



Webinar: Climate change

Understand climate risk and how to address it

May 2023

Agenda

Introduction

Susanne Stormer, PwC

Understand climate risk

Annette Fiig & Johanna Karlsen, PwC

Guest speaker from DSV with Q&A

Anders Rousing, DSV

Impacts, risks and opportunities in ESRs E1

Johanna Karlsen, PwC

Q&A

Concluding remarks

Susanne Stormer, PwC

Please use the chat function in the webinar to ask the questions you might have during the webinar

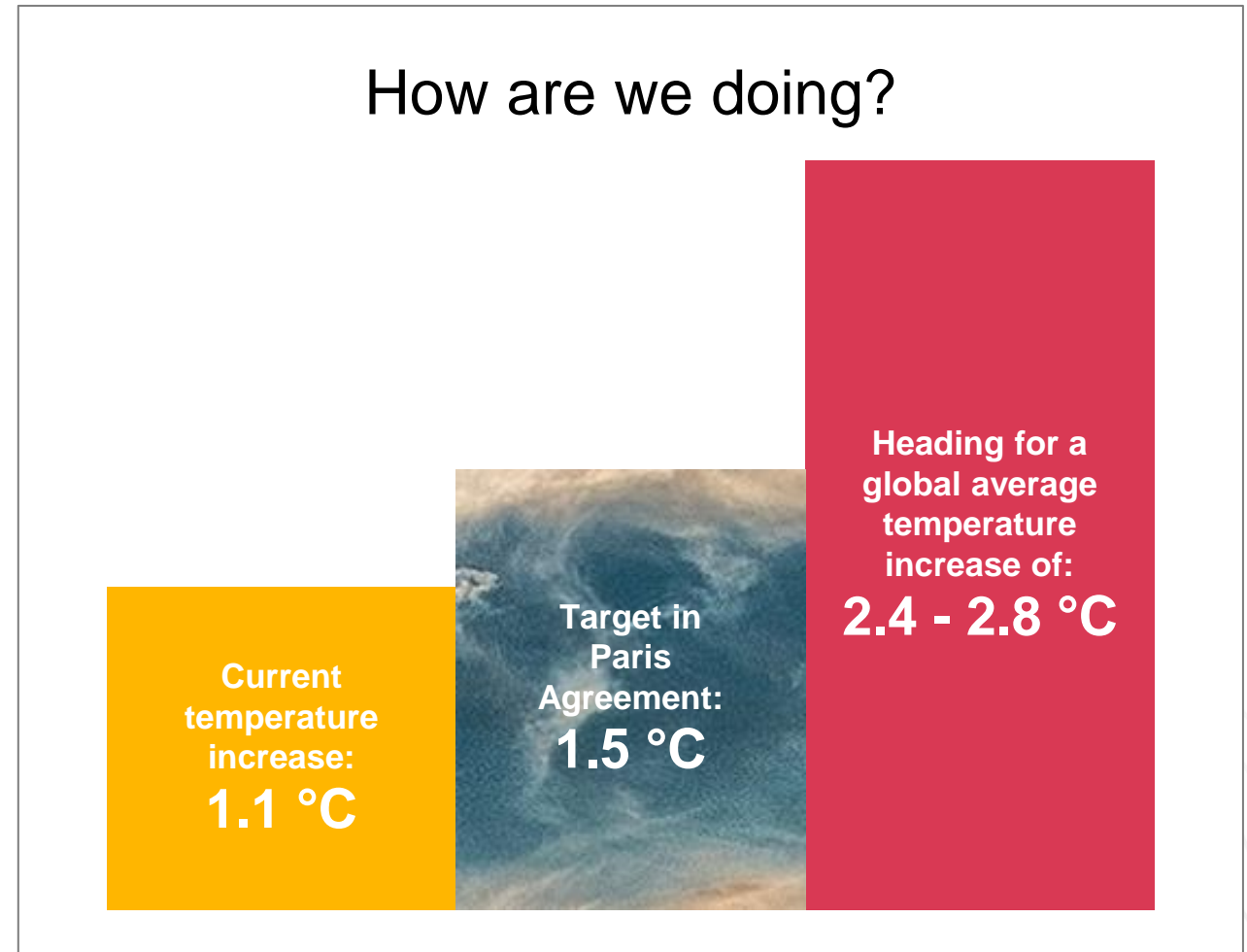
An aerial photograph of a vast solar farm installed on a steep, hilly landscape. The solar panels are arranged in neat, parallel rows that follow the contours of the hill. In the background, a range of mountains is visible under a clear sky. The image is framed by decorative elements: a red and white wavy pattern in the top left corner and an orange and white wavy pattern in the bottom right corner.

