

Climate Fit: Supporting Supply Chain SMEs in Climate Action

February 2, 2023 | Sustainability Matters



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Agenda

1. Introductions & Context
2. Engaging SME Suppliers to Tackle Scope 3
3. SME Climate Hub & Climate Fit
4. Additional Resources
5. Q&A & Closing

Today's Speakers



Erin Leitheiser

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Sectors



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01

Introductions & Context

Global Team of Sustainability Experts

BSR™ is a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. With offices in Asia, Europe, and North America, BSR provides its 300+ member companies with insight, advice, and collaborative initiatives to help them see a changing world more clearly, create long-term value, and scale impact.

- Copenhagen
- Guangzhou
- Hong Kong
- London
- New York
- Paris
- San Francisco
- Shanghai
- Singapore
- Tokyo
- Washington, D.C.



BSR Perspective | By 2025 (COP30) companies must deliver, not commit.

Paris-aligned company commitments over the last 7 years are impressive, but they alone will not keep the Paris goals within reach.

1.5°C value chain emission reductions

- Companies in every industry will need to deliver Paris-aligned emissions reductions across their value chains. Scope 3 emissions will continue to pose particular measurement and implementation challenges.

Net zero business transformation

- Companies will need to undertake business transformation towards net zero value chains, harnessing functions outside sustainability and operations. Business models will be impacted.

Integration into risk management

- Companies will need to conduct climate scenario analysis to prepare for inevitable future disruption; and integrate climate risks into their risk management processes.

Climate justice

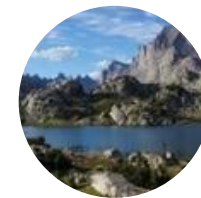
- Climate action must be delivered in a just and equitable way. The only feasible transition away from fossil fuels will be a just transition which protects the workforce.

Beyond value chain mitigation

- Companies can increase their impact by reducing emissions beyond their own value chain, with social and environmental integrity, through credits and other forms of climate investment.

Our ambition is for BSR members to deliver credible action to keep 1.5°C within reach, while maximizing synergies with nature; human rights; and equity, inclusion and justice.

Service Offerings | Climate Change



To fulfill the Paris Agreement's vision of a net-zero greenhouse gas emissions economy by 2050, we work with companies to deliver 1.5°C-aligned climate goals, transform their value chains, manage climate risks, and advance climate justice.

Net Zero Transformation



- Net-zero/science-based feasibility and goal setting
- Net zero transformation strategy and roadmap
- Climate Transition Action Plans (CTAP)

Business within Planetary Boundaries



- Business implication of alternative economic models such as degrowth, post-growth...
- Strategic advice on business model transformation to enable business within planetary boundaries

Climate Justice and Just Transition



- Climate justice/ Just Transition strategy development
- Implementation support through stakeholder engagement, and partnership development

Scope 3 Implementation



- Scope 3 strategy and roadmap development to deliver 1.5°C value chains
- Implementation support via supplier engagement, procurement, commodities decarbonization/sequestration

Climate Scenario Analysis



- Leverage BSR's [published climate scenarios](#) augmented with company-specific climate datapoints and tailored future trends to stress test business strategy and align with TCFD

Disclosure Roadmap



- Gap Assessment against climate disclosure regulation (e.g. US SEC, ISSB..)
- Develop roadmap to align with climate regulations and disclosures requirement

