

Scottish Procurement Policy Note:

SPPN 3/2022

20 June 2022

Public procurement - taking account of climate and circular economy considerations

Purpose

This policy note replaces SPPN 1/2021 and reflects additional sources of help and support which have been developed to enable public procurement authorities to use procurement to address the climate emergency.

It clarifies expectations with respect to climate and circular economy considerations. It aligns climate change reporting duties with procurement policy and legislation which requires public bodies to consider and act on opportunities to improve social and environmental wellbeing. It highlights that public bodies should use their public procurement spend to support climate and circular economy ambitions, signposting sources of support to embed this policy in practice.

For ease of use we have added a glossary of climate terms at Annex D- Glossary of key terms.

Key points:

The key points are:

- the global climate emergency is a strategic national priority and forms a central tenet of a green recovery
- as part of the national endeavour to achieve net zero greenhouse gas emissions by 2045, the Scottish Government Programme for Government commits to action on the climate impact of significant annual public procurement spend
- public bodies should demonstrate in their organisational procurement strategies how they will prioritise and take account of climate and circular

economy in their procurement activity. They should report ongoing progress against these commitments in their annual procurement reports. This should demonstrate how they are using procurement to support Scotland's response to the global climate emergency

- regulations introduced in November 2020 require Scottish public bodies to report in their Public Bodies Climate Change Duties (PBCCD) Annual Reports, where applicable, “*targets for reducing indirect emissions of greenhouse gases*” with effect from end of March 2022
- initially a mixture of **data** and **narrative** reporting in PBCCD Annual Reports is encouraged, with an increasing emphasis on data over time, and with the opportunity to streamline reporting by using or signposting content in annual procurement reports for PBCCD Annual Reports
- the Scottish Government's [Sustainable Procurement Tools](#) are available to all public bodies and include indicators and regularly refreshed guidance to support Scottish public sector buyers to consider and act on a number of climate change considerations
- while this SPPN focusses on public procurement, engaged and enabling local leadership and cross-functional working will be required to align corporate commitments and timelines to climate change commitments
- procurement professionals are encouraged to take a staged approach to asking for climate information from bidders at the selection stage of a procurement. Guidance and Standardised Statements have been developed to assist, in relation to the Environmental Management section of the Single Procurement Document
- the Climate and Procurement Forum and associated work streams aim to identify and commission targeted activities that will help influence and empower buyers, suppliers and key stakeholder communities

Background

The global climate emergency is a strategic national priority, recognised by the Scottish Government, The Convention Of Scottish Local Authorities (COSLA), and public bodies across Scotland. As part of the national endeavour to achieve net zero greenhouse gas emissions by 2045, Scottish Government Programme for Government commitments command action on the climate impact of significant

annual public procurement spend.

The leadership that procurement professionals can show in influencing emissions reductions is at the forefront of government policy on the public sector and climate change.

There is a social, moral, economic and legal obligation to tackle the global climate emergency. The consequences of doing nothing will be catastrophic for all and will have the greatest impact on the most disadvantaged.

Public bodies must take accountability and respond appropriately ensuring that action is fair and equitable, taking account of existing social vulnerabilities. The public sector must lead by example and act as enablers through our response to the global climate emergency.

This guidance complements guidance on social impact and procurement (SPPN 10/2020), and provides practical advice and examples to support buyers.

References to 'public bodies' and 'public sector' in this Note means contracting authorities subject to the Procurement Reform (Scotland) Act 2014.

Actions should comply with public bodies' [Sustainable Procurement Duty](#) obligations to consider and act on opportunities to improve economic, social and environmental wellbeing through their procurement activity. This includes ensuring a minimum burden on suppliers.

We are committed to leveraging the substantial spend through public procurement to contribute to the transition to a more resource efficient, lower carbon economy. This is reflected in the Programme for Government and through our climate change legislation.

This SPPN outlines the call to action to maximise opportunities associated with climate change and procurement. It equips individuals with the knowledge to lead and make informed decisions that enable optimal procurement outcomes.

Roles and responsibilities

To boost a green recovery, Just Transition, and longer-term climate ambitions, public sector senior leaders are required to use their organisation's influence to stimulate action in public sector supply chains.

By leveraging buying power when procuring goods, services or works, public bodies can champion innovative and future-proofed solutions. Enabling businesses and the Third Sector to engage in supporting our climate ambitions to deliver against our climate targets. By working with markets, public bodies can stimulate

the development of circular economy and low emission supply chains and solutions.

