

VALUE (SCOPE 3) INTERVENTIONS – GREENHOUSE GAS ACCOUNTING & REPORTING GUIDANCE

Supporting ambitious corporate scope 3 climate commitments with technical
guidance on credible greenhouse gas (GHG) accounting for value chain
interventions

For Consultation
June 2018



Table of Contents

PARTNERS & ACKNOWLEDGEMENTS	3
INTRODUCTION	4
OVERVIEW OF GUIDANCE	6
WHO SHOULD USE THIS GUIDANCE	6
HOW IT WORKS	7
ACCOUNTING PRINCIPLES	9
DATA QUALITY	10
DOUBLE COUNTING	10
PART 1 – HOW TO ACCOUNT FOR AN INTERVENTION	11
PART 2 – HOW TO INCLUDE AN INTERVENTION IN THE SCOPE 3 INVENTORY	17
PART 3 – HOW TO COMMUNICATE ABOUT INTERVENTIONS	19
GLOSSARY – TO FOLLOW IN LATER DRAFT	28

DRAFT

PARTNERS & ACKNOWLEDGEMENTS

The following partners were involved in the initiation, design and development of this guidance: Climate KIC, CDP, Danone, Mars, Livelihoods Fund, WWF, WRI

The following provided their expertise towards the development of this document. Their input is gratefully acknowledged:

- WRI – Cynthia Cummis
- CDP – Pedro Faria, Alberto Carillo Pineda
- WWF – Fernando Rangel Villasana
- Mars – Ashley Allen, Kevin Rabinovitch, Cyril Hetzel
- Danone – Eric Souberian, Flore Auge, Lucas Urbano
- Livelihoods Fund – Jean-Pierre Renaud
- Climate KIC – Riyong Bakkegaard, Konstantinos Karagkounis
- Gold Standard – Owen Hewlett, Abhishek Goyal, Marion Verles, Sandra Genee, Sarah Leugers, Giancarlo Raschio,
- Quantis – Jon Dettling
- Gold Standard Technical Advisory Committee Members – Jacqueline Gehrig-Fasel (TREES), Matt Spannagle

INTRODUCTION

Many companies are motivated to set supply-chain GHG emissions targets and report on their progress, using protocols and standards such as the [Greenhouse Gas Protocol Scope 3 \(Value Chain\) Standard](#) (henceforth the Scope 3 Standard) and the [Science Based Targets Initiative](#) (henceforth SBTi). The setting and reporting of performance targets is typically based on an emissions inventory approach. Value chain emissions targets are becoming increasingly common due to the Scope 3 Standard, SBTi, CDP and other initiatives.

In reality, many supply chains are deep and complex. With variable data quality and parts of the supply chain not fully traceable, it may be impractical to investigate in detail and/or to act on directly. However, there is a growing expectation that companies should be managing emissions in their supply chain through setting ambitious targets and engaging with suppliers and customers to achieve them. As part of their reduction strategy, companies may employ 'Interventions': projects, programmes and business decisions that drive sustainability and reduce emissions in key areas of their supply chain.

For many companies, many large emissions sources may be far upstream in the supply chain where influence and information availability is limited and therefore implementing sustainability projects and programmes is not yet practical. While in some cases the effects of supply chain interventions are directly measurable, in other cases the structure of supply chains make it challenging to directly measure these effects. For example, because specific supplier locations, identities, and/or activities—especially those at the grower or producer level—may be unknown or difficult to access.

Nevertheless, companies are well-advised to focus their reduction efforts on their largest emissions sources and there is therefore a desire to find approaches to investing in reduction efforts regardless of these access barriers. Where supply chain interventions do not have such informational and access barriers, application of the Scope 3 Standard may already be sufficient to demonstrate the reductions achieved. This guidance is intended to offer supplementary guidance in cases where knowledge about an intervention is available but there is a gap in knowledge needed to link this intervention to a company's specific supply. It is also intended to address cases where the supply affected by an intervention is unlikely to be that received by an intervening company, but is from the same production market as where the intervening company sources (referred to here as a "supply-shed").

This guidance aims to raise ambition by providing an approach through which value chain interventions are incentivized by enabling their recognition and inclusion in reporting towards performance targets, even in cases where direct knowledge and measurement of specific value chains is challenging.

The guiding principles, approach and set of recommended practices are provided to: account for interventions, include them in emissions reporting to the maximum credible amount and account for and communicate about the remainder. This approach is supplementary to and to be used in conjunction with the accounting approaches provided in the Greenhouse Gas Protocol Scope 3 Calculation Guidance (henceforth Scope 3 Calculation Guidance). This guidance may also be applied in other reporting protocols and programs, where approved. Note that although the present Scope 3 Technical Guidance accounts only for emission sources and not sequestration sources, this guideline addresses both cases of emissions reductions and sequestration (referred to throughout as “net emissions change”).

