

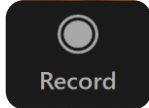
Scope 3 Technical Working Group Meeting

Working draft, do not cite

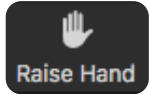
**Group B
Meeting 3
Significance and de minimis**

December 12th, 2024

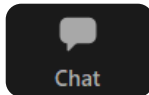
Welcome and Meeting information



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.

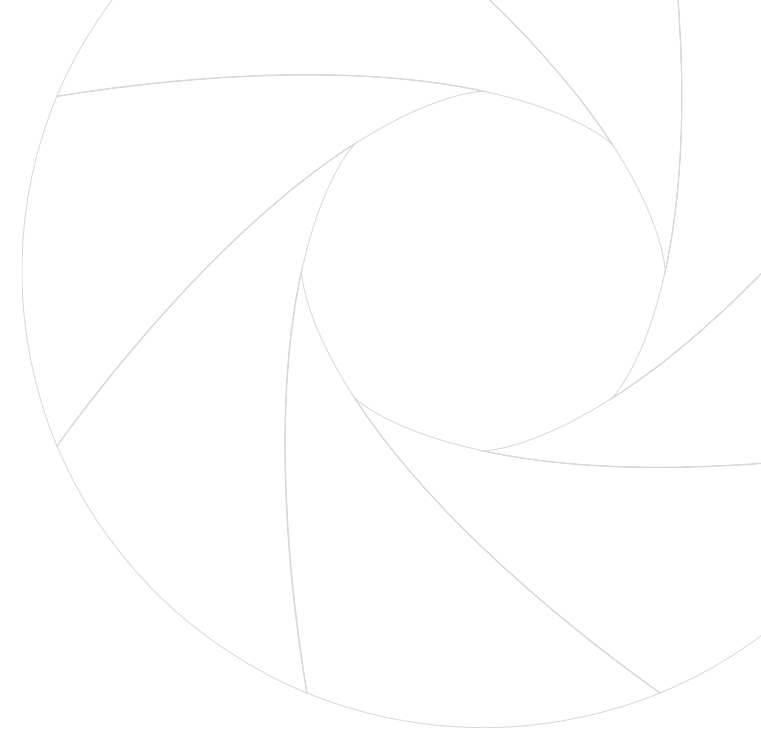
Meetings by topic

Meeting code	Date	Topic(s)
B.1	31 Oct 2024	Kick-off
B.2	21 Nov 2024	Relevance and significance
B.3	12 Dec 2024	Significance and de minimis (<i>formerly: Justification of exclusions and optionality</i>)
B.4	16 Jan 2025	Justification of exclusions and optionality (<i>formerly: Hotspotting</i>)
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 #2 (5 min)
- Magnitude threshold (50 min)
 - Setting the discussion
 - Discussion
- Break (5 min)
- De minimis (50 min)
 - Setting the discussion
 - Discussion
- 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*

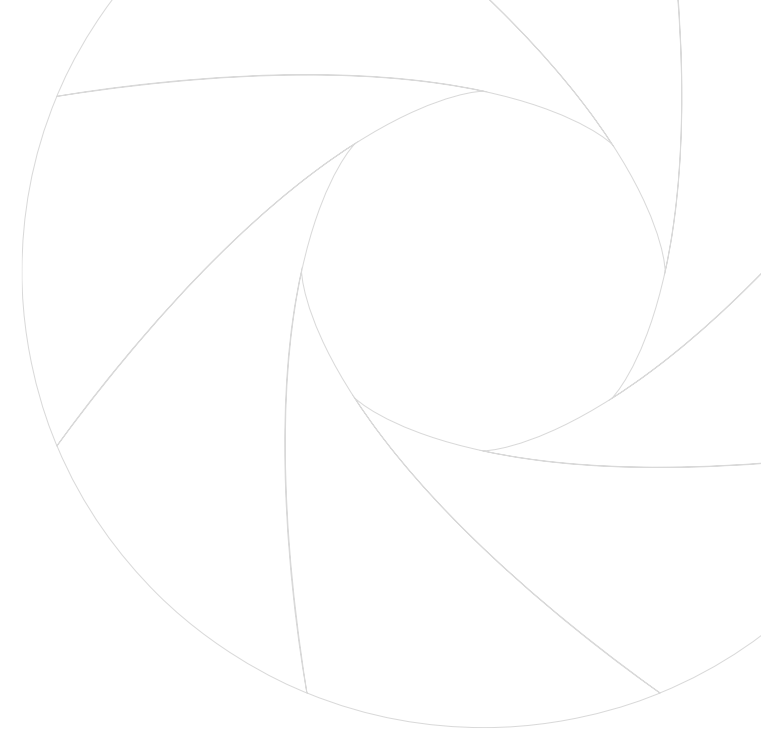
* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

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

Follow up on Meeting#2



Main outcomes of the meeting #2

1. Regarding how the relevance principle should be considered in the exclusion of activities, the TWG prefers option **1C: Relevance is required based on the criterion of magnitude of emissions only**
Combination Option 1B + Option 2B: Relevance is required, defined as meeting at least one of the relevance criteria, is a runner-up, and will remain a back-up in case re-considerations needed.
2. On the question if a magnitude threshold should be defined?, the group's preference lies with **3C-2: A default magnitude threshold should be defined by the Scope 3 Standard.**
A magnitude threshold defined by the Scope 3 Standard (3C-1) is a runner-up and will remain in consideration until the final configuration choice.

Feedback received on the meeting #2

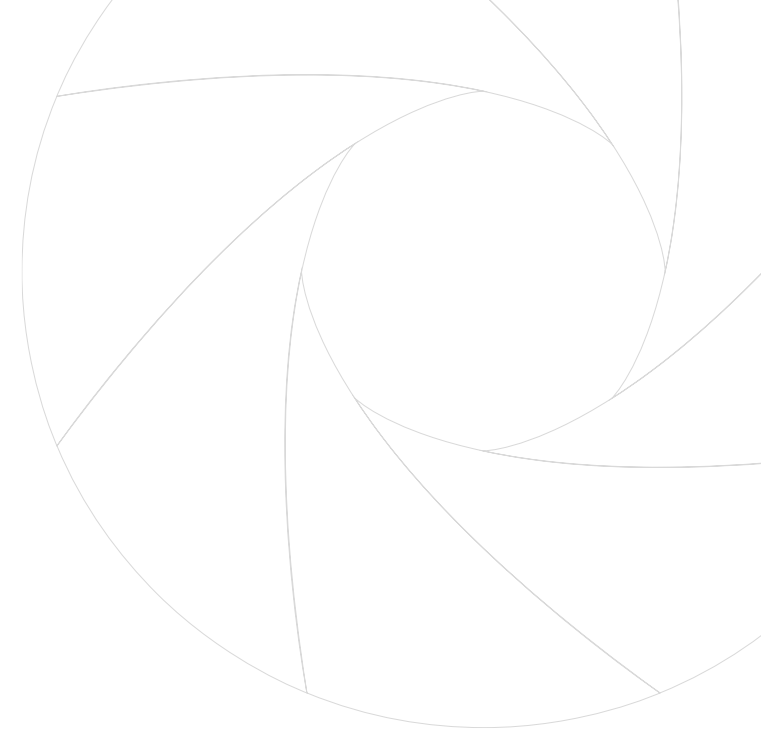
TWG member feedback:

Concerns were raised that discussions exceed the budgeted time, causing delays in the work of the group.

