Scope 3 Guidance for Telecommunication Operators

Supplier webinar

14th September 2023

ITU

GeSI GLOBAL e-SUSTAINABILITY INITIATIVE

GSMA

Before we start

- **Thank you for joining**
  - Please make sure you are **connected to audio** by using Teams controls or the dial-in numbers.
  - **There will be opportunities for Q&A at the end of this sessions.** Throughout the webinar participants are invited to send questions via the chat window.
  - A **recording of this webinar and materials will be available to** all participants.

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

Joint Alliance for CSR

Achieving Net Zero in the Telecoms Industry – A Call to Action

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Chair of JAC Climate Change Workstream

14th of September 2023

JAC Climate Change report 2023

The JAC 2023 Climate Change & Circularity Survey

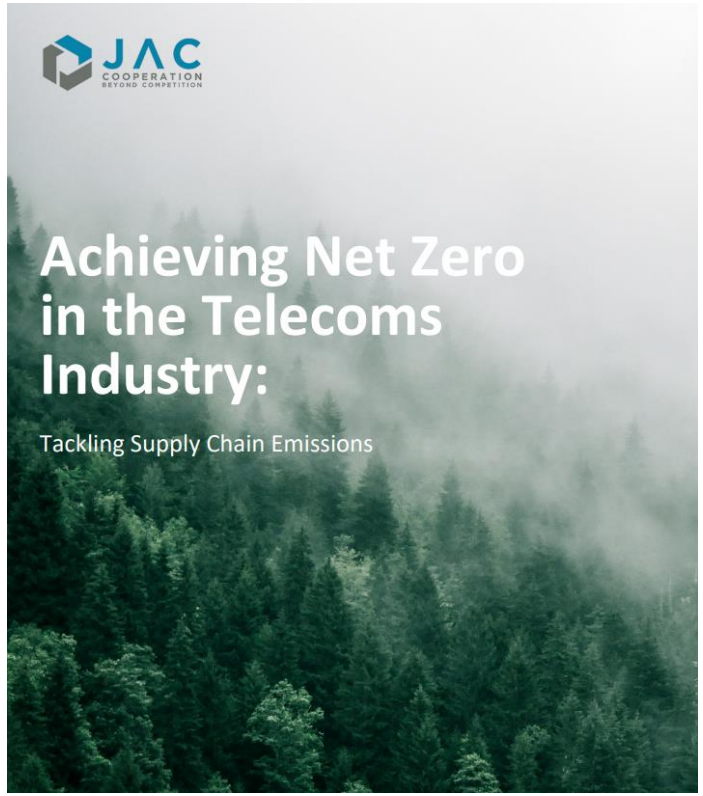
The JAC Climate Change and Circularity Survey was carried out in **January 2023**.

The survey showed that both climate change and circularity are **key priorities** for the majority of JAC members.

The survey gathered data on the climate change and circularity **goals, achievements and activities** of 26 JAC members across Europe, North America, Africa, Asia and Australasia.

The survey highlights **best practices across the JAC member base**, which members of the ICT ecosystem can implement to improve on their circularity and climate change performance.

NOTE: The sharing of resources and best practices by JAC does not involve the sharing of any commercially sensitive information.



https://jac-initiative.com/climate-change-report/

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JAC members compare well in setting net zero or science based targets

- 43% of the Fortune 2,000 companies have announced net zero or science based targets

  Source: Net Zero Tracker, June 2023

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- 93% of JAC members have committed to net zero or science based targets

