

CPA Australia Net Zero Emissions Pathway



Foreword

Climate change is more than an environmental risk – it's also an economic risk. At CPA Australia, we believe that accountants and finance professionals have an important role to play in helping to manage this risk.

Sustainability is a major focus for CPA Australia. We will continue to advocate for the adoption of sustainability standards and work with the profession to help industries and organisations meet their targets.

CPA Australia is committed to working with governments, regulators and other professional bodies to advocate for policies that address environmental risks.

In 2021, as part of The Prince of Wales' Accounting 4 Sustainability (A4S), Accounting Bodies Network, CPA Australia joined 13 other professional accounting bodies worldwide to make a commitment to achieve net zero greenhouse gas emissions.

To support this commitment, I am proud to introduce our Net Zero Emissions Pathway, which forms an integral part of our Environmental, Social, Governance (ESG) strategy as well as CPA Australia's organisational strategy 2022-2027.

The pathway maps out the steps we will take now and into the future to achieve net zero emissions by 2050, or sooner, within our organisation. It also includes the steps we will take to assist members, employees and other stakeholders to improve sustainability and reduce greenhouse gas emissions.

This Net Zero Emissions Pathway encompasses CPA Australia's actions with respect to transitioning to green energy, reducing waste and improving energy efficiency in our places of work, tracking emissions generated through travel and in our supply chains, and promoting sustainability as a principal component of financial reporting.

Progress on the Net Zero Emissions Pathway will be communicated regularly via the website and in our annual Integrated Report.

I hope you'll join us, and participate in your own way, in the journey to net zero.



Merran Kelsall
President and Chairman of the Board



CPA Australia's 2021 Integrated Report has been awarded Integrated Report of the Year in the Special Awards category at the Australasian Reporting Awards. This is the third consecutive year CPA Australia has been a finalist in this award, having also won it in 2020 for our 2019 Integrated Report. This pattern of excellence is recognition that CPA Australia is leading the way in Integrated Reporting in Australia and New Zealand. We will communicate our progress to net zero through our Integrated Report.

Our commitment to net zero

On 6 October 2021, CPA Australia joined with 13 other professional accounting bodies from around the globe in signing a commitment to achieve net zero greenhouse gas (GHG) emissions within each of our organisations, and to encourage and support our members to do the same.

The commitment involves setting a pathway for how we will achieve net zero, and reporting against our roadmap. We also commit to supporting our members with the tools and resources they need to play a role in tackling climate change in their own organisations.

As our first pathway, we recognise there is considerable work for us to do to reach net zero by 2050 or sooner. We will continue to update this pathway with more information as it becomes available.

We commit to:

1. Reach net zero GHG emissions as soon as operationally possible, informed by science and in line with global efforts to limit warming to 1.5°C.
2. Publish a net zero emissions pathway (including targets) and report annually to show our GHG emissions reductions and trajectory towards net zero emissions.

For our members, we commit to:

