

UNITED NATIONS GLOBAL COMPACT

Communication on Progress 2019

March 2018 to February 2019



STATEMENT OF SUPPORT

South Pole became a signatory to the UN Global Compact in July 2015. This communication on progress presents an update on our ongoing activities in support of the Principles of the UN Global Compact.

I am pleased to reaffirm South Pole's support of the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-corruption. In this, our first annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to sharing this information with our stakeholders using our primary channels of communication.

South Pole acts today **'for a better tomorrow'**. This is **our purpose**. We are here to protect Antarctica – the last continent untouched by man – its unspoilt nature and pristine habitats. Through our work, we also help empower the Global South via the positive impacts that our emission reductions and renewable energy projects add on the ground to local biodiversity, communities and the economy. We recognise the complexity of the challenge – that the social, economic and environmental aspects of sustainable development have to go hand in hand – and we are determined to help preserve our planet and its ecosystems for future generations.

Yours sincerely,



Renat Heuberger,
CEO
South Pole

March 2019





ABOUT SOUTH POLE

South Pole is a leading provider of global sustainability financing solutions and services, with more than 300 experts over 18 offices worldwide. For more than a decade, South Pole has worked with a wide range of public, private and civil sector organisations to accelerate the transition to a climate-smart society. South Pole has mobilised climate finance to over 700 projects in emission reduction, renewable energy, energy efficiency and sustainable land use, acting today 'for a better tomorrow'. South Pole's expertise covers project and technology finance, data and advisory on sustainability risks and opportunities, as well as the development of environmental commodities such as carbon and renewable energy credits. For more information, visit southpole.com or follow the company [@southpoleglobal](https://twitter.com/southpoleglobal).

Our Purpose: We act today for a better tomorrow

Financing the goals of the Paris Agreement calls for a fundamental shift in the global economy. Our success hinges on re-allocating capital at scale, unlocking substantial investments, being nimble and seizing 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 globally. Moreover, millions of new green jobs are already being created through climate actions across sectors. Climate and human development are two sides of the same coin. South Pole strives for 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 team of over 250 social entrepreneurs globally are developing innovative solutions tailored to the needs of specific organisations and entire sectors. We strive to keep at the forefront of the rapidly changing climate policy and regulatory environment. Understanding the big picture is important to us and to our clients, and so is identifying and implementing actions on the ground with lasting positive impacts on the environment, communities and thereby business.



United Nations
Global Compact



UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is a sustainability initiative that aligns corporations around the world with universal principles on human rights, labour, environment, and anti-corruption (United Nations Global Compact, 2019). South Pole has been a signatory to the United Nations Global Compact since 2015 and supports its ten principles as described below.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human right abuses.

Labour

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

South Pole is committed to submitting the Communication on Progress annually as a key requirement for participation in the Global Compact.



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human right abuses.

Assessment, Policy and Goals

South Pole Ethics Policy

The South Pole Ethics Policy states clearly that we refrain from working with companies that have documented violations of human rights. Teams at South Pole who will be responsible for the relationships with clients will do at least a basic level of due diligence about the company we are proposing to work with. This also applies to South Pole's suppliers and contractors.

South Pole Code of Conduct

The South Pole Code of Conduct demonstrates our commitment to comply with high ethical standards that include, but are not limited to the below

- **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 where we operate.

Third Party Code of Conduct

South Pole chooses suppliers based on merit, avoiding conflicts of interest, inappropriate gifts and entertainment or any other kind of favouritism that might compromise selection. South Pole will not use a third party that performs any act which conflicts

with the Third Party Code of Conduct and 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, the standards described above.

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.

Implementation

South Pole OpenTalk line (whistle-blowing)

OpenTalk is an additional resource for employees who want to raise compliance or ethical issues. Emails sent to the OpenTalk line will be treated as highly confidential. Retaliation will not be tolerated.

Diversity Survey

South Pole supports a diverse and inclusive culture and continue to strive to be better. This is shown by conducting a Diversity Survey to measure employees' satisfaction on the diversity within South Pole. Using the survey, employees are able to give feedback and suggestions on how to improve diversity within South Pole. An action plan based on that feedback will also be developed.

