

2022 PROJECT CANARY, PBC SUSTAINABILITY REPORT



PROJECT
CANARY

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Project Canary recognizes the importance of taking action to help mitigate the effects of climate change. We believe in the power of science, math, and transparency to monitor and report emissions data. Each of us has the power to make a difference in the natural world, and we strive to use our business to build a better future.

This is personal to me. As a native Coloradan and grandfather, I have an immense appreciation for the environment. That's why I'm passionate about the work Project Canary does. We are building a team to ensure that we can protect and preserve the natural beauty of Colorado and the rest of the world for future generations to enjoy.

We founded Project Canary in 2019 with a small team of individuals dedicated to fixing the “methane problem” by collecting more data. We only had one team member installing and calibrating our devices in the field and many of us working on a shared table at my home. Fast forward to today, and we have grown to over 140 employees across 6 offices and have deployed over 1,765 devices in 8 basins across the U.S., Canada, and the U.K. Our technology has made leaps and bounds in the monitoring of methane and visualization of leaks.

I'm constantly amazed by how much we have accomplished in just three short years, some of which include:

- Certification as a B-Corp
- Recognition from B Lab as “Best for the World in Workers and Governance”
- Launching of Project Canary Foundation to aid in the plugging and abandonment of orphaned wells which improves the health of local communities in the United States
- Adding [Aeris, a Project Canary Company](#) to our team (and during the last 12 months, the Aeris team has grown to ~30 as they work to develop an oil and gas sector-specific product)
- Innovating a new way to look at methane quantification, including dozens of patents, for our 50+ customers
- Creating the Canary SENSE Platform which reports real-time data every 60 seconds in a customizable dashboard.

We couldn't have achieved all of this without the dedication and commitment of our amazing team. Our continuous quest for innovation, paired with our drive and ambition, have been instrumental in helping us become the industry leaders we are today. We've come a long way since our humble beginnings of only four people in a small office and we are committed to greater sustainability, efficiency, and progress worldwide. We have much to build on. Some of our work on the horizon includes Carbon Capture and Sequestration data solutions to measure and verify safe, permanent carbon storage.

As we move forward, we will always focus on making sure that every step we take has a positive and lasting impact on the world around us. It has been an amazing journey filled with growth, learning, and adaptability, and I couldn't be prouder of the team that I have had the privilege to lead.

We are optimistic that our efforts will help create a better tomorrow and make a positive impact on the world. Together, we are making a difference.

Chris Romer
CEO & Co-Founder, Project Canary

FOUNDING STORY

We live in an era marked by the effects of climate change.

Companies, organizations, and individuals are grappling with the right approach to our changing environment. The latest report from the U.N.'s Intergovernmental Panel on Climate Change has clarified this problem for the world: human activity fundamentally impacts the climate, and methane (CH₄) emissions are of utmost concern.

We created Project Canary with the idea that accurate methane measurements can help reduce emissions. When you look at the numbers, human-made methane emissions could be reduced by as much as 45% within the decade, helping to limit the global temperature rise.

You might be wondering, who are we? Project Canary is an environmental data and software company. We measure, analyze, and visualize environmental risk assessments and emission profiles. We aim to help energy leaders improve their performance, manage risks, and reconcile emissions to deliver auditable decarbonization data.

We integrate multiple data sources (including third-party sensors) and environmental risk assessments to provide total emissions profiles for our customers and related stakeholders.

Making an impact on the methane levels in our atmosphere means measuring them. We care about data and technology and fundamentally about doing business correctly.

As the data-driven foundation of the energy marketplace, we believe in measuring for change.





WHO WE ARE

OUR VALUES



ENJOY THE RIDE

Find balance and celebrate the small stuff, at work and at home



CHALLENGE THE STATUS QUO

Strive forward to find a better way



KEEP IT REAL

Be authentic, honest, and humble



OWN IT TOGETHER

Be accountable collectively and individually



GROWTH FOR GOOD

Build a business that helps the planet, our community, and each other

Project Canary hired more than 100 people in 2022 to rapidly scale our technology and efforts in our fight against climate change. We developed our five values in collaboration with the newest and most tenured employees.



