



RADICLE

How to Create Impact with your Emissions Reduction Strategy



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Let's talk possibilities.

If you'd like to find out how we can help you navigate the sustainable business landscape, or think you can help us enable planet-positive solutions, we'd love to hear from you.

Creating impact through strategy

Implementing a new emissions strategy isn't simply an exercise in ticking boxes. It should be an iterative process that inspires commitment from your leaders and constant experimentation from your employees. It has to reflect the priorities, values, and culture of your company.

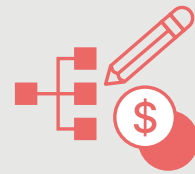
Hard won experience at Musket, Lafarge, and Assiniboine shows that these six practices can make your emissions strategy even more impactful.



1. Ensure your strategy aligns with the culture of your company



2. Make measurement matter to your people



3. Use an internal carbon price to develop credible business cases



4. Use pilot projects to find practical, innovative solutions



5. Build stronger relationships by sharing results with customers and the community



6. Keep an eye on the future for trends and opportunities

Creating a sound emissions strategy is a challenge, but executing it can be an even bigger hurdle. With our Climate Smart training and certification program, Radicle has helped thousands of companies navigate obstacles on their path to a carbon-neutral future. Three of our clients, Musket Transport, Lafarge Canada, and Assiniboine Credit Union share their secrets for impactful execution.

Ideas are simple, but execution is hard. No one knows that better than Sophia Begidzhanov, corporate communications officer for The Musket Transport Ltd., a Canadian over-the-road and inter-modal transportation carrier. She's responsible for Musket's emissions strategy.

Says Begidzhanov, "There's definitely a generational divide in most workplaces nowadays." She observes that young, purpose-driven employees may value sustainability, but older workers still hold the decision-making power in traditional industries like transportation. Implementing an emissions strategy means bridging that chasm to instigate change.

Begidzhanov's job doesn't sound easy, but Musket is already reaping massive benefits by reducing greenhouse gas (GHG) emissions. Through Radicle's Climate Smart training and certification program, Radicle trained Musket's team to measure greenhouse gas emissions and helped them develop an emissions reduction strategy. Since 2016, the company has saved \$1.9M in diesel fuel costs and reduced emissions by 10%.

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Find the reasons that resonate

In 2018, Musket joined a climate action pilot program led by the Mississauga Board of Trade and sponsored by HSBC. But in the transportation industry, efficiency is everything and Musket was already well on its way to reducing emissions. Begidzhanov explains, "Fuel costs are always a part of the business-making decisions, because transportation and trucking in particular is a single digit profit margin industry."

Even before launching its strategy, the company invested in fuel efficient trucks, and driver training to minimize fuel consumption through training programs at Commercial Heavy Equipment Training, its commercial driving school.

President and CEO Andy Balij fosters a culture focused on efficiency because it makes Musket more competitive, so efficiency is a reason that resonates at Musket. It's a simple, business-based argument that even the most skeptical employees can appreciate. As long as her emissions reduction strategy supports a better bottom line, Begidzhanov has solid backing from company leaders.

Contrast that to Assiniboine Credit Union where efforts are directly connected to its corporate mandate. With support from Climate Smart, Assiniboine has achieved cost savings by slashing its paper consumption, introducing geo-thermal climate control in new branches, and shrinking the size of its branch network.

Yet the real reason that resonates at Assiniboine is purpose. The credit union is a certified B corporation that meets the highest standards for social and environmental performance. In 2018, through a combination of strategic reductions and the purchase of high quality, fair trade carbon credits, Assiniboine became the first carbon neutral credit union in Manitoba.

Dennis Cunningham, Manager of Environmental Sustainability says, "Assiniboine is really committed to being a purpose driven organization with a commitment to people, planet, and profit." He adds, "We have an executive team that really supports this work because our board is very supportive, and our staff feel very strongly and positively about how we act as an environmental leader in our community."

Whatever reason your company chooses, your emissions strategy must align with the values of your organization and what your leaders say and do. Otherwise, your employees won't support your goals. Perhaps environmental, social, and governance (ESG) goals are the lifeblood of your internal culture. Maybe financial performance or customer experience is what really matters.

Regardless, your emissions strategy must connect with what your people value most.



