

Decarbonization Strategy & Action Accelerator

Module 1: Building the Foundation



Introductions



Trio Team



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Honda Team



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Antitrust Statement

Trio is hosting the Accelerator program for the purpose of providing automotive suppliers guidance to developing a decarbonization strategy. It is intended to take place in full compliance with all applicable provisions of state and federal antitrust laws. These discussions will be conducted in full conformance with the Antitrust Guidelines (attached hereto). Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, terms of sale, division or markets, allocation of customers or any other activity that unreasonably restrains competition, including components of pricing such as vendor or contractor costs. It is the responsibility of every participant at this meeting to carry out this commitment.

Anti-trust Key Takeaways

- Avoid discussions of topics that could result in anti-competitive behavior
- “Off-Limits” items include, without limitation:
 - Any information that could be considered competitively sensitive, confidential, proprietary or a trade secret
 - Confidential contract or counter-party specifics
 - Inputs, data sources, formulas, algorithms or other information used in planning and forecasting analysis or trading activities
 - Pricing plans and strategies
- Immediately interrupt/object if improper topics arise

Accelerator expectations



By participating in this program, your organization commits to making a good-faith effort to attend sessions, complete program requirements, and advance the development of a decarbonization strategy

To receive certification, participants must:

- ✓ Attend each module session
- ✓ Complete homework assignments and provide copy to Trio team
- ✓ Participate in the strategy review session

To get the most value out of the program, participants should:

- Ask questions and foster a collaborative environment
- Socialize key program learnings with other internal stakeholders
- Turn cameras “on” when possible
- Adhere to anti-trust guidelines



To opt out of participation in the program, please contact the program inbox at: hondagreenexcellence@trioadvisory.com

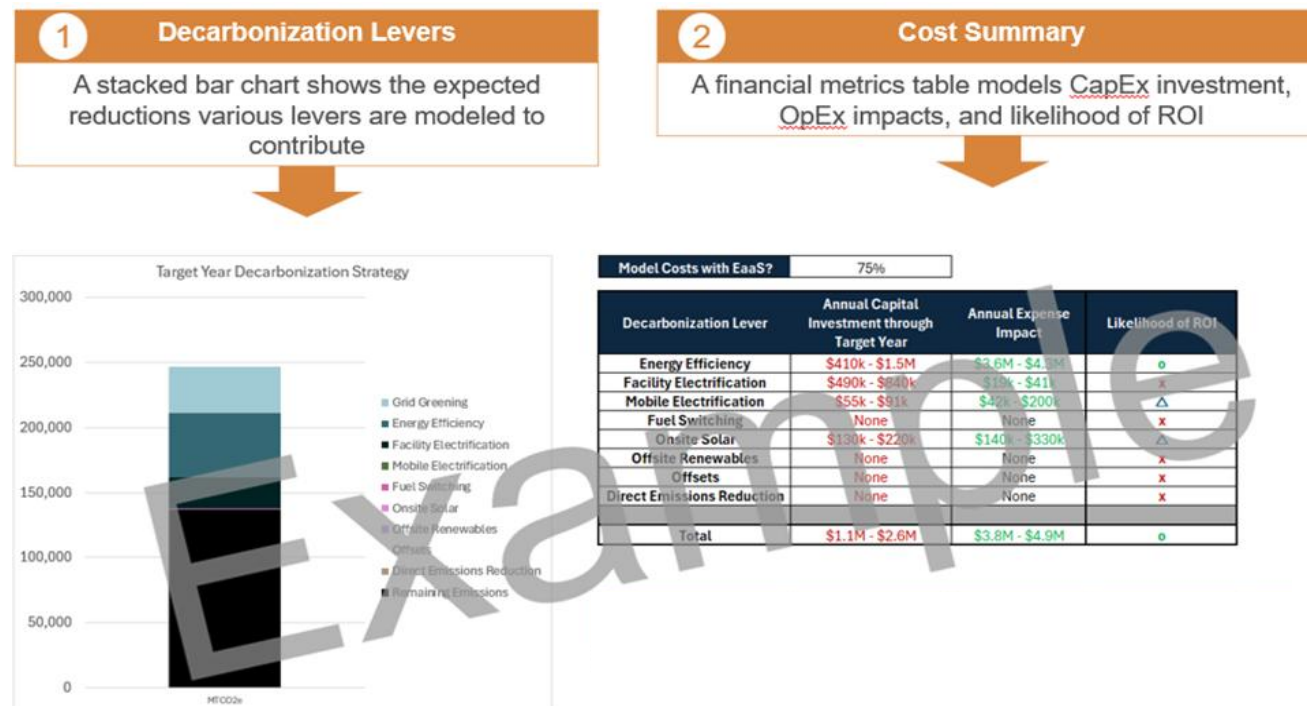
Participants who fall more than two modules behind will be removed from the program

