



# SUSTAINABILITY REPORT 2020

January 2020 - December 2020

# CONTENTS

WHO WE ARE	4
OUR PARTNERSHIPS	7
HOW ARE WE DOING	8
<hr/>	
I. ENVIRONMENT	10
Our environmental handprint	12
Our environmental footprint	19
<hr/>	
II. SOCIAL	24
Our social handprint	26
Our social footprint	30
<hr/>	
III. GOVERNANCE	34
Human rights	36
Anti-corruption	37
<hr/>	
APPENDICES	38
Appendix A: Report approach	40
Appendix B: United Nations Global Compact (UNGC)	41
Appendix C: South Pole’s sustainability action plan: targets for 2025	43
Appendix D: South Pole’s GHG Inventory FY2020	45

# STATEMENT OF SUPPORT



2020 was a year like few others. The COVID-19 pandemic reminded us of our vulnerability to shocks and the impact of a calamity when we are not prepared. We recognised the linkages between all facets of our society. And we saw just how important it is to care for ourselves at the same time as caring for our planet.

South Pole was founded to accelerate the transition to a climate-smart society. While that remains our focus, we are aware that society itself is in a state of constant transition. It’s the duty of purpose-driven companies like ours to evolve as part of this transition. This means taking action to improve our environment, whether by tackling climate change, addressing biodiversity loss, or cleaning up plastic pollution. It also means examining and addressing the broader impact on society, as well as empowering individuals to have a voice in the governance that affects us all.

This is the case not only for the positive influence we as a company wish to have on the world at large and on the partners we work with, but also the positive impact that we wish to have on the lives of our employees - our “South Pole penguins.” In over 20 countries, we support our talented staff to turn our vision into a reality. And in over 20 countries, we help our clients create tens of thousands of jobs, channel hundreds of millions of dollars into new green business models, and improve living conditions for vulnerable people around the world.

This report examines our commitment to becoming more environmentally sustainable and socially responsible in everything we do, both on and off our “iceberg.” We are proud to report on the environmental, social, and governance issues we are tackling internally - our footprint - as well as on the positive impact we have in these three areas externally - our handprint. As part of our commitment under the UN Global Compact, this report also serves as our Communication on Progress and reaffirms our continuing commitment to its principles.

We remain firmly committed to acting today for a better tomorrow, and we are firmly of the belief that this also means making sure that we ourselves are doing all we can to make this a reality.

Yours sincerely,

**Renat Heuberger**  
CEO, South Pole

June 2021

# WHO WE ARE

At South Pole, our goal is to act today for a better tomorrow. We're here to help end the biggest challenge that humanity has ever faced: climate change.

We are the world's leading carbon project developer and climate solutions provider, and the work that we do is critical to ensuring that companies, people, and the planet gain the upper hand on the climate crisis and turn the world's looming challenges into opportunities. We have a 15-year history of pursuing 'profit for purpose' and are a trusted partner for global sustainability solutions and services.

We are recognised by our peers for our dedication to preserving the planet and our ecosystems for future generations, and we have been recognised as a social entrepreneur by the World Economic Forum's Schwab Foundation. We have enabled thousands of leading companies to achieve net zero emissions. We mobilise climate finance in more than 50 countries and with over 1,000 projects to date to reduce emissions in areas such as decentralised renewable energy, energy efficiency, sustainable agriculture, afforestation and forest conservation, and waste management. And we do it all while upholding the highest business and environmental standards, standards that mark the way forwards and that the world is coming to expect.

- We have the experts.**
- We have the knowledge.**
- We enable action.**
- We are leading the change.**

To achieve our mission, our international team of experts and our professional offerings are organised along three business lines:

- Climate Projects
- Climate Solutions
- Climate Funds

We offer our clients a full suite of climate solutions on their sustainability journey. This may include setting climate goals; developing milestones, including internal emission reductions and compensation; and developing green products and helping them communicate their success to stakeholders.

South Pole has regularly been rated amongst the most successful carbon market service providers in the world, consistently winning prestigious industry awards.

The majority of our company is owned by employee shareholders and advised by an independent Board of Directors. Across the organisation, we actively minimise our costs, which ensures maximum impact for our projects in the field. Our portfolio of emission reduction projects is managed by a team of project specialists. They are located in our 20 offices in 17 countries, bringing us closer to project sites. Our financial statements are audited and available to our clients. As of 30 April 2021, South Pole had over 500 full-time equivalent employees.

300+  
partner organisations

500+      700+  
global experts      projects

ONE GOAL

Join us



Our purpose: To tackle climate change and create opportunities for all

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 action 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 500 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 that have a lasting positive impact on the environment, communities, and businesses.

OUR AWARDS



- **Environmental Finance:**
  - Annual Market Rankings Winner 2018-2020
  - Best Project Developer 2011-2020
  - Voluntary Carbon Market Rankings winner 2011-2020
  - Best Trading Company (Renewable Energy Certificates) - Australia 2020
  - Best Advisory (Renewable Energy Certificates) - Australia 2020
  - Best Advisory (Renewable Energy Certificates) - China 2020
- **Sustainable Business Awards:** Thailand's most sustainable SME company 2019-2020
- **State-of-the-Art Partnership Award for SDG7 (clean energy):** for a USD 5m e-mobility investment deal in Thailand brokered by South Pole
- **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

OUR PARTNERSHIPS

South Pole is proud to work with an array of partners, including industry bodies, international agencies, research and innovation platforms, and other service providers.



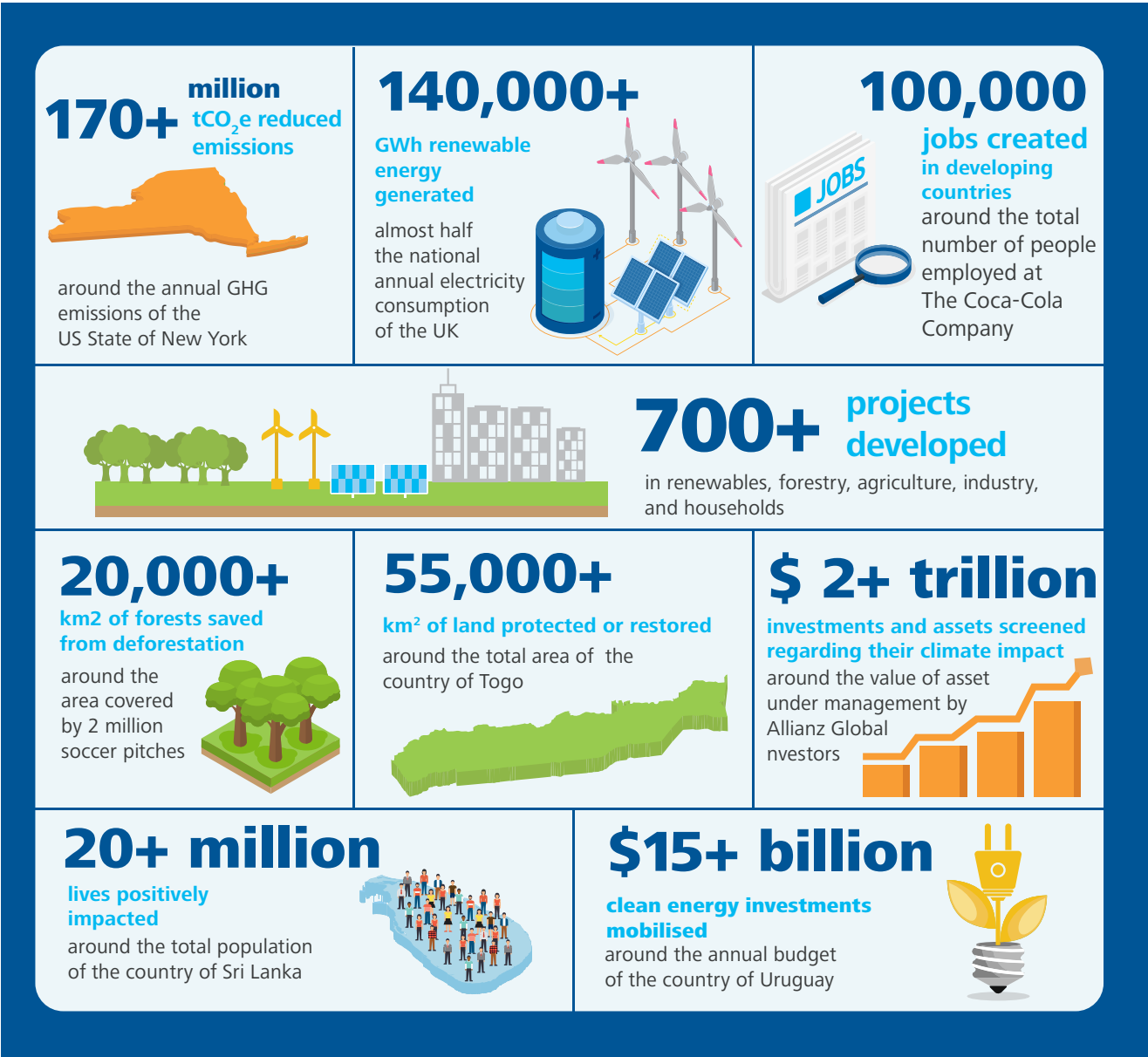


# CLIMATE ACTION FOR ALL

2020 marked the start of the climate decade and there is much work to be done to achieve a net zero world. A more sustainable future is within reach, but to get there it requires organisations to work towards a common goal and challenge the status quo in a meaningful way.