Make measurement matter

Every emissions strategy should have a robust way to measure, collect, and analyze emissions data. At Musket, electronic driving logs from Musket's fleet allowed Begidzhanov's team to collect historical data and establish a baseline dating back to 2016. Radicle helped make sense of this rich dataset by showing Musket how to collect and analyze the data and produce reports.

Now, they can analyze how driver training initiatives and newer, fuel efficient trucks are impacting Musket's emissions over time. According to Begidzhanov, the results have been startling. She says, "It is essentially proof we are going in the right direction, and that the business decisions that are being made at the top benefit more than just the bottom line."

But how do you make everyone in your organization more accountable for reducing emissions? At Assiniboine, emissions reductions goals are linked to key performance metrics for branches and for employees. Dennis Cunningham says, "We have environmental performance tied into how we track

branch performance and linked to compensation structure for our staff." By linking emissions reduction targets to operational and financial performance, they've become embedded in what Cunningham calls Assiniboine's "operational DNA".



Use an internal carbon price to create a credible business case

Your strategy will take time and money, and it needs a credible business case to support it. You might use a simple cost-benefit model to compare the money you spend to the money you save, but Radicle recommends taking a more sophisticated approach.

Consider setting an internal carbon price (ICP). An ICP is a hypothetical price you set for every tonne of carbon your organization emits, the value of which should reflect the amount of money you are willing to invest in reducing your emissions. Shahira Esmail is Radicle's Managing Director, Sustainability Strategy and Credit Development, and she says, "Having an internal price on carbon is one of the best tools that a company can have."



The value of ICPs vary widely from company to company. In 2019, online payment processor Stripe announced its highly ambitious Negative Emissions Commitment. Stripe pays cutting edge carbon capture startups to remove carbon emissions from the Earth's atmosphere. Costs range from between \$75 and \$775 per ton, but this \$36B technology company has the dedication and deep pockets it takes to fulfill its visionary ESG goals.

Using ICPs to justify capital investments isn't the only path. Lafarge Canada is Canada's largest supplier of concrete and aggregate material for construction. Facing a slowing economy and limited capital, Lafarge's operations in Edmonton, Alberta, decided to take what William Gowdy, Environment and Public Affairs Manager calls, "low cost or no cost measures" by focusing on staff education and making incremental changes to improve operational efficiency.

This pragmatism is important. Radicle's Esmail says, "Your internal price (should be) decided at whatever level is appropriate from a decision-making standpoint to secure funds to support your strategic initiatives." If your "reason that resonates" is efficiency or financial performance, you'll probably set your ICP at a lower level where you can expect more return on investment. If your reason is more altruistic, you might set it at a higher level to support new technologies or meet coming regulatory requirements.

Setting an appropriate internal carbon price can be a challenging exercise, but that's where Radicle excels. Esmail says, "Our expertise is in helping our clients create rigorous business cases using a realistic ICP. It's critical for making good decisions about emissions reduction practices."



Creating small successes through pilot projects

A "big reveal" — rolling out your strategy without the benefit of piloting — is always risky. Small pilot projects are a better way to start because you can test your assumptions and refine your business case before you scale up.

They're also an important way to secure internal buy-in. Groups like engineering, production, operations, and distribution have their own targets to meet. If you fail to engage these groups from the outset, your emissions strategy will introduce new goals that will be considered an interference or distraction.

By using pilot projects to engage these groups, you're inviting them to come up with solutions to help meet everyone's goals. If you make sure the consequences for failure are minimal and give each team room to experiment on their own terms, you'll see higher levels of engagement and more innovative problem solving.

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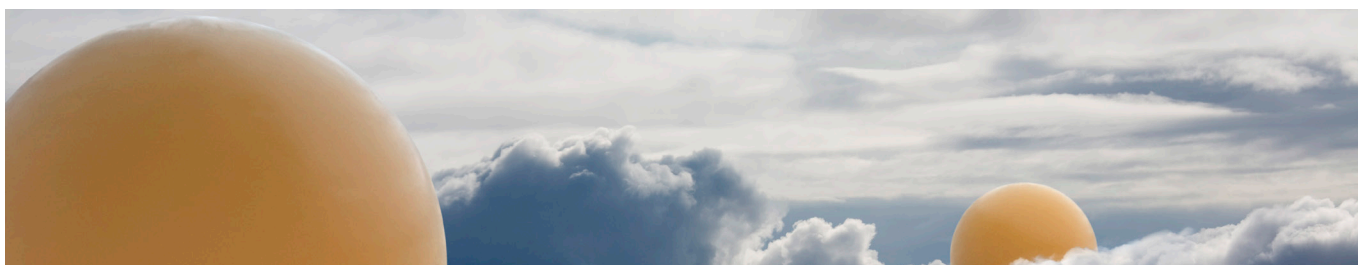
"We've got about 40 operations in Edmonton alone", says Gowdy. After conducting an energy audit with help from Radicle, the first step was to talk with plant operators.

