
DRIVING
SUSTAINABLE
CHANGE
Reducing Scope 3 Emissions
in Your Organization
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EXECUTIVE SUMMARY

Insight Energy offers an overview of key steps an organization can take today to start driving sustainable change by reducing Scope 3 emissions. Reducing carbon emissions is a crucial aspect of prioritizing sustainability planning, which is gaining importance among businesses, governments, customers, and consumers, and is also a key factor in building brand reputation. While reducing Scope 1 and Scope 2 emissions are important, **managing Scope 3 emissions is becoming increasingly critical for organizations** as they seek to understand and reduce their environmental impact. By following the steps outlined in this paper, organizations can begin to measure and manage their Scope 3 emissions, identify opportunities for improvement, and work towards a more sustainable future.

INTRODUCTION

Reducing carbon emissions is an important sustainability goal for organizations and managing Scope 3 emissions is a critical component of this effort. Scope 3 emissions refer to the indirect emissions that occur throughout an organization's value chain, such as emissions from the production of raw materials, transportation, and distribution of products, and waste generated during operations.

Measuring Scope 3 emissions can be a complex and challenging process, particularly for multi-location or manufacturing corporations that have a wide range of activities and stakeholders involved in their value chain. However, it is essential for organizations to understand their Scope 3 emissions in order to identify opportunities for reducing their carbon footprint and improving their environmental performance.

Working with an advisory partner can be a valuable resource for organizations that are planning to measure and manage their Scope 3 emissions. An advisory partner can provide guidance on best practices, help organizations interpret and apply regulatory requirements, and provide support for reporting and disclosure.

HOW SCOPE 3 EMISSIONS DIFFER FROM SCOPE 1, SCOPE 2

Scope 3 emissions are indirect greenhouse gas emissions that occur throughout an organization's value chain, but outside its direct control. These emissions are associated with a wide range of activities such as the production of raw materials, the transport of goods and services, the disposal of waste generated during operations, and employee commuting.

Measuring **Scope 3** emissions is crucial for companies to understand the full impact of their operations on the environment, and to identify areas where they can reduce their carbon footprint. However, measuring Scope 3 emissions is complex and challenging, mainly because it involves indirect sources that are often difficult to track and quantify.

Companies that want to measure their **Scope 3** emissions need to start by identifying the relevant sources of emissions in their value chain. This involves working closely with suppliers and other stakeholders to gather data on the carbon footprint of the goods and services they provide. Once the sources of emissions are identified, companies need to determine the appropriate methodology for calculating the emissions.

There are several internationally recognized standards and protocols available for calculating **Scope 3** emissions, including the GHG Protocol, the ISO 14064 standard, and the Carbon Trust Standard for Supply Chain. These methodologies use different approaches to estimate emissions, depending on the type of activity or source of emissions.

Overall, measuring **Scope 3** emissions is essential for companies that want to take a holistic approach to managing their carbon footprint and contributing to the global effort to reduce greenhouse gas emissions. By understanding the different sources of emissions in their value chain, companies can identify opportunities to reduce their environmental impact, while also improving their bottom line.

CALCULATING THE ORGANIZATION'S SCOPE 3 EMISSIONS

To accurately measure Scope 3 emissions, it is important to have a clear understanding of the organization's value chain and the associated emissions. This requires gathering data from suppliers, customers, and other stakeholders, which can be a time-consuming process.

Calculating Scope 3 emissions can be a complex process, but the GHG Protocol's Scope 3 Standard provides a framework for organizations to follow. Here are the general steps involved in calculating Scope 3 emissions:

Identify the relevant Scope 3 categories

The GHG Protocol's Scope 3 Standard outlines 15 categories of Scope 3 emissions, which range from upstream activities such as purchased goods and services to downstream activities such as product use and disposal. The organization should identify which categories are relevant to their operations and determine which emission sources within each category should be included in their calculations.

Collect data

Once the relevant emission sources have been identified, the organization should collect data on their associated emissions. This may involve contacting suppliers, customers, and other stakeholders to gather information on their own emissions or the emissions associated with the organization's products or services.

Apply emission factors

Emission factors are used to convert activity data (such as the amount of fuel consumed or the distance traveled) into emissions data. The GHG Protocol provides emission factors for a range of activities, but organizations may need to develop their own emission factors for activities that are unique to their operations.

Calculate emissions

Once the data has been collected and emission factors have been applied, the organization can calculate their Scope 3 emissions. This may involve aggregating emissions data across multiple locations and/or business units.

Report emissions

The organization should report their Scope 3 emissions data to relevant stakeholders, such as customers, investors, and regulatory agencies. The GHG Protocol provides guidance on how to report Scope 3 emissions data in a standardized and transparent manner.

It's worth noting that calculating Scope 3 emissions can be a time-consuming and resource-intensive process, particularly for multi-location manufacturing corporations. As such, it's often beneficial to partner with an advisory group or other external experts who can provide technical expertise and support throughout the process.

IDENTIFY AND PRIORITIZE AREAS OF IMPROVEMENT

Once Scope 3 emissions have been calculated, it is important to identify and prioritize areas of improvement. This involves analyzing the data collected during the emissions calculation process to identify the sources of emissions that have the greatest impact on the organization's carbon footprint.

Think Holistically

To do this, it is important to take a holistic approach and consider all of the organization's activities, including those that occur outside of its direct control. This may involve analyzing emissions from activities such as transportation, procurement, and waste disposal.

Identify Quick Wins

Another important consideration is to identify quick wins, which are opportunities for immediate emissions reductions. These quick wins can help build momentum for the larger sustainability efforts and demonstrate the organization's commitment to reducing its carbon footprint.

