

Navigating Scope 3 Emissions successfully

Understanding and overcoming the challenges





Introduction

The global risk landscape is changing and there is growing recognition of the environmental, social and governance challenges faced by businesses, and society as a whole. By improving your ESG credentials and adopting best practices, you not only showcase your commitment to transparency but can benefit from successful reputation management, regulatory compliance, investment and improved consumer satisfaction.

As businesses strive for a comprehensive sustainability strategy, addressing scope 3 emissions is crucial. While scopes 1 and 2 emissions are widely recognised, scope 3 emissions present a unique set of challenges that may require further attention. This guide explores the intricacies of calculating and mitigating scope 3 emissions throughout your supply chain, highlighting the challenges organisations face in understanding and addressing these often-overlooked aspects of their carbon footprint.

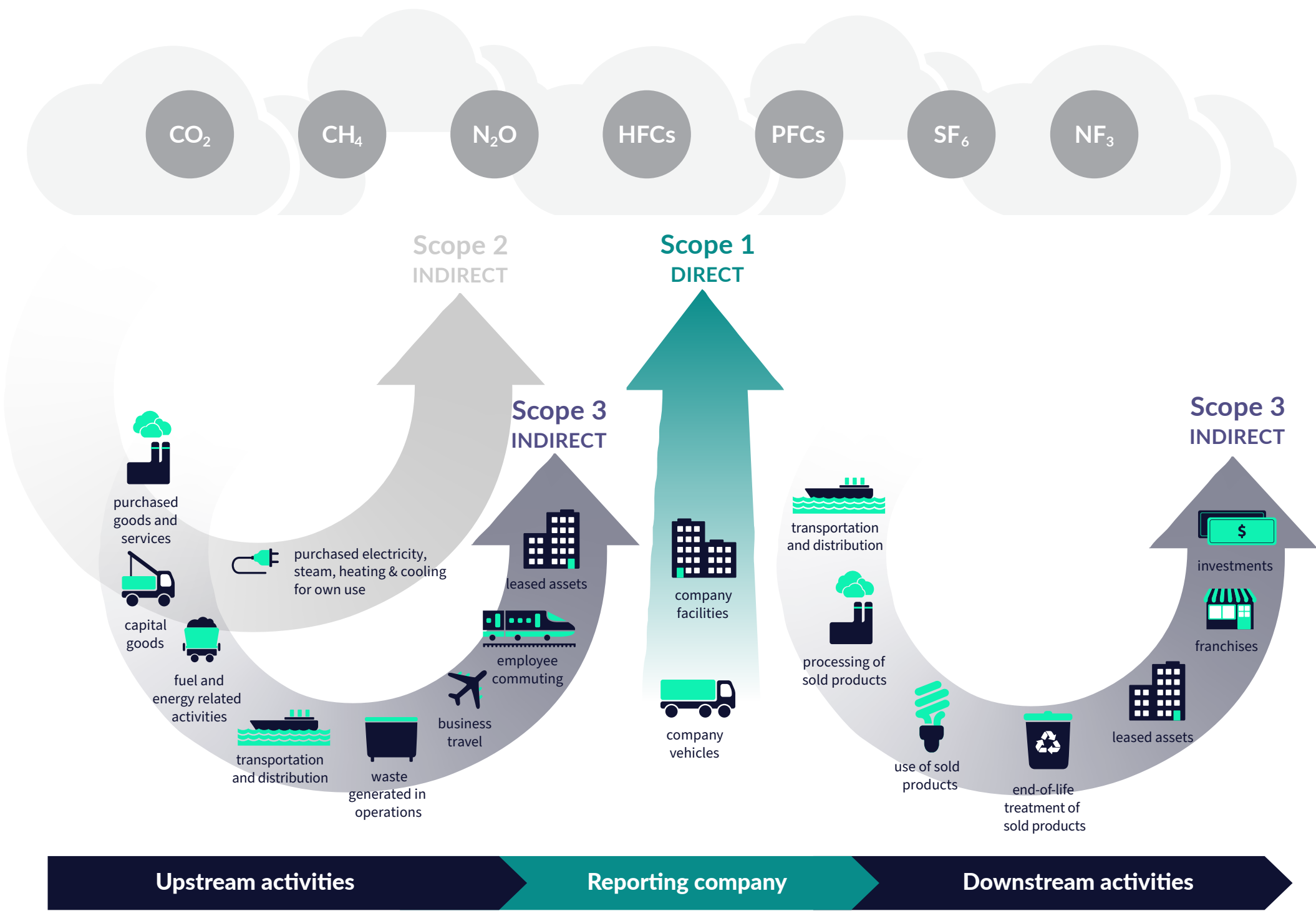
Understanding Scope 3 emissions

Scope 1
Scope 1 emissions represent the direct greenhouse gas emissions that originate from sources owned or controlled by an organisation, such as onsite combustion of fossil fuels in company-owned vehicles, manufacturing processes, and heating systems.

Scope 2
Scope 2 emissions encompass the indirect greenhouse gas emissions associated with the generation of purchased or acquired electricity, heat, or steam consumed by an organisation. While these emissions occur off-site at third-party utilities, they are linked to the organisation’s activities through energy consumption.

Scope 3
Scope 3 emissions refer to indirect emissions that occur in the supply chain but are not directly owned or controlled by the reporting organisation. These emissions are challenging to identify, measure, and manage due to their diffuse nature and varied sources. Examples include emissions from employees commuting, purchased goods and other indirect activities.

