



ACHIEVING NET ZERO: A PRACTICAL GUIDE TO SETTING REALISTIC TARGETS

Net0 | Helping companies
achieve net-zero carbon



ACHIEVING NET ZERO

A Practical Guide to Setting Net Zero Targets

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1 INTRODUCING NET0

Vision

We aspire to be the global leader in climate management software industry. By building world-class products, we help companies leave a climate-positive legacy whilst complying with regulations.

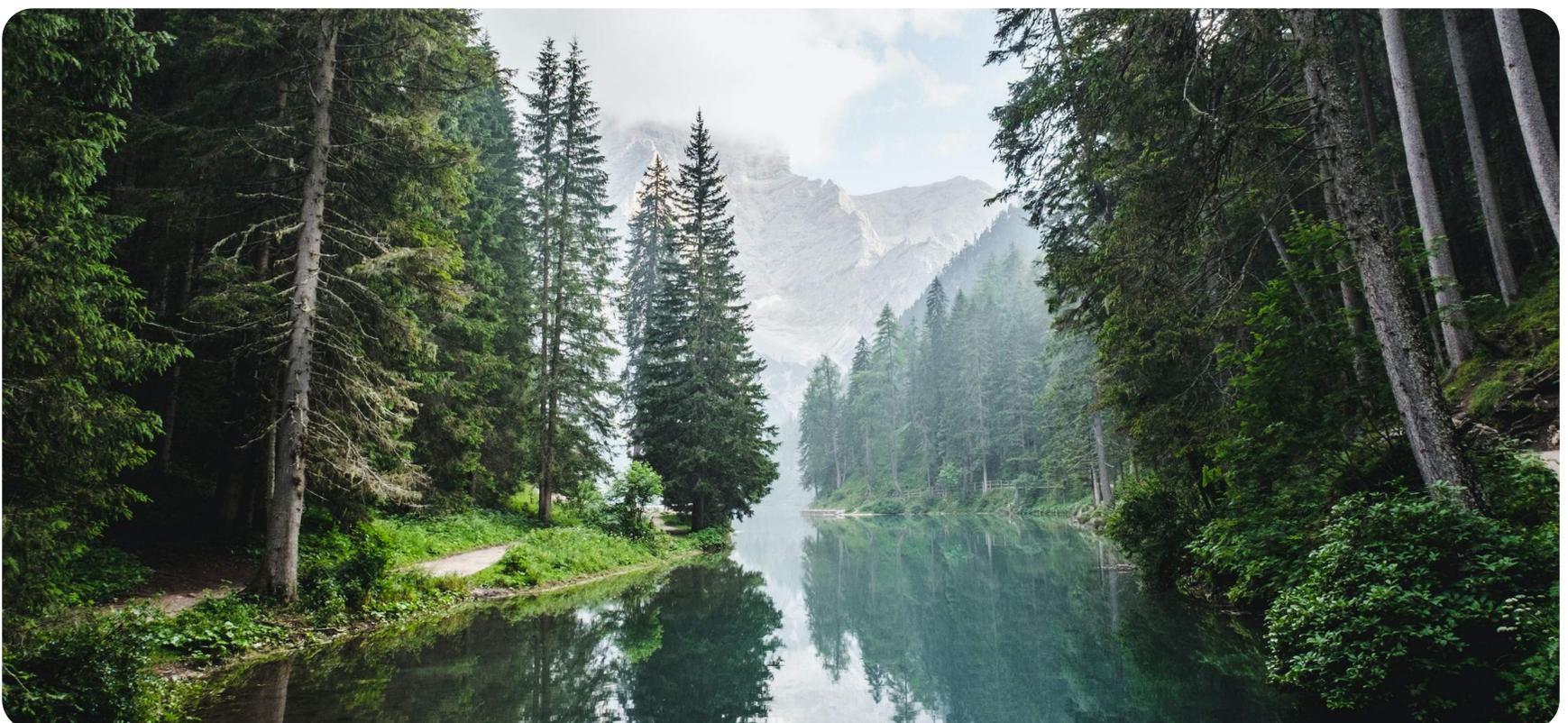
Mission

Net0 is on a mission to help large businesses and governments transition to a climate-first economy. We are developing the world's most sophisticated carbon management platform that helps navigate the journey towards sustainability and net-zero. Our technology is known for its AI-powered automation capabilities, ease of use, and powerful emission reduction planning functionality.

Values

Our core values revolve around the strong belief that only sustainable and responsible development leads to planetary and human well-being. Thus, our software shall enable businesses and governments make data-driven and responsible decisions for the sustainable growth.

By providing our customers with the state-of-the-art, accurate, and automated software products, we are helping promote transparency in the entire climate industry, as well as avoid greenwashing.



Sustainability

We strive to create technology tools that help living systems thrive. This includes planet Earth, businesses, and people.

Responsible Leadership

We value a conscious approach to leadership that is rooted in mutual respect between all stakeholders and seeks a high level of awareness to have the best possible impact with the least amount of resources.

Technology & Innovation

We value human and artificial intelligence, whereby the latter supports the former responsibly and ethically to innovate for the greater good.

Efficiency & Effectiveness

We value smart work systems that enable us to reduce the input of human, environmental, and financial resources and bring the best possible impact in the shortest time possible.



"At Net0, we believe that addressing climate change is a critical priority for our planet. That's why we've developed the Climate Action Platform, a collaborative initiative that enables companies to come together and work towards reducing their carbon footprint. Our goal is to provide teams with the necessary resources and tools they need to effectively implement decarbonisation strategies and make a tangible impact on the environment. By fostering a spirit of cooperation and shared responsibility, we can create a more sustainable future for generations to come."

Sofia Fominova

Co-founder of Net0



"I strongly believe that modern and upcoming technologies, such as Artificial Intelligence, will play a big role in helping businesses and governments decarbonise. From simplifying the data collection, to ensuring ultimate calculation accuracy, today we are helping our clients dramatically improve efficiency of their climate journey. Our roadmap is even more exciting: predictive reduction planning, metaverse for supply chain, and a wide range of connectors to physical ecosystem is yet to come in coming quarters. All our technological innovations are aligned with our goal to simplify measurement, reduction and disclosure of corporate carbon emissions."

Dmitry Aksenov

Co-founder of Net0

2 INTRODUCTION

Global pledges to achieve net zero emissions have sparked conversations about their efficacy and influence. The vagueness of fundamental suppositions, the absence of openness, and the inadequate evaluation of the practicality of attaining the net zero declarations are a few factors that contribute to the perception that many of these commitments lack significance.

A methodical approach is essential for the successful creation of net zero carbon plans, and it's critical to identify the best strategies as well as any potential obstacles associated with achieving net zero targets.

In this white paper, the following topics will be discussed:

- ◆ The significance of realistic and effective goal setting in relation to net zero targets
- ◆ The global objectives of net zero targets at various levels, including governmental and corporate pledges
- ◆ The methods for establishing net zero targets that yield tangible results
- ◆ The key stakeholders who should be engaged to promote optimal outcomes

Net0 endeavours to assist your organization in attaining net carbon neutrality and to provide resources and guidance on effective and realistic target setting.



3

THE SIGNIFICANCE OF REALISTIC AND EFFECTIVE TARGET SETTING FOR ACHIEVING NET ZERO EMISSIONS

3.1 WHAT IS NET ZERO?

Human activity, specifically our production patterns, has had a profound impact on the earth's metabolic cycles by releasing more carbon into the atmosphere than is sequestered by natural sinks, such as forests, grasslands, and soil. This has contributed significantly to global warming, with projected increases in the planet's mean temperatures ranging from 2.2°C to 4.4°C by the end of the century. These increases will have significant ramifications for all natural ecosystems, as well as for our social and economic systems.

It is of paramount importance that we assume our global obligation towards achieving net zero emissions with the utmost gravity and translate our commitments into **well-conceived and strategically executed actions** across all economic spheres.

In this context, climate experts and other scientists emphasize the importance of maintaining both social and environmental integrity.

Only if we take responsibility for the full scope of our climate impact and work and plan with nature, we are able to divert the ongoing trend and achieve a temperature increase of only 1.5°C compared to pre-industrial levels¹.

This means to:

- A. Align carbon abatement strategies with climate science
- B. Measure and reduce carbon emissions across all 3 scopes
- C. Prioritise carbon mitigation within organizational operations over external, technology-dependent carbon removal and offset initiatives.

¹ Liu, L., Pang, R., Sun, Y., Wu, X., Qu, Y., Gao, L., Wang, J., Zhang, Y., Adachi, K., Gu, F., Zhang, G., Zhang, Y., Horowitz, H. M., Fan, S., Zhang, Y., Streets, D. G., Colarco, P. R., Kim, D., Chen, L., Zhang, Q., He, K. & Bond, T. C., 2021. Global and regional emissions estimates of 1,2,4-trimethylbenzene. *Nature Climate Change*, 11, pp.559–565.

A. Carbon abatement strategies alignment with climate science

“Business leaders need a robust, science-based framework for setting Net Zero targets ... otherwise, they risk continuing to invest in business models that are inconsistent with the goals of the Paris Agreement.”

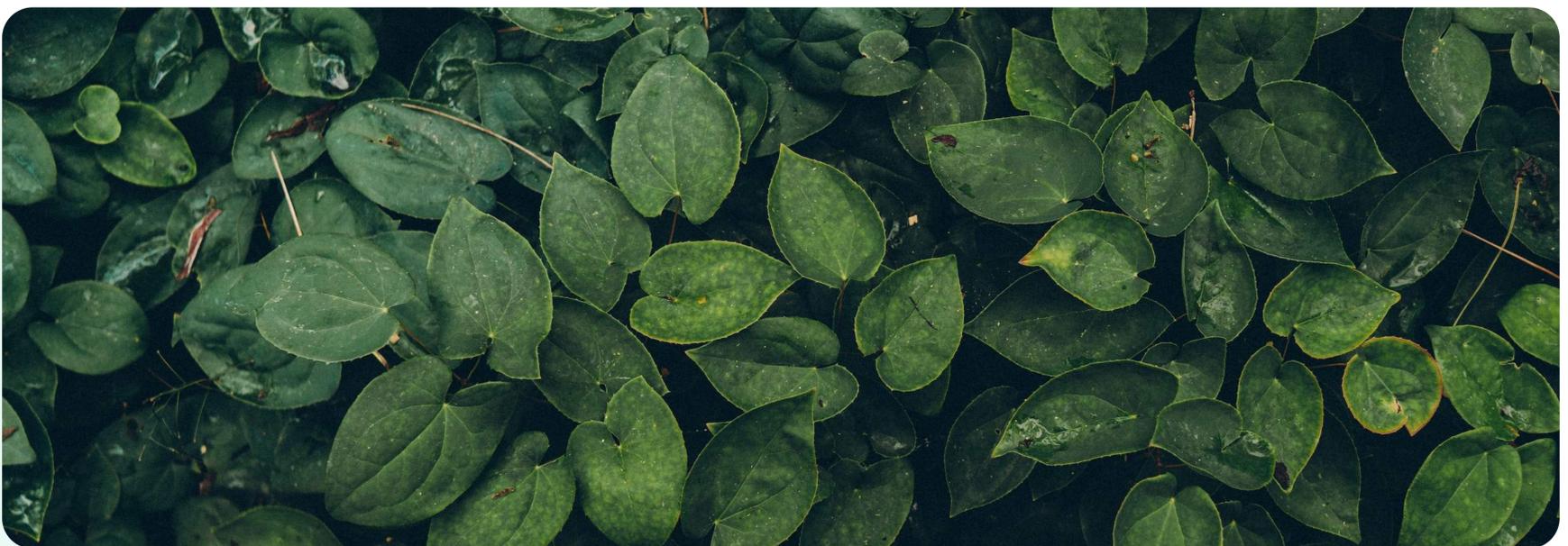
Science Based Targets Initiative (SBTi)

The Science Based Targets initiative (SBTi) provides guidance and support to companies in the development of net zero targets that are grounded in a robust scientific evaluation of global and sectoral greenhouse gas emissions reduction requirements. The implementation of science-based targets is crucial for ensuring data accuracy and the credibility of carbon neutrality claims. To date, over 3000 companies and financial institutions have partnered with the SBTi, with approximately half having successfully integrated approved science-based targets into their net zero strategies (SBTi Target Dashboard, 2022)².

In accordance with current climate science, the objective of achieving net zero emissions should be established **no later than 2050**. The Science Based Targets initiative strongly advocates for the implementation of even earlier targets.

“A company is only considered to have reached Net Zero when it has achieved its long-term science-based target.”

Science Based Targets Initiative (SBTi)



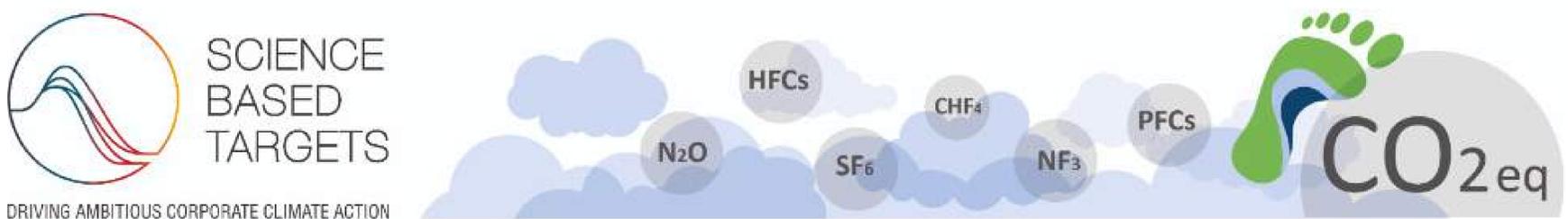
² Science Based Targets, n.d. *Companies Taking Action*. Science Based Targets.

Example of Science-Based Target Setting:

“Gestamp S.A. commits to reduce absolute scope 1 and 2 GHG emissions 30% by 2030 from a 2018 base year. Gestamp S.A. also commits to reduce absolute scope 3 GHG emissions from purchased goods and services and fuel and energy related activities by 22% by 2030 from a 2018 base year”

Gestamp, automotive engineering company³

SBTI TARGETS



B. Measurement and mitigation of carbon emissions across all three scopes

Attainment of a reputable net zero status can only be achieved through the comprehensive measurement and mitigation of a company's carbon footprint across all three emissions scopes.

³ Gestamp, 2021. Science Based Targets Initiative. Gestamp.

