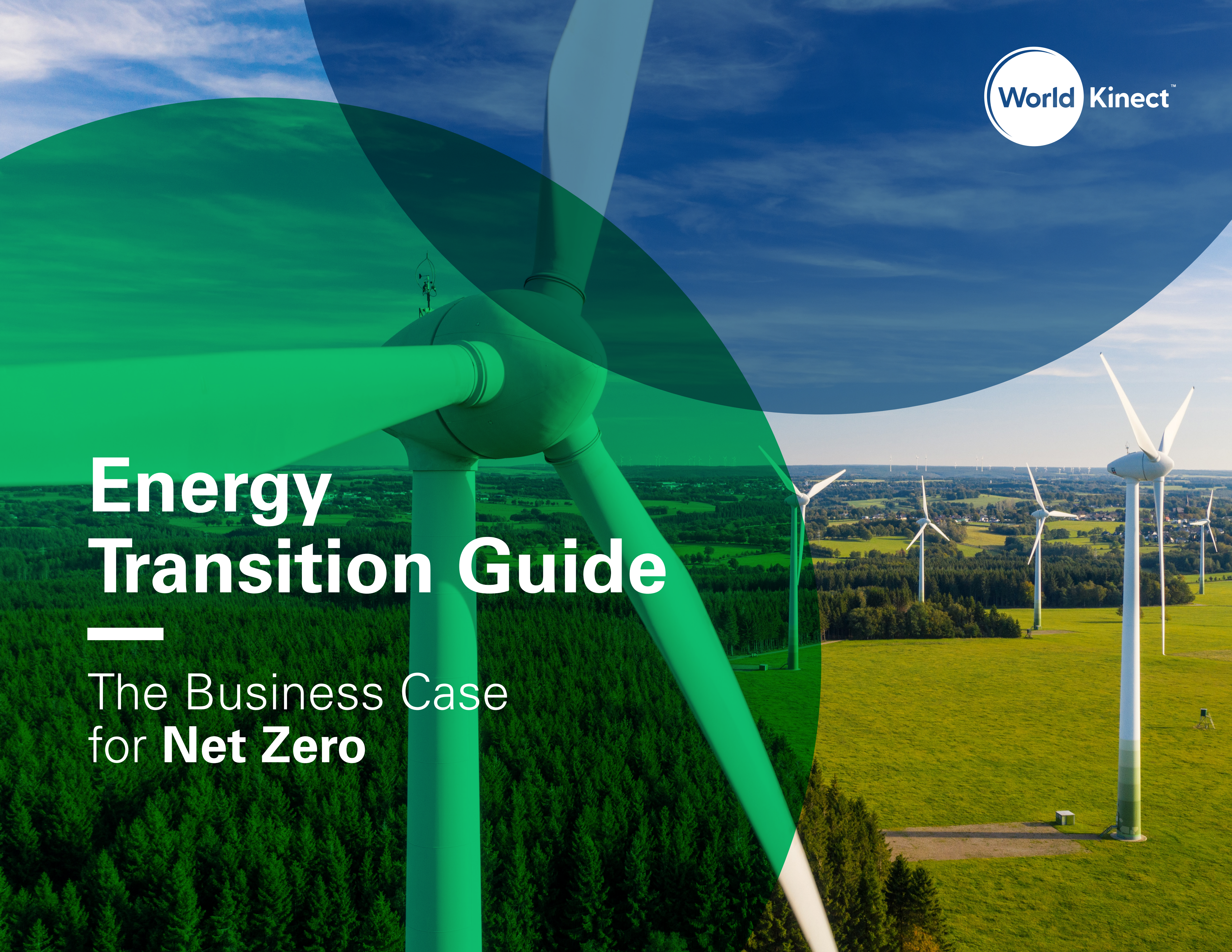

World Kinect™

Energy Transition Guide

The Business Case for **Net Zero**

Why Sustainability and **Why Now**

Looking to transition your company's energy sources, but don't know where to start? You've come to the right place. As a leader in the energy market for over 35 years, World Kinect delivers sustainable energy solutions and can help your company make the right choices for your bottom line and for the planet.

