



Corporate Standard Technical Working Group

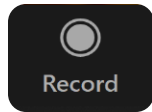
Subgroup 3, Meeting #2 Operational Boundaries

GHG Protocol Secretariat team:
Allison Leach, Iain Hunt, Hande Baybar

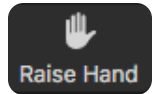
December 17th, 2024



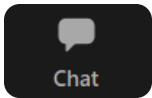
Meeting information



This meeting is **recorded**.



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.

Agenda

Introduction and housekeeping	10 minutes
Recap from meeting #1	10 minutes
Question 2: What should the scope 3 requirement be?	60 minutes
Question 3: Can the scope 3 reporting requirement be applied globally across all companies?	30 minutes
Wrap-up and next steps	10 minutes



GREENHOUSE GAS PROTOCOL

Agenda

Introduction and housekeeping **10 minutes**

Recap from meeting #1 10 minutes

Question 2: What should the scope 3 requirement be? 60 minutes

Question 3: Can the scope 3 reporting requirement be applied globally across all companies? 30 minutes

Wrap-up and next steps 10 minutes



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Today's objectives

1. Establish a **shared understanding** of how established scope 3 requirements are defined
2. Discuss **how to define** a scope 3 reporting requirement
3. Discuss whether a scope 3 requirement can be **applied globally**

Today, we will start discussing and hold indicative polls on
how to define and apply a scope 3 requirement in the Corporate Standard

Housekeeping: Guidelines and procedures

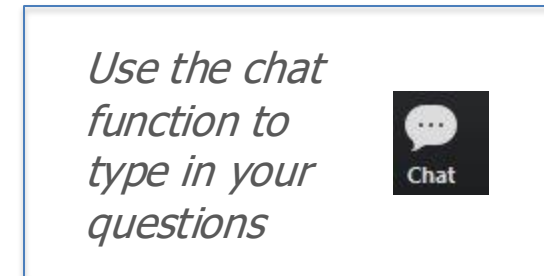
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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 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*

* 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

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; **access is restricted to TWG members only.***

Housekeeping: Summary of general feedback form responses

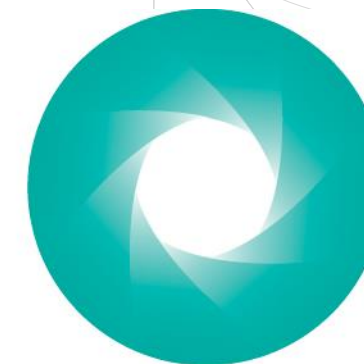
8 responses were received to our general feedback form – thank you to everyone who has provided input to date. Overarching themes included:

- Decision-making criteria
- Communication outside of meetings
- Feedback on the scope of work presented in the Standard Development Plan
- Shall/should/may language
- **Slide numbers**

Please continue using the **Microsoft Form** for all feedback and questions

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Recap from meeting #1

The big question:

Should scope 3 reporting be required in the *Corporate Standard*?

No: Maintain optionality	Yes: Adopt a scope 3 requirement
<ul style="list-style-type: none"> Leads to substantial underreporting Not aligned with most programs/standards Maintains accessibility in reporting 	<ul style="list-style-type: none"> More complete reporting Aligned with most programs/standards More challenging for reporters

Indicative poll held at meeting 1 on 26 November 2024

1. Should there be a scope 3 requirement in the Corporate Standard?
(Single choice)

13/13 (100%) answered

No - Maintain Corporate Standard optionality for scope 3 reporting (0/13) 0%

Yes - Adopt a scope 3 requirement in the Corporate Standard (13/13) 100%

Subgroup feedback survey after meeting 1

11 responses

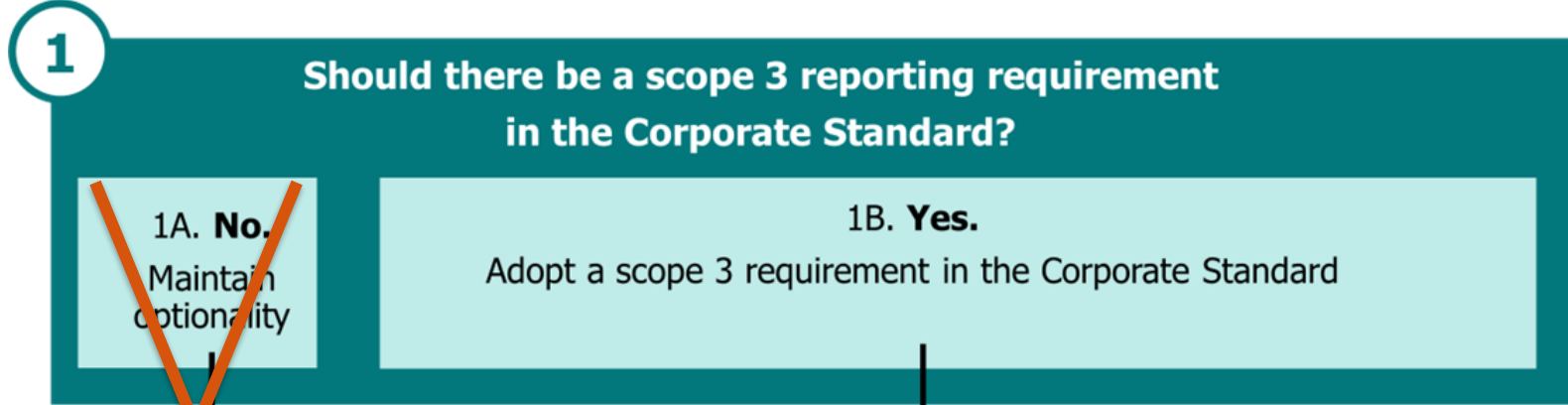
Question 1

Do you have any questions or concerns about the outcome of meeting 1 (consensus on scope 3 requirement)?

Feedback

- **No concerns** about meeting 1 outcome
- How will we as a TWG evaluate options to define a scope 3 requirement?
- How will the Corporate Standard TWG **stay connected with the Scope 3 TWG?**
- Request for updates from Scope 3 TWG process.

