



 **ClimeCo**
Impact Report 2023

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Dear Stakeholders,

Reflecting on the past year, I am filled with immense pride and optimism for ClimeCo's continued progress in advancing a low-carbon future.

When I founded ClimeCo in 2009, our mission was clear: to pioneer innovative emission reduction projects and make a tangible positive impact on the environment. Over the years, we have evolved from a small project developer into a global leader in sustainability, reducing over 35 million tonnes of carbon dioxide equivalent (CO₂e) emissions and expanding our reach across numerous industries and regions.

At ClimeCo, our impact has two pillars of equal importance:

1. Global Decarbonization Leadership

We are not only planning for a sustainable future – we are actively shaping it today. Our innovative solutions and decarbonization efforts are making a measurable difference on a global scale. In 2023 alone, our projects reduced, avoided or removed 3.7 million tonnes of CO₂e emissions, equivalent to the annual electricity use of about 730,000 homes.¹

2. Empowering Our Team

Our success depends on the dedication and well-being of our people. We have cultivated an inclusive environment where employees thrive personally and professionally, fostering innovation and driving our mission forward. Our team's growth – expanding by nearly 30% despite challenging market conditions – reflects our commitment to creating meaningful careers, supporting the families behind our workforce and building a team that represents the diverse communities we serve.

I am pleased to share some of the highlights from 2023, a year marked by significant achievements, strategic expansions and a steadfast commitment to our core values.

Driving Decarbonization Forward

In 2023, we made remarkable strides in our decarbonization efforts, particularly with ClimeCo's expansion into the Asia Pacific region. Our partnership with a major global manufacturer and new contracts set us up to abate nearly 50 million tons of carbon dioxide annually – equivalent to taking almost 12 million cars off the road for a full year.¹ This expansion underscores our commitment to driving immediate impact on a global scale.

In the U.S., our work with the Indiana Department of Environmental Management (IDEM) was a standout project. Through funding by the Environmental Protection Agency's Climate Pollution Reduction Grant (CPRG) Program, we played a crucial role in developing a Priority Climate Action Plan (PCAP) for the state, engaging with local communities, and quantifying pollution reduction measures. Indiana's PCAP covers their estimated 2023 population of 6.8 million people² and GDP of \$401 billion.³ This project not only highlighted our technical expertise but also our commitment to engage with diverse community members, particularly those from historically marginalized groups. With this focus, we facilitated public meetings across Indiana to gather stakeholder feedback and shape the state's sustainability strategies.

Additionally, I am proud of our participation in the development of the Climate Action Reserve's (CAR) first-of-its-kind U.S. Low-Carbon Cement Protocol. This protocol established a tested and valid pathway for companies to generate verified carbon credits and create the scale necessary to displace carbon-intensive cement manufacturing.

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Amidst the ever-changing ESG landscape, grounded in our purpose, our commitment to decarbonization remains unwavering. ClimeCo's own ESG efforts are a tangible articulation of this commitment and brought to life through our focus to accurately capture and offset our carbon footprint, particularly our Scope 3 emissions. We continue to meet our carbon neutral company pledge, make progress towards reducing our absolute Scope 3 emissions by 35% by 2025* and transparently communicate our progress.

*using 2022 as our baseline year

¹ Environmental Protection Agency (EPA) [Greenhouse Gas Equivalencies Calculator](#)
² Stats Indiana
³ Statistica

“

As the regulatory landscape evolves and stakeholder demands intensify, we will continue to lead with transparency and integrity, ensuring that our actions today lay the foundation for a sustainable and resilient future.

Advancing Inclusive Growth

At ClimeCo, our people are our greatest asset, and I am proud of the strides we have made in creating an exceptional workplace. In 2023, we were named one of Inc. Magazine’s Best Workplaces, a testament to our commitment to fostering a culture of inclusion, innovation and growth. Our employee retention rate was an impressive 98%, and we expanded our workforce by 27%, including our first hire in Singapore.

To better align with the needs of our growing workforce, we broadened our Diversity, Equity, Inclusion and Belonging (DEIB) programming and enhanced our recruitment practices to ensure we continue to diversify our workforce, including the addition of a dedicated recruiter. To ensure we remain competitive and equitable, we initiated a comprehensive compensation audit and enhanced our benefits package. These initiatives reflect our dedication to creating a dynamic,

rewarding workplace where our employees can thrive while making a meaningful impact on our clients, communities and the planet. In the years ahead, we will continue refining and expanding our DEIB programming based on employee feedback and evolving best practices, maintaining a strong focus on equitability and inclusivity across all HR processes.

Looking Ahead

ClimeCo is poised to build on the momentum of 2023 with a strategic focus on several key areas that will drive our growth and impact. In addition to our geographic expansion, we are investing heavily in our technology solutions to deliver innovative products so companies like Amazon can help their customers find more sustainable products. Our goal is to leverage these solutions to drive significant decarbonization efforts and provide our clients with the tools they need to achieve their sustainability targets.

Finally, we are committed to setting ambitious, credible sustainability goals that are rooted in long-term vision, operational excellence and a pledge for continuous improvement. As the regulatory landscape evolves and stakeholder demands intensify, we will continue to lead with transparency and integrity, ensuring that our actions today lay the foundation for a sustainable and resilient future. By focusing on these strategic priorities, ClimeCo will not only drive substantial global impact but also create a thriving, inclusive environment for our employees and partners.

I am incredibly proud of the progress we have made, and I am looking forward to the opportunities ahead. Together with our employees, investors, clients and partners, we will continue to lead the way in sustainability, making a positive impact on the world and the lives of those who are part of the ClimeCo family.

Thank you for your continued support.

Sincerely,



Bill Flederbach
President and CEO



About ClimeCo

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

Since then, we have evolved into a global sustainability company providing comprehensive solutions to help clients decarbonize and transition to net-zero. As a full-service sustainability strategic advisor, project 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 Environmental, Social and Governance (ESG) goals.

While ClimeCo is headquartered in Boyertown, Pennsylvania, most of our employees are located in hub cities around the U.S., Canada and Singapore — including Denver, New York, Washington, D.C., Houston, San Francisco and Calgary — to better serve our clients, help achieve our strategic objectives and enhance our own environmental impact. We are proud of our entrepreneurial culture — inspiring and encouraging our team to make a difference today for a better world tomorrow.

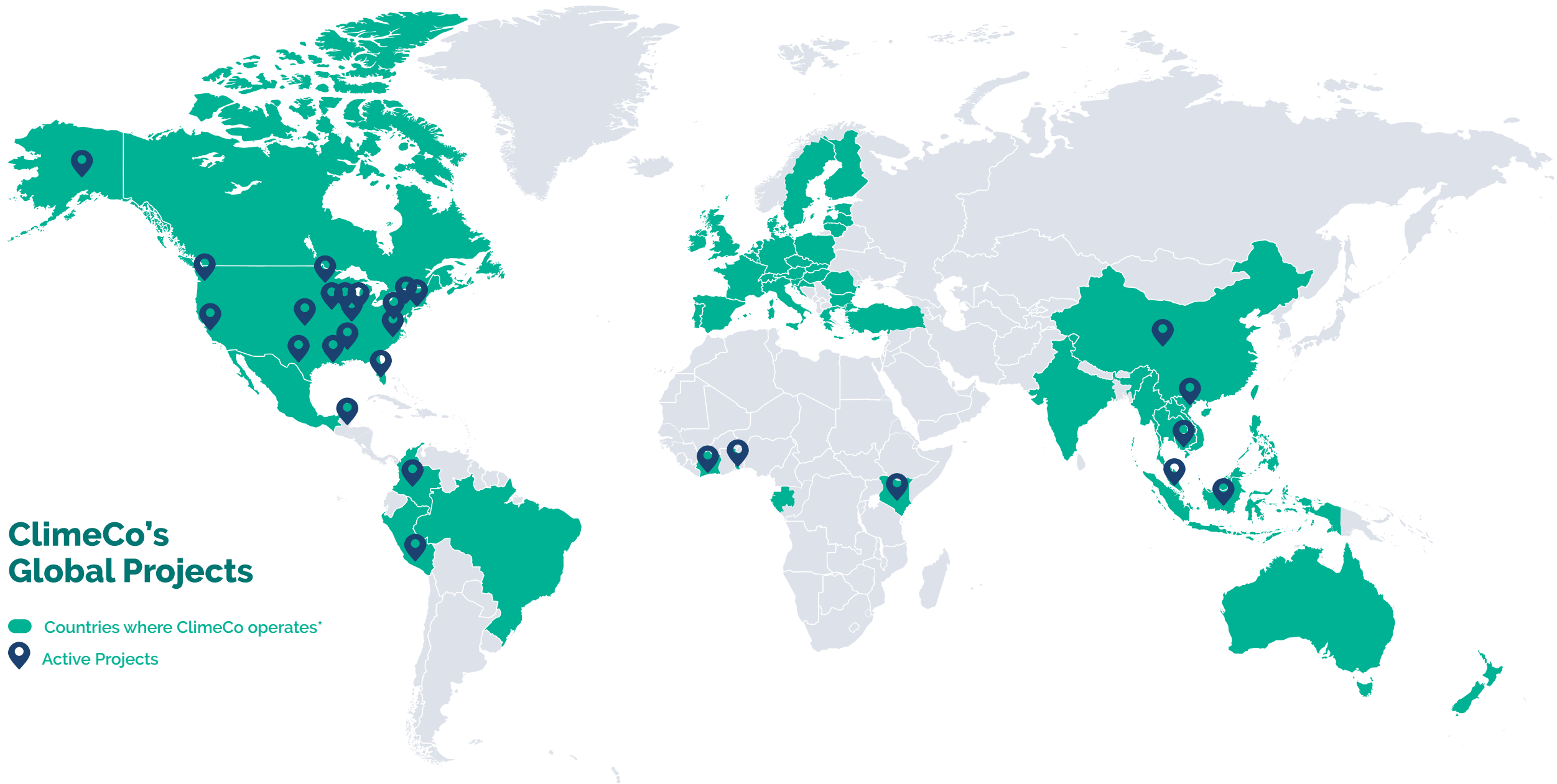
Vision

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

Mission

To decarbonize the economy and restore nature with market-based solutions.

