

# Pursuing A Low Carbon Future

Sustainability Report 2020



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# Executive Summary

During these unprecedented times, SCB has supported its employees, flexibly responding to work from home countries' requirements, with zero government help or layoffs.

SCB Group is the world-leading low carbon commodity company, relentlessly pursuing a low carbon future. Our activities include Brokerage, Matched Principal, Advisory and Market Data services in sustainable commodities and renewable energy. In addition, we help corporations and individuals offset their emissions by becoming ClimatePositive.

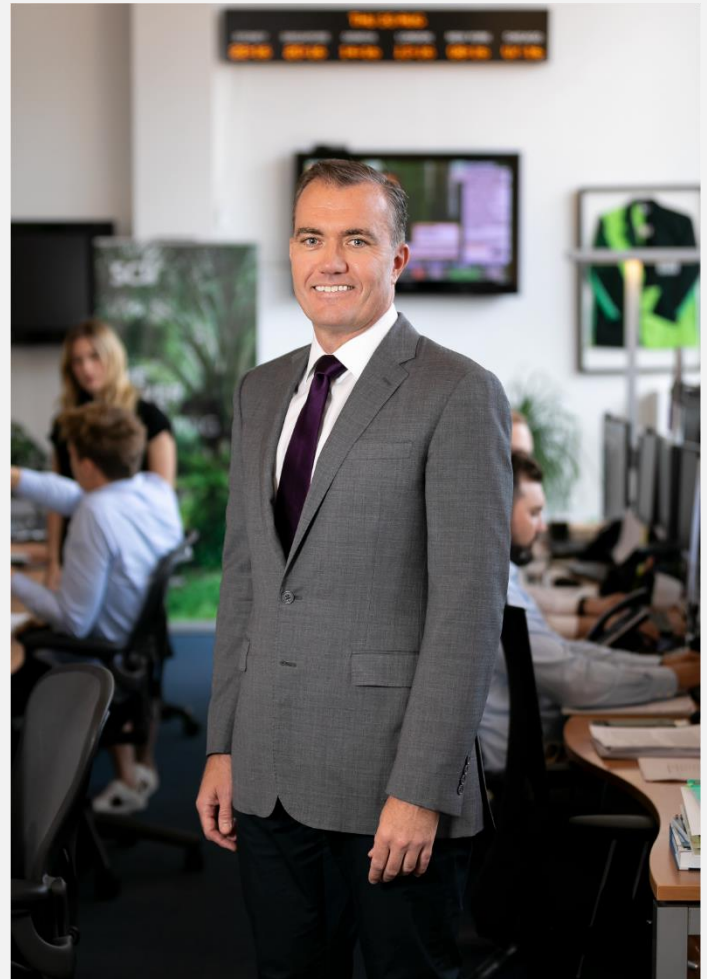
Through these activities, we enable our clients to both use and sell environmental products and commodities in order to find ways to reduce their overall carbon footprints and participate in global sustainable markets.

Additionally, we provide affordable options to corporations and individuals that reduce the overall impact of their day-to-day activities.

Through our ClimatePositive badge, we offer the opportunity to offset vehicle emissions while helping to fund reduction emissions projects around the world.

At SCB, we go beyond our environmental core business and implement sustainable efforts deemed important to our stakeholders. As an environmental service firm, we believe that being a pragmatic leader in the sustainable field is crucial. Hence, we established a Sustainability Committee, comprised of a team of sustainability experts amongst SCB employees who work year-round to ensure SCB attains the highest environmental standards.

The purpose of the Sustainability Committee is to advise, monitor, assess, and review SCB's environmental and sustainable commitments. To understand the potential impact of climate-related risks and opportunities on our business, we created an approach identifying sustainability targets, commitments, and challenges to implement within SCB's operational management and governance.



**Kevin McGeeney, Chief Executive Officer of SCB Group comments:**

“ More than 400 million metric tonnes of CO<sub>2</sub> have been abated through our transactions across Europe, Asia, Africa and the Americas. But that is only the beginning, our goal is to reach 1 billion by 2030. Alongside our carbon abatement, we are a carbon neutral company as of 2021 and are committing to become Net Zero by 2030.