02

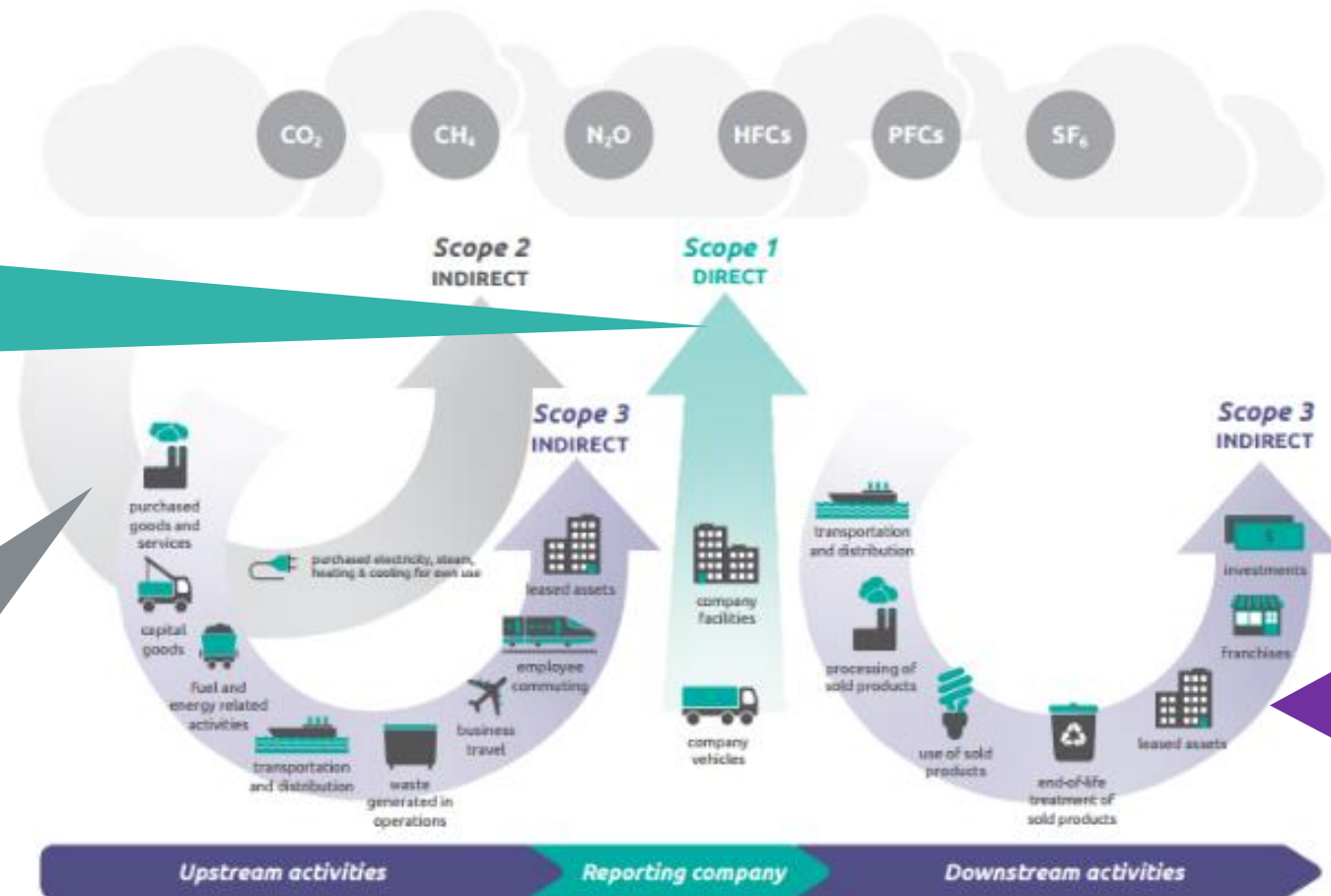
Engaging SME Suppliers to Tackle Scope 3

The GHG Protocol Defines GHG Emission Scopes

GHG accounting worldwide is aligned to one widely used standard: the [GHG Protocol](#) (GHGP), created (and refined since) in 2004 by the World Resources Institute and WBCSD. It defines GHG accounting rules for company operations and value chains, and the basic accounting principles of Scopes 1, 2 and 3.

Scope 1 includes direct emissions from the company
(e.g., GHG emissions related to incineration of fossil fuels in own equipment/machinery)

Scope 2 indicates indirect emissions from purchased electricity, steam, heating and cooling.
(e.g., GHG emissions related to the production of consumed grid supplied energy)



Scope 3 indicates all indirect upstream and downstream emissions in a company value chain
(e.g., Manufacturing from suppliers, 3rd party transportation, customer use of products etc....)

