









Climate Strategy 3.0 and Corporate Transitions Plan

4th EU-PLG Meeting

15 May – 16 May 2023, Zürich Day 2: 9:00 – 16:30

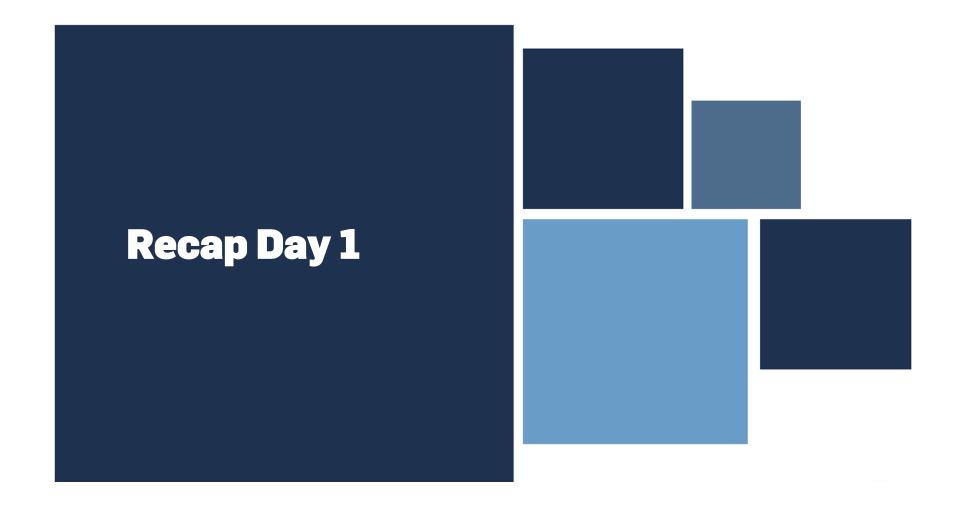
Let's make Global Goals Local Business





16.05.2023

1. WELCOME & RECAP DAY 1





Agenda Day 2



09:00 – 09:30	Welcome Recap Day 1, Warm-up
09:30 – 09:50	Keynote WWF Credible and transparent climate transition plans
09:50 – 10:15	Impulse sustainable Implementing corporate transition plans – What is required by CSRD, CDP &TCFD?
10:15 – 10:30	Break 🗀
10:30 – 12:00	Scope 1 & 2 transformation Group work
12:00 – 13:00	Break 101
13:00 – 16:15	Scope 3 transformation Case Study Nokia & Georg Fischer & Group work
16:15 – 16:30	Wrap-up

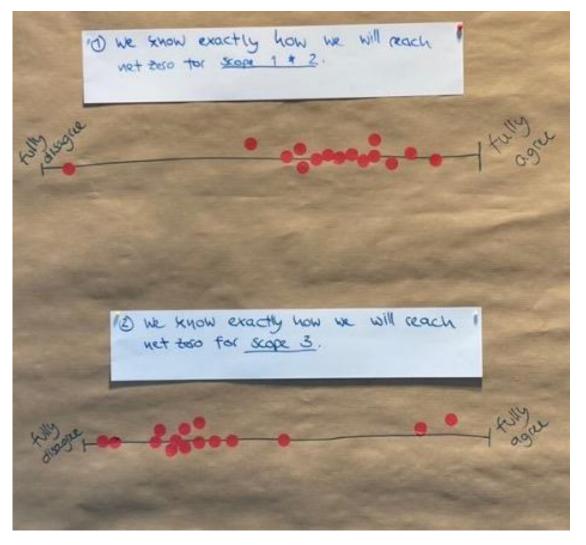
Hypothesis on Sustainable Transformation II: Discussion

1 We know exactly how to reach net zero for scope 1 and 2.

We know exactly how to reach net zero for scope 3.



