

Benefits of product carbon footprints



The challenge of supply chain transparency

For most organizations, when considering a Scope 1, 2, and 3 inventory, most emissions will be Scope 3. This means that most of the emissions associated with a supply chain outside of an organization's direct control. However, to build decarbonization policies and reduction plans aligned with the latest climate science, large organizations must also address these indirect emissions. A key barrier to progress is obtaining transparent and precise assessments of emissions from suppliers to get enough certainty of where decarbonization opportunities can be found. Transparent and primary data enables the identification of emission hotspots, and companies across a supply chain to collaborate and develop strategies to manage and reduce emissions. Product carbon footprints (PCFs) can provide customers with greater insight into the emission footprint of products and categories, whilst also enabling manufacturers to build more effective decarbonization strategies for their own supply chain.

Why generate PCFs?

Generating PCFs has a number of advantages including:

- **Better understanding of emissions sources in your own supply chain** - building PCFs that can be used as primary data sources across the supply chain enables greater transparency for buying companies as well, whilst also allowing manufacturers to spot emission hotspots and build effective decarbonization strategies.
- **Become equipped to decarbonize product portfolios and gain a competitive edge** - PCFs can be used to single out hotspots of emissions and potential inefficiencies in production, distribution, and disposal. These may lead to additional cost-saving benefits which can help to reduce the costs of production and lead to a competitive advantage.
- **Develop mitigation strategies and reduction plans to mitigate your footprint** – having credible reduction plans is key to achieving targets for decarbonization, and PCFs can be used as a diagnostic tool for identifying actions that will reduce emissions the most.
- **Compliance with customer requests and product-centric regulation** – as mentioned above, PCFs can be useful in helping to manage supply chain emissions and ultimately decarbonize and so customers may increasingly be requesting PCFs. Equally, customers may be seeking to become aligned with reporting requirements of product-centric regulation (e.g., EU CBAM, Ecolabelling).
- **Access insights which help to understand your risk exposure to carbon pricing in emerging regulations** – emerging regulation may soon be applicable to your product portfolio, and PCFs give early insight into the risks and costs associated with new regulations.