

YEAR IN REVIEW

THE SPIRIT OF SUSTAINABILITY

2023

A Letter from Leadership

Brad Herrin - CEO

Our business model relies in large part on supporting traditional energy clients and their ability to utilize natural resources effectively. Spirit has evolved alongside these industries in helping to place environmental, social, and governance leadership more central in how to operate. Our clients are trying to use the cleanest molecules, adhere to strict regulatory limits to protect the environment, and demonstrate value to investors who recognize the long-term goal of operating as beneficially as possible while bringing products to market that people demand.

We too have striven to demonstrate leadership, showcasing our successes while analyzing our areas of impact to focus on what's significant. We remain committed to improvement, open to skepticism, and willing to engage in meaningful discourse whenever the opportunity presents. As we move into a new era of partnership with Montrose Environmental none of that will change, as both companies' values and goals are aligned.



Conor Merrigan - Senior Principal, Sustainability

When reflecting on the Spirit sustainability journey to date, I am struck by how we have swung above our weight for a small company. We have embraced carbon neutrality, offset commuting emissions, started to quantify remote-working emissions, and continued to positively influence the communities in which we work. Our business model revolves largely around billable time, but we have found the time to walk the talk we share with our clients and make room for a sustainability management system to grow. Our impacts are much less than our typical clients, but we are taking responsibility nevertheless and continue to create an environment that is welcoming, focused on continual improvement, and where innovation is encouraged.

2023 didn't include any tectonic shifts for Spirit, but did include new ways of engaging as the world continues to change. We have borne witness to the changing landscape of corporate responsibility, a methane fee and adjoining regulations, the SEC taking on climate risk, and Europe tightening carbon taxes. While we continue to use our own environmental footprint as a proving ground, we are helping deliver ambitiously practical solutions for our clients to lead the way in tackling difficult sustainability challenges.



Sincerely,

Brad & Conor

Handwritten signatures of Brad Herrin and Conor Merrigan in black ink.

Sustainability in Action

The 2023 Spirit sustainability story, progress and associated metrics continued to evolve based on our corporate [Sustainability Management Plan \(SMP\)](#). Spirit maintained its hybrid work schedule of two in-office workdays per week, and carbon progress is compared to both 2022 as well as 2019 to ensure there is no misrepresentation of the effects of the COVID-19 pandemic.

In 2023, Spirit continued to collect activity data on office energy consumption and employee transportation in line with our updated approach to offsetting our business-related greenhouse gas (GHG) emissions for the fifth year in a row. Additionally, Spirit began piloting a home energy tracker program meant to monitor the energy use for work-related electronics (e.g., a laptop, monitor, or external devices) to understand at-home emissions for offsets in the future.

“Sustainability is about creating systems that balance the needs of the present without compromising the ability of future generations to meet their needs too. Over my time at Spirit, I’ve come to realize it’s not just about environmental impact — it’s about weaving sustainability into everything we do as a society, from shaping policies to innovative design. Most of all, it requires sincere buy-in for the necessary processes and partnerships to take place that ultimately ensure that our systems are sustained.”

- Bekah Bailey, Associate Project Manager

Commitment to Corporate Leadership

In 2023, Spirit continued growing our sustainability consulting services across industries while growing our internal best practices. The Denver Spirit office submitted an annual report to the [Colorado Green Business Network \(CGBN\)](#), and maintained its silver level.

Spirit leadership transitioned the strong relationship with Denver non-profit [We Don’t Waste](#), originally initiated by the sustainability committee, into a corporate level one. This freed up committee resources to have more impact through other channels while also committing to continue an amazing partnership with a great organization.



Denver staff volunteering at We Don't Waste event

Looking to the Future

Spirit Environmental was officially acquired by Montrose Environmental Group in July 2024. Montrose combines deep local knowledge with an integrated approach to design, engineering, and operations. While Spirit service lines will continue to operate autonomously from within Montrose at first, we look forward to collaborating with Montrose’s sustainability and air quality teams, and driving innovation together in the ESG space. Interested parties can read Montrose’s 2023 sustainability report [here](#). We remain committed to ambitiously embracing collaboration, action, and accountability to deliver positive changes that meet the needs of the moment and the future.

Spirit's Values

1

Corporate Leadership

Responsible corporate governance is at the heart of our business model, including fair hiring and compensation, providing 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.

3

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.

A 5-Year Retrospective: Spirit's Carbon Journey



**2019/
2020**

In late 2020, Spirit's Sustainability Program was fully realized, and one foundational principle was ensuring that Spirit would embody the practical sustainability efforts we advise our clients on regarding carbon emissions reductions. As a result, Spirit decided to offset its Scope 1, 2, and limited Scope 3 emissions of 400 metric tons (mT CO₂e) with a bulk purchase of high-quality carbon offsets for a landfill gas capture project for 2019 and 2020. Spirit initiated a voluntary matching program for offsets purchased for commuting by employees.

