

# Scope 3 Guidance for Telecommunication Operators

Workshop on “Reducing your carbon footprint – A guide to  
Scope 3 GHG reporting for telecommunication operators”

11 July 2023



**GeSI**  
GLOBAL e-SUSTAINABILITY  
INITIATIVE



This is a collaborative development by:



**International  
Telecommunication Union**

ITU is the United Nations specialized agency for information and communication technologies



**GSMA**

The GSMA represents the interests of mobile operators worldwide, representing more than 750 operators



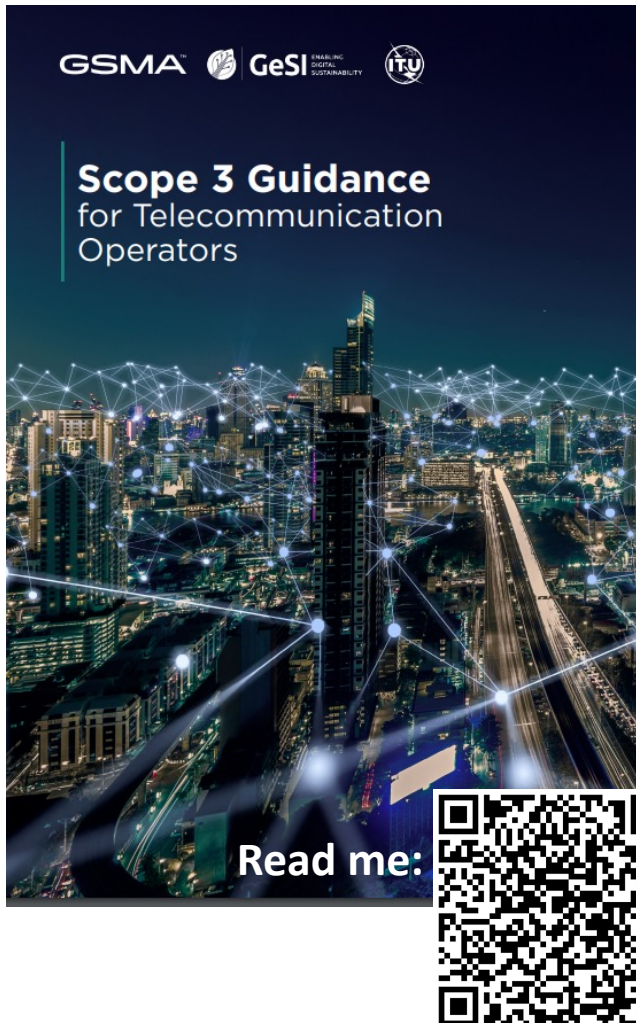
**Global Enabling Sustainability  
Initiative**

GeSI provides information and resources for social and environmental sustainability through digital technologies

# Agenda

1. Overview of the Guidance document
2. Categories 1 & 2: Purchased Goods, Services & CAPEX
3. Category 11: Use of Sold Products
4. Categories 8 & 13: Upstream/Downstream Leased Assets
5. All other Categories
6. Final Q&A

# Overview of the guidance document and key messages



Scope 3 emissions cover a wide range of economic activities that are divided into 15 Categories.

Estimating Scope 3 emissions is difficult since this refers to emission sources outside a company's direct control.