As a company founded to help clients achieve their sustainability targets, we've played our part in this global effort since 2006. Our company's vision is climate action for all, as

reflected in the 170 million tonnes of CO2 we've reduced to date, which we hope to more than double by 2030. We're also proud of the broader impact made across the spectrum of United Nations (UN) Sustainable Development Goals (SDGs), such as the 55,000+ km2 of land we've helped protect and restore (SDG 15), USD 15+ billion of clean energy investment mobilised (SDGs 7 & 9), and the 100,000 jobs created along the way (SDGs 1 & 8). This impact - our "handprint" - is what we've helped to achieve by working together with our partners.



However, our vision is climate action for all, which includes South Pole's own operational sustainability. We call this our "footprint", and through ambitious sustainability commitments and our Sustainability Action Plan we're just as committed to driving sustainability inside our company boundaries as we are beyond them.

## Practicing what we preach



This report details both our sustainability handprint and footprint for January-December 2020, unless noted otherwise. It is broken into three main chapters, discussing South Pole's handprint and footprint for the environment and society, before closing with governance. It adopts the 10 principles of the UN Global Compact as its primary reporting framework, but draws upon others along the way (Appendix A):

- Environment
  - Handprint
  - Footprint
- Social
  - Handprint
  - Footprint
- Governance



# Environment

---



# OUR ENVIRONMENTAL HANDPRINT

South Pole’s mission is to accelerate the transition to a climate-smart society, so part of our sustainability impact is how we catalyse change among our clients. It’s not enough for us to mention only our internal sustainability ambition and achievements in this report, but to share the achievements of our clients. We consider this, our environmental ‘handprint,’ a huge part of how we drive sustainability around the world beyond our own operations.

These efforts have made direct contributions to SDG 13 Climate Action, SDG 7 Affordable and Clean Energy, SDG 9 Industry, Innovation and Infrastructure, and SDG 15 Life on Land.

### SDGs in Focus

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

South Pole delivers its environmental handprint in many ways, with a list of our ever-evolving expertise found on our [website](#). The core ways we deliver climate action are:

- **Climate Projects:** we develop and finance projects around the world that reduce carbon emissions, protect biodiversity, and create real benefits for local communities.
- **Climate Solutions:** we take companies on a Climate Journey: From ambition to action. From understanding climate risks to amplifying climate action and becoming climate leaders.
- **Climate Funds:** we develop, fund and manage climate impact funds and foundations. We ensure that every dollar invested creates maximum leverage to boost the transition to a net zero emissions world.

This section will explore some highlights of our progress in each of these areas in turn.

## Our carbon projects around the world

South Pole, recognised by the World Economic Forum as a Social Enterprise, has been at the forefront of decarbonisation since 2006. A leading project developer, we have provided climate finance to over 700 projects in over 50 countries to reduce millions of CO2 emissions, and to provide social benefits to less privileged communities who are particularly vulnerable to climate change.

## Innovative carbon projects

### SDGs in Focus

1 NO POVERTY

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

14 LIFE BELOW WATER

Though we’re proud of all our [climate action projects](#) around the world, the Muskitia blue carbon project is a prime example. The Muskitia region in Honduras is a UNESCO world heritage site, a [Key Biodiversity Area](#), and home to some of the most unique and continuous forests in Central America. Unfortunately, this isolated region is heavily threatened by illegal encroachment, primarily from livestock farming. With few sources of income, poverty is widespread and many households live in extremely precarious situations. This is made worse by increasingly frequent extreme weather events.

South Pole is collaborating with eight Indigenous and Afro-Honduran communities to protect this breathtaking landscape. Our activity includes strengthening governance structures to

create shared prosperity and help realise communal visions for the future, developed with local councils. The project develops new, sustainable income opportunities that don’t depend on the forest. In particular, indigenous women and young people are offered training on how to start businesses in local sustainable industries, for example cocoa production, beekeeping, fishing, and making handicrafts.

By protecting mangroves and forests from deforestation, the project avoids the equivalent of 62,500 tonnes of stored CO2 from being released into the atmosphere each year. That’s the

same carbon avoided as 13 wind turbines running for a whole year in the USA ([EPA, 2021](#)).

But this is only the beginning. Healthy mangroves offer natural protection from floods, erosion, and storms, filter pollutants from water, and also act as nursery grounds for small fish. The new sustainable initiatives help improve local livelihoods and living conditions, aiding the preservation of Honduras’ invaluable cultural and natural heritage. Though hard to quantify, these projects are helping communities protect their lands for generations to come.





Delivering genuine climate action



South Pole understands the need to develop carbon projects in the right way, which is why we're a member of the International Carbon Reduction and Offset Alliance (ICROA) Code of Best Practice. This means we're committed to:

- measuring client carbon footprints according to international standards: GHG Protocols, ISO 14064, WBCSD, and WRI;
- encouraging clients to set ambitious reduction targets that align to a 1.5°C emissions development pathway;
- ensuring carbon projects are certified by high-quality carbon standards that meet ICROA's Code of Best Practice for carbon certification;
- using third-party registers to transfer and cancel the carbon credits used for emission compensation; and
- encouraging clients to announce their carbon footprint to create new industry norms that encourage climate action. This includes emissions associated with the organisation, its products, services, events, and actions taken to compensate for their emissions.

By adhering to the best practice industry standards, we give our clients confidence that our projects deliver genuine climate action.

The Climate Journey

Our carbon projects are a huge part of our environmental handprint, but South Pole knows there's more to climate action than bringing emission reductions to market. An avalanche of governments and organisations have announced commitments to reducing their greenhouse gas (GHG) emissions to net zero, to limit global warming to 1.5°C in line with the Paris Agreement. But rather than just being a buzzword, leaders need to commit to concrete milestones and show that they are serious about climate action.

South Pole is the world's leading provider of climate solutions for private, public and nonprofit organisations. There are

different ways to reach net zero and South Pole has helped hundreds of companies on their unique Climate Journey: from calculating carbon footprints and setting net zero targets, to achieving climate neutrality and climate-neutral products.

In 2020, we're proud to have gained the trust of many new clients from around the world, many of whom want the recovery from the pandemic to be a green recovery. Every single Climate Journey is important in order to deliver climate action at scale, but we want to pick out two case studies below that illustrate the work we do.

