Scope 3 Emissions Tracking and Reporting, and Policy Relevance

Air & Waste Management Association

Greenhouse Gas Strategies in a Changing Climate

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November 16, 2011

Experience you can trust.

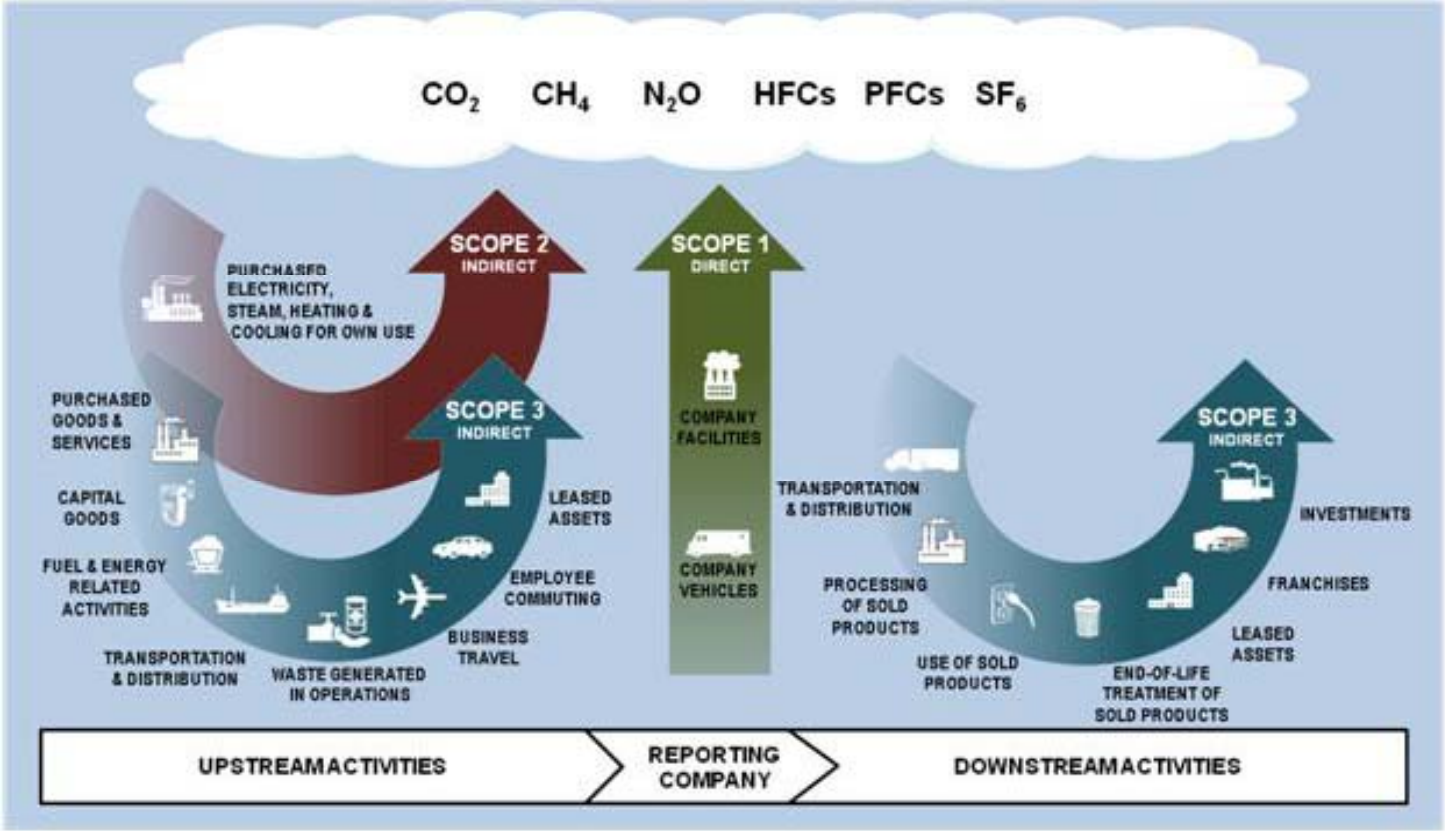
Agenda

- Introduction
- Review of Current Scope 3 Estimation Methodologies
- Results and Scope 3 Case Study
- Future Developments

Introduction

Definition of Scope 3 Emissions:

Those that are not emitted directly by facilities or equipment owned and operated by the reporting organization, but occur as a result of the organization's activities.



Source: WRI/WBCSD

Introduction

Why would the reporting organization care about Scope 3 emissions?

- Limited control of Scope 1 and 2 emissions
- Limited amount of Scope 1 and 2 emissions and large amount of Scope 3 emissions
- Ability to influence Scope 3 emissions
- Examples:
  - ✓ Employee commuting
  - ✓ Employee business travel
  - ✓ Supply chain

Introduction

Other Drivers for Reporting Scope 3 Emissions

- Federal agencies are now required to report some Scope 3 emissions
- Federal contractors may be required to report in the future
- The Carbon Disclosure Project asks about Scope 3 emissions
- Wal-Mart and other retailers are in the game
- Some investors are considering scope 3 emissions due to “climate risk”

Scope 3 Calculation and Estimation Methodologies

The problem with Scope 3:

- Limited data
- Organization must rely on others to obtain the data
- Lack of methodologies for some sources
- Data uncertainty

Scope 3 Calculation and Estimation Methodologies

Employee Commuting

- Best practice is to administer a survey
- Extrapolation of data is required
- May include many assumptions or fewer, depending on the extent of questions in the survey

Employee Business Travel

- Based on reimbursement records
- Data were not designed for GHG calculations, but were created for financial purposes
- Many assumptions normally applied

