

GUIDE



ACCELERATE YOUR CLIMATE ACTION JOURNEY

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MAKING CLIMATE CHANGE A BUSINESS PRIORITY

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Tackling the climate crisis – cutting carbon emissions – has become one of the key issues and a challenge that businesses are now addressing in their core strategies around Environmental, Social and Governance (ESG). Those who are not will increasingly become exposed to concerns over revenue, operational risk, regulatory compliance, reputational damage and their ability to claim that they are a responsible business.

There has been rising momentum for businesses to take decisive action on environmental impacts and meeting climate targets in the short, medium and long term. The 2021 COP26 Climate Summit undoubtedly increased the emphasis on carbon reduction further – and showed that much of the world was united on the need for climate action. At the same time, increasing legal requirements and expectations from customers, employees, investors and suppliers are driving factors to measure, report on, and reduce energy use.

The reality, however, does not match those aspirations. Although many companies now have a policy commitment to act on climate change and disclose operational emissions, the Transition Pathway Initiative found that only 15% of companies are on track to be below 2°C by 2050. This negative outlook is further highlighted

in findings from Boston Consulting Group (2021) that only 9% of global companies measure carbon footprint correctly – 81% don't report their own emissions, 66% exclude suppliers and customers and half have errors of up to 40%.

In this guide, we look at how you can make environmental improvements to match wider business goals, writing a business case for climate action that helps drive action.

9% Only 9% of global companies measure carbon footprint correctly
(Boston Consulting Group, 2021)

“ Climate action and net zero for organizations is not a passing trend. The combined pressures make a powerful case for businesses to start now on gathering data on their GHG emissions and setting targets to reduce them. Businesses clearly have a crucial role to play in building climate change into their commercial strategies, where action is no longer a nice-to-have, but a must. ”

DAVID PICTON
SVP of ESG & Sustainability, Alcumus



HOW TO WRITE A BUSINESS CASE FOR CLIMATE ACTION

Even if you're a small business with a small budget, demonstrating the value a carbon strategy can have will far outweigh the investment cost. There is also a clear recognition that a deeper understanding of the risks and opportunities of a changing climate also makes sound business sense.

HERE'S WHY:



FINANCIAL COSTS:

A 20% cut in energy costs represents the same bottom-line benefit as a 5% sales increase (Carbon Trust)



LEGAL IMPLICATIONS:

Existing and future legislation as well as mandatory climate-related financial disclosures (UK – 1,300 companies and financial institutions)



REPORT CARDS:

Requiring mandatory reports, disclosures and voluntary communications

With rapidly escalating costs and risks from doing nothing, organizations 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 center – with any efficiencies going straight to the bottom line – but decarbonization plans are rapidly becoming crucial metrics by which businesses are judged.



The 5Rs

to strengthen your climate action business case. The five important components to think about are REVENUE, RISK, REGULATION, REPUTATION AND RESPONSIBILITY:

1

REVENUE

A climate action strategy will drive top-line growth and bottom-line profitability, helping organizations to:

- Win more work, in business-to-business tenders, as well as meeting public expectations for purchasing consumer goods and services
- Achieve cost savings on carbon reduction strategies, such as reducing energy use or sourcing better prices on renewable alternatives

2

RISK

Investors require organizations to demonstrate their ESG performance, helping to:

- Build disclosure agreements from ESG performance metrics
- Expose risks within supply chain relationships
- Mitigate risk to support effective board oversight

3

REGULATION

Laws and legislation are set to increase, and a climate action strategy can help to:

- Be proactive and stay ahead of the regulatory curve
- Reduce risk of non-compliance fines and prosecutions
- Maintain and protect the brand credibility of the business to stakeholders

4

REPUTATION

Make credible, authentic and realistic carbon reduction claims to avoid reputational damage which can help to:

- Raise the business profile through marketing and communications
- Gain recognition in the industry among investors, stakeholders and communities
- Create competitive advantage

5

RESPONSIBILITY

Influence how stakeholders perceive your organization by demonstrating you're responsible from the inside out:

- Boost your profile by engaging communities in your climate action efforts
- Engage your people in meaningful climate action strategies to improve retention

