sphera

The 2026 **Scope 3 Report**

MEETING ACCELERATION WITH CERTAINTY

Table of contents

Executive summary: The moment we've been preparing for

Organizations saw it coming. Reports for Scope 3-dependent regulations like the European Union's Corporate Sustainability Reporting Directive and California's SB 253 have finally taken effect. After years of preparations, the predictable complexity of deep value chain reporting ran headfirst into regulatory urgency in 2025.

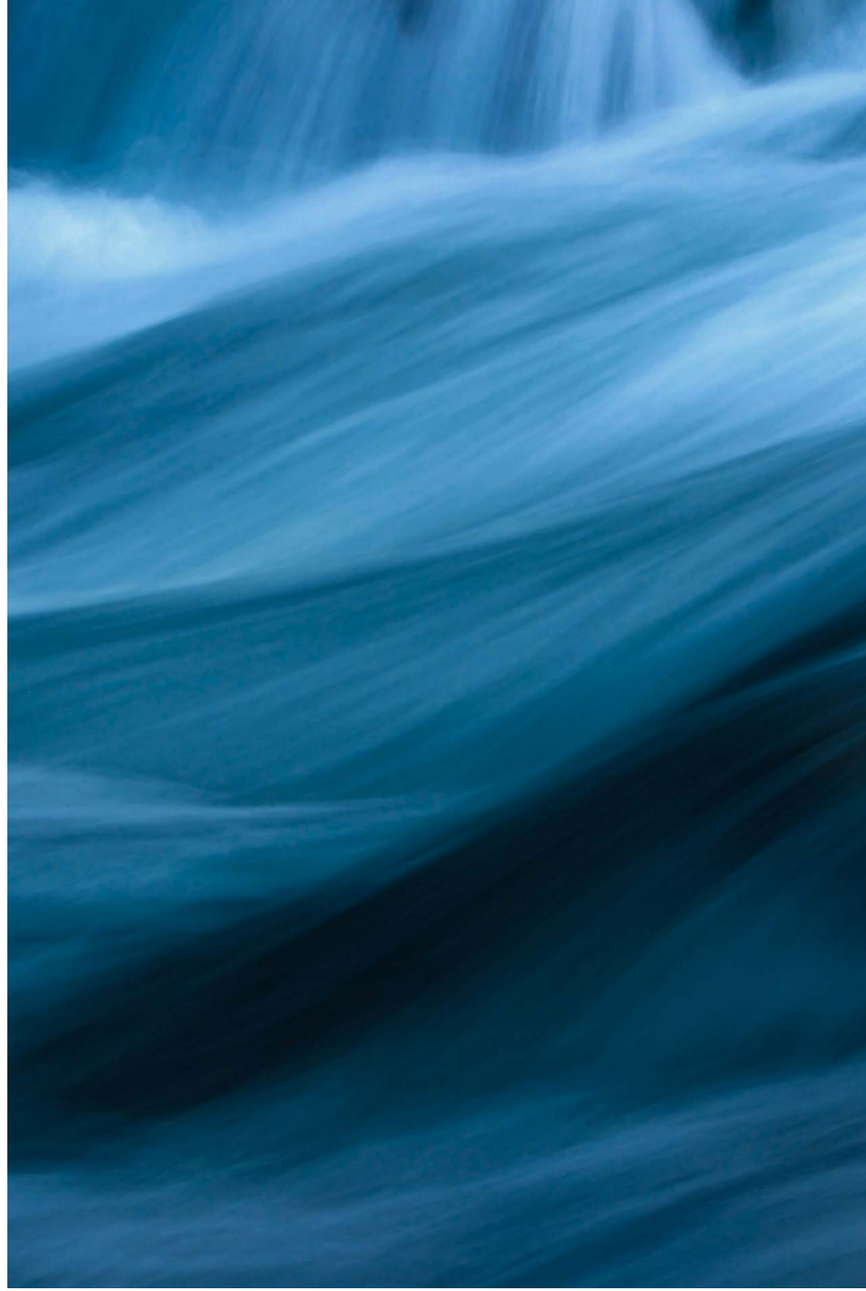
To understand how organizations are navigating these pressures, we surveyed 1,034 sustainability leaders operating in 15 different industries across EMEA, APAC and the Americas. Their responses provide year-over-year benchmarks and a direct view into the operational realities shaping today's reporting environment.

While much has changed, reporting on Scope 3 emissions remains a difficult undertaking for companies. It requires gathering, estimating and calculating factors they don't directly control. Nonetheless, organizations made progress in recent years: 59% say sustainability budgets have increased and voluntary disclosure is high at 73%, demonstrating a commitment to transparency that exceeds basic compliance. But the data lift remains heavy.

Today, the sustainability challenge is operational, cross-functional and time-sensitive. Leaders must collaborate across a range of internal and external partners, from procurement, logistics, finance and product to suppliers, customers, partners and waste management providers. Success now depends on consistent processes, clear ownership and disciplined data management.

There's tremendous value in meeting this moment head on. High quality Scope 3 data strengthens disclosures for investors, customers and communities and it sharpens risk management as climate pressures affect operations and financial performance.

Whether you're in the early stages of your Scope 3 journey or have a fully functioning system that's ready to evolve, this report can help you take the next step. Read on for insights, practical tips and expert guidance on how to embrace the challenges ahead and make measurable progress on your Scope 3 goals.



What's different in 2026? Complexity meets acceleration

Organizations have always struggled with sourcing accurate Scope 3 data. But as mandatory disclosures take effect and global frameworks multiply, this year, Scope 3 data gaps turned into compliance risks.

No one is shocked. Companies responded, making real progress. 80% say recent regulatory changes have accelerated sustainability reporting and 75% say regulations have accelerated Scope 3 reporting in particular.

