

How to start building an effective carbon reduction strategy

Learn more about how Centrica Business Solutions can help you to become more efficient, resilient and sustainable on your pathway to a low-carbon future.

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There's growing pressure from customers, shareholders and regulators for organisations to decarbonise their operations and value chain. It's the most important step that organisations can take to tackle climate change, and in our survey of 1,500 business leaders¹, 89% agreed that demonstrating a low carbon footprint will be essential for their brand by 2025.

When building a long-term carbon reduction strategy, it's critical to find the ideal balance between commercial success and environmental responsibility to become a sustainable business.

If you're just beginning on your decarbonisation journey, the following steps will help you set the right foundations for an effective energy strategy that will enable you to reduce your carbon emissions and achieve your net zero goals. We help organisations to strike this balance, by delivering integrated distributed energy solutions that help you realise your pathway to a low-carbon future.

Decarbonisation Strategy Steps

- 01 Baseline your carbon emissions
- 02 Gain senior leadership support
- 03 Set long-term decarbonisation targets
- 04 Establish accountability for near-term goals
- 05 Collaborate and engage
- 06 Future-proof your strategy

01

Baseline your carbon emissions

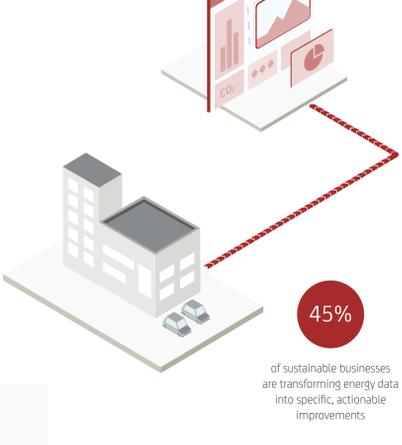
The importance of truly understanding your current carbon footprint cannot be overstated. If you aren't measuring it, you cannot expect to effectively manage it.

Aligning your carbon accounting with recognised standards allows you to make important decisions, around your organisational boundaries – the parts of your business you need to include in your carbon reduction strategy. Remember – anything you descope means underestimating your carbon footprint, so wherever possible, encompass your entire organisation.

There are numerous free-to-use carbon calculators to support this, particularly for far reaching Scope 3 carbon emissions.

“ We wanted to understand our energy consumption at a granular level. Centrica Business Solutions is a leader in this field and the initial project has immediately provided substantial cost savings.”

Adam Batting Operations Director, Fujifilm Speciality Ink Systems



45% of sustainable businesses are transforming energy data into specific, actionable improvements

76% of sustainable businesses are utilising data collected from sensors and smart devices to improve decision making

02

Gain senior leadership support

Behind any successful carbon reduction strategy is a c-suite executive who is fully on board.

To acquire this support, it's valuable to understand the organisational risk and opportunities presented by climate change, such as tightening regulations, changing customer attitudes, or climate degradation on the value chain. Combined with a solid understanding of your carbon footprint, you can build a business case for decarbonisation which can be used to engage senior leadership and help them understand the importance of making this commitment.

It's also important to ensure there is harmony between carbon reduction goals and the wider commercial objectives of the organisation. How can decarbonising your operations help to achieve your strategic objectives? As part of this, you should also look to establish a framework for managing competing priorities, such as balancing both economic and environmental considerations, to prevent misalignment as your sustainability journey progresses.



“ If you think about Generation X and all those other generations coming next, they will care about environmental issues and they will spend money on being sustainable. And they will opt out of companies that are not doing it.”

Fridrik Larsen, Larsen Energy

68% of sustainable businesses recognise the need to be more flexible in how energy is generated and used

63% of sustainable businesses are engaging with an external expert to build an energy investment business case

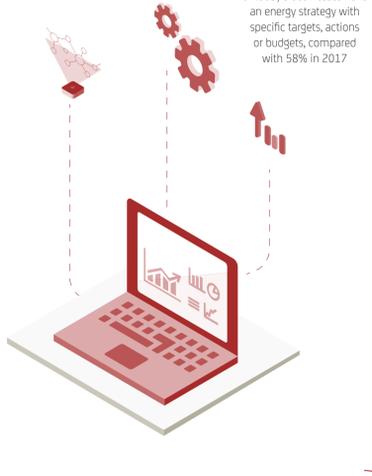
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Set long-term decarbonisation targets

Many organisations set their carbon reduction targets by conducting bottom-up analysis. Their asset portfolio and available budget is reviewed, determining where cleaner choices can be made, and appropriate targets are set.

