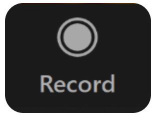
Scope 3 Technical Working Group Meeting

Working draft, do not cite

Full TWG
Meeting 2
Review of Group C proposed revisions

May 22nd, 2025

Welcome and Meeting information



This meeting is recorded.

Please mute yourself by default and unmute when speaking

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

(Draft; for discussion)

Agenda

- Housekeeping (5 min)
- Introduction (10 min)
- Revisions
  - Applicability for non-FIs (10 min)
  - Classification and Optionality (20 min)
  - Boundary requirements (20 min)
  - 5% exclusion threshold (20 min)
  - Proportionality (10 min)
  - Industry-specific standards (20 min)
- Next steps (5 min)

Housekeeping and decision-making criteria

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.

Illustrative example	**Option A: Name**	**Option B: Name**	**Option C: Name**
1A. Scientific integrity	• Pros • Cons	• Pros • Cons	• Pros • Cons
1B. GHG accounting and reporting principles	• Pros • Cons	• Pros • Cons	• Pros • Cons
2A. Support decision making that drives ambitious global climate action	• Pros • Cons	• Pros • Cons	• Pros • Cons
2B. Support programs based on GHG Protocol and uses of GHG data	• Pros • Cons	• Pros • Cons	• Pros • Cons
3. Feasibility to implement	• Pros • Cons	• Pros • Cons	• Pros • Cons

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.

Introduction

Full Scope 3 TWG Meetings

- Meeting #2, May 22nd Group C outcomes (Investments, Category 15)
- Meeting #3, May 29th Group A outcomes (Data quality, disaggregation, and requirements)
- Meeting #4, June 5th Group B outcomes (Boundaries, exclusions, facilitated activities)

SoW Summary: Subgroup A

Meeting #3 (May 29th)

- Disaggregated reporting of scope 3 inventories (within categories)
    - Specific, non-specific, EEIO/spend-based
- Verification add-on
- Uncertainty assessment
- Requirements to enhance usability and transparency of inventories
    - Minimum data quality
    - Data quality improvements
    - Data quality scoring (not proposed)
- Allocation methods

SoW Summary: Subgroup B

Meeting #4 (June 5th)

- Minimum boundary
  - Required scope 3 emissions (formerly “Minimum boundary”)
  - Optional scope 3 emissions (will be reconsidered at the category-specific level in Phase 2)
  - Magnitude exclusions threshold (5% of required scope 3 emissions)
  - Justified exclusions (e.g., intermediate products, minority interest equity investments)

- New proposed facilitated emissions (Category 16)
  - Classification (what activities are included)
  - Optional (not required)
  - Boundary for facilitated activity emissions (lifecycle, i.e., scope 1, 2, and 3)
  - Calculation method(s)
  - Reference to third-party standards/guidance that have (or will) developed standardized guidance

SoW Summary: Subgroup C

- Applicability of scope 3 for non-financial institutions (“non-FIs”)
- Classification
  - Investment/asset type identification and classification
  - Financial activities and services (NOT investments)
- Boundary
  - Required vs. Option investments/assets
  - Minimum boundaries (investee scope 1, 2, and 3)
    - Scope 3 emissions of investees (where relevant)
  - Lifetime emissions of projects
- Industry-specific standards
  - Underwriting and issuance (PCAF Part B’s ”facilitated emissions”)
  - Insurance contracts (in part, PCAF Part C, insurance-associated emissions)
  - Harmonization with Partnership for Carbon Accounting Financials (PCAF)

- **Remaining meetings**
  - Two meetings remain to consider calculation method for optional investments and third-party standard references (if any), as well as language refinements for underwriting and insurance contracts

Summary of Category 15: Investments (Scope 3 Standard, 2011)

- Category 15 is for companies to account for investments (required)
  - These are commonly termed by many stakeholders: 'financed emissions'
  - The following activities are included:
    - Equity investments in subsidiaries, associate companies (affiliated companies), and joint ventures
    - Equity investments where the company has neither financial control nor significant influence
    - Debt holdings (with known use of proceeds) and project finance

- Category 15 optionally lists managed investments (on behalf of clients), client services (underwriting, advising, etc.), and other investments/services (e.g., pension funds, insurance contracts, derivatives, etc.)
  - The following activities are included:
    - Managed emissions (e.g., equity funds)
    - Directly facilitated emissions (e.g., underwriting)
    - Indirectly facilitated emissions (e.g., insurance)
    - Neither (e.g., derivatives)

(Draft; for discussion)

Draft Revisions: Summary

Full list of revisions being considered in this full scope 3 TWG meeting

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)
2. Category 15 is now only investments (proper) (i.e., "financed emissions") all of which are **required**
3. Other financial activities
    a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
    b. Reference to PCAF, Part B (2023), Underwriting and issuance
    c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)
5. All companies shall account for category 15 (investments)
6. Required scope 3 emissions include an investee's scope 1, 2, and 3
7. The 5% exclusion threshold applies to Category 15 (i.e., all categories)
8. Should a Category 15-specific exemption be drafted (like for intermediate products)?
9. Require the disclosure of reported category 15 investments as % of total carrying value (of all assets and financial instruments
10. Equity investments to calculate proportionality including equity and debt
11. Direct reference to industry-specific GHG emissions accounting and reporting standards
12. Organizational boundaries (consolidation approach guidance has been edited in conformance with expected CS TWG revisions)
13. Time boundary (more guidance has been edited that is consistent with the original content)
14. Calculation guidance (no new calculation methods have been developed)

Draft Revisions: Applicability for non-financial institutions

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)

#1 – Applicability for non-financial institutions (non-FIs) (i.e., all companies)

Current Standard (2011)

- "[A]pplicable to investors (i.e., companies that make an investment with the objective of making a profit)…" (p. 52)
- "[D]esigned primarily for private financial institutions… but is also relevant to public financial institutions… and other entities with investments not included in scope 1 and scope 2."

Proposed Revised Standard (2025)

- "This category applies to all companies in all sectors that have investments."
- "This category includes emissions associated with a reporting company's investments, commonly known as financed emissions."