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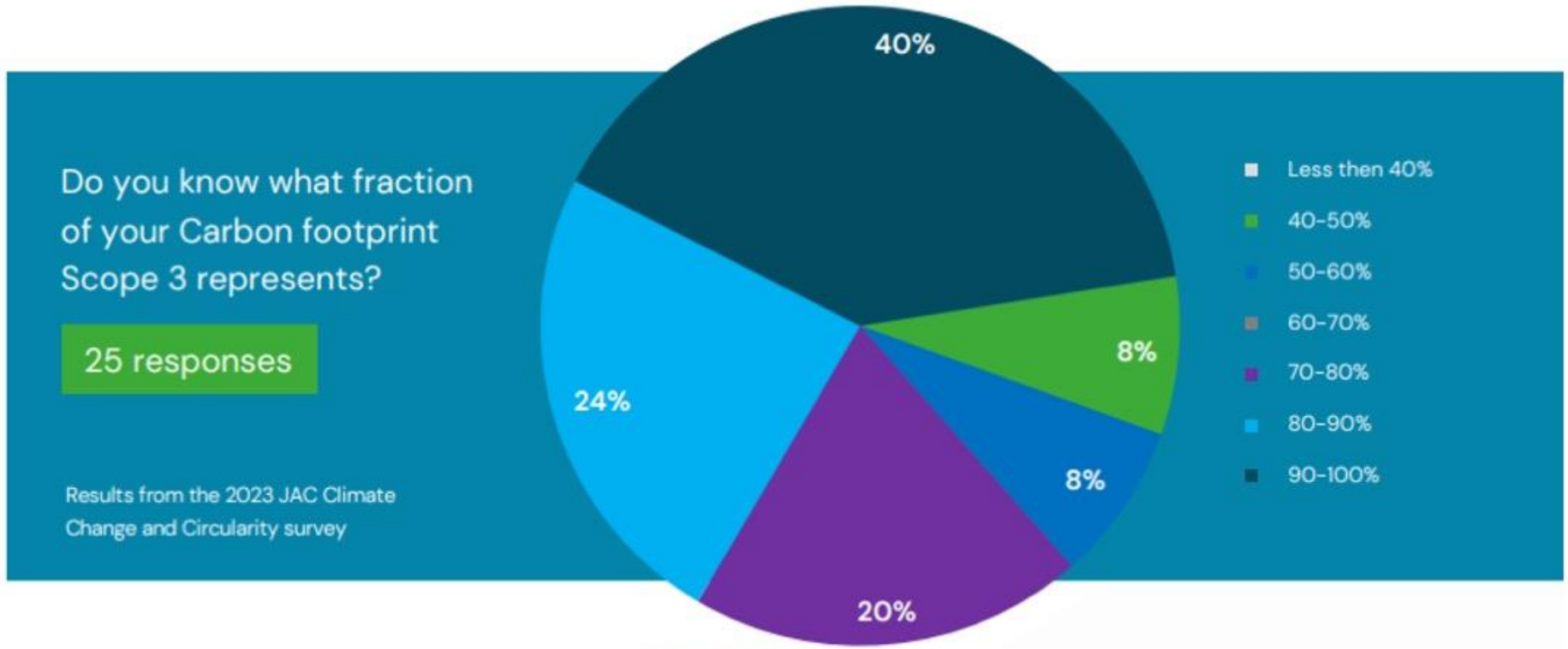
The importance of Scope 3 emissions

For 84% JAC members, 70-100% of their total carbon emissions are Scope 3 emissions



