



# Our Path to Net Zero

August 2023

# Our Commitment

Palladium co-CEOs



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**Our  
business  
will be  
nature  
positive  
by 2050.**

Palladium's environmental vision is to use the power of science and the strength of our culture to contribute to a 1.5° C future.

We are committed to reducing absolute scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a 2019 baseline year, and absolute scope 3 GHG emissions from corporate business travel 50% per full-time employee over the same timeframe. We commit that 67% of our suppliers by spend covering all relevant upstream and downstream scope 3 categories will have science-based targets by 2026. These targets have been approved by the Science Based Targets initiative.

# Our Approach

Palladium is part of a coalition of business and industry leaders committing to the Business Ambition for a 1.5 degree future, a global call for accelerated action on climate change under the Science Based Targets initiative (SBTi).

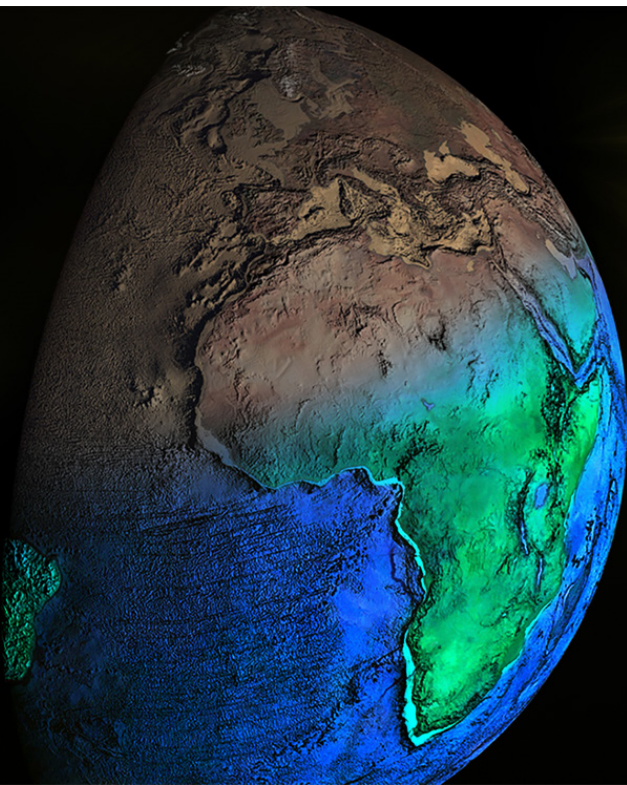
Palladium's path toward net zero began simply. Rather than wait for the perfect solution, we started where we could as soon as we could.

As one of the largest contractors to the Governments of Australia, the United Kingdom, and the United States for the delivery of aid and humanitarian assistance, more than 90 percent of Palladium's emissions are from indirect and not 'owned' sources of emissions. These emissions exist in the value chain, particularly to purchase goods, services, and capital goods in order to deliver programs that improve socio-economic outcomes in developing countries.

We work creatively to reduce the emissions within our direct control, while working with suppliers to set their own science-based targets.

Setting targets is a rallying cry to our staff, our clients, and our partners that we need to do more, more quickly, and we need to do it collectively, influencing change in the systems in which we work and live. For example, most of Palladium's offices and projects are based in developing countries, so not all of our operations are powered by renewable energy. We know we can do more as more countries move to renewable energy connections, and where this does not happen in the target timeline, we're developing creative solutions for our offices.

As a leader in environmental project management, we're eager to demonstrate proof of concept for more ambitious solutions that achieve positive impact, while ensuring that we continue to walk the talk in alignment with our partners and clients around the world.



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# Calculating Our Footprint

Palladium applies the Greenhouse Gas Protocol Corporate Standard and guidance from the SBTi to calculate carbon emissions. In an effort to be as ambitious as possible, all activities within financial and operational control are included.

