

4th EU-PLG Meeting

Monday, 15 May 2023

Tuesday, 16 May 2023

14:00 – 18:00h

09:00 – 16:30h

Location: Zürich

Participants

Companies

Switzerland & Liechtenstein: **Austria:**

SITA

EVN AG

Holcim

PALFINGER AG

Kuehne + Nagel

A1 Telekom Austria

Georg Fischer

Netherlands:

ABB

TenneT TSO GmbH

Givaudan

Heineken International B.V

Sulzer

Inter IKEA Group

Richemont

Albert Heijn (Ahold Delhaize)

Lindt & Sprüngli

Royal DSM

Spain:

Denmark:

INDITEX S.A.

TDC NET

Finnland

Grundfos Holding A/S

Nokia

Danfoss A/S

Cagotec Oyj

Ørsted

Posti Group Oyj

Germany:

Italy:

Deutsche Bahn AG

Enel

Aurubis AG

Danieli & C. OM SpA

Siemens

Prysmian Group

UN Global Compact

Fabienne Sigg

Daniel Mazuré

sustainable AG

Jan-Marten Krebs

Markus Götz

Fanny Meierhofer

Photo protocol

Goals for today

- Insights into the road ahead with net-zero
- Overview over common & sustainability-linked financing instruments and how they can foster achieving corporate climate targets
- Understanding approaches & solutions to achieve a transformation of Scope 1, 2 and 3
- Start elaborating a transition plan

Agenda, 15.05.

- '65 Welcome & Introduction
- '30 Hypotheses on sustainable Transformation
- '15 Break
- '45 Key note SBTi
- '30 Key note Pictet
- '45 Survey & Panel discussion
- '15 Wrap-up & outlook
- Evening event

Hypothesis - Day 1

① We will only achieve our climate goals, if most business models are transformed

fully disagree

fully agree

- We need:
 - Standardisation
 - regulation $\rightarrow$ long permitance processes
- Most Food production will not change dramatically
- Our consumers also need to change their business activities towards green products
 - Price is still the driver
- how to deal with "over-consumption"
- Decarbonisation increases product price
- most BM were based on fossil fuels $\rightarrow$ needs to change
- we have to change, because the world is changing
- there are business ops in this change
- BM are automatically changing with innovation e.g. H_2
- collaboration for innovation regulatory framework

② Networks and collaboration are THE key for successful transformation of business models



fully disagree



fully agree

③ The financing gap in achieving Net Zero targets will be closed with existing financial instruments



Topic wish list - Day 2

SCOPE 3 : NEED FOR
DETAILED STANDARDS
FOR SUPPLY CHAIN
EMISSIONS!

X NATURE-BASED SOLUTIONS
VS BIODIVERSITY LOSS
FOR "THE LAST MILE" TO NZE.
= FEASIBILITY / RELEVANCE

Operationalization of
scope 3 upstream reduction
management

Suppliers' emissions
Integration in Group
Footprint Best practices?

Calculation Standards
for Scope 3 emissions-
boundaries

External
assurance &
verification

SBTi ~~lead~~ time
to validate target

Internal
carbon
pricing

"Dream" organisation

to meet SBTi target

Scope 4?

Scope 3 data quality +

Scope 3 collaboration

SCOPE 3 avoided emissions

Scope 3: Use of sold
products
Customers collaboration

Digitization options for
ESG data management

incentivizing
suppliers

(to improve engagement
level, data quality etc)

internal organisation

↳ Scope 3 is so complex. How to
delegate ownership to the (core)
business?