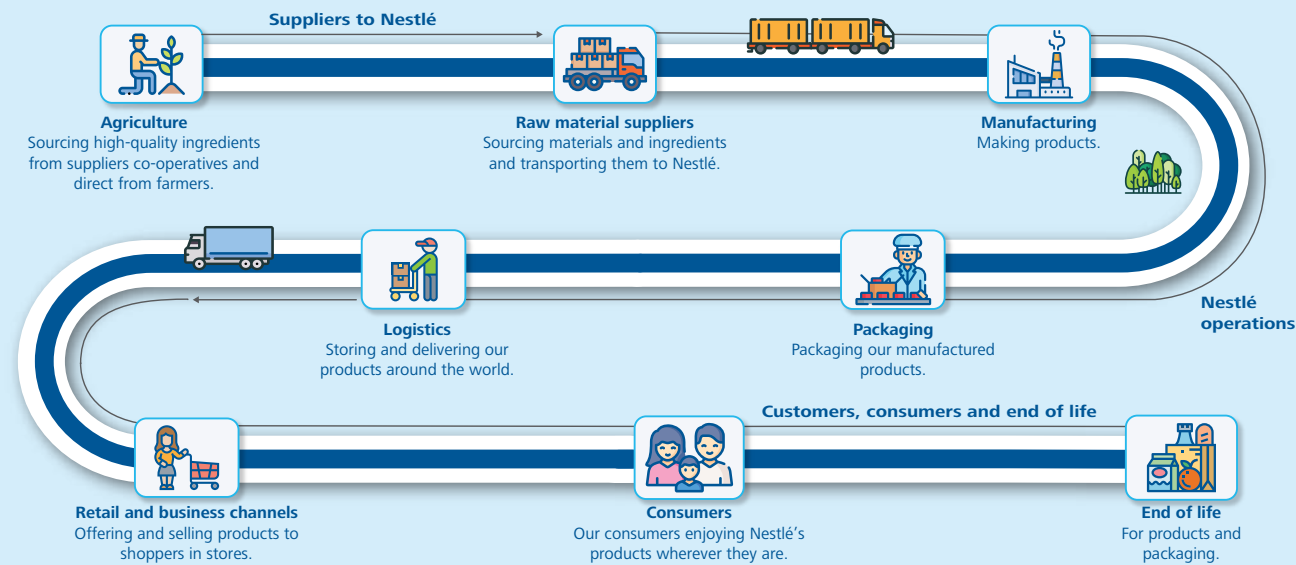


Net zero with Nestlé

South Pole worked with Nestlé to create a net zero roadmap. As a global business with a significant agricultural value chain, including multiple brands with individual carbon neutrality goals, we had two key questions:

1. How can we help Nestlé raise its climate ambition by aligning emission reduction targets and reduction opportunities with the best available science?
2. How can we develop and roll out a tangible net zero roadmap, not just for Nestlé Corporate but for all of its individual brands, markets, and key business units?

SDGs in Focus



First, we helped Nestlé reassess their scope 3 inventory, including all their key raw ingredients, from corn to cocoa, and all stakeholders in the value chain.

Then, South Pole's purpose-built roadmap tool helped with the submission and approval of Nestlé's emission reduction targets with the SBTi (Science Based Targets initiative). This included estimating the GHG emission reduction potential, associated costs, and scalability potential to help Nestlé achieve its 2030 ambitions.

With South Pole's help, Nestlé plans to halve their emissions by 2030 and be net zero by 2050 (Nestlé, 2020). Given their 2018 baseline, achieving their 2030 aim would mean a reduction

of 46 million tonnes of GHGs. To put that into perspective, that's nearly the same as the entire country of Switzerland (the equivalent of 47 million tonnes of CO2 in 2016, Our World in Data).

But there's more to climate action than just setting a target: to challenge the existing status quo means raising your voice above the crowd. So South Pole also helped Nestlé communicate its global leadership and concrete climate actions. Serving as a strong communications tool to inspire industry peers, competitors, and the brands within the Nestlé value chain, the Nestlé net zero roadmap has contributed to driving the systemic change needed for a net zero world.



Carbon neutral and 100% renewable energy: felix Phone Service

SDGs in Focus

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

It’s one thing to set ambitious climate goals, but another to reach them. TPG Telecom, one of Australia’s largest telecommunications companies, is a great example of a client we helped do exactly this.

TPG launched a new mobile phone service called felix, which aimed to provide customers not only great value, but the chance to reduce their carbon footprints. It also wanted to be 100% powered by renewable energy - something that had never been done in Australia before.

To achieve these ambitious goals, we helped felix become certified as carbon neutral under the Climate Active program,



the Australian government initiative driving voluntary climate action. This included:

- forecasting and measuring GHG emissions;
- developing a strategy to reduce GHG emissions; and
- compensating for unavoidable emissions with the right certified emission reduction projects.

Becoming carbon neutral meant supporting climate projects like the [Prony Wind Power project](#), located on the island of New Caledonia in the Pacific Ocean. This project has created 26 local jobs for island nationals, mitigated the equivalent of 36,000 tonnes of CO2 each year, and generates 40,000 MWh of clean energy every year too. So felix’s climate leadership helped support a project with positive benefits not just for the climate, but for society as well.

We also helped felix purchase renewable energy certificates equal to their annual electricity consumption from solar projects in Victoria, Southeast Australia. This means we helped felix achieve their ambition to become the first telecommunications service in Australia to be powered by 100% renewable electricity. This marks a milestone in the transition to a climate-smart society.



Systems change

Given the time pressure to achieve net zero, South Pole doesn’t stop at helping clients on their individual Climate Journeys, but partners with organisations around the world to leverage systemic change at scale. Below are some examples of such transformational change that South Pole has supported in 2020.

Farming for the future

SDGs in Focus

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

The agriculture sector is one of the biggest contributors to global warming and water scarcity, but it also holds the key to innovative solutions that the world needs to tackle the climate crisis. Below are some examples of South Pole’s contribution to sustainable transition in this important sector.

AWS Guidance for Agriculture

Agriculture depends on water, and so do growing populations. South Pole participates in the AWS’s Agriculture Working Group, where we helped develop the Supplemental AWS Guidance for Agriculture to overcome barriers to sustainable water stewardship practices in agriculture. This included implementing the world’s first AWS group certification of farms, driving collaboration for systemic change at a local level and maximising water benefits of companies’ science-based target interventions at a farm level.

The Cool Farm Alliance

The Cool Farm Alliance (CFA) gives millions of farmers around the world the ability to measure and reduce their environmental impact. South Pole uses its specialised GHG footprinting tool to help farmers analyse economic indicators, soil health and GHG performance - often for the first time - giving farmers and their customers insights on the impact they are having on the planet, a catalyst for driving change in production. We’ve also helped to launch a European carbon payment programme, ensuring

the carbon credits generated are aligned with the ISO standard 14064.

Unlocking huge potential with biochar

Biochar is a carbon-rich, charcoal-like product with huge carbon removal and nature-based solution potential. However, this solution cannot be scaled up without a robust carbon methodology that can be used in the voluntary emission reduction market.

With others, South Pole is working with Verra to design and develop a way to quantify net GHG emissions reduction from biochar utilisation under its Verified Carbon Standard framework. The methodology is scheduled to be available by the end of 2021, meaning companies that want to achieve net zero have the option to invest in natural carbon removal technology they can trust.

Gold Standard engagement

Organisations aiming for net zero cannot ignore emissions in their value chain. However, they often lack the right data and know-how to address them effectively.

In 2020, South Pole took part in Gold Standard’s Value Change Initiative (GS VCI) working group to shed light on these challenges in the textiles and apparel sector. Supporting Kering and H&M Group as technical experts, South Pole contributed to a new addendum for the GSVCI Guidance. This aims to incentivise companies to account for their value chain emissions, catalysing systemic climate action in high-impact sectors.

Climate funds

South Pole is proud to support high-quality carbon projects, clients with climate ambitions, and contribute to thought leadership that drives systemic change in key sectors. But to achieve a net zero world in the time we have, society needs to unlock finance for renewable energy and nature-based solutions at a scale never seen before.

South Pole’s impact-driven funds and environmental assessment tools help catalyse investments and financing into sustainable companies, infrastructure, and healthier ecosystems. At the time of writing, we have USD 700 million under management. In addition to this track record in fund management, we have

15 years of experience working to support a low-carbon and climate-resilient economy. Below are two examples of how we’ve funded initiatives that help drive the planet towards a climate-smart future in 2020.

Building climate-resilient cities in India

South Pole has helped drive the world towards a low-carbon, climate-resilient economy for 15 years. Cities, a key part of the global economy, are a growing contributor to GHG emissions, and urban infrastructure accounts for over 70% of global energy use and energy-related GHG emissions. Over 64% of the world population is expected to live in cities by 2050, and India is projected to add more than 400 million urban dwellers by that year.

With this in mind, the CapaCITIES project aims to lower GHG emissions and increase the resilience of Indian cities to climate change, with activities also providing social benefits to residents of four Indian cities. This includes sub-projects such as e-rickshaws in Rajkot, household and business waste recycling in Udaipur, and air quality monitoring stations in Siliguri.

South Pole, as a member of the project consortium, works with other partners to help develop these projects. Not only do they help to achieve climate goals, but they also make concrete improvements to the lives of people in each of these cities



Helping farmers become more resilient

Climate change will severely impact vulnerable communities around the world and smallholder farmers, who produce 80% of our food, are increasingly hit by floods, hurricanes and droughts. They also have very limited access to the financing and technologies needed to help them adapt to a new environment, meaning the physical climate risk will increase over time.