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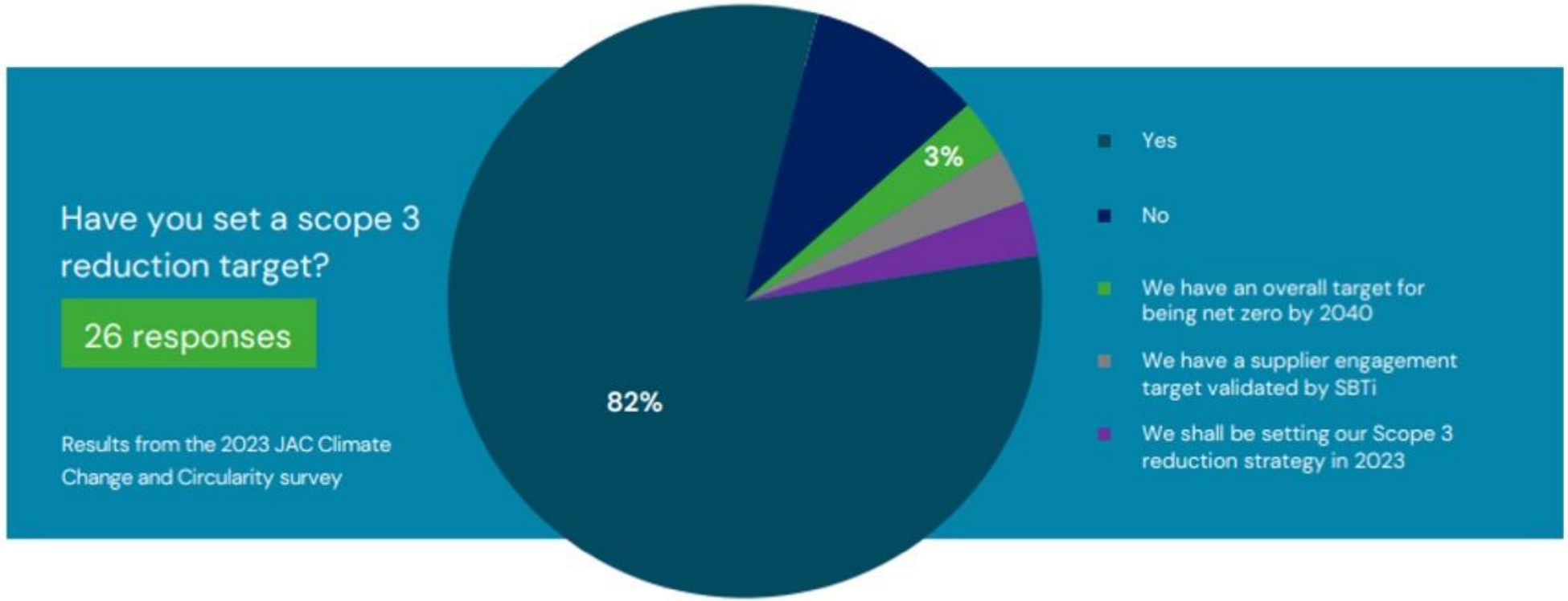
JAC members are setting scope 3 targets

- 31% of the world's top 2,000 companies have set a Scope 3 target (Source: Net Zero Tracker, June 2023)
- 82% of JAC members have set a Scope 3 target



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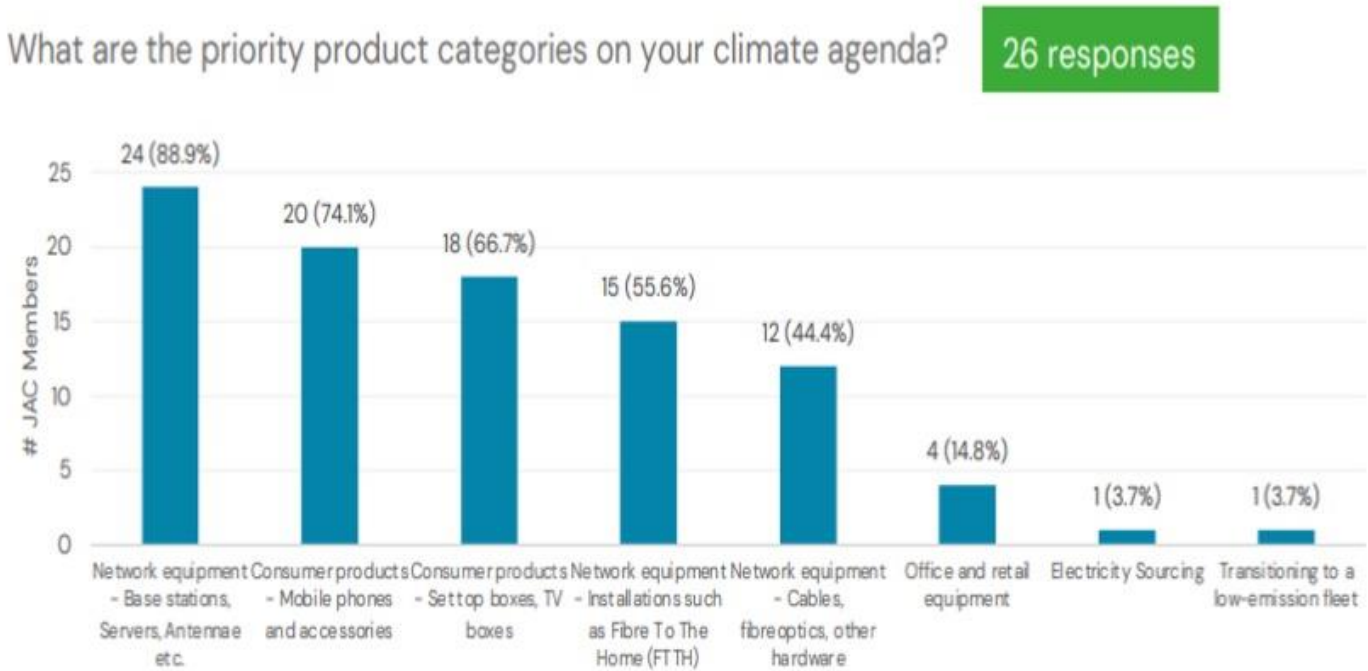
The supply chain emissions challenge

