



GREENHOUSE GAS ACCOUNTING REPORT

2022

Company name: Institutional Shareholder Services
Address: 702 King Farm Blvd #400, Rockville, MD 20850, United States
Contact: ISS_CORE@issgovernance.com

This greenhouse gas (GHG) accounting report covers Scope 1 and Scope 2 emissions and a limited account of Scope 3 emissions. All office units of the ISS's business were included in the accounting report.

WWW.ISSGOVERNANCE.COM

TABLE OF CONTENTS

1. Executive summary.....	3
2. GHG accounting methodology.....	5
Boundary setting.....	5
Reporting period.....	5
Organizational boundaries and consolidation approach chosen.....	5
Operational boundaries.....	5
Activities and emission sources.....	6
Scope 1 and 2 activities.....	6
Scope 3 activities.....	6
Selection of emission factors.....	6
3. GHG emissions over time (2019 – 2022).....	6
4. Information on GHG emissions.....	9
Per scope category emissions.....	9
5. Key performance indicators.....	10
Emission intensity.....	10
Per employee.....	10
Per area of office space.....	10
6. Market-based instruments purchase.....	11
7. Methodology.....	12
Fuel used for stationary combustion.....	12
Electricity, cooling, and heating consumption.....	12
Supply chain.....	12
Waste.....	13
Water.....	13
Business travel.....	13
Commuting and remote working.....	13

1. Executive summary

Founded in 1985, the Institutional Shareholder Services group of companies (ISS) empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics and insight. ISS, which is majority owned by Deutsche Börse Group, along with Genstar Capital and ISS management, is a leading provider of corporate governance and responsible investment solutions, market intelligence, fund services, and events and editorial content for institutional investors and corporations, globally. ISS' approximately 3,000 employees operate worldwide in 15 countries.

In 2022, ISS had 30 offices including 10 in Europe and India (EMEIA), 11 in North America (Americas) and nine in Asia Pacific (APAC). All GHG emissions emanating from these offices are solely attributable to ISS. ISS' greenhouse gas (GHG) accounting report covers emissions from all 30 offices for calendar 2022. Given ISS' business focus, major emissions sources are office space/building operations, business travel and outsourced goods and services.

The total GHG emissions from all operations in 2022 was **10,712 tCO₂e¹** (metric tonnes of carbon dioxide equivalent). Direct Scope 1 emissions were **16 tCO₂e** and indirect Scope 2 (market-based) emissions were **303 tCO₂e**. The indirect Scope 3 emissions were **10,393 tCO₂e**.

ISS distinguishes between a directly influenceable carbon footprint and a not-directly influenceable carbon footprint. Supply chain emissions (Scope 3, categories 1 and 2), in addition to fuel and energy-related emissions (Scope 3, category 3), comprise the not-directly influenceable carbon footprint. All other categories in Scope 3 (together with Scope 1 and 2) are part of the directly influenceable carbon footprint which is offset in full. ISS' directly influenceable carbon footprint in 2022 stood at 1,756 tCO₂e while its not-directly influenceable carbon footprint amounted to 8,955 tCO₂e.

Table 1: Emissions summary per scope and scope category

	2022 tCO ₂ e	% of Total emissions (market-based)
Scope 1 Direct GHG emissions	16	0%
Stationary combustion	16	0%
Scope 2 Indirect GHG emissions (market-based)	303	3%
Electricity ²	0	0%
Cooling	0	0%
Heat and steam	303	3%
Scope 3 Other indirect GHG emissions	10,393	97%

¹ Emissions have been calculated using the methodology explained in chapter 7 of this report and all calculations are subject to the assumptions and limitations outlined in chapter 7 (and elsewhere in this report). All emissions are expressed in the unit metric tonne unless other is specified.

² It includes the electricity used in offices and physical datacenters.

