

SUSTAINABLE FUTURES CONFERENCE

Business transformation for
the era of climate disruption

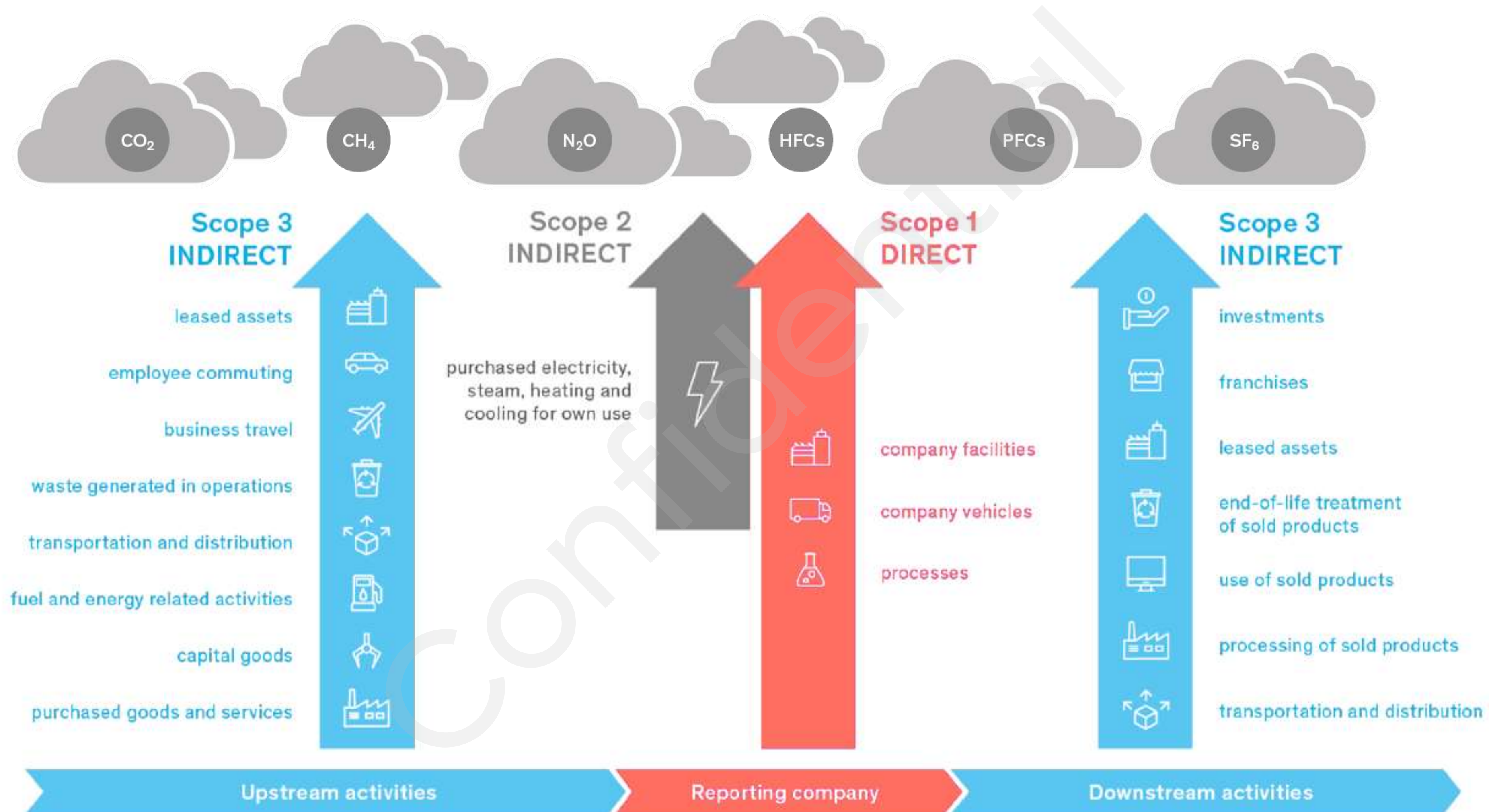
QUANTIFYING THE COMPLEX: Decarbonising Value Chains

Dr Scott Kelly

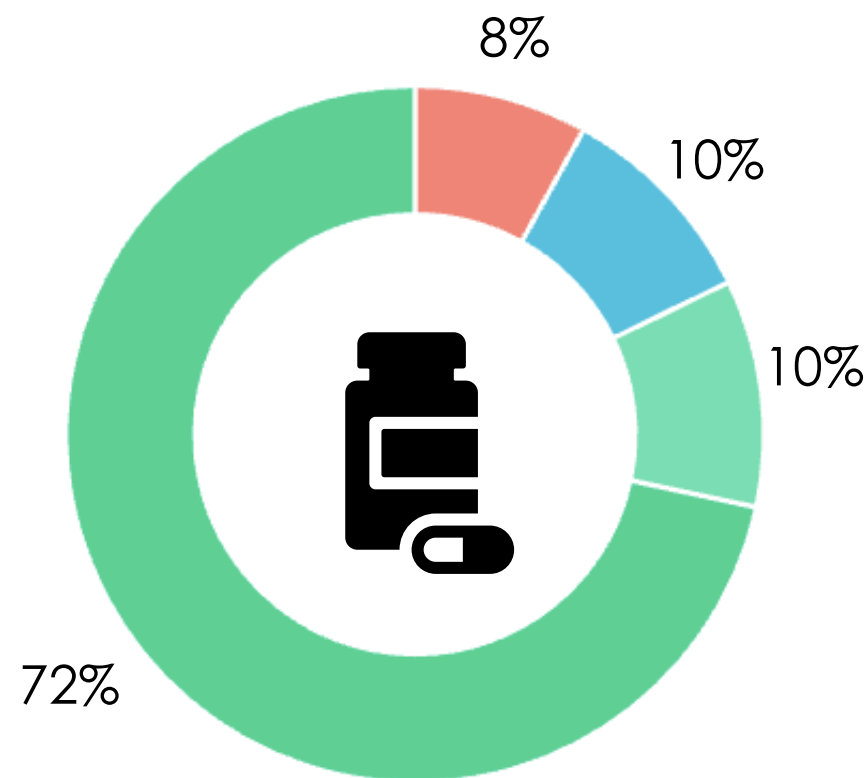
SVP Model Development, **Risilience**

**What single action has the most potential to
reduce your corporate carbon footprint?**

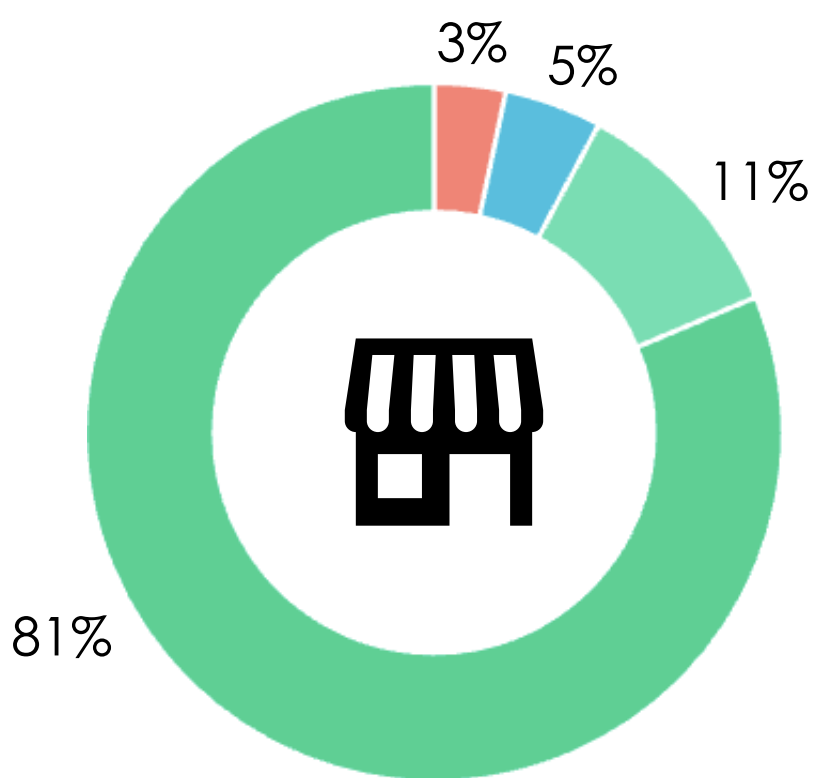
Reducing Scope 3 emissions must be part of any net-zero strategy



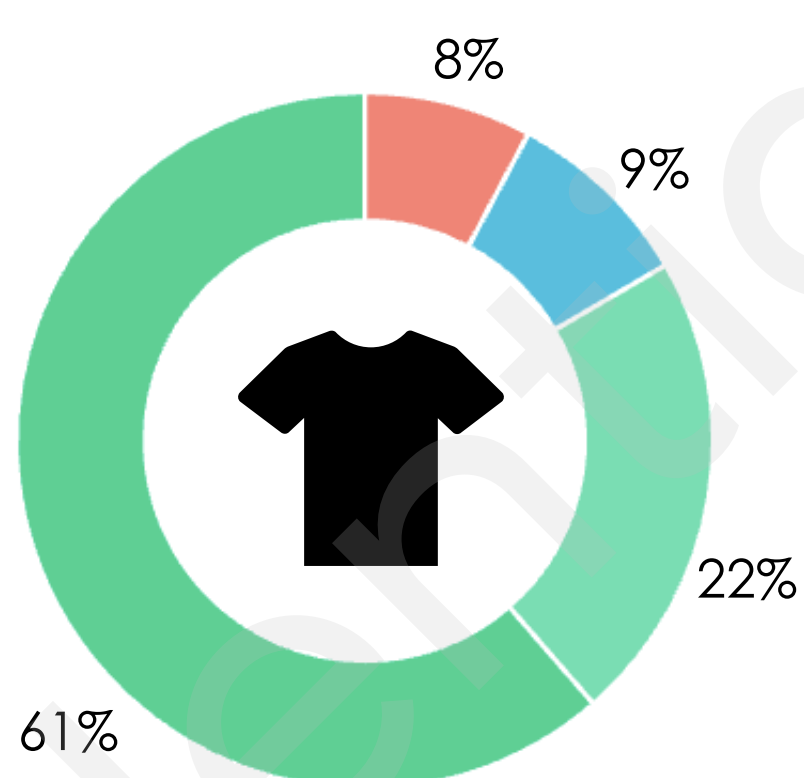
Scope 3 emissions are typically over 80% of total emissions