Scope 3 Calculation and Estimation Methodologies

Purchasing of Products and Services

- Crude methods exist for estimating “upstream” emissions from purchasing
- Based on large-scale economic models of the national economy
- Data required is often difficult to gather:
  - ✓ The amounts spent on various categories of goods and services
- Often a very large portion of the Scope 3 footprint

Results and Scope 3 Case Study

Results from Federal Agencies

- Scope 3 emissions comprise 26% of all currently reported GHG emissions from the federal government
- Scope 3 emissions range from 5 – 100% of an agency's emissions
  - ✓ Low percentages: Corporation for National and Community Service (5%); GSA (7%); NASA (10%)
  - ✓ High Percentages: Department of Education (98%); Export Import Bank of the U.S. (100%); Farm Credit Administration (100%); U.S. AID (100%)

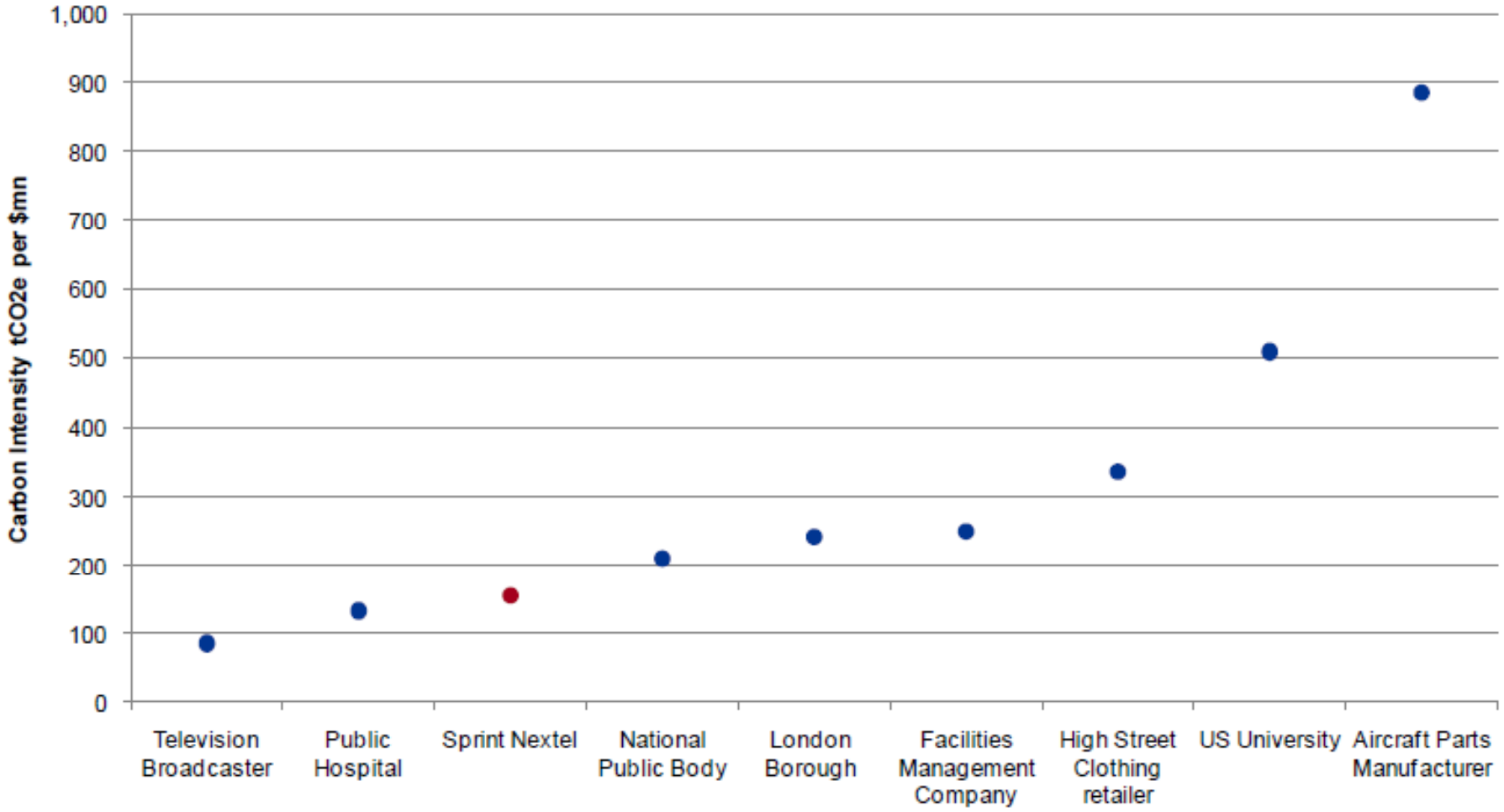
Results and Scope 3 Case Study

Case Study: Sprint Nextel

- Scope 3 emissions from the supply chain comprise 52% of the company's total GHG emissions
- The footprint included data from 162 suppliers
- The top 5 suppliers contributed to 58% of the footprint, and the top 20 contributed to about 85%
- Also found the carbon intensity of the supply chain: 154 metric tons of CO2E per million dollars of expenditure

Results and Scope 3 Case Study

Chart 2: Carbon Intensity of the Sprint Nextel supply chain relative to other industries



Source: Trucost. Highlight Report, Sprint Nextel Supply Chain Footprint, March 2011

Future Developments

- New Scope 3 requirements for federal agencies and their contractors
- Updated and improved calculation methodologies
- Better understanding of the uncertainty of various Scope 3 emissions calculations

Questions and Answers...

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