

Greenhouse Gas Footprint Assessment - Scopes 1, 2, and 3 2023



Udemy

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Sustainable1 is part of S&P Global. A leader in carbon and environmental data and risk analysis, Sustainable1 assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance (ESG) factors. Companies and financial institutions use Sustainable1 intelligence to understand their ESG exposure to these factors, inform resilience, and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation enables its team to deliver essential ESG investment-related information to the global marketplace. For more information, visit <https://www.spglobal.com/esg/Sustainable1>.

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Project Scope

Introduction

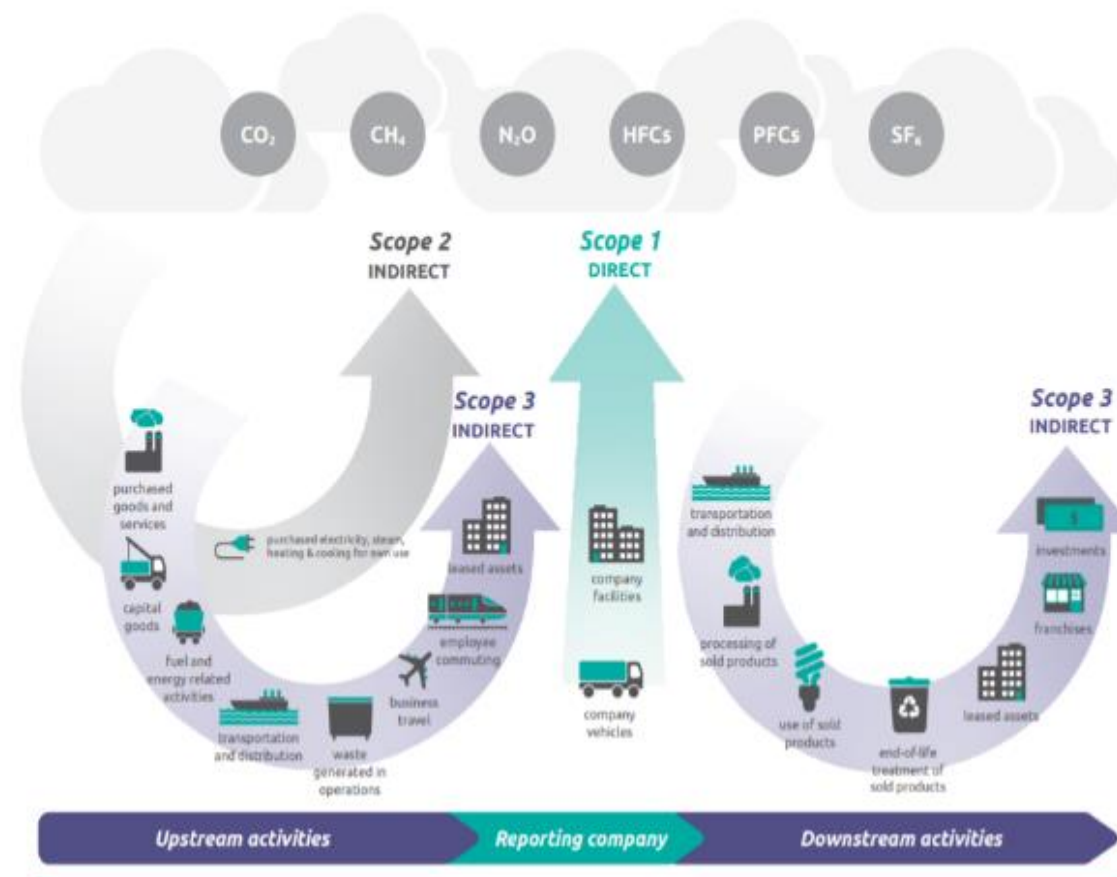
Udemy engaged Sustainable1 to assess its value chain greenhouse gas (GHG) emissions in line with the WRI/WBCSD Corporate Value Chain (Scope 3) Guidelines (GHG Protocol). The assessment allows Udemy to report its Scope 3 emissions according to the 15 Scope 3 categories outlined in the Guidelines.

The Scope

Sustainable1 is assessing Udemy's value chain GHG emissions for FY2023 consistent with the GHG Protocol. Including:

- A detailed Supply Chain Footprint assessment for FY2023 of Category 1, Purchased Goods and Services and Category 2, Capital Goods
- A complete assessment of Udemy value chain for all applicable Scope 3 categories (7, 8 and 15), where data is available.
- A report detailing the findings of this analysis, which also incorporates Category 6 (Business Travel) emissions as calculated by a third party “Navan”.