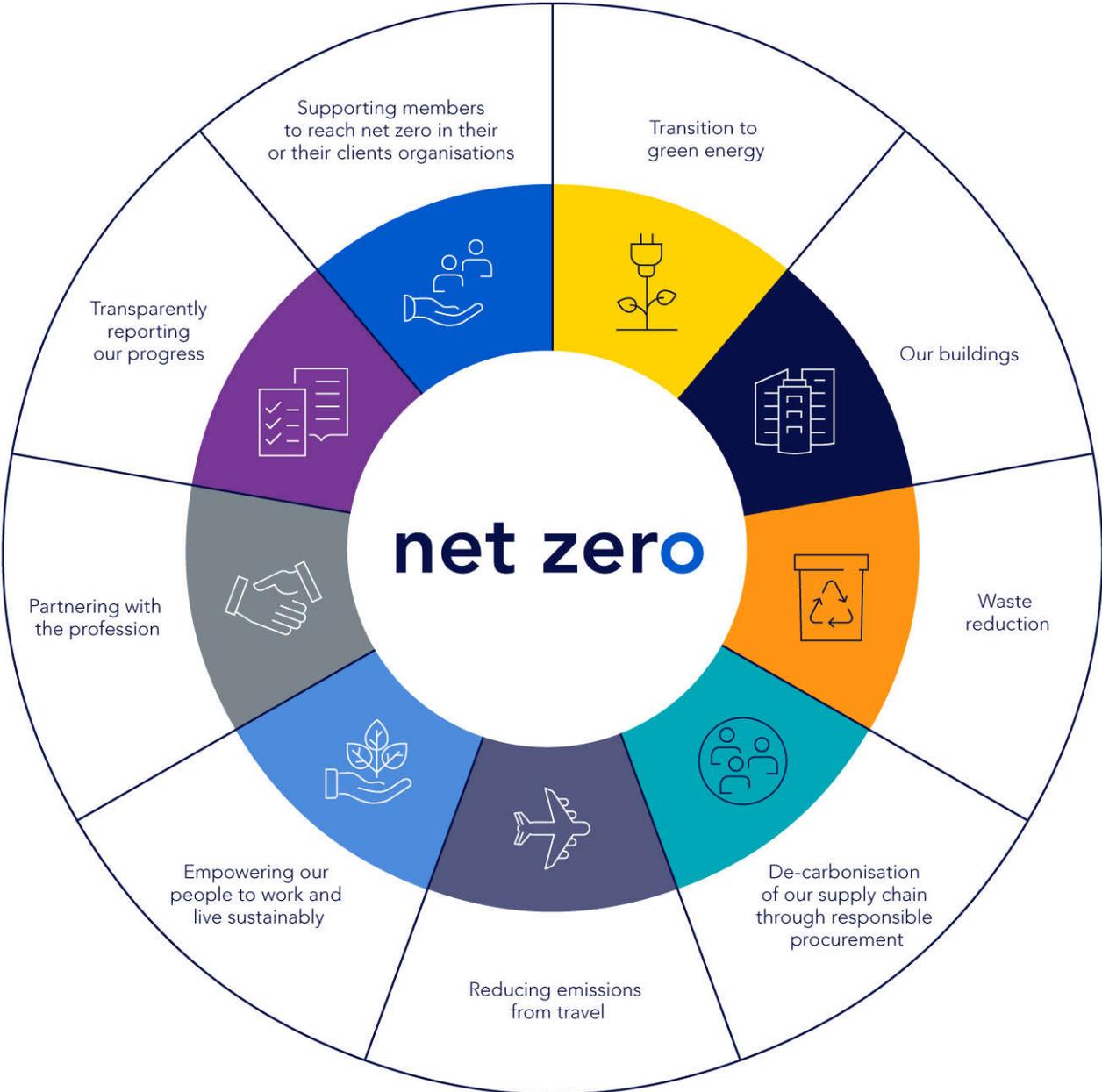
1. Encourage and provide our members with the training, support and resources they need to establish their own net zero pathways and reduce GHG emissions.
2. Provide sound advice to help governments create the policy and regulatory infrastructure necessary for a just transition to a net zero carbon economy.



Net zero framework

Our net zero framework sets out the key focus areas put in place to enable net zero by 2050.

