



**Issue 15**  
September 2021

# FUSE

## FUTURE OF SUPPLY CHAIN ENERGY

### Introduction

The Future of Supply Chain Energy (FUSE) newsletter is a bi-annual offering wherein energy buyers and service providers share best practices, lessons learned, and views of future trends for renewable energy procurement in supply chains.

Companies leading the clean energy movement understand the need to address both their own greenhouse gas emissions and the emissions produced along their supply chains. For many companies, scope 3 emissions (indirect emissions that occur in a company's value chain) are greater than scope 1 and 2 emissions combined (direct emissions from owned or controlled sources, and indirect emissions from the generation of purchased energy consumed by the reporting company, respectively.)

Supply chain engagement is critical for companies seeking to reduce their scope 3 emissions. However, supply chains often include hundreds or thousands of supply chain partners spread across the world. Suppliers may not have environmental or sustainability goals or understand how their energy use impacts the climate. Knowing how and where to engage suppliers is a major hurdle for customer companies. FUSE provides guidance from experienced energy buyers and service providers to accelerate supply chain partner engagement on renewable energy procurement.

Access [CEBA's Supply Chain Partner Engagement Roadmap](#) on CEBA Interconnect for additional guidance on engaging suppliers around sustainable energy management.

### Contributor Acknowledgements

CEBA is proud to collaborate on the Future of Supply Chain Energy update with its members to support organizational emissions reductions through supply chain partner engagement and to accelerate the transition to a zero-carbon energy system.

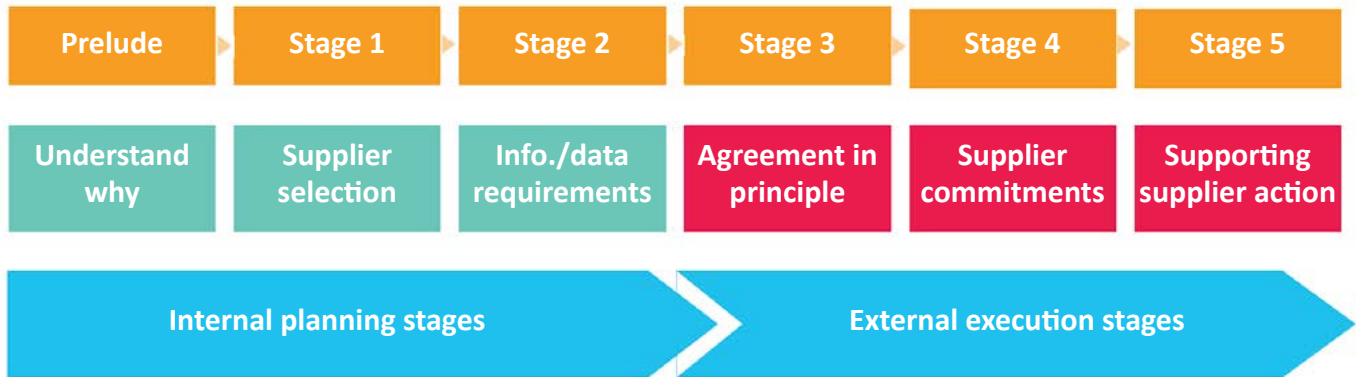
The following collaborators supported the development of this Future of Supply Chain Energy update:

3Degrees  
Apple  
CustomerFirst Renewables  
Hewlett Packard Enterprise  
Microsoft  
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If you are interested in contributing to the next issue, please contact the CEBA team:

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The guide above outlines the key stages of supply chain partner engagement. These phases have been developed through consultation with customer companies most advanced in their conversations with suppliers regarding sustainable energy. Each FUSE update reflects relevant updates and success stories in supplier engagement.

You have the option to read through the newsletter in its entirety or use the roadmap to jump to a specific phase of interest.

*In this periodical, the terms below are defined as follows:*

**Customers or customer companies** refer to the companies procuring goods or services of another company.

**Supply chain partners or suppliers** refer to the companies providing goods or services to a customer company. We recognize that a customer company's complete scope of supply chain partners may include both upstream suppliers and downstream customers, both of which can derive benefit from and be engaged by the roadmap approach; however, in this document we will focus on "suppliers" for simplicity and consistency. These specifically exclude utilities, or other energy suppliers, providing electricity services.