Secretariat response:

1. Secretariat prioritizes comprehensive discussion, acknowledging it coming at the cost of budgeted time
2. Secretariat supports expression of relevant points that may not have been raised
3. Schedule for the upcoming meetings is being adjusted:
 - Questions 1-3 outcomes may reduce the need to discuss Question 8 (hot spot analysis) – see the flowchart further
 - Question 6 (defining de minimis) discussion is combined with Question 3 (magnitude threshold(s))
 - Question 4 (influence criterion) consideration is moved to a proposal, with polling

Setting up the discussion



Flowchart of Options, Questions 1-2-3-8

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

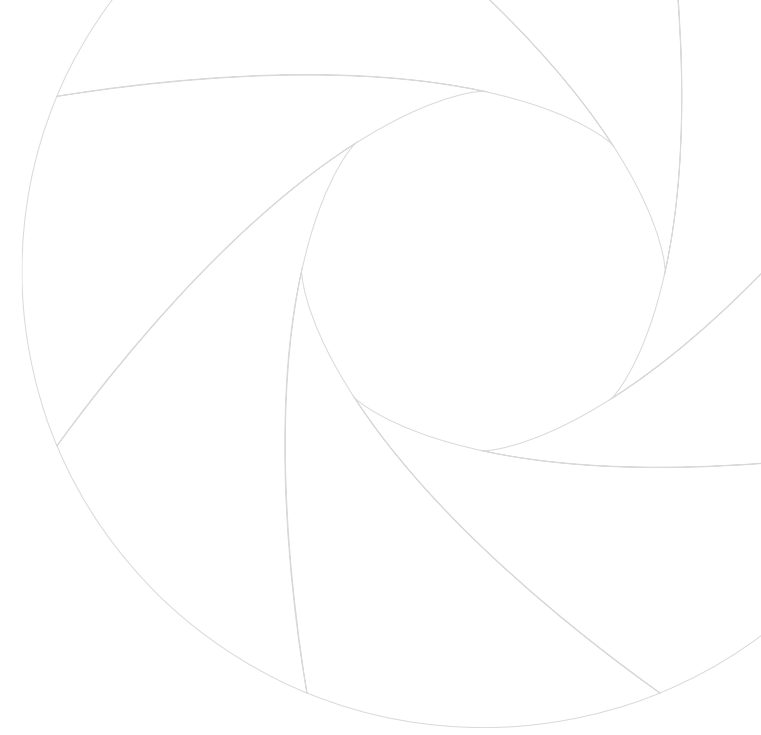
3C-2. Default defined by the Standard

*Options considered in questions 1, 2, 3, and 8 are interdependent, and therefore considered in this flowchart. Other questions are considered separately as independent.

Questions for consideration in today's discussion

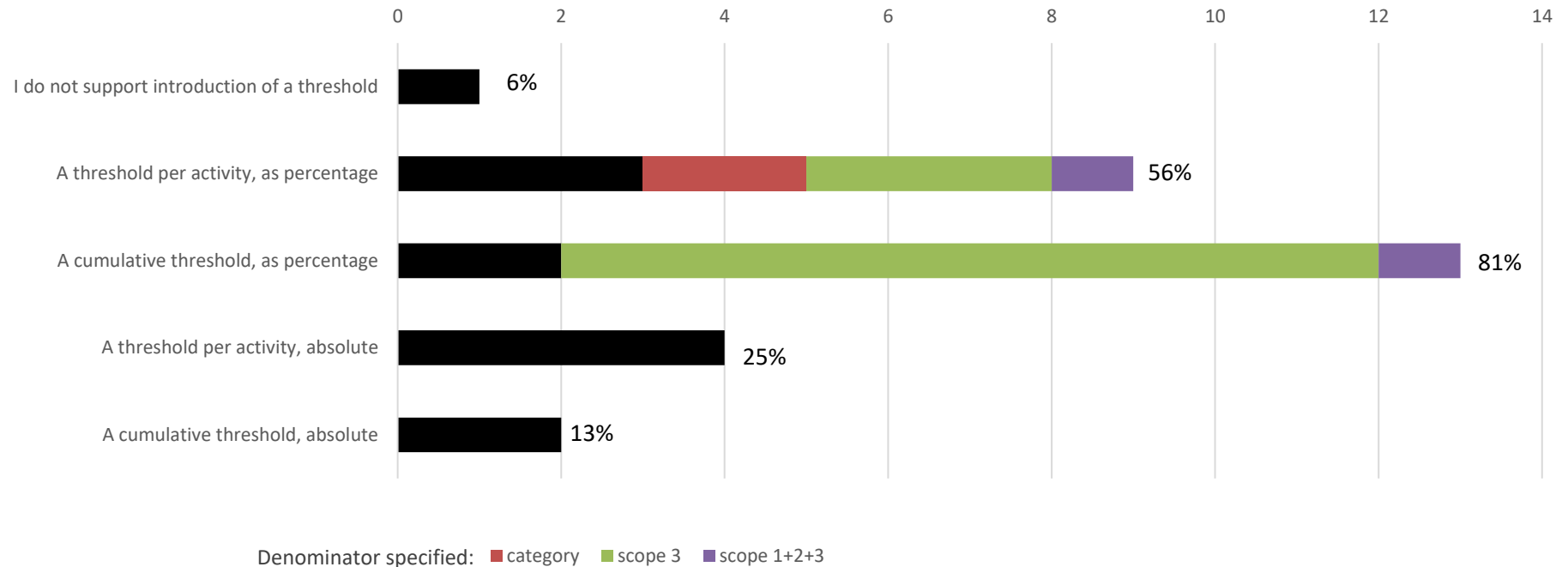
1. Which threshold(s) should be introduced? (Question 3, continued)
 - Percentage and/or absolute emissions
 - Per activity and/or cumulative (e.g., aggregate of multiple activities)
 - Denominator (category sub-total, scope 3 total, scope 1+2+3 total)
 - Threshold value (e.g., percentage or absolute quantity of GHG emissions)
2. Should a de minimis threshold(s) be introduced? (Question 6)
 - Should de minimis be combined with the magnitude threshold?
3. Influence criterion in relevance considerations (Question 4)

Magnitude threshold



Polling results*

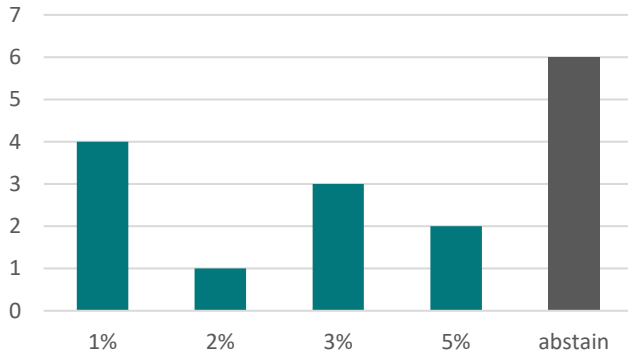
Vast majority of the TWG shows preference for a cumulative threshold.
Majority of the TWG shows preference for a per activity threshold



*based on 16 responses

Polling results: threshold values

Per activity threshold, %



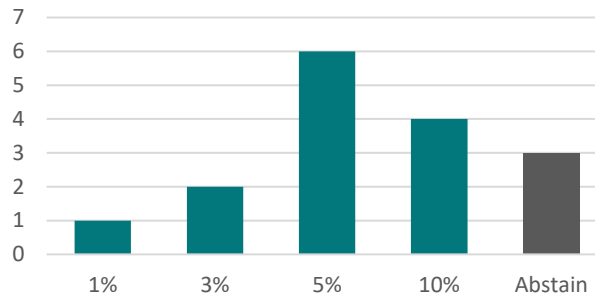
Justifications:

- Modelling based on the CDP data (1%, 3%)
- Balance practicality with meaningfulness for reporting companies (3%)
- Should be higher than de minimis (3%)
- As de minimis in current practice (1%)
- Conservativeness (1%)
- Feasibility and focus on relevance (5%)
- Admittedly arbitrary/ "feel"/ fairness (1%, 2%)

Abstains:

Disagreement with introducing a threshold
Statement that a cumulative threshold is enough

