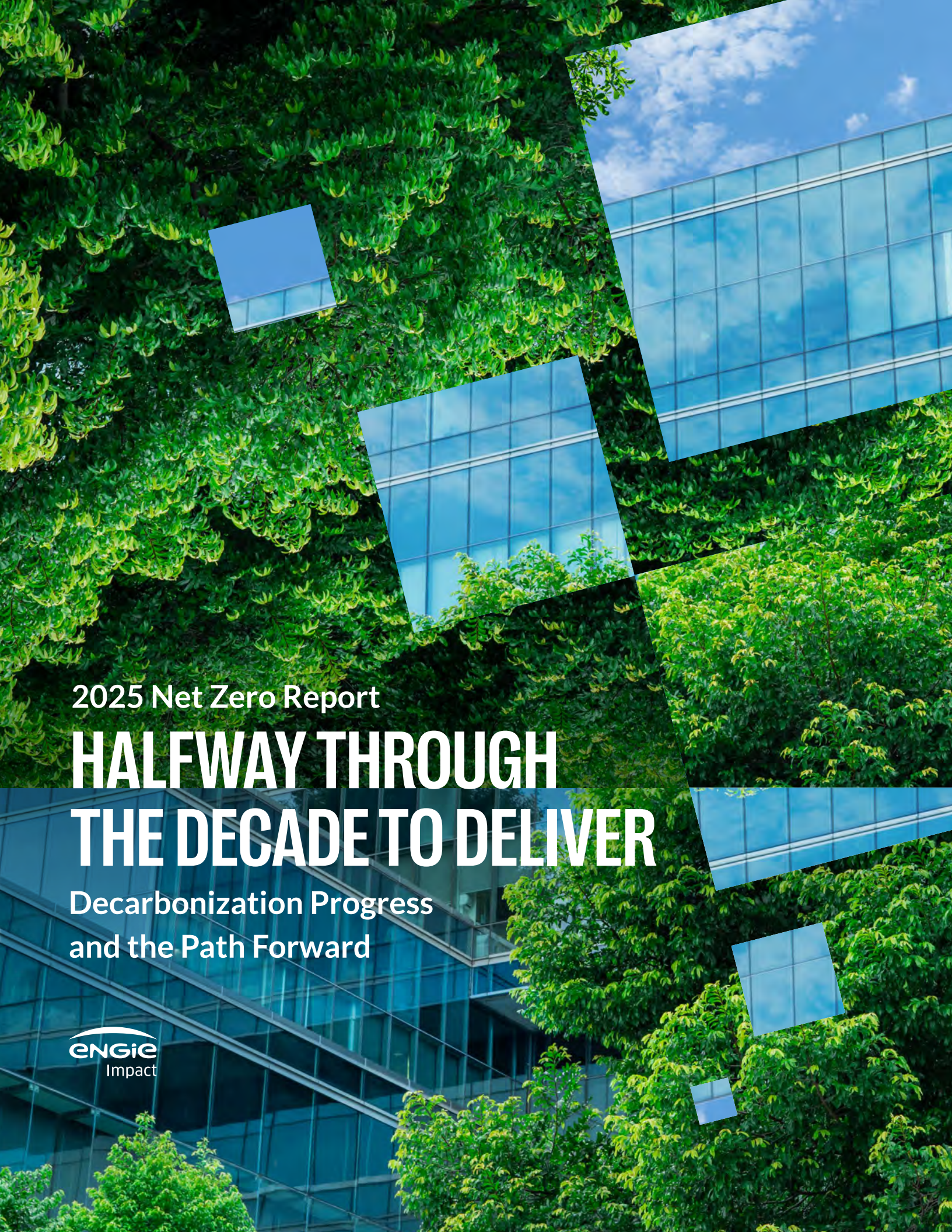

2025 Net Zero Report

HALFWAY THROUGH THE DECADE TO DELIVER

Decarbonization Progress and the Path Forward

ENGIE Impact

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THE 2020s ARE THE DECADE TO DELIVER.

ARE WE MAKING SUFFICIENT PROGRESS?

At the onset of this decade, it seemed like the world was taking climate change seriously. It was increasingly clear the 2020s needed to be a decade with meaningful action toward Net Zero in order to avoid the 1.5°C global temperature increase threshold warned about by the **Intergovernmental Pannel on Climate Change** in its 2018 report. Companies and governments made pledges to deliver more systematic and targeted decarbonization action so they could reach Net Zero carbon by 2050 — an ambitious, but achievable, goal.

Early in the decade was also when ENGIE Impact launched its first Net Zero Report, conducting primary research and gathering direct input among corporate sustainability decision-makers globally. That first report found executive leaders were off to a good start: committing their organizations to ambitious decarbonization goals, creating decarbonization roadmaps, and detailing the investments and business transformations required to deliver on their Net Zero aspirations.

GOAL: REACH GLOBAL NET ZERO CARBON BY 2050

Now, halfway through this decade to deliver, we are all navigating a crucial realignment — needing to assess the progress made, address where organizations need to make up lost ground, explore how to recalibrate current approaches, and establish how we best accelerate decarbonization over the second half of the decade in order to achieve global 2030 Net Zero objectives.

ENGIE Impact's latest research among over 500 senior executives at global organizations paints a mixed picture. There has been significant progress, which is encouraging, but the pace of decarbonization remains slow — putting both short-term and long-term decarbonization targets at risk.

Three reasons for optimism

Our research shows reasons to celebrate, including:

Commitments to long-term decarbonization are now embedded and widespread.

A significant portion of organizations see sustainability as beneficial to their business model. Over the last five years there has been an increase from 50% to 73% in the proportion of executive leaders in ENGIE Impact's research who agree that sustainability drives competitive advantage. This is also reflected in an increase in the proportion of organizations with public decarbonization targets rising from 62% to 76% during the same period.

Executive leaders feel they are making tangible decarbonization progress.

62% of those surveyed by ENGIE Impact for this report describe their organization's sustainability program as having been either 'considerably successful' or 'extremely successful' over the past five years. Further, 77% say their organization is more resilient to climate disruption today than it was five years ago.

Organizations consider themselves more agile and adaptive to address the realities of decarbonization.

When asked about their levels of preparedness to address decarbonization head-on, 72% of executives believe their organization's decarbonization strategy is robust, and 77% believe their organizational capabilities are well-aligned to achieve their 2030 decarbonization goals.

Three notes of caution

However, many of the ambitions set at the beginning of this decade have fallen short, including:

Despite widespread public commitments, decarbonization remains a secondary priority for most executives.

Although a majority of organizations now have a public commitment to achieve Net Zero, only 14% of those surveyed describe decarbonization as a 'top priority' for their organization. This is only a modest increase from the 4% who answered in the same way for ENGIE Impact's 2021 Net Zero Report.

Many organizations recognize they risk falling short of their commitments and lack sufficient data to give an accurate account of progress.

Nearly two-thirds (64%) of those surveyed this year say their organization needs to accelerate its rate of progress throughout the remainder of this decade otherwise it risks missing its long-term decarbonization goals. Many still lack visibility of the data to have confidence that their organization is on track. Just three in ten (30%) say they have a single source of truth for decarbonization data for the whole organization.

Most organizations haven't yet fully embraced the organizational transformation necessary to make decarbonization a success.

