



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



**Global Compact**  
Network  
Switzerland & Liechtenstein

# **Corporate Carbon Footprint Scope 3: How to manage indirect emissions and value chain engagement**

## **Webinar 3**

10 October 2022, 14:00 – 15:30

In collaboration with

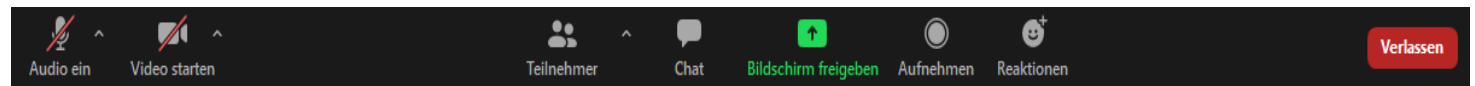


**Let's make Global Goals** Local Business

# Housekeeping

- This session is being recorded.
- Slides and recording will be made available by UN Global Compact Network Switzerland & Liechtenstein after the webinar.
- Language: English

*Activate the video before  
you make an intervention.*



*Make sure you are muted during  
the webinar. Unmute yourself if you  
wish to say something.*

*Use the chat function to type  
in your questions or raise your  
hand to make a comment.*



# The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

## Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact  
Network  
Switzerland & Liechtenstein

# What's next



# Today's program

1. Context: Relevance for companies
2. Indirect emissions, scope 3: What does it include?
3. Upstream vs. Downstream activities of companies (supply chains)
4. Double counting
5. Management options to reduce scope 3 emissions
6. Key Take Aways

Input from



**Salomé Gähwiler**  
Senior Consultant  
Head CO<sub>2</sub>-Management  
[salome.gaehwiler@swissclimate.ch](mailto:salome.gaehwiler@swissclimate.ch)

[About](#)

# Goals of today

- ✓ Understand the difference between scope 1,2 and 3 applied to their organization/sector
- ✓ Know options and approaches on how to manage scope 3 emissions through their value chain

# Swiss Climate: experts for a sustainable future



Sustainability



CO<sub>2</sub> Management



Energy

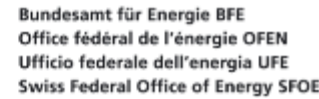
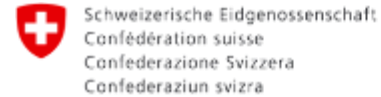