The Greenhouse Gas Protocol (GHGP) has classified greenhouse gas emissions into three distinct categories, known as scopes, in order to establish a standard methodology for quantifying and reporting carbon emissions:

Scope 1:

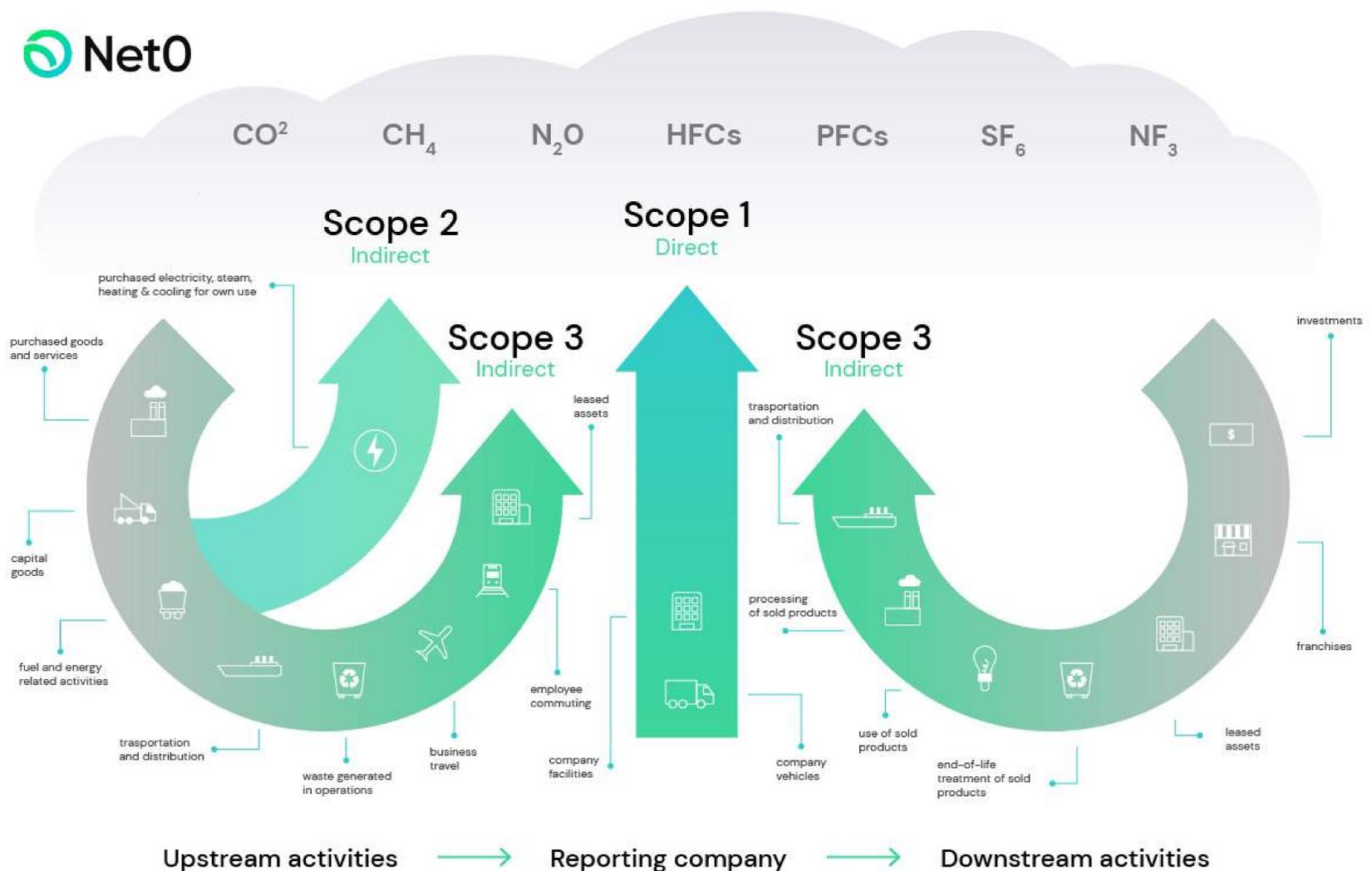
Emissions directly emanating from sources owned or controlled by the reporting organization.

Scope 2:

Indirect emissions resulting from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting organization.

Scope 3:

Indirect emissions that occur within the value chain of the reporting organization, including upstream and downstream activities. These emissions may be considered as the Scope 1 and 2 emissions of other organizations and often comprise a significant proportion of an organization's total greenhouse gas emissions.



According to a study by the European Corporate Governance Institute (ECGI), outsourcing carbon emissions to foreign suppliers has become a prevalent business strategy among US firms as governmental pressure for domestic emissions reduction increases. This approach presents an attractive opportunity for companies to circumvent pollution abatement and innovation in green technology⁴.

However, while this approach may seem attractive as a means of circumventing pollution abatement and innovation in green technology, it is important to note that it does not address the underlying issue and may ultimately have negative consequences for the success of the company.

A case analysis of inadequate net zero pledging: an examination of Procter and Gamble's approach

Procter and Gamble declared its ambition to reduce annual emissions by 50% by 2030. According to Joshua Axelrod of the Natural Resources Defense Council, a non-governmental organization focused on environmental issues, Procter and Gamble's commitment to reducing emissions is "fairly progressive on paper," however, it is important to consider the nuances as the commitment only pertains to Scope 1 and Scope 2 emissions.

In September 2019, the Natural Resources Defense Council (NRDC) and Stand.earth conducted an extensive analysis, which revealed that when Scope 3 emissions are taken into account, the target established by Procter and Gamble (P&G) for reducing greenhouse gas (GHG) emissions represents a mere 2% of the company's total GHG emissions, which amount to approximately 215 million metric tonnes per year⁵.

"Reducing this small sliver by 50% will only lead to an absolute reduction in the corporation's climate footprint of 1%.⁶"

Furthermore, the National Resources Defense Council (NRDC) and Stand.earth have expressed their criticism towards Procter and Gamble for offsetting 30 million tonnes of CO₂ emissions through conservation projects in the Philippines, Brazil, and California, despite the company's continued utilization of climate-critical boreal forest fiber for its disposable tissue products.

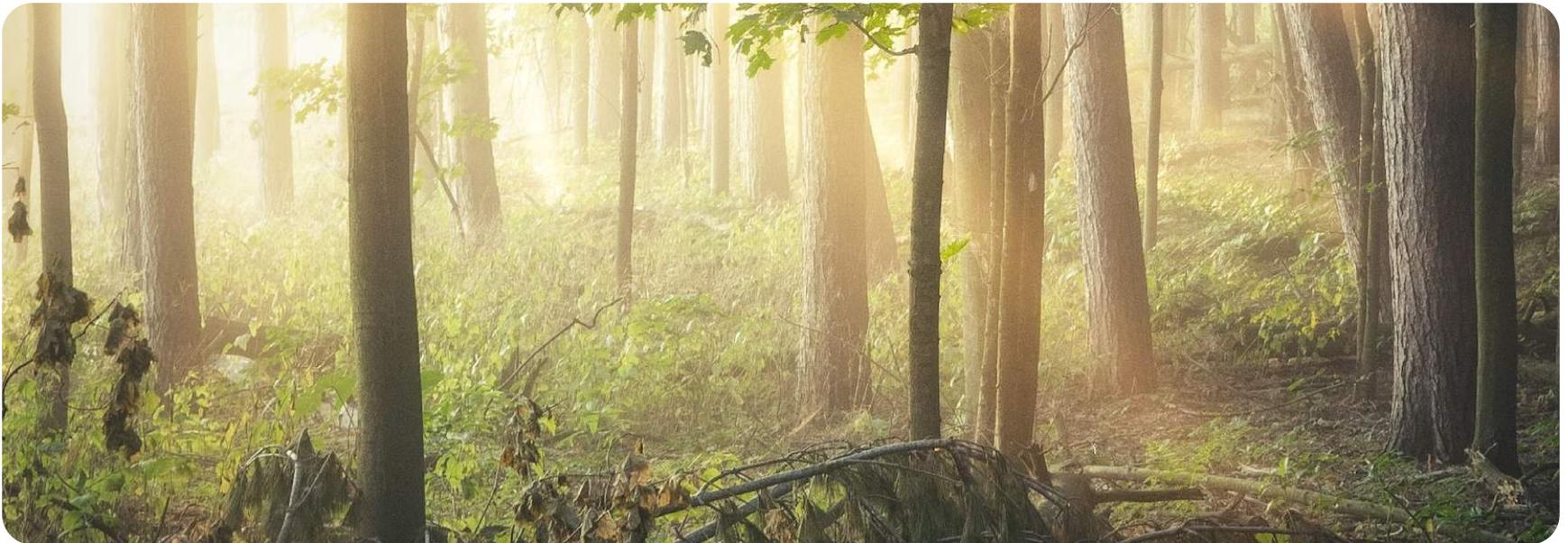
In October, Procter and Gamble encountered a resolution supported by BlackRock, the global leading asset manager, which called for the company to publicly reveal information regarding the potential risks of deforestation in its procurement of tissue paper and palm oil, and to conform its reports to the standards established by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

⁴ Huang, Z., Liu, Y., Chen, H., & Zhao, X., 2021. *The Impact of Science-Based Target Initiative on Corporate Carbon Emissions*. SSRN.

⁵ Natural Resources Defense Council (NRDC), 2019. *Issue with Tissue: How Americans are Flushing Forests Down the Toilet*. [pdf]

⁶ Axelrod, J., *Corporate Honesty and Climate Change: Time to Own and Act*, NRDC.

As a result of the need for adaptability, Procter and Gamble (P&G) implemented a strategic shift in their corporate sustainability efforts. In September 2021, the company publicly announced the implementation of a science-based approach to minimize their carbon footprint, taking into consideration scope 3 emissions.



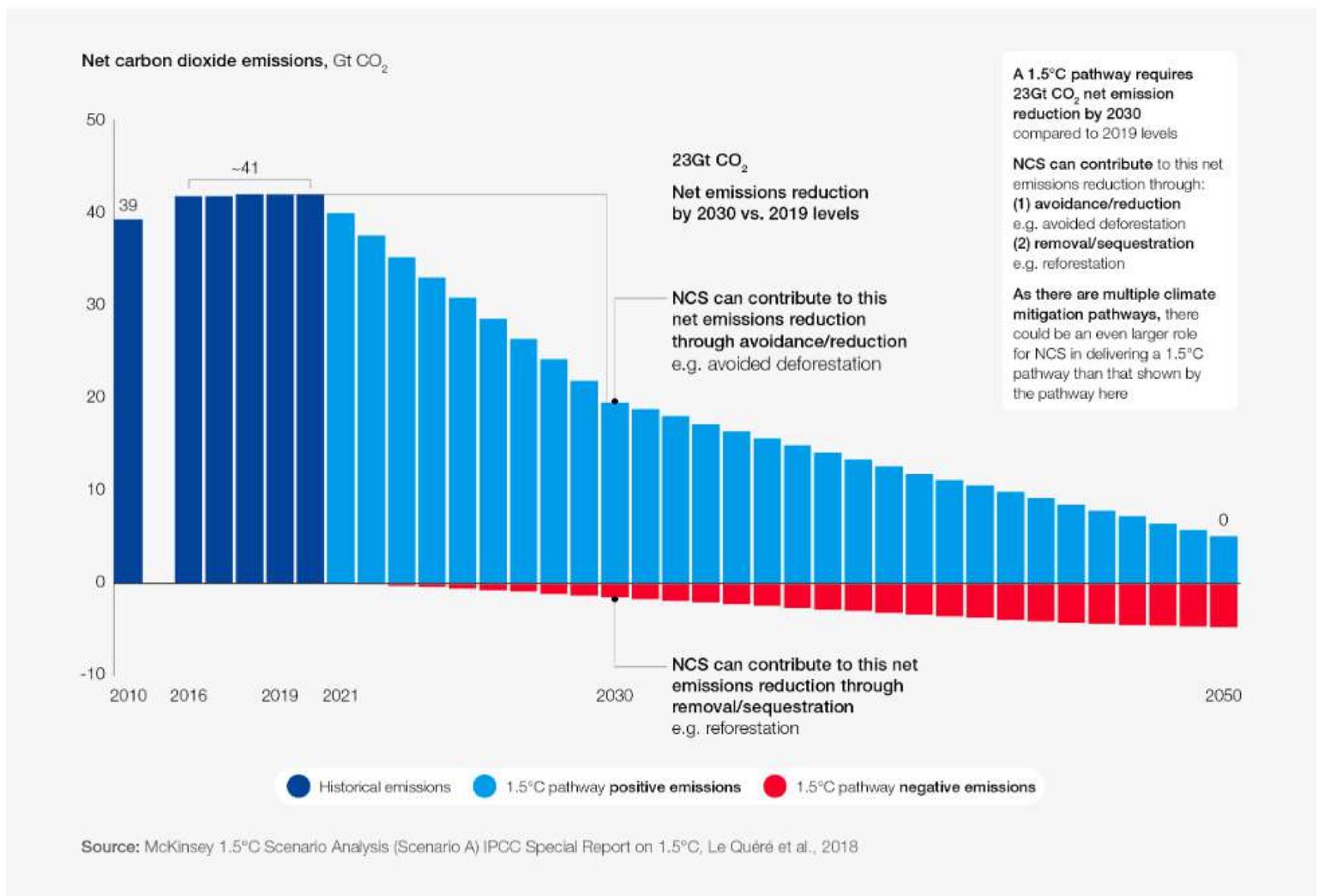
C. Prioritising carbon mitigation in operations

As outlined by the Paris Agreement and the findings of the United Nations International Panel on Climate Change (IPCC), achieving a net zero economy requires a dual approach, comprising of:

- ◆ The implementation of active carbon removal and investment in clean and sustainable infrastructure through offsetting projects.
- ◆ Large-scale, effective reduction of carbon emissions.

The fact that carbon stays in the atmosphere for an extended period of time makes it more important than ever to address the effects of industrialization. Although investing in green initiatives and reducing carbon debt can be key steps to attain global carbon neutrality, it is not enough if companies continue producing their current level of emissions.

In order to adequately tackle this problem, it's necessary to fundamentally reorganize our economy with a focus on **effective reduction strategies**, use caution when employing carbon dioxide removal techniques, and properly regulate carbon offsets. Furthermore, we need to adopt collective net-positive production methods to ensure a positive net value.



Source: McKinsey⁷

For companies to truly make an impact in taking on climate responsibility, they must possess a comprehensive comprehension of the necessity for urgency, precision, transparency, and dedication.

3.2 TARGET SETTING WITH INTEGRITY

Setting targets is a crucial step in any carbon reduction plan. It helps to define a clear path towards achieving environmental sustainability. However, targets must be set with integrity to ensure they are achievable, transparent, and based on reliable data.

In summary, realistic and effective target setting is a critical component of any carbon reduction plan. Failure to do so can have far-reaching consequences that may impact the company's reputation, financial standing, and overall operational viability. Specifically:

⁷ McKinsey & Company (2021) *Climate math: What a 1.5-degree pathway would take*.

- 1. Meaningful impact:** To create a genuine impact on the environment, natural ecosystems, society, and the economy, aligning the company's carbon reduction plan with climate science and considering the full scope of emissions is essential.
- 2. Maintaining credibility:** Full transparency and deep reduction efforts are essential to maintaining credibility. A lack of credibility can result in a loss of trust from stakeholders (customers, employees, investors, etc.) and allegations of greenwashing.
- 3. Increased investor confidence:** Carbon reduction plans that signal strong governance and well-grounded strategies instill confidence in investors, leading to increased investor confidence.
- 4. Future risk management:** Setting targets now can ensure resilience to future emissions-related regulations, reducing future risks.
- 5. Cost savings:** Delivering on net-zero targets can lead to considerable savings through supply chain efficiencies, reducing costs, time, and resources.
- 6. Innovation and competitive edge:** Restructuring supply chains can lead to new methods and inputs that put companies forward as a climate-smart supplier, giving them a competitive edge over outdated business models and driving innovation.
- 7. Motivation:** Realistic goals maximize time and resources, increase confidence, and boost motivation to take bolder steps in carbon reduction efforts.
- 8. Employee Engagement:** Walking the talk can instill a sense of pride and purpose in the entire organization, increasing employee engagement, higher performance, and commitment.

