

Task Force on Climate-Related Financial Disclosures Report 2022



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Introduction

At Inspired PLC, we feel that it is the responsibility of all members of society, to acknowledge the climate emergency and take practical steps to improve the situation.

We have made it our Group purpose to support businesses on their journey to achieving net-zero carbon and responding to the climate emergency, whilst controlling their costs. Therefore, we aim to be proactive in our response to the reality of climate change, by reducing and mitigating our impact and being aware of the risks and opportunities associated with climate change.

This is our third voluntary Task Force on Climate-related Financial Disclosures (TCFD) Report. It demonstrates our commitment to disclosing climate-related information to our stakeholders in a clear, comparable, and consistent manner concerning the risks and opportunities presented by climate change to our business. This report follows the TCFD guidance, sharing our progress on how we have started to respond to the challenges of climate change and embed the guidance into our business operations.



Eagles Eye: Soaring above Climate Change

Biodiversity and the natural habitat form a symbiotic and inseparable bond.

Climate change threatens this delicate balance. With increased drought, flooding, wildfires and storms, the natural habitat - and the biodiversity that flourishes among it - is in danger of being destroyed.

Birds are integral components of ecosystems and play a vital role in maintaining biodiversity. Their reintroduction helps restore balance and functioning to ecosystems by re-establishing natural ecological processes and interactions.

Many bird species in the UK face threats such as habitat loss, pollution, and climate change. Reintroduction programs provide a chance to protect and conserve endangered or locally extinct bird species.

At Inspired PLC, our operations have a limited impact on biodiversity but we still want to make a difference. We have therefore decided to highlight a different animal or habitat each year to provide a focus to our efforts. This will be the basis for actions throughout the year – including employee engagement activities – and will inspire the images in our ESG and TCFD reports.

This year, we have chosen the white-tailed eagle.

The reintroduction of the white-tailed eagle in the UK holds immense ecological, educational and conservation significance. Once extinct in England and Scotland, the efforts to reintroduce this majestic bird of prey have been aimed at restoring a missing piece in the UK's ecosystem.



As apex predators, white-tailed eagles play a crucial role in maintaining the balance of nature by regulating prey populations and influencing their behaviours. Their reintroduction helps restore biodiversity and contributes to the overall health of wetland and coastal habitats. Moreover, these magnificent birds serve as iconic symbols of the UK's commitment to conservation, showcasing the power of human intervention and restoring vulnerable species

and their habitats. It is believed there are now about 130 pairs of white-tailed eagles in the UK, specifically in Scotland.

Overview

TCFD disclosures became mandatory for Premium-listed UK Companies from 1st January 2021 and for Standard-Issuers from 1st January 2022.

As of 6th April 2022 the Department for Business, Energy & Industrial Strategy (BEIS) have mandated Climate-Related Financial Disclosures aligned to TCFD framework for many UK companies that meet the reporting threshold. Inspired is not yet covered by the BEIS regulation, but in line with our commitment to playing our part in tackling the climate emergency, we started reporting using the TCFD framework in 2021, for our financial year-end 2020. In this, our third TCFD report, we will explain the risks and opportunities we have identified; how we are working to manage the risks; capitalise on the opportunities; and how we have embedded this into our business processes.

The TCFD recommendations guide companies in reporting on climate-related risks and opportunities, thereby increasing transparency on how prepared companies are for climate change and the transition to a low-carbon world. The aim is to enable investors to understand the concentrations of carbon-related assets in the financial sector and the financial system's exposure to climate-related risks, thereby promoting more informed capital allocation.

The recommendations are organised around four interconnected themes: governance, strategy, risk management, metrics and targets (figure 1). There are 11 supporting recommended disclosures. These all inform the TCFD's Climate-Related Risks and Opportunity Framework, which identifies two key risks associated with climate change (physical and transition risks), which will impact businesses.

Within transition risks, there are four main areas to consider: policy and legal, technology, markets, and reputation. There are two subcategories for physical risks: acute and chronic. There will be opportunities associated with climate change, primarily in resource efficiency, energy source, products and services, markets, and resilience. At Inspired, we have used the TCFD guidelines as the basis for our internal Climate Risk Framework. We have used this to identify the physical and transition risks and the opportunities for our business. This is based on historical and forward-looking analysis, to assess the potential financial impacts of climate change on our business. Subsequently, we have implemented measures to mitigate the climate-related risks and seize the opportunities.

As climate science constantly evolves, we review our risk assessment each year starting with our climate models. This financial year, we have conducted climate scenario analysis on the transition risks for our business operations and on the physical risks for our ten offices.

The assessment of climate-related risks and opportunities has been integrated into our annual financial reporting process. Each year we evaluate and disclose the most relevant climate-related risks and opportunities. These are subject to our internal governance processes, with executive responsibility and board oversight by the Environment, Social and governance (ESG) Performance Committee,

To monitor our progress, we have set targets following the principles of the Science-Based Targets Initiative (SBTi). Also, we have aligned our net-zero strategy with the UK Government's Nationally Determined Contribution (NDC), under the Paris Agreement to limit global warming to below 2°C and pursue efforts towards 1.5°C. This financial year, we have submitted our letter of intent to the SBTi, which shows our intention to have our targets verified by SBTi within the next two years. We plan to send our targets for validation to the SBTi in 2023.

Figure 1: TCFD core elements



Message from our CEO

Acknowledging and responding to the climate emergency continues to be a core part of Inspired, guiding the services we offer and how we run our operations. We recognise that urgent action is required to minimise the impacts of climate change and ensure our organisation does its part in managing the risks and opportunities arising from the challenge.

We believe it is important to be transparent about our ambitions and progress, which is why we have committed to reporting annually using the TCFD and Global Reporting Initiative (GRI) Frameworks. Using these guidelines provides a robust framework for structuring our short, medium and long-term actions as a business.

Our business has evolved from helping clients procure and manage their energy into a leading provider of technology-enabled solutions, assisting clients in reducing their energy consumption through our specialised optimisation services. One of the opportunities we have identified as a business, is the ability to use our existing expertise in energy management and carbon emissions reduction, to extend our services through our ESG Solutions department.

The favourable underlying value drivers of Net-Zero Carbon and ESG continued to drive growth and opportunity. We made significant progress in delivering on its strategy, to provide a holistic suite of services, to support corporate businesses on their journey towards Net-Zero Carbon and manage their response to climate change. After a successful entry into ESG in 2021, we are pleased to report substantial growth in this department again this year.



Mark Dickinson,
Chief Executive Officer

About us

Inspired PLC is a leading B2B technology-enabled service provider, delivering solutions that enable corporate businesses, to transition to net-zero carbon and manage their response to climate change in the UK and Ireland.

The current climate change challenges facing UK businesses are vast, and there has never been a substantive independent solutions provider to support them. We are changing that.

Our Divisions

Assurance Services

We assist businesses in managing their energy and utility costs, by helping assure them that they have bought optimally and professionally, managed their risks effectively, accounted for their costs correctly and complied with their statutory and regulatory obligations.

ESG Services

We recognise the increasing pressure on businesses to get serious about sustainability, and we are emerging as a leading provider of ESG disclosure services. We establish a solid foundation of ESG data collection and disclosure processes for our

clients, ensuring all legal requirements are met. We create clear and actionable long-term plans, to improve their ESG impact. This makes investment easier to obtain and carbon reductions quicker to realise.

Optimisation Services

Whether we work with client on assurance of their energy costs or their ESG disclosures and Impact, all paths lead to a carbon action programme which require a physical intervention with a clients premises or operations to actually remove the marginal units of carbon emissions and energy consumption from their operations they pay and helping them to reduce their energy consumption. This reduces the carbon footprint of our clients, and we provide support in taking further steps towards sustainability goals and ambitions through our ESG Solutions division.

Software Services

Our Energy and ESG Solutions are underpinned by a proprietary technology platform that offers energy monitoring and targeting, to reduce energy consumption and spend as well as reports, budgets, and market insights. We provide this platform for third-party service providers through our SystemsLink brand.

About us continued

Our Principles

Four principles underpin our approach to embedding climate-related risks and opportunities into our business. These are:

1. Transparency

Climate-related disclosures that represent relevant information that is specific and complete about the business.

2. Honesty

Clear, balanced, and understandable climate-related disclosures reflect what we can and cannot do as an organisation based on the overall needs of the business.

3. Practicality

Implementing improvements that address our climate-related impacts, while being cognisant of not prejudicing the underlying business strategy.

4. Pragmatism

Recognising that maintaining employment and access to capital through the delivery of market expectations are also important.

Our Approach

We aim to lead by example, which is why we have been proactive in developing our sustainability management and reporting. We have been following the TCFD guidelines and integrating their recommendations into our business processes since FY2020, with a focus on continuous improvement, expanding our knowledge and reducing our impact.

In 2022, we have continued to embed sustainability into our governance and management processes, through the creation of our ESG Action Committee. We want sustainability to be a core part of how we do business, from the Board through to our employees. This practical knowledge of embedding ESG and specifically climate-related risks and opportunities into our business, enables us to support our clients on their ESG journey.

In our work with clients, we recognise that each company is at a different stage in its ESG journey, with its own aims and ambitions. By laying out clear steps for good disclosures and compliance, we work with them to create a plan for practical improvements that deliver the iterative gains needed to achieve net-zero carbon targets.

In 2022, we have again received the London Stock Exchange Green Economy Mark, recognising the Group's environmental and strategic advice, service and support to clients and the impact the business has on the green economy.

Net-Zero

We are currently finalising our net-zero strategy, based on incremental targets, set according to the SBTi methodology. In 2022, we have had net-zero workshops with key internal stakeholders and the Board, to support our target setting. We piloted circuit-level monitoring (CLM) in our Kirkham head office, which has seen substantial energy savings and will inform a roll-out of best practice and behaviour change across our estate in the coming years. In 2023, we will be focussing on understanding the carbon impact of our sold products, through life-cycle assessments and end-of-life surveys.

The metrics and targets section provides further detail on the projects that we currently have underway, which are working towards reducing our emissions and our plans for the coming years.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.



The white-tailed eagle or sea eagle is the UK's largest bird of prey, with a huge wingspan of up to 2.5 metres.

Our Governance Processes

Management of climate-related risks, opportunities and impacts has been integrated into our existing governance process, to ensure it is fully embedded into our operations. This currently includes our Board, Executives and ESG Performance Committee.

In 2022, we signed-off on the terms of reference for our ESG Action Committee, which will meet for the first time in January 2023. Further details are provided below.

