

Retail Climate Action Blueprint Webinar

Overview and Applications



**RETAIL INDUSTRY
LEADERS ASSOCIATION**

April 1, 2022

WELCOME



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REPRESENTING THE LEADING BRANDS IN RETAIL

PREMIER MEMBERS



REMINDERS

1. Recording and any slides will be shared as follow up, along with relevant links/resources
2. Anonymous audience poll
3. How to ask a question:
 - Use the Q&A function in the webinar toolbar (**not chat**) to submit all questions and comments

OBJECTIVES

- A high-level overview of the Blueprint
 - Hear from retailers implementing different tactics outlined in the resource,
 - Learn what comes next for RILA and other retail climate thought leaders
- ... to provide insights into approaches for US-based retail companies seeking a path to a net zero emissions future.

SPEAKERS



Elin Olsen

Senior Sustainability
Consultancy Services
Lead
Schneider Electric



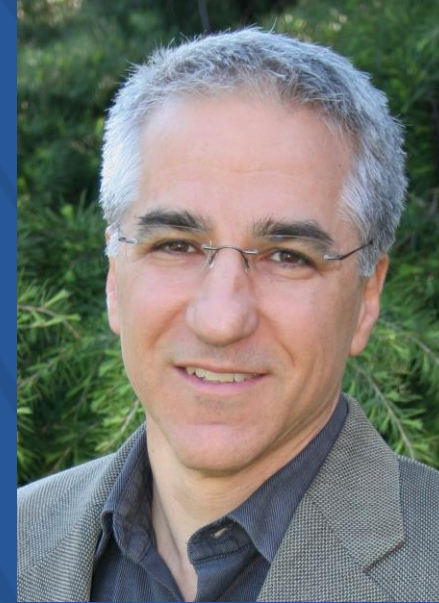
Amanda Martin

Senior VP, Supply
Chain
Neiman Marcus



Erik Petrovskis

Director, Environmental
Compliance &
Sustainability
Meijer



Marty Spitzer

Senior Director,
Climate & Renewable
Energy
World Wildlife Fund



Cara Smyth

Managing Director,
Responsible ESG &
Retail
Accenture

A photograph of several white wind turbines on a grassy hill. In the background, a large mountain with a snow-capped peak is visible under a blue sky with scattered white clouds. The image is framed by a dark blue border with a subtle grid pattern.

RILA CLIMATE ACTION BLUEPRINT



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Prepared with
Schneider
Electric

CLIMATE ACTION ROADMAP

Section 1 Context

Context

- 1.1 About the Climate Action Roadmap
- 1.2 The UK retail industry
- 1.3 The climate emergency
- 1.4 Business response
- 1.5 The UK retail industry and climate change
- 1.6 How the Roadmap should be used

Section 2
Retail industry emissions profileSection 3
Roadmap net zero targetsSection 4
Pathway 1: Placing greenhouse gas data at the core of business decisionsSection 5
Pathway 2: Operating efficient sites powered by renewablesSECTION 1
CONTEXT