As evidenced by P&G's experience, effective climate management is a continuous journey that requires ongoing learning. However, organizations can mitigate reputational risk, avoid common project management pitfalls, and maximize the impact of their carbon reduction efforts by following these guidelines:

- ◆ Utilize the experiences of others to learn from past mistakes and successes.
- ◆ Thoroughly educate yourself on governmental requirements, existing guidelines, and industry best practices.
- ◆ Conduct a comprehensive assessment of your company's climate impact within its unique business ecosystem, taking into account all stakeholders and sectors.
- ◆ Evaluate the practicality and feasibility of achieving desired carbon reduction targets, as discussed further in chapter 4.
- ◆ Seek support throughout this journey to ensure successful implementation.

Recommended reading:

- ◆ [Setting Net Zero Targets With A Growth Mindset.](#)
- ◆ ['Are Net Zero Business Models The Future of Responsible Leadership?'](#)
- ◆ [Decarbonization: How to Set Goals and Sustainability Targets](#)

4

COMPARING STRATEGIES FOR NET ZERO TARGETS ACROSS GLOBAL, GOVERNMENTAL, REGIONAL, AND CORPORATE LEVELS

Leaders at all levels, whether they are governing a country, region, city, or company, understand the importance of setting realistic and effective targets. Governments on a national, regional, and municipal level need to recognize the power they hold as role models in tackling the collective challenge of climate change.

Setting ambitious net zero targets without a well-assessed and robust plan in place is not helpful. This rush to meet targets may not have any significant impact, and a weak or ambiguous governmental reduction plan can result in a severe loss of trust among the community and private sector leaders.

Executives are more motivated to take action when they see that their corporate efforts align with a cross-sectoral, well-thought-out plan that contributes to long-lasting change. It is crucial for leaders to have a clear and achievable plan that inspires and motivates action at all levels.

4.1 ACHIEVING GLOBAL NET ZERO TARGETS

Net zero emissions is a collective goal set following the Paris Agreement, a legally binding treaty on climate change that was adopted by 196 Parties at COP 21 in Paris in 2015. The objective is to limit global warming to a maximum of 2°C, preferably 1.5°C, compared to pre-industrial levels.

According to the IPCC, to remain consistent with the 1.5C target, net zero CO₂ is necessary by 2050. Although [the Paris Agreement](#) and the GHG Protocol agree that carbon reductions and offsetting projects play a role in mitigating climate change, the focus must be on prioritizing deep reduction efforts.

To achieve net zero emissions globally, a transformation is required across all sectors, from governmental to corporate levels. To facilitate this transformation, the [UN's Marrakech Partnership](#) developed [Climate Action Pathways](#) and launched [The Race to Zero Breakthroughs](#) campaign. The campaign provides a set of sectoral visions and comprehensive roadmaps to achieve the necessary impacts for the transition. Collaboration among cities, regions, and private sector leaders is crucial, and all parties must commit their skills and resources to achieve these breakthroughs.

Recommended reading:

- ◆ [Reports and Publications by the UNFCCC \(United Nations Framework Convention on Climate Change\)](#)

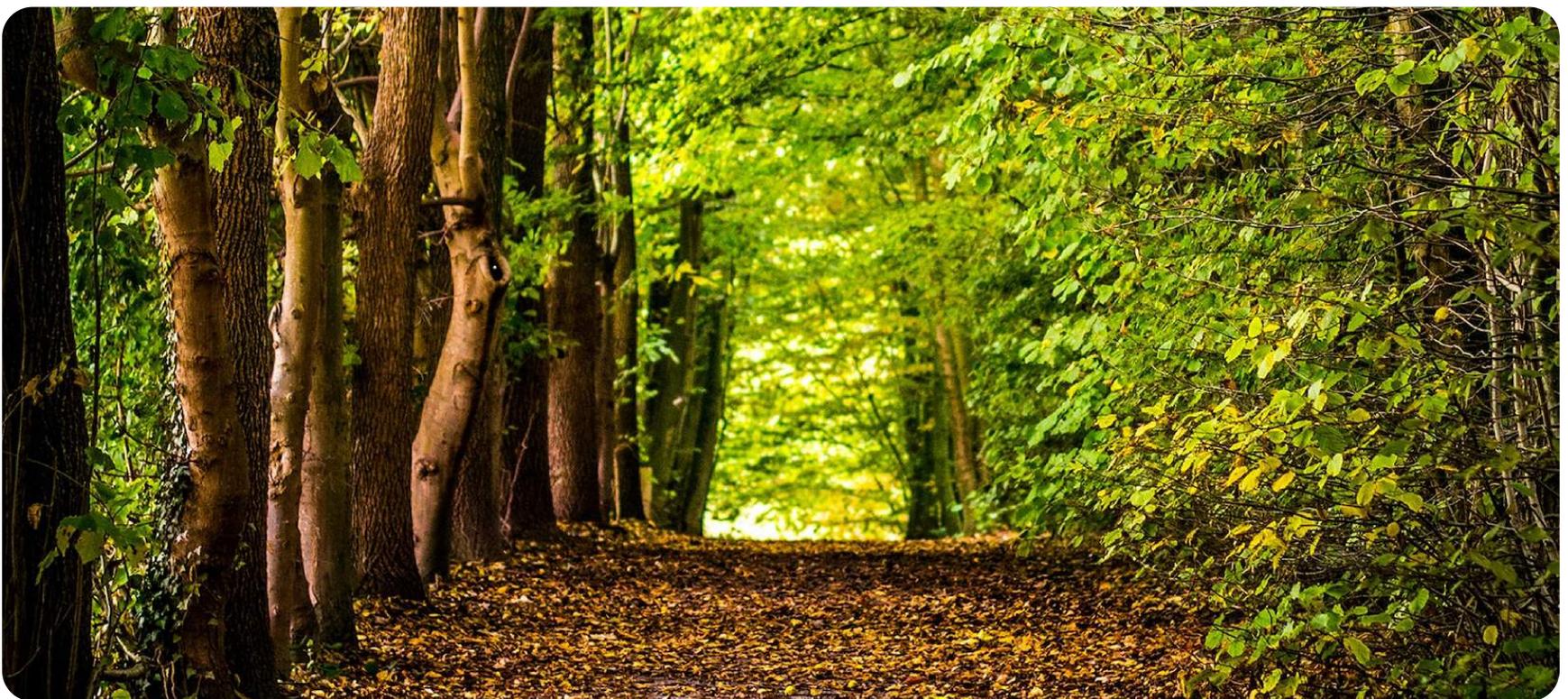
Changing Global Cash Flows: New Investor Priorities

To effectively address global climate change, it is crucial to allocate all available resources to accelerate the transition as quickly as possible, including financial resources. Reorienting investments and finances towards achieving net zero emissions will remain a key focus in all upcoming COP climate change conferences and the Race to Zero.

Mark Carney, the UN Special Envoy for Climate and Finance and former Governor of the Bank of England, explained the significance of transition plans for net zero targets. As a finance advisor to the UK Prime Minister for the United Nations climate summit in 2021 (COP26), he stated,

"The transition to net zero is creating the greatest commercial opportunity of our time. Net zero targets must be underpinned by transition plans so that investors can assess which companies will seize the opportunities in the transition and which will cease to exist. The priority of the COP26 Private Finance work is to support investors in assessing the credibility of company transition plans, measuring how their own portfolios are aligned to net zero, and disclosing the alignment of investment portfolios."

To guide investors in their decarbonisation journey, different initiatives have developed manuals with frameworks to follow.



Target setting guidelines for investors:

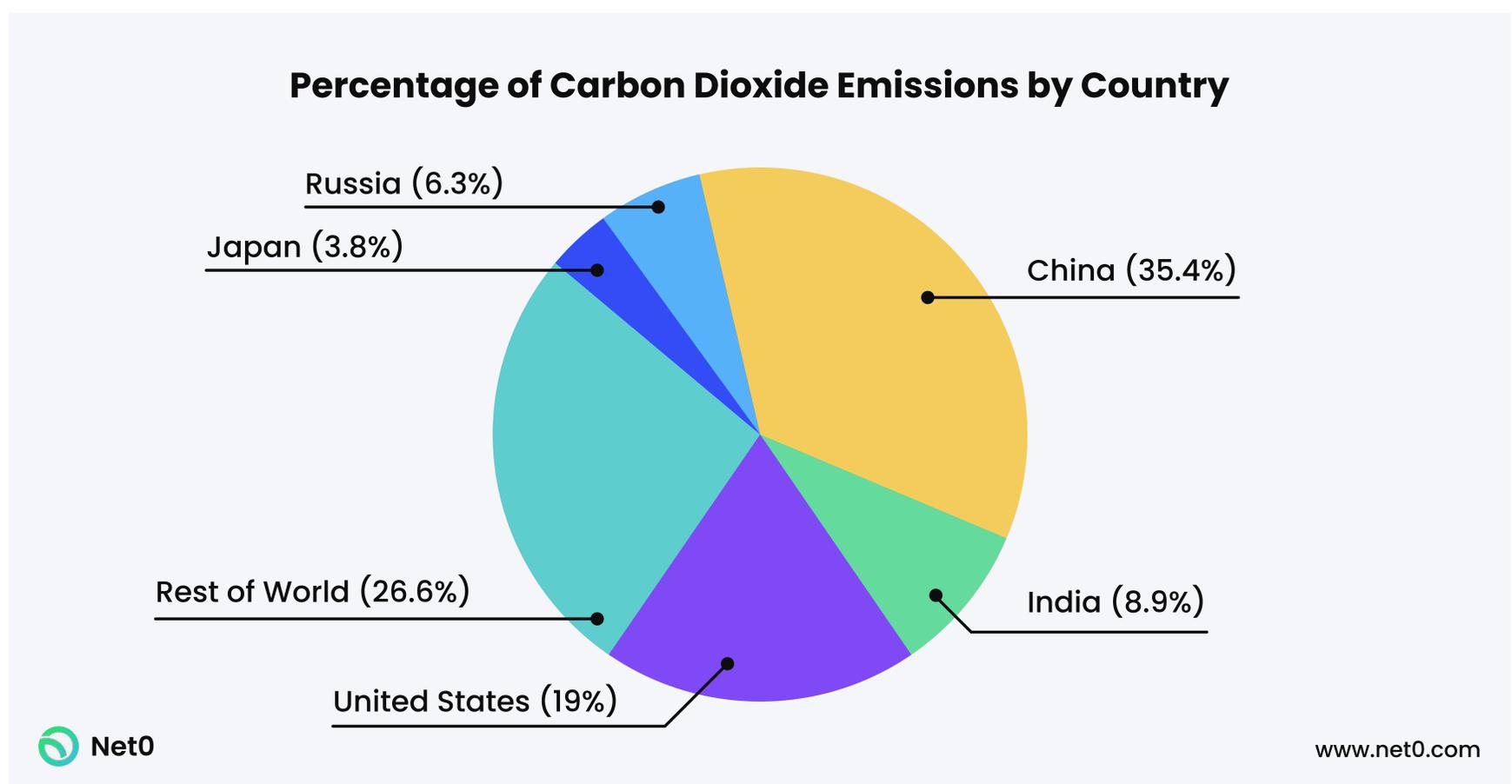
- ◆ **Institutional Investors Group on Climate Change (IIGCC) and Paris Aligned Investment Initiative (PAII)**
- ◆ **Science Based Targets Initiative (SBTi) for Financial Institutions**
- ◆ **United Nations–Convened Net Zero Asset Owner Alliance (NZAOA) target-setting protocol**
- ◆ **UNEP Finance Initiative: Guidelines for Climate Target Setting for Banks**

4.2 NATIONAL GOVERNMENTS' COMMITMENT TO NET ZERO TARGETS

Governments play a crucial role in leading the implementation of Paris-aligned action. To achieve the global target of net zero emissions, over 130 countries have either proposed or are discussing net zero targets, with 55 countries setting a nationwide net zero target in a policy document. Of these, 17 countries have made their targets legally binding⁸.

The United Kingdom was the first large economy to enact a net-zero legislation in 2019, aiming to reach carbon neutrality by 2050. The European Union followed with a bloc-wide net-zero target for 2050 in its [European Green Deal](#). In August 2022, the United States Senate passed the Climate Bill, which has the potential to reduce the nation's carbon emissions by 40% (read [Inflation Reduction Act](#)⁹). Once approved by the House, this legislation is expected to pave the way for net zero emissions by 2050. China, the world's largest emitter, and Russia, the third-largest producer of oil worldwide, have both announced their goal to become carbon-neutral by 2060. India, one of the most populated and climate-vulnerable countries, aims to achieve net zero emissions by 2070.

Given that China, the United States, India, Russia, and Japan are **the top five carbon-emitting countries**, it is crucial for them to have robust carbon reduction plans to meet the global target. As of now, only Bhutan, Suriname, and Panama absorb more greenhouse gases than they emit.



⁸ ZeroTracker (2022). (n.d.). ZeroTracker.

⁹ Inflation Reduction Act (2022) 'Summary of the Energy Security and Climate Change Investments in the Inflation Reduction Act of 2022'

Evaluating national net zero targets

Given the urgency of achieving global net zero CO₂ and GHG emissions by 2050 and 2070, respectively, it is imperative to evaluate the effectiveness of national net zero targets and corresponding carbon reduction plans.

To assess the features, resemblances, and distinctions between the objectives of 51 nations plus the EU (approved in law or presented as legislation/policy documents), the OECD conducted an exhaustive examination. The results of the study can be found in the OECD paper titled "[Understanding Countries' Net-Zero Emissions Targets](#)." This paper delves deeper into countries' experiences with converting net-zero targets into short-term plans and includes an analysis of four case studies that illustrate how countries create and implement various paths to reach net-zero¹⁰.

The [Climate Action Tracker](#) (CAT) is a partnership between [Climate Analytics](#) and [NewClimate Institute](#). They have developed a blueprint consisting of ten key elements of good practice that governments should consider to ensure transparent, comprehensive, and robust net zero targets. Another co-initiative from the NewClimate Institute, in collaboration with the University of Oxford, is the [Net Zero Tracker](#) (NZT). Similar to the CAT, the NZT uses key target criteria to analyze the quality of net zero targets. Additionally, it provides the most up-to-date data on the development of net zero targets worldwide at the country, region, and city level.

CAT | Ten key elements of good practice net zero target setting:

- 1. Target year:** Governments should clearly communicate the target year or a short period for achieving net zero emissions..
- 2. Legal status:** Net zero targets should be legally enshrined in national law for accountability and to ensure continuity across different governments.
- 3. Emissions coverage:** Net zero targets should cover all greenhouse gases, sources, and economic sectors to avoid any loopholes or gaps in emissions reduction.
- 4. International aviation and shipping:** Net zero targets must include international aviation and shipping emissions to avoid shifting emissions from domestic to international sources.
- 5. Role of carbon dioxide removal:** The role of carbon dioxide removal should be clearly defined and accounted for in net zero targets to avoid over-reliance on unproven technologies.
- 6. Separate reduction and removal targets:** Clear sub-targets for emission reductions and removals increase transparency and accountability and make it easier to track progress towards net zero.
- 7. Reductions or removals outside own borders:** The most transparent net zero targets state that the country will reach net zero emissions within its own borders, but should also account for emissions outside their borders to avoid exporting emissions.
- 8. Review process:** A legally binding, regular review and revision process of the target and progress against it ensures accountability and transparency.

¹⁰ Jeudy-Hugo, S. et al. (2021). *Understanding Countries' Net-Zero Emissions Targets*. Organisation for Economic Co-operation and Development (OECD).

9. Comprehensive planning: A comprehensive planning process with actionable short and medium-term measures increases the likelihood of achieving net zero emissions and avoids delays or inconsistencies.

10. Fairness: The fairness of the target should be clearly communicated to avoid any perception of unfairness or inequity in the implementation of net zero policies.