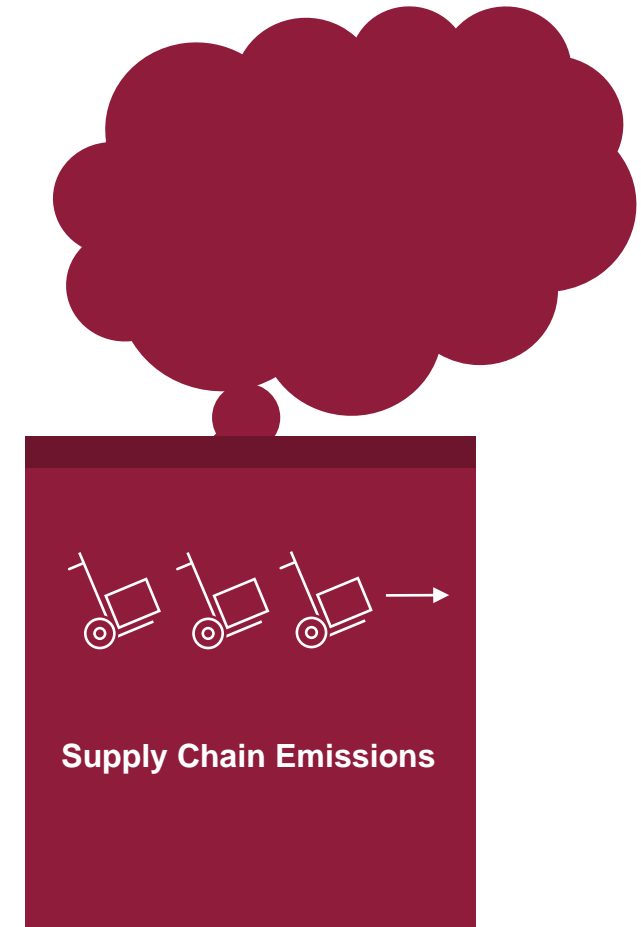
Supply chains (Upstream) are a major GHG hotspot

Scope 3 emissions are also referred to as **value chain emissions** and often represent the majority of an organization's total GHG emissions, as well as the greatest GHG – and risk- reduction opportunity. Supply chain (upstream) emissions are generally a big portion of Scope 3.

Decarbonizing a complex, globalized value chain is challenging, but understanding and rethinking value chains is:

- The only way to deliver the needed **science-based GHG reductions**
- Key to **reduce risk** exposure and ensure **business-continuity**

*According to the CDP, supply chain emissions are **11.4x** greater than an operational emissions (company's scope 1 and 2 emissions).*



Source: [CDP](#)

Net-Zero goals have recently emerged as a new North Star

Paris Agreement (2015)

Article 4.1 (Emissions Reduction)

“In order to achieve the long-term temperature goal set out in Article 2, Parties aim to:

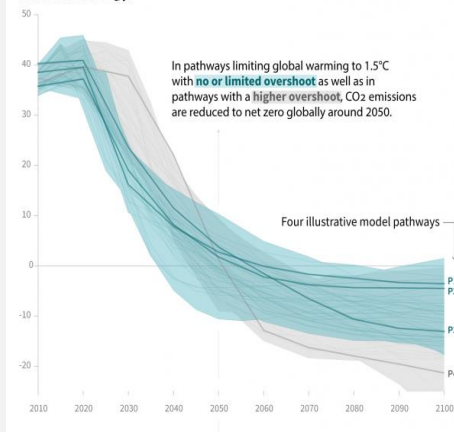
- reach **global peaking** of greenhouse gas emissions **as soon as possible**...
- and to undertake **rapid reductions thereafter** in accordance with best available science,
- so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases [**net zero global emissions**] in the second half of this century.”

Source: [UNFCCC](https://unfccc.int/)

IPCC Report (2018)

Special Report: Global Warming of 1.5°C

Global total net CO₂ emissions
Billion tonnes of CO₂/yr



Source: [IPCC](https://www.ipcc.ch/)

Company Commitments En Force (2019 – Present)

Examples:

BUSINESS AMBITION FOR 1.5°C

June 13, 2019



January 16, 2020

Unilever is investing \$1.1 billion in a new climate fund—and hopes to reach net zero emissions by 2059

The goal is to hit the benchmarks set by the Paris Climate Agreement far earlier than the 2050 deadline.

