Zendesk Supplier Sustainability Guide

Advancing Corporate Climate Action

Carbon Accounting and Climate Target Setting

zendesk

The purpose of this guide is to help advance your company’s climate action journey.

You will learn more about:

1. Standards and processes for measuring your company’s carbon footprint.
2. Key steps to setting science-based climate targets.
3. Tips about engaging internal stakeholders on target setting.
4. Our continued support.

Content

Zendesk Sustainability

We believe that the environment is a key stakeholder and business plays a critical role in creating a sustainable and thriving planet. That's why **we're committed to decarbonizing our entire value chain and contributing to a net zero future.**

Purchasing 100% renewable electricity for our global offices

Achieving **carbon neutral product and employee travel**

Progressing on ambitious **science-based climate targets** approved by the SBTi

Accelerating cutting-edge **carbon removal technologies**

Learn more about Zendesk's sustainability efforts in our FY23 Global Impact Report.

> At Zendesk, our responsibility extends beyond serving our customers, employees, and shareholders—it encompasses our global community and environment.

Tom Eggemeier
CEO & Board Member

Suppliers play a big role in Zendesk's sustainability journey

Learn more about Zendesk's sustainability efforts in our FY23 Global Impact Report.

We set robust Science-Based Targets, including a commitment to engage suppliers to set science-based targets by 2027.

The achievement of this goal will ultimately require our suppliers to build climate action and sustainability programs, set science-aligned climate targets, and track and report progress. We know this is no easy task, **and we are committed to helping our suppliers in this journey with toolkits, resources, and knowledge sharing.**

We look forward to deeply collaborating with companies who share our values and to building a net-zero future together for all!

Measure your carbon footprint

Every company has a responsibility and role to play in mitigating the climate crisis.

Where should you begin? We recommend starting with our first Zendesk Supplier Sustainability Guide: Activating Corporate Climate Action to learn about how to make a strong business case for climate that's aligned with your unique company.

Now, it's time to measure and analyze your environmental impact, so you can take targeted and meaningful actions to address it. In the next few slides, we will highlight the key standards, methods, and steps for measuring your company's greenhouse gas (GHG) emissions.

Key steps to measure your company’s carbon footprint

The following phases and steps outline how to quantify your organization's carbon footprint in alignment with the GHG Protocol accounting standards, the global gold standard for carbon accounting.

PHASES	1. Getting Started	2. Collect Data and Calculate Emissions	3. Finalize and Report	Set Targets
Steps	• Review accounting standards and resources. • Determine accounting boundaries, business activities in scope, and emission sources. • Select your base year and reporting period. • Identify and engage key internal stakeholders and data owners. • Determine whether your company will pursue independent assurance from a 3rd party.	• Collect energy consumption and business activities data from relevant teams. • Review with data owners for accuracy. • Estimate any missing data points. • Determine calculation methodologies. • Calculate emissions.	• Document data sources, calculation methodologies and processes, and other key details of your carbon accounting in an GHG Inventory Management Plan. • Pursue 3rd party verification (if applicable). • Report emissions publicly and to relevant stakeholders.	• *Check out the next section of this toolkit!*

The Greenhouse Gas (GHG) Protocol

The globally recognized standard for accounting and reporting an organization's GHG emissions. It provides guidance in determining Scope 1, Scope 2, and Scope 3 emissions, along with calculation methodologies and reporting requirements.

WORLD RESOURCES INSTITUTE wbcsd

➤ Corporate Standard

The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.

➤ Scope 2 Guidance

The Scope 2 Guidance standardizes how corporations measure emissions from purchased or acquired electricity, steam, heat and cooling.

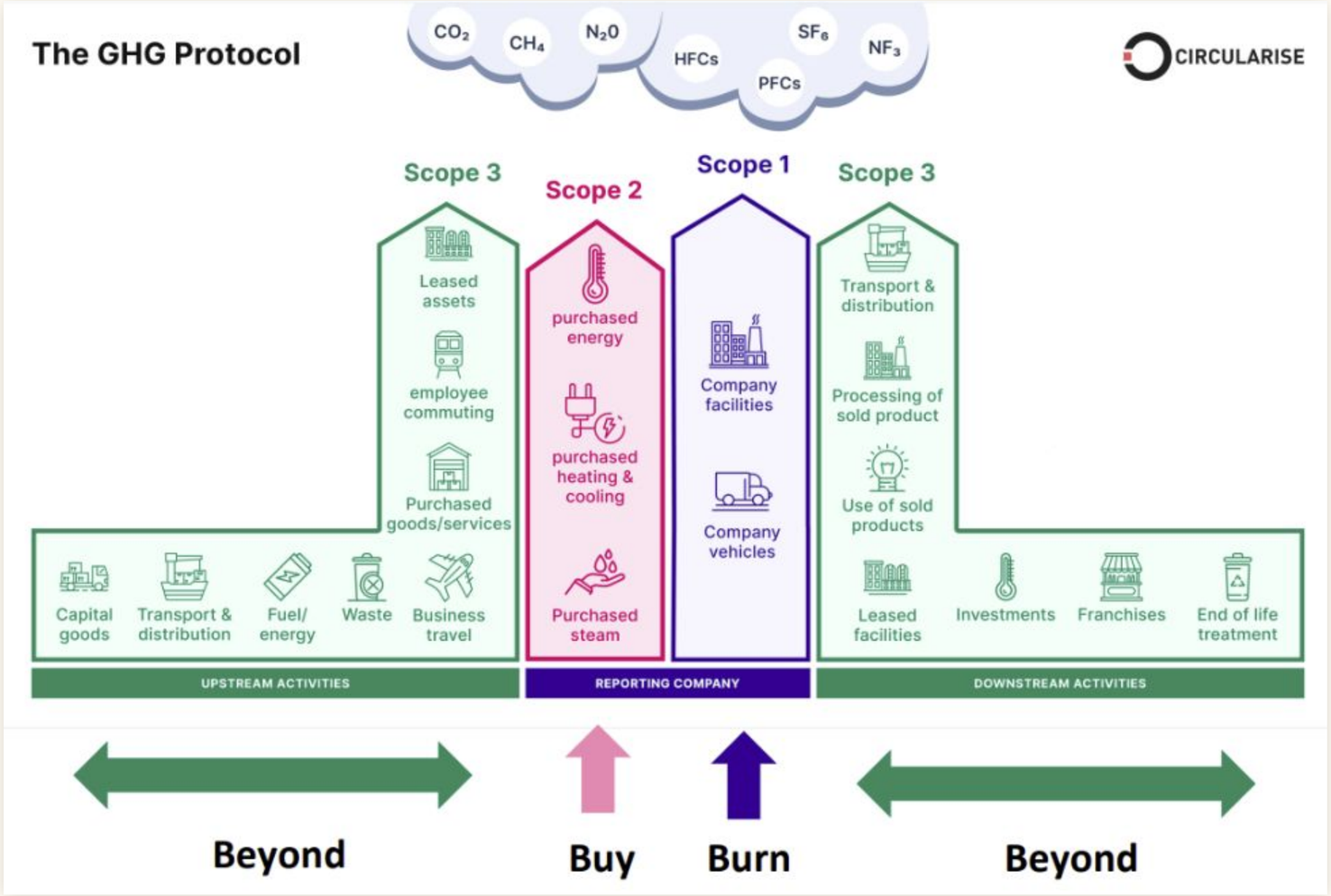
➤ Corporate Value Chain (Scope 3) Standard