Executive leaders describe persistent organizational and cultural challenges that undermine the effectiveness of their decarbonization efforts. For others, they have yet to launch these important actions — many of which take years to build, let alone to see results from — and time is falling short. The most cited barriers in ENGIE Impact's research include a lack of organizational capacity, slow executive decision-making, and a lack of incentives to change fundamental business models.

THE DECADE TO DELIVER: WHAT'S NEXT?

At this decade mid-point, our research clearly shows progress is being made on the whole, but is mixed from region to region, sector to sector, and company to company.

Whatever their rate of progress so far, all executive leaders in our research agree the decarbonization race is far from over. There is still significant work to be done to keep short-term and long-term decarbonization targets in sight.

Now is a perfect time to recalibrate — learn from those who have made progress, as well as those who continue to struggle. Our collective experiences will help us all to shape a more effective way forward in the second half of this decade to deliver.

CELEBRATING SUCCESS

Embedding decarbonization into corporate DNA

Five years of research on the attitudes and experiences of corporate executives toward decarbonization reveals a significant shift has occurred. Executive leaders tell us they now feel better prepared to address the realities of decarbonization for their business, and many have started to put appropriate building blocks in place to generate meaningful impact.

In our original 2021 Net Zero Report, just half of organizations (50%) said they considered sustainability was driving competitive advantage for their organization. Today, that figure has risen to 73%.

A majority of organizations now recognize that sustainability cannot be ignored. Leaders see it as a fundamental business capability that can deliver positive outcomes across a range of performance indicators including brand profile, operational performance, risk mitigation, and customer and stakeholder engagement. Organizations embracing sustainability are reaping the commercial benefits.

A public commitment to decarbonization is now the norm

An important consequence of greater recognition of the commercial benefits of decarbonization is more organizations have adopted public commitments to decarbonization than five years ago. At the beginning of the decade, 62% of organizations had made some form of public decarbonization commitment. That figure is now 76%, with aspirations to reach 90% by the end of the decade (Figure 1).

Figure 1

Which one of the following best describes your organization's current commitment to carbon reduction? What do you think this will be in 2030?

Our research shows it is not just the proportion of organizations that have a public commitment to decarbonize that is changing, but also the types of these commitments. For example, today less than a quarter (23%) of organizations say their decarbonization commitment is backed by the Science Based Targets initiative (SBTi) — a best-practice framework for reducing carbon across Scope 1, Scope 2, and Scope 3 emissions. By 2030, nearly half (47%) anticipate their organization's public commitment will be aligned to the SBTi standards.

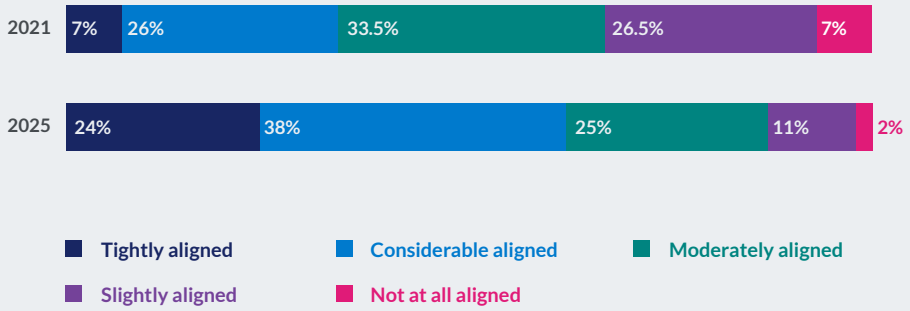
More organizations are set to adopt Net Zero carbon targets that cover Scope 3 emissions — emissions that occur from activities not directly controlled by a company, such as its supply chain — as well as Scope 1 (emissions from its own direct activity) and Scope 2 emissions (emissions from its energy usage). Today 30% of organizations say their Net Zero targets cover Scope 1, Scope 2, and Scope 3 — and that is anticipated to rise to 40% by 2030.

Alignment of decarbonization and corporate strategy has doubled in five years

One of the most striking findings from our research this year is the significant shift in how organizations are embedding Net Zero goals into their business operations. In our first survey, a third (33%) of organizations said their sustainability objectives were either not at all aligned or only slightly aligned with their business strategy. That number has now dropped to just 13% (Figure 2).

Figure 2

To what extent are sustainability objectives aligned with business strategy at your company?



> **Over the same period, the proportion of organizations reporting sustainability objectives and business strategy being 'considerably' or 'tightly' aligned has almost doubled from 34% to 62%.**

This reflects a shift in the mindset of executives about decarbonization. Whereas at the outset of the decade decarbonization was typically thought of as a standalone initiative to be led by specialists in the organization, now organizations consider decarbonization much more holistically.

The most successful executives approach decarbonization as a whole business transformation that touches all aspects of their business operations. For this approach to be successful, decarbonization needs to be embedded into corporate DNA with close alignment of decarbonization goals and business strategy.

Factors driving decarbonization successes

Efforts to embed decarbonization into the foundation of the corporate agenda over the past five years have generated a significant feeling of success among the executives participating in ENGIE Impact's research. A majority believe they have made meaningful decarbonization progress: nearly two-thirds (62%) of those surveyed describe their organization's sustainability program as having been either 'considerably successful' (seeing good results, with further room for improvement) or 'extremely successful' (meeting or exceeding ambitions) over the past five years (Figure 3).

Figure 3

How successful has your company been in executing its sustainability program over the past five years?

- **Extremely successful:** We are meeting or exceeding our ambitious goals
- **Considerably successful:** We are seeing good results, but there is room for improvement
- **Moderately successful:** We are seeing some mixed results
- **Slightly successful:** We have only begun to execute the sustainability plans we made
- **Not at all successful:** We have failed to execute the sustainability plans we made

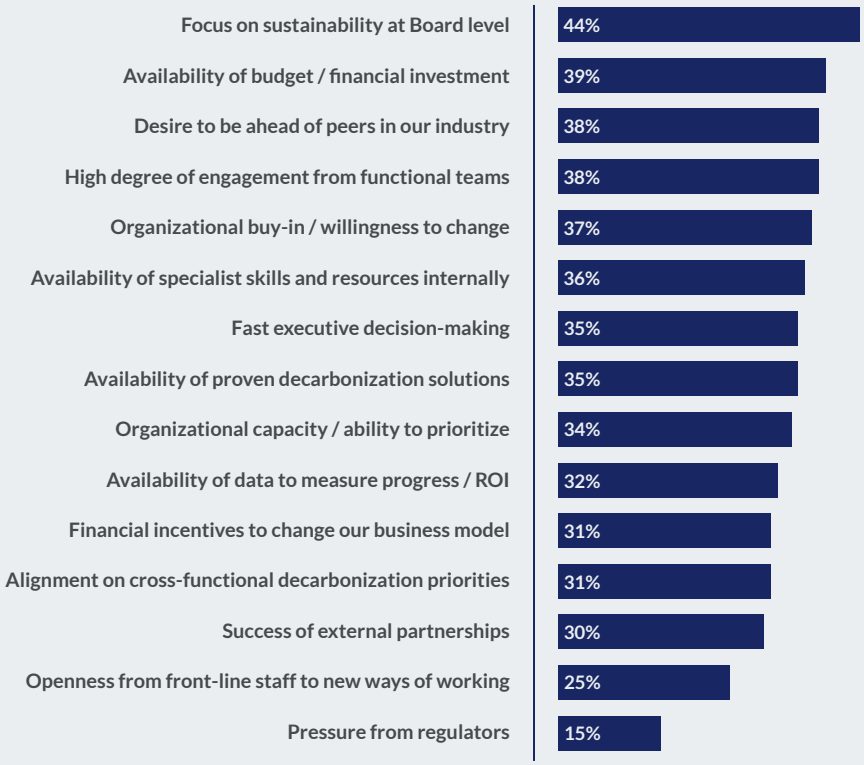
44%

of respondents credits the success of their sustainability program to a focus on sustainability at Board level

ENGIE Impact asked organizations that considered their sustainability program to have been successful over the course of this decade so far what factors had contributed most to that success. A sustained focus on sustainability at the Board level is the most common contributary factor, cited by 44% of respondents (Figure 4). This suggests senior leadership engagement and championing of decarbonization is vital — especially where organizations are being asked to commit to changes whose full benefits will only be realized decades from now.

