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The Ecometrica Platform: internal controls supporting “Audit Ready Output”

Report on the design of internal controls to meet related control objectives for the Ecometrica Platform as at 28 February 2021.

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¹Throughout this document, ‘Ecometrica’ refers to Ecometrica Limited.

Section 1: Report by the Management of Ecometrica – *The Ecometrica Platform: Internal controls supporting “Audit Ready Output”*

About Ecometrica

At Ecometrica we believe that bringing new technologies to market and setting new standards for serving customers will make environmental and sustainability accounting better, faster, and more effective.

We are passionate about clear, correct, and meaningful environmental management that helps businesses meet their sustainability challenges, reduce costs, and increase overall performance. We help our clients measure and visualise their environmental impacts, such as greenhouse gas emissions, energy consumption, waste production and disposal, water consumption, forest impacts, agricultural productivity, and social and ethical indicators through the entire supply chain.

Because of our values we aim to develop the best software and information products in the sector. Our innovative and intelligent software distils our technical expertise and market experience into simple web-based tools that anyone can understand and use, with full setup, training and guidance provided by our experts.

Ecometrica’s mission is to provide clarity and insight on environmental and sustainability impacts. Our goal is not to tell our clients what to do, but to provide them with the best information so that they can decide which direction is right for their organisation. We are here to help our clients build knowledge and capacity, manage relationships, and navigate difficult times.

The Ecometrica Platform for Environmental and Sustainability Accounting

We believe that all organisations should have access to the best possible environmental and sustainability information, irrespective of whether they are big or small, experts or beginners. That is why the Ecometrica Platform is used by some of the smallest and largest businesses in the world.

In order to deliver our vision we have brought together a number of innovative technologies including one of the industry’s most comprehensive database of emission and conversion factors, a leading team of experts to maintain it, unique spatially aware algorithms that automatically select the most appropriate emission and conversion factors according to the input data, and the ability to calculate environmental and sustainability impacts in real time.

Our philosophy means that we do not simply sell software and leave our clients to it but instead we provide expert support throughout the sustainability accounting process. Our experts provide support through system set up, boundary setting and data collection and carry out a pre-audit check on every completed assessment meaning that the quality of output from the Ecometrica Platform is not only “Audit Ready” but of the very highest standard in the industry.

The Ecometrica Platform: internal controls supporting “Audit Ready Output”

Audit Ready Output

“Audit Ready Output” is a concept that ensures that all outputs from a sustainability accounting system are fit for purpose and can be subject to independent audit without the need for reporting organisations to carry out any further calculations, clarification, data manipulation or other “pre-audit” work. Features of an audit ready system must therefore include:

- A credible system for ensuring that emission and conversion factors are maintained;
- A system of quality assurance checks embedded into the sustainability assessment work flow;
- The ability to present all of the information we believe an auditor would need to carry out an independent assurance exercise on the sustainability results, including pdf reports, excel sheets, and supporting evidence for submitted data; and
- Controls that ensure the data and results, in the Ecometrica Platform, cannot be changed by clients after publication without authorisation from Ecometrica.

Why we have sought independent assurance

Ecometrica led the sector when we first sought independent assurance over the design of controls supporting the “Audit Ready Output” from the Ecometrica Platform in 2013. Since that time we have committed to obtaining independent assurance over the design suitability of such controls each year, so that our clients can have confidence in Ecometrica and the Ecometrica Platform.

We therefore asked PwC to carry out an independent assurance exercise for the ninth year, so that their findings would continue to enhance confidence and trust in the design of internal controls that support the Ecometrica Platform and its ability to deliver a clearly laid out and Audit Ready assessment report. Ecometrica Management’s Statement sets out the areas for which we have sought independent assurance from PwC.

We believe that this report on the suitability of design of controls governing the development and use of the Ecometrica Platform, reduces the financial and time burden associated with third party auditing of sustainability information at year end, saving time and money for our clients and contributing to our platform’s market leading position.

End user responsibility

Ecometrica’s processing of user entities’ data and the controls over this processing were designed with the assumption that certain complementary user entity controls would be operating effectively at user entities. This section describes the complementary user entity controls that are necessary to achieve the control objectives. User auditors should determine whether user entities have established controls to provide reasonable assurance including, but not limited to, the following matters:

- Accurately and completely recording data for submission to Ecometrica in their systems
- Ensuring all activity is recorded in a timely manner
- Maintaining appropriate user access rights to key systems for individuals within the organisation
- Reviewing outputs for appropriateness including the basis for calculations.

