# CATALYST

# **ESG Regulations** + CarbonHub



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- ESG vs Sustainability
- The basics of greenhouse gases
- ESG regulations landscape
- Decarbonization journey
- Energy & Sustainability ERP
- CarbonHub

# **ESG** vs Sustainability

## **ESG (Environmental, Social, and Governance)**

A framework used primarily by investors.

- Environmental company's performance as a steward of the natural environment.
- Social company's relationships with employees, suppliers, customers, and communities.
- Governance company leadership, executive pay, audits, internal controls, and shareholder rights.

**Purpose -** It aims to help investors make more informed decisions by considering these non-financial factors.

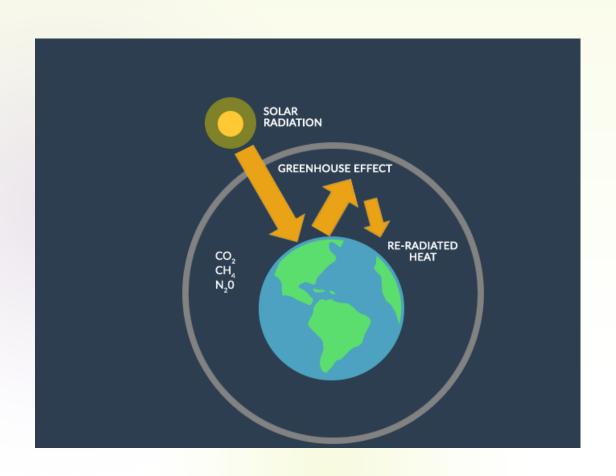
# Sustainability

- **Ability** to exist and develop without depleting natural resources for the future.
- Maintain ecological and environmental balance
- Promote social equity and ensure economic viability

**Purpose -** encourage businesses and societies to operate in a way that is environmentally viable, socially equitable, and economically feasible over the long term.

# **Greenhouse Gases**

# What are greenhouse gases (GHG)?



#### **Common Greenhouse Gases:**

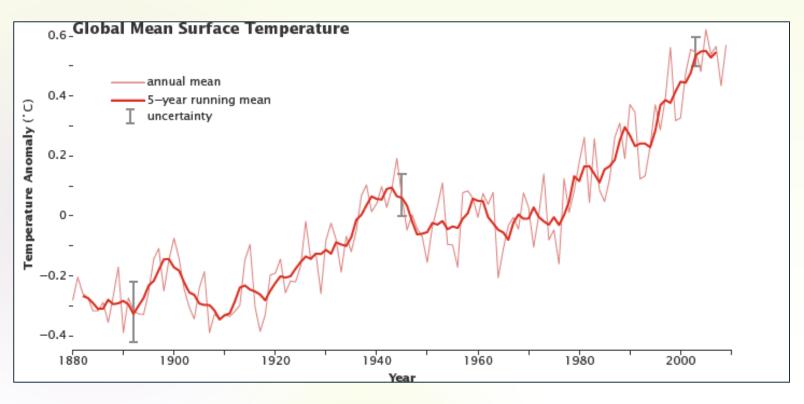
 $CO_2$ 

 $N_2O$ 

 $CH_4$ 

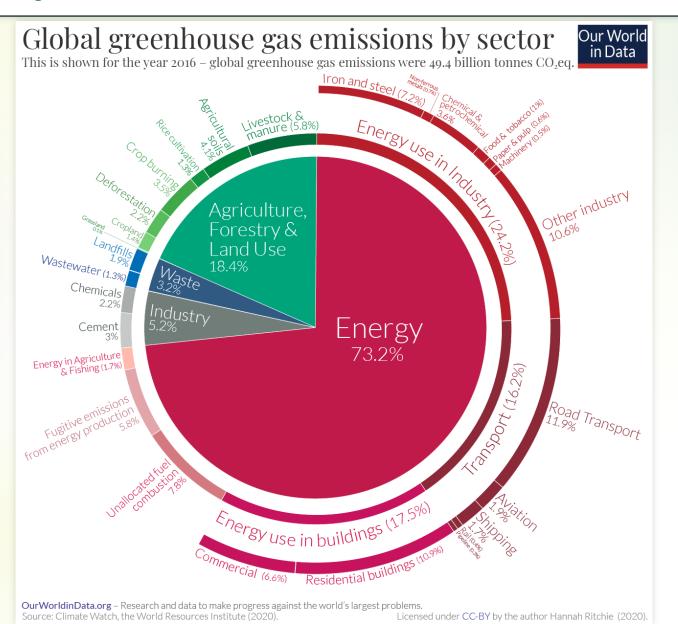
Serve as a blanket that keep the heat in the atmosphere instead of reflecting into space.

# **GHG** Impact on planet and life

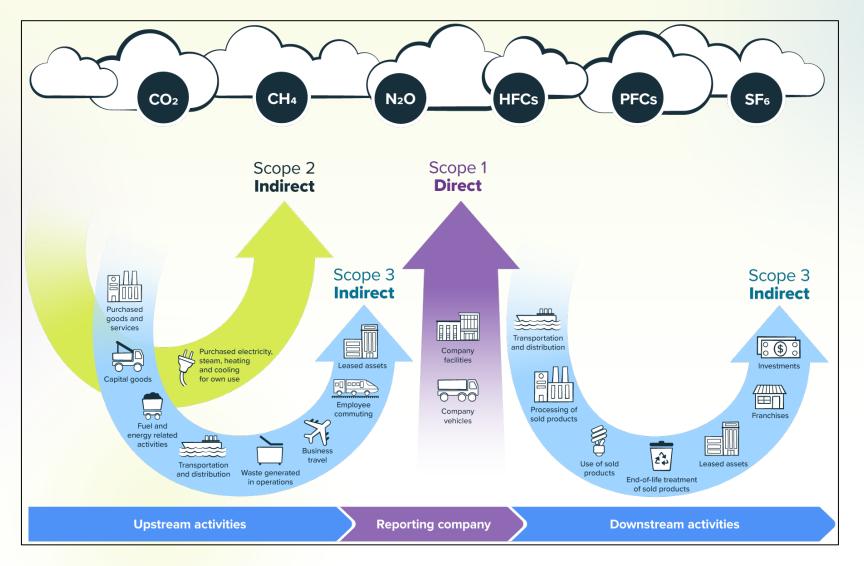


- Health
- Agriculture and Food Security
- Water Resources
- Economic Impact
- Migration and Displacement
- Social and Political Impacts
- Biodiversity Loss