Senior leaders are well placed to influence ‘whether’, ‘what’, ‘how’ and ‘how much’ their organisations buy. They can enable traction and make the best use of scarce resources by ensuring that their teams are working collaboratively across traditional functional and professional boundaries. Therefore, aligning climate-related policies, targets, milestones and supporting activities.

Procurement professionals have a responsibility to be climate literate and to have an appreciation of how commercial and other contracting activity can support net-zero aims for their organisation and Scotland as a whole. The role of procurement is well placed to use professional skills to capture and drive opportunities to contribute to climate change ambitions through procurement activity.

Public bodies, senior leaders and procurement professionals have a responsibility regarding:

Whether to buy

This involves revisiting the need and may result in a different ‘make/buy’ decision, an overhaul in requirements for goods and services, or more minor re-thinks. Perhaps what an organisation currently has is good enough, can be used for longer or can be reused, refurbished or repaired.

What to buy

Specifications must consider Scotland’s climate ambitions. An organisation’s early engagement with its procurement professionals and other relevant stakeholders is key. It provides the best chance of maximising the contribution that procurement can make to lower emission goods, services and supply chains or a *Just Transition*.

Organisations should consider whether they can buy refurbished, repaired or pre-used rather than new, and consider options to improve use of service models. They should also consider buying future-proofed solutions that are designed to be refurbished and repaired, or to take advantage of emerging climate-related innovations.

How to buy

Within an organisation, the procurement team’s customers must understand and actively support a strong focus on climate considerations, helping to achieve a

balance of economic, social and environmental outcomes in procurement decisions. Additional focus must be placed upon life cycle impacts which includes evaluating impacts of raw materials, delivery and use and end-of-life considerations.

How much to buy

Organisations should review their corporate appetite, governance and influence to support climate and circular economy outcomes, including through improved demand management for goods and services. Targeted spend controls or restricting choices through contracts could target the purchase and consumption of lower carbon alternatives.

Therefore, minimising or avoiding the purchase of high carbon impact goods including cement; glass; iron, steel and aluminium; paper and pulp; food and drink. Reducing consumption also directly minimises the emissions associated with supply chain logistics, manufacturing, and distribution.

Public bodies climate change duties annual reporting duties - obligations on greenhouse gas emissions

Since 2011, public bodies have been under a legal duty to contribute to the delivery of Scotland's national emissions reduction targets, under the [Climate Change \(Scotland\) Act 2009](#). Consultation in 2019 saw strong support for public bodies being required to set targets for reducing indirect emissions.

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020, which came into force in November 2020, updated existing requirements in two key ways relating to procurement:

- With effect from March 2022, Scottish public bodies listed in [Schedule 1](#) of the [Climate Change \(Duties of Public Bodies: Reporting Requirements\) \(Scotland\) Order 2015](#) must report in their Public Bodies Climate Change Duties (PBCCD) Annual Reports, where applicable, “*targets for reducing indirect emissions of greenhouse gases*” Indirect emissions include supply chain emissions
- Public Bodies are also required to report in their PBCCD Annual Reports how they align spending plans and use of resources to contribute to reducing emissions and delivering emissions reduction targets

Complying with public bodies' statutory climate change obligations

Previously, reporting had largely focused on “Scope 1” direct operational emissions (arising from owned or controlled sources e.g. combustion of fuel in facilities and owned vehicles) and “Scope 2” indirect emissions from purchased energy (e.g. purchased electricity, heating and cooling).

Additionally public bodies are required to report in their PBCCD Annual Reports, where applicable, targets for reducing indirect emissions. This covers Scope 2 emissions from purchased electricity and heat and all other indirect Scope 3 emissions in the organisation's value chain. For example, procurement of goods and services, business travel, staff commuting, water and waste.

On average, 60% of an organisation's climate impact may relate to Scope 3 emissions. It is recognised that indirect emissions are not directly within public sector bodies' control. Therefore, it is recommended that key stakeholders (e.g. budget holders, procurement professionals, key customers) across organisations and within supply chains, collaborate to set stretching targets, with dates, for the extent to which they intend and are able to use their influence to reduce these.

Initially a mixture of **data** and **narrative** reporting in PBCCD Annual Reports is encouraged, with an increasing emphasis on data over time.

Streamlining reporting

[The Procurement Reform \(Scotland\) Act 2014 \(the Act\)](#) introduced the [Sustainable Procurement Duty](#). It requires public bodies to consider how they can improve the economic, social and environmental wellbeing of their constituency, and act in a way to secure improvements identified. In-line with the Duty, public bodies should outline in their Annual Procurement Strategy how they will use procurement to contribute to the response to the global climate emergency. They should then report progress in their annual Procurement reports. This is required to explicitly address climate change and circular economy obligations.