Carbon Offsetting





# References



RAIFFEISEN

KUEHNE+NAGEL



CSL Behring

Bank Banque Banca

CLER



valiant

CarbaGas  
gas nach Mass



Schindler

sonova  
HEAR THE WORLD



Vontobel

ewz

xmet AG  
METALL- UND BEHÄLTNERBAU



csem



TEXAID





# **Context: Relevance for companies**



# Scope 3 usually has the greatest impact

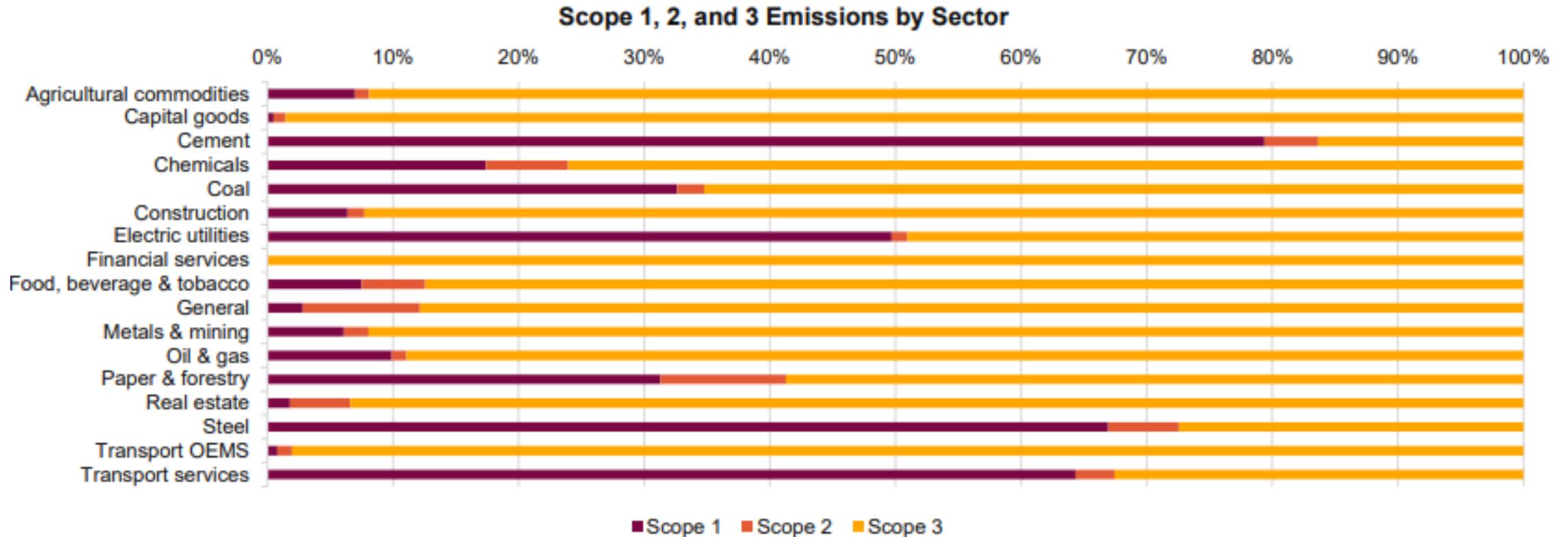


Figure: CDP Technical Note: Relevance of Scope 3 Categories by Sector, p. 6

# **Scope 3: What does it include?**



slido



**Have you already created a Scope 3 inventory**



# Short Recap on Emissions Scopes

**Scope 1:** Direct GHG emissions

**Scope 2:** Indirect GHG emissions (electricity, district heating & cooling)

**Scope 3:** Indirect emissions

Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company

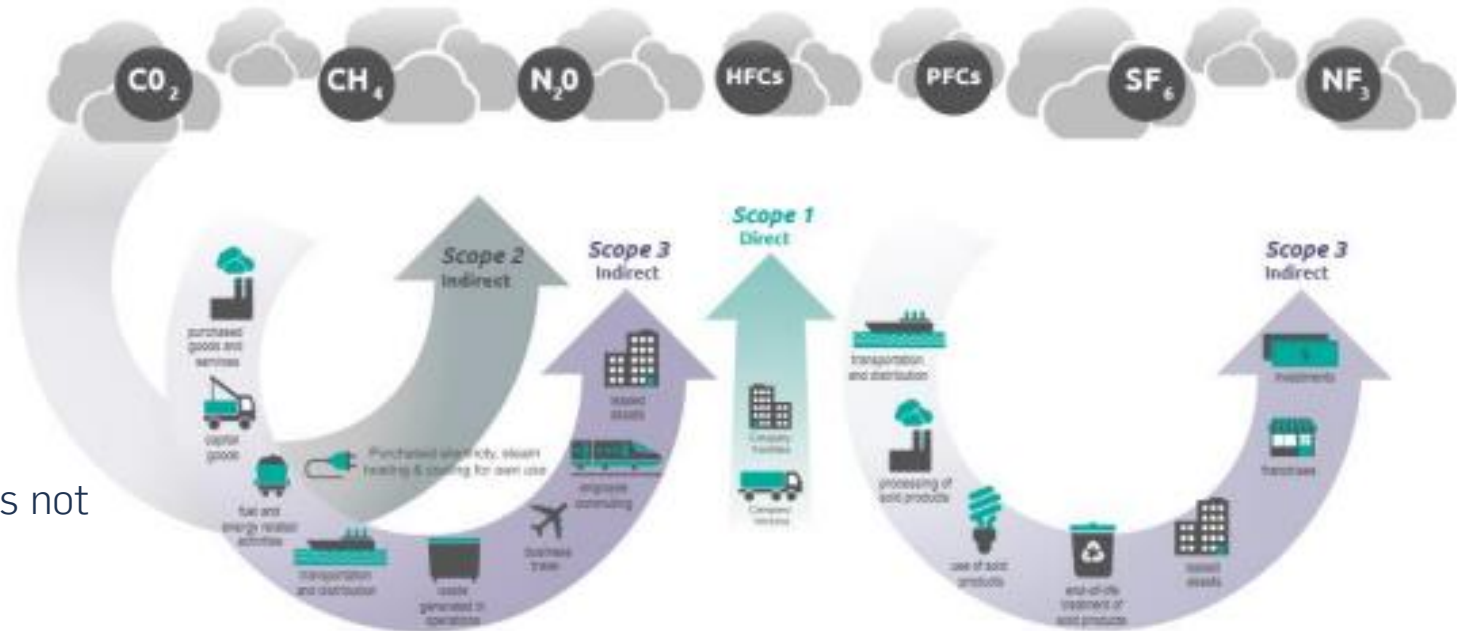


Figure: GHG Protocol Scope 3 Standard, p. 5

# The 7 qualitative criteria for identifying and reporting relevant scope 3 activities

Criteria	Description
Size	They contribute significantly to the company's total anticipated scope 3 emissions (see section 7.1 for guidance on using initial estimation methods)
Influence	There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
Risk	They contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks) (see table 2.2)
Stakeholders	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
Outsourcing	They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company's sector
Sector guidance	They have been identified as significant by sector-specific guidance
Other	They meet any additional criteria for determining relevance developed by the company or industry sector

Figure: GHG Protocol Scope 3 Standard, p. 61

# Relevant questions to ask

Which emissions are relevant **in terms of quantity**?

Can the emissions be **influenced**?

What is relevant to **stakeholders**?

Can the relevant data be **collected** with reasonable effort?

What is **best practice** (including competitors)?

Important:

Consistency with defined climate strategy (the balance in the service of the strategy).