Figure 4

What factors have contributed most to the success of executing your sustainability program over the past five years?



Alongside the role of leadership, three other important contributary factors emerge from the research:

1 Creating a top-down impetus for change

Nearly four in ten (38%) executives said a desire to be ahead of industry peers is one of the most important factors contributing to the success of decarbonization. As we saw earlier, the executives recognize that can drive competitive advantage, but this only occurs when their ambitions are executed successfully. A further 35% say fast executive decision-making has been a critical element of their decarbonization journey. This reflects the importance of creating a sense of urgency and a shared decarbonization mission which the organization can collectively embrace.

2 Financial investment

39% of survey respondents say the appropriate level of financial investment has been an important contributing factor to their decarbonization success. Without providing the necessary resources to deliver meaningful change, decarbonization cannot proceed at pace.

3 Organizational engagement and alignment

Decarbonization leaders show it is not sufficient when only senior stakeholders are bought into the importance of decarbonization. Instead, the whole organization needs to be bought in. 38% of executives say a high degree of engagement in decarbonization from functional teams has contributed most to decarbonization progress, and a further 37% say a willingness to change from within the organization is essential.

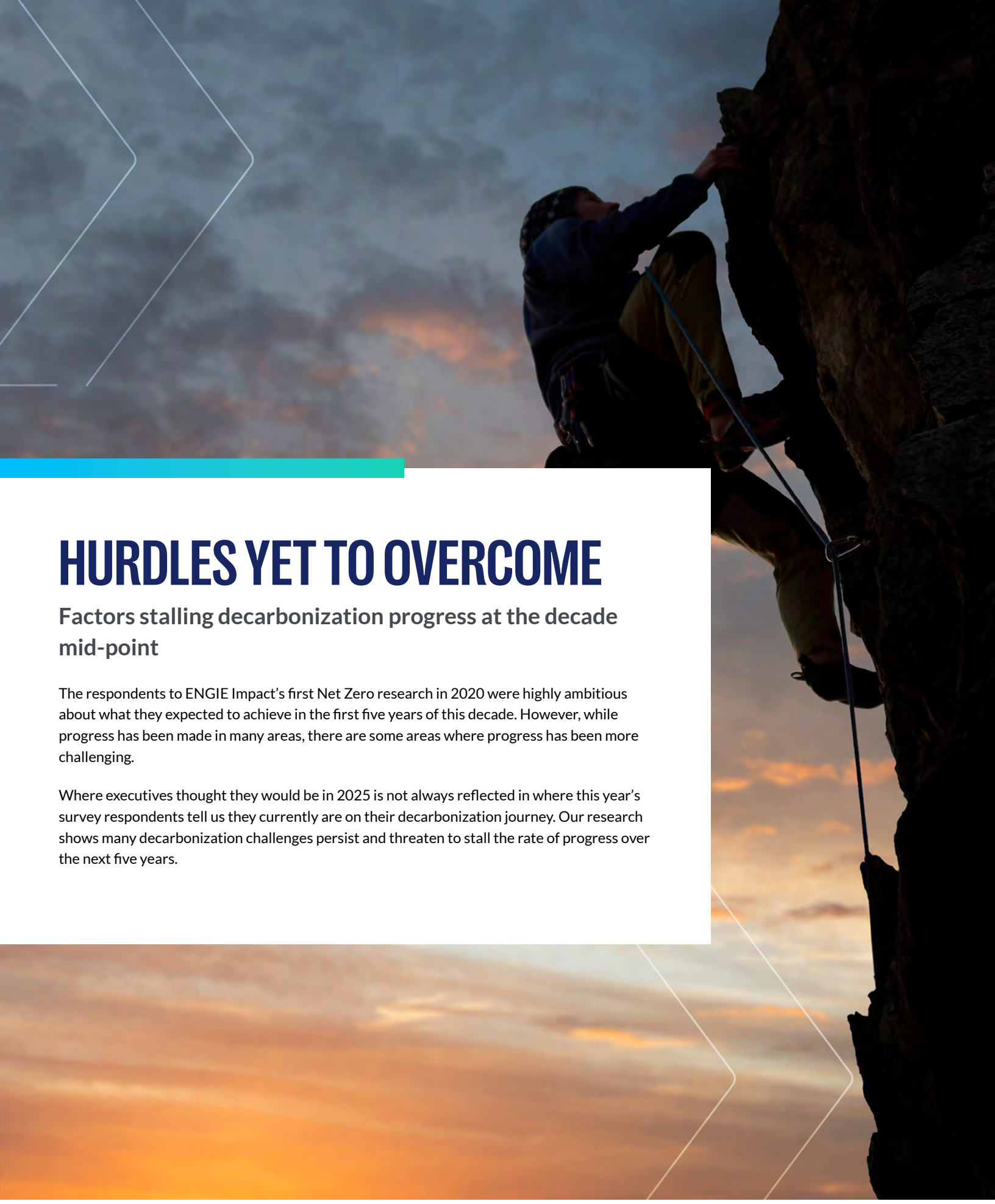
The ENGIE Impact View

A MOMENT TO FEEL PROUD, BUT NOT COMPLACENT

Reflecting on five years of decarbonization progress, most executives should rightly feel proud of how far their organizations have come. Most have now adopted a public commitment to decarbonization that will be difficult to retreat from given they recognize the positive commercial advantages that superior decarbonization capabilities confer.

> **Corporate engagement is gaining pace: by the end of this decade our research suggests that nine in ten organizations are likely to have a decarbonization target in place.**

As organizations start to execute the hard work required to achieve those targets, it is encouraging to see that many executives expect their organizations to move toward more rigorous decarbonization targets, such as those backed by the Science Based Targets initiative.



HURDLES YET TO OVERCOME

Factors stalling decarbonization progress at the decade mid-point

The respondents to ENGIE Impact's first Net Zero research in 2020 were highly ambitious about what they expected to achieve in the first five years of this decade. However, while progress has been made in many areas, there are some areas where progress has been more challenging.