	2022 tCO ₂ e	% of Total emissions (market-based)
Supply chain	7,813	73%
▪ Purchased goods and services (cat. 1) ³	4,738	44%
▪ Capital goods (cat. 2)	3,075	29%
Fuel and energy related activities (cat. 3)	1,142	11%
Waste generated in operations (cat. 5)	18 ⁴	0%
▪ Waste	11	0%
▪ Water	8	0%
Business travel (cat. 6)	285	5%
▪ Air	281	3%
▪ Bus/car	3	0%
▪ Rail	1	0%
Commuting (cat. 7)	775	7%
Remote working (cat. 7)	360	12%
(Market-based) Total GHG emissions	10,712	100%

Table 2: Emissions breakdown of ISS' carbon footprint

Breakdown ISS' carbon footprint	2022 tCO ₂ e	% of Total emissions (market-based)
ISS' directly influenceable carbon footprint	1,756 ⁵	16%
ISS' not-directly influenceable carbon footprint	8,955	84%

³ Including datacenters providing cloud services.

⁴ Sum of individual item amounts in category is not equal to overall category emissions amount due to rounding.

⁵ Sum of individual item amounts is not equal to overall emissions amount due to rounding.

2. GHG accounting methodology

This GHG accounting report is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. All emission sources and boundary settings are defined and reviewed to ensure a relevant, accurate, consistent, transparent, and complete GHG accounting report.

The GHG accounting process follows the steps below:

- Boundary setting
- List of activities and emission sources
- Selection of emissions factors

Boundary setting

Boundary setting is a broader term that constitutes boundary setting for the following:

- Reporting period
- Organizational boundary
- Operational boundary

Reporting period

The accounting report covers the emissions in the calendar year 2022 (1 January 2022 to 31 December 2022).

Organizational boundaries and consolidation approach chosen

The organizational boundaries for the current GHG accounting report are set on the basis of operational control. This accounting report covers the following ISS offices (in addition to its physical datacenters):

- Americas: Ann Arbor, Boston, Chicago, Eatontown, Menlo Park, New York, Norman, Rockville, San Diego, San Francisco and Toronto
- APAC: Canberra, Hong Kong, Manila ANE, Manila Solaris, Melbourne, Singapore, Sydney Clarence Str., Sydney Pitt Str. and Tokyo
- EMEIA: Berlin, Brussels, Haar, London, Mumbai, Munich, Paris, Stockholm, Wokingham and Zurich

Operational boundaries

Operational boundaries are set in accordance with GHG Protocol Corporate Standard (see above). All direct and indirect emissions are identified as Scope 1, Scope 2 and Scope 3. This inventory includes Scope 3 emissions.

Activities and emission sources

Scope 1 and 2 activities

The main Scope 1 activity is diesel fuel combustion for office backup generators. The Scope 2 activities include purchased electricity, cooling and heat used in office buildings and electricity used in physical datacenters.

Scope 3 activities

Scope 3 emissions are included in the inventory. These emissions include:

- Purchased products and services (cat. 1)
- Capital goods (cat. 2)
- Fuel and energy-related activities (cat. 3)
- Waste generated in operations (cat. 5)
- Business travel (cat. 6)
- Employee commuting (cat. 7)
- Remote working (cat. 7)

Selection of emission factors

The emission factors are sourced from public databases⁶ or specific suppliers. This accounting report provides GHG emissions quantities in CO₂e.

3. GHG emissions over time (2019 – 2022)

Total GHG emissions from ISS's operations in 2022 were 10,712 tCO₂e. The Scope 1, 2 and 3 emissions were 16 tCO₂e, 303 tCO₂e, and 10,393 tCO₂e, respectively.

There were no major expansions and structural changes in 2022 compared to 2021. The following table shows the GHG emissions from 2019 to 2022.

Table 3: Total per scope emissions over time (2019-2022, market-based)

	2019 tCO ₂ e	2020 tCO ₂ e	2021 tCO ₂ e	2022 tCO ₂ e
Scope 1 Direct GHG emissions	-	-	-	16
Stationary combustion ⁷	-	-	-	16

⁶ The Department for Business, Energy & Industrial Strategy (BEIS) and The United States Environmental Protection Agency (USEPA).

⁷ Data collected starting in 2022.

