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● Net Zero Barometer
Report 2022



By Royal Charter



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Foreword

As we approach the midpoint of 2022, businesses find themselves at a pivotal moment. Faced with ongoing and immediate global disruption over the past two years, they must continue to understand and navigate these issues, while also ensuring they deliver on the long term sustainability goals that promise a greener future for all.

As our report clearly demonstrates, the desire to embrace net zero is absolutely heading in the right direction. COP26 turned the global spotlight on our collective efforts to keep temperatures from rising above 1.5 degrees, and seven out of ten of respondents believe the conference made a difference to incorporating sustainability into corporate thinking; 78% are more convinced that reaching the country's now more ambitious, net zero targets is achievable.

Indeed, the resolve for net zero has grown in spite of the significant challenges organizations continue to face from the ongoing COVID-19 pandemic and the impacts of Brexit. In fact, almost half (49%) of those we spoke to say the pandemic has accelerated their efforts to reach net zero – 16% say significantly so.

In 2021, we launched our first ever Net Zero Barometer report. By surveying 1,000 senior decision-makers from businesses and organizations of all sizes from all over the country, we wanted to take an annual reading on how the UK is faring in its progression to net zero.

The headlines from that initial survey made striking reading: just one in five small businesses had committed to a net zero target, 64% of those we surveyed weren't confident they understood the implications of net zero for their organization, and it was highly unlikely most would reach the government's target by 2050.

As well as offering fresh insights on these metrics, our new report also reveals a knowledge and business priorities gap that is threatening to derail our climate change ambitions – this is a gap we need to bridge quickly if we are to deliver on the pledges of COP26, and reach net zero by 2050. With the UK government and devolved administrations bringing forward their net zero targets, it's time for the private sector to step up the pace.

We're on the most important business journey for generations and the decisions we make today will shape the future of tomorrow. We believe the data and insights contained in this report can help standards bodies, businesses and all actors across the economy to transition.



Scott Steedman,
Director-General, Standards, BSI

Executive Summary

Over the last twelve months, the journey to net zero has gathered pace as the sheer scale of our climate crisis looms ever larger and ever closer. COP26 served as a major watershed moment for nations, governments and businesses – if we want to achieve the goals of the Paris Agreement and keep global temperatures from rising above 1.5C, then now is the moment to turn our climate change commitments into climate change actions.

We've seen the UK Government and devolved administrations raise the bar on Britain's national targets, announcing significant plans to dramatically reduce emissions by 78% by 2035, and to achieve net zero by 2050. Clearly, government has a key role to play, but in 2022 the task for business is to start turning these government commitments into major projects that the private sector can deliver. This is how we will achieve a successful net zero transition.

With this in mind, our annual Net Zero Barometer is designed to track how organizations are progressing on the road to net zero. This year's survey of 1,000 senior decision-makers revealed a blurred picture composed of good intentions and concerning gaps in broadly equal measure.

● Clearly, government has a key role to play, but in 2022 the job of business is to start turning these government commitments into major projects that the private sector can deliver.

Key findings of the Net Zero Report 2022

There is a will, a desire, and an optimism that we can and will achieve our net zero goals

The majority of those we spoke to (71%) had set targets to meet net zero, and 78% are more convinced post-COP26 that reaching our net zero targets is possible. This is a huge leap forward from the 2021 report where only 40% of organizations had made a commitment and a further 31% were “considering it”.

1

However, there is a serious gap between this ambition and business priorities

Almost half (49%) of senior decision makers were focused on growth in their organization versus 20% concentrating on reducing carbon.

2

There also remains a gap in understanding around what is needed to meaningfully set and reach net zero targets

Only 21% of those we spoke to were fully aware of the concept of net zero targets and what it means in practice for their organization – a further 37% were beginning to explore what this means. While both figures are up from 2021 (10% and 26% respectively), this is still a significant gap.

3

Cost is a significant barrier for many organizations

Almost half of decision makers (45%) cited cost as a barrier, clearly making it the leading challenge for organizations, above supply chain (29%) and regulation (25%).

4

But there is a willingness to collaborate and learn to meet targets

Nearly three-quarters of those we spoke to say their organization is getting guidance from external sources, and 46% would like more. Rising energy prices are set to shape the narrative around costs, efficiency, and sustainability in all senses for businesses and consumers alike in the year ahead. As such, greater awareness offers the potential for good guidance and clear standards to support emissions reduction through energy efficiency.

5

The challenges of the COVID-19 pandemic have spurred businesses on to reach net zero

Almost two-thirds (65%) of decision-makers say they have accelerated their efforts to operate at net zero as a result of the pandemic.

6

The conversation is no longer about whether we need to reach net zero – it's about how

The majority (85%) of decision makers polled believe embedding climate considerations into all standards across industries will make achieving net zero easier. This demonstrates the power standards have to leverage significant change by levelling the business playing field and making the process straightforward for organizations. Standards are more than signposts for progress, they drive it.

