

# FAQs- Suppliers

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These frequently asked questions are for guidance. Information on specific standards and actions implemented are the full responsibility of the supplier.

## 1. What are the differences between ISO 14064 and GHG Protocol?

- The GHG Protocol is more widely used and referenced by voluntary and mandatory reporting programs, initiatives, and platforms, such as the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), and the Science Based Targets initiative (SBTi).
- The GHG Protocol covers three scopes of emissions:
  - Scope 1: direct emissions from owned or controlled sources., e.g., gasoline, diesel, oil.
  - Scope 2: indirect emissions from the generation of purchased energy, e.g., heating, cooling and electricity.
  - Scope 3: all other indirect emissions in 15 categories throughout the value chain.
- The ISO 14064 is more recognized and accepted by regulatory and accreditation bodies, such as the United Nations Framework Convention on Climate Change (UNFCCC).
- The ISO 14064 consists of three parts. Part 1 is the most relevant for organizations to quantify, monitor, report, and verify their GHG emissions and removals. Part 1 covers direct and indirect emissions.
  - Direct emissions: include emissions sources that are owned or controlled by an organization. Stationary sources include heaters, boilers, gas turbines and mobile sources include fuel for transportation equipment, such as motor vehicles, trucks, etc.
  - Indirect emissions: includes emissions due to the fuel combustion from utilities, such as electricity, heat, steam and cooling. Other indirect emissions categories include supply chain emissions.
- Bufab and many large customers use GHG Protocol because these are the standards in which the Science based Targets Initiative (SBTi) are based on and the initiative that customers are following.

## 2. Can't I just be ISO 14064 certified?

- Yes, you can **but** we still need data from you. We need your emissions, percentage of green electricity use, targets, commitment to reduce your organizations Scope 1,2,3 by 2031 or earlier.

## 3. What targets are acceptable?

- Your targets should be ambitious, that means in line with Paris Agreement and according to SBTi.
  - Bufab requires 55% reduction targets for Scope 1,2 and 3 by 2031 to secure alignment to Paris agreement and Bufab's own targets. Bufab's baseline year is 2021 and target year is 2031.
  - 35% reduction by 2031 is acceptable **only** when there is commitment to increase it over time.
  - Targets such as 5%, 10%, 15% or 25% reduction by 2031 are not ambitious enough.

## 4. What if I do not reach the target we have set up?

- One of the easiest ways to reach targets for Scope 1 and 2 is to increase the percentage of renewable or low-carbon emission energy sources by: Power Purchasing Agreements (PPAs) or equivalent, Guarantees of Origin, RECs, I-RECs or equivalent.
- If you cannot reach your targets you need to communicate this to your Bufab contact to see how we can assist you.

## 5. What about ISO 14067 at product level, is that enough?

- ISO 14067 is definitely a good start, and it covers your emissions at the item level for chosen categories. This can help us in understanding your emissions at item level. However, this standard is limited to carbon footprint and does not provide reduction targets, nor tell us anything about your commitment to reduce your emissions.
- Moreover, we see in industry that customers prefer a full environmental product declaration (EPD) which includes other emissions than carbon footprint. You can start with ISO 14067 but sharing data will also be needed and remember that there is increasing demand for full life cycle assessments (LCAs) and EPDs.

## 6. What should I do then?

- An important part of Sustainability is resource efficiency. Apart from guidance from SSEP you can find guidance in different standards.
  - At the organizational level: ISO standards e.g, 14001, 50001, upcoming 59004 are a good way to address resource efficiency. Renewable or low-carbon emission energy sources for your operations by: Power Purchasing Agreements (PPAs) or equivalent, Guarantees of Origin, RECs, I-RECs or equivalent are also a way of reducing your environmental impact.
  - At the product level: Given that all customer specifications are met, a higher recycled content in materials can considerably reduce your carbon footprint. The routes and manufacturing processes followed to produce a specific item can impact your overall sustainability. In the case of steel, EAF route is preferable than BF/BOF. For aluminium items, avoiding virgin aluminium can also reduce your emissions considerably.

## 7. Can you give us calculated emissions based on our data?

- Yes absolutely. Without using more advanced methods like LCA or direct measurements, the easiest way to calculate emissions is by using emissions factors. The only emission factors we cannot share are those provided by the International Energy Agency (IEA). The rest come from open sources, e.g., DEFRA.

