



How to Build a Winning Business Case for Scope 3 Decarbonization

Linking Decarbonization to Profitability and Growth

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Overview

In this guide, you'll learn how to:

- Build a compelling business case for Scope 3 decarbonization, linking it to financial, regulatory, and competitive priorities.
- Secure leadership buy-in by demonstrating cost savings, risk mitigation, and revenue operations.
- Quantify the financial impact, from carbon cost savings to procurement efficiencies and competitive advantages.
- Navigate common leadership objections with data-driven arguments that align sustainability with business value.
- Implement a structured strategy with clear steps for supplier engagement, technology adoption, and execution.



Why Investing in Scope 3 Decarbonization Matters

The Scope 3 standard from the GHG Protocol helps businesses calculate value chain emissions. Major companies are already investing heavily into reducing their Scope 3 emissions for a mix of moral, reputational, compliance and business reasons, with 90% of the world's economy now covered by net-zero targets.

For most organizations, Scope 3 emissions, particularly the upstream emissions influenced by procurement, account for over 90% of their carbon footprint. Yet, many struggle to secure investment for supply chain decarbonization despite its significant benefits.

Without a compelling business case, leadership may see Scope 3 emissions reductions as a cost rather than a value driver, leading to stalled progress, compliance risks, and missed competitive advantages. Without immediate regulatory pressure or clear short-term returns, companies may deprioritize action, delaying necessary transitions and putting themselves at a long-term disadvantage.

This guide shows you how to drive company-wide buy-in for your decarbonization strategy, build a winning business case, get strategic alignment, and be well prepared for the inevitable “what about the cost?” question.

TLDR

It's all about connecting sustainability to financial, regulatory, and competitive drivers, and doing so is not as difficult as you might think.



Step 1

Frame the Problem – Why Change, and Why Now?

A strong business case starts with answers to three key questions:

1. What's the problem?

The reasons to reduce Scope 3 emissions vary by organization, offering both incentives and consequences.

There are carrot approaches: Ambitious sustainability commitments, whether yours or your competitors', require decarbonization to stay credible. Done right, it can be a significant reputation boost. Of course, the moral argument is clear; we all want to live sustainably on earth.

But business is about the bottom line, and that's where the stick comes in: Inaction exposes companies to financial, regulatory, and competitive risks. New regulations bring tax implications and compliance burdens. Supply chain disruptions, reputational damage, and loss of market share to sustainability leaders are real threats. With rising sustainability expectations, no company wants to be linked to deforestation, pollution, or other environmental hazards.

For Leadership: Delayed action increases financial, reputational, and regulatory risk, while competitors move ahead.

For Finance: Rising carbon costs and penalties make inaction expensive, while tax incentives and internal carbon pricing create financial opportunities.

For Legal: Regulatory and compliance risks are mounting.

For Procurement: Decarbonization strengthens supplier resilience, reduces disruption risks, and improves negotiation leverage.

For IT: Simplify data collection and fill existing gaps in infrastructure and analysis. Security, privacy, and integration are key.

Once you've identified the key stakeholders that you'll need to get on board, be selective with your arguments. The same reasoning for IT might not work for procurement. Legal might have a slightly different perspective than the CEO.

2. Why now?

Decarbonization may be a long road, but that doesn't make it a hard sell.

Regulatory pressure is increasing: climate disclosure laws, carbon pricing, and ESG reporting requirements are front of mind for large enterprises.

Supply chain decarbonization takes years: it takes suppliers several years to decarbonize so engaging suppliers now is critical to achieving 2030 targets.

Market expectations are shifting: customers and investors favor companies with verified carbon reduction strategies. In fact, 70% of companies have abandoned acquisitions over ESG concerns.

Start preparing now to reduce costs, minimize risks, increase investor appetite, and future-proof your compliance strategy.

3. What happens if we don't act?

Rising carbon costs: Compliance and offset costs will escalate, with emerging carbon pricing and trade-related mechanisms already influencing major infrastructure investment decisions.

Regulatory non-compliance: Failing to meet climate disclosure mandates can result in sustainability fines and reputational damage.

Revenue & market share loss: Customers are favoring suppliers with verified carbon reduction strategies. It's a race to the top.

Supplier-related risks: Without decarbonization strategies and carbon management tools, procurement teams will be left in the dark to struggle with supply chain instability and ESG scrutiny.

Market Insight:

When CBRE mapped their emissions trajectory, they realized that delaying supplier engagement would significantly impact their ability to meet climate targets.

They also quantified the number of suppliers they needed to engage, 7,500, showing leadership the scale of the challenge and sense of urgency.





Step 2

Quantify the Business Benefits

So, we've covered the why. What about the how? Cost perception is a significant barrier to decarbonization investment, but with the right knowledge and data, it's clear that net-zero initiatives are net positive in the medium and long-term.

