



# OPTIMIZING SWISS EMISSIONS: KEY ACTION AREAS

## AUDIO TRANSCRIPT

Hello and welcome to the Accenture Swiss Top 500 podcast. This time on sustainability. I'm joined by Alexandra Molnar, Sustainability Strategy Senior Manager driving Accenture sustainability business in Switzerland. Hello Alexandra, nice to have you here.

Hi, thank you for having me!

So in your new Accenture Swiss Top 500 report, you found that Swiss companies have a very strong focus on sustainability. According to the report, 92% of Swiss executives say they have integrated ESG in their decision. Compared to only making 78% in Europe and 80% in the US. So Swiss companies have already done their homework? Today I'm going to talk with my guest about the road ahead in their journey to become more sustainable and what they need to focus on now. Let's dive right in with the first question. ESG Cars are in a very broad area from human rights to inclusion and diversity to the impact a company has on the environment. What topics are organizations in Switzerland focusing on right now?

It is definitely great to see that Swiss executives are looking at sustainability really holistically, so covering environmental, social and governance topics. But then of course if you deep dive we do see a stronger focus on the environment, so you know it's nature, biodiversity and well let's be honest, especially climate. So it's definitely on top of the agenda for governments, for organizations, and we really see a lot of discussion happening on climate, and it's not

surprising because if we look at how climate impacts other social and environmental topics as well, we see a clear interconnectedness. Just think about having extreme weather events and what the impact is on vulnerable communities. You see right away, how these connect to each other.

So the environment in Switzerland is already on the agenda. Would you say we're even leading the way as Swiss companies?

We definitely see a lot of action on climate topics in Switzerland. We already have over 100 companies who have either committed to or have already set climate targets, according to the science based targets initiative. So this is fantastic. However, we've recently done a study which very specifically focused on net zero targets globally, and we have identified that most companies as long as they are continuing with the pace of change that they are doing now, unfortunately will not reach their targets.

When we talk about things like carbon emissions, what often comes up are scope 1 to 2 and 3 emissions. For our listeners, can you please quickly explain what these three emission types are?

Scope 1 emissions are the direct emissions that your company emits. Scope 2 are the indirect emissions from your operations. Let's say the purchased electricity and the emissions that are coming from that, and scope 3 is all the emissions from your value pain, so everything



from what you purchase all the way to how your products are used.

So for example how a consumer uses your product must be quite hard to control, so which of these groups should Swiss companies focus on, is there one that creates the most impact?

Well preferably they should focus on it all, but we do see, you know scope 1 and 2 is easy to measure and much easier to tackle. You have direct control, really. As opposed to scope 3 which is across your value chain, so you really have to talk to your suppliers to understand the emissions coming out of scope 3 and even if we only look at the upstream emissions we already see that those are four times higher for Swiss companies, as scope 1 and 2 combined. So it would be quite beneficial to ensure that we are focusing on scope 3 as well.

It's quite a staggering difference there, but they're the toughest one to tackle right, so how do you get started with that?

It definitely is a challenge. We see that with clients you know we start really looking at the suppliers, looking at the partner network and understand where the emissions come from. So we basically do a hotspot analysis which means, for example, the category of purchased goods and services. I try to understand which of those basically contribute most to my scope 3 emissions and then preferably which suppliers are buying them from, because then I can go and talk to the suppliers to understand their processes and really measure and then tackle scope 3 emissions.

So that's something you help clients with?

Absolutely we do a lot of climate target setting and climate strategy project and well we are a technology company at heart, so we tend to also use technology when we can. A great example is: recently we have done a digital twin of a value chain of a company. That means we are kind of translating and understanding their supply chain, put it onto kind of virtual platform

and what is really special about this, is that if you make changes here or there in the supply chain and let's say you switch a material, or you switch a supplier you can actually simulate the changes that it makes on your footprint.

Now that sounds like it will provide a lot of transparency. But you do require accurate and verified data, otherwise that small thing you might change in the simulation will show a very different result. But how do you get that data to measure the carbon emissions?

