



Go Beyond

Impact Report 2021



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ClimeCo's Mangrove Carbon Project: David Chen, Manager of Program Development, was welcomed by local villages that receive many benefits from ClimeCo's joint mangrove restoration project with YAKOPI and PUR Project in Indonesia.

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 voluntary carbon-offset projects at U.S. nitric acid plants, where we now serve 100% of the projects in the United States and Canada.

Since our beginnings, we have evolved into a global sustainability Company providing comprehensive, vertically integrated solutions to help clients achieve their net-zero goals.

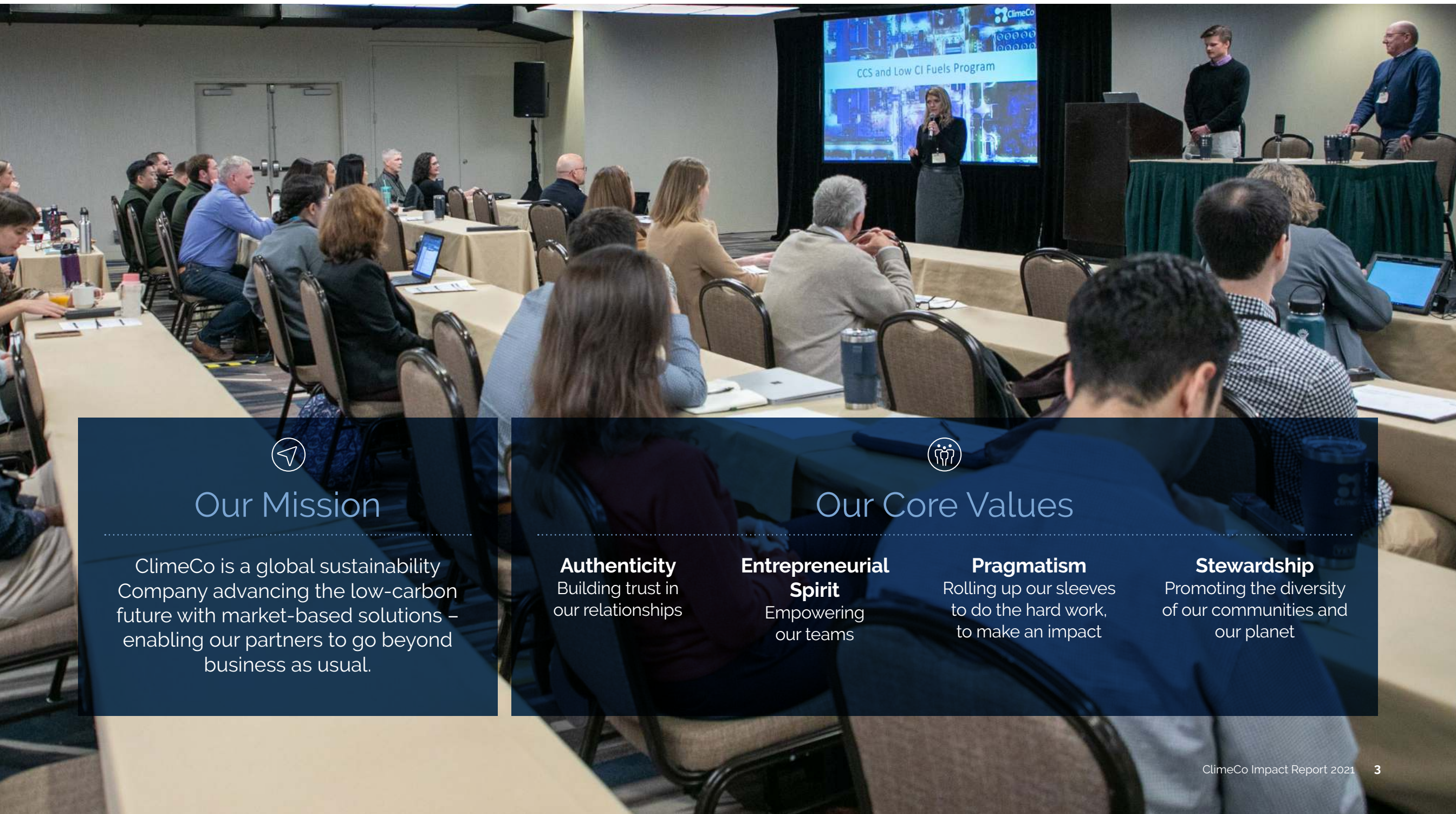
As a full-service sustainability advisor, transaction facilitator, and developer and trader of environmental commodities, we maximize clients' environmental assets, minimize regulatory costs and enhance their sustainability impact — whether responding to emissions regulations or satisfying voluntary environmental, social and governance (ESG) goals.

With headquarters in Boyertown, Pennsylvania, ClimeCo had 57 full-time employees on June 30, 2022. Most of our team 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 Global Projects

Our Active Projects as of Oct. 31, 2022





Our Mission

ClimeCo is a global sustainability Company advancing the low-carbon future with market-based solutions – enabling our partners to go beyond business as usual.



Our Core Values

Authenticity
Building trust in
our relationships

**Entrepreneurial
Spirit**
Empowering
our teams

Pragmatism
Rolling up our sleeves
to do the hard work,
to make an impact

Stewardship
Promoting the diversity
of our communities and
our planet

Our Solutions

At ClimeCo, we offer our clients the solutions necessary to be successful in a low-carbon economy. We are committed to creating long-term financial and intangible value for our clients and their stakeholders. Our roots lie in serving hard-to-abate sectors, and that continues to be a strength today.



SUSTAINABILITY, POLICY & ADVISORY

- Impact Assessment & Claim Verification
- Target Setting & Strategy Development
- Voluntary Disclosure & Regulatory Optimization
- Strategy Implementation & Risk Management
- Sustainable Finance & Industry Partnerships



PROJECT DEVELOPMENT

- Portfolio Development & Diligence
- Project Feasibility & Investment
- Design, Build & Implementation
- Methodology Development
- Innovative Commodity Formation



ENVIRONMENTAL CREDITS

- Environmental Commodity Sourcing & Marketing
- Carbon Offsets & Emission Reduction Credits
- Renewable Energy Certificates
- Hedge Strategy Optimization
- Management Process Development

Sustainability, Policy & Advisory

ClimeCo's advisory team is a leading transformation partner to global companies, investors and other organizations pursuing a low-carbon and just economy. Our team guides clients across each stage of a sustainability transformation, including strategy development, risk management, impact assessment, project implementation and voluntary disclosure. Our policy experts help clients optimize compliance, prepare for future ESG regulations and engage with policymakers.