# Our Approach to Sustainability



# Sustainability Governance

## Board Of Directors

- Establishes SCB's sustainability direction
- Has risk & opportunities oversight, includes sustainability considerations into risk appetite framework, risk register & management systems
- Improves sustainability targets & monitors their achievements & challenges
- Non-Executive Chairman Of The Board

## CEO Of SCB

- Responsible for the assessment & management of sustainability risks & opportunities
- Reviews targets and potential commitments before going to the board
- Integrates sustainability considerations in the execution of corporate strategy and business plan

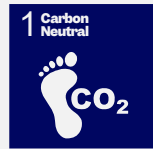
## Sustainability Committee

- Advises on & implements sustainability commitments, creates policies & procedures, reviews sustainability strategy, targets & internal audits
- Conducts annual sustainability reviews & target analysis
- Advises & reviews Sustainability Report
- Chair – Non Executive Director of Sustainability on SCB's Board

## Global Functions

- Develop policies & procedures for setting targets, defining & measuring performance, managing & reporting on performance
- Implement sustainability policies & procedures within SCB
- Conduct internal audit for its ISO 14001 certification
- Write & design Sustainability Report

# Sustainability Objectives



SCB commits to becoming carbon neutral by the end of 2021 and Net Zero by 2030



On Track



SCB will publish a financial and sustainability report by the end of the third quarter of 2021



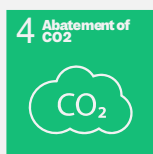
Achieved



SCB will implement a recycling programme in the Puerto Rico Office



Achieved



SCB will support the abatement of 1 billion MT of CO2 through SCB's transactions by 2030



On Track



SCB will strive to work with vendors and suppliers which have a strong sustainable commitment



Ongoing



SCB's aim is to work diligently with BuildOn to expand the solar and adult learning partnership inside Malawi and other nations



Ongoing



SCB will make it's environmental training accessible to all employees on its intranet by Q2 of 2021



Achieved



SCB will endeavour to have a minimum of 30% of all it's first interviews for junior positions with female candidates, increasing to 50% in 2025



Ongoing



SCB will create the @SCBSheCanBe women's network to attract, promote and retain female talent by ensuring SCB have supportive, inclusive, and progressive environment



Achieved

# Our Journey to Net Zero

SCB has committed to become a Net Zero company by 2030.

Our target is to reach Net Zero greenhouse gas emissions (GHG's) from direct operations by 2030 or earlier in support of the 1.5°C Paris Agreement goal.

In the meantime, we have set an interim target to become carbon-neutral immediately by committing to reduce our scope 1, 2 and 3 emissions, as well as compensate or neutralize any residual, hard-to-eliminate emissions by the end of 2021.

As a financial services firm, SCB's emissions are predominately generated through staff travel and activities, as well as office energy usage.

The services we offer however have led to significant emissions reductions for our clients, with SCB having been responsible for over 440 million metric tonnes of CO2 abatement, since its inception to the time of publishing this report.

With that said, SCB has worked diligently to tackle its emissions and is on track to becoming carbon-neutral in 2021, covering both its direct energy consumption and indirect emissions sources.

We achieved this by baselining our emissions at 2019 levels, moving all utility supplies to the lowest possible