Cumulative threshold, %



Justifications:

- Modelling based on the CDP data (3%, 5%)
- Conservativeness (1%, 3%)
- Practicality, incl in view of multi-counting (10%)
- SBTi target boundaries (10%)
- Feasibility and focus on relevance (5%)
- Admittedly arbitrary/ "feel"/ current rule of thumb (3%, 5%)
- Balance practicality with meaningfulness for reporting companies (3%)

Absolute threshold:

Per activity:

75% (12 out of 16) do not support

100 tCO₂eq: balance between significance and manageability

1 000 tCO₂eq: context-dependent

10 000 tCO₂eq: SBTi SME pathway

100 000 tCO₂eq: balance between too small and too high

Cumulative:

75% (12 out of 16) do not support

500 tCO₂eq: comprehensive accounting and decarbonization; scalable and proportionate

1 000 tCO₂eq: no explanation

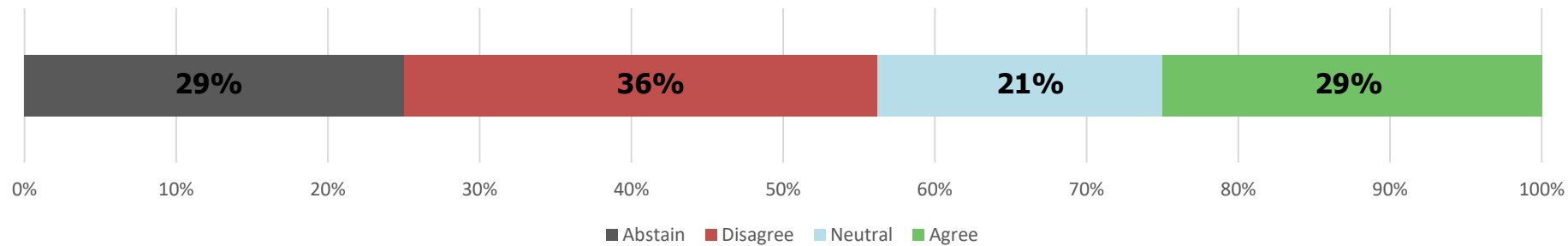
10 000 tCO₂eq: ~1% for large scale entities

50 000 tCO₂eq: proportionality to per activity

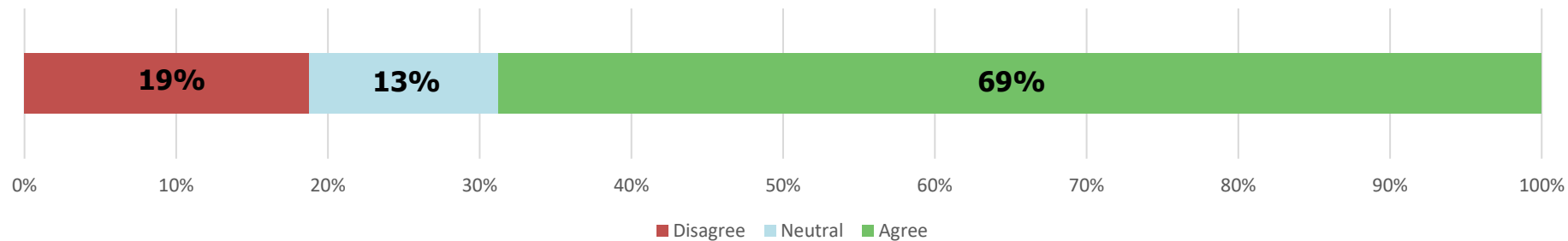
*based on 16 responses

Polling results: additional provisions

If a default threshold is introduced, and preparers choose using an alternative, then they must maintain the same threshold value for a prolonged time (e.g. 5 years)



If a magnitude threshold is introduced, the GHG Protocol should require preparers to conduct a hot spot analysis every year to qualify their exclusion(s)



Magnitude threshold values modelling (1)

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%

Magnitude threshold values modelling (2)

Based on hypothetical values, the difference between per activity and cumulative threshold were investigated

- Application of a cumulative threshold allows to reduce efforts of d

	Hotspot		5% activity threshold (category-basis)		5% cumulative scope 3		5% cumulative scope 3 + 1% per activity (total scope 3)	
	tCO2e	% tCO2e	tCO2e	% EEIO tCO2e	tCO2e	% EEIO tCO2e	tCO2e	% EEIO tCO2e
Category 1	300.00	95.4%	285.00	90.6%	300.00	95.4%	300.00	95.4%
Category 2	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 3	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 4	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 5	1.00	0.3%	0.95	0.3%	-	0.0%	-	0.0%
Category 6	0.50	0.2%	0.48	0.2%	-	0.0%	-	0.0%
Category 7	10.00	3.2%	9.50	3.0%	-	0.0%	10.00	3.2%
Category 8	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 9	1.00	0.3%	0.95	0.3%	-	0.0%	-	0.0%
Category 10	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 11	1.00	0.3%	0.95	0.3%	-	0.0%	-	0.0%
Category 12	1.00	0.3%	0.95	0.3%	-	0.0%	-	0.0%
Category 13	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 14	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Category 15	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	314.50	100.0%	298.78	95.0%	300.00	95.4%	310.00	98.6%

Additional references

- SBTi: Companies shall not exclude more than 5% of emissions from their total scope 3 GHG inventory (SBTi Corporate Net-Zero 566 standard, p.22)
- CDP module 7: Provides a rule of thumb cumulative 5% threshold for relevance (question 7.4.1)
- IPCC guidelines define Key categories are those that, when summed together in descending order of magnitude, add up to 95% of the national sum of the absolute values of emissions and removals.*
- UNFCCC consider emissions insignificant if the likely level of emissions is below 0.1 / 0.05 per cent of the national total GHG emissions, excluding LULUCF, or 1,000 kt CO₂ eq / 500 ktCO₂eq, and cumulative threshold of 0.2% / 0.1% (subject to developing country flexibility provision use)*
- Canada's federal Greenhouse Gas Reporting Program applied a reporting threshold of 10 000 tCO₂eq
- The California Environmental Quality Act (CEQA) encourages public agencies to adopt [absolute] "thresholds of significance" on a tiered approach; one of the qualifiers: 10 000 tCO₂eq threshold ***

*[bg2-01_L3_flex.pdf](#)

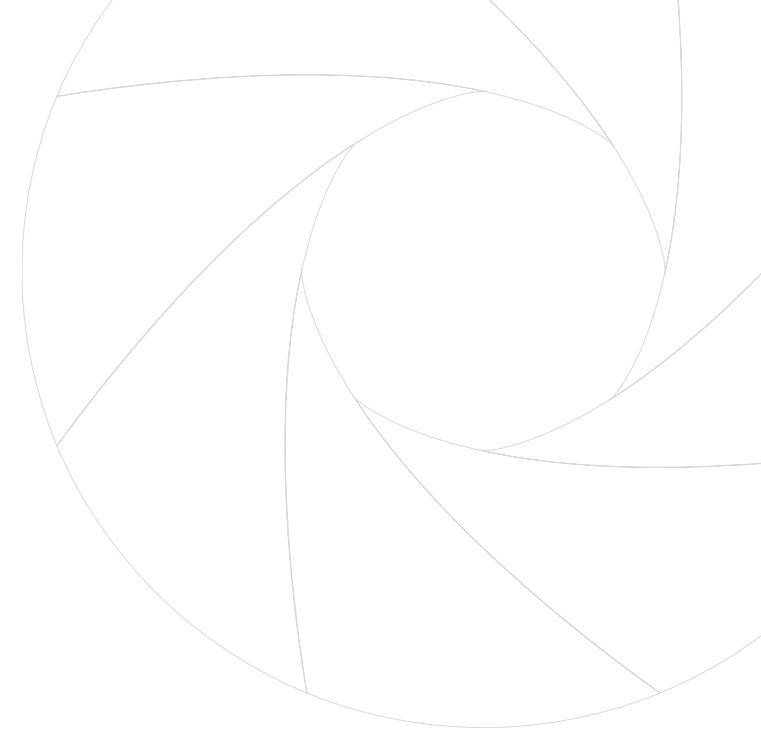
** [Reporting greenhouse gas emissions: questions and answers - Canada.ca](#)

