



May 2023 Global Scope 1 and 2 GHG Update:

We are providing an update to ADP's environmental activities since the issuance of our greenhouse gas (GHG) reduction targets and GHG statement in [August 2022](#).

As an enterprise, we continue to work through a series of workstreams in support of our climate roadmap of initiatives that are driving reduction in our GHG emissions. Given the nature of our business as a Human Capital Management technology company (we do not manufacture anything), our GHG emissions are modest and are driven by our usage of our facilities and data centers. As such, our facilities and data centers remain our nearer-term focus and concern. Engineers and subject matter experts in our Global Real Estate, Facilities and Technology Organizations continue to drive the analysis and identification of energy consumption trends in our worldwide footprint and identify and implement various initiatives to reduce our emissions.

Specifically, over the past year, we implemented new GHG procedures and tracking that offer a more refined and dynamic reporting framework to track ADP's Scope 1 and 2 GHG emissions. As a result of this implementation, we have revalidated our 2019 through 2022 GHG Scope 1 and 2 emissions. We expect to disclose these updated figures later this year (following third-party verification), but the results show that we have made significant progress since 2019. **We are confident that we will meet our goal of a 25.2% reduction in our GHG emissions by 2025.**

As explained in our previous GHG statement, ADP's strategy is to focus directly on making its business operations more energy efficient, thereby reducing our GHG emissions.

The reduction from our baseline year of 2019 until now is due in large part to:

- Our ongoing real estate optimization strategy, including rightsizing our footprint and moving into more energy efficient/greener facilities.
- Technology upgrades, consolidation and optimization within our data centers.

Going forward, our Engineering and Facilities teams continue their work with efficiency projects that include LED retrofits throughout our global portfolio as well as upgraded Building Management Systems to control heating, lighting and cooling automatically and efficiently in our buildings, and expanding the number of EV charging stations for our associates. Additional infrastructure improvements will include modernization and replacement of our Heating and Ventilation units (HVAC systems), Uninterrupted Power Systems replacements (UPS), as well as other exterior building improvements that will improve our efficiency.



Additionally, we currently have two solar installation projects underway in Northern New Jersey (artistic renderings below), with other installations planned throughout the United States and internationally.



Roseland, New Jersey



Parsippany, New Jersey

Our ongoing real estate strategy has yielded significant energy conservation in building efficiencies and reduced our natural gas and electricity consumption. Identifying buildings that are not efficiently used and finding locations where the space is better suited for our business has afforded the opportunity to restructure locations to optimize the square footage utilization.

We are also upgrading to more modern buildings which have been certified by third parties as being more energy efficient “green” facilities. Internationally, this includes facilities in Hyderabad, Chennai, Madrid, Stuttgart, Milan and two facilities in Barcelona, all of which are LEED¹ certified. In addition, our facilities in Bristol, Staines, Capelle, Turin, Prague and Bucharest are BREEAM² certified. In North America, Tempe, Norfolk, Augusta, Pasadena, El Paso and our iLab in NYC are all LEED certified. We plan on getting more of our buildings certified as “green” in the near future.

Our ongoing sustainable technology strategy has enabled our ADP-owned data centers to be ENERGY STAR³ rated. We continue our focus on reducing GHG emissions via ongoing equipment refreshes to state-of-the-art energy-efficient models, optimizing cooling efficiency via smarter airflow management, and investments into newer cooling infrastructure while also leveraging outdoor air temperatures in temperate locations.

¹ LEED – Leadership in Energy and Environmental Design (a certification program run by the nonprofit U.S. Green Building Council. Detail can be found [here](#).

² BREEAM - Building Research Establishment Environmental Assessment Methodology. BREEAM accreditation is administered by Building Research Establishment. Detail can be found [here](#).

³ ENERGY STAR - To earn the ENERGY STAR, a product must meet strict energy efficiency criteria set by the US Environmental Protection Agency or the US Department of Energy. Detail can be found [here](#).



May 2023 Global Scope 3 Update:

As described above, we continue to improve our GHG inventory data collection and management processes. Historically, we have disclosed the Employee Commuting, Business Travel, and Downstream Transportation categories of our Scope 3 GHG emissions. We continue to analyze our full Scope 3 inventory to better understand our value chain impacts. In this respect, we are assessing our emissions related to Purchased Goods and Services. Further, we are expanding our reporting to include the two categories of Waste Generated in Operations and Fuel- and Energy-Related Activities. We believe these six categories are the most applicable/relevant Scope 3 categories for ADP.