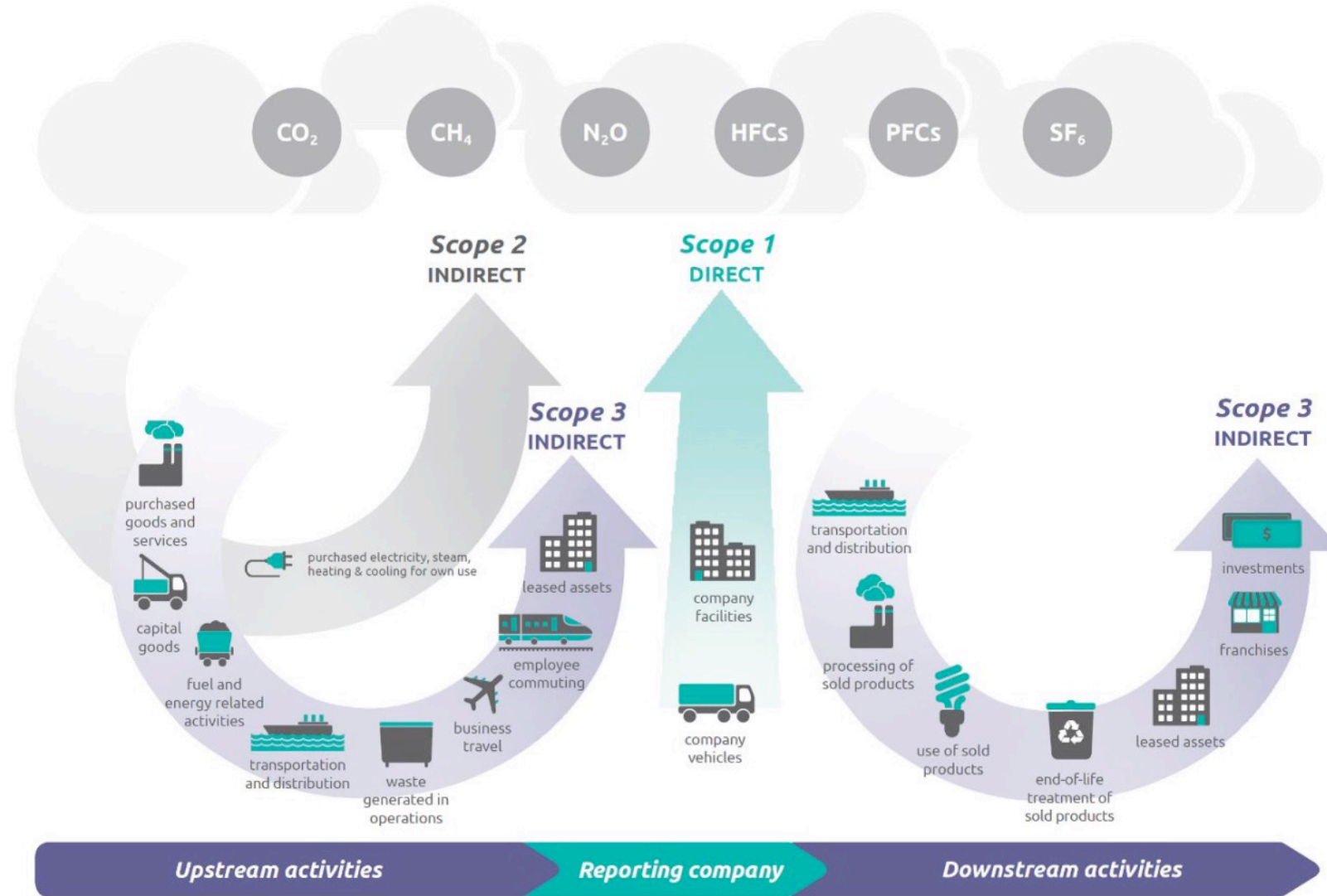
The document establishes guidance to harmonize methods for telecommunication operators to assess and report their Scope 3 Greenhouse Gas (GHG) emissions, and to increase coverage and transparency.

This guidance prioritises in particular:

- Categories 1-2 and 11 (which address the life cycle impact of companies' portfolios),
  - Categories 8 and 13, related to leased assets
  - Category 3 (which is closely linked to Scope 1 and 2),
- ...although all Categories are addressed.

This document is intended to supplement, not supersede, existing standards.

# Reminder of GHG Protocol Scope 3 Categories



Overview of Scopes 1, 2 and 3 emissions for a company. Source: GHG Protocol

# Guiding principles

## Descriptions

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<b>Goal is reduction</b>	<ul style="list-style-type: none"><li>● Estimating emissions should be used to drive reduction efforts</li></ul>
<b>Hot-spotting</b>	<ul style="list-style-type: none"><li>● Focus time and effort on largest emission sources</li></ul>
<b>Keep it simple</b>	<ul style="list-style-type: none"><li>● Use the simplest approach that will give required accuracy and best support reduction goals</li></ul>
<b>Scale</b>	<ul style="list-style-type: none"><li>● Covering more emissions can help with business decisions</li></ul>
<b>Improve accuracy over time</b>	<ul style="list-style-type: none"><li>● Data availability and quality are improving each year</li></ul>
<b>Suitable for all</b>	<ul style="list-style-type: none"><li>● Approaches for both beginners and those more advanced</li></ul>
<b>Follow science-based principle</b>	<ul style="list-style-type: none"><li>● Related to Net Zero standards from ISO [b-ISO 14064-1] or the Science Based Targets Initiative [b-SBTi] or ITU-T Recommendations [b-L.1470] and [b-L.1471]</li></ul>
<b>Focus on mitigation</b>	<ul style="list-style-type: none"><li>● Carbon offsets, whether purchased by the telecommunication operator or a supplier/customer shall not be considered as a valid means of reducing CO2e inventories.</li></ul>

# Category 1 and 2: Purchased Goods, Services and Capital Goods

## Challenges

- Opportunity to more closely align Category 1 and 2 of the GHGP with procurement practices of telecom operators.

- Which payments to explicitly exclude?

