# EthosEnergy Summary Against TCFD and CFD Disclosure Requirements

The summary table below illustrates EthosEnergy's compliance with governance, strategy, risk management, and metrics & targets requirements according to the Task Force on Climate-related Financial Disclosures (TCFD) and the UK Climate-related Financial Disclosure (CFD) regulation for FY24. The subsequent sections further detail our progress against the TCFD and CFD requirements.

## Governance

| How EthosEnergy Complies | Progress made in FY24 |
|---|---|
| Board Oversight of climate-related risks and opportunities | Quarterly board sessions in FY24 included an update on our sustainability initiatives and strategic vision.<br><br>Conducted three targeted climate education sessions for our Senior Level Management team. |
| EthosEnergy's governance structure ensures robust oversight of climate-related issues, aligning with our commitment to sustainable practices and responsible corporate citizenship.<br>The Board of Directors maintains oversight of climate-related risks and opportunities, receiving quarterly updates from the dedicated Environmental, Social, and Governance (ESG) committee. | |
| Management's role in assessing and managing climate-related risks and opportunities | |
| The ESG committee is responsible for management of climate issues, chaired by the Head of Marketing and comprising the Vice President of HSSE, the Vice President of HR, and the Group General Counsel and Chief Compliance Officer. The ESG committee convenes quarterly to comprehensively manage and assess climate-related matters, ensuring alignment with our strategic objectives and regulatory requirements. This governance framework promotes transparency, accountability, and informed decision-making, driving our proactive approach to addressing climate-related challenges and seizing opportunities for sustainable growth. | |

**Improvements for FY25**

- Governance changes will be assessed and implemented following the completion of the transition to new ownership. For this purpose, we will engage with the compliance and ESG teams of our new owners, to identify alignment gaps and work towards closing these gaps.
- Continue to deliver climate education for the EthosEnergy leadership team through the ESG Engagement Sessions. For example, during the annual Global EthosEnergy leadership meeting, and in the different global townhalls that will be held during 2025.

## Strategy

| How EthosEnergy Complies | Progress made in 2024 |
|---|---|
| Climate-related risks and opportunities identified over the short, medium, and long term | This year, we enhanced the strategy section of our disclosure through a series of structured working sessions.<br><br>Our climate risk assessment process comprised several key phases. Initially, we conducted comprehensive research to identify relevant climate risks and opportunities. This was followed by a materiality assessment to evaluate and prioritise these factors based on established criteria.<br><br>We performed detailed qualitative Climate Scenario Analysis to assess potential impacts under various future scenarios. The final phase focused on |
| EthosEnergy identified 6 climate-related risks and 3 opportunities, encompassing transition risks and opportunities linked to the shift towards a low-carbon economy and physical risks arising from climate change. These include:<br>• Risks (6): regulatory changes, uncertain market conditions, increased risk of asset obsolescence, reputational damage if changing customer preferences are not met, extreme weather conditions/supply chain disruptions, rising temperatures/increased precipitation<br>• Opportunities (3): developing low carbon products/green product portfolio development, enhancement of brand value, increased energy efficiency.<br>These risks and opportunities were evaluated individually as part of the climate materiality assessment. The scoring was based on the likelihood of each risk or opportunity and its potential impact (financial magnitude), aligned with EthosEnergy's risk management criteria. The scoring analysis found 3 risks and 2 opportunities to be material to EthosEnergy. | |

Climate Scenario Analysis (CSA) was conducted across short- (now-2030), medium- (2030-2040), and long-term (2040-2050+) timeframes. The short-term analysis (now-2030) reflects 3-year strategic and financial planning cycle. See page 6 for more details.

developing strategic resilience measures to address identified risks and capture emerging opportunities.

Impact on Business Strategy and Financial Planning

At EthosEnergy, we recognise the urgent need to address climate change and its impacts on our planet. As a leading provider of services and solutions for rotating equipment in the energy and industrial sectors, we are uniquely positioned to drive positive and transitional change in the industry. Climate change considerations are central to EthosEnergy's business model, with outcomes from this year's TCFD assessment informing future business strategy and financial planning. Our climate-related strategy is built on three key pillars: innovation and technology, operational efficiency, asset life cycle extension and partnership/collaboration, and closely linked to the financial planning and business strategy.

Climate-related risks and opportunities have the potential to impact financial performance in the short, medium and long-term, for example in the form of potential increased regulatory costs, higher operational costs and increased demand for low carbon products. Our business strategy is well-equipped to manage climate-related risks and opportunities. Our strategic areas include:

- Innovation: We invest in sustainable technologies like EcoView™, which helps customers quantify carbon reductions and compare maintenance costs of existing equipment to new purchases. This addresses the risk of obsolescence while creating opportunities for new revenue streams.
- Operational Efficiency: By implementing energy-saving measures and waste reduction programs, we mitigate the financial risks associated with rising energy costs and potential carbon pricing, while also improving the bottom line.
- Asset Lifecycle Extension: Our focus on refurbishing and reusing equipment near the end of its lifecycle addresses the risk of stranded assets and creates opportunities for cost savings and reduced environmental impact. This approach aligns with the growing demand for sustainable solutions in the energy sector.