# **GHG** emissions by sector



## **Definition and classification**



# ESG regulations landscape

# European Green Deal // Required Sustainability Reporting

#### **Non-Financial Reporting Directive (NFRD)**

Applies to companies meeting both criteria

- More than 500 employees
- Publicly listed companies

Banks and Insurance companies

Impacted appx 11,000 companies

Limited/No audit required

#### **Corporate Sustainability Reporting Directive (CSRD)**

Applies to companies meeting two of three criteria

- More than 250 employees
- More than € 40m revenue
- More than € 20m total assets

Estimated impact appx 50,000 companies

Enforcement from 2024–2029

Requires companies to have an audit of the reported sustainability information

# **England**

Green Finance Strategy: Align private sector financial flows supported by government action

**Task Force on Climate-related Financial Disclosures (TCFD)**: May require TCFD-aligned disclosures across the economy by 2025

**Green Taxonomy**: Similar to EU Taxonomy, to provide clear definitions

**Pension Schemes Act 2021**: Requires pension schemes to take into account climate change-related risks and opportunities in investment decisions

**Corporate Governance and Reporting**: Large companies must report on their ESG practices and impacts.

# **US Securities & Exchange Commission (SEC)**

The SEC's climate-related disclosure rule would require companies to disclose material climate risks, including emissions data and transition plans.

What companies would have to disclose<sup>1</sup>

Material impacts



How climate can impact companies' bottom lines—in the short, medium, and long term—and what governance, strategy, and risk—management processes will address these impacts.

Greenhouse-gas emissions



Audited scopes 1 and 2 emissions and scope 3 emissions, if material (or if the entity has a scope 3 target), as well as safe harbor for liability from scope 3 emissions.

Target and transition plans





If available, climate-related targets or goals, accompanied by detailed transition plans, scenario analysis methods, internal carbon pricing, and how it is set, and the use of offsets and renewable-energy certificates.

This chart is a summary for general information only and does not constitute legal or regulatory advice. Advice of appropriate counsel must be sought prior to any consideration of the issues raised herein.

Source: US Securities and Exchange Commission (SEC) enhancement and standardization of climate-related disclosures, March 2022

McKinsey & Company

## State of California // New Laws (Bills #253 and #261)

#### Climate Corporate Data Accountability Act, CCDAA

- This applies to companies with over \$1 billion in annual revenue that do business in the CA.
- Includes Scope 1, 2 (by 2026) and 3 (by 2027) reporting

#### Climate-Related Financial Risk Act, CRFRA

- Revenues > \$500 million
- Following Task Force on Climate-Related Financial Disclosures (TCFD)



Signed into law October 7, 2023

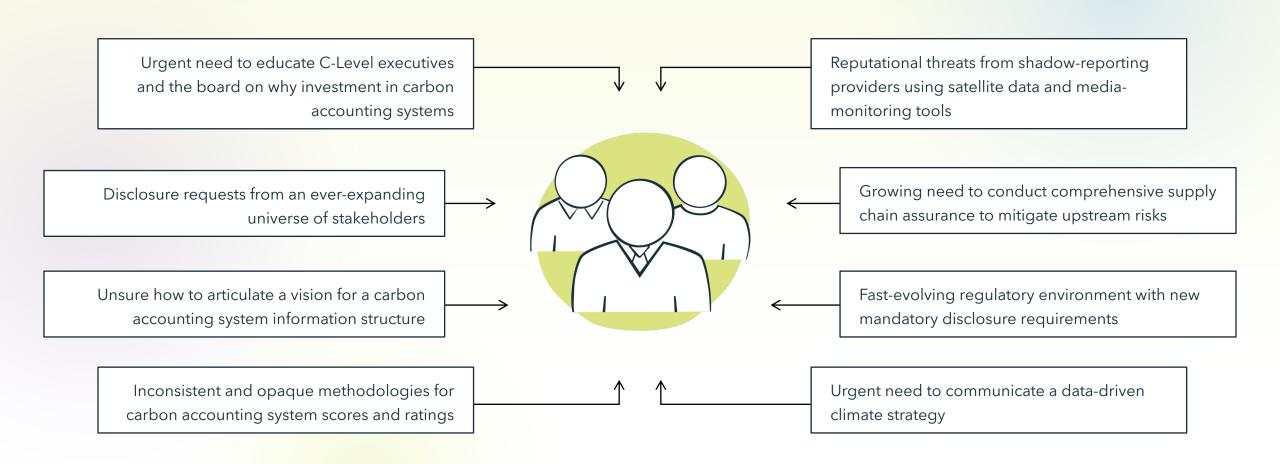
# **Regulations //** Local Law 97 NYC

- Passed in April 2019
- Buildings over 25k sq ft (Effective 2024)
  - Energy efficiency requirement
  - GHG emissions limits
- Stricter limits coming into effect in 2030
- Reduce emissions from the largest buildings
  - by 40 percent by 2030
  - By 80 percent by 2030
- Established Local Law 97 Advisory Board and Climate Working Groups on how to meet these
  aggressive goals.

# **Regulation - State of Washington**

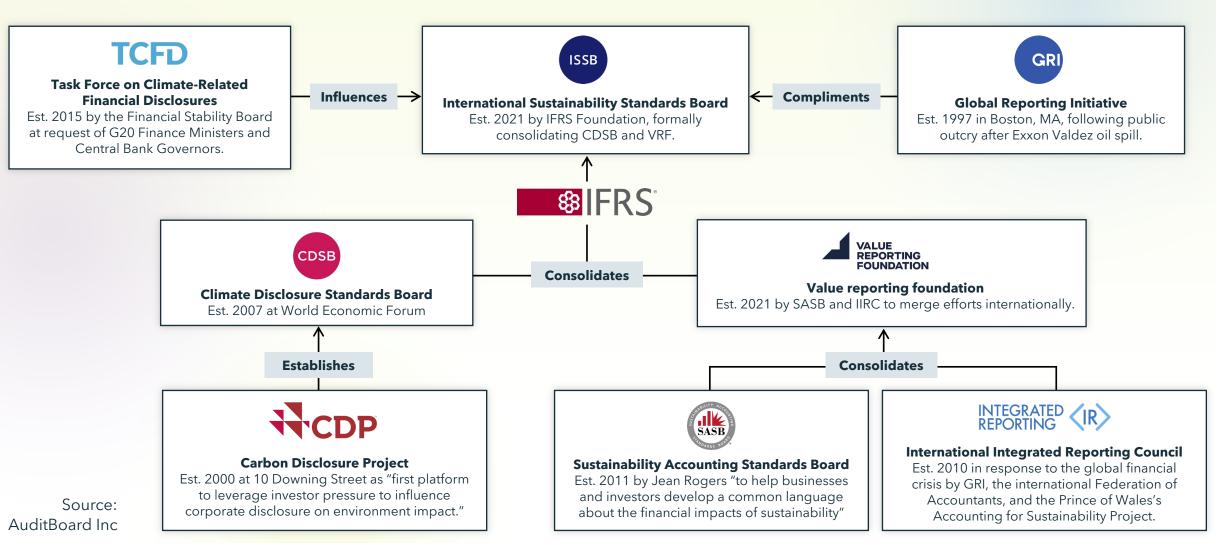
- Washington Climate Commitment Act (CCA) 2021
  - Reduce emissions by 45% below 1990 levels by 2030
  - Continue reduction to net-zero by 2050
- Businesses that produce more than 25k metric tons of CO<sub>2</sub>e annually
  - Fuel suppliers
  - Natural Gas and Electric Utilities
  - Waste-to-energy facilities (starting in 2027)
  - Railroads (starting in 2031)
- Cap & Invest market-based program limit on total emissions
- Every business impacted or participating in Cap & Invest needs to report emissions