- When and how to manage purchases of exceptional or non-recurring capital goods?

- How to account for reused, refurbished or repaired?

- More useful ways to account for emissions in large and complex supply chains.

## How the challenges were overcome

- Categories 1 and 2 have been combined to provide one set of guidance.
- Companies are recommended to follow their financial accounting classification to Categories their emissions as 1 or 2.

- Special exclusions: intercompany transactions and regulatory payments, fees and charges etc.
- Acknowledgement of different approaches for roaming, interconnect and media licences.

- Capital goods shall be accounted for in the reporting year in which the company purchased or acquired them.

- Defined what are reused, refurbished or repaired goods and current guidance on who should account for what emissions.

- Simplified approach to emissions data (product, supplier and industry) and summarised the benefits and challenges.
- Guidance to manage changes in emissions data.

## Recommended solution

- Make more informed decisions about purchases and acquisitions.

- Responsibility and measurement of emissions enables reductions.

- Ensures timely reporting of emissions.

- The longer goods are in use, the less need to buy new.

- Track and drive greater supplier emissions performance

# Category 1 and 2: Purchased Goods, Services and Capital Goods

## Challenges

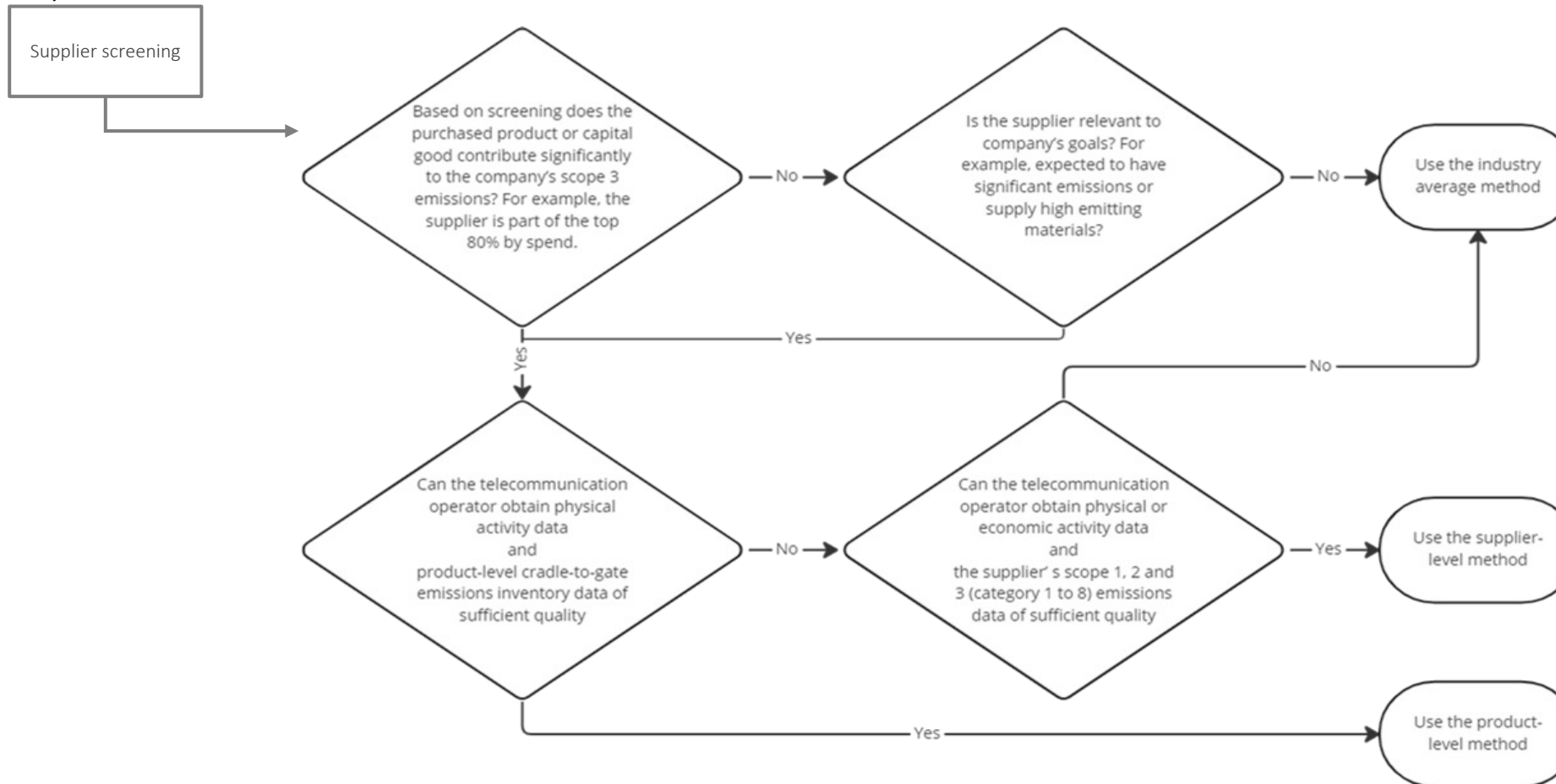
- Use of different calculation methods for suppliers.
- In some cases more relevant data may be less reliable

## How the challenges were overcome

- Provided a decision tree to help determine the most appropriate calculation method
- Guidance to assess whether emissions data is of sufficient quality and where to source this data.