Prelude

Internal Planning Stages

# Understand Why

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In 2018, the Intergovernmental Panel on Climate Change (IPCC) published a special report on ways to limit global warming to 1.5°C, stating the need to reach global net-zero emissions by 2050. In response, over the past few years, we have witnessed an uptick in corporations heeding this call to action and setting aggressive targets to reduce their Scope 1, 2, and 3 emissions.

Many companies will find that Scope 3, or value chain, emissions represent most of their greenhouse gas (GHG) emissions. Additionally, public disclosures through CDP and corporate climate goal frameworks like the Science Based Targets initiative (SBTi) require the inclusion of Scope 3 emissions. Thus, an effective supplier engagement strategy is a critical component of any organization's decarbonization plan.

Tackling value chain emissions can be complex and requires robust planning. Common steps in a value chain action plan include:

- Conducting a Scope 3 emissions screen and hotspot analysis or a product-level life cycle analysis (LCA) that maps all sources of emissions from a specific product
- Engaging suppliers to obtain primary emissions data
- Developing a strategy to engage suppliers in carbon reduction initiatives, such as converting to renewable energy use
- Creating a system of recognition and rewards for suppliers that are successful in their GHG reduction efforts

By engaging partners upstream and downstream, companies can take successful action to reduce value chain emissions and achieve climate goals.

Ensuring organizations have a clear picture of why their renewable energy procurement is meaningful marks the start of any successful engagement. Not only is it important to understand the critical nature of a large-scale renewable transition, but it is also vital that every supply chain partner understands their role in this overarching scenario.

This stage of supply chain engagement builds interest in a lead organization's sustainability messaging. Organizations should clearly communicate the benefits of supply chain action and aggregation. Aggregating can be cost-effective, flexible on terms and time, and promote confidence across organizations with the right partners and advisors. By connecting the countless moving parts within a supply chain, organizations can effectively address life cycle emissions.

Engaging with supply chain partners early and often with this messaging is integral to inspiring leadership in the renewable energy space. It can be useful to create one common goal that a lead organization and all suppliers can work towards. Having a lead organization pave the way with early action towards its own footprint is important to demonstrating leadership and developing buy-in among supply chain partners. Every industry's supply chain's intertwined web will work together to create meaningful progress towards a net-zero future. This increased connectedness benefits the renewable energy transition and each member of the supply chain when effectively managed.

Stage 1

Internal Planning Stages

# Supplier Selection

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When beginning the supply chain decarbonization journey, companies must first understand how to prioritize engagement with suppliers to help influence emissions reductions. There are a number of different ways customer companies can prioritize and select suppliers to begin engagement with, as detailed in CEBA's Supply Chain Partner Engagement Roadmap. Identifying suppliers that have a large greenhouse gas (GHG) impact on the customer company's scope 3 emissions as well as those who lack maturity in their climate action strategies is one approach companies can use to begin the supplier prioritization, selection, and engagement process.

Look out for the upcoming release of CEBA's Supplier Climate Impact & Climate Strategy Assessment Primer, which supports customer companies in the supplier selection process. The objectives of the primer are to equip companies with a method to understand which suppliers have the highest GHG impact on the customer company's scope 3

emissions and then discover which of those suppliers have strategies in place that will address that impact. Focusing on the intersection of high climate impact and low climate strategy unveils a cohort of suppliers where customer support for robust climate strategies – including renewable energy procurement – can have the greatest impact on reducing supply chain emissions.

- Suppliers' climate impacts can be calculated in various ways; this primer evaluates climate impact allocation by company spend.
- Suppliers' climate strategies are assessed based on the supplier's progress towards setting a [Science-Based Target](#) (SBT), which provides a clearly defined emissions reduction pathway to limit global temperature increases to well below 2 degrees Celsius.

By evaluating suppliers' climate impacts and their strategies to address these impacts, a customer company can support its suppliers based on their overall contribution to the customer company's scope 3 emissions and their unique stage in the SBT-setting process. Ultimately, the goal for the customer company is not only to set and achieve its own SBT but to help its suppliers move through the same process. Working in partnership allows customer companies and suppliers to identify mutually beneficial opportunities for decarbonization and achieve sustainability goals together.



