Climate & Decarbonization

Accelerating transformation toward a low-carbon future
CLIMATE & DECARBONIZATION

Why your organization is feeling the heat.

The heat is being felt across the planet. Now is the time to innovate and implement green initiatives. Our world is demanding it.

Governments around the world are setting increasingly ambitious carbon reduction targets. This, combined with increasing pressure from investors, regulators, governments, consumers and internal stakeholders, has made acting on issues of climate and sustainability an imperative for every organization.

Climate change presents a range of risks for your organization, from disrupted supply chains and higher insurance costs to labor challenges. If we all don’t act, rising temperatures will pose a direct threat to all operations, workforces and workplaces. While it is expected to have a severe impact on business output, it also presents opportunities to innovate and create value in new and diverse ways.

There are ways to mitigate risk and rewrite the future by focusing more on the climate emergency.

“As the transition accelerates, companies with a well-articulated long-term strategy, and a clear plan to address the transition to net zero, will distinguish themselves with their stakeholders – with customers, policymakers, employees and shareholders – by inspiring confidence that they can navigate this global transformation.”

Larry Fink
CEO, BlackRock
2021 letter to clients
A snapshot of stakeholders demanding action on climate change

**Governments & Regulators**

10x over the last three decades, there has been an almost tenfold rise in the number of climate change laws and policies passed globally. ¹

2035 U.S. President Biden took executive action on climate change by re-joining the Paris Agreement, and setting a goal for the U.S. to achieve a carbon pollution-free power sector by 2035, putting the U.S. on a path to a net-zero economy by 2050. ²

**Investors**

500+ investors globally, who collectively manage more than US $47 trillion in assets, have signed the Climate Action 100+ initiative that aims to ensure large corporate GHG emitters take action on climate. ³

BlackRock has restated its commitment to using TCFD and SASB guidelines, and LGIM has indicated it will vote against directors that fail to integrate climate risk into decision making.

**Consumers**

75% of consumers expect CEOs of consumer brands to be making more progress on reducing carbon emissions and single-use plastics. ⁴

38% of millennials surveyed said they have initiated or deepened relationships with businesses whose products and services have a positive impact on the environment. ⁵

**Business**

21% of the world’s largest public companies have net zero commitments, representing annual sales of nearly $14 trillion. A majority of these companies also have interim targets, a published plan and a reporting mechanism, with just over a quarter meeting a full set of ‘robustness criteria’. ⁶

**Employees**

78% of executives in a 2020 Deloitte survey indicated their employees were very concerned about climate change. ⁷

45% of millennial employees in another survey would look to change jobs if their company didn’t implement sustainable business practices. ⁸
How we help

Deloitte’s Sustainability professionals take a practical and business-focused approach to helping companies build sustainability into their strategy and operations.

We help organizations set goals, develop and implement a net-zero strategy, meaningfully embed sustainability into their operations to improve and protect margins, build brand value, and enhance risk resilience. We make it our goal to support business growth across the value chain. We aim to build the capacity and confidence to both act and share the journey with stakeholders.

Benefits of adapting operations to climate change:

We believe organizations that consider climate-related risks and opportunities make better business decisions. Organizations that align their goals with the long-term goals of society will be more viable—and valuable—in the future.

- Reduced risks and costs
- More efficient processes and decision-making
- Increased performance
- Improved ratings and market evaluations
- Driving innovation and collaboration
- Attracting and retaining employees
- Meeting and exceeding stakeholder expectations
- Accurate and reliable disclosures
- Enhanced brand reputation

We help to:

- Uncover the financial, operational, regulatory and financial risks of climate change
- Demonstrate commitment to a green future to all stakeholders
- Create and implement a comprehensive decarbonization strategy, including scenario modeling, adaptation and mitigation pathways, and road maps
- Seize opportunities in new growth markets
Deloitte helps answer your questions and provides integrated services for every step of the sustainability journey.

1. **Materiality & vision**
   - Which issues do I need to pay attention to and why?
   - How will climate change affect my business?

2. **Planning & targets**
   - How do I reduce negative impacts of activities over which my organization has an influence?
   - How do I increase energy efficiency and reduce both direct and indirect emissions?

3. **Mitigation**
   - What are appropriate goals for my organization and how do I develop the strategic road map?
   - How can I commit to reach net-zero emissions?

4. **Adaptation**
   - How do I reinforce my organization to make it more resilient?
   - What changes do I need to make to prepare my organization?

