

United National Global Compact: Communication on Progress

Message of Continued Support from Enecore's Managing Director, Mr Stuart Cerne:

I am delighted to present Enecore Carbon's second Communication on Progress for the United Nations Global Compact. Enecore continues to commit to and embed the Global Compact principles to our business strategy and operations, while developing and growing as a company. During the past year, Enecore has actively strived to implement all action points relating to the principles into our company policies, our operations and our sphere of influence.

For example, at the end of 2011, Enecore's Beijing team moved into a new office, equipped with energy-saving technology, allowing our company to further embrace the principles of the Global Compact. With the implementation of our business travel tracking and waste management systems, Enecore are now able to track our emissions and impact and actively work to reduce them where we can. Along with this we have improved our recycling and printing policies in all of our offices, in order to further reduce our impact on the environment.

Furthermore, we have worked to increase our sphere of influence with regards to the Global Compact's principles on human rights, labour principles and anti-corruption with a review of our contract templates. All counter-parties must adhere to the principles of the Global Compact, and are made aware of the stringent policies in place to prevent human rights violations or corruption.

Enecore's second COP provides an update on the goals set last year; what we have done to implement these; and, our plans and intentions for the future.

I continue to be proud of Enecore's accomplishments over the past year in relation to the UN Global Compact and its principles. I hope that we will continue to build on these successes in years to come.

Sincerely,



Mr Stuart Cerne
Managing Director
Enecore Carbon Limited

20th August 2012

Enecore's Communication on Progress (COP)

Introduction

Who we are and what we do

Enecore's vision is to be a leading provider of carbon, energy and emission reduction solutions to a broad range of clients. We are headquartered in Hong Kong, with regional and representative offices in Beijing and Hanoi. Enecore has been active in the carbon market since 2006 with the provision of services relating to the identification, evaluation, development and management of projects eligible under the Clean Development Mechanism (CDM) for the generation of Certified Emission Reductions (CERs) and Verified Emission Reductions (VERs).

Enecore primary business is focused on assisting clients in originating and developing emission reduction projects, and maximizing the value of their carbon assets. As part of this, we also work closely with project owners in order to identify emission reduction opportunities and assist in making them financially feasible through an accurate estimate of the carbon finance available for the projects. We work in close consultation with our clients to cover all aspects of CDM development and find solutions to potential implementation problems. Enecore also coordinates the CDM project cycle from origination to issuance. This process involves managing the relationship between the project owner, buyer, Designated National Authority (DNA), Designated Operational Entity (DOE) and the Executive Board (EB). We assist project owners in finding the right buyer for their projects and in structuring favourable Emission Reduction Purchase Agreements (ERPAs) at competitive prices with the most financially reliable counterparties in the market.

In addition, Enecore offers advisory and consulting services in supporting organizations with regards to the development and execution of their carbon and energy management strategies across business units, operating companies and supply chains.

Implementing the Global Compact Principles

The company has an intrinsic commitment to the protection of the environment and mitigation of climate change due to the nature of its business in the environmental markets. Nevertheless, the company also upholds sustainable business practices and strong corporate governance through its declaration of Enecore's core values and competencies. Enecore ensures that all of its directors, executives and employees are aware of the UN Global Compact principles, and requires all staff to strictly adhere to these principles. Enecore also has a policy of requiring its counterparties to contractually agree that they shall similarly uphold the principles.

Structure of this COP

To ensure clarity of our actions, this report has separate sections for each category of principles, with the exception that the Human Rights and Labour sections have been merged to avoid repetition due to overlap. The relevant principles are briefly stated at the beginning of each section and the commitment, activities and annual performance in relation to the stated principles are then described in turn.

Human Rights and Labour Principles

Human Rights

Principle 1: Support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure we are not complicit in human rights abuses.

Labour

Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Elimination of all forms of forced and compulsory labour.

Principle 5: Effective abolition of child labour.

Principle 6: Elimination of discrimination in respect of employment and occupation.

Commitment:

The protection of human rights at Enecore is supported and guided by internationally accepted principles, including those in the Universal Declaration of Human Rights. To prevent discrimination in all forms, employment related decisions such as recruitment, promotion, transfer, training, dismissal and redundancy as well as terms and conditions of employment are based on consistent selection criteria. Individuals are assessed according to their ability to carry out a given job.

Activities:

Enecore has a range of frameworks in place to enhance the protection of human rights and fair labour practices, which are applied across the Enecore Group. These frameworks are summarised in our extensive Employee Procedures Manual and include our human resource philosophy, standardised employment contract templates, an Occupational Health and Safety Policy, and an Equal Opportunities Policy.

A key component of our human resource philosophy requires employees who make employment related decisions to disregard any notions that persons of a particular age, sex, marital status, family status, race, colour, descent, national or ethnic origin, nationality or religion, or who are not pregnant or without a disability are only able to do certain kinds of work, and our staff are prohibited from considering these factors in their employment-related decision making.

Enecore upholds the freedom of association and although Enecore's employees are generally professionals and thus not members of labour unions, all employees are entitled to form and join trade unions, and Enecore recognizes their right to collective bargaining. Enecore does not support forced, compulsory or child labour and our policies and processes aim to eliminate discrimination and harassment in employment on the grounds of age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality or religion.