Hypothesis assessment



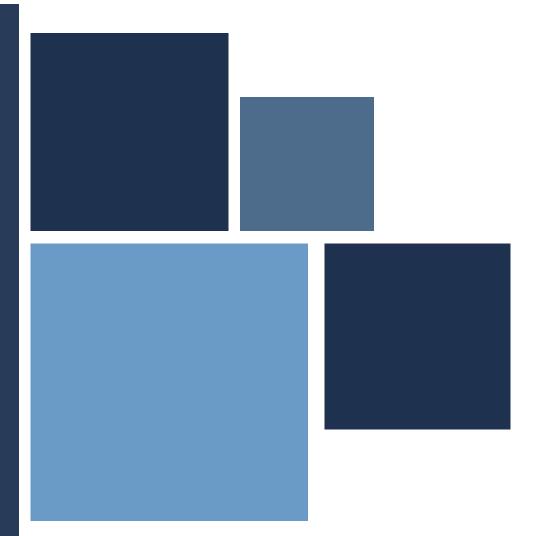
2. IMPULSE WWF

CREDIBLE AND TRANSPARENT CLIMATE TRANSITION PLANS

Impulse

Damian Oettli

Head of Markets
WWF Switzerland



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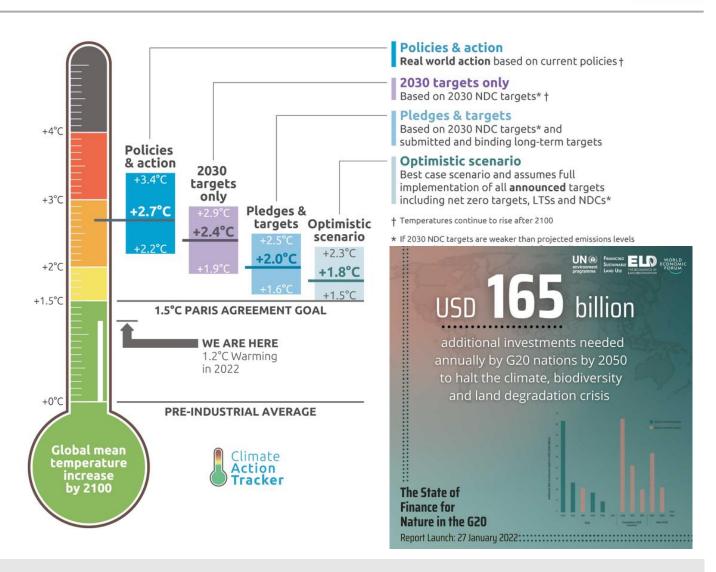
Todays climate strategies are not working



Emissions gap

Ambitions gap

Finance gap



We need new recommendations for corporate climate action



- 1.5°C scenario, net-zero targets
- All countries have reduction goals, CO₂ markets change
- Diverse claims, labels, target formulations (e.g. climate/CO₂-neutral, climate-positiv, Net-zero, etc.) with different meanings
- Net-zero declaration without clear reduction pathway and measures

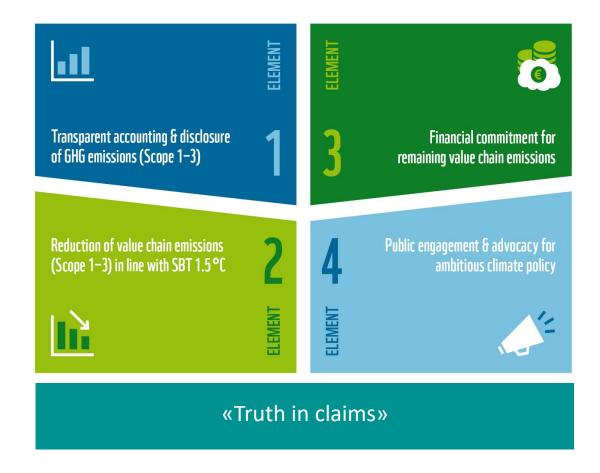


Elements of a credible and effective corporate climate strategy



- Greenhousegas inventory including value chain (Scope 1-3)
- Annual update and disclosure of inventory
- Application of global standards (Greenhouse Gas Protocol, CDP)

- Science-based targets: reduction targets on a 1.5°C pathway (according to SBTi)
- Roadmap: Planning of measures to achieve target(s)
- External validation of progress



- Moving away from off-setting («ton-for-ton»)
- Pricing of remaining emissions with the social costs of carbon
- Investment of the budget with maximum impact for people, nature and climate

- Mobilization of employees, suppliers, industry partners, customers, etc.
- Effective advocacy program for progressive climate legislation
- Withdrawal of support for climate-descructive activities

What's happening now?



 Companies turn away from compensation and neutralioty claimsUnternehmen

EasyJet to stop offsetting CO2 emissions from December

Airline unveils 'roadmap to net zero' strategy focusing on sustainable fuel and more efficient planes



12 Aug 2022, 11:58 Julian Wettengel

Supermarket chain Rewe stops advertising own-brand products as "climate neutral"

#Climate & CO2 #Carbon market #Company climate claims



New claims and offers are being developed





A Paris-aligned corporate claim for Funding Climate Action

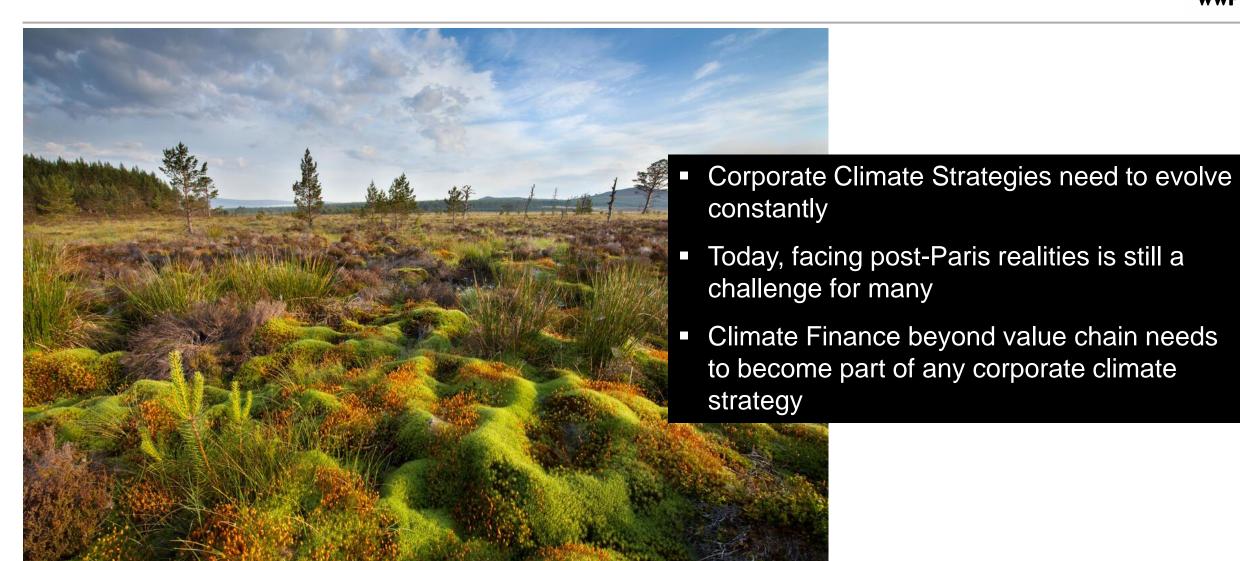
Active climate protection with the myclimate Impact Label