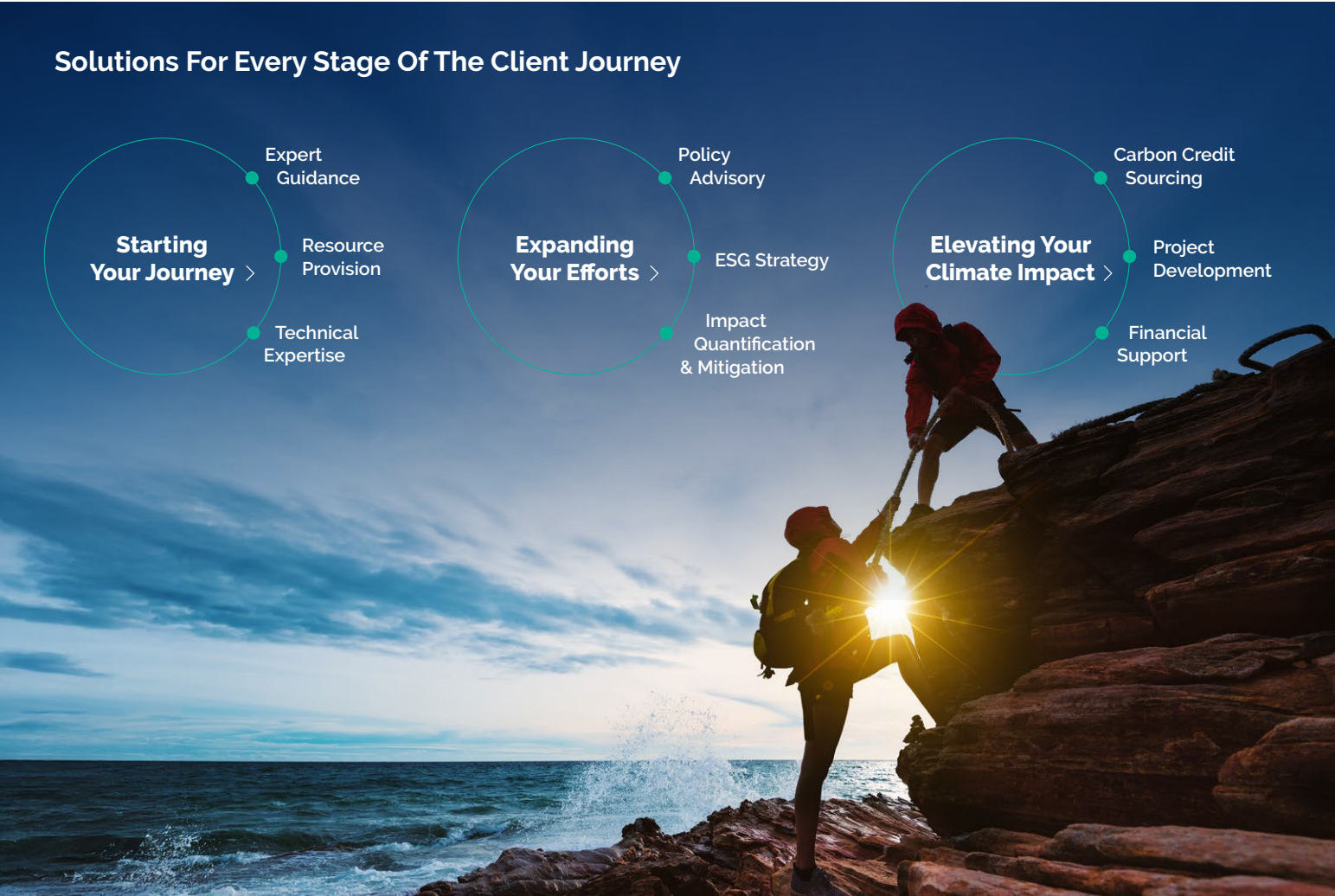




*Has done a project there in the past or has done policy work in that jurisdiction

Our Solutions

At ClimeCo, we recognize the distinct and ever-evolving paths to achieving decarbonization. That's why we offer a suite of solutions designed to align with our clients' unique needs, navigating every facet of their sustainability journey – whether they are taking their first steps, seeking to amplify their initiatives or on their way to being a climate leader.



ESG & Climate Strategy Consulting

ClimeCo's advisory practice is unlike any other ESG consulting group in the market today. What sets us apart is the added value we bring to our clients through integration across our business, including climate impact project financing and development, and environmental commodity trading. Our purposeful cross-expert collaboration uniquely positions us to assist clients in maximizing the decarbonization efforts that bring them impactful results.

Focus Areas

- ESG Reporting & Communications
- Climate Strategy & Implementation
- Value Generation Feasibility Studies

Regulatory Compliance & Policy Advisory

ClimeCo offers comprehensive services to help companies improve readiness and resilience in the ever-changing regulatory environment. We act as an extension of our clients' teams, tailoring our approach and leveraging our policy expertise to meet the unique needs of our partners.

Focus Areas

- Compliance & Optimization
- Government Engagement & Strategy
- Funding Opportunity Identification & Navigation



Environmental Credit Solutions

As a trusted high-integrity environmental credit developer, ClimeCo offers a diverse portfolio of high-quality credits (also known as offsets) from our own projects and strategic investments. Our range of options caters to clients' specific goals and budgets, whether they're large corporations with ambitious reduction commitments or entities in events, touring, sports and entertainment sectors. Clients rely on our expertise to provide credits that not only ensure regulatory compliance but also support voluntary greenhouse gas reduction initiatives.

Focus Areas

- Voluntary Carbon Market (VCM)
- Compliance Carbon Markets
- Renewable Energy Credits (RECs)

Environmental Asset Innovation

At ClimeCo, we actively assess, develop, manage and invest in GHG reduction projects. We maintain a diverse portfolio of credits to meet our customers' volume, project type and geographical diversification needs. Each project undergoes meticulous third-party verification to meet robust standards of additionality, permanence and transparency, and we ensure that our projects have a clear activity change, a well-defined baseline, and a positive impact on the community. We believe methodologies must be robust, transparent, verifiable and accessible to bring much-needed funds to decarbonization opportunities. Once credits are available for the market, we have dedicated experts, a strong network of buyers and sellers and numerous global partners that make ClimeCo a trusted source for high-quality credits.

Focus Areas

- Industrial & Technology-Based Solutions
- Nature-Based Solutions
- Development of Novel Methodologies for Environmental Impact

Certification Programs

ClimeCo offers a certification program for both consumer and commercial/industrial products that guides our clients through the correct steps to mitigate their product's carbon footprint and add value to their market position.



Our **ClimeCo Certified Products program** thoroughly evaluates the product's "cradle-to-grave" life cycle emissions. The client also implements measures to continually assess and reduce the product's carbon footprint before neutralizing remaining emissions.



Our **ClimeCo Certified Business program** has a similar, thorough process to mitigate the carbon footprint generated by regular business activities. To maintain their certification, businesses must adhere to the program's standards and demonstrate continuous improvement, which ClimeCo rigorously assesses and monitors.

Digital Carbon Solutions

ClimeCo's customizable digital solutions make it easy for organizations to offer sustainable products and services to their customers and event attendees. By deploying our solutions, clients can enhance their portfolio of products and services with ClimeCo's high-quality carbon, plastic and renewable energy credits. ClimeCo's application programming interfaces (APIs) offer an efficient and secure way to mitigate environmental impacts from travel, meetings, events, product and service purchases, admission and more.

About This Report

At ClimeCo, creating positive impact for people and the planet is our business, and we recognize the importance of setting an example for honest and transparent reporting of our ESG performance. Our third annual Impact Report reflects our commitment to measuring our progress and communicating those results to our stakeholders, including our employees, clients and investors.

The content included in this report 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 is also guided by the Sustainability Accounting Standards Board's (SASB) Professional & Commercial Services Standard and 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, 2023, to Dec. 31, 2023.

ESG Materiality Assessment

In 2023, we conducted a refreshed materiality assessment to determine the most significant ESG topics to our stakeholders, which are reflected in this report. We will continue to incrementally expand our materiality assessments in future years, including a range of external stakeholders.

Report Approval

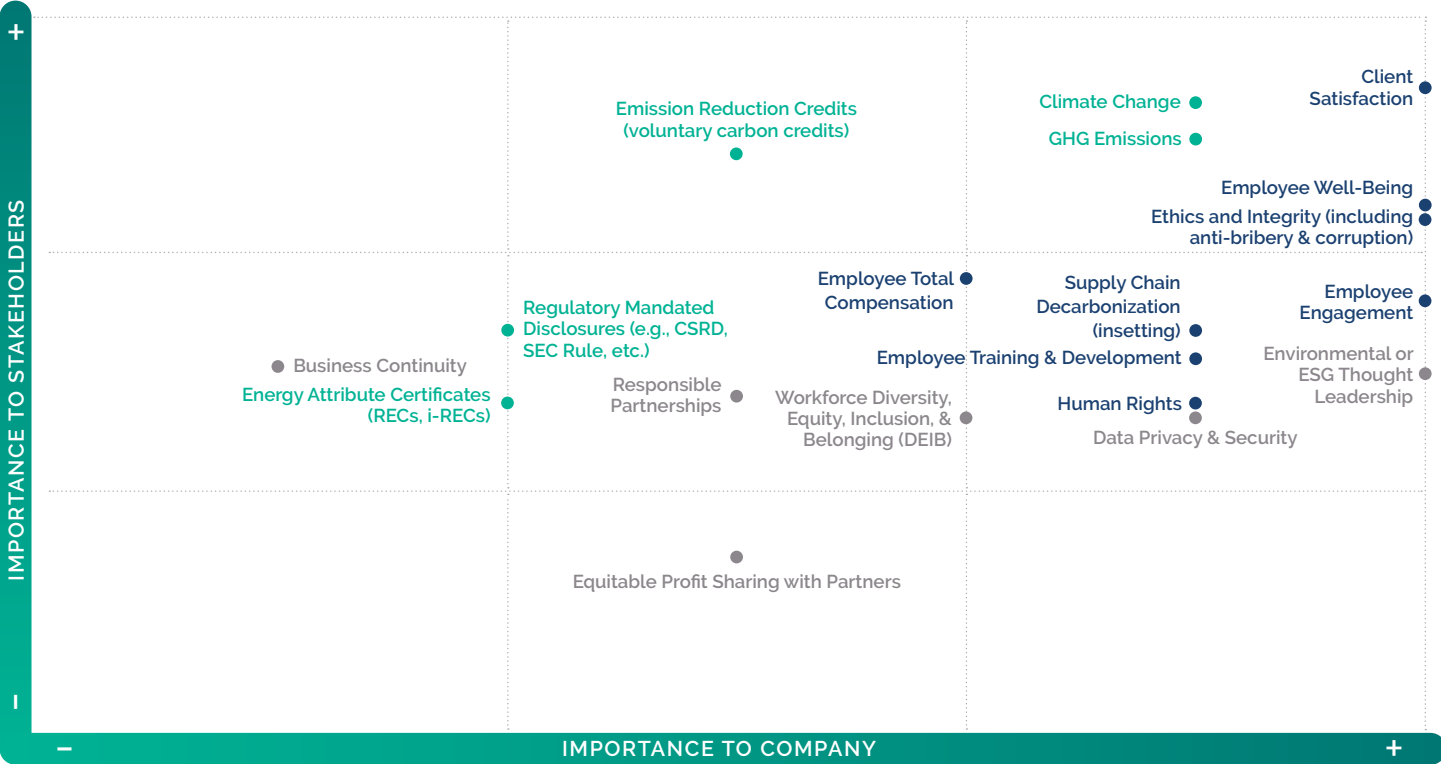
ClimeCo is committed to providing accurate information about our impact and ESG performance. The content of this report was approved by our executive team and reviewed by ClimeCo's Board of Managers.