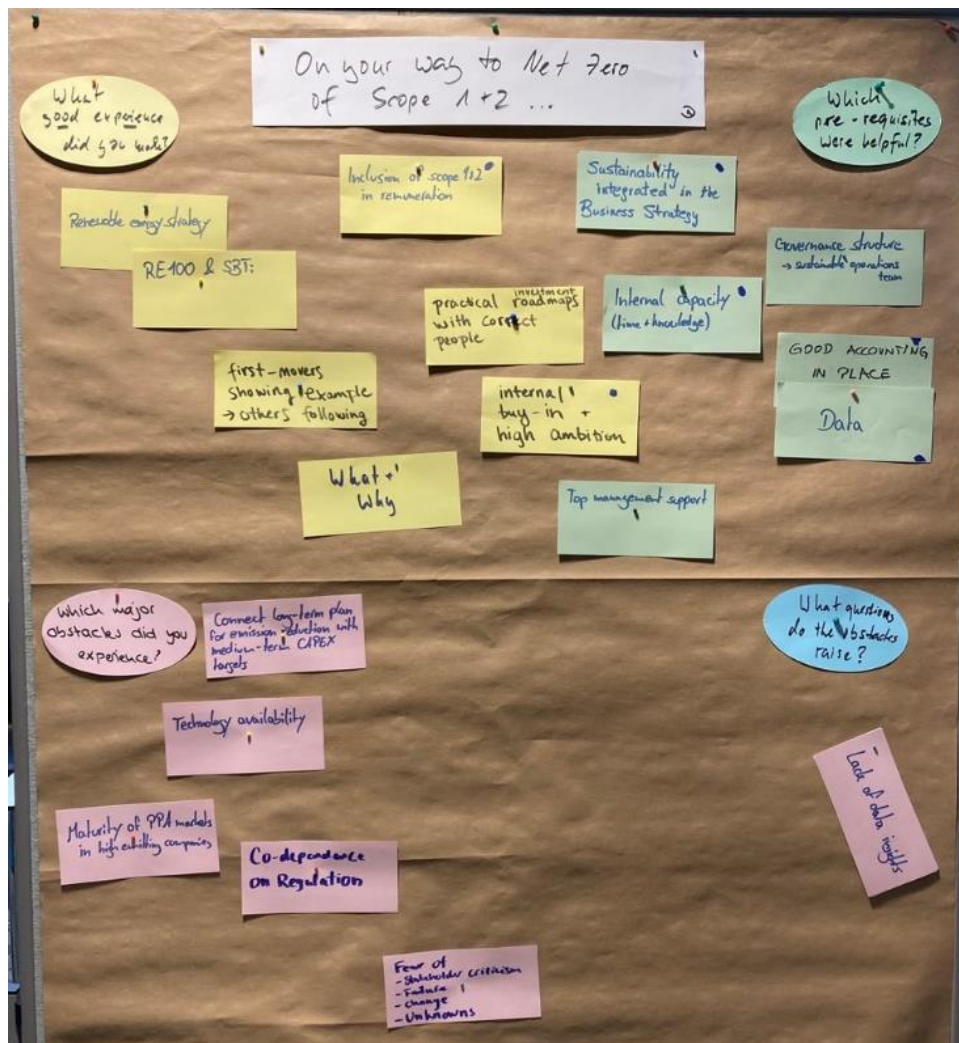
Hypothesis - Day 2

① we know exactly how we will reach
net zero for scope 1 + 2.



② we know exactly how we will reach
net zero for scope 3.





On your way to Net Zero
of Scope 1 & 2...

Group 2

What good
experiences did
you make?

Re-defining
targets

Positive Business
Case (high energy
prices)

Setting &
communicating
targets external

What
prerequisites
were helpful?

Utilising new
technologies
(AI)

Beneficial to
go "green"

Support of the
company's
management

Investors are
interested in
Ambitious targets

Having the your
generation be
motivated to work
in sustainability

Technical Solution

participation at
all levels, engaged

Frameworks
(reference)

In-house
expertise

established, well-
known standards
clear boundaries

People care
+ are motivated

Peer-
learning

Energy assessments
+ facilities, processes

Data, measurements

Cash

Forming new
alliances with
stakeholders
(i.e. universities)

advanced data
quality reveal
opportunities

Engagement +
ownership

Clear TARGETS &
consensus/support
(Govt, nat. legislation,...)

BUSINESS INTEGRATION

Which major
obstacles did
you experience?

LONG TIMINGS
2030 - not urgent
enough

LACK OF
METHODOLOGY

How we define
Sustainability...
(Climate, biodiversity, etc.)

What questions
do the
obstacles raise?

Market-based
vs.
Location-based

increase maturity
level / expectation
vs early stage
business

How can we keep
up talent attraction
?

Conflict w/
bus strat or
priorities

Paving the ground
can lead to "wrong"
decisions →

Defining
(green) investment
criteria

leadership availability
/ very steep learning
curve

Investors lack
knowledge when
it comes to
evaluating invest.

technology
readiness

budget allocation
priority

On your way to Net Zero
of scope 1 & 2...

What good
experiences did
you make?

Code of conduct
- Ownership of facilities
Better Data

SCOPE 2 MOST
TANGIBLE AND
ACTUABLE
EASY TO EXPLAIN TO
STAKEHOLDERS

ENERGY EFFICIENT
PROJECT
→ Reducing S1+2

Decarbonize
Power Demand,
e.g. PV projects

ACCESS TO
DATA /
CONSUMPTION

HSEDM
ESGEO TOOL

CARBON ACCOUNTING
TOOLS for
Monitoring

Which
pre-requisites
were helpful?

