

Meijer GHG Scope 3 Phase 2:

Emission Reduction Goal and Supplier Engagement

By

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Executive Summary

This project was conducted by four University of Michigan School for Environment and Sustainability graduate students (referred to as the research team) to support Meijer's core values of sustainability by developing a Scope 3 Scope 3 supplier engagement and greenhouse gas (GHG) greenhouse gas (GHG) emission reduction goal. Scope 3 greenhouse gas (GHG) emission reduction can often present the most difficult challenge for companies to solve when working to reduce their overall GHG output. Scope 3 emissions are indirect emissions that occur across a company's supply chain. Meijer has established a Scope 1 and 2 GHG reduction goal, but still seeks to complete Scope 3 goal setting for their efforts to be aligned with the Science Based Targets initiative (SBTi). The proposed goal is to engage 80% of Meijer's suppliers by 2026 The team also developed a corresponding implementation strategy. Meijer has made significant progress in Scope 1 and Scope 2 goal setting and reductions. This research document outlines the foundational framework the team used to develop a recommended Scope 3 GHG emissions goal and supplier engagement strategy. Being aligned with SBTi will allow Meijer to be in line with global GHG reduction goals that are designed to help humanity and the environment avoid the worst impacts of climate change.

To inform the development of the Scope 3 reduction goal and strategy, the SEAS team will conduct comprehensive industry benchmarking research and analysis, in addition to gathering information from Meijer and their supplier network. The project will provide the framework and goals needed for Meijer to have their Scope 3 emissions reduction plan to become SBTi aligned, and enable Meijer to deploy an effective Scope 3 emissions reduction strategy across their supply chain. In order to set the goal, the team first identified emissions hotspots within the value chain: Grocery and FreshFresh. Based on the identified hotspots, two SBT goal setting approaches and timeframes commonly used by similar retailers were used to develop Meijer's Scope 3 goals: Engage with 80% of suppliers by 2026, and identify effective factors to prioritize suppliers for engagement.

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1.0 Introduction and Background

1.1 Climate Change and the Responsibilities of Business

The effects of climate change have become impossible to ignore. Year after year, the challenges associated with climate change continue to increase in both frequency and severity, and the need for action to combat climate change has never been more immediate. In 2015, 196 countries agreed to adopt the goals of the UN Paris Agreement, seeking to limit the average rise of global temperatures to 2°C above pre-industrial levels. To reach this goal, many countries have committed to reach net-zero greenhouse gas (GHG) emissions goals by 2050 or sooner¹. The scope of such an undertaking extends beyond government engagement and requires active participation from the business world, which itself is a key driver and contributor to global GHG emissions.

In response, many companies have acted with urgency to develop climate action plans to reduce their GHG emissions. As governments work to implement new regulations and climate disclosure standards, the responsibility to mitigate the effects of climate change is increasing for businesses around the globe. To remain in compliance with new and impending regulations, companies are having to urgently take action in developing climate action plans that include GHG emissions reduction strategies.

1.2 Climate Change Risks to the Retail Industry

Beyond potential regulatory compliance issues, climate change poses the threat of increased risk exposure and material impacts for businesses that lack adequate climate action plans.

Climate-related events such as floods, droughts, hurricanes, and fires are more frequently disrupting the supply chains of businesses. These disruptions can result in delays in production, transportation, and distribution of goods leading to shortages and the availability of products.

Retailers are also finding themselves facing increased operational costs due to factors such as resource scarcity and increased energy prices. Attitudes toward climate change are also increasingly affecting consumer behavior, leading more and more people away from supporting businesses and brands that are not working to address their impact on the environment. 63% of Americans surveyed are looking for businesses to lead the way on driving environmental change in the absence of government regulation, according to a study by Cone Communications².

Climate change-related severe weather events are posing threats to the physical infrastructure of retailers and their stores, warehouses, inventory, equipment, and vehicles more than ever before, which in turn has led to disruptions in the operations of many retailers. With the frequency of climate-related events increasing, insurance costs for many retailers are rising as well, particularly for businesses that operate in areas susceptible to severe weather.

These risks are forcing retailers to embrace sustainable practices that can help mitigate their exposure. By developing climate risk assessments, investing in resilient infrastructure, and reducing their environmental impact, retailers who incorporate environmentally friendly practices into their business strategy stand to be better prepared to persevere through the challenging times ahead. Incorporating sustainability practices as guiding principles of business will help mitigate risks, align with consumer expectations, and contribute toward building

¹ Paris Agreement details <https://unfccc.int/process-and-meetings/the-paris-agreement>

² Consumer attitudes toward climate change

<https://www.retaildive.com/news/clouds-on-the-horizon-what-climate-change-means-for-retail/552791/>

long-term business resilience and sustainability.

1.3 Scope 3 emissions: GHG Protocol, SBTi, and Scope 3 Overview

The World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) collaborated to establish the GHG Protocol, a pioneering initiative that works with governments, industry associations, NGOs, businesses, and other organizations to develop comprehensive standardized global frameworks for measuring and managing GHG emissions across various sectors. This initiative aims to address the pressing need for transparent and effective management of emissions, both in the public and private sectors, and throughout global value chains.

The GHG Protocol Standard categorizes greenhouse gas emissions into three 'scopes' for clearer assessment. Scope 1 emissions encompass direct emissions resulting from a company's operations, such as machinery usage, vehicle operations, heating and cooling systems. Scope 2 emissions represent indirect emissions stemming from the production of energy that an organization purchases and consumes, providing opportunities for mitigation strategies like transitioning to renewable energy sources.

However, Scope 3 emissions, which constitute indirect emissions occurring outside a company's direct operations, pose significant challenges in measurement and management. These emissions arise from upstream and downstream activities within the company's value chain, including those of suppliers and end users. A recent McKinsey study examining 40 of the world's major grocers and their supply chains found that, on average, direct emissions (scope 1 and 2) constitute only about 7% of their total emissions, with the vast majority, approximately 93%, being indirect emissions beyond the grocers' immediate control³. The emission categories are intended to be mutually exclusive to avoid double-counting emissions across subcategories of Scope 3 or with Scope 1 or 2 GHG accounting. The GHG Protocol standardizes and defines the 15 emission categories for Scope 3 (**Appendix 1**).

Since Scope 3 emissions occur throughout the value chain, supplier engagement takes priority in Scope 3 emissions reduction strategy as suppliers have a significant influence on a company's carbon footprint, and collaboration with suppliers can unlock opportunities for emissions reductions that may not be achievable through internal efforts alone. Addressing Scope 3 emissions reductions through supplier engagement is essential for achieving significant reductions in Meijer's overall carbon footprint. Engaging suppliers will allow Meijer to gain visibility into their upstream value chain and identify opportunities for emissions reductions. Managing and reducing Scope 3 emissions requires cooperation and coordination across the entire value chain, making supplier engagement essential for success.

Addressing Scope 3 emissions poses a greater hurdle compared to Scope 1 & 2 emissions for various reasons. The intricacy of quantifying indirect emissions, the reliability and accessibility of data, and the reliance on suppliers' compliance in reporting their emissions data can make addressing Scope 3 significantly challenging, particularly for retailers with expansive and diverse supplier networks, such as Meijer. Beyond the complexities of measuring and managing Scope 3

³ <https://www.mckinsey.com/industries/retail/our-insights/decarbonizing-grocery>

emissions data lies the additional challenge of effectively analyzing and leveraging this data to enact emissions reductions.

Companies have increasingly turned to the Science Based Targets Initiative (SBTi) approach to address Scope 3 emissions comprehensively. SBTi offers a methodology for setting emissions reduction targets grounded in climate science, ensuring that companies align their goals with the level of decarbonization required to limit global warming to well below 2 degrees Celsius above pre-industrial levels, as outlined in the Paris Agreement. Globally, retailers are increasingly setting either SBTi aligned or verified goals to add credibility and accountability to their sustainability efforts. In the last 5 years, more than 65 major global retailers set and committed to sustainability targets⁴.

Implementing the SBT approach involves measuring and mapping Scope 3 emissions across the entire value chain. This process requires collaboration with suppliers and other stakeholders to collect relevant data and identify areas for emission reduction. By setting science-based targets that encompass Scope 3 emissions, companies can effectively manage their carbon footprint and contribute to global efforts to combat climate change.

1.4 Changing Regulatory Landscape

Demands for companies to act on climate change are increasing on local and global levels. Governments are increasingly requiring large companies to make disclosures on their energy and emissions data. In 2017, the Financial Stability Board (FSB), a UN-style organization for global financial policy, developed the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD framework quickly became recognized as the common language and baseline standard for climate reporting. In the time since, the International Sustainability Standards Board (ISSB) has worked to build upon the TCFD framework to establish what is now recognized as the new global climate reporting standard. The new ISSB standards draw directly from existing TCFD guidelines to allow companies to document how they integrate climate issues into their business model. Companies must make disclosures around their governance, strategy, risk management, metrics and targets relating to reducing Scope 1, 2, & 3 emissions. Climate disclosures are rapidly becoming the new norm and will soon reach companies of all sizes by the end of this decade.

As of 2023, the European Union (EU) and United Kingdom (UK) introduced a requirement for companies with 250+ employees to report advanced disclosures that include precise emissions data from across their entire supply chain, along with comprehensive plans on how they plan to reduce them⁵. In the United States, the Securities and Exchange Commission (SEC) revealed new requirements in March 2024 with its Final Rule on Mandatory Climate Disclosures that will require all publicly traded U.S. companies to disclose climate-related information relating to GHG emissions, governance structures, and climate-related financial risks⁶. While it was anticipated that the SEC's disclosure requirements would encompass reporting obligations for Scope 3 emissions, the Final Rule, upon its release, notably eschewed mandatory disclosures

⁴ <https://www.mckinsey.com/industries/retail/our-insights/climate-sustainability-in-retail-who-will-pay>

⁵ Development of TCFD <https://watershed.com/blog/eu-and-uk-climate-disclosure-programmes-an-overview>

⁶ SEC climate disclosure guidelines <https://www.sec.gov/news/press-release/2024-31>

pertaining to a company's value chain. Instead, it opted to suggest reporting on Scope 3 only needed to reference “suppliers, purchasers, or counterparties to material contracts, to the extent known or reasonably available”. Despite the omission of Scope 3 disclosure requirements in this version of its Mandatory Climate Disclosures, state attorneys, the Sierra Club and the Natural Resources Defense Council (NRDC) are fighting in court to determine whether the disclosures exceed the SEC’s authority or do not go far enough⁷.

In 2023 California passed two major climate change-related bills that will likely set the stage for additional similar legislation to come across the United States. California Senate Bills, The Climate Corporate Data Accountability Act (SB 253)⁸, and the Climate-Related Financial Risk Act (SB 261)⁹ were signed into law by Governor Gavin Newsom with the goal of holding companies accountable for taking action on climate change mitigation. The Climate Corporate Data Accountability Act (SB 253) requires all public and private US companies with revenues of \$1 billion or more that conduct business in California to report their Scope 1, 2 & 3 GHG emissions, with mandated third-party assurance on reported data. The Climate-Related Financial Risk Act (SB 261) requires large corporations to report annually with publicly available disclosures of their climate-related financial risks and plans to mitigate them. As Meijer conducts business in California, the company will be required to report on these areas.

1.5 Meijer’s Response

Meijer is a longtime proponent of sustainability dating back to the 1970s. In fact, Fred Meijer spoke at the first Earth Day celebration on April 22, 1970, where the company motto "Earth Day Every Day" originated. This motto has been in use ever since and continues to guide Meijer’s strategic decisions and operations. In 2016, the company created the Meijer Environmental Commitment and the Sustainability Council, both of which promote sound environmental decisions, raise sustainability issues, and coalesce internal stakeholders. Meijer’s environmental sustainability strategies are based on four key pillars: carbon emissions reduction, food waste reduction, circular economy, and Great Lakes stewardship.

Meijer is committed to reducing its carbon footprint. Electricity, natural gas usage, transportation, and refrigerant gas leakage produce greenhouse gasses, all contribute to climate change. To date, Meijer has made significant strides to successfully reduce its operational carbon emissions through the following initiatives: increasing energy efficiency, electrifying its truck fleet, better refrigerant management, investment in renewable energy, and electric vehicle charging.

As a sustainability-focused retailer, Meijer has worked to align with the goals of the Paris Agreement¹⁰ to address climate change and its negative impacts. Having already developed SBTi-aligned goals and strategies to reduce their Scope 1 and 2 GHG emissions, Meijer is now working to develop its Scope 3 targets and reduction strategy. With supply chain emissions often

⁷ SEC climate disclosures to exclude Scope 3

<https://www.perkinscoie.com/en/news-insights/the-secs-climate-disclosure-rule-has-arrived-scope-3-is-outbut-what-is-in.html>

⁸ CA Senate Bill 253 <https://drive.google.com/file/d/1c3abjyhf4hLIWY6J8XmLkaSE3vzoDzgg/view>

⁹ CA Senate Bill 261 https://drive.google.com/file/d/1_XTYX8UayFhxwlmYXjmjYn5KsiYNAOJJ/view

¹⁰ Paris Agreement

http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

accounting for over 80% of a company’s total GHG inventory across the value chain, Meijer sees an opportunity to amplify the impact of their emissions reduction strategies by working with suppliers across their value chain network. In establishing science-based targets for company-wide emission reduction goals, Meijer can move forward with an SBTi-aligned climate action plan.

1.6 Phase I Research Summary

To tackle Scope 3 emissions, Meijer engaged in a two-phase research collaboration with the University of Michigan’s School for Environment and Sustainability (SEAS), focusing on comprehensive analysis and strategy development for emission reduction in their operations. In the first phase of its ambitious sustainability project, the research team embarked on creating a baseline emissions inventory, focusing on the fiscal year of 2021 as the period of study. Guided by the “Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹¹”, the Phase I team meticulously calculated Meijer's Scope 3 emissions, identifying the most relevant and material categories for the company. Detailed analysis is discussed in the section of 3.1.1 Scope 3 Inventory and Hotspot Analysis.

1.7 Phase II Research Objective

As the Phase I project focused on conducting an inventory of Meijer’s Scope 3 emissions, those findings will serve as the foundation that will inform the Scope of work for Phase II. The objective of Phase II will be to research and identify resources that will lead to the development of a Scope 3 strategy that Meijer will implement to reduce Scope 3 emissions in its value chain. The following steps will be taken to develop Meijer’s Scope 3 supplier engagement strategy:

- **Scope 3 Strategy Benchmarking:** Compare and identify best practices regarding Scope 3 emissions reduction approaches: Walmart, Target, Kroger, Costco, Tesco, and Ahold Delhaize.
- **Goal Setting:** Using the benchmarking findings and Meijer's Scope 3 inventory data, the team will propose a measurable and time-bound Scope 3 supplier engagement goal.
- **Supplier Engagement Strategy:** The plan will include detailed internal planning, project implementation, supplier outreach, data collection, and other activities. A timeline will also be provided to illustrate short and long-term activities along with associated milestones.
- **Recommendations/Next Steps:** The team will make recommendations on next steps for Meijer based on research findings that will provide guidance on implementation of the Scope 3 emissions reduction strategy developed in this report.

2.0 Methodology and Process

2.1 Part 1: Goal Setting

2.1.0 SBTi research

Research was undertaken on the SBTi, recognized globally for its rigorous framework in guiding businesses toward setting scientifically grounded carbon reduction goals. This endeavor aimed to

¹¹ *Corporate Value Chain (Scope 3) Standard | GHG Protocol.* (2021, April 19). <https://ghgprotocol.org/corporate-value-chain-scope-3-standard>

gain a deep understanding of the overarching process for establishing climate-related objectives, with the ultimate purpose of identifying a methodology that aligns with Meijer's sustainability aspirations. To accomplish this, the “SBTi CORPORATE MANUAL Version 2.1”, published in April 2023¹², served as a critical resource. The manual provided a comprehensive overview of the goal-setting procedures recommended by the SBTi, offering a structured approach to formulating targets. Drawing on the insights gleaned from the manual, a summary of the goal-setting process was meticulously compiled, accompanied by a detailed enumeration of the requisite information necessary for the adoption of a tailored and effective strategy for Meijer.