Figure [1.1] Overview of GHG Protocol scopes and emissions across the value chain



Source: GHG Protocol: Corporate Value Chain Accounting Reporting Standard (WRI / WBCSD)

Scope 3 GHG Emissions Approach

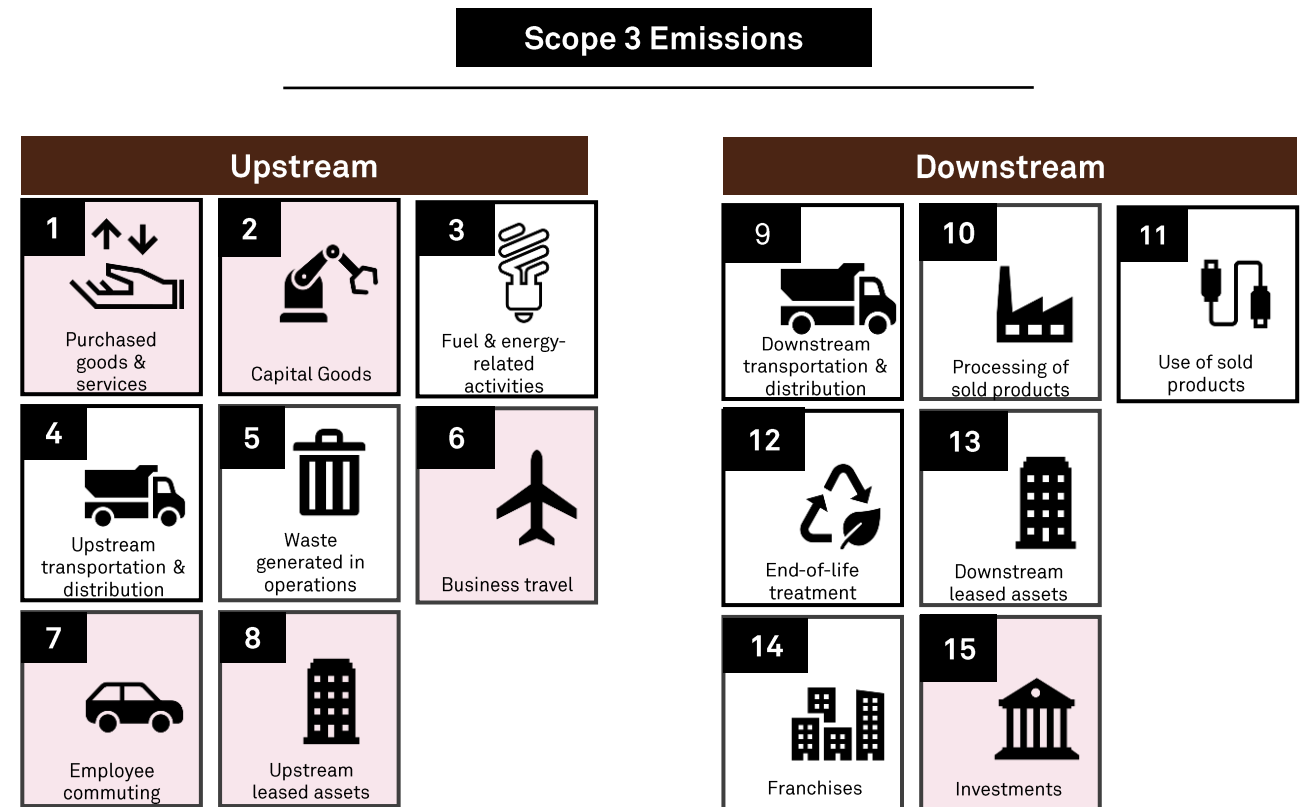
Methodology

- Sustainable1 estimated the GHG emissions of each category using the Sustainable1 Environmentally Extended Input-Output (EEI-O) model along with primary data, where available, for selected upstream and downstream impact categories. Example of primary data included in the analysis:

- Supplier spend
- Employee Headcount
- Investment data

Please refer to the Appendix for the methodology associated with calculating GHG emissions for each Scope 3 category.

Scope of value chain GHG emissions footprint, GHG Protocol



Scope 3 GHG Emissions Results

Total Scope 3 Emissions

Udemy total GHG emissions were 21,846 metric tons of CO2 equivalents (tCO2e) in FY2023. Scope 3 is the only contributor to Udemy’s GHG footprint. As Udemy is an online platform with no stationary assets under their operational control, it was determined that they do not have any operational footprint (Scope 1+2) emissions.

