

## **ENVIRONMENTAL RESOURCES TRUST (ERT)**

### **Environmental, Social and Governance (ESG) Policy**

#### **Overview**

Environmental Resources Trust (“**ERT**”) is a wholly-owned non-profit subsidiary of Winrock International (“**Winrock**”) established in 1996 to offer trusted solutions to environmental markets that catalyze beneficial and transformational climate impacts. ERT seeks to integrate the leading principles and practices in Environmental, Social, and Governance (“**ESG**”) into our work as an organization and, along with Winrock’s Code of Conduct, with which ERT staff must comply, this ESG Policy (“**Policy**”) has been adopted to further that objective.

The purpose of this Policy is to consolidate the principles and practices relating to ESG to be applied by ERT, as well as the services ERT shares with Winrock and the programs ERT operates including the American Carbon Registry (“**ACR**”) and Architecture for REDD+ Transactions (“**ART**”) (collectively “**ERT**”). This Policy sets out how we integrate those principles and practices into our operations and relationships with our stakeholder community and applies to all directors, officers, and employees of ERT in the course of their work for ERT.

ERT does not have charge, management, control or use of systems, which are the subject of its mandate and standards, including systems and assets managed, controlled, or owned by Winrock. Nevertheless, through the conduct of its operations, ERT encourages its community of stakeholders to abide by the principles and obligations set out in this Policy.

Our approach is intended to be consistent with the current standards set out in the [Principles of Responsible Investment](#), as well as with the [Ten Principles](#) of the United Nations (“**UN**”) Global Compact. Our Policy is also intended to be consistent with the advancement of many of the UN’s seventeen [Sustainability Development Goals](#) (“**SDGs**”), in particular [SDG 3](#) (Good Health and Well-Being), [SDG 5](#) (Gender Equality), [SDG 10](#) (Reduced Inequalities), [SDG 13](#) (Climate Action), and [SDG 16](#) (Peace, Justice and Strong Institutions).

This Policy is intended to complement Winrock’s [Code of Conduct](#) (the “**Code**”), and where possible, ERT will harmonize the Policy and its ESG procedures with the Code in order to achieve greater efficiency and effectiveness. If there are any inconsistencies between the Policy and the Code, the provisions of the Code shall prevail and apply to such inconsistency.

#### **Background**

ERT was founded in 1996 to offer trusted solutions to environmental markets to catalyze beneficial and transformational climate impacts. ERT ensures the integrity of environmental assets (including verified greenhouse gas emission reductions and removals issued as carbon credits), by developing science-based, peer reviewed accounting standards, overseeing independent third-party verification of emission reductions and carbon removals and providing transparency throughout the process including the issuance and retirement of serialized credits on a public registry system.

ERT's approach is grounded in the recognition that climate change will have a profound impact on the poorest populations around the world, and that markets are the most effective path to mobilize action to achieve beneficial environmental results. Our approach is one that has always prioritized ESG considerations, as we strive to contribute to a more sustainable world that accounts for the interests of all affected groups and communities, including those that may be disadvantaged.

## **Central ESG Principles**

The Policy is organized around our four central areas of focus and the principles that support them:

1. **PEOPLE**
2. **COMMUNITIES AND HUMAN RIGHTS**
3. **ENVIRONMENTAL RESPONSIBILITY**
4. **CORPORATE GOVERNANCE AND ACCOUNTABILITY**

### **1. PEOPLE**

ERT's employees, personnel, and representatives, including international and domestic, regular full-time and part-time staff, interns, contractors, and volunteers (collectively, "**Personnel**") are its most important resource. As such, ERT is strongly committed to supporting its Personnel by providing a safe and open workplace.

#### *Diversity, Equity and Inclusion*

The values of diversity, equity and inclusion are central to the work and services that ERT delivers. ERT is committed to promoting diversity by providing an inclusive and welcoming work environment for all Personnel and ensuring that employment decisions are based on individual abilities and qualifications. Valuing both collective and individual differences – and ensuring diversity in our workforce – helps foster a culture of inclusion and allows each person to thrive in a talent-diverse environment. ERT strives to achieve an inclusive work environment where individual differences and perspectives are valued and respected.

We aim to treat our colleagues, partners, and counterparts with fairness and respect. ERT's diversity and inclusion goals help inform our recruitment and hiring practices and apply to all levels of employment. We believe that being inclusive and encouraging all voices to be heard is fundamental to delivering sustainable, effective environmental solutions and beneficial systemic change.