The Board

The responsibility for assessing and managing climate-related risks sits at both executive and Board level. The Board currently reviews risks on an annual basis and will be adding climate change as a regular agenda item from 2023 onwards.

Executive Responsibility

Our CEO, Mark Dickinson, has executive responsibility for climate impact. He is responsible for ensuring that climate-related risks, opportunities, and responses are integrated into the existing business strategy. Consideration of the potential financial impacts is the responsibility of the Group's CFO, Paul Connor.

Aligning Incentives

We want ESG to be a core part of how we do business. In 2021, we introduced an ESG component to our Executive Remuneration. For 2022, we overhauled our remuneration policy for executives and created the Inspired Incentive Plan; within this, ESG targets have a weighting of 20%.

ESG Performance Committee

The ESG Performance Committee sits alongside the Audit, Remuneration and Nomination Committees and is made up of our non-executive directors and chairman. It is responsible for holding the Executive Directors to account, with respect to climate risks, impacts and all ESG-related matters to the business. In 2022 a Climate Risk Workshop was held with committee members to develop their knowledge on climate change and the potential climate-related risks and opportunities. In 2023 the Committee will meet quarterly.

ESG Action Committee

Our ESG Action Committee is responsible for monitoring and managing the day-to-day actions that will help us achieve our ESG targets and ambitions. It consists of a representative from each business area and reports into the ESG Performance Committee. The role of each committee member is to facilitate ESG dialogue and implement the various ESG initiatives within their departments. In 2022 we signed-off on the committee's terms of reference and it will meet for the first time in January 2023 and quarterly thereafter, reporting into the ESG Performance Committee and the Board after each meeting.

In 2022, we committed to Science-Based Targets, by submitting our letter of intent to the Science-based Targets Initiative (SBTi). In 2023, we will be submitting our targets for validation. As part of this, responsibility for individual targets will be assigned to specific roles within the company and these individuals will attend ESG Action Committee meetings to report their progress.

Employee Engagement Committee (EEC)

We believe that ESG needs to be led from the top and championed by our employees. Now we have a strong governance structure in place for ESG within Inspired, we are aiming to increase employee engagement with sustainability topics. In 2022, we have signed-off on the terms of reference for

our EEC, giving them clear guidelines on their role within our governance structure and the support they need to achieve their ambitions. They are also supported by the ESG Action Committee, where necessary. For example, the ESG Action Committee can provide support in developing plans or submitting requests for funds to the Board. This ensures the EEC is empowered to act whilst also remaining a safe space outside of management for employees.

SDGme

We want to embed the UN SDGs into our organisational culture through our SDGme app. SDGme is an app that promotes employee engagement with the SDGs, intending to shape individual behaviour around global social and environmental issues. It encourages employees to record actions that save carbon and contribute to specific sustainable development goals.

The app is available to all our employees. In 2022, almost 9,500 actions have been logged, saving a total of 26.52 tCO₂e. Actions include choosing active travel over driving, conserving energy by turning off devices at night and shopping locally. This financial year, we have been testing the app with clients and are looking forward to onboarding our first customers in 2023.

Governance structure

Figure 2: Corporate governance structure



Our Board

Mark Dickinson

Chief Executive Officer



Skills and experience

Mark joined the Board during 2016 as a Non-Executive Director and became CEO in October 2017. Mark is an energy consultancy specialist with over 25 years' experience of developing and advising companies in the sector. Mark was CEO of M&C Energy Group, where he led the buy and build strategy, completing four acquisitions before selling the company to Schneider Electric in 2013.

He brings significant industry knowledge coupled with experience in executing acquisitions and has a Master's in Finance from the London Business School, where he was voted Accomplished Entrepreneur of the Year in 2012.

External appointments

None.

Paul Connor

Chief Financial Officer



Skills and experience

Paul was appointed Chief Financial Officer in December 2014, having joined the company as Head of Finance in September 2013.

Paul has been responsible for facilitating and delivering the acquisitions of 18 businesses. Paul qualified as a chartered accountant in 2009.

External appointments

None.

Dave Cockshott

Chief Commercial Officer



Skills and experience

David joined the Group in 2020 as Chief Commercial Officer, bringing over 30 years' experience in the energy sector and was appointed to the Board as Executive Director in April 2022. He has held board positions at Marubeni-owned Smartest Energy Limited and at Inenco Group, as well as had executive responsibility for I&C and latterly, Domestic Markets for energy supplier Npower. David will assume operational responsibility for the Group's Energy Solutions Division for the 2022 year.

External appointments

None.

Our Board continued

1. Richard Logan

Non-Executive
Chairman



Skills and experience

Richard is a chartered accountant with over 30 years' experience of working in industry. Having qualified with Ernst & Young in 1984, he has held senior roles with Ben Line Group, a shipping and oil company, and Kingston SCL Limited, a provider of mobile phone billing software, where he was involved in a private equity-backed management buyout and subsequent trade sale. Richard was Finance Director of cloud computing company Iomart Group plc (AIM: IOM) from 2006 until his retirement in December 2018. Richard holds a BA in Accountancy from the University of Stirling and in 2013 was Smaller Quoted FD of the Year at the FD Excellence Awards.

External appointments

Richard is a Non-Executive Director and Chairman of the Audit Committee of Pebble Beach Systems Group Plc, an AIM listed company (PEB) providing software solutions to the broadcasting industry.



2. Sangita Shah

Senior Independent
Non-Executive Director



Skills and experience

Sangita is the non-executive Chairman of AIM quoted companies Bilby plc and RA International Group plc, lead board director of NASDAQ listed Forward Industries Inc. and a director of Global Reach Technology EMEA Limited.

Sangita has extensive experience in corporate finance, journalism and senior consultancy. She has held a number of senior roles within blue chip organisations, including Unilever, Mars, Ernst & Young and KPMG, was a former board director of Swindon Town FC and a past President of the Chartered Institute of Journalists. She has consulted to a number of organisations including HM Cabinet Office and HSBC.

Sangita is a qualified accountant and a frequent keynote Chair and speaker in forums for the Windsor Leadership Trust, and in the past, the European Parliament.

External appointments

Sagnita is currently Chairman of AIM quoted companies Kinovo plc and RA International Group plc, a board Director of Ten Entertainment Group plc, and NASDAQ listed Forward Industries Inc. On a policy level she presides over the Quoted Companies Alliance, and as an investor presides over several private companies.



3. Dianne Walker

Non-Executive
Director



Skills and experience

Dianne is an experienced, award-winning, Non-Executive Director with a strong background in finance, risk and governance. Prior to holding non-executive and board advisory roles, Dianne was a member of the senior management team at PwC overseeing audit and transaction support professional services. Diane is a Fellow of the Institute of Chartered Accountants in England and Wales.

External appointments

Dianne hold the position of Non-Executive Director and Chair of the Remuneration Committee of Victoria Plumbing plc, Non-Executive Director of Development Bank of Wales plc and Senior Independent Director and Chair of the Audit Committee Scott Bader Co.Ltd.

Dianne is also Non-Executive Chair of two small private limited companies, J&L Elevator Components (EOT) Ltd and Cygnet Texkimp Limited.



4. Peter Tracey

Non-Executive
Director



Skills and experience

Peter is Managing Director of Blackdown Partners Limited, an independent investment bank. He brings over 25 years of capital markets experience, including senior leadership roles at Liberum Capital, as Head of Investment Banking and at Merrill Lynch across cash equities and investment banking in London, Frankfurt and New York.

Peter is currently a Non-Executive Director of Water Babies Group Limited and is Chairman of Hurtwood Capital Limited, a private family office with interests in the real estate and media sectors.

External appointments

Peter is a Non-Executive Director of Water Babies Group Limited and is Chairman of Hurtwood Capital Limited, a private family office with interests in the real estate and media sectors.



Key:

- Audit & Risk Committee
- Nomination Committee
- Remuneration Committee
- ESG Performance Committee
- Chairman

Our Environmental Policy

We believe that businesses are responsible for achieving good environmental practices and should operate in a sustainable manner.

We are committed to reducing our environmental impacts and continually improving our environmental stewardship. We acknowledge the climate emergency and are committed to assessing the climate-related risks and opportunities to our

business strategy, taking actions to mitigate the risks, and seizing the opportunities. It is our priority to encourage all our stakeholders to adopt sound environmental practices, to safeguard the environment today and for future generations. [View our policy \[here\]](#).

Managing climate-related risks through our supply chain

As part of our supplier on-boarding process, we ask all our suppliers to disclose their environmental policies. We only work with suppliers whose environmental standards are consistent with our values, and we expect our suppliers to work (at a minimum) towards a standard that is equivalent to ours. We are currently working with our suppliers

to better understand their emissions and improve our data collection. This will allow us to reduce our Scope 3 emissions, starting our path to net-zero. We want to encourage most of our suppliers to produce TCFD or equivalent disclosures. In 2023, we will start working with key suppliers to set reduction targets in line with the SBTi's recommendations.

Strategy

Disclose the material actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.



These eagles can live for an exceptionally long time, with some reaching over 20 years of age in the wild.

Our Approach

We recognise the potential impacts of climate change and have taken the necessary steps to assess the risks and the opportunities, to maximise the positive effects and minimise the adverse impacts on our operations.

By adopting the TCFD framework into our risk management process, to develop our internal Climate Risk Framework, we identified 24 key areas for consideration – 14 transition risks, four physical risks, and six opportunities, of which five are transition and one is physical (see appendix 1). The transition risks associated with moving to a low-carbon economy that could potentially impact our business are policy actions, technological evolution, market changes and reputational damage. Flooding or heat waves are the physical risks associated with climate change that could potentially affect our operations and supply chain.

In 2021, our Board reviewed our business strategy against our Climate Risk Framework and identified 19 business categories with the highest potential to be affected by climate change. We applied these business categories to the climate-related risks or opportunities identified in our Climate Risk Framework. Climate change is currently not considered to pose a material risk to our business and has not been added to our principal risks. However, it is important that we continue to monitor these. Therefore, each year we conduct climate scenario analysis and high-level financial scenario modelling (see Appendix 1), to determine the potential impacts on the business strategy and financial planning of each climate-related issue.

Climate scenarios provide a plausible representation of future warming pathways to enable us to investigate our vulnerability to the impacts of climate change in the future. Consistent with the TCFD approach, we use three time horizons and three climate scenarios to assess the potential impacts of climate change on our business categories for each risk and opportunity.

