Checklist: Building **Blocks to Net Zero** Transformation

The greatest transformation challenge humankind has faced is staring right at us: the world has 10 years to halve global greenhouse gas emissions and avoid global warming of above 1.5°C. Beyond this point of warming, the more devastating impacts of climate change become irreversible. Put simply, this gives us just over two business cycles to transform every sector of the global economy.

The PwC and Microsoft report <u>The Building Blocks for Net</u> Zero Transformation outlines a 'blueprint' to help guide companies as they move from ambition to action. We have a shared belief that delivering on net zero requires wholesale business transformation, and that functions across the organisation need to play a vital role - from strategy, product development, sales and marketing, and innovation and R&D, to corporate finance, risk and compliance, procurement and people.

Here is a checklist of key actions to embedding net zero aspirations within and across your business

Ambition

Aligned to achieving global net zero by no later than 2050 and to limit warming to 1.5°C Alignment of company ambition to achieving global net zero by no later than 2050, underpinned by science-based targets approach to limit warming to 1.5°C of warming. Define what good practice on ambition looks like.

- Set a net zero vision that follows a science-based approach
- Understand total emissions impact across value chain
- Prioritise actions to deliver your net zero commitment
- Develop a credible carbon offset approach (including measures to avoid, reduce and remove emissions)

Governance

Accountability driven from the top

Oversight and accountability for net zero driven through the entire organisation, including at the highest levels of the company and Enterprise Risk Management.

Those at highest level of organisation assume responsibility for delivering net zero transformation

Establish net zero and climate change as standing agenda items at executive level

Assign management oversight of net zero transformation

Evaluate net zero incentives structure

Strategy

Embedded and aligned net zero into company strategy

Net zero is embedded into company strategy, including growth strategy and functional strategies to maximise value and build resilience in a changing climate.

Understand how net zero is changing market dynamics and value Assess capabilities required to succeed under net zero future Identify options to deliver net zero strategy Develop business case to deliver net zero strategy

Align operating model blueprint to deliver net zero strategy

Enterprise transformation

Key operating model changes in support of transformation

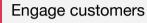
Company is structured to achieve net zero with the operating model designed to deliver net zero targets. A holistic change management program is designed and executed where required.



Establish clear structure of responsibilities and accountabilities to deliver net zero

Harness culture and people

Establish policies, processes and a measurement framework to deliver net zero transformation



Leverage technology and digitisation program

Supply chains

Transformed net zero supply chain

Net zero integrated across the whole supply chain to build a well connected, smart, efficient and low carbon supply chain ecosystem. Includes adapting supply chain strategy, aligning with existing transformation efforts, and supporting the supply chain to decarbonise.

Leverage existing supply chain transformation efforts to deliver emissions reductions

Assess emissions and climate impacts across whole supply chain

Incentivise suppliers to reduce emissions

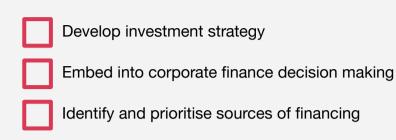
Build supplier capacity to deliver net zero

Build a connected and smart supply chain ecosystem amongst suppliers

Finance

Financing the net zero transformation

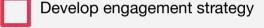
Substantial commitment and willingness to finance net zero transformation through existing and new finance functions and modalities.



Engagement and influence

Enhancing the pace and scale of net zero action

Engages and influences stakeholders across ecosystems to enable change at pace and scale.



Inspire and lead by example

Influence value chain

Deliver investment

Promote policies and behaviors that enable and accelerate progress

Transparency

Communicating action

Provides transparent and balanced information on progress against net zero ambition, including business transformation.



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Communicate your net zero strategy



Disclose progress against your net zero strategy