[Climate Change Reporting Guidance](#) including guidance on [public sector leadership on the global climate emergency](#) encourages public bodies to align their climate and procurement reporting through cross functional working. This allows organisations to cross reference their Public Bodies Climate Change Duties Report with their Annual Procurement Report. Organisations should work across functions to ensure consistency in relevant sections of Annual Procurement Reports and Procurement section of their Climate Change Report.

This approach prevents duplication of effort, and provides a more comprehensive set of evidence for an organisation's annual procurement report. The details of which will then be included in analysis of all published annual procurement reports for the overall Annual Report on Procurement in Scotland, published by the Scottish Government.

Adaptation

Scotland's [Climate Change Adaptation Programme 2019-2024](#) describes climate change adaptation as 'about responding to the changes that we have seen in our climate over the last few decades, and preparing for the challenges that we will face as our climate continues to change'.

It may only be appropriate to consider climate change adaptation in certain contracts, but it can be a potentially significant issue. Consideration of the role that procurement has in addressing adaptation measures requires consideration of the risks that supplies and services may be vulnerable to climate change.

For example, The [UK Climate Change Risk Assessment 2022](#) identifies "Risks to supply of food, goods and vital services due to climate-related collapse of supply chains and distribution networks" as one of eight priority risk areas that require the most urgent UK-wide action is there an opportunity to minimise the effects on supply or service delivery, as a result of anticipated climate change?.

The guidance document [Climate Change Adaptation](#) available on the [Sustainable Procurement Tools](#) platform can aid buyers in embedding climate change adaptation outcomes into relevant and proportionate procurement exercises.

Prioritising where to focus climate action

To support monitoring and reporting, a dynamic approach is required. This will, enable procurers to identify hotspots of carbon emissions within their supply chain (which might be related to the spend, or high carbon categories, or volume of materials).

In addition using a collaborate approach with suppliers to identify both key sources of emissions within the specific product or service, and opportunities for reducing these and reporting savings. The [Sustainable Procurement Tools](#), including the Prioritisation matrix provide support such as early stage strategic planning, bringing a standard, structured approach to the assessment of spend categories.

Working with climate policy experts, it is in the remit of the Climate and Procurement Forum to make progress in providing guidance on how climate considerations should be reflected in reporting.

The drawbacks of using spend as a proxy to prioritise attention on the lowest carbon option available to an organisation

Carbon reporting relies on using activity data (e.g. kWh of gas used) and emission factors to estimate direct and indirect emissions resulting from the activity.

Accounting for the consumption of goods is complex because of the huge variety of materials, manufacturing processes, transport distances and modes that contribute to the emissions profile of each product. Similarly, services vary in the way that they are delivered, e.g. social care can be delivered at home or in a care home setting, which has an impact on the resulting emissions.

While spend-based supply chain factors can provide an overall macro level estimate of emissions and help to identify priorities for action, they are of limited use for supporting procurement decision-making about climate change impact for several reasons:

- the categories are broad and allow for little discrimination between different product options and services within a category e.g. they cannot be used to choose a lower carbon option for delivering social care services because the one category covers all the options available to deliver care
- relationships between spend and carbon emissions are complex; for materials and simple products, the relationships are likely to be reasonably accurate because energy and transport make up a larger proportion of the cost; however, for complex products and services, it is likely that each category represents a much larger range of actual emissions
- different factor sets use different boundaries for the supply chain and different cost basis, for example some are basic price, not including retail mark up, taxes and duties whereas others are full consumer price. These differences mean it is not possible to pick and choose factors from different sets to create a more complete picture
- an organisation that has included emissions from their supply chain for goods and services as a Scope 3 carbon footprint by calculating the emissions based on their spend can only reduce this footprint by reducing spend or by switching spend to

a different lower carbon category. Therefore, this part of their footprint remains unamenable to reduction.