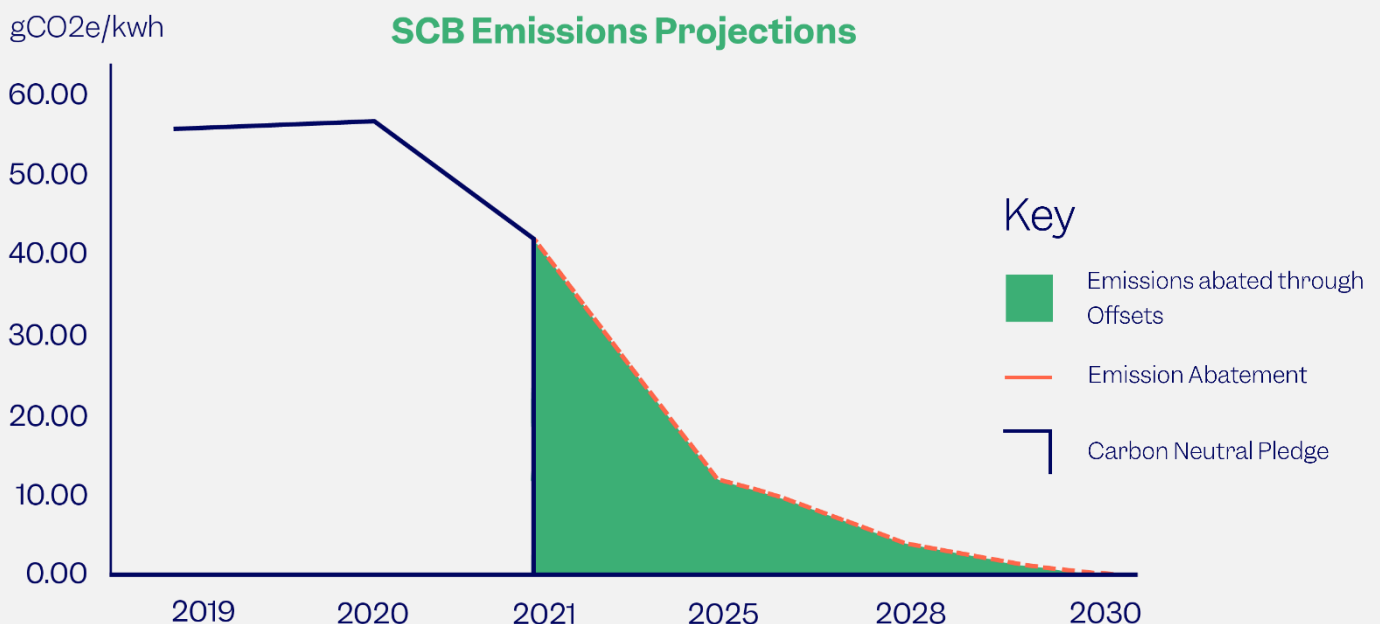
emissions through green tariffs and renewable electricity sourcing, and through purchasing offsets for currently unavoidable residual emissions.

Currently, three of our SCB offices are serviced by renewable electricity while we have adopted energy efficient measures in all offices e.g. Switzerland has only 1.41 tCO2-eq residual emissions in 2020, through its purchase of renewable electricity.

Our goal is to have all our offices on renewable energy packages before 2030.

Zach Townsend, SCB's Sustainability Specialist comments:

“Carbon Markets drive true environmental innovation and the SCB Carbon team works daily to provide access for both business and individuals looking to reduce their emissions and aid the fight against Climate Change.





# Certifications & Networks

Since the creation of the Sustainability Committee in June 2020, we have achieved two major sustainable certifications, become carbon neutral from 2021 and committed to net zero by 2030

As part of our sustainability purpose and support for the Paris agreement, we support the Financial Stability Board's (FSB) TCFD recommendations, the Taskforce for Voluntary Carbon Markets, and Chapter Zero. We have also put in place an environmental system throughout our offices granting us the ISO 14001 accreditation. In addition, we decided to become a Certified B Corporation, meeting the highest standards of verified social and environmental standards, balancing profit and purpose. These guidelines and networks permit us to advance our thinking on climate and carbon markets with likeminded peers.

## TCFD Recommendations

We are supporting and implementing the recommendations created by the FSB Task Force for Climate-related Financial Disclosures (TCFD), which aim to develop and expand reporting of financially material climate-related disclosures. Through these recommendations, companies can integrate climate-related risks and opportunities into their strategy, management and processes.

At SCB, we value these recommendations as they provide us with a framework enabling us to measure and evaluate more effectively our own climate-related risks and those of our clients, suppliers and competitors.

**Kevin McGeeney, Chief Executive Officer of SCB Group comments:**

“ We are proud to support the TCFD Recommendations on our relentless pursuit of a low carbon future. By increasing price transparency and lowering trading costs across commodities, we are helping our clients identify, quantify and disclose the positive impact of their activities to reach Net Zero emissions.

## Taskforce On Scaling Voluntary Carbon Markets

We support the Taskforce on Scaling Voluntary Carbon Initiative, whose goal is “to scale a transparent, verifiable and robust voluntary carbon market to help meet the goals of the Paris Agreement”. The Taskforce brings all selections of the value chain together to collaborate extensively and make recommendations for the most troublesome areas in voluntary carbon markets. This initiative aligns well within SCB's business model especially in the carbon offset sector and our mission of a low carbon future.

