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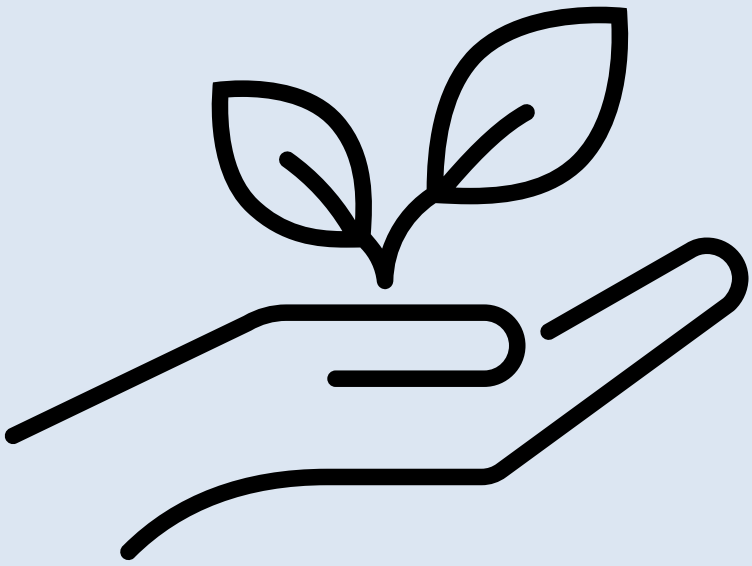
an EIPM Laboratory



Decarbonation

A change management challenge

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The Value Creation Observatory

EIPM has embarked on a major Research project to measure the progress of the Purchasing profession towards Value Creation.

The ongoing research project consists of a series of surveys, workshops, case studies and publications.

We thank all the interviewees and the participants in our events who provided inputs for this observatory report.

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Decarbonation: A change management challenge

Procurement teams have a pivotal role to play in the current decarbonation effort. We describe in this report how different layers of change need to be activated to make this a reality!

AUTHORS

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Maxi has over 17 years of finance and supply chain experience having worked in Telecommunications, Pharma and Financial Services. Maxi was a founding member of a Global Telecommunications Procurement Company based in Luxembourg. She is passionate about achieving business results as well as financial and non-financial value and is a champion for sustainability.

Today Maxi works in the Manchester office of Savills as Head of Service Partner Relationships. She focuses on vision, strategy and policy with property management, developing strategic objectives and bringing together teams within its supply chains. She believes in life-long learning and works with academic institutions to evolve service partner relationships.

Hervé Legenvre

As EIPM Research Director, Hervé leads the EIPM Value Creation Observatory. Hervé acts as a Jury for the EIPM-Peter Kraljic Awards. Hervé regularly speaks at in-company and public events. Hervé blends the best of the academic and practitioner thinking to create unique learning experience and engaging content. He continuously looks at the trends that will shape the business world in the future. He believes that the competitive edge of companies will increasingly be co-created with suppliers as innovation needs to be seized from outside.

Hervé builds on his wide knowledge of innovation and business excellence to create new tools. Recently, Hervé conducted research on different topics including on how procurement contributes to carbon footprint reduction and other sustainability concepts. Hervé is also the author of two books, and he frequently writes articles and publishes research reports.

METHODOLOGY

The present report builds on the experience and past research conducted by the two authors. It is also the result of 12 interviews that took place in 2022 and 2023. Following this, the case studies were collected through interviews and public information communicated by companies.

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EXECUTIVE SUMMARY

As climate changes unfold, we realise the magnitude of change needed. The decarbonation of supply chains requires multiple layers of change management, within corporations, within procurement teams, within ecosystems and at an individual level. The present report describes some of the lessons learned by companies who started this journey.

Today, asking suppliers to buy green energy and to be compliant with high level principles is not enough. The changes need to be more holistic and systemic. Decarbonation requires Category Managers and Buyers to further understand the products and services they buy and to adopt an integrated approach all along the supply chain. We need to redefine not only procurement policies but also every department and business units' policies so that we can progress rapidly. We also need to put decarbonation at the heart of supplier relationships. Having a roadmap and being opportunistic is not enough, we need scientific, systemic, fair approaches anchored in the business reality.

We have identified seven change management building blocks:

1. Measuring emissions
2. Understanding emission drivers
3. Integrating decarbonation in upstream procurement
4. Integrating decarbonation in the procurement process
5. Integrating decarbonation in SRM
6. leveraging decarbonation levers
7. Scaling the change and thinking differently

To reduce emissions, new solutions will need to scale fast, including through cross category and ecosystem initiatives.

We will need people who are fully engaged and able to solve complex problems with a great spirit of collaboration.

Maxi Glas and Hervé Legenvre
July 2023

1. WHY CHANGE IS NEEDED

The magnitude of change needed is significant. We need to share a common understanding of why decarbonation is crucial and what it entails.

WHY CHANGE IS NEEDED

CLIMATE CHANGE

"Climate change is the single greatest threat to a sustainable future but, at the same time, addressing the climate challenge presents a golden opportunity to promote prosperity, security and a brighter future for all."

Ban Ki-Moon, Former Secretary-General of UN

Climate change

Is due to the

Greenhouse effect

Because of the

emissions of

CO_2, NOx, SO_2, PM2.5, PM10

Climate change is an ongoing accumulation process

Greenhouse gases prevent heat from escaping into space, they therefore warm the planet. We still see a rapid growth of greenhouse gas emissions. They are accumulating and will continue to impact climate change even if we reduce our emissions.

Not just about carbon

While we often talk about carbon emissions, we need to consider all these greenhouse gas emissions. When we measure the emission, all greenhouse gas emissions can be converted to a carbon equivalent.

With many impacts

Impacts of climate change not only include increasing temperature but also rising sea levels, reduction of biodiversity and more frequent disastrous climatic events. This will have consequences on supply chains and economic activities too.

With many challenges for supply chains

There are two dimensions to the challenge we need to address. First, our supply chains account for 75% to 90% of the global carbon emissions – And we need to deliver net zero outcomes; Second, Decarbonizing our supply chains represents a $100 Trillion+ Investment that impact and call to action all companies around the globe. It is a radical rethink of how our global economy operates. It is not just about reducing the amount of carbon generated along our existing supply chains. It requires to reinvent how all supply chains operate in the next 20 years.

NET ZERO TARGETS, SCOPE 3 EMISSIONS AND WHY WE NEED TO TACKLE ALL SUPPLY CHAINS

Why do we talk about net zero targets?

Following the Paris agreement in the year 2015, countries started to pledged to reach net zero targets. Companies are now using this terminology.
Net Zero, as a term encompasses different points:
It is based on the idea of Science Based Targets – the ambition of countries and companies for emissions reduction is established in line with climate science.
It goes beyond carbon neutrality as it does not include offsetting emission. it is about a strict reduction of emissions.
It focuses on achieving a maximum of 1.5°C increase in line with the Paris agreement.

Why do we talk about scope 3 emissions?

Greenhouse Gas emissions and consequently the carbon footprint of a company are split into three different scopes:

- **Scope 1:** direct emissions from operating company-owned resources, such as company facilities and vehicles. These are emissions that the operating company has direct control over.
- **Scope 2:** indirect energy emissions which are emissions caused by the generation of energy that the operating company purchases and consumes.
- **Scope 3:** all other indirect emissions that are generated somewhere in the operating company's supply chain which do not fall in any of the previously mentioned scopes.

Source: GHC protocol.

Why do we need to tackle all supply chains?

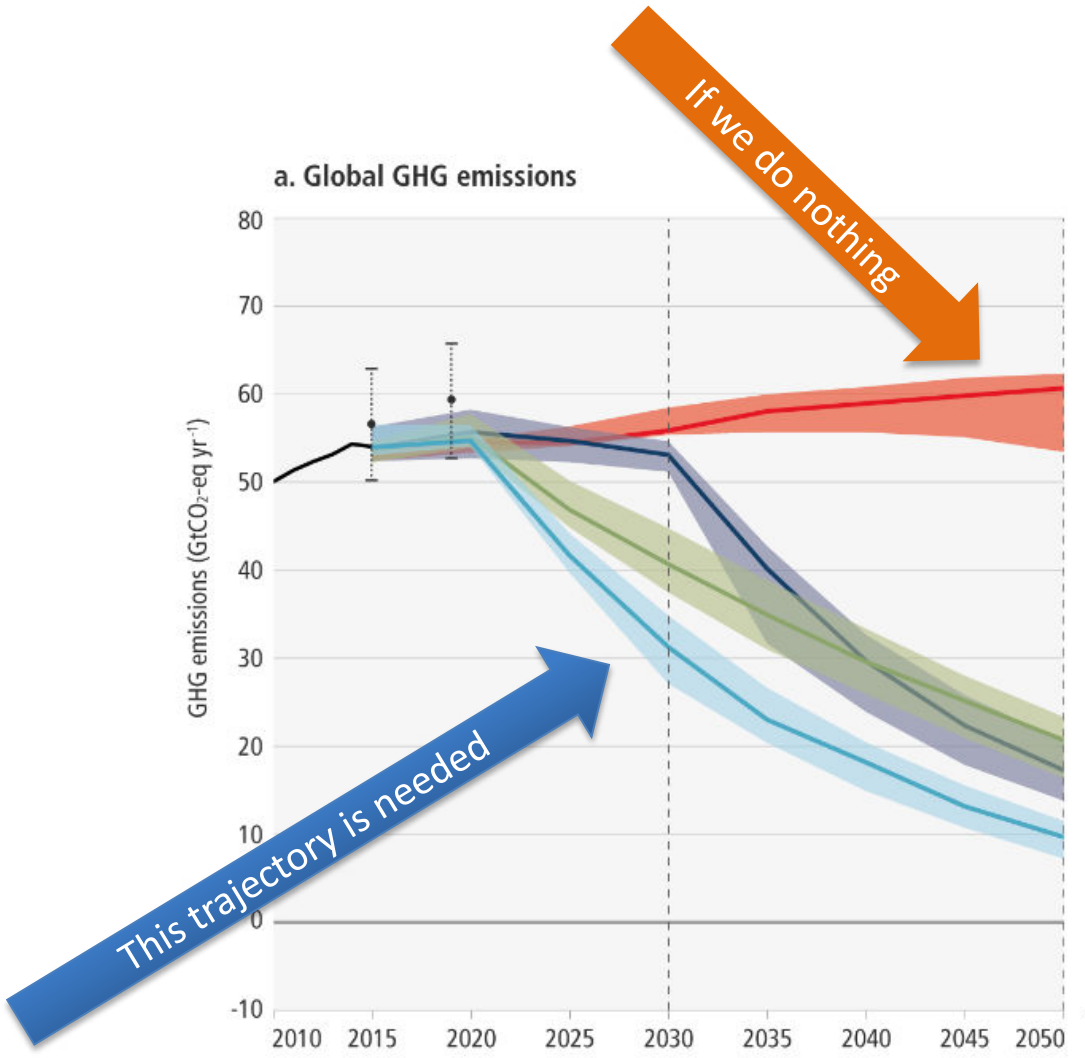
According to the Boston Consulting Group, eight industries account for over 50% of global Greenhouse Gas emissions. These include Automotive, Construction, Electronics, Fashion, Food, FMCG, Professional Services and Transportation . But we should not think that we can only focus on a few big players in these industries because:

- The challenge keeps growing every-day, speed is of essence
- Some companies are in countries without Net-zero commitments
- Changes in the upstream part of supply chains (cement, chemicals, steel…) will be hard & costly
- Some actions will radically unset existing value chains and will require collective efforts
- Climate change is interconnected with many other environmental and social issues
- Small companies will need support and investments

Hence, we need to embrace all supply chains to succeed.