BY THE NUMBERS

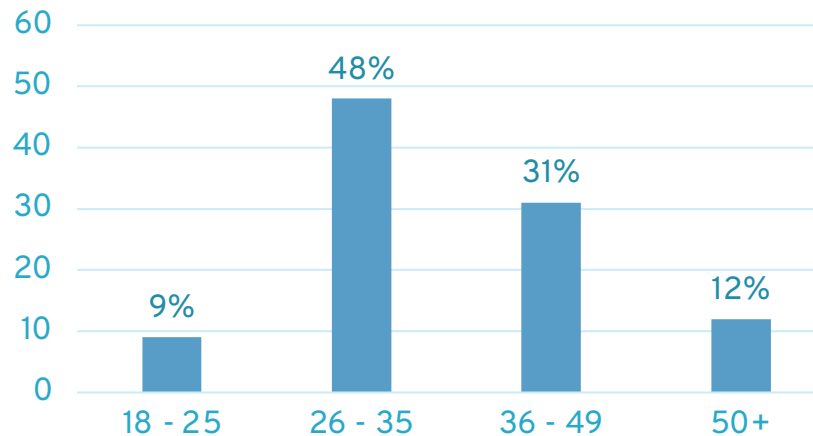
EMPLOYEES

We are 149 people strong, distributed across the United States, with headquarters in Denver, Colorado.

In 2022 we:

- Hired **122** employees
- Promoted **19** people
- Maintained **85.5%** retention rate (industry standard is 80%)

Age Range



	2021	2022
Women	27%	34%
POC	9%	30%

16.7%

Pay ratio between the highest and lowest-paid employee

53%

Management roles filled by women and underrepresented groups

7

Military Veterans

OUR BENEFITS & ACCOLADES

eNPS of 42

Average eNPS score for "New Tech" with 100 – 200 employees is 37.*

42 is average of all surveys throughout 2022.

- Full coverage of health, dental, and vision paid at 99% for employees and 50% for spouse
- 3% 401K company match beginning Day 1 of employment
- Stock options
- Student loan assistance up to \$5,250 per year.
- Unlimited PTO with the expectation of at least 3 weeks off per year
- Company-sponsored wellness days
- 12 weeks of fully paid parental leave

Outside

Honorable Mention in 2022 Best Places to Work



Honoree in Best Places to Work - Medium



ERGs & COMPANY GROUPS

In 2022, we launched two groups within the company led by and for the employees: a Women's ERG and a Diversity, Inclusion, and Belonging group (DIBs). The structure, programming, and goals of the programs are completely employee-driven, with the aim to provide support and create community for team members.



WOMEN OF
PROJECT CANARY

Supporting women and allies at
Project Canary



DIBS

A collective working on Diversity,
Inclusion, and Belonging

ACADEMIC RELATIONSHIPS

Project Canary proves its commitment to the local community and expanding knowledge through its partnerships with Academic Institutions and executive involvement within Academic institutions to inspire the next generation of energy leaders.



"Project Canary is not only focused on the business of energy, but also on the laws and policies that guide our energy future. We consistently work with next-gen energy leaders from academic institutions and industry experts throughout the nation to ensure access to affordable, abundant, and reliable energy that also supports climate objectives."



**COLORADO
WATER CENTER**
COLORADO STATE UNIVERSITY

**KBH ENERGY CENTER FOR
BUSINESS, LAW, AND POLICY**

The
Payne Institute
for Public Policy



PROJECT
CANARY

THE PROJECT CANARY FOUNDATION

The Project Canary Foundation was launched in 2022 as a non-profit organization dedicated to plugging abandoned oil and gas wells to make a measurable impact on the course of climate change.

