

# How to Achieve **Net Zero**

Your guide to setting targets, making plans, and expanding your impact



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# Introduction

A warming planet and a decarbonizing economy have exposed businesses to a number of new physical, regulatory, and market-based risks. For companies around the world, reaching net zero is quickly becoming imperative. In just over two years, the share of publicly listed companies with net zero targets has [more than doubled](#).

Those who haven't yet set targets should embrace the many opportunities of a net zero journey, including better corporate reputation, stakeholder relationships, and resilience in the face of a changing climate and [evolving regulatory standards](#).

**But net zero has become so interchangeable with other climate action jargon that it's important to take stock of what it really means and what it takes for businesses to meet net zero standards.**

This tangible guide details **four key steps** every company can take to achieve net zero.

1. Set targets

2. Follow a decarbonization pathway

3. Neutralize residual emissions

4. Invest in beyond value chain mitigation

# What is net zero?

Net zero means causing no overall increase in greenhouse gasses (GHGs) in the atmosphere and therefore not contributing to climate change.

A worldwide net zero society is one that experiences no overall increase in greenhouse gas emissions. In practice, this looks like very few actual emissions (<10% of current emissions) and investment in carbon removal technology to effectively 'neutralize' those few remaining emissions.

From a corporate perspective, the definition is much the same. The [SBTi defines net zero](#) as reducing scope 1, 2, and 3 emissions to zero or a residual level and permanently neutralizing residual emissions at the net zero target year and beyond (through carbon removals).

## Net

It means on balance, overall, or, in this context, considering the balance between GHGs fluxes into and out of the atmosphere.

## Zero

Zero here simply means zero emissions of GHGs.

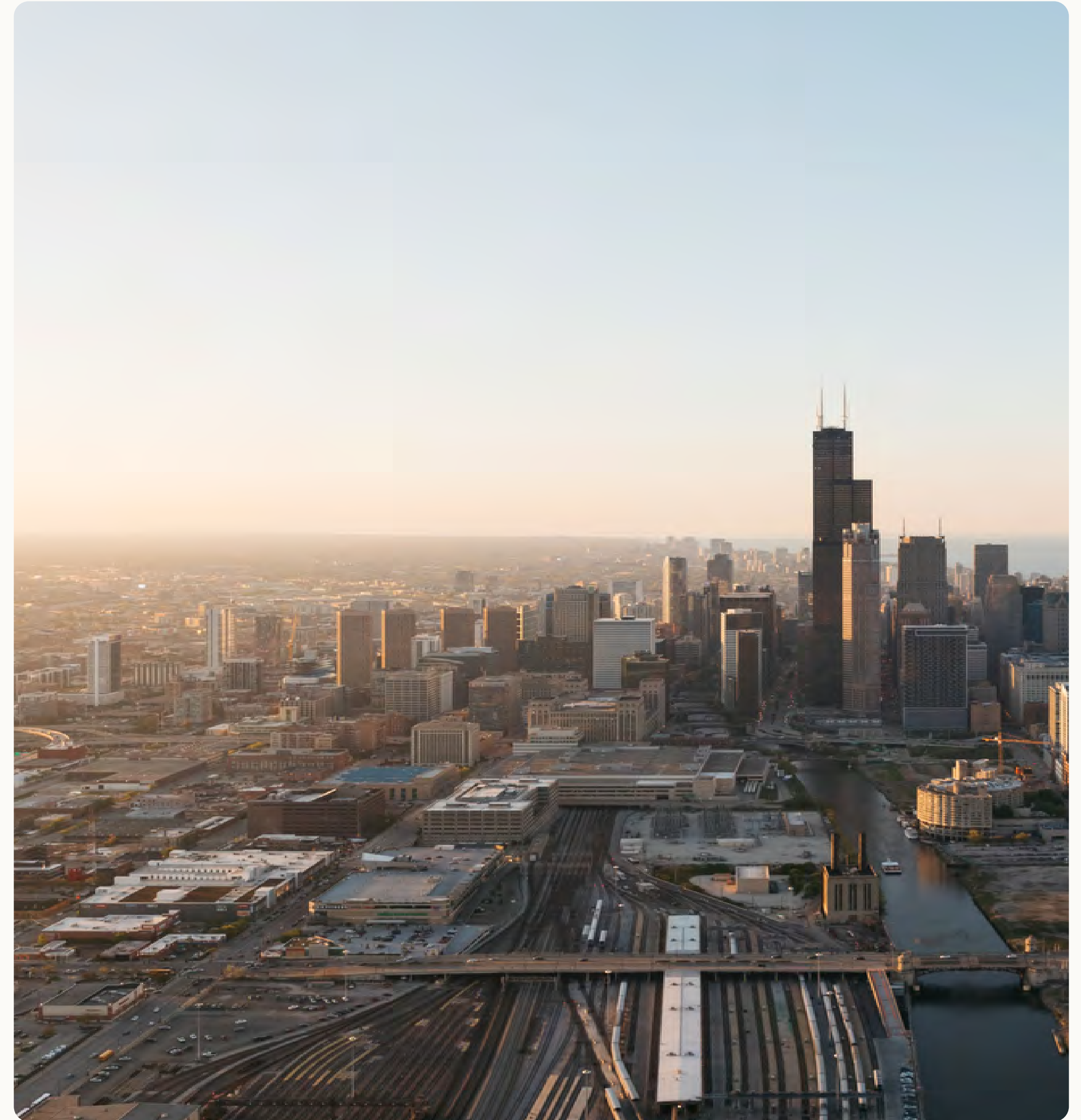
# Why net zero?