Project Development

Our Project Development team helps clients evaluate, develop and monetize lower-carbon or more sustainable business processes to create value while advancing the energy transition. We bring 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 are spearheading a new class of projects that create plastic credits, either by collecting plastics from the environment or increasing recycling capacity.

Environmental Credits

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

ClimeCo Green

While ClimeCo often works with large organizations, [ClimeCo Green](#), our eCommerce arm, allows individuals and small businesses to buy environmental commodities at smaller volumes. We give everyone the opportunity to balance their environmental footprint.

Dear Stakeholders,

Since our founding in 2009, ClimeCo has been a leading transformation partner to businesses, investors and others pursuing a low-carbon future through market-based solutions. We are proud of the impact we have made providing innovative decarbonization solutions to clients around the globe, and it has enabled the Company to grow rapidly.

This report – our inaugural Impact Report — provides a detailed account of our recent ESG performance and activities, as well as our economic contributions.

To be a leader, we recognize the importance of sharing the results of our own performance across the entire ESG spectrum. These include ongoing programs to reduce carbon emissions and plastic pollution, to attract and retain a diverse workforce and to operate with the highest regard for ethics and integrity. I am pleased to report, based on our 2021 GHG inventory, we are a carbon-neutral Company.

We are committed to sharing our progress in subsequent annual reports – areas where we are pleased with our efforts and others that present opportunities for improvement. Our commitment to ESG excellence starts at the highest levels of our Company, and we understand the importance of transparency to maintain the trust of our clients and other stakeholders.

We are confident we have the people, the partnerships, the projects and the vision to meet the ever-increasing demand for our services. We also are well positioned to help existing and future clients find pathways to long-term growth while safeguarding the planet and its people. In our mind, these goals must be intertwined.

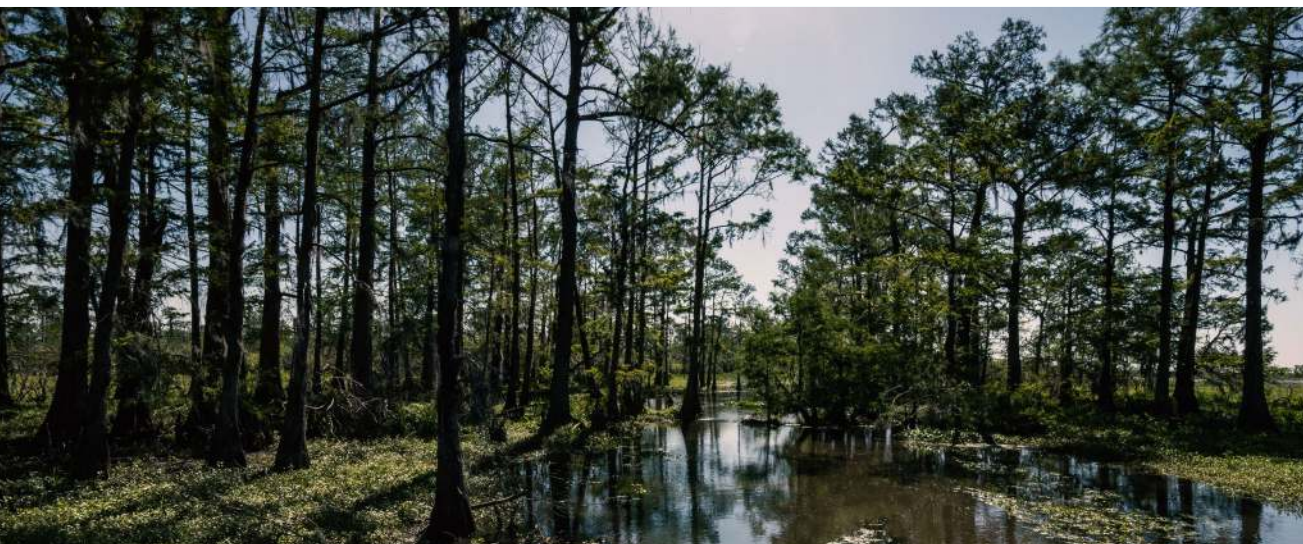
Our People Drive Our Success

For us, our success starts with our people. We have ongoing initiatives to attract and retain a smart, diverse team. If ClimeCo's employee population doesn't reflect the world around us, we are depriving ourselves of the collective insight and thoughtfulness that adds value to an organization. I am proud of our efforts to increase gender, racial and ethnic diversity. One of our values is to foster a culture where every employee feels their viewpoint is valued and that they can contribute to the Company's success.

Expanding our team also creates additional capabilities and services for our clients and partners. In 2021, we created a dedicated sustainability and ESG advisory team, adding expertise in areas such as decarbonization planning and climate-risk reporting. We also added expertise to focus on helping our clients go beyond carbon credits and address plastic pollution, complementing our core mission of meeting environmental challenges with market-based solutions. We have partnered with a Southeast Asian project developer to generate the world's first plastic credit from an independent protocol and third-party verification audit.



ClimeCo's YAKOPI Mangrove Project: Nature-based solutions are so much more than carbon credits; they give local communities opportunities for economic growth. Mangrove propagule nursery managed by Indonesian villagers for ClimeCo's reforestation project.



ClimeCo's Reforestation Project: Bald cypress forests along the Mississippi delta soak up floodwaters and prevent erosion. They also trap pollutants and prevent them from spreading. ClimeCo works in Louisiana, helping to reforest a large area cut down over 100 years ago by loggers.

Additionally, in another strategic move in early 2022, we bolstered the leadership of our Project Development team as a way to further meet customers' needs for decarbonization solutions, such as carbon capture, utilization and storage (CCUS). We also have expanded our capacity and services related to community development and biodiversity improvement – two areas that often need to be addressed along with offset projects.

We understand that it takes a growing community effort to meet the enormity of our planetary challenges. To advance our work, we make strategic investments in new, innovative technologies and form partnerships with some of the world's top environmentally focused institutions to collectively develop transformative projects and other initiatives. They include innovative industrial solutions to abate GHG, partnerships to reduce emissions from ammonia and hydrogen production, decarbonization of global shipping through a vessel retrofit program and nature-based projects involving forest management and reforestation – challenging undertakings but with significant upside potential and impact.