Feedback

ClimeCo welcomes your feedback to help us improve our ESG reporting. Please contact us at info@climeco.com if you have comments or questions about our Impact Report.

2023 ESG Materiality Matrix

● Environmental Issues ● Social Issues ● Governance Issues



Methodology: Through peer benchmarking and reviews of leading reporting standards, an internal working group identified 29 key issues for ClimeCo. We then conducted an employee survey to gather perspectives and understand priorities for the identified set of issues, including engaging our leadership team on the importance of ESG performance to ClimeCo's growth and success. We analyzed the findings and validated the results to build a materiality matrix, representing 20 prioritized ESG issues of importance to the company and our stakeholders.

2023 Highlights



ClimeCo Ranked #1 for Professional/Advisory Services in the 2023 Real Leaders Impact Awards

ClimeCo's "A Plastic-Free Coastline" Wins Gold at the 2023 American Advertising Federation (AAF) Awards



ClimeCo Selected as One of Inc. Magazine's Best Workplaces for 2023



ClimeCo Expands Business into Singapore with our First Local Hire in Asia





ClimeCo Acquires Amplphi, Plastic Scorecard to Bolster Circular Economy Services for Clients

JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER



ClimeCo Enhances Nature-Based Solutions Offerings After Acquisition of 3GreenTree



BigCoast Forest Climate Initiative's Carbon Credits Issued Under Verra's Verified Carbon Standard



ClimeCo Responds to the Greenhouse Gas Protocol's Surveys for Standard and Guidance Updates

ClimeCo Receives Multiple Awards in Gold, Silver, and Bronze from the 2023 Telly Awards





ClimeCo Assists Development of First-Ever Low-Carbon Cement Protocol



Planet

2023 Highlights

Reduced, avoided and removed over 3.7 million tonnes of CO₂e in 2023

Developed Indiana's Priority Climate Action Plan (PCAP) with the Indiana Department of Environmental Management (IDEM), which was submitted to the U.S. Environmental Protection Agency on deadline

Managed 11 nature-based projects in 2023 including reforestation, improved forest management, avoided deforestation and biochar projects across a variety of geographies and ecosystems

Worked collaboratively with the Climate Action Reserve (CAR) to develop and publish two new methodologies, which enabled new decarbonization pathways for the U.S. cement industry and adipic acid production in China and have an impact in the hundreds of millions of tonnes CO₂e

Expanded our insetting capabilities to enable clients to reduce Scope 3 emissions within their supply chain



Catalyzing Climate Action

At ClimeCo, we provide comprehensive decarbonization solutions to enhance our clients' environmental stewardship. This includes rigorous impact assessment, strategic development of GHG abatement roadmaps including insetting, setting ambitious net-zero targets and adhering to multiple sustainability reporting standards and benchmarks.

2023 Achievements



80+

Helped over **80 climate-engaged clients** of all types and sizes advance their sustainability journey – from publicly traded multinational corporations, privately held conglomerates and state and local government bodies, to impactful late-stage startups



336.5M

Quantified more than **336.5 million tonnes of CO2e GHG emissions** across Scopes 1, 2, and 3 categories for our clients



40+

Tracked climate-related policies and funding opportunities in **over 40 states** for our clients, identifying time-sensitive information about the political landscape and emerging issues



10M

Collaboratively developed two new methodologies for the voluntary carbon market (VCM), with more in progress in 2024. To date, ClimeCo's projects utilizing these two methodologies are projected to generate approximately **10 million tonnes of emission reductions** during their initial crediting periods

Driving Meaningful Impact with Our Clients

Through partnerships built on expertise and innovation, we help clients achieve environmental milestones and enhance their sustainability performance.

We serve all industries, with key sectors that include:



Cement



Chemicals



Consumer Products



Electronics



Entertainment



Financial Services



Hydrogen



Industrial Machinery & Components



Information Technology



Life Sciences



Oil & Gas



Professional Services



Renewable Energy



Shipping and Logistics



Utilities

Voluntary Carbon Market

ClimeCo plays a pivotal role in the Voluntary Carbon Market (VCM), driving substantial environmental impact through strategic investments and rigorous project development. Since our inception, we have spearheaded initiatives that have reduced millions of tonnes of greenhouse gases, starting with pioneering nitrous oxide (N₂O) abatement projects in 2010.

Our approach to the VCM is characterized by a diverse portfolio of carbon credits tailored to meet the specific needs of our clients across different industries and geographies. We maintain a strong network of buyers and sellers, underpinned by partnerships that ensure the credibility and impact of our credits.

High-Quality Standards

ClimeCo upholds stringent criteria for high-quality carbon credits. Each project undergoes meticulous third-party verification to meet robust standards of additionality, permanence and transparency. We prioritize projects with clear community benefits and environmental integrity, contributing positively to the regions where they are implemented.



What Does “High Quality” Mean?

ClimeCo defines high-quality credits as a real reduction or removal of CO₂e that are third-party verified, additional, quantifiable, permanent, avoids leakage and listed on a reputable carbon registry.

Market Developments and Challenges

In 2023, ClimeCo navigated challenges within the carbon market landscape, including fluctuating prices and increased media attention. Despite this, our commitment to innovation and quality enabled us to demonstrate resilience and leadership amid market volatility. Our clients come to ClimeCo for the superior quality of our credits, which has contributed to us to tripling transaction volumes in 2023. This client-centric approach underscores our dedication to delivering high-value solutions that meet the evolving needs of our stakeholders.

Additionally, the involvement of the U.S. federal government in 2023 signals a coalescing interest in carbon markets, as evidenced by the Commodity Futures Trading Commission's (CFTC) proposed guidance on voluntary carbon credit derivative contracts and the Secretary of the Treasury's supportive statement. These developments are indicative of a broader trend towards standard-setting and market maturity. ClimeCo is actively helping shape this evolving landscape, for example by providing comments on the Greenhouse Gas (GHG) Protocol's 2023 consultation.

Strategic Priorities

In 2024, we are poised to capitalize on emerging opportunities such as the introduction of the Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon labels and expanding compliance frameworks like Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). These initiatives not only enhance market transparency but also align with our mission to promote sustainable practices globally.

Our strategic focus for 2024 also includes expanding product offerings beyond carbon and plastic credits to encompass more comprehensive sustainability solutions, including insetting. By integrating carbon or plastic credits into broader sustainability certifications, we aim to meet increasing consumer demand and provide a roadmap for companies to follow.

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Case Study

Our Contribution to the First-Ever U.S. Low-Carbon Cement Protocol

In 2023, ClimeCo participated in developing the Climate Action Reserve's (CAR) U.S. Low-Carbon Cement Protocol, which establishes a pathway to generate voluntary carbon credits from the production of novel and underutilized alternative cementitious materials (ACMs) and supplementary cementitious materials (SCMs). Funds generated by these credits will be used to incentivize the production and scaled use of innovative, less carbon-intensive materials to meet growing demand. For more than 18 months, ClimeCo worked closely with numerous stakeholders, including Eco Material Technologies and the Portland Cement Association, to create, seek comment and refine this important effort.

The new protocol addresses a pressing emissions crisis in the cement industry. Concrete is the second most-used material by mass, behind only potable water. As the key binding ingredient in concrete, cement

production accounts for about 8% of global carbon dioxide (CO₂) emissions, largely due to the creation of an intermediary product called clinker, which can be avoided by using cleaner SCMs. Traditional SCMs are declining in supply, making them difficult to source for many cement and concrete manufacturers. The Global Cement and Concrete Association (GCCA) determined that the sector can only scale low-carbon cement to the degree required to meet their targets with additional financing.

ClimeCo and industry stakeholders worked with CAR to ensure that the protocol follows strict rules on additionality, permanence, ownership and quantification in generating and awarding offsets. To earn credits, manufacturers must produce usable materials that are widely recognized as beyond business-as-usual and surpass regulatory requirements.

Regulated Carbon Markets

ClimeCo supports clients subject to current and emerging climate regulations across North America, assisting them in navigating complex programs such as cap-and-trade, carbon tax and hybrid market designs. Our mission is to optimize clients' compliance strategies and leverage market opportunities. For example, we develop compliance-grade carbon credits 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
- California's Cap & Trade regulation and Mandatory Reporting System
- Washington Cap-and-Invest Program
- 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)
- U.S.'s Inflation Reduction Act (IRA)
- The Regional Greenhouse Gas Initiative (RGGI)
- California's Low-Carbon Fuel Standard (LCFS) program
- Canada's Clean Fuels Regulation (CFR)
- Houston, Galveston and Brazoria Mass Emissions Cap and Trade (MECT) Program
- New York, Maryland and Oregon carbon pricing programs under development

Insetting

Insetting has emerged as companies recognize the need to decarbonize their value chain. ClimeCo recognized this shift early on and has been at the forefront, pioneering innovative insetting solutions and supporting clients on their path to achieving science-based targets and advancing a low-carbon future.