## **Executives are under pressure from multiple carbon accounting challenges**



Source: Verdantix

#### **ESG** frameworks



## **Elements of ESG Frameworks (Ex: CDP)**

#### Questionnaires are based on:

- Business Type (City, States & Regions, Company)
- Risk Type (Climate Change, Forests, Water Security)
- Primary Sector (Agricultural commodities, Capital goods, Cement, Chemicals, Coal, Construction, Electric Utilities, Financial services, Food, beverage & tobacco, Metals & mining, Oil & gas, Paper & Forestry, Real estate, Steel, Transport OEMS, Transport OEMS - EPM, Transport services, All other sectors)
- Version (Full, Minimum)
- Core or additional (customer requested, RE100 etc.)

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- Version (Full, Minimum)
- Core or additional (customer requested, RE100 etc.)

#### **CDP Questionnaire**

- C0: Introduction, description of the company business, and other demographic data
- C1: Governance (Board structure, management responsibilities, incentives based on climate performance)
- C2: Risks and Opportunities (Documented strategies identifying, assessing, and responding to climate-related risks and opportunities)
- C3: Business Strategy (Business transition plan aligned with 1.5°C warming)
- C4: Emissions Target (Details, KPIs and documented initiatives)
- C5: Emissions Calculation Methodology (Document the process used for calculations)
- C6: Emissions Data (Scopes 1, 2 and 3 as applicable)
- C7: Emissions Breakdown (Compare YTY)
- C8: Energy Data for the Org

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# **Energy and Sustainability ERP**

# Evolution from paper ledgers to ERP software // Financial reporting

#### How it used to be:

Paper ledgers and records

- Difficult to access data
- Manual labor
- Hard to maintain and update
- High chance of error
- Data limited to ledger owners

### **How it improved:**

ERP software

- Recorded electronically
- More accurate
- Real-time updates
- Reduces/eliminates manual labor
- Reduces error
- Better collaboration
- Scalable, reportable, and reliable

# Evolution from spreadsheets to ERP software // Carbon accounting

#### The status quo

Manual utility bills, meter reads, data collation in spreadsheets

- Occurs annually
- Difficult to access data
- Manual labor
- Hard to maintain and update
- High chance of error
- Data silos
- Reactive reporting

#### **Using software**

Energy and sustainability ERP

- Automatically captures data
- Auditable, financial-grade
- Real-time updates
- Reduces/eliminates manual labor
- Reduces error
- Better collaboration
- Scalable, reportable, and reliable
- Proactive: Monitor and respond in real-time

# Energy and sustainability ERP // The single source of truth

Get instant access to validated, actionable data you can trust to better manage resource consumption, reduce your carbon footprint, reach net-zero, and drive massive savings.



# Financial-grade greenhouse gas accounting

Target and track emissions.

An advanced, holistic view of financialgrade emissions data across your business with automatically applied factors to meet your ESG reporting needs.

#### **Customer Data Type:**

**GHG** activities

#### Persona:

Sustainability



# Portfolio-level energy and sustainability reporting

Manage and see it all.

Get accurate and reliable energy and utility data across your entire portfolio and streamline energy and accounting workflows.

#### **Customer Data Type:**

Utilities/Bill/Resources

#### Persona:

Finance/Energy



# Real-time energy and sustainability analytics

Dive deep. Respond quickly.

Dive deep into real-time performance of assets, devices, and sensors. Make quick, data-driven decisions for high-performance, net-zero buildings.

