Delivering Infrastructure Solutions for a Greener Tomorrow

TCFD Report 2023

Welcome to our Task Force on Climate-related Financial Disclosures Report 2023

We are proud to present our first voluntary Task Force on Climate-related Financial Disclosures (TCFD) Report 2023 (Report). We recognise the increasing importance of addressing the risks and opportunities that arise from climate change and are committed to increasing our transparency and disclosure in a rapidly changing world.

This Report is written in accordance with TCFD guidance and covers the 2023 financial year from January to December 2023. We look forward to sharing our journey to becoming a climate-conscious and resilient business.

Murat Dedeoglu

Chief Executive Officer

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Overview

ABOUT US

ERG International UK Limited (ERG UK and the Company) is an infrastructure developer and total solutions provider that originates, develops, designs, builds, and invests in long-term large-scale infrastructure operations. We deliver best-in-class services in partnership with Governments. As a company that operates globally, we are committed to promoting economic and social development in the regions we operate in, while also delivering sustainable outcomes for the environment, communities, and future generations.

Our Mission

To deliver state of the art, truly sustainable infrastructure worldwide. Driving innovation and creating positive impact in the communities we serve.

Our Commitment

We commit to excellence, quality, and respect for the environment to positively contribute to sustainable development.

Our Team

Our team exemplifies exceptional talent, technical excellence, vision, and ingenuity across the world.

Our Culture

Equal, diverse, and inclusive. We believe in fair treatment for all. The diversity of our people is central to our success.

Our Values

Our values form part of every aspect of our organisation. We live by our values and our commitments guide our decision making every day:

- ***Enablers of Quality Infrastructure:*** We understand that any country's infrastructure plays a large role in determining its long-term economic and social trajectory and therefore place paramount importance on quality infrastructure which ensures sustainable growth and development. For us, there is more to infrastructure than building assets, we consider the full effects of projects over the long-term and their alignment with broader strategies. We strive to deliver the best long-term value for each infrastructure project and form our investment strategy around long-lasting economic, social, and environmental impact.

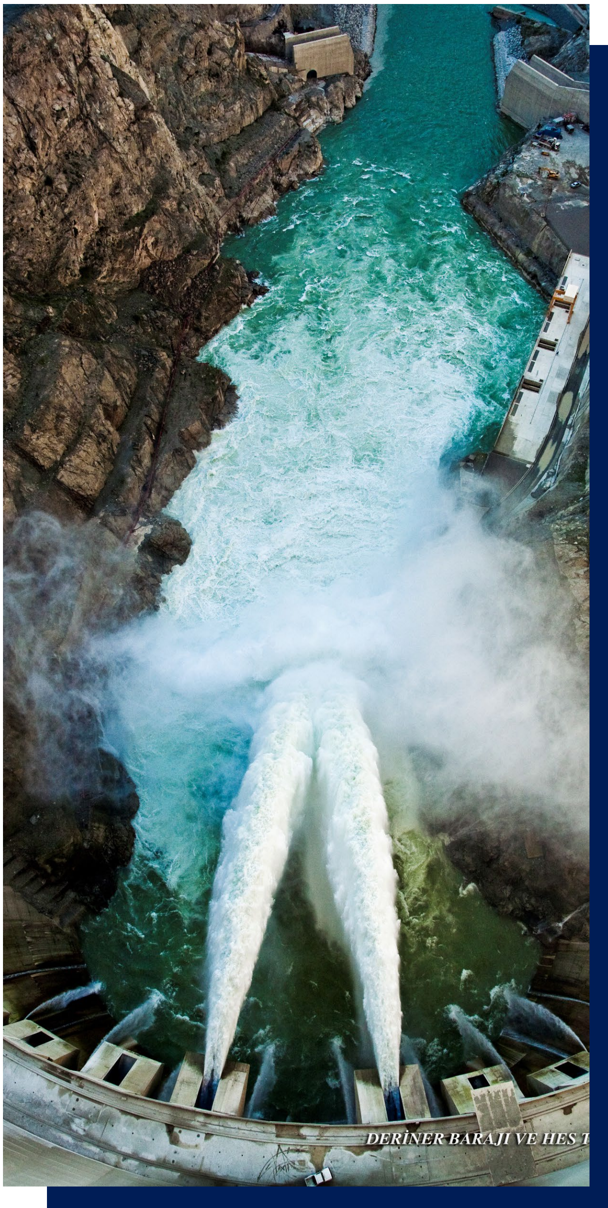
- ***Environmentally and Socially Responsible:*** ERG UK is a place where exceptional talent has come together to take on immense challenges and create award-winning infrastructure projects. As part of our commitment to embed sustainability in the way we operate, our infrastructure projects comply with international environmental and social standards including:
    - International Finance Corporation Performance Standards on Environmental and Social Sustainability (IFC PS);
    - Equator Principles IV (EP); and
    - OECD Common Approaches (CA).