The pursuit of environmental sustainability has become a top priority for businesses across a broad range of market sectors. But reducing your carbon footprint can be a complex and daunting initiative. Where do you start? How can you be sure you're implementing the right strategies? Determining goals, setting key milestones, executing processes, and tracking your progress are critical. That's where we come in.

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Introduction: **The Rise of the Energy Transition**

From extreme weather fluctuations and increased food insecurity to decreased air quality, we are all feeling the repercussions of climate change.[1] The responsibility to minimize and undo our degradation of the planet falls on everyone: individuals, governments, and companies alike.

Environmental, Social, and Governance (ESG) initiatives are not just a trend, and increasing consumer and stakeholder pressure on companies to keep up and make positive changes will force companies to reexamine their business models.

Two changes that are evident:

- Consumers and companies want sustainable products, and more than half are willing to pay more for them.[2]
- Decarbonization and a commitment to an energy transition toward renewables are happening on a global scale and encompass both the public and private sectors.

Whether consumers are willing to pay extra for a sustainable version of products – US, UK, and Australia (2021)

L.E.K. research and analysis

One thing is certain: **companies have the potential to create substantial positive change.**

A **Global Initiative**

The 2015 Paris Agreement on climate change addressed the concept of reaching “net-zero” emissions: having or resulting in no net addition of greenhouse gas (GHG) emissions to the atmosphere through reducing and offsetting emissions. Hundreds of local and national government entities around the world have since put net-zero goals and policies into place in an effort to limit global warming to 1.5 degrees Celsius.[3] Also in 2015 came the adoption of the 2030 Agenda for Sustainable Development, which established the 17 Sustainable Development Goals and provided a blueprint for all UN Member States.

Despite this action, we are far behind these commitments and targets. As the world prepares for COP27 in Egypt, companies are following suit to meet regulations and answer stakeholder concerns. ESG initiatives, especially within the private sector, often include goals such as net zero in line with the Paris Agreement and align with the United Nations Sustainable Development Goals (UN SDGs).

The Energy Transition **in Business**

In our current climate, an energy transition strategy is now as important as a digital or marketing strategy. A 2021 survey by Morgan Stanley Capital International (MSCI) found that 90% of the largest investors globally with more than $200 billion in assets moderately or significantly increased ESG investment.[4] Most large public companies already release an annual Sustainability or ESG Report aligned to ESG reporting standards, such as Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI). These standards require energy usage and emissions reporting.

Standards such as Streamlined Energy and Carbon Reporting (SECR) are already mandatory for large UK companies – **and soon, the SEC may mandate climate disclosures in the US as well.**[5]

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Why **Transition**

At the core of energy transition lies the importance of having an actionable, measurable, and sustainable business model. This is something that all companies should strive to do. Companies can leverage ESG initiatives to meet consumer and stakeholder demand and use them as a marketing tool, but ultimately, energy transition tenets are inherently good for business:

- Reducing water and energy usage means cutting costs.
- Employing efficiency and reducing waste means less use of raw materials.
- Instituting wellness initiatives and ethical practices means happier employees and customers.
- Prioritizing energy flexibility helps navigate a potentially costly landscape.[4]

If an energy transition strategy is not yet integrated into your business model, it is not too late to incorporate it and ensure your company is well-positioned for the changing climate, expectations, and regulations to come.

The ROI of the **Energy Transition**

An energy transition and decarbonization will take change – change in how you plan, change in how you purchase, change in how you operate. But change is needed to reduce the impact our businesses have on the environment. According to the Intergovernmental Panel on Climate Change (IPCC), bringing global CO2 emissions to net zero by 2050 would give the planet a 50% chance of keeping global warming below 1.5 degrees Celsius.[3]

But when decarbonization and alternative energies are not yet the standard worldwide, isn't it expensive to transition and change an entire business plan to focus on ESG?

With an energy transition plan, companies can:

- Gain and retain customers
- Gain investors
- Take advantage of more cost-saving opportunities
- Stay ahead of regulations and mandates
- Gain energy independence

"Index-based investing around ESG is a vital strategy to drive down costs and increase opportunities for enhanced returns."[4]

-C.D. Baer Pettit, MSCI President

The NY State Common Retirement Fund, the third-largest public pension fund in the U.S., has pledged to "move its portfolio to net-zero greenhouse gas emissions by 2040."[4]

Investing in the **Energy Transition**

Companies that invest in sustainable business practices stand to gain customers, suppliers, and investors.