Stage 2

Internal Planning Stages

# Information/Data Requirements

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A comprehensive, science-based supply chain management program leverages data to reduce the impact of manufacturing suppliers. At Hewlett Packard Enterprises (HPE), we require production suppliers to report their GHG emissions inventory and progress toward science-based targets on an annual basis, and non-production and transport suppliers must report their emissions annually. Our supply chain goals, approved by the Science Based Targets initiative (SBTi), are to reduce our absolute manufacturing-related emissions by 15% from 2016 levels and to have 80% of our suppliers, by spend, set science-based GHG emissions-reduction targets by 2025.

Availability and verification of our Scope 3 data are critical to the success of HPE's goals. While the CDP supply chain program captures corporate-wide GHG emissions, we needed a method to aggregate, track and model our suppliers' reported Scope 1 and Scope 2 GHG emissions. Spreadsheets left room for error and did not give us a chance to share transparent data requirements directly with our suppliers.

In 2020, HPE partnered with industry peers to design a supply chain data management software tool developed and hosted by Optera (formerly POINT380). This data management software tracks company-specific supplier emissions data to measure progress toward supply chain carbon emissions reduction goals. Through the platform's customizable dashboards, which we are launching through 2021, HPE suppliers will have access to their own data and will be able to hold themselves accountable toward their publicly

stated goals and view their performance against their peers. Suppliers will also have access to a modeled science-based target (SBT) based on their own emissions, which they can use as the basis for setting new and ambitious targets.

Once the data collection and modeling of SBTs became clear, we were able to engage directly with suppliers through our annual webinar engagements and in-depth one-on-one conversations. This two-way dialogue gave HPE the ability to evaluate our suppliers' performance, understand their data collection and analysis challenges, and support them in their journey to setting and reaching SBTs.



Stage 4

External Execution Stages

# Supplier Commitments

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In 2020, Microsoft updated its [Supplier Code of Conduct](#) to require its suppliers to disclose their scope 1, 2, and 3 carbon emissions and develop plans to reduce these emissions. Timing expectations for suppliers to meet these requirements are determined by Microsoft standards, and any requirements that are included in the supplier's contract with Microsoft. This is one of Microsoft's first steps to increase transparency in its supply chain and enable Microsoft to work proactively and collaboratively with its suppliers to help reduce their emissions. In 2021, this supplier emissions data will become an explicit aspect of Microsoft's procurement processes for its supply chain and will help inform Microsoft's buying decisions.

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Salesforce has long recognized the importance of supply chain engagement as a critical step in our climate action journey. We leverage our brand and influence to inspire others to join us in the fight against climate change while partnering with organizations that share similar values. To advance our efforts to reduce supply chain carbon emissions, we recently unveiled a first-of-its-kind [Sustainability Exhibit](#), which we now include in new supplier procurement contracts. The Exhibit

outlines Salesforce's expectations for supplier actions on sustainability and includes the following high-impact provisions:

1. Commit to setting a science-based target
2. Provide the products or services on a carbon-neutral basis
3. Maintain a sustainability scorecard
4. Provide a sustainability continuous improvement plan
5. If a supplier fails to comply with the terms of the Exhibit, the supplier must either address the non-compliance or purchase carbon credits or plant trees to mitigate the environmental impact of the supplier failing to comply.

The Exhibit allows Salesforce to hold suppliers accountable and creates a mechanism for consistent and action-based collaboration while supporting our [public commitments](#).

Though sustainability is already a key part of many of our supplier relationships and even some contracts, this is the first time we have implemented sustainability language in agreements in a standardized way across all procurement categories. We designed the Exhibit to be rigorous but flexible enough to adapt to the size and industry of our suppliers, regardless of where they are on their sustainability journey. We're particularly excited to use the Exhibit to open the conversation with our suppliers, who are just starting to explore what their contribution to a low-carbon future could be.

Because we're all in this together, Salesforce has shared the Exhibit publicly and encourages other companies to use it as a template to engage with their supply chain partners to help accelerate economy-wide decarbonization.



## Stage 5

## External Execution Stages

# Supporting Supplier Action

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The Supplier Clean Energy Program is integral to Apple's goal of reaching carbon neutrality across our supply chain and in our product lifecycle by 2030. To date, over 110 manufacturing partners in 24 countries have committed to 100 percent renewable energy for Apple production. Additionally, Apple itself has invested directly in renewable energy projects to cover a portion of upstream emissions. The Supplier Clean Energy Program now has almost 8 gigawatts of clean energy commitments. Once completed, these commitments will avoid over 15 million metric tons of CO<sub>2</sub>e annually—the equivalent of taking over 3.4 million cars off the road each year.

