STATEMENT OF SUPPORT

Climate change is the challenge of our era.

Not long ago, it was seen as a distant threat to our future. Increasingly, it is becoming our reality, a new normal. Barely a day passes without a reference in the media to the threats of climate change and the urgent need for action.

At South Pole, we believe that a greener tomorrow is within reach if we act today to limit global warming. This is why, from its foundation 14 years ago, South Pole has been fighting climate change by supporting projects that lower emissions, helping businesses and organisations succeed in their climate ambitions and transition to a low carbon future, and catalyse investments in impact funds. It is in our power – as businesses, investors, governments, and individuals – to bend the arc of greenhouse gas emissions.

As we progress towards a climate positive future, we need to keep in mind that rising sea levels, droughts and hurricanes hit vulnerable populations the hardest. So, while global warming increases inequality, the solutions we deploy fight it: every day, in over 20 countries, we help our clients create tens of thousands of jobs in developing countries, channel hundreds of millions of dollars in new green business models, and improve living conditions for people around the world.

This report contains examples of our work that bring this purpose and commitment to life. You will read about the steps we are taking to become more environmentally sustainable and socially responsible in everything we do. As part of this, we signed the UN Global Compact in July 2015. This report serves as our Communication on Progress and reaffirms our continuing commitment to its principles.

Finally, we are convinced that good ideas should be implemented at scale – and we, as a brand, are founded on a great idea. Together with our clients, partners and supporters, we are taking on ever more ambitious plans, working with a growing list of clients and creating an expanding community of change agents to help deliver sustainable business solutions for a climate positive world.

Yours sincerely,

Renat Heuberger,
CEO
South Pole
June 2020
ABOUT SOUTH POLE

South Pole is a leading provider of global climate solutions and services, with more than 300 experts in 18 offices worldwide. For more than a decade, South Pole has worked with both the public and the private sectors to accelerate the transition to a climate-smart society. South Pole’s expertise includes project and technology finance, data on sustainability risks and opportunities, advisory services, and the development of environmental commodities such as carbon and renewable energy credits.

To date, South Pole has mobilised climate finance for over 700 projects that reduce emissions in the areas of renewable energy, energy efficiency and sustainable land-use. For more information, visit southpole.com or follow the company on LinkedIn or Twitter.

Our Purpose: We act today for a better tomorrow
Implementing the goals of the Paris Agreement calls for a fundamental shift in the global economy. Our goal is to catalyse financing and technologies for a greener tomorrow by re-allocating capital at scale, unlocking substantial investments, while remaining nimble enough to seize new business opportunities.

Our Vision: Climate action for all
The moral case for climate action is clear: failing to meet the climate and sustainable development challenge would push hundreds of millions of people into poverty, with devastating social and economic consequences. Moreover, millions of new green jobs are already being created through climate action across sectors. Climate development and human development are two sides of the same coin. South Pole works to create a world where businesses, governments and communities make climate action the new normal.

Our Mission: We accelerate the transition to a climate-smart society
Our global team of over 300 social entrepreneurs and climate experts develop innovative low carbon solutions tailored to the needs of our clients. We are always on the cutting edge of the rapidly changing climate technologies, policies and regulations. Understanding the big picture is important to us and to our clients, as is implementing actions on the ground with lasting positive impact on the environment, communities and businesses.
ACTING TODAY FOR A BETTER TOMORROW

A sustainable future, together
The world has ten years to deliver the United Nations’ Sustainable Development Goals (SDGs). However, so far the efforts of global business have fallen below requirements, and only 21% of CEOs believe the world of commerce is doing enough (UNGC, 2019). So whilst ‘the climate decade’ has arrived, there is clearly much work to be done.

However, coupled with the values of stubborn optimism, innovation and impact, South Pole believes a more sustainable future is possible - it just requires companies working towards a common goal, and communicating each other’s progress along the way. As a company whose mission is to accelerate the transition to a climate-smart society, we believe a sustainable future is possible, so long as businesses work together.

What the UN SDGs mean for South Pole
For the world to become truly sustainable, businesses must play their part. At South Pole, we have been doing this since the day we were founded, 12 years ago. Our company’s vision is climate action for all, making the UN’s SDG 13 Climate Action central to everything we do. This is reflected in the 170 million tons of CO₂ we have delivered, sold and assigned to date, which we hope to more than double by 2030.

But thanks to the interconnectedness of sustainability, that’s not all we have achieved. At South Pole, we are proud of the impact we have made across the spectrum of SDGs, such as the 55,000+ Km² of land we have protected and restored across the globe (SDG 15), $15+ billion of clean energy investment mobilised (SDG 7 & 9), and the 100,000 jobs created along the way (SDG 1 & 8).
But as proud as we are of our impact, we know there’s still a lot to do. This includes South Pole’s own operational sustainability, which is why we have created a Sustainability Action Plan. This sets clear targets, communicates them across the company, and is helping South Pole drive sustainability on the inside, in addition to the impact we create globally with our clients.

This sustainability report relates our Sustainability Action Plan to the UNGC’s ten principles (Appendix A). Along the way, it highlights where this performance overlaps with the SDGs, and how our employees have helped drive change in their day-to-day lives.

