



# Go Beyond

Impact Report 2022





# Contents

2	<b>Letter from Our CEO</b>	27	<b>Governance</b>
4	<b>About ClimeCo</b>	28	Going Beyond Good Governance
6	Our Solutions	28	Our Board of Managers
9	<b>About This Report</b>	29	Managing Business Risks
10	<b>2022 Highlights</b>	29	ClimeCo Code of Conduct
11	<b>Planet</b>	30	Responsible Carbon Offset Development & Sourcing
12	Catalyzing Climate Action	31	<b>Prosperity</b>
15	Strategic Collaborations	32	Building Trust in Communities
16	ClimeCo – A Carbon Neutral Company	33	Inclusive & Shared Growth
19	Plastics Stewardship	33	Investing in Innovative Solutions
21	<b>People</b>	34	Benefiting Communities Locally & Globally
22	Diversity, Equity, & Inclusion (DEI) Lead to Belonging	35	<b>Index</b>
24	Promoting Personal & Professional Growth		
25	Valuing Employee Feedback		
25	Employee Benefits & Perks		
26	Supporting Our Communities		



# Dear Stakeholders,

As a leading transformation partner to businesses, investors, and others pursuing a low-carbon future, ClimeCo provides innovative decarbonization solutions to clients around the globe.

To accelerate decarbonization while creating value, ClimeCo's role is to invest in, implement, and make greenhouse gas (GHG) reduction projects commercially viable. We also understand that making a positive impact begins closer to home within our organization. I am proud that our inaugural Impact Report published last year set a baseline and demonstrated our commitment to authenticity, transparency, and going beyond business as usual. Reporting on our impact has been a differentiator for our clients, and it is for us, too. This second Impact Report shares updates on key Environmental, Social, and Governance (ESG) initiatives, performance, and progress in 2022. ClimeCo is making meaningful strides and identifying opportunities across the ESG landscape that encompasses the planet, people, prosperity, and our governance.

## Driving Decarbonization Forward

ClimeCo is committed to investing in high-quality GHG reduction and removal projects — where the positive activities undertaken are additional, permanent, and verifiable. We

believe in harmony across portfolios, and in the critical importance of both avoiding the emissions through technology innovation, as well as sequestering the carbon dioxide already present in the atmosphere. We carefully evaluate our projects to ensure they have a clear activity change, that the baseline is well-defined, and that the project positively impacts the communities where we operate.

Last year, we supported clients on their decarbonization journey via consulting services ranging from abatement planning and environmental impact accounting, to target setting, climate risk assessments, and ESG reporting. In alignment with our clients around the globe, ClimeCo's climate focus is on measuring and reducing our own GHG emissions. We continue to meet our carbon neutral company pledge and going a step beyond in 2023, we are committing to an ambitious target to reduce our absolute Scope 3 emissions by 35% by 2025, using 2022 as our baseline year.

## Advancing Inclusive Growth

ClimeCo continued to grow last year; we nearly doubled our team size from 2021 to 2022. We have reinforced our efforts to increase gender, racial, and ethnic diversity. A critical part of our company values is maintaining an open, accepting, and engaging culture. ClimeCo is deepening how we celebrate and support our entire team from all walks of life. This includes providing market-based compensation, expanding benefits offerings, empowering Diversity, Equity, and Inclusion (DEI) subcommittees, and hosting company-wide training and facilitation circles. We were thrilled to be selected as one of Inc. Magazine's Best Workplaces for 2023 — an annual list resulting from a comprehensive measurement of American companies that have excelled in creating exceptional workplaces and company culture.

For ClimeCo, solid governance means we hold ourselves to the highest standards for ethics and integrity; we go beyond what is required. This applies to our projects, client partnerships, and how we run every aspect of our organization. Our investors — including Warburg Pincus and The Heritage Group — help us be more broadly known as an authentic, trusted authority in the environmental market. They share our values and help ClimeCo lead the way in taking on the toughest environmental challenges.

As ClimeCo continues to grow and expand our investment to create lasting change, we have welcomed three new members to our Board of Managers, representing ESG strategy, energy



**ClimeCo's Reforestation Project:** Mangroves sequester three to five times more carbon than tropical forests. Indonesia is home to over 20% of the world's mangroves.





investments, and waste management solutions expertise. I was particularly excited that this growth enhanced the Board's diversity because it is essential that we learn from each other, and we know that the best results come from groups with diverse perspectives. I was challenged once by a teammate to make sure our entire tree is diverse — from the roots, down to the core, and up to the treetop. I took that challenge on and I am proud of what we accomplished. Our diversity throughout the organization, and our 360-degree perspectives, drives tremendous value to our customers and shareholders.

In 2022, we invested in a project in Alaska that has become near and dear to many of us at ClimeCo. Afognak Island boasts many species endemic to Alaska, along with a 200-year-old forest. This pristine habitat has important environmental value. ClimeCo had issued carbon credits supporting a forest preservation project on Afognak Island for five years, which included environmental, economic, and social benefits. I was so proud to purchase the Afognak project and its easement in perpetuity from the Rocky Mountain Elk Foundation, a tremendous steward of this project for many years. Once we bought the rights to the project, we wanted to ensure that the forest remained protected and that we gave back to area tribes. ClimeCo shared a portion of the profits with the Native Village of Afognak and the Native Village of Port Lions to reflect our commitment to local and indigenous peoples, because we consider them to be our partners in this significant undertaking. The funding we shared supported an educational youth camp and economic revitalization in the community. My mentor always told me, it is through giving that we receive; it is so great to give back to such wonderful partners, and it clearly shows the added value of carbon projects.

### Tackling Evolving Challenges with Scalable & High-Integrity Solutions

Since our inception, ClimeCo has helped reduce and remove over 30 million tonnes of carbon dioxide equivalent. There continues to be demand and supply for GHG reductions, and for the past 15 years, ClimeCo has worked to create immediate, cost-effective, and scalable GHG reductions by participating in the Voluntary Carbon Market (VCM) as well as compliance markets. As companies increasingly focus on decarbonizing their value chains, ClimeCo is innovating with insetting — where suppliers and customers capitalize on their shared incentives to decarbonize. The Inflation Reduction Act (IRA) is another opportunity for historic, federal government-wide investment to support activities reinforcing climate-related readiness.

We pride ourselves on thinking and planning today to meet tomorrow's challenges and back that up by investing in the future and next-generation solutions. Our integrated and innovative approach to solving client problems is part of what makes our organization unique. It is exciting to be at the forefront of complex but solvable environmental challenges we face as a global community. A testament to this is our inaugural plastic credit project with Verra, which is the

**Since our inception, ClimeCo has helped reduce and remove over 30 million tonnes of carbon dioxide equivalent. There continues to be demand and supply for GHG reductions, and for the past 15 years, ClimeCo has worked to create immediate, cost-effective, and scalable GHG reductions by participating in the Voluntary Carbon Market (VCM) as well as compliance markets.**

non-profit organization that operates standards in environmental and social markets, including the world's leading carbon crediting program called the Verified Carbon Standard (VCS).

In October 2022, ClimeCo acquired assets from Carbonfund, including their Carbonfree certification program, a trusted partner of Amazon's Climate Pledge Friendly program. ClimeCo continues to uphold Carbonfund's mission to make it easy and affordable for individuals, businesses, and organizations to reduce and offset their climate impact. In November 2022, 3GreenTree was another strategic acquisition that brought decades of forest ecology, modeling, and carbon advisory expertise to ClimeCo. The 3GreenTree team positioned us to develop turnkey projects in new and vital ecosystems, enhancing our nature-based, removal projects efforts and helping to restore nature.

### Strategically & Thoughtfully Expanding Globally

While we have been primarily a North American company, we continue to expand, and we have numerous global projects underway. These projects have the potential to reduce plastics pollution and eliminate millions of tonnes of annual GHG emissions globally. We are tailoring ClimeCo's market-based solutions to cater to the broader Asia-Pacific (APAC) region, starting with Singapore, Vietnam, Indonesia, and Thailand. The APAC region is not only a global biodiversity hotspot but also a growing manufacturing and consumer hub with exciting opportunities for decarbonization.



ClimeCo remains on a core mission of meeting environmental challenges with market-based solutions. We are committed to making a difference today for a better world tomorrow. When we work together to do right by people and the planet, the earth and all its inhabitants can thrive.

Sincerely,

**Bill Flederbach,**  
**President and CEO**





# About ClimeCo

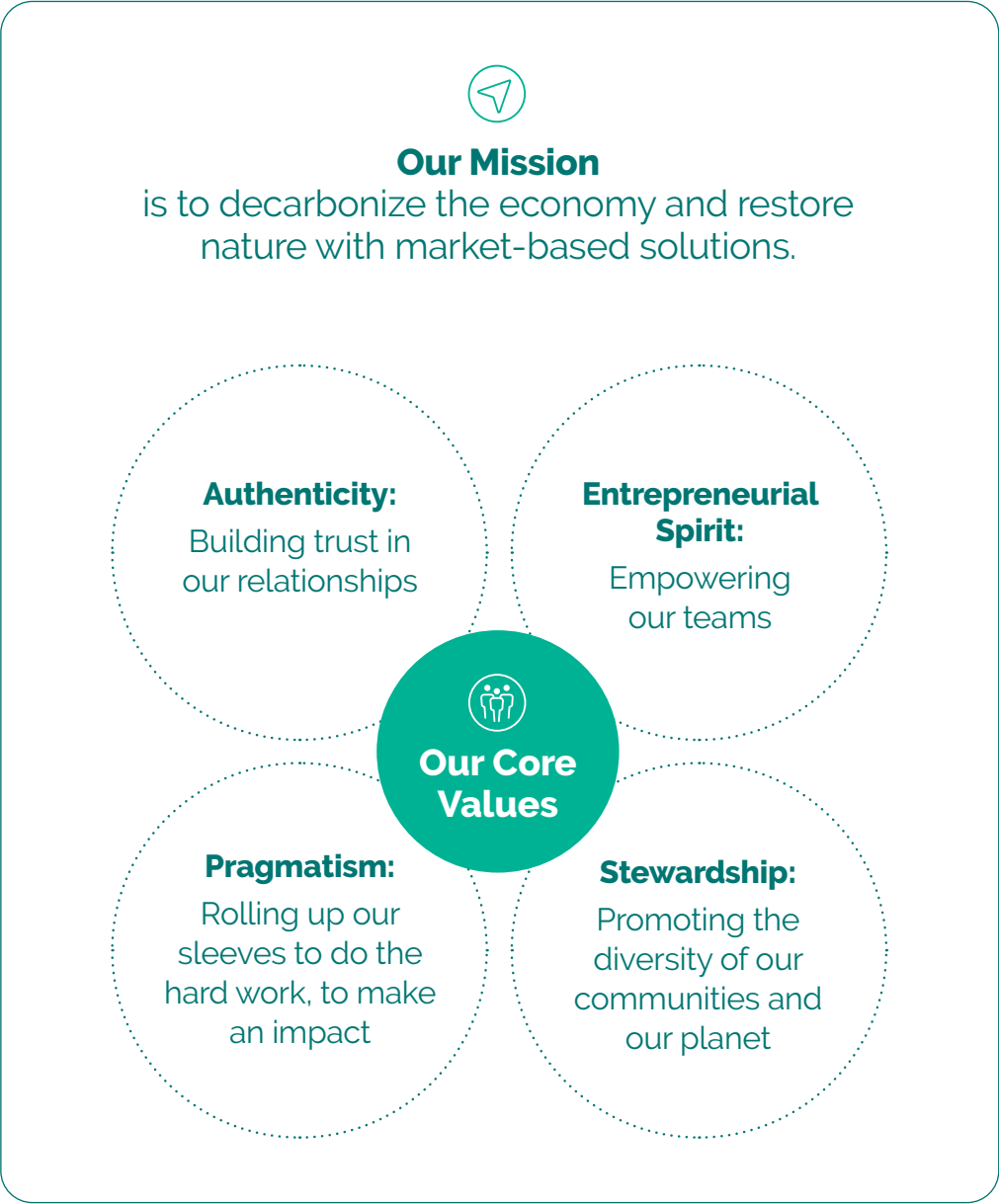
Founded in 2009, ClimeCo started with an ambitious goal — to reduce GHGs through scalable abatement projects that create value for our customers. This focus allowed us to pioneer the development of voluntary GHG reduction projects, funded through carbon offsets, at U.S. nitric acid plants. We serve nearly 100% of these projects in the U.S. and Canada.