**Part 1:
Questions
#1-3**

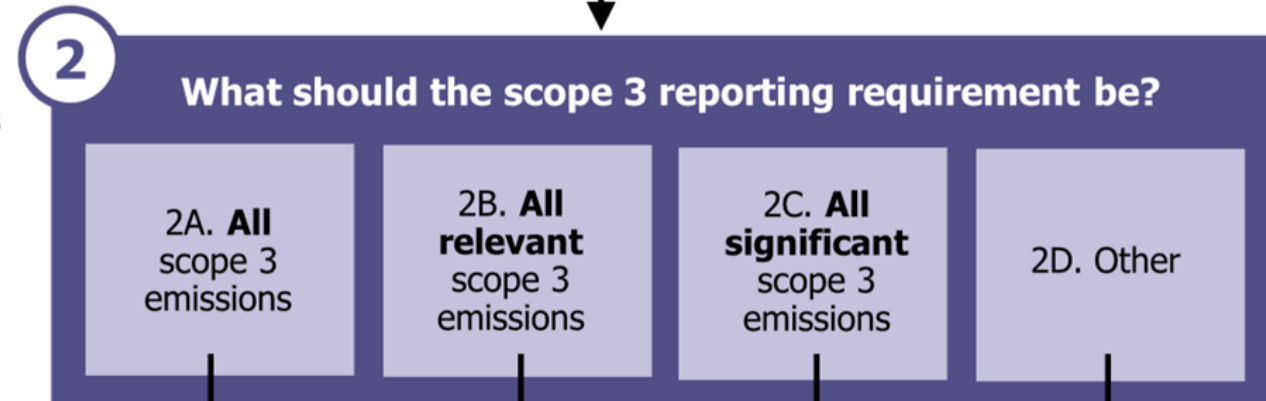


left for TWG discussion

Consensus on "yes" in meeting 1

November 26

~~Scope 3 optionality is maintained in Corporate Standard~~



Topic for TODAY (meeting 2)

December 17



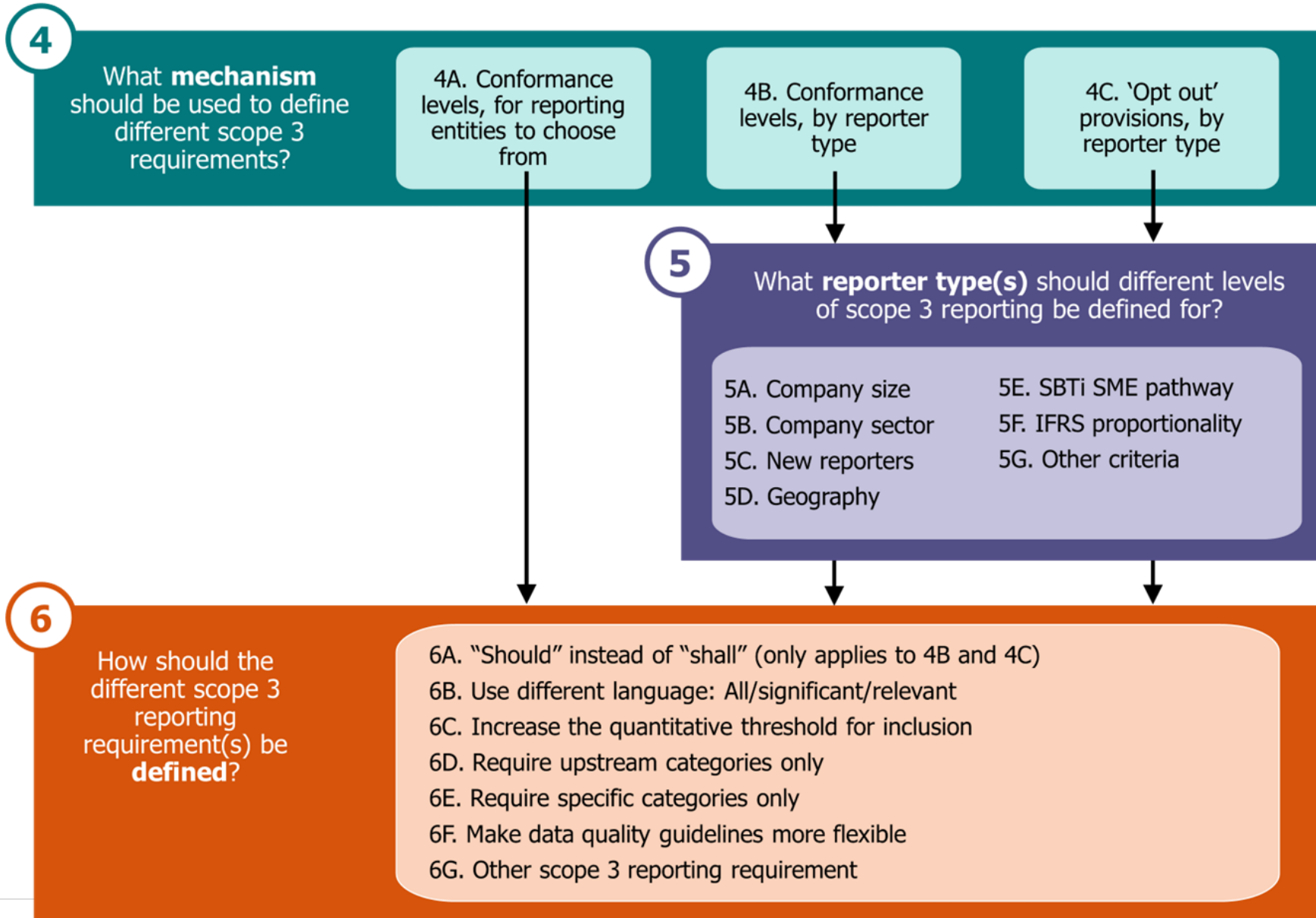
Topic for TODAY (meeting 2)

December 17

A global scope 3 reporting requirement is defined

The details will be considered in questions #4-6.