### South Pole’s Contribution to the United Nations Sustainable Development Goals

<table>
<thead>
<tr>
<th>Objective</th>
<th>Achievements</th>
<th>Ambition 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD 2+ trillion</strong></td>
<td>Investments and assets screened</td>
<td>USD 5 trillion</td>
</tr>
<tr>
<td><strong>20,000,000+</strong></td>
<td>Lives positively impacted</td>
<td>50,000,000</td>
</tr>
<tr>
<td><strong>140,000+</strong></td>
<td>GWh of renewable energy produced</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>100,000</strong></td>
<td>Number of jobs created</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>USD 15+ billion</strong></td>
<td>Clean energy investments mobilised</td>
<td>USD 50 billion</td>
</tr>
<tr>
<td><strong>170,000,000+</strong></td>
<td>tCO₂e of reduced emissions</td>
<td>500,000,000</td>
</tr>
<tr>
<td><strong>55,000+</strong></td>
<td>Km² of land protected or restored</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>700+</strong></td>
<td>Projects developed</td>
<td>1,500</td>
</tr>
</tbody>
</table>
Kariba Forest Protection, Zimbabwe: the Kariba project spans across 785,000 ha on the shores of Lake Kariba in northern Zimbabwe, protecting an expansive rainforest and numerous vulnerable & endangered species. A range of project activities support the independence & wellbeing of local communities.
OUR AWARDS

- **SwissCham Australia**: Best Newcomer/Rising Star 2018
- **WEF Schwab Foundation**: Social Entrepreneur of the Year 2011
- **Zürcher Kantonalbank**: Sustainability Prize for Small and Medium Enterprises (SMEs) 2013

**CORE NETWORKS AND PLATFORMS WE ARE ACTIVE IN**

- **World Economic Forum**
- **UN Global Compact**
- **United Nations**
- **TFA 2020**
- **ICROA**
- **IETA**
- **International INSETTING Platform**
- **National Carbon Offset Standard**
- **Alliance for Water Stewardship**
- **Climate-KIC**
Kariba forest project, Zimbabwe: this project protects what remains while equipping local communities to protect their future and the future of the planet. Over 85,000 people have been provided with safe, clean water thanks to 152 repaired boreholes, whilst over 8000 have benefitted from learning improved agriculture techniques.
Governance

Governance refers to the processes that help a business run effectively. At South Pole, we strive to achieve good governance across our whole business. This means integrating sustainable principles into our day-to-day operations, through the design, implementation and monitoring of key policies, and communicating them to our employees via Code of Conduct training. At the same time, South Pole strives to promote sustainability beyond our firm boundaries, be that through our third-party code of conduct or through the 700+ projects that have helped our clients become carbon neutral. These efforts have helped contribute to SDG 16 Justice and SDG 17 Partnerships, as detailed below.

SDGs in Focus

Anti-corruption

Corruption is the enemy of development and human progress, and we are committed to transparency in all our dealings. Moreover, South Pole is committed to doing business with full integrity and to not being involved in any form of bribery or corruption, as well as conducting our business operations legally and free from any kind of activities associated with money laundering.

Our performance

No breaches of our code of conduct, anti-bribery, corruption or anti-money-laundering policy have been reported. Furthermore, nothing has come to the attention of the management that would suggest such a breach.

Our actions

South Pole translates its commitment to anti-corruption into the company code of conduct, policies and whistleblowing process.

- **Code of conduct**
  - The code stands for a fundamental South Pole commitment to comply with all applicable legal requirements and high ethical standards, including, but not limited to:
    - bribery and corruption
      Any forms of bribery and corruption are against South Pole’s own standards of business conduct. Such actions can result in fines for companies and imprisonment for individuals.
    - money laundering
      South Pole will not condone, facilitate or support money laundering.
    - receiving and giving gifts and entertainment
      The code of conduct defines the expectations toward employees regarding gifts that can be seen as bribes which tarnish South Pole’s reputation for fair dealing, or break the law.
• **Code of conduct training**
  To ensure that all employees have read, understand and adhere to the code, South Pole has made Code of Conduct training mandatory for all employees.

• **Third-party code of conduct**
  South Pole chooses third parties based on merit, avoiding conflicts of interest, inappropriate gifts and entertainment, and other kinds of favouritism that might compromise selection. South Pole will not use a contractor, agent, consultant or other third party to perform any act that conflicts with this code. Our employees who engage third parties to work on behalf of South Pole, such as contractors, agents or consultants, must ensure that these parties are made aware of this code and should seek their cooperation in adhering to it. South Pole will take corrective measures against any supplier found violating the code, including the termination of a contract. The code defines high ethical standards including, but not limited to, bribery and corruption, money laundering, child and forced labour, slavery and trafficking, privacy and confidentiality, as well as competition and anti-trust.

• **Anti-bribery and -corruption policy**
  This policy clearly states that South Pole is committed to doing business with full integrity and not being involved in any form of bribery and corruption. Moreover, the policy describes examples of what are considered bribery and corruption. Clear procedure for reporting any concerns regarding bribery or corruption are set out as well. Consequences for any individuals involved in any breach of the bribery and corruption laws involve dismissal from South Pole. All employees at South Pole can access this policy, and it is also highlighted during all new employee inductions.