There are over 2 million orphaned oil and gas wells currently in the U.S., according to estimates from the [U.S. Environmental Protection Agency](#). Orphaned wells are unplugged wells with unknown, unavailable, or insolvent legally responsible parties. They emit harmful pollutants, including methane, into the air and water.

Through partnerships and a team of industry experts, The Project Canary Foundation is committed to evaluate, seal, and confirm abandoned wells so they no longer emit greenhouse gasses.

These wells can leak harmful methane into the air, posing a threat to our land, water, communities, and climate:

- Emitting roughly 281 kilotons of methane each year.
- Spanning 28 states across the U.S.
- Impacting 9 million Americans living within a mile of a known orphaned well.

Project Canary is working with partners including Fellow Environmental Partners, Civitas resources and the Well Done Foundation through sensor donations and additional dedicated team members to continue advancing on P&A efforts.

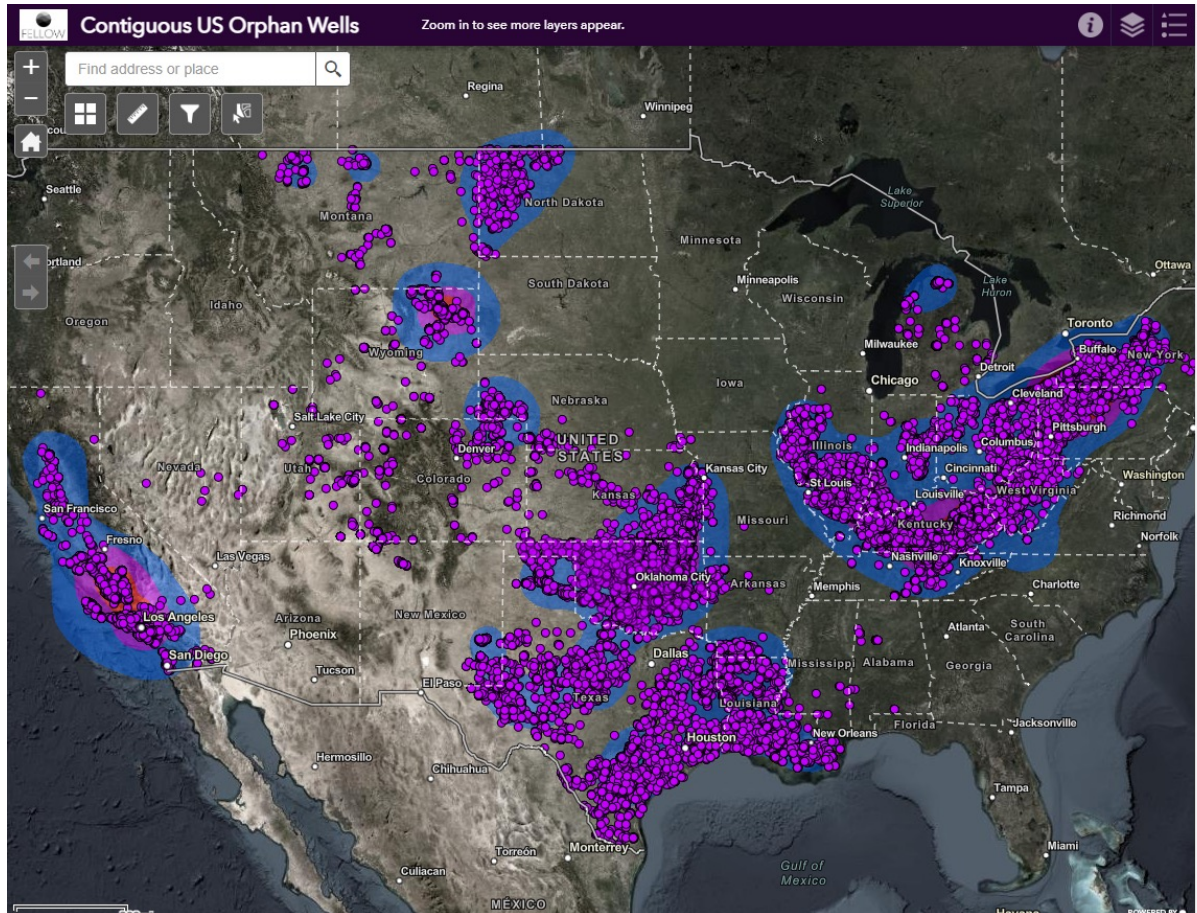
In 2020, the EPA's Inventory of U.S. Greenhouse Gas Emissions & Sinks report estimated at least 276 kt CH₄ emissions from abandoned oil and gas wells. That is the equivalent of 1,340,000 homes electricity use for one full year.