- 60% - 80% of telcos' typical Scope 3 carbon footprint is derived from the supply chain
- The top 3 product categories on the climate agenda for JAC members are network equipment, mobile phones and set top boxes
- Suppliers also have impact on downstream Scope 3 emissions – eg through the energy efficiency of consumer devices like set top boxes
- Working with suppliers to take action on carbon reduction is therefore a key priority for JAC members to reduce Scope 3 emissions



Results from the 2023 JAC Climate Change and Circularity Survey

https://jac-initiative.com/

JAC members are taking supply chain action

Running a **Supplier Engagement Programme**, engaging with large suppliers in their supply chain to understand their degree of maturity in handling carbon footprint reduction and identifying potential areas for collaboration to accelerate the achievement of carbon reduction goals.

Increasing sustainability criteria on supplier scorecards to **20% of the overall score weighting**. This means suppliers with good sustainability credentials are much more likely than before to be awarded a contract.

Working to develop and embed **contract clauses** into supplier contracts, requiring them to meet incremental sustainability goals as part of their contractual requirements.

Results from the 2023 JAC Climate Change and Circularity Survey

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And suppliers need to take action as well

The survey report details the following ten best practices that suppliers can adopt to address climate change:

1. **Understand your Carbon footprint** - know how much of your emissions arise form your direct operations, energy usage and your wider value chain so that you can focus your action
2. **Have a carbon reduction plan with a clear Net Zero Goal** and interim targets with board level ownership
3. **Align your carbon reduction planning to the SBTi standard** so that you have a valid science-based carbon reduction target across Scope 1, 2, and 3
4. Where your supply chain emissions are a significant part of your carbon footprint, **develop a supply chain hot spot analysis** so that you know what areas of your supply chain to prioritise engagement with to drive emissions reduction
5. **Maintain LCAs (Life Cycle Assessments) for the products and services you offer** so that you can identify and address the major opportunities to decarbonise the products you offer. Maintaining LCAs is important as your operator customers may ask for LCAs when assessing emissions arising from their purchasing of your products
6. **Measure and report your emissions reduction activities** following recognised standards like the GHG protocol, and ensure you have independent external assurance and verification of your methodology and calculations
7. **Use green energy in line with its availability** – this is the simplest thing any business can do to reduce its emissions
8. Have goals to **improve the power efficiency of the products you offer and your operations**
9. Understand and **support the Carbon reduction goals of your customers**
10. **Engage with your supply chain** to incentivise and help them to reduce their carbon emissions by requiring them to address points 1 through to 10

https://jac-initiative.com/climate-change-report/

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Thank you for listening!

