Life Is On | Schneider Electric

Ambition to Impact

Why So Few Companies Are Making Sustainability Progress—and How to Take Action

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Executive Summary

We are at a pivotal turning point. Climate change is increasingly impacting natural ecosystems, weather patterns, and the global economy—while an energy crisis continues to loom, driven by unpredictable supply and fluctuating costs. Decarbonization is the catalyst for addressing the climate and energy crises—and corporations play a pivotal role in leading the way to a low-carbon economy by reducing carbon emissions in built environments.

The building sector accounts for 37% of global emissions, comprising embodied emissions in the design and build phase and operational emissions from subsequent use.[1] The industrial sector contributes 34% of emissions, with over two-thirds coming from hard-to-abate, energy- and carbon-intensive industries.[2] Corporations must prioritize decarbonization in these built environments by strategically implementing best practices and solutions promoting end-to-end energy efficiency, electrification, automation, and digitization.

Despite the significant opportunity and means to drive decarbonization efforts in the building sector, progress has been slow. In 2024, only 10% of Fortune Global 500 companies with stated climate commitments took actionable steps toward their decarbonization plan[3]. So, what's holding so many companies back? Where are businesses getting 'stuck' in their decarbonization journey?

This paper examines four key barriers organizations face as they strive to meet public decarbonization commitments and evolving stakeholder and regulatory requirements. The guidebook also offers insights on how corporations can transform ambition into action, highlighting expert tactics and best-in-class examples of companies driving impact and growth across their enterprise, and beyond.

Sources:

1. UN Environment Program. "The Global Status Report for Buildings and Construction," October 19, 2021: https://globalabc.org/resources/publications/2021-global-status-report-buildings-and-construction
2. United Nations Climate Change. "Action to Decarbonize High Emitting Industrial Sectors Gathers Pace: Key Steps by the Technology Executive Committee," May 6, 2024: https://unfccc.int/news/action-to-decarbonize-high-emitting-industrial-sectors-gathers-pace-key-steps-by-the-technology
3. Climate Impact Partners. "Quiet Climate Action: Fortune Global 500 Climate Progress Continues," September 2024: https://www.climateimpact.com/news-insights/fortune-global-500-climate-commitments/

Only 10% of Fortune Global 500 companies with stated climate commitments achieved one of their goals in 2024

The industrial sector contributes **34%** of emissions, with over two-thirds coming from hard-to-abate, energy- and carbon-intensive industries

The building sector accounts for **37%** of global emissions. Decarbonization comes from:

30%
embodied carbon
Construction materials and inefficiency

70%
operational carbon
Fossil fueled, low electrification, inefficient operations

Mind the 'Ambition-to-Impact' Gap

Ambition motivates us to set goals, push boundaries, foster innovation, demonstrate leadership, and achieve success. In the context of sustainability and corporate targets, moving the needle from ambition to impact has been slow, despite leaders' best intentions. According to Gartner, corporate leaders consistently rank sustainability as a top ten business priority, with 31% of CEOs citing corporate action as a top strategic priority for their business.[4]

This prioritization marks the first step in any sustainability journey and is trending in the right direction. The Science Based Targets initiative (SBTi) recently reported over ten thousand businesses across regions and industries have set emissions reduction targets grounded in climate science.[5]

Despite this momentum, there's a growing gap between stated decarbonization targets and actual achievements. A report from Climate Impact Partners estimates that 66% of Fortune Global 500 companies have stated a significant climate commitment—yet only 10% of organizations managed to act on their decarbonization roadmap in 2024.[6] Indeed, it seems clear that most organizations are facing challenges when it comes to making tangible progress toward their goals.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

By the Numbers (March 2025)

10,491 total number of companies with science-based targets and commitments

7,425 companies with validated targets

3,066 companies with active commitments

For SBTi progress updates, go to: https://sciencebasedtargets.org/target-dashboard

Sources:

4. Raskino, Mark, Stephen Smith, Kristin Moyer and Gabriela Vogel. "2023 CEO Survey: The Pause and Pivot Year," Gartner, April 17, 2023: https://www.gartner.com/en/documents/4277899
5. SBTi Target Dashboard - accessed March 2025: https://sciencebasedtargets.org/target-dashboard
6. Climate Impact Partners, "Quiet Climate Action: Fortune Global 500 Climate Progress Continues," September 2024: https://www.climateimpact.com/news-insights/fortune-global-500-climate-commitments/

Addressing Common Barriers

What can organizations do to bridge the ambition-to-impact gap? For starters, the data makes it clear that having a target and a basic plan isn't enough. Companies need an expert partner who can deliver from end to end–connecting the dots all the way from strategy to digitization to implementation.

Today, most companies set targets at the enterprise level without thinking through the operational implications and associated costs—only to find out their plan is a non-starter. The following are four barriers to action that companies must address at both enterprise and operational levels to drive decarbonization efforts and secure accountability among key stakeholders.

Financial Constraints

This barrier can be overcome with financial enablement and the ability to pursue opportunities beyond immediate gains. Whether mitigating financial risk, safeguarding cash flow, or divesting assets from balance sheets, financial enablement is the key to driving sustainability objectives without experiencing undue financial strain.

For further insights, read this article: [“Funding the Future: Financial Enablement for Sustainability Initiatives.”]

Governance Alignment

Governance is the backbone that aligns structure, practices, and accountability across an enterprise. In a study conducted by The Center for Sustainable Business at the University of Pittsburgh and The Harris Poll, 45% of respondents identified sustainability as someone else's responsibility.[7] A governance framework allows businesses to transition from standalone entities to a connected enterprise that facilitates the cross-sharing of data, resources, and processes to drive systemic action. This requires a top-down, bottom-up approach that involves:

- building consensus on measurement mealigning shared strategic targets and KPIs
- establishing ROI criteria to enable decision-making
- engaging all stakeholders who are required for approvals
- thodology to track KPIs

The bottom line: driving sustainability action will only be successful if governance alignment is prioritized to address the needs of all stakeholders in the business.

45%

of respondents identified sustainability as someone else's responsibility.

For further insights on how to develop governance alignment, read this article: [“The Road to Success: The Crucial Role of Governance in Sustainability Programs.”]

Sources:

7. Ehiemere, Chisara and Tensie Whelan. "How to navigate six common barriers to embedding sustainability," Trellis: January 2025: https://trellis.net/article/how-to-navigate-six-common-barriers-to-embedding-sustainability

Enterprise-wide Execution

Scaling initiatives across an organization requires a strategic, centralized, and programmatic approach. This involves engaging key stakeholders in planning, execution, and performance measurement, as well as ensuring continuous optimization across the enterprise.

Find out how Roca Group has scaled sustainability actions across their enterprise to achieve operational excellence in this blog

Data Transparency

A holistic view of enterprise-wide metrics with shared KPIs empowers agile, efficient, and evidence-based decision-making. This approach not only enhances transparency on corporate sustainability progress but also reveals opportunities for efficiencies and economies of scale.

The need for transparency and an end-to-end view of sustainability data is becoming increasingly important among business leaders. According to Verdantix report, over 70% of executives are placing high priority on ESG and sustainability data improvements in the next two years.[8]

Discover how organizations can leverage the power of technology to improve data transparency and turn data into action.

Over 70%

of executives are prioritizing funding for ESG and sustainability data improvements.

"…options are available now in every sector that can at least halve emissions by 2030."

Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report *(AR6)*

It's time to move the dial and close the ambition-to-impact gap. Organizations must establish governance alignment and embark upon enterprise-wide execution by investing in the resources and technologies that drive decarbonization progress.

Check out this on-demand webinar for further insights on these barriers and how your company can accelerate progress in step with stakeholders.