Accelerator program outcomes



The ultimate outcomes of this program is to enable organizations to:

- Identify and assess financially viable decarbonization opportunities
- Develop a leadership-ready decarbonization strategy and business case
- Provide the information needed for executives to confidently approve and advance implementation



Actionable Project List:

Decarbonization Lever	Lever Description	Next Steps	Support Needed
Renewable Energy – Onsite Solar	The installation of solar energy panels onsite	- Investigate onsite solar programs and incentives - Engage with solar providers to determine feasibility and cost	Budget Approval

Objectives & agenda

1

Fundamentals

Define core concepts and milestones in setting a decarbonization strategy process and importance of laying groundwork for decarbonization efforts

2

Insights

Recognize the drivers behind corporate action on climate and how to develop internal momentum and support

3

Implementation

Identify a Project Team and key drivers for corporate action





Fundamentals

Decarbonization Defined

Defining decarbonization



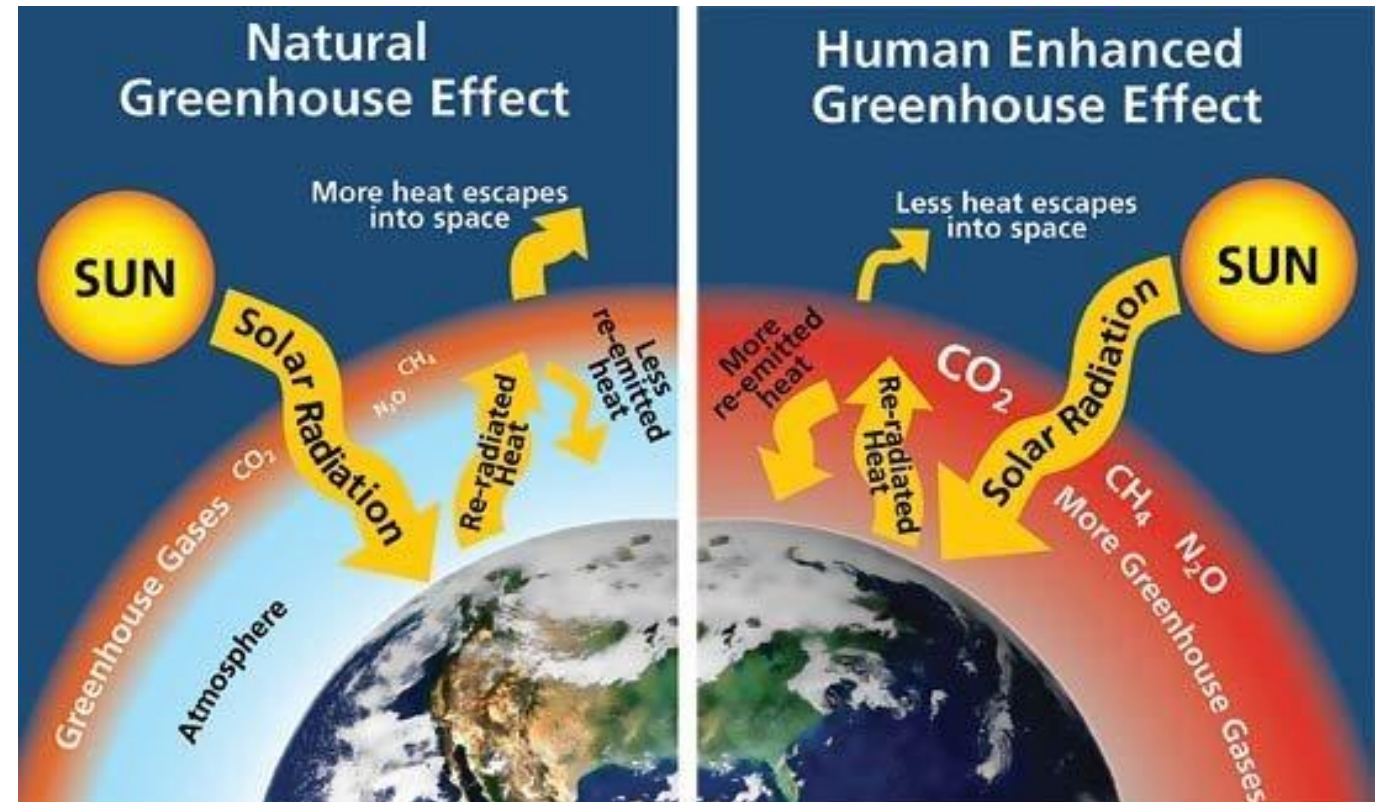
Analogy: Think of GHG emissions like a blanket around the Earth. The thicker the blanket (more GHGs), the warmer the planet gets.

