

Employers Working Together for a Sustainable Future



GGF Factsheet #1 Lifecycle & supply chain

This guide is designed to help businesses to influence & reduce carbon and environmental impacts of their supply chain

OBJECTIVES	<ul style="list-style-type: none">• To raise awareness that wherever your business is within a supply chain or life cycle of products and services, there are ways that you can benefit from and influence positive change.• To provide information to help employers to reduce the carbon footprint and environmental impact of your supply chain, and at the same time improve efficiency, cut costs and become more resilient as a business.
AUDIENCE	<ul style="list-style-type: none">• Any business which depends upon other businesses to supply materials or services.• Employees involved in product or service strategy and design, procurement or supplier management.• Environmental & sustainability managers or representatives.
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none">• Employers understand the opportunities that can be gained from working together with suppliers and other local businesses to support sustainable practices along their supply chain(s).• Carbon and environmental impact hotspots within supply chains which relate to local businesses are identified and reduced to drive continual improvement which benefits Guernsey and internationally.
THE BASICS	<ul style="list-style-type: none">• Every product and service has an impact on the environment, such as CO₂, land use, biodiversity, pollution, use of resources. Up to 90% of a business's environmental impact may lie in its supply or vendor chain! Analysing and taking action to review your supply chain and work with your suppliers to reduce environmental impacts along the chain is therefore a very positive step for any business that wants to become more sustainable, and at the same time potentially make wider cost and operational efficiencies.



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Where do I start?

1. **Start to sketch out your supply chain and or life cycle*** - for your main products or services to identify what suppliers provide what, from where.
2. **Break the task down into bite sized chunks** - focus first on those products or parts of the organisation that can have the greatest influence on overall supply chain emissions.
3. **Pick a tool - to help you measure your lifecycle or carbon footprint of your supply chain.** There are a lot of options out there (e.g. <https://smeclimatehub.org/tools/>)
4. **Identify the hotspots and low-hanging fruit first** - Transport is the second highest emitter of GHG gases worldwide. Sourcing local or 'nearby' products or suppliers has multiple benefits.
5. **Make contact with your suppliers** – it is likely that they will be going through the same process and you can work together to make positive changes for the

INTERNAL

EXTERNAL

Communication

1. Identify a champion/ task owner within the business.
2. Get the conversation started with the leaders of the business on the benefits of a greener supply chain.
3. Ask your procurement team whether they have a tender scoring criteria for environmental sustainability?
4. Contact your key suppliers – start asking the question “what do they do to understand their sustainability performance?”

How do I measure the opportunity?

Potential KPIs to consider:

- **Emissions** - Total CO₂ emission, % CO₂ emission produced per ton produced, reduction % of CO₂ emission
- **Natural resources utilisation** - Total energy consumption, reduction of energy consumption, water consumption, water recycled/reused, natural capital impacts of materials
- **Waste and recycling** - Product recycling rate, material consumption rate, scrap rate, product life cycle, waste reduction rate, waste recycling rate
- **Sustainability** - percentage of supplier's subject to sustainability assessment, percentage of local suppliers, percentage of suppliers with an Environmental Sustainability Framework or EMS.

* The term supply chain means the steps that a product or service goes through. E.g. the raw materials supplier, a manufacturer, a distributor, a retailer, and a customer. The Life cycle of a product or service includes the supply chain plus disposal or recycling.





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<p>CASE STUDY 1: Channel Islands Co-operative Society Ltd Reducing food (putrid) waste initiative</p>	<p>The Coop launched an initiative to review the end of the life cycle for left over food. This initiative led to multiple benefits – reduction in waste, environmental impact, cost, operational efficiency.</p> <p>The objective of the initiative was to:</p> <ul style="list-style-type: none"> • Understand current frequency of collection by location. Typically 5 per week at £xxx for 12 locations • Understand costs for each bin/receptacle and total period annual costs. Range from sm-lg with costs from £14 to £26 per month • Identify opportunities to reduce frequency from days per week? Reduce by 1 per week all locations. Circa 300 less per annum • Identify opportunities to reduce size of bin receptacle? 6 locations moved to small from large. • What are savings opportunities? Circa £100k per annum • What is current waste costs annual for cost of products? 0.8% of sales 2019 (now 0.6% 2021) • Create new target with adjusted KPI to show saving/reduction in next years budget proposals for waste KPI? • Create new target for 'cost' of waste disposal and build into future budget target. Show net annual saving.
<p>ISSUES & LESSONS LEARNED</p>	<ul style="list-style-type: none"> • Are all 'recyclable' materials being removed from waste bins? • Are they locked/secured (not being mis used) • Collect segregation of waste types (food/cardboard/plastic/general) key to ensuring no penalty charges • Seasonal variations need managed • Better control of systems/data will drive further saving. Tech and analytics now driving better control. • Dynamic markdown/RTC processes will further reduce food waste costs • Donations of 'good' food waste to charities/food banks will also remove further burden on costs and enhance CSR. • Commercial target on food waste cost (internal KPI) directly drives the correct behaviour in reducing waste collection costs



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Example of positive goals/outcomes

1. Lowering the carbon footprint and lifecycle environmental impacts along your supply chain can not only substantially contribute towards your sustainability initiatives, but it also has quantifiable business effects such as lowering of operational or supplier costs.
2. It can also help you develop better relationships with your suppliers, by helping them identify and eliminate inefficiencies in their own processes.
3. A product carbon footprint can help to differentiate your product or service and enhance your brand image.
4. Committing to or demonstrating carbon and environmental impact reductions can help you attract new customers/ clients.