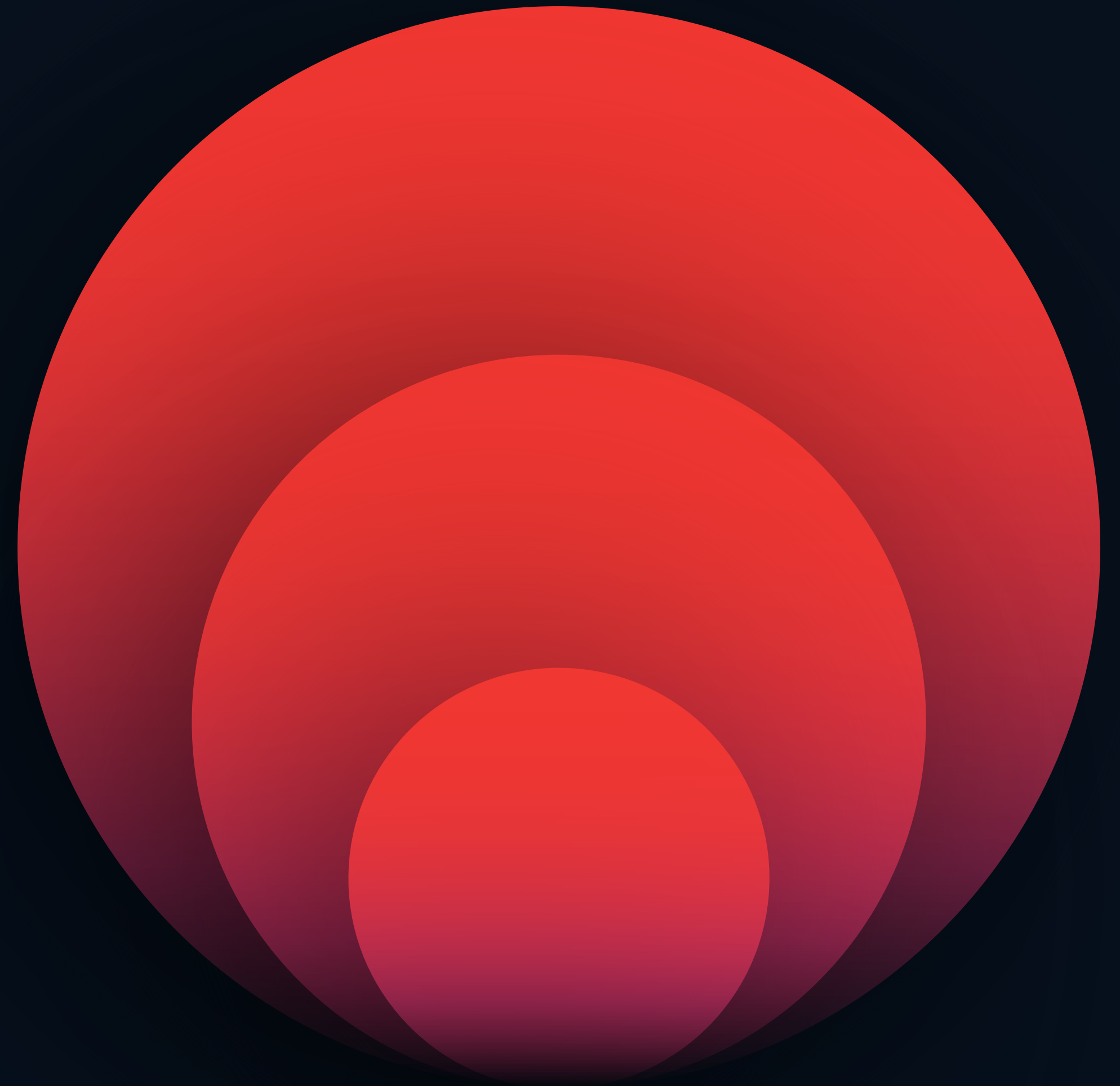
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For the detailed findings of the report, just read on.



● Chapter 1 Raising the standard for Net Zero



The ambition to reach net zero ramped up in 2021. Net zero is defined by the Department for Business, Energy and Industrial Strategy as reducing emissions to as close to zero as possible, with the small amount of remaining emissions absorbed through natural carbon sinks like forests, and new technologies like carbon capture. The UK and devolved nations committed to accelerating their efforts to become net zero as a nation by 2050.¹

There's significant ground to cover. While it will take political will and financial investment, if we're going to succeed, rising to the biggest challenge of our times will also require the active engagement of every business and organization, from start-ups to super-brands.

Our survey revealed two key areas that have the potential to hold progress back – a gap in priorities, and a gap in understanding.



¹ www.gov.uk/government/news/uks-path-to-net-zero-set-out-in-landmark-strategy

The climate priorities gaps

While one in five senior decision-makers identified reducing carbon as one of the top three priorities for their organization, they are massively outstripped by those who are focused on growing their business (49%), generating revenue (36%) and continuing to respond to COVID-19 (35%).

Over half (58%) of those with a commitment or a plan to achieve net zero told us their priorities had changed because of the pandemic. Another third (34%) told us Brexit had shifted their focus.