Employees Satisfaction Survey

South Pole ensures that all employees' opinions and insights are valued and heard. This is achieved through an annual survey to measure employees' satisfaction of current business processes (e.g. Consultancy Team Survey and Marketing Team Survey). South Pole also use the results of the surveys to further improve our business processes.



Sustainability Action Plan	2025 Target
Goal 6 Employee wellbeing and diversity	
6.2 Embracing diversity	Maintain reporting the employee's diversity by nationality disclosed
	90% of employees satisfied with South Pole's diversity in the workplace

Sustainability Action Plan

As of January 2019, South Pole has a sustainability strategy and corresponding action plan. The strategy and action plan include goals, targets and key performance indicators (KPIs) covering various aspects, including diversity. The action plan will start implementation during 2019 and will be reviewed annually to evaluate and communicate the progress towards our 2025 targets and to ensure that it is continually improved.

Actions to Undertake

- South Pole is currently developing a Gender Policy.
- Code of Conduct Training – the HR team introduces the South Pole Code of Conduct to all new employees and requires them to read the document thoroughly. This year, South Pole would like to take this further by conducting training for all employees to test their understanding of the Code of Conduct.

Measurement of Outcomes

South Pole has always complied with the laws and regulations related to human rights and has never been involved in legal cases of human rights violation. There has not been any report of breaches against the human rights standards set out in South Pole Code of Conduct and policies. There have been no official complaints sent since the implementation of the ethics policy.







LABOUR

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

South Pole Ethics Policy

The South Pole Ethics 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.

South Pole Code of Conduct

The South Pole Code of Conduct shows our commitment to comply with high ethical standards, including, but 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 in line with this principle allowed by laws and regulations. South Pole respects our employees' right to join, form, or not to 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 do 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 employees in South Pole is based only on merit – qualifications, demonstrated skills and achievements.

Safeguarding and Child Protection Policy

In the rare cases where South Pole does come into contact with children (persons under the age of 18), South Pole is committed to prioritising the safety and wellbeing of all children who come into contact with South Pole representatives. Any concerns or disclosure about a child protection issue can be reported to HR and the whistle-blower will be protected.

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.

Implementation

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, as well as terms and conditions regarding their employment. Upon starting work at South Pole, they will be trained about 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. This is to ensure fairness, consistency and equity in terms of career opportunities and career pathways for all employees wherever South Pole operates.

Performance Review

South Pole ensures that all employees' opinions and insights are valued and heard. This is achieved through an annual survey to measure employees' satisfaction of current business processes (e.g. Consultancy Team Survey and Marketing Team Survey).

Sustainability Action Plan	2025 Target
Goal 6 Employee wellbeing and diversity	
6.1 Invest in employee well-being (e.g. flexible working arrangements, access to healthy food, fitness programs, mindfulness training, etc.)	50% of South Pole employees are actively using and benefiting from the well-being programme
	80% of South Pole offices have a weekly or bi-weekly sports day
	80% of South Pole offices provide nutritious eating options

South Pole also use the results of the surveys to further improve our business processes.

South Pole OpenTalk line (whistleblowing)

OpenTalk is an additional resource for employees who want to raise compliance or ethical issue. Emails sent to OpenTalk line will be treated as highly confidential. Retaliation will not be tolerated.

