

## Our suppliers

### Our approach to managing impacts in our upstream value chain

The Supply Chain Management team within our Group Chief Financial Officer function provides procurement services internally to drive sustainability, risk mitigation and commercial advantages in third-party engagements. In line with the Group's sustainability agenda, we set long-term targets to decrease emissions associated with our supply chain and increase spend with diverse suppliers across our footprint.

With 11,563 suppliers, we recognise our contribution to climate impacts through the goods and services we procure. Severe weather events could result in material disruptions to our supply chain that may potentially impact our ability to serve our clients. As such, we are working to gather site locations for our material suppliers to assess their physical risk exposures, such that suitable continuity plans can be developed.

### Our goals and targets

- We targeted a 28 per cent reduction in our emissions associated with air travel from our 2019 baseline of 94,000 tCO<sub>2</sub>e by the end of 2023 and managed to exceed this target.
- We aim to increase the breadth of our climate-related engagement with our suppliers. By 2028 we plan to direct 70 per cent of our total spending to suppliers who have set or committed to setting science-based emission reduction targets.

### Supply chain-related emissions

- Overall, our emissions associated with the products, services and equipment that we purchase and those related to business travel – Scope 3 Categories 1, 2, 4 and 6 (miscellaneous other than air travel) – have shown an estimated 17 per cent year-on-year reduction.
- We have reduced our air travel emissions from our 2019 baseline of 94,000 to 60,279 tCO<sub>2</sub>e. Due to increased travel post COVID-19 we have seen an increase in our emissions associated with air travel in 2023. Nonetheless, the Group was able to exceed our target and managed to reduce these emissions by 36 per cent from our baseline. To ensure a downward trajectory from our baseline, we are implementing demand and control measures including upgrading how we monitor our travel volumes. To help influence behaviours, we implemented a process to charge the price of carbon credits to departmental expense budgets, while also emphasising the need to reduce emissions and avoid any non-essential business trips.
- We aim to engage and work with technology partners that are committed to reducing their emissions in line with their science-based targets.
- Carbon credits were purchased and retired by the Group for select categories of our value chain emissions. In 2023, these included emissions associated with air travel and outsourced on-premise data centres.

### Supplier engagement

Emissions data reporting among our suppliers remains limited. Therefore, we continue to use a hybrid methodology for emissions calculations using supplier-specific spend and sector average emissions data. In 2023, we:

- continued our outreach to suppliers to collect emissions data directly from them, thereby improving the accuracy of our Scope 3 Categories 1, 2, 4 and 6 (miscellaneous other than air travel) emissions calculations and reporting;
- began measuring our spending with suppliers who have set a science-based emissions reduction target or committed to setting one in the future. In 2023, we held working sessions with our suppliers to discuss progress against their plans and further opportunities for emissions reduction; and
- joined forces with our key logistics partner DHL to co-invest in sustainable aviation fuel for all consignments globally through DHL's GoGreen Plus programme, which is an example of how we work with suppliers to support the Group's emission reductions goals.

### Supplier Charter

Through our Supplier Charter, we expect our suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations. We expect our suppliers to promote the development and distribution of environmentally-friendly technologies and manage environmental concerns in their own supply chains.



Our Supplier Charter can be viewed at [sc.com/suppliercharter](https://sc.com/suppliercharter)



For further information on how we engage with suppliers see [pages 58 and 59](#) and for supplier spend data see [page 507](#)