

WHITEPAPER



TARGETING NET ZERO CARBON

Climate Action Within
ESG Strategies

For further information visit
alcumus.com

NET ZERO CARBON

We have changed our world through our over-dependence on fossil-fuel energy systems. Now – through extreme weather events, coastal erosion, biodiversity and habitat changes – our world is changing us. Tackling the climate crisis – cutting carbon emissions – has become one of the key issues facing all societies and a key challenge that businesses must address in their core strategies around Environmental, Social and Governance (ESG). Failure to do so will increasingly expose firms to concerns over revenue, operational risk, regulatory compliance, reputational damage and their ability to claim that they are a responsible business.



DAVID PICTON
SVP of Sustainability, Alcumus

In early 2021, Secretary-General António Guterres told the UN Security Council that climate change is the “biggest threat modern humans have ever faced”. The scope and scale of the environmental crisis means that it cannot be credibly denied, with urgent and ambitious action needed at every level. Steadily rising temperatures, widespread wildfires, hurricanes and other disasters are now impossible to ignore.

Net zero is not a passing trend. It is part of a long-term shift to decarbonise economies in response to a climate emergency. To keep the temperature of the planet under control – limiting its increase to less than 1.5 degrees above pre-industrial levels – the science shows that by the second half of the century we need to produce less carbon than we take out of the atmosphere. This is what reaching ‘net zero’ is all about, and businesses have a key role to play.

Setting out programmes of policies, initiatives and targets to operate responsibly, alongside positive outcomes for society and the economy, with minimal (or zero) environmental impacts, have become the ‘table stake’ for organisations to engage their stakeholders and be competitive. In 2021, it was confirmed that at least one-fifth of the world's 2,000 largest public companies have committed to meet net zero targets, including a third of the UK's FTSE 100 firms.

With [COP26](#) taking place in late 2021, this guide shares key insights on carbon reduction and the increasing momentum for businesses to decarbonise by setting their own net zero commitments and strategy. Six years on from the [2015 Paris Agreement](#), COP26 is a key moment to reflect on progress, while also increasing commitments to clear actions for meeting climate targets in the short, medium and long term.



The credibility and impact of net zero programmes rests fundamentally on data visibility, and the ability to connect remote workers, supply chains and daily operations to ‘one true view’ of risk. Through real-time insights and digitised processes, a technology-led approach can drive deep understanding of environmental risks and opportunities – leading directly to decisive actions that inspire organisations to do even more, with clear returns for their stakeholders and their people.



THE ROLE OF BUSINESS IN TACKLING CLIMATE CHANGE

International scientists have warned that greenhouse gas (GHG) emissions need to halve in just over a decade to avoid the most destructive impacts of climate change on our food supply, national security, global health, extreme weather and wider business resilience.

As a major source of emissions, public and private sector organisations are under increasing scrutiny and face ever-stricter regulatory requirements to measure, report on and reduce energy use. Not only is it a key cost centre - with any efficiencies going straight to the bottom line - but decarbonisation plans are rapidly becoming crucial metrics by which businesses are judged.

The combined pressures from government, customers and society make a powerful case for organisations to start now on gathering data on their GHG emissions and setting targets to reduce them. Not only will this help to prepare for future regulation by cutting carbon now, but it will also help to protect and enhance reputations with customers and shareholders.

Forward-thinking organisations are recognising that they need to be a force for change to shape healthier communities and economies, build momentum towards a net-zero carbon economy and make public their commitments. ESG reporting rose from around one-fifth of the world's largest companies to around four-fifths in the two decades to 2020.

There is also a clear recognition that a deeper understanding of the risks and opportunities of a changing climate also makes sound business sense. GHG reduction targets can help to save money and enhance competitive advantage through improvements in energy and operational efficiency, lower production costs and contract wins.

“

There is a strong business case for running both enterprise and SME businesses in an ethically responsible way. The link between ethics and business success has become more prominent in recent years, as businesses realise that their interests must be aligned with the broader concerns of society if they are to survive and protect their reputation and supply chain relationships

GEMMA ARCHIBALD

”

Chief Operating Officer, SME Alcumus

In the UK, the Committee on Climate Change (CCC) suggests that reaching net zero emissions by 2050 would cost less than 1% of GDP every year through to 2050. The Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) put the figure at £70 billion per year, or over £1 trillion by 2050.