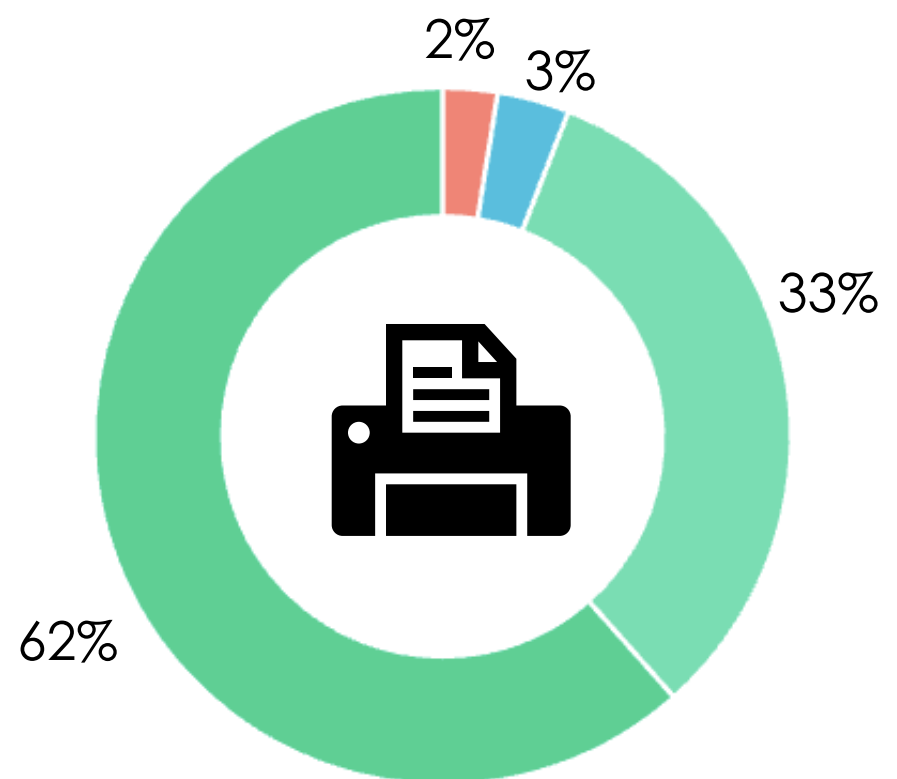
Biotech & Pharma



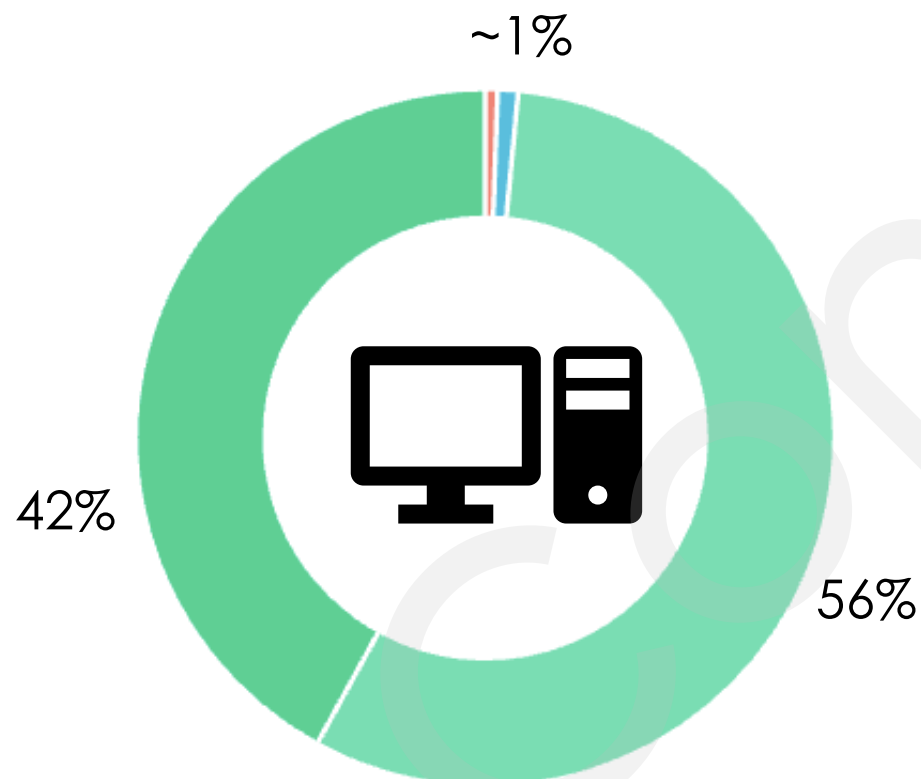
Convenience Retail



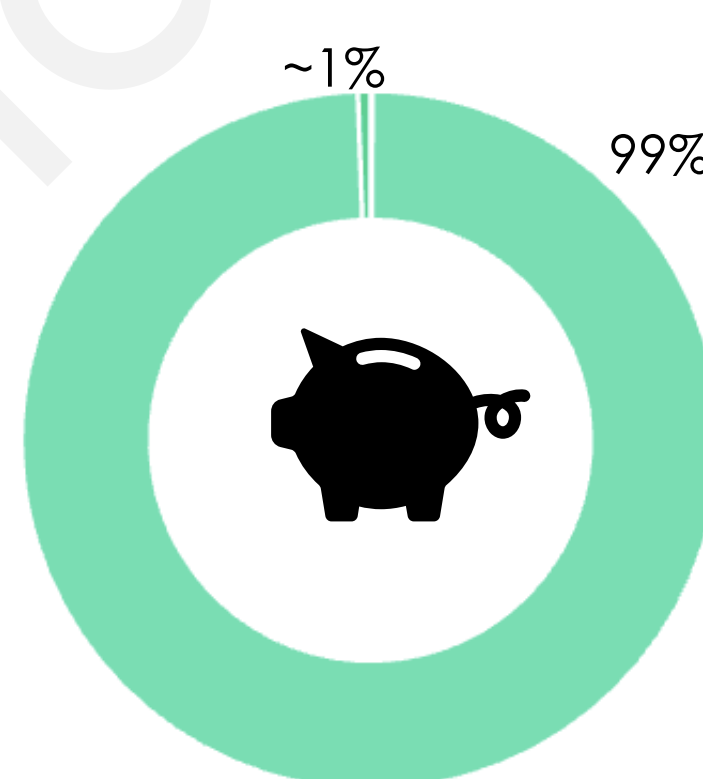
Apparel



Print & Publishing



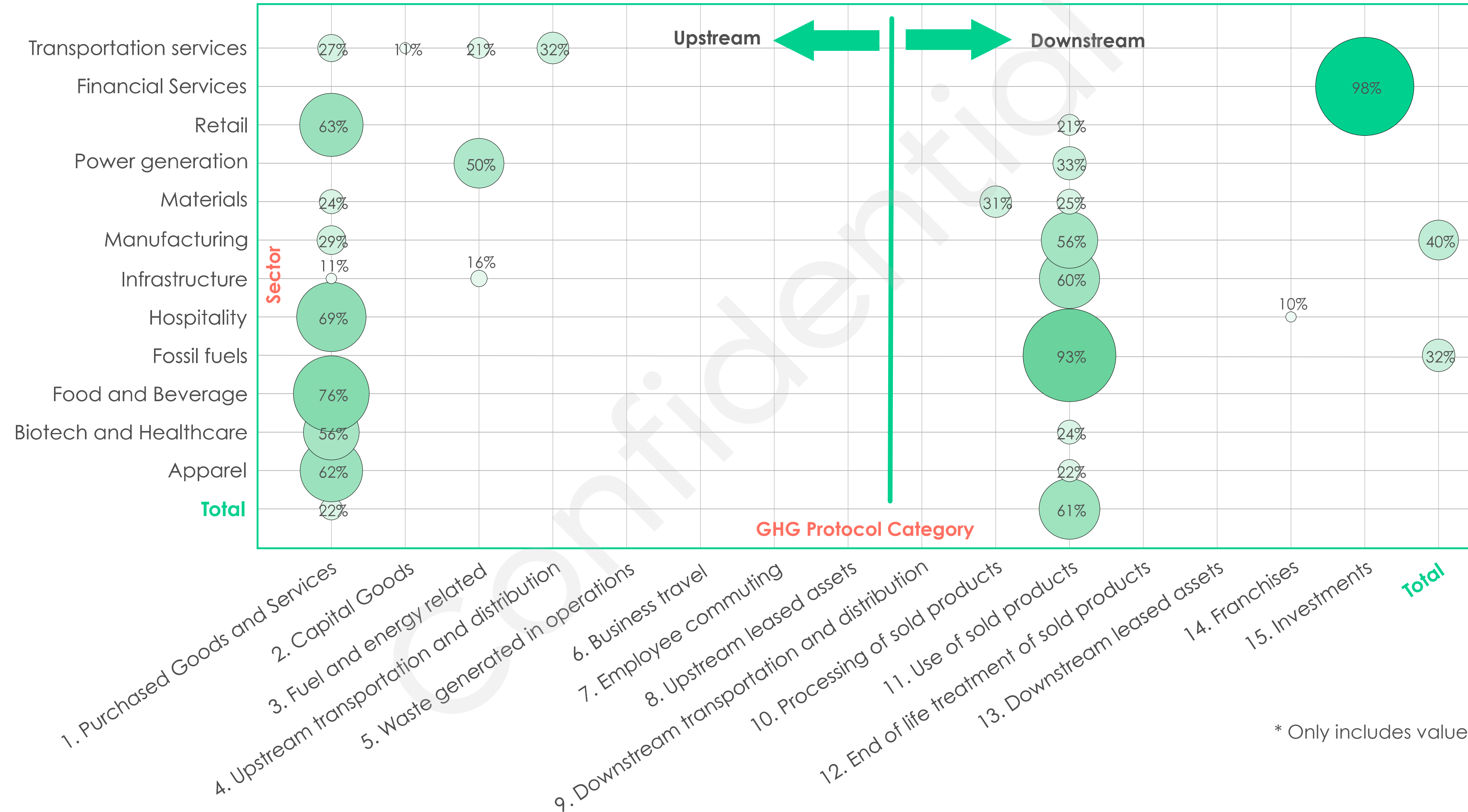
Electrical & Electronic Equipment



Financial Services

- Scope 1**
Emissions produced directly by company
- Scope 2**
Emissions produced from the electricity and heat consumed by company
- Scope 3 - Downstream**
Emissions produced by downstream consumers of products and services
- Scope 3 - Upstream**
Emissions produced by upstream suppliers of raw materials and products

Emissions vary by sector and GHG protocol category



* Only includes values > 10%

Challenge 1: There are several acceptable calculation methodologies

Different calculation methodologies can give very different emissions estimates

Supplier-specific method



- Comprehensive
- Auditable
- Data unavailability
- Large variation

Unit-based accounting



- Very accurate
- Auditable
- Data intensive
- Time consuming

Spend based method



- Efficient
- Repeatable
- Spend \approx emissions
- Scope 3 difficult

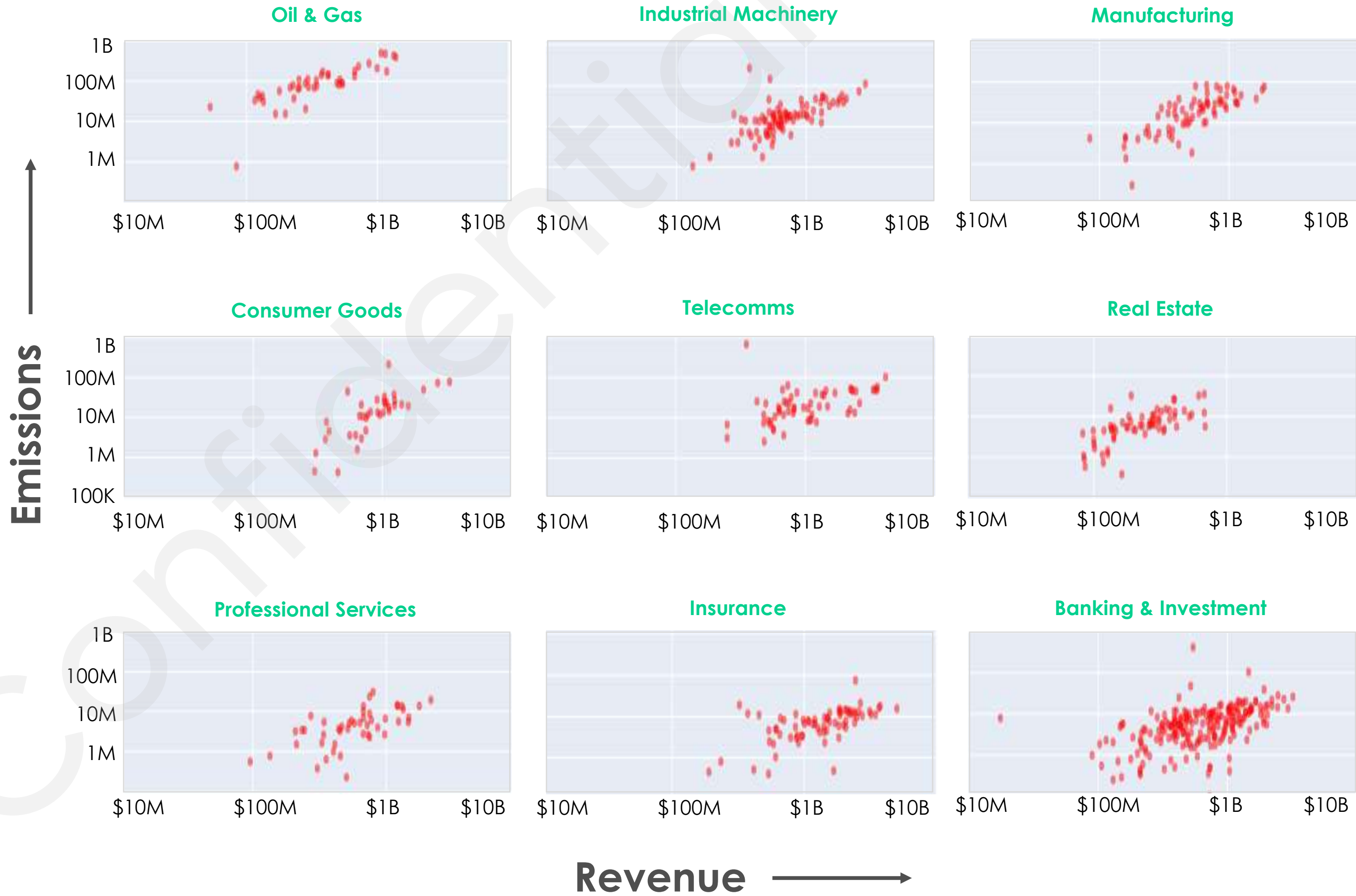
Hybrid method



- Efficient
- Repeatable
- Accurate
- Spend \approx emissions

Challenge 2: Large variation in Scope 3 estimates within sectors

- Resilience analysis of carbon emissions from 2,500 companies in 60 countries
- Derived from raw CDP submissions data
- Gradient represents 'emissions intensity' of revenue