- **Scope 1** encompasses direct emissions, including those associated with the direct consumption of natural gas, heating oil, and diesel fuel as well as the emissions associated with owned and leased vehicles and fugitive emissions. Scope 1 emissions are mainly calculated based on volumes of consumed fuels in each region of operations.
- **Scope 2** encompasses indirect emissions, including those associated with the purchase and consumption of local electricity and distinct heating energy. Scope 2 emissions are mainly calculated based on volumes of purchased and consumed electricity and heating energy in each region of operations.
- **Scope 3** encompasses other indirect emissions, such as business travel, emissions from extraction of fuels and production of purchased goods and services (including cloud services and video conferencing), vehicles not owned or controlled, outsourced activities, employee commuting (including teleworking), and waste disposal. Scope 3 emissions are mainly calculated based on mileage (air travel and ground transportation), stay duration (hotels), energy consumption (upstream emissions from purchased fuels and electricity), spend (purchased goods and outsourced activities), technology usage (cloud services and video conferencing), estimates of employee travel, and industry benchmarks (waste disposal).

For emissions categories without specific data, such as purchased goods and services, Palladium uses a financial proxy and applies a conversion rate specific to foreign aid and humanitarian assistance.

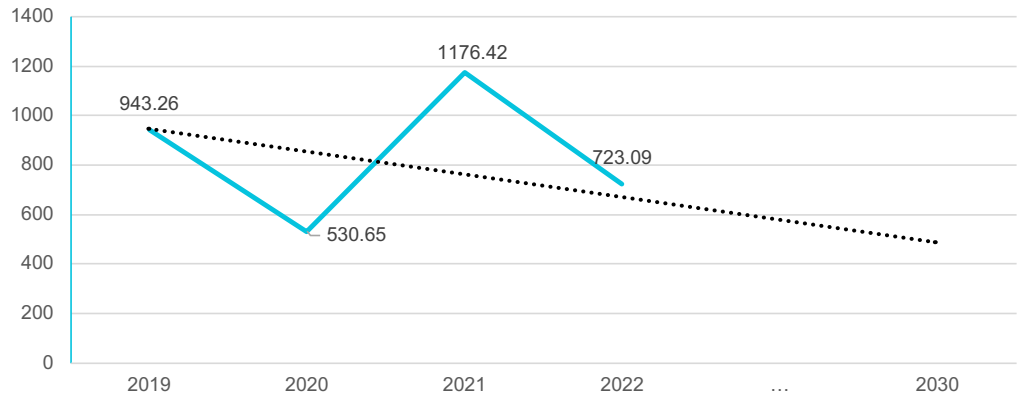
This process involves staff from across the company – from corporate headquarters to project offices, which operate in more than 90 countries around the world.

Palladium's emissions reduction targets have been approved by the Science Based Targets initiative as consistent with levels required to meet the goals of the Paris Agreement. SBTi is a partnership between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and the United Nations Global Compact (UNGC).

# Our Footprint - CO<sub>2</sub>e

## SCOPE 1

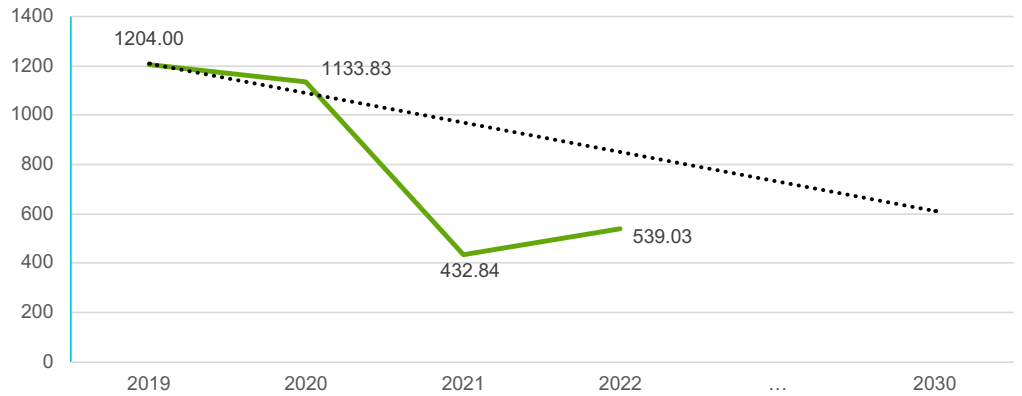
Palladium's Scope 1 emissions saw a drop during the COVID-19 pandemic, increasing in 2021 and then levelling out to reflect a steady reduction toward our 2030 targets.