The Corporate Value Chain (Scope 3) Accounting and Reporting Standard allows companies to assess their entire value chain emissions impact and identify where to focus reduction activities.

Note: The GHG Protocol is continuously amending these standards to align with the latest climate science and to improve climate disclosure and reporting. As of September 2024, updated standards are expected to be published soon so please check the GHG Protocol website for the latest version.

Greenhouse gases (GHGs) such CO_2, CH_4, N_2O, HFCs, etc. shown in the graphic trap heat from the sun and warm the planet's surface.

Greenhouse Gas Emissions



GHG emissions are categorized into three "scopes," defined by operational boundaries in relation to direct and indirect GHG emissions.

Scope 1: Direct emissions from sources owned or controlled by the company, such as combustion of fuels on-site or in owned/leased vehicles and emissions from refrigerant leaks.

Scope 2: Indirect emissions from generation of purchased electricity, heating, cooling, or steam for the company.

Scope 3: Other indirect emissions resulting from company activities such as manufacturing, transportation and distribution, business travel, consumer use, etc.

If your company is just starting your climate journey, we suggest starting with calculating your Scope 1 and 2 emissions first, and then calculating Scope 3, as it is more complex and typically takes longer.

Common Sources of GHGs

Operational Emissions | **Value Chain Emissions**

Scope 1	Scope 2	Scope 3 - upstream	Scope 3 - downstream

• Fuels used in operations
  ○ Natural gas
  ○ Fuel oil
  ○ Diesel
  ○ Gasoline
  ○ Propane, etc.
• Refrigerants and process gases
• Mobile fuels used in vehicles
  ○ Diesel
  ○ Gasoline
  ○ Propane, etc.
	• Purchased utilities
	  ○ Electricity
	  ○ Stream / heat
	  ○ Chilled and hot water
		• **Category 1:** Purchased Goods and Services
		• **Category 2:** Capital Goods
		• **Category 3:** Fuel and Energy-Related Activities
		• **Category 4:** Upstream Transportation and Distribution
		• **Category 5:** Waste Generated in Operations
		• **Category 6:** Business Travel
		• **Category 7:** Employee Commuting
		• **Category 8:** Upstream Leased Assets
			Category 9: Downstream Transportation & Distribution
			Category 10: Processing of Sold Materials
			Category 11: Use of Sold Products
			Category 12: End-of-Life Treatment of Sold Products
			Category 13: Downstream Leased Assets
			Category 14: Franchises
			Category 15: Investments

Organizational Boundaries for GHG Accounting

Determine which activities your organization owns, controls, and operates, and select your approach.

EQUITY APPROACH	CONTROL APPROACH	
Equity Share	**Financial Control**	**Operational Control**
Organization accounts for GHG emissions from operations according to its **share of equity** in the operation. The equity share reflects economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation.	Organization accounts for 100% of the GHG emissions from operations over which it has either financial or operational control. **Financial control** means that an organization may have financial control over the operation even if it has less than a 50% interest in that operation.	Organization accounts for 100% of the GHG emissions from operations over which it has either financial or operational control. **Operational control** means that an organization has the authority to introduce and implement its operating policies (from how the building is managed, to control of thermostats or light switches)

Select Your Base Year & Reporting Period

- **Your base year** = the first year your organization calculates your emissions & used for target setting.
- Your base year act as your **benchmark** to measure emissions reductions going forward. Thus, we recommend selecting a base year that represents typical levels of business for your organization.
- A complete GHG inventory includes **a full 12 months** of emissions data.
- Carbon footprinting is usually conducted on an **annual basis.**

REPORTING PERIOD

Most common reporting periods are **annual**. Choose the approach that is consistent with the calculation from your base year. Options may include:

1. Company Fiscal Year
2. Calendar Year

We recommend assembling a “carbon accounting project team” before you start the calculation process.

Engage Key Internal Stakeholders

Identify key internal stakeholders to support the data collection, review, and approval processes. Consult with them on data availability and best ways to collect information.