Sustainability Action Plan

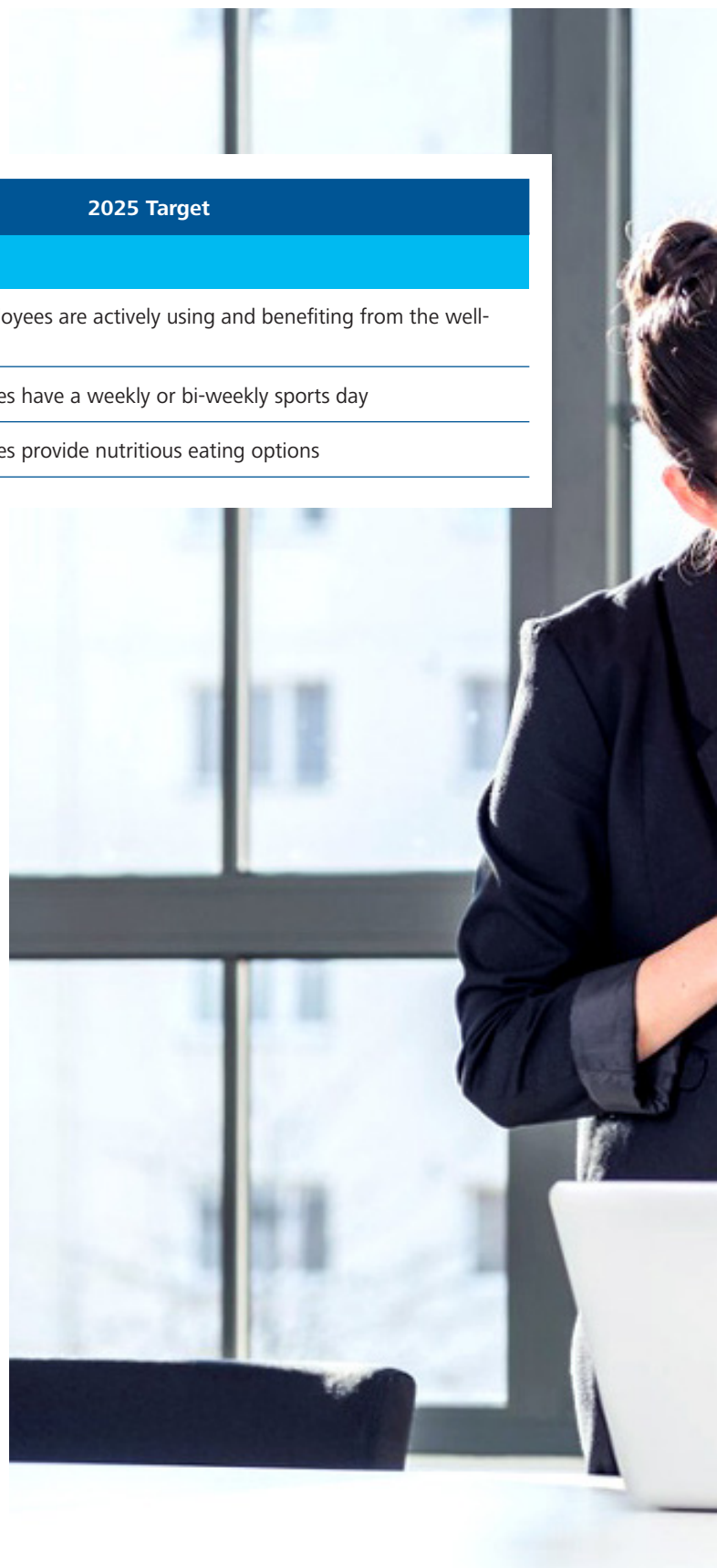
As of January 2019, South Pole has a sustainability strategy and corresponding action plan. The strategy and action plan include goals, targets and KPIs covering various aspects, including employee wellbeing. The action plan will start implementation during 2019 and will be reviewed annually to evaluate and communicate the progress towards our 2025 targets and to ensure that it is continually improved.

Actions to Undertake

- Code of Conduct Training – the HR team introduces South Pole Code of Conduct to all new employees and requires them to read the document thoroughly. This year, South Pole would like to take this further by conducting training for all employees to test their understanding of the Code of Conduct.

Measurement of Outcomes

South Pole has always complied with the laws and regulations related to human rights and never been involved in legal cases of human-rights violation. Moreover, there has not been any report of breaches against the labour standards set out in the South Pole Code of Conduct and our related policies.







ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

Draft Sustainability Policy

South Pole is currently working on a Sustainability Policy that 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 the environmental and social impacts before making any business decisions. This is in order to promote sustainability awareness by engaging all our stakeholders and to challenge any activities that are not deemed sustainable.

Sustainability Action Plan

As of January 2019, South Pole has a sustainability strategy and corresponding action plan that elaborates on the environmental and social impacts of South Pole's business activities, the goals and targets to minimise these impacts, and the initiatives to achieve them.

The strategy and action plan include goals, targets and KPIs covering aspects such as carbon emissions, water use, waste and recycling, sustainable procurement, deforestation, employee well-being, diversity and community outreach. The action plan will be implemented during 2019 and reviewed annually to evaluate, and communicate the progress towards our 2025 targets and to ensure that it is continually improved.

