

# Scope 3

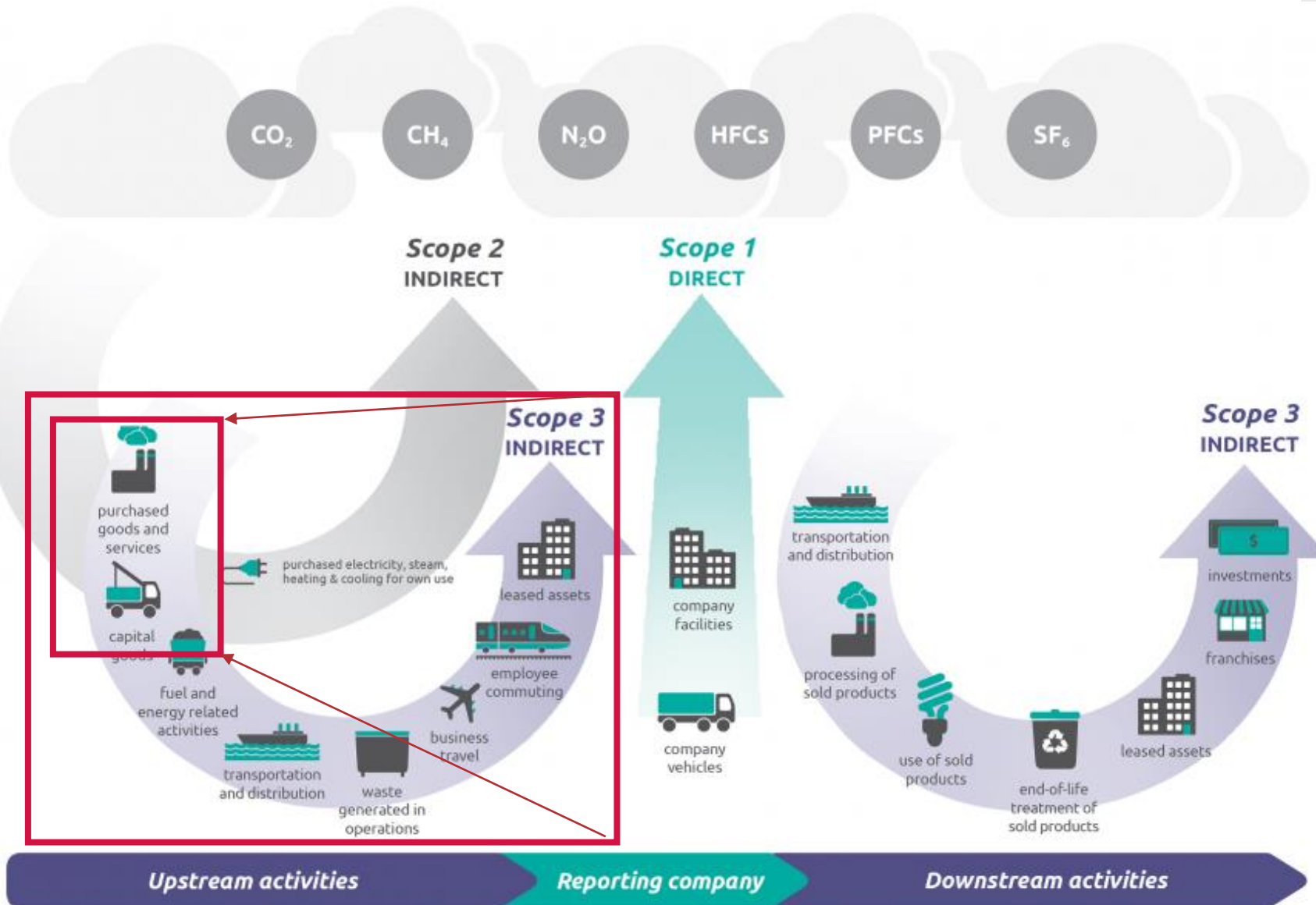
GSMA & CDP Supply Chain



# Agenda

- ▼ Introduction to Scope 3
- ▼ Scope 3 in the CDP Climate Change Questionnaire
- ▼ Approaches: Utilising primary data
- ▼ Product level data
- ▼ Q&A

# Scope 3 Emissions Protocols



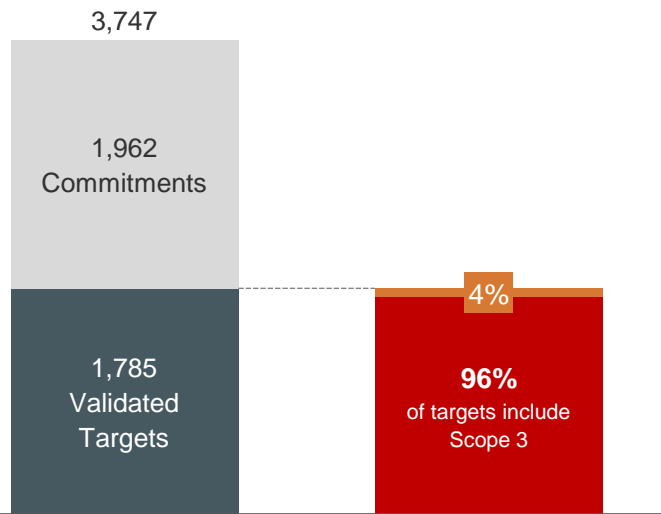
GHG Protocol have excellent documents freely available.