Additionally, for this reason, relevant Scope 3 categories for Udemy include, Categories 1, 2, 6, 7, 8 and 15.

Udemy GHG emissions, by Scope

EMISSION Scope	FY2023 TOTAL GHG (tCO2e)	CONTRIBUTION (%)
Scope 1*	0	0%
Scope 2*	0	0%
Scope 3	21,846	100%
Total	21,846	100%

Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

*Scope 1+2 footnote: Sustainable1 determined Udemy has negligible Scope 1 and 2 emissions during this assessment.

Scope 3 Emissions by Category

	VALUE CHAIN (Scope 3) CATEGORY	FY2023 TOTAL GHG (tCO ₂ e)	FY2023 Scope 3 GHG SHARE (%)	EVALUATION STATUS ³
UPSTREAM	1) Purchased goods and services	16,812	77.0%	Relevant, calculated
	2) Capital goods	12	0.1%	Not Relevant, calculated
	3) Fuel- and energy-related activities	-	-	Not Relevant, not calculated
	4) Upstream transportation and distribution	-	-	Not Relevant, not calculated
	5) Waste generated in operations	-	-	Not Relevant, not calculated
	6) Business travel	2,416	11.1%	Relevant, calculated
	7) Employee commuting	2,360	10.8%	Relevant, calculated
	8) Upstream leased assets	245	1.1%	Relevant, calculated
DOWNSTREAM	9) Downstream transportation and distribution	-	-	Not Relevant, not calculated
	10) Processing of sold products	-	-	Not Relevant, not calculated
	11) Use of sold products	-	-	Not Relevant, not calculated
	12) End-of-life treatment of sold products	-	-	Not Relevant, not calculated
	13) Downstream leased assets	-	-	Not Relevant, not calculated
	14) Franchises	-	-	Not Relevant, not calculated
	15) Investments	2	0.01%	Not Relevant, calculated
Total		21,846	100%	

³ The materiality threshold is set at 1% of Scope 3 emissions.

Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Scope 3 Results Summary

Total Value Chain GHG Emissions

- Total GHG emissions from Udemy value chain are approximately **21,846** metric tonnes CO₂e. 99.99% of the emissions come from its upstream value chain, and the remaining 0.01% from downstream activities.