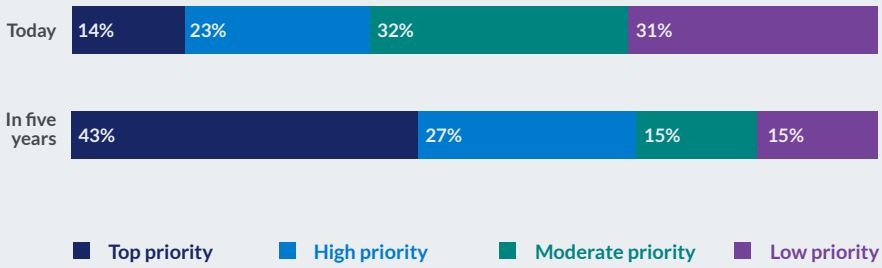
Where executives thought they would be in 2025 is not always reflected in where this year's survey respondents tell us they currently are on their decarbonization journey. Our research shows many decarbonization challenges persist and threaten to stall the rate of progress over the next five years.

Decarbonization: One priority among many

When conducting our initial research toward the end of 2020 for the inaugural 2021 Net Zero Report, just 4% of executives responding to ENGIE Impact's survey described sustainability as a 'top priority' for their organization. At that time, 52% said they expected decarbonization to become a 'top priority' by 2025. When the same question was asked of executives this year, just 14% describe sustainability as a 'top priority' today — a shortfall of nearly 40% compared to where executives thought they would be (Figure 5).

Figure 5

What is the relative importance of sustainability for companies in your industry today? What do you believe this will be in five years?



Although a further 23% describe sustainability as a 'high priority' today, that still means that over 60% of executives consider sustainability as a 'low priority' (31%) or a 'moderate priority' (31%) today. Looking forward five years, there is expected to be a significant shift in prioritization, with 70% of executives expecting that sustainability will a 'top priority'or 'high priority'.

> **Despite recognizing the strategic advantages of taking a market-leading decarbonization approach, executive focus has been pulled in multiple directions this decade — with sustainability just one of many priorities competing for their attention.**

Since we published our first annual Net Zero research in early 2021, there have been unforeseen events — the impacts of the COVID-19 pandemic, a huge spike in energy prices caused by the Ukraine-Russia conflict, and rapid developments in artificial intelligence technologies — that have all taken up time and attention of executive leadership, often at the expense of a focus on decarbonization. As we explored in detail in ENGIE Impact's 2024 Net Zero report **Aligning Corporate Vision with Decarbonization Realities**, a lack of organizational capacity and too many other priorities are among the most significant inhibitors to implement decarbonization at speed.

Factors stalling progress

In this year's research, we asked executive leaders who considered their organization's sustainability program had only delivered limited successes over the last five years what they thought had impeded their success.

47% **The results show that persistent financial under-investment has been the leading barrier to executing sustainability at scale during the first half of this decade, with 47% of respondents highlighting this among the most significant barriers they have faced (Figure 6).**

Figure 6

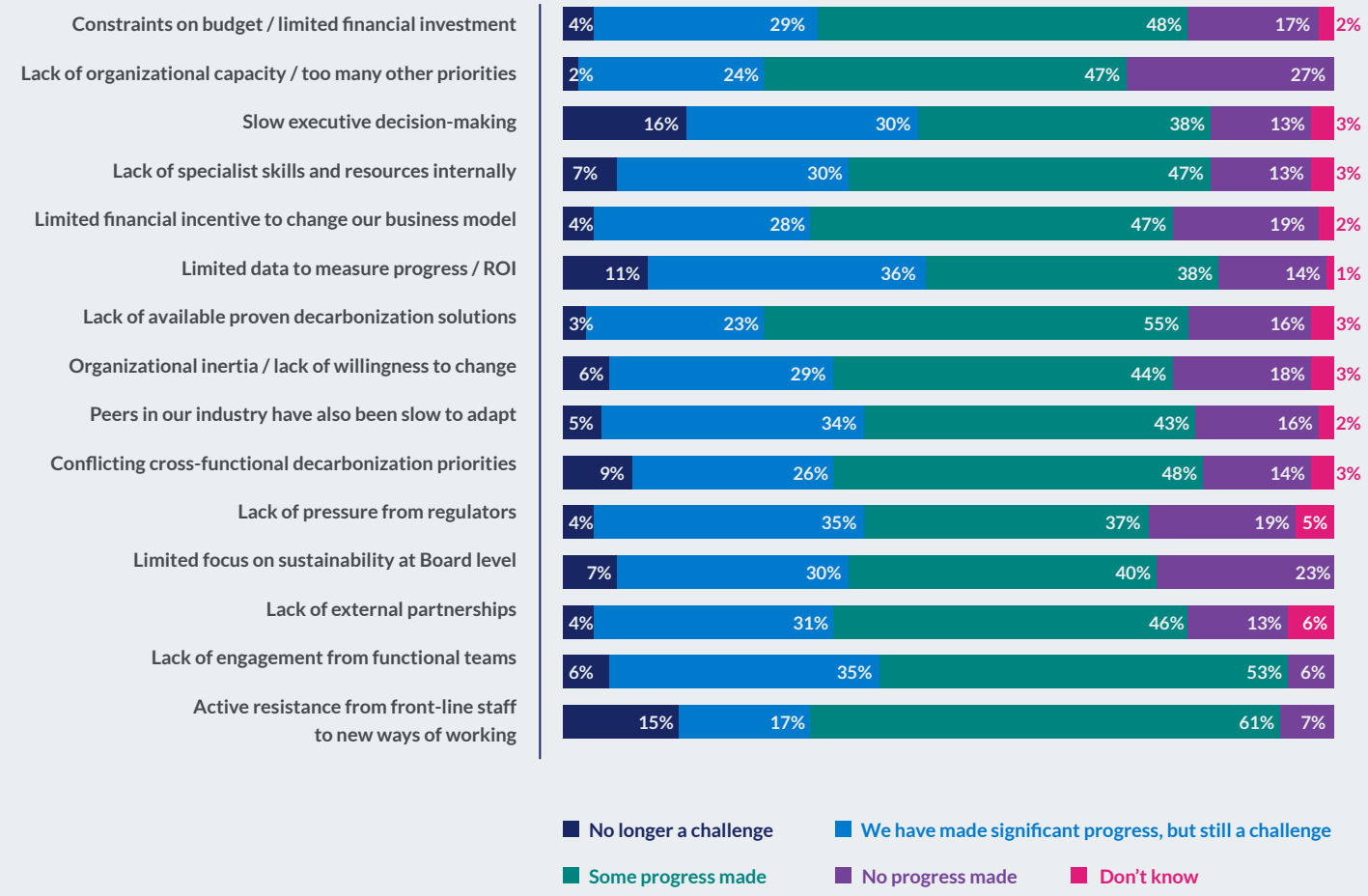
What have been the biggest barriers to executing your sustainability program over the past five years?

Limited financial investment is closely followed by lack of organizational capacity or too many other strategic priorities, with 46% of respondents highlighting this as a major barrier to executing sustainability. Other factors highlighted in the research underpin the challenge many organizations face in getting a whole organization transformation approach to decarbonization started: slow decision-making (cited by 38% as a barrier to success), lack of specialist skills and resources within the organization (37%), and organizational inertia or lack of willingness to change (32%).