Measurement and data is really one of the biggest challenges when we talk about emissions, especially scope 3. So as of today, you will usually not have accurate verified data. You can look at your suppliers, you can talk to them, you can look at CDP for the carbon disclosure project and get some data from there, and you will probably have to use some averages and assumptions, to be honest. We do expect some change to this with CSRDs, so the corporate sustainability reporting directive. They are mandating companies to report on scope 1-2 and three. But as of today you really have to go to your suppliers, talk to them, understand their processes emissions and then possibly even to the suppliers of your suppliers and this is you know in Switzerland, if you look at Swiss companies 2/3 of their scope 3 emissions come from not the direct suppliers but those beyond so tier 2-3 suppliers and the long.

And that's not really something you can automate, right?

Well, we are expecting some automation on data gathering in the future and even already today there are some tools that are helping us with measurement and data gathering. Especially looking at regulation and looking at what investors are asking for, we do expect companies to start gathering data and emissions data as part of their overall data strategy in the future.



But I guess it's quite a challenge because in a value chain you have companies of various different sizes. You have big players that will have the infrastructure to do this, but you will also have smaller suppliers. How can maybe the bigger players help support the smaller ones to create these effective data tracking and analysis tools?

We see many organizations educate their suppliers on net zero, on sustainability and emissions and what is even really special, and I think what really makes the change is the organizations who are giving best practices to their suppliers like: This is how I did it for my company, hopefully this helps you as well. And obviously I mean it is in everybody's interest to help suppliers decrease their carbon emissions, because that of course directly feeds into your scope through emissions so if the suppliers are reducing so do you.

So everybody wins in the end. - Definitely! So you talked about best practices, do you have any tips when working with others that you can share?

For example, the WBCSD has recently put out a framework that gives guidance and standardization on how to report on the carbon footprint of your product, and you know we've talked about data and the difficulty to measure while standards like this will help with those.

And after all, it's a problem that we're all facing together in this world, so I guess this type of collaboration is not just beautiful but also needed. Another way that you can help in contributing to reducing carbon emissions is by creating products or services that help others avoid their emissions altogether, like a tech company that will create a video conference service, so you don't have to drive to your clients anymore. So I've heard that these kinds of avoided emissions are called scope 4. Can you tell us a bit more about that and how or if it fits in the framework of the scope 1 to 3 emissions?

Yes, definitely. So scope 4 emissions are beyond your value chain and beyond these indirect and direct emissions that we talked about, they really look at how your products can help your clients to reduce their emissions by choosing your product as opposed to another alternative. So this sounds great right, but there is always a but and it gets difficult, because it's difficult to measure. There is no common full agreement on what scope 4 really means, and there aren't really globally accepted frameworks to report on it. It's very important I think to look at scope 4 a bit separately from scope 1-3 because they are not part of your value chain.

Okay, are there any Swiss companies that are already dabbling like scope 4 emissions that you would like to show some examples of?

Yes, a great example is Swisscom. So Accenture has helped them set their quite ambitious climate targets. They plan to become carbon-neutral by 2025, and they are also incorporating emissions related considerations into their product development into all the decisions that they're making, so they are really ensuring sustainability and carbon neutrality for the future.

So that's fascinating. So it's a field where there are many different ways which are constantly developing to tackle these challenges in new and exciting ways that also help companies do things more efficiently and more effectively. So thank you, Alexandra, for your amazing insights. If you'd have to summarize everything up a bit, what would be your key points?

Definitely that Swiss companies are acting on sustainability and climate. They are tackling scope 1, 2 and 3 emissions and despite the data challenges they're really taking the effort and there will be more transparency coming in the future.

Thank you. So if you want to learn more about sustainability and how Switzerland because



companies are tackling it, please make sure to visit [accenture.com](https://www.accenture.com) and read the Top 500 Study. At this point, we thank you very much for tuning in. Thank you Alexandra for your insights, thank you for being here, I'm sure our listeners found it very insightful!

Thank you very much for having me!

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