*** [Microsoft Word - 081231AB](#)

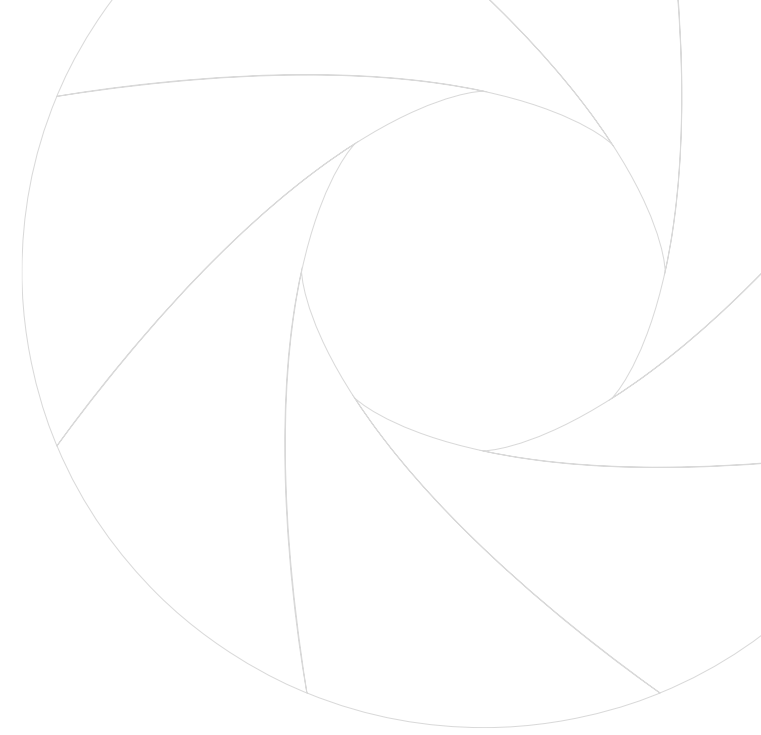
Discussion questions

1. Is introducing a cumulative exclusion threshold by itself sufficient?
2. What are the preferred percentage (%) and absolute (tCO₂e) values and why?
3. What denominator(s) are preferable, and why?
4. What is the justification for introducing an absolute threshold?
5. Which term should we use: magnitude threshold, significance threshold, or other?
6. What should be a definition? E.g. "Magnitude threshold is a quantitative criterion used to define relevance of emissions"

Break: 5 min



De minimis



De minimis

- ***De minimis emissions***, a permissible quantity of emissions that a company can leave out of its inventory
- The *Corporate Standard* warns:

“Sometimes it is tempting to define a minimum emissions accounting threshold <...> stating that a source not exceeding a certain size can be omitted from the inventory. Technically, such a threshold is simply a predefined and accepted negative bias in estimates (i.e., an underestimate). Although it appears useful in theory, **the practical implementation of such a threshold is not compatible with the completeness principle** of the GHG Protocol Corporate Standard.” (p. 8)
- The Scope 3 Standard does not include any considerations of de minimis
- De minimis is a concept that is widely used by practitioners in inventory preparation. Applying the de minimis concept can help practitioners focus resources on substantial emissions sources, ultimately saving time and reducing the time in order to save resources in data collection.
- Not having a formally set de minimis approach may create uneven ground for preparers and impede the comparability of company inventories and boundaries and cross-company considerations

De minimis vs Magnitude threshold

For the context of the current consideration, there are following differences between de minimis and magnitude threshold:

- Magnitude threshold can be used to justify omitting an activity or category, while de minimis can be used to omit a particular source / item
- Magnitude threshold sets up a boundary of the entity's value chain system; de minimis does not set up a system boundary but rather presents a practical solution to a data collection trade-off
- Magnitude threshold may be used for indicating the threshold for certain quality of reporting, while de minimis would be only a yes/no threshold
- Magnitude threshold application requires quantitative analysis of excluded emissions, while de minimis might not

E.g. when calculating category 3:

- *Excluding T&D losses because the associated emissions are below a value – is applying significance threshold*
- *Excluding upstream of once purchased propane because it is assumed insignificant (e.g. because of relatively low quantities) – is applying de minimis*

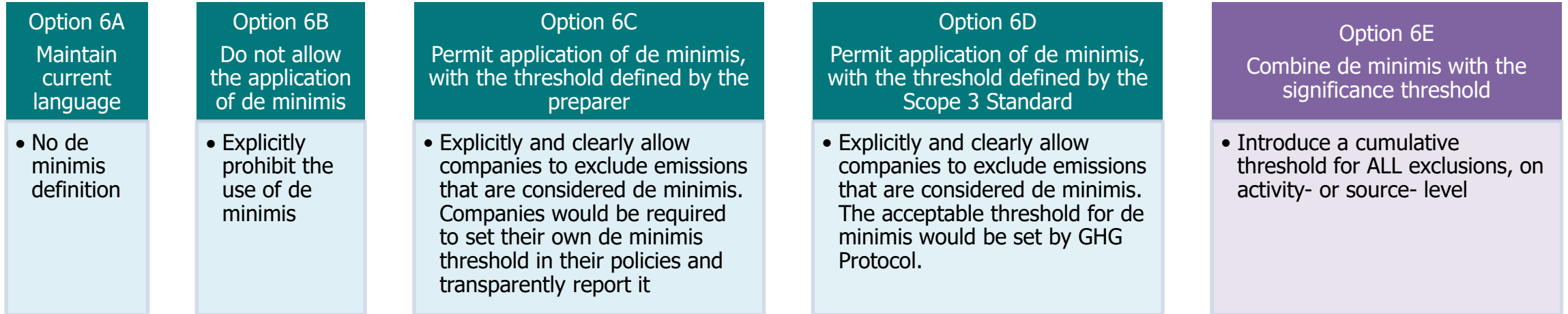
De minimis in practice

- Some GHG accounting and disclosure guidelines may allow for de minimis, however it is rather a rare practice (The Greenhouse Gas Protocol Measuring to Manage: A Guide to Designing GHG Accounting and Reporting Programs, EC's: Methodology for calculation of GHG emission avoidance, ETS, CBAM, and sectoral guidance)
- Arguably, ISO14064-1, SBTi, CDP include clauses that echo de minimis
- Cut-off procedures in LCA – analogue of de minimis – are widespread
- The paradox of applying a de minimis threshold is that, if it can be proven that the emissions from an activity are below a certain value, this was done by an estimate of the emissions, in which case the rationale for exclusion is questionable. Applied practices include:
 - Using expert judgment
 - Using mass or energy flow as a proxy (this may not be possible for some secondary data sources)
 - Introducing lists of not-omittable what (activities or emissions)?
 - Performing high level estimations

