maintenance of these systems, along with ongoing assessment and integration of emerging technologies, will keep the data management process robust, responsive, and aligned with evolving sustainability requirements.

### STRATEGIC REFLECTION POINT

Do we have adequate digital solutions for data gathering and management?  
Are we using our data to its fullest potential to identify and act on high-impact sustainability areas?

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## Limited Data Availability from Suppliers

**Specific Issue:** Accurate sustainability data from suppliers is crucial for effective supply chain management towards sustainability. But many suppliers, especially smaller ones, or those in developing regions, often lack the infrastructure or expertise to track and report detailed sustainability data. This can be due to inadequate technological resources, lack of standardised data collection processes, or a limited understanding of sustainability metrics. Related costs are also an important barrier. The resulting data scarcity or inconsistency hinders a company's ability to assess the sustainability impact of its supply chain accurately, make informed decisions, and set realistic sustainability goals. This challenge also complicates efforts to monitor progress and comply with sustainability reporting requirements.

**Proposed Actions:** Develop and implement standardised data reporting frameworks and guidelines that suppliers of all sizes can easily follow, ensuring consistency and accuracy in data collection. Consider whether it is possible to share digital platforms and software solutions that can streamline data gathering and analysis, making it more efficient for suppliers to report and for companies to access the required information. Establishing a regular review and feedback mechanism can also help attain continuous improvements and adherence to data standards, fostering a culture of transparency and accountability within the supply chain.

### STRATEGIC REFLECTION POINT

Do we have digital platforms and software solutions internally, that could possibly be shared with suppliers that are struggling to provide needed sustainability data?

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# Lack of Standardisation of Data Metrics and Quality

**Specific Issue:** The absence of uniform criteria and benchmarks across various suppliers and industries for measuring and reporting sustainability data leads to a myriad of sustainability metrics and reporting formats, creating difficulties in comparing, validating, and consolidating data across the supply chain. It is important to use standards for data quality and formats (e.g. for Green Steel) and robust processes to quality check and validate the data received, particularly from lower-tier suppliers.

**Proposed Actions:** This challenge will be alleviated by the integration of various emerging data standards for sustainability reporting, such as the European

Sustainability Reporting Standards (ESRS) developed in relation to the EU's Corporate Sustainability Reporting Directive (CSRD). Examples of other sustainability reporting standards established or being developed are the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Integrated Reporting Framework by the International Integrated Reporting Council (IIRC), to mention just a few. It remains to be seen how comparable the data metrics will be, between the different standards. Specific standards will be mandatory in some regions, such as the ESRS/ CSRD in Europe. Companies in other regions will need to analyse which standard best serves their reporting requirements, objectives, and collaborating stakeholders.

## STRATEGIC REFLECTION POINT

What are our pertaining reporting requirements, objectives, and collaborating stakeholders? Which sustainability data standards best serves these?



## Chapter 2 Best Practice Example – HEMPEL:

Hempel has put much effort into supplier engagement work, and the following example showcases how they have applied some of the proposed actions in chapter 2.

Dagny Nome, Procurement Sustainability Manager,  
Hempel

Driving GHG emission reductions through The  
Procurement Sustainability Screening

In the face of the challenges linked to imperfect data, Hempel perceives this not as a barrier but as an opportunity for engagement through a sustainability assessment that focuses on ambitions, targets and activities as well as data. The screening is used commercially to achieve emission reduction goals.

Through the implementation of The Procurement Sustainability Screening, Hempel has successfully integrated sustainability into its procurement processes, fostering enhanced engagement with suppliers. The

screening process involves a questionnaire evaluating suppliers' performance and ambition concerning key sustainability topics. It is further enriched by feedback sessions and individual dialogues, ensuring engagement as well as a thorough assessment. The results of the screening are then translated into company scorecards, providing Hempel with valuable insights into sustainability drivers and supplier maturity. Suppliers receive both their own scorecard as well as an overall benchmark. Moreover, recognising the importance of effective communication, Hempel emphasises clear and simple messaging in its interactions with suppliers to enhance overall effectiveness.

This process sets the stage for a continuous improvement cycle through constructive feedback, reinforcing Hempel's commitment to driving positive change. Hempel is also linking supplier sustainability maturity to commercial decisions – effectively turning the challenge of limited data access into opportunities for meaningful sustainability progress.

## Part III

# Accessing and Integrating Greener Materials into Production Processes and Products

This chapter looks at the key challenges related to accessing and integrating greener materials into production processes and products and provides a set of suggested actions that will help the practitioner confront the key challenges. As in the previous chapter, each challenge is also complemented by strategic reflection points serving as critical questions for companies to consider in their decision-making and strategic planning, ensuring relevance and adaptability of the proposed actions across various industries and sectors.