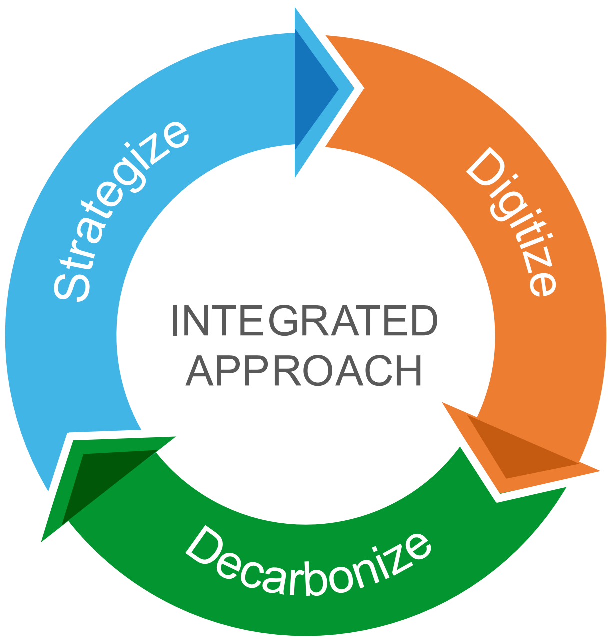
Sources:

8. Gowland, Luke and Kim Knickle. "Global Corporate Survey 2024: ESG & Sustainability Budgets, Priorities and Tech Preferences," Verdantix: September 2024.

Removing Obstacles Requires an Integrated Approach

Schneider Electric meets organizations where they are in their sustainability journey by bridging ambition to impact using an integrated approach that spans solutions, software, and services—providing a comprehensive path to decarbonization.

Organizations are guided from strategy to implementation through three integrated pillars:



Strategize

Evaluate geography- and industry-specific compliance and reporting schemes in line with sustainability goals to set emissions baselines and science-based targets. Create a climate strategy with internal stakeholders and supply chain partners to enhance resilience and mitigate operational risks.

Digitize

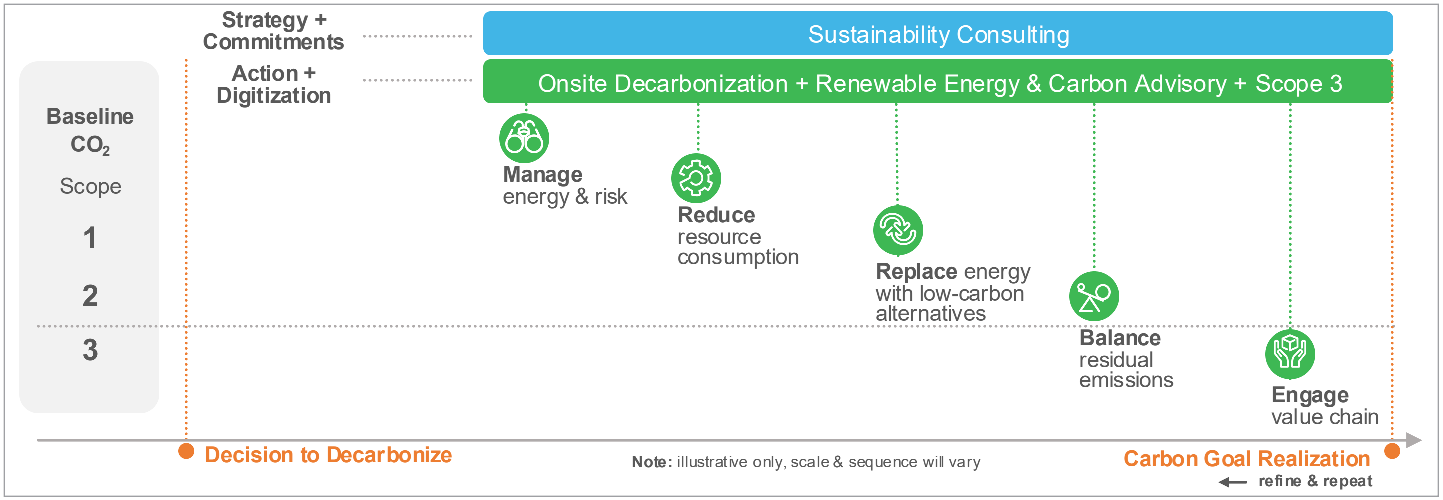
With goals in place, leverage proven digital solutions across the enterprise and site-level operations to actively track progress and gap-to-target, as well as identify additional opportunities along the way. This is made possible by robust application-focused and AI-enabled digital systems that convert data into decisions.