Our approach is guided by Winrock's values and policies and includes a commitment to equal employment opportunity and affirmative action (*Code*, p. 14). ERT is committed to equal employment opportunities that are free from discrimination on the basis of race, color, religion,

sex, national origin, age, disability, marital status, veteran status, sexual orientation, gender identity, gender expression, genetic information or any other protected characteristic under applicable laws. ERT will also pursue affirmative action in accordance with applicable U.S. laws and Executive Orders to ensure that minority group individuals are introduced into our workforce and considered for promotional opportunities. These policies and principles also apply to the selection and treatment of any person, firm, or organization doing business for or with ERT.

#### *Discrimination-Free and Harassment-Free Workplace*

ERT is committed to a work environment in which all individuals are treated with respect and dignity. Every member of our Personnel should benefit from a professional atmosphere that prohibits discriminatory practices. ERT expects that all relationships among Personnel in the office will be professional and free of bias, prejudice and harassment.

ERT will not condone or permit discrimination, including actions that create a hostile work environment, against any Personnel or applicant for employment based on race, color, religion, sex, national origin, age, disability, marital status, veteran status, sexual orientation, gender identity, gender expression, genetic information, or other protected characteristic under applicable law. ERT encourages and supports a work environment that respects differences and provides all Personnel with dignity, fairness, and opportunities for professional development.

ERT similarly strictly prohibits all forms of harassment in its workplace. All complaints or information about sexual harassment, workplace harassment or discrimination will be investigated and addressed in a timely manner and will be treated as confidential to the extent possible.

#### *Accommodation*

The *Americans with Disabilities Act* (“**ADA**”) and the *ADA Amendments Act* (“**ADAAA**”) are U.S. federal laws that require employers not to discriminate against candidates and employees with disabilities and, when needed, to provide reasonable accommodations to candidates and employees who are qualified for a job, with or without reasonable accommodations, so that they may perform the essential job duties of the position. In accordance with Winrock policy (*Code*, p. 17), ERT follows these laws globally, wherever we work.

ERT does not discriminate against qualified individuals with disabilities in any phase of employment, including, but not limited to, recruiting, employment, placement, promotion, transfer, demotion, reduction of workforce and termination, rates of pay or other forms of ERT-sponsored employee activities.

ERT will reasonably accommodate qualified individuals with a disability so that they can perform the essential functions of a job unless: (i) doing so causes a direct threat to these individuals or others in the workplace and the threat cannot be eliminated by reasonable accommodation; or (ii) the accommodation creates an undue safety risk or hardship to ERT.

When a job candidate with a disability requests an accommodation and can be reasonably accommodated without creating an undue hardship or causing a direct threat to workplace safety, the individual will be given the same consideration for employment as any other candidate.

### Health, Safety and Well-Being

Prioritizing and supporting the health, safety, security, and well-being of Personnel who work on behalf of ERT is integral to our work culture and environment. In accordance with Winrock principles and policies (*Code*, pp. 18-21), ERT is committed to minimizing safety and security risks and ensuring our workforce is provided the information, support and training to reduce risk exposure while maximizing the impact of our work. All Personnel, subcontractors and suppliers must comply with all applicable regulatory requirements, and documented safe work practices, including obtaining insurance and health coverage when travelling which may be provided by ERT and/or Winrock. ERT is committed to best practices to support security and safety of Personnel including use of centralized booking through Winrock and ensuring ERT has knowledge of Personnel whereabouts.

ERT is committed to providing a safe, quality-oriented and productive work environment, where possible, that includes commitments to a drug-free workplace, preventing workplace violence, and minimizing safety and security risks and ensuring Personnel are provided the information, support and training to reduce risk exposure (*Code*, pp. 18-22).

### Training and Education

ERT provides Personnel with access to a variety of training programs. ERT undertakes regular and at a minimum annual performance reviews for all Personnel to facilitate discussions around performance and development. ERT also provides opportunities for Personnel to submit feedback and questions for the company to improve training and educational programs for Personnel.

### Employee Appreciation

ERT is committed to ensuring a positive work environment based on respect for the principles of human rights, diversity, and zero tolerance for workplace discrimination, violence or harassment and maintaining a work-place free from sexual harassment (as set out in the *Code*, pp. 13-15). ERT's commitment to ensuring a positive, safe, and secure working environment includes providing training and relevant educational opportunities, as appropriate and at the discretion of the CEO.

## **2. COMMUNITIES AND HUMAN RIGHTS**

ERT believes that we have a responsibility to respect and promote human rights in the way we conduct our operations.

All Personnel are responsible for acting in a manner that is consistent with respect for fundamental human rights, social justice, human dignity, and the rights of all people to exist free from fear and stigma.

ERT endeavors to avoid causing or contributing to adverse human impacts through our activities and will take measures to reasonably address any such impacts if and when they occur. We commit to developing a human rights due diligence process to identify and where possible, prevent, mitigate, and remediate adverse human rights impacts that are directly linked to our operations, products or services or are a result of our business relationships.