Priorities for organizations

Focused on growing their business	49%
Generating revenue	36%
Continuing to respond to COVID-19	35%

This was particularly true for smaller businesses. Our survey found that the larger the organization, the less likely revenue generation was to appear as a priority, highlighting the hit SMEs have taken to their ongoing resilience over a turbulent two years. Understandably, a quarter of decision-makers described increasing business resilience as a key priority.

While the responses to the survey are perhaps inevitable given the long tail effect of the pandemic, sustainability will have benefits for the bottom line. The gap here is a short-term focus and in recognizing that net zero objectives, such as reducing energy usage and increasing resource efficiency, can power commercial and revenue growth for organizations and deliver more resilient businesses.

It needn't be an either/or choice between growth and sustainability; it can be both/and, with net zero goals also leading to new markets, staff retention, and reduced costs.

“As you progress on your net zero pathway, the landscape will inevitably shift as new technology, regulations, guidance, knowledge and practices emerge. Your organization must be alert to these changes. Net Zero will require investment, dedication, upskilling, persuasion, innovation, transparency and (perhaps most importantly) collaboration, but the reward is a more resilient world in which your organization can thrive. Standards are developed by those who have the deepest understanding of the challenges you face and what it will take to help you succeed.”

David Fatscher, Head of Environment, Social and Governance standards, BSI



The understanding gap

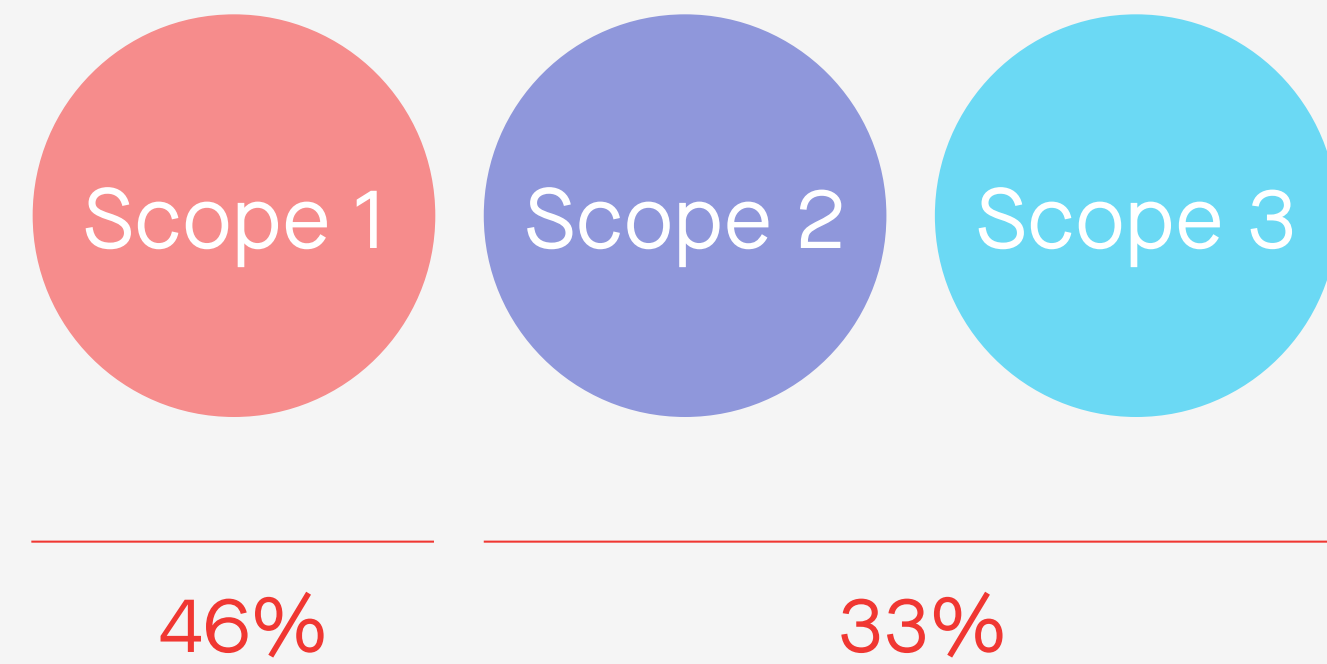
The second gap this year's Barometer highlighted was in an understanding of the concept of net zero.

Understanding has grown since last year's report, when only 36% of senior decision-makers were confident that they fully understood the implications for their organization, it is still relatively low. Just over one in five (21%) are fully aware of the concept of the net zero target and what it means for their organization, with a further 37% beginning to explore what it means.

There was also a lack of clarity about what reaching net zero meant in practice for organizations. Over a third (37%) believe reaching net zero would mean reducing the amount of carbon emissions they release into the atmosphere down to zero for their organization. Another third (33%) believe they need to balance their remaining carbon emissions, and 12% understood it to mean their organization needed to take steps to capture the carbon they emit. Of course, all three of these elements are relevant, and encouragingly, a large group are recognizing that achieving net zero is first and foremost about transitions and significantly reducing carbon emissions.



