

# The year of greener supply chains



Author **John Perry**

**Businesses need a greater awareness of all the emissions produced throughout their network.**

The UK is hosting the COP26 conference later this year

While environmental business practices have traditionally been a priority for many companies, short-term survival naturally took precedence for many over the past year. However, with the ongoing vaccine rollout providing a welcome light at the end of the tunnel, it is highly likely – and advisable – that businesses place a renewed focus on improving their impact on the planet this year.

Given in particular that the UK remains a long way off meeting its legally binding pledge of net zero emissions by 2050 – and its hosting of the COP26 conference later this year – businesses and the logistics firms that service them must ensure that their supply chain network is as environmentally friendly as it can be, while better accounting for indirect emissions generated throughout their supply chains.



## Visibility and transparency

Businesses are coming under increasing pressure to know and publicly divulge the actions of their wider supply network. Notably, customer-facing organisations are coming under fire for the actions of those they opt to do business with, the ongoing reputational struggles of fast-fashion giant Boohoo being a pertinent example.

Looking specifically at the environment, there is little doubt that businesses need a greater awareness of all the emissions produced throughout their supply chain network. However, while it is mandatory for businesses to report on Scope 1 and Scope 2 emissions – more direct emissions and those from the energy they buy – there is currently no legal obligation to report upon all indirect emissions produced throughout the supply chain, known as Scope 3 emissions.

When we consider that Scope 3 emissions can make up 80% or more of businesses' carbon footprint, it becomes clear that any business with net zero ambitions – or even any kind of green pledge – cannot feasibly meet its targets without taking these emissions into account. Furthermore, research from the World Economic Forum suggests that just eight types of supply chains – such as fmcg – currently account for over half of the planet's emissions profile. Given that, to continue using fmcg as an example, an estimated 90% of emissions in this industry come from the supply chain, it is clear that more must be done in this regard.

Organisations paying closer attention to their entire carbon footprint, including Scope 3 emissions, can only be seen as a positive, resulting in environmental benefits felt across society. Encouragingly, brands such as Dixons Carphone are beginning to account for Scope 3 emissions as part of their wider net zero pledges: a promising start that will it is hoped become part of a wider step-change as more brands follow suit.

## Evolving shopping habits

Among the most noticeable step-changes brought about by lockdown was the enforced change to the nation's shopping preferences. Following the chaos of the opening weeks of the pandemic, online shopping and a preference for independent retail outlets prevailed as consumers looked to support their local businesses and replicate the high street shopping experience from their home.

Interestingly, if initial public opinion is anything to go by it appears that these changes may be here to stay. Research



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suggests that more than 90% of those who shopped locally during the pandemic will continue to do so, and online deliveries have steadily increased over the past year. Since March 2020, shoppers have received on average two extra deliveries monthly (having received five monthly before this), and over half of the public now expect to continue ordering online at the same volume even after the high street reopens in earnest.

Naturally, the enforced rise of e-commerce puts more delivery vehicles on the roads – the rise in delivery vans last year led to the number of vehicles on UK roads exceeding 40 million for the first time – which in turn means a corresponding rise in carbon emissions; and when it comes to emissions, what goes up must eventually come down.

If the increased consumer focus on e-commerce continues, there will be ever-greater scrutiny placed upon the carbon footprint of businesses that sell online. Given how many businesses already do this and the estimated 85,000 online businesses founded during lockdown, companies will in turn need to assess ways in which to reduce their carbon footprint. Given that the majority of emissions are generated through the supply chain, businesses would be well served by placing a greater focus in this area.

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## Opportunities for businesses

There is little doubt that sustainability will virtually always sit higher on the agenda for businesses where there is a clear business case for greener business practices, whether this be the reputational boost of the business having made a personal commitment in this regard or a tangible link between sustainability and lowered costs.

As well as the obvious reputational boost for greener businesses in the eyes of today's increasingly environmentally conscious consumers, investing in greener practices can indeed have a tangible impact on an organisation's bottom line – for example, investing in zero-emission vehicles is highly likely to save businesses money in the long run due to the reduced whole-life costs that come with an electric vehicle. Furthermore, research suggests that around 85% of the public are more likely to buy from companies with a positive reputation for sustainability.

There are also indirect growth benefits of investing in more sustainable supply chain practices. A business with an environmentally friendly supply chain, and the reputational benefits that come with this, becomes a more attractive option for prospective partnership opportunities with businesses that share similar values.

Overall, the financial and reputational benefits of working towards a greener supply chain are clear and, given the events of the past year, the need for a greater focus on sustainability throughout the supply chain is only likely to grow. In terms of where to start, creating a greener supply chain will look different for every business; each will have different operational considerations, needs and trading circumstances. Therefore, the place every business should start is to be proactive and begin to address the Scope 3 emissions blind spot, quantifying emissions that do not come from their own activity, but are essential in delivering the products and services they supply.

Businesses that begin to look at the true scope of their emissions and make long-term changes based on this data, whether independently or with the support of an expert partner, will reap the benefits in the months and years to come – benefits that will be felt across the globe. ☺

**John Perry**  
Managing Director,  
SCALA.

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