

---

# Sustainability

By David HC Correll, Ph.D.,

---



## **'Just Transition': A Rising Green Tide Lifts All Boats**

When managing for supply chain sustainability, are you considering the emerging notion of “just transition?” If not, will you soon be expected to start? Like the term “sustainability,” “just transition” is an emerging concept that means different things to different people — at least currently. A good place to start is the European Bank for Reconstruction and Development, which defines the concept this way: “A just transition seeks to ensure that the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically — be they countries, regions, industries, communities, workers or consumers.”

It's a lofty goal to ensure that gains from advancing green technologies are shared equitably around the world. But it's worth considering, and forward-thinking industries and institutions have already taken first steps. At the COP26 Glasgow Climate Change Conference in November 2021, representatives from the United Nations and the global shipping industry partnered to launch a Just

Transition Maritime Task Force, with its mission to, “drive decarbonization of the industry and support millions of seafarers through shipping’s green transition.” Similarly, 27 European energy and industrial companies signed a Pledge for a Just Transition to Decent Jobs in May 2021. This pledge indicates their commitment to the notion of just transition, particularly as it applies to equitable treatment of employees, as well as the people in the communities where they operate, as they transition their technologies to greener alternatives.

Supply chain management is already complicated. And for procurement professionals, the concept of just transition could initially feel like one more hard-to-measure metric to manage. But that’s only looking at the cost. The benefit, if realized, merits consideration: remaking the unwritten rules of the world’s transition to renewable energies and technologies from a game where winners take all to a rising green tide raising all boats.

### Research Spotlight

## The Jolting Environmental Impact of Coffee Supply Chains

One of the most complex supply chains among food and beverage products (or perhaps any commodity) is coffee, in big part because its end customers form a mass of humanity: More than a billion people worldwide enjoy a hot or iced cup of joe each day.

A coffee supply chain has several stages — including planting, growing, picking, packing, shipping, blending and roasting — and disposable filters, pods, cups, stirrers and straws have their own sourcing processes.

In March, Starbucks announced that customers in the U.S. and Canada will be able to use a personal, reusable cup for drinks by the end of 2023, part of a goal of reducing waste by 50 percent this decade. The Seattle-based coffee maker has piloted a reusable-cup program in six markets around the world.

“Starbucks is ... testing innovative new ways to reduce waste and reduce our carbon footprint,” Michael Kobori, the company’s chief sustainability officer, said in a press release. There are many other ways for the coffee industry to do that, as research by Thomas, the New York-based sourcing platform, indicates.

A Thomas article notes that most paper coffee cups, as well as plastic cups and straws for iced drinks, are not recyclable — or too expensive to recycle. Coffee filters, many treated with bleach or other chemicals, take up to eight months to decompose, and more than 170 million coffee bags are thrown out each year.

“(P)erhaps reducing waste and creating a more sustainable coffee supply chain is an investment for the entire planet,” the article states.

## Sustainability Stat

# 231,865

Tons of critical minerals (including manganese, graphite, tin and titanium) that were imported into the U.S. in the fourth quarter of 2021, according to data reported to the U.S. Census Bureau. That's too high for the Biden administration, which has focused on boosting domestic critical mineral supply chains, including development of a stockpile in the U.S.

Demand for rare earth minerals — used in clean-energy projects like wind turbine generators, solar panels and electric vehicle motors — could increase by as much as 700 percent of current levels by 2040, according to the International Energy Agency.

"The administration's latest step is an important one in that there is actually now money being spent to (learn) how to extract these important critical minerals in a sustainable way," Jane Nakano, a senior fellow specializing in energy security and climate change at the Center for Strategic and International Studies, told S&P Global Platts.

## ESG Spotlight

# University Offers Insights Into ESG Investment Practices

While environment, social and governance (ESG) principles have increased in emphasis among investors, there have been few detailed reports on how those standards are applied in portfolio decisions. In March, the University of Pittsburgh, for the first time, disclosed how ESG factors into management of the school's consolidated endowment fund (CEF).

The *Inaugural Consolidated Endowment Fund Environmental, Social and Governance Report, 2020-21* was compiled in accordance with the university's ESG policy, adopted in March 2020. That policy introduced ESG standards into the CEF — which was valued at US\$5.6 billion in June 2021 — but only formally, said Hari Sastry, university senior vice chancellor and CFO.

"Many of the concepts now referred to as environment, social and governance factors have been incorporated in the investing practices of the endowment on a case-by-case basis since 1990," Sastry said in a press release. "The ESG policy provides us a more consistent and comprehensive approach to evaluating investment opportunities."

Among the ESG factors considered for the CEF include energy efficiency, climate change, data protection and privacy, human rights, labor standards, product safety, accounting and audit standards, business ethics and regulatory compliance. For example, 5.9 percent of the portfolio's private holdings last

year were in fossil fuels, down from 10 percent in 2015. The university's goal is to reach zero fossil-fuel holdings by the end of 2035.

The report's comprehensiveness is limited because "the investment industry currently lacks established quantitative measurement standards to evaluate ESG factors," Sastry said.

### **About the Author**

**David HC Correll, Ph.D.,**

Research Scientist

MIT Center for Transportation & Logistics at Massachusetts

Institute of Technology in Cambridge, Massachusetts