Scope 3 emissions account for at least 75% of a supply chain’s emissions and inaccurate reporting can lead to a misleading view of an organisation’s overall carbon footprint.



- Upstream Scope 3 Emissions**
- Purchased goods and services
 - Capital goods
 - Fuel-and energy-related activities (not in Scope 1 or Scope 2)
 - Upstream transportation and distribution
 - Waste generated in operations
 - Business travel
 - Employee commuting
 - Upstream leased assets

- Downstream Scope 3 Emissions**
- Downstream transportation and distribution
 - Process of sold products
 - Use of sold products
 - End-of-life treatment of sold products
 - Downstream leased assets
 - Franchises
 - Investments

What are the challenges?

Overcoming the challenges of understanding your scope 3 emissions can help you enhance transparency, meet ESG corporate objectives and build stakeholder trust.

1. Lack of control and influence

Scope 3 emissions often stem from activities outside an organisation's direct control, making it difficult to influence or manage these emissions effectively.

2. Data collection and accuracy

Gathering accurate data for scope 3 emissions can be difficult due to the involvement of external parties and the need for comprehensive information from suppliers, partners, and employees.

3. Setting meaningful targets

Establishing realistic and meaningful targets for reducing scope 3 emissions requires a deep understanding of the entire value chain, often posing a significant hurdle.

4. Resource Constraints

Many organisations, especially smaller ones, may face resource constraints in terms of budget, expertise, and technology to effectively address scope 3 emissions. Implementing robust emission reduction strategies often requires investments in technology, training, and stakeholder engagement.

Navigating scope 3 emissions successfully

Scope 3 emissions often represent a significant portion of a company's total carbon footprint. To navigate scope 3 emissions successfully, organisations should consider:



Collaborative partnerships

Building strong and collaborative relationships with suppliers, stakeholders and employees will encourage transparency and information sharing, enabling a more accurate assessment of scope 3 emissions.



Technology integration

Leveraging advanced technologies, such as data analytics and supply chain management tools, to streamline data collection and analysis for scope 3 emissions.



Employee engagement

Implementing initiatives to reduce employee commuting emissions through flexible work arrangements, incentivising sustainable commuting options, and promoting awareness.

[Previous](#)[Next](#)

Case study

Mott MacDonald

As a large organisation with a global presence, Mott MacDonald need to identify emission sources, set ambitious reduction targets, and engage stakeholders in the sustainability journey became paramount. Aligning with international standards and achieve transparency in reporting emissions emerged to be a complex undertaking.

LRQA worked closely with Mott MacDonald to conduct a comprehensive assessment covering scope 1, 2, and 3 emissions. Using the ISO 14064 and PAS 2080 frameworks to identify direct emissions, energy-related emissions, and indirect scope 3 emissions from the value chain, ensuring a full understanding of the organisation's environmental impact.

“ISO 14064 and PAS 2080 have been at the heart of our carbon reduction plan for two key reasons. We want to be confident that we are accurately monitoring progress against the science-based targets set and certification shows our clients and colleagues that we taking this commitment seriously.”

Bethan Hutchinson | Senior Advisor
Mott MacDonald

[Previous](#)

[Next](#)





Report and monitor your GHG emissions

ISO 14064

ISO 14064 provides a systematic framework to help organisations develop and maintain accurate, transparent, and consistent greenhouse gas (GHG) data. It outlines principles and requirements for the quantification and reporting of greenhouse gas (GHG) emissions and removals at the organisational level. An internationally recognised approach, ISO 14064 enables organisations to compare and communicate their emission performance consistently across their supply chain, enhance credibility and demonstrate a commitment to a transparent and accountable sustainability strategy.

[Get in touch to find out more →](#)

PAS 2080

Focusing specifically on carbon management, PAS 2080 provides guidelines and a framework for managing carbon in infrastructure projects. This includes transportation, energy, water, and other critical infrastructure projects. It ensures carbon is consistently and effectively quantified at key points, enabling carbon data to be shared transparently along the supply chain.

[Get in touch to find out more →](#)

Build trust with those who matter most to you

As businesses strive for comprehensive sustainability, addressing scope 3 emissions is crucial. By acknowledging the challenges and implementing effective strategies, organisations can move towards effective emissions management, whilst building trust and transparency with their stakeholders.

Our experts independently verify your data, information and reports to drive credibility and confidence in your supply chain helping you to adapt to the rapidly changing risks.

[Get in touch to find out more →](#)





YOUR FUTURE. OUR FOCUS.

Previous



About LRQA:

LRQA is the leading global assurance partner, bringing together decades of unrivalled expertise in assessment, advisory, inspection and cybersecurity services – underpinned by data-driven insights – to help our clients solve their biggest business challenges.

Operating in more than 150 countries with a team of more than 5,000 people, LRQA’s award-winning compliance, supply chain, cybersecurity and ESG specialists help more than 60,000 clients across almost every sector to anticipate, mitigate and manage risk wherever they operate.

In everything we do, we are committed to shaping a better future for our people, our clients, our communities and our planet.

Get in touch

Visit www.lrqa.com/au for more information, email enquiries.au@lrqa.com or call +61 37 004 3410



LRQA
Office 115, Level 18,
120 Spencer St, Melbourne 3000
Australia

Care is taken to ensure that all information provided is accurate and up to date; however, LRQA accepts no responsibility for inaccuracies in or changes to information.
For more information on LRQA, click [here](#). © LRQA Group Limited 2024