While change may seem costly and drastic, not changing to adapt to new consumer and investor interests is much more expensive in the long run.

Decarbonization doesn't have to be expensive.

Finding ways to use less energy and investing in energy efficiency give immediate cost savings, and the return will only keep growing for the foreseeable future. The cost of many renewables is decreasing steadily, and there are often incentives such as on-grid solar or government subsidies that make an energy transition investment worth it. Add to this the price volatility of fossil fuels, and it becomes apparent that the tide is already beginning to turn.

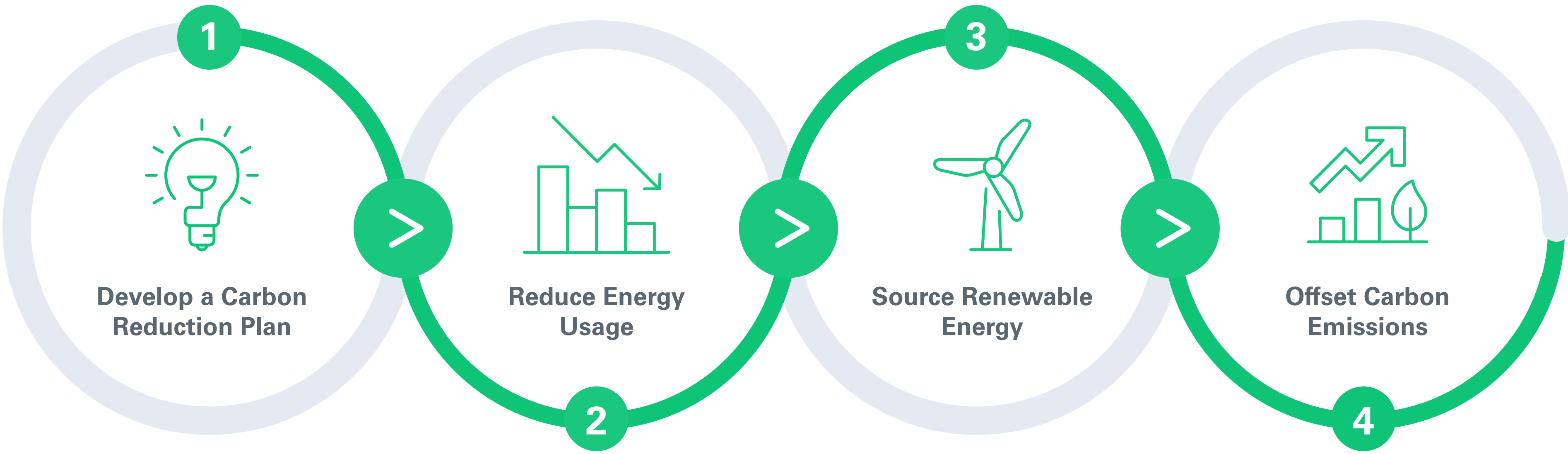
Focusing on energy transition efforts is beneficial for business.

More than half of consumers want the companies they buy from to be more sustainable, and this is combined with investor, stakeholder, and regulatory pressure on the private sector.[2] Reducing consumption and transitioning to more sustainable alternative energies can provide your company with increased profits and a more predictable financial future.

From Step One to **Net Zero**

Every company is at a different point on its Sustainability Journey. Before any steps can be taken to mitigate emissions, companies need to establish a baseline. Carbon footprint calculators exist online for consumers, but it gets a little more complicated when you're a multinational corporation with operations in 20 countries, working with thousands of third-party operators.

A comprehensive assessment of operations and supply chains needs to be conducted first. Then baseline energy usage needs to be calculated: what is your starting consumption to measure progress against? What energy sources do your operations use? Where does your electricity come from? It can get complicated quickly. However, once you establish your baseline, your Sustainability Journey can be summarized in 4 key steps:



Carbon Reduction Plan

Establish a carbon emission goal and make a realistic plan to achieve that goal. Understanding direct vs. indirect carbon emissions as well as how to measure them is crucial.