For the UK, these costs will be lower and the benefits even higher if there is proactive action from all organisations to tackle climate change. It is also clear that the costs of many zero-carbon technologies, such as solar energy, wind power and batteries, have reduced in the past few years and continue to fall as innovation and market forces drive further reductions.



EDELMAN'S 2019 TRUST BAROMETER: SHOWED AN 11-POINT INCREASE TO 76% OF THE GENERAL POPULATION AGREEING THAT BUSINESS LEADERS SHOULD TAKE A LEAD ON AN ORGANISATION'S CONTRIBUTION TO SOCIETY

NATWEST RESEARCH: 58% OF BRITAIN'S MEDIUM-SIZED BUSINESSES SAY THAT SUSTAINABILITY IS "EXTREMELY" OR "VERY" INFLUENTIAL IN THEIR DECISION MAKING

BUILDING CLIMATE CHANGE INTO ESG STRATEGIES



AROUND 70% OF THE WORLD'S ECONOMY IS NOW COMMITTED TO REACHING NET ZERO EMISSIONS, UP FROM 30% WHEN THE UK TOOK OVER AS INCOMING COP PRESIDENCY.

Even where organisations do not experience direct pressure to set and follow carbon reduction plans – to win bids and tenders for example – there are growing expectations from societal stakeholders and consumers that they should make an active contribution to tackling the climate crisis.

Increasingly, the relative benefits of well-constructed ESG programmes are becoming more mainstream, organisations are engaging with sustainability in a more meaningful way and many now place it firmly on the risk agenda as an opportunity for value creation – and a way to underpin purpose.

Increasing legal requirements and expectations from customers, employees, investors and suppliers mean that organisations recognise the role that well-balanced ESG strategies can play in identifying, controlling and limiting their risks. This is key to minimising potential vulnerabilities and proving that they're managing operations without compromising on safety, sustainability or ethics.

The government's net zero deadline of 2050 may seem far off in time, but most acknowledge that the pressures are growing now, the competitive momentum is building now and the most effective organisations are acting now. The most common action is to include carbon reduction within an integrated ESG strategy that sets a challenging balance to change behaviours for commercial benefit – the 3 CBs.

Across all sectors, organisations are turning ambition into implementation. Industry leaders are quantifying the operational impacts of climate change, building these into risk registers and taking advantage of the opportunities – using renewable energy, installing innovative low-carbon technologies, sustainably sourcing resources and cutting waste. To address the climate reality, businesses that can innovate and take advantage of the low-carbon changes required will be the ones that build more sustainable futures.

Over the last few decades, increased fines, more widespread legislation and changing consumer behaviour have created new risks for organisations, which a robust ESG strategy can address. Such approaches are now fundamental to brand credibility, with additional opportunities to shape and derive clear benefits from decisive action towards positive change:

- **COST SAVINGS:** Waste reduction, materials, utilities, travel, insurance premiums
- **MEETING EXPECTATIONS:** Financial disclosures, verification against public targets
- **EMPLOYEE ENGAGEMENT:** Recruitment, development and retention



MORE THAN 80 COUNTRIES HAVE UPDATED THEIR NATIONALLY DETERMINED CONTRIBUTION, AND ALL G7 COUNTRIES HAVE ANNOUNCED NEW NDC TARGETS THAT PUT THEM ON THE PATH TO NET ZERO EMISSIONS BY 2050.



It is with ambition, courage and collaboration as we approach the crucial COP26 summit in the UK that we can seize this moment together, so we can recover cleaner, rebuild greener and restore our planet.

BORIS JOHNSON - Prime Minister UK

TARGETING NET ZERO CARBON

For organisations across all market sectors, the benefits of setting a net zero target include:

- Enhanced credibility and brand reputation
- Scope to cut costs and create competitive advantage
- Improved compliance with (likely) future regulation
- Increased investor confidence

The first step towards achieving net zero carbon emissions inevitably starts with carbon measurement – the emissions produced through fuel and energy consumption, material use, water, business travel and associated activities on the value chain. As with most programmes of business improvement, what gets measured gets done, so a clear view of the intensity of carbon emissions will help businesses focus on strategies to reduce them and benefit from savings and efficiency gains in the process.

