

WHITEPAPER



TARGETING NET ZERO CARBON

Climate Action Within
ESG Strategies

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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 decarbonize 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 programs 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 organizations 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.

With [COP26](#) taking place in late 2021, this guide shares key insights on carbon reduction and the increasing momentum for businesses to decarbonize 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.

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The credibility and impact of net zero programs 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 digitized processes, a technology-led approach can drive deep understanding of environmental risks and opportunities – leading directly to decisive actions that inspire organizations to do even more, with clear returns for their stakeholders and their people.

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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 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 combined pressures from government, customers and society make a powerful case for organizations 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 organizations are recognizing 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.

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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 realize 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.

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GEMMA ARCHIBALD
Chief Operating Officer, SME Alcumus

The costs of reaching net zero emissions by 2050 will be lower and the benefits even higher if there is proactive action from all organizations 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 ORGANIZATION'S
CONTRIBUTION TO SOCIETY

**ACCORDING TO FORBES, 53.8% OF
RESPONDENTS TO AN IDC SURVEY
IN NORTH AMERICA, STATE THAT
HAVING A SUSTAINABILITY SOLUTION
TO IMPROVE TEAM COLLABORATION,
TRANSPARENCY, STREAMLINE DATA
COLLECTION, ETC. WOULD BE HIGHLY
VALUABLE WITH 30.3% SAYING IT
WOULD BE A GAME CHANGER.**

BUILDING CLIMATE CHANGE INTO ESG STRATEGIES



AROUND 70% OF THE
WORLD'S ECONOMY
IS NOW COMMITTED
TO REACHING NET
ZERO EMISSIONS,
UP FROM 30%

Even where organizations 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 programs are becoming more mainstream, organizations 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 organizations recognize the role that well-balanced ESG strategies can play in identifying, controlling and limiting their risks. This is key to minimizing 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 organizations are acting now. The most common action is to include carbon reduction within an integrated ESG strategy that sets a challenging balance to change behaviors for commercial benefit.

Across all sectors, organizations 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 behavior have created new risks for organizations, 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's in the self-interest of every single nation, and this is a chance, in my view, to make a generational investment in our economic resilience and in our workers and our communities throughout the world. That's what we're going to do in the United States.

JOE BIDEN - President of the United States of America

TARGETING NET ZERO CARBON

For organizations 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 programs 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 organizations 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 organizations are to truly achieve net zero targets or set **science-based targets** for their climate action.

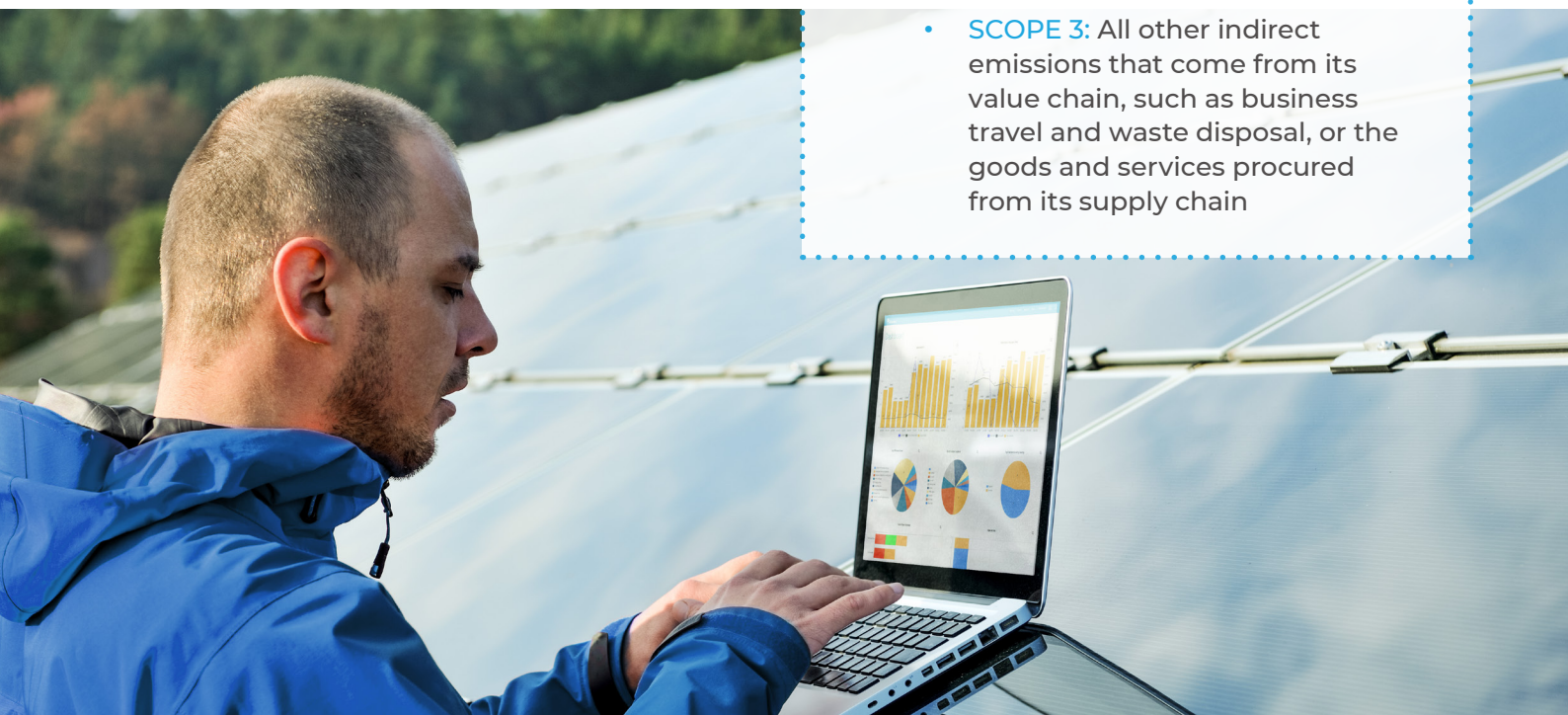
By accurately measuring emissions and establishing a baseline year – the point from which organizations set their targets – businesses can shape carbon reduction plans, start to track progress towards them and build investment strategies to help meet them. The wider trends in social awareness of carbon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

