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THE COST, PROCUREMENT &
CARBON SOLUTIONS COMPANY

Your Carbon and Procurement Partner

ESG Reporting in the Spotlight

Presented By:
Nicky Sinker



ESG Reporting in the Spotlight

Today's Agenda

Topic

1) Market drivers

2) Terminology

3) Overview of ESG reporting

4) Process overview and the importance of data

5) Evolution of carbon management

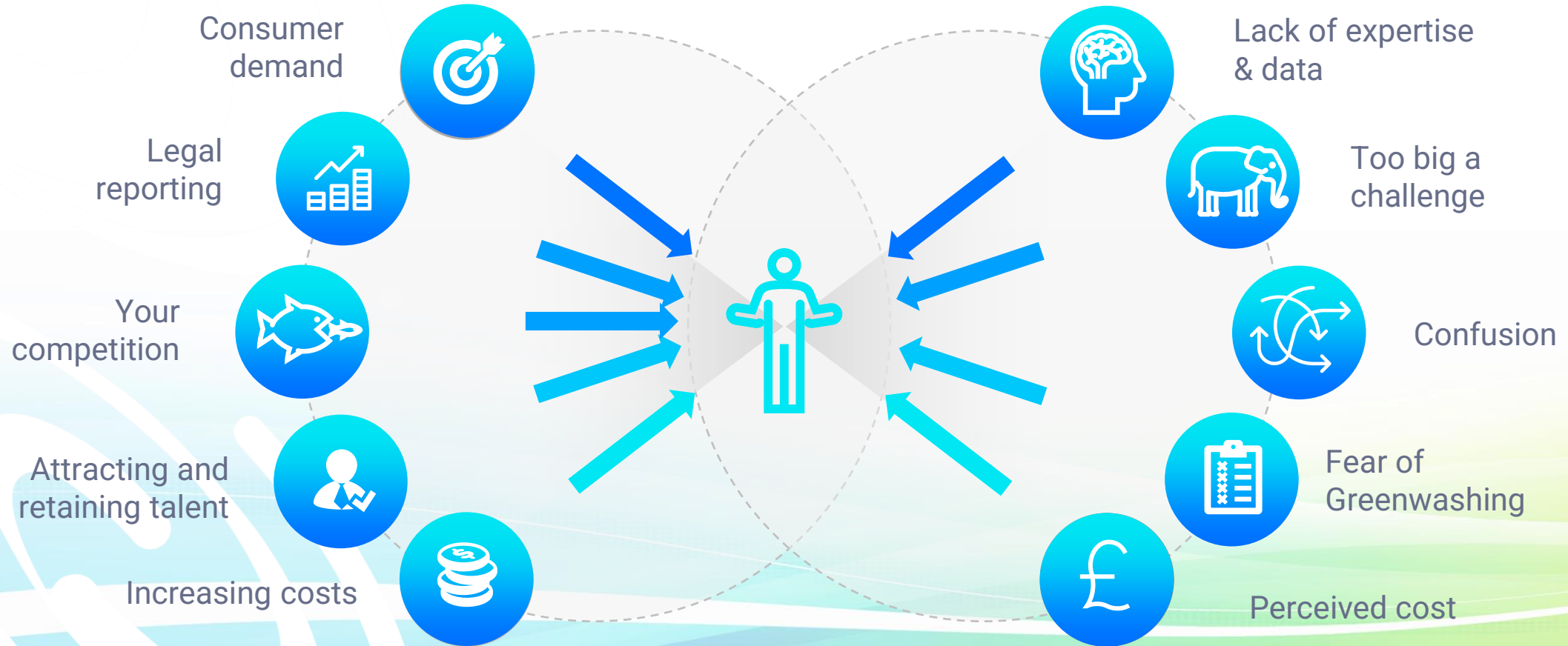
6) Questions

Environment

Opportunities & Challenges

Market Forces

Challenges

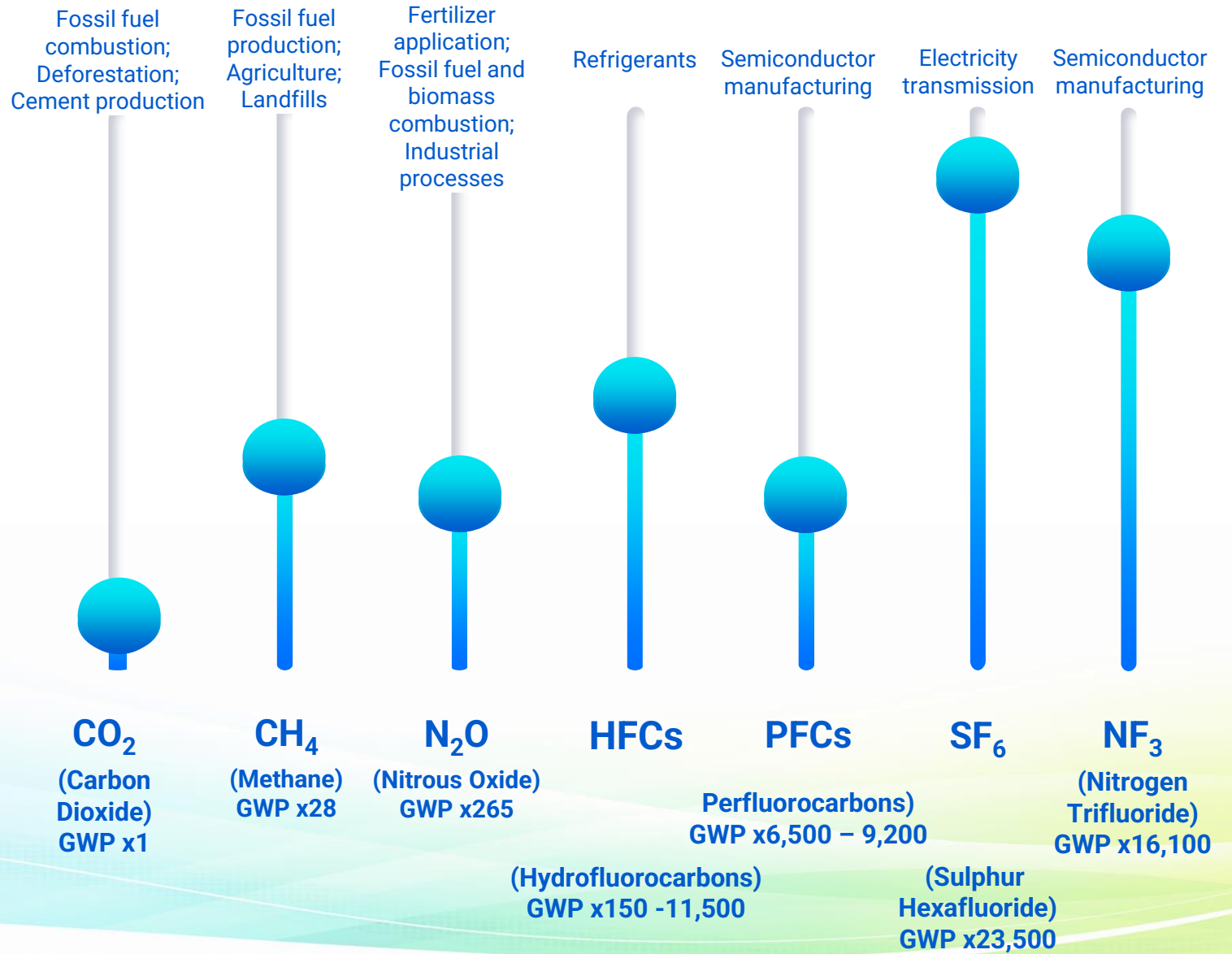


Carbon Management

GHG Emissions

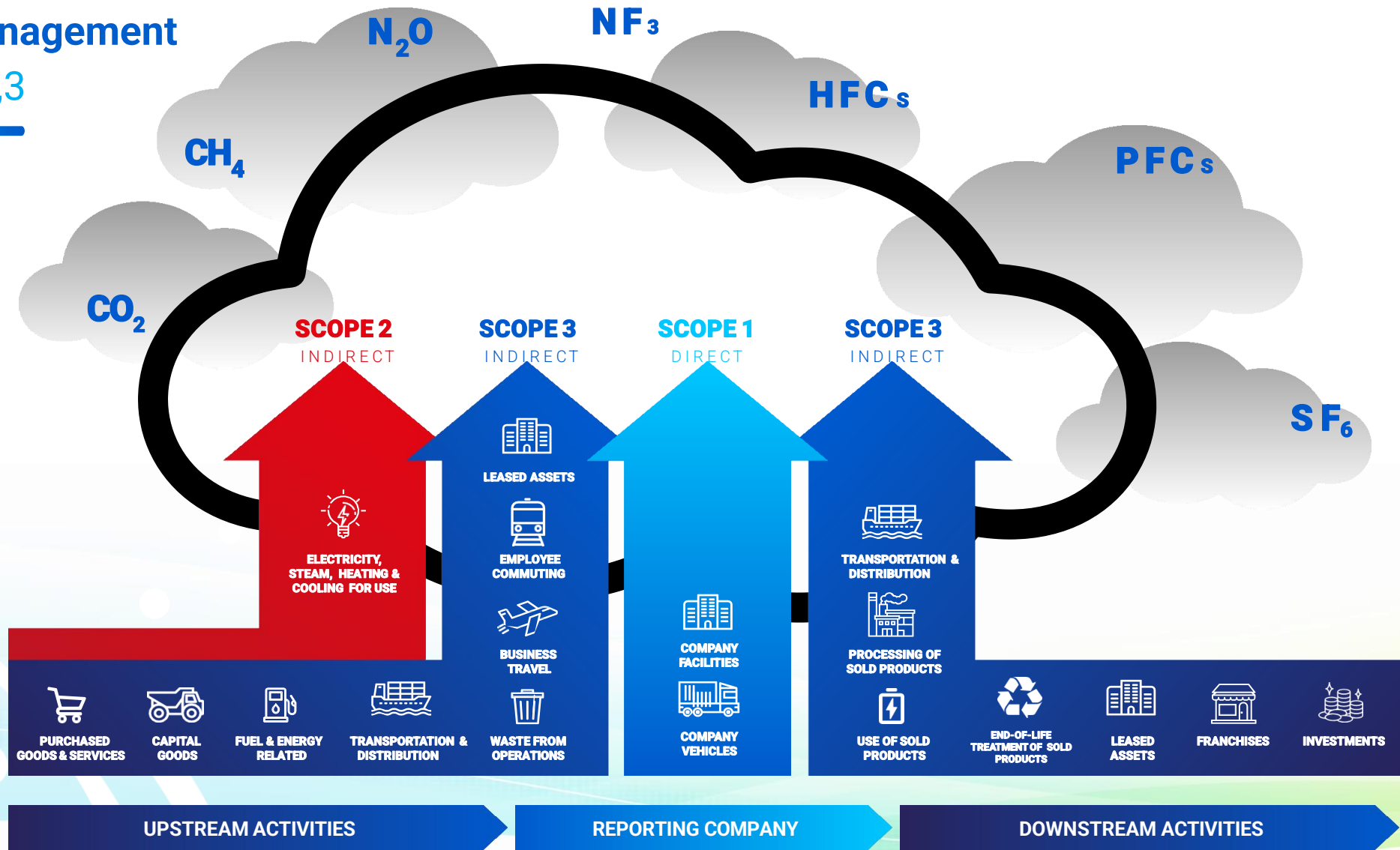
GHG
7 main gases
convert back to

tCO₂e



Carbon Management

Scopes 1,2,3



Importance of Scope 3

SCOPE 1

SCOPE 2

SCOPE 3





The Journey to Net Zero:

What the terminology is and what it means

Carbon Neutral – short term

Means balancing your reducing GHG emissions by “offsetting” an equivalent amount of carbon for the amount produced.