- these factors are designed to look at the upstream Scope 3 emissions of goods and services but some purchasing decisions will also have potential impacts on the Scope 1 and 2 emissions of the organisation e.g. energy use by IT equipment or significant downstream Scope 3 emissions e.g. non-reusable products going to landfill. These carbon/unit of spend factors do not enable easy understanding of these additional emissions

Action required

Procurement officials should:

- share knowledge and work to secure agreement from senior leaders and budget holders to take action on their shared accountability to engage procurement teams early in the planning and development stages of projects and to make and enable decisions on whether to buy, what to buy, how to buy, and how much to buy
- work across functions to align corporate commitments and timelines to climate change commitments, including assisting their organisation to transition to lower emission solutions, including in supply chains. This includes, for example, transitioning to ultra-low emission fleets, renewable energy and heat, and low emission building materials.
- assist with creating a culture and ways of working that support a circular economy and promote strategic decisions on demand management and procuring for re-use, re-design and remanufacture. Use the national tools to identify priorities where an impact can be made. Develop longer term plans for a transition to net zero for these supply chains wherever possible
- reflect this call to action in their organisational procurement strategies demonstrating how the organisation will prioritise and take account of climate and circular economy in its procurement activity and report ongoing progress against these commitments in the public body's annual procurement reports, demonstrating how it is using procurement to support Scotland's response to the global climate emergency.

Dissemination

Please bring this SPPN to the attention of all relevant staff, including those in Agencies, Non-Departmental Public Bodies and other sponsored public bodies within your area of responsibility.

Contact:

Enquiries about this SPPN should be addressed to Scottish Procurement:
Scottishprocurement@gov.scot

Annex A - Climate and Procurement Forum - current activity and progress to date

The Scottish Government has established a Climate and Procurement Forum with representative bodies from across the public sector in Scotland, to provide leadership and direction to enable traction against Programme for Government commitments

The Forum and associated work streams aim to identify and commission targeted activities that will help influence and empower buyers, suppliers and key stakeholder communities. The work streams are focussed on:

Strategy and objectives

Focusing on high level messaging and ensuring the Forum maintains a line of sight to related Scottish Government policy. This work stream also maintains links with other relevant Forums. Key outputs to date include Leadership Statements and a ministerial call to action letter.

People and capability

Focusing on developing existing sustainable procurement tools and guidance as well as additional support and training. Key output to date is the [Climate Literacy eLearning](#)

Supplier and market engagement

Focusing on prioritising supplier engagement in terms of risk and opportunity to affect change as well as developing consistent wording for use in engagement with business and business sectors. Key output to date includes updated [standardised statements](#) and [guidance](#) encouraging climate consideration at the selection stage of the procurement process (see Annex B- Guidance for asking for climate change commitments at the selection stage of a procurement)

Operational procurement

Focusing on a review of spend for demand management as well as review and prioritisation of organisations' forward plans. The work stream are also looking to influence customers and specifications, looking at quick wins and Key Performance Indicators in procurement documentation. This includes a focus on point of use guidance materials and templates to facilitate progress. Key outputs to date include From Now to 2030 (FNT2030) Category Planning Templates and

Primary Impact Areas of Climate Change (PIACC) Guides which are tailored and disseminated to each sector by representatives on the work stream

Monitoring and reporting

Focusing on appropriate use of [life cycle and whole life costing](#) as well as agreeing approaches for monitoring and reporting through the Annual Procurement Reporting and Climate Change Reporting processes. Outputs to date include focus on addressing emissions through supply chains in a logical manner, high impact commodities first and facilitation of streamlined [procurement](#) and [climate](#) reporting

Annex B - Guidance on asking for climate change commitments at the selection stage of procurements.

Guidance and Standardised Statements have been developed in relation to the Environmental Management section of the Single Procurement Document. Procurement professionals are encouraged to take a staged approach to asking for climate information from bidders at the selection stage.

The approach expects buyers to ask bidders of high value, high climate impact procurements for strong climate change commitments in the form of a climate change plan that include emissions **sources, calculations** and **actions**. For lower value, lower risk contracts, users are encouraged to adopt a lighter touch in the form of a climate change plan which includes emissions **sources** and **actions only**.

Full guidance for buyers can be found on the [Procurement Journey](#) and includes standard Bidder Climate Change Plan Templates that bidders can use to provide their climate change plan. Guidance on how to evaluate these templates can be found on the [Sustainable Procurement Tools platform](#).

The guidance will be reviewed regularly to improve capacity and capability of suppliers to tackle Net Zero. By 2045 it is expected that all bidders will be required to demonstrate Net Zero commitments

Annex C - Use of Sustainable Procurement Tools

The Scottish Government's [National Performance Framework](#) consists of 'National Outcomes' which reflect Scotland's values and aspirations and is aligned to the 17 United Nations, [Sustainable Development Goals](#).