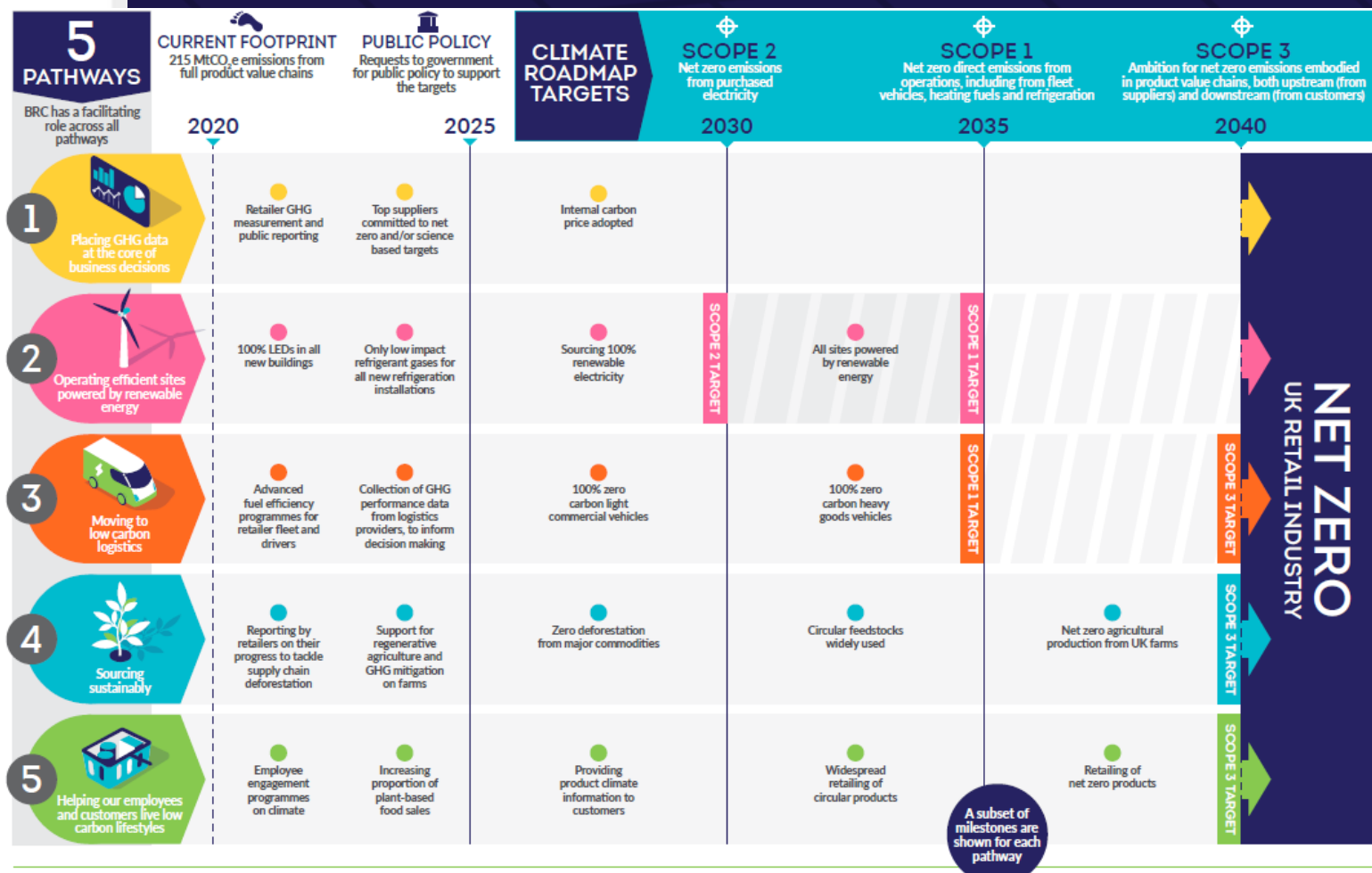
The climate emergency is one of the most pervasive and threatening challenges of our time for both our society and the economy that serves it. Without urgent action to shift from our current path we will face devastating consequences, with implications for where we live, how we work, how we grow food, what we consume and how we provide services vital to well-being.

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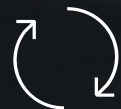
NEXT

1.1 About the Climate Action R...



Context for the Blueprint

Code Red for Climate Action – IPCC 2021 Report



Cause

Human influence is main driver of warming, increasing frequency & severity of extreme weather



Speed

On course to reach 1.5°C of warming within the next two decades – current warming is 1.1°C



Impacts

Every increment of warming matters and leads to more dangerous and costly impacts



Unprecedented Change

Temperature and sea-level rise, glacial retreat, ocean warming and acidification occurring at record rates