What does “decarbonization” mean?

Refers to the process of stopping or reducing the release of greenhouse gas (GHG) emissions into the atmosphere

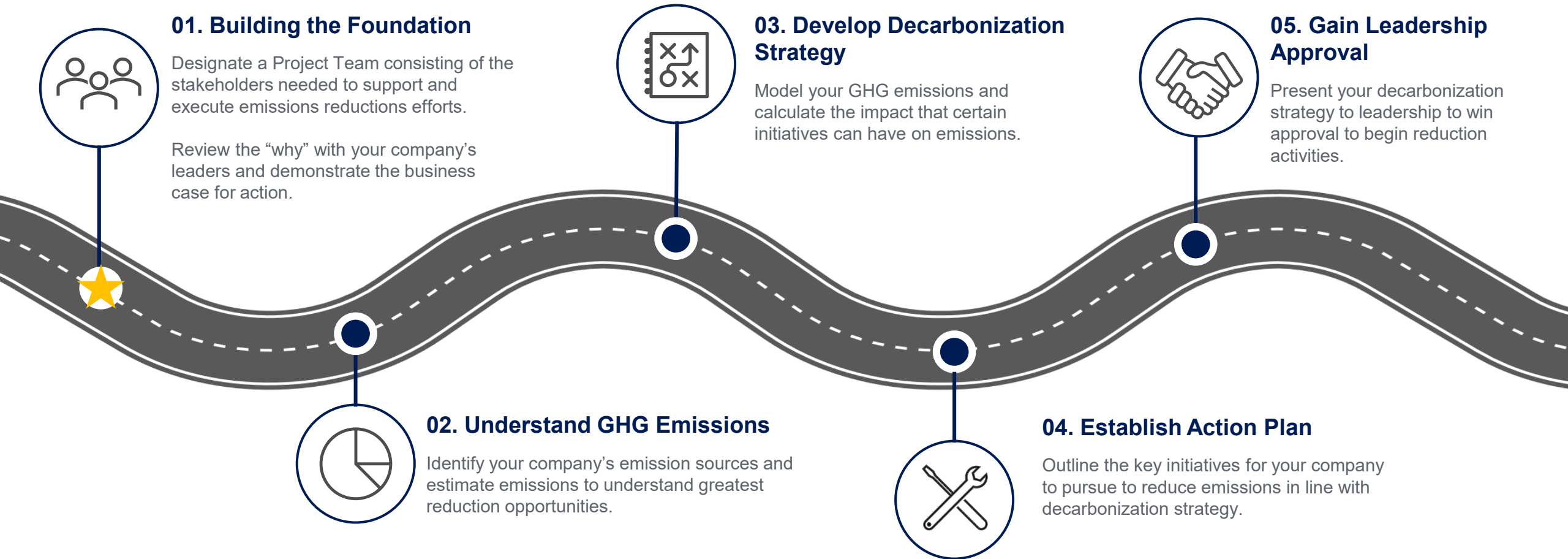
A decarbonization strategy is a roadmap for reducing or eliminating carbon emissions generated by or attributed to your business

We can think of **decarbonization** as focusing on **reducing emissions**, while **sustainability** extends beyond carbon to encompass **broader impacts and long-term resilience**