5. **Value & creation**
   - What new opportunities can generate value for all our stakeholders?
   - How do I turn low-carbon transformation into a competitive advantage?

6. **Governance & sustainment**
   - How do I monitor and manage risk and performance continuously with the right accountability structure?
   - How do I ensure climate risk is accounted for at the core of my business?

7. **Measurement, reporting, & assurance**
   - How do I give confidence in the accuracy of our reporting?
   - How do I report accurately on my climate risk and emissions?
CLIMATE & DECARBONIZATION

Deloitte Climate & Decarbonization services

MATERIALITY & VISION
- Board level education for corporate purpose
- Materiality assessment
- Scenario modeling (including stress testing)
- Physical and transition risk and opportunity assessments
- Environmental and social policy scanning and tracking
- Taxonomy advisory
- Economic impact assessments, market studies and valuation services

PLANNING & TARGETS
- Sustainability strategy (including integration into broader strategy)
- Net-zero/decarbonization strategy
- Target setting and commitments (e.g., science-based targets (SBTIs))
- Financing plans for sustainability initiatives or programs
- Sectoral and regional economic analysis

Implementation

MITIGATION
- Carbon footprint analytics
- Emissions reduction advisory (direct and indirect)
- Sustainable supply chain advisory (restructuring / collaboration)
- Capital project delivery
- Portfolio management

ADAPTATION
- Resilient operating model design (operational implementation of strategy)
- Business continuity planning and physical risk
- Critical infrastructure adaptation solutions (C) and financial modeling
- Divestment advisory

VALUE CREATION
- Business model transformation
- Circular systems, value chain advisory and product research
- Tax, grants and incentives advisory for sustainable innovation R&D
- Impact finance advisory (e.g., green and social bonds)
- Acquisition advisory

Management & Disclosure

GOVERNANCE & SUSTAINMENT
- Integrating climate risk into “core” risk management
- Defining ESG governance and associated accountability structure
- Internal carbon pricing
- Enterprise resource planning

MEASUREMENT, REPORTING & ASSURANCE
- Climate related financial disclosure and emissions reporting advisory & assurance
- Green bond assurance
- ESG Due Diligence and legal advice on asset transactions (e.g. renewables M&A)
- Intuitive and interactive digital tools for reporting and analysis
- Blockchain and internet of things for supply chain traceability and reporting

• Sustainability strategy (including integration into broader strategy)
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Why Deloitte?

Deloitte has the extensive sustainability experience and technology to build sound climate transition strategies to reduce carbon and meet new sustainability standards, as well as create value.

For more than 20 years, we have turned all aspects of sustainability challenges into measurable competitive advantages for hundreds of our clients.

We leverage our extensive and rapidly expanding network of sustainability practitioners in more than 150 countries to provide our global clients with localized support to navigate linguistic, cultural and geopolitical complexities wherever they are faced.

Through our culture of collaboration and extensive partnership network, we bring together industry leaders and experts to bridge the gap between business and academia, technology and science to provide answers and guidance our clients need.

Deloitte has built market-leading assets to help navigate the complexity of climate transition and mitigation risks, as well as realize the opportunities of a transition to a lower-carbon world. Deloitte Decarbonisation Solutions™ is a proprietary suite of interactive modules that help to accelerate the delivery of climate risk and strategic decarbonization projects tailored to your organization.

We are leading the way and, in September 2020, launched WorldClimate, our enhanced strategy to drive responsible climate choices within our organization and beyond. We set a goal of net-zero emissions by 2030, ahead of the 2050 time frame set by the Paris Agreement.

Deloitte’s Supplier Code of Conduct and Responsible Business Practices statement both reinforce our dedication to addressing climate change.

We participate in internationally recognized initiatives to advance sustainability including:

- World Economic Forum International Business Council (IBC) "Compact for Responsive and Responsible Leadership"
- The Business Roundtable Statement on the Purpose of a Corporation
- Financial Stability Board’s Task Force on Climate Related Financial Disclosures
- Accounting for Sustainability
- Sustainability Accounting Standards Board
- World Business Council for Sustainable Development
Contacts

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**Helpful Links**

- Deloitte.com
- Climate & Sustainability home page
- Climate & Sustainability thought leadership
- Deloitte WorldClimate

**Key thought leadership**

- Climate Change 101 for business leaders: Key questions and essential knowledge
- Facing the heat: The economic implications of climate change