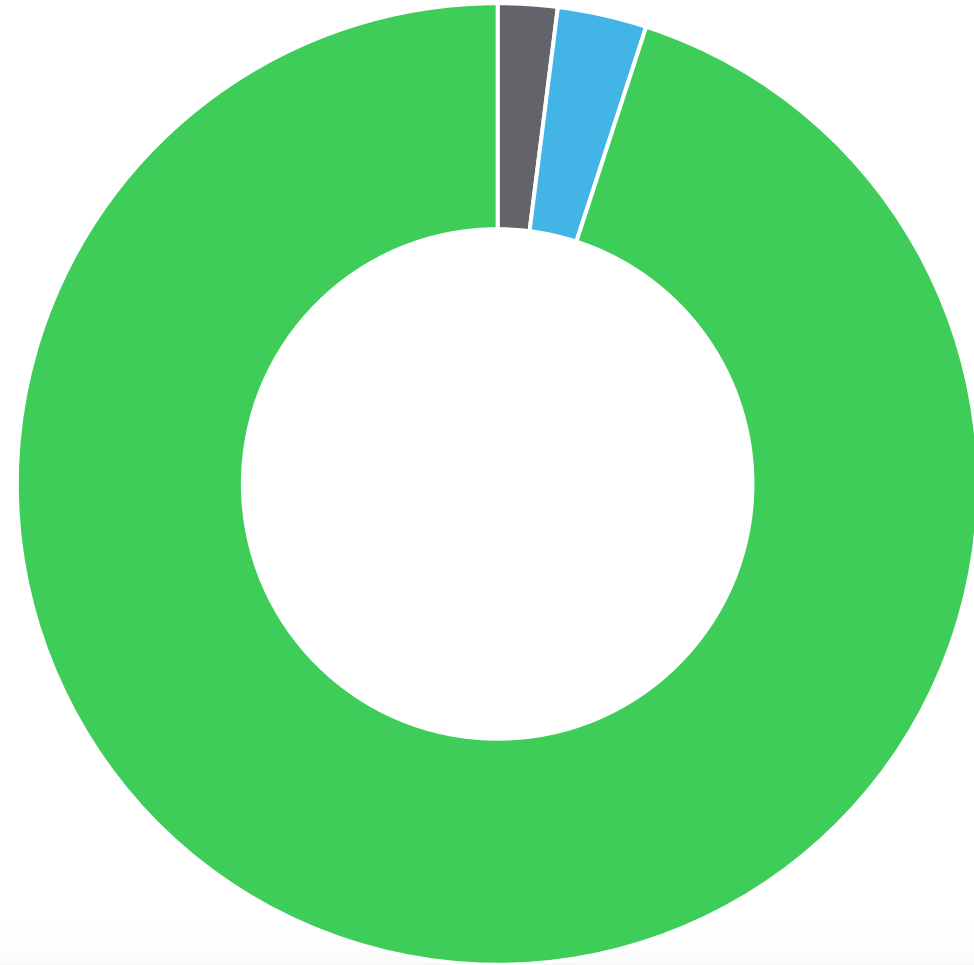
Transformational Change

Keeping warming to 1.5C by end of century is within reach but requires transformational change

This is the make-or-break decade for limiting temperature rise to 1.5°C.

Breakdown of Retail Emissions

Breakdown of Scope 1,
2, and 3 Emissions



 **Scope 1**
2%

 **Scope 2**
3%

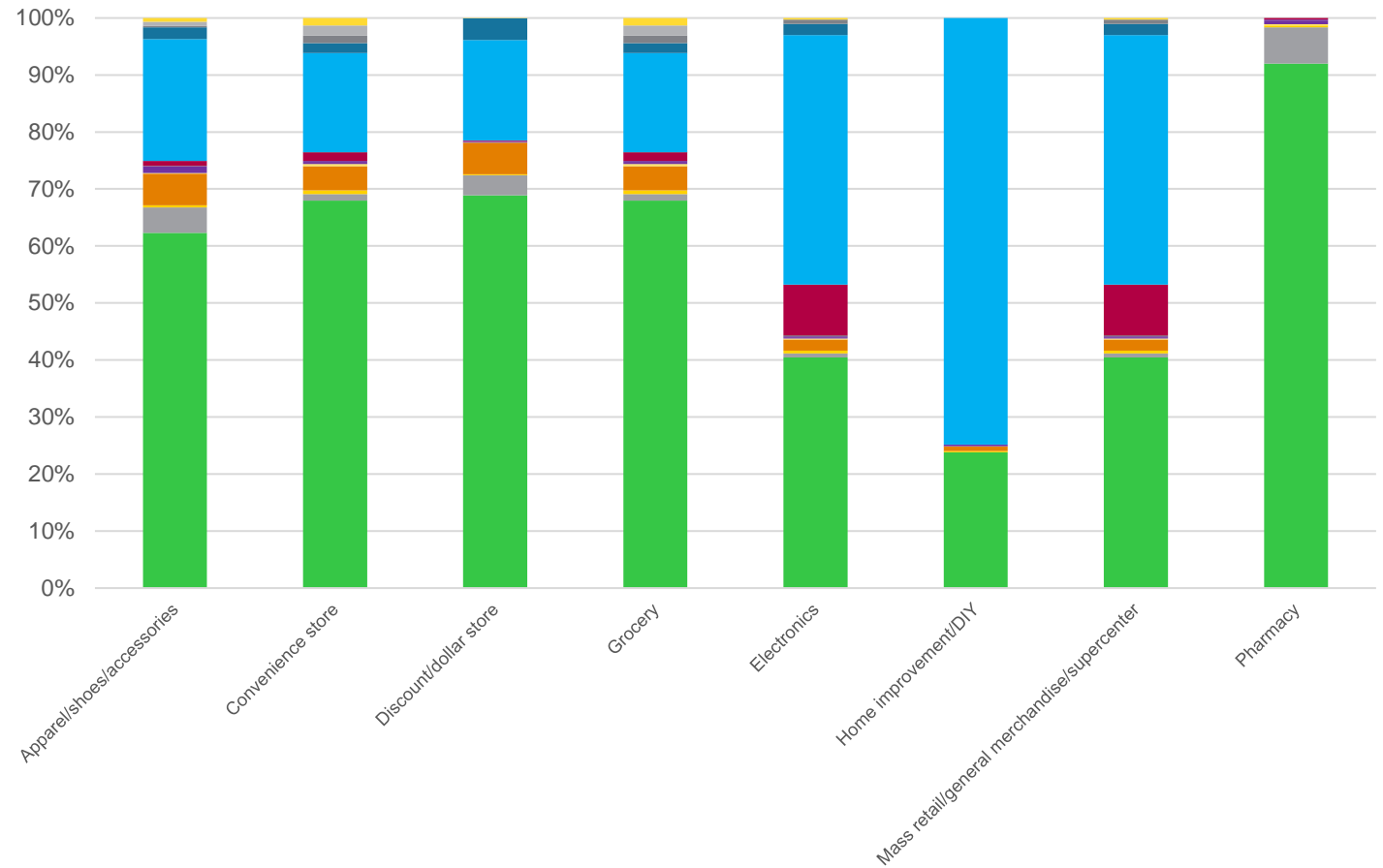
 **Scope 3**
95%



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Breakdown of Retail Emissions

