

# Supplier Code of Conduct

## Overview

CompoSecure Inc. (NASDAQ: CMPO) is an award-winning leader in the design, development and manufacturing of secure metal cards and digital-asset storage technology solutions. With over 20 years of experience in material science innovations, CompoSecure is a trusted partner of financial institutions, fintechs, retail companies and more, using proprietary production methods that meet the highest standards of quality and security.

As CompoSecure has continued to expand as an organization and works to adapt to evolving social and environmental standards within the industry and beyond, we recognize that this journey cannot be embarked on alone. By aligning with our suppliers and vendors on critical Environmental, Social, and Governance (ESG) initiatives, we can collectively work to ensure the reduction of our environmental footprint, improved working conditions throughout our value chain, and increased transparency into our organization's sustainability initiatives.

To that end, we have developed a Supplier Code of Conduct that demonstrates our commitment to continuous progress in ESG. This Code of Conduct will define the standards that we expect our valued suppliers to uphold within their organizations and provides resources (when applicable) so that suppliers may improve their own ESG programs.

## Our Internal ESG Approach

Taking a holistic approach to ESG, CompoSecure is addressing impacts stemming from the supply chain and within our operations. Below, you will find a brief summary of our primary focus areas. We will continue to expand the depth and breadth of our internal ESG efforts.

- **ESG Strategy, Benchmarking, & Materiality:** In 2021, we worked to get a baseline understanding of our ESG performance through a targeted benchmarking exercise and materiality assessment. These exercises gave us insight into our performance relative to that of other industry peers and identified the material

topics that are most important to internal and external stakeholders. With these insights, we identified key pillar areas to focus on and developed a three-year implementation plan to address those areas of opportunity.

- **Greenhouse Gases & Carbon Neutrality:** Since 2019, we have annually measured our Scope 1, 2, and 3 greenhouse gas emissions. This practice has allowed us to identify the top emission sources within our business and track progress toward reduction targets.
- **Raw Material Sourcing:** CompoSecure is actively working to procure sustainable raw materials. We are aiming to incorporate more recycled materials and partner with our customers on ecofriendly designs. We started working with key vendors in 2021 to gain transparency into our supply chain and evaluate the carbon footprint of our materials – from raw material sourcing to finished product creation. We will continue expanding our supplier engagement program and use this initiative to gain insights into raw material sourcing.
- **Diverse Supplier Spending:** Through an organizational commitment to diversity, equity, and inclusion throughout our business practices, we have committed to increasing the yearly spend with diverse suppliers each year moving forward. Last year’s target of 5% was successfully met. CompoSecure’s diverse supplier policy can be provided upon request.

## Code of Conduct Scope

CompoSecure’s Code of Conduct (“Code”) sets forth standards for fair, safe, and healthy working conditions for personnel throughout the value chain, as well as best practices for environmental responsibility. The social requirements and guidelines are based on best practices created by the Fair Labor Association (FLA) and the International Labor Organization (ILA). Environmental requirements and guidelines are rooted in principles outlined by the Greenhouse Gas Protocol, the World Resources Institute (WRI), the World Business Council for Sustainable Development (WBCSD), and Science Based Target Initiative (SBTi). Governmental requirements and guidelines are based on ethical practices defined by the Security Exchange Commission (SEC). Please note that in any instance where a supplier’s applicable local laws and regulations are more stringent than the standards set forth in this policy, suppliers are required to comply with those more stringent laws and regulations.

The guidelines in this Code apply to our whole workforce and supply chain, including sub-suppliers and subcontractors, permanent, temporary, and agency workers, as well as piece-rate, salaried, hourly paid, legal minors, part-time, night, and migrant workers. Within this document, the term “encourage” signifies the desire to stimulate conversation

and action around the recommended activities that follow, thus seeing these practices develop with time. The term "should" signifies that the actions or recommendations that follow are expected unless inappropriate or not applicable to a specific situation.

