

YEAR IN REVIEW

THE SPIRIT OF SUSTAINABILITY

2022

A Letter From Our CEO

2022 marked many great steps for the future of Spirit. Having completed our fourth full year of our Sustainability Management System, I am excited about the opportunities that are available to a mature system in-flight. With several years of internal data tracking, analysis, reporting, and implementation, Spirit has been able to focus on making well-informed decisions on new frontiers while fine-tuning our previous great strides so that we can optimize our success.

2022 also marked our return to the office with a dedicated hybrid schedule with two days in office. A hybrid schedule provides social benefits to our team – organic learning, greater teaming, and a boost in morale – while also minimizing our environmental impact from commuting.

Employee well-being continues to be one of my highest priorities. Spirit diversified offerings of employee health benefits in 2022 by including additional plan options such as a Health Savings Account, increasing eligible reimbursement amounts for wellness, and regularly scheduling educational seminars that focus on physical, mental, and dietary wellness.

Sustainability seeks to honor both the present and the future, with long-term viability being a key objective. Spirit's corporate leadership remains committed to these ideals. Spirit continues to develop strong partnerships with many great organizations and companies. This report spotlights some of our new partners in 2022, such as Breckenridge Brewery, Chesapeake Energy, and Caerus Oil & Gas.

Looking ahead, Spirit will continue to identify and implement programs to fulfill the vision laid out in our initial Sustainability Management Plan. Our Sustainability Program is hitting its stride, and I am committed to ensuring that Spirit stays on course.

In 2022 Spirit remained a company of innovative, client-focused, problem-solvers. Our team has weathered the storm winds of the pandemic and maintained a culture where people are valued, science is respected, and we take our responsibility as stewards of the environment seriously. We have continued to make the biggest strides available to us in terms of overall impact, and will continue to do so moving forward.

Sincerely,



Sustainability in Action

Overview

In 2022, with a return to consistent in-office workdays, Spirit's sustainability metrics covered the entire calendar year for the first time since the Sustainability Management Plan (SMP) was established in 2020. With a new normal of two in-office workdays per week, Spirit is considering establishing 2022 as a new base-year for our Sustainability Management System's (SMS) emission comparison, to ensure there is no misrepresentation of the effects of the COVID-19 pandemic. In 2022, Spirit continued collecting activity data on office energy consumption, indoor air quality, and employee transportation which informed an updated approach to offsetting our business-related greenhouse gas (GHG) emissions for the third year in a row.

Commitment to Corporate Leadership

In 2022, Spirit has continued growing our sustainability consulting services across several industries, and with upcoming regulatory changes and continued stakeholder engagement on sustainability we expect demand to accelerate. While supporting our clients on their sustainability initiatives, we want to mirror that work with our commitment as an organization with a data-driven commitment to sustainability.

The Denver Spirit office has achieved the Colorado's Green Business Network's (CGBN) Silver level designation, the evolution of the former Colorado Environmental Leadership Program where Spirit had achieved Silver level certification the prior two years.

Tracking SMS Progress

After the COVID-19 pandemic in 2020 and 2021, Spirit operations established a new normal in 2022. Spirit offices in Denver, CO and Houston, TX adjusted to a new hybrid schedule which consisted of two in-office workdays per week. Additionally, the physical Spirit office location in Austin, TX was vacated in July 2022, and as of 2023 all Austin employees work from home five days per week.

With these drastic changes in office occupancy in comparison to five days in the office in 2019, Spirit will consider adjusting base-year GHG emissions for future reduction goals to compare to 2022 data.

Office Impacts

In February 2022, Spirit moved our Denver office location to a building envisioned as a [living lab](#) with a variety of sustainability certifications. In addition to a focus on water, waste, and energy efficiency, this green building also promotes alternative transportation with access to public transit, indoor bike parking, and showers to freshen up after a bicycle commute. We also vacated our Austin office in July of 2022, reducing the high per capita energy/emissions use and moving to a fully remote office.

Spirit's Values

1

Corporate Leadership

Responsible corporate governance is at the heart of our business model, including fair hiring and compensation to provide a safe and welcoming workplace, and a commitment to holistic sustainability.

2

Environmental Stewardship

As an environmental consulting company, Spirit considers environmental stewardship (also referred to as environmental sustainability) essential to our business model.

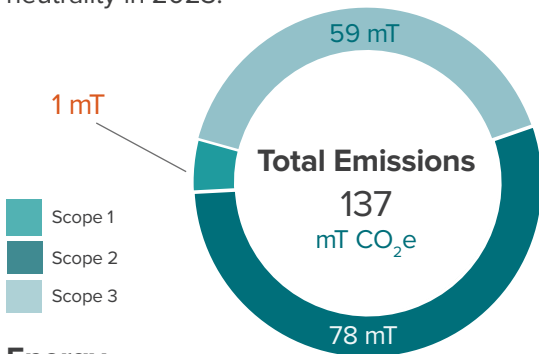
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Community Sustainability

Community sustainability recognizes that the way we interact on issues relating to the wider society are critical and necessary parts of living sustainable lifestyles.