In addition, we update our overall Value of Impact Area (see Table 1) for each business category in-line with our growth to understand the potential financial impacts of each category on our business strategy. We conduct a forward-looking analysis to gain insight into our short, medium, and long term climate-related risks and opportunities. We assess the potential magnitude of each risk and opportunity in the 19 business categories. Each climate-related issue is modelled across all three of our adopted scenarios. The scenario where the risk or opportunity is modelled to have the highest potential impact is displayed in tables 3, 4, and 5. Each business category's impact is quantified (see Table 1), enabling us to materially assess and rank each risk and opportunity according to its financial impact value on the business strategy (see tables 9 and 10). Our key findings help shape our business strategy to climate change.



Risks & Opportunities

Table 1: Risks and opportunities for Inspired plc split by business category.

Business Category	2022 Value of Impact Area (£m)	2021 Value of Impact Area (£m)	Risk	Opportunity
Technology Providers	0.8	1.2	●	
Transport	0.5	0.4		
Energy and Utility Costs	0.1	0.1	●	
Capital Markets	0.4	0.4	●	
Bank Finance	3.1	1.9	●	
Engineering Contractors	6.5	4.8	●	●
Offices	0.5	0.6	●	●
Asset Values	83.0	83.0	●	
Robotic Process Automation	0.3	0.3	●	
Capital Equipment	1.1	0.9	●	
IT Development	2.6	3.0	●	
M&A Execution	0.5	0.5	●	
Labour	33.8	32.5	●	
Energy Assurance Services	36.0	35.0	●	●
Energy Optimisation Services	47.7	29.6	●	●
ESG Disclosure Services	2.6	0.9	●	●
Software Solutions	2.5	2.4	●	●
ESG Impact Services	—			
Equipment Manufacturers	4.1	5.6	●	●
Total	226.1	203.1	18	7

Climate Scenarios

Climate scenarios help us assess the future impacts of potential climate change pathways on our business. The scenario analysis enables us to evaluate our operational resilience to climate-related issues, under uncertainties and future states.

Although climate scenarios inform our climate-related risk management processes, they cannot perfectly predict the future. The purpose is to provide us with various possible futures that we need to consider when assessing our operational risk annually. We recognise climate change’s uncertainty, making applying statistical and trend analysis to historical data challenging.

The climate scenario analysis investigates three separate scenarios, based on the predicted increase in global average temperature by 2100, compared to the pre-industrial era. Our climate modelling is conducted to 2052, with the UK 2050 net-zero target as the backstop. We establish a common reference point using climate scenarios for understanding how climate change (physical risk) and climate policy, market, technology, and reputation trends (transition risk) may evolve. We use a combination of IPCC accredited external

databases, the International Energy Agency’s World Energy Model, and other existing global and regional models, to inform our climate scenarios. We use the following time horizons to identify when a risk or opportunity will significantly impact each business category at our operating locations.

Table 2: Our climate scenarios and time horizons.

Climate Scenarios
<p>Proactive (<2°C): A key global aspiration is to reduce global greenhouse gas emission levels. This scenario envisions a collaborative approach from governments and businesses, to accelerate the energy transition and ensure climate action. Strong climate leadership and innovation, lead to an approximate alignment with the Paris Agreement’ ambition to limit global warming to well below 2 °C of warming, above pre-industrial levels. This pathway is preferred, representing a world with less risk and a more predictable climate. A coordinated approach means an inclusive, orderly change takes place, with each business intending to lead the way for regeneration. These changes generate high levels of transition risks but limited physical risks.</p>
<p>Reactive (2-3 °C): The Paris Agreement is unattainable, and warming follows a trajectory modelled from the commitments and pledges made during COP26. The current business routine remains the standard, with deep decarbonisation only occurring in easy to abate sectors. Loosely coordinated policies come into force, meaning that despite economic growth progressing, the creation of wealth remains unevenly distributed both within and between countries. Consequently, global GDP grows the least in this scenario. Uncoordinated government action means this pathway has the most transition risks and increased severity of physical risks, compared to the Below 2 °C scenario, as specific tipping points are reached.</p>
<p>Inactive (>3 °C): Alternate geopolitical issues and a lack of interest mean minimal action on climate change is taken for the next decade. A period of strong growth without climate action occurs, followed by a period of societal and economic turmoil, as the impacts of climate change hit. No sector is decarbonised, and fossil fuels remain the dominant energy source, allowing greenhouse gas emissions to rise unchecked. Any previous growth is undermined as a global recession hit, forcing political action. Rising geopolitical tensions undermine global collaboration, and competitive structural tensions prevail. Businesses face limited short- and medium-term transition risks, but the most severe physical impacts possible.</p>
Time Horizons
Short-term (2022-2027)
Medium-term (2028-2037)
Long-term (2038-2052)

Proactive (<2°C) Scenario Analysis

Table 3: Proactive (<2°C) Scenario Analysis

Category	TCFD Area	Climate-related Risk	Business Category	Timeline	Description
Transition Risks	Policy & legal	Increased emissions reporting obligations	Capital Markets	Short term (2022-2027)	Access to capital from investors is likely to be conditional on improved reporting, including TCFD, which is expected to cost c.£88K/annum. This risk may occur in each scenario and time horizon, but the strictest government action will be in the short term to make a sub 2°C world possible.
			Bank Finance	Short term (2022-2027)	Access to capital from investors and banks is likely conditional on improved reporting, including TCFD, which is expected to cost c.£88K/annum. This risk is variable over time, depending on government action.
	Technology	Impact of investment in new low emissions technology	Capital Equipment	Short term (2022-2027)	As we look to lower our environmental impact, we must invest in efficient, low-carbon technology, which will cost the business. This risk is likely to grow as the Group expands and looks to expand our capital equipment.
		Impact of transition to low emissions	Offices	Short/ Medium term (2022-2037)	The Inspired office estate is not readily capable of meeting the level of carbon emissions required in the future. Either new offices will be required, or the existing landlords will need to improve the estate's quality materially, which is expected to be equivalent to one year of rent. This year we have been trialling circuit level modelling in our Kirkham office, to determine best practices, which can be rolled out at all offices.
	Market	Changes in asset values	Asset Values	Medium/ Long term (2028-2052)	The impact of climate change on asset values is expected to be minimal in the short term. In the long term, asset values could be impaired by climate change. We conclude that the risk potential is very high but has a minimal probability of occurring due to most the Group's acquisitions providing services that should support sustainability improvement.
			M&A Execution	Medium/ Long term (2028-2052)	
Physical Risks	Reputation	Increased stakeholder concern	Labour	Short / Medium / Long-term (2022-2052)	Labour force demand that businesses have robust carbon credentials, same for all stakeholders. Reduced demand for products from businesses with perceived low climate change performance. This is a factor across all our scenarios and time horizons, and has been modelled a material risk in this scenario.
	Chronic	Rising mean temperature	Energy Assurance Services	Long term (2038-2052)	In the more southern locations, London and Oxford , increases in mean temperature may result in increased frequency of heat waves. Rising temperatures will also impact revenue from our Energy Assurance service due to changes in energy consumption. Rising temperatures is ranked as the third of our three material risks to our business.

Reactive (2-3°C) Scenario Analysis

Table 4: Reactive (2-3°C) Scenario Analysis

Category	TCFD Area	Climate-related Risk	Business Category	Timeline	Description
Transition Risks	Policy & legal	Increase in pricing of greenhouse gas (GHG) emissions	Technology Providers	Medium/ Long term (2028-2052)	<p>Costs are likely to increase due to rising emissions costs for the technology provider, as services use energy-intensive data centres. Due to our carbon offsetting programme, we are aware of the changing pricing for GHG emissions. Carbon offsetting is voluntary; however, we see it becoming mandatory in the medium/long term and have developed an internal carbon pricing model, accordingly, based on our full carbon balance sheet and available carbon cost data.</p> <p>Transport accounts for 38% of our Scope 1 emissions and 3% of our Scope 3 across business travel, employee commuting and upstream transportation and distribution. We are aiming to reduce this and therefore mitigate the potential risk of rising costs associated with an increased pricing of GHG emissions.</p> <p>The Value of Impact Area for energy and utility costs is low. However, the area is also subjected to the risk of rising GHG emission pricing. Therefore, we are continually working to reduce our energy usage. This financial year we have been trialling circuit level modelling in our Kirkham office, to determine best practices, which can be rolled out at all offices.</p>
			Transport	Medium/ Long term (2028-2052)	
			Energy and Utility Costs	Medium/ Long term (2028-2052)	
		Exposure to litigation due to climate change	Asset Values	Medium/ Long term (2028-2052)	We will need to comply with the increase in climate-related reporting regulations in this scenario. Failure to comply with all new regulations would expose us to increased litigation costs. We see the highest impact in this scenario, as litigation comes in more suddenly, but acknowledge it is relevant in our proactive scenario.
	Technology	Substitution to lower emission technology	Engineering Contractors	Short term (2022-2027)	Increased demand for contractors to install substitute technology, may increase costs. We have seen the value of this impact area double over the last year and deem the financial impact to be highest in this scenario. However, it may also impact the business in the proactive scenario.

Reactive (2-3°C) Scenario Analysis continued

Table 4: Reactive (2-3°C) Scenario Analysis - continued

Category	TCFD Area	Climate-related Risk	Business Category	Timeline	Description
Transition Risks	Market	Increase in costs	Energy and Utility Costs	Medium term (2028-2037)	Energy costs are modelled to rise sharply and unpredictably in the 2-3°C scenario. Shifting from fossil fuels to renewables for our energy supply, will come at a higher cost to the business. Installing self-sustaining renewables, such as solar panels, will require an increased upfront investment. Adopting more energy-efficient technology will also come at a high initial cost and increase our annual energy costs. There will be an increase in costs in IT development, Robotic Process Automation and Capital costs, to become a more carbon-friendly business.
			IT Development	Medium term (2028-2037)	
			Robotic Process Automation	Medium term (2028-2037)	
			Capital Equipment	Medium term (2028-2037)	

Inactive (>3 °C) Scenario Analysis

Table 5: Inactive (>3 °C) Scenario Analysis

Category	TCFD Area	Climate-related Risk	Business Category	Timeline	Description
Transition Risks	Market	Changes in customer behaviour	Technology Providers	Medium / Long-term (2028-2052)	Reduced demand for goods that are a low-carbon alternative. Society is the least engaged in this scenario and the goods/services we offer.
		Changes in market signals	Technology Providers	Medium / Long-term (2028-2052)	Increased costs in product development and failed product development as the matching of low emissions solutions need to match demand. The market is most likely to move unfavourably towards our line of work in this scenario.
		New markets developing	Capital Markets	Medium / Long-term (2028-2052)	Reduced revenues from products are disrupted as a new competitive market develops, compared to the opportunities that arise from a new market developing with lower-cost solutions.
		Impact of government funding	Bank Finance	Medium / Long-term (2028-2052)	There is a deficit on the business's balance sheet as we fail to acquire green funding made available from governments. In the inactive scenario, we anticipate the availability of funding to be the scarcest.
Physical Risks	Acute	Increased severity of extreme weather	Offices	Medium/ Long term (2028-2052)	The company has its primary operations in the UK and Ireland. The primary impacts of extreme weather come from changing global temperatures, precipitation levels and wind patterns. Potential impacts include physical damage to our offices and operation disruption from flooding, storms and heat waves.
			Transport	Medium/ Long term (2028-2052)	Changing patterns in extreme weather events bring with it the potential to damage transport infrastructures. For example, damage to railways and motorways. This would limit travel not only to our offices, but other business travel.
	Chronic	Changes in precipitation patterns	Offices	Long term (2037-2052)	The company operates across multiple sites in the UK and Ireland. Across all locations, there may be an increase in flood risk during periods of heavy precipitation.
		Sea level rise	Offices	Long term (2037-2052)	Our offices in Kirkham and Cork will be affected by rising sea levels. Rising seas are also likely to increase the overall likelihood of flooding events at these locations, impacting physical operations.