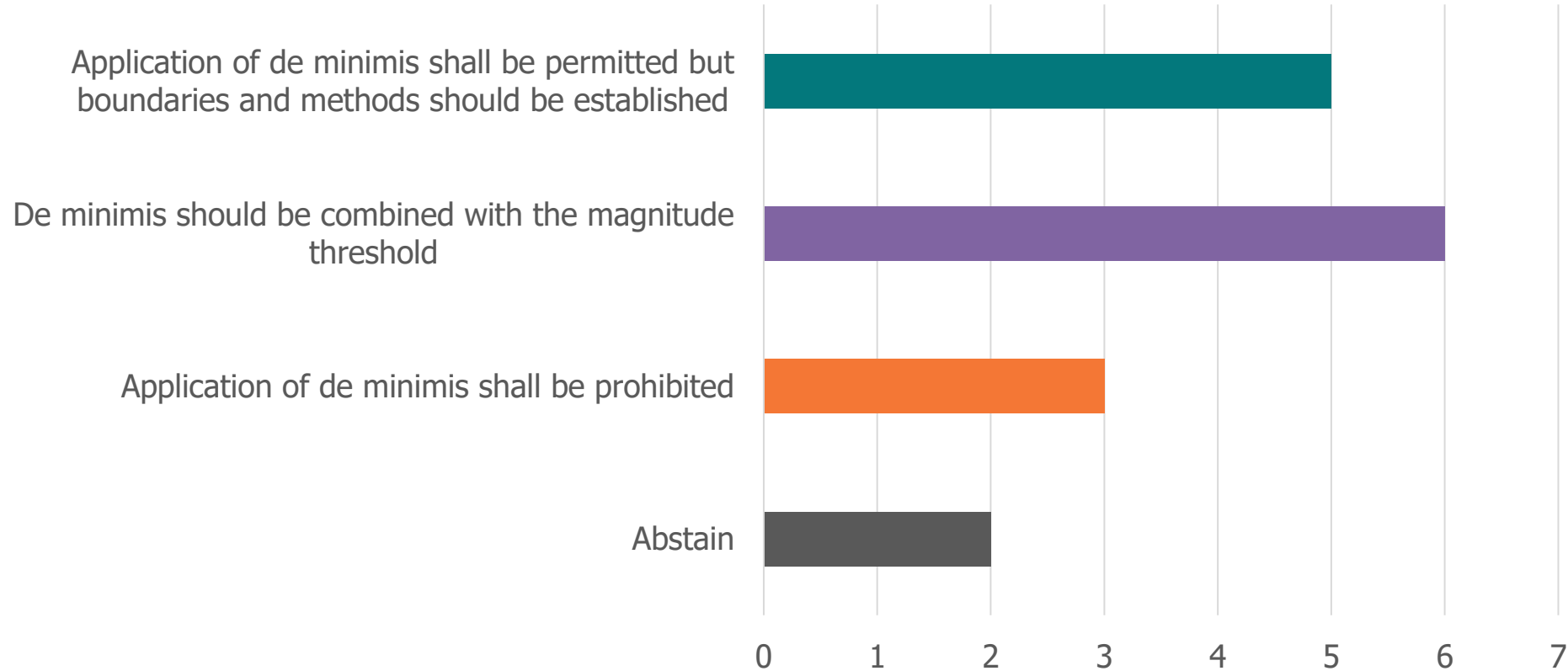
Question 6: Should de minimis be defined in the Scope 3 Standard?

Options considered in the Discussion Paper B.1

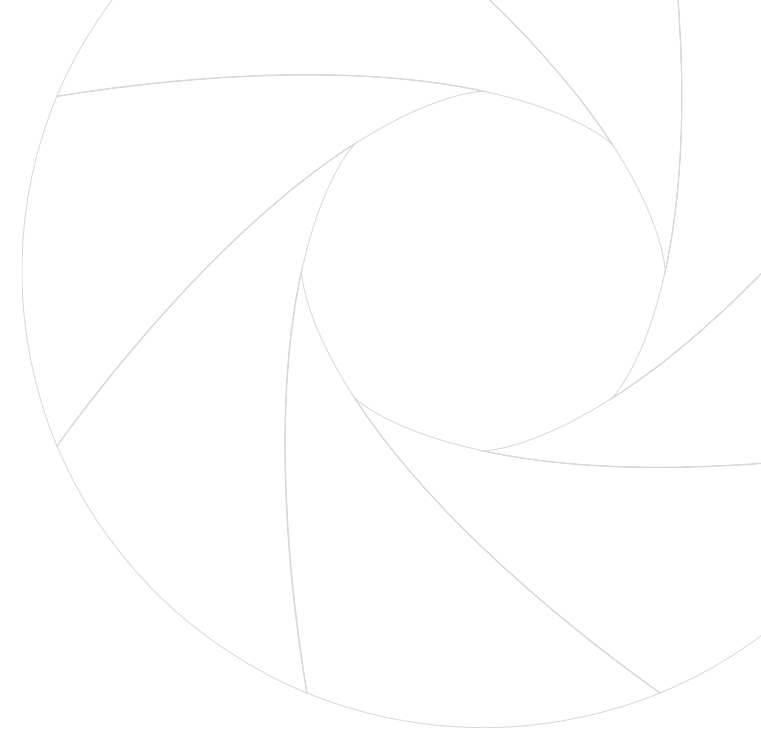
Additional option



Polling results



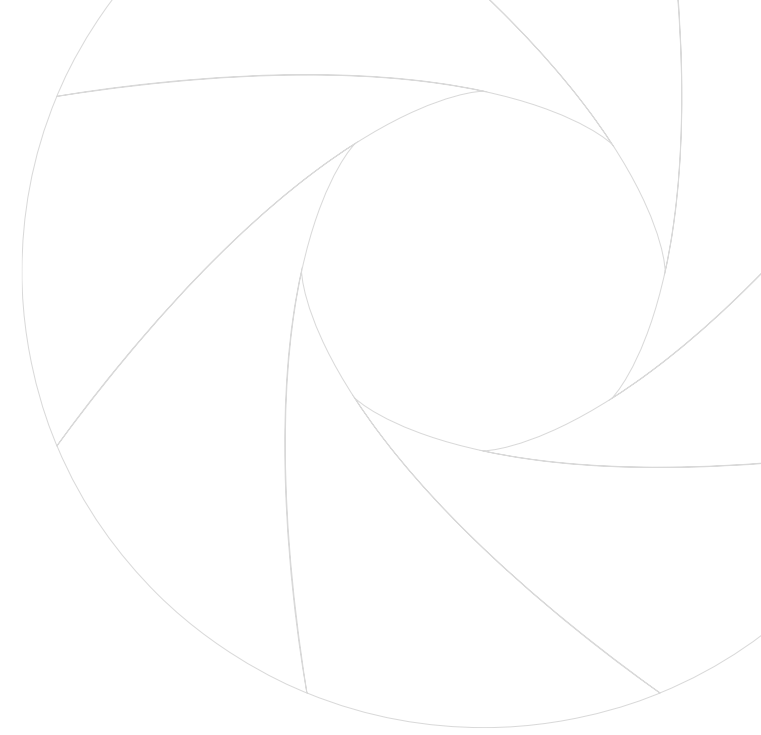
Discussion



Discussion questions

1. Should de minimis be introduced or prohibited?
2. Can de minimis be combined with the magnitude threshold?
3. If we do introduce de minimis, what are the preferred percentage (%) and/or absolute (tCO₂e) values and why?

Influence criterion



Question 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.”
- Degrees of influence are broadly and inconsistently defined and applied by users, and the guidance is applied unevenly.

Option 4A: Maintain the current language

“There are potential emissions reductions that could be undertaken or influenced by the company” (Table 6.1).

Option 4B: Define a list of influence pathways

Scope 3 Standard would list the (minimum) influence pathways that should be considered.

Option 4C: Define levels of influence

Scope 3 Standard would define level of influence sufficient for emissions to be considered relevant.

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.).