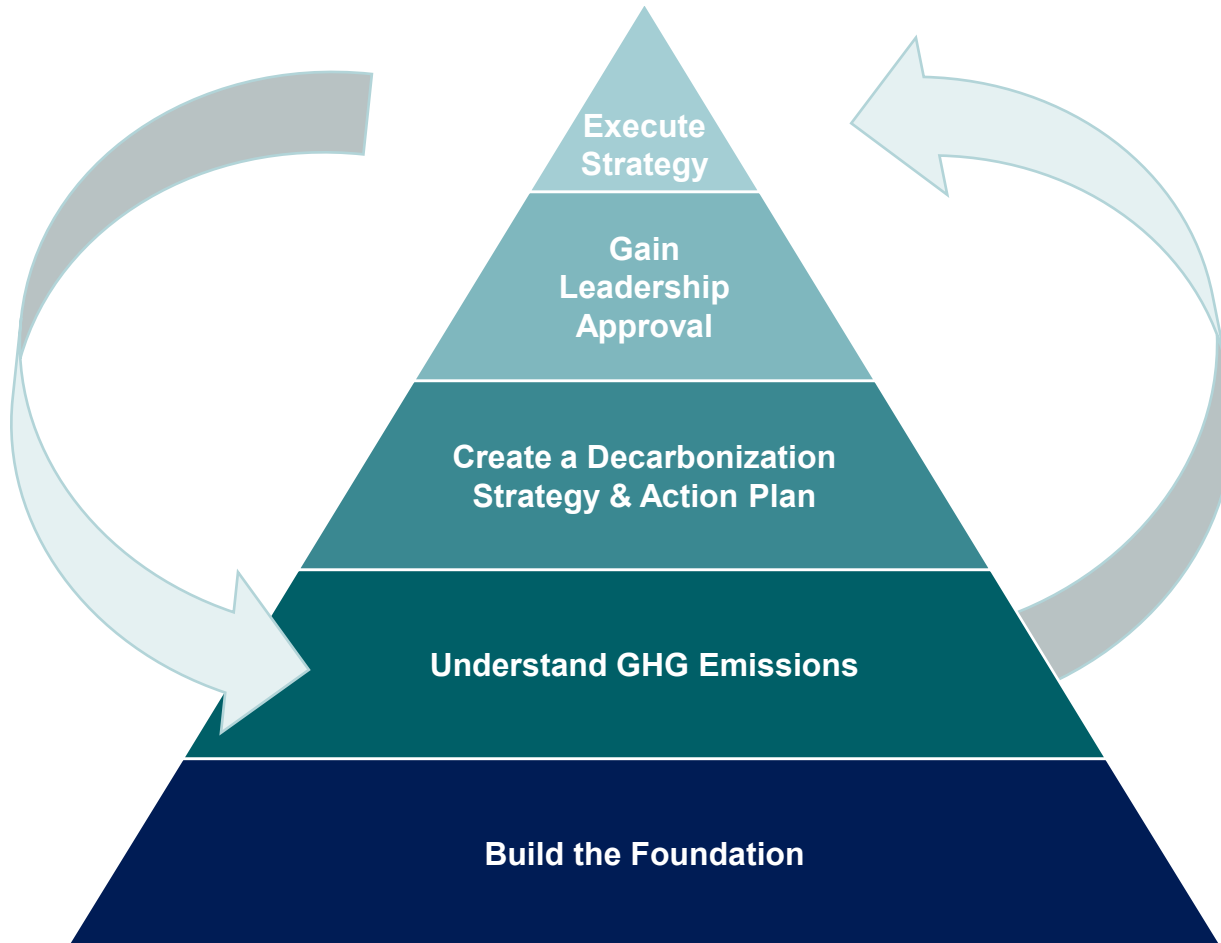


Source: Bradford Research Center, University of Missouri

Decarbonization action roadmap



Importance of building the foundation for decarbonization



Building a strong foundation for decarbonization efforts is essential for:

- Creating awareness and securing buy-in
- Promoting cross functional alignment
- Fostering collaboration and trust

Skipping this step can result in:

- Future roadblocks and delays
- Misalignment with broader organizational or sustainability strategy
- Lack of buy-in from leaders and stakeholders



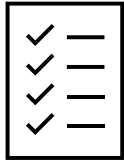
Insights

Business Case for Decarbonization

Business case



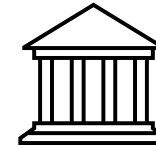
Core business drivers for decarbonization include:



**Customer
Requirements**



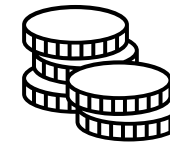
Risk Mitigation



Regulatory Compliance



Consumer Preference



Cost Savings

Global sustainability disclosure is here to stay



European Commission

- EU Green Deal (CSRD, CSDDD, EUDR, EUBR)

China

- Chinese Corporate Sustainability Disclosure

Japan

- Adoption of IFRS Sustainability Disclosure Standards (Proposed)

Australia

- Australian Sustainability Reporting Standards

NZ

- Mandatory TCFD

Malaysia, Singapore, Thailand

- ISSB Aligned Disclosures

India

- SEBI Consultation Paper on ESG Disclosures

South Africa

- King IV Report

Brazil

- CBPS Standards 01 and 02

UK

- UK SRS
- SEC/ESOS TCFD

Canada

- CSSB Canadian Standards (Paused)

USA

- California Climate Disclosure Regulations
- Pending New York Climate Disclosure Regulations

Chile

- IFRS S1 and S2

The automotive industry is aligned on decarbonizing its supply chain



IndustryWeek



SUPPLY CHAIN > PROCUREMENT

What Are Automakers Doing to Cut Scope 1-3 Emissions?