Please note that the CAT Net Zero Methodology is specifically designed for national net-zero targets and may not be applicable for evaluating net-zero targets set by subnational and non-state actors.

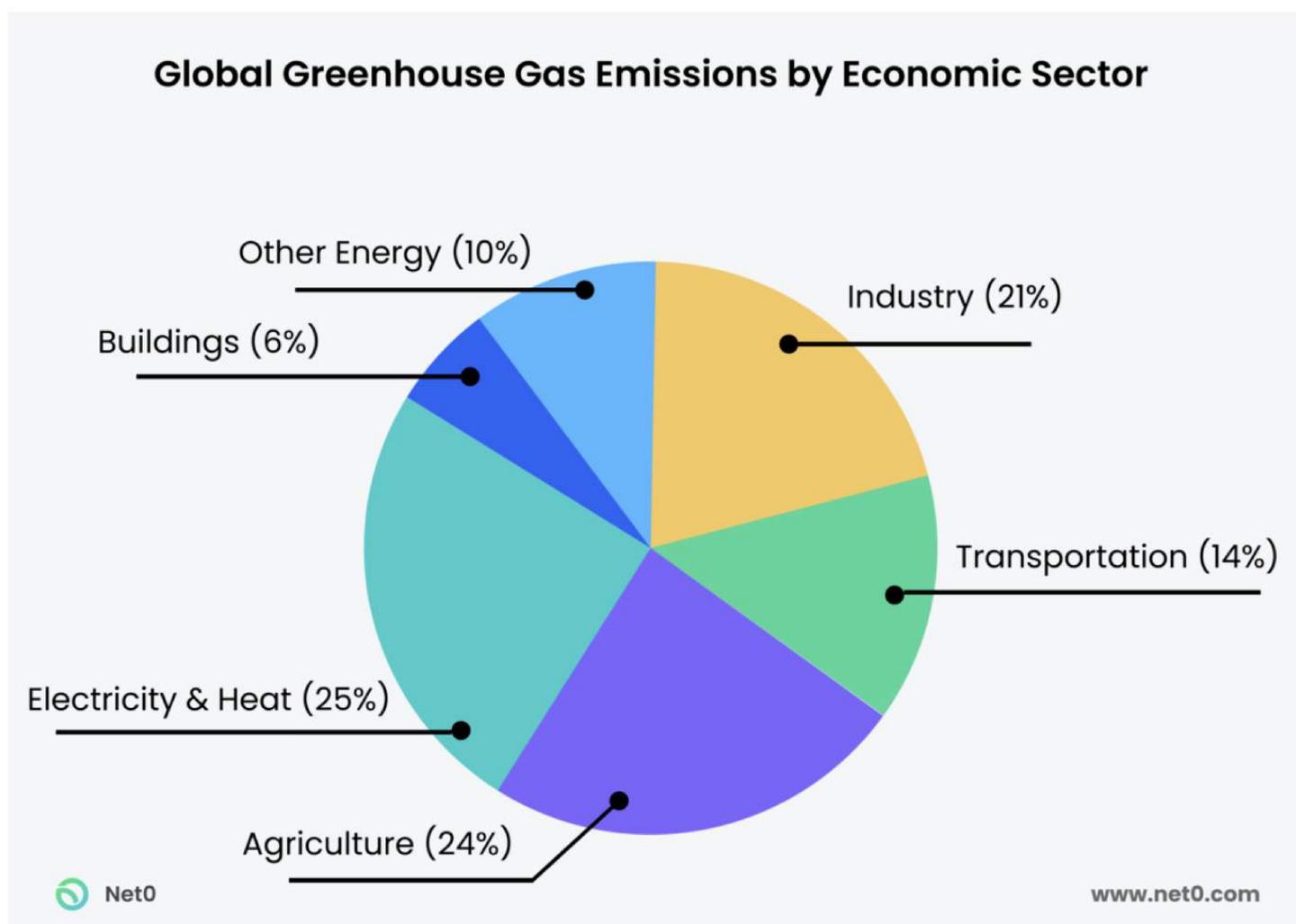
However, a more nuanced assessment at any level (national, regional, city, or company) will be essential in helping decision-makers design and improve their carbon reduction plans.

4.3 REGIONAL AND CITY LEVEL

Cities Race To Zero

According to UN Habitat, cities occupy less than 3% of the Earth's surface but consume 78% of the world's energy resources¹¹. Furthermore, they account for over two-thirds of global greenhouse gas emissions, with transportation and construction being major contributors.

A report by the IPCC emphasizes the crucial need for a comprehensive transformation of systems in areas such as energy, land use, urban and infrastructure, and industry, to limit global warming to 1.5°C¹². Consequently, regions and cities face immense pressure to develop pathways that align with the 1.5°C target.



¹¹ UN Habitat, 2018. *International Conference on Climate Change and Cities*.

¹² IPCC (2018) *IPCC Special Report on the impacts of global warming of 1.5°C*. Intergovernmental Panel on Climate Change.

For now, more than 1,000 cities have joined the Cities Race to Zero initiative as part of the **UN Race to Zero** campaign. Known as **C40 Cities** it builds a global network of city mayors and other city partners, such as **ICLEI, the Global Covenant of Mayors, CDP, UCLG, WRI** and **WWF**. Their collaboration supports cities in developing science-based carbon reduction plans consistent with existing reporting requirements and in introducing respective policies.

“Mayors worldwide are on the front lines of the climate change crisis – and we stand front and centre in the fight to address it.”

Eric Garcetti, C40 Cities chairman and mayor of Los Angeles

According to the Net Zero Tracker, which collects data on cities with populations of more than half a million people, a total of 240 cities have set formal net-zero targets¹³.

Among those 240 cities are:

- ◆ 25 mega-cities such as Rio de Janeiro, New York, Paris, Oslo, Mexico City, Melbourne, London, Milan, Cape Town, Buenos Aires, Caracas, Copenhagen, and Vancouver
- ◆ 60 cities with more ambitious targets than their nations

City	Country	Years ahead of country	City Target	Country Target	Supporting statements
Copenhagen	Denmark	25	2025	2050	Copenhagen has an ambitious plan to become the first carbon-neutral capital city by 2025
Adelaide	Australia	25	2025	2050	The city's target is more ambitious than Australia's nationally determined contribution (NDC)
Nottingham	UK	22	2028	2050	Nottingham City Council has set an ambition to become the first carbon-neutral city in the UK by 2028
Mumbai	India	20	2050	2070	Mumbai aims to reduce greenhouse emission from the 2019 level of 23.42 million tonnes or 1.8 tonnes per capita to zero by 2050
Liverpool	UK	20	2030	2050	Plan sets out actions Liverpool can take to become a net-zero city in 2030
Glasgow	UK	20	2030	2050	Glasgow has set a carbon-neutral target for 2030
Edinburgh	UK	20	2030	2050	Ambitious target to become a net-zero city... 15 years before Scotland's national net-zero target
Bristol	UK	20	2030	2050	In the One City Plan, Bristol is committed to becoming carbon-neutral and climate-resilient by 2030
Sheffield	UK	20	2030	2050	Sheffield City Council has declared a climate emergency and has set a target for the city to be zero-carbon by 2030
Newcastle	UK	20	2030	2050	Action plan presents Newcastle's view of how it can achieve its ambition to be net-zero carbon by 2030

[+ Show 20 more](#)

* Only includes those with a plan to support their target

Source: Net Zero Tracker (Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero)

CAPITALMONITOR

¹³ ZeroTracker. (n.d.). ZeroTracker.

Target Setting Needs a Feasibility Study and Practical Approach

While some cities have committed to achieving net-zero emissions, not all have developed a robust plan or formally announced a target to back up their pledge. In addition, many governments rely heavily on carbon offsets to achieve carbon neutrality, particularly in larger countries and cities where aspirational pledges are often made without a comprehensive feasibility study.

This approach is problematic because it fails to bring about the systemic transformation and deep-reaching carbon reductions that our business ecosystems urgently need. A cross-sectoral strategy and offsetting alone will not be sufficient to achieve the necessary results.

While it is understandable that cities and governments feel pressure to communicate net-zero pledges quickly, it is crucial to approach target setting and carbon reduction plans in a practical and feasible way. Given the complexity of our economic systems and supply chains, it is challenging to develop a robust plan, but it is all the more reason to take a down-to-earth approach.

4.4 CORPORATE LEVEL

Net Zero Companies and Initiatives

Companies have a pivotal role in decreasing the temperature rise to 1.5°C. While executives recognise the risk that climate change poses to their businesses and the urgency to act¹⁴, companies are still

- ◆ hesitating to take climate responsibility and to start measuring
- ◆ setting targets that are not consistent with a 1.5°C future
- ◆ communicating net zero targets that lack a robust reduction plan
- ◆ using offsetting as a prior net zero strategy

There are several initiatives available to support businesses in their journey towards achieving net-zero emissions. One of these initiatives is the **UN Race to Zero Initiative**, which provides guidance and resources for companies looking to set science-based targets to reach net-zero emissions by 2050.

New signatories today include companies in some of the hardest to abate sectors and those most impacted by COVID-19: Adobe, Inditex, Cap Gemini SE, Diageo, JLL, Rolls-Royce, and more.

A new global platform called **SME Exponential Race to Zero** has been founded by the **International Chamber of Commerce** (ICC) and the **Exponential Roadmap Initiative**, with the support of the **United Nations Framework Convention on Climate Change** (UNFCCC).

¹⁴ Deloitte (2022) *The Disconnect between Ambition and Impact: Deloitte's 2022 CxO Sustainability Report*. Deloitte Global.

“SME Exponential Race to Zero provides ICC’s network of 45 million small and medium-sized enterprises (SMEs) with concrete climate action tools and the financial resources necessary to set and achieve climate targets aligned with the ambition of limiting global warming to 1.5°C and thrive in a post-COVID-19 world.”

UNFCCC¹⁵

The **World Business Council for Sustainable Development** (WBCSD) has also introduced a framework called 1.5C SOS, which outlines the essential steps that all companies must take to decarbonize in line with the 1.5°C goal.

“SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies’ targets.”

SBTi

As previously stated, it is crucial to align net-zero targets with climate science to develop a resilient business plan that promotes ambitious and effective climate action.

Best guidelines for corporate net zero target setting:

- ◆ [SBTi Business Ambition for 1.5°C](#)
- ◆ [SBTi Manual](#)
- ◆ [Corporate GHG Inventorying and Target Setting Self-Assessment \(by EPA Center for Corporate Climate Leadership\)](#)

¹⁵ UN Climate Press Release (2020). *Cities, Regions and Businesses Race to Zero Emissions*.

5

EFFECTIVE STRATEGIES FOR SETTING REALISTIC NET ZERO TARGETS FOR COMPANIES

In the following sections, we will discuss several factors that can aid in the development of net-zero targets that have a higher likelihood of success.

However, before delving into the details, it's important to note a fundamental principle that applies to any long-term planning endeavor, including achieving carbon neutrality.

The traditional approach of setting S.M.A.R.T. goals is highly effective for this purpose. Therefore, practical project goals should align with the following criteria:

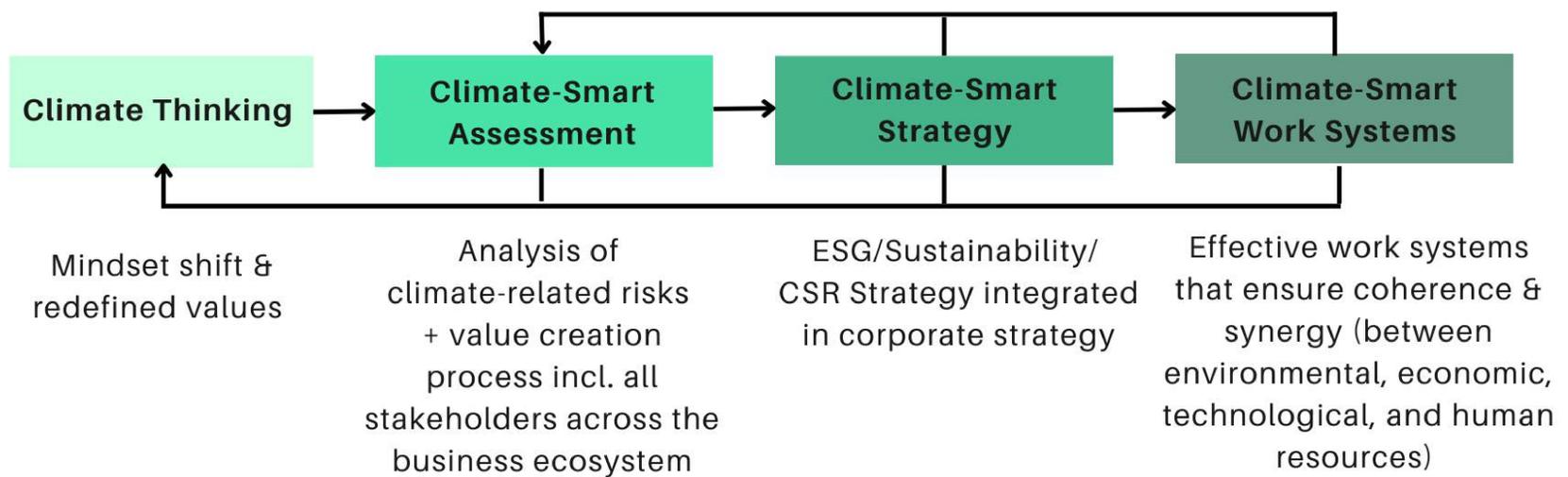
S.M.A.R.T. Goals for Effective Net Zero Planning

- 1. Specific:** The goal should target a specific aspect of sustainability or answer a specific need related to achieving net-zero emissions.
- 2. Measurable:** The goal must be quantifiable, or at least allow for measurable progress towards the net-zero target.
- 3. Achievable:** The goal should be realistic, taking into consideration available resources, technological limitations, and existing constraints.
- 4. Relevant:** The goal should align with the company's overall sustainability objectives and be considered a valuable part of the business strategy.
- 5. Time-bound:** The goal must have a specific deadline or defined end-point, providing a clear timeline for achieving the net-zero target.

Apart from the aforementioned criteria, there is one crucial factor in the process of setting targets that may have the most significant impact on achieving the desired outcomes - the underlying motivation. The underlying motivation significantly affects two of the S.M.A.R.T. criteria: **relevance** and **attainability**.

If the motivation behind the target is not aligned with the company's overall sustainability strategy, it may not be relevant, and if it is not feasible, it may not be attainable.

INTEGRATING CLIMATE THINKING FOR NET ZERO BUSINESS MODELS



Check out our comprehensive series of articles on integrating climate management into corporate strategies for achieving success.

1

Recommended reading:

- ◆ [Are Net Zero Business Models The Future of Responsible Leadership?](#)
- ◆ [Redefining Value and Corporate Priorities For Successful Net Zero Climate Management](#)
- ◆ [Integrating Climate Thinking into Corporate Strategy for Net Zero Business Models](#)
- ◆ [Considering Business Ecosystems for Effective and Profitable Climate Management](#)
- ◆ [Climate-Smart Work Systems For Net Zero Companies](#)
- ◆ [Using AI to Make Climate Management an Unconscious Competence for Present and Future Leaders](#)

Effective climate management begins with cultivating a climate mindset and getting crystal clear on the WHY: Why should your company strive for net-zero emissions? At the forefront of our argument is that a **growth mindset** is essential to set realistic and effective net-zero targets.