Opportunities from our Scenario Analysis

Table 6: Opportunities from our Scenario Analysis.

Category	TCFD Area	Climate-related Risk	Business Category	Timeline	Description
Opportunity	Policy & Legal	Increase in pricing of GHG emissions	Energy Optimisation Services	Short / Medium / Long-term (2022-2052)	As regulation tightens and energy and carbon costs rise, climate change becomes a bigger financial burden on businesses. We anticipate an increase in organisations approaching us and utilising our services, to reduce costs and manage their climate impact. We anticipate this opportunity growing over time.
		Increased emissions reporting obligations	Energy Assurance Services ESG Disclosure Services Software Solutions	Short / Medium / Long-term (2022-2052)	Over the last year, each business category has increased in worth, with ESG disclosure services doubling in value. This demonstrates that the opportunity is already being experienced in the business in the short term. We anticipate it will keep growing over time. The impact will be largest in our proactive and reactive scenarios, as more businesses are mandated to act and seek advice from companies like Inspired.
	Policy & Legal	Substitution to lower emission technology	Engineering Contractors	Short / Medium / Long-term (2022-2052)	As we assist businesses in substituting their technology for lower-emission technology, a similar logic is followed as above for this opportunity. The value of impact area for engineering contractors has doubled over the last year.
	Market	New markets developing	Equipment Manufacturers	Medium/ Long-term (2028-2052)	Our business model is built around adapting to changing markets, as seen by our history as evolving with the energy market and now diversifying into ESG. We see this opportunity growing over the long term.
	Reputation	Increased stakeholder concern	Energy Optimisation Services	Short / Medium / Long-term (2022-2052)	We anticipate this being an opportunity for us across each scenario and time horizon, as we intend to continue reporting in line with regulations and develop our ESG credentials accordingly.
	Chronic	Rising mean temperatures	Offices	Short / Medium / Long-term (2022-2052)	The opportunity presented from increased GHG reporting from Corporate Businesses is already progressing via our SECR, TCFD and Scope 3 reporting services.

Our Results

Our results show we are most vulnerable to transition impacts, which are highest in the proactive and reactive scenarios. However, these also offer the highest opportunities.

However, each climate-related risk and opportunity has the potential to appear across all the modelled scenarios, increasing the impact value. We will keep this in mind, when monitoring and managing each issue. In addition, certain business categories may be impacted by several different climate-related issues.

Table 7 shows a summary of the risk and opportunity values in the proactive scenario across all three time horizons. The full calculations are shown on the next page in table 8. We have chosen to model the proactive scenario as at Inspired, we strive towards a below 2°C scenario (proactive)

to be in line with UK ambitions, seize our opportunities and manage our climate impact. It is important to note that despite the inactive scenario having the lowest forecasted total value of impact area, there will be both minimal opportunities and significant macroeconomic issues within this scenario. The overall potential impact on the business is higher.

Transition Risk

As a technology-enabled business, transition risks pose a higher threat and a more significant opportunity to our operations than physical risks. Transition risks are primarily driven by macro-economic factors, as the world moves to a lower-carbon global economy. As a category, the transition risks vary over our time horizons and for a risk to manifest, it is normally dependent upon actions from an external body or stakeholder. Most of our transition risks are modelled to be in either the proactive or reactive scenario.

For our business, each business category is anticipated to become more sought after and expensive, as society reacts to climate change and attempts to overcompensate for past climate failures. This increases both our risk and opportunity values in the long term.

Also, with the demographic shift in the labour market, we expect millennials and younger generations entering the workplace wanting to work for businesses with sound ESG credentials.

The most considerable potential transitional risk relates to the impact on asset valuation. The company carries £83.0m of goodwill on our balance sheet. If an acquisition is adversely impacted by climate change, then the value of such assets would be impaired.

Physical Risk

Most of our operations are in the UK and Ireland. Based on our climate scenarios, acute physical risks are likely to be insignificant in their impact on our operations in the short, medium or long term. Our physical risks are modelled to have the largest impact in our above 3°C scenarios, as emissions rise unchecked, generating the largest warming potential. A 6% increase in average temperatures is predicted by 2052 in this scenario. Therefore, increasing warm days may reduce overall energy demand, reducing revenue from energy procurement services linked to energy consumption. This indicates a potential risk of £0.4m from physical risks. However, in relation to the total value of the Energy Assurance Services business, this is a negligible amount.

Table 7: Summary of Potential Risk and Opportunity Value for Our Proactive Scenario

Category	No. of business categories	Value of impact area 2021 (£m)	Value of impact area 2022 (£m)	Short-term value 2021 (£m)	Short-term value 2022 (£m)	Medium-term value 2021 (£m)	Medium-term value 2022 (£m)	Long-term value 2021 (£m)	Long-term value 2022 (£m)
Transition	13	129.6	133.2	3.0	3.1	6.6	7.1	15.8	17.4
Physical	1	35.0	36.0	0.5	0.5	0.5	0.5	0.5	0.5
Opportunities	6	73.5	99.4	17.5	33.1	18.9	34.1	21.0	35.6

Risks Financial modelling

Table 8: Transition and Physical Risks Financial Modelling for the Three Time Horizons in the Proactive Scenario

Category	Key area	Business Category	Area Value (£m)	Short-term Risk Value (£m)	Medium-term Risk Value (£m)	Long-term Risk Value (£m)	Risk Magnitude
Transition Risks	Policy & Legal	Technology providers	0.8	0.1	0.1	0.2	●●●●●
		Transport	0.5	-	-	-	●●●●●
		Energy and utility costs	0.1	0.1	0.2	0.4	●●●●●
		Capital markets	0.4	-	-	-	●●●●●
		Bank finance	3.1	-	-	-	●●●●●
	Technology	Engineering contractors	6.5	0.8	2.5	5.1	●●●●●
		Offices	0.5	0.5	0.5	0.5	●●●●●
	Market	Assets	83.0	-	-	4.2	●●●●●
		Robotic process automation	0.3	0.1	0.2	0.3	●●●●●
		Capital equipment	1.1	0.1	0.4	0.9	●●●●●
		IT development	2.6	0.3	1.0	2.0	●●●●●
		M&A execution	0.5	0.0	0.1	0.1	●●●●●
	Reputation	Labour	33.8	0.6	1.7	3.3	●●●●●
Physical risks	Chronic	Energy assurance services	36.0	0.5	0.5	0.5	●●●●●

* We will be quantifying this opportunity in 2023 based on our findings from the circuit-level monitoring at our Kirkham office.

Opportunity Financial modelling

Table 9: Opportunity Financial Modelling for the Three Time Horizons in the Proactive Scenario

Category	Key area	Business Category	Area Value (£m)	Short-term Risk Value (£m)	Medium-term Risk Value (£m)	Long-term Risk Value (£m)	Risk Magnitude
Opportunity	Policy & Legal	Energy assurance services	36.0	4.5	4.5	4.5	●●●●●●
		Energy optimisation services	47.7	7.0	7.0	7.0	●●●●●●
		ESG disclosure services	2.6	19.5	19.5	19.5	●●●●●●
		Software solutions	2.5	1.2	1.2	1.2	●●●●●●
	Market	Equipment manufacturers	4.1	0.5	1.5	3.1	●●●●●●
	Chronic	Offices	*	-	-	-	●●●●●●

* We will be quantifying this opportunity in 2023 based on our findings from the circuit-level monitoring at our Kirkham office.