Relevant Business Functions to Engage:

- Workplace & Facilities
- Product
- Supply chain
- Finance
- Other business functions

Guiding Questions to Consider

- ❑ **Roles and Responsibilities**
  - ❑ Which team will manage the whole project?
  - ❑ Will you require external advisory support services?
- ❑ **Data Sources**
  - ❑ What data points do you need for GHG calculations?
  - ❑ Which teams own the data? How can you best engage them?
- ❑ **Timeline**
  - ❑ When do you need to report on GHG emissions?
  - ❑ How much time does your team need to collect data and conduct accounting?
  - ❑ What does your reporting process and timeline look like?
- ❑ **QA/QC Process**
  - ❑ What does your internal review and approval process looks like?
  - ❑ Who in which team will sign off?
  - ❑ Do you plan to verify your emissions through a 3rd party?

Don’t forget to document all assumptions made throughout the calculation process in your GHG Inventory Management Plan (IMP).

Calculate Your Emissions

There are several calculation methodologies, but the most commonly used formula is below:

Carbon Accounting Formula						
GHG Emissions in CO2 equivalent	=	**Activity Data**	X	**Emissions Factor**	X	**Global Warming Potential (GWP)**

• GHG Emissions in CO_2e
• Different GHGs cause different levels of warming
• CO_2e standardizes the amount of warming relative to CO_2
		• Example data points:
		  ○ Energy consumed
		  ○ Dollars spent
		  ○ Distance traveled
		  ○ Units sold
				• Emissions per relevant unit (i.e., per mile traveled, per dollar spent)
				  ○ Ex: 2 kg CO_2e/mile
				  ○ Ex: 4 g CH_4/kWh
						• How much a gas warms the atmosphere relative to CO_2
						• If EFs are already in CO_2e per unit, GWP is not needed
						• If the EF is not in CO_2e, GWP is needed
						• See IPCC reports for GWP values

To ensure consistent and accurate accounting, we recommend utilizing the most up to date emissions factors.

Apply Emissions Factors

Physical activity factors (scope 1 & 2): Most commonly is expressed as a quantity of CO2e emitted from a specific energy source (e.g. MT CO2e per mmBTU of natural gas) or quantity of CO2e emitted associate with purchasing electricity in a specific location (e.g. MT CO2e per MWh electricity in Vietnam)

$$\text{Metric Tons } CO_2 = \text{electricity use (MWh)} \times \text{emissions factor} \left(\frac{\text{Metric tons } CO_2}{\text{MWh}} \right)$$

Environmentally-Extended Input Output (EEIO – Scope 3): EEIO models estimate energy use and/or GHG emissions resulting from the production and upstream supply chain activities of different sectors and products within an economy. They are derived by allocating national GHG emissions to groups of finished products based on economic flows between industry sectors and expressed as kg CO2e/$ spend.

Example emissions factors:

- Government publications e.g. **US EPA eGRID** (US) and **IEA Fuel and Country** (Global)
- **Emission Factor Hub 2024** (US EPA), **Guidelines for National GHG Inventories** (IPCC)
- Licensed 3rd party databases (e.g. **Ecoinvent** for product related emissions factors; or Peer-reviewed studies for product-specific factors)

Scope 3 Emissions Calculation Methods

Calculating emissions that are beyond your direct operations, such as suppliers' emissions, can be challenging. We recommend asking suppliers to share emissions data that are attributable to the products or services that you purchase, but don't let the perfect be the enemy of good! Spend-based approach can also a great starting point for understanding your impact so you can start taking actions.

Starting out

More advanced

Method	Description	Example
Spend-based	Utilizes dollars spent on a good or service to estimate emissions	Using emission factors correlated to spend data, commonly referred to as EEIO (Environmentally-Extended Input-Output)
Average or Proxy Data	Uses averages to determine the activity data, or using representative data to estimate emissions	Using data from the previous month or year to fill in missing facility utility data, or using the average of other months
Hybrid approach	Combination of supplier-specific data and other methods to estimate emissions for any primary data gaps	Select higher maturity suppliers may report primary data, while others do not so filling data gaps with EEIO spend data is acceptable
Supplier specific	Request allocated emissions data directly from suppliers	Primary data provided by your suppliers in surveys or CDP reporting

Carbon accounting project can take a few months. So don't forget to document your process to ensure consistent, comparable, and actionable reporting.

Develop a GHG Inventory Management Plan

GHG Inventory Management Plans (IMPs) can vary from simple to complex. It is strongly recommended to document the key decisions you make throughout the carbon accounting process. You can begin drafting your IMP in the preparation phase, to make sure you capture all the relevant details like below:

1. **Organization Information:** organization name, address, and inventory contact information
2. **Boundary:** organizational and operational boundary descriptions
3. **Emissions Quantification:** methodologies and emissions factors used
4. **Data Management:** data sources, collection process, and quality assurance
5. **Base Year:** base year adjustments for any future structural and methodology changes
6. **Management & Tools:** roles and responsibilities, training, and file version control
7. **Auditing & Verification:** auditing, management review, and corrective action

Helpful Resources

The US Environmental Protection Agency developed two resources to help organizations develop high quality IMPs:

- GHG Inventory Management Plan Checklist
- Simplified Inventory Management Plan Form

Obtain Third Party Verification on Your GHG Inventory

Once you finalize your GHG inventory, you can select a qualified assurance provider to review and verify your emissions calculations, just like how you pursue verification on your company's financial data.

Benefits of Verification:

1. **Ensure accuracy and quality** of your sustainability data and reporting
2. **Enhance credibility and trust** with stakeholders, including customers, employees, and investors
3. **Boost readiness to respond to rising mandatory ESG reporting requirements,** such as Corporate Sustainability Reporting Directive (CSRD) of the EU.

Find a qualified verification provider

Types of Assurance:

Limited assurance: Less comprehensive level of assurance, best for companies who are new to verification.

Reasonable assurance: Highest level of assurance that can be provided in GHG verification. Verifier conducts extensive evaluation to ensure emissions data is free of any errors.

How to choose between "Limited" and "Reasonable"?

1. What voluntary and mandatory reporting requirements applies to your business?
2. What level of financial resources do you have?
3. What is your organization's level of risk tolerance?