Scope 1, 2 and 3 emissions



Scope 1	Direct Emissions	GHG emissions directly from operations that are owned or controlled by the reporting company
Scope 2	Indirect Emissions	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company
Scope 3		All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

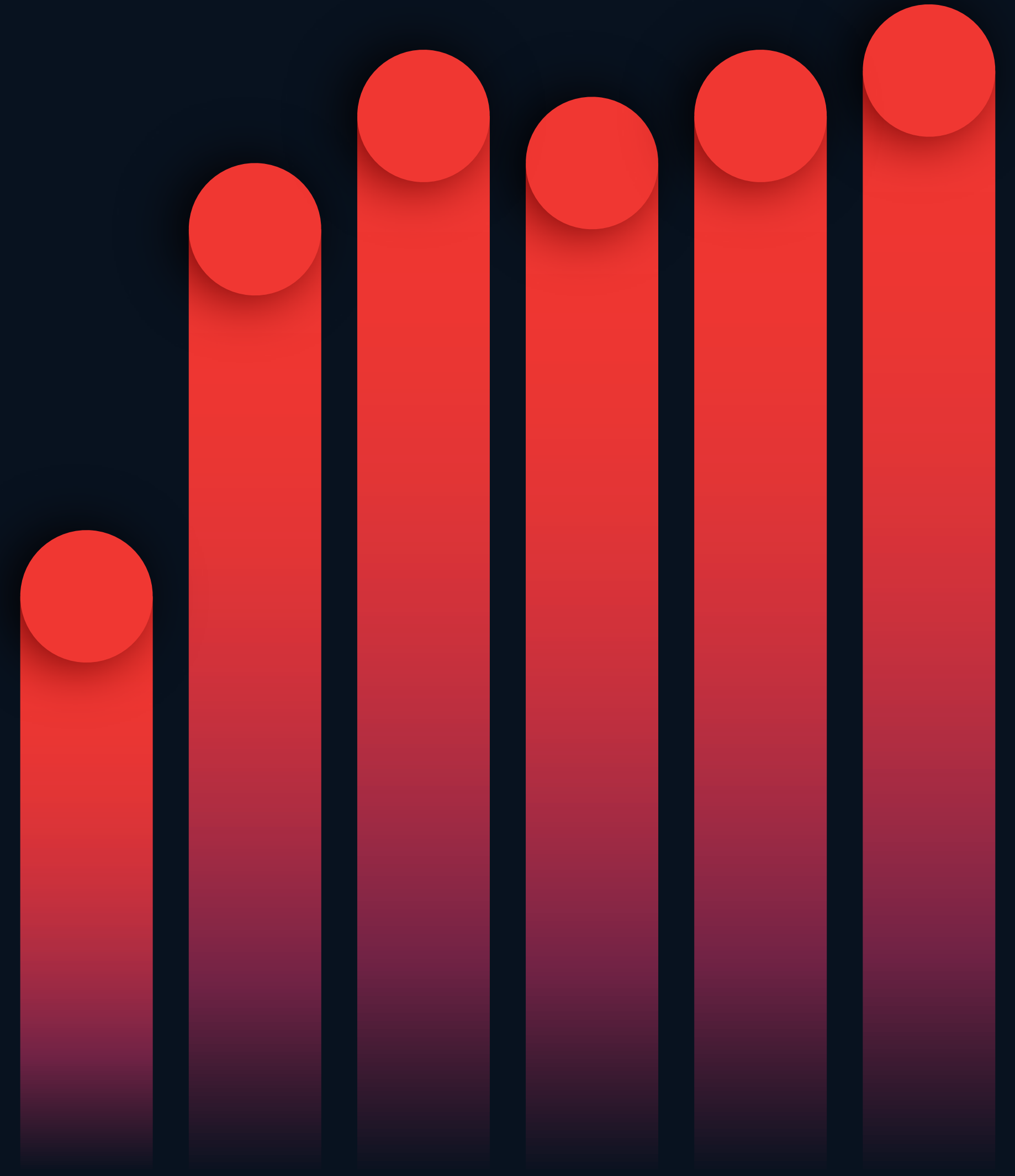
Looking further into the understanding senior decision-makers have around the categorization of greenhouse gas emissions – the difference between direct (Scope 1) and indirect (Scope 2 and 3) emissions – almost half (46%) are monitoring their Scope 1 emissions, and a third (33%) are monitoring both Scopes 2 and 3. But target setting was low: just under one in five (19%) of organizations had set targets that lay within Scope 2 boundaries only, followed by 18% addressing only Scope 1 emissions – 14% had targets to reduce both.

There is, however, a ‘COP effect’ at work in general awareness of net zero targets: 44% described the typical knowledge in their workforce as average, 36% as high, and one in ten as very high.

Given that 71% of organizations we surveyed have set specific targets to reach net zero, there is clearly a gap between the goodwill and efforts of many businesses to ‘do the right thing’ and a comprehension of how that might look for their organization, specifically with recognizable and standardized goals.

● Chapter 2

Is your organization up to standard?





