



Key elements of a Net Zero roadmap

Building blocks for a successful net zero roadmap

Introduction

What is net zero?

In simple terms, for companies net zero means reducing GHG emissions to as close to zero as possible.

Why net zero?

The science is clear – if we are to stand any chance of limiting the impacts of climate change, we need to transition towards net zero at the latest by 2050, limiting global temperature increases to 1.5°C above pre-industrial levels in alignment with the Paris agreement.

The situation to date

In February 2024, global average temperatures were 1.8°C above pre-industrial levels. Even if we were to fulfil all the commitments of the Paris agreement, that would only get us close to limiting the temperature rise to 2.9°C this century – an alarming prospect, considering the likely negative impacts. And while the uptake of net zero commitments has been high, there is a misalignment between commitment and action.

70% of the world's largest public companies and 40% of private companies have committed to becoming net zero¹, which underscores the increasing understanding of what is at stake, and the increasing pressure companies feel to disclose a target.

However, only 20% of these private companies have published any plans to achieve their targets and few public or private companies have a credible transition plan in place describing their approach to achieving their target². Meanwhile global GHG emissions continue to grow.



Key barriers companies typically face in moving from target setting to implementation

- Failure to recognise the need for **operational transformation** and to drive it using the right **levers and incentives**
- Lack of **adequate data** to make informed and prioritised decisions
- Lack of a clear **governance structure**, senior management buy-in and **accountability**
- Failure to involve the right internal stakeholders **across the organisation**
- **Technology** maturity and varying geographical maturity of technologies as well as costs

In this document we discuss the key elements of a net zero roadmap as well as selected success factors, designed to move the dial from commitment to action.

9%

Increase in global GHG emissions projected by 2030 compared to 2010¹

45%

decrease in global GHG emissions needed by 2030 compared to 2010² to limit warming to 1.5C

¹ <https://zerotracker.net/insights/privately-owned-firms-unprepared-for-incoming-climate-regulation>

² Are companies developing credible transition plans? Carbon Disclosure Project (CDP), February 2023

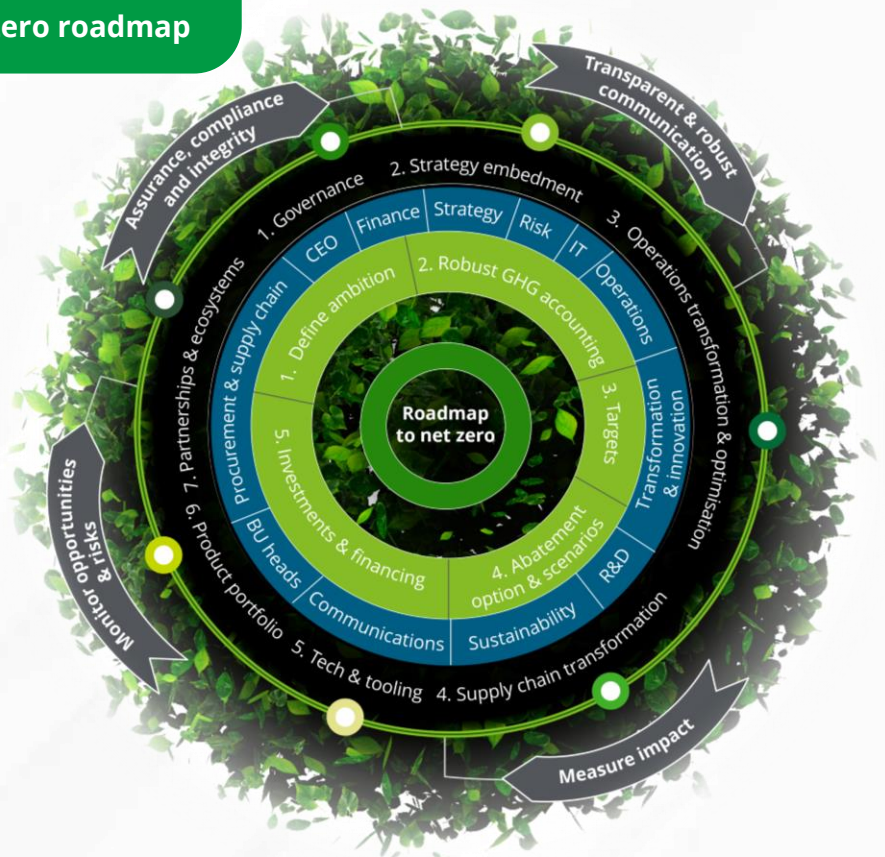
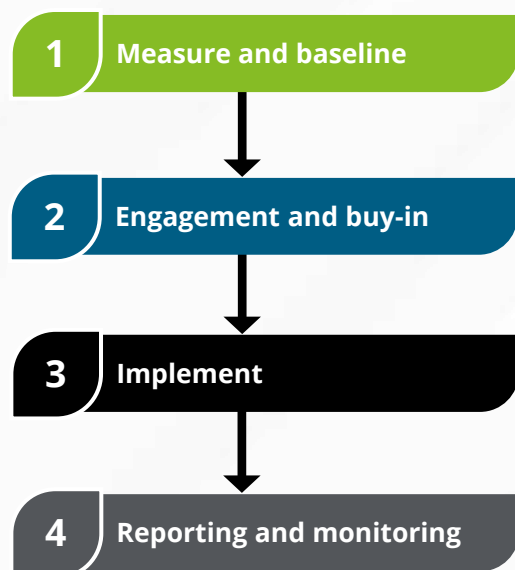
Key elements of a net zero roadmap