- GHG Scope 3 standard
- GHG Scope 3 calculation guidance

GSMA have also created sector specific guidance

# SCOPE 3 TARGET-SETTING IS CRITICAL TO ACHIEVE SYSTEM-WIDE DECARBONISATION

Significant progress on Scope 3 emissions, regulators and governments to push for SBT setting to tackle wider GHG



Number of companies as of October 2022

Home > News  
 > ISSB unanimously confirms Scope 3 GHG emissions disclosure requirements with strong application support, among key decisions

21 October 2022

## ISSB unanimously confirms Scope 3 GHG emissions disclosure requirements with strong application support, among key decisions

Montreal, Canada—The International Sustainability Standards Board (ISSB) of the IFRS Foundation has made significant progress refining its first two proposed sustainability-related disclosure standards—[draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and [draft] IFRS S2 *Climate-related Disclosures*.

At its October meeting, following careful analysis of the feedback on its proposed standards, the ISSB voted unanimously to require company disclosures on Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions<sup>[1]</sup>, applying the current version of the GHG Protocol Corporate Standard. As part of these requirements, the ISSB will develop relief provisions to help companies apply the Scope 3 requirements. This relief will be decided at a future meeting and could include giving companies more time to provide Scope 3 disclosures and working with jurisdictions on so-called 'safe harbour'<sup>[2]</sup> provisions.

**Related information**  
 International Sustainability Standards Board

**Followable tags**  
 IFRS Sustainability Standards development  
 Media

[Source](#)

NOVEMBER 10, 2022

## FACT SHEET: Biden-Harris Administration Proposes Plan to Protect Federal Supply Chain from Climate-Related Risks

BRIEFING ROOM | STATEMENTS AND RELEASES

*Proposed rule to improve efficiency and reduce financial risks from climate change*

Today, the Biden-Harris Administration is taking historic action to address greenhouse gas emissions and protect the Federal Government's supply chains from climate-related financial risks. In support of President Biden's Executive Orders on *Climate-Related Financial Risk* and *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, the Administration is proposing the *Federal Supplier Climate Risks and Resilience Rule*, which would require major Federal contractors to publicly disclose their greenhouse gas emissions and climate-related financial risks and set science-based emissions reduction targets.

[Source](#)

NOVEMBER 17, 2022

## CEQ Launches Global Net-Zero Government Initiative, Announces 18 Countries Joining U.S. to Slash Emissions from Government Operations

NEWS & UPDATES | PRESS RELEASES

At the 2022 United Nations Climate Change Conference of the Parties (COP27), the United States launched the Net-Zero Government Initiative, inviting governments to lead by example and achieve net-zero emissions from national government operations by no later than 2050. During a COP27 event with partner nations, Council on Environmental Quality Chair Brenda Mallory and U.S. Special Presidential Envoy for Climate John Kerry announced that 18 countries have joined the United States in this new Initiative.

Countries joining the United States in committing to net-zero government emissions include: Australia, Austria, Belgium, Canada, Cyprus, Finland, France, Germany, Ireland, Israel, Japan, Korea, Lithuania, Netherlands, New Zealand, Singapore, Switzerland, and the United Kingdom.

[Source](#)

# Scope 3 in the CDP Climate Change Questionnaire

# Target Questions: Greenhouse Gas Emissions Data



2024 MODULES	
1	Introduction
2	Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities
3	Disclosure of Risks & Opportunities
4	Governance
5	Business Strategy
6	Environmental Performance: Consolidation Approach
7	Environmental Performance: Climate Change
8	Environmental Performance: Forests
9	Environmental Performance: Water Security
10	Environmental Performance: Plastics
11	Environmental Performance: Biodiversity
12	Environmental Performance: Financial Services
13	Further information & Sign off

**Scope 1** – Greenhouse gases that your company emits (7.6)



Company Facilities



Company Vehicles

**Scope 2** – Greenhouse gases that others emit due to your energy use (7.7)



Purchased electricity, steam, heating & cooling, for own use

**Scope 3** – Everything else (7.8)



Supplier emissions



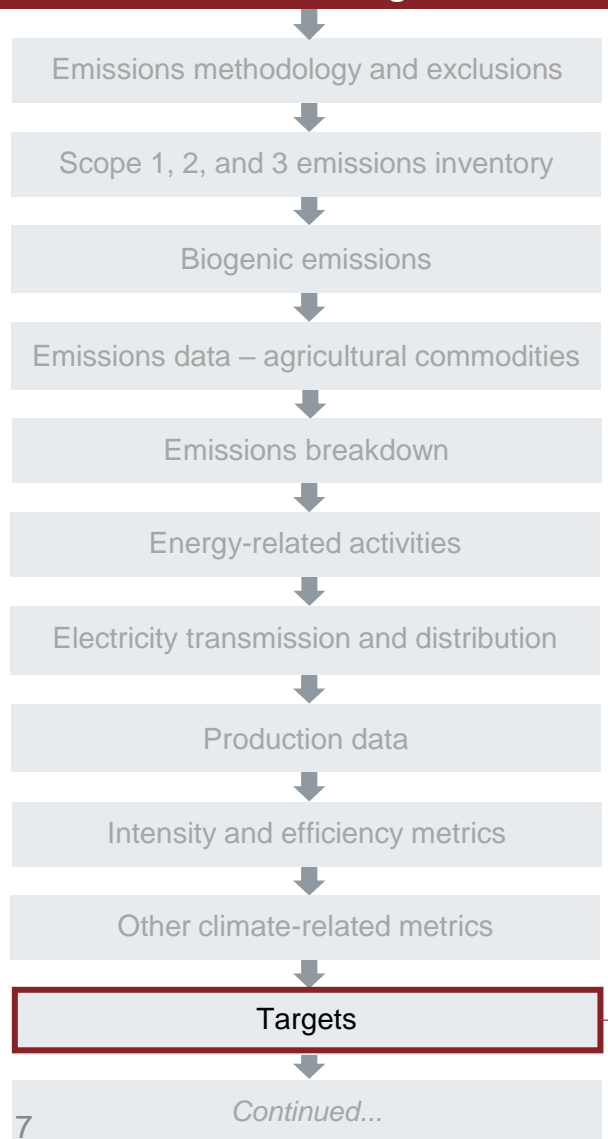
Product use



Employee commuting

# Module 7 – Targets

## Module 7: Environmental performance Climate change



**(7.53.1)** Provide details of your absolute emissions targets and progress made against those targets.(previously C4.1a)