  We continue to be a place where like-minded talent collaborates with the urgent need for action in the current social and climate crisis. Today's actions determine the outcome of tomorrow, that's why we believe in delivering sustainable outcomes for the environment, communities, and future generations. We look to progress our sustainability goals and build a business that reflects our purpose to create infrastructure that enriches our work, life, and planet.

Overview
Continued

- ***Diverse. Equal. Inclusive:*** We are dedicated to forging a diverse, inclusive workforce and promoting long-term growth for our clients, partners, communities, and employees. Our leadership team is committed to championing diversity of thought, providing equal opportunities to our employees, and continuing to serve our communities and make a positive difference. Our day-to-day work enables our teams to develop an incredible range of skills and experiences in areas they are passionate about and where expertise can add the most value to our communities.

- ***Reliable Partners:*** We work with openness, honesty, and growth to make sure that we put our clients at the forefront of what we do. We work in partnership with others to address and overcome challenges from the very beginning, creating connections between commercial experts, government representatives, policy makers and communities. Through our partnerships, we create and provide valuable solutions: from advancing low-carbon economy transitions with the countries we work with to creating socially valuable outcomes that benefit the community, we empower our clients and our communities through our work.



Overview
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ABOUT TCFD

This Report outlines our company's approach to climate-related financial disclosures, including the governance and management of climate risks and opportunities, the assessment of climate-related impacts on our business, the ways in which such elements factor into our investment decisions and the actions we are taking to address these impacts.

The TCFD's recommendations provide a framework for disclosing climate-related financial risks and opportunities in a consistent, comparable, and decision-useful manner, and allows us to provide transparency to our stakeholders about our understanding of climate change and the management of its impacts on our business. In this Report, we have outlined the initial steps we have taken towards embedding the TCFD recommendations into our business operations. It is structured according to the TCFD's four thematic areas:

Governance

Describes our Company's governance structure and how we integrate climate-related considerations into our decision-making processes.

Strategy

Outlines our Company's climate-related risks and opportunities, our long-term strategic approach to addressing these issues, and the metrics we use to measure our progress. We have used the physical and transition risks outlines in the TCFD guidance as a foundation for our Climate Risk Assessment. These risks include:

- *Physical:* Acute and chronic risks associated with the physical impact of climate change.
- *Transition:* Policy and legal, technology, market, and reputational risks that are associated with the societal and systemic changes associated with the decarbonisation of the global economy.

Risk Management

Discusses our Company's approach to identifying, assessing, and managing climate-related risks, including physical risks and transition risks.

Metrics & Targets

Presents our Company's performance metrics and targets related to climate-related issues and describes how we use these metrics to monitor our Company’s progress.

PROGRESS SUMMARY

As this is our first TCFD report, our focus this year was to familiarise ourselves with the recommendations and kickstart internal processes to enable climate-related strategy development and risk management. Another primary focus is formalising board-level oversight and increasing overall awareness of climate-related risks and opportunities throughout all levels of the Company.

In this financial year we have:

- Established an ESG Working Group that is responsible for the development of ESG-related Company initiatives, and communication and management of climate-related issues within the Company.
- Completed climate scenario analysis to assess the most material climate-related risks associated with our direct Company operations.
- Calculated our Scope 1, 2, and partial 3 emissions in accordance with the Greenhouse Gas Protocol (GHGP) methodology.

Governance

ERG UK is a growing company, we strive to strengthen our governance around climate-related risks and opportunities.

Climate in Leadership

ERG UK is a company with a simple governance structure. We have five board members who are also the senior management of the company and have oversight on climate-related risks and opportunities.

BOARD-LEVEL OVERSIGHT

Due to the nature of the business, the board members collaborate on a regular basis to make major business decisions in business development strategy, investment decisions, and financial planning. Beginning in the 2024 financial year, we are working to introduce climate-related risks and opportunities as a standing agenda item in our Board meetings.

In June 2023, we held a climate risk assessment workshop with all heads of departments present to discuss and assess the most material climate-related risks and opportunities to the business. The resulting climate risk register was collectively approved by the ESG Working Group and submitted to the Board for review and approval. In addition, the Board is informed on progress made with regards to environmental, climate, and social-related issues, initiatives, and ESG strategy development on a quarterly basis by the ESG Working Group. See 'ESG Working Group' section below for more details.

