CO_2 PERFORMANCE LADDER

PRACTICAL MANUAL FOR COMPANIES

HOW TO USE THE CO_2 PERFORMANCE LADDER

PART 2

CERTIFICATION
AT LEVELS 4 AND 5

Stichting Klimaatvriendelijk
Aanbesteden & Ondernemen

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1 PROGRESSING TO LEVEL 4

From Level 4 upwards, the Ladder also focuses on the impact that your organisation has within the chain. When Level 4 is implemented, your existing organisation portfolio for Level 3 is supplemented on the basis of the following steps, where a distinction is made between small/medium-sized and large organisations (see Chapter 4.1 of Handbook 3.1 for more information about organisation size).

LEVEL 4	ORGANISATION LEVEL	REQUIREMENT	PROJECT LEVEL
Preparation	**Verify organisational boundary and Level 3 status**	GEN	
Preparation	**Establish organisational size**	GEN	
A Insight	**Identify and list Scope 3; prepare a ranking list containing the most material emissions**	4.A.1	Determine for each individual project what impact organisation policy will have on the project; for example: • establish the project's CO_2 emissions share in the organisation emission inventory via a distribution formula • select the project's reduction possibilities via company-wide measures • communicate within and about the project
	Select and perform chain analysis or analyses	4.A.1	
	Have someone assist you with the analysis or comment on it	4.A.3	
	Prepare a Quality Management Plan	4.A.2	
B Reduction	**Establish ambitious Scope 3 targets and measures**	4.B.1	
	Draw up and communicate periodic reports	4.B.2	
C Transparency LARGE	**Identify and list potential dialogue partners**	4.C	
	Select dialogue partners and organise dialogue	4.C	
D Participation LARGE	**Identify and list potential development projects**	4.D	
	Prepare an action plan for a development project	4.D	
	Initiate and launch a development project	4.D	
Completion	**Compile a portfolio**		**Project with award advantage? Consider method that you use to furnish evidence (see options in flow chart H2.2 of the Practical Manual Part 1)**
	Audit		

1.1

PREPARATION

To meet the requirements of a level on the Ladder, you always have to meet the requirements of all lower levels as well. For this reason, we recommend that you verify the status of your Level 3 portfolio before you start implementing the new requirements at Level 4. Are all the documents up to date, and have they been communicated and published correctly? Is the organisational boundary still valid? If the portfolio for Level 3 is in order, you can set to work on the actions required for Level 4.

Current portfolio at Level 3

CATEGORY	MAXIMUM SCOPE 1 & SCOPE 2 EMISSIONS OF CO_2 IN TONNES A YEAR		
	Works and supplies		Services
	Construction sites and production locations	Offices and commercial premises	
Small	2.000	500	500
Medium	10.000	2.500	2.500
Large	> 10.000	> 2.500	> 2.500

Up to and including Level 3, all requirements apply to all organisations. From Level 4 upwards, a distinction is made between small, medium-sized and large organisations for the requirements, several of which are dropped for small and medium-sized organisations. As a result, it is important that you identify the category in which your organisation comes before you start the implementation phase for Level 4, so you know which requirements apply to it. At Level 4, small and medium-sized organisations need to meet the requirements for Aspects A and B only.

These organisations are exempted from the other requirements via a fictitious score. Only large organisations also comply with the requirements for Aspects C and D. The organisation size is established on the basis of the current CO_2 emissions (not on turnover or FTEs) and is stated on the CO_2 Awareness Certificate. If you are engaged in the execution of **works** or the provision of **supplies**, you come into a specific size category if neither the emissions for project sites on the one hand nor the emissions for offices on the other are greater than the values stated in the table. If you are a **service provider**, you establish the organisation size on the basis of the total Scope 1 and Scope 2 emissions, without making a distinction between project sites and offices.

LEVEL 4			
Aspect			
A	B	C	D
All (adjusted for small)	All	Large	Large

MATERIALITY IN SCOPE 1 & 2 AND IN SCOPE 3

There is a key difference between Scope 1 & 2 emissions and Scope 3 emissions. The fact is that your organisation has complete influence on Scope 1 & 2 emissions because they are generated within the organisation itself. To determine the material emissions at Scope 1 & 2, we consider their scale. You have substantially less influence on Scope 3 emissions. To determine the material Scope 3 emissions, we consider not only the absolute scale of the emissions but also explicitly the degree of influence that you have on them. The emissions which score highest on scale and on the influence that you have over them are the most material Scope 3 emissions. They are also referred to as relevant emissions.