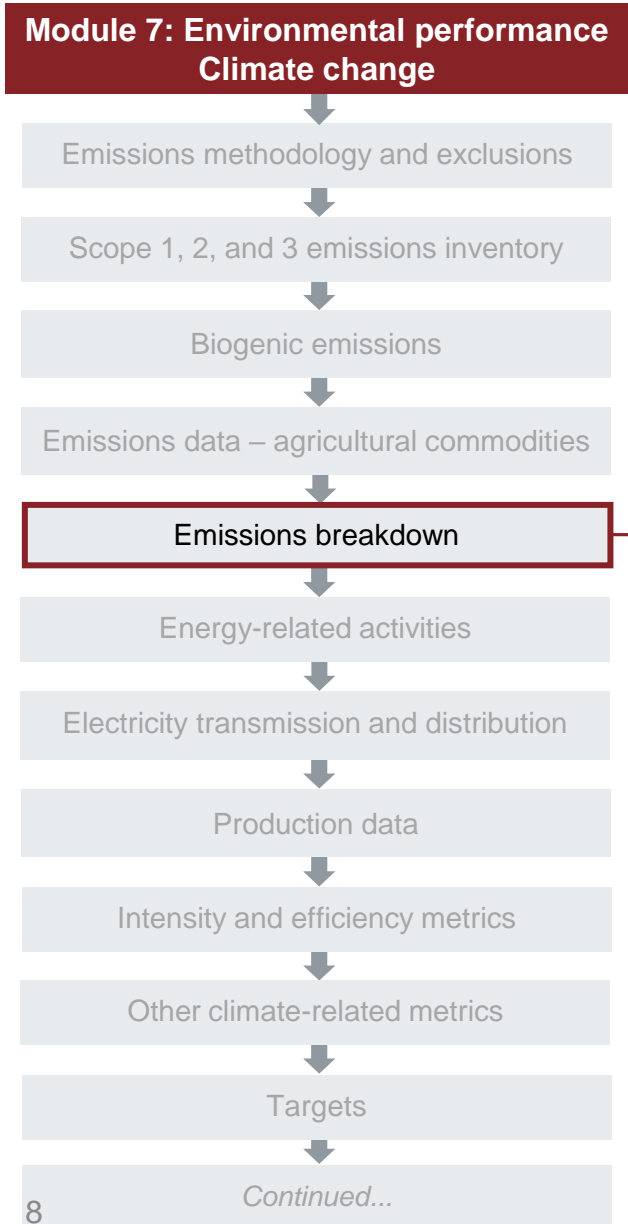
**(7.53.2)** Provide details of your emissions intensity targets(s) and progress made against those targets(s).(previously C4.1b)

**(7.54)** Did you have any other climate-related targets that were active in the reporting year? (previously C4.2)

**(7.55.1)** Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.(previously C4.3a)

**(7.55.2)** Provide details on the initiatives implemented in the reporting year in the table below. (previously C4.3b)

# Module 7 – Emissions breakdown – Scope 3



**(7.8)** Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions. (Previously 6.5)

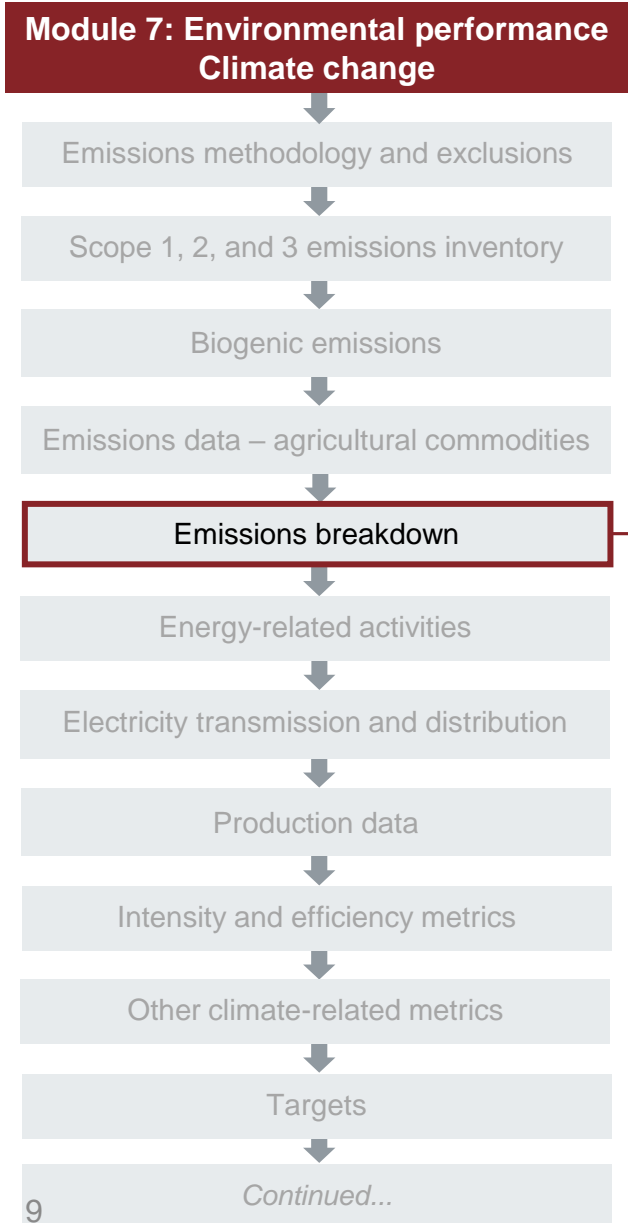
**(7.8.1)** Disclose or restate your Scope 3 emissions data for previous years. (Previously 6.5a)