• **Anti-money-laundering policy**
  South Pole is committed to doing business with full integrity and to conducting our business operations legally and free from any kind of activities associated with money laundering. This policy also describes the process for reporting any concerns regarding actual or suspected activities related to money laundering. Failure to comply with this policy will be addressed without delay by the company management, and dismissal from South Pole as a possible result is not excluded. This policy is available to all employees and highlighted during all new employee inductions.

• **South Pole OpenTalk Line**
  All employees who have questions or concerns about the legal and/or ethical standards can speak to their line manager or HR. Furthermore, OpenTalk is an additional resource where employees can raise questions or report any compliance or ethical issues. Emails can be sent anonymously to the OpenTalk line and are treated as highly confidential. South Pole does not tolerate retaliation by anyone against the individuals who report suspected misconduct or other risks to the business.
Bac Lieu Wind Farm, Vietnam: located on South Vietnam’s Mekong Delta, the Bac Lieu wind farm delivers clean wind electricity to the national power grid. It is the first large-scale coastal wind power project in Vietnam, generating approximately 320,000 MWh of renewable wind energy per year and mitigating carbon emissions.
Environment

Environmental sustainability means monitoring, managing and reducing our impact on Earth’s biosphere. At South Pole, our mission is to accelerate the transition to a climate-smart society, placing SDG 13 Climate Action firmly at the heart of everything we do. This is demonstrated by the 170 million tons of CO₂ mitigated since 2006, which will more than double by 2030. Thanks to the interconnected nature of sustainability, these efforts have also made direct contributions to SDG 7 Affordable and Clean Energy, SDG 9 Industry, Innovation and Infrastructure, and SDG 15 Life on Land.

However, South Pole knows it must become operationally sustainable itself, which led to our internal Sustainability Action Plan. Our sustainability goals, set for the year 2025, represent our ambition to reduce carbon emissions, improve energy efficiency (SDG 7 Affordable and Clean Energy), increase the use of renewable energy, reduce water consumption (SDG 6 Clean Water and Sanitation), reduce waste generation and recycle the remaining waste (SDG 12 Responsible consumption and production). To achieve these sustainability goals, South Pole is supported by our Local Sustainability Champions, who are empowered to start sustainable initiatives, embed new routines, and share their progress via our internal newsletter. At the same time, top-down change from senior management has helped embed sustainability into our daily routine. Our performance to date is outlined below.

SDGs in Focus

Carbon emissions

2025 Goals

- Continue publishing verified greenhouse gas (GHG) emissions and offset report
- Achieve climate-positive status
- 10% reduction in km/employee from business travel by all transport modes (from 2018 baseline)
- 15% reduction in km/employee from business travel by air (from 2018 baseline)
- 90% of South Pole employee commuting via public transport, rideshare, bicycle, or walking

Our Performance

- South Pole has reported and published its GHG emissions every year. The report for the emissions of its operations in 2018 is accessible via the company [website](#).

In 2018, South Pole’s GHG emissions were 1,825.1 tonnes (t) of carbon dioxide equivalent (CO₂e). The major sources of GHG emissions were business flights, which accounted for 68.2% of total emissions. The per-person emissions were 10.1 tCO₂e/person, an increase of 94.6% compared to 2017. The main cause of this change was an increase in flights taken per person. Additionally, the data inventory in 2018 was extended to include emissions from refrigerants, freight, employee commuting, energy-related activities and purchased goods and services for all offices, hence the increase in emissions compared with the year 2017.
South Pole has achieved climate-neutral status and will continue to strive towards becoming climate positive. The emissions from our operations in 2018 added up to 1,825.1 tCO₂e. We offset 153.2 tCO₂e of our emissions through the credit card provider Cornercard Climate Credit Card (more detailed information is available in the South Pole GHG Accounting Report 2018). The remaining 1671.9 tCO₂e of our emissions (our net emissions) were offset by South Pole, thus making us climate neutral.

Business travel has decreased to 1,683 km/employee for all ground-travel modes, except for car travel. This shows a 6.7% decrease for all ground travel, except cars, compared to 2017. The means of measuring car travel changed from 2017 to 2018, so the change in km travelled is unable to be directly compared. However, the emissions from car travel decreased from 0.10 tCO₂e/employee in 2017 to 0.05 tCO₂e/employee in 2018, representing a 50.7% decrease.

Business travel has increased to 35,813.5 km per employee for air travel. This represents an 81.3% increase in flight travel.

In 2018, 71.7% of South Pole employees commuted via public transport, bicycle, or walking, which is much preferred to private vehicles in terms of carbon footprint. This represents an 1.7% increase compared to 2017.

The report for our emissions in 2019 can be found on our website, via this link.
In 2018, 72% of South Pole employees were low-carbon commuters, opting for public transport, cycling or walking.

The London Office is no exception, where one-in-four employees cycle to work everyday. Though we have to thank London’s super cycle highways for that, that’s still ten times the city average of 2.5 per cent (TfL, 2018).