Key Steps to Setting Science-Based Targets (SBTs)

After finalizing your organization’s GHG inventory, it’s time to start thinking about setting science-based targets to address these emissions.

In this section, we are introducing the key steps below, and specific SBTi criteria.

1. Gathering buy-in and committing to setting SBTs
2. Developing SBTs using robust GHG inventory data
3. Submitting SBTs to the SBTi for validation
4. Communicating SBTi validated targets publicly and disclosing progress

SBTi’s process of setting near-term SBTs

Commit	Develop	Submit	Communicate	Disclose
Submit a letter establishing your intent to set a science-based target	Develop your emissions reduction target in line with the SBTi’s criteria	Submit your target to the SBTi for official validation	Announce your target and inform your stakeholders	Report company-wide emissions and progress against targets on an annual basis

Max. 24 Months

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi requires that targets must be submitted for validation within 24 months of signing the Commitment letter.

Gather Stakeholder Buy-in and Commit to Setting Targets

Now it's time to use your robust GHG inventory data to inform climate strategy, and set actionable targets through the Science-Based Targets Initiative (SBTi), the internationally recognized validation body for climate target setting.

- **Gather buy-in from relevant teams**
  - Sustainability Leaders
  - Department Leads (Facilities, Procurement, Finance)
  - Executives
- **Complete SBTi pre-screening**
  - Follow the flow chart outlined on page 5 and 6 in the SBTi Getting Started Guide to align/ensure compliance
- **Submit SBTi Commitment Letter**
  - Follow the SBTi format to formally commit to setting a target, starting the 24 month timeline for validation
- **Exceptions**
  - **Parent company/Subsidiary:** Subsidiaries can submit targets, but it is preferable for the parent company to do so instead
  - **Oil or gas sector:** Currently not eligible for target validation
  - **Financial institutions:** must follow separate Financial Institutions Near-Term Criteria
  - **Small and Medium-sized Enterprises:** If criteria is met, SMEs are allowed to follow a streamlined target validation process

Committing to set forward-looking targets without sorting out all the 'how-to' can be something new to companies.

So it's critical to bring your business stakeholders along in this journey. Viewing targets as a "north star" can help align people and programs towards a common goal, and create space for developing new initiatives.

Commit | Develop | Submit | Communicate | Disclose

SBTi’s Target Development Process

Select a Base Year

Establish a base year. Can be as far back as 2015 but SBTi recommends a more recent inventory year. Forward looking ambition is assessed from the most recent inventory year.

Analyze Emissions

Review your GHG emissions inventory to ensure alignment with the GHG Protocol:

- Covers at least 95% of company-wide S1+S2 GHG emissions
- Includes all 'relevant' mandatory S3 emissions

Set Target Boundaries

Covers at least 95% of company-wide S1+S2 GHG emissions

For companies with S3 emissions that are ≥ 40% total emissions, 67% of non-optional S3 emissions must also be captured.

Choose a Target Year

Near-term targets must have a target year 5-10 years from the date of submission to the SBTi

Develop Targets

Calculate targets using the SBTi's target setting tools for:

- Scope 1+2
- Scope 3

Types of Targets

Method	Minimum Requirements	Scopes	Benefits	Challenges
Absolute Contraction	• 1.5°C pathway • At least 4.2% annual linear reduction rate*	1+2	• Straightforward • Easy to communicate • Majority of companies use this method	• Difficult to show reductions for growing business
	• Well-below 2°C pathway • At least a 2.5% annual linear reduction rate*	3		
Renewable Energy	• Non-electric emissions must be <5% of S1&2 • 80% RE procurement by 2025 • 100% RE procurement by 2030	2	• Can align with other sustainability initiatives, such as RE100	• Many companies may not qualify
Sector-specific targets	• Sector-specific intensity convergence (i.e., Sectoral Decarbonization Approach), meaning the collective industry must reduce impact, not individual companies • Includes Forest, Land and Agriculture (FLAG) Targets	1+2 and 3	• Allows for industry-specific approach to target setting • Industry-wide intensity targets can allow for more flexibility in required reductions	• Can be more complicated to communicate than other options
	• Sector-specific absolute reduction for certain industries	1+2 and 3		
Physical Intensity	• Uses a physical unit representative of company (e.g., tCO2/product sold) • 7% year-on-year reduction*	3	• Useful for rapidly growing companies	• More data required, projections into the future (less accurate)
Economic Intensity	• Uses emissions per unit value added (e.g. tCO2/value added) • 7% year-on-year reduction per unit of gross profit*	3	• Useful for rapidly growing companies	• Dependent on macroeconomic trends • More data required, projections into the future (less accurate)
Engagement	• Suppliers or customers representing a certain percentage of emissions to set their own SBTs • Must be achieved in 5 years	3	• Efforts are focused on suppliers with largest footprint • Easily adoptable by most companies • Good for downstream companies	• Shorter timeframe • Influence is variable

**assuming a base year of 2020 or earlier. Later base years require additional ambition*

Calculating SBTi Required GHG Emissions Reduction Percentages

Most target types require defined reductions, which is relative to the base and target years. Below are examples of calculating reductions for the two main types of targets, and additional guidance, as well as an interactive tool, is available on the SBTi website.