Notes

- The *Scope 3 Standard* does not differentiate guidance for FIs vs. non-FIs
- Subgroup C supported unambiguously requiring the inclusion of category 15 from all companies
- Several subgroup C members supported not distinguishing guidance for FIs vs. non-FIs and were of the opinion that for non-FIs (including SMEs and other companies with no investments) it would be straightforward to not consider category 15 (e.g., N/A)

#1 Applicability for non-financial institutions (i.e., all companies)

Revision description

- "This category applies to all companies in all sectors that have investments."
- "This category includes emissions associated with a reporting company's investments, commonly known as financed emissions."

Rationale

- **Simplification:** This makes is abundantly clear that category 15 is applicable to all companies (FIs and non-FIs)
- **Non applicability:** non-FIs (e.g., SMEs and other companies with no investments) without investments can mark N/A

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG supported unambiguously **requiring** all companies to include category 15

Implications

- **Cross-cutting**: This makes it easier to simplify application of the 5% exclusion threshold with fewer/no exceptions rules *

* See: slide 42

Investment is not defined in the *Scope 3 Standard* (2011)

- **Proposed text**: "An investment is the purchase of a financial instrument or an asset that contractually grants the investor and holder (as the reporting company) ownership in, or a claim on, an underlying investee or asset with the purpose of producing income. Investees or assets include subsidiaries, associate companies, joint venture interest, limited partner interest, equity securities, debt securities, loans issued to counterparties, project finance (including using equity and/or debt), mutual fund shares, exchange-traded fund (ETF) shares, and some other secondary securities (refer to **Table 5.9**).
    - *Glossary definition (proposed):* **Financial instrument.** A financial instrument is an instrument that has monetary value or records a monetary transaction or any contract that imposes on one party a financial liability and represents to the other a financial asset or equity instrument, including listed equity, unlisted equity, common stock, preferred stock, debt with known use of proceeds, debt with unknown use of proceeds, securitized debt instruments, and convertible notes, business loans, mortgages, letters of credit, corporate bonds, government bonds, municipal bonds, and sovereign notes and/or bills. (Source: https://www.law.cornell.edu/wex/financial_instrument)
    - *Glossary definition (proposed):* **Asset.** An asset is something of value owned by an individual or organization. An asset can be physical property like a building or intangible property such as a patent. (Source: https://www.law.cornell.edu/wex/asset)
- Footnote: The terms "investee" and "asset" may be used interchangeably throughout this document.

Expanded/itemized list of companies for which Category 15 applies

- The following expanded/itemized footnote may be added to clarify applicability
- It is listed here for reference:
  - Companies that make investments or loans or that perform other financial activities or services include: financial institutions, non-financial institutions, private entities, public entities, commercial banks, multilateral development banks, export credit agencies, insurance funds, pension funds, asset managers, private equity funds, general partner funds, hedge funds, venture funds, limited partnerships, special purpose vehicles, endowment funds, foundations, non-governmental organizations, third-party managers (with discretionary management control over investments), and any other type of organization (collectively, a "**company**").

(Draft; for discussion)

Draft Revisions: Classification & Required vs. optional category 15 emissions

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)

This section:

2. Category 15 is now only investments (proper) (i.e., “financed emissions”) all of which are **required**
3. Other financial activities
    a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
    b. Reference to PCAF, Part B (2023), Underwriting and issuance
    c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)

Other financial activities (Scope 3 Standard, 2011)

- The following are financial activities itemized in the Scope 3 Standard (2011) and PCAF (for comparison)

Optionality	*Scope 3 Standard*	PCAF standards *
Required investments	• Equity investments • Debt investments (with known use of proceeds) • Project finance	• Financed emissions (Part A): Listed equity, Corporate bonds, Unlisted equity, Business loans, Project finance, Commercial Real Estate, Mortgages, Motor vehicle loans, and Sovereign debt
Optional investments and investment-related activities	• Debt investments (with unknown use of proceeds) • Managed investments and client services [1] • Other investments and financial services [1]	• Facilitated emissions (Part B) (a **client service**) [2] • Insurance-associated emissions (Part C) (**one way of reporting insurance-associated emissions**) [2]

[1] GHG Protocol includes many more types of optional and investment-related activities in Table 5.10 versus PCAF which provides guidance for, exclusively, facilitated and insurance-associated emissions in significant detail

[2] PCAF requires the disclosure of facilitated emissions and insurance-associated emissions

* Partnership for Carbon Accounting Financials (PCAF) is the most widely used standard by and for financial institutions; the first version received the Built on GHG Protocol Mark; it includes specific guidance on underwriting (Part B) and insurance (Part C).

#2 – Category 15 is now only investments (proper), all of which are required

Current Standard (2011)

- Table 5.9 – Equity, debt (known uses), and project finance (**required**)
- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)

Proposed Revised Standard (2025)

- 15.1 – Investments (**required**) (A.K.A. "financed emissions")
  - Equity, debt (known & unknown uses), and project finance
- 15.2 – Managed investments (**required**)
  - Investments made by manager using client's capital

Notes

- Table 5.9 and Debt (with unknown uses) (Table 5.10) were all itemized as (15.1) Investments (all "financed emissions")
  - This excludes investments that aren't ownership of or a claim on an underlying asset (and associated emissions)
  - All (15.1) Investments are required (partial change)
- Investments and managed investments were isolated and itemized separately (no change)
  - All (15.2) managed investments are required (formerly optional)

Category 15 (revised itemized list of investments)