Investment Committee

The Investment Committee was formed in September 2023 in order to better coordinate resources across all the Company's business development areas, and afford key decision-makers a formal process upon which to establish informed investment and business strategies.

The first monthly Investment Committee meeting was in October 2023, where investment decisions and proposals were submitted for review. Environmental and climate considerations were amongst the required factors that were taken into consideration in the decision-making process. Proposals were required to include any environmental and climate considerations that may be considered a potential risk. This included potential environmental risks such as pollution and waste management, potential social impacts including involuntary resettlement, as well as potential climate risks such as decreased operational efficiency due to increasing levels of extreme heat.

Climate in Leadership
Continued

CLIMATE CHANGE MANAGEMENT

ESG Working Group

The ESG Working Group (Group) was formed in May 2023 to develop and implement the company ESG strategy on a transdisciplinary and holistic level. The ESG Working Group consists of Board, management, and non-management-level members across all parts of the business with representatives from finance, operations, human resources, environment, and legal. The aim of the Group is to increase communication channels and collaboration structure across the business. It includes the Group General Counsel and Company Secretary, department managers and team members, and the Company's Sustainability Consultant. The Group, as a whole, is responsible for the development and implementation of policies and procedures that address environmental, social, and climate-related issues, upon approval from senior management. The Group is also responsible for reporting environmental, climate, social and governance-related issues, initiatives, and ESG strategy development progress to the Board on a quarterly basis, as well as preparing the TCFD report.

The ESG Working Group meets monthly to provide updates and discuss ESG and climate-related issues on a regular basis and serves as a platform to enable the coordination of policy and procedure development.

A climate risk assessment workshop was held in June 2023 to identify and assess the climate risks and opportunities that are most material to the business All members of the Group attended and discussed and assessed the most material climate-related risks and opportunities to the business. The results of the climate scenario analysis, as well as the materiality of the individual climate risks, were reviewed and their potential and realised impacts discussed. Further discussions on any potential mitigation strategies were also included. More details on the climate scenario analysis and risk assessment can be found on in the Strategy section of this Report.

During this first year of reporting, the Group has focused on assessing and benchmarking current performance, and kickstarting the climate-related strategy development and risk management process. The Group will be responsible for monitoring the progress against climate goals and targets once benchmarking company performance has been completed. In addition, the Group will also begin to focus on the future development of initiatives to improve our energy efficiency and resource conservation.

Strategy

ERG UK invests in the long-term. Our climate strategy is a significant part of our business to ensure our informed decision-making in our management processes.

Our Approach

CLIMATE STRATEGY & SCENARIO ANALYSIS

ERG UK invests in the long-term. To ensure the longevity of the business, we have begun the work to understand the impact of climate change on our operations, strategy, and business planning. By adopting the TCFD recommendations, we have developed a climate-risk assessment process and framework. The climate risk assessment workshop held in June 2023 enabled the business to evaluate and discuss the findings of the climate scenario analysis, identify key climate risks, and assess the Company's potential impacts on products and services, the Company value chain, operations, and any mitigation or adaptation activities. A climate risk register was developed based on the discussions during the assessment workshop.

Based on the requirements set out in the TCFD recommendations, the climate scenarios considered are as follows:

- **RCP 2.6 Scenario:** This scenario aligns with the IPCC RCP 2.6 that models warming of under 2°C by 2100. In this scenario, climate change mitigation efforts are taken seriously by governments, private industries, and the public. Almost all organisations work to align with the Paris Agreement and aim to achieve net zero emissions by 2050. The main risks in this scenario are transition risks arising from the global shift to a low-carbon economy. Physical risks will be minimal.

- **RCP 4.5 Scenario:** This scenario aligns with the IPCC RCP 4.5 that models warming of 2 – 3°C by 2100. Based on the commitments made in response to climate change and current climate data, this is the most likely scenario that our world is currently heading towards. Governmental climate policies and regulation are introduced in a less organised manner, which increases the transition risks that businesses may face. Physical risks are increased in this scenario, with moderate to high transition risks.

- **RCP 8.5 Scenario**: This scenario aligns with the IPCC RCP 8.5 that models warming of above 3°C by 2100. In this scenario, businesses and government continue operations as usual without consideration of their climate impacts. Emissions continue to rise with delayed action, which significantly increase the physical risks.

Each scenario was assessed across three time horizons: short (2023 – 2025), medium (2026 – 2030), long (2031 – 2050). Three climate indicators – precipitation, temperature, and water runoff – were modelled for our London office to better understand the physical risks across the different time horizons in each scenario.

