PUBLIC DISCLOSURE STATEMENT

SHIFT FINANCIAL PTY LTD

ORGANISATION CERTIFICATION
FY2022–23

Australian Government

Climate Active
Public Disclosure Statement

An Australian Government Initiative

NAME OF CERTIFIED ENTITY	Shift Financial Pty Ltd
REPORTING PERIOD	1 July 2022 – 30 June 2023 Arrears report
DECLARATION	*To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.*
	Renata Cihelka Chief Commercial Officer 22 May 24

Australian Government
Department of Climate Change, Energy, the Environment and Water

Version August 2023.

1.CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	682.30 tCO_2-e
OFFSETS USED	7% ACCUs, 93% VCUs
RENEWABLE ELECTRICITY	18.8%
CARBON ACCOUNT	Prepared by: Our-Trace Pty Ltd
TECHNICAL ASSESSMENT	21 November 2023 Our Trace Pty Ltd Next technical assessment due: FY2025-26
THIRD PARTY VALIDATION	Type 1 1 December 2023 Augmented Audit Pty Ltd

Contents

2.CARBON NEUTRAL INFORMATION

Description of certification

This inventory has been prepared for the financial year from 1 July 2022 to 30 June 2023 and covers the operations of Shift Financial Pty Ltd, Shift (ABN 24 149 390 625) and related entities at the following locations:

- Level 21, 177 Pacific Hwy North Sydney, NSW, 2060
- 678 Victoria Street, Richmond Victoria 3121

Shift's greenhouse gas (GHG) emission inventory has been prepared in accordance with the Climate Active Carbon Neutral Standard for Organisations ('Organisations Standard').

Shift provides financial services to thousands of small and medium businesses in Australia. The financed emissions, meaning those emissions of our clients, are excluded from this certification. This is noted on page 6.

Shift is committed to carbon neutrality and we are proud to be certified with Climate Active. Our Climate Active certification demonstrates our commitment to understanding and addressing our impact on the environment. We see it as a meaningful step in our sustainability journey.

Organisation description

Shift provides credit and payment products that help businesses trade, pay and access funds. Since its founding in 2014, Shift has provided more than AUD2.5 billion in funding to support the growth aspirations of established Australian businesses.

Shift delivers its credit products and services online, supported by our account managers and technology platforms and distributed through a network of approved or accredited Australian, aggregator networks, merchant referrers and comparison websites.

Shift's ultimate holding company is ACS Australia Holdings Limited, an Australian-domiciled company with the Australian Business Number (ABN 39 655 692 176). As the key operating entity within the Group, Shift Financial Pty Limited ("Shift") holds the Australian Financial Services Licence, employs the majority of the staff, bears the majority of the operating costs for the Group, and serves as a credit provider.

As at 30 June 2023, Shift had more than 220 employees across Australia as well as a team in Bangalore, India.

