

# Delivering a Net Zero future

## Module three



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## Agenda

Thinking for the 21<sup>st</sup> Century

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Mitigating the Impacts of Climate Change on People

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Your Values and Sustainability

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Final Thoughts



# Thinking for the 21<sup>st</sup> Century

Unlocking innovation in the 21<sup>st</sup> century needs a different thinking process. The Net Zero transition requires radically new solutions to increase the pace of change.

To find new opportunities and deliver systemic change, we need to ask different questions about the implications of megatrends such as Climate Change and the 4<sup>th</sup> Industrial Revolution on lifestyles, businesses, society and the environment. Put simply, what worked in the past is no longer fit for purpose.

# Mitigating the Impacts of Climate Change on People

The transition to a Net Zero emission future will have significant impacts across society. The transition will require every sector-industry and agriculture – no matter the size, to change. For example a service-based economy like the UK will see about 20% of jobs affected by these changes. Many other countries will have even more people affected by the transition.

This is why many groups such as the International Labour Organisation are calling for a ‘just transition’ with aim of mitigating the impacts of moving to a low-carbon economy to livelihoods. A recent report by the London School of Economics defines this as a systematic approach which aims to:

- Maximise the social benefits, including the provision of good job opportunities
- Mitigate the social risks associated with the closure of high-carbon activities (e.g. the closure of coal-power plants)
- Empower those affected by the change so they can engage in the decisions about the future
- Anticipate future shifts, including creating a workforce with the suitable skills to contribute to ‘green jobs’
- Mobilise public and private investment to proactively protect and nurture the social fabric. Achieving a just transition will require a conscious effort to minimise the social implications of the transition to Net Zero across different business, regions and society.



# Your Values and Sustainability

**Have you ever thought about your own values and how they relate to sustainability?**

Moving to a sustainable economy highlights some tricky trade-offs for many businesses. When making decisions with environmental or social consequences, it can be helpful to determine which values are at stake and how you and other stakeholders feel about them personally.

A deeper understanding of your own values can help in this regard.





## Connecting with Individual Purpose

Your values and sustainability are interconnected. Values are what matter to us and what motivates us. They are what we care about in work and in our personal life. They also have the power to encourage action and are essential for the sustainability agenda as that enable us to make the necessary changes to create a more sustainable world.

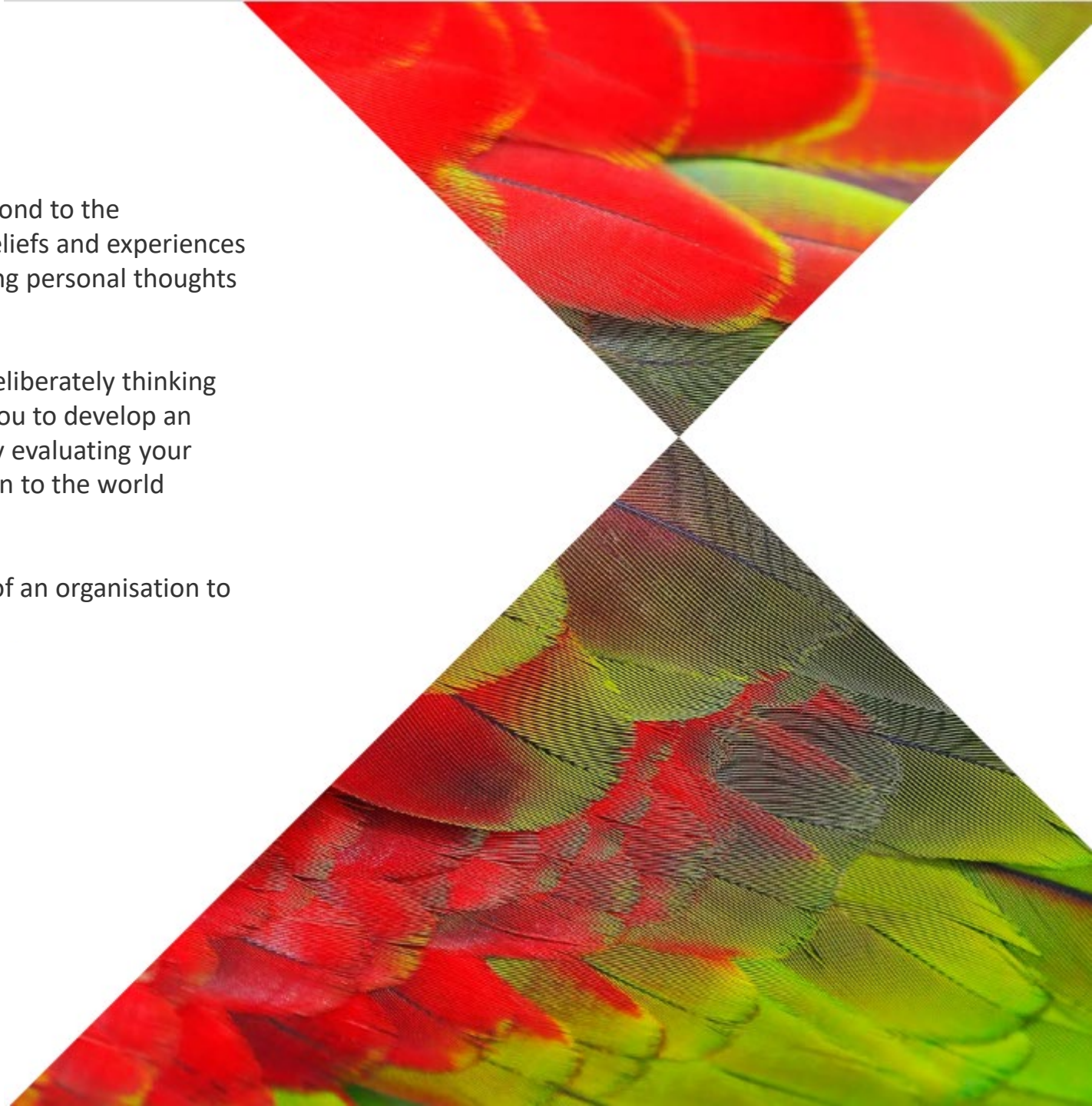
What seems like a small decision relating to your personal life, such as the products you buy, your involvement in your community or where you invest your money can make a difference.