Part 2:
Questions
#4-6



Topic for meeting 3

January 28

Topic for meeting 3

January 28

Topic for meeting 4

February 18

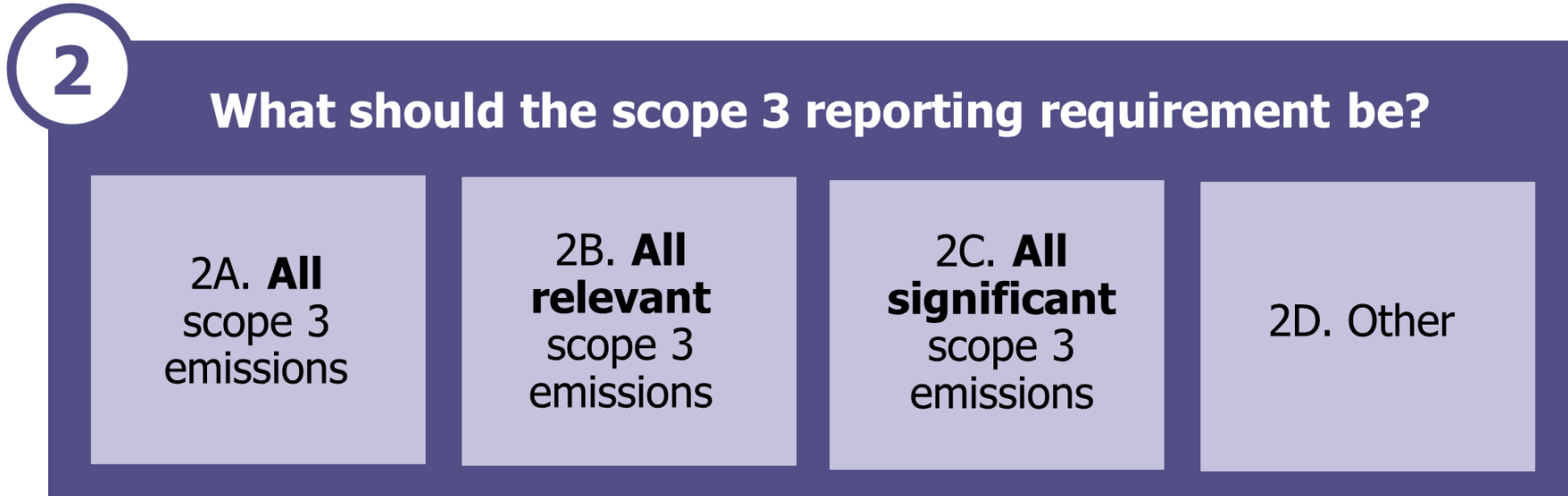
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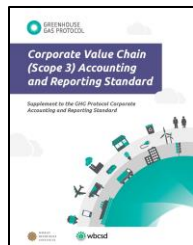
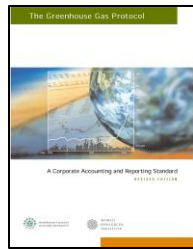
Question 2: Defining a scope 3 requirement



- GHG Protocol context
- External programs
- Relevant research
- Stakeholder survey feedback
- Input from the Scope 3 TWG discussions so far

Question 2: GHG Protocol context

Table [1.1] Corporate-level GHG Protocol reporting options



Reporting Option	Scope 1	Scope 2	Scope 3
Report in conformance with the <i>GHG Protocol Corporate Standard</i>	Required	Required	Optional: Companies may report any scope 3 emissions the company chooses
Report in conformance with the <i>GHG Protocol Corporate Standard</i> and the <i>GHG Protocol Scope 3 Standard</i>	Required	Required	Required: Companies shall report scope 3 emissions following the requirements of the <i>Scope 3 Standard</i>

Question 2: GHG Protocol context – Scope 3 accounting requirements

Current language in the Scope 3 Standard

*"Companies **shall** account for **all** scope 3 emissions and disclose and justify any exclusions.*

*Companies **shall** account for emissions from each scope 3 category according to the **minimum boundaries** provided in Table 5.4.*

*Companies **may** include emissions from **optional activities** within each category.*

*Companies **may exclude** scope 3 activities from the inventory, provided that any exclusion is disclosed and justified."*

Key points:

- **ALL** scope 3 emissions are required
- **Discretion** for exclusions
- **Minimum boundaries** are defined, but under review in Scope 3 TWG

Question 2: GHG Protocol context – Guidance on emissions inclusion

Current language in the Scope 3 Standard

*"Companies **should** follow the **principles** of relevance, completeness, accuracy, consistency, and transparency when deciding whether to exclude any activities from the scope 3 inventory.*



Should follow principles

*Companies **should not** exclude any **activity** that would compromise the **relevance** of the reported inventory. (See table 6.1)*



Should not compromise relevance; by activity

*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.*



Relevance definition

*In particular, companies **should not** exclude any activity that is expected to contribute **significantly** to the company's total scope 3 emissions." (See section 7.1)"*



Should include significant emissions

Key points:

Question 2: Defining all, relevant, and significant

All emissions

Option 2A

All emissions within the **minimum boundary**, as defined for each scope 3 category

Justifiable exclusions are currently allowed

Relevant emissions

Option 2B

GHG accounting & reporting principle

"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."

6 relevance criteria defined in Scope 3 Standard

Significant emissions

Option 2C

Equivalent to **relevance criterion of size**

Emissions that *"... contribute significantly to the company's total anticipated scope 3 emissions."*

Question 2: Option 2A

All emissions

Minimum boundaries

- "Companies **shall** account for emissions from each scope 3 category according to the **minimum boundaries**" Scope 3 Std, pg 59
- Undergoing review in the Scope 3 TWG

Table [5.4] Description and boundaries of scope 3 categories

Upstream scope 3 emissions

Category	Category description	Minimum boundary
1. Purchased goods and services	• Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8	• All upstream (cradle-to-gate) emissions of purchased goods and services
2. Capital goods	• Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year	• All upstream (cradle-to-gate) emissions of purchased capital goods

Justifiable exclusions

- "Companies **may exclude** scope 3 activities from the inventory, provided that any exclusion is disclosed and justified." –Scope 3 Std, pg 59
- Companies currently have discretion for justifiable exclusions
- Justifiable exclusions can be applied for any of the options under consideration
- Subgroup 3 will be considering justifiable exclusions later in phase 1

Question 2: Option 2B

Relevant emissions

GHG accounting and reporting principle

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.”*

Six relevance criteria

*“Companies **should not** exclude any activity that would compromise the relevance of the reported inventory.”*
-Scope 3 Standard, page 60

Clarifications would be needed

Would “relevant” mean meeting all 6 criteria? Or at least 1?
By activity or by category?