Reduce Energy Usage

This can be done through power saving, energy efficiency, and innovation.

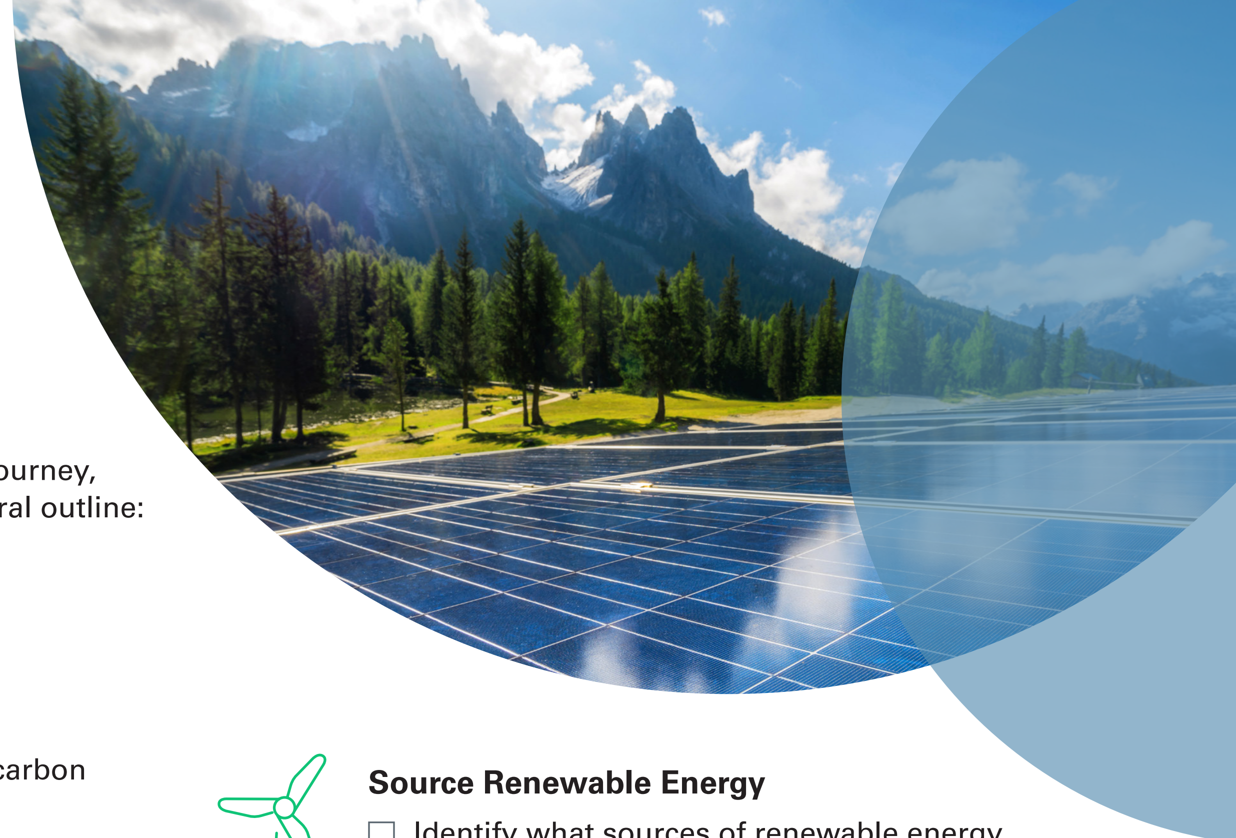
Incorporate Renewables

Most energy companies are expanding their renewable offerings, making it easier to purchase and install solar, hydroelectric, and wind power, among other renewables.

Purchase Carbon Offsets

Your company will reach a point where you've done all you can to reduce your carbon footprint. At that point, you might decide to buy into an offsetting scheme to neutralize the effects of your remaining CO2 emissions.