But London isn’t our only low-carbon commuting hotspot. The city of Amsterdam famously has more bikes than people - it is the “city that bikes” - and our office there is doing its best to live up to that reputation: 13 bike to work every day, out of 18 staff (72%), and the rest either walk, run, take public transport, or (in one case) use a push scooter. That means 100% of our staff uses low- or no-carbon modes of transport.

Where do we park all those bikes? No problem. Amsterdam has developed underground parking for bikes, and the biggest is right by the office - it can store 3,750 bikes each and every day. So there is no excuse not to bike. In Amsterdam, it’s as common as Going Dutch!

Our actions

- Measuring and reporting our GHG emissions
  The first step towards improving our sustainability is measuring our GHG emissions. To this end, we have been conducting a GHG Assessment each year since 2014 which helps us to track the progress made in reducing GHG emissions and to gather valuable information so as to inform plans to further minimise our carbon footprint and to offset our unavoidable emissions.

- UN Climate Neutral Now
  Climate Neutral Now is an initiative launched by the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, aiming at encouraging and supporting all levels of society to take climate action to achieve a climate-neutral world by mid-century, an aim enshrined in the Paris Agreement adopted in the same year.

South Pole has taken the Climate Neutral Now pledge, starting from 2016, to work towards climate neutrality by reducing its climate footprint, following the initiative’s three-step method:
  • measure GHG emissions
  • reduce GHG emissions as much as possible
  • compensate for those emissions that cannot be avoided by offsetting

In 2019, South Pole measured its net emissions in 2018, which added up to 1671.9 tCO₂e. We offset 1,569 tCO₂e using UNFCCC Certified Emission Reductions (CERs), while the remaining 104 tCO₂e (from our Australian offices) were offset using Verified Carbon Units (VCUs).
• **Certified carbon-neutral operations in Australia**
  South Pole’s subsidiary in Australia is certified as a carbon-neutral organisation by the Australian National Carbon Offset Standard for its 2018 operations. To meet the requirements of certification, South Pole identified sources of emissions and implemented reduction activities, focusing on encouraging behavioural change amongst employees and using renewable energy where possible. The organisation’s remaining emissions are offset using certified carbon credits.

• **Sustainability & CSR policy**
  This policy establishes a set of principles guiding day-to-day operations and services to ensure that South Pole’s environmental and social impacts are consistently managed and optimised. South Pole complies with all relevant international and national laws and regulations regarding environmental and social impacts, and encourages its employees to always consider environmental and social impacts before making any business decisions. This policy is available to all employees in our internal project management tool.

• **Sustainability Action Plan**
  In 2018, South Pole made great advances towards taking environmental responsibility for its operations through the development of its Sustainability Action Plan. It continuously measures its climate impact and encourages the development and diffusion of environmentally friendly technologies.

• **Draft of business travel policy**
  South Pole is in the final stages of drafting its business travel policy, which includes a comprehensive section on sustainable travel. Drawing on WWF’s Policy Position Statement on Business Travel, this will include a strict hierarchy which every traveller and approving manager must abide to when booking travel:
  
  • **Avoid** travel wherever possible, or where technological alternatives suffice
  • **Choose** the most sustainable travel mode that is feasible and reasonably affordable
  • **Reduce** emissions of the selected mode further, and use public transport at destination
  • **Offset** after every effort has been made to minimise travel emissions, the remainder is always offset by South Pole at a global level each year. However, offsets are not used at the expense of avoiding or reducing emissions.

  What is more, we soon hope to implement an internal carbon budget. This will be used to help monitor and manage our travel emissions towards more sustainable levels.

• **Science Based Targets Initiative**
  South Pole is a climate neutral company, and we assess and report our emissions every single year. But we want to do more. To keep the wheels rolling, South Pole is planning to set **science based targets** (SBTs) in the coming year, meaning we will commit to reducing emissions in line with the Paris Agreement. This decision was approved internally in May 2020 and we have yet to validate our targets. However, SBTs align with our company’s purpose, mission and core values, making it an ideal opportunity to promote sustainability further which we are keen to embrace.
Australian Carbon: The Australian landscape varies enormously and is known for being hot, dry and vast. From forest regeneration to savanna burning, land and nature based solutions offer opportunities to avoid and sequester large amounts of carbon. These projects also improve biodiversity, improve the land, and can engage Indigenous Australians in culturally meaningful work.
Energy efficiency

2025 goals
20% reduction in MWh/employee from 2018 baseline

Our performance
In 2018, South Pole’s electricity usage was 94.7 MWh. The major source of electricity was grid electricity, which accounted for 94.6% of total electricity usage. The per-person electricity usage was 0.5 MWh/person, an increase of 22% compared to 2017. However, the GHG emissions from electricity decreased by 17% compared to 2017. There are some methodology changes for electricity between 2017 and 2018 calculations. South Pole used the newest version of the electricity emission factor in 2018. This change affects the emissions associated with electricity consumption. More detailed information is available in South Pole’s 2018 GHG Accounting Report.

