

HOW CONCERNED ARE YOU REGARDING YOUR SCOPE 3 EMISSIONS?

'THE EVER-LOOMING RISK OF GREENWASHING POSES SIGNIFICANT REPUTATIONAL RISK FOR ORGANIZATIONS'

It is evident that organizations across several jurisdictions will need to focus on producing high-quality Scope 3 data and reporting to adhere to regulatory obligations. The requirement for Scope 3 disclosure is likely to increase with incentives from governments, regulatory bodies, and corporate policies. Although the number of companies currently engaging in their Scope 3 emissions is currently limited, those that have already disclosed their Scope 3 emissions need to now concentrate on improving the accuracy and quality of their reporting. The Taskforce on Climate-related Financial Disclosures (TCFD) requires annual improvement in reporting for UK companies; however, it does not explicitly require Scope 3 disclosures. The Securities and Exchange Commission (SEC) also proposed in March 2022 to mandate the disclosure of Scope 3 emissions if deemed material. The Corporate Sustainability Reporting Directive (CSRD) similarly demands the disclosure of Scope 3 emissions when relevant. Organizations must focus on increasing data transparency to minimize the risk of greenwashing accusations. The Reuters Insight Sustainability Survey 2022, which surveyed senior sustainability practitioners and C-Suite executives,

revealed that 79% of respondents were concerned with their Scope 3 emissions. This emphasizes the necessity of investing in improving Scope 3 emissions data to achieve net-zero transition plans and develop the credibility of reporting and disclosures. However, since Scope 3 data is challenging to acquire because it is sourced outside of the company's four walls, organizations must focus on increasing the quality of their data.

'Concentrating on improving the data quality of Scope 3 emissions will aid organizations in achieving their net-zero plans'