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Challenge 3: Supply chains are large, opaque and complex

Challenge 4: Double counting of Scope 3 emissions within supply chains

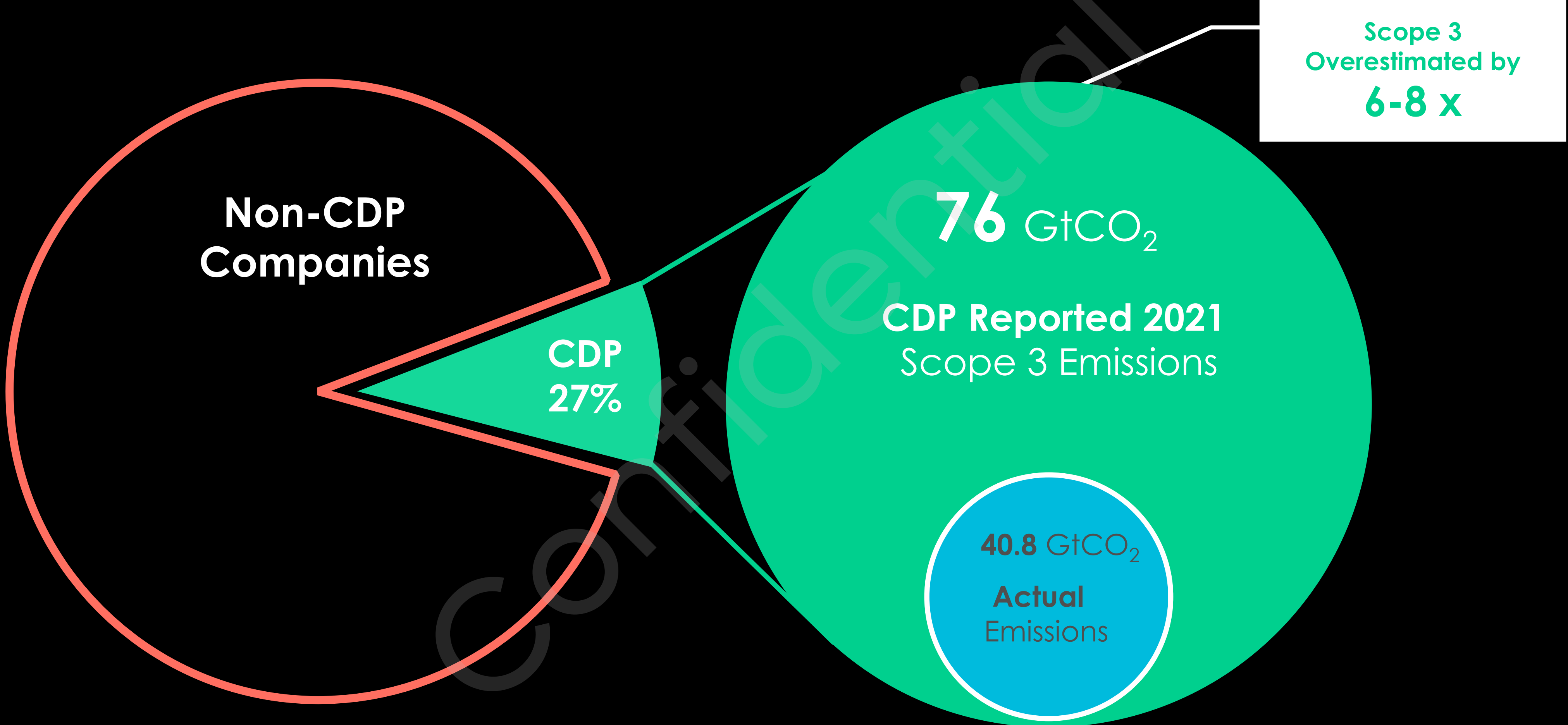


“Emissions in a company’s supply chain are on average 11 times higher than direct (Scope 1) emissions and reflect > 70% of total emissions.”¹

“**Indirect emissions are often double or triple counted, with many companies’** value chains significantly overlapping. One company’s direct emissions can be the upstream and/or downstream emissions of others.”²

“Double counting within scope 3 occurs when two entities in the same value chain account for the scope 3 emissions from a single emissions source. **This type of double counting is an inherent part of scope 3 accounting.**”³

Most reported Scope 3 emissions are over-estimated



Challenge 5: Double claiming of Scope 3 emission reductions



GREENHOUSE
GAS PROTOCOL

What is double claiming?

Double claiming occurs when two or more companies claim ownership for a single GHG reduction within the same scope.

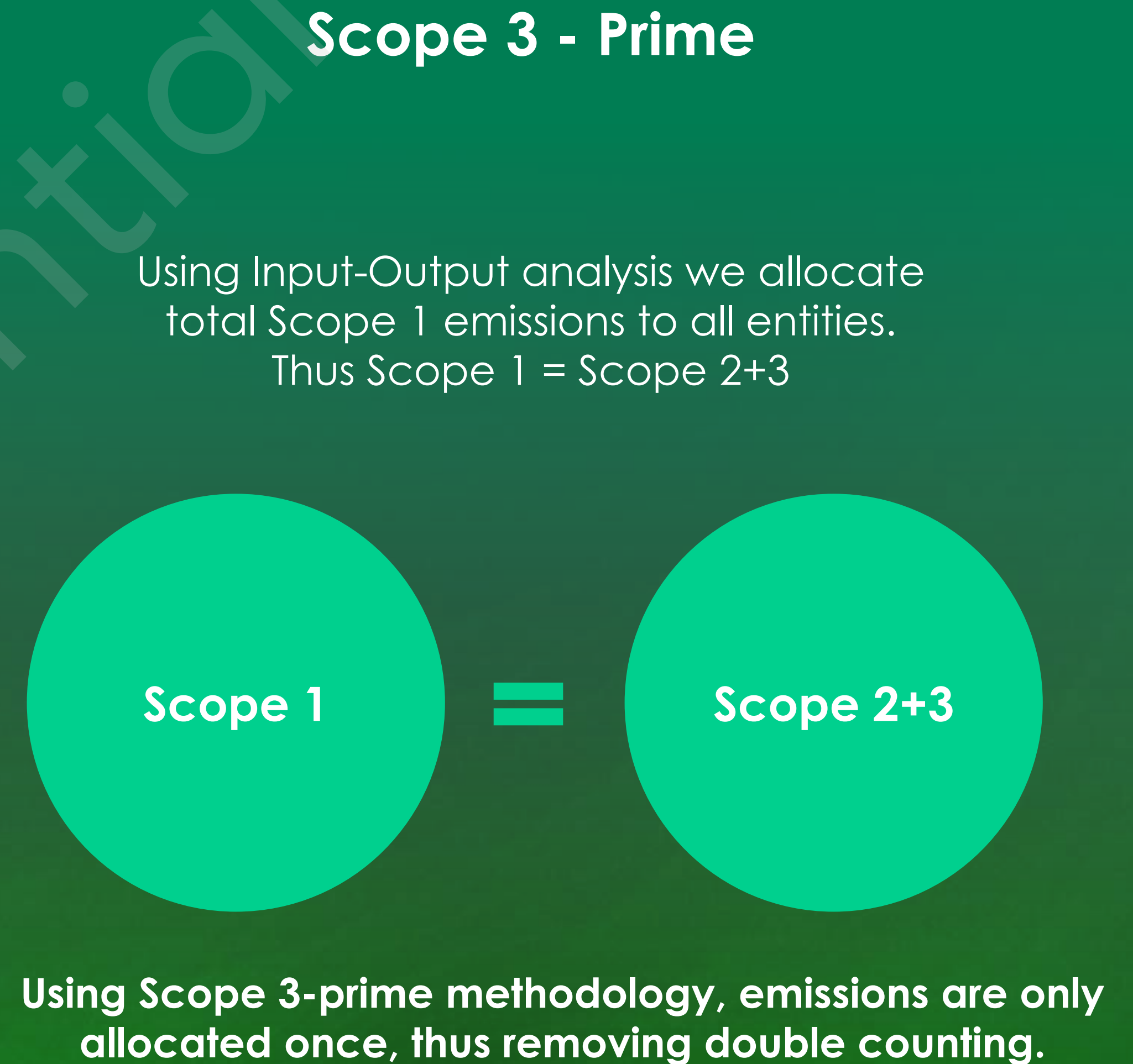
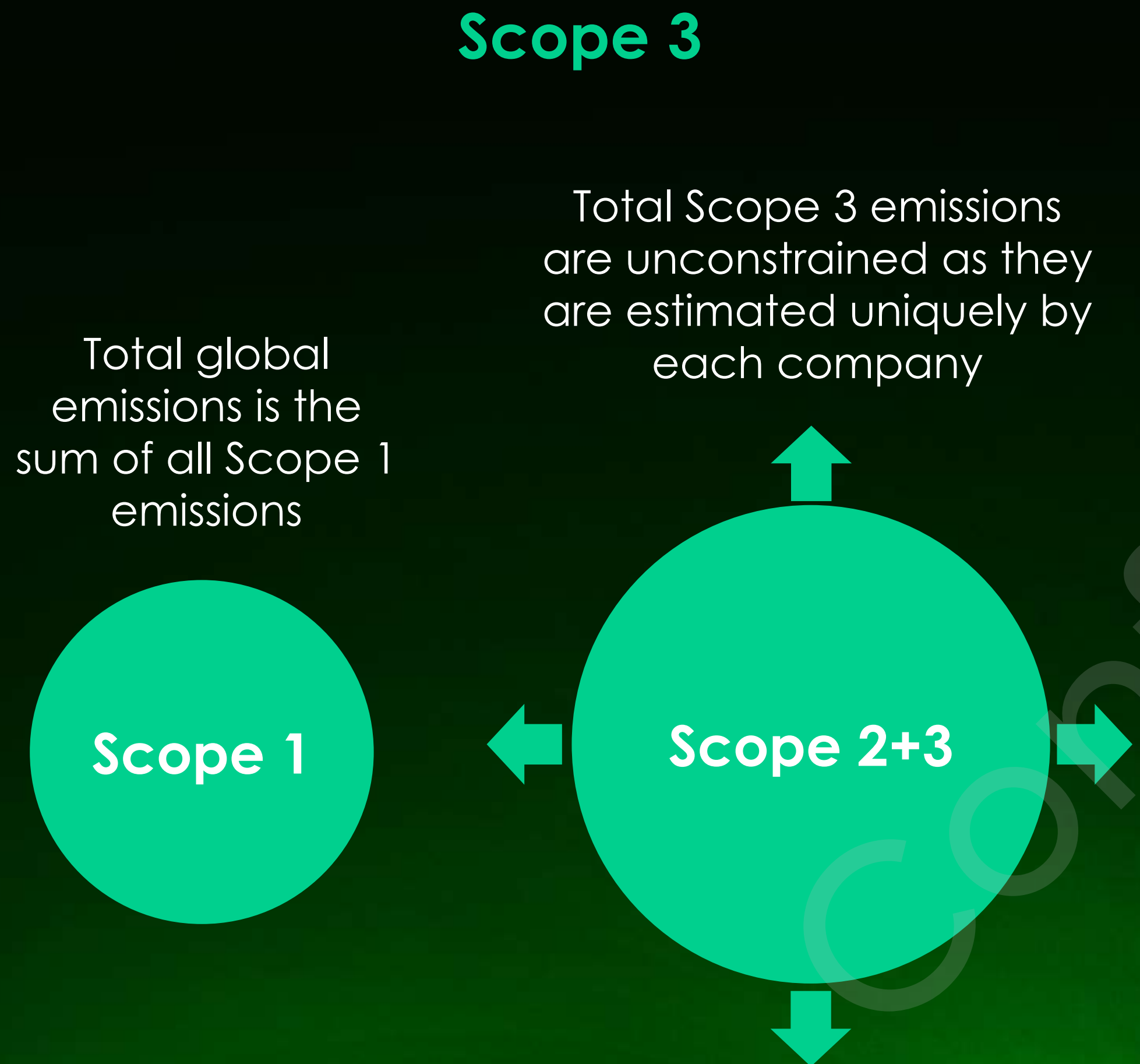
To avoid double claiming...

