

Taking transparent action on climate



AVEVA

FY23 TCFD Report

About the Task force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) is an international initiative established by the Financial Stability Board (FSB). Recognizing that climate change presents significant risks and opportunities for businesses, affecting areas such as physical assets, supply chains, operations, and markets, the TCFD published recommendations on the types of information companies should disclose in 2017.

By providing companies and other organizations with a global framework for climate-related financial disclosures, the TCFD aims to facilitate more informed decision-making, improve risk management practices, foster a more resilient and sustainable financial system, and enable a smooth transition to a low-carbon economy.

The initiative has gained significant support from various stakeholders, including governments, financial institutions, companies, and investors worldwide that are increasingly adopting its recommendations.

The TCFD provides recommendations in four thematic areas representing core elements of how companies operate. These four thematic areas are interrelated and supported by 11 recommended disclosures to promote transparency in how the company approaches climate-related risks and opportunities.



TCFD recommendations

Governance		Page
a.	Describe the board's oversight of climate-related risks and opportunities.	8-9
b.	Describe management's role in assessing and managing climate-related risks and opportunities.	8-9
Strategy		
a.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	11
b.	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	7, 10, 12
c.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	13-15
Risk management		
a.	Describe the organization's processes for identifying and assessing climate-related risks.	16
b.	Describe the organization's processes for managing climate-related risks.	17
c.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	16-17
Metrics and targets		
a.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	6, 18
b.	Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets.	6, 18
c.	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	19-21



Our approach

Halving global carbon emissions by 2030 is essential to managing the climate crisis, and AVEVA recognizes that every increment of warming results in rapidly escalating hazards. Climate change is a generational challenge, and businesses have a responsibility to address it.

As a technology company, we have a relatively small carbon footprint. We have set mitigation targets aligned to the highest level of ambition under the Paris Agreement and were one of the first 50 companies worldwide to have our net-zero commitment validated by the Science Based Targets initiative (SBTi).

Developing software that enables decarbonization is part of our core business, and we are committed to driving innovation in partnership with our customers to accelerate the energy transition. We refer to this positive impact as our technology handprint. For specific customer examples, please see our [FY23 Sustainability Report](#).

Alongside impact, trust is one of our core values at AVEVA. Continuing transparent disclosure of our alignment with the TCFD recommendations reflects our ambition to improve our climate reporting and lead by example on ethics and environmental stewardship. Last year, our alignment with these recommendations was addressed as part of our annual report in compliance the UK Companies Act 2006.

With the completion of AVEVA's acquisition by Schneider Electric in January 2023, we are pleased to share an update on our progress in our first standalone TCFD report. This report covers the period of FY23: April 1, 2022, to March 31, 2023.

Our corporate values drive our actions on climate:



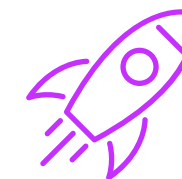
Impact



Trust



Curiosity



Aspiration

FY23 progress summary

Given the change in our ownership status, a priority for FY23 has been to ensure AVEVA's new governance model post-acquisition is still aligned to best practices outlined in the TCFD recommendations. Our new Board of Directors (Board) receives quarterly updates on our environmental, social, and governance (ESG) performance, including our climate program, and the Executive ESG Committee meets at least nine times per year.

In FY23, the Executive ESG Committee validated our TCFD-aligned climate risks and opportunities analysis before findings and updates were shared with the Executive Risk Committee and the Board. As a result of these discussions, we accelerated the full integration of our climate risk and opportunities analysis into the updated risk management processes being implemented by AVEVA's risk function and put growing focus on decarbonization solutions for our customers. To inform broader business and financial planning activities, a summary of findings from our first climate scenario analysis was also shared with AVEVA's senior leadership as part of the FY24 corporate strategic planning process.

We consider our climate program and net-zero strategy to be consistent with the TCFD recommendations. However, as we continue to upskill internal stakeholders on climate change impacts and see our cross-functional collaboration mechanisms mature, we expect our approach to evolve in parallel. This is particularly true when it comes to metrics and targets.

For example, in FY23, our near- and long-term climate goals were validated by SBTi and we began working toward third-party assurance for our baseline and targets. We also improved tracking of key metrics related to the sustainability impact of our software portfolio, but we expect to further refine our physical and transitional risk metrics over time as part of the company's enterprise-wide risk management reporting.