By putting our values into practise we can shape a better future for our colleagues, customers, society and the environment.

Increasingly, organisations are recognising that to adapt and respond to the megatrends, they need individuals who can connect their own beliefs and experiences with the organisational strategy. One key instrument to connecting personal thoughts is active reflection.

Often described as “thinking with purpose”, reflection involves deliberately thinking about your own behaviours, beliefs and experiences. It enables you to develop an awareness of your mental and emotional state as well as critically evaluating your actions to understand your effect on people and your contribution to the world around you.

Reflection can be a powerful tool to help individuals at all levels of an organisation to develop and grow.

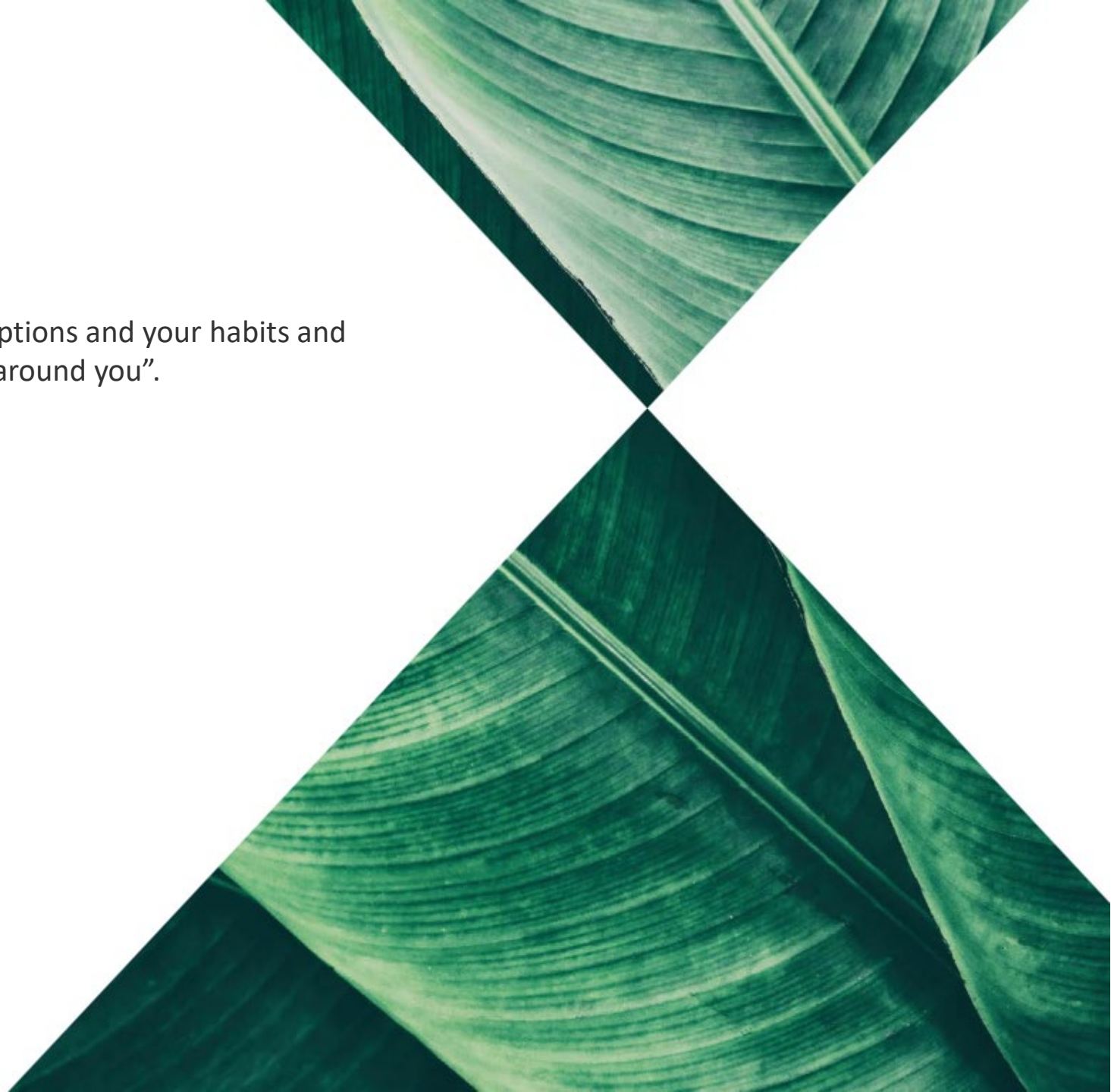