Enecore offers fair and equitable remuneration in relation to responsibility and performance. The salary policy at Enecore is designed to attract, motivate and retain a high-calibre workforce. This policy also ensures that pay and benefits offered are fair, equitable and competitive. Employees are able to review their employment contracts at any time, and copies of signed contracts are provided to employees upon commencement of employment. Senior employees are also provided with a stipend to pay for a portion of their medical insurance premiums.

Enecore is committed to achieving a high standard of occupational safety and health, adhering to the principle that the wellbeing of employees should be given the first and foremost consideration at work. Enecore's Occupational Health and Safety Policy and Code of Conduct ensure that both our

employees and contractors are protected by and meet acceptable safety standards and requirements.

To ensure Enecore remains compliant with all aspects of our human resource philosophy, Regional Office Managers are responsible for keeping information on all relevant regulations in the given area and being aware of any updates for human resource documentation; as well as providing regular updates to the Group HR Coordinator and Management Board on changes to regulations.

Update on Performance:

During the past year, Enecore has revised its extensive Employee Procedures Manual to enhance the frameworks already in place and to further protect human rights and fair labour practices. To ensure full compliance, this Employee Procedures Manual was additionally been condensed to create a more accessible Employee Handbook for day-to-day use. All new and existing employees have been supplied with the Handbook, and were asked to review it and respond with any questions or feedback.

Following this intensive review of the Employee Procedures Manual and creation of the Handbook, all policies and procedures will be audited and reviewed on an annual basis going forward, with any major issues being discussed at monthly board meetings as they arise. Additionally, Enecore will audit annually and revise contract templates dependent on any changes or update to relevant policies and procedures, and will ensure that all employees are aware of new or amended policies or procedures, and receive appropriate training on such issues.

Environmental Principles

Principle 7: Support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibilities.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Commitment:

Enecore is committed to minimizing our environmental impact, taking a precautionary approach and improving our environmental performance wherever possible. We also encourage our clients, suppliers and other stakeholders to follow the same principles. Importantly, a key component of our business is to facilitate the design, financing and implementation of renewable energy and energy efficiency projects.

Activities:

Enecore's Environmental Policy states that we should act in a precautionary manner to avoid and reduce our environmental impact and encourage and support broader action to minimize environmental impacts by others. As a small consultancy firm, our main adverse environmental impacts are those in relation to our office use and business travel. In contrast, as our core business activities are to act as an advisor for emissions reduction project development we not only encourage, but actively engage in the design, financing and development of activities that aim to reduce greenhouse gas emissions.

Our Environmental Policy has been designed to correspond with the GRI environmental reporting aspects and covers in depth areas where Enecore has the most impact on the environment – namely, Energy, Emissions and Waste, Materials, Products and Services and Transport. Under this policy, our main offices recycle all plastics, metals and paper waste (that can be recycled in their respective jurisdictions), implement a wide variety of energy saving measures, and actively tracks and works to minimise consumption of materials and business travel.

As a member of the Hong Kong General Chamber of Commerce, the European Chamber of Commerce in Beijing, the Project Developer Forum and the China Wind Energy Association, Enecore actively engages in a variety of business forums that discuss environment and climate change related public policy.

Update on Performance:

A key component of Enecore's Environmental Policy is that in order for our overall impact on the environment to be reduced, the company must first ensure that it can measure and manage the individual aspects of this impact. Over the past year, Enecore has therefore spent considerable effort in designing and implementing measurement and tracking processes in order to fully understand and measure its different impacts.

These processes include tracking and reporting key materials ordered by our offices (notably paper and ink), tracking the emissions associated with our business travel, and working with the suppliers of our serviced offices to attempt to track energy use within our offices. We hope that, once we have sufficient good quality data that identifies how and where the company has the most impact on our surrounding environment, we can then work to manage, reduce and minimise these impacts.

In particular, Enecore aims to undertake an energy audit and develop an energy management system (measuring expenditures and investments) within the next 3 years. This will help Enecore to

identify energy efficiency measures which target the most inefficient and damaging impacts of our current energy use.

Finally, Enecore continues to research ways in which we can further support the Global Compact's Environmental Principles, particularly within the business sector in which we operate. Enecore is also looking to the future in terms of our service offerings to clients – with the purpose of identifying possibilities for reducing and offsetting our clients' environmental impacts.

Anti-Corruption Principles

Principle 10: Work against corruption in all its forms, including extortion and bribery.

Commitment:

Enecore and its Board of Management have zero tolerance for corruption, including bribery and embezzlement, as well as any other trading influence, abuse of functions, illicit enrichment, obstruction of justice, laundering or concealment of ill-gotten gains. As a company, we are committed to ensuring all staff and associates understand this position.

Activities:

Enecore has in place a series of anti-bribery and corruption prevention policies and procedures, which attempt to ensure that the company's zero tolerance for corruption is fully understood and adhered to. Enecore's Compliance Office conducts annual reviews of these policies and makes recommendations to the Board of Directors in relation to any transgressions or policy amendment. Responsibility lies with the Board of Directors who will review the Anti-Bribery system on an annual basis and take any necessary actions to improve or develop it.

Performance:

In the past 12 months, Enecore has applied its Anti-Bribery, Code of Conduct and Whistleblowing policies and procedures to all aspects of the company's procedures - including extensive KYC procedures when engaging with a new client or counterparty; fully training all staff on our anti-bribery procedures; and implementing careful corporate hospitality guidance in the form of our Corporate Gift Policy.

Enecore Contacts

For any questions related to this Communication on Progress, please contact the following Enecore representative:

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