Section 2: Ecometrica's Management Statement



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Service organisation’s management statement on controls at Ecometrica Limited (the “Service Organisation”)

As Directors of Ecometrica Limited we are responsible for the identification of control objectives relating to the provision of the Ecometrica Sustainability Platform by the Service Organisation and the design and implementation of the Service Organisation’s controls to provide reasonable assurance that the control objectives are achieved.

The accompanying description in section 4 (the “description”) has been prepared for customers who have used the Ecometrica Sustainability Platform and their auditors who have a sufficient understanding to consider the description, along with other information including information about controls operated by customers themselves, when obtaining an understanding of customers’ information systems relevant to financial reporting.

In carrying out those responsibilities we have regard not only to the interests of customers but also to those of the owners of the business and the general effectiveness and efficiency of the relevant operations.

Ecometrica Limited uses Amazon Web Services, a carved-out subservice organisation, to provide off-site server back-ups and storage. The description excludes the control objectives and related controls of the carved-out subservice organisation.

Section 1 indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Ecometrica Limited’s controls are suitably designed along with related controls at the Service Organisation. The description does not extend to controls of the user entities.

We have evaluated the fairness of the description and the design suitability of the Service Organisation’s controls having regard to the International Standard on Assurance Engagements 3000 (Revised) – *‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’* issued by the International Auditing and Assurance Standards Board.

We confirm that:

1. The accompanying description, in section 4, fairly presents the Service Organisation’s Sustainability Platform as at 28 February 2021. The criteria used in making this statement were that the accompanying description:
 - presents how the services were designed and implemented, including:
 - the types of services provided, and as appropriate, the nature of transactions processed;
 - the procedures, within both automated and manual systems, by which customers’ transactions were initiated, recorded, processed, corrected as necessary, and transferred to the reports prepared for customers;
 - the related accounting records, supporting information and specific accounts that were used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information is transferred to the reports prepared for customers;
 - the systems which captured and addressed significant events and conditions other than customers’ transactions;
 - the process used to prepare reports for customers;
 - relevant control objectives and controls designed to achieve those objectives;
 - controls that we assumed, in the design of the system, would be implemented by customers, and which, if necessary to achieve the control objective stated in the accompanying description, are identified in the description along with the specific control objectives that cannot be achieved by ourselves alone; and
 - other aspects of our control environment, risk assessment process, information systems (including the related business processes) and communication, control activities and monitoring controls that were relevant to processing and reporting customers’ transactions.

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- does not omit or distort information relevant to the scope of the services being described, while acknowledging that the description is prepared to meet the common needs of a broad range of customers and their auditors, and may not, therefore, include every aspect of the services that each individual customer may consider important in its own particular environment.
2. The controls related to the control objectives stated in the accompanying description were suitably designed as at 28 February 2021, if customers applied the complementary controls assumed in the design of the Service Organisation's controls. The criteria used in making this statement were that:
- the risks that threaten the achievement of the control objectives stated in the description were identified; and
 - the identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved.

For and on behalf of the board of Ecometrica Limited

Gary Davis
Chief Executive Officer
14-06-2022



Independent service auditor’s assurance report on controls at Ecometrica Limited (the “Service Organisation”) To the Directors of Ecometrica Limited

Scope

We have been engaged to report on Ecometrica Limited’s suitability of the design of controls to achieve the related control objectives stated in section 4 of this report (the “description”). The controls and control objectives included in section 4 are those that management of the Service Organisation believe are likely to be relevant to user entities’ internal control over financial reporting.

The Service Organisation uses Amazon Web Services as a subservice organisation (the “carved-out Subservice Organisation”) for its off-site server back-ups and storage. The description excludes the control objectives and related controls of the carved-out Subservice Organisation. Our examination did not extend to controls of the carved-out Subservice Organisation.

Section 1 of this report indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Service Organisation’s controls are suitably designed and operating effectively, along with related controls at the Service Organisation. We have not evaluated the suitability of the design of such complementary user entity controls.

While the controls and related control objectives may be informed by the Service Organisation’s need to satisfy legal or regulatory requirements, our scope of work and our conclusions do not constitute assurance over compliance with those laws and regulations.