What is Insetting?

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.

ClimeCo believes that market-based mechanisms like insetting are essential for addressing Scope 3 emissions, which are often complex and challenging to manage.



We build, implement and optimize insetting programs for our clients:

- 1. Developing Insetting Programs:** ClimeCo assists companies in developing and managing insetting programs so they can effectively book and claim their emissions reductions. This enables companies to offer low-carbon products even when the physical delivery does not match the buyer's location, connecting them with buyers willing to pay a premium for sustainable products.
- 2. Implementing Decarbonization Projects:** We work with companies to implement decarbonization projects that support the creation of low-carbon products. Collaborating with climate technology partners, we reduce emissions and develop business cases for adopting these technologies, enabling suppliers to meet increasing demand for lower carbon materials and products.
- 3. Optimizing Transaction Costs:** We help buyers find fairly priced, low-carbon products and materials and provide guidance so buyers understand and receive the carbon reduction claims they paid for. Third-party review of results and documentation related to the purchase of these commodities increases trust and integrity in the insetting process.

We advocate for a balanced approach that combines carbon insets with carbon offsets, recognizing that both are critical components in the effort to limit a global temperature increase to 1.5 degrees Celsius as set out in the Paris Agreement. By offering both solutions, ClimeCo provides clients with the flexibility and options needed to effectively manage their emissions. As the Science Based Targets initiative (SBTi) and the Greenhouse Gas Protocol evolve, we anticipate further support for insetting strategies. This dual approach not only facilitates emissions reduction but also strengthens the interconnectedness and sustainability of value chains.

Case Study

Driving Climate Action in Indiana

In 2023, ClimeCo played a pivotal role in developing Indiana's Climate Action Plan (CAP), collaborating with the Indiana Department of Environmental Management (IDEM). This initiative, supported by federal funding, aims to bolster climate resilience and drive sustainable development across the state. ClimeCo provided stakeholder engagement support and technical assistance to help develop the first state-level climate action plan in Indiana, based on community priorities and emissions reductions potential.

Indiana's plan maps actions that can deliver impact across sectors from energy to agriculture and industry, underscoring ClimeCo's commitment to catalyzing impactful environmental change through strategic partnerships and policy expertise.



Plastic Stewardship



Since its inception in 2021, ClimeCo's Plastic Program has helped organizations evaluate their plastic footprint and strategize for long-term reduction and mitigation efforts. Our high-quality plastic credits aim to mobilize private sector capital toward on-the-ground projects that promote next-life solutions through recycling, repurposing and identifying optimal end-of-life scenarios.

Our plastic credit projects* advance environmental justice, ecosystem restoration, employment opportunities, biodiversity conservation, education, community health and women's economic empowerment. ClimeCo employs the United Nations Sustainable Development Goals (UN SDG) Assessment Manager Tool to measure a project's alignment with the 17 SDGs, such as ending poverty and promoting quality education, gender equality and clean water and sanitation.

Helping Companies Mitigate their Plastic Footprint

In 2023, ClimeCo acquired Ampliphi, whose suite of digital solutions enables companies to combat plastic pollution and manage their impact by analyzing circular and plastic performance, developing mitigation strategies and simplifying reporting and communications. Its plastic action program, the Plastic Scorecard, serves as a framework for companies to benchmark their plastic responsibility. Member companies of the Plastic Scorecard commit to measuring their baseline, setting actionable targets and transparently communicating their progress. Members who successfully achieve their targets receive impact verification badges.

*As of 2023, ClimeCo is no longer actively developing new plastic credit projects. We continue to sell verified plastic credits from high-quality projects.

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 introduced guidelines for responsible procurement and waste management at our offices.



Mitigating Nutriburst's Plastic Waste

In 2023, ClimeCo initiated a plastic footprinting project with Nutriburst, in which we implemented our three-step approach:



First, we aligned with Nutriburst to establish ambitious targets for plastic waste reduction, building upon their previous year's goals.



Next, we conducted an in-depth analysis of their supply chain and operational plastic footprint, providing insights into their environmental impact through a digital plastic action dashboard.



Finally, we helped Nutriburst buy plastic credits to effectively offset their plastic usage, achieving a balance between their plastic footprint and mitigation efforts.

Partnering and Investing in Nature-Based Solutions

ClimeCo continues to uphold our core principles of integrity, quality and impact through our nature-based solutions (NBS) – which help protect, sustainably manage and restore ecosystems, providing benefits for both people and nature. Our diverse portfolio of projects is designed to mitigate climate change, protect biodiversity and support sustainable development. By integrating NBS into our climate solutions, we not only sequester carbon but also deliver co-benefits such as improved air and water quality, flood control and enhanced community well-being. As we expand our portfolio, we remain committed to addressing market demands and challenges, recognizing that both carbon removal and avoidance projects are critical to meeting the climate goals set out in the Paris Agreement.

Enhancing our NBS Capabilities with 3GreenTree

In December 2022, ClimeCo acquired 3GreenTree, a leader in developing environmental credits from forest carbon removal projects. This acquisition enhanced ClimeCo's environmental consulting capabilities and expanded our service offerings in the NBS sector, combining our expertise in carbon modeling, risk assessment and project development. It also enabled the development of new tools like a risk-tolerance indicator for project investments.

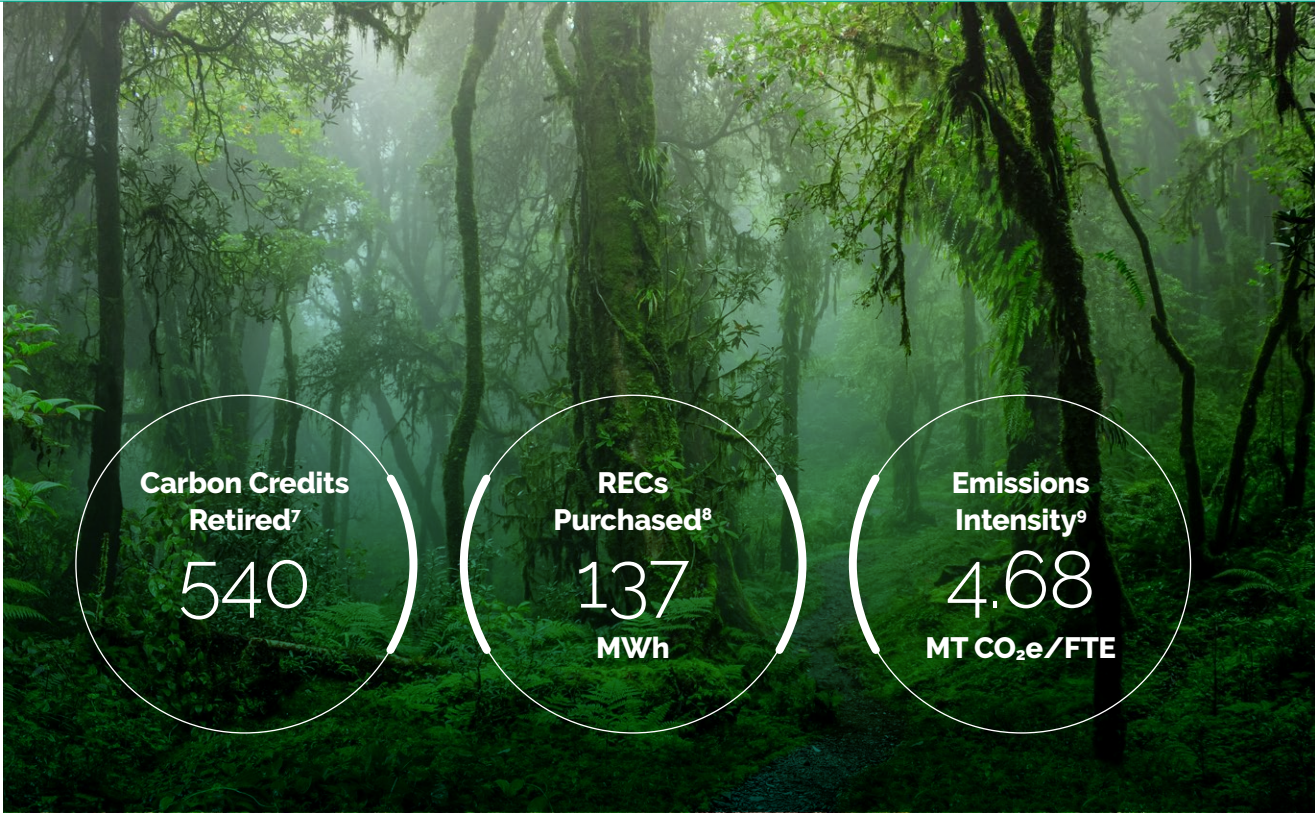
Maintaining Carbon Neutrality



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.

