Task Force on Climate-related Financial Disclosures 2024 Report

About this report

This report presents information on Univers' process for assessing and managing climate risk and opportunities, including our use of scenario analysis aligned with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and ISSB S2 standards. It will be reviewed bi-annually.

Governance

Climate-related risks and opportunities are considered together with overall sustainability impacts, risks and opportunities, and managed as part of our sustainability governance structure. The Board of Directors oversees our sustainability strategy and efforts, while management responsibility is delegated to our Sustainability Steering Committee (SSC). Please refer to further details in our FY2024 Sustainability Report.

Strategy

We seek to reduce our own impact through setting science-based emission reduction targets – to be achieved by 2030 and reach net-zero GHG emissions by 2040. Our efforts in carbon reduction extend beyond our business operations to have an outsized impact with our customers in reducing the emissions associated with their own operations.

Our software solutions play a critical role in enabling the energy transition and driving GHG emissions reductions across multiple industries by optimising renewable energy generation, enhancing building energy efficiency and integrating electric vehicle (EV) charging and energy storage systems.

Univers is committed to aligning our strategy with climate resilience. Our focus on scalable, data-driven energy and carbon management solutions ensures we remain well-positioned as businesses, cities, and industries transition towards net-zero. By continuously evolving our offerings, strengthening partnerships, and investing in innovation, we mitigate climate risks while unlocking new market opportunities in the low-carbon economy.

Scenario analysis

We conducted a qualitative risk assessment using two climate scenarios developed by the Network for Greening the Financial System (NGFS)[1] which provides a useful common reference for analysing climate risks with the economy and financial systems. The scenarios selected were based on the target scenario and most realistic scenario narratives to best reflect the risk landscape. We consider acute and chronic physical risks as well as a multitude of risks associated with the transition to a lower-carbon economy.

1. **Net Zero 2050 (1.5^{0}C/Paris aligned):** Represents stringent climate policies and innovation, achieving net zero CO2 emissions around 2050. Physical impacts from climate change are low, while transition risks are high.

[1] GCAM 6.0 Integrated Assessment Model (IAM) used

2. **Nationally Determined Contributions (NDCs):** Includes all pledged policies even if not yet implemented, with moderate and heterogeneous climate ambition. Global temperatures are expected to reach 2.5°C. Physical impacts from climate change are moderate to high, while transition risks are low.

These scenarios were assessed in three time horizons that are aligned with our sustainability targets:

- Short term: 0-3 years
- Medium term: to 2030
- Long term: to 2050

The analysis evaluated climate-related risks and opportunities to help determine if any could have a substantive impact on Univers. We define the substantive financial and strategic impact of each risk and opportunity based on revenue, market performance, and reputation. An impact is deemed substantive if it results in a decline of revenue of more than 5 percent or could affect our competitive position, leading to more significant financial consequences.

Risk and opportunity management

We employ a company-wide risk management process to devise risk management strategies that are continuously monitored and adjusted in response to the evolving risk landscape. Risk management covers the identification and analysis of a risk, followed by determination of a response to that risk. This approach is similar for all sustainability risks identified, which includes climate-related risks, with differences in their defined threshold or criteria.

Identification	Analysis	Response	Monitoring	Reporting and Review
				

Risk Management Process

Co-chaired by our Global Sustainability Advisor and Chief Financial Officer, the SSC meets quarterly to assess and manage sustainability risks and opportunities, monitor and track emissions performance and ensure that our sustainability initiatives and strategies remain effective in controlling our risks.

Regular reporting to the Board of Directors, including the CEO and Global Executive Director, guarantees alignment with our organization's values, mission, and purpose while staying on track to meet our sustainability commitments. For risks and opportunities that can be mitigated or captured, we take proactive measures to address their potential impact. For risks that cannot be handled solely within our organization, we explore risk transfer mechanisms, such as insurance or partnerships. In some instances, we may choose to accept certain risks that are deemed manageable or have a lower potential impact.