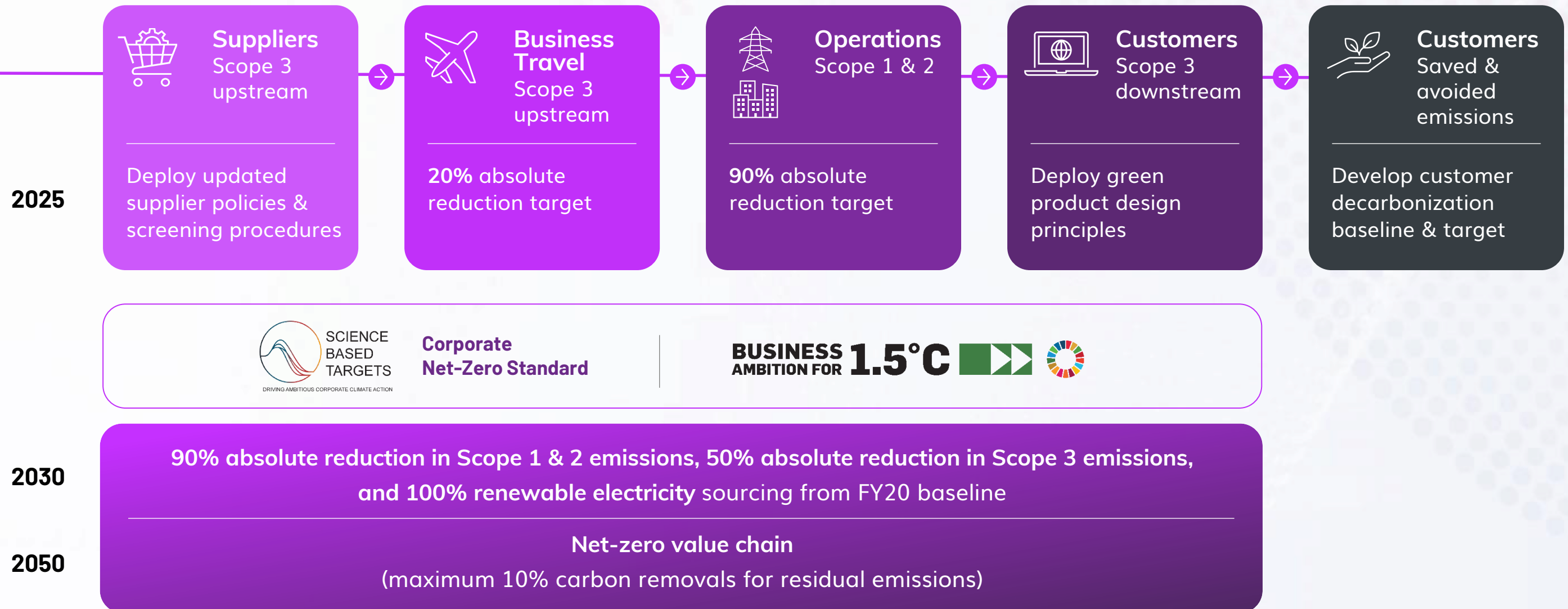
This report provides detailed information regarding our current practices and continuous improvement initiatives for each of the 11 TCFD recommendations.

We welcome feedback on our progress and can be reached at sustainability@aveva.com.



AVEVA net-zero pledge

We are committed to supporting the transition to a net-zero economy in line with a 1.5°C future



Value chain engagement & low-carbon initiatives

As part of our net-zero strategy and climate transition plan, we are continuing to make our entire value chain greener.



SUPPLY CHAIN

We collect information on emissions, climate targets, and climate-related risks and opportunities.

- 2022 CDP supplier engagement A-list
- First Movers Coalition commitment to replace $\geq 5\%$ of conventional jet fuel with sustainable aviation fuel



PRODUCT PORTFOLIO

We are developing green product design principles and collaborating with other software companies to enhance standards.

- Software energy consumption pilot in progress and patents filed
- Shaping low-carbon standards with Green Software Foundation



CUSTOMERS

We engage to educate and share information, including raising awareness of the climate impacts of our products.

- Customer decarbonization impact model developed
- Sustainability customer advisory board planned to accelerate co-innovation opportunities



DIRECT OPERATIONS

We source renewable electricity and conduct abatement activities in our most energy-intensive sites.

- SBTi-validated 100% renewable electricity sourcing target
- Environmental policy sets out sustainability standards for operations, including ISO 14001 certification for larger sites



Ensuring accountability and responsibility for climate-related risks and opportunities

Given the completion of AVEVA's acquisition by Schneider Electric in January, FY23 has been a year of transition for the company's governance structure. While AVEVA is now wholly owned and part of Schneider Electric, intentions have been set out to preserve AVEVA's business autonomy, continue to invest in research and development (R&D), and enhance potential benefits for customers by meeting their needs faster with a stronger portfolio of solutions. Regarding management of ESG topics, we continue to align with best practice standards, including the TFCO recommendations.



At AVEVA, our commitment to a sustainable future remains a shared one, with responsibility for ESG starting with our Board, cascading to executive leadership and across various business areas and functions.

Post-acquisition, we refined our ESG governance structure and the Board and Executive ESG Committee continue to play important roles in our climate strategy and have clearly defined responsibilities.

AVEVA ESG GOVERNANCE

AVEVA Group Board

- Determines risk appetite relative to ESG risks, including climate and diversity, equity, and inclusion issues
- Receives quarterly updates on key progress toward ESG strategy

Human Resources Committee

- Oversight of ESG performance issues that impact executive and employee remuneration

Finance & Compliance Committee

- Oversight of regulated reporting on ESG issues

Executive ESG Committee

Oversight of overall ESG strategy, including:

- Identifies, evaluates, manages, and coordinates ESG issues and risks
- Tracks enterprise-wide performance on agreed-upon ESG performance measures
- Membership aligned to AVEVA's Executive Leadership Committee, chaired by our CEO

ESG Working Group

- Responsible for designing and implementing programs to support achievement of AVEVA's 2025 ESG goals
- Representatives report progress directly to Executive ESG Committee on a rotational basis

Leading on climate from the top

Our Board and management play key roles in AVEVA's climate action strategy and oversee the management of climate-related risks and opportunities.