WHY CHANGE IS NEEDED
VISUALISING THE STAKES

The Following image builds on the IPCC's latest document to show the magnitude of the change needed. In a nutshell, we need a complete inversion of the current trends



1.5 °C target was set in the Paris Agreement as the preferred target to avoid catastrophic consequences. It is depicted as the blue curve on the graph.

Modelled pathways:

- Trend from implemented policies
- Limit warming to 2°C (>67%) or return warming to 1.5°C (>50%) after a high overshoot, NDCs until 2030
- Limit warming to 2°C (>67%)
- Limit warming to 1.5°C (>50%) with no or limited overshoot

Past GHG emissions and uncertainty for 2015 and 2019 (dot indicates the median)

2. FOUR LAYERS OF CHANGE

The decarbonation of supply chains requires multiple layers of change management, within corporations, within procurement teams, within ecosystems and at an individual level. The present report describes some of the lessons learned by companies who started this journey.

FOUR LAYERS OF CHANGE MANAGEMENT

We interviewed 12 procurement leaders who have already initiated changes for decarbonising their supply chains. We asked them about the nature of the change.

9%	55%	36%
Developmental change	**Transitional change**	**Transformational change**
Change that improves and optimises previously established processes, strategies and procedures	**Change that moves an organisation away from its current state to a new state to solve key problems**	**Change that radically and fundamentally alters the culture, core values and operations**

Question: What approach best characterises the change needed to decarbonise our supply chains?

The perception of these business leaders is that decarbonation will require significant changes and that new capabilities will be needed to deliver these changes. Through the exchanges we had, we concluded that four layers of changes should be considered when we talk about decarbonation:

- ❑ a **corporate layer** where you set a new vision, define goals and objectives
- ❑ a **procurement layer** where you adapt your procurement practices to the new agenda and industry changes
- ❑ the **market and ecosystem layer** where the industries and the supply chains evolve towards more decarbonation
- ❑ an **individual layer** where people need to embrace changes

FOUR LAYERS OF CHANGE MANAGEMENT

The corporate change layer

In this layer, organisations publicly commit to net zero and face the challenge of breaking down the targets into meaningful measures that can result into tangible improvements. This layer aims to produce a 15-to-25-year plan. We also witnessed that companies were often reluctant to move into actions before their science-based targets are established and it can take over a year to publish commitments. The main risk with this layer is "Green dreaming". Having a 15-year plan creates the illusion of being in control immediately, however it is always easy to think "*This is a long-term plan; we can delay actions by a year*".

The procurement change layer

Today, asking suppliers to buy green energy and being compliant is not good enough. The changes need to be more holistic and systemic. In this layer, decarbonation requires Category Managers and Buyers to further understand the products and services they buy and to adopt an integrated approach where changes occur all along the supply chains. In this layer, change means redefining procurement policies, rethinking decision-making process, developing new category strategies and putting decarbonation at the heart of supplier relationships. The main risk with this layer is "Green picking" as we often say: "*we can still be opportunistic and work on the key actions that offer both sustainability and cost benefits*" By doing this procrastinate the most challenging issues.

The market and ecosystem change layer

Traditional industries are going to experience major changes. Decarbonation will not happen simply by looking at the market and asking who can offer us a ready-to-use decarbonised solution. We need to see markets as source of capabilities that can be combined to deliver demanding changes. This means moving from a supply logic to an ecosystem logic. We also witness industry initiatives emerging as 'change leaders for decarbonation' as no one can do it alone. Examples include 'Together for Sustainability (TfS)' in the Chemical sector and the 'Joint Audit Committee' in the Telecommunications sector. The main risk with this layer is "Green washing" as we can fool ourself by believing in the nice and reassuring communication of some suppliers who are not yet serious about decarbonation.

The Individual layer

In this layer, Category Managers and Buyers need to embrace the change, adapt their practices and rethink their traditional playground. They need to map and interact with ecosystems and not just with individual suppliers. They need to buy circular solutions and not just products or services alone.

DECARBONATION:
OBSTACLES TO CHANGE

The procurement leaders we interviewed have already initiated changes for decarbonizing their supply chains. We asked them to identify the obstacles that slow their decarbonation effort. The top 3 obstacles are the following.

55% **Measuring carbon impact upstream and downstream**

Resistance to cultural shift and employee attitude 55%

45% **Resources and budget availability**

Understanding the change and its impact 36%

This shows that we are still at an early stage of change, even in some of the organisations that took the first actions. Rapid progress can only be achieved by:

- ❑ Communicating about the need for change within and outside the company
- ❑ Aligning priorities across companies
- ❑ Implementing sound change management practices

Finally, while measurement is essential, it should help move into action and not paralyze it. The next page provides a checklist with the overall roadmap in line with the four layers of change management.

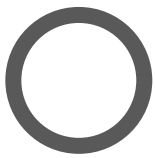
DRIVING CHANGE: A CHECKLIST

Corporate change layer

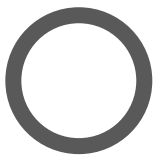
Define company's goals and roadmap. Commit to reduce emissions

Establish a Governance board with clear terms of reference to ensure all functions have aligned goals and supportive policies

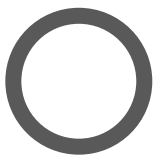
Procurement change layer



Define procurement ambitions and priorities based on commitments and on a productive dialogue with stakeholders

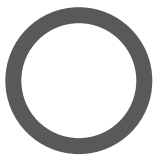


Communicate the need for change and procurement priorities to suppliers, stakeholders and employees

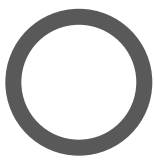


Develop the foundation for the measurement of carbon emissions. Differentiate different types of measures that enable reporting and change

Market and ecosystem change layer



Integrate decarbonation in all procurement guidelines, processes and activities. Learn from experience



Integrate decarbonation goals in key categories strategies. Initiate projects and join relevant industry initiatives

Individual change layer

Develop category managers and buyers to understand decarbonation and how to drive systemic changes

3. CHANGE MANAGEMENT BUILDING BLOCKS

The seven change management building blocks aim to Integrate decarbonation within the procurement missions and activities.

DECARBONATION: SEVEN CHANGE MANAGEMENT BUILDING BLOCKS

Measure emissions

Measuring emissions is a necessity! Perfect measurement is not the end in itself. Good measurement can help take the best decisions.

Understand emission drivers

Measuring emissions help understand emission drivers, the main factors that generate emissions.

Integrate decarbonation in upstream procurement

Reducing emissions is integrated in the design of products and services. Suppliers maybe involved in this effort.

Integrate decarbonation in the procurement process

Integrating decarbonation in each step of the procurement process.

Integrate decarbonation in SRM

Integrating decarbonation in Supplier Relationship Management consists in educating and developing suppliers and in collaborating with suppliers for change.

Use decarbonation levers

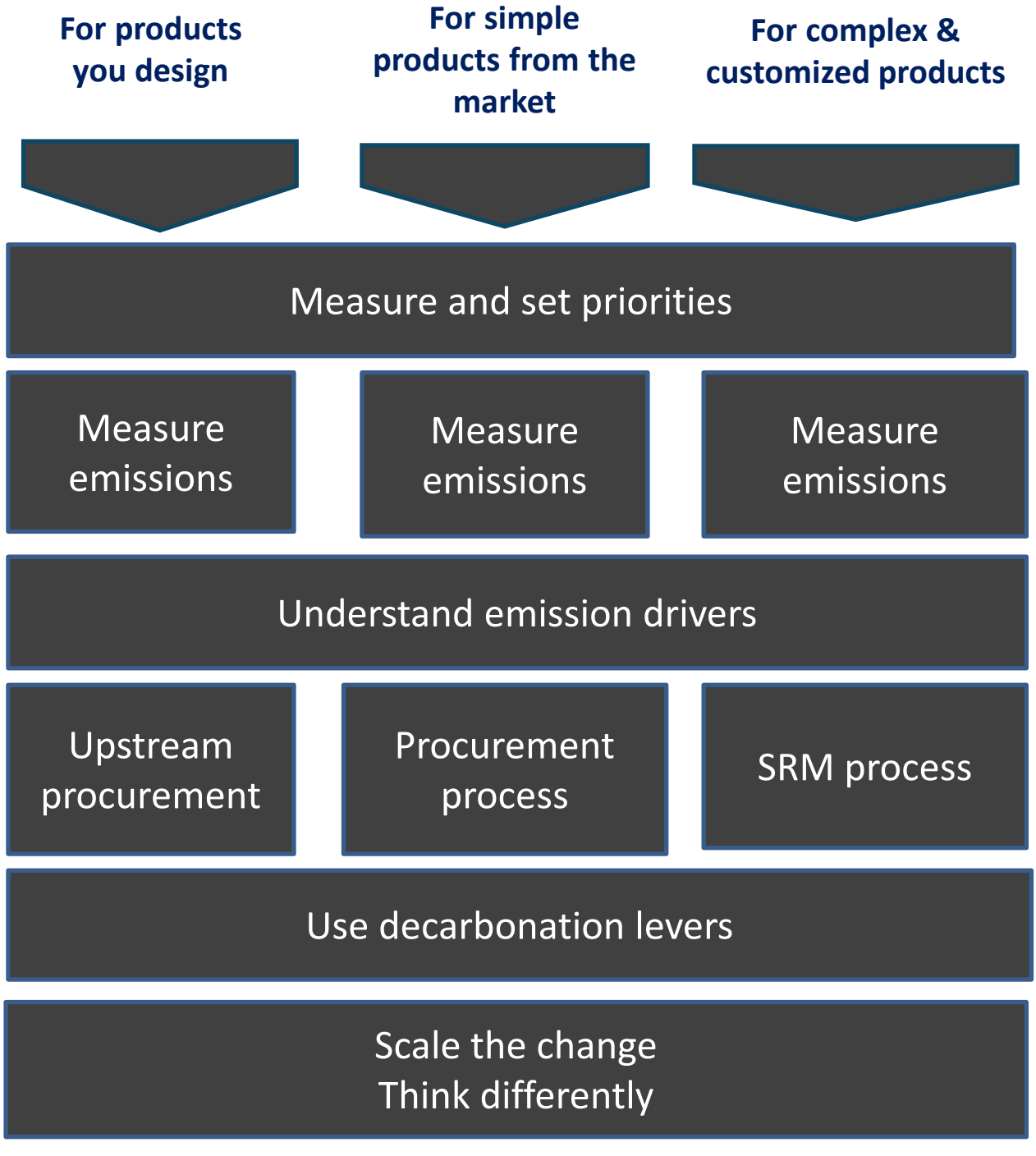
To tackle emission drivers, buyers need to understand the complete set of levers that will help reduce, slow and circularise the flow of resources.