Verpflichtende Reduktion von Treibhausgasen und noch größere Transparenz: ClimatePartner stellt neues Lösungskonzept für Klimaschutz vor

Take Home Messages







The necessary mind-shift



"Carbon neutrality" of own operations	 "Contribution" to global goals
Are we carbon neutral?	Are our actions aligned with and contributing to a global net-zero objective?
Could we offset our emissions?	Could we fund an appropriate mix of measures in line with global goals?
How can wie offset our emissions?	How can we maximize our contribution to global goals, outside our own value chain?
What are the cheapest offsetting options?	Which external investments have the greatest value in advancing global goals?

Questions & Answers



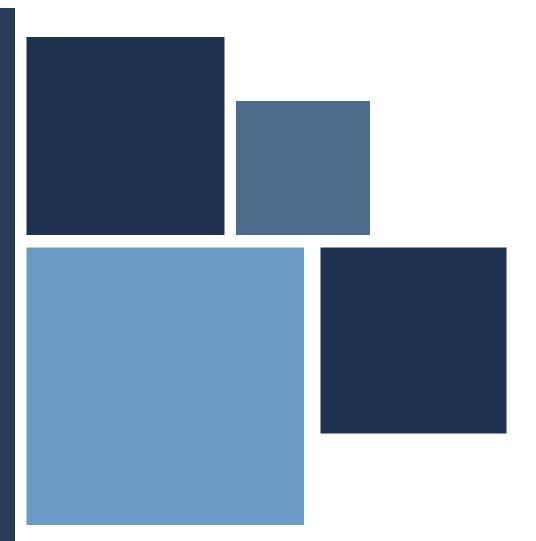


3. IMPULSE SUSTAINABLE

3 BLOCKS OF IMPLEMENTING CORPORATE TRANSITION PLANS – WHAT IS REQUIRED BY CSRD, CDP &TCFD?

Impulse

Markus Götz
Director
sustainable AG



16.05.2023



Climate transition plans: Compliance and additional frameworks



CSRD







Aspect of an **undertaking's overall strategy** that lays out the entity's **targets and actions** for its transition to a lower-carbon economy, including actions such as reducing its GHG emissions and with the objective of limiting climate change to 1.5°C and achieving Net Zero.

A time-bound action plan that clearly outlines how an organization will achieve its strategy to pivot its existing assets, operations and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations (...).

Aspect of an organization's **overall business strategy** that lays out a set of **targets and actions** supporting its transition toward a low-carbon economy (...)

Source: ESRS E1 2022, TCFD 2021, CDP 2023



Framework requesting climate transition plans







TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Mitigation and adaptation Policies **GHG** emissions

Governance

Scenario analysis

Financial planning

Value chain engagement & low-carbon initatives

Policy engagement

Risks & opportunities

Targets

Scope 1, 2 & 3 accouting + verification

Strategy

Risk management

Metrics & Targets

Source: EFRAG 2023

Optional: Avoided GHG emissions

Status Quo of currently disclosed transition plans



In 2022, 18,600+ organizations disclosed through CDP's climate change questionnaire

4,100 organizations disclosed that they have a 1.5°C-aligned climate transition plan

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Only 81 organizations disclose on all key indicators

Transition plan for climate change mitigation



	Compatibility of GHG emission reduction targets with limiting global warming to 1.5°C
	Decarbonisation levers identified and key actions planned
	Investments and funding supporting the implementation
	Potential locked-in GHG emissions from key assets and products
* * * * * * * * * * * * * * * * * * *	Objective of aligning its economic activities with the EU Taxonomy
	Whether or not it's excluded from EU Paris-aligned Benchmarks
	Alignment with overall business strategy and financial planning
\downarrow	Implementation progress



Selected challenges regarding the development & disclosure of climate transition plans



Data availability

Lack of adequate coverage and the availability and quality of data across business operations, supply and value chains make it challenging to measure, report and compare performance.



Strategy alignment

Time horizons for assumptions relating to a climate transition plan will extend further in the future than a company's core business plans presenting challenges in terms of accuracy and clear definition of assumptions



Adaptation vs mitigation

Lack of guidance to understand where adaptation should be used vs. mitigation to progress toward key targets: Where should risk be managed by adapting to align with a plausible future world and where is a long-term mitigation strategy required



Regulatory developments

Regulations around transition
plan disclosure are
continuously being
developed or adapted
making it challenging for
companies to align their
disclosure



ACT: Assessing low Carbon Transition initiative

Currently, there is not framework covering adaptation issues for companies



Drives climate action by enabling benchmarking against advanced, science-based metrics. ACT provides a forward-looking, integrated sector-specific framework that supports companies to align their climate transition strategies with low-carbon pathways.

Sectoral Methodologies



Agriculture, Aluminium, Auto-Manufacturer, Building, Cement, Chemical, Electric utilities, Generic, Iron & Stell, Oil & Gas, Pulp & Paper, Real Estate, Retail, Transport

Funded by













ACT Framework

Key-questions which should be answered in ACT processes

1 Commitment

What is the company planning to do?

Transition plan

How is the company planning to get there?

3 Present

What is the company doing at present?

4 Legacy

What has the company done in the recent past?

