



# Scope 3 Technical Working Group Meeting

*Working draft, do not cite*

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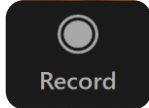
**Group B  
Meeting 2  
Relevance**

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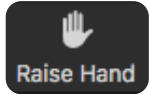
November 21<sup>st</sup>, 2024



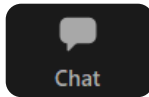
## Welcome and Meeting information



This meeting is recorded.



Please mute yourself by default and unmute when speaking  
Please use the Raise Hand function to speak during the call.



You can also use the chat function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

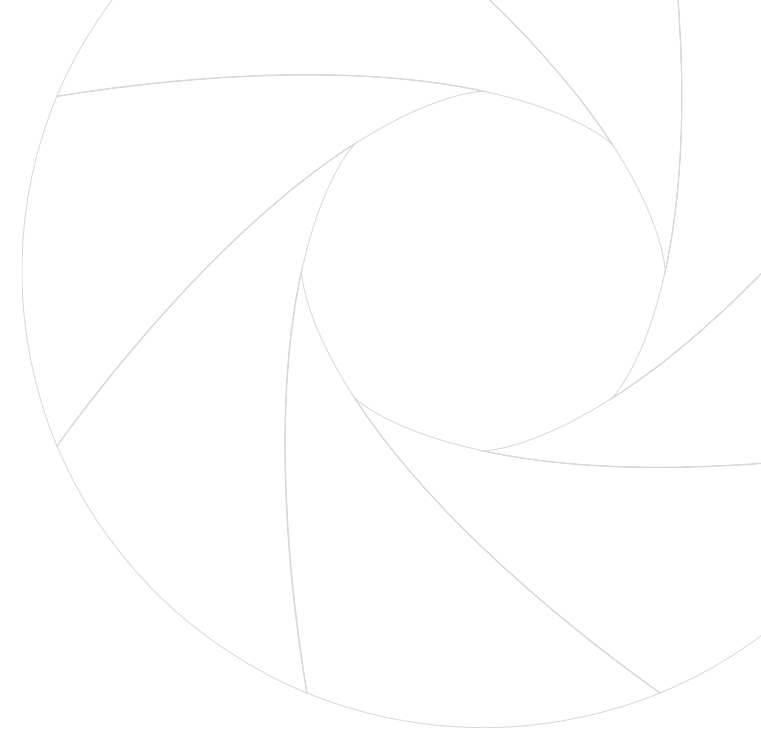
## Meetings by topic

Meeting code	Date	Topic(s)
B.1	31 Oct 2024	Kick-off
<b>B.2</b>	<b>21 Nov 2024</b>	<b>Relevance and significance</b>
B.3	12 Dec 2024	Justification of exclusions and optionality
B.4	16 Jan 2025	Hotspotting
B.5	6 Feb 2025	Intermediary parties
B.6	27 Feb 2025	Intermediary parties (continued)
B.7	20 Mar 2025	Target setting updates
B.8	10 Apr 2025	Base year recalculation & decision pathway
B.9	1 May 2025	Category and other performance metrics
B.10	22 May 2025	Disclosure requirements for scope 3 performance communication
B.11	12 Jun 2025	Leased assets

# Agenda

- Attendance and Housekeeping (5 min)
- Follow-up on Meeting #1 (5 min)
- Relevance in boundary setting (20 min)
  - Current requirements
  - Completeness vs accuracy
  - Completeness and relevance
- Guided discussion part 1 (40 min)
- Break (5 min)
- Guided discussion part 2 (40 min)
- Next steps (5 min)

# Housekeeping



## Housekeeping

- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
  - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining the credibility of the GHG Protocol
  - Specifically, all participants need to follow the **conflict-of-interest policy**
  - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics\*

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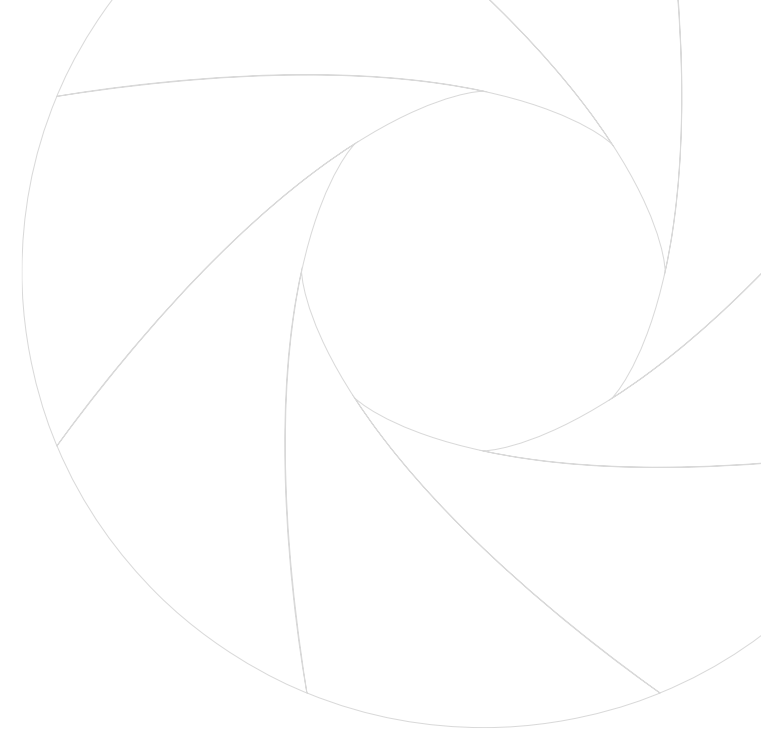
\* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