Preliminary analysis on the decision-making criteria

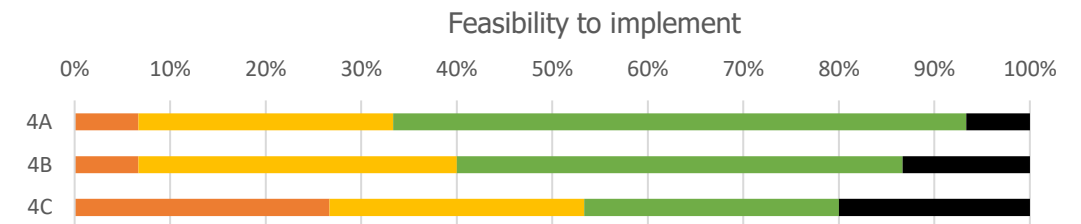
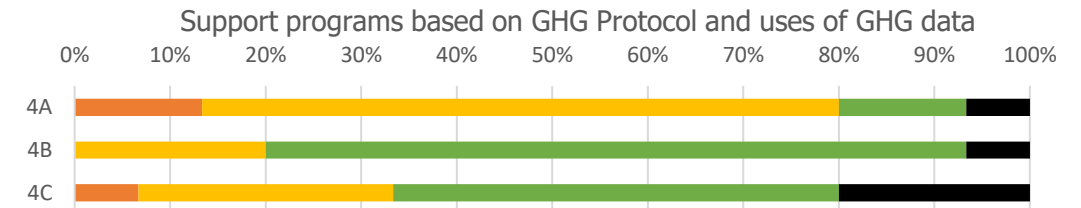
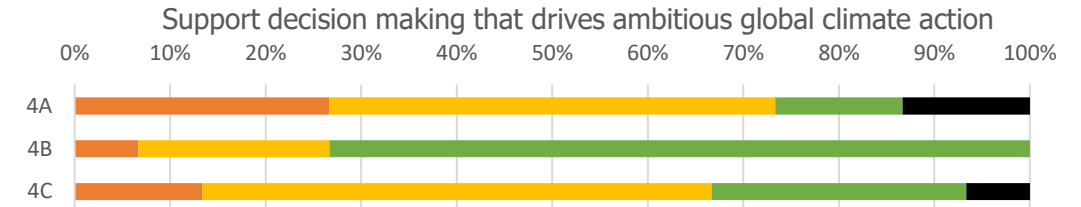
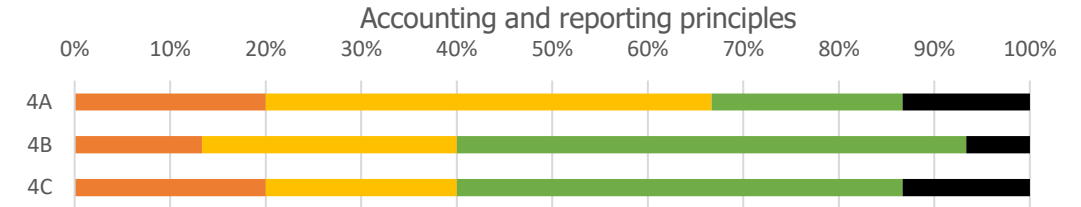
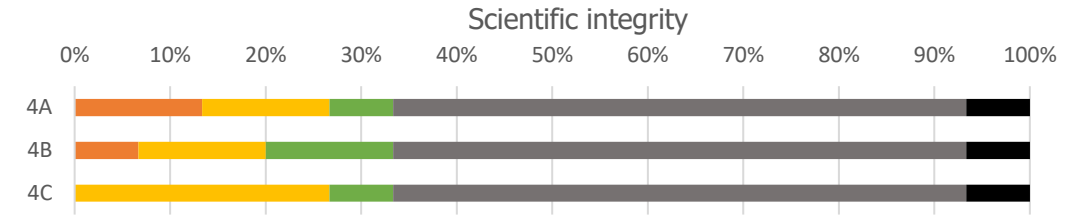
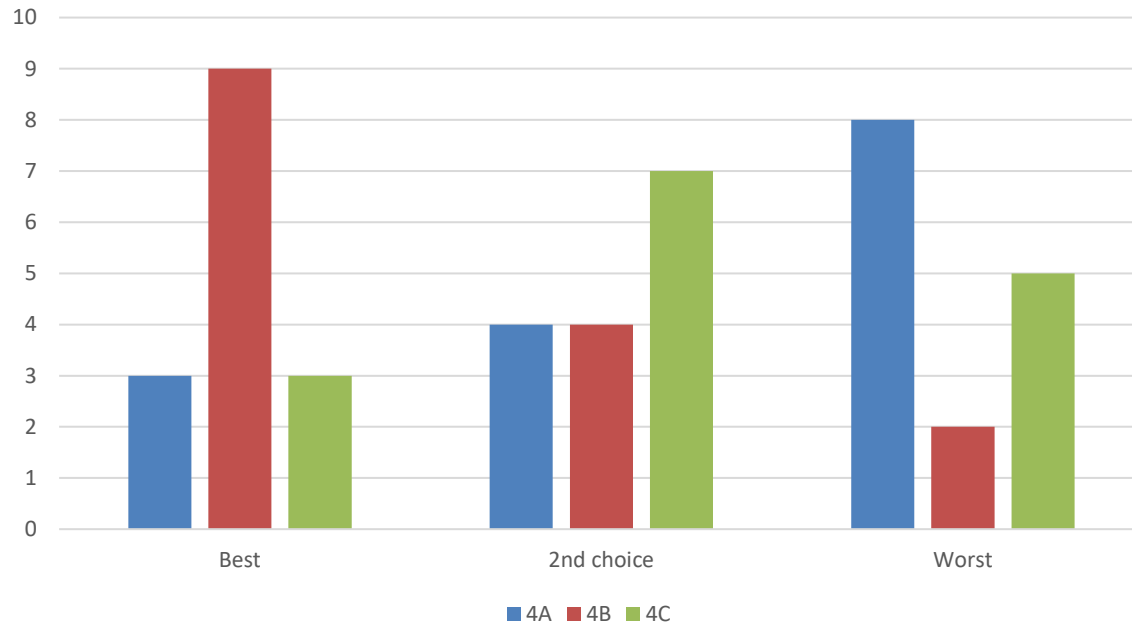
Criteria	Option 4A: Maintain the current definition of influence	Option 4B: Define a list of influence pathways	Option 4C: Define the level of influence
Scientific integrity	Largely NA	Largely NA	Largely NA
GHG accounting and reporting principles	Pros: allows for reflecting relevance through influence 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)
Support decision making that drives ambitious global climate action	Pros: Leaving the judgment of relevant influence to the preparer for their context, 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
Support programs based on GHG Protocol and uses of GHG data	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
Feasibility to implement	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

Outcomes of the poll

Options:

- 4A: maintain the current language
- 4B: Define a list of influence pathways
- 4C: Define levels of influence

Ranking of options (count)



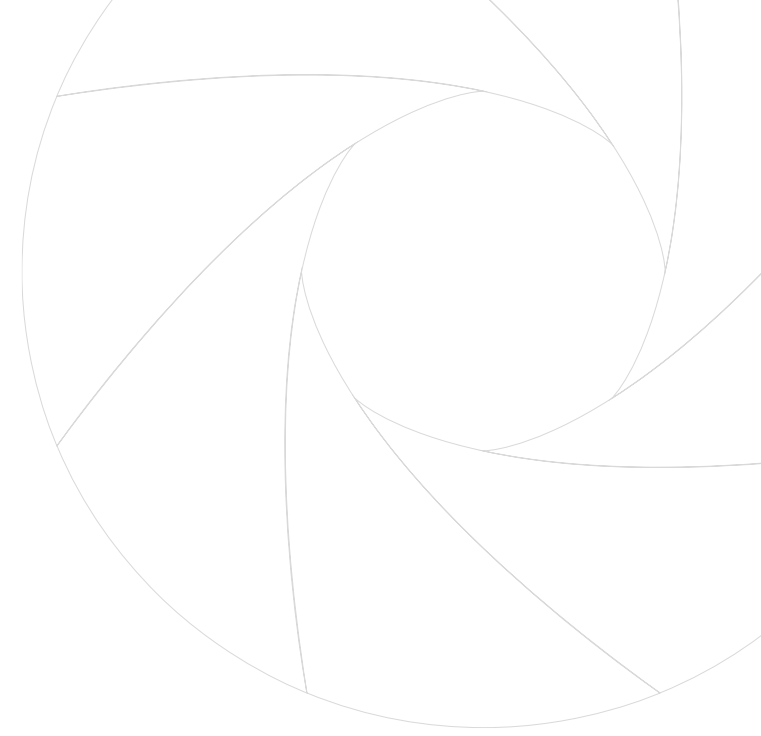
Legend: Not aligned (orange), Neutral (yellow), Aligned (green), Not applicable (grey), Abstain (black)