We identify and prioritize climate-related risks, classifying as “high”, “medium” or “low” based on their likelihood and potential impact on our business.

i) Climate-related Risks:

We keep abreast of emerging regulations, mandatory reporting requirements, industry best practices, and decarbonization technologies. Based on the refreshed analysis conducted in 2024, climate change is not projected to pose significant physical risks to our operations.

As our operations involve the provision of digital technology services, we will experience the impacts of physical risks and opportunities indirectly through our customers and supply chain partners operating in affected industries. Changes in their financial performance could be affected by physical climate change hazards whether in damages to assets or supply chain disruptions if adversely affected or not well mitigated. This could in turn lead to supply chain disruptions in our business or supply chain partners having an inability to settle fulfil obligations to us. Our key cloud service provider, Microsoft, has assessed the physical risks affecting its sites and determined that due to geographic redundancy design of its cloud services and sufficiency of the design criteria of its facilities, customers such as Univers will not be adversely affected by such risks[2].

However, with increasing policy action for climate change, we expect demand for carbon offsets to rise as companies work towards net-zero goals. High-quality removal-only offsets as required under the Science-Based Targets Initiative could see prices increase sharply in the most ambitious Removal scenario, with carbon credit prices as high as $146/ton in 2030 according to Bloomberg's latest Long-Term Carbon Offsets Outlook 2024 Report.

To mitigate this risk, we actively reduce our carbon emissions by implementing energy efficiency initiatives, relocating offices to higher-grade green building certified spaces and implementing energy management systems where possible. Additionally, we plan to pivot procurement towards lower emissions suppliers and help our suppliers with their own decarbonisation journey, minimizing our future needs for carbon offsets.

ii) Climate-related Opportunities:

As a leading software provider specializing in decarbonization solutions, we stand poised to unlock opportunities from the climate transition. Increasing climate-related disruptions, such as heatwaves and extreme weather events, could impact our customers' operations, leading to heightened demand for real-time monitoring and resilience planning. For example, EnWeather, provides smart weather prediction tools translating forecasts into valuable business insights. This becomes crucial during extreme weather events, allowing businesses to make informed decisions and mitigate risks and disruptions.

We foresee a huge growth in our Total Addressable Market (TAM), driven by a combination of physical and transition climate risk, especially in the area of renewable energy generation SaaS as companies shift to a higher proportion of renewable energy in their energy mix. For example, our 'new energy' assets under management (wind, solar, energy transition-related such as batteries) has grown significantly, with a CAGR of 69% from 2017-2024. We continue to explore innovations in AI-driven energy optimization, virtual power plants, and grid flexibility, aligning with emerging trends in decentralized energy systems. To expand our market presence, we will be seeking partnerships and collaborations to solidify a strong foothold in this industry and accelerate climate action.

[2] With reference to Microsoft's TCFD 2024 Report

In addition, our ongoing commitment to enhancing the energy efficiency of our operations could lead to cost savings for our business and mitigate higher energy costs from increasing regulations.

Metrics and Targets

We have been using 100% renewable electricity across our operations since 2023, when we started purchasing Renewable Energy Certificates (RECs) to cover our electricity consumption.

We aim to achieve Net Zero by 2040 and have set near-term and long-term science-based targets towards this goal. A detailed account of our environmental metrics and progress on achieving these targets can be found in our FY2024 Sustainability Report.