According to the world's leading climate scientists at the IPCC, achieving net zero globally by mid-century is crucial for maximizing our chances of limiting warming to 1.5°C and mitigating some of the more catastrophic effects of global climate change.

For corporates, the benefits of net zero go beyond contributing to a stable planet. Climate commitments improve corporate reputation and stakeholder relationships, can foster engaged cultures and improve talent attraction and retention, and also improve resilience to prepare for exposure to the physical and transition-related risks of climate change.

Proactive leaders and stakeholders know that the next few decades will look dramatically different from decades past. The opportunities are clear, but the risks of inaction also loom large. From supply chain disruptions to reduced capital availability, reputational damage, and plummeting asset values, continuing with 'business-as-usual' is a losing strategy.

**So where do companies start?**



# 1. Set targets

## Conduct a carbon inventory

The best place to start a net zero journey is with a comprehensive greenhouse gas (GHG) inventory. Get a clear picture of your carbon footprint, including your scope 1, 2, and — ideally — scope 3 emissions. We recommend following the GHG Protocol carbon accounting guidelines. Many software partners and platforms exist to make this stage of the journey easier.

This is also an ideal time to conduct a climate risk materiality assessment by interviewing internal and external stakeholders. This exercise helps to identify material climate-related risk factors to take into consideration on your net zero journey.



**Nestlé's 2022 sustainability materiality assessment identifies seven key material topics important to stakeholders.**

1. Health and nutrition
2. Environmental and social impacts of the ingredient supply chain
3. Water management
4. Ecological impacts
5. Greenhouse gas emissions
6. Product quality and safety
7. Packaging lifecycle management

