green project
an ACT company

How to Run a Data-Driven Sustainable Procurement Strategy

The practical guide to purchasing your way to net zero

Executive Summary

Before we get started, let's establish some context. If you are reading this guide, you are likely from one of three teams: sustainability, procurement, or a hybrid of the two.

It's not news to you that customers, consumers, and investors are focusing on sustainable supply chains and that expectations are ever-growing. But in our experience working with sustainable procurement teams, one thing is constant: the need for data-driven decisions.

This guide delves into what it really means to have a data-driven, low-carbon procurement strategy aligned with your net zero goals. A strategy that considers the individual needs of the teams involved alongside the broader company necessities.

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Scope 3, Data Uncertainty, and More

What are Scope 3 Emissions?

With so many buzzwords surrounding decarbonization, let's distill it down to the words that matter and what they mean for your business.

In a moment of taxonomic generosity, the GHG Protocol created the scope framework in 2004 to help businesses assess their emissions and determine their categories.

Scope 1 & 2 emissions are direct emissions. They are the emissions you have a significant level of control over. These directly result from your business's daily activities: factory smoke, diesel, the central heating in your office, etc.

Scope 3 emissions cover indirect emissions, such as supply chain activities and your product's post-purchase lifecycle. These emissions can comprise over 90% of your company's total emissions.

The distinction between direct and indirect emissions is starting to matter less and less. For example, the Science Based Target Initiative (SBTi) dictates that targets must include Scope 3 reductions to be verifiable.

Even regulations have caught up, with the Corporate Sustainability Reporting Initiative (CSRD) and the Carbon Border Adjustment Mechanism (CBAM) sharing the responsibility of ownership for Scope 3 emissions.

Dealing with Uncertainty

Understanding your Scope 3 emissions begins with carbon accounting. You may already have an emissions inventory across all three scopes. Still, for that data to be actionable—used to accelerate reductions, make procurement decisions, or get you credit for your efforts—the uncertainty boundaries of that data need to be reduced.

Unlike financial accounting, there's an element of estimation within carbon accounting. Emission factors create a calculable equivalent for the emissions generated from operational activities, purchases, and products.

Several factors go into deciding the right emission factor:

- **Geography:** Does the emission factor represent the global origin of the activity or purchase?
- **Unit:** Are we using metrics that match, rather than losing accuracy through conversion?
- **Year:** Does the emission factor reflect the same time period as the product or activity?
- **Product:** Are we as specific as we can be in terms of product? (e.g. organic cotton vs. cotton.)

No emission factor database has the perfect set of equivalents to choose from, which inherently means there will be uncertainty in your carbon calculations. However, perfect shouldn't be the enemy of good.

There are multiple methods to increase the accuracy of your carbon accounting, including data granularity and calculation methodology

In many cases, Scope 3 emissions data is estimated and not based on primary data. This means that the data driving procurement, and, likely, the most significant sustainability decisions within your company, is based on the most uncertain data in your carbon accounting book.

This, in turn, can lead to expensive assumptions, misplaced resources and a lack of significant emissions reductions, despite the hard work you've put in.

We have to accept some uncertainty with carbon accounting, but we can still do everything within our power to minimize it.

Why Companies Are Engaging Suppliers Today

Regulation

Regulation will continue to shape how businesses approach sustainability. While specific policies may evolve, mandated reporting standards - such as the Corporate Sustainability Reporting Directive (CSRD) - consistently require large companies not only to work toward net zero, but to present a clear defensible roadmap to regulators.

Businesses are expected to report on how they are assessing, identifying, and mitigating emissions across their supply chains, with the expectation that this level of transparency will strengthen over time.

Sector-specific frameworks also play a role. For companies operating in or around construction, pharmaceuticals, food & beverage, or packaging, regulations like CBAM and FLAG currently influence sourcing-related decisions. These frameworks may shift, but the underlying regulatory focus on responsible, traceable sourcing is here to stay.

Sourcing

Beyond regulation, a series of environmental commitments and standards, from CDP to EcoVadis certification, have helped sector leaders prove that sustainable, net zero emissions supply chains are both virtuous and lucrative.

