PUBLIC DISCLOSURE STATEMENT

PATHZERO PTY LTD

PRODUCT CERTIFICATION
FY2021–22

Australian Government
Climate Active
Public Disclosure Statement

Pathzero

An Australian Government Initiative | Climate Active

NAME OF CERTIFIED ENTITY	Pathzero Pty Ltd
REPORTING PERIOD	1 July 2021 – 30 June 2022 Arrears Report
DECLARATION	*To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.* Carl Prins Co-founder & CEO

Australian Government

Department of Industry, Science, Energy and Resources

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1.CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	Offset by product: 0 tCO$_2$-e Offset by organisation: 223.51 tCO$_2$-e
OFFSETS BOUGHT	Offsets bought by product: 0 Offsets bought by organisation: 100% ACCUs
RENEWABLE ELECTRICITY	0%
TECHNICAL ASSESSMENT	No technical assessment required for 2022. Next technical assessment due: October 2024

Contents

2.CARBON NEUTRAL INFORMATION

Description of certification

<mark>This certification covers Pathzero's Carbon Neutral Management Platform.</mark>

The inventory has been prepared for the financial year from 1 July 2021 to 30 June 2022.

The greenhouse gases included in the inventory include all those that are reported under the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6). All emissions are reported in tonnes of carbon dioxide equivalent (t CO_2e) and uses relative global warming potentials (GWPs).

"As Pathzero supports organisations on their journey to carbon neutral and beyond, we want to ensure our customers are also using a carbon neutral product."

Product description

Pathzero Clarity is a SaaS platform for businesses to measure, manage, reduce, offset and report on their carbon emissions. Pathzero Clarity provides organisations with detailed carbon information on their scope 1, 2 and 3 emissions, highlights areas of carbon intensity across their operations, suggests high-impact emissions reduction initiatives and facilitates investment in trustworthy offset programs for any emissions that cannot be eliminated.

The functional unit is per user web application hour. The <mark>full coverage</mark>, cradle to gate product process is included in the emissions boundary.

About the organization

Pathzero Pty Ltd trades under the ABN 25 640 001 047 (Pathzero) and has no child companies. Pathzero is a global, technology-enabled environmental consultancy established in 2020 and based in Sydney, Australia. Pathzero's unique blend of proprietary software and expert consultancy provides an end-to-end process for organisations to measure, manage, reduce and report their corporate and financed carbon emissions.

Pathzero is registered under the following address: Level 8, 11 York Street, Sydney NSW 2000. During the FY2021-22 reporting period, Pathzero hired co-working spaces at the following address: Level 11, 10 Carrington Street, Sydney NSW 200

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3.EMISSIONS BOUNDARY

Inside the emissions boundary

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

Quantified emissions have been assessed as 'attributable processes' that become the product, make the product and carry the product through its life cycle. These have been quantified in the carbon inventory.

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

Outside the emissions boundary

Non-attributable emissions have been assessed as not attributable to a product or service. They can be **optionally included** in the emissions boundary and therefore have been offset, or they can be listed as outside of the emissions boundary (and are therefore not part of the carbon neutral claim). Further detail is available at Appendix D.

Inside emission boundary

Quantified

Accommodation

Air travel

Base buildings

Electricity

ICT service & equipment

Office equipment & supplies

Transport (Land and Sea)