Through the application of this guidance a company will be able to:

1. Identify characteristics of value chain interventions that are subject to this guidance and design/select appropriate measurement programs
2. Account for the net emissions changes associated with a given intervention
3. Credibly include that accounting in the company’s Scope 3 inventory and reporting, where appropriate
4. Make narrative claims concerning the company’s role in the intervention and the impacts arising from it

OVERVIEW OF GUIDANCE

This guidance document is supplementary to the Scope 3 Standard and Calculation Guidance, providing further information concerning the accounting for and inclusion of value chain interventions.

The Guidance is set out in 3 parts:

- Part 1 – How to account for an intervention: This section provides a recommended approach for how to design and account for the net emissions changes before and after an intervention.
- Part 2 – How to include an intervention within a company's Scope 3 inventory: This section provides a recommended approach for taking the information developed under Part 1 and incorporating it into a Scope 3 inventory.
- Part 3 – How to communicate about interventions: This section provides recommendations for how to make narrative claims associated with the intervention, for example for communications, marketing and social responsibility materials.

Users should refer to the Scope 3 Standard for a full glossary of terms. Where terms are applied differently, this is made clear in the Guidance.

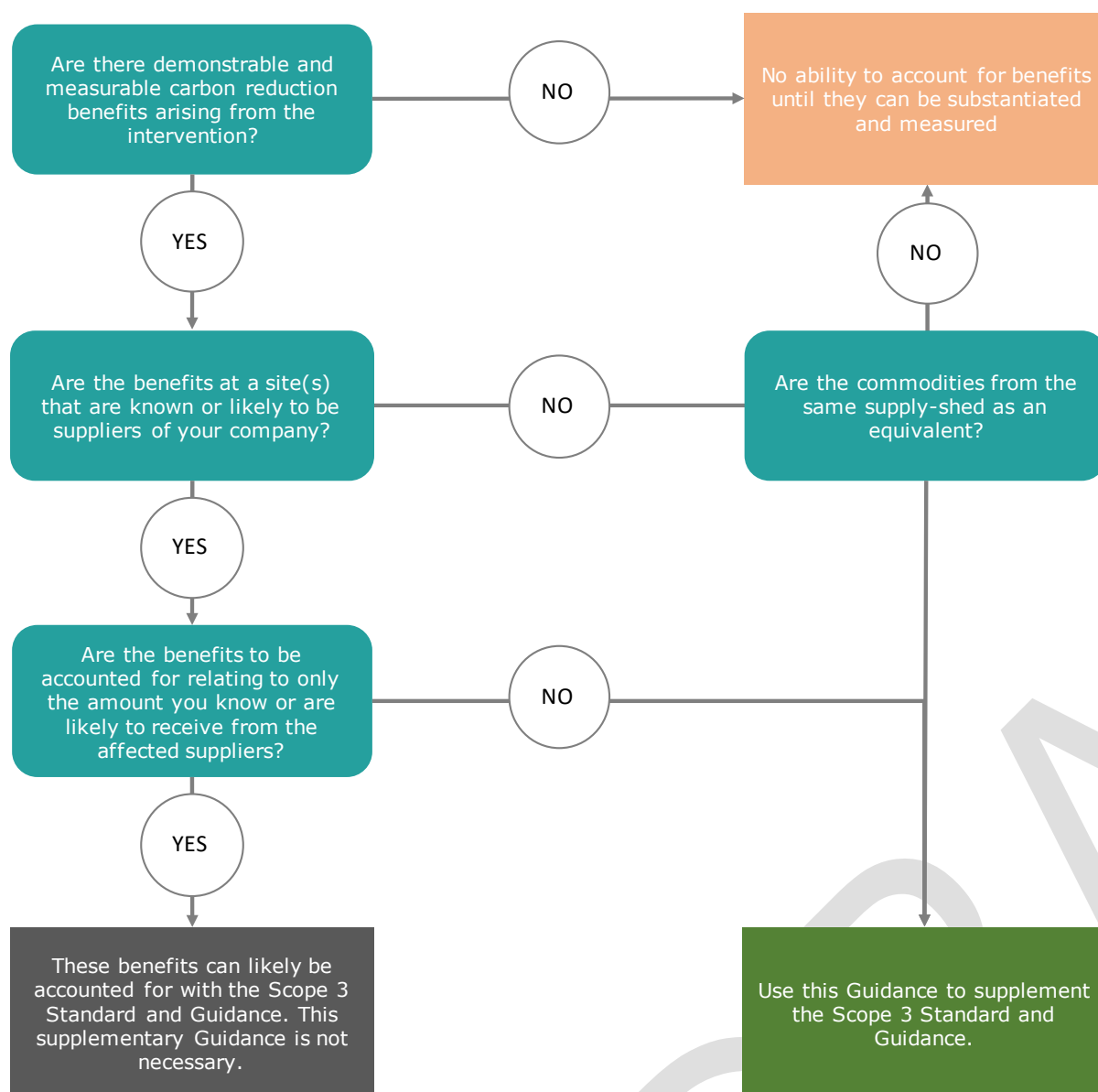
WHO SHOULD USE THIS GUIDANCE

