

Published 15th March 2017

2017 Corporate Responsibility Update

Our core purpose

For almost 20 years Natural Capital Partners (formerly The CarbonNeutral Company) has been creating solutions that deliver immediate, measurable and positive impacts for the environment, for society and for business. Our business approach is based on collaboration with global project partners, our history of innovation, our commitment to understanding our clients' specific goals, and our unwavering focus on quality. We deliver a broad range of products and services for carbon, energy, water, biodiversity and communities in direct operations, consumer markets and supply chains – the world's natural capital.

Our products include Renewable Energy Certificates, Guarantees of Origin, IRecs, REGOs and Project Catalyst, in addition to high quality carbon credits which provide finance to projects delivering emission reductions and sustainable impacts to families, communities and biodiversity.

Our staff of twenty-five based in the United States, Europe and Africa with channel partners in Latin America and Asia serves more than 300 clients across 34 countries. We are focused on delivering value-adding services to world-class businesses taking a lead in managing environmental issues and building social, environmental and economic value for their companies and for the communities in which they operate.

The mitigation projects financed by our clients can be found in 62 countries around the world, and they deliver benefits across a majority of the seventeen UN Sustainable Development Goals.

Our Corporate Responsibility Commitments

In addition to ensuring the long-term sustainability and growth of our business by helping clients manage their environmental impacts, we are committed to the following corporate responsibility activities:

1. Provide leadership in advocacy and solutions to protect and enhance the natural environment
2. Engage and support the communities within which we work
3. Manage our impact on the environment and on people and communities affected by our operations.

Underpinning all of our activities is the integrity of our business, upon which we build trusted partnerships with our clients and our project partners. The professionalism of our team, a dynamic and innovative approach to building solutions, the integrity of our behaviour and our commitment to sustainability, are the core values by which we operate.

Managing our Corporate Responsibilities

The accountability of our corporate responsibility policies and plans resides with the Chairman and CEO of our Company. The implementation of the plan is delivered by a core group of employees, working with the rest of the Natural Capital Partners team on specific activities, overseen by a Managing Director.

Delivering on our Corporate Responsibility Commitments

Providing leadership

Through our partnerships, our clients and our peers we work to build a deeper understanding of the role of business in delivering impactful solutions to environmental challenges around the world.

In 2016 we continued to play an active role in our industry with Board positions on the *International Carbon Reduction and Offset Alliance (ICROA)*, and *International Emissions Trading Association (IETA)*.

We were active members of organisations including the *Project Developer's Forum*, the *Business Renewables Center (BRC)*, and *West Michigan Sustainable Business Forum*.

Our senior staff are active participants in defining the future generation of sustainability leaders through our work on the external advisory board of the University of Michigan's *Erb Institute for Global Sustainable Enterprise* and on the Board of Directors of the *Presidio Graduate School*, a pioneering US institution that offers a highly regarded MBA program with a concentration in sustainable management.

In 2016 we continued our support to *The Carbon Pricing Communique*, *Caring for Climate*, *The CEO Water Mandate*, *UN Global Compact*, and pledged our support to the UNFCCC's *ClimateNeutralNow* initiative which promotes voluntary action on climate stabilization.

Engaging Communities

Our company is active in the communities in which we work by volunteering time and raising funds for selected community or environmental charities. Our New York employees were active in Big Brothers and Big Sisters of New York City. Our Great Lakes Region employees were active in Artists Creating Together and our London-based staff actively supported the Castlehaven Community Association and the Trussell Trust.

Ensuring our Commitments to the UN Global Compact & Managing our Impacts

As a signatory of the *UN Global Compact*, we continue to work on incorporating our Global Compact commitments into our strategy, operations, and management procedures. Our approach to assuring compliance with our commitments is based upon a qualitative Risk Assessment & Response across the 10 Compact principles. Our latest submission (February 2017) to the UN Global Compact may be found [here](#). Our risks and impacts are broken down into two categories;

- Direct Risks & Impacts – those risks and impacts that are a direct result of our daily operations, and
- Indirect Risks & Impacts – those risks and impacts from our supply chain and partners that we do business with.