## Set a long-term and short-term target

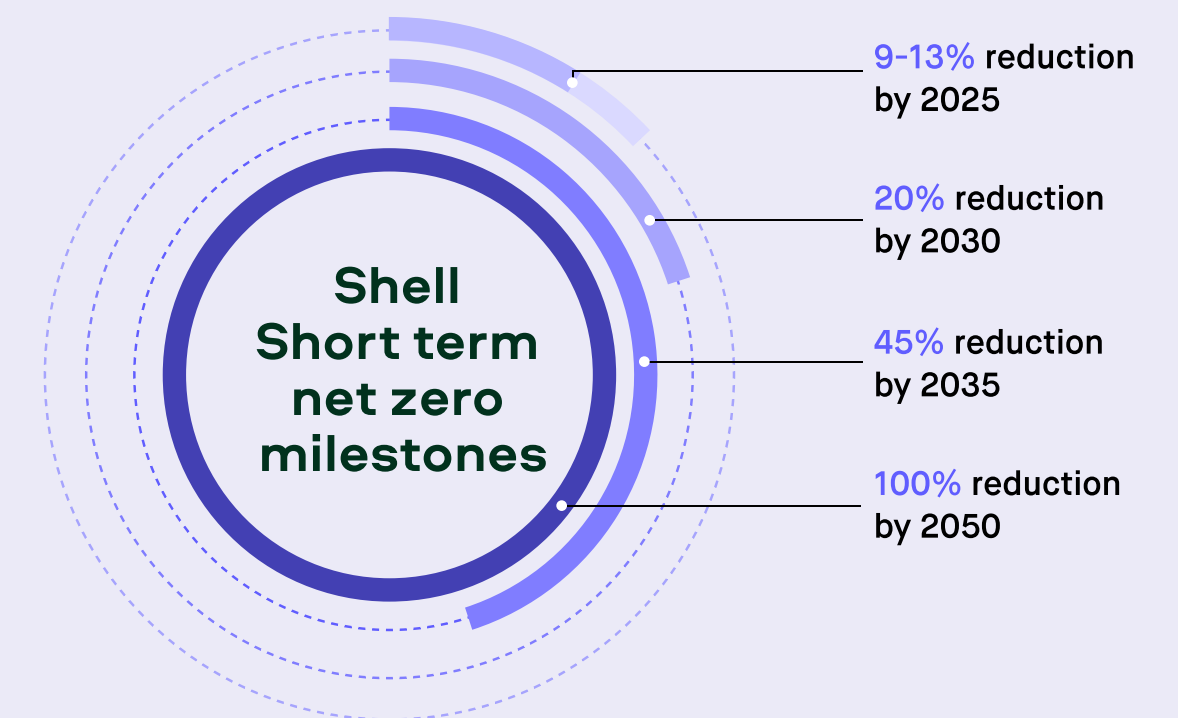
The [SBTi's Corporate Net-Zero Standard](#) offers a five-step process for setting targets, including setting target boundaries and choosing a target year. Long-term targets should be set no later than 2050.

Companies also need short-term targets to ensure that we don't exceed the global emissions budget by 2030. The SBTi believes near-term targets "galvanize the action required for significant emissions reductions." These targets should be set for 5-10 years from the date of submission.

At this stage of your journey, it's particularly important that your leadership team is on board (and, in fact, driving the change from the top down).



**Shell's net zero roadmap includes a number of shorter-term milestones to reduce the net carbon intensity of their products compared to a base year of 2016:**



# 1. Set targets

Communicate target and report on progress

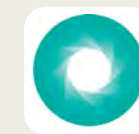
Once you've decided on your short-term and long-term targets, communicate these clearly with both internal and external stakeholders. The SBTi requires that companies working towards net zero targets report on their progress every year.

Learn about [how SBTi validated Sylvera's net zero target.](#)

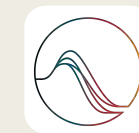
## Helpful resources for a net zero journey:



SBTi Corporate Net-Zero Standard — long-term and near-term target-setting



GHG Protocol — carbon accounting and GHG inventories



SBTi BVCM — how to invest in carbon credits along your net zero journey



iC Core Carbon Principles — what to look for in carbon credits



VCM Claims Code of Practice — what you can say about your carbon credits



Sylvera — independent carbon data and analytics

## 2. Follow a decarbonization pathway

### Create a climate transition action plan

Create a [climate transition action plan](#) that outlines your roadmap to net zero: where you are, where you're going, and how you'll get there. Make sure your targets and timelines align with expectations and guidance for your industry.

Your sector's unique challenges and opportunities may inform the rate and size of your emissions reductions along your net zero journey. For example, SBTi offers specific guidance for companies in [Forest, Land, and Agriculture \(FLAG\)](#).

**Transform to Net Zero** offers resources for creating climate transition action plans.

### Take action quickly

Your GHG inventory and materiality assessment should reveal the areas of your organization and operations that offer the most promising opportunities for improvement.

**Plan your short-term targets and initiatives around where you can make a big difference for a relatively small lift. The action you take will be specific to your company's unique carbon footprint;** where a software company might make a significant impact by cutting employee travel, a yoga mat manufacturer might have a bigger impact by switching out rubber for cork.