“ 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



83%

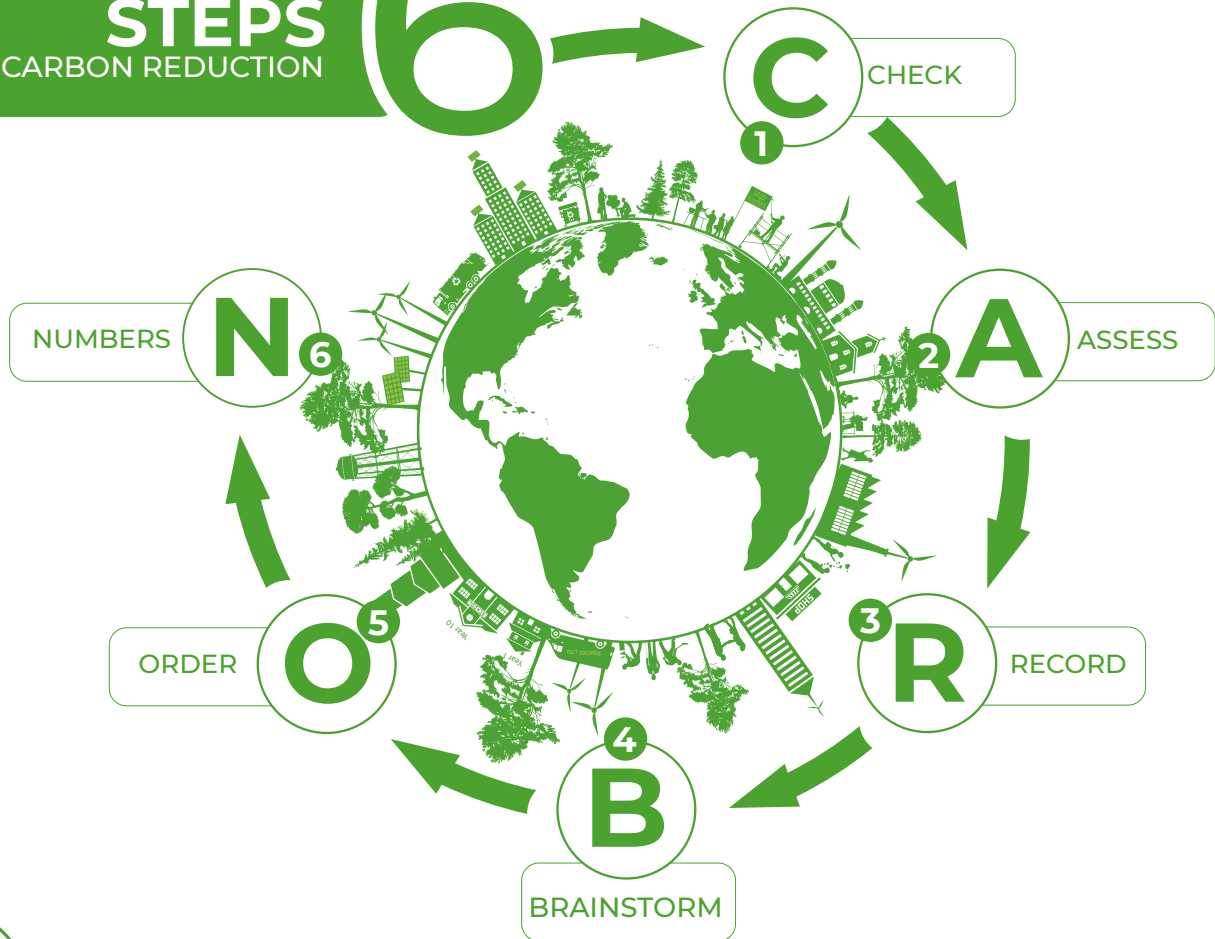
of consumers believe organizations should be implementing ESG initiatives

(PwC, 2021)

BEGINNING YOUR CLIMATE ACTION JOURNEY

STEPS TO CARBON REDUCTION

6



C

CHECK

- Which parts of your organization will be in scope for tracking?
 - If you're going to exclude certain parts, be clear on why and be prepared to explain it
 - Where are you creating emissions now?
 - Burning fossil fuels – electricity and fuel (offices, shops, facilities, vehicles, machines, servers)
- Carbon stock-check: what records have you got now, what are you tracking already?
 - Cross-functional teams – finance, risk, supply chain, environment, health and safety, people systems
- Data sources – how can you collect data on quantities used?
 - Collect electricity and gas bills (work with utility providers), check fuel purchases (fleet vehicles)
 - Business travel, hotel stays, water bills, waste records, material purchases, paper
- Aim – how much carbon was produced as a result of your operations – in a year

A

ASSESS

- Deeper assessment, after initial checks
 - Which areas could you have missed – for significant carbon in your organization?
- What tracking do you need to set up that you haven't got now?
 - What's the gap, the size of the task?
 - Where is that data – who can provide it?
- Scope 1, 2 and 3 emissions (GHG Protocol) – data visibility and reporting
 - Scope 1 – Direct Emissions – from your activities (gas boilers, fleet vehicles)
 - Scope 2 – Indirect Emissions – from electricity purchased and used by your organization
 - Scope 3 – Other Indirect Emissions (business travel, procurement, waste and water)
- Carbon intensity – how do you want to normalize your data (by revenue, physical area, people)
- Cutting the pie – decide how to present your carbon 'story' (for example, business-wide or by product line)
- Where do you want to be, what's your ambition?