The experiences of these organizations suggest the persistence of these factors risks stalling meaningful progress on decarbonization during the second half of this decade. When asked about whether these factors remain challenging for their organization, only a small minority say they are no longer a challenge (Figure 7). For example, just 15% say active resistance from front line staff to new ways of working is no longer a challenge, 3% say constraints on investment is no longer a challenge, and 2% say lack of organizational capacity is no longer a challenge.

Figure 7

To what extent do you think these past challenges to executing decarbonization have now been addressed in your organization?



These results suggest organizations cannot wait for the perfect time to accelerate their decarbonization efforts. There will be no ideal moment when all major organizational barriers have been removed. Instead, executives need to be prepared to work through or around these barriers to ensure progress does not stall unnecessarily.

The ENGIE Impact View

BE BRAVE TO OVERCOME PERSISTENT HURDLES

Many of the organizational hurdles to decarbonization identified by the executives who participated in ENGIE Impact's 2021 Net Zero Report have persisted throughout the following five years. Our research suggests that at the decade mid-point, now is the time for C-Suite leaders to be bold and to recalibrate their decarbonization priorities for the next five years.

> **For those companies at the start of their journey, the immediate focus should turn to the quick wins: carbon reduction activities the organization has the capacity to execute quickly and with low investment.**

This will help build a business case for the next wave of investment. For organizations that have implemented many of the quick wins, it's time to address the more persistent challenges head on — ensuring sufficient progress can be made over the next five years to keep long-term decarbonization goals in sight.

REFLECTING AND LEARNING LESSONS

Creating a positive decarbonization feedback loop

The decade mid-point provides a useful opportunity to reflect on decarbonization progress made over the past five years. Yet for the most successful organizations, learning lessons from their decarbonization experience is an ongoing process, not a once-in-a-decade event.

63% **of the organizations in ENGIE Impact's most recent research describe their organization as highly effective at learning the lessons of past decarbonization efforts to inform their future progress (Figure 8).**

For example, 46% say that reflecting on past programs is a key part of their planning process, and 17% say they carry out comprehensive analysis of lessons learned from past sustainability efforts to drive decision-making about their future plans and priorities.

Figure 8

How effective is your organization at reflecting on past sustainability efforts to inform future approaches?

- **Extremely successful:** Our future plans and prioritize are drive by a comprehensive analysis and lessons learned from past sustainability efforts.
- **Considerably successful:** Reflecting on past programs is a key part of our planning process and significantly shapes our future activity.
- **Moderately successful:** We regularly review past efforts and sometimes use these insights to shape future plans.
- **Slightly successful:** We occasionally look back at past effort, but these have minimal influence future plans.
- **Not at all successful:** Past efforts are rarely reviewed and do not influence future planning.

Clear benefits to the decarbonization feedback loop

Organizations which take time to reflect on their decarbonization efforts through systematic feedback loops are more confident in the progress made in their organization over the past five years. They are also more confident in their organization's ability to continue executing decarbonization goals throughout the remainder of the decade.

ENGIE Impact's research reveals organizations which have a feedback loop in place to learn the lessons of decarbonization are reaping multiple benefits. Four findings stand out:

1 They perceive their organization as more resilient to climate risk.

88% of organizations with positive feedback loops in place say their organization is more resilient to climate disruption today than it was five years ago, compared to just 60% of organizations that don't have a formal process in place for learning lessons from past decarbonization efforts.

2 They are more optimistic about the prospect of meeting 2030 decarbonization goals.

86% of organizations with positive feedback loops in place say they are on track to meet decarbonization goals set earlier in the decade, compared to just 54% without.

3 They feel their decarbonization strategy is robust.

87% of organizations with positive feedback loops in place say their decarbonization strategy reflects a comprehensive analysis of risks, opportunities and cost associated with the climate transition, compared to 48% without.

4 They achieve stronger organizational alignment on decarbonization.

88% of organizations with positive feedback loops in place say their organizational capabilities — digital technology, procurement, engineering, and change management — are well aligned to achieve 2030 decarbonization goals, compared to just 54% of organizations that don't have a formal feedback loop process in place.

Turbocharging lessons learned through data

The organizations best equipped to learn lessons from their past decarbonization experiences are those with better access to technology and data to streamline the process of reporting on progress. Without sufficient decarbonization data and analytics capabilities, it can even be challenging for organizations to fully understand in which areas they have made progress, and in which areas progress has stalled.

It is therefore concerning that the proportion of organizations in ENGIE Impact's research that say they have a single source of truth for decarbonization data for the whole organization remains low at just 30%. This number has not fundamentally changed since we began tracking this question and is significantly lower than the 79% of organizations in ENGIE Impact's 2023 Net Zero Report who said they expected to have a single source of decarbonization data in place by 2025.

> **Organizations with access to improved sources of decarbonization data are much more likely to share regular reporting on their progress to Board leadership.**

Two-thirds (64%) of those with a single source of decarbonization data report at least quarterly to their Board, and 88% report at least annually. For companies without a single source of decarbonization data, only a third (35%) report at least quarterly to their Board.

These results suggest that enhanced data and reporting capabilities speed up the frequency and quality of reporting, which in turn contribute toward greater transparency and accountability for decarbonization progress among leadership and across the organization.

LESSONS LEARNED FROM GLOBAL EXECUTIVES

We asked global executives in our research this year to tell us the most impactful lesson they had learned about decarbonization based on their experiences over the past five years, and how they would apply these lessons to the next five years.

Across all the responses we received, common themes emerged:

Decarbonization requires continual effort and investment

We need to increase our pace! We have ticked the easy and visible solutions, but to truly make an impact we have to look much deeper.

– Canada, Hospitality sector

Sustainability can bring clear financial benefits

"We have realized that investing in sustainable practices not only benefits the planet but also improves our bottom line through cost saving and increased efficiency."

– UAE, Automotive sector

Collaboration internally and with external partners is critical

"The biggest lesson we learned is the need for scalable innovation and collaboration. We have found that transitioning to low-carbon energy requires leveraging advanced technologies, strategic partnerships, and robust policy frameworks. Success hinges on integrating renewable energy, improving energy efficiency, and fostering cross-industry alliances to accelerate decarbonization efforts. The next five years will demand even more agility in scaling clean energy solutions while aligning with global climate goals. The lesson is clear: collective action, continuous innovation, and bold investments are essential for driving meaningful progress in the energy transition."

– United Kingdom, Energy sector

LESSONS LEARNED FROM GLOBAL EXECUTIVES

Reporting on real-time benefits creates positive momentum for change

"The biggest lesson I have learned about decarbonization in the past five years is the importance of combining green technology with a sustainable development strategy. We must also celebrate and champion the successes this generates. Not only does this help reduce emissions, but it also creates competitive advantages, saves costs, and strengthens brand reputation. Over the next five years, my organization will focus on investing in clean technologies, optimizing production processes, and fostering cooperation with like-minded partners, helping us achieve greater success in decarbonization."

– Vietnam, Consumer goods sector

Scope 3 reductions is a challenging, but necessary, focus for future decarbonization efforts

"Scopes 1 and 2 are the easiest to implement and have slightly higher costs, Scope 3 is the biggest hurdle in terms of cost, but this still accounts for a large part of sustainability."

– Germany, Machinery sector

A whole organization approach is needed

"Decarbonization must be embedded across the organization as a core business strategy and not treated as a separate thing which is to be considered in the future. This integration will help the improvement of the business as well as emissions reduction, operation efficiency and innovation and long-term success."