#### **Customer Data Type:**

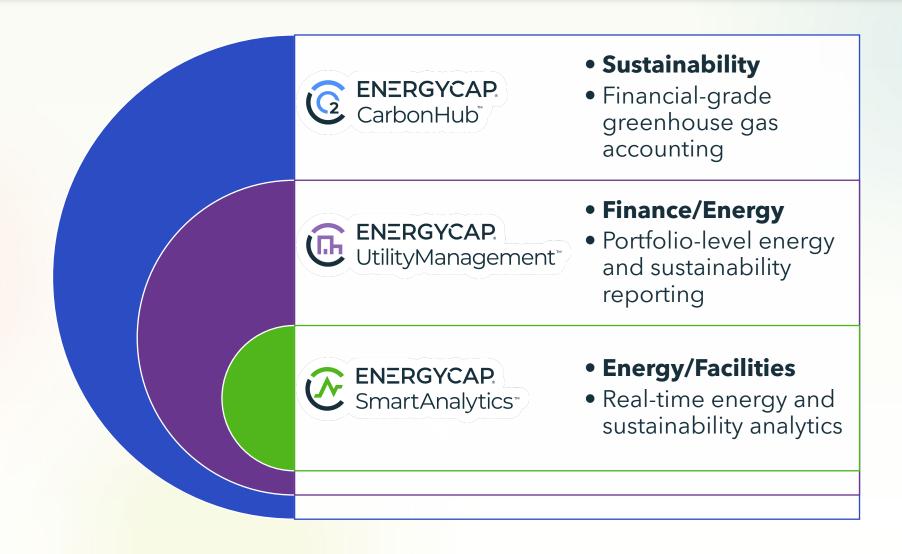
Time-Series/Interval Energy

#### Persona:

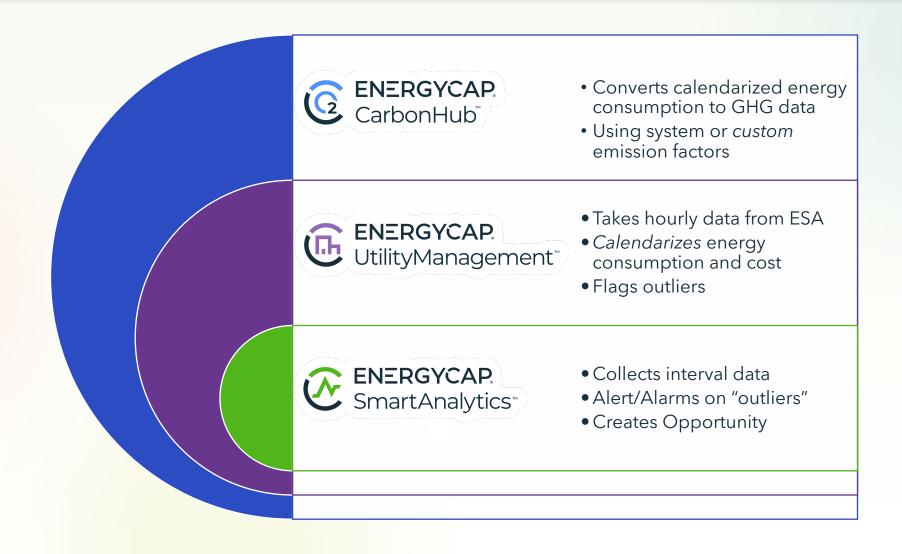
Energy/Facilities

**CAPture Services:** Bill CAPture, Bill Processing/Managed Services

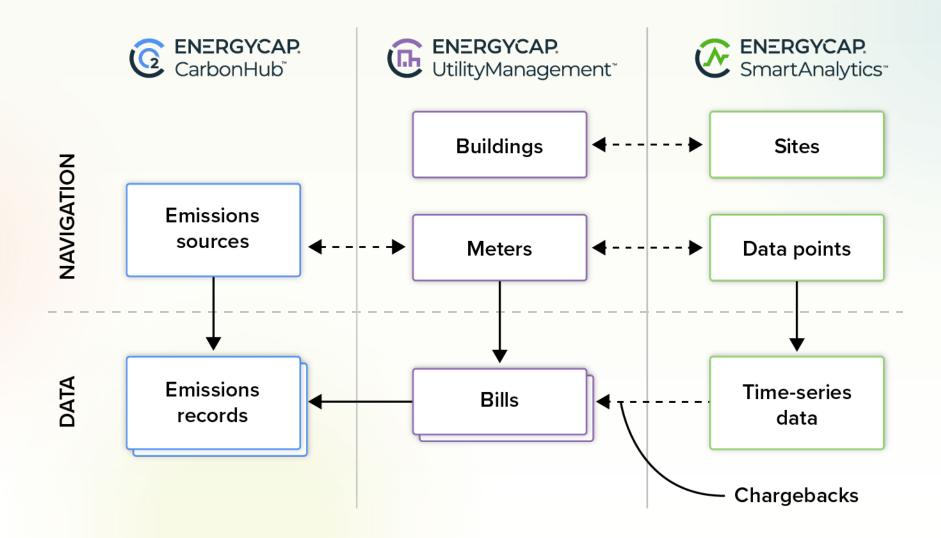
# Energy and sustainability ERP // The single source of truth



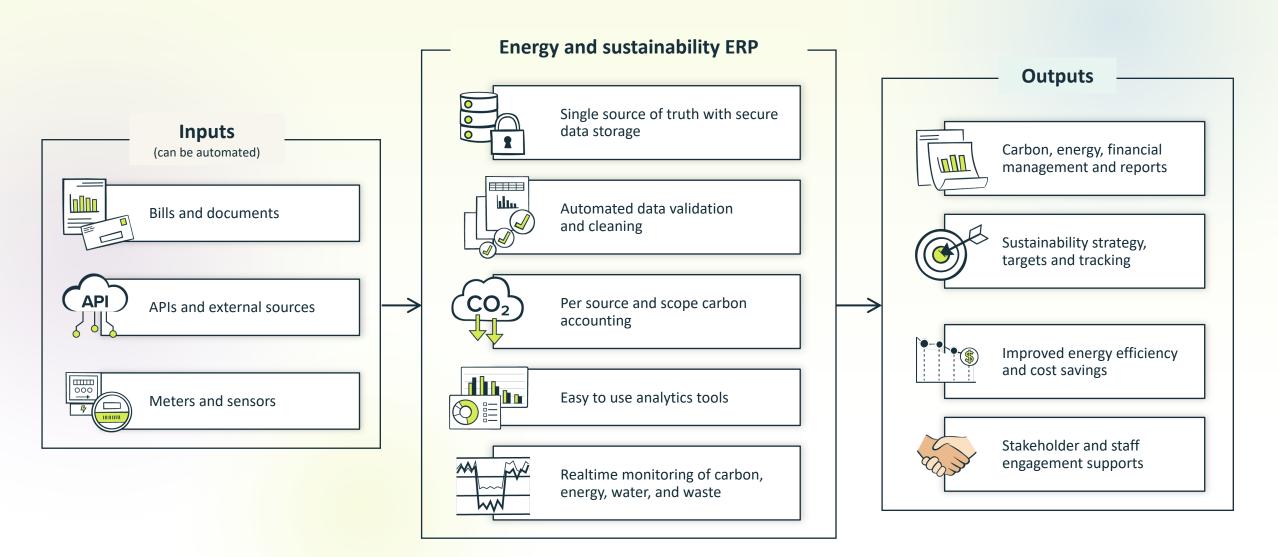
# Energy and sustainability ERP // The single source of truth



# **Energy and Sustainability ERP** // Even more value together



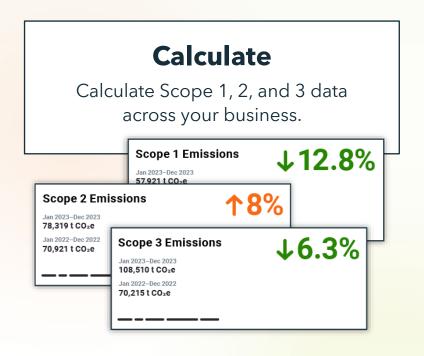
# Use an energy and sustainability ERP to streamline carbon accounting