The challenge of reaching net zero is firmly on the agenda for businesses and organizations. Consumers increasingly look for 'green credentials' when making decisions about what to purchase, and environmental factors are becoming ever more important when it comes to engaging in the supply chain.

The desire is there, but the pressure is also on with many organizations having to weigh net zero commitments against other factors which could have an immediate impact on their work.

Barriers to net zero

Almost 45% of organizations cited cost as in their top three barriers to achieving net zero, well ahead of those who named supply chain (29%), and those who felt they lacked clarity on the meaning of net zero (24%) or guidance on how to achieve it (23%).

On average, based on their own set of targets, decision-makers in large businesses with over 1000 employees anticipate it will cost their business £1,700,000 to transition to net zero, while SME decision makers put the cost at between £350,000 and £619,000.

Only 15% classified supply chain as a strength, but one in five believed regulation would help them, and 22% had the view that guidance would prove to be an asset.

Just over a quarter (26%) of organizations feel they have the guidance they need, and three quarters (75%) of those surveyed say their organization is getting guidance from external sources to achieve their net zero targets. That being said, 46% of businesses would like more guidance. Thankfully, businesses are reaching out for support and advice as they require it.

Almost half of organizations (46%) look to national government as their main source of advice, but 41% and 37% of respondents also see local government and specialist organizations respectively as good sources of guidance.

It's clear that while a number of specific barriers exist, these are also connected. For example, the desired legislation needs to be accompanied by widely accepted standards and 'how to' guidance so that business is supported to move forward with clear targets, on a level playing field.



Meaningful targets

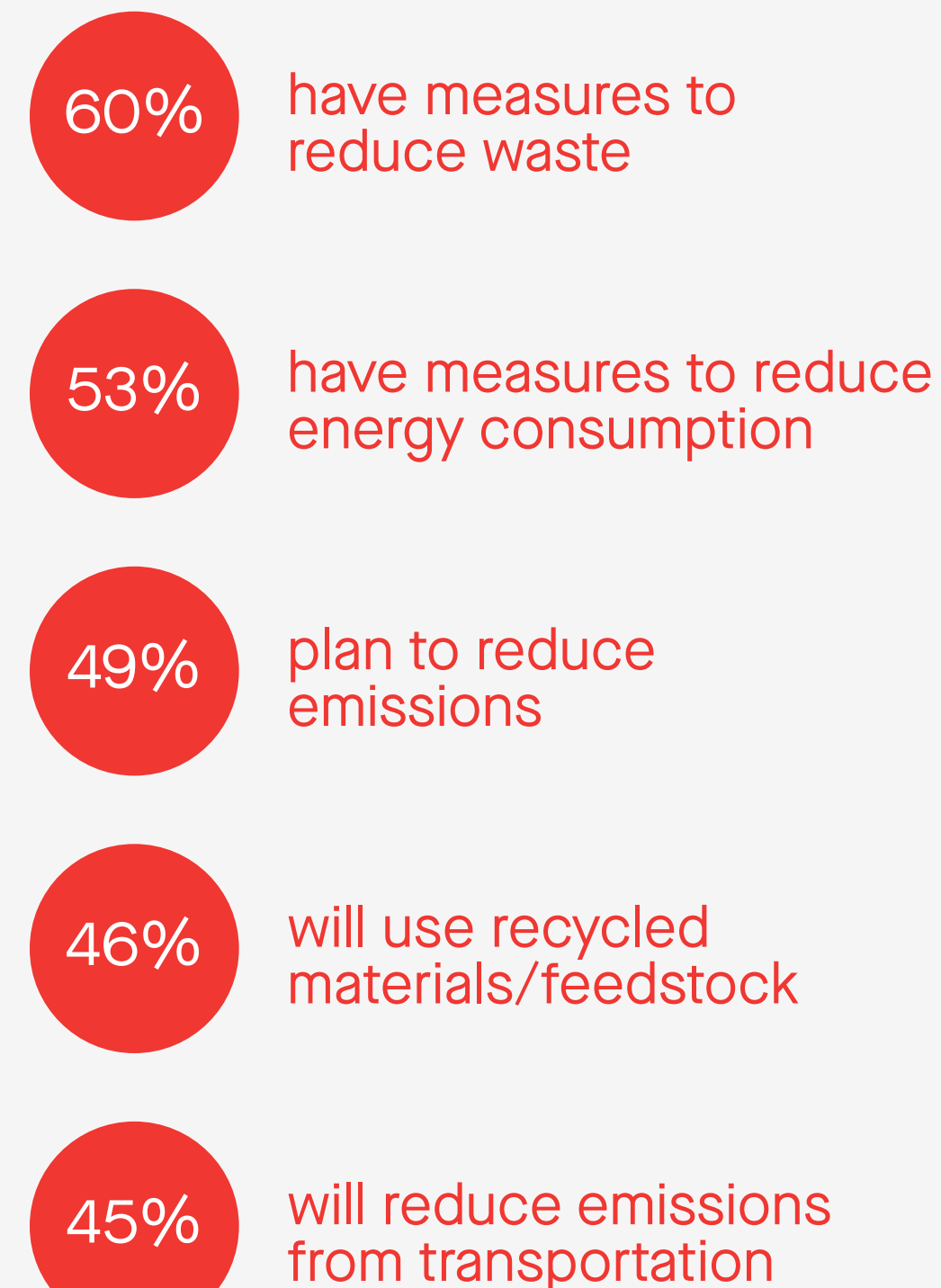
The role regulation plays as a facilitator or barrier to achieving net zero targets is an important finding of this report. Given the understanding gap highlighted earlier in the report, agreed standards and programmes like Race to Zero and the Science Based Targets initiative have a key role to play in ensuring the targets being set and the claims being made by organizations are both credible and achievable.