– India, Financial services sector

Prioritizing efforts in areas that will generate immediate ROI builds internal engagement

"There are many obvious places to take action and make immediate gains. After that it gets into a matter of priorities as there becomes an increasing number of financial (ROI) decisions that must be studied and defined to prioritize activity.

– USA, Machinery sector

The ENGIE Impact View

SELF-REFLECTION BRINGS OPPORTUNITIES FOR IMPROVEMENT

The most effective sustainability leaders recognize that even the most carefully planned decarbonization strategies involve elements of experimentation with new approaches to understand quickly what works and what doesn't.

> **These corporate leaders understand that on the path toward Net Zero there are no failures, only opportunities to learn lessons and recalibrate approaches.**

At the decade mid-point, there are now many proven technological and operational solutions that deliver significant decarbonization results and generate meaningful return on investment. All organizations should take time to reflect on whether they are taking advantage of the best practice approaches developed from within their organization and adopted externally by their peers.

WHERE NEXT?

Recalibrating decarbonization focus for the next five years

Our research shows executives are committed to driving forward their organization's decarbonization efforts through the second half of this decade. They will continue to support the sustainability activities that have generated impact since 2020. Yet they know the next five years also represent a moment for organizations to collectively step-up and recalibrate their efforts to deliver greater decarbonization progress by 2030.

ENGIE Impact's research shows that, at the decade's mid-point, organizations are recalibrating their decarbonization focus in five key areas:

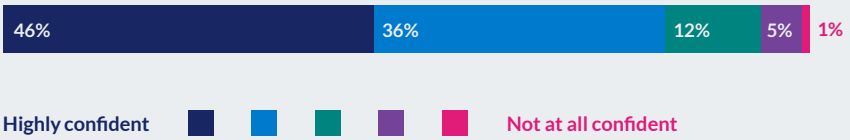
1. **Quantifying the risks and opportunities of decarbonization to double-down on investment.**
2. **Balancing centralized and devolved approaches toward decarbonization governance and execution.**
3. **Pivoting investment toward innovative green technologies, as well as exploring available investment options.**
4. **Experimenting with new approaches to manage sustainability initiatives and external partnerships.**
5. **Improving their data and reporting capabilities.**

A stronger decarbonization business case based on quantifiable risks and opportunities

Just 42% of organizations today are highly confident that their level of investment is sufficient to meet their commitments to carbon reduction — rating themselves either a 9 or 10 on a 10-point confidence scale (Figure 9). This suggests more needs to be done to make the positive business case for continued investment in decarbonization efforts.

Figure 9

How confident are you that your organization's level of investment today is sufficient to meet your commitment to carbon reduction?



One way organizations can build a stronger business case for decarbonization is through a more rigorous evaluation of the opportunities and risks associated with climate change for their business. Our research reveals this is an area where organizations have made only limited progress in the last five years. For example, in our initial 2020 research, 19% of organizations said they were quantifying the business risks of climate change. Today that proportion has increased to just 26%, despite 70% of those responding to our original survey believing they would be doing so by 2025.

Similarly, the proportion of organizations quantifying the business opportunities of climate change today stands at 26%, mostly unchanged from the figure reported in our research five years ago.

Without a detailed assessment of the revenue generation, cost reduction, or risk mitigation outcomes associated with addressing climate change, it can be more challenging to ringfence projected savings for reinvestment in additional decarbonization activities.

Balancing centralized and devolved approaches to decarbonization

Organizations seeking to accelerate their decarbonization efforts recognize the importance of balancing a consistent, coordinated global approach with empowering local teams to execute at pace.

46% **of executives say their organization has a centralized sustainability team that coordinates and drives execution across the organization (Figure 10).**

This has remained broadly unchanged over the last two years. At the same time 38% say they primarily devolve responsibility to functional or local teams to develop and execute decarbonization strategies.

Figure 10

Which of the following best describes how your organization executes its decarbonization initiatives?

This reflects an understanding that the whole organization transformation approach to decarbonization that was described in detail in ENGIE Impact's 2024 Net Zero Report requires a combination of strong centralized planning and oversight, and high-functioning delivery capabilities at a local level.

Our research suggests that over the next five years we are likely to see a rebalancing of decarbonization governance and execution approaches, with 28% moving strongly in favor of a more localized approach, 7% moving strongly in favor of greater centralization, and a majority looking to implement a more equal balance between centralized and localized.

Pivoting toward innovative green technologies

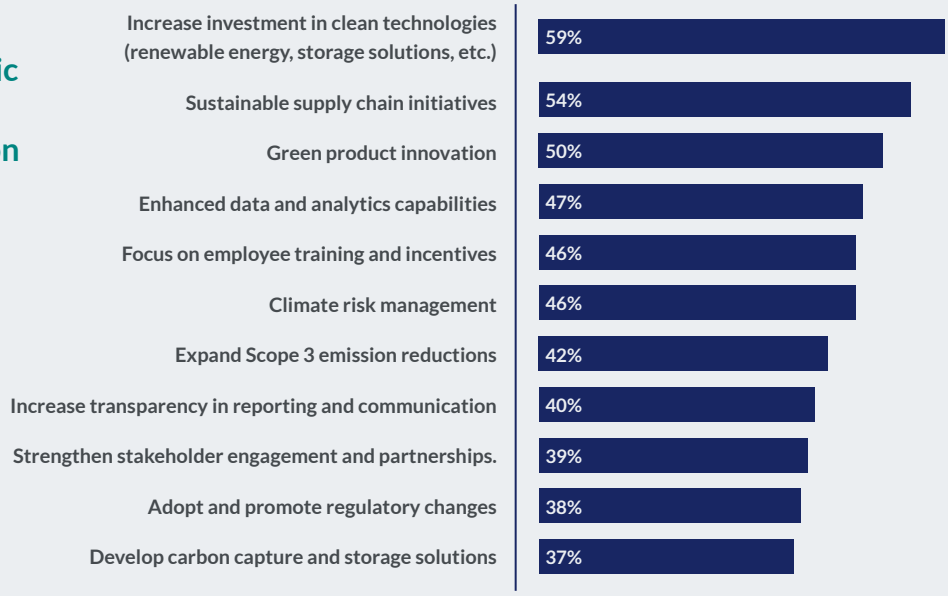
Over the next five years, organizations anticipate becoming more strategic in their decarbonization investment decisions, balancing investment across a portfolio of initiatives with a variety of anticipated payback timelines.

When asked which strategic pivots will be most important for their organization over the next five years, 59% of respondents highlight increased investment in clean technologies such as renewable energy and storage solutions (Figure 11).

This reflects organizations' focus on reducing Scope 1 and Scope 2 emissions by adopting less carbon intensive operational solutions.

Figure 11

Which five of the following strategic pivots or enhancements represent the most important decarbonization priorities for your organization between now and 2030?



Other important strategic pivots include sustainable supply chain initiatives (54% highlight as a key priority over the next five years), green product innovation (cited by 50%), and enhanced data and analytics capabilities (cited by 47%). The diverse range of priorities highlighted suggests that executives will broaden their horizons to find new opportunities to reduce carbon both within their organization and across their supply chain partners.