	2019 tCO ₂ e	2020 tCO ₂ e	2021 tCO ₂ e	2022 tCO ₂ e
Scope 2 Indirect GHG emissions (market-based)⁸	2,365	1,713	325	303
Electricity	2,147	1,505	28	0 ⁹
▪ Offices	2,105	1,489	0 ⁹	0
▪ Physical datacenters ¹⁰	42	16	28	0
Cooling ¹¹	-	-	0 ⁹	0
Heat and steam	218	209	298 ¹²	303
Scope 3 Other indirect GHG emissions	9,339	7,860	7,426	10,393
Supply chain	7,684 ¹²	5,915	5,995	7,813
▪ Purchased goods and services (incl. datacenters) (cat. 1)	4,677	2,493 ¹³	2,805 ¹³	4,738
▪ Datacenters ¹⁴	64	46	38	1
▪ Capital goods (cat. 2)	3,007	3,422	3,189	3,075
Fuel and energy related activities (cat. 3) ¹⁵	614	747	907	1,142
Waste generated in operations (cat. 5)	35	12	2	18 ¹⁶
▪ Waste	35	12	2	11

⁸ Restatement for 2019-2021 due to a change in the methodology, emissions from physical datacenters are moved from Scope 3 to Scope 2 to align with the group's (Deutsche Börse) methodology.

⁹ Result of switching to green tariffs where possible and purchase of EACs in the rest of locations.

¹⁰ Due to a change in the methodology, emissions are moved from Scope 3 to Scope 2. Emissions from third-party datacenters providing cloud services remain in Scope 3.

¹¹ Prior to 2021, cooling emissions were captured under "electricity".

¹² Restatement due to increase of information available at the time of calculation.

¹³ Values restated removing "utilities" spend to avoid double counting.

¹⁴ Emissions from third-party datacenters providing cloud services. Emissions from physical datacenters are part of Scope 2.

¹⁵ Restatement for all years due to a change in the methodology to capture emissions from transmission and distribution (T&D).

¹⁶ Sum of individual item amounts in category is not equal to overall category emissions amount due to rounding.

	2019 tCO ₂ e	2020 tCO ₂ e	2021 tCO ₂ e	2022 tCO ₂ e
▪ Water ¹⁷	-	-	-	8 ¹⁸
Business travel (cat. 6)	1,006	386	32	285
▪ Air	1,000	377	32	281
▪ Bus/car	4	9	0	3
▪ Rail	2	1	0	1
Commuting (cat. 7)	⁻¹⁹	411 ²⁰	41 ²⁰	775
Remote working (cat. 7)	⁻¹⁹	389	449	360
(Market-based) Total GHG emissions	11,704	9,574	7,752	10,712

ISS distinguishes between a directly influenceable carbon footprint and a not-directly influenceable carbon footprint. Supply chain emissions (Scope 3, categories 1 and 2) in addition to fuel and energy-related emissions (Scope 3, category 3) comprise the not-directly influenceable carbon footprint. All other categories in Scope 3 (together with Scope 1 and 2) are part of the directly influenceable carbon footprint which is offset in full.

ISS' directly influenceable carbon footprint has seen a decrease by 48% compared to the 2019 (from 3,406 tCO₂e to 1,756 tCO₂e) despite having increased the emission sources in 2022 (stationary combustion from backup power generators, emissions from water and including commuting and remote working).

Table 4: ISS' directly influenceable carbon footprint (2019 and 2022, market-based)

	2019 tCO ₂ e	2022 tCO ₂ e
Scope 1 Direct GHG emissions	⁻¹⁹	16
Scope 2 Indirect GHG emissions (market-based)	2,365	303
(Selected) Scope 3 Other indirect GHG emissions	1,041	1,438
Waste generated in operations (cat. 5)	35	18 ²¹

¹⁷ Data collection started in 2022.

¹⁸ Capturing emissions from water supply and water disposal.

¹⁹ Data not available.

²⁰ Restatement due to a change in the methodology. For 2021, it was assumed to be a 10% from 2020's value due to the impact of the pandemic.

²¹ Including emissions from water supply and water disposal.