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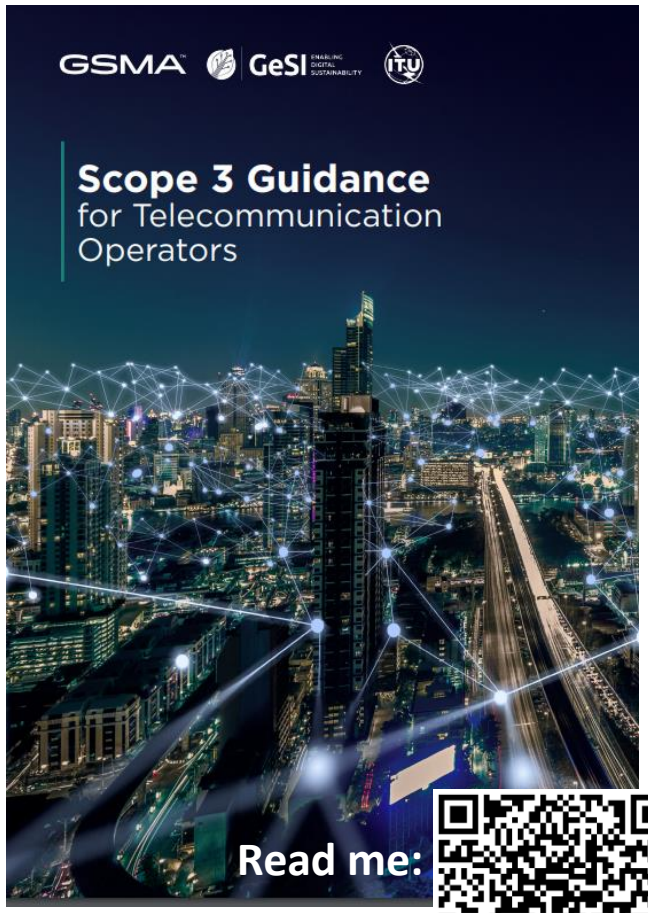
Session 1: Agenda

1. Overview of the Guidance document
2. Categories 1 & 2: Purchased Goods, Services & CAPEX
3. Category 4: Transportation
4. Categories 8 & 13: Leased Assets
5. Category 11: Use of Sold Products
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.

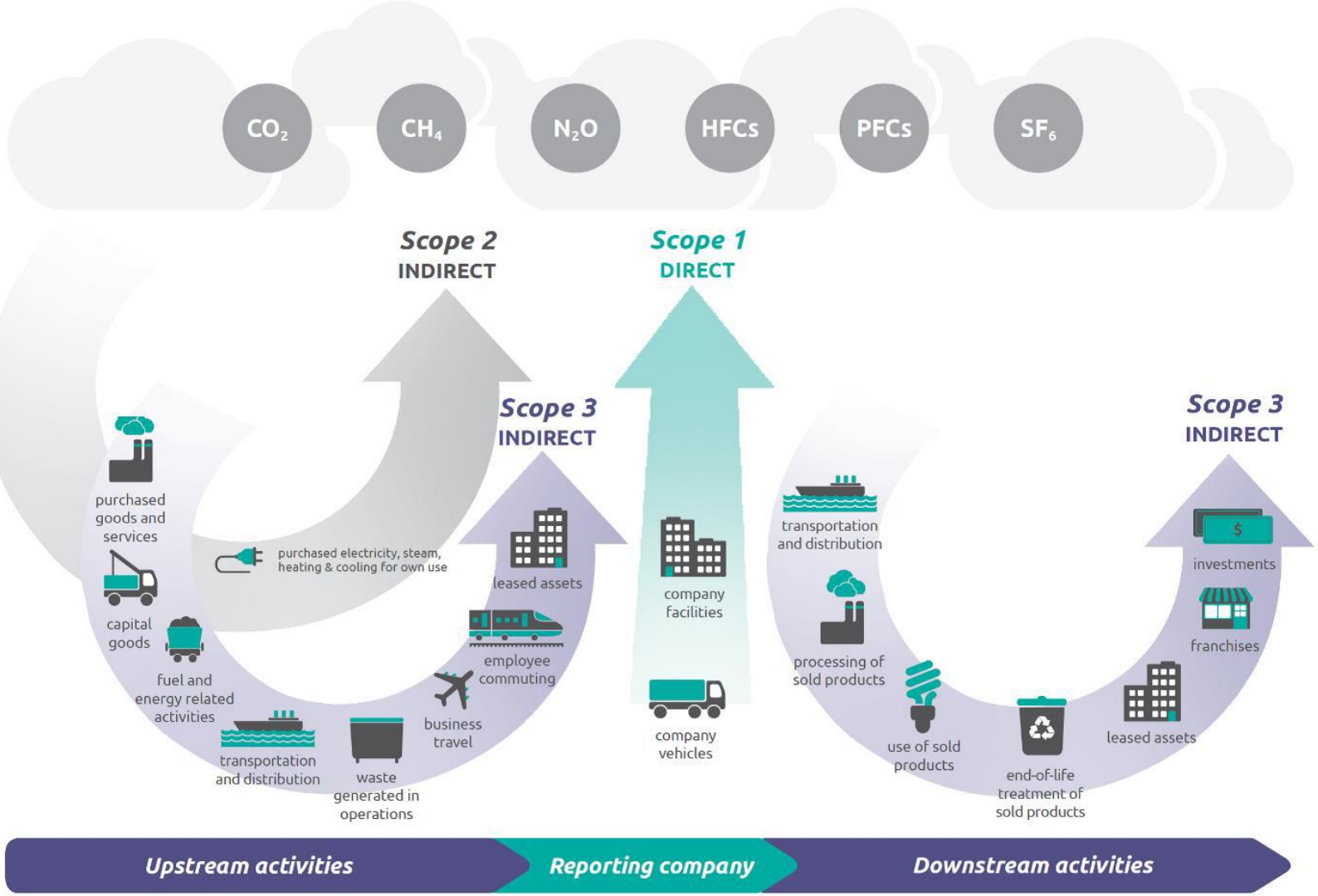
This guidance prioritises in particular:

- Categories 1-2 and 11 (which address the life cycle impact of companies' portfolios),
- Categories 8 and 13, related to leased assets
- Category 4 and 9, related to transportation

…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
Goal is reduction	• Estimating emissions should be used to drive reduction efforts
Hot-spotting	• Focus time and effort on largest emission sources
Keep it simple	• Use the simplest approach that will give required accuracy and best support reduction goals
Scale	• Covering more emissions can help with business decisions
Improve accuracy over time	• Data availability and quality are improving each year
Suitable for all	• Approaches for both beginners and those more advanced
Follow science-based principle	• 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]
Focus on mitigation	• Carbon offsets, whether purchased by the telecommunication operator or a supplier/customer shall not be considered as a valid means of reducing CO2e inventories.

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

How it's calculated

Emissions data (e.g. tCO_2e / t, # of pieces, subscription or currency)

*

Activity data (e.g. t, # of pieces, subscriptions or currency)

=

Purchased products and capital goods emissions (tCO_2e)

Data needed from suppliers

Emission data

- Industry average
- Supplier level
- Product level

Activity data

- Economic activity
- Physical activity

How suppliers can reduce emissions

Industry average: companies can only reduce emissions by reducing activity.

Supplier level: enables companies to drive emission reductions holistically across their business and supply chain.

Product level: enables companies to monitor product performance and make informed decision about the eco-design of their products that can have a direct impact on emissions.

