

IEc

Overview of Scope 3 GHG Footprinting Services

Industrial Economics, Inc.

Angela Vitulli
(avitulli@indecon.com)

Rachel Mak
(rmak@indecon.com)

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Screening

- IEc first conducts a screening assessment to prioritize the measurement of the most significant Scope 3 emissions.
- The [Scope 3 Evaluator](#) is a free, web-based tool from Greenhouse Gas Protocol.
 - Work with clients to obtain spend information on goods and services spent on each Scope 3 category



Scope 3 Footprinting Methods

- IEc is adept at using the four GHG Protocol Scope 3 footprinting methods, ordered by preference and accuracy:
 1. **Company value chain-specific method:** relies on primary GHG emission data collected directly from stakeholders (e.g., suppliers) in the company's value chain
 2. **Hybrid method:** uses a combination of company value chain-specific data where available and secondary data (e.g., industry average data) to fill in gaps
 3. **Average-data method:** estimates emissions with data collected from value chain players (e.g., total tonnage of products purchased) and multiplies it by secondary emission factors (e.g., average emissions per unit of good purchased)
 4. **Spend-based method:** estimates emissions with data on the economic value of goods and services purchases from value chain players and multiplies it by secondary emission factors

Scope 3 Footprinting Methods

- Companies often have large, complicated value chains and obtaining data directly is not always possible.
 - IEc excels at footprinting Scope 3 emissions in data poor environments. Each approach varies by Scope 3 emission category.
 - **Rigorous statistical analysis:** Collecting data from a statistically valid sample of franchisees, assets, and investments; and extrapolating emissions based on identified, predicative operating characteristics.



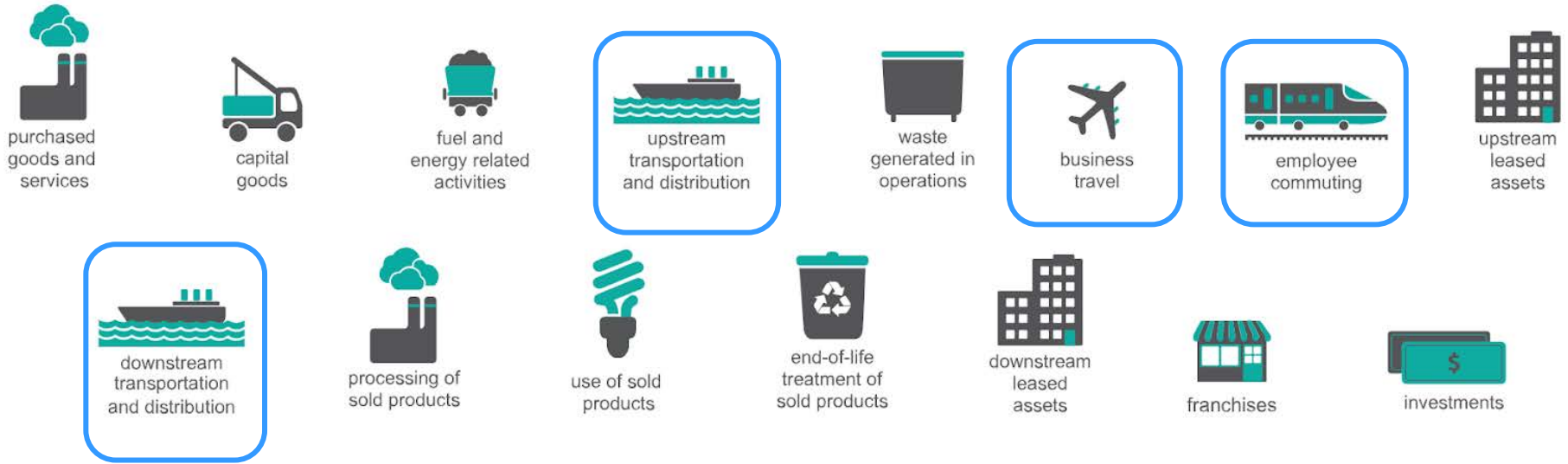
Scope 3 Footprinting Methods

- **Supplier engagement:** Preparing and conducting supplier engagement surveys to obtain primary data on energy and/or emissions associated with product manufacturing.
- **Lifecycle analysis** (*for categories and situations where supplier engagement is not possible*): Using lifecycle databases to determine emissions associated with specific products and materials.
 - IEC has a perpetual license and expert knowledge in modeling emissions in SimaPro, a lifecycle assessment software.