During the climate risk assessment workshop, each risk was then rated based on potential impact and likelihood of risk, primarily in the short to medium term:

Table 1: Risk and Impact Scoring

Risk Likelihood	Risk Impact	Score (Multiple of likelihood and impact)
1 – Low	1 – Low	1 – 3 Low
2 – Medium	2 – Medium	4 – 6 Medium
3 – High	3 – High	7 – 9 High

Our Approach
Continued

ANALYSIS RESULTS

The TCFD recommendations divide climate risks into two categories: transition and physical.

ERG UK is a company with a limited direct operational footprint: occupying two leased floors in an office building, the potential impacts on our physical operations are minimal. Therefore, climate transition risks have the highest potential impact for ERG UK in the RCP 2.6 and 4.5 scenarios, due to the increase in climate-related reporting regulations and recommendations, and the resulting increase in stakeholder interest in our sustainability credentials and disclosure practices.

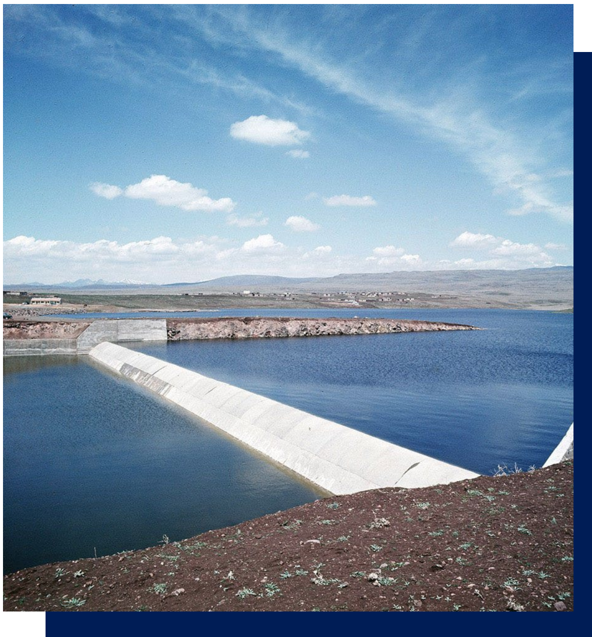
For example, since 2022, all large and/or public companies operating in the UK are required to disclose climate-related performance under UK regulations. While this mandate does not apply to ERG UK, we anticipate this to be an increasingly material risk in the short to medium term as the scope for mandatory climate reporting expands further. Our first voluntary TCFD Report this year will enable us to begin our climate reporting journey ahead of regulatory mandates.

We also recognise the importance of stakeholder concern in our climate and ESG-related performance, which presents a risk to our reputation, as well as to credible finance. As such, we are proactively working to develop our ESG strategy and climate resilience. Transparent and consistent reporting of our ESG strategy development and climate initiatives can allow us to address these concerns, minimising the aforementioned risks.

With regards to physical risks, they are often the most material in the RCP 8.5 scenario. Our London office is not at risk of flooding, however, rising temperatures and heatwaves will be a main physical risk, which is projected to be more severe in the south of England.

Our office is currently located in a fully electrified building and most of our lighting are LED-operated, which mitigates the potential risks of new regulations that require properties to transition to electricity or more energy efficient technologies. It also allows for more flexibility in office climate control, which can help to avoid over- or under-heating issues for employees.

In 2023, we also began to expand our Environment and Climate Change Policy, which sets out our commitments and actions to protect the environment, mitigate the worst impacts of climate change, and promote sustainability throughout our operations. We recognise that our business activities can have an impact on the environment and are dedicated to minimising our environmental footprint. We will be looking to develop and introduce more energy efficiency projects and initiatives in the future.



Transition Risks

The section below provides a detailed analysis of the most material climate-related transition risk types to ERG UK.