# 2. Follow a decarbonization pathway

## Scope 1 Ways to reduce Scope 1 emissions include:

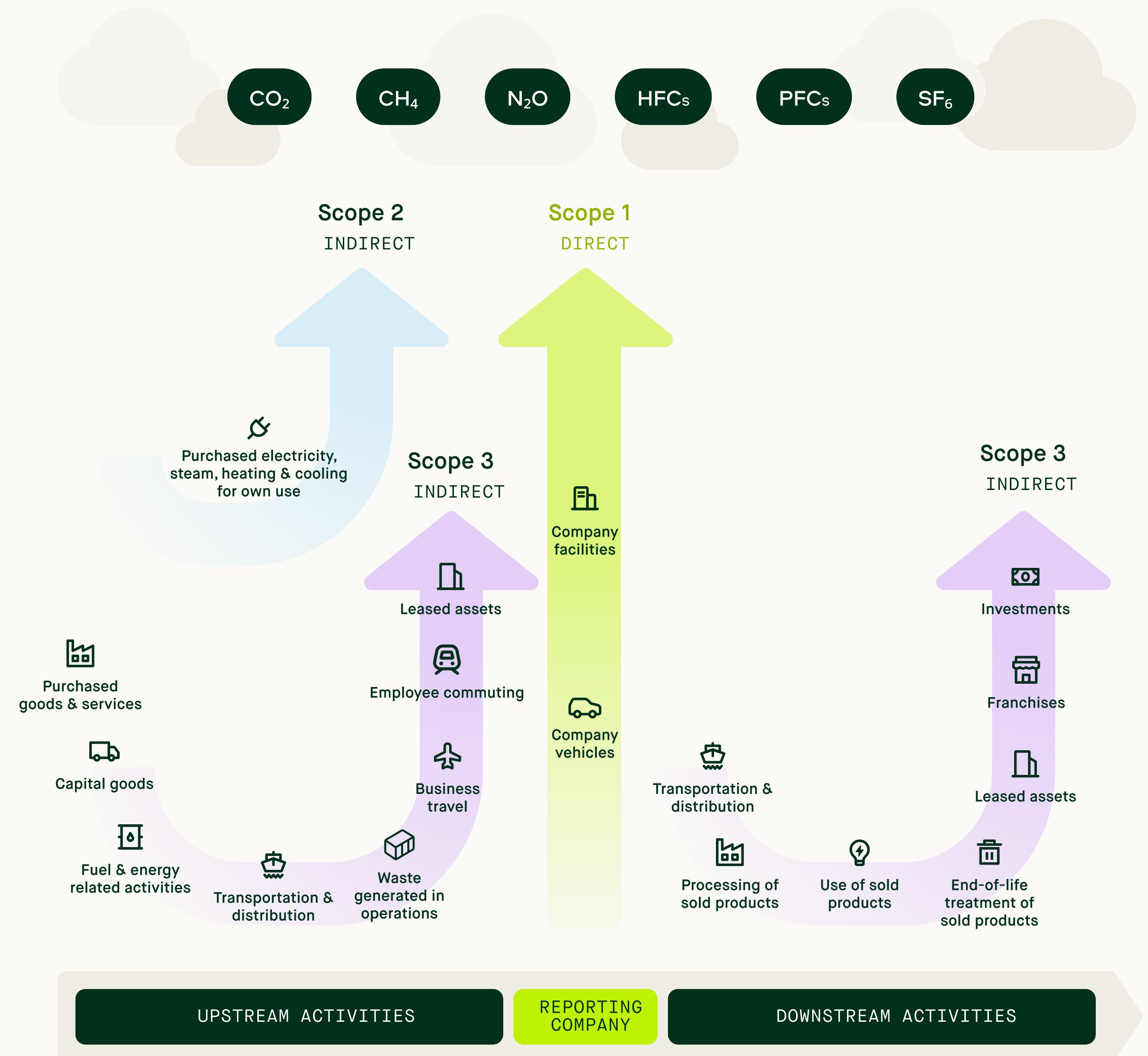
- Energy efficiency audits to identify potential efficiency gains from upgrades to appliances, light bulbs, insulation, and HVAC systems
- Switching to cleaner or more efficient processes or technologies, such as replacing coal boilers with electric boilers
- Upgrading existing vehicles to electric vehicles

