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New Capgemini Report: Data is key to bridging the gap between net zero ambition and action

- *Embedding emissions data in their decision-making has helped organizations achieve a 4.6% reduction in emissions per year*
- *Developing robust data management and collaboration capabilities can make data a significant lever to accelerating efforts towards net zero*

Paris, September 15, 2022 – Emissions data must be used to its full potential to help organizations stay on track to achieve their net zero targets[1]. However, Capgemini Research Institute's newest report, *Data for Net Zero: Why data is key to bridging the gap between net zero ambition and action*, finds that while a vast majority of organizations recognize the value of emissions data (85%), half of the organizations surveyed say that their business teams are not equipped well enough to use this data to drive decision making. Currently, organizations are mostly using emissions data to measure sustainability performance and rarely to improve existing processes or to predict or prescribe opportunities for emissions reductions using advanced analytics techniques. By developing robust data management and industry-wide collaboration capabilities there is a huge opportunity for organizations to improve their sustainability footprint across the value chain.

The report, which surveyed over 900 organizations that set net zero targets, found that over half (53%) of those that have embedded emissions data into their decision-making have already seen faster progress towards their net zero goals. This includes an average reduction of emissions of 4.6% and improved transparency.

Managing and collecting data on Scope 3[2] emissions is particularly challenging for most organizations. On average, Scope 3 emissions are estimated to account for up to 95% of a company's carbon footprint,[3] yet just 24% of organizations reported moderate or high levels of awareness of which suppliers account for most of their emissions in this category. Furthermore, less than a third (30%) of organizations measure emissions from purchased goods and services, and only 27% measure emissions from the use of sold products. This is driven partly by a lack of confidence in the data which organizations collect, as this is often based on industry estimates and third-party data. Another reason is a lack of carbon accounting skills, which results in many organizations not having the expertise or understanding of how to measure emissions and how to apply this data to decision making.

Skilling and collaboration vital to improvement

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[1] We recognize that the definition of net zero is evolving. For the purposes of this survey, we used the following definition of net zero based on the IPCC definition of the term at time: "*For an organization, being "net zero" means reducing emissions of GHG (CO_2, methane, nitrous oxide, etc.) to close to zero and extracting residual emissions from the atmosphere, within a specified period.*" The report also refers to the SBTi's "Corporate Net-Zero Standard" that was introduced in October 2021 to define key requirements that net zero targets should fulfil in order to be aligned with the goal of limiting global temperature rise to 1.5°C. The 900 organizations in our survey have set net zero targets in a broad sense and these are not necessarily aligned with the SBTi's "Corporate Net-Zero Standard".

[2] Scope three emissions consist of upstream and downstream emissions. Upstream emissions are from indirect sources in an organization's supply chain, such as purchased goods and services, distribution and transportation. Meanwhile, downstream emissions are emissions from the use of sold products, and end-of-life treatment of sold products.

[3] CNBC, "Climate experts are worried about the toughest carbon emissions for companies to capture," August 2021

Significant collaboration with the wider ecosystem to provide access to reliable emissions data is fundamental to making progress on an organization's net zero journey, highlights the report. Currently, less than a third (32%) of organizations say that they are participating in data ecosystem initiatives to share emissions data with external entities such as NGOs, competitors, suppliers, and customers. To reach net zero, organizations will need to work closely with their suppliers to help improve their capabilities to measure and manage their emissions.

Capgemini's research also highlights the need for a robust data management foundation that enables organizations to collect, consolidate and optimize data from multiple sources as a key parameter towards smarter, data-led net zero progress. This calls for establishing mechanisms to ensure decarbonization accountability across the organization, defining clear carbon KPIs for business teams and greater investment in carbon accounting skills.

Additionally, organizations need to ensure that employees at all levels are onboarded and equipped to play their roles in the journey towards net zero. However, very few organizations (7%) are investing in increasing awareness and upskilling employees on sustainability and climate change. Addressing this could help bridge the skills shortage.

Zhiwei Jiang, CEO of the Insights & Data Global Business Line and member of the Group Executive Committee at Capgemini said, *"While organizations and governments might have set carbon reduction targets which are five, ten, thirty years away, that doesn't mean sustainability is a future problem. Our planet is in crisis right now. And if you want to track your progress; if you want to make headway on new regulation or legislation; if you want to respond to consumer demands – data and analytics are the entry point. Too few are taking a truly data-driven approach in their journey towards these targets. Collaboration also plays a crucial role here – be it across the value chain or through global alliances to collectively improve emissions management systems. Organizations must also invest in carbon accounting talent and define clear emission targets so that they can move from ambition to action."*

For more information or to download the report, visit: link to the report.

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