Accounting for Natural Capital in Supply Chains

Impact Spend Analysis Presentation for the Sustainable Procurement Leadership Council

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Trucost helps organisations understand the true cost of business in order to use resources more efficiently, today and tomorrow.
Introducing Trucost

Trucost has been helping companies and investors build more resilient businesses and supply chains since 2000 by quantifying and valuing natural capital in monetary terms.

Trucost maintains the world’s largest database of corporate natural capital metrics: 4,600 companies over 12 years covering 93% listed equity.

Trucost spend analysis tools, EEIO model, and supplier engagement portals have analyzed supply chain natural capital risks of >500,000 suppliers representing >$100 B expenditure.

Leading academic institutions (including Stanford, Harvard, Yale & Oxford University) use Trucost data in their research and curricula, and Trucost models are supported by an International Academic Advisory Panel.
Why should we care about green procurement?

On average, 60% of business' natural capital impacts and risks are embedded in supply chains. Green procurement programs can save costs and reduce those environmental risks.

Source: Trucost Environmental Register. [State of Green Business 2012](#).
EIO Impact Spend Analysis Quantifies Supply Chain Environmental Footprint and Risks

Company procurement data

Actual supplier environmental data from the Trucost Environmental Register

Trucost EIO life cycle analysis model

Complete Environmental Metrics (Greenhouse gases, Water, Waste, Air Pollution, etc)

Quantified Environmental Footprint by:
- All operations
- Supplier
- Spend or Product Category
- Commodity
- Business Unit
- etc

<table>
<thead>
<tr>
<th>Environmental Indicator</th>
<th>Supply Chain Footprint</th>
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<tbody>
<tr>
<td>Greenhouse Gases</td>
<td>2,950,000 tonnes CO\textsubscript{2}e</td>
</tr>
<tr>
<td>Water</td>
<td>130,401,000 gallons</td>
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<tr>
<td>Waste</td>
<td>326,000 tons</td>
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After the supply chain footprint is quantified, a company can engage with suppliers to refine the footprint, fill data gaps, or discuss how risks are managed.
EIO Impact Spend Analysis Allows You to Focus Green Procurement on Most Important Suppliers

http://www.sprint.com/responsibility/ouroperations/climate_change/scop3emissions.html
Trucost research shows that a small number of suppliers are responsible for over 80% of environmental impacts. The EIO spend analysis shows you which suppliers and spend categories have the largest impact and should be priority focus areas.

For example, targeting a green procurement program at these 25 suppliers will address 85% of this company’s supply chain water risk.
2.6 M tonnes Carbon ● £8B public procurement ● 120,000 suppliers
45,000 transactions ● 31 London Councils ● 2 London Authorities

City of London Footprint
EIO Analysis shows you which products and spend categories are most important focus areas for your green procurement program.

This sector has a large overall impact.

This sector has a higher risk than would be expected based on just a financial spend analysis.
For more information

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