That’s why South Pole and WWF co-created the Landscape Resilience Fund (LRF), to pilot a flexible financing instrument to help vulnerable farmers and landscapes adapt to climate change.

After the LRF launch in mid-2021, with anchor investor Chanel, the fund hopes to mobilise USD 100 million by 2025 for projects that support more sustainable agricultural and forestry supply chains, and that protect smallholder farmers in developing countries. As well as contributing to environmental goals SDG 13 Climate Action, SDG 15 Life on Land and SDG 12 Responsible Consumption and Production, this marks a huge effort to deliver on SDG 8 Decent Work and Economic Growth and SDG 1 No Poverty.



OUR ENVIRONMENTAL FOOTPRINT

While we are driving sustainable development by supporting high-quality carbon projects, clients with climate ambition, and climate funds, South Pole’s vision is climate action for all. So when it comes to our own internal sustainability, our footprint, we pursue the same high standards we recommend to others.

Reporting to the UN Global Compact every year since 2015, we make ambitious climate commitments and pursue them.

Material Issue(s)	United Nation SDG	Sustainability Action Plan Goal
Climate change & carbon emissions	SDG 13, SDG 7	Goal 1: Reduce, compensate, and report our carbon emissions
Water	SDG 6, SDG 14	Goal 2: Water consumption
Waste (including e-waste)	SDG 12	Goal 3: Waste and recycling
Responsible buying	SDG 12, SDG 8	Goal 4: Sustainable sourcing/procurement
Deforestation	SDG 13, SDG 15	Goal 5: Zero deforestation
Employee wellbeing	SDG 5, SDG 8, SDG 10	Goal 6: Employee wellbeing and diversity
Inclusion, diversity & equal opportunity		
Community giving	SDG 10, SDG 17	Goal 7: Community outreach and advocacy
Advocacy		
Employee engagement	SDG 8	Goal 8: Employee engagement
Working conditions		





Commitments to date include:

UNGC Business Ambition for 1.5°C Pledge, Road to Zero & SBTi

- Joined 400+ companies pledging to help keep global warming below 1.5°C, in line with climate science
- An ambitious 1.5°C science-based target validated by the Science Based Target initiative (SBTi)

UN Climate Neutral Now & Carbon Neutrality

- Kept our UN Climate Neutral Now pledge to reduce GHG emissions where possible and have compensated for the rest since 2016
- In Australia: certified as a carbon-neutral organisation by Climate Active

Climate Disclosure Project (CDP)

- One of CDP’s accredited gold climate change consultancy partners to help companies, cities, states and regions measure and manage their environmental impacts

We Mean Business Coalition

- Joined a coalition of influential global businesses to accelerate the transition to a zero-carbon emission economy

B Corp Certification

- Committed to becoming a certified force for good globally. South Pole USA and Australia are already certified
- Average B Corp score is currently 95, nearly 45 points higher than the median score for “ordinary businesses”

Operations powered with 100% renewable energy

- All locations powered by 100% renewable energy since 2019, with an aim to keep it that way through 2025 and beyond

Sustainable pensions

- Committed to ensuring default pension providers across 18 global offices are sustainable by the end of 2022

Sustainability action plan

- Committed to monitoring environmental and social sustainability and maximising both since 2018

Our performance

Practising what we preach

Every day South Pole helps deliver SDG13 Climate Action at scale, but this couldn’t happen without emitting some carbon, given the global economy we all live in. For example, without air travel, we couldn’t ensure carbon projects are certified by high-quality carbon standards. We also couldn’t scale up our business to help more clients reach net zero. In the past, we’ve helped clients reduce 6,000 times more emissions each year than our own carbon footprint. We’re proud of this ratio, and are committed to driving it in a climate-positive direction.

Figure 1: South Pole helps clients reduce carbon 6,000 times its own footprint



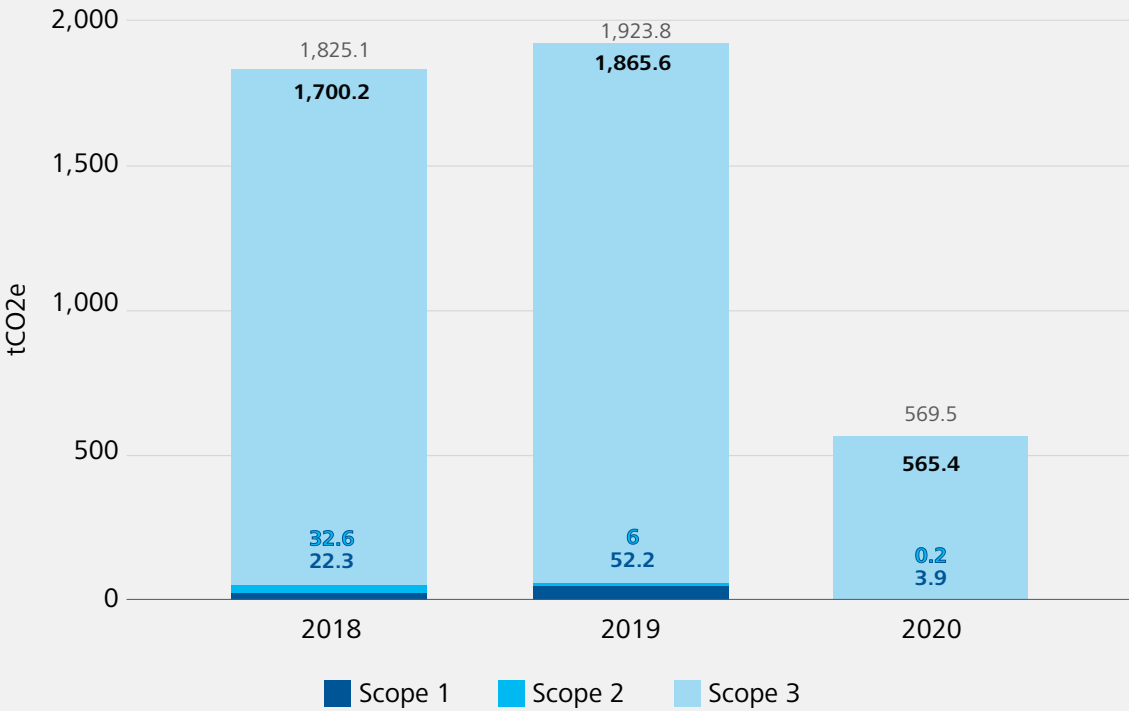
Whilst we scale up best-practice climate action, South Pole also commits to practising what it preaches. That’s why we’ve set an ambitious science-based target to halve our emissions by 2030, in line with 1.5°C global warming scenarios, and as validated by the Science Based Target initiative (SBTi).

Though every effort will be made to reduce absolute emissions, any residual emissions will be compensated via carbon removal and reduction methods of the highest quality. In fact, we’ve been doing this ever since we made our UN Climate Neutral Now pledge in 2016. This is what we mean by practising what

we preach, and truly delivering our vision of climate action for all.

In 2020, our total GHG emissions were the equivalent of 569.5 tonnes of CO<sub>2</sub> (figure 2 below; Appendix D), a 69% decrease versus our 2018 baseline. Whilst technically we’ve exceeded our science-based target already, we know this is due to the pandemic’s impact on the business world. So, as a climate leader, we aim to capture the lessons from 2020 to drive less carbon-intensive operations in the future, and ultimately drive that 6,000:1 ratio to even greater heights.

Figure 2: South Pole commits to reducing GHG emissions in line with climate science



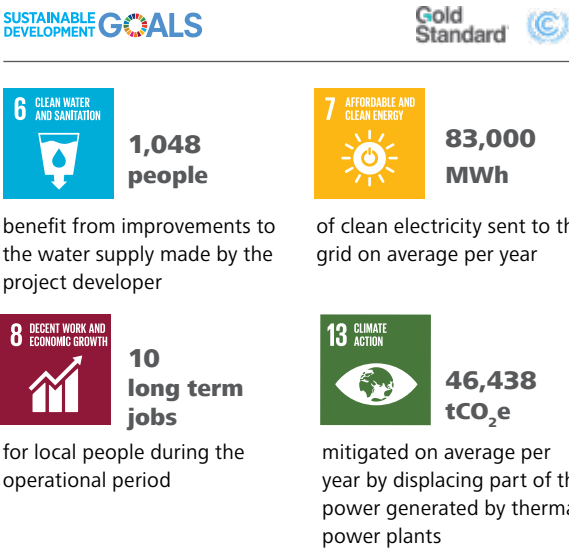


# Best practice carbon compensation

When it comes to compensating for our carbon emissions, we follow exactly the same advice we give to our clients. This means we make every possible effort to reduce absolute emissions first, and only then do we compensate for it via high quality carbon projects. In 2020, we compensated for our emissions through two projects described below.