Outsourced activities

Transparent documentation

Periodic review is necessary

# Scope 3 Categories

Upstream or downstream	Scope 3 category
Upstream scope 3 emissions	<ol style="list-style-type: none"><li>1. Purchased goods and services</li><li>2. Capital goods</li><li>3. Fuel- and energy-related activities (not included in scope 1 or scope 2)</li><li>4. Upstream transportation and distribution</li><li>5. Waste generated in operations</li><li>6. Business travel</li><li>7. Employee commuting</li><li>8. Upstream leased assets</li></ol>
Downstream scope 3 emissions	<ol style="list-style-type: none"><li>9. Downstream transportation and distribution</li><li>10. Processing of sold products</li><li>11. Use of sold products</li><li>12. End-of-life treatment of sold products</li><li>13. Downstream leased assets</li><li>14. Franchises</li><li>15. Investments</li></ol>



# Common challenges: Creating a Scope 3 Inventory (I/II)

The first step: quantifying emissions in the company's inventory



# Common challenges: Creating a Scope 3 Inventory (II/II)

## *The difference between data specificity and data accuracy*

«Even though the supplier-specific and hybrid methods are more specific to the individual supplier than the average-data and spend-based methods, they may not produce results that are a more accurate reflection of the product's contribution to the reporting company's scope 3 emissions. In fact, data collected from a supplier may actually be less accurate than industry-average data for a particular product. Accuracy derives from the granularity of the emissions data, the reliability of the supplier's data sources, and which, if any, allocation techniques were used. The need to allocate the supplier's emissions to the specific products it sells to the company can add a considerable degree of uncertainty, depending on the allocation methods used (for more information on allocation, see chapter 8 of the Scope 3 Standard).



**If you already implemented a Scope 3 inventory or you're working on it: What are your top 3 challenges?**

# **Upstream vs. Downstream activities of companies (supply chains)**





# Upstream activities (I/II)

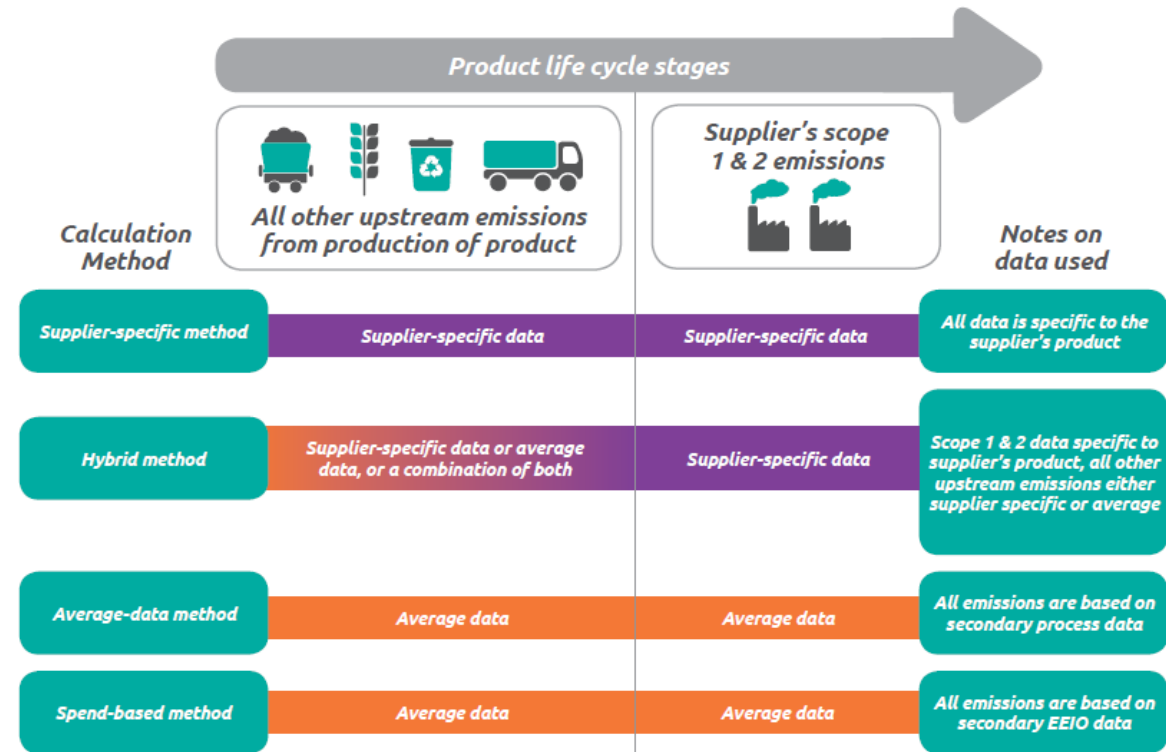
- 3.1 Purchased goods and service:** Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 – 8
- 3.2 Capital goods:** Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year
- 3.3 Fuel- and energy-related activities (not included in scope 1 and 2):** Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in scope 1 or scope 2, incl. T&D losses
- 3.4 Upstream transportation and distribution:** Transportation and distribution of products purchased by the reporting company in the reporting year between a **company's tier 1 suppliers and its own operations** (in vehicle and facilities not owned or controlled by the reporting company) / Transportation and distribution services purchased by the reporting company in the reporting year, **including inbound logistics, outbound logistics**

# Upstream activities (II/II)

- 3.5 Waste generated in operations:** Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company)
- 3.6 Business travel:** Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company)
- 3.7 Employee commuting:** Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)
- 3.8 Upstream leased assets:** Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee

# Zoom-in: 3.1 Purchased goods and services (I/III)

Figure [1.1] Different data types used for different calculation methods



GHG Protocol, Category 1: Purchased Goods and Services, p.21

# Zoom-in: 3.1 Purchased goods and services (II/III)

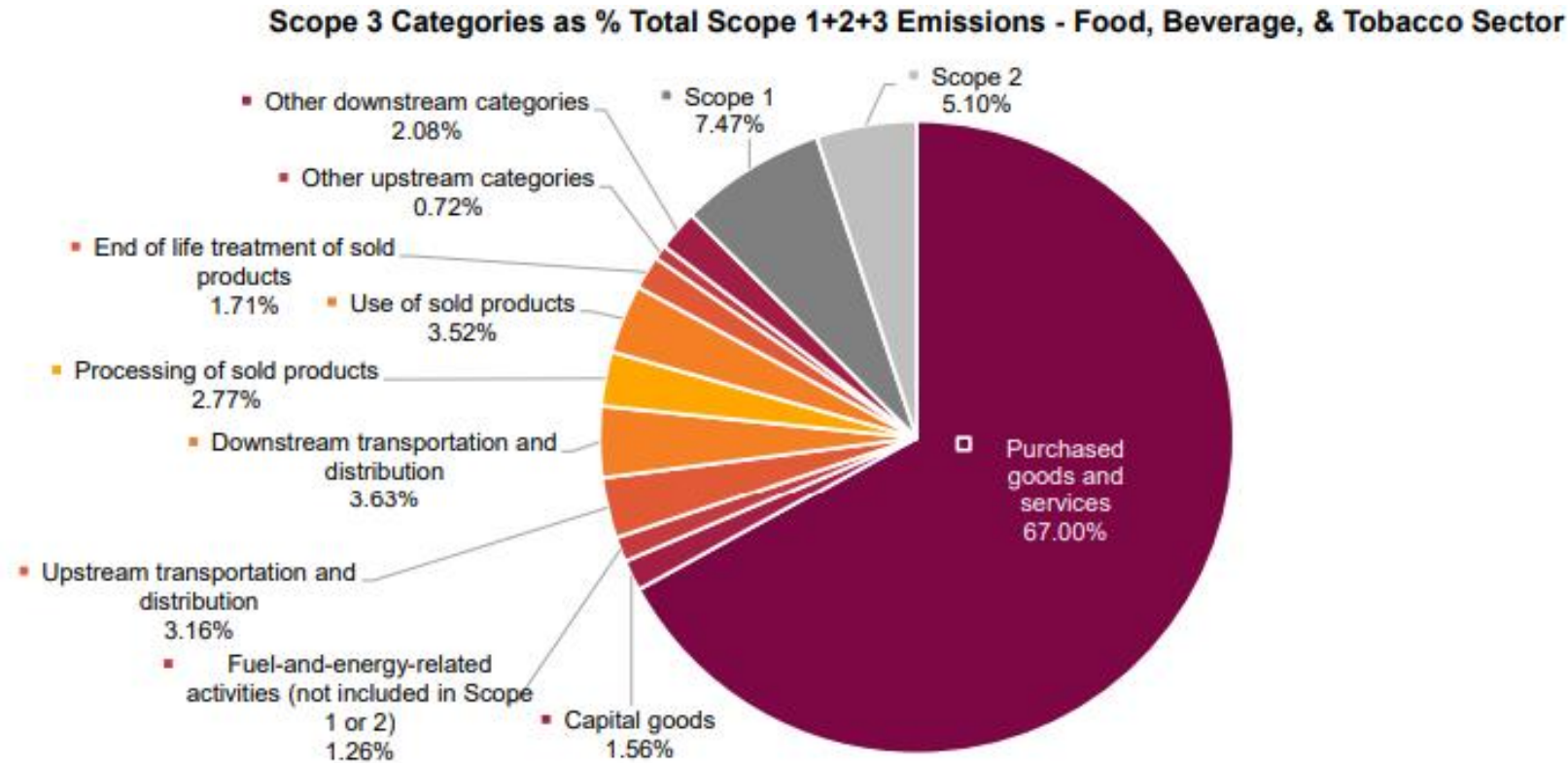


Figure: CDP Technical Note: Relevance of Scope 3 Categories by Sector, p. 33

# Zoom-in: 3.1 Purchased goods and services (III/III)

Scope 3 Categories as % Total Scope 1+2+3 Emissions - Agricultural Commodities Sector