Accurate supplier and procurement emissions data is also key to inoculating businesses from accusations of greenwashing.

SBTi

Scope 3 emissions are most likely included in any SBT-aligned company's near-term targets, which is why the SBTi recommends setting a supplier engagement target.

Their guidance covers value chain mapping, supplier screening, risk and prioritization, internal buy-in, target setting, and implementation. Companies must analyze and report progress against this target annually to meet the basic SBT requirements.

They also suggest inviting new suppliers to set their own SBTs. Companies looking to benefit from the advantages of SBT alignment should get in touch with Green Project to find out how to make it work for them.

The State of the Construction Industry

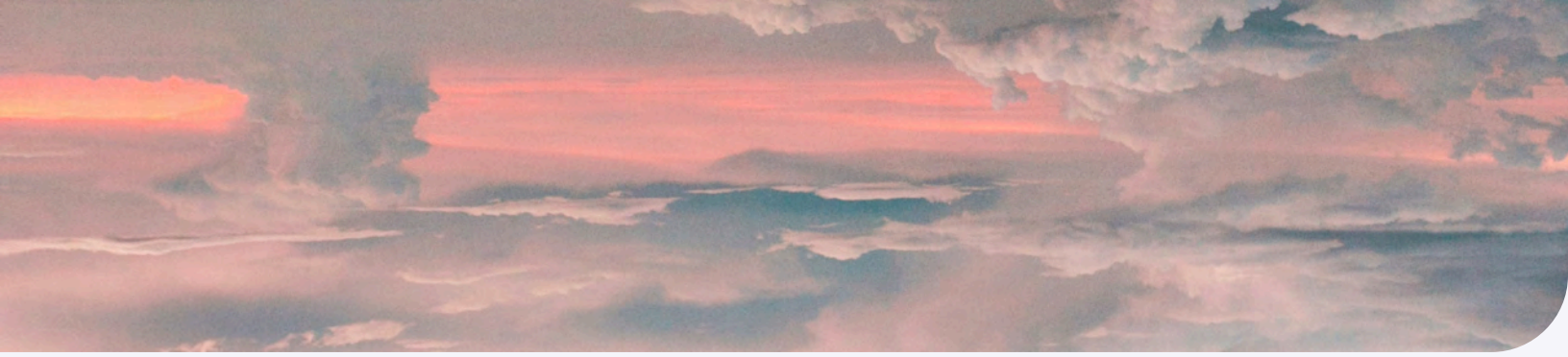
According to a 2025 UNEP report, the buildings and construction sector accounts for 34% of global CO_2 emissions. The UN warns that the world is adding the equivalent of a city the size of Paris every week, underscoring the rapid pace of global construction. With emissions in the sector at an all-time high, scrutiny of the industry's climate impact has never been greater.

The bulk of emissions reductions would have to come from improving the way buildings are constructed. That's why the sector needed a holistic approach to reducing emissions across Scopes 1, 2, and 3.

There have never been as many business or regulatory incentives for the sector to decarbonize. Across major markets, governments are increasing investment in building upgrades and energy-efficient infrastructure, while offering tax credits, rebates, and other incentives for companies that can demonstrate they're prioritizing sustainability.

At the same time, new rules are emerging that place a clearer price on carbon-intensive materials and require higher levels of transparency across supply chains.

To stay ahead of these evolving expectations, construction companies need to engage closely with their suppliers and pay attention to the emissions enabled through their procurement decisions.



What Decision-Ready Data Looks Like, and How to Gather It

It is difficult to assign a reportable number to a business's Scope 3 emissions. Financial reporting is complex enough when dealing with whole numbers, but emissions reporting is even more complicated.

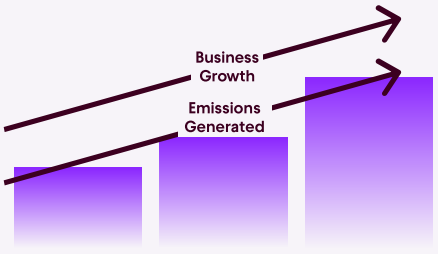
For example, automakers have to calculate the baseline of their Scope 3 emissions and then track progress year over year. That's no small feat. A typical car contains 30,000 parts provided by thousands of businesses, and most of that production is far removed from the assembly line.