## Xe Namnoy 2 Hydropower project

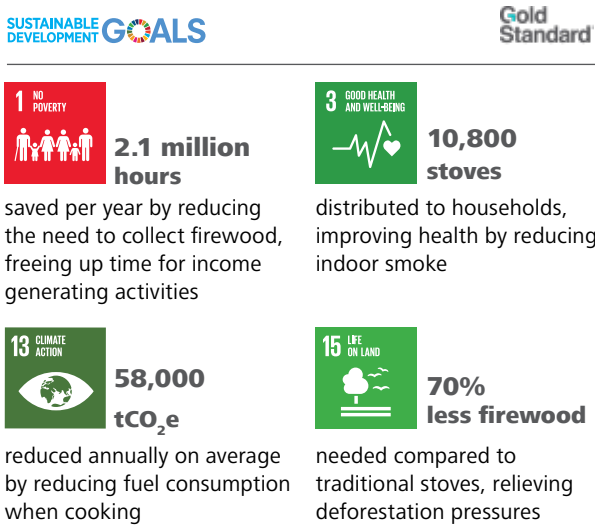
Our commitment to UN Climate Neutral Now means we compensated for 20% of our emissions from the Xe Namnoy 2 Hydropower project, which is specially certified by the UNFCCC. Electricity supply in Lao PDR is falling behind demand, and imported power from Thailand comes from emissions-intensive thermal power stations that burn fossil fuels. As an investment in the growing hydropower sector in Lao PDR, this project contributes to the country's self-sufficiency in a green way.



## Efficient cookstoves in Rwanda

In 2020, the world's health was blighted by the coronavirus pandemic. That's why we wanted to choose emission reductions that would not only mitigate South Pole's climate impact, but improve global health too.

This led us to compensate for the remaining 80% of our emissions via the Rwanda cookstoves project. Firewood and charcoal are the predominant means to cook food and boil water in Rwanda, but they are inefficient and produce smoke and indoor air pollution. By delivering 10,800 fuel-efficient stoves, this project keeps more trees in the ground, which is great for the climate. But the stoves also reduce indoor air pollution, contributing to SDG 3 Good Health & Wellbeing in a year that has proved a great barrier to achieving this goal.



## Turning natural disasters into opportunities

Due to the COVID-19 pandemic, 2020 was an exceptional year for our Sustainability Action Plan efforts because many employees couldn't go to the office or travel. So when trying to minimise the environmental impact of our South Pole offices around the world, we had to be creative. Below are three examples of initiatives which helped drive our sustainability action plan.

### Pensions for the planet

In 2019, the OECD estimated more than USD 50 trillion was invested in pension funds around the world. Yet much of this contributes to deforestation, war that leads to famine, and new fossil fuel projects. Recognising this, South Pole's London office switched to Nest, a pension provider with a net zero emissions target for 2050 that engages with companies to up the ante on climate action. We then partnered with campaign group Make My Money Matter to amplify our voice in challenging the pensions status quo.

We estimate that this London-based initiative will help avoid the equivalent of 2,400 tonnes of CO2 from being emitted this year (relative to 2020), about the same as the carbon sequestered by 40,000 tree seedlings grown for 10 years. By the end of 2022, the aim is to multiply this impact across every South Pole office. We estimate that this London-based initiative will help avoid the equivalent of 2,400 tonnes of CO2 from being emitted this year (relative to 2020), about the same as the carbon sequestered by 40,000 tree seedlings grown for 10 years. By the end of 2022, the aim is to multiply this impact across every South Pole office.

### A sustainability action plan that works from home

In our Bogota and Medellin offices this year, the main goals were to manage water, energy and waste more sustainably. Unfortunately, due to the pandemic, our talks, workshops, and activities couldn't take place. So our sustainability champion,

Juan Morales, had to be resilient. He turned a global pandemic into a green opportunity: a sustainability webinar once a month with a focus on actions that each employee could implement in their home. Topics included everything from sustainable diet to home waste management.

What did this achieve? According to our survey, 77% of staff improved their environmental awareness, which we're especially proud of, considering most of our team are trained sustainability professionals. Also, more than half reported sustained, environmentally-friendly behaviour change. We've also learnt that these sustainability webinars are a great tool to engage employees, and could even be used alongside other sustainability action plan initiatives once the pandemic is over.

### Putting a tax on plastic

Plastic's durability and low cost have made it the leading packaging material. However, plastic pollution has also become one of the most pressing environmental issues in our lifetime. This is both a global and local issue. For instance, in Mexico City, around 120 tonnes of plastic are discarded every day, but less than 70 tonnes are recycled or reused ([SEDEMA, 2016](#)).

To help tackle this challenge, South Pole's Mexico office made a Plastic Tax and Plastic Law to reduce the plastic use by staff. The Law establishes which plastics are exempt from the tax (e.g. medical products), whilst the tax itself is progressive: the higher your salary, the more you pay.

This exercise helped employees reassess consumption patterns and enabled a stricter but equitable way to reduce plastic waste. The tax has also levied nearly MXN 2,000 (just over EUR 80), which is just under a week's salary for someone on minimum wage. In 2020, the proceeds were donated to a colleague who provides the office's cleaning service, who had been unable to work due to the pandemic.









# OUR SOCIAL HANDPRINT

Just like our environmental handprint, our social handprint is a huge part of how we contribute to sustainable development around the world. By supporting climate action projects, collaborating with clients and driving positive social change through climate funds, we have contributed to societal wellbeing. For example, we have screened over USD2 trillion in investments and assets, and created 100,000 jobs since our inception in 2006.

The combination of these have helped us contribute to SDG 3 Good Health and Wellbeing, SDG 4 Quality Education, SDG 5 Gender Equality, and SDG 8 Decent Work and Economic Growth, in particular.

### SDGs in Focus



### The importance of local community members

South Pole knows that despite being technical experts in our field, we have much to learn from the local communities we work with. So for South Pole experts based in the Medellin office, it's always worth the three-day journey to the [Predio Putumayo Indigenous Reserve](#), including 500 km by boat along the Putumayo river. Not only is being in the rainforest and connecting with the local community always a highlight for our team, it is also important to make sure we listen to local voices.

*"Our relationship with the forest is based on respect. Our Law of Origin laid out by the Creator, 'Moo Buinaima,' ensures we take care of the forest. For example, we must replace each tree we cut down,"* says Adelita Rimbake from the Predio Putumayo Indigenous Reserve. When it comes to many REDD+ projects (reducing emissions from deforestation and forest degradation), local community members like Adelita are essential sources of input for our experts in the field, and are trained and employed as local developers for many of our projects.

Local developers like Adelita also facilitate community engagement, to give all groups within the community a voice. *"I hold talks and receive advice from the elders first-hand, so when we start designing project activities I can represent the needs of the communities,"* explains Adelita, which ensures that the needs of the community can be identified and that the

financial benefits of a project can be discussed and decided on by the community, all while building local governance capacity.



### Global action, local voice

South Pole relies on the communities it works with to develop high-quality climate action projects, but it's important to us that this relationship is respectful, vibrant and strong. One community member, Josué Gittoma Carvajal, had this to say of his collaboration with South Pole:

*"My name is Josué Gittoma Carvajal and I am 35 years old. My clan is **gidoni** (Perrito de Dios) and I am a native of the San Rafael community, Resguardo Indígena Predio Putumayo, in Colombia. Since 2008 I have been working in different positions for the Indigenous Association, but I am also a farmer. I want to lead my people under the guidelines of the Elders, but because the Amazon rainforest is under threat from deforestation, so is my community's way of life.*

*Being the co-developer of South Pole for the REDD+ Predio Putumayo project has offered me a chance to protect the people I care about. My role consists of being a bridge of communication between the people of the community and the project developers, and ensuring the aim and scope of the project is clear and transparent within the population. Despite the doubts and questions that the indigenous communities had before starting the formulation of the project with South Pole, at this point I can say that the results are very positive, since it was made clear that the construction of the project is in accordance with the national regulatory guidelines, the essence of the indigenous peoples and our traditional ancestral norms."*



In total, 54 Indigenous communities have been involved in the REDD+ Predio Putumayo project, of which 53 have been visited by South Pole members. So far, 75 briefings, talks and workshops have been carried out in the project area, joined by over 1000 people. 22 inhabitants of the communities have been formally hired as co-developer of the project, with 15 currently active. "I hope these projects will continue to help the climate and the communities for many years to come," says Josué Gittoma Carvajal, reflecting on what has been achieved so far.