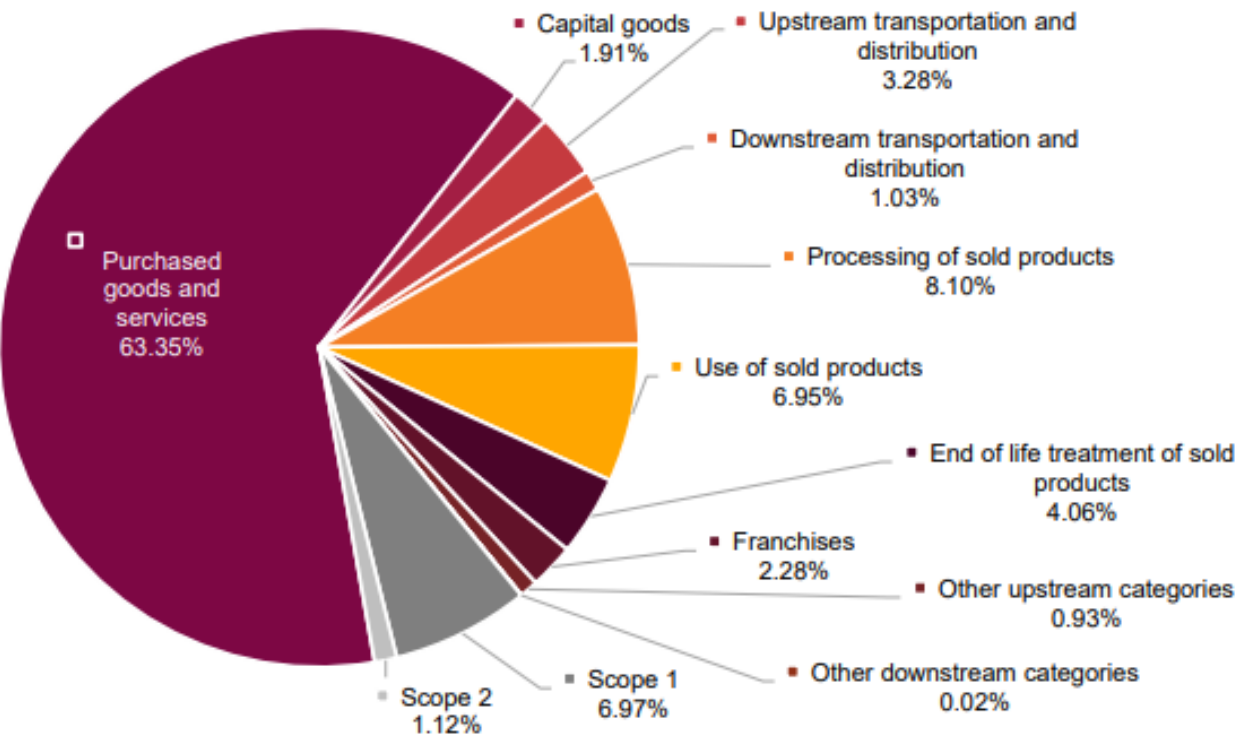
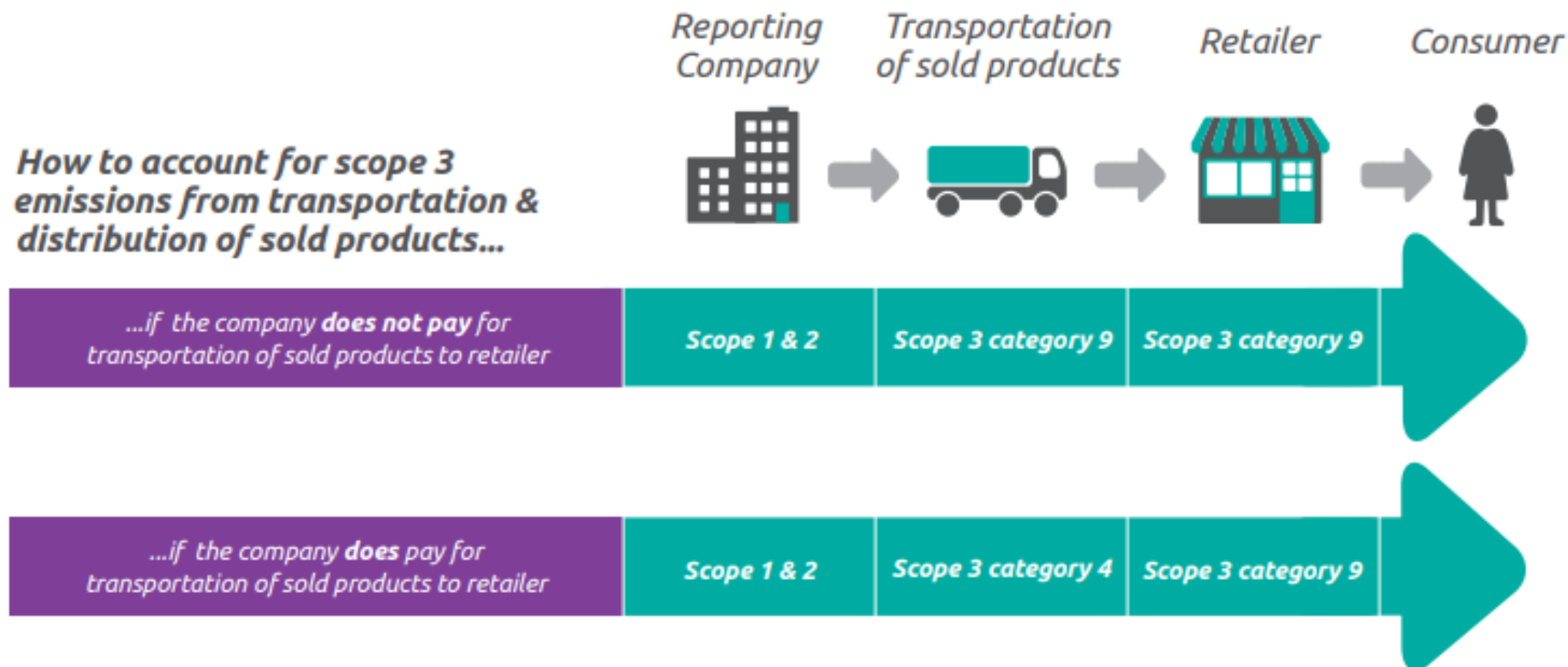