- Investments (15.1) (A.K.A. "Financed emissions")
  - 15.1.1 – Equity (**with** financial control over investee)
  - 15.1.2 – Equity (**without** financial control over investee but **with** significant influence)
  - 15.1.3 – Equity (**without** financial control over investee and **without** significant influence)
  - 15.1.4 – Corporate debt (with **unknown** use of proceeds) (including business loans, commercial real estate, etc.) *
  - 15.1.5 – Corporate debt (with **known** use of proceeds) (including corporate bonds, commercial paper, ~~cash equivalents~~)
  - 15.1.6 – Project finance (with **known** use of proceeds) (including project equity or debt, green bonds, other fonds)
  - 15.1.7 – Retail debt (with **known** or **unknown** use of proceeds) (including mortgages, motor vehicle loans)
  - 15.1.8 – Other debt (with **known** or **unknown** use of proceeds) (including government, sovereign, municipal, GOs)
  - 15.1.8 – Undrawn commitments (on-balance sheet) (including private equity commitments and expected credit losses)
  - 15.1.9 – Mutual fund and exchange-traded fund (ETF) shares
  - 15.1.10 – Asset-backed securities (with **known** or **unknown** use of proceeds) (including MBS, CMBS, CDOs) **
- Managed investments (15.2)
  - Managed investments are those held and managed by a reporting company on behalf of clients using clients' capital.
  - A manager (as the reporting company) **shall** disaggregate emissions by (15.1) investments and (15.2) managed investments and **shall** disaggregate emissions from (15.2) managed investments using the same subcategorization of (15.1) investments (itemized in Table 5.9).

* Note that debt with known use of proceeds should include only primary securities. Secondary securities, including asset-backed securities (e.g., mortgage-backed securities), shall be itemized under section 5.1.10. ** Mortgage-backed securities (MBS), Commercial MBS (CMBS), collateralized debt obligations (CDOs).

#3a – Underwriting and Insurance moved to Category 16 (maintained as optional)

Current Standard (2011)

- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)

Proposed Revised Standard (2025)

- [16.#] Underwriting and issuance (**optional**)
- [16.#] Insurance contracts (**optional**)
  - Insurance-associated emissions
  - Claims payment-associated emissions

Notes

- Underwriting and issuance was formerly included in Table 5.10 (optional)
  - Not owned or financed emissions; they are effectively ”brokered” financed emissions (i.e., facilitated emissions)
- Insurance contracts was formerly included in Table 5.10 (optional)
  - Not owned or financed emissions; rather, they are facilitated and financed (but not owned) emissions (i.e., facilitated emissions) and claims payments are the “service” that insurers provide to customers (insured parties) in exchange for premium payments

#3b – Reference to PCAF, Part B (2023), Underwriting and issuance

Current Standard (2011)

- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)
- No reference to external, third-party standards

Proposed Revised Standard (2025)

- [16.#] Underwriting and issuance (**optional**) – PCAF, Part B
- Including a ”should” account and report these facilitated emissions using third-party standards/guidance and reference PCAF, Part B (2023) guidance used by financial institutions

Notes

- Underwriting and issuance is specified in detail by PCAF Part B (2023)
- GHG Protocol does not have the capacity to develop new guidance
- All financial institutions (FIs) that perform underwriting and issuance and that report GHG emissions use PCAF Part B
- The Secretariat proposes maintaining optionality in the Scope 3 Standard but saying companies “should” use PCAF Part B

#3c – Reference to PCAF, Part C (2022), Insurance-associated emissions

Current Standard (2011)

- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)
- No reference to external, third-party standards

Proposed Revised Standard (2025)

- [16.#] Insurance contracts (**optional**)
  - Insurance-associated emissions – PCAF, Part C
  - Claims payment-associated emissions – N/A
    - Not guidance exists for claims payments

Notes

- PCAF Part C (2022) on insurance-associated emissions is the only known guidance for insurance-associated emissions
- Nearly all insurance companies that disclose scope 3 emissions of insured parties use PCAF Part C
- Insurance experts are currently reviewing language in GHG Protocol (draft revisions) for alignment/harmonization with PCAF Part C
- The Secretariat proposes maintaining insurance as optional and referencing (using "should" language) industry-specific guidance

#4 – Move all other financial activities to Category 16 (Secretariat proposal)

Current Standard (2011)

- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)

Proposed Revised Standard (2025)

- [16.#] Other financial activities (**optional**)
  - All financial activities not itemized in revised (15.1) investments or 15.2 (managed investments)

Notes

- Many financial activities itemized in Table 5.10 (apart from debt with unknown use of proceeds and managed investments) do not reflect "financed emissions" but, rather, facilitated or investment-related emissions
- This means that GHG emissions figures in these categories are not comparable with Table 5.9 emissions in category 15
- Further, the GHG Protocol does not have calculation guidance for other financial activities and services (Table 5.10) *
- Therefore, the Secretariat proposes including all said financial activities/services in Category 16 (facilitated emissions) as optional

* Excluding debt (with unknown use of proceeds) and management investments, both of which can be deduced relying on existing guidance

#2 Category 15 is for investments only (owned or managed) (both required)

Revision description

- Category 15 now includes (only):
  - (15.1) investments
  - (15.2) managed investments
- Both are required by all companies

Rationale

- **Applicability**: Including only investments makes it possible to assert that category 15 applies to all companies, most of which are not financial institutions (non-FIs)
- **Calculation methods**: These are the only activities for which GHG Protocol provides calculation methods and guidance *

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG supported **requiring** all forms of debt investment types and managed investments
- Subgroup C was generally split 50/50 on whether to focus category 15 on investment (financed emissions) exclusively, and itemizing all other financial activities in a new category(ies)

Implications

- **Objectives**: Emissions results would be made potentially more comparable between reporting companies and more consistent
- **Programs**: This aligns with IFRS S2's requirement to include only "financed" category 15 emissions

* PCAF provides methods for underwriting and insurance-associated activities (i.e., two of nearly a dozen other investment/asset types and financial activities (e.g., M&A activity, pension funds, guarantees, etc.). **

#3 Move both underwriting and Insurance contracts to Category 16 (optional)

Revision description

- Underwriting and issuance moved to Category 16 (optional)
- Insurance contracts moved to Category 16 (optional)
- Both should refer to industry-specific guidance by PCAF *
- *This has only been partially reviewed by subgroup C ***

Rationale

- **Applicability**: Most reporting companies are non-FIs
- **Calculation methods**: GHG Protocol has not guidance
- **Facilitated:** Both satisfy GHG Protocol's working definition of a facilitated activity (from subgroup B, to be presented June 5th)

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG supported **requiring** both underwriting/issuance and insurance contract emission
- Subgroup C was generally split 50/50 on whether to focus category 15 on investment (financed emissions) exclusively, and itemizing all other financial activities in a new category(ies)

Implications

- **Adoption**: It could significantly ease the amount of text and knowledge needed for non-FIs to adopt and use category 15 effectively, thus facilitating adoption and target setting
- **Programs**: Better harmonization with IFRS S2 and also PCAF Part B and Part C (with or without direct reference)

* Insurance-associated emissions (PCAF, Part C) and facilitated emissions or underwriting (PCAR, Part B). ** Subgroup C has considered both underwriting and insurance contracts as subcategories within category 15 with some members believing it should be itemized in another category.