## Scope 2 Ways to reduce Scope 2 emissions include

- Signing Power Purchase Agreements (PPAs) with a renewable energy provider or purchasing renewable energy credits (RECs)
- Installing on-site renewable energy hardware such as solar power

## Scope 3 Ways to reduce Scope 3 emissions include:

- Switching to suppliers with a lower carbon footprint
- Opting for more sustainable materials
- Working with suppliers to bring down supply chain emissions
- Optimizing packaging for reusability and recyclability
- Encouraging employees to work from home and replacing in-person events with virtual alternatives



# 3. Neutralize residual emissions

Reducing emissions by 100% is unlikely to be possible for most companies, both financially and technologically. To achieve net zero, companies are required to cut emissions to 90% or more, beyond which, any remaining ('residual') emissions should be 'neutralized' through the purchase of an equivalent volume of carbon removals.

Carbon removals are a specific type of carbon credit that focus not on avoiding additional emissions, but on removing existing carbon from the atmosphere.

Removals need only be purchased once a company has reached their net zero target year, but this doesn't mean companies shouldn't be investing in carbon credits along the way (see below).

## Types of carbon removal projects

### Engineered or technology-based carbon dioxide removal (CDR)

- [Direct air capture \(DAC\)](#): Pulling CO2 out of the atmosphere and storing it
- [Biochar](#): Turning woodchips and biomass into charcoal to avoid the release of CO2 during degradation
- [Carbon mineralization](#): Absorbing CO2 into rocks
- [Bioenergy with carbon capture and storage \(BECCS\)](#): Capturing and storing carbon from biofuels and bioenergy

### Nature-based carbon dioxide removal

- [Afforestation, reforestation and revegetation \(ARR\)](#): Converting degraded land into forest
- [Soil carbon sequestration](#): Increasing the amount of carbon stored in soils

# 4. Invest in beyond value chain mitigation

Many companies believe they shouldn't invest in carbon projects until they've achieved their long-term emissions reduction targets. **This is not true and doesn't align with guidance from leading authorities.**

The SBTi and many other market leaders encourage companies to invest in [beyond value chain mitigation \(BVCM\)](#) throughout their decarbonization journey. BVCM is an approach to investing in carbon projects that focuses on making a positive climate impact to contribute towards societal net zero, as opposed to trying to 'compensate' for a company's carbon footprint.

BVCM involves making "urgent" investments in what the SBTi calls "[no-regrets options](#)," like tropical rainforest and peatland preservation. Immediate investment in these types of nature-based carbon projects is crucial for limiting global temperature rises and avoiding the loss of ['irrecoverable carbon'](#).

Companies may also invest in carbon projects throughout their decarbonization in order to make industry-respected environmental claims, such as becoming [Climate Neutral Certified](#), [PAS 2060 carbon neutral](#), or [VCM Silver, Gold, or Platinum](#).