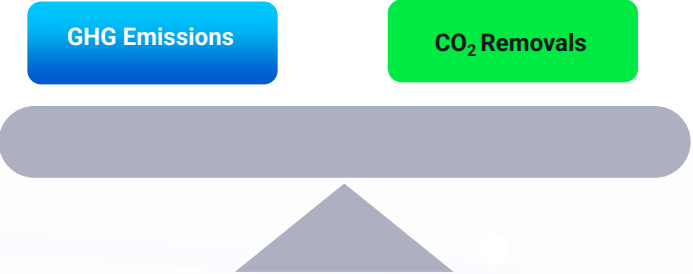
Net Zero – long term

This is reached when the amount of residual CO₂e emitted is matched by the quantity of CO₂e removed or captured. You cannot achieve net-zero by offsetting.

Carbon Management

Net Zero Ambition

Net Zero – long term
Generally accepted definition means 90% reduction in GHG emissions.



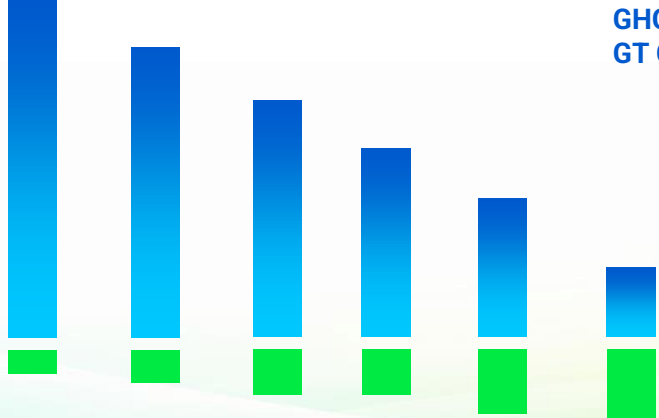
To limit global warming to 1.5°C, we must reach net-zero carbon emissions no later than 2050