#4 Move all other financial activities to Category 16 (optional)

Revision description

- All other financial activities (including advised investments, compensation payments, cash equivalents, cash deposits, donations, and derivatives) have all be moved to Category 16
- Category 16 is tentatively designed for 'facilitated activities'
- *This has not been reviewed by subgroup C **

Rationale

- **Classification**: The Secretariat is proposing to move all other financial activities to Category 16 (facilitated emissions) as most (if not all) other financial activities facilitate emissions
- **Simplification:** This makes category 15 emissions more consistent and simplifies compliance for SMEs/non-FIs

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG supports **optionality** for all other financial activities (including, absent calculation methods)
- Subgroup C was generally split 50/50 on whether to focus category 15 on investment (financed emissions) exclusively, and itemizing all other financial activities in a new category(ies)

Implications

- **Programs**: This supports IFRS S2's use of the GHG Protocol Scope 3 Standard and may increase the ability of jurisdictions to legislate disclosure requirements using GHG Protocol
- **Cross-cutting**: This makes it possible to simplify application of the 5% exclusion threshold with fewer/no exceptions rules **

* Subgroup C has not reviewed this move to Category 16; however, they have generally agreed to (a) subcategorize said activities separately from investments, underwriting, and insurance; and (b) maintain optionality if and until calculation guidance is provided. ** See: Slide 42

Notes on Category 16 (facilitated emissions)

The following is draft proposed language for a Category 16 (optional) for facilitated activities (to be considered June 5th *):

- **Definition**: A **facilitated activity** is a third-party activity, product, or emitting source that: (a) is enabled, initiated, or influenced by a reporting company's services, products, and/or infrastructure, (b) where the reporting company does not own or directly operate the facilitated activity at any point in its lifecycle and (c) from which the reporting company generates transactionally recorded economic value. Some scope 3 categories currently require the inclusion of activities that may reflect a facilitated activity; these activities shall be itemized using the activity where they are itemized.
- **Classification**: Any facilitated activity that **does not** satisfy a scope 1, scope 2, or scope 3, category 1 through 15, minimum or optional boundary **shall** be classified as scope 3, category 16.
- **Optionality**: A company **may** account for and report emissions associated with a facilitated activity (excluding a facilitated activity within the minimum boundary of scope 3 categories 1 through 15). A company **should** account for and report emissions associated with a facilitated activity that is required by an industry- or sector-specific standard, guidance, framework, and/or legislation.
- **Boundary guidance**: If reported, a company **should** include the life cycle emissions of a facilitated activity (including the associated scope 1, scope 2, and both upstream and downstream scope 3 emissions) (collectively, the "**facilitated emissions**").
- **Calculation method**: If reported, a company **should** account for all (100%) of the scope 1, scope 2, and up/downstream scope 3 emissions.
- **Disaggregation**: If reported, companies **shall** disaggregate reported category 16 emissions by facilitated activity type (refer to **Table 16.1**).

* Facilitated emissions will be considered in detail on June 5th (the third and final Phase 1 Scope 3 full TWG meeting)

(Draft; for discussion)

Draft Revisions: Boundary requirements

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)
2. Category 15 is now only investments (proper) (i.e., "financed emissions") all of which are **required**
3. Other financial activities
   a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
   b. Reference to PCAF, Part B (2023), Underwriting and issuance
   c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)

This section:

5. All companies shall account for category 15 (investments)
6. Required scope 3 emissions include an investee's scope 1, 2, and 3

#5 – All companies shall account for category 15 (investments)

Current Standard (2011)

- Table 5.9 – Equity, debt (known uses), and project financed (**required**)
- Table 5.10 – Debt (unknown uses), managed investments and client services, and other investments or financial services (**optional**)

Proposed Revised Standard (2025)

- Companies **shall** account for category 15 emissions in accordance with the boundary requirements in Chapter 6, section 6.1, Boundary requirements.*
  - Footnote: Category 15 emissions are subject to the 5% exclusion threshold specified in Chapter 6 (see slide 31)

Notes

- All category 15 investment activities are now required for inclusion
- This requirement is separately from the minimum boundary requirement for category 15 (next slide)
- A 5% exclusion threshold has been proposed by subgroup B whereby a reporting company **shall** include at least 95% of *required* scope 3 emissions and **may** exclude 5% of *required* scope 3 emissions; this does not apply to *optional* scope 3 emissions
- This 5% exclusion threshold is being proposed for total scope 3 GHG inventory emissions (to be discussed in more detail Jun 5th)

* If companies have financial or operational control over an investee (e.g., subsidiary), then emissions should be accounted for in the reporting company's scope 1, scope 2, and category-specific scope 3 inventory; and not in scope 3 category 15.