CompoSecure pledges to help its suppliers improve their labor, health and safety, environmental, and sustainability practices. We recognize that this effort requires listening to our suppliers and their employees' needs and a collaborative approach using capacity-building tools such as training and management-system development to drive meaningful change.

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## Environmental Practices

CompoSecure seeks increased accountability and transparency in tracking, measuring, and reporting environmental and climate impact. Vendors are, at a very minimum, expected to comply with all applicable federal, state/provincial, and local community-level laws and regulations pertaining to responsible environmental practices. Beyond remaining in compliance, vendors are encouraged to take steps to further mitigate their environmental impacts. These steps include, but are not limited to, emissions and energy monitoring, wastewater management, waste generation and diversion practices, and chemical use and handling guidelines.

### Greenhouse Gas Emissions

#### Measuring & Reporting

- All suppliers should measure their Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions. Inventories should be conducted in accordance with the Greenhouse Gas Protocol standards. Additionally, data should be manipulated to understand the energy and greenhouse gas emissions intensity by product supplied (KG CO<sub>2</sub>e/ Unit of Product). When conducted, annual inventories should be reported to CompoSecure.

*Suggested metrics to be tracked: Scope 1, 2, and 3 emissions, progress toward reduction goals (or yearly emissions reduction), emissions intensity by product supplied (KG CO<sub>2</sub>e/ units of product)*

### Energy

#### Energy Efficiency

- We encourage each vendor to conduct an energy efficiency audit to understand current energy consumption, identify potential areas for improvement, and increase efficiencies that result in reduced greenhouse gas emissions. Initial efficiency suggestions include switching to more energy-efficient equipment in factories and workspaces, using automated systems (i.e., light dimmers for unused rooms, programmable thermostats), and exploring the electrification of machinery. Additional energy-efficiency upgrades should be reviewed yearly. All reduction methods and energy efficiency-related upgrades or actions should be communicated annually to CompoSecure.

#### Renewable Energy Procurement

Procurement of renewable energy is encouraged and aligns with our goal to comprehensively reduce overall climate impact. Vendors are encouraged to adopt renewable energy through direct consumption or purchase of Renewable Energy Certificates or Credits (REC). Any supplier looking to make claims about the use of green power is encouraged to follow best practices outlined by the EPA in the

Guide to Purchasing Green Power and ensure that all claims to are substantiated through REC ownership and retirement.

*Suggested metrics to be tracked: electricity usage(kWh), renewable energy kWhs used, natural gas usage (Therms), refrigerant usage (kg)*

## Material Management

### Chemical Inventory, Storage, and Handling

- Vendors should maintain an electronic inventory of all chemicals, including known hazardous chemicals, used within the facility. All employees should be provided with safety data sheets that specify standard procedures for handling and disposal, supplier information, and applicable uses. Chemicals and hazardous substances should be stored in clearly labeled containers in areas that are well-organized and designed for safe handling. All employees should receive training on chemical handling, the hazards of exposure, and how to protect themselves.
- All practices are expected to comply with current OSHA standards, which state that chemical manufacturers and importers are required to evaluate the hazards of the chemicals they produce or import and prepare labels and safety data sheets to convey the hazard information to their downstream customers.

### Waste Management

- Vendors are expected to comply with all applicable federal, state/provincial, and local community-level laws and regulations regarding the transportation and disposal of waste. Vendors should implement company-wide recycling programs for all eligible materials and conduct a waste audit to evaluate their value chain and identify material areas of waste production. Additionally, suppliers should incorporate recycled components and materials into products whenever possible. CompoSecure encourages annual reporting categorized by the type of waste (solid, hazardous, etc.) and destination (i.e., landfill, recycling, etc.). CompoSecure requests that suppliers disclose waste diverted via reduction initiatives and disclose the percentage of their facilities, on a square foot basis, with facility-wide recycling programs.