Remember that if your organisation has since grown, developed new activities or rather ceased activities, this fact might mean that you come into a different size category.

Current emission inventory

1.2

INSIGHT

At Level 4, you extend your insight into CO_2 emissions from Scope 1 and Scope 2 (own organisation) to include Scope 3 (outside your own organisation) in order to identify opportunities for reduction within the chain. You become more aware of your influence on the chain, of opportunities to use that influence for CO_2 reduction purposes and of how you can collaborate with partners in the chain. You can use the insight that you acquire to support the sustainable ambitions of your clients, among other things.

DETERMINING THE MOST MATERIAL SCOPE 3 EMISSIONS

The aim at Level 4 is to prepare a quantitative inventory of the key emissions at Scope 3 that are related to the chain or chains in which your organisation is active (the most material Scope 3 emissions). To do so, you must go through the following steps.

Step 1 – Make a list of your organisation's activities, core processes, products and/or services (product-market combinations)

Start with the question: What are all the things that my organisation does? You are free to choose your own classification system and level of depth for the list. Examples include specialist areas of your internal Business Units or an overview of the products that you create (e.g. roads, bridges, tunnels).

Step 2 – For each activity, determine which Scope 3 emissions are relevant

The emission categories set out in the following table are the starting point for Scope 3 emissions. Those emissions are divided into 'upstream' emissions (prior to your organisation in the chain) and 'downstream' emissions (after your organisation in the chain). Find out for each activity in your list which of those categories is likely to be relevant and precisely which emissions come within that category. Remember, there may well be several sources of emissions within a single emission category. Steel and concrete, for instance, both come into the 'purchased goods or services' emission category. It is highly likely that certain emission categories are irrelevant to you and there are little or no emissions in them. It is also possible that either upstream or downstream emissions are entirely irrelevant; e.g. if you are at the start of the chain.

SCOPE 3 CATEGORY	EXAMPLES (NOT EXHAUSTIVE)[1]
Upstream	
Purchased goods and services	Production of purchased construction materials, sub-contractors' energy consumption or purchased services
Capital goods	Manufacturing of material or production machines
Fuel and energy-related activities	Usually not applicable, since the emission factors of the CO_2 Ladder take these activities into account in Scope 1 or Scope 2
Upstream transport or distribution	Transport of purchased goods/services by third parties, transport services purchased from third parties
Production waste	Different methods of processing construction and office waste
Travel to and from work	Employees who do not travel in lease vehicles or company vehicles or who reclaim their mileage (train, bus, and so on)
Upstream leased assets	Fuel for leased equipment not included in Scope 1 or Scope 2

1 Remember, the significance of the categories for your organisation may differ depending on your core process and your position within the chain.

SCOPE 3 CATEGORIE	EXAMPLES (NOT EXHAUSTIVE)[1]
Downstream	
Downstream transport and distribution	Transport by third parties of product manufactured by you to client or end client
Processing or reworking sold products	Further processing of semi-finished products sold by you to create a finished product
Use of sold products	Energy consumption during the lifetime of constructed properties or infrastructure, maintenance during the lifetime
End-of-life processing of sold products	Demolition and waste processing of properties or infrastructure constructed by you
Downstream leased assets	Fuel consumption of equipment leased out by you
Franchise holders	Franchises' energy use
Investments	Investments for financial purposes only

Step 3: Determine the size of each Scope 3 emission produced by an activity

Step 4: Determine the effect that measures could have on these emissions

Use the 'large/medium-sized/small/negligible' scale for both steps. Determining the scale of emissions and the potential impact of measures is substantiated on the basis of existing sources, studies, expert knowledge and/or knowledge available within your company. A qualitative assessment is sufficient, but rough calculations can also be a useful tool.

Step 5: Determine your market share/turnover for each activity on the list

This process will determine to a large degree the influence that you as an organisation can exert on the emissions in the activity's chain.

1 Let op: de betekenis van de categorieën voor uw organisatie kunnen anders zijn afhankelijk van uw kernproces en waar u zich in de keten bevindt.

Step 6: Rank the emissions on the basis of Steps 3, 4 and 5

Now rank the most material emissions in order. To do so, you must first assess whether the classification made in Step 2 produces a list of emissions for which a relatively coherent and unambiguous chain analysis could be performed. If necessary, you can break up the emissions (if several chains in the activity converge but are in fact very different; e.g. different earthworks chains) or merge them (if a separate analysis for those emissions has little added value but a combined analysis would be useful). If you decide to break up or merge emissions, you might have to adjust the previously determined indications of scale, influence and so on.

