ESG DISCLOSE

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# A simple explanation of Scope 1, 2 and 3


In the context of greenhouse gas (GHG) emissions, the concept of "scopes" is used to categorise a company's emissions based on their source. Here's a simple breakdown:

## Scope 1 (Direct Emissions):

Explanation: These are direct emissions from sources owned or controlled by the company. Essentially, it's the GHG emissions that come directly from business operations.

Examples:
- Emissions from company-owned vehicles.
- Emissions from burning fuel for heat, electricity, or processes in company-owned facilities.
- Emissions from chemical reactions during production in a manufacturing facility.

## Scope 2 (Indirect Emissions from Energy)

Explanation: These are emissions from the generation of purchased electricity, steam, heating, or cooling consumed by the company. While the company doesn't produce these emissions directly, they are attributed to its activities.

Examples:
- Emissions produced by a power plant to generate electricity that the company purchases and uses.

- Emissions from a district heating system supplying heat to company facilities.

## Scope 3 (Other Indirect Emissions)

Explanation: These are all other indirect emissions not covered in Scope 2 that occur throughout a company's value chain, both upstream and downstream. This includes emissions in the supply chain, during product use, and from waste disposal.

Examples:

- Emissions from the production of raw materials the company buys (like steel or plastic).
- Emissions from the transportation of goods by suppliers or by third-party logistics providers.
- Emissions from employees commuting to work.
- Emissions produced when consumers use a company's products (e.g., when you drive a car sold by a car manufacturer).
- Emissions from the disposal or recycling of a company's products.

**To put this into a relatable scenario, let's consider a bakery:**

- Scope 1: Emissions from the bakery's delivery van and from the gas oven used to bake bread.
- Scope 2: Emissions from the electricity the bakery buys to light up its store and run its cash register.
- Scope 3: Emissions involved in producing the wheat for the bakery's bread, emissions from employees driving to work, and emissions from the decomposition of unsold bread if it's thrown away.

Understanding these scopes is crucial for companies aiming to reduce their carbon footprint as it allows them to identify and tackle different emission sources comprehensively.