These strategic elements position us well to capitalise on the increasing market demand for sustainable energy solutions while mitigating climate-related financial risks.

Resilience based on climate change scenarios

Climate scenarios from the International Energy Agency (IEA) were selected to assess our business impact and resiliency to each material climate-related risk and opportunity under two different hypothetical futures. In total, two scenarios were selected, IEA Stated policies (STEPS) and Net Zero by 2050 (NZE). These scenarios were selected based on their ability to capture detailed global projections in the regions that Ethos Energy operates on energy demand, supply, and technology trends, allowing for thorough analysis of potential futures.
Scenario analysis was conducted across short- (now-2030), medium- (2030-2040), and long-term (2040-2050+) timeframes. The modelling provided insights into our resilience under varying climate-related risks and opportunities. See pages 7-11 for more details on the CSA process and results.

Improvements for FY25

- We plan to update our climate risks and opportunities on an annual basis to ensure they reflect any key business changes.
- As this year was our first year conducting CSA, the initial assessment focused mainly on qualitatively assessing the financial impact of climate risks and opportunities. We plan to conduct a more detailed analysis as part of our 3-year CSA refresh cycle, but we will consider collating quantitative analysis on the existing climate risks and opportunities for example, analysis related to the impact of carbon pricing and its implications for our business.
- We also plan to continue updating and refining the business resiliency responses on an annual basis to ensure they align with our business strategy.

## Risk Management

| How EthosEnergy Complies | Progress made in 2024 |
|---|---|
| Process for identifying and assessing climate-related risks | When conducting the climate materiality assessment, we incorporated our risk management risk thresholds for business impact (covering legal, financial, reputational, security, damage, environmental, and injury/health) and likelihood (semi-quantitative) to ensure our assessment of climate risks aligns with our overall risk management process. |
| Led by the Global Champion of Enterprise Risk Management, our risk management framework is designed to proactively identify, assess, and mitigate potential risks to ensure the resilience of our operations. In FY24, we worked to identify climate-related risks as part of our climate materiality assessment. Climate-related risks were assessed based on the likelihood of the risk occurring and its potential impact (financial magnitude), aligned with EthosEnergy's risk management criteria. | |
| Managing climate-related risks | |
| The effective management of risks, particularly those arising from extreme weather events, natural catastrophes, and emerging regulatory requirements, is integral to our business operations. Working in collaboration with our international insurance and loss prevention provider, FM Global, we conduct comprehensive risk assessments to identify potential threats to our business continuity.<br><br>The Global Champion of Enterprise Risk Management oversees the management of newly identified climate-related risks including the development and implementation of a risk improvement plan, which is continually refined to address emerging threats. Climate-related risks, including transition risks, are embedded within this framework, recognising their potential impact to our business strategy. To mitigate these risks, we conduct frequent evaluations of strategic effectiveness, actively engage stakeholders to align with their expectations, anticipate emerging climate-related risks, and foster a culture of continuous improvement. Leadership commitment remains central to driving these efforts forward, ensuring resilience in a rapidly evolving regulatory and environmental landscape. | |
| How processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management | |
| In FY24, the newly identified climate-related risks have been integrated within our Enterprise Risk Management (ERM) process. Led by the Global Champion of Enterprise Risk Management, our ERM process identifies and assesses risks at an early stage, and to respond proactively, to generate and safeguard value and prevent any significant impact on the financial performance of our company. Further details of our ERM process can be found in the risk management section, see Pages 12-13 | |

**Improvements for FY25**

- Continue to incorporate new and emerging climate-related risks into our risk management process on an annual basis.

## Metrics and Targets

| How EthosEnergy Complies | Progress made in 2024 |
|---|---|
| Metrics used to assess climate-related risks and opportunities | We are well-positioned this year to establish more robust targets for Scope 1 and Scope 2 emissions, supported by an improved standard of data collection for these metrics. While Scope 3 data collection is underway, it remains at an earlier stage of development.<br><br>Energy-saving opportunities across all facilities are actively monitored, providing a comprehensive assessment of energy consumption throughout the business. These insights will support the |
| As part of our Scope 1 and 2 calculations we measure our energy use. | |
| Scope 1, 2 and 3 greenhouse gas emissions | |
| We continue to measure and manage our carbon footprint by calculating our global Scope 1 and 2 emissions for the year 2024. Our 2023 baseline data serves as a reference point for tracking progress and benchmarking against future performance. Our calculation methodology adheres to the GHG protocol, ensuring consistency and transparency in reporting. In addition to carbon emissions, we also record waste and energy usage. We have appointed a dedicated sustainability specialist who is driving improvement in data management and plays a crucial role in analysing and reporting sustainability-related data. While our current focus is on Scope 1 and 2 emissions, we acknowledge the importance of addressing Scope 3 emissions to comprehensively assess our environmental impact. | |

| Targets | establishment of formal sustainability goals and targets.<br><br>Additionally, we have been evaluating various data collection platforms to enhance the collation and analysis of customer and stakeholder data for Scope 3 emissions. |
|---|---|
| As part of our commitment to sustainability, we are actively considering the establishment of decarbonisation targets to guide our efforts towards reducing emissions across our operations and value chain. | |
| Improvements for FY25 | |
| • We aim to continue enhancing our data collection to increase available information that can be use as benchmark in the future for our target setting. | |