Hearteningly, more than half (56%) of all organizations surveyed had measures in place with specific targets and deadlines for meeting them, and 25% of businesses aim to meet their net zero ambitions by 2030. Another 17% aim to reach net zero by 2040, and 14% by 2050. Just 4% have currently made no commitments.

However, when asked about the boundaries of the net zero targets organizations have set, just under a fifth (18%) of organizations have targets only for their direct emissions, with only 10% having targets taking in scopes 1, 2 and 3. This raises questions about the realistic scale of ambition for net zero, and the level of understanding about what achieving it involves.

Nevertheless, businesses are using a range of measures to cut their carbon emissions:

How businesses are cutting their carbon emissions:



More than half (53%) say their organization intends to commit to the Science Based Targets initiative², 60% say they've aligned their measures and targets to Race to Zero commitments³, and a third use frameworks such as the Greenhouse Gas Protocol⁴ to address their emissions.

Demand for greater guidance, together with high engagement with standards, demonstrates the value of meaningful, cross-industry benchmarks. After all, organizations have a long history of engaging with standards and regulation – 64% of those we surveyed are familiar with national and international standards – and almost two-thirds (32%) already use either International Organization for Standardization (ISO) or BSI PAS standards to measure, quantify and reduce emissions.



² Science Based Targets

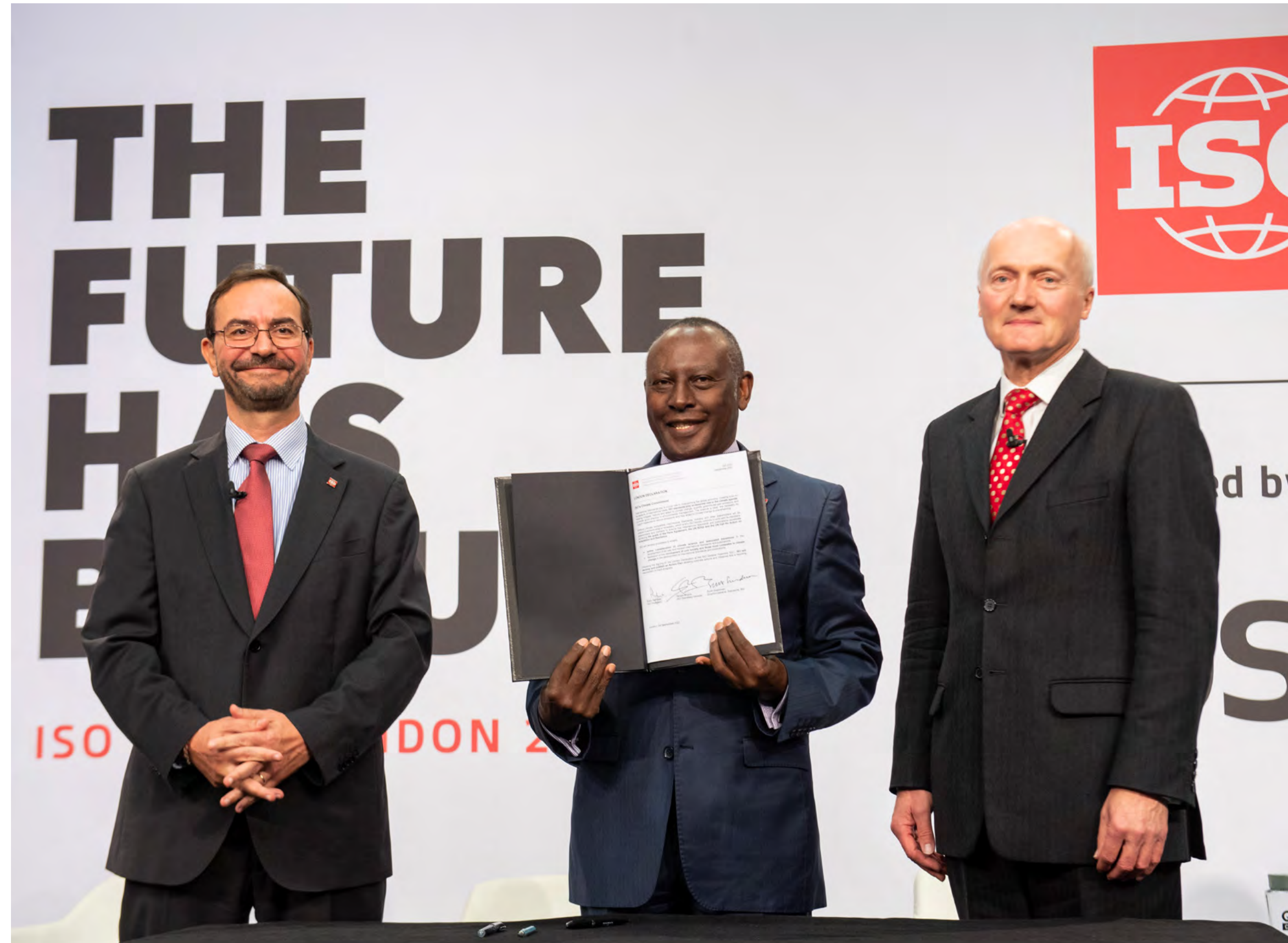
³ Race To Zero Campaign

⁴ Greenhouse Gas Protocol

The London Declaration

Given the scale of the challenge facing organizations, it's even more important for businesses and consumers alike to have benchmarks against which progress towards net zero can be accurately measured and monitored.

The London Declaration, initiated by BSI and adopted by ISO The London Declaration, initiated by BSI and adopted by ISO in the run-up to COP26, is part of a response to this need. It commits its signatories to embed key climate considerations into every new standard that is created. It will also add these requirements to all existing standards as they are revised – a change on an unparalleled scale, and one called for in our research by the vast majority of organizations: 84% believe they would find it easier to “passively achieve net zero” if climate considerations were embedded into all standards across industries.



Sergio Mujica, ISO Secretary-General; Eddy Njoroge, ISO President (in 2021); Scott Steedman, Director-General, Standards, BSI.

“BSI is proud to have led the development of the London Declaration and is fully committed to seeing the actions implemented across the 40,000 standards in our portfolio. The Declaration will help ensure that climate-friendly standards become the norm across all industries.”

Amanda Richardson,
Head of External Policy, BSI



● Chapter 3

The Standards Dividend



Standards as the engine of change

Since the foundation of BSI in 1901, standards have proved to be vital in accelerating the advancement of technology and the improvement of human life. It's no different when it comes to setting net zero targets, a fact highlighted by UN Secretary-General António Guterres who called for a group of experts to 'propose clear standards to measure and analyse net-zero commitments from non-state actors' in his address to COP26.