We have evolved into a global sustainability company providing comprehensive, vertically integrated solutions to help clients decarbonize and transition to net-zero. As a full-service sustainability and strategic advisor, and developer and trader of environmental commodities, we maximize clients' environmental assets, minimize their regulatory costs, and enhance their sustainability impact — whether responding to sustainability regulations or satisfying voluntary ESG goals.

With headquarters in Boyertown, Pennsylvania, ClimeCo had 77 full-time employees as of December 31, 2022, marking an 88% increase compared to December 31, 2021. Most of our employees work remotely from locations throughout the U.S. and Canada to better serve our clients and to help achieve the company's strategic objectives.



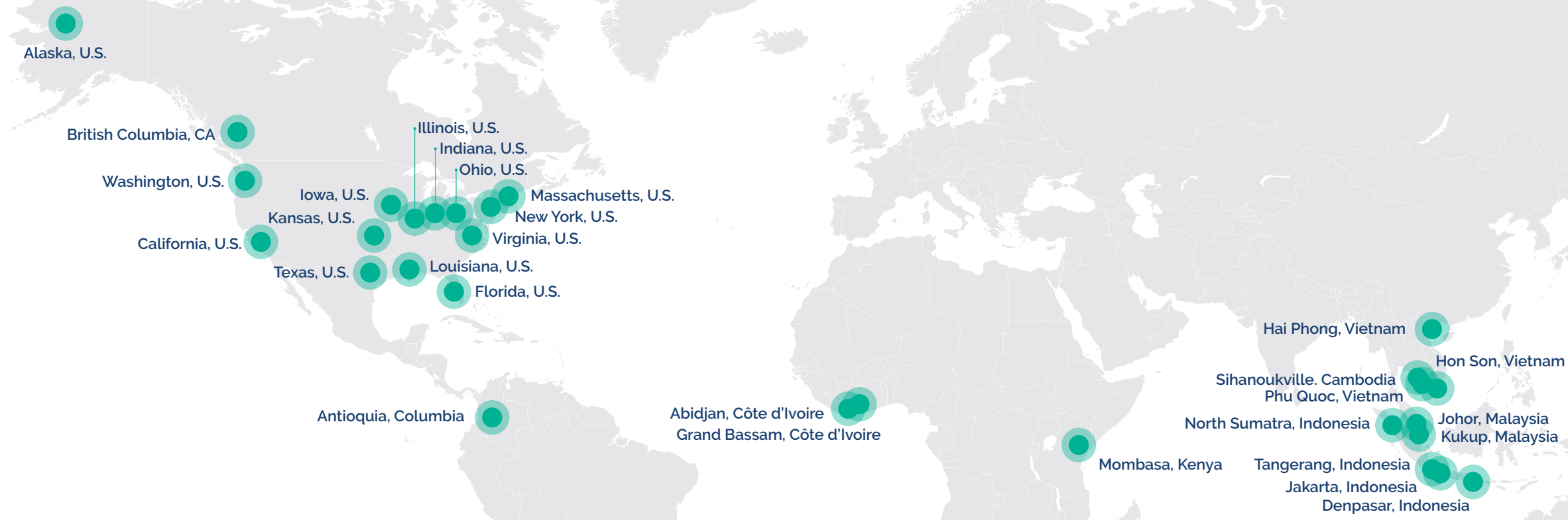
ClimeCo's vision is to help make a real, credible, and lasting impact – on the planet, people, and our organization. We value the broad and extensive experience we have in the market. We value the deep and lasting partnerships fostered with clients and earned with communities where our work makes a difference.





# ClimeCo's Global Projects

Our Active Projects as of Dec. 31, 2022







# Our Solutions

ClimeCo works with clients to create the solutions necessary to be successful in a low-carbon economy.

Our roots are in the carbon markets, developing and commercializing projects to generate high-quality environmental commodities around the globe. We are a leader in voluntary and regulated carbon markets and are proud of our impact. While climate action and addressing plastic pollution are the primary objectives, other environmental co-benefits — including better air and water quality, restoration of ecosystem services, and protection of wildlife habitats — often accompany our carbon and plastic credit projects.

 Sustainability, Policy & Advisory	 Project Development	 Environmental Credits
<ul style="list-style-type: none"><li>• Impact Assessment &amp; Claim Verification</li><li>• Target Setting &amp; Strategy Development</li><li>• Voluntary Disclosure &amp; Regulatory Optimization</li><li>• Strategy Implementation &amp; Risk Management</li><li>• Sustainable Finance &amp; Industry Partnerships</li></ul>	<ul style="list-style-type: none"><li>• Portfolio Development &amp; Diligence</li><li>• Project Feasibility &amp; Investment</li><li>• Design, Build, &amp; Implementation</li><li>• Methodology Development</li><li>• Innovative Commodity Formation</li></ul>	<ul style="list-style-type: none"><li>• Environmental Commodity Sourcing &amp; Marketing</li><li>• Carbon Offsets &amp; Emission Reduction Credits</li><li>• Renewable Energy Certificates</li><li>• Hedge Strategy Optimization</li><li>• Management Process Development</li></ul>

These strategic solutions cover three areas of sustainability services, including:

## 1. Sustainability, Policy, & Advisory (SPA)

ClimeCo's advisory team is a leading transformation partner to global companies, investors, and other organizations pursuing a low-carbon and just economy. The team has deep experience across each mission-critical stage of sustainability transformation. Our team guides clients across each stage of their sustainability journey, including strategy development, risk management, impact assessment, project implementation, and voluntary disclosure. We also have a dedicated policy team that provides strategic policy and regulatory compliance advisory. In 2022, we added renewable energy advisory to our portfolio of services, including advising corporate energy buyers and renewable energy developers, asset owners, and sellers. We also deepened our offerings around climate risk assessment and disclosure, Lifecycle Assessment (LCA)-based carbon intensity quantification, and decarbonization strategy development and implementation.

### SPA FAST FACTS

- ✓ SPA team grew by 67% in 2022
- ✓ Welcomed new clients in sports, entertainment, life sciences, and battery recycling
- ✓ Key projects: ESG Reporting & Strategy, Renewable Energy Procurement Strategy, GHG Footprint, Materiality Assessment, Climate Risk Assessment & TCFD Reporting, Lifecycle Assessment, and more

### Securing Funding for Clients

A core area of experience and expertise at ClimeCo is assisting our clients in tracking and applying for grants and funding. This involves identifying where government funds are available, for example the Inflation Reduction Act (IRA) of 2022 and the Infrastructure Investment and Jobs Act (IIJA). These opportunities may be in the form of tax credits, loan guarantees, funding programs from infrastructure bills, and more. ClimeCo experts do the complex work of identifying what money is available for our clients, including mapping out deadlines, applications, and other opportunities. In 2022, ClimeCo grew these services to include finding funding for clients in Canada and the U.S.



## 2. Project Development (PD)

Our project development team helps clients evaluate and develop lower-carbon or more sustainable business processes and practices to create value while advancing the transition to a low-carbon economy. We use a market approach to make sustainable solutions feasible and economical. We serve a variety of project types, from nature-based to heavy industry, because we believe they are all necessary for mitigating global climate change. We also spearheaded a new class of projects that create plastic credits by collecting plastic pollution from the environment or increasing recycling capacity.

### PD FAST FACTS

- ✓ PD team grew by more than 100% in 2022
- ✓ Avoided or removed over 6.2 million metric tonnes of MT CO<sub>2</sub>e in 2022. This marked the largest quantity of credits generated in our company's history in the span of one year
- ✓ Worked with major registries to advance methodologies, which are key tools in creating high-quality projects for carbon markets and accelerate cost-effective, scalable decarbonization in these key areas: Supplementary Cementitious Materials (SCMs) for the cement industry, Industrial Gas Abatement expansion to China, and Displacement of Virgin Petroleum-Based Plastic Production
- ✓ Key programs: N<sub>2</sub>O Abatement, Low-Carbon Cement, Shipping & Alternate Fuels, Carbon Capture Utilization & Storage (CCUS,) Natural Ecosystem (forests and mangroves) Restoration & Conservation, Improved Forest Management (IFM), and Plastics Collection & Recycling



### What are Carbon Offset Methodologies?

A carbon offset methodology is a framework document that defines the quantification and parameters that are required to generate carbon, or GHG, offsets throughout the life of a project; for example, planting trees as part of a reforestation project or displacing fossil fuel-based plastics through the production of sustainable alternative materials like recycled plastics. It establishes the project's baseline, identifies qualifying practice changes to reduce carbon, and defines the monitoring requirements necessary to ensure that the reductions are real, quantifiable, verifiable, and additional to what would have happened in the absence of the project.

At ClimeCo, a solid, science-based foundation has been and continues to be the basis on which we build our ESG solutions, which include high-quality projects, offsets, and methodology creation. We believe methodologies must be robust, transparent, and accessible to bring much-needed funds to generate viable, high-quality credits. Methodology improvement and revision is standard and necessary practice, as is introducing new methodologies.

## 3. Environmental Credits (EC)

ClimeCo has a team dedicated to accelerating economy-wide decarbonization by creating value from environmental commodities. We are among the top five most active traders in the U.S. and Canada. We offer environmental credits for projects we develop and more. We also offer a diverse portfolio that includes carbon credits, plastic credits, Renewable Energy Credits (RECs), Forecast Mitigation Units (FMUs), criteria air pollutants, and water quality credits. Corporations, entertainment events, universities, small businesses, and others turn to ClimeCo to provide the credits they need to achieve their regulatory compliance and sustainability goals and access our established network of buyers.

### EC FAST FACTS

- ✓ Expanded offerings to provide Application Programming Interfaces, or APIs, to enable our clients to offer carbon mitigated products and services to their customers
- ✓ Developed and advised on high-quality, custom portfolios for our clients for both regulatory and voluntary compliance obligations
- ✓ Compensated for the carbon footprint of over 3,000 products via our Carbonfree Certification Program