Based on the National Performance Framework, The Scottish Government's [Sustainable Procurement Tools](#) are freely available to all. They include indicators and guidance to support Scottish public sector buyers to consider and act on a number of climate change considerations. This includes the Sustainable Public Procurement Prioritisation Tool designed to assist strategic planning and prioritisation of economic, environmental and social wellbeing considerations in public procurements to ensure an appropriate focus within organisational and category/commodity planning.

1. To ensure an appropriate focus on climate and circular economy obligations, we continue to strengthen the tools and guidance. Development of content is informed by work across the public sector and fed in through the Climate and Procurement Forum. Updates include improved climate guidance which is aligned to the Procurement Journey and includes annexes with example contract clauses and Key Performance Indicators. In addition there is a library of best practice case studies as well as part pre-populated Life Cycle Impact Maps and Sustainability Tests.
2. Climate Literacy eLearning is available on the on the [platform](#), comprising of 3 modules: The Climate Challenge; Responding to the Challenge; and Taking Action. The eLearning is a unique, demand led product and helps encourage and assist users to take account of climate and circular economy considerations in their procurement activity.
3. Additional support includes Circular Economy eLearning an Introduction to Sustainable Procurement eLearning. This training summarises the key outcomes and benefits that can come from a focus on sustainable procurement, and outlines the key principles, tools, techniques and guidance available to support sustainable public procurement.

Annex D - Glossary of Key Terms

Activity: an action that leads either directly or indirectly to emissions of greenhouse gases. Examples include combustion of fossil fuels for heat, generation of electricity, transport, treatment of waste and wastewater, and industrial processes. Activity data is the measure of how much of this activity is taking place and has a variety of different units e.g. kWh, passenger kilometres, tonnes of waste etc.

Biomass: plant or animal material, such as forestry by-products or agricultural waste, which can be used as a fuel or energy source. The CO₂ emission resulting from the combustion of this material are considered 'outside of scopes' as they return recently sequestered carbon back to the atmosphere.

Carbon dioxide equivalent (CO_{2e}): carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases, based upon their global warming potential (GWP). The Intergovernmental Panel on Climate Change publishes GWP values and these are periodically updated based on improved scientific knowledge. GWP values can be used to convert all GHGs into single 'currency' units of greenhouse gases called carbon dioxide equivalents (CO_{2e}). Therefore, CO_{2e} works as a single 'currency' for greenhouse gases.

Carbon emissions: used as a shorthand to refer to greenhouse gas (GHG) emissions that are included in the Kyoto Treaty. Carbon dioxide is the most common GHG and other gases can be measured in relation to it (see CO_{2e}).

Carbon Intensity: the amount of carbon dioxide emissions released per unit of another variable such as Gross Domestic Product (GDP), output energy use or transport. Note that if all greenhouse gases are considered, this is referred to as emissions intensity.

Carbon neutral: the balancing of carbon emissions against carbon removals and/or carbon offsetting with the net result being zero (see also net zero carbon). Depending on definition used, it can refer just to carbon dioxide or include all greenhouse gases in the Kyoto Treaty.

Carbon reduction: an activity that reduces carbon emissions compared to a baseline scenario.

Carbon category: Emissions are broken down into three categories by the Greenhouse Gas Protocol. Scope 1, Scope 2 and Scope 3 (also see scopes)

Circular Economy: a circular economy works to reduce the demand for raw materials in products; to encourage reuse, repair and remanufacture by designing and selling products and materials to last as long as possible; and to recycle waste and energy to maximise the value of any waste that is generated.

Climate change: the large-scale, long-term shift in the planet's weather patterns or average temperatures.

Conversion factor: a numerical ratio to express how to convert from one unit of measurement to another unit e.g. miles to kilometres, but also sometimes used instead to refer to a factor used to convert from activity data to units of carbon (see emission factor).

Decarbonisation: usually refers to the electricity sector and refers to reducing the carbon intensity of electricity generated (emissions per kWh) by increasing efficiency of supply or changing the generation fuel mix from fossil fuel to renewables and low carbon sources.

Direct emissions: these are emissions released on an organisation's site or from their vehicles or from fugitive sources. More accurately they are greenhouse gas emissions that come from sources which are owned or controlled by an organisation. Direct emissions are also referred to as Scope 1 emissions.

Downstream emissions: emissions which are emitted after a product or service leaves the company's control/ownership, for example use and end-of-life treatment of sold products.