June 15, 2020

Standardization efforts begin (2020)



- Publication of “Foundations for science-based Net-Zero targets”



- Coalition of net zero initiatives. cities, regions, businesses, investors, and universities that have joined 120 countries in the Climate Ambition Alliance and commit to achieving **net zero carbon emissions by 2050 at the latest**
- Launch of other net-zero initiatives (e.g. The Climate Pledge)

Source: [UNFCCC](https://unfccc.int/)

Global standard and net-zero action initiatives (2021-2022)

- SBTi publishes SBTi Net-Zero standard at COP26 in Nov. 2021



- Over 5000 business and 400 investors joined the Race to Zero as of 2022



- Net-zero lexicon published

- Business moves from target setting to implementation, and collective action platform such as [Transform to Net Zero, 1.5°C Supply Chain Leaders](https://www.transformtonetzero.com/) emerge

- IPCC AR6 (2022) reinforces urgency of 1.5°C aligned action

Source: [SBTi](https://sciencebasedtargets.com/)

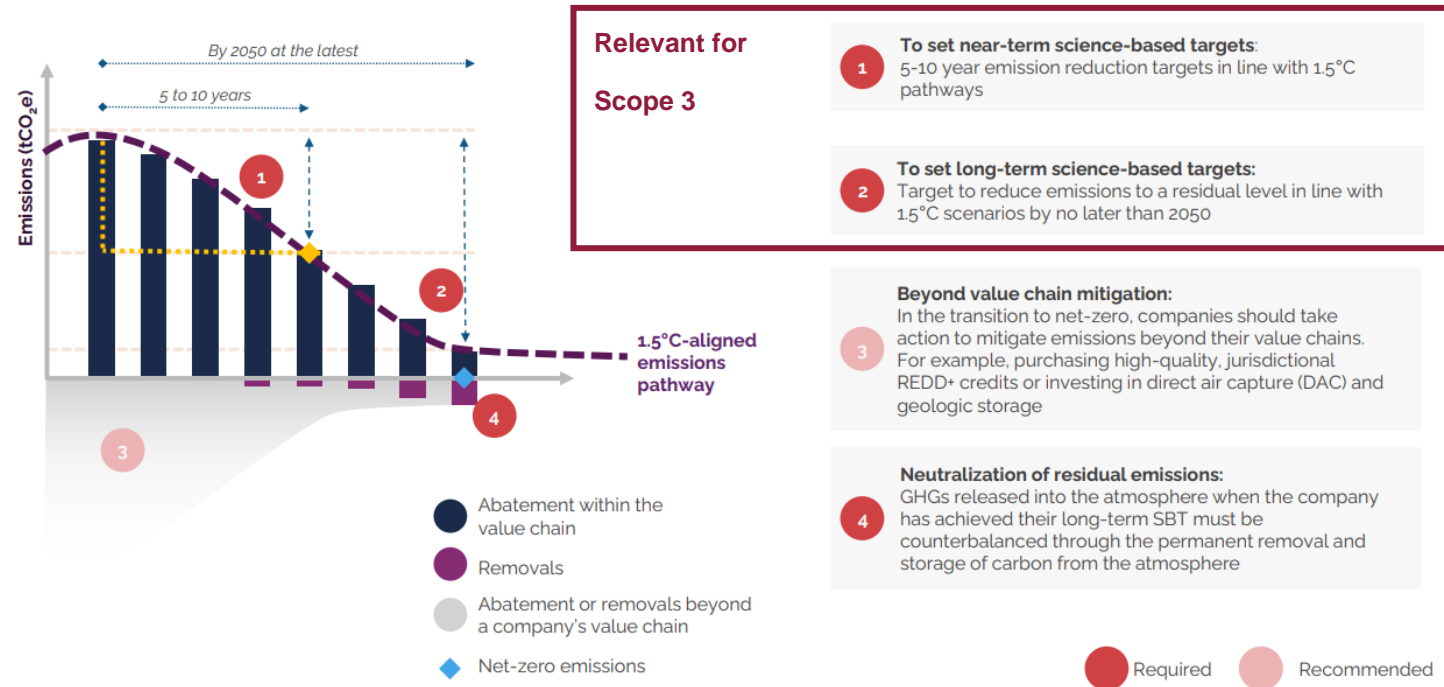
Scope 3 is a major component of a credible Net Zero goal

The [SBTi's Corporate Net-Zero Standard](#) is the world's first framework for corporate net-zero target setting and it includes the guidance on limiting global temperature rise to 1.5°C. It provides useful guidance to address Scope 3.