## Resources:

- [The GHG Protocol’s Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#) for information on Scope 3 boundaries (pages 34-38)
- [CDP’s Technical Note on the relevance of Scope 3 categories by sector](#)
- [GHG Protocol’s Scope 3 evaluator](#)
- [GSMA Scope 3 guidance](#)



# Module 7 – Verification and allocation



**(7.9)** Indicate the verification/assurance status that applies to your reported emissions (Previously C10.1)

**(7.9.3)** Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements. (Previously C10.1c)

**(7.26)** Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period. (previously SC1.1, SC1.2)

# Module 5 – Value chain engagement



## Existing question

**(5.11)** Do you engage with your value chain on environmental issues? (previously C12.1)

## New questions for 2024

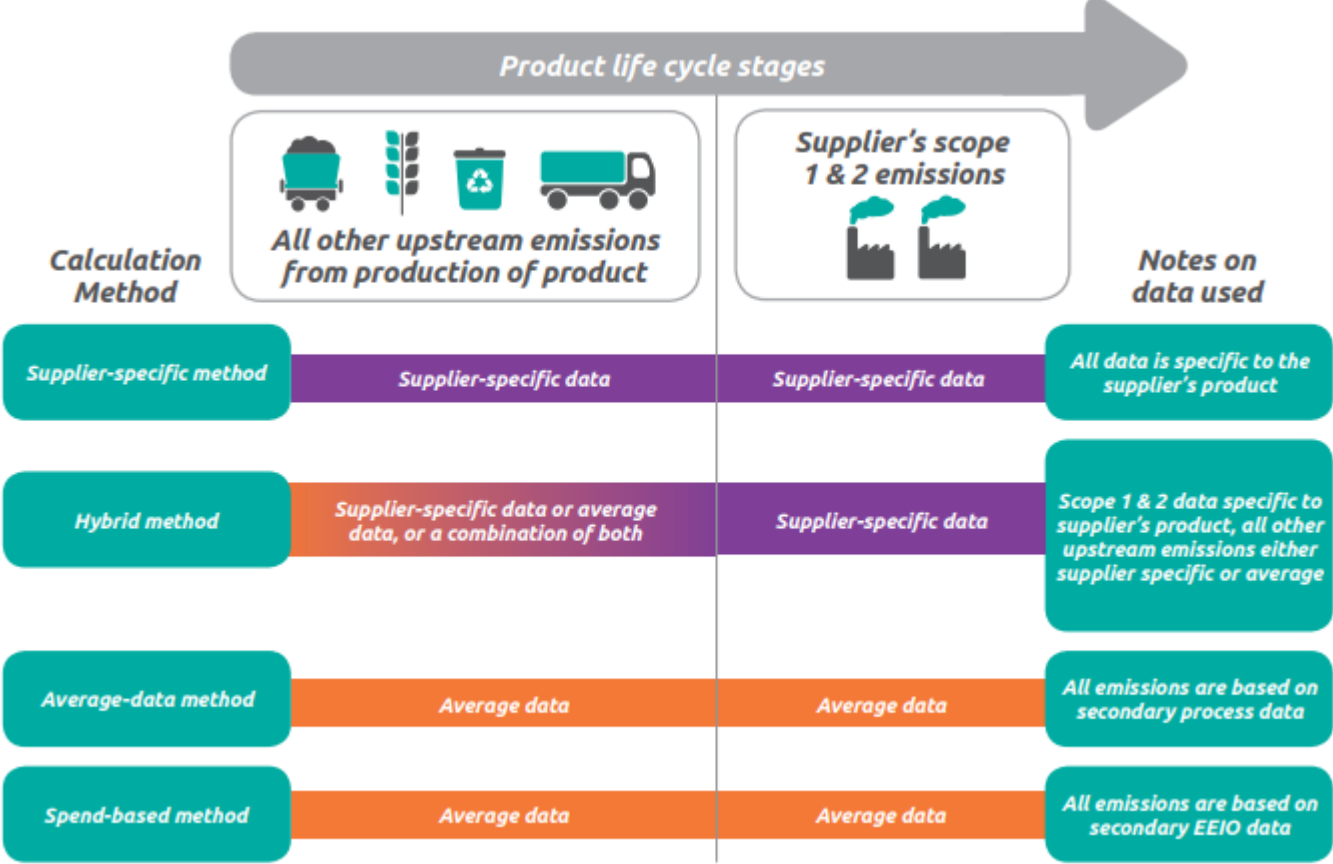
**(5.11.1)** Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