2.1.1 Scope 3 Inventory and Hotspot Analysis

To strategically address Scope 3 emissions, a meticulous hotspot analysis was conducted, pinpointing specific categories where supplier engagement could significantly reduce emissions based on the scope 3 baseline conducted by the Phase 1 team. This analysis was guided by two principal criteria: emission size and feasibility of reduction efforts. Meijer’s emission size was assessed using data reported in the Phase I team's inventory, which illuminated hotspots not just across Scope 3 categories but also at the product category level specific to Meijer. This granular approach allowed for a targeted identification of areas with the highest GHG emissions. Secondly, the feasibility criterion was applied to the identified categories to determine actionable opportunities for emission reductions. Through the direction of the Meijer Environmental Team, items within these categories that presented viable options for emission reduction were identified. This dual-focused methodology ensured that Meijer's efforts to reduce Scope 3 emissions would be both impactful and practical, focusing on areas where meaningful environmental benefits could be achieved alongside operational feasibility.

2.1.2 Benchmarking Research of Retail Industry Scope 3 Strategies

Benchmarking of retail industry peers was conducted to identify the goals and methods that other retailers have established to manage and reduce their Scope 3 emissions. Research centered around six prominent national and international retailers including; Walmart, Target, Kroger, Costco, Tesco, and Ahold Delhaize. Information was collected from company websites and annual ESG and sustainability reports for the purpose of establishing industry benchmarks that would inform the development of Meijer’s Scope 3 targets and goals.

Industry research efforts focused on collecting information relevant to each retailer’s Scope 3 management endeavors. This included capturing information on short and long-term emissions reduction targets for each company. Research efforts also examined engagement methods that retailers used with suppliers and the percentage of suppliers they targeted and engaged. Measures of success or impact through engagement initiatives were also collected.

2.1.3 Scope 3 Targets & Goal Setting Methodology

In the face of growing environmental concerns and the need to reduce greenhouse gas (GHG) emissions, Meijer is committed to contributing positively by setting ambitious near-term Scope 3 reduction targets. These targets are not only vital for mitigating climate change but also essential for ensuring the sustainability of their operations and supply chain in the long term.

¹² *Resources - science based targets.* (2020, October 1). Science Based Targets. <https://sciencebasedtargets.org/resources/>

A critical initial step is the identification of key suppliers within Meijer’s supply chain that contribute the highest levels of GHG emissions. This identification process is guided by the methodologies and standards set in the Science Based Targets Corporate Manual¹³, which serves as a foundational resource in Meijer’s target-setting journey.

Our approach to establishing Scope 3 reduction targets begins with a thorough review of the Scope 3 inventory report prepared by the Phase I team. This review is vital for pinpointing the most significant categories for Meijer and understanding the stakeholder landscape. Our findings show that Category 1, *Purchased Goods and Services*, represents 65% of Meijer’s Total Scope 3 emissions in 2021. This key insight identifies the category on which reduction efforts should be focused to make the most significant impact. The breakdown of Meijer’s total Scope 3 emissions is shown in Figure 1.

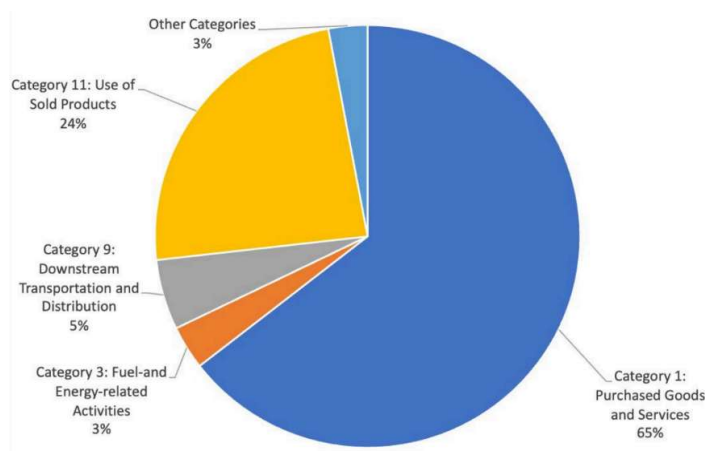


Figure 1. Meijer’s Scope 3 emissions by category. Created by Phase 1 team.

The next phase consists in delineating suppliers across the nine merchandise lines of business for Meijer: Consumables, Fresh, Gas Station, Groceries, Hardlines, Health & Beauty, Miscellaneous, Prescriptions and Softlines. By decision of Meijer’s Environmental team, the Prescription category was not included in the subsequent phases. Through our benchmarking study, we identified that the categorization method adopted by other retailers leverages the Cost of Goods Sold (COGS) as the key metric. The common terminology used among the retail industry is "by spend." This approach was also adopted for Meijer, aligning with industry norms (See Appendix 2).

Once we identified the biggest suppliers by spend for each business category, we reviewed their website and sustainability report. This exercise was aimed at correlating the data gathered from the research with the information presented in the Science Based Targets initiative (SBTi) dashboard. This platform shows companies and financial institutions that have set approved science-based targets or have committed to develop targets¹⁴. By focusing on these key suppliers, we aim to set the bases for the long-term meaningful reductions in GHG emissions across Meijer’s supply chain. This step also highlighted the extensive Meijer’s supplier network.

¹³ <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

¹⁴ <https://sciencebasedtargets.org/companies-taking-action>

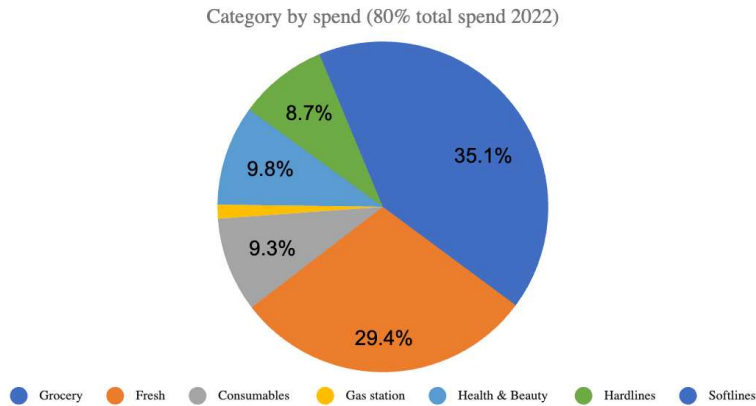


Figure 2. Category by spend

With the new information gathered regarding the biggest suppliers, we look back into the SBTi Corporate Manual the 3 different Scope 3 target setting methods it presents: Absolute Reduction Targets, Emission Intensity Targets and Supplier/Customer Engagement Targets. To identify the best approach, we developed a table with the pros and cons of each type of Scope 3 goal.

Scope 3 goal (SBT Corporate Manual)	Advantage	Disadvantage
Absolute Target	<ul style="list-style-type: none"> • Enables GHG reduction by specific amount. • Environmentally robust, credible and easier to communicate. • Aligned with Scope 1 and 2 goals. 	<ul style="list-style-type: none"> • Does not allow =comparisons of GHG efficiency to competitors. • Reported reductions can result from declining sales volume and not performance. • Target hard to achieve if company's growth is linked to GHG emissions. • High level of resources to keep track of progress.
Physical Intensity Target	<ul style="list-style-type: none"> • Reflects GHG performance and efficiency. 	<ul style="list-style-type: none"> • Higher data requirement. • Meijer is not

		<p>controlled in production.</p> <ul style="list-style-type: none"> ● Difficult to communicate with customers. ● Not in line with competitors. ●
Economic Intensity Target	<ul style="list-style-type: none"> ● Provides more flexibility for growth prioritization. 	<ul style="list-style-type: none"> ● Challenging to track, higher data requirements ● Subject to commodities prices fluctuation and inflation. ●
Supplier or Customer Engagement Target	<ul style="list-style-type: none"> ● Relatively low data requirements. ● Enables early action from companies with limited data/resources. ● Can scale up adoption of SBT. ● Enables internal stakeholders engagement/education. 	<ul style="list-style-type: none"> ● Focused on engagement, limited strategies. ● Qualitative vs being able to measure GHG emission reductions. ●

We also developed a comparative table (See Appendix 3) comparing the different Scope 3 goals to Meijer’s characteristics. This table highlights the main point for Meijer and uses examples that overall provide a solid foundation to tailor our strategy effectively. Our method involves a careful analysis of Meijer's Purchased Goods and Services, utilizing this comparative insight helped us to refine our approach and set realistic yet ambitious engagement goals.

With new insights about Meijer’s principal suppliers, we revisited the SBTi (Science Based Targets initiative) Corporate Manual to examine the three distinct Scope 3 target setting methodologies it outlines: Absolute Reduction Targets, Emission Intensity Targets, and Supplier/Customer Engagement Targets. To determine the most suitable initial approach, we constructed a table delineating the advantages and drawbacks of each Scope 3 goal type, but this time tailored to Meijer context and capabilities.

SBTi Corporate Manual Scope 3 goals aligned to Meijer:

Absolute Reduction Target

- **Advantages:** Facilitates a specified amount of GHG reduction, environmentally sound and easily communicable, aligns with Scope 1 and 2 objectives.
- **Disadvantages:** Does not enable GHG efficiency comparison with competitors, reductions may reflect sales volume decline rather than actual performance improvements, challenging to achieve if company growth correlates with GHG emissions, requires significant resources for progress monitoring.

Emission Intensity Target

- **Advantages:** Indicates GHG performance and efficiency.
- **Disadvantages:** Necessitates extensive data, Meijer lacks control over production, complex communication with consumers, misalignment with competitor strategies.

Economic Intensity Target

- **Advantages:** Offers greater growth flexibility.
- **Disadvantages:** Tracking challenges due to high data needs, susceptible to commodity price fluctuations and inflation.

Supplier or Customer Engagement Target

- **Advantages:** Minimal data requirements, fosters proactive measures with limited data or resources, promotes widespread SBT adoption, encourages internal stakeholder (Merchandising, Legal, etc) engagement and education.
- **Disadvantages:** Primarily focuses on engagement with limited strategic options, qualitative rather than quantifiable GHG emission reduction measurement.

Through this meticulous methodology, Meijer aims to set a clear and actionable Scope 3 goal target. This target will reflect Meijer's commitment to sustainability, with a strategic focus on high-impact areas within the supply chain.

2.2 Part 2: Supplier Engagement Strategy Research

2.2.0 Retail Industry Benchmarking

To contextualize Meijer's approach to supplier engagement within the broader retail industry, an extensive benchmarking was conducted, focusing on how direct competitors manage their supplier relationships in alignment with environmental sustainability goals. This investigation targeted six leading companies: Walmart, Target, Kroger, Costco, Tesco, and Ahold Delhaize. The analysis drew on a wealth of publicly available information, including insights gleaned from each company's official website, alongside their disclosed responses to the CDP, specifically

question C12.1a¹⁵, which pertains to supplier engagement strategies. This comprehensive review was designed to uncover industry best practices, identify trends in sustainability efforts, and understand how these major retailers leverage their supply chains to address climate change. This benchmarking exercise aimed to highlight areas for development of Meijer's supplier engagement strategies.

2.2.1 Guideline and Best Practice Analysis

To develop a successful Scope 3 strategy, it is necessary to identify the essential components and activities that will support an effective approach to addressing Scope 3 emissions. Research of frameworks from established Scope 3 experts such as SBTi, CDP, GHG Protocol, 3Degrees, Anthesis, and EcoAct will be conducted to identify Scope 3 strategy standards and best practices. These organizations provide well-informed perspectives that will be the development of Meijer's Scope 3 strategy and help assess the suitability of supplier engagement support services and software platforms.

2.2.2 Third-Party Supplier Engagement Support

Scope 3 emissions management can pose internal resource challenges for retailers. The expansive scope of associated responsibilities can require additional investments in both human and financial capital. Moreover, it necessitates comprehensive cross-organizational education, strategy development, communications, implementation, data collection, analysis, and program management. These factors collectively contribute to the complexity, feasibility, and difficulty of addressing Scope 3 emissions for retailers.

As a result, many retailers and companies are increasingly seeking external support to address their Scope 3 emissions. These support options vary widely, from software as a service (SaaS) platforms designed for data collection and management to more comprehensive full-service consultant supported solutions offering supplier engagement strategy development, management, educational resources, and more. These options provide varying levels of support to retailers of all sizes and stages of maturity in their efforts to reduce Scope 3 emissions. Anthesis, CDP, Supplier:LOCT (Guidehouse), HowGood, and SupplyShift were carefully selected and analyzed to identify an ideal fit for Meijer in this research. These five support options were found to be widely used amongst other retailers and provide an illustrative range of available Scope 3-related services.

Research will be conducted to identify prominent supplier engagement programs available through various consulting services and software platforms. Information will be collected on cost, key program benefits and drawbacks, quantity of suppliers that can be engaged, complexity of retailer and supplier level of engagement, and use by other prominent retailers.

2.2.3 Meijer Supplier Survey

To forge a path toward an optimal engagement strategy with Meijer's Suppliers on emissions reduction, the research team undertook a supplier survey. The objective of the survey was to gauge the current landscape of Meijer's Suppliers' efforts and their awareness towards reduction initiatives. Recognizing the critical role of suppliers in achieving its sustainability goals, a survey

¹⁵ CDP. (n.d.). <https://www.cdp.net/en/responses>

was designed and disseminated among Meijer's extensive network of approximately 7,000 suppliers. This survey sought to capture a broad spectrum of information, including demographic details, the present state of the suppliers' carbon reduction endeavors, and their receptivity to future initiatives proposed by Meijer. The survey aimed to uncover the depth of engagement with environmental sustainability practices among its suppliers and to identify potential areas where Meijer could support or enhance these efforts. It is projected to take approximately 10 minutes to complete on Microsoft Forms. There are 13 questions in total and divided into 11 topics: company profiles, emissions reduction goals, future plan for emissions reduction goals, details on emissions reduction targets, net zero targets, willingness to share emissions data, and feedback section (Appendix 4). The survey would be distributed through a vendor platform, which allows for sending the survey link and request to Meijer's full network of suppliers.

Upon collecting the survey responses, a detailed analysis was conducted to distill insights from the data, laying the groundwork for developing a nuanced and effective supplier engagement strategy. This strategy is intended to not only align with Meijer's ambitious sustainability targets but also to foster a collaborative atmosphere where suppliers are empowered and incentivized to contribute to collective emissions reduction objectives.

2.2.4 Meijer Internal Interviews

To gain valuable insight into factors shaping the development of Meijer's Scope 3 supplier engagement strategy, key Meijer team members were engaged in a series of interviews. The Meijer Sustainability Team has identified its Merchandising Team as central stakeholders in the strategy's implementation. Interviews will be conducted with members from the seafood, fresh, and grocery categories, offering diverse viewpoints to inform the development of Meijer's Scope 3 supplier engagement strategy.

Comprehensive interviews were conducted with members of Meijer's Merchandising teams, specifically from the Grocery, Supplier Inclusion, and Seafood departments. These interviews focused on key areas such as Scope 3 internal strategy, capacity for workload, and potential challenges in implementation. These discussions are designed to inform the strategic formulation process, with the objective of assessing the alignment and impact of Meijer's tactics in managing Scope 3 internal concerns. For a detailed list of the interview questions, please refer to the Appendix 5.