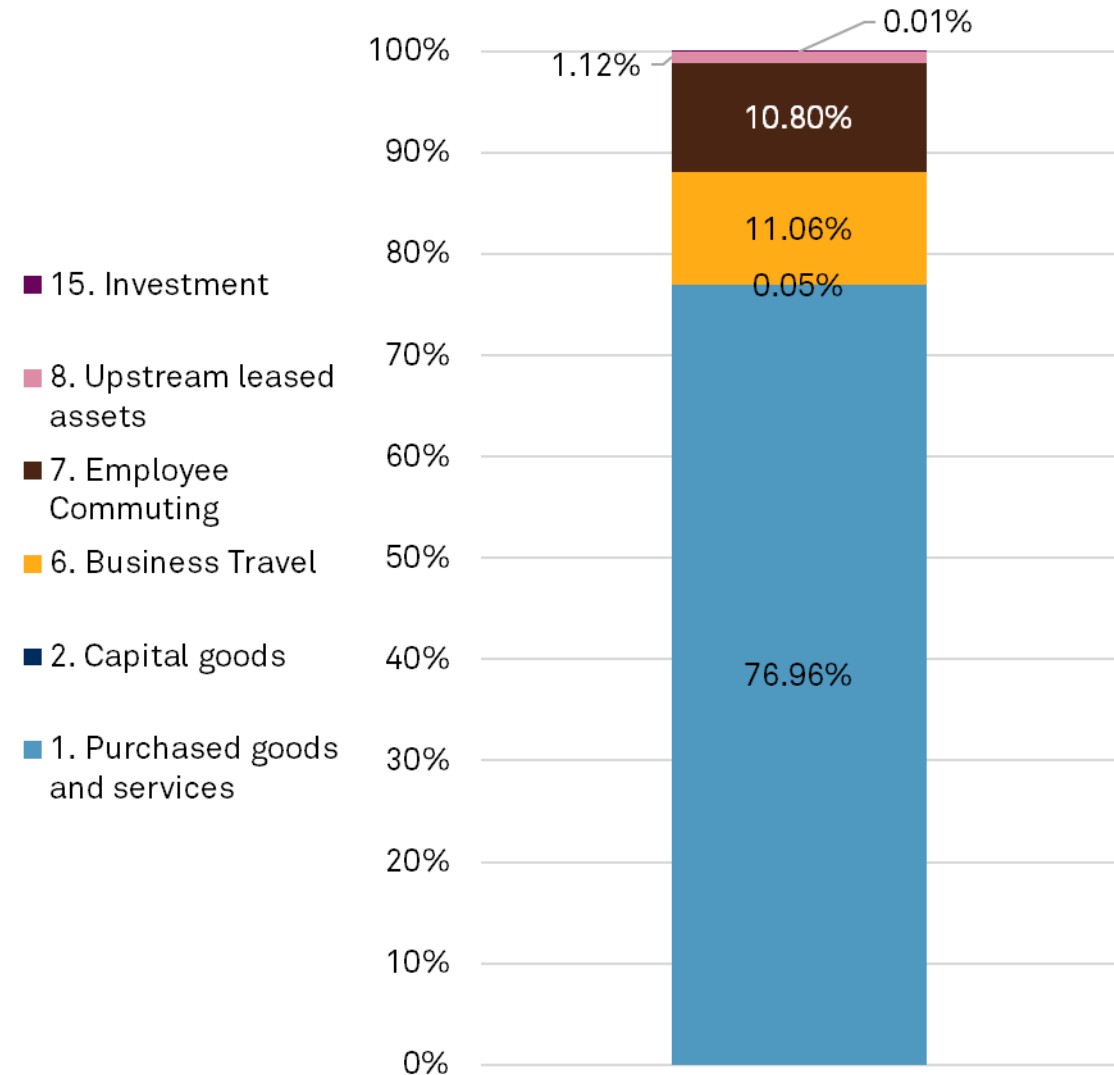
Upstream GHG Emissions

- Emissions from Purchased goods and services (Category 1) and Business Travel (Category 6) are the biggest contributors to Udemy upstream value chain, accounting for around 88% of the total Scope 3 emissions.

Downstream GHG Emissions

- While emissions from Investments (Category 15) represent the largest downstream contributor, as the only downstream activity, it only accounts for 0.01% of Udemy total value chain emissions.

Total Scope 3 Emissions: 21,846 tCO₂e



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Scope 3 Emissions by Category

Scope 3 Categories 1 and 2 – Purchased Goods and Services and Capital Goods

Scope 3 Categories 1 and 2 Coverage

Data sources

Sustainable1 received data from Udemy’s AP register for FY2023. Key data points provided include supplier names, category of purchase and spend amount. The AP register includes all invoices processed and approved in 2023 for vendor payments.

Methodology

Sustainable1 used Udemy supplier spend data and supplier disclosed emissions data from Trucost Environmental Register where available. If supplier data was not available, sector-specific emission factors (tCO2e/\$mn) from the Trucost EEI-O model was applied, to calculate the supply chain GHG emissions through all tiers⁵ up to and including raw material extraction.

Parameter	No. of suppliers	Expenditure (\$m)
Data provided by Client	841	458
Data analysed by Sustainable1	739	412
Percentage analysed	88%	90%

Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Final Activity Data

Sustainable1 has quantified the GHG Scope 3 categories: Category 1, Purchased goods and services, and Category 2, Capital goods. This has been done by analyzing Udemy’s expenditures on 739 suppliers accounting for \$412 million of spend, or 90% of total spend for that period (after eliminating tax spending, financial transactions, items for Scope 3 categories 3-15, and relatively minor expenditures).

Exclusions

Sustainable1 excluded the following data in accordance with our standard practice and the Greenhouse Gas Protocol:

- All credits/negative spend lines, spend lines with “0” value, all unclassified spend lines
- Spend related to Scope 3 categories other than Purchased goods and services and Capital goods
- Spend related to Scope 2 (e.g. electricity utility)
- All other spend not related to Purchase goods and services and Capital goods such as taxes, fees, salaries, legal settlements and employee benefits

Scope 3 Categories 1 and 2 – Expenditure and GHG

Total Purchased Goods and Services and Capital Goods Emissions: 16,824 tCO₂e

Emissions in this category are associated with the production of products and capital goods purchased by the company.

Total GHG emissions from Category 1, Purchased goods and services and Category 2, Capital goods are 16,824 tCO₂e, accounting for 77.0% of total Scope 3 emissions. The average intensity of Udemys supply chain is 40.8 tCO₂e per million dollars of spend.

Currently, 46 of the 739 suppliers analyzed disclose Scope 1 emissions. This accounts for 6% of all suppliers. However, these suppliers account for 34% of supplier Scope 1 emissions and 22% of supply chain spend.