**(5.11.2)** Does your organization prioritize which suppliers to engage with on environmental issues?

# Approaches

# Scope 3 Emissions Approaches

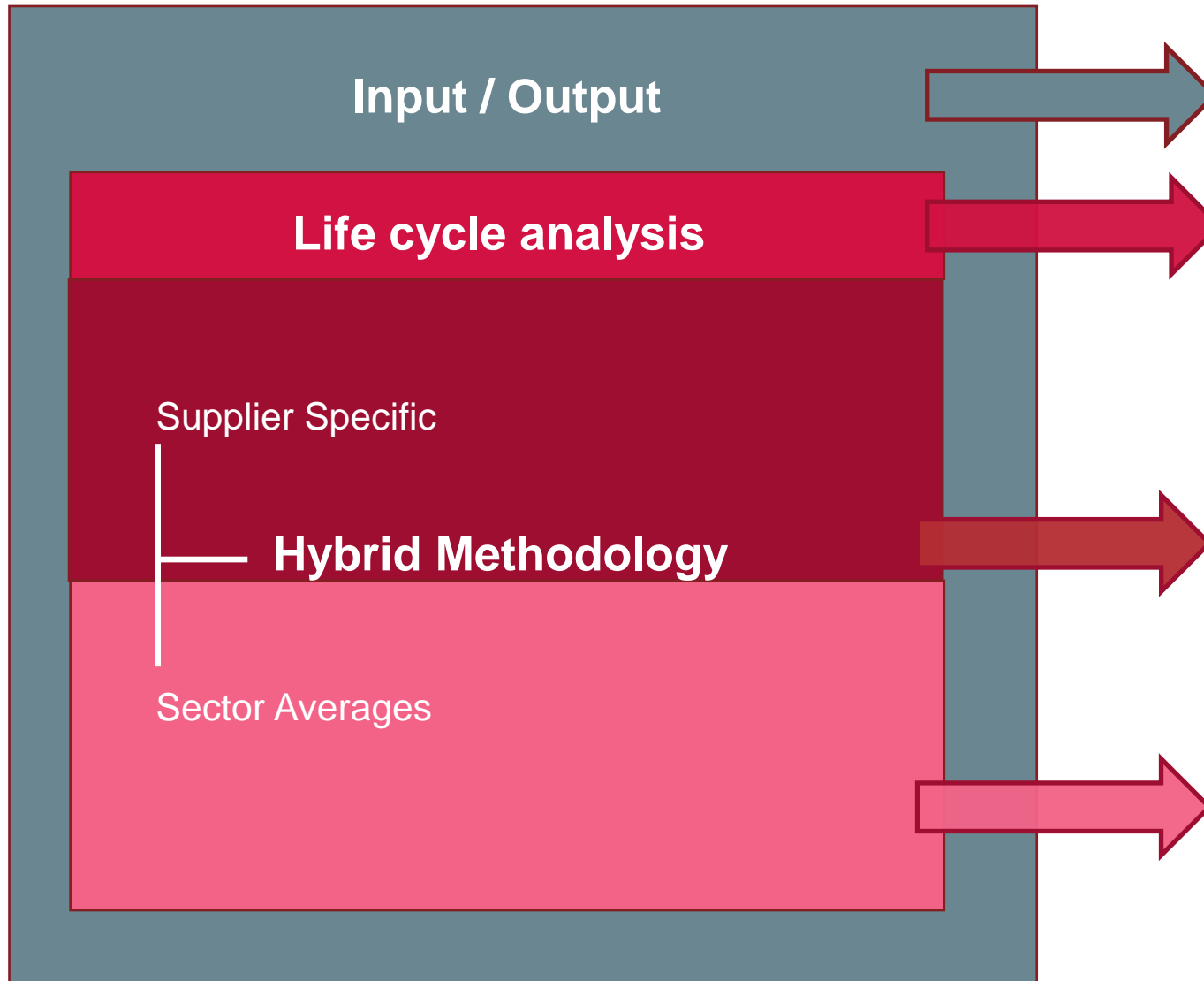
- ▼ The GHG protocol has flexible approaches built in to calculate scope 3.
- ▼ You can use multiple approaches within categories.



### Using a combination of calculation methods

Companies may use a combination of calculation methods for various scope 3 categories throughout the inventory, as well as for various scope 3 activities within each scope 3 category. For example, within each scope 3 category, a company may use more specific methods for the activities that contribute most to emissions and less specific methods for the activities that contribute least to emissions.

# Methodologies to match goals



- 100% of Scope 3 Upstream
- High level overview
- Show categories that matter
- Great for small # of high intensity goods
- Accurate, Good data available
- Cradle-to-cradle
- Supplier data + Industry Averages
- Operational Emissions of Suppliers
- Most recent + most granular
- Known data quality issues
- Suppliers upstream emissions (PG&S)
- Suppliers calculate own scope 3