MOST MATERIAL EMISSIONS OF A CIVIL AND HYDRAULIC ENGINEERING COMPANY	MOST MATERIAL EMISSIONS OF AN ENGINEERING FIRM
Purchase of earth-moving operations	Planning studies
Purchase of raw materials	Soil analysis
Use of roads	Design of infrastructure structures
Purchase of concrete paving	Design of utilities structures
Processing of construction waste	Design of rail structures
Transport of purchased materials	Urban design research

Figure 1 Examples of what could be the most material sources of emissions for two types of companies

Once you are satisfied with the list layout, move on to the ranking step. The emissions that are large in scale and that you as an organisation can influence appear at the top, while the ones of small scale where little influence can be exerted are at the bottom.

Most material Scope 3 emissions

SELECTION FOR CHAIN ANALYSES

Once you have gained insight into the key emissions, analyse and quantify a selection of these emissions. To do so, choose one source of emissions from the top two and one other source of emissions from the top six in your ranking list. The idea is that you should select a topic that can be developed quantitatively in a chain analysis for each of those two emissions.

To perform the chain analysis, start by creating a long list. What shape does your entire chain take overall and which different aspects connected with your top two could you analyse more closely? Find out which ongoing or scheduled innovations already feature in your organisation, which partnerships you have or would like to have with chain partners, and which developments are included in your products or services. You may well link one or more of those aspects to a chain analysis. By reflecting your core process and developments within your organisation, you ensure that you obtain the maximum benefit from the chain analysis for it.

Also bear in mind the fact that the chain analysis relates to sizeable emissions and ones on which you can exert a sufficient degree of influence. As described above, you can opt to break emissions down further or combine several emissions to ensure that the chain analysis which you perform is relevant. For small organisations, it is sufficient to perform one chain analysis for a top two emission.

PERFORMING CHAIN ANALYSES

Performing a chain analysis or analyses enables you to identify and quantify the opportunities for reduction within the chain. To prepare for the chain analysis, first determine the chain or part of the chain that you wish to analyse. Start by creating a general overview of the entire chain or part of the chain. Based on this initial insight, you can identify the material emissions within the chain in more detail. It is important that you focus on material emissions and do not dwell on non-material emissions. Describe the steps of the chain or the relevant part of it, the activities or processes that are responsible for CO_2 emissions and the parties in the chain that are responsible for them. The Scope 3 emission categories in the table also provide a good yardstick here. Next, collect all necessary data on those emissions in the chain and calculate the emission. Ask specialists in the organisation and, if relevant, the chain partners responsible to supply the necessary data and input for the selected steps in the chain, consult external sources such as databases (**National Environmental Database**, **www.co2emissiefactoren.nl**), and so on, finished studies and other chain analyses. The more material the emissions, the more important it is that you are able to quantify them properly and accurately.

Once you have quantified all key emissions, you can determine where in the chain the opportunities for reduction are. Where are the peaks in emissions and how can you influence them? You now also have to identify key measures for potential reduction and quantify them as far as possible on the basis of the data collected, and to consider the opportunities that you have for collaborating with partners in the chain in order to achieve reductions. This process can be done, for example, by joint consultation with partners in the chain, your own research or joint research, as well as knowledge-sharing or joint innovation processes. Also consider steps in the organisation's general operating process, where decisions with an impact on the reduction of CO_2 emissions in the chain are made.

HAVE SOMEONE ASSIST YOU WITH THE ANALYSIS OR COMMENT ON IT

Various forms of knowledge are required when preparing chain analyses:

- Substantive knowledge of the chain
- Familiarity with conducting chain analyses

Substantive knowledge is available within your organisation as well as through your partners in the chain. Familiarity with conducting chain analyses might present a challenge for your organisation; certainly at first, if no one has experience in them. You have two ways of guaranteeing the quality of the analyses:

1. Ask a knowledge institute to assist you with the preparation of one or both analyses

2. Ask a knowledge institute to comment on at least one analysis once it has been completed

Knowledge institutes such as a university or independent consultancy firm have appropriate, relevant knowledge that is required to perform the analyses.