## Decision-Making Criteria

- Evaluating options: Describe pros and cons of each option relative to each criterion. Qualitatively assess the degree to which an option is aligned with each criterion through a green (most aligned), yellow (mixed alignment), orange (least aligned) ranking system. Some criteria may be not applicable for a given topic; if so, mark N/A.
- Comparing options: The aim is to advance approaches that ideally meet all decision criteria (i.e. maximize pros and minimize cons against all criteria). If options present tradeoffs between criteria, the hierarchy should be generally followed, such that, for example, scientific integrity is not compromised at the expense of other criteria, while aiming to find solutions that meet all criteria.

<i>Illustrative example</i>	<b>Option A: Name</b>	<b>Option B: Name</b>	<b>Option C: Name</b>
<b>1A. Scientific integrity</b>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>
<b>1B. GHG accounting and reporting principles</b>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>
<b>2A. Support decision making that drives ambitious global climate action</b>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>
<b>2B. Support programs based on GHG Protocol and uses of GHG data</b>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>
<b>3. Feasibility to implement</b>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>	<ul style="list-style-type: none"> <li>• Pros</li> <li>• Cons</li> </ul>

# Follow up on Meeting#1

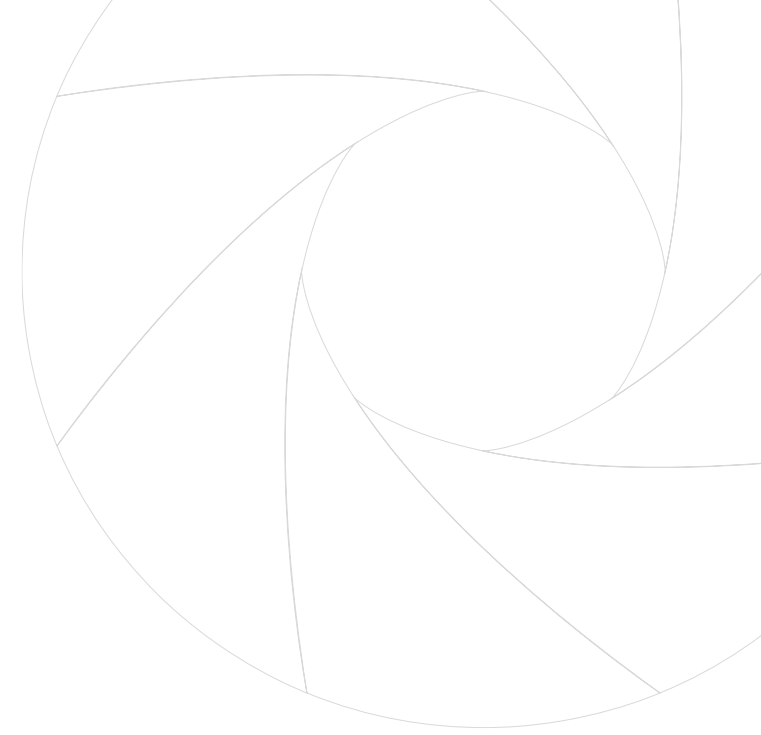




## Feedback received after meeting #1

- Overall positive impression of the TWG work
- A faster pace in presentation of general overview is preferred

# Relevance in boundary setting



## Current requirements

- GHG accounting and reporting of a scope 3 inventory **shall be** based on the following principles: relevance, completeness, consistency, transparency, and accuracy. (Scope 3 Standard, p. 23)
- Companies **shall** account for all scope 3 emissions and disclose and justify any exclusions. (Scope 3 Standard, p. 59)
- Companies **shall** account for emissions from each scope 3 category according to the minimum boundaries (which are provided in table 5.4) (Scope 3 Standard, p. 59)
- Companies **may** exclude scope 3 activities from the inventory, provided that any exclusion is disclosed and justified. (Scope 3 Standard, p. 60)
- Companies **should** strive for completeness, but it is acknowledged that accounting for all scope 3 emissions may not be feasible (Scope 3 Standard, p. 60)
- Companies **should** follow the principles of relevance, completeness, accuracy, consistency, and transparency when deciding whether to exclude any activities from the scope 3 inventory (Scope 3 Standard, p. 60)
- Companies **should not** exclude any activity that would compromise the relevance of the reported inventory (Scope 3 Standard, p. 60)
- In particular, companies **should not** exclude any activity that is expected to contribute significantly to the company's total scope 3 emissions (Scope 3 Standard, p. 60)