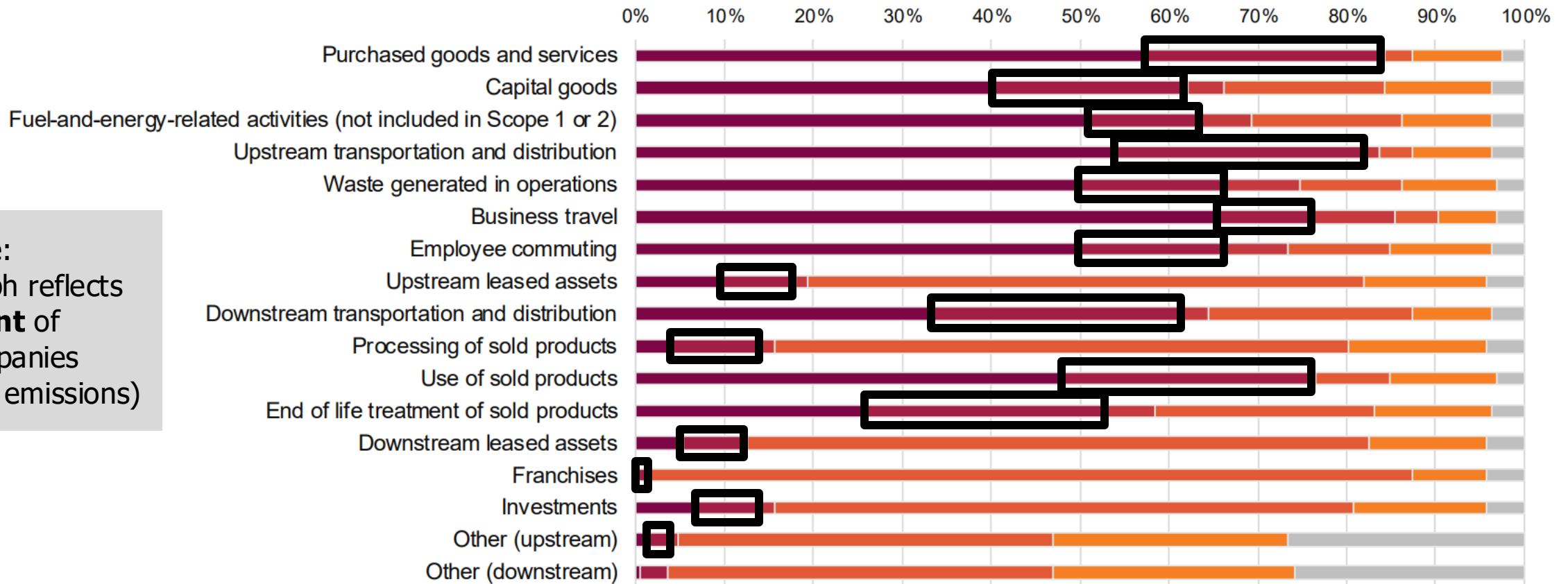
Scope 3 TWG is considering updates to relevance guidance

Table [6.1] Criteria for identifying relevant scope 3 activities

Criteria	Description
Size	They contribute significantly to the company’s total anticipated scope 3 emissions (see section 7.1 for guidance on using initial estimation methods)
Influence	There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
Risk	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)
Stakeholders	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
Outsourcing	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
Sector guidance	They have been identified as significant by sector-specific guidance
Other	They meet any additional criteria for determining relevance developed by the company or industry sector

Question 2: Relevant categories are being excluded (Example: Capital Goods sector)

Reported Relevance of Scope 3 Categories - Capital Goods Sector (166 Companies)



Note:
Graph reflects **count** of companies (not emissions)

■ Relevant, calculated
 ■ Relevant, not yet calculated
 ■ Not relevant, calculated
 ■ Not relevant, explanation provided
 ■ Not evaluated
 ■ Blank

Question 2: Option 2C

Significant emissions

Focuses on 1 relevance criterion:

Size criterion

Size criterion = significance = magnitude

- Scope 3 TWG is refining the terminology. We will use “significant” for now.









Significance would need to be defined

- Quantitative threshold? If so, what? By activity, by category, or cumulative?
- Scope 3 TWG is defining quantitative significance threshold

Table [6.1] Criteria for identifying relevant scope 3 activities





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Other	They meet any additional criteria for determining relevance developed by the company or industry sector

External programs: How scope 3 requirement is defined

	Name	Type	Scope 3 requirement	
	IFRS S2	Climate disclosure mandate	Required , subject to jurisdictional adoption	→ "Material information"
	ESRS E1	Climate disclosure mandate	Required , if climate change topic deemed material, based on double materiality assessment	→ Significant* categories
	US SEC	Climate disclosure mandate	Optional	
	California CA SB 253, 219	Climate disclosure mandate	Required in legislation	→ Not yet written
	CDP	Voluntary reporting program	Optional	→ >95% guidance
	SBTi	Target-setting initiative	Required , as "complete scope 3 inventory"	→ >95% scope 3 required
	ISO 14064-1:2018	GHG Standard	Required	→ Significant* emissions
	GRI	GHG Standard	Required in exposure draft	

*Definitions on following slide. "Significant" definition for ESRS E1 and ISO are similar to GHG Protocol definition of "relevance"