CSRD, California SB 253 and SFDR are advancing on different timelines, while other rules remain in flux. Even so, companies face overlapping requirements coming online at once. Not all regulations require Scope 3 reporting, but even frameworks like the EU Taxonomy still rely on Scope 3 inputs to determine alignment. Today's reporting methods must scale across all of them.

The message is clear: 2026 will be the year companies must move from planning to fully operational, data-driven sustainability action. Expectations have moved from "measure what you can" to "demonstrate broad coverage, supported by evidence." Yet confidence in Scope 3 reporting today is mixed, with 45% of leaders saying they have only limited assurance in their Scope 3 emissions data.

Falling behind carries consequences. Limited or incomplete reporting invites regulatory penalties, slows market access and risks lost business. It can also lead to claims of greenwashing and reputational issues. For instance, in 2024 a Canadian enforcement agency **initiated an investigation into athletic apparel company lululemon** regarding their Be Planet campaign. Launched in 2020, Be Planet pledged a variety of environmental pledges, including a reduction in carbon emissions intensity. But critics have noted that their goal to reduce Scope 1 and 2 emissions accounts for less than 1% of its total greenhouse gas emissions. At the same time, the company's Scope 3 emissions have doubled since the launch of the Be Planet program.

At Sphera, our analysts track these evolving frameworks continuously, informing how companies adapt and helping them stay ahead.

Key regulations at a glance

Regulations	Requirements	Stage of implementation	How Scope 3 fits
CSRD (Corporate Sustainability Reporting Directive)	Mandatory reporting aligned with European Sustainability Reporting Standards (ESRS); double materiality; assurance	Active compliance beginning fiscal year 2024 for large EU companies	Detailed, category-level Scope 3 materiality reporting expected for most companies
California SB 253 (Climate Corporate Data Accountability	Annual public disclosure of Scope 1, 2, 3 GHG emissions for companies >$1B doing business in CA; assurance.	Covered companies must start reporting Scope 1 and 2 greenhouse gas emissions for their 2025 fiscal year in 2026	Scope 3 category-level estimation and public posting mandatory starting in 2027.
SFDR (Sustainable Finance Disclosure Regulation)	Entity-level and product-level sustainability disclosures; Principal Adverse Impact (PAI) indicators; EU Taxonomy alignment	Level 1 (high-level, principle-based disclosures) + Level 2 (detailed and standardized reporting) fully live as of 2025	Scope 3 required for financial market participants with more than 500 employees.
EU Taxonomy	Disclosures regarding whether economic activities are sustainable by classifying them against six objectives	Came into force in 2020 as an EU-wide reporting regulation	Scope 3 is not required by the taxonomy itself, but alignment often depends on considerations that rely on

REGULATIONS ARE DRIVING ACTION

20%

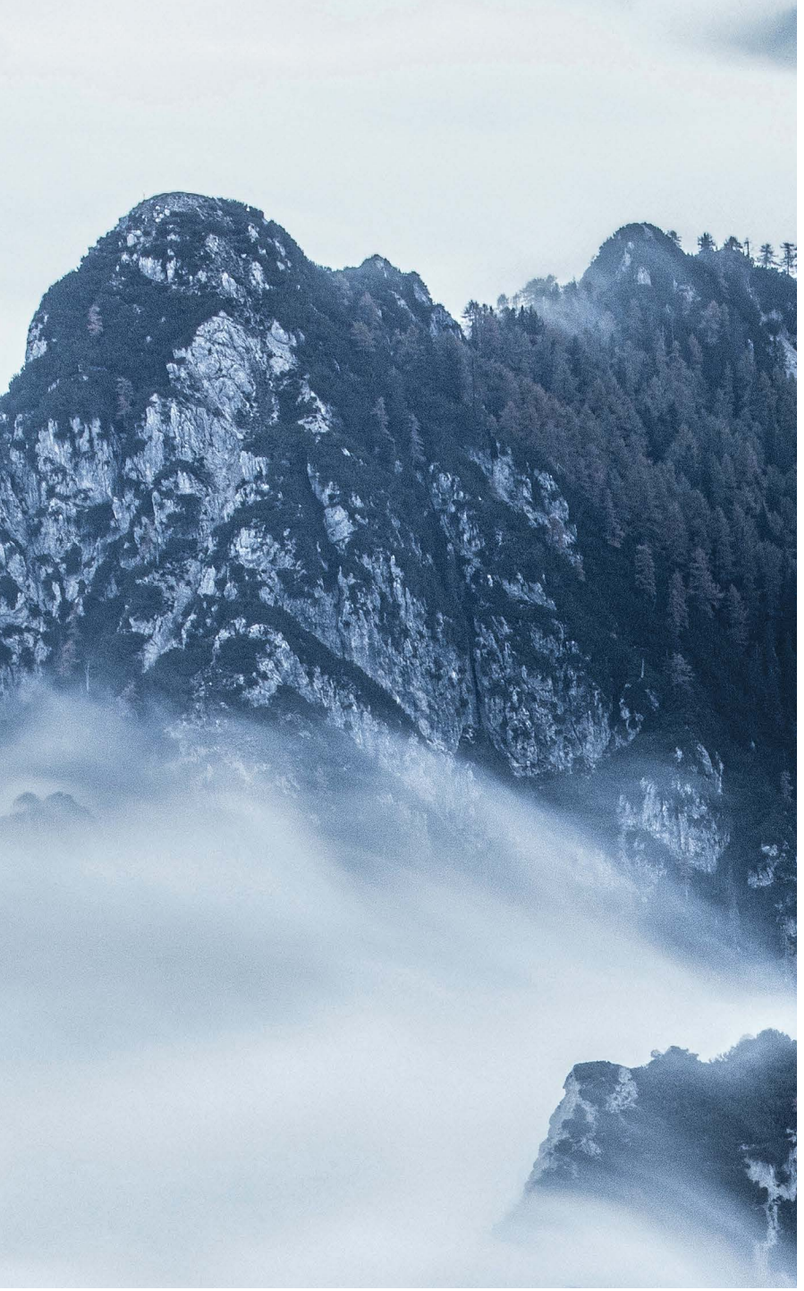
say recent regulatory changes have accelerated

75%

say regulations have accelerated Scope 3

72%

say transition planning has been accelerated



CHALLENGES

Data availability and quality
Manual collection and lack of access to primary data leads to gaps and inconsistencies.