In 2018, South Pole’s purchased heating consumption was 1.0 MWh. All of the heating consumption came from district heating in South Pole’s Stockholm office. The heating usage decreased by 77.8% compared to 2017.

In 2018, South Pole did not use any purchased cooling. This represents a 100% decrease compared to 2017. Besides, South Pole’s refrigerants usage was 22.2 kg in 2018. Refrigerant usage was not accounted for prior to 2018.

South Pole energy consumption (MWh)

Our actions
Our offices are mainly located in a building where we do not have control over the energy usage. However, South Pole strives to keep making efforts to increase energy efficiency by encouraging behavioural change amongst employees in our offices. One Local Sustainability Champion has been appointed in each office to coordinate the initiative which includes, but not limited to:
- communicating and reviewing monthly electricity bills to the employees
- turning off electrical devices when not used
- using eco-friendly mode in our laptops
- communicating with the building management to take energy-efficiency measures

Each office’s efforts towards energy efficiency – as well as other sustainability topics – have been communicated through our internal company blog. This is to facilitate knowledge-sharing between different offices.

Renewable energy

2025 goals
- 100% of electricity purchased is procured from renewable sources, in offices where we have control
- 50% of purchased heat is procured from renewable sources, in offices where we have control

Our performance
South Pole achieved climate-neutral status in 2018: 5.1% of purchased electricity was sourced from renewable energy and the remaining electricity consumption that was not sourced from renewable energy was offset. Renewable energy purchases were made for energy consumption in our Stockholm, Sydney and Melbourne offices.

Our actions
South Pole has made its operations climate neutral in the past, but we are now planning to use renewable energy to power our operations. This is done by purchasing Renewable Energy Certificates (RECs) – an established instrument for documenting the origin of renewably produced electricity which can be traced to its source – starting from the year 2020, for our 2019 operations. Details of the purchase will be included in the next cycle of our GHG Accounting Report.

Given that 2018 is the baseline year, further energy consumption data from this baseline will be required in future years.
Water

**2025 goals**

20% reduction in m³/employee from 2018 baseline, in offices where we have control.

**Our performance**

In 2018, South Pole’s water consumption was 2,949.1 m³. The per-person water usage was 16.4 m³/person, a decrease of 82% compared to 2017. This represents South Pole’s commitment to reducing water consumption by 20% by 2025. Given that 2018 is the baseline year, further water use reduction data from this baseline will be required in future years.

**South Pole’s water consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Consumption (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1540.7</td>
</tr>
<tr>
<td>2018</td>
<td>2949.1</td>
</tr>
</tbody>
</table>

**Our actions**

Our offices are mainly located in a building where we do not have control over the water consumption. However, South Pole strives to keep making efforts to reduce its water consumption by encouraging water-saving behaviours to all employees. The Local Sustainability Champions have done this by building awareness amongst their colleagues of water-efficiency measures. Some offices also make efforts to communicate with the Building Management to take water-saving measures.

Waste

**2025 goals**

- 15% reduction in kg waste/employee from 2018 baseline
- 20% of waste is recycled
- 90% of e-waste is recycled in countries where certified e-waste recycling is available

**Our performance**

- In 2018, South Pole’s waste generation in its operations was 2.4 tonnes. The major sources of waste were from paper, glass and non-recyclable plastic. The per-person waste generation amounted to 13.3 kg/person, a decrease of 93.6% compared to 2017. The classification of waste types changed between 2017 and 2018 so the changes in particular waste streams cannot be determined.

**Waste generation per employee**

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste Generation (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.223</td>
</tr>
<tr>
<td>2018</td>
<td>0.013</td>
</tr>
</tbody>
</table>

The decrease in waste quantities is in line with South Pole’s 2025 goal to reduce waste generation per employee by 15%. Given that 2018 is the baseline year, further waste reduction data from this baseline will be required in future years.

- South Pole plans to start calculating recycled waste - including electronic waste - from the year 2020. The results will be communicated in the next reporting cycle.
Our actions
The initiatives to reduce waste generation and to increase our recycling rate is implemented locally in each office through the Local Sustainability Champions. Collaborating with the colleagues in their offices, the Champions in different offices develop initiatives which include, but are not limited to:

- encouraging fewer take-aways for lunch by providing a lunch box, tumbler and reusable bag
- reducing plastic use by establishing a plastic tax or having a dedicated non-plastic day every other week
- reducing paper use by storing documents online and using both sides of paper sheets for printing
- setting up a process for recycling waste, including electronic waste (some offices do this by collaborating with a recycling partner)

The South Pole Mexico office tackles plastic with an innovative new tax

Plastic has become an everyday life accessory for the 7.8 billion people on Earth. Its durability and low cost have made it the leading packaging material. However, because of its limitless use, plastic pollution has become one of the most pressing environmental issues in our lifetime. This is both a global issue and a local one. In Mexico City, around 120 tons of plastic are discarded every day, but less than 70 tons are recycled or reused (SEDEMA, 2016).

To help tackle this challenge, South Pole’s Mexico office has made a Plastic Tax and Plastic Law for internal use. The Law establishes which plastics are exempt from the tax (e.g. medical products). It also provides a conflict mitigation procedure in case a colleague does not agree with her/his payment, and most importantly, the tax level is progressive: the higher your salary, the more you pay.