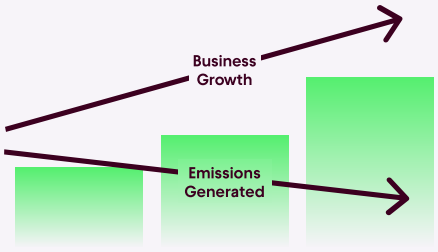
Adding to this challenge is the inherent uncertainty of carbon accounting, making the task degrees of magnitude more complex than financial accounting. At the same time, carbon accounting is expected to be just as rigorous and auditable.

The question remains: What level of data do you need to take meaningful reduction action?

As with most things, gathering data directly from the source is the most accurate, but engaging suppliers for primary data on their sustainability activities seems both daunting and necessary. The latter is true; the former doesn't have to be.

Accurate supplier data enables you to decouple business growth from emission generated.





7 Practical Ways to Maximize Your Supplier Engagement Efforts

1. Prioritize High-Emitting Suppliers

While you may think you ought to engage your entire supply chain on day one, your suppliers aren't equally responsible for your carbon footprint.

At Green Project, screening is the first step to prioritising your supply chain engagement efforts.

Using available sources, you can understand your suppliers' carbon maturity. This means you won't spend resources requesting information from highly mature suppliers who already have verified, publicly available emissions data.

When paired with your purchase data, you can see where the most material hotspots and blindspots lie for you to tackle through engagement.

For example, you may find a particular carbon intensity hotspot in your packaging purchases, so you would prioritize those key supplier accounts to engage with first.

Typically, companies have between 100-500 highly material suppliers accountable for up to 80% of their Scope 3 emissions footprint, but there is a significant long-tail of other suppliers that need to align to reduce that last 20%.

Screening also allows you to gather the information vital to understanding the impact of your supply chain's decarbonization program on your reduction target ambitions. Science Based Targets are the best framework for this, as they're rigorously tested and verified by the SBTi.

2. Build Up Your Contact List

It sounds fairly obvious, but having the right contacts can be tricky in the engagement process. This is because your usual contact at a supplier may not have access to the emissions data you need.

We suggest prioritizing the suppliers you have the strongest relationships with because they can help you identify the right person to gather information from.

This is also a critical area where technology can offer exponential support. With access to databases of email information and LinkedIn resources, software can help you locate the right contacts with minimal effort.

3. Set Realistic Expectations Based on Supplier Maturity

In our experience, 80% of your suppliers will not have previously calculated their emissions. The remaining 20% will have done so, with varying degrees of verification and quality assurance.

As companies grapple with growing regulatory pressure to report emissions, this percentage breakdown will shift, but in the meantime, you need a solution that enables suppliers who have never measured their emissions to do so easily and with a fair degree of rigor.