Moreover, attention will be given to identifying internal knowledge gaps and assessing the education initiatives in place to bridge them. Evaluating internal capacity will be paramount, ensuring that Meijer possesses the resources and expertise necessary for successful implementation. Additionally, insights into supplier engagement strategy feedback will be sought, acknowledging the significance of collaborative partnerships in achieving sustainability goals. The interview process will further explore the intricacies of implementation, focusing on data collection and management practices to ensure accuracy and accountability in measuring progress towards sustainability objectives.

Insights on the dynamics of Meijer's relationships with its suppliers will be another area of focus for these interviews. Central to this exploration will be the responsiveness of suppliers to Meijer's requests and expectations. Understanding the incentives or penalties associated with measuring and reporting emissions data will shed light on the motivation levels among suppliers

in aligning with Meijer's sustainability goals. Furthermore, the interviews will delve into strategies employed by Meijer in managing supplier compliance, ensuring adherence to environmental standards and regulations. Perspectives on challenges faced by suppliers in meeting sustainability requirements, such as technological limitations or resource constraints, will be sought to foster a comprehensive understanding of the ecosystem in which Meijer operates. These insights will be crucial in shaping Meijer's approach to supplier engagement and sustainability initiatives, fostering collaborative efforts towards shared environmental objectives.

3.0 Results and Analysis

3.1 Part 1: Goal Setting

3.1.0 SBTi Guideline Research and Analysis

The investigation into the SBTi—a collaborative effort between the CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF)—offered crucial insights into the structured process and rigorous criteria for setting science-based emissions reduction targets. The SBTi, instrumental in guiding companies to align their carbon reduction efforts with the ambitious goals of the Paris Agreement to limit global warming, outlines a five-step process: Commit, Develop a target, Submit, Communicate, and Disclose¹⁶. This framework ensures a comprehensive approach to setting and achieving meaningful emissions reduction targets.

The criteria set by the SBTi stipulate that companies must establish group-wide goals that reflect the entirety of their operations, mandating the inclusion of Scope 1 and Scope 2 emissions in all targets, and Scope 3 emissions if they account for 40% or more of the company's total emissions¹⁷. Specifically, for Scope 3 emissions, the targets must either focus on emission reductions or encompass supplier and customer engagement, covering at least two-thirds of Scope 3 emissions. The ambition level for Scope 1 and Scope 2 emissions aligns with a 1.5°C warming scenario, while Scope 3 targets should be consistent with a Well-below 2°C scenario. Additionally, the SBTi recognizes various methodologies for setting Scope 3 targets, including cross-sector absolute reduction, sector-specific intensity convergence, and others, allowing for flexibility and specificity in target setting.

Armed with a deeper understanding of these criteria and methodologies, the team embarked on a 3.1.2 benchmarking exercise to select the most appropriate target-setting approach for Meijer. This strategic decision-making process aimed to tailor Meijer's goal-setting practices to the company's unique operational context and sustainability objectives, thereby ensuring alignment with the most current and impactful standards for climate action.

3.1.1 Scope 3 Inventory and Hotspot Analysis

The Phase I project analysis yielded a total estimated Scope 3 emissions footprint of 15,437,415 metric tons of CO₂ equivalent (Mt CO₂e) for Fiscal Year 2022, revealing significant insights into the distribution of emissions across various categories (**Figure 3**). The findings highlighted that Category 1: Purchased Goods were the largest contributor, accounting for 52.3% of total

¹⁶ *How to set a science-based target - a step by step guide*. (n.d.). Science Based Targets. <https://sciencebasedtargets.org/step-by-step-process>

¹⁷ *SBTi CRITERIA AND RECOMMENDATIONS FOR NEAR-TERM TARGETS Version 5.1*. Science Based Targets. <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

emissions, followed by the Use of Sold Products at 31.7%, and Upstream Transportation and Distribution contributing 6.2%. These results offered a clear perspective on the areas where Meijer could focus its reduction efforts for the greatest impact. For additional context, the inventory also detailed Meijer’s Scope 1 and Scope 2 emissions totals, which were 271,770 Mt CO2e and 666,417 Mt CO2e, respectively, summing up to a combined total of 938,187 Mt CO2e for Fiscal Year 2021. This comprehensive baseline serves as a critical foundation for Meijer’s ongoing and future sustainability initiatives, setting the stage for targeted actions to address and reduce the company's overall carbon footprint.

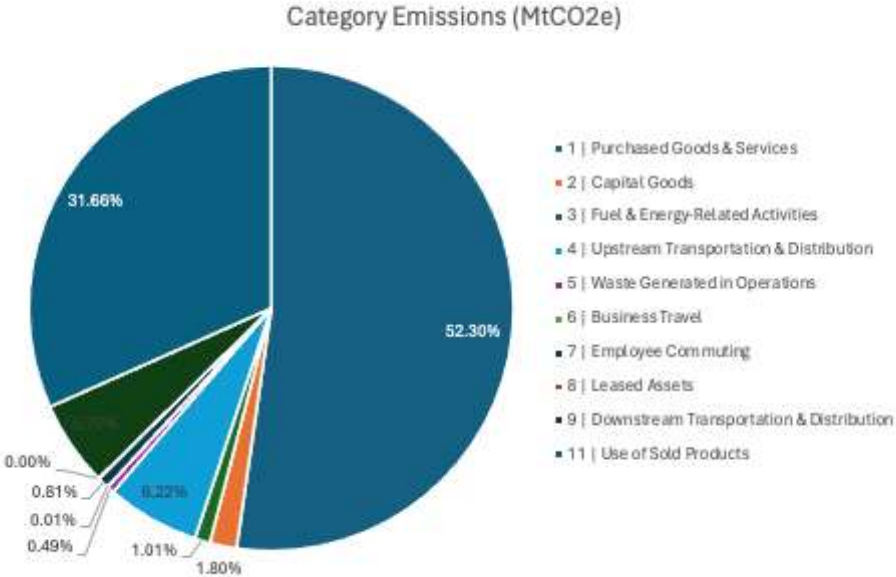


Figure 3. Emission breakdowns for each scope 3 category in FY2022

The comprehensive analysis of our Full Scope 3 Inventory for FY22, including a comparative overview with FY21 figures, is succinctly presented in Table 1. Despite the methodological adjustments leading to a decrease in some figures, it is observed that Category 1, Purchased Goods & Services, continues to represent a significant portion of the total emissions, accounting for 53% of the overall Scope 3 emissions. This persistence underscores the critical role of this category in Meijer's overall environmental impact and highlights the ongoing need for supplier engagement strategy within this domain.

Category	% of Total Scope 3
1 Purchased Goods & Services	52%
Direct Procurement	50%
Indirect Procurement	2.10%
2 Capital Goods	1.80%
3 Fuel & Energy-Related Activities	1.00%
4 Upstream Transportation & Distribution	6.20%
5 Waste Generated in Operations	0.49%
6 Business Travel	0.01%
7 Employee Commuting	0.81%
8 Leased Assets	0.00%
9 Downstream Transportation & Distribution	5.70%
10 Processing of Sold Goods	**
11 Use of Sold Products	32%
12 End-of-Life Treatment of Sold Products	*
13 Downstream Leased Assets	**
14 Franchises	**
15 Investments	**
TOTAL	

*Not calculated due to lack of data/ resource

**Not relevant for Meijer

Table 1. Meijer's Scope 3 Inventory by Category FY2022

The examination of Scope 3 emissions size within Meijer's operations revealed significant insights, particularly within the categories of 'Purchased Goods and Services', 'Use of Sold Products', and 'Downstream Transportation and Distribution'. In Category 1, 'Purchased Goods and Services' emerged as the predominant source of emissions, accounting for 52% of the total, with 'Dairy & Frozen' products, 'Meat & Seafood', and 'Direct Store Delivery (DSD)' identified as the major contributors. Specifically, within the 'Dairy & Frozen' subcategory, 'Eggs and Milk' were found to be the largest emission sources, followed by 'Ice Cream and Vegetables', and 'Yogurt and Refrigerated Dairy'. Additionally, Category 11, related to the 'Use of Sold Products', contributed 32% to the emissions, largely attributed to the sale of gasoline at Meijer's mExpress gas stations. Category 9, 'Downstream Transportation and Distribution', accounted for a smaller fraction, at 5%.

In terms of feasibility for emissions reduction, Category 1 presents viable opportunities for engagement with suppliers to implement reduction strategies. In contrast, the emissions associated with the sale of gasoline in Category 11 pose a significant challenge. Given the inherent difficulties in reducing emissions from gasoline sales and the limitation that carbon offsets do not count towards Science Based Targets, this area was deemed less feasible for achieving meaningful reductions under the SBT framework.

Meijer's Purchased Goods & Services category is comprised of seven distinct sub-categories. Table 2 delineates the percentage breakdown of emissions attributed to each subcategory (**Table 2**). Grocery and Fresh emerge as the top emitting categories for Meijer, highlighting the need to prioritize these areas and their associated suppliers to effectively reduce Scope 3 emissions. The food industry significantly impacts environmental concerns, including deforestation, land-use

change, excess fertilizer run-off, and water waste and depletion. Grocery stores and supermarkets are intricately linked to these challenges, as their upstream greenhouse gas emissions stem from agriculture, shipping, food processing, and storage activities.

Categories	%
CONSUMABLES	6.8%
FRESH	23.1%
GAS STATION	15.3%
GROCERY	39.0%
HARDLINES	2.3%
HEALTH AND BEAUTY	3.3%
PRESCRIPTIONS	5.3%
SOFTLINES	0.7%
Indirect Procurement	4.1%
Grand Total	100.0%

Table 2. Category 1 breakdowns

3.1.2 Retail Industry Scope 3 Strategy & Goal Benchmarking

To identify near term and net zero emissions reduction goals, we researched the scope 3 goals of four retail companies, which are Walmart¹⁸, Target¹⁹, Costco²⁰, and Ahold Delhaize²¹ (**Table 3**). These are mainstream retailers in the market, which provide a meaningful referencing for us on scope 3 emission goal design.

	Near-term Target	Net-Zero Target	Scope 3 goal	Supplier engagement target
Walmart	1.5°C	Committed	Reduce or avoid one billion metric tons of CO ₂ e in global product value chain by 2030 (Project Gigaton), ~30% cumulative reduction of the estimated Scope 3 footprint	Top 80% of suppliers by spend that have set science-based reduction targets on their Scope 1 and 2 emissions by 2023. [5,200 suppliers]
Target	2°C	Committed	Achieve 30% absolute reduction in supply chain emissions (scope 3) by 2030 covering retail purchased goods and services from a 2017 base year	Top 80% of its suppliers by spend covering all purchased goods and services will set science-based scope 1 and scope 2 targets by 2023.
Costco	N/A	N/A	N/A	Support suppliers to advance along their sustainability reporting. 25% of top 500 report on Scope 3 to CDP by 2025, Map 100% of all Costco supply chains by 2030
Ahold Delhaize	1.5°C	Committed	Scope 3 emissions reduction goal of 37% by 2030 compared to 2020 baseline.	Suppliers that represent 70% of their footprint will be asked to commit to SBTi by 2025. All suppliers will be asked to report their Scope 3 by 2025

¹⁸ *Setting an emissions target*. (n.d.). Setting an Emissions Target.

<https://www.walmartsustainabilityhub.com/reporting/emissions-targets>

¹⁹ *Climate | Target Corporation*. (n.d.). <https://corporate.target.com/sustainability-governance/climate>

²⁰ *Climate Action Plan | Costco*. (n.d.). <https://www.costco.com/sustainability-climate-action-plan.html>

²¹ *Climate*. (n.d.). <https://www.aholddelhaize.com/sustainability/climate/>

Table 3. Comparative summary of the scope 3 goals for four major retail companies

Walmart has set a near-term target to limit global warming to 1.5°C and is committed to a net-zero target. Their Scope 3 goal involves reducing one billion metric tons of CO₂e in their global product value chain by 2030, which is a part of Project Gigaton. This equates to a ~30% cumulative reduction of their estimated Scope 3 footprint. Walmart's supplier engagement target is for the top 80% of suppliers by spend to have science-based targets on their Scope 1 and 2 emissions by 2023, impacting 5,200 suppliers. Target has a near-term target of 2°C and is similarly committed to a net-zero target. The company aims to achieve a 30% absolute reduction in supply chain emissions (Scope 3) by 2030, taking 2017 as the base year. For supplier engagement, Target expects the top 80% of its suppliers by spend to set science-based Scope 1 and 2 emission reduction targets by 2023. Costco does not have specific targets for near-term, net-zero, or Scope 3 goals. However, in terms of supplier engagement, Costco aims to support its suppliers in advancing their sustainability reporting. They expect 25% of their top 500 suppliers by spend to report on Scope 3 to the CDP by 2025 and plan to map 100% of all Costco supply chains by 2030. Ahold Delhaize has set a near-term target of 1.5°C and is committed to a net-zero target. They plan to achieve a Scope 3 emissions reduction goal of 37% by 2030 compared to a 2020 baseline. Their supplier engagement target is for suppliers representing 70% of their footprint to commit to the Science Based Targets initiative (SBTi) by 2025, with all suppliers being asked to report their Scope 3 by 2025.

By analyzing these retailers Scope 3 emission reduction goals, some common trends were discovered. Most major retailers have set their near-term targets to align with the 1.5°C or 2°C goals, as outlined in the Paris Agreement. Within their Scope 3 emissions, 30% reduction is common. When it comes to the net-zero goals, many have committed to setting such goals, it is notable that these net-zero ambitions are yet to be validated by SBTi. Additionally, many retailers have supplier engagement targets and are aiming to engage with 80% of their suppliers based on spend to set science-based targets. This aligns with the goal-setting approaches of the Supplier Engagement Targets in the SBTi guideline.

3.1.3 Scope 3 Targets & Goal Setting Development

In analyzing Meijer's sales categories for high greenhouse gas emissions, our team utilized the Cost of Goods Sold (COGS), commonly managed in the retail industry as ranking by spend, for segmentation. This approach is inspired by and aligned with retail sector benchmarks. This method enabled us to pinpoint key vendors and their parent companies within these high-emission categories. By reorganizing the data according to sales categories, COGS, and parent company ties, we gained deeper insights into the sustainability commitments of Meijer's suppliers.

The analysis led to a detailed categorization of suppliers based on their public commitments to sustainability and the availability of such information. This categorization included:

- Suppliers who have made public commitments to Science-Based Targets (SBT) and have disclosed their efforts through the Carbon Disclosure Project (CDP) reports.
- Vendors lacking public SBT commitments, indicating areas where engagement and encouragement towards sustainability goals may be needed.
- Suppliers operating within the Great Lakes Region, highlighting regional engagement and potential local sustainability initiatives.

This structured breakdown not only clarified the number of companies with accessible sustainability data but also underscored the significance of the CDP Supply Chain program as a potential mechanism for managing Scope 3 emissions and supplier engagement. Understanding the extent of supplier engagement with SBT commitments and CDP reporting offers critical insights for designing an effective Scope 3 emissions strategy tailored to Meijer's operational context and sustainability objectives. This strategic foundation aims to enhance Meijer's environmental stewardship while fostering a collaborative approach with its suppliers towards shared sustainability goals.

Considering Meijer's current resources and needs, along with guidance from the SBT Corporate Manual and the GHG Protocol, an initial Scope 3 goal was established: to engage 80% of suppliers by spend by 2026. This target, tailored to Meijer's unique situation, aligns with recognized industry standards.

According to the SBTi Corporate Near-Term Criteria guidelines, companies with relevant Scope 3 emissions constituting 40% or more of their total emissions across Scopes 1, 2, and 3 are required to include these in their near-term science-based targets²². The guidelines further suggest that for near-term emission reduction targets, companies can set multiple targets or a supplier engagement target covering at least 67% of total reported and excluded Scope 3 emissions, in line with the GHG Protocol standards.