Corporate net-zero:

- Is an organizational goal that requires change over the long-term
- Recommends science-based decarbonization across all scopes
- Suggests balancing unavoidable emissions with credible removals that ensure permanence over the long-term
- Is different from other concepts relating to “carbon neutrality” and “carbon negative”
- Is an end-goal with different possible pathways that depend on organizational choices
- Should be reached no later than 2050 on a global level

Four key elements make up the Net-Zero Standard framework



Why Engage SMEs?

Mobilizing SMEs (Small- and Medium- Enterprises) to commit to and reach net-zero emissions by 2050 is essential to mainstream climate action across the real economy worldwide.

KEY ROLE IN COMMUNITIES & SUPPLY CHAINS

SMEs make up 90% of businesses worldwide and employ over 2 billion people.

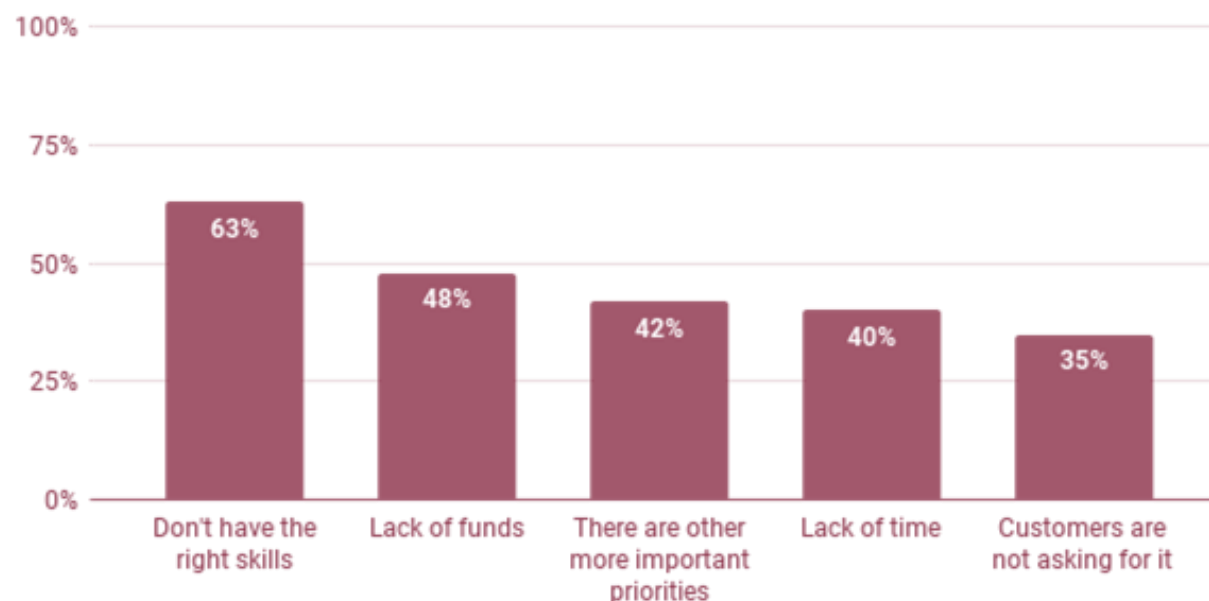
NEED FOR ADAPTATION

40% to 60% of small businesses never reopen after a disaster.

SPECIFIC BUSINESS CHALLENGES

Survey of our SMEs highlight key challenges around resources, know-how and incentives.