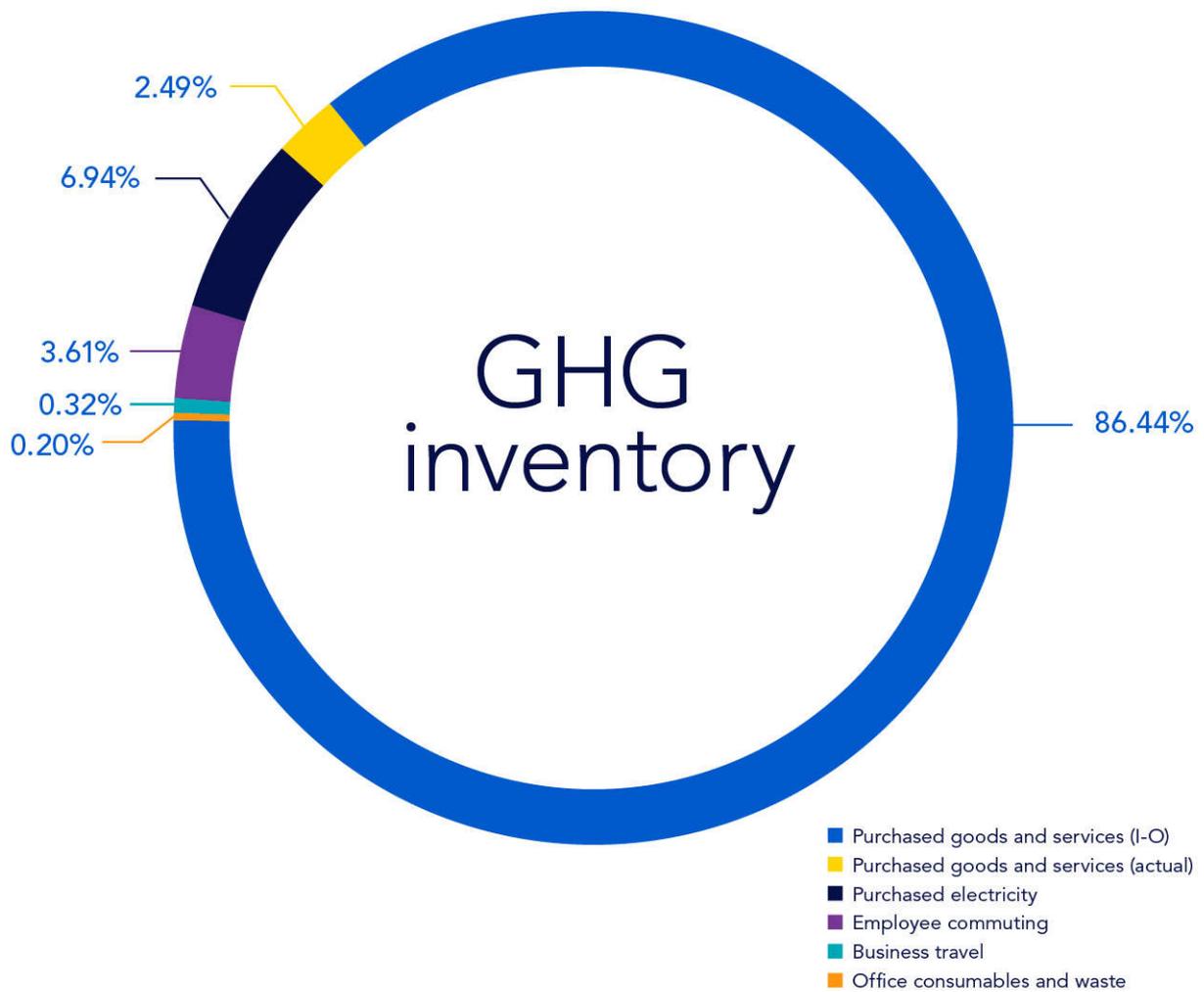
It includes what we do as an organisation, and also the impact we have through our membership and partnering with the broader profession.



Greenhouse gas emissions

In 2021, we began work to set the boundaries for future emission reduction targets via measuring emissions data based on 2020 activity.

Our GHG emissions in 2021 are shown below. In 2021, CPA Australia had no Scope 1 emissions. Gaps in our Scope 3¹ data include emissions from purchased goods and services (actual), waste from some offices, ground transport and employee commuting. Only emissions from purchased goods and services will have a significant material impact on our emissions.