Understand Potential for Improvement

When identifying and prioritizing areas of improvement, it is also important to consider the potential for improvement in each emissions source. Some emissions sources may be more difficult to address than others, either because they involve complex supply chains or because there are limited opportunities for reduction. Prioritizing those emissions sources that offer the greatest potential for improvement can help ensure that the organization's sustainability efforts are focused on the most impactful areas.

Prioritize By Potential Emissions Impact

The organization can then prioritize emissions sources based on their potential to reduce the organization's carbon footprint. This may involve developing a carbon reduction roadmap that identifies specific emissions sources that should be addressed in order to achieve the organization's sustainability goals.

Set Targets

Finally, the organization should set targets and goals for emissions reductions. These targets should be ambitious but achievable and should be based on a thorough understanding of the organization's emissions sources and potential for improvement. Monitoring progress against the targets and goals on a regular basis and adjusting strategies as needed is crucial to achieving success in reducing Scope 3 emissions.

To prioritize areas of improvement, it is important to consider factors such as the cost of reducing emissions, the potential impact on the environment, and the potential benefits to the organization's reputation and bottom line. This analysis can help the organization to develop a roadmap for reducing its Scope 3 emissions over time.

STRUCTURING THE PROJECT TEAM TO DRIVE CHANGE

Measuring and managing Scope 3 emissions requires a cross-functional approach, involving stakeholders from across the organization. To ensure that the process is successful, it is important to establish a project team that includes representatives from key departments such as procurement, operations, and sustainability.

1 Identify the key departments

Start by identifying the departments that are most relevant to measuring and managing Scope 3 emissions. These may include procurement, operations, sustainability, and finance. In addition to an internal project team, it can be helpful to partner with an advisory group such as Insight Energy. This external team member can provide technical expertise and support in areas such as data collection and analysis, as well as in the development of an action plan to drive improvement.

2 Assign roles and responsibilities

Once the relevant departments have been identified, assign specific roles and responsibilities to team members. This may include a project manager, data analyst, communications specialist, and technical expert.

3 Ensure cross-functional representation

It is important to ensure that the project team includes representatives from each relevant department. This will ensure that all perspectives and priorities are considered throughout the process. It also allows for double-impact programs, such as cost-reduction or supplier diversity achievements while managing towards an emissions reduction goal.

4 Establish clear communication channels

Clear communication channels and reporting cadences within the project team, as well as with external stakeholders such as suppliers and customers, will be key to success for long-term initiatives such as this. This may include regular meetings, status updates, and progress reports.

5 Develop an action plan

Develop an action plan that outlines specific goals, timelines, and metrics for measuring progress. The action plan should include clear targets for reducing Scope 3 emissions, as well as specific strategies for achieving those targets.

6 Monitor progress

Monitor progress against the action plan on a regular basis, and adjust strategies as needed. This may involve collecting data, analyzing trends, and identifying opportunities for improvement as well as making pivots as new regulations arise.

7 Ongoing training and support

Provide ongoing training and support to the project team members to ensure that they have the skills and knowledge necessary to effectively measure and manage Scope 3 emissions.

By following these steps and establishing a strong internal project team, multi-location manufacturing corporations can effectively drive improvement in measuring and managing Scope 3 emissions, while also achieving their sustainability goals and enhancing their reputation as a responsible corporate citizen.

HOW INSIGHT ENERGY CAN HELP

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Partnering with an advisory firm like Insight Energy can assist in setting goals and managing regulatory reporting by providing technical expertise and support in areas such as data collection and analysis, as well as in the development of an action plan to drive improvement.

Baseline Development

To set goals for reducing Scope 3 emissions, Insight Energy will work with the organization to establish a baseline of emissions and identify opportunities for improvement. We will also provide guidance on setting targets that are ambitious, yet achievable, and aligned with the organization's sustainability strategy.

Compliance Assurance

Insight Energy provides support in managing regulatory reporting in accordance with the GHG Protocol Corporate Standard. This includes understanding and complying with regulatory requirements, tracking progress towards emissions reduction goals, and reporting emissions data to stakeholders such as investors, customers, and employees.

Full Program Management

Insight Energy partners with our clients to provide ongoing support and guidance to ensure the organization stays on track and make continuous improvements in reducing its carbon footprint. This can include regular data analysis, identifying new opportunities for emissions reduction, and providing recommendations on best practices and industry trends.

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About OMNIA Partners

OMNIA Partners is the nation's largest, most experienced, and most trusted resource in group purchasing and supply chain management. OMNIA Partners unites industry-leading purchasing power and market-leading suppliers to deliver an extensive and diverse portfolio for indirect and direct products and services in procurement. **POWER. ACCESS. TRUST.**

About Insight Energy

Insight Energy offers more than just designing and implementing energy and sustainability solutions based on clients' needs. Our team provides full-lifecycle project management, ensuring that our clients receive the most effective and impactful outcomes throughout the entire process. We prioritize the customer experience and strive to exceed expectations in every interaction, putting our clients first.

Led by industry experts, our practice consistently stays ahead of emerging trends, keeping our clients at the forefront of innovation. We customize each energy program to address the distinct needs and challenges of our clients, steering clear of a one-size-fits-all approach.

Building on our strong procurement background, we recognize the crucial role of cost efficiency and supply chain optimization. With access to extensive energy data sets, we are uniquely equipped to offer insightful, data-driven recommendations to help our clients reach their objectives.

Our core commitment at Insight Energy is to provide each client unparalleled value and sustainable impact.