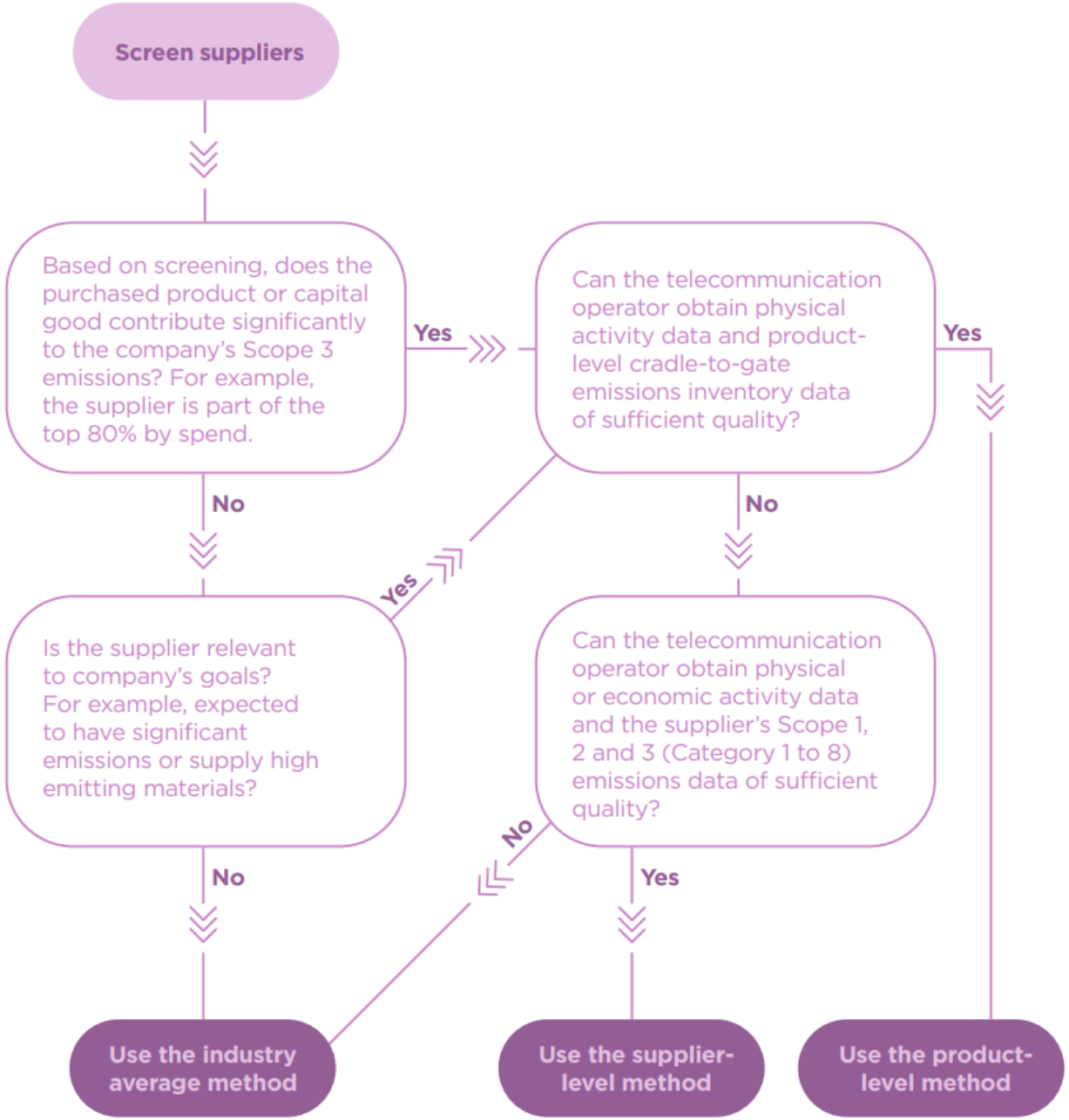
Example using the supplier level method and economic activity data:

Supplier's scope 1, 2 and 3 (Category 1 to 8) emissions per unit of economic value

x

Amount spent on products or capital goods purchased using market values (e.g. in US dollars)

Decision tree to determine the most appropriate calculation method



Supplier-level emission data sources

A company's ability to calculate emissions depends on the availability and quality of its data

Ways to report:

- Statutory reporting
- Reporting through the CDP's global disclosure system
- Directs to customers

Consider the following criteria to assess your data:

- Calculated in accordance with the GHGP
- Complete for Scope 1 emissions
- Complete for Scope 2 emissions (report market and location data)*
- Complete for applicable upstream Scope 3 emissions (at a minimum this should include Category 1 and 2 emissions)

Inventories should be verified by an independent third party to at least limited assurance across all scope areas in order to ensure the reliability of data.