POLICY & LEGAL

Table 2: Policy & Legal Transition Risks

Climate-related Risk	Scenario and Timeline	Overall Risk Rating	Description
Increased pricing of GHG emissions.	Long-term. RCP 4.5 Scenario	Low likelihood, medium impact.	GHG emissions pricing is most material to companies involved in carbon-intensive industries, particularly those that participate in emissions trading schemes or purchase carbon offsets. This may potentially be an additional cost to Company operations; however, this risk is unlikely in the short and medium term as ERG UK emissions are limited as an office-based company. We are currently in our first year of calculating our Scope 1, 2, and partial 3 emissions with the goal to minimise our Company emissions once this benchmarking process is complete.
Enhanced climate and ESG-related reporting obligations	Short-term. RCP 2.6 Scenario RCP 4.5 Scenario	High likelihood, medium impact.	Increased climate-related reporting obligations can increase management and operating costs to support the additional initiatives and reporting activities. While mandatory reporting does not yet directly impact ERG UK, there is already an increase in stakeholder awareness and pressure for ERG UK to provide annual disclosures. We recognise that regulations will increase as the UK Government aims to achieve net-zero emissions by 2050. Through our voluntary TCFD reporting, we mitigate this risk by enabling transparent and consistent reporting of our ESG and climate initiatives and efforts.
Mandates on and regulation of existing products and services	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, medium impact.	The likelihood and impacts are currently minor as our services already require compliance with international environmental and social standards, but this may increase in the future should the standards become more stringent. ERG UK remains alert for any planned updates in regulations or standards.

Transition Risks
Continued

The section below provides a detailed analysis of the most material climate-related transition risk types to ERG UK.

POLICY & LEGAL

Table 3: Policy & Legal Transition Risks

Climate-related Risk	Scenario and Timeline	Overall Risk Rating	Description
Exposure to litigation	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, high impact.	While the likelihood of this risk is difficult to estimate or quantify, it is a risk that can have significant impacts on the reputation and business opportunities of the business. To minimise the risk of environmental incidents or workplace accidents from occurring, ERG UK will ensure that the operations and management of the company adhere to policies and procedures that comply with international standards. To minimise the risk of litigation due to climate-related communications such as greenwashing, transparent and consistent reporting of our ESG and climate initiatives and efforts can be effective in minimising this risk.

Transition Risks
Continued

The section below provides a detailed analysis of the most material climate-related transition risk types to ERG UK.

MARKET

Table 4: Market Transition Risks

Climate-related Risk	Scenario and Timeline	Overall Risk Rating	Description
Changing customer behaviour and increased sensitivity to ESG	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, low impact.	ESG is rapidly becoming one of the main areas of focus for the company as we transition to a lower carbon economy. Our clients and stakeholders are increasingly aware and concerned with how ESG and climate initiatives are developed within the business. Through our voluntary TCFD reporting, we mitigate this risk by enabling transparent and consistent reporting of our ESG and climate initiatives and efforts.
Uncertainty in market signals	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, low impact.	During our transition to a more sustainable, low-carbon economy, ESG is rapidly becoming a primary focus for the company. Our clients and stakeholders are increasingly attentive and interested in the development of ESG and climate initiatives within the business. To manage this risk, we voluntarily adhere to TCFD reporting, facilitating clear and standardized reporting of our ESG and climate initiatives.
Increased cost of raw materials and energy	Short-term. RCP 2.6 Scenario RCP 4.5 Scenario	High likelihood, medium impact.	Climate change is not expected to be the primary driver of this risk, but a catalyst that may exacerbate existing challenges in our global production and supply chains. In addition, a warming climate may increase energy demand, which in turn drive up energy costs. As part of our emissions reduction initiatives, introducing energy conservation practices will be a particular focus.

Transition Risks
Continued

The section below provides a detailed analysis of the most material climate-related transition risk types to ERG UK.

REPUTATION

Table 5: Reputation Transition Risks

Climate-related Risk	Scenario and Timeline	Overall Risk Rating	Description
Shifts in consumer preferences	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, low impact.	As a business within the infrastructure sector, this risk is currently minimal as infrastructure investment and development is crucial to the global low carbon economy transition. However, we will remain vigilant to any potential changes.
Stigmatisation of sector	Long-term. RCP 2.6 Scenario RCP 4.5 Scenario	Low likelihood, medium impact.	As a business within the infrastructure sector, this risk is currently minimal as infrastructure investment and development is crucial to the global low carbon economy transition. Clients are unlikely to stop investments in infrastructure due to sector stigmatisation. However, there may be increasing pressure in other associated sectors such as the construction sector, which may impact our operational costs.
Increased stakeholder concern or negative stakeholder feedback	Short-term. RCP 2.6 Scenario RCP 4.5 Scenario	High likelihood, high impact.	ERG UK's sustainability credentials are a growing interest among stakeholders. Failing to communicate our ESG strategy and plans could result in fewer business opportunities and potential damage to our reputation. We can minimise this risk by responding to our stakeholder concerns and further developing our ESG and climate strategy.

Physical Risks

The section below provides a detailed analysis of the most material climate-related physical risk types to ERG UK.