Decarbonize

Convert plans into action by working across an entire asset portfolio to implement renewable sourcing, fuel-switching, electrification, and efficiency solutions. Identify specific assets for transformation to net-zero and efficient sites. Understand when and how to scale impact with supply chain decarbonization programs, as well as explore innovative circular business models and product decarbonization levers that result in a long-term Scope 3 decarbonization program.

A Customizable Decarbonization Action Plan

At the root of decarbonization is the ability to reduce emissions and manage energy use. These levers help steer and accelerate decarbonization progress for Scope 1, 2, and 3 requirements:



Schneider Electric's team of over 3,000 in-house sustainability experts has been guiding clients on their journey to strategize, digitize, and decarbonize for more than 20 years. The company understands that achieving impactful results goes beyond setting targets anddrafting plans. This understanding has uniquely positioned Schneider Electric as an end-to-end solution provider with a sharp focus on consulting, digitization, and implementation through this integrated approach:

Manage energy and risk by guiding the development of science-based, net-zero ambition and achievement roadmaps, as well as climate risk mitigation and resilience planning.

Reduce energy consumption through strategic consultation and the orchestration of site-level decarbonization, boosting efficiency improvements and process electrification.

Replace energy with low-carbon alternatives to establish a robust renewable energy strategy and address emissions. Schneider Electric's renewable energy procurement services include Power Purchase Agreements, Energy Attribute Certificates, Tax Credit Transfers, and others.

Balance residual emissions through offsetting and investing in nature-based solutions and renewable energy projects.

Engage the value chain and scale impact by steering supply chain decarbonization practices to address Scope 3 requirements.

We meet clients where they are on their journey. Customized plans are created using these various levers, with a sustainability roadmap and implementation strategy that drives Scope 1, 2 and 3 decarbonization within the enterprise, and across the broader business ecosystem.

Sustainability in Action

When sustainability is approached correctly, it pays off—with success extending far beyond decarbonization goals. According to a report from Gartner, 85% of investors considered ESG factors in their investments, and 91% of banks monitored the ESG performance of investments.[9]

Sustainability practices also provide a host of other significant benefits, including:

- market leadership and competitive differentiation
- cost savings and improved operational performance
- attracting and retaining top talent
- advancing ESG commitments and community engagement

Schneider Electric helps clients all over the world move the dial from ambition to impact by guiding innovative strategies and sustainable practices that drive measurable outcomes across their enterprises. The following are some of the many organizations that have teamed up with Schneider Electric to achieve decarbonization and business impacts.

> "When companies apply the right methodologies against their sustainability goals, they find ways to use their resources more efficiently, discover costs and supply chain savings…and, in many cases, find innovative opportunities to increase profits..."
>
> Forbes

Impact Makers in Action

Global manufacturer, ROCA Group, worked with Schneider Electric to develop an enterprise-level roadmap, setting ambitious goals to drive decarbonization efforts. Milestones include:

- 50% reduction in CO_2 emissions since 2018 through the implementation of solar photovoltaics, efficiency measures, and production process refinement (source). The company is on track to achieve carbon neutrality under SBTi by 2045.
- improved decision-making with enterprise-wide data monitoring and software.
- deployment of a digital transformation program to standardize process optimization, lean management processes, and energy efficiency measures at all sites.
- achieved Gold Medal status from EcoVadis, recognizing the company's commitment to sustainable development. This scoring places the company in the top 3% globally.

Automotive parts manufacturer, Forvia, has partnered with Schneider Electric to fully electrify two of its R&D centers in France. The heating and distribution systems at the R&D facilities in Bavans and Seloncourt are being retrofitted with state-of-the-art technologies for heat pumps, electric boilers, destratification, and energy monitoring. The complete electrification of the heating system at the Bavans site will save an estimated 2.6 GWh of natural gas consumption and Seloncourt will save 540 MWh per year. Through these efforts, which are being done under an Energy-as-a-Service funding model, Bavans and Seloncourt centers are expected to achieve 85% and 100% carbon emission reductions, respectively, accelerating Forvia's ambition to reach net-zero across all three scopes by 2045.