Understand climate risk

Climate change affects every sector of the economy - and businesses are pivotal to meeting the 1.5°C target

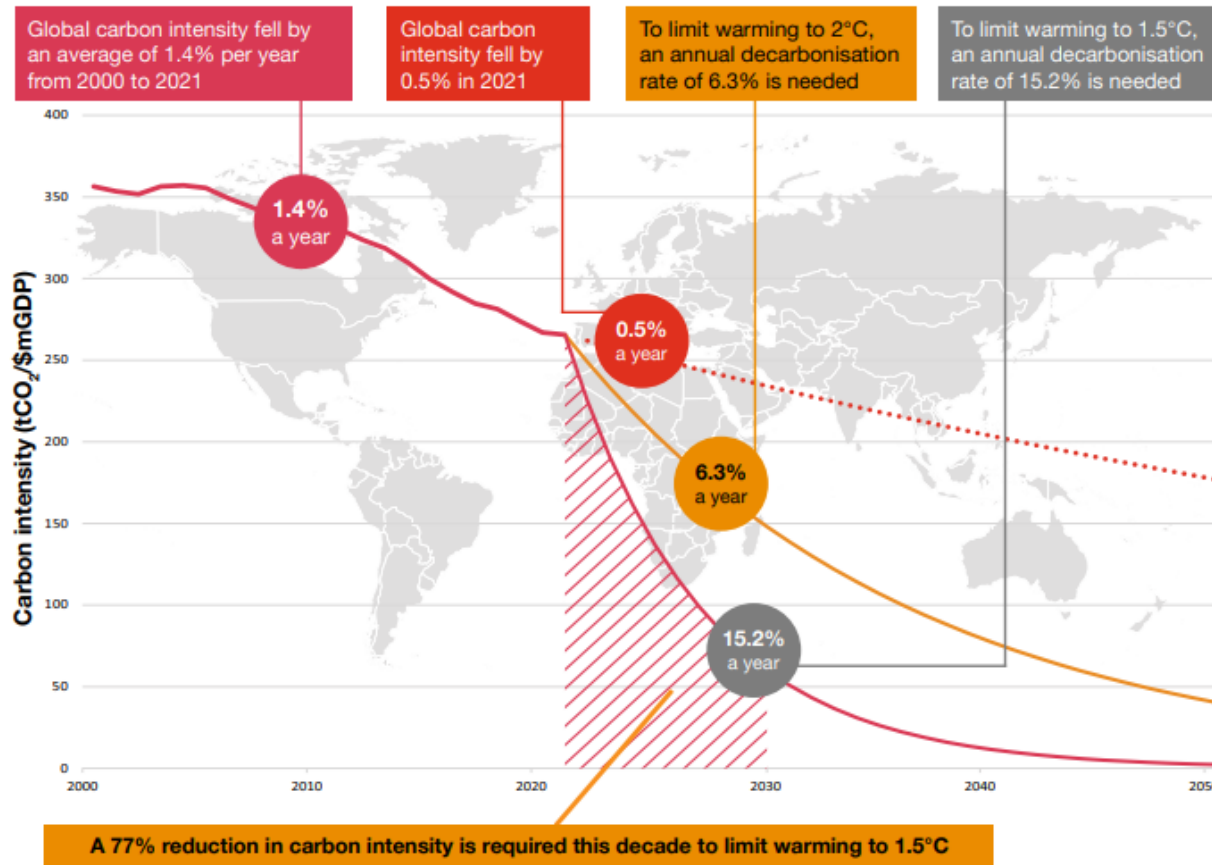
Climate change refers to the long-term shifts in temperatures and weather patterns caused by human activities such as the burning of fossil fuels. Climate change is a global issue, and affects everyone, across every sector, industry and is a serious threat to our health, economic growth, our food- and water resources and our security.

To limit the impacts of climate change, **the World's nations agreed in Paris in 2015 that averting the worst impacts of climate change calls for the temperature rise to be held to 1.5°C** above pre-industrial levels.



Action is needed to address climate risk

Figure 1: Net Zero Economy Index 2022



- To avoid dangerous climate change **global warming must be limited to 1.5°C**. This means the global economy must reach “net zero” carbon emissions no later than 2050.
- **The global rate of decarbonisation must rapidly accelerate** from 0.5% a year (now) to 15.2% a year.
- **For every year of delayed action this rate significantly increases**, making net zero more challenging to achieve and enhancing climate-related risks.