Most organisations tend to focus initially on Scopes 1 and 2, as these are usually directly linked to bills, invoices and readily-accessible statistics. In almost every case, the simple act of starting to track these emissions reveals areas of a business that are the most carbon intensive and (by definition) often the most expensive. Tackling Scope 3 is invariably a more complex task – though an essential one over time – if organisations are to truly achieve net zero targets or set **science-based targets** for their climate action.

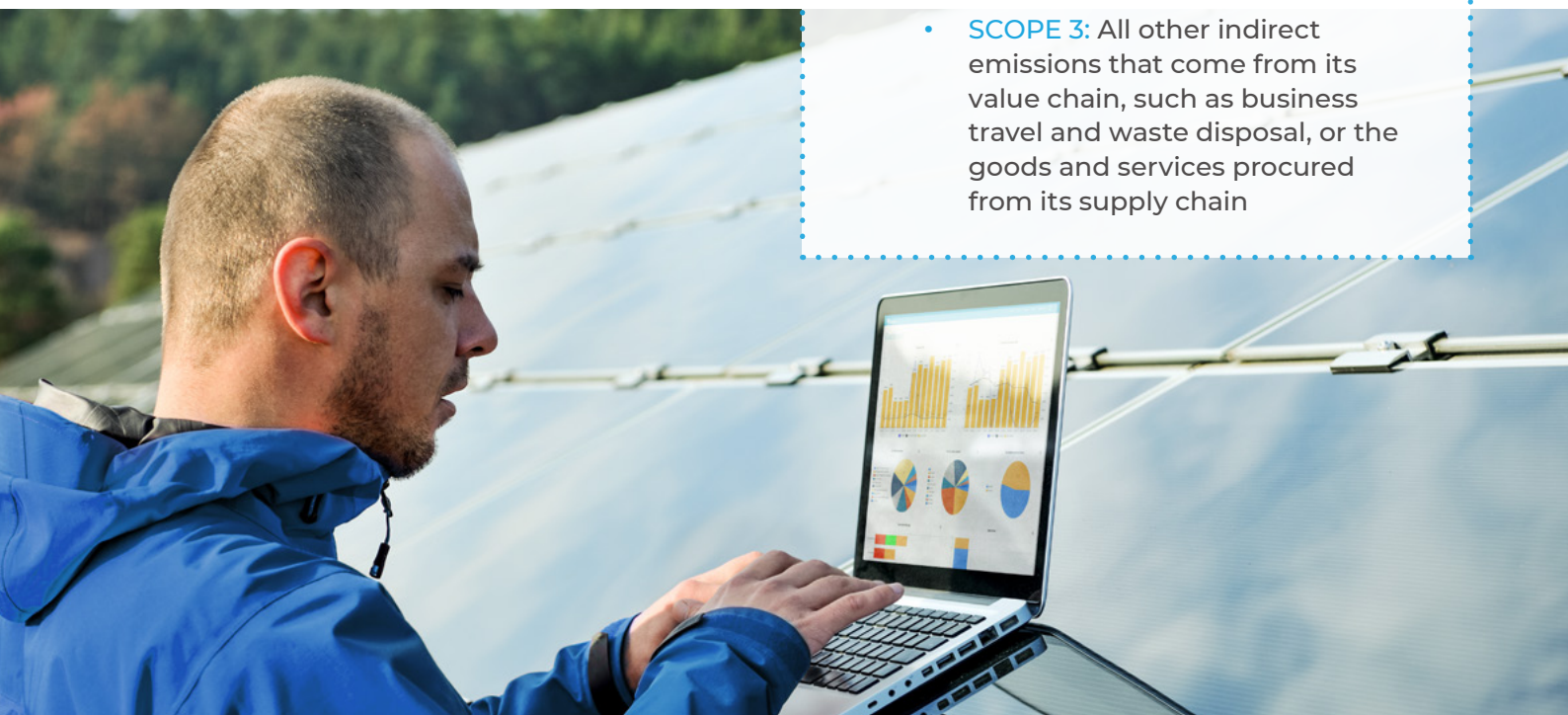
By accurately measuring emissions and establishing a baseline year – the point from which organisations set their targets – businesses can shape carbon reduction plans, start to track progress towards them and build investment strategies to help meet them. The wider trends in social awareness of carbon reduction also mean that staff can be an invaluable source of innovative thinking and collective action, through engagement programmes, surveys and business-wide communications.