Current State: Net amount of GHG emissions is >55 GT CO₂e year

Goal: Net amount of GHG emissions is zero GT CO₂e year

Anthropogenic GHG emissions

Anthropogenic carbon removals



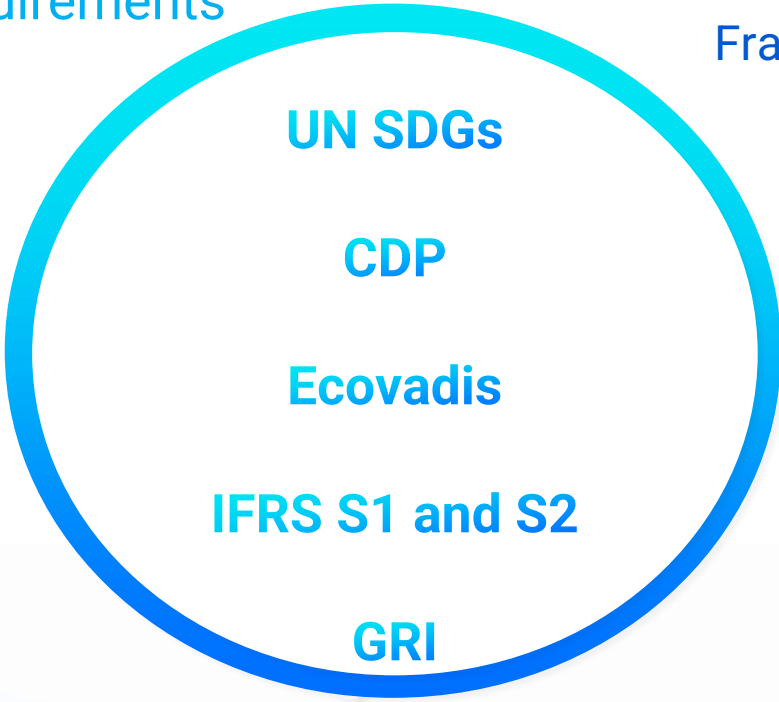
ESG reporting UK

Standards, Frameworks and Requirements

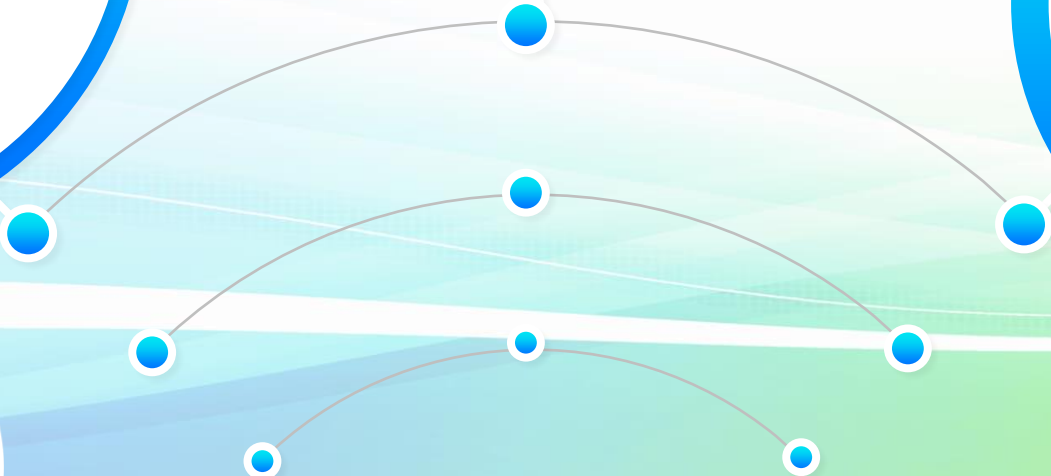
Standards



Frameworks



Mandatory
Regulatory
Requirements



CSRD

Corporate Sustainability Reporting Directive

What is it?

EU regulation which came into effect on 5 January 2023.

Who it affects

Large companies based in the EU estimated 11,700 companies immediately rising to 50,000 by 2028

From 2028 will affect non EU companies with significant EU operations – estimated 10,000 (report on global activities).