Inconsistent methodologies
Lack of standardized calculation methods hinders comparability across suppliers and regions.

Complex value chains
Globalized, multi-tiered supply chains obscure emission sources and hinder traceability.

Resource constraints
Suppliers lack capacity, knowledge or incentive to provide detailed (and sensitive) emissions data.

Lack of integration
Collecting audit-ready, trustworthy Scope 3 data isn't embedded into core business operations.

OPPORTUNITIES

Supply chain optimization
Streamline processes, reduce waste and cut costs.

Product innovation
Discover opportunities for circularity and lower-impact materials.

Enhanced reputation
Demonstrate commitment to climate goals to attract investors and customers.

Risk mitigation
Gain visibility into climate risks that increase adaptability to regulatory changes.

Stronger supplier partnerships
Collaborate with suppliers to measure and reduce emissions.

Data-driven strategy
Use detailed data for better baseline setting, target tracking and decision-making.

The response: Even capable teams feel behind

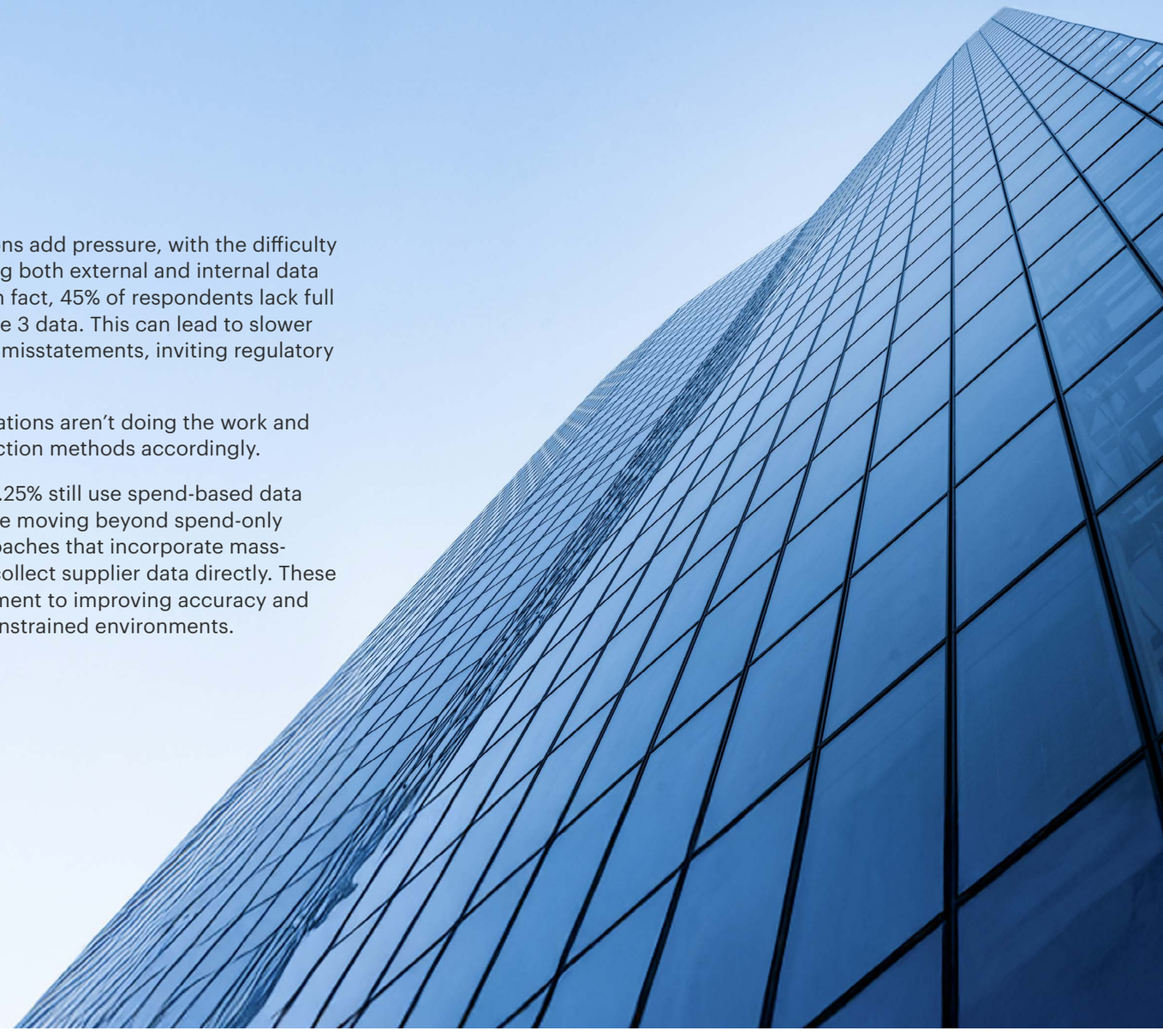
The value of investing in sustainability is well established: According to MIT's **2025 State of Supply Chain Sustainability Report**, 80% of businesses believe that sustainability is important or extremely important to their long-term success. Many organizations have already taken on Scope 3 reporting without waiting for regulatory deadlines.

In many cases, the stumbling block for companies isn't a lack of initiative. It's resources. Many organizations lack an independent sustainability team and for those that have one, it's often extremely lean. Our response data shows that 27% of respondents have teams of 10 or fewer and only 14% sit under a divisional Chief Sustainability Officer. These small, distributed teams are juggling multiple frameworks, internal demands and tight reporting cycles. Even motivated organizations struggle to maintain consistent, high quality data collection when personnel and systems are stretched thin. That said, with 75% saying regulations have accelerated their Scope 3 reporting efforts, it's safe to assume that companies are making investments in both strategy and digitalization efforts to navigate these reporting pressures.