*Note: Where available, market-based Scope 2 emissions from suppliers should be used over location data. This approach differs from the GHGP [GHGP-1] and ISO 14064-1: 201825, which requires companies to report Scope 2 emission using location and market data, also known as dual reporting. This guidance has chosen to align with SBTi [SBTi] to allow telecommunication operators to monitor and drive improvements in the sourcing of lowc arbon electricity in their supply chain. For this reason, it is important that telecommunication operators describe their approach when they report these emissions, as well as any changes over time and their impact on emissions.

Category 4: Upstream Transportation

Three approaches are presented in the document (see Table 4)
information in the spend-based method column is considered to have the lowest accuracy, followed by that headed distance-based, with fuel-based being the most accurate.

Combinations of the three are possible, and detailed accounting practices that outline which approach is used in which situation are recommended.

Table 4 | Methods for accounting for transport-related emissions

Method type	Spend-based	Distance-based	Fuel- or electricity-based
Activity data type	Amount spent on transportation by type, in monetary values	Mass or volume of goods transported by mode of transport, actual or estimated distances, online maps or calculators	Fuel/electricity consumed, fuel/electricity type
Activity data source and method recommendation	Invoices, internal financial systems GHGP [GHGP-2]	Estimates (internal/from the carrier or operator) GLEC framework[28]	Actual data from carrier or operator GLEC framework[29]

Category 4: Upstream Transportation

How it's calculated

Distance-based method

∑ (mass of goods purchased (mass or volume)

x

distance travelled in transport leg (km)

x

EF of transport mode or vehicle type (kgCO2e/t or volume/km)

Data needed from suppliers

Weight

- Weight per device
- Packaging (primary, secondary and tertiary)
- Container weight

Distances per route

Transport mode

Vehicle type

How suppliers can reduce emissions

Change transport mode

Change vehicle type

Optimize distances

Reduce packaging

Category 8 & 13: Upstream & Downstream Leased Assets

How it's calculated

Reporting Boundary Determination

- Equity Share
- Financial Control
- Operational Control

Type of Lease

- Capital Lease
- Operating Lease

Balance Sheet Classification

Role of the Operator

Data needed from suppliers

Ownership and Use Model(s)

Reporting Boundary

Type of Lease

Scope 1 & 2 Emissions Data

Transparency

Clear contractual language on who owns scope 2 – Chancery Lane Project

How suppliers can reduce emissions

Focus on Energy rather than Carbon

- Procurement
- Understand Grid Mix
- Demand Signalling

Use of Data

- Acquire, Analyse & Act
- Reporting

Category 11: Use of Sold Products (method 1)

How it's calculated

For devices with lower use-stage emissions, such as mobile phones:

Lifetime use-stage emissions (tCO_2e)

*

devices

Data needed from suppliers

Lifetime use-stage emissions:

- Life Cycle Assessment (preferably according to ITU Recommendation L.1410) or Product Carbon Footprint with clear functional units and system boundaries
- Electrical grid factor used (kg CO_2e/kWh)
- Uncertainty analysis (x $kgCO_2e$ ± y%)

How suppliers can reduce emissions

See next slide

Category 11: Use of Sold Products (method 2)

How it's calculated

For devices with higher use-stage emissions, such as routers:

Energy consumption (kWh/year)

*

Lifetime (years)

*

Grid emission factor ($kgCO_2e/kWh$)

=

kg CO_2e / device lifetime

Data needed from suppliers

Energy consumption:

- Power consumption with clear parameters (e.g. for a router: at max data transfer, or 50% max data transfer)
- Sleep modes
- User profile, need to know how often (in hours/day) the device will typically be in which mode
- If it has a battery, the battery life (hours), capacity (mAh) and charge efficiency (%)

Lifetime:

- Define the estimated operational lifetime of a device

Circular economy :

- The CO_2e from refurbishment only, not from manufacturing

How suppliers can reduce emissions

Energy consumption:

- Make more energy efficient devices
- Build in sleep modes and make it easier for devices to go in and out of sleep mode

Lifetime:

- Allow software updates without having to change hardware
- No planned obsolescence
- Extend the lifetime of the devices (to decrease category 1 emissions)

- Circular economy :
  - Offer refurbishment of old devices
  - Eco-design, build for modularity
  - Right to repair

Questions?