Both near-term and net-zero targets align with global efforts to curb global warming, as stipulated in the Paris Agreement, and underscore the growing acknowledgment of corporate responsibility in sustainable practices. Near-term targets offer an immediate plan for emission reductions in the next 5-10 years, emphasizing the need for urgent action. Net-zero targets

²² <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

provide a long-term strategy aimed at achieving a balance between emitted and removed GHG by 2050, ensuring immediate action while paving the way for sustainable growth and resilience against environmental challenges.

The manual also includes a comparative table that outlines effective methodologies for Scope 3 supplier target identification. This analysis revealed that Category 1 (Purchased Goods and Services) accounts for 52.3 % of Scope 3 emissions. Within this category, Meijer's 15 sales sub-categories (excluding Prescriptions) were analyzed to identify the major CO2 contributors, setting clear goals for the supplier analysis. This involved pinpointing key aspects to investigate in the analysis and assessing the sustainability and maturity levels of Meijer’s primary suppliers, including selection criteria and methodologies.

An in-depth overview of the data collected for goal setting was provided, explaining how the findings from the supplier analysis would inform goal setting and engagement strategies.

3.2 Part 2: Supplier Engagement Strategy Analysis

3.2.0 Retail Industry Benchmarking

CDP delineates supplier engagement into three distinct phases (**Figure 4**): 1) Information Collection, where the focus is on understanding supplier behaviors in relation to GHG emissions and climate change initiatives; 2) Engagement & Incentivization, aimed at altering supplier behavior through direct interaction and encouragement of sustainable practices; and 3) Innovation & Collaboration, which seeks to change market dynamics through joint ventures and innovative approaches towards sustainability²³.



Figure 4. CDP Supplier Engagement Category

²³ Guidance for companies. (n.d.). <https://www.cdp.net/en/guidance/guidance-for-companies>

In the initial phase, Information Collection, the retail industry exhibits a foundational level of engagement, with most retailers, excluding Kroger, actively collecting GHG emissions data from their suppliers on an annual basis (**Table 4**). This data collection is facilitated through either proprietary platforms or the CDP's platform, establishing a baseline understanding of supplier emissions. However, it was noted that there is a significant gap in the collection of comprehensive climate-related information, as none of the retailers were found to be gathering data on suppliers' reduction targets, awareness of climate change-related risks and opportunities, or their transition plans towards lower emissions.

		Walmart	Target	Kroger n/a	Costco	Tesco	Ahold Delhaize
Information collection	Collect GHG emissions data at least annually from suppliers	X	X		X	X	X
	Collect targets information at least annually from suppliers						
	Collect climate-related risk and opportunity information at least annually from suppliers						
	Collect climate transition plan information at least annually from suppliers						
	Collect other climate related information at least annually from suppliers						

- Red indicates that the company did not answer "Yes," but can be inferred from the website or other sources.
- Kroger did not respond to C12.1a.
- Salling Group did not respond or disclose their response.

Table 4. Information collection (understanding supplier behavior)

Moving to the second phase, Engagement & Incentivization, certain leading companies such as Walmart and Target are distinguished by their proactive measures (**Table 5**). These retailers have initiated engagement campaigns and are providing their suppliers with access to training and workshops designed to foster sustainability. This phase marks a shift from data collection to active efforts in influencing supplier behavior towards more environmentally friendly practices.

		Walmart	Target	Kroger	Costco	Tesco	Ahold Delhaize
Engagement & incentivization	Run an engagement campaign to educate suppliers about climate change	X	X				
	Provide training, support, and best practices on how to make credible renewable energy usage claims	X					
	Provide training, support, and best practices on how to set science-based targets	X					
	Directly work with suppliers on exploring corporate renewable energy sourcing mechanisms	X					
	Climate change performance is featured in supplier awards scheme	X	X				
	Offer financial incentives for suppliers who reduce your operational emissions (Scopes 1 & 2)	X					
	Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)	X					
	Offer financial incentives for suppliers who reduce your upstream emissions (Scopes 3)	X					
	Offer financial incentives for suppliers who increase the share of renewable energy in their total energy mix	X					
	Offer financial incentives for suppliers who develop/adopt a climate transition plan						
	Facilitate adoption of a unified climate transition approach with suppliers						

Table 5. Engagement & incentivization (changing supplier behavior)

The third phase, Innovation & Collaboration, appears to be the least developed among retailers, with scant evidence of companies participating in initiatives that could lead to transformative changes in market practices (Table 6). The absence of retailers in market-level engagements underscores a broader industry challenge in moving beyond initial engagement strategies to more impactful, collaborative efforts that could significantly alter the sustainability landscape.

		Walmart	Target	Kroger	Costco	Tesco	Ahold Delhaize
Innovation & collaboration	Run a campaign to encourage innovation to reduce climate impacts on products and services		X				
	Collaborate with suppliers on innovative business models to source renewable energy						
	Invest jointly with suppliers in R&D of relevant low-carbon technologies						

Table 6. Innovation & collaboration (changing markets)

Given these findings, it is recommended that Meijer commence its supplier engagement journey with a strong emphasis on the first phase: the collection of GHG emission data from suppliers. This foundational step will not only align Meijer with current industry practices but also establish the groundwork for deeper engagement and incentivization strategies. By starting with data collection, Meijer can more accurately understand the emissions landscape within its supply chain, setting the stage for future phases of engagement that can lead to meaningful change in supplier behavior and, ultimately, industry-wide market transformations.

3.2.1 Guideline and best practice analysis

Effective supplier engagement is crucial for achieving successful Scope 3 emissions reductions, maintaining successful supplier relationships. A comprehensive investigation was conducted to incorporate insights and best practices from leading international standard setting organizations

and renowned sustainability consulting firms. From the perspective of international standard setting organizations, the strategy drew upon the guidelines and frameworks provided by CDP, SBTi, and GHG Protocol. These organizations are at the forefront of promoting transparency, accountability, and scientific rigor in corporate sustainability efforts. In addition to these standards, the best practices of leading sustainability consulting firms, including 3Degrees, Anthesis, and EcoAct were referenced. These firms are recognized for their expertise in helping organizations develop and implement sustainability strategies that not only comply with current regulations and standards but also position them as leaders in sustainability.

- **SBTi²⁴**: The selection of SBTi as a reference framework is driven by its collaboration with influential organizations like CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). This collaboration lends credibility and robustness to SBTi's framework, making it an indispensable tool for companies seeking to mitigate their Scope 3 emissions. SBTi offers a structured approach for goal-setting, ensuring that targets align with a clear pathway for reducing Scope 3 emissions.
- **Greenhouse Gas Protocol (GHG Protocol)²⁵**: Developed by WRI and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol provides a comprehensive global standardized framework to measure and manage greenhouse gas (GHG) emissions. Their Scope 3 Standard gives companies a consistent approach to account for indirect emissions from activities such as purchased goods and services, transportation and distribution, and waste. Understanding these emissions is vital for developing supplier engagement strategies as it aids in pinpointing key areas where emissions can be effectively reduced. GHG guidelines mentioned that in addition to selecting suppliers who need to be engaged, companies also need to:
 1. Engage the procurement staff
 2. Provide a training or information session for suppliers to understand data collection methodology
 3. Identify consequences of suppliers who are not willing to respond to surveys
 4. Assess data quality and follow-up with suppliers to resolve their data questions in the process of collecting emission data.
- **CDP²⁶**: CDP runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts. They have a specific program for supply chain disclosure, which encourages companies to engage with their suppliers on climate change, deforestation, and water security. When companies track and report their Scope 3 emissions, CDP's disclosure platform provides a standardized approach and creates transparency, making it easier for companies to identify hotspots in their supply chain and engage suppliers on emission reductions. CDP has similar

²⁴ Smith, M., Moreno López, P., World Wide Fund for Nature, Science Based Targets initiative, Farsan, A., Cummis, C., Delgado Luna, P., Nhlapho, Z., Anthesis, & Guidehouse. (2023). Engaging supply chains on the decarbonization journey. In *Guide to Developing and Achieving Scope 3 Supplier Engagement Targets*. <https://sciencebasedtargets.org/resources/files/Supplier-Engagement-Guidance.pdf>

²⁵ GHG Protocol. (n.d.). *Supplier Engagement guidance*. <https://ghgprotocol.org/sites/default/files/2022-12/Supplier%20Engagement%20Guidance.pdf>

²⁶ CDP Supply Chain. (2021). SUPPLIER ENGAGEMENT GUIDE. https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/004/550/original/Supplier_Engagement_Guide_2023.pdf

guideline with GHG Protocol, but include more strategies on how to select suppliers and engage with selected suppliers:

1. Undertake a key supplier spend analysis to target key suppliers for engagement and sought views on procurement policy
 2. Initiate general program of supplier engagement with senior manager involvement
 3. Establish a two-way communication between procurement and supplier with incentives
 4. Agree on sustainability key performance indicators with key suppliers.
- **3 Degrees**²⁷: specializes in providing consulting services tailored to renewable energy adoption and climate change mitigation strategies, including carbon offsetting and GHG reductions. Their expertise is instrumental in assisting companies with the development and execution of strategies aimed at engaging suppliers and curbing Scope 3 emissions. The collaboration between 3 Degrees and GHG protocol above typically commences with the establishment of a comprehensive framework and timeline. Under this framework, companies define their emission reduction goals and targets, which are then communicated to their suppliers. To facilitate this process, the companies offer supportive resources to suppliers, aiding them in conducting thorough investigations into their emissions. Additionally, companies work alongside their suppliers to determine an appropriate solution for collecting supplier data, ensuring accuracy and reliability in emissions tracking and reporting.
 - **Anthesis**²⁸: Anthesis is a global sustainability consultancy that offers valuable services for companies to develop their Scope 3 related strategies. They provide expertise in developing and implementing Scope 3 emissions strategies, including supply chain engagement. Their experience in data collection, analysis, and reporting can be invaluable for companies who are looking to support suppliers in reducing their emissions and understanding their overall environmental impact. Anthesis uses a similar supplier engagement strategy, but also adds sections on analysis, segmenting and prioritizing the supplier list to understand the number and types of supplier companies need to focus on.
 - **EcoAct**²⁹: EcoAct's report states that many companies prioritize enhancing Scope 3 data quality in their supplier engagement efforts, aiming to shift from generic, industry-wide emission factors to precise, supplier-specific data (**Appendix 6**). The use of average emission factors hampers the ability to accurately compare suppliers' emissions and the impact of their decarbonization efforts over time. Adopting supplier-specific emission factors is essential for accurately modeling and integrating decarbonization initiatives into Scope 3 emissions calculations.

²⁷ Staff, D. (2024, February 21). *SBTi Supplier Engagement Guide: It takes a village - 3Degrees*. 3Degrees. <https://3degreesinc.com/resources/sbti-supplier-engagement-guide-it-takes-a-village/>

²⁸ Forrest, C. (2024, February 8). Guide: Activating Supplier Engagement on Scope 3 Emissions | Anthesis Group. Anthesis. <https://www.anthesisgroup.com/insights/guide-activating-supplier-engagement-on-scope-3-emissions/>

²⁹ EcoAct. (n.d.). *A guide to effectively engaging with your supply chain*. Retrieved February 8, 2024, from <https://info.eco-act.com/hubfs/0%20-%20Downloads/Supplier%20engagement/Supplier%20Engagement%20Factsheet.pdf?hsLang=en>

Common strategies suggestions Meijer could use to develop supplier engagement plans:

- Providing resources and support. For example, offering tools and expertise to help suppliers conduct thorough emission inventories and develop reduction strategies.
- Establishing a comprehensive framework and timeline. For example, Meijer could coordinate goal-setting with suppliers, complete with deadlines and milestones.
- Engaging suppliers in data collection and validation. Meijer could assist suppliers with detailed data collection and ensuring accuracy through analysis and validation techniques.
- Selecting a method of supplier prioritization. Meijer could use methods such as spend analysis to identify and focus on key suppliers that can make the most significant impact.
- Doing internal staff engagement. Meijer could involve procurement teams in sustainability goals to align company-wide efforts.
- Setting performance indicators. Meijer could agree with suppliers on specific, actionable sustainability KPIs relevant to the retail sector.
- Using platforms like CDP to report scope 3 emissions. Meijer could demonstrate Meijer's commitment to transparency and encourage suppliers to follow suit.

3.2.2 Third Party Supplier Engagement Support

There are several factors that contribute to the complexity of managing supplier engagement, with data collection from suppliers posing some of the largest challenges. Supplier maturity with emissions measurement and reporting emerges as a primary concern. While some suppliers possess expertise in measuring their greenhouse gas (GHG) emissions, many others often lack such proficiency. Even among those who do measure, issues related to data quality, consistency, and calculation methodology often arise in the data collected. Additionally, some suppliers may exhibit reluctance to share data, while others may lack the capacity or knowledge required to measure and collect their emissions data effectively³⁰.

Beyond the hurdles associated with obtaining emissions data from suppliers, Meijer faces the task of analyzing and taking action on the data. This analysis is essential for identifying the suppliers with whom Meijer needs to collaborate to establish emissions reduction goals that align with its Scope 3 emission reduction timeline and objectives. Given Meijer's aim to focus on the top 80% of its suppliers by expenditure, the company will need to collect data and establish emissions reduction targets with hundreds of suppliers. This endeavor demands robust communication strategies, educational and training initiatives, data management and analysis techniques, and ongoing program management to monitor progress and engage with suppliers effectively. Considering the multitude of associated tasks and responsibilities of Scope 3 supplier engagement, it is increasingly common that many retailers are turning to third-party supplier engagement management services for the additional expertise, resources, and support they need.

A comprehensive review was undertaken to explore various third-party supplier engagement support services and software platforms, aiming to gain insight into the extensive array of support options available. Anthesis, CDP, HowGood, Guidehouse: SupplierLOCT, and

³⁰ Klaver, F., Griffioen, A., Mol, I., Moolhuijsen, T. (2023, December 12) *Challenges and solutions in measuring and reporting Scope 3 emissions*
<https://www.government.nl/documents/reports/2023/12/22/challenges-and-solutions-in-measuring-and-reporting-scope-3-emissions>

SupplyShift were specifically chosen for their proven track records working with retailers and their diverse range of supplier engagement services. These selected providers offer a wide spectrum of services, support structures, and pricing options, encompassing everything from Software as a Service (SaaS) supplier engagement solutions to comprehensive fully outsourced consultant-led approaches.

The evaluation of supplier engagement services considered relevant criteria that would inform recommendations of potential fits for Meijer. Cost considerations tended to be highly variable based on the number of suppliers engaged and the services offered by each solution. Additionally, potential costs vary widely depending on program timeline and target ambitions. The level of Meijer and supplier involvement, as well as the complexity of participation in terms of time and labor resources, were also taken into account. Key service features, limitations, and use by other retailers were factors considered in the evaluation process. A side-by-side comparison of each service and their core attributes can be found in Appendix 7.

Findings:

Anthesis

Anthesis, a renowned international sustainability consultancy established in 2013 in London, boasts a distinguished portfolio of collaborations with leading retailers such as Target, Walmart, Ahold Delhaize, Kroger, Tesco, and Aldi. Offering a range of highly customizable service tiers to accommodate retailers of varying sizes and expertise levels, Anthesis delivers comprehensive support ranging from proprietary data collection tools to fully outsourced consultant-led supplier engagement management. Pricing for each tier is dependent on a range of variables including; available data, level of supplier engagement, number of suppliers, supplier maturity, target ambitions, timeframe, along with quantity and depth of training.

At the foundational level, the Light Touch support tier is designed to aid an in-house Scope 3 supplier engagement program manager. The Light Touch tier includes access to self-service data collection tools and resources, supplier communications and educational materials. Also included are progress reviews, actionable recommendations for enhancement, and internal training. This service tier, priced between \$40,000 to \$120,000 annually, would necessitate a dedicated team member from Meijer's end, investing 20-40 hours per week for program management.

