



## **B Lab Statement on Erco Energías B Corp Certification**

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies in the fossil fuel industry, including those that generate or sell energy derived from fossil fuels:

*"Companies involved in the production and sale of fossil fuels, including those that generate or sell energy derived from fossil fuels, are eligible for B Corp Certification if they are not engaged in specific prohibited practices regarding extraction, lobbying, and financial incentives; have successfully transitioned their energy portfolio to be at least 50% carbon-free; and have committed to make progress towards transitioning to a fully carbon-free portfolio within specified timeframes."*

Erco Energías is required to disclose a summary of how it complies with these industry requirements as a part of its B Corp Certification. For more information on the specific requirements, please refer to B Lab's position statement on Fossil Fuel and Energy Companies [here](#).

### **Summary of Company**

Erco Energía is an engineering and construction company based in Colombia, specializing in the generation of large-scale photovoltaic energy projects and commercial-industrial projects. Additionally, they offer services in energy storage, electric mobility, and operation and maintenance. Subsidiaries in Panamá and Texas carry out the same activities and the company has companies that serve as vehicles for license and permit processing also. NEU is a provider of smart and digital energy services, part of the Erco Group, which has created an ecosystem of energy efficiency that impacts the entire energy chain. NEU allows access to a web and mobile platform where consumers can monitor their consumption in real time, receive personalized support from energy engineers, specialized consultancy to achieve consumption savings, advice and execution of technical projects that impact consumption and generate savings. In addition, NEU provides access to renewable energy certificates (iRECs).

The company aims by 2027 to be the most important Digital Energy company in the continent and develop a portfolio of distributed resources, clean economic energy generation assets (minimum 500MW) managed and operated on a digital platform that enables grid control and enables Net Zero.



## **Erco Energías Disclosure on Prohibited Practices**

*Fossil fuel and energy companies engaged in the following practices are currently ineligible for B Corp Certification:*

- Companies with involvement in the coal and oil sands industry. This includes companies that earn revenue from coal mining and/or oil sand extraction, companies that operate coal-fired energy generation plants without a clear retirement plan for all coal-fired capacity in line with a science-based carbon budget, and companies that have constructed new coal-fired energy generation plants since 2010 or have plans for expanding their coal-fired generation in the future.
- Companies that have components of their executive compensation tied to the growth of their fossil-fuel portfolio.
- Companies engaged in any form of lobbying or policy advocacy to oppose climate-friendly policies and/or support climate-negative policies in the past five years, including membership, Board involvement, or funding of trade associations that have climate-negative activities or positions.

Erco Group has been reviewed in accordance with B Corp Certification's Disclosure Questionnaire and background check requirements in order to verify it is meeting the above requirements regarding prohibited industry practices. The company's approach to managing these material topics in the industry is further detailed below.

## **Grupo Erco Disclosure on Required Best Practices**

1. *Companies must have a current product portfolio/energy mix that consists of at least 50% carbon-free energy, which may include the purchase of green energy certificates or their equivalents.*

*100% of the energy produced by Erco Energía S.A.S and the SPVs financially controlled by Erco, is from renewable sources, specifically from solar plants located in Colombia.*

*Regarding the total energy sold by the group, purchased from various market players, the company has the following energy mix:*

*Solar 2.77%*

*Hydric: 85.28%*

*Eolic: 0.04%*

*Cogenerator Energy (Fossil Fuels)- 0.13%*

*Thermal (Fossil Fuels) - 11.77%*



Overall, the company has more than 50% of its portfolio consisting of carbon-free energy.

2. *Companies must have a formal commitment to transition 100% of non-generated electricity sales (i.e. electricity that is not directly generated by the company) to carbon-free sources by 2030, and to transition entirely to a carbon-free product portfolio/energy mix by 2040, both of which may include the purchase of green energy certificates or their equivalents. This commitment is aligned with a science-based emissions target based on a 1.5°C scenario. The commitment must include a transition plan and interim targets.*

The ERCO Group currently has energy purchase and sale contracts in force until 2040. Since these agreements have already been signed, their contractual terms cannot be modified.