# Tips for Effective Reflection

“Self-reflection requires that you question your assumptions and your habits and ask whether they are useful in dealing with the world around you”.

**Daniel Dobrygowski**  
**Global Leader Fellow, World Economic Forum**







We recommend the following principles that may help you reflect:

**Make the time.** We all live hectic lives and have plenty of demands on our time. Taking time to reflect and process events can be pivotal to advance. Just ten minutes a day can have significant benefits for thinking and learning to take place.

**Be honest with yourself.** Reflection is a personal time. It enables you to clarify your thoughts. It is important you are 100% honest with yourself.

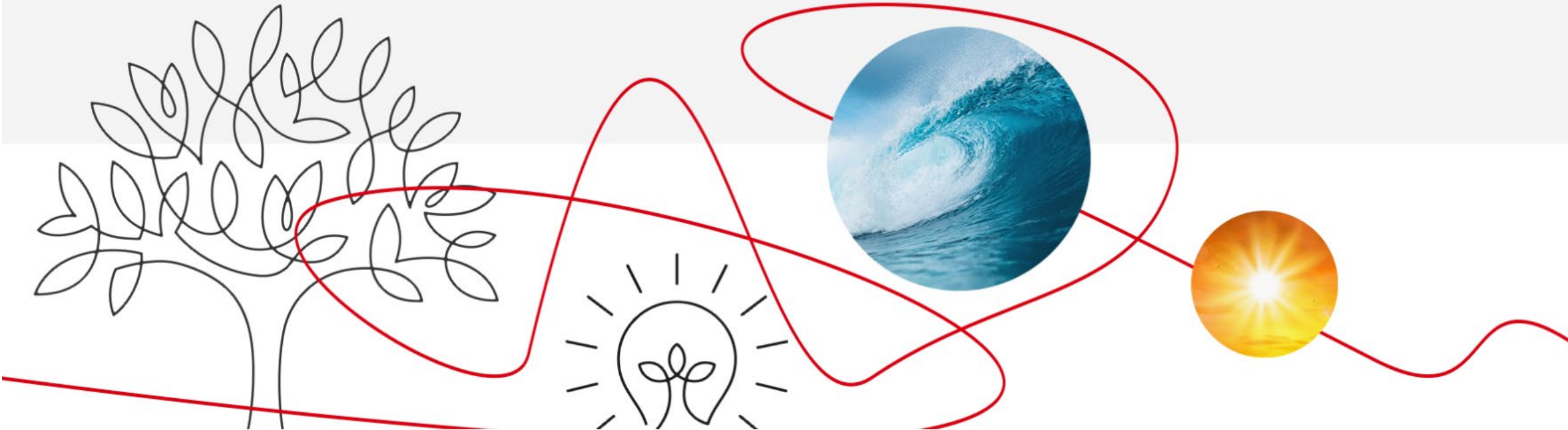
**Be able to articulate your core values.** If you don't know what's important to you, how can you develop? Take time to consider what's most important to you, so that you can better evaluate whether or not you're living those values and how and where you can make the changes required.