Scale the change Think differently

To reduce emissions, new solutions will need to scale fast, including through cross category and ecosystem initiatives.

THREE PATHS THAT COMBINE THE SEVEN BUILDING BLOCKS

The rest of this document describes how to combine the building blocks to make change happen. We break it down into 3 different paths as different types of purchases require different approaches.



4. MEASURING EMISSIONS

Measuring emissions is a necessity! Perfect measurement is not the end in itself. Good measurement can help take the best decisions.

THE CHALLENGE WITH MEASUREMENT

The measurement of emissions is regarded as the biggest obstacle today. This is a concern for procurement professionals who want to ensure that a supplier selection is done on solid and fair grounds. To achieve this and to increase the trust we can have in data, we need standards, common methods and certifications.

"We need standards that help us measure emissions and gain trust"

The good thing is that all GHG emissions can be calculated as an equivalent of carbon emissions. This makes measurement easier. Many other sustainability challenges will be much harder to assess and measure. For instance, we may never have an easy way of measuring negative impacts on biodiversity.

"It is easier to measure carbon than other sustainability stakes"

Now this does not mean that measurement is easy. This is very similar to calculating a Total Cost of Ownership. There is no integrated solution that offers a perfect measurement protocol applicable to all segments. There are different options that can be used in different circumstances. We distinguish here four situations: (1) reporting and priority setting, (2) designing and co-designing products, (3) buying simple products from the market, (4) buying complex customisable products.

1	For reporting & priority setting	Use tools compatible with the GHG protocol

For reporting and priority setting, Average based calculations is the simplest form of emission measurement that can be used. It consists in multiplying the financial value of a purchase or the weight of a material by an emission factor. This isn't very accurate, but it helps set priorities. For Average based calculations, a Carbon Calculator is provided for free on the website SME Climate Hub. Companies can use it to estimate their carbon footprint and find actions that will help them reduce emissions. The calculator is provided by Normative and made possible with support from Google.

To access it : https://smeclimatehub.org/start-measuring/ (checked in august 2023)

This calculator can also be provided to suppliers, to help them make initial estimates.

THE CHALLENGE WITH MEASUREMENT

More precise measurement is needed for each paths.

2 | When designing or co-designing products | Look for relevant databases and platforms with estimates

A good way to approach decarbonization is to ensure from the design stage that decarbonized solutions are selected. There are, on the market, several databases and platforms that can help estimate the carbon footprint of a product. Such databases and platforms are built out of lifecycle assessments. Lifecycle assessments (LCA) evaluate the environmental impacts of a product throughout its entire lifecycle, from raw material extraction to end-of-life disposal. LCAs can be used to estimate the carbon footprint of a product by quantifying the amount of greenhouse gas (GHG) emissions associated with each stage of the product's lifecycle.

The LCA process typically involves four stages:

Stage	Content
Goal and scope definition	defining the purpose and boundaries of the assessment, including the environmental impacts to consider and the stages of the lifecycle to include.
Impact assessment	Evaluating the potential environmental impacts associated with each stage of the product's lifecycle. This may include the impact of GHG emissions on climate change, as well as other impacts such as air and water pollution, resource depletion, and land use.
Inventory analysis	compiling a detailed inventory of the energy and material inputs and outputs associated with each stage of the product's lifecycle. This includes raw material extraction, transportation, manufacturing, distribution, use, and end-of-life disposal.
Interpretation	Interpreting the results of the LCA and drawing conclusions about the product's environmental impacts. This may involve identifying areas for improvement, comparing the product to alternative products or processes, and communicating the results to stakeholders.

The GHG emissions associated with each stage of the product's lifecycle are quantified and aggregated to estimate the product's total carbon footprint. This can be expressed as a total mass of CO2 equivalent (CO2e) emissions. Some databases with aggregated data can be accessed publicly. This includes WIOD, EORA, EXIOBASE or ECOINVENT. Some commercial solutions also facilitate access to such data. For instance, transforming the bill of materials of a product into a carbon footprint or by asking for key parameters from a company or its suppliers to calculate a carbon footprint. This is very similar to a design to cost project. Available platforms include Sphera and Makersite.io amongst other. It is also possible to hire experts who can perform complete lifecycle assessments.

THE CHALLENGE OF MEASUREMENT

VOLVO CASE STUDY

VOLVO, the truck and Construction Equipment manufacturer has committed to decarbonation by establishing science-based targets and a Net Zero roadmap.

The supplier code of conduct was updated and adapted to reflect these commitments. There is now a clear statement about Net Zero goals. Decarbonation is now included in supplier selection and business review meetings. The company wants its suppliers to commit and to develop their own decarbonation plans.

However, raising awareness, measuring emissions and setting targets is challenging. While a few global players are more advanced than others, most of the small and medium size companies are not aware of their scope 1, 2 and 3 emissions. And when they start understanding the challenges, they find it overwhelming.

To help with measurement, VOLVO has established a LCA (Life Cycle Analysis) program. This program provides breakdown of data that helps everyone along the supply chain to set priorities. The outcome of the LCA program was published on the company internet portal. Calculation includes primary data collected from suppliers through a template. When suppliers had difficulties to provide all information, they were asked to share information on their energy mix that was later converted into emissions using a software from the market. The breakdown of carbon emissions is not 100% accurate but it offers a good starting point, and it helps influence the supplier journey to Net Zero. This also creates an environment where everyone can contribute through their decisions and actions. The LCA program was supported by the Swedish environmental institute who validated the measurement produced.

Source: Volvo Website and interview

THE CHALLENGE OF MEASUREMENT

For standard products, more information is accessible.

3	For simple products from the market	Ask for Environmental Product Declaration

Product Environmental Profile (PEP), also known as Environmental Product Declaration (EPD), is a document communicating the environmental impact and performance of the product based on Life Cycle Assessment (LCA). For certain industries and in some specific regions of the world, such declarations are required by law. They provide the product impact on the environment throughout its total lifetime. These assessments are performed according to methodologies defined by ISO standards. They can be certified; they are typically reviewed on an annual basis and then recalculated every three years to remain valid.

In the future we will see more digital product passports that provide access using digital technology to complete information on products. A digital product passport (DPP) is a digital twin of a product and contains information that is accessible along the supply chain and throughout a product's lifecycle. DPP will provide valuable information that will be used to innovate and implement circular models. They will take time to develop.

"Contact your engineering teams or your environmental specialist to understand what exists in your sector or your supplier industry"

In the future we will be more informed on the environmental impact of products, directly in catalogs and on marketplaces. We could see wood manufacturers who already communicate their Environmental Product Declaration on distributors' catalogues. This will develop in the future.

We will also see more circular economy marketplaces that bring together sellers and buyers of used products, recycled materials, recoverable waste, or low carbon products. Catalogues and marketplaces will need to provide information on impacts so users can integrate this in their decisions.

THE CHALLENGE OF MEASUREMENT

For complex and customised products, we need to understand the meaning of data.

4	For complex or customised products and services	Inquire about supplier methodology, industry guidelines and standard

Suppliers of complex or customised products or services should disclose their carbon footprint data to their clients. This will become a standard service across all industries. The key challenge is to ensure comparability. Some suppliers will be capable or even certified for performing lifecycle assessment; others will user external services to produce these assessments. Some suppliers will also ask a third party to validate their methods of calculation. Understanding the exact situation is helpful to discuss improvements with suppliers. However, two suppliers can still use different methods and comparisons across suppliers can be difficult. It is therefore important to encourage suppliers to define common industry guidelines.

Key questions to understand data provided on complex and customised products:

- ❑ Are emissions calculated on sound industry guidelines and methods?
- ❑ Are suppliers using a reliable third party for calculating emissions?
- ❑ Are suppliers qualified? Certified to perform lifecycle assessment?
- ❑ Are supplier calculations verified by a third party?
- ❑ Are calculations comparable across the industry?

THE CHALLENGE OF MEASUREMENT

Creating solid data foundations
The case of Together for Sustainability (TfS)

While we might conclude that procurement is more a user than a producer of carbon data, we also have a duty at an industry level to accelerate the emergence of standards for calculating carbon footprint

Together for Sustainability (TfS) is an industry initiative driven by procurement leaders where members, chemical companies, are dedicated to building more sustainable supply chains to respond to the needs and expectations of society.

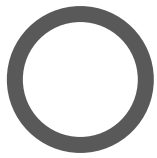
As members of Together for Sustainability committed to reduce their greenhouse gas emissions, they realised the importance of calculating the carbon footprint of products and of identifying and tracking upstream scope 3 greenhouse gas emissions. TfS launched its Product Carbon Footprint Guideline in September 2022. The guidelines are open source and can be accessed by everyone. They provide a standard for calculating the carbon footprint of chemical materials. TfS is now preparing a digital solution that will enable corporations and suppliers to share upstream product carbon footprints and manage their emissions across all three scopes.

The foundations established by procurement leaders within the chemical sector can be used as a foundation to create similar initiatives in other sectors. If we bring together industry leaders and create a single standard, major progress in terms of measurement can occur in no more than 5 years. If multiple standards and guidelines compete, this might take about 15 years to stabilize.

