

Eide Bailly TCFD-Aligned Climate Disclosure (CARB SB-261)



Italics indicates minimum disclosure requirements from the CARB Disclosure Checklist and is aligned with the TCFD framework.

General

Pick a reporting framework to report climate-related risks and opportunities to reduce and adapt to those risks

- *Reporting framework being applied (TCFD, IFRS S2, etc.)*
- *Which recommendations / disclosures have been compiled and which have not*
- *Reasons why recommendations/disclosures have not been included*
- *Discussion of any plans for future disclosures*

Eide Bailly is a national certified public accounting and business advisory firm, established in 1917 and headquartered in Fargo, North Dakota. We have over 3,500 employees spread across over 50 offices in the United States and India, and we are ranked among the 20 largest United States accounting firms. Eide Bailly provides assurance, tax, consulting, business, and digital solutions services with expertise in all industries.

Eide Bailly has elected to disclose in conformance with The Final Report of Recommendations of the TCFD (June 2017). As this represents Eide Bailly's first climate risk disclosure, the firm recognizes opportunities to further integrate and align climate-related financial risk considerations within its existing risk management framework. Eide Bailly is in the early stages of developing more advanced practices to establish climate-related strategies and metrics to improve, such as evaluating additional risks and opportunities that are not included in this report and establishing greenhouse gas emissions measurement and enhanced metrics.

Governance

Describe governance structure, if any, for identifying, assessing, and managing climate-related financial risks

- *Description pertaining to Board oversight of those climate-related risks and opportunities, if the entity has a Board*
- *Discussion of any management oversight of climate-related risks and opportunities*

Eide Bailly's Board of Directors plays a crucial role in shaping the Company's strategic direction. The Board is composed of seven members with deep experience in accounting and business advisory services, as well as knowledge of the values and operations of Eide Bailly. The Board regularly reviews overall business performance, strategy, execution, and key enterprise risks. While the Board has not previously assessed climate-related risks and opportunities on an ongoing basis, we plan to evaluate the inclusion of material climate-related issues for future reviews.

Oversight of climate-related issues is shared among the management leadership, and material topics are assigned to relevant parts of the function. As an example, the climate risk disclosure in compliance with California SB261 was initiated under the leadership of Brian Bluhm, Chief Risk Officer, with input from advisory service members and the extended leadership team. Eide Bailly currently does not have a specific management-level position dedicated to climate-related responsibilities, but the organization recognizes the importance of establishing clearer roles and processes as part of its evolving governance structure.

Strategy

Describe the actual and potential impacts of climate-related risks and opportunities on the company's operations, strategy, and financial planning (where material)

- *The climate-related risks and opportunities the organization has identified over the short, medium, and long term*
- *Impact of climate-related risks and opportunities on the organization's operations, strategy, and financial planning*
- *The resilience of the organization's strategy, if any, taking into consideration the future impacts of climate change under various climate scenarios*
- *Discussion regarding climate scenarios may be qualitative in nature. Where a qualitative scenario-based assessment is feasible and relevant for a particular company, CARB encourages its inclusion.*
- *Optional TCFD recommendation: Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.*

Eide Bailly is in the preliminary stages of developing a plan to identify and manage climate-related risks and opportunities across its operations and strategy, particularly in specific geographies where environmental factors may have greater impact; however, these considerations are not yet systematically integrated into strategic or financial planning. The firm currently maintains liability insurance to mitigate potential exposures, providing a foundational layer of risk protection. The firm does have a business continuity plan in place; however, it does not currently account for climate-related disruptions or long-term climate scenarios on an enterprise basis, rather as they may be relevant to certain geographies or internal functions. As Eide Bailly's approach evolves, there is an opportunity to strengthen the resilience of its strategy by incorporating climate considerations into risk assessments, operational planning, and scenario analysis to better prepare for future climate impacts.

Eide Bailly also recognizes potential opportunities in climate, especially in changing customer demand in advisory and assurance services. Navigating the ever-changing climate-related regulatory space is a complex challenge that customers may not be able to manage alone, so we expect increase in demand for climate-related advisory services as regulatory and disclosure space continues to evolve. Our Sustainability and ESG practice was established to support existing and new customers in their sustainability journey.

Risk Management

Describe how the reporting entity identifies, assesses, and manages climate-related risks

- *Process the reporting entity uses for identifying, managing, and assessing climate-related risks*
- *How those considerations and processes are integrated into the organization's overall risk management*

Eide Bailly has an existing risk management framework designed to assess and manage identified risks with significant business operations or financial impact. This process is managed by the Risk function, with results reported to the full management team. While not currently embedded in Eide Bailly's risk management framework, we are evaluating how climate-related risks may affect the business both financially and operationally, ensuring these factors are considered alongside other enterprise risks. Eide Bailly is actively monitoring regulatory developments in the climate space and plans to take appropriate compliance measures to meet future regulatory requirements.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities adopted to reduce and adapt to climate-related risk, where such information is material. For a discussion of material relevance as used in this context, see TCFD 2017. If using a different framework, refer to that framework's guidance.

- *Optional TCFD guidance: Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks*
- *Optional TCFD guidance: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.*

Eide Bailly is in the initial process of developing measurable indicators to assess and manage climate-related risks and opportunities. The firm has begun measuring its greenhouse gas (GHG) emissions for Scope 1 and Scope 2 activities and will continue to expand data collection capabilities and refine calculation methods. At present, climate-related metrics are not integrated into the company's impact reporting, but there is an opportunity to expand reporting scope to include climate and environmental metrics. Improvements in data availability and metrics reporting will build the foundation for Eide Bailly to develop sustainability targets in the future.