Theory of Change

1. Identify & Document orphaned wells
2. Prioritize wells affecting the most people and groundwater to be plugged first
3. Complete proper plugging
4. Deploy continuous monitoring to ensure no leaks



THE PROJECT CANARY FOUNDATION



This screenshot shows the abandoned wells registered on the Fellow Environmental Partners interactive map.

Each purple dot is clickable to display additional details including well locations, social vulnerability indexes, and proximity to schools and water.



THE ENVIRONMENT

OUR ROLE IN THE CHANGING CLIMATE

Our solutions provide industry-changing methods for detecting and quantifying real-time emissions data. We're proud to be the leader in creating an all-in-one platform for enhanced risk management, reporting, and decision-making.

We don't stop at our offerings. We know that to change the world, our practices must be cutting-edge. 2022 served as a baseline year – to determine the best way to gather and store data, analyze it, and be ready to report.

Carbon Accounting was the first step, and 2023 promises to bring a heightened focus on supply chain vetting, electronic recycling, and ongoing internal education.



2022 ENVIRONMENTAL MONITORING



527 customer sites were actively monitored



Performed 6,592 environmental risk assessments of customer wells and other Upstream and Midstream facilities – a median of 53 wells/customer



Monitored 6% of total US dry gas production

GREENHOUSE GAS INVENTORY

Emission Source	Scope	<u>Total CO2e Emissions</u> MT
Field Vehicles	1	398.47
On-Site Fuel Combustion	1	22.20
Purchased Electricity	2	71.91
Employee Commuting	3	61.46

Notes:

For Scope 3 emissions, only employee commuting is calculated. We are working on implementing data collection procedures to include employee business travel, product shipping, and product manufacturing emissions to include in the future.

To convert all GHGs to CO2e, AR6 GWPs were utilized.

For more information on the assumptions made in these calculations, please reach out to marketing@projectcanary.com.



GREENHOUSE GAS INVENTORY NARRATIVE

This inaugural carbon accounting report includes the total emissions for Scope 1, Scope 2, and a selection of Scope 3 sources. The report accounts for the following sources of emissions: Field Vehicles (Scope 1), on-site fuel combustion (Scope 1), purchased electricity (Scope 2), and employee commuting (Scope 3).

All Scope 1 emissions were accounted for in Project Canary's first emissions inventory. The mileage of field vehicles was monitored throughout 2022, and fuel usage was estimated based on the assumption that all field vehicles were light-duty trucks with a fuel economy of 17.5 miles per gallon. On-site fuel combustion emissions were calculated using the fuel usage recorded on Project Canary's utility bills for 2022. Emissions from on-site fuel combustion at server locations were provided directly by the server hosts (AWS and Microsoft).

Estimations were required for some of the Scope 2 emissions. Project Canary corporate headquarters were in a WeWork facility for the entirety of 2022. It was assumed that Project Canary accounted for roughly 75% of the electricity consumption on the 26th floor of the Tabor Center in Denver. The emission factors used for the calculation were obtained from EPA eGRID 2019 and were based on location grid region. Scope 2 emissions from off-site servers were provided by the server hosts (AWS and Microsoft). The power consumption of the Project Canary Warehouse was estimated using a flat rate utility fee of \$93 per month and an average utility rate of \$0.1105 per kWh in the state of Colorado for January 2023.