### Sustainability & Corporate Social Responsibility

On top of the positive social impacts South Pole achieves through climate action projects, our internal Sustainability & CSR policy strives to go beyond the boundaries of our firm:

- **Community activities during project implementation:** 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.
- **Community-outreach programme: employees are encouraged to volunteer in sustainability-related community activities.** For example, 18 volunteers from our Thailand office recently planted 100 mangrove saplings with the Mangrove Conservation Center of Klong Tamlu.

### Donations for humanitarian policy

South Pole supports humanitarian relief efforts caused by natural disasters in countries in which it has an office or representation. The process and type of actions that South Pole undertakes to provide donations are described in its dedicated policy.

### COVID-19 Amazon relief campaign

In 2020, one example of our humanitarian policy in action was the COVID-19 relief campaign in the Amazon. The pandemic had a major impact on all of humanity, but indigenous communities were hit especially badly due to living in remote locations, limited access to health services, and poor access to sanitation and disinfectant. The Colombian Amazon region became a pandemic hotspot in particular.

South Pole supports three community projects in the Colombian Amazon: REDD+ Vaupes, REDD+ Puerto Nariño, and REDD+ Predio Putumayo. Recognising that these are in remote locations with limited health services, South Pole conducted a campaign with its employees to support Indigenous communities with biosafety kits during the COVID-19 crisis.

In total, South Pole raised EUR 3,600 to support Indigenous communities in the Colombian Amazon. The donation was used to purchase medicines for common diseases, alcohol,

soap, masks, latex gloves, digital thermometers, batteries, and biosafety suits. This shows that the South Pole Sustainability & CSR policy goes beyond the paper it's written on and actually leads to positive social impact.







Saving forests, protecting wildlife and changing lives

When it comes to delivering social sustainability, we help achieve great things by supporting climate action projects around the world - including vulnerable communities in the global South.

One prime example is the Kariba project in Zimbabwe. Following decades of political and economic turbulence, the people of Zimbabwe are now feeling the effects of a changing, more unpredictable climate. With limited economic opportunities, some communities are delving deeper into the country’s forests to meet their basic needs, resulting in land being cleared for subsistence farming and fuelwood. More than a third of Zimbabwe’s majestic forests have been lost.

Sitting on the shores of Lake Kariba, the Kariba project forms a giant wildlife corridor that connects four

national parks: the Chizarira, Matusadona, and Mana Pools National Parks (also a World Heritage Site), and Zambia’s Lower Zambezi National Park, with eight safari reserves. Within this, an expansive forest is home to numerous vulnerable and endangered species, including the African elephant, lion, hippo, lappet-faced vulture, and southern ground hornbill.

Since its launch in 2011, the Kariba project has protected nearly 785,000 hectares from deforestation and degradation, preventing the equivalent of 3.5 million tonnes of CO2 being released into the atmosphere on average every year: all while supporting regional sustainable development and the independence and wellbeing of local communities.

SDGs in Focus





# OUR SOCIAL FOOTPRINT

Whilst South Pole is proud of its social handprint - the positive social impacts it delivers through clients, partners and communities - it also makes strong commitments to its people, known collectively as the South Pole penguins. How we perform on these commitments is called our social footprint.

We commit to ensuring that our employees are happy, healthy, safe, and fairly treated at work. This has led to setting 2025 targets for employee wellbeing and diversity, community outreach and advocacy, and employee engagement. Combined with top-down measures, we have established Local Sustainability Champions and provided them with a platform to generate new ideas, implement them, and ensure they become business-as-usual.

Our Sustainability Action Plan includes goals that also have wellbeing benefits, such as targets for green offices and celebrating annual local community days. Our progress on each of these can be seen in Appendix C. In this section, we focus on: employee wellbeing; diversity, inclusion and equality; the recruitment process; and labour law.

## Employee wellbeing

### 2025 goals

- 50% of South Pole employees actively use and benefit from the well-being programme
- 80% of South Pole offices organise a weekly or bi-weekly sports day
- 80% of South Pole offices provide nutritious food options



### Our performance

Our global health and wellbeing programme was designed in 2019 with intentions to roll it out across all of our global offices in 2020. With many of our staff working from home during the COVID-19 pandemic, this rollout was delayed for some initiatives, while new initiatives in light of the situation were introduced.

### Our actions

- global health and wellbeing programme
- specific initiatives identified in our global health and wellbeing programme include:
- 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; and
- providing tips and recommendations for healthy nutrition and other healthy behaviours and habits.
- the rollout of these initiatives will continue in 2021, as more staff begin to return to the office.

### Insurance for business trips

South Pole makes sure all employees travel safely during work duties within their countries and abroad. We provide guidance for all employees that explain 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 during onboarding.

### Employee benefits enhancement project

In January 2020, we introduced some improvements to our benefits across all office locations, which focused mainly on offering employees a better work-life balance, including increased vacation allowance, reduced working hours, increased maternity and paternity leave, and the introduction of health insurance and pension plans in certain countries.

### Employee engagement and wellbeing surveys

Following a global employee engagement survey conducted in September 2019, we ran focus groups in Q1 2020 with employees across all business lines and office locations, in order to explore in more depth the areas needing improvement.

In July 2020, South Pole carried out a global wellbeing survey focusing on how employees were coping with working life during the pandemic and to collect suggestions on how South Pole can provide support.

### COVID-19 initiatives

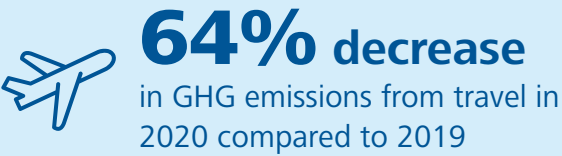
In 2020, in response to the pandemic and employee concerns, South Pole launched new initiatives related to employee wellbeing, including:

- an employee resilience workshop delivered by Invisio and co-designed by Invisio and South Pole's HR management team, delivered to 150 employees across 6 continents;
- flexible work arrangements to cope with home office hours and other conflicting responsibilities;

- individual budgets for ergonomic home office equipment;
- online social and wellbeing initiatives, such as virtual yoga;
- sharing of tips on working effectively from home; and
- a survey to evaluate employee wellbeing within the context of the pandemic and working from home.

## COVID-19 and the new way to work

While COVID-19 has presented new challenges, it has also unearthed some silver linings as well. One example is the significant decrease in business travel, which is in line with South Pole's efforts to reduce emissions from business travel. With the introduction of new norms related to working from home, there are also other benefits that may be realised in the long term, such as less need for office space (and associated cooling and heating), or more flexibility in individual working arrangements. Throughout this evolving transition, South Pole recognises the importance of making sure employees are still happy, healthy, and productive in the work environments of the future.





Diversity, inclusion and equity

We are committed to creating a work environment of mutual trust, in which diversity is valued and encouraged, where all our people receive equal treatment, and where everyone is empowered to be themselves.

We recruit, 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.

2025 goals

- Continue to report on employee diversity on the basis of nationality
- 90% of employees are satisfied with diversity in the South Pole workplace
- Conduct internal reporting on the gender pay gap

Our performance

South Pole has employees with over 38 nationalities in 20 offices around the world, ranging from Asia, Europe, Australia and Africa, as well as North and South America.

- According to data collected in our 2020 global employee engagement survey:
- 84% of our employees agree that South Pole is a diverse organisation with regards to cultural diversity
- 75% of our employees agree that South Pole is a diverse organisation with regards to gender diversity

Internal reporting on the gender pay gap was completed in 2020 and shared with relevant internal stakeholders. Periodic reviews of the gender pay gap will continue every year to drive it in a positive direction.

Our actions

South Pole continues to measure the diversity of employees according to nationality by collecting the data from our internal project management tool. In 2020, South Pole created a Global Diversity, Inclusion, and Equality Policy, which commits us to actions such as:

- regularly collecting and analysing data relevant to the achievement of our diversity and equal opportunity principles;
- surveying employees annually to measure their satisfaction with our diversity and equality practices; and
- implementing corrective measures where required in order to continuously meet our high ethical standards.