3.EMISSIONS BOUNDARY

Inside the emissions boundary

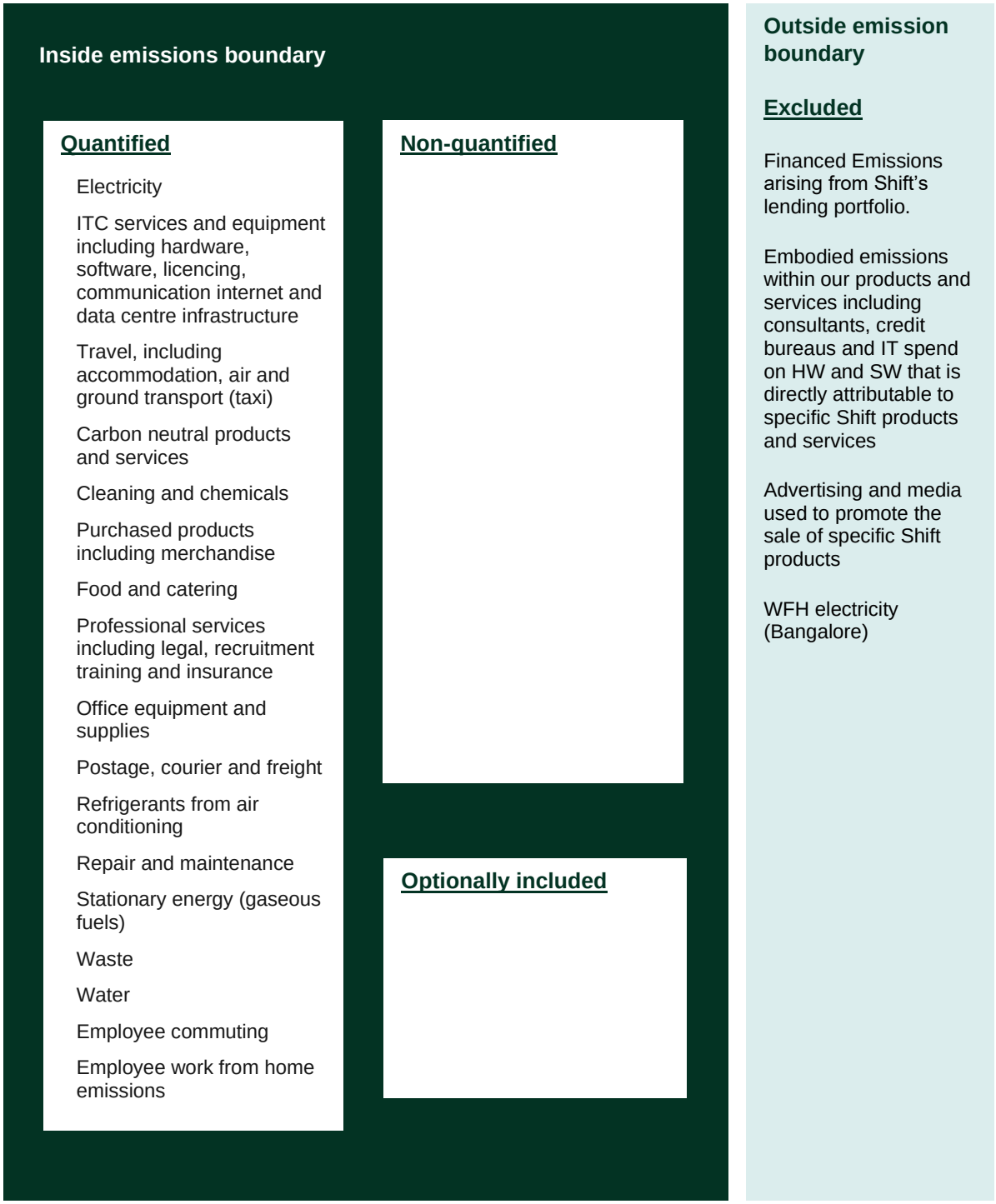
All emission sources listed in the emissions boundary are part of the carbon neutral claim.

Quantified emissions have been assessed as relevant and are quantified in the carbon inventory. This may include emissions that are not identified as arising due to the operations of the certified entity, however are **optionally included**.

Non-quantified emissions have been assessed as relevant and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

Outside the emissions boundary

Excluded emissions are those that have been assessed as not relevant to an organisation's operations and are outside of its emissions boundary or are outside of the scope of the certification. These emissions are not part of the carbon neutral claim. Further detail is available at Appendix D.


Inside emissions boundary
Quantified
Electricity
ITC services and equipment including hardware, software, licencing, communication internet and data centre infrastructure
Travel, including accommodation, air and ground transport (taxi)
Carbon neutral products and services
Cleaning and chemicals
Purchased products including merchandise
Food and catering
Professional services including legal, recruitment training and insurance
Office equipment and supplies
Postage, courier and freight
Refrigerants from air conditioning
Repair and maintenance
Stationary energy (gaseous fuels)
Waste
Water
Employee commuting
Employee work from home emissions
Non-quantified
Optionally included
Outside emission boundary
Excluded
Financed Emissions arising from Shift's lending portfolio.
Embodied emissions within our products and services including consultants, credit bureaus and IT spend on HW and SW that is directly attributable to specific Shift products and services
Advertising and media used to promote the sale of specific Shift products
WFH electricity (Bangalore)

4.EMISSIONS REDUCTIONS

Emissions reduction strategy

Shift is dedicated to proactively mitigating its carbon footprint by taking decisive actions to reduce emissions across all available contributing categories. Our business model boasts a notably modest physical footprint demonstrated by negligible Scope 1 emissions. Shift doesn't own company vehicles, or have physical branches nor does it create physical products. Instead, we operate predominantly in the digital realm, leveraging cloud-based tools and software.