Dec 6, 2023

[What Are Automakers Doing to Cut Scope 1-3 Emissions? | IndustryWeek](#)

S&P Global

How automaker decarbonization efforts can reach Paris Agreement targets

Published: November 21, 2023

spglobal.com

SUPPLIERS PARTNERSHIP
FOR THE ENVIRONMENT

September 18, 2024 News, SP News carbon, ford, gm, honda, magna, scope 2, scope 3, toyota, tri

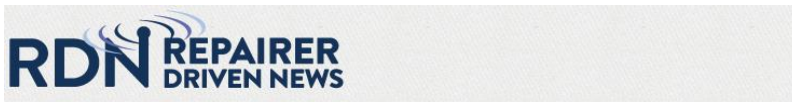


[Automotive Industry Leaders Launch “Transform: Auto” Program to Help Suppliers Add Renewable Energy and Reduce Emissions | Suppliers Partnership for the Environment](#)

Automotive OEMs expect suppliers to decarbonize

The automotive industry is setting decarbonization targets across their supply chain, driven by:

- Investor requirements
- Climate-related disclosure frameworks
- Regulatory requirements
- Increased customer awareness of climate change impacts



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CAR finds OEMs, suppliers should better collaborate on climate & emissions goals

By Lurah Lowery on October 12, 2023
Market Trends

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[CAR finds OEMs, suppliers should better collaborate on climate & emissions goals | Repairer Driven News](#)