#6 – Required scope 3 emissions include an investee’s scope 1, 2, and 3

Current Standard (2011)	Proposed Revised Standard (2025)
• Required scope 3 category 15 emissions (by the reporting company): – Investees’ scope 1 and scope 2 (Table 5.9, p. 53) – “Where relevant, companies should also account for the scope 3 emissions of the investee or project” (p. 54)	• Required scope 3 category 15 emissions (by the reporting company): – Investees’ scope 1 scope 2; and – Investees’ scope 3 emissions

Notes

- The current standard does not require that a reporting company include an investee’s scope 3
- It states that an investees’ emissions should be included “where relevant” (p. 54)
- Subgroup C is of the opinion that an investor (as the reporting company) **shall** include the scope 1, scope 2, and scope 3 emissions of investees (e.g., a subsidiary, associated company, JV), i.e., in a reporting company’s required scope 3 emissions (boundary)
- Refer to slide 42 for implications for a 5% exclusions threshold

#5 Category 15 (all investments) is required

Revision description

- Companies **shall** account for category 15 emissions in accordance with the boundary requirements in Chapter 6, section 6.1, Boundary requirements.
  - Footnote: Category 15 emissions are subject to the 5% exclusion threshold specified in Chapter 6 (see slide 31)

Rationale

- Requiring all Category 15 (all investments) is only making two currently optional instruments (debt with unknown use of proceeds and managed investments) required
- It conforms with IFRS S2 and other frameworks
- The limited items in Category 15 is manageable for non-FIs

Level of support from TWG subgroup

- Most members of subgroup C of the Scope 3 TWG supported **requiring** all forms of debt investment types and managed investments

Implications

- **Principles**: This supports relevance, completeness, consistency and transparency (possibly diminishing accuracy)
- **Programs**: This supports IFRS S2 currently requires the inclusion of all "financed emissions" in category 15 *
- **Feasibility**: Some investments lack a calculation method (e.g., asset-backed securities or government debt) **

* Requiring the inclusion of Category 15 is also consistent with other voluntary and mandatory frameworks. ** Sovereign debt is specified in PCAF Part A, and asset-backed securities guidance could be developed to provide general calculation guidance on proportionality and association.

#6 Investees' scope 1, scope 2, and scope 3 emissions (minimum boundary)

Revision description

- Required scope 3 category 15 emissions (by the reporting company):
  - Investees' scope 1 scope 2; and
  - Investees' scope 3 emissions (category-specific*)

Rationale

- This is more prescriptive than the current guidance (which states that investee scope 3 should be included where relevant)
- Close loopholes to exclude significant (magnitude) emissions
- Could improve consistency, completeness, and relevance
- It is generally consistent with PCAF and IFRS S2

Level of support from TWG subgroup

- Most members of subgroup C of the Scope 3 TWG supported **requiring** all investee scope 1, scope 2, and scope 3 emissions

Implications

- Some investee scope 3 emissions may be challenging to calculate using high-quality data (primarily applicable to FIs)
  - Already the case; shouldn't dramatically affect non-FIs
- Financial institutions (or non-FIs) that have significant category 15 (financed) emissions may exclude other scope 3 emissions activity (subject to the 5% exclusions threshold) (slide 42)

Draft Revisions:
5% exclusion threshold

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)
2. Category 15 is now only investments (proper) (i.e., "financed emissions") all of which are **required**
3. Other financial activities
   a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
   b. Reference to PCAF, Part B (2023), Underwriting and issuance
   c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)
5. All companies shall account for category 15 (investments)
6. Required scope 3 emissions include an investee's scope 1, 2, and 3

This section:

7. The 5% exclusion threshold applies to Category 15 (i.e., all categories)
8. Should a Category 15-specific exemption be drafted (like for intermediate products)?
9. Require the disclosure of reported category 15 investments as % of total carrying value (of all assets and financial instruments)

#7 – The 5% exclusion threshold will apply to Category 15 (i.e., all categories)

Current Standard (2011)

- "Companies shall account for all scope 3 missions and disclose and justify any exclusions." (p. 59, Chapter 6)
- This applies to category 15 minimum boundary emissions (i.e., the scope 1 and scope 2 emissions of investees)

Proposed Revised Standard (2025)

- Companies **shall** account for category 15 emissions in accordance with the boundary requirements in Chapter 6, section 6.1, Boundary requirements, specifically:
  - "Companies **shall** account for and report at least 95% of total required scope 3 emissions" (subgroup B revisions)

Notes

- Companies may exclude 5% of total *required* scope 3 emissions (i.e., minimum boundary scope 3 emissions)
  - This topic (the 5% exclusions threshold) and associated language will be discussed on June 5th (subgroup B content)
  - The category-specific required (minimum) vs. optional boundaries will be considered in Phase 2 by category-specific subgroups *
- This means that many (if not most) financial institutions (and some non-FIs) may be able to exclude several scope 3 categories
- CDP requires companies to disclose category 15 (financed emissions) separately from other scope 3 categories (operational emissions)

* The Secretariat will poll the entire scope 3 TWG (form to be shared) on all current, category-specific optional emissions at the end of Phase 1 for subgroups to use for their consideration in Phase 2 (category-specific) discussions.

Application of the 5% exclusion threshold to Category 15 (investments)

- Application:
  - Category 15 emissions are treated like all other required scope 3 category 1 through 14 emissions *
  - A reporting company could exclude 5% of total required scope 3 inventory emissions
- Implications:
  - If a company's financed emissions from investments is large relative to other scope 3 category emissions, then they could exclude some scope 3 category emissions from disclosure
  - FIs could likely exclude several scope 3 categories within the 5% exclusion threshold
  - Non-FIs with significant category 15 emissions may also be able to exclude some scope 3 categories

Example of 5% exclusion:

	Required		
	Calculated	Reported	% reported
Category 1	100.0	95.0	95.0%
Category 2	20.0	20.0	100.0%
Category 3	10.0	10.0	100.0%
Category 4	20.0	-	0.0%
Category 5	10.0	-	0.0%
Category 6	5.0	-	0.0%
Category 7	5.0	-	0.0%
Category 8	10.0	10.0	100.0%
Category 9	10.0	9.5	95.0%
Category 10	-	-	0.0%
Category 11	80.0	80.0	100.0%
Category 12	10.0	10.0	100.0%
Category 13	-	-	0.0%
Category 14	-	-	0.0%
Category 15	720.0	715.5	99.4%
Category 16	-	-	0.0%
Total	**1,000.0**	**950.0**	**95.0%**

* CDP requires companies to disclose category 15 (financed emissions) separately from other scope 3 categories (operational emissions)

#7 The 5% exclusion threshold applies to Category 15 (i.e., all categories)