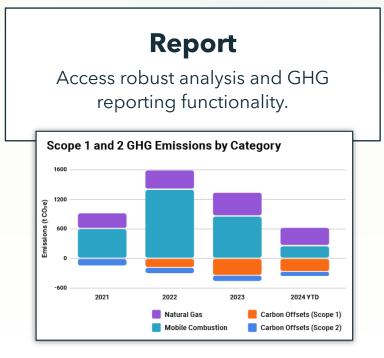
# CarbonHub

# EnergyCAP CarbonHub // Financial-grade greenhouse gas accounting





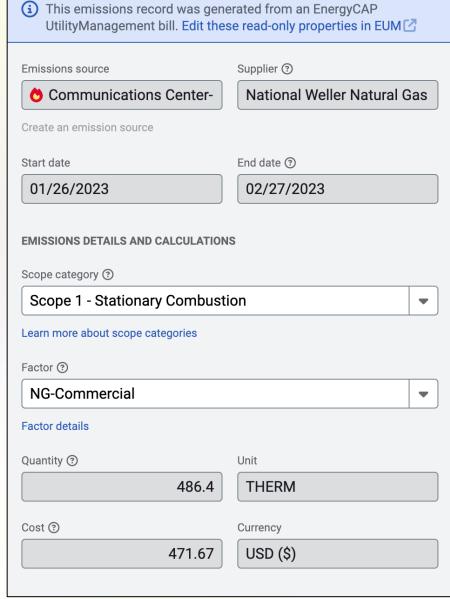




# **EnergyCAP CarbonHub** // Easy emission and factor management

- Add unlimited emission source types.
- Attach docs to emissions records
- Easier than ever to record data by Activity, Cost, or Direct emissions
- Includes over 3,000 global factors and counting!
  - The ability for multiple versions over time
  - Easily import custom factors
  - Support for industry-specific factors (EcoInvent, exiobase, etc.)
- Ability to select the Assessment Report (AR) version for Global Warming Potential (GWP)

# **Scope 1 - Utility data**



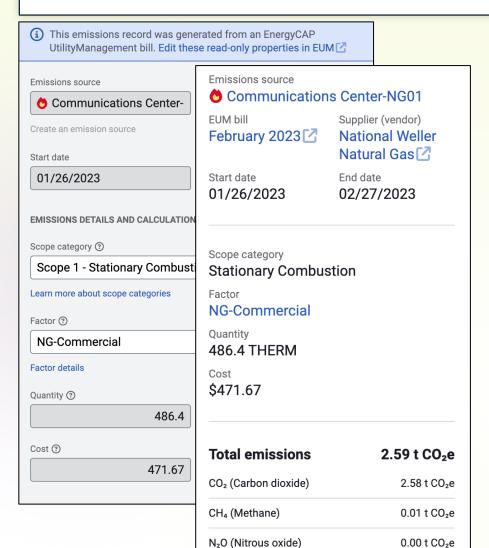
Automatic integration with Utility Management

Ability to select your scope category

Ability to select appropriate conversion factor

rgyCAP, LLC

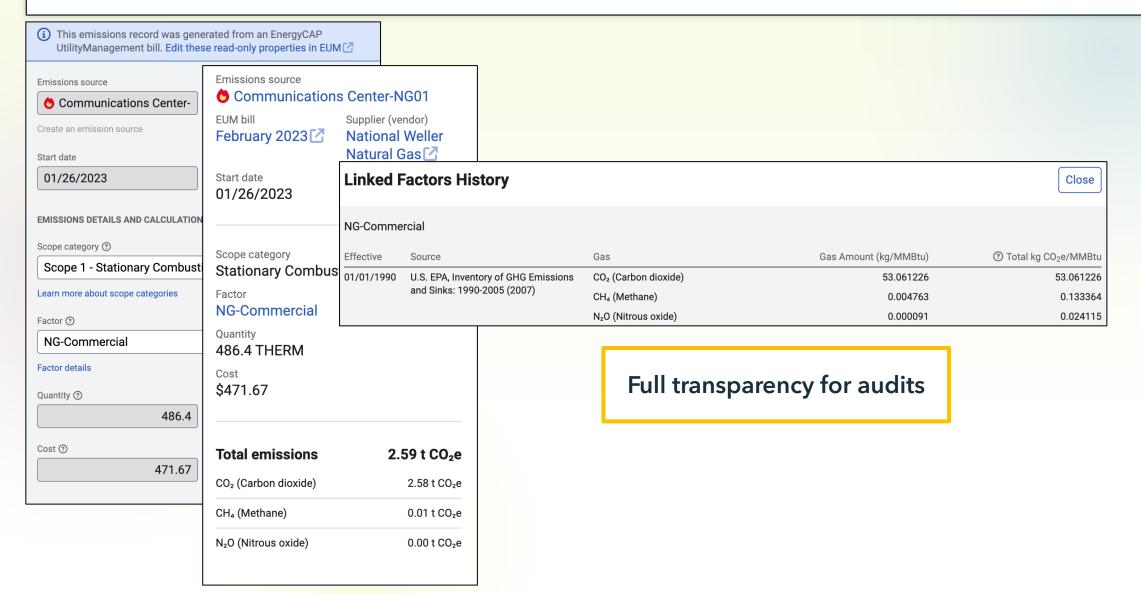
# **Scope 1 - Utility data**



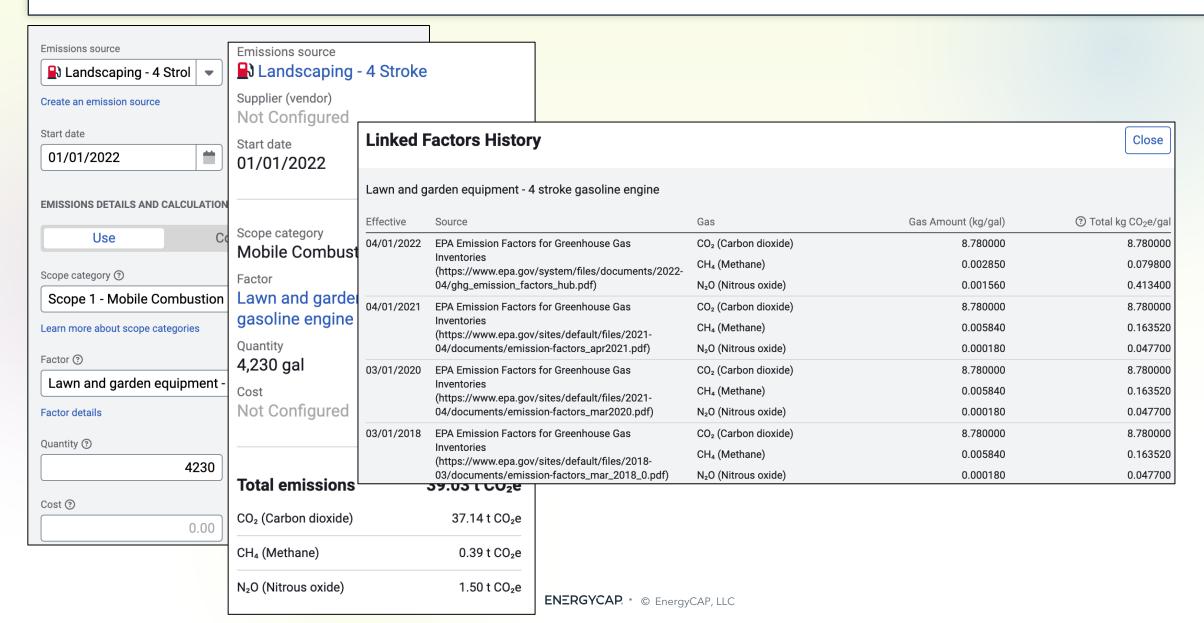
Calculation of emissions based on conversion factors