..... TARGET

## SCOPE 2

Scope 2 emissions dropped significantly during the pandemic and have stayed down as offices find new ways to reduce non-renewable electricity use.

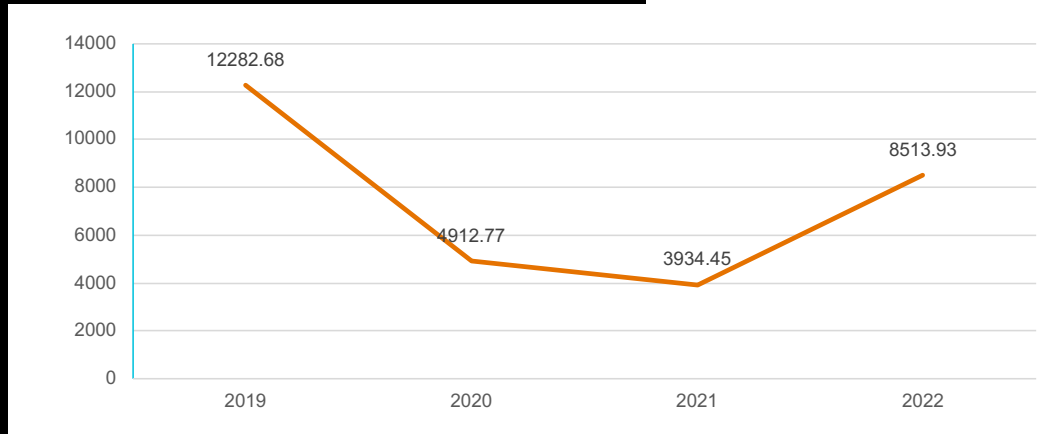


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# Our Footprint - CO<sub>2</sub>e

## SCOPE 3

The vast majority of Palladium's emissions are Scope 3. A reduction in corporate business travel and commuting in 2020 and 2021 had a significant impact, demonstrating what's possible and driving all of us to think differently as our business ramps back up. Not included here are emissions from Goods and Services, which are calculated using a financial proxy and not subject to the same SBTi-approved reduction targets.



# Carbon Offsetting

Like many companies and in line with the GHG Protocol, Palladium directs most of our available resources toward carbon reduction. However, this wasn't always the case, and Palladium actively offset our emissions globally in 2019 and 2020 while our reduction plans were being developed.



How did we do it? While many organisations and governments purchase carbon offsets or credits via third party vendors, we challenged ourselves to come up with a more ambitious, innovative, and impactful solution – something that made the most of our expertise, program management capabilities, and teams on the ground across the globe.

We designed our own carbon offsetting project.

Working with local NGO Acaté Amazon Conservation, our 2019 project is regenerating 40 hectares of land in the Peruvian Amazon while training the local indigenous community in sustainable agroforestry practices, improving their livelihoods and providing them with income-generating opportunities to preserve their culture.

Since then, our means of measuring our carbon emissions have become more sophisticated. We've worked with external partners and updated our measurement processes to be as accurate and ambitious as possible, including all activities within both our financial and operational control.