Energy Transition **Checklist**



Wherever your company may be on its Sustainability Journey, there is always more to do! Use this checklist as a general outline:

Develop a Carbon Reduction Plan

- ☐ Establish your baseline energy usage
- ☐ Measure and benchmark your current carbon emissions
- ☐ Conduct an energy efficiency audit to identify where there are leaks and what can be improved
- ☐ Create a Carbon Reduction Plan that includes energy reduction, renewables, and offsets with measurable goals that fit into your organization
- ☐ Ensure staff is on board and the Carbon Reduction Plan has proper oversight to be successful

Reduce Energy Usage

- ☐ Reduce energy usage by investing in energy-efficient upgrades and addressing energy leaks identified through an energy efficiency audit

Source Renewable Energy

- ☐ Identify what sources of renewable energy are available to your company and where and how they can be implemented

Offset Carbon Emissions

- ☐ Offset any emissions that cannot be directly addressed through carbon offset projects central to important tenets of your organization

Additional Steps

- ☐ Consider making a Net Zero Pledge or joining organizations such as the Getting to Zero Coalition
- ☐ Identify and address mandatory as well as voluntary reporting needs for your organization and industry

Start Your Journey with World Kinect

The race to Net Zero is becoming a priority in the minds of consumers, stakeholders, investors, governments, and CEOs. A 2021 study found that of the 2,000 companies on the Forbes Global 2000 list, 417 of those companies have instituted net zero targets.[6] From green marketing to saving money on energy to improving efficiency, the $14T in annual sales these companies represent presents a very compelling exposition for the business case for ESG.

Why Work With Us?

We firmly believe that companies can make a difference along the path to a better future. From our beginnings, World Kinect has been forging a niche in the global fuel and energy industry that combines the forces of business with genuine regard for the environment. Working alongside a worldwide network of like-minded partners, we serve innovative multi-site global organizations, as well as smaller regional companies seeking to do their part in the value supply chain.

With decades of experience at the forefront of the energy transition, customers count on us to help them navigate the dynamic fuel and energy markets of today and tomorrow.

Let us help you find your way forward.

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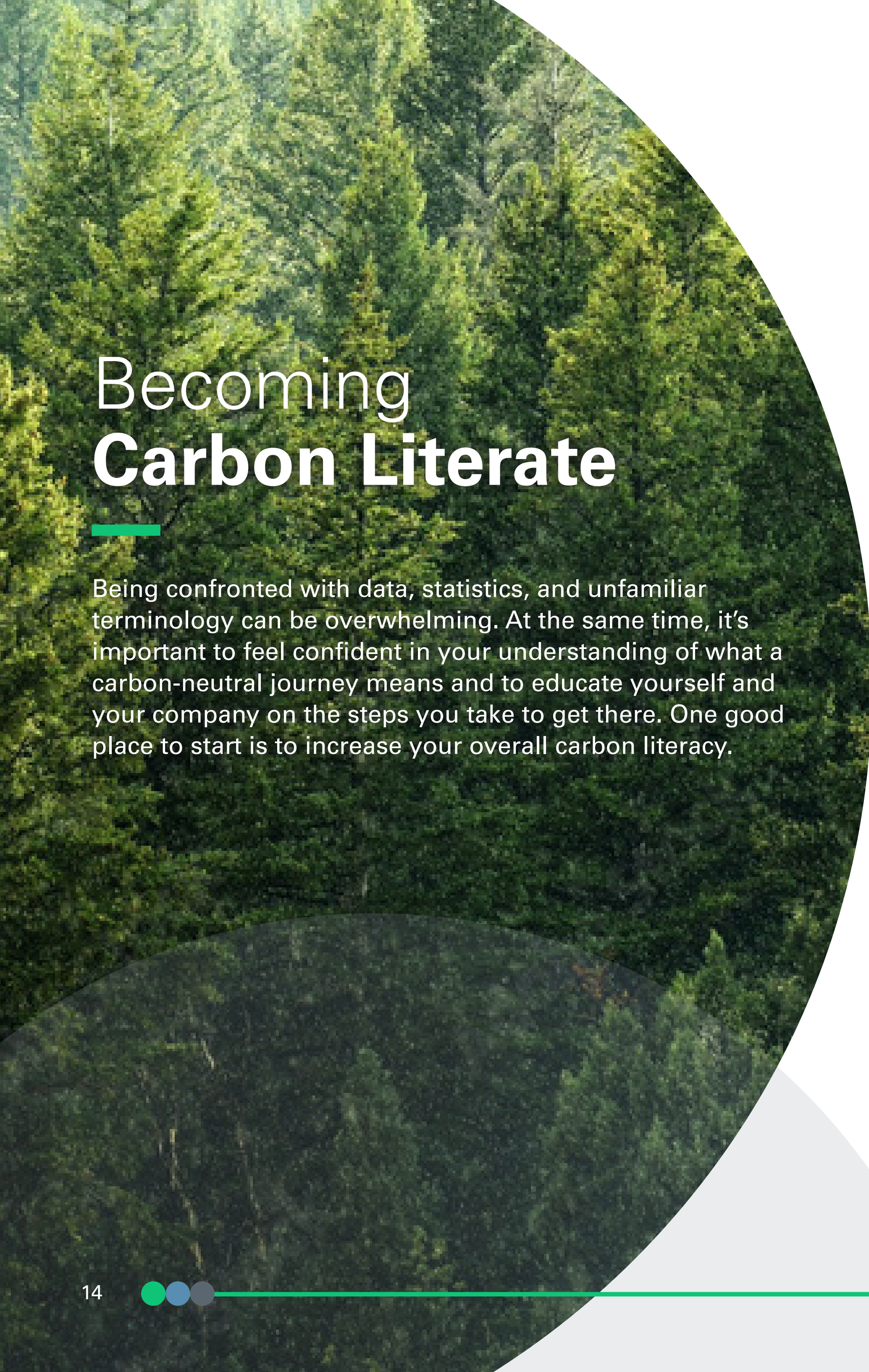
About World Kinect

