

SUSTAINABILITY REPORT

Montauk is, by nature, a company rooted in the development of environmental sustainability. Improvements in air quality achieved through both the production and consumption of Montauk's renewable energy are a constant, intrinsic benefit of its business. The implementation of sustainable business practices is a continuous process for every organisation, including those who find themselves inherently aligned with the principles of sustainability. 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 92.8 million metric tons of CO₂ equivalent into the atmosphere in 2017 alone¹. With a global warming potential 25 times greater than CO₂ and a short (12-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 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 renewable natural gas 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 renewable natural gas facilities provided enough energy to power over 89 792 United States homes while collectively reducing over 3.93 million metric tons of CO₂ equivalent emissions².

Fiscal 2019 emission reductions and environmental benefits

Total annual emission reduction equivalent (million)	
Metric tons of CO ₂	3.93
Tons of methane	0.157
Equivalent annual environmental benefits (million)	
Acres of US forest carbon sequestration	4.62
Gallons of gasoline CO ₂ emission equivalents	441.85

In FY 2019 Montauk captured 3 926 800 tons of carbon dioxide equivalent ("CO₂e") from anthropogenic methane sources. That is equivalent to:

- removing 833 716 passenger vehicles from the road for one year; or
- eliminating the use of 441 849 429 gallons of gasoline or 385 736 739 gallons of diesel; or
- CO₂ emissions from the total energy used by 470 219 homes for one year; or
- GHG emissions avoided by running 832 wind turbines for one year; or
- replacing 149 154 860 incandescent lamps with LEDs; or
- growing 64 930 469 tree seedlings for ten years; or
- one year's worth of carbon sequestration from 4 619 666 acres of US forest.

The Company remains steadfast in its commitment to positively impacting the environment and fostering a corporate culture that values sustainable living and working. To this end Montauk has markedly increased its sustainability initiatives. Facilitated in part by the newly established sustainability committee based in Montauk's corporate office, the Company has committed to waste reduction, education initiatives and providing support to sustainability-oriented organisations. The protection of limited water resources, pollution mitigation and maintaining the natural aesthetics of the environment through rehabilitation programmes continue to 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") as part of our commitment to making the health and safety of our employees, contractors and site visitors an uncompromised priority. Our efforts are employee-centred

and focused on providing our employees with the proper tools, equipment and training to facilitate job safety and efficiency while maintaining a healthy work environment. The Company engages employees to directly influence our safety culture and safety programmes through our active safety committee, site visits, inspections and regional safety meetings. Montauk further perpetuates this philosophy through monetary safety incentives, awards and measurable key performance indicators. Montauk's commitment to health and safety improvement and performance monitoring has ensured the following key achievements:

- a continued positive standing with our regulators and the progressive development of working relationships with our biogas site hosts;
- significant investment in atmospheric hazard monitoring and our lone worker programme across all operating sites;
- continued development of our competency mapping process which now includes seven (7) customised training programmes for employee roles within our organisational structure; and
- a personal protective equipment ("PPE") programme strengthened by our expanded fire-resistant clothing selection, which has increased wearer compliance by optimising employee comfort and providing multi-hazard protections.

In the year under review Montauk was involved in two (2) Occupational Safety and Health Administration ("OSHA") recordable injuries, resulting in a 2.03 Total Recordable Injury Rate ("TRIR"). This was lower than FY 2018's 2.19 TRIR and lower still than the national average for all industries of 2.9 for the reporting period. Montauk is committed to performing accident investigations on all incidents in order to institute preventive actions and decrease the number of future incidents. Additionally, Montauk's continued rise in near miss reporting has enhanced our administrative control over incident prevention and increased the communication between corporate safety and site employees. As a result our HASP continues to strengthen and enhance our safety culture.

Through our competency mapping process Montauk provides extensive HASP training to our employees via 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 competency mapping process we have adopted tailors our training to create role-specific training programmes that focus on site and industry-specific safety concerns while incorporating hands-on skills training. This further reinforces training materials and learning outcomes.

Montauk believes that continuous improvement of all of our programmes is necessary to be a leading force in our industry. We frequently review our HASP to monitor for improvement and develop new safety protocols accordingly. We are currently engaged with various third-party safety and compliance representatives to review and improve existing site conditions. There is a heavy focus on eliminating hazards through engineered solutions and preventing equipment failures that create hazard risks or lead to injuries. In addition to these efforts, Montauk tracks safety indicators to identify high-risk operations so that early intervention can more drastically decrease the likelihood of 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.

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

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