[PwC's Net Zero Economy Index 2022](#)

Climate-related risks and opportunities

Climate-related physical and transition risks, and climate-related opportunities, can be defined in the following broad categories:

PHYSICAL RISKS

Risks arising from climate and weather related events



Acute physical risk: Short lived extreme weather impacts e.g. flood, drought, hurricanes



Chronic physical risk: Impacts due to slow insidious change such as increasing temperature or water stress

TRANSITION RISKS

Risks arising from the process of adjusting to a low carbon economy



Policy & legal risk: Compliance costs; stranded assets; restrictions on carbon intensive assets; and asset depreciation



Market & economic risk: Company or securities valuations; viability of business models; and credit rating implications



Technology risk: Write-offs for investments in disrupted technologies; investment in new technologies; process change costs



Reputation risk: Damage to brand value resulting in lost revenue and additional expenditures

OPPORTUNITIES

Opportunities arising from the process of adjusting to a low carbon economy



Resource efficiency: Use of more efficient transport and buildings; reduced water usage



Energy source: Lower-emission energy sources; use of supportive policy incentives and carbon markets



Products & services: Development of low emission or climate adaptive goods and services

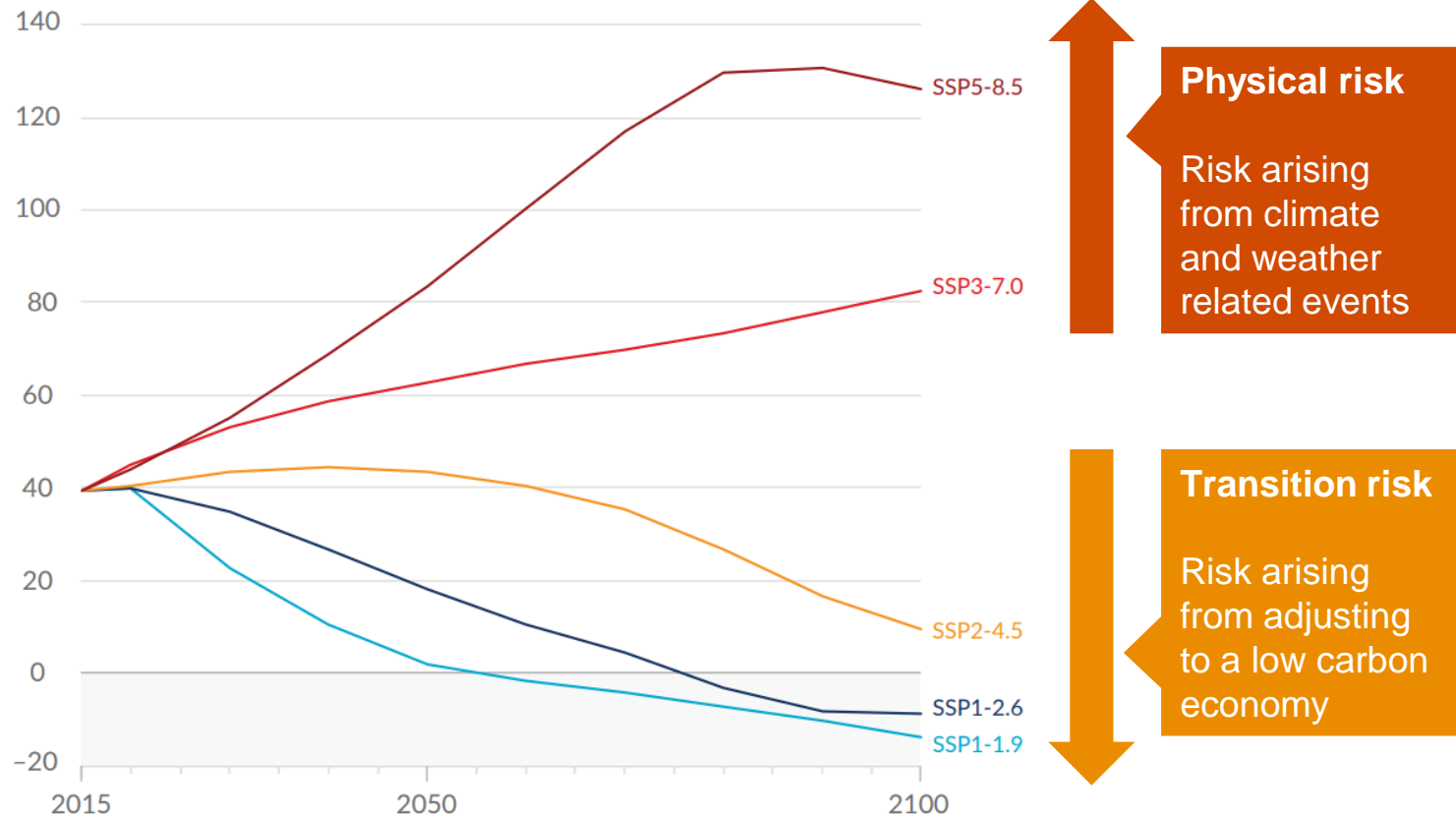


Market opportunity: Exploring new markets or types of assets in order to diversify activities

How to assess and identify climate-related risks

Scenario analysis can test a company's **business or portfolio resilience strategy** against a range of different future states. They are used to inform strategic decision making.

Carbon dioxide (GtCO₂/yr)



What is scenario analysis?