companies should [...] specify exclusive ownership of reductions through contractual agreements.¹



1. Greenhouse gas protocol 2022, FAQ, <https://ghgprotocol.org/sites/default/files/2022-12/Scope%203%20Detailed%20FAQ.pdf>

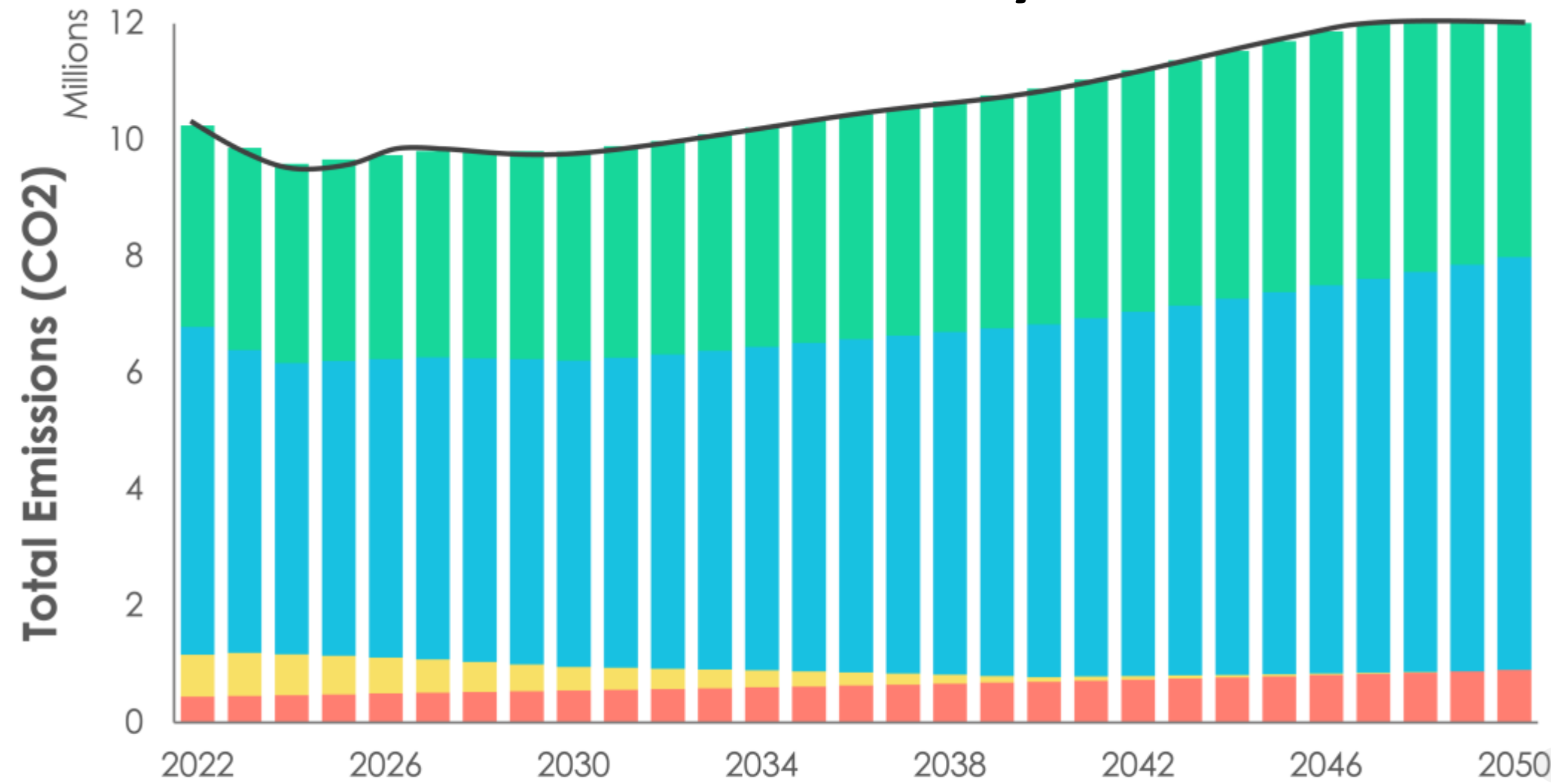
A way forward...



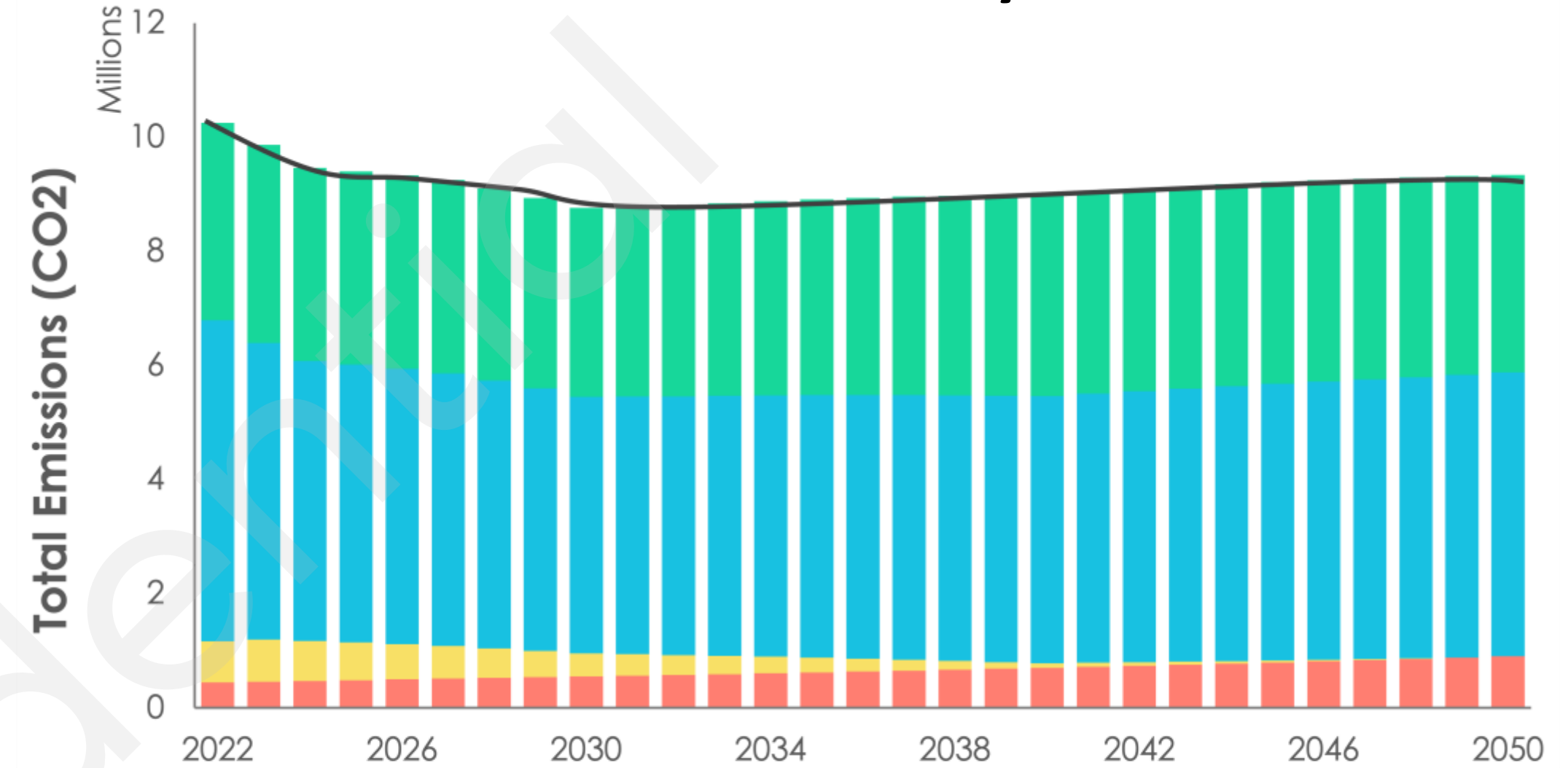
Business-as-usual emission profiles for Avocado