In FY23, we fully aligned the membership of the Executive ESG Committee with the company's Executive Leadership Committee (ELC). The Executive ESG Committee meets at least nine times a year with a focus on effective identification and management of material ESG issues, including climate-related risks and opportunities. AVEVA's Vice President, Global Head of Sustainability, is responsible for the day-to-day operations of our sustainability strategy and serves as committee secretary, planning the agenda for meetings, organizing presenters, facilitating meeting discussions, and coordinating follow-up actions.

The Executive ESG Committee met six times in FY23 to address topics related to our climate program. This included a review session on the TFCO recommendations, alongside the outcomes of our climate-related risks and opportunities analysis. Other topics included the results and key programs to support Scope 1, 2, and 3 greenhouse gas (GHG) emissions mitigation and progress on the FY22 ESG targets incorporated into annual bonus plans for AVEVA's executive management.

AVEVA's Vice President, Global Head of Sustainability also provides updates to the Executive Risk Committee (ERC) on climate-related risks and mitigation plans. In FY23, AVEVA's full register of climate-related risks and opportunities was shared with the ERC for endorsement (see [page 11](#) for further details). As our strategy evolves, we will continue to monitor the effectiveness of our climate governance model and build the expertise of those involved.

FY23 action highlights

01 Board of Directors

- Reviewed our net-zero and sustainability solutions strategies
- Evaluated results of FY22 ESG goals for executive management and approved new FY23 objectives
- Approved our first integrated annual report, including TCFD-aligned disclosures

02 Executive ESG Committee

- Reviewed progress against our SBTi-validated targets for Scopes 1, 2, and 3
- Reviewed full climate risk and opportunities analysis
- Provided guidance to inform further mitigation and realizations strategies

03 Executive Risk Management Committee

- Endorsed outcomes of climate risk and opportunities analysis
- Supported fully integrating climate risk into company-wide risk management

Building climate resilience into our core business strategy

At AVEVA, we have been collaborating with our customers to optimize sustainable outcomes for decades. AVEVA software solutions help customers digitalize and realize energy efficiency, circularity, traceability, and resilience. We believe our software is a technology enabler that can support the transition to a low-carbon future, and we are committed to understanding the short-, medium-, and long-term impacts of the energy transition on our own business.

Material climate-related impacts

In FY22, we undertook our first climate risk and opportunities analysis informed by the TCFD recommendations. While we leverage relevant quantitative data from business, strategy, and financial planning where available, the exercise was primarily qualitative in nature and based on interviews with key leaders from across the organization.

The scope of the analysis was global and covered all AVEVA business units. The primary climate-related risks and opportunities identified are summarized in the table on page 11. This table also describes AVEVA's management response for each risk and opportunity.

We determined the following definitions for the time horizons:

Short-term	0 to 5 years
Medium-term	5 to 10 years
Long-term	10 to 30 years

The short- and medium-term time frames were chosen to align with models already used by our corporate strategy and risk/internal audit teams. Our long-term definition aligns to the time frame of our existing climate commitments and reflects the fact that climate change is an issue that spans decades.

Resilience to physical risks

Physical risks from climate change currently have a low impact on AVEVA's operations, strategy, and financial planning. However, key controls are in place, including comprehensive insurance coverage designed to mitigate the financial impact of physical risks. We also understand that under different future scenarios, this overall impact may change.

As a result, we monitor the physical risk signposts identified in our climate scenario exercise, including those related to increased frequency of severe weather events and broader changes in climate patterns.

Since these risks could affect the physical safety and security of our employees and our data center infrastructure to deliver our software services, we view them from a highly cross-functional perspective

and engage with key IT infrastructure suppliers as part of our assessments. We also share learnings about operational resilience with other companies as part of the Business Agenda on Climate Adaptation, a community convened by the World Economic Forum.

Resilience to transition risks

As a technology company, transition risks currently represent a more material climate-related threat and opportunity for our organization. Since our core business is the development of software solutions that enable energy and material efficiency, climate change and energy transition have been shaping our portfolio strategy for many years.

Given the variable and complex nature of transition risks, we continue to assess the effectiveness of our controls and to enhance them as needed. For example, beyond continuing to invest in new sustainability capabilities within our own offerings, our shift to a platform model has strengthened AVEVA's ability to leverage co-opetition and partnerships to enter new green markets and compete against hyperscalers on low-carbon opportunities.