Breakdown of Scope 3 Categories



■ C1 - Purchased Goods & Services
 ■ C4 - Upstream transport
 ■ C7 - Employee commuting
 ■ C10 - Processing of sold products
 ■ C13 - Downstream leased assets

■ C2 - Capital Goods
 ■ C5 - Waste generated in operations
 ■ C8 - Upstream leased assets
 ■ C11 - Use of sold products
 ■ C14 - Franchises

■ C3 - Fuel & Energy-Related Activities
 ■ C6 - Business travel
 ■ C9 - Downstream transport
 ■ C12 - EoL of sold products
 ■ C15 - Investments

An Overview of the Climate Action Blueprint



The Urgency to Act

- *The cost of inaction, business imperative, and the opportunity*



Retail Industry Emissions Breakdown

- *'Quick start' to GHG accounting, how to use data to inform action, and the Blueprint data journey*



The Business Response to the Climate Emergency

- *GHG reporting, managing climate risks and opportunities, target setting, and resilient business models*



Towards a Zero-Carbon Future

- *Applying the Blueprint, timeframes & milestones, prioritization*
- *Decarbonization levers*



Climate Action Blueprint Data Journey

1

HOTSPOT Year 1

Data Types:
Hotspot Assessments

Example Data Types:
Quantis Scope 3 Evaluator tool,
Carnegie Mellon EIO LCA, CEDA
(VitalMetrics), Exiobase

Example:
mt CO₂e/\$ spent in industry
(i.e., textiles, food, etc.)

2

INDUSTRY INSIGHTS Year 2-3

Data Types:
Industry Data for
material categories
Hotspot Assessments

Example Data Types:
LCI Data (i.e. EcolInvent, LCA Commons,
IDEMAT, Worldsteel, IMPACT World+, PEFs,
LCAs, Agri-footprint, Agribalyse)

Example:
mt CO₂e/mt of
representative product
(i.e. cotton, wheat, steel, etc.)

3

SUPPLIER REPORTING Year 3+

Data Types:
Supplier Data
Industry Data
Hotspot assessment

Example Data Types:
Supplier surveys
(i.e. SAC Higg Index FEM; Ecovadis; company-
specific surveys)

Example:
mt CO₂e/unit purchased
from supplier in the
representative year

4

PRECISE & ACCURATE Scope 1, 2: Year 3-5 Scope 3: End state

Data Types:
Supplier or primary
data for all scope 3
categories

Example Data Types:
Supplier surveys
Company reports for other scope 3
categories (business travel, logistics)

Example:
mt CO₂e/unit purchased
from supplier in the
representative year

Your Decarbonization Blueprint

Toward a Zero-Carbon Future

LEVERS



Your **Commitment**

- Commit to bold climate action informed by science and data



Your **Company (Scope 1, 2)**

- Operate efficient sites powered by renewable energy
- Consider the role of credible carbon offsets



Your **Influence (Scope 3)**

- Move to low-carbon logistics
- Source sustainably

INFLUENCERS



Your **Customers (Scope 3 +)**

- Enable customers a just (re: environmental justice) transition to low-carbon lifestyles
- Meet customer demand for low-carbon goods and services



Your **Employees**

- Facilitate a zero-carbon work life for your employees
- Meet employee demand for an employer that acts on its values and commitments



Your **Advocacy (Governance)**

- Advocate and incentivize a socially-just low carbon transition

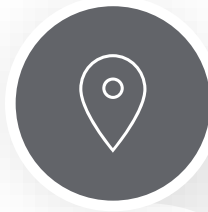


How to use the blueprint

5 steps to getting started and accelerating blueprint action

Haven't Started

Conduct a hotspot assessment
Assess if organizational culture is right for commitments



Level 2 Reporting

Expand on the foundation of your Levers

Build a foundation for Blueprint influencers based on materiality & relevance



Level 4 Reporting

All Blueprint Levers have programs implemented

All Blueprint influencers have programs implemented



Level 1 Reporting

Build a foundation for the Blueprint "Levers"

- Your Commitments, Your Company & Your Influence

Add Blueprint influencers where most material

- I.e., if there is significant customer interest in low-carbon products, focus on this first



Level 3 Reporting

All Blueprint Levers have programs implemented

All material Blueprint "Influencers" have programs implemented



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Life Is On



Life Is On



Schneider
 **Electric**

Our Decarbonization Journey

Annual Process

Establish baseline, analyze data to identify decarbonization opportunities

GHG Emission Inventory

- ✓ Scope 1 & 2 Inventory
- ☐ Scope 3 Screening

Set SMART targets based on company Inventory, peer benchmarking, and industry trends