Revision description

- Companies **shall** account for category 15 emissions in accordance with the boundary requirements in Chapter 6, section 6.1, Boundary requirements, specifically:
  - "Companies **shall** account for and report at least 95% of total required scope 3 emissions" (subgroup B revisions)

Rationale

- This is consistent with requiring the same level of inclusion and exclusion to all scope 3 categories based on magnitude
- Category 15 now includes, exclusively, "financed emissions", (i.e., emissions from activities funded by a reporting company)

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG **has not reviewed** whether to apply the 5% exclusion threshold to all category 15 activities
- Most members of subgroup C of the Scope 3 TWG supported **requiring** all investee scope 1, scope 2, and scope 3 emissions

Implications

- **Programs**: This likely would be **more** but **not fully** consistent with IFRS S1 and S2 which requires the inclusion of "material" scope 3 emissions; ESRS E1 which requires the inclusion of "significant" scope 3 emissions; and other frameworks, like SBTi, which may require the inclusion of all scope 3 emissions tri-annually (without exclusions)

#8 – Should a Category 15-specific exemption be drafted (like for intermediate products)?

Current Standard (2011)

- The only justified exclusion for required category 15 investment activities is for equity investments (Table 5.9, p. 53): "Companies **may** establish a threshold (e.g., equity share of 1 percent) below which the company excludes equity investments from the inventory, if disclosed and justified."
- Refer to the next slide for current and proposed draft language concerning the justified exclusion of downstream emissions from intermediate products

Proposed Revised Standard (2025)

Investments (Category 15): "If a company is unable to reasonably estimate the [scope 3] emissions of [an investee or asset OR the following category 15 investment types], then the reporting company **may** exclude said emissions. This is not part of the 5% exclusion threshold. A reporting company **shall** disclose and justify any such [category 15] exclusions."

– *Consider adding a % carrying value excluded disclosure (refer to slide 42)*

Notes

- Many (proposed) required investment types are difficult to quantify and/or may only have secondary, monetary emission factors
- Companies may be unable to reasonably determine how some investment are deployed (e.g., cash equivalents) *despite* their size
- For example, cash equivalents (like money market funds and T-bills) do **not** fund a known project nor have known use of proceeds (i.e., are not use-of-proceeds-specific) but would increase the total scope 1, 2, and 3 emissions of large-caps by 30-43% if included **

* (*Scope 3 Standard*, p. 61); this is the only scope 3 boundary exemption currently specified in the Scope 3 Standard; the 5% exclusion threshold is a proposed revision from Subgroup B of the Scope 3 TWG and will be fully considered by all TWG members June 5th. ** *Discussion Paper C.1 v2*.

For reference: Proposed draft intermediate product exclusion text (by Subgroup B)

Current Standard (2011)	Proposed Revised Standard (2025)
Current *Scope 3 Standard* (2011): **Intermediate products**: “A company may… be unable to reasonably estimate the downstream emissions associated with the various end uses of the intermediate product. In such a case, companies may disclose and justify the exclusion of downstream emissions from categories 9, 10, 11, and 12 in the report (but should not selectively exclude a subset of those categories).” *	Subgroup B proposed* text modifications: **Intermediate products**: “If a company is unable to reasonably estimate the downstream emissions associated with the various end uses of an intermediate product, companies **may** exclude downstream emissions from categories 9, 10, 11, and/or 12 of the specific intermediate product(s). This is not part of the 5% exclusion threshold. Companies **shall** disclose and justify any exclusions of downstream emissions of an intermediate product(s).” *

* This language will be considered in the full TWG meeting on June 5th

#8 – Should a Category 15-specific exemption be drafted (like for intermediate products)?

- **Prompt 1**: Should a similar exemption be made for Category 15?
  - Yes, an exemption(s) should be made for Category 15 (see: **Prompt 2**)
  - No, an exemption(s) should not be made for Category 15
  - Abstain

- **Prompt 2**: Type of exemption(s)?
  - Asset type (e.g., debt with unknown use of proceeds may be excluded, subject to… carrying value disclosure) *
  - Calculation method (e.g., instruments that lack calculation method(s) may be excluded, subject to…)
  - Entity type (e.g., FIs must include all instruments vs. non-FIs may exclude, subject to...)
  - Company size (e.g., Large-caps must include all financial instruments vs. SMEs may exclude subject to… justification)

* The 'carrying value disclosure'

#8 Add a category 15-specific exemption (like for intermediate products)

Revision description

- "If a company is unable to reasonably estimate the [scope 3] emissions of [an investee or asset OR the following category 15 investment types], then the reporting company **may** exclude said emissions. This is not part of the 5% exclusion threshold. A reporting company **shall** disclose and justify any such [category 15] exclusions."

Rationale

- Some financial instruments cannot reasonably be estimated despite funding significant category 15 emissions (indirectly) *
- Some financial instruments reflect secondary instruments (with unknown use of funds or secondary funding of activities)
- Considering adding a % carrying value disclosure (next slide)

Level of support from TWG subgroup

- Subgroup C of the Scope 3 TWG **has not directly** considered whether to provide a category 15-specific exclusion clause

Implications

- **Programs**: This may not conform with IFRS S1 and S2 materiality clause nor ESRS E1 significance clause; nor would it conform with SBTi CNZS v2.0 which is tentatively permitting only the exclusion of "non-relevant" scope 3 emissions

* E.g., money market fund investments (a cash equivalent) may account for 26% of the carrying value of Total Assets of a sample of ten large cap companies and could increase the scope 1, scope 2, and scope 3 emissions of said companies by 35-43% (*Discussion Paper C.1, v2*)

#9 – Require the disclosure of reported category 15 investments as % of total carrying value

Current Standard (2011)

- The is no requirement for disclosure of carrying value account for or not, except for minority interest equity investments:
- "Companies **may** establish a threshold (e.g., equity share of 1 percent) below which the company excludes equity investments from the inventory, if disclosed and justified." (Table 5.9, *Scope 3 Standard*, p. 53)

Proposed Revised Standard (2025)

- A company **shall** disclose the percentage of the carrying value of its total investments and other financial assets, as reported on its balance sheets, that are accounted for and reported in its GHG inventory.
- A company **shall** specify which investments or assets are excluded and provide reasoning for their exclusion (e.g., data limitations, immateriality , or other justification).