This guidance is aimed at any company with a Scope 3 target that is seeking to account for targeted interventions in their value chain that may impact the associated net emissions. It is primarily aimed at interventions that affect purchased goods and services¹ but the approach can potentially be extrapolated to other categories of Scope 3 emissions, as detailed in the Scope 3 Standard. The guidance henceforth refers to supply chain for this reason.

Companies might use this approach to address 'hot spots' in their supply chain, to target rapid and/or strategic improvements in key areas and as an element of their overall Scope 3 strategy. Figure 1, below, provides further direction on when this could be applied:

¹ *Extracted from Scope 3 Calculation Guidance (p7): 'Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year'*

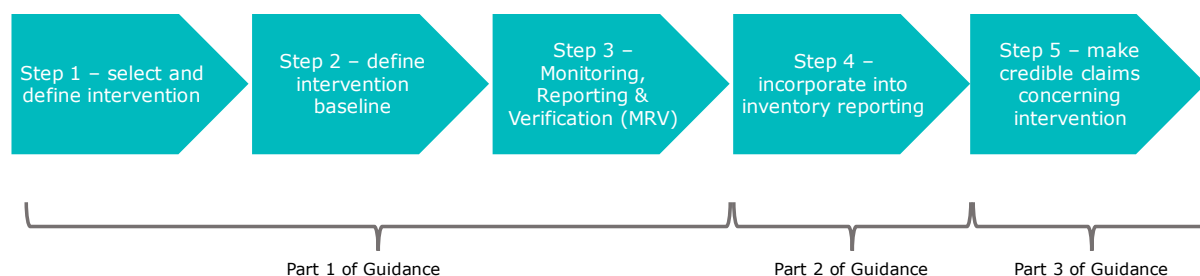
Figure 1: Decision making flow-chart



HOW IT WORKS

This guidance assumes that the company is already engaged in emissions reporting. Figure 1, below, sets out the steps towards first accounting for the intervention (Part 1 of this document) then incorporating that data into the overall inventory (Part 2) and making narrative claims (Part 3) to promote it.

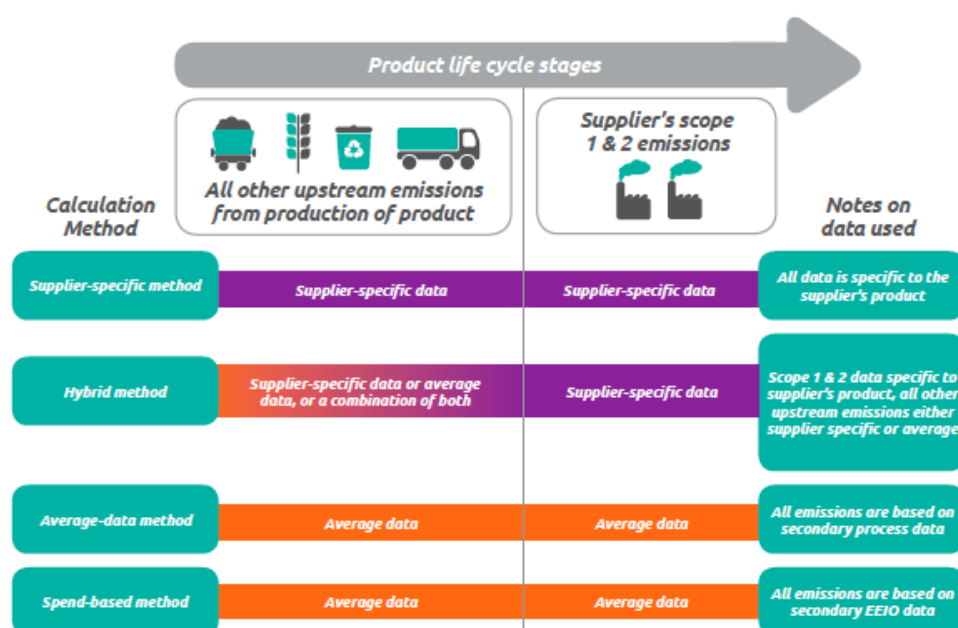
Figure 2: Overview of process



This Guidance provides recommendations on assessing the GHG impact of a supply chain intervention (related to purchased goods and services) and how to include the results of an intervention in a Scope 3 inventory. Accounting for purchased goods and services in the Scope 3 Guidance takes a life-cycle approach in that all upstream emissions associated with producing a purchased good or service should be accounted for, if potentially significant. The intervention-based accounting suggested here is complementary, but allows for accounting only for the known changes caused by the intervention, provided that there is no reason to presume these changes affect emissions happening elsewhere in that supply chain.