*Suggested metrics to be tracked: landfill waste (tons), recycling (tons), recycled components in products (%), recycled content packaging materials (%), recyclable packing materials (%), exposure incidents to hazardous materials*

## Environmental Management System

### Adoption and Implementation

- All vendors are encouraged to adopt an Environmental Management System (EMS) framework to help the organization define and pursue its environmental goals through constant review, evaluation, and improvement practices. Facilities are encouraged to follow EMS systems that are in alignment and compliant with the ISO 14000 standard, which defines environmental policy, planning, implementation, operation, corrective action, and management review.

## Targets, Compliance, and Progress

### Quantifiable Environmental Targets

- Vendors should begin to track and measure data related to all the above-mentioned topics, set yearly reduction targets and commit to policies for improvement. The above-mentioned topics include emissions and energy, material management, EMS systems, and all related material issues that fall under each primary category. These targets and the progress towards them should be reported to CompoSecure on an annual basis.

### Emission Reductions & Science Based Targets

- We encourage vendors to create greenhouse gas emission reduction scenarios with cross-departmental strategies to address Scope 1, 2, and 3 emission categories. Progress towards these targets should be tracked and reported year over year.
- Facilities are encouraged to align their reduction scenarios with Science Based Targets or the UNFCCC Paris Agreement, thus helping to limit global warming to well below 2°C, preferably to 1.5°C compared to pre-industrial levels. Vendors who pursue this route should validate their targets through the Science Based Target Institute (SBTi).

### Compliance reviews

- Currently, suppliers are not required to have a formal compliance review or audit of the above-mentioned recommendations. However, to ensure transparency and accountability within ESG policies and programs, suppliers are encouraged to conduct internal audits on an annual basis. Compliance reviews should consider whether the purpose of each policy is being fulfilled and ensure that the organization is maintaining full compliance with all applicable laws and regulations. These compliance reviews should be shared with CompoSecure on an annual basis.

## Social Practices

CompoSecure is uncompromising in its commitment to sourcing from vendors who uphold the highest standards for human rights and dignified working conditions in their operations and those of their value chains. Suppliers are expected to abide by federal, state/provincial, and local community-level laws pertaining to labor conditions and workers' rights. Beyond encouraging compliance with all applicable laws and regulations, CompoSecure believes that all employees deserve humane and just working conditions and has therefore outlined additional standards that we expect each vendor to meet within their facilities.



## Diversity, Equity, and Inclusion

### Diverse Spending

- CompoSecure is committed to fostering an inclusive supply chain process that enables the opportunity for full participation of businesses owned by traditionally underrepresented groups, including, but not limited to, women, ethnic minorities, veterans, LGBTQIA+ and disabled individuals, as well as small businesses. We are committed to increasing transparency into our supply chain diversity and tracking capital spent with suppliers that are members of underrepresented groups. Suppliers are encouraged to formulate their own diverse spending policies, set targets, and track spending with diverse suppliers.

### Fostering an Inclusive Culture

- As part of this effort to reflect the communities where we reside and serve, enhance overall cost savings, and increase market share, we encourage our suppliers to also foster an inclusive process and embrace diversity throughout their business practices. This includes administering diversity, equity and inclusion-specific training to staff at all locations, tracking diversity statistics within the organization, conducting high-to-low pay analyses and providing avenues for diversity efforts and inclusive practices within the company.

### Diverse Hiring Practices

- Suppliers shall make all employment decisions based on job-related qualifications and without regard to race, ethnicity, gender, gender identity, disability, religion, sexual orientation, marital status, citizenship, age or any other legally protected status in each of the countries in which they operate, as required by applicable laws and regulations. Suppliers are encouraged to develop a diversity, equity, and inclusion program that includes avenues to identify and measure progress and continually improve practices.

*Suggested metrics to be tracked: diversity of staff (%), diversity of executive management and board (%), yearly targets regarding spend with diverse Tier 1 and Tier 2 suppliers and progress towards those targets*

## Labor Standards

### Child Labor

- Suppliers shall employ no person under the age of 16 or the applicable age for completion of compulsory education, whichever is higher. Juvenile workers (ages 16-17) shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to compromise their health, safety, or morals. (ILO Convention 138 and 182). If a supplier's local laws and regulations regarding child labor are more stringent than this policy, they are required to comply with those laws and regulations.