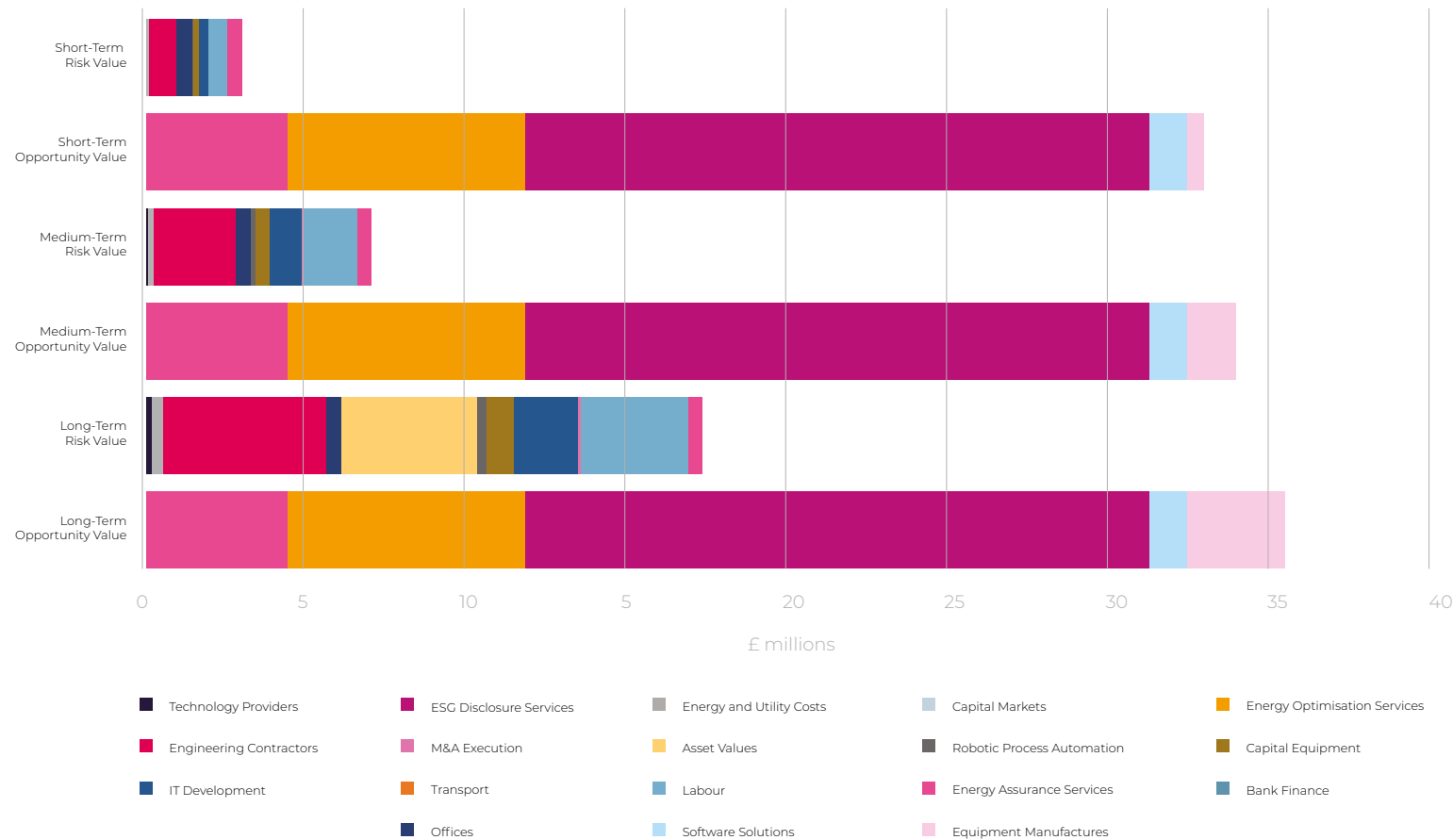
Risks and Opportunity Values

Opportunity

Figure 3 shows how the impact value of our business opportunities increases over time. Whichever climate scenario unfolds, our potential opportunities could outweigh the scenario's risk factor, demonstrating a strong business resilience to climate-related risks. Importantly, all our opportunities have the potential to unfold under each scenario. In addition, we have seen our opportunity values increase more than our risk values over the last year, signifying that the business is moving in the right direction.

For our proactive scenario, the opportunity value outweighs the risk value in each time horizon, due to our Net-Zero Carbon and ESG disclosure services offering. The services are increasing in demand, as the effects of climate change are being experienced worldwide.

Figure 3: The risk and opportunity values for our proactive scenario over the short, medium and long term. This shows the potential opportunity value exceeds the possible risk value.



Quantifying our Risks and Opportunity

Table 10: Quantifying risk and opportunity values in the short, medium and long-term of the proactive scenario.

Business Category	Value type	Value of impact area 2021 (£m)	Value of Impact Area 2022 (£M)	Short-Term Value 2021 (£M)	Short-Term Value 2022 (£m)	Medium-Term value 2021 (£m)	Medium-Term Value 2022 (£m)	Long-Term Value 2021 (£M)	Long-Term Value 2022 (£M)
Technology Providers	Risk	1.2	0.8	0.1	0.1	0.2	0.1	0.3	0.2
Transport	Risk	0.4	0.5	-	-	-	-	-	-
Energy and Utility Costs	Risk	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.4
Capital Markets	Risk	0.4	0.4	-	-	-	-	-	-
Bank Finance	Risk	1.9	3.1	-	-	-	-	-	-
Engineering Contractors	Risk	4.8	6.5	0.6	0.8	1.9	2.5	3.8	5.1
Offices	Risk	0.6	0.5	0.6	0.5	0.6	0.5	0.6	0.5
Asset Values	Risk	83.0	83.0	-	-	-	-	4.2	4.2
Robotic Process Automation	Risk	0.3	0.3	0.1	0.1	0.2	0.2	0.3	0.3
Capital Equipment	Risk	0.9	1.1	0.1	0.1	0.4	0.4	0.7	0.9
IT Development	Risk	3.0	2.6	0.4	0.3	1.2	1.0	2.3	2.0
M&A Execution	Risk	0.5	0.5	0.0	0.0	0.1	0.1	0.1	0.1
Labour	Risk	32.5	33.8	0.5	0.6	1.6	1.7	3.2	3.3
Energy Assurance Services	Risk	35.0	36.0	0.5	0.5	0.5	0.5	0.5	0.5
Energy Assurance Services	Opportunity	35.0	36.0	4.3	4.5	4.3	4.5	4.3	4.5
Energy Optimisation Services	Opportunity	29.6	47.7	4.6	7.4	4.6	7.4	4.6	7.4
ESG Disclosure Services	Opportunity	0.9	2.6	6.8	19.5	6.8	19.5	6.8	19.5
Engineering Contractors	Opportunity	-	6.5	-	-	-	-	-	-
Software Solutions	Opportunity	2.4	42.5	1.1	1.2	1.1	1.2	1.1	1.2
ESG Impact Services	Opportunity	-	-	-	-	-	-	-	-
Equipment Manufactures	Opportunity	5.6	4.1	0.7	0.5	2.1	1.5	4.2	3.1

Materiality Ranking

Once we have established the associated financial impact for each business category, we create a risk and opportunity materiality ranking (Table 11). To establish a risk and opportunity materiality ranking, we organised our business categories by their associated financial value of impact area. Our top three material business categories represent 67.6% of the total 2022 value of impact area (Table 1) subjected to the impact of climate change, equating to £152.8m and a long-term risk value of £8.0m.

Table 11: Top three material risks and their value of impact area and long-term risk value number.

Category	Key Area	Materiality Risk Ranking	Business Category	2021		2022	
				Value of Impact Area (£m)	Risk Value (£m)	Value of Impact Area (£m)	Risk Value (£m)
Transition	Market	1	Asset Values	83.0	4.2	83.0	4.2
Physical	Chronic	2	Energy Assurance Services	35.0	0.5	36.0	0.5
Transition	Reputation	3	Labour	32.5	3.2	33.8	3.3

Also, we identified three material opportunities associated with the changes involved in shifting towards a low carbon economy. For our Energy Optimisation Services, the increasing pricing of GHG emissions, offers increasing opportunities to support clients in managing their energy use. For our Energy Assurance and ESG Disclosure services, increased reporting obligations, allows us to expand our offering in terms of disclosure preparation for clients. Energy Assurance Services is ranked our highest opportunity. However, it does have a low associated risk, due to fluctuating energy prices and a modelled increase in more frequent and extreme weather events impacting energy usage. Our top three material business categories total £86.3m and a long-term opportunity value of £31m (Table 12), representing 38.2% of our overall value of impact area for the business. Each year, we will evaluate the material risks and opportunities to our business strategy.

Table 12: Top Material Opportunities and their value of impact area and long-term opportunity value number.

Category	Key Area	Materiality Risk Ranking	Business Category	2021		2022	
				Value of Impact Area (£m)	Opportunity Value (£m)	Value of Impact Area (£m)	Opportunity Value (£m)
Opportunity	Policy & Legal	1	Energy Assurance Services	35.0	4.3	36	4.5
	Market	2	ESG Disclosure Services	0.9	6.8	2.6	19.5
	Reputation	3	Energy Optimisation Services	29.6	4.6	47.7	7.0

Our Findings

Our findings suggest that not all business categories will be affected by climate change in the short, medium and long term.

In Table 10, five business categories (Transport, Capital Markets, Bank Finance, Engineering Contractors and ESG Impact Services) have no associated risk or opportunity values. Hence, they present no material impact on our operations with regards to responding to climate change and the transition to net-zero.

Transition risks are most significant under our proactive scenario, as an acquisition may be adversely impacted by climate change, due to market conditions affecting the asset's value. Transition risks are often more prominent in the proactive scenario. Increased government policy mandates businesses to act on climate change. As time progresses and regulation or competition tightens as pressure to hit net-zero targets heightens, the risk magnitude will increase and is often more significant in the long-term.

Physical risks in our proactive scenario are minimal, given that we only have around ten small offices and the world has a stated ambition to align with the Paris Agreement. In comparison, more physical risks will be experienced in the reactive scenario. However, the physical risks become more prevalent than the transition risks in our inactive scenario, especially over a long-term horizon. We risk the increased severity and frequency of currently rare weather events, near our office locations and transport routes in the inactive scenario. We will annually monitor the climate data for our office locations across the UK and Ireland.

Most of our opportunities depend upon companies acting on climate risks and using our ESG services. Therefore, the proactive scenario yields the highest material opportunity, as the government mandates businesses to report on their operations. Seizing these opportunities will increase our stability and establish greater resilience to both transition and physical risks. We consider ourselves well placed to capitalise on these opportunities in the short term, due to the large client base we support on energy procurement and efficiency programmes.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.



The white-tailed eagle became extinct in the UK during the early 20th century, due to illegal killing, and the present population has descended from reintroduced birds.

Climate Risk Management

Senior management is responsible for risk identification and mitigation. Risks are assessed, and quantified, in terms likelihood of occurrence and impact (before and after control mitigation). Assessing the gross risk before control mitigation, allows the business to review the relative impact of the existing controls, by comparing the gross and net risk assessment.

Not all risks are controllable or foreseeable and some impacts of climate change fall into this category, such as natural disasters. Our response to such risks is having controls, which lessen the impact to our business, should they occur. For example, in the case of a natural disaster, we have planning protocols, with clear accountability, to minimise disruption to operations and our customers, whilst prioritising the safety of our employees.

Embedding Climate Issues into our Risk Management

To embed climate issues into our risk management process, we adopted the UK Government Green Leaves III Environmental Risk Management (ERM) practices, to establish a robust risk assessment

methodology within our Climate Risk Framework. Our ERM follows Green Leaves III's four interconnected processes to identify, assess and address the potential risks to our operations.

White-tailed eagles eat a variety of prey. As their other common name, sea eagle, suggests, they take fish, but also birds, mammals and carrion. They are opportunistic hunters and often steal food from other birds.

Our Risk Management Process

1.

Formulate the problem

Our Climate Risk Framework (see appendix 1) is vital to formulating our problems. We consider the climate-related risks and opportunities against our 19 business categories and assess the potential climate-change impact on our business strategy.

