

# Establish your baseline scope 3 emissions

What gets measured,  
gets managed.

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**This guide covers scope 3 – indirect emissions from your upstream suppliers and downstream customer use.**

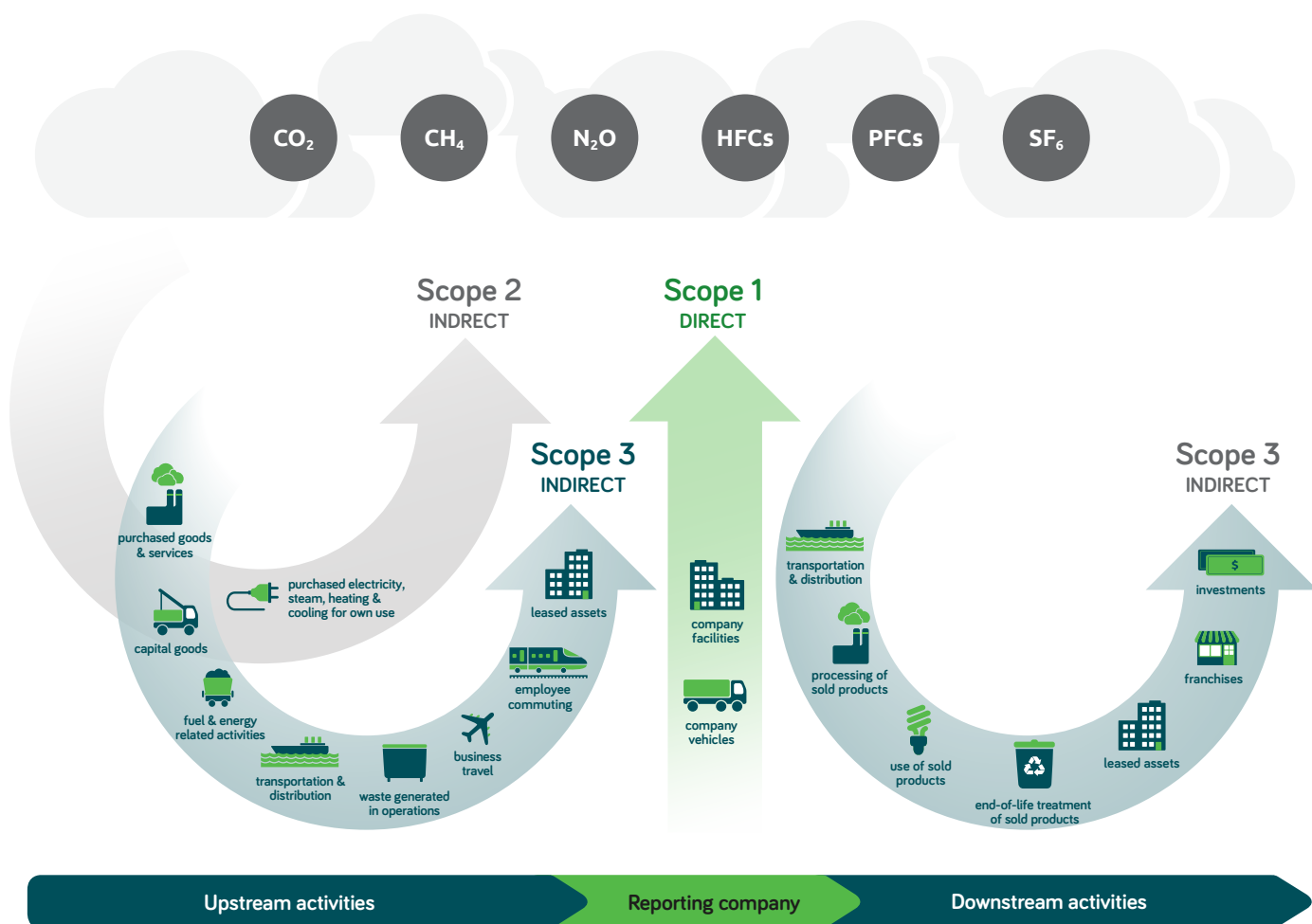
We recommend you start with the companion guide covering scope 1 – direct emissions from owned or controlled sources, and Scope 2 – indirect emissions from purchased electricity.

Baselining **scope 3** emissions matters because they can be large. A company that owns commercial buildings, for example, will have scope 3 emissions from its tenants' energy, plus cleaning and maintenance suppliers. A law firm or similar professional service, for example, will have scope 3 emissions from paper use, food and beverages, flights by employees, and the waste it produces, among others.

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# Getting started

The **Greenhouse Gas Protocol Scope 3 Standard** defines 8 categories of **upstream** emissions and 7 **downstream** as shown in the figure. For scope 1 and 2, the reporting organisation has detailed usage data, such as litres of fuel purchased. Scope 3 often involves estimation using emissions factors based on dollar spend or quantity.



Sourced from [ghgprotocol.org](https://www.ghgprotocol.org)

# What to measure

## 1 Upstream activities

Review what goods and services you buy to fulfil the functions of your business, such as:

- stationery
- computing equipment and cloud-computing services
- office fit-out
- employee and client meals and drinks
- courier or transport services for goods
- business travel and employee commuting.

