

Scope 3 Emissions Advisory

Measuring supply chain emissions and implementing sustainable procurement initiatives



In coordination with SpendHQ, our Scope 3 advisory program provides customers with an end-to-end solution for measuring supply chain emissions, developing a supplier decarbonization strategy, and influencing suppliers.

The GHG protocol identifies Scope 3 emissions as those related to indirect upstream and downstream activities. The most critical component of Scope 3 emissions for many organizations is upstream purchased good and services, including capital goods and fuel and energy related services. Having successfully measured Scope 1 and 2 emissions, many organizations are now turning their attention to Scope 3 emissions measurement and management. This is particularly important considering

recent SEC proposals to enact GHG disclosure requirements for publicly traded organizations, including Scope 3.

Given our supply chain capabilities and our depth of expertise in strategic procurement, Insight Energy is ideally suited to help organizations navigate through their Scope 3 journey. Our program includes the following discrete activities:

SCOPE 3 ADVISORY

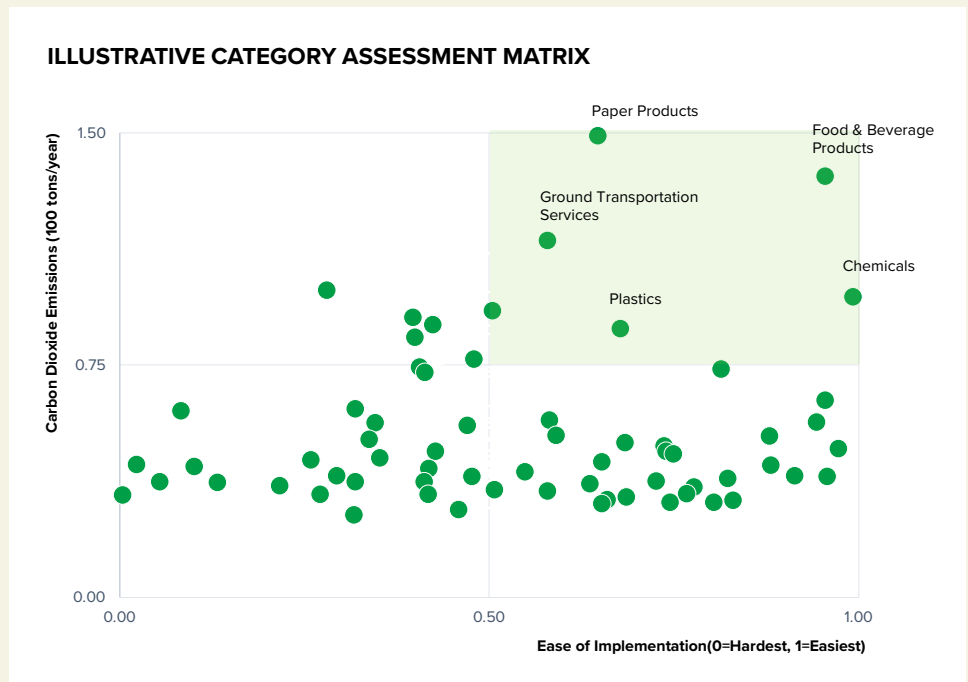


The centerpiece of our Scope 3 advisory program is the category assessment matrix. The category assessment matrix is used to identify those spend categories that represent the greatest opportunity for improvement. The category assessment matrix is the centerpiece of our consulting efforts because it enables companies to execute successful programs at the lowest cost by focusing on where it matters and tackling the most impactful and “easiest” categories first.

Within a category assessment matrix, two dimensions are used to identify those categories with the greatest improvement potential for both environmental and diversity programs: (1) potential impact; and (2) ease of implementation. For sustainability, potential impact is the potential for GHG reductions in each category.

Spend in each category is often the best proxy for potential impact. Ease of implementation is a function of the decarbonization difficulty. Some suppliers

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may operate in energy intensive industries that are difficult to decarbonize; other’s may have a plethora of decarbonization options at their disposal that they haven’t yet activated. Ease of implementation tells us the location of the low-hanging fruit when it comes to meeting decarbonization goals in the least-cost manner.

Just because sustainability goals are targeted toward environmental ends doesn’t mean that they can’t be pursued in the least-cost manner. Indeed, our experience has led us to believe that these programs typically save money. But they need to be executed in the right order and properly coordinated to realize the economic as well as the environmental benefits. There’s no better place to start than with a clear-eyed view of the potential impact and ease of implementation across spend categories.

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