

How to use public recognition and co-branding to enhance supplier decarbonization



Organizations can support suppliers in their decarbonization journey through non-financial rewards by publicly recognizing their progress or partnering to co-brand products or services.

What	How	Why
<p>What is public recognition and co-branding?</p> <p>By taking advantage of their own reputation, larger organizations can offer public exposure as a reward for suppliers that have met certain emissions reduction targets or milestones.</p> <p>Co-branding acts to market a product or service under two or multiple brand names, allowing each brand to leverage its unique strengths and qualities.</p>	<p>Rewards, press releases or co-branded products</p> <p>There are many ways in which organizations can recognize and reward suppliers. These could take different forms, ranging from featuring their progress in press releases or via reward schemes, to co-branding on specific products and services.</p> <p>Co-branding can act to improve recognition, enhancing consumers perception and strengthening brand image.</p>	<p>Enhance reputation & customer base</p> <p>Encouraging and providing platforms for suppliers to share best practice will build capability, provide inspiration and increase the pace of decarbonization throughout the supply chain.</p> <p>It is important to verify decarbonization claims to ensure a credible reputation is upheld as company brand and equity value is increasingly linked to robust ESG performance.</p>

Where to start

- 1 Assess**

Performance assessment must be completed on suppliers to establish their relative positioning with regards to sustainability and specifically decarbonization progress.

This can be expedited through the use of sustainability benchmarking tools.
- 2 Identify**

Identify the highest-performing suppliers with regards to meeting decarbonization targets.

These targets could be linked to your own, or a generic 'supplier target' could be devised in line with expectations.
- 3 Recognize**

By recognizing the highest-performing suppliers publicly, companies can foster competition between suppliers.

This will further incentivize suppliers, encouraging decarbonization throughout the supply chain.

What are the benefits

Public recognition and co-branding should provide benefits to both parties.

Public recognition		Co-branding	
Advantages for recognizing player	Advantages for recognized player	Advantages for well established player	Advantages for smaller / newer player
<p>Reputational benefit as recognition shows an ambition to champion decarbonization progress.</p> <p>Improved and more transparent relationship with suppliers as verification is conducted in order to publicly recognize suppliers for their decarbonization efforts.</p>	<p>Reputational benefits due to free marketing and advertising focused on responsible performance.</p> <p>Expands platform by positioning company as a sector leader on decarbonization and facilitates connection with alike suppliers.</p>	<p>Reputational benefits as customers may align with the co-branding partner's sustainability goals / performance.</p> <p>Increased and diversified customer pool as it attracts new customers.</p> <p>Possible expertise and capability transfer.</p>	<p>Large increase in customer pool as usually working with larger companies with a more established customer base.</p> <p>Increased revenues and thus potential to invest in sustainability and decarbonization innovation.</p> <p>Increases visibility in the market.</p>



Co-branding should be seen as a decarbonization innovation lever which allows businesses to avoid or reduce emissions through jointly launching new products or services, and collaborating on existing products.

Annabel Kalmar
Senior Manager, Sustainability, PwC

How to implement

A key element to putting supplier recognition into practice, is considering how you make this visible. For example, publishing awards in company annual reports or sustainability pages on websites, allowing use in supplier marketing materials, or through awards in annual supplier conferences.

<p>Award schemes</p> <p>Award schemes can be used as a method of public recognition that focuses on publicising how their partners are accelerating towards positive change. When these awards are aligned with company values, they act to instill a sense of partnership across the supplier network.</p> <p>An award system must be developed with a focus on acknowledging innovative partners and their importance to your organization, with awards focused on your wider strategy and goals.</p>	<p>Rating systems</p> <p>Some organizations choose to develop publicly available systems that rate their suppliers based on their performance against chosen targets.</p> <p>Participating suppliers are graded based on their sustainability progress across specific levers. Those with the highest ratings are featured by the organization to highlight their success.</p>	<p>Co-branding</p> <p>By selecting to develop products or services with suppliers with similar brand values, you can increase both organization's credibility in this area.</p> <p>Aim to collaborate with a supplier that has a customer base varied from your own, or that might need additional motivation, to help ensure a diversified consumer reach.</p> <p>Furthermore, see if collaboration across a sector would help you to innovate and launch a lower carbon product or service.</p>
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Capability building platforms



Capability building collaboration platforms can assist suppliers in advancing shared target-setting, standardizing measurements, enabling best-practice sharing and ultimately driving innovation forward.

Hannah Loake,
Senior Manager, Climate Action, WBCSD

AB InBev's **Eclipse** system provides suppliers with a number of tools to facilitate their decarbonization journey, including:

- Climate Maturity Assessment
- E-Learning Hub
- Decarbonization Roadmap creation
- Working groups & learning hubs on common topics
- Eclipse Awards
- Cross sectoral alignment (streamlining expectations)

Walmart's **Project Gigaton** is a publicly available system that rates suppliers based on their performance against SBTi targets.

- One of the **largest private sector consortiums for climate action** (4,500+ suppliers).
- Participating suppliers are **graded based on their sustainability** progress across six levers; Energy, Nature, Waste, Packaging, Product Use, and Transportation.

What to consider

There are many considerations when it comes to implementing these tools and levers to build capability and incentivize decarbonization across your organization and supply chain. By taking these into account, you can have an impact on brand credibility, recognition and respectability when it comes to decarbonization.

Key considerations when implementing public recognition & co-branding

- **Partnership across brands:** How can companies collaborate and share knowledge to achieve a low carbon product? How can companies from different sectors share insights to foster innovation?
- **Verification of suppliers' actions:** Companies pay price premiums for low carbon products. This can have a large impact and is relatively easy to implement, but verifying emissions reductions is key.
- **Impact on the sector:** Are recognition and co-branding strategies incentivizing already like-minded suppliers to act on decarbonization? How can leading companies incentivize others in their sectors to follow similar strategies?
- **Utilize established procurement levers:** This is an established lever already used in procurement. Often supplier contracts control and limit permission given to recognize trading relationships, which can have huge commercial value to suppliers and is sometimes used to secure price discounts. Therefore this lever can be tailored to incentivize decarbonization in addition to being used for commercial gain.

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For more information on the Supply Chain Decarbonization series, contact: [Hannah Loake, WBCSD](#) or [Annabel Kalmar, PwC](#).

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