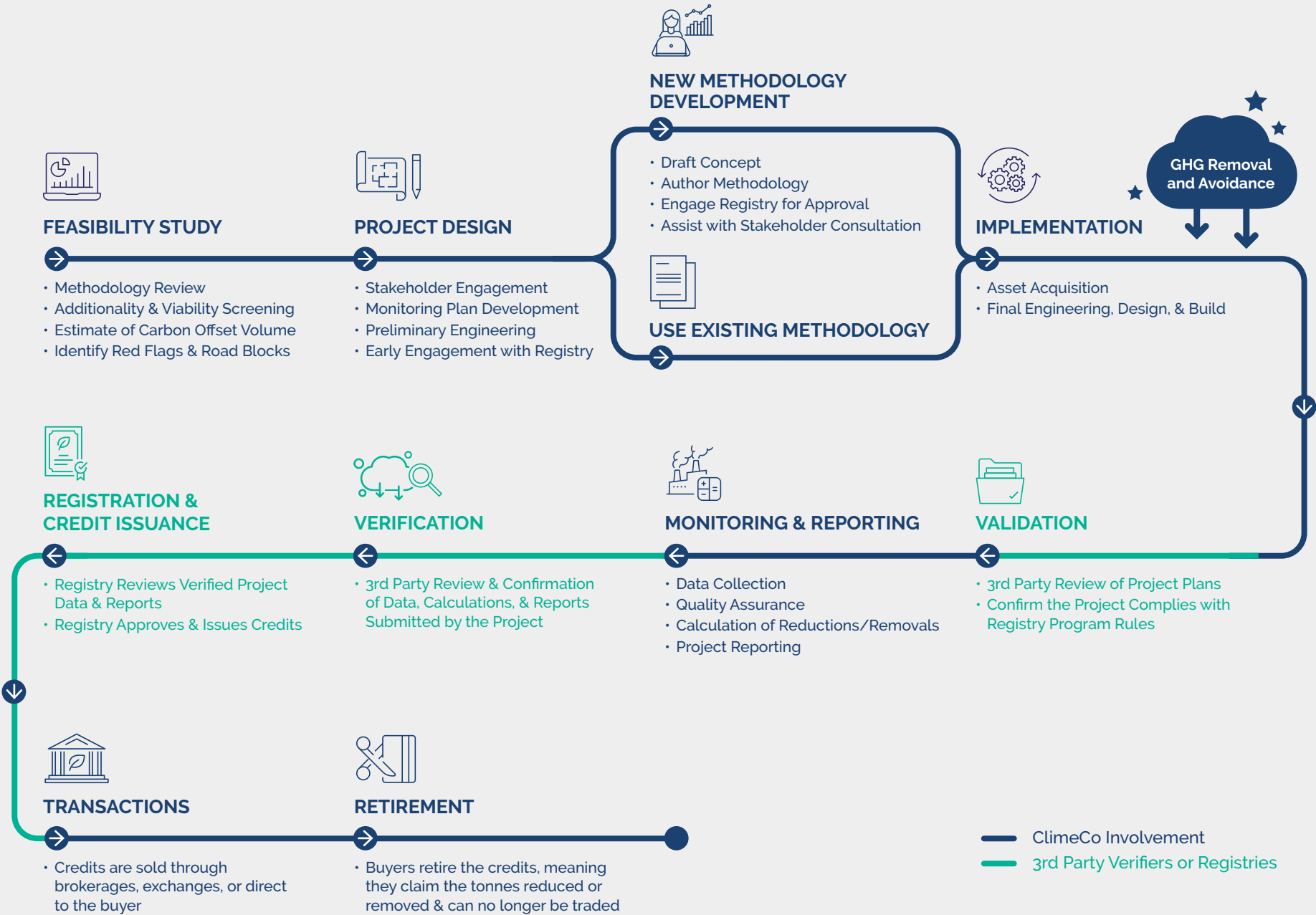
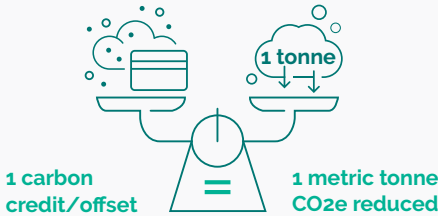




# How are Carbon Credits Created?

## What is a Carbon Offset?

A carbon offset represents a voluntary reduction of one metric tonne of carbon dioxide equivalent (CO<sub>2</sub>e) that was either avoided from entering or removed from the atmosphere.





# About This Report

At ClimeCo, we help our clients find effective and scalable solutions to address myriad sustainability challenges. We also recognize the importance of setting an example for honest and transparent reporting of our ESG performance. One of our core company values is authenticity and building trust in our relationships. One of the ways in which we demonstrated this was by releasing our inaugural Impact Report in 2022. This is our second annual report. We committed to measuring our progress and communicating those results to our stakeholders, the result of which is this report. The content is organized using the four pillars of the World Economic Forum's (WEF) International Business Council (IBC) Stakeholder Capitalism framework — Principles of Governance, People, Planet, and Prosperity. The report also outlines ClimeCo's contributions to the United Nations' Sustainable Development Goals (SDGs). Unless otherwise noted, the report covers ClimeCo's operations worldwide from Jan. 1, 2022, to Dec. 31, 2022.

## ESG Materiality Assessment

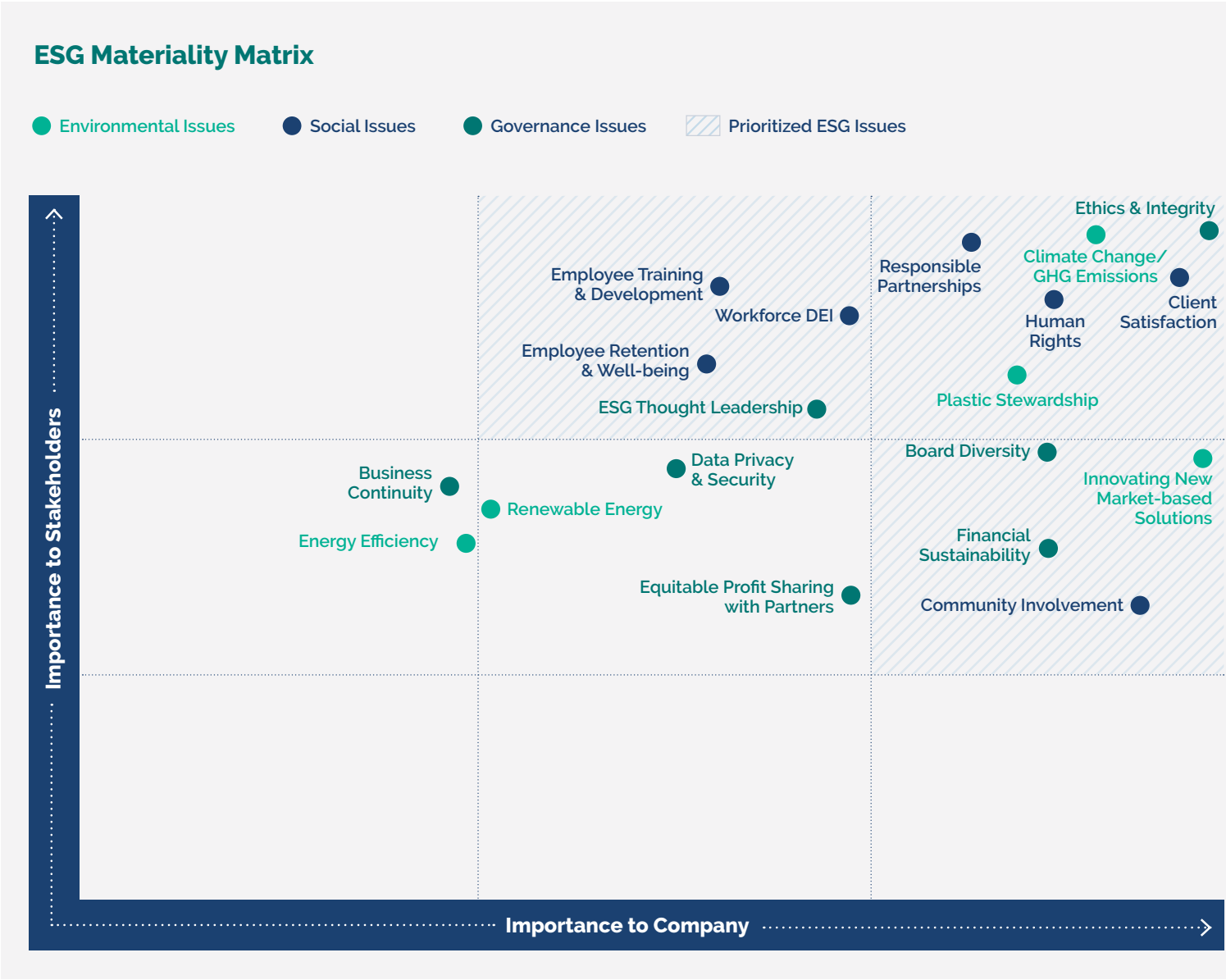
In 2022, we conducted an ESG materiality assessment led by a working group of ESG reporting experts from our Sustainability, Policy, & Advisory team. For future reports, we plan to make our materiality assessment incrementally expansive and include a range of external stakeholders. For a full description of the process we followed to conduct our Materiality Assessment, please see page 8 of our [Impact Report 2021](#).

## Report Approval

ClimeCo is committed to providing accurate information about our impact and ESG performance. The content of this report was approved by our executive team and reviewed by the Board of Managers.

## Feedback

ClimeCo welcomes your feedback to help us improve our ESG reporting. Please get in touch with us at [info@climeco.com](mailto:info@climeco.com) if you have comments or questions about our Impact Report.







# 2022 Highlights





# Planet

## 2022 Planet Highlights

- + **Set a target to reduce our absolute scope 3 emissions by 35% by the year 2025**
- + **Launched first verified plastic credit project on Verra's Verified Carbon Standard under our plastic credit program**
- + **Helped companies identify funding opportunities for decarbonization initiatives via the Inflation Reduction Act (IRA), which directs new federal spending toward reducing emissions**







# Catalyzing Climate Action

Our decarbonization platform offers vertically integrated solutions that improve our customers' environmental impacts. ClimeCo helps clients commit to bold transition strategies and goals and follow through on these commitments. We provide expert, tailored solutions to complement each client's unique business model and sustainability journey, including quantifying impacts, developing strategic GHG abatement roadmaps, setting net-zero targets, and reporting to various sustainability reporting standards, raters, and rankers.

### Did You Know?

ClimeCo has helped reduce or avoid more than 30 million metric tonnes of CO<sub>2</sub> equivalent emissions since 2009. This is equivalent to taking over 6.5 million average passenger cars off the road for a year.\*



ClimeCo's overall GHG emissions stand at 232 MT CO<sub>2</sub>e. For every tonne of carbon emitted by ClimeCo in 2022, we helped reduce or avoid 26,700 times more emissions.

\*Estimated based on average annual MT CO<sub>2</sub>e emissions of a typical passenger vehicle as outlined in the EPA's Green Vehicle Guide.

## Driving Meaningful Impact with Our Clients

ClimeCo supports a variety of industries and clients in their efforts to make a positive impact. We support hard-to-abate sectors and partner with clients to navigate complex challenges and capitalize on strategic opportunities.

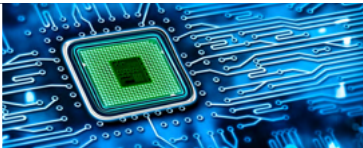
We serve all industries, with key sectors that include:



Cement



Chemicals



Electronics



Entertainment



Financial Services



Hydrogen



Industrial Machinery & Components



Information Technology



Life Sciences



Oil & Gas



Renewable Energy



Utilities



In calendar year 2022 alone, we:



Helped over **210 clients** in their climate journey.



Quantified more than **406.4 million MT CO<sub>2</sub>e of GHG emissions** across Scopes 1, 2, and 3 categories for our clients, which represents approximately 1%\* of global GHG emissions.



Assisted our clients in pledging to reduce **1.8 million MT CO<sub>2</sub>e of GHG emissions** by the year 2030. Furthermore, we guided them in identifying opportunities to cut more than **1 million MT CO<sub>2</sub>e** through **32 unique abatement measures**.



Helped avoid or remove over **6.2 million MT CO<sub>2</sub>e of GHG emissions**.



Tracked over **180 climate-related policies** and 178 funding opportunities for our clients.



**Guided companies representing over \$71 billion in market capitalization in their ESG reporting and ESG strategy initiatives.** In addition, we also assisted several private entities with confidential financial data that is not included in this tally.

By the end of 2022,



ClimeCo had **developed four of our own methodologies**, with more in progress in 2023. The total number of credits produced through these methodologies amounted to **32.4 million**, of which ClimeCo was responsible for generating **10.4 million**.

\*Based on International Energy Agency's (IEA) total greenhouse gas emissions in 2021 data, when using a 100-year global warming potential time horizon.

Voluntary Carbon Market (VCM)

One of the main purposes of the VCM is to stimulate funding that finances decarbonization. ClimeCo has helped reduce millions of metric tonnes of GHG annually, beginning with the development of nitrous oxide abatement projects in 2010. We actively invest in GHG reduction projects globally and maintain a diverse portfolio of offsets to meet our customers' volume, project type, and geographical diversification needs. A dedicated team, a strong network of buyers and sellers, and numerous global partners make ClimeCo a trusted source for voluntary carbon offsets. At ClimeCo, we ensure that our projects have a clear activity change, that the baseline is well-defined, and that the project positively impacts the community in which it is located. We believe methodologies must be robust, transparent, verifiable, and accessible to bring much-needed funds to decarbonization opportunities.