Notes

- Some assets on a company's balance sheet, while they satisfy the definition of (being an) "investment", however, said investment types **do not in any way fund** any underlying business activity (e.g., most derivative instruments, e.g., swaps, options, futures, etc.)
- Some assets on a company's balance sheet, while they satisfy the definition of (being an) "investment", however, they are very difficult to quantify (e.g., most cash equivalents are held in pooled vehicles that indirectly fund **untraceable** or generalized business activities)
- Companies could be permitted to exclude such types of investments subject to disclosure and justification thereof *

* Companies may be unable to meaningfully estimate the emissions of the underlying assets or business activities (in the case of derivatives and/or some cash equivalents) despite these investments possibly materially exposing a company to financial climate-risk

#9 – Require the disclosure of reported category 15 investments as % of total carrying value

- **Example 1**: If a reporting company owns ten investments, five of which account for 20% of the total carrying value of all ten investments, and decides to not disclose emissions attributable to the five investments accounting for 20% of the total carrying value, then the reporting company would disclose that it has included (and reported on) the emissions associated with 80% of its investments and has excluded 5%, for example, due to limited influence, data availability, and/or to prioritize disclosure for the largest investments.
  - Category 15 emissions **have** been accounted/reported for **80% of assets**, i.e., for five investments
  - Category 15 emissions **have not** been accounted/reported for **20% of assets**, i.e., for the other five investments
- **Example 2**: If the same company has (i) two buildings, (ii) cash deposits, and (iii) cash equivalents, each amounting to 20%, 10%, and 20% of the total carrying value of assets, respectively, and (iv) the ten investments (like in Example 1, which now account for 50%); and the company decides to disclose emissions attributable to only five investments (like in Example 1), then it would disclose:
  - Category 15 emissions **have** been accounted/reported for **40% of assets**, which is associated with five investments
  - Category 15 emissions **have not** been accounted/reported for **60% of assets**, of which
    - 10% is associated with the other five investments (e.g., which reflect minority interest and therefore limited influence)
    - 20% is associated with two buildings (e.g., the emissions of which was already included in category 2 in year YYYY)
    - 30% is associated with C&CE (e.g., the use and attributable emissions of which cannot reasonably be calculated)

* This is the only required scope 3 boundary exemption currently specified in the Scope 3 Standard (apart from the 5% exclusion threshold)

#9 Require disclosure of % carrying value of accounted/reported investments

Revision description

- [1] A company **shall** disclose the percentage of the carrying value of its total investments and other financial assets, as reported on its balance sheets, that are accounted for and reported in its GHG inventory.
- [2] A company **shall** specify which investments or assets are excluded and provide reasoning for their exclusion (e.g., data limitations, immateriality , or other justification).

Rationale

- Many investments either (a) in now way fund any underlying, attributable business activities (e.g., derivatives) or (b) fund untraceable or generalized business activities (e.g., C&CE)
- Disclosing % carrying value accounted/reported provides readers and users of a results a measure of inclusion/relevance

Level of support from TWG subgroup

- Some members of subgroup C of the Scope 3 TWG recommend requiring this disclosure; however, this proposal **has not** been fully considered by subgroup C of the Scope 3 TWG

Implications

- **Confidentiality**: The carrying value of assets of publicly traded companies is public so both clause [1] and [2] are suitable; the carry value of assets of publicly traded companies is not public and while clause [1] does not affect this; clause [2] may present challenges for some private companies
- **Programs**: Disclosure rule [1] and maybe [2] conform with PCAF

Draft Revisions: Proportionality

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)
2. Category 15 is now only investments (proper) (i.e., "financed emissions") all of which are **required**
3. Other financial activities
    a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
    b. Reference to PCAF, Part B (2023), Underwriting and issuance
    c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)
5. All companies shall account for category 15 (investments)
6. Required scope 3 emissions include an investee's scope 1, 2, and 3
7. The 5% exclusion threshold applies to Category 15 (i.e., all categories)
8. Should a Category 15-specific exemption be drafted (like for intermediate products)?
9. Require the disclosure of reported category 15 investments as % of total carrying value (of all assets and financial instruments

This section:

10. Equity investments to calculate proportionality including equity and debt

#10 – Equity investments to calculate proportionality including equity and debt

Current Standard (2011)

- Proportionality for equity investments formerly only included other equity holders (not debt)
  - E.g., Two equity holders (e.g., two JV partners) share 100% of investee emissions (e.g., 50% / 50%) irrespective of debt lenders to the JV entity

Proposed Revised Standard (2025)

- Proportionality for equity investments now includes both equity investors and debt holders in the denominator
  - E.g., If 50% of JV entity funding is provided by a debt lender, then two equity holders would share 50% of investee emissions (25% / 25%) and the lender (50%)

Notes

- Note that the former calculation method meant that emissions from equity and debt couldn't be compared 1:1
  - Aggregating the scope 3 category 15 emissions of equity and debt holders in an investee would equal 100% of investee emissions plus X% of investee emissions proportionate to debt as a fraction of equity and debt
- The revision equal-weights equity holders' and debt holders' accountability for the emissions of an investee
- Aggregating the scope 3 category 15 emissions of equity and debt holders in an investee would equal 100% of investee emissions *

* This is consistent with the calculation method(s) provided by PCAF for equity and debt

#10 Equity investments to calculate proportionality including equity and debt

Revision description

- Proportionality for equity investments now includes both equity investors and debt holders in the denominator
  - E.g., If 50% of JV entity funding is provided by a debt lender, then two equity holders would share 50% of investee emissions (25% / 25%) and the lender (50%)

Rationale

- This allocates emissions to funders in equal-weighting which makes it possible to compare emissions from equity vs. debt
- This is how the finance industry is currently calculating emissions from equity investments (using PCAF Part A)

Level of support from TWG subgroup

- Most members of subgroup C of the Scope 3 TWG supported **calculating proportionality** using equity and debt in the denominator