We have chosen to consider three potential scenarios and three time horizons in our risk assessment. This gives us the granularity and insight we need into the potential impacts and the possible time-scales of those impacts.

2.

Assessing our Risks & Opportunities

Using our forward-looking analysis, we assess each risk proportionally to its significance and priority to other associated climate-related risks, including its complexity and likelihood of impacts. We also consider how our stakeholders will perceive the nature of the climate-related risks we have identified and evaluate the potential magnitude of each risk and opportunity.

For each business category we calculate the associated financial risk and opportunity for three climate scenarios (Table 3). We quantify the potential risks and opportunities of each business category to materially assess and rank each risk and opportunity according to its financial impact value on the business before we appraise our risk management options (table 3, 4 and 5).

As the situation is developing each year and the science is improving, we will continue to monitor and assess these risks annually.

3.

Appraising our Risk Management Options

Assessing climate-related risks is challenging because of the complex nuances of climate change and the uncertainty around potential future policy changes. We appraised each business-related category risk and opportunity, following the Precautionary Approach set out in Principle 15 of the Rio Convention 1992. This means that we do not take actions as part of our risk management, which could harm the public or the environment and where there is currently no scientific consensus on that impact.

We determined the appropriate actions to take, considered the potential consequences of taking no action, based on the uncertainty in the scientific evaluations, and consulted interested parties on ways of managing the risk. As recommended by Green Leave III, we considered each of the five risk management options -terminate, mitigate, transfer, exploit, or accept - concerning the potential positive and negative effects of each option:

- Economic factors
- Technical factors
- Environmental security
- Social issues
- Organisational capabilities

4.

Addressing Risks and Opportunity

We carefully consider the residual risks, which may remain despite implementing the most appropriate risk management options. All our identified risks were either a mitigate or an exploit option. We focused on our top six business category risks and top three business category opportunities associated with climate-change. This approach provided strategies for 80% of the identified risks and 85% of the identified opportunities (Table 10).

Addressing Climate Risks & Opportunities

Table 13: Addressing the Material Climate Risks and Opportunities.

Category	Key Area	Climate-related Risk	Business Category	Mitigating Business-Related Category Risk
Transition Risks	Technology	Substitution to lower emissions	Engineering Contractors	We operate a forward contracting program for engineering contractors that will need to be accelerated if we observe a realisation of this risk to remain ahead of it. In addition, we are investing in software to create a contractor marketplace, to increase the feedstock of contractors available.
	Market	Increase in costs	Capital Equipment	As a technology-enabled service provider, our primary spend is on capital equipment relating to IT Equipment. Our supply chain is simple and not a material part of our cost base. Still, we will invest in a more comprehensive supply chain management process, which will be the first step in providing more risk knowledge.
			IT Development	IT development is in high demand and a growing expense. We have procured an option to buy one of our technology providers, to move down the supply chain should resources become scarce.
		Changes in asset values	Asset Values	The impact of climate change on asset values is expected to be minimal in the short-term. In the long-term, asset values could be impaired by climate change. To mitigate the risks, all acquisitions shall be made carbon neutral (market basis) from FY21 and to the extent possible net-zero by 2030.
	Reputation	Increased stakeholder concern	Labour	To attract new employees, we have started to embed UN Sustainable Development Goals and ESG metrics within our corporate culture, including executive and employee remuneration.
Physical Risk	Chronic	Rising mean temperatures	Energy Assurance Services	The physical risk is mitigated by reducing the amount of client revenue that is linked to energy consumption.

Category	Key Area	Climate-related Opportunity	Business Category	Seizing Business-Related Category Opportunity
Opportunity	Policy & Legal	Substitution to lower emissions	Engineering Contractors	We operate a forward contracting program for engineering contractors that will need to be accelerated if we observe a realisation of this risk to remain ahead of it. In addition, we are investing in software to create a contractor marketplace, to increase the feedstock of contractors available.
		Increased emissions reporting obligations	ESG Disclosure Services	Currently we have an organic market entry into ESG disclosure services. With TCFD becoming mandatory, we are experiencing additional revenues in this area.
			Energy Assurance Services	Implementation of TCFD and the requirement for corporate businesses to disclose and report on their scope 3 emissions represents a commercial opportunity for energy assurance services.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.



White-tailed eagles form long-term pair bonds and tend to mate for life. They build large nests called eyries, often located on cliffs or in tall trees, where they raise their young.

Measuring & Managing our Climate Impact

The main tool in managing climate change is reducing the emission of carbon and other gases associated with global warming, known as greenhouse gases.

These emissions are classified into three scopes; direct emissions from the combustion of natural gas and other fuels (Scope 1), indirect emissions from the generation of purchased electricity (Scope 2) and emissions from activities not controlled by Inspired PLC, but from our value chain (Scope 3).

As a provider of carbon reduction services to businesses, we aim to lead by example. Since 2020, we have achieved carbon neutrality through carbon offsets for our Scope 1, 2 and operational Scope 3 emissions. It is not possible to fully remove carbon from the global economy. However, we can proudly inform our clients that the services we provide are carbon neutral. Expanding our carbon offsetting programme to include all Scope 3 emissions would be a considerable expense on our operations. We chose instead to invest in reducing the absolute emissions associated with our supply chain, which will help us reach our net-zero targets.

Scope 3

Scope 3 is the largest area of carbon emissions for a company and this is true for Inspired. Calculating our Scope 3 carbon footprint allows us to identify which of our suppliers have high emissions and work with them to improve their impact. We can use this data to ensure we are choosing suppliers with a low or lower environmental impact. We are currently working with our suppliers, to understand their emissions better and improve our data collection. This is an essential part of our path to net-zero.

Helping our clients reduce their impact

We help our clients reduce their environmental impact by providing energy saving solutions that help them to reduce their Scope 1 and 2 emissions. We are proud of this work and hope it will continue to expand. However, these products consume energy and the GHG Protocol indicates that we need to account for the emissions associated with the energy this equipment consumes within our GHG inventory.

Between 2021 and 2022, we experienced a 172% increase in the energy used by products we sold to third parties, which is by far the largest category for Inspired. This represents 59% of the Group's total emissions. This is because as we expand our energy saving services, we sell more products, which has the knock on effect of increasing our Scope 3 emissions. Whilst this growth is associated with helping clients avoid emissions, the objective of net-zero is to deliver absolute reductions in emissions.

Within our Carbon Balance Sheet, we have provided information on the carbon costs of products, which we have sold to customers and the associated carbon savings of these devices. This allows us to calculate the new impact of these products. We believe it important to include these figures, as it shows the net benefit we are having as a company.

Our Metrics & Targets

We use a broad range of metrics to assess our impact on the environment and manage climate related effects on our business. These metrics include Inspired's Scope 1, 2 and 3 GHG emissions and the emissions reduction pathway aligned with the Paris Agreement 1.5°C Scenario and the UK Nationally Determined Contribution 2020 (NDC).

We are committed to reducing our GHG emissions and to making our business operations more sustainable by assessing the current and potential future climate related impacts on our operations. By disclosing our metrics and targets, our investors and other stakeholders can better evaluate our exposure to climate related issues, our progress in managing and adapting to those issues, our potential risk adjusted returns, and our ability to meet our financial obligations. In 2022, we will determine our net-zero strategy and formally commit to the Science Based Targets Initiative. Our net-zero strategy will set interim targets to ensure we reach our net-zero target by 2035.

Our Greenhouse Gas Emissions

We are committed to reducing our GHG emissions and to making our business operations more sustainable, by assessing the current and potential future climate-related impacts on our operations. By disclosing our metrics and targets, our investors and other stakeholders can evaluate our exposure to climate-related issues, our progress in managing and adapting to those issues, our potential risk-adjusted returns, and our ability to meet our financial obligations.

In addition to Scope 1 and 2, we have been measuring our Scope 3 emissions since FY2020. This provides us with a complete understanding of our carbon emissions throughout our value chain. It allows us to review year-on-year progress, in managing our supply chain emissions.

We follow the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, to calculate our Scope 3 emissions. The Standard enables us to consistently capture and report our emissions, allowing for year-on-year comparisons and setting appropriate Key Performance Indicators (KPIs), to measure our performance. Given the magnitude of assessing the carbon emissions of our entire value chain, we have set annual milestones, to widen our reporting boundaries for each category. By broadening our emission data collection methods, we can improve our understanding of the high emitting areas, which will aid the process of the pathway to net-zero.

In our annual Streamlined Energy and Carbon Reporting (SECR) Disclosure, we publish our year-on-year Scope 1 and 2 emissions data. We aim to actively reduce our consumption each year. We offset the remaining emissions that we cannot reduce, thereby achieving carbon neutrality for our Scope 1 and 2 emissions.

Location-Based Carbon Emissions

Table 14: Inspired PLC total location-based emissions (tCO₂e) figures.

Utility and Scope	2022 UK Consumption (tCO ₂ e) Location-based	2022 Global (excluding UK) Consumption (tCO ₂ e) Location-based	2021 UK Consumption (tCO ₂ e) Location-based	2021 Global (excluding UK) Consumption (tCO ₂ e) Location-based
Scope 1 Total	105.59		105.31	
Gaseous and other fuels (Scope 1)	49.73	0.00	65.46	0.00
Transportation (Scope 1)	55.87	0.00	39.84	0.00
Scope 2 Total	54.62		73.91	
Grid-Supplied Electricity (Scope 2)	50.04	4.58	69.52	4.39
Scope 3 Total	232.58		95.01	
Transportation (Scope 3)	232.58	0.00	95.01	0.00
Total	388.21	4.58	269.84	4.39

Our Greenhouse Gas Emissions continued

Market-Based Carbon Emissions

Table 15: Inspired PLC total market-based emissions (tCO₂e) figures (no global market-based figures).

Utility and Scope	2022 UK Consumption (tCO ₂ e) Market-based	2021 UK Consumption (tCO ₂ e) Market-based
Scope 1 Total	55.93	39.98
Gaseous and other fuels (Scope 1) ¹	0.06	0.14
Transportation (Scope 1)	55.87	39.84
Scope 2 Total	0.00	0.00
Grid-Supplied Electricity (Scope 2)	0.00	0.00
Scope 3 Total	232.58	95.01
Transportation (Scope 3)	232.58	95.01
Total	288.50	134.99

Electricity and natural gas location-based emissions for Inspired have decreased from 2021 levels by over 22% in 2022. While the business has resumed a proportion of existing office operations, and new premises opened in Central London and Cardiff, work has continued to ensure that occupied offices are not consuming energy unnecessarily.