Professional Services

Staff commuting

Waste

Working from home
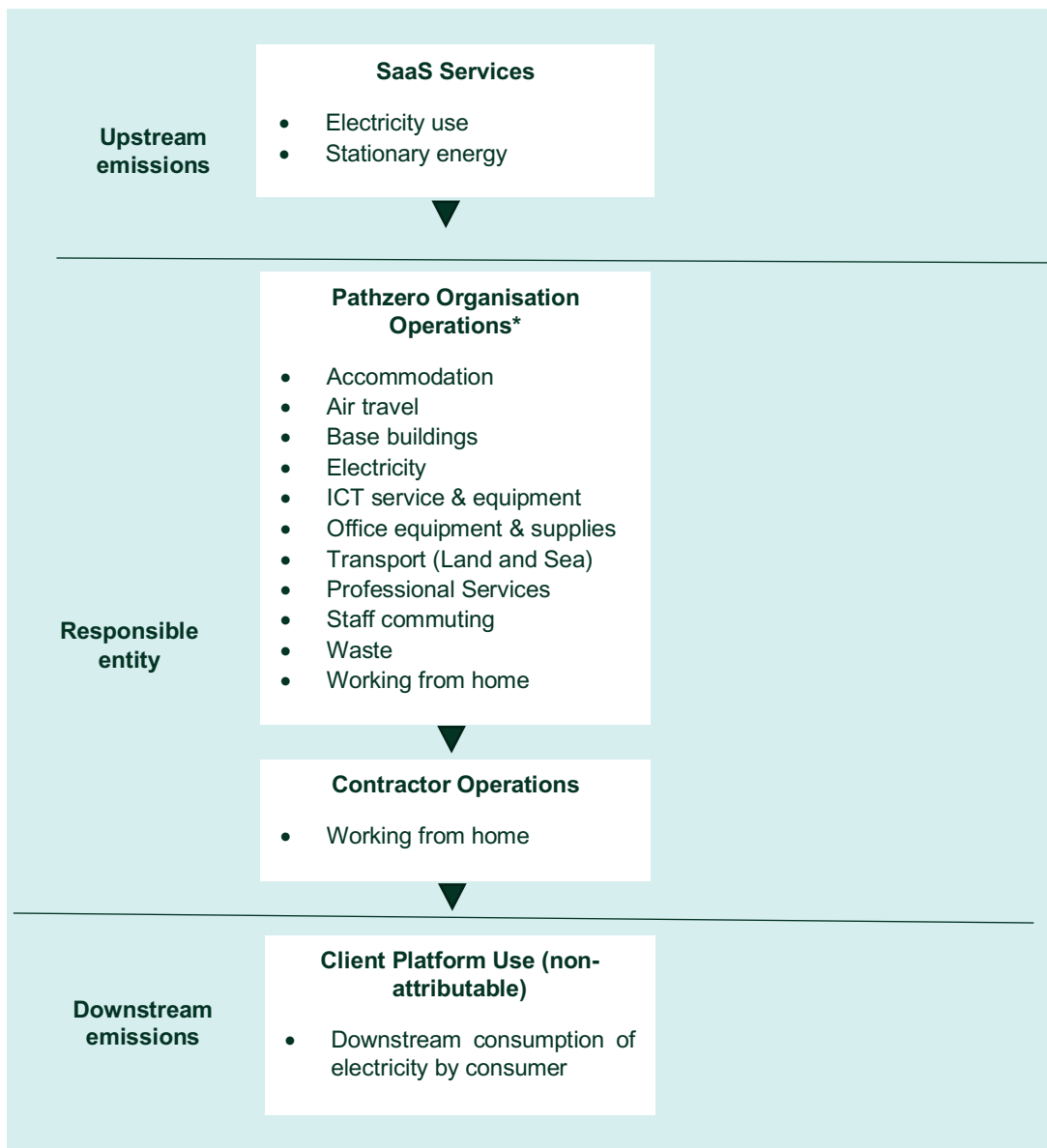
Non-quantified

N/A

Outside emission boundary

Non-attributable

Downstream consumption of electricity by customer

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Product process diagram

The following diagram outlines the cradle to gate system boundary. The diagram shows the major emission sources for each stage. All attributable emission sources were determined and included in the inventory.

As the product operates under the same ABN as the Pathzero organisation certification, there will be an overlap of emissions. Under the Climate Active standard, emissions shared between Pathzero's product and organsation can be nullified as carbon neutral under the Parent-Child relationship. The Pathzero organisation certification is the Parent certification in this Parent-Child relationship and the Pathzero product certification captures where the overlap exists. The liability for the shared emission sources are offset as part of Pathzero organisation certification.