Impact

Double Materiality

Value Chain – include scope 3 supply chain data

Assurance – initially limited but will expand to reasonable – same as an audit



SECR & ESOS Qualification Criteria

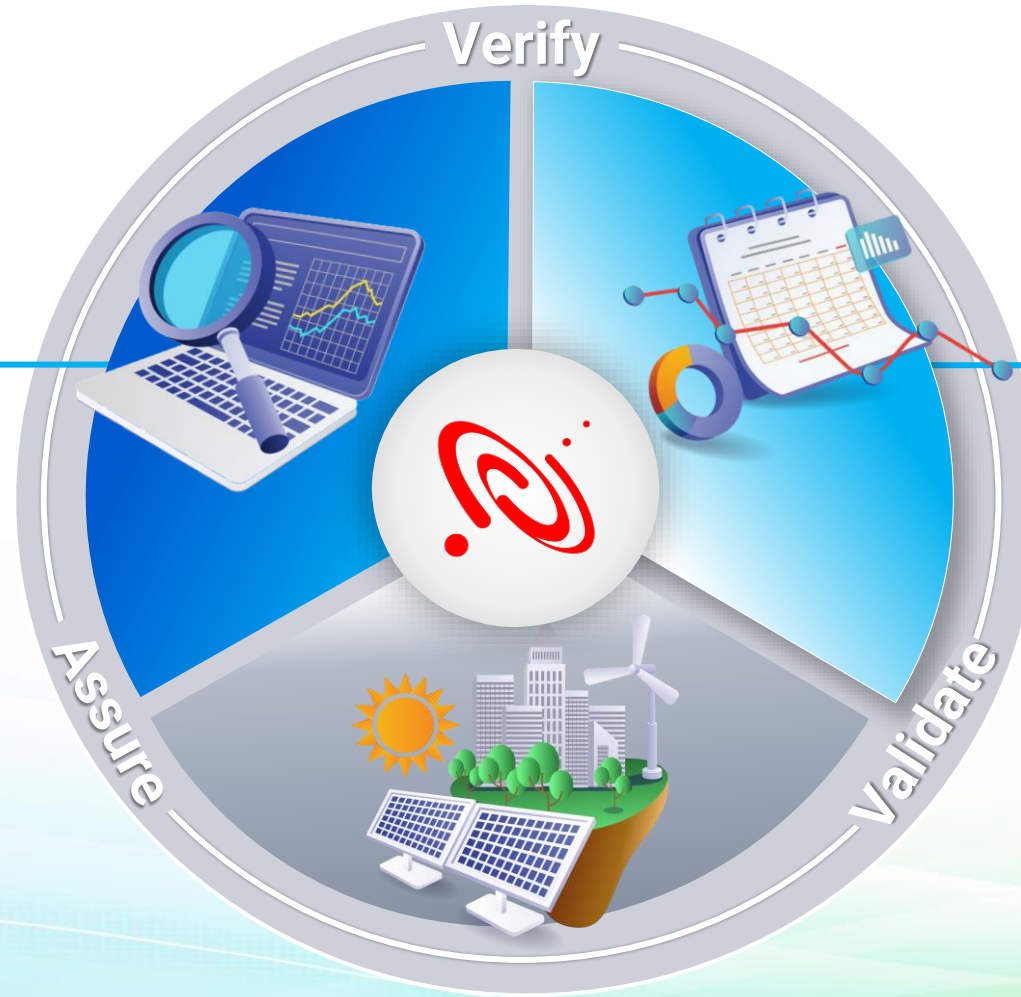
	SECR	ESOS
WHO	Any 2 out of 3	Either emp or both financial
Employees	> 250	> 250
Turnover	> £ 36m	> € 50m
Balance sheet	> £ 18m	> € 43m
Group	Group aggregate Can exclude small entities	No group aggregate One in all in
WHEN	Annual (directors report)	4 Yrs (next deadline Dec '23)
WHAT	Energy & Emissions Energy Efficiency Narrative	Total Energy Energy Audits on 90%
Verification	not mandatory	ESOS lead assessor

