

2026 REPORT ON SCOPE 3



ACT

SCOPE 3 EMISSIONS: FROM DISCLOSURE TO ACTION

ACT ON IT.

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Executive summary

Scope 3 emissions sit outside your operations, but they're not beyond your control. They sit in your supply chain, where your suppliers' energy choices, your procurement terms, and your contract structures determine how fast, or how slowly, those emissions come down.



Most organizations know this by now. Disclosure is largely solved. What's still missing, in many cases, is a credible path from measurement to reduction. Accenture's most recent tracking of the world's 2,000 largest companies found 41% have set net zero targets covering Scope 1, 2, and 3 emissions, up from 27% five years ago. It's progress, but it means most large companies still haven't built a full value-chain target, let alone a plan to hit it.

The companies that have moved from target to reduction share one pattern: they treat their suppliers' energy procurement as the fastest lever available to cut emissions. When a supplier switches from grid electricity to renewable power, that supplier's own Scope 2 emissions drop, and that reduction flows directly into your Scope 3 inventory. It's not the only lever. But it's the one with the clearest line of sight between action and result, which is why it's usually where leading companies start.

Giving a supplier a target on its own doesn't get a supplier to switch to renewable power. It takes procurement terms that reward the switch, financing, or technical support for suppliers who can't fund it alone, and clear expectations set early enough that suppliers can plan around them rather than scramble to



react. Nike, IKEA, and Unilever have each built versions of this with their highest-emitting suppliers and the results show up in their own numbers, not just their commitments.

The tools and market conditions to do this exist now. Renewable power is cost-competitive in most major markets. The gap left is organizational: who owns supplier engagement, how procurement and sustainability teams coordinate with one another, and whether the incentive structure makes reduction easier than ignoring it.

“THE COMPANIES THAT HAVE MOVED FROM TARGET TO REDUCTION SHARE ONE PATTERN: THEY TREAT THEIR SUPPLIERS’ ENERGY PROCUREMENT AS THE FASTEST LEVER AVAILABLE TO CUT EMISSIONS”

Chapter 1

The new Scope 3 reality

KEY TAKEAWAY

- Scope 3 has moved from a disclosure requirement to a resilience and competitiveness question, and investors are already pricing that shift in
- Regulation is tightening, but unevenly. Know which rules apply to you before you build a compliance plan around the wrong ones



Investors stopped treating climate risk as a side issue a while ago. Sustainalytics puts it simply: climate considerations are now part of mainstream financial analysis, not a separate ESG lens applied after the fact. That shows up in how investors specifically evaluate supply-chain exposure, since a company's Scope 3 footprint is often the clearest signal of how exposed it is to carbon pricing, supplier disruption, and shifting client requirements.

Regulation is constantly moving, too, but at different speeds depending on where you operate. The EU's Corporate Sustainability Reporting Directive (CSRD) already requires Scope 3 disclosure for companies that meet its thresholds. The UK is at an earlier stage in the process: its Sustainability Reporting Standards were finalized in February 2026 and are currently voluntary, with mandatory reporting for listed companies proposed from January 2027. Even then, Scope 3 disclosure is expected to phase in on a deferred basis. If you sell into both markets, you're working against two deadlines, on different timelines, with different levels of enforcement.

The Science Based Targets initiative (SBTi) sets the bar higher still: a validated net zero target requires a 90% absolute reduction across Scope 1, 2, and 3 emissions. For most companies, Scope 3 is 80% or more of total footprint, which means a credible net zero target is, in practice, a Scope 3 reduction plan with a small operational component attached.

This is becoming the baseline against which your investors, regulators, and largest customers are already measuring you.



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Chapter 2

The barriers to Scope 3 action

KEY TAKEAWAY

- Close the gap between Scope 3 disclosure and concrete action plans for suppliers
- Engagement, incentives, and clear reduction pathways are the keys to cutting Scope 3 emissions



Many companies have climate targets, but not enough are doing the work to make sure they meet their goals, particularly when it comes to their suppliers.

In the past, the challenge was getting hold of reliable, standardized data from suppliers. Without that, it's hard to make targeted, effective interventions. But businesses have become better at gathering data from their suppliers and at disclosing their Scope 3 emissions. However, they're struggling to turn that knowledge into concrete plans against which their suppliers can act.

Engagement is the key to getting results. Companies with a defined supplier engagement approach are almost seven times more likely to have an upstream Scope 3 target and a 1.5°C-aligned transition plan.¹

Yet of the more than 23,000 companies that disclose through CDP, just 40% are engaging with their suppliers on climate.² And only 15% have set an upstream Scope 3 target, while fewer than 6% require suppliers to disclose climate data.