	2019 tCO ₂ e	2022 tCO ₂ e
Business travel (cat. 6)	1,006	285
Commuting (cat. 7)	²²	775
Remote working (cat. 7)	²²	360
ISS' directly influenceable carbon footprint (market-based)	3,406	1,756²³

4. Information on GHG emissions

Per scope category emissions

Table 5: Per scope category direct and indirect GHG emissions

	2022 tCO ₂ e	% of Total emissions (market-based)
Scope 1 Direct GHG emissions	16	0%
Scope 2 Indirect GHG emissions (market-based)	303	3%
Scope 3 Other indirect GHG emissions	10,393	97%
Purchased goods and services (cat. 1)	4,738 ²⁴	44%
Capital goods (cat. 2)	3,075	29%
Fuel and energy related activities (cat. 3)	1,142	11%
Waste generated in operations (cat. 5)	18 ²⁵	0%
Business travel (cat.6)	285	3%
Commuting (cat. 7)	775	7%
Remote working (cat. 7)	360	3%
(Market-based) Total GHG emissions	10,712	100%

²² Data not available.

²³ Sum of individual item amounts is not equal to overall emissions amount due to rounding.

²⁴ Including emissions from third-party datacenters providing cloud services.

²⁵ Including emissions from water supply and water disposal.

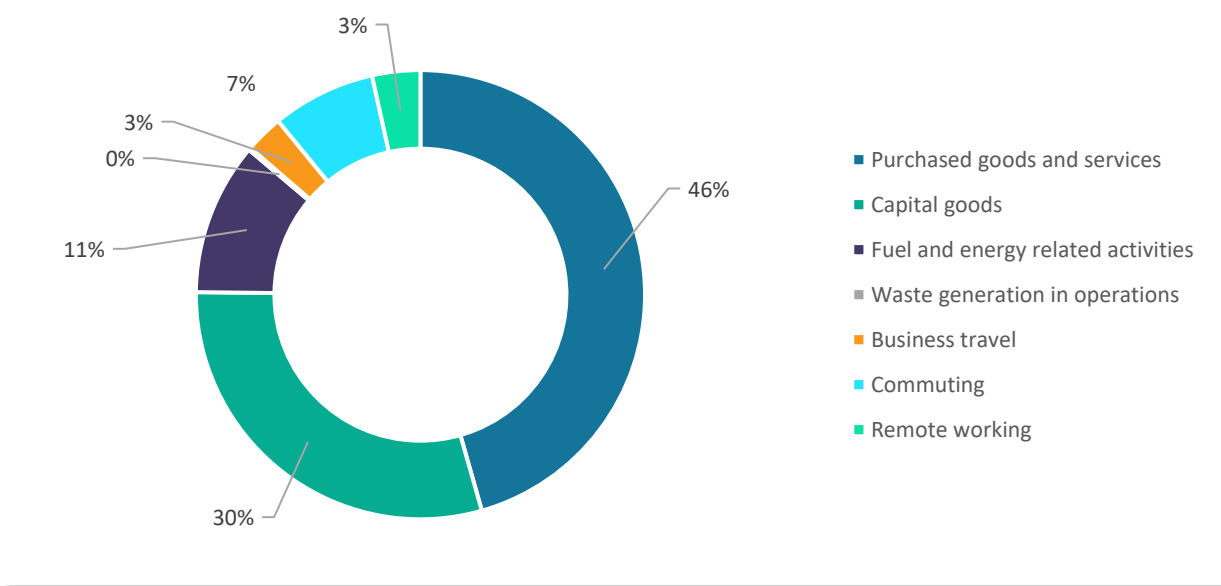


Figure 1: Scope 3 emissions per GHG Protocol category

5. Key performance indicators

The key performance indicators (KPIs) provide further details on ISS' GHG profile. The KPIs include Scope 1 and Scope 2 (market-based) GHG emissions from ISS' offices²⁶. Scope 3 emissions are not considered.

KPIs:

- Emission intensity per employee
- Emission intensity per area of office space

Emission intensity

Per employee

The global average Scope 1 and 2 emission intensity per employee was **0.51 tCO₂e per employee**. The lowest regional average emission intensity per employee was in EMEIA at 0.37 tCO₂e per employee, followed by the regional APAC average at 0.47 tCO₂e per employee and the highest regional average emission intensity per employee was in North America at 0.66 tCO₂e per employee.

Per area of office space

The global Scope 1 and 2 emission intensity per office space (square meter) was **0.04 tCO₂e per square meter**. The lowest regional average emission intensity per office space was in EMEIA at 0.03 tCO₂e per square meter, followed

²⁶ Scope 2 emissions from physical datacenters are excluded.

by the regional North American average at 0.04 tCO₂e per square meter. The highest regional average emission intensity per office space was in APAC at 0.05 tCO₂e per square meter.

