

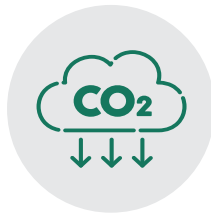


Climate Change and Decarbonisation

How can Davy Horizons help you?

Davy Horizons offers a range of services to support business in developing, implementing, and reporting on Climate Change strategies to meet regulatory, shareholder and wider stakeholder requirements. We support companies to manage climate change risk and maximise the opportunities that a transition to a low and zero carbon economy brings. We can work with you to do the following:

- Measure Greenhouse Gas (GHG) inventory and Scope 1-3 emissions aligned to best practice*
- Identify and set reduction targets – near and long-term to Science Based Targets initiative (SBTi) and the Net-Zero Standard
- Develop Climate Transition Plans
- Conduct risk and climate scenario analysis to determine physical and transitional risks
- Annual reporting aligned to Task Force on Climate-related Financial Disclosures (TCFD) requirements
- Conduct engagement training for value chain suppliers
- Submit CDP questionnaires and improve CDP rating
- Periodic GHG emissions progress reporting in annual/sustainability reports
- Assurance of GHG emissions data to ISO14064:3 and ISAE3410 for reporting, disclosure, and lender applications
- Advisory and reporting under the EU Carbon Border Adjustment Mechanism (CBAM).



* GHG Protocol Corporate Accounting and Reporting Standard
 Corporate Value Chain (Scope 3) Accounting and Reporting Standard
 ISO 14064 : 1 Greenhouse gases specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

What do businesses need to do?

With the urgency of climate change, businesses are under regulatory, shareholder and societal pressure to reduce GHG emissions to align with a 1.5°C future and net zero emissions by latest 2050. To support achieving this, regulators, investors, and lenders are mandating that GHG emissions are measured, science-based targets are set, and Climate Transition Plans are put in place to achieve them. Reporting and disclosing to TCFD is the norm, and benchmarking to CDP is already used by over 18,700 companies. As the economy transitions, investors and lenders have already begun de-risking portfolios from climate risk and require evidence that businesses are well positioned for a low-carbon economy. Corporate Climate Transition Plans, and third-party accreditations such as CDP and SBTi are becoming an integral part of this financial decision-making. To respond, actions business should take are outlined below:

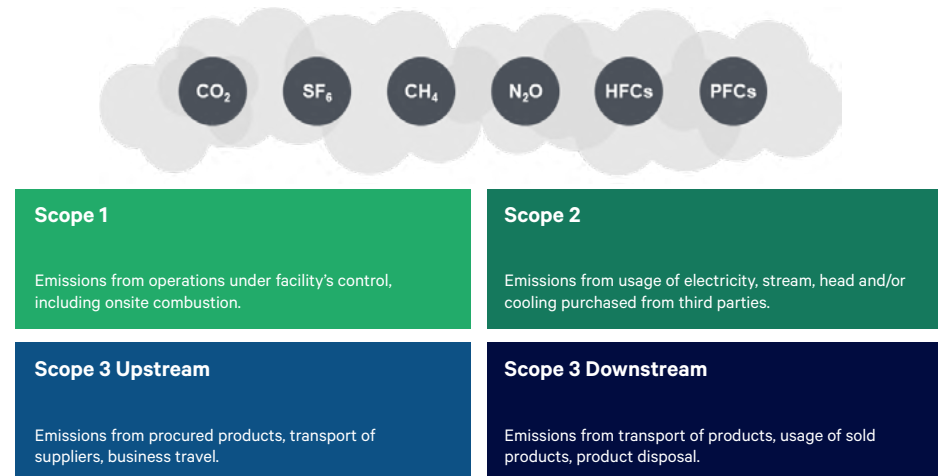
1. Measure GHG emissions

Like financial accounting, GHG accounting is used to measure corporate GHG emissions aligned to GHG protocol. As illustrated, GHG emissions are accounted for under three categories Scope 1-3, dependent on the corporation's ability to control its emissions.

2. Set GHG emission targets

Set ambitious and achievable GHG emission reduction targets aligned to climate science and the gold standard Science Based Targets initiative (SBTi) for the near and long-term.

Fig 1: Scope 1, 2 and 3 emissions



Net Zero Emissions



3. Decarbonise value chains across Scope 3 and engage suppliers

With over 90% of most businesses Carbon Footprint in their value chains, measuring Scope 3 emissions, engaging suppliers, agreeing reduction targets, and using incentives including carbon pricing is growing fast. The Corporate Sustainability Reporting Directive (CSRD), CDP and SBTi require this.

4. Develop Climate Transition Plans

Climate Transition Plans will soon be mandatory for corporations in Europe and the UK under the CSRD, UK Net Zero and Transition Plan policies. We support businesses with preparation, meeting mandatory compliance requirements and aligning with voluntary accreditations such as CDP and SBTi.

5. Engage and train

Getting buy in from internal stakeholders and suppliers is essential. We provide tailor-made engagement and training on:

- Making the sustainability business case to senior leadership and boards
- Data collection, including GHG emissions, across business functions
- Scope 3 for finance and procurement



14

NEW STANDARD COMMITMENTS

11

NEW NET-ZERO COMMITMENTS

2794

ORGANIZATIONS WITH SCIENCE-BASED TARGETS

5287

PARTICIPATING ORGANIZATIONS

23

APPROVED NEAR-TERM TARGETS

2

NEW NET-ZERO TARGETS

61

INCLUDING FINANCIAL INSTITUTIONS WITH TARGETS



June 9 2023

6. Report and disclose

Reporting and disclosure on GHG emission reductions both mandatory and voluntary, is a growing area of importance for corporates. The SBTi requires annual progress reporting and CSRD will mandate full climate change disclosure in annual reports.

- Reporting against the TCFD framework is in force and mandatory for larger UK firms since 6th April 2022. TCFD sets a framework for climate-related financial disclosure based on four pillars: Strategy, Governance, Risk Management, and Metrics & Targets. It requires companies to use climate scenario analysis to investigate and disclose climate-related physical risks, transition risks and opportunities. A TCFD disclosure must be included in annual reports.
- CDP is a key benchmark of progress and a high rating is important. We specialise in CDP scoring guidance, methodology and questionnaire submissions to improve scores and CDP ratings.
- The Carbon Border Adjustment Mechanism (CBAM) is a tariff on carbon-intensive goods imported into the EU which are most at risk of carbon leakage. From 1st October 2023 businesses in scope must report on the embedded emissions of goods imported on a quarterly basis. Reports must detail the direct and indirect emissions of the goods along with any carbon price paid.

7. Verify and assure

Assurance is required to meet CDP and CSRD compliant reporting. Our team are certified aligned with ISO14064:3 and can provide assurance statements covering:

- Level of assurance
- Data quality (primary, estimates etc..) and sample data checks
- Materiality of verification
- Findings based on verification

Contact us

Are you ready to take the next step?



Talk to us today.

Email sustainability@davy.ie or visit davy.ie/horizons

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