The complexity of targeting net zero means that digitised processes are essential to keep track of carbon emissions, relative intensity and any reduction trends – a technology-led approach. Of course, net zero targets mean little without robust plans to cut emissions, and action to deliver those plans. Over time, the aim will be to achieve an overall balance between the GHG produced and the emissions taken out of the atmosphere – like a set of scales – so that any emissions (at an irreducible minimum) are offset by processes that reduce GHG already in the environment.



Carbon assessments start by understanding emissions in three key areas:

- **SCOPE 1:** Emissions that come directly from an organisation's activity – such as fuel burned
- **SCOPE 2:** Indirect emissions produced to generate the electricity that an organisation uses
- **SCOPE 3:** All other indirect emissions that come from its value chain, such as business travel and waste disposal, or the goods and services procured from its supply chain





USING TECHNOLOGY TO BUILD SUSTAINABLE AND CREDIBLE CLIMATE ACTION

Embarking on a programme to track, measure and target ESG aspects can seem overwhelming – and is often characterised by a mass of spreadsheets, manual forms and other records. Recording and managing carbon emissions within this context is even more challenging, particularly when considering those generated outside of an organisation (in its supply chain, for example).

A technology-led approach and unified data visibility strategy can deliver real-time risk insights by digitising manual processes to connect people, processes and data. Key decision-makers can then understand what is driving those risks and use that insight to streamline processes, driving greater control and increased efficiency through continuous improvement.

Access to trusted data is crucial for authentic, credible ESG reporting, and the pace of modern business means that this has never been more complicated. Effective organisations are embracing technology to electronically store documents, track key metrics and communicate more easily. The complex nature of datapoints, remote working and extended global supply chains make it essential to take a coherent approach to establish 'one true view' of ESG information.

Up to half of marketing professionals fear that the sustainability ambitions and actions of their companies may be perceived as 'greenwashing' (giving a false impression or misleading information about an organisation's credentials) amid increased consumer demand for – and scrutiny of – environmental claims. To that end, it is essential to take a structured set of steps towards integrating climate action within a balanced, technology-led ESG strategy.



We successfully achieved Carbon Trust carbon and waste standards, which demonstrate strong management and reductions in waste and carbon. Alcumus was influential in this achievement.

DAVID MARCH

Group Environment Manager,
ENGIE, UK & Ireland



SIX STEPS TOWARDS TECHNOLOGY-LED SUSTAINABILITY

- 1 **MATERIALITY ANALYSIS:** Start by understanding the risks and key aspects in your sector and span of operations – what matters most to the stakeholders who matter most
- 2 **SET YOUR SUSTAINABILITY PROGRAMME:** Create a balanced set of sustainability objectives that will address those key aspects and the key carbon reduction issues you'll focus on
- 3 **GATHER CREDIBLE DATA AND SET TARGETS:** Gather and track credible data – using a digitised ESG metrics platform – set targets against it and then build plans to meet those targets
- 4 **MAKE SUSTAINABILITY A TWO-WAY STREET BY ENGAGING WITH EMPLOYEES:** Encourage your teams to get involved – no-one can do everything, but everyone can do something. Their views will be essential to shape a coherent programme which they can bring to life to achieve your goals
- 5 **MEET RECOGNISED STANDARDS:** Independent, third-party certification (such as ISO 14001 for Environmental Management or ISO 50001:2018 for Energy Management) will be crucial to benchmark your progress and demonstrate your achievements against international best practice
- 6 **SEEK FEEDBACK AND CONTINUALLY IMPROVE:** Get as much internal and external feedback as you can – and then use that to constantly evolve and update your programme

UNIQUE COMBINATION OF MARKET-LEADING CAPABILITIES

The way organisations manage operations to take care of people, customers, communities and the environment has become just as important as products and services themselves. We connect people, processes and data globally, digitising manual processes that are easily accessible from one location supported by a unique combination of expertise, practical advice and multi-sector knowledge.