Following our interest in this initiative, one of our colleagues, Jonny Gilson, Head of Carbon Europe at SCB has joined the Task Force's Consultation Group.

**Jonny Gilson, Head of Carbon Europe of SCB Group comments:**

“ We are delighted to be part of the Consultation Group of the Taskforce on Scaling Voluntary Carbon Markets. The work being done is inspiring and we will continue to contribute where we can throughout the phases of this important project.

## Chapter Zero

Chapter Zero, the Director's Climate Forum, is building community of non-executive directors and equipping them to lead crucial UK boardroom discussions on the impacts of climate change. Its 1,600+ members are helping ensure companies are fit for the future and that global net zero ambitions are transformed into robust plans and measurable action.

Established by a group of non-executives in 2019, Chapter Zero offers its members tailored events, toolkits, relevant information and peer network to draw on for experience, inspiration and ideas. Amongst Chapter Zero's members is our Sustainability Director and Non-Executive Director of the Board, Carlota Garcia-Manas, representing SCB.

**Non-Executive Director to SCB's Board, Carlota Garcia-Manas comments:**

“ Chapter Zero is the network that NEDs and Boards can rely on to initiate or enhance their journey towards climate awareness and resilience.



# Certifications & Networks

Working in green finance, we have been able to explore environmental improvements that enable us to create environmental management for the company's operations

## ISO 14001

As an ISO 14001 certified company, SCB has implemented an environmental management system, improving its environmental performance. This standard is designed for organizations that want to manage their environmental responsibilities in a systematic way within their company's management and governance.

The scope of this certification includes all of SCB's business activities: brokerage, matched principal, advisory and market data services of renewable energy and sustainable commodities. [QMS International](#) issued our ISO 14001:2015 Certificate (#340812020) for our global offices and is also our annual auditor. Relentlessly pursuing a low carbon future, SCB's commitment to the environment is accelerating.

### Kevin McGeeney, CEO of SCB Group comments:

“ By achieving the ISO 14001:2015 Certification, SCB demonstrates its continuous engagement to achieve the environmental standards that its clients, employees and all stakeholders request.

## B Corp

In 2021, we became a Certified B Corporation across our global offices, meeting the highest verified standards of social and environmental performance, transparency, and accountability. The B Impact Assessment looks at five impact areas: governance, workers, community, environment, and customers, which implement the triple bottom line approach (people, planet and profit) to address social and environmental challenges.

SCB Group is now part of a community of over 4000 businesses globally, all certified by [B Lab](#). These leading businesses come from 150+ industries and 70+ countries all pursuing one unifying goal – to redefine success in business.

### Jonathan Normand, Executive Director of B Lab comments:

“ We are thrilled to welcome SCB Group, supporting the economic transition to a low carbon future, into the B Corp movement.

The challenge now is to predict the type of renewable energy to be implemented in the future, for which SCB Group brings a proposal worth exploring and amplifying. Within the movement, B Corp certified companies will help determine the commodities of the future as part of the B system-change dynamics.”



Certificate No:340812020

Certified



Corporation

This company meets the highest standards of social and environmental impact

# Sustainability Performance

## ISO 14001 Performance & Progress

Working in green finance, we are committed to environmental improvements. Through the ISO 14001 standard we have implemented a well recognised environmental management system (EMS) applying to environmental components of our products, services and activities.

During 2020, we used the support of a third party to help us with the necessary structure and templates to set up the EMS. Once certified, along with all other companies, we were granted one year to implement the entire management system within their

businesses' governance and management.

Certified in April 2020 by QMS International, we first identified the necessary steps and procedures to implement throughout the company. Then, we assigned each procedure throughout our global functions and finally executed them for all five offices. Major policies applied to SCB as a group, but others needed to be adapted for each office jurisdiction.

The policies, processes and documentation created during 2020 include:

- Environmental Policy
- Environmental Objectives
- Needs and expectations of interested parties
- Environmental communication log
- Environmental aspects and risk assessments
- Environmental compliance obligations
- Health and safety procedures
- Recycling procedures
- Environmental training
- Emergency preparedness training
- SCB internal audit

## B Corp Performance & Progress

As we pursue a low carbon future, achieving B Corp status was on our radar for numerous years. Becoming a Certified B Corporation earlier this year, we are now recognized as one of the best businesses in the world, balancing people, planet and profit.