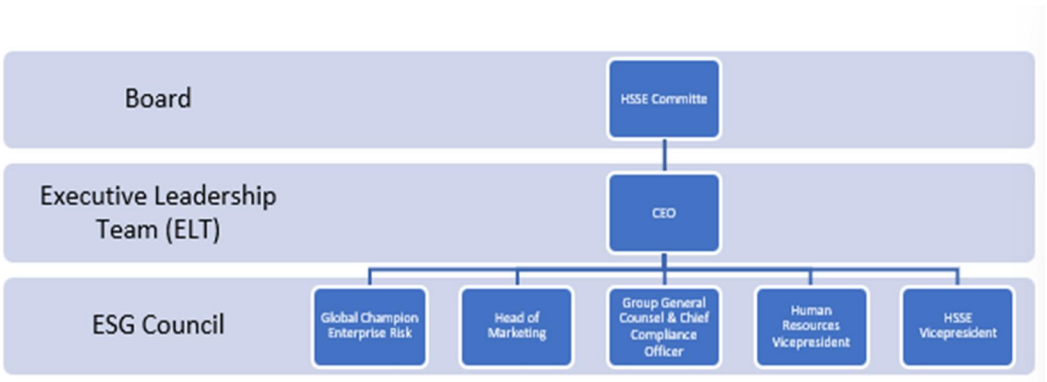
# Governance section

The following section further details EthosEnergy's approach to the governance section of TCFD. EthosEnergy's commitment to sustainable practices and responsible corporate citizenship remains unwavering, following the successful sale of our company in FY 2024 by Siemens and Wood Group, and the resulting acquisition by the new ownership - One Equity Partner (OEP)- formalised on the 1st of January 2025. Our governance structure continues to ensure rigorous oversight of climate-related issues. The Board of Directors maintains oversight of climate-related risks and opportunities, receiving regular updates from members of the dedicated ESG committee. This committee, chaired by the Head of Marketing and comprising the Vice President of HSSE, the Vice President of HR, and the Group General Counsel and Chief Compliance Officer, plays a crucial role in identifying, assessing, and mitigating climate-related challenges. Our governance structure is detailed in Figure 1 below.

During FY 2024, we significantly enhanced our climate governance framework. Recognising the critical importance of informed leadership, we successfully conducted three targeted climate education sessions for our Senior Level Management team. These sessions equipped our leaders with the knowledge and tools necessary to integrate climate considerations into all strategic decision-making processes, ensuring alignment with our long-term sustainability goals. Furthermore, we have strengthened Board-level oversight by implementing a more structured and formalised process for informing the Board about climate-related risks and opportunities. The frequency of these updates has been increased to quarterly, allowing for more frequent and in-depth discussions on the effectiveness of management's climate action plans and progress against key priorities.

Moving forward in 2025, we will continue to refine our climate governance framework in collaboration with our new ownership, OEP. We plan to continue to deliver climate education for the Board through the ESG Engagement Sessions. For example, during the annual Global Ethos leadership meeting, and in the different global townhalls that will be held during 2025. Moreover, we plan to expand our climate education initiatives to reach a broader group of employees, including those just below senior leadership. This expanded education program will foster a deeper understanding of climate-related issues across the organisation and empower employees to contribute to our sustainability goals. This is crucial for ensuring that climate considerations are integrated into all aspects of our business operations and that we can adapt and respond effectively to the evolving climate landscape.

Figure 1 Governance Structure.



# Strategy Section: Climate-Related Risks and Opportunities, and Climate Scenario Analysis

The following section further details EthosEnergy's approach to the strategy section of TCFD. The diagram below details EthosEnergy's approach to Climate Scenario Analysis (CSA). CSA is a strategic tool used to explore potential climate futures by examining a range of "what-if" scenarios, from rapid decarbonisation under a Net-Zero scenario to 'business-as-usual.' This process provided EthosEnergy a structured approach to understand and stress-test current strategies to identify those that are resilient across different climate outcomes, challenging assumptions, fostering innovation, and building resilience. This year's identified climate-related risks and opportunities were brought forward for scenario analysis to gain valuable insights into potential business vulnerabilities and strategic options under different climate futures and help build knowledge and understanding for organisational resilience.