The Scope 3 Calculation Guidance defines several approaches for accounting for supply chain emissions, as outlined in the following figure:

Figure 3 (excerpt from p21 Scope 3 Standard): different data types used for different calculation methods



The interventions appropriate for this Guidance generally fall somewhere between the Hybrid method and Average-data method, with a combination of supplier-specific data and average data, for example based on generalized assessments of commodities at the country- or global-levels. For companies far along on the supply chain (i.e. closer to the consumer-level), the life cycle often also includes several tiers of suppliers, with the life cycle stage closest to the “farm” or production level offering the opportunity for field-specific data and unique data challenges.

Users of this Guidance should keep in mind that the purpose is to account for changes in emissions caused by the intervention and should actively seek to separate these real changes in emissions from changes in emissions calculations that might result from changing the calculation method.

ACCOUNTING PRINCIPLES

Users of this Guidance should adhere to the Accounting & Reporting Principles of the Scope 3 Standard when making decisions concerning their intervention reporting. The principles are repeated as follows for ease of reference, along with specific interpretation for interventions:

Table 1: Applicability of Scope 3 Standard Accounting & Reporting Principles

Accounting Principle (excerpt from Scope 3 Standard)	Applicability for interventions
--	---------------------------------

<p>Relevance: Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.</p>	<p>The intervention should be relevant to the purchased goods and services included within the Scope 3 inventory of the reporting company.</p>
<p>Completeness: Account for and report on all GHG emission sources and activities within the inventory boundary. Disclose and justify any specific exclusions.</p>	<p>Intervention accounting and reporting should include all emissions, for lifecycle of purchased goods and services in a company's inventory, even if the intervention accounting focuses on one specific portion of the supply chain.</p>
<p>Consistency: Use consistent methodologies to allow for meaningful performance tracking of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.</p>	<p>The approach used should be consistently applied to the intervention over time. Also, approaches should be as consistent as possible across multiple interventions within the same supply chain or scope.</p> <p>This is covered in Part 2 of this document.</p>
<p>Transparency: Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.</p>	<p>Companies should disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used to measure the emissions from a supply chain intervention.</p>
<p>Accuracy: Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable confidence as to the integrity of the reported information.</p>	<p>To continuously improve intervention-level accuracy, baseline measurements should be updated in the following situations: 1) when incorrect assumptions or inaccuracies in existing baseline measurements are discovered; and 2) when new or better data or methodologies become available.</p>

DATA QUALITY

Companies should refer to the Scope 3 Standard and Scope 3 Calculation Guidance for requirements and recommendations on data quality to be used in the approach set out in this Guidance.

PART 1 – HOW TO ACCOUNT FOR AN INTERVENTION

This section recommends an approach for accounting emissions before and after an intervention takes place. It covers topics associated with recommended intervention types, scope & boundary, baseline, accounting methodologies, leakage, monitoring, reporting, verification (MRV) and sustainable development.

The way emissions from purchased goods and services are calculated in the Scope 3 Standard is by multiplying the volume of goods by an emissions factor (EF).

Equation 1:

$$E_y = \text{Volume of Goods or Services Purchased} * EF$$

Each EF should represent the full supply chain of activities needed to provide the relevant good or service.

Where:

- E_y = Emissions in a given year associated with the purchase of goods and services
- EF = Emissions Factor (e.g. tCO_{2e} / volume of product)

The relative changes to the supply chain emissions caused by the intervention are referred to here as the Impact Factor, which is the difference between the EF for the supply prior to the intervention and after the intervention. Note that the Impact Factor and the post-intervention EF can be determined by evaluating only the portion of the supply chain acted on, provided the intervention cannot reasonably be expected to cause changes elsewhere in the supply chain, in which case those changes should also be accounted for.

Step 1 – Select and define an intervention

1.1 The company should identify the purchased goods or services that are to be targeted, the geographic area covered and the suppliers included, insofar as feasible.