# Criteria for identifying relevant activities

Table [6.1] Criteria for identifying relevant scope 3 activities

<i>Criteria</i>	<i>Description</i>
<b>Size</b>	They contribute significantly to the company's total anticipated scope 3 emissions (see section 7.1 for guidance on using initial estimation methods)
<b>Influence</b>	There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
<b>Risk</b>	They contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks) (see table 2.2)
<b>Stakeholders</b>	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
<b>Outsourcing</b>	They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company's sector
<b>Sector guidance</b>	They have been identified as significant by sector-specific guidance
<b>Other</b>	They meet any additional criteria for determining relevance developed by the company or industry sector

## Completeness and accuracy

Aspects of scope 3 data accuracy is subject to work of subgroup A.

**Completeness:** “Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.” (*Scope 3 Standard*, p. 23)

**Accuracy:** “Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable confidence as to the integrity of the reported information.” (*Scope 3 Standard*, p. 23)

“A company may find that achieving the most complete scope 3 inventory requires using less accurate data, compromising overall accuracy. Conversely, achieving the most accurate scope 3 inventory may require excluding activities with low accuracy, compromising overall completeness. Companies should balance tradeoffs between principles depending on their individual business goals. <...> Over time, as the accuracy and completeness of scope 3 GHG data increases, the tradeoff between these accounting principles will likely diminish. (p. 24)

## Completeness and relevance

Completeness and relevance are intrinsically interconnected. **An inventory cannot be complete if relevant emissions are omitted or excluded.**

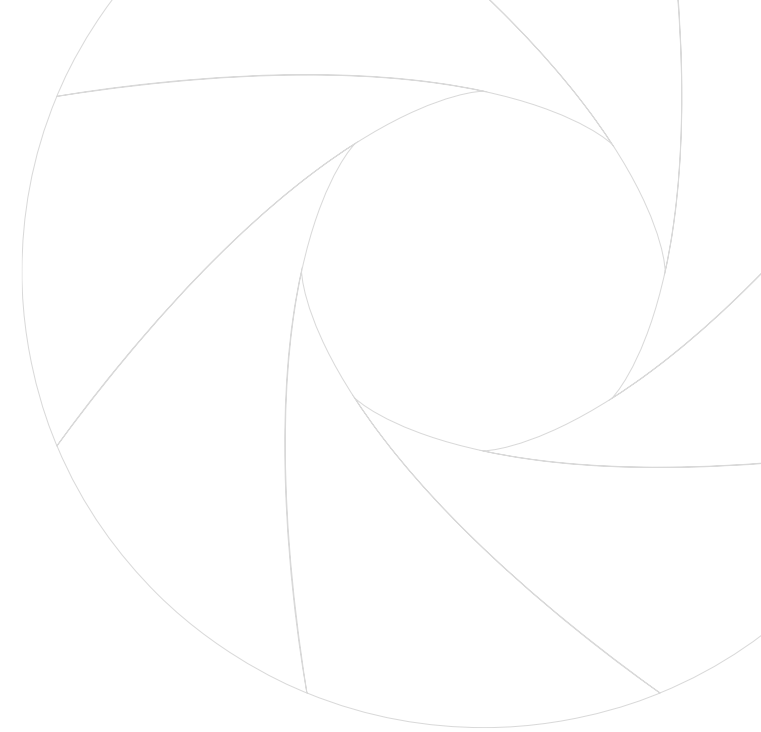
**Completeness:** “Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.” (*Corporate Standard*, p. 7; *Scope 3 Standard*, p. 23)

*Scope 3 Standard* guidance on completeness: “Companies should ensure that the scope 3 inventory appropriately reflects the GHG emissions of the company, and serves the decision-making needs of users, both internal and external to the company”. (p. 24).

**Relevance:** “Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company”. (*Scope 3 Standard*, p. 23)

*Scope 3 Standard* guidance on relevance: “A relevant GHG report contains the information that users – both internal and external to the company – need for their decision making. Companies should use the principle of relevance when determining whether to exclude any activities from the inventory boundary (see description of “Completeness” below). ” (p. 24)

# Discussion



## Discussion questions

Today's discussion focuses on the aspects of relevance in boundary setting:

1. How should the relevance principle be considered in the exclusion of activities?
2. How do the relevance criteria need to be followed to fulfill relevance?
3. Should a magnitude threshold be defined?
4. Should the influence criterion be refined?

Keep in mind:

The Corporate Standard is addressing the question of compliance, i.e. what the scope 3 requirement should be in the Corporate Standard. The Scope 3 TWG is addressing the more technical issues related to relevance, significance, de minimis, exclusions, etc.