What Does "High-Quality" Mean?

At ClimeCo, we work to confirm that our projects positively impact the community and environment in which they are located. For us, third-party registries and independent verification are the minimum requirements for developing high-quality credits. ClimeCo defines high-quality credits as a real reduction or removal of CO<sub>2</sub>e that are third-party verified, additional, quantifiable, durable, avoids leakage, and listed on a reputable carbon registry.

*Learn more about our project diligence process on page 30.*



**"We target environmental impact hotspots through Lifecycle Assessments (LCAs). LCA is a robust framework that allows companies to assess the comprehensive environmental impacts of their products or services. Additionally, LCAs serve as the foundation for generating value for our clients under fuel decarbonization programs such as California's Low Carbon Fuel Standard and regulatory tax credit programs such as 45Q and 45V."**

**Jaskaran Singh Sidhu**

Senior Associate; Sustainability, Policy, & Advisory Team, Canada





## Regulated Carbon Markets

We support clients subject to climate regulations across North America, from cap-and-trade to carbon tax to hybrid market designs. Our mission remains the same throughout these variable and complex programs: To help clients optimize their compliance strategy and capitalize on unique market opportunities. ClimeCo actively develops compliance-grade carbon offsets from the destruction of ozone-depleting substances and the collection and destruction of methane from dairy digesters.

### ClimeCo is an expert in the following programs, to name a few:

- Western Climate Initiative (WCI) joint cap-and-trade program in California and Quebec
- Alberta's Technology Innovation and Emission Reduction (TIER) regulation
- Ontario's Emission Performance Standard (EPS) regulation
- Canada's Federal Output-Based Pricing System
- EU's Emissions Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM), and Corporate Sustainability Reporting Directive (CSRD)
- California's Cap & Trade regulation and Mandatory Reporting System
- The Regional Greenhouse Gas Initiative (RGGI)
- California's Low-Carbon Fuel Standard (LCFS) program
- Canada's Clean Fuels Regulation (CFR)



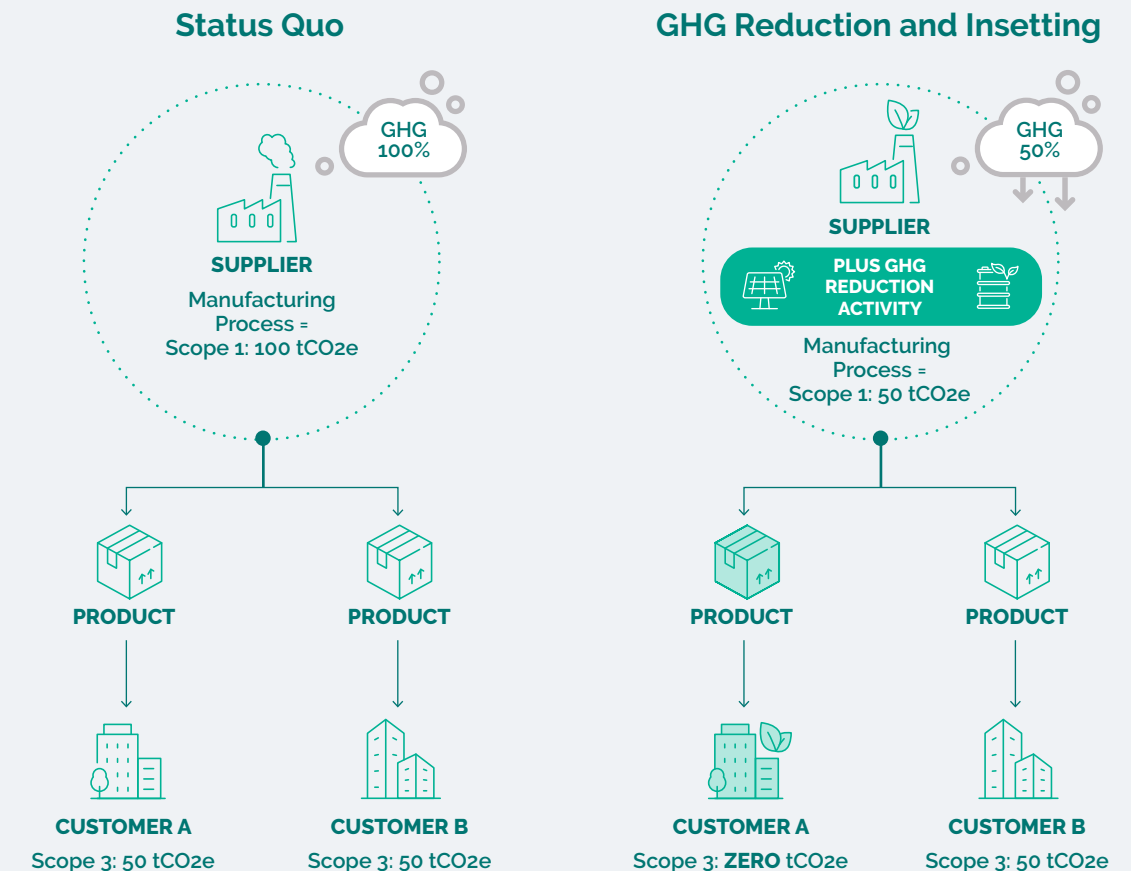
**"Climate action has accelerated dramatically with new policies such as the Inflation Reduction Act in the United States and Carbon Border Adjustment Mechanisms in the European Union. Investors are seeking companies who are not only managing climate risk but capturing decarbonization opportunities. Our clients seek our expertise to develop the necessary transition plans and implement decarbonization solutions to future-proof their business models."**

#### David Prieto

Sr. Director, Climate & Energy Advisory; Sustainability, Policy, & Advisory Team, USA

## Emergence of Insetting as a Solution

Carbon insetting and offsetting are two ways of reducing or compensating for carbon emissions. Carbon insetting is the implementation of decarbonization solutions within a company's value chain, in contrast to carbon offsetting, which happens outside of a company's value chain. Insetting allows a supplier to count emissions reductions toward its Scope 1 and 2 targets, while a buyer can attribute the same emissions reductions to their Scope 3 targets. These multiple benefits for stakeholders are a driving factor in the growth of carbon insetting, which is becoming a welcome strategy for companies that are working to reach climate goals.







# Strategic Collaborations

Our strategic partners expand our impact with insights, research, and resources that help us support our clients with additional environmental solutions. Some of our key partners include Johnson Matthey, Marsoft, and UPROAR, to name a few.

In one example of a strategic implementation partnership with Restore the Earth Foundation, ClimeCo partnered to restore forest and wetland ecosystems in the Lower Mississippi Valley. The program has the ambition to reforest 1 million acres of degraded coastal and bottomland in the region, with 4,000 acres planted in 2022 and up to 20,000 acres scheduled in 2023.

ClimeCo and Restore the Earth Foundation partnered to restore forest and wetland ecosystems in the Lower Mississippi Valley.

4,000 acres  
planted in 2022

~20,000 acres  
scheduled in 2023



## Investment in Aclymate

In 2022, ClimeCo invested in Aclymate, a web-based platform for small and medium-sized businesses that desire to address their climate footprint. They offer users a robust, intuitive, and friendly way to transform their best climate intentions into climate action so that any business can become a climate leader. Aclymate provides carbon footprint and certification services to smaller companies at a cost-effective price, allowing them to show their customers, employees, and stakeholders that they are taking action in the fight against climate change.

## 3GreenTree Acquisition

ClimeCo and 3Green Tree were aligned in their pursuits and philosophies and had partnered for several years before ClimeCo acquired the environmental consulting firm in December 2022. The 3GreenTree team was incorporated into ClimeCo, bringing additional strategic experience and expertise, especially in the Nature-Based Solutions (NBS).



**“The Project Development team has grown so much in the past year, while maintaining an extremely high standard for project integrity. It’s been really inspiring to be part of such a knowledgeable team that is so focused on careful due diligence, conservative quantification methods, and a strong emphasis on community and biodiversity co-benefits.”**

**Emily Romano,**  
Project Manager, Nature-Based Solutions Team, USA



# ClimeCo – A Carbon Neutral Company



We are proud of our work worldwide to foster decarbonization, protect biodiversity, and improve the quality of life in many underserved communities. We also take responsibility for our own GHG emissions by measuring and offsetting our footprint annually. Beyond our efforts to reduce emissions from our operations we are also proactively assessing the potential physical climate risks associated with our major projects.

## Greenhouse Gas Data

Scope	Category	2021 Emissions (MT CO2e)	2022 Emissions (MT CO2e)
Scope 1	Stationary Combustion	4.0	4.8
	Refrigerant Leakage	0.4	0.6
Scope 2	Electricity Use (Market-Based) <sup>6</sup>	0 (4.1 <sup>1</sup> )	0 (11.1 <sup>1</sup> )
	Electricity Use (Location-Based)	4.1	11.5
Scope 3	C1: Purchased Goods & Services <sup>2</sup>	44.9	97.6
	C3: Fuel & Energy-Related Activities	2.0	3.6
	C4: Upstream Transportation & Distribution <sup>3</sup>	0.3	—
	C5: Waste Generated in Operations	—	1.3
	C6: Business Travel <sup>4</sup>	47.2	82.1
	C7: Employee Commuting (Work From Home, or WFH) <sup>5</sup>	36.5 (59.2 <sup>1</sup> )	42.3 (62.5 <sup>1</sup> )

	2021 Total Emissions	2022 Total Emissions
Scope 1	4.3 MT CO2e	5.4 MT CO2e
Scope 2 <sup>6</sup>	0 MT CO2e	0 MT CO2e
Scope 3	130.8 MT CO2e	226.8 MT CO2e
Total GHG Emissions (Scope 1, 2 & 3) <sup>6</sup>	135.1 MT CO2e	232.2 MT CO2e
Carbon Credits Retired <sup>7</sup>	135	233
RECs Purchased <sup>8</sup>	500.7 MWh	85 MWh
Emissions Intensity <sup>9</sup>	3.3 (MT CO2e/employee headcount)	3.0 (MT CO2e/employee headcount)

1 The values in the paraphrases reflect our emissions before purchasing Renewable Energy Certificates (RECs).

2 Category 1 emissions were calculated using up to date spend-based emission factors from the U.S. Environmentally-Extended Input-Output (USEEIO) database in 2022. For 2021, we used factors from Environmental Protection Agency (EPA) and Department for Environment, Food and Rural Affairs (DEFRA).

3 Category 4 emissions were not captured in 2022 as we were not able to accurately distinguish spending on goods and services from spending on shipping. Trace Category 4 emissions from 2021 now sit within Category 1 in 2022.

4 For Category 6, flight emissions were calculated by determining total flight leg distances. In 2022, average spend-based factors developed during the 2021 footprint process were used for flights where distance information was unable to be determined, as well as for bus and rail travel and hotel stays. Average fuel prices were used to estimate emissions for mileage reimbursements and fuel expenses. Spend-based factors were used to calculate emissions from auto rental.

5 Our C7 methodology now utilizes data primarily from the U.S. EPA Residential Energy Consumption Survey (RECS) to generate a more accurate WFH emissions estimate in 2022.