## Overview of Climate Scenario Analysis Process

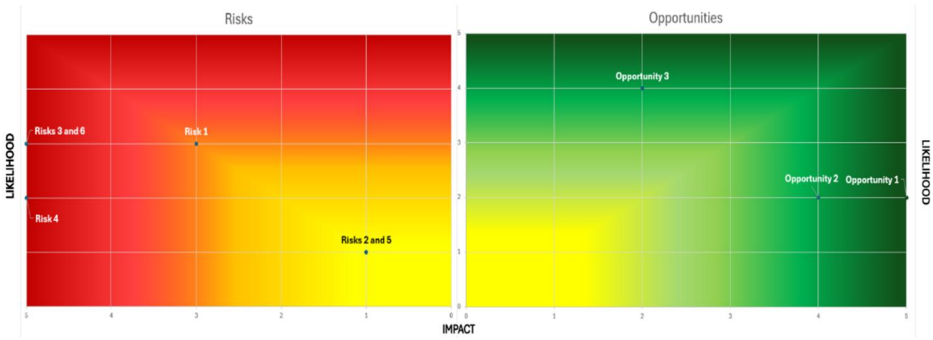
| Identification of Climate-related risks and opportunities | Materiality scoring | Climate scenario selection | Scenario analysis | Business impact analysis | Identification of strategic responses |
|---|---|---|---|---|---|
| Identify key climate-related risks (e.g., physical or transition risks) and opportunities that may arise over the short, medium, and long-term | Score risks and opportunities aligned with EthosEnergy's internal risk management criteria. Compile the results of the materiality scoring to identify and prioritise climate-material risks and opportunities. | Select climate scenarios, including Paris Agreement 1.5°C aligned and a business-as-usual pathway to assess future climate-related risks and opportunities. | Conduct qualitative analysis of material risks and opportunities under each climate scenario and assess how these could evolve across time horizons. | Analyse the risks and opportunities under the scenarios and evaluate their short, medium, and long-term impacts on business operations, strategy, and financial performance. | Define strategic actions EthosEnergy will take in response to the scenario outcomes, ensuring EthosEnergy remains resilient and adaptable to future climate challenges. |

This year, we worked to compile a list of climate risks and opportunities by conducting desktop research and horizon scanning. The final list of R&Os resulted in 6 risks: regulatory changes, uncertain market conditions, increased risk of asset obsolescence, reputation damage if changing customer preferences are not met, extreme weather condition/supply chain disruptions, rising temperatures/increased precipitation and 3 Opportunities: developing low carbon products/green product portfolio development, enhancement of brand value, increased energy efficiency.

A climate materiality assessment was conducted to evaluate and prioritise the risks and opportunities considered the most financially material to EthosEnergy. The scoring was based on the likelihood of each risk or opportunity and its potential impact (financial magnitude), aligned with EthosEnergy's risk management criteria. Of the 9 risks and opportunities that were identified and evaluated, 3 risks and 2 opportunities were deemed to be material. These climate risks and opportunities were taken forward for climate scenario analysis (CSA).

### Climate Materiality Assessment

| Risk/Opportunity |
|---|
| Risk 1: Extreme Weather Conditions |
| Risk 2: Rising Temperatures and Increased Precipitation |
| Risk 3: Uncertain market conditions |
| Risk 5: Reputational Damage if customers needs are not met |
| Risk 6: Increased risk of asset obsolescence and intensified competition |
| Risk 4: Regulatory changes |
| Opportunity 1: Developing low-carbon products/Green product portfolio |
| Opportunity 2: Enhancement of brand value |
| Opportunity 3: Increased Energy Efficiency |



## Scenario Selection and Time Horizons

The 5 R&Os deemed material all related to transition risks and opportunities, therefore scenarios from the IEA were selected to assess the business impacts of, and EthosEnergy's resilience to, each climate-material risk and opportunity. Given the IEA's focus on energy systems and shorter to medium-term projections, IEA scenarios Net Zero Emissions by 2050 (NZE) and Stated Policy Scenario (STEPS) were well suited to assess transition-related risks. A description of the scenarios selected are detailed below:

### IEA Net Zero Emissions by 2050 (NZE)

A "best-case" scenario where the Paris Aligned 1.5°C goal is achieved through policies paving a feasible path for the global energy sector to reach net zero $CO_2$ emissions by 2050, with advanced economies achieving this earlier. This scenario replaces the previously used Sustainable Development Scenario (SDS), which was not aligned with the Paris Agreement, and is no longer modelled by the IEA.

KEY METRICS:

- Paris Agreement aligned (1.5°C)
- Global carbon price
- Hydrogen demand
- Oil and gas demand

### Stated Policy Scenario (STEPS)

A worst-case, "business as usual" scenario which provides a more conservative benchmark and regional focus whereby governments are assumed not to reach all announced goals.

KEY METRICS:

- 2.4°C Temperature Rise by 2100
- Global carbon price
- Hydrogen demand
- Oil and gas demand

## Climate-related risks and opportunities and scenario analysis

The following tables detail the risks and opportunity descriptions, the TCFD themes covered, and the business impacts under each scenario over the short, medium, and long term, which were qualitatively scored using the following criteria. Additionally, the tables outline our strategic actions and resilience strategies to mitigate risks and leverage opportunities under each material climate risk and opportunity.

| Risks | Descriptions | Opportunities | Descriptions |
|---|---|---|---|
| High | The risk could lead to significant losses, drawbacks, or missed opportunities that severely undermine the organisation's financial viability and potential. | High | The opportunity results in extensive benefits, gains, or opportunities that significantly enhance the organisation's financial viability and potential. |
| Medium | The risk is significant, potentially causing substantial financial losses and challenges that could negatively impact the organisation's financial stability and performance. | Medium | The opportunity is significant, bringing substantial financial gains and opportunities that could positively impact the organisation's financial stability and performance. |
| Low | The risk is minor, resulting in potential losses or challenges that may require additional resources or adjustments to effectively mitigate. | Low | The opportunity is minor, resulting in gains or opportunities that may require additional resources or adjustments to fully capitalise on |