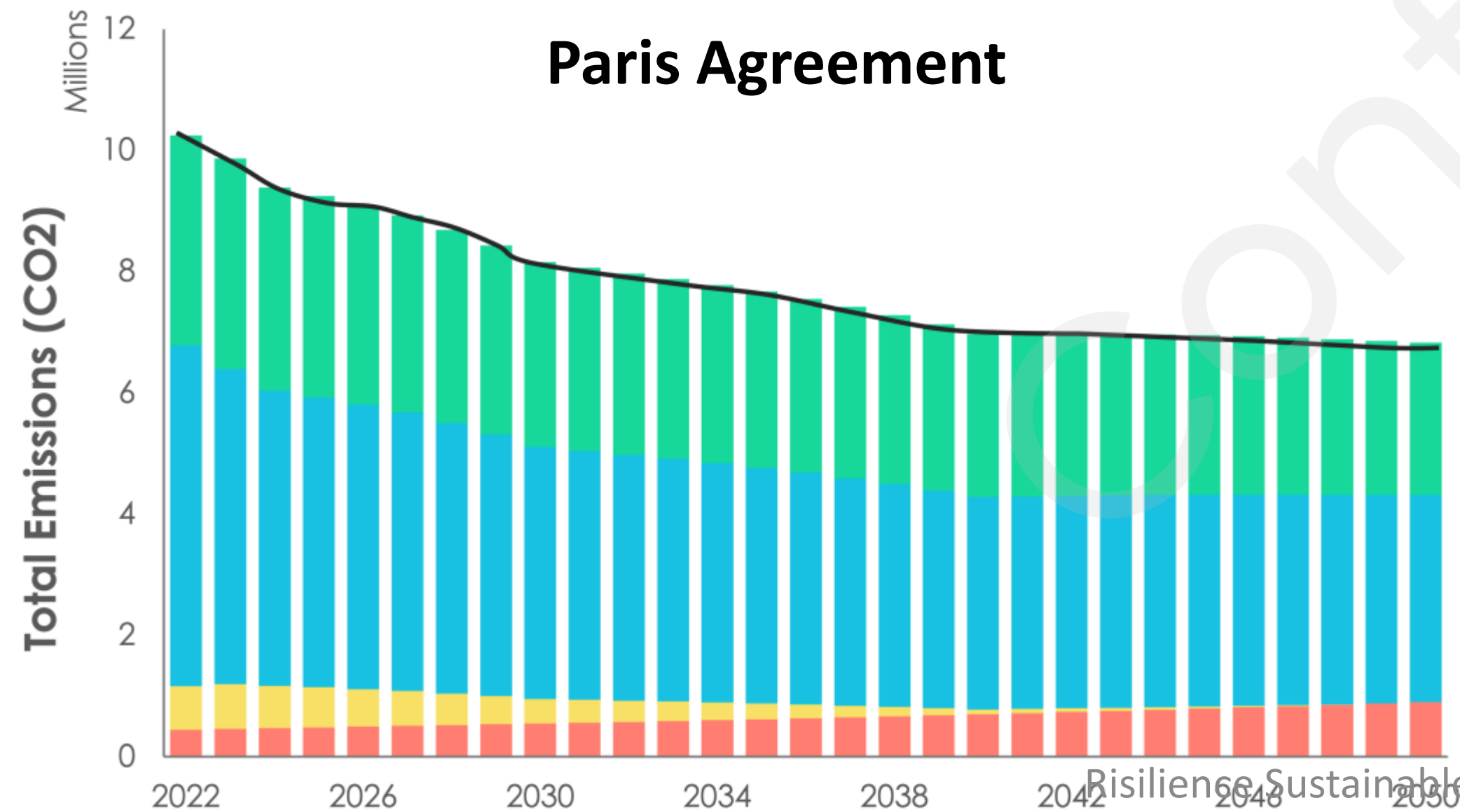
Current Policy



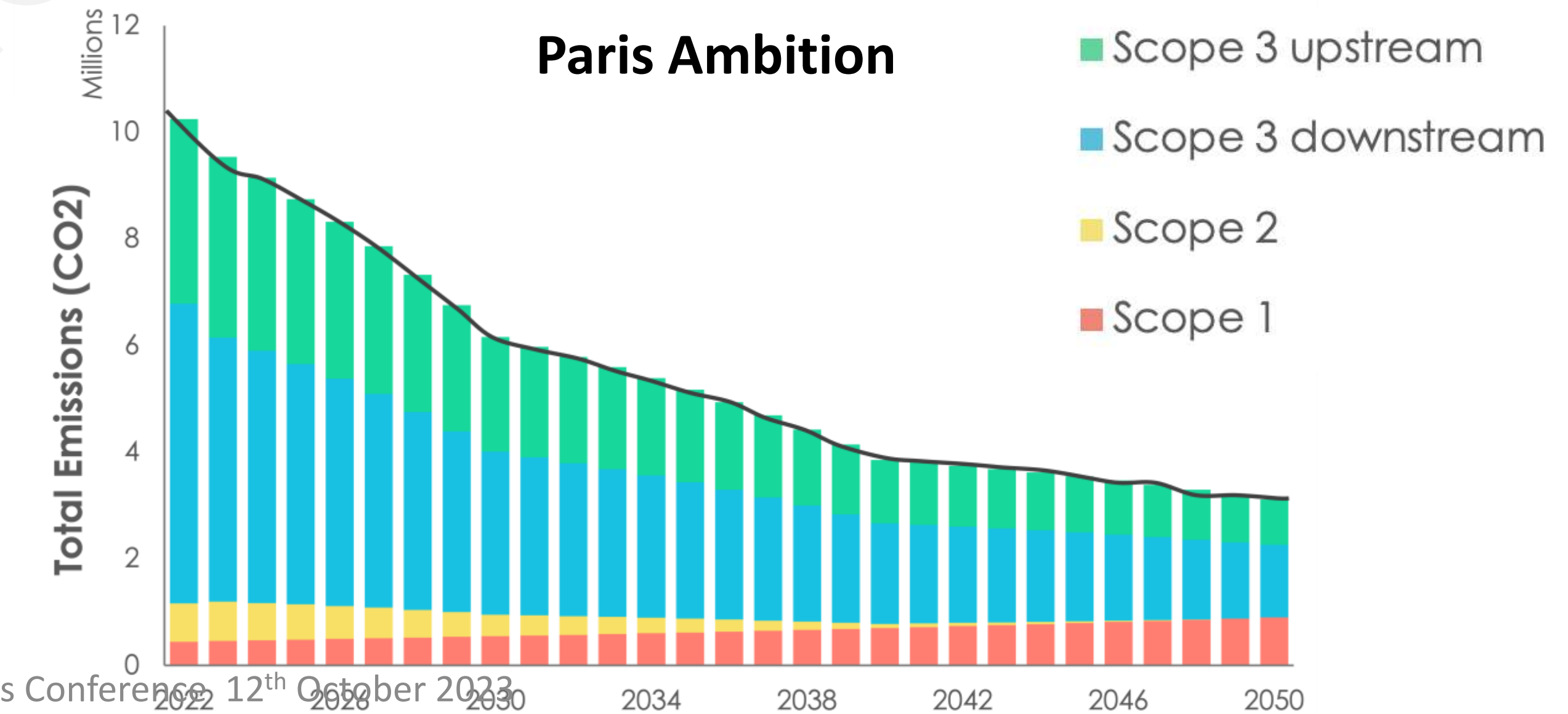
Stated Policy



Paris Agreement

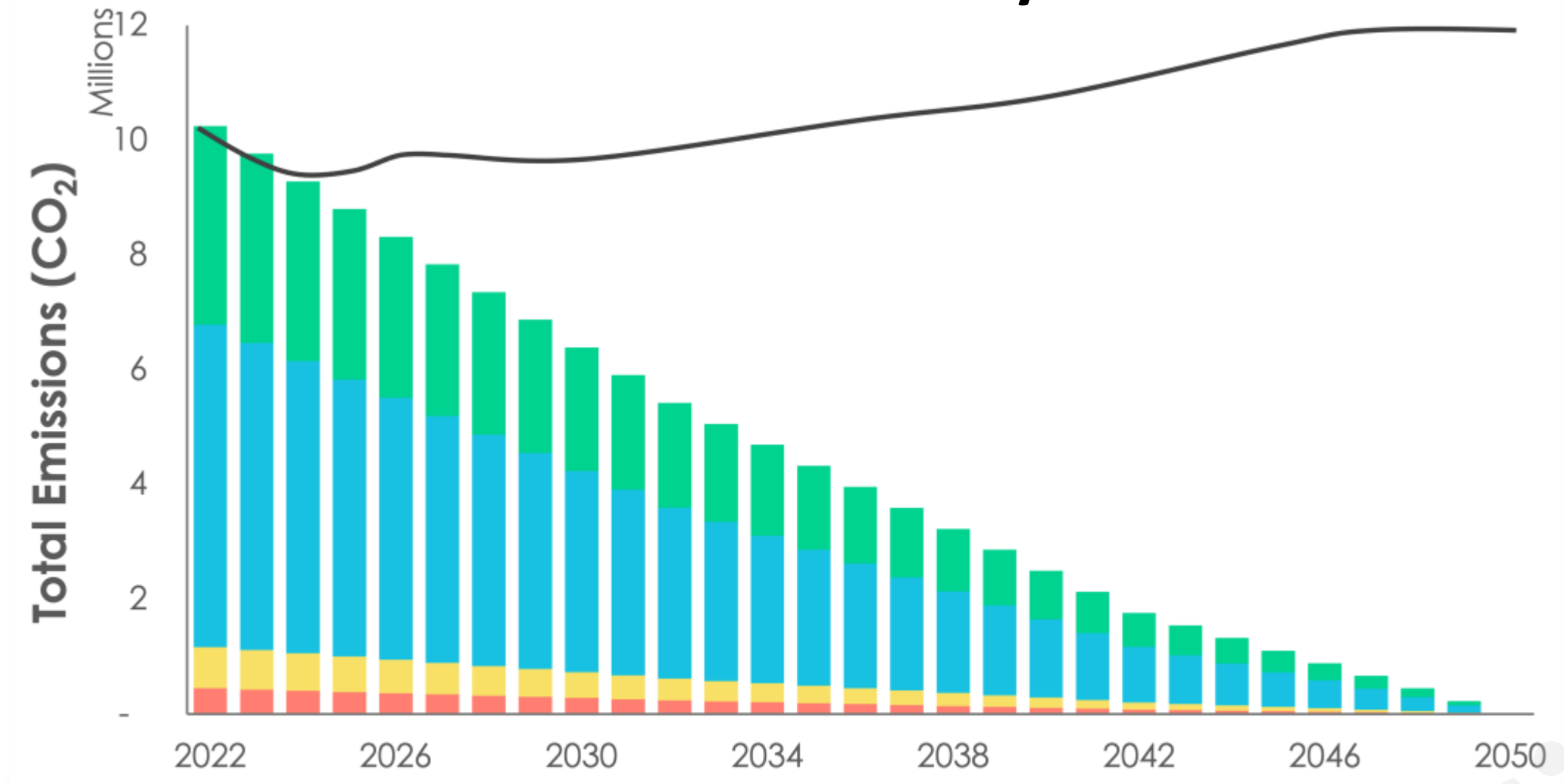


Paris Ambition

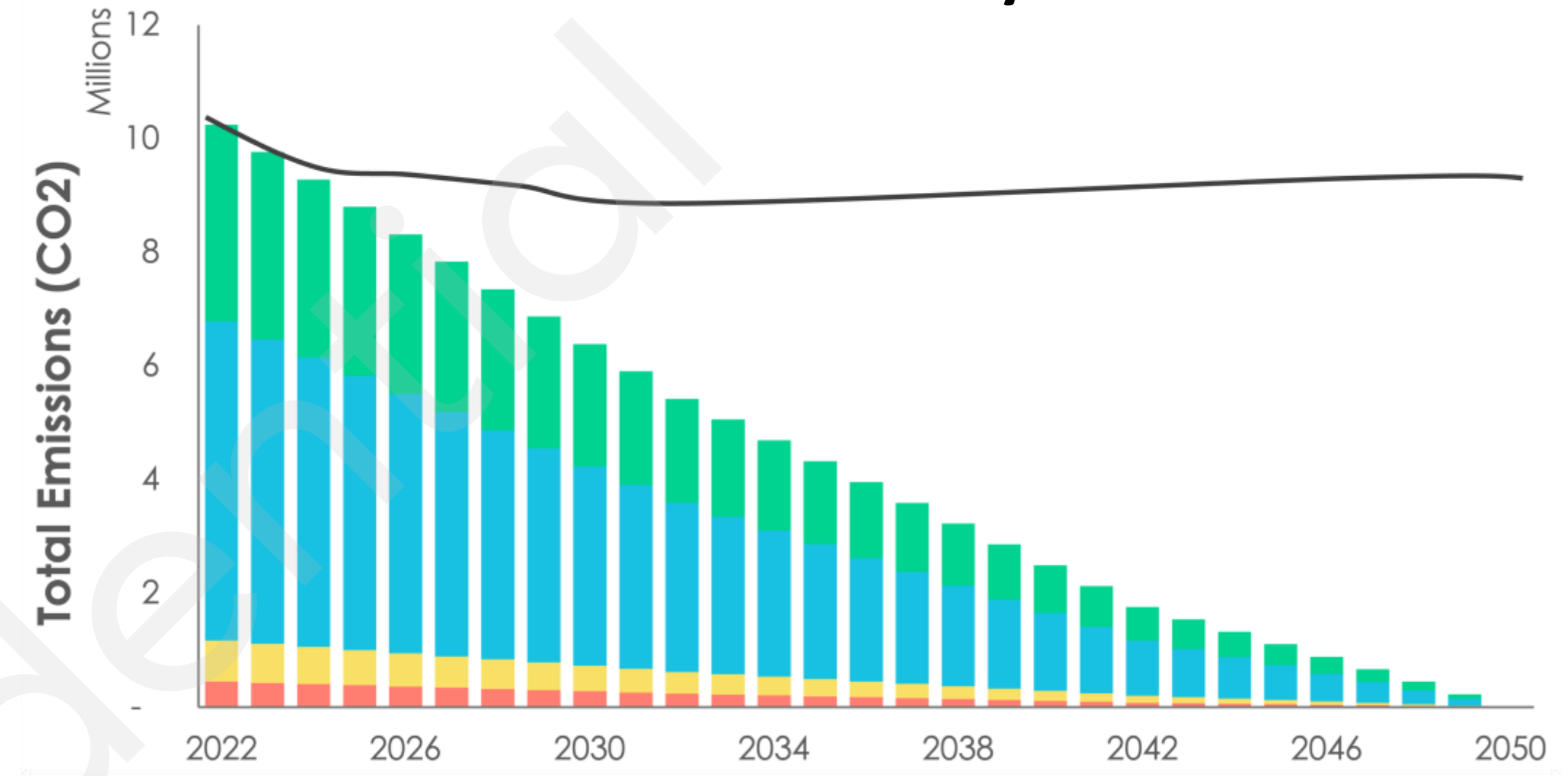