## 8. How often do I need to send this data to Bufab?

- Yearly updates are necessary when there are no major changes or corrections.
- Follow-ups are done in the quarterly meetings with your Bufab contact.

## 9. This seems like a big investment, who will pay for it?

- We understand that some suppliers will need to make big changes. We recommend that you start from the “low hanging fruits” before embarking into big changes.
- Low hanging fruits means quick and easy changes such as changing to led lights, fixing any leakages from pressurized air or from faulty insulation before embarking into larger investments.
- Sustainability is now part of remaining competitive, just as quality was decades ago, in a similar way, sustainability will require investment to remain competitive.

## 10. What will I gain if I present the data to Bufab (where is my added value)?

- We believe we are very early in the process. But we expect soon you will receive similar requests from other customers, investors, etc. You will be prepared for this. We will also be looking into how to automate data and information and we are open for your suggestions.
- We also have a number of incentives. See question on incentives further down.

## 11. What about the data we provide you with?

- The data you provide us with is in line with transparency and traceability requirements by Bufab, EU regulations, e.g., CBAM, EU sanctions and customer requests.
- The data is used to track your performance over time and see where you need help.
- We also have NDAs with suppliers doing business with Bufab.

## 12. What happens if we do not deliver requested data to Bufab?

- European regulations like CSRD and CBAM require EU companies to be transparent of where products come from and have traceability of products. Moving forward this will be a requirement and it is important to know if we can count on our suppliers to continue a business relationship.

## 13. Can external consultants help us?

- Sure, consultants can always support and guide with standards, verifications and certifications. Please be aware that Bufab does not recommend a particular consultancy nor is responsible of your choice.

## 14. What are the SDGs and why should I bother in implementing them?

- The sustainable development goals (SDGs) are part of United Nations (UN) Agenda 2030 plan of action for people, planet and prosperity.
- The 17 SDGs were agreed by world leaders in 2015 with the aim to create a better, fairer world by 2030.
- Implementing the SDGs shows your commitment to sustainability and that you are aligned with global goals by 2030.
- SDGs can help in identifying KPIs and communicate them to different stakeholders.

## 15. What are the incentives to join Bufab’s engagement program?

- Sustainable Sourcing incentives
    - We will have a “wall of fame” for best suppliers that will give you more business.
    - Bufab is planning on an own eco-label based on supplier performance, hence we can showcase your items as more sustainable in our new Bufab webshop.
  - Simplify Sustainability
    - Be a part of Sustainable leadership and increased reputation.
    - Increased knowledge in sustainability.
    - Better structure and communication regarding Sustainability.
    - Increased contribution to overall Sustainability.
  - Secure legal obligations
    - Be ready for current and upcoming regulation compliance (CBAM, Supply chain due diligence)
- Improve your Sustainability
- Quality data will help you visualize cost reductions. You can realize cost savings from actions on energy efficiency, recycling, better technologies.
  - Gain experience towards ISO 14001 and ISO 50001 requirements.

## 16. What is CBAM and what is the difference with Bufab’s SSEP?

- CBAM is an EU regulation that prevents “carbon leakage” for companies that move production from the EU to third countries with less strict carbon emission regulations.
- The EU has as targets to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels and become carbon neutral by 2050.
- In the EU there has been an Emission Trading System (ETS) since 2005 that requires large carbon emitters such as steel mills, energy providers and cement producers to surrender carbon emission certificate in a cap and trade market.
- Within the cap, companies primarily buy allowances on the EU carbon market, but they also receive some allowances for free. These free allowances will be gradually removed.
- SSEP will mainly support suppliers in reducing their emissions with training and guidance. To reduce emissions it is important to have good quality data and make traceability of items transparent.
- An important difference between SSEP and CBAM is that SSEP is based on accounting and reducing emissions according to GHG Protocol. The CBAM is based on direct and indirect emissions of production from manufacturing suppliers outside the EU, it excludes for now transportation and non-production emissions. See table below.

	<b>SSEP</b>	<b>CBAM</b>
EU Regulation	x	✓
Only imports into EU	x	✓
Support on reducing emissions	✓	x
Data collection for traceability	✓	✓
Aligned with GHG protocol standards	✓	x

Table 1. CBAM vs SSEP

Last updated January 31<sup>st</sup> 2024.