

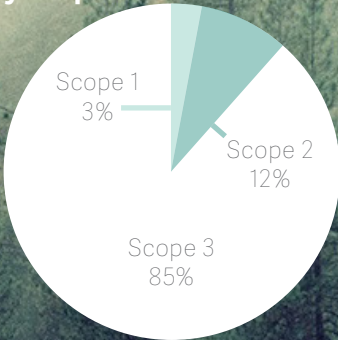
Carbon Footprint Report 2019

Hg recognises the impact climate change has on the environment and society. We are committed to measure and manage the carbon emissions associated with our business operations and appreciate that although a large part of our impact sits within our portfolio, we need to lead by example and face the challenges climate change presents and do our part.

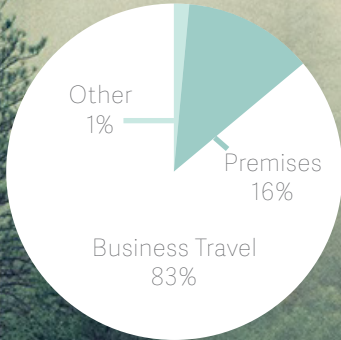
Hg’s Carbon Footprint

This report reflects Hg’s value chain¹ carbon footprint for the financial year 2018-19. Hg’s total carbon footprint for the year was 1,656 tCO₂e which equals 10.28 tCO₂e per employee². Carbon emissions from business travel (85%) including hotel stays, account for the majority of Hg’s carbon footprint, with most of that coming from air travel (79% of total emissions).

Carbon emissions by scope



Carbon emissions by source



Footprint	Scope 1	Scope 2	Scope 3	GHG emissions (tCO ₂ e)	Sub-total (tCO ₂ e)
Premises					
Mains gas	50.7	194.9		50.7	268.1
Electricity incl. losses			15.8	210.7	
Water & waste water			6.1	6.1	
Waste			0.7	0.7	
Business travel					
Air			1313.4	1313.4	1365.0
Rail			10.7	10.7	
Taxi			21.6	21.6	
Hotel			19.3	19.3	
Other					
Staff commuting			21.8	21.8	22.5
Outbound deliveries			0.7	0.7	
Total	50.7	194.9	1410.1		1655.7

1. Scope 1, 2 and 3 emissions calculated by an independent party in line with the GHG Protocol.
2. As of March 2019, Hg had 161 employees across three offices.



Offset and Reduction

Hg offsets all carbon emissions by supporting the Acre Amazonian Rainforest project, which prevents deforestation and promotes sustainable economic livelihoods in the Brazilian Amazon³.

With funds raised through carbon finance, the project is able to work with local communities to create models of economic development which avoid deforestation and protect the ecosystem. The project delivers four of the 17 Sustainable Development Goals; **No Poverty, Zero Hunger, Good Health and Well-Being, and Life on Land.**

Hg is a certified Carbon Neutral company, committing to zero emissions by offsetting our entire carbon footprint. We recognise that offsetting is one way to reduce our environmental impact. In addition, we are committed to understanding ways in which we can reduce our overall footprint and investigating options around procuring renewable energy.



Methodology

This report outlines Hg’s carbon footprint for the financial year 2018-19, which has been prepared by an external consultant, Natural Capital Partners, and includes our scope 1, 2 and 3 emissions: scope 1 accounts for the direct emissions from a company’s operations; scope 2, the indirect emissions from a company’s energy usage; and scope 3, any other indirect emission.

Hg’s carbon footprint was quantified by reviewing all Hg premises’ and employees’ activity data in line with the GHG Protocol standard and applying the most relevant emission factors sourced from DEFRA’s 2018 UK GHG Conversion Factors⁴ for Company Reporting. The emission sources included in Hg’s 2018-19 report are:

Premises:

Mains gas and electricity consumption, transmission and distribution losses, water consumption, wastewater leaving the premises for treatment, as well as waste.

Business Travel:

Air travel including short- and long-haul flights. Rail including domestic journeys and Eurostar. Other forms of travel include taxi, as well as hotel stays.

Other:

Staff commuting including by car, rail, underground and taxi, as well as courier deliveries.

The Issue

As long ago as 1994, the United Nations Framework Convention on Climate Change recognised that the climate system can be affected by GHG emissions and ozone depleting substances (ODS). The consumption of fossil fuels, other industrial activities and deforestation generate the majority of GHGs, such as carbon dioxide, nitrous oxide, methane, chlorofluorocarbons (CFC), hydrochlorofluorocarbons (HCFC) and hydrofluorocarbons (HFC). These gases are collectively known as “greenhouse” gases since they do not interact with short wave radiation from the sun; they instead

absorb the reflected long wave radiation from the earth’s surface and re-radiate this energy within the earth’s atmosphere as heat.

By measuring and offsetting our carbon footprint, Hg aims to do our part in tackling global climate change whilst supporting sustainable development in local communities. We strive to lead by example and are actively working with our portfolio companies to raise awareness on climate change risks, carbon emission and energy efficiency.

3. <https://www.naturalcapitalpartners.com/projects/project/acre-amazonian-rainforest-conservation>
4. <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018>