Absolute Contraction

Ambition: Minimum of a **4.2%** per year reduction *(when aligning with the "1.5°C pathway")*

Base year ≤ 2020: 4.2% x (Target year – base year)
Base year > 2020: 4.2% x (Target year – 2020)

Example: Base year = 2022 & Target Year = 2030

4.2% x (2030 - 2020) = **42%**

Intensity (Economic or Physical)

Ambition: Minimum of a **7%** per year reduction **in intensity**

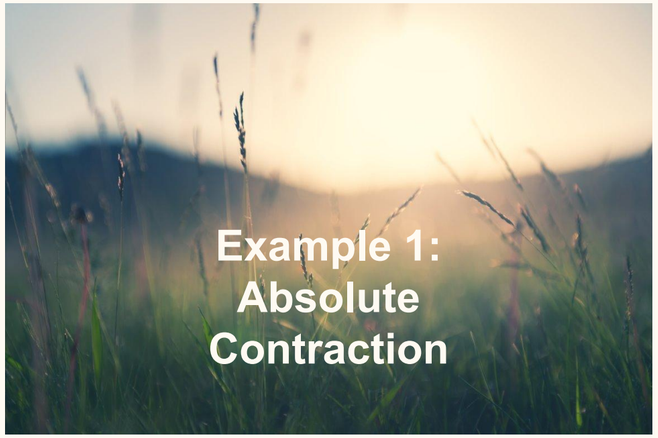
Base year ≤ 2020: 1- (1 - **7%**) ^ (Target year – base year)
Base year > 2020: 1- (1 - **7%**) ^ (Target year – 2020)

Intensity Ratio: Annual Emissions (mTCO2e) / Value Add or Physical Metric (gross profit or units produced, products sold, etc)

Example: Base year = 2022 & Target Year = 2030

1- (.93) ^ (2030 – 2020) = **51.6% in intensity**

Examples of Targets - Scope 1 & 2



Reduce absolute emissions at the same rate, irrespective of initial emissions performance.

Requires a minimum **4.2%*** annual linear reduction in Scope 1 and 2 emissions.

SAMPLE TARGET:

Company A commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2021 base year.

Procure renewable electricity at a rate that is consistent with 1.5C scenarios.

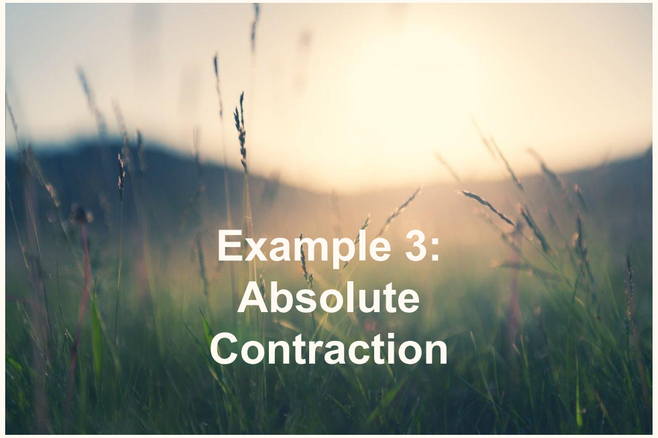
Requires **80%** RE procurement by 2025 and **100%** RE procurement by 2030.

SAMPLE TARGET:

Company B commits to continue annually sourcing 100% renewable electricity through FY2030

** Subject to adjustment for base years after 2020.*

Examples of Targets - Scope 3



Reduce absolute emissions at the same rate, irrespective of initial emissions performance.

Requires a minimum **2.5%*** annual linear reduction in Scope 3 emissions.

SAMPLE TARGET:

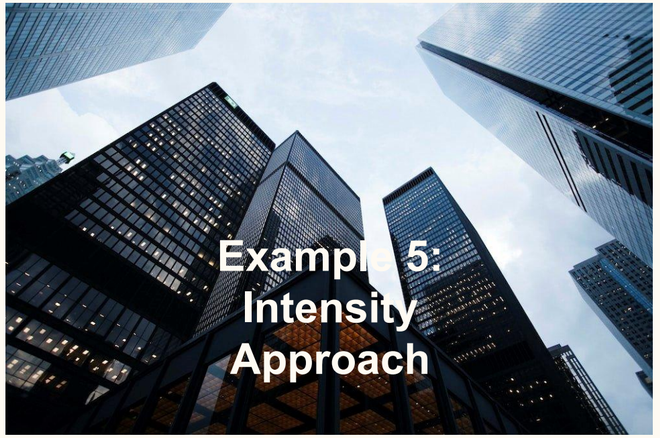
Company C commits to reduce absolute scope 3 GHG emissions from employee commuting and fuel-and-energy-related activities 50% by FY2031 from a FY2019 base year.

Engage suppliers in a company's supply chain to set their own SBTs.

Can only be set once per company and must be achieved within **five** years.

SAMPLE TARGET:

Company D further commits that 75% of its suppliers by spend covering purchased goods and services and capital goods, will have science-based targets by 2028.



Reduce emissions per physical unit or revenue.