Target Setting

- ✓ Benchmark peers
- ✓ Review coalitions (RE100, UNFCCC, SBTi)
- ✓ Calculate Targets

Conduct Facility Assessments, Renewable Energy Screenings, and drive implementation to reach targets

Implementation

- ✓ Procure renewable energy
- ☐ Conduct facility assessments
- ☐ Upgrade equipment, lighting, and controls to drive efficiency

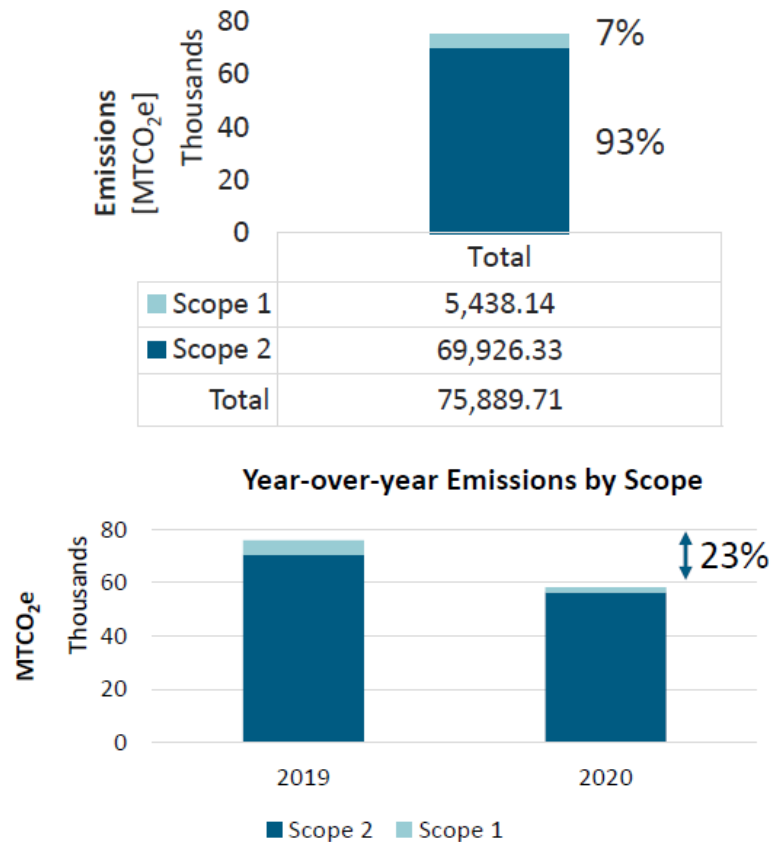
Create roadmap for decarbonization investments, based on company specific data and strategy

Low-carbon Transition Plan

- ✓ Map reduction initiatives
- ✓ Estimate capital investment and ROI
- ☐ TCFD Risk Screening

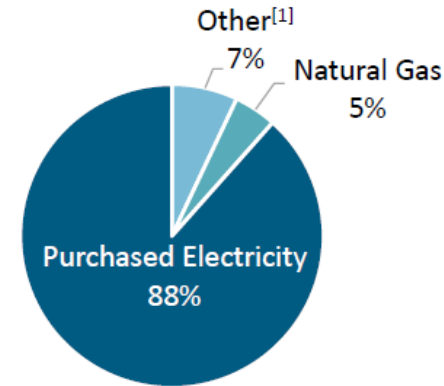
NMG's Baseline Emissions Inventory

2019 Emissions by Scope

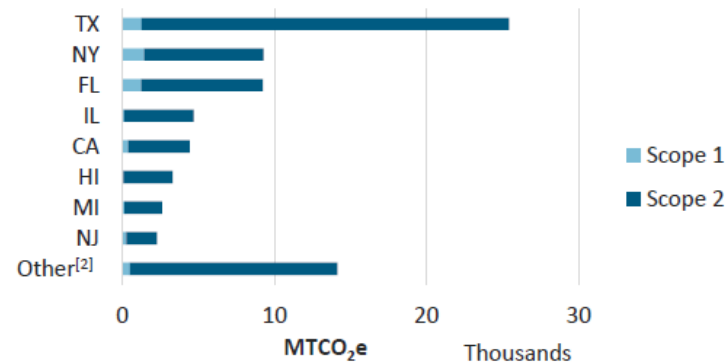


2019 Emissions By Emission Source

[% of total MTCO₂e]



2019 Emissions by State



Key Takeaway

Purchased electricity constitutes ~90% of NMG's emissions, providing a significant opportunity for the company to decarbonize its operations through renewable energy

[1] Other is comprised of emissions from Chilled Water, Diesel Fuel, Purchased Steam, and Refrigerants.