ACUTE & CHRONIC

Table 6: Physical Risks

Climate-related Risk	Scenario and Timeline	Overall Risk Rating	Description
Rising mean temperatures	Short-term. RCP 2.6 Scenario RCP 4.5 Scenario RCP 8.5 Scenario	High likelihood, medium impact.	An increase in mean temperatures in the UK may lead to an increase in energy demand and impact staff wellbeing. This can increase our operational costs in the office.
Heatwaves	Short-term. RCP 2.6 Scenario RCP 4.5 Scenario RCP 8.5 Scenario	High likelihood, medium impact.	An increase in heatwaves in the UK may lead to an increase in energy demand and impact staff wellbeing. This can increase our operational costs in the office.
Changing precipitation patterns	Medium-term. RCP 4.5 Scenario RCP 8.5 Scenario	Medium likelihood, low impact.	While there is a projected increase in the volatility of precipitation patterns, this is unlikely to directly impact the company office.
Flooding	Long-term. RCP 4.5 Scenario RCP 8.5 Scenario	Low likelihood, high impact.	Flooding is a minor concern for the Company, as the current likelihood for flooding is low for the office. This risk can be managed by ensuring that any new offices should not be in areas with high flood risk.

Risk Management

Our climate risk management involves identifying, assessing, and managing the climate-related risks and opportunities we face.

Our Risk Management Process

Our climate risk management process begins with identifying the climate-related risks and opportunities ERG UK faces. This process was initiated in early 2023, where we launched a benchmarking process to engage with our heads of department and perform a review of our current operations across the business. Introductory sessions on the TCFD recommendations and climate change were led and coordinated by our Sustainability Consultant. In accordance with the TCFD guidance, we identified the most material climate-related risks to our business.

We conducted a climate scenario analysis, and the findings were presented to key internal stakeholders in our Climate Risk Assessment Workshop in June 2023. Based on the results from the climate scenario analysis and discussions during the workshop, we developed our first climate risk register which assesses and records the risk likelihood, impact, and potential mitigation strategies of the identified climate risks. The climate risk register was collectively approved by the ESG Working Group and submitted to the Board.

The assessment of each risk is broken down into its risk likelihood and potential impact, each with three ratings: low, medium, and high. Compared to physical risks, transition risks currently have a higher likelihood of occurring and with greater impacts to ERG UK: our most significant transition risks are assessed to be the increased stakeholder concern and scrutiny of the company’s ESG and climate strategy, as well as the increase in mandatory ESG and climate reporting obligations.

OUR MITIGATION STRATEGY

During the Climate Risk Assessment Workshop, mitigation strategies for each risk were also discussed. The publication of our first voluntary TCFD report, along with the required assessments and activities as described in its recommendations, already provide significant opportunities for us to manage and mitigate our risks. As required by the TCFD recommendations, we are calculating our carbon footprint with the goal to reduce our carbon emissions. This ensures that we are well-prepared for potential mandatory carbon reporting requirements in the future and can provide an opportunity for us to reduce company energy costs.

The disclosure of our ESG strategy and climate initiatives through our Report will also ensure consistent and transparent communication with our stakeholders and provide a comparable record of our progress year on year.

Metrics & Targets

This is our first year calculating our Scope 1, 2, and partial 3 greenhouse gas (GHG) emissions. We aim to further develop our emissions reduction strategy.

Our Carbon Emissions

This is the first year the Company has calculated our Scope 1, 2, and partial 3 greenhouse gas (GHG) emissions. Based on the results, we aim to develop our near-term emissions targets.

We are actively addressing the environmental impact of our operations and striving to minimise it. Our efforts include enhancing the energy efficiency of our London office and encouraging employees to cycle to work through our cycle scheme.

We are proud to share that we currently have no direct Scope 1 or market-based Scope 2 emissions. Our offices are situated in a fully electrified building that operates on a 100% renewable energy guarantee of origin (REGO) contract, and all Company vehicles are battery electric vehicles (EVs). All employees are also encouraged to use video conferencing in lieu of in person meetings to minimise the need for travel where possible. As an office-based company, we also do not use any medical gases or fuels in our direct operations.

The tables in this section present our Scope 1, 2, and partial 3 carbon emissions data for the 2023 financial year. Scope 1 emissions arise from the direct combustion of gaseous and transportation fuels during the reporting year.

Scope 2 includes emissions linked to purchased electricity utilised in our offices. It is calculated in two ways: location-based and market-based. Location-based Scope 2 reflects the average emissions intensity of the region which the business operates. Market-based Scope 2 reflects the emissions intensity of the business' energy contract. Scope 3 emissions refer to the indirect emissions associated with supply chain, such as the products and services we procure to deliver our own services.