2021

In 2021, Spirit refined our carbon program with two significant changes, influenced by the drive to align with best practices, a response to COVID-19, and continuous exploration of the carbon markets. First, the decision was made to include all employee commuting emissions by default, broadening our commitment and reacting to the paradigm shift of remote and then hybrid working. Second, Spirit moved to purchasing Renewable Energy Certificates (RECs) rather than carbon offsets for Scope 2 emissions in alignment with more standard industry practice. The RECs purchased were a blend of wind and solar generation.

For Scope 1 and 3 emissions, Spirit diversified its offset portfolio by purchasing biochar and carbon-injected concrete offsets in addition to the landfill gas capture offsets of the previous years. These longer-term and more removal-focused offsets were more expensive, but considered more valuable in both their carbon drawdown and additional sustainability attributes.

2022

Overall emissions increased by about 11% in 2022 with commuting emissions accounting for much of that increase with the return to office hybrid schedule despite closing the Austin location. Spirit once again diversified its carbon offsets by purchasing additional credits for refrigerant destruction. While these refrigerants have been banned in North America for some time, their effective replacement and destruction remains a significant international issue, in particular due to their high global warming potential (GWP).

Additionally, in Spring 2022, the Denver office relocated to the Alliance Center where all Scope 2 emissions are offset by the building owner.

2023



In 2023, Spirit's emissions were reduced across all scopes for a cumulative reduction of 19%. For the first time since we began tracking our emissions, Spirit's total Scope 1 emissions hit 0 mT of CO₂e as a result of both offices running completely on electricity rather than natural gas and having 0 fleet vehicles. The Scope 2 emissions represent only the Houston office per the Denver building offsetting emissions, and it's worth noting that the emissions in Houston decreased, especially from 2022 to 2023.

Over the past five years, Spirit's emissions have decreased by about 63% from our initial reporting year of 2019 to 2023, and the only Year on Year (YoY) increase was a result of coming back to work after COVID. The following shows how our emissions have changed over the last five years. As Spirit continues to grow and change over the coming years, we're excited about the challenge to continuously innovate and further reduce our emissions*.

*For a more in-depth look into Spirit's carbon journey through the years, you can find links to Part 1 (2019 – 2020), Part 2 (2021), Part 3 (2022), and Part 4 (2023) on our website under the ESG tab.

2019-2023 Carbon Mitigation

| | Scope 1 (mT CO ₂ e) | Scope 2 (mT CO ₂ e) | Scope 3 (mT CO ₂ e) | Total Emissions (mT CO ₂ e / Employee) | Electricity Use (MWh) | Carbon Credits Purchased (mT CO ₂ e) | RECs Purchased (MWh) |
|------|-----------------------------------|-----------------------------------|-----------------------------------|--|--------------------------|---|-------------------------|
| 2019 | 11 | 132 | 22 | 5.6 | 230 | - | - |
| 2020 | 6 | 116 | 74 | 2.8 | 194 | 400 | - |
| 2021 | 4 | 118 | 44 | 3.3 | 197 | 48 | 197 |
| 2022 | 1 | 78 | 59 | 3.1 | 173 | 60 | 173 |
| 2023 | 0 | 59 | 52 | 2.9 | 122 | 52 | 122 |

Carbon

The Denver office spent its first full calendar year at the all-electric, carbon-neutral Alliance Center in 2023. Without natural gas usage to account for and having sold the single fleet vehicle in 2022, Spirit had no scope 1 emissions in 2023. Scope 2 and Scope 3 emissions also fell in 2023, with Scope 2 emissions declining to their lowest points since Spirit began tracking our emissions in 2019, mainly due to the Denver office move but also from the Houston office management letting weekend temperatures float more.

In 2023, Spirit continued to purchase RECs and carbon credits to offset our emissions. Nearly 70% of our total carbon mitigation came from RECs, while the remaining 30% was from carbon credits. Specifically, the carbon credits went towards plugging orphaned wells, concrete mineralization, and carbon mineralization. Moving forward, Spirit remains committed to carbon neutrality in the years to come.

Energy

Scope 3 Category 7 of the GHG Protocol currently includes telework and remote working as part of an employee's commuting emissions. As such, Spirit implemented a new initiative in 2023, an opt-in program for employees to use a smart plug to track their energy use at home. Of those who opted in to the program, data came from individuals who primarily worked entirely remote, and a limited number who were on a hybrid 2-days in office schedule. Based on this data, we estimate that our energy consumption across the board is approximately 3.3 MWh per year.