Forming responsible partnerships is a cornerstone of our business – both to broaden the capabilities we offer our clients and to drive meaningful societal change. We collaborate with well-respected organizations as well as smaller communities, landowners and others who share

our values. This means investing in scientifically validated projects only after conducting rigorous due diligence. By doing so, we increase our own prospects to become the partner of choice and create additional opportunities to deliver the highest-value outcomes for our stakeholders.

Investing For the Future

We are excited about the impact of our investments in ventures that offer climate solutions. An example is our investment in the software platform EarthUP, whose technology will open new avenues for companies and institutions of all sizes and in diverse sectors to enhance their sustainability performance.

We also have positively transformed the structure, scope and capabilities of our business in the past two years with investments from The Heritage Group, a longtime partner of ClimeCo, and Warburg Pincus, a leading global growth investor. Both have a keen interest in climate-related issues, and their networks and passion for investing in sustainable projects align perfectly with our vision. With this capital infusion, we continue to expand our balanced portfolio of carbon and plastic credit projects, invest in our team and, when it makes sense for the business, execute additional mergers and acquisitions.

The Heritage Group and Warburg Pincus also add depth and thought leadership to our Board of Managers, with two members joining from each entity. Sound governance underpins everything we do at ClimeCo. Led by our Board, conducting business with the highest professional and ethical standards is foundational to our success. It enhances our global reputation and opens the door for new business opportunities.

I am proud of our accomplishments to date, and I am even more encouraged about what lies ahead. Speaking for the entire ClimeCo team, thank you for your interest in our path forward.

Sincerely,



W. Flederbach

Bill Flederbach
President and CEO

About This Report

At ClimeCo, we are focused on helping our clients find meaningful solutions to address today's myriad sustainability challenges. We also recognize the importance of setting an example for honest and transparent reporting of our own ESG performance. That is the goal of this 2021 Impact Report, the Company's first external report for environmental, human capital, economic and governance topics. Using this report as a baseline, we are committed to measuring our progress and communicating those results to our stakeholders. This report articulates our management of these prioritized issues.

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, 2021, to Dec. 31, 2021.

Report Approval

ClimeCo is committed to providing accurate information about our ESG performance and related impacts. 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 contact us at info@climeco.com if you have comments or questions about our inaugural Impact Report.



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 more rigorous and include a range of external stakeholders.



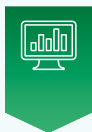
Step 1: Define Universe of ESG Issues

Through peer benchmarking and reviews of leading reporting standards, an internal working group identified 24 key issues for ClimeCo.



Step 2: Engagement

We conducted an employee survey to gather perspectives and understand priorities for the identified set of issues. We also engaged with our leadership team, including our CEO and COO, to discuss material issues and the importance of ESG performance to ClimeCo's growth and success.



Step 3: Prioritization

We analyzed the findings from previous steps to build a preliminary materiality matrix, representing ESG issues of importance to the Company and our stakeholders.

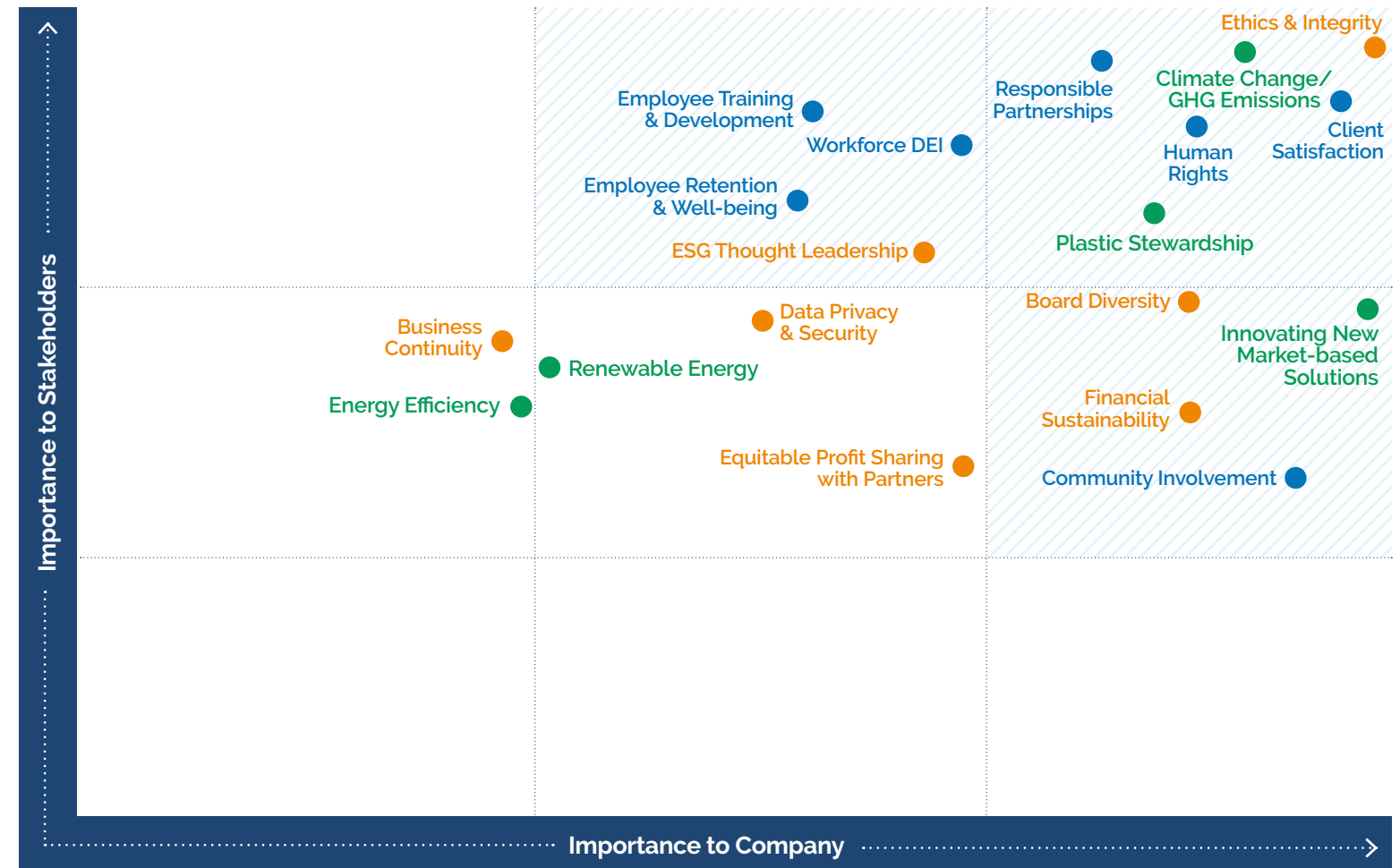


Step 4: Validation

As a final step, our working group presented a preliminary materiality matrix to our leaders and subject matter experts for their review and validation. As a group, we landed on 14 prioritized ESG issues for our final materiality matrix.