Building upon this foundation, the Joint Program Support tier augments the offerings by including consultant-supported services such as supplier data outreach requests, targeted progress assessments, communications facilitation, and training webinars. Pricing for this tier can range between \$50,000 to \$250,000 per year. Hours needed from Meijer staff would be dependent on the level of support provided by Anthesis.

For a comprehensive approach, the Fully Outsourced service tier offers complete Scope 3 supplier engagement program management. Anthesis assumes responsibility for program development, strategy, implementation, and ongoing management, encompassing tasks like data collection, communications, validation, reporting, and individual supplier support. This tier, priced between \$110,000 to \$550,000 annually, ensures a holistic approach to sustainability engagement, requiring an average of 1-2 hours per week of program engagement from Meijer.

As one of the more established supplier engagement services, Anthesis has the experience and resources to address the widest range of needs of retailers. However, this level of comprehensive service options is accompanied by commensurate pricing.

CDP Supply Chain Program

CDP is a mission-driven non-profit that runs the world's largest environmental reporting platform, considered globally as best practice in supply chain disclosure. CDP's reporting framework has been widely recognized as one of the most credible and comprehensive environmental disclosure standards, as evidenced by the participation of over 23,000 companies and the disclosure from more than 1,100 cities, states, and regions in 2023. CDP's reporting standards are not only rigorous, but also extensively endorsed with over 350 supply chain members wielding a combined purchasing power of US\$6.4 trillion, reflecting significant industry adoption, influence and trust placed in CDP's environmental disclosures by major economic players globally. Moreover, CDP's alignment with high-profile initiatives and entities such as TCFD, the European Financial Reporting Advisory Group (EFRAG), and the ISSB underscores its role as a key player in setting global reporting standards³¹. CDP's data is critical for companies looking to understand their environmental impact, especially as supply chain emissions are much higher than operational emissions.

The CDP Supply Chain membership operates in a three-step process designed to enhance supplier engagement and promote environmental accountability:

- 1) **Supplier Disclosure Request:** A member company requests their key suppliers to submit environmental data by completing CDP's standardized questionnaires.
- 2) **CDP Support:** Throughout the entire disclosure process, CDP provides support to both a member company and their suppliers. This includes sharing engagement strategies and resources to facilitate the disclosure of environmental information.
- 3) **Supplier Data and Insights:** CDP compiles and analyzes the disclosed data, providing a member company with insights and analysis on an annual basis.

There are different levels of membership within the Supply Chain Program, each providing different numbers of disclosure requests from suppliers and corresponding support and benefits, with Standard (0 - 200 Suppliers) at \$75K, Lead (200 - 400 Suppliers) at \$135K, and Premium (400+ Suppliers) at \$175K+. All three membership levels are structured as self-service programs that Meijer would be fully responsible to utilize and manage. Supplier companies are invited to disclose environmental data to their customers through CDP's platform. This request can come from the buying organizations that are CDP members. CDP members are able to access the supplier's emissions data collected by SME Questionnaire, as well as an online analytics dashboard, new reporting formats, and an improved supplier list process.

Members of the CDP Supply Chain Program benefit from the ability to access comprehensive, standardized environmental data across their supply chains. Utilizing a common questionnaire reduces the complexity and administrative load on suppliers, mitigating the risk of information fatigue due to inconsistent reporting requirements. Additionally, the program affords members the invaluable support of CDP's team of experts. This professional guidance is tailored to assist companies in achieving their corporate sustainability goals, offering a robust framework to

³¹ Unlock power of supply chain. (n.d.). <https://www.cdp.net/en/supply-chain>

navigate the intricate landscape of environmental sustainability. While the program's inclusive approach covers a broad spectrum of environmental themes, including climate, water, and forests, this breadth may extend beyond the specific needs of certain projects that require a more narrow focus.

HowGood

HowGood is a Software as a Service (SaaS) self-service platform boasting the world's most extensive database for assessing food product sustainability. It serves as a pivotal tool for prominent brands, retailers, suppliers, and restaurants, aiding them in quantifying, overseeing, and communicating their environmental and social impact. Notable clients include Amazon, Ahold Delhaize, and Sprouts, among numerous other leading consumer goods companies.

Central to HowGood's functionality is its repository of 90,000 agricultural emissions factors, pivotal for sustainability reporting and carbon footprint reduction. Through its Latis platform, HowGood furnishes users with pre-configured ingredient granularity, streamlining emissions reporting processes, fostering carbon footprint reductions, and substantiating sustainability claims.

One noteworthy HowGood collaboration involved Giant Food (a subsidiary of Ahold Delhaize), wherein HowGood worked to identify products meeting stringent sustainability criteria. The resulting ratings of "Good," "Great," or "Best" were prominently displayed alongside price tags in-store, facilitating easy identification of brands based on their sustainability attributes. This initiative proved immensely successful during its pilot phase, leading to enhanced sales figures and heightened customer satisfaction. Subsequently, Giant Food opted to expand the program across all 167 of its stores, signaling its effectiveness and scalability³².

While HowGood excels in offering unparalleled data granularity for ingredients and emissions sources through its Latis platform, there are certain trade-offs to consider. Latis is particularly adept at conducting product-level sourcing and emissions analysis. Although its accuracy and granularity may surpass that of other service providers, the effort required to collect such detailed data across thousands of suppliers and products could prove highly time-consuming. This endeavor could pose challenges for Meijer's supplier engagement management program, as it necessitates suppliers to furnish ingredient-level data for every supplied product, which might not be feasible due to privacy or capacity constraints. Given the vast scope of Meijer's supplier base and the multitude of products requiring analysis, completing data collection and analysis within Meijer's Scope 3 timeline goals could be challenging. Priced at \$45,000 annually, HowGood offers significant value for its analytical prowess but would be best utilized within an established supplier engagement program as an additional resource rather than a primary program management tool.

SupplierLOCT

Supplier Leadership on Climate Transition (Supplier LOCT) has collaborated with more than 850 suppliers, aiding in the development of their Scope 3 strategies and the establishment of emissions reduction targets and objectives. Partner companies (retailers) participating in the SupplierLOCT program support their suppliers by sponsoring their participation in an online

³² HowGood/Giant Foods product ratings program <https://howgood.com/giant-food-partnership/>

supplier engagement program, overseen by the global consultancy Guidehouse. This educational initiative, led by expert instructors, leads retailers and suppliers through a series of workshops covering topics such as GHG tracking, science-based target setting, abatement strategies, and disclosure practices.

The strength of the program lies in its array of educational and hands-on supplier engagement programming, which includes access to live seminars and archived recordings led by industry experts, a suite of tools and resources, scheduled office hours with instructors for personalized assistance, individualized help-desk support, networking opportunities with peers, a certificate of completion upon finishing the course, and recognition badges to showcase progress in climate action. To date, more than 150 suppliers have collaborated with Supplier LOCT to establish emissions reduction targets, with several targets being submitted to and approved by the Science Based Targets initiative (SBTi)³³.

SupplyShift

SupplyShift is a leading provider of supply chain sustainability software, offering a platform for enterprises to establish environmentally responsible supply chains. With a vast network encompassing over 100,000 suppliers, SupplyShift facilitates swift engagement and information exchange between buyers and suppliers, essential for risk management and ensuring supplier regulatory adherence. The company delivers supply chain transparency, supplier mapping across all tiers, along with robust data analytics, supplier scoring, and traceability features. With a global clientele and extensive business partnerships, SupplyShift's portal is utilized by diverse customers spanning various industries, including numerous Fortune 500 brands. SupplyShift has been used widely across the retail industry by Walmart, Amazon, Kroger, Costco, Target, and Ahold Delhaize.

The effectiveness of SupplyShift, functioning as a self-service Software as a Service (SaaS) platform, entirely relies on the capability of Meijer's Environmental team to fully utilize and administer it. Overseeing tasks such as outreach, data collection, analysis, and platform management necessitates the commitment of a dedicated team member from Meijer, dedicating 20-40 hours per week to program management. Depending on service packages, SupplyShift has an annual cost ranging from approximately \$22,000 to \$60,000.

Conclusion

Considering the requisite resources for internal and external knowledge development, as well as the successful implementation and management of supplier data collection and analysis, it is advisable for Meijer to leverage third-party supplier engagement support. At a minimum, SaaS platforms such as HowGood and SupplyShift offer robust resources for data collection, management, and analysis, addressing Meijer's current deficiencies, albeit requiring approximately 20-40 hours per week from Meijer's Environmental team for effective management.

³³ SupplierLOCT:

https://static1.squarespace.com/static/63d3ec6cafeb620c4570edbc/t/65d7d5e932dc1e07b3b06b9a/1708643846490/2024+Supplier+LOCT_Impact_Report_Compressed.pdf

If Meijer's goal is to establish internal expertise with supplier engagement, the SupplierLOCT program would be valuable in developing hands-on learning for building capacity and managing internal supplier engagement. However, it has limitations in terms of the number of suppliers it can reach without incurring extra costs. On the other hand, CDP is renowned for setting standards in emissions reporting, and its data collection process is widely respected by suppliers and retailers. Yet, much like HowGood and SupplyShift, CDP's Supply Chain program relies almost entirely on self-management, which means its effectiveness depends on Meijer's Environmental Team's proficiency and capacity to manage it.

With Meijer's current capabilities to implement and manage a supplier engagement program, the combination of expertise, resources, guidance offered, and flexibility in its service packages Anthesis could provide an ideal fit. Anthesis boasts extensive experience in supplier engagement with various large-scale retailers and suppliers of all sizes. The level of expertise, resources, and support provided by Anthesis would be challenging to replicate with an in-house solution at a comparable cost.

3.2.3 Meijer Supplier Survey

The survey conducted by the Meijer Environmental Team and SEAS team was executed using an online platform through a Microsoft Form and had a global reach, engaging suppliers from various regions. The target respondents of this survey were all of Meijer's direct suppliers, and the endeavor successfully garnered 1,351 responses. The survey response period was three weeks, starting on November 9th and ending on November 30th, 2023. The survey results were segmented into three distinct categories to facilitate a targeted analysis and a more strategic approach to supplier engagement. The first segment included the top 80% of suppliers based on spend, representing a substantial portion of Meijer's procurement expenditures. This segmentation allowed us to identify and prioritize the suppliers with the most significant financial impact on the company's operations, thereby enabling a focus on where changes could have the most considerable effect. The second segment was composed of suppliers listed in the Meijer's list of FY21 supplier spend ranking, broken down by the proportion represented by each supplier. The third segment encompassed all companies that responded to the survey, providing a holistic view of the supplier landscape. Within the segmented survey results, 45 suppliers of top 80% suppliers (Segment 1) responded the survey, which consists of 5.96 % of total spend, and 363 suppliers are overlapped with a list of 3915 suppliers that listed on the excel file, "20230520 FY21 Supplier Ranking and Goal Eval" (Segment 2).

The demographic breakdown of the survey respondents reveals that a significant majority, 84%, are small-medium enterprises with 1 to 1,000 employees, which includes 55% with 1-100 employees and 29% with 100-1,000 employees (**Figure 5**). Additionally, 72% of all respondents report annual revenues of less than \$100 million. On the other hand, Top 80% suppliers are more likely to be larger companies in terms of number of employees and sales compared to the total. This result was different from the actual composition of Meijer's suppliers - because most of Meijer's spend goes to large suppliers. From this, it can be inferred that small suppliers were more likely to respond to the survey. Therefore, it is important to note that the following results do not necessarily capture the perspective of all Meijer suppliers.

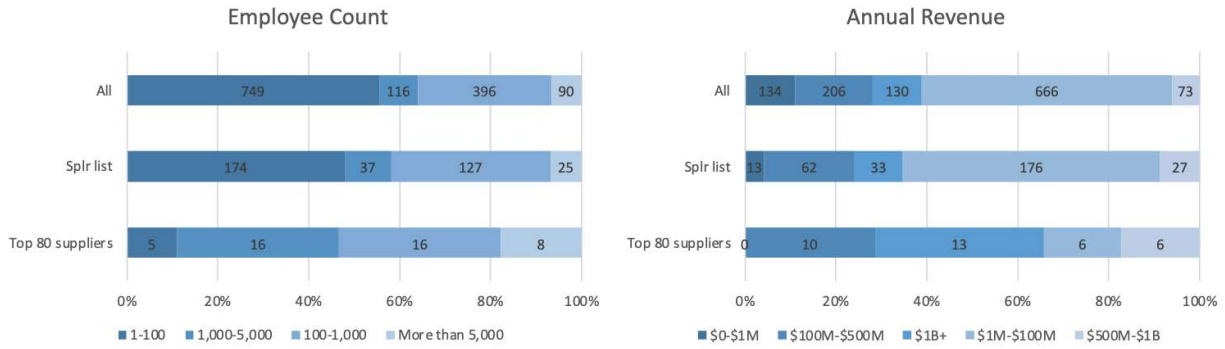


Figure 5. Demographic information of survey respondents

The survey shows that 29.5% of respondents across the board report measuring their GHG emissions, while in the top 80% suppliers, 62.2% are measuring their GHG emissions, which is significantly higher than the overall average (Figure 6). This suggests a stronger focus on sustainability practices among Meijer's most financially impactful suppliers. Despite this, there is a general trend of fewer companies measuring Scope 3 emissions compared to Scope 1 and 2. Nonetheless, within the top 80% of suppliers, the ratio of those measuring Scope 3 is considerably higher, which may be indicative of a more advanced stage of Climate Commitment maturity.

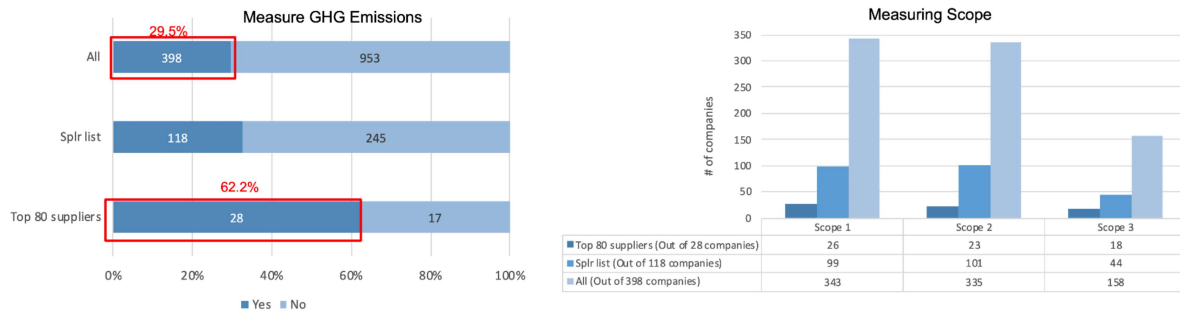


Figure 6. Companies measuring GHG Emissions

In the context of GHG emissions reduction objectives, the analysis of the survey data similarly presents a clear distinction between the general supplier base and the top 80% of suppliers by spend (Figure 7). Approximately 20.4% of all surveyed suppliers have established GHG emission goals, demonstrating an overall commitment to climate action within Meijer's supply chain. However, this commitment is significantly more pronounced within the top 80% of suppliers, where 46.7% have set GHG emission targets, reflecting a high degree of Climate Commitment maturity among Meijer's most critical suppliers. Looking towards future sustainability efforts, among those companies yet to set GHG emission goals, there is an emerging intention to do so, with 13.6% of all companies and 12.9% of the top 80% suppliers indicating plans to establish such goals.