For targets to be meaningful, and for consumers, businesses, and governments to be able to track and report on our net zero progress, standards need to be not only a credible benchmark, but also a key part of the culture and expectation of our industries.

While the majority believe it would be "easier" to passively achieve net zero if climate considerations were embedded into standards, 37% think it would be "much easier". International standards create faith in consumers that businesses are not just doing what seems to be right, but also what is measurably effective. This competence and sense of responsibility leads to dividends beyond good brand reputation.



UN Secretary-General António Guterres speaking at COP26

The bottom-line benefit

Of those organizations which have set deadlines and are aware of the measures they need to have in place to reach net zero: 39% have deadlines for waste reduction, 38% for energy reduction, and 37% for emissions reduction.

In short, their net zero targets contain within them milestones and goals that will increase the efficiency of their businesses – reducing costs and leading to greater profitability.

For the 49% of senior decision-makers prioritizing business growth and the 37% whose main focus is revenue generation, setting measurable net zero targets are a way to achieve these goals. As organizations are increasingly required to prove their environmental credentials as part of the tendering process, having clear, credible and standardized net zero targets will become a commercial driver for many. Furthermore, in the UK, such transparency will become even more imperative as net zero transition pathways become mandatory.



Leading the way

Prioritizing net zero targets will also set organizations apart in the minds of consumers. They are more than a set of new rules to be followed – reaching net zero is critical to our future wellbeing.



As consumers feel the squeeze of rising energy prices, there is a clear role for industry in explaining the benefits of net zero for end-users. New technologies and exciting innovations that lead to greener and cleaner energy aren't going to be available to consumers or businesses overnight. Still, net zero-inclusive technical standards will act as a catalyst for decarbonization, allowing innovations to scale more rapidly by de-risking investment, and providing consumers with greater confidence. Industry needs to embrace the challenge of leading the culture change so that the transition to net zero is just, with the burden of costs falling equitably on those most able to shoulder it.

This report shows evidence of the consideration businesses are already giving to the wider impact of their net zero targets. Almost half (46%) of those buying carbon offsets, for example, are influenced by their location being in the UK. Social and development benefits were important to 32%, and biodiversity benefits to 27%.

The choices organizations make towards net zero are good for business, making them more resilient for the future. Good for revenue, growth, and efficiency, net zero targets are implicitly beneficial for the long-term sustainability of business as well as the planet.

But these choices go even further, beyond the bottom line. Prioritizing net zero transitions and embedding the expectation of carbon neutrality into every aspect of business significantly shifts the baseline of what is normal. Ultimately, this is the net zero ambition: to reach a point when rapidly phasing down and then balancing residual emissions isn't just the right, or legal, or necessary thing to do – it's accepted business practice.



