

An action-oriented and practical approach to accelerating supply chain decarbonization



The Supplier Cascade gives businesses of all sizes a manageable way to address upstream Scope 3 emissions through Tier 1 supplier engagement. It focuses on enabling action and transparency in areas that are within a business's control.

The Supplier Cascade has been designed to kick start climate action through the supply chain by helping businesses to **ask their Tier 1 suppliers to:**

- **set a credible reductions target aligned with science;**
- **start a cascade by asking all their own Tier 1 suppliers to do the same; and**
- **report progress on their targets and supplier action annually**

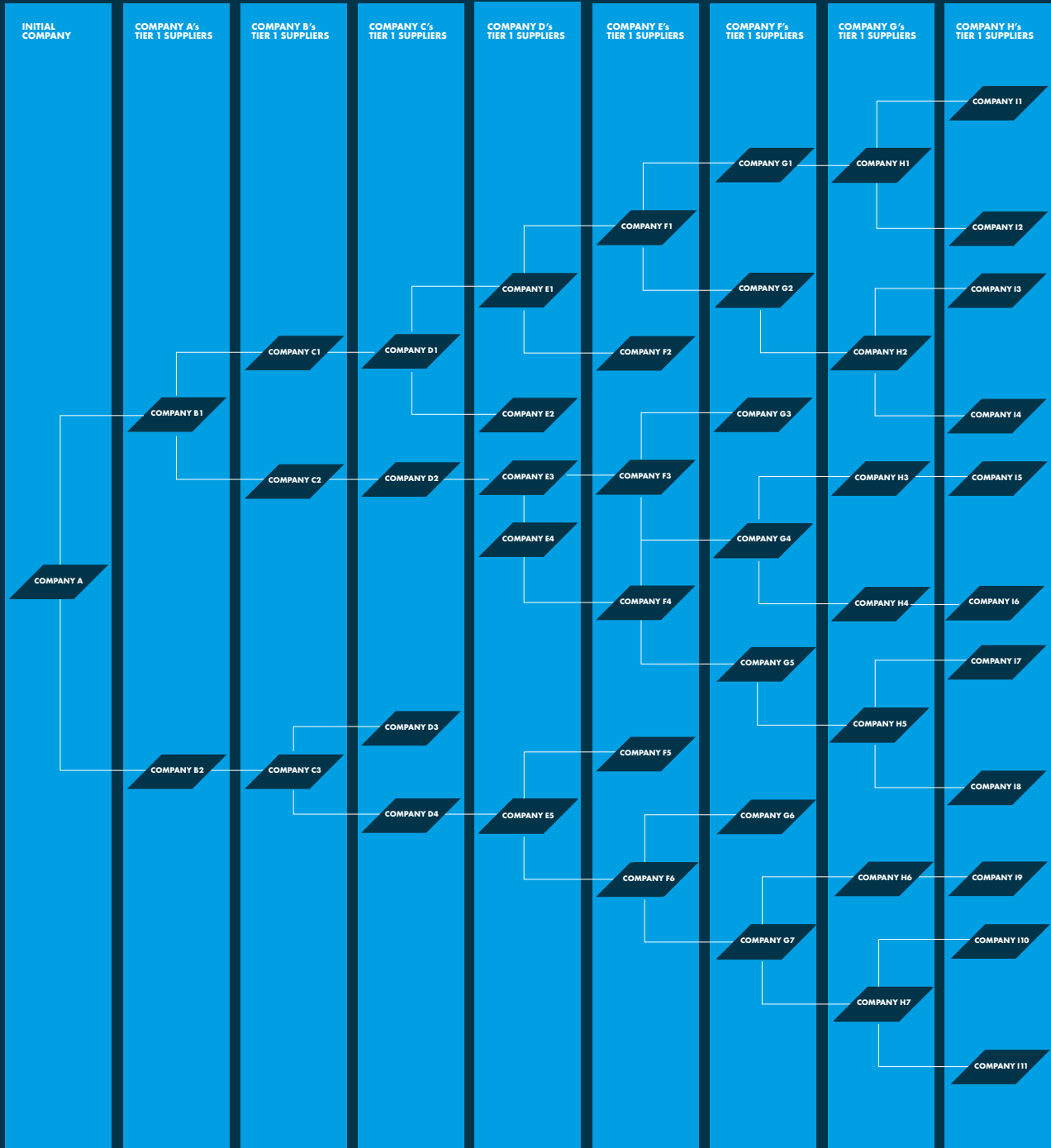
Built on best practice

The Supplier Cascade has been created by the We Mean Business Coalition, in partnership with BSR, CDP, Ceres, Environmental Defense Fund (EDF), SME Climate Hub and in collaboration with the Science Based Targets initiative (SBTi).