Our current reduction targets/ambitions include:

- Acquire 100% of our electricity needs through renewable sources by 2030 (scope 2)
- Pending further planning and investigation, we also have an ambition to reduce our scope 3 emissions intensity (on a per FTE basis) by 20% by 2030, compared to our FY23 baseline

.

To minimize our Scope 3 emissions, we are implementing various supplier focused activities in FY24. Our aim is to identify opportunities for emission reduction by incorporating sustainability criteria into both the vendor selection and onboarding processes. This strategic approach ensures a heightened emphasis on sustainability throughout our supplier relationships by considering carbon emissions/sustainability in procurement decisions.

Our strategic principles include:

- Ensuring where possible that our workforce operates from energy efficient buildings and looking for high Green Star and NABERS' ratings when considering any changes in location. Shift Headquarters Sydney is now in a building that has achieved a 6 Star NABERS Energy Rating and 5 Star NABERS Water Rating
- Considering energy ratings when purchasing or leasing appliances
- Encouraging staff and partners to use online communications and reporting systems, thereby reducing paper usage
- Promoting excellent end of trip facilities such as showers, lockers, and bike storage to encourage cycle or run to work, etc.
- Continued promotion of flexible working arrangements to support our people to work from home, reducing employee travel;
- Continued provision of virtual conferencing to avoid business travel emissions
- Introduce E-waste recycling a minimum of once annually (including computer hardware and batteries)

Actions taken to date include:

- As a lead up to our carbon baseline activity we mapped our supply chain to identify the carbon neutrality status of our Top 100 suppliers. As at Jun 2023, 14 of our key suppliers are carbon neutral. That is a slight increase from 2022. We will measure our supply chain going forward.
- Our flexible work program available to all staff has dramatically reduced staff commuting. Over the course of the year, approximately 80% of work time is spent working from home.
- Reduced printing with follow-me printing implemented at HQ. This measure has drastically reduced the amount of printing.

- Purchase of Recycled or Climate Active carbon neutral certified paper. Approximately 90% of our paper purchased at HQ is carbon neutral.

- All loan contracts are now signed electronically, avoiding the need to print and scan documents. Our calculations show that electronic signing of loan contracts prevented an estimated 177,000 pages of paper from being printed in FY23.

- Office recycling system, with staff sorting rubbish into multiple categories including paper, organics, soft plastics and mixed

- Use of video conferencing facilities where appropriate and possible to avoid unnecessary travel

5.EMISSIONS SUMMARY

Emissions over time

		Emissions since base year	
		Total tCO_2-e (without uplift)	Total tCO_2-e (with uplift)
Base year:	FY2022-23	682.30	682.30

Use of Climate Active carbon neutral products, services, buildings or precincts

Certified brand name	Product/Service/Building/Precinct used
Opal Australian Paper	Reflex Carbon Neutral Paper
Australia Post	Australia Post Carbon Neutral Service

Emissions summary

The electricity summary is available in the Appendix B. Electricity emissions were calculated using a market-based approach.

Emission category	Sum of scope 1 (tCO_2-e)	Sum of scope 2 (tCO_2-e)	Sum of scope 3 (tCO_2-e)	Sum of total emissions (t CO_2-e)
Accommodation and facilities	0.00	0.00	14.93	14.93
Bespoke (paper)	0.00	0.00	0.25	0.25
Cleaning and chemicals	0.00	0.00	2.88	2.88
Climate Active carbon neutral products and services	0.00	0.00	0.00	0.00
Construction materials and services	0.00	0.00	0.63	0.63
Electricity	0.00	82.30	10.89	93.19
Food	0.00	0.00	54.77	54.77
ICT services and equipment	0.00	0.00	121.54	121.54
Office equipment and supplies	0.00	0.00	3.99	3.99
Products	0.00	0.00	7.97	7.97
Postage, courier and freight	0.00	0.00	0.72	0.72
Professional services	0.00	0.00	183.68	183.68
Refrigerants	1.73	0.00	0.00	1.73
Stationary energy (gaseous fuels)	1.23	0.00	0.29	1.53
Transport (air)	0.00	0.00	89.79	89.79
Transport (land and sea)	0.00	0.00	35.84	35.84
Waste	0.00	0.00	29.11	29.11
Water	0.00	0.00	1.32	1.32
Working from home	0.00	0.00	38.45	38.45
Total emissions	**2.97**	**82.30**	**597.04**	**682.30**

Uplift factors

N/A.

