



## Did You Know Shopify Is Fighting Climate Change?

### Description

Environmental, social, and governance investing, or ESG for short, has been picking up a lot of traction over the past few years. This has been due, in large part, to a bigger focus on sustainability in society. As such, many companies have been releasing ESG statements and investment funds have even been offering ESG ETFs to retail investors.

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is well known by many as one of the most exciting growth stocks in Canada. [Since its IPO](#), Shopify has grown more than 4,100%! Investors and financial media have spoken, in great detail, about its potential as an e-commerce company. However, few have spoken about its attractiveness as an ESG play. In this article, I will discuss why Shopify could be a company to consider investing in, for the fight against climate change.

### Shop Pay is becoming a lot more popular

Before we get into its potential as an ESG company, we must familiarize ourselves with Shop Pay. In 2017, Shopify released its one-tap checkout solution to help speed up the payment process. When customers make a purchase using this feature, they can save all their information and skip standard form-filling in the future. Similar in function to **Amazon** and **Apple** Pay, Shop Pay is another tool that helps provide customers with a more enhanced e-commerce experience.

Shop Pay also features an installment feature, which is becoming more popular within the online shopping world. In fact, **Affirm**, a company that specializes in the “buy now, pay later” industry, raised [\\$1.2 billion during its IPO](#) this month. With Shop Pay, customers can pay for their purchases in four equal installments at 0% interest. This is another way that Shopify is able to enhance customer experience.

### How Shop Pay is helping the company fight climate change

With the introduction to Shop Pay out of the way, we can finally get into the ESG aspect of this article. Shopify explains on its website that Shop Pay helps offset carbon emissions with every delivery. To

date, the company has offset 92,130.16 tons of carbon emissions. So how does it do this?

After a customer's order is delivered, Shopify calculates how much carbon is emitted by the delivery. The company is able to accurately estimate carbon emissions by including the transportation method, package weight, and delivery distance into the calculation. Shopify will then offset the equivalent in carbon emissions through its tree protection projects.

Working with Pachama, Shopify's current carbon offset project protects trees in the Peruvian rainforest. Specifically, Shopify is involved in the Brazil Nut Concession REDD+ Avoided Unplanned Deforestation Project, which protects more than 350,000ha of tropical rainforest from deforestation.

Shopify has been focusing on tree protection, as opposed to tree plantation, because newly planted trees take years to develop. In addition, established trees already have the capacity to store large amounts of carbon.

This feature of Shop Pay is funded by Shopify's Sustainability Fund. Through this, the company aims to spend at least \$5 million every year "on the most promising, impactful technologies and solutions to fight climate change globally."

## Foolish takeaway

Shopify is a company that has attracted a plethora of investors for its potential as an ecommerce company. Using its platform, the company has found a way to contribute to the fight against climate change. Shopify has began carving out a niche within the ESG investing space through Shop Pay.

For investors that want to create a more sustainable portfolio, Shopify should be a company to consider buying today.

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- 1. NYSE:SHOP (Shopify Inc.)
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