Consumers demand sustainable products



88%
OF CONSUMERS

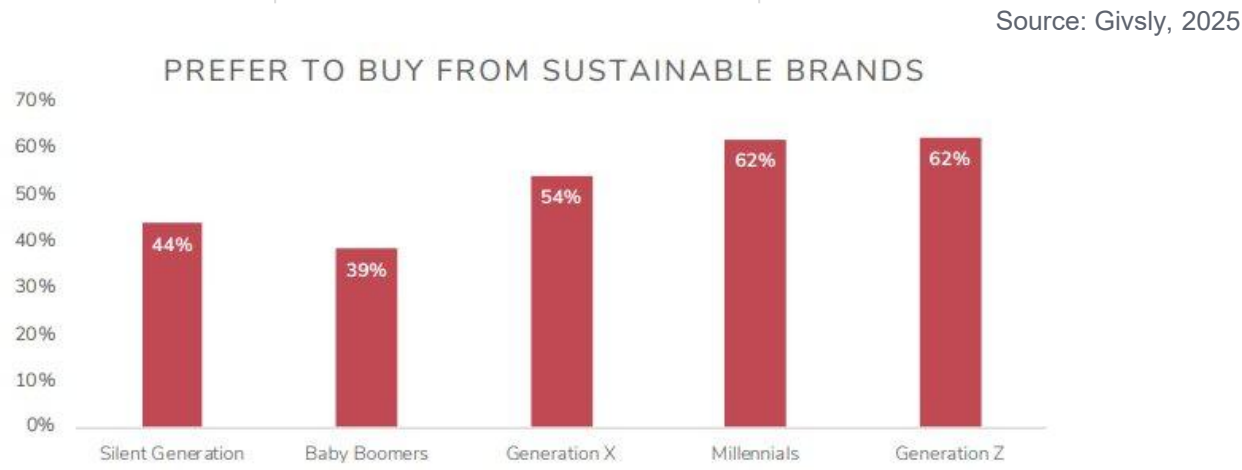
select brands aligned with their values

64%
OF CONSUMERS

are willing to pay more for a brand that represents their values

80%
OF CONSUMERS

consider sustainability when making a purchase



Decarbonization initiatives can drive cost savings

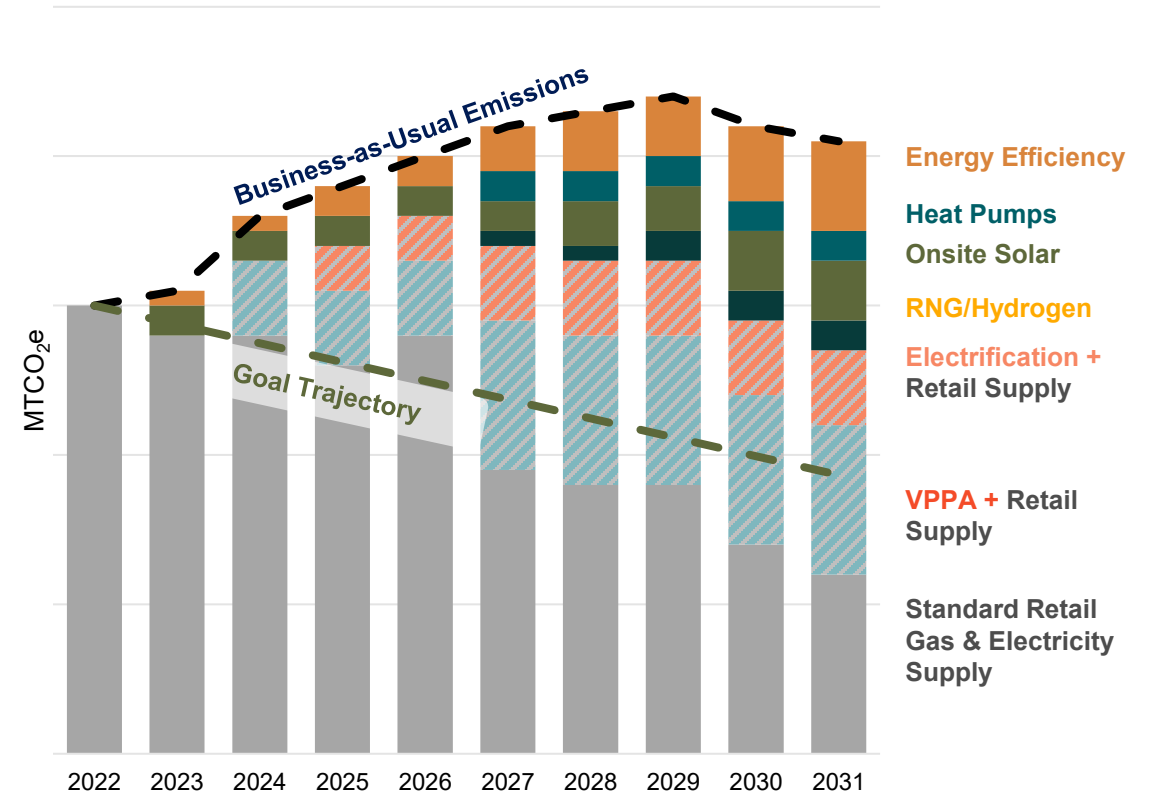


Cost savings may be achieved through measures including:

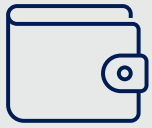
- Energy efficiency
- Onsite solar
- Transportation electrification

Savings may be applied to other decarbonization activities that come at an expense, such as:

- Renewable energy purchases through credits, retail power supply, or virtual agreements
 - Revisions to manufacturing processes
 - Science-based target validation
-
- Financial incentives may be available at the federal, state, local and utility level for specific projects



Climate risk is multi-faceted



Investors see climate risk as a financial risk

- Investors increasingly link climate management to financial and business performance
- Investors have requested ambitious decarbonization targets and accountability for climate management



Supply Chain disruptions may compromise availability of key materials

- Extreme weather increases costs and vulnerabilities of access and manufacture of ingredients and inputs