### Forced Labor

- There shall be no use of forced labor, including prison, indentured, bonded, enslaved persons, or other forms of forced labor. Acts of human trafficking are also prohibited. Suppliers should monitor any third-party entity which assists them in recruiting or hiring employees and ensure that any person seeking employment at their facility is not compelled to work through force, deception, intimidation, coercion, or as a punishment for holding or expressing political views. (ILO Conventions 29, 105, 182)

## Humane Treatment and Discrimination Practices

### Harassment, Abuse and Disciplinary Practices

- Every employee deserves to be treated with respect and dignity and no employee should be subject to any physical, sexual, psychological or verbal harassment. Likewise, harassment of employees should not be tolerated in the workplace or in other settings in which employees are working, such as business trips, business meetings, Company-sponsored events, and similar occasions.

### Discrimination

- CompoSecure expects its suppliers to refrain from unlawful discrimination in any aspect of the employment relationship, including recruitment, hiring, compensation, benefits, work assignments, access to training, advancement, discipline, termination, or retirement, based on race, religious belief, color, gender, pregnancy, childbirth or related medical conditions, age, national origin, ancestry, sexual orientation, gender identification, physical or mental disability, medical condition, illness, genetic characteristics, family care, marital status, status as a veteran or qualified disabled veteran, caste, socio-economic situation, political opinion, union affiliation, ethnic group, illness, or any other classification protected under applicable law. All employment decisions should be based on the principle of equal employment opportunity and should include effective mechanisms to protect migrant, temporary, or seasonal workers against any form of discrimination. (ILO Conventions 100 and 111)

### Grievance Channels and Retaliation

- Suppliers should provide and make employees aware of official processes to confidentially report grievances to management without fear of retaliation of any kind. Corrective actions should be developed for addressing and monitoring disputes between colleagues and all levels of leadership within the organization. All employees shall be protected from retaliation through the feedback channels and resolution process in accordance with applicable law.

### Freedom Of Association and Collective Bargaining

- Suppliers should recognize and respect employees' right to freedom of association and collective bargaining. All suppliers should develop and fully implement effective grievance mechanisms which resolve internal industrial disputes and employee complaints and ensure effective, respectful, and

transparent communication between employees, their representatives, and management. (ILO Conventions 87, 98 and 135)

### Employment Relationship

- Employers should provide employees with written documentation of expected employment terms and details of the worker-employer relationship. Through this process, it is understood that each vendor will adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under applicable state, national and international labor and social security laws and regulations.

*Suggested metrics to be tracked: number of harassment or discrimination claims, number of harassment or discrimination claims that are investigated*

## Wages, Benefits, and Terms of Partnership

### Health And Safety

- Suppliers shall provide a safe and healthy workplace to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. The employer should take a proactive approach to health and safety by implementing policies, systems, and training designed to prevent accidents, injuries and protect worker health. (ILO Convention 155)

### Safety Rules & Practices

- In demonstration of their commitment to providing safe and healthy workplaces for all personnel, suppliers should have defined Safety Rules and Practices easily accessible through printed materials, an employee handbook, internal intranet platforms, and/or any other applicable communication modalities relevant to the organization. *Suggested general safety rules for suppliers include:*
  - *Immediately report any injury, safety hazard, or property needing repair to a Manager, Supervisor, or Security.*
  - *Be aware of the location of eye wash stations and AED (defibrillator) stations near your work area.*
  - *Ensure that each facility has designated areas for first aid stations, fire extinguishers and material safety data information.*
  - *Ensure that emergency procedures are in place for each facility. Suppliers should conduct fire drills, unscheduled and scheduled, to ensure preparedness of all employees for a safe evacuation.*
  - *Ensure that duress buttons are located in designated areas and may be used for police emergencies, other than medical emergencies. All duress buttons should be kept under security surveillance.*