External programs: How scope 3 requirement is defined

	Name	Type	Scope 3 requirement	Terminology definition
	IFRS S2	Climate disclosure mandate	Reporters shall consider the 15 GHG Protocol categories, report material information , and disclose which categories are reported	Material information is defined in IFRS S1 , which applies to all of IFRS S2. <i>"Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users ... make on the basis of those reports"</i>
	ESRS E1	Climate disclosure mandate	Required to screen the 15 GHG Protocol categories and report if significant	Significant = based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Scope 3 Standard, such as financial spend, influence, related transition risks and opportunities or stakeholder views <i>[similar to GHG Protocol definition of relevance]</i>
	SBTi	Target-setting initiative	Scope 3 reporting is required, with >95% of scope 3 emissions reported	Complete = "Companies shall not exclude more than 5% of emissions from their total scope 3 GHG inventory"
	ISO 14064-1:2018	GHG Standard	Reporters shall include significant indirect emissions in their inventory	Significant = Pre-determined criteria, defined by the organization. Criteria may include magnitude, influence, risk, data quality, concern of interested parties. <i>[similar to GHG Protocol definition of relevance]</i>



Corporate Standard stakeholder feedback survey: Key themes related to scope 3 requirement

- **Consider requiring scope 3 emissions reporting** in the *Corporate Standard*, such as:
 - Require scope 3 for **all** categories by all organizations
 - Require scope 3 **for relevant and/or significant** categories
 - Require scope 3 for **large organizations**, but carve out exceptions for **small organizations**
 - Allow a **phased-in approach** for scope 3, such as 1-3 years after reporting scope 3
- **More prescriptive boundary requirements** to facilitate comparability, such as with a quantitative threshold or requirements by sector
- Suggestions to both broaden and narrow the scope 3 boundary, highlighting the tension between GHG principles completeness and accuracy



**For today's
topics**

Proposals received related to *Corporate Standard* scope 3 requirement



Proposal link	Key themes
Anonymous 007	<p>Require all scope 3: Require comprehensive scope 3 emissions reporting with aggregated reporting of emissions across the 3 scopes.</p>
Anonymous 008 Anonymous 014 Terrascope	<p>Require significant scope 3: Require scope 3 emissions reporting by companies for significant scope 3 emissions (may be defined by minimum percent threshold of total emissions).</p>
Deloitte	<p>Clarification needed: Provide clarification on minimum boundaries for optional scope 3 reporting under the Corporate Standard.</p>

Subgroup feedback survey after meeting 1

11 responses

Question 2

Any early feedback on how a scope 3 requirement should be defined (i.e., all/relevant/significant)?

- All: 2
- Relevant: 3
- Significant: 4
- Other: Sector-specific, combination of relevant + significant

Feedback

- Support for including **all emissions** possible, but recognition that it is **not always feasible**
- Relevance leaves room for interpretation
- CSRD, SEC, GRI use **materiality** and **decision-useful** disclosures
- Suggestion of a **hierarchy** (e.g., start with significant, move to relevant) and/or **conformance levels**

Input from the Scope 3 TWG: Discussions so far

- Scope 3 TWG, subgroup B, is considering **boundary setting for a complete scope 3 inventory**
- The subgroup has discussed whether (and if so, how) to **consider relevance for activities exclusion**
- **Terminology to be finalized.** Scope 3 TWG is currently using the term “magnitude,” whereas Corporate Standard TWG is using the term “significant”

Relevance assessment for exclusion

Regarding how the relevance principle should be considered in the exclusion of activities, the TWG’s preferred option is:

"Relevance is required based on the criterion of magnitude of emissions only"

Runner-up option: "Relevance is required, defined as meeting at least one of the relevance criteria"

Magnitude threshold

On the question of whether a magnitude threshold should be defined, the TWG is considering two options:

"A default* magnitude threshold should be defined by the Scope 3 Standard"

"A magnitude threshold defined by the Scope 3 Standard"

**Companies may set their own threshold, if justified and transparently disclosed*

Input from the Scope 3 TWG: Discussions so far

- Scope 3 TWG, subgroup B, is considering **boundary setting for a complete scope 3 inventory**
- The subgroup has discussed whether (and if so, how) to **consider relevance for activities exclusion**
- **Terminology to be finalized.** Scope 3 TWG is currently using the term “magnitude,” whereas Corporate Standard TWG is using the term “significant”

Defining a magnitude threshold

Regarding setting a quantitative exclusion threshold, the TWG’s preferred option is:

**Cumulative 5% exclusion threshold,
relative to total scope 3**

Also considered absolute threshold; whether it should be by activity or by category; and what the denominator should be

De minimis

On the question of whether de minimis should be separate or combined, the TWG’s preferred option is:

**Combine de minimis with the magnitude
threshold**

Also considered defining de minimis separately and explicitly prohibiting its use

Input from the Scope 3 TWG: Preliminary recommendation

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?

8. Should organizations be required to carry out a hotspot analysis as a step towards setting the inventory boundary?

Option 1A
Maintain current language



n/a



Option 3A Maintain current language	Option 3C Defined by the Standard
Option 3B Defined by preparer	Option 3D All shall be accounted



Option 8A
No, recommended

Option 8B
Yes, required

Option 1B
Relevance is required



Option 2A
Maintain current language

Option 2B
Relevance criteria



Option 3B
Option 3C



Option 8B
Yes, required

Option 1C
Relevance based on magnitude



n/a

3C-1. Defined by the Standard

3C-2. Default defined by the Standard

Key takeaways so far

- GHG Protocol **Scope 3 Standard requires ALL scope 3 emissions**, with discretion given to reporters for justifiable exclusions
- Most mandatory/voluntary **external programs require SIGNIFICANT scope 3 emissions**, but the definition of “significant” is often more closely aligned with the GHG Protocol definition of “relevant”
- Further iteration would be needed to define relevant and significant emissions



Discussion:

Any clarifying questions?

Any key points to add to the background?

Decision-making criteria: What should the scope 3 reporting requirement be?