So far, the tax has levied nearly MXN 2,000 (just over €80). The proceeds were donated to our colleague who provides the office’s cleaning service, who has been unable to work due to coronavirus lockdown measures.

This exercise helped re-assess our consumption patterns and enabled a stricter but equitable way to reduce plastic waste. Now we just need to scale up the idea across more South Pole offices.
Huóshui Grouped Small Hydropower, China: This project consists of multiple small-scale hydropower plants that generate renewable energy for rural South West China. By supplying clean hydroelectric power to the local grid, the project displaces greenhouse gas emissions, helping mitigate climate change and improve the lives of local people.
Social

Social sustainability means monitoring, managing and reducing negative impacts on people. Since 2006, South Pole has contributed to society through its core business model. This includes screening $2+ trillion investments and assets, and creating 100,000 jobs. We are proud of our contributions to society, and will continue to foster strong relationships with our stakeholders in the future.

However, South Pole knows it must also be socially sustainable within its own boundaries, as outlined in our internal Sustainability Action Plan. This has led to 2025 targets for employee wellbeing and diversity, community outreach and advocacy, and employee engagement. Combined with top-down measures, we have provided our Local Sustainability Champions with a platform to generate new ideas, implement them, and ensure they become business-as-usual. The combination of these have helped us to contribute to SDG 3 Good Health and Well-being, SDG 4 Quality Education, SDG 5 Gender Equality, SDG 8 Decent Work and Economic Growth. Our performance to date is outlined below.

SDGs in Focus

Employee wellbeing

2025 goals
- 50% of South Pole employees are actively using and benefiting from the well-being programme
- 80% South Pole office having a weekly or bi-weekly sports day
- 80% South Pole office providing nutritious food options

Our actions
In 2019, our global health and wellbeing programme was designed, and will be rolled out across all our global offices in 2020. The programme will cover a number of different initiatives, such as:
- organising sports days and/or supporting other physical activities for employees, such as yoga, meditation, relaxation or mindfulness activities
- arranging healthy foods and snacks in the office
- delivering a training on stress management
- providing tips and recommendations for healthy nutrition and other healthy behaviours and habits

Employees’ diversity measurement
As a global company, our strength is the diversity of our people. South Pole is committed to creating a work environment of mutual trust, in which diversity and inclusion are actively promoted, where women and men receive equal opportunities and where everyone who works for South Pole is treated with dignity and respect.

We recruit, select, develop, reward and promote all employees based on merit – irrespective of race, colour, religion, gender, age, national origin, sexual orientation, gender identity, marital status or disability. Everyone is entitled to feel included and part of a meritocratic organisation of people from diverse backgrounds.

The commitments above are stated clearly in our code of conduct, as well as the Diversity and Gender Policy, which is currently in the process of being finalised and will be rolled out this year.

2025 Goals
- Continue reporting the employee’s diversity on the basis of nationality.
- 90% of employees are satisfied with diversity in the South Pole workplace.

Our performance
- South Pole has employees with over 31 nationalities in 18 offices around the world, ranging from Asia, Europe, Australia and Africa, as well as North and South America. This is based on the database from our internal project management tool in 2019.
• 88% of our employees perceive South Pole to be a diverse workplace that values differences, according to data collected in our 2019 global employee engagement survey.

**Our actions**

• South Pole measures the diversity of employees according to nationality by collecting the data from our internal project management tool. The result is publicly available on our company [website](#).

• To measure the workplace satisfaction of our employees, South Pole conducted an employee engagement survey in 2019. The survey measured the degree to which our employees are invested in the company’s success, and one of the dimensions that we measured is company culture, which includes diversity. The survey was sent to all South Pole employees; the participation rate was 85.5%. South Pole will send out surveys regularly to continue measuring employee satisfaction with company diversity.

• South Pole also conducted a specific diversity survey with the goal to achieve a better overview of the diversity of our employees in terms of gender, age range, race, ethnicity, colour, sexual orientation and religion. Through this survey, employees were able to give feedback and suggestions on how to improve diversity within South Pole. Based on the results, the company develops initiatives for improving diversity, such as establishing the diversity and gender policy (which will be published this year) as well as assessing the gender pay gap.

**Gender pay gap report**

**2025 Goals**

Conduct internal reporting on the gender pay gap.

**Our actions**

At the end of 2019, South Pole conducted a gender pay gap analysis at global level, with detailed breakdown analyses on both a country-specific and business unit-specific levels. The results were shared with relevant internal stakeholders during the company’s annual salary review process early 2020, so that any differences could be considered and addressed when making salary increase decisions.

Going forward, South Pole will carry out a gender pay gap analysis annually to analyse whether and where there is such a pay gap, and will make recommendations for how to address this.

**Recruitment process**

South Pole realises that the success of the company depends largely on its people, which is why the recruitment process becomes vital.

**Our actions**

• **Recruitment guidance**

  We have a standardised recruitment process and provide guidance to all employees who are involved in the process. The guidance is available in our internal project management tool.