5.1 SETTING NET ZERO TARGETS WITH A GROWTH MINDSET

Carbon Neutral by 2050 – A Goal Imposed by Nature, an Opportunity To Grow

Setting net zero targets is a unique challenge, driven by our awareness of the Earth's limits and the need to respect planetary boundaries. To align with climate science, the target year for achieving net zero emissions should be **no later than 2050**.

However, it's highly encouraged by the Science Based Targets initiative (SBTi) to set targets even earlier than 2050. Embracing a growth mindset can help organizations see this challenge as an opportunity for innovation and growth, rather than just a compliance exercise.

By adopting a proactive approach and committing to reducing emissions, businesses can not only contribute to a more sustainable future but also reap the benefits of being an early mover in the transition to a low-carbon economy.

“A company is only considered to have reached Net Zero when it has achieved its long-term science-based target.”

SBTi

Leaders may find it challenging to set up a strategy for achieving a net-zero target, even if they recognize the importance of taking climate action. Some reasons why they may feel this way include:

- ◆ **Prioritizing other challenges:** Leaders may already be facing multiple challenges that require significant time, energy, and financial resources. Although they understand the urgency and their responsibility to take climate action, they may prioritize other challenges as a more pressing concern.
- ◆ **Lack of motivation:** Some leaders may not feel personally motivated to take action on climate change, especially if they do not perceive it as a significant threat to their business. They may not fully appreciate the potential impact of climate change on their organization, its reputation, or its stakeholders.
- ◆ **Focus on financial metrics:** Leaders may only measure success based on financial metrics, and therefore perceive the implementation costs of carbon accounting and management as a significant barrier to action.
- ◆ **Misconceptions about costs and benefits:** Some leaders may have misconceptions about the costs and benefits of carbon accounting and management. They may not appreciate the potential benefits of reducing emissions and improving their organization's reputation, nor the risks associated with inaction. As a result, they may not see the value of investing in carbon accounting and management.

We believe that, aside from the initial investment required, a lack of motivation and knowledge is the primary barrier to implementing carbon accounting and management. As responsible professionals, we aim to encourage leaders to seek information and insights from experts (or resources like this White Paper) to demystify this significant topic. By providing a clear understanding of the benefits of taking climate action, we can help shape a perspective that motivates leaders to take on the challenge of achieving net-zero emissions.

Our goal is to help leaders see the value of investing in carbon accounting and management, and to provide the support they need to succeed in this essential aspect of sustainability.

Seeking Support For A Preliminary Assessment and Expectation Management

When it comes to setting realistic targets for net-zero emissions, finding a middle ground between ambition and caution is crucial. However, both require a minimum baseline to justify the decisions that are made. This is why realistic target setting needs to be grounded in a preliminary assessment, also known as a feasibility study, that provides the information needed to make well-informed S.M.A.R.T. decisions.

To help illustrate this point, let's compare it to running a marathon:

- ◆ Just like a marathon runner needs a certain level of metabolic fitness and joint health, time, motivation, and knowledge to develop a training plan, an organization needs to assess whether they have the minimum requirements to set a foundation that they can build on to reach their net-zero goals.
- ◆ Without seeking support and consulting with experienced professionals, the likelihood of making beginner mistakes, wasting resources, risking injury, and losing motivation is high.

The race to net zero is one we all need to run, whether we want to or not. While sustainable practices, including carbon reduction methods, have been implemented for decades due to increasing environmental awareness, achieving net-zero emissions requires a whole new level of effort and commitment.

For any leader who has no experience in climate accounting and management, it is essential to:

- ◆ Seek support to take on this challenge.
- ◆ Become well-informed about the benefits, requirements, and strategies of integrating carbon accounting and climate management.
- ◆ Cultivate intrinsic motivation to view a net-zero business model as an absolute imperative for a healthy and resilient future (integrate climate thinking!)
- ◆ Start measuring progress towards their net-zero goals.

By taking these steps and conducting a preliminary assessment, organizations can set realistic and achievable net-zero targets that are grounded in feasibility and are consistent with their long-term goals for sustainability.

Cultivating Intrinsic Motivation To Run The Race To Net Zero

We all face the same challenge of transitioning to a net zero-emissions future, and there is no time to waste. Instead of considering it as an obligation imposed by authorities, leaders should recognize it as an opportunity to make better choices for their corporate health. By instrumentalizing the vision of reaching net zero emissions as an incentive, leaders can be more mindful of their resources and implement structural changes that ultimately save financial resources, such as through supply chain efficiencies.

To continue with the marathon runner analogy, running a 42km marathon can be a long-term goal to achieve in 2030. To accomplish this goal, the runner must nourish, strengthen, restore, re-strategize, learn, and readjust to become the fittest, healthiest version of themselves. The runner must set achievable short-term targets, such as finishing a 10km or 21km run, which can indicate progress towards their long-term goal. The underlying motivation to establish such an ambitious goal should be to sustain and further strengthen the runner's health.

Similarly, setting a net zero target can serve as an incentive to:

- ◆ Improve corporate well-being as a whole.
- ◆ Save environmental and financial resources.
- ◆ Contribute to the well-being of the planet and its natural ecosystems.
- ◆ Contribute to the well-being of people and communities.
- ◆ Contribute to a greener, more resilient economy.
- ◆ Lead, manage and live in harmony with nature.

By embracing these incentives, leaders increase their likelihood of approaching climate management with a required whole system thinking, harness its full potential and ultimately be more successful in the long run.

So, if resilience and increased well-being are on the other side, there's no reason to wait any longer to take action towards net zero.

5.2 STEP-BY-STEP APPROACH TO SUCCESSFUL NET ZERO TARGET SETTING

Realistic and effective net zero targets can only be achieved through a well-planned and structured approach. This step-by-step guide outlines the key actions that need to be taken to ensure that your net zero target is achievable and contributes to a sustainable future.

- 1. Seek Support and Gain Knowledge About Carbon Accounting**
- 2. Start Measuring**
- 3. Assess Reduction Possibilities and Feasibility**
- 4. Set Short- and Long-Term Targets With Respective Strategies**
- 5. Consider Further Success Factors**

1. Seek Support and Gain Knowledge About Carbon Accounting

Setting a net zero target requires measuring your carbon footprint accurately and understanding the different types and scopes of GHG emissions. Here are some steps to help you get started:

- ◆ Choose a reputable carbon accounting service that uses the latest emission factors and methodologies to ensure data accuracy and compliance with international and local GHG regulations. You can opt for intelligent carbon management software or consult with a reputable agency.
- ◆ Familiarize yourself with the different types of GHG emissions, including carbon and methane, and understand the three scopes of GHG emissions. This knowledge is crucial in identifying your emissions sources and determining appropriate reduction strategies.
- ◆ Learn about science-based targets (SBTs), which are specific, measurable, and time-bound targets aligned with the goals of the Paris Agreement. SBTs help businesses set credible targets and track progress.
- ◆ Get information about disclosure requirements, such as the Carbon Disclosure Project (CDP), which is an international initiative that enables companies to disclose their environmental impacts, including GHG emissions, to investors and other stakeholders.
- ◆ Understand the difference between GHG reduction methods, offsetting, and carbon removal. While reducing your emissions is the most effective way to reach net zero, offsetting and carbon removal can be complementary strategies to achieve carbon neutrality. However, it's essential to choose high-quality offset projects and understand the limitations of carbon removal technologies.

Net0 helps large businesses worldwide become carbon neutral by providing an easy to use, fully automated solution. **Net0's** comprehensive software enables emissions measurement and reduction planning, stakeholder reporting, and regulatory compliance. With **Net0**, businesses can easily track their carbon footprint and take actionable steps towards reducing their emissions, making progress towards their sustainability goals. The platform is designed to provide a user-friendly experience and allow for seamless integration with existing business processes, making it an effective and efficient tool for carbon management.

2. Start Measuring

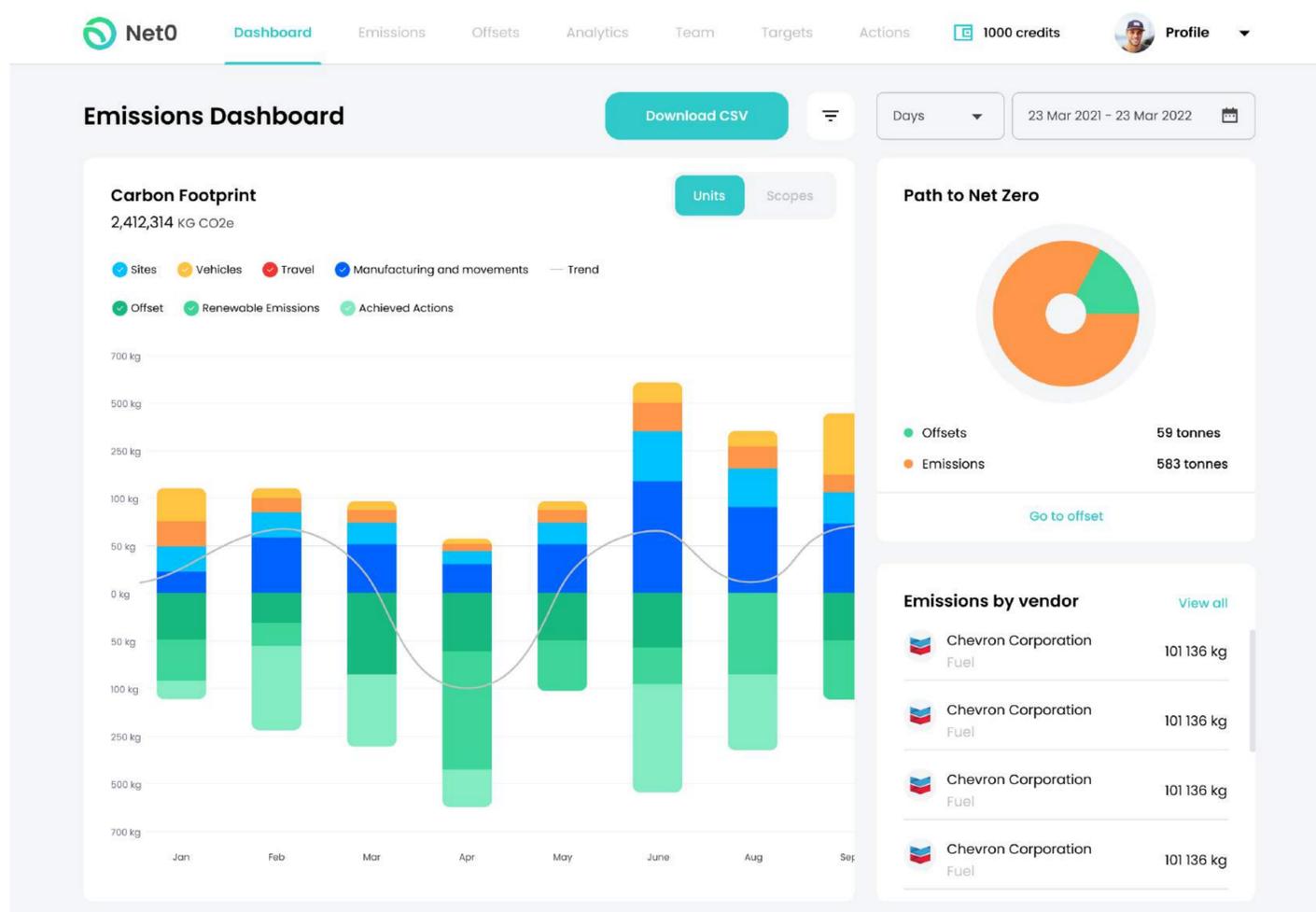
Accurately measuring emissions is a critical step towards achieving net zero emissions. Here are some additional steps to take when measuring emissions:

- ◆ Use a reliable and recognized emissions accounting framework, such as the GHG Protocol, to ensure consistency and comparability of data across different reporting periods.
- ◆ Utilize a carbon management software or service to ensure that data is collected, aggregated, and analyzed accurately and efficiently.
- ◆ Conduct regular audits of the data and measurement processes to ensure data quality and integrity.
- ◆ Develop a tracking system to monitor emissions over time, including setting targets and tracking progress towards those targets.
- ◆ Collect data on non-carbon emissions such as water and waste, as these can also contribute to a company's overall environmental impact.
- ◆ Consider measuring and reporting on additional indicators, such as social and environmental impacts, to gain a more comprehensive view of a company's sustainability performance.



One of the key features of **Net0** is its ability to put carbon measurement on autopilot using AI tools, API integrations, and ERP integrations. This means that businesses can easily track their emissions and get a comprehensive understanding of their carbon footprint without having to spend significant time and resources manually measuring their emissions.

The automation provided by **Net0** enables businesses to accurately measure their direct and indirect emissions across their entire supply chain (scope 1+2+3). This comprehensive measurement allows businesses to identify their highest emission drivers and take targeted steps towards reducing their carbon footprint.



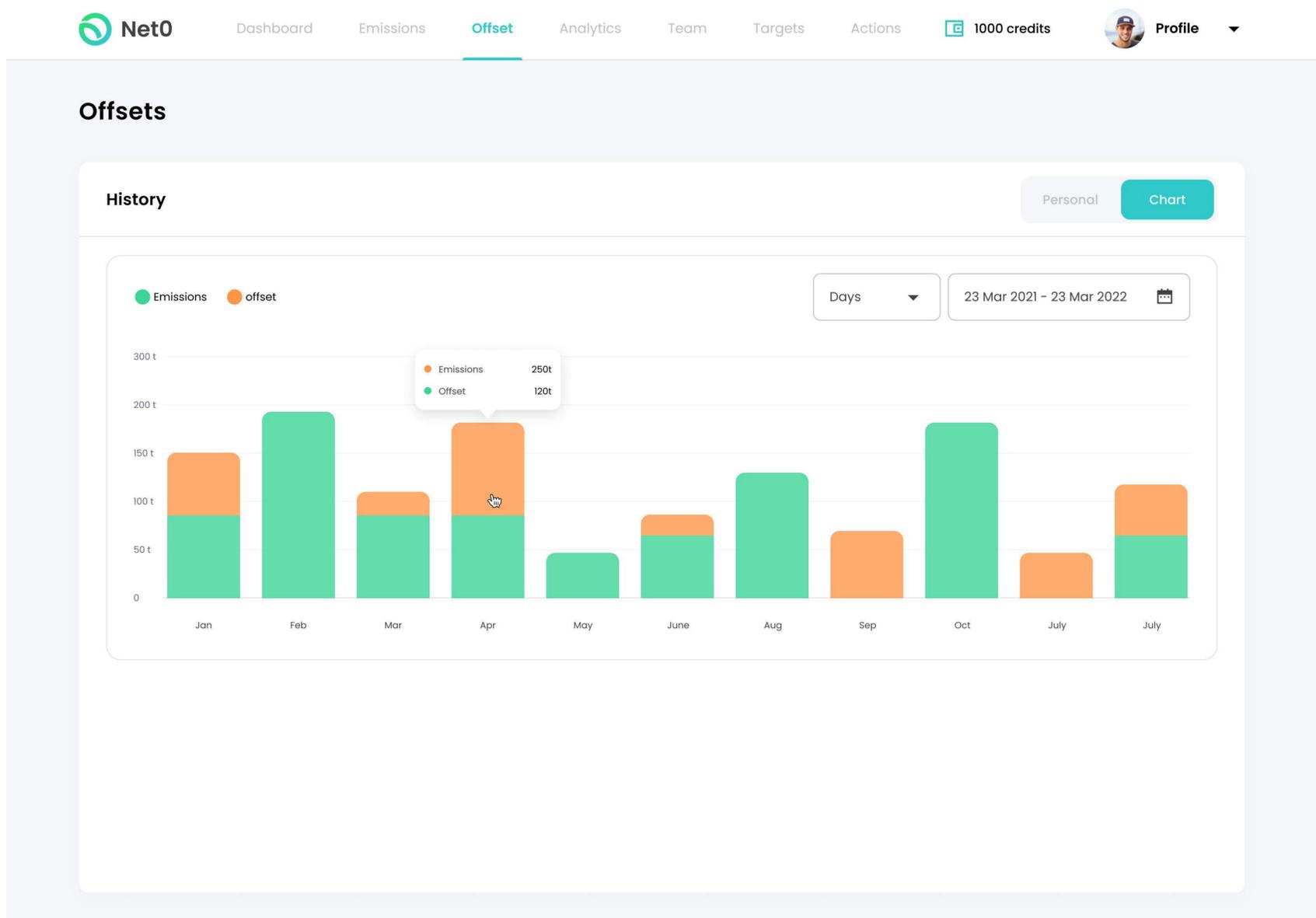
3. Assess Reduction Possibilities and Feasibility

Once a business has measured their emissions, they can start to assess the potential for reducing their carbon footprint. This stage involves evaluating the feasibility of various carbon reduction initiatives and changes in supply chain, technologies, and work systems. Here are some steps to consider:

- ◆ Consider what role offsetting and carbon removal should play compared to deep reduction methods. This involves determining the extent to which your company can reduce its emissions directly through changes to operations, processes, and supply chains, and whether offsets or removals are necessary to achieve your targets.
- ◆ Evaluate carbon reduction initiatives and the feasibility of respective (structural) changes in the supply chain, technologies, and other work systems. This involves assessing the potential effectiveness of various initiatives, such as switching to renewable energy, investing in efficiency improvements, or changing transportation methods, and evaluating their feasibility in terms of cost, practicality, and impact on other business goals.