Commitment
by Board

STRATEGY

CAPEX (FUND)

DEDICATED
BUDGET

Which major
obstacles did you
experience?

STORES /
RETAIL -
ACCESS TO DATA

RENEWABLE
ENERGY NOT
100% RELIABLE AT
ALL TIMES

Substitute market
gas → hydrogen

What questions
do the
obstacles
raise?

Prioritize
economical
projects

GREEN ELECTRICITY
AVAILABILITY
TECHNICAL BARRIERS

On your way to Net zero
of scope 1 & 2... *aggregated*

What good
experiences did
you make?

Which
prerequisites
were helpful?

Which major
obstacles did you
experience?

ACCESS TO
RENEWABLE
ENERGY

What questions
do the obstacles
raise?

RENEWABLES
REGULATION
IN
MIDDLE EAST

SOLAR PANELS
NOT AN OPTION
WITH RENTED
BUILDINGS

High burden
by bureaucracy

Technical barriers
to substitute
Energy Demand

NOT ALL
Renewables
are good!

How can we
properly educate
employees?

Educating
internal
Stakeholders

\$ Financing

HOW CAN WE
SUPPORT METHODOLOGY
DEVELOPMENT?

how often to update
baseline, considering:
- updated guidelines
- arguments/decisions

Controlled, not owned
resources (land/roofs)

On your way to Net Zero of Scope 3 upstream (S&T-2)

What good
experiences did
you have?

Which
prerequisites
were helpful?

Mapping supplier
by portals/tools

Involvement in
Sustainability
Council

Long-term partners
are helpful for
Energy Efficient

Policies (Gov)

Standardization
is necessary

Customers who
drive the markets

Which major
obstacles did you
experience?

Lead Time

Missing GHG
emissions for Suppliers
in Asia (India, China)

Suppliers with
CO₂/sustainability
information not helping

How to drive
transparency (data)?

What questions
did the obstacles
raise?

How can we
reduce the lead-time
→ Come from

Concept to
Action?

On your way to NetZero of Scope 3 upstream

Group 2

What good experiences did you make?

Cross-functional
long innovation
process

Longstanding relation
with suppliers

collaboration
approach to improve
or a joint mission

Networks serve
as hubs to
exchange ideas

UPSTREAM

Existing data
inhouse

Which prerequisites
were helpful?

Leverage

UPSTREAM

Strong supplier/
customer
relationships

Offer simple
educational
materials

UPSTREAM

Financial
incentives

UPSTREAM

Calculate
disclose
report

Tools

UPSTREAM

Data

UPSTREAM

sustainability metrics
as part of tender
processes
(Ranking etc)

UPSTREAM

Which major
obstacles did
you experience?

Data
Quality

UPSTREAM

Data quality

changing regulatory
frameworks
and Guidelines

Lack of supplier
knowledge
education
needed

UPSTREAM

Governance

UPSTREAM

Complexity

UPSTREAM

What questions
did the obstacles
raise?

Supplier training
- who delivers?
- who is in scope?

Increase supplier
engagement w/
sustainability topics
(e-learning)

UPSTREAM

On how way to Net Zero of Scope 3 upstream

What good
experiences did
you make?

Environmental Cost
Indicator (ECI)
(pay the actual price)

Incentivize suppliers in
tenders

Scope 3 creates a
mindset shift to
companies to look at
their responsibilities

Finance took over
Data Reporting Responsibility

DATA → PRIMARY?

Internal Capacity
& Capabilities

Which
prerequisites
were helpful?

Which major
obstacles did
you experience?

Ownership of Scope 3
upstream Governance

How to manage supplier
data when received?

Tradeoffs between
CO2 & other environmental
impacts

HOW TO RECEIVE
DATA FROM
SUPPLIERS?

Standardize primary data
generation/treatment

External Target vs.
Internal KPI Correlation

What questions
did the obstacles
raise?

On your way to Net Zero
of Scope 3 upstream...

What good
experiences did
you make?

SUPPLIER
ASSESSMENT
TARGETS

FOCUSED
SUPPLIER
ASSESSMENTS

CUSTOMER
PRESSURE +
PURCHASING

INTERNAL
PRESSURE

Initial Investment
UPFRONT
LEADERSHIP

Supplier
Data

PROCUREMENT
INVOLVEMENT

MANAGEMENT
BUY IN

Which
PREGULATIONS
were
helpful?

