724 Solutions Inc

Climate Change Report - 2008

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724 Solutions Inc – Climate Change Report 2008

As part of our Corporate Responsibility reporting initiated in 2008, 724 has begun the measuring of our business' impact on the environment. The conduct of our business produces greenhouse gasses that accumulate in the atmosphere and have the effect of trapping infrared radiation in the atmosphere, causing the Earth's temperature to rise. The most significant greenhouse gas is Carbon Dioxide (CO_2), which makes up over 80% of the greenhouse gas emissions in the United States.

724 is an office-based organization and so our effect on the environment tends to mostly be from indirect sources, i.e. the electricity we consume, the airlines we fly on, the rental cars we use and the various modes of transportation used by our employees in their commute to work. In 2008, we have decided as a company to begin measuring these effects and to establish goals to improve our business' effect on the environment. We have chosen to follow the guidelines for office-based enterprises provided by the GHG Protocol, a partnership of businesses, NGOs, and governments, led by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Scope of our Reporting

We have considered Scope 1, Scope 2 and Scope 3 emissions and have determined that only Scope 2 and Scope 3 are relevant to our business. Specifically, in Scope 2 we will include the generation of purchased electricity at both our Santa Barbara, USA and Lenzburg, Switzerland locations. In Scope 3, we will include business travel, including air and rental cars, and employee commuting in vehicles not owned by us, including rail, bus and employee cars and motorcycles.

We expect in future years to expand the scope of our reporting to include other potential sources of greenhouse gas emissions, but we believe that the scope currently covered encompasses the vast majority of the company's impact on the environment.

Scope 2 Emissions

Location	Kwh of Electricity Consumed	Tonnes per KWh	Tonnes of CO_2 Emissions
Santa Barbara	57,584.10	0.00024	13.82
Lenzburg	64,635.88	0.00022	14.22
Total	122,219.98		28.04

Figure 1 – Purchased Electricity Emissions

Our Lenzburg facility has its own dedicated metering for the electricity consumed and the data from that source used for this exercise, illustrated in Figure 1. The Santa Barbara facility shares its electricity metering with other companies and the Kwh consumption is an estimate derived based upon allocations received from the landlord. The emissions factor for Santa Barbara was taken from data published by the Environmental Protection Agency (EPA). The emissions factor data used for Lenzburg is taken from a study published by McKinsey on GHG Abatement in Switzerland.

Scope 3 Emissions

Employee Commuting

Mode of Transport	Commute Miles	Emmissions Factor (gCO_2 per Mile)	Total Tonnes of CO_2
Walk	4,620	0	0.00
Bike	45,020	0	0.00
Train	159,550	56.81	9.06
Bus	220,290	186.77	41.14
Motorcycle	2,800	151.45	0.42
Car	183,260	354.52	64.97
Total	615,540		115.60

Figure 2 – Employee Commuting Emissions

Based upon a survey of all employees, we were able to estimate the frequency, distance and mode of our employee commutes, listed in Figure 2. Based upon this and using emissions factors for each mode of transportation, we were able to reasonably approximate the impact of our employee commuting on the environment.

We do equip all employees to be able to work remotely and many of our employees do in fact work from home on a partial or full-time basis. Figure 3 shows the distribution of our employees working from home and those that regularly work out of a company facility.

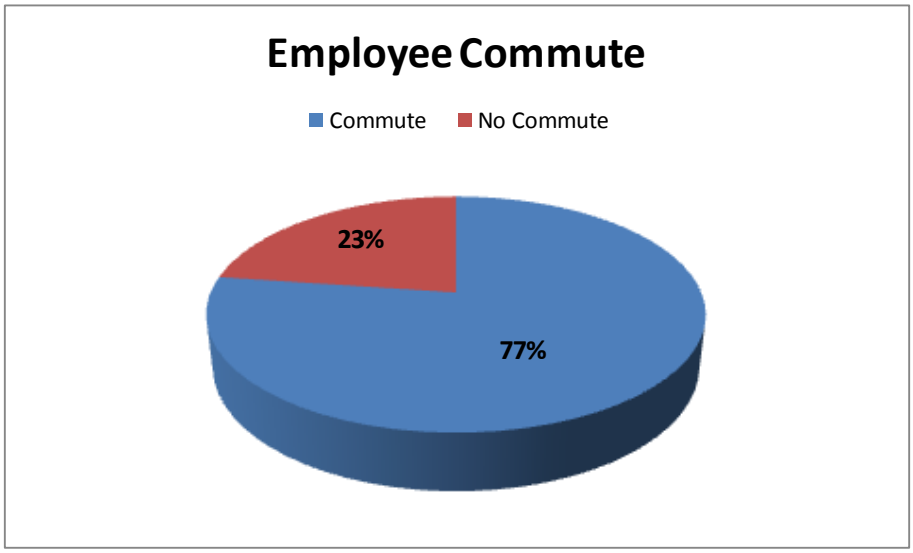

Figure 3 – Distribution of Employees Who Regularly Commute

We are pleased to report that, as seen in Figure 4 below, more than 60 percent of our employee commute miles take place on methods of public transport, including bus and train. Indeed, our employees in Switzerland that travel by train, use the SBB, which has a near zero carbon emissions due to the use of electric engines powered by electricity generated in the country's hydro-electric power plants. Additionally, 8 percent of our employees either commute by walking to work or using a bicycle on a regular basis.

