Uber for Business

The road to sustainability: executives discuss their efforts toward net zero

Table of contents

It's not always easy being green. According to *Harvard Business Review*, "surprisingly few" of the companies that pushed to establish sustainability programs in 2020 "are making meaningful progress on delivering on their ESG commitments."

While reducing emissions and establishing sustainable business practices is top of mind for many companies, the path to progress can be winding—and along with wins come challenges.

To create an opportunity for discussion and collaboration on this topic, Uber for Business recently hosted global executives from the financial, technology, transportation, and aviation industries at our San Francisco and New York City offices.

It was a cross-functional group, with executives from ESG, Travel and Expense, Sales, and Data teams discussing the challenges they're facing in the sustainability space, especially when it comes to consistent measurement of emissions and reduction efforts. They also agreed on another thing: collaboration across industries, functions, and countries is crucial if we want to create lasting impact.

A search for the right data

In an effort to reduce emissions and fight climate change, over **one-third of the world's largest companies** have committed to net-zero goals. Most attendees we spoke with shared that their organizations have also committed to carbon reductions. To help with their efforts, many in the room shared that they are members of the **Science Based Targets initiative (SBTi)**, which requires concrete plans for reduction, regular disclosure of emissions, and annual publication of progress. Yet despite this good intent, they, alongside many other companies, still find it challenging to accurately measure progress in this area.

Even with goals in place, attendees agreed that data compilation is difficult. Without consistent benchmarks and universal measurement, organizations are struggling to accurately report on how they're doing. While some progress has been made, many feel that the data they receive is too inconsistent to showcase externally.

Despite this lack of consistent data, these groups are still working to improve their sustainability efforts in a variety of ways, looking at everything from how they work with suppliers to the importance of educating their own employees as well as the consumer.

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New practices for a sustainable supply chain

There are many ways that companies create pollution: powering their facilities, manufacturing products, flying for business, sending freight deliveries, and more. And with ever-changing supply chains, organizations are often far removed from the source of materials purchased—which makes it difficult to obtain emissions data. Additionally challenging is the wide range of factors figuring into a company's emissions reporting—nearly everything plays a role, from the work of production crews to the shipments a company receives.

Compounding the issue is the fact that not all companies throughout the supply chain have an accurate or effective form of measurement, especially if they're calculating numbers in-house and are international suppliers or multinational companies. This is why many organizations are seeking the help of external counsel to streamline the data they do receive.

Planning for success

For those we spoke to, SBTi targets and/or established internal roadmaps have provided a framework and system of governance for working with large existing suppliers.

Organizations are also utilizing a carrot/stick practice throughout the procurement process. Some have begun including requirements for emissions data and reduction in contracts so new and exisiting suppliers are legally bound. Others are choosing to reward groups that begin to report emissions data. However companies choose to engage with suppliers, the intent to reduce emissions is a positive one.
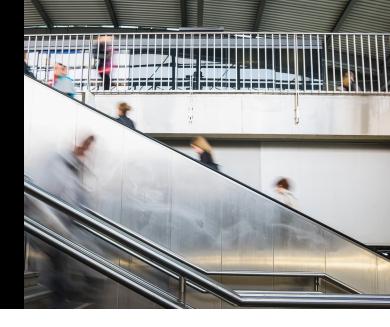
Empowering SMBs

Small to medium size businesses also play a crucial part in procurement. Generally, these groups lack the resources for a dedicated sustainability practice or team. To empower small and medium businesses, some companies have created measurement templates or provided assistance in other ways to help get everyone on the same page.

Willingness to come to the table and attempt to make updates is a step in the right direction, and while not everything is perfect, many spoke encouragingly about their work with smaller suppliers in recent years.

Balancing the cost of sustainable options

The lack of data accuracy and availability isn't the only challenge facing those we spoke with. Executives also emphasized the need to balance new sustainability practices with cost, considering not only their company's bottom line but also the brand and customer experiences.