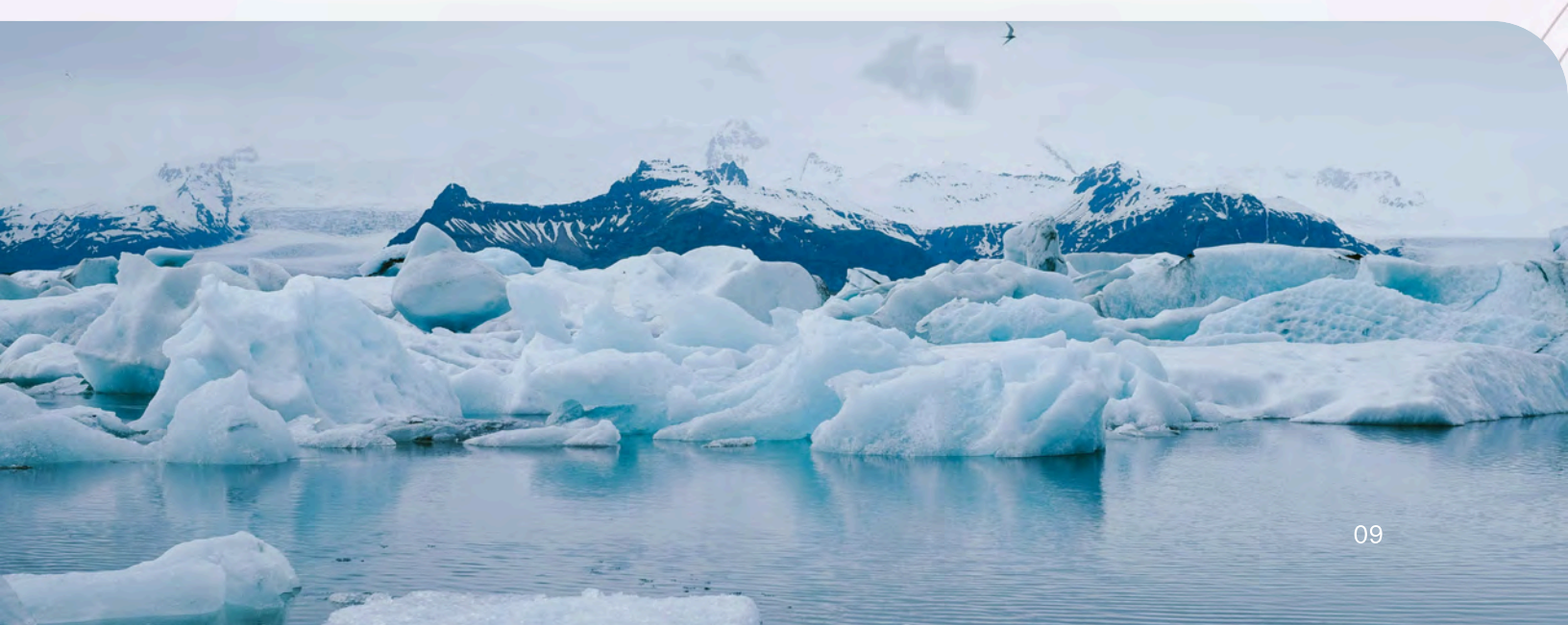
Technology also helps here. It acts as an intermediary between yourself and the supplier. For the best base-level understanding of emissions, suppliers should submit a purchase file for the last financial year to gather Scope 1, 2, and 3 emissions data.

Suppliers may not feel comfortable providing this data directly to you as a customer, so NDA-supporting software integration is key.

Once you have data, confirm whether it has been externally verified by the CDP, SBTi, or auditors. This is crucial from a data quality perspective. You don't want to blindly use information to inform your procurement decisions without assessing its reliability or accuracy.

When creating our supply chain decarbonization platform, supplier maturity was front of mind. That's why we built a product to meet suppliers wherever they are on their emissions journey.

Supplier Maturity	Performance	Definition
Best in Class	Leading	Supplier is "advanced" and capable of providing full verified Scope 1, 2 and 3 emissions, PCFs and engaging their own supply chain
High Maturity	Advanced	Suppliers have verified Scope 1, 2 and 3 emissions plus have publicly set scientifically-aligned decarbonization targets
Medium Maturity (Up to 80% of your supplier base)	Committed	Suppliers have verified Scope 1, 2 and 3 emissions and likely reports their carbon footprint publicly, maybe even committing to set a Science Based Target (SBT)
	Starter	The supplier has limited data on policies, actions, and partial reporting on GHG emissions, and/or targets not aligned with SBT
Low Maturity	Insufficient	No emissions management or accounting in place, with very limited, if any, decarbonization policies



4. Combat Supplier Fatigue

Supplier engagement is a two-sided coin.

On one side, it's likely that you aren't the only company requesting emissions data from your suppliers. This means that your suppliers are more likely to have that data handy and be able to share it with you.

The other side of the coin is supplier fatigue, when suppliers are overwhelmed with requests that they don't feel supported to fulfill.

