Scope 3 TWG Full Group Meeting Minutes

Meeting 3
Date: May 29, 2025
Time: 09:00 – 11:00 AM ET
Location: Virtual

Attendees

Technical Working Group Members

1. Nasser Ayoub, EPD International
2. Alissa Benchimol, Greenhouse Gas Management Institute
3. Zola Berger-Schmitz, Science Based Targets initiative
4. Lindsay Burton, Ernst & Young
5. Bin Chen, Fudan University
6. Leo Cheung, The Carbon Trust
7. Betty Cremmins, Independent
8. Dario Alessandro de Pinto, Banca D'Italia
9. Holly Emerson, Duke University
10. Hugo Ernest-Jones, Science Based Targets initiative
11. Talita Esturba, WayCarbon
12. Alasdair Hedger, Ellen MacArthur Foundation
13. Susanne Vedel Hjuler, Independent
14. Alexandre Kelemen, Mangue Tech
15. Meghan Kennedy, NetApp
16. Michael King, Cisco Systems, Inc.
17. Aysegul Koseoglu, Inter IKEA
18. Tim Letts, WWF
19. Wenjuan Liu, RMI
20. Alan Lewis, Smart Freight Centre
21. Ryan Maloney, Apple
22. Shannon McIlhone, Partnership for Carbon Accounting Financials (PCAF)
23. Christoph Meinrenken, Columbia University
24. Nadia Montoto, KPMG
25. Elliot Muller, CIRAIG, Polytechnique Montreal
26. Hetal Patel, Phoenix Group
27. Colin Powell, PwC
28. David Quach, Wesfarmers
29. Verena Radulovic, Center for Climate and Energy Solutions (C2ES)
30. James Salo, S&P Global Sustainable1
31. Fabiola Isabel Schneider, University College Dublin
32. Howard Shih, Science Based Targets initiative
33. Julie Sinistore, WSP
34. Stacy Smedley, Eastern Research Group
35. Alan Sean Somerville, University of Stirling
36. Sangwon Suh, Watershed
37. Michael Taptich, Amazon
38. Enric Tarrats, Banc Sabadell
39. Francesca Testa, CDP
40. Carl Vadenbo, ecoinvent association
41. Luhui Yan, Carbonstop

Guests

N/A

GHG Protocol Secretariat

1. Natalia Chebaeva
2. Alexander Frantzen
3. Claire Hegemann
4. Allison Leach
5. David Rich

Documents referenced

2. Scope 3 – Full Group – Meeting 3 - Presentation – 20250529 ("Presentation")

Summary

Item	Topic and Summary	Outcomes
1	**Attendance and housekeeping** The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.	N/A
2	**Scope of Work** The Secretariat presented a summary of current guidance on data quality in the *Scope 3 Standard*, and the rationale, approach, and timeline for the related considerations in subgroup A.	N/A
3	**Reporting requirements** The Secretariat presented draft reporting requirements, namely a proposal for disaggregated reporting, with verification and uncertainty-assessment add-ons.	N/A
4	**Minimum data quality requirements improvement** The Secretariat presented the two main questions, proposed options, as well as subgroup A's results. • Q1. Shall a minimum requirement on scope 3 data quality be introduced? • Q2. Shall a requirement for data quality improvement over time be introduced?	N/A
5	**Allocation** The Secretariat presented the scope of work regarding allocation as well as several outcomes from subgroup A.	N/A
6	**Next steps** The next meeting is on June 5th, the third and final full group meeting of phase 1.	The Secretariat will circulate a post-meeting survey, to poll members on the issues discussed in the meeting. This procedure will be repeated for the other two scheduled full group meetings, and members will have the choice to wait to submit their responses until all three meetings have passed, in order to vote on proposed changes across the three groups together. All are due Friday, June 13th.

Discussion and outcomes

1. Attendance and housekeeping

- Refer to Presentation slides 3-6.

- The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.

Discussion

- N/A

Outcomes

- N/A

2. Scope of work

- Refer to Presentation slides 7-12.
- The Secretariat presented a summary of current guidance on data quality in the *Scope 3 Standard*, and the rationale, approach, and timeline for the related considerations in subgroup A.

Discussion

- N/A

Outcomes

- N/A

3. Reporting requirements

- Refer to Presentation slides 13 – 41.
- The Secretariat presented draft reporting requirements, namely a proposal for disaggregated reporting, with verification and uncertainty-assessment add-ons.

Discussion

- A TWG member stated that for a multinational service provider with thousands of subcontractors, many of which perform different types of transportation activities, this classification would be very challenging.
    - The Secretariat responded that subcontractors would provide the data.
    - The TWG member estimated that a multinational would report 90% of emissions results as being of "unknown" data quality. The member stressed that the group should be aligning with existing sector-specific standards (generally) and stated that they would be very surprised if reporters changed from current sector-specific standards to this approach. The member asserted that either the approach has to be changed, or a secondary route has to be provided.
    - A TWG member added that it is not a reasonable assumption that suppliers will pass through accurate information.
- A TWG member agreed that the approach seems unreasonable.
- A TWG member asked how 'large companies' are defined here.
- A TWG member asked if the group had engaged in discussion on what contextual information should be provided alongside the quantitative data for each level of emissions disaggregation.
- A TWG member stated that the approach would increase the costs of reporting significantly.
- A TWG member stated that they would like to see decision-making criteria analysis of the approach
    - A TWG member added that the approach does not seem to meet the criterion of feasibility.
    - A TWG member agreed with the previous comment.
- A TWG member asked what was meant by, "allocation is applied consistently", questioning whether it means that if a supplier is sourcing recycled metals on behalf of the reporter, that this has to be allocated equally among all their other customers?
- A TWG member commented on the idea of avoiding grouping into families. They stated that for most companies who calculate use-phase emissions, it cannot be done without grouping products into families

due to sheer number of variations sold, so without grouping by family the calculation becomes almost impossible to do on a recurring basis.