[2] Other is comprised of states that in total account for <20% of overall emissions (MD, LA, NC, WA, DC, AZ, CO, MA, VA, PA, NV, MO, and GA)

Target Setting

Target ^[1]	Target Year	Target Key Insights	
30% Reduction	2025	Aligns with industry average emission reduction target. Emission reduction could be achieved solely through procurement of renewable electricity in some deregulated markets.	
50% Reduction	2025	Demonstrates industry leadership. Emission reduction could be achieved solely through procurement of renewable electricity in all deregulated markets.	← 2025 Target
100% Renewable Electricity	2030	Approximately 90% of NMG’s emissions are a result of purchased electricity. By setting a goal to procure 100% renewable electricity by 2030, NMG could reduce a significant portion of its footprint by focusing on a single strategy. This goal also strengthens the company’s value proposition for brand partners, who count leased spaces’ emissions in their own GHG footprints, and allows NMG to become a signatory of RE100 ^[2] to further differentiate itself from peers. The timeline of this goal aligns with national policy efforts that require states to green their grids and offer affordable access to renewable electricity by 2030.	← 2030 Target
Carbon Neutral	Present - 2050	Carbon Neutrality is reached when the emissions released by a company’s operations are balanced by an equivalent amount of emissions being removed from the atmosphere. Achieving this target is possible at any point with the procurement of carbon credits ^[3] to offset company emissions. NMG does not believe that carbon credits are a best use of funds.	
Net Zero	2050	Net Zero is achieved when all emission reduction strategies have been implemented. If there are emissions that are truly unavoidable due to lack of available technology for example, carbon credits can be used to offset these non-avoidable emissions. Signatories of the UN Fashion Industry Climate Charter are inherently committed to achieving this goal, and in future years, it will become expectation. By announcing our intention now, NMG captures significant reputational benefit.	

[1] All targets assumed to be absolute and only apply to scope 1 & 2 (i.e., not scope 3). All target are aligned with the 1.5° scenario. All 2025 and 2030 targets would allow NMG to pursue SBTi validation and become a signatory for the UN Fashion Industry Climate Charter. To be validated by SBTi and/or become a signatory on the UN Fashion Industry Climate Charter will require NMG to conduct a Scope 3 Screening and establish a target related to either reducing scope 3 emission.

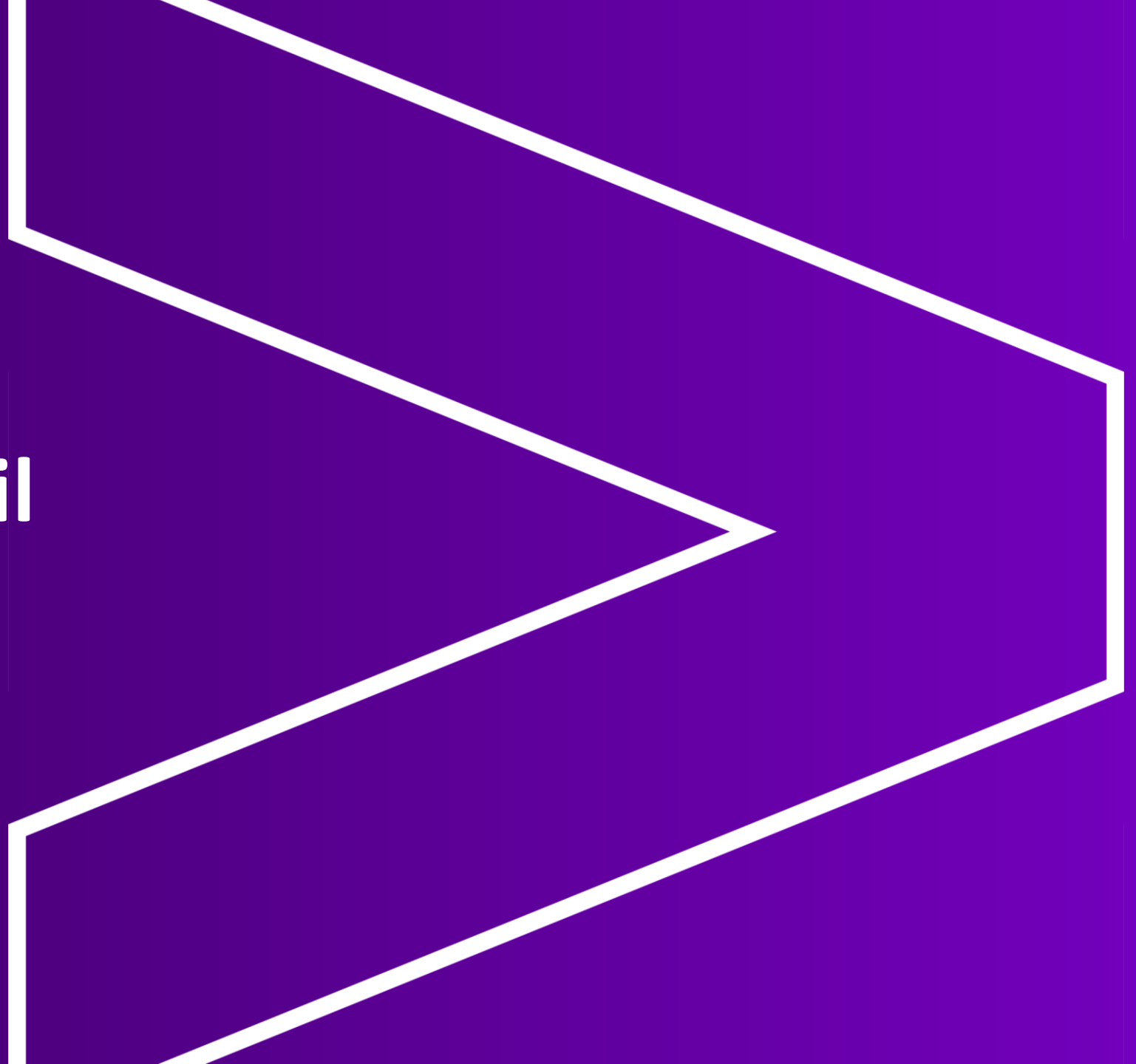
[2] RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity.