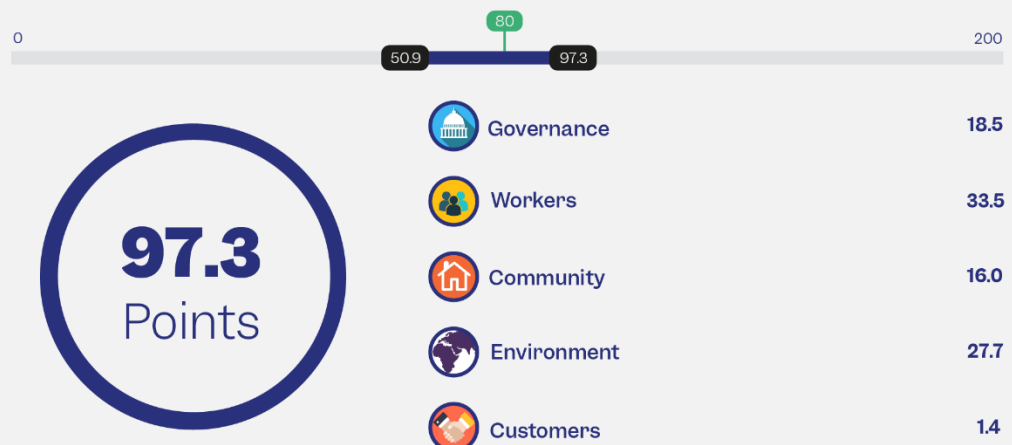
During the assessment, we created and implemented a number of procedures, such as goals, policies, surveys and trainings. For our environmental management system, we developed Environmental objectives and an Environmental purchasing policy.

To allow high employee performance and engagement, we take a holistic approach to physical, social, mental health and well-being. We thus implemented Diversity goals, Office ergonomic procedures, Breastfeeding and Whistleblower policies.

Finally, we value employee satisfaction and motivation, and we strive to remain in the top 10% of a comparable company benchmark with 91% of our employees satisfied.

As we reached B Corp status, we scored a total of 97.3 points out of 200, passing the minimum requirement by 17.3 points.

Three years from now, we will have our first B Corp audit in 2024 for which we aim to reach 120 points on the B impact assessment. With those points, we would be aligning ourselves with multiple brands including the footwear brand, Toms.