Here are a few ways to combat supplier fatigue:

- Empower your supplier to expand the ask to others in their company so you can get wider support and buy-in
- Keep your ask simple and specific
- Get your timelines right; not too short to cause stress, but not too long to remove urgency. We recommend 4-8 weeks.
- Ensure there's value in it for them, too

5. Level the Playing Field

Your suppliers, like you, don't have unlimited resources at their disposal.

A successful engagement campaign needs to provide support and education to suppliers at every step:

- Explain why their company should participate
- Help them increase the accuracy of the data they can provide you
- Ensure you provide support across teams, from account managers to success champions
- Align your calculation and approach methodologies

Communicating the value of your ask, and giving suppliers the support they need to comply, is the first step towards leveling the playing field.

6. Establish a Win-Win

Your engagement program needs to be mutually beneficial for you and the suppliers who provide information to you.

To ensure this is the case, aim to equip suppliers with the tools they need to accelerate their sustainability journey.

Another approach could be enabling them to share the information they gather for you with other companies as well.

This may seem counterintuitive, as you're doing the work to procure and collect this data. But making the process more valuable to your suppliers could be the difference between them participating or not.

Besides, the first person on the pitch gets to pick the ball.

7. Provide Carrot or Stick

What do you really want to achieve by engaging suppliers? Is it a deeper understanding of your supply chain? Is it in full alignment with your sustainability goals? Or is it to drive fundamental emissions reductions?

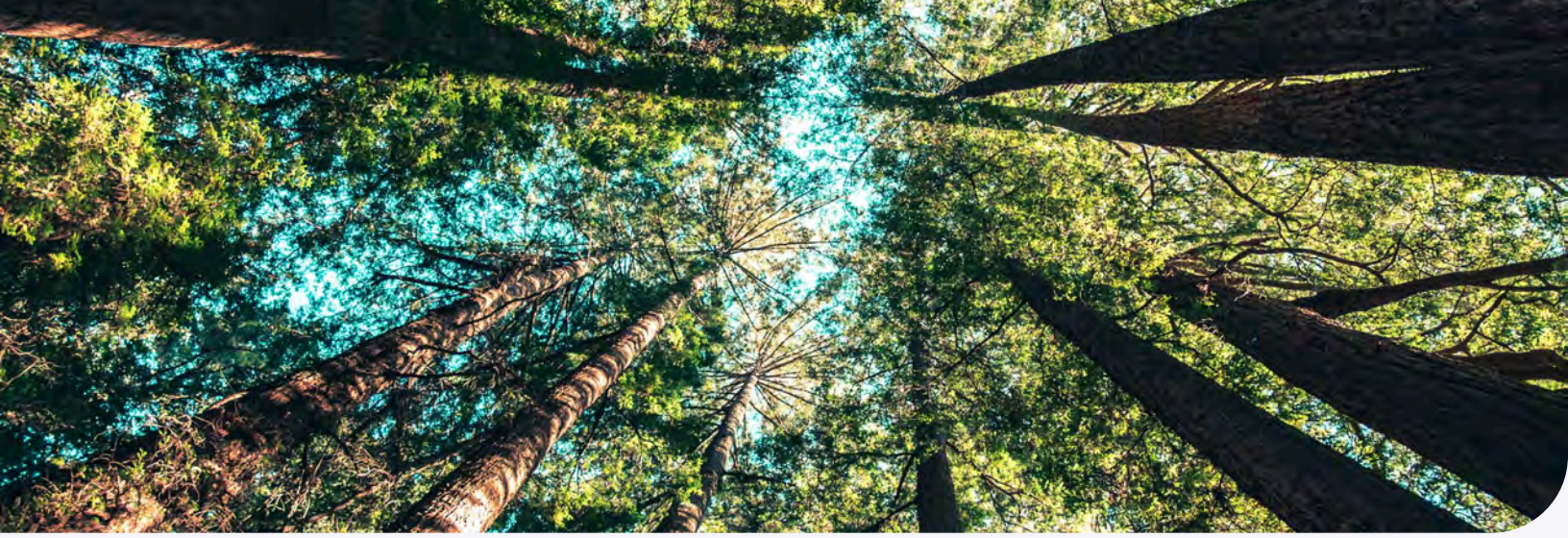
The answer may be a sliding scale between all three, but determining this from the start will help you define the carrot or stick that drives supplier involvement in your engagement program.