# Product level data

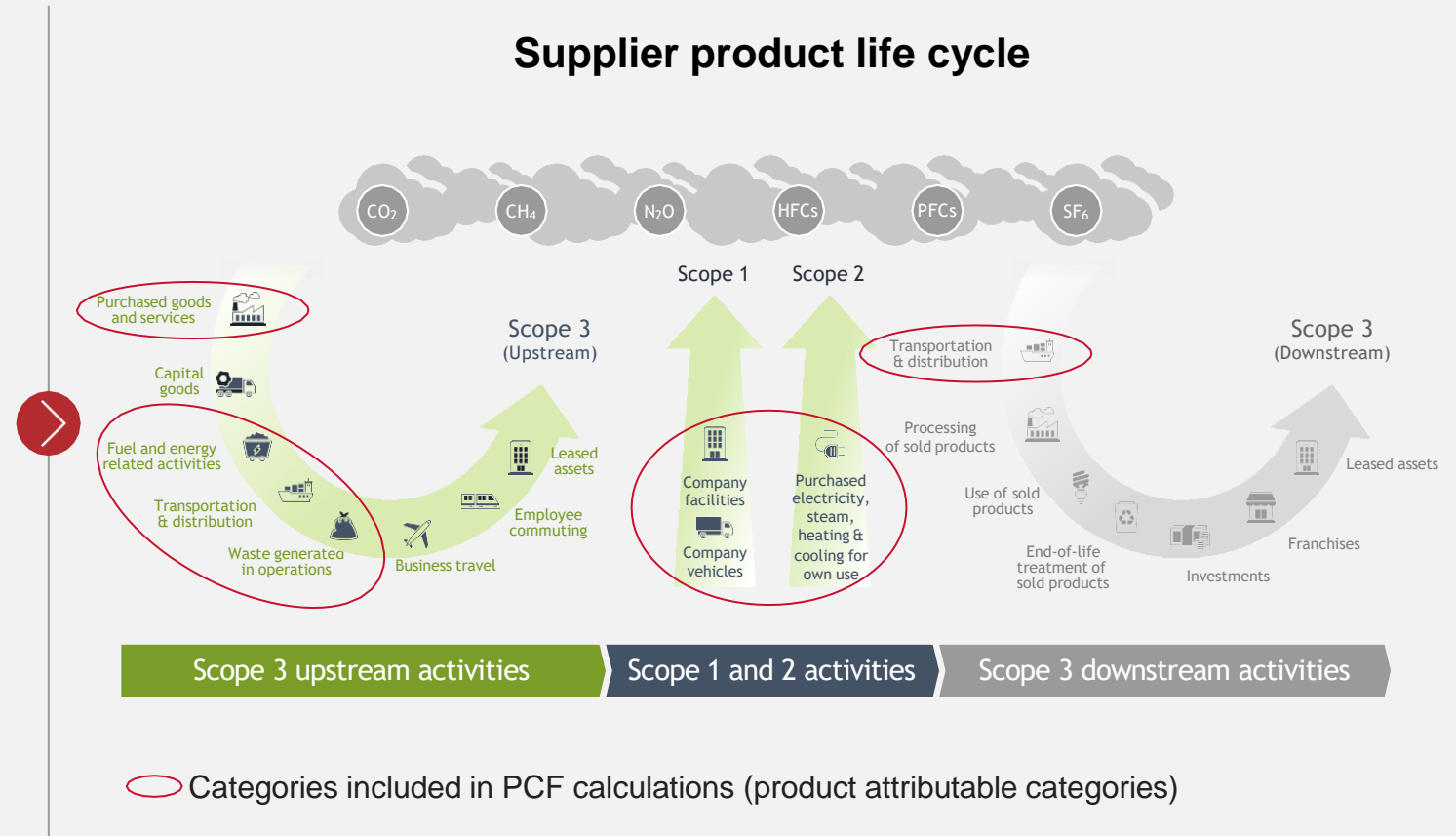
# What is a Product Carbon Footprint (PCF)

PCF measures the carbon equivalent **emissions attributable to a product**

It estimates the total emissions of greenhouse gas (GHG) associated with a specific product throughout its life cycle

PCF accounts for:

- Product related emissions of scope 1, 2
- Select product attributable S3 emission<sup>1</sup>
- Product related Transport & Distribution emissions (S3 downstream) to client facilities



# What is the CDP data telling us?

A key enabler to ensure environmental action is supply chain product-level data however, only few suppliers are providing it (CDP data)

66%

of CDP Supply Chain members believe that product Life Cycle Analysis will be a key future trend for driving sustainable supply chains

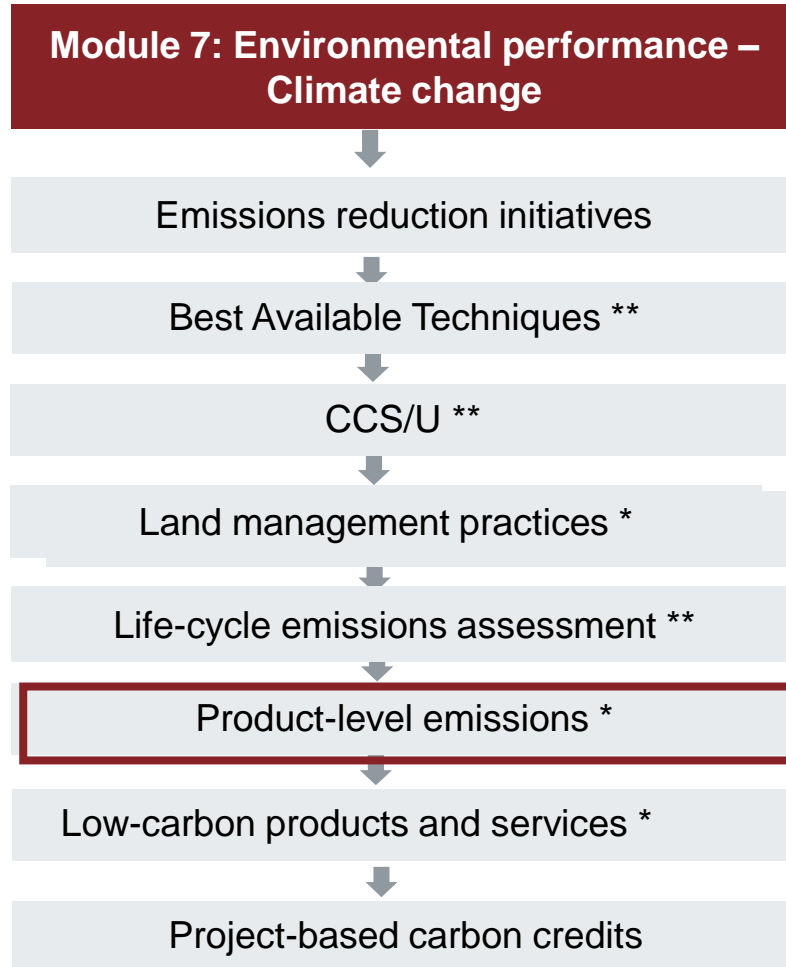
BUT

Only 2%

of members' suppliers are providing the desired product level Life Cycle Analysis data