6.CARBON OFFSETS

Offsets retirement approach

This certification has taken an in-arrears offsetting approach. The total emission to offset is 682.30 t CO2-e. The total number of eligible offsets used in this report is 683. Of the total eligible offsets used, none were previously banked and 683 were newly purchased and retired. None are remaining and have been banked for future use.

Co-benefits

Paroo River Native Forest Regeneration

- To promote inclusive and sustainable economic growth, employment and decent work for all, HIR projects potentially increase the productivity of land through regenerative farming. Additionally, landholders are given the opportunity to diversify revenue streams to include environmentally responsible sources of income (CMI,2021). These factors contribute more broadly to the resilience of farmers to the economic challenges faced by these communities including fluctuating cost of inputs, biosecurity risks and interest rate pressure (DAFF, 2022).

- To take urgent action to tackle climate change and its impacts, HIR projects implement land management changes to establish permanent native forests through assisted regeneration on properties that have been historically cleared of vegetation or have had regrowth consistently suppressed. As vegetative cover is rehabilitated, carbon dioxide is removed from the atmosphere, resulting in mitigation against climate change and its impacts.

- To sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss implementation of the HIR project activities may:
    - Restore essential habitat for native species resulting in positive biodiversity outcomes
    - Improve soil quality through regenerative land practices, creating downstream improvements in water quality
    - Involve sustainable pest and weed management practices (CMI, 2021)

Wind Power Project at Anthiyur, Tamil Nadu

- To ensure access to affordable, reliable, sustainable and modern energy for all renewable energy projects disrupt the expansion of conventional energy sources reliant on fossil fuel extraction and consumption. Renewable energy projects act to divert supply toward clean, efficient and renewable sources including wind and solar. Projects located in developing contexts feed into the local power grid, improving the accessibility of electricity where it is needed most.
- To promote inclusive and sustainable economic growth, employment and decent work for all renewable energy projects may employ local people in the operation and maintenance of the plant, resulting in skill improvement. More broadly, by contributing to the local energy grid, these projects help to catalyze new opportunities for industry and economic growth in developing contexts.
- To take urgent action to tackle climate change and its impacts renewable energy projects provide

power supply solutions that do not emit GHGs. By displacing the use of fossil fuel in energy production, the volume of carbon dioxide entering the atmosphere is significantly decreased, mitigating climate change and its impacts.

- To sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss, renewable energy infrastructure generates electricity via processes that place natural systems under significantly less pressure than fossil fuel generation sources expected to occur in the baseline scenario. As the renewable energy project displaces electricity from fossil fuel sources due to activity shifting, the degradative impacts on land-based systems are also displaced. This is demonstrated by:
    - Avoidance of harmful waste bi-products in energy generation that is typically associated with coal-fired power plants and small-scale diesel generators. The inability to properly manage the bi-product of coal (coal-ash, fly-ash etc.) has historically had devastating environmental outcomes including the accumulation of harmful contaminants such as heavy metals, with potential cascading effects through natural systems.
    - Avoidance of land degradation and contamination that may be caused at the point of fossil fuel extraction.

Eligible offsets retirement summary

Offsets retired for Climate Active carbon neutral certification											
Project description	**Type of offset units**	**Registry**	**Date retired**	**Serial number (and hyperlink to registry transaction record)**	**Vintage**	**Stapled quantity**	**Eligible quantity retired (tCO_2-e)**	**Eligible quantity used for previous reporting periods**	**Eligible quantity banked for future reporting periods**	**Eligible quantity used for this reporting period**	**Percentage of total (%)**
Wind Power Project at Anthiyur, Tamil Nadu	VCU	Verra	19 December 2023	6875-353381078-353381710-VCU-050-APX-IN-1-682-01012018-31082018-0	2018		633	0	0	633	93%
Paroo River South Environmental Project	ACCU	ANREU	19 December 2023	3,779,597,603 – 3,779,597,652	2018-19		50	0	0	50	7%
									Total eligible offsets retired and used for this report	683	
									Total eligible offsets retired this report and banked for use in future reports	0	

Type of offset units	Eligible quantity (used for this reporting period)	Percentage of total
Australian Carbon Credit Units (ACCUs)	50	7%
Verified Carbon Units (VCUs)	633	93%

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A.

APPENDIX A: ADDITIONAL INFORMATION

N/A.

APPENDIX B: ELECTRICITY SUMMARY

There are two international best-practice methods for calculating electricity emissions – the location-based method and the market-based method. Reporting electricity emissions under both methods is called dual reporting.

