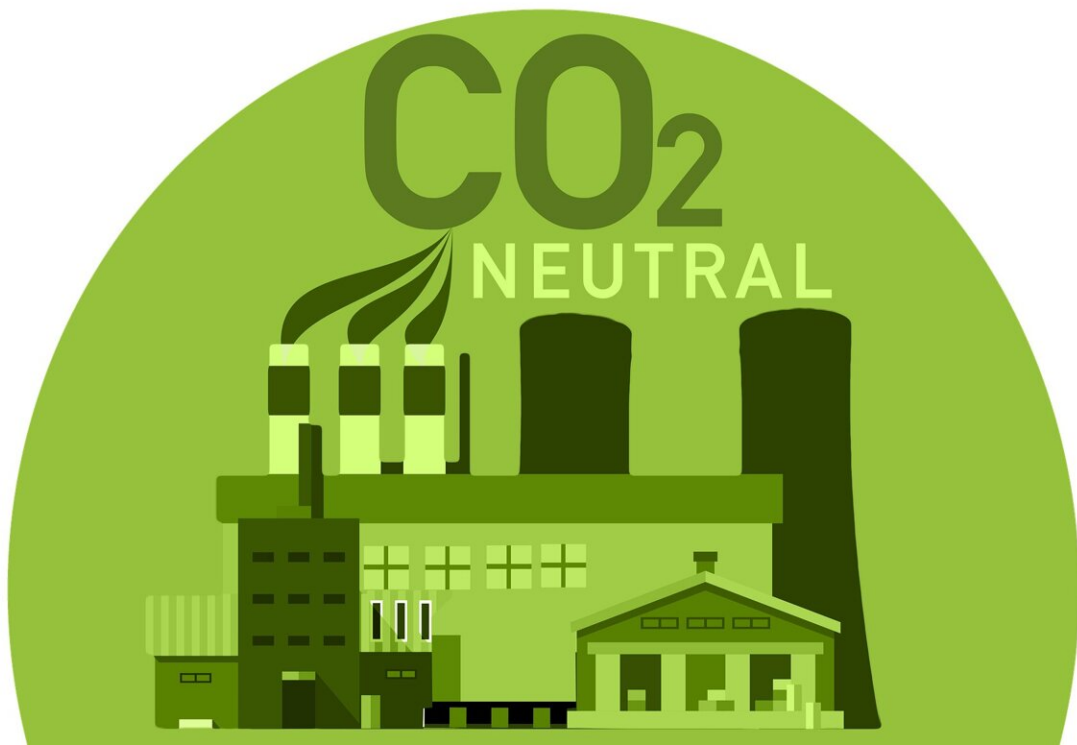


Initiative maps out path toward net zero for firms

May 10 2023, by Ivan Langrish



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Climate change is increasingly a major consideration for business leaders as they plan for future investment and work to improve their firm's competitiveness. The private sector, as both a major emitter of

greenhouse gases (GHGs) and an important source of innovation, must play an essential role in society's efforts to decarbonize, and ultimately, transition to net zero by 2050.

Research to date on the net zero transition has often focused on the national or sectoral level as a whole. *Corporate Strategies for Net Zero*, a new initiative of the Ivey Centre for Building Sustainable Value (BSV), explores how individual firms can—and must—make meaningful progress.

Establishing a credible path to net zero presents major risks and challenges, but also transformative opportunities for firms to shift or alter their business model, value chain and competitive positioning. Firms can capitalize on these strategic opportunities, such as the possibilities of new products, services and markets, and novel ways of interacting with or serving customers.

The first in a series of planned research reports, [Corporate Strategies for Net Zero](#) examines the key elements of the new strategic landscape for net zero within a Canadian context. Robert D. Klassen, professor, [operations management](#), and Matthew Lynch, associate director, BSV, explore the main drivers that have compelled companies to take ambitious strategic action in recent years, including:

- Investor pressure and disclosure requirements
- Increasing policy and regulatory drivers, centered around carbon pricing and mandatory disclosures and
- A growing set of competitive pressures to match or lead sector peers on climate performance.

To aid leadership teams seeking to understand their firm's readiness for making a commitment to reduce GHG emissions, Klassen and Lynch have mapped a pathway identifying overarching strategic questions for

firms.

The authors propose four key steps, prompted by critical questions, to map a pathway forward:

1. Rationale: Specify and detail the rationale for committing to and pursuing net zero
2. Decision-making and accountability: Develop decision-making processes and accountability for progress
3. Partnerships: Pursue novel partnerships beyond traditional [value chain](#) partners that potentially expand opportunities
4. Innovation: Balance efforts to manage risk with the exploration of and investment in innovative technologies and practices that extend or reshape your business model.

"By mapping out this complexity and beginning to strategically address the four pathway questions, companies can address the strategic issues and implementation plan that must be constructed by executive teams," said Klassen.

"Firms cannot simply take modest actions to adjust their existing strategies and operations, but are encouraged to treat this as an opportunity. Leaders must establish a long-term goal and undertake significant credible action now as business models are rethought and reconfigured, which in turn, must prompt new investment in capabilities and partnerships."

Julia Zeeman, Program Director of the Canadian Business for Social Responsibility (CBSR), said net zero is a key agenda for CBSR's membership, representing many of Canada's corporate climate leaders.

"This report from Ivey provides important clarity on the strategic implications of net zero and identifies the key questions companies need

to consider as they position themselves to succeed in the emerging net zero economy," she said.

For the second phase of this research initiative, Ivey researchers will explore how leading Canadian companies are making progress on their pathway forward. BSV researchers are also leading ongoing work related to corporate greenwashing as well as transformational pathways towards net zero for Canadian industry.

Provided by University of Western Ontario

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