There are four pillars to our program:

1. Galvanizing internal champions
2. Supporting supplier capacity
3. Advocating for policy change
4. Innovating new renewable energy solutions

**The last three pillars align with CEBA's fifth stage of supplier engagement, "Supporting Supplier Action," and are covered here in further detail:**

**SUPPORTING SUPPLIER CAPACITY.** We share the experience gained through our own transition to 100 percent renewable energy with our suppliers. We introduce suppliers to resources and training materials with country-specific information to guide them in their transition to renewables. These tools are available through our Supplier Clean Energy Portal. We also educate suppliers through advanced and customized training with leading experts. And we support the creation and growth of renewable energy industry

associations that our suppliers can join to learn about local opportunities.

Longstanding energy structures can make it difficult to bring new renewable energy online in some regions, prompting some of our suppliers to maximize existing renewable energy solutions—like on-site solar installations. Others have pioneered new purchasing methods by creating renewable energy businesses, or even participating in some of the world's largest and most innovative renewable energy deals.

**ADVOCATING FOR POLICY CHANGE.** Suppliers often face regulatory barriers to cost-effective renewable energy options. Clean energy technology offers tremendous benefits to our suppliers, to electricity grids, and to countries. When policymakers fully value these benefits, we believe that clean energy becomes more cost-competitive than fossil fuel energy. So, we actively support policies that offer greater access to cost-effective renewable energy, and we work closely with suppliers and other climate-leading companies to engage local, regional, and national governments. This encourages the development of country-specific policies that support scalable renewable energy solutions, with impact far beyond Apple's supply chain.

**INNOVATING NEW RENEWABLE ENERGY SOLUTIONS.** We constantly develop new tools for our suppliers to help execute their renewable energy goals. In many markets where we operate, companies have limited options to access clean energy. To break down that barrier, we created the China Clean Energy Fund, which enables Apple and our suppliers to invest in clean energy projects totaling more than one gigawatt of renewable energy in China. We also connect suppliers with opportunities to buy renewable energy directly from project developers and utilities as those models emerge around the globe.

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In addition to taking action themselves, lead organizations must educate their supply chain partners on renewable energy procurement. It is important to describe the business case for action, introduce the landscape of available RE solutions, illustrate risks to be aware of, and explain how renewable energy procurement differs from conventional, shorter-term brown power procurements.

As suppliers begin to act, lead organizations should identify, celebrate, and engage with early movers. Once supply chain partners commit to renewable energy procurement, it is critical to ensure they have the tools necessary to fulfill their commitments and goals. Reinforcing consistent messaging around goals, priorities, and benefits is useful.

Lead organizations can support their interested supply chain partners by looking for supply opportunities within their own procurements. As openings arise, suppliers should be drawn into conversations to ensure they can reap the benefits of economies of scale and an experienced buyer. An independent advisor would be beneficial to ensure each voice sees their priorities met efficiently during these complex discussions. Additionally, some suppliers may be ready to transact outside of a lead organization's established procurement. It is important for the lead organization to encourage action that aligns with the supply chain's common goals in these instances. Suppliers should feel empowered to act on behalf of their lead to capitalize on the benefits of internally led transactions.

To further drive action within the supply chain, lead organizations should consider tapping into the suppliers' competitive dynamics by leveraging gamification to increase adoption. Integrating game-like constructs into supply chain messaging encourages desired behavior by increasing suppliers' excitement for renewable energy procurement. For example, adding public progress bars or awarding badges to leading suppliers are two gamification strategies that could draw participation from additional supply chain partners to meet organizational goals.

Beyond encouraging more widespread renewable action within an organization's supply chain, supporting suppliers who have begun to act is critical. Encourage collaboration across the supply chain, the sharing of resources and expertise, and remember that everyone's efforts contribute towards broader renewable goals. These solutions benefit each partner when effectively managed.