Our carbon emissions are calculated in accordance with the Greenhouse Gas Protocol methodology, and we have assessed the applicability of the 15 Scope 3 categories. The categories applicable to ERG UK are: 1 (Purchased Goods and Services), 2 (Capital Goods), 3 (Other Fuel and Energy Activities), 4 (Upstream Transportation and Distribution), 5 (Waste), 6 (Business Travel), 7 (Employee Commuting), 8 (Upstream Leased Assets), 11 (Use of Sold Products), and 12 (End-of-Life Treatment of Sold Products). While applicable, we plan to begin calculating our Category 15 (Investment) emissions in the follow year.

The table below provides an overview of our total carbon emissions in this financial year. Year on year comparisons of our emissions will be provided in our next report.

Table 7: ERG UK Carbon Emissions Summary 2023

Metric	2023 (tCO_2e)	%
Scope 1		
	0	0%
Scope 2		
Location-based	12.96	0.8%
Market-based	0	0%
Scope 3		
	1598.05	99.2%
Total		
Location-based	1611.01	-
Market-based	1598.05	-
Carbon Intensity		
Full-time Employees (FTE)	36	-
Carbon intensity metric (tCO_2e/FTE)	44.39	-

Our Carbon Emissions
Continued

Table 8: ERG UK Carbon Emissions Breakdown 2023

Metric	2023 (tCO_2e)	% (location-based)
Scope 1	**0**	**0.0%**
Scope 2		
Location-based	**12.96**	**0.8%**
Market-based	**0.00**	**0.0%**
Scope 3	**1598.05**	**99.2%**
1. Purchased Goods & Services	642.21	39.9%
2. Capital Goods	88.30	5.5%
3. Other Fuel and Energy Activities)	0.25	0.02%
4. Upstream Transportation & Distribution	0.45	0.03%
5. Waste Generated from Operations	0.11	0.01%
6. Business Travel	761.53	47.3%
7. Employee Commuting	17.19	1.1%
8. Upstream Leased Assets	3.05	0.2%
9. Downstream Transportation & Distribution	-	-
10. Processing of Sold Products	-	-
11. Use of Sold Products	84.90	5.3%
12. End-of-life Treatment of Sold Products	0.06	0.004%
13. Downstream Leased Assets	-	-
14. Franchises	-	-
15. Investments*	-	-
Total (Location-based)	**1611.01**	-
Total (Market-based)	**1598.05**	-

*To be calculated in 2024

Our Carbon Emissions
Continued

OUR ENVIRONMENTAL PRACTICES

In 2023, we have expanded our Environment and Climate Change Policy, which sets out our commitments and actions to protecting the environment, mitigating the worst impacts of climate change, and promoting sustainability throughout our operations. We recognise that our business activities can have an impact on the environment and are dedicated to minimising our environmental footprint.

Currently, all the electricity used in our office comes from renewable energy sources through a 100% REGO contract. We will be looking to develop and introduce more energy efficiency projects in the future, with the aim to increase the awareness of energy efficiency and reduce our total energy use. We will also be exploring other initiatives to improve our resource efficiency and material conservation, such as reducing the use of single use plastic and training on waste recycling.

As part of our commitment to delivering comprehensive solutions and quality infrastructure worldwide, international travel is a fundamental aspect of our business operations. We recognize that while our level of business-related travel may be relatively higher than that of most office-based companies, our dedication to building relationships with stakeholders internationally is the cornerstone of our work. It enables us to empower infrastructure development where it is needed the most and deliver clean energy and transportation that will lead to emissions reductions of far greater scale in the long run. We are currently exploring ways to improve our efficiency and reduce any unnecessary travel where possible.

All staff at ERG UK have annual appraisals, but we currently do not use specific climate-related key performance indicators (KPIs) to assess employee or company climate or environmental performance. With many employees involved in business activities across a vast number of countries in multiple regions, we believe that trusting in the judgement and experience of our staff to make decisions in the best interests of the Company and contextual environment is the most appropriate approach for ERG UK; an approach that climate-related KPIs may not be able to fully capture.

Methodology

Scope 1 and 2 emissions have been calculated according to Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004). A financial control reporting boundary has been used. Scope 3 emissions have been calculated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard (2011).

All conversion factors for Scope 1 and 2 emissions calculations reference the UK Government (BEIS) GHG Conversion Factors for Company Reporting v2023.