Summary of AVEVA climate-related risks and opportunities

Risks						Opportunities	
Type	Physical (acute and chronic)	Policy and legal	Technology	Reputation	Market	Products and services	Markets
Risk rating	Low	Low	Low	Medium	High	High	High
Driver	<ul style="list-style-type: none"> Increased severity of extreme weather events Changes in precipitation patterns and extreme variability in weather patterns 	<ul style="list-style-type: none"> Carbon pricing GHG reporting obligations 	<ul style="list-style-type: none"> Transitioning to lower-emissions technology / product substitution Unsuccessful technology investments 	<ul style="list-style-type: none"> Stigmatization Increased stakeholder concern 	<ul style="list-style-type: none"> Changing competitor behavior Uncertainty in market signals Competitor changes 	<ul style="list-style-type: none"> Expand existing products to accelerate low-carbon transition Launch new products that accelerate low-carbon transition 	<ul style="list-style-type: none"> Growth and diversification through access to new markets and industries
Description	<p>Increased severe and extreme weather events may cause disruption events or damage to our facilities and increase passed-through insurance premiums from our landlords.</p> <p>Increased frequency of extreme events and changes in climate and weather patterns can affect the physical safety and security of our employees and our data center infrastructure, which we rely on to deliver our services.</p>	<p>Regulation and/or pricing of greenhouse gas (GHG) emissions, energy and fuel costs, and national energy policy could increase expenses related to our data centers, real estate operations, business travel, and supplier pricing.</p> <p>Enhanced emissions-reporting obligations may raise our expenses associated with GHG tracking, ongoing reporting, and verification activities.</p>	<p>Customers may choose to substitute AVEVA products and services with lower-emissions options (including switching to hybrid/cloud).</p> <p>New low-carbon/ climate-related technology capabilities (via internal development, partnerships, or M&A) may not be well-received by the market.</p>	<p>High exposure to carbon-intensive industries may hurt AVEVA's reputation and result in divestment.</p> <p>Failing (or perceived failure) to take climate action or meet public emissions reductions targets may damage our reputation.</p>	<p>Potential inability to fully support customers with our current portfolio as their business models shift from hydrocarbons and they accelerate their low-carbon transition journeys.</p> <p>Potential inability to target low-carbon and emerging industries/verticals in a timely manner.</p> <p>Potential loss of customers to competitors, including industrial technology disruptors, hyperscalers, and/or new niche providers.</p>	<p>Energy transition and the imperative for sustainable economic growth increase demand for AVEVA's software, including our core offerings for energy and material efficiency.</p> <p>AVEVA launches new products to support challenges customers face as their business model evolves from fossil to low carbon energy and in response to higher expectation of ESG management.</p>	<p>AVEVA penetrates and/or grows presence in emerging markets linked to the global energy transition and need for industries to decarbonize/ achieve low-carbon goals.</p>
Probability	Possible	Likely	Possible	Possible	Almost certain	Likely	Possible
Impacts	Increased expenses	Increased expenses	Decreased revenues	Decreased revenues	Decreased revenues	Increased revenues	Increased revenues
Time horizon	S, M, L	S, M	S, M, L	S, M, L	S, M, L	S, M, L	S, M, L
Management response	AVEVA maintains comprehensive insurance coverage and has green site selection criteria. Climate considerations are also being further embedded into business continuity and crisis management plans.	AVEVA has SBTi-validated climate targets and is investing in energy efficiency. We also participate in industry ESG benchmarks and actively monitor new reporting legislation and global carbon prices.	AVEVA has an aggressive SaaS strategy and is developing green product design principles. To mitigate innovation risk, we leverage partnerships and an incremental delivery model that allows for customer validation or adjustment.	AVEVA invests significantly in its corporate climate program, including external communications about our progress. We have also put sustainability at the center of our customer reference program and thought leadership initiatives.	AVEVA is launching a sustainability accelerator program informed by active customer engagement and salient market intelligence. Additional controls include our shift toward a platform model and sustainability partnerships strategy.	AVEVA invests in climate innovation as part of our annual portfolio planning process, as well as through our hackathon program. Our impact analysis program helps to customers to understand the sustainability benefits of our solutions.	AVEVA's go-to-market campaigns include a focus on our decarbonization capabilities. We are also investing in sustainability sales enablement, with financial incentives in place to support industry diversification.

Time horizon: Short-term (S): 0-5 years | Medium-term (M): 5-10 years | Long-term (L): 10-30 years

Realizing the climate opportunity as part of our core business strategy

As the industry landscape continues to be reshaped by sustainability drivers, we believe our software is a technology enabler that can support the successful transition to a low-carbon future.

Unlocking opportunities

Climate-related opportunities allow us to address climate change and drive economic growth. As part of our more recent analysis, AVEVA identified significant climate-related opportunities related to our products and services, and the markets we serve. Enabling our customers in their low-carbon transitions, maximizing climate resiliency, and optimizing operational performance through our current and future solutions portfolio are strategic priorities.

AVEVA software can accelerate the transition to low-carbon energy with engineering solutions that support accelerated deployment of renewables, clean hydrogen, and carbon capture and storage, as well as optimization solutions that enable energy and material efficiency in operations. We continue to add new product features to existing offerings to facilitate carbon awareness and management based on market trends and customer engagement.

We are enhancing climate innovation through sustainability hackathons, accelerating the development of climate-related joint offers with partners, and deepening integration of climate opportunities into our M&A. Our SaaS offerings are delivered through low-carbon cloud providers.

AVEVA tracks green growth opportunities through industry analysis and has incentives in place to support expansion into emerging markets, such as clean hydrogen, carbon capture, and battery storage.

Current capabilities related to low-carbon transition are shared through go-to-market strategies, and we are building toward a sustainability solutions ecosystem. By making sustainability a focus area for AVEVA's customer reference program, we are continuing to invest in raising awareness on the sustainability capabilities of our portfolio.



SPOTLIGHT ON CLIMATE-RELATED OPPORTUNITY REALIZATION

Enhancing our products and services

AVEVA's portfolio leadership includes climate and broader sustainability factors when evaluating plans to improve our offering set. For example, we are increasingly emphasizing how our solutions support sustainable plant design and customers can now run GHG calculations and analyse the impact of design changes on the plant's overall footprint. Through sustainability dashboard capabilities users can also understand Global Warming Potential within the simulation tool. These features were first introduced in FY22 and are now part of our standard release of AVEVA Process Simulation.