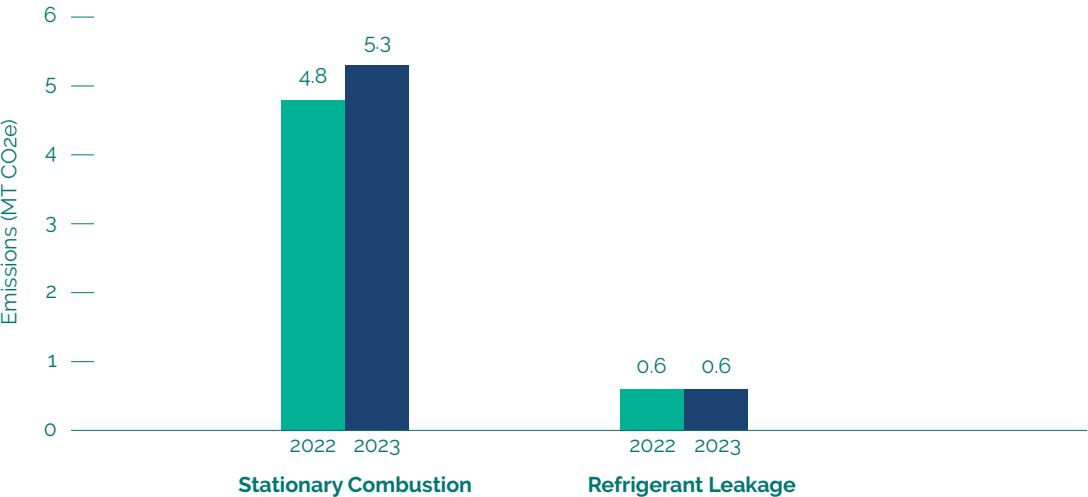
2023 Greenhouse Gas Data

Scope/Category	Emissions (Tonnes CO2e)	Percent Total Emissions (%)
Scope 1	5.8	1.3%
Stationary Combustion	5.3	1.1%
Fugitive Emissions	0.6	0.1%
Scope 2²	0.0 (16.6¹)	0.0%
Electricity- Location-based	16.5	3.6%
Electricity- Market-based ³	0.0 (16.6 ¹)	0.0%
Scope 3	452.7 (496.5¹)	98.7%
Purchased Goods and Services (C1) ⁴	231.0	50.4%
Capital Goods (C2) ⁴	7.1	1.6%
Fuel- and Energy-Related Activities (C3)	0.9 (3.4 ¹)	0.2%
Waste Generated in Operations (C5)	1.4	0.3%
Business Travel (C6) ⁵	160.0	34.9%
Employee Commuting (C7) ⁶	52.2 (93.5 ¹)	11.4%
Scope 1,2, and 3 Total	458.5 (518.9¹)	—

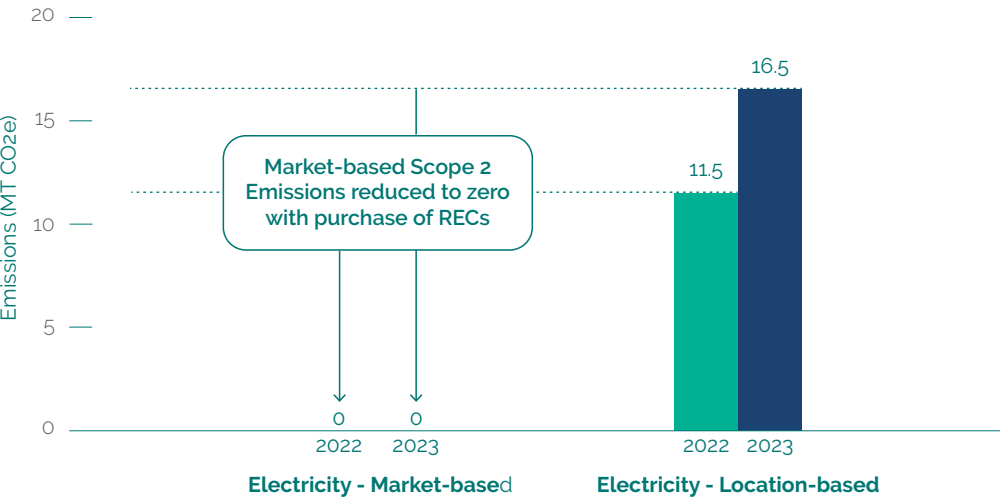


1 The values in the paraphrases reflect our emissions before purchasing Renewable Energy Certificates (RECs).
2 Within Scope 2, only market-based emissions count towards percentage of total emissions.
3 Market-based accounting figures incorporate Green-e emission factors and include REC purchases.
4 Category 1 and Category 2 emissions were calculated using updated spend-based emission factors from the 2024 U.S. EPA Supply Chain Greenhouse Gas Emission Factors database (version 1.3). Since these factors are based on 2022 spend, they were adjusted for inflation to account for 2023 spend.
5 For Category 6, flight emissions were calculated using total flight leg distances for all employee flights during CY2023. Average spend-based factors based on primary expense data were used for flights where distance information was unable to be determined, as well as for bus travel, rail travel, and hotel stays. Average fuel prices were used to estimate emissions for mileage reimbursements, fuel expenses, and auto rentals where primary fuel consumption data was unavailable.
6 Our Category 7 methodology utilizes data primarily from the U.S. EPA Residential Energy Consumption Survey and Canadian Government to generate a tailored work-from-home (WFH) emissions estimate. REC purchases contribute to emissions reductions in this category, specifically accounting for home electricity consumption.
7 We retired carbon credits from a mix of U.S. N₂O abatement and forestry projects. These credits address residual 2023 emissions not covered by RECs, as well as emissions retroactively added to last year's footprint due to methodology updates.
8 RECs were acquired from a U.S.-based solar energy project.
9 Given the revisions in our methodology, among other variables, the emission intensity numbers for previous years and 2023 should not be seen as directly comparable on an annual basis nor should they be considered to correspond linearly with our workforce expansion.

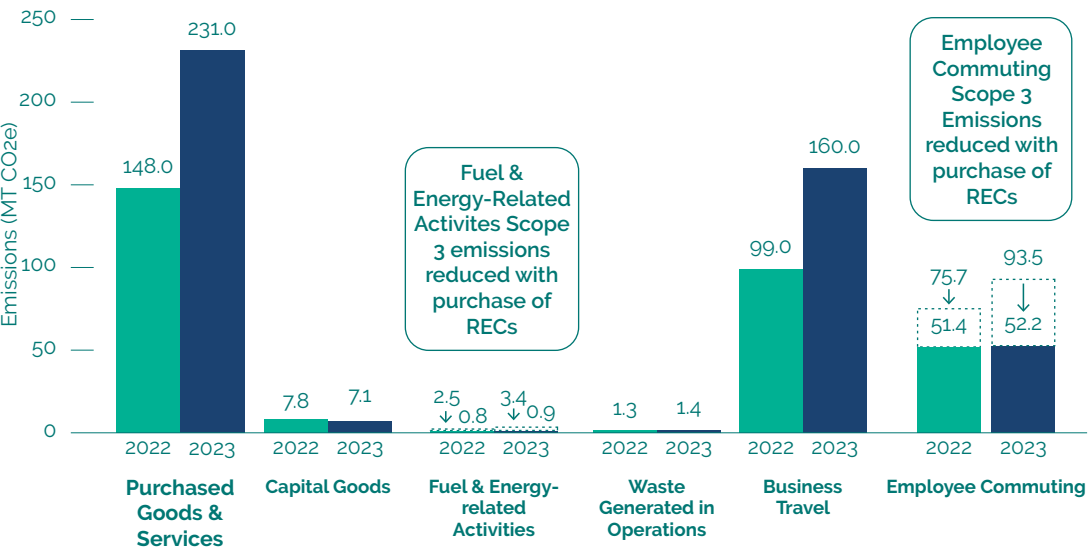
Scope 1 Emissions by Category



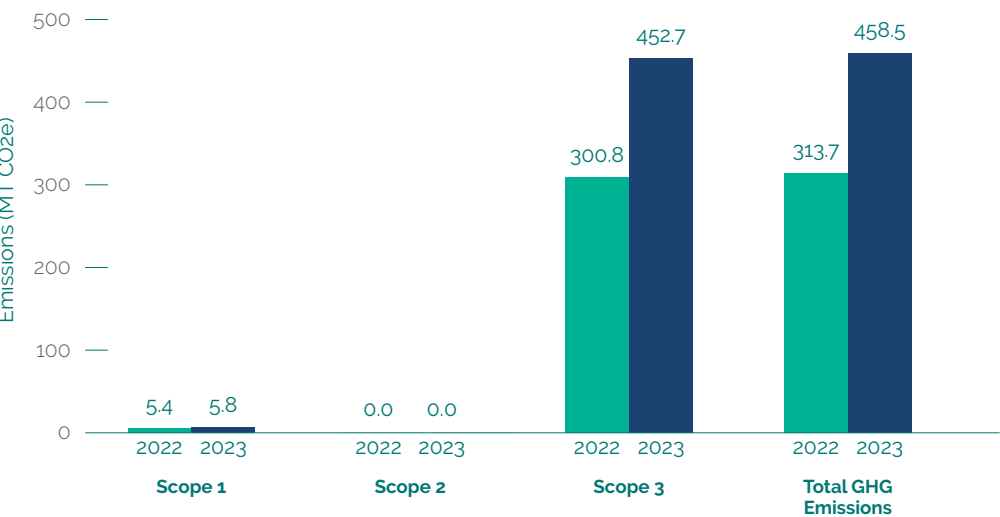
Scope 2 Emissions - Market and Location



Scope 3 Emissions



Total Scope 1, 2, & 3 Emissions



In 2023, ClimeCo continued its annual tradition of conducting a comprehensive GHG emissions inventory for Scopes 1, 2 and 3 in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. In addition to quantifying our footprint, we continued our established practice of procuring 100% renewable energy for both office and work-from-home (WFH) electricity consumption through the purchase of Renewable Energy Certificates (RECs). Moreover, we retired carbon credits for all remaining residual emissions to achieve carbon neutrality. Our RECs come from a U.S. solar energy project, while our high-quality carbon credits are generated through a mix of U.S. N₂O abatement and forestry projects.

Emissions Breakdown

Overall, ClimeCo’s footprint composition remained generally consistent with previous years. Our Scope 1 and Scope 2 emissions resulted from electricity and natural gas consumption in our offices and co-working spaces, with a minor contribution from modelled refrigerant leakages. Scope 3 emissions again represented the vast majority of our footprint, with the top three categories being Category 1: Purchased Goods and Services, Category 6: Business Travel and Category 7: Employee Commuting (including WFH emissions). Other categories, including Category 2: Capital Goods, Category 3: Fuel and Energy-Related Activities and Category 5: Waste Generated in Operations, had a relatively smaller impact compared to the leading contributors but were nonetheless included for completeness.