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## Limited Greener Material Availability

**Specific Issue:** Constraints to greener material availability can be a significant roadblock for companies striving to adopt more sustainable practices. For many types of materials, the greener alternatives are still in an experimental stage or are quite new on the market, so production is often not large-scale. The lack of established supply chains for certain green materials often results in limited options and higher costs, making it difficult for companies to integrate these materials into their products while maintaining competitive pricing. Thus, the scarcity not only hinders the widespread adoption of sustainable alternatives but also poses a challenge in meeting increasing regulatory requirements and consumer demands for eco-friendly products. As a result, organisations face the dual challenge of aligning their sustainability goals with the practical realities of material availability and market dynamics.

**Proposed Actions:** Set tender requirements related to greener materials and whenever possible, engage in long-term contracts with suppliers of greener materials. If your greener material need is insufficient to create

critical mass, seek collaboration with other users of the same materials in different industries for shared learning and practices. This can secure your supply but can also incentivise increased production from the supplier since they will have secured long-term buyers.

Additionally, look into building strategic partnerships with suppliers and participating in industry consortia to help create an increased market-driven demand for greener materials. Participate in research and development to innovate and validate alternative sustainable materials. This can also be linked to circular practices, such as material recycling and reuse, to reduce dependence on virgin materials and promote sustainability within supply chains.

Lastly, participate in advocating for supportive policies and incentives from governments to stimulate the market for greener materials, which can further alleviate availability constraints.

### STRATEGIC REFLECTION POINT

Are we actively redefining our supply chain to prioritise greener materials, or are we passively conducting our “business as usual”? Do we have a baseline for current usage of greener materials and metrics for tracking progress? Are we pushing the boundaries of innovation in eco-design building on greener materials to create a market-driven demand? How effectively are we leveraging market mechanisms and collaborative efforts to truly drive the greener materials agenda?

---

## Lack of Reliable Certification and Standards for What Constitutes “Green”

**Specific Issue:** The lack of reliable certification and international, cross-sector standards for greener materials creates substantial ambiguity and variability in defining for what constitutes “green”, leading to scepticism among companies and consumers about the “greener” claims associated with such materials. This complicates efforts to compare the sustainability of products, potentially undermining consumer trust and hindering the adoption of genuinely sustainable practices. Establishing widely recognized and rigorous certification processes is essential for creating transparency, ensuring accountability, and fostering a genuine shift towards sustainable “greener” material use. The rapid development in the field of greener materials will necessitate regular updates of the standards and thus, regular need for recertification.

**Proposed Actions:** In the context of official standards and certifications, engage directly with suppliers and next-tier suppliers for data and feedstock transparency, and set firm requirements for what constitutes “green/er” materials, rather than evaluating each supplier’s definitions. Start with your key materials or materials representing the highest sustainability impacts or risks.

As mentioned before, also seek to participate in strategic partnerships advocating for supportive policies and incentives from governments to stimulate the development of standards and certifications.

### STRATEGIC REFLECTION POINT

Are we proactively seeking necessary alliances for leveraging influence to call for official international, cross-sector standards and reliable certifications? How can we better challenge and influence our key suppliers to drive impactful change? Are we merely adapting to market trends, or are we proactively participating in shaping policy to accelerate the adoption of greener materials?

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# How to “Cost-Share” Higher Costs of Greener Materials

**Specific Issue:** Greener materials are often more expensive than conventional ones, since they often require advanced technologies that are still under development or not yet widely implemented. In addition, the infrastructure for sourcing, processing, and utilising these materials is not as established as for their conventional counterparts, requiring significant investment in supply chain reconfiguration and capacity building. Moreover, the constrained supply of greener materials, available from a limited pool of suppliers, inherently results in a price premium.

**Proposed Actions:** To mitigate the impact of the greener-materials-price-surge, it's critical to implement a cost-sharing mechanism throughout the entire

value chain, ensuring that the financial burden isn't placed solely on the end customer. This approach is vital for maintaining competitiveness while absorbing the higher costs associated with sourcing greener materials. Overall, ensure to strategically align company sustainability roadmaps with the commercial viability and supply-demand dynamics of greener materials.

By taking these considerations into account, companies can more effectively balance the cost implications of integrating greener materials into their products, ensuring a sustainable transition that is economically viable for all stakeholders involved.

## STRATEGIC REFLECTION POINT

How can we engage with our key suppliers and customers to define a fair and achievable cost-sharing model?



### Chapter 3 Best Practice Example – SCANIA:

Scania has come far in addressing decarbonisation through greener materials, and the following example showcases how they have applied some of the proposed actions in chapter 3.

