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Carbon Footprint

Step-by-Step Explanation of the Employee-
Based Allocation Method



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1. Establishing the Total Emissions Baseline:

The first step involves determining the total GHG emissions produced by FNRCO over the given reporting period (for this example, the year 2023). This figure is typically derived from a comprehensive assessment of all company activities that contribute to GHG emissions, such as energy use, business travel, waste production, and other operational processes.

2. Calculating the Ratio of Service:

The next step is to calculate the ratio of services provided to THALES in relation to FNRCO's total operations. This ratio is based on the number of THALES employees (128) to the total number of employees managed by FNRCO (5289).

3. Applying the Allocation Formula:

To allocate emissions to THALES, the ratio is then multiplied by the total GHG emissions of FNRCO. This gives the portion of emissions attributable to THALES:

$$\text{Allocated Emissions} = \left(\frac{\text{Number of THALES Employees}}{\text{Total FNRCO Employees}} \right) \times \text{Total FNRCO GHG Emissions}$$

4. Adjustments for Specific Activities:

While the basic employee ratio provides an initial allocation, adjustments can be made to account for the specific nature of the services provided. For example, if services to THALES involve a significant amount of international travel or data processing that is above average per employee, the GHG emissions allocation might be adjusted upward to reflect this higher intensity.



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5. Emissions Reporting:

Once the allocation is determined, FNRCO would report the specific GHG emissions attributed to its services to THALES, providing transparency and accountability for the portion of emissions associated with servicing one of its major clients.

Advantages of Employee-Based Allocation Method:

- **Simplicity:** The method offers a straightforward calculation that doesn't require extensive data on client-specific activities, which might be difficult to obtain or measure.
- **Fairness:** It assumes that each employee has an equal share in the company's emissions, which, while a simplification, provides a basis for proportional distribution.
- **Scalability:** The approach can easily be adjusted for companies of different sizes or for services provided to multiple clients.

Considerations and Limitations:

- **Activity-Specific Emissions:** The employee-based method may not capture the full complexity of emissions related to specific activities, particularly if the services provided are not uniform across all employees or if the intensity of the services varies significantly.
- **Variability in Emissions Factors:** Different activities have different emissions factors, and this method assumes an average that may not reflect the true emissions intensity of the services provided to a particular client.
- **Need for Adjustments:** Depending on the nature of the services, further adjustments may be necessary to accurately reflect the emissions attributable to THALES's specific service profile.



FNRCO GHG Emissions Allocation to THALES 2023

The employee-based allocation method serves as a practical approach for FNRCO to apportion its GHG emissions to THALES, giving both FNRCO and THALES a clear understanding of the emissions footprint resulting from their business relationship. It supports FNRCO's broader commitment to environmental sustainability and helps THALES in its own sustainability assessments and reporting.