Top 5 reasons SMEs aren't taking climate action



Source: [SME Climate Hub](#)

SMEs are motivated to act but lack resources

Despite the critical role SMEs play in reducing Scope 3 emissions, most SME's lack the tools and resources to reduce their carbon impact. SMEs currently carry a lot of the burden in helping companies meet sustainability targets.

- Of 194 SMEs surveyed by the SME Climate Hub, half calculate emissions, and 60% have plans to reduce their carbon impact. These include:
 - Reductions to energy consumption and waste
 - Employee education
 - Upgrades to facilities and equipment
- However, **only 60% of the SMEs taking some climate action had long-term emission reduction plans in place**, and nearly two-thirds of small business owners worry they do not have the right skills and knowledge to be resilient.
- According to initial [findings from WRI](#), of 1,000+ corporate supply chain goals, **fewer than 10% aim to empower SMEs.**



Integrating SME voices into corporate sustainability plans can help address existing pain points to reach emissions reduction goals

Source: [SME Climate Hub](#); [WRI](#)

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SME Climate Hub & Climate Fit

What is the SME Climate Hub?

The SME Climate Hub provides SMEs with a one-stop-shop to take climate action to build business resilience and gain a competitive advantage.

1



MEASURE

Access best-in-class tools and resources designed to help SMEs calculate their emissions, learn how to take action, and find resources & support.

2



COMMIT

Join thousands of other businesses in the UN Race to Zero campaign by making a simple, public commitment to cut emissions.

3



ACT

Once committed, SMEs unlock additional free resources to start making high-impact changes, report annual progress, and demonstrate climate leadership.

Founding Partners

The Hub is an initiative of the We Mean Business Coalition, the Exponential Roadmap Initiative and the United Nations Race to Zero campaign in collaboration with Normative and the Net Zero team at Oxford University.

EXPONENTIAL
ROADMAP INITIATIVE

WE MEAN
BUSINESS
COALITION



Normative



Climate Fit

What is Climate Fit?

A **free online training** in seven modules, specifically tailored to help **SMEs** determine how to take climate action and future proof their businesses. It was developed by **BSR** and **Cambridge Institute for Sustainability Leadership (CISL)**.

Step-by-step guide

- Climate Fit provides guidance to help SMEs take climate action across their business – from operations to supply chain to messaging.

Interactive and practical

- It is designed to help business owners everywhere navigate the path to net zero.
- Participants are coached every step of the way and empowered to take an active role in bridging the global emissions gap.

Free and open to all SMEs

- Climate Fit is free, online and self-paced. It is easily accessible for any SME to learn how they can play their part in climate action.

How is Climate Fit structured?

Seven modules



The course is composed of seven modules covering topics: strategy & governance, operations, supply chain, design, finance, people & communities, and storytelling

20-30 minutes



Each module takes approximately 20-30 minutes to complete and are available online anytime for self-paced learning.

Highly interactive



The course uses videos, activities, and quizzes to make the learning experience highly interactive and engaging.

Concrete Actions



The modules outline practical, concrete actions, such as how to implement a “green team” amongst your employees or how to switch to lower impact forms of transport.

Case studies



Climate Fit showcases case studies to show how the recommended actions are being carried out by other companies, including SMEs.

Language Options



The course will be available in English and Spanish on their respective SME Climate Hub platforms.

Climate Fit | 7 Modules


A practical step-by-step guide to help you reduce your emissions across your business.



Climate Strategy & Governance How can my business model support my climate goals?	Climate Action for your Operations How can I lower my company's climate impacts and increase efficiency?	Reducing Emissions in your Supply Chain How do I address the main climate impacts of my supply chain?	Design for Net Zero How can I design more sustainable products?	Financing Net Zero Transition How do I prioritize climate investments and evaluate their financial impacts?	Engaging your People and Communities What do climate considerations mean for my current and future employees? And my community?	Telling your net zero story How can I tell my sustainability story and increase my brand's sustainability profile?
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Introduction