[3] Carbon credits are a financial instrument used to offset carbon emissions. There are numerous factors that impact the price of carbon credits and at present there is minimal visibility into how pricing will change in the mid to long-term future (10-30 years). Additionally, carbon credits are an annual expense to the business.

ACCENTURE x RILA

Net Zero in Retail

April 1, 2022



Steps to Net Zero

To accelerate the path to Net Zero in Retail, this guide addresses five core categories to decarbonization – with focused actions and direct interventions against GHG emissions.



Operationalization

Across storage, movement of goods and store level operations, how can we address carbon emissions?



Regenerative Practices

How can we encourage regenerative behaviors across the value chain and preserve biodiversity?



Sustainable Supply Chain

How can we encourage regenerative behaviors with our suppliers, preserve biodiversity and practice conscious resource consumption?



Consumer Engagement

What levers can help drive sustainable consumer choices?

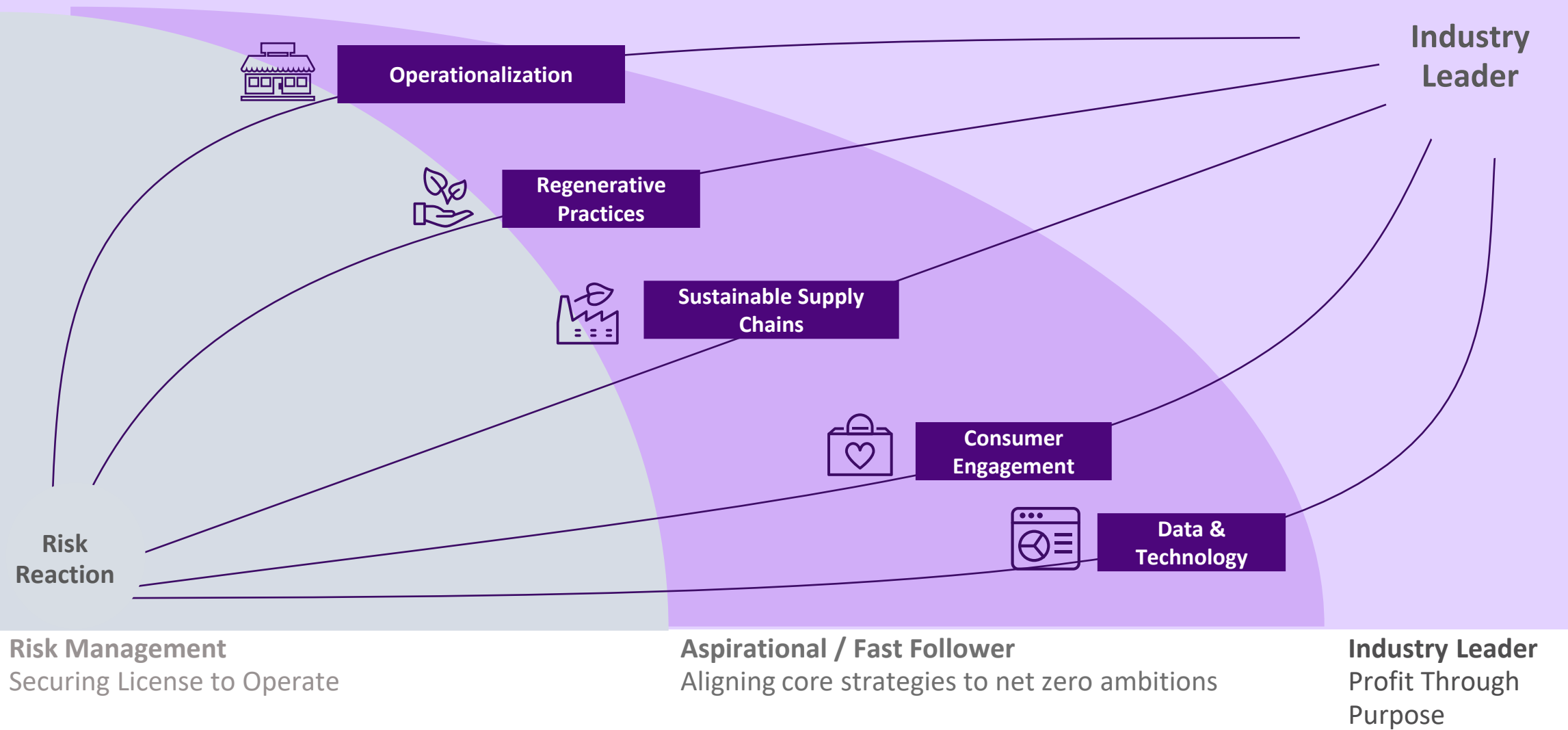


Data & Technology

What are key considerations for enabling operating models and technology capabilities to support net zero climate actions?

