

As companies in the automotive industry proactively work toward long-term goals of achieving carbon neutrality, it is expected that suppliers take an active role in striving to reduce carbon dioxide (CO₂) emissions from their businesses as far as possible.

The purpose of this document is to provide general industry-supported guidance to help companies in the automotive value chain in establishing a framework for CO₂ reporting and reduction.

This document and its contents were generated by a collaborative process between automotive manufacturers – including Ford Motor Company, General Motors, Honda Development and Manufacturing of America LLC, Stellantis, and Toyota Motor North America – working through the Suppliers Partnership for the Environment (SP). Each participant has contributed feedback and pledged support of the following key performance indicators (KPIs).

This document is not intended to be a comprehensive list of KPIs or metrics for CO₂ reporting and reduction. Furthermore, the individual requirements set forth by customers, or individual companies working with sub-tier suppliers, may be unique and / or include much more detailed requirements. This document is also not intended to establish a standard by which suppliers should report to all customers. It is intended to minimize duplication of effort and elevate best practice around key aspects of supply chain engagement on CO₂ reporting and reduction on the path to carbon neutrality.

- **Suppliers should establish a standard reporting cycle to receive their suppliers' CO₂ information.**
Actual period and frequency should be established by the customer and shared with the supply base. In addition, suppliers should track compliance to this requirement and the level of completion of the submission.
- **A long-term absolute CO₂ reduction target should be established, including a clearly defined due date to achieve this target.**
Suppliers may also want to challenge their suppliers with annual absolute reduction targets. Suppliers should track each of their supplier's achievement vs. target on a regular basis.
- **Comprehensive CO₂ reduction plans should be part of an overall environmental sustainability policy within each supplier company.**
Adherence to this plan, and modifications when necessary, are key to establishing suppliers' commitment to environmental sustainability and supporting long-term industry goals to achieve carbon neutrality. Without a plan that is agreed upon through top executives, it may be difficult to enact changes to achieve CO₂ reduction goals.
- **Clear communication and education via a core set of expectations should be established and updated on a regular basis.**
Each supplier should demonstrate leadership among its respective supply-base. Each supplier should offer guidance and educational opportunities to its suppliers and promote cascading guidance and education throughout the entire supply chain, when possible, on a regular basis. Finally, each supplier should self-audit and communicate achievement to targets publicly and to its supply base.
- **Suppliers should establish a method to recognize their suppliers' progress in CO₂ reporting and reductions.**
Each supplier is encouraged to recognize the participation and achievements of their own suppliers (sub-tier suppliers) as it relates to CO₂ reporting and reductions, whenever possible. Suppliers' expectations of sub-tier companies should be consistent with their own policies, and those of their customers, and support achievement of their environmental goals.