

**Natural Capital Partners'
Communication on Progress
to the United Nations Global Compact
February 2020**

Statement of Continued Support, from Stephen Killeen, President & CEO

To our stakeholders:

I am pleased to confirm that Natural Capital Partners, as a United Nations Global Compact (UNGC) Participant, reaffirms its support for the Ten Principles of the UNGC in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Communication on Progress, we describe our work since our last submission in February 2019 to deepen the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Stephen J. Killeen
President & CEO

2020 Communication on Progress

Introduction to Natural Capital Partners

With more than 300 clients in 34 countries, including Microsoft, MetLife, Logitech, PwC, Sky and Ørsted, Natural Capital Partners (formerly known as The CarbonNeutral Company) is harnessing the power of business to create a more sustainable world. Through a global network of projects, the company delivers the highest quality solutions to make real change possible by reducing carbon emissions, generating renewable energy, building resilience in supply chains, conserving forests and biodiversity, and improving health and livelihoods.

We are a privately held business founded in 1997 and our team of 26 people is based in the US, Europe and Central America. Since we began, we have contracted more than 43 million tonnes of carbon credits from 489 projects in 64 countries on behalf of our clients. Over the past four years we have contracted 19 million MWh of energy attribute certificates from 43 countries. In addition, we have received the Environmental Finance Best Offset Retailer award for the past nine years.

The [CarbonNeutral Protocol](#) was created by Natural Capital Partners in 2002. It was the first clear set of guidelines for businesses to achieve carbon neutrality and every year since then we have continued our commitment to providing a robust framework for credible carbon neutral action. The Protocol is reviewed annually with input from our Advisory Council of external experts to ensure it reflects best practice in emissions measurement and reductions.

How we manage our Global Compact Commitments

Natural Capital Partners became a signatory to the Global Compact in 2010. The Company continues to work on incorporating its commitments under the Global Compact into our strategy, operations, and management procedures.

Our approach to assuring compliance with our commitments is based upon a qualitative assessment of risks in each of the ten areas of focus as defined by the Global Compact. Areas of highest risk relate to risk exposures within our supply chain – specifically climate mitigation and adaptation projects in the least developed and developing economies from which we source market-based instruments such as carbon credits, energy attribute certificates, water benefit certificates and others. In calendar year 2019 this activity accounted for approximately 72% of our discretionary spend and covered more than 462 contracts in 46 countries of which 7 are classified as least developed nations.

The remaining spend is in low risk categories including professional services, travel, and office accommodation – purchased from suppliers selected for their professionalism and commitment to sustainable development.

Table 1, below, summarises our risks assessment, related risk controls and areas of planned risk management improvement.

Table 1: Risk Assessment and Responses Across Ten Principles

Human Rights		Level of Risk	Operational Controls	Operational Tools	Priority Areas
1	Support and respect the protection of internationally proclaimed human rights.	Medium	Company policy & due diligence procedures	Supplier Code of Conduct; country and project partner due diligence	Deepen project partner vetting; Extend in-house due diligence process
2	Make sure that they are not complicit in human rights abuses.	Medium	Company policy & due diligence procedures		
Labour					
3	Uphold the freedom of association & effective recognition of the right to collective bargaining.	Low	Company policy & due diligence procedures	Staff Handbook; Supplier Code of Conduct & due diligence processes	Deepen project partner and supplier vetting through Supplier Code of Conduct and in-person project visits
4	Eliminate all forms of forced and compulsory labour.	Low	Company policy & due diligence procedures		
5	Work for the effective abolition of child labour.	Medium	Company policy & due diligence procedures		
6	Eliminate discrimination in respect of employment and occupation.	Low	Company policy & due diligence procedures		
Environment					
7	Support a precautionary approach to environmental challenges.	Low	Core purpose of our business is the delivery of positive environmental impact	Use of best-in-class third-party standards	Advocacy through our membership of industry associations including ICROA & IETA
8	Undertake initiatives to promote greater environmental responsibility.	Low		Product and service sales	Maintain our CarbonNeutral® status
9	Encourage the development and diffusion of environmentally friendly technologies.	Low		Supply partner activities	Develop new products & services in plastics waste management and blue carbon (mangroves)
Anti-corruption					
10	Work against corruption in all its forms, including extortion and bribery.	Medium	Employee Handbook policy & procedures	Financial management & controls	Deepen supplier engagement & vetting

With respect to Principle 8, Natural Capital Partners is a CarbonNeutral® company certified to the requirements of The [CarbonNeutral Protocol](#). We calculate our greenhouse gas emission footprint and offset unavoidable emissions annually for the prior year within six months of the calendar year-

end. For calendar year 2018, our carbon footprint was 140 tonnes of CO₂e. A different approach was taken in 2018 when completing our footprint calculations. Specifically, homeworkers are now accounted for in Scope 3 emissions rather than broken into Scope 1 and 2 emissions, to reflect best practice in accounting for our increasingly virtual organisation. Doing so has reduced our Scope 1 and 2 emissions but has increased Scope 3 emissions respectively. Renewable Energy Guarantees of Origin were retired to zero-rate our 2 tonnes of CO₂e for Scope 2 emissions arising from our UK office (14 MWh). The remaining Scope 1 and 3 emissions of 138 tonnes CO₂e were offset by retiring a mixed portfolio of carbon credits generated under the Clean Development Mechanism (36%), American Carbon Registry (36%), and Verified Carbon Standard (28%).

The main tools we use to manage our Global Compact commitments across the business are our Employee Handbook and our detailed sourcing due diligence procedures. The Employee Handbook includes policies that together cover the Ten Principles of the United Nations Global Compact, including specifically:

- Dignity at work and harassment
- Disability in employment
- Diversity
- Equal opportunity
- Age discrimination
- Anti-bribery
- UN Global Compact

Natural Capital Partners' commitment to the Ten Principles of the United Nations Global Compact:

- applies to all personnel, namely directors, officers and employees of Natural Capital Partners, its subsidiaries, as well as appointed affiliates and/or third-parties acting on behalf the Company from time to time; and,
- relates to business activities with any individuals, private commercial organisations, sub-national, national and international governmental or public-sector bodies, and any other organisations with which the Company interacts directly or indirectly in the course of its business-related activities.

All Company personnel are responsible individually and collectively for our commitments under the United Nations Global Compact. Specifically, personnel must:

- not by act or omission knowingly breach the spirit and purpose of the Global Compact;
- follow the mandated Company procedures designed to ensure adherence with the Ten Principles, and which may be developed from time to time to improve our management of associated risks;
- take steps to require that third parties engaged on the Company's behalf conduct Natural Capital Partners business to ethical and professional standards consistent with the aims and objectives of the Global Compact; and,
- promptly report to the Company any known or suspected instances or circumstances where the Company's personnel, or those doing business on the Company's behalf, may be acting counter to the spirit and purpose of the Global Compact.

Performance Improvement and Compliance

During the past year we have:

1. Deepened our engagement with project partners with the continued implementation of our Supplier Code of Conduct.
2. Enhanced and further developed our proprietary supplier due diligence procedures and controls.
3. Extended our service portfolio to include financing for projects and programmes addressing plastic waste, mangrove restoration and reforestation. .
4. Deepened our ability to deliver against Sustainable Development Goals by including impact reporting across our carbon mitigation project portfolio.

These areas remain the focus of our performance improvements.

Annual reporting on non-compliance and ongoing improvements

Internal checks and controls have not identified material instances of non-compliance with our policies since our last Communication of Progress.

Our next Communication on Progress will be at the end of February 2021.