Building up knowledge of chain analyses within your organisation may be a valuable exercise. This way, you will be able in future to deepen analyses and determine the progress that you are making on them. You will also be better placed to enter into discussions with your clients and suppliers about reduction opportunities within the chain and to take steps ensuring that this reduction actually takes place. In addition, you will gain an idea of emissions within the chain in other areas for which you have not yet performed a chain analysis.

The involvement of a knowledge institute is compulsory for small organisations. For medium-sized and large organisations, scoring sufficient points to obtain a certificate is possible without enlisting support or requesting comments, provided that the chain analyses are of a good quality, that you have properly complied with all the components of the Ladder and that you have obtained all the points available.

Chain analysis or analyses

DRAWING UP A QUALITY MANAGEMENT PLAN

With a Quality Management Plan, you can guarantee the quality and continuous improvement of the emission inventory for Scope 1, Scope 2 and Scope 3. It means that you implement the PDCA cycle (see Chapter 2.2 in this Practical Manual for Companies part 1) and ensure that your emission inventory constantly improves. You can also be sure that your emission inventory continues to meet the Ladder requirements in future and that you retain your certificate. You should include a description of the following in the plan, among other things.

1. The methodology that you use to draw up the details of and calculate the emissions:
   - Organisation boundary applied and scope definitions
   - Calculation methods and source data used for the calculations
   - Method used to distribute the emissions among overheads and projects
   - Method used to allocate the emissions to projects with an award advantage
2. How you ensure that the calculations are as accurate as possible; for example, by:
   - Checking them to establish that they are reliable and complete
   - Identifying and remedying errors and omissions
   - Recording the calculations and source documents
3. Who is responsible for drawing up the emissions inventory and carrying out checks

The Quality Management Plan can be used during the periodic preparation of the footprint, and when carrying out internal audits and other checks. This way, you make sure that everyone at your organisation involved in preparing the emission inventory is taking the same approach as a starting point.

Quality Management Plan

1.3

REDUCTION

Based on the insight into where significant CO_2 emissions are located within the chain and how you can reduce them, you formulate a quantified, ambitious target as well as measures to reduce these Scope 3 emissions for each of the chain analyses. This process demonstrates your ambition to take a leading role in the chain on CO_2 reduction; for example, to clients. You obtain the data required for the quantification from the analyses and supporting source data. In addition, you should indicate how the targets relate to your projects.

When preparing the targets and associated measures, bear in mind that you need the cooperation of the relevant chain partners, including suppliers, to achieve the greatest reductions. Performing the chain analyses gives you a better idea of suitable partners for cooperation, namely those parties who want to move in the same direction and on whom you can exert influence. Think about the approach that you intend to take within this cooperation and make the necessary choices. Your approach could include influencing your partners in the chain, making them aware of the importance of CO_2 reduction, the influence that they have and the importance that you as a client attach to CO_2 reduction. You could also consider research and knowledge-sharing or joint innovation processes.

If your chain analysis provides insufficient starting points, you can always formulate a reduction target for material Scope 3 emissions that is independent of the analysis. The new Scope 3 targets are an addition to your existing Scope 1 and Scope 2 reduction targets. By clearly setting out your targets and the accompanying plan of action, you lay the foundation for a successful reduction of emissions in Scope 3.

Energy Management Action Plan (supplemented)

From Level 4 upwards, you report every six months on your emissions over the past period, your reduction policy, and the progress that you are making with the targets and measures in Scope 1, Scope 2 and Scope 3. In principle, you should limit yourself to the progress and reductions made within your chain analyses for Scope 3. Your idea of the scale of emissions within the chain analyses can improve ever further as you perform them longer. The account of your progress shows you that you are demonstrably moving towards the achievement of the targets which you have selected at Level 3 and that you are making advances with the development of new measures. This information is valuable to your clients as well as to your own employees. One way of attaining Level 4 is to demonstrate that you are already reporting internally and externally every six months. To this end, it makes sense to start this biannual cycle in good time (at least six months in advance).

Periodic report

PLEASE NOTE: FROM THIS POINT ONWARDS UNTIL THE END OF CHAPTER 1, THE REQUIREMENTS DISCUSSED ARE THOSE WHICH APPLY ONLY TO LARGE ORGANISATIONS (SEE PARAGRAPH 1.1).