Implications

- **Programs**: This conforms with PCAF guidance which is the most widely used guidance by financial institutions (FIs) and ESRS E1
- It would necessitate that reporting companies re-allocate historical emissions from equity investments

Draft Revisions:
Reference to third-party, industry-specific standards

Revisions

1. Applicability for non-financial institutions (non-FIs) (i.e., all companies)
2. Category 15 is now only investments (proper) (i.e., “financed emissions”) all of which are **required**
3. Other financial activities
   a. Underwriting and insurance moved to Category 16 (i.e., facilitated emissions) and maintained as **optional**
   b. Reference to PCAF, Part B (2023), Underwriting and issuance
   c. Reference to PCAF, Part C (2022), Insurance-associated emissions
4. Move all other financial activities and services to Category 16 (Secretariat proposal)
5. All companies shall account for category 15 (investments)
6. Required scope 3 emissions include an investee’s scope 1, 2, and 3
7. The 5% exclusion threshold applies to Category 15 (i.e., all categories)
8. Should a Category 15-specific exemption be drafted (like for intermediate products)?
9. Require the disclosure of reported category 15 investments as % of total carrying value (of all assets and financial instruments
10. Equity investments to calculate proportionality including equity and debt

This section:

11. Direct reference to industry-specific GHG emissions accounting and reporting standards

11. Direct reference to industry-specific GHG emissions accounting and reporting standards

- Some industry-specific guidance provides calculation guidance for items that GHG Protocol does not, e.g.,
  - PCAF Part B for facilitated emissions from underwriting/issuance
  - PCAF Part C for insurance-associated emissions
- Some industry specific guidance generally conforms with GHG Protocol and is widely adopted by some industries, e.g.,
  - PCAF Part A for financed emissions *
  - GLEC Framework by SFC *
- Some companies can only disclose select scope 3 emissions by utilizing industry-specific standards (e.g., PCAF Part C for insurance)
- The GHG Protocol does not have the capacity to develop nor maintain industry-specific standards or guidance for calculating, accounting for, and reporting all industry-specific scope 3 emissions

*PCAF Part A (version 1) and the GLEC Framework both have the "Built on GHG Protocol" mark

11. Direct reference to industry-specific GHG emissions accounting and reporting standards

Current Standard (2011)

- No reference to named, third-party industry-specific standards
  - E.g., PCAF Part A for financed emissions, PCAF Part B/C for underwriting/insurance, or the GLEC Framework

Proposed Revised Standard (2025)

- "Companies **may** rely on industry-specific, corporate-level GHG accounting and reporting standards and guidance that conform with the [*Revised Corporate Standards by GHG Protocol*] for scope 1, scope 2, and scope 3 emissions. Companies **shall** satisfy all GHG Protocol requirements for compliance therewith."

Notes

- Some industry-specific standards, like PCAF Part A, version 1 (2020) and GLEC Framework have the Built on GHG Protocol Mark
- Some industry-specific standards have not been reviewed by the GHG Protocol *
- No current version of any third-party, industry-specific standard will conform with the [*Revised Corporate Standards by GHG Protocol*]

*Industry-specific standards that have not been reviewed by GHG Protocol include IPIECA GHG Reporting Guidelines, GeSI/Carbon Trust ICT Sector Guidance, International Aluminum Institute's Guidelines, IEC 63372 ED1, IAEG GHG Reporting Guidance for Aerospace Industry, Sector Guidance for Pharmaceutical Products and Medical Devices, and Scope 1 & 2 GHG Inventory guidance for U.S. Dairy Cooperatives and Processors

#11 Direct reference to industry-specific GHG emissions standards/guidance

Revision description

- **Direction stance**: "Companies **may** rely on industry-specific, corporate-level GHG accounting and reporting standards and guidance that conform with the [*Revised Corporate Standards by GHG Protocol*] for scope 1, scope 2, and scope 3 emissions. Companies **shall** satisfy all GHG Protocol requirements to comply the Revised Corporate Standards. Some industry-specific standards may not conform with GHG Protocol."

Rationale

- Many stakeholders want GHG Protocol and other frameworks, programs, and standards, to work to **harmonize** and **make interoperable** their accounting and reporting requirements
- Many stakeholders requested more industry-specific guidance
- Many mandatory disclosure legislation is standard-agnostic

Level of support from TWG subgroup

- This is **not a proposed revision**
- Rather, this is a **directional stance** (to be reviewed by other Technical Working Groups, including the Corporate Standard TWG, Scope 2 TWG, and Action and Market Instruments TWG)
- This will inform reference to industry-specific guidance, including for (prospective) facilitated emissions (category 16) *

Implications

- **Action**: Encouraging industry-specific harmonization and interoperability could facilitate action by companies
- **Programs**: It could facilitate more effective legislating
- **Adoption/feasibility**: Harmonization and interoperability, if achieved, could facilitate more completeness, comparability, accuracy, and catalyze market-wide adoption by users (including software solutions)

* Both PCAF Part B (Underwriting) and PACF Part C (Insurance-associated) could be referenced by the GHG Protocol *Scope 3 Standard*

Draft Revisions: Other revisions including cross-cutting

Other Revisions

12. Organizational boundaries
    - This section now includes more pointed consolidation approach guidance and is (will) confirming with CS TWG revisions

13. Time boundary
    - This section includes slightly more guidance that is consistent with the original content

14. Calculation guidance
    - No new calculation methods (apart from the equity proportionality calculation method) has been developed

Next Steps

Next steps

- GHG Protocol Secretariat:
  - Distribute recording (by May 23rd)
  - Distribute final phase 1 subgroup C revisions survey form (for all TWG members) (by May 29th)
  - Distribute minutes of the meeting (by May 29th)

The next meeting is FULL TWG meeting, on:

  - May 29: Group A outcomes
  - June 5: Group B outcomes

- TWG members:
  - Please advise if you will not be able to attend the meeting
  - Final Phase 1 surveys (subgroup A, B, and C) due: **Friday, June 13th**

GREENHOUSE GAS PROTOCOL

Thank you!

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