5 Consistency

How do all these plans & actions fit together?

ACT 5-step process

1. Current situation



2. Issues & challenges



3. Vision

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4. New strategy

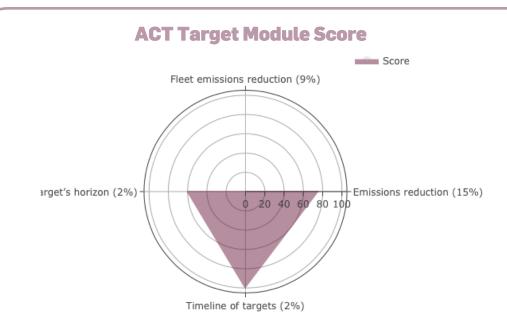


5. Action plan



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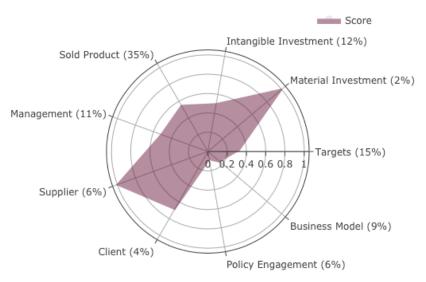
ACT: Exemplary Assessment results - Car producer



ACT Target Module assesses company performance on **existing targets**, **timeline of emissions reduction targets** and **alignment** of emissions reduction (scope 1+2 and fleet) targets with climate science.

To assess company targets and emissions trends for quantitative indicators, global emissions scenarios are translated into target pathways at the company level via the **Sectoral Decarbonization Approach** (SDA).

ACT Performance Score



ACT performance scoring measures the **degree of alignment** with the requirements of a low-carbon economy as measured by the **limited set of performance indicators** included in the ACT methodology.

The sets of **performance indicators and their associated weightings**, as well as the associated module weightings, are **sector-specific by nature** and are therefore presented in the ACT sector methodologies.



Questions & Answers







COFFEE BREAK - 10 MIN

3. BLOCK 1: SCOPE 1 & 2 TRANSFORMATION

GROUP WORK: Scope 1 & 2 transformation





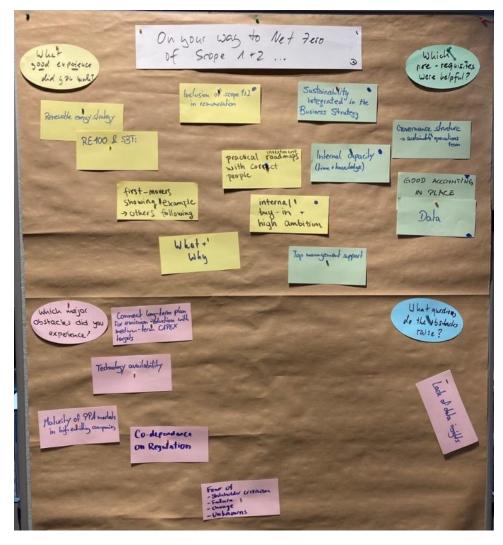
Group Work: Scope 1 & 2 Transformation

Working instructions

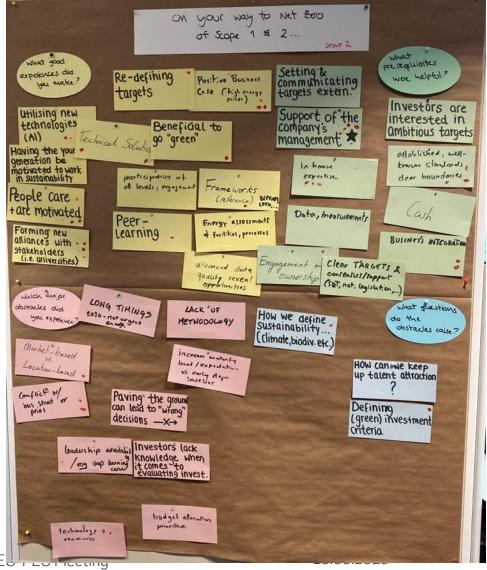
- Find discussion partners = 3-4 people
- Briefly introduce yourselves (if necessary)
- Define 1 person taking notes
- Exchange on your experiences with net-zero:
 - Good experiences (yellow)
 - Prerequisites (green)
 - Obstacles (pink)
 - Related questions (blue)
- Present major finding to your group and collect cards on brown paper
- Choose from each category 1-3 topics you think they are worth while sharing
- Write them on cards (again) + bring them to the big room



