

# Quantis

# CARBON DELTA the environmental fintech



## COMBI 3

Combining bottom-up and top-down Scope3 measurements

Workshop: Metrics for a sustainable capital shift Zürich, 20<sup>th</sup> November 2019

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## Aim: being able to assess Scope 3 GHG emissions – better & quicker

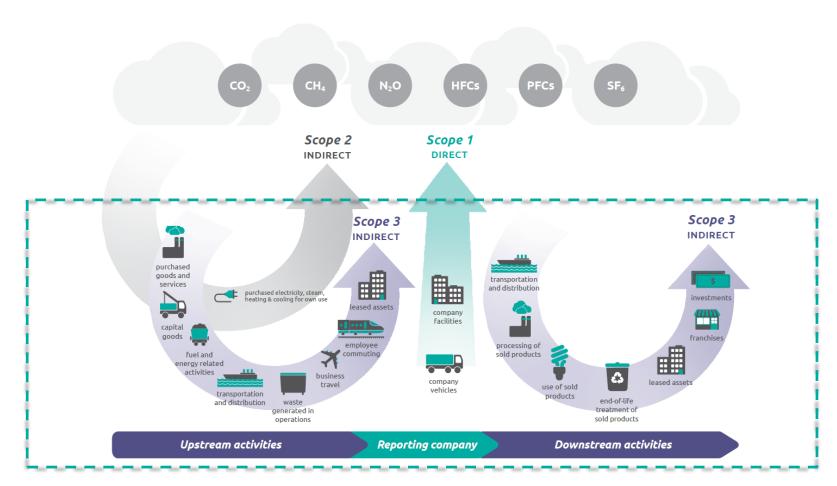
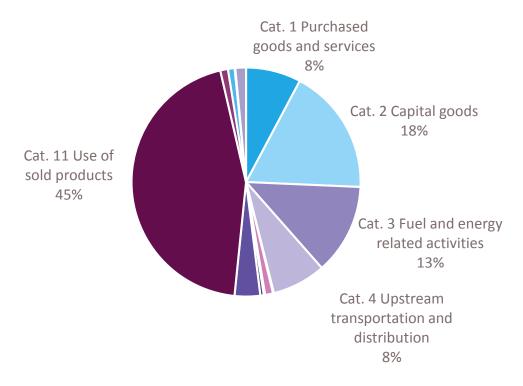


Figure 1 Overview of GHG Protocol scopes and emissions across the value chain of a company (GHG Protocol, 2011)

#### Importance of Scope 3 categories



- Cat. 1 Purchased goods and services
- Cat. 2 Capital goods
- Cat. 3 Fuel and energy related activities
- Cat. 4 Upstream transportation and distribution
- Cat. 5 Waste generated in operations
- Cat. 6 Business travel
- Cat. 7 Employee commuting
- Cat. 8 Upstream leased assets
- Cat. 9 Downstream transportation and distribution
- Cat. 10 Processing of sold products
- Cat. 11 Use of sold products
- Cat. 12 End-of-life treatment of sold products
- Cat. 13 Downstream leased assets
- Cat. 14 Franchises
- Cat. 15 Investments

Figure 3 Share of total emissions reported by companies within the CDP database in all 15 categories of Scope 3 (CDP, 2018)

#### Problem & consequences & magnitude

#### Problem

-> Lack of Scope 3 emissions reporting and estimation method

#### Consequences

-> Decisions are made based on incomplete data and are therefore often misguided

#### Magnitude

-> Scope 3 emissions are often the most dominant source of greenhouse gases of any company (Zah et al. 2015).

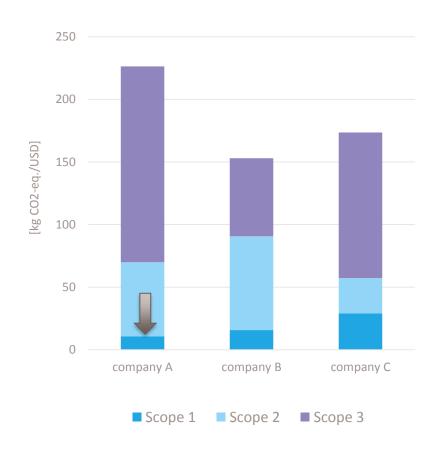
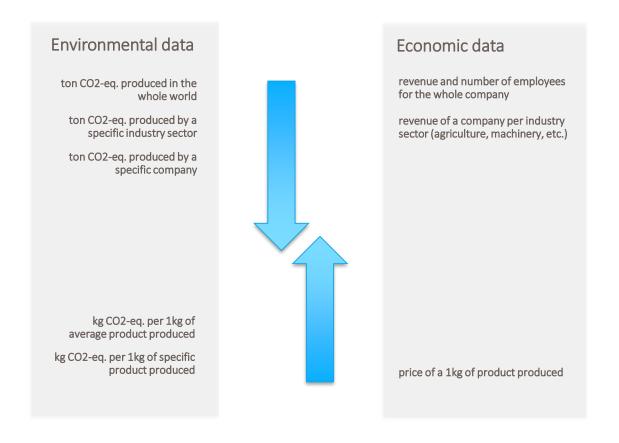