Measures have been taken to ensure that offices that are open are operating in the most efficient way possible. With heating and cooling time controls, reflected in further reduced emissions for these utilities. Occupation of serviced offices has supported our energy reduction efforts, as technology such as motion-activated lighting ensures that utilities are not in use when the spaces are empty.

This financial year we have witnessed an increase in business travel, which is to be expected as business returns to usual following the restrictions during the pandemic. There has been an increase in use of personal vehicles, due to the ongoing train strikes. In addition, we have reduced our use of pool and company cars, which has moved some emissions from Scope 1 company cars to Scope 3 grey fleet.

Carbon Balance Sheet

Emissions Scopes & Categories	GHG Inventory						Operational analysis		
	Location-based tCO ₂ e			Market-based tCO ₂ e			Carbon cost of operations tCO ₂ e		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
Scope 1	106	105	+0%	56	40	+40%	56	40	+40%
Natural Gas	50	65	-24%	0.06	0.1	-57%	0.06	0.1	-57%
Transportation (excluding grey fleet)	56	40	+40%	56	40	+40%	56	40	+40%
Scope 2	55	74	-26%	0	0	0%	0	0	—
Scope 3	17,653	16,111	+10%	17,653	16,111	+10%	5,325	5,513	-3%
1. Purchased Goods & Services	5,371	5,860	-8%	5,371	5,860	-8%	—	—	—
Energy-consuming products for resale	1,257	539	+133%	1,257	539	+133%	—	—	—
Other goods and services	4,114	4,829	-15%	4,114	4,829	-15%	4,114	4,829	-15%
2. Capital Goods	345	192	+79%	345	192	+79%	345	192	+79%
3. Fuel-related Emissions	29	63	-55%	29	63	-55%	29	63	-55%
4. Upstream Transportation and Distribution	61	56	+10%	61	56	+10%	61	56	+9%
5. Waste Generated in Operations	1	1	+37%	1	1	+37%	1	1	+37%
6. Business Travel	479	146	+229%	479	146	+229%	479	146	+229%
7. Employee Commuting	297	226	+31%	297	226	+31%	296	226	+31%
8. Upstream Leased Assets	N/A	N/A	—	N/A	N/A	—	—	—	—
9. Downstream Transportation and Distribution	N/A	N/A	—	N/A	N/A	—	—	—	—
10. Processing of Sold Products	N/A	N/A	—	N/A	N/A	—	—	—	—
11. Use of Sold Products	11,069	9,567	+16%	11,069	9,567	+16%	—	—	—
12. End-of-life Treatment of Sold Products	1	1	+6%	1	1	+6%	—	—	—
13. Downstream Leased Assets	N/A	N/A	—	N/A	N/A	—	—	—	—
14. Franchises	N/A	N/A	—	N/A	N/A	—	—	—	—
15. Investments	0.1	0.1	-30%	0.1	0.1	-30%	—	—	—
Total All Scopes	17,813	16,290	+9%	17,709	16,151	+10%	5,381	5,553	-3%
All scopes kgCO₂e per £ (revenue)	0.20	0.24	-16%	0.20	0.24	-16%	0.06	0.08	-26%
All scopes tCO₂e per employee	27.8	26.8	+4%	27.6	26.6	+4%	8.4	9.1	-8%

* 2021 revenue corrected from £68.28 million estimated at time of writing the original disclosure to £67.941 million as per 2021 report and accounts restatement of percentage change from 25% to 26% of market-based carbon cost of operations for 2021.

Please note that our Inspired Net-Zero Services Team has used our data to calculate emissions

Carbon Balance Sheet continued

Emissions Scopes & Categories	GHG Inventory						Operational analysis		
	Carbon cost of energy consuming products sold to customers tCO ₂ e			Carbon saving from use of energy consuming products by customers tCO ₂ e			Customers net carbon impact from use of energy consuming products tCO ₂ e		
	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
Scope 1									
Natural Gas									
Transportation (excluding grey fleet)									
Scope 2									
Scope 3	1,258	540	133%	16,364	10,658	54%	15,106	10,118	49%
1. Purchased Goods & Services									
Energy-consuming products for resale	1,257	539	133%				(1,257)	(539)	133%
Other goods and services									
2. Capital Goods									
3. Fuel-related Emissions									
4. Upstream Transportation and Distribution									
5. Waste Generated in Operations									
6. Business Travel									
7. Employee Commuting									
8. Upstream Leased Assets									
9. Downstream Transportation and Distribution									
10. Processing of Sold Products									
11. Use of Sold Products				(1,257)	(539)	133%	16,364	10,658	54%
12. End-of-life Treatment of Sold Products	1	1	30%				(1)	(1)	30%
13. Downstream Leased Assets									
14. Franchises									
15. Investments									
Total All Scopes	1,258	540	133	16,364	10,658	54%	15,103	10,118	46%
All scopes kgCO₂e per £ (revenue)	0.01	0.01	78%	0.18	0.16	18%	0.17	0.15	14%
All scopes tCO₂e per employee	2.0	0.9	121%	25.5	17.5	46%	23.6	16.6	42%

Carbon Balance Sheet continued

Carbon Balance Sheet

When considering metrics and targets for TCFD disclosures, businesses should set out their full carbon footprint, covering Scopes 1, 2 and 3, with respect to the GHG Protocol. Some companies choose which categories of the GHG Protocol to disclose in their carbon footprint on a materiality basis. However, we believe this methodology does not provide the full picture of a company's emissions footprint, compared to disclosing all 15 Scope 3 categories. As such, we review every category of the GHG Protocol and report on all that are applicable to our business. This ensures the highest standard of transparency for our disclosure.

Our carbon footprint, calculated on a location-basis, is outlined in Table 11. Overall our total emissions for all scopes increased by 9% between 2021 and 2022 and 99% of our emissions came from Scope 3 (Table 15). This was driven by a 16% increase in the energy used by products we sold to third parties, which is by far the largest category for Inspired and represents 62% of the Group's total emissions.

Analysis of carbon benefits to customers

Inspired provides energy saving solutions to other businesses that help them to reduce their Scope 1 and 2 emissions. However, these products still consume energy and the GHG Protocol indicates that we need to account for the emissions associated with the energy this equipment consumes within our GHG inventory. On this basis, the more energy saving products we sell to help our clients decarbonise and manage their response to climate change, the higher our Scope 3 emissions will become.

The analysis of carbon benefits to customers shows that we are helping our customers to reduce their overall emissions. This results in a positive net carbon impact for our customers. In 2022, we invested 1,258 tCO₂e, in Categories 1 and 12-related emissions (energy-consuming products for resale and end-of-life treatment of sold products), to help our customers to save 16,364 tCO₂e, which is a net increase of 49% of over 2021 (on a location basis).

When we consider this growth in the context of the increasing scale of our operations on both a revenue and employee basis, we are becoming more effective in our emissions management. However, it should be remembered that the objective of net-zero, is to deliver absolute reductions in emissions and intensity metrics only show a direction of travel.

Operational analysis

As an organisation we seek to not only make ourselves carbon neutral for our Scope 1 and Scope 2 emissions, but also for the Scope 3 emissions that we have consumed in the provision of our operations. Our operational analysis shows that our absolute carbon cost of operations reduced by 3% during 2022 (Table 15). We have purchased 4,731 tCO₂e of offsets and 650 tCO₂e carbon sequestration to achieve carbon neutrality across our operations.

We purposefully achieve carbon neutrality for our operations, to ensure there is a commercial cost associated with our emissions, to provide a commercial incentive to make improvements our business.

While we see carbon neutrality as a useful tool in the short term to both help fund sustainable projects and put a price on our emissions, we are aiming for an absolute reduction in the emissions we produce across our operations, to achieve net-zero.



Reducing Our Environmental Impact

Energy Efficiency Improvements

Inspired PLC is committed to improving its operational energy efficiency year on year. A register of energy efficiency measures available to the Group has been compiled to implement these measures in the next five years.

Measures ongoing and undertaken through 2022:

This year we piloted circuit-level monitoring in our head office in Kirkham. This has shown several areas where we can easily save energy, including ensuring that heating and cooling is switched off overnight. By analysing this data, we can set out best practices for all our other offices, which will be rolled out in 2023.

In 2022, we submitted our letter of intent to the Science Based Targets Initiative (SBTi), indicating that we will be submitting our targets for their verification in 2023.

Measures prioritised for implementation in 2023:

- Roll out best practice energy management to all offices.
- Publish net-zero strategy.
- Submit our targets to SBTi.

Waste and Water

Our water use and waste production are low and, with an increase in homeworking, have reduced further in recent years. We are currently determining where we can use metering equipment to monitor and reduce our water consumption. We have set targets to reduce our climate impacts, to ensure we make iterative improvements in managing our climate-related risks and opportunities. An overview of our progress on our KPIs and the next steps are set out in Table 16. Our KPIs will be used to manage and monitor our performance, inform our future disclosures, and help build strategic resilience towards climate impacts on our operations.

Our Climate-Related KPIs & Targets

Table 17: Climate-related KPIs

Category	Key Performance Indicators	Target Year	2022 Progress	Next Steps
Emissions reduction	1 Send letter to of intent to Science-Based Targets (SBTi)	2022	· Commitment letter sent to SBTi	
	2 Reduce our carbon footprint by 50% (on a location basis) compared to a 2019 baseline	2030		
	3 Achieve net-zero Scope 1 and 2 emissions (on a location basis)	2035	· Circuit-level monitoring at Kirkham head office.	· Roll out of best practice energy management across all offices.
	4 Achieve net-zero Scope 1, 2 and 3 emissions	2050		
Water	5 25% reduction in water use	2025	· Assessing estate and possibility of installing metering equipment.	· Metering equipment to be installed where possible.
Waste	6 Waste Streams	2023	· Review monitoring systems of waste streams.	· Implementing appropriate measurements · Set waste reduction targets by stream.
	7 Replace or remove single-use plastic and reduce paper usage by 50%	2025	· Review data collection processes for waste.	· Reduce waste through behavioural change.
	8 Recycle 90% of paper	2025	· Review internal processes	· Reduce waste through behavioural change. · Measure and analyse our spend on goods to identify recyclable materials categories.
Vendor Engagement	9 Achieve 80% of suppliers by spend making a TCFD disclosure or equivalent	2025	· Ongoing engagement.	· Ongoing engagement.

Appendix

Adults have striking white feathers on their head, neck and tail, contrasting with dark brown plumage on their body.