However, from this moment forward, the ERCO Group is committed to ensuring that 99% of the energy contracted in new agreements comes from 100% renewable sources. This commitment applies to all future contracts and aims to strengthen our position as a leader in energy sustainability.

During periods of low availability of renewable generation—especially during dry seasons—and given the need to guarantee continuous supply to our customers, it will be necessary to resort to thermal generation. In these cases, thermal generators will be required to commit to offsetting all greenhouse gas emissions generated through:

- Certified carbon credits, ensuring a net-zero emissions footprint.
- Equivalent environmental compensation mechanisms, aligned with international and verifiable standards.

This model will allow the ERCO Group to offer its customers reliable, backed-up energy aligned with global decarbonization goals, without compromising supply continuity.

The company has the following plan in place to achieve 100% of carbon-free sources of energy sold by 2030:

**2027:** Conduct market studies of projects with energy storage availability and negotiation of contract prices.

**2029:** Ensure that 99% of the energy contracted in new agreements comes from 100% renewable sources. This commitment applies to all future contracts and aims to strengthen our position as a leader in energy sustainability.



**2030:** Achieve 100% of energy supply coming from renewable energy sources. As mentioned above in order to ensure a reliable supply the company will also purchase thermal energy that may represent 1% of total energy sold, however it will only be if the energy supply of renewable sources has been affected.

*3. Companies must formalize a policy that acknowledges the issue of climate justice and includes an assessment of how their operations might impact individuals and communities, particularly those who are already marginalized.*

Grupo Erco has a Sustainability Policy which recognises the importance of and establishes commitments related to the issues of climate justice, climate change, respect for communities, identification and management of environmental risks and impacts, and the development of different activities aimed at environmental and social sustainability. The company commits to meet all applicable laws and regulations as well as follow international standards of social and environmental performance elaborated by the Corporate Finance Institute (IFC).

The specific commitments outlined in the company's sustainability policy are the following:

- Develop by 2027 500MW in renewable energy projects that contribute to the commitment made in Colombia to the energy transition and sustainable development to achieve Net Zero.
- Contribute to the mitigation and adaptation to climate change through the inclusion of non-conventional renewable energy to the energy matrix, develop products and services with low Co2 emissions, energy efficiency and sustainable mobility.
- Become a strategic partner to companies that trust in Grupo Erco in their journey towards carbon neutrality.
- Ensure that their supply chain and strategic partners implement actions that respect human rights and make efficient and rational use of natural resources that generate the least amount of environmental impact.

#### Human Rights

- The company has a policy for forced labor, discrimination and child labor. Their policy requires compliance with Colombian legislation, the commitment to respect for human rights in line with the [International Bill of Human Rights, to the United Nations Global Compact](#) as well as the principles of conduct and recommendations for the conduct of business, the [Organization for Economic Cooperation and Development \(OECD\)](#) and the [International Labor Organization \(ILO\)](#). The policy is published on the [company's website](#) and communicated to all new employees upon induction. Information of their policy for prevention and zero tolerance to forced labor is also posted graphically in different Erco



Installations and the CEO conducts at least one training meeting to managers of each area and a commitment letter is signed by each. Managers of each area are required to periodically reiterate the policy to employees.

- With reference to the [Voluntary Principles on Security and Human Rights](#), ERCO is committed to ensuring that private security forces protecting ERCO personnel and property in the areas of activity act in accordance with national laws and regulations in force and international law.

### Community, Social and Environmental

Grupo Erco carries out a consultation process with ethnic communities as part of their project development process following Ministry of Interior alignments with the objective of establishing impacts and responsibilities of the company's project towards the community. Positive and negative situations that may arise are identified, each with an assessment associated with the probability of occurrence and severity level, to ultimately describe a control that allows for the prevention or mitigation of risk or the enhancement of opportunity.