6. Market-based instruments purchase

In 2022, ISS used renewable electricity where possible (in 10 offices)²⁷ and purchased Electricity Attribute Certificates (EACs) for the remaining electricity and cooling consumption.

The following charts show the share of renewable electricity (including cooling) and the share of the different EAC standards as well as the EAC regional distribution. The credits purchased using these renewable energy certificates are reflected in the Scope 2 section of Table 1 (Market-based GHG emissions).

Global - renewable share and EAC standards share

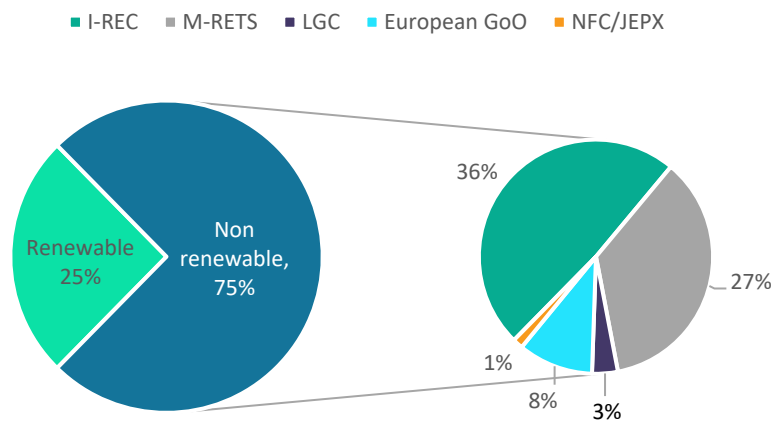


Figure 2: Distribution of market-based options purchased for all business units.

²⁷ In 2022, all physical datacenters were procuring green electricity.

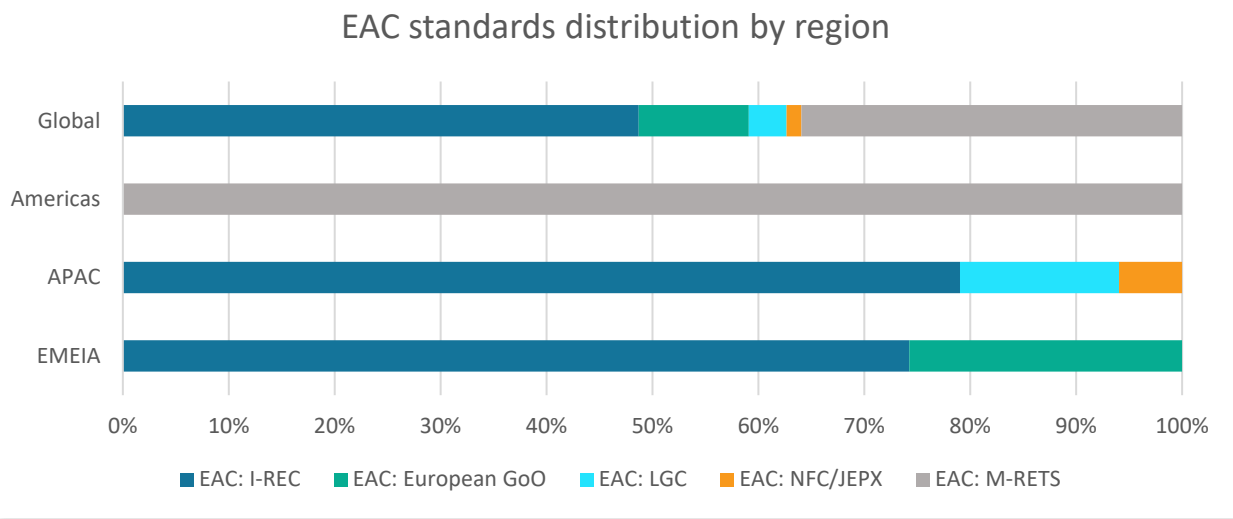


Figure 3: Distribution of market-based options purchased by region.