As in 2024, data limitations add pressure, with the difficulty of gathering and verifying both external and internal data being a top pain point. In fact, 45% of respondents lack full confidence in their Scope 3 data. This can lead to slower reporting and the risk of misstatements, inviting regulatory scrutiny.

That's not to say organizations aren't doing the work and evolving their data collection methods accordingly.

Our survey shows only 9.25% still use spend-based data exclusively, while 36% are moving beyond spend-only methods to hybrid approaches that incorporate mass-based inputs. 45% now collect supplier data directly. These shifts show real commitment to improving accuracy and transparency, even in constrained environments.



CONNECTING THE DOTS: SCOPE 3 AND BUSINESS PERFORMANCE

Mars embraces the challenge of measuring Scope 3 emissions and sees the business benefit. The company publicly committed to reporting accurately and transparently on Scope 3 emissions for all of its brands across pet care, snacking and food and nutrition. While it's hard to draw a straight line between sustainability and business performance, the company **reduced its greenhouse gas emissions by 16.4%** over the last 10 years, while growing sales from **$47B to $50B** to **$54.6B** in 2022, 2023, and 2024 respectively.

These responses track with what we've seen firsthand in our consulting practice. Plus, advancements in digital workflows and AI are already simplifying data collection and validation. When supported by the right expertise, these tools turn raw inputs into data that's auditable, comparable and decision ready.

In short, progress is possible.

Capacity is stretched thin

27%

of teams have 10 or fewer people

Data confidence is limited

45%

of organizations express limited confidence in their Scope 3 data.

Teams sit under a non-sustainability function:

20%

under Legal and Compliance

10%

under Finance

17%

under Strategy and Innovation

The opportunity: Practical steps toward Scope 3 reporting progress

Defining the bridge from incremental progress to measurable, auditable confidence.

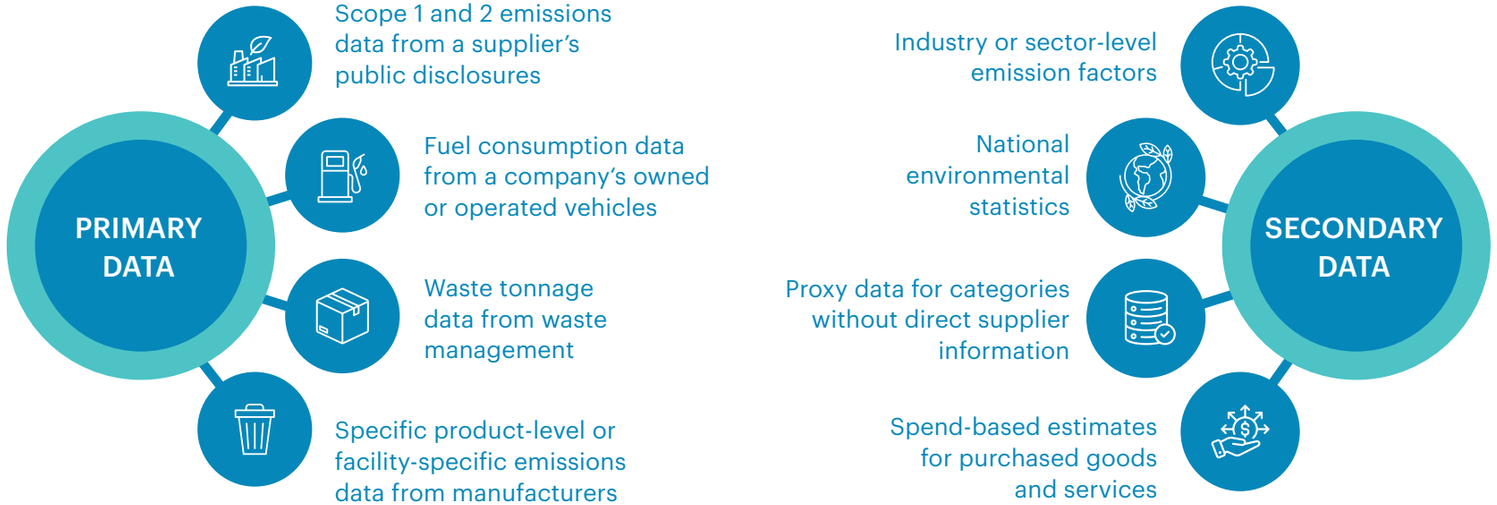
Organizations want to keep up with accelerating reporting demands, but they want to do it on their own terms, grounded in the realities they're dealing with today. They're motivated, with 89% planning to expand Scope 3 reporting, but readiness is mixed. Much of the data needed to calculate Scope 3 emissions is scattered across spreadsheets, supplier portals, ERP systems, product databases and logistics systems.

To combat this, companies are rapidly embracing digitalization and AI as practical tools to align data sources, validate data quality, and bring reporting together across regulatory frameworks. Over half of respondents say they're in the early stages of AI adoption.

WHAT CREDIBLE SCOPE 3 REPORTING LOOKS LIKE

It all starts with gathering the most traceable data possible. Traceable data sources for Scope 3 reporting are categorized into two main types: primary data and secondary data. Primary data is the most accurate and traceable data source, whereas secondary data is typically used to fill in the gaps.