Investing in R&D

Beyond making sustainability an investment decision criterion in recent planning cycles, we are building sustainability into our existing R&D processes, such as our hackathons. More than 450 ideas were submitted in FY23, over 115 of which were related to sustainability.

As examples of climate-related ideas, teams proposed building a new digital solar farm solution and exploring how to optimize EV value chains with our solutions. To help accelerate the integration of such ideas into our product portfolio, in FY23, we announced an explicit goal to increase number of sustainability innovation ideas that make it to production annually.



Our climate scenarios

Summary of key parameters and assumptions

	Net-zero transformation	Middle of the road	Business as usual
Primary scenario source	IEA World Energy Outlook 2021 Net-Zero Emissions Scenario (NZE)	IEA World Energy Outlook 2021 Announced Policies Scenario (APS)	IEA World Energy Outlook 2021 Stated Policies Scenario (STEPS)
Warming by 2050	1.5°C	1.8°C	2.0°C
Scenario description	Global temperature rise is limited to 1.5°C and other energy-related Sustainable Development Goals are achieved because of global cooperation on achieving net-zero emissions. An orderly transition occurs across the energy sector through the effective uptake of all the available technologies and emissions reduction options, guided by market and country conditions.	Low-emission sources account for most power generation capacity additions, with coal consumption peaking and solar PV and wind nearing 500 gigawatts (GW) by 2030. Rapid growth in electric vehicle sales and continued improvements in fuel efficiency leads to peak oil demand around 2025. Global energy demand plateaus after 2030 due to efficiency gains.	The pace of change across the power sector is sufficient to realize a gradual decline in sector's emissions even as global electricity demand nearly doubles to 2050. Progress is largely offset by growth in emissions from hard-to-abate industries, including cement, steel, and heavy-duty transport, with strong demand coming from emerging markets and developing economies.
Regulatory environment	Highly regulated; ambitious; net-zero commitments achieved at most levels	Government commitments, including current nationally determined contributions, achieved	Current policy settings: not all stated commitments achieved
Rising share of renewables	Over 60% of power generation in 2030	Over 45% of power generation in 2030	Over 40% of power generation in 2030
Evolution of industrial sector	Rapid and extensive electrification and digitalization of global industry; successful pre-2030 deployments of industrial CCUS, electric trucks, clean shipping fuels, green/blue hydrogen	Electrification and energy efficiency reduce global industry emissions, but progress on material efficiency lags; more gradual scale-up of industrial CCUS, clean hydrogen and advanced biofuels	Beyond clean electrification, progress across industries and geographies is uneven; low-carbon liquids and gases fail to become mainstream in energy-intensive sectors in emerging markets

Our climate scenarios continued

Summary of business impacts

	Net-zero transformation	Middle of the road	Business as usual
Productivity	Improvements in air pollution levels around the world have the potential to enhance the health and wellbeing of our global workforce, enabling them to add value and innovate without health restrictions or additional levels of stress.	Rising air pollution levels, especially in emerging markets and developing economies, may have serious health effects. These effects may impact the ability of our knowledge-based workforce to continue to design, innovate, and work without restrictions or additional stress.	
Business continuity	Service interruptions attributed to volatility in energy markets or cybersecurity issues because of reliance on the electrical grid are possible. Interruption would most likely be realized through changes in the stability and security of electricity supply to our cloud and/or data center providers, although all current partners have resiliency strategies.	In addition to cybersecurity risks, physical impacts of climate change could potentially cause damage to our cloud or data center providers' physical assets, interrupting service delivery of our software solutions. AVEVA is continuing to engage with these suppliers about their low-carbon transition plans to understand these risks better. Given our global working culture and capabilities, it is anticipated that AVEVA's own workforce would be able to continue to provide reliable services, assuming ongoing internet connectivity.	
Portfolio management	The agility to modify existing solutions to better support customers and take advantage of new market opportunities related to clean energy innovation will be critical, as will readiness to grow capabilities through partnership and/or acquisition to keep pace with fast rates of innovation.	Ongoing R&D to support the accelerated development and deployment of clean energy innovation technologies alongside our existing portfolio will be important, including investment in hydrogen electrolyzers, advanced biofuels, new CCUS approaches, and advanced batteries.	AVEVA's existing portfolio is well positioned to meet global industry's growing needs to improve energy efficiency and transition to low-carbon energy sources. Our partner ecosystem further extends our capabilities, including for customers focused on electrification.
Customers and markets	Customers are expected to require advanced software to accelerate decarbonization across their entire value chains, including through achieving improved energy and material efficiency, and transitioning to new clean energy technologies. Demand is expected to be especially high in Asia and other economies undergoing high rates of development.	Customers are expected to continue to require digital solutions to improve energy efficiency and facilitate fuel switching to low-carbon energy sources. Demand for hydrogen-based fuels and fossil fuels with CCUS are likely to be more concentrated in the US and European Union given green policy incentives and/or regulation.	Customers are more likely to be affected by the physical impacts of climate change and are expected to continue to digitalize operations in pursuit of greater resiliency, as well as energy/cost savings. A high degree of engagement to meet customers in the various stages of their low-carbon transitions will be critical, as the rate of transition may be more varied.

