



ESG REPORT 2022

ENVIRONMENT, SOCIAL AND GOVERNANCE - 2022 REPORT

FOREWORD

We are excited to present our first Environmental, Social, and Governance (ESG) Report, which represents an important milestone in our commitment to transparent and responsible business practices. This report has been structured to address non-financial reporting requirements based on the World Economic Forum (WEF) “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation.” which builds on guidelines from existing frameworks including the Global Reporting Initiative (GRI), SDBs, Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

Through this report, we aim to provide a comprehensive overview of CeraPhi Energy's sustainability approach, highlighting our core values, strategic initiatives, and main achievements throughout 2022. We recognize the importance of aligning our business practices with the United Nations' Sustainable Development Goals (SDGs) and have integrated our contributions towards these goals into our report.

We are proud to share this ESG 2022 Report, which signifies our commitment to transparency and accountability. It represents our dedication to creating long-term value while actively addressing environmental, social, and governance considerations.

This ESG 2022 Report was published in May 2023 as part of our ongoing commitment to timely and relevant reporting.



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In these challenging and uncertain times, climate change, global pandemic's, war in Europe, energy crisis, financial instability, how and where to invest sustainably has become ever more a personal matter, and less influenced by the factors outside our control.

Having had a successful career in the global energy sector as a husband, father, investor and business entrepreneur, I too faced the same challenges until I discovered Geothermal Energy and embarked on the mission to make this energy and the associated benefits available to everyone everywhere.

Access to energy has given us so much by way of technological greatness, freedom of travel, commerce, and economic growth over the last 100 years. This however has come at a cost, building walls rather than bridges, where living unsustainability has become a lifestyle in a world where today million still live in energy, food, and water poverty. I pledge as a signatory to the UN Global Compact, and a founding member of CeraPhi to enable transitional change, to lead by example to deliver a platform that is accessible to all, a platform that will support a sustainable future and help meet the 2050 Paris Agreement targets to achieve net zero.



CeraPhi Energy- Saving our planet 1 Megawatt at a time

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Our New ESG Strategy

Ilse Bermudez

The world is currently facing many challenges that threaten the well-being of our planet and its people. At CeraPhi Energy, we believe that it is our responsibility to take action and make a positive impact. That's why we have set ambitious goals for the future, aiming to add 500 GW of geothermal energy by 2050. However, our commitment goes beyond achieving this impressive milestone. We aim to do so in a way that supports our people and communities, promotes inclusive growth, and protects the planet through ethical business practices.

This year, we have defined our ESG strategy and taken significant steps to further our commitment. We are proud to have joined The Climate Coalition, The Climate Pledge, Youth Pledge for Employers project, Armed Forces Covenant, the Coastal Energy Internship programme, and to have obtained the Living Wage Certificate of Recognition. These initiatives reflect our dedication to creating a more sustainable and just world.

In this report, we share our vision for success and our progress to date. Our commitment to challenging ourselves every day to find new ways to move forward in a better, more sustainable, and just way is unwavering. We are committed to promoting job transition from different industries and creating an inclusive, respectful, safe, and secure work environment.

At CeraPhi, we are driven by our passion for making a positive impact. People join our company because they share our mission, passion and are committed to driving change. We are honoured to be part of a rapidly expanding family of disruptors who genuinely care about our planet and who can always be relied upon to do the right thing.



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ESG Proposition



At CeraPhi Energy ESG is embedded in everything we do. Our mission and primary aim is to help the world achieve NET ZERO while caring for people and the planet.

ESG is an ongoing process in which we look for new and innovative ways to generate a positive impact on the planet and society. Our solutions are unarguably kind to the world we live on.

Our ESG proposition is focused on 3 main areas:

Planet

Help organisations achieve Net Zero while preserving the environment

People

Deliver a positive social impact, generating sustainable solutions to critical social issues with a view of actively contributing to the UN 17 SDG

Governance

Manage the business in a fair, integral, transparent, and ethical manner.