6 Market-based accounting with RECs.

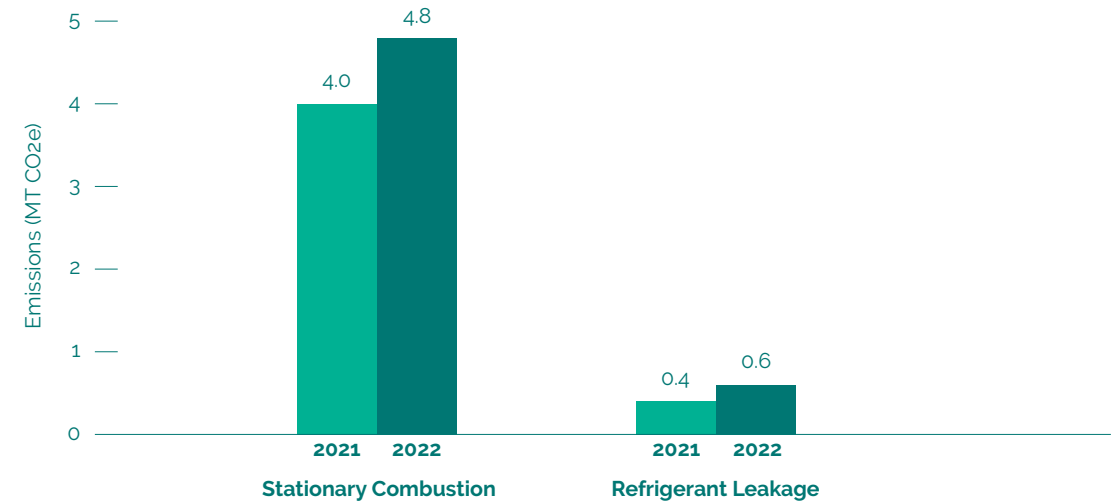
7 We retired carbon credits from US N2O abatement project.

8 REC purchases decreased significantly in 2022 due to a methodology update that enhances the precision of estimating WFH electricity consumption.

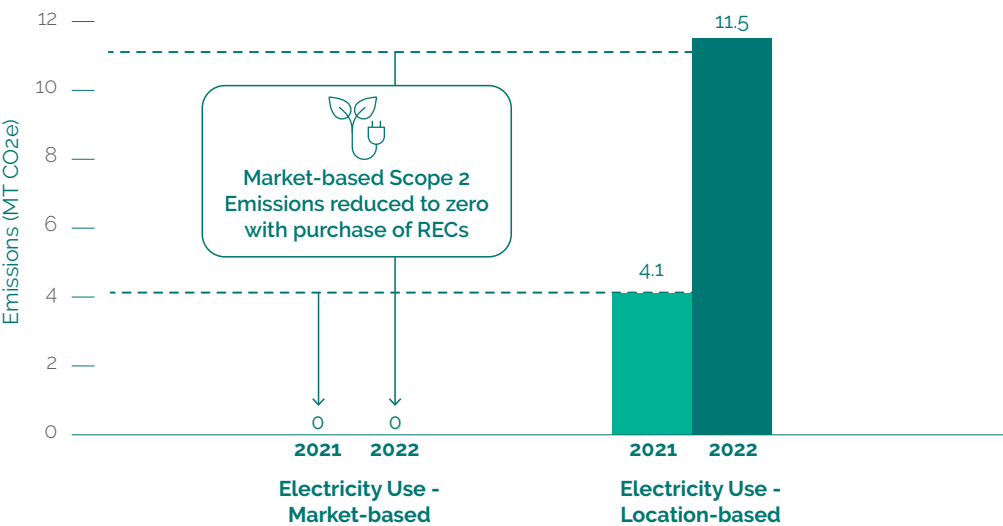
9 Given the revisions in our methodology, among other variables, the emission intensity numbers for 2021 and 2022 should not be seen as directly comparable on an annual basis nor should they be considered to correspond linearly with our workforce expansion.



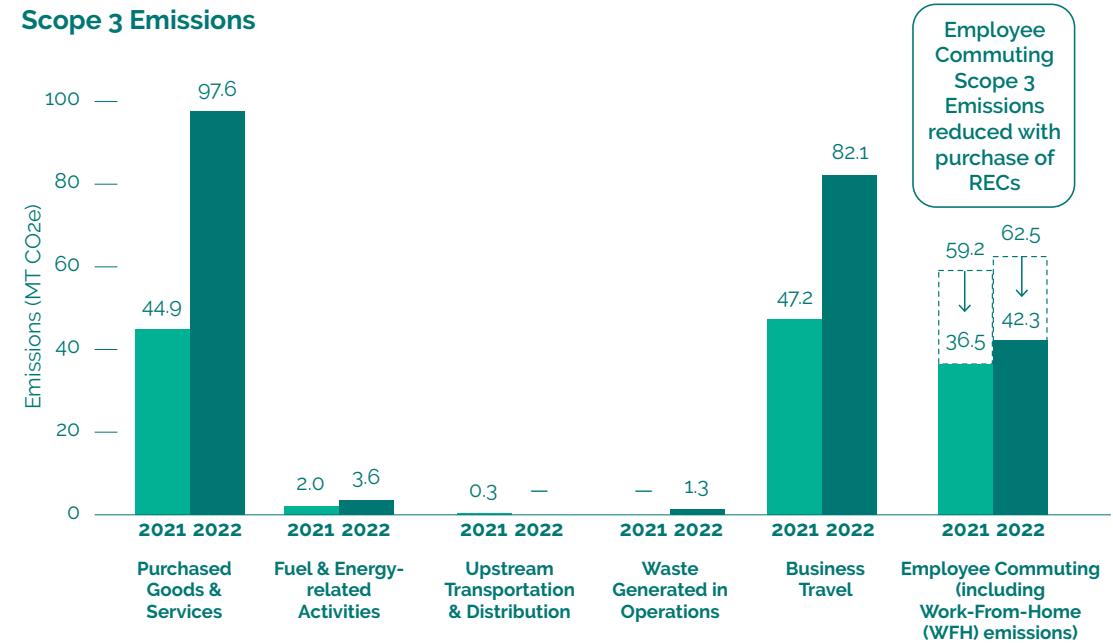
### Scope 1 Emissions by Category



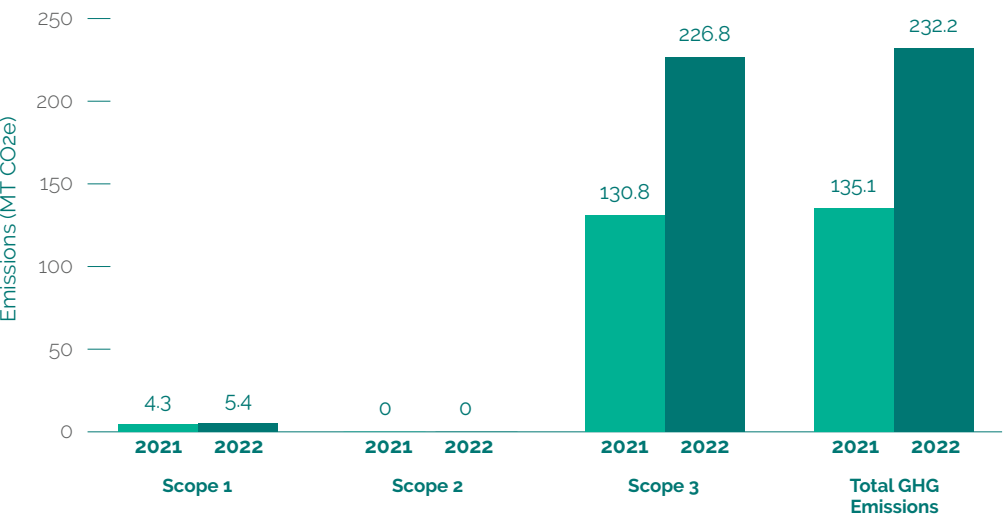
### Scope 2 Emissions - Market and Location



### Scope 3 Emissions



### Total Scope 1, 2, & 3 Emissions\*



\*Market-based accounting with RECs.





**“For corporate energy buyers, our team now develops and implements global procurement strategies to help companies achieve their ESG goals. For renewable energy sellers, our team helps developers and asset owners understand the changing regulatory market, incentives, and buyer needs to help bring new projects to fruition.”**

**Stephanie Lee**

Sr. Manager, Climate & Energy Advisory; Sustainability, Policy, & Advisory Team, USA

ClimeCo conducted a comprehensive GHG inventory of our 2022 Scope 1, 2, and 3 emissions in alignment with the GHG Protocol's Corporate Accounting and Reporting Standard. Consistent with ClimeCo's commitment to calculating and offsetting our entire emissions, after transitioning to 100% renewable electricity for both office and Work-From-Home (WFH), we retired offsets for all residual emissions. These emissions are counteracted by verifiable, high-quality carbon reductions. We acquired RECs from a U.S. wind energy project and retired carbon credits from a U.S. N<sub>2</sub>O abatement project.

ClimeCo's Scope 1 and 2 emissions are the result of electricity and natural gas usage at our offices and co-working spaces, as well as modelled emissions from refrigerant leakages. Our Scope 3 emissions represent the bulk of our footprint, predominantly driven by Category 1: Purchased Goods and Services, Category 6: Business Travel, and Category 7: Employee Commuting (including WFH emissions). Other categories like Category 3: Fuel and Energy-Related Activities, and Category 5: Waste Generated in Operations\* (assessed for the first time this year) have a comparatively minor influence on our Scope 3 GHG numbers.

The most significant change we observed between 2021 and 2022 was an uptick in our Scope 3 emissions. Since our business grew considerably, from 41 employees in 2021 to 77 employees in 2022, this increase was anticipated. Scope 3 categories with the highest materiality (C 1, 6, & 7) had the highest impact on this overall trend. For Category 1, increased company spending and the use of updated emission factors led to a higher emissions result in 2022 than 2021. Further, for Category 6, an increase in number of employees and frequency of business travel between


\*To calculate waste generated in our operation, we estimated the amount of waste generated per site and translated this into emissions data, assuming that it all goes to landfill.

2022 and 2021 led to a higher emissions result. Finally, a slight increase in WFH and employee commuting emissions under Category 7 resulted from our employee growth. The magnitude of this increase was curtailed, however, due to the implementation of a new methodology to estimate our WFH emissions that is described in our emissions result footnotes.

ClimeCo aims to improve data quality for some categories in future years such that more precise emissions estimates can be obtained. This spirit of continuous improvement applies to our entire process as we are committed to conducting our footprint with as much comprehensiveness and precision as possible. We expect minimal changes to the methodologies in our future GHG inventories, except for the potential enhancement of Category 1 data accuracy and precision to enhance its effectiveness for actionable insights.

**In 2023, ClimeCo is committing to an absolute Scope 3 emissions reduction target of 35% by 2025 using our 2022 footprint as the baseline.**

Our team has identified several initiatives to help us realize this ambitious goal. For instance, we are seeking to invest in sustainable aviation fuel credits to lower our business travel footprint, as the majority of our business travel emissions result from flights. Moreover, we will evaluate investment in renewable natural gas to lower our WFH footprint and are also considering other avenues for reduction. We will provide updates on our progress in future reports.

**MEET WITH PURPOSE**

### Hilton Case Study

ClimeCo partnered with Hilton to co-create a portfolio of high-quality carbon offsets for customers hosting meetings or events at Hilton properties around the world. The global hospitality leader's environmental and social management system, LightStay, calculates carbon emissions from meetings and events held at their properties, helping their clients understand their event's carbon footprint. ClimeCo's Application Programming Interface (API) solution allows each hotel to purchase carbon offsets through the LightStay platform to offset emissions that couldn't initially be avoided. These carbon offsets purchased from ClimeCo are third-party verified and registered through the Climate Action Reserve or Verified Carbon Standard.



# Plastics Stewardship

We launched our Plastic Credits Program in 2021 to help organizations assess their plastic footprint and develop a long-term strategy for reduction and mitigation. The goal is to drive private sector capital to on-the-ground projects that create next life solutions through plastics recycling, repurposing, and co-processing. Plastic credits are an investment in ecosystem restoration, biodiversity conservation, healthy communities, and sustainable business practices.



## 2022 Plastics Program Key Highlights

### WaY Project

ClimeCo joined forces with Conceptos Plásticos to support their Women and Young empowerment (WaY) project. This project removes post-consumer, non-recyclable, ocean bound plastic waste in Cote d'Ivoire and is repurposed to produce construction bricks. The repurposed bricks are used to build schools in partnership with UNICEF (United Nations International Children's Emergency Fund) and are constructed in areas lacking sufficient educational facilities. The project also provides employment opportunities and empowers female collectors with increased income, recycling industry labor rights, environmental practices, and child education.