Only interventions that affect (i.e. are in the supply chain of) goods and services that are included within the inventory under the Scope 3 Standard should apply this approach.

The approach may be applied to 'like' goods and services which may not be fully traceable and therefore are not necessarily the specific goods and services purchased. To achieve this the concept of a 'supply-shed'² is introduced, wherein the goods and services reported should come from a group of suppliers that are within the supplying market from which the company sources, though the exact supplier may not be traceable. In such cases, the effect on these like goods and services can be accounted for as they would be for the effect on goods or services that can be directly traced.

For example a company may introduce an intervention to a group of smallholder farmers that are known to supply the company's tier one suppliers. The specific goods and services purchased cannot be traced back to individual smallholder farmers. The company may still claim that their tier one supplier-produced purchased goods and services include the productivity impacted by the intervention.

It is important to note that it is not possible to include reporting from interventions that are outside the 'supply-shed'. For example, it is not possible to intervene with a group of smallholder farmers that are not within the supplier market where the company sources and include these in lieu of those that are.

1.2 This Guidance is potentially applicable to any intervention that reduces or removes³ emissions that will lead to a lower EF for the targeted goods and services. Relevant interventions may include new equipment and technology, changes in behaviour or practice or switching suppliers. Note that although changes within only a portion of the supply chain might be evaluated in determining the new EF, all expected changes in the supply chain emissions caused by the intervention should be accounted for.

1.3 Interventions that target a change in technology or practice should be within the supply-shed of the company. Interventions covering multiple supply-sheds should report each separately. It is recommended that categorisation mirrors the company's overall inventory.

² A supply-shed is broadly defined as a group of suppliers providing similar goods and services that can be demonstrated to be within the company's supply chain. It may not be feasible to demonstrate which specific suppliers provide the goods and services but it should be demonstrable that they are in the group that do.

³ The guideline is for biological sequestration only, for example soil organic carbon or in woody biomass and not for activities involving Carbon Capture & Storage.

This is not necessary for changes in sourcing among suppliers or to a different supply-shed, as such changes do not intervene to change emissions.

1.4 The intervention boundary should be defined. It is recommended that this is done using the definitions and guidance in the GHG Scope 3 Standard and Guidance. An intervention may target the improvement of one or more activities within a supply chain. The EF boundary should include all of the emissions associated with production, even though the calculation of the Impact Factor may focus on only those parts of the supply chain affected by the intervention. For practicality purposes a company may be able to review the underlying average EF assumptions already used and determine if they are reflective of the conditions in the intervention. This can be further supplemented with intervention-specific data should these assumptions require further substantiation.

1.5 An assessment of the volume of commodity impacted by the intervention should be made, such that a robust estimate of the amount of goods and services produced per year by suppliers within the boundary of the intervention can be presented.

1.6 It is recommended that companies incorporate sustainable development approaches within the intervention, particularly for those interventions that impact social or environmental issues. These are recommended to include:

- Stakeholder inclusivity – identifying interested and affected stakeholders and ensuring their views are incorporated into the design and that there is an ongoing feedback and grievance mechanism in place
- Mitigating Risks and safeguards – identifying and addressing potential negative impacts and providing mitigation for them
- Contribution to sustainable development – identifying opportunities to contribute wider positive impacts to sustainable development relevant to the targeted goods and services

It is beyond the scope of this Guidance to provide specific information on these points. Instead it is recommended to follow guidance such as UNDP [Social and Environmental Standards](#) or best practice approaches such as [Gold Standard for the Global Goals](#). This is particularly important for interventions in supply chains in developing countries or in vulnerable communities.

Step 1 Outputs

At the end of Step 1 a company should be able to report:

- The supply-shed of goods and services targeted for improvement by the intervention, as related to their overall company inventory
- The nature of the intervention proposed, how it relates to the EF of the targeted goods and services and how it will reduce or remove emissions
- Where appropriate a design and implementation plan for the intervention that addresses issues of sustainable development
- For each supply-shed:
 - The total volume of commodity affected by the intervention
 - An assessment of the number and tier of suppliers included

It is recommended that these outputs are independently verified and ideally certified under a quality standard such as the Gold Standard.

Step 2 – Define Intervention Baseline

1.7 In order to understand the net change, to be able to communicate about the impact of the intervention (see Part 3) and to use the Impact Factor (see 2.5), it is important to clearly define and measure the emissions of the impacted goods and services prior to the intervention taking place. The baseline EF should represent the relevant goods or services supply chain immediately prior, or within a reasonable timeframe (i.e. where data is available and where the situation can be accurately verified) to the implementation of the intervention.