“The road to net zero affects all facets of society, posing a unifying challenge for government, industry and investors. BSI’s proposition is that in the coming years, a company’s progress towards net zero will become a routine measurement of success, demonstrating to its customers, employees, supply chain and shareholders that it is a socially conscious enterprise that is serious about sustainability. As the National Standards Body for the UK, we believe that standards provide credibility in sustainability claims, while empowering businesses to take the necessary action.”

Sebastiaan van Dort,
Associate Director,
Energy and Sustainability Standards, BSI



When the private sector prioritizes change, it sends a clear and powerful signal both to consumers and governments that standards and expectations have changed. The choices organizations are making now aren't just about the future of their own business – they are the blueprint for the future of our world.



Conclusion

For a long time, reaching net zero has too often been considered ‘impossible to achieve’, ‘at odds with business’ or a ‘nice to have’ – a good piece of PR or kudos for organizations and businesses.

2021 changed that. Emerging out of one of the most turbulent periods in a generation, organizations, industry and governments are facing up to the demands of the future. Net zero is a non-negotiable, an essential factor for the ongoing resilience of any business.

The energy crisis is part of the tangible reality of how the impacts of climate change are already making themselves felt. Making the transition is critical to the immediate and long-term sustainability and success of organizations of all sizes – it cannot wait any longer.

The data is clear that the majority of senior decision-makers recognize this. Nevertheless, a lack of understanding about how building greater sustainability into the fabric of an organization will implicitly be good for revenue, growth and efficiency, and the lack of clarity about how to meaningfully achieve net zero is putting the brakes on what should be collectively our most urgent task.

This year’s report highlights the need for some key actions for the coming twelve months.



● Build in Net Zero

Organizations need to factor net zero targets into every aspect of their strategic planning and operations. At every level, ‘how can this drive us to net zero?’ should be the question that’s always on the agenda. This constant reminder will ensure that sustainability goals really do power organizations forward, whether by growing revenue or driving greater efficiency.

● Seek quality guidance –and follow it

With the desire to achieve net zero so high, a lack of clear guidance will prove to be a significant brake on progress. Programmes such as the Race to Zero and the Science Based Targets initiative offer an early roadmap for organizations. Incorporating net zero into wider standards will bring them into the mainstream and embed a clear way forward for organizations. The transition to net zero will only be further galvanized once the principles of net zero and information about how to achieve it from government, local authorities, specialist and industry bodies are aligned.



● Be the change by leading the change

There is a danger that the pressures of the energy crisis will create an either/or narrative for both businesses and consumers – that the choice is between cutting costs or cutting carbon. This is a false dichotomy. As businesses become more efficient and self-sustaining, their resilience to shocks will be greater, and their exposure to global events, such as energy price hikes, less. The misconception that it has to be either/or is one that organizations can counter by continuing to push forward with their net zero ambitions, and by working to ensure their business is also in line with their social responsibilities.

● Keep moving forward, together

No single nation, government or organization has the key to achieving net zero. If we are to secure the future of the planet, we have to do it together. The appetite for seeking help demonstrated in this report is encouraging and needs to be nurtured. As small businesses struggle to recover from the pandemic and the fall-out of Brexit, larger businesses with greater resources can share knowledge to ensure no one gets left behind. We welcome the growing conversation between the private and public sectors, and will work to support industry as it fully embraces its responsibility to society as a whole.



● The Barometer is clear: the majority of senior decision-makers recognize that net zero is essential for the ongoing resilience of their businesses. The next step is to build it into the very fabric of UK business.

Appendix

About this research

OnePoll surveyed 1,000 senior decision-makers at small, medium and large sized businesses from 22nd December 2021 to 10th January 2022. The survey was conducted online using panel members who are credited to participate in surveys. Respondents were targeted using screening questions and profile data in order to ensure the correct demographic was achieved.

Those surveyed are representative of British industry, covering sectors such as IT, education, manufacturing, financial services, healthcare and construction, across all regions of the UK. The surveys were completed in between 22nd December 2021 – 10th January 2022. Percentages stated in this report are rounded to the nearest whole number.

References

Publications

- 1) [IEMA Net Zero Explained – 2021](#)
- 2) [Pathways to net zero – using the IEMA GHG Management Hierarchy – 2020](#)

Standards that can help businesses achieve net zero:

BS EN ISO 14064-1 Greenhouse gases. Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

BS EN ISO 14001 Environmental management systems. Requirements with guidance for use

BS EN ISO 50001 Energy management systems. Requirements with guidance for use

BS ISO 50005 Energy management systems. Guidelines for a phased implementation. [Download for free](#)

PAS 2060 Specification for the demonstration of carbon neutrality

PAS 2080 Carbon management in infrastructure

PAS 2050 Specification for the assessment of the life cycle greenhouse gas emissions of goods and services

PAS 2070+A1 Specification for the assessment of greenhouse gas emissions of a city. Direct plus supply chain and consumption-based methodologies

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Read more about our services
and products on our website
www.bsigroup.com/netzero-uk