Traceable Scope 1, 2, and 3 data sources

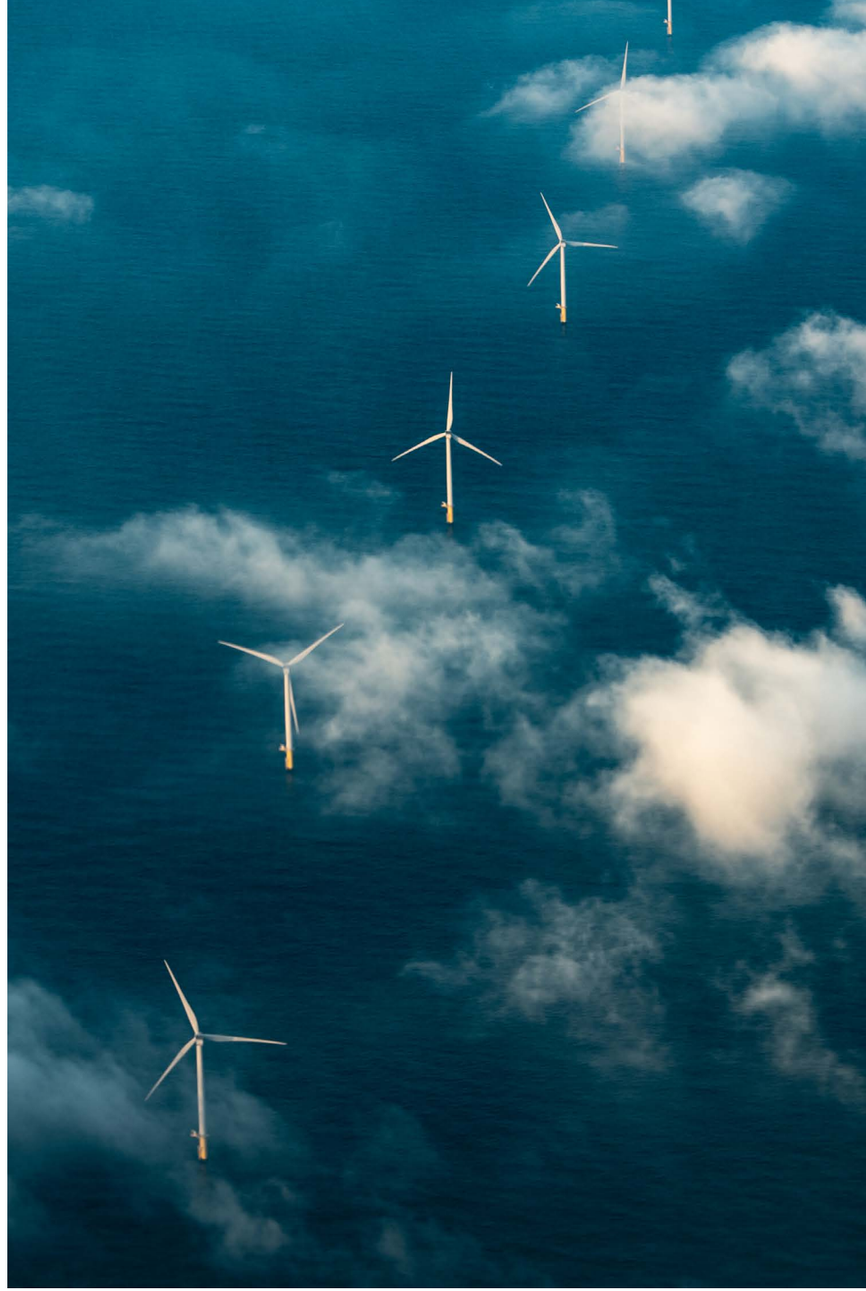


How it's collected:

- Supplier surveys and questionnaires
- Utility bills, fuel receipts or waste tickets
- Integrated IT systems such as ERP, procurement, logistics or energy management

How it's collected:

- Publicly available datasets
- Industry averages or government statistics
- Academic literature and recognized environmental databases



CLEAR RULES FOR AGGREGATING DATA ACROSS CATEGORIES

To aggregate Scope 3 emissions across categories, companies must first identify which categories are material to their business. Many use criteria such as financial spend, industry-specific guidance and the estimated emissions impact to narrow the list.

UPSTREAM SCOPE 3 EMISSIONS CATEGORIES INCLUDE:

- Purchased goods
- Capital goods
- Fuel and energy related activities
- Transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting

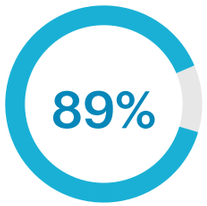
DOWNSTREAM SCOPE 3 EMISSIONS CATEGORIES INCLUDE:

- Transportation and distribution
- Processing of sold products
- Use of sold products
- End-of-life treatment of sold products
- Leased assets
- Franchises
- Investments

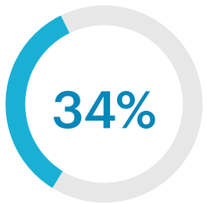
Source: Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

The categories that drive the bulk of Scope 3 emissions are also the ones most often underreported. Only 34% report purchased goods and services even though it's the largest Scope 3 category for most sectors. Meanwhile, 41% report fuel and energy related activities and 34% report waste generated in operations. Among respondents, 45.27% collect primary data from suppliers, 34.10% collect primary data from customers and 10.50% collect primary data from partners.

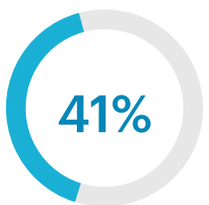
Underreporting in these categories risks low visibility into impacts, and lost opportunities for reduction. Instead, focus on the categories with the biggest contribution and the greatest potential for meaningful change.



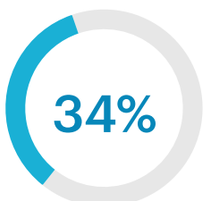
plan to expand Scope 3 reporting in the future.



report purchased goods and services, even though it's the largest Scope 3 category for most sectors.



report fuel and energy related activities.



report waste generated in operations.

Clear aggregation rules are crucial to credible, traceable and auditable Scope 3 reporting. Here are a handful of the pitfalls and best practices companies need to look out for as you allocate and aggregate.