The baseline should account for the condition as close to reality and as consistent with the accounting for the post-intervention state as is feasible. Collection of baseline data may be undertaken from a period of time prior to implementation as long as any changes during that period are incorporated, to the extent feasible.

For companies reporting against performance targets, it is recommended that the baseline for the intervention be set to the same year as the base-year inventory. It is recommended that the baseline is assessed and recorded within 2 to 3 years prior to the implementation of the intervention. If it is not feasible nor cost-effective to assess the baseline 2 to 3 years prior, a longer time frame is possible but the company should take care to ensure data used is credible. It is possible to apply pre-existing data for those baseline EFs that are not targeted by the intervention, see 1.6.

1.8 The baseline emissions are therefore defined as:

- The annual emissions associated with the baseline status of the EF prior to the implementation of the intervention, in line with 2.1, above
- For sequestration - the rate of sequestration in relevant sinks prior to the implementation of the intervention, in line with 2.1, above.

1.9 The baseline EF is therefore defined as:

Equation 2:

$$EF_{by} = EAP_{by} / P_{by} \text{ [needed for both Boundary Definitions]}$$

Where:

- EF_{by} = the Emissions Factor for the targeted process in the baseline year
- EAP_{by} = the total net emissions or sequestration associated with the targeted supply chain intervention in the baseline year
- P_{by} = the total production associated with the intervention in the base year

1.10 Companies should assess the different characteristics of the areas and practices targeted by the intervention and stratify accordingly. Examples might include suppliers in different climatic areas or with specific environmental characteristics that are different from other areas the intervention is applied. A baseline should be created for the targeted commodity supply chain in each.

1.11 For the approach to collection and calculation of baseline emissions, it is recommended to focus on primary data for the emissions affected by the intervention and to be transparent about any assumptions and uncertainty in the data collected.

Specific guidance for different EF may exist that could also be applied. In addition, project-level methodologies, such as those used by the [Clean Development Mechanism](#) and [Gold Standard](#), could be adapted for this purpose. For the latter, the baseline and boundary definitions would need to be adjusted in accordance with Step 1 of this Guidance.

For consistency, the same approach is applied to both the baseline and post-intervention calculations.

1.12 It is recommended that the baseline is independently verified by a competent third party. As it is ultimately the change or improvement that is of interest it is recommended that the same verifier is also used to verify the post-intervention

condition. Recommendations for such bodies is included in the Scope 3 Standard (Chapter 10, Assurance).

Step 2 Outputs

At the end of Step 2, a company should be able to clearly define the baseline status of the proposed intervention, the total volume of goods and services affected (by 'strata') and report total baseline net emissions and EF for the targeted goods or services. This should be done for each supply-shed identified in Step 1 (1.3).

The company should also be able to justify the approach to quantifying the intervention baseline and identify any assumptions.

Step 3 – Quantification, Monitoring, Reporting & Verification (MRV)

1.13 The approach to quantification of emissions and EF post-intervention is defined as follows:

Equation 3:

$$EF_{yn} = EAP_{yn} / P_{yn} \text{ [needed for both Boundary Definitions]}$$

Where:

- EF_{yn} = the Emissions Factor for the targeted process in year n (i.e. any given year post intervention)
- EAP_{yn} = the total net emissions associated with the targeted process in year n
- P_{yn} = the total Volume of production associated with the intervention in in year n

1.14 For sequestration, the change between the cumulative rate of removal compared to the baseline should be used to calculate the EF:

Equation 4:

$$EF_{yn} = (EAP_{iyn} / P_{iyn}) - (EAP_{by} / P_{by})$$

1.15 It is recommended to focus on primary data (data from specific activities within the company's supply chain) for the activities to be improved under the intervention and to be transparent about any assumptions and uncertainty in the data collected.

1.16 It is recommended to conduct monitoring at a frequency commensurate with data accuracy needs, practicality and risk. Typically, a company implementing an intervention would conduct monitoring on an ongoing basis at a frequency of between 1 and 5 years. Reporting is recommended to be at an annual frequency in line with corporate accounting.

1.17 It is recommended that monitoring of intervention results is continued until they can be considered to be a permanent change of practice and/or equilibrium is reached (in the case of sequestration). A period of between 5-20 years would be a typical range of post-intervention monitoring, though the exact duration should be determined based on the needs and relevance to the reporting company.

After this period it is recommended that the reporting company maintains a monitoring regime if it is to continue to report on the net emissions reduction, in order to make this claim credible. For practicality, this could focus on whether the practices or technologies are still employed or, in the case of sequestration, that no major loss or reversal has taken place.

1.18 It is recommended that monitoring and reporting is independently verified by a competent third party, see 1.6.

1.19 It is recommended in all cases that the company is transparent concerning any assumptions and the level of uncertainty involved in their MRV calculations and reporting. Uncertainty can be assessed using the GHG-Protocol tools and guidance.

