

Is your reputation, sales target and customer retention at risk without a carbon reduction plan?

Submitted by: Team Energy

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Pressure continues to grow from customers wanting to see proof of their supplier's carbon credentials.

Organisations within the supply chain are discovering that the expectation for them to have a Carbon Reduction Plan is becoming increasingly important, if not vital to win work.

The main impact to your organisation is simple: if you do not have a Carbon Reduction Strategy then it will limit the contracts you will be awarded. The bottom line is, that without substantial plans to reduce your carbon emissions, your bottom line will be impacted.

Many organisations that supply the public sector will have already experienced the change in procurement requirements, with the UK Government expecting suppliers bidding on public contracts worth £5 million or more to commit to net zero by 2050 or earlier, and to publish their net zero plan to their website with annual updates under PPN 06/21. The NHS has made a similar rule for all suppliers that wish to tender for their contracts.

Suppliers that do not meet these requirements risk being excluded from the procurement process.

Public Sector organisations may be leading the way, but many private sector organisations are also setting procurement requirements for their suppliers to commit to a net zero strategy and reduce their carbon emissions.

How will this impact your organisation's profitability?

With an organisation's supply chain (Scope 3 emissions) making up a large proportion of their overall emissions reporting, gaining this data from their suppliers is paramount to their overall net zero strategy.

Without a Carbon Reduction Plan, organisations are risking losing their customer base. With many organisations being required to submit their plans for achieving net zero to win contracts, suppliers that have already taken action and have started their sustainability journey are ahead of the curve.

Suppliers that leave net zero until they are forced to provide their Carbon Reduction Strategy in response to a tender, risk impacting their sales, customer retention, and the growth of their sales pipeline.

A robust Carbon Reduction Plan is required to support and elevate your position in the supply chain.

Why are organisations requiring suppliers to become net zero?

- For many industries, a significant proportion of an organisation's carbon emissions comes from its supply chain. Unlike Scope 1 and 2 of their carbon emissions, supply chain emissions (Scope 3) (<https://www.teamenergy.com/consultancy/supply-chain-carbon-reduction/>) are much harder to report on and reduce. By setting net zero requirements within their procurement, organisations can have control over who they award their contracts to and the emissions their suppliers emit.
- With the UK Government setting their own net zero requirements and with the increase in reporting requirements within some sectors, there is a growing need for organisations to report on their carbon emissions and prove that they are engaged with their net zero journey.
- Organisations that have a net zero strategy can enhance their reputation as an environmentally conscious organisation to retain customers, employees and stakeholders.
- Climate change poses various risks to supply chains, including disruptions due to extreme weather events. By working with suppliers to become net zero, companies can mitigate these risks and ensure a more resilient supply chain.
- By making net zero a non-negotiable for winning business, organisations will incentivise their suppliers to commit to carbon reduction, having a net zero snowball effect on organisations. The cascading effect net zero procurement requirements can have on the supply chain

Where to start on your Carbon Reduction Journey?

Don't risk being left with your tender on the table by leaving your Carbon Reduction Plan (<https://www.teamenergy.com/consultancy/net-zero-and-carbon-reduction-consultancy/>) until you are asked to provide it by a potential or current customer.

By setting Net Zero targets and creating a Carbon Reduction Strategy (<https://www.teamenergy.com/how-to-build-an-effective-carbon-reduction-strategy/>), you can ensure you have everything your customer requires from you, giving yourself a competitive edge.

Proving yourself as an organisation committed to sustainability, you can experience a wide range of business benefits, and most importantly your green credentials will have a positive impact on your profitability and the planet.

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Notes to Editors

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About TEAM

TEAM is an energy and sustainability consultancy. It helps organisations with large energy estates reduce consumption and carbon emissions to save money and meet commercial and compliance targets on their journey to net zero.

Founded in 1985, it has a long history of helping customers navigate changing definitions and certification standards. TEAM Energy is an Employee Ownership Trust (EOT), with employees having a direct stake in its customers' success.