

## Becoming a carbon neutral business- the wider benefits

4 years ago



Carbon neutrality is a relatively new concept for businesses and can reap benefits beyond saving the natural environment.

At [neutral carbon zone \(NCZ\)](#), we want to share our thoughts on why organisations should look at their sustainability agendas, and how it can bring some major benefits they may not have considered...

### Why become a carbon neutral business? Here's five key reasons you may not have considered:

1. Emission regulations are going to become the norm for many businesses

Climate regulations are constantly evolving changing, meaning companies that incorporate sustainability into their business practices will reap the benefits.

For many businesses, non-financial reporting is already mandatory. The EU, for example, requires companies with more than 500 employees to disclose information on the social and environmental impact of their activities.

Increasing pressure from shareholders, governments and other external stakeholders are expected to make it mandatory for even more companies to be held accountable for sustainable practices and to roll out sustainability initiatives and monitoring.

2. Customers show increased brand loyalty towards carbon neutral companies

Today's customers want brands that align with their own personal values and ones that operate openly and transparently.

This has influenced buying decisions, with a fundamental change in consumer and buying habits. Today, customers look beyond just quality, they want to know where their products come from and how they're made.

### 3. Employees want to work for sustainable businesses

Research from Deloitte reported that millennials now seek meaningful work that also has positive social impact. Two thirds said they would be reluctant to take a job if an employer does not have a clear corporate social responsibility (CSR) strategy. Some employees say they would even rather accept a lower salary than work for a company that does not have sustainability high on its agenda.

With millennials set to account for three quarters of the global workforce by 2025, it is essential employers can understand their needs and align their sustainability strategy and agenda to continue to attract and retain top talent.

### 4. Sustainable business practices can grow your topline and reduce costs

There has been much discussion around the topic of whether sustainability undermines or improves financial performance in business.

There are reports to suggest a strong sustainability agenda can benefit financials: according to research by non-profit organisation CDP, companies who planned and managed their emissions are able to gain an 18% higher return on investment than businesses that did not. Additionally, companies have seen their sustainable product ranges grow 5.6 times faster than non-sustainable products.

Focusing on environmental, social, and governance (ESG) objectives has been found to reduce costs substantially, for example, by combatting rising operating expenses such as material costs and the true cost of water or carbon. Many businesses underestimate the savings that can be made through energy efficiency, for example, with an internal rate of return (IRR) of 48% on average available.

### 5. Investors are looking for forward-thinking, climate savvy companies

With changing times, businesses need to find new ways to make themselves noticeable to investors looking for future-proofed and innovative business models.

Global sustainable investments have now reached an all-time high of \$30 trillion, an 68% increase since 2014. Research has found that companies focussing on ESG objectives benefit from greater financial success.

However, with still relatively few companies currently implementing sustainability models, now is a perfect opportunity to get ahead of the game and become a mover in your industry, attracting forward-thinking investors.

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