Group work results: Group 1

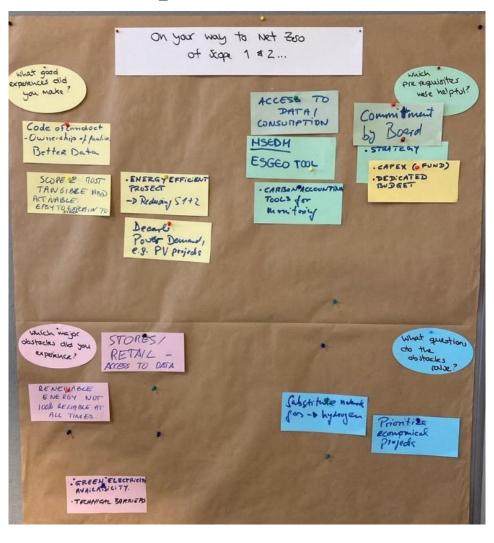


Group work results: Group 2





Group work results: Group 3

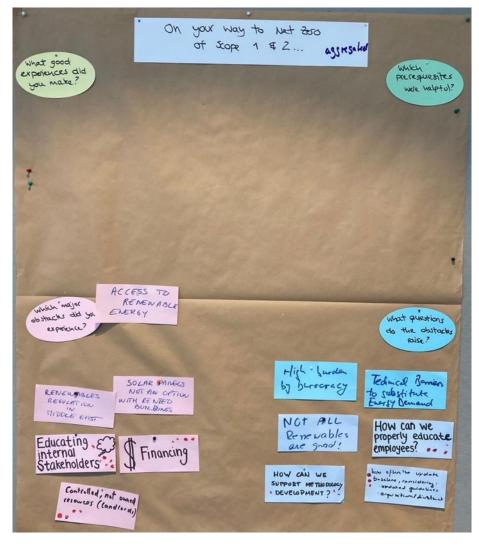


Discussion of results: Transformation of scope 1 & 2





Group work results: Aggregated



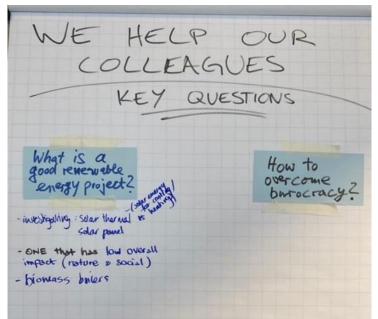


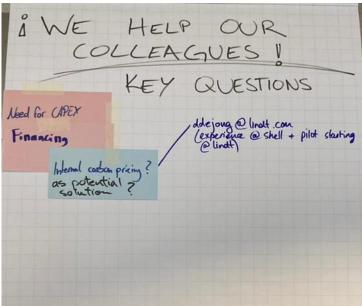


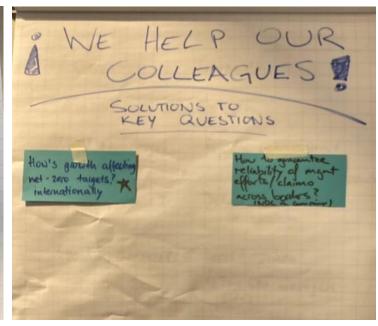
LUNCH BREAK - 60 MIN



"We help our collegues"



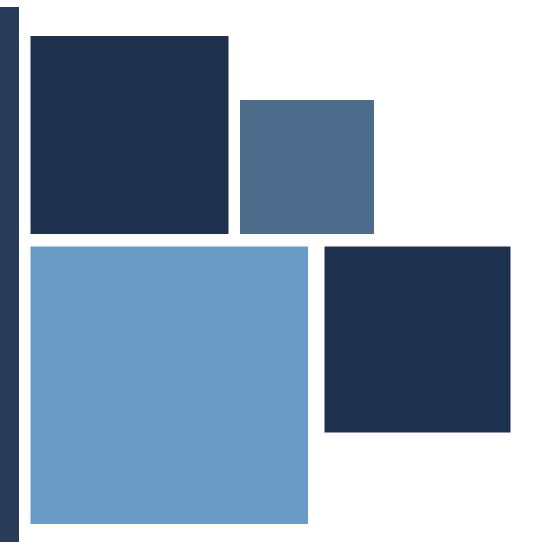




4. UPSTREAM EMISSIONS – SUPPLY CHAIN INTERVENTION

Case Study

Yana Arkhangelskaya **ESG Manager** Nokia



16.05.2023





Nokia strategy

Our pillars

Our enablers

1 2 3 4 Brand



Our ESG approach

Maximize handprint and minimize footprint





Structure and make-up of our supply chain

- Final assembly
- Hardware for product materials
- Market services
- Managed services
- IT suppliers
- Indirect sourcing



Our ESG targets

Environment

75% renewable electricity in our own facilities

65% reduction of facilities' emissions

50% reduction of average power consumption of 5G mMIMO Base Station

Security and privacy

95% mandatory training completion related to privacy

2023



Responsible business

Reduction in Total Recordable

Incident Frequency Rate (TRIFR)

and Lost Time Incident Frequency

Rate (LTIFR) for Nokia employees

with HRPIA standards

and suppliers

95% of projects to be compliant

Environment

100% renewable electricity in our own facilities

65% reduction of Scope 1 and 2 GHG emissions, including 85% reduction from facilities

Industrial Digitalization

Industry verticals adopting private wireless customers (number of customers, in line with business plan)



Environment

50% reduction of our total GHG emissions (Scope 1, 2 and 3)

Final assembly suppliers reach zero emissions

50% reduction of suppliers' GHG emissions

73% reduction of logistics GHG emissions

95% circularity rate for waste from our offices, labs, manufacturing, installation and product takeback

Increase recycled content in source materials:

- Cast aluminum used in mechanical parts; to 90%
- Wrought aluminum, steel and copper alloys, as well as polycarbonate plastics used in mechanical parts: to 50%

2030



Environment

value chain

Net zero emissions in our

Bridging the digital divide

Nokia's fixed and broadband technologies connecting 400 million additional residential subscribers covering unconnected and underserved

Responsible business

A minimum of **27%** female hires in global external recruits

Zero critical or fatal incidents for employees and suppliers

100% of suppliers performing high risk activities pledge their commitment to Nokia's life-saving rules

Cohort of 40 Senior Leaders conduct Safety Tours to Sites to increase Monitoring visibility

98% tin, tantalum, tungsten and gold traceability and conflict-free status and extended due diligence to cobalt and mica