Our independence and quality control

In carrying out our work, we complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics. We also apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Service Organisation’s responsibilities

The Service Organisation is responsible for: preparing the description in section 4 and the accompanying management statement set out in section 2, including the completeness, accuracy and method of presentation of the description and the management statement; providing the Ecometrica Sustainability Platform covered by the description; specifying the criteria and stating them in the description; identifying the risks that threaten the achievement of the control objectives; and designing, implementing and effectively operating controls to achieve the stated control objectives.

The control objectives stated in the description in section 4 are those specified by the Service Organisation. Management remains solely responsible for determining the suitability of the control objectives to address the needs of intended users.

Service auditor’s responsibilities

Our responsibility is to express an opinion the suitability of the design of the controls to achieve the control objectives stated in the control framework based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board. Those standards and guidance require that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls were suitably designed to achieve the related control objectives stated in the description. An assurance engagement to report on the suitability of design of controls at a service organisation involves:

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- performing procedures to obtain evidence about the suitability of the design of controls to achieve the related control objectives stated in the control framework based on the criteria in the management statement in section 2;
- assessing the risks that the controls were not suitably designed to achieve the related control objectives stated in the control framework; and
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the Service Organisation in its management statement in section 4.

We did not perform any procedures regarding the operating effectiveness of controls, and therefore no opinion is expressed thereon.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

The Service Organisation's description is prepared to meet the common needs of a broad range of customers and their auditors and may not, therefore, include every aspect of the Service Organisation's Ecometrica Sustainability Platform that each individual customer may consider important in its own particular environment. Also, because of their nature, controls at a service organisation may not prevent or detect and correct all errors or omissions in processing or reporting transactions. Our opinion is based on historical information and the projection to future periods of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design of the controls would be inappropriate.

Opinion

In our opinion, in all material respects, based on the criteria described in the Service Organisation's management statement in section 2, the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls operated effectively as at 28 February 2021 and the customers applied the complementary controls referred to in the scope paragraph of this assurance report.

Other information

The information included in section 1 is presented by the Service Organisation to provide additional information and is not part of the Service Organisation's description of controls that may be relevant to customers' internal control as it relates to an audit of financial statements. Such information has not been subjected to the procedures applied in the examination of the description of the Service Organisation, related to the Ecometrica Sustainability Platform, and accordingly, we express no opinion on it.

Intended users and purpose

This report is intended solely for the use of the Service Organisation and solely for the purpose of reporting on the controls of the Service Organisation, in accordance with the terms of our engagement letter dated 14 September 2021 (the "agreement").

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission. Subject to the terms of the agreement, we permit the disclosure of this report, in full only, including the description of tests of controls and results thereof by the Service Organisation at its discretion to customers using its Ecometrica Sustainability Platform and to the auditors of such customers, to enable customers and their auditors to verify that a service auditor's report has been commissioned by the Service Organisation and issued in connection with the controls of the Service Organisation, and without assuming or accepting any responsibility or liability to customers or their auditors on our part save where terms are expressly agreed in writing.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Service Organisation for our work, for this report or for the opinions we have formed.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
14-06-2022

Section 4: Management's Internal Control Objectives and the Description of Controls

1: Controls provide reasonable assurance that access to the Ecometrica Platform and its underlying data is restricted to the appropriate users.

Control Ref	Control Description
1.1	New users are authorised by the Chief Product Officer, Head of Product Development or North America CEO prior to being granted access to the Ecometrica Platform to ensure that only approved staff have access to the application.
1.2	Modification of users' access rights to the Ecometrica Platform application are authorised by the Chief Product Officer, Head of Product Development or North America CEO prior to being executed.
1.3	Access to the Ecometrica Platform is revoked for leavers by the IT team within 2 weeks of their notification of their departure.
1.4	All users (end users of the Ecometrica Platform, and privileged users of the underlying databases & operating systems) sign on through single sign on authentication. Passwords enforce the following parameters: <ul style="list-style-type: none"> • Password minimum length • Password complexity requirements
1.5	Privileged access to the underlying databases/operating systems is restricted to a small number of individuals. Access requests for database/operating system access are submitted and authorised by the Chief Product Officer or Head of Product Development prior to access being granted for new users.
1.6	Privileged access to the underlying databases/operating systems is revoked for leavers by the IT team within 2 weeks of their notification of their departure.

2: Controls provide reasonable assurance that the risk of data loss or corruption is minimized and issues or problems arising are dealt with through a remedial process.