- Scenario analysis is a process for **identifying and assessing a potential range of outcomes** of future events in a world of uncertainty
- They are **NOT forecasts**
- By performing a scenario analysis, companies can **assess the potential financial impacts** from future climate risk and opportunities

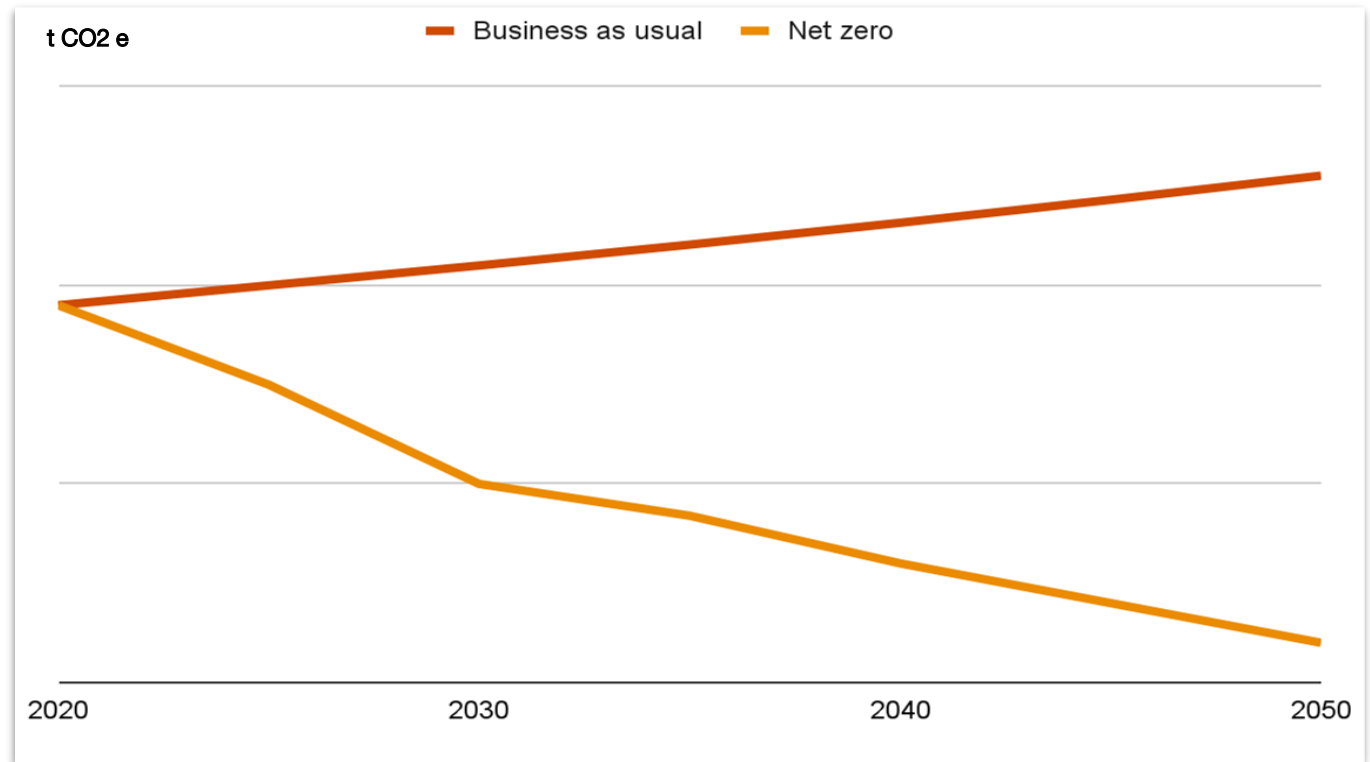
Bold moves will help companies minimise risk and maximise value creation

By taking early action and setting a **science-based target** to reduce GHG emissions, companies can:

- Reduce exposure to a future carbon price or tax
- Address current and upcoming climate policies and regulations
- Reduce physical risks by reducing their impact on climate change

Setting a **science-based target** can provide additional benefits to companies:

- Can help drive regulatory change
- Drives business innovation and efficiency
- Informs the company's decarbonisation strategy
- Enhances investor confidence to the company / enables the company to maintain capital
- Helps the company keep pace with global brands to maintain competitiveness



Targets are considered **science-based** if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to **1.5°C above pre-industrial levels**.

An aerial photograph of a vast solar farm installed on a steep, hilly landscape. The solar panels are arranged in neat, parallel rows that follow the contours of the hill. In the background, a range of mountains is visible under a clear sky. The image is framed by decorative elements: a red and white wavy pattern in the top left corner and an orange and white wavy pattern in the bottom right corner.

Guest speaker
Anders Rousing, DSV



Anders Rousing

Vice President, Group Operational Sustainability

November 2022 – Present

Senior Director, Group PMO (Project Management Office)

January 2018 – November 2022

Director, Group PMO (Project Management Office)

July 2015 – December 2017

“Although the transport and logistics sector is taking proactive steps to develop and use more sustainable solutions, green initiatives in our industry are still in their infancy. DSV has taken significant steps in setting new climate objectives and optimising initiatives and products. In January of this year, DSV committed to reaching net-zero across our operations by 2050.”