Scope 3 Footprinting Methods

- **Transport footprinting:** Working with relevant staff to collect data on distribution distances and methods, business travel frequency by travel mode, and number of employees by office. These data are inputted in our internally built transportation calculators that apply the latest GHG emission factors, by fuel and travel type, to arrive at Scope 3 emissions.



Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)

Specialized Approach for the Financial Sector

Scope 3 Emissions and the Financial Sector

For the financial sector, the relevant and most material Scope 3 emission category are likely to be:

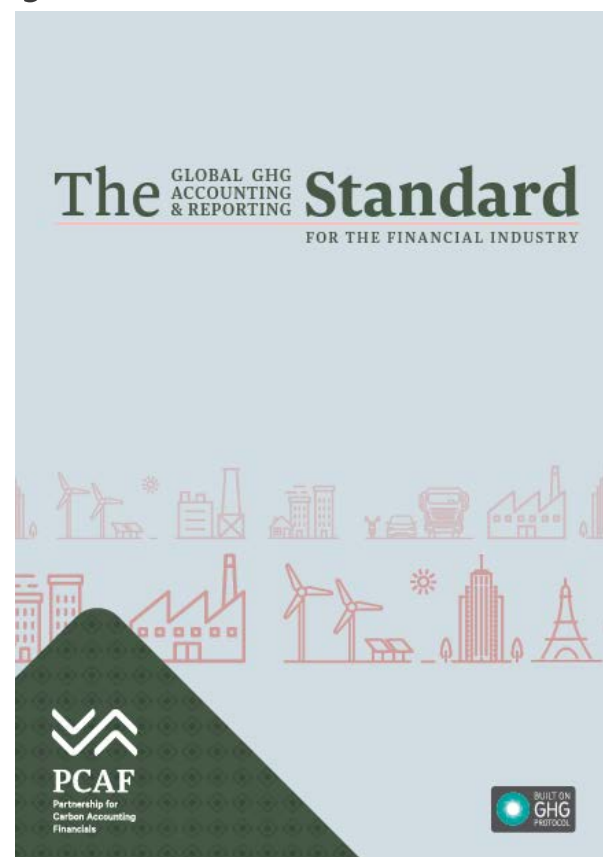


Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)

Investments are likely the largest sources of Scope 3 emissions for the financial sector.







Scope 3 Emissions and the Financial Sector

- IEC adheres to the Global GHG Accounting Reporting Standard for the Financial industry
 - Aligned with the GHG Protocol
 - Specifically developed for:
 - Commercial banks
 - Investment banks
 - Development banks
 - Asset owners/managers
 - Insurance companies



Scope 3 Emissions and the Financial Sector

- Six asset classes:

 <p>Listed equity and corporate bonds</p>  <p>Business loans and unlisted equity</p> <p>Scope 3 Emissions = Scope 1 and 2 emissions of borrowers and investees</p>	 <p>Project finance</p> <p>Scope 3 Emissions = Scope 1 and 2 emissions of the project</p>
 <p>Motor vehicle loans</p> <p>Scope 3 Emissions = Scope 1 and 2 emissions of fuel use or charging from vehicle</p>	 <p>Commercial real estate</p>  <p>Mortgages</p> <p>Scope 3 Emissions = Scope 1 and 2 emissions of energy use from operation of the properties</p>

Source: PCAF Global GHG Accounting Reporting Standard for the Financial Industry

Scope 3 Emissions and the Financial Sector

- Specific adjustments:
 - Allocate GHG emissions from loans and investments based on the proportional share of lending or investment in the borrower or investee
 - Separately calculate and report emissions associated with emissions removals and avoided emissions from financed projects (if applicable)

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For additional information or questions contact:
Angela Vitulli (avitulli@indecon.com)
Rachel Mak (rmak@indecon.com)