1.4

TRANSPARENCY

From Level 4 upwards, you as a large organisation have a dialogue with an authority and a dialogue with an NGO or independent expert, which helps you to incorporate continuous attention to CO_2 reduction within your organisational culture. This dialogue provides you with an opportunity to obtain expert input on your plan of action from outside your organisation. To that end, this input should be critical in nature and challenge you to explain your ambition level clearly. Find out which authorities and NGOs or independent experts might make worthwhile dialogue partners, and choose two of them for continuous dialogue. Also consider the external stakeholders that you named in your communication plan at Level 3, or NGOs which would also like to work with you as part of an ambitious improvement programme for potential sources of ideas (see also the following requirements concerning development projects). The independent expert or NGO dialogue partner must come from an approved pool, available through the **CO_2 Performance Ladder website**. You could also suggest other experts if they are not already a member of the pool.

Continuous means that you must conduct both dialogues at least twice a year. The dialogue with an NGO or independent expert must be conducted at the level of the management board at least once per year, where you discuss the reduction policy and ambition level of the targets, among other things. This way, you collect external feedback and have a clearer idea of what stakeholders expect of you. Your management has to demonstrate that it is addressing areas of concern raised during the dialogues.

Energy Management Action Plan (supplemented)

1.5

PARTICIPATION

From Level 4 onwards, large organisations initiate development projects, meaning that new measures for more far-reaching CO_2 emission reductions in Scope 1, Scope 2 or Scope 3 are becoming available for application in the sector. This process enables you to show that your organisation has a leading role in the sector as an initiator and has the skills to stimulate innovation. During the development project, you cooperate with others on the creation of an innovative, ambitious measure. Any such innovation could prove to be a measure eligible for Category C in the List of Measures (if it contains measures for the activity concerned). The project is aimed at developing

a new measure in cooperation with other parties in the sector, through research or tests, for instance. If this strategy would have greater added value for your project, you could approach other parties and ask them to participate passively or actively in your project, something that might interest them in connection with their own Level 3 certificate. Cooperation and knowledge-sharing is an important aspect of the contribution towards ever more new measures and innovation within the sector. As an initiator, you can demonstrate the contribution that you are making towards this requirement.

When looking for a suitable development project, you might want to consider existing 'areas not covered' in the reduction of relevant emissions, or techniques and measures from other sectors with which your sector is not yet familiar. You could also use the results of your own chain analyses or those of other organisations, as well as ongoing or scheduled innovation processes within your organisation or the sector. As the initiator, you raise awareness of the initiative and the new measure by publishing articles on them when finished in professional or industry journals, thus showing the outside world your achievements and the leading role that your organisation has in the sector.

Action Plan for a development project

1.6

CREATING AND SUPPLEMENTING A PORTFOLIO

Just as at Level 3, collect all new and supplemented documents in preparation for the audit and add them to your existing portfolio of Level 3 documents. Conduct an internal audit to determine whether you meet all of the general requirements and the requirements for Level 4. Do not forget to recheck all requirements up to and including Level 3. Unless the audit for Level 4 is your first for the Ladder (i.e. you have started directly at Level 4), you are also obliged to show that an internal audit and management review are carried out at least once a year.

Check to ensure that all the information which you are obliged to publish online for Level 3 (see Chapter 3.7 in the Practical Manual, part 1, for an overview) is up to date and complete. In any event, you must also publish the following documents on your own website for Level 4:

5. Periodic reports
6. Information on your development project

At any rate, publish the most material emissions and the chain analysis or analyses, as well as information about your development project through your organisation page on the SKAO website (6).

2 PROGRESSING TO LEVEL 5

At Level 5, you show that you as a frontrunner are actually widening and deepening your insight into parties in the chain such as suppliers, clients or other relevant parties, and that you are exerting an effective influence on them. You go through the following steps, which have a subdivision for small, medium-sized and large organisation, to implement Level 5.

LEVEL 5	ORGANISATION LEVEL	REQUIREMENT	PROJECT LEVEL
Preparation	**Verify organisational boundary, company size & Level 4 status**	GEN	
A Insight	**Quantify Scope 3 emissions and name chain partners**	5.A.1	Determine for each individual project what impact organisation policy will have on the project; for example: • establish the project's CO_2 emissions share in the organisation emission inventory via a distribution formula • select the project's reduction possibilities via company-wide measures • communicate within and about the project
	Investigate opportunities and independent actions aimed at reduction	5.A.2-1	
	Name potential strategies for reduction MEDIUM	5.A.2-2	
	Collect emission data of direct chain partners MEDIUM	5.A.3	
B Reduction	**Establish the Scope 3 strategy, targets and measures**	5.B.1	
	Draw up and communicate periodic reports	5.B.2, 5.B.3, 5.C.3	
C Transparency MEDIUM	**Identify and list potential commitments to a reduction programme that could be made**	5.C.1, 5.C.2	
	Select two commitments and prepare an action plan	5.C.1, 5.C.2	
D Participation LARGE	**Identify and list potential reduction programmes for CO_2 emissions**	5.D	
	Prepare an action plan for a reduction programme together with an authority or an NGO	5.D	
	Implement the reduction programme	5.D	
Completion	**Compile a portfolio**		**Project with award advantage? Consider method that you use to furnish evidence (see options in flow chart H2.2 of the Practical Manual Part 1)**
	Audit		