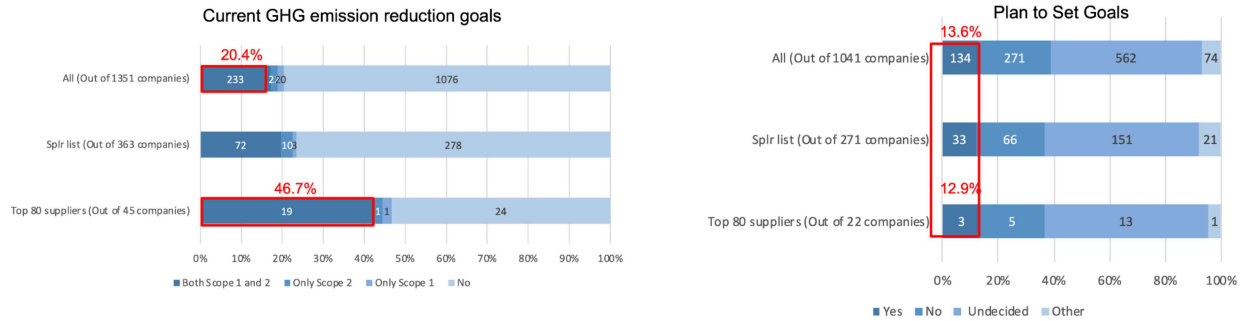


Figure 7. Current and Future GHG Emission Reduction Goal

Within the cadre of suppliers that have established Scope 1 and 2 GHG emission reduction goals, a substantial proportion—34%—have goals that meet or surpass the 50% reduction by 2030 (Figure 8). The types of goals set by these suppliers predominantly consist of absolute targets, with many aligned with the stringent 1.5-degree Celsius target. This level of commitment to GHG reduction is observed consistently across the three analyzed segments.

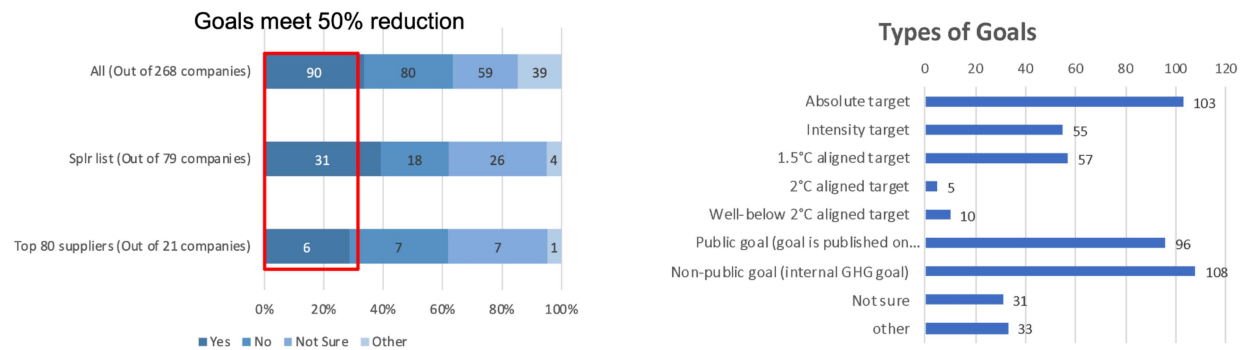


Figure 8. Types of Emissions Reduction Goals

Moreover, of those suppliers that have articulated GHG reduction goals, 17% have distinguished themselves with a Net Zero Target that has been approved by the SBTi, mostly consistent within the three segments (Figure 9).

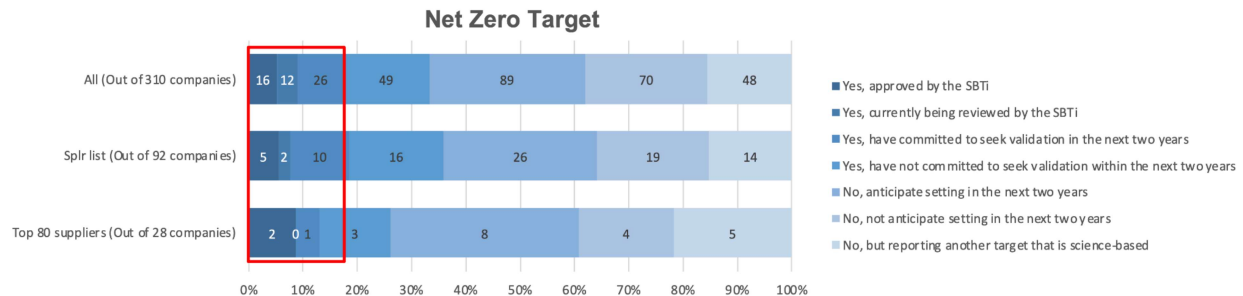


Figure 9. Net Zero Target

In response to the retail industry's challenge of collecting supplier-specific emissions data in a standardized manner, and to address the issue of suppliers receiving duplicative requests from

multiple retailers, a key question was posed to suppliers regarding their willingness to contribute to a centralized emissions database for Scope 1 and 2 emissions. This potential initiative seeks to streamline data gathering processes, reduce redundancy, and ease the reporting burden on suppliers. The survey data exposes a diverse range of responses to this proposition, reflecting the different attitudes and possible readiness levels of suppliers towards such a centralized approach. Among the entire supplier group, there is an equal division of sentiment, with 27.2% indicating willingness to participate, 36% expressing neutrality, and 36.7% showing reluctance (**Figure 10.a**). When focusing on the top 80% suppliers, a slight inclination towards participation is observed, although the difference is not pronounced when compared to the broader segments. To gain further insight, the data was analyzed based on two additional criteria: 1) whether suppliers currently measure their GHG emissions, and 2) whether they have set GHG reduction goals (**Figure 10.b**). This analysis yielded a more nuanced understanding. Suppliers that already measure GHG emissions or have established GHG reduction goals are demonstrably more willing to participate in the emissions database. In contrast, those who do not engage in GHG measurement or have not set GHG reduction goals tend to show less inclination towards participation. This pattern suggests that engagement in environmental accountability measures corresponds with a greater propensity to collaborate in broader emissions reporting efforts.

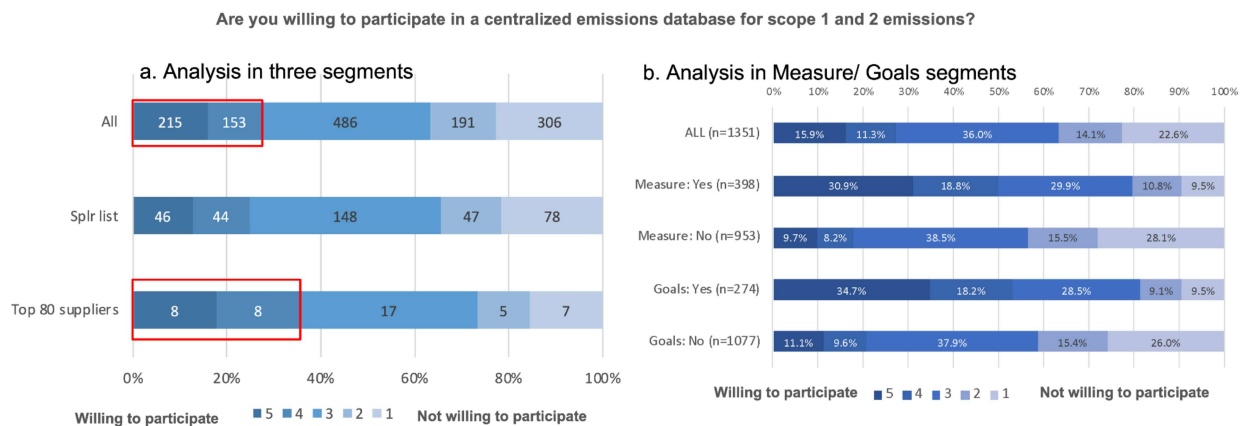


Figure 10. Willingness to participate in a centralized emission database

Based on comments suppliers provided, the feedback suggests a critical need for education and support in enabling suppliers to understand and manage GHG emissions, especially regarding Scope 3 emissions, which many suppliers find confusing and challenging to measure (**Figure 11**). There's an openness to the idea with requests for recommendations on implementation, inquiries about whether the database will include specific emissions data, and questions regarding the time investment needed for integration. Furthermore, Some companies who are willing to participate provide suggestions that there should be preference for streamlining reporting processes, with a centralized database serving multiple partners at once. Some companies have intention to initiate an internal practice of setting up a recycling bin, which does not directly relate to the database but indicates an interest in sustainability. Last, while some suppliers are open to Meijer assisting with emissions measurement, they express concerns about the potential impact on their market positioning, indicating a delicate balance between environmental initiatives and business interests.

If there is additional information regarding your company's GHG emissions reduction work that you feel was not captured in this survey, please provide that here.

Positive Comments

- If company willing to come and measure emissions, they are very open to it
- Willing to cooperate with Meijer to provide emission data
- Willing to share information but should not affect their marketing purposes
- Already report through CDP portal

Neutral Comments

- They have their own goals
- Rely on UPS or Fedex for shipments, so we need to contact these companies
- Not familiar with Scope 1 and Scope 2 concept and don't know how to measure this, so they need more education
- Very small business which do not release too much or locations do not emit emissions (not manufacturing here)
- Plan to do first in the future, but not current

Negative Comments

- Sharing database to the public is kind of a concern
- They don't understand this request
- This is not something they are aware of
- They don't have capability to do it currently
- They don't have relationship with supply chain
- Increasing costs

Please explain the reason(s) you chose the option above. Please use this space to capture any advice or comments regarding the idea of a centralized emissions database.

Positive Comments

- Could ship based on Meijer's request and routing instruction
- Willing to participate and share any information they have
- Willing to look into further and 1) request recommendations to help implement collection 2) would database also entail a share-out of any specific scope 1 and 2 emission data 3) do we have an estimate of the time required to integrate with this centralized emissions database.
- If it become a practice, they are willing to provide information.

Neutral Comments

- Will need to research more what is required in order to determine if they are willing to participate
- Work in progress and they need to evaluate
- Undecided as to whether they will collect emission data
- Not sure how applicable it is to us
- This is first time for anyone to ask them to participate
- They prefer to reduce the amount of reporting to individual organizations and have one source that a number of our partners can use as a database

Negative Comments

- Currently do not collect GHG emissions data
- A wholesaler and do not run Hi Eff
- Do not have any vehicles or ship anything so they cannot do collection
- This is not the goal
- Not interested

Figure 11. Excerpt of Suppliers' comment on Meijer's engagements

Given these insights, Meijer faces an opportunity to lead by example, offering support, resources, and education to its suppliers to bridge the knowledge and capability gaps in GHG emissions management. By fostering an environment of collaboration and understanding, Meijer can not only enhance its sustainability efforts but also empower its suppliers to contribute meaningfully to global climate goals.

3.2.4 Meijer Internal Interviews

The interviews with members of the Grocery, Supplier Inclusion, and Seafood teams at Meijer provided a comprehensive view of the challenges and considerations in developing and implementing a Scope 3 supplier engagement strategy.

Grocery Team Insights:

- Sustainability as a value: Both Meijer and its suppliers value sustainability, but translating corporate sustainability goals into actionable business practices remains a challenge.
- Supplier engagement: Direct initiatives with suppliers on sustainability are limited. While suppliers, especially large CPGs, are committed to sustainability, bridging the gap between their sustainability goals and Meijer's business practices is complex.
- Cost vs. Sustainability: Initiatives like cage-free eggs illustrate the challenge of balancing sustainability with cost, highlighting the need for careful consideration of economic impacts on both suppliers and consumers. A Deloitte article highlights that 41% of consumers did not purchase sustainable products because the cost was too high³⁴.

Supplier Inclusion Team Insights:

- Formalizing supplier engagement: There's an opportunity to formalize supplier engagement to include sustainability discussions, which are currently ad-hoc and less structured.
- Capacity and compliance: There are concerns about the capacity of the merchandising team to manage and implement new sustainability-focused initiatives and the compliance levels among suppliers.

Seafood Team Insights:

- Industry-specific challenges: The seafood industry faces unique challenges, with sustainability deeply ingrained due to the direct impact on marine ecosystems. However, practices vary significantly among suppliers, from small-scale fishermen to large corporations.
- Consumer demand and cost: While consumers value sustainability, their purchasing decisions are heavily influenced by quality and price. Sustainable products often come at a premium, which can deter consumer interest.
- Education and knowledge gaps: There's a need for greater education and awareness about sustainability within the merchandising teams to better integrate sustainability into business practices without overwhelming team members with the need to become sustainability experts.

Key Findings:

- Reducing the gap: There's a critical need to bridge the gap between corporate sustainability goals and actionable business practices, both within Meijer and among its suppliers.
- Formalizing engagement: Formalizing supplier engagement processes could provide a structured avenue for incorporating sustainability discussions and goals into supplier relationships.
- Balance with cost: Balancing sustainability with cost is a significant challenge, highlighting the need for strategies that do not compromise economic viability for both suppliers and consumers.

³⁴<https://www2.deloitte.com/us/en/insights/industry/retail-distribution/consumer-behavior-trends-state-of-the-consumer-tracker/sustainable-products-and-practices-for-green-living.html>

- Industry-specific considerations: Different industries, such as the seafood industry, face unique sustainability challenges and opportunities, necessitating tailored approaches to supplier engagement and sustainability initiatives.
- Education and capacity building: Enhancing education and understanding of sustainability within Meijer's teams is essential for integrating sustainability into business decisions without requiring team members to become experts.

4.0 Recommendations and Next Steps

4.1 Recommended Near-term and Net-zero Targets

Based on the comprehensive analysis presented in Section 3, we propose a near-term goal with a net-zero vision for Meijer. These recommendations are developed considering the insights collected from the interviews, evaluation of Meijer's supply chain, particularly focusing on greenhouse gas (GHG) emissions and supplier engagement practices, for example the SBT Commitments of each company.

Aligned with industry-wide targets, it is recommended that Meijer establishes a near-term goal for its Scope 3 strategy, aiming to engage with 80% of its suppliers (by spend) by 2026. This goal has been determined based on a rigorous identification process of suppliers within Meijer's supply chain that significantly contribute to the greenhouse gas emissions footprint, a methodology that is in strict adherence to the guidelines set forth in the Science Based Targets Corporate Manual. The first step into implementing engagement initiatives.

These initiatives are diverse and have varied levels of sustainability maturity observed among Meijer suppliers, ensuring that their efforts toward sustainability are in alignment with Meijer's environmental objectives, in this case the objective is that suppliers reduce their Scope 1 and 2 emissions. This dual approach underscores Meijer's commitment to not only mitigating their environmental impact but also to fostering a culture of sustainability throughout the supply chain. Regarding net-zero targets, this long-term vision strategy needs incremental milestones, starting with the near-term targets, to ensure progress and adaptability to evolving sustainability practices.

Meijer's Scope 3 target is a direct outcome of the detailed analysis conducted in Section 3, where we assessed Meijer's sales categories, COGS or by spend, and supplier sustainability commitments. A key finding from this analysis is that 360 suppliers account for the top 80% of spending. To meet the near-term target, the main focus should be on engaging approximately 348 suppliers. The remaining 12 suppliers, already advanced in their SBTi commitments, are actively reporting progress on the three scopes of emissions. This approach is grounded in industry best practices and Meijer's specific operational context, ensuring a pragmatic path towards achieving substantial GHG emissions reductions.

Our recommendation to target 348 suppliers is based on the benchmarking research and Meijer's commitment to engaging with the top 80% of suppliers by spend. This strategy is supported by the insights gained from applying the Science Based Targets Corporate Manual's methodologies to the Phase I team's Scope 3 inventory report, which helped identify the suppliers with the most significant impact on Meijer's Scope 3 emissions. By prioritizing these key suppliers, Meijer can

effectively address the largest sources of GHG emissions within its supply chain, setting a solid foundation for achieving its near-term goals.