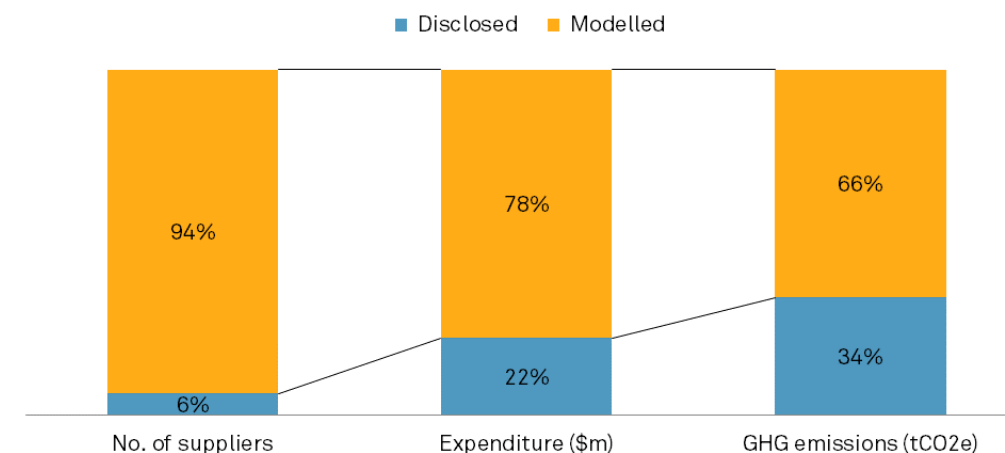
Emissions from Amazon Web Services were provided by the company and included in this analysis.

Scope 3 Categories 1 and 2 Summary

Suppliers Analyzed	Total GHG Footprint (tCO ₂ e)	Average GHG Intensity (tCO ₂ e/\$mn)
739	16,824	40.8
Data Source	Number of Suppliers	GHG Emissions*
Supplier disclosed data	46	5,713
Sustainable1 modeled data	693	11,112

*Scope 1 data only

Scope 1 Disclosure of Suppliers



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

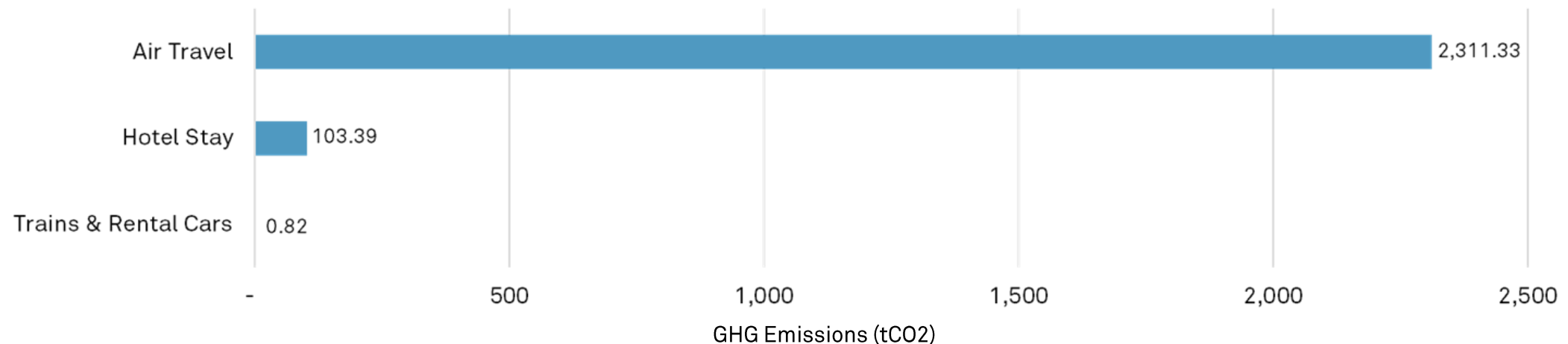
Scope 3 Category 6 – Business Travel

Total Business Travel emissions: 2,416 tCO₂ for FY2023

This category includes emissions that are associated with the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses and passenger cars.

- Emissions for business travel were calculated by **Navan**, Udemy’s business travel partner.
- Navan’s sustainability suite uses the Department for Environment Food and Rural Affairs (**DEFRA**) methodology.
- Udemy’s travel and expense policy states employees are required to use Navan to book travel.
- Due to reporting limitations from Navan, emissions from rail travel and rental cars have been combined.
- Air travel is the largest driver of Category 6 emissions making up 96% of the total.