Upstream emissions

SaaS Services

- Electricity use
- Stationary energy

▼

Responsible entity

Pathzero Organisation Operations*

- Accommodation
- Air travel
- Base buildings
- Electricity
- ICT service & equipment
- Office equipment & supplies
- Transport (Land and Sea)
- Professional Services
- Staff commuting
- Waste
- Working from home

▼

Contractor Operations

- Working from home

▼

Downstream emissions

Client Platform Use (non-attributable)

- Downstream consumption of electricity by consumer

*Emissions shared with Pathzero's organisation certification

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Data management plan for non-quantified sources

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

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4.EMISSIONS REDUCTIONS

Emissions reduction strategy

Pathzero has developed an emission reduction strategy targeting the top emission sources from its base year inventory. The emission sources are captured across Pathzero organisation certification and product certification. Pathzero is committed to reducing emissions as much as possible within its entire value chain and aims to reduce

Key reduction areas and opportunities have been identified as follows:

1. **Working from Home**

    As our team expands, Pathzero will continue to encourage flexible work arrangements for all employees. We value balance but also understand that working from home can have a high emissions impact. As such, we will develop an employee Working from Home Guide, to share internally with staff on ways to work efficiently, effectively, and sustainably.

    To reduce working from home emissions, Pathzero is encouraging staff to reduce heating and cooling usage by closing windows, closing doors, and wearing warmer layers. Furthermore, staff are encouraged to rely on natural sunlight (instead of using lights) during the day and to ensure that lights are turned off when leaving working spaces.

    Pathzero is also encouraging staff to reduce equipment usage by using the sleeping mode on your computer, turning-off the computer when not in use, turning-off IT equipment when not in use, and turning-off computer monitors when not in use. Pathzero will then review this annually at the end of each financial year for the next 5 years to determine the effectiveness of this strategy. Pathzero has set an emissions reduction target to reduce working from home emissions by 10% from its base year emissions inventory by 2025.

2. **ICT Services and Equipment**

    When purchasing IT equipment for new employees that are onboarded, Pathzero will ensure that the embodied emissions for all chosen technologies are investigated. Technology providers that disclose this information will be given preference. Where possible, Pathzero will choose the most sustainable option. Pathzero has set an emissions reduction target to reduce ICT services and equipment emissions by 10% from its base year emissions inventory by 2025.

3. **Professional Services**

    Pathzero is committed to reducing emissions across our entire value chain. A key area for reduction is within the professional service firms we currently partner with. Moving forward, Pathzero will implement a policy to preference the use of professional service firms who have also made sustainability and carbon neutral commitments.

    Alongside this, Pathzero currently supports organisation's on their sustainability journey. We place

strong emphasis on all our clients working towards carbon neutrality and eventually net zero reduction goals. As part of our emission reduction strategy, we will continue to push the boundaries of organisation's who are on this journey with us, by supporting them to further reduce their impact and decarbonise going forward. Pathzero has set an emissions reduction target to reduce professional services emissions by 20% from its base year emissions inventory by 2025.

Emissions reduction actions

During the past 12 months Pathzero undertook the following actions designed to reduce our emissions:

- Pathzero has implemented a policy to preference the use of professional service firms who have also made sustainability and carbon neutral commitments.

- Pathzero reminds staff on a regular basis to turn-off computers, monitors, and other IT equipment when not working. Furthermore, staff are encouraged to wear warmer layers (instead of running the heating), rely on natural sunlight (instead of using lights) during the day, and ensure that lights are turned off when leaving working spaces.

- When travelling for business purposes, Pathzero encourages staff to select the least emission intensive mode of travel. For example, taking the train and driving are prioritized over flying.

- Pathzero encourages staff to conduct meetings via teleconference rather than in person.

- Due to the rapid growth of the business resulting in the increase in purchase of IT equipment for new employees, Pathzero ensure that the embodied emissions for all chosen technologies are investigated and technology providers that disclose this information are given preference.