## UNCERTAIN MARKET CONDITIONS

| *Risk Overview* | *Business impact under each scenario* | | | |
|---|---|---|---|---|
| Demand for oil and gas could decline, negatively impacting sales and operating profit. Growing market preference for low-carbon energy could reduce the demand for traditional products. Uncertain market conditions, such as the transition from fossil fuels to renewables and potential geopolitical shifts, may further lower demand for specific products and services. The rapid pace of these changes could also challenge the ability to adapt business models and product portfolios effectively<br><br>TCFD Themes Covered: Market | *NZE* | Short term: EthosEnergy may face CapEx pressure to decarbonise and demand for flexible solutions may increase market competition and volatility. Early renewable energy adoption may increase CapEx and OpEx. Carbon pricing will raise compliance, transport, and logistics costs. Decline in demand for traditional services and revenue impacted.<br><br>Medium term: The need for EthosEnergy to invest CapEx in low-carbon solutions continues into the medium term and flexible solutions are needed as legacy technologies require decommissioning. Carbon and compliance costs drive project economics, forcing a transformation in EthosEnergy's business model. Certain assets economically unviable, business shift needed.<br><br>Long-term: The same impacts presented in the short and medium terms are expected to persist in the long term. Substantial carbon taxes force the decarbonisation of EthosEnergy' offering. Demand for oil and gas reserved for hard-to-decarbonise tech. | | |
| | | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
| | | Medium | High | High |
| | *STEPS* | Short term: Carbon pricing boosts demand for decarbonised solutions. Declining gas imports could threaten demand, intensifying competition and forcing adaptation to alternative energy. EthosEnergy can be expected to incur increased regulatory costs. Carbon pricing impacts operational costs moderately.<br><br>Medium term: EthosEnergy should be agile because of growing renewable demand. There's a risk EthosEnergy could lose revenue if it fails to react to emerging markets. Price volatility is a continuing risk due to ongoing geopolitical uncertainty in the global energy market. Carbon pricing as a secondary factor, traditional financing applied.<br><br>Long-term: EthosEnergy risks missing emerging market opportunities, especially in renewables and Asia, and must be agile adapting to inflating gas prices. Erratic policies and accelerated energy transition create market volatility, hindering demand forecasting and cost management, potentially increasing OpEx for EthosEnergy. | | |
| | | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
| | | Low | Low | Medium |

### *Strategic Responses*

- Technology Development: Invest in hybrid solutions, digital capabilities, clean tech, efficiency, and transition support.
- Market Development: Target early adopters, build partnerships, develop consulting and expand services.
- Geographic expansion: Expand into emerging markets
- Circular Economy: Refurbishing and re-using parts

## INCREASED RISK OF ASSET OBSOLESCENCE AND INTENSIFIED COMPETITION

| *Risk Overview* | *Business impact under each scenario* | | | |
|---|---|---|---|---|
| The shift towards a low-carbon economy may render existing assets and products obsolete, leading to write-offs and operational inefficiencies. Competitors may develop innovative low carbon technologies which could disrupt EthosEnergy's market share and reduce profits. Failure to adapt to these changes could result in a loss of competitive advantage and reduced revenue. | *NZE* | Short term: EthosEnergy, reliant on oil & gas and power, risks obsolescence due to the renewable transition and OEM innovation. Agility and service adaptation will be crucial for survival and continued market competition. Rapid technological change devalues traditional services, potentially stranding assets and skills. This threatens EthosEnergy, especially if reliant on legacy infrastructure and outdated solutions. Renewable energy growth disrupts the fossil fuel market. EthosEnergy must adapt solutions to remain competitive and avoid carbon taxation penalties for lagging in the low-carbon transition.<br><br>Medium term: Existing assets and services in oil and gas risk obsolescence. EthosEnergy should consider R&D in renewable energy solutions as new technologies start to dominates the market. Obsolescence of Ethos' legacy systems accelerates, devaluing existing expertise. The risk of significant capital write-offs increases as investments in aging oil and gas infrastructure become less viable. Rising renewable electricity, declining gas supply, and escalating carbon taxes intensify the energy transition's impact on Ethos, potentially diminishing demand for traditional fossil fuel services.<br><br>Long-term: By 2050, the obsolescence of existing oil and gas assets will be compounded by the emergence of new energy systems, potentially rendering existing business models obsolete. EthosEnergy' core business model may become obsolete, with revenue streams significantly impacted by the dominance of renewable energy, necessitating a fundamental strategic shift and resource reallocation to remain competitive. | | |
| | | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
| | | High | High | High |