Customers may encounter limitations to availability of goods & services

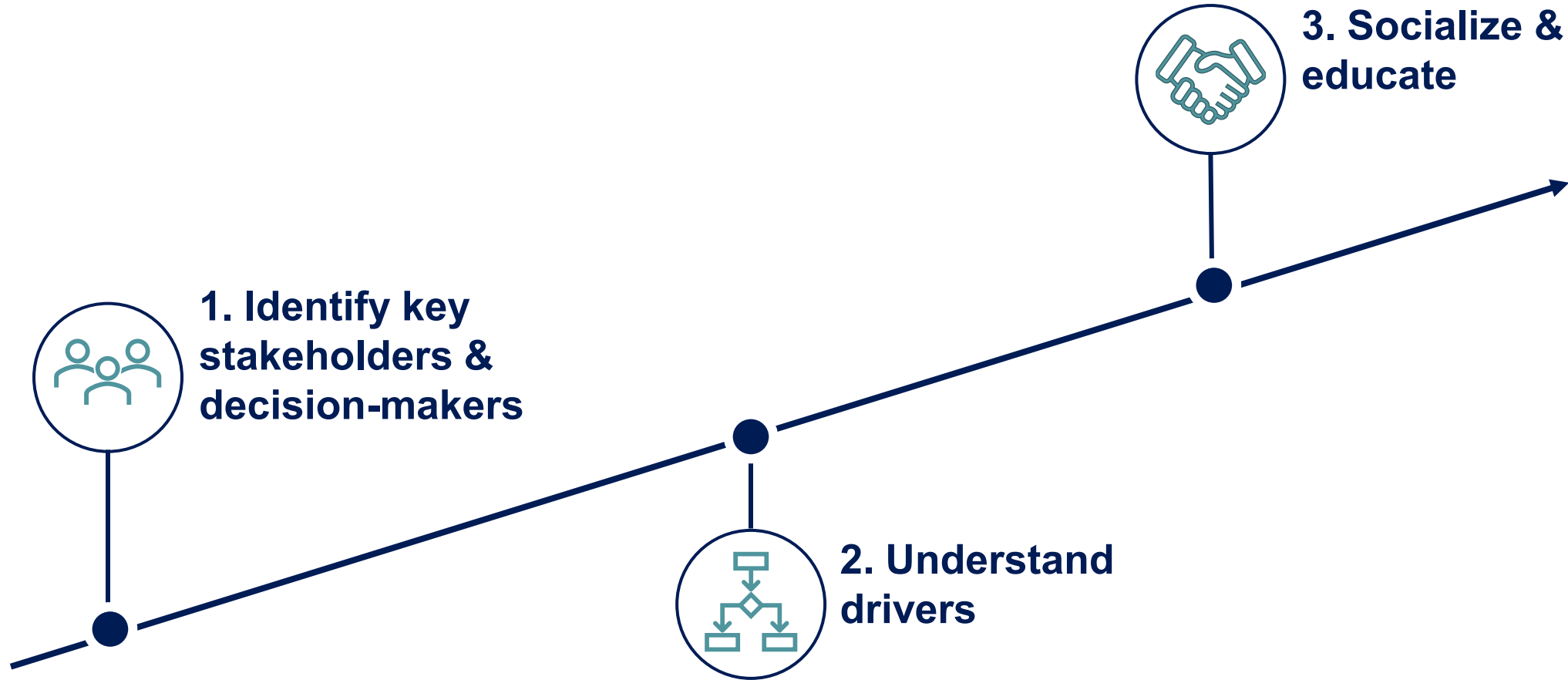
- Global users of your products or services may experience critical delays or inaccessibility, particularly in low-income and vulnerable communities



Implementation

Securing Internal Buy-In

How to get started



1. Identify decision makers & create a project team



Focus on the needs of the ultimate decision makers. While input and support from other stakeholders is important, the decision makers' needs should hold the most weight.

Exercise:

- 1. Identify the relevant stakeholders (role / name)**
- 2. Map their respective departments**
- 3. Distinguish the decision maker(s)**
4. Understand and document drivers
5. Compile supporting information
6. Socialize and educate

Once identified, create a cross-functional project team, consisting of:

- Executive Sponsor
- Project Lead
- Subject Matter Experts

Example exercise:

Role or Name	Department	Decision Maker?
Director of Facilities	Operations & Facilities	N
Chief Financial Officer	Finance	Y
Senior Counsel	Legal/ Compliance	N
Director of EHS	Environmental Health & Safety	Y
Director of R&D	Research & Development	N
Investor Relations Officer	Investor Relations	Y
Director of Corporate Communications	Marketing	N
Senior Director, Supply Chain Optimization	Procurement/ Supply Chain	N

2. Understand drivers



Stakeholders may be uninformed about decarbonization and likely have variation in their **underlying motivations** or drivers. Understand each person's **unique perspective** and what's important to them.

Exercise:

1. Identify the relevant stakeholders (role / name)
2. Map their respective departments
3. Distinguish the decision maker(s)
- 4. Understand and document drivers**
5. Compile supporting information
6. Socialize and educate

Example exercise:

Role or Name	Department	Decision Maker?	Drivers
Director of Facilities	Operations & Facilities	N	Resourcing, operational continuity
Chief Financial Officer	Finance	Y	Cost, financial risks
Senior Counsel	Legal/ Compliance	N	Regulatory compliance, customer requirements
Director of EHS	Environmental Health & Safety	Y	Cost, achievability
Director of R&D	Research & Development	N	Resourcing, operational continuity
Investor Relations Officer	Investor Relations	Y	Reputation, investor pressure, customer requirements
Director of Corporate Communications	Marketing	N	Reputation, stakeholder perception
Senior Director, Supply Chain Optimization	Procurement/ Supply Chain	N	Resourcing, achievability

3. Socialize and educate



Compile supporting information to address the underlying drivers, especially for the key decision makers. **Socialize and educate** stakeholders on the topic of climate action **early and often**.