5.EMISSIONS SUMMARY

Emissions over time

Pathzero's results show an increase in product emissions from a FY2020-21 baseline year, which is attributable to rapid organic growth of the company, resulting in an increase in the number of employees (6 FTE to 22 FTE) and in the engagement of professional services. Furthermore, the reduction of covid restrictions which have increased business travel and associated emissions. During the FY2020-21 reporting period, Pathzero did not occupy an office space and staff were working from home full-time since the establishment of the company. During the FY2021-22 reporting period, Pathzero began leasing an office space, resulting in an increase in electricity, staff commuting and office-based emissions.

Pathzero's product emissions over time from FY2020-21 to FY2021-22 are summarized in Table 1. Please note that the figures are reported as net total CO_2e to be in line with the Climate Active inventory, which was applied in the current reporting year. The nature of emission changes for existing emission sources is described on Table 2.

Table 1

Emissions since base year			
		Total tCO$_2$-e	Emissions intensity per functional unit
Base year/ Year 1:	2020-21	59.68	0.06
Year 2:	2021–22	216.195	0.04

Significant changes in emissions

The below table outlines the key movements between FY20-21 and FY21-22. Emission sources in the product boundary have increased due to organic business growth, increase in employees and Pathzero occupying an office space in the FY2021-22 reporting period.

Table 2

Emission source name	Current year (tCO$_2$-e)	Previous year (tCO$_2$-e)	Detailed reason for change
ICT Services & equipment	36.63	3.57	Increase in expenditure associated with business growth and product growth.
Professional Services	133.36	50.57	Increase in expenditure associated with business growth and product growth requiring the engagement of more professional services.
Electricity	4.26	N/A	Due to organic business and product growth, Pathzero located to an office during this reporting period, whereas

			in the prior reporting period, all employees were working from home.
Business Travel (accommodation, air travel & taxil)	4.37	N/A	Due to the lift of covid restrictions, business travel has increased.
Base Buildings	4.7	N/A	Due to organic business and product growth, Pathzero located to an office during this reporting period, whereas in the prior reporting period, all employees were working from home.
Staff commuting	10.79	N/A	Due to organic business and product growth, Pathzero located to an office during this reporting period, whereas in the prior reporting period, all employees were working from home.
Waste	10.97	N/A	Due to organic business and product growth, Pathzero located to an office during this reporting period, whereas in the prior reporting period, all employees were working from home.

Use of Climate Active carbon neutral products and services

Pathzero does not use any Climate Active carbon neutral products or services.

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Product emissions summary

Table 3 shows the cradle to gate emissions and the percent overlap with Pathzero organisition certification.

Table 3

Stage	tCO$_2$-e	Overlap with Pathzero organisation certification
Accommodation and facilities	1.16	100%
Air transport (km)	3.12	100%
Base building	4.70	100%
Electricity	4.26	100%
ICT services and equipment	36.63	100%
Land and sea transport (km)	0.10	100%
Office equipment & supplies	0.31	100%
Professional services	133.35	100%
Staff commuting	10.79	100%
Waste	10.97	100%
Working from home	10.82	100%
Total	**216.23**	

Uplift factors

An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated. This conservative accounting approach helps ensure the integrity of the carbon neutral claim.