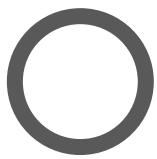
Setting standards for calculating the carbon footprint of products is a great opportunity for procurement leaders to play a pivotal role not only within their companies but also at an industry level.

MEASUREMENT: A CHECKLIST

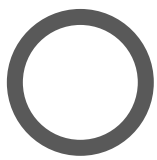
For reporting purpose, use tools compatible with The Greenhouse Gas protocol. Monitor regulations to understand future expectations



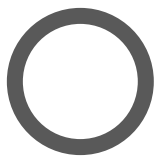
For designing and co-designing products, use generic or industry specific databases. Involve suppliers in understanding the data



For simple products from the market, ask for Environmental Product Declaration. Encourage suppliers to produce them so you can share them with users



For complex or customized products and services, inquire about supplier methodology, industry guidelines and standard



Join industry efforts to set standards and share data efficiently along the supply chain

5. UNDERSTANDING EMISSION DRIVERS

Measuring emissions helps understand emission drivers, the main factors that generate emissions.

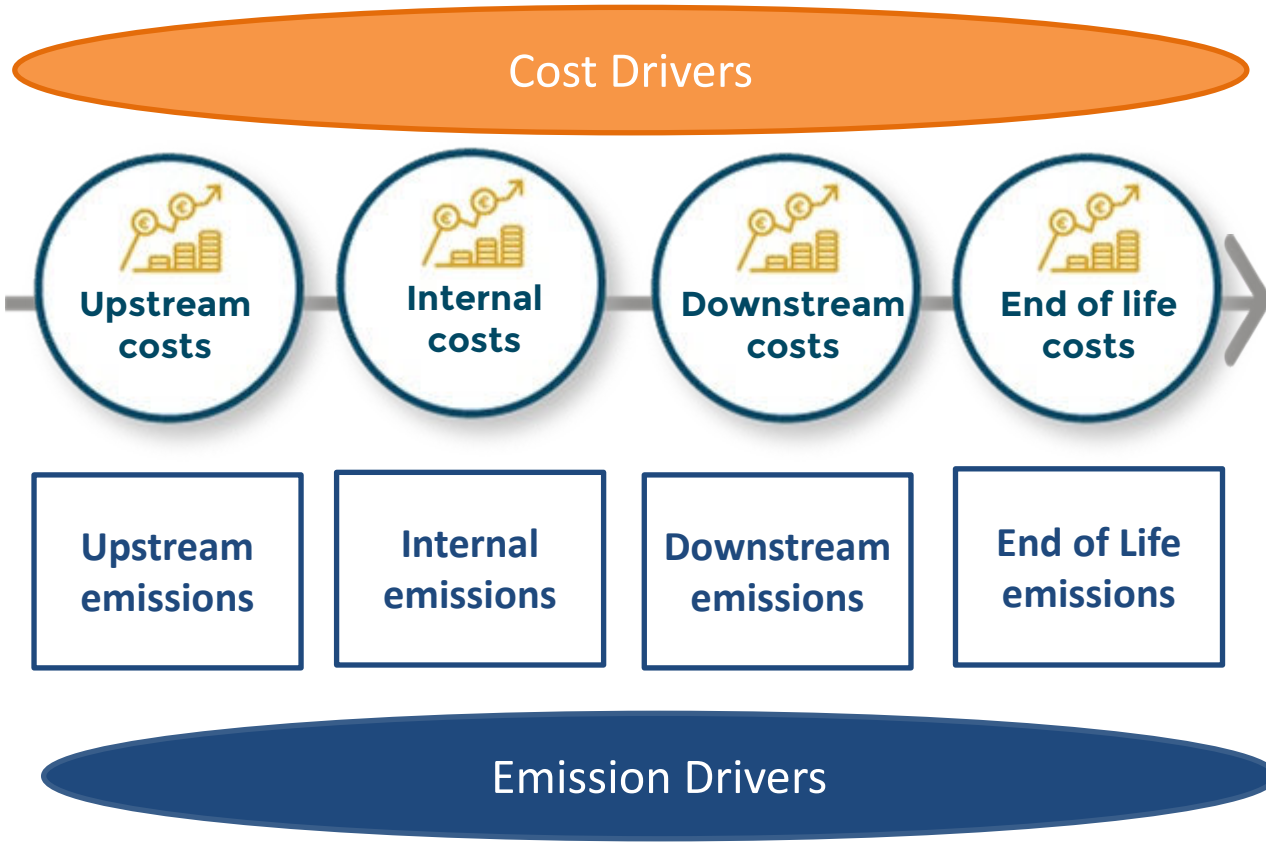
FROM MEASUREMENT TO EMISSION DRIVERS

While it is important to measure emissions, a logic of action requires to focus on the emission drivers, the root causes of the emissions.

Moving from measuring emissions to understanding the drivers of emissions consist in transforming data into knowledge to develop the most effective strategies to reduce supply chain emissions.

Understanding the drivers of scope 3 emissions help direct improvement efforts on the most significant sources of emissions and prioritize efforts accordingly. For example, if for a specific supply, a company discovers that a significant portion of emissions come from raw materials, the company can explore low carbon alternatives to reduce its supply chain emissions.

Understanding the drivers of emissions also help companies identify opportunities for collaboration with suppliers and other stakeholders to reduce emissions across the entire supply chain. Overall, a focus on understanding the drivers of emissions in supply chains is essential for developing effective strategies to reduce GHG emissions, optimize supply chain efficiency, and meet sustainability goals. There is a clear parallel between the lifecycle costs or total cost of a product and the lifecycle emissions of a product as illustrated below. The following page illustrates the cost and emissions lifecycle logic for a plastic toy.



FROM MEASUREMENT TO EMISSION DRIVERS

The lifecycle costs of a plastic toy

The lifecycle costs of a plastic toy vary depending on the following factors. We suggest possible cost drivers.

Upstream costs: These include the costs on the supplier side associated with the manufacturing and assembly of a plastic toy. Cost drivers can include the type of raw materials selected and its price volatility. Other cost drivers relate to how labor intensive the production and assembly is.

Internal costs: the costs associated with designing, administrating , advertising transporting and storing the plastic toy. The cost drivers come from product diversity and demand patterns that impact on the logistic costs.

Downstream costs: For the producer this includes costs associated with the warranty, the repair and maintenance of certain toys. So, the quality of the toy can be a cost driver. For the user, costs can include energy consumption, such as batteries.

End of life costs: The costs associated with disposing of a plastic toy include recycling, waste management, landfill usage, and potential environmental damage. Some of these costs can be paid by the user, by the producer, or by the society at large.

The emissions along the Lifecyle of a plastic toy

The emissions along the Lifecyle of a plastic toy vary depending on different factors that help define emission drivers.

Upstream emissions: The supply of a plastic toy involves the extraction of raw materials, including oil. This releases greenhouse gases and other pollutants into the atmosphere. The successive manufacturing and transportation stages along a supply chain can also emit greenhouse gases. The choice of raw material and the supply chain locations are emission drivers.

Internal emissions: The building and energy used by the staff involved in designing administrating , advertising the plastic toy contribute emissions. The transportation of toys can also contribute to emissions. Choice of the building and the supply chain locations are emission drivers.

Downstream emissions: The use of a toy can also contribute to emissions, especially if it requires the use of batteries or electricity.

End of life emissions: The disposal of a toy can also contribute to emissions, especially if it is not disposed of properly. If a toy is sent to a landfill, it can release methane, a potent greenhouse gas, as it decomposes. If it is incinerated, it can release greenhouse gases and other pollutants into the atmosphere. The durability and recyclability of a plastic toy are emission drivers

EMISSION DRIVERS OF A GLAS BOTTLE

The wine industry is taking steps to reduce the carbon footprint of Glas wine bottles, which are a popular choice for wine packaging due to their durability, reusability, and aesthetic appeal. The carbon footprint of a Glas bottle can vary between 700 kg CO_2 eq per ton and 1300 kg CO_2 eq per ton. Glas production is energy-intensive and emits greenhouse gases, but the industry is tackling several emission drivers to decrease the environmental impact of Glas bottles. The case is illustrative and does not include all drivers.

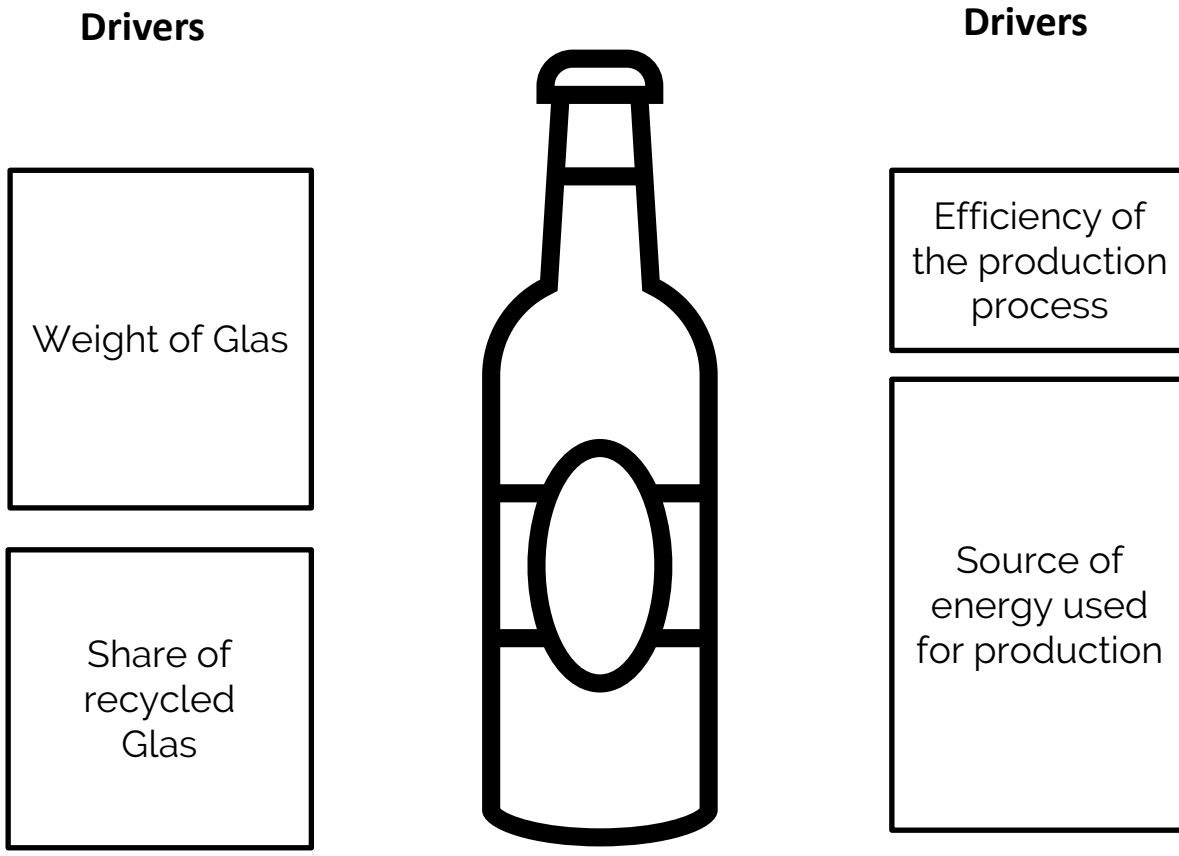
Emission Driver 1: Reducing the amount and weight of Glas used for wine bottles to decrease the environmental impact of the bottle. By using lighter weight Glas, companies can reduce the amount of energy required to produce and transport the bottles, which in turn reduces greenhouse gas emissions.

