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<https://www.fastcompany.com/90612910/why-companies-are-greening-their-supply-chains-and-what-it-means-for-your-business>

Why companies are “greening” their supply chains – and what it means for your business

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Leading thinkers on sustainability now divide emission responsibility into three different categories, or “scopes.” Scope 1 refers to the emissions from sources that a business directly owns or controls, like on-site boilers, furnaces, or a fleet of delivery vehicles. Scope 2 refers to emissions associated with energy the business purchases from the grid. And Scope 3—the one this essay is concerned with—involves all other emissions up and down the supply chain, both upstream suppliers and downstream customers.

The emissions associated with the production of raw materials (Scope 1 and 2 emissions) show up in the footprint of buyers/OEM assemblers (as Scope 3 emissions). It’s one of many reasons to begin proactively reducing your emissions *now*.

The environmental case for greening your business is obvious: Lower emissions means fewer greenhouse gases in the atmosphere, reducing climate change. But increasingly switching to renewables is also in your business interest. In many places solar and wind power prices are competitive with fossil fuels; in some cases, they are cheaper. Also, your suppliers, customers, and even the public will evaluate their relationship to you based partially on your emissions practices going forward.

Aside from potential cost savings, the transition to clean energy is proving to be a business driver. Investment in the energy transition, including sectors such as renewables, storage, and electrified transportation, hit \$500 billion in 2020, with \$1 trillion in green bonds issued in September 2020 alone. The WilderHill New Energy Global Innovation Index (NEX) - an equity index composed of global companies focused on clean energy and decarbonation - dramatically outperformed both the Nasdaq and the S&P 500 in 2020, according to Bloomberg.

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REDUCING YOUR SCOPE 1 AND SCOPE 2 EMISSIONS

Becoming a carbon-emission-free company doesn’t happen overnight, nor does it happen by changing any one thing. Here are moves your company can make to address Scope 1 and Scope 2 emissions:

1. Establish a baseline to understand your organization’s emissions sources and scopes, and
2. Identify relevant projects, including but not limited to fuel switching (Scope 1), fleet electrification (Scope 1), and renewable energy purchasing (Scope 2).

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