• **Training for hiring managers**

  South Pole also conducts training for employees involved in the hiring process to make sure that the same process and principles are followed and applied consistently throughout the process. This involves ensuring that every decision made regarding recruitment and selection of employees is based on merit – qualifications, demonstrated skills and achievements – and provides guidance so that other factors, such as race, colour, religion, gender identity, age, national origin, sexual orientation, marital status or disability, do not influence our judgement. Employees are also trained to reduce unconscious bias throughout the hiring process by confronting their assumptions.

• **Competency-based interview**

  To make sure that we hire the best talent based on merit, South Pole structures the interview process to be based on competencies. We assess an individual’s level of mastery in key competencies on the basis of what they have achieved in the past. All hiring managers have received additional training to develop their competency-based interviewing skills. Furthermore, a complete “interview questions bank” has been created containing an extensive list of interview questions for hiring managers to select from when conducting an interview.
The Cáceres and Cravo Norte project created 150 local jobs during implementation, and further permanent jobs, which have provided a source of employment for locals, boosting the local economy.
Community engagement
Our aim is that the countries and communities in which we operate should properly benefit from our presence – through the wealth and jobs created, the skills developed within the local population and the investment of our time and money in people. Furthermore, all employees of South Pole must comply with local laws and regulations in each community and country in which they work. South Pole also encourages employee participation in support of local community development initiatives and civic causes. These commitments are clearly stated in our code of conduct.

Our actions
• Corporate social responsibility policy
  This policy clearly states that South Pole takes a proactive approach to fulfil its responsibilities as a company focused on community and volunteering, which is further described below.
  • Community-outreach programme for South Pole employees: South Pole employees are encouraged to volunteer in sustainability-related community activities. This is also one of South Pole’s global sustainability strategies.
  • Community activities during project implementation: as one of its business lines, South Pole develops and implements emission-reduction and renewable-energy projects in multiple countries. Each project has different requirements and regulations for community engagement during the project implementation with which South Pole always complies. This may involve conducting Free, Prior and Informed Consent (FPIC) and stakeholder consultation, implementing social safeguards, complying with the local regulations on indigenous and tribal communities, sharing knowledge and capacity building to raise awareness of climate change issues, and facilitating a feedback process between project owners and communities.

• Donations for humanitarian policy
  South Pole supports humanitarian relief efforts caused by natural disasters in countries in which it has an office (or at least, representation). The process and type of actions that South Pole undertakes to provide donations are described in this policy.

Mangrove (Re)planting in Chonburi, Thailand

Mangroves provide multiple ecosystem services, including protection from coastal erosion, habitats for fish, oysters, crab and shrimp, as well as sources of valuable timber and medicinal plants. Unfortunately, mangrove ecosystems around the world are disappearing quickly due to rapid coastal development, timber harvesting, and clearance for aquaculture.

Luckily for the mangroves in Thailand, the Mangrove Conservation Center of Klong Tamlu dedicates their time to mangrove restoration and community conservation (located here). Our Thailand team of 18 volunteers spent a morning at the Center learning how we can help this vital ecosystem recover. After collecting our mangrove saplings (grown at the Center), we went into the mangrove forest to find a suitable patch to immerse our saplings in the muddy terrain.

In all, our team planted 100 saplings that will one day help the local ecosystem thrive. And because we were already muddy, we collected plastic and other waste that had been deposited on the banks by the latest tide.
Human rights
South Pole respects the rights and dignity of all employees and we make sure that each employee is recognised as an important member of our worldwide team. We are opposed to all forms of unlawful and unfair discrimination. No form of intimidation, bullying or harassment will be tolerated.

Our performance
There has not been any report of breaches of the human rights standard set out in South Pole’s code of conduct and our related policies. There have been no official complaints sent since the implementation of the ethics policy. Nothing has come to the attention of the management that would suggest such a breach.

Our actions
• Code of conduct
The code demonstrates our commitment to complying with high ethical standards, which include, but are not limited to the following:
  • Health, safety, security and the environment
  South Pole is committed to the protection of the natural environment, to the safety of the communities in which we operate and to the health, safety and security of our people.
  • Respectful, harassment-free workplace
  Everyone is entitled to fair treatment, courtesy and respect. South Pole will not tolerate any form of abuse or harassment in any company workplace, towards employees, contractors, suppliers, customers or others.
  • Privacy and employee confidentiality
  South Pole respects the confidentiality of employees’ personal information. South Pole acquires and retains only the employee personal data that is required for the effective operation of South Pole, or that is required by law in the places in which we operate.

Starting from last year, South Pole has provided code of conduct training for employees in our offices in Colombia, Mexico and the USA, as well as to the new employees we have in Europe and Asia Pacific regions, particularly in the Consultancy and Services business unit. South Pole plans to continue providing training until this has been carried out in all offices.

• South Pole ethical policy and process
  This policy states clearly that we refrain from working with companies that have documented violations of human rights, including forced labour, slavery and trafficking, as well as child labour and exploitation. Furthermore, South Pole strives to balance ethical concerns - which revolve around issues such as human rights violation, facilitating ‘greenwashing’ and unintended environmental damage - with business opportunities. The process of reporting any ethical concern about a company that we are working with is elaborated in this policy as well. All employees can access this policy via our internal project management tool.