Ethical Business training (EBT) completed by 95% of employees

2025

Bridging the digital divide

Harness Nokia technology, capabilities and funds to improve the lives of 1500000 through social digitalization projects, digital skill building, and connecting the unconnected or underserved

Responsible business

98% tin, tantalum, tungsten and gold traceability and conflict-free status and extended due diligence to cobalt, mica and two additional minerals

80% of suppliers receive satisfactory sustainability score from supplier performance evaluation

TRIFR and LTIFR at industry benchmark

Bridging the digital divide

Provide broadband based digital services with 2 billion more subscriptions

Responsible business

Maintain at least 85% favorability of employee/line manager engagement on the importance of ethics and compliance

100% of suppliers delivering high risk activity to meet or exceed "H&S preferred supplier" status

Increase the share of women employees to 25%

2050



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value chain

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20

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2050



Our supply chain and sourcing climate targets

by 2030 reduce GHG emissions by

100% for final assembly suppliers

50% for all suppliers

73% for logistics

2010 Supplier engagement and collaboration in targets setting2020 Communication of SBT and roadmaps



Climate program with suppliers



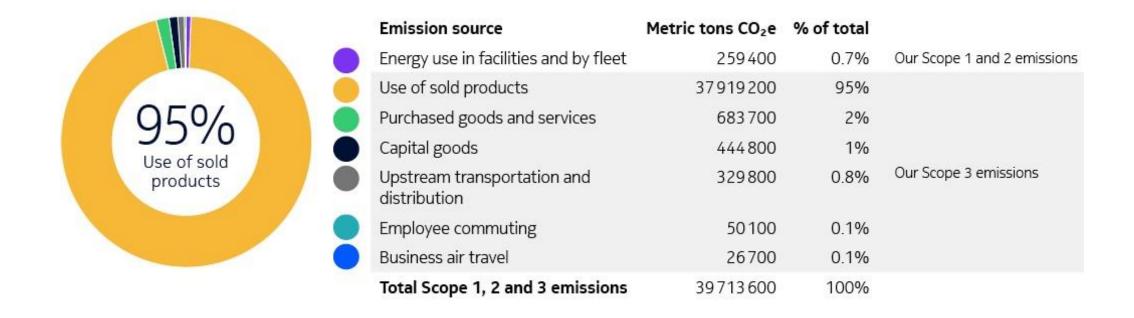




Climate roadmaps



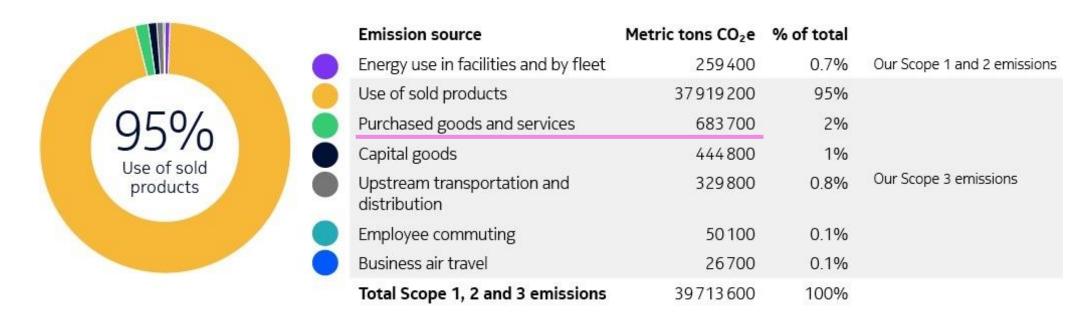
Our carbon footprint (Scope 1, 2 and 3)





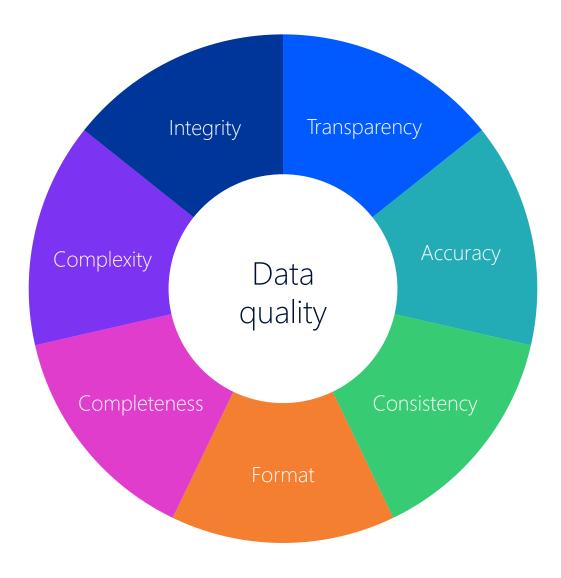
Our carbon footprint (Scope 1, 2 and 3)

Scope 3, upstream emissions – 683 700 tons CO2e





Challenge





How do we approach the challenge

- Training and awareness raising
- Recognition and achievements rewarding
- Industry collaboration