The only Scope 3 emissions presented in the report are those related to employee commuting. Project Canary conducted a company-wide commuter survey and estimated the emissions based on the mode of transportation used and the distance traveled per employee. The company intends to calculate the remaining Scope 3 emissions in the future by implementing data collection procedures to include emissions associated with employee business travel, product shipping, and product manufacturing.

In 2023, Project Canary headquarters are shifting to a privately leased space occupying a singular floor, Project Canary chose to stay in the Tabor Center when looking for more office space because the building is LEED-EB Gold Certified and a 2021 Energy Star Partner of the Year award winner. Having a singular floor and more control over the maintenance means we can make choices such as reusable drinkware, low-flow faucets, and electricity reduction.





GOVERNANCE & SASB

STRUCTURE & BOARD

Project Canary is registered as a Public Benefit Corporation in recognition of our values to create a positive impact on society, workers, community, and the environment.

Five people sit on the Board of Directors with expertise in corporations, politics, and energy investment. Board observers also lend their expertise to the team.

40% of Directors are Women

In addition to the experience of the Executive Team and Board of Directors, Project Canary has a growing Advisory Board of professionals in business, environmental engineering, petroleum engineering, politics, and energy transition.

GOOD GOVERNANCE

Project Canary believes that good governance is beneficial for all stakeholders. We continue to improve processes and systems to ensure we are composed of "good corporate citizens."

This includes:

- Confidentiality agreements signed by all staff and board members
- Conflict of interest agreements signed by all staff
- Zero breaches relating to bribery, corruption, money-laundering
- Zero data privacy or security breaches



INVESTMENTS

In 2022, we raised \$111 million in a Series B round. Venture capital and private equity firm Insight Partners was the lead investor in the funding, with participation from Brookfield Growth, Canada Pension Plan (CPP) Investment Board, and Carica Sustainable Investment, as well as previous investors Quantum Energy Partners, Energy Impact Partners, and Frontier Venture Capital

ESG REPORTING

Multiple Series B investors, including lead investor Insight Partners, require annual ESG reporting and have hired third party firms to provide recommendations for improvement, especially in early stages of growth.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

Three of the investors in the Series B are PRI Signatories that have publicly demonstrated their commitment to responsible investment. This helps create sustainable markets that contribute to a more prosperous world for all.

- Canada Pension Plan Investment Board
- Energy Impact Partners
- Quantum Energy Partners