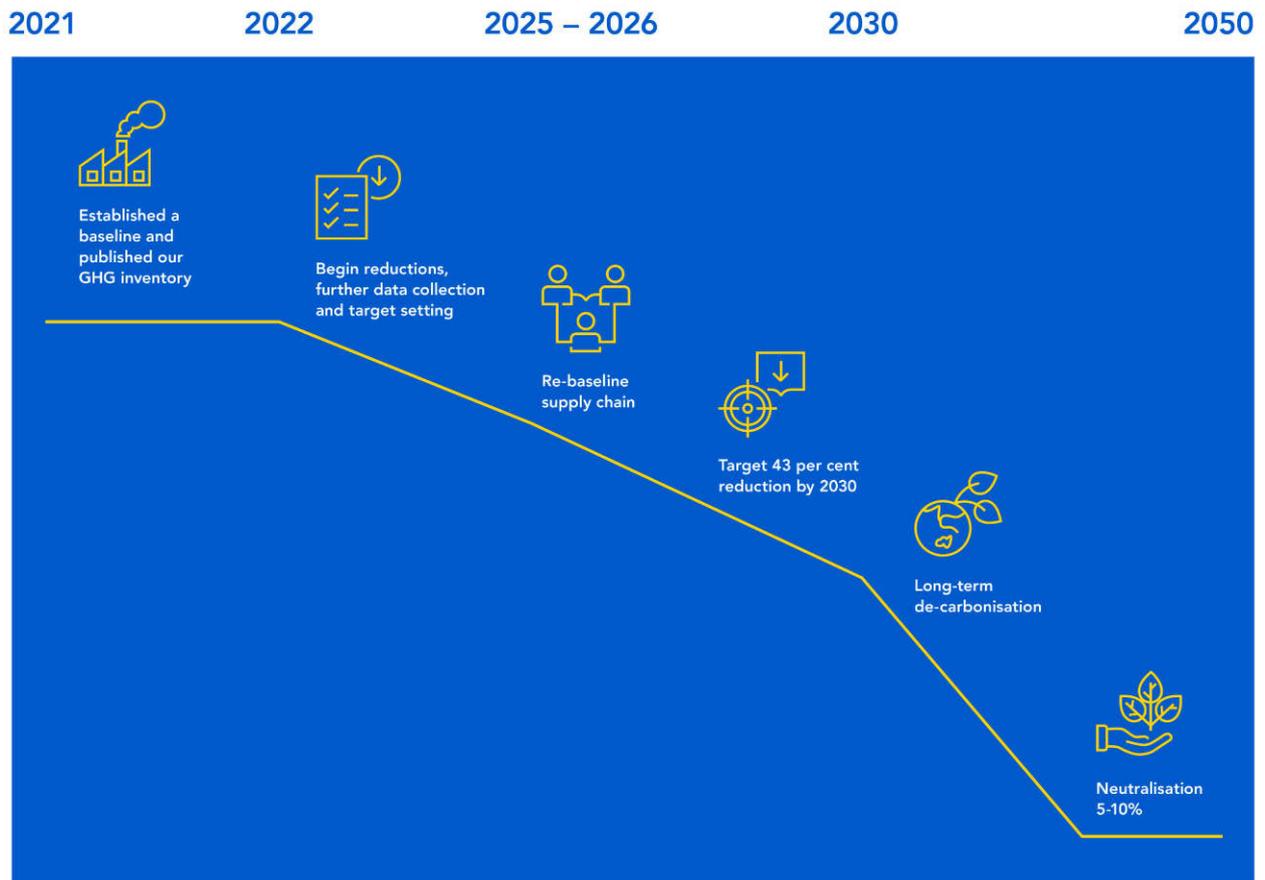


¹ The majority of our 2021 supply chain emissions were calculated using an input-output (I-O) method that estimates emissions based on spend.

Net zero emissions pathway

The term net zero means achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. Our pathway focuses on reducing emissions as much as possible, with a minimal amount of carbon offsets used for the remaining percentage of emissions that cannot be eliminated.

net zero emissions pathway



Net zero emissions pathway (cont.)



Members

We actively consider ESG and climate-change matters in how we craft support for members. We have a current suite of products and will continue to develop education, tools and resources to support our members to reach net zero in their own, or their clients organisations.

- We have embedded ESG considerations as part of our support through My Firm, My Future eLearning
- We produce on-demand webinars to help build awareness and engagement, with a key focus on the practical application in business to highlight why this is important for them to consider for their business and their clients.
- Tools and checklists are available to help members implement their learnings including:
 - how to start their sustainability journey
 - supply chain considerations
 - how organisations need to consider their GHG emissions and pursue net zero in a coordinated manner
- In October 2021, we launched an ESG dedicated micro-credential that sets out the value proposition for members to understand the importance of sustainability more broadly and to appreciate how accountants can add value through providing advice on strategy, governance, risk management and the setting of metrics and targets.

We are in the process of reviewing the CPA Program as part of setting our members up for success and to support our existing members in upskilling.

Our Accounting and Finance Capability Framework defines the future-ready capabilities and attributes for professionals to create value now and for the future. We update the framework every two years to ensure currency, accuracy and continuous improvement in terms of defining the skills, knowledge and attributes for future-fit accounting and finance professionals. We are currently in the process of reviewing and updating the framework, which will see an increased emphasis on ESG, including environmental issues, throughout all pillars of the framework to reflect the changing global landscape.



Green energy

In 2023, CPA Australia will transition to 100 per cent green power in Melbourne and Sydney. These are our largest two offices and make up 61 per cent of our power consumption.

In our other locations, power is supplied by the building owner so our ability to move to green power will take more time, and will form part of our decision making process as new leases are entered into, recognising that different markets have different capabilities.