It builds from best practice and is backed by research and consultation to create a flexible and measurable way of tackling key Scope 3 emissions. As well as helping businesses achieve their climate goals, it will also develop supply chain resilience.

Many leading companies are already incentivizing their supply chains to take climate action, and in some cases going further to help their suppliers decarbonize. Additionally, there is a foundation of detailed supplier engagement guidance to draw on like SBTi's [Supplier Engagement Guidance](#), Transform to Net Zero's [Supplier Transformation Framework](#) and ERI's [Supplier Action Guide](#), to name a few.

This graphic is a simplified visual of how Supplier Cascade can create a domino effect of climate action as each subsequent tier of the supply chain asks its own direct suppliers to take action. **Imagine this type of cascade rippling across hundreds or thousands of Company A's tier 1 suppliers and beyond.**



Helping businesses halve their emissions by 2030

We cannot achieve our near term goals and keep 1.5°C alive without tackling Scope 3 emissions. Scope 3 emissions typically account for more than 70% of a company’s carbon footprint, but it is traditionally difficult to accurately track progress on reducing Scope 3 emissions because of the inherent complexities of supply chains.

This has led to a slowdown of climate action among businesses.

- Just 41% of companies reporting to CDP have reported emissions for Scope 3
- Only 39% of businesses reporting to CDP have engaged with suppliers on climate matters
- Just 0.04% of companies reporting to CDP require their suppliers to set a science-based emissions reduction target

The Supplier Cascade is an action-oriented and practical approach designed to help companies manage the emissions in their supply chains by focusing on one area that an organization can directly control: their relationship with Tier 1 suppliers.

Climate action with clear benefits

The Supplier Cascade makes starting to tackle Scope 3 emissions straightforward for every business, regardless of its size or sector.

- **Action-oriented:** companies start now instead of waiting for the challenges around accurate Scope 3 emissions data to be solved.
- **Evidence-based:** built from best practice and backed by research and consultation.
- **Focused:** Tier 1 suppliers are asked to make credible climate commitments aligned with science and report on their progress, and to cascade the same action to their Tier 1 suppliers, who also cascade onwards.
- **Measurable:** prioritizing metrics that are within an organization’s control.
- **Straightforward:** no deep technical knowledge required, enabling implementation by procurement teams.
- **Flexible:** businesses can engage and incentivize their suppliers however they choose, prioritizing the biggest emissions reduction and business opportunities.
- **Cost saving:** buyers support a unified ask, saving suppliers time and resources from responding to bespoke requests.
- **Scalable:** the approach generates climate action far beyond an organization’s own supply chain.

Specific requirements

Businesses of all sizes should start by following these three steps to implement the Supplier Cascade.

REQUIREMENT	MINIMUM	BEST PRACTICE
<p>1 Ask their Tier 1 suppliers to set a credible reductions target aligned with science</p>	<p>A credible reductions target should be science-based and aligned with 1.5°C. At a minimum, this ask will be voluntary, but the business may also incentivize or require segments of suppliers to set targets. By committing, the business also agrees to perform a Scope 3 screening and set targets for Scope 1 and 2 emissions, as well as Scope 3 if material.</p>	<p>For small and medium-sized enterprises (SMEs), best practice is to set a net zero target through the SME Climate Hub. For larger companies, best practice is to set a target through the Science Based Targets initiative (SBTi). Typically, a company will first set a near-term target (5-10 years) and then progress to a net-zero target.</p>
<p>2 Ask their Tier 1 suppliers to start a cascade by asking all their own Tier 1 suppliers to do the same</p>	<p>The business asks all Tier 1 suppliers to ask their Tier 1 suppliers to take action. The crux of Supplier Cascade is to create a domino effect as each subsequent tier of the supply chain asks its own Tier 1 suppliers to set targets and report.</p>	<p>The majority of the business' Tier 1 suppliers by spend have set a credible reductions target and asked their own Tier 1 suppliers to do the same within two years.</p>
<p>3 Ask their Tier 1 suppliers to report progress on their targets and supplier action annually</p>	<p>Reporting should be comparable and ideally also public to reduce the burden of duplicative reporting on suppliers. To track its impact, businesses at all levels of the cascade should report:</p> <p>Scope 1 and 2 emissions in line with the GHG Protocol.</p> <p>At least one indicator of supplier action progress, such as the percentage by spend of:</p> <ul style="list-style-type: none"> • Tier 1 suppliers who have set a credible reductions target. • Tier 1 suppliers who have asked their Tier 1 suppliers to set a credible reductions target, or • Tier 1 suppliers who have reported to CDP that they require suppliers to set a science-aligned emissions reduction target. <p>Any of these metrics can be reported as the percentage of suppliers by spend, the percentage of suppliers overall and/or the absolute number of suppliers taking action.</p>	<p>Reporting progress through CDP's Disclosure Platform or, for SMEs, the SME Climate Hub Reporting Tool.</p> <p>Scope 1 & 2 reporting show credible climate commitments with reductions on track with the business' and/or sector-specific roadmaps</p> <p>The business may report on multiple supplier action indicators, including ones that are not listed that may be more specific to their company or sector.</p>

