RESTRICTED

Scope 3 Guidance for Telecommunication Operators

Practitioner webinar

28 March, 2023

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 after the presentation of each Category, and a final Q&A at the end**. 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

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.

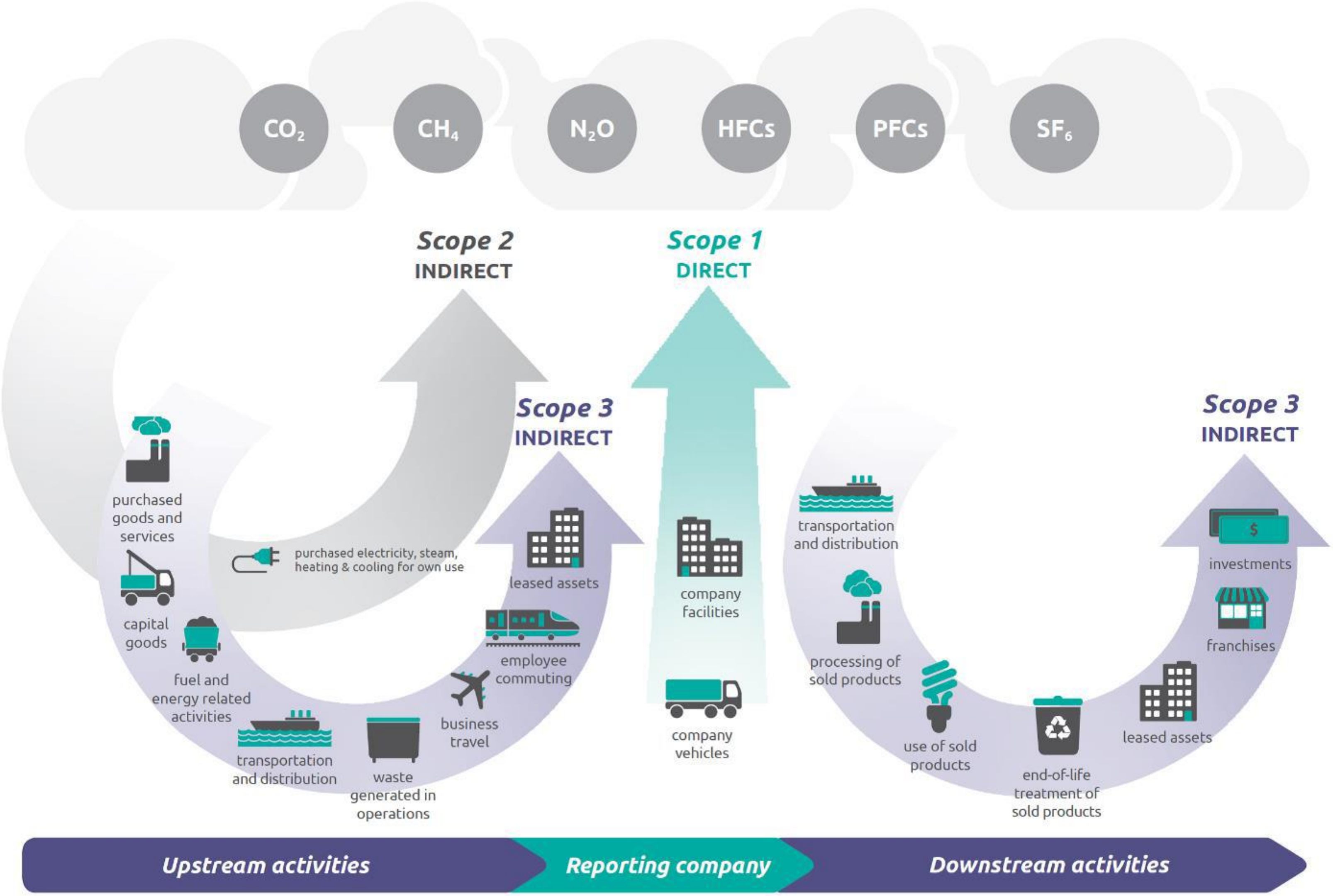
This guidance prioritises in particular:

- 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

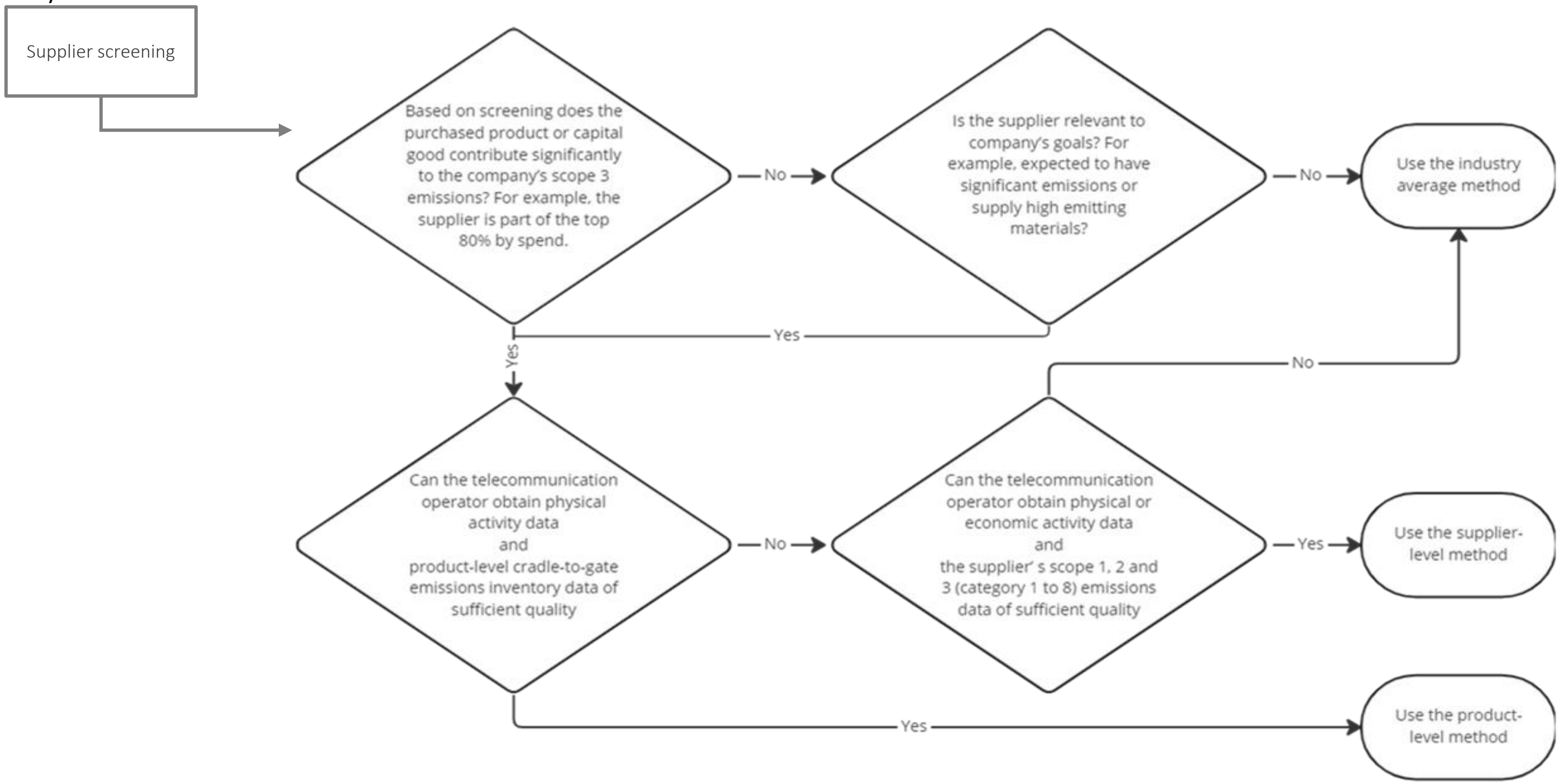
	Descriptions
Goal is reduction	• Estimating emissions should be used to drive reduction efforts
Hot-spotting	• Focus time and effort on largest emission sources
Keep it simple	• Use the simplest approach that will give required accuracy and best support reduction goals
Scale	• Covering more emissions 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