Secretariat's Proposal

1. The TWG's preference in relevance considerations is 1C: Relevance is required based on the criterion of magnitude of emissions only
 - Thus, this brings only magnitude considerations of relevance to requirements ("shall" language)
 - Thus, influence considerations of relevance stay on the level of recommendation ("should" language)
 - Thus, influence considerations stay at discretion of preparer
 - Thus, it is no longer a critical question to provide an unequivocally defined influence
2. Influence is a very context-specific matter, difficult to pinpoint on a generic level
3. The Secretariat proposal:
 - Maintain the current language on the influence criterion: "There are potential emissions reductions that could be undertaken or influenced by the company"
 - Introduce into the text a list of influence pathways as guidance for preparers in Chapter 6, or the Technical Guidance.

<poll>

Next Steps



Next steps

- GHG Protocol Secretariat:
 - Distribute the recording, feedback form and poll (as needed) (by Dec 13)
 - Prepare and distribute minutes of the meeting (by Dec 19)
- TWG members:
 - Provide feedback on the discussion (by Jan 9)

Next meeting on January 16th

- TWG members:
 - If attending the meeting on the 16th is not possible, inform asap

Thank you!

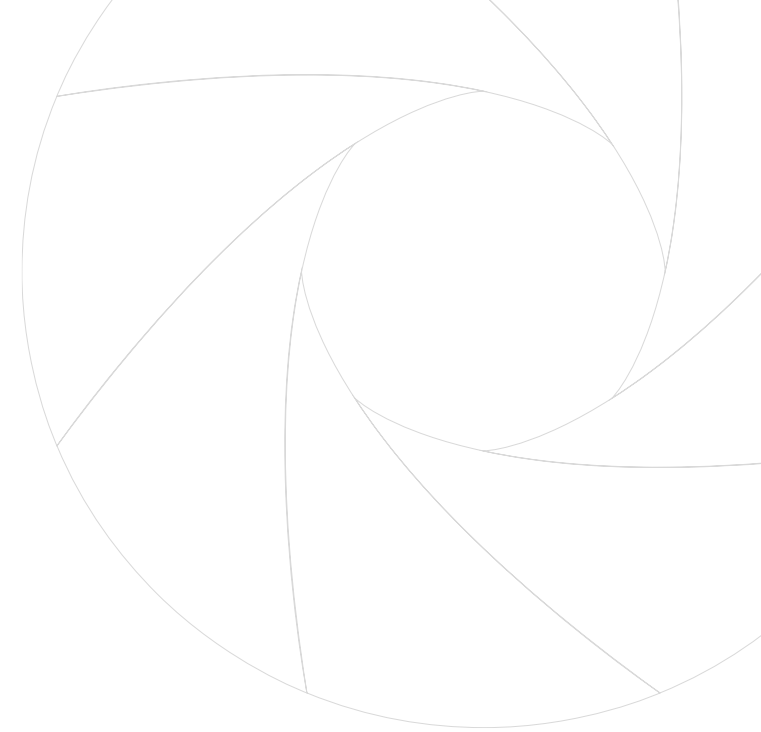
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Background



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

Significance threshold: 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
Scientific integrity	Largely N/A	Largely N/A	Largely N/A	Largely N/A
GHG accounting and reporting principles	<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 for the company's context</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>
Support decision making that drives ambitious global climate action	<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>

Significance threshold: 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
Support programs based on GHG Protocol and uses of GHG data	<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>
Feasibility to implement	<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>

Outcomes of the poll

Options:

3A: maintain the current language

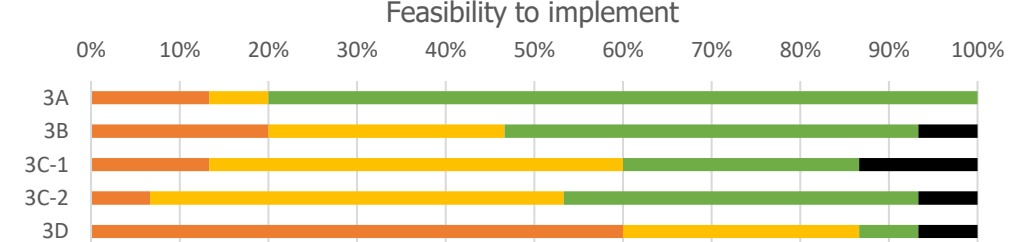
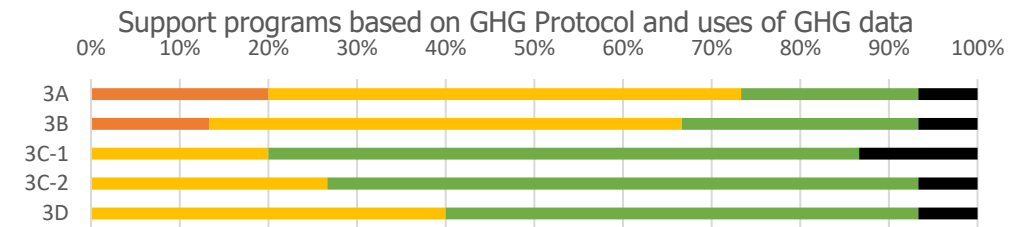
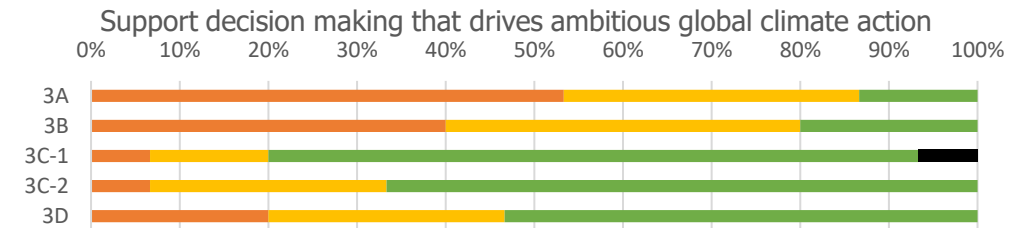
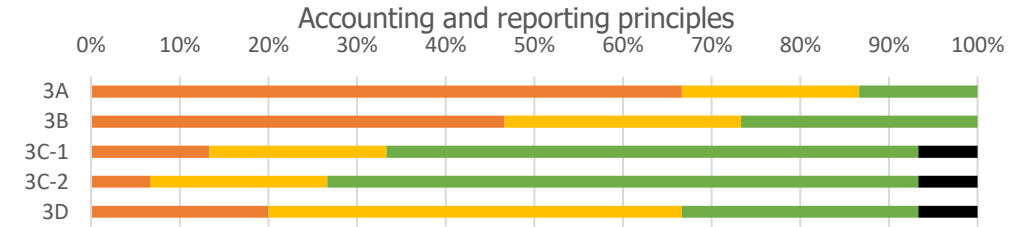
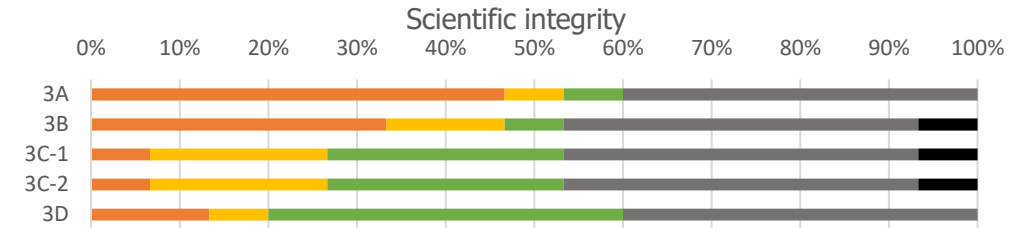
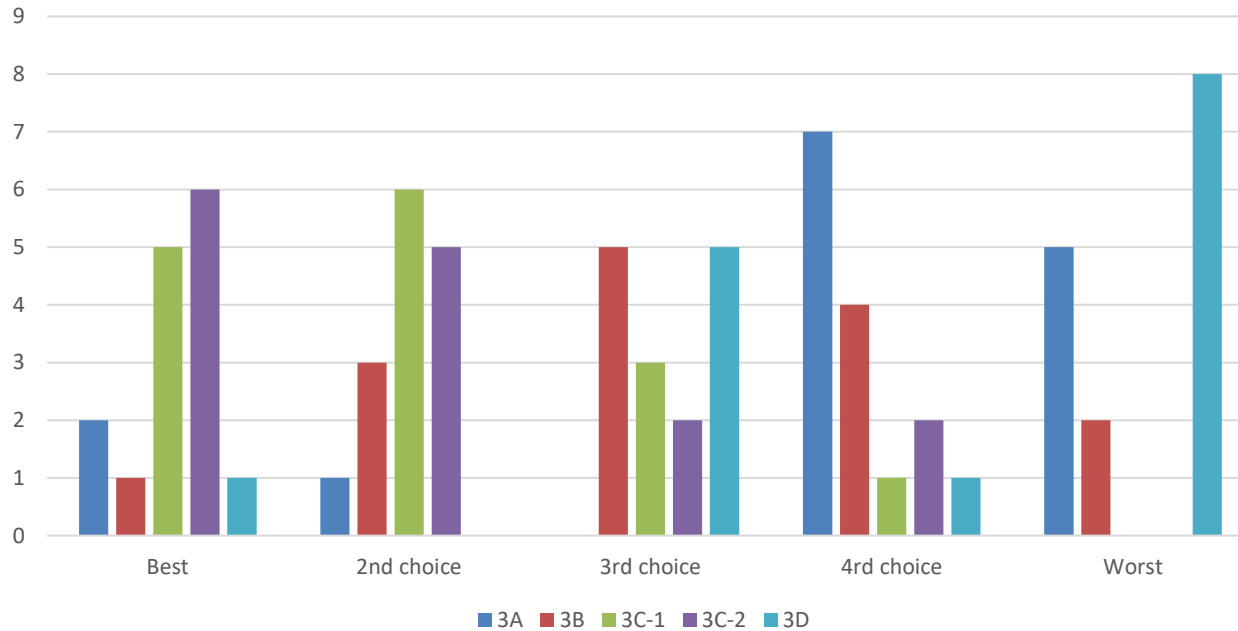
3B: Preparers to define a magnitude threshold