Implementation

Greenhouse Gas (GHG) Emissions Assessment and Offsetting

Sustainability and inclusive action on climate change are at the heart of everything we do at South Pole. The first step in improving our sustainability is measuring our GHG emissions. To



this end, we have been conducting a GHG Assessment each year since 2014 that helps us to track the progress made in reducing GHG emissions and to gather valuable information to inform plans to further minimise our carbon footprint, and to offset our unavoidable emissions.

In our [2017 GHG Assessment Report](#), published in 2018, we introduced new emissions categories, i.e. employee commuting, waste, water use and other energy-related activities, in order to get a more complete overview of our emissions. Despite the increase in emissions categories measured, South Pole managed to reduce its emissions by 10% from 795 tonnes of CO₂ equivalent (tCO₂e) in 2016 to 718 tCO₂e in 2017. Similarly, emissions per employee decreased from 5.1 to 4.2 tCO₂e over the same period.

UN Climate Neutral Now

Climate Neutral Now is an initiative launched by the United Nation 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 the same year.

South Pole has taken the Climate Neutral Now pledge to work towards climate neutrality by reducing their climate footprint following the initiative's three-step method:

- measure greenhouse gas emissions;
- reduce them as much as possible; and
- compensate those which cannot be avoided by using UN Certified Emission Reductions (CERs).

In 2018, South Pole measured its 2017 GHG emissions which added up to 718 tCO₂e. All emissions were offset using CER and VCU carbon credits. During this period, South Pole undertook the following emissions reduction actions:

- power our operations with renewable energy wherever possible
- promote green practices directed at recycling and minimising waste
- purchase environmentally friendly, recycled and recyclable supplies where possible
- minimise unnecessary travels between our offices to reduce GHG emissions caused by our professional trips
- promote the use of public transport, as well as bicycle use and walking
- encourage and train staff to be the best sustainability advocates and practitioners

Certified Carbon Neutral Operations in Australia

South Pole Australia Pty Ltd is the Australian subsidiary of South Pole Holding Ltd (South Pole). As a business focusing on green solutions, South Pole Australia recognised the need to demonstrate its own commitment to sustainability and has achieved certification as a carbon neutral organisation against the Australian National Carbon Offset Standard for its 2017 operations.

To meet the requirements of certification, South Pole identified sources of emissions and implemented reduction activities, focusing on encouraging behaviour change amongst employees and using renewable energy where possible. South Pole offset the organisation's remaining emissions through one of its carbon offset projects; Kariba REDD+, a community-based forest conservation project in Zimbabwe.

South Pole's Partnerships and Memberships

- Alliance for Water Stewardship
- Coalition for Private Investment in Conservation
- EU Climate-KIC (Core Partner)
- International Emissions Trading Association
- International Insetting Platform
- Swiss Cleantech
- Swiss Platform for Sustainable Cocoa
- Tropical Forest Alliance 2020
- World Bank Carbon Pricing Leadership Coalition
- World Economic Forum



Measurement of Outcomes

In 2018, South Pole has made great advances towards taking environmental responsibility for its operations through the development of its Sustainability Policy and Action Plan. Continuously measuring its climate impact and encouraging the development and diffusion of environmentally friendly technologies.

As of January 2019, the following Sustainability Targets and goals have been set for the year 2025. The progress made against these targets will be measured, reported and communicated on a yearly basis.

Environmental Awards

- *Environmental Finance Voluntary Carbon Market Rankings*
South Pole has again been recognised in the Environmental Finance Voluntary Carbon Market Rankings 2018, winning a total of four categories: Best Project Developer – Overall (for the seventh time in eight years); Best Trading Company (for the eighth year running); Best Project Developer – Renewable Energy (for the fifth year running); and Best Project Developer – Forestry and Land-use (for the second time).
- *Environmental Finance Annual Market Rankings*
South Pole has been ranked Best Trading Company and Best Advisor in Renewable Energy Certificates in both Europe and Australia by the 19th Environmental Finance Annual Market Rankings, making 2018 the second consecutive year where the company's leadership in bringing robust renewable energy solutions to the market has been recognised.