"The people in operations know their systems, equipment, and facilities better than anybody. They can speak confidently to ways we can improve and identify what we are already doing right."

Following Lafarge's "low cost, no cost" model, plant operators worked with their teams to adopt simple changes in behaviour and consumption. In winter, some aggregates must be heated before they're used, but by turning down thermostats and turning off hot water heating systems at night, plant operators exceeded Gowdy's expectations.

He says, "I certainly thought we could lower our energy use, but some of our operations thoroughly embraced our GHG reduction initiatives, and some operations even reduced GHG emissions by a whopping 16% to 25%." According to Climate Smart, these changes resulted in a 27% reduction year-over-year in natural gas consumption between 2018 and 2019.

"Our people understand," explains Gowdy, "we all want to be better: manage our bottom line and reduce emissions. Everyone is committed to this initiative." Spurred by environmental initiatives at international parent company, LafargeHolcim, Gowdy's division in Edmonton is now planning to invest capital dollars to retrofit lighting at its production plants. The goal is to reduce consumption of electricity for lighting by 25%.





Remember your customers and your community care

Recently, Begidzhanov was summoned to a sales meeting. A potential customer arrived with a 'green team' to evaluate Musket's emission reduction practices.

"I was called on by our president... to go over our Climate Smart training, what investments we had made, the fact that we're tracking our GHG emissions, the information that I had on... the engines in our trucks." The interest of a potential customer made her bosses pay more attention to Musket's emissions strategy, and they now include information about the company's environmental practices in all their sales presentations.

Begidzhanov describes the event as an important win that justifies investment in new initiatives. Normally, they wouldn't be considered without this sort of customer scrutiny.

Gowdy faces a different challenge. Lafarge relies on quarries to supply the raw materials for concrete and aggregate for its customers. Lafarge must work diligently to maintain its social license with stakeholders and is committed to reclamation and restoring and improving biodiversity.

Then there is the matter of product transparency. "Lafarge is continually issuing Environmental Product Declarations (EPDs), independently verified by a third party. We are proud to share that information. It's proof that our innovations and trials to reduce GHG are worthwhile, are tested, can perform and provide solutions that our communities need."



Look to the future for the next big challenge

As you execute your strategy, you'll soon realize there are even more challenges and opportunities on your company's journey towards a carbon-neutral future. Part of creating impact means identifying and embracing new initiatives as trends and opportunities emerge.

Dennis Cunningham points to changes in lending and investing. "There's definitely emerging trends within the financial services industry driven through a couple of large international initiatives on climate risk and financial disclosures."

Assiniboine Credit Union is responding by turning its eye to its own lending and investment portfolios. He says, "We have to adapt our financial products and encourage our members to reduce emissions related to their investments."

He says it's a challenge for Assiniboine because credit unions are smaller and less influential than large banks and institutional investors. "But it's the right thing to start doing because if we don't, they'll wind up being dictated to us. Additionally, it is in keeping with one of the key cooperative principles we adhere to – Concern for Community."

Creating and executing an emissions strategy is not a simple undertaking, but at Radicle, we're invested in your success, and our seasoned team of experts can help you every step of the way.

About Radicl

Radicl helps guide today's progressive companies towards tomorrow's sustainable future. Our award-winning Climate Smart training program helps small and medium businesses create a greenhouse gas inventory, and devise emissions reduction plans to take action and make change. Radicl works with agriculture, energy, forestry, manufacturing, commercial, and financial services to enable planet-positive solutions by increasing efficiency while lowering costs and emissions. We believe that financial and environmental sustainability are two sides of the same coin: balance between the two is possible.

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