### Chanuka Plastiki Project

ClimeCo partnered with Enaleia, a non-profit that engages coastal communities to reduce plastic pollution. Their Chanuka Plastiki project supports Kenya's Kwale Recycling Centre (KRC) to remove plastic from the Kenyan coast and generate plastic credits through the Verra Registry. The KRC enhances waste management infrastructure and empowers local communities through educational outreach. As part of their "Buy-Back Program," the KRC registers and trains informal waste pickers to collect plastic waste from the environment and take it to their Material Recovery Facility (MRF). ClimeCo's support of this project will help KRC collect an estimated 1,000-3,000 tonnes\* of plastic annually in Kenya.



### Other Initiatives

- Toured Gulf of Thailand island locations in Cambodia with UNDP and project partner, TONTOTON for plastic pollution recovery expansion.
- Engaged with a U.S. recycler to boost e-waste plastic and automotive shredder residue recycling.
- Completed site visits and inspections at plastic pollution and recycling operations in Java and Bali, Indonesia, for future development and expansion.
- Developed guidelines so that our plastics partners are trained to make sure chemicals of concern like legacy flame retardants and PVC are not recirculated in new applications.
- Worked with Verra to develop their carbon credits methodology for virgin petroleum-based plastic production.



\*These numbers are estimates based on the initial forecast by our partners.





2,463 tonnes

Ocean Bound Plastic  
Collected and Issued by  
Project Partners



Plastic credit projects can advance environmental justice, employment opportunities, education, community health, and gender economic empowerment. To measure a project's expected societal impacts, ClimeCo employs the UN SDG Assessment Manager Tool to quantitatively evaluate alignment with the 17 SDGs, such as ending poverty and hunger and promoting quality education, gender equality, and clean water and sanitation.



**"I'm proud that our Plastic Program set a very high standard from the beginning. We've put local community and social benefits at the core of our projects. We go beyond by performing an independent quantitative assessment for UN Sustainable Development Goals to measure the impact where we operate. All of this helps companies support global plastic projects that align with their sustainability priorities."**

**Chris Parker**

Director, Circular Economy Team, USA

## Doing Our Part to Reduce Single-Use Plastics in Our Offices



ClimeCo is intent on reducing our plastic footprint and has taken steps to eliminate single-use plastics at our offices in Boyertown and State College, Pennsylvania, and at company events. In 2022, we began developing environmentally preferable purchasing guidelines, and in 2023, we are introducing Guidelines for Responsible Procurement and Waste Management at Offices, which will be followed by training.

### Our Plastic Reduction Actions:

- Eliminated single-use plastics in the kitchen and adopted reusable alternatives
- Contract with a vendor for returnable, reusable 5-gallon containers for our water coolers
- Actively educate in our co-working spaces to reduce reliance on single-use plastics

At our 4-day company-wide teambuilder in 2022 in New Orleans, we worked with the event venue to eliminate single-use plastics from guest rooms, meeting rooms, and meals. As a result, the plastic footprint of the event was reduced to 110g of plastic waste per attendee per day. This achievement stands in contrast to the average American's daily plastic waste of 605g.\* Elsewhere, we are evaluating the marketing items we use at trade shows and other events with the goal of switching to more eco-friendly giveaways.

\*Source: [www.oecd.org](http://www.oecd.org)





# People

## 2022 People Highlights

- + Women make up nearly half (49%) of our entire workforce
- + Retention rate increased from 95% to 97%
- + Pay equity study approved to launch in 2023







# Diversity, Equity, & Inclusion (DEI) Lead to Belonging



Diversity, equity, and inclusion is an important part of our culture and is at the forefront of our personnel considerations. At ClimeCo, we strive to hire talented, engaged, and curious team members who thrive on finding new, innovative ways to decarbonize the industry. At the same time, we support continuous organizational growth through increased diversity in our teams and strategic international expansion. Internally, we invest in DEI education, people/manager training, and efforts to identify and develop emerging leaders.



As we continue to grow, we remain focused on attracting and retaining exceptional, dedicated employees who proactively support our clients, partners, and colleagues. To that end, we expanded our Human Resources capabilities in 2022 and into 2023 by adding to our staff of HR professionals. It is the application of our collective skills, experience, and expertise that enables us to find optimal solutions for our clients.

### Did You Know?

ClimeCo was selected as one of Inc. Magazine's Best Workplaces for Environmental Services in 2023.

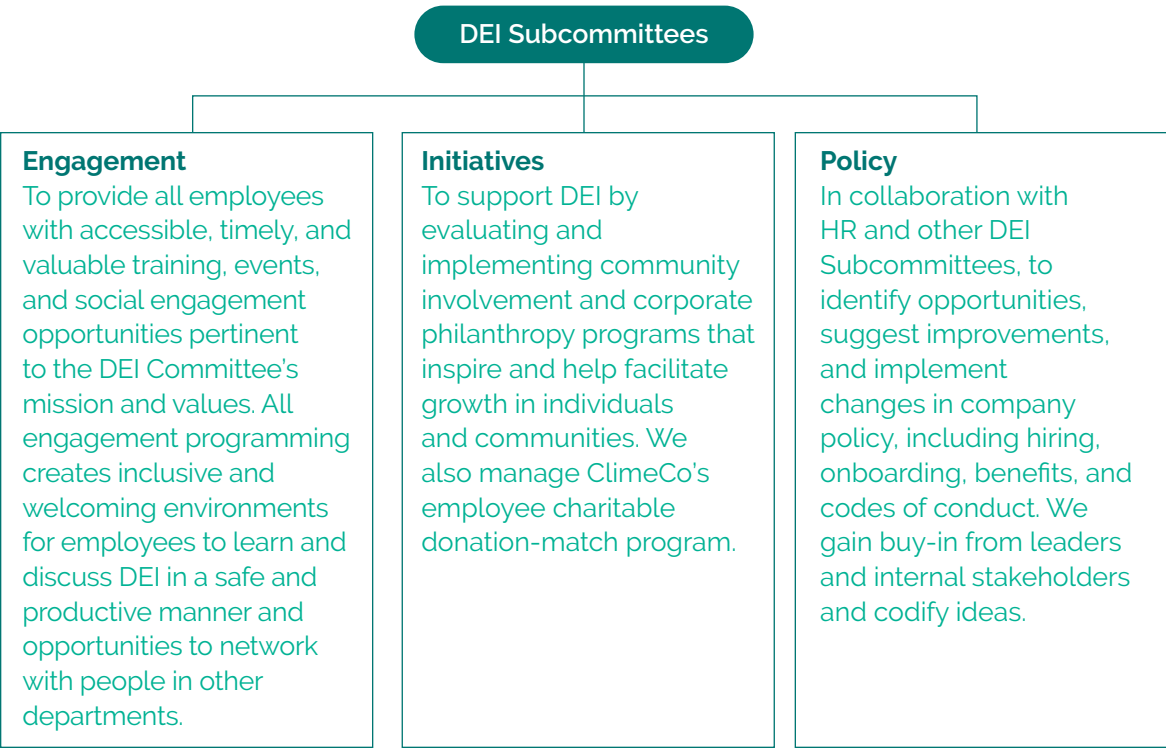


## Dedicated DEI Steering Committee & Subcommittees

ClimeCo employees take part in DEI training at least once a year, and we continue to offer training and other programs annually. The foundation of these efforts is our volunteer, employee-led DEI Committee, formed in 2020 and composed initially of a Steering Committee and three Subcommittees that focus on executing tasks and projects.

### DEI Committee Mission Statement

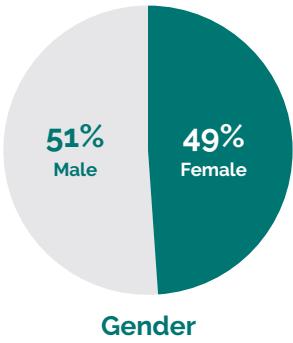
"To discuss and address topics related to diversity, equity and inclusion, including but not limited to issues surrounding racial, gender, religious, LGBTQ+, age and disabled identities so that ClimeCo can maintain and further an atmosphere of empowerment and mutual respect."







2022 Workforce Diversity



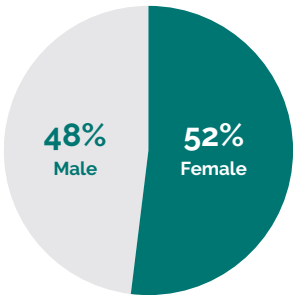
Gender

+5%

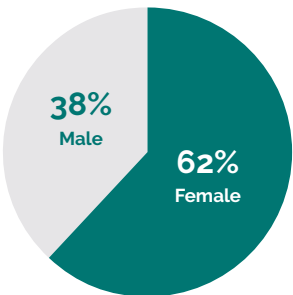
Women make up nearly half (49%) of our entire workforce, a 5 percentage points increase from 2021.

+2%

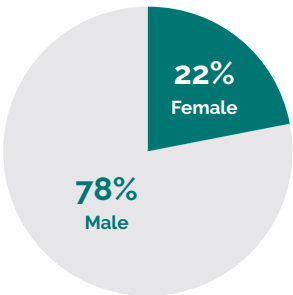
Women represent 35% of our company's leadership<sup>1</sup>, marking a 2 percentage points increase from 2021.



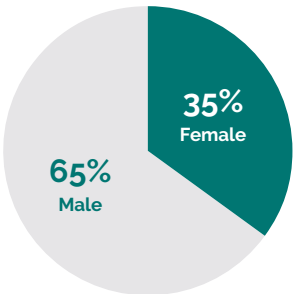
Age Group:  
Under 30 Years Old



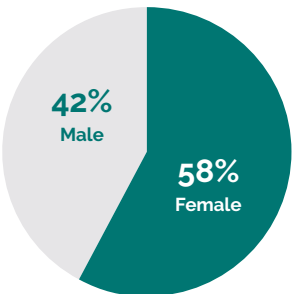
Age Group:  
30-50 Years Old



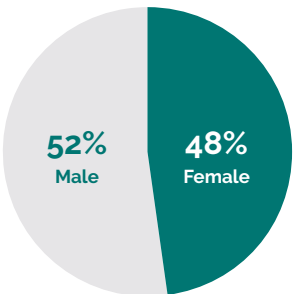
Age Group:  
Over 50 Years Old



Job Level:  
Leadership



Job Level:  
Middle Management



Job Level:  
Associates

Workforce Diversity		
Employees who identify in any of the categories below:		
	2021	2022
African American or Black	—	3%
Alaskan Native or Native American	—	—
Asian	10%	16%
Hispanic or Latinx	5%	8%
White	56%	62%
Two or More Races or Ethnicities	—	3%
LGBTQ+ <sup>2</sup>	—	—
Person with Disabilities <sup>2</sup>	—	—
Did Not Disclose Demographic Background	29%	9%

+15%

We had a 15-percentage point uptick in team members from racial or ethnic minority groups versus 2021.<sup>3</sup>

91%

We conducted a voluntary DEI survey, and 91% of employees participated, a 28% increase from 2021.

1 Individuals at the level of VPs and above are classified under the leadership category.  
2 In 2022, our survey portal did not collect data related to LGBTQ+ and disability statuses for all employees.  
3 This increase included both new hires and existing employees who took part in the voluntary DEI survey for the first time in 2022.



# Promoting Personal & Professional Growth

ClimeCo recognizes that investing in strategic training, development, and other learning opportunities is integral to our commitment to providing a dynamic, rewarding workplace. We want employees to grow with the company and advance their careers through internal capacity building. There are opportunities for employees to stretch their capabilities by learning on the job and by working with more experienced colleagues.



In line with ClimeCo's core values, our focus on personal development begins at the earliest stages of employment. We work closely with new hires during their introduction to ClimeCo to ensure they are well-suited and progressing in their new positions. The introductory period is typically 90 days and culminates with a comprehensive performance review involving the employee and their performance manager. Every employee also participates in an annual review designed to address performance, set career goals, and highlight professional development needs and interests.