Criteria	Option 2A: ALL scope 3 emissions are required	Option 2B: All RELEVANT scope 3 emissions are required	Option 2C: All SIGNIFICANT scope 3 emissions are required
Scientific integrity	NA – Covered by other criteria?	NA – Covered by other criteria?	NA – Covered by other criteria?
GHG accounting and reporting principles	Pros: Completeness, relevance Cons: Transparency (uneven justifiable exclusions), accuracy (low quality data)	Pros: Strongly promotes relevance , completeness, transparency Cons: Accuracy	Pros: Completeness, accuracy, transparency Cons: Could hinder relevance
Support decision-making that drives ambitious global climate action	Pros: Potentially informs decision-makers and allows action Cons: Justifiable exclusions maintained as is could lead to underreporting	Pros: Relevance requirement would help focus resources/effort Cons: Additional burden of relevance could be at cost of action	Pros: Facilitates climate action through identification and prioritization of emissions and opportunities Cons: Additional burden of significance assessment could be at cost of action
Support programs based on GHG Protocol and uses of GHG data	Pros: Interoperable with most programs/standards Cons: Use of data hindered by reduced comparability and uneven data sets if justifiable exclusions maintained	Pros: Interoperable with most programs/standards Cons: Use of data somewhat hindered due to reduced comparability; relevance assessment may be applied unevenly	Pros: Interoperable with most programs/standards; better support to users with clearly defined requirement; improved comparability Cons: May not be interoperable with some sectoral guidance
Feasibility to implement	Pros: Maintaining justifiable exclusions would improve feasibility Cons: Very challenging for most/all reporters to achieve	Pros: More clearly defined requirement Cons: Additional burden of relevance assessment; not accessible for less advanced reporters	Pros: Most clearly defined requirement; most accessible for more reporters Cons: Additional burden of significance assessment



Breakout group discussion:

Discuss and identify GHG Protocol decision-making criteria for question #2

Identify spokesperson to report out to the full group

Discussion questions:

1. Should any pros and cons be added or revised in the table?
2. Should the color-coding* be adjusted?
3. Does your group have a preferred option?

**Orange = low alignment, yellow = medium alignment, green = high alignment*

Indicative poll via Zoom

2

What should the scope 3 reporting requirement be?

2A. **All**
scope 3
emissions

2B. **All**
relevant
scope 3
emissions

2C. **All**
significant
scope 3
emissions

2D. Other

**Follow-up indicative poll,
if there is support for option 2C**

**Do you support the following outcome from the Scope 3 TWG Subgroup B
on defining a magnitude/significance threshold?**

Cumulative 5% exclusion threshold, relative to total scope 3

- a. Yes, I support the cumulative scope 3 threshold with 5% exclusion
- b. Yes, but I think the % should be different
- c. No, I think it should be defined in a different way
- d. Abstain

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GREENHOUSE GAS PROTOCOL

Question 3: Applying a scope 3 requirement

3

Can the scope 3 reporting requirement be applied globally across all companies?

3A. Yes.

All companies have the same scope 3 reporting requirement

3B. No.

Different scope 3 reporting requirements should be **defined by GHG Protocol**

A new proposed option:

3C. No,

But the requirements should be **defined by external programs**

- GHG Protocol context
- External programs
- Relevant research
- Stakeholder survey feedback

Question 2: GHG Protocol context

Current language in the Scope 3 Standard

*"Companies **shall** account for **all** scope 3 emissions and disclose and justify any exclusions.*

*Companies **shall** account for emissions from each scope 3 category according to the **minimum boundaries** provided in Table 5.4.*









*Companies **may** include emissions from **optional activities** within each category.*

*Companies **may exclude** scope 3 activities from the inventory, provided that any exclusion is disclosed and justified."*

Key points:

- All companies have **the same requirements**
- **Justifiable exclusions** give companies a pathway to exclude emissions

External programs: How scope 3 requirement is applied

	Name	Type	Scope 3 requirement	
	IFRS S2	Climate disclosure mandate	Required , subject to jurisdictional adoption	→ Proportionality approach
	ESRS E1	Climate disclosure mandate	Required , if climate disclosure deemed material	→ Total GHG and scope 3 reporting 1-year grace period for companies with <750 employees
	US SEC	Climate disclosure mandate	Optional	
	California CA SB 253, 219	Climate disclosure mandate	Required in legislation	
	CDP	Voluntary reporting program	Optional	→ SME* questionnaire
	SBTi	Target-setting initiative	Required	→ SME* pathway
	ISO 14064-1:2018	GHG Standard	Required	
	GRI	GHG Standard	Required in exposure draft	

*SME = Small- and medium-sized enterprises

External programs: Examples of differentiated requirements

IFRS Proportionality

*"An entity is required to **use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort** when the entity selects the measurement approach, inputs and assumptions it uses in measuring Scope 3 greenhouse gas emissions."* –[IFRS S2](#), B39



ESRS E1 Reporting grace period

Undertakings **<750 employees** may omit the datapoints on scope 3 emissions and total GHG emissions for the **first year of preparation** of their sustainability statement.
[-ESRS E1](#), E1-6

SBTi SME pathway/route for target-setting

YOUR COMPANY IS ELIGIBLE FOR THE SME PATHWAY IF



Company has <10,000 tCO₂e across scope 1 and location-based scope 2



Company is not classified in the Financial Institutions (FIs) and Oil & Gas (O&G) Sectors



Company is not required to set sector-specific criteria developed by the SBTi



Company is not a subsidiary of a parent company whose combined businesses fall into the standard validation route

AND

THREE OR MORE OF THE BELOW ARE **TRUE**

Employs <250 people



Annual turnover is <€50 million



Total assets are <€25 million



Not in a mandatory FLAG sector





[SBTi SME Pathway](#)



Corporate Standard stakeholder feedback survey: Key themes related to scope 3 requirement

- **Consider requiring scope 3 emissions reporting** in the *Corporate Standard*, such as:
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For today's
topics

Subgroup feedback survey after meeting 1

10 responses

Question 3

What are the pros and cons of applying a scope 3 requirement globally/uniformly?

Feedback

Pros:

- **Unified** framework
- Promotes **comparability**
- **Comprehensive** and robust reporting
- Understanding of influence and opportunities
- Establishes good best practice

Cons:

- Significant **reporting burden**
- Especially challenging for **smaller organizations**
- **Data quality** challenges and limitations
- Reporting may come at the cost of action

Decision-making criteria: Can the scope 3 reporting requirement be applied globally across all companies?