Figure: CDP Technical Note: Relevance of Scope 3 Categories by Sector, p. 9



# Zoom-in: 3.4 Upstream transportation & distribution



# Downstream activities (I/II)

- 3.9 Downstream transportation and distribution:** Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)
- 3.10 Processing of sold products:** Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers)
- 3.11 Use of sold products:** End use of goods and services sold by the reporting company in the reporting year
- 3.12 End-of-life treatment of sold products:** Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life
- 3.13 Downstream leased assets:** Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor

# Downstream activities (II/II)

**3.14 Franchises** Operation of franchises in the reporting year, not included in scope 1 and scope 2 – reported by franchisor

**3.15 Investments:** Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2

# Zoom-in: 3.10 Use of sold goods

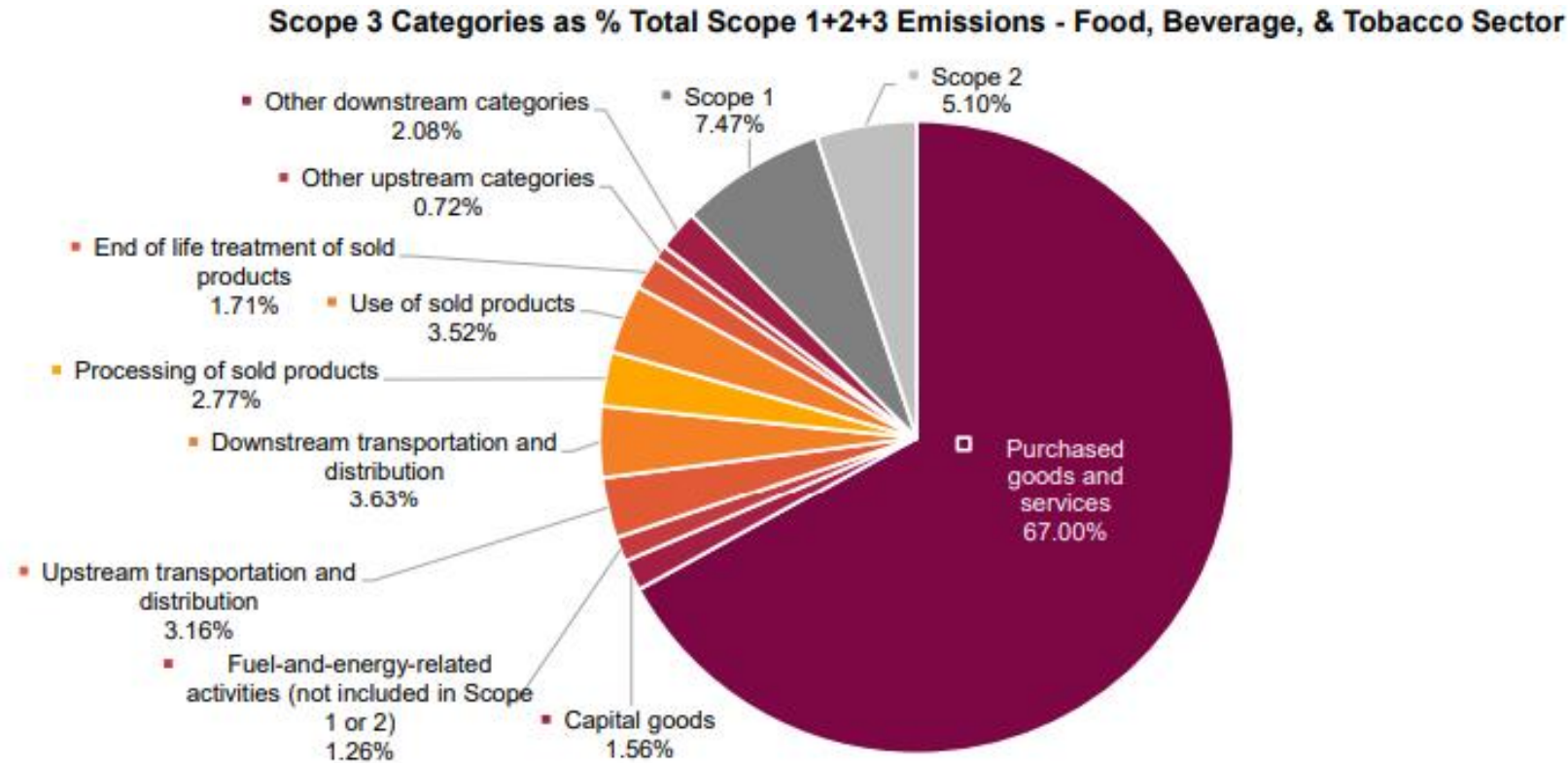


Figure: CDP Technical Note: Relevance of Scope 3 Categories by Sector, p. 33