Source:

9. Venkataramani, Swetha. "The ESG Imperative: 7 Factors for Finance Leaders to Consider," Gartner, June 10, 2021: https://www.gartner.com/smarterwithgartner/the-esg-imperative-7-factors-for-finance-leaders-to-consider

At Schneider Electric, We're 'Walking the Talk'

Schneider Electric not only helps clients on their decarbonization journey—we're also driving sustainable action across our own global manufacturing business, value chain, and in our communities. We've made bold climate commitments that are measured and tracked quarterly via the Schneider Sustainability Impact (SSI) program.

The following are some of Schneider Electric's notable sustainability achievements: FY 2024 results

Profitability

74% growth in impact revenues by continuously investing in and developing solutions that deliver decarbonization in line with our net-zero commitments.

Carbon reduction

Clients have saved and avoided **679M tonnes** of CO_2 emissions using our energy-efficient products, software, and services. We are on track to reach our target: helping clients save and avoid 800 million tonnes of carbon emissions in 2025.

Supply chain

Efforts to expedite decarbonization for our top 1,000 suppliers have surged from 19% in 2023 to **40%** in 2024. Schneider Electric's Zero Carbon Project encourages strategic suppliers to switch to cleaner energy, matching them with solution providers and offering on-site support, renewable energy market analysis, and specialist training.

Communities

53.4M people worldwide have gained access to green electricity. We have exceeded our target of **50M**.

Our sustainability impacts have garnered global attention over the years, earning Schneider Electric numerous accolades, including:

- We topped ***Time Magazine*** and Statista's list of the World's Most Sustainable Companies of 2024
- ***Corporate Knights*** recognized us as a Global 100 Most Sustainable Corporation for 13 years in a row
- Verdantix named us a Top Leader in its 2024 Green Quadrant: Building Decarbonization Consulting Report
- We were featured on the CDP Climate A List for the 13th consecutive year
- We earned a triple win in the 2024 Environment + Energy Leader Awards, spotlighting three of our impactful programs that drive sustainable practices and energy management

These achievements are shining examples of what's possible when companies team up with an expert partner who can deliver end-to-end sustainability goals:

strategize + digitize + decarbonize

Innovating for the Future

As sustainability requirements evolve, Schneider Electric continues to innovate its services and solutions to keep clients in step with changing dynamics. By going **wider, longer, deeper, and faster**, we help organizations navigate their sustainability journey to drive action and impact.

Go Wider

Discover how our expanded Scope 3 consulting services can broaden your sustainability efforts across 15 categories, offering you a digitally-transformed experience and access to essential expertise that's vital to your business' modern needs.

Go Longer

Unlock the potential of long-term sustainability planning with our strategic roadmap capabilities, which include advanced modeling and forecasting up to 2050, leveraging best-in-class software for unparalleled precision tailored to your company's growth and future goals.

Go Deeper

Experience consulting and implementation services that are customized to your business' specific maturity level and industry needs. Our deep-dive approach ensures you receive solutions that are effective and a perfect match for your unique business challenges.

Go Faster

Accelerate your impact with our comprehensive range of solutions, from reporting and communication services, to the latest in hardware and software. These tools are designed to help your business make swift progress toward sustainability goals.

Ambition is Essential for Setting Goals and Driving Innovation

Connecting ambition to impact is the next step to achieving transformative change. It's time to refocus sustainability planning on actions and outcomes.

It's important to work with a partner who can guide sustainable practices across business operations in an evolving energy landscape. Schneider Electric is a trusted advisor for energy management and automation solutions and services.

We believe in the ability of enterprises to drive the global transition to a low-carbon economy. Together, we can pave the way for a more sustainable tomorrow.

For more information on our view of today's changing energy landscape, visit perspectives.se.com or contact our experts.

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