Carbon Management Process

The New Normal

STEP: 01

Measure



STEP: 02

Set Targets

STEP: 03

Reduce



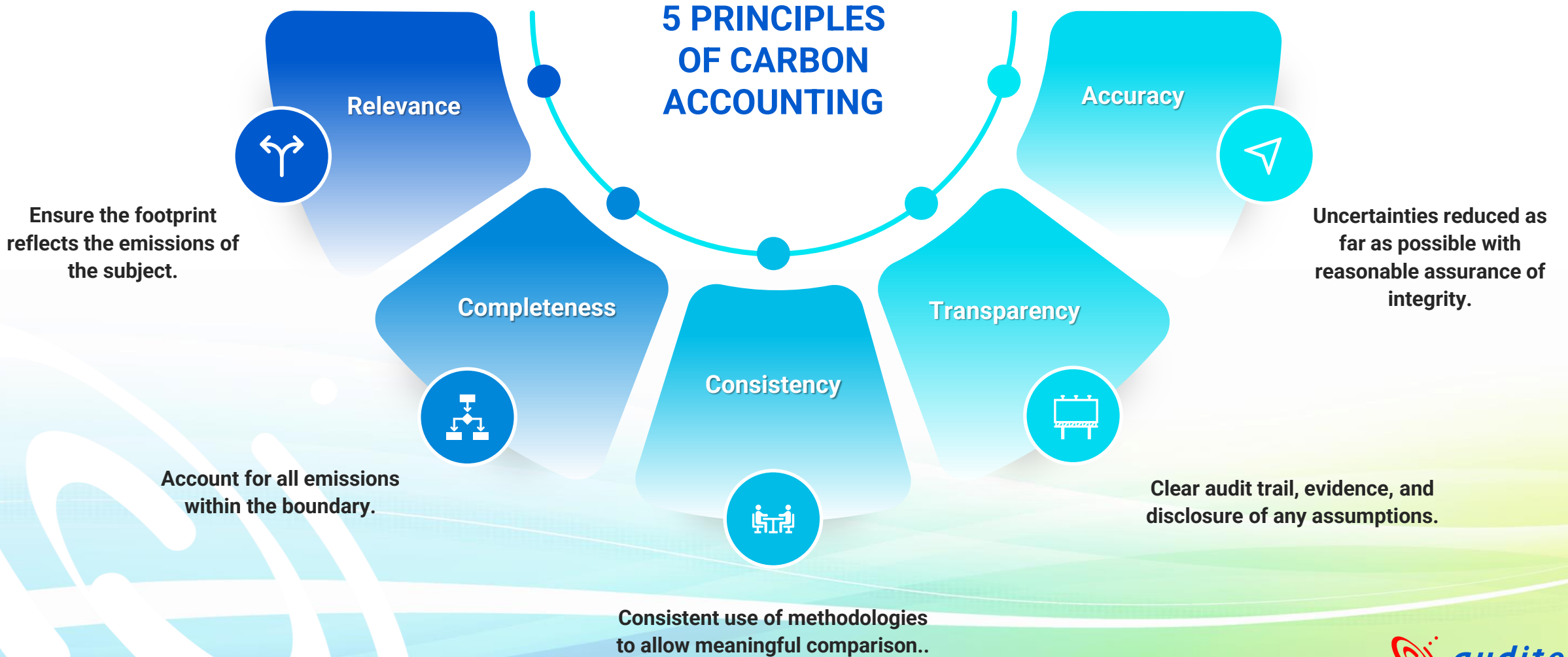
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**NOT ALL CARBON FOOTPRINT
REPORTS ARE THE SAME**

