

The journey to net zero



What is net zero and why is it important?

Net zero is the term used to describe the state in which all greenhouse gasses entering and exiting the atmosphere are balanced. The journey to net zero is an important part of reducing harmful greenhouse gas emissions and limiting global warming. The UK government has agreed a target of reaching net zero by 2050.

How to start your net zero journey

Companies can achieve net zero by ensuring they remove as much greenhouse gas emissions from the atmosphere as they create through their business operations.

There are two ways of doing this. They can remove greenhouse gas emissions through investing in nature-based solutions such as initiatives which combat reforestation. But it's always better to reduce your own emissions as much as you can first, and that's where your journey to net zero begins.

A carbon footprint is a calculation of all energy sources that produce greenhouse gases. By measuring your business's carbon footprint, you will then be able to work out how to reduce it. Calculations are guided by the Greenhouse Gas Protocol which helps ensure everyone measures emissions in the same way. Emissions sources are split into three 'scopes':



Direct emissions within an organisation's control (gas, company owned cars or other owned transport).



Indirect emissions from purchased energy (electricity or heat).



All other indirect emissions (business travel including car mileage, taxis, trains and flights, employees working from home, transport and distribution of electricity).

What you can do to support your net zero journey



There are some simple and easy things that you can do to reduce your emissions, some of these changes may also save money.

1. **Switch to renewable energy** – This will have one of the most significant impacts on your carbon footprint.
2. **Change lightbulbs to LED's** – This will deliver significant cost savings and energy savings for your business. LEDs use less energy, last much longer and reduce maintenance costs compared to regular lighting systems. You can save more money by installing lighting controls that automatically switch off or dim lighting too.
3. **Recycle more** – Whilst it doesn't reduce your business emissions directly, reducing the amount of waste sent to landfill does still reduce harmful emissions. Its important to recycle as much as possible and reduce the waste produced by single-use items.
4. **Install a switch-off culture** – Ensure that equipment is switched off when it's not in use, if it's safe to do so. All of these small actions will add up to significant savings over a year.
5. **Ensure maintenance programmes** are up to date, so machinery and plant run efficiently.
6. **Use trains more** – When travelling domestically, use trains rather than taking a flight. On average a train journey is seven times less carbon intensive than a comparative flight.
7. **Go electric** – When updating company cars think about switching to electric cars and encourage employees to purchase electric cars through salary sacrifice schemes, for example.
8. **Reduce printing** – This saves on energy and paper costs. It's important to communicate why you're switching to digital communications so that clients and employees get on board.
9. **Travel less** – Use video conferencing instead of travelling where possible to cut down on your business travel emissions, encourage employee car sharing schemes, implement cycle to work schemes.
10. **Use suppliers that are committed to net zero.**
11. **Invest in energy efficient technologies** wherever possible.

Why is it important for businesses?

The government has called on businesses to take practical steps to reduce their emissions and play their part in realising the UK-wide target. It was also announced at COP26 that the UK is planning to make the publication of net zero transition plans mandatory. Initially, this requires asset managers, regulated asset owners and listed companies to publish transition plans demonstrating a net zero commitment or provide an explanation if they have not done so.

Net zero commitments are being incorporated into business operations, procurement processes and supply chains, with businesses benefitting by:



Meeting reputational, industrial and customer standards



Attracting investment



Building resilience and strengthening supply chains



Retaining and winning business.

What's Allianz doing?

We are committed to tackling global warming by reducing the emissions associated to both our underwriting and investment portfolios, aiming to make them net zero by 2050. We are also committed to reducing emissions in our business operations by 30% (compared to 2019), by year-end 2025.

We are focused on setting measurable science-based targets and working with our partners to define best practice to reduce greenhouse gas emissions. You can read more about our climate change strategy [here](#) and [view our environmental performance](#).

How Allianz can help you

Our Loss Control Engineers can help you to reach your risk management, net zero and sustainability goals safely. They can support you in the identification, control and management of any potential risks to your business. Speak with your insurance broker in the first instance.

Further information and resources

- [Carbon Trust](#) – information to support organisations in the journey to net zero. There's also a [carbon footprint calculator tool](#) for SMEs
- [Zero Carbon Business](#) – providing knowledge and support on reducing energy costs and decarbonisation
- [Small business sustainability hub](#) – supporting small businesses in working towards carbon neutrality
- [Net zero Strategy: Build Back Greener](#) (HM Government publication - October 2021).
- [How the government assist with EV purchases](#)
- [EV chargers for homes](#)
- [EV chargers for work](#)