Creating a simple, actionable and pragmatic net zero roadmap

The stakes are high, and while many companies are still in the "comply and communicate" phase rather than taking action, early adopters are gaining an edge. They are leveraging the growing availability of green financing to reduce their carbon emissions and meet the demand for low-carbon products like green steel or recycled plastics, which are in limited supply and can be sold at a premium. The companies that will come out on top are those that identify and seize value-creation opportunities early.

Implementing a net zero roadmap is a complex process, largely due to the number of factors that need to come together to deliver on it. Implementation of a roadmap needs top-down, cross-geographical, cross-business unit, and cross-organisational involvement and buy-in. It needs to be driven by the CEO, but supported by every employee, now and in the future, if it is to be successful. We have put together a simple framework that aims to illustrate the various moving pieces that will need to come together for a net zero roadmap to be successful – but there is no magic formula. There is a reason net zero roadmaps have an extended timeline up to 2050 – the extent of change required to reduce emissions by 90% cannot be underestimated, and the elements below are merely guiding in nature – every company must discover how best to spur action towards their net zero target.

Our view on key elements of a net zero roadmap



There is much to be gained in getting it right

If managed strategically, a net zero target and implementation of key actions required to meet targets, can create both tangible and intangible benefits.

- Brand and reputation
- Risk management
- Business continuity
- New revenue streams
- Resilience
- Access to capital and talent
- Stakeholder satisfaction
- Competitive advantage

So how do you get started, and what are some of the success factors to get this right from the get-go? Read on to find out.

Key elements of a net zero roadmap

Zooming in on key actionable steps

01 Measure and baseline



Set the foundation for where you are to better understand how you're going to get to where you need to be

- **Understand your ambition:** Is a net zero commitment something your organisation is willing to commit to? And does your Executive Committee understand the implications of the target? If not, a net zero target could be perceived as greenwashing; the level of ambition should be clearly understood and defined at the outset.
- **Robust GHG accounting:** Increasingly, there's an expectation that GHG emissions data will have a similar level of robustness as financial data, with the right levels of processes and controls behind it. That process takes time and resources, and starting early is key, particularly for scope 3 data.
- **Targets:** Setting a net zero target is not just about putting a statement in your sustainability report anymore. It is important to understand what your interim targets are likely to be, whether you will align with sectoral targets, Science-Based Targets etc. This enables you to set, act on and disclose credible long-term net zero targets.
- **Abatement options and scenarios:** Understanding early on which abatement interventions and levers will get you to your target, and the interdependency of various actions, along with discovering which scenario is suitable for your trajectory.
- **Investments and financing:** Based on the identified abatement options, associated CapEx and OpEx need to be estimated both in the short, medium and long-term, and built into the business strategy. *'How are you going to finance your transition?'* is the question you should be working on responding to.