## 2 Downstream activities

Consider what happens to the items your business sells or may giveaway as part of a promotion. This includes items such as:

- transport of items to customers
- emissions associated with the use of products over their life, for example the energy used to operate them, such as the electricity used to run an app, EV or to mine for cryptocurrency
- transport of items to customers
- end-of-life treatment of sold or give-away products
- emissions associated with franchisee operations
- emissions from companies in which the organisation makes financial investments (mainly relevant for financial services businesses and larger companies that invest for profit).

## Example

Company X is an event marketing company. While its scope 1 and 2 emissions were limited to the electricity it used in its offices and a small fleet of company vehicles, it found its scope 3 emissions were several times larger.

The company is also working to measure the broader emissions of the events it manages on behalf of its clients, including catering, energy use at venues, attendee travel emissions, and so on.

Upstream	Purchased goods & services	Promotional merchandise given out at events which the company designs and sources from third party manufacturers on behalf of their clients
	Waste generated in operations	Packaging
	Business travel	Air and land travel for its team running events around the country
	Leased assets	Its share of its office landlords' base building energy (air conditioning, lifts, and so on)
Downstream	Transportation & distribution	Shipping promotional product and other equipment to events and direct to clients
	End-of-life treatment of sold products	Landfill for short-use promotional products

# How to collect the data

## When calculating emissions, direct measurement is best.

Many scope 3 emissions categories represent a proportion of your suppliers emissions, so ask them if they can supply data. The most accurate alternative would be to extrapolate from sample data, as described in the GHG Protocol.

The next best is specific activity factors, published by different industry bodies. For example, the International Maritime Organization provides **detailed estimation factors** for shipping, The [Climate Active Technical Guidance Manual](#) on pages 46 to 48 provides details and links for various Australian factors and alternatives.

Input/output databases allow an approximation of scope 3 emissions by assigning an emissions factor to different categories of expenses in your financial accounts. The GHG Protocol also provides a handy **calculation tool**. The protocol includes detail on how to calculate scope 3 emissions including 'roughly right' metrics for how to calculate most scope 3 emissions based on global averages, when more accurate local ones cannot be found.

Some suppliers can provide more specific reporting on emissions associated with your purchases. For example, corporate travel providers typically provide a report of the emissions associated with flights and other trips booked through their service, along with estimates based on accommodation nights.

Businesses that lease offices or other premises can work with landlords to determine their share of emissions associated with base building electricity and gas use, such as HVAC, common area lighting, and elevators.

## Breathe. Getting started is more important than being perfect

### Being 'roughly right' is far better than having no scope 3 measurement.

The aim is to use the information to make informed decisions to reduce emissions. For example, upon seeing the data, some people feel compelled to fly less and video conference more. While others have looked to switch their energy intensive suppliers, like cloud computing providers, to those that buy 100% renewable electricity.

Start with the most significant categories you can measure where there is available data. Disclose your assumptions and limitations category by category, and plan for your scope 3 baseline to become more extensive over time.

Category	Relevance / materiality	Calculation methodology and sources	Metrics	Data sources – emissions factors	Tonnes CO <sub>2</sub> -e a year	Assumptions
<p>Include rows for each upstream and downstream scope 3 category.</p> <p>Add sub-rows for categories involving many suppliers or different products.</p>	<p>Assess relevance and materiality for each category.</p> <p>Items estimated at &lt;1% and no more than 5% collectively can be ignored if an uplift factor is applied.</p> <p>Some categories will not apply to all organisations.</p>	<p>For example:</p> <p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• From supplier</li> <li>• Life cycle assessment</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Input / output method using financial accounts data</li> <li>• Industry estimates</li> <li>• etc.</li> </ul>	<p>For example:</p> <p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• \$ spend</li> <li>• quantities / weights</li> <li>• distance travelled</li> <li>• flights taken</li> <li>• facility level data</li> <li>• waste conversion factor (for example, number of bins - tonnes of waste)</li> <li>• etc.</li> </ul>	<p>For example:</p> <p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• National Greenhouse Accounts Factors</li> <li>• AusLCI database</li> <li>• EEIO database</li> <li>• UK DEFRA database (travel)</li> <li>• etc. (refer to the GHG Protocol and Climate Active for additional sources)</li> </ul>	<p>Derived emissions (applying relevant metrics and emissions sources)</p>	<p>State all assumptions and note data limitations.</p> <p>Collate all sources including invoices, corporate travel reports, financial accounts, etc.</p>

The above table can be used as a guide to start collecting the relevant information for your scope 3 emissions sources.

## Hire a carbon accountant or go it alone

If you have time and love collecting data, you can develop your own emissions baseline using the linked information in these guides. Or you can hire a consultant and select a software tool to establish your baseline, and help maintain and audit it in years to come.

If you intend to seek a net zero or carbon neutral certification, ensure your consultant is registered or accredited with the appropriate scheme. Locally, the Australian government's [Climate Active](#) scheme is the most recognised carbon neutral certification. **Find a list of registered consultants here.**

Global organisations may choose an international certification like the Science Based Target initiative.

CitySwitch emphasises emissions reduction is the objective: **carbon offsets should be purchased as a last resort only for emissions you can't avoid.**



For more information contact us at [info@cityswitch.net.au](mailto:info@cityswitch.net.au) and we'll help you with everything you need to know.