Global Transport and Logistics

DSV – Global Transport and Logistics

Global operations



+75,000
Employees



+1,600
Offices and logistics facilities



+80
Countries

One company – three divisions



Air and Sea
A global network



Road
Overland transport in Europe, North America, Middle East and South Africa



Solutions
Contract logistics services worldwide

DSV



Nasdaq Copenhagen

No majority shareholder – 100% free float



A3 (Stable) by Moody's

A- (Stable) by Standard & Poors



Fortune Global 500 company



UN Global Compact & SDG



Going net-zero

Accelerating our ambitions

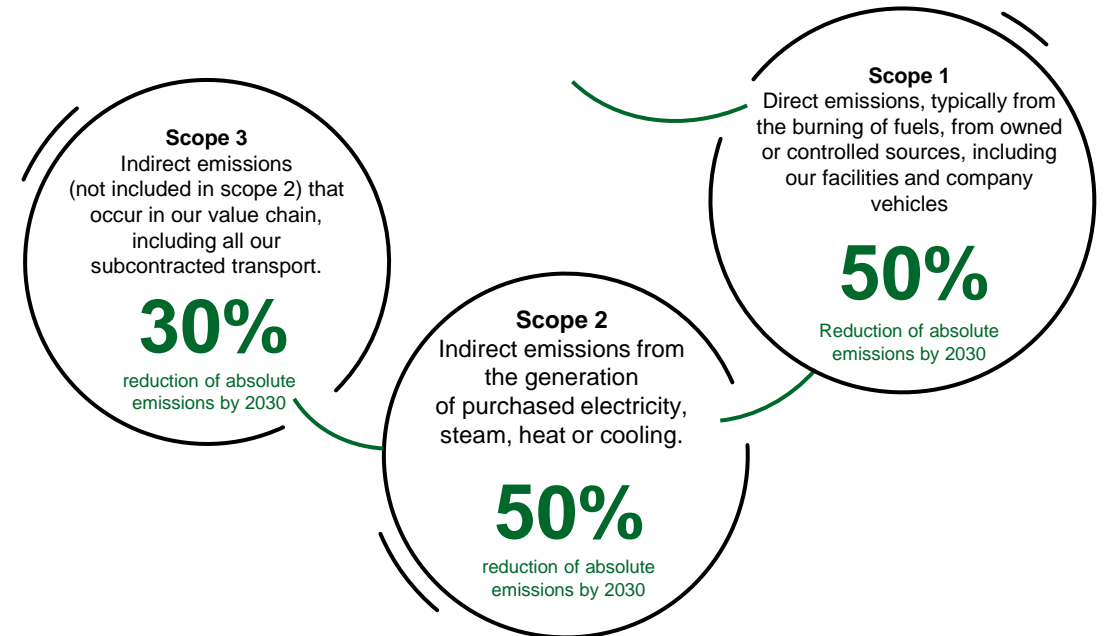
- We have raised our **ambitions** to leave the planet in a better state for future generations
- Committed to reaching **net-zero carbon emissions across our operations by 2050**
- Following the recognised Science Based Targets initiative's Net-Zero Standard, ensuring alignment with the goals of the Paris Agreement to **limit global warming to 1.5°C** above pre-industrial levels
- We have recalculated our emissions **baseline (2019)** to reflect our larger business

OUR NEAR-TERM TARGETS (2030)



Scopes of emissions

The SBTi framework uses the reporting standards established by the Greenhouse Gas Protocol, dividing greenhouse gas emissions into scopes:





Carbon pricing fee programme

INVESTMENT IN INNOVATION PROGRAMMES TO ACCELERATE OUR **NET ZERO JOURNEY**

- We will accelerate our investments with **CO₂ saving potential** through a new internal carbon pricing fee programme
- Based on an internal carbon price, our entities emitting the most, will need to pay the highest fee
- In this way, we engage and incentivise our organisation to **cut emissions across all our operations** and create transparency and **awareness** amongst employees
- The funds generated will be invested in innovation programmes and projects to accelerate our emission-reduction initiatives

1

BILLION DKK


We will invest 1 billion DKK within the next 5 years in sustainability initiatives and innovation

DSV Green Logistics

A set of **green solutions** that reduce the carbon footprint of our customers' supply chain