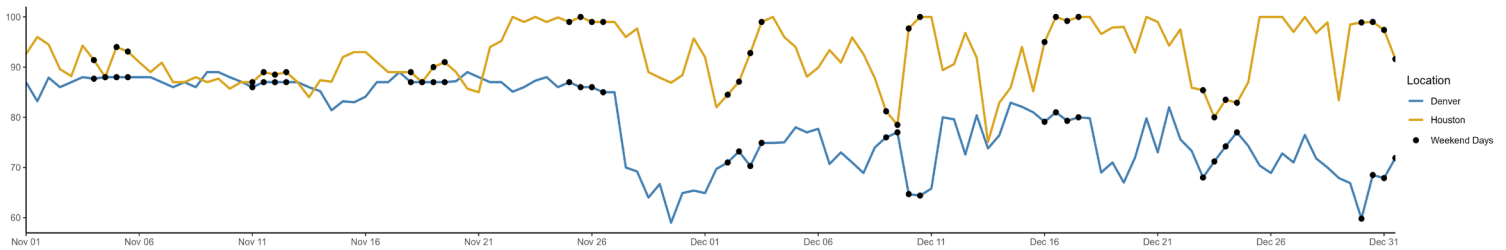
Spirit will continue to evaluate tactics to moderate energy consumption both in-office and for remote working team members.

“To me, sustainability means utilizing our resources in the most efficient and socially responsible manner. While identifying the best path forward can be challenging and overwhelming, my experience at Spirit has shown me that there are numerous opportunities to contribute to a sustainable future.”

- Courtney Edge, Senior Project Manager

Air

In 2023 we continued to use Indoor Air Quality (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. The monitors remained in the same locations throughout the year. Both offices experienced greater variability in IAQ during late November and December due to fluctuating temperatures and humidity. The Houston office experienced some fluctuations in air conditioning use, and while they initially appeared to be tied to ramping down use during weekends, some of the troughs also fell on workdays as indicated. We couldn't verify specific mechanical issues, but since the general trend still correlated broadly with off-peak use reductions, we assume there was some relation to weekend ramp downs. The story in Denver was more dramatic, with the low temperatures being a driver of the lower IAQ. This may have been due in part to the seasonal lag in a brick building warming up, but indicates some reduction in heating that was also at least loosely correlated with weekends.



*Overall IAQ ("Awair Score") across the Houston (gold) and Denver (blue) offices from November through December; note that data is reported in 12-hr intervals.

Transportation

Consistent with the findings in the 2022 Annual Report, neither business travel nor employee commuting reached pre-pandemic levels. Rather, emissions continued to fall compared to the previous year. Business travel related emissions were reduced by 24%, while employee commuting emissions fell by a little more than 4.5%. Altogether, travel emissions were down nearly 12% from 2022.

Community

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

We believe that it is important for companies to give back to the local community, and we are proud to offer various ways for our team members to participate in community outreach and improvement. In 2023, Spirit's committees across the Denver and Houston offices raised \$2,848 to donate to local charities! Spirit employees also lent their support to local food drives, created home gardens, and had a salsa competition using home-grown vegetables; employees also went on hikes and ski days together. Collectively, the committees across Spirit's offices spent 188 hours on various events throughout the year.



Denver staff touring the Boulder Recycling Center

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It's easy for a consulting company to lead clients, it's what we do every day. When you take a concept and start to implement it, practice it, improve it, and grow it, you lead by actions in addition to words; setting precedent, expectations and a higher standard. Spirit's Sustainability Program has been that. In the six (6) years I've been with Spirit, sustainability has gone from concept to everyday practice for clients and us. It's taken efforts beyond the office and impacted employees' personal lifestyles; it's developed innovative initiatives and reached industry beyond clients.”

- Jennifer Tullier, Senior Project Manager

Client Profiles

01



Partner Feature / Avantus

Avantus utilized Spirit to support their motivated effort in drafting an Environmental Social Governance (ESG) Inventory, data management system, and comprehensive ESG strategy. By working with Avantus personnel Spirit assisted with establishing processes to measure, assess, and improve ESG performance.

Partner Feature / Coterra

At Coterra, demonstrating core values such as transparency, technical excellence, rigorous analysis, and data-driven problem solving are paramount. Coterra engaged Spirit for third-party assurance on their 2022 GHG emissions data and did so again for their 2023 data. Spirit meticulously reviewed Coterra's advanced quantification strategies and data management systems, ensuring the integrity and consistency of methodologies and emissions measures. By providing third-party assurance, Spirit supported Coterra in upholding their high standards of operational excellence and data-driven strategies.

02



03



Partner Feature / Mesa County

In 2023, Mesa County published their "Mesa Together: Mesa County Master Plan" with the goal to bring the community together with a 10-year strategic vision focusing on economic development, land use, transportation, and recreation. Spirit supported the County and the prime contractor, Design Workshop, in helping to chart a practical approach to environmental issues from a land use perspective. In particular, Spirit was able to play a role in Areas of Constraint mapping and provided a thoughtful approach to energy diversification at the county scale. With extensive community input, the final Comprehensive plan found a balanced approach that will help guide development for the future.