2.1

PREPARATION

Before you start implementing the requirements at Level 5, verify the status of your portfolio up to and including Level 4. Check to establish whether the organisational boundary and organisation size remain the same.

LEVEL 5			
Aspect			
A	**B**	**C**	**D**
All (adjusted for small)	All	Medium and large	Large

At Level 5, small organisations need only meet some of the requirements for Aspect A and the requirements for Aspect B. These organisations are exempted from the other requirements via a fictitious score. Medium-sized organisations must meet all of the requirements of Aspects A, B and C. Large companies must meet all requirements; i.e. including those of Aspect D.

Current Level 4 portfolio

2.2

INSIGHT

At Level 5, you further improve your insight into key Scope 3 emissions by quantifying them approximately. This process provides you with greater insight into your influence within the chain and ways in which you can exert it further still. Such knowledge is also valuable to your clients and other parties with ambitions in the area of sustainability, and you can deploy it in your dealings with them.

Start by ranking the emissions that you generate at Level 4, so you can identify them qualitatively. Quantify each emission in Step 3; i.e. the scale of the emissions for each activity. You follow the same steps as those involved in the performance of a chain analysis:

1. Find out which units or steps in the chain consume energy and thus generate the emissions
2. Determine which parties in the chain are responsible for the emissions
3. Collect information about energy uses and volumes
4. Calculate the emissions

Needless to say, you should start by gathering the information available within your organisation and from partners in the chain. It also makes sense to use existing sources on emissions within chains, such as previous chain analyses of other organisations or lifecycle analyses and other studies. Use the Ladder's emission factors and information on the MRPI certificate (Environmental Product Information)[2] to make a rough calculation of the emissions generated during the extraction or production of materials. This way, you have calculations that you can enter in the rows of the table connected with your own chain analysis or analyses.

You do not need to quantify all emissions in Scope 3; only those which contribute substantially to the total emissions and which are included because you can influence them. To this end, it is a good idea to rank the emissions in your list based on the estimate of the scale and influence that you made for Level 4 (Step 3) and start quantifying at the top. At some point, you may notice that the quantified emission in a particular instance is out of alignment with the emissions at the top of the list and you can determine the remaining emissions qualitatively.

The calculations give you an increasingly accurate insight into the scale and effect of measures (Step 4), allowing you to refine and adjust the ranking further if appropriate.

Most material Scope 3 emissions (quantitative) and most relevant parties

While still at Level 4, you should be thinking about reduction opportunities within the subject matter of your chain analyses. At Level 5, you start thinking about reductions within other Scope 3 emissions on your ranked list. This process specifically involves actions aimed at reduction which you as an organisation can take yourself without requiring the cooperation of a chain party, such as a supplier or client (independent actions). You could, for example, reconsider your own purchasing decisions or make adjustments to your own work process, products and services. A good starting point is the knowledge that you have acquired on the scale of the emission and the impact of reduction measures from your Scope 3 table, as well as your own purchase and sales portfolio. Involve the relevant employees from your organisation (buyers, for instance), at an early stage and encourage them to come up with ideas. For small organisations, it is sufficient to analyse the independent actions within the chain for which the chain analysis was created and to consider whether there might also be opportunities in other chains.

Medium-sized and large organisation take an additional step towards independent actions. Study the list containing all reduction options and consider how you could merge the different options to form a package of coherent measures; i.e. a strategy. Imagine, for instance, that you cite reduction options for different emissions related to purchasing; in that case, you could merge them into the 'purchasing policy' strategy. Specify several different potential strategies for the short, medium and long term, and describe the accompanying general guiding principles on which those strategies are based. Assess them to identify the pros and cons, e.g. in terms of

2 In most cases, manufacturers have already deposited the environmental data belonging to that certificate in the National Environmental Database (NMD). These data are then also used to calculate the environmental performance of a building or civil engineering works by using calculation tools including DuboCalc, GPR-Bouwbesluit, MRPI-MPG and the Dutch Green Building Council materials tool.

costs, complexity, market circumstances or clients' priorities. Small organisations need not take this step and are only required to identify and list independent reduction options.