| TCFD Themes Covered: Technology | *STEPS* | Short term: Decarbonisation gradually shifts demand for EthosEnergy' services. Steady OEM development and normal pricing pressure allow for manageable adaptation. Traditional competition remains dominant. EthosEnergy adapts to evolving energy industry. Gradual equipment updates, refined maintenance, and modernised training address service changes. Regular inventory reviews mitigate obsolescence risks.<br><br>Medium term: Growing renewables shift demand in advanced economies, intensifying competition. However, consistent gas demand sustains traditional service revenue for EthosEnergy. EthosEnergy require balanced expertise in oil & gas and emerging tech. Adaptable services are crucial in the mixed energy landscape. Regular asset/service reviews are vital to manage asset depreciation.<br><br>Long-term:. Growing renewables demand shift in advanced economies, intensifying competition. However, consistent gas demand sustains traditional service revenue for EthosEnergy. Renewables will dominate by 2050, accelerating energy landscape evolution. EthosEnergy must significantly adapt service offerings as renewables gain market share. |
|---|---|---|

| Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
|---|---|---|
| Low | Medium | High |

| *Strategic Responses* |
|---|
| • R&D investment in emerging technologies: Focus on R&D to develop or adopt new energy technologies<br>• Intensified competition: Strengthen strategies to compete with other players in the market |

| REGULATORY CHANGES | | |
|---|---|---|
| *Risk Overview* | *Business impact under each scenario* | |
| Failure to comply with regulations, including emissions standards, could result in legal and financial penalties. Additionally, CO2 taxes, restrictions on financing for GHG emitting technologies and/or reduced subsides could affect the future financial viability of certain business segments<br><br>TCFD Themes Covered: Policy and Legal | *NZE* | Short term: EthosEnergy would face higher production and operating costs due to widespread carbon pricing, impacting service contracts, financing options, and fossil fuel equipment servicing margins. Ethos faces increasing regulatory pressure from ETS, CBAM, and IED, which incentivize decarbonisation and could create a competitive disadvantage if not prioritized. The expanding CSRD requires investment in sustainability reporting, increasing operational costs. Failure to adapt may lead to financial and reputational damage.<br><br>Medium term: EthosEnergy must prioritize renewable energy and energy efficiency investments to decarbonize and stay competitive amid tightening carbon pricing regulations. EthosEnergy will need significant R&D investment and service redesigns due to policy shifts phasing out fossil fuels and rising carbon prices, with risks of high costs and potential obsolescence of traditional expertise.<br><br>Long-term: EthosEnergy must adapt to the renewable energy market and invest in renewable energy and energy efficiency to avoid severe carbon sanctions and ensure resilience to high carbon taxation. Aggressive carbon policies and high carbon prices will transform the regulatory landscape, significantly impacting EthosEnergy's operational costs and market competitiveness. |

| Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
|---|---|---|
| Medium | High | High |

| | | |
|---|---|---|
| | *STEPS* | Short term: EthosEnergy faces increasing regulatory pressure from ETS, CBAM, and IED, which incentivize decarbonisation and could create a competitive disadvantage if not prioritised. The expanding CSRD requires investment in sustainability reporting, increasing operational costs. Failure to adapt may lead to financial and reputational damage.<br><br>Medium term/Long-term: The STEPS scenario suggests a continuation of existing policies, with no significant new regulations expected in the medium or long term, representing a Business-as-Usual approach. |

| Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
|---|---|---|
| Low | Medium | Medium |

| *Strategic Responses* |
|---|
| • Enhanced training needed for staff on regulatory compliance, higher compliance costs and administrative burden, need for comprehensive emissions tracking in across all operations and investment in advanced monitoring systems. |

| DEVELOPING LOW-CARBON PRODUCTS/GREEN PRODUCT PORTFOLIO | | | | |
|---|---|---|---|---|
| *Opportunity Overview* | *Business impact under each scenario* | | | |
| Opportunity to achieve a competitive advantage and drive revenue growth by developing and expanding low-carbon and low-emission technologies, adapting business models, products, services, and solutions to meet evolving market dynamics and customer demands, while ensuring strong returns on investment and fuelling growth and profitability.<br><br>TCFD Themes Covered: Products and Services, Markets | *NZE* | Short term: Natural gas decline creates opportunity for EthosEnergy in clean tech, premium pricing, and retrofit growth. EthosEnergy can adapt through low-carbon tech, hydrogen-ready equipment, digital optimization, and transition planning services. Early investment in hydrogen can give EthosEnergy a competitive edge and consulting opportunities in clean energy transition.<br><br>Medium term: Fossil fuel decline and low-emissions growth drive EthosEnergy to pivot to clean energy, capturing global opportunities. EthosEnergy can lead clean energy transition with R&D, products, and zero-emission industrial solutions. Doubling clean energy investment boosts markets for renewables and energy storage integration.<br><br>Long-term: Declining revenues from natural gas-related operations due to a 75% demand reduction by 2050. Ethos can provide tailored hydrogen services. High R&D costs. EthosEnergy can expand in clean energy and advanced economies with digital platforms and system optimization. | | |
| | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) | |
| | Medium | High | High | |
| | *STEPS* | Short term: Global natural gas demand grows slightly by 2030, with limited long-term opportunities and standard pricing. Hydrogen uptake is gradual due to limited policy support, with steady service revenue and opportunities for selective digital services. Ethos can adapt to clean energy demand with tech upgrades and dual fuel solutions<br><br>Medium term: Global natural gas demand remains steady, slightly decreasing by 2035, with limited growth and a regional market focus. Clean energy growth by 2035 is slower than NZE scenario, driving efficiency-focused offerings and maintaining traditional business models. Rising demand for low-emissions solutions offers EthosEnergy a chance to adapt with focused R&D in hydrogen and clean tech.<br><br>Long-term: Global natural gas demand remains steady, but fossil fuel market stagnates long-term, limiting growth. Doubling low-emissions gas demand by 2050 creates growth opportunities for EthosEnergy in hydrogen and low-carbon tech. Decline in fuel investments by 2040 increases competition, with opportunities for mixed technology packages. | | |
| | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) | |
| | Low | Low | Medium | |
| *Strategic Responses* | | | | |
| • Technology Development: Invest in hybrid solutions, digital capabilities, clean tech, efficiency, and transition support.<br>• Market Development: Target early adopters, build partnerships, develop consulting and expand services. | | | | |