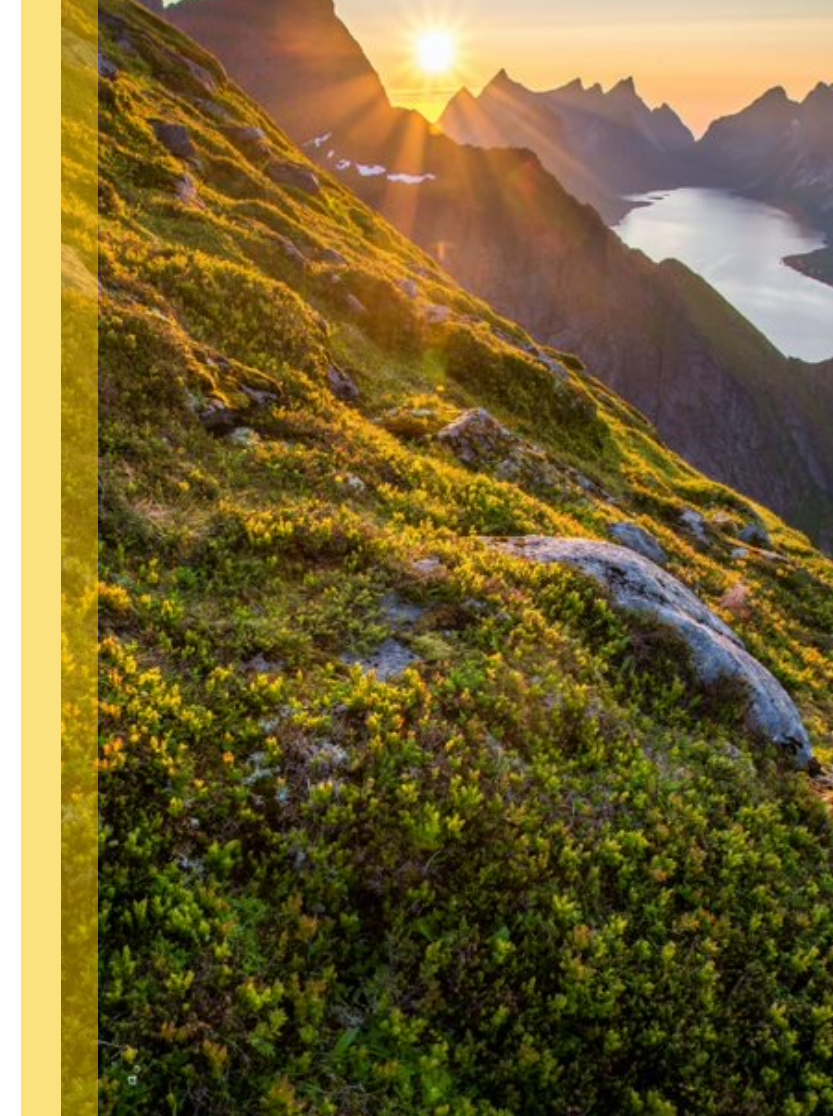
SUSTAINABILITY ACCOUNTING STANDARDS BOARD

Project Canary operates across three of the SASB industry-based standards:

- Hardware
- Professional Commercial Services
- Software IT Services.

We strive to be transparent in our reporting.

Within this inaugural report, we have included a complete and transparent overview of instrumental information and point out where we've omitted specific answers because they don't apply or because we are building out our processes.



SASB – HARDWARE

PRODUCT SECURITY

TC-HW-230a.1 – Description of approach to identifying and addressing data security risks in products

- We use LaceWork for scanning and identifying potential vulnerabilities
- For access to AWS, IAM policies are set up with the least privileged principle in mind:
 - 2-factor authentication for team members that need to access AWS infrastructure and a 90-day password and key rotation
 - Databases are only be accessible from within the VPN
- For applications and infrastructure owned by Project Canary:
 - Project Canary does not store any user-specific sensitive data such as social security numbers or credit card information. Methane emission data from devices at the customer site are in dashboards encrypted at rest.
 - The public facing web portal is protected by login credentials and is not available to the public.
- For 3rd Party SaaS
 - Solutions: Salesforce serves as CRM with its own security measures to ensure secure customer data.
 - NetSuites: NetSuites is used to manage finance and billing with its own security measures to ensure customer data.
- Integration enablement with 3rd party business partners:
 - API communications are via HTTPS
 - API communications use a claim-based security token generated using an x.509 certificate where the generating party holds the private key, and the receiving party has the public key to validate the incoming security token.
 - The certificate uses a RSA encryption algorithm with a 4096-bit private key
 - One of the claims in the security token is an API key that needs to be authorized ahead of time by Project Canary to allow the incoming request to be honored

SASB – HARDWARE

EMPLOYEE DIVERSITY & INCLUSION

TC-HW-330a.1 – Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

	White	POC	Men	Women
1 - Management	80%	20%	60%	40%
2 - Technical staff	57%	43%	82%	18%
3 - All other	79%	21%	53%	47%

PRODUCT LIFECYCLE MANAGEMENT

TC-HW-410a.1 – Percentage of products by revenue that contain IEC 62474 declarable substances.

Products sold contribute 0% of revenue.

