

SUSTAINABILITY REPORT

The implementation of sustainable business practices is a continuous process for every organisation. To maintain and improve sustainability initiatives Montauk, through the social and ethics committee, endeavours to further embed a sustainability focus into its core strategy of business.

ENVIRONMENT

Municipal solid waste (“MSW”) landfills are the third-largest human-generated source of methane emissions in the United States, releasing an estimated 100.8 million metric tons of CO₂ equivalent into the atmosphere in 2015 alone¹. With a global warming potential 25 times greater than CO₂ and a short (10-year) atmospheric life, methane is a potent greenhouse gas (“GHG”) that is a key contributor to global climate change. As a result, reducing methane emissions from MSW landfills is one of the best ways to achieve a near-term beneficial impact in mitigating global climate change. Methane also contributes to background tropospheric ozone levels as an ozone precursor. Many of the technologies and practices that reduce methane emissions also reduce associated emissions of volatile organic compounds, odours and other local air pollutants.

Raw landfill gas collected for a beneficial use project is typically around 50 per cent methane by volume. It is estimated that a beneficial use project will capture roughly 60 to 90 per cent of the methane emitted from the landfill, depending on system design and effectiveness. The captured methane is destroyed when the gas is burned to produce electricity or refined into renewable natural gas and placed into the natural gas pipeline system.

Montauk’s business is exclusively focused on the capture and beneficial use of landfill methane and is responsible for significant emission reductions arising from the flaring and/or beneficial use of the associated methane (e.g. electrical energy generation or RNG). In the year under review alone, Montauk’s combined electric generation and renewable natural gas facilities provided enough energy to power over 66 755 United States homes while collectively reducing over 3.8 million metric tons of CO₂ equivalent emissions².

Fiscal 2017 emission reductions and environmental benefits

Total annual emission reduction equivalent (million)	
Metric tons of carbon dioxide	3.42
Tons of methane	0.138
Equivalent annual environmental benefits (million)	
Acres of US forest carbon sequestration	3.23
Gallons of gasoline carbon dioxide emission equivalents	384.87

In addition, Montauk originated carbon credits for the equivalent of over 40 584 metric tons of CO₂ which were verified through the Climate Action Reserve.

The Climate Action Reserve operates the premier carbon offset registry for the North American carbon market and has developed a regulatory-quality programme to quantify GHG emission reductions from offset projects.

The very nature of the landfill gas industry demands a heightened awareness of our impact on the environments where we operate and in this regard the Company is committed to minimising its impact on the environment. The Company can safely report that it has no significant breaches of environmental standards to report for the past financial year. The protection of limited water resources, pollution and the natural aesthetics of the environment through rehabilitation programmes remain key commitments. When a Montauk facility ceases operation, the facility site is decommissioned and remediated in accordance with the host landfill gas contract and all applicable laws.

HEALTH AND SAFETY

Montauk has developed a health and safety programme (“HASP”) which serves to integrate safety into the scope of every task or project undertaken by the Company or its contractors. Our efforts are employee-centred and focused on improving working conditions and eliminating hazards. The Company engages employees to directly influence our safety culture and safety programmes through our active safety committee and through site visits and inspections. Employees have been empowered to make safety their first priority. All HASP policies are reviewed by employees and feedback from employees is incorporated into our policies and procedures.

In the year under review Montauk was involved in seven (7) OSHA recordable injuries. Montauk recorded a 7.9 Total Recordable Injury Rate versus the industry national average of 6.2 for the reporting period. The increase in recordable injuries also corresponds with an overall increase in reports of unsafe acts, conditions, near misses and the like which doubled the previous year’s total. Montauk is committed to reporting all incidents and learning from these unfortunate events so that future incidents may be avoided. The Company has learned that certain administrative policies can be used to prevent the majority of incidents experienced during fiscal year 2017 and it is working to implement these policies across all operations.

SUSTAINABILITY REPORT continued

Montauk provides extensive HASP training to our employees through face-to-face, hands-on, and interactive web-based training. Training is conducted at least monthly for every employee. Newly hired employees joining the Company are assigned a battery of introductory trainings in our programmes regardless of previous experiences or expertise. The training programme has been revised recently and restructured to focus on site and industry-specific safety concerns. The new programme has added hands-on skills training to further reinforce training materials and learning outcomes.

We believe that continuous improvement of all of our programmes is necessary in order to be a leading force in our market. We frequently review our HASP and develop new safety protocols. Currently we are engaged with various third-party safety and compliance representatives to review and improve existing site conditions, focusing on engineering hazards in the workplace and preventing equipment failures which could lead to injuries. In addition to these efforts, Montauk is focusing on tracking leading safety indicators to identify operations that are more at risk than others so that early intervention can be used to prevent future incidents.

DISCRIMINATION

Fairness is promoted across all operations through a code of ethics. Legal compliance policies promote zero tolerance of discrimination within the workplace. This is enforced and established through standard grievance and disciplinary procedures, in order to maintain consistency and compliance.

ECONOMIC SUSTAINABILITY

Economic sustainability is critical in attracting and retaining customers, employees and investors. Sustainability initiatives, whether environmental, social or economic, increase the value of the Company by leveraging opportunities and managing risk. Montauk respects and complies with the laws of the countries in which it operates and through the implementation of appropriate internal control structures the Group aims to ensure that significant regulatory, business and financial risk is identified and appropriately managed.

¹ Source – United States Environmental Protection Agency's Landfill Methane Outreach Program ("LMOP").

² Source – LMOP Landfill gas-to-energy benefits calculator.