Criteria	Option 3A: Yes* All companies have the same scope 3 reporting requirement	Option 3B: No Different scope 3 reporting requirements should be defined
Scientific integrity	NA – Covered by other criteria	NA – Covered by other criteria
GHG accounting and reporting principles	Pros: Completeness, relevance, consistency Cons: Accuracy (when assumptions needed), transparency (since guidance is less prescriptive)	Pros: Transparency, accuracy (for the emissions reported), completeness (for the defined boundaries) Cons: Relevance, consistency
Support decision-making that drives ambitious global climate action	Pros: More complete emissions data set , informing decision-makers across the value chain Cons: Potential for reduced accuracy could hinder informed decision-making	Pros: Due to a reduced reporting burden, reporters may have more capacity for action Cons: Could result in underreporting , which could impact planning and implementation
Support programs based on GHG Protocol and uses of GHG data	Pros: Interoperable and aligned with most programs/standards; may improve comparability Cons: ?	Pros: More prescriptive requirements could enhance comparability Cons: Could reduce interoperability with some programs/standards; impedes interpretation and full context of a company's impacts
Feasibility to implement	Cons: Reduced accessibility for many reporters due to increased reporting burden. Note: Would be improved if justifiable exclusions are allowed	Pros: More accessible for most reporters due to reduced reporting burden

**Option 3A assumes justifiable exclusions will be made more prescriptive*



Whole group discussion

Discussion questions:

1. Should any pros and cons be added or revised in the table?
2. Should the color-coding* be adjusted?
3. Do you have a preferred option?

**Orange = low alignment, yellow = medium alignment, green = high alignment*

Indicative poll via Zoom

3

Can the scope 3 reporting requirement be applied globally across all companies?

3A. Yes.

All companies have the same scope 3 reporting requirement

3B. No.

Different scope 3 reporting requirements should be **defined by GHG Protocol**

A new proposed option:

3C. No,

But the requirements should be **defined by external programs**

Agenda

Introduction and housekeeping	10 minutes
Recap from meeting #1	10 minutes
Question 2: What should the scope 3 requirement be?	60 minutes
Question 3: Can the scope 3 reporting requirement be applied globally across all companies?	30 minutes
Wrap-up and next steps	10 minutes



GREENHOUSE GAS PROTOCOL





Looking forward

Meeting 1

November 26, 2024

- Background on scope 3 requirement
- Relevant climate disclosure programs and research
- Question 1: Options for a scope 3 requirement in the *Corporate Standard*

TODAY: Meeting 2

December 17, 2024

- Wrap up discussion on question 1
- Discussed question 2 (all/relevant/significant) and question 3 (global requirement?)

NEXT: Meeting 3

January 28, 2025

- Consensus on questions #1-3
- If “no” to global requirement, move to questions #4-6 (what should a differentiated requirement look like?)

Next steps

Next Subgroup 3 meeting scheduled for **Tuesday, January 28th, 2025** at 9:00 ET / 15:00 CET / 22:00 CHN

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Discussion paper on *Corporate Standard* scope 3 requirement
- Feedback survey on scope 3 requirement

TWG member action items:

- **Review** meeting materials
- **Read** discussion paper
- **Fill out feedback survey on scope 3 requirement, date to be confirmed**

Thank you!

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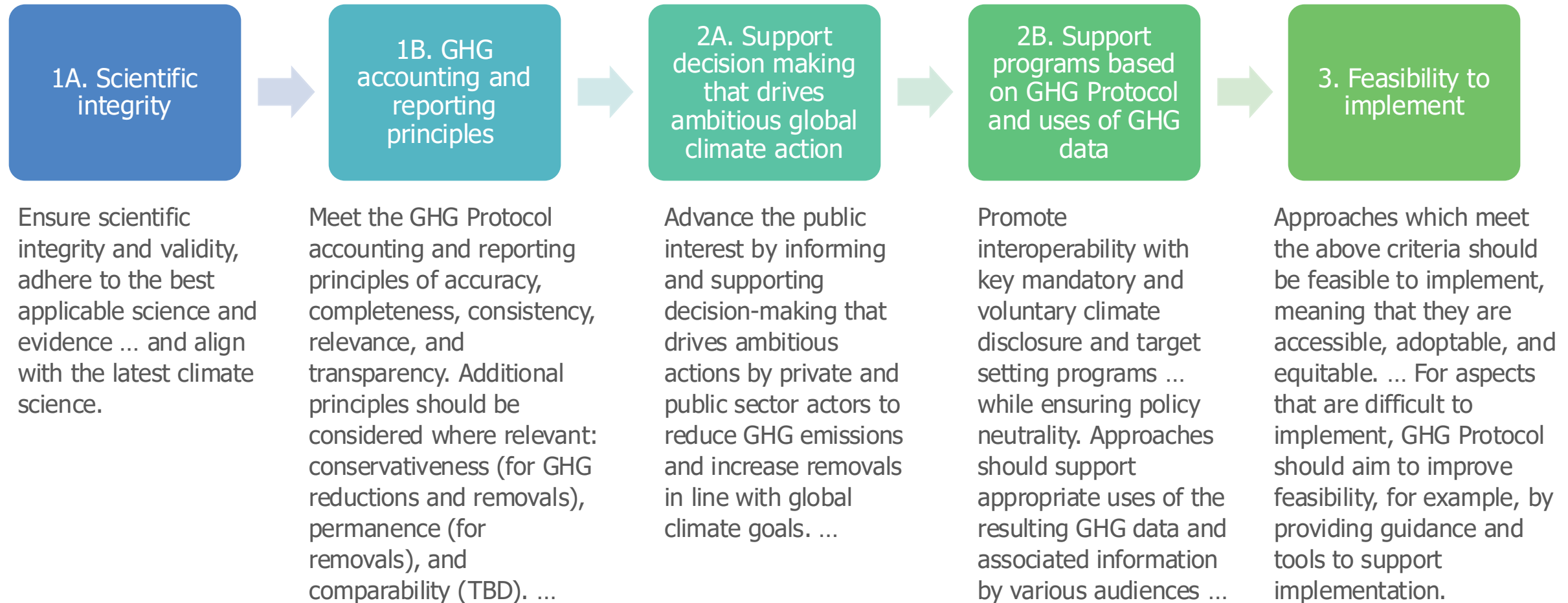


Appendix



GREENHOUSE GAS PROTOCOL

GHG Protocol Decision-Making Criteria



Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

Standard setting language

GHG Protocol standards use precise language to indicate which provisions of the standard are **requirements**, which are **recommendations**, and which are **permissible or allowable options** that companies may choose to follow.