Year-Over-Year Comparison

In 2023 Scope 1, 2, and 3 emissions increased relative to our 2022 baseline. These trends were anticipated due to the growth of our business, which increased from 77 to 98 employees between years, and the overall expansion of our operations. For Scopes 1 and 2, the increases were driven by higher electricity and natural gas consumption in our office spaces. Within Scope 3, for Category 1, a rise in spending

on high-impact expense items resulted in higher emissions compared to 2022. This increase was also attributable to a revision in our methodology that now includes expense items previously excluded from our analysis. For consistency, this update was retroactively applied to our 2022 calculations, which resulted in higher emissions totals for both Category 1 and Category 2 in the previous year. In addition, separate methodology updates led to higher emissions outputs within Categories 6 and 7, and lower outputs in Category 3, for 2022 and 2023. The updated approach more comprehensively captures upstream impacts from fuel and electricity usage across ClimeCo’s footprint in both years, and reflects lowered upstream emissions within Category 3 due to the inclusion of REC purchases. Further, Category 6 emissions were elevated significantly in 2023, largely due to a higher volume of air travel over the year. Emissions in the third-largest category, Category 7, rose due to the growth of our workforce, which especially impacted the WFH component of these emissions. However, with the inclusion of RECs, Category 7 emissions only increased slightly year-over-year, primarily owing to a higher proportion of WFH emissions being electricity-based in 2023.

Continuous Improvement

ClimeCo will continue its pursuit to refine methodologies and enhance data quality in the emissions accounting process every year. Our commitment to progress is evident in this year’s methodology improvements, which led to adjustments that yielded a more conservative re-baselined 2022 emissions figure. Advancements like these enable us to achieve a higher resolution footprint each year, and as we move forward, we intend to maintain our trajectory of continuous improvement.

In 2023, our overall GHG emissions profile increased by 46% compared to our revised 2022 baseline, driven primarily by our expanding business operations and growing employee headcount. For Scope 3 specifically, the increase between



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

years was 47%. While this uptick was anticipated due to our growth, it presents further challenges to achieving our ambitious reduction target.

Despite this, we remain committed to our initiatives aimed at reducing our Scope 3 footprint. Our primary focus is on minimizing our business travel emissions through sustainable aviation fuel (SAF) opportunities and investments in renewable natural gas (RNG). We are also exploring ways to improve the accuracy of our Category 1 and Category 2 emissions calculations by transitioning from a spend-based approach to a more precise accounting method. This shift would likely provide a more accurate picture of our impact and potentially lower our reported emissions in both categories.

We are optimistic that our ambitious 2025 target can still be reached. We look forward to making continuous progress and providing updates on this front in future reporting years.



People

2023 Highlights

**Inc. Best
Workplaces**

2023

**Real Leaders
IMPACT AWARDS**

2023

**Awarded Inc. Magazine's Best
Workplaces for 2023**

**Ranked #1 in Real Leaders
Impact Award** for Professional
& Advisory Services

**Expanded our workforce
by 27%**

**Expanded presence into
Singapore** with our first local
hire in the APAC region

**Bolstered our Diversity,
Equity, Inclusion and
Belonging program**

**Kicked off compensation
audit** to ensure competitive
and equitable pay

**Maintained nearly half
(49%) female representation
in our workforce**

5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES





Diversity, Equity, Inclusion & Belonging



Diversity, Equity, Inclusion and Belonging (DEIB) 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 planet. At the same time, we support continuous organizational growth through increased diversity in our teams and strategic international expansion. Internally, we invest in DEIB 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 elevated our Human Resources capabilities in 2023 by adding a dedicated recruiter to our team of HR professionals.

DEIB Council

In 2023, we laid the groundwork for evolving our DEI committee into our DEIB Council to accommodate our growth and to elevate the program's impact. The council's charter was revised to reflect these changes and to better align with the expanding needs of our workforce.

DEIB Council Mission Statement

To discuss and address topics related to diversity, equity, inclusion and belonging, 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.

DEIB Initiatives

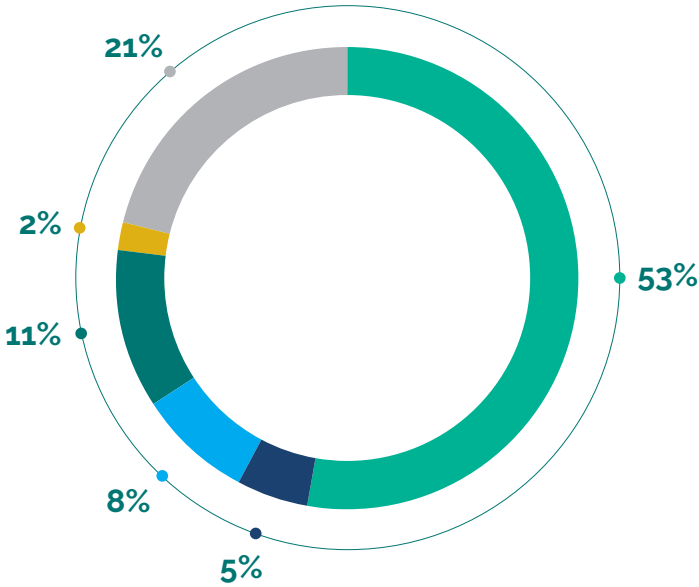
- **Enhanced Programming:** We expanded our DEIB programming in 2023 to include monthly communications about DEIB observances, holidays and important initiatives, as well as interactive workshops and speaker series featuring external experts.
- **Training and Education:** We continued to offer DEIB-focused training opportunities, including sessions during our annual teambuilder event.
- **Donation Matching Program:** We maintained our commitment to supporting employee-driven charitable initiatives through a donation matching program.
- **Inclusive Recruitment:** With the addition of a dedicated recruiter, we enhanced our ability to reach a broader and more diverse talent pool.

Looking Ahead

In 2024 and beyond, we plan to launch new engagement initiatives to further build community and inclusion, continue refining and expanding our DEIB programming based on employee feedback and evolving best practices, and maintain a strong focus on equity and inclusivity across all HR processes, not just in hiring.

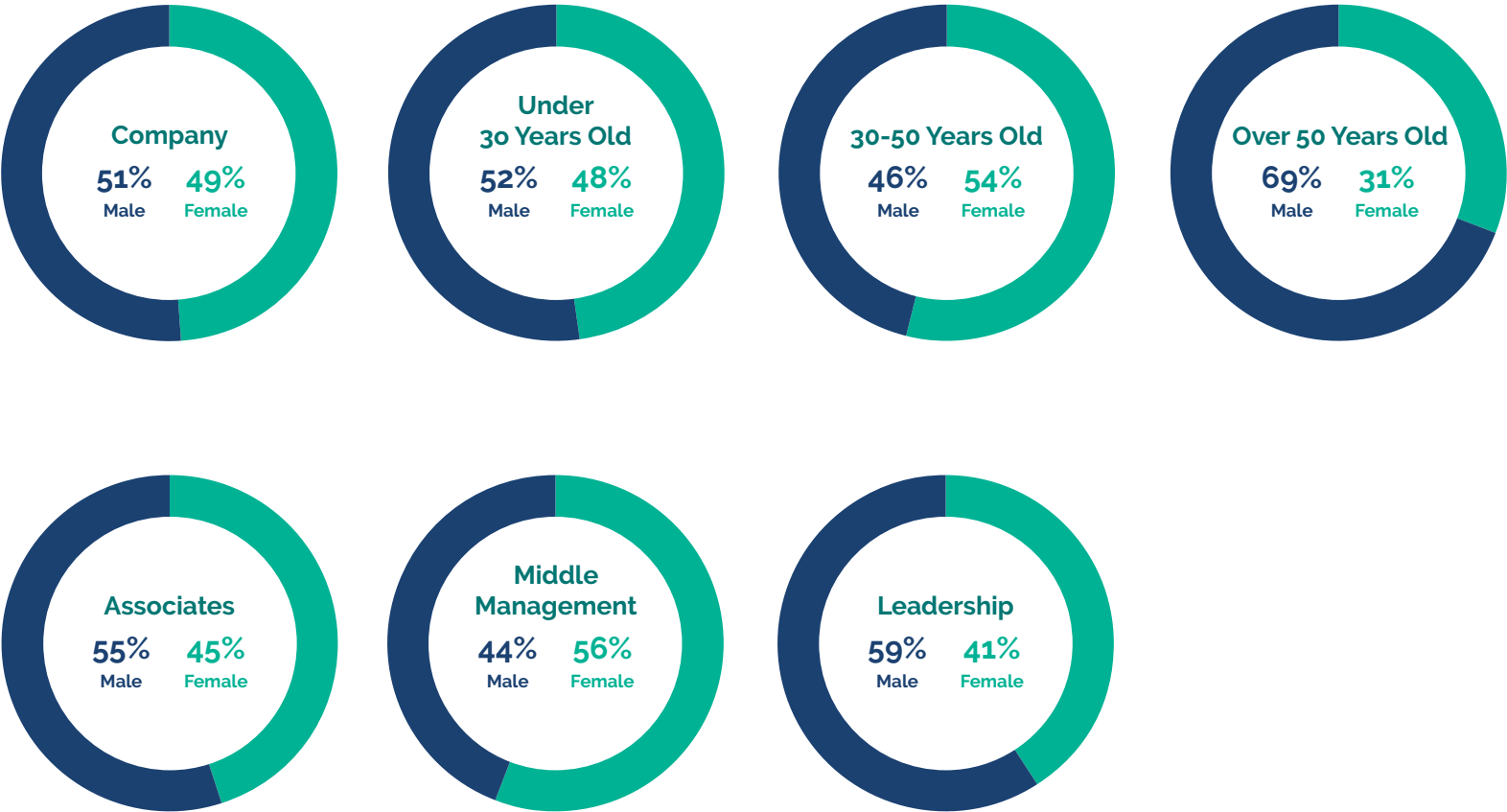
2023 Workforce Diversity

Race/Ethnicity



- White (Not Hispanic or Latino)
- Black or African American (Not Hispanic or Latino)
- Hispanic or Latino
- Asian (Not Hispanic or Latino)
- Two or More Races (Not Hispanic or Latino)
- Not Disclosed

Gender



Promoting Personal & Professional Growth



At ClimeCo, 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.

Our rewarding work, flexible culture and continuous opportunities for growth and development have been a key factor in maintaining high employee satisfaction and retention.



New Hire Development

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 manager. Every employee also participates in an annual review designed to address performance, set career goals and highlight professional development needs and interests.