CO₂ customer report



Green supply chain
design & optimisation



Sustainable fuel offerings



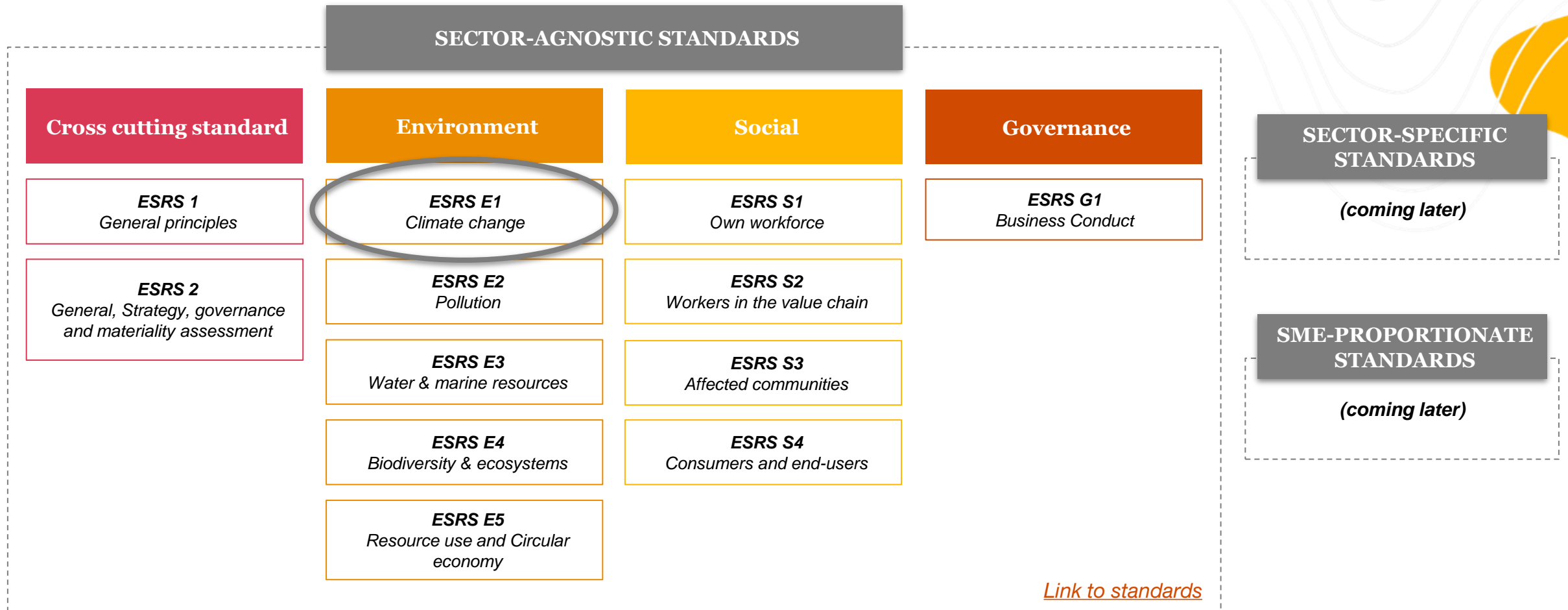
Carbon offsetting

An aerial photograph of a vast solar farm installed on a sloping hillside. The solar panels are arranged in neat, parallel rows that follow the contours of the terrain. In the background, a range of blue-toned mountains stretches across the horizon under a clear sky. The image is framed by decorative graphic elements: red and yellow wavy lines in the top left corner and orange wavy lines in the bottom right corner.