Scope 2 emissions are calculated in both the location-based and market-based methodology. For location-based Scope 2 emissions, the average electricity grid emissions conversion factor is found in the UK Government (BEIS) GHG Conversion Factors for Company Reporting v2023. For market-based Scope 2 emissions, the conversion factors are provided by the energy supplier fuel mix disclosure published on their website.

For Scope 3 emissions, both the spend-based and activity-based approach have been used to calculate emissions.

Category 1 (Purchased Goods and Services), Category 2 (Capital Goods), Category 4 (Upstream Transportation and Distribution), and Category 6 (Business Travel) were calculated using the spend-based approach. The spend-based method estimates the emissions of an activity by multiplying the economic value or costs spent on a good or service (such as cost of computer equipment in £) with the corresponding industry average emissions rate per monetary value spent.

Category 3 (Fuel-related Emissions) and Category 7 (Employee Commuting) were calculated using the activity-based approach. The activity-based method estimates the emissions of an activity by multiplying the relevant unit of measurement (such as km for distance travelled or litres of fuel used) of an activity with the corresponding emissions rate per unit of activity.

Category 5 (Waste Generated in Operations), Category 8 (Upstream Leased Assets), 11 (Use of Sold Products), and Category 12 (End-of-life Treatment of Sold Products) were calculated using the average-data based approach. The average data method is used to estimate emissions using average national statistics and existing activity-based or spend-based conversion factors.

Our People

We recognise that we as a business can only be as successful as our people. In addition to our TCFD reporting, the following section discloses the social aspects of ERG UK.

Our People

We recognise that we as a business can only be as successful as our people. At ERG UK, we value the skills and talent of our employees, and are dedicated to forging a diverse, inclusive workforce and promoting long-term growth with our Company. Our leadership team is committed to championing diversity of thought, providing equal opportunities, offering a wide programme of initiatives and services, and supporting the professional and private lives of our employees.

In July 2023, ERG UK was awarded the Investors in People accreditation, a standard for people management that focuses on how companies can work to lead, support, and improve the workplace environment, enabling employees to outperform and achieve sustainable results. We aim to continue improving our social performance in accordance with the Investors in People framework and are a Living Wage Employer.

INVESTORS IN PEOPLE®
We invest in people Standard

London Living Wage Employer

DIVERSITY & INCLUSION

Diversity is at the centre of our culture at ERG UK. For every position we recruit for, we embed these very values in the beginning of the recruitment process by selecting from multiple candidates across a variety of nationalities, genders, and professional backgrounds. We provide a flexible recruitment process, including for full-time positions, internships, and temporary working opportunities.

We are aware that ERG UK often operates within traditionally male-dominated industries and markets, where the existing business culture means that the proportion of women in a company is often smaller. Despite this challenge, we are proud to have a diverse gender distribution within our company. As we continue to grow as a business, we look forward to improving gender representation across all levels of the business, and work to establish diversity-related goals for the company.

Table 9: Employee Gender Distribution

	2023	
	Male (%)	**Female (%)**
ERG UK Board of Directors	60%	40%
Management	56%	44%
All Other Employees	73%	27%
Total Company	67%	33%

Our People
Continued

EMPLOYEE BENEFITS & WELLBEING

ERG UK adopts a comprehensive benefits programme to ensure that our employees are supported. This includes a company-approved pension plan with minimum employer and employee contributions, life assurance, and income protection benefits. ERG UK also offers private medical and dental insurance services to ensure and support the health and wellbeing of all our employees. We offer employees maternity and paternity leave that meet statutory requirements. We also offer a hybrid working model (split between 1 day working at home and 4 days in the office). Employees have the flexibility to choose which day on a weekly basis they wish to work at home.

To promote physical fitness and environmental sustainability, ERG UK introduced a cycle-to-work scheme in 2023 to encourage the adoption of environmentally friendly and healthy mode of transport in the company.

We plan to implement a gym-subsidy scheme for our employees in 2024.

CONTINUED PROFESSIONAL DEVELOPMENT

We invest in our people to nurture talent and are committed to a supporting working environment. ERG UK has a Training & Qualification Policy that provides employees with professional development opportunities to increase their skills and enhance their contributions to the organisation. This includes financial support for courses and other training mediums that will enhance their career development in line with the role completed by the employee in the Company. The Company also provides study leave to accommodate employees who are continuing part-time study in addition to work.

All employees also conduct quarterly goal-setting sessions with their managers, to ensure that both the performance and continued support required by the employee is met. This is completed in addition to annual appraisals to provide additional support to employees where needed throughout the year.

ERG International UK Ltd
54 Jermyn Street
London
SW1Y 6LX

+44 208 152 4111
info@erg-int.co.uk