# Flowchart of Options

1. How should the relevance principle be considered in the exclusion of activities?

2. How do the relevance criteria need to be followed to fulfill relevance?

3. Should a magnitude threshold be defined?

4. Should the influence criterion be defined?

**Option 1A**  
Maintain current language



n/a



**Option 1B**  
Relevance is required



**Option 2A**  
Maintain current language

**Option 2B**  
Relevance criteria



**Option 1C**  
Relevance based on magnitude



n/a

<b>Option 3A</b> Maintain current language	<b>Option 3C</b> Defined by S3 Standard
<b>Option 3B</b> Defined by preparer	<b>Option 3D</b> All shall be accounted

**Option 3B**

**Option 3C**



**Option 4A**  
Maintain current language

**Option 4B**  
Define influence pathways

**Option 4C**  
Define levels of influence

# 1. How should the relevance principle be considered in the exclusion of activities?

## Option 1A

### Maintain current language

- Companies **should** follow the principles when deciding whether to exclude any activities from the scope 3 inventory. (p. 60)
- Companies **should not** exclude any activities from the scope 3 inventory that would compromise the relevance of the reported inventory.

## Option 1B

### Relevance is required

- Companies **SHALL** follow the principles when deciding whether to exclude any activities from the scope 3 inventory. (p. 60)
- Companies **SHALL not** exclude any activities from the scope 3 inventory that would compromise the relevance of the reported inventory.

## Option 1C

### Relevance is required based on the criterion of magnitude

- Companies **shall** account for all SIGNIFICANT scope 3 emissions and disclose and justify any exclusions.
- Companies **SHALL not** exclude any activity that is expected to contribute significantly to the company's total scope 3 emissions.

## Preliminary analysis on the decision-making criteria (1)

Criteria	Option 1A: Maintain current language: relevance is at the discretion of the preparer	Option 1B: Relevance is required	Option 1C: Relevance is required based on the criterion of magnitude of emissions only
<b>Scientific integrity</b>	Largely NA	Largely NA	Largely NA
<b>GHG accounting and reporting principles</b>	<p>Pros: somewhat promoting relevance through recommendation to follow the principle in exclusion consideration. All principles are required to be followed in accounting and reporting.</p> <p>Cons: following the principle in consideration of exclusion is not required</p>	<p>Pros: Strongly promoting relevance, requiring to follow it (in full) in exclusion consideration</p> <p>All principles are required to be followed in accounting and reporting.</p>	<p>Pros: promoting relevance through requirement of consideration of the magnitude of emissions, and recommendation of consideration of other criteria. All principles are required to be followed in accounting and reporting.</p> <p>Cons: following the other criteria of relevance in consideration of exclusion is not required</p>
<b>Support decision making that drives ambitious global climate action</b>	<p>Pros: potentially allows companies to focus on action</p> <p>Cons: unclear and uneven exclusions may lead to significant omissions of relevant emissions overlooking potential for action</p>	<p>Pros: more direct connection of relevance to the accounting leading to potential action focused on the most relevant activities</p> <p>Cons: additional burden of relevance assessment that may be carried out at the cost of action</p>	<p>Pros: more direct connection of relevance to the accounting leading to potential action focused on the activities potentially opening the largest reduction opportunities.</p> <p>Cons: potentially additional burden of magnitude assessment if it was not being performed previously; may be carried out at the cost of action</p>

## Preliminary analysis on the decision-making criteria (2)

Criteria	Option 1A: Maintain current language: relevance is at the discretion of the preparer	Option 1B: Relevance is required	Option 1C: Relevance is required based on the criterion of magnitude of emissions only
<b>Support programs based on GHG Protocol and uses of GHG data</b>	<p>Pros: High interoperability with other frameworks</p> <p>Cons: Lower support to users of information due to flexibility provided on exclusions and consequent lower cross-company comparability and action assessment</p>	<p>Pros: Higher support to user due to clearer exclusion conditions facilitating interpretation of the information and action assessment.</p> <p>Interoperable with major frameworks</p> <p>Cons: Qualitative assessments of relevance criteria may be subjective impeding information interpretation.</p> <p>Some sectoral guidance might need reconsideration</p>	<p>Pros: Higher support to user due to clear exclusion conditions facilitating interpretation of the information and action assessment.</p> <p>Interoperable with major frameworks</p> <p>Cons: some sectoral guidance might need reconsideration</p>
<b>Feasibility to implement</b>	<p>Pros: easy to implement due to broad discretion given on exclusions</p> <p>Cons: May be challenging for preparers in choices to be made</p>	<p>Cons: Additional burden for relevance analysis</p>	<p>Pros: Discretion is given on consideration of non-size relevance criteria</p> <p>Cons: Additional burden for proving that the exclusion of a category or activity does not compromise relevance (by magnitude)</p>

