





Decarbonization Pathway

This is intended to provide a framework that PSCI members can use to support their suppliers in decarbonization towards Net Zero, in line with global goals such as the COP Paris Agreement and UN Sustainable Development Goals.

- To deeply decarbonize, PSCI members need to address our Scope 3 emissions i.e. the GHG emissions generated by our suppliers in the course of delivering their contracts with us.
- PSCI members will require our suppliers to address their own Scope 1 & 2 GHG emissions and those of our suppliers own supply chain i.e. their Scope 3 emissions.
- The principle is embedded that our suppliers (PSCI members Tier 1 suppliers) would flow this framework down to their supply chains (members Tier 2+).
- This approach builds on Maturity Models for other PSCI focus areas.

Maturity model for Decarbonization

	01 Starting out 	02 Developing 	03 Implementing 	04 Leading 
Strategy & Governance	<ul style="list-style-type: none"> ■ Approach to addressing own GHG emissions (scope 1 & 2) is considered at functional level within individual business units ■ Energy reduction and efficiency strategy being implemented ■ Operating under own internal management systems without external validation ■ Adherence to PSCI principles <p>This Maturity Model is aligned with the Common Supplier Standards published by the Sustainable Markets Initiative</p>	<ul style="list-style-type: none"> ■ Internal corporate targets and objectives set ■ Material improvement opportunities identified to reduce Scope 1 & 2 emissions <ul style="list-style-type: none"> - managed in line with accreditation in management standards such as ISO9001, ISO14001, ISO50001 and built into core business processes ■ Senior management accountability allocated, coordinated across all business units ■ Regular engagement with employees to raise awareness of need for action on emissions reduction ■ Developing plans to set responsible sourcing principles for own supply chain (including GHG disclosures and reduction targets) 	<ul style="list-style-type: none"> ■ Sustainability drives innovation into core business processes and systems ■ Sustainability materiality assessment completed. Understood and communicated the environmental & climate topics that can be positively impacted by business activities ■ Board commitment to a decarbonisation strategy made public ■ Leaders visibly promote sustainability in BAU activities & internal projects ■ Majority of employees have received training to embed emissions reductions activity across business ■ Addressing Scope 3: Key suppliers engaged at corporate level to set their strategy & targets and report publicly 	<ul style="list-style-type: none"> ■ Business purpose or ambition statements include decarbonization ■ Decarbonization is embedded in company culture with Governance and Targets at Board level including remuneration ■ Decarbonisation approach includes whole value chain; supporting partners/suppliers/customers to decarbonise ■ Minimises the use of carbon compensation (offsets). Only highest quality carbon compensation schemes (removals) used to achieve Net Zero. ■ Active participation in external in-sector and cross-sector partnerships, publicised to support transition to Net Zero <ul style="list-style-type: none"> - Advocacy on sustainable challenges and change towards Net Zero incl. Energize, SMI initiatives, Climate Group initiatives ■ Sharing successful outcomes through external recognition / awards
Reporting & disclosures	<ul style="list-style-type: none"> ■ Actively assess reporting and disclosure tools, processes and management systems to establish an annual GHG reporting process ■ Establish a baseline for Scope 1 and 2 GHG emissions in line with GHG Protocol <ul style="list-style-type: none"> - Publicly disclose Scope 1 and 2 GHG emissions ■ Initiate internal processes for Scope 3 reporting for some Scope 3 categories using spend-based methodology 	<ul style="list-style-type: none"> ■ Management systems and governance in place to ensure accurate reporting and disclosures of Scope 1, 2 & 3 emissions ■ Reported emissions in Scope 1 & 2 provided with 3rd party verification ■ Publicly disclose upstream Scope 3 emissions (Scope 3 categories 1 to 8) using spend based methodology ■ Report to 3rd party ESG rating provider, such as EcoVadis or Sedex <p>Suppliers are expected to undertake most, or all, of the steps outlined at each stage of maturity</p>	<ul style="list-style-type: none"> ■ Changes in reported Scope 1 & 2 emissions are calculated and correlated to activities undertaken by company ■ Scope 3 calculated using combination of spend-based methods and primary data from suppliers ■ Reporting, disclosures and processes meet external standards e.g. CDP, SASB, TCFD, SBTi, GRI <ul style="list-style-type: none"> - Scope 1, 2 and 3 GHG emissions report submitted to CDP and/or other public disclosure organisations ■ Scope 1, 2 and 3 carbon footprint provided to PSCI member companies in ratio specific to their business/ spend (site based or corporate level emissions accepted) in a digital tool determined by the requestor ■ Detail of targets, actions and reductions made transparent 	<ul style="list-style-type: none"> ■ Reporting & disclosing engagement and reduction actions with full value chain <ul style="list-style-type: none"> - Reported emissions provided with limited or reasonable assurance by 3rd party auditor ■ Collaborating with value chain to share insights on tools for reporting and disclosures ■ Reporting carbon footprint for products and raw materials (e.g. life cycle assessment) using digital tools to provide full transparency throughout value chain, tracking carbon emissions and reduction to product level
Targets	<ul style="list-style-type: none"> ■ Internal energy consumption reduction targets established ■ Commit to United Nations Race to Zero ■ Developing internal business case to make public commitment on setting Science Based Targets for emissions reduction 	<ul style="list-style-type: none"> ■ Public target to reduce Scope 1 & 2 GHG emissions ■ Publicly committed to set Near-Term Science Based Target aligned with 1.5C through SBTi ■ Public commitment to increasing use of renewable electricity to 100% e.g. RE100 ■ Set internal target for engagement of supply chain 	<ul style="list-style-type: none"> ■ Obtain SBTi verification of Near Term Science Based Target aligned with 1.5C ■ Public commitment to increase energy productivity supporting decarbonization ■ Public target for engagement of majority of supply chain, including sustainability commitments and targets being extended to defined proportion of suppliers 	<ul style="list-style-type: none"> ■ Obtain SBTi verification of a Long Term Net Zero target, including addressing at least 90% of Scope 3 GHG emissions ■ Public commitment to use electric vehicles supporting decarbonisation
Actions & Reductions	<ul style="list-style-type: none"> ■ Understand material sources of Scope 1 & 2 GHG emissions and establish a credible plan to deliver reductions in the next 3 years ■ Ad-hoc success in implementing actions for reduction in emissions, mostly focussed on Scope 1 & 2 (not necessarily aligned with meeting a 1.5 degree trajectory) 	<ul style="list-style-type: none"> ■ Public target to reduce Scope 1 Set targets to improve energy productivity of processes resulting in reduced GHG emissions reductions ■ Purchasing certified renewable electricity from utility suppliers, where markets allow ■ Have a calculation method and setting a baseline for Scope 3 GHG emissions <ul style="list-style-type: none"> - Understand material sources of emissions across Scope 3 GHG categories ■ Engagement with own Tier 1 suppliers on setting Science Based Targets, reporting emissions & decarbonization actions 	<ul style="list-style-type: none"> ■ Annual progress towards GHG reduction targets demonstrated ■ Set standards for suppliers which requires transparent GHG reporting and production of emissions reduction plans ■ Collaboration with supply chain to support decarbonisation through specific actions e.g. Energize ■ Demonstrating progress towards sourcing renewable heat 	<ul style="list-style-type: none"> ■ Active collaboration with industry initiatives to achieve scalable long term reductions in GHG emissions ■ Working with suppliers of Transport, Freight, Logistics to provide green transport solutions ■ Demonstration of significant investment in innovation and delivery of carbon reduction