ESG Materiality Matrix

● Environmental Issues
 ● Social Issues
 ● Governance Issues
 Prioritized ESG Issues



2021 Highlights



January 2021

ClimCo Expands Offerings with Dedicated ESG Team

[Learn more >](#)



February 2021

Heritage Sustainability Buys Stake in ClimCo, Adds Board Member

[Learn more >](#)



March 2021

Heritage Interactive, ClimCo Partner with NCAA to Reduce March Madness Footprint

[Learn more >](#)



June 2021

ClimCo, TONTOTON Generate World's First Plastic Credit

[Learn more >](#)



July 2021

ClimCo and Heritage Sustainability Provide Capital to Restore the Earth Foundation

[Learn more >](#)



September 2021

Karin Corfee Joins ClimCo Board of Managers

[Learn more >](#)



November 2021

ClimCo Strengthens ESG Capabilities by Acquiring Global Affairs Associates

[Learn more >](#)



November 2021

ClimCo invests in Technology That Promotes Employee Sustainability Efforts

[Learn more >](#)



November 2021

ClimCo Partners with Heng Hiap Industries for Plastics Recycling

[Learn more >](#)



December 2021

ClimCo Named to Inc. Magazine's Best in Business List for Environmental Services

[Learn more >](#)



Planet

ClimeCo's Plastic Removal Project: Clean waterways are possible thanks to plastic recovery projects all over the globe. ClimeCo partners with a host of partners to provide not only environmental impact but also social and economic benefits to the local communities.



Climate Action

At ClimeCo, we have been a leader in providing innovative, market-based solutions for our clients since our founding in 2009, with a goal of accelerating the transition to a low-carbon economy. Our decarbonization platform offers vertically integrated solutions that reduce our customers' and our own environmental impacts.



Helping Clients with Their Climate Action

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 both voluntary and regulated carbon markets and are proud of our impact in both.

While taking action on climate change and plastic pollution are the primary objective, other environmental co-benefits, including better air and water quality, restoration of ecosystem services and protection of natural habitats, commonly accompany our carbon and plastic credit projects.

Voluntary Carbon Market – Beginning with the development of nitrous oxide abatement projects in 2010, and acquiring several composting projects with the acquisition of Environmental Credit Corporation in 2015, ClimeCo helps our partners reduce millions of tonnes of GHG annually. We actively invest in various global projects 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 and renewable energy credits.

19M+
carbon offsets
generated since
ClimeCo's founding¹

100%
of the nitrous oxide abatement
projects currently operating in
the U.S. were implemented
by ClimeCo

¹ As of Dec. 31, 2021

Regulated Carbon Market – ClimeCo actively develops compliance-grade carbon offsets from the destruction of ozone-depleting substances and the collection and destruction of methane from dairy digestors, and we participate in regulated markets across North America, from cap-and-trade to hybrid market designs. Our mission remains the same throughout these variable and complex programs: to help clients minimize their compliance obligations and capitalize on unique market opportunities where available. ClimeCo is an expert in the following programs:

- The Western Climate Initiative (WCI) joint cap-and-trade program in California and Quebec
- Alberta's Technology Innovation and Emission Reduction (TIER) regulation
- Carbon pricing jurisdictions across Canada, such as the Federal Out-Based Pricing System, Manitoba and Saskatchewan
- The Regional Greenhouse Gas Initiative (RGGI)

Sustainability, Policy & Advisory – ClimeCo helps clients commit to bold transition strategies and goals and follow through on these commitments. We provide climate solutions to clients in all stages of their climate journey, including quantifying impacts, developing strategic GHG abatement roadmaps, setting net-zero targets and reporting to various sustainability reporting standards, raters and rankers.



ClimeCo's NzO Abatement Project: Hard-to-abate industrial sectors are working with ClimeCo to find ways to minimize their environmental impact.

Lenovo CO2 Offset Services

In April 2020, we formed a strategic partnership with Lenovo, a leader in technology manufacturing. Lenovo is the world's largest PC vendor and fourth-largest smartphone company. Lenovo has set a goal to reach net-zero emissions by 2050 and recently launched their Lenovo CO2 Offset Services to allow their customers to offset the GHG emissions associated with manufacturing, shipping and power consumed by specific products. ClimeCo provides the carbon offsets for this growing program. In 2021, Lenovo customers mitigated over 800,000 devices through this effort and offset over 500,000 metric tonnes of CO2e. This program continues to expand globally and contributes to Lenovo's sustainability offerings.

Helping to Decarbonize Adipic Acid Production



Ascend Performance Materials, with ClimeCo's support, operates the largest voluntary nitrous oxide abatement project in North America. The facility uses thermal-destruction unit to decompose nitrous oxide – which is nearly 300 times more potent than carbon dioxide – into the non-polluting atmospheric gases nitrogen and oxygen. This process voluntarily reduces millions of tonnes of GHG emissions annually from Ascend's adipic acid production and improves air quality by preventing the release of harmful particulates and volatile organic compounds (VOCs). ClimeCo is the primary author of the applicable protocol and is managing the development of this project.

Climate Investments and Strategic Partnerships

Our strategic investments expand our impact and advance additional market-based solutions to climate change.

- **EarthUP Inc.** is an employee-engagement and emissions-tracking platform designed to help employers build a culture of sustainability. For individuals, EarthUP provides tips to reduce emissions, waste and energy and water use. It also offers rebates and incentives to improve living environments at home. The innovative tool allows employers and employees to work together to quantify and reduce their environmental impacts.