For ethnic communities, communities in the area of influence, IFC standards are applied, which are marked in compliance with human rights and sustainable development objectives; also, the Colombian regulations framed in [Decree 1076 of 2015](#); Terms of Reference for the Preparation of the Environmental Impact Study - EIA in Photovoltaic Solar Energy Use Projects TdR-015 and processes framed in the framework of the Prior Consultation with ethnic communities.

The company's ESMS (Environmental and Social Management System) provides a diagnosis of the environmental and social risks and impacts of production activities. The ESMS identifies the controls that must be in place in the operation to prevent and mitigate risks. Promote shared value strategies with communities in the area of influence in each of the municipalities where Erco constructs solar plants. This includes an evaluation of the possible impact on indigenous communities, specifically of the Pijao community.

Environmental Management Plans are implemented, aimed at preventing and minimizing environmental impacts. The company uses a platform to measure their carbon footprint and that of their projects.

The company's area of Occupational Health and Safety has identified the possible risks to which the community is exposed; additionally, it has identified the possible threats that could materialize in the projects and the appropriate standard operating plans.

Grupo Erco has an acquisition and leasing procedure in place that has a stakeholder participation plan that includes the socialization of interested parties. They have a mechanism for the reception and timely attention to concerns, petitions, complaints, claims and requests



which is highlighted on their website, their corporate emails and specific telephone numbers for each project and a physical mailbox that is located at the entrance of the projects,

ERCO's procurement plan for goods and services is structured in accordance with the [International Finance Corporation \(IFC\) Performance Standard 2](#):

- The company will prioritize and support local suppliers of goods and services where possible, and ensure that they:
  - Promote gender equality in hiring and training (policy and practice); and
  - Improve working conditions for women, i.e. facilities; childcare; Policies and actions against gender-based violence and sexual harassment (GBVH), etc.
- The company will give priority to contractors and suppliers of goods and services that:
  - invest in and value women; and,
  - are majority owned (at least 51%) or founded by women.
- The company will prioritize the selection of local subcontractors and suppliers of goods and services that are committed to and have a proven track record of:
  - promoting gender equality and women's empowerment in the workplace;
  - ensuring that working conditions are gender-sensitive and address women's needs, including but not limited to: sanitation and health facilities; childcare facilities and/or arrangements; policies and actions against gender-based violence and sexual harassment (GBVH);
  - recruiting women for positions at all levels of the company.

In addition, Grupo Erco is a member of the [SEIA \(Solar Energy Industries Association\)](#) with a commitment to track their main suppliers to ensure respect for the human rights of workers, ensure that the rights of communities and other stakeholders are respected, and make business operations safe, efficient and environmentally responsible.

There are documents that support the response capacity for handling hazardous materials, emergency preparedness and response, and general personnel safety, and the guidelines of the [Globally Harmonized System of Classification and Labeling of Hazardous Materials \(GHS\)](#) are complied with. The company has identified criteria for the selection of physical security at the solar plants, including personal and asset security. This process is accompanied by a review of [SAGRILIFT](#) (system of self-monitoring, prevention and risk management against money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction).

Grupo Erco also has a preventive archeology program in accordance with the [Colombian Initiative for Climate Action Transparency, ICANH's terms of reference](#), which are carried out by the archeologists of each project and the respective monthly reports are presented. For ERCO it is fundamental to highlight the importance of archaeological findings as elements that are part of



the cultural heritage of the regions where they develop their activities and emphasize their value as cultural pieces that compile history and generate identity.

*4. Public disclosure on Scopes 1,2 and 3 GHG emissions.*

Grupo Erco has calculated a total of 2,041.89 tCO<sub>2</sub>e GHG emissions:

Scope 1 emissions: 1,415.39 tCO<sub>2</sub>e

Scope 2 emissions: 9.5 tCO<sub>2</sub>e

Scope 3 emissions: 658.15 tCO<sub>2</sub>e

This information is publicly available on the [Grupo Erco website](#).