The next steps for Meijer involve formulating a comprehensive plan to actively engage with 348 key suppliers, aiming to clearly outline Meijer's sustainability objectives, expectations, and the support available to assist suppliers in their shift towards more environmentally friendly practices. Establishing a monitoring and reporting system designed to measure progress against the near-term goal, allowing for adjustments or interventions as necessary to ensure alignment with the overarching sustainable goal. Additionally, Meijer can take advantage to strengthen and cultivate collaborative initiatives and partnerships within its supply chain, amplifying the impact of Meijer's efforts towards environmental stewardship.

By adopting these recommendations, Meijer can advance its sustainability agenda with focused, actionable strategies that are informed by a thorough analysis of its supply chain dynamics and aligned with global sustainability standards.

4.2 Recommended Course of Action

In navigating the complexities of supplier engagement for GHG emissions reduction, Meijer has delineated its activities into four pivotal categories: Information Collection, which lays the groundwork by gathering essential data on suppliers' current practices and capabilities; Education, aimed at enhancing suppliers' understanding of GHG emissions and the importance of reduction strategies; Incentivization, which motivates suppliers through various rewards and recognitions to adopt more sustainable practices; and Innovation, encouraging the adoption of new technologies and methods for reducing environmental impact (Figure 12)³⁵.

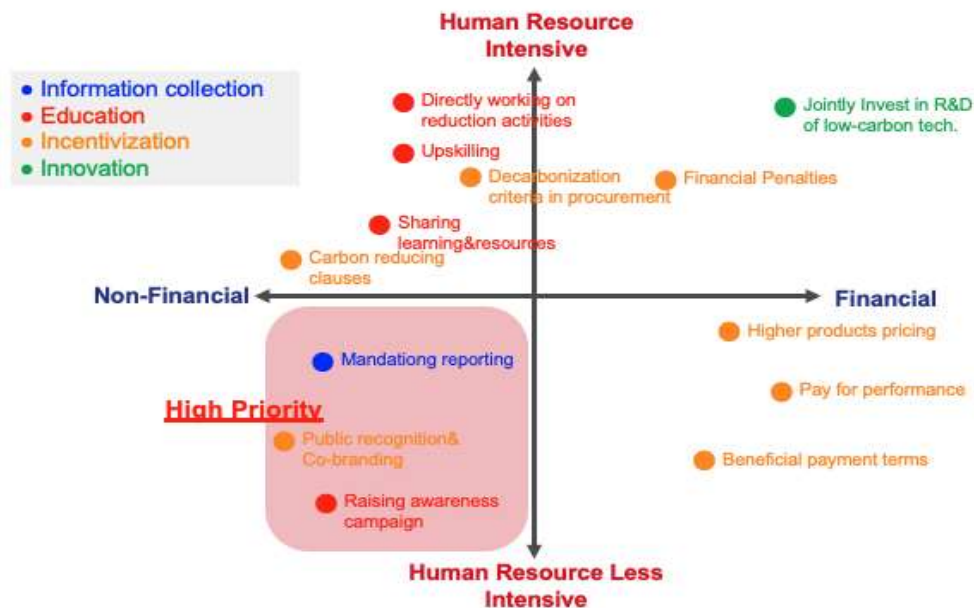


Figure 12. Category of supplier engagement activities

³⁵ PwC & WBCSD. (n.d.). Reaching net zero: Incentives for supply chain decarbonization. WBCSD. <https://www.wbcd.org/contentwbc/download/13278/194351/1>

The categorization of these activities takes into account the dual considerations of financial burden and human resource requirements, ensuring that Meijer can implement these strategies effectively without overextending its resources or those of its suppliers. In this strategic framework, three key activities have been identified as priorities for immediate focus due to their potential for high impact and feasibility:

Increased Awareness Campaign: This initiative is designed to increase suppliers' understanding of the importance of GHG emissions reduction and the role they play in achieving sustainability goals. By elevating awareness, Meijer aims to catalyze a shift in supplier attitudes towards more proactive environmental stewardship.

Mandating Reporting: Transitioning from spend-based method to supplier-specific method in calculating Meijer's scope 3 by requiring suppliers to report their scope 1 and 2 emissions fosters a culture of transparency and accountability. This mandate not only enhances Meijer's ability to assess and manage its supply chain's environmental impact but also encourages suppliers to closely examine and understand their own emissions profiles.

Public Recognition & Co-branding: Recognizing suppliers that achieve significant emissions reductions or demonstrate outstanding sustainability practices through public accolades and co-branding opportunities serves as a powerful incentive. This approach not only rewards and motivates suppliers but also strengthens Meijer's brand as a leader in sustainability.

By prioritizing these activities, Meijer sets a clear path toward engaging its suppliers in meaningful and impactful sustainability efforts. The focus on raising awareness, mandating emissions reporting, and publicly recognizing achievements underscores Meijer's commitment to fostering a collaborative and transparent relationship with its suppliers.

4.3 Roadmap (Implementation Plan)

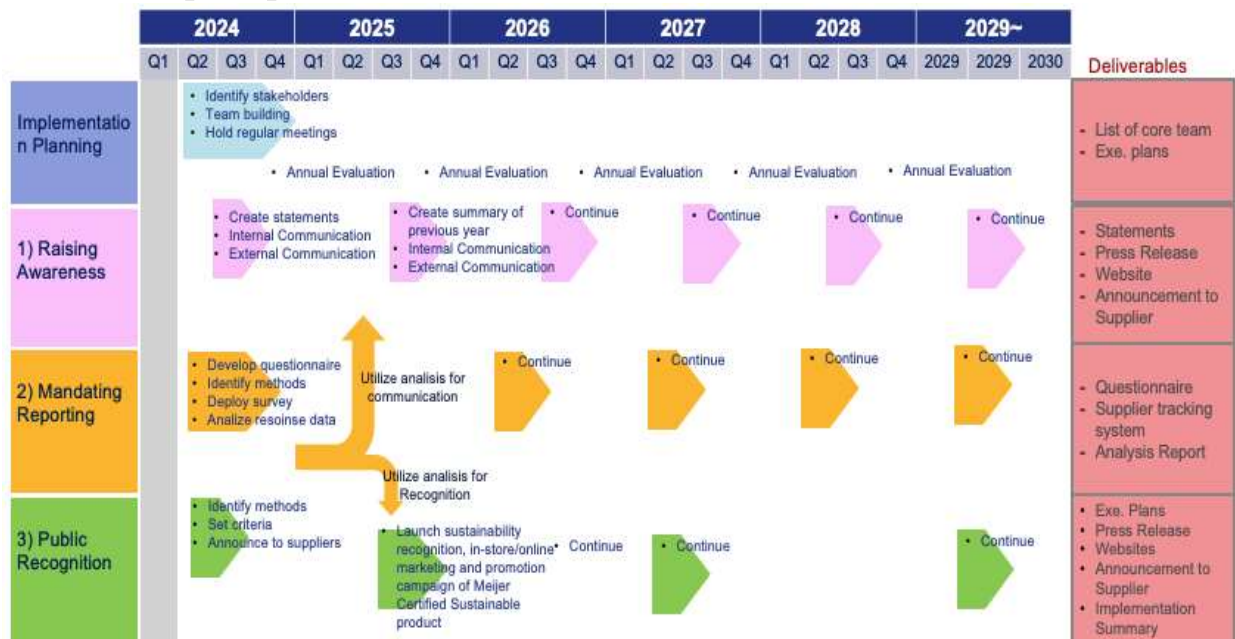


Figure 13. Road map

Year 1

Internal Pre-Implementation Planning:

The first step involves laying the groundwork for Meijer's Scope 3 emissions strategy by contacting both internal and external support and resources identified in this project, such as collaborations with the CDP (**Figure 13**). A cross-functional task force team will be established, encompassing members from sustainability, merchandising, and other relevant departments, to ensure a holistic approach to Scope 3 emissions management. The inaugural task force meeting will set the stage for the initiative, outlining the Scope 3 strategy, detailing supplier engagement goals, and clarifying the engagement initiatives, roles, responsibilities, and timelines. The task force establishes a key performance indicator (KPI) to ensure the goal of engaging 80% of suppliers by 2026 is met, along with implementing a tracking method to monitor progress.

Raising Awareness:

To build momentum, Meijer will craft and disseminate statements through various channels. Internally, education and communication efforts will include an internal conference to align all staff with the company's sustainability vision and goals. Externally, communication strategies will involve press releases, website updates, advertisements, and emails to suppliers, ensuring that Meijer's commitment to reducing Scope 3 emissions is clearly communicated across all stakeholder groups.

Voluntary Reporting: Supplier-specific Data Collection & Analysis:

A critical component of Year 1 involves developing a supplier survey or utilizing external support to collect essential data on GHG emissions. This step includes identifying the most effective data collection methods, tools, and resources, with potential outreach to external resources like the CDP for support. Following the deployment of the survey and the collection of responses over a specified period, Meijer will analyze the data to identify suppliers lacking in Scope 1 and 2 reporting or GHG reduction goals. The culmination of Year 1's efforts will be a comprehensive report summarizing the data analysis of Meijer's Scope 3 emissions, identifying specific suppliers for targeted engagement in the subsequent years. The strategy for prioritizing supplier engagement will be based on several criteria:

- The carbon intensity of suppliers, with a focus on engaging the biggest emitters.
- The existing relationship between Meijer and its suppliers, leveraging longstanding partnerships for mutual sustainability goals.
- Geographic and regional proximity to Meijer's operations, considering local impact and logistical feasibility.
- The maturity of suppliers in terms of their carbon management practices, identifying those with established practices for quicker engagement.
- The ease of impact, focusing on suppliers where Meijer's influence can readily lead to significant emissions reductions.

This systematic approach in Year 1 sets a solid foundation for Meijer's long-term strategy to manage and reduce Scope 3 emissions. By engaging with suppliers through a combination of awareness, education, incentives, and clear communication, Meijer aims to foster a collaborative environment where both the company and its suppliers work towards the common goal of sustainability and emissions reduction.

Years 2-5

Raising Awareness

From the second year onward, it is important to report on the previous year's activities and results, communicate them internally and externally, and make this campaign an established part of the company's activities. Internally, this encompasses disseminating the achievements through newsletters, intranet posts, and workshops to embed a culture of sustainability across all levels of the organization. Externally, the initiative extends to sharing progress with suppliers, customers, and the public via press releases, the company website, and social media, reinforcing Meijer's commitment to environmental stewardship. Additionally, Meijer is set to bolster industry-wide efforts by collaborating with organizations like the Retail Industry Leaders Association (RILA) on enhancing supplier GHG data management, thereby leveraging collective action to achieve broader sustainability goals. This multifaceted approach aims to elevate awareness, foster a unified commitment to sustainability, and position Meijer as a leader in driving significant environmental progress.

Voluntary Reporting: Data Collection

As part of its ongoing voluntary reporting initiatives, Meijer plans to continue its annual data collection, tracking, and analysis to monitor progress towards reducing Scope 3 GHG emissions. Starting in year 5, the company will introduce a new requirement for suppliers to measure their Scope 3 emissions, marking a significant step forward in Meijer's comprehensive approach to supply chain sustainability. In addition to these measures, Meijer will actively engage with suppliers through external partnerships, enhancing collaboration and support in achieving mutual sustainability goals. A key priority for Year 2 is to ensure that all suppliers currently not reporting their Scope 1 and 2 emissions begin doing so, establishing a foundation for transparency and targeted emissions reduction. Furthermore, Meijer will focus on encouraging suppliers without established GHG emissions reduction goals to set these objectives, underlining the company's dedication to driving industry-wide environmental progress. Using the methods decided in the first year, the task force will check progress and verify whether they have reached the KPIs set for 2026. If the KPIs are not met, they will identify suppliers who have not provided data, analyze the causes through surveys and interviews, prioritize actions to achieve the KPIs, and implement improvements for the following year.

Public Recognition

Meijer is set to enhance its sustainability efforts with the launch of a comprehensive sustainability recognition program, which includes both in-store and online marketing campaigns to promote "Meijer Certified Sustainable" products. This initiative will see products from suppliers who meet Meijer's stringent supplier engagement goals highlighted in stores through the use of special color-coded and branded price tags. These tags will designate items as "Meijer Certified Sustainable," making it easier for customers to identify and choose products that align with their values on sustainability.

To qualify for the sustainable supplier program and gain the "Meijer Certified Sustainable" label, suppliers must meet several critical requirements: they must have their Scope 1 and 2 emissions targets verified against Science Based Targets, commit to a net-zero or carbon-neutral target, report their GHG emissions to Meijer annually with demonstrated reductions each year, and

actively participate in promoting sustainability within Meijer stores. This participation includes providing in-store signage such as aisle headers, shelf strips, and posters that not only promote their sustainable products but also educate customers on Meijer's commitment to sustainable sourcing and its collaborative efforts with suppliers.

Additionally, Meijer plans to extend this initiative to its online platform. An information page will be created to detail the program and outline supplier requirements, enhancing transparency and customer engagement. Moreover, the Meijer website will introduce a search feature enabling customers to specifically search for "Meijer Certified Sustainable" products, thereby facilitating easier access to sustainable choices. Through these efforts, Meijer aims to not only promote sustainable products but also to deepen customer understanding and engagement with sustainability initiatives, reflecting a holistic approach to environmental stewardship and customer service.

6 Years and Beyond

By the end of year six and beyond, Meijer plans to perpetuate its commitment to sustainability by advancing three core initiatives. Within the raising awareness initiative, Meijer transitions from merely raising awareness to deepening understanding among both internal and external stakeholders. This evolution will involve sharing learnings and insights gained through the journey, alongside hosting educational workshops aimed at fostering a more profound comprehension of sustainability practices and challenges. Concurrently, the voluntary reporting and data collection efforts will persist, with annual tracking and analysis of emissions data continuing unabated. This phase may also see a shift towards making reporting mandatory, reflecting a more stringent approach to sustainability accountability. Additionally, public recognition efforts will be enhanced by introducing a requirement for suppliers to set Scope 3 emissions reduction goals, further aligning Meijer's supply chain with global sustainability standards. In recognition of suppliers who meet these ambitious targets, Meijer will begin offering financial incentives, thereby reinforcing the value placed on sustainability achievements and encouraging further efforts towards environmental stewardship. Through these initiatives, Meijer aims to solidify its role as a leader in sustainable practices, driving meaningful change within its operations and across its broader network of suppliers.

4.4 Recommendations

Strategy Priorities

As outlined in Section 3.1.1, Scope 3 Inventory and Hotspot Analysis, it is advisable for Meijer to prioritize the reduction of emissions within Category 1: Purchased goods and services, from the standpoints of size and feasibility. Within this category, Grocery and Fresh are identified as the top emitting categories, underscoring the need to prioritize these areas. Possible reduction strategies include green procurement practices and supplier engagement; however, alterations to Meijer's procurement policies and practices—specifically switching to suppliers that offer goods with lower GHG emissions or substituting procured materials with less GHG-intensive alternatives—are not considered practically viable. This reinforces the effectiveness of supplier engagement as a viable emission reduction strategy. It's important to note that Meijer's Scope 3 emissions are, for suppliers, their Scope 1 and 2 emissions. This means the essence of the

reduction strategy aligns with that of suppliers' Scope 1 and 2; therefore, the crux of this approach lies in implementing these strategies through the suppliers further up the value chain.

Supplier Engagement

Considering Meijer's Scope 3 emissions reduction target and the timeline to engage its top 80% of suppliers (by spend) by 2026 offers insight into the approach Meijer should adopt in developing its supplier engagement strategy. Moreover, the capacity of Meijer's Environmental Team to execute a Scope 3 supplier engagement program within this timeframe is a crucial consideration. Meijer's current lack of capacity, experience, specialized emissions data management resources, and analysis tools indicate that seeking support from a third-party supplier engagement service would be most advantageous. Self-service SaaS platform solutions would necessitate dedicated in-house management of approximately 20-40 hours per week. In addition to SaaS solutions, Meijer would need to enhance its capacity to produce internal and external educational materials and support to facilitate data collection and achieve program goals.