### Security Procedures and Policies

- CompoSecure is committed to protecting its employees, customers, vendors, and the company from damaging acts that are intentional or unintentional. Effective

security is a team effort involving the participation and support of every person and entity that interacts with CompoSecure data and systems, applications, and services. Therefore, it is the responsibility of both CompoSecure personnel and authorized third parties with physical and virtual access to CompoSecure to be aware of and adhere to CompoSecure's cybersecurity and data protection requirements.

### Fair Compensation

- CompoSecure seeks and favors suppliers who progressively raise employee living standards through improved wage systems, benefits, welfare programs, and other services that exceed legal requirements and enhance the quality of life. Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's and their family's basic needs and provide some discretionary income. Employers shall pay wages that equal or exceed the applicable minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law and/or contract. Under no circumstances are unlawful wage deductions to be used as a disciplinary measure. (ILO Conventions 26 and 131)

### Overtime Pay

- In addition to their compensation for regular working hours, employees should be compensated for overtime hours at the rate legally required in the country of manufacture. In countries where such laws do not exist, employees should be compensated at 25% more than the regular rate.(ILO Convention 1 and 30)

### Hours Of Work

- CompoSecure encourages its suppliers to cap employee working hours in any week at the lesser of (a) what is permitted by applicable law or (b) a total of 60 hours of work in any consecutive 7-day period. Additionally, suppliers should ensure that workers are provided with regular days off (at least once every seven days, or what is required by local law) and daily rest periods, and should avoid using overtime as a condition of employment. While overtime may be necessary at times in order to meet production demand, overtime should be limited to acceptable levels ensuring humane and just working conditions. All overtime should be voluntary, and no punishment should be directed toward workers who refuse to participate. Suppliers should maintain a timekeeping and records system that tracks working hours, with records available to employees upon request. (ILO Convention 1).

*Suggested metrics to be tracked: employee satisfaction, turnover, CEO to median salary pay ratio, employees participating in professional development, training hours per employee*

## Governance Practices

CompoSecure has a reputation in the community for conducting its business activities with integrity, fairness and in accordance with the highest ethical standards. Ethical conduct forms the foundation of trust for the long-term success of the Company and is in line with the Company's long-term goals, and CompoSecure expects its vendors to be equally committed to ethical and lawful business conduct.

### Code of Ethics

#### Anti-Bribery and Gifts

- Suppliers shall not give or offer anything of value expecting to influence decisions by any government official, agency, or employee of CompoSecure. Suppliers shall not expect favors, loans, special services, payment or special treatment due to pre-existing relationships with CompoSecure employees.
- During in-person business meetings, it may be appropriate for CompoSecure employees and suppliers to exchange modest gifts or share entertainment. Morals, ethics, and sound judgment shall be considered when determining the appropriateness of such exchanges. Gifts are defined very broadly and can include anything of value, such as travel, transportation, lodging, meals, drinks, entertainment, use of company materials, facilities or equipment not available or offered to the general public, employment offers, a promise of future business opportunities, scholarships and charitable contributions. All parties, including internal employees and external suppliers, shall not directly seek or accept any payments, fees, services, gifts, or other gratuities, regardless of size or amount, outside the normal course of business duties. Gifts of cash, or cash equivalents, of any amount are strictly prohibited. CompoSecure reserves the right to review any gift transaction and the parties involved if a gift is found to be bribery.

#### Anti-Corruption

- In accordance with the Foreign Corrupt Practices Act, it is unlawful for a U.S. person or company to offer, pay, or promise to pay money or anything of value to any foreign official for the purpose of obtaining or retaining business. This act prohibits the use of any form of interstate commerce corruptly with intent to influence a foreign official in that person's official capacity.