- ◆ Use an AI-powered simulation tool to get insightful predictions about the impacts of possible business changes on your carbon footprint. This involves leveraging advanced technologies such as artificial intelligence, machine learning, and big data analytics to simulate different scenarios and predict their impact on your company's emissions, allowing you to make informed decisions about which strategies to pursue.
- ◆ Prioritize reduction opportunities based on their potential impact and feasibility. This involves identifying the most significant sources of emissions within your operations and supply chain and evaluating the potential impact of different reduction initiatives on those sources, in order to prioritize your efforts and maximize your impact.
- ◆ Develop a detailed plan for implementing reduction initiatives and tracking progress. This involves developing a roadmap for implementing the initiatives that you have identified, setting clear targets and timelines, assigning responsibility for different aspects of the plan, and establishing metrics for tracking progress and success.

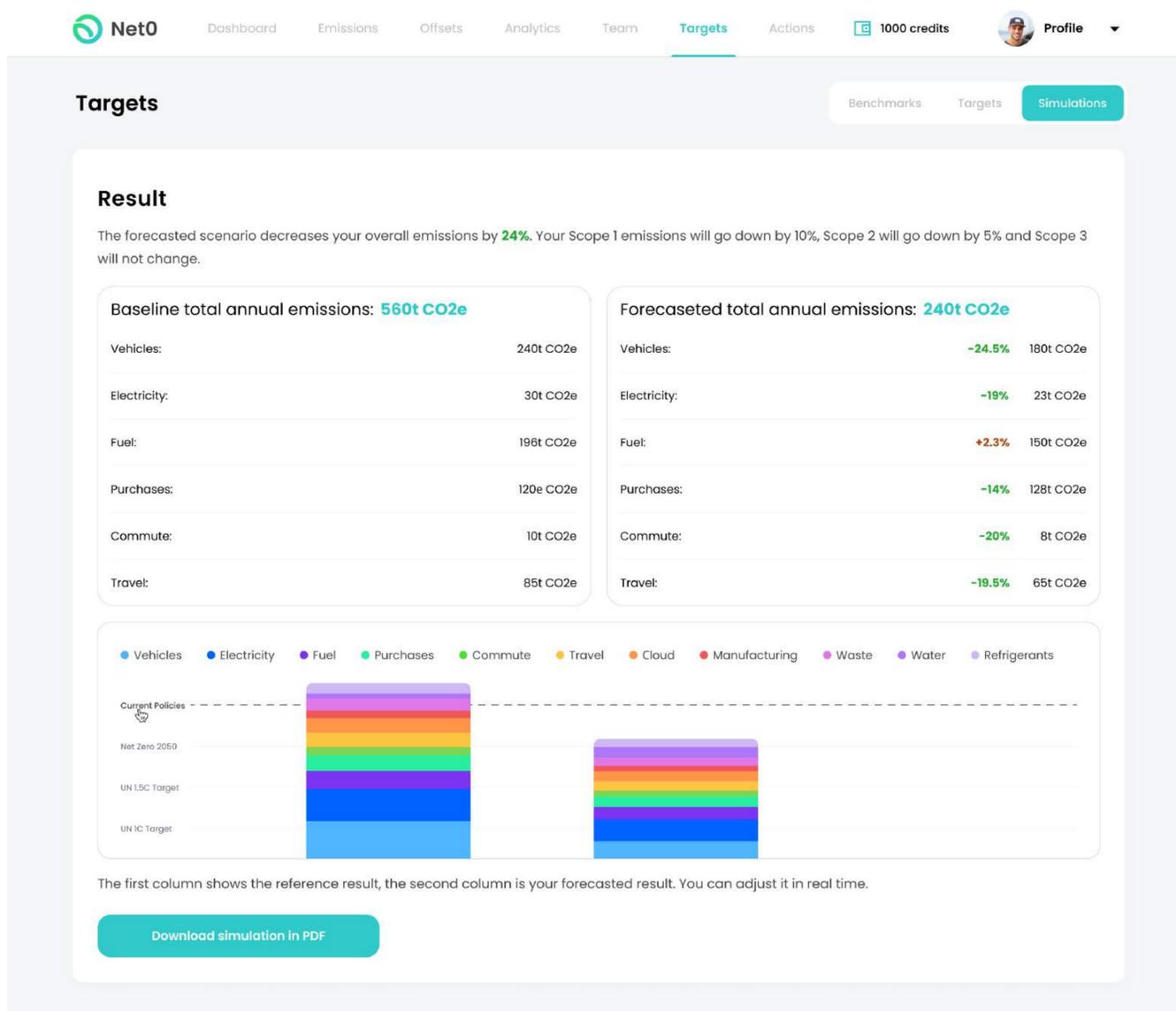
According to the Paris Agreement and the GHG Protocol, carbon reductions and offsetting projects are part of a successful mitigation strategy. However, as the **SBTi** emphasizes, companies must **prioritize decarbonisation** over offsetting and removal. Deep reduction efforts are the premise of achieving a global transition to net zero emissions.



Net0's carbon management program facilitates a net-zero strategy by providing a comprehensive solution for reducing carbon emissions. The platform automates and simplifies the process of data collection across the entire supply chain to give instant insight into reduction possibilities, while also involving team members through action cards and task allocation.

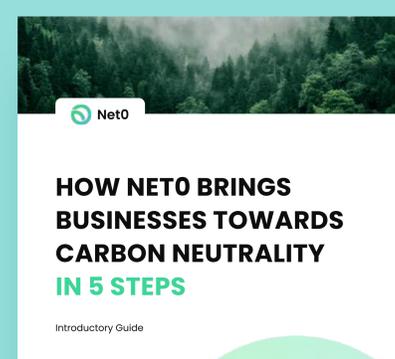
Net0's software considers the guidelines from the Science Based Targets initiative (SBTi) to ensure that your carbon reduction plan aligns with climate science and provides an AI-powered simulation tool for predicting the impacts of possible business changes on your carbon footprint. Additionally, the platform includes initiative planning functionality that evaluates carbon reduction initiatives and conducts cost-benefit analyses, sets science-based short- and long-term targets, tracks progress relative to targets and benchmarks, and creates accountability reminders on personal dashboards.

By utilizing **Net0's** comprehensive reduction features, businesses can take actionable steps towards reducing their carbon footprint and achieving their sustainability goals.



Recommended reading:

◆ **White paper: Introductory Guide: How Net0 Brings You Towards Carbon Neutrality In 5 Steps.**



Read more here about reduction strategies:

- ◆ [What Is Sustainable Business & What Are Their Practices?](#)
- ◆ [Simple Ways Your Business Can Become More Eco-Friendly](#)

4. Set Short- and Long-Term Targets With Respective Strategies Based On Preliminary Assessment

Setting targets should be based on a preliminary assessment of your organization's strengths, weaknesses, and areas for improvement. Here are some steps to take when setting short- and long-term targets with respective strategies:

- ◆ **Prioritize your goals.** Start by identifying the areas with the most significant impact and set targets accordingly. Prioritizing goals will help you to focus on the most effective ways to reduce emissions. For example, if your supply chain has the highest impact, you may want to prioritize reducing emissions from transportation or packaging.
- ◆ **Set specific targets.** Specific targets make it easier to measure progress and help ensure accountability. Use the data you collected during the measurement process to establish realistic targets. For example, you may set a target to reduce emissions from electricity use by 30% within the next 2 years.
- ◆ **Create a realistic timeline for achieving your targets.** Short-term targets should be set for the next 1-2 years, while long-term targets should be set for 5-10 years in the future. This will give you a clear roadmap and help you to stay on track.
- ◆ **Identify specific strategies that will help you reach your targets.** These could include investing in renewable energy, improving energy efficiency, reducing waste, and promoting sustainable transportation. Choosing the right strategies will depend on your business and the areas of highest impact.
- ◆ **Allocate resources.** Make sure you have the resources needed to achieve your targets. This includes funding, personnel, and technology. Proper allocation of resources will help you to implement your strategies effectively.
- ◆ **Regularly monitor progress towards your targets and adjust strategies as needed.** This will help ensure that you stay on track and meet your goals. Monitoring progress can also help you to identify new opportunities for emission reductions and adjust your strategies accordingly.

Net0's initiative planning functionality allows businesses to evaluate and prioritize carbon reduction initiatives based on cost-benefit analyses, ensuring that resources are allocated effectively. Short- and long-term targets are set based on these initiatives and are regularly tracked and benchmarked against progress, creating accountability and driving continued improvement.

With **Net0**, businesses can take a proactive approach to carbon reduction, setting realistic targets and developing tailored strategies to achieve them.

5. Consider Further Success Factors

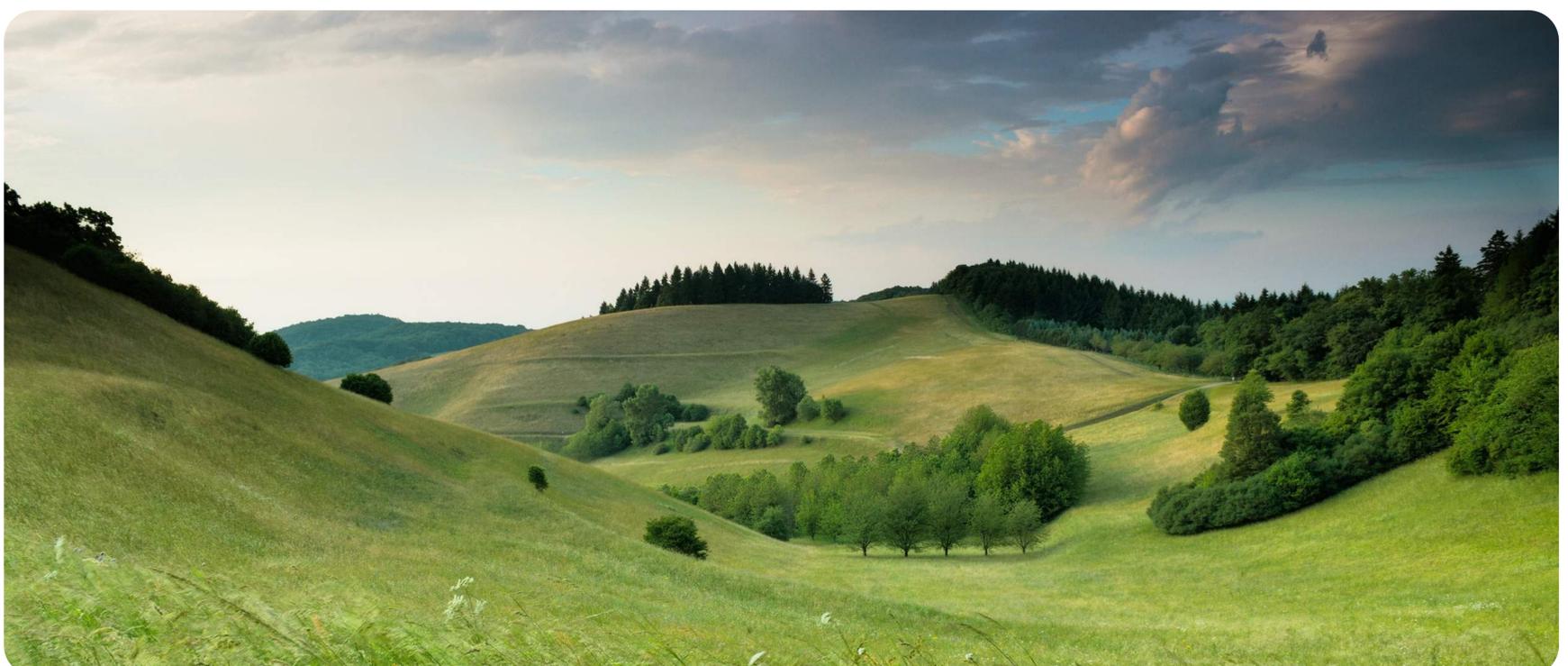
- ◆ **Practicality and Simplicity:** The practicability and simplicity of the emission management process are critical to achieving a company's net-zero ambition. Simple and effective work systems are essential for reaching profound carbon reduction and keeping teams accountable for their climate leadership role. It is important to ensure that the process is practical and not overly complicated, as this can lead to confusion and hinder progress.
- ◆ **Team Commitment:** Good teamwork is essential for any project's success, and this is especially true for carbon reduction efforts. Setting realistic goals and ensuring a strong cohesion between top management, teams, and work systems maximizes time and resources and boosts confidence in taking bold steps towards carbon reduction. Building internal confidence in achieving goals before making a public announcement also helps prevent distrust and greenwashing accusations among employees.
- ◆ **Trial Phase and Re-evaluation:** Companies can set preliminary goals internally and run pilot projects or scenario modeling to see if these efforts can drive the desired outcomes. It is essential to re-evaluate regularly to adjust strategies and ensure that they are on track to meet their goals.
- ◆ **Tracking and Reporting Progress:** Regularly tracking and reporting progress is critical to staying committed and ensuring real progress. Information should always be reported in relation to past accomplishments (the former carbon balance) and the target. This helps to identify areas that need improvement and adjust strategies accordingly.
- ◆ **Mindful Internal and External Communication:** It is crucial to consider what efforts and ambitions will be disclosed publicly and how to deal with other environmental issues. Companies should be aware of greenwashing accusations both internally and externally. It is recommended to consider a broader climate action program as part of a Sustainability/ESG/CSR strategy that takes further aspects into account (water scarcity/pollution, waste/packaging, etc.). Open communication about challenges and efforts taken can help build trust and integrity.
- ◆ **Corporate Pledge Programs:** Different initiatives have emerged to support businesses on their net-zero journeys, such as the UN Race to Zero Initiative. Companies can join to receive guidance in setting science-based targets to reach net-zero emissions by 2050. It is important to consider the advantages, motivation, and potential risks of joining such a program. Companies should also ensure that their corporate values align with the program they choose to join. Some programs that companies can join include the UN Global Compact, Amazon's The Climate Pledge, American Business Act on Climate Pledge, and Walmart's Project Gigaton.