#### **Decarbonizing the value chain through integration of green materials and technologies**

Scania is actively addressing the challenges associated with decarbonizing its supply chain by 2030. Facing issues such as increased costs and availability of renewable energy, the company has formulated a 2030 supply chain decarbonisation strategy. It encompasses roadmaps across emission hotspots of steel, aluminium, cast iron and batteries to prioritize first. Eventually, other areas of non-hotspots, general purchasing, and business units will be the next focus. In these roadmaps, the

company has set a target of achieving 100% green steel, green aluminium, green cast iron and green batteries. Each target is accompanied by identified levers for implementation.

Starting September 2023, Scania included decarbonization requirements in all sourcing for suppliers involved in hotspot materials/components. This strategic move aims to drive increased demand for sustainable materials. Additionally, Scania advocates for strategic partnerships, engagement with policy makers, and collaboration in the supply chain as essential levers in their pursuit of value chain decarbonization.

Scania serves as an example of a company aligning its roadmaps with the commercial viability and supply-demand dynamics of greener materials.

## Part IV

# Recommended Actions for Businesses

Based on the key challenges and proposed actions detailed in this brief, the following recommended actions summarise the most important calls to actions to enhance the company's supplier engagement efforts, strengthening both emission decreasing initiatives and endeavours to increase adoption of greener materials:

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## Focus on Key Suppliers

01

Emphasis should be placed on key suppliers in efforts to employ supplier engagement for decreasing GHG emissions throughout the value chain and implementing greener materials. This means suppliers responsible for sourcing the largest volumes of materials or sourcing materials causing the largest sustainability impacts or risks. They represent the most substantial return on investment in terms of the greatest potential for emissions reduction and the sustainability benefits of integrating greener materials.

## Proactively Engage in Capacity Building for Internal Staff and for Suppliers

02

Strategically invest in sustainability training programs that integrate both internal staff and key suppliers, fostering a collaborative learning environment. Implementing such training programs will concurrently enhance the internal capacity for sustainability, elevate internal awareness of the company's sustainability objectives and strategies, harmonize the sustainability goals of the company and the suppliers, aid suppliers in comprehending the importance of high-quality sustainability data, and cultivate a deeper level of genuine engagement and collaboration between the company and its suppliers.

## Invest in a Digital Data- and Supply Chain Management System

03

The increasing regulatory and market requirements for disclosure on sustainability responsibility and performance render it virtually impossible to comply to without the aid of a digital system dedicated to collecting and analysing sustainability data. High quality data analysis also provides a firm basis for deliberate decision-making transforming sustainability strategies into actions and tracking progress. Additionally, given that documented sustainability performance is swiftly evolving into an unofficial "license to operate", spurred by both legislative mandates and market demands, the investment in an appropriate digital solution emerges as a crucial step in future-proofing companies.

## Ensure Sustainability-Centric Procurement

04

To fully realize sustainability benefits throughout value chains, decreasing GHG emissions and integrating greener materials, companies should embed specific sustainability criteria and clear definitions of what constitutes "greener" materials into their procurement policies (keep in mind that sustainability extends beyond environmental considerations to include social and governance dimensions as well). This could include offering incentives for suppliers who meet sustainability goals and applying penalties for non-compliance to encourage sustainability practices. To deepen the integration of sustainability practices within procurement it is prudent to acknowledge and celebrate procurement teams as important ambassadors for sustainability, equipping them with the requisite knowledge, training, and resources to effectively champion these initiatives.

---

## Proactively Seek “Sustainability-Alliances”

05

There can be many reasons and benefits from sustainability focused strategic partnerships or alliances. “Procurement-partnerships” can help increase procurement volumes of greener material to a critical mass if needed. They can also help manage the influence of large suppliers that are opposed to sustainability initiatives.

“Sustainability-Alliances” could foster collaboration on research and development to innovate and validate greener materials and other sustainability initiatives, such as adopting increased circularity. They could also help facilitate cost-sharing mechanisms or models throughout entire value chains to alleviate potential price surges. This can help maintain competitiveness in all the stages of the value chain while absorbing potential higher costs of greener materials or other sustainability initiatives.

Lastly, larger sustainability alliances can help advocate for supportive regulations, policies, and incentives from governments to stimulate the development of “green” materials standards and certifications, stimulate the market for greener materials, and help shape an industry-wide approach to more sustainable practices, effectively driving for increased sustainability throughout entire supply chains.

## Ensure Executive Backing

06

The recommendations outlined in this document necessitate significant integration into companies’ business models, strategic planning, and economic prioritization. They aim to navigate the delicate equilibrium between the cost implications of sustainability objectives and the assurance of economic viability. Often, securing approval from the leadership team is essential, especially when it involves accepting increased costs over several years, e.g. to establish purchasing criteria and procure greener materials. This underscores the importance of top management’s endorsement for investing in long-term sustainability goals, highlighting the necessity for strategic commitment at the highest level to emerge as a leader in sustainability.