7. Methodology

Fuel used for stationary combustion

- Fuel consumption (from back-up power generators) was extrapolated using an estimate kWh/office square meter derived from Manila Solaris’s data.
- Where fuel type was unknown, the methodology assumes diesel.

Electricity, cooling, and heating consumption

- Where invoices were not available at the time of calculation, data was extrapolated for the missing month(s) using the previous values available for the respective office.
- In cases where data for 2022 is not yet available, data for calendar 2021 was used for the calculation.
- Wokingham, Ann Arbor, and Sydney Pitt Street offices were closed during 2022, the data for each office runs until the office’s closing date (January 1 to May 30, 2022; December 14, 2021, to July 31, 2022, and January 16 to October 27, 2022, respectively).
- Some offices’ values are based on averages. For Zurich, the average EMEA offices’ kWh electricity consumption per square meter is used. For Menlo Park and Eatontown, the average US offices’ kWh electricity consumption per square meter is used. For Hong Kong, the Tokyo office electricity and cooling kWh consumption per square meter is used as a proxy.
- Missing cooling and heating consumption data were estimated using ISS’ regional average consumption (estimate kWh usage per square meter).
- If the office did not have a submeter, consumption was derived/calculated from complete building consumption based on the floor area covered by ISS’ offices.

Supply chain

- Supply chain includes categories 1 and 2 (purchased goods and services and capital goods).

Spending is grouped by relevant categories (deducting the “utilities” account as it refers to Scope 2 emissions already accounted for) and supply chain emissions are estimated using the [Quantis spend-based Scope 3 calculator](#).

Waste

- The waste consumption data were extrapolated using reference data from New York in 2021 (kgs per office day based on average employee attendance per office day).

Water

- On the assumption all water supplied was also disposed, the same quantities were used to calculate emissions from water disposal.
- Missing water consumption data were estimated using ISS’ global average (estimated cubic meter usage per employee).
- Where invoices were not available, at the time of the calculation, data was extrapolated for the missing month(s) using previous values available for the respective office.

Business travel

- Data is provided from ISS’ internal expense reimbursement tool – only trips submitted for reimbursement are considered.
- For business air travel, the distance is calculated between the point of origin and destination points. If the specific combination was not part of our internal database, the specific journey is searched at <https://www.distancecalculator.net/>. All air travel is assumed to be direct flights.
- For business travel by taxi, all trips are estimated at 15 km per one-way journey.
- For business travel by subway, all trips are estimated at 10 km per one-way journey.

Commuting and remote working

- All part-time employees were converted into FTE (full time equivalent).
- Taking one-way commuting averages from the 2020 population per office and behavior (% of commuting, driving, cycling and walking), the number of days in office was calculated for 2022, applying a general hybrid policy (3 days in office/2 at home) after the return to office considering a 260-days year.
- For remote working, FTE working hours in 2022 were counted in two different ways:
 1. For fully remote employees, considering 52 work weeks (220-days year).
 2. For other employees, counting the working days prior to the return to office (220-days year) in addition to remote working days under hybrid policy (40% per week) in a 260-days year.
- Average office headcount (FTE) was calculated before and after the return to office.

We empower investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics, and insight.

GET STARTED WITH ISS SOLUTIONS

Email sales@issgovernance.com or visit www.issgovernance.com for more information.

Published on May 8, 2023

Founded in 1985, the Institutional Shareholder Services group of companies ("ISS") is the world's leading provider of corporate governance and responsible investment solutions alongside fund intelligence and services, events, and editorial content for institutional investors, globally. ISS' solutions include objective governance research and recommendations; responsible investment data, analytics, and research; end-to-end proxy voting and distribution solutions; turnkey securities class-action claims management (provided by Securities Class Action Services, LLC); reliable global governance data and modeling tools; asset management intelligence, portfolio execution and monitoring, fund services, and media. Clients rely on ISS' expertise to help them make informed investment decisions. This document and all of the information contained in it, including without limitation all text, data, graphs, and charts (collectively, the "Information") is the property of Institutional Shareholder Services Inc. (ISS), its subsidiaries, or, in some cases third party suppliers.

The Information has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and ISS does not endorse, approve, or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

ISS MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by law, in no event shall ISS have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits), or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

© 2023 | Institutional Shareholder Services and/or its affiliates