

2018 Corporate Responsibility Update

Our core purpose

For just over 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, I-RECs, REGOs and Project Catalyst, in addition to high quality carbon credits which provide finance to projects delivering emissions reductions and sustainable impacts to families, communities and biodiversity.

Our staff of 25 based in the United States and Europe, with channel partners in Latin America and Asia, serves more than 300 clients across 33 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 67 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 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

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 2017 we continued to play an active role in our industry with Board positions on the *International Carbon Reduction and Offset Alliance (ICROA)*, the *International Emissions Trading Association (IETA)* and *RECS International*.

We are audited annually by a qualified third-party to ensure we comply with the Code of Conduct of ICROA.

We are active members of organisations including the *Project Developer's Forum*, the *Business Renewables Center (BRC)*, the *US Green Business Council (USGBC)*, and the *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 U.S. institution that offers a highly regarded MBA program with a concentration in sustainable management.

In 2017 we continued our support to *The America's Pledge (and We Are Still In)*, *The Carbon Pricing Communiqué*, *Caring for Climate*, *The CEO Water Mandate*, *UN Global Compact (UNGC)*, and renewed our pledge of support to the UNFCCC's *Climate Neutral Now* initiative which promotes voluntary action on climate stabilisation.

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 *Trussell Trust* charity.

Ensuring our commitments to the UN Global Compact and managing our impacts

As a signatory of the *UNGC* (since 2010), 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 and Response across the 10 Compact principles. Our latest submission (February 2018) to the UNGC may be found [here](#). Our risks and impacts are broken down into two categories:

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

Our direct impacts and 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 purchase and retire market-based instruments to compensate for our unavoidable 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 energy attribute certificates (EACs, which include Renewable Energy Certificates, RECS in the U.S.; and Renewable Energy Guarantees of Origin, REGOs in the UK) to support our claim of 100% renewable electricity for our Scope 2 emissions. Similarly, we compensated for our 2017 water use by the purchase and retirement of Water Benefit Certificates.

Our carbon footprint in 2017 was 154 tonnes of CO₂ equivalent. Our 3-year compound annual growth rate (CAGR) for carbon intensity, expressed as Total Carbon Footprint in tCO₂e/Company Revenue in U.S.\$ million, was -8% over the period 2015 to 2017. Kyoto Protocol Certified Emission Reductions (CERs) were used for more than 10% of our offsetting requirements, which enabled us to renew our commitment to the UNFCCC's *Climate Neutral Now* initiative.

We provide our employees with the opportunity to offset their personal footprint 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 energy attribute certificates. In 2017 we took delivery of carbon credits from 51 projects in 23 countries. We also took delivery of energy attribute certificates from 69 projects in 29 countries. These contracts accounted for a majority of our 2017 expenses. To address this risk, during the past two 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 has implemented 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:** This document aligns our supplier screening process and formal Code of Conduct with the principle requirements of the UNGC.

- **Project Screening Template:** Updated our standard project screening template with specific UNGC requirements and links to third-party data sets that help evaluate host country performance against key requirements.

Annual reporting on non-compliance and ongoing improvements

Internal checks and controls have not identified material instances of non-compliance with our policies in 2017.

Our next Corporate Responsibility report will be published in February 2019, updating our progress in managing operational risks, environmental impacts and contributions to the communities within which we work.