

Decarbonization Guide

Basic – Better – Best
Frameworks on your Path to Net-Zero

- An introduction to the **Basic**, **Better**, and **Best** levels of decarbonization, and access to the full guides for a deep dive into goals, action steps, and more.

Life Is On

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Climate action is at an all-time high

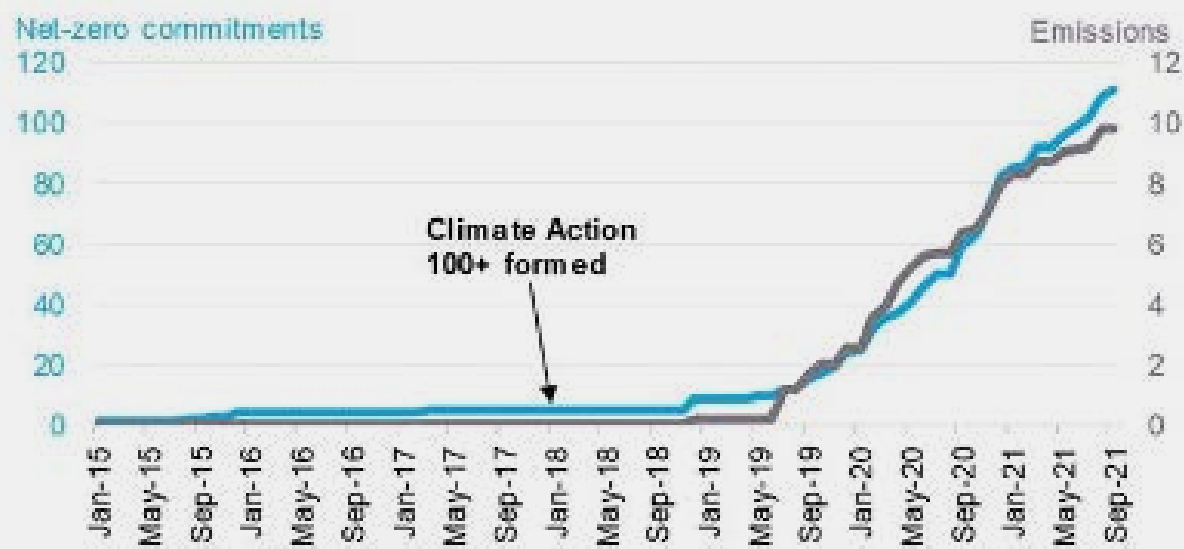
Public awareness of and investor interest in companies committed to net-zero emissions is skyrocketing.

The urgency for climate action to mitigate global warming is at an all-time high, with a rapidly closing window to make the decisive changes required to avoid the worst impacts of climate change. According to the UN, the world has until just 2030 to make significant progress to achieve the Global Sustainable Development Goals, including the levels of decarbonization required to combat climate change and its impacts, dubbing our current era “The Decade of Action”.

Corporations have followed suit with a flood of voluntary climate commitments. In a 2021 report, UK-based Energy & Climate Intelligence Unit and Oxford Net Zero found that at least one-fifth (21%) of the world’s largest 2,000 companies have set a net-zero emissions goal. And BNEF research shows that two-thirds of the world’s heaviest emitters, accounting for 80% of global industrial GHG emissions, have set a net-zero or equivalent target.

Net-zero commitments and emissions addressed under targets for Climate Action 100+ focus companies

Source: BloombergNEF, Climate Action 100+, Bloomberg Terminal. Note: Emissions are based on the portion of a company's carbon footprint that is included in the net-zero target.



Climate action is not matching climate ambition

These commitments, however, vary widely in their quality and scope.