## Recommended solution

- Make more informed decisions about purchases and acquisitions.
- Improved availability and quality of data to inform decisions.





## Categories 8 / 13: Upstream / Downstream Leased Assets

### Challenges

- GHGP unclear and, at times, inconsistent with itself regarding attribution between lessee and lessor of Scopes 1 & 2 emissions, and Scope 3 emissions

### How the challenges were overcome

- Avoid any exclusion of emissions to Scopes 1 and 2, as well as the avoidance of any double counting to Scopes 1 and 2

### Recommended solution

- Reach agreement between parties and include in leasing contract

- Which is determining factor – GHGP or contract?

- Contractual agreement can override GHGP if both parties agree

- Reach agreement between parties and include in leasing contract

- How to deal with mixed attributions

- Split Scope 1 & 2 attributions between lessor and lessee and be clear in contract

- Reach agreement between parties and include in leasing contract

- Who measures the emissions?

- Entity reporting as Scopes 1 & 2 is responsible for measuring

- Measuring entity informs entity reporting as Scope 3

- Legal advice on contract wording

- Involve internal contract lawyers

- Specific guidance on contract wording being provided by the Chancery Lane Project

# Category 11: Use of Sold Products

## Challenges

- GHGP method is labour intensive for devices with low emissions from use-phase
- Circularity: Refurbishment not addressed in GHGP
- When to include indirect emissions?
- Lifetimes and user profiles difficult to estimate
- Does Customer Premise Equipment (e.g. routers, TV Boxes) go in Cat 11 or 13?

## How the challenges were overcome

- Two methods can be used:
  - 1.) For devices with low emissions from use phase (e.g. mobile devices), take use phase emissions from PCF/LCA
  - 2.) For others, apply GHGP method
- Refurbished devices can have lower lifetime, and in Cat. 1 account for the CO<sub>2</sub> used to refurbish them, not produce them
- Optional but recommended, Identified areas where they can be included, such as TVs for media content or all mobile phones on network
- Descriptions of how to determine lifetimes and user profiles incl. which secondary data to use if primary data is not available
- CPE should go in Cat. 11, the method is better suited for it

## Recommended solution

- Identify devices with lower life-cycle emissions and find ways to sell more of those
- Increased refurbishment leads to lower CO<sub>2</sub>
- Caution: Indirect emissions can increase your inventory with no easy levers for reduction
- The longer they are in use, the less you need to buy new ones
- Take lifecycle approach to emissions:
  - Limit the amount purchased new
  - Use refurbished
  - Buy energy efficient (incl. sleep modes)
  - Influence user behaviour

# All other Categories

## Challenges

- Category 3 can represent a significant amount of telecom operators' emissions

- Even if not major contributors to Scope 3, other Categories shall be taken into account

- Category 15: Investments, may represent a significant part of Scope 3

- To encourage clear and transparent reporting on Scope 3 emissions

## How the challenges were overcome

- Based on existing GHG Protocol text, the guidance describes how to assess Category 3 emissions

- Based on existing GHG Protocol text, the guidance describes with details how to assess other Categories emissions

- Based on existing GHG Protocol text, the guidance describes with details how to assess investments related emissions

- The text lists the items that the reporting of Scope 3 shall contain, in coherence with ITU-T L.1420 Recommendation

## Recommended solution

- Sourcing renewable energy leads to lower CO<sub>2</sub>

- For each Category, several types of actions can lead to CO<sub>2</sub> reductions such as e.g. encouraging alternative transport/travel means

- Dialogue with investee companies can lead to identification and implementation of reduction levers

- Clear and transparent reporting helps to identify reduction levers

# Save the date – Join us in September

## Workshop

### Dedicated to Suppliers

Reducing your carbon footprint – A guide to Scope 3 GHG reporting for telecommunication operators

Thursday, 14 September 2023

- Morning session: 09:30 – 11:00 CEST
- Afternoon session: 17:00 – 18:30 CEST



Thank you!



A recording and workshop materials will be available to all on the event website.