The complexity of targeting net zero means that digitized 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 organization's activity – such as fuel burned
- **SCOPE 2:** Indirect emissions produced to generate the electricity that an organization 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 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 its supply chain, for example).

A technology-led approach and unified data visibility strategy 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.

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 organizations 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 organization'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 PROGRAM:** 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 digitized 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 program which they can bring to life to achieve your goals.
- 5 **MEET RECOGNIZED 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 program.

UNIQUE COMBINATION OF MARKET-LEADING CAPABILITIES

The way organizations 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, digitizing 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.

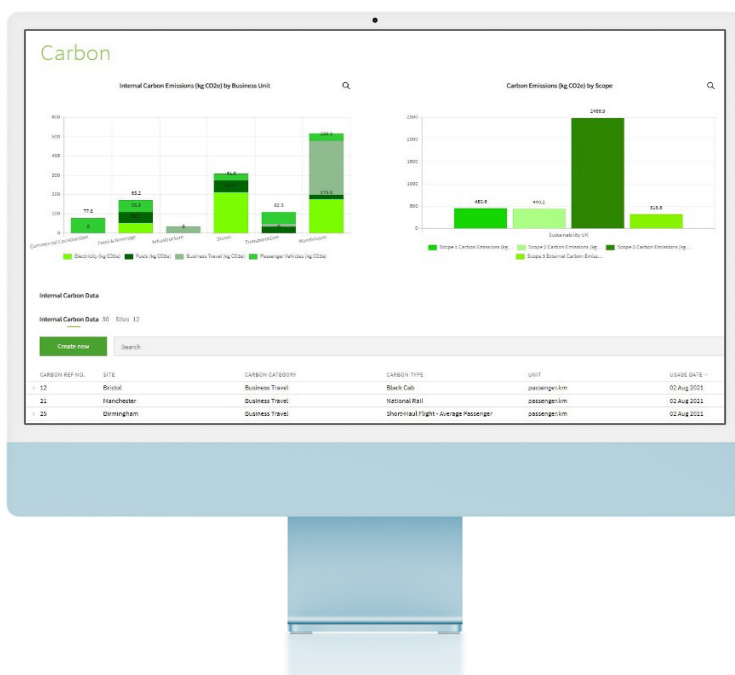
OUR SOLUTIONS

Gain one true view of ESG performance, with a variety of up to 11 pre-configured modules which are quick to deploy. Record, categorize 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 organization 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 organizations or the public sector.

ISO 50001:2018 is the international standard for Energy Management Systems (EnMS). An Energy Management System helps your organization 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 team today!
Connect with an expert!



WHITEPAPER

ABOUT ALCUMUS

Alcumus is a leading provider of technology-led risk management solutions providing clients with advice, expertise and support to help them identify and mitigate risks, navigate compliance and keep people safe. It supports clients with a wide range of risk management services, including products across Supply Chain Management, EHS Software, and Asset Inspection Systems.

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