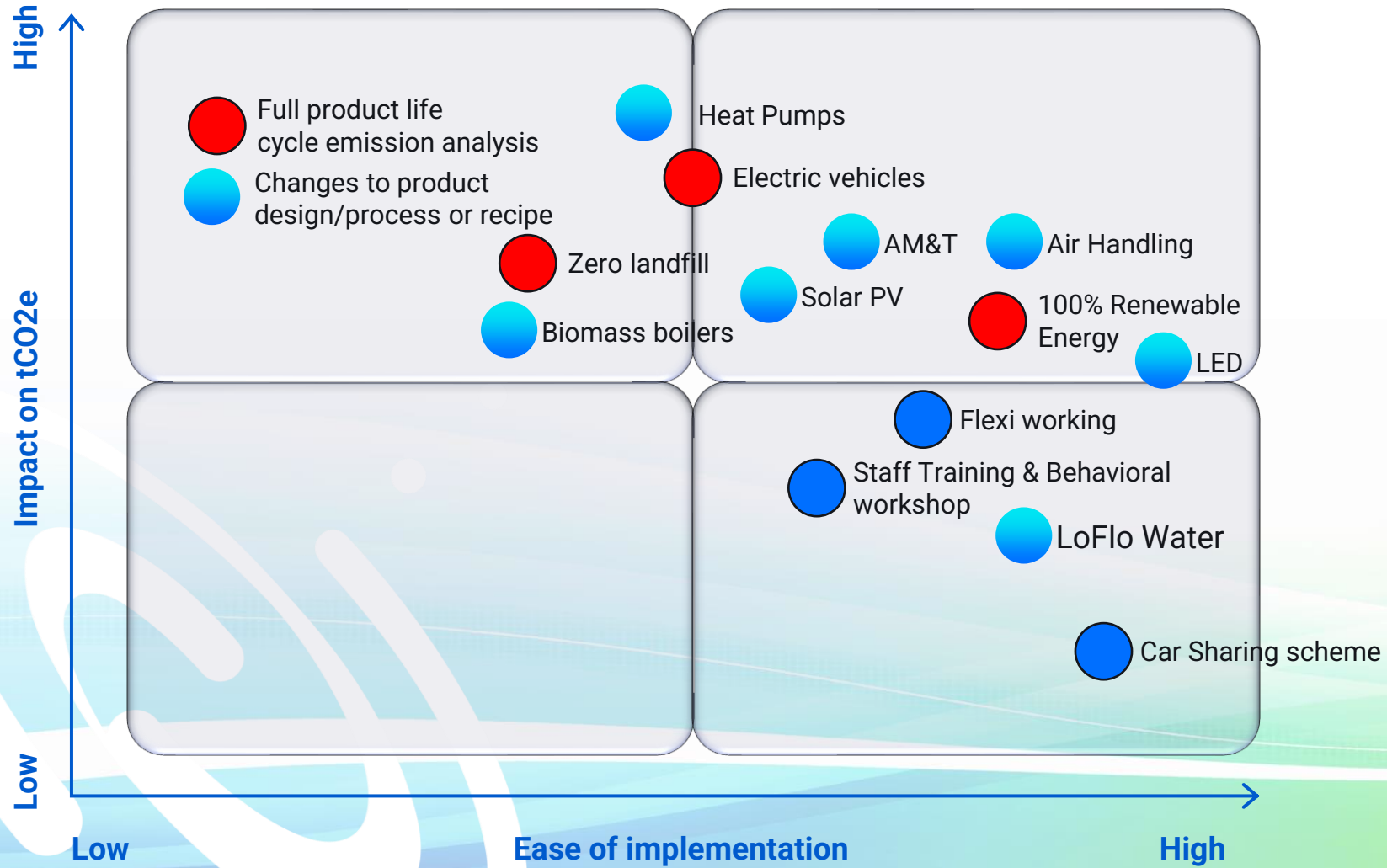
Carbon Management

5 Principles of Carbon Accounting



Carbon Reduction Planning

Reduction Options



Key

- Behavioral
- Capital Investment
- Procurement

Evolution of Carbon Management Client Journey



Accounting
Externally verified full carbon accounts



Reductions
Product or Service design changes to lower carbon



Procurement
Integrated cost & carbon management



Leadership
Openly sharing and mentoring others in industry to do the same

Whole life carbon in products, both used and sold

Operational foot printing becomes business as usual

Operational foot printing normalizing - improved data

Operational Footprint - Data Gaps

Carbon Maturity Model



Purchase decisions driven by reductions

Wider operational changes e.g., Fleet, estate &/or distribution changes

Scope 1 & 2 reductions e.g., Energy Audits

Quick wins e.g., Renewable Energy

Simple supplier survey

Creation of environmental team

Procurement sustainability screening

Net Zero Supplier requirements

Key Supplier engagement

Board level discussions on carbon

Appoint board level sustainable representative

Apply environment consideration to every business case

1 Beginner

2 Emerging

3 Established

4 Mature

5 Market Leader

ESG Reporting

The impact on finance

- 🎯 Regulatory reporting requirements
- 🎯 Stay up to date with developments
- 🎯 Data
- 🎯 Updating policies and processes
- 🎯 Attraction and retention of talent
- 🎯 Role in driving reductions in cost and business growth



Questions?



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