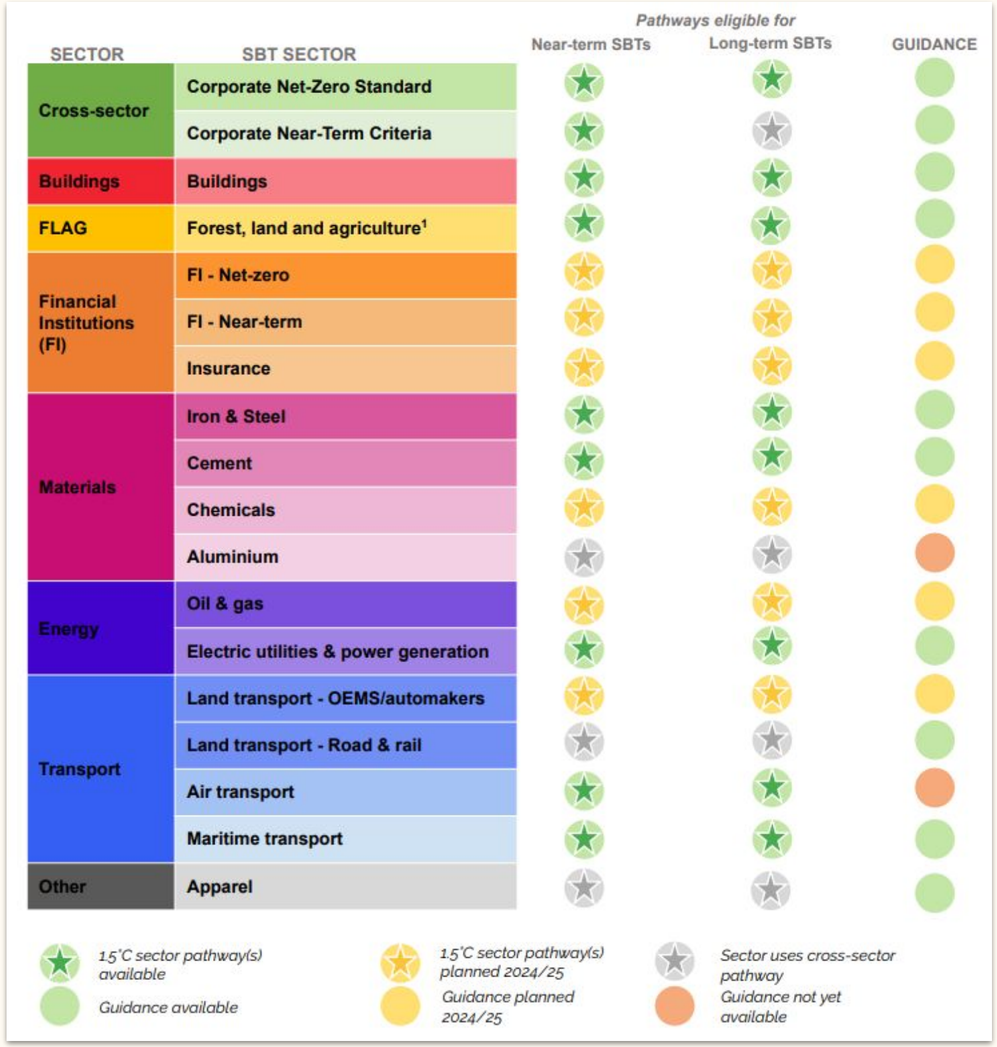
Requires a **7%** per year compound intensity reduction in Scope 3.

SAMPLE TARGET:

Company E further commits to reduce scope 3 GHG emissions from business travel 55% per employee within the same timeframe

** Subject to adjustment for base years after 2020.*

Certain sectors have Sectoral Decarbonization Approach Target pathways



Sectors indicated by the green star has a sector pathway available:

- Buildings
- Forest, Land, and Agriculture
- Buildings
- Iron and Steel
- Cement
- Power Generation
- Aviation
- Maritime Transport
- Information & Communication Tech

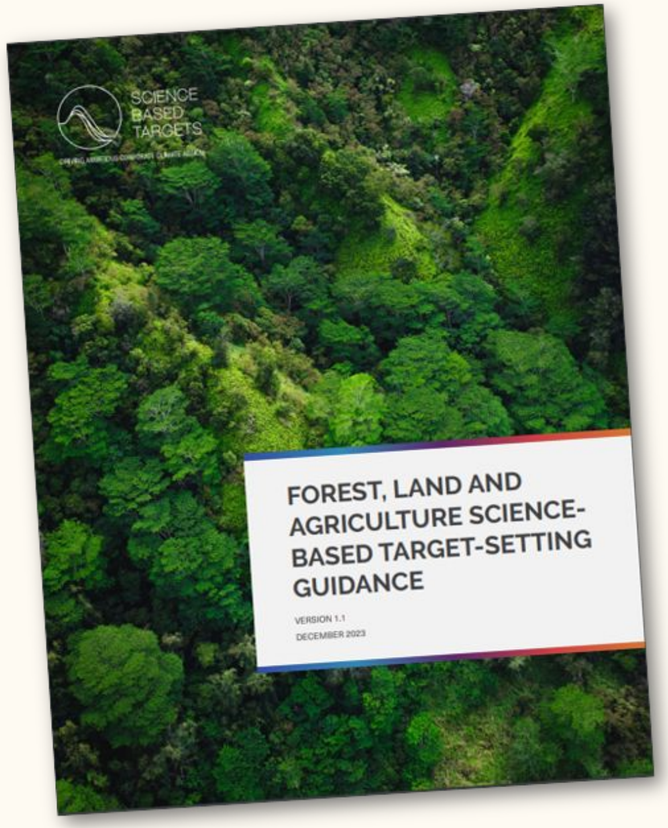
Those indicated by the yellow star have a sector pathway planned:

- Financial Institutions
- Chemicals
- Oil & Gas

Source: Getting Started Guide for Science-Based Target Setting (pg. 10)

Forest, Land, and Agriculture Targets

- Sector-specific targets, developed by the Science Based Targets Initiative (SBTi) for companies in the FLAG sector. **This is not applicable to all companies**, but may be applicable to companies that don't fit the traditional understanding of FLAG, and therefore needs to be considered.
- Separate from traditional energy/industry (E/I) SBTs and must be met independently.
- Required for companies in six key SBTi-designated sectors and for other companies whose gross FLAG emissions are greater than 20% of total gross Scope 1, 2, and 3 emissions.
- Always 1.5°C aligned and
  - Include land-based emissions and removals
  - Exclude bioenergy
  - Have a lower reduction pathway than E/I Targets
  - Require a no-deforestation commitment



FLAG Targets can apply to some companies that wouldn't generally be thought of as "Forest", "Land", or "Agriculture" companies.

Bring your internal stakeholders along the journey!

Developing SBTs is a team sport. Consulting across internal business functions to listen to different perspectives and gather input will help foster buy-in. It will also help reduce any barriers to collaboration while implementing emissions reduction initiatives going forward. **Before submitting targets to the SBTi for validation, consider the following steps to build internal alignment:**

- Review and discuss proposed targets with relevant business function leads.
- Get their advice around how to best drive progress towards the targets, and what it would take to achieve the targets.
- Collaborate with the leads to obtain final approval from your senior leadership.