How does the Supplier Cascade address Scope 3 emissions?

The Supplier Cascade intends to accelerate Scope 3 emissions reductions in a company’s supply chain and provide comparable metrics to track supplier engagement progress and decarbonization. Understanding emissions reductions in supply chains is currently challenging due to the lack of accurate primary data, but a company still must evaluate their material sources of emissions to set credible reductions targets. To identify material sources of emissions, a company performs a high-level Scope 3 screening inventory following the GHG Protocol Scope 3 Standard. These are typically based on both company data (e.g., financial data, business travel) and secondary data.

The Supplier Cascade approach addresses upstream supplier emissions only. Companies should deploy mitigating strategies to address any material sources of scope 3 emissions identified in their screening that are not addressed by the Supplier Cascade (e.g., downstream emissions or land-based emissions).

Companies then can set targets for Scope 1 and 2 emissions, as well as Scope 3 emissions when material. Leading credible target-setting initiatives provide further guidance below on how Scope 3 emissions should be considered:



Science Based Targets initiative

Near-term science-based targets: If a company’s Scope 3 emissions are 40% or more of a company’s total Scope 1, 2 and 3 emissions, they must be included in near-term science-based targets. They must be aligned with well-below 2°C, cover the next 5-10 years and include at least 67% of the total reported and excluded Scope 3 emissions, as per the [SBTi Criteria and Recommendations for Near-Term Targets](#).

Long-term science-based targets: SBTi net-zero targets in line with the SBTi’s [Corporate Net-Zero Standard](#) include both near- and long-term targets. All long-term science-based targets must include Scope 3, cover at least 90% of Scope 3 emissions, have a target year of no later than 2050 and a minimum ambition of 1.5°C.



SME Climate Commitment

Halve greenhouse gas emissions by 2030:

A company commits to halve Scope 1 and 2 emissions and emissions from business travel by 2030. Businesses should also aim to halve its most material Scope 3 emissions by 2030. Small companies with up to 50 employees can also decide to set the goal to halve carbon intensity before 2030 instead of absolute emissions.

Achieve net zero emissions by 2050:

In making the [SME Climate Commitment](#), a company is committing to reach net zero by 2050, which includes scope 3 emissions.

Emissions defined within the Greenhouse Gas Protocol

Scope 1 GHG emissions from sources that a business owns or controls directly through its own operations.

Scope 2 GHG emissions that a business causes indirectly by purchasing electricity, steam, heat, or cooling.

Scope 3 GHG emissions that a business causes indirectly from all the organizations and individuals that are in a business’s value chain; from suppliers used to create the products or services that a business delivers, to customers that use the product or service, to end disposal of the product.

Become an early adopter of the Supplier Cascade

Join other pioneering companies in accelerating climate action.

Businesses that have set science-based targets are invited to become Early Adopters of the Supplier Cascade, working with the We Mean Business Coalition and its partners to track the impact of the approach.

Early Adopters will:

- have access to support from NGO partners for their Supplier Cascade;
- be invited to contribute to the creation of additional Supplier Cascade guidance;
- have the opportunity to participate in Supplier Cascade discussions that will guide the approach now and in the future; and
- be credited as an Early Adopter in the Supplier Cascade guidance and on the We Mean Business Coalition website, in recognition of their proactive approach to Scope 3 emissions.

Early Adopters agree to report how many of their Tier 1 suppliers have set credible reductions targets on an annual basis and to supply key metrics that can be used to track the impact of the approach.

 **Take control of Scope 3 emissions**

 **Drive climate action**

 **Build a resilient supply chain**

**Become an early adopter
of the Supplier Cascade**

Express interest at: [https://
www.wemeanbusinesscoalition.org/business/the-supplier-
cascade/](https://www.wemeanbusinesscoalition.org/business/the-supplier-cascade/)