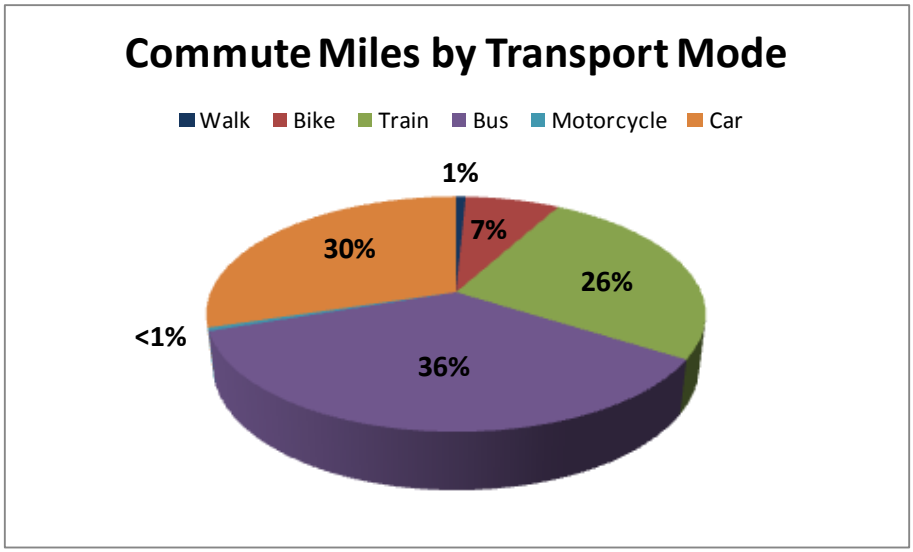

Figure 4 – Distribution of Employee Commute Miles by Mode

Business Air Travel

Our business is global in nature, and while we attempt to operate on a distributed basis, it is expected by our customers that we will have our employees travel to their site on a periodic basis and a considerable amount of this travel involves traveling by air. Indeed, 53 percent of our employees do travel by air on business, as shown below in Figure 5.

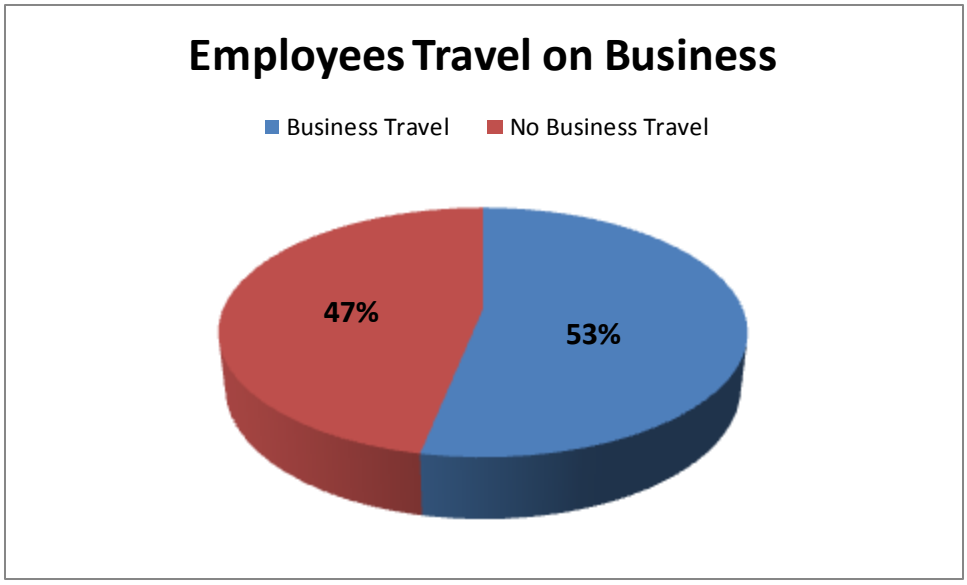

Figure 5 –Employees Business Travel Pattern

Based upon the number of trip and miles traveled by our employees on "short trips", i.e. less than 1,000 miles, and "long trips", greater than 1,000 miles, and using emissions factors published by The Department for the Environment, Food and Rural Affairs (DEFRA) in the United Kingdom, we have estimated the Scope 3 indirect effect of our employees air travel, as shown in Figure 6 below.

Trip Type	Number of Miles	Emmissions Factor (gCO_2 per Mile)	Total Tonnes of CO_2
Short < 1000 Miles	348,000	151.13	52.59
Long >1000 Miles	2,051,000	149.68	306.99
Total	2,399,000		359.58

Figure 6 – Employee Air Travel Emissions

As illustrated in Figure 7, 85 percent of the air miles traveled by our employees are on "long trips", which again is a reflection on the global distribution of our customer base, which is distributed across more than 25 countries.