**Notice behaviour patterns.** We are all creatures of habit. Some of these habits are helpful and others are not. It's good to be aware of your habits, so you can actively weaken the ones you don't want and strengthen the ones you do want

# Sharing Leading Practice

Businesses in all industries and across all geographies are adapting and responding to the challenges that come with moving toward a Net Zero economy. For each business, the drivers for change are different but they often include new stakeholder expectations, shifts in policies and regulations or access to raw materials. Increasingly, organisations are creating new business models and developing strategies to help them be more sustainable.

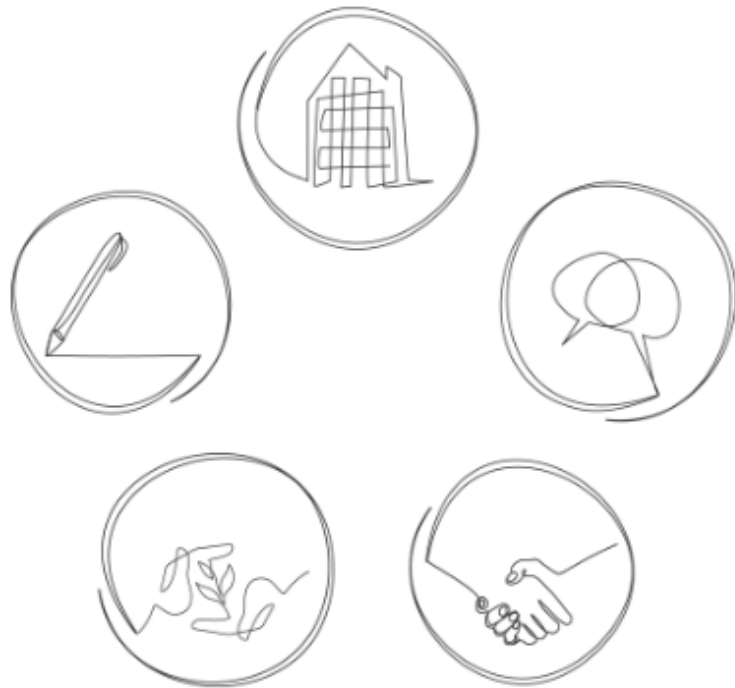
**How is the finance sector is changing?**



# Different Approaches to Sustainability in the Finance Sector

The finance sector holds a unique position in society. It is essential for people, businesses, Governments and other organisations to function, grow and develop. To achieve a sustainable economy, the finance sector will have to play a significant role.

We've identified five main ways that the sector is changing.



> Voluntary Standards Endorsed by Multilateral Institutions

> Regulator and Legislator Action

> Cross-Sector Business Forums

> Industry-Led Collaborations

> Individual Companies and Organisations



# Voluntary Standards Endorsed by Multilateral Institutions



Across the financial sector, companies are making commitments to deliver a more sustainable economy. Many financial institutions have communicated major long-term sustainability commitments, which provide an opportunity to drive sustainability through products and services.

These include:

- A growing awareness of environmental, social and governance (ESG) factors in investment portfolios.
- Growth of funds allocated to sustainable investment products.
- Expansion of the green bond market and development of other sustainability financing products.
- Long-term sustainability commitments addressing business-linked social and environmental challenges. This includes commitments to not make further investments into high carbon activities such as thermal coal, as well as ambitions to increase the investment into low carbon activities.

# Regulator and Legislator Action



Organisations in the finance sector are working together to improve the management of sustainability risks. For example, over 300 banks, investors and insurers are working together through the UN Environment Programme Finance Initiative (UNEP FI) to improve sustainability practices. This global initiative has an important role to identify and promote better environmental practices at all levels of financial institution operations.

Over 2,750 organisations have signed up to the United Nations Principles for Responsible Investment (UN PRI). The UN PRI uses six principles to incorporate environmental, social and governance (ESG) factors into investment decisions to better manage risk and generate sustainable, long-term returns. Importantly, this voluntary standard has been developed by investors, for investors.

This movement towards managing sustainability risks is important. In 2021, the Bank of England introduced a mandatory and uniform climate risk test for major banks and insurers.