- **Restore the Earth Foundation** and ClimeCo have partnered to restore forest and wetland ecosystems in the Lower Mississippi Valley. The goal of the program is to reforest 1 million acres of degraded coastal and bottomland in the region. In cooperation with the Louisiana Department of Wildlife & Fisheries, Restore the Earth launched the project by planting bald cypress and other native hardwood species on tens of thousands of acres, sequestering carbon in plant and soil biomass, improving coastal resilience for local communities and urban areas and enhancing the biodiversity of local ecosystems. Projects will be registered with a formal carbon offset registry, including certification for climate, community and biodiversity benefits. Societal benefits include improved coastal resilience, enhanced recreational activities and increased local job support and cultural protection for the area's native tribes.



ClimeCo – A Carbon-Neutral Company

We are proud of our work around the world to foster decarbonization, protect biodiversity and improve quality of life in many impoverished communities. We also take responsibility for our own GHG emissions by measuring and offsetting our footprint annually.

2021 Greenhouse Gas Data

Scope 1	4.3 MTCO2e
Scope 2	0
Scope 3	130.8 MTCO2e
Total GHG Emissions (Scope 1, 2 & 3) ²	135.1 MTCO2e
RECs Purchased	500.7 MWh
Emissions Intensity	3.37 MTCO2e

² Market-based accounting with RECs

2021 Greenhouse Gas Data, Balanced

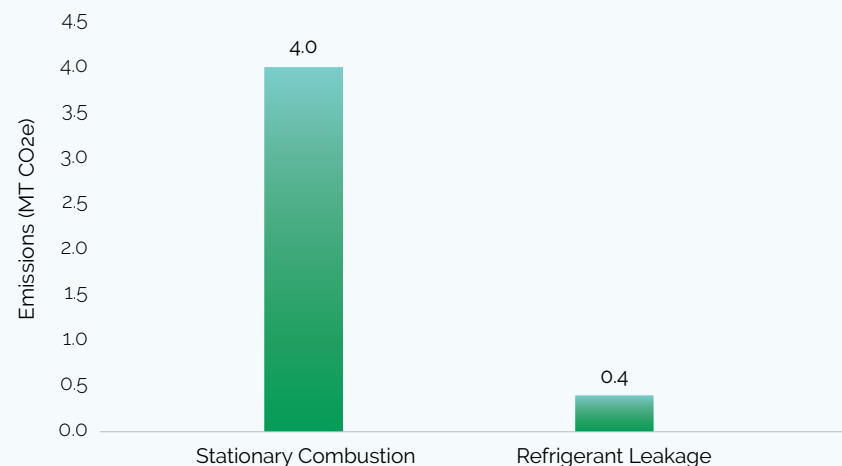
Total GHG Emissions (Scope 1, 2 & 3)	135.1 MTCO2e
GHG Emissions Compensated for by Carbon Credits	135.1 MTCO2e
Balanced GHG Emissions (after emissions compensation)	0

ClimeCo conducted a comprehensive GHG inventory of our 2021 Scope 1, 2 and 3 emissions fully aligned with the GHG Protocol's Corporate Accounting and Reporting Standard. ClimeCo has quantified and offset our emissions for several years and enhanced our approach this year to provide more granularity and precision. ClimeCo's purchase of Renewable Energy Certificates (RECs) for 2021 covered all office and work-from-home electricity use, eliminating Scope 2 market-based emissions and lowering employee commuting emissions.

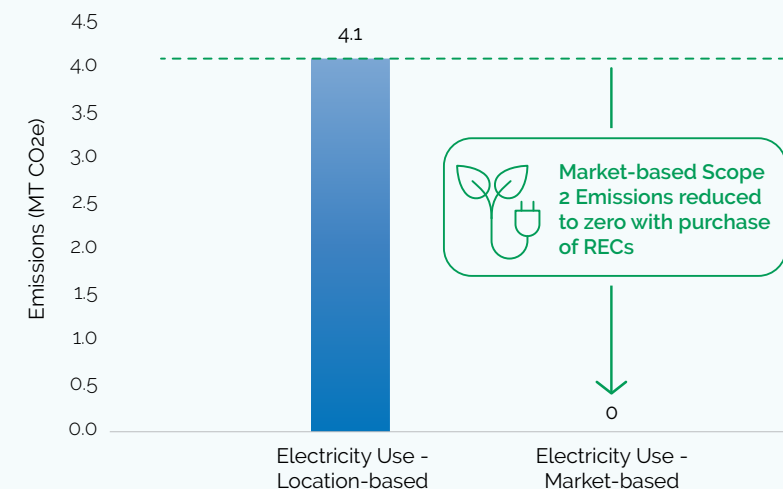
ClimeCo's Scope 1 and 2 emissions are primarily the result of energy usage at our offices and co-working spaces. The majority of our team works remotely, and most employees near our offices opted to work remotely during 2021 due to COVID-19. As such, we included emissions from office use for the months our offices were operational (as part of our Scope 1 and 2 emissions) and reported working from home emissions in our inventory (Scope 3, Category 7). Our Scope 3 emissions represent the bulk of our footprint and are dominated by Purchased Goods and Services, Business Travel and Employee Commuting³. Other categories, such as Fuel and Energy-Related Activities and Upstream Transportation and Distribution, were determined to have a minor impact on our Scope 3 GHG inventory.

ClimeCo is committed to updating and offsetting our GHG inventory annually and developing a GHG reduction strategy.