Emission Driver 2: Using recycled Glas can significantly reduce the environmental impact of Glas production, as it requires less energy and generates fewer greenhouse gas emissions. However, there are some challenges associated with using recycled Glas, such as the potential for impurities and variations in colour. Availability of recycled Glas can also vary.

Emission Driver 3: Using Renewable energy sources can reduce the carbon footprint for Glas production. By using solar, wind, geothermal or other green energy, it is possible to reduce their reliance on fossil fuels and decrease greenhouse gas emissions.

Emission Driver 4: Efficiency of Glas furnaces can be improved through insulation, waste heat recovery, and other measures that reduce their carbon footprint.

By understanding what drives the emissions for a product, we can define good decarbonation roadmaps. Immediate options to reduce emissions include using less Glas and using a larger share of recycled Glas in the process. However, to radically reduce the impact, companies will need suppliers who can decarbonize their Glas smelting process and use green sources of energy.



6. THREE PATHS TO DECARBONATION

We have identified 3 different paths to move into action and integrate decarbonation in all procurement initiatives.

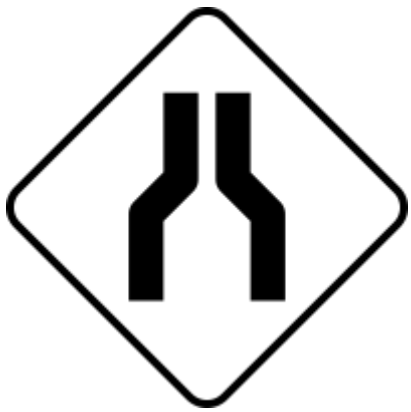
THE THREE PATHS TO DECARBONATION

Path 1: IF YOU DESIGN OR CO DESIGN YOUR OWN PRODUCT

In this situation, you can search for decarbonised solutions right from the design stage.
To achieve this buyers should:

- ❑ Be involved from an early stage
- ❑ Develop multiple scenarios
- ❑ Scout existing and new markets to create alternative supply chains
- ❑ Facilitate access to data to compare impacts across solutions
- ❑ Calculate TCO to compare the economic impact of solutions

A baseline of the emissions can be created by using some of the databases and platforms mentioned in the previous section. This might require to gain access to specific supplier information to produce reliable figures. From this, emission drivers can be identified, and different strategies can be used to reduce the carbon footprint of a product.

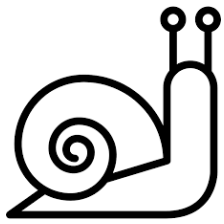


Narrow the resource flows by using fewer resources or resources with a reduced footprint per product

This might include:

- ❑ Using less materials, energy, heat along the supply chain
- ❑ Use renewable energy or re-use heat along the supply chain
- ❑ Cutting waste along the supply chain
- ❑ Shortening the supply chain, reducing travel and transportation needed
- ❑ Using low carbon products, recycled material
- ❑ Redesigning and dematerializing products or services
- ❑ ….

THE THREE PATHS TO DECARBONATION



Slow the resource flow by extending the life of your products

This might include:

- ❑ Extending the life of products. Making more durable products
- ❑ Making products easier to disassemble and repair
- ❑ Sharing resources and equipment with others
- ❑ Sending equipment back to suppliers to be refurbished, upgrade or used again
- ❑ Buying an equipment as a service
- ❑ Providing services to re-manufacture, re-use or re-purpose your products
- ❑ …

Close the resource loops by enabling re-use & recycling

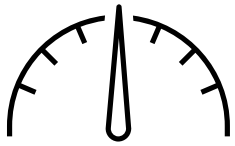
This might include:

- ❑ Switching to biodegradable materials
- ❑ Using recyclable materials
- ❑ Recycling and recovering raw materials
- ❑ Turning the waste into energy
- ❑ …

THE THREE PATHS TO DECARBONATION

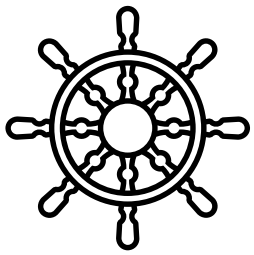
Path 2: IF YOU BUY COMPLEX AND CUSTOMISED PRODUCTS

When you buy or rent complex products or services including IT infrastructure, equipment, buildings and other sophisticated products or services, you will need to create an open exchange with existing and potential suppliers. Beyond the measurement of emissions, you need to understand what decarbonized solutions will be available and when? With what impact? and at what prices? In such a context, you can also consider influencing the market alone or through collaboration with other buyers. The following questions can be used as part of RFI, a workshop or an alignment meeting with a supplier.



Questions on measurement

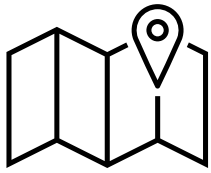
- ❑ Do you measure your scope 1, scope 2 and scope 3 GHG emissions?
- ❑ Do you use standard industry guidelines, are you certified for calculating emissions?
- ❑ Is your measurement method validated with a third party?
- ❑ How do your emission compare to competitors?
- ❑ Can you associate emissions to the product or service we buy?



Questions on emission drivers

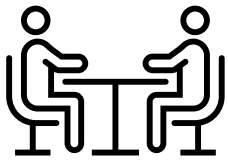
- ❑ What are the main sources of scope 1, scope 2 and scope 3 emissions?
- ❑ What are the main emission drivers?
- ❑ Who or what influences them?

THE THREE PATHS TO DECARBONATION



Questions on roadmaps and strategies

- ❑ Did you make commitments to reduce your emissions?
- ❑ Did you create a strategy for decarbonation?
- ❑ Do you offer low carbon solutions? Price and impact?
- ❑ Do you plan any innovation that could support decarbonation? For when? What impact?
- ❑ What could be the decarbonised options in the future?



Questions on collaboration

- ❑ Would you be open to collaborate with us, with other clients, other partners to co-innovate on decarbonation?
- ❑ Would you be open to collaborate with other suppliers to share best practices?

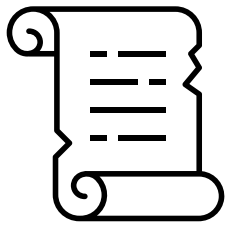
This list is not exhaustive but offer some of the most common questions buyers can use to start a good exchange in order to:

- Develop a good understanding to the market situation
- Anticipate future development related to decarbonation
- Use your relationship management skills
- Be ready to influence the market, to build coalitions with other buyers

THE THREE PATHS TO DECARBONATION

Path 3: IF YOU BUY STANDARD PRODUCTS OR COMMODITIES

Here decarbonation needs to be integrated in the policies, in supplier guidelines, in awarding decisions, in contracts but also in catalogues.



Update Policies

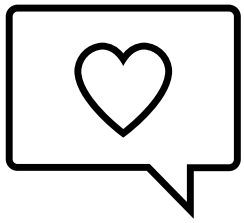
It is important to update policies across the company to ensure users favour the most sustainable solutions. Alignment across the organisation is key to avoid frictions. One of the key policies is the guidelines for suppliers that define what is expected from them on decarbonation. Here, companies need to clearly state that they expect suppliers to Measure, Commit and Reduce emissions.

Case study

Bayer supplier code of conduct on Climate protection (Dec 22)

"Suppliers shall have climate protection as a core element of their business strategy (e.g., targets and/or company values). Suppliers shall assess the impact and risks climate change has on their business and supply chains and adapt both to climate change. Suppliers shall set targets to reduce the greenhouse gas (GHG) emissions caused by their operations directly (scope 1) or indirectly (scope 2) and those caused in their value chains (scope 3). Bayer expects its suppliers to have ambitious reduction targets set latest by 2025; and expects those targets to be in line with the approach and the criteria of the Science-Based Targets initiative (www.sciencebasedtargets.org). Suppliers shall reach net-zero value chain GHGs emissions by no later than 2050. Upon request and if available, suppliers shall be able to provide Bayer with the carbon footprint of their organization and of a representative product."
Source: Bayer website

THE THREE PATHS TO DECARBONATION



Include decarbonation requirements in Supplier selection

Requirements can be expressed in different ways depending on the maturity of the supply market:

- ❑ We will favour low carbon solutions in our awarding process
- ❑ We expect a year-on-year reduction of the carbon footprint by….
- ❑ We will only accept recyclable raw materials or products with a footprint lower than…

Case study

Vodafone supplier evaluation

"Since October 2020, Vodafone Group evaluates its suppliers on their commitments to diversity, inclusion and the environment when they tender for new work. A supplier's 'Purpose' accounts for 20% of the evaluation criteria, and suppliers are asked to demonstrate policies and procedures that keep safe, those working on high-risk activities (10%), support diversity in the workplace (including gender, ethnicity, LGBT+, age and disability criteria) (5%), and to address carbon reduction, renewable energy, plastic reduction, circular economy and product lifecycle (5%)."

Source: Vodafone website

THE THREE PATHS TO DECARBONATION

Include sustainability in the awarding criteria

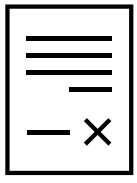
Awarding criteria can include quantitative and qualitative aspects. They can focus on impacts, drivers, capabilities and commitments.