To date, South Pole has advised 200 global corporates on their international energy procurement strategies, supporting them in implementing a range of renewable energy solutions. The company currently has a portfolio of over 700 projects and offers renewable energy solutions in over 40 countries.

Sustainability Action Plan	2025 Target
Goal 1: Reduce, compensate, and report our carbon emissions	
1.1 Power operations with renewable electricity	100% of electricity purchased is procured from renewable sources, in offices where we have control
1.2 Reduce GHG footprint of heat consumption	50% of purchased heat is procured from renewable sources
1.3 Reduce South Pole office energy consumption through energy efficiency measures	20% reduction in MWh/ employee
1.4 Reduce carbon emission from business travel	10% reduction in km/employee from business travel by all transport modes
	15% reduction in km/employee from business travel by air
1.5 Report and publish South Pole's GHG emission and offset report that is verified by a third-party organisation	Continue publishing verified GHG emission and offset report
1.6 Climate-neutral and climate-positive company	Achieve climate-positive status
Goal 2: Water consumption	
2.1 Reduce water consumption in South Pole operations	20% reduction in m3/employee in offices where we have control
Goal 3: Waste & recycling	
3.1 Reduce waste generation within South Pole offices	15% reduction in kg waste/employee
3.2 Recycle all possible materials produced within South Pole operations	20% of waste recycled;
3.3 E-waste produced within South Pole is recycled responsibly by a certified e-waste recycler	90% e-waste recycled in countries where certified e-waste recycling is available
Goal 4: Sustainable sourcing/procurement	
4.1 Purchase sustainable office supplies and equipment, including IT equipment	25% supplies and equipment purchased is sustainable
Goal 5: Zero deforestation	
5.1 Paperless offices	50% reduction in paper sheets/employee
5.2 Purchase of only recycled and certified paper	75% certified recycled paper purchased
Goal 7: Community outreach and advocacy	
7.1 Annual local community days for all South Pole teams	Each office adopts a year-long sustainability-related community-outreach programme with numerous coordinated activities
Goal 8: Employee engagement	
8.1 Promote sustainable commuting practices	90% of South Pole employees commuting via public transport, rideshare, bicycle, or walking
8.2 Implement onboarding training on sustainable practices at South Pole	80% of new employees completed the training;
	80% of new employees completed feedback form
8.3 Encourage green office spaces	Every office has at least 1 office plant per 10m ² of area



ANTI-CORRUPTION

Principle 10: Business should work against corruption in all its forms, including extortion and bribery

Assessment, Policy and Goals

Code of Conduct

The Code of Conduct demonstrates our commitment to comply with the 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 South Pole Code of Conduct defines the expectations towards employees regarding gifts which can be seen as bribes that tarnish South Pole's reputation for fair dealing or break the law.

Third Party Code of Conduct

South Pole chooses suppliers based on merit, avoiding conflicts of interest, inappropriate gifts and entertainment or other kinds of favouritism that might compromise selection.

South Pole will not use a third party that performs any act which conflicts with the Third Party Code of Conduct and 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, the standards described above.

Anti-bribery and -corruption Policy

This policy outlines South Pole's commitment to do business with full integrity and to not be involved in any forms of bribery and corruption.

Anti-money-laundering Policy

This policy outlines South Pole's commitment to do business with full integrity and to conduct our business operations legally and free from any kind of activities that are associated with money laundering.

Implementation

South Pole OpenTalk line (whistleblowing)

OpenTalk is an additional resource for employees who want to raise compliance or ethical issue. Emails sent to OpenTalk line will be treated as highly confidential. Retaliation will not be tolerated.

Actions to Undertake

- **Code of Conduct Training**
The HR team introduces the South Pole Code of Conduct to all new employees and requires them to read the document thoroughly. This year, South Pole would like to take this further by conducting training for all employees to test their understanding of the Code of Conduct.

Measurement of Outcomes

South Pole has never been involved or associated with corruption or bribery legal cases. There has not been any report of breaches against our Code of Conduct, Anti-bribery and -corruption, as well as Anti-money-laundering policy.



Technoparkstrasse 1 · 8005 Zurich · Switzerland
+41 43 501 35 50 · info@southpole.com · southpole.com