# Module 7 – product level information



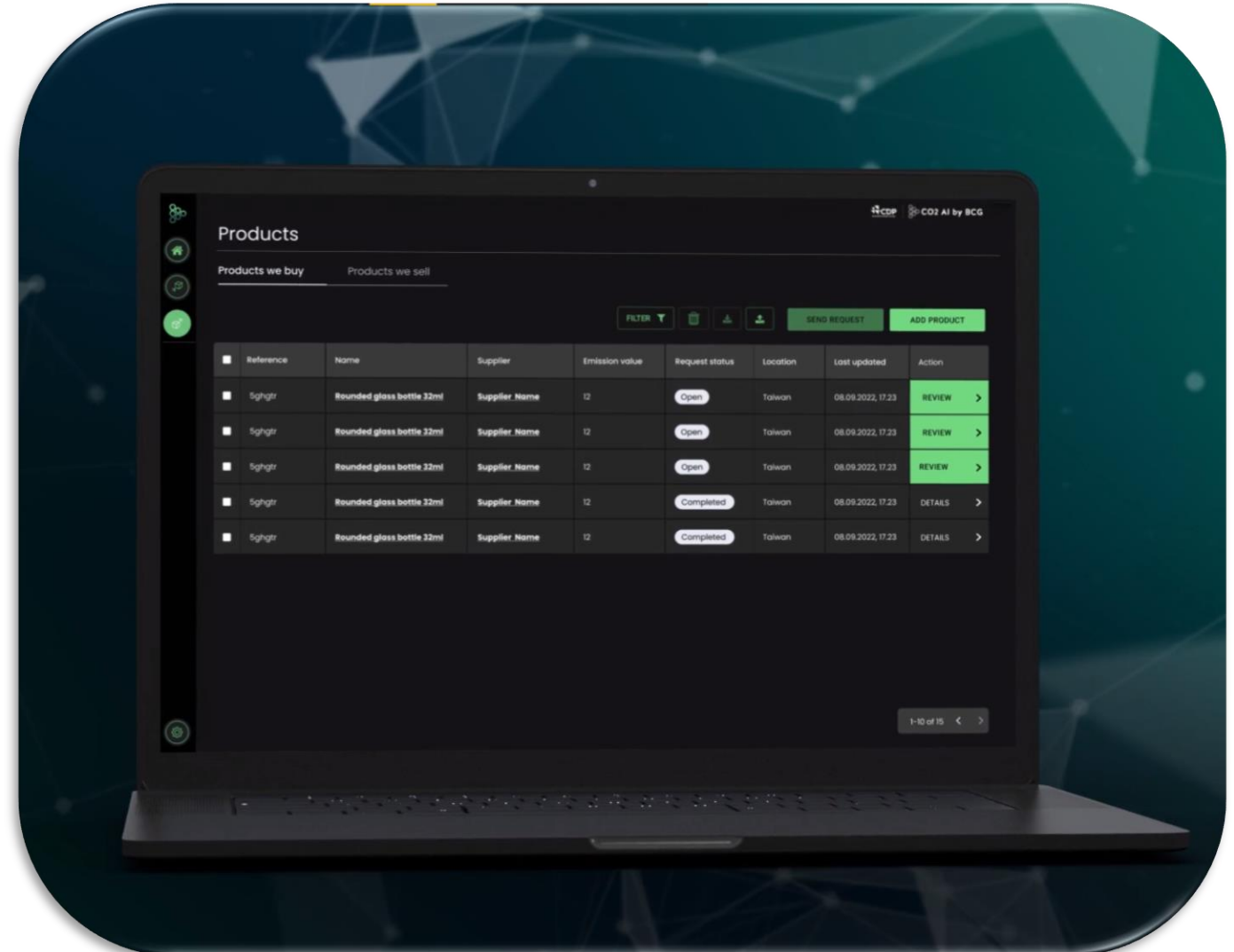
**(7.73)** Are you providing product level data for your organization’s goods or services? (previously SC4.1)

**(7.73.2)** Complete the following table for the goods/services for which you want to provide data (previously SC4.2a)

**(7.73.3)** Complete the following table with data for lifecycle stages of your goods and/or services (modified from SC4.2b)

**(7.73.4)** Please detail emissions reduction initiatives completed or planned for this product. (previously SC4.2c)

The platform for organizations to measure, exchange, manage, and act on product-level lifecycle environmental data.



# Core Functionality

## Highlights



### **Collaborative data exchange platform**

Calculate, exchange, act on product-level data



### **Self-service product emission calculator**

Built in support



### **Emission reduction collaboration**

Share roadmap and abatement levers

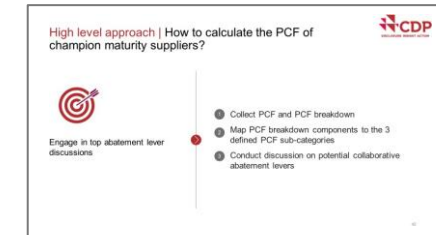
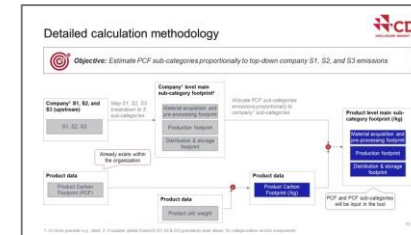
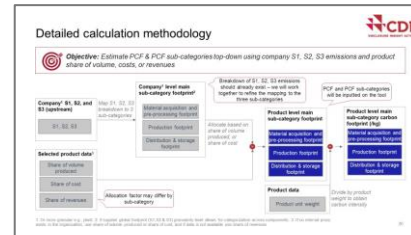
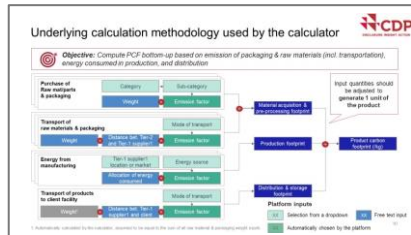
# Don't let perfection get in the way of action