However, a top-down approach may help to accelerate your decarbonisation journey, by ensuring commitment for the longer term. This involves scientifically recommended target setting, without necessarily having full visibility on how they will be achieved. This enables organisations to build a more agile plan that can be continuously updated as new opportunities and technologies arise, which can also help to gain and maintain c-suite support.

A top-down approach may be an unrealistic starting point for an organisations net-zero journey. In these circumstances, there is still a place for a bottom-up approach that enables you to take immediate steps to abate carbon, while you work to set the longer-term vision. It's important to be focused on the science, but it's better to start, than be frozen by inaction.



67% of today's businesses have an energy strategy with specific targets, actions or budgets, compared with 58% in 2017

04

Establish accountability for near-term goals

Long-term targets set the direction and pace of change. They're statements of intent that will need to be refined as time goes on.

However, it would be difficult to gain and maintain senior level support with targets that are 20 or 30 years away. Instead, near-term targets engage leadership and ensure current management are held accountable for their progression and achievement.

48% of customer-centric businesses have a corporate social responsibility plan with clear, measurable targets, compared to 33% of other businesses



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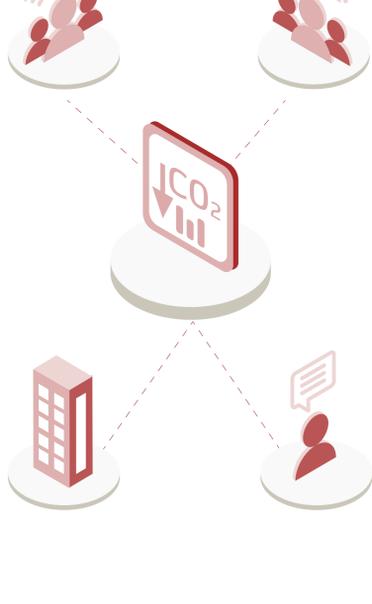
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Collaborate and engage

To turn your targets into action, it's important to have the strategic buy-in and input of different individuals, teams and functions across the business.

A carbon reduction strategy must be collaborative. Answers, plans and budgets will often sit across multiple business areas, and their support and ownership will be crucial. What's more, there's often a great deal of passion within the employee base for decarbonisation, with an invaluable pool of actions and ideas.

Externally, the input of investors and customers can help build a compelling business case for decarbonisation, ensuring a carbon reduction plan is economically and environmentally balanced. With a common goal in mind, 87% of sustainable businesses have indicated they would be open to allowing neighbouring organisation to jointly use their energy assets.



87% of sustainable businesses say they would consider allowing neighbouring organisations to jointly use their energy assets

81% of sustainable businesses plan to increase resources dedicated to energy management and sustainability responsibilities

06

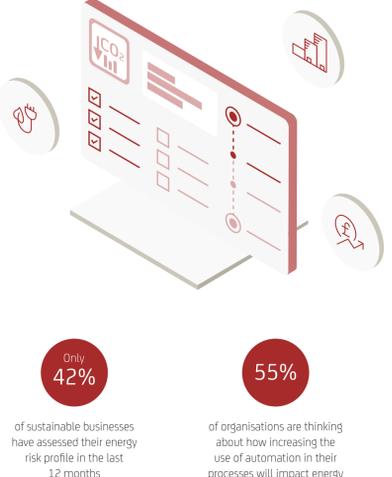
Future-proof your strategy

Consider developing carbon roadmaps in key areas of the business, layering into an organisation-wide carbon reduction plan.

To do this, consider both structural changes and efficiency measures. Structurally, how will your organisation evolve? By understanding future changes to your asset portfolio or geographic footprint, you can identify opportunities for cleaner energy choices. This can be done by building mid to long-term carbon emissions forecasts.

Further, explore the technological and behavioural changes that could improve efficiency and reduce carbon. Rank business activities and processes according to carbon intensity or emissions, seeking technology pathways that can achieve carbon reductions.

Make the right energy choices now, and you can make immediate, significant reductions to your carbon emissions.



Only 42% of sustainable businesses have assessed their energy risk profile in the last 12 months

55% of organisations are thinking about how increasing the use of automation in their processes will impact energy

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Centrica Business Solutions can support your organisation to build and realise your sustainable energy strategy, tailoring a combination of energy technologies, solutions and services based on your individual business needs.

As well as unlocking immediate emission savings, we can help you to future-proof your sustainability strategy, through our continuous investigation, evaluation and deployment of new energy technologies.

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