

## Aggreko 2022 - Task Force on Climate-related Financial Disclosures (TCFD)

We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board with the aim of improving the reporting of climate-related risks and opportunities. We are publishing this report on a voluntary basis for 2022 and we have referred to the TCFD implementation guidance 'Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)'. We recognise the importance of, and will continue to develop our reporting on, climate related risks and opportunities.

### Governance

#### **Describe the Board's oversight of climate-related risks and opportunities**

Aggreko's Operational Board has collective responsibility for the oversight of climate-related risks and opportunities. The CEO is the Executive Director with overall responsibility for climate related risks and opportunities and he is supported by the Director of ESG and Compliance who coordinates Aggreko's sustainability framework.

The Operational Board receives an annual update on Aggreko's progress against its sustainability priorities.

#### **Describe management's role in assessing and managing climate-related risks and opportunities**

Climate risks and opportunities are embedded within Aggreko's strategic decision-making processes. This includes decisions relating to the products we develop to serve our customers, the commercial and operational decisions relating to the energy solutions we deliver to our customers, the suppliers we engage across the business and the training and development strategy for our people.

### Strategy

#### **Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term**

The energy transition has a significant impact on energy markets and demand, providing both risks and opportunities for Aggreko. We describe the climate-related risks and opportunities within the following time horizons:

##### **Short-term (0–5 years)**

As our customers become increasingly committed to decarbonisation strategies and subject to emission reduction legislation, there will be a pull towards more efficient engines, increased use of alternative fuels including biofuels and gas (where available) and a move towards hybrid energy solutions incorporating renewable energy and energy storage systems. This represents an opportunity for Aggreko to partner with our customers to design and install flexible, cleaner energy solutions whether that be with hybrid solutions which combine thermal energy with energy storage and renewables or with our new generation of engines providing more fuel-efficient solutions and using alternative fuels with lower emissions where available. There is a risk of decline in the rental of less efficient diesel generators.

##### **Medium-term (5–10 years)**

As further climate-related regulations are introduced, there will be an acceleration of decarbonisation. A potential ban on fossil diesel could accelerate the decline of energy solutions adopting fossil diesel. However, the availability of biofuels and other alternative fuels will grow, and the cost of renewable energy technology and energy storage systems will continue to decrease making them an affordable and credible energy solution for our customers. This presents increased opportunity for Aggreko's flexible energy solutions which are designed to combine multiple technologies and enable customers to maximise offtake from their cleaner energy sources. If Aggreko does not actively manage the composition of our power fleet, there is a risk of having stranded assets on our balance sheet. Decarbonisation of transport, buildings and industry will drive electrification, which will increase energy demands, creating risks for the resilience of the national grids and increase opportunities for Aggreko to meet this demand by providing flexible energy solutions to customers as they increase reliance on onsite energy infrastructure.

##### **Long-term (10+ years)**

As cleaner energy solutions become more competitive and available to customers and more fuel options are available, there will be a decline in the reliance on fossil diesel. Aggreko's technology will need to evolve to continue to be able to combine multiple technologies to enable customers to leverage multiple cleaner energy sources. If we are too slow to invest and adapt our technology, we face the risk of being unable to meet the changing energy needs of our customers.

#### **Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning**

As decarbonisation activities are pursued by governments within the countries in which we operate and by customers in our key sectors, Aggreko needs to be able move alongside our customers to assist them in transforming their energy systems. As customers are at different stages of transition this means that our business needs to be gradually transforming our products, introducing more renewable and energy storage products as well as engines that are capable of transitioning to alternative fuels. Our energy solutions will become more complex, combining several technologies and we will have to develop new competencies across our business.

#### **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

We have conducted a comprehensive review of our markets to understand the impact of climate change on our customers and to assess the impact of the energy transition on our customers and the necessary evolution of our products and solutions. We conducted this analysis by sector and by region as our customers are at different stages and are impacted differently by climate change and the energy transition. We are developing plans for each region to enable us to meet the evolving needs of our customers as they adapt to address climate risks.

We have also reviewed our own business operations and are progressing actions to reduce the environmental impact of our own facilities and operations. This includes adapting the way we develop our products and the way we deliver our services around the world.

## Risk management

### **Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management**

Twice a year, the Group Risk function updates the Group's risk registers and identifies emerging risks after discussions with business leaders and subject matter experts. These discussions include the potential impact and likelihood of climate-related risks. As part of this review, we consider how climate risks could impact our ability to do business with certain customers. We also consider how customers; suppliers and our own people may be negatively impacted by climate change events.

In addition to the update process described above, the Group Risk function has used our risk management framework and the findings of TCFD to identify the specific risk scenarios that might be triggered by climate change. As a result, a climate change risk has been included in the Group's Register of Principal Risks, which is monitored by the Audit and Risk Committee and the Operational Board.

In addition to our routine group risk management framework, we also continuously monitor business developments, risks and opportunities facing the business, as well as changes in legislation and the perspectives and needs of our stakeholders. In 2020, we carried out our first materiality assessment to understand the importance of a range of sustainability topics to our stakeholders. We used the output from this assessment to inform our sustainability framework.

## Metrics and targets

### **Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process**

We monitor and report our greenhouse gas (GHG) emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources. We also track and monitor our energy consumption.

We monitor the carbon footprint of our facilities and operations including energy efficiency, vehicle mileage, company vehicle composition, recycling rates, business travel and transportation and logistics.

We also monitor our fleet composition, emissions from our customer solutions and the revenue derived from cleaner energy solutions as we seek to support customers to reduce their environmental impact.

We report our Scope 1, 2 and 3 greenhouse gas (GHG) emissions annually on our website:

<https://www.aggreko.com/en-gb/about-us/sustainability/sustainability-performance-data>

### **Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets**

In 2020 we announced strategic goals for the business which included commitments to reduce emissions from our business. We have engaged external advisors to help us to further refine these goals and develop a clear decarbonisation roadmap for the business. Please refer to [www.aggreko.com/about-us/sustainability](http://www.aggreko.com/about-us/sustainability)

Approved by the Board and signed on its behalf by:

**Maxime Jacqz**  
Director

**Hassan ElGazzar**  
Director

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