SBTi Submission and Validation Process

Once targets are developed and approved internally, we recommend submitting them to the SBTi for validation to ensure alignment with the science. SBTi might ask for additional justification or explanations of the data provided in the submission form via email.

Contract is signed and fee paid when the target validation process starts (usually months after the SBT submission)

Sharing your Validated Target

Companies with approved targets should announce their target publicly on the SBTi website within 6 months of the approval date.

- **Announcement recommendations**
  - Publish as a press release, or within the annual sustainability report. The release should include
    - Base year emissions
    - Target year
    - Reductions required
    - Planned reduction initiatives and strategies
  - Partner with marketing to increase visibility
    - Use this as an opportunity to increase brand reputation
- **If not announced**
  - Targets unannounced after 6 months must go through the approval process again unless a different publication time frame has been agreed in writing with the SBTi.

Tracking and disclosing progress

Disclosing progress against science-based climate targets is a requirement of the SBTi, and also a key expectation of companies' stakeholders, such as customers and investors.

External Disclosure Requirement	Timeframe
Target Descriptions and Progress	Annually
Full GHG Inventory	Annually
Substantial emissions variations and any changes in target (due to merger/acquisition, inventory methodology, business output, etc.)	Annually (if relevant)
Review, and if needed, update target	Minimum every five years

There is flexibility in how this information is disclosed as SBTi doesn't have an official requirement around the sharing mechanism, but it is recommended that the relevant information is publicly shared in a company's sustainability report.

Resources for Continued Supplier Support

To help you delve deeper into climate action program implementation via carbon accounting and target setting, we have compiled a list of relevant resources that can be helpful for advancing your program.

In addition, we are hosting a sustainability webinar titled *'Carbon Accounting and Target Setting' on* ***November 7th, 2024***, to provide live support to suppliers. We will explore the topics outlined in this guide in greater detail and be available to answer questions.

Advancing Corporate Climate Action

Carbon Accounting and Climate Target Setting

Time: 9-10am PST, Thursday November 7th

Shengyuan Su
Sustainability Director
at Zendesk

Tim Major
VP, Procurement
at Zendesk

Janine Berger
Senior Consultant
at Anthesis

Alex Blanchard
Senior Consultant
at Anthesis

Join this webinar to **learn about how to measure your companies' carbon footprint and set meaningful targets to address it.**

RSVP here.

We look forward to seeing you!

Additional resources

Carbon Accounting

The Greenhouse Gas Protocol (GHGP): dashboard for any updates to greenhouse gas accounting methodology for calculating emissions.
GHGP Corporate Standard: provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory.
GHGP Value Chain (Scope 3) Standard: provides requirements and guidance for companies to assess their entire value chain emissions impact and identify where to focus reduction activities.
SME Climate Hub Business Carbon Calculator: A free tool designed for small/medium size companies to quickly estimate carbon footprint and find quick-win actions to reduce emissions.

Setting Science-based Targets

The Science-Based Targets Initiative (SBTi): your home base for all of the most up-to-date SBT information.
SBTi Criteria v5.2 (April 2023): the latest criteria for developing a science-based target.
UN Global Compact SBT e-Learning: an online learning course presented by SBTi.
SBTi Corporate Manual: provides guidance, criteria, and recommendations to support corporates in setting net-zero targets that are aligned with the latest climate science and to be validated by the SBTi.
SBTi Getting Started Guide: Step-by-step checklist for evaluating readiness and preparing to develop SBTs.

Reporting and Disclosure

CDP:
A global platform for organizations to disclose environmental impact information.

SASB and TCFD:
SASB Standards and the TCFD help companies identify relevant and material risks, opportunities and impacts related to sustainability and climate.

Global Reporting Initiative (GRI):
Sector-specific standards for reporting, including, but not limited to, sustainability.

Appendix

Index of Key Terms

Term	Definition
Base year	The first year your organization calculates your emissions & used for target setting - it will serve as your benchmark.
Framework	A structured approach or set of principles for organizations to utilize when integrating ESG practices into their operations. [*ex: UN SDGs, IIRC, Paris Agreement*]
GHG Protocol	A globally recognized gold standard for accounting and reporting an organization's GHG emissions. It provides guidance in determining Scope 1, Scope 2, and Scope 3 emissions, along with calculation methodologies and reporting requirements.
Inventory	A company's GHG inventory quantifies the number of heat-trapping gases released within the company's boundary using standardized (GHG Protocol) methods.
Operational boundary	Defined scope of both direct and indirect emissions within an organizational boundary. When defining operational boundaries, the entity must specify who/what is responsible for emissions, i.e. the entity itself or a 3rd party.
Organizational boundary	Those businesses and operations that make up an organization for the purpose of accounting for and reporting GHG emissions.
Standard	A set of guidelines or criteria to provide a benchmark for assessing the performance or practices of an organization (protocols are usually considered standards with a specific focus). [*ex: GRI, GHG Protocol, ISSB Standards*]
Regulation	A law, rule or policy implemented by a governmental or regulatory body to enforce ESG standards and ensure responsible business practice are implemented. [*ex: SEC Regulation, SFRD, CSRD*]

Scope 1 & 2 Data Collection Checklist

Scope	Emission Type	Description	Data Required
Scope 1	Stationary Emissions	Direct emissions occurring onsite from fuel combustion (e.g. natural gas, propane, diesel, coal, biomass, etc.) in stationary equipment to produce electricity, heat, or steam.	1. Fuel type 2. Fuel usage 3. Fuel units (volume or weight)
	Mobile Emissions	Emissions from fuel combustion (e.g. diesel, biodiesel, gasoline, aviation gasoline, CNG) by vehicles owned or leased by your company.	Two of the following: 1. Total fuel used by each vehicle (e.g. gallon of gasoline or diesel) 2. Total distance traveled by each vehicle (including make, model, and year) 3. Fuel efficiency of each vehicle (including make, model, and year)
	Fugitive Emissions	Leaks in your company's refrigeration and air conditioning equipment through which refrigerant gas escapes.	1. Refrigerant type 2. Quantity of gas serviced 3. Quantity of gas recycled 4. Units for quantity services or recycled *Quantity of leaked refrigerant gas is assumed to equal amount of gas replaced by your maintenance company.*
Scope 2	Purchased Energy	Indirect emissions from electricity, steam, hot/chilled water purchased from your local utility (not combusted on-site).	1. Energy source 2. Energy usage 3. Units (kWh for electricity)