3C-1: Scope 3 Standard to define a magnitude threshold

3C-2: Scope 3 Standard to define a default magnitude threshold

3D: Require all scope 3 emissions

Ranking of options (count)



Not aligned Neutral Aligned Not applicable Abstain

De minimis: preliminary analysis on the decision-making criteria

Criteria	Option 6A: Maintain the current language: no de minimis definition	Option 6B: Do not allow the application of de minimis	Option 6C: Permit application of de minimis, with the threshold defined by the preparer	Option 6D: Permit application of de minimis, with the threshold defined by the Scope 3 Standard
Scientific integrity	Largely N/A Pros: leaving out considerations of de minimis practically resolves the paradox of de minimis	Largely N/A Pros: resolves the paradox of de minimis	Largely N/A Cons: paradox of de minimis needs resolving	Largely N/A Cons: paradox of de minimis needs resolving
GHG accounting and reporting principles	Pros: potentially promotes relevancy specific to the entity's context and operations. Cons: May challenge transparency. May open possibility for omission of relevant emissions challenging relevance and completeness	Pros: Promotes transparency, completeness and consistency; potentially promotes relevance; Cons: Challenges accuracy.	Pros: Promotes completeness, consistency and relevance; potentially promotes transparency; Cons: potentially challenges accuracy.	Pros: Promotes completeness, consistency, relevance and transparency; Cons: potentially challenges accuracy.
Support decision making that drives ambitious global climate action	Pros: Preparer may choose own policies and focus on the actions as determined suitable in prioritization. Cons: Potential omission of relevant emissions.	Pros: facilitates more complete inventory, allowing for a potentially better overview of emission sources and actionability. Cons: Additional significant burden on full calculation may lead to less resources available for action Lower quality of the information may make the inventory not interpretable for action.	Pros: facilitates more complete inventory, allowing for a potentially better overview of emission sources and actionability. Cons: Additional burden on preparers proving the de minimis may lead to less resources available for action	Pros: facilitates more complete inventory, allowing for a potentially better overview of emission sources and actionability. Cons: Potentially, with a low de minimis value set, the quality of the resulting inventory and actionability of the information may be challenged. Additional burden on preparers proving the de minimis may lead to less resources available for action

De minimis: preliminary analysis on the decision-making criteria

Criteria	Option 6A: Maintain the current language: no de minimis definition	Option 6B: Do not allow the application of de minimis	Option 6C: Permit application of de minimis, with the threshold defined by the preparer	Option 6D: Permit application of de minimis, with the threshold defined by the Scope 3 Standard
Support programs based on GHG Protocol and uses of GHG data	<p>Pros: Highly interoperable</p> <p>Cons: No transparent information on the omitted de minimis emissions.</p> <p>User is challenged in cross-company considerations.</p> <p>Lack of guidance creates barriers in verification, audit, communication.</p>	<p>Pros: Potentially highly interoperable as providing the most rigid requirements on exclusion Potential support of internal and external user with full overview of the emissions</p> <p>Potentially helps in prioritization of action.</p> <p>Cons: potentially involves estimations of low quality, making it less useful in action.</p> <p>May be challenged in meeting other frameworks' requirements on data quality.</p>	<p>Pros: Potential support of user with better overview of the emissions in the inventory, and the cross-company considerations.</p> <p>Interoperable, allowing to choose de minimis that would suit other frameworks relevant for the preparer.</p>	<p>Pros: Potential support of user with better overview of the emissions in the inventory, and the cross-company considerations.</p> <p>Interoperability can be achieved if values are consistent with other frameworks (e.g. total 5% in SBTi and CDP, 3% in some LCA frameworks).</p> <p>Cons: Potentially with a low value, some LCA studies accepting higher de minimis may be not applicable.</p> <p>Potentially, with a low de minimis value set, may be challenged in meeting other frameworks' requirements on data quality.</p>
Feasibility to implement	<p>Pros: Feasible, leaving to interpretation by preparer</p> <p>Cons: can be confusing for the user, preparer, and assurer</p>	<p>Pros: requires estimations that result in broader overview of emissions and allows to prioritize further data collection on the most important.</p> <p>Cons: Very low feasibility, requiring expansive data collection and estimations</p>	<p>Pros: Preparers receive discretion in decision of a relevant de minimis for the organizational context.</p> <p>Requires estimations that result in broader overview of emissions and allows to prioritize further data collection on the most important.</p> <p>Cons: Additional burden on preparers for high level estimation to prove de minimis</p>	<p>Pros: requires estimations that result in broader overview of emissions and allows to prioritize further data collection on the most important.</p> <p>Cons: Additional burden on preparers for high level estimation to prove the de minimis</p>