Net Zero Glide Path analysis

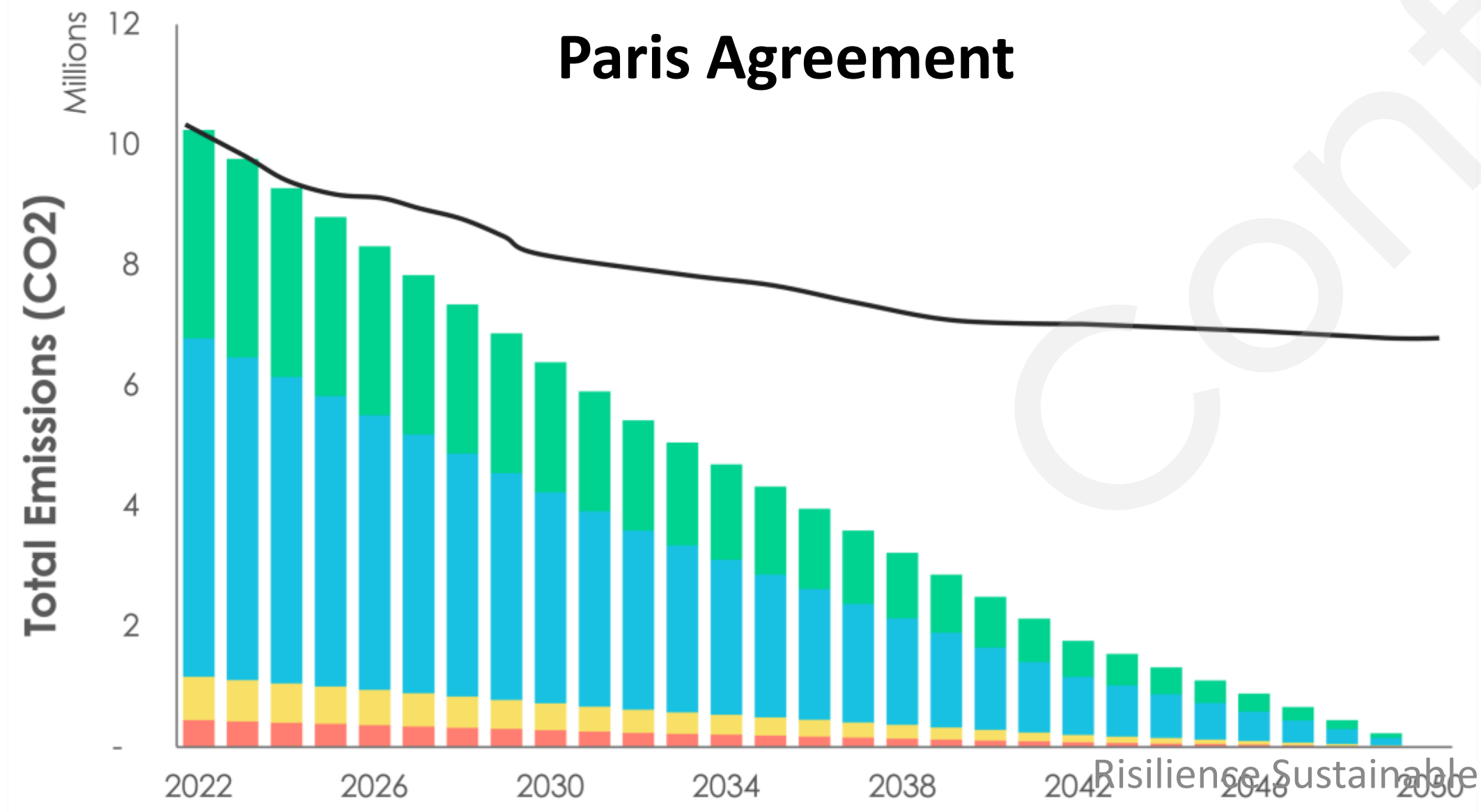
Current Policy



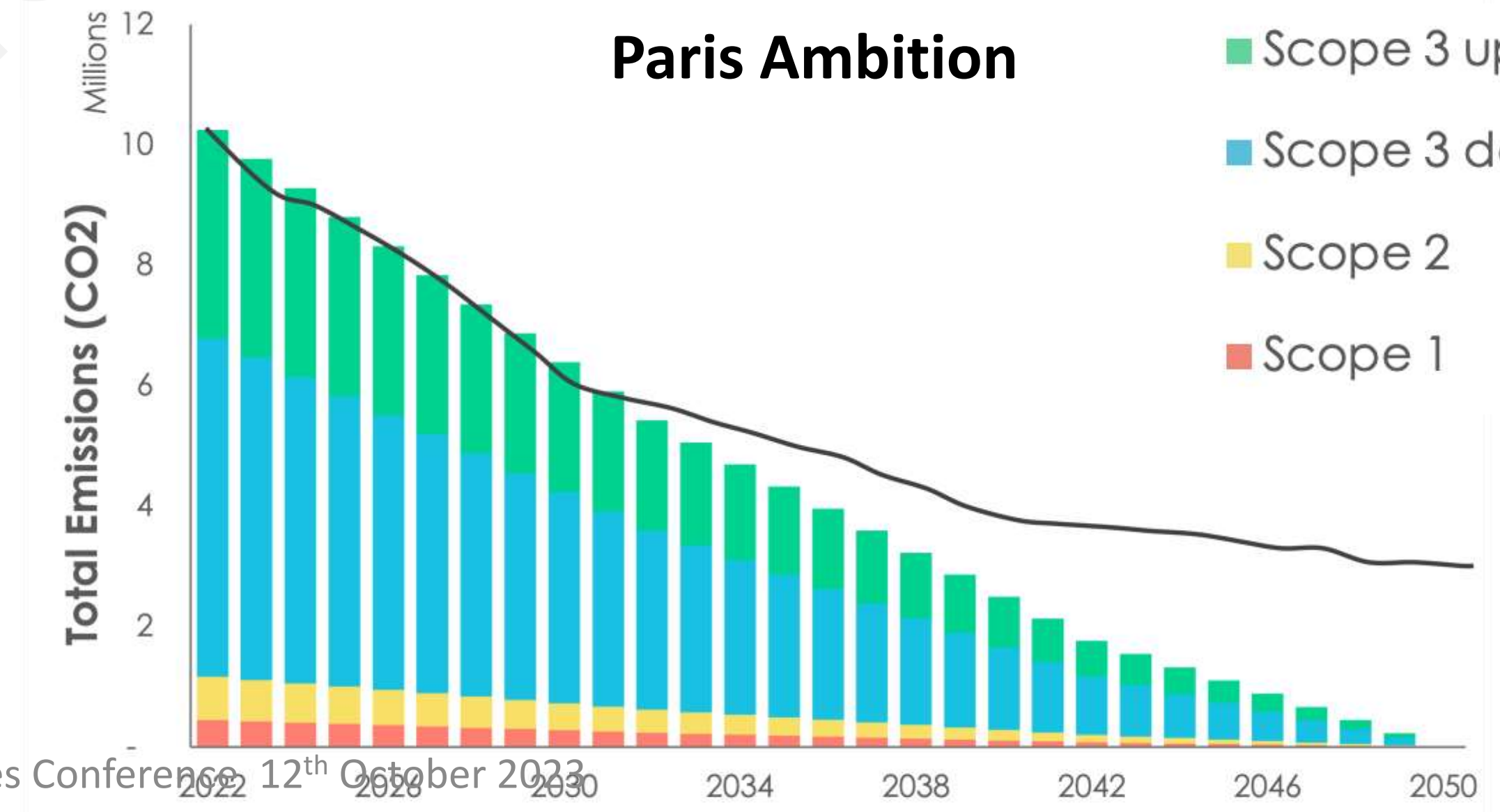
Stated Policy



Paris Agreement



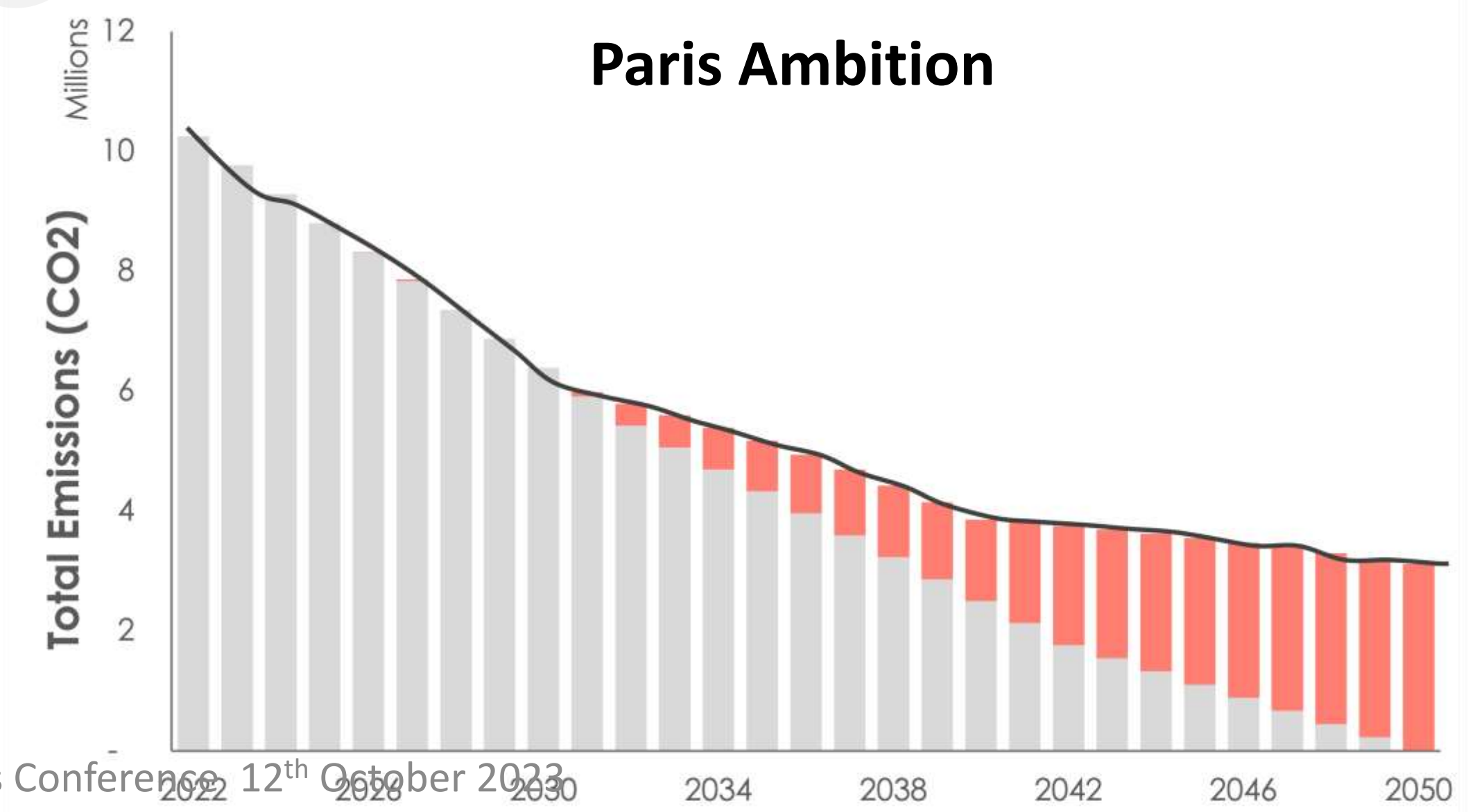