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ESG Metrics

Core metrics proposed by the World Economic Forum in the white paper titled “Measuring Stakeholder Capitalism – Towards common metrics and consistent reporting” published in September 2020.

The reporting status is marked in colours:

	Disclosed
	Partially disclosed
	Not disclosed

	Core metrics and disclosures	S
Principles of Governance	Governing purpose The company's stated purpose and value for all stakeholders, including shareholders.	
	Quality of governing body Governance body composition Composition of the highest governance body and its committees.	
	Stakeholder engagement Material issues impacting stakeholders	
	Ethical behaviour Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures. 2. Stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. Protected ethics advice and reporting mechanismsity.	
	Risk and opportunity oversight Integrating risk and opportunity into business process	
	Core metrics and disclosures	
Planet	Climate change Greenhouse gas (GHG) emissions For all relevant greenhouse gases TCFD implementation.	
	Nature loss Land use and ecological sensitivity Report.	
	Freshwater availability Water consumption and withdrawal in water-stressed areas Report.	
	Core metrics and disclosures	
People	Dignity and equality Diversity and inclusion (%) Pay equality (%) Wage level (%) Risk for incidents of child, forced or compulsory labour.	
	Health and well-being Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries	
	Skills for the future Training provided (#, \$)	
	Core metrics and disclosures	
Prosperity	Employment and wealth generation Absolute number and rate of employment Economic contribution 1. Direct economic value generated and distributed (EVG&D) 2. Financial assistance received from the government Financial investment contribution 1. Total capital expenditures (CapEx) 2. Share buybacks plus dividend payments	
	Innovation of better products and services Total R&D expenses (\$) Total costs related to research and development.	
	Community and social vitality Total tax paid	

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Principles of Governance



Governing purpose

CeraPhi's Energy mission is help organizations reach Net Zero through clean energy from geothermal solutions. We want people everywhere to have affordable, available, and cleaner energy.

Quality of governing body

Our governing body comprises 4 directors and 11 advisors, each bringing a unique set of backgrounds, skills, and expertise to the table. This diversity allows us to approach our mission from a variety of perspectives, reflecting the complexity of the challenges we face.

The Board of Directors is responsible for defining our strategic vision and supervising its implementation, taking into consideration the social, environmental, and governance challenges of our business activities. Our advisory board complements the expertise of the directors, providing valuable guidance and input on key decisions.

Together, our governing body reflects a range of nationalities and cultures, reinforcing our commitment to inclusivity and diversity. By drawing on the collective expertise of our directors and advisors, we are better equipped to navigate the complex landscape of sustainable business practices.

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Stakeholder engagement

Ethical behaviour

At CeraPhi Energy, we are committed to conducting our business with the highest levels of integrity and ethics. We believe that corruption undermines the trust and transparency that are essential to building a sustainable business and a better world.

Anticorruption Training

69% of all our employees completed the Anti-corruption and Bribery training. We intent to raise this figure to 100% in 2023.

Corruption reporting

At Ceraphi Energy we are committed to creating a safe and supportive environment where employees can raise concerns about potential misconduct without fear of retribution.

To this end, we have established a robust internal reporting system that allows employees to report concerns directly to senior management. All concerns are treated with the utmost confidentiality and respect, and appropriate action is taken to address any issues that are identified.

Risk and opportunity oversight

"We will manage Business and individual project risk and opportunities through our Risk Management process which has six main focus areas; Strategic, Business, ESG, Financial, Reputational, and Operational. Our Risk Register will document risks, appropriate mitigation measures, and key actions to manage risks to an acceptable level. Risks are reviewed on a regular basis and presented at Board level quarterly.

The CEO is responsible for ensuring governance of the overall risk management process for the company.

Project Managers are responsible for identifying and managing risks on health, safety, security, the environment, social responsibility etc for specific projects."

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Planet

Climate change

Greenhouse gas (GHG) emissions for all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.

Calculated using the GHG Emissions Calculation Tool beta version.