TC-HW-410a.2 – Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent

While we don't sell any of our hardware, we will ensure our products meet the requirements for EPEAT registration.

TC-HW-410a.3 – Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria

This is not applicable. However, all of our hardware is powered by on-unit solar panels.

TC-HW-410a.4 – Weight of end-of-life products and e-waste recovered, percentage recycled

We do not currently have a major supply of end-of-life equipment. As equipment is returned to our warehouses post-lease they are either re-deployed or scrapped in-house to repair other machines. In 2022 we started the process of researching vendors for our electronic waste and will put into practice e-waste recycling in 2023.

SUPPLY CHAIN MANAGEMENT

TC-HW-430a.1 – Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities

We are not currently tracking our supplier facilities.

TC-HW-430a.2 – Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances

Not applicable.

MATERIALS SOURCING

TC-HW-440a.1 – Description of the management of risks associated with the use of critical materials

Not currently tracking.

TC-HW-000.A – Number of units produced by product category

Not currently tracking.

TC-HW-000.B – Area of manufacturing facilities

Not currently tracking.

C-HW-000.C – Percentage of production from owned facilities

Not currently tracking.

SASB – PROFESSIONAL & COMMERCIAL SERVICES

DATA SECURITY

SV-PS-230a.1 – Description of approach to identifying and addressing data security risks

Please see answer for TC-HW-230a.1.

SV-PS-230a.2 – Description of policies and practices relating to collection, usage, and retention of customer information

- Applications built and owned by Project Canary
 - We store the latitude and longitude of our customers' facilities in our database which is public data. This data is hosted in a database that is encrypted at rest and is on Amazon Web Services infrastructure.
 - This data is only used internally
 - The only PII type information that we collect is user full name and email address which is used to create a user login account to our publicly facing web portal. This data is in a database that is encrypted at rest and hosted and secured by Amazon Web Services infrastructure. The user accounts are kept for the duration that their employer is a customer of Project Canary or while they are an employee of a customer of Project Canary.
 - This data is only used internally
 - As far as CBI we collect the methane emissions data that comes from our Canary devices/sensors placed at the customer sites. This data is encrypted at rest and the database is hosted and secured by Amazon Web Services infrastructure. This data is kept in our data warehouse which is also hosted and secured by Amazon web Services infrastructure.
 - Information derived from the methane emission data is shared with 3rd party registry(s) that the customer has authorized in advance
- 3rd Party Vendor Solutions
 - We use Salesforce as our customer relationship management solution. This data is hosted and secured in the cloud by Salesforce. We store the following information about our customers:
 - Business contacts (such as name, email, phone number & address)
 - Inventory of which Project Canary devices are on which customer sites
 - The data in Salesforce is only used internally
 - We use NetSuite as our finance management solution. This data is hosted and secured in the cloud by NetSuite
 - We store customer billing information
 - The data from NetSuite is only used internally

DATA SECURITY

SV-PS-23Oa.3 – (1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected

Zero.

WORKFORCE DIVERSITY & ENGAGEMENT

SV-PS-33Oa.1 – Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees

	White	POC	Men	Women
1. Executive Management	100%	0%	75%	25%
2. All other employees	72%	28%	65%	35%

SV-PS-33Oa.2 - (1) Voluntary and (2) involuntary turnover rate for employees

- 1) 12%
- 2) 5%

SV-PS-33Oa.3 – Employee engagement as a percentage

NPS of 42.

PROFESSIONAL INTEGRITY

SV-PS-510a.1 – Description of approach to ensuring professional integrity

No formal approach. In progress for 2023.

SV-PS-510a.2 – Total amount of monetary losses as a result of legal proceedings associated with professional integrity

\$0

SV-PS-000.A – Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract

- 1) 149
- 2) 3
- 3) 10

SASB – SOFTWARE & IT SERVICES

ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE

TC-SI-130a.1 – (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable

Have not begun collecting this data.