The word mandatory can seem scary or offputting, but it is being used more frequently these days to ensure suppliers agree with the engager's climate strategy. Think of this as the stick approach.

If "mandatory" feels too extreme, then you need to be clear with suppliers about what you will do with the data you're asking for and how it affects their relationship with you as a purchaser. This approach falls somewhere between carrot and stick.

Be clear, offer collaborative programs, and introduce them to sustainable electricity providers for their Scope 1 and 2 emissions.

What about the carrot? Some of the most successful campaigns we've seen are gamified and rewards-based. Participation in supplier engagement could result in anything from preferential treatment for winning suppliers or the sponsorship of specific initiatives.



The Benefits Your Business Gains From a Supply Chain Focus

Good engagement with suppliers to drive the sustainable transition of your business activities results in efficiency savings and peace of mind on compliance.

It also creates new opportunities for your suppliers as they increase transparency and become further integrated into the new global way of doing business. It's a win-win.

Let's go through some specific use cases of how primary Scope 3 data and supplier engagement can benefit everyone involved.

Inform Procurement Decisions

Whether you give suppliers a score to help them demonstrate their carbon maturity or integrate sustainability data into your supplier accounts, sustainability data helps you standardize your thinking about supplier engagement.

Procurement teams can use this information to negotiate with suppliers, reduce costs, or increase the quality of your relationships with them.

We've seen firsthand that, when done right, stronger partnerships are created as a result of supportive, thoughtful engagement with suppliers. Working on decarbonization together often leads to discovering common goals that surpass the average procurer/supplier relationship.

Bolster Sustainability Programs

This may sound obvious, but supplier engagement can impact your climate agenda in many ways. Primary data can substantiate hotspots and risks across your supply chain, allowing for a reallocation of resources and a sharper company focus.

Arm yourself and your marketing teams with data to substantiate your efforts and get credit for your work to reduce emissions. This approach is crucial to obtaining broader board-level buy-in for decarbonization, enabling further resources to accelerate efforts.

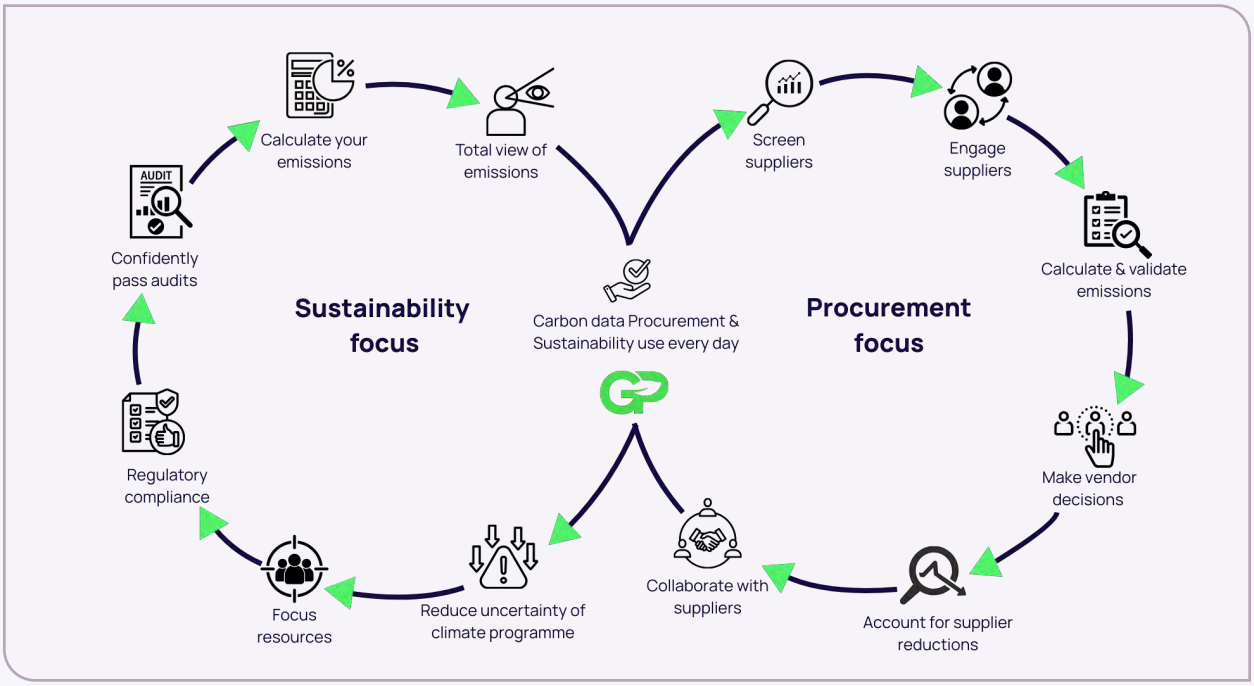
Tracking your progress towards your targets continuously and intelligently is the key to hitting your reduction targets, minimizing blindspots, and sniffing out unwanted surprises.