2022		Year
Scope	Activity Type	2022
Scope 1	Stationary combustion	23680.10
	Mobile combustion	0.38
	Fugitive emissions from air-conditioning	0.00
	Other fugitive or process emissions	
	Scope 1 - Total	23680.48
Scope 2	Purchased electricity - location based	0.00
	Purchased electricity - market based	1.65
	Purchased heat and steam	0.00
	Scope 2 - Location based + heat and steam	0.00
	Scope 2 - market based + heat and steam	1.65
Scope 3	Purchased goods and services	
	Capital goods	
	Fuel-and energy-related activities (not included in scope 1 or scope 2)	
	Upstream transportation and distribution	0.00
	Waste generated in operations	
	Business travel	105.08
	Employee commuting	34.90
	Upstream leased assets	
	Downstream transportation and distribution	
	Processing of sold products	
	Use of sold products	
	End-of-life treatment of sold products	
	Downstream leased assets	
	Franchises	
	Investments	
	Scope 1 (Biogenic)	0.00
	Scope 2 (Biogenic)	
	Scope 3 (Biogenic)	0.00

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Nature loss

At CeraPhi Energy, we recognize the urgent need to address the ongoing loss of biodiversity and the impact of human activities on natural ecosystems. As a responsible corporate citizen, we are committed to taking proactive steps to minimize our environmental footprint in all our projects and protect the planet for future generations.

During 2022, our offices were located in urban areas with no impact on biodiversity. As we move into the operational phase of our business, we remain deeply committed to maintaining this focus on environmental awareness and responsibility. All of our processes, solutions, and technologies are developed with the aim of minimizing our impact on the planet, with a special emphasis on having a low land footprint while protecting biodiversity.



Freshwater availability

At CeraPhi Energy, we recognize the importance of responsible water stewardship in safeguarding the planet's vital resources. That is why our close-loop solution is relevant as it doesn't rely on subsurface or surface water.

As we prepare to enter the operational phase of our business, we will take a proactive approach to water management, we aim to have a minimal impact on freshwater resources and ensure the long-term sustainability of our operations.

At CeraPhi Energy, we believe that access to clean, safe water is a basic human right. We are committed to doing our part to ensure that this vital resource is protected and preserved for all, both today and in the future.



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People



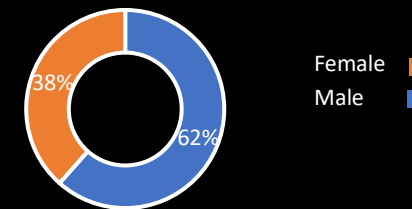
Dignity and equality

Diversity and Inclusion

At CeraPhi Energy, we believe that diversity and inclusion are key drivers of innovation, creativity, and success. As such, we are deeply committed to building a workplace that is both welcoming and inclusive, where every employee is valued for their unique contributions and perspectives.

We are proud to be an equal opportunity employer, and we strive to ensure that our hiring practices are free from bias and discrimination. We believe that a diverse workforce is critical to our success.

% Employee by gender



Pay equality

At CeraPhi Energy, we are committed to ensuring that all of our employees are compensated fairly and equitably. While we are not currently reporting pay data by employee category, we recognize that pay equality is an important issue, and we are committed to reviewing our decision on an annual basis.

We believe that every employee deserves to be paid based on their skills, experience, and contributions, regardless of factors such as gender, race, or ethnicity. We are dedicated to creating a culture of transparency and fairness around pay.

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Risk for incidents of child, forced or compulsory labour

We have a zero-tolerance approach to child labour and modern slavery and are committed to the principles of the Modern Slavery Act 2015, protecting, and respecting human rights while ensuring that there is no modern slavery and human trafficking in our supply chains or any part of our business.

In 2023 we will publish our first modern slavery statement and we will aim to ensure that staff involved in buying or procurement and the recruitment and deployment of workers receive training on modern slavery and to build relationships with our suppliers to ensure they comply with our values and that they are aware of our zero-tolerance policy to modern slavery.

Health and well-being

At CeraPhi Energy, our employees are our most valuable asset, and we are committed to creating a workplace that promotes their health, safety, and well-being.