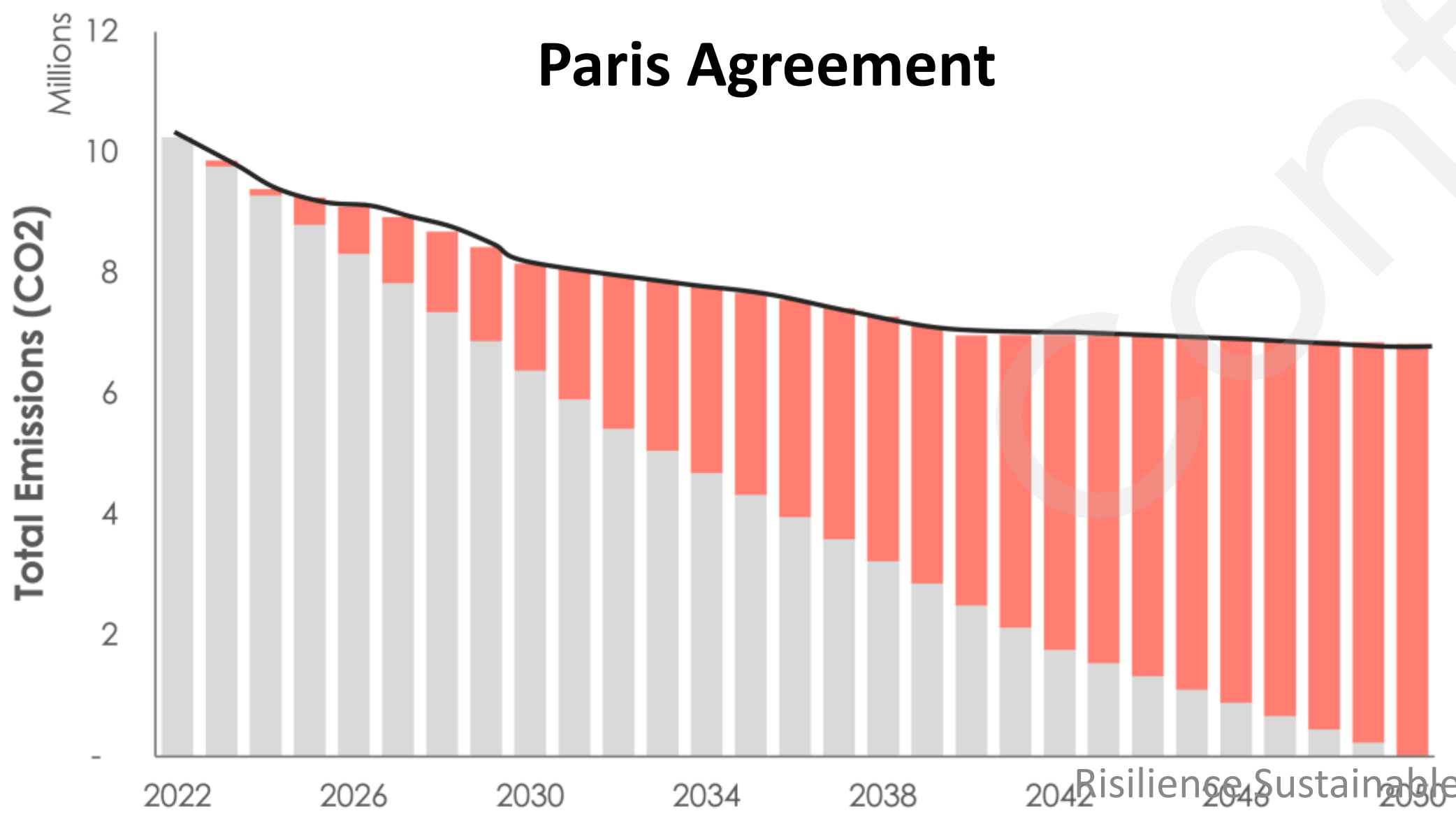
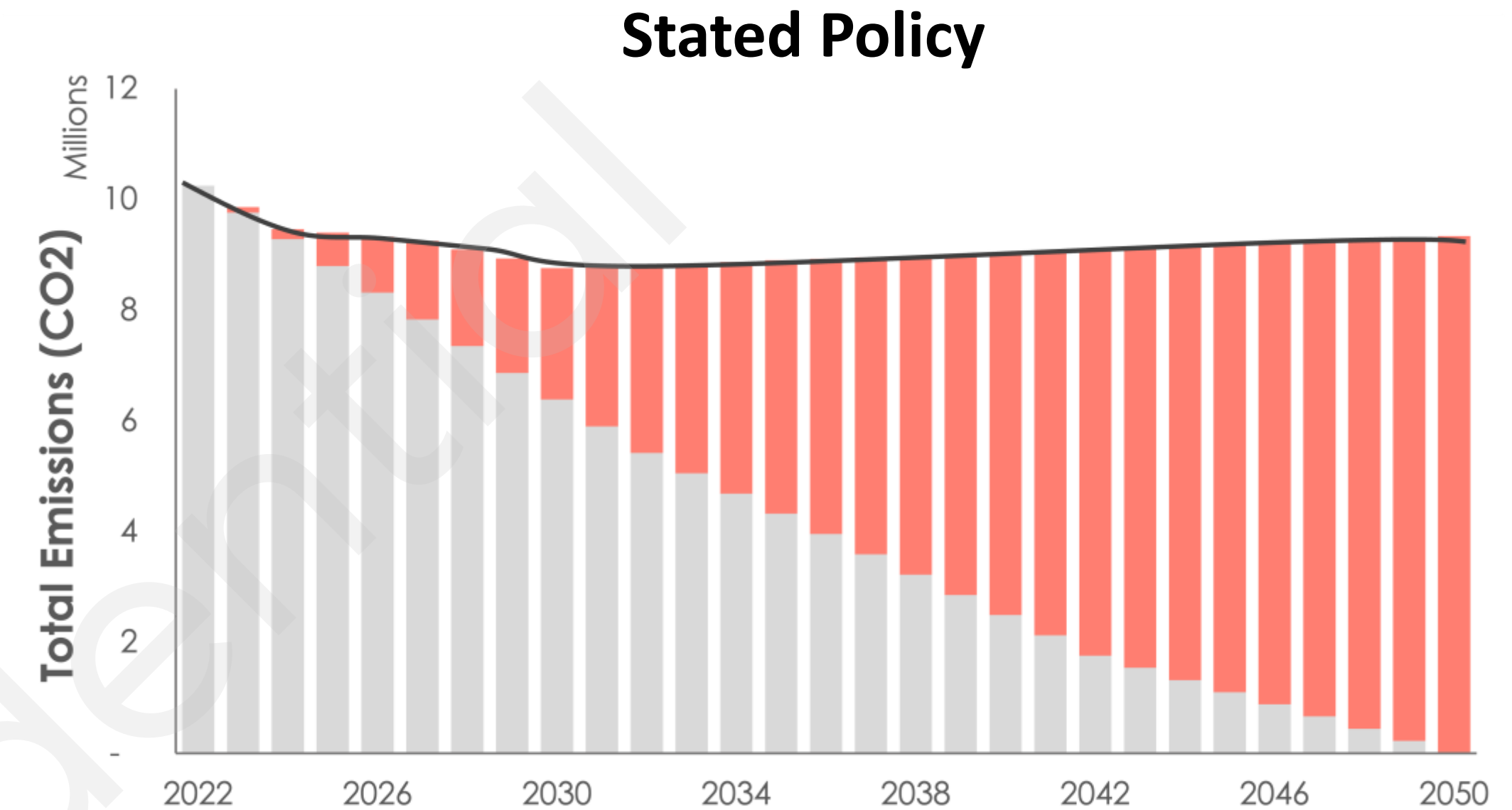
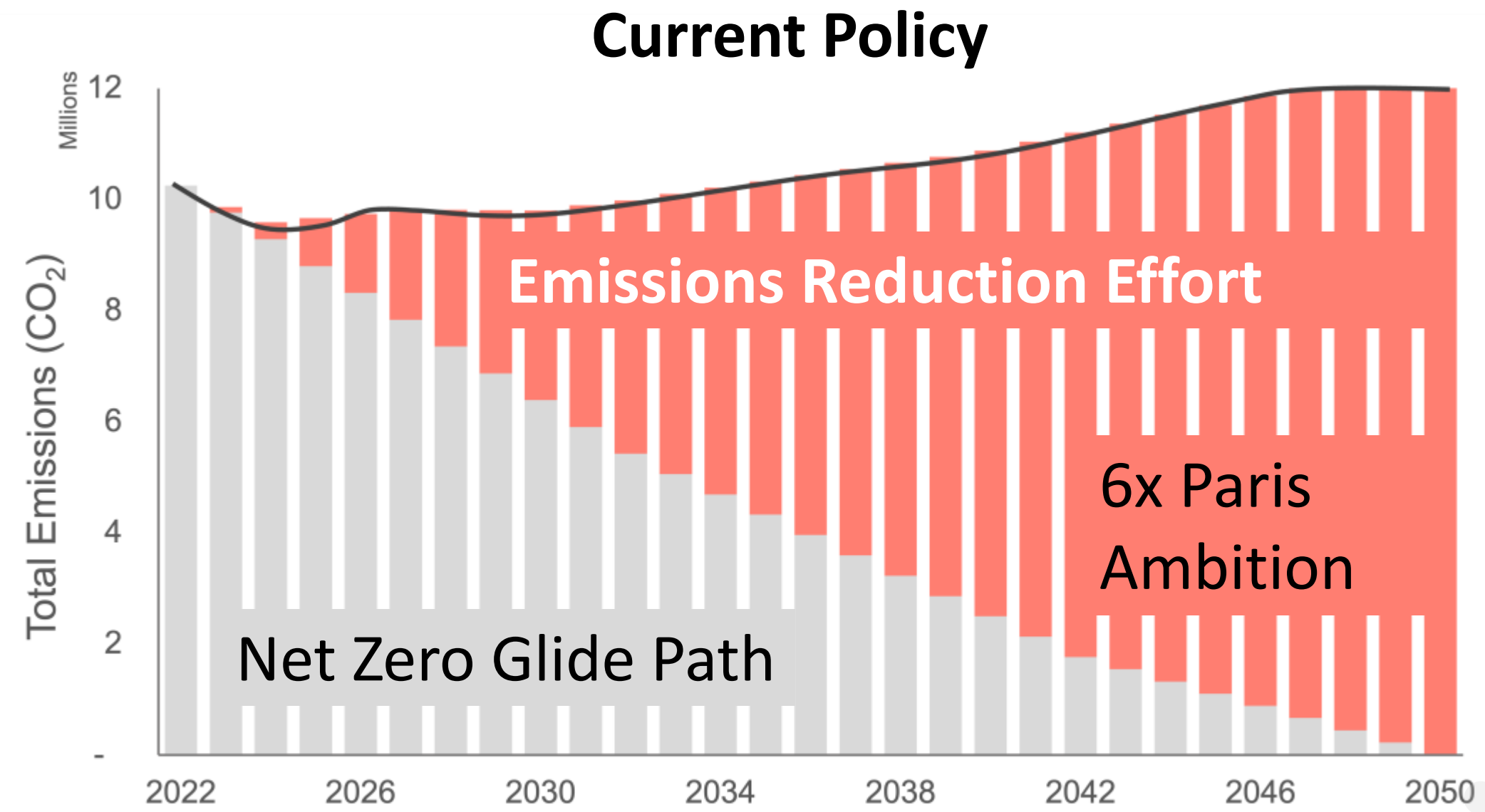
Paris Ambition



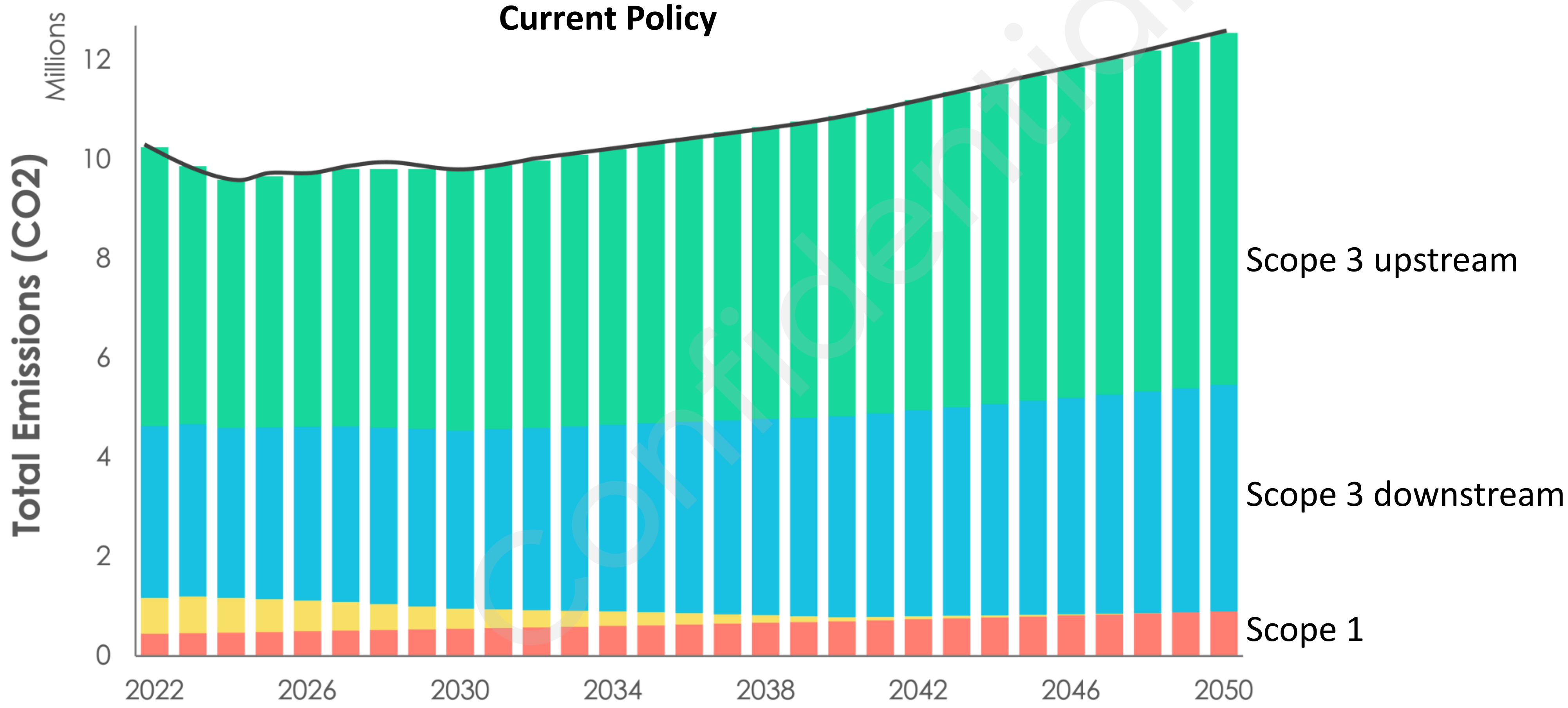
- Scope 3 upstream
- Scope 3 downstream
- Scope 2
- Scope 1