Even those that are acting face challenges. Engaging suppliers is time- and resource-hungry right across the business. It can take eight or more full-time roles in data,

procurement, and sustainability teams and \$1m+ in platform development and maintenance costs. And it can take five years to build a program organically, which is no good if your targets are for 2030, four reporting cycles away.³

You can't just impose a supplier decarbonization plan on your suppliers or on the team running it. It needs to have the right mix of incentives, reduction pathways, and engagement.

But you need to get that engagement right. If you ask suppliers for the same information repeatedly, without being clear what you expect them to do and how they can do it, you're less likely to get a response.

And incentives beat information: if buyers provide financial incentives to cut emissions, suppliers are 52% more likely to do so compared to training alone.

Engagement only works if it's targeted. The next step is knowing where to focus it.



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¹ scope-3-supplier-guide.pdf

² <https://www.cdp.net/en/insights/strengthening-the-chain>

³ scope-3-supplier-guide.pdf

Chapter 3

Turning Scope 3 into a commercial advantage

KEY TAKEAWAY

- Map your value chain to reveal the hotspots you need to tackle first
- Don't just tell your suppliers what to do to cut emissions, give them a clear and direct route to reduce them



The most successful supplier programs share four traits: credible data, focus, participation, and a clear and easy route to decarbonization. ACT has built and run these programs in more than 100 countries.

Companies need to engage suppliers to set up greenhouse gas (GHG) inventories and report on their energy use regularly to allow them to map the hotspots in their value chain that need to be tackled first.

For many companies, most of their Scope 3 emissions come from just a few suppliers, and that's why having the data is so important. It means you can work out which suppliers and products to target first so you can see the biggest impact.

France's Schneider Electric has enrolled 1,000 suppliers representing around 70% of its upstream emissions in its decarbonization program, while Unilever's Climate Transition Action Plan pushes 300 key suppliers to report carbon footprints, set their own reduction targets, and move toward product-level carbon data.

When it comes to engagement, don't just send out questionnaires to all your suppliers. Run your engagement like a campaign, giving groups of suppliers training materials and free tools, backed by proactive and personal follow-up.

⁴ <https://tracenable.com/company/nike/ghg-emissions>

Nike, whose Scope 3 emissions make up 98% of its total,⁴ has identified and engaged its highest-emitting suppliers in developing its own 10-year climate action plan. It encourages suppliers to source renewable power by helping them to secure power purchase agreements (PPAs) and offering technical assistance for suppliers deploying renewables on site.



IKEA aims to halve its emissions across the entire value chain by 2030 from 2016 levels, and cut them by at least

90%
by 2050

One of the most accessible ways for suppliers to start decarbonizing is to switch to renewable energy. Making this quick and easy to do is a must. With fossil fuel resources being increasingly disrupted by geopolitical instability, renewables can improve suppliers' energy security, too. Tools such as ACT's global click-to-buy Environmental Attribute Certificates (EACs) open up the low-carbon energy market for small and medium suppliers.

Microsoft requires its suppliers to calculate emissions data, but makes it easier for them to do so by connecting smaller suppliers to recommended affordable software and sustainability managers that offer verified calculation declaration.

German car parts maker ZF wanted to accelerate renewable electricity use in its suppliers, so it created an engagement and education program. It also set up a digital procurement marketplace where suppliers could buy EACs with no minimum purchase volume. This increased the number of suppliers helping ZF to meet its 100% renewable supply-chain goal.

It's important to be clear about how your suppliers' emissions fit into your own targets. IKEA, for example, aims to halve its emissions across the entire value chain by 2030 from 2016 levels, and cut them by at least 90% by 2050. It is working toward 100% renewable energy for both its own stores and its suppliers. To help them, it funds onsite renewable capacity and renewable energy purchasing by suppliers.⁵

None of these companies handed their suppliers a target and walked away. The common thread in all these examples is close engagement every step of the way.