Step 3 Outputs

Step 3 is effectively repeated for a number of years post-intervention. For each given year, a company should be able to report on total volume of goods and services impacted and purchased, as well as total emissions or emissions sequestered, associated with the targeted production activities.

PART 2 – HOW TO INCLUDE AN INTERVENTION IN THE SCOPE 3 INVENTORY

This section provides a recommended approach to taking the outputs generated in Part 1 and incorporating them into a company's scope 3 inventory.

Step 4 – Incorporate into the company's Scope 3 inventory

2.1 Assessing amount of goods and services to report

Companies should report only the portion of the affected good or service that is purchased in their Scope 3 inventory footprint. All production impacted by the intervention can potentially be reported, up to the total amount of goods and services actually purchased from the group of suppliers, so long as they are within the supply-shed. Section 4.2 describes how more extensive 'narrative' claims could be made for goods and services impacted by the intervention, beyond the scope of what is being purchased.

Companies should present an assessment of the amount of goods and services purchased, including both traceable and untraceable elements, and any assumptions made to reach a total. Particular attention should be given to ensuring that the total amount of improved goods reported as purchased does not exceed the total production capacity impacted by the intervention (as these would represent false emissions claims).

2.2 To report on purchased goods and services that are impacted by the intervention, a company should include in their report the volume of goods purchased (as estimated in 4.1, above), multiplied by the post-intervention EF (see below). Assuming that these are lower than that included in the base inventory then they will be able to show an improvement. For all other purchased goods and services of the same type, these should not be reported using the post-intervention EF.

In the case where the company inventory included for average or default data for the goods and services then an assessment of which to 'replace' with the improved goods and services should be made:

- Goods and services from the same supply-shed only should be replaced unless the intervention involves changing purchases to suppliers in a different country
- Where there are differing values included in the company inventory then a representative sample should be replaced, based on the average and not on the worst performing elements, in order to be more conservative.

2.3 The company may also apply the 'Impact Factor' (i.e. the emissions improvement caused by the intervention) to the same goods and services in other parts of their supply chain, affected by identical interventions. This allows the company to take the detailed data from an intervention and apply this to a greater scale, reducing the need for costly

MRV. Care should be taken to ensure that the Impact Factor is reasonable to apply, based on the process outlined in this Guidance. Examples of application could be:

- To goods and services of the same type purchased from the same or very similarly characterised supply-sheds
- To goods and services targeted by an identical intervention (provided the intervention can be assumed to affect both sets of goods or services in the same way, for example where influential characteristics such as climate, environment, soil type, related practices, social factors etc are similar)

It is strongly recommended to consider monitoring of impacts where this option is applied. The Impact Factor approach may reduce the burden of detailed monitoring at scale but the company should still ensure that the activities are taking place and that results are being delivered in line with expectations.

2.4 The company may be able to take advantage of the calculated EFs beyond only the scope of this guidance. As the data is more specific and detailed it may be beneficial to apply the *baseline* figures to goods and services in the company inventory that are beyond the scope of the intervention, if such figures seem more representative of those goods and services than the data currently used, such as a global or national average. If choosing to apply this information in this way the following areas are highlighted for consideration:

- Care should be taken when generalising geography specific EF to wider geographies as this may result in incorrect emissions calculations. Context specific influences, particularly for attributable processes associated with sequestration vary greatly from place to place.
- The data associated with the suppliers included in the intervention may have included improvements that are atypical of the suppliers from whom the company purchases. For example, an intervention with a group of suppliers that have already taken steps towards onsite renewables or improved farming practices (for example) may lead to incomparability with a broader group who have not received this.

PART 3 – HOW TO COMMUNICATE ABOUT INTERVENTIONS

This section provides guidance as to the claims that can be made associated with the interventions created.

3.1 The amount of goods and services that can be included in company inventory reporting is defined in Part 2, Sections 4.1 and 4.2. Companies should include as appropriate and allowed within their given reporting protocol and within the scope of these sections.

3.2 As well as reporting the goods and services purchased/estimated to have been purchased from the suppliers, this section explains how the company may also:

- Issue carbon credits for surplus emission reductions under a reputable scheme, such as Gold Standard. Issuance of carbon credits should be limited to the Emissions Reductions related to the balance of goods and services not reported in the Scope 3 Inventory. In other words, it is not possible to issue carbon credits from emissions reductions that are also reported in the corporate inventory. It is noted that the rules of the relevant issuer may not fully align and/or include elements not covered in this Guidance.
- Report the emissions benefits of the intervention alongside their company report, for example for marketing and communications. It is noted that if the claims to the emissions reductions are sold to third parties as carbon credits then the company should no longer make these claims (as the right to do so is transferred with the carbon credit).