Individual gases where available

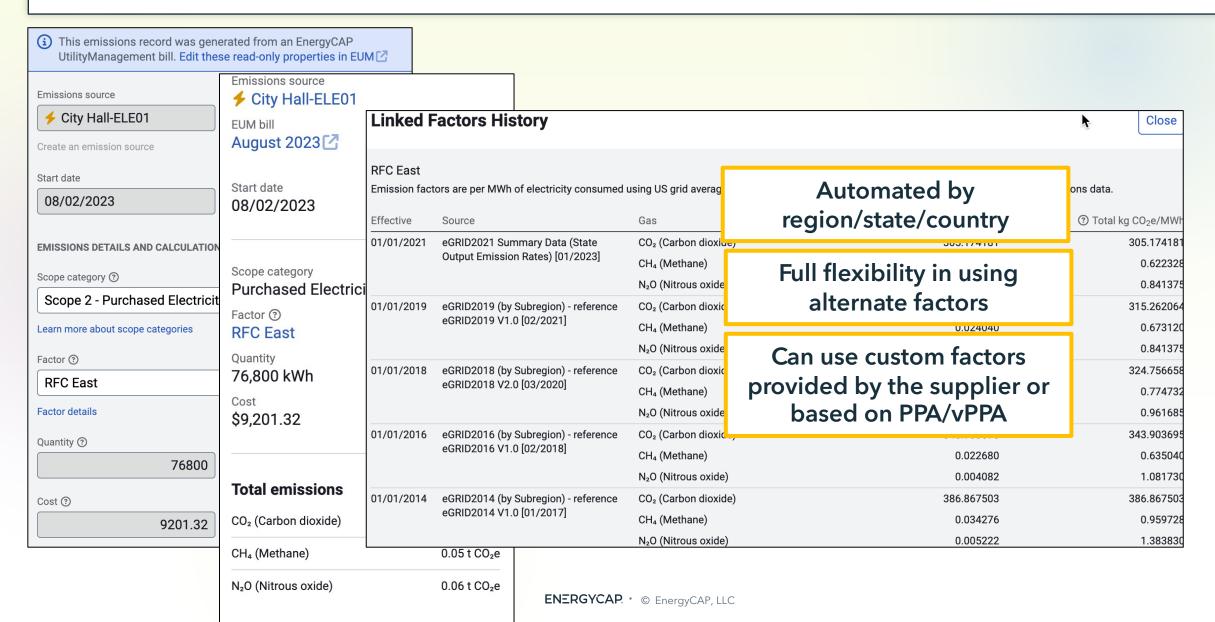
# **Scope 1 - Utility data**



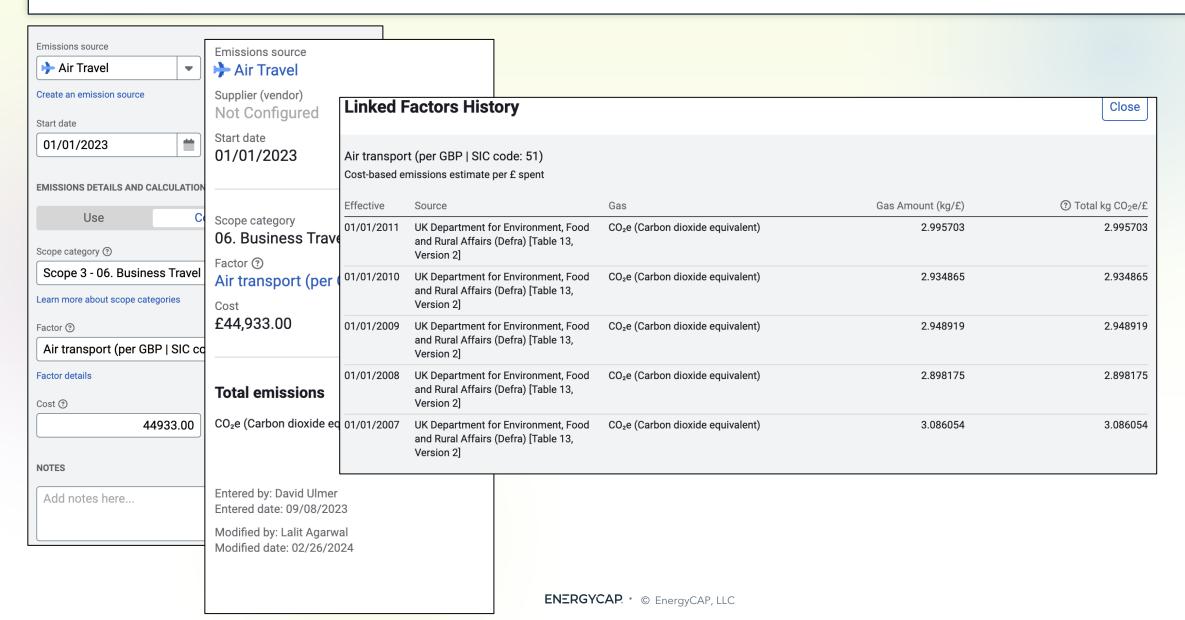
# **Scope 1 - Non-Utility data**



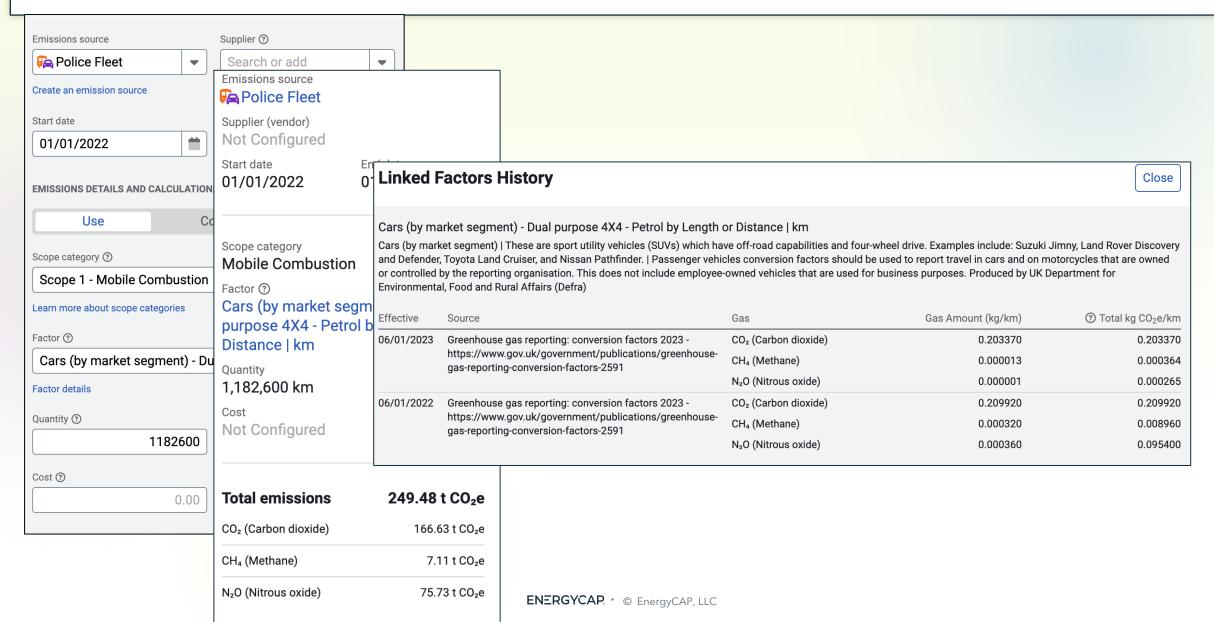
# **Scope 2 - Purchased Utility - Location Based**