Financial cost: answering to decision makers

Sustainable solutions are often **more expensive** than their less eco-friendly counterparts for a number of reasons, including the fact that they're often produced on a smaller scale. It can also cost more to implement new solutions and/or to use alternative energy sources. Organizations with less-established sustainability programs or smaller budgets often don't have the internal support or the money to implement these solutions.

Long term, decision makers will need to accept that investing in sustainable solutions may mean reducing the funds available to support growth elsewhere. This can be a difficult pill to swallow, but sustainable innovations across all industries continue to evolve, which may eventually reduce sustainability costs and barriers to entry.

Brand cost: answering to consumers

Organizations are also considering how sustainability efforts may impact their brand. While consumers are generally enthusiastic about sustainability, they may not be as happy if the sustainable option means a slower production time.

Business cost: answering to business partners

Executives from the professional services industry discussed how their emissions decreased dramatically as business travel halted during COVID-19 lockdowns. They shared that they are now more conscientious when it comes to booking travel. One-day trips and other pre-COVID trends are now rare, and many executives are looking at alternatives to carbon-heavy air travel, too (renting a car for shorter trips, for example). To ensure a similar level of service is still provided while maintaining strong relationships, travel is now more intentionally planned to maximize face time with clients over a longer period.

Green education for lasting change

As organizations introduce new sustainability practices and products, they need effective ways to encourage adoption by employees and customers. While people generally want to make more sustainable choices, many businesses struggle to translate to employees the environmental impact of their actions. Most employees and consumers don't understand the effects of 1,000 tons of carbon or know why a business-class seat emits more pollution on an international flight than a coach seat.

One way to achieve the goal of encouraging adoption by employees and customers is to provide them with a sustainable option on a regular basis—or to remove the less-sustainable choice completely. For example, a company may give business travelers the option to book a room at a sustainable hotel, or they may mandate it.

The power of education

Executives discussed the importance of sharing educational and relatable information to achieve buy-in. Some companies have started to use travel-booking tools and platforms that show the emissions output of specific travel actions in a digestible way. For example, the tool may show that the carbon offset of a coach seat on an international flight is equivalent to weeks of powering a single-family home.

Clearly showing the impact of day-to-day actions is known to effectively alter behavior and inspire real change. Tools like this for employees and consumers will likely evolve and stay top of mind as net-zero promises and other sustainability goals come into play in the next several years.

Showcasing sustainable alternatives

Discussions also highlighted the importance of educating consumers and expanding the EV grid, especially in smaller and/or less-populated urban areas. The more regularly consumers see electric vehicles in their neighborhoods, EV chargers at the grocery store, and compost receptacles at the mall, the more accessible these practices and products become.

Collaboration is key

Attendees were adamant that they were actively looking to collaborate outside of their organization to find solutions, establish best practices, and make an impact without duplicating efforts. Working together to simplify and standardize data was top of mind, as was creating templates for procurement and reporting.

Many organizations have turned to cross-sector groups like SBTi for standardized emissions measurement while also joining **The Climate Pledge**, an initiative to foster collaboration and reduce siloed efforts in the race to net zero. But there's more work to do.

Cross-industry collaboration is necessary for infrastructure updates such as sustainable jet fuel, charging stations, and EV batteries. From government agencies to aviation and technology companies, all organizations need to depend on one another to improve and thrive over the long term.

Looking ahead

As demand for sustainable solutions and emission-reduction efforts increases, organizations across the globe will continue to face challenges. But these roadblocks create space for collaboration on a scale yet to be seen. Both the private and public sector are working together to make a difference for the planet and its people.

Bringing together experts from different organizations helped paint a picture of many complicated issues in the sustainability space, including the lack of standardized measurement, procurement difficulties, and the challenge of figuring out how to effectively deploy sustainable new solutions companywide and to the public.

> **Sustainable transformation is not and won't be simple. But executives agreed that coming together to collaborate will make a lasting difference by helping to innovate new solutions, reduce emissions, and improve the planet for future generations.**

Learn more about how Uber for Business can support your organization's sustainability efforts →