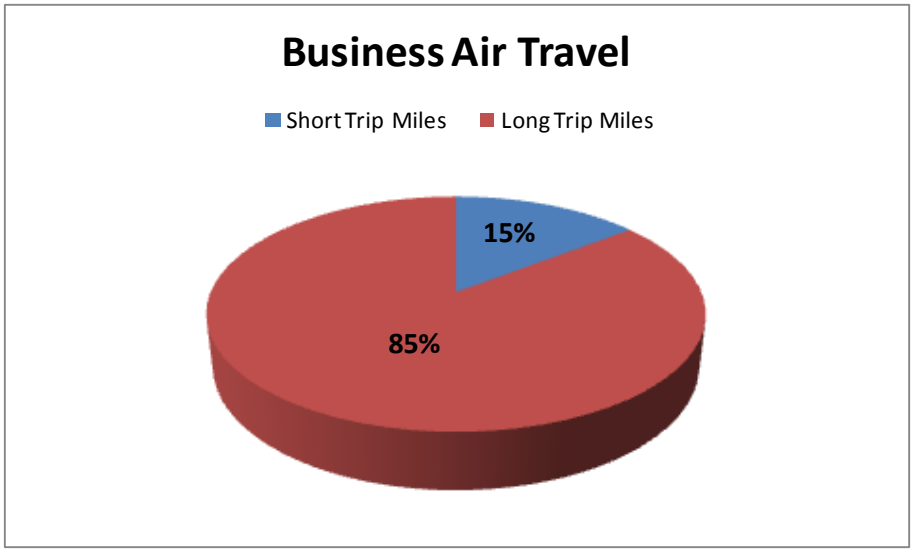

Figure 7 – Distribution of Air Miles by Trip Length

Rental Car Travel

Although not the norm, on occasion our employees will need to rent cars while traveling on business and based on a survey of our employees travel in 2008, Figure 8 illustrates this accounted for a total of 17,200 miles of rental car usage.

Car Size	Rental Car Miles	Emmissions Factor (gCO_2 per Mile)	Total Tonnes of CO_2
Compact	5,600	325.48	1.82
Mid-Size	11,600	354.52	4.11
Total	17,200		5.94

Figure 8 – Rental Car Emissions

By policy, our employees rent no larger than a mid-size car as shown in Figure 9, and when possible rent compact cars in order to control both expense and environmental impact.

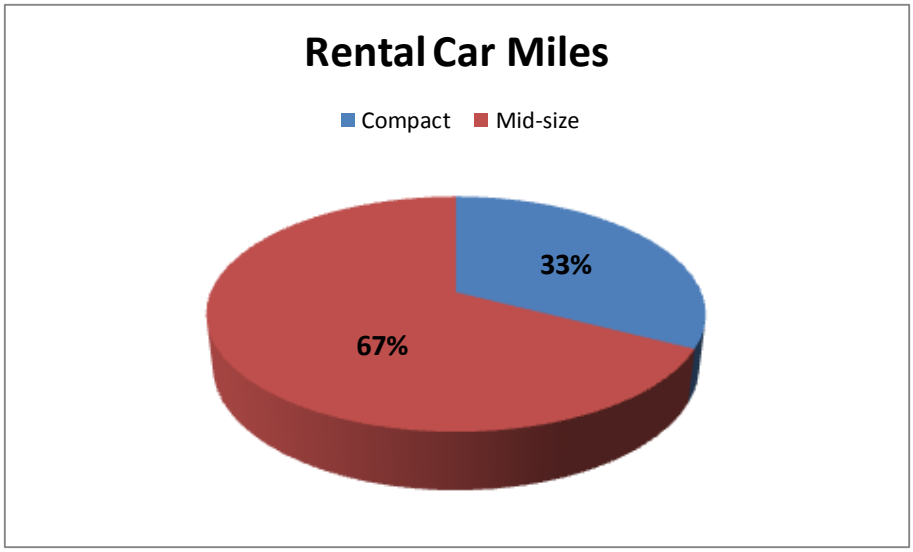

Figure 9 – Rental Car Class Rented

Summary

In 2008, 724 Solutions accounted for a total of 514.29 Tonnes of CO_2 emissions from the Scope 2 and Scope 3 emissions that were part of our baseline study. This meant that we produced an average of 3.21 Tonnes of CO_2 per employee in 2008.

As a corporation, we have set ourselves a goal to reduce this per employee rate of emissions in 2009 by 20% percent through a series of steps:

- Raising employee awareness of the impacts of certain activities on the environment
- Encouraging increased use of public transportation or alternative travel means when possible
- Continuing strong use of telecommuting among our employees
- Avoiding air travel where possible through the use of video or web conferencing
- Removal of older equipment from our data centers and replacement with more energy and heat efficient equipment

724 is committed to make continuous progress towards the reduction of CO_2 emissions, with the ultimate goal to have our business achieve an emissions neutral status.