This way, you demonstrate your role as a frontrunner via the proactive measures that you have taken to promote reduction, innovation and improvement in the chain.

Overview of independent reduction options and strategies

The more specific and relevant the information that is used, the better the quality of Scope 3 emission quantification will be. Medium-sized and large organisations will therefore request specific emission data from the relevant immediate partners in the chain for the strategy that they ultimately implement (see Section 2.3 in this Practical Manual concerning Reduction). These partners are one step away from your organisation in the chain, with which you have a contractual relationship as direct and potential suppliers or direct clients. Ask them for the information that you need to improve your quantification of the emissions to which your strategy relates (Column/Step 3 in your Scope 3 table) as well as your identification of the effect which your strategy has on emissions (Column/Step 4). The information should relate to emissions and preferably be in the form of lifecycle analyses (for purchased products/services), information about the use phase or downstream projects (for sold products/services), or organisation footprints where that information is unavailable. Small organisations need not implement strategies and therefore are not required to do so.

Overview of emission data for partners in the chain

2.3 REDUCTION

Based on your overview of possible independent actions aimed at reduction and (for medium-sized and large organisations only) strategies, select one strategy and provide substantiation for that choice. The actions that medium-sized and large organisations take are determined by the strategy selected. For small organisations, it is sufficient to make a selection of possible actions and to ensure that you are ambitious in that selection. The independent actions are made specific by linking them to a target and long-term action plan, including scheduling and annual interim targets. The strategies must be capable of implementation in the long term and each must relate to a significant part of the total Scope 3 emissions (see Step 3 in your Scope 3 ranking for details). Examples of strategies include 'purchasing policy' or 'product improvement programme'.

Small organisations set targets and establish measures for the selected independent actions in the chain for which the chain analysis was conducted. These targets should be ambitious and are based on the anticipated effect of the measures in Scope 3.

Energy Management Action Plan (supplemented)

At Level 5, you can demonstrate that quantitative targets formulated earlier have been achieved in fact. This process is in keeping with your position as frontrunner and

shows the outside world that you are capable of achieving ambitious targets. Analyse the progress made with the targets for Scope 1, 2 and 3, and show that they have been achieved, ideally by using annual interim targets for each Scope. Your analysis is based on the most material emission calculations, including substantiation and (for medium-sized and large organisations only) the emissions data of partners in the chain. If you find that you are not achieving your interim targets, carry out a thorough analysis to establish the cause and the additional measures that you must take so as to return to the reduction path originally envisaged. Just as at Level 4, report and communicate internally and externally on your progress every six months.

Periodic report (supplemented)

PLEASE NOTE: FROM THIS POINT ONWARDS, THE REQUIREMENTS DISCUSSED ARE THOSE WHICH APPLY ONLY TO MEDIUM-SIZED AND LARGE ORGANISATIONS (SEE PARAGRAPH 1.1).

2.4

TRANSPARENCY

At Level 5, medium-sized and large organisations commit themselves to two CO_2 emission reduction programmes of a government or NGO. Identify and list potential programmes by consulting the websites of relevant governments and NGOs, the websites of other Level 5 organisations or your sector organisation. Find out whether the programmes are relevant to your material emissions in Scope 1, Scope 2 and/or Scope 3, as well as your planned measures, strategies and initiatives, and select two programmes. Make that commitment public; on your website, for example. In doing so, you make clear to the outside world your ambitions in the area of CO_2 reduction. Establish how you intend to put your commitment into effect; how will you achieve the programme's objectives with your own reduction targets and which specific actions do you plan to undertake as a result of the commitment that you have made? Where necessary, adjust your own targets and action plan to the reduction programme's objectives in order to remain sufficiently ambitious.