After assessing Meijer's current capacity to implement its Scope 3 strategy, it is recommended that Meijer engage the services of at least a hybrid self-service and consultant-led third-party supplier engagement support service. In the early stages of Meijer's supplier engagement program development, leveraging a third-party support service would offer supplier engagement expertise, experience, and resources at a lower cost than attempting to address these needs internally.

To streamline the data collection and analysis process and maintain manageability, Meijer should employ standard supplier engagement surveys and questionnaires, such as those aligned with CDP guidelines, before requesting more detailed data. Overly complex and non-standard surveys risk inducing supplier survey fatigue and could hinder program success. As Meijer gains experience in its Scope 3 supplier engagement strategy, it should explore or promote industry-wide solutions for supplier data collection and management.

Appendix

Appendix 1: Description of Scope 3 emissions

The GHG Protocol standardizes and defines the 15 categories emissions categories. Below are the definitions utilized for this project per category:¹




Category 1 - Purchased Goods and Services	This category includes all upstream (i.e., cradle-to-shelf) emissions from the extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products).
Category 2 - Capital Goods	This category includes all upstream (i.e., cradle-to-shelf) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting year. Capital goods are final products that have an extended life and are used by the company to manufacture a product, provide a service, or sell, store, and deliver merchandise. In financial accounting, capital goods are treated as fixed assets or as plant, property, and equipment (PP&E). Emissions from the use of capital goods by the reporting company are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3.
Category 3 - Fuel- and energy-related activities	This category includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.
Category 4 - Upstream transportation and distribution	This category includes transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company). Additionally, transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)
Category 5 - Waste generated in operations	This category includes emissions from the disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.
Category 6 - Business travel	This category includes emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.
Category 7 - Employee Commuting	This category includes emissions from the transportation of employees between their homes and their worksites. Emissions from employee commuting may arise from: Automobile travel, Bus travel, Rail travel, Air travel, Other modes of transportation (e.g., subway, bicycling, walking). Companies may include emissions from teleworking (i.e., employees working remotely) in this category.

Category 8 - Upstream Leased Assets	This category includes emissions from the operation of assets that are leased by the reporting company in the reporting year and not already included in the reporting company's scope 1 or scope 2 inventories. This category is applicable only to companies that operate leased assets (i.e., lessees). For companies that own and lease assets to others (i.e., lessors).
Category 9 - Downstream Transportation and Distribution	This category includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company.
Category 10 - Processing of Sold Products	This category includes emissions from processing of sold intermediate products by third parties (e.g., manufacturers) subsequent to sale by the reporting company. Intermediate products are products that require further processing, transformation, or inclusion in another product before use (see box 5.3 of the Scope 3 Standard), and therefore result in emissions from processing subsequent to sale by the reporting company and before use by the end consumer. Emissions from processing should be allocated to the intermediate product.
Category 11 - Use of Sold Products	This category includes emissions from the use of goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.
Category 12 - End-of-Life Treatment of Sold Products	This category includes emissions from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.
Category 13 - Downstream Leased Assets	This category includes emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year that are not already included in scope 1 or scope 2. This category is applicable to lessors (i.e., companies that receive payments from lessees).
Category 14 - Franchises	This category includes emissions from the operation of franchises not included in scope 1 or scope 2. A franchise is a business operating under a license to sell or distribute another company's goods or services within a certain location. This category is applicable to franchisors (i.e., companies that grant licenses to other entities to sell or distribute its goods or services in return for payments, such as royalties for the use of trademarks and other services). Franchisors should account for emissions that occur from the operation of
Category 15 - Investments	franchises (i.e., the scope 1 and scope 2 emissions of franchisees) in this category

Appendix 2. Retail Industry Benchmarking Results

Retail Industry Benchmarking

Supplier engagement target with 80% of suppliers by spend are the most common

Company	Scope 3 goal	Supplier engagement target	Engagement strategy
	Reduce 1 billion mt of CO2e in global product value chain by 2030 (Project Gigaton), ~30% cumulative reduction of the estimated Scope 3 footprint	Top 80% of suppliers by spend that have set SBT on their Scope 1 and 2 emissions by 2023 . [5,900 suppliers] Project Gigaton	Merchant-supplier discussions, webinars, large-scale summits. Providing resources: calculators, workshops, playbooks, guides. Reporting through CDP
	Achieve 30% absolute reduction in supply chain emissions (scope 3) by 2030 covering retail purchased goods and services from a 2017 base year	Top 80% of its suppliers by spend covering all purchased goods and services will set SBT scope 1 and scope 2 by 2023	
	Reduce 20% Scope 3 emissions intensity by 2030 from baseline year 2020 (excluding fuel).	Suppliers to reduce Scope 1 & 2 emissions through 5 pillars: energy transition, regenerative & deforestation-free agriculture, sustainable livestock, energy efficient items and sustainable packaging	IT infrastructure to support reporting and measurement. Educational resources, direct partnership and investments.
	Reduce scope 3 GHG absolute emissions 15% by 2030 from a 2018 baseline year.	Suppliers that represent 70% of their footprint will be asked to commit to SBTi by 2025 . All suppliers will be asked to report their Scope 3 by 2025	Priorities: Accelerating supplier and farmer science-based target implementation, investing in development of low-carbon products

Appendix 3. Comparative Table Scope 3 Reduction Strategies

Identifying types of SBT Scope 3 reduction goals

Types of Approaches	Absolute Target	Physical Intensity Target	Economic Intensity Target	Supplier Engagement Target
	✓	✗	✗	✓
Good fit for Meijer?	<ul style="list-style-type: none"> Aligned with Scope 1 and 2 goals Widely used by retail industry 	<ul style="list-style-type: none"> Based on finished product Meijer is not a manufacturer 	<ul style="list-style-type: none"> Difficult for a retailer with > 1 million SKUs Subject to commodity prices and inflation 	<ul style="list-style-type: none"> Widely used by retail industry Enables action for vendors with limited resources
Examples	<u>Nestle</u> Reduce absolute emissions by 50% by 2030 (2018 baseline)	<u>Tyson Foods</u> Reduce Scope 3 emissions by 30% per ton of finished meat by 2030 (2016 baseline)	<u>Apotaea</u> Reduce Scope 3 emissions from PG&S and Use of Sold Products 35.3% per SEK value added by 2025 (2019 baseline)	<u>Target</u> Top 80% of spend suppliers will need to set Scope 1 & 2 SBTi targets by 2023

<https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

Appendix 4: List of Supplier Survey Questions

Introduction from Microsoft Forms survey sent to suppliers

Meijer Supplier Survey: Carbon Emissions

Through this survey, Meijer aims to better understand how our suppliers are engaged with carbon emissions reductions. We thank you for your participation. Completing this survey should take 5-10 minutes. We kindly ask that you complete this questionnaire no later than Wednesday, November 22nd.

Please contact sustainability@meijer.com if you have any questions.

Questions

1. Organization Name
2. Location (City State)
3. Employee Count
 - 1-100
 - 100-1000
 - 1000-5000
 - More than 5000
4. Annual Company Revenue
 - \$0-\$1M
 - \$1M-\$100M
 - \$100M-\$500M
 - \$500M-\$1B
 - \$1B+
5. What types of products do you sell at Meijer? Please select all that apply.
 - Alcoholic Beverages
 - Automotive
 - (And so on, listing all the product categories mentioned)
6. Does your company measure Greenhouse Gas Emissions?
 - Yes
 - No
7. Which scopes does your company measure? Please select all that apply.*
 - Scope 1
 - Scope 2
 - Scope 3
 - Other
8. Does your company have scope 1 and 2 GHG emission reduction goals?
 - Yes both scope 1 and 2
 - Only scope 2 goal

- Only scope 1 goal
- No
- Other

9. Does your scope 1 and 2 goal meet or exceed the 50% reduction by 2030 threshold?

- Yes
- No
- Not sure
- Other

10. What types of GHG reduction goals do you have? Please select all that apply.

- Absolute target
- Intensity target
- 1.5°C aligned target
- Well-below 2°C aligned target
- 2°C aligned target
- Public goal (goal is published on corporate website, ESG report, etc.)
- Non-public goal (internal GHG goal)
- Not sure
- Other

11. Does your company have a net zero target?

- Yes, and this target has been approved by the Science Based Targets initiative
- Yes, we consider this a science-based target and the target is currently being reviewed by the Science Based Targets initiative
 - Yes, we consider this a science-based target and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years
 - Yes, we consider this a science-based target but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years
- No, but we are reporting another target that is science-based
- No, but we anticipate setting one in the next two years
- No, and we do not anticipate setting one in the next two years

12. Does your company plan to set a scope 1 and 2 GHG emission reduction goal(s)?

- Yes
- No
- Undecided
- Other

13. Retailers are collecting value chain emission information from suppliers. Are you willing to participate in a centralized emissions database for scope 1 and 2 emissions?

- Scale from 1 to 5 where 1 is Not willing to participate and 5 is Willing to participate

14. Please explain the reason(s) you chose the option above. Please use this space to capture any advice or comments regarding the idea of a centralized emissions database.

15. If there is additional information regarding your company's GHG emissions reduction work that you feel was not captured in this survey, please provide that here.

Appendix 5: Meijer Internal Interviews

Meijer is working to develop supplier engagement strategies that will reduce carbon emissions in its supply chain. The goal of these efforts is to support Meijer's suppliers in reducing their overall energy consumption and carbon emissions. Examples of supplier engagement and support could involve educational programs, establishing emissions measurement and reporting systems, conducting supplier surveys, etc. The understanding and insight on supplier engagement from Meijer's merchandising team will play an important role in better developing initiatives that are feasible and achievable.

Objective

- Understand the tools available to the Merch teams to push Scope 3 reduction goals with suppliers.
- Understand if there's a supplier segmentation in addition to category (fresh, dairy, frozen DSD, etc) that the team can benefit from to develop the engagement strategy.
- Learn if Carbon emissions discussion are already happening at industry level in the different forums/associations Meijer works.

Questions:

- What does the process of establishing new goals, systems, and changes with suppliers look like in terms of communication, time, and resources?
- What's Meijer's influence over its suppliers to achieve a reduction in their energy consumption?
- In your experience, how many people would it take to measure and manage supplier engagement at Meijer? What resources in terms of labor do you consider Meijer would need to follow up on an initiative like this?
- Considering supplier size, current emission reduction progress, or other factors, will a segmented or one-size-fits-all approach work better for Meijer when working to address carbon emissions reduction with suppliers?
- Are there supplier engagement practices that are prohibitive and could harm relationships or supplier competitiveness?/ What do you think are the most feasible ways to engage suppliers?
- How often are Climate Change, ESG, or related topics mentioned during meetings/forums with suppliers or other retailers?

Knowledge:

- What knowledge/information do you/your department need about Meijer's sustainability goals?
- How knowledgeable are you on sustainability-related issues in the supply chain?
- How comfortable would you be in engaging suppliers about sustainability-related issues?

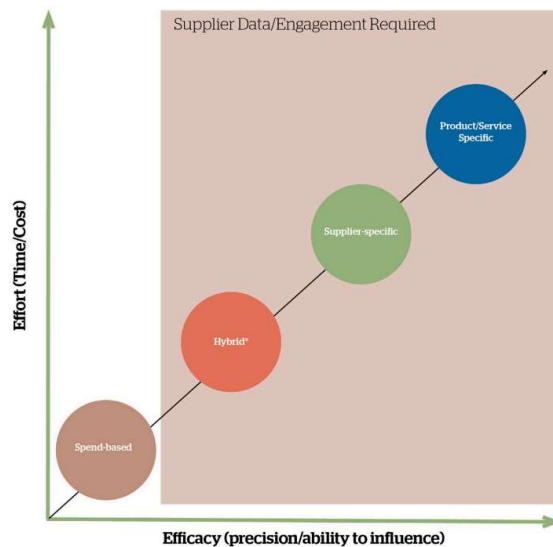
Capacity/Bandwidth:

- Ideally, how many people would it take to measure, track, and manage supplier engagement with energy and carbon reduction at Meijer?
- What additional resources would Meijer need to deploy an initiative like this?
- Is it realistic that the merchandising team could engage with suppliers to address Meijer’s sustainability goals?
- Would the merchandising team have the capacity to manage any supplier engagement initiatives? Ex: survey distribution/collection
- Considering supplier size, current emission reduction progress, and other factors, how would you approach addressing carbon emissions reduction with different types of suppliers?

Relationship management/Leverage

- In terms of planning, communication, time, and resources, what does the process of establishing new goals, systems, and/or changes with suppliers look like? (what would a conversation around engaging a supplier on a sustainability-related issue look like? how approachable are they?)
- Are there demands that could harm relationships or supplier competitiveness, that should be considered prohibitive?
 - i. What do you think are the most feasible ways to engage suppliers?
- How can Meijer use its leverage with suppliers to propose new initiatives?

Appendix 6: Improvement of calculation methodology from EcoAct



Appendix 7: Comparison of Third Party Supplier Engagement Support Service

Third Party Supplier Engagement Services					
Company	Anthesis	CDP	Supplier LOCT	HowGood	SupplyShift
Service Type	Self-service SaaS to Fully Outsourced Program Management	Self Service Data Collection and Management Program	Hybrid Self-service/ Consultant-Supported	Self-service SaaS	Self-service SaaS
Cost	\$40,000-\$550,000	\$75,000	\$130,000	\$45,000	\$22,000-60,000
Meijer Program Management Weekly Hours	2- 40	1-10	10-20	20-40	20-40
# of Suppliers Engaged	Flexible, can vary by service tier	Up to 200	100	No limit	No limit
Pros:	<ul style="list-style-type: none"> • Deep experience with supplier engagement strategy • Extensive supplier education and support capabilities • Data collection customization • Service tiers are highly adaptable based on client needs 	<ul style="list-style-type: none"> • Access to Standardized Data: Up to 200 data requests allowed per year, which can help in understanding and managing supply chain emissions. • Support for Sustainability Goals: Includes resources and guidance for achieving corporate sustainability objectives. 	<ul style="list-style-type: none"> • Hands-on development and implementation of Scope 3 strategy and supplier engagement • Targeted engagement with up to 100 suppliers • Focus on educating companies on how support their suppliers in successful data collection and target setting 	<ul style="list-style-type: none"> • Large database with high granularity down to ingredient and sourcing level • Capable of producing information on sustainable product/ingredient sourcing alternatives • Valuable for evaluating Meijer's private label products 	<ul style="list-style-type: none"> • Offers company and product level data granularity • Customizable data collection • No fees for assessments or # of suppliers engaged
Cons:	<ul style="list-style-type: none"> • Base level tier requires a dedicated full time program manager • Less robust platform analytics than other SaaS options 	<ul style="list-style-type: none"> • Inclusion of All Three Themes: Along with covering climate data, water and forest data are included, but unnecessary for the scope of this project. • Cost: \$75,000 per year 	<ul style="list-style-type: none"> • Relatively new and evolving program • Geared more for suppliers than retailers • Limited amount of suppliers engaged at a high program cost • Less robust and granular data analysis capabilities than other services 	<ul style="list-style-type: none"> • Not ideal for data collection from numerous suppliers • More suited for product level ghg analysis 	<ul style="list-style-type: none"> • Success dependent on Meijer's capacity to manage and engage with platform • No support with education or communications materials for suppliers
Other Retail Users	Walmart, Tesco, Kroger, Ahold Delhaize, Target, Aldi	Walmart, Target, Ahold Delhaize, Salling Group A/S, CVS Health	Neiman Marcus	Ahold Delhaize, Amazon/Whole Foods, Sprouts	Walmart, Amazon, Ahold Delhaize, Costco, Walgreens, Kroger, Target