Business travel emissions, by mode of transport for FY2023



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Scope 3 Category 7 – Employee Commuting

Data sources

- Sustainable1 received total headcount (full time employees, including subsidiaries) by country along with estimates of the percentage of employees working from home (WFH) through 2023.
- Udemý introduced a return to office program which required twice a week office attendance for employees within 50 miles starting in September 2023. Prior to that, the majority of employees worked from home.
- Commuting is calculated for Udemý's official hubs with long term leased offices and co-working spaces.

Methodology

Sustainable1 used Udemý's headcount data, combined with OECD working hours, country level average commuting time, country level transportation mode split survey data, and Defra factors by mode of transportation. Working from home emissions were calculated based on energy usage of office equipment, heating and cooling (where geographically relevant). Country specific electricity factors were applied to at home electricity usage.

Final Activity Data

Udemý employees work out of 7 countries with the large majority of working in the United States. It was assumed that 60% of all employees work full time in the office, while 40% work from home. These numbers were calculated to include work from home and commuting days for hybrid working employees.

Exclusions

Professional employer associates (PEO) were excluded from the Category 7 analysis as the emissions for their commute was captured as a purchased service under Category 1. This might cause inconsistencies with financial reporting.

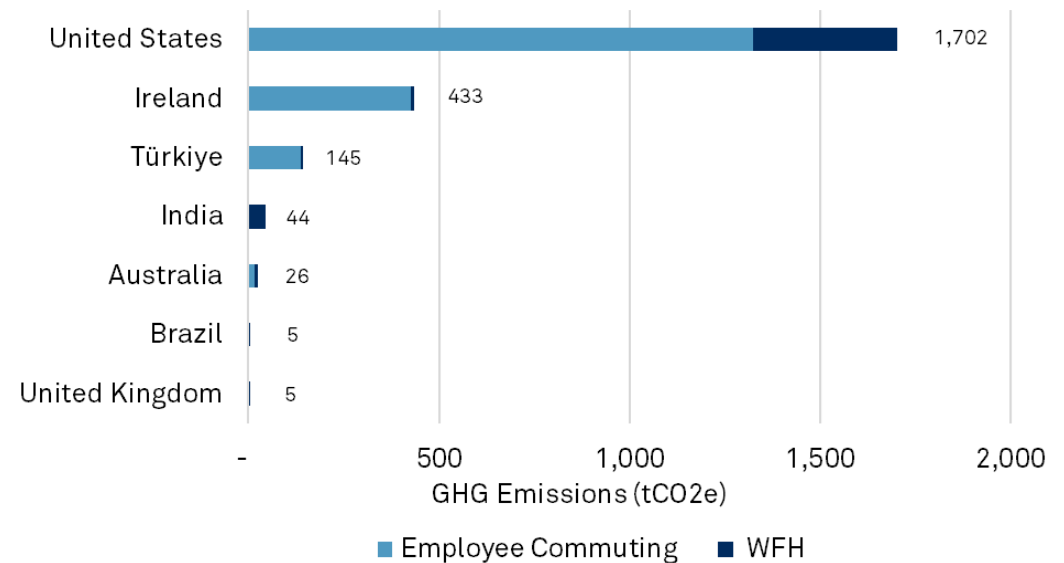
Scope 3 Category 7 – Employee Commuting

Total employee commuting related emissions: 2,360 tCO₂e

Emissions in this category are associated with the transportation of employees between their home and office and emissions associated with working from home (WFH) which includes increased electricity usage for office equipment and cooling and increased natural gas for heating.

- Employee Commuting contributes to 81% of Category 7 emissions while WFH emissions contributes to the remaining 19%.
- Emissions from employee commuting and WFH in the United States contributes to 72% of Category 7 emissions.
- Emissions from employee commuting and WFH in Ireland contributes to 18% of Category 7 emissions
- The remaining 10% of Category 7 emissions are allocated to employees located across the other 5 countries.

Employee commuting and working from home emissions



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Scope 3 Category 8 – Upstream Leased Assets

Data sources

Sustainable1 received square footage and building type data from Udemy for all upstream leased assets. These leased assets are not included in the Scope 1 and 2 GHG inventory as they are outside of Udemy's operational control. Udemy used the Lease Accounting Rule 842 to determine spaces that were within and outside of the operational control Scope.

Methodology

Sustainable1 applied the average Scope 1 intensity (tCO₂e/\$mn spend) and Scope 2 intensity (kWh/sqft) by building type for the buildings provided by Udemy.

Exclusions

S1 excluded any co-working locations as those were already accounted for under Category 1 as a Purchased Good or Service.

Note: Emissions for Udemy's colo site were not calculated by Sustainable1 but were given by the colo owner. S1 incorporated the given emissions in our calculation.