Figure 2 Total GHG emissions reported by three fictional companies in Scope 1, 2 & 3

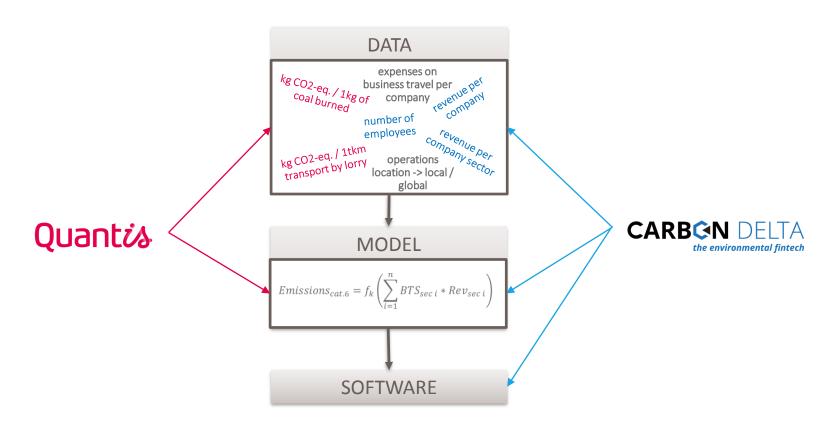
#### Objective of COMBI 3 project

-> Improving Scope 3 data to be able to make better investment decision by combining bottom-up and top-down approach



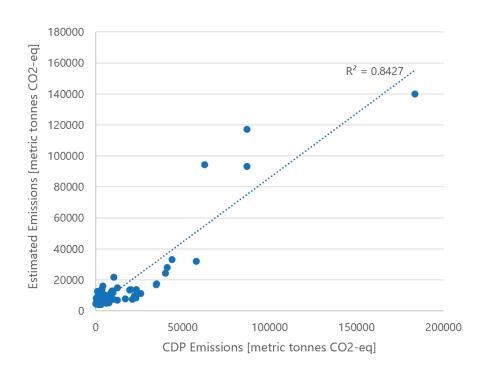
#### Approach

-> Develop an automated, granular and consistent calculation of all 15 categories under Scope 3



#### Quality check & consistency

-> Data quality and plausibility of the data generated using the newly developed models is done by <u>comparison with the CDP data</u> and with internal data available for companies which are clients of Quantis



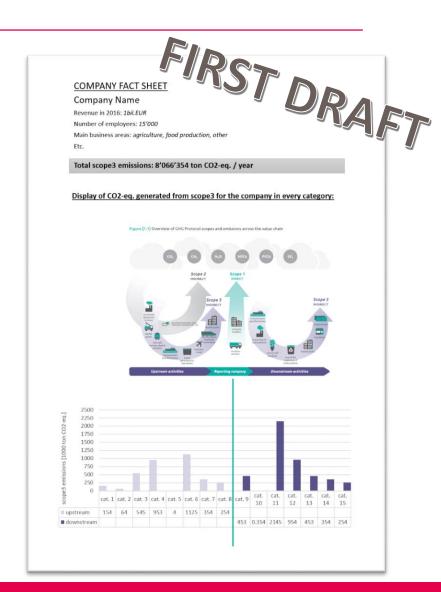
#### **Results**

→ Correlation = 92%

 $\rightarrow$  R<sup>2</sup> = 84%

#### Outcome – data available to the users

- -> Outcome will be estimated Scope 3 emissions for more than 20'000 companies included in the Carbon Delta software for all the 15 Scope 3 categories
- Total Scope3 emissions
- Scope3 emissions <u>separately for all 15 categories</u>
- Scope3 emissions <u>related to 1 USD of revenue</u>
- Data can be also feed to different type of matrices which can <u>help to identify other risks</u>



# Strengths and Weaknesses

	internally gathered / calculated data	CDP	combi3
transparency	2	3	7
consistency	7	3	10
quality	7	5	6
coverage	5	3	9
reality check	7	8	6
reproducibility	8	2	6
maintenance costs	2	7	8
speed of quality improvements	7	5	7
TOTAL SCORE	45	36	59

Table 1 Semi-quantitative assessment of strengths and weaknesses of combi3 results in comparison with its alternatives

## Conclusion

The outcome of combi3 will be ...

Calculated Scope3 emissions for thousands of companies available with a click of a button!

# THANK YOU FOR YOUR ATTENTION! QUESTIONS?



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