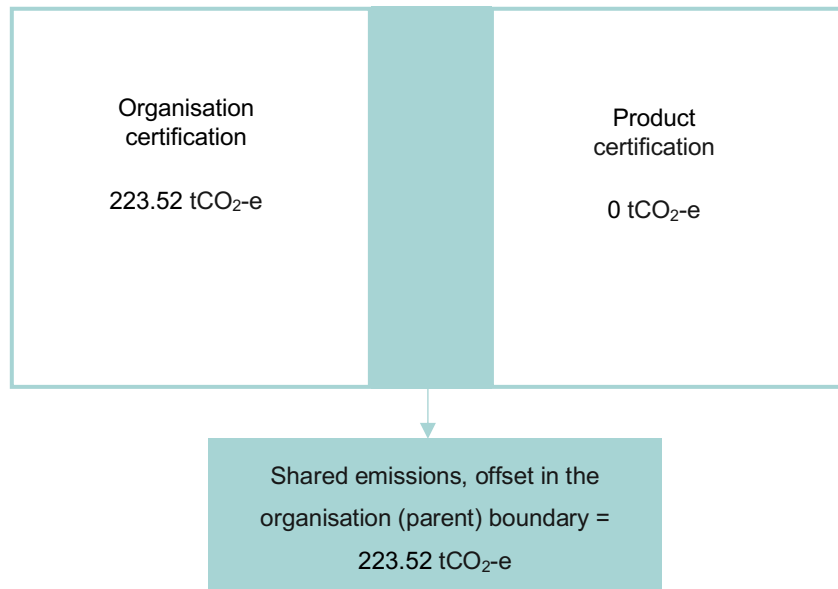| Reason for uplift factor	tCO$_2$-e
N/A	
Total footprint to offset *(total net emissions from summary table + total uplifts)*	**216.195**

Functional Units

Emissions intensity per functional unit	0.041
Number of functional units to be offset	5287.72
Total emissions to be offset	216.195

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Shared emissions between certifications by the same responsible entity

Pathzero shares emissions between the organisation certification and product certification. All product quantified emissions are captured in the organisation (parent) boundary.

	Emissions (tCO$_2$-e)
Total offset liability	**223.52 tCO$_2$-e**
Offset by organisation	**223.52 tCO$_2$-e**
Offset by product	**0 tCO$_2$-e**

Organisation certification

223.52 tCO$_2$-e

Product certification

0 tCO$_2$-e

Shared emissions, offset in the organisation (parent) boundary = 223.52 tCO$_2$-e

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6.CARBON OFFSETS

Offsets retirement approach

All emissions associated with the product are captured in the organisation (parent) boundary and have been offset in the organisation certification.

Please refer to Pathzero Organisation Certification Public Disclosure Statement FY21-22 for further information on the offsets retired.

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A

The following RECs have been surrendered to reduce electricity emissions under the market-based reporting method.

1.	Large-scale Generation certificates (LGCs)*	0
2.	Other RECs	0

* LGCs in this table only include those surrendered voluntarily (including through PPA arrangements), and does not include those surrendered in relation to the LRET, GreenPower, and jurisdictional renewables.

APPENDIX A: ADDITIONAL INFORMATION

N/A

APPENDIX B: ELECTRICITY SUMMARY

N/A

APPENDIX C: INSIDE EMISSIONS BOUNDARY

Non-quantified emission sources

The following sources emissions have been assessed as relevant, are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. These emissions are accounted for through an uplift factor. They have been non-quantified due to <u>one</u> of the following reasons:

1. **Immaterial** <1% for individual items and no more than 5% collectively

2. **Cost effective** Quantification is not cost effective relative to the size of the emission but uplift applied.

3. **Data unavailable** Data is unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.

4. **Maintenance** Initial emissions non-quantified but repairs and replacements quantified.

There were no product/service non-quantified emission sources for the reporting period.

Relevant-non-quantified emission sources	(1) Immaterial	(2) Cost effective (but uplift applied)	(3) Data unavailable (but uplift applied & data plan in place)	(4) Maintenance
N/A	N/A	N/A	N/A	N/A

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Non-attributable emissions have been assessed as not attributable to a product or service (do not carry, make or become the product/service) and are therefore not part of the carbon neutral claim. To be deemed attributable, an emission must meet two of the five relevance criteria. Emissions which only meet one condition of the relevance test can be assessed as non-attributable and therefore are outside the carbon neutral claim. Non-attributable emissions are detailed below.

Downstream consumption of electricity by customer has been excluded as it has been assessed as not relevant according to the relevance test.

Emission sources tested for relevance	(1) Size	(2) Influence	(3) Risk	(4) Stakeholders	(5) Outsourcing	Included in boundary?
Downstream consumption of electricity by customer	No	No	No	No	No	No

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