Lessons learned from scenario analysis

Scenario analysis allows us to develop an understanding of how various combinations of climate-related risks, both transition and physical, may affect our business, strategies, and financial performance over time.

To facilitate a shared understanding with our stakeholders, AVEVA initiated a transition analysis in FY22, using scenarios from the World Energy Outlook 2021 (WEO-2021) developed by the International Energy Agency (IEA). The three scenarios we modeled drew from: i) the Net-Zero Emissions by 2050 Scenario (NZE); ii) the Announced Pledges Scenario (APS); and iii) the Stated Policies Scenario (STEPS). We selected these scenarios based on their granularity and because of their wide-ranging scope, which aligns with the broad range of industries and geographies we serve. We used a consistent time horizon of 2050 for each.

Financial impact modeling under each scenario proved challenging because of the long-term time horizons combined with the complex nature of the risks most material to AVEVA (transition and physical) and internal data limitations. However, we assessed directional impact on revenue as part of the analysis. We have provided a high-level summary of the business impacts we would expect to see under these three scenarios on the next page.

As a knowledge-based company, we are most strongly positioned for growth when employees can operate in an environment that supports their health and wellbeing.

Under all three scenarios, significant opportunity exists for our portfolio to provide customers with sustainability solutions that, in turn, would drive our revenue growth, with a successful net-zero transition by 2050 yielding the strongest results. This successful transition does not come without risks.

Electricity systems must become more cyber-resilient in a future where all businesses are increasingly reliant on the electrical grid. Given AVEVA's experience managing our own digital security, we are well-positioned to monitor these risks and put in place safeguards, such as choosing suppliers that have strong business continuity practices and plans.

We continue to use the outputs of this analysis to monitor global progress and make strategic decisions for our business. This includes investments in our workforce and portfolio to further resilience. For example, in FY23, AVEVA committed to further investments in sustainability market intelligence to stay abreast of global trends and emerging market opportunities. We are also working cross-functionally with our growing Policy and Government Affairs team to better align offers with customer needs given regulatory changes.

Overall, we remain confident that our deep expertise in developing software for energy and material efficiency, combined with our agile organizational culture, enables us to be flexible in response to the upcoming fast pace of transition.



SPOTLIGHT ON POLICY ENGAGEMENT

AVEVA is committed to aligning our public policy engagements with our climate ambitions. We maintain strategic memberships with the following organizations:

Business Council on Climate Change (BC3)

Advocates for business leadership on climate change, supporting climate policies for sustainable solutions.



Clean Energy Buyer's Alliance (CEBA)

Supports clean energy markets and emissions reduction activities.



GridWise Alliance

Drives policy for decarbonization and grid modernization.



World Economic Forum (WEF)

Advocates limiting global warming to 1.5°C and coordinates climate action coalitions in which AVEVA participates, such as the First Movers Coalition and Alliance of CEO Climate Leaders.



Integrating climate risk into overall risk management

AVEVA has an established, multidisciplinary risk management approach company-wide. We believe the most impactful way to manage climate-related risks and opportunities is to integrate these efforts into existing processes. In FY22, we expanded our existing integration work by conducting a comprehensive climate-related risk and opportunity identification and assessment exercise using the TCFD criteria for the first time.

Risk identification and assessment processes

- As part of the identification process, we first screened our operations and value chain for all climate-related risks and opportunities outlined in the TCFD recommendations. For each risk and opportunity, we conducted a series of internal stakeholder interviews with functional owners and subject matter experts to evaluate the possible exposure of impact and likelihood of the frequency in which the risks or opportunities may occur.
- More than 40 stakeholders from across the company participated, which was coordinated by a core working team with representatives from Sustainability, Risk, and Internal Audit, Corporate Strategy, Portfolio, and Finance. As part of this exercise, we validated the time horizons for each issue.
- We also captured the mitigation methods and realization strategies already underway as part of AVEVA's management response and qualitatively assessed their effectiveness.



Building a comprehensive sustainability risk register

To maximize effectiveness, we have aligned risk identification criteria and management processes for climate-related risks and opportunities to AVEVA's enterprise risk management (ERM) practice as much as possible.

In FY23, our register of climate-related risks and opportunities was shared with both the Executive ESG Committee and the Executive Risk Committee (ERC) for validation. For each climate-related risk and opportunity in the register, there is an assigned owner within AVEVA. In some cases, risk/opportunity functional ownership sits with Sustainability, but in other cases, it sits with other strategic functions such as R&D, Real Estate and Workplace Experience, or IT.

The identified risk/opportunity owners in the register are responsible for the ongoing management of identified risks and opportunities. This includes reporting performance against relevant KPIs and ensuring that mitigation and/or realization strategies are effective.

As the owner of the overarching sustainability risk category, AVEVA's Vice President, Global Head of Sustainability, is responsible for coordinating quarterly updates on overall progress and ensuring the level of net risk exposure remains aligned to the risk appetite that has been set by the Board. Sustainability risk management updates are consolidated into reporting to the ERC on a quarterly basis by AVEVA's Risk Director. In alignment with the ERM cycle, any changes to the risk descriptions, impacts, time horizons, and likelihoods are made on a quarterly basis using feedback from the individual risk owners.

AVEVA's climate-related risk management plan is continually evolving as we improve the tools and expand the resources available to enhance our understanding of the linkages between climate, our business and operations, and our customers. To date, the TCFD recommendations have provided a useful framework to help us build out a comprehensive risk register for sustainability.



