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Scope 1, 2 and 3 Emissions Reporting — Practical FAQ

This FAQ is a companion to our guide on Scope 1, 2 and 3 emissions reporting.

It focuses on the practical questions that tend to come up once you start applying the framework in your own organisation.

Read the full article here:
https://ariasustainability.com/scope-1-2-3-emissions-reporting/

This PDF includes:

- Section 1 — Additional questions not covered in detail in the article
- Section 2 — A short recap of the key points already covered in the article

SECTION 1 — ADDITIONAL FAQs (not covered in detail in the article)

Getting started (first inventory, first year)

1) Where do we start if we have limited data?

Start by defining your organisational boundary. From there, build a solid Scope 1 and 2 baseline using the data you already have.

For Scope 3, begin with a high-level screening to identify hotspots rather than trying to perfect every category. This gives you a credible starting point and a clear path to improve data quality over time.

2) What do we need to measure first: Scope 1 & 2 only, or Scope 3 as well?

Scope 1 and 2 usually come first because they are easier to measure and more directly within your control.

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That said, Scope 3 is often the largest share of emissions. A simple screening early on can help you focus effort where it will matter most, even if the data is still imperfect.

3) What's the relation between an organisational footprint and a product footprint?

An organisational footprint covers emissions linked to your organisation over a reporting period, structured by Scope 1, 2 and 3.

A product footprint looks at emissions linked to a specific product across its life cycle. The two serve different purposes and are often used by different teams, even when they rely on similar data. When suppliers provide product carbon footprints, they can significantly improve the accuracy of your Scope 3 estimates.

4) What greenhouse gases do we include, and what unit do we report in?

Most inventories report in tCO_2e (CO_2 equivalent), which aggregates multiple greenhouse gases into a single unit.

What matters most is consistency and transparency: document which gases are included and which global warming potential (GWP) basis you use. This makes your results clearer and more comparable.

Organisational boundaries (deeper clarity and edge cases)

5) What's the difference between equity share, financial control and operational control?

These are the three main ways to define your organisational boundary.

Equity share allocates emissions based on ownership or economic interest. Financial control assigns emissions where you control financial and operating decisions. Operational control assigns emissions where you control day-to-day operations.

The choice can affect your results, especially if you have joint ventures.

6) How should we treat joint ventures or partially owned operations?

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This depends on the approach you choose. With equity share, you account for emissions in proportion to your ownership. With control approaches, you include emissions where you have control and exclude those where you do not.

Keeping a clear register of joint ventures helps ensure consistency year to year.

7) If we outsource operations, do the emissions disappear?

No. In most cases, outsourcing shifts emissions from Scope 1 or 2 into Scope 3 rather than removing them.

They are still linked to your activity, even if they occur outside your direct control.

8) When should we update organisational boundaries?
If your structure changes significantly, for example through acquisitions or divestments, you should reassess your boundary.

Even if you do not restate previous years, it is important to explain what changed and why. This helps keep your reporting clear and avoids confusion when comparing results over time.

9) What is the difference between organisational and operational boundaries?
Organisational boundaries define which entities and assets sit inside your inventory.

Operational boundaries define which emissions sources you include and how they are classified across Scope 1, 2 and 3.

In practice, you set your organisational boundary first, then apply scopes within it.

Scope 3 (deeper questions)

10) Which Scope 3 categories are usually the most important?
It depends on your business model, but purchased goods and services is often one of the largest categories.

Transport, use of sold products, and end-of-life can also be significant. A screening exercise is the most reliable way to identify where your emissions are concentrated.

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11) Is spend-based Scope 3 data acceptable?
It can be a useful starting point. Spend-based estimates help identify hotspots when detailed data is not available.

Over time, most organisations move towards more specific data for the categories that matter most, as more detailed data better reflects real-world changes. This is also best practice if you want to plan and track meaningful reductions.

12) How do we handle emissions from the use of sold products if we don't control how they are used?
You estimate these emissions using a small number of representative assumptions about how the product is used in practice. Document those assumptions clearly.

The goal is not false precision, but a transparent estimate that supports decisions and improves over time.

13) Do employee commuting and remote work count?
Employee commuting usually sits in Scope 3. You can also include emissions from remote work in the same category, depending on your approach.

What matters most is consistency. Use reasonable assumptions and be clear about what you include and what you leave out, especially if hybrid or remote work is a significant part of how you operate.

14) Where do financed emissions sit?
These are typically included in Scope 3 under investments, depending on your organisation and reporting context.

Methods vary widely by asset class and data availability, so be clear about what you include and how you calculate it. Results can differ significantly depending on your assumptions.

15) If a building or vehicle is leased, is it Scope 1, 2 or 3?
It depends on your boundary approach and the type of lease.

In some cases, leased assets fall within Scope 1 and 2 because you operate them. In others, they are reported in Scope 3. The key is to apply a consistent rule.

16) What about upstream and downstream leased assets?

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Upstream leased assets are assets you lease in that sit outside your Scope 1 and 2 boundary.

Downstream leased assets are assets you lease out, where emissions occur during use by others.

The classification depends on your boundary approach and how the asset is used.