Our buildings

In our Australian operations we commit to all our leased properties having a NABERS energy rating of four (good) or above by 2030 to coincide with the end of leases across our property portfolio.

Currently four of our eight properties have a rating of four or above, with our largest office in Melbourne rating six (market-leading).

In our international operations we will work with current and future landlords to investigate potential ratings in country appropriate rating systems by 2030.



Waste reduction

Our Melbourne office is the largest source of waste, representing 37 per cent of waste sent to landfill.

In 2022, we installed food waste trackers in our Melbourne kitchens to measure waste from catering, with the aim of cutting food waste by 50 per cent by 2030.

In 2023, we will also analyse our current spend on paper and merchandise with a target of 50 per cent reduction by 2030.

We also recognise that individual consumption habits represent a large percentage of emissions and we will educate and support our people on reducing waste and responsible consumption, particularly around single-use items.



Supply chain

With supply chain emissions we have started the not-insignificant task of calculating our baseline.

This year we have reviewed the current commitments of our top 50 suppliers by spend, and 55 per cent of those suppliers have their own commitment to net zero by 2050 or sooner. In 2023, we will work with the remaining 45 per cent who currently have no commitments to understand their future intentions.

This is the first important step in meeting our goal of reducing absolute emissions in our supply chain by 32 per cent by 2030.

From 2023 to 2025 we will work with our remaining suppliers to quantify emissions from at least 80 per cent of our supply chain by spend so that we can then set further targets for 2030 and beyond.

We also recognise that our smaller suppliers will need support in transitioning to net zero and we are committed to helping them achieve their goals.

Our procurement policy will be updated to ensure emissions considerations are factored into our purchasing decisions.



Travel

Our travel policy will be updated to ensure that emissions considerations are front of mind when making travel choices.

In 2022, we will begin to offset all emissions from our flights and from 2023 onwards we will also offset emissions for other travel (car and hotel).



Our people

To support net zero we will educate and encourage our employees to:

- understand the role they play in helping to reduce CPA Australia's emissions
- help them to reduce their emissions in their day-to-day life.

We recognise that our employees commuting is a material component of our environmental impacts. In 2024, we will conduct an employee travel behaviours survey to understand our people's commuting behaviours. This will enable us to set targets for reduction in emissions from employee commuting.

Felicity Doolan, Journey Marketing Manager - Associate members, CPA Australia

I feel not only comfort, but pride in the fact that CPA Australia is committed to transparency in its path to net zero.



Partnering with the profession

We will continue to work with the profession to help countries, industries and organisations meet their commitment to net zero by:

- continued membership and support of organisations such as the International Sustainability Standards Board, Global Reporting Initiative and A4S
- working with other professional bodies to advocate for policies that address climate change.



Transparent reporting

We are committed to reporting our emissions annually including:

- our emissions over time
- progress against our targets
- having our emissions data audited/assured as applicable
- reporting against the Taskforce for Climate-related Financial Disclosures (TCFD) guidelines.

Our emissions and progress against our targets will be communicated through our website and our annual Integrated Report.

CPA Australia is a member of the IFRS Sustainability Alliance and will continue to report using the Integrated Reporting Framework.

As of August 2022, the IFRS Foundation assumed oversight of the Integrated Reporting Framework. The IFRS Foundation’s International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) are responsible for the Integrated Reporting Framework and will work together to agree on how to build on and integrate the Framework into their standard setting projects and requirements.

The IFRS Foundation and Chairs of the IASB and ISSB actively encourage the continued adoption of the Integrated Reporting Framework by preparers.

Surin Segar FCPA, Deputy President, CPA Australia Malaysia Divisional Council

As climate change is happening rapidly across the world, we need to quickly re-evaluate our actions today to protect our environment for our children.

United Nations (UN) Sustainable Development Goals (SDGs)

CPA Australia supports the UN SDGs and this net zero emissions pathway is part of our contribution to achieving the goals.



We support SDG 13 by implementing the recommendations of the TCFD framework, undertaking scenario analysis, disclosing Scope 1, 2 and 3 emissions, setting interim emissions reduction targets, developing waste management plans and integrating climate change into internal risk frameworks and controls, amongst other initiatives.



CPA Australia would like to acknowledge the assistance of Point Advisory in the preparation of this net zero emissions pathway.