On Earth Day in 2021, we launched an internal carbon offsetting competition and called on our teams to share their ideas for how we could offset our 2020 carbon emissions. After much deliberation from our internal Carbon Offsetting Panel, the Kasanka REDD+ project was chosen. Based in central Zambia and partnering with Kasanka Trust Limited and World Land Trust, the second project is generating carbon credits through the protection of high value tropical forest. It's supporting fruit bat migration pathways, major riverine systems, and bird habitats on the edge of one of Zambia's most important national parks.

Our contributions are also supporting a number of socioeconomic benefits for the local community, including training in regenerative agriculture techniques, which will help reduce the need to exploit forest resources.

# Carbon Reduction

In 2023, Palladium launched official Emissions Reduction Guidelines to outline how our employees, offices, and projects should reduce their GHG emissions and overall environmental impact.

With operations in over 90 countries, the options for reducing emissions vary significantly from office to office. The Guidelines are implemented wherever possible, with teams encouraged to find innovative ways to reduce their emissions that push the boundaries and raise the bar wherever they're located.

## Office Buildings

Environmental ratings must be a key factor in the selection and renewal of all office building leases, aiming to achieve the highest certification level for each location. Rating and certification systems will vary by country, but include building design and construction, energy efficiency, etc.

## Energy

Offices should use renewable energy wherever available. Offices that currently use non-renewable energy but to whom renewable energy is available should switch to a renewable energy provider in 2023.

Offices should employ energy efficiency measures, such as low energy / sensor lighting, building insulation, training on energy efficiency, etc.

## Waste

Offices should provide recycling bins for paper, cardboard, toner cartridges, glass, metal, and plastic. Additional waste reduction measures, such as composting, compacting, reusing, donating, etc. should be employed wherever possible.

There should be no single use plastic in any Palladium office. Unavoidable circumstances (e.g., for prepositioned humanitarian aid supplies, bin liners in some locations) should be approved by Palladium's Global Environment Lead.

Printing should only be done when necessary, on non-bleached, recycled printing paper. Printers should default to black and white, double-sided printing.

## Water

Offices should employ water efficiency measures, such as low flush toilets, rainwater harvesting, training on water efficiency, etc.



# Carbon Reduction

## Vehicles

All Palladium owned or leased vehicles should be electric or hybrid electric.

Where existing gas/petrol/diesel-powered vehicles are owned, Palladium should replace with electric or hybrid electric vehicles by 2024. Where vehicles are under lease, replacement can happen when the lease is renewed.

Exceptions include locations where electric or hybrid electric vehicles are unavailable or where an exception has been approved by Palladium's Director of Global Safety & Security.

## Commuting

Palladium supports a hybrid working environment, balancing the environmental impact of commuting to the office with the proven positive outcomes of working together in person.

All Employees should be incentivised to choose the transportation method with the fewest emissions, including through cycling programs, public transit schemes, carpooling arrangements, etc.

Offices should be located within walking distance of public transit and provide safe and effective parking options for cyclists. This assumes that staff are responsible for their own bicycles and should follow local guidance on use of locks and other security measures.

Where offices exist that do not currently meet these guidelines, new office locations or accommodations should be introduced as soon as possible (e.g., at the time of lease renewal).

## Suppliers

Suppliers of consumable goods should be local and eco-friendly where possible (e.g., cleaning supplies, milk, fruit, etc.).

The top 67% of Palladium's suppliers by spend must have their own Science Based Targets in place by 2026.



# Carbon Reduction

## Business Travel

Limiting air travel is one of the most effective ways to reduce GHG emissions.

All Corporate business travel (i.e., travel that is not reimbursed by a client) should be undertaken only when necessary. Where possible, full use should be made of video conferencing and other technology to reduce the need for in-person meetings.

When corporate business travel does occur, employees should make every effort to consolidate as much business activity as possible into a single trip, rather than traveling repeatedly to and from a region.

Employees should travel by train instead of plane wherever the option reasonably exists, including any trip under 400km.

Corporate business travel should be booked using Palladium's main travel service provider, Egencia, which provides emissions data at the time of purchase. Travelers should use this data to select flights with the lowest possible emissions, balanced against other priorities (e.g., travel time, etc.).