Dual reporting of electricity emissions is useful, as it provides different perspectives of the emissions associated with a business's electricity usage.

Location-based method:

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

Market-based method:

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

For this certification, electricity emissions have been set by using the market-based approach.

Market-based approach summary

Market-based approach	Activity Data (kWh)	Emissions (kg CO_2-e)	Renewable percentage of total
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	**0**	**0**	**0%**
LGC Purchased and retired (kWh) (including PPAs)	0	0	0%
GreenPower	0	0	0%
Climate Active precinct/building (voluntary renewables)	0	0	0%
Precinct/Building (LRET)	0	0	0%
Precinct/Building jurisdictional renewables (LGCS surrendered)	0	0	0%
Electricity products (voluntary renewables)	0	0	0%
Electricity products (LRET)	0	0	0%
Electricity products jurisdictional renewables (LGCs surrendered)	0	0	0%
Jurisdictional renewables (LGCs surrendered)	0	0	0%
Jurisdictional renewables (LRET) (applied to ACT grid electricity)	0	0	0%
Large Scale Renewable Energy Target (applied to grid electricity only)	22,593	0	19%
Residual Electricity	97,580	93,189	0%
Total renewable electricity (grid + non grid)	**22,593**	**0**	**18.8%**
Total grid electricity	**120,173**	**93,189**	**19%**
Total electricity (grid + non grid)	**120,173**	**93,189**	**19%**
Percentage of residual electricity consumption under operational control	100%		
Residual electricity consumption under operational control	**97,580**	**93,189**	
Scope 2	86,175	82,297	
Scope 3 (includes T&D emissions from consumption under operational control)	11,406	10,892	
Residual electricity consumption not under operational control	**0**	**0**	
Scope 3	0	0	

Total renewables (grid and non-grid)	18.80%
Mandatory	18.80%
Voluntary	0.00%
Behind the meter	0.00%
Residual scope 2 emissions (t CO_2-e)	82.30
Residual scope 3 emissions (t CO_2-e)	10.89
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	82.30
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	10.89
Total emissions liability (t CO_2-e)	**93.19**

Figures may not sum due to rounding. Renewable percentage can be above 100%

Location-based approach summary

Location-based approach	Activity Data (kWh) total	Under operational control			Not under operational control	
Percentage of grid electricity consumption under operational control	**100%**	**(kWh)**	**Scope 2 Emissions ($kgCO_2$-e)**	**Scope 3 Emissions ($kgCO_2$-e)**	**(kWh)**	**Scope 3 Emissions ($kgCO_2$-e)**
NSW	114,989	114,989	83,942	6,899	0	0
VIC	5,184	5,184	4,407	363	0	0
Grid electricity (scope 2 and 3)	**120,173**	**120,173**	**88,348**	**7,262**	**0**	**0**
NSW	0	0	0	0		
VIC	0	0	0	0		
Non-grid electricity (behind the meter)	**0**	**0**	**0**	**0**		
Total electricity (grid + non grid)	**120,173**					

Residual scope 2 emissions (t CO_2-e)	**88.35**
Residual scope 3 emissions (t CO^2-e)	**7.26**
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**88.35**
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**7.26**
Total emissions liability	**95.61**

Operations in Climate Active buildings and precincts

Operations in Climate Active buildings and precincts	Electricity consumed in Climate Active certified building/precinct (kWh)	Emissions (kg CO_2-e)
N/A	**0**	**0**

Climate Active carbon neutral electricity is not renewable electricity. These electricity emissions have been offset by another Climate Active member through their building or precinct certification. This electricity consumption is also included in the market based and location based summary tables. Any electricity that has been sourced as renewable electricity by the building/precinct under the market based method is outlined as such in the market based summary table.

Climate Active carbon neutral electricity products

Climate Active carbon neutral product used	Electricity claimed from Climate Active electricity products (kWh)	Emissions (kg CO_2-e)
N/A	**0**	**0**

Climate Active carbon neutral electricity is not renewable electricity. These electricity emissions have been offset by another Climate Active member through their electricity product certification. This electricity consumption is also included in the market based and location-based summary tables. Any electricity that has been sourced as renewable electricity by the electricity product under the market-based method is outlined as such in the market based summary table.

APPENDIX C: INSIDE EMISSIONS BOUNDARY

Non-quantified emission sources

There are no non-quantified sources in the emission boundary.