With a much greater range of proven carbon reduction technologies coming to market in the coming years, at much more affordable price points, it is encouraging to see executives prioritizing investment in green innovations across the next five years.

An opportunity to experiment with new approaches

The last five years have been characterized by organizations being more open to experiment with new approaches to decarbonization to find the right solutions that work within their commercial and operational context.

Our research shows that between 2020 and 2024 there has been a significant growth in the proportion of organizations that are open to, and adopting, these new approaches. For example, organizations are now more likely to:

Collaborate across their supply chain to reduce carbon.

Organizations are now far more likely to directly intervene or partner with suppliers on carbon reduction initiatives: in 2020, just 8% of organizations were regularly doing this compared with 62% today. In 2020 just 15% of organizations required suppliers to set carbon reduction targets compared with 61% who say they are doing this today.

Adopt innovative third-party finance mechanisms.

In 2020, just 6% of organizations were regularly utilizing innovative finance arrangements, such as Purchase Power Agreements or as-a-Service offerings, to finance capital investments for decarbonization projects. Today more than three-in-five (61%) organizations are doing this, and in doing so are able to access funding to accelerate their carbon reduction projects.

Utilize digital tools to model risks and opportunities.

In the last five years the proportion of organizations using digital tools to model the impact of decarbonization has doubled, from 30% in 2020 to 63% today. Having a clearer understanding of what investments will generate the biggest operational, financial and carbon reduction returns helps these organizations to prioritize and sequence their decarbonization roadmaps.

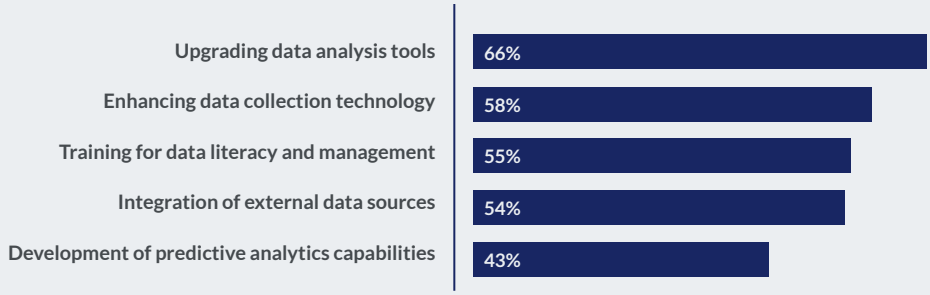
Improving data and reporting capabilities

Having access to real-time data is a critical enabler for organizations to accelerate their progress toward decarbonization goals. Yet less than half (46%) of the executives in our research are highly confident that their organization's current level of data and reporting capabilities is sufficient to keep their decarbonization goals on track to 2030. This suggests that most organizations acknowledge they have scope to improve their data and reporting capabilities.

We asked executives in which areas they will prioritize investment to improve their decarbonization data collection and reporting. The area of greatest focus is upgrading data analysis tools, cited by 66% of survey respondents (Figure 12). Other priorities include enhancing data collection technology and training for data literacy and management.

Figure 12

Which areas will your organization prioritize for investment to improve its decarbonization data collection and reporting capabilities by 2030?



This suggests that over the medium-term, organizations are set to focus on ensuring foundational data and reporting systems are in place that will deliver the single source of truth for decarbonization data that 70% of organizations say they lack today.

They will prioritize data collection and analysis tools over more advanced analytics capabilities.

Those organizations further along their data maturity journey will switch focus to developing more advanced capabilities. For example, 56% of organizations with more mature decarbonization data capabilities in place today say they will prioritize investment in predictive analytics capabilities compared with 39% who are yet to embed foundational data capabilities.

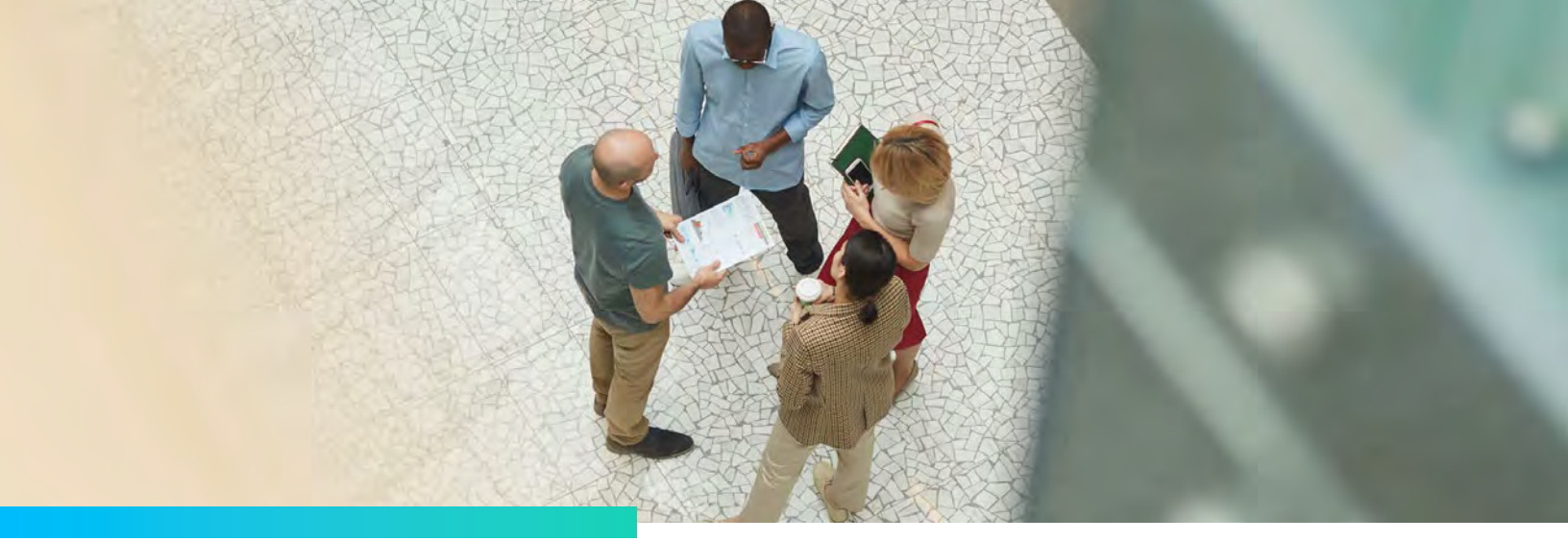
The ENGIE Impact View

TIME FOR BOLD EXPERIMENTS

The global executives participating in our survey recognize the next five years provide a window of opportunity to make significant progress toward their long-term decarbonization goals. Many have set in motion carbon reduction initiatives over the last five years that are beginning to yield significant results. They need to maintain momentum and continue to invest.

> **Alongside these proven approaches, executives in our research signal their organizations are open to experiment with new approaches encompassing their supply chain, internal governance structures, data and reporting, and green technology solutions.**

A thorough analysis of the risks and benefits associated with these new approaches will enable executives to have confidence that bold experiments will pay off.



CONCLUSION

10 recommendations to recalibrate your organization's approach to decarbonization

Regardless of your organization's current level of decarbonization maturity or its rate of progress toward Net Zero over the past five years, there are opportunities to recalibrate over the second half of this decade. Now is the time to adjust approaches to maximize the likelihood of meeting carbon reduction goals by 2030.