Mentorship Program

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.



Education Assistance

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.



Team Building

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. We measure the environmental impact of this event through Hilton's LightStay program, and we do our part to offset the carbon footprint of our activities, including team travel and diverting waste. In 2023, we diverted 412 pounds of waste from our Team Builder.

ClimeCo received the **2023 President's Volunteer Service Award (PVSA) Bronze** for our volunteer efforts with the Houston Food Bank. As a part of our 2023 Team Builder, we helped inspect and sort through 408 boxes of donations, stack and move pallets and recycle containers. In 2023, the Food Bank provided 120 million meals to those in need.



Investing in Continuous Learning

ClimeCo employees participate in key training sessions covering important topics including Compliance & IT, DEIB (which includes anti-harassment) and People/New People Manager training.



~735 hours

Total amount of training time in 2023
107% increase from 2022



1,564 hours+

Total amount of time employees spent
engaged in external professional development
and conferences or trade shows in 2023
17% increase from 2022

Looking Ahead

We plan to further enhance our learning and development programs by introducing more on-the-job training and additional HR- and operations-led training sessions and creating development programs for newer employees and those not yet at the managerial level, with the aim of launching them by early 2025. Additionally, with our dedicated HR recruiter in 2023, we refined our new employee onboarding strategy for implementation in 2024.

Valuing Employee Feedback

We conducted our third annual Employee Engagement Survey for 2023, which focused on six key areas of the business (one more than in 2022) – performance managers, compensation, benefits, DEIB, 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 performance management, pay transparency, communications, benefits and employee growth plans as part of our multi-faceted employee engagement plan. We are committed to carrying out an employee engagement survey annually, with an emphasis on boosting participation year over year.



2023 Compensation Audit

As a result of our 2022 employee engagement survey, we kicked off a comprehensive compensation audit in 2023 to ensure that our employees are paid competitively and equitably. We are implementing updates to our compensation structure and increasing transparency in our compensation philosophy in 2024.

Employee Benefits & Perks

At ClimeCo, our employees' health and wellbeing are paramount to our success. In 2023, we made significant strides in enhancing our employee benefits offerings, reflecting our commitment to creating a supportive and nurturing work environment that ensures shared prosperity and continued growth in our workforce.

Our comprehensive benefits package includes:

- **Paid Time Off:** 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 full-time employees eight hours of paid time off to volunteer at an organization of their choice, as well as 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.
- **Health and Wellness:** We provide options for medical, prescription, dental and vision insurance, long-term disability, short-term disability and life insurance.
- **Retirement Plans:** We offer retirement planning and investing options with a company match for retirement savings.
- **Employee Assistance Program:** We offer an easily accessible Employee Assistance Program (EAP) to help with life's everyday challenges.
- **Flexible Work Arrangements:** As a remote-first company, our commitment to flexibility is a cornerstone of our culture, and we continue to prioritize work-life balance. Our flexible work arrangements include remote, hybrid or in-office options.
- **Unit Appreciation Rights:** 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.

Enhanced Health Benefits

In 2023, we overhauled our U.S. benefits enrollment process, making it more transparent and user-friendly. To ensure that our employees have access to high-quality healthcare options that cater to their diverse needs, we expanded our health benefits offerings to include:

- Enhanced medical coverage
- Improved dental plans
- Upgraded vision benefits
- Expanded ancillary benefits

These investments in human capital ensure that equity and competitiveness remain at the forefront of our business, which resulted in a 17% new job growth and new hire rate in 2023. We have also assessed and improved our hiring practices to enable us to continue to diversify our workforce. Looking ahead, we plan to further expand our wellness programs, enhance our mental health support services and continue to gather and act on employee feedback to refine our offerings.





Supporting Our Communities

ClimeCo 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.

To increase our impact, we continued our Make a Change charitable gift-matching program which includes 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.

In 2023:





Governance

2023 Highlights

Introduced a new enterprise resource planning (ERP) platform to improve business reporting and tracking

Implemented a Communications Policy

Began development of enhanced ethical business conduct policies and practices, which will apply to employees and business partners

Added more robust IT functions to better mitigate cybersecurity risks and protect data, including creating an AI (artificial intelligence) acceptable use policy



Going Beyond Good Governance

Core to ClimeCo's culture and brand is operating with the highest regard for ethics and integrity when conducting business and engaging with stakeholders. Our long-term success as a business is tied directly to our commitment to honest, transparent relations with our clients, partners and communities. 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.

Board of Managers Oversight

Our General Counsel works closely 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, prioritizing environmental 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 and money laundering provisions. We exercise strong ethics in our business judgment and expect the same from our partners.

Enterprise Resource Planning (ERP)

One of our major governance-related initiatives in 2023 was the introduction of a new enterprise resource planning (ERP) platform that provides a seamless way to track and report on our business. The growth of ClimeCo necessitated a more robust technology solution, and the new ERP platform allows us to increase transparency and accuracy – to our decision-makers and investors, alike – and to optimize the delivery of our services and products. The new platform is equipped with features to secure sensitive data.

Governance-related work in progress includes developing:

- Formalized protocols with respect to third-party code of conduct
- Updated ethical business conduct policies for employees and business partners

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, 2023.

In line with our values, our Board of Managers is 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 add diversity of thought, expertise and experience. Our diversity allows us to offer varied viewpoints and develop innovative solutions. It fortifies our strengths and amplifies our success in all our endeavors.

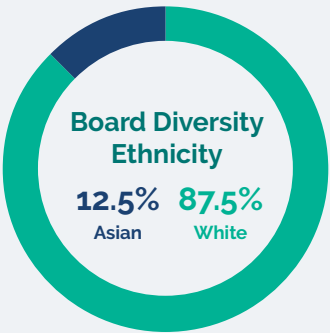
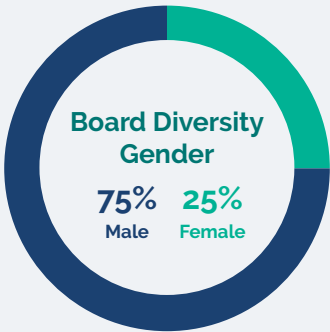
ClimeCo's General Counsel, who also serves as Corporate Secretary, has regular discussions with the Board on governance practices and performance and sustainability issues. The Board takes an active role in conversations about content for this Impact Report and reviews the document before publication.

Board Diversity Matrix

	2023	2022	2021
Board Size	8	8	5
Female	2	2	1
Male	6	6	4

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

	2023	2022	2021
Asian	Female 1	Female 1	0
White	Female 1, Male 6	Female 1, Male 6	Female 1, Male 4
Did not Disclose Demographic Background	0	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 & Technology Officer (CSTO), Chief Growth Officer (CGO), 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 third-party 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 example continues to be ClimeCo’s voluntary third-party audit of our financials, which we conducted again for 2023. 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 of the 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. 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 to 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.

Communications Policy

In late 2023, the company adopted a Communications Policy, which outlines expectations and provides clear direction regarding internal and external communications, including personal use of social media that references ClimeCo. One of the goals is to ensure we protect and enhance one of our most valuable assets, the ClimeCo brand.

Enhanced Ethical Business Conduct Policy

To reinforce our commitment to ethical business practices, we began working in earnest in the second half of 2023 on an updated set of ethical business conduct policies and practices that will apply to ClimeCo employees as well as our business partners. Internally, we are developing an “umbrella” statement that covers our existing policies, such as our Employee Manual and communications and financial policies. The language will include a bolt-on element, namely a third-party code of conduct that will clearly specify the expectations for stakeholders we conduct business with in various forms. In most cases, our contracts will include language that says by signing this agreement, the third party acknowledges they have read and understand our Code of Conduct and will adhere to its principles. Failure to do so could result in termination of the contractual relationship. The goal is to have the enhanced process in place by late 2024.



IT & Cybersecurity Monitoring and Training

ClimeCo prioritizes cybersecurity, and we continue to increase and expand our IT policies and security measures. Our Senior Director, Product Engineering & IT Services, meets regularly with senior leadership to provide cybersecurity updates and discuss pertinent issues. The IT team grew by two in 2023, with the addition of a software architect and an administrator for the new ERP platform.

In 2023, to better mitigate cybersecurity risks, we upgraded to a new licensed suite of products that provides advanced enterprise analytics, security and data protection. We also enhanced access security by implementing multifactor authentication (MFA) across all our platforms and through employee training.

Employees undergo annual cybersecurity 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 2023, we also began to incorporate AI (artificial intelligence) into our awareness training.

Artificial Intelligence

ClimeCo recognizes that emerging technologies such as AI represent risks but also significant opportunities to extend our capabilities, offer innovative solutions to our clients and find efficiencies within our own operations. In 2023, we added a section on responsible use of AI to our IT Use Policy and began hosting regular learning series to educate employees on how to use the suite of AI tools we have implemented.

To further enhance data security in 2023, we implemented a security and compliance automation platform that continuously monitors and collects evidence of our security controls while also ensuring audit-readiness. The new platform will augment our efforts to earn different security and compliance certifications, such as ISO 27,001.

Responsible Carbon Offset Development & Sourcing

ClimeCo strives for a balanced approach to addressing climate change, and our portfolio of varied projects to mitigate GHG emissions reflects this objective. Projects can entail sequestering GHG with nature-based solutions like improved forest management, reforestation and mangrove re-establishment, as well as destroying GHGs at industrial sites before they ever get emitted into the atmosphere.

The scale and scope of projects often present opportunities to partner with large and small organizations to achieve impactful societal change – improving livelihoods, health, and economic development. Because these projects can involve significant capital investments, as well as significant risks, we conduct rigorous diligence assessments on 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.

In the past two years, we enhanced the application of tools, methods and techniques to assess opportunities and inform due diligence and the 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 we employ in every facet of our business.

Our Six-Step Project Due Diligence Process





Prosperity

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 2023, we continued to diversify our portfolio of projects and capabilities to bring lasting benefits to clients, partners, employees, society and the planet.