Increase Carbon Accounting Accuracy

At the heart of engagement is supply chain emissions management, and management is the optimum word here. Primary data collected from suppliers, alongside their initiatives, can inform the engaging company's carbon accounts.

This increases the accuracy of the assumptions made in your Scope 3 accounting and reduces the uncertainty of the data year on year. Supplier-informed emissions factors will always provide greater granularity than assumptions or estimates.

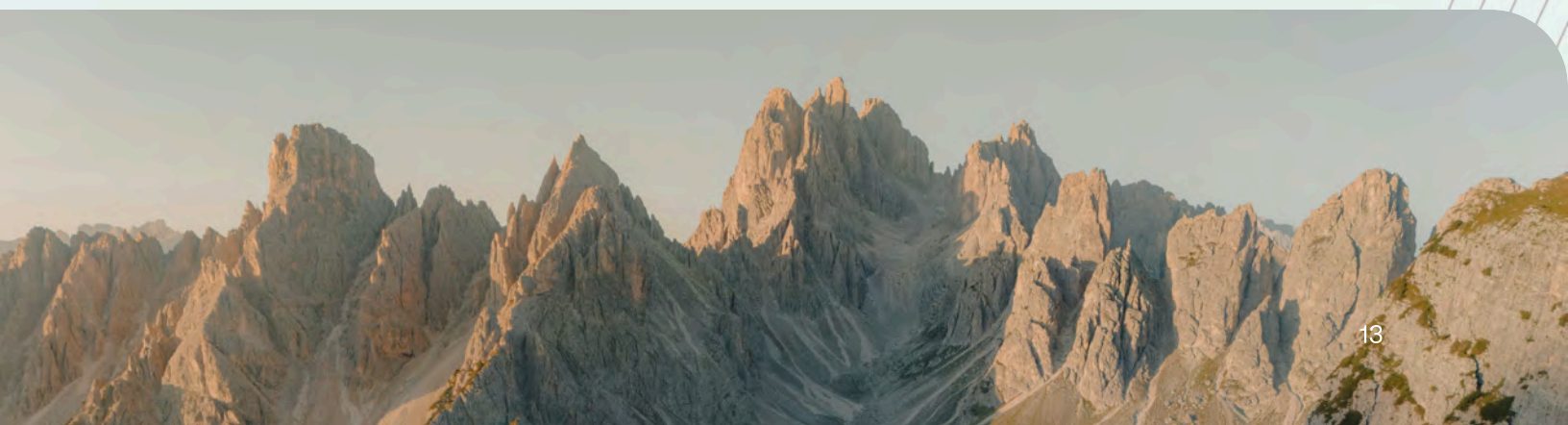
If your suppliers can continuously increase their own accuracy, moving from a spend-based approach to a hybrid and Product/Service-Level Carbon Footprint (PCF/SCF) approach, then you can exponentially improve the accuracy of your own accounts. It's a beneficial cycle.