#### Securities Law and Insider Trading

- The U.S. Securities and Exchange Commission (SEC) defines illegal insider trading as "the buying or selling of a security, in breach of a fiduciary duty or other relationship of trust and confidence, on the basis of material, nonpublic information about the security." Suppliers shall not buy, sell, or in any form transfer securities related to CompoSecure while in possession of nonpublic, confidential company information. The Suppliers shall also be prohibited from "tipping" or disclosing this insider information to others.

### Traceability

- CompoSecure and its suppliers are jointly responsible for demonstrating socially and environmentally responsible behavior as well as for the integrity of product content claims and demonstrating a clear chain of custody for all materials that carry such claims.

## Organizational Transparency

To encourage accountability, increase employee morale, and keep organizational stakeholders informed, suppliers should commit to a transparent culture in the workplace by publicizing aspects of their board membership, social and environmental performance, and customer satisfaction. This level of transparency should, at a minimum, be extended to internal staff.

### Accountability

- Accountability systems regarding environmental, social, and governance performance improvement initiatives should be clearly defined and tracked. The highest body of organizational oversight should assign these tasks to internal stewards and enforce systems of accountability throughout the organization.

### Organizational Policies & Enforcement

- Vendors should develop their own comprehensive policies applicable to all staff and senior leadership that outline the morals, integrity, and ethics expected within their organization and specify that such expectations extend to all internal and external stakeholders.

## Vendor Informational Resources

The following links will provide additional information and insight into the standards referenced throughout this Code of Conduct:

1. [Greenhouse Gas Protocol](#)
2. [Chemicals Management Resources](#)
3. [EPA Guide to Purchasing Green Power, Chapter 8](#)
4. [Security Exchange Commission](#)
5. [International Labour Organization](#)
6. [Fair Labor Association](#)
7. [World Business Council for Sustainable Development](#)
8. [EPA Metal Finishing Effluent Guidelines](#)

## Glossary

1. **Carbon dioxide equivalent or CO2e:** a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.
2. **Emissions intensity (carbon intensity):** the emission rate of CO2e relative to the intensity of a specific activity. For example, emissions intensity from electricity production in kwh is Kg CO2e/kwh.
3. **Environmental management system (EMS):** a framework that aids a company in achieving their environmental goals through continuous evaluation and improvement of environmental performance.
4. **Environmental target:** a detailed and measured performance metric that supports environmental objectives that needs to be set and met in order to complete an objective.
5. **Forced labor:** Forced labor occurs when individuals are compelled against their will to provide work or service through the use of force, fraud, or coercion.
6. **Freedom of Association:** the individual right or ability of people to come together and collectively express, promote, pursue, and defend their collective or shared ideas.
7. **Greenhouse Gas (GHG or GhG):** a gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect. The primary greenhouse gases accounted for are carbon dioxide (CO ), methane (CH4), nitrous oxide (N2O).
8. **International Labour Organization (ILO) Conventions:** these Conventions cover a wide area of social and labor issues including basic human rights, minimum wages, industrial relations, employment policy, social dialogue, social security and other issues.
9. **ISO 14000:** a family of standards related to environmental management that exists to help organizations minimize how their operations negatively affect the environment; comply with applicable laws, regulations, and other environmentally oriented requirements; and continually improve in the above
10. **Power Purchase Agreement (PPA):** a PPA is a financial agreement where a developer installs, owns and operates a solar system on a customer's property at little to no cost. The developer sells the power generated to the host customer at a fixed rate that is typically lower than the local utility's retail rate. This lower electricity price serves to offset the customer's purchase of electricity from the grid while the developer receives the income from these sales of electricity as well as any tax credits and other incentives generated from the system.
11. **Renewable energy:** energy derived from natural sources that are replenished at a higher rate than they are consumed.

12. **Renewable energy credits (RECs):** a certificate corresponding to the environmental attributes of energy produced from renewable sources such as wind or solar. RECs are issued when one megawatt-hour of electricity is generated and delivered to the electricity grid from a renewable energy source.