Scope 3 Upstream Data Collection Checklist

#	Scope 3 Category	Data Checklist
1	Purchased Goods and Services	Source: Financial teams Activity data needed: • Amount spent on purchased goods or services, by product type, using market values (e.g., dollars) • Where applicable, inflation data to convert market values between the year of the EEIO emissions factors and the year of the activity data.
2	Capital Goods	Source: Financial teams – same data that you gather in category 1 Purchase Goods & Services.
3	Fuel and Energy Activities	Source: Scope 1 and 2 fuel consumption results Activity data needed: Companies should collect data on quantities and types of fuel consumed.
4	Upstream Transportation and Distribution	Data sources for activity data include: • Aggregated fuel receipts • Purchase records (provided by transportation providers) • Internal transport management system Activity data needed: Companies should collect data on • Quantities of fuel (e.g., diesel, gasoline, jet fuel, biofuels) consumed • Amount spent on fuels • Quantities of fugitive emissions (e.g., from air conditioning and refrigeration). If applicable: • Distance travelled • Average fuel efficiency of the vehicle, expressed in units of liters of fuel consumed per tonne per kilometer transported • Cost of fuels • Volume and/or mass of purchased goods in the vehicle • Information on whether the products are refrigerated in transport

Scope 3 Upstream Data Collection Checklist

#	Scope 3 Category	Data Checklist
5	Waste Generated in Operations	Activity data needed: • Waste produced (e.g., tonne/ cubic meter) and type of waste generated in operations • For each waste type, specific waste treatment method applied (e.g., landfilled, incinerated, recycled) because many waste operators charge for waste disposal by the method used, disposal methods may be identified on utility bills.
6	Business Travel	Activity data needed: • Total distance travelled by each mode of transport (air, train, bus, car, etc.) for employees in the reporting year. Where possible, companies should also collect data on: • Countries of travel (since transportation emission factors vary by country) • Specific types of vehicles used for travel (since transportation emission factors vary by vehicle types) from transport providers • The specific passenger vehicle type and the relevant emission factor. Companies may optionally collect data on the number of hotel nights incurred during business travel by hotel type Methods of data collection include: • Automatic tracking of distance travelled by mode through a travel agency or other travel providers • Automatic tracking of distance travelled by mode through internal expense and reimbursement systems, which may require adding new questions on distance travelled and mode of transport to travel or expense forms submitted by employees • Quarterly surveys/questionnaires of employees • Working with travel providers (e.g., transportation companies, hotels) to obtain GHG emissions data
7	Employee Commuting	Activity data needed: • Total distance travelled by employees over the reporting period (e.g., passenger-kilometers travelled) • Mode of transport used for commuting (e.g., train, subway, bus, car, bicycle)
8	Upstream Leased Assets	Activity data needed: • Scope 1 and scope 2 emissions data, or activity data on: • Asset-specific fuel use and electricity, steam, heating and cooling use • If applicable, activity data related to non-combustion emissions (i.e., industrial process or fugitive emissions).

Scope 3 Downstream Data Collection Checklist

#	Scope 3 Category	Data Checklist
9	Downstream Transportation and Distribution	Activity data needed: • The major difference between calculating upstream and downstream emissions of transportation is likely to be the availability and quality of activity data. Transportation data may be easier to obtain from upstream suppliers than from downstream customers and transportation companies. Therefore, companies may need to use the distance-based method to calculate downstream transportation emissions. If the actual transportation distances are not known, the reporting company may estimate downstream distances by using a combination of: • Government, academic, or industry publications • Online maps and calculators • Published port-to-port travel distances.
10	Processing of Sold Products	Activity data needed: • Companies should first collect data on the types and quantities of intermediate goods sold by the reporting company. • Companies should then collect either site-specific GHG emissions data provided by downstream value chain partners or site-specific activity data from downstream processes, including: • Quantities of energy (including electricity and fuels) consumed in process(es) • To the extent possible, mass of waste generated in process(es) • If applicable, activity data related to non-combustion emissions (i.e., industrial process or fugitive emissions).
11	Use of Sold Products	Activity data needed: • Total lifetime expected uses of product(s) • Quantities of products sold • Fuel used per use of product • Electricity consumption per use of product • Refrigerant leakage per use of product

Scope 3 Downstream Data Collection Checklist

#	Scope 3 Category	Data Checklist
12	End of Life Treatment of Sold Products	Activity data needed: • Total mass of sold products and packaging from the point of sale by the reporting company to the end-of-life after consumer use (e.g., packaging used to transport products through to the point of retail and any packaging that is disposed of prior to the end-of-life of the final product • Proportion of this waste being treated by different methods (e.g., percent landfilled, incinerated, recycled
13	Downstream Leased Assets	Activity data needed: • Scope 1 and 2 data specific to leased assets to others outside of the reporting company
14	Franchises	Activity data needed: • Scope 1, scope 2, and (optionally) scope 3 emissions data from franchisees • Site-specific fuel use, electricity use, and process and fugitive emissions activity data if applicable.
15	Investments	Activity data needed: • Scope 1 and scope 2 emissions of investee company • The investor’s proportional share of equity in the investee • If significant, companies should also collect scope 3 emissions of the investee company (if investee companies are unable to provide scope 3 emissions data, scope 3 emissions may need to be estimated using the average-data method described in option 2).