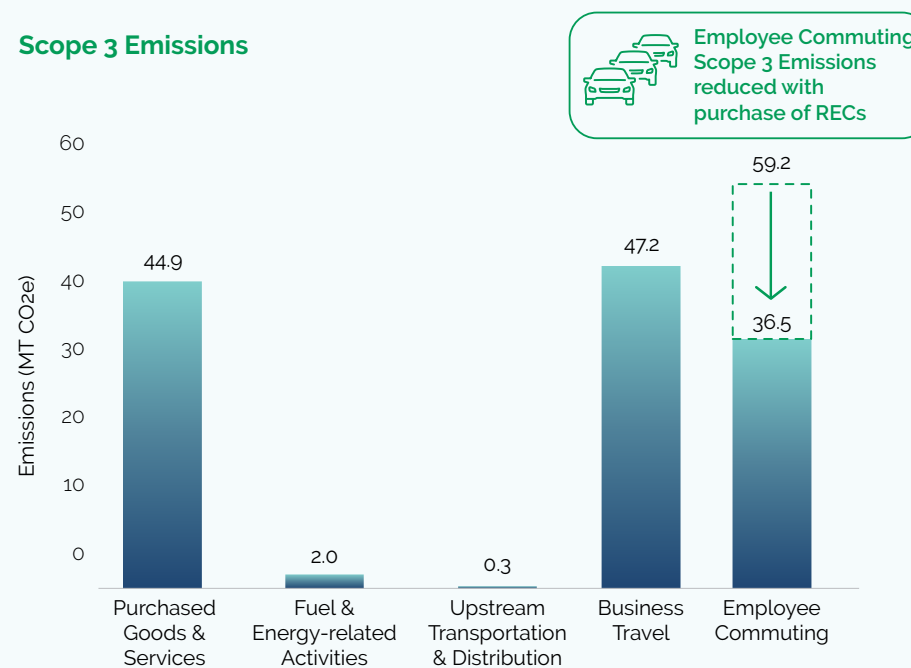
Scope 1 Emissions by Category



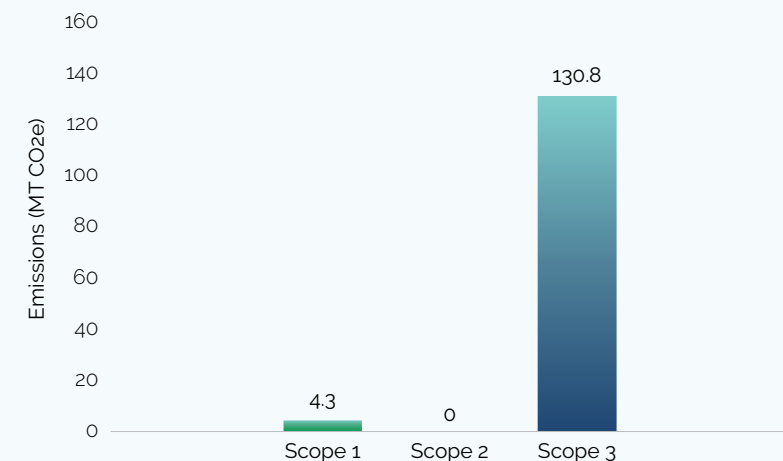
Scope 2 Emissions - Location and Market



Scope 3 Emissions



Total Scope 1, 2, & 3 Emissions



³ As per the GHG Protocol, all work-from-home emissions fall into the Employee Commuting category of Scope 3 emissions.

Plastics Stewardship



Solving the world's plastic pollution crisis requires scaling up the recovery of improperly discarded plastics in the natural environment and expanding modern waste-management technologies and infrastructure.

We launched our Plastic Credits Program in 2021 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.

We offer a global portfolio of plastic credit projects with a diversity of geography, impacts and circular economy solutions. We help organizations assess their plastic footprint and develop a long-term strategy for plastic reduction, recycling and mitigation. Our projects promote circularity by prioritizing innovation and next-life solutions and only send plastic items that do not have feasible and safe solutions to managed landfills.

We are proud to have partnered with TONTOTON, a project developer in Vietnam, to transact the world's first plastic credit through the Ocean Bound Plastic (OBP) Neutrality Certification from Zero Plastic

Oceans, an independent protocol. The credits were verified by leading third-party certification specialist Control Union Certifications. TONTOTON recovers post-consumer, non-recyclable OBP and co-processes it into alternative fuels and raw materials (AFRM), which replaces coal at a local manufacturing plant to reduce the site's GHG emissions. TONTOTON's program is built on economic benefits for all parties, from informal waste pickers to funding companies. ClimeCo's financing of TONTOTON has allowed them to hire more workers (primarily female), expand capacity and start working in new areas of Vietnam to scale up the volume of plastic waste recovery.

ClimeCo transacted
the world's first
plastic credit
with our partner, TONTOTON.



ClimeCo's Plastic Removal Project: We work with TONTOTON to remove plastic waste in Vietnam and Cambodia. It creates job opportunities for local women to provide additional income for their families.

In November 2021, we formed a strategic partnership with Heng Hiap Industries (HHI), a mechanical and chemical recycling company. HHI has pledged to recycle 30,000 tonnes of OBP by 2025. Their current focus is to recover and remove OBP from Malaysian shorelines, rivers, islands and coastal communities. Malaysia ranks fifth globally for ocean plastic waste. HHI converts OBP to upcycled finished goods, such as Louvre chairs and other household items. This operation creates a fully sustainable, closed-loop system where resources are reused and recycled as part of HHI's circular designs and solutions.

2021 Plastic Stewardship Results

Ocean Bound Plastic Collected by Project Partners	437.6 tonnes
Plastic Credits Issued	176.9

The difference between the quantity of OBP collected and plastic credits issued is due to pending third-party verification.

Social and Economic Co-Benefits of Plastic Credits

Additionally, the social and economic impact of credit development projects can parallel the environmental benefits. The most acute plastic pollution problems occur in developing parts of the world. Plastic credit projects can advance environmental justice, employment opportunity, education, community health and gender economic empowerment. Companies can support global projects aligned with corporate social responsibility and sustainability priorities.

To measure a project's expected societal impacts, we employ the UN SDG Assessment Manager Tool to quantitatively evaluate alignment with the SDGs – 17 global goals such as ending poverty and hunger and promoting quality education, gender equality and clean water and sanitation.

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

ClimeCo is intent on reducing our own plastic footprint and has taken steps to eliminate single-use plastics at our offices in Boyertown and State College, Pennsylvania, and at Company events. This includes developing environmentally preferable purchasing guidelines.



ClimeCo's Plastic Removal Project: Our recovery projects work to achieve increased employment opportunities, community health, environmental justice, and gender-economic empowerment.

In our kitchen at both Pennsylvania locations, we eliminated single-use plastics such as plastic plates, lids and coffee stirrers and have shifted to reusable alternatives. We contract with a vendor for returnable, reusable 5-gallon containers for our water coolers. We also are beginning to engage and educate our co-working spaces to reduce the amount of single-use plastics offered.

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.



People

ClimeCo's Senior Leadership Team is embarking on an exciting journey of improving our branding and global presence.