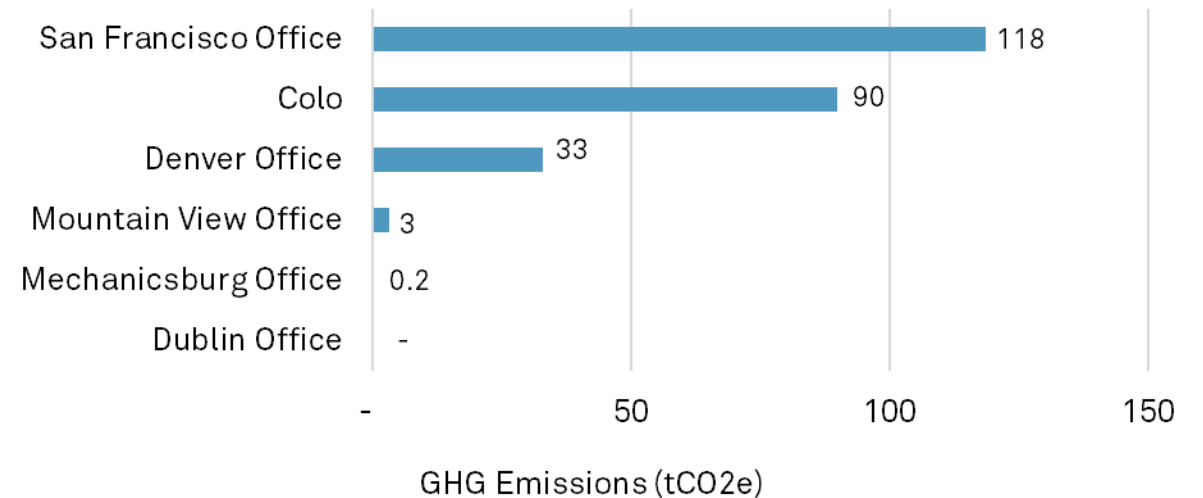
Scope 3 Category 8 – Upstream Leased Assets

Total Upstream Leased Assets related emissions: 245 tCO₂e

Emissions in this category are associated with the operation of assets that are leased by the company and are not already accounted for in Scope 1 or Scope 2 emissions.

- The San Francisco office account for 48% of Category 8 emissions.
- The Colo site accounts for around 37% of Category 8 emissions and includes emissions from both normal operations and diesel consumption.
- All other building sites account for the remaining 15% of Category 8 emissions.
- Although the San Francisco and Dublin sites consume electricity, no emissions are associated with these sites as all of the electricity procured is certified as renewable.

Upstream leased assets emissions, by asset



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Scope 3 Category 15 - Investments

Total investment related emissions: 2 tCO₂e

Emissions in this category are associated with the reporting company's investments in the reporting year, not already included in Scope 1 or Scope 2. Investments are categorized as a downstream Scope 3 category because providing capital or financing is a service provided by the reporting company.

Data sources

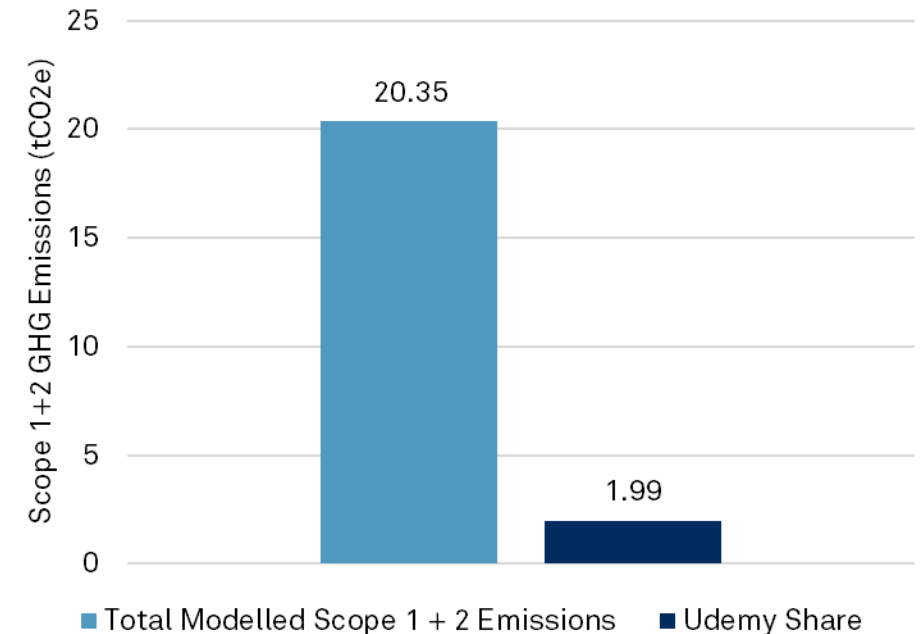
Sustainable1 received data from Udemy for FY2023. The data was provided at an instrument level for Udemy following Sustainable1 standard data collection template. The data included one minority equity investment and corresponding financial data, including percentage of ownership and total revenues based on non-audited financials for FY2023.