# Zoom-in: 3.15 Investments (I/II)

Scope 3 Categories as % Total Scope 1+2+3 Emissions - Financial Services Sector

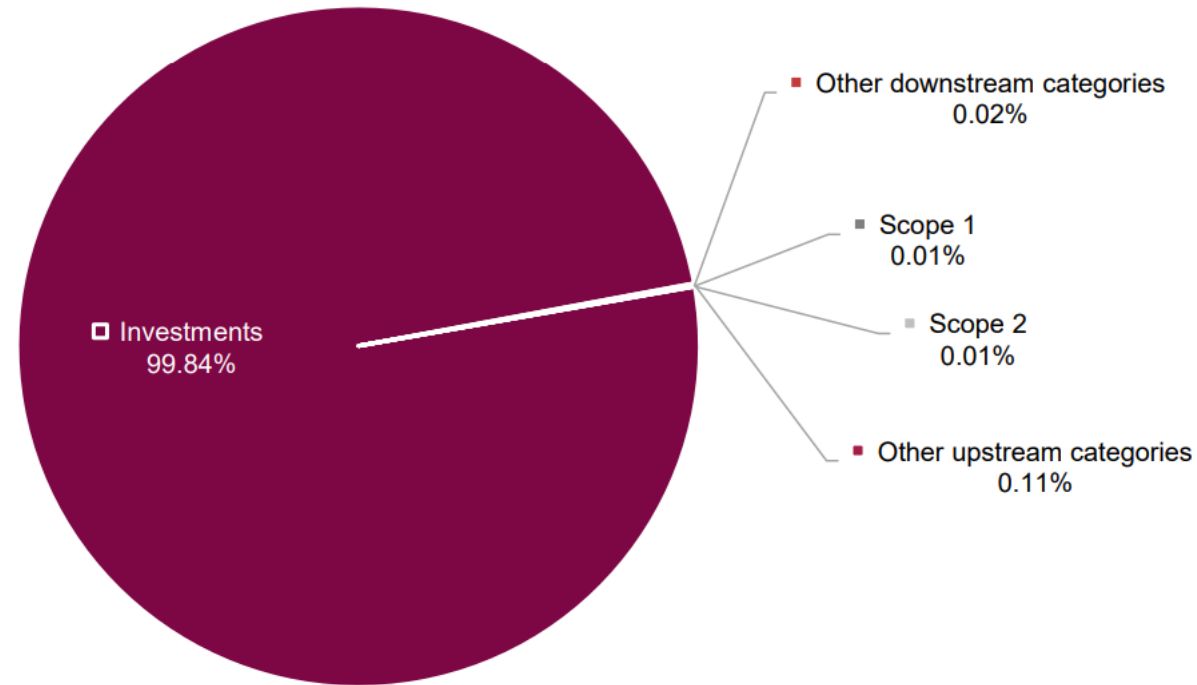


Figure: CDP Technical Note: Relevance of Scope 3 Categories by Sector, p. 30

# Zoom-in: 3.15 Investments (II/II)

## Calculation guidelines

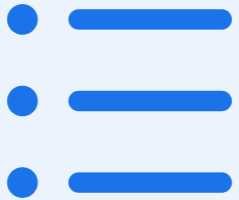
Calculation formula [15.1] Investment-specific method for calculating emissions from equity investments

*Emissions from equity investments =*

**sum across equity investments:**

$\Sigma$  (scope 1 and scope 2 emissions of equity investment  $\times$  share of equity (%))

Figure: GHG Protocol, Category 3.15



**Which category will be the most relevant at your company?**



# Double Counting



# Double Counting is normal across the value chain

Example Nike:

- **Suppliers** need energy for shoe production (suppliers S1 + S2 emissions)
- **Nike** integrates these emissions as S3 (category 1). Likewise the gray emissions of the material (e.g. plastic).
- **Financial institutions** consider the issues as part of the investment in NIKE (shares, bonds): Scope 3 Cat. 15
- **Customer:** What emissions are they interested in?