Which major
obstacles did
you experience?

Requestioning the S&S
meets are a smaller part
of procurement

LACK OF
SOLUTIONS /
TECH

LACK OF
GOVERNMENT
FUNDING

PRICE
Accountability
Switching to Green
Products

CUSTOMERS REQUEST
ONLY DATA +
RECYCLING CONTENT

TOP-DOWN v.s. bottom-up
PROCUREMENT TENDERS
DESIGNER

Do you and
contractors WITH
Suppliers how does
it work?

How to handle shift from
eg S&S to S&S?

Could it be helpful to
develop rural regions
to grow net zero markets?
(e.g. H₂ from Africa)

What questions
do the obstacles
raise?

Scope 3 upstream

Company : IKEA

Name : Anna

Good experience 1: De-couple emissions from growth (renewable)

Good experience 2: Renewable electricity program for suppliers

Good experience 3: Renewable electricity
Staircase

Scope 3 upstream

Company: Givaudan

Name: Sandra

Good experience 1: Supplier engagement
↳ TOM
↳ differentiated approach

(Good) experience 2: Data model
↳ quality

Good experience 3: Incentivization
↳ Top 500 managers
SD-3

⇒ Climate Roadmap

On your way to Net Zero of Scope 3 downstream

What good
experiences did
you make?

Which
prerequisites
were helpful?

Motivating the outputs
- opportunities for
innovation

Finance took over
Data Reporting Resp.

INTERNAL
CAPACITY
& CAPABILITY

SCOPE 3 CREATES A
MINDSET SHIFT TO
COMPANIES TO LOOK AT
THEIR RESPONSIBILITY

Which major
obstacles did
you experience?

What questions
did the obstacles
raise?

External Target vs.
Internal KPI Correlation

On your way to Netzero of Scope 3 downstream

What good
experiences did
you make?

Customers pay
premium for
sustainable product

ESG criteria
in RfP included

Customers do
not have to pay
100% of additional costs

Which
prerequisites
were helpful?

Which major
obstacles did
you experience?

The lower in the
food chain, less
price setting power

Efficiency of
sold products is to
less

NO CONTROL/KNOW-
LEDGE ABOUT THE
END OF LIFE OF
PRODUCTS

Sustainability to
integrate in
Product Design

What questions
did the obstacles
raise?

How does the
client use an
efficient product?

How can we
avoid double
counting of Sc3

How can we
explain double
accounting Scope 3?

GOOD EXPERIENCES

TRIGGERS INNOVATION
IN DEVELOPMENT

DEPENDING ON
BIZ WE HAVE
KNOWLEDGE ON
CUSTOMER BEHAVIOUR
→ ENERGY REQUIREMENTS

triggers
electrification

SCOPE 3

DOWN-STREAM

SOME GRIDS
ARE DECARBON-
IZING

PRERE- QUISITES

LOTS
OF
DATA

OBSTACLES/ CHALLENGES

objectives for buyers/
customers with bc

customers focus on
efficiency, no info
about energy mix

DATA QUALITY & GATHERING

BUSINESS MODEL
PRODUCT ENERGY

TRANSITIONS
OFTEN GO WITH
HIGHER ENERGY
DEMAND

KEY QUESTIONS

DO YOU ACHIEVE
INSIGHT IN THE
CUSTOMER BIZ
MODEL FOR GOOD BIZ

ARE WE
TRANSITING
FAST
ENOUGH?

IS THE ENERGY-
GRID / CUSTOMER
ENERGY MIX PRE-
REQUISITE FOR
GOOD SC-3-CALCULATION

Scope 3 downstream

Company : Siemens

Name : ~~Patrick~~ ~~Patrice~~ Patric

Good experience 1: Efficiency / R+D

Good experience 2: Innovation for alternatives

Good experience 3: Purpose not only 7.11



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SOLUTIONS TO KEY QUESTIONS

How's growth affecting
net-zero targets?
internationally ★

How to guarantee
reliability of mgmt
efforts/claims
across borders?
(NDC or similar)

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KEY QUESTIONS

What is a good renewable energy project?

- investigating: solar thermal solar panel

(solar energy for cooking / heating)

- ONE that has low overall impact (nature & social)

- biomass boilers

How to overcome bureaucracy?

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COLLEAGUES !

KEY QUESTIONS

Need for CAPEX

Financing

Internal carbon pricing?
as potential
solution?

ddejong@linde.com
(experience @ shell + pilot starting
@ linde)