**"Our culture is centered on putting people first, and we welcome everyone into our work family at ClimeCo. The collaborative, flexible, and supportive nature of our company enables the business and everyone connected to it to make a positive impact. The opportunities for growth and development create a truly dynamic environment."**

**Abeeda Latif**  
Senior HR Associate, HR Team, USA



ClimeCo has a professional mentorship program for employees to engage with more senior staff members and attain intensive, personalized guidance to build knowledge and leadership skills. The program is geared to identify and prepare high-performing individuals for leadership roles at ClimeCo.

Continuing education is another element of our development portfolio. We offer education assistance programs to promote professional development and enhance an employee's ability to compete for more advanced positions within the company.

ClimeCo also holds an all-company, multi-day Team Builder event at an off-site location each year to discuss strategy, participate in group and volunteer activities, and build camaraderie among our staff, executive team, and Board of Managers.

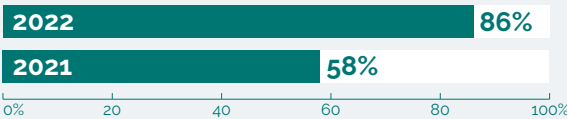


# Valuing Employee Feedback

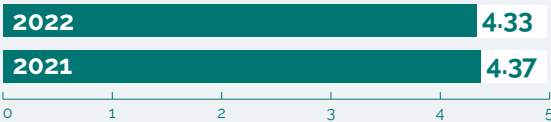
We conducted our first Employee Engagement Survey in January 2022, which focused on four key areas of the business – compensation and benefits, DEI, communication and involvement, and company culture and image.

## Employee Engagement Survey:

Employee participation



Overall satisfaction score



The results helped the team prioritize internal initiatives around pay transparency, communications, benefits, and employee growth plans. We are committed to carrying out an employee engagement survey annually, with an emphasis on boosting participation year over year. We are building a formal, multi-faceted employee engagement plan to enhance our existing culture that prioritizes community, diversity, and flexibility.

# Employee Benefits & Perks

ClimeCo offers a competitive salary and bonus structure with benefits including 401(k) with employer match, medical/dental/vision benefits, EAP program, paid parental leave, paid time off, holidays, and more. We made significant changes and improvements to health benefits for U.S. and Canadian employees in 2022.

For employee ownership information, see page 33.

## Key perks that set ClimeCo apart include:

- Remote-first work environment
- Flexible work hours
- Health premiums are company-paid for primary participant employees
- 12 weeks of paid parental leave offered
- Team Builder events held in different locations

## Compensation & Pay Equity

In 2022, we launched a sophisticated salary evaluation system that allows us to model salaries based on location, experience, and market standards to further our goal of offering comparable, equitable, and fair salaries. Additionally, we are undertaking a pay equity study in 2023.

## Investing in Continuous Learning

ClimeCo employees participate in key HR-related training that includes these important topics: Compliance & IT, DEI (which includes anti-harassment), and People/New People Manager training. The total amount of training time in 2022 was approximately 355 hours. This was a 42% increase in employee training hours from 2021.

Additionally, the total amount of time employees spent engaged in external professional development and conferences or trade shows in 2022 was over 1,335 hours.







# Supporting Our Communities

ClimaCo employees demonstrate corporate and social responsibility by donating time and financial resources to various organizations and causes. Each year, we offer full-time employees eight hours of paid time off to volunteer at an organization of their choice.

In 2022:

67.5%  
of staff members utilized  
volunteering benefits  
versus 30% in 2021

410+  
hours spent volunteering  
by ClimaCo employees.  
This number is four times  
higher than the hours  
employees spent in 2021,  
a year impacted by the  
global pandemic

14  
Team ClimaCo  
volunteered at 14 different  
organizations, including  
Clean Miami Beach, 24  
Carrot NOLA, and Prout  
Farms, to name a few



Volunteer efforts included replanting, river/beach/roadside clean-ups, stocking a food bank, harvesting vegetables for the local community and hospitals, assistance with people experiencing homelessness, blood donation, and local school volunteering.

To increase our impact, the company created the Make a Change charitable gift-matching program in 2022 that included a yearly, dollar-for-dollar match for employee contributions to charitable organizations up to \$100 USD or the local currency equivalent. Charities eligible for the match are engaged in causes including animal welfare, child protection, education, wildlife conservation, and affordable housing.







# Governance

## 2022 Governance Highlights

- + Board diversity increased
- + Risk management tool embedded into due diligence process to assess associated project risks
- + Voluntary third-party financial audit completed





# Going Beyond Good Governance

At ClimeCo, operating with the highest regard for ethics and integrity is core to conducting business and interacting with stakeholders. Responsible business practices define our workforce, our brand, and our culture. Our long-term success as a business is tied directly to our commitment to honest, transparent relations with our clients and partners. Sound governance practices are critical for us to continue expanding business opportunities, building trust with stakeholders, and positioning ClimeCo as an innovator in the global sustainability arena.

In 2022, to support our business growth and global expansion, we moved our General Counsel in-house to work with the Board of Managers and leaders to ensure that our management and training practices are appropriate and to establish an enterprise risk management process. We prioritize environmental risks, in particular, and supply chain risks. In our dealings with international partners, for example, ClimeCo's project development contracts include human rights, fair labor, and anti-bribery provisions. We exercise strong ethics in our business judgment and expect our partners to do the same.

Governance-related work in progress includes developing:

- Formalized protocols with respect to ClimeCo's supplier code of conduct
- Updated ethical business conduct policies for employees and business partners

Did You Know?

In 2022, we announced a capital infusion of \$50 million led by Warburg Pincus and The Heritage Group to expand our decarbonization platform and execute major projects for clients.



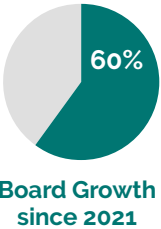
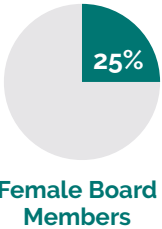
# Our Board of Managers

As a limited liability company, ClimeCo is overseen by an eight-person Board of Managers, which includes our President and CEO and our Chief Operating Officer (COO) as of December 31, 2022. We have added four board members since the start of 2021, including two from Warburg Pincus after the global private equity firm invested significantly in ClimeCo in April 2022.

We embrace the value of having a Board of Managers that is increasingly diverse along racial, ethnic, and gender lines. ClimeCo is proud to have two women on our Board, Leela Ramnath and Karin Corfee, to better represent our employee base and bring diversity of thought, expertise, and experience to the table. Being diverse equips us to offer novel viewpoints and craft groundbreaking solutions. It fortifies our strengths and amplifies our success in all our endeavors.

Board Diversity Matrix

	2022	2021
Board Size	8	5
Female	2	1
Male	6	4



Number of Managers who identify in any of the categories below:

	2022		2021	
Asian	Female 1		0	
White	Female 1	Male 6	Female 1	Male 4
Did not Disclose Demographic Background	0		0	





# Managing Business Risks

ClimeCo's executive management team routinely evaluates company risks and opportunities with our Board of Managers. Our Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Science Officer (CSO), General Counsel, and Business Unit leaders have an active role in managing business risks. We have guidelines and procedures, including a risk-based Know Your Customer (KYC) process, to protect against corrupt and illegal activities. We are evaluating the measures we use to assess supply chain risks, including the selection process and contract terms and conditions. We expect everyone we do business with to meet our high ethics, integrity, and human rights standards.

## Third-Party Audit

We hold ourselves to the highest standards for ethics and transparency, above and beyond compliance or regulatory requirements. One important example was ClimeCo's first voluntary, third-party audit of our financials from 2022 in which the auditors found that the statements are presented fairly and consistent with Unites States' Generally Accepted Accounting Principles (GAAP). We were pleased with the outcome as we transitioned from reviewed financial statements to a new threshold of audited financial statements by the external auditor.

# ClimeCo Code of Conduct



We expect every ClimeCo employee to conduct the company's business and to treat others according to our Code of Conduct and Employee Manual, as well as to follow applicable laws, rules, and regulations in the countries where we operate. The Code and Manual provide guidelines for working safely, protecting all individuals' rights, and speaking out against harassment or discrimination of any kind.

ClimeCo prohibits retaliation against any individual who reports discrimination or harassment or participates in an investigation of such reports. Retaliation against an individual for reporting harassment or discrimination or for participating in an investigation is prohibited. Any employee who believes they have been subjected to prohibited harassment, discrimination, or retaliation, or who is aware of harassment, discrimination, or retaliation of others, is expected to immediately report it to their supervisor or HR representative, or the COO or CEO, regardless of the offender's identity or position. Any reported allegations of harassment, discrimination, or retaliation will be confidentially investigated promptly, thoroughly, and impartially.

## IT & Cyber Security Monitoring & Training

ClimeCo prioritizes cybersecurity, and we continue to improve and expand our IT policies. The organization grew exponentially in 2022, and supporting the digital demands of a growing internal team and client base created challenges and opportunities. Employees undergo annual cyber security training, and the IT team sends out unannounced phishing simulations or campaigns. Employees who click on the simulated emails are required to take additional training. In addition, security certifications were prioritized for the IT team in 2022.

In 2023, AI (Artificial Intelligence) became a trending topic worldwide, and ClimeCo began to vet potential AI solutions. This is an example of the information that goes into quarterly business updates to the Board of Managers, along with updates on digital risks and threats. Our teams are also forming a task force to address AI as part of a larger digital strategy for ClimeCo.

## Spotlight On Thought Leadership

ClimeCo's experts have led the development of numerous methodologies and actively helped shape environmental technologies as authors via expert commentary. Our team members are biologists, ecologists, engineers, and more. In our ranks, we have scholars with bachelor's degrees, master's degrees, and PhDs. We share thought leadership through speaking at industry events, writing blogs and articles, and via interviews in media outlets. Our ESG Decoded podcast episodes were played over 25,000 times in 2022, and we recently celebrated our 100th episode.

33+  
Published over 33  
thought leadership pieces  
focused on sustainability  
topics and participated  
in or sponsored over 25  
sustainability conferences

ESG  
Decoded  
Podcast  
  
Listen to recent  
episodes >

42  
Released 42  
ESG Decoded podcast  
episodes within the year



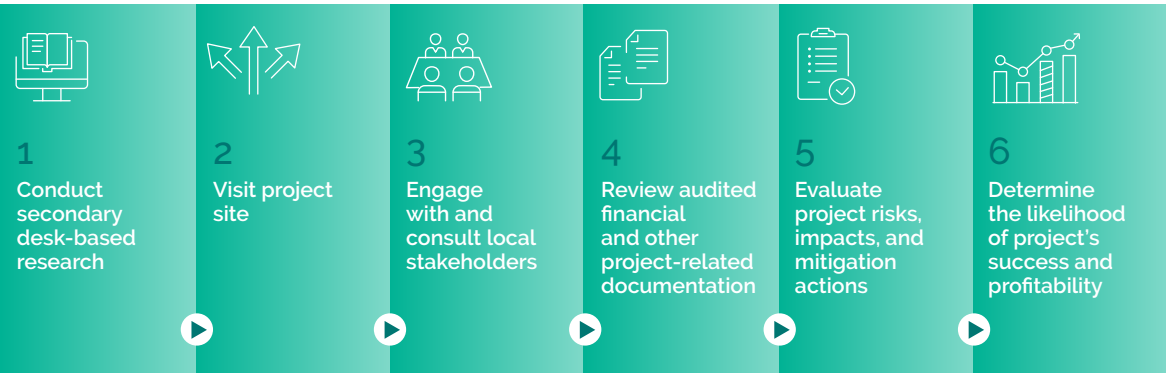
# Responsible Carbon Offset Development & Sourcing

At ClimeCo, we balance our portfolio with various types of projects that mitigate GHG emissions. From sequestering GHG with nature-based solutions like grassland preservation, reforestation, and mangrove re-establishment — to destroying them at manufacturing sites before they ever get emitted into the atmosphere — we strive for a balanced approach to addressing climate change.