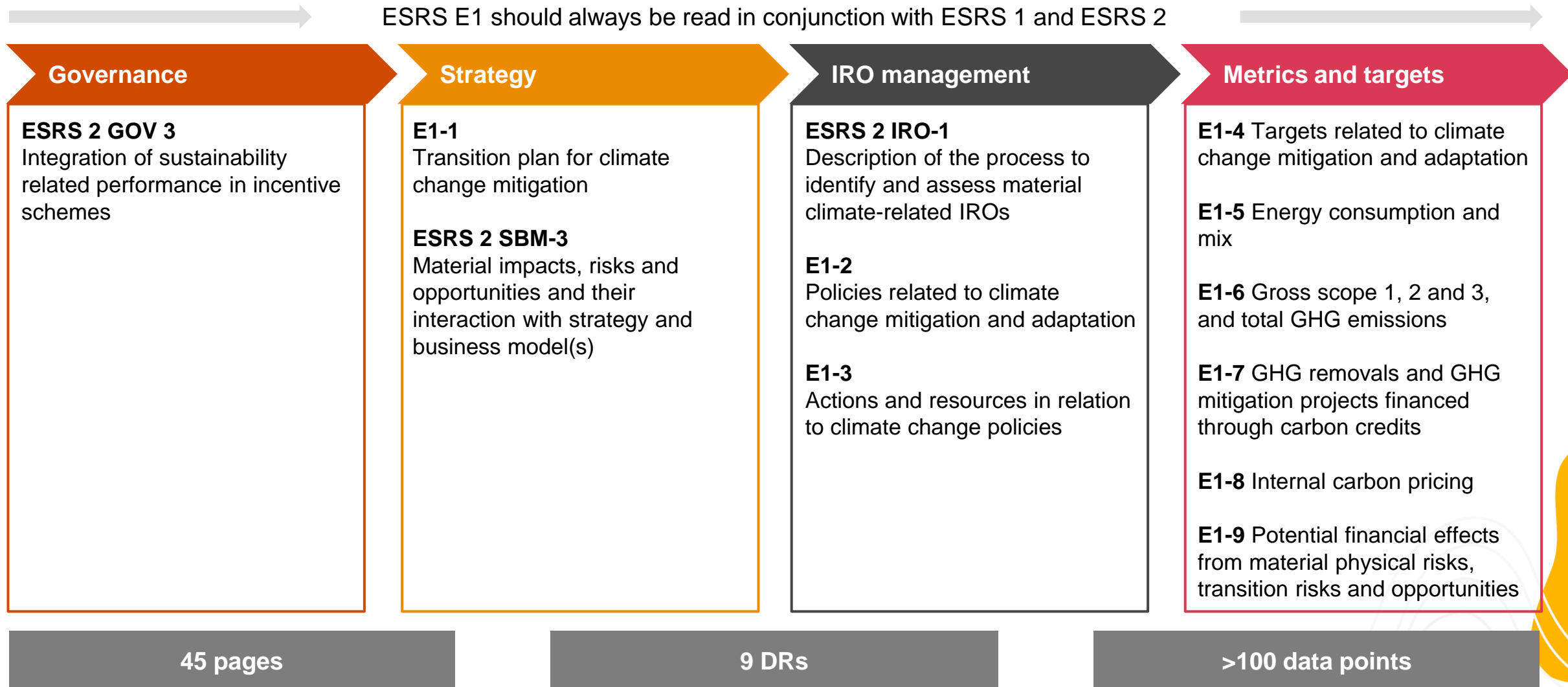
Impacts, risks and opportunities in ESRS E1 - Climate change

Corporate Sustainability Reporting Directive (CSRD)