02 Engagement and buy-in



Ensure you have the right stakeholders on board to set yourself up successfully for implementation

- Creating a net zero roadmap will bring together a range of stakeholders across the organisation, and without this extensive network, the roadmap cannot be successfully embedded and implemented within the organisation. From the CEO to procurement, and through finance, strategy, risk, IT, operations, R&D, innovation, communications, sustainability, markets, and regional leadership, to the value chain and customers, ongoing engagement and buy-in is vital to any net zero journey.



Key elements of a net zero roadmap (Cont.)

Zooming in on key actionable steps

03

Implementation



In order to successfully implement a net zero roadmap, it needs to be embedded within vital parts of the business:

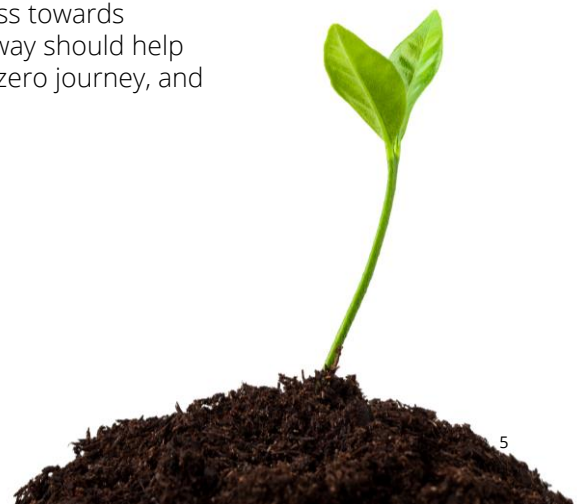
- **Governance:** A net zero target should have a strong governance model behind it, both short-term and long-term, including active board involvement and incentivisation.
- **Strategy embedment:** Unless the net zero strategy is embedded within business strategy (both short and long-term), the target will not be achieved. Net zero needs to sit within every strategy discussion, as any decision, from M&A to business growth, to new markets, will impact achieving the targets.
- **Operations transformation and optimisation:** An inevitable consequence of striving to achieve net zero is the need for fundamental operational transformation. Without optimising operational processes, it is unlikely any organisation will be able to achieve their targets.
- **Supply chain transformation:** Arguably, besides fundamentally changing business operations, this will be the hardest step for companies to achieve, as the degree of control over value chains is lower than over own operations. However, concerted action, peer groups and ecosystems can play a big role in transforming value chains to align with your targets.
- **Tech and tooling:** Whether it be for data collection or for net zero modelling or for value chain optimisation, tech and tooling can play a big role in accelerating the net zero journey.
- **Product portfolio:** With low carbon products in high demand, the case for product portfolio optimisation is strong. Companies that capitalise on this early are already seeing a competitive advantage and this is a trend that is likely to continue.
- **Partnerships and ecosystems:** No company can achieve net zero on its own, largely due to the dependency on the value chain to achieve this. Joining forces with peers, sharing challenges and solutions and having a common platform for suppliers for example, helps reduce the burden of the challenge.

04

Reporting and monitoring



- Measuring and reporting on your impacts, actions and progress towards achieving your targets in a transparent, robust and auditable way should help you monitor opportunities and risks associated with your net zero journey, and communicate progress to your stakeholders.



Conclusion

In our experience, a few key factors can go a long way to accelerate action

The road to net zero is long and not without its challenges but the benefits of early action and implementation are clear.

The science is clear that action needs to be taken. With the tide of stakeholder sentiment turning, and the urgency for action becoming increasingly clear, the case for net zero has never been stronger.

Front-loading the effort required, seizing low-hanging opportunities and setting course early for organisational transformation will set organisations up for success in a future decarbonised world. The advantages to be gained include access to new markets and products, easier access to capital, talent retention and engagement, licence to operate, brand and reputational enhancement, and reduced financial liability in the future.

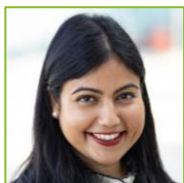
The extent to which the organisation is involved in the net zero roadmap, at every level, is what will make the difference between early success and protracted, delayed implementation.

Planning effectively for the short (2030), medium (2040) and long-term (2050) means acting today, and while a net zero operating model will not be easy to achieve, moving in the right direction can have a big impact both on your bottom line and our planet.



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