

# SUSTAINABILITY REPORT

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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 92.7 million metric tons of CO<sub>2</sub> equivalent into the atmosphere in 2016 alone<sup>1</sup>. With a global warming potential twenty-five (25) times greater than CO<sub>2</sub> and a short (10-year) atmospheric life, methane is a potent GHG that is a key contributor to global climate change. Anaerobic lagoons are part of a system designed to manage and treat waste created by concentrated animal feeding operations. Like MSW landfills, these lagoons have been shown to harbour and emit substances which can cause adverse environmental and health effects in addition to methane. As a result, reducing methane emissions from anaerobic lagoons and 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 biogas 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 per cent to 90 per cent of the methane emitted, depending on system design and effectiveness. The captured methane is destroyed when the gas is burned to produce electricity or refined into RNG and placed into the natural gas pipeline system.

Montauk’s business is focused on the capture and beneficial use of methane and is responsible for significant emissions 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 RNG facilities provided enough energy to power over 71 036 United States homes while collectively reducing over 3.73 million metric tons of CO<sub>2</sub> equivalent emissions<sup>2</sup>.

## Fiscal 2018 emission reductions and environmental benefits

Total annual emission reduction equivalent (million)	
Metric tons of carbon dioxide	3.73
Tons of methane	0.148
Equivalent annual environmental benefits (million)	
Acres of US forest carbon sequestration	4.39
Gallons of gasoline carbon dioxide emission equivalents	420.78

The Company remains steadfast in its commitment to positively impacting the environment and fostering a corporate culture that values sustainable living and working. The protection of limited water resources, pollution mitigation and maintaining the natural aesthetics of the environment through rehabilitation programmes remain key commitments. The Company can safely report that it has had no significant breaches of environmental standards for the past financial year. 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 two (2) OSHA recordable injuries. Montauk recorded a 2.19 Total Recordable Injury Rate versus the national average for all industries of 2.9 for the reporting period. Montauk is committed to reporting all incidents and learning from these unfortunate events so that future incidents may be avoided. An indication of this commitment is the continued rise in employees reporting near misses. Although the reporting of near misses is not mandatory, the fact that employees have built a self-reporting ethos is evidence of the foundation of a strong safety culture. The Company has learned that certain administrative policies can be used to prevent the majority of incidents experienced during fiscal year 2018 and it is working to implement these policies across all operations.

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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 are assigned a battery of introductory trainings in our programmes regardless of previous experiences or expertise. The training programme focuses on site and industry-specific safety concerns and incorporates 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 out of the workplace and preventing equipment failures which could lead to injuries. In addition to these efforts, Montauk tracks 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

We firmly believe that the unique perspectives, talents and contributions offered by a diverse workforce strengthen an organisation. To that end, we are a company that creates, promotes and sustains an inclusive work environment. The inclusion of these diverse experiences and perspectives creates a culture of empowerment that fosters innovation and economic growth. 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.

<sup>1</sup> Source – United States Environmental Protection Agency's Landfill Methane Outreach Program ("LMOP")

<sup>2</sup> Source – LMOP Landfill gas-to-energy benefits calculator