## Beginner

## Developing

## Mature

## Leadership



Input

- Studied product cradle-to-gate info : bills of material, packaging, energy consumed & distribution

- Scope 1,2 & 3 (upstream) footprint
- Required products volume or costs share (revenue share if not available)

- Scope 1,2 & 3 (upstream) footprint
- Studied product PCF

- Studied product PCF
- Product PCF sub-categories breakdown



Output

- PCF bottom-up estimate
- PCF sub-categories breakdown

- PCF top-down estimate
- PCF sub-categories breakdown (if sufficient data granularity)

- PCF sub-categories breakdown (if sufficient data granularity)

- PCF sub-categories breakdown
- PCF CDP module 4 categories breakdown (if relevant<sup>1</sup>)

Use of the self-assessment calculator feature

1. Meant only for suppliers already familiar with CDP module 4 questionnaire, no specific guidance provided

# Common questions

# Most questions are around data confidence



▼ Scope 3 modelling is notoriously hard. The protocol acknowledges this and even gives suggestions to assess and report quality of data

▼ When using CDP data 3 areas crop up most commonly

▼ There is no 100% right of wrong answer its mainly about policy decisions.

Table [7.6] Data quality indicators

<i>Indicator</i>	<i>Description</i>
Technological representativeness	The degree to which the data set reflects the actual technology(ies) used
Temporal representativeness	The degree to which the data set reflects the actual time (e.g., year) or age of the activity
Geographical representativeness	The degree to which the data set reflects the actual geographic location of the activity (e.g., country or site)
Completeness	<p>The degree to which the data is statistically representative of the relevant activity.</p> <p>Completeness includes the percentage of locations for which data is available and used out of the total number that relate to a specific activity. Completeness also addresses seasonal and other normal fluctuations in data.</p>
Reliability	The degree to which the sources, data collection methods and verification procedures <sup>2</sup> used to obtain the data are dependable.

# Temporal Issues


- ▼ CDP data is actually a high grade on temporal ratings.
- ▼ The main issue resides in marrying spend within the reporting year to data collected the previous year
- ▼ For PG&S spend tends to be relatively stable allowing for spend information from the reporting year to year old data
- ▼ CG is trickier for YoY comparison

Score	Representativeness to the activity in terms of:				
	Technology	Time	Geography	Completeness	Reliability
Very good	Data generated using the same technology	Data with less than 3 years of difference	Data from the same area	Data from all relevant sites over an adequate time period to even out normal fluctuations	Verified <sup>3</sup> data based on measurements <sup>4</sup>
Good	Data generated using a similar but different technology	Data with less than 6 years of difference	Data from a similar area	Data from more than 50 percent of sites for an adequate time period to even out normal fluctuations	Verified data partly based on assumptions or non-verified data based on measurements
Fair	Data generated using a different technology	Data with less than 10 years of difference	Data from a different area	Data from less than 50 percent of sites for an adequate time period to even out normal fluctuations or more than 50 percent of sites but for a shorter time period	Non-verified data partly based on assumptions, or a qualified estimate (e.g. by a sector expert)
Poor	Data where technology is unknown	Data with more than 10 years of difference or the age of the data are unknown	Data from an area that is unknown	Data from less than 50 percent of sites for shorter time period or representativeness is unknown	Non-qualified estimate



# Completeness

- ▼ For PG&S & CG you must model cradle to gate emissions for all spend (or as close to)
- ▼ Using primary data for the first 30-50% spend then modelling to 100% with
  - ▼ CDP averages
  - ▼ Input Output / other
  - ▼ Rounding up

Score	Representativeness to the activity in terms of:				
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<b>Good</b>	Data generated using a similar but different technology	Data with less than 6 years of difference	Data from a similar area 	Data from more than 50 percent of sites for an adequate time period to even out normal fluctuations	Verified data partly based on assumptions or non-verified data based on measurements
<b>Fair</b>	Data generated using a different technology	Data with less than 10 years of difference	Data from a different area	Data from less than 50 percent of sites for an adequate time period to even out normal fluctuations or more than 50 percent of sites but for a shorter time period	Non-verified data partly based on assumptions, or a qualified estimate (e.g. by a sector expert)
<b>Poor</b>	Data where technology is unknown	Data with more than 10 years of difference or the age of the data are unknown	Data from an area that is unknown	Data from less than 50 percent of sites for shorter time period or representativeness is unknown	Non-qualified estimate



# Reliability

- ▼ The most common issue
- ▼ Which suppliers data to use and which to substitute is a question of comfort
  - ▼ More primary data used means more linkage to purchasing process
  - ▼ Suppliers make mistakes or misunderstand.

Suppliers have to be assessed 1:1 and most members use a standardized process

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# Key Takeaways



- ▼ Upstream Scope 3 emissions accounting is challenging.
- ▼ Different methodologies exist, including hybrid methodologies combining primary data and industry averages.
- ▼ Companies should focus on obtaining the best possible estimate based on spend.
- ▼ When reporting Scope 3 emissions, clear and transparent disclosure of the methodologies used, and assumptions made is critical.

# SUPPLIER QUERIES

## For technical issues:

Please use our multi-lingual [help center](#) where you can find FAQs or raise a case. Direct link is also available on the CDP Portal.



## For technical guidance:

Please register for [webinars](#) and check out the CDP's [Guidance page](#)

You can learn best practice on the [Supplier Support Webinars](#)



## Other helpful guidance:

- ▼ [GHG Protocol Corporate Standard](#)
- ▼ [GHG Protocol Calculation Tools](#)
- ▼ [CDP CO2AI further information](#)
- ▼ [CO2AI](#)
- ▼ [GSMA Scope 3 guidance](#)

**Please post  
your questions  
in the Q&A chat**

**Thank you!**  
Recording and slide deck  
will be made available soon