## 2. How do the relevance criteria need to be followed to fulfill relevance?

Applicability of this question depends on the decision for question 1:

- In case of choice of 1A, only option 1A is sensible
- In case of choice of 1C, size criterion becomes the “main” in definition of relevance for a complete inventory.
- In case of choice of 1B, two options can be considered:

**Option 2A**  
Maintain current language: Relevance is at the discretion of the preparer

**Option 2B**  
Relevance is defined as meeting at least one of the relevance criteria

Table [6.1] Criteria for identifying relevant scope 3 activities

Criteria	Description
<b>Size</b>	They contribute significantly to the company's total anticipated scope 3 emissions (see section 7.1 for guidance on using initial estimation methods)
<b>Influence</b>	There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
<b>Risk</b>	They contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks) (see table 2.2)
<b>Stakeholders</b>	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
<b>Outsourcing</b>	They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company's sector
<b>Sector guidance</b>	They have been identified as significant by sector-specific guidance
<b>Other</b>	They meet any additional criteria for determining relevance developed by the company or industry sector

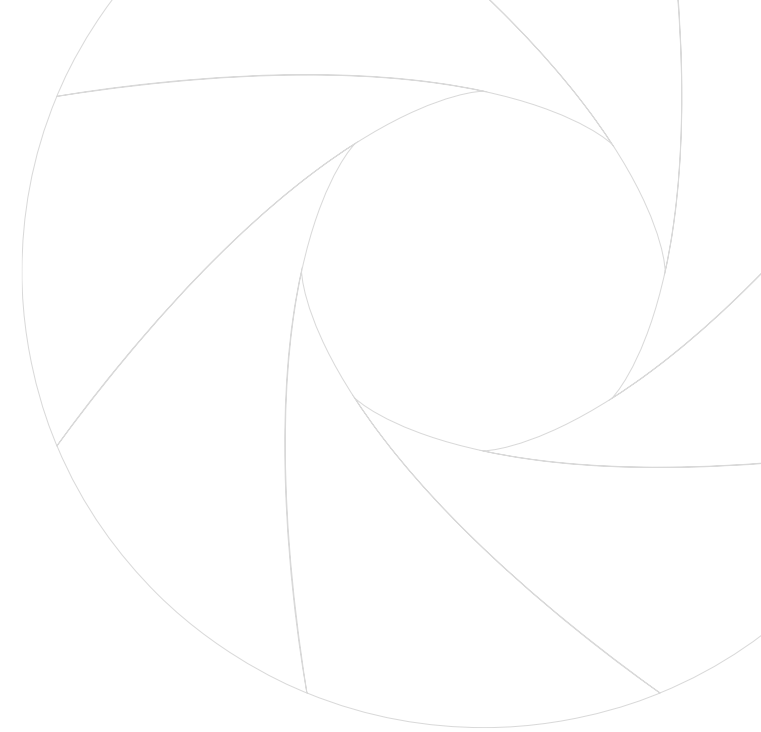
## Preliminary analysis on the decision-making criteria

Criteria	Option 2A: Maintain current language: Relevance assessment is at the preparer's discretion	Option 2B: Relevance is defined as meeting at least one of the relevance criteria
<b>Scientific integrity</b>	Largely N/A	Largely N/A
<b>GHG accounting and reporting principles</b>	<p>Pros: relevance may be defined with more finetuning to the context of the business and operation.</p> <p>Cons: completeness and relevance may be challenged if activities are misjudged and excluded. Transparency may be challenged if application of particular relevance criteria used for exclusion justification are not disclosed.</p>	<p>Pros: Promoting relevance and completeness. Potentially promoting transparency and consistency.</p>
<b>Support decision making that drives ambitious global climate action</b>	<p>Pros: potentially allows companies to finetune relevance for the business sand operations context, and focus on action</p> <p>Cons: unclear and uneven exclusions may lead to omissions of relevant emissions</p>	<p>Pros: larger view of relevance that can broaden the company's focus on action</p> <p>Cons: Additional burden that may be carried out at the cost of action</p>
<b>Support programs based on GHG Protocol and uses of GHG data</b>	<p>Pros: High interoperability (fits all)</p> <p>Cons: Lower support to user when unclear and uneven relevance indication impedes interpretation of data and decision-making</p>	<p>Pros: High interoperability (fits all)</p> <p>Higher support to user due to clearer relevance framework facilitating clearer interpretation for decision-making</p>
<b>Feasibility to implement</b>	<p>Pros: Lower reporting burden due to wide discretion given in relevance considerations</p> <p>Cons: Confusing for preparers in choices to be made</p>	<p>Pros: Clear guidance for preparers</p> <p>Cons: Additional burden for relevance assessment.</p> <p>Potentially additional burden for accounting and reporting of emissions that were previously excluded.</p>

## Poll outcomes

This slide is a placeholder. In the meeting, the Secretariat will present the outcomes of the pre-discussion poll to further inform the discussion

**Break: 5 min**





### 3. Should a magnitude threshold be defined?

- Applicability of this question depends on the decision for questions 1:  
If 1B or 1C are chosen, then the magnitude threshold should be defined, leaving only options 3B and 3C

Option 3A: Maintain current language: relevance of emissions size is at the discretion of the preparer.

