SUSTAINABILITY METRICS

EMISSIONS REPORTING

PracticalSustainability
...with you from theory to practice

SUSTAINABILITY METRICS

What are Sustainability Metrics?

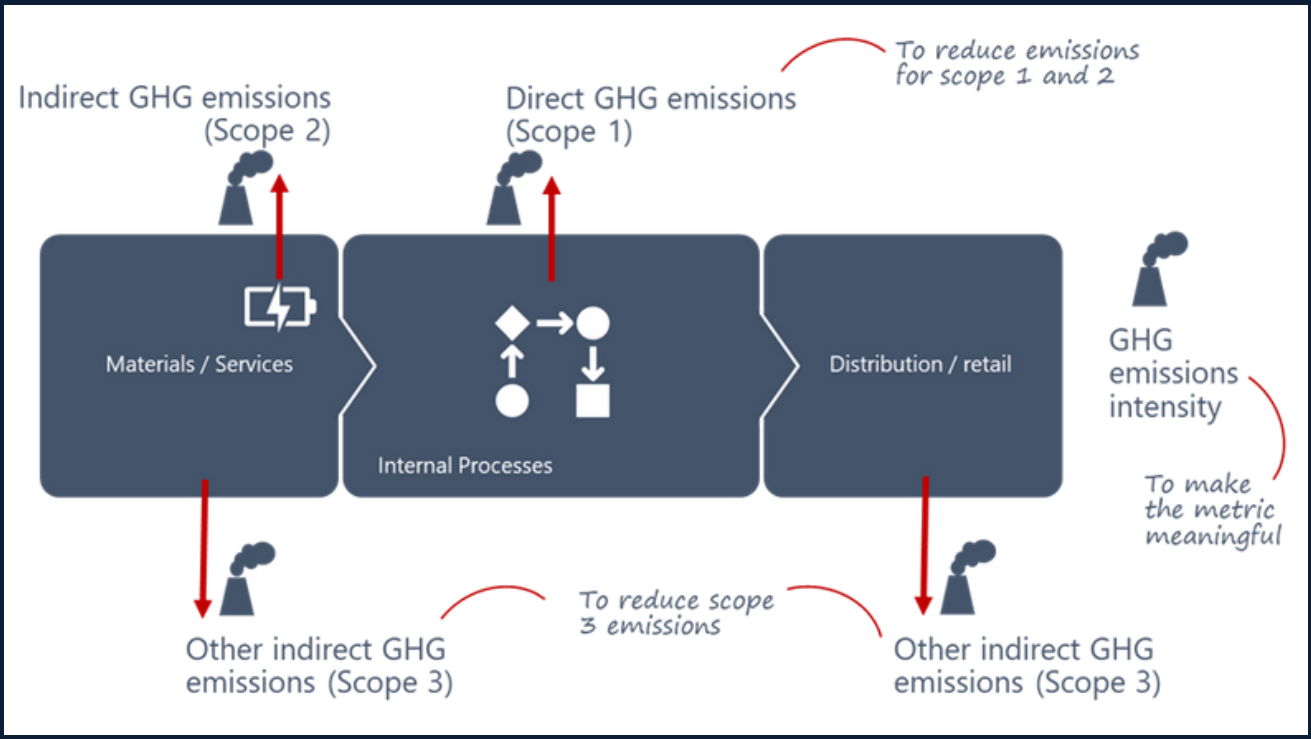
Sustainability metrics are classified into Environment, Social and Governance (ESG) metrics and in aggregate form the framework of the triple bottom line - People, Planet, Profit.

There are many metrics that businesses can find are material to them, many of which can be found in the reporting guidelines of the SASB or the GRI.

One of the metrics which is currently being given a lot of attention is emissions.

Emissions Reporting

The main aims of emissions reporting is to reduce the direct and indirect emissions in an organization's operation.



Direct Emissions are referred to as Scope 1, whilst indirect emissions are referred to as Scope 2 and Scope 3.

We will consider the differences of each.

DIRECT GHG EMISSIONS

Direct emissions or *Scope 1 emissions*, refer to on-site emissions from the generation of electricity, heating or cooling. They can also be associated with physical or chemical processing, transportation owned or controlled by the organization, and fugitive emissions which may be intentional or unintentional, from processes or equipment, such as leaks or from refrigeration equipment.

HOW TO CALCULATE THEM

Scope 1 emissions is calculated by the summation of all the sources in CO2e and are sometimes categorized under country, source, business unit or activity.