Appendix

Detailed TCFD categorisation of risk and opportunity analysis

Risk	Net Zero 2050 *Aims to limit global warming to 1.5°C*		NDCs *Pledged policies by countries*	
	Risk Level	**Description**	**Risk Level**	**Description**
Policy and Legal – A. Energy Prices **(long term)**	Low	There is a high likelihood that carbon prices will experience an increase as stricter regulations are implemented by countries to align with their sustainability objectives. In regions where direct exposure to carbon taxes does not exist, an escalation in operating costs for our global offices is foreseen due to the transmission of higher carbon prices, resulting in elevated energy costs despite the absence of direct carbon taxation. These financial impacts have been assessed through reliance on NGFS's electricity projections and weighted by region-specific factors for our operational areas. The projections indicate a shift from an average rate of $13 per MWh in the scenario of transitioning to NDC in 2023 to $18 per MWh in the Net Zero 2050 scenario, signifying a monetary **increase of $5** per MWh by 2050. While we expect a potential increase in electricity consumption as the company grows, this will be offset by seeking greater energy efficiency in our operations.	Low	With only slight increase in climate change ambition or mitigation efforts, carbon tax prices may not continue to rise. Additionally, the development of newer technologies has the potential to contribute to a reduction in our energy costs. These financial impacts have been assessed through reliance on NGFS's electricity projections and weighted by region-specific factors for our operational areas. According to these projections, there is a transition from an average price of $13 per MWh in the current policies scenario of 2023 to $14 per MWh in the NDC 2050 scenario. This represents an **increase of $1** per MWh by the year 2050. While we expect a potential increase in electricity consumption as the company grows, this will be offset by seeking greater energy efficiency in our operations.

Policy and Legal – B. Carbon offsets Costs **(long term)**	Low	Achieving net zero will require the purchase of removal-based carbon credits and lead to higher expenses as the cost of carbon credits is expected to increase. We referenced the forecast given **by EY's Tech-enabled Net Zero scenario,** which estimated carbon offset prices to be US$140/ton in 2030, close to the prices projected by Bloomberg NEF in the removal scenario. Under SBTi standards, companies are only allowed to offset up to 10% of Scope 3 emissions using removal credits in the long-term (2050). Assuming a sixfold increase in our 2030 Scope 3 emissions due to business expansion and achieving our 100% renewable energy target by 2025, we project a USD1m increase in costs from the purchase of removal carbon credits in 2030.	Low	All pledged policies will be implemented and avoidance-based carbon credits will primarily be included. We project a **sixfold** increase in our 2030 Scope 3 emissions due to business expansion. We conducted a cost projection using carbon offset prices in **EY's Announced plans scenario,** which was estimated US$10/ton in 2030. Assuming a sixfold increase in our 2030 Scope 3 emissions due to business expansion and achieving our 100% renewable energy target by 2025, we project a USD 30k increase in costs from the purchase of carbon credits in 2030.
Technology (short-long term)	Low	As a software solutions provider, we are well-poised to benefit from advancements in climate-related technology. Technology and innovation changes will be beneficial to Univers instead.	Low	As a software solutions provider, we are well-poised to benefit from advancements in climate-related technology. Technology and innovation changes will be beneficial to Univers instead.
Market (short-long term)	Low	With the growing awareness of climate change, there could be loss of market share and investment if we are unable to meet the needs of customers. As this has a direct impact on our bottom line, we constantly stay ahead of customer demands.	Low	As we expand into emerging and high-risk markets, extreme warming could lead to disruptions of our business operations in these markets and the procurement of goods and services that support our business (e.g. professional services, electronic equipment etc). In a warmer world with more inaction, we could lose our competitive advantage as a provider of decarbonisation

				systems and see a loss in market demand and therefore revenue.
Reputation (long-term)	Low	The failure to meet rising stakeholder expectations for climate action can lead to poor branding and a loss of revenue and investment in the long term. We consider the likelihood of this risk to be minimal as we prioritize transparency and aim for consistent, reliable reporting.	Low	Inaction in a warmer world will not result in reputational damages for Univers.
Acute and chronic physical: Digital Infrastructure/ Operations **(long-term)**	Low	Due to fewer physical risks in the 1.5°C scenario, we consider physical risks (acute/chronic) to be immaterial because our core operations mainly revolve around digital technology and software solutions.	Low	As we do not own any manufacturing sites, our exposure is limited to the indirect impacts through disruptions to our customers and suppliers. Our offices are not located in climate-related risky areas. Our workforce is also well-equipped to work 100% remotely. Where instances of flooding, for example, could result in infrastructure failures—such as power outages and physical damage—directly affecting our offices and data centres that support our cloud computing services, we maintain insurance coverage over these assets that minimise the risk to our financial position. As cloud operations is a critical piece of our business success, we continuously keep a close watch on system availability and stability. Additionally, our main cloud service provider does not anticipate any significant physical risks that could affect their provision of services.