Preparer defines how to assess emissions relevance by size

Option 3B: Magnitude threshold is required to be defined at the discretion of preparer

Preparer defines a threshold (e.g. 3%) and applies it consistently

Option 3C: Magnitude threshold is defined by the Scope 3 Standard

Scope 3 Standard defines the universal threshold.  
*Sub-option: a default threshold, with possibility to justify using other value.*

Option 3D: Require all scope 3 emissions to be accounted for regardless of magnitude

All emissions shall be accounted, independent of their magnitude

## Preliminary analysis on the decision-making criteria (1)

Criteria	Option 3A: Maintain current language: relevance of emissions size is at the discretion of the preparer	Option 3B: Magnitude threshold is required to be defined at discretion of preparer	Option 3C: Magnitude threshold is defined by the Scope 3 Standard	Option 3D: Require all scope 3 emissions to be accounted for regardless of magnitude
<b>Scientific integrity</b>	Largely N/A	Largely N/A	Largely N/A	Largely N/A
<b>GHG accounting and reporting principles</b>	<p>Pros: potentially promoting organization-specific relevance</p> <p>Cons: potential challenging of relevance, completeness and transparency</p>	<p>Pros: Potentially promoting relevance and consistency</p> <p>Cons: potential challenging of relevance and completeness if an unreasonably high threshold is chosen</p>	<p>Pros: Potentially promoting relevance, transparency, completeness, consistency</p> <p>Cons: potential challenging of relevance if the GHG Protocol threshold is not suitable for the organization context.</p> <p>Possibility to justify use of a threshold other than default may alleviate the cons</p>	<p>Pros: Potentially promoting transparency, completeness and consistency;</p> <p>Cons: challenging the principle of relevance</p>
<b>Support decision making that drives ambitious global climate action</b>	<p>Pros: companies may set the threshold that fits their objectives and focus resources on action</p> <p>Cons: potential significant omissions and blurred relevance may impede the action in non-detected activities</p> <p>The definition of relevant magnitude between companies is inconsistent and may impede top-down (e.g. regulatory) action</p>	<p>Pros: companies may set the threshold that fits their objectives and focus resources on action</p> <p>Cons: potential significant omissions may impede the action in non-detected activities</p> <p>The definition of relevant magnitude between companies is inconsistent and may impede top-down (e.g. regulatory) action</p>	<p>Pros: significant omissions are less likely, allowing focus action on relevant areas</p> <p>Cons: effort in performing estimations might take resources from carry out action.</p> <p>Pre-set threshold may not show adequate for some sectors. Possibility to justify use of a threshold other than default may alleviate the cons.</p>	<p>Pros: significant omissions are less likely, allowing focus action on relevant areas</p> <p>Cons: significant effort in performing estimations might take resources from carry out action</p>

## Preliminary analysis on the decision-making criteria

Criteria	Option 3A: Maintain current language: relevance of emissions size is at the discretion of the preparer	Option 3B: Magnitude threshold is required to be defined at discretion of preparer	Option 3C: Magnitude threshold is defined by the Scope 3 Standard	Option 3D: Require all scope 3 emissions to be accounted for regardless of magnitude
<b>Support programs based on GHG Protocol and uses of GHG data</b>	<p>Pros: High interoperability: companies may select the threshold that fits the frameworks they follow.</p> <p>Cons: Does not support user in cross-company considerations, and in case of qualitative subjective thresholds.</p>	<p>Pros: High interoperability: companies may select the threshold that fits the frameworks they follow.</p> <p>Cons: Does not support user in cross-company considerations</p>	<p>Pros: supports user providing transparency and alignment in relevance setting</p> <p>Promotes cross-company comparability.</p> <p>Interoperable with selected frameworks</p> <p>Cons: Lower interoperability with frameworks that have pre-set thresholds different from the chosen one, or postulate a context-dependent threshold</p>	<p>Pros: Supports user in providing information on all activities' emissions independent of their magnitude, but makes the definition by other criteria more important, while they are less rigid and more subjective.</p> <p>Cons: Medium interoperability, with potential discrepancies with frameworks that have pre-set thresholds</p>
<b>Feasibility to implement</b>	<p>Pros: Self-defined, flexible approach.</p>	<p>Pros: Self-defined threshold. Significance threshold may reduce effort in preparing the inventory focusing on activities above the threshold.</p> <p>Cons: May increase effort on the screening/ estimation step for companies that are not already doing this step.</p>	<p>Pros: Frees preparers from making decisions on the threshold</p> <p>Significance threshold may reduce effort in preparing the inventory focusing on activities above the threshold.</p> <p>Cons: May increase effort on the screening/ estimation step for companies that are not already doing this step.</p>	<p>Pros: Frees preparers from making decisions on the threshold.</p> <p>Cons: Significantly increased effort to report of all activities without exclusions and very challenging to fully achieve</p>

## Magnitude threshold values

Using the values disclosed by CDP\*, a theoretical modelling of the impact of choosing a reporting threshold on the total inventory representation was conducted to investigate options of a quantified threshold of relevance (by size). A percentage of inventory potentially omitted from accounting and/or reporting was calculated to inform the discussion.