(L-R) Elliott Heide, General Counsel; Bill Flederbach, President & CEO; Derek Six, COO; Emily Damon, SVP of Sustainability Policy & Advisory; Amanda Hsieh, SVP of Strategic Development; Dan Linsky, SVP of Voluntary Markets; Kaitlyn Allen, SVP of Sales Strategy; Erika Shiller, SVP of Project Development; Dr. Scott Subler, CSO; Nancy Fuchs Marshall, SVP of Marketing and Yohei Shimasaki, CFO

Diversity, Equity & Inclusion



At ClimeCo, we strive to hire talented, engaged and curious team members who thrive on finding new, innovative ways to decarbonize industry while supporting continuous growth and addressing the global challenges posed by climate change, the loss of biodiversity and other societal uncertainties. One of our core values is to provide a safe and healthy work environment, learning and growth opportunities and an atmosphere that encourages trust and open, honest communications. Diversity, equity and inclusion (DEI) is an important part of our culture, and it is at the forefront of all our personnel considerations.

As ClimeCo continues to grow, it is incumbent upon us to remain keenly focused on attracting and retaining exceptional, dedicated employees to ensure we are proactively supporting our clients, partners and colleagues. To that end, we have expanded our Human Resources (HR) capabilities since the start of 2021 by adding to our HR staff of professionals.

2021 Workforce Diversity

	Female	Male
Gender	44%	56%
Age Group		
Under 30 years Old	22%	15%
30-50 years Old	24%	12%
Over 50 years Old	2%	24%
Job Level		
Leadership	33%	67%
Mid-level	56%	44%
Early Career	43%	57%

We conducted a voluntary DEI survey, and 71% of employees participated in the survey.

Employees who identify in any of the categories below:

African American or Black	—
Alaskan Native or Native American	—
Asian	10%
Hispanic or Latinx	5%
White	56%
Two or More Races or Ethnicities	—
LGBTQ+	—
Did Not Disclose Demographic Background	29%

We Continue to Grow and Diversify



Staff-led DEI Committee Continues to Gain Traction

ClimeCo values a diverse workforce and an inclusive culture, and we try to emulate our DEI values among our staff. Led by our HR team, ClimeCo employees take part in DEI training at least once a year, and we will continue to offer that training and other program on an annual basis.

The bedrock 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 Subcommittees

DEI Engagement – To provide all employees with accessible, timely and valuable training, events and social engagement opportunities pertinent to the DEI Committee's mission and values. All engagement programming will create inclusive and welcoming environments for employees to learn and discuss DEI in a safe and productive manner and opportunities to network with people in other departments.

DEI Initiatives – To support DEI by evaluating and implementing community involvement and corporate social responsibility (CSR) programs that inspire and help facilitate growth in individuals and communities. We also manage ClimeCo's employee charitable donation-match program.

DEI Policy – In collaboration with HR and other DEI Subcommittees, identify opportunities, suggest improvements and implement changes in Company policy, including hiring, onboarding and benefits. We gain buy-in from leaders and internal stakeholders and codify ideas.

In 2021, the DEI Committee organized a manager-training series with a DEI expert. Fifteen ClimeCo managers took part in seven sessions to increase awareness and understanding of a host of DEI issues. We also seek to promote inclusiveness by recognizing important dates, weeks and months that aim to uplift specific communities and to affirm their contributions to our society and the environment.

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."



DEI training is included at company-wide events and provided to all managers and staff at least annually.



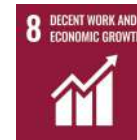
250+

hours of employee training provided in 2021.



Team Builder

events are held annually to discuss strategy, participate in activities and build camaraderie among staff and executives.



Promoting Personal, Professional Growth

ClimeCo recognizes that investing in training, development and other learning opportunities is an important part of our commitment to provide a dynamic, rewarding place to work.

Our intent is to provide a work environment where employees can grow with the Company and advance their careers through internal capacity building. ClimeCo provided over 250 hours of employee training during 2021. We try to create 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 takes part in an annual review designed to address performance and professional development needs and interests.

To further development, ClimeCo has implemented a professional mentorship program for employees to engage with more senior members of our staff 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 generally build camaraderie among our staff, executive team and Board of Managers. We held the 2021 get-together in State College, Pennsylvania.

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. Approximately 60% of employees participated. On a scale of 1 (very satisfied) to 5 (very dissatisfied), the overall respondent satisfaction score was 1.65.

The results provide a productive starting point to prioritize internal initiatives around transparency, communications, benefits and employee-growth plans. We will conduct another survey in early 2023 and annually thereafter, with a goal of 100% staff participation.



1.65

overall respondent satisfaction score on a scale of 1 (very satisfied) to 5 (very dissatisfied) on our first employee engagement survey.

Supporting Our Communities

ClimeCo employees demonstrate our corporate and social responsibility by donating time and financial resources to a variety of organizations and causes.

Each year, we offer full-time employees eight hours of paid time off to volunteer at an organization of their choice. Even with limited opportunities because of the lingering impact of COVID-19 in 2021, about one-third of our staff used the day off for a volunteer activity, accounting for more than 100 hours.

The varied nature of our activities reflects the diversity of our team. Our volunteer pursuits included participating in beach, river and trail cleanups, gathering and donating supplies to community foodbanks and pantries and volunteering at local schools and Habitat for Humanity projects.



100+

hours spent volunteering by ClimeCo employees in 2021

ClimeCo Made a Difference in our Communities

In Vermont, we volunteered at a Habitat for Humanity ReStore that diverts household items and building materials from landfills and sells new and gently used merchandise to the public.

In New York, we joined a team of volunteers to remove trash and other debris from a 3-mile stretch of the Ausable River, as part of a project led by the Ausable River Association.

In Calgary, we devoted time to help support the Centre for Newcomers (CFN), a critical resource for immigrants and refugees of all nationalities. We helped organize, package and deliver hampers with food, supplies and hygienic products to disadvantaged families, individuals and newcomers to the area.

To increase our impact, the Company created the Make a Change charitable gift-matching program in 2022 that 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.





Governance

Board of Managers: (L-R) Bill Flederbach, Steve Mawer, Chad Peterson, Derek Six and Karin Corfee.

At ClimeCo, operating with the highest regard for ethics and integrity is core to how we conduct business and interact with stakeholders. Responsible business practices define our people, 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 to expand business opportunities, to build trust with stakeholders and to position ClimeCo as an innovator in the global sustainability arena.

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 April 5, 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. At that time, we announced a capital infusion of more than \$50 million led by Warburg Pincus and The Heritage Group, which also has two seats on the board.