## Are carbon credits a license to pollute?

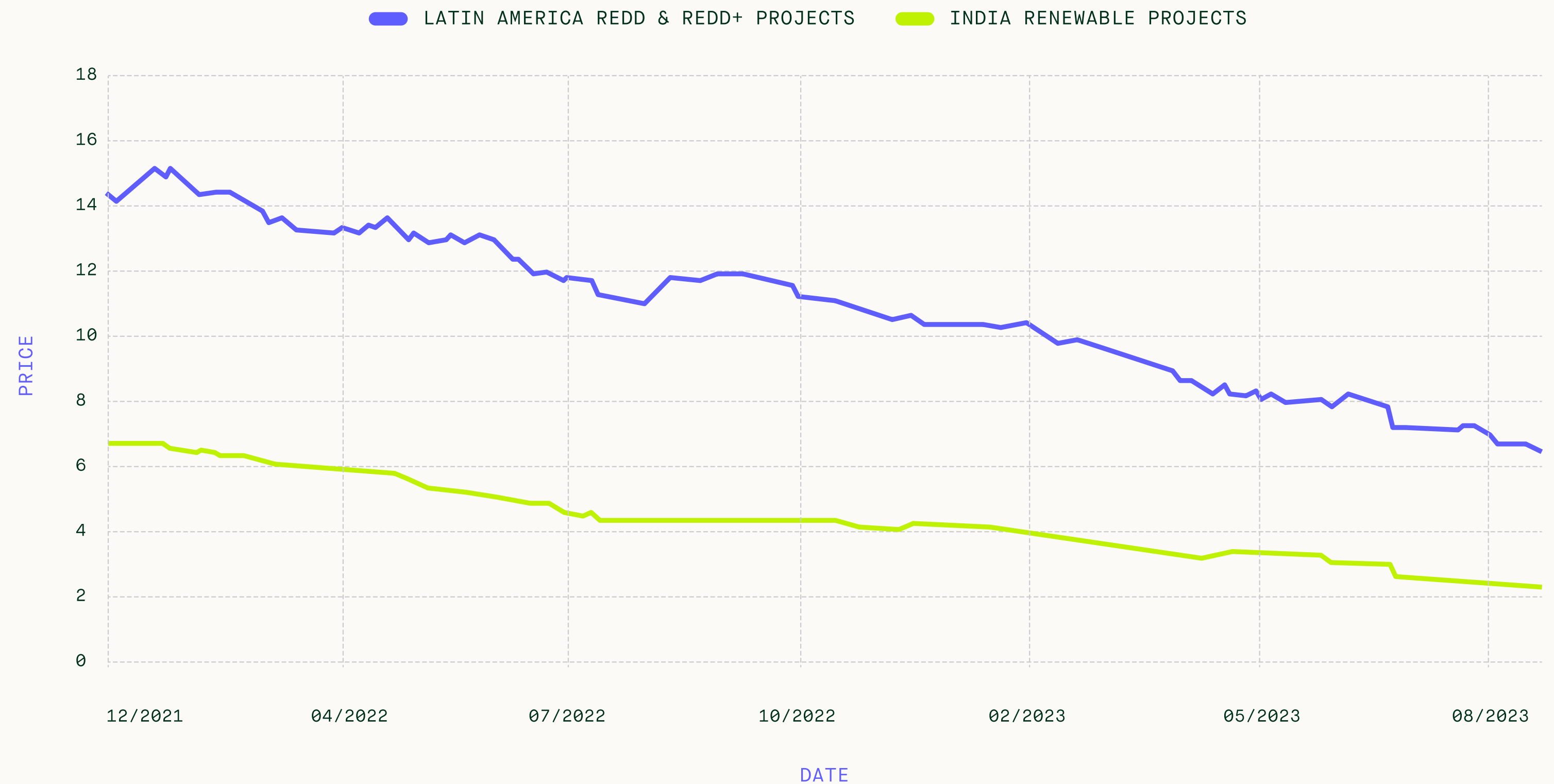
A common market misconception is that companies buy carbon credits to avoid decarbonizing. Recent [reports by Sylvera](#) and [Trove Intelligence](#) reveal that this is wrong.

In fact, companies that invest in carbon credits are decarbonizing at twice the rate of their peers — and making a far greater climate impact as a result.

# 4. Invest in beyond value chain mitigation

And finally, another great reason to invest in carbon credits early on and throughout your net zero journey is to capitalize on lower prices. Like any free market, prices on the voluntary carbon market change over time.

As of Q3 2023, prices of carbon credits in the voluntary carbon market are slightly lower than they have been previously. **Many sources expect carbon credit prices and the value of the VCMs to rise over the next few decades.** For corporate buyers interested in BVCM, this is an opportunity to purchase high-quality credits at a relative discount.



The average price of carbon credits has declined, as seen by the average prices of 2018 vintage REDD and REDD+ projects in Latin America and Renewable projects in India.

Source: Viridios AI pricing data.