1. Carbon Cost Savings

Reducing emissions directly translates to financial savings. Many companies assign an internal carbon price to model cost impacts, using tools like marginal abatement cost curves (MACCs) to prioritize the most cost-effective actions.

Rising regulatory pressures (e.g., carbon trading schemes, border adjustment taxes) mean inaction could lead to higher compliance costs.

Going down the offset route is also no quick fix; the cost of offsetting 10 million tonnes of CO₂ is projected to be almost \$200 million by 2030.

Carbon accounting platforms offer cost-effective solutions using AI to analyze your spend or quantity data, alongside emissions databases, creating quick baseline assessments for rapid quantification.

***Tip:** Quantify emission reduction in financial terms to resonate with CFOs. Use industry benchmarks if you don't have an internal carbon price yet to model potential savings.*



2. Revenue Growth, Competitive Advantage & Compliance Readiness

Leading businesses are integrating net-zero supply chain solutions into their value proposition to increase top-line revenue and procurement efficiency.

- Companies demonstrating carbon transparency across their supply chains are increasingly gaining a competitive edge in procurement and partnership opportunities. Moreover, firms are now willing to compromise supplier relationships to meet decarbonization targets.
- Linking carbon reduction to cost savings (e.g., energy-efficient manufacturing) helps fund sustainability initiatives without increasing procurement budgets.
- Carbon metrics can also be leveraged in procurement negotiations, helping businesses secure better supplier terms and contract advantages.
- Avoid regulatory surprises. Early adopters can future-proof supply chains and embed compliance into procurement decisions.

3. Supplier Engagement as a Value Driver

Supplier engagement can be a strategic growth driver.

- External benefits: Enhanced relationships, supply chain stability, and product innovation, giving businesses a competitive edge.
- Internal benefits: Integrating supplier decarbonization into broader procurement and sustainability strategies strengthens reputation, resilience, and employee engagement.
- Supplier benefits: Supporting suppliers is a win-win for them too, as it makes them more competitive. Use this to your advantage.

Tip: Decarbonization isn't just about compliance, it's a revenue growth opportunity. Even a 1% increase in sales from sustainable procurement can justify an investment in a decarbonization platform.