Questions 8 Answers

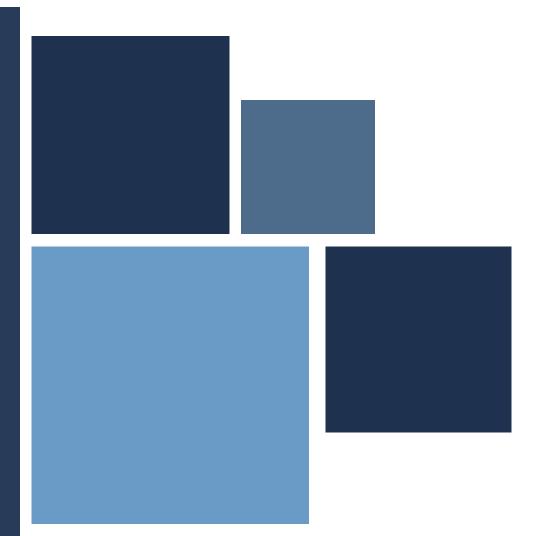




Case Study

Lindsay Zingg

Head of Corporate Sustainability Georg Fischer



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Pioneering industrial technology for more than 200 years

GF Corporate

GF Piping Systems

GF Casting Solutions GF Machining Solutions

1802

GF founded in Schaffhausen



Johann Conrad Fischer

1864First piping systems product



Malleable iron fitting

1897First automotive part



As of 1900 GF develops wheels made of cast steel for trucks and cars

1921 First machinery



GF acquires the Machine Factory Rauschenbach for agricultural machinery





30 years of pioneering sustainability reporting

1992

1996

2001

2000

2009

GF signed ICC / **BCSD**





















2010



























2022



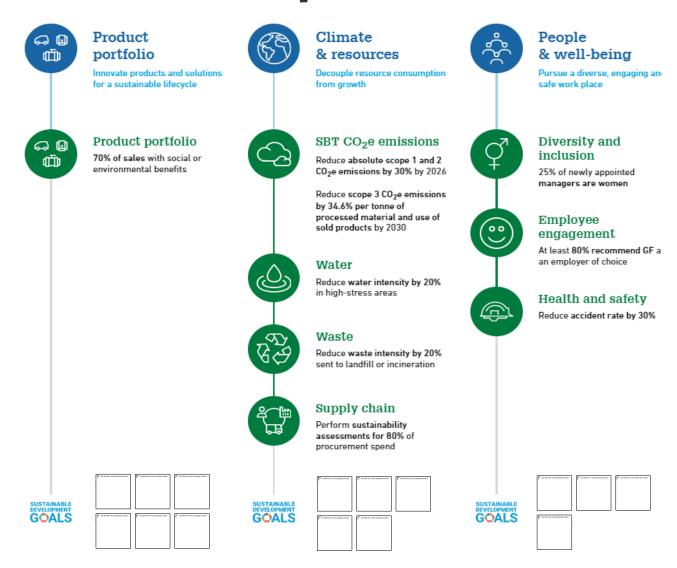
Our Vision

GF is a sustainability and innovation leader providing superior customer value





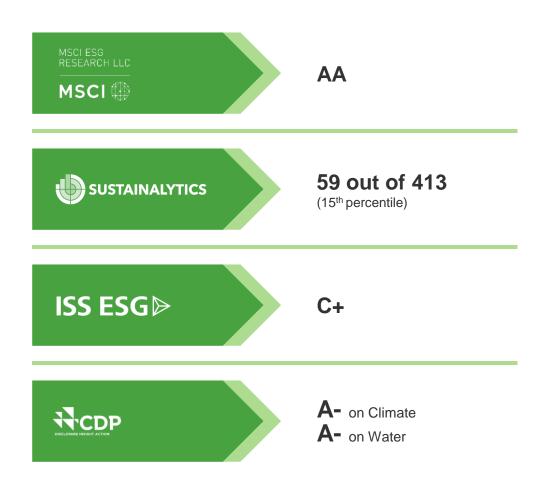
Ambitious Sustainability framework 2025.....







... which is also recognized by investors' community





GF is member of

SXI Switzerland Sustainability 25®

since 2014



GF is rated as

number 9 most sustainably managed

companies 2020 by WSJ

*) out of 5'500 companies







GF has set ambitious Science Based Targets (SBT)



Scopes of emissions

The SBTi framework uses the reporting standards established by the Greenhouse Gas Protocol, which divides greenhouse gas emissions into scopes:



Scope 1

Direct emissions, typically from the burning of fuels, from owned or controlled sources, including our facilities and company vehicles

Scope 2

Indirect emissions from the generation of purchased electricity, steam, heat or cooling.

30%

absolute reduction by 2026

Scope 3

Indirect emissions (not included in scope 2) that occur in our value chain, including all our subcontracted services.

