

Deloitte.

Five steps to
accelerate to zero

November 2022



Five steps to accelerate to zero

Australian businesses and governments are increasingly recognising the economic costs of inaction on climate change and the enormous opportunities presented by the net zero transition. The business case is compelling and broadly accepted – Australia stands to lose \$3.4 trillion by 2070 if we don't act fast, but could gain \$680 billion with rapid, focused action.

To meet this challenge, entire industries and economies will need to transform – no sector can stand still – and those organisations that don't respond quickly will lose relevance, value and their best employees.

So the question now is: How can organisations accelerate to zero emissions, reduce climate induced losses and capture value from the transition?

For decades, Deloitte has supported clients to respond to climate change. However, for many boards and executive teams, this is a new, complex and rapidly changing landscape. The need to act is clear, but the path forward is not.

To institute an effective and tailored climate change response, your organisation needs to:

1. Commit to a **climate change aspiration**
2. Develop a **climate change strategy**
3. Align your **organisational model**
4. Enhance **organisational capability**
5. Regularly **monitor and report**

First Nations engagement should be at the core of this journey, connecting and amplifying their voices, drawing on their subject matter expertise as cultural knowledge holders and custodians of the land.

Taking tangible steps on climate action is becoming a priority in all organisations – and there are clear benefits in acting now.

By working through the five steps of the climate change response journey, your organisation will be well-equipped to meet the challenges and opportunities head on, and to accelerate to zero.

Will Symons

Asia Pacific Climate & Sustainability Leader

wsymons@deloitte.com.au 



“We need to pivot from seeing efforts to limit global warming as optional costs, and instead view them as necessary and new areas of economic opportunity.”

Asia Pacific's turning point – How climate action can drive our economic future

[View the report here](#)

Climate change response journey



“Climate change is a defining and enduring issue for governments, business and our nation. As leaders, we need to work together and take clear and focused action to secure a prosperous and sustainable future for our country.”

Adam Powick – CEO Deloitte Australia

These five steps will set your organisation on the right path in developing its climate change response. They should be reinforced through regular reflection and adjustment, cycling through the process, checking that responses are fit for purpose and engaging with key stakeholders at least every six months.

In doing this, an adaptive, flexible approach should be used – recognising that regulation, technology availability, costs and the expectations of investors, financiers, employees, citizens and customers are changing rapidly and asymmetrically. ➔

Climate-led transformation framework

Risk and opportunities into strategy

 **1** Commit to a **climate change aspiration**

Materiality, vision, and target

Strategy

Leadership and transformation

 **3** Align your **organisational model**

Capital planning

Workforce capability

Operations and technology


M&A and divestment


Measurement and disclosure

 **5** Regularly **monitor and report**

Governance and sustainment

Measurement, reporting, and assurance

 **2** Develop a **climate change strategy**

 **4** Enhance **organisational capability**



The first step on the climate change response journey is to commit to a **climate change aspiration**. This should comprise decarbonisation and adaptation targets aligned with the latest climate science and the Paris Climate Agreement. First Nations engagement and co-design, including with Traditional Owners, should start here and continue throughout each subsequent step. Leaders and the whole organisation need to be aligned behind your climate change aspiration, and it should be actionable and translated into targets aligned with how your organisation creates value. Targets should be set for what you control – [Scope 1 and 2 emissions](#) and your broader value chain (Scope 3).



The second step is to develop a **climate change strategy** based on a holistic understanding of risks and opportunities – for your assets, people, and operations. This should be aligned with your enterprise strategy and use a range of different future scenarios. The strategy should focus on mitigating risks while identifying and capturing strategic and operational opportunities. It should comprise tactical (now), transitional (next) and transformational (final) initiatives and innovations. An easily updated, live and flexible implementation roadmap should be developed to support this execution, with clear responsibilities and timeframes.



The third step is focused on aligning the **organisational model** so that capital, operating, technology and governance decisions are focused on delivering on your climate change strategy. This includes ensuring that information systems and organisational processes such as business cases and procurement and investment choices support transparent trade-off decisions, integrating climate considerations across your organisation. A portfolio-wide view should be taken, aligning your organisation structure and composition to address identified risks and opportunities and realising value through early divestments and acquisitions.



The fourth step is to enhance your **organisational capability** to enable strategy execution, innovation and transformation. Your leadership will need to be confident and accountable, with the ability to clearly communicate your climate change aspiration, and with incentives aligned with its realisation. Organisational culture should be supportive of your aspiration and be regularly reinforced by leaders. Targeted education across the organisation will be critical to ensure that all your people have the capacity to make the many decisions that will be needed to deliver your climate change targets in the optimal way.



The fifth and final step is recognising that what gets measured, gets done. Organisations need to regularly **monitor and report** performance for all stakeholders, including management, regulators, investors, financiers, employees, customers, suppliers and citizens. This should be data-driven, embedded within your existing monitoring and reporting systems, provide clear validation of the efficacy of climate related initiatives and enable real-time adjustment of settings to improve performance. Monitoring and reporting should be used to adaptively adjust the climate strategy to changing context and stakeholder preferences and requirements.

Contact



Will Symons
Asia Pacific Climate & Sustainability Leader
wsymons@deloitte.com.au



David McCarthy
Managing Partner Financial Advisory
Executive Sponsor Climate Action Agenda
damccarthy@deloitte.com.au



Will describes the five steps to net zero

Deloitte.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively the “Deloitte Network”) is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 286,000 people make an impact that matters at www.deloitte.com.

About Deloitte Asia Pacific

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Australia

In Australia, the Deloitte Network member is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 10,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www2.deloitte.com/au/en.html

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network. © 2022 Deloitte Touche Tohmatsu

MCBD_Syd_09/21_746785265