Our research points to ten clear lessons from the past five years organizations can adopt for the future. It's important to note that many of these are similar — if not identical — to recommendations from years past. Much of decarbonization is driven by proven solutions, it's simply a matter of putting them into practice.

1. Reflect on what progress has been made to create a positive feedback loop.

With decarbonization targets set for the long-term, it is easy to focus on the road ahead without reflecting on the progress made so far. The most successful companies in ENGIE Impact's research are putting in place formal mechanisms to evaluate the success of past carbon reduction activities. They analyze what has and hasn't worked, and adjust their plans accordingly.

2. Put the foundational data capabilities in place.

Only a third of organizations say they currently have a single source of truth for decarbonization data in their organization. This is a clear gap to be addressed in the short term. Without a clear understanding of how to measure progress, it can be challenging to accelerate decarbonization efforts.

3. Quantify the risks and opportunities from decarbonization.

One of the areas where most organizations have fallen short over the past five years is in quantifying both the business risks and opportunities for climate change. Progress here has been much slower than expected back in 2020. While many executives may instinctively understand the risks for their organization, a thorough analysis of the commercial benefits of accelerating decarbonization — and the opportunity cost of not doing so — can generate positive momentum toward decarbonization.

4. Find the right balance between centralized and decentralized governance and execution.

Our research suggests that, so far this decade, many organizations prefer centralized control and oversight over decarbonization strategy and execution. Over the second half of the decade, organizations tell us they will look to rebalance their approach to empower local or functional teams to take more responsibility and accountability for decarbonization, while still maintaining appropriate organization-wide oversight and coordination.

5. Embrace proven green technologies.

The rapid evolution of green technologies at more affordable price points in recent years means there are more proven approaches to carbon reduction available than ever before. Our research shows over the next five years organizations will pivot their investments toward clean technologies, renewable energy, and storage solutions.

6. And be willing to embrace emerging green technologies.

There must be an appetite to engage with pioneering technologies. Organizations that do adopt a more cautious approach need to be monitoring how green technologies evolve — and be ready to follow fast when peers enjoy success with new approaches.

7. Pay attention to the evolving regulatory landscape.

Multinational organizations especially need to devote sufficient time to understanding their different decarbonization obligations across their global operational footprint. As the green policy agenda continues to evolve over the second half of this decade, organizations need to be attuned to their reporting, disclosure and compliance obligations at a local, regional, and international level.

8. Leverage supply chain relationships to accelerate progress on Scope 3 emissions.

In the past five years, there has been a big leap forward in the proportion of organizations actively collaborating with their supply chain to reduce carbon emissions. Over the next five years, even more attention will be paid to Scope 3 emissions across the supply chain as organizations get better at reducing emissions.

9. Utilize third party finance mechanisms.

Five years ago, less than one in ten organizations were adopting innovative finance mechanisms to fund their decarbonization activities. Today these have become mainstream. Over the next five years, new funding models will enable organizations to front-load their capital investment in decarbonization programs in order to accelerate progress.

10. Demonstrate bold leadership.

The next five years will require a bold approach. Now is not the time for corporate leaders to back away from the decarbonization commitments made at the start of the decade. Achieving these targets will require sustained investment in the approaches that have been shown to work, and a willingness to experiment with new approaches that will push the organization to deliver on its decarbonization ambitions.

ABOUT OUR RESEARCH

ENGIE Impact commissioned independent research consultancy Meridian West to conduct research among 508 senior decision-makers through online research during Q3 2024.

All survey respondents have responsibility for making or influencing decisions regarding decarbonization strategy and/or implementation within their organization. 35% of survey respondents are in C-Suite or other Executive Management roles (Figure 13). A range of functional roles were invited to participate in the research, including technology, general management, operations, finance and sustainability roles (Figure 14).

Research respondents are situated within 21 different markets globally, with representation from EMEA (35%), the Americas (34%) and APAC (31%). This year's research also sees the largest proportion of respondents from outside of G20 countries since ENGIE Impact's Net Zero Report research series began.

All respondents are from organizations that employ more than 10,000 people globally, with 33% from organizations employing at least 50,000 people (Figure 15).

The 508 research respondents represent a range of industry sectors, with the largest concentrations in the technology (18%) and financial services (18%) sectors (Figure 16).

Figure 13

Which level of seniority best corresponds to your job role?

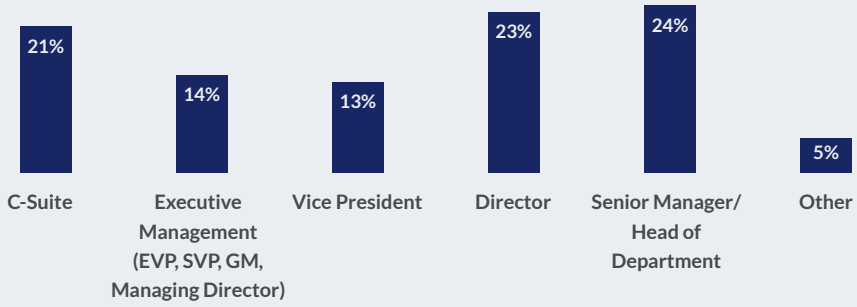


Figure 14

Which of the following functional areas best corresponds to your role?

Figure 15

How many individuals does your organization employ globally?

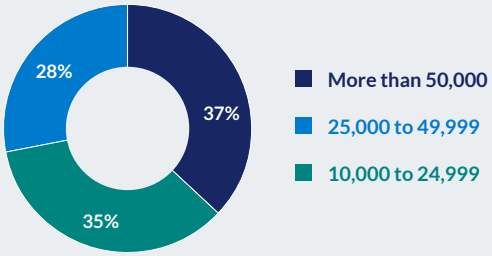


Figure 16

Industries represented in this report:

- Aeospace & Defense
- Automotive
- Aviation
- Chemicals
- Construction Materials
- Consumer Goods
- Data Centers
- Education
- Energy
- Financial Services
- Global Organization
- Governement
- Healthcare
- Hospitality
- Machinery
- Media/Entertainment
- Mining & Metals
- Non-profit
- Pharma & Medical Equipment
- Professional Services
- Real Estate & Property
- Retail
- Road & Rail
- Shipping & Logistics
- Technology
- Telecom
- Utilities
- Wholesale Trade

ACCELERATING DECARBONIZATION TOGETHER

ENGIE Impact has two major divisions, each dedicated to supporting climate-related corporate action.

Sustainable Resource Management

Being sustainable is about managing our planet's limited resources. Our Sustainable Resource Management team enables businesses to use utility resources more efficiently in two major ways: through processing site-level utility invoices, collecting and analyzing the corresponding usage data; and also through sustainability and energy advisory services. We work with companies to make the most of what we all have.

Comprehensive Decarbonization

Each corporate decarbonization journey is unique, requiring a customized plan on how to move forward. Our team of advisors work with you to establish holistic corporate decarbonization roadmaps — driven by industry expertise, proven emissions-reduction solutions, and shared ownership of your goals. We're here to help anticipate the road ahead and navigate it together, taking your decarbonization goals from strategy to reality.

Want to learn more?

See how we take a comprehensive approach to decarbonization — including strategic expertise across sectors and regions, holistic carbon data management support, and sustainable resource management.

ENGIE Impact

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