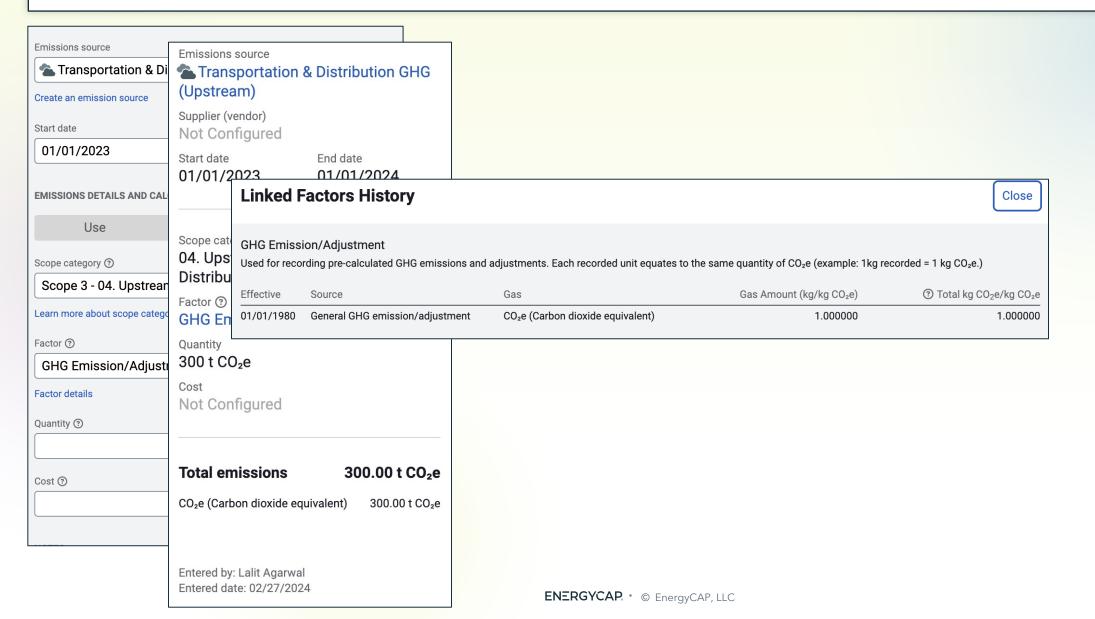
# **Scope 3 - Currency based**



# **Scope 3 - Activity based**

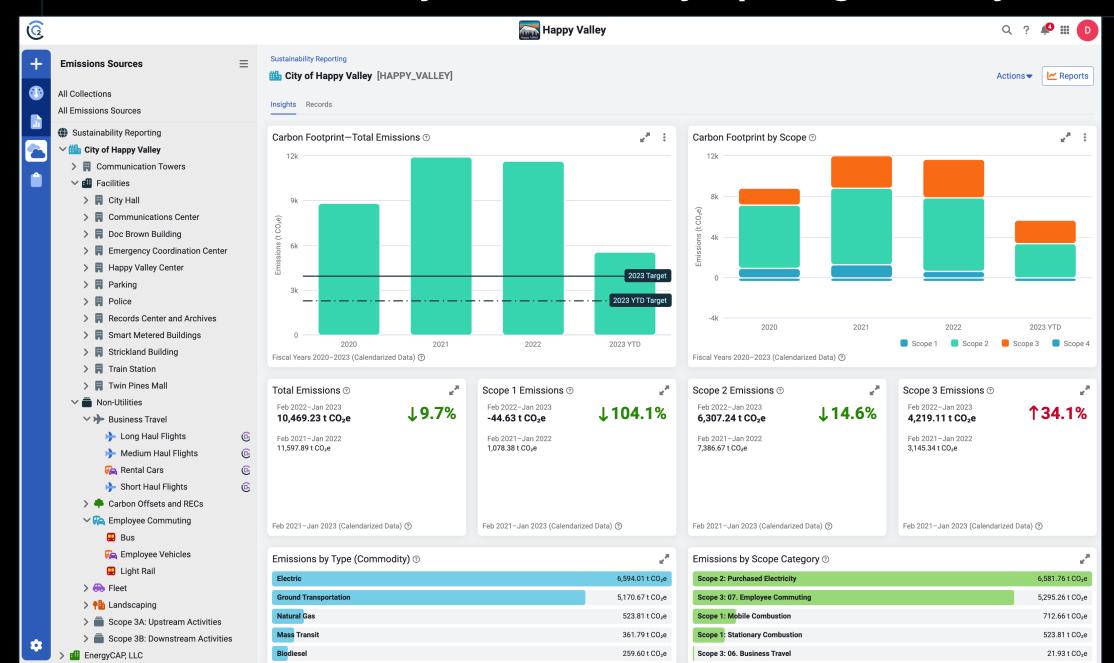


# **Scope 3 - Direct Emissions**



# Visualize

# Quick Access to your data for easy reporting and analysis



# **Report your way**

E	Emissions Details (Excel only) - Report-46  Save as  Email Download  Donce													
	Meter Cetails Meter Code Connecdity	Factor												
	I		2023 Emissions (t CO <sub>2</sub> e)											
Building Name	Building Code	Parent Name	Parent Code	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Total
				543.78	512.24	514.56	434.79	371.45	352.42	363.56	394.37	35.69	4.12	3,526.98
10th & Central Parking Garage	2709	Parking	PARKING	9.36	8.56	8.55	7.49	6.07	5.71	0.76	5.28	5.44	0.54	57.76
1st & Main Parking Garage	2707	Parking	PARKING	28.60	27.94	29.38	24.26	17.70	15.95	17.70	18.38	0.00		179.90
3rd & West Parking Garage	2708	Parking	PARKING	27.18	25.00	25.25	21.27	15.76	12.55	11.76	11.90	0.84	0.14	151.64
4th & Walnut Parking Garage	2699	Parking	PARKING	7.25	6.60	7.18	6.90	6.86	6.49	6.67	6.73			54.66
Airport Police Training Center	2074	Police	ACADEMY1	24.88	25.42	27.26	20.67	14.33	12.56	13.04	13.62	0.39		152.17
Broadsword Communications Tower	2959	Communication Towers	COMM_TOWERS	1.07	0.99	1.08	1.05	1.06						5.25
City Hall	2131	City Buildings	CITY_BUILDINGS	46.58	41.11	25.08	21.79	21.60	20.05	23.80	24.32	0.00		224.32
Cliffside Comm Tower	2972	Communication Towers	COMM_TOWERS	1.81	1.58	1.68	1.51	1.55	1.29	0.64	1.44			11.50
Communications Center	2911	City Buildings	CITY_BUILDINGS	52.58	46.31	48.73	44.72	45.30	43.71	46.03	45.66	0.02		373.06
East Precinct	2400	Police	ACADEMY1	12.14	12.35	12.62	11.22	9.01	8.09	9.19	9.74			84.37
Emergency Coordination Center	2021	City Buildings	CITY_BUILDINGS	13.27	11.95	11.40	9.37	10.49	10.05	11.90	13.26			91.69
Futura Radio Site	2964	Communication Towers	COMM_TOWERS	0.35	0.31	0.35	0.37	0.41						1.79
Goldie Wilson Radio Site	2960	Communication Towers	COMM_TOWERS	1.15	1.09	1.24	1.14	1.19	1.14	0.74				7.68
Happy Valley Center	2106	City Buildings	CITY_BUILDINGS	116.61	105.37	112.49	106.91	118.31	119.42	141.10	139.81	0.00	0.00	960.02
Jacobs Precinct	2126	Police	ACADEMY1	5.29	4.93	4.86	4.35	3.76	3.46	4.04	4.30	0.02		35.00