An action plan is in development following the 2020 global employee engagement survey.

Since 2019, South Pole has reviewed gender pay gap information when making salary increase decisions, a practice which has continued in 2020. In 2020, South Pole created a Global Diversity, Inclusion, and Equality Policy which specifically addresses gender issues. In early 2021, South Pole conducted a series of gender workshops involving over 80 employees in six different offices, culminating in reports with specific recommendations to senior management. We are taking ongoing action on these recommendations while identifying further actions to be taken in 2021 and beyond.

All employees who want to raise an issue of a human rights violation or any type of discrimination can speak to their line manager, HR, or submit a concern via OpenTalk, a dedicated channel for whistle-blowing regarding serious concerns. Emails sent to the OpenTalk line will be treated as highly confidential and retaliation will not be tolerated.

Recruitment process

In our Global Diversity, Inclusion, and Equality Policy we commit to basing all employment-related decisions on merit. This commitment covers all areas of employment, including recruitment, and means we will establish clear policies, processes, tools, standards, criteria, and KPIs to reduce subjectivity and increase transparency in people-related decisions.

Our actions

Recruitment guidance

We have a standardised recruitment process and provide guidance to all employees who are involved in the process.

Training for hiring managers

South Pole 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.

Competency-based interviewing

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, assessed in part by an established bank of interview questions.

Employment contract and HR policies

Prior to starting 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. In addition, South Pole is in the process of establishing standardised career pathways and promotion criteria for different functions within the business.

Performance review

All employees have performance targets as well as learning and development targets. These targets are 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 provides a leadership development training programme to all employees who are in a supervisory/ managerial position. Peer learning discussions are also facilitated to enable sharing sessions between employees who share the same people-management responsibilities. A remote digital version was rolled out starting in Q4 2020.

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 have not been any reports of breaches of the labour standards set out in the South Pole code of conduct and our related policies.

Our actions

Code of conduct

- Our commitment to comply with high ethical standards is described in this code, including:
- Freedom of association - South Pole will not hinder the development and movements in the promotion of freedom of association and respects 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.

Child protection and safeguarding policy

South Pole is committed to prioritising the safety and wellbeing of children whenever our staff or representatives come into contact with them.

Procurement policy

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.





A low-angle, upward-looking photograph of several tall skyscrapers against a clear blue sky. The buildings are made of glass and steel, with many windows visible. The perspective creates a sense of height and scale.

# Governance

---





Governance refers to the processes that help a business make decisions and operate 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.

Through implementing our third-party code of conduct, our efforts have helped contribute to SDG 16 Justice and SDG 17 Partnerships within our sphere of influence.

### SDGs in Focus

In 2020, South Pole’s Internal Sustainability Team (IST) was established to drive top-down change and empower bottom-up initiatives across the company’s designated sustainability staff based in every office. The IST meets regularly to implement and monitor our sustainability action plan, and was founded on these principles:

- South Pole’s vision is to deliver climate action for all. One of its values is integrity: if we fail to deliver strong internal sustainability, we cannot fully realise South Pole’s vision.

- There can be no sustainable business without the business itself. Therefore, sustainability initiatives should be optimised according to impacts on revenue, costs and/or profitability.
- Any communication of the internal sustainability strategy will first identify, assess, and mitigate the risk of greenwashing.

The IST membership, with the chief operating officer as its most senior member, is listed below:

- Chief Operating Officer/Director of Central Functions
- Head of Global Communications
- Marketing Director
- Public Affairs Specialist
- Key Account Associate
- Internal Sustainability Lead

Human rights

South Pole commits to upholding internationally proclaimed human rights and requires our people, leadership and partners to act accordingly across its business operations. A special focus is given to areas that are most important to our stakeholders.

- **A respectful, harassment-free workplace** for employees, contractors, suppliers, and customers
- **A diverse workplace of equal opportunity** that eliminates discrimination
- **A healthy, safe and secure environment** for our people and those who visit our locations
- **Private, confidential and responsible data practices**, including personal data

- **Ethical policies and processes** that eliminate violations of human rights, including forced labour, slavery, trafficking, and child labour and exploitation, from both our own business operations and those we work with
- **Compliance to all anti-corruption law with no exceptions** across all business lines and across all cultures
- **A procurement policy respecting human rights** where all third parties working with South Pole are expected to comply with labour, discrimination, freedom of association, and occupational health and safety benchmarks derived from the ten principles of the UN Global Compact

We review our human rights efforts and endeavour to apply best practices to ensure we can meet these commitments. Our code of conduct and related training exhibits our commitment to high ethical standards and integrity wherever we operate. It is informed by relevant international bodies such as the International Labour Organization and the UN.

There have been no reported 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 since the implementation of the ethics policy.

Anti-corruption

South Pole is committed to doing business with integrity; free of bribery, corruption and money laundering; and in accordance with local laws. Both our codes of conduct for staff and third parties require our people, leadership and partners to comply with anti-corruption law wherever we work.

- Our **anti-bribery and corruption policy** describes examples of what are considered bribery and corruption, and provides a clear procedure for reporting any concerns.
- Our **anti-money laundering policy** describes the process for reporting any concerns regarding actual or suspected activities related to money laundering.

We continually evaluate and improve our anti-corruption policy and practices to improve policy and process effectiveness. It is mandatory for staff to understand these policies, as ensured during onboarding and mandatory code of conduct training. Failure to comply with these policies and the code of conduct is considered a serious offence that can lead to employee dismissal.

To date, no breaches of our code of conduct, anti-bribery, corruption or anti-money-laundering policy have been reported internally or externally.



# Appendices

---





Appendix A: Report approach

This report details South Pole’s impact across the three pillars of corporate sustainability: environment, society and governance. It explores our goals, progress and performance across global operations Jan-Dec 2020, unless noted otherwise.

Accountability and transparency are important to South Pole and its stakeholders. Each year, we take steps to improve our reporting approach through ongoing stakeholder engagement and voluntary adherence to global non-financial reporting standards. The current report draws upon the following frameworks:

- The 10 principles of the United Nations Global Compact (Appendix B)
- The United Nations Sustainable Development Goals
- The ISO 26000 CSR framework
- Stakeholder engagement

Stakeholder engagement

We engage with key stakeholder groups regularly. The inputs received are used to update and improve our approach. Examples of engagement by stakeholder group are seen below:

Stakeholder Group	Examples of Engagement
South Pole Staff	Social media, southpole.com, careers blog, events, news releases, satisfaction surveys, biannual town hall gatherings, training and learning sessions, Code of Conduct training, Penguin Carrier internal blog
Clients	Surveys on net zero targets and milestones, social media and webinars, satisfaction surveys
Commercial partners	Social media, email updates, monthly call
Membership organisations	Audits, emails, monthly calls
Project Owners	Regular Risk Mitigation calls, Dedicated Cultural Engagement (esp. with Indigenous groups),
Potential Investors	CEO and CFO direct meetings, Responses to questions, emails and conversations
Media	Meetings and Social Media
Influencers	Social media, email, phone conversation
NGOs	Carbon Neutral partnerships, social media, email, phone conversation, zoom calls
Academia	Collaboration on reports, Social media, Supporting Masters and PHD dissertations
Political Blocks	Dedicated staff member responsible for communications

Material Issues

When South Pole created its sustainability action plan, it chose goals to reflect economic, environmental, and social issues that were material to its business. These steps were taken to identify them:

1. Defined what materiality mean for South Pole
2. Created a long-list of potential material topics via benchmark analysis of sector peers
3. Refined the long-list of potential material topics by clustering them into categories
4. Explored each material topic to understand its relevance to the business and stakeholders
5. Prioritisation of material topics based on the strategic importance to the business, stakeholders, and the social, economic, and environmental impact of each topic in the value chain
6. Tested results of the materiality assessment with key internal audiences to validate the outcome

As per [GRI reporting](#) principles, a materiality matrix has not been created. The material issues, related UN SDGs, and South Pole sustainability action goals are as follows:

Stakeholder Group	UN SDG	Sustainability Action Plan Goal
Climate change & carbon emissions	SDG 13, SDG 7	Goal 1: Reduce, compensate, and report our carbon emissions
Water	SDG 6, SDG 14	Goal 2: Water consumption
Waste (including e-waste)	SDG 12	Goal 3: Waste and recycling
Responsible buying	SDG 12, SDG 8	Goal 4: Sustainable sourcing/procurement
Deforestation	SDG 13, SDG 15	Goal 5: Zero deforestation
Employee wellbeing	SDG 5, SDG 8, SDG 10	Goal 6: Employee wellbeing and diversity
Inclusion, diversity & equal opportunity		
Community giving		
Advocacy	SDG 10, SDG 17	Goal 7: Community outreach and advocacy
Employee engagement	SDG 8	Goal 8: Employee engagement
Working conditions		

Though the above material issues have yet to be fully prioritised and evaluated by key external stakeholders, it nonetheless reflects the organisation’s most significant economic, environmental, and social impacts. The next steps for South Pole’s materiality assessment will be to follow up with stakeholders to get feedback on the material topics reported, and prioritise them accordingly.