The capital investments allow ClimeCo to expand our global decarbonization platform in transformative ways. We will continue to grow our project development efforts in industrial gas programs, reforestation, mangrove restoration and OBP collection and recycling. Moreover, this capital 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. The equity and related financing also enable us to strengthen our team through organic growth and, when material opportunities arise, additional acquisitions.

Board Diversity Matrix (As of December 2021)

Board Size: 5

	Female	Male
Gender	1	4
Number of Managers who identify in Any of the Categories Below:		
White	1	4
LGBTQ+	0	0
Person With Disabilities	0	0
Did Not Disclose Demographic Background	0	0

Assessing Business Risks

ClimeCo's executive management team routinely evaluates Company risks and opportunities with our Board of Managers. Our 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 in place, including a Know Your Customer (KYC) process, to protect against corrupt and illegal activities. Our KYC due diligence assessments are conducted when risk-based thresholds are met. The CFO approves the potential client or partner before any type of agreement is signed.

We also 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 own high standards for ethics, integrity and human rights.

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, as well as to follow applicable policies, laws, rules and regulations in the countries where we operate. The Code provides

guidelines for working safely, for protecting the rights of all individuals and for speaking out against harassment or discrimination of any kind. Operating with the highest regard for ethics is part of ClimeCo's culture and one of the Company's core values.

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, the COO, the HR Manager, or the President and CEO, regardless of the offender's identity or position.

Any reported allegations of harassment, discrimination or retaliation will be investigated promptly, thoroughly and impartially by HR. Confidentiality will be maintained throughout the investigation process to the extent consistent with an adequate investigation and appropriate corrective action.

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 organizations, large and small, 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 from start to finish. The timeline for some projects may extend 20 years or more.

Our 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.

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. A key diligence category is reviewing carbon volume estimates and crediting eligibility.

We thoroughly evaluate risks associated with the host country, including the political and regulatory environment, tax considerations, environmental and land-use laws and natural hazards such as extreme weather events.



True to our core values, we want to ensure that a project is credible, verifiable and ethical and benefits all stakeholders, especially local communities.

High-quality offset projects are much more than the credits they generate or the emissions they reduce. Depending on the project type, they can provide a vast array of co-benefits ranging from improving ecosystems and biodiversity to providing income and education to local communities that can enhance the way of life for many generations.



Prosperity

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



ClimeCo is proud of our contributions to sustainable economic development. We help our clients achieve not only their environmental and social goals but also their financial targets. We continue to grow our own business scaling sustainable, market-based solutions guided by our Company values.

At a time of economic uncertainty, we are focused on the long-term viability of our clients and partners, the communities where we operate, and of our own success. In 2021 and again in 2022, we continued to diversify our portfolio of projects and capabilities to bring about lasting benefits for clients, partners, employees, society and the planet.



Investing in Innovative Solutions

ClimeCo has invested in technology that manifests itself in better offerings for clients and customers, expanded our capacity and expertise in sustainability advisory services and created a plastics sustainability 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 a variety of 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.

We help bring clarity and focus to advisory clients' climate and ESG strategy, creating growth opportunities and supporting M&A activity. We advise on ESG-linked finance options to help clients fund their sustainability programs. We enhance clients' DEI policies and programs to help them diversify their workforce.



Inclusive & Shared Growth

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

Our Company culture and benefits – as well as our focus on personal and professional development and promoting from within the Company — have helped us to maintain a 95% employee retention rate.



Our time-off policy includes nine paid holidays per year, paid vacation time, paid sick leave, paid voting 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, as well as a 401(k) plan with a Company match for retirement savings. We offer an easily accessible Employee Assistance Program to help with everyday challenges of life. As part of our commitment to the long-term success of both our business and employees, we also provide Unit Appreciation Rights (UARs) -- a mechanism to share the value of ClimeCo's growth with full-time employees.

Promoting an Inclusive Economy



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

Other project types, such as plastic collection, provide co-benefits that may include enhanced employment opportunities, higher wages and better access to community health and education services.



ClimeCo's Plastic Removal Project: Finding a use for nonvalue plastic is key to many of our plastic removal projects. Chip Mong uses plastic waste from our Cambodia projects as a fuel source, replacing coal.

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

We also believe it is important to share the prosperity with our local partners. When applicable, we structure our carbon offset and plastic credit projects so communities have ownership and may share in the upside along 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.

We are keenly aware that the success of our projects 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, as well as monitoring of performance against social and biodiversity goals, for which we seek independent certification under formally recognized programs, such as Verra's Climate, Community and Biodiversity Program.

Members of the ClimeCo team also engage externally in other ways. We speak at numerous industry conferences and events on a variety of climate-related topics to increase public awareness and understanding of corporate sustainability. Our experts spoke or presented virtually at more than a dozen engagements in 2021 with the aim of inspiring action toward a more sustainable and inclusive economy. We also contributed expert insight through 10 staff-generated blogs in 2021 and interviews with sustainability and climate-focused journals and other publications.

Additionally, our ESG Decoded™ podcast episodes have been played over 25,000 times (as of Oct. 31, 2022), educating listeners around the world with in-depth content that goes beyond the headlines to offer thoughtful, nuanced conversations about ESG.



[Listen to recent episodes >](#)

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ClimeCo's 2021 Annual Sustainability Report has been prepared referencing 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
Setting purpose	C	We are working on our corporate purpose statement.
Governance body composition	C	Governance, page 22
Material issues impacting stakeholders	C	About this Report, page 8
Anti-corruption	C	Governance, page 23
Protected ethics advice and reporting mechanisms	C	Governance, page 23
Integrating risk and opportunity into business process	C	Governance, page 22
Monetary losses from unethical behavior	C	\$0
Greenhouse gas (GHG) emissions	C	Planet, page 12
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.
Diversity and inclusion	C	People, page 17
Pay equality (%)	C	Not currently disclosing.
Wage level (%)	C	Not currently disclosing.
Risk for incidents of child, forced or compulsory labor	C	Governance, page 23
Health and safety (%)	C	Prosperity, page 25
Training provided (#, \$)	C	People, page 19 . Average hours of training per FTE: 3.8. Average hours of training per FTE leader 6.3
Employee well-being (#, %)	E	0 injuries and fatalities.
Absolute number and rate of employment	C	About this Report, page 2 , People, page 17 , Prosperity, page 25
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.



1 East Philadelphia Ave.
Boyertown, PA 19512
www.climeco.com