Control Ref	Control Description
2.1	Automated back-ups of the Ecometrica Platform and its supporting databases are performed hourly. This back-up is stored off-site from Ecometrica's premises through a cloud computing provider.
2.2	All incidents are communicated, investigated, and if validated, are logged in the defect tracking system, and tracked until remediated. Steps in the process may differ depending on the severity and impact as well as the type/cause of the incident (i.e. security breach, technical failure, etc.). For the purposes of this control an incident is defined as an unexpected disruption of service or services, an identified breach in security, or the loss or theft of data.
2.3	Where requested by customers, Ecometrica obtains the latest Sub Service Organisation's SOC II report via a secure portal login and provides this to the customer.

3: Controls provide reasonable assurance that changes and/or implementations to the Ecometrica Platform are executed appropriately.

Control Ref	Control Description
3.1	System and User Acceptance Testing takes place prior to changes being promoted to the live environment.
3.2	Version control software is used to track all changes made to the live environment.
3.3	All upgraded versions of the Ecometrica Platform are authorised by either the Chief Product Officer, Chief Operating Officer or Development Manager prior to implementation into the live environment.

4: Controls provide reasonable assurance that all base factors used in the compilation of reports issued using the Ecometrica Platform are accurate, and updated in a timely manner.

Control Ref	Control Description
4.1	Sustainability analyst are made aware of possible factor updates by a notification in the database maintenance spreadsheet. Notifications are triggered based upon previous factor publication dates as published by the institute responsible for the base factor. After receiving a notification, the sustainability analyst will inspect the institution(s) that provide(s) the base factor(s) for any updates and, if updates are available, will update the base factor within 60 days of becoming aware of an updated factor.
4.2	Base factors not derived from an external source, but calculated by Ecometrica internally, are subject to review and approval by another member of the sustainability analyst team prior to their implementation into the live environment.
4.3	Base factors uploaded directly to the database (bulk uploads) are subject to review and approval by another member of the sustainability analyst team prior to becoming live.
4.4	Base factors uploaded directly to the Ecometrica Platform are subject to review and approval by another member of the sustainability analyst team, which is enforced through an automated segregation of duties control embedded within the application that does not allow the creator of a base factor to approve it for uploading into the application database. <i>*Note: Bulk and Internal base factor changes do not follow the same SoD approval process, as they are reviewed at various stages prior to implementation into production.</i>

5: Controls provide reasonable assurance that the mathematical calculations undertaken by the Ecometrica Platform are accurate, complete and the emissions reported in each assessment can be traced back to input data and emission factor sources.

Control Ref	Control Description
5.1a	Input data selected for inclusion and disclosure in a client assessment are the subject of manual review and approval for reasonableness (internal QA process) by a sustainability analyst before the finalised assessment report is issued to the client. Where a sustainability analyst is unable to formulate an adequate judgement from the existing data, the sustainability analyst will request further feedback from the client before approving.
5.1b	When agreed in a client contract, semi-automated thresholds are defined in the system which only flag for manual review by a sustainability analyst where thresholds are breached. <i>*Auto-approval will automatically approve answers within each assessment where: There is less than a 10% variance in carbon emissions between the current and previous assessment, unless;</i> <i>1. an answer accounts for more than 30% of carbon emissions at a single site, or</i> <i>2. an answer accounts for more than 5% for the company as a whole.</i> These thresholds can be altered at the user's request to a sustainability analyst.
5.1c	When the client opts for Self-QA, the input data selected for inclusion and disclosure in a client assessment are the subject of manual review and approval for reasonableness (internal QA process) by the client and not Ecometrica.
5.2	Functionality to implement and deploy code changes to calculations is restricted to appropriate individuals through application access management controls.
5.3	All updates to the code which automates the calculations undertaken by the Ecometrica Platform are reviewed by either the Chief Product Officer, Chief Executive Officer North America, or Head of Product Development prior to implementation into the live environment.
5.4	Calculations carried out by the Ecometrica Platform are automated to prevent the risk of manipulation or human error in performing the calculations.
5.5	A comprehensive set of automated software tests are run to check and validate the application software code of mathematical calculations, and validate the expected outputs, prior to the deployment of any changes to the Ecometrica Platform.

5.6	Upon completion of the assessment, the Ecometrica Platform produces a report which contains the customer source data, base factors applied and source of these base factors for all emission calculations disclosed in the assessment.
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