TC-SI-130a.2 – (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

Have not begun collecting this data.

TC-SI-130a.3 – Discussion of the integration of environmental considerations into strategic planning for data center needs

Have not begun data center planning.

DATA PRIVACY & FREEDOM OF EXPRESSION

TC-SI-22Oa.1 – Description of policies and practices relating to behavioral advertising and user privacy

Does not apply.

TC-SI-22Oa.2 – Number of users whose information is used for secondary purposes

Project Canary's products and services are consumed by other businesses, and as such our target audience is businesses and not individual people. Having said that, Project Canary stores the names and email addresses of its customer's employees who require access to Project Canary's web portal. This data is only used for its primary purpose and is not used for any advertising, and it is also not shared with a third party.

TC-SI-22Oa.3 – Total amount of monetary losses as a result of legal proceedings associated with user privacy

None.

TC-SI-22Oa.4 – (1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure

- 1) None
- 2) N/A
- 3) N/A

TC-SI-22Oa.5 – List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring

Zero.

DATA SECURITY

TC-SI-230a.1 – (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected
Zero.

TC-SI-230a.2 – Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards

Our environment is almost exclusively cloud based and we plan to continue with that infrastructure. We've found that remaining in the cloud allows us to better manage centralized data and better manage end-user security

We currently use a variety of tools to detect and protect against cyber security attacks, data exfiltration, end user security, email security, etc. We are also working to align ourselves with the NIST Cybersecurity Framework. We are also planning on become SOC2 compliant soon.

We have migrated from Google Workspace to Microsoft 365 with E5 licenses. This allows us to manage data loss prevention and better endpoint security using tools such as Microsoft Purview and Defender for Endpoint and Cloud.

- We also use Ironscales and Proofpoint to protect against email threats and plan to perform attack simulations to find possible training opportunities.
- Our data is backed up daily using Dropsuite in addition to Microsoft's built-in solutions.
- We have not had any significant data or security breaches and our customer data has been handled safely.

We also use an ITSM system to coordinate our response if/when a security incident occurs. This includes tracking any related tickets and consolidating them under a main problem so we can not only track our response and coordinate with key stakeholders. This also gives us the opportunity to do a thorough post-mortem to find areas of improvement.

Software laceworks

RECRUITING & MANAGING A GLOBAL, DIVERSE, & SKILLED WORKFORCE

TC-SI-33Oa.1 – Percentage of employees that are (1) foreign nationals and (2) located offshore

1) 4%

2) 0%

TC-SI-33Oa.2 – Employee engagement as a percentage

NPS of 42.

TC-SI-33Oa.3 – Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees

	White	POC	Men	Women
Management	80%	20%	60%	40%
Technical Staff	57%	43%	82%	18%
All other employees	79%	21%	53%	47%

INTELLECTUAL PROPERTY PROTECTION & COMPETITIVE BEHAVIOR

TC-SI-52Oa.1 – Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations
None.

MANAGING SYSTEMIC RISKS FROM TECHNOLOGY DISRUPTIONS

TC-SI-55Oa.1 – Number of (1) performance issues and (2) service disruptions; (3) total customer downtime
We have not had any outage of internet facing dashboard and its backend web APIs and databases.

TC-SI-55Oa.2 – Description of business continuity risks related to disruptions of operations
We currently run our apps in three different availability zones within the AWS infrastructure, so our business continuity risk is limited to the scenario of an entire AWS region being unavailable.

TC-SI-000.A – (1) Number of licenses or subscriptions, (2) percentage cloud-based
Microsoft, Zoom, Salesforce, Laceworks, Miro, Asana, Atlassian (Jira, Confluence, Olson), Solidworks, Altium

TC-SI-000.B – (1) Data processing capacity, (2) percentage outsourced
100% in AWS.

TC-SI-000.C – (1) Amount of data storage, (2) percentage outsourced
100% in AWS.



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