

The Environmental Exchange: Evolution of a more sustainable industry

More than an enterprise transition



"Progress will depend upon a nontraditional collaboration." – Scott Corwin, Deloitte US Leader for Sustainability & Climate Change

Five insights you should know

- 1 Everyone's help is needed.** Collaboration efforts must include the entire industry, not just those who sign up or those who are interested. Companies need to step in and get their hands dirty. Within individual firms, everyone should participate, not just a special department, not just one team, but everyone at all levels, across all functions.
- 2 Financial credibility isn't enough anymore.** We've reached an age where credibility must extend to the environment. The useful economic life of some products far exceeds their carbon life. We need real economy players to find a balance.
- 3 Net Zero needs more market share.** Most of the companies committed to Net Zero are small. Many larger companies tend to propose divestment, often in the wrong products. This should be a last-resort strategy.
- 4 Divestment vs. engagement.** Driving capital into this commitment is imperative. The cost of capital is decreasing for financial institutions that are committed to engaging, but capital often becomes too expensive if there's no plan.
- 5 The regulatory landscape is evolving.** Many financial institutions already are seeking ways to work with regulators—leaning in with peers from the private sector can play a catalytic role but ultimately policy will need to support those efforts.

Five actions to consider

- 1 Be clear about your strategy and goals.** Engagement strategy is the bulk of the work. How, institutionally, are you embedding this? Organizations need buy-in from every business unit in the firm, for starters.
- 2 Don't let perfect be the enemy of progress.** Learn by doing and experiment as you rethink strategy. Being overly prescriptive is not recommended, but skills and training are imperative.
- 3 It's not just an enterprise transition.** Getting your clients involved in Net Zero alliances could be imperative. Don't just partner with your peers, but with your clients too during this industry-wide transition.
- 4 The time is now.** Goals lose value if they are set too far in the long term. In order to make Net Zero possible by 2050, 45 percent reduction by 2040 is likely needed. Act now. Policy is changing now, so there's no excuse anymore for that to stop companies from acting today.
- 5 Don't let lack of data stunt your growth.** Trust that data can improve over time. Help companies configure a plan for unexpected events. Set a scale that reflects the cost of carbon so that people will start thinking on financial terms.

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