We also strive to create a culture of safety. We prioritize the safety of our employees, contractors, and other stakeholders, and we have robust safety management systems in place to identify and mitigate potential hazards and risks.

We are committed to creating a workplace where every employee feels valued, supported, and empowered to achieve their full potential. We are proud of our flexible working arrangements that

we believe have a positive impact in our employee's work-life balance.

Health and safety

0%

- (%) fatalities as a result of work-related injury
- High-consequence work-related injuries (excluding fatalities)
- Recordable work-related injuries

Hours worked



19.746

*direct and indirect in UK and USA

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Skills for the future

We believe that investing in our employees' skills and knowledge is essential to building a sustainable and successful business. We are committed to providing our employees with the training and development opportunities they need to grow, learn, and thrive in their roles.

While the level of training is not yet material enough to report on, we are committed to tracking and reporting on our training initiatives as we continue to grow and expand our operations.

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Prosperity



At CeraPhi Energy, we are committed to making a positive contribution to the economies in which we operate.

We are proud to have created job opportunities and to have invested in local suppliers. In addition to providing economic benefits, we also strive to minimize any negative impacts that our operations may have on the local community and environment.

We are committed to conducting our business operations in a transparent and ethical manner, and we aim to work closely with local governments, communities, and stakeholders to ensure that our activities align with local priorities and needs.

Employment and wealth generation

We are proud to have welcomed five new employees to the CeraPhi Energy team in 2022, including one male and four female employees. While we experienced two departures during the year (one male and one female), we are pleased to report we now have three additional employees, improving our gender balance.

While the rate of female employment decreased slightly, we are committed to promoting gender diversity and creating a welcoming and inclusive workplace for all. We believe that diversity is essential to our success and that every employee has a valuable contribution to make to our organization.

Economic Contribution

Revenue - £328,305

Operating Costs £1,245,349 (Includes Employee Costs)

Employee Wages & Benefits £634,870

Payments to Providers of Capital £0

Payments to Government £222,600

Community Investment £465.

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Financial assistance received from the government

None, the business received no furlough or extended Covid assistance throughout the initial phase of the pandemic.

£60,759 Grants in 2022

Financial investment contribution

Total Capital Expenditure minus depreciation as at 31/03/2022 was £4,631.26. The company used initial monies to procure computer equipment along with general office equipment during the infancy of the business and is now looking to move to the next phase which will be governed by the research of the management team to deliver world class patented geothermal assets and skills to aid in the company's long term goals. This will include the manufacturing of proprietary equipment used in the process of our closed loop geothermal energy development and prove up clean energy resources heavy which will enable us to demonstrate and sell our findings along with helping businesses reach net zero, contributing to global sustainable development goals.

Total Capital Expenditure in the year £298,889

The depreciation in 2022 was £836

Share buybacks plus dividend payments

There has been no share buybacks or dividend distributions to date due the business being a start-up under three years old and still in its growth stage selling equity for investment. The company has established an Employee Share Incentive Scheme as part of the employee engagement process. In the long term when the business is established in the market with secure **revenue streams, there will be potential to start paying shareholders dividend based on overall financial performance.**

Innovation of better products and services

Total R&D expenses (\$) Total costs related to research and development.

For the year ended March 31, 2022 there was a Corporation Tax refund to CeraPhi Energy Ltd of £127,894.06. The HMRC Approved R&D Costs in relation to this refund amounted to £383,490.44.

We are committed to investing in innovative solutions and technologies to support our mission of sustainable energy production, and the R&D credits allow us to reinvest these savings into further innovation and development. We appreciate the support of the HMRC in recognizing our R&D efforts and contributing to our financial sustainability.

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Community and social vitality

Total tax paid

CeraPhi Energy upholds its commitment to abide by all tax laws and regulations. We ensure that our tax payments and reporting are accurate and timely. In the fiscal year ending on March 31, 2022, we received a refund of £127,894.06 in Corporation Tax, which was processed in accordance with the applicable laws and regulations.