Appendix 1: Climate Risk Framework

Category	Key Area	Climate-related Risk	Business Category	Climate Related Impacts on Operations	
Transition Risks	Policy & Legal	Increase in the pricing of GHG emissions	Technology Providers Transport Energy and Utility Costs	Currently, the European carbon price (EUA) is c.25 euros/tonne CO ₂ e, and this is likely to increase, which will have an economic impact on many organisations.	●
		Increased emissions reporting obligations	Capital Markets Bank Finance	Increased reporting obligations will increase costs for businesses. Access to capital from investors is likely to be conditional on improved reporting, including TCFD, which are expected to be c.£88k/annum.	●
		Regulation due to climate change	ESG Disclosure Services	Businesses are likely to need to subscribe to more services, to keep them informed in relation to regulation changes. We expect this to be included in the costs of enhanced emissions reporting.	●
		Litigation due to climate change	Asset Values	Litigation impacts are only likely to apply to those who do not wish to comply with regulations and obligations and as such the costs should be limited to the opportunity costs of reporting.	●
	Technology	Substitution to lower emission	Engineering Contractors	Increase costs in substituting to lower emissions alternatives as the demand for installations rises.	●
		Impact of investment in new low emissions technology	Capital Equipment	The impact of carbon prices and government incentives to transform to decarbonisation alternatives is likely to improve the paybacks on investments in low emission alternatives.	●
		Impact of transition to low emissions	Offices	The Inspired office estate is not readily capable of meeting the level of carbon emissions required in the future, and either new offices will be required, or the existing landlords will need to materially improve the quality of the estate, expected to be equivalent to one year of rent.	●

Appendix 1: Climate Risk Framework

Category	Key Area	Climate-related Risk	Business Category	Climate Related Impacts on Operations	
Transition Risks	Market	Changes in customer behaviour	Technology Providers	Reduced demand for goods that are not considered to be a low-carbon alternative.	●
		Change in market signals	Technology Providers	Increased costs in product development and failed product development as the matching of low emissions solutions need to match demand for them.	●
		Changes in asset values	Asset Values	Asset values of low carbon impact assets are likely to reduce, and the value of assets that are perceived to have large end of life emissions impact increase.	●
			M&A Execution		
		Increase in costs	Energy & Utility Costs	Increase costs in raw materials. Shifting from fossil fuels to renewables for our energy supply, installing self-sustaining renewables and adopting more energy efficiency schemes will require a high initial cost. There will also be an increase in costs in IT development, Robotic Process Automation and Capital Equipment to become more carbon friendly.	●
			IT Development		
			Robotic Process Automation		
			Capital Equipment		
	Reputation	New markets developing	Capital Markets	Reduced revenues from products that are disrupted from a new market compared to opportunities from lower costs from solutions from new markets.	●
		Impact of government funding	Bank Finance	Increased balance sheet benefit from third party funding.	●
		Increased stakeholder concern	Labour	Labour force demand that businesses have robust carbon credentials, same for all stakeholders. Reduced demand for products from businesses with perceived low climate change performance.	●

Appendix 1: Climate Risk Framework

Category	Key Area	Climate-related Risk	Business Category	Climate Related Impacts on Operations	
Physical Risk	Acute	Increased severity of extreme weather	Office	Noting the company has its primary operations in the UK and Ireland the primary impacts of extreme weather come from increase in temperatures, sea level rise, water discharge and aridity. Potential impacts include physical operation disruption from flooding, disruption to working patterns due to heat waves and wildfires (where applicable), potential water restrictions to office sites and hazards with respect to business travel.	●
			Transport		
	Chronic	Changes in Precipitation patterns	Office	The company operates across multiple sites in the UK and Cork, in Ireland. Across all locations, there may be an increase in flood risk during periods of heavy precipitation.	●
		Rising mean temperature	Energy Assurance Services	In the more southern locations, London and Oxford, increases in mean temperature may result in increased frequency of heat waves and wildfires. Also, impact of reduced revenue for Energy Assurance service due to changes in energy consumption.	●
		Sea level rise	Office	Kirkham, Caerphilly, London, and Cork will all be impacted by rising sea levels. This is likely to increase the overall likelihood of flooding events at these locations, impacting physical operations.	●

Appendix 1: Climate Risk Framework

Category	Key Areas	Climate-related Opportunities	Business Category	Climate Related Impacts on Operations	
Opportunity	Policy & Legal	Increase in pricing of GHG Emissions	Energy Optimisation Services	Improved payback on projects due to increase carbon costs increases demand for projects.	●
		Increased emissions reporting obligations	Energy Assurance Services	Increased reporting obligations will increase costs for businesses. Increased revenue opportunity from providing scope 3 emissions reporting to clients, disclosure services and an increase in demand for software from third parties. The opportunity is already progressing via our SECR, TCFD and Scope 3 reporting services.	●
			ESG Disclosure Services		
			Software Solutions		
	Technology	Substitution to lower emission	Engineering Contractors	Substituting to lower emissions alternatives will reduce operating costs across the Group. In addition, the Group is investing in software to create a contractor marketplace to increase the feedstock of contractors available to the Group.	●
	Market	New markets developing	Equipment Manufactures	As a technology agnostic service provider there is an opportunity from new disruptive technologies.	●
	Reputation	Increased stakeholder concern	Energy Optimisation Services	Reduction in hurdle rate for carbon reducing investment costs as businesses try to mitigate reputation risks.	●
	Chronic	Rising mean temperatures	Office	The opportunity presented from increased GHG reporting from Corporate Businesses is already progressing via our SECR, TCFD and Scope 3 reporting services.	●

Appendix 2: Index - Governance

TCFD Disclosure

Location of Disclosure

Governance – Describe the organisation's governance around climate-related risks and opportunities

a. Describe the board's oversight of climate-related risks and opportunities	Process and frequency the board are informed.	TCFD Report 2021 p. 8: Our Governance Processes
	The influence on reviewing and guiding business strategy, targets, and actions.	TCFD Report 2021 p. 8: Our Governance Processes
	How does the board monitor and oversee progress against climate-related goals?	TCFD Report 2021 p. 8: Our Governance Processes
b. Management's role in assessing and managing climate-related risks and opportunities.	Responsibilities for reporting climate-related issues to the board.	TCFD Report 2021 p. 8: Executive Responsibility
	Description of organisation structure.	TCFD Report 2021 p. 5: Our Divisions
	Process of communicating climate-related issues to management.	TCFD Report 2021 p. 8: ESG Performance Committee & ESG Action Committee
	How management monitors climate-related issues?	TCFD Report 2021 p. 8: ESG Performance Committee, ESG Action Committee, Employee Engagement Committee and SDGme

Appendix 2: Index - Strategy

TCFD Disclosure

Location of Disclosure

Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Description of relevant time horizons.	TCFD Report 2021 p. 15: Table 2: Our Climate Scenarios and Time Horizons
	Specific climate-related issues that could have a material financial impact for each time horizon.	TCFD Report 2021 p. 16-20: Tables for Risks and Opportunities in Scenario Analysis
	The process to determine material risks and opportunities.	TCFD Report 2021 p. 21-25: Our Results; p. 26: Materiality Ranking
b. The impact of climate-related risks and opportunities on the organisations' business, strategy, and financial planning.	The impact on business, strategy, and financial planning across operations.	TCFD Report 2021 p. 14: Risks & Opportunities
	How climate-related issues input to the financial planning process, timing, and prioritisation.	TCFD Report 2021 p. 21: Our Results
	Describe the impact of climate-related issues on financial performance and position.	TCFD Report 2021 p. 21-25: Our Results; p. 26: Materiality Ranking
	How were scenarios used to inform strategy and financial planning?	TCFD Report 2021 p. 15: Climate Scenarios
	Describe climate-related strategies for transitioning to a low-carbon economy.	TCFD Report 2021 p. 21-25: Our Results; p. 26: Materiality Ranking
c. The resilience of the organisation's strategy, considering different climate-related scenarios.	Describe the resilience of strategy considering a 2°C or lower scenario and a scenario with increased physical risks.	TCFD Report 2021 p. 21-25: Our Results
	Where and how the strategy will be impacted and to what extent in terms of financial performance and position.	TCFD Report 2021 p. 26: Materiality Ranking p. 27: Our Findings

Appendix 2: Index - Risk Management

TCFD Disclosure

Location of Disclosure

Risk Management – Disclose how the organisation identifies, assesses, and manages climate-related risks.

a. Process for identifying and assessing climate-related risks.	Describe the risk management process, including how risk significance was determined.	TCFD Report 2021 p. 29-30: Embedding Climate Issues into Our Risk Management, Our Risk Management Process
	Existing and emerging regulatory requirements.	TCFD Report 2021 p. 42-45: Appendix I: Climate Risk Framework
	Process for assessing size and scope of identified risks.	TCFD Report 2021 p. 21-25: Our Results; p. 26: Materiality Ranking
b. Process for managing climate-related risks.	How to make decisions to mitigate, transfer, accept, or control risks.	TCFD Report 2021 p. 30: Our Risk Management Process
	Process for prioritising climate-related risks.	TCFD Report 2021 p. 30: Assessing Our Risks & Opportunities
c. How the process of identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management process.		TCFD Report 2021 p. 31: Addressing Climate Risks & Opportunities

Appendix 2: Index - Metrics & Targets

TCFD Disclosure

Location of Disclosure

Metrics & Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a. Metrics are used to assess climate-related risks and opportunities.	Where climate-related issues are material describe relevant remuneration policies.	TCFD Report 2021 p. 8: Aligning Incentives
	Internal carbon prices.	TCFD Report 2021 p. 42-45: Appendix I: Climate Risk Framework
	Climate-related opportunity metrics, e.g., revenue.	TCFD Report 2021 p. 24: Opportunity
	Methodologies used to calculate or estimate climate-related metrics.	TCFD Report 2021 p.33: Measuring & Managing Our Climate Impact, Our Metrics & Targets
b. Scope 1, 2 and 3 emissions and related risks.	GHG emission data in-line with GHG protocol methodology.	TCFD Report 2021 p. 34-35: Our Greenhouse Gas Emissions; p. 34-35: Carbon Balance Sheet
	Historical data provided to allow for trend analysis.	TCFD Report 2021 p. 36-38: Carbon Balance Sheet
c. Describe targets used to manage performance.	Describe whether the target is absolute or intensity-based, time frames, base year, and KPIs used to assess progress.	TCFD Report 2021 p.40: Our Climate-Related KPIs & Targets
	If setting medium- or long-term targets outline interim targets.	TCFD Report 2021 p.40: Our Climate-Related KPIs & Targets

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