Appendix B: United Nations Global Compact (UNGC)

South Pole became a signatory to the UN Global Compact in July 2015, and is committed to submitting the Communication on Progress annually. 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.

UNGC Principles	Page
Human rights	
Businesses should support and respect the protection of internationally proclaimed human rights; and	36-37
make sure that they are not complicit in human rights abuses.	36-37
Labour	
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	36-37
the elimination of all forms of forced and compulsory labour;	36-37
the effective abolition of child labour; and	36-37
the elimination of discrimination in respect of employment and occupation.	36-37
Environment	
Businesses should support a precautionary approach to environmental challenges;	19-23
undertake initiatives to promote greater environmental responsibility; and	19-23
encourage the development and diffusion of environmentally friendly technologies.	19-23
Anti-corruption	
Businesses should work against corruption in all its forms, including extortion and bribery.	36-37

Appendix C: South Pole’s sustainability action plan: targets for 2025

The following Sustainability Targets and goals have been set for 2025, and report on issues reflecting material economic, environmental and social impacts (Appendix A). The progress made against these targets are measured, reported, and communicated on a yearly basis.

Sustainability action plan	Baseline as of 2017 GHG Accounting	2020 performance	2025 target	Status
Goal 1: Reduce, compensate, and report our carbon emissions				
1.1 Power operations with renewable electricity	18% of electricity purchased is renewable	100% of electricity purchased is procured from renewable sources, in places where we have control	100% of electricity purchased is procured from renewable sources, in offices where we have control	On Track
1.2 Reduce GHG footprint of heat consumption	0% of purchased heat is renewable	100% of purchased heat is offset by the building owner	50% of purchased heat is procured from renewable sources	On Track
1.3 Reduce South Pole office energy consumption through energy efficiency measures	0.42 MWh/employee 71.9 MWh (total)	0.27 MWh/ employee 108.27 MWh (total)	20% reduction in MWh/employee	On Track
1.4 Reduce carbon emissions from business travel	0.168 kgCO2e/km (all transport modes) 0.172 kgCO2e/km (flights) 21,962 km/employee (all transport modes) 19,752 km/employee (flights)	0.19 kgCO2e/km (all transport modes) 0.21 kgCO2e/km (flights) 5,733.26 km/employee (all transport modes) 5,093.47 km/employee (flights)	10% reduction in km/employee from business travel by all transport modes 15% reduction in km/employee from business travel by air	Ongoing
1.5 Report and publish South Pole’s GHG emissions and offset report, verified by a third-party organisation	South Pole has published GHG emissions and offset report that is verified by Climate Check under the ICROA audit	South Pole has published GHG emissions and offset report that is verified by Climate Check under the ICROA audit	Maintain publishing verified GHG emissions and offset report that is verified	Ongoing
1.6 Climate-neutral and climate-positive company	Climate-neutral company	Climate-neutral company	Maintain climate-positive status	Ongoing
Goal 2: Water consumption				
2.1 Reduce water consumption in South Pole operations	45.7 m3/employee	9.06 m3/employee	20% reduction in m3/employee in offices where we have control	On Track
Goal 3: Waste and recycling				
3.1 Reduce waste generation within South Pole offices	222.9 kg waste/employee	12.21 kg waste/employee	15% reduction in kg waste/employee	Ongoing
3.2 Recycle all possible materials produced within South Pole operations	6.3% of waste recycled (paper only)	53% of waste recycled (paper and co-mingled recycling)	20% of waste recycled	On Track
3.3 E-waste produced within South Pole is recycled responsibly by a certified e-waste recycler	n/a	n/a	90% e-waste recycled in countries where certified e-waste recycling is available	Ongoing
Goal 4: Sustainable sourcing/procurement				
4.1 Purchase sustainable office supplies and equipment, including IT equipment	n/a	n/a	25% supplies and equipment purchased is sustainable	Ongoing



Goal 5: Zero deforestation				
5.1 Paperless offices	789 paper sheets/employee	77 paper sheets/employee	50% reduction in paper sheets/employee	On Track
5.2 Purchase of only recycled and certified paper	43% certified recycled paper purchased	79% certified recycled and carbon neutral paper purchased	75% certified recycled paper purchased	On Track
Goal 6: Employee wellbeing and diversity				
6.1 Invest in employee wellbeing (e.g. flexible working arrangements, access to healthy food, fitness programmess, mindfulness training, etc.)	n/a	n/a	50% of South Pole employees are actively using and benefiting from the wellbeing programme 80% South Pole office having a weekly or bi-weekly sports day 80% South Pole office providing nutritious eating options	Ongoing
6.2 Embracing diversity	n/a	n/a	Maintain internal reporting on gender pay gap Maintain reporting the employee's diversity by nationality disclosed 90% employee satisfied with South Pole's diversity in the workplace	Ongoing
Goal 7: Community outreach and advocacy				
7.1 Annual local community days for all South Pole teams	n/a	n/a	Each office adopts a year-long sustainability related community-outreach programme with numerous coordinated activities	Ongoing
Goal 8: Employee engagement				
8.1 Promote sustainable commuting practices	73% of South Pole employees commuting via public transport, rideshare, bicycle or walking	71% of South Pole employees commuting via public transport, rideshare, bicycle or walking	90% of South Pole employees commuting via public transport, rideshare, bicycle or walking	Ongoing
8.2 Implement onboarding training on sustainable practices at South Pole	n/a	n/a	80% of new employees complete the training 80% of new employees complete the feedback form	Ongoing
8.3 Encourage green office spaces	n/a	n/a	Every office has at least 1 office plant per 10 m²	Ongoing

Appendix D: South Pole’s GHG Inventory FY2020

Appendix D shows key figures with respect to our GHG emissions (expressed in tonnes of CO2 equivalent, or tCO2e), measured in accordance with the GHG Protocol. Please note that figures may not add up exactly to the total provided due to rounding numbers to one decimal place.

Activity	2019 (tCO2e)	2020 (tCO2e)	Relative change (%)
Scope 1: Direct energy use per primary source	52.2	3.9	-92%
Stationary combustion	-	-	n/a
Mobile combustion	10.5	3.9	-63%
Refrigerants	41.7	-	-100%
Scope 2: Indirect energy use per primary source	6.0	0/2	-97%
Electricity	-	-	n/a
Heating	-	0.2	n/a
Cooling	6.0	-	-100%
Scope 3: Other indirect emissions	1,865.6	565.4	-70%
Base building electricity	15.3	-	-100%
Business travel	1,283.8	463.9	-64%
Flights	1,125.2	422.7	-62%
Ground transport	46.5	13.7	-71%
Ferry	-	6.4	n/a
Accommodation	112.0	21.2	-81%
Purchased goods and services	214.4	10.9	-95%
Water	1.1	1.9	75%
Paper	0.4	0.3	-18%
Food and drink products	168.8	2.8	-98%
Printing and publishing	4.9	-	-100%
Telecommunications	11.6	3.1	-73%
Internet	1.6	0.0	-98%
Office supply	22.7	2.6	-89%
Postage	1.4	0.1	-91%
Catering services	1.8	-	-100%
Capital goods	116.3	6.4	-94%
IT equipment	116.3	6.4	-94%
Employee commuting	209.5	78.7	-62%
Commute	209.5	15.0	-93%
Teleworking	-	63.6	n/a
Freight	9.7	-	-100%
Waste generated in operations	3.1	1.8	-42%
Fuel and energy related activities	13.5	3.8	-72%
Total GHG emissions	1,923.8	569.52	-70%
No. of employees	318	402	26%
Emissions per employee (tCO2e/employee)	6.0	1.4	-77%



1946EN, 06.2021

South Pole · Technoparkstrasse 1 · 8005 Zurich · Switzerland  
+41 43 501 35 50 · [info@southpole.com](mailto:info@southpole.com) · [southpole.com](https://southpole.com)