- **“Shall”** indicates what is required to be in conformance with the standard.
- **“Should”** indicates a recommendation, but not a requirement.
- **“May”** indicates an option that is permissible or allowable.

Scope of work, Phase 1

Relevant chapters: Chapter 4 (Setting Operational Boundaries)

- C.1.** Revisit current operational boundary requirements in chapter 4 of the *Corporate Standard* to **consider requiring scope 3 emissions reporting**, such as through a comprehensive requirement across reporting organizations and scope 3 categories, or with a differentiated or phased approach based on criteria such as an organization's size or sector, the significance of a company's scope 3 emissions, or by scope 3 categories.
- C.2.** Consider providing more prescriptive requirements or additional guidance regarding **justifiable exclusions** from an inventory boundary and expanding disclosure requirements related to exclusions.

**Our focus today is on C.1:
How to define and apply a scope 3 requirement**

Scope of work, Phase 2

Relevant chapters: chapter 6 (Identifying and Calculating GHG Emissions), chapter 7 (Managing Inventory Quality), and chapter 9 (Reporting GHG Emissions)

F.1. Updates to address **data quality and uncertainty** to consider:

- Data quality requirements and additional guidance related to the use of proxies or estimates.
- A data quality hierarchy.
- Additional disclosure requirements related to data quality and uncertainty.
- Additional guidance on developing uncertainty estimates.

F.2. Additional **guidance on calculation methods** and their applicability and consider providing a hierarchy of calculation methods.

F.3. Guidelines for **selecting appropriate emission factors** and disclosure requirements for emission factor sources.

F.4. Expanded **disclosure requirements** related to data sources, significant assumptions, descriptions of methodologies used, and disaggregating emissions obtained using different data collection and calculation methods (e.g., primary versus secondary data).

F.5. Updates to current requirements in the *Corporate Standard* on **required GHGs and global warming potential (GWP) values**:

- Integration and update of [2013 amendment on required GHGs](#) into *Corporate Standard*.
- Revisit which GHGs companies are required to report on, considering GHGs not governed by the United Nations Framework Convention on Climate Change (UNFCCC).
- Revisit requirement for companies to report emissions from each required GHG individually.
- Clarification regarding which Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR) should be used for GWP values.
- Revisit the 100-year GWP as the only required metric and consider additionally a 20-year GWP, particularly for short-lived GHGs such as methane.

F.6. Accounting for **indirect climate forcers including radiative forcing in aviation**.





For reference; these topics will be covered at a later date in phase 2

Example policies, programs, and standards that reference the *Corporate Standard*





- International Financial Reporting Standard (IFRS) [S2: Climate-related Disclosures](#)
- European Sustainability Reporting Standards (ESRS) [E1: Climate Change](#)
- United States Securities and Exchange Commission (SEC) [The Enhancement and Standardization of Climate-Related Disclosures for Investors Rule](#)
- California Corporate Climate Accountability Act (CA Senate Bills [253](#) and [219](#))
- [CDP](#) environmental disclosure questionnaire
- Science-Based Targets Initiative (SBTi) [Corporate Net Zero Standard](#)
- Global Reporting Initiative (GRI) [Topic Standard Project for Climate Change \(exposure draft\)](#)
- [Recommendations of the Task Force for Climate Related Financial Disclosures \(TCFD\)](#)*
- Australian Climate Active [Carbon Neutral Standard for Organisations](#)
- Aotearoa New Zealand [Climate Standard 1](#)

*The TCFD was [disbanded in 2023](#), with the IFRS Foundation taking over the monitoring of the progress of companies' climate-related disclosures.

External programs: Mandatory climate disclosure programs

	Name	Type	Scope 3 requirement
	IFRS S2 Climate-related Disclosures	Climate disclosure mandate	Required, subject to jurisdictional adoption: Scope 3 GHG emissions required. Reporters shall consider the 15 GHG Protocol categories and disclose the material categories; category 15 is required if the entity is an asset manager, commercial bank, or insurer.
 CSRD	ESRS E1 Climate Change	Climate disclosure mandate	Required if climate change topic deemed material: Significant scope 3 emissions required with relief for first reporting period; required to screen the 15 GHG Protocol categories and report if significant. Note: Disclosure based on ESRS E1 is subject to double-materiality assessment.
	US SEC Climate Disclosure Rule	Climate disclosure mandate	Optional: Scope 3 emissions not required. Scope 1 and 2 required if deemed material to investors and if registrant meets certain size criteria (e.g., large accelerated filers).
	California Corporate Climate Data Accountability Act <i>(CA SB 253 and CA SB 219)</i>	Climate disclosure mandate	Required in legislation: Draft text is not finalized, but scope 3 was required in the legislation passed in September 2023 and amended in September 2024

External programs: Other relevant programs/standards

	Name	Type	Scope 3 requirement
	CDP	Voluntary reporting program	Optional , but reporters lose points if they exclude scope 3.
	SBTi (Science Based Targets Initiative) Corporate Net Zero Standard	Target-setting initiative	Required: Scope 3 reporting is required, with >95% of scope 3 emissions reported. For target-setting, most entities follow traditional pathway, which requires a scope 3 target. SME pathway does not require scope 3 target.
	ISO 14064-1:2018	GHG Standard	Required for indirect emissions if significant: “The organization shall quantify and report these significant emissions. Exclusions of significant indirect emissions shall be justified.” Note: ISO uses ‘indirect emissions’ instead of scopes concept.
	GRI Climate Change Exposure Draft	GHG Standard	Required in Climate Change Exposure Draft