Data management plan for non-quantified sources

There are no non-quantified sources in the emission boundary that require a data management plan.

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Excluded emission sources

The below emission sources have been assessed as not relevant to this organisation's operations and are outside of its emissions boundary. These emissions are not part of the carbon neutral claim. Emission sources considered for relevance must be included within the certification boundary if they meet two of the five relevance criteria. Those which only meet one condition of the relevance test can be excluded from the certification boundary.

Emissions tested for relevance are detailed below against each of the following criteria:

1. **Size** The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.

2. **Influence** The responsible entity has the potential to influence the reduction of emissions from a particular source.

3. **Risk** The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.

4. **Stakeholders** Key stakeholders deem the emissions from a particular source are relevant.

5. **Outsourcing** The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Excluded emissions sources summary

Emission sources tested for relevance	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
Embodied emissions associated with Shift's products and services including consultants, credit bureaus and IT spend on HW and SW that is directly attributable to specific Shift products and services	Y	N	N	N	N	The embodied emissions associated with Shift's products and services including consultants, credit bureaus and IT spend on HW and SW that is directly attributable to specific Shift products and services only meet the single inclusion criteria of size and they are therefore excluded for the following reasons:. **Influence:** We have no potential to influence the emissions from these sources and we are unable to transition to a different lower-emissions suppliers for these services. Our service providers operate in specialist niches where competitive options are limited. Additionally, carbon neutral providers of these services have not yet emerged in these sectors. Credit Bureaus and Lending Platform providers are a good example. **Risk**: There are no relevant laws or regulations directly targeting emissions from this source. Additionally, the source poses no supply chain risks and is unlikely to attract substantial public attention. **Stakeholders:** Shift's key stakeholders are unlikely to consider this a relevant source of emissions for our business. **Outsourcing:** These emissions are not from outsourced activities previously undertaken within the organisation's emissions boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations
Advertising and media used to promote the sale of specific Shift products	Y	N	N	N	N	The advertising related emissions do not meet the inclusion criteria. **Size:** The emissions source is likely to be within 18-20 tCO2-e, which is not large compared to our electricity, stationary and fuel emissions. **Influence**: We have no potential to influence the emissions from this source. We work with providers who dominate their segment (such as Google) and alternatives are not readily available. in marketing and media consumption we operate in specialist niches where competitive options are limited and additionally, carbon neutrality is non-existent at this point of time. **Risk:** There are no relevant laws or regulations directly targeting emissions from this source. Additionally, the source poses no supply chain risks and is unlikely to attract substantial public attention. **Stakeholders**: Shift's key stakeholders are unlikely to consider this a relevant source of emissions for our business.

						Outsourcing: These emissions are not from outsourced activities previously undertaken within the organisation's emissions boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations
Financed Emissions arising from Shift's lending portfolio	Y	N	N	N	N	Financed emissions refer to the greenhouse gas emissions associated with loans made to our customers who themselves are small and medium businesses in Australia. Financed emissions are generated indirectly through the funding of companies and their activities that produce greenhouse gases. Measurement of financed emissions is not well defined currently. Financed emissions are out of scope for the following reasons: **Influence:** We are unable to influence financed emissions in anyway given our size, scale and reach. As a business lender we do not have the authority to influence the behaviours and activities of our business clients. **Risk:** There are no relevant laws or regulations directly targeting emissions from this source. **Stakeholders**: Shift's key stakeholders are unlikely to consider this a relevant source of emissions for our business because it's highly indirect (not seen as directly attributable or consequential to our operations). **Outsourcing**: These emissions are not from outsourced activities previously undertaken within the organisation's emissions boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations
WFH electricity (Bangalore team)	N	N	N	N	N	Working from home electricity emissions for our fully remote Bangalore team have been excluded on the following basis: **Size**: The emissions source is likely to be less than 10-12 tCO2-e which is not large compared to our electricity, stationary and fuel emissions. **Influence**: We have minimal potential to influence the emissions from this source, given our workforce in Bangalore is fully remote and offshore. **Risk:** There are no relevant laws or regulations directly targeting emissions from this source. Additionally, the source poses no supply chain risks and isn't unlikely to attract substantial public attention. **Stakeholders**: Shift's key stakeholders are unlikely to consider this a relevant source of emissions for our business. **Outsourcing:** These emissions are not from outsourced activities previously undertaken within the our emissions boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

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