Quantitative criteria can include:

- ❑ An assessment of the CO2 emissions if a common method can be used
- ❑ A measure that reflects the emission drivers identified (% of recycled mat., % of green energy…)

Qualitative criteria can include different points:

- ❑ Decarbonation commitment and roadmap
- ❑ Relevant labels or certifications
- ❑ Capabilities and investments planned



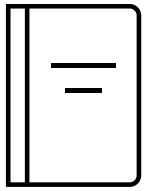
Add carbon specific clauses in contracts

Legal requirements to be introduced to ensure suppliers and your company are aligned. This can include:

- ❑ Guidelines that express expectations from suppliers
- ❑ Expectations related to the communication of GHG emissions
- ❑ Expectations related to communication on any deviation or change that impact GHG emissions

To discover potential contract clauses on decarbonation, consult the following resource https://chancerylaneproject.org/climate-clauses/carbon-performance-clauses/

THE THREE PATHS TO DECARBONATION



Inform Users

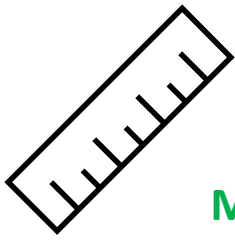
In many circumstances, consumption is initiated by users. It is therefore key to ensure that they are encouraged to adopt the right behaviour. This can be achieved by:

- ❑ Setting resource consumption reduction targets on the user side.
- ❑ Educating users on what is key and how they can best take relevant decisions.
- ❑ Provide carbon footprints information and other impacts on catalogues

Case study

In 2020, EIFFAGE a construction company developed a tool called ECOSOURCE. It systematically carries out multi-criteria comparisons for products with a similar use. This provides information on carbon emissions and other sustainability criteria to users who order products

Source: EIFFAGE Climate report 2021



Measure progress

Align on measurement and ensure access to quality data
Measure progress:

- ❑ A measure of CO2 emissions based on a common method
- ❑ A measure that reflect the emission drivers identified (% of recycled mat., % of green energy…).

7. DECARBONATION LEVERS

To tackle emission drivers, buyers need to understand the complete set of levers that will help reduce, slow and circularize the flow of resources.

DECARBONATION LEVERS

To decarbonise, companies use levers that have been described under the label 'circular economy'. The circular economy is an economic system that aims to minimize waste and maximize the use of resources by keeping products, components, and materials in use for as long as possible.

The principles of the circular economy are based on the 3Rs - reduce, reuse, and recycle - and have been expanded to include the 10Rs, which are organised in three groups below:

Narrow the resource flows by using fewer resources or resources with a reduced footprint per product:

- ❑ Rethink: Rethink the way we design, produce, and use products to minimise waste and pollution
- ❑ Refuse: Refuse products that are wasteful, harmful, or unnecessary
- ❑ Reduce: Reduce the number of resources used in production and consumption

Slow the resource flow by extending the life of your products:

- ❑ Reuse: Reuse products and materials as much as possible
- ❑ Repair: Repair products to extend their lifespan and reduce waste
- ❑ Refurbish: Refurbish products to give them a second life
- ❑ Remanufacture: Remanufacture products to extend their lifespan and reduce waste
- ❑ Repurpose: Repurpose products for new uses and applications

Close the resource loops by enabling re-use & recycling:

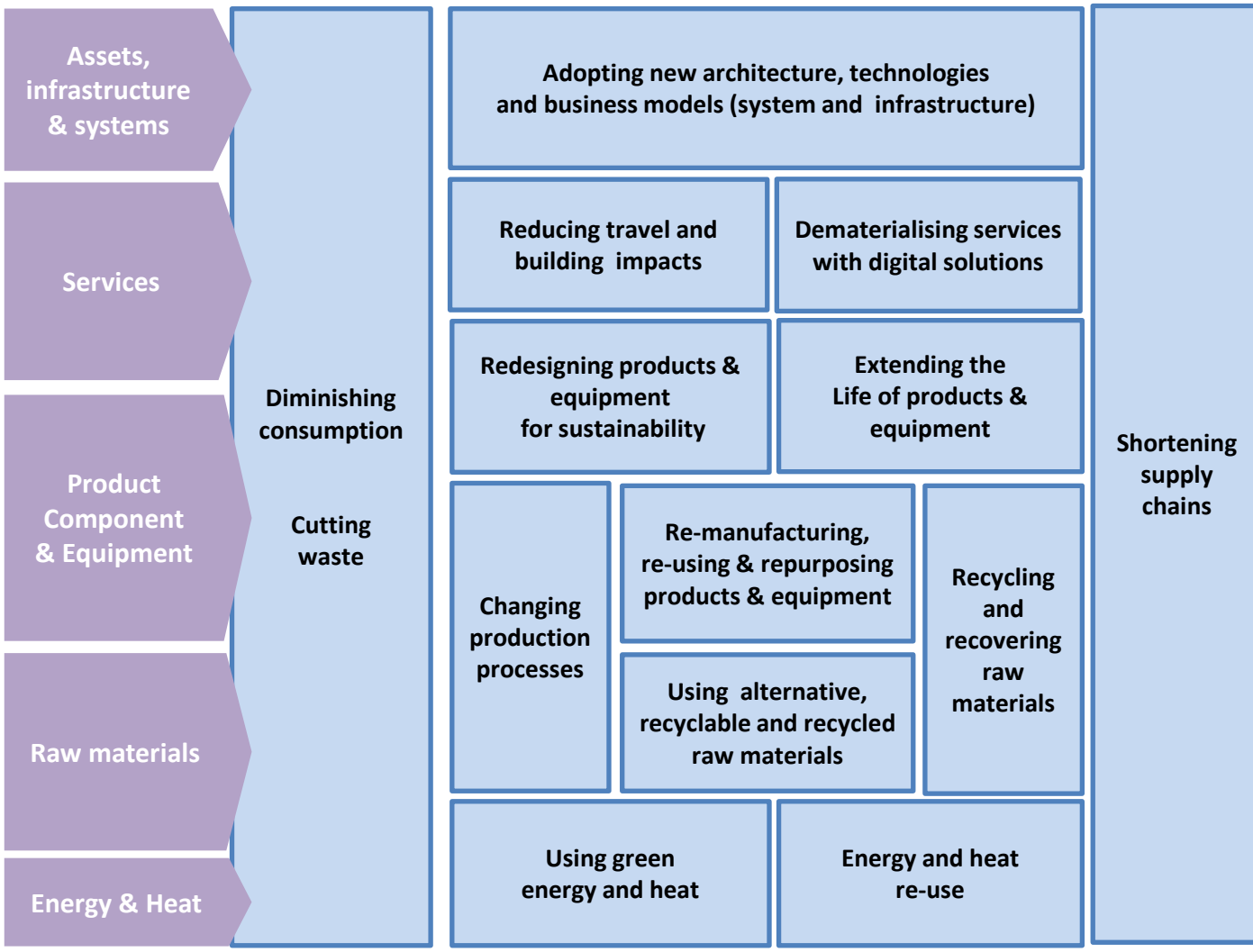
- ❑ Recycle: Recycle materials to create new products
- ❑ Recover: Recover energy and resources from waste

The circular economy seeks to create a closed-loop system in which resources are kept in use for as long as possible, waste is minimized, and natural systems are regenerated. It requires a shift in mindset from a linear, take-make-waste model to a circular model that prioritizes sustainability, resource efficiency, and regeneration.

DECARBONATION LEVERS

The following framework helps buyers understand what are the main decarbonation levers they can use based on what they buy. At the bottom we start with energy , heat and just above that, we look at raw materials. Then as we go up, we progressively look into more complex products and equipment. All lower layers apply to everything above it.

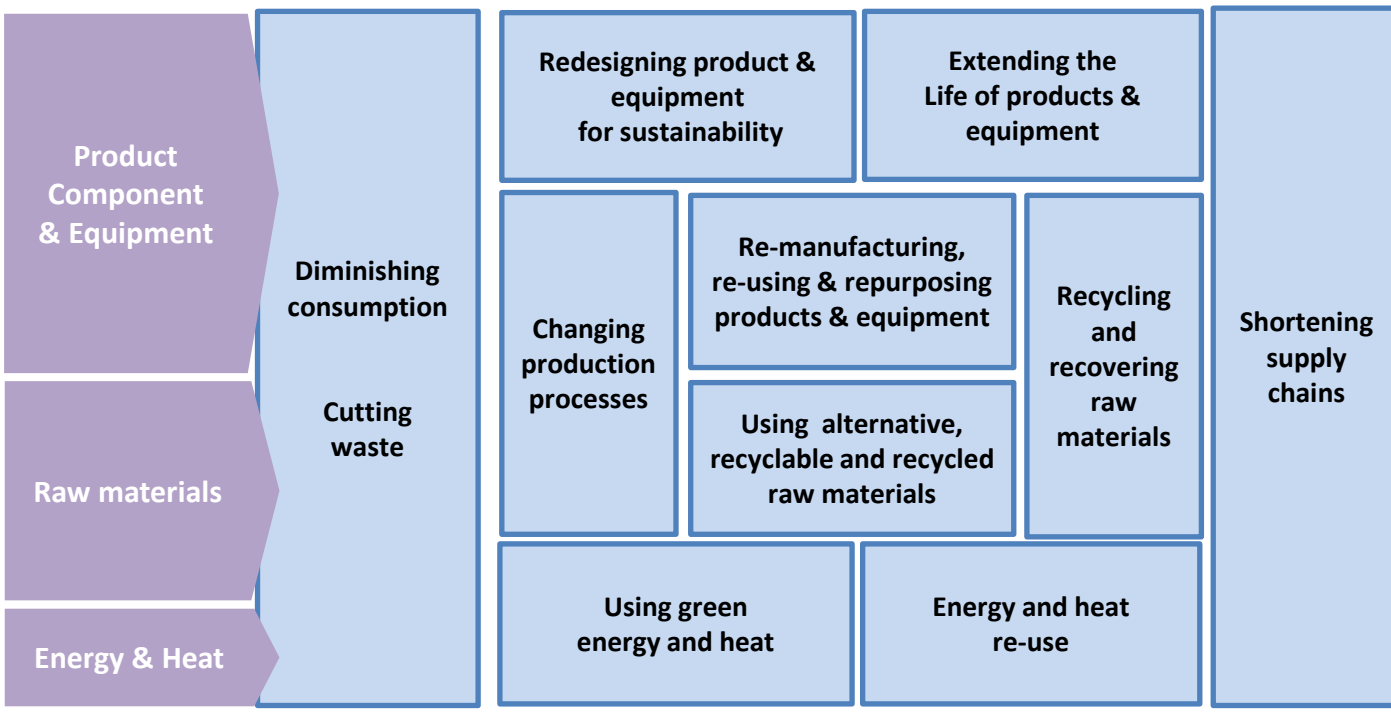
On the top we have infrastructure and complex systems, here energy, heat or raw material related levers also apply.