| ENHANCEMENT OF BRAND VALUE | | | | |
|---|---|---|---|---|
| *Opportunity Overview* | *Business impact under each scenario* | | | |
| Strengthening of brand value driven by growing social awareness of low-carbon energy and products<br><br>TCFD Themes Covered: Resilience | *NZE* | Short term: Early investment in hydrogen, low-emission tech, and green products boosts Ethos' brand, sustainability commitment, and market growth. Ethos' alignment with low-carbon shifts attracts sustainable customers, enhances access to green financing, and establishes leadership in the energy transition. Ethos showcases eco-friendly leadership through innovation and emission reductions, attracting clients with green technologies like LTE and EcoView™.<br><br>Medium term: Ethos can build trust as a transition partner by fostering strong relationships and promoting a circular economy with extended asset lifecycles. Growth through low-carbon products, new markets, and strong sustainability credentials for long-term gains. Increased clean energy investment and demand for low-emission gas create growth opportunities for Ethos, positioning it as a clean tech leader.<br><br>Long-term: Growth in clean energy and low-emission gas demand offers EthosEnergy long-term opportunities to enhance brand value, maintain a competitive edge, and expand market share. | | |
| | Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) | |
| | Medium | High | High | |

| | | |
|---|---|---|
| | *STEPS* | Short term: Steady customer relationships and strong supplier status maintain stakeholder confidence, with no expected change in talent attraction for Ethos. focus will be on maintaining reliability while gradually integrating sustainability. Ethos can position itself as a reliable partner by developing low-carbon, circular economy products to meet sustainable demand.<br><br>Medium term: As public concern over low carbon grows, Ethos can leverage its ESG commitments to enter new markets and attract sustainable energy clients. Despite slow clean energy growth, Ethos can lead in sustainability, using data for ESG reporting to boost transparency, attract accountability-focused customers, and strengthen its brand.<br><br>Long-term: Growing sustainability focus will boost Ethos' stakeholder confidence, reputation, and commitment to responsible practices. |

| Short (now-2030) | Medium-term (2030-2040) | Long-term (2040-2050) |
|---|---|---|
| Low | Low | Medium |

*Strategic Responses*

- Communication and Positioning: Develop a clear transition narrative, highlight low-carbon product capabilities, enhance digital presence, and strengthen stakeholder engagement to build sustainability credentials.

# Risk management Section

## Identification and Integration of Climate-related risks into our ERM

The following section further details EthosEnergy's approach to the risk management section of TCFD. Recognising the growing importance of climate-related risks, EthosEnergy has proactively identified these risks as part of its climate materiality assessment in FY 2024. The findings of this assessment are detailed in the strategy section. We worked to integrate climate-related risks into the enterprise-wide risk management (ERM) process and framework to enhance operational resilience and strengthen stakeholder confidence in our ability to deliver products and services. The objective of our ERM - led by the Global Champion of Enterprise Risk Management - is to identify and assess risks at an early stage, and to respond proactively, in order to generate and safeguard value and prevent any significant impact on the financial performance of our company. EthosEnergy adopts the principles and framework outlined in ISO 31000 for managing risks. Our ERM relies on various processes, systems, and controls such as the HSSE Standard, the project management Standard, the Operation and maintenance (O&M) standards, and the Shops operating and Engineering manuals, to inform business leaders of the aggregated business risks and the actions being taken to address them.
Our ERM framework is designed to escalate and inform leadership of the top risks for EthosEnergy, whilst demonstrating control over the Group's principal risks. High-level terms of reference are highlighted below:


The risk register is regularly updated, and all projects, operations, and functions are required to conduct risk register reviews accordingly. Each project manager is responsible for completing a Risk Register for their respective project, which is then reviewed by Project Leaders with their project managers. Similarly, each shop or function is required to complete their Risk Registers, which are then reviewed by Shop operations and functional leaders for their respective areas. The consideration of group-level climate change risks falls under the purview of the ESG risk register, overseen by the HSSE group function. All involved in the Risk registers development and review must:

- Ensure that risks are adequately identified.
- Understand why the risks are material to the business, and the reasons why particular actions and controls are required; and bring different areas of expertise together so that different views are appropriately considered when defining risk criteria and in identifying and assessing risks.