Every course starts by introducing the topic and key issues

ENERGY EFFICIENCY	RENEWABLE ENERGY	FLEET EMISSIONS	BUSINESS TRAVEL POLICY	B
<p>The first lesson in this module will cover energy efficiency and its impact on Greenhouse Gas (GHG) emissions. Energy efficiency entails using less energy to perform the same task, thereby eliminating energy waste. Just as athletes train rigorously to improve their own energy efficiency, SMEs can implement new techniques and systems to improve their energy efficiency, lower their GHG emissions, and reduce costs.</p> 				

Navigate through the lessons via the sidebar or prompts at the bottom of each page

Climate Action for Your Operations

0% COMPLETE

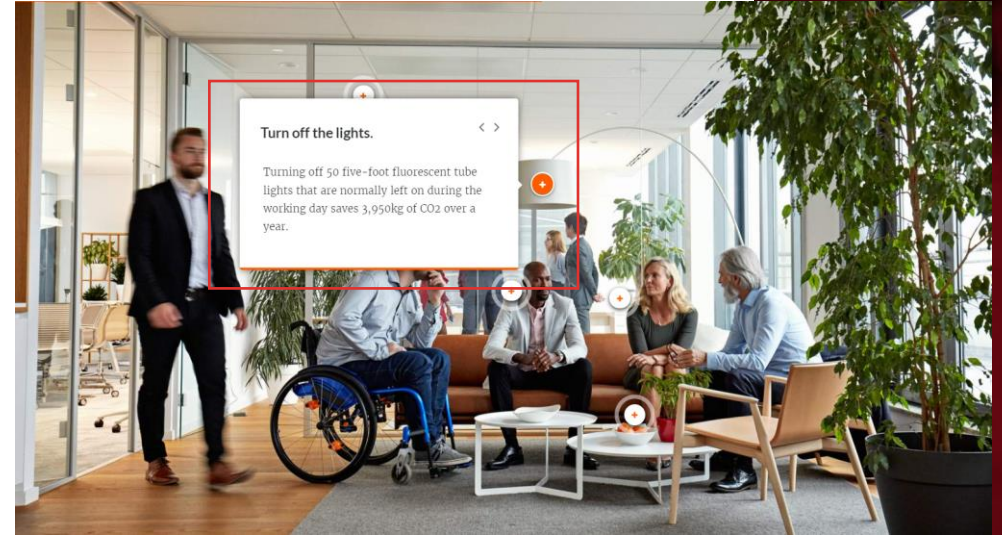
- Introduction
- Energy Efficiency: A Win-Win
- Renewable Energy
- Fleet Emissions
- Business Travel
- Buildings, Offices, and Home-Working
- Waste
- Wrap-Up

Interactivity



Our courses include a variety of teaching methods to accommodate various learning styles.

Interactive elements

- Labelled graphics
- Flashcards
- Matching
- Dropdowns
- Quizzes
- Scenarios
- Case studies
- Interactive PDFs and templates



What are the greatest sources of emissions in your home?

 Heating & Cooling <small>Click to flip ↺</small>	A desktop uses an average of 200 W/hour when it is being used. A computer that is on for eight hours a day uses almost 600 kWh and emits 175 kg of CO ₂ per year. <small>↻</small>	 Lighting <small>↻</small>
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Cases

Utilize our diverse set of case studies, from both SMEs and corporations, with real success stories of climate action and positive change.

YOUTUBE



Horse Barn Story | Energy Efficiency | Save on Energy

To bring his vision to life, David Strickland developed a plan to build a barn and arena to cater to his horses' unique needs. This vision, made possible thr...

[VIEW ON YOUTUBE >](#)

CASE STUDY: WALMART

The Power of Two

18-wheelers only average around 6 miles per gallon.

Fuel-efficient driving to reduce your emissions

From 2005 to 2015, Walmart's private fleet avoided 650,000 tons of CO₂, and saved nearly \$1 billion. It all started with two drivers identifying simple ways to improve fuel economy.

Wrap Up

The course provides tangible takeaways that can be implemented to take climate action, now.

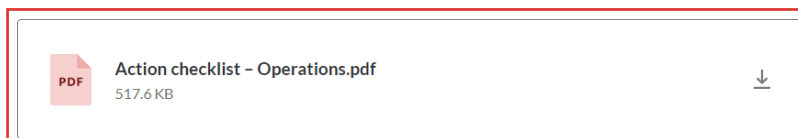
Templates and editable PDFs to track your progress.