• Procurement policy
  Any kind of procurement activity conducted on behalf of South Pole must comply with all relevant laws and regulations. All third parties working with South Pole are expected to comply with the standards set out regarding occupational health and safety and abuse of labour.

• Insurance for business trips
  South Pole makes sure that all employees travel safely during work duties within their countries and abroad. We provide guidance for all employees that explains the different steps employees are responsible for taking in order to be adequately insured while travelling for work with South Pole. All employees are made aware of this guidance via email and a learning session. This year, to further improve, South Pole is establishing a travel security policy.

• Business unit survey
  South Pole conducted an annual survey for each business unit, where employees were given the opportunity to provide qualitative feedback and evaluate what has worked well and what we could have done better in the past year. The responses were recorded anonymously. This is one of the ways in which we ensure that all employees’ opinions and insights are valued and heard.

• South Pole OpenTalk line
  All employees who wants to raise an issue of a human rights violation or any type of discrimination can speak to their line manager, HR or via OpenTalk. Emails sent to the OpenTalk line will be treated as highly confidential and retaliation will not be tolerated.
**Labour**
South Pole follows all applicable labour and employment laws wherever we operate. This is defined clearly in our code of conduct.

**Our performance**
There has not been any report of breaches of the labour standards set out in the South Pole code of conduct and our related policies. Nothing has come to the attention of the management that would suggest such a breach.

**Our actions**
- **Code of conduct**
  Our commitment to comply with high ethical standards is described in this code, which includes, but is not limited to:
  - Freedom of association
    South Pole will not hinder the development and movements in the promotion of freedom of association and will apply the highest standards allowed by laws and regulations in line with this principle. South Pole respects its employees' right to join, form, or not join a trade union and does not require employees to obtain permission to join or form a trade union.
  - Slavery and trafficking
    South Pole is against any forms of slavery and human trafficking, and does not want to be associated with companies that participate in this practice.
  - Child and forced labour
    South Pole is committed to the elimination of all forms of child, forced and compulsory labour.
  - Fair treatment and equal employment opportunity
    South Pole respects the rights and dignity of all employees and commits to creating a work environment of mutual trust and respect, in which diversity and inclusion are valued. Moreover, the process of recruitment, selection, development and advancement of South Pole employees is based only on merit – that is to say, qualifications, demonstrated skills and achievements.

- **Procurement policy**
  Any kind of procurement activity conducted on behalf of South Pole must comply with all relevant laws and regulations. All third parties working with South Pole are expected to comply with the standards set out regarding freedom of association, child and forced labour and discrimination.

- **Employment contract and HR policies**
  Prior to starting to work at South Pole, all employees are given an employment contract which clearly defines their job title, job description, salary, and the terms and conditions of their employment. Then, during their first week at South Pole, they will receive training on South Pole’s HR policies, company benefits and rules.

- **Career development at South Pole**
  South Pole has a global job-levelling structure as well as clear procedures on promotions and salary increases. All related procedures are accessible to every employee in the internal project management tool. This is to ensure fairness, consistency and equity in terms of career opportunities and career pathways for all employees wherever South Pole operates. We are committed to making decisions on employees’ career development and advancement based on merit, irrespective of race, colour, religion, gender identity, age, national origin, sexual orientation, marital status or disability.

- **Performance review**
  All employees have performance targets as well as learning and development targets. These targets will be evaluated bi-annually during the performance review meeting with their Line Manager. A performance review is an opportunity to receive and give feedback as well as set career goals and explore options for career growth.

- **Leadership development and Guidance for Line Managers**
  South Pole believes that, in order to successfully continue growing as a company and increasing our impact on the planet, we must focus on strengthening and empowering our people managers. Therefore, the company provides a leadership development training program to all employees who are in a supervisory/managerial position (with direct staff supervision). This is to make sure that everyone who manages others understands the roles and responsibilities of being a people manager at South Pole. Peer learning discussions are also facilitated to enable sharing sessions between employees who share the same people management responsibilities.
The Huoshuí Grouped Hydropower: plants have created 950 permanent jobs for positions such as maintenance and operation, providing a much needed boost to local economies.
### Appendix A: United Nations Global Compact (UNGC)

South Pole became a signatory to the UN Global Compact in July 2015. Ever since, South Pole has supported the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption. South Pole is committed to submitting the Communication on Progress annually as a key requirement for participation in the Global Compact. In this report, our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations are described.

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<td>make sure that they are not complicit in human rights abuses.</td>
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<td><strong>Labour</strong></td>
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<td>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</td>
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<td>the elimination of all forms of forced and compulsory labour;</td>
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<td><strong>Environment</strong></td>
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<td>Businesses should support a precautionary approach to environmental challenges;</td>
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<td>undertake initiatives to promote greater environmental responsibility; and</td>
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<td>encourage the development and diffusion of environmentally friendly technologies.</td>
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<td><strong>Anti-corruption</strong></td>
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<td>Businesses should work against corruption in all its forms, including extortion and bribery.</td>
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