# Management options to reduce scope 3 emissions



# Focus supplier

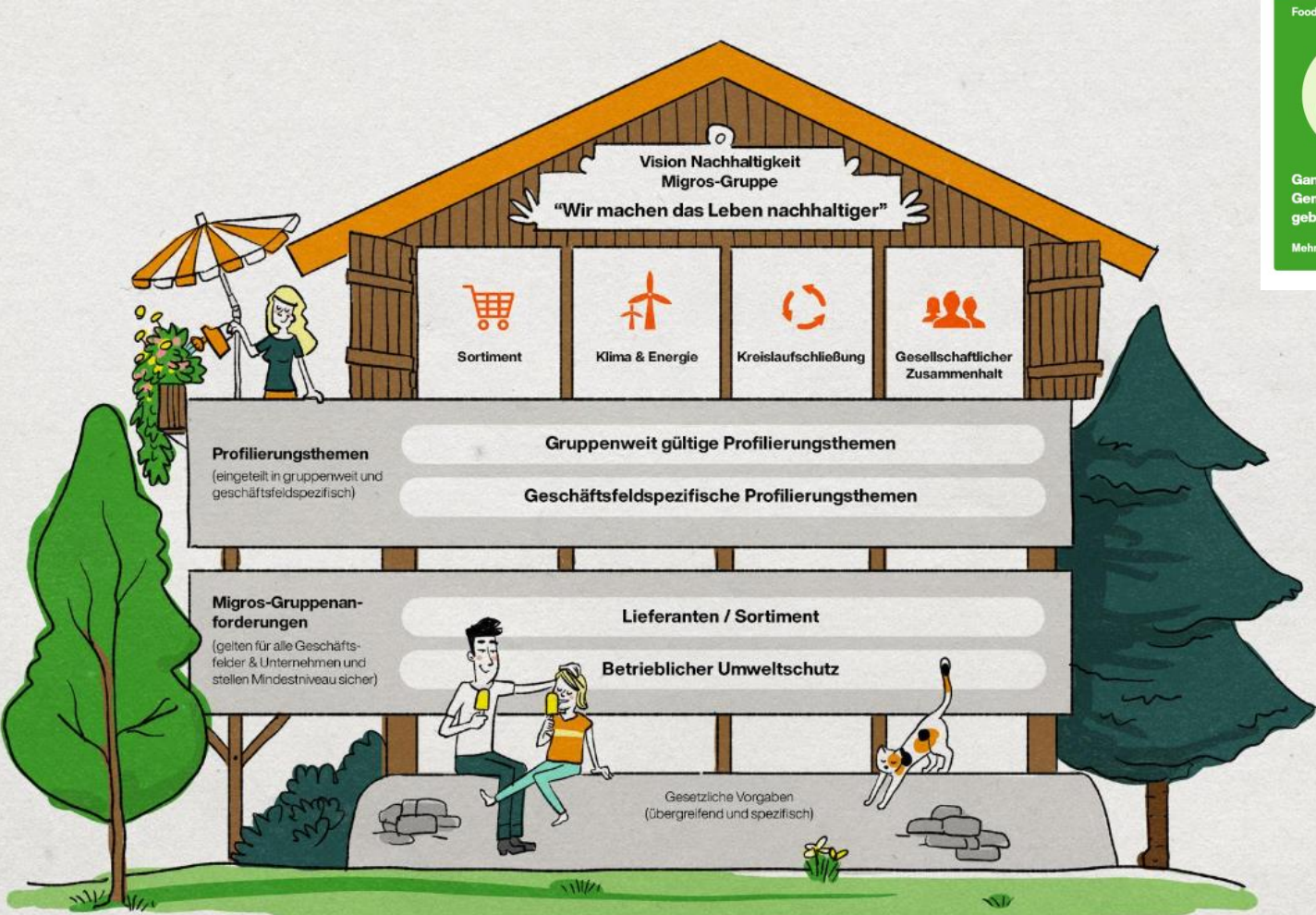
- Supplier engagement (e.g set a supplier engagement target (SBTi) as Migros or Denner
  - Supplier segmentation and prioritisation to identify primary contributors
  - Organise workshops/online-course to sensitise your suppliers
  - Supplier engagement should entail collaboration
- Change of suppliers
  - Add criteria regarding carbon management/measures in tenders

# Other options

- Promote circular economy
- Life cycle assessments and product design
- Business model change
- Sensitisation of customers

[www.migros](https://www.migros.ch)

# Short case study



## Unser Engagement gegen Food Waste

Food Waste

GEMEINSAM GEGEN FOOD WASTE

Ganz-schön-anders-Gemüse eine Chance geben

Mehr erfahren >

Massnahmen

Wir retten Lebensmittel mit Too Good To Go

Mehr erfahren >

Massnahmen

MADAME FRIGO

Wir unterstützen Madame Frigo

Mehr erfahren >

Food Waste

Optimale Planung, flexible Preise

↻



# Key Take-Aways



# Key Take-Aways

1. Scope 3 as an iterative process
2. Data basis as challenge
3. Supplier-specific data is not automatically more accurate than average values



# What's next

19  
Sept.

Webinar 1 – Introduction to corporate climate action: Developing a climate strategy  
*Also in German on 14 September and French on 15 September*

Today

Webinar 2 – Corporate Carbon Footprint Scope 1 and 2: How to manage GHG accounting and implement reduction measures

10  
Oct.

Webinar 3 – Corporate Carbon Footprint Scope 3: How to manage indirect emissions and value chain engagement

24  
Oct.

Webinar 4 – SBTs and Net Zero: Principles, challenges, and good practices



# **SAVE THE DATE: Soirée Climatique at 14th November in Berne**

The Event is held in German:

Verantwortung in den Lieferketten stärken: Wie  
werden die Scope-3-Emissionen richtig  
gemessen und reduziert?



# The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

## Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact  
Network  
Switzerland & Liechtenstein





HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



**Global Compact**  
Network  
Switzerland & Liechtenstein

**Thank you for attending!**



@global-compact-network-switzerland



@globalcompactswitzerland



@GlobalCompactSwitzerlandLiechtenstein



@SwissGC