*Percentage of the total inventory omitted from accounting and/or reporting based on a magnitude threshold of exclusions (by category)*

Sector	Options of threshold of exclusions by category, as a percentage of total scope 1,2 and 3, or scope 3 only								
	Option 1	Option 2	Option 3	Option 1a	Option 2a	Option 3a	Option 1b	Option 2b	Option 3b
	1% of total scope 1, 2 and 3	3% of total scope 1, 2 and 3	5% of total scope 1, 2 and 3	1% of total scope 3	3% of total scope 3	5% of total scope 3	1% of the total but up to cumulative 5%	3% of the total but up to cumulative 10%	5% of the total but up to cumulative 10%
Agricultural commodities	0.95%	6.17%	13.51%	0.95%	6.17%	13.51%	0.95%	7.29%	7.29%
Capital goods	1.67%	3.31%	3.31%	1.67%	3.31%	3.31%	3.13%	4.77%	4.77%
Cement sector	0.47%	3.14%	10.01%	0.47%	0.47%	0.47%	0.47%	3.14%	6.55%
Chemicals	1.86%	5.22%	11.46%	1.86%	5.22%	11.46%	1.86%	5.22%	8.26%
Coal	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	1.12%	3.29%	3.29%
Construction	2.62%	6.26%	6.26%	2.62%	6.26%	6.26%	2.62%	7.60%	7.60%
Electric utilities	1.52%	5.79%	10.18%	1.52%	1.52%	5.79%	1.52%	7.05%	7.05%
Financial	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.16%	0.16%	0.16%
Food, beverage & tobacco	2.82%	10.12%	20.43%	2.82%	7.35%	20.43%	2.82%	7.35%	7.35%
Metals&mining	1.10%	9.41%	12.55%	1.10%	9.41%	12.55%	1.10%	8.66%	8.66%
Oil&gas	1.78%	4.49%	8.08%	1.78%	4.49%	8.08%	1.78%	5.66%	9.25%
Paper&forestry	1.11%	7.98%	17.70%	1.11%	2.34%	5.01%	1.11%	7.98%	7.98%
Real estate	2.27%	6.86%	10.09%	2.27%	6.86%	10.09%	2.27%	8.66%	8.66%
Steel	1.25%	8.09%	11.42%	1.25%	1.25%	2.49%	1.25%	8.09%	8.09%
Transport OEMS	2.97%	2.97%	2.97%	2.97%	2.97%	2.97%	3.75%	4.93%	4.93%
Transport services	2.63%	5.20%	8.65%	2.63%	2.63%	2.63%	2.63%	5.20%	8.30%

## Poll outcomes

This slide is a placeholder. In the meeting, the Secretariat will present the outcomes of the pre-discussion poll to further inform the discussion

## 4. Should the influence criterion be refined?

- “Scope 3 emissions can be influenced by the activities of the reporting company, such that companies often have the ability to influence GHG reductions upstream and downstream of their operations.”
- This guidance can be interpreted very broadly, since a company could have some degree of influence over many emission sources outside its boundaries. Given that this is left to preparers to determine, the influence criterion is applied unevenly in practice.

### Option 4A: Maintain the current definition of influence

“There are potential emissions reductions that could be undertaken or influenced by the company”

### Option 4B: Define a list of influence pathways

Scope 3 Standard lists the (minimum) influence pathways that should be considered

### Option 4C: Define levels of influence

Level of influence can be defined as sufficient for emissions to be considered relevant.