HOW TO SET TARGET

Once the sources are identified and understood - it would be wise to prioritize the next actions to be taken based on the hierarchy:

REMOVE - REDUCE - REPLACE - OFFSET

Removing source of emissions is not always possible, so then organizations look at reducing the emissions, ex. more efficient boilers/furnaces. The next option would be to replace carbon-intensive energy sources with low carbon alternatives, ex the use of renewable forms such as biomass, biodiesel etc..

Offsetting shouldn't be included in the calculations, but it offers a way to offset the remaining Scope 1 emissions, if the other options are exhausted.

INDIRECT GHG EMISSIONS

Indirect emissions or *Scope 2 emissions*, refer to emissions resulting from purchased electricity, heating, cooling or steam, and is reported as CO2 equivalent.

Scope 2 reporting requires companies to report two distinct values – a location-based and a market-based value.

Location-based

This is a scope 2 value that is dependent on the energy consumed with carbon intensity worked using the location's annual carbon intensity number.

Reductions of this is dependent on the location's energy mix with no influence possible by the company

Market-based

This is a scope 2 value that considers specific purchases of renewable energy by the company.

Reductions of this is dependent on specific contractual purchases by the company. So if a company chooses to purchase only renewable energy, they can actually bring down their scope 2 emissions to zero.

HOW TO CALCULATE THEM

Scope 2 emissions are calculated by the summation of all the indirect energy, translated into metric tons of CO2 equivalent.

OTHER INDIRECT GHG EMISSIONS

Scope 3 emissions, refer to emissions resulting as a consequence of the organization's activities, but unlike Scope 2, the organization does not own them or control them directly. These include upstream (ex. purchased goods and services) and downstream (ex. transportation).

This scope becomes material for an organization, if the organization exerts influence, as this scope would constitute a significant source of emissions - especially if an organization outsources a large part of its process.

This scope and its ratio to Scope 1 and Scope 2 varies greatly between industries.

HOW TO CALCULATE THEM

Scope 3 emissions are very complex to calculate as it is not always easy to capture reliable and suitable data across large supply chains.

The focus should be on categories that are material and not all the supply chain, but a focused version of it. The key is to be consistent so that progress can be demonstrated and transparent.

OTHER INDIRECT GHG EMISSIONS

HOW TO SET TARGET

Scope 3 targets tend to be influenced greatly by procurement strategies. Procurement practices that place emphasis upon supplier ESG criteria, and hence use it to rate suppliers, can put enough pressure on supply chains to make commitments.

An example of this is net zero ambitions in some supply chains that span all supply chain partners.

Examples of initiatives that reduce scope 3 include:

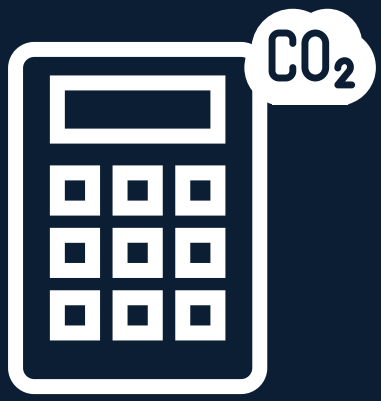
1. Creating supply chain transparency and ambitious reduction targets
2. Work with suppliers to redesign products and/or services
3. Use ESG criteria for supplier ranking
4. Engage with industry-specific initiatives for access to best practices

EMISSIONS INTENSITY

As per the energy metric, the emissions intensity is a disclosure that makes the emissions metrics meaningful for an organization because they normalize the number to take into account fluctuations in the organization's activity, such as growth or decline.

This is calculated by summing up the total emissions for Scopes 1, 2 and 3 and dividing them by the organization's specific metric, example emissions er product or service etc...

As much as possible and where it aids transparency, emissions intensity should be broken down by business unit, country, type of source and type of activity.

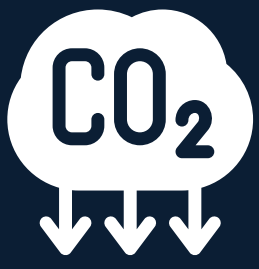


HOW CAN WE HELP?

Would you like to get started in measuring your **business emissions**?

Would you like to set your own **baseline and targets**?

Let us help you get started.



GET IN TOUCH WITH US

PRACTICALSUSTAINABILITY.COACH@GMAIL.COM

WWW.PRACTICALSUSTAINABILITY.UK

PracticalSustainability

...with you from theory to practice