*Combating Modern Slavery, Human Trafficking and Protection from Sexual Exploitation and Abuse*

ERT is committed to acting ethically and with integrity in all its business operations and relationships, and to implementing and enforcing effective systems and controls, in an attempt to ensure modern slavery, human trafficking and sexual exploitation and abuse is not taking place anywhere in our own business or in our supply chains. In connection with Winrock's principles (*Code*, pp. 32-34), ERT maintains a zero-tolerance policy for all forms of modern slavery, human trafficking, forced or compulsory labor, sexual exploitation and abuse of the populations ERT serves by any Personnel.

Personnel are prohibited from engaging in any act that directly supports or advances human trafficking in the performance of any ERT business including but not limited to:

- any form or manner of coercion, debt bondage, forced labor or involuntary servitude regarding any attempted or actual trafficking in persons;
- engaging in sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or involves persons less than 18 years of age;
- recruiting, harboring, transporting, transferring, providing, or obtaining a person for involuntary or forced labor or services through the use of fraud, coercion or actual or threatened force;
- any commercial sex acts in connection with their work;
- sexual exploitation and abuse in all forms;
- procuring commercial sex acts; and
- destroying, concealing, confiscating or otherwise denying employees access to their identity or immigration documents.

Violation of any of these prohibitions shall be treated as grounds for prompt dismissal and shall be reported to legal authorities.

### Child and Youth Safeguarding Policy

In accordance with Winrock's *Child (Youth) Safeguarding Policy* (found [here](#)), ERT prioritizes efforts to prevent child labor and to support the rights of children worldwide. ERT has zero tolerance for abuse, molestation, or any unsafe treatment of youth and ERT will take all necessary steps to ensure that all Personnel understand that the welfare and overall development of all children is to be promoted and respected.

All suspicions and allegations of abuse against children and young persons will be taken seriously and responded to swiftly and appropriately.

### **3. ENVIRONMENTAL RESPONSIBILITY**

ERT aims to contribute to a more sustainable world, and we are committed to mitigating pollution and minimizing the potential environmental impacts of our operations.

#### ESG in Standard-Setting, Verification Oversight and Registry Operations

Our work ensures the integrity of environmental assets, including verified greenhouse gas (“GHG”) emission reductions and removals credits, by developing science-based, peer reviewed accounting standards, overseeing independent third-party verification of emission reductions and carbon removals by accredited verifiers and providing transparency throughout the process including the issuance and retirement of serialized voluntary and compliance carbon credits on a public registry system.

We incorporate stakeholder feedback as part of our public comment process for all standards and methodologies as well as through required adherence to rigorous environmental and social safeguards as provided in the ACR Standard. The ACR Standard also details the scope and process for stakeholder complaints.

#### Climate Change, Environment and Sustainability

ERT believes that climate change will have a profound impact on the poorest populations around the world and that markets are the most effective path to mobilize actions to achieve environmental results. ERT is committed to working with national, state and local governments, private sector organizations, civil society and local communities and NGOs to accelerate the global response to climate change in line with the goals of the Paris Agreement. ERT strives to minimize the environmental impact of our operations through tele-working and facilitating conscious consideration of the need to travel in light of available electronic meeting alternatives. ERT commits to measure the GHG emissions associated with a virtual organization (all Scope 3 emissions) in line with industry best practices. ERT will actively seek to offset its Scope 3 travel-based emissions with high quality offset credits through the retirement of ERT-issued offset credits.

#### **4. CORPORATE GOVERNANCE AND ACCOUNTABILITY**

ERT strives to conduct its business and operations in an open, transparent, honest and ethical manner, while ensuring compliance with applicable legal and regulatory requirements.

##### **Anti-Bribery and Corruption**

Bribery and corruption remain major issues throughout the world and continue to be damaging to the societies and communities in which they occur. Bribery and corruption divert money and other resources from those who need them most; hinder economic and social development; undermine the rule of law; weaken trust in public institutions; challenge democratic principles; and damage business, not least by increasing the cost of goods and services.

In accordance with Winrock's anti-corruption policy (found [here](#)) and principles (*Code*, p. 13), ERT has a zero-tolerance policy toward bribery and corruption in any form and takes steps to diligently assess its supply chain and operations in order to avoid bribery and corruption by or of its Personnel. ERT is committed to ensuring its Personnel act in a manner that is consistent with diligent standards of ethical conduct in their work throughout the world. Personnel are expected to report bribery and corruption concerns by making a report, filing online, or accessing Winrock's anonymous reporting hotline (the "**Hotline**", accessible [here](#)). ERT will not tolerate retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated.