Carbon

In 2022, Spirit offset all business-related GHG emissions as well as emissions related to employee commuting. Scope 1 and 3 emissions amounted to 60 metric tons of carbon dioxide equivalent (mT CO₂e), a 37% increase from 2021 but a 6% decrease from the 2019 baseline. To offset Scope 1 and selected Scope 3 emissions, Spirit supported innovative and impactful carbon credits, including biochar and refrigerant destruction. Additionally, Spirit chose to purchase Renewable Energy Certificates to offset our Scope 2 emissions, securing 100% renewable energy for all electricity usage in our Houston office as well as the portion of the year spent in our former Denver office (since the new building offsets all electricity) and the Austin office. Spirit remains dedicated to carbon neutrality in 2023.



Energy

Spirit was proud to see that total energy consumption increased less than 5% year-over-year despite returning to the office in February 2022. The previous two years experienced atypically low electricity usage due to work-from-home solutions in response to Covid-19. Spirit will continue to evaluate tactics to moderate energy consumption both in-office and for remote working team members.

Transportation

Although the return to the office occurred in early 2022, commuting emissions did not reach those of pre-pandemic levels. With a hybrid work structure, Spirit employees only commuted two days per week on average. Based on employee surveys, 2022 employee commuting was 17% of 2019 commuting emissions when employees were in the office full-time, indicating reductions beyond those associated with the hybrid work structure. Business travel also saw reductions, with 2022 emissions representing 47% of 2019 business travel-related emissions. Altogether, Spirit total transportation emissions were 27% of those in 2019.

Humidity (%)



Humidity data in Houston (top) and Denver (bottom) used for troubleshooting

Air

In 2022 we continued to utilize IAQ monitors, in both of our office locations. Both offices scored highly on an overall indoor air quality index considering factors such as temperature, humidity, CO₂, total volatile organic compounds (VOCs), PM_{2.5}, noise, and light. As the monitors were moved around to different locations, the monitors were able to identify issues around humidity as well as noticing several discrete events such as cleaning activities.

Community

Spirit continues to support internal Sustainability, Humanitarian, and Wellness initiatives by giving employees agency, budgets, and time to impact employee well being and local communities.

The following are a few highlights of initiatives from Spirit's Committees in 2022:

- The Denver Sustainability Committee deepened a volunteering partnership with a local organization who recovers quality, unused food from the food industry and delivers it to nonprofit partners which diverts it from the landfill.
- The Gulf Coast Region Humanitarian Committee donated 40 bags filled with feminine products to a local organization.
- The Gulf Coast Region Wellness and Sustainability Committees partnered for a gardening event where employees were incentivized to purchase gardening supplies and try out gardening in their own backyard.

Culture

In 2022 the Diversity and Inclusion Advisory Committee (DIAC) conducted their third annual Diversity and Inclusion Employee Survey to provide confidential feedback on the organizations overall culture. Results of the survey are reviewed and utilized in the formation of goals for the following year. Some of the major accomplishments of 2022 were:

- Develop a D&I strategic action plan.
- Further develop diversity recruitment strategy, inclusive of college and experienced hire outreach.
- Continue to identify & provide specific DEI related training in support of the overall company goals.

Client Profiles

01



Partner Feature / Breckenridge Brewery

Breckenridge Brewery wanted to take a granular look at greenhouse gas information for their three Colorado facilities and develop a robust inventory. Spirit helped develop an inventory that enables various ways to look at and enter data, remains future flexible, and simplifies the data entry process for annual reporting. Using this inventory, Breckenridge Brewery will be able to better track the impacts of various reduction efforts including some of their carbon capture and ongoing efficiency efforts.

Partner Feature / Chesapeake Energy

Chesapeake Energy utilized Spirit to ensure that their GHG calculations were independently assured and that potential process changes were clearly identified in the spirit of continuous improvement. Spirit was able to assure the 2021 data in 2022 across their broad operational footprint with relative ease due to an impressive data management system, robust controls, and a strong working knowledge of the systems and calculations being assured.

02



03



Partner Feature / Caerus Oil and Gas

In 2022, Caerus Oil and Gas took the proactive step of hiring Spirit to provide third-party assurance of their GHG data. This enabled Caerus to validate their calculations, identify potential improvements, and generally prepare to mitigate the risks associated with GHG reporting and management.