Alcumus helps to 'join the dots' by creating the right intelligence that brings clarity and transparency. Our unrivalled range of risk management solutions enables us to help you to demonstrate your commitment to operational excellence in the most responsible way. We don't just offer solutions for simple box-ticking exercises, but instead are constantly looking for new and innovative ways to support our clients and make it easier for them to embrace new and evolving technology.

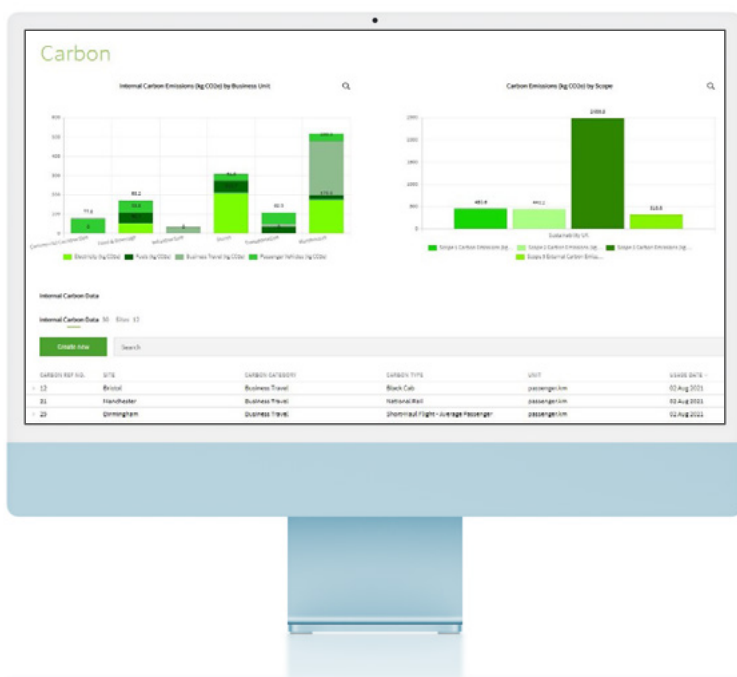
OUR SOLUTIONS

Gain one true view of ESG performance, with a variety of up to 11 pre-configured modules which are quick to deploy. Record, categorise and measure your Scope 1, 2 and 3 carbon emissions data, using appropriate conversion factors to build a comprehensive picture of the activities that drive your carbon footprint so you can reduce emissions and their associated costs.

Achieve vital insight into your supply chain to effectively monitor, manage and make informed decisions about who you work with, acting as your supply chain and EHSQ risk partner. Through our easy-to-use online portal, you have peace of mind when it comes to compliance with legislation, reducing the risk to your organisation with the knowledge that all contractors and suppliers have the right environmental, social and governance policies in place.

ISO 14001 is the international standard for environmental management. It supports your efforts to reduce waste and energy consumption and limit your environmental impact. It also helps you meet increasingly stringent environmental legal requirements. Being ISO 14001 certified demonstrates to potential customers that you are serious about compliance with proven environmental best practices which helps get you on 'preferred supplier' lists. It's increasingly a mandatory requirement when tendering for new business, especially when bidding for work with larger organisations or the public sector.

ISO 50001:2018 is the international standard for Energy Management Systems (EnMS). An Energy Management System helps your organisation get to grips with your energy usage, reduce your environmental impact and ultimately improve your bottom line.



To learn how Alcumus can help strengthen your ESG practices, get in touch with our expert team:

T: 0333 305 3622 **E:** info@alcumus.com

WHITEPAPER

ABOUT ALCUMUS

Alcumus helps organisations create a safer and more sustainable world through market-leading integrated products and services that anticipate, manage and mitigate risks to protect people, organisations and our planet. It supports global clients – many of whom are on the FTSE 100 index and Fortune 500 indexes.

Through an integrated approach to managing Health, Safety and ESG across industries, locations, contractor and supplier networks, Alcumus contributes to the continued success of 45,000 clients around the world. Our in-house team of specialists also provide HR consultancy and workplace monitoring services, training and UKAS accredited certification and accreditation support.

Alcumus, Newhouse Farm Business Centre,
Wootton Wawen, Edstone, B95 6DL

E: info@alcumus.com
T: 0371 454 3916
W: alcumus.com