- **Avoid double counting.** Assign each emission only once to a category to prevent inflation of totals and reduce reputational and legal risk.
- **Define allocation rules.** Decide how emissions are split when one source contributes to multiple outputs, such as a single factory producing multiple products, enabling actionable product-level accounting.
- **Standardize units and time periods.** Use consistent units (kg CO_2e, metric tons and so on) across all categories for fewer corrections and errors.
- **Normalize data.** Adjust varying levels of data detail or completion to be consistent and comparable, so you can make apples-to-apples comparisons.
- **Use consistent calculation methods.** Apply the same methodology across categories for trustworthy analysis and benchmarking.
- **Document aggregation logic.** Keep a clear trail from category-level data to total Scope 3 emissions that's easy for internal reviewers or external auditors to follow.

CONSISTENT FRAMEWORKS ACROSS REGIONS

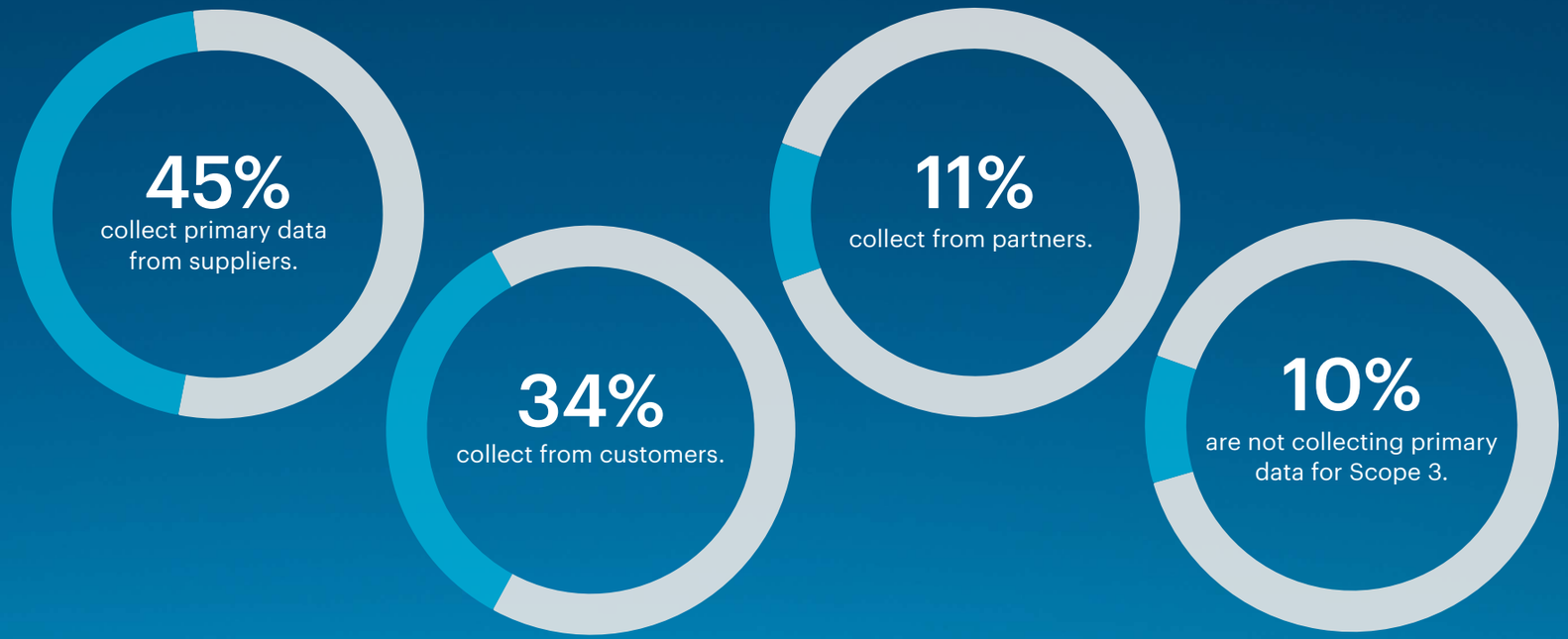
Finally, Scope 3 reporting touches multiple frameworks that span a variety of global jurisdictions. Each of these regions can have different reporting rules and regulatory expectations. Standardized frameworks, such as the **GHG Protocol** or **IFRS S2**, ensure that data collection and calculations use consistent methodologies and emission factors.

For the last 30 years, Sphera has helped organizations navigate these complexities, turning complex, multi-tier data into decision-ready insights with verified LCA content and software that integrates all relevant accounting methods.

Strategies for accelerating accurate Scope 3 reporting

Meeting Scope 3 reporting requirements is a tall order, and the stakes are rising.

Organizations want to invest and move faster, but familiar barriers stand in the way: fragmented data, complex calculations and uneven reporting readiness. Moving forward requires a new playbook that meets the pace of regulatory change, reduces risk, advances sustainability commitments and strengthens customer and investor trust while grounding decisions in reliable, traceable data.



UNIFY REPORTING AND CONTROLS

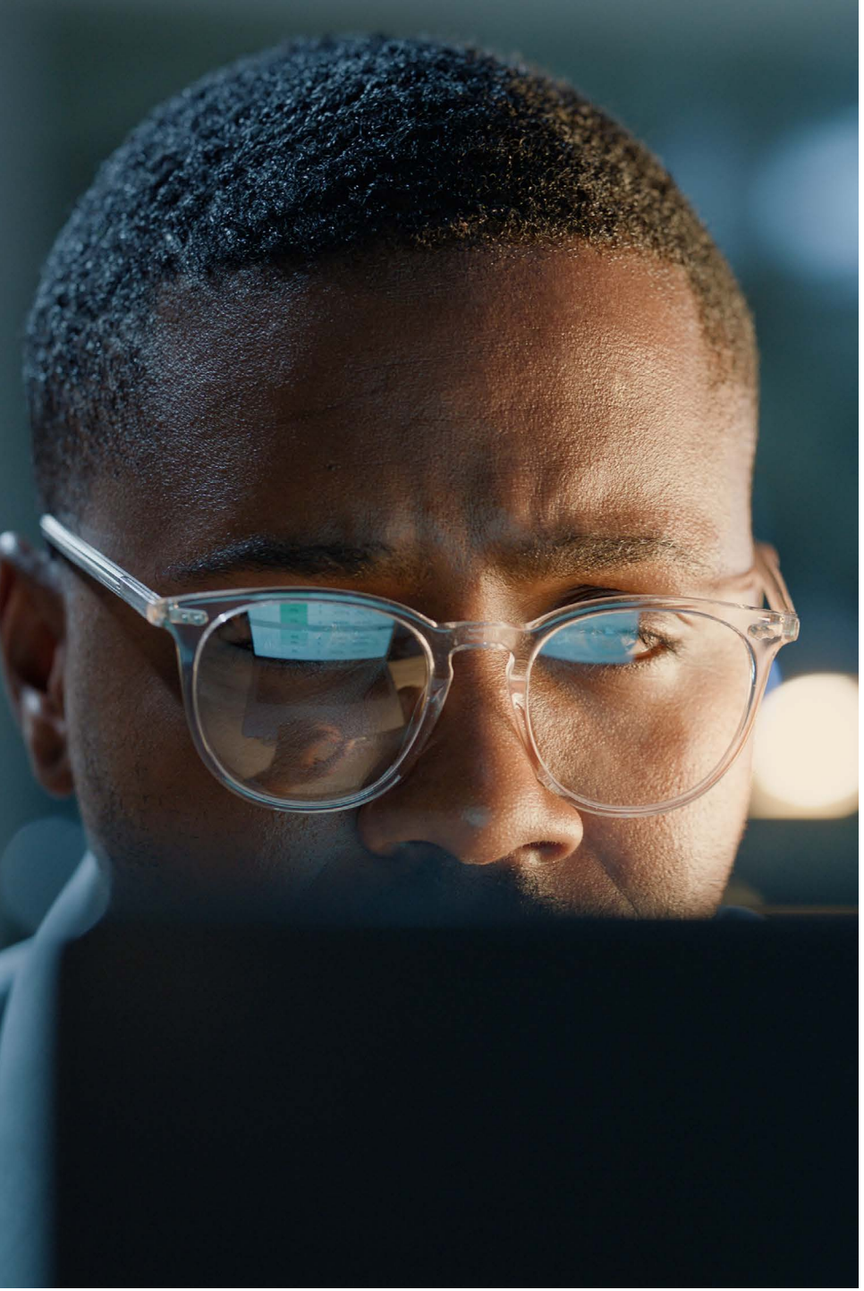
The cost, risk and sheer effort required to stitch data together from dozens of disparate sources for every single reporting requirement simply isn't tenable. Teams need a single source of truth. One data foundation that lets them collect once, calculate once and report across multiple frameworks with confidence.

ELEVATE DATA QUALITY WHERE IT MATTERS

Not all Scope 3 categories carry the same weight. It varies by industry, but typically some of the larger categories include: Purchased Goods & Services, Transportation and Fuel. Progress here hinges on shifting from spend-only estimates to richer, verified LCA datasets that capture the full product lifecycle. These higher-fidelity inputs raise both accuracy and defensibility.

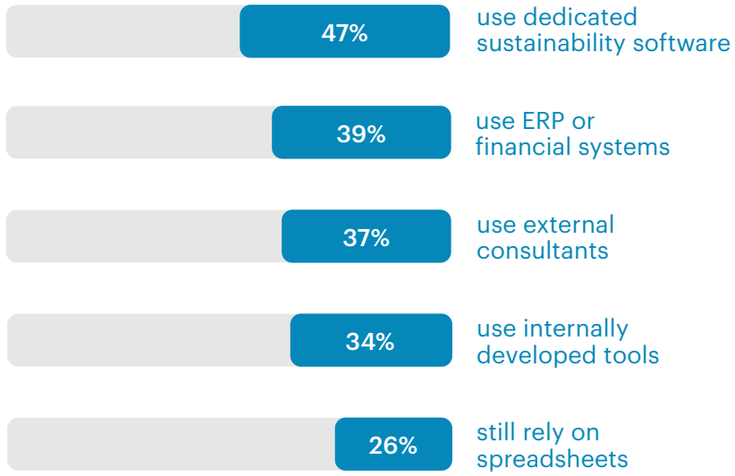
BUILD THE SUPPLIER DATA PIPELINE

Cultivate strong supplier partnerships to accelerate the influx of Scope 3 data. Start by right-sizing requests to avoid overwhelming suppliers out of the gate. Then, focus on Tier 1 suppliers who are both easiest to reach and often responsible for the largest share of emissions. Finally, automate data capture with sustainability software to accommodate the scale of subsequent tiers.



SCALE WITH AUTOMATION

Manual data entry only gets you so far. Global operations with complex supply chains depend on automation to orchestrate data collection, normalization and calculation across categories and geographies. Automation lifts accuracy and frees teams to focus on strategy and analysis instead of chasing and crunching numbers.



Sphera's LCA Automation converts product-by-product analysis into continuous insight. It's the ability to automatically perform life cycle assessments across your full product portfolio with minimal manual input.

USE AI WITH GUARDRAILS

Our data shows that 47% plan to apply AI to supply chain risk assessment. And yet, the challenges that pervade Scope 3 data collection often limit the effectiveness of AI; 45% worry about data quality. This makes sense. AI is powerful, but as the saying goes: garbage in, garbage out. Without reliable data, even the smartest algorithm cannot produce credible Scope 3 emissions. Invest in processes that keep AI outputs traceable and auditable, like automated checks that flag anomalies and human review that confirms what the data is really saying. Quality inputs lead to quality outputs.

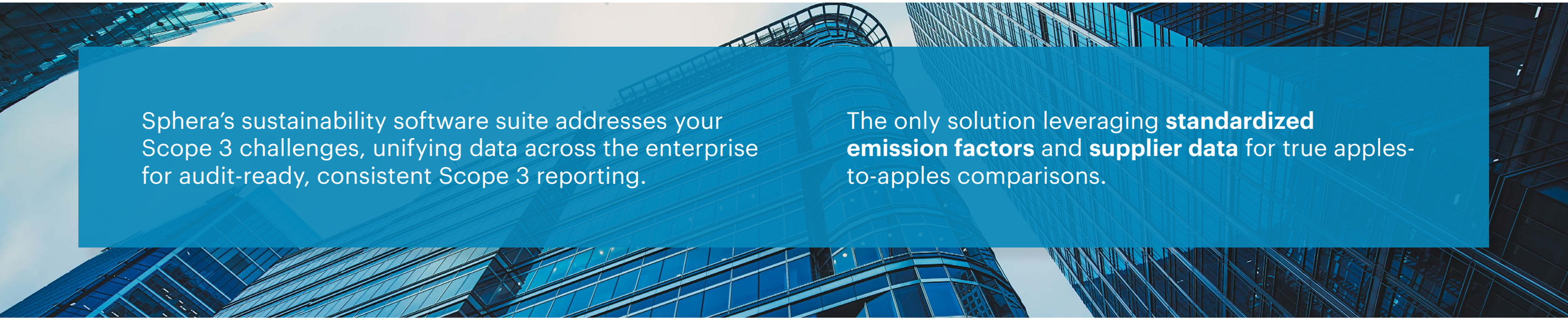
BUILD A CLIMATE TRANSITION-READY SCOPE 3 INVENTORY

Create a Scope 3 emissions dataset that, to the best of your ability, adheres to today's reporting needs, but also prepares for forthcoming climate regulations, disclosure standards and net-zero goals. To begin, stay aligned with updated GHG protocol updates as well as regulatory requirements such as IFRS S1 and S2 and the final version of the ESRS E1.

Every element of this playbook aligns with Sphera's integrated software ecosystem. Newly enhanced with AI and fueled by our world-leading data and emissions factors, our suite of tools powers sustainability reporting that is measurable, actionable, auditable and purpose-built for the challenges of 2026 and beyond.

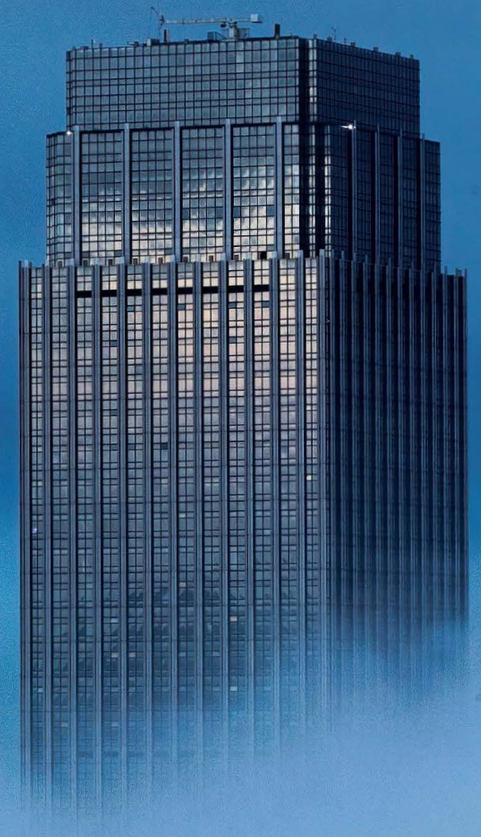
Conclusion: From obligation to operational advantage

Scope 3 reporting has entered a decisive phase of execution. This report shows real progress, but also a growing gap between ambition and confidence as regulatory pressure increases and data demands multiply. To close that gap, organizations must move beyond fragmented, manual approaches and establish consistent, accurate, and auditable data processes. Turning Scope 3 complexity into a reliable, repeatable system is now essential, not only to meet regulatory expectations but to strengthen decision-making and manage risk. The next step is enabling this shift with an end-to-end foundation that supports accuracy at scale and keeps pace with evolving requirements.



Sphera's sustainability software suite addresses your Scope 3 challenges, unifying data across the enterprise for audit-ready, consistent Scope 3 reporting.

The only solution leveraging **standardized emission factors** and **supplier data** for true apples-to-apples comparisons.



Appendix: Survey methodology and overview

Sphera's third annual Scope 3 Survey presents a snapshot of the on-the-ground realities of a regulatory terrain where shifting politics, new regulatory pressures, emerging climate challenges and rising stakeholder expectations all converge around the growing remit of Scope 3 emissions. The data reveals a clear path forward: move from planning to action, and from compliance to a model of sustainability that's embedded into decision-making at every level of the organization.

This year's pool of respondents was roughly three times the number of professionals we engaged last year, giving us a deeper, more robust view into the strategies being used to meet these challenges. We surveyed 1,034 sustainability leaders globally, representing enterprise organizations across manufacturing, energy, technology and consumer goods. The margin of error for this study is +/-3% at the 95% confidence level.

Our aim in sharing this report is to provide sustainability leaders with a glimpse into how peers are addressing these issues, but also to continually shape our ongoing product development and thought leadership. For the last 30+ years we have maintained close relationships with those we serve in order to develop offerings that help them tackle complex, demanding new levels of cross-functional collaboration, data transparency and leadership commitment. It's been our privilege and we look forward to many more years of service.

About Sphera

Sphera is the leading provider of integrated sustainability and operational risk management software, data and consulting services focusing on Environment, Health, Safety & Sustainability (EHS&S), Process Safety, Product Stewardship and Supply Chain Transparency.

For more information, contact us at: sphera.com/contact-us

Learn more about our Scope 3 solutions ›