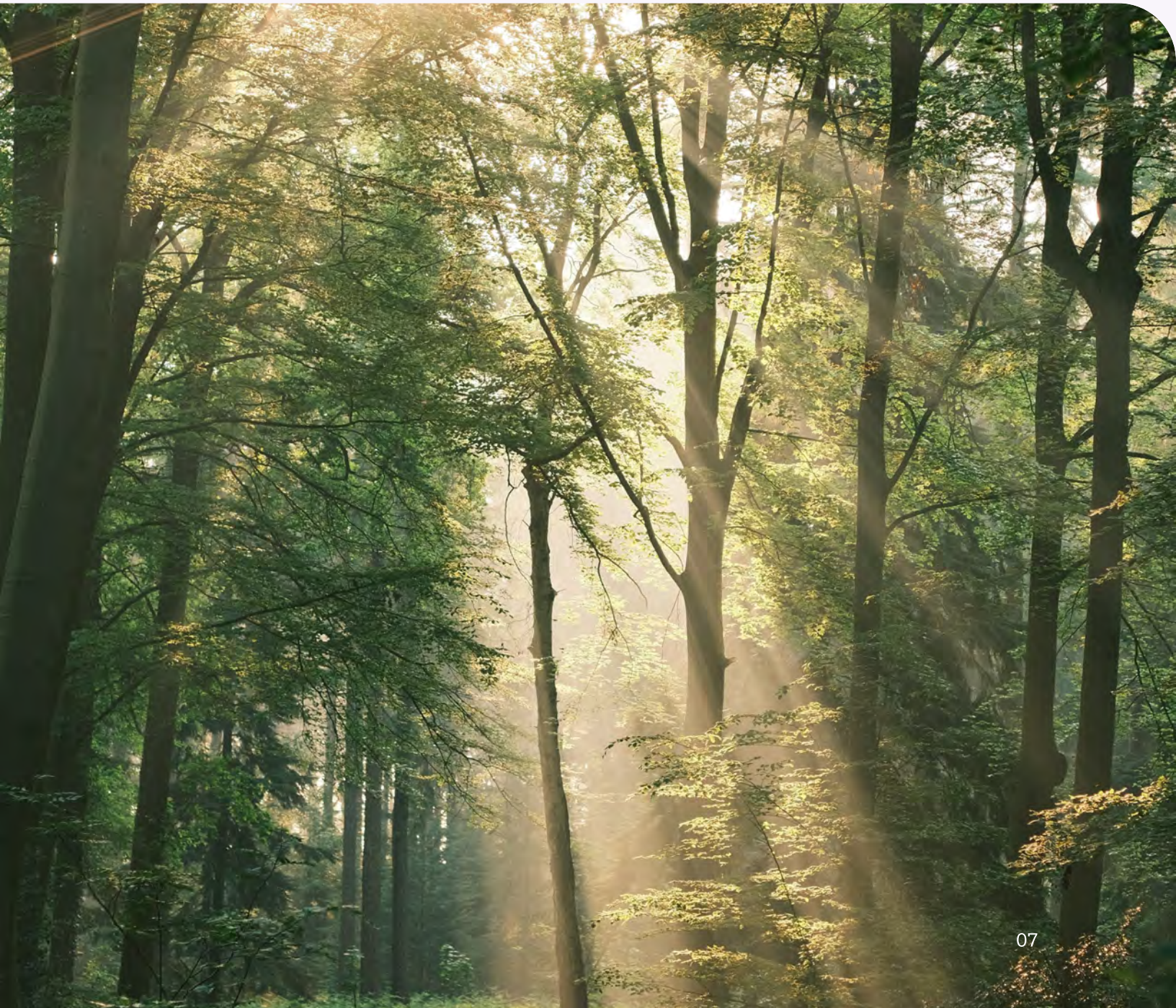
Case Study

S&P Global x First Factory

By engaging its supplier on carbon measurement and reduction, S&P Global empowered First Factory to achieve carbon neutrality and strengthen its position as a trusted, sustainability-aligned partner.

***Tip:** Frame supplier engagement as enabling procurement efficiency, supplier innovation, and risk reduction.*

[Read the Full Case Study](#)





Step 3

Address the Cost of Inaction & Investment Needs

As we've shown, the cost of inaction is significant: what gets measured gets managed. Without a decarbonization management system, you risk:

- **Timeline slippage:** Sustainability adoption takes 5+ years without help, making 2030 targets unachievable without immediate action.
- **Growing resource costs:** Manual supplier engagement requires large teams and creates inconsistent results.
- **Increased IT and audit risks:** Lack of structured, audit-ready data leads to audit failures and compliance penalties.

Investment Breakdown: What does it cost to get this right?

Leadership will scrutinize costs, so outline them transparently. Typical costs associated with establishing a decarbonization platform:

- **Technology & Data:** Carbon accounting platform, supplier assessment tools, integration with procurement systems.
- **Supplier Engagement:** Training, data collection, and potential incentives for emissions reporting.
- **Internal Resources:** Dedicated team members across procurement, sustainability, and operations.

Tip: Break down costs and demonstrate return on investment (ROI) across multiple areas (cost savings, revenue, risk mitigation) to strengthen your case.



Step 4

Create a Clear Implementation Plan

Your business case must show how the decarbonization plan will be executed over time. Leverage established decarbonization resources and internationally aligned targets to structure your approach around these four pillars:

Four Pillar Strategy for Implementation

Technology & Data: Deploy a platform to track emissions and supplier engagement. Some platforms build in incentives for suppliers to improve performance on emissions reductions.

Supplier Engagement: Prioritize high-emission suppliers and provide support for decarbonization. engage50, the solution from Green Project, offers suppliers free baseline assessments to get them started.

Internal & Client Engagement: Align finance, procurement, and sustainability teams while integrating client goals. Use software to generate digestible data that's easy for the C-suite to get behind.

Decarbonization Action Plans: Define specific reduction strategies per supplier category, including policy changes, incentives, and supplier funding mechanisms.



Overcome Common Leadership Objections

Even the best business case will face pushback. Here's how to counter common concerns:

“Can’t we just rely on country-level decarbonization targets?”

No, most national targets extend to 2050 or beyond, while many regulatory frameworks (e.g., CSRD, SEC climate disclosures, SECR) require near-term action. Delaying risks compliance penalties and rising carbon costs.

“We don’t need detailed data; industry averages are enough.”

No, industry averages lack precision, penalize low-emission suppliers, fail to track actual reductions, and mask emissions hotspots that procurement should address. With tightening disclosure regulations, supplier-specific data positions you better for decision-making and compliance

“Baseline emissions should remain constant.”

No, better data refines the baseline over time, ensuring more accurate tracking and goal setting.



Final Takeaways

How to Build Your Business Case

If you're developing a Scope 3 decarbonization business case, focus on these essentials:

1. Frame the problem in financial and strategic terms, not just sustainability goals.
2. Quantify ROI through carbon cost savings, revenue growth, and operational efficiencies.
3. Break down costs and funding needs clearly.
4. Provide a structured roadmap for execution.
5. Preempt leadership objections with strong counterarguments.

The Bottom Line:

The strongest business cases connect decarbonization to financial value. At the macro level, what's good for the planet is good for business.

Companies that act early will lead their industries, protect profits, and stay ahead of shifting regulations. Those that wait risk higher future costs, penalties, and competitive disadvantages.



Thank you!

Head over to [our website](#) to access more insights on supply chain decarbonization

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