As a Global Fortune 150 company, World Kinect knows that it is our responsibility to be an example, leading the industry in safe, responsible, and efficient operations. We have an obligation to our stakeholders, employees, customers, and global citizens to not only strive to do no harm but to find solutions that drive positive change. That means protecting communities and the people who live in them, respecting the environment, and maintaining a culture of safety and sustainability. Our goal is to help bring about a zero-carbon world by helping organizations that support that mission.

World Kinect's Sustainability Services

ESG isn't a new concept for World Kinect. As a carbon-neutral company ourselves and a member of the Getting to Zero Coalition, we have supported and facilitated the increased availability of renewable energy and services for many years, including sustainable fuel products. Our long-term strategy is to increase our commitment to health and safety, the environment, and social responsibility. In doing so, we want to accomplish cost-effective solutions for our clients and increase the availability and sustainability of low to zero-carbon energy sources.

Get started on your Sustainability Journey today!



Becoming **Carbon Literate**

Being confronted with data, statistics, and unfamiliar terminology can be overwhelming. At the same time, it's important to feel confident in your understanding of what a carbon-neutral journey means and to educate yourself and your company on the steps you take to get there. One good place to start is to increase your overall carbon literacy.

Appendix: Common Terms

Carbon literacy: Knowledge and capacity required to make a positive shift in response to climate change.

Carbon neutral: Making no net release of carbon dioxide to the atmosphere, especially through offsetting emissions by tree planting and other activities.

Decarbonization: The process of decreasing carbon emissions.

Emissions: Emitted greenhouse gases (GHGs) such as carbon dioxide (CO_2), ozone (O_3), methane (CH_4), water vapor (H_2O), and chlorofluorocarbons (CFCs, which are artificial chemicals). These gases are emitted mainly through fossil fuel burning activities such as transportation, electricity generation, and industrial processes, but can also be emitted through land clearing and agriculture.

Full decarbonization: Zero carbon emission.

Net zero: Achieving a balance between total GHG emissions emitted into the atmosphere and the GHG emissions removed from it.

Scope 1 Emissions: Direct emissions from controlled and owned resources, such as a fleet or factories.

Scope 2 Emissions: Indirect emissions from processes that the organization is responsible for, such as purchased electricity, heating, and cooling.

Scope 3 Emissions: Indirect emissions along the supply chain and not owned by the organization, such as contracted companies for finance, purchased goods, or transportation.

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