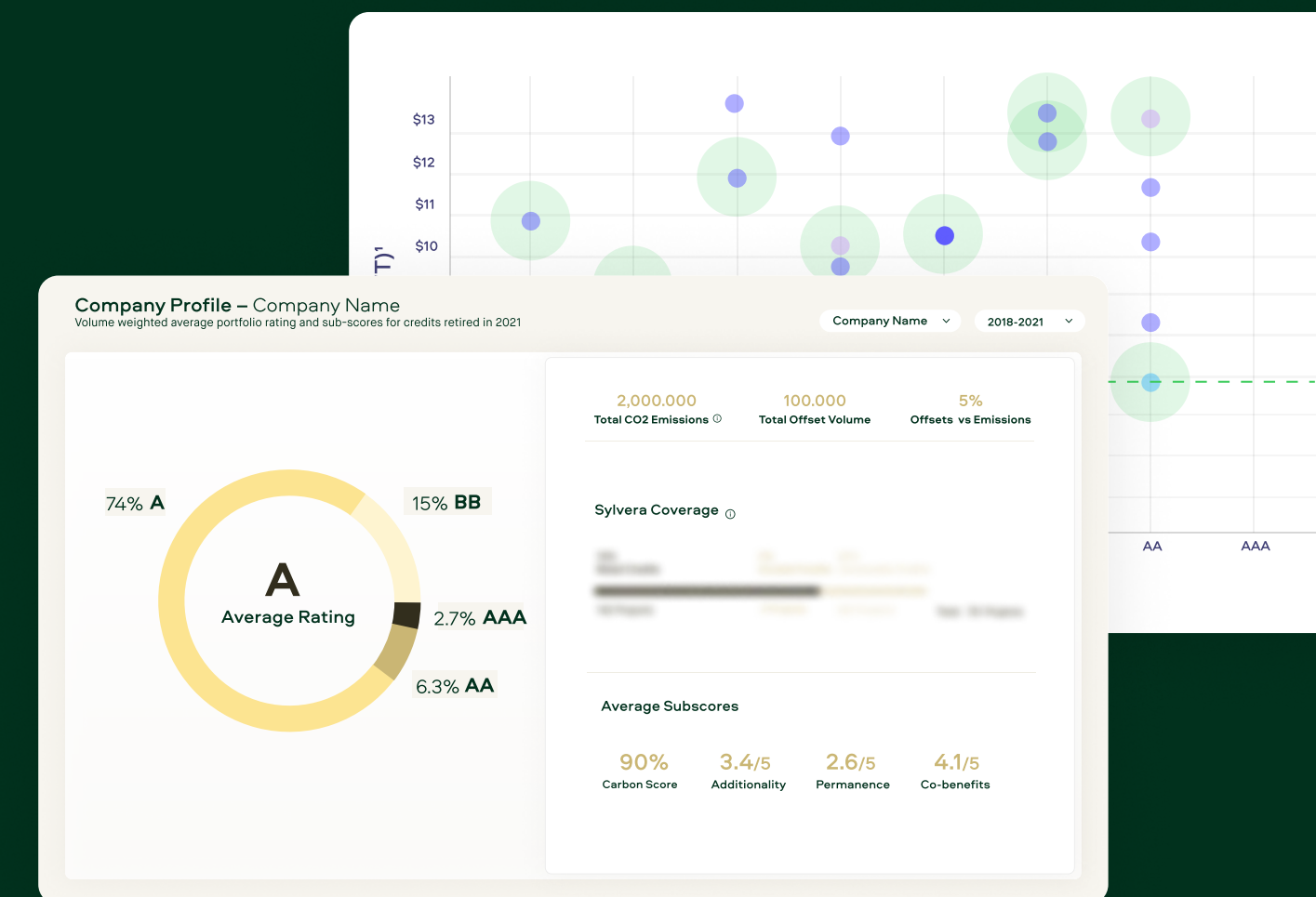
# Work with a trusted partner to invest now

Getting to net zero doesn't have to be complicated, but it won't happen overnight. Because every decarbonization journey is different, leaders will find themselves making a million small but impactful decisions along the way.

The sooner your company starts, the bigger the competitive advantage you can gain, and the more prepared you will be for the physical and market-based challenges of a changing climate.

Sylvera is the data partner who can help you invest in net zero. We are an independent, in-depth ratings and analytics platform that enables companies to confidently invest in climate action and deliver on net zero commitments.

Want to know more?  
**Request a demo today.**





On a mission to incentivize investment in real climate action.

## Who trusts the Sylvera platform?

Businesses and governments rely on Sylvera's data and tools to confidently invest in, benchmark, deliver, and report real climate impact.



Contact us to learn more.

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