Emission factor: a coefficient used to convert activity data into GHG emissions data based on the average emission rate of a given source relative to units of activity. Emission factors are often expressed as the combination of GHGs for a particular activity, usually in units of kgCO₂e. The UK Government publishes an annual set of emissions factors for company reporting.

Global warming: refers to the recent and ongoing rise in global average temperature near Earth's surface. It is caused by increasing concentrations of greenhouse gases in the atmosphere. Global warming is causing climate patterns to change. However, global warming itself represents only one aspect of climate change impacts.

Greenhouse Gas (GHG): a gas in our atmosphere that absorbs and emits radiation within the thermal infrared range. There are naturally occurring greenhouse gases in our atmosphere which maintain surface temperatures in a range conducive to life. However, since the industrial revolution, anthropogenic sources of GHGs have increased hugely, leading to a nearly 50% increase in atmospheric concentration of carbon dioxide. This has resulted in increasing surface temperatures and is the main cause of climate change. There are seven GHGs covered by the Kyoto Treaty, but the main ones related to public sector activity are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), and action needs to be taken to reduce emissions of these.

Indirect emissions: these are emissions produced from the generation of electricity or heat, or during the supply chain of goods or other services such as water, public transport and waste. The emissions are not produced directly by the reporting organisation but they are indirectly responsible through consumption and purchasing decisions. Indirect emissions can be Scope 2 (generated electricity and heat) or Scope 3 (other goods and services).

Just Transition: delivering a fairer, greener future for all, in partnership with those impacted by the transition to net zero. It supports a net zero and climate resilient economy in a way that delivers fairness and tackles inequality and injustice.

Kyoto Protocol: an international treaty adopted in 1997 and fully ratified in 2005 which commits the ratifying developed countries to internationally binding emission reduction targets for greenhouse gases. The treaty covers seven categories of greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphurhexafluoride (SF₆) and Nitrogen trifluoride (NF₃).

Monitoring: checking progress on whether Procurement strategies and decisions have a high probability of achieving a real reduction in carbon emissions in the global system, helping to signpost any actions required to correct course and achieve desired outcomes.

Net zero carbon: the balancing of carbon emissions against carbon removals and/or carbon offsetting with the net result being zero (see also carbon neutral).

Project lifetime: anticipated lifetime of an energy efficiency technology or low carbon behaviour, used to calculate lifetime savings.

Removals: CO₂ removals refer to a set of techniques that involve the uptake and long-term storage of atmospheric CO₂. They remove CO₂ by either increasing natural sinks for carbon or using geo-engineering to remove the CO₂, with the intent of reducing the atmospheric CO₂ concentration.

Reporting : Presenting details or evidence on progress against plans, detailing carbon emission reductions achieved in relation to an organisation's purchased goods and services.

Science-based targets: targets adopted by organisations to reduce GHG emissions are considered 'science-based' if they are in line with the level of decarbonisation required to keep global temperature increase below 2°C compared to preindustrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Scope: a way of categorising emission sources in relation to the reporting organisation, used as a way of providing transparency in emissions accounting, making it clear the type of emission source and the level of control of the reporting organisation over the source. Three scopes have been defined and are used on a global basis.

Scope 1: direct greenhouse gas emissions from sources owned or controlled by the reporting organisation. For example, emissions from fuel combustion in boilers or vehicles, fugitive emissions from refrigeration or air conditioning equipment or emissions from chemical production in processing equipment are all sources of Scope 1 emissions if the equipment is owned or controlled by the organisation.

Scope 2: the indirect greenhouse gas emissions from purchased electricity or heat. While Scope 2 emissions physically occur at a generation facility, responsibility for the emissions is allocated to the end-users based on the amount purchased.

Scope 3: all other indirect greenhouse gas emissions which occur as a consequence of the activities of the reporting organisation. Scope 3 emissions can occur both upstream and downstream in the value chain from an organisation. Upstream emissions sources include purchased goods and services, transportation/distribution, business travel and employee commuting. Downstream emissions include use of sold product, end-of-life treatment of sold products, transportation/distribution and investments.

Sequestration: a natural or artificial process by which carbon dioxide is removed from the atmosphere and held in solid or liquid form. The uptake of atmospheric carbon by plants and the growth of wood or increase of peat volume are examples of biological sequestration. Also see removals.

Supply chain: a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer. The public sector is often the end customer and therefore much of the supply chain is upstream.

Upstream emissions: emissions which are emitted before a product or service reaches the company's control/ownership. Applies to suppliers of the organisation. E.g. business travel by means not owned or controlled by an organisation, waste disposal and purchased goods & services.