This framework can be used to systematically consider all possible options. However, you need to understand the emission drivers first.

DECARBONATION LEVERS

Example: If you buy Products, components and equipment you would consider the following levers:



Case study iPhone

Apple has committed to Reduce its emissions by 75% by 2030 . It is committed to use Innovative carbon removal technologies for the remaining 25%. We describe some of the levers used to decarbonise the iPhone.

Redesigning product & equipment for sustainability & Recycling and recovering raw materials

Apple needs to build its products from renewable resources or in a circular economy. The company has redesigned its products so it can recycle key raw materials. Apple's disassembly robot Daisy can pick apart an iPhone in 18 seconds, allowing for the recycling of rare earth elements. However, finding old iPhones is the biggest challenge for Apple, as many consumers keep their old phones at home.

Using Green energy

Apple and ten of its suppliers have invested $300 million to generate 1 gigawatt of renewable energy. Apple has commitment from over 200 suppliers to use 100% renewable energy for production.

Changing production process for aluminium

Alcoa and Rio Tinto have formed a partnership to create ELYSIS, a company focused on scaling up and commercializing a carbon-free smelting technology for aluminium production. Apple has invested $13m in the venture. The. technology could reduce greenhouse gas emissions by 7 million metric tons, equivalent to removing 1.8 million cars from the road. The technology will also improve health and safety, reduce costs and increase productivity. The technology will be commercially available in 2023.

DECARBONATION LEVERS

	List segments where these levers could be applied
Diminishing consumption	
Shortening supply chains	
Energy and heat re-use	
Using green energy and heat	
Recycling and recovering raw materials	
Using alternative, recyclable and recycled raw materials	
Changing production processes	

DECARBONATION LEVERS

	List segments where these levers could be applied
Re-manufacturing, re-using & repurposing products & equipment	
Extending the Life of products & equipment	
Redesigning product & equipment for sustainability	
Dematerialising services with digital solutions	
Reducing travel and building impacts	
Adopting new architecture, technologies and business models (system and infrastructure)	

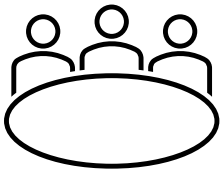
8. SCALING THE EFFORT

To reduce emissions, new solutions will need to scale fast, including through cross category and ecosystem initiatives.

SCALING THE EFFORT

Acting at the right scale is essential if we want to massify the impact of decarbonation initiatives. We describe underneath options that companies can adopt to scale their efforts.

The first ones are the easiest to implement, the later ones are more challenging but offer more impact or can help unlock some decarbonation bottlenecks.



THE SUPPLIER SELECTION PROJECT

This Is the core and the most common process in procurement. As we have described earlier, while decarbonation can be integrated in procurement processes starting with policies and guidelines, it can also be addressed in awarding decisions, in contracts and in catalogues. Project by project, opportunities to reduce emissions can be seized.
Buyers can use RFI, workshops and exchanges with supplier to seek improvement that reduce emissions. This is a useful approach, but it sometime offers limited scaling opportunities.

Case study

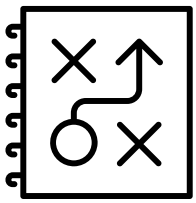
Procurement teams who started to investigate low carbon office furniture have started to discover that some interesting solutions have been operating for some years.

Royal Ahrend, a Dutch furniture maker, has been integrating in its product portfolio design principles such as modularity, disassembly, and life extension since the 1990s. By doing this it becomes easier to repair, upgrade, and modify their products.

They have created a furniture-as-a-service business model, including a separate company that owns the products, facilitates product tracking using QR code, and offers a digital platform to manage this service.

This model reduces waste, resources, carbon emissions, and fosters closer relationships with customers.

SCALING THE EFFORT



THE CATEGORY STRATEGY

Developing category strategy centered on low carbon solution is best suited when your company needs to anticipate change and address decarbonation bottlenecks such as:

- High emission category
- Category that can help reduce scope 1 and 2 emissions
- Low carbon solutions do not exist yet.
- Significant investments are required to decarbonise
- Investments and technology cycles are long and limit decarbonation opportunities
- Suppliers are not fully open to discuss solutions and commit to decarbonation
- High volume of low carbon solutions are needed
- Many people who need to be retrained to support decarbonation

Key points to include in a category strategy centred on decarbonation include:

- ❑ Decarbonation Goals based on a good understanding of the Emission drivers
  - ❑ Drivers 1
  - ❑ Drivers 2
  - ❑ Drivers 3
  - ❑ ….
- ❑ A good understanding of the industry competition and collaboration dynamics related to decarbonation
  - ❑ Is decarbonation considered as a business opportunity by suppliers?
  - ❑ Is decarbonation competence enhancing suppliers?
  - ❑ Is decarbonation competence destroying suppliers?
  - ❑ Is this a source of differentiation? A factor of competition?
  - ❑ Are buyers or suppliers collaborating?
- ❑ What is the market Maturity and homogeneity
  - ❑ Are low carbon solutions available?
  - ❑ When would low carbon solutions be available?
  - ❑ How long does it take to bring new solutions to market?
  - ❑ For how long investments should be used?
  - ❑ Are all suppliers at the same stage?
  - ❑ Are some more advanced?

This should then be used to create

- ❑ A list of Decarbonation Opportunities with existing or new suppliers
- ❑ A roadmap with concrete actions
- ❑ Reliable sources of information and a plan to continue collecting information

SCALING THE EFFORT

SUPPLIER COLLABORATION

Supplier collaboration is best suited when you have identified a collaboration opportunity with a supplier. This is an innovation project managed with a supplier
This can include different types of support:

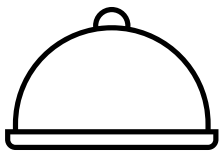
- ❑ Supporting directly or indirectly the investment
- ❑ Contributing to the design, to the tests and creating or sharing knowledge on the solution
- ❑ Creating visibility for the solution and mobilizing resources or partners to support its implementation.

Case study 1

As described earlier, Apple invested $13m in ELYSIS, a company focused on scaling up and commercialising a carbon-free smelting technology for aluminium production.

Case study 2

Royal Ahrend the company that sells furniture-as-a-service has worked with its suppliers to innovate. It collaborates with its suppliers to innovate and reduce waste; It has embraced the use of cellulosic waste for its products and now uses a non-toxic reversible glue. This saves woodland extraction and reduces environmental impacts.



BUYING SOLUTIONS

Buying-as-a-service is best suited to encourage suppliers to adopt the circular economy principles.

Case study

One example of a product you can buy as a service is the Philips Lighting Circular Lighting Programme. Rather than selling light bulbs or fixtures to customers, Philips Lighting installs and maintains the lighting systems for its customers. The company retains ownership of the lighting products and is responsible for their maintenance and performance. Customers pay a fee for the lighting service based on the amount of light they use. This model encourages energy efficiency and reduces waste. Philips Lighting uses energy-efficient LED lighting and designs the lighting system to maximize energy efficiency. The company also takes responsibility for the end-of-life disposal of the lighting products, ensuring that they are recycled or repurposed rather than ending up in landfill.

SCALING THE EFFORT

THE SUPPLIER DEVELOPMENT PROGRAM

A Supplier development program is best suited when you have many suppliers who have not yet started their decarbonation journey. A supplier development program would aim to reduce the carbon footprint of the products or services supplied by the participating suppliers. The program would be targeted at suppliers who are large emitters who have not committed yet to Science Based targets.

The programme would consist of activities designed to help suppliers reduce their greenhouse gas emissions, such as:

- ❑ Providing carbon footprint tool and guidelines to help supplier measure their emissions.
- ❑ Encouraging suppliers to commit to reduce their emissions and to develop decarbonation roadmaps.
- ❑ Strengthening supplier capabilities through the provision of assessment tools, toolbox, trainings and workshops.
- ❑ Offering access to technical assistance to implement decarbonization measures, such as improving energy efficiency, switching to renewable energy, or adopting low-carbon production methods.

Case study

PepsiCo, Mars and McCormick have launched the Supplier Leadership on Climate Transition programme to mentor and train companies to set their own science-based net-zero emissions commitments. In 2022, More than 400 had enrolled in the program, which provides educational seminars, a scoring system with four levels of recognition and a monthly check-in about best practices.

On top of this program, PepsiCo has started initiatives for farmers. For instance, PepsiCo and the PepsiCo Foundation are spreading the use of regenerative practices through programmes like Agrovita, that help plantain and cocoa producers in southern Mexico grow crops more sustainably. Participating farmers are provided training on best practices related to soil health and conservation, pest and disease control, and crop diversity. This program aims to benefit more than 37,000 people over three years.

PepsiCo also established the Positive Agriculture Outcomes (PAO) Fund, which granted nearly $2 million to 16 innovative regenerative agriculture projects in 10 different countries in 2022. One example is a gravity-powered drip irrigation system for farms to reduce water consumption by 50% and carbon emissions by as much as 83% compared to traditional irrigation.

SCALING THE EFFORT

ECOSYTEM INITIATIVES

Ecosystem initiatives are best suited when a broad number of companies need to collaborate on the upstream or downstream side to reduce emissions. This often requires to setup not-for-profit foundations that stir the initiative and build a momentum around systemic changes.

Case study 1

The Open Compute Project (OCP) is helping to reduce the carbon footprint of data centres by promoting the design and adoption of more energy-efficient hardware and infrastructure. OCP is a collaborative community focused on designing and sharing open-source hardware solutions for data centres and other computing environments. OCP's hardware designs are optimized for energy efficiency, reducing the amount of power required to run data centre equipment. In addition, OCP's designs are modular and scalable, which means that data centre operators can scale up or down their infrastructure as needed, reducing waste and energy consumption. This also allows to implement the circular economy principles. OCP also places a strong emphasis on reducing the environmental impact of data centre hardware throughout its lifecycle, from manufacturing to end-of-life disposal. This includes minimizing the use of hazardous materials, promoting recycling and reuse of components, and reducing the amount of e-waste generated by data centres.