# Sustainability Performance

## Scope 1, 2 and 3

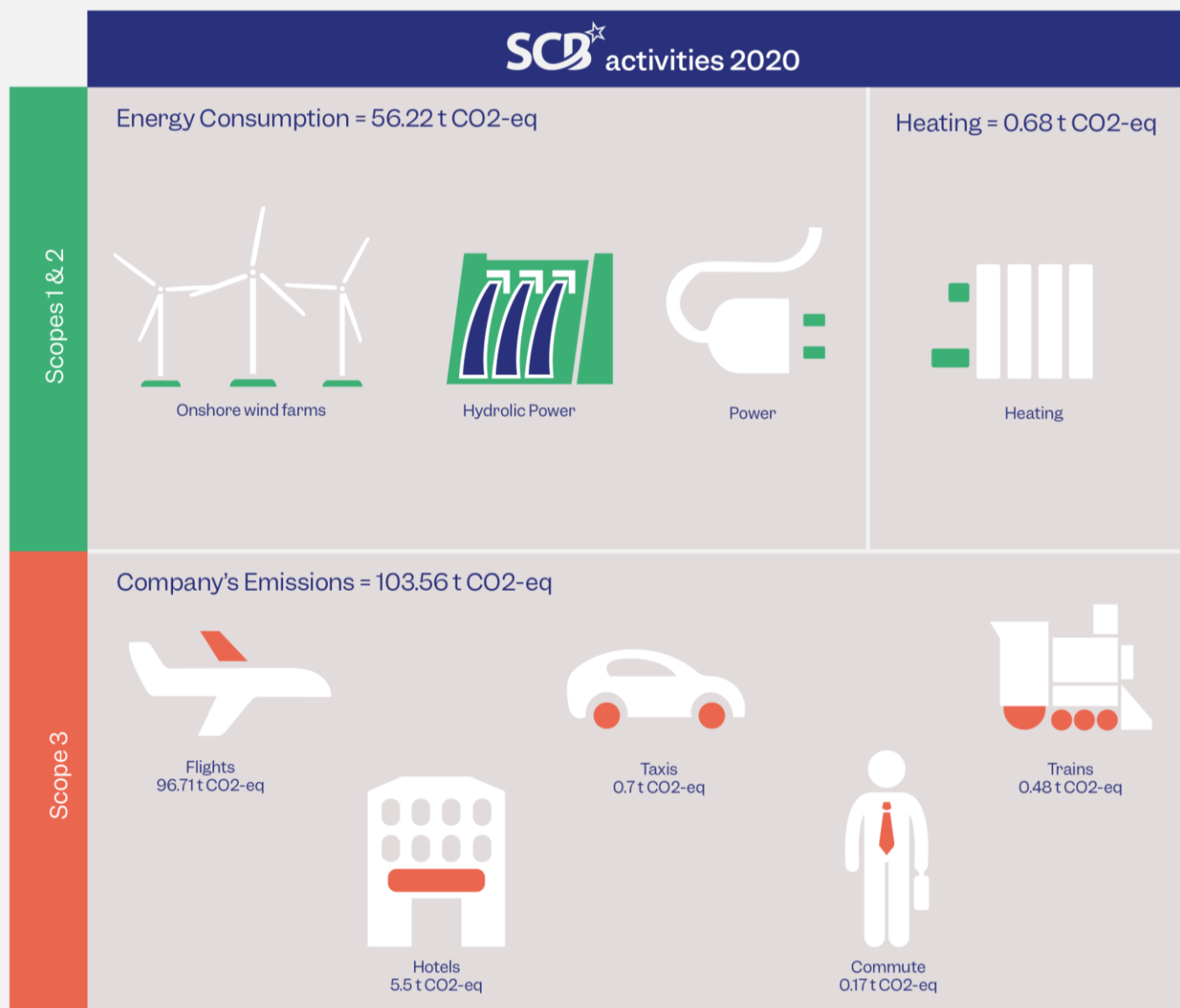
Until 2020, SCB Group had not integrated Scope 1 emissions across its offices in its climate accounting. The emissions from heating (or cooling) have always occurred through electricity consumption (Scope 2), and business travel is exclusively through public transport (Scope 3) and not through company-owned cars that would result in Scope 1 emissions.

The distribution of Scope 2 emissions across SCB offices varies greatly, mainly due to differences in carbon emissions from energy suppliers.

Despite having the largest office, Switzerland only contributed carbon emissions of 1.41 tCO<sub>2</sub>-eq in 2020 through its purchase of renewable electricity (hydropower). The United Kingdom (5.57 tCO<sub>2</sub>-eq) and United States (10.89 tCO<sub>2</sub>-eq) also purchase energy from renewable sources and Scope 2 emissions are largely determined by local grids.

Our greatest challenge for Scope 2 is from our Puerto Rico office, where our options to decarbonise remain limited due to utilities offering still linked to fossil fuels.

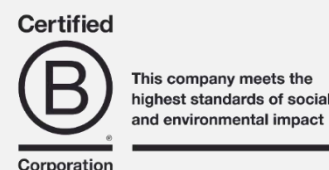
SCB Group has included Scope 3 categories that capture business travel and employee commuting. These categories were selected because they represent the emission hotspots for SCB as a service provider. In 2019 (Baseline), total Scope 3 emissions were 314.43 tCO<sub>2</sub>-eq. Most of these emissions resulted from air travel (80%), while employee commuting (12%) and hotel stays (6%) also impacted our Scope 3 emissions. Taxi rides (1%) and train travel (0.2%) only had a marginal effect on Scope 3 emissions.



# Sustainability Ratings & Memberships

## Memberships & Alliances

**Gold Standard**



## Ratings & Rankings

## Elaboration

## Assessment



SCB ranked Best Overall Commodity and Energy Broker at the Energy Risk Awards 2021 for the second consecutive time.

1<sup>st</sup> Place



SCB's partnership with buildOn in Malawi will bring solar-powered technology to light up children's schools and make evening adult literacy programs available.

Partnership



ClimatePositive, helps individuals offset their car's CO2 emissions and receive a car-window badge showing the world they give back more to the environment than they take.

Project

# A LOW CARBON FUTURE