Justice Center	2119	Police	ACADEMY1	0.22	0.26	0.31	0.16	0.14	0.15	0.01	0.15	0.15	0.01	1.55
Kennedy Pedestrian Bridge	2013	Parking	PARKING	1.54	1.38	1.61	1.80	1.49	1.08	2.46	3.05			14.40
Mount Gretna Communication Tower	2951	Communication Towers	COMM_TOWERS	0.09	0.08	0.08	0.08	0.09	0.05					0.47
Mount Marty Comm Tower	2957	Communication Towers	COMM_TOWERS	1.25	1.14	1.27	1.22	1.31	0.79					6.98
Mountain Crest Comm Tower	2949	Communication Towers	COMM_TOWERS	5.02	4.53	5.02	4.92	5.35	0.68					25.51
New Town	2273	Police	ACADEMY1	0.25	0.23	0.26	0.29	0.32	0.27	0.07	0.33	0.30	0.04	2.37
North Precinct	2200	Police	ACADEMY1	5.18	4.87	4.71	3.34	2.12	1.67	1.87	2.01	1.03	0.13	26.93
Orchard Hill Communication Tower	2961	Communication Towers	COMM_TOWERS	1.35	1.10	1.22	1.17	1.23	0.93					6.99
Records Center and Archives	2224	City Buildings	CITY_BUILDINGS	9.92	8.44	8.84	9.33	11.38	22.29	17.24	31.36	5.42		124.21
Scenic Trail Comm Tower	2953	Communication Towers	COMM_TOWERS	1.67	1.62	1.77	1.37	0.40	1.46					8.31
Squirrel Hill Comm Tower	2954	Communication Towers	COMM TOWERS	1.93	1.80	1.98	1.92	1.86	0.80					10.29
Strickland Building	2078	City Buildings	CITY BUILDINGS	9.07	9.18	8.76	6.63	4.70	4.24	4.07	3.81	0.00		50.47
Tanner Garage	2343	Parking	PARKING	40.26	39.99	43.28	29.33	19.03	17.84	19.13	20.78	9.92	0.26	239.81
Temple Radio Site	2952	Communication Towers	COMM TOWERS	2.55	2.50	2.84	2.80	2.48	0.60					13.77
Thomas Square Parking Garage	2121	Parking	PARKING	0.56	0.48	0.54	0.53	0.52	0.20	0.00				2.83
Train Station	2215	City Buildings	CITY BUILDINGS	41.70	41.82	41.31	29.96	4.68	0.26	0.00				159.73
Twin Pines Garage	2553	Parking	PARKING	0.29	0.40	0.99	0.38	0.20	0.21	0.23	0.26	0.10		3.07
Twin Pines Mall	2815	City Buildings	CITY BUILDINGS	11.45	11.05	10.43	6.77	3.90	3.23	0.99	2.62	3.17	0.81	54.43
Vehicle Storage	2271	Police	ACADEMY1	3.45	4.01	2.78	2.28	1.82	1.69	1.74	1.76	0.27	5.52	19.53
Warehouse	2270	Police	ACADEMY1	17.63	16.47	16.46	12.97	11.43	10.50	3.34	7.47	8.33	2.13	106.72
Welch Pool Parking Garage	2711	Parking	PARKING	15.67	15.42	16.45	12.38	7.57	7.28	5.89	5.90	0.42	0.06	87.03
Wilson Building	2333	Police	ACADEMY1	24.61	25.98	26.50	22.14	16.07	15.76	19.16	20.41	0.15	0.00	170.77

# Granular GHG reporting, comparison, and analysis // All scopes



# Thank you!