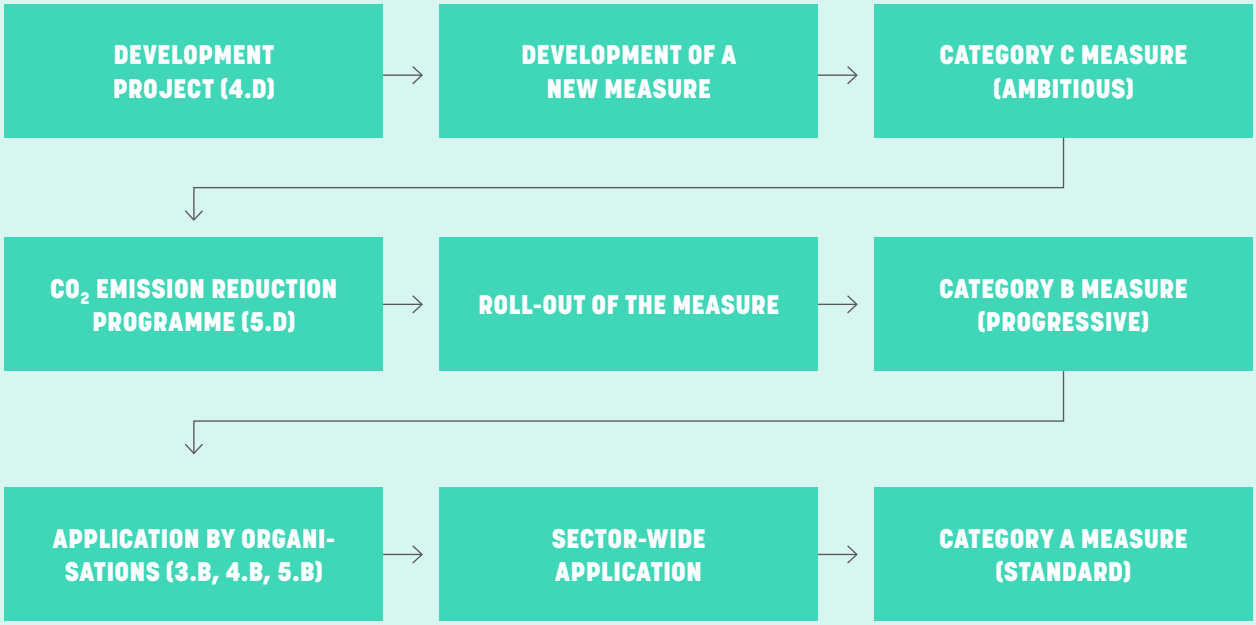
Energy Management Action Plan (supplemented)

PLEASE NOTE: FROM THIS POINT ONWARDS, THE REQUIREMENTS DISCUSSED ARE THOSE WHICH APPLY ONLY TO LARGE ORGANISATIONS (SEE PARAGRAPH 1.1).

2.5

PARTICIPATION

At Level 5, large organisations join forces with a government and/or a social organisation (NGO or sector organisation) in order to set up a CO_2 emission reduction programme, so they can ensure together that one or more ambitious or progressive measures are applied sector-wide. Within that collaborative partnership, you are the link to the rest of the sector, because you encourage other organisations (at Level 3, for example) to join in and because you make clear the opportunities which the programme provides to organisations as regards reductions in projects. This way, you as a large organisation carry out your pioneering role within the sector. While Level 4 still has to do with developing a new measure (a future Category C measure in the List of Measures), Level 5 focuses on a comprehensive roll-out of Category B or Category C measures across the entire sector (see the figure below). As a frontrunner, you help other organisations actually to start applying measures worthwhile to them.



If the activity concerned is not included in the List of Measures, the programme might also involve measures that most organisations are expected to take in the next few years but which have not yet been implemented by all. Together with the government or social organisation, establish how you might increase the programme's impact on other organisations and which actions you could take during that start-up phase. You also apply these measures yourself and remain active in the long term as a frontrunner within the sector for as long as the government or social organisation considers such activity necessary to help get the programme going.

Action Plan for the reduction programme

2.6

CREATING AND SUPPLEMENTING A PORTFOLIO

Once again, collect all new documents and add them to your existing portfolio. Conduct a self-evaluation to determine whether you meet all of the general requirements, the requirements applicable to you at Level 5 and the ones at the levels below. You can also demonstrate that you have conducted an internal audit and management review at least once a year (see §3.6 in the Practical Manual for Companies, part 1, for more information).

As well as ensuring that the information for Levels 3 and 4 is up to date and complete, publish the following supplementary documents on your own website for Level 5 in any event:

7. Commitment to emission reduction programmes (medium-sized and large organisations only)
8. Information on your own emission reduction programme (large organisations only)

At any rate, publish the information about your development project through your organisation page on the SKAO website.

CO_2 PERFORMANCE LADDER

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