STEPPING UP TO NET ZERO BEFORE IT'S TOO LATE

Submitted by: Team Energy
Tuesday, 6 July 2021

As pressure mounts on UK businesses to be working towards the Government's net zero target, now is the time for them to address how a net zero strategy can become part of their purpose. Whilst 2050 seems like a long way off, mitigating climate change, improving climate resilience, and protecting our planet for the future relies on decisions that are being made here and now. Decisions that require bold action to turn net zero pledges, into plans

As a reminder of the global pledge to tackle the climate emergency, leaders at the recent G7 summit made a commitment to phase out coal-fired power and deliver $100bn to help low-income nations decarbonise. They also agreed to produce a roadmap that sets out concrete pathways to net-zero greenhouse emissions by 2050, as well as a commitment to introduce mandatory climate reporting, both to be agreed on before November's COP26 conference.

Adding further pressure, a recent independent report published by the Climate Change Committee, concluded that the UK is struggling to keep pace with climate change impacts. To ensure that societal, economic, and environmental goals remain achievable in the face of climate change, it urgently calls for leadership from the UK Government, stressing that the longer action is delayed, the greater the cost of managing the negative effects climate change will bring.

Later this year leaders at COP26 will call on countries to back more ambitious carbon reduction targets, find ways to help economies adapt to climate change, and harness innovation in a bid to drive down carbon emissions to net zero. It is widely expected that the decisions made will enforce greater action more quickly, hitting commercial markets in a way net zero policy hasn't before. The message is, if net zero hasn't been a priority for you yet, it soon will be.

Benefits for business

Many organisations are used to the idea of practicing Corporate Social Responsibility (CSR), and increasingly, setting in place an Environmental Social and Governance (ESG) strategy to work towards specific corporate goals, but actively reducing Greenhouse Gas (GHG) emissions can be complicated and taxing on resources. So, it is understandable when given the choice, many organisations want to know first what is in net zero for them.

For starters, elevating a business as a leader of sustainability can attract investors, customers, and talent, make stakeholders happy and differentiate it from competitors. Increasingly in a world where consumer opinion is king, and attitudes to products and services have changed due to concern about climate change, successful businesses need to be aligning their strategy with that consumer demand.

Driving down emissions can also help organisations meet and even exceed regulatory and compliance requirements, which can be used to promote their green credentials. Often these requirements can be seen as unwelcome and costly, an expense that many organisations can ill afford. However, on the pathway to net zero, the ambition to lower their carbon emissions can for some organisations be prioritised over cost. We work with organisations, for example, who are choosing to make big changes to their operations,

such as turning off polluting generators, in order to reduce their emissions. These changes will cost them more to implement, but they have made the decision to prioritise their net zero roadmap.

Finally, there are big cost savings to be made from aligning a business strategy with net zero. Making operational efficiencies, adopting new tech that can automate and streamline processes and, instilling good energy efficient habits in workforce all help reduce overheads, relieve resources and cut costs.

Legally obliged to or not, beginning the process of reporting scope 1, 2 or 3 emissions is a valuable step in reprioritising objectives and putting net zero higher up on the business agenda.

There can be challenges

Adopting a net zero roadmap and taking those first steps towards reducing emissions is a significant undertaking for any businesses. With COVID-19 causing much disruption for over a year, leaders are expectedly compelled to focus on rebuilding their core business. They may have a strong desire to reduce emissions and build a net zero strategy but financing dramatic operational change or training is often seen as a barrier, particularly for SMEs. Many businesses lack a dedicated energy department and will feel held back by lack of knowledge and resource to implement effective carbon-reduction strategies.

Further challenges may come from managing net zero activities up and down the supply chain which falls outside of an organisations direct control. This is where purchasing power can be utilised to encourage suppliers to set their own net zero targets. This isn’t always a credible option for some organisations, especially in the SME space, but it is becoming an increasingly important factor in maintaining a competitive edge.

Reaching net zero in just under 30 years seems like a mammoth task, but it is not insurmountable. Because every area of a business is impacted by carbon reduction, embedding small changes within the culture of the organisation can have a big impact. In order to be successful though, change needs to come from the policy makers and leaders, those with the ability to choose and deliver on those net zero promises.

Step change

The overall responsibility, strategic direction and priorities for net zero must come from the top. This means creating meaningful space at board level to ensure that strategic development is accompanied with net zero in mind.

The Climate Change Committee’s 2021 progress report to Parliament calls for the Government to introduce a “net zero test” that would ensure every policy and regulation passed meets the criteria for achieving net zero by 2050. This approach can be replicated in business. To accelerate success, net zero must be weaved into the fabric of an organisation so that every decision made works towards meeting the net zero goal.

An approach like this is supported by developing a company wide understanding of a carbon reduction journey. Net zero is something that will affect all people; an organisation’s actions can inspire and educate the behaviour of their workforce beyond the business and into their personal lives.

Shifting the entire organisation's mindset to think about the energy they use, how they use it and its impact to them personally through behaviour change (https://www.teamenergy.com/team-energy-consultancy/behaviour-change-programmes-for-sustainable-business/) is invaluable when it comes to paving the way for a long-term net zero strategy.

An engaged workforce can advance energy efficiency measures that help to drive down energy usage, eliminate waste, and deliver financial savings. Not only will it create a more comfortable working environment but seeing change through reporting will help to provide clarity to inform a board's net zero strategy.

It will also put things into perspective when it comes to what long term projects will boost further carbon savings and help to prepare for future change. With that in mind, an overarching, board level plan that builds and gains momentum is more achievable when various milestones are set and there is room to pivot with changing operations, new technology, and inevitable legislation updates.

Seeking guidance

Businesses, particularly SMEs, who may be less prepared for net zero, will be welcoming more guidance from the Government. As an outcome of G7, a dedicated strategy is expected to be published prior to the COP26 climate summit later this year, outlining how efforts to deliver a global transition to net-zero will be reached.

But more mandatory reporting, also proposed, could be challenging for those who are not used to environmental reporting. Along with tackling energy efficiency measures, changing behaviour towards energy use within your organisation, and building in monitoring and targeting will help to protect your business from any tighter regulations in the future.

The expectation is that climate leaders will use COP 26 to accelerate the transition to and support the net zero economy. So, for organisations that have yet to be impacted by current legislation, or have been planning to wait until nearer 2050, they should be ready to respond to any new regulations. Yes, it is Governments that set the targets and implement the policies, but it is businesses around the world that must deliver the change.

ENDS
Notes to Editors
For further information, please contact:
Pauline Scoins – Marketing and PR Executive
TEAM Energy
Phone: +44 (0)1908 690018 Ext 204
Email: pscoins@teamenergy.com
EDW House, Radian Court, Knowlhill, Milton Keynes, MK5 8PJ

About TEAM

TEAM is the UK's leading supplier of carbon and energy management solutions committed to driving the

efficiency and sustainability of energy consumption and environmental awareness.
Its expert team works in partnership with organisations to design and deliver tailored management strategies supporting the provision of efficient and effective energy conservation.
The organisation's 35-year history of collaborating with energy and sustainability professionals has led to the development of proven, scalable cloud-based solutions and service innovations for optimised reporting, cost recovery and compliance.

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e: info@responsesource.com t: 020 3426 4051 f: 0345 370 7776 w: https://www.responsesource.com

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