



# Cognizant's climate clause for suppliers

## Introduction

Cognizant has set a goal of achieving Net Zero greenhouse gas (GHG) emissions. This entails that we reduce our total emissions by 50% by 2030 and 90% by 2040. From 2030, all remaining emissions will be compensated through the purchase of credibly certified carbon offsets.

Almost half of Cognizant's emissions are generated through its sourcing of goods and services. Consequently, we are prioritizing the need for suppliers to set science-based commitments to reduce their emissions. This will enable Cognizant to reduce its overall emissions and deliver on its Net Zero goal. Many of our clients and partners are demanding the same commitments from Cognizant, a trend that we expect to accelerate as more companies commit to delivering Net Zero emissions.

## Our ask of suppliers

We want to work with partners that share our commitment to decarbonization. To reinforce this, we expect all suppliers to agree to the inclusion of a 'climate clause' in new contracts with Cognizant. We regard this as the most effective way of generating accountability for emissions reductions in our supply chain. The clause is designed to ensure that a supplier:

1. Sets and externally communicates a commitment to reduce its direct (Scope 1) and indirect (Scope 2) emissions within two years of the commencement of the contract. We would also encourage the inclusion of relevant Scope 3 emissions too. Reduction targets should be science-based meaning aligned to the 2015 international Paris Agreement.
2. Provides regular updates to Cognizant on progress being made to set this commitment.
3. Having set a commitment, provides information to Cognizant on progress made on emissions reductions and independently assured Scope 1 and 2 emissions data.

Every supplier Cognizant sources from will generate emissions. While some goods and services will be more emissions-generating than others, all suppliers will employ people and use operations that count towards our footprint. We are therefore asking all of our suppliers to work with us to reduce emissions in our supply chain including by agreeing to our climate clause.

## The climate clause

Supplier will set a Net Zero science-based greenhouse gas (GHG) emissions reduction target ("Target") within two (2) years of the Effective Date.

Supplier will provide Cognizant a regular update on its progress towards setting the Target. After setting the Target, Supplier will provide Cognizant information on annual emissions reductions and actions to deliver against the Target.

Supplier will further provide Cognizant independently assured annual data regarding the Target on an annual basis within two (2) years of the Effective Date.

If Supplier fails to comply in any respect with the obligations under this paragraph, then Cognizant may immediately and without liability terminate the Agreement.

## Guidance

We acknowledge that preparing to set and delivering on an emissions reduction target is challenging. We are committed to supporting our suppliers as much as possible. For companies starting out on the process, we recommend the following:

- To get started with measuring GHG emissions then suppliers can visit the US EPA's Center for Corporate Climate Leadership [guidance](#).
- For more detailed guidance on calculating your Scope 1 and 2 emissions, then these trainings from CDP will be helpful: [Scope 1](#) | [Scope 2](#).
- The GHG Protocol which sets the standard for emissions accounting also has lots of useful information on their [website](#).
- For small and medium sized businesses, the [SME Climate Hub](#) offers the Business Carbon Calculator to help small businesses estimate their full carbon footprint.
- The best place to go for information on science-based emissions reduction target setting is the Science Based Targets Initiative (SBTi). Suppliers can learn about the steps to go through to set a target [here](#). We would also suggest looking at the SBTi's FAQs page [here](#) and their wider resources section [here](#).

While we would recommend adhering to SBTi's principles as the best way to ensure credible science-based target setting, we do not require suppliers to formally validate their reduction targets with the SBTi.

Suppliers should submit their annual emissions to Cognizant data through the annual CDP disclosure cycle.

For any questions relating to Cognizant's Net Zero goal and supplier climate requirements please email [supplieresg@cognizant.com](mailto:supplieresg@cognizant.com).

For more information on Cognizant's Sustainability and Corporate Citizenship, please visit our [website](#)



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