**The scale and scope of projects often present opportunities to partner with large and small organizations to bring about impactful societal change. Because these projects can involve significant capital investments, as well as significant risks, we conduct rigorous diligence assessments that scrutinize every aspect of a project. The timeline for some projects may extend 20 years or more.**

Our due diligence process includes desktop research, site visits, meetings with partners, and reviews of audited documents related to land tenure, organizational governance, and finances. Before making a final investment decision, we evaluate a project's social and environmental risks, impacts, and mitigations, determine the likelihood of the project's success, and assess financial viability.

## Our Six-Step Project Due Diligence Process



\*The due-diligence process can vary slightly from one project to another, based on the specific needs of each project.

For example, a reforestation carbon offset project would require us to study potential land acquisitions, sapling sourcing and planting methods, ongoing monitoring of planted areas, and environmental and community impacts. An essential diligence category is reviewing carbon volume estimates and crediting eligibility. True to our core values, we want to ensure that a project is credible, verifiable, and ethical and benefits all stakeholders, especially local communities.

In 2022, we took steps to enhance the application of tools, methods, and techniques to assess opportunities and inform our due diligence and project development process. The resulting decision support tool includes a risk tolerance index for project development assessment. Our support tool demonstrates ClimeCo's ongoing commitment to ensuring that a market-based solution will create a profit and climate impact, be respectful of our partners and communities, and represent the high standard of integrity to which we hold ourselves.



**"I'm proud to be on our Environmental Credits team, helping clients engage in activities that positively impact the planet. These companies are working on achieving their ESG goals, and they trust ClimeCo to develop and offer high-quality projects for them to support. Other solutions include an API, or Application Programming Interface, that supports the digitization of carbon offsetting purchases for clients and their customers, for example. We're here every step of the way to partner and innovate."**

**Alex Griffiths**  
Sales Administration Manager, Environmental Credits Team, USA





# Prosperity

## 2022 Prosperity Highlights

- + New job growth rate of 88%
- + Offer Unit Appreciation Rights to full-time employees
- + Major projects in Alaska and Indonesia, among others, offered co-benefits that supported local communities





ClimeCo is proud of our contributions to sustainable development. We help our clients achieve not only their environmental and social goals but also their financial targets. We continue to grow our business, scaling sustainable, market-based solutions guided by our values. In 2022, we continued to diversify our portfolio of projects and capabilities to bring lasting benefits to clients, partners, employees, society, and the planet.

Did You Know?

In 2022, ClimeCo expanded its workforce by 88% to support the growing business.

To ensure shared prosperity, we continued to offer bonuses and Unit Appreciation Rights (a mechanism to share the value of ClimeCo's growth with full-time employees) to our teams.

Building Trust in Communities

Part of ClimeCo's standard practice for project-based solutions is visiting the site and engaging with local representatives and organizations. We do this before moving ahead with the project and during the project development process. This ensures we have a trusted partner relationship and interact with the local and indigenous people in a meaningful way. It also helps confirm that the project benefits are being delivered in a substantive and equitable way that is positive for local communities.

Restoring Lost Mangroves & Creating Livelihoods

ClimeCo is helping to rebuild carbon-rich mangroves by funding and developing a carbon offset project aimed at restoring Indonesia's mangroves and providing livelihoods. In 2022 ClimeCo started project work in the Aceh and North Sumatra regions, focused on ecosystem restoration and

creating sustainable forms of revenue for local communities. To ensure we maximize community engagement and build lasting relationships, ClimeCo partnered with Yayasan Konservasi Pesisir Indonesia (YAKOPI), a non-profit organization based in the project region.

YAKOPI works with local communities and government to restore damaged and unhealthy mangroves and encourage the development of economies that utilize coastal ecosystems in a sustainable manner. In addition, ClimeCo contracted PUR Projet, a global leader in nature-based solutions focused on empowering local communities through long-term socio-environmental projects, to offer advice and recommendations to YAKOPI. The goal is to support the environmental and community-based benefits of this project.

ClimeCo's Mangrove Reforestation Project

Indonesia January 2022 - February 2023



1,3474,678  
Mangrove Propagules  
Planted



533  
Hectares Planted/Restored,  
Employing 709 People  
(42% Men, 58% Women)



63  
Public Consultation Meetings  
5 Community Awareness  
Program Events Conducted  
for School Children  
5 Training Programs for Fish  
Products Preparation



38  
Village Nurseries Supported,  
Employing 778 People  
(64% Men, 36% Women)



\$1,949,975  
Total Amount of Funding  
Provided by ClimeCo to  
YAKOPI by June 2023





## Inclusive & Shared Growth



We are also investing in human capital, as evidenced by our approximately 70% new job growth in 2021 and 88% new hire rate in 2022. We assessed and improved our hiring practices to enable us to continue to diversify our ranks in the years ahead.

Our time-off policy includes nine paid holidays per year (for U.S.-based employees), paid vacation time, paid sick leave, paid voting leave, paid jury duty leave, and paid time away for bereavement. We also offer up to 12 weeks of paid parental leave following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care.

Our benefits package includes Company-paid medical, prescription, dental and vision insurance, long-term disability, short-term disability, life insurance, and a 401(k) plan with a company match for retirement savings. We offer an easily accessible Employee Assistance Program (EAP) to help with life's everyday challenges. As part of our commitment to the long-term success of our business and employees, we also provide Unit Appreciation Rights — a mechanism to share the value of ClimeCo's growth with full-time employees.

ClimeCo's project development activities have expanded into blue carbon — specifically mangrove and seagrass restoration.

With prospective projects in Indonesia, the Philippines, and the U.S., we aim to bring high-impact and high-integrity projects to the market.

## Investing in Innovative Solutions



ClimeCo has invested in nature, communities, and technology with multiple benefits. We aim to drive results with better offerings for clients and customers, expand our capacity and expertise in sustainability advisory services, and create a plastics stewardship program that reinforces our commitment to address environmental challenges with market-based solutions.

We also continued to bolster our expertise in developing carbon offset methodologies to expand pathways to incentivize decarbonization in various industries, especially hard-to-abate industrial sectors. We are working with clients on the development of new methodologies that hold the promise of further expanding participation in offset markets. These markets help fund investments in decarbonization and expedite the movement toward better environmental outcomes. ClimeCo's project development activities have expanded into blue carbon — specifically mangrove and seagrass restoration. With prospective projects in Indonesia, the Philippines, and the U.S., we aim to bring high-impact and high-integrity projects to the market.

### Creating Economic Value for Clients

- Helped bring clarity and focus to advisory clients' climate and ESG strategy, creating growth opportunities and supporting M&A activity
- Advised on ESG-linked finance options to help clients fund their sustainability programs
- Optimized clients' compliance costs by obtaining the required GHG reduction benefit at lower cost

We will continue to grow our project development efforts in industrial gas programs, reforestation, mangrove restoration, and Ocean Bound Plastic (OBP) collection and recycling. We are expanding into Carbon Capture, Utilization, and Storage (CCUS) and other high-impact, emerging decarbonization solutions to support energy-intensive clients in the cement, ammonia, and hydrogen sectors. Equity and related financing also enable us to strengthen our team through organic growth and, when material opportunities arise, additional acquisitions.



## Benefiting Communities Locally & Globally

Our projects and partnerships often produce social and economic benefits beyond reducing carbon emissions and plastic pollution. The degree of benefit depends on the project type, with impacts including better water quality and biodiversity, livelihood improvements, and positive health outcomes.



### Nature-based Solutions – Stewardship & Restoration

Nature-based projects involve protecting, stewarding, and restoring ecosystems to help fight climate change. These activities also have benefits beyond sequestering and storing carbon – they support biodiversity, clean water and can be an essential source of food and resources for local and indigenous peoples. These co-benefits are the core of any high-quality nature-based project – enhancing co-benefits and ensuring impacted communities receive their share of positive outcomes are key priorities.

For example, forest restoration projects like our work with Restore the Earth Foundation in Louisiana can re-establish entire ecosystems to support biodiversity and water quality. In Louisiana specifically, bald cypress replanting can increase resilience against the impacts of hurricanes. In June 2022, ClimeCo visited our mangrove restoration sites in the North Sumatra and Aceh regions of Indonesia and met with the local communities to understand how we could advance these projects' ecological and economic impact.

Other project types, such as ocean bound plastic collection, provide co-benefits that may include enhanced employment opportunities, higher wages, better access to community health and education services, and biodiversity conservation. Waste-management projects like waste-to-energy at dairy farms can improve local air and water quality while generating renewable energy.



We believe it is important to share the prosperity with our local partners. When applicable, we structure our carbon offset and plastic credit projects so that communities participate and are jointly incentivized to see the project succeed. Many of our projects are long-term (10-30 years or more) and have multiple environmental, social, and economic objectives and outcomes. For our nature-based projects, fundamental motivations often include community development, biodiversity enhancement/conservation, or both, as they can be closely related.

We know that our projects' success depends heavily on meaningful engagement and ongoing involvement with impacted stakeholders. Many of our projects include specific, verifiable plans and activities to ensure effective community engagement and monitoring of performance against social and biodiversity goals, for which we seek independent certification under formally recognized programs, such as the Verified Carbon Standard, and Biodiversity Program.

ClimeCo is only getting started. We constantly look to the future, think, plan, and anticipate obstacles and opportunities. We are dedicated to remaining at the forefront of providing scalable solutions to sustainability challenges and making a positive impact.

Despite the challenges we face with climate change, the surge in global collaboration, innovation, and commitment gives us hope for a sustainable and resilient future for our planet.





# Index

## WEF IBC Index

ClimeCo's 2022 Annual Impact Report has been prepared using the World Economic Forum's Stakeholder Capitalism Metrics. As a private firm, we do not consider all of the metrics to be material for us, which we explain.

WEF Metric	Core (C)/Expanded (E)	Location in the Report
Principles of Governance		
Setting purpose	C	We are working on our corporate purpose statement
Governance body composition	C	Our Board of Managers, page <a href="#">28</a>
Material issues impacting stakeholders	C	ESG Materiality Assessment, page <a href="#">9</a>
Anti-corruption	C	ClimeCo Code of Conduct, page <a href="#">29</a>
Protected ethics advice and reporting mechanisms	C	ClimeCo Code of Conduct, page <a href="#">29</a>
Integrating risk and opportunity into business process	C	Managing Business Risks, page <a href="#">29</a>
Monetary losses from unethical behavior	E	\$0
Planet		
Greenhouse gas (GHG) emissions	C	ClimeCo – A Carbon Neutral Company, page <a href="#">16</a>
TCFD implementation	C	ClimeCo is currently not implementing TCFD
Land use and ecological sensitivity	C	We recognize the importance of land use and biodiversity conservation, which are significantly improved through our investments, partnerships, and research related to nature-based carbon offset projects. For the purposes of this report, we are not reporting this metric due to lack of operational control of these sites
Water consumption and withdrawal in water-stressed areas	C	We do not currently consider water use to be a material topic for us



WEF Metric	Core (C)/Expanded (E)	Location in the Report
<b>People</b>		
Diversity and inclusion	C	Diversity, Equity, & Inclusion (DEI) Lead to Belonging, page <a href="#">22</a>
Pay equity	C	Not currently disclosing
Wage level	C	Not currently disclosing
Risk for incidents of child, forced, or compulsory labor	C	ClimeCo Code of Conduct, page <a href="#">29</a>
Health and safety	C	Employee Benefits & Perks, page <a href="#">25</a>
Training provided	C	Promoting Personal & Professional Growth, page <a href="#">24</a> Investing in Continuous Learning, page <a href="#">25</a>
Employee well-being	E	0 injuries and fatalities
<b>Prosperity</b>		
Absolute number and rate of employment	C	About ClimeCo, page <a href="#">4</a> , Inclusive & Shared Growth, page <a href="#">33</a> Rate of employee turnover: 3%
Economic contribution	C	Not currently disclosing
Financial investment contribution	C	As a private firm, this metric is not relevant for ClimeCo
Total R&D expenses	C	As a private firm, we do not extensively report financial information
Total tax paid	C	As a private firm, we do not extensively report financial information





[www.climeco.com](http://www.climeco.com)