Methodology

In accordance with the Greenhouse Gas Protocol, Sustainable1 used Udemy's investment data, combined with financial and emissions data from Sustainable1 Environmental Register and the Sustainable1 EEI-O model, to calculate the Scope 1 and 2 GHG emissions associated with investment.

Results

The results represent the impacts from investments (Category 15) that can be attributed to Udemy.



Source: S&P Global Sustainable1, ©2024 by S&P Global Inc.

Appendix

Methodology

SOURCE OF Scope 3 EMISSIONS	EVALUATION STATUS	EMISSIONS CALCULATION METHODOLOGY
1) Purchased goods and services	Relevant, calculated	Udemy provided Category 1 and 2 spend data for FY 2023. A ratio of spend to revenues was used for suppliers in the Trucost Environmental Register. This ratio was applied to the total Scope 1, 2, and 3 emissions of the supplier to allocate emissions back to Udemy. For suppliers not covered in the Trucost Environmental Register, a mapping of the purchase category was done to Trucost 464 sectors and Trucost EEI-O model was applied to calculate the supply chain GHG emissions through all tiers up to and including raw material extraction. Split between Purchased Goods & Services and Capital Goods was determined based on a mapping of Trucost sectors to Category 1 or 2.
2) Capital goods	Not Relevant, calculated	
7) Employee commuting	Relevant, calculated	Udemy provided global employee head count by country which was combined with OECD's published country averages for commuting time, transportation mode and distance, to calculate GHG emissions from employee commuting. It was assumed 50% of all employees work full time in the office, while 30% work full time remote and the remaining 20% worked 40% in the office and 60% remote.
8) Upstream leased assets	Relevant, calculated	Udemy provided square footage and building type for all leased assets not included in Scope 1 and 2. The average Scope 1 intensity (tCO2e/sqft) by building type, based on EIA data was applied to leased buildings for Scope 1 of leased assets. The average Scope 2 intensity (kwh/sqft) by building type, based on EIA data was applied to leased buildings and combined with IEA emission factors for Scope 2 of leased assets.
15) Investments	Not relevant, calculated	Value of investment, revenues of investee, percent ownership and sector of investment were requested from Udemy. In the case that data was not available assumptions have been made to fill the gap.

The Trucost EEI-O Model

Since its founding in 2000, Trucost developed an environmental economic input output (EEI-O) life cycle based model for quantifying environmental impacts. The EEI-O model uses an economic modelling technique based on extensive government census data to analyze the products used and produced by over 464 business activities or sectors. The model also describes the economic interactions between each sector. Trucost is able to assess the environmental impacts of companies across their own operations and their entire supply chains, including primary resource extraction secondary processing and final product assembly.

Trucost has improved upon standard EEI-O models in several ways, resulting in what we believe is a best in class model for analyzing environmental performance. These improvements include the following:

- Trucost has integrated the use and emissions of over 700 environmental resources. By applying a price to each environmental resource, based on the environmental value of that resource, the model is able to analyze, in financial terms, the economic and environmental performance of each sector. This environmental performance measure incorporates the indirect, supply chain impacts by using the information on the interactions between sectors.
- Trucost maintains and updates its model annually to reflect market commodity flows. We annually update our sector revenue for all sectors, producer prices and annual production quantities for all primary sectors in our model.
- Trucost reviews the environmental intensities for all sectors annually against companies' public disclosures from our annual engagement programs. Trucost engages with more than 15,000 companies directly to obtain environmental performance metrics and considers them against the specific sector's environmental intensity. As a result, we are able to test this model against many years of data on quantitative environmental disclosures from thousands of companies.

The EEI-O methodology extends the analysis of corporate environmental performance by using the segmental revenue data contained in company accounts to map each company to a set of sectors. Trucost has modeled the environmental impacts of over 464 different sectors and proportionally allocated these impacts to the company by calculating the company's market share of that sector. This provides a baseline of environmental resource use that Trucost can improve by adding company-specific environmental information, either from public disclosure in the company's annual or environmental reports, or from direct communication with the company itself.

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