34.6%

Intensity reduction by 2030

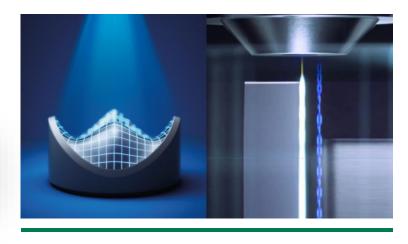




We also ensure our products have Environmental Benefits







GF Piping Systems

Enabling safe and sustainable transport of water, gas and chemicals

GF Casting Solutions

Empowering sustainable mobility

GF Machining Solutions

Advancing energy efficient and clean manufacturing











Upstream and downstream challenges





GF Piping Systems

GF Casting Solutions

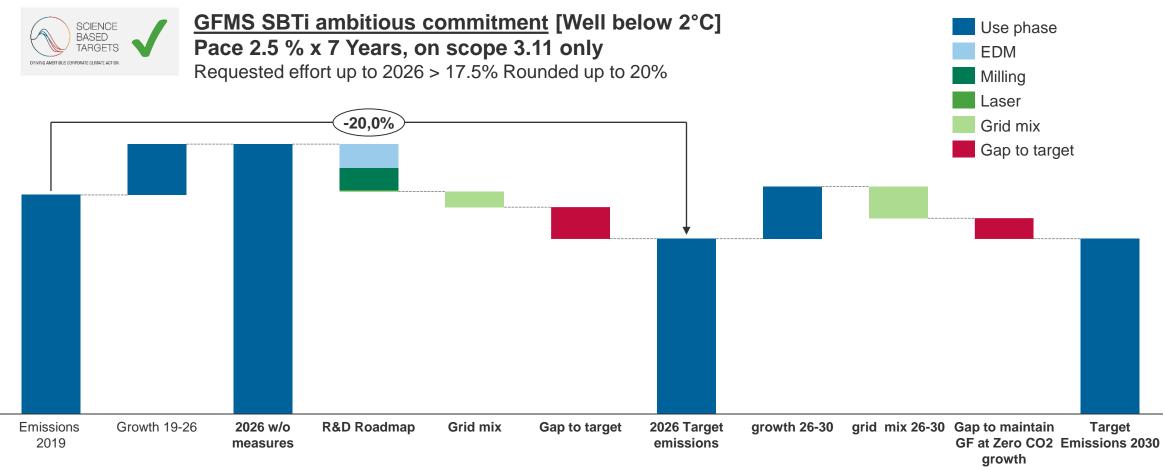
GF Machining Solutions





Scope 3.11: Reduce machine energy consumption

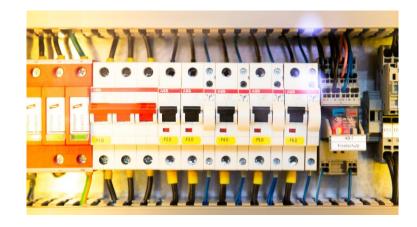








Challenges







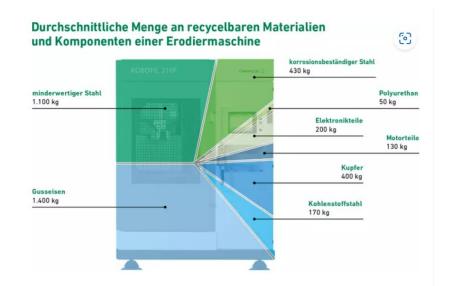
- Extra cost of equipment
- Customer dependence
- Grid dependence





Current way forward

- R&D Roadmap reviewed each quarter
 - -However, not silver bullet
- Decarbonisation of grids is expected
- Circular Economy : end of life









Examples of technology used to improve energy efficiency

- Milling:
 - Chiller frequency converters
 - Venturi nozzles
- EDM:
 - Dielectric pumps frequency converters
- Laser:
 - Improved dust exhauster
 - 3D scanner
- Multitech:
 - Econowatt







Way forward tomorrow?

- PPAs?
- Partnerships with customer to guarantee green energy use?







Questions & Answers





GROUP WORK ROUND 2: Transformation of upstream and downstream Scope 3





Group Work: Scope 3 transformation – upstream and downstream

Working instructions

- Find discussion partners = 3-4 people
- Briefly introduce yourselves (if necessary)
- Define 1 person taking notes
- Exchange on your experiences with net-zero:
 - Good experiences (yellow)
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- Present major finding to your group and collect cards on brown paper
- Choose from each category 1-3 topics you think they are worth while sharing
- Write them on cards (again) + bring them to the big room



Group work results: Collection of questions

Group		Question	Answer
1	Upstream	How to manage/analyze supplier data when received?	 Prioritization: Request product-specific data from key suppliers (who have an impact) Analysis: Validate & check for outliers Collaboration: Define reduction potentials and develop roadmaps for crucial suppliers together with them (on product-level)
1	Upstream	How to receive data from suppliers and where to store it?	 Supplier education (knowledge sharing) Concrete timings/sense of urgency Financial incentives (for strategic partners), e.g. discount Incentivize to act sustainably (environmental cost indicator) Combine incentivization with need for primary data (Requirement; higher cost for secondary data) CDP supply chain (to evaluate level of supplier maturity & selected collaboration) Storage: Excel-sheet, tools, internal IT unit
2	Upstream	How to increase engagement levels?	 E-learning Framework within industry on how to calculate Incentives, awards Knowledge Offer solutions/basic support Financial support/fund Expertise withing procurement: Supply chain sustainability managers → Scope 3 embassadors in procurement



Group work results: Collection of questions

Group		Question	Answer
3	Upstream	How can we reduce the lead time (to speed process transforming decision into concrete actions)?	 (Lead time: time between target setting/implementing measures and actually see reduction in own GHG inventory (in reduction phase)) Middle step: Suppliers are committed, until you actually see reduction in order to better plan action and engagement To accelerate action: Ask for/require suppliers for reductions, rather than targets (time helps)
3	Downstream	How can we avoid double counting of Scope 3?	 Cannot be avoided, but try to understand what is direct influence Can only be explained: Explain concept, no right or wrong, but is a framework for accounting that exists and will have to apply to (CSRD); Management involvement; Point out where company will have an opportunity to make an impact (where products are in use) There is no right or wrong
4	Upstream	What to do with suppliers that are not delivering?	 Understand why they are not delivering Sensitive issue Mostly no consequences Escalation pathway Frontrunners: Delist after 3 or 4 years of unsuccessful engagement



Discussion of results: Transformation of upstream scope 3





6. WRAP-UP



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Spot light: **Feedback**



16.05.2023













Global CompactNetwork
Switzerland & Liechtenstein

Thank you for attending and see you soon!



@global-compact-network-switzerland



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