Data quality, emission factors and audit readiness

17) What data do we need for a credible footprint?
A credible footprint combines activity data (energy, fuels, refrigerants, travel, procurement, logistics) relevant emission factors, and clearly documented assumptions.

You should be able to explain your boundaries, your data sources, and any key limitations.

18) What is an emission factor, and how do we choose one?
An emission factor converts activity data into emissions.

Choose factors that match your geography and reporting year where possible, and document the source you use.

19) How accurate does our footprint need to be?
It should be accurate enough to support decisions and withstand reasonable scrutiny.

In practice, this means focusing first on the most material sources and improving data quality over time.

Being transparent about uncertainty is often more valuable than aiming for unrealistic precision.

20) How do we build a clear audit trail?
Keep a record of how data moves from source to final result.

Store supporting documents, document assumptions, and keep track of any changes in methodology. This makes your reporting easier to review and improve.

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21) What KPIs should we use: absolute or intensity?
Both are useful.

Absolute emissions show your total impact. Intensity metrics show performance relative to output (e.g., revenue, units produced, floor area). Using both gives a more complete picture.

Reporting, standards and assurance

22) What do we need to disclose under CSRD or ESRS E1?
Most climate disclosures require Scope 1, 2 and 3 emissions, along with information on targets, risks, and transition plans.

Exact requirements depend on your scope and materiality, but a clear and well-structured inventory makes this much easier.

23) Are GHG Protocol and ISO 14064-1 alternatives?
They are often used together.

What matters is having a consistent and transparent approach that can support reporting and, if needed, verification.

You can use one as your main standard and align your reporting with the other where needed.

24) Do we need third-party assurance?
Not always.

However, it becomes more relevant when emissions data supports regulatory reporting, investor disclosures, or public claims.

Whether it's needed depends on stakeholders and risk.

25) How do we link footprinting to CDP, SBTi, or broader ESG reporting?

A robust Scope 1–3 inventory provides the baseline for targets, transition plans and consistent disclosure across frameworks.

The key is consistency so the same data can be used across different frameworks without duplication.

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Offsets, credits and claims

26) Can we offset Scope 3 and call ourselves net zero?
Be careful with claims.

Focus first on reducing emissions across your operations and value chain. If you use credits, be clear about their role and limitations.

Offsetting may play a role, but it should not replace decarbonisation actions.

27) Can we net off emissions against credits in our totals?
This reduces transparency when it hides actual emissions performance. In most cases, it is better to report gross emissions separately from any credits or removals. Keeping them separate improves clarity and reduces reputational risk.

28) How do we reduce greenwashing risk?
Be clear about your methods, your boundaries, and your data. For renewable energy and credits, explain what supports your claims and how they fit within your broader reduction strategy.

Practical implementation

29) Who should own emissions reporting internally?
It works best as a shared effort.

Sustainability teams often lead methodology, while finance, procurement, and operations provide key data.

30) How often should we update our inventory?
Most organisations report annually.

In some cases, more frequent updates help support internal decisions. Consistency matters more than frequency. Aim at constantly improving data quality.

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31) What is the most common reason emissions reporting loses credibility?

Unclear boundaries, inconsistent methods and weak documentation. Credible reporting relies on transparency, traceability and consistent application of boundaries and assumptions. When those fundamentals are in place, reporting becomes easier to trust and improve.

SECTION 2 — QUICK RECAP (already covered in the full guide)

What is an organisational boundary, and why does it matter?
It defines what is included in your footprint, so reporting is complete and consistent.

What approaches can we use?
Equity share, financial control, and operational control. Choose one that reflects how your business operates and apply it consistently.

What are Scope 1, 2 and 3 in simple terms?
Scope 1 covers direct emissions. Scope 2 covers purchased energy. Scope 3 covers the remaining value chain emissions.

Why does scope classification matter?
It creates a shared structure that improves clarity and comparability.

What usually falls under Scope 1?
Direct emissions from sources you own or control, including combustion, process, and fugitive emissions.

Are refrigerants Scope 1?
Yes, and they are often missed.

What if we don't have perfect fuel data?
Start with what you have, document assumptions, and improve over time.

Do we need two Scope 2 methods?
Often yes, to reflect both grid impact (location-based) and procurement choices (market-based).

What's the difference between location-based and market-based Scope 2?
Location-based uses average grid factors; market-based uses emissions linked to specific contracts or purchases.

Which Scope 2 number "counts" for targets?
It depends on your reporting context; what matters is consistency and clear explanation.

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If we buy “100% renewable electricity,” can Scope 2 be zero?
Sometimes, but it depends on the strength of the evidence and what is actually being claimed.

Do we need all 15 Scope 3 categories?
Not always from day one. Start by identifying what is material, then focus effort there.

How do we start Scope 3 without supplier data?
Use estimates to identify hotspots, then improve where it matters.

How do we deal with double counting?
Overlap across companies is normal. The priority is keeping your own inventory consistent and clear documentation.

What actions reduce emissions fastest?
Efficiency, renewable energy, electrification, and focused supplier engagement.

What actions reduce emissions fastest?
Often the quickest wins come from efficiency, renewables, electrification, and supplier engagement where Scope 3 is concentrated.

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