R

RECORD

- Data visibility is the key challenge for tracking and measuring carbon footprints
 - Information – gaps, mistakes, inaccuracies, inconsistencies
 - Excel spreadsheets (88% contain errors), laptops and C-drives, energy bills, invoices
 - Connecting people, process and trusted data – connect the “edge to the enterprise” (remote workers)
 - Control and visibility across supply chains – brand impacts, accountability
- One True View – over time, showing meaningful change and credible targets
 - Dashboards, reporting and risk mitigation – to digitize processes, information capture and analysis
- Choose the technology most appropriate to collect and track your data
- Investing in a carbon management tool – key considerations
 - Not too complex, flexible and extendible (sites change), unlimited users, mobile access for remote users
 - Automatic entry, multiple capture methods (system interfaces, bulk uploads), automatic calculations
 - Set targets per site, varied reports and aggregated data, pre-set conversion factors (scope to customize)

87% of organizations want increased reporting but need better tools

(Boston Consulting Group, 2021)

87%

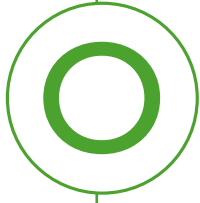




B

BRAINSTORM

- What is your data recording telling you?
 - An 80/20 approach – disproportionate emissions sources – how could you reduce them?
 - Is it goods-freighting, space heating or something else?
- What areas of carbon do you want to tackle first – which have the most potential for reduction?
 - Start with those things within your control – Scopes 1 and 2
 - Move on to the harder calculations – Scope 3 emissions (business travel, water, waste, supply chain)
- What targets do you want to set – and why (for what benefit)?
- Ask your people, harness their enthusiasm – this can (and must) be powerful people engagement
 - Change the language – creating a strand of hope, not voicing it as sacrifice
 - Create a framework and allow the people to bring it to life (future leaders group)
- Interview customers – business or consumers – and engage (pre-verified) suppliers
 - Follow the Money (prioritized spend) and the Risk (impact on operational delivery and brand reputation)



ORDER

- Get organized – Build a Carbon Reduction Plan
 - Research examples from similar contexts, or seek specialist advice
- Focus on those emissions-intensive areas of your business and opportunities for reduction
 - Prioritize your best options, or easiest places to start – generate momentum, inspire action
 - Start small – crawl, walk, run and build it up
- Practical actions and initiatives – resources you use, processes you could change
 - Waste review, water usage, energy efficiency programs and low-carbon energy providers
 - Travel audit, fleet vehicles, question every meeting and event, review data centers, reduce printing
- Track the results, build the audit trail and learn as you go
- Openly and honestly talk about your plan: the limitations, compromises and unknowns



NUMBERS

- Bring all the numbers together ... and evaluate the results
 - What have you learned, what were the surprises and where have you been most successful so far?
 - Where have you struggled to make progress and what changes do you need to make?
- Use that evaluation to decide on next steps – where should you focus next?
 - Are Scopes 1 and 2 at their lowest practical level – what more can you tackle?
 - How much of Scope 3 are we focusing on – what more could we bring into scope?
 - Scope 3 – supply chain impact on emissions – up to 11 times greater than direct emissions
- Are you ready now to state a 'Net Zero' target date and build the pathway to get there?
- Carbon offsetting (only at an irreducible minimum) – the 'weapon of last resort'
 - Reduced CO2 emissions to balance out emissions elsewhere (projects that avoid or capture)
 - Buy carbon offset credits – Verified Carbon Standards



**AND NOW ... GO BACK TO STEP 1 OF THE 6-STEP CYCLE (CHECK)
CARBON REDUCTION SHOULD NEVER BE FINISHED**

USING TECHNOLOGY TO TRACK AND MEASURE CARBON FOOTPRINTS

Embarking on a program to track, measure and target ESG aspects can seem overwhelming – and is often characterized 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 organization (in the supply chain, for example).

The intricate nature of datapoints, remote working and extended global supply chains make it essential to take a coherent approach to establish ‘one true view’ of information.

By accurately measuring emissions and establishing a baseline year – the point from which organizations set their targets – businesses can shape carbon reduction plans, start to track progress towards them and build investment strategies to help meet them.

With technology and a unified data visibility strategy, organizations can deliver real-time risk insights by digitizing 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.

MEASURING YOUR ENVIRONMENTAL IMPACT

Using technology to digitize processes through scalable solutions can help to track, manage, report and improve outcomes in meeting goals such as:

- Compliance with relevant regulations and obligations
- Informed decision-making and reducing risk
- Promoting a sustainable culture
- Cost reduction
- Preventing financial and indirect costs of environmental failures
- Demonstrating credibility and winning new clients
- Managing reputation
- Auditing continuous improvement
- Reducing administrative time

To learn more about how Alcumus can help strengthen your ESG practices, get in touch with our team today.

Connect with an expert!



GUIDE

ABOUT ALCUMUS

Alcumus is a leading provider of technology-led risk management solutions. It supports its clients with a wide range of compliance and risk management services. Dedicated to helping organizations to take care of their people, customers and the environment, Alcumus provides expertise and scalable technology that enables effective management through digitization of ESG, EHSQ, supply chain and contractor management processes.

Our people are at the heart of our business, building strong relationships with our clients to understand their needs, minimize risks and navigate compliance through our in-depth knowledge of your sector, regulations and challenges.