

Supplier Standard

Climate Change

Purpose: This Supplier Standard sets out Arco's requirements of its Suppliers in relation to the monitoring, reporting and reduction of emissions of carbon and other [Greenhouse Gases](#) (GHG). This requires a Supplier to consider the impact of its own operations ([Scope 1 & 2 emissions](#)) and those of its own supply chain ([Scope 3 emissions](#)). The Supplier's [Scope 1, 2 & 3 emissions](#) form part of Arco's [Scope 3 emissions](#).

This Supplier Standard supplements our [Supplier Code of Conduct](#). Key terms used in this Supplier Standard are defined [here](#).

Requirements of this Supplier Standard

Addressing [Climate Change](#)

Arco requires that, as a minimum, each Supplier must:-

- have a policy to address the challenge of [Climate Change](#) through the monitoring, management and reduction of [GHG Emissions](#);
- actively measure and monitor its [Carbon Footprint](#);
- issue a [Carbon Report](#) not less than annually which includes a [Carbon Intensity Measure](#); and
- show continuous improvement to reduce its [Carbon Footprint](#);
- set challenging targets to cut its [Carbon Footprint](#) and report on progress in its [Carbon Report](#); and
- ensure that it insists on equivalent actions from its supply chain.

Continuous Improvement

Unless we agree otherwise, each Supplier must ensure that any updated or replacement product it supplies to Arco is designed and manufactured to improve the [Environmental Performance](#) of the Supplier and the product.

Providing Information

- You must complete any information request, questionnaire or declaration that we require in relation to [Climate Change](#). We may provide access via our [Supplier Portal](#) to standard documents for this purpose.
- You warrant the accuracy and completeness of any submitted information in relation to climate change, whether provided to us before or after we entered into a contract with you.
- If any submitted information no longer remains accurate and complete in any material respect during the term of your contract with us, you must promptly submit a formal written update to Arco to ensure we hold accurate information. You may be able to use standard documents that we make available via our [Supplier Portal](#) for this purpose.

Additional Information

Further Information

We may provide additional guidance in relation to [Climate Change](#) from time on our [Supplier Portal](#). That guidance will supplement but will not replace or supersede our [Supplier Code of Conduct](#) or this Supplier Standard.

How we use this Supplier Standard

This Supplier Standard forms part of any contract that Arco enters into with any Supplier.

You must immediately report any material breaches of this Supplier Standard to Arco. We will work with you to identify and implement any actions we believe reasonably necessary to rectify and remediate the issue and you must work with us in good faith to do so. We will also take action, which may include terminating your contract, if you fail to engage with us to address the issues raised or are unwilling or unable to make the necessary changes.

Terms we use in this Supplier Standard

Scope 1, Scope 2 and Scope 3	<p>in relation to <i>Greenhouse Gas</i> emissions, means:</p> <ul style="list-style-type: none"> • Scope 1 means all direct GHG emissions from the activities of the Supplier or under its control, including but not limited to on site fuel combustion and emissions from chemical production in owned or controlled process equipment, and company vehicles.. • Scope 2 means all indirect GHG emissions from electricity purchased and used by the Supplier where the emissions occur at sources owned or controlled by another company. • Scope 3 means all indirect GHG emissions other than Scope 2 Emissions, that are a consequence of the activities of the Supplier, but occur from sources not owned or controlled by the Supplier, including but not limited to sub-contracted activity, business travel, and waste.
Greenhouse Gas or GHG	<p>means the natural and anthropogenic gases which trap thermal radiation in the earth's atmosphere as specified in Annex A to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) or otherwise specified by the UNFCCC. These GHGs are currently: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).</p>
Carbon Footprint	<p>means total annual worldwide <i>Scope 1, 2 and 3 emissions</i> originating from all the activities across the organisation and its supply and value chains.</p>
Carbon Report	<p>means information on an organisation's <i>Carbon Footprint</i> in tonnes of <i>Carbon Dioxide Equivalent</i>, to a standard not less than that required by the UK government's Streamlined Energy and Carbon Reporting (SECR).</p>
Carbon Intensity Measure	<p>means the <i>Carbon Footprint</i> expressed as a tonne per unit of revenue (e.g. tonne per £m revenue), and such other intensity measure as may be appropriate for the Supplier's business</p>
Environmental Performance	<p>means performance in respect of the following environmental impacts:</p> <ul style="list-style-type: none"> • Scope 1, 2 and 3 emissions; • Impact on Biodiversity • Energy Consumption; • Waste Production; • Emissions to Water; • Emissions to Land; and • Emissions to Air
Climate Change	<p>means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods (United Nations Framework Convention on Climate Change)</p>
Greenhouse Gas Emissions or GHG Emissions	<p>means emissions of <i>GHGs</i> including Scope 1, 2, and 3 Emissions, in absolute value over a specified area and period of time, each expressed as a total in units of carbon dioxide equivalent (CO₂e) and calculated in accordance with the GHG Reporting Standard.</p>
CO₂e" or "CO₂-equivalent	<p>means the standard metric measure used by the UN's Intergovernmental Panel on Climate Change (IPCC) to compare various <i>GHGs</i> on the basis of their global warming potential over a specified timescale in order to express a <i>Carbon Footprint</i>.</p>
GHG Reporting Standard	<p>means a standard for the measurement, reporting and management of <i>Greenhouse Gases</i> published from time to time by the GHG Protocol, or such other organisation as Arco may agree or specify</p>

Document Control

Document	Arco Supplier Standard- Climate Change
Document Owner	Arco Legal Department
Document Approval	General Counsel

Associated Documents
Supplier Code of Conduct

Date of Change	Version	Description of Change
	1,0	First Issue