Exercise:

1. Identify the relevant stakeholders (role / name)
2. Map their respective departments
3. Distinguish the decision maker(s)
4. Understand and document drivers
5. **Compile supporting information**
6. **Socialize and educate**

Example exercise:

Driver
Cost
Financial risks
Regulation
Customer requirements
Investor pressure
Reputation





Looking Ahead

Accelerator Webpage



This program uses a private webpage to as the central hub for program meeting invitations, recordings, resources and homework assignments.

The webpage features a dark green header with a leaf texture and the title "Honda Decarbonization Strategy & Action Accelerator Program". Below the header is a "Schedule of Events" section with a "+ Add event" button and a "See all" link. It displays four event cards for August 5, September 9, October 7, and November 4, each with a date, module title, time, and platform (Microsoft Teams). At the bottom is a "Module Session Recordings Archive" section.

Date	Module	Time	Platform
AUG 5	Module 1: Building the Foundation	Wed, Aug 5, 11:00 AM	Microsoft Teams
SEP 9	Module 2: Understanding Your GHG Emissions	Wed, Sep 9, 11:00 AM	Microsoft Teams
OCT 7	Module 3: Develop a Decarbonization Strategy	Wed, Oct 7, 3:00 PM	Microsoft Teams
NOV 4	Module 4: Establishing an Action Plan	Wed, Nov 4, 1:00 PM	Microsoft Teams

The screenshot shows a SharePoint "Documents" library with a list of folders. The "Module 1 Materials" folder is highlighted with a red oval and a red arrow pointing to it. The list includes "Module 1 Materials", "Module 2 Materials", "Module 3 Materials", "Module 4 Materials", and "Module 5 Materials".

- Location for:**
- Session Materials
 - Module Playbook
 - Homework Assignments

Module Playbook



Each module participants will receive a Module playbook, that includes details about the module and instructions for completing all required assignments.



Module instructions

To complete Module 1, please follow the instructions outlined below. All materials, including session recordings, resources, and homework assignments, are available on the program SharePoint page. Be sure to download and save copies of all materials before editing them.

- ☐ 1. Watch or attend the **Module 1 Session: "Building the Foundation"**
 - a. If you are unable to attend the session at the scheduled time and date, please watch the session recording
- ☐ 2. Complete **Module 1 Homework Assignment #1: "Building Internal Support"**
 - a. Follow the homework instructions using the tables provided to identify relevant decision makers and stakeholders, project team members, and key decarbonization drivers for your organization. Use this information to engage organizational leaders in a discussion about developing a decarbonization strategy and the program outcomes

Please Note

Identifying and engaging key stakeholders who are decision makers or members of your project team may require internal conversations

- ☐ 3. Complete **Module 1 Homework Assignment #2: "Data Collection Exercise"**
 - a. Follow the homework instructions, collecting and verifying key organizational and greenhouse gas (GHG) inventory information that is required for Module 2: "Understanding Your GHG Emissions"
- ☐ 4. [Optional] If your organization would prefer to have a Non-Disclosure Agreement (NDA) in place before sharing company data or information with the program administrators, please contact the program inbox and a member of the team will follow up with next steps

Once the steps above are complete, please confirm you have finished the module by emailing the following items to the program inbox:

- 1. Copy of the completed Module 1 Homework Assignments (#1 and #2)
- 2. If you did not attend the module session live, please confirm in the email message that you have watched the Webinar

Receipt of these items is required to be marked as having completed the module and to be eligible to receive a certificate at the end of the program.

Decarbonization Strategy & Action Accelerator Program Playbook 5

Key Takeaways & Next Steps

Key Takeaways

- Decarbonization refers to the process of reducing GHG emissions generated by an organization's activities and is a critical component of sustainability efforts
- The business case for decarbonization is multi-faceted and key drivers will differ between organizations

Start the conversation: Talk to your company's decision makers about how decarbonization can support their goals

Module 1 Next Steps

- ✓ Complete Homework 1: Building Internal Support
- ✓ Complete Homework 2: Data Collection Exercise
- ✓ Email us if you would like to execute a mutual NDA with Trio

Email a copy of completed HW 1 and confirmation of HW 2 completion to hondagreenexcellence@trioadvisory.com to receive credit towards certificate



Thank you.



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Boston, MA