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# Tackling scope 3 emissions in Agricultural & Food value chains



**Agricultural and food value chains must address barriers to scope 3 emissions reductions and removals associated with land use.** This is essential to accelerate in value chain interventions and the flow of much-needed investment.

WBCSD is working with members and partners to identify and tackle these challenges. This summary represents the perspective of members and partners based on interviews and workshops during 2023. These findings inform WBCSD's priorities to drive this topic in 2024, together with members and partners, through our agriculture & food scope 3 workstream.

## Agriculture as a *climate solution*

The agriculture and food sector represents close to one-quarter of global emissions and transforming this system from a net source of greenhouse gas (GHG) emissions to a net sink is essential to meet the 1.5-degree pathway set by the Paris Agreement.

The majority of agrifood sector emissions are from on farm activities and land use change. These land-based emissions will dominate the GHG emissions footprint of most companies in the sector.

For companies which do not directly own or manage land, land-based emissions fall within the scope 3 boundary and require interventions in the value chain. As a result, in-value chain interventions (insetting) are a key mechanism for agrifood companies to achieve their climate goals through implementation of GHG reduction or removal initiatives within company value chains.

# Opportunities to accelerate land-based scope 3 emissions and removals

We have identified three interconnected action areas.

## 1. Standards

### **Key challenge: Unclear guidance for scope 3 accounting**

The corporate carbon performance and accountability system for agriculture & food is evolving with the development of much-needed standards for target-setting, emissions accounting and disclosure. However, gaps remain to support sector-specific action, notably in the accounting space.

To fill the gap in standardized guidance for corporate accounting of land-based emissions and removals, the Greenhouse Gas Protocol Land Sector and Removals Guidance is being developed with the final draft expected in mid-2024. It is critical to ensure this guidance is robust, pragmatic and aligned with clear adoption pathways for business, including traceability requirements, acceptable chain of custody models and allocation methodologies.

Currently many corporates lack clarity as to whether certain interventions can be accounted for within scope 3 or as beyond value chain mitigation (BVCM). At the same time, there is a lack of consensus on the strategic role of BVCM interventions by agrifood companies in landscapes adjacent to their value chains, and how this complements Net Zero targets and climate strategies.

Many corporates are concerned about potential double counting of emissions reductions or removals, which in some scenarios could be captured in both carbon credits and scope 3 reductions.

### **Outcome needed: GHG accounting standards and frameworks are robust, pragmatic and aligned with clear adoption pathways for business**

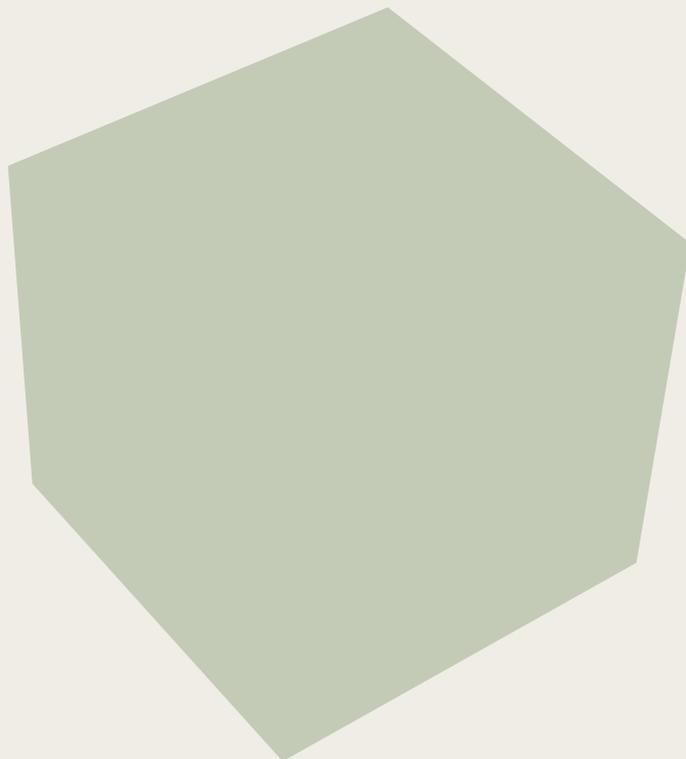
## 2. Data and Accounting

### **Key challenge: Lack of practical accounting approaches for reductions and removals**

To enable implementation of the standards and frameworks mentioned above, there is a need for practical accounting approaches and monitoring, reporting and verification (MRV) tools for reductions and removals from agriculture. There is currently a lack of consistency in methodologies, data sources and tools to measure, monitor, report and verify land-based emissions and removals.

Availability of data of sufficient quality and granularity to measure the impact of in value chain interventions is a key challenge. Corporates struggle to identify when to leverage primary data, remote sensing data, and secondary data in a credible way. The usefulness, applicability and feasibility of collecting these different data types can vary significantly between contexts, commodities and geographies. In particular, there is a need for pragmatic approaches to measure soil carbon sequestration which balance scientific rigour with feasibility.

### **Outcome needed: Sector aligned data requirements and interoperable MRV systems to enable adoption of standards and frameworks**



### 3. Farmer Incentives

#### **Key challenge: Unclear mechanisms for engaging and financing farm-level practice change and data collection**

Producers need to be financially supported for their role in emissions reductions and removals, including the cost of data collection and monitoring as well as practice change. There is a risk that producers will be burdened by a lack of clarity or support regarding data and intervention requirements.

Because actions taken by food producers influence the collective scope 3 of companies across the value chain, cost-sharing is seen as a necessary mechanism. Although corporates and partners are piloting co-financing approaches into farm or landscape level activities, strategic and logistical challenges often prevent scale. The lack of consensus on the mechanism for co-claiming the GHG reductions or removals which occur at farm level along the value chain further complicates scaling. There is a need to better understand what works for the value-chains and for farmers.

#### **Outcome needed: Consensus on mechanisms for prioritizing equity of farmers in scope 3 accounting and interventions**

### **WBCSD Agriculture & Food scope 3 workstream**

WBCSD will be a convenor, action platform and advocate for accelerating reductions and removals in agrifood value chains.

Our 2024 priorities will focus on:

- 1. Align carbon accounting standards and practices:** Ensure carbon accounting standards and frameworks are robust, pragmatic and aligned with clear adoption pathways for business
- 2. Accelerate adoption of standards and practices for scope 3 reduction and removals:** Align on adoption of standards and frameworks with a focus on data and MRV
- 3. Coherence between in value chain, BVCM and nature-positive approaches:** Support the convening of key platforms for alignment and advocacy on landscape-based approaches

This workstream is supported by WBCSD Agriculture & Food pathway working groups on policy and finance.

We work through collaboration across the agriculture & food value chain and wider ecosystem. Contact Kate Newbury-Hyde [newbury@wbcsd.org](mailto:newbury@wbcsd.org) to get involved.

## **DISCLAIMER**

This publication has been developed in the name of WBCSD. Like other WBCSD publications, it is the result of collaborative efforts by representatives from member companies and external experts. Input from stakeholders listed above was incorporated in a balanced way. This does not mean, however, that every member company or stakeholder agrees with every word.

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### **WBCSD members**

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### **Experts and partners**

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## **About WBCSD**

The World Business Council for Sustainable Development (WBCSD) is a global community of over 220 of the world's leading businesses, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality.

We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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