From left to right: Helen Lamprell, Chief Legal and Transformation Officer; Lisa Wee, Vice President, Global Head of Sustainability; Caoimhe Keogan, Chief People Officer












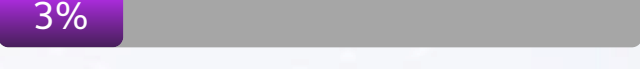
SPOTLIGHT ON AVEVA'S ENTERPRISE RISK COMMITTEE

AVEVA uses reporting to the ERC as the primary resource to manage decisions on how best to effectively mitigate, transfer, accept or control the identified climate-related risks and support realization of opportunities. Through this forum, the ERC reviews climate-related risks and the associated metrics and controls for each. As part of ERC meetings, the Committee has the authority to determine if they agree with accepting current levels of risk. It may also determine whether current controls and performance on KPIs for each risk is acceptable to monitor and/or mitigate risks, or if additional mitigation or control actions are needed. In FY23, a Risk Champions Forum was also being formalized by AVEVA's Risk Director to facilitate further coordination on risks across the enterprise.

Targeting climate impact

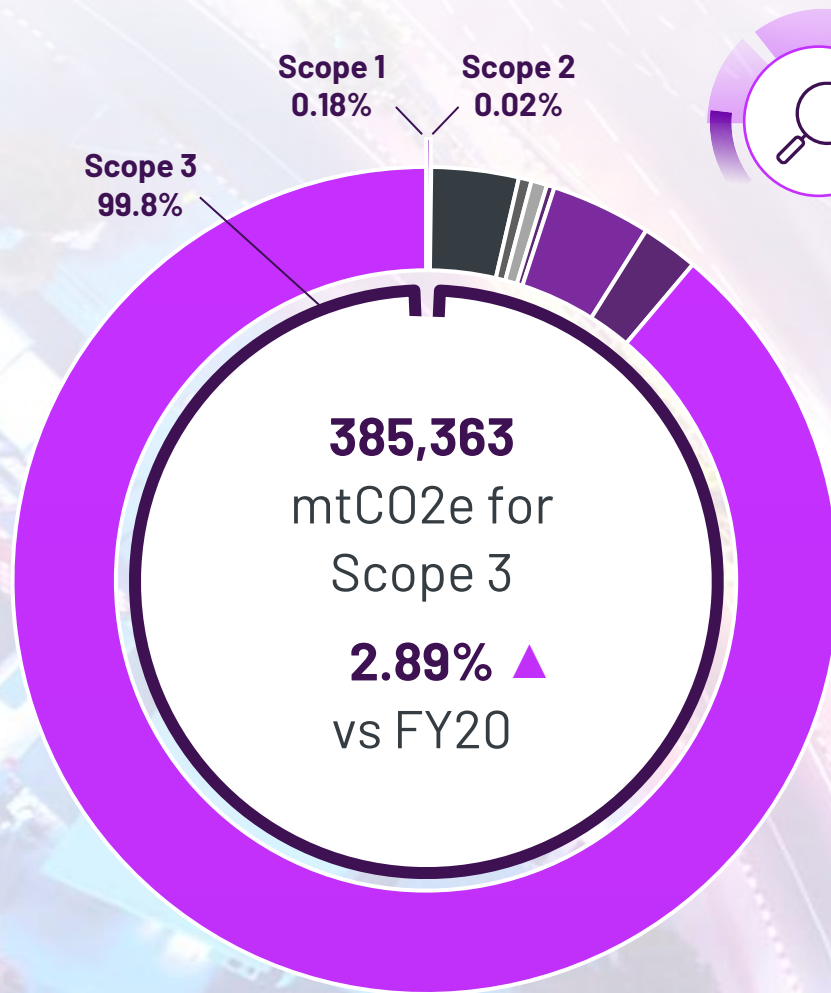
To drive successful management of material climate-related risks and opportunities, we use a wide variety of metrics to measure current and potential impact. These include a number of 2025 objectives that ladder up to our 2030 climate goals and net-zero strategy.

As part of ongoing efforts to evolve our management of climate-related risks and opportunities, we expect that over time we will expand on the metrics we use to assess progress on our transition plans and will look to update our TFCF disclosures accordingly.

Scope	Indicator	FY23	2025 target
 Suppliers Scope 3, upstream	Percent of suppliers by spend engaged in our responsible sourcing program	 41%	80%
 Business Travel Scope 3, upstream	Reduce GHG emissions associated with business travel (Scope 3) 20%	 43%	20%
 Operations Scope 1 & 2	Reduce GHG emissions across operations (Scope 1 & 2) 90%	 93%	90%
 Customers Scope 3, downstream	Percent of portfolio for which power consumption measurements are in place	 15%	100%
 Customers Saved & avoided emissions	Number of customer cases modeled on saved and avoided emissions	 3%	30

Measuring what matters

We have measured our carbon footprint as a business, set ambitious reduction targets, and are actively tracking our decarbonization progress.