In order to take advantage of such claims, the company should be able to demonstrate that their actions substantively contributed to or enable the intervention and resulting emissions benefit. Demonstrating their contribution allows the organization to:

- Apply the changed EF generated by the intervention more broadly– see 4.4 for further details.
- Make communication claims concerning the intervention and its benefits (see Part 3)
- Access market mechanisms such as carbon credits (where specific third party requirements are met).

This contribution can be demonstrated in a number of ways, for example:

- Direct financial investment: for example the company directly purchases or funds the supplier for new equipment

- **Incentives:** for example the company offers improved contractual terms or preferential sourcing in return for changes in production practices
Procurement requirements: for example the organization introduces a new supplier requirement for specific actions, such as no-till agriculture, or emission reduction results, such as a 10% improvement from a baseline. Or an organization procures certified goods or goods that comply with a specific standard that equates to reduced emissions.

The company may also wish to demonstrate their contribution in other ways but, if they are going to attribute an emissions reduction to an intervention, they should be able to demonstrate overall that the activities associated with and the improvements being generated by the intervention were not occurring prior to the causal action and that the changes would not have occurred without the intervention.

It is possible for companies to work together to deliver an intervention. Accordingly joint attribution is also possible and should be transparently stated in reporting. Where appropriate, net emissions changes should be adjusted for proportional attribution of different causes and actions from different companies.

3.3 Narrative claims

Beyond the scope of what can be included within reporting protocols, a company that implements a successful initiative should feel free to promote it in other ways, for example through promotional material or press releases. The following suggested claims could be included:

Table 3: Narrative Claims

Type of Claim	Description	Example
Story-based claims	Descriptive claims about the intervention and its impact, including the role of the company in making it happen.	Through provision of financial support and training we implemented a programme of farming best practice in Togo, working with 250 smallholder farmers to improve the sustainability of cocoa production and deliver emissions benefits by storing carbon in the soil

Emissions Reduction claims	Quantified claims as to the impact of the intervention in Emissions Reductions or % terms	Our programme of incentives led to the installation of onsite renewables at 25 factories in Georgia, reducing emissions by 500,000tCO ₂ e between 2015 and 2017
Contribution to Paris Agreement or other policy approach	Claims that the intervention (and hence the company) has supported the Paris Agreement by reducing emissions	Our best practice supplier procurement protocol in Peru reduced emissions by 1MilliontCO ₂ e between 2020 and 2025, supporting the goals of Peru's Nationally Determined Contribution and ultimately the goals of the Paris Agreement

3.4 Double Counting: There are various forms of double counting that affect emissions reporting. The response to double counting differs depending on the nature of reporting or claims being made – Table 2, below provides an overview of the forms of double counting relevant to supply chain interventions and how they are treated:

Table 2: Double Counting

Double Counting Type	Example	Response
Between an Company's Scope 3 inventory and supplier Scope 1 or 2 inventory	A corporation purchases products from a supplier. The corporation invests in or influences energy efficiency improvements that reduce emissions in the operations of the supplier. The corporation includes the benefits of that intervention in their Scope 3 inventory, and the supplier incorporates the intervention into their Scope 1 inventory.	This is not double-counting, since it is logical that a company's Scope 1 and 2 emissions will be within the Scope 3 emissions of all other companies in their value chain.

Two companies account for the same improved goods and services	One corporation invests in improvements to a given supplier and accounts for the improvement associated with the amount of goods and services purchased from them (i.e. a lower emissions factor). A second corporation also buys from that same supplier and also accounts for the lower impact or “cleaner” goods and services purchased	This risk is mitigated by implementing a robust mass-based accounting system so that each corporation only counts the improvement tied to the goods they source, and the supplier does not “sell” the already-claimed improvement to additional customers.
Emission reductions counted for both reported reductions from a supply chain interventions and issued as carbon credits from the intervention	An company includes reductions from an intervention incorporates into their scope 3 inventory emissions inventory improvements and also issues carbon credits arising from the reduced emissions from that same intervention.	Projects should safeguard against the same emissions reductions being both sold as credits and counted in inventories. See Part 3 of this document for further guidance.
Company and national inventories count the same emissions reductions in their inventories.	A company creates an intervention resulting in lower emissions and reports this in its inventory. At the same time the host country captures the benefit in its national inventory.	This is not double-counting, since all emissions can simultaneously be part of national emission inventories and corporate inventories. There is no intention that corporate accounting be exclusive of national accounting.