# Cross-Sector Business Forums



In many instances, leading organisations are working together in order to improve sustainability practices and accelerate the progress to enhance the collective understanding of emerging risks and opportunities. For instance:

- The Institutional Investors Group on Climate Change (IIGCC) brings together nearly 150 organisations to help investors respond to Climate Change. It deepens investor understanding of climate risks and opportunities, encourages the exchange of leading investment practices and informs public policies to support a low carbon future.
- The International Capital Market Association convenes asset managers, investors, law firms and intermediaries to promote resilience in international debt securities markets to fund sustainable economic growth and development.



# Industry-Led Collaborations

A key theme in the finance sector has been the rise in information on social and environmental performance. This has seen new international reporting standards such as the Global Reporting Initiative and the International Integrated Reporting Council.

An important development has been the introduction of the Task Force on Climate related Financial Disclosures (TCFD). This voluntary standard encourages climate related disclosures as part of financial reporting, therefore enabling investors to make better assessments of how well institutions are helping to deliver a low-carbon future.



# Individual Companies and Organisations



Organisations from the finance sector often work with other partners to improve practices and deliver a sustainable economy. These alliances include:

- The Energy Transitions Commission (ETC), which aims to identify pathways for change in our energy systems to ensure both better growth and climate.
- The World Economic Forum (WEF), a global organisation which looks to improve the state of the world through public-private cooperation in areas such as education, gender equity and the future of work.

# Sustainable Businesses

Many leading companies are already incorporating sustainability into their business models and strategy. In doing so, businesses can better control their costs and availability of raw material attract and retain talent.

Progress is being made in all se

**Microsoft: Building skills for a connected future**  
**Unilever: Driving growth through sustainability**

**Interface: Innovating through new partnerships**

Over the next decade, the way that people work and the nature of jobs available will profoundly change. Some experts anticipate that up to 85% of jobs that exist today will be replaced by new ones. A lot of businesses make a goal to sustainably train the workforce in their manufacturing processes and working to equip people with the digital skills to keep up with these changes.

Steel is an essential material in infrastructure and in many different ways. The world's largest producers of construction and mining steel have launched a bold ambition to deliver sustainable steel products that are better for the planet and better for people.

As a result of this ambition, the company has been working to reduce its carbon footprint and has adopted a number of measures to improve its sustainability. In 2019, the company committed to bringing more digital skills to 25 million people in emerging markets. The company has also adopted a number of measures to improve its sustainability, including working to reduce its carbon footprint and improve its energy efficiency.

The world's largest steel company, AcelorMittal, realised this and launched a business to rent steel sheets to customers. This enables the same sheet of steel to be used in more than one project, making it a more sustainable option. The company has also adopted a number of measures to improve its sustainability, including working to reduce its carbon footprint and improve its energy efficiency.

Nearby, the steel industry is recovering from the effects of the global financial crisis. The industry has been working to improve its sustainability and reduce its carbon footprint. The industry has also adopted a number of measures to improve its sustainability, including working to reduce its carbon footprint and improve its energy efficiency. The industry has also adopted a number of measures to improve its sustainability, including working to reduce its carbon footprint and improve its energy efficiency.



# How do I deliver Change?

> Make it actionable

> Engage the right people at the right time

> Challenge with respect

> Always keep an eye out for opportunities

> Embedded sustainability as a core to the business

> Know the strategy



- Have I identified areas or projects where I can start driving
- Do I know the right stakeholders to help me drive the sustainability agenda?
- Am I having the right client conversations to understand their sustainability goals and strategies?
- Do I actively look for our sustainability approach to be incorporated within my role?
- How can I contribute directly or indirectly?
- Do I consistently demonstrate that I am committed to the success of our business?
- Do I know what contribution my business can make to achieve positive social and environmental outcomes?
- Do I know my business sustainability approach?



# Learning Outcomes and Final Thoughts



We have highlighted that Climate Change is real and the need to act is growing more urgent every day. We must transition to a zero-carbon economy and support innovative climate solutions to scale up, at a faster pace, to accelerate the changes needed.

We need to work together with our customers, peers, central banks, industry bodies and charitable partners to mobilise the financial system and set the global economy on a more sustainable, resilient and inclusive path.

Transitioning to Net Zero is something we can only do as a global community. Each of us will play our part and we have to act now. We look forward to building this better future, together.

This is the end of module three, you should now;

- Reflect on how you can make a difference, reframe how you view sustainability, and alignment with your own purpose and values
- Learn through the example of other so you can start identifying opportunities for change and bring others on board

Thank you