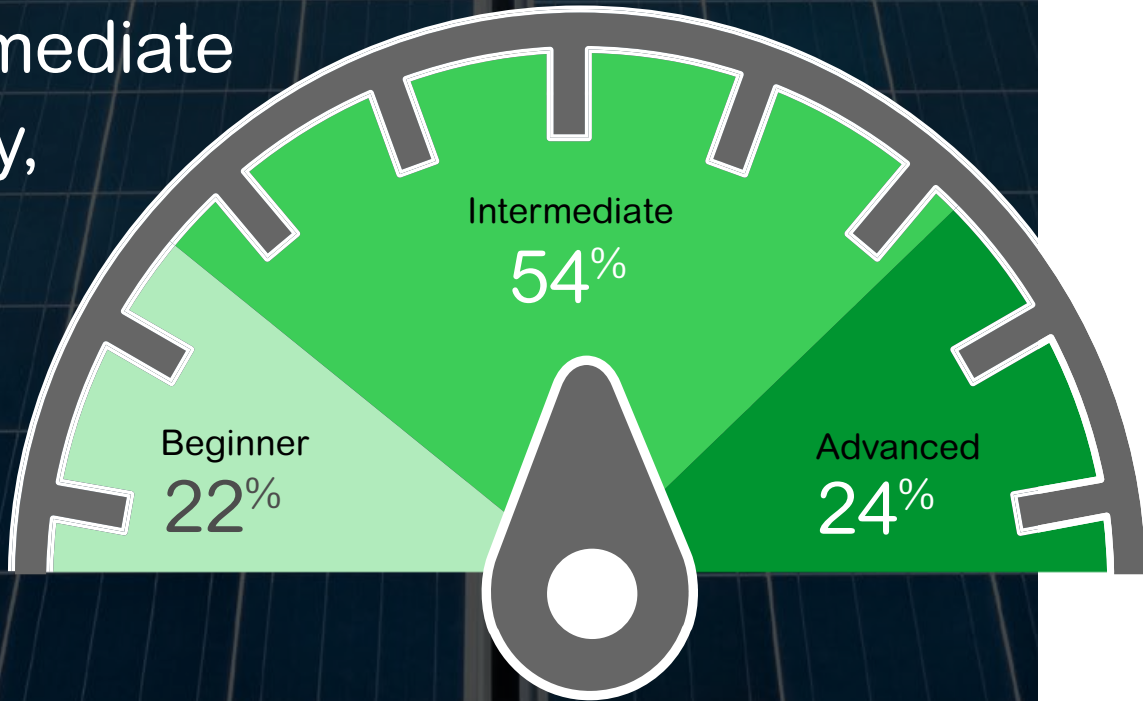
The rapid acceleration in corporate climate efforts has come with a high degree of uncertainty and a lack of clarity around which goals and actions are the most effective. According to research by the Science-based Targets Initiative (SBTi), the majority of companies in the G20 with climate targets fail to align with climate science. Our own recent research demonstrates that only 24% of executives and energy and sustainability professionals

think that their company is advanced in their ESG, sustainability, or climate action progress. This leaves most companies acting at beginner or intermediate levels, taking climate action, but not aggressively or quickly enough to reach net-zero emissions within this decade.

New research: corporate progress towards sustainable innovation [Access Now](#)

76%

of respondents have Beginner or Intermediate ESG, sustainability, or climate action programs



Moving organizations toward more aggressive climate targets

The ambiguity and opacity of climate action goals does little to drive the rapid change needed to combat the climate crisis.

Indeed, 2021 global emissions are surging to record levels instead of falling. From carbon neutrality and net-zero targets to carbon negative and climate positive commitments (and every goal in between), companies are left to wade through a gray area when deciding on the most appropriate ambition-to-action roadmap. The numerous guidance frameworks, certifying bodies, and terminologies used to describe these goals make it difficult for organizations to clearly understand how to act—and by when.

Navigating these complex frameworks can lead to “analysis paralysis,” with some organizations resorting to inaction or setting only limited goals.

Target Setting Best Practice

What

What will your program address and to what extent?

When

When will you achieve your program—in interim & overall?

How

What methods will you use to act towards your ambitions?

Your guide to net-zero decarbonization

Many organizations are looking for a smart approach to selecting the best set of goals, activities, and reporting efforts to meet their current capacity and their ambition level. We've developed this guide to:

- Help you navigate the varying degrees of climate action goals and tactics
- Assess where you stand today on the spectrum of decarbonization frameworks
- Understand what it will take to put your company on the path to reaching net-zero emissions

To simplify the job of assessing Scope 1, 2, and 3 emissions reduction strategies and benchmarking your progress, we've broken down these goals into three indicative levels: Basic, Better, and Best. Whether your organization is a new entrant to the climate action landscape looking to make a modest start, an ambitious up-and-comer seeking to leapfrog peers and competitors, or an established leader aiming to push the limits on a regenerative and sustained business transformation, this guide has what you need.