Challenges	How the challenges were overcome	Recommended solution
• Opportunity to more closely align Category 1 and 2 of the GHGP with procurement practices of telecom operators.	• 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.	• Make more informed decisions about purchases and acquisitions.
• Which payments to explicitly exclude?	• Special exclusions: intercompany transactions and regulatory payments, fees and charges etc. • Acknowledgement of different approaches for roaming, interconnect and media licences.	• Responsibility and measurement of emissions enables reductions.
• When and how to manage purchases of exceptional or non-recurring capital goods?	• Capital goods shall be accounted for in the reporting year in which the company purchased or acquired them.	• Ensures timely reporting of emissions.
• How to account for reused, refurbished or repaired?	• Defined what are reused, refurbished or repaired goods and current guidance on who should account for what emissions.	• The longer goods are are in use, the less need to buy new.
• More useful ways to account for emissions in large and complex supply chains.	• Simplified approach to emissions data (product, supplier and industry) and summarised the benefits and challenges. • Guidance to manage changes in emissions data.	• Track and drive greater supplier emissions performance

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

Challenges	How the challenges were overcome	Recommended solution
• Use of different calculation methods for suppliers.	• Provided a decision tree to help determine the most appropriate calculation method	• Make more informed decisions about purchases and acquisitions.
• In some cases more relevant data may be less reliable	• Guidance to assess whether emissions data is of sufficient quality and where to source this data.	• Improved availability and quality of data to inform decisions.



Categories 8 / 13: Upstream / Downstream Leased Assets

Challenges	How the challenges were overcome	Recommended solution
• GHGP unclear and, at times, inconsistent with itself regarding attribution between lessee and lessor of Scopes 1 & 2 emissions, and Scope 3 emissions	• Avoid any exclusion of emissions to Scopes 1 and 2, as well as the avoidance of any double counting to Scopes 1 and 2	• 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	How the challenges were overcome	Recommended solution
• GHGP method is labour intensive for devices with low emissions from use-phase	• 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	• Identify devices with lower life-cycle emissions and find ways to sell more of those
• Circularity: Refurbishment not addressed in GHGP	• Refurbished devices can have lower lifetime, and in Cat. 1 account for the CO2 used to refurbish them, not produce them	• Increased refurbishment leads to lower CO_2
• When to include indirect emissions?	• Optional but recommended, Identified areas where they can be included, such as TVs for media content or all mobile phones on network	• Caution: Indirect emissions can increase your inventory with no easy levers for reduction
• Lifetimes and user profiles difficult to estimate	• Descriptions of how to determine lifetimes and user profiles incl. which secondary data to use if primary data is not available	• The longer they are in use, the less you need to buy new ones
• Does Customer Premise Equipment (e.g. routers, TV Boxes) go in Cat 11 or 13?	• CPE should go in Cat. 11, the method is better suited for it	• 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	How the challenges were overcome	Recommended solution
• Category 3 can represent a significant amount of telecom operators' emissions	• Based on existing GHG Protocol text, the guidance describes how to assess Category 3 emissions	• Sourcing renewable energy leads to lower CO_2
• Even if not major contributors to Scope 3, other Categories shall be taken into account	• Based on existing GHG Protocol text, the guidance describes with details how to assess other Categories emissions	• For each Category, several types of actions can lead to CO_2 reductions such as e.g. encouraging alternative transport/travel means
• Category 15: Investments, may represent a significant part of Scope 3	• Based on existing GHG Protocol text, the guidance describes with details how to assess investments related emissions	• Dialogue with investee companies can lead to identification and implementation of reduction levers
• To encourage clear and transparent reporting on Scope 3 emissions	• The text lists the items that the reporting of Scope 3 shall contain, in coherence with ITU-T L.1420 Recommendation	• Clear and transparent reporting helps to identify reduction levers

Thank you!

A recording and webinar materials will be available to all registered participants.