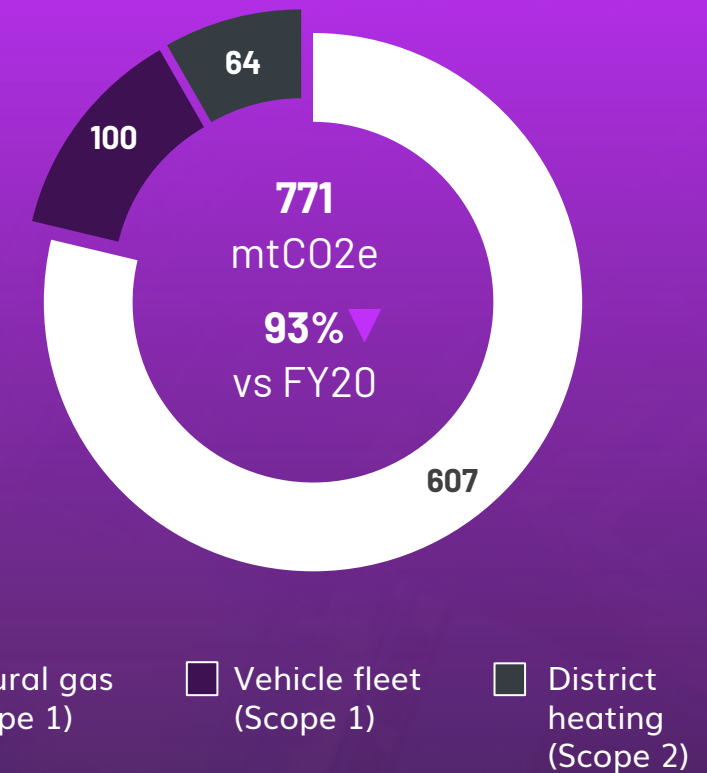


Total FY23 Scope 1, 2 & 3 Emissions



SCOPE 3 CATEGORIES	% OF EMISSIONS	% CHANGE SINCE FY20 BASELINE
Purchased goods and services	3.43%	43% ▼
Capital goods	0.50%	65% ▼
Fuel and energy related activities	0.62%	31% ▲
Waste generated in operations	0.03%	18% ▼
Business travel	3.92%	43% ▼
Employee Commuting	2.24%	20% ▼
Use of sold product	89.27%	12% ▲

FY23 TOTAL SCOPE 1 & 2 OPERATIONAL FOOTPRINT



Climate data table

Our data has undergone a limited assurance process. Both our FY20 baseline data and our FY23 data have been audited by an independent third-party auditor.

Indicator	Unit	FY23	FY22	FY21	FY20
Absolute reduction of all scopes	%	0.3	-1	-4	0
Estimated Total scopes 1 and 2 GHG emissions (market-based)	TCO ₂ e	771	956	7,370	10,458
Total scopes 1 and 2 carbon intensity	TCO ₂ e / turnover	0.61	0.76	5.85	8.18
Absolute reduction of scope 1 & 2	%	-93	-91	-29	0
Scope 1 GHG emissions	TCO ₂ e	707	877	1,607	1,330
Natural Gas	TCO ₂ e	607	787	1,286	979
Vehicle fleet	TCO ₂ e	100	90	321	351
Scope 2 GHG emissions (location-based)	TCO ₂ e	5,357	5,010	5,449	8,399
Electricity	TCO ₂ e	5,293	4,931	5,354	7,555
District heating	TCO ₂ e	64	79	95	844
Scope 2 GHG emissions (market-based)	TCO ₂ e	64	175	5,763	9,128
Electricity	TCO ₂ e	5,881	5,589	6,021	8,284
Renewable electricity	TCO ₂ e	-5,881	-5,439	-353	-141
District heating	TCO ₂ e	64	79	95	844
Absolute change in Scope 3 emissions	%	3	1	-4	0
Total Scope 3 carbon intensity	TCO ₂ e / turnover	305	301	286	297
Scope 3 GHG emissions	TCO ₂ e	385,363	379,550	361,024	374,526
Purchased goods and services	TCO ₂ e	13,224	23,984	27,156	23,232
Capital Goods	TCO ₂ e	1,916	3,179	4,872	5,532
Fuel - and energy-related activities (not included in Scope 1 or Scope 2)	TCO ₂ e	2,381	2,203	1,519	1,816
Waste generated in operations	TCO ₂ e	106	138	130	130
Business travel	TCO ₂ e	15,119	9,403	1,198	26,580
Employee commuting	TCO ₂ e	8,614	1,516	85	10,816
Use of sold products	TCO ₂ e	344,003	339,127	326,064	306,420

Climate data table

Indicator	Unit	FY23	FY22	FY21	FY20
Total waste produced	metric tons	264	77	N/A	N/A
Non-hazardous waste recovered	metric tons	264	77	N/A	N/A
Water withdrawn for consumption	m3	107,229	877	1,607	1,368
Estimated total energy consumption	MWh	18,740	19,311	22,488	29,365
measured energy consumption	MWh	16,786	14,340	14,186	22,988
of which estimated energy consumption for sites out of reporting perimeter	MWh	1,954	4,970	8,304	6,377
Indicators below concern measured energy consumption only					
% renewable energy	%	80%	75%	5%	3%
% renewable electricity	%	100%	100%	7%	4%
Measured energy consumption by source					
grid electricity	MWh	15,045	14,548	15,307	19,198
renewable electricity	MWh	15,045	14,207	1,126	424
district heating	MWh	375	465	552	4,843
gas	MWh	3,320	4,294	6,629	5,324