## Climate-related risk management

Climate-related risks are integrated into our comprehensive management approach for principal risk. We recognise that climate-related transition risks may significantly affect our business, particularly in shaping our strategy for navigating the energy transition and ensuring its effective delivery. This is linked to our ESG strategy's risk considerations. Our efforts to minimise these risks include:

- Conduct frequent evaluations of the strategy's effectiveness. This involves monitoring progress, identifying areas for improvement, and adapting to changing environmental and regulatory landscapes.
- Engage stakeholders actively—internal and external—to understand their expectations, gather diverse perspectives, and ensure alignment with their needs and concerns.
- Continuously assess and anticipate emerging climate-related risks. This includes understanding potential impacts of slow progress and staying ahead of regulatory changes.
- Implement a culture of continuous improvement, fostering innovation and learning from both successes and failures.
- Secure strong commitment and support from leadership to drive the ESG strategy forward.

We continue to work in close collaboration with our international insurance and loss prevention provider, FM Global, to conduct comprehensive risk assessments. These assessments go beyond traditional risk identification and delve into potential threats to our business continuity, ensuring we do not underestimate physical risks such as natural disasters, fires, and other unforeseen events. This ongoing collaboration with FM Global provides valuable insights and best practices to enhance our risk mitigation strategies and safeguard our operations.

# Metrics and Targets Section

## Management of climate-related risks and opportunities and performance against targets

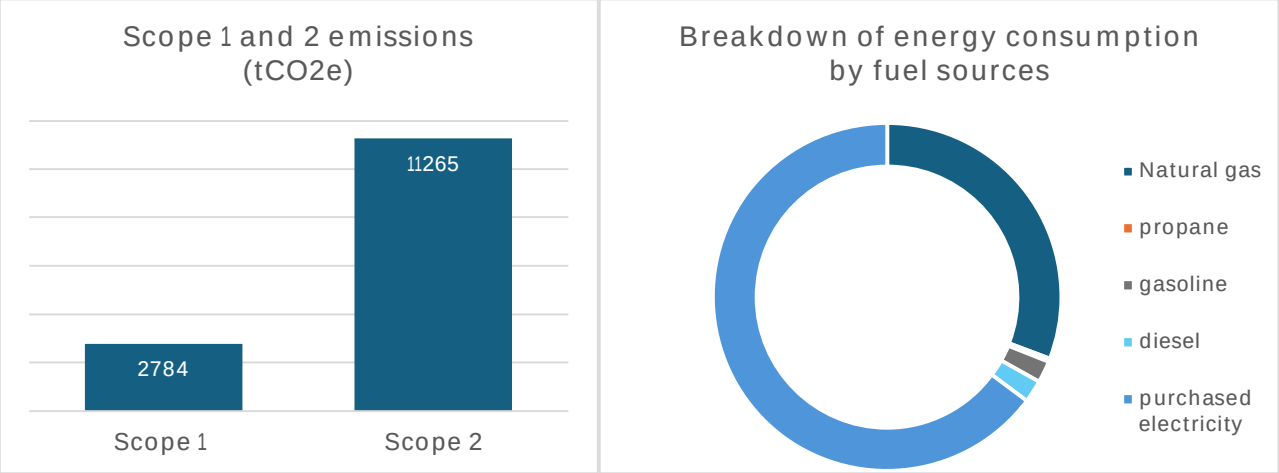
This section details EthosEnergy's approach to the metrics and targets. Our strategy is built on the vision of becoming a trusted partner for the energy transition, enabling our clients to achieve their sustainability goals while taking deliberate action to address our own environmental impact. We recognize the importance of leading by example and have prioritized tracking and improving our energy consumption and waste management practices. This dual focus allows us to not only support our clients but also demonstrate a commitment to sustainability in our own operations.

In FY 2024, we launched a comprehensive energy-saving initiative aimed at reducing our energy consumption and lowering our Scope 1 and 2 CO2e emissions. This initiative is more than a single effort; it represents a step toward embedding sustainability deeper into our operational strategy. Through this program, we are implementing energy efficiency measures, exploring renewable energy opportunities, and fostering awareness within our teams to drive long-term cultural change.

Looking ahead, we are developing clear and measurable targets to ensure accountability and to track our progress over time. These targets will allow us to evaluate the effectiveness of our efforts and refine our approach as needed. By continuously improving our practices, we not only aim to reduce our environmental footprint but also to reinforce our role as a reliable partner in the energy transition. Our ultimate goal is to create shared value, aligning our operational improvements with the broader sustainability objectives of our clients and the global community.

## Greenhouse gases (GHG) emissions

Figure 2 GHG Emissions




Our carbon footprint has been calculated using a methodology aligned with the principles of the Greenhouse Gas (GHG) Protocol Standard for Corporate Accounting and Reporting, a globally recognized standard developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). While the data presented is not yet third-party verified, we acknowledge the importance of independent assurance and are actively working towards that goal. We also recognize the significance of disclosing Scope 3 emissions, which represent the majority of our impact, and aim to achieve Scope 3 reporting by 2025.