- Click on Action Checklist, PDF

Action checklist

Use this checklist to identify all of the actions that you can take right now or implement in the future.

[Download](#) the interactive PDF and keep it updated while you take more action!



Next module and more learnings

- Click on the buttons to progress to the next module

From here you should consider continuing to one of the following:

Supply Chain Module

This module will walk you through what you can do to change how your supply chains works as well as how to work with your suppliers to encourage them to reduce their own emissions.

GREAT IDEA!

Introduction

Go back to the introduction module to choose from a range of other modules

LET'S GO BACK!

04

Additional Resources

Additional Resources to Consider

1.5C Supplier Engagement Guide

1.5°C



**SUPPLIER
ENGAGEMENT
GUIDE**

TONZ



**Transform
to Net Zero**

1.5 Supplier Engagement Guide

The purpose of the 1.5°C Supply Chain Leaders is to work together to reduce emissions across value chains through firm action and collaboration, understanding the need to work with and support suppliers to halve emissions before 2030 and achieve net zero emissions before 2050.

The 1.5°C Supply Chain Leaders



What does the 1.5SEG address?



The 1.5°C Supplier Engagement Guide is focused on **engaging suppliers to take climate action**



Practical guidance to work with suppliers to set and implement 1.5°C aligned targets and move to action



Leading examples derived from the experiences of the 1.5°C Supply Chain Leaders

Transform to Net Zero

Transform to Net Zero is a cross-sector initiative to accelerate the transition to an inclusive net zero global economy no later than 2050. Leading companies who are transforming their own businesses to net zero emissions joined together to share their transformation journey and inspire other companies.

TONZ Members



TONZ Resources



- Through Transformation Guides, members share **real-world experiences and lessons learned** in addressing a key issue in business transformation to net zero.
- Transformation Guides invite readers to **choose between and combine different approaches** to an issue depending on which is best suited to their circumstances.

Buyer-Supplier Engagement to Reduce Scope 3 emissions

The first Transformation Guide, published in September 2021, focuses on how companies can engage and support suppliers to reduce upstream scope 3 emissions. It includes approaches from Microsoft, Unilever and Nike and answers four questions. A second iteration of the guide will be published in May 2023.

01

How should companies prioritize suppliers for scope 3 engagement?

02

What incentives can companies provide to a supplier to decarbonize?

03

How can companies address emissions several tiers up the supply chain?

04

How can companies enable suppliers to measure and report carbon reductions?

SME Webinars & Workshops

Additional Webinars + Workshops

Invite SMEs to Join Our Next Webinar

- On **Tuesday March 14th at 12pm ET**, BSR will be hosting a free webinar for SMEs to dive a bit deeper into the utility & content of Climate Fit.
- Please feel free to invite any SMEs from your supplier base to join us in this workshop!
- For questions, please contact Nicole Pamani (npamani@bsr.org) and Ariela Levy (alevy@bsr.org).

Invite BSR to Facilitate a Free Custom Workshop

- BSR has received grant funding to host and facilitate custom workshops on Climate Fit as a whole, or any individual module. We are actively seeking companies that would like to partner with us to design a custom workshop in **Q1 or Q2 2023**.
- If interested, please contact Nicole Pamani (npamani@bsr.org) and Ariela Levy (alevy@bsr.org).

05

Q&A



A practical step-by-step guide to help you reduce your emissions across your business.

Climate Strategy & Governance

Climate Action for your Operations

Reducing Emissions in your Supply Chain

Design for Net Zero

Financing Net Zero Transition

Engaging your People and Communities

Telling your Net Zero Story



Please invite your SMEs to join us on **March 14th** for a deep dive into Climate Fit!

Thank You

BSR™ is an organization of sustainable business experts that works with its global network of the world's leading companies to build a just and sustainable world. With offices in Asia, Europe, and North America, BSR™ provides insight, advice, and collaborative initiatives to help you see a changing world more clearly, create long-term business value, and scale impact.

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