⁵ <https://www.ikea.com/global/en/our-business/sustainability/our-climate-agenda>



Chapter 4

The Scope 3 transformation playbook

KEY TAKEAWAY

- Build supplier emissions into procurement criteria
- Map your hotspots and focus engagement where it can make the most difference
- Be assurance-ready: know what regulators require of you and tailor your engagement accordingly

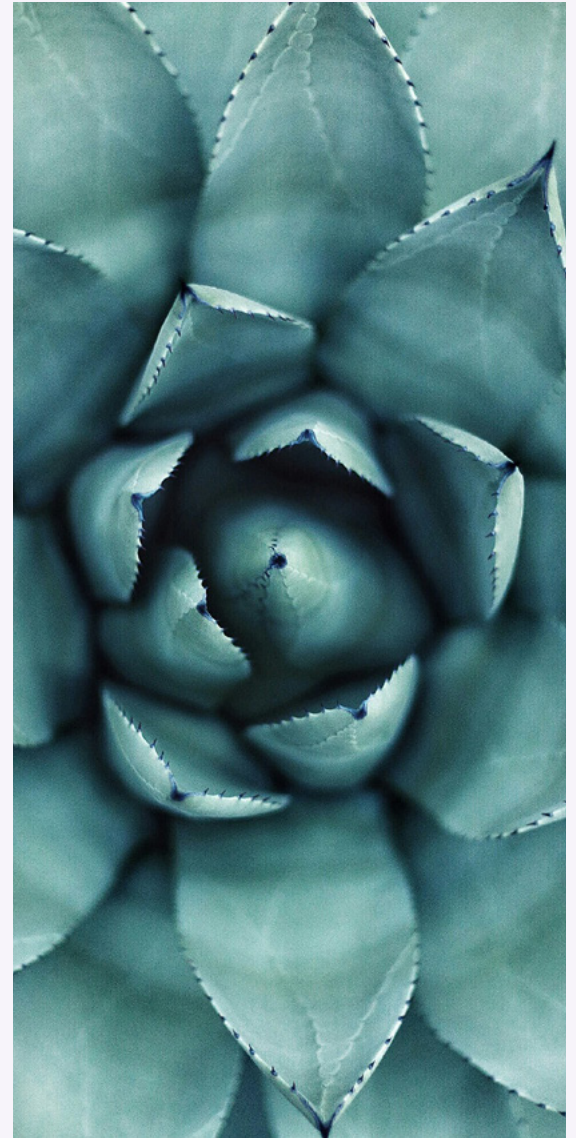


Nike, IKEA, and the other programs profiled in this report all share a repeatable set of moves that your organization can follow, too.

Direct procurement teams to start treating supplier emissions as a sourcing criterion. Move away from focusing just on costs. Build carbon into selection and contracts, and offer incentives such as financial support, preferred supplier status and preferential sourcing decisions. Incentives such as these make suppliers more likely to act.

Map your value-chain emissions and focus your engagement on the ones with the biggest impact on your Scope 3 figures.

Make it easy for suppliers to buy renewable energy, without volume thresholds or the need for specialist teams.



Ask suppliers only for what they are required to give you and offer tools that help them find it rather than sending a generic questionnaire. The EU's Omnibus reforms raised CSRD's reporting thresholds, so suppliers with fewer than 1,000 employees now fall outside mandatory scope or face lighter requirements.

Make sure sustainability teams are assurance-ready: the latest version of the SBTi rules raises the expectations for Scope 3 coverage, making limited assurance mandatory for large companies. And updated GHG Protocol rules are set to call for 95% of Scope 3 emissions to be reported. Map your Scope 3 against these categories.

“MOVE AWAY FROM FOCUSING JUST ON COSTS. BUILD CARBON INTO SELECTION AND CONTRACTS, AND OFFER INCENTIVES.”



Prioritize primary data collection from suppliers that will have the biggest impact on your targets, sourcing decisions, or engagement plans (tier 1 data). Segment by emissions impact, maturity, category, and region.

While not all your data needs to be Tier 1, you should track your data mix by tier so it is clear how much of it is spend-based estimates.

Design targets so supplier action is measurable: supplier-specific emission factors, verified reductions, and a clear reporting loop.

Building a program like this starts with knowing where things currently stand. That's a conversation for the CEO to have with the executive team.



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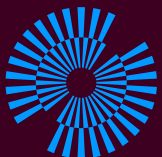
Chapter 5

The executive agenda for 2027



We're moving from disclosure to action in Scope 3, but the path to progress is not always clear. Here are some of the key questions you should be asking your leadership team:

- 1 What information do we need to uncover our suppliers' emissions and do we know how to obtain it?
- 2 Can we tell which suppliers matter most to our Scope 3 number or are we treating them all the same?
- 3 Do we understand and are we assurance-ready for the coverage and verification standards now expected of us?
- 4 How can we move suppliers from disclosure to action? Do we incentivize suppliers enough to cut their emissions?
- 5 Can we apply what works with one supplier across the rest of the supply chain?
- 6 Are we building resilience while reducing emissions?
- 7 Is procurement incentivized to lower emissions as well as cost? And does that show up in our supplier contracts?



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