Achieving Net Zero and Sustainability Maturity

Each organization and divisions within the organization may have different starting points on the roadmap to Net Zero. We have categorized actionable initiatives into three maturity levels:



REGENERATIVE PRACTICES

Each of the 5 categories are subset further into distinct actions across stakeholders or impacts



Supplier Relationships

- Encourage target setting and reporting for suppliers
- By engaging suppliers, companies discover the value they bring to their retailer.



Biodiversity Preservation

- Maintaining soil health via crop diversity, crop protection, and livestock management ensures biodiversity, living root maintenance, and efficient outputs.
- A commitment to forest preservation is an essential regenerative method to combatting carbonization, including palm oil, animal products, and wood.

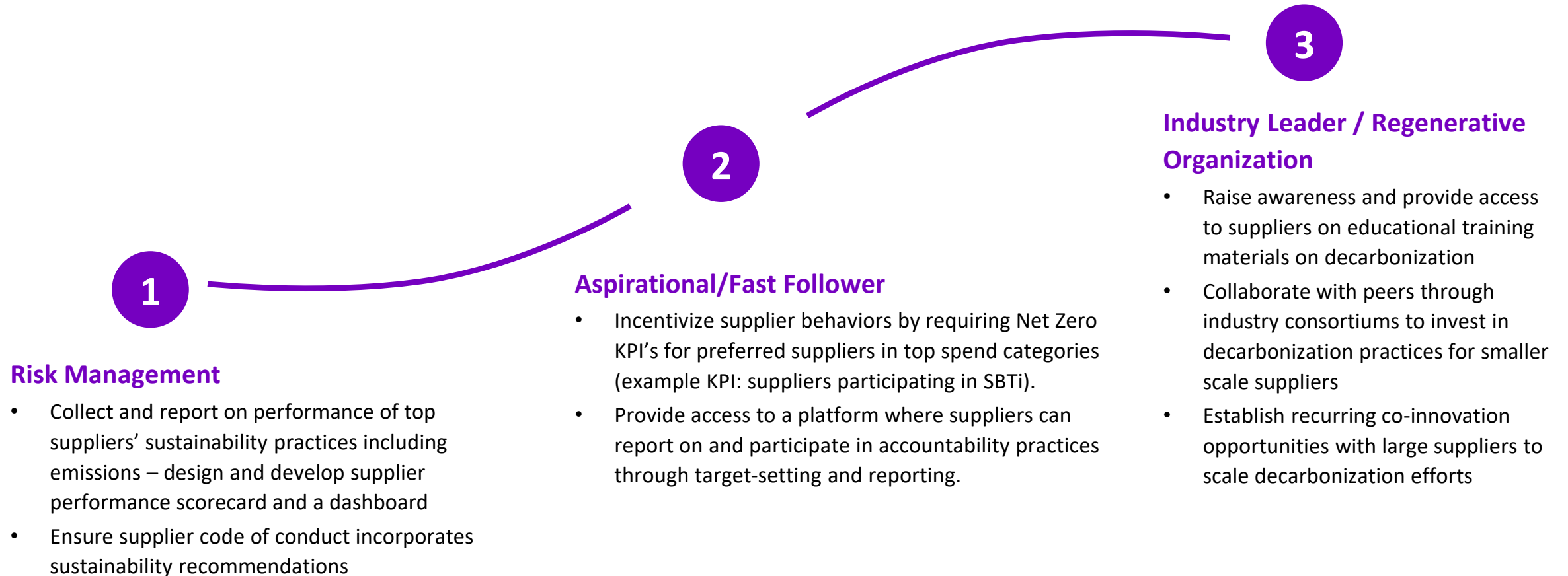


Water Practices

- Through recycling and irrigation systems, efficient water usage decreases waste and benefits water quality to protect nearby water sources.

Supplier Relationships

Each subset then shares pragmatic, tactical measures along the maturity curve.





Thank You and Questions