Reporting standard overview

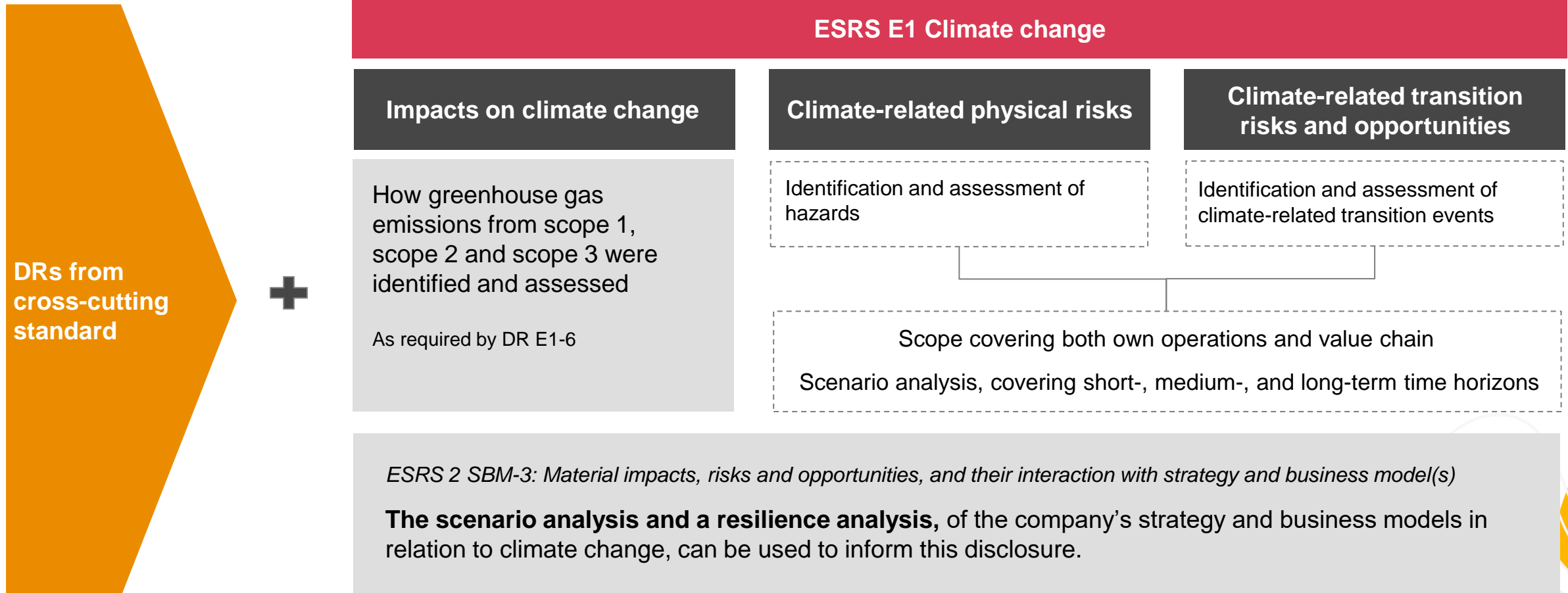


The ESRS E1 architecture - Disclosure requirement overview



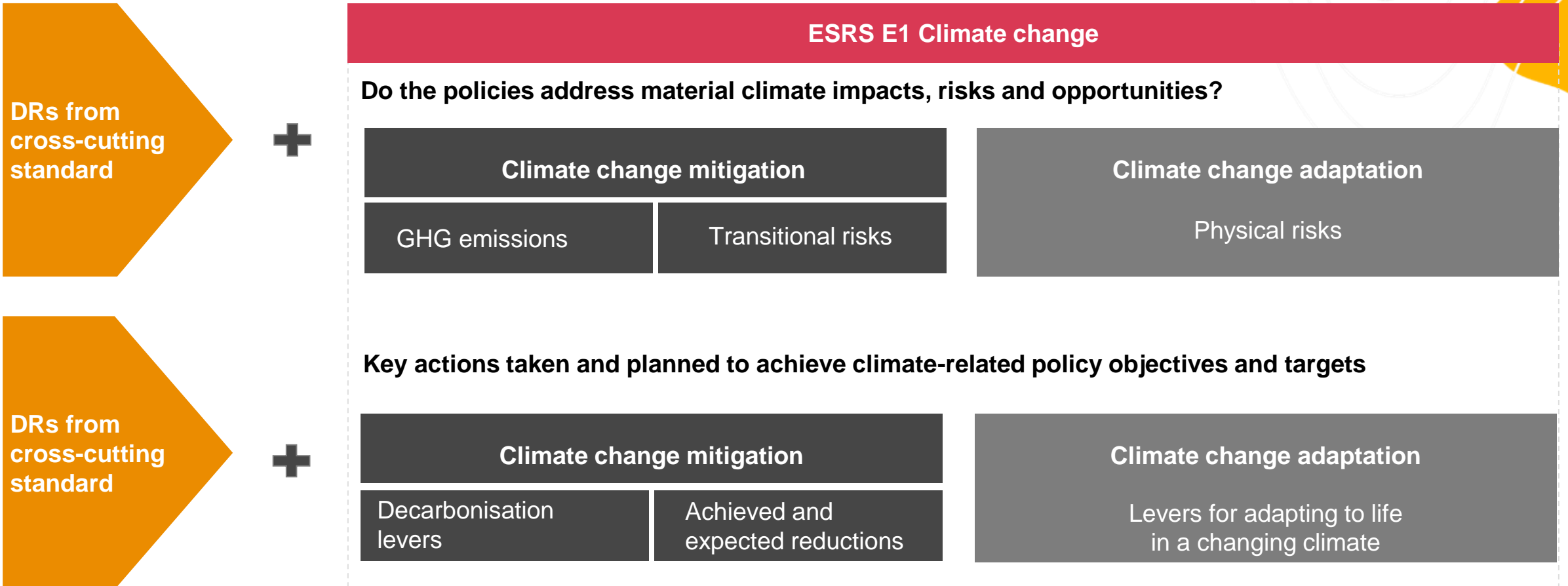
Identifying and assessing climate-related impacts, risks and opportunities

ESRS 2 IRO-1: Description of the process to identify and assess climate-related impacts, risks and opportunities



Disclosing policies, actions and resources for managing material impacts, risks and opportunities

The company shall also disclose the policies adopted to manage material impacts, risks and opportunities related to both adaptation and mitigation, as well as disclose its actions and resources allocated towards implementing these policies.



The different types of climate targets in ESRS E1

All climate related targets

- Mitigation targets
- Adaptation targets
- Energy targets

ESRS 2 has specific requirements for “general” targets:

- Target policy and target level
- Baseline year and value
- Target period

GHG emission reduction targets

Includes e.g.

- Reduction of scope 1, 2 and 3 emissions
- No inclusion of removals

ESRS E1 provides additional disclosure requirements for GHG emission reduction targets:

- 2030 target
- Absolute target
- Statement on science-based target / 1.5°C aligned

Net zero targets

Specifically:

- Science-based targets
- Aligned with global policy goals

Specific additional requirements for net-zero targets:

- Framework used to set target
- Neutralisation of residual emissions

ESRS E1 does not dictate behaviour. However, the GHG reduction targets must be benchmarked against the global 1.5°C target.

An aerial photograph of a large-scale solar farm installed on a rolling hillside. The solar panels are arranged in neat, curved rows that follow the contours of the land. In the background, a range of misty, blue-toned mountains stretches across the horizon under a soft, hazy sky. The image is framed by decorative elements: a red and white wavy pattern in the top-left corner and an orange and white wavy pattern in the bottom-right corner.

Q&A

Thank you for your time



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