2023 Highlights

Invested \$40,000 to support reconstruction of critical roads for our nature-based project in Colombia

Compensated for the carbon footprint of over 2,500 products via our Certified Product™ Program

Made our first contribution to Afognak Native Corp. in support of education

Onboarded a leading carbon accounting and marketplace platform to our Digital Carbon Solutions program





Thought Leadership in Action

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, authoring educational blogs and articles and conducting interviews with a variety of media outlets.

2023 Highlights:

- Achieved over **98,000** plays for our ESG Decoded Podcast episodes
- Released our **125th** ESG Decoded Podcast episode
- Published over **50** thought-leadership pieces focused on sustainability topics and participated in or sponsored nearly **50** sustainability conferences, almost **double** the number from 2022
- Hosted a **keynote presentation** at the Music Sustainability Alliance conference



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.

Community Benefits in Nature-Based Projects
Nature-based projects 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 that impacted communities receive their share of positive outcomes.

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.

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.

“

When applicable, we structure our carbon-offset projects so that communities have ownership and share the upside with us. We 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.

— Clive Welham, Vice President, Nature-Based Solutions



Protecting Colombia's Andean Cloud Forest



High in the Andean mountains of Colombia lies one of the most biologically rich regions on Earth. These unique cloud forests, shrouded in mist, support an incredible array of species found nowhere else. ClimeCo's project in the Western Andes aims to protect and restore over 556 hectares (1,400 acres) of this critical habitat, addressing the urgent threats of deforestation, forest fragmentation and climate change. By conserving these forests, we are not only safeguarding a biodiversity hotspot that harbors one-sixth of the world's species but also ensuring the survival of endemic and endangered wildlife, such as the Andean bear and migratory birds, which rely on these forests for their winter habitat.

The impact of this project extends beyond environmental conservation. Through a partnership between non-profit organizations Fundación Bioconservancy and Saving Nature, the project creates economic opportunities through reforestation activities, such as community nurseries that collect and germinate seeds. It also supports local livelihoods and enhances community health and education. In 2023, when heavy rains washed away critical roads accessing the project's location, ClimeCo invested \$40,000 to rebuild these roads, directly benefiting both the community and the project's long-term success.



Investing in Innovative Solutions



ClimeCo invests 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 emission reduction projects that reinforce 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 potential projects in Indonesia, the Philippines and the U.S., we aim to bring high-impact, high-integrity projects to the market.

Creating Economic Value for Clients

- Helped bring clarity and focus to advisory clients' climate and ESG strategies, 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 and mangrove restoration. The capital infusion from our investors will allow us to expand 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.







Technological Enhancements: Value from Innovation

Since 2022, Hilton has collaborated with ClimeCo to offer a portfolio of high-quality carbon credits for their customers hosting meetings and events at Hilton properties worldwide.

Hilton's ESG management system, LightStay, enables each of its properties to measure and manage their environmental progress. Through the LightStay system, Hilton offers its guests a snapshot of their environmental and social impact. Keeping experience and sustainability at the forefront, Hilton has since integrated ClimeCo's digital carbon solutions with their digital infrastructure. The integration of ClimeCo's application programming interface (API) paved an innovative pathway for Hilton to seamlessly offset event emissions on behalf of their meeting guests, contributing jointly to a more sustainable future and purposeful experience at Hilton properties.

ClimeCo's Customizable Digital Carbon Solutions

ClimeCo's Digital Carbon Solutions enable different software applications and processes to communicate with each other. Improving both existing and new processes, resources and efficiencies are effectively unlocked. Among other technological solutions, ClimeCo works closely with our partners to evaluate and identify areas where API solutions make sense.

Affiliate/Web Checkout API	Used by partners that want to offer their customers the option to offset the footprint of products, services, and events but want to avoid processing payments, issuing receipts and certificates, or handling customer service related to the carbon credit sales. Select this API for ease of billing to your customers, fast integration times, and minimal development time.
	
Reseller/Direct Purchase API	Used by partners that want to seamlessly and automatically purchase credits from ClimeCo and resell to end users and customers. It is integrated into their native purchase path for an added revenue stream and higher conversion rates. You receive invoices on an agreed schedule. This straightforward automation benefits all types of partners and budgets.
	
Product Discovery API	Used by partners that want to offer a wide range of credits to their customers. Your customers can search and learn about our diverse portfolio of carbon and plastics credit projects with real-time, detailed information straight from the source. Partners can also negotiate partner specific pricing based on volume, exclusivity, aggregated project buckets agreements. Combine this with our other API solutions to provide greater flexibility, transparency, and a wider credit selection to your customers.
	
Carbon Calculator API	Used by partners who want to offer a quick carbon calculator footprint for a service or event. ClimeCo offers complete carbon calculation services from formulation to certification and digitization. Often combined with our other APIs. This API is custom-made for each partner.
	

ClimeCo Certified Product™ Program

The ClimeCo Certified Product™ Program has continued to evolve and become a major driver of our business since the acquisition of the Carbon/free Certification Program in 2022. Our product certifications not only promote sustainable consumer choices by empowering shoppers to confidently identify greener products but also create economic value for retailers through enhanced branding.

Through our ClimeCo Certified Product Program's inclusion in Amazon's Climate Pledge Friendly sustainable products badging program, we supported over 150 clients in certifying their products in 2023. To keep up with this influx in business, ClimeCo expanded our Certified Product team and began developing new API capabilities to help streamline the certification process. The ClimeCo Certified Product Portal is set to launch in Q3 2024. ClimeCo also plans to expand this program with new types of decarbonized product certifications . We will continue to comply with evolving policy requirements and offer competitive pricing to our clients.

Did you know ClimeCo offers a solution for small to midsize businesses (SMBs) to conveniently and cost-effectively showcase their commitment to sustainability?









ClimeCo's EcoCommitted Partner Program offers streamlined options for SMBs to demonstrate environmental leadership and attract environmentally conscious customers through actions such as neutralizing the emissions from operations, shipping, and events.

WEF IBC Index

WEF Metric	Core (C)/Expanded (E)	Location in the Report
Planet		
Greenhouse gas (GHG) emissions	C	Maintaining Carbon Neutrality, page 16
TCFD implementation	C	ClimeCo is not currently 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
People		
Diversity and inclusion	C	Diversity, Equity, Inclusion, & Belonging, page 20
Pay equity	C	2023 Highlights, page 19
Wage level	C	Not currently disclosing
Risk for incidents of child, forced, or compulsory labor	C	ClimeCo Code of Conduct, page 28
Health and safety	C	Employee Benefits & Perks, page 24
Training provided	C	Promoting Personal & Professional Growth, page 22 Investing in Continuous Learning, page 23
Employee well-being	E	0 injuries and fatalities

WEF Metric	Core (C)/Expanded (E)	Location in the Report
Principles of Governance		
Setting purpose	C	About ClimeCo, page 4
Governance body composition	C	Our Board of Managers, page 27
Material issues impacting stakeholders	C	ESG Materiality Assessment, page 8
Anti-corruption	C	ClimeCo Code of Conduct, page 28
Protected ethics advice and reporting mechanisms	C	ClimeCo Code of Conduct, page 28
Integrating risk and opportunity into business process	C	Managing Business Risks, page 28
Monetary losses from unethical behavior	E	\$0
Prosperity		
Absolute number and rate of employment	C	Advancing Inclusive Growth, page 3 Rate of employee turnover: 2%
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

UN SDG Index

Icon	UN SDGs	Location in the Report	Icon	UN SDGs	Location in the Report
	End poverty in all its forms everywhere.	Benefiting Communities Locally & Globally, page 31 Plastics Stewardship, page 15		Make cities and human settlements inclusive, safe, resilient, and sustainable.	Protecting Colombia's Andean Cloud Forest, page 32
	Achieve gender equality and empower all women and girls.	Diversity, Equity, Inclusion and Belonging, page 20		Ensure sustainable consumption and production patterns.	Plastics Stewardship, page 15 Doing Our Part to Reduce Single-Use Plastics in Our Offices, page 15 Benefiting Communities Locally & Globally, page 31
	Ensure availability and sustainable management of water and sanitation for all.	Benefiting Communities Locally & Globally, page 31		Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.	Maintaining Carbon Neutrality, page 16 Investing in Innovative Solutions, page 32 Benefiting Communities Locally & Globally, page 31
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Plastics Stewardship, page 15 Promoting Personal & Professional Growth, page 22 Benefiting Communities Locally & Globally, page 31		Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.	Plastics Stewardship, page 15 Benefiting Communities Locally & Globally, page 31
	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	Plastics Stewardship, page 16 Benefiting Communities Locally & Globally, page 31		Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	Benefiting Communities Locally & Globally, page 31
	Reduce inequality within and among countries.	Plastics Stewardship, page 15 Diversity, Equity, Inclusion and Belonging, page 20		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.	ClimeCo Code of Conduct, page 28

SASB Professional & Commercial Services Disclosure

Table 1. Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Location in the Report
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	SV-PS-230a.1	ClimeCo Code of Conduct, page 28
	Description of policies and practices relating to collection, usage, and retention of customer information	Discussion and Analysis	n/a	SV-PS-230a.2	Managing Business Risks, page 28
	(1) Number of data breaches, (2) percentage that (a) involve customers' confidential business information and (b) are personal data breaches, (3) number of (a) customers and (b) individuals affected 1	Quantitative	Number, Percentage (%)	SV-PS-230a.3	Not currently disclosing
Workforce Diversity & Engagement	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, and (c) all other employees	Quantitative	Percentage (%)	SV-PS-330a.1	2023 Workforce Diversity, page 21 Board Diversity Matrix, page 27
	(1) Voluntary and (2) involuntary turnover rate for employees	Quantitative	Percentage (%)	SV-PS-330a.2	Advancing Inclusive Growth, page 3 2% turnover rate
	Employee engagement as a percentage	Quantitative	Percentage (%)	SV-PS-330a.3	Valuing Employee Feedback, page 23
Professional Integrity	Description of approach to ensuring professional integrity	Discussion and Analysis	n/a	SV-PS-510a.1	ClimeCo Code of Conduct, page 28
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	Presentation currency	SV-PS-510a.2	\$0

Table 2. Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Location in the Report
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	Number	SV-PS-000.A	Not currently disclosing
Employee hours worked; percentage billable	Quantitative	Hours, Percentage (%)	SV-PS-000.B	Not currently disclosing



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