At **Net0**, we recognize the importance of success factors in achieving a company's net zero ambition. Our platform not only offers a robust tracking and management system but also considers crucial factors such as team commitment, simplicity and practicability, and mindful communication. With **Net0**, businesses can build strong cohesion between top management, teams, and work systems, maximizing their time and resources and boosting their confidence in taking bold steps towards carbon reduction.

We understand that taking climate responsibility is a journey that requires a step-by-step approach, and that's why our platform is designed to support businesses at every stage of their net zero journey. **Net0** provides tools for trial phases and reevaluation, tracking and reporting progress, and mindful communication, helping businesses stay committed and accountable to their carbon reduction goals.

Here is a curated collection of valuable downloadable resources designed to assist your business in achieving a seamless transition to net-zero emissions.

- ◆ [Carbon Emissions Inventory Checklist](#)
- ◆ [Carbon Emissions Reduction Checklist](#)
- ◆ [Supply Chain Emissions Checklist](#)
- ◆ [Carbon Emissions Mitigation Strategies Checklist](#)
- ◆ [Communicating Your Efforts While Transitioning to Net Zero](#)
- ◆ [Employee Travel Emissions Checklist](#)
- ◆ [Employee Education and Engagement Checklist](#)
- ◆ [Partnerships and Collaborations Checklist](#)



6

WHO SHOULD BE INVOLVED IN THE TARGET SETTING PROCESS?

There is ongoing debate surrounding the responsibility for setting and achieving net zero targets. While some argue that governments should assume this responsibility, others believe that businesses and individuals also have a role to play.

There are several advantages to involving businesses and individuals in the pursuit of net zero emissions targets. Businesses, for example, have the capacity to innovate and identify new ways to reduce their GHG emissions. They can also work together across sectors to share best practices and ideas. Individual citizens can also make a significant contribution through the reduction of their own carbon dioxide emissions and the advocacy for change.

Governments can facilitate cooperation between all sectors, but ultimately, the participation of all stakeholders will be necessary to make meaningful progress in limiting global warming.

In order to set realistic and effective net zero targets, it is important to consider the specific roles and responsibilities of each player in the ecosystem. This is because achieving these targets requires a comprehensive, cross-sectoral transformation, which may be difficult to achieve without coordination.

6.1 THE TOP-DOWN APPROACH VS THE BOTTOM-UP APPROACH

The top-down approach: governments and climate pledge programs as mediators

Achieving net zero emissions at the governmental and regional level can be a complex and challenging task. It requires a comprehensive, cross-sectoral transformation, which may be hindered by supply chain complexity. In addition, the implementation of a reduction action plan may necessitate changes to existing legislation, as well as the creation of new communication channels to facilitate coordination and cooperation in the measurement process. Overall, the successful pursuit of net zero emissions goals will require **strong leadership**, clear direction, and effective collaboration among various stakeholders.

It is important not to underestimate the potential of the public sector to accelerate decarbonisation efforts. As McKinsey reports, based on collected data on government spending from the G20 countries¹⁶:

“Public-sector spending accounts for 47% of GDP in the European Union, 44% in the United States, 39% in Japan, and 18% in India. Reducing public-sector emissions could be a vital component of most national decarbonisation strategies. Public-sector entities could help to scale up solutions and to increase demand for low-carbon products and services by including their supply chains in decarbonisation efforts.”

¹⁶ Engel, H. et al. (2022). *Government organizations can shape decarbonization policies but also help reduce global emissions by transforming their own operations and supply chains.*

Organizations in the public sector that have created a greenhouse gas inventory are better suited to take part in decision-making and formulating standards for other stakeholders. As such, the development of a reliable **carbon accounting system** is a crucial prerequisite for achieving net zero emissions at all levels of governance.

Climate Pledge Programs (UN Global Impact, UN Race to Zero Campaign, C40 Cities, The Climate Pledge, SME Exponential Race to Zero, etc.) can play an essential role in sharing best practices and stimulating investment in the development of low-carbon products and services. Net zero emissions targets can serve as a valuable resource for leaders as they develop **carbon reduction plans** that align with existing **reporting** requirements. In addition, these targets can provide guidance for the implementation of relevant policies. Furthermore, they serve as a central hub for the sharing of knowledge and the pooling of collective efforts, facilitating the exchange of experiences and best practices among stakeholders.

With the collaboration of public institutions, businesses, and individuals as well as NGOs, we can create climate pledge programs that provide concrete goals to accomplish our environmental objectives.

The bottom-up approach: individuals and communities leading the way

The growing trend of individuals and communities setting net zero targets reflects an increased awareness and desire to take responsibility for their actions and mitigate the impacts of climate change. This trend is likely driven by the increasing accessibility of information about environmental issues and the direct impacts of climate change on individuals and communities. The influence and potential for individuals to effect positive change should not be underestimated.

According to a study by Nielsen, 66% of global consumers are willing to pay more for sustainable goods, and 56% said they would switch to a brand that is associated with a good cause.

The younger generations are leading the charge on this trend due to their heightened sense of social responsibility and commitment to environmental causes. In fact, 91% of millennials say they would switch brands to one that is associated with a good cause.

Net zero targets are being achieved in many inspiring ways. For instance, individuals and communities have set the bar high by leading the way with examples such as:

- ◆ **The city of Berkeley in the US**, which has committed to becoming carbon neutral by 2045
- ◆ **The UK village of Tyndallton**, which has set a target of net zero emissions by 2030
- ◆ **The Canadian town of Hudson**, which has set a target of net zero emissions by 2050

Evidently, net zero targets can vary from towns to cities and even individual households. This demonstrates the potential for attaining this goal on a large or small scale.

6.2 THE ROLE OF BUSINESSES IN THE TRANSITION TO A NET ZERO ECONOMY

Businesses are key actors in the transition to a net zero emissions economy, given their significant contribution to global emissions and their ability to effect change through both policy advocacy and operational improvements.

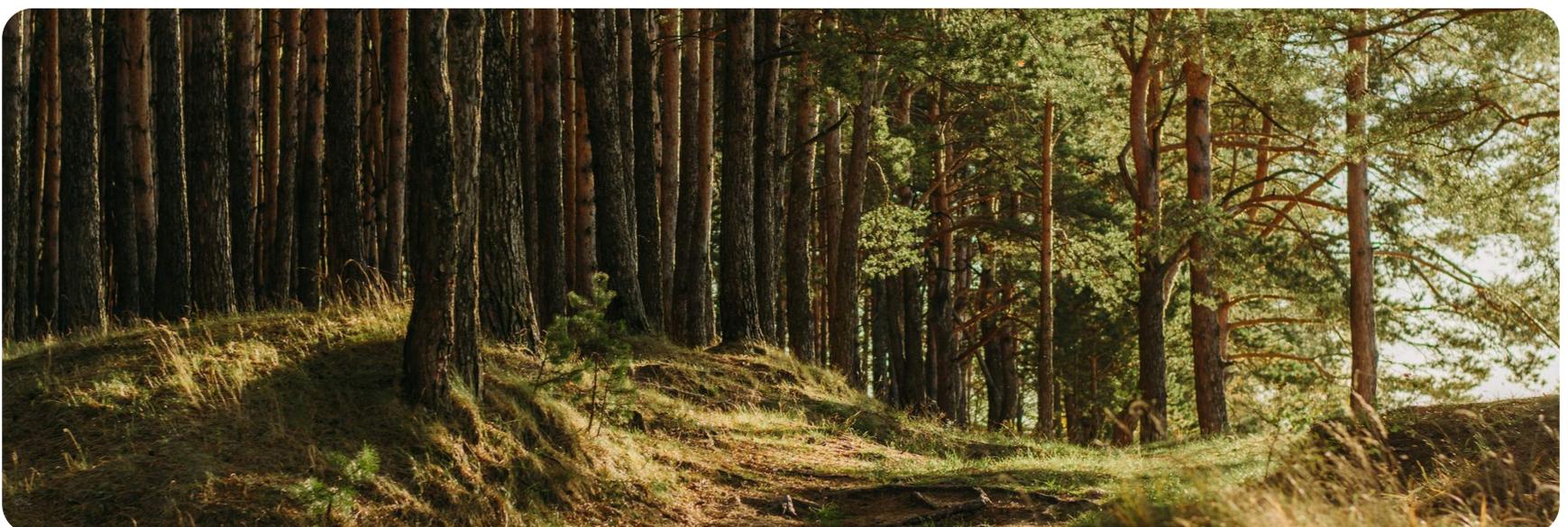
Here are some ways that businesses can support the transition to a net zero economy:

- ◆ Reduce energy use and switch to renewable energy sources
- ◆ Implement energy efficiency measures in their operations
- ◆ Use low-carbon materials and adopt sustainable supply chain practices
- ◆ Invest in and develop low-carbon technologies
- ◆ Offset remaining carbon dioxide emissions through **carbon offset** and carbon capture projects
- ◆ Engage in policy advocacy and support the development of supportive regulations and incentives for low-carbon development
- ◆ Communicate their efforts and progress towards net zero emissions to stakeholders, including customers, investors, and employees.

Leading businesses are already taking action on climate change, and there is a growing number of companies setting science-based targets for emissions reduction.

As of December 2021, the **Science Based Targets Network (SBTN)** has approved the science-based targets of over 1,600 companies. The SBTN is a collaboration between the **UN Global Compact**, the **World Resources Institute (WRI)**, the **World Wide Fund for Nature (WWF)**, and **CDP** (formerly the Carbon Disclosure Project), and it works with companies to set and implement science-based targets for reducing their carbon dioxide emissions.

In addition to the companies that have set science-based targets through the SBTN, there may be other companies that have set their own science-based targets or that are working towards science-based targets initiative settings in some other way.



Examples of companies that have set science-based targets

- ◆ **Unilever:** is a multinational consumer goods company that has set a science-based target to reduce its greenhouse gas emissions by 50% by 2030, based on a 2018 baseline. The company is also committed to sourcing 100% of its electricity from renewable sources by 2030.
- ◆ **eBay:** is an e-commerce company that has set a science-based target to reduce its carbon dioxide emissions by 80% by 2035, based on a 2019 baseline. The company is also committed to offsetting any residual emissions through carbon offset projects.
- ◆ **Ikea:** is a multinational home furnishings company that has set a science-based target to cut its GHG emissions by 70% by 2030, based on a 2016 baseline. The company is also committed to sourcing 100% of its electricity from renewable sources by 2030.

6.3 HOW CAN NET0 HELP BUSINESSES TO SET AND ACHIEVE NET ZERO EMISSIONS TARGETS?

Businesses need help to set and achieve their net zero targets, and **carbon management platforms** like Net0 can play a significant role in this process.



Setting net zero targets, committing to achieving them by implementing **sustainable strategies**, tracking the progress and reporting on carbon reduction can be a complex and time-consuming process. However, by using automated tools such as Net0, businesses can make this process simpler and more efficient.

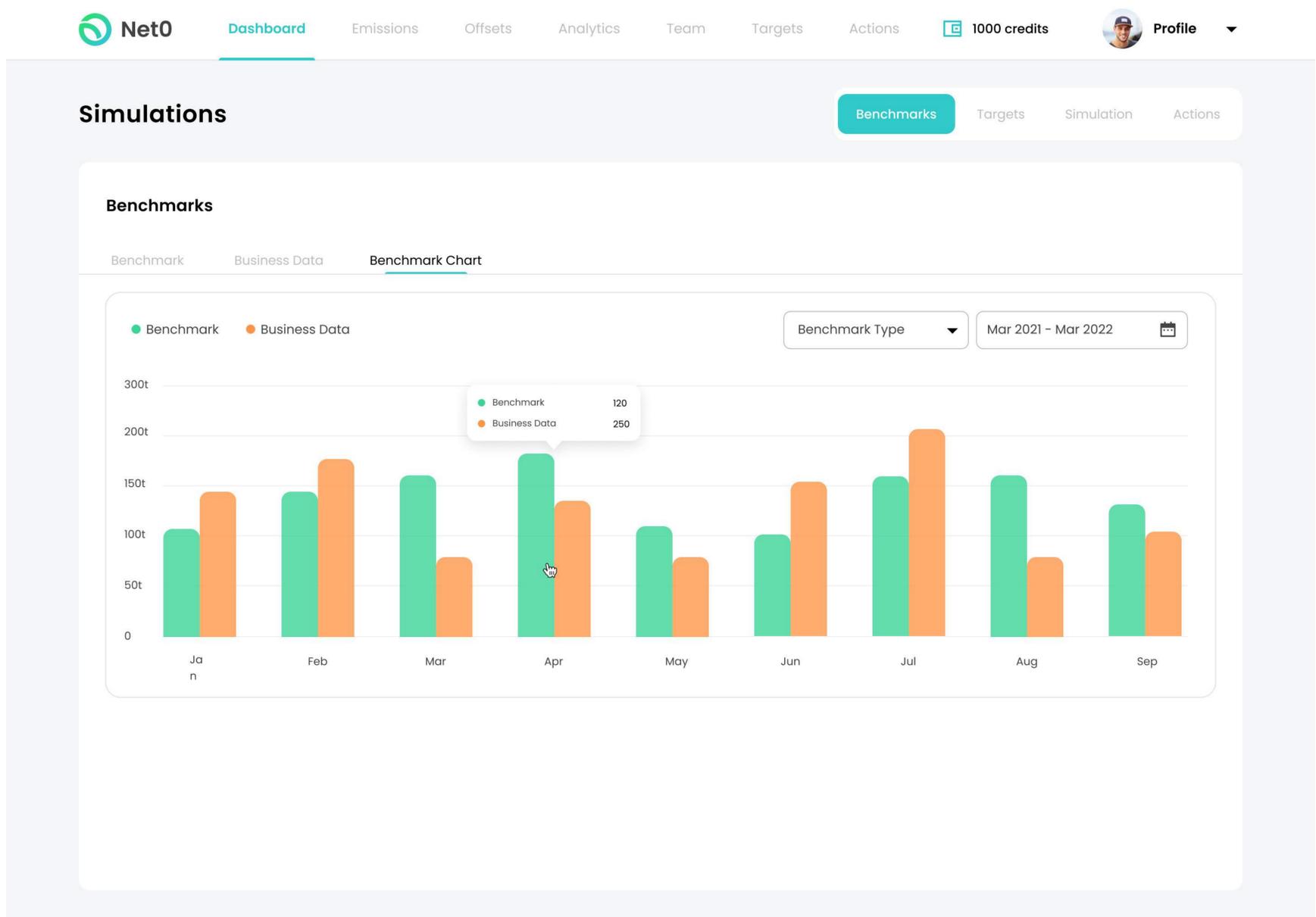
Game-changing Net0 features for businesses

Net0 provides a cloud-based platform that businesses can use to **track and manage** their emissions. The platform includes a wide range of features, with the following being particularly useful for setting and achieving climate goals:

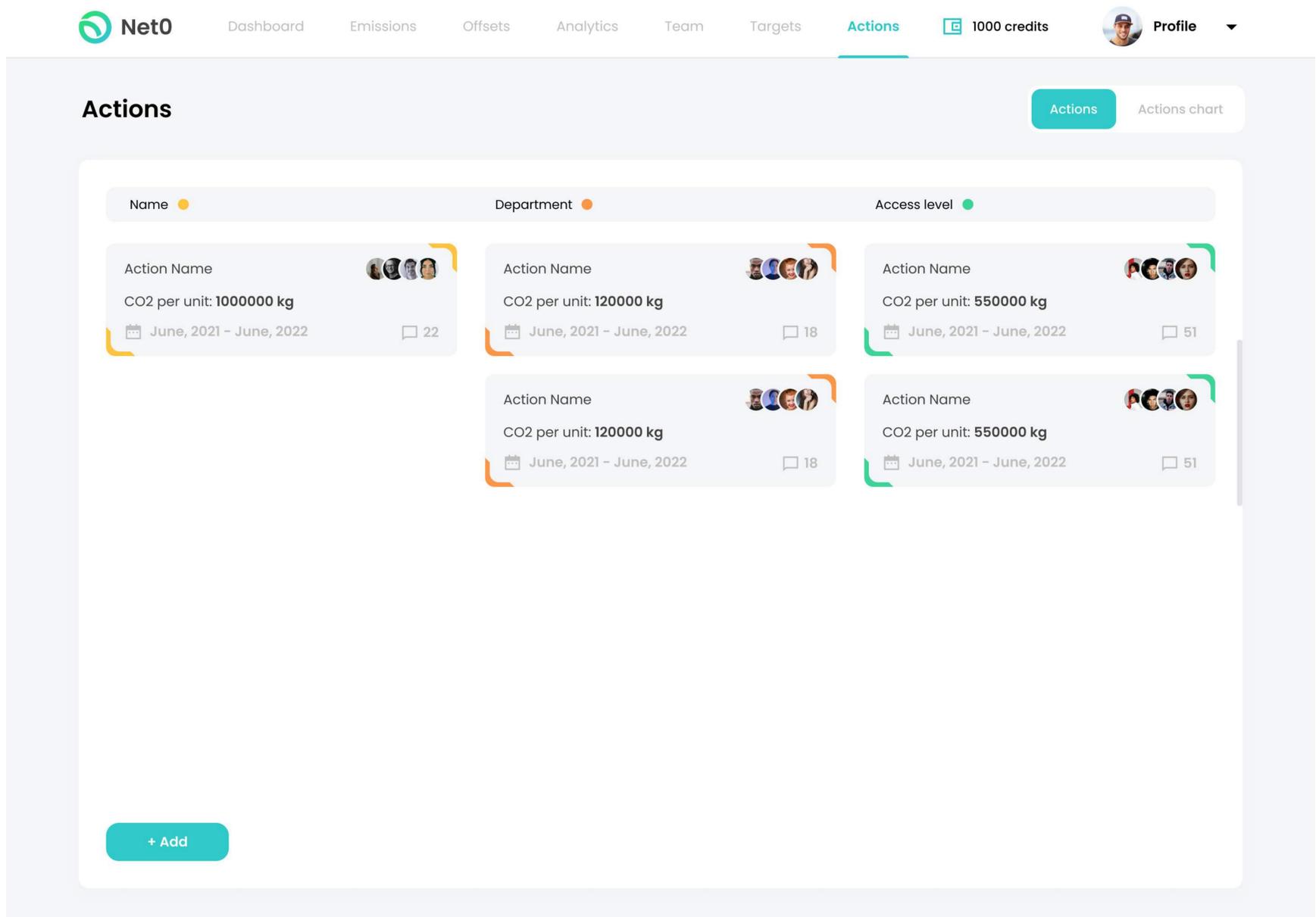
- ◆ **Carbon simulator:** by using Net0 software, businesses can simulate how different factors, such as operational changes or switching to renewable energy sources, can impact their carbon emissions reduction. The software also allows businesses to **track their progress** towards their carbon reduction goals.



- ◆ Financial simulator: by using Net0, businesses can simulate the financial impact of reducing their carbon emissions by analysing their current emissions data and **setting reduction goals**. This allows businesses to make informed decisions about investing in sustainability efforts and demonstrates a commitment to reducing their environmental impact.
- ◆ Benchmarking: by using Net0 to monitor carbon performance, companies can track their carbon emissions and see how they compare to industry benchmarks. This allows them to set goals for reducing their emissions and make more sustainable business decisions.



- ◆ Action cards: with Actions functionality, businesses can assign specific emission reduction tasks to team members and track progress towards meeting overall carbon reduction goals. This helps ensure accountability and efficiency in reaching those goals.



- ◆ Progress tracking: by using Net0, businesses can track their progress in reducing carbon emissions and easily share this information with stakeholders via public dashboards. This transparency helps to build trust and accountability within the company and the larger community.

6.4 THE ROLE OF SUPPLIERS ACROSS THE SUPPLY CHAIN NETWORK IN SETTING TARGETS AND TRANSITIONING TO NET ZERO

Suppliers have a vital role to play in the setting of net zero targets and the transition to a net zero economy. In particular, they can help businesses to understand their emissions footprint and set ambitious yet achievable reduction targets.

Here are four ways in which suppliers can support businesses in their transition towards net zero emissions:

- 1. Offer low-carbon products and services:** Suppliers can support businesses by providing products and services that have a lower carbon footprint. This could include offering energy-efficient products, renewable energy solutions, or sustainable transportation options.
- 2. Provide information and support:** Suppliers can help businesses understand the carbon impacts of their products and services, and provide guidance on how to reduce those impacts. This could include providing data on the carbon footprint of products, offering carbon offset and carbon capture options, or providing training and resources on sustainability best practices.
- 3. Collaborate on sustainability initiatives:** Suppliers can work with businesses to **identify and implement sustainability initiatives** that help to reduce GHG emissions. This could include developing and implementing energy-efficient processes, sourcing renewable materials, or participating in joint sustainability projects.
- 4. Set and communicate sustainability goals:** Suppliers can demonstrate their commitment to sustainability by setting and communicating their own net zero or sustainability targets. This can help to encourage businesses to adopt similar goals and can also help to build trust and credibility with customers.

Examples of companies working with suppliers to get to net zero

There are many companies that have started working with their suppliers to achieve net zero targets:

- ◆ **Patagonia** is a global outdoor apparel and gear company that has set a target to become carbon neutral across its entire value chain by 2025. To achieve this goal, the company is working with its suppliers to reduce their emissions and is also investing in renewable energy and carbon offset and carbon capture projects. Patagonia has also committed to using 100% renewable energy in its own operations by 2025.
- ◆ **Mars** is a global food and pet care company that has set a target to become carbon neutral by 2040. With the aim of achieving this target, the company is teaming up with its suppliers to aid them reduce emissions. Mars has also launched a Supplier Sustainability program, which provides support and resources to help suppliers cut emissions.
- ◆ **Nike** is a global athletic footwear and apparel company that has set a target to become carbon neutral across its entire value chain by 2050. To achieve this goal, the company is working with its suppliers to reduce their emissions and is also investing in renewable energy. Nike has also committed to using 100% renewable energy in its own operations by 2025.

Climate-smart software for collecting supplier data

According to the CDP, **Scope 3 emissions**, on average, account for approximately 80% of a company's total carbon footprint¹⁷. As such, it is essential for companies to collect data from their suppliers and business partners to accurately set targets for reducing their carbon emissions. However, some executives may view the process of collecting and analysing **Scope 3 data** as a significant obstacle to implementing carbon accounting. The use of AI-powered data analysis can greatly facilitate this process.

¹⁷ CDP (2022) *Relevance of Scope 3 Categories by Sector*. CDP Climate Change Questionnaire. In: CDP Technical Note.

“AI’s unique capacity to gather, complete, and interpret large, complex data sets [that] can help stakeholders take a more informed and data-driven approach to combat carbon emissions and addressing climate risks.”

Hamid Maher, managing director and partner at BCG and BCG GAMMA, and a co-author of the AI For The Planet Report

Business leaders charged with taking action on AI and the environment realise that Artificial Intelligence will be critical in overcoming our climatic difficulties.

“A research carried out by the Drax Group [...] revealed that 85% of the key decision-makers in the manufacturing sector consider data analysis a top priority within the plan for reaching net zero, but fewer than half (42%) cited a lack of data analysis knowledge within the business as a barrier to implementing the needed change.”

EPTDA (Leading Executive Association For Power Transmission Motion Control¹⁸)

EPTDA, the leading European network of 230 vendors and suppliers across Europe, the Middle East and Africa, strongly encourages executives to rapidly embrace automation for a smoother transition.

Benefits of AI

The network highlights the importance of using artificial intelligence-powered data measurement and analytics in the supply chain, specifically:

- ◆ To provide end-to-end visibility, allowing factory leaders to identify key carbon drivers and make informed decisions about where to allocate resources.
- ◆ To achieve data transparency by collecting and processing all relevant data to establish a baseline for analysing trends in reliability, cost, and environmental performance.
- ◆ To evaluate various baseline risk characteristics, allowing companies to assess the potential impact of proposed changes to processes and sourcing strategies.
- ◆ To identify opportunities for improving key performance indicators (KPIs).

¹⁸ EPTDA EU Monitoring (2022) *How to achieve net zero using data analytics*. Leading Executive Association For Power Transmission Motion Control.

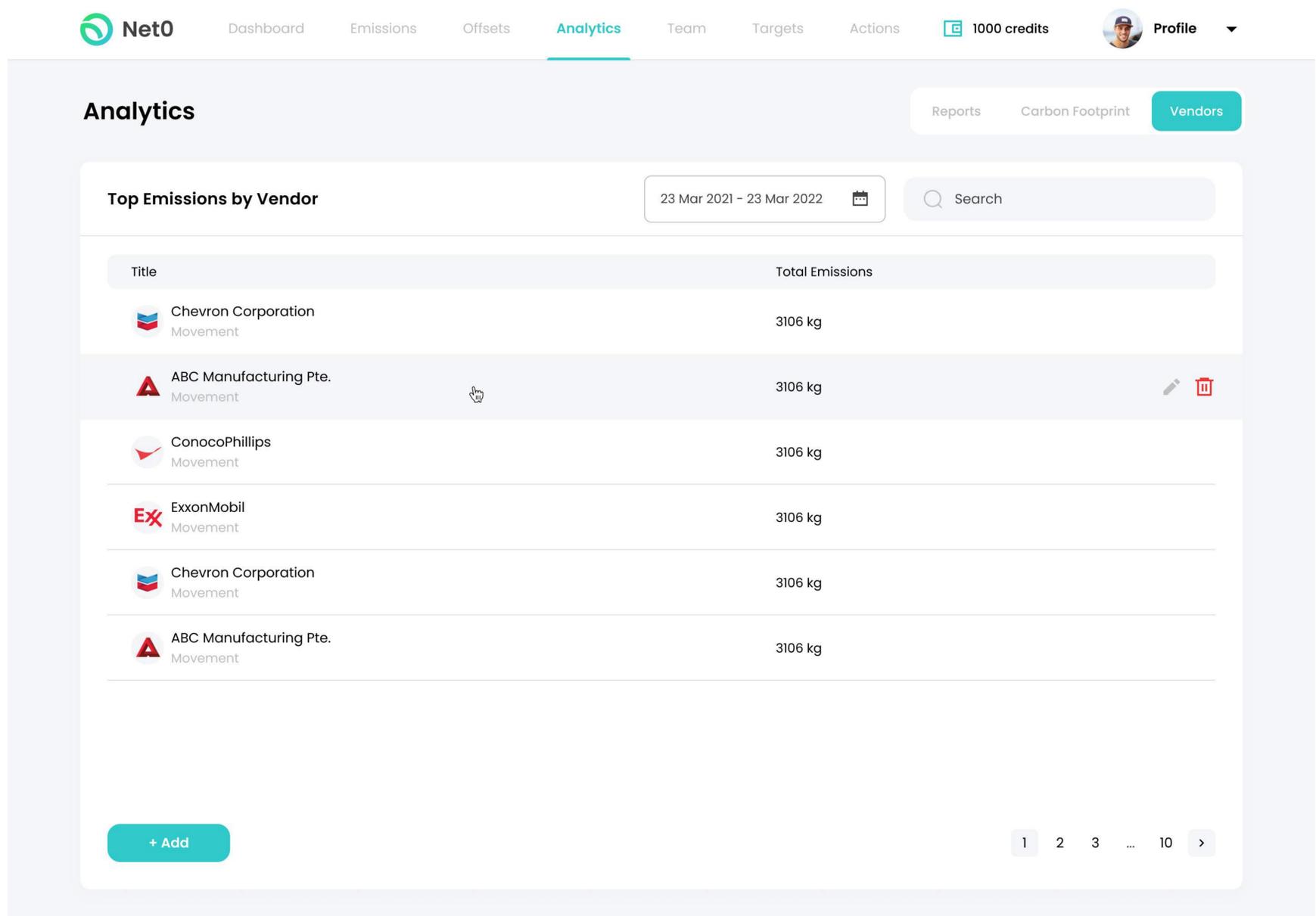
6.5 HOW CAN NET0 HELP TO COLLECT EMISSIONS DATA FROM SUPPLIERS?

Net0's software addresses the need for speed, transparency, and collaboration in data collection by providing a platform that is easy to use, quick to implement, and that offers real-time visibility into progress for all players in the supply chain.

Net0's vendor outreach programme allows businesses to effectively communicate with vendors, **collect data** in a structured and efficient way and invite suppliers directly to the platform to collaborate when it comes to creating effective strategies.

Net0's platform enables reporting entities to onboard thousands of vendors throughout their supply chain. In this way, companies can outsource parts of the carbon accounting process. Instead of one person being responsible for all management, it makes the data collection a collaborative process. However, the software can be utilized either way to suit your preferences.

What is more, Net0 sends automated reminders to vendors so the reporting company can obtain accurate scope 3 data for an **activity-based carbon accounting methodology** at a granular level. Real-time access to GHG inventories and reports enables the company to provide full transparency and track its progress easily.



The screenshot displays the Net0 Analytics dashboard. The navigation bar includes 'Dashboard', 'Emissions', 'Offsets', 'Analytics' (active), 'Team', 'Targets', 'Actions', '1000 credits', and 'Profile'. The main content area is titled 'Analytics' and features tabs for 'Reports', 'Carbon Footprint', and 'Vendors'. A section titled 'Top Emissions by Vendor' shows a table with columns for 'Title' and 'Total Emissions'. The table lists several vendors, each with a '3106 kg' total emission value. A search bar and a date range selector ('23 Mar 2021 - 23 Mar 2022') are also visible. At the bottom, there is a '+ Add' button and a pagination control showing '1 2 3 ... 10 >'.

Title	Total Emissions
 Chevron Corporation Movement	3106 kg
 ABC Manufacturing Pte. Movement	3106 kg
 ConocoPhillips Movement	3106 kg
 ExxonMobil Movement	3106 kg
 Chevron Corporation Movement	3106 kg
 ABC Manufacturing Pte. Movement	3106 kg

7 GETTING STARTED WITH NET0

Connect with us to **achieve carbon neutrality faster.**

Net0 helps large businesses worldwide become carbon neutral by providing an easy to use, fully automated solution. Net0's comprehensive software enables emissions measurement and reduction planning, one-click carbon offsets, stakeholder reporting and regulatory compliance.

[Click here to book a demo with us](#)

Analysis of where the business is on the sustainability journey

- ◆ Analysis of where you are on your corporate sustainability journey
- ◆ A brief assessment of your business **climate goals**
- ◆ Summary of how Net0's platform can help you **achieve its climate goals**
- ◆ Outline of **our playbook** to become a carbon neutral business
- ◆ **A plan to start your** net zero journey