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To help support its suppliers as they work to meet the requirements laid out in Microsoft's [Supplier Code of Conduct](#), Microsoft has released a set of in-depth capacity-building [tools and resources](#) developed in partnership with Engie, WSP, and CDP. These resources provide foundational education on greenhouse gases, energy efficiency, and renewable energy. Each topic is supported by multiple training modules that help companies, and particularly suppliers, report their greenhouse gas emissions, develop clean energy strategies, and reduce their energy-related emissions.

Microsoft also [partnered](#) with the International Finance Corporation (IFC), a sister organization to the World Bank, which will work with designated Microsoft suppliers in emerging markets, starting in Asia, to reduce their emissions. IFC will work with Microsoft suppliers to identify technical solutions for reducing GHG emissions in the production process, provide implementation assistance, and offer financing solutions to help them make investments in more efficient and low-carbon operations. IFC's partnership with Microsoft seeks to promote additional investments in sustainability among the wider consumer electronics industry while demonstrating the financial and economic benefits from resource efficiency and renewable energy investments that can be realized at all levels of the supply chain.

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At Salesforce, we believe success is built on trust, and trust starts with transparency. This extends to our supply chain partners as well as our customers. We want to set our suppliers up for success by providing easy access to clear expectations and relevant resources that empower them to become partners on our journey to create a sustainable future for all.

We'll be launching our Enabling Supplier Sustainability trail on Trailhead, Salesforce's learning platform, in the coming weeks. This free, publicly available trail provides a comprehensive overview of how Salesforce's supply chain partners can effectively engage with Salesforce on sustainability. It outlines Salesforce's sustainability goals, our expectations of suppliers, how sustainability is embedded throughout our procurement process (including a deep-dive on the [Sustainability Exhibit](#)), and our approach to data transparency and disclosure. The trail is a living document, which we'll continue to build on to provide our suppliers with the tools and resources that will accelerate progress toward achieving both our goals and theirs.

As with the Sustainability Exhibit, Salesforce will make the Enabling Supplier Sustainability trail publicly available to provide a blueprint for other companies seeking to create resources for supplier engagement on sustainability. Additionally, this scalable self-serve approach will help us grow our programs more quickly and reach a broader audience to amplify and accelerate our work.

The Enabling Supplier Sustainability trail will be accessible from our [Supplier Sustainability page](#) as well as Trailhead.



## ABOUT CEBA

A community of energy buyers accelerating the zero-carbon energy future – greening the grid for all.

[Learn more about CEBA.](#)

### CEBA Supply Chain Resources

CEBA provides tools, resources, and engagement opportunities to help energy buyers and their supply chain partners procure renewable energy for their domestic and international load.

- As a Supply Chain Program Member, you can share the benefits of CEBA with your supply chain partners – including access to CEBA's educational resources, monthly buyers calls, and other community events for free for 90 days – and accelerate their decarbonization efforts through the [Supplier Offer](#).
- Join CEBA's **Future of Internet Power** or **Future of Real Estate Power** initiatives to help craft solutions to reduce your emissions from your data services and leased commercial real estate.
- Join **Worldwide Wednesdays**, a monthly virtual discussion series to share the latest developments and opportunities in renewable energy procurement in international markets of interest.
- Join CEBA's [International Connection Platform](#) to connect with peer buyers and NGOs in international markets of interest, and support your supply chain partners around the world.

Contact [supplychain@cebuyers.org](mailto:supplychain@cebuyers.org) to learn more about how CEBA can support your renewable energy and supplier engagement goals.

### CEBA Announcements

#### CEBA Worldwide Wednesdays

- China, October 13. [Register here.](#)
- India, November 3. [Register here.](#)
- Brazil, December 8. [Register here.](#)

Join **RE-Source 2021** on October 13-15 to learn, network and do business with the largest gathering of clean energy buyers and sellers. Register [here](#).

The **CEBA Connect: 2021 Virtual Fall Forum** is on! Mark your calendars to Build Solutions, Accelerate Action during our virtual gathering from November 16 – 18, 2021. Learn more and reserve your spot here: [Clean Energy Buyers Association Connect 2021 Fall Forum](#)

Are you interested in joining an effort to accelerate corporate clean energy procurement options in challenging international markets? If you would like to add your company's logo to joint Memorandums of Intent, to be announced at COP26, [please review this process document](#), or reach out to [Julie Casabianca](#) for more information.

### Contact Us

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