- A TWG member posed the case of the production of a mug, where they have supplier specific-data for the lid of the mug, and lower-quality data for the rest, with the lid account for the majority of the emissions. The member asked whether the emissions results would have to be disaggregated in category 1 by data quality or whether the data quality could be somehow weighted? The member stated that there is not a complete turnover of activity emission factors in one product, that data quality improvements will happen in bits and pieces, hopefully in order of importance for decarbonization. The member asked what to do with such hybrid cases.
    - The Secretariat responded that the emissions of the cup would need to be disaggregated. Specific data would go in one tier, and non-specific data in another (within category 1).
    - The member asked if the method would be to disaggregate by component and then regrouped by specificity.
    - The Secretariat stated that the idea is that whoever is calculating the associated emissions (e.g., a supplier) is tagging the emissions as specific or non-specific data, knowing that this disaggregation will be passed on to and used by clients.
    - The member replied that because measurements are so distributed, currently there are no systems in place to share data like this. This method would result in non-specific data to start with because of the lack of adequate processes. The member stated their support for the concept, but wants to refine operationalization.
- A TWG member stated that with the advances in AI, avoiding grouping into families could get much easier to implement.
    - A TWG member added that AI could help automate this.
- A TWG member asked about the case of a jacket company that is gathering data from their suppliers. It gets data from their polyester fabric supplier, which has used specific emission factors for the supplier's plant energy use and process emissions; but which is using an average emission factor for the upstream material inputs. The member asked if the jacket company would need to report the split of specific versus non-specific data from the supplier(s), and if the jacket company would need to maintain disaggregated emissions of all suppliers?
- A TWG member expressed that while they understand the intent of subgroup A, however, the proposed solution is not workable, and that the cost to roll this out is too large. Breaking emissions data by individual product and then further by data quality types (for each component and activity comprising an individual product) is not feasible, as the data management workflows and infrastructure for passing this information through a supply chain does not exist at the moment. There are also boundary mismatching issues. Many companies are just starting to estimate and provide GHG data and that data is often wrong and needs to be checked. For companies who want to get their suppliers on board, the best way right now is often for a company to complete the calculation on behalf of (or in place of) a supplier. This often provides better results than a supplier, who is often a first-time reporter. The proposal goes too far toward getting ideal information in a best-case scenario, at the expense of practicality (feasibility) and accuracy. At most, this level of disaggregation can be optional, and revisited in the next revision cycle. Currently, the industry, assurance, the existing tools cannot do this without causing a significant slowdown of companies that report scope 3.
    - The Secretariat reminded TWG members of the goal of creating a future-proofed standard that accelerates climate action. Maintaining current practices (non-disaggregation) may not achieve these goals. Practices need to be improved; this proposed revision would push for improvements.
    - Regarding data accuracy, the disaggregation principle was developed by members of Subgroup A to support reporting companies in the greater involvement of value chain partners. The group discussed whether data specificity is a reliably proxy for data quality, noting that specific or primary data may in some cases (e.g., incomplete or poorly calculated specific or primary data) be less accurate or reliable than secondary data.
    - This explains the proposed add-ons of both (1) verification and (2) uncertainty analysis. These add-ons would mitigate errors and increase confidence in both primary and secondary data.
    - Regarding practicality, instead of reporting one emissions figure, vendors would now report three emissions figures (specific, non-specific, or EEIO). The Secretariat inquired whether this would be challenging for companies to adopt, acknowledging the learning curve in terms of implementation and changes in software or data management approaches.

- A TWG member agreed, that this approach works if paired with a data sharing scheme and mechanism to pass data along the supply chain. The member stated that PACT is trying to solve this.
    - A TWG member replied that PACT is working on it, but there are still layers of verification needed on the PCF approach with PACT. EPDs are working on this as well, in European and North American standards. Microsoft published a report about how they are essentially doing such disaggregated reporting (of process-based vs. spend-based emissions) for the scope 3 emissions of construction.[1]
- A TWG member agreed that such disaggregation is the end goal, but warned that the current data management infrastructure and practices is nut sufficient to support the proposed disaggregation approach. The member asked how reporting can be pushed in the right direction, towards specific and verified data, using the work done in Group A, without crippling current adoption and reporting momentum.
- A TWG member commented that the approach seems great for scope 1 and scope 2.
- A TWG member stated that they do not agree that the approach is unfeasible. With the right tools that enable supplier-buyer data exchanges, disaggregated is possible, stating that they have seen hundreds of companies do this.
    - A TWG member added that asking small transport companies to report disaggregated emissions would be challenging.
    - A TWG member agreed, stating the same is true for SMEs in general.
    - A TWG member added that while it can