Turn Purchases Into Profit

Regardless of your industry, sustainability data can inform wider company-level decision-making and generate new revenue streams. If you work in a service-based industry, you can package and sell on the advanced sustainable approach you are taking to help your customers accelerate their own climate endeavors.

Sustainable products often mean a premium price point for companies that sell and produce physical goods. This is true whether they are B2B or B2C, especially when substantiated with data.



What Role Does Technology Play in Reducing Supply Chain Emissions?

Rapid global transformations require scalable solutions. We don't have the luxury of strolling towards net zero at a snail's pace. Technological innovation is essential to making the sustainable transition accessible, affordable, scalable, and rapid.

That's why it pays to explore the options available and choose credible providers with the tools, expertise, and data to get you where you need to go.

Green Project understands that there are multiple approaches to managing carbon, and the most suitable can differ depending on several factors, such as the industry one works in.

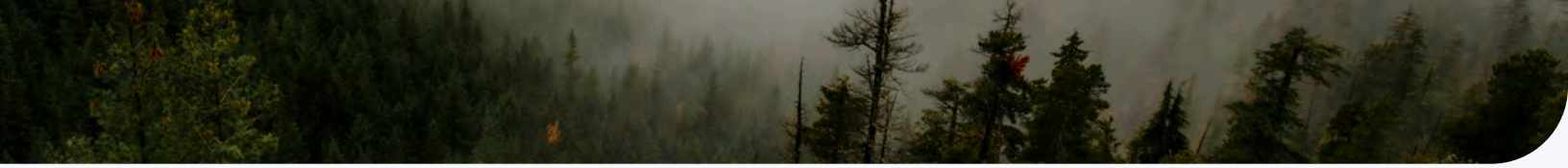
Green Project uses machine learning and AI to cross-reference various approaches to carbon accounting, quantify uncertainty, and promote transparency so that you can make decisions based on the best available data.

Carbon accounting tools are the most popular way for industry professionals to get to grips with their Scope 3 emissions data problems, but they aren't all created equal.

There are lots of types of solutions out there, and they tend to fall into the following categories.

- **GHG management** solutions that focus on managing emissions only.
- **ESG software** that aims to provide a full suite of platforms for all ESG elements (environmental, social, and governance).
- **ESG reporting tools:** a subset of ESG software focused specifically on disclosures and reporting requirements.
- **Environment, Health and Safety (EHS) software** which covers emissions as well as health and safety data points like incident tracking and hazardous waste disposal.
- **Enterprise Resource Planning (ERP) systems** that create centralized data repositories of company-level information, such as carbon footprints or compliance levels, which can be plugged into other data systems.
- **Supply chain management tools** integrate carbon management into traditional supply chain management systems.

Carbon offsetting and sequestration solutions provide access to verified carbon-removal or avoidance projects that can be used to offset residual emissions.



Software Capability Checklist

Foundations: Build a reliable emissions baseline

- (Y) (N) Helps build a GHG inventory and an emissions baseline
- (Y) (N) Identifies hotspots and high-risk areas
- (Y) (N) Facilitates the gathering of reliable Scope 3 emissions data

Supplier enablement & scaling

- (Y) (N) Enables you to scale your engagement with suppliers
- (Y) (N) Empowers suppliers to accelerate their own action
- (Y) (N) Automates emissions calculations for your low-maturity suppliers
- (Y) (N) Provides data scoring for suppliers
- (Y) (N) Supports the development of decarbonization pathways tailored to your suppliers' capabilities and sector

Data quality, accuracy & granularity

- (Y) (N) Uses the latest tools to validate emissions data accuracy
- (Y) (N) Offers product and service-level carbon footprint calculations
- (Y) (N) Includes continuous emissions monitoring
- (Y) (N) Is transparent about their degree of uncertainty

Supplier enablement & scaling

- (Y) (N) Uses data that aligns with existing and future compliance requirements and international standards
- (Y) (N) Provides the data to build your action plan so you can set or achieve SBTs

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