GHG Emissions Categories

Scope 1

All direct emissions (e.g. onsite fuel combustion, company-owned vehicles)

Scope 2

Indirect emissions from purchased electricity, heat, steam, or cooling

Scope 3

Indirect emissions from other sources, including, but not limited to:

- Supply chain
- Employee commute
- Business travel
- Waste disposal

WHAT WILL IT TAKE TO GET YOUR COMPANY TO NET ZERO?

Select a path to explore the three levels of decarbonization

Basic

Begin your decarbonization journey

- Raise awareness on climate crisis
- Make first commitments
- Set intensity-based emissions reduction goals
- Capture low-hanging fruit

Better

Deliver significant individual impact

- Aim for carbon neutrality
- Reduce direct & indirect footprint
- Develop low-carbon products, services
- Provide transparency on action plan

Best

Reshape organization toward net-zero

- Align with SBTi net-zero guidance
- Evolve competitive advantage
- Redefine industry business models
- Lead value chain decarbonization



DECARBONIZATION LEVEL: Basic

The Basic level of decarbonization includes the minimum actions a company can (and should) take to address the climate crisis and begin to future-proof operations against climate-related impacts.

Companies with Basic goals may treat sustainability as an “arm” of the core business or a siloed, independent effort separate from key organizational objectives. Many times, Basic decarbonization efforts are driven solely by compliance objectives.

The Basic level is the starting point to lay a foundation of stakeholder alignment and education for future, more impactful climate action programs. Organizations that find themselves setting goals and taking actions at this level may either be at the very beginning of their climate action journey or in hard-to-abate sectors.



At a glance

Timeline to set goals:

1 – 3 months

Stakeholders involved:

Energy Management, Facilities Management, Sustainability Management

Terms you might hear:

- Emissions reduction goal based on intensity
- “20% reduction in carbon emissions in the next 5 years”
- “Energy efficiency to drive cost savings”



DECARBONIZATION LEVEL: Better

This level of decarbonization is where many companies find themselves today.

Companies aligned with Better goals have moved beyond the basics of decarbonization, perhaps achieved some early successes in their climate action programs, and are looking to expand the reach and scope of their efforts. In this level of decarbonization, businesses may begin making minor changes in business model or value drivers, but will likely continue to operate in a traditional way. Sustainability starts to become embedded in decision-making processes, and changes made are often the result of a need to meet market and investor pressures.



At a glance

Timeline to set goals:

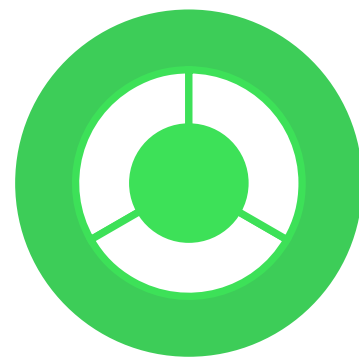
3 – 6 months

Stakeholders involved:

Energy Management, Facilities Management, Sustainability Management, Indirect / Energy Procurement, Executive Leadership

Terms you might hear:

- Carbon neutrality
- 100% renewable operations
- Science-aligned or science-based



DECARBONIZATION LEVEL: Best

Companies setting goals in the Best category are leaders in climate action.

At one time, goals in the Better category were considered some of the most ambitious, but due to the evolution of climate science and the advancement of sustainable technologies, leading companies must now go further. Decarbonization in alignment with the Best category goes above and beyond corporate social responsibility. Best goals fundamentally transform the business ecosystem, orienting toward principles that will result in a zero-carbon economy and drive positive and continuous outcomes for society. Best goals expand the context of what it means to be a responsible business, and sustainability becomes a driver of profitability and long-term operational success.



At a glance

Timeline to set goals:

6 – 9 months

Stakeholders involved:

Energy Management, Facilities Management, Chief Sustainability Officer, Chief Executive Offer, The Board, Finance, Staff, Suppliers

Terms you might hear:

- Net-zero emissions by 2050 or sooner
- Net-negative
- Science-based targets
- Business Ambition for 1.5°C
- Climate positive or carbon negative