We expressly prohibit all forms of bribery, kickbacks, and other corrupt practices regardless of local customs. ERT is also committed to complying with all applicable anti-bribery and anti-corruption laws. ERT does not pay bribes, kickbacks or facilitation payments at any time for any reason. This includes to government officials as well as non-government officials. This applies equally to any person or firm who represents ERT. The only possible exception is if a potentially improper payment is necessary to protect the health or safety of our Personnel and all such actions shall be undertaken with full transparency.

##### **Anti-Money Laundering and Anti-Terrorist Financing**

Money laundering is a global problem with far-reaching and profound consequences. It is defined as the process of converting illegal proceeds so that funds are made to appear legitimate, and it is not limited to cash transactions. In accordance with Winrock's anti-corruption policy, ERT has a zero-tolerance policy toward money laundering and terrorist financing in any form and takes steps to diligently screen and assess our operations and the users of ERT's standards. ERT also undertakes screening efforts to ensure that its representatives and partners are not the subject of sanctions. Personnel should promptly report any money laundering and terrorist financing concerns by making a report, filing online, or accessing the [Hotline](#). ERT will not tolerate retaliation against anyone who, in good faith, reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated.

### Third Parties Acting on ERT's Behalf

We carefully screen all third parties, including suppliers, consultants, and vendors who work on ERT's behalf, particularly when dealing in countries with high corruption rates and in any situations where "red flags" indicate further screening is needed before retaining the third party.

Third parties must understand that they are required to operate in strict compliance with our standards, including the Code and this Policy, and to maintain accurate receipts and records of all transactions.

### Privacy and Personal Data Protection

ERT is dedicated to protecting the personal data of our Personnel, partners, vendors and service providers that we possess from unauthorized access, use, disclosure, modification or loss. ERT operates in a manner that is consistent with Winrock's global *Privacy and Personal Data Protection Principles* (found [here](#)) and in accordance with the Code which serves as a guide on the underlying core principles that apply to the collection, use, and disclosure of personal information in the course of our operations.

ERT strives to collect and use personal information only through means that are lawful and fair, and use personal information only for purposes that are stated in our applicable privacy notices, or that can be reasonably understood by reasonable individuals from the context. ERT requires consent of parties whose data we collect.

ERT takes diligent steps designed to ensure that personal information is only disclosed to third parties for legitimate business reasons.

### Supplier, Vendor, or Consultant Relations and Purchasing

ERT evaluates and engages with qualified suppliers, vendors, and consultants or contractors on an objective basis, grounded in fairness. When selecting suppliers, we assess each supplier's ability to satisfy our organizational and technical needs and requirements. We make procurement and purchasing decisions based on the long-term cost and benefit to ERT. Where feasible, we consider ESG criteria in our procurement processes. All agreements are negotiated in good faith and are intended to be fair and reasonable for both parties.

### Whistleblower Procedures

ERT encourages all Personnel and external stakeholders who have serious concerns about any aspect of our operations to come forward and report those concerns by using one of the channels of communication identified in the Code and in accordance with Winrock policy (*Code*, pp. 8-9). They may also do so by confidential electronic means. Reporting of any violations of this Policy will be treated confidentially to the extent allowed by law and may be made anonymously using the [Hotline](#). ERT prohibits retaliation for good faith reports of suspected misconduct.

### Roles and Responsibilities

ERT's Board of Managers directly oversees ERT's approach to ESG. The Board of Managers, which meets at least three times a year, is responsible for implementation of this Policy and ESG matters at the Board level.

### Frameworks, Memberships and Commitments

ERT regularly evaluates its memberships in outside organizations and initiatives and commitments in order to ensure that they are consistent with ERT's mission and objectives and this Policy.

### Exceptions

The CEO of ERT, who is the ESG responsible person in the senior management team, must approve any and all exceptions to this Policy and transparently record any such exceptions and report them to the Board. No other persons are authorized to allow an exception to this Policy.

### **Review and Changes to the Policy**

This Policy will be reviewed every three (3) years and may be updated and amended from time to time to comply with the Code and our approach to ESG as we deem necessary or advisable. Any such changes may or may not result in a formal amendment to this Policy, depending in part on the materiality of any such amendment(s).

## **Schedule A – Winrock Policies**

- Code of Conduct [here](#)
- Safety and Security Policy [here](#)
- Political Activities and Participation in Candidate Elections [here](#)
- Gender Equity and Social Inclusion (GESI) Policy [here](#)
- Equal Employment Opportunity (EEO) and Affirmative Action [here](#)
- Child (Youth) Safeguarding Policy [here](#)
- Accommodation Policy [here](#)
- Anti-Corruption Policy [here](#)
- Anti-Retaliation Policy [here](#)
- Conflict of Interest Policy [here](#)