Flights should be taken in Economy class unless approved by the CEO.

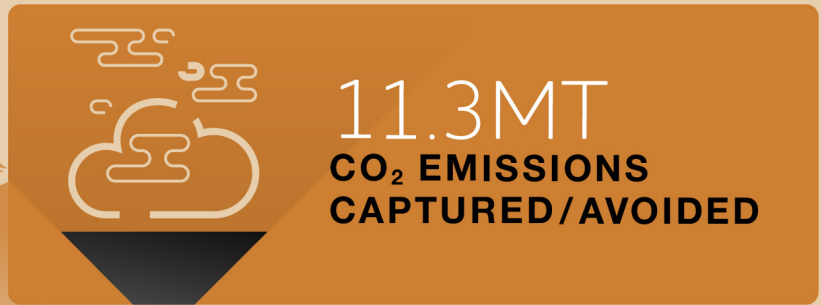


## Measurement

Every project and office must complete an annual Environmental Impact Report. All Employees must report on their commutes via an annual Employee Commute Survey. When combined with other sources (e.g., flight data from our travel provider, financial data, etc.) these reporting tools are used to calculate Palladium's GHG emissions each calendar year, track progress against our reduction targets, and inform the prioritisation of reduction initiatives.

# Business as Usual

2,023,032  
HECTARES BEING  
PROTECTED/RESTORED



Palladium is in a unique position in that solving climate change is more than a responsibility – it's our business, and our vision is to be the most impactful business on the planet.

Working with our clients and partners, we envisage a world where nature and ecosystems are transformed into a healthy state and markets are reoriented to value natural capital. We design ways to restore and protect nature at scale. We incubate business models to capture and harness the natural capital they create. We mobilise green finance, create green jobs, and ensure that the benefits are shared equally with people and communities.

In 2022 alone, we protected and restored 2,023,032 hectares of land and captured or avoided 11.3M tonnes of CO<sub>2</sub> through our projects across the globe.

This work isn't currently factored into our carbon footprint. The contribution we make to climate change mitigation, carbon sequestration and nature restoration is business as usual for us.

Just as we're working to better understand the impact we have across our supply chain, we're embedding nature-positive operations into our business until they come as naturally as the work we do for our clients.

# Read more about our work and thinking.



Palladium Leads the Way on Cutting Polluting Plastics from Humanitarian Response Work



How to Make Your Next Corporate Event Carbon Neutral



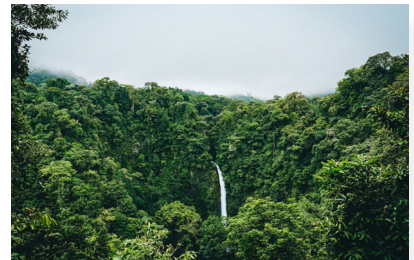
Why Deforestation-Free Cocoa and Palm Oil are So Elusive



The Hidden Carbon Costs of Technology



Funding Clean Energy Access is the Gateway to Closing the Digital Divide



Partnerships for Forests reaches £1 Billion Milestone



Partnership with NatureScot is “an example of responsible private investment”



Fundo Vale and the Road to Recovering 100,000 Hectares of Rainforest



Look to Ecuador – not just Glasgow – to protect tropical forests



Palladium is a global impact firm, working at the intersection of social impact and commercial growth. For nearly 60 years, we've been helping our clients to see the world as interconnected – by formulating strategies, building partnerships, mobilising capital, and implementing programs that have a lasting social and financial impact. We simply call this “positive impact”.

We work with corporations, governments, investors, communities, and civil society. With a global network operating in over 90 countries, Palladium is in the business of making the world a better place.

Contact [info@thepalladiumgroup.com](mailto:info@thepalladiumgroup.com) to learn more.

[www.thepalladiumgroup.com](http://www.thepalladiumgroup.com)