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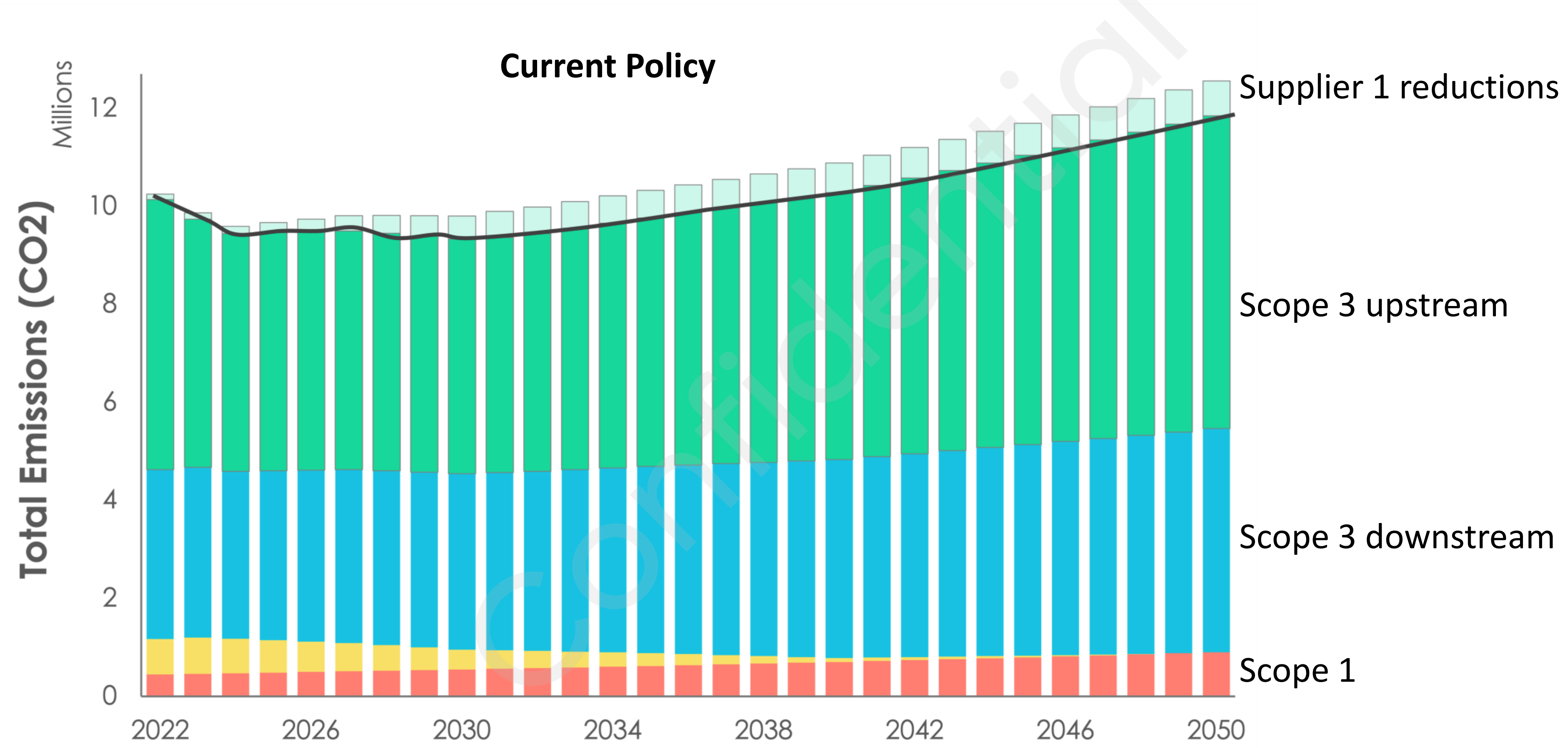
Emission-reduction effort for Avocado



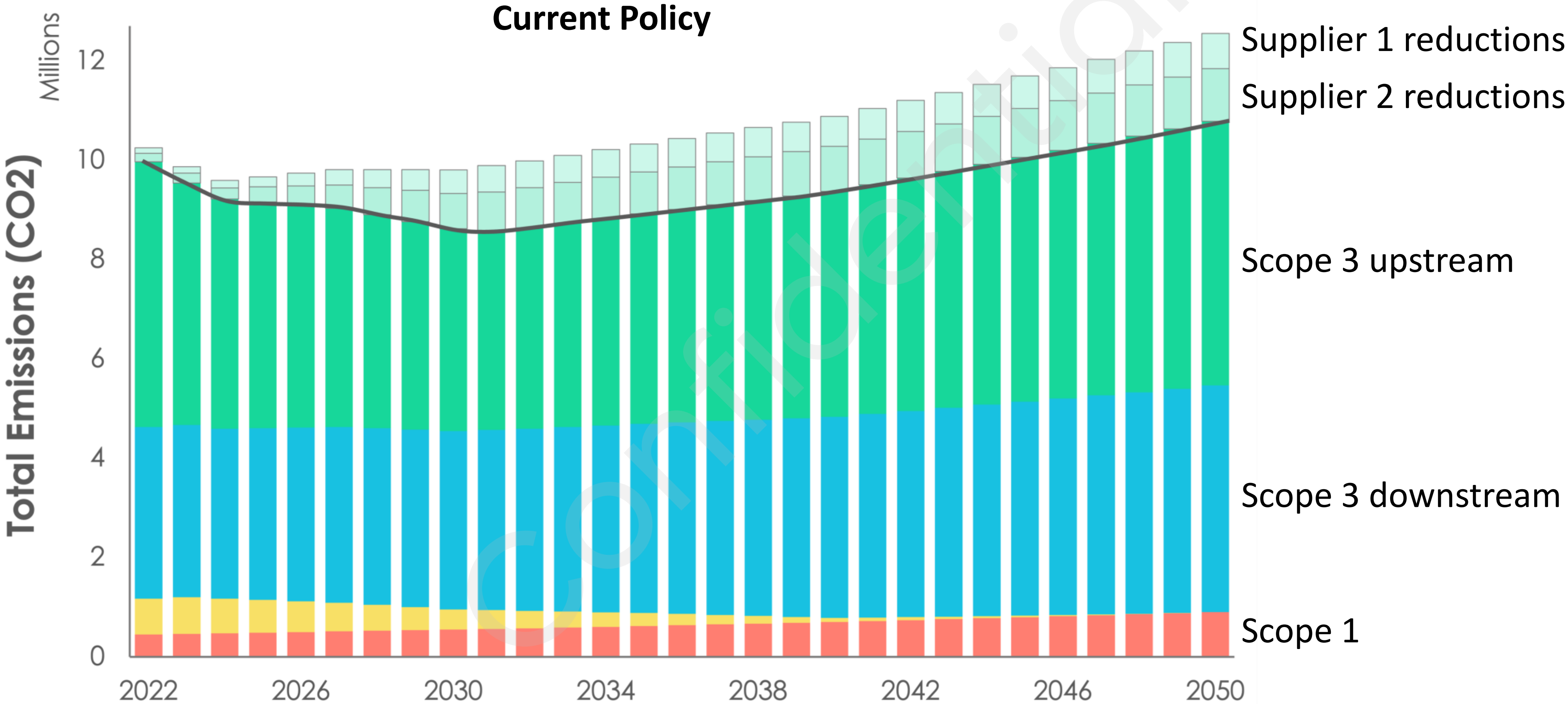
Scope 3 Supplier Manager – plotting a path to net zero



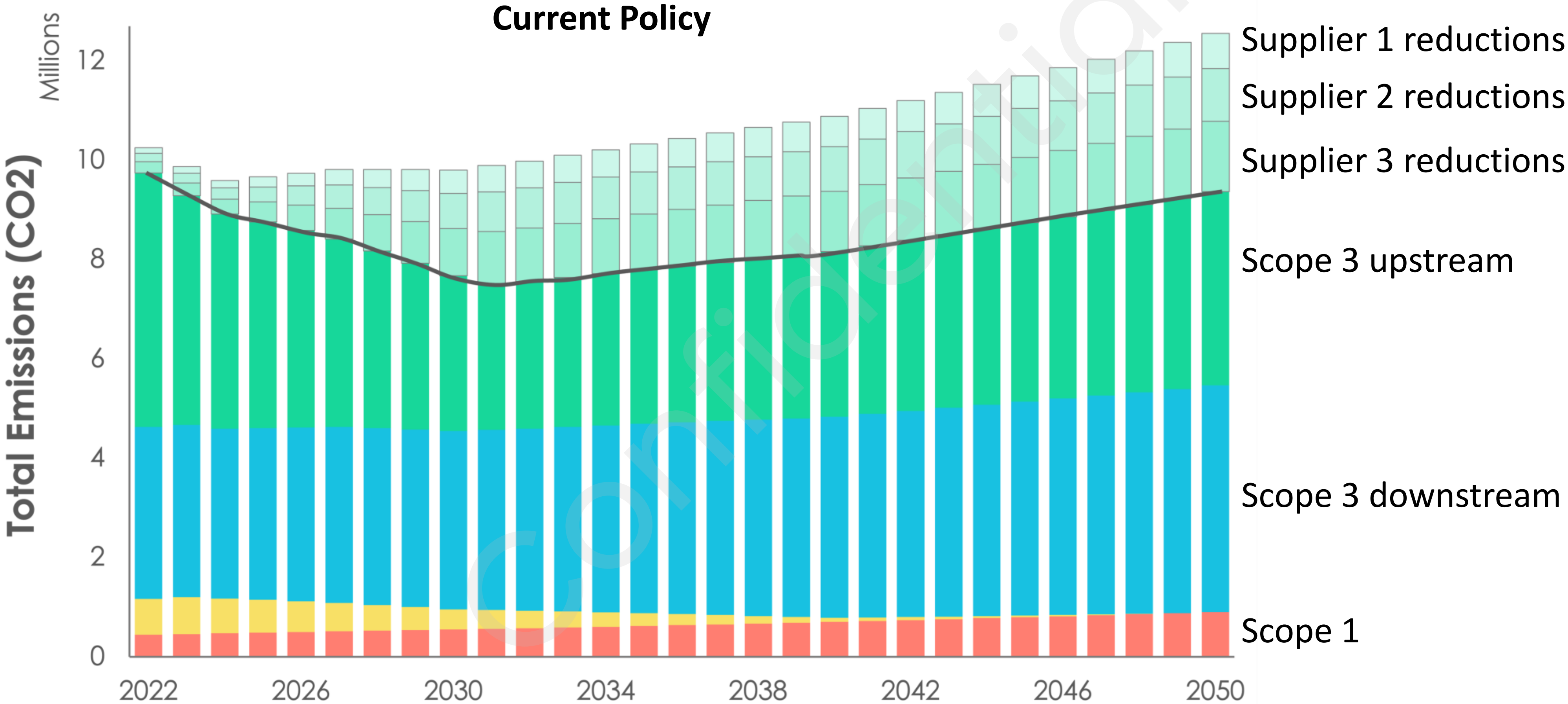
Scope 3 Supplier Manager – plotting a path to net zero



Scope 3 Supplier Manager – plotting a path to net zero



Scope 3 Supplier Manager – plotting a path to net zero



**What single action has the most potential
to reduce your corporate carbon footprint?**

Redefine the terms of trade with your trading partners

THANK YOU

Confidential



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