Our Direct Impacts & Risks

We monitor and measure our key operational impacts (primarily waste, water, energy use and travel) and make every effort to minimise and eliminate where possible, and where it is not possible we employ market-based instrument to offset our impacts. Annually we assess our greenhouse gas emissions in compliance with The CarbonNeutral Protocol and achieve CarbonNeutral[®] company certification through a combination of internal reduction efforts and the purchase and retirement of high quality carbon credits and Guarantees of Origin for renewable energy. Similarly, we compensated for our 2016 water use by the purchase and retirement of Water Benefit Certificates. As part of our 2016 CarbonNeutral[®] company certification, we offset our emissions from the fit-out and move to new premises at the end of 2015.

Our move to new premises for our London 20+ UK staff provided an opportunity to take a number of energy and waste reduction actions, including:

- Separate waste areas for recycling waste, food waste and general waste. Employees are encouraged to recycle as much as possible and are continuously updated on which materials can be recycled. We have Gold Level status from our provider for our recycling in the London office.
- Waste services suppliers were changed to a supplier that has a “Zero to landfill” policy. All general waste is incinerated and renewable energy is generated.
- Waste bags are now picked up from pavement rather than special collections from inside the office, meaning supplier does not have to send separate vehicle to our office, reducing their carbon footprint.
- Confidential waste is collected on an ad-hoc basis, rather than weekly, reducing the amount of collections by at least 75%.
- Employees have to use a unique PIN at the printer when printing hard copies. This encourages employees to think twice before printing unnecessary documents and also gives them the opportunity to delete unwarranted documents in the printing queue.
- The company introduced e-signatures to manage documentation with clients, suppliers and employees. The processes significantly reduce the use of hard copy documents.
- The new office utilises LED lighting, instead of fluorescent tubes, reducing our electricity usage.
- Lighting automatically switches off when there are no occupants in the room and also dims according to the amount of natural light already in the room.

- Office layout was designed to maximise natural light.
- Air-conditioning system works on a timer and switches off outside of normal office hours and is localised for each room, therefore more efficient to control temperatures in each room and avoids over usage.
- Clay-filter water coolers were installed, instead of electric water coolers.

We provide our employees with the opportunity to become CarbonNeutral[®] through the measurement and offsetting of their non-work emissions including energy use and travel. For our London-based staff we provide an incentive for zero emission commuting and travel through the offer of a cycle to work scheme which the Company provides a 12 month interest-free loan for the purchase of a bicycle.

Our Indirect Impacts

Our areas of highest risk as they relate to our commitment to the Global Compact lie within our supply chain – specifically projects in least developed and developing economies from which we source market-based instruments such as carbon credits and renewable energy certificates. In 2016, this sourcing activity included contracts with 61 carbon finance projects in 25 countries of which nine are least developed nations. These contracts accounted for a majority of our 2016 expenses. To address this risk, during the past few years we have:

1. Deepened our engagement with project partners on our supplier sustainability standards
2. Enhanced and further developed our proprietary due diligence procedures and controls.

These two areas remain the focus of our performance improvements.

For project partners, the company began implementation of process improvements in the following areas:

- **Guiding Principles and Commitments:** This document explains how our company and activities tie in to the UNGC Principles, how we incorporate them into our systems and processes.
- **Supplier Code of Conduct and Screening process:** Aligned our supplier screening process and formal Code of Conduct with the principle requirements of the UN Global Compact.
- **Project Screening Template:** Updated our standard project screening template with specific UN Global Compact requirements and links to third-party data sets that help evaluate host country performance against key requirements.

For suppliers of general business services, the company implemented an additional sustainability requirement, which uses a Supplier Questionnaire to evaluate whether key suppliers meet our criteria for delivering goods and services in a sustainable way and operating their business in alignment with Natural Capital Partners' values and CSR commitments. Specifically, key suppliers are assessed as to whether:

- Goods and services have no material negative impact to the environment
- The supplier's corporate social responsibility policies align with Natural Capital Partners' policy requirements and those of the UN Global Compact.

Annual reporting on non-compliance and ongoing improvements

Internal checks and controls have not identified material instances of non-compliance with our policies in 2016.

Our next Corporate Responsibility report will be published in February 2018, updating our progress in managing operational risks, environmental impacts and contributions to the communities within which we work.