Case study 2

Sogrape is a family-owned wine company with a strong international presence and the leading wine producer in Portugal, which was honoured as one of the winners of the 2022 EIPM Peter Kraljic Prize. The purchasing director was looking to improve the environmental performance of her company, which led her to discuss with a supplier of Glass bottles. Her goal was to improve environmental performance without incurring additional costs. Instead of just consulting the market, she engaged with the glass bottle supplier and realised they were facing a difficult trade-off. In Portugal, recycled glass must be imported because it is not readily available locally and it is expensive to bring it from abroad. Instead of choosing between cost and environmental performance, the purchasing director adopted a system-level perspective and started to investigate how to increase the share of recycled glass in Portugal.
This led to the creation of an organisation, Vidro+, an initiative that aims to increase the glass-recycling rate in Portugal, by bringing together stakeholders across the glass-packaging value chain. This includes government entities, universities, research centres, associations, and NGOs. The Vidro+ Platform seeks to create a commitment among the different players in the value chain to promote glass recycling, achieve recycling targets, lower the carbon footprint, promote effective communication, and encourage collaborative solutions.

9. ENGAGING EMPLOYEES IN CHANGE

Change is a people-centric process. Decarbonation is no exception to this; a clearly defined purpose is quintessential for people to buy into change. People also need leadership skills to tackle the grand decarbonation challenge.

ENGAGING EMPLOYEES IN CHANGE

Engaging employees in decarbonation requires new skills, new ways of learning and a solid change management.

As part of our survey, we asked the 12 procurement leaders we interviewed “What people capabilities are the most critical for decarbonising our supply chain?” We suggested them the five dimensions of Learning agility of Korn Ferry. The first three got a large majority of votes. This shows the importance of embracing complexity, taking the ownership of change and remaining open minded throughout the journey.

The first three learning agility dimensions prioritised by our interviewees are:

- Mental agility: embracing complexity, examining problems in unique ways, making new connections, and staying inquisitive.
- Change agility: willingness to lead transformation efforts, continuously exploring new options.
- People agility: being open-minded towards others, enjoying the interaction with diverse groups, bringing out the best in others.

The other two learning agility dimensions include:

- Results agility: delivering results in tough situations, responding to challenges, inspiring others to achieve more than what they thought was possible.
- Self-awareness: being reflective, understanding strengths and weaknesses, seeking feedback and personal insights.

Developing these leadership skills requires to blend people development with action and progress. The next page describes how such a programme can be undertaken. Displaying leadership is quintessential to drive the change. Employees need to be brought along the journey as the journey to net zero requires creativity, procuring solutions and developing options which go far beyond offsetting carbon.

ENGAGING EMPLOYEES IN CHANGE

In an uncertain context, designing education as a collective intelligence effort is key. Collective intelligence refers to the ability of a group of people to solve a problem, make a decision, or accomplish a task by using the knowledge, skills, and diverse perspectives of different internal and external actors. It is based on the idea that the sum of individual intelligences is greater than the intelligence of a single individual, and that collaboration and interaction with a diversity of people can lead to more innovative, effective, and relevant outcomes than individual decision-making.

The use of collective intelligence as a training approach is effective in strengthening the skills of trained individuals. It promotes their engagement in the learning process and allows them to work on their own challenges and adopt new practices. It fosters innovation and creativity by encouraging the active participation of diverse actors. It helps strengthen cohesion among different actors who have shared interests. Finally, it enables the development of a more inclusive and collaborative form of leadership.

This can be implemented for decarbonation by organising an action learning programme spanning over 12 weeks. At the start, the participants receive foundational education on decarbonation, which covers key concepts, strategies, and best practices in reducing carbon emissions. Then, participants deepen their understanding and practical application of decarbonation for segments or products they pick by performing the following actions:

- ❑ Exchange with internal stakeholders: Participants connect with various stakeholders especially internal teams to understand their commitment to decarbonation and assess their knowledge and plans on the subject. These interactions provide insights into the current efforts and challenges related to decarbonation within the organisation.
- ❑ Explore industry practices, trends and decarbonation levers: Participants research and learn about the latest industry trends and innovations in decarbonation. They develop a first understanding of decarbonation levers. This activity helps participants gain a broader perspective on the available options and potential pathways for decarbonation.
- ❑ Engage with existing suppliers on decarbonation: Participants engage in discussions with a select number of existing suppliers. They exchange ideas, challenges, and experiences related to decarbonation initiatives. This interaction allows participants to understand the suppliers' perspectives, gather insights into their sustainability practices, and explore collaborative opportunities for decarbonation efforts.
- ❑ Organise a workshop or event that brings stakeholders, experts and suppliers together. The workshop can aim at educating stakeholders and suppliers, at exchanging on decarbonation challenges and solutions, at establishing some initial decarbonation roadmaps.

Throughout the programme, participants benefit from collective coaching sessions where they gain feedback and share their experience. As they learn from their own cases, they also learn from each other.

ENGAGING EMPLOYEES IN CHANGE

Change is a people-centric process. Decarbonation is no exception to this. A clearly defined purpose is quintessential for people to buy into change. Our change ecosystem contains People, Processes and Technology. Process and Technology are enablers of change and can be adjusted as needed. People with a purpose are at the core. They make things happen. It is all about winning hearts and minds. People own what they create; involving them from the beginning will make things happen.

Initially, involving people might feel like slowing down the transformation. In the long term, it enables people to embrace the change as they have been part of it since the start. Involving people makes them feel in charge of their destiny. It also creates a common thread that binds people together.

People need to understand, embrace and identify themselves with the purpose of the change initiative. It is important to focus time and effort on people who want to be part of the change, and then, they will form the critical mass needed to embed and live the purpose. There will always be folks who don't want to be part of the change. Identify them early and give them a choice. The train stopped at the station and will leave shortly. It is a person's choice to get on the train or stay behind. At the same time, it is also important to explain again and again why change is needed.

Change requires a clear purpose, a well-articulated dream supported by a path to action. This can be done by answering a few key questions:

- Where do we want to be?
- What do we need to do to get there?
- And how will we get there?

Then, we should be flexible when it comes to the How. There are numerous ways to cross a river, don't get hung up on the process. It is the long-term results that count.

Recognising change is a learning process. People have different styles and learn differently. A one size fits all approach won't facilitate change. It is crucial to understand the individual's perspective and drivers. It is essential to understand what motivates people. Leaders need to put themselves in their shoes and understand what's in it for them.

Change is part of life-long learning, ensuring people have a voice and the skills to adapt to new ways of working and new environments. Invest in people and help them grow. Invest in people's learning ability. Team events along the change process help to build a community. Don't forget to celebrate successes on your change journey. Taking stock regularly and allowing people to reflect on the journey to date is crucial.

All this is applicable to any change initiative, With the magnitude of change needed for decarbonation, this is more than ever valid.

CLOSING

Please don't hesitate to share your experiences with the authors. We are eager to further delve into the topic and create case studies that can be shared within the industry and beyond. Additionally, for more in-depth insights on the subject, feel free to reach out to EIPM.

Your Key notes!

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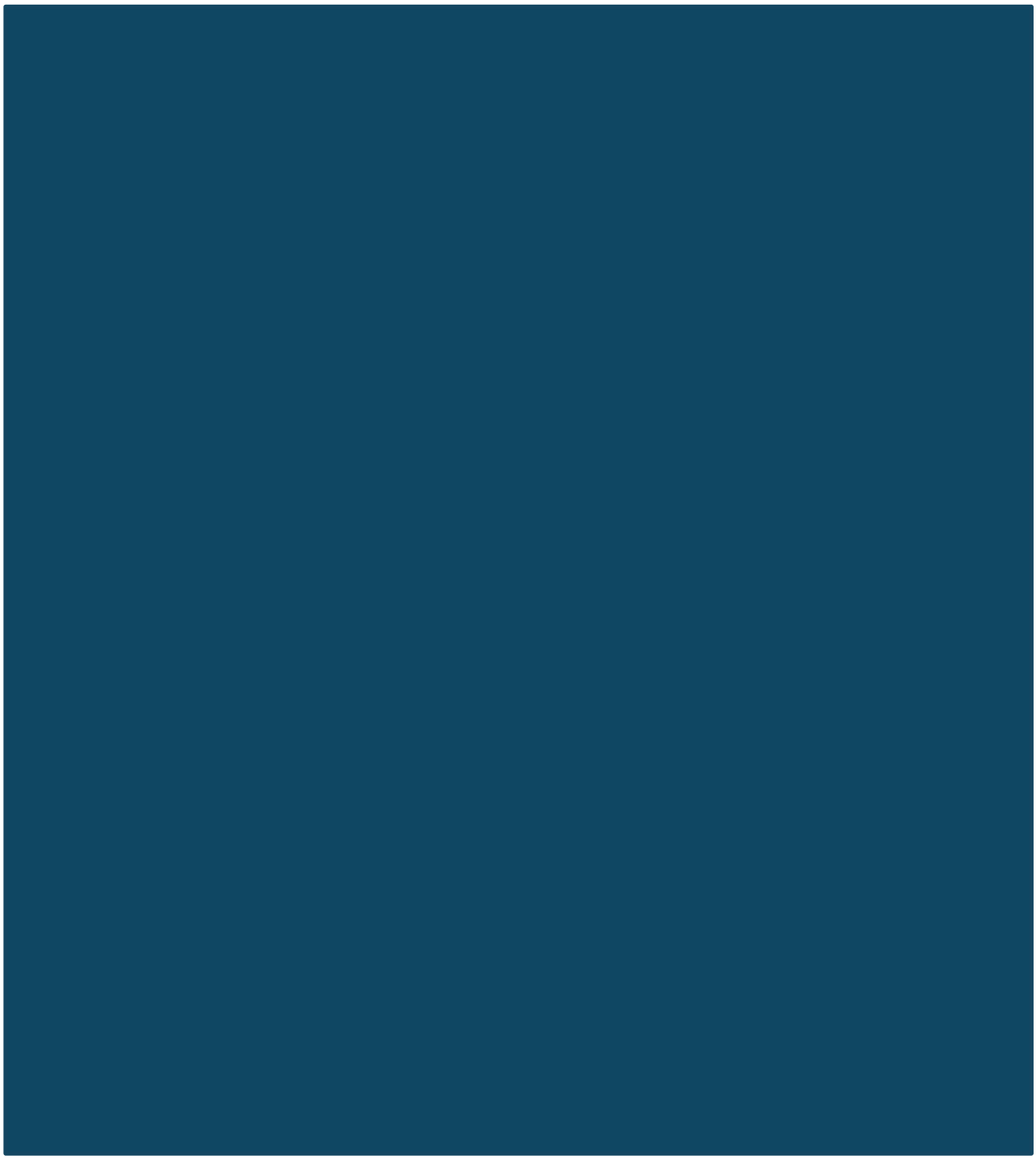

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