## Preliminary analysis on the decision-making criteria

Criteria	Option 4A: Maintain the current definition of influence	Option 4B: Define a list of influence pathways	Option 4C: Define the level of influence
<b>Scientific integrity</b>	Largely NA	Largely NA	Largely NA
<b>GHG accounting and reporting principles</b>	Pros: allows for reflecting relevance through influence within the organization-specific context  Cons: Challenging transparency in relevance definition, and potentially consistency	Pros: Increasing transparency in relevance definition, potentially promoting consistency and completeness	Pros: Potentially increasing transparency in relevance definition, potentially promoting consistency and completeness (subject to rigid definitions)
<b>Support decision making that drives ambitious global climate action</b>	Pros: Leaving the judgment of relevant influence to the preparer, facilitating most relevant action  Cons: Potentially creating loopholes allowing for omission of relevant emissions	Pros: Requiring preparers to consider a wide range of actions that can lead to the emissions reductions, creating clarity and therefore promoting action	Pros: Requiring preparers to consider potential ways of direct and indirect influence that can lead to emission reductions.  Creating structure for consideration and freedom in definition of action  Cons: leaving room for non-consideration / omission of some actions
<b>Support programs based on GHG Protocol and uses of GHG data</b>	Pros: Largely interoperable  Cons: unclear definition of influence impedes interpretation of the relevant emissions	Pros: Higher support to user in provision of concrete actions that are to be considered by preparers  Largely interoperable	Pros: Some support to user in provision the general definition of influence as a criterion of relevance.  Largely interoperable
<b>Feasibility to implement</b>	Pros: Feasible; procedure of consideration is defined by the preparer	Pros: Largely feasible  Cons: may require more in-depth analysis of influence per activity	Pros: Largely feasible Cons: may require effort in definition of potential direct and indirect control actions, and more in-depth analysis of influence per activity

## List of influence pathways (mock-up)

\*Based on Table 9.7 of the Standard:

- Change of value chain partner
- Value chain partner engagement
- Implementation of low-GHG procurement policies, including materials and energy procurement
- Reduction of own material and energy consumption or change of consumption patterns
- Waste generation reduction
- Adoption of low-emitting waste treatment methods
- Replacing, removing, or installing equipment
- Maintenance procedures and (re)design thereof
- Process optimization
- (Re)design of products or services, including supplementary and complementary products, packaging, etc.
- Business model change
- Stakeholder engagement in and incentivizing of low-emission behaviors
- Changes in business processes and locations
- Implementation of low-emission investment policies
- Implementation of low-emission client-selection process policies
- Other ways determined by sector guidance
- Other ways determined by the company



## Definitions (mock-up)

Based on the classification by Emborg, Lloyd and Olsen\*:

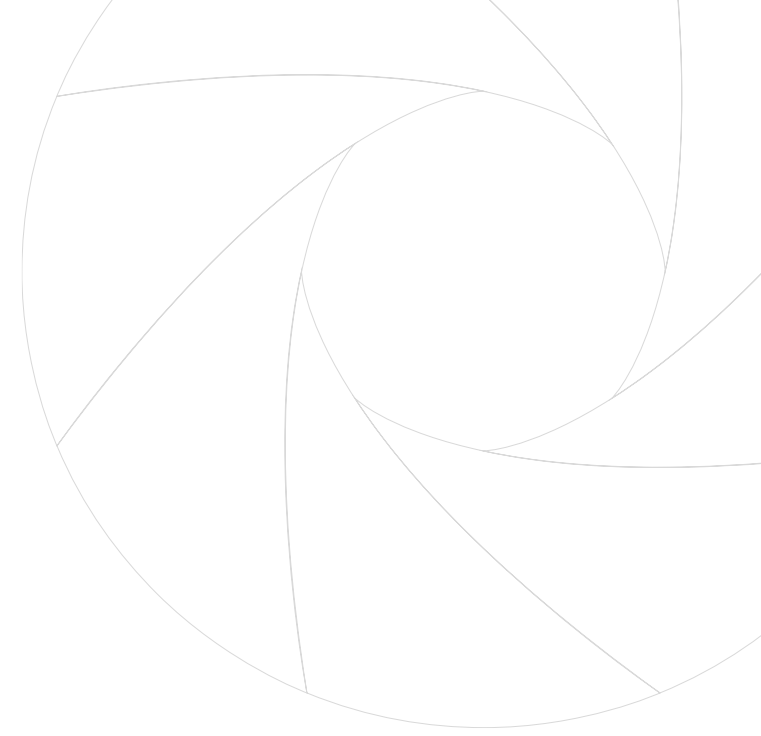
“Emissions are deemed to be relevant if the entity has **direct** or **indirect control** of processes considered in the accounting of emissions from activities.

- *Direct control* assumes changes in the entity’s own operations leading to changes in the parameters of accounting (e.g. supplier change, maintenance procedures, standard requirements, design criteria, etc.).
- *Indirect control* assumes that changes in engagement with value chain partners can lead to changes in parameters of accounting (e.g. demand or criteria setting in procurement, employee incentivizing, etc.).

## Poll outcomes

This slide is a placeholder. In the meeting, the Secretariat will present the outcomes of the pre-discussion poll to further inform the discussion

# Next Steps



## Next steps

- GHG Protocol Secretariat:
  - Distribute the recording, feedback form and consensus poll (by Nov 22)
  - Prepare and distribute minutes of the meeting (by Nov 28)
- TWG members:
  - Provide feedback on the discussion (by Nov 29)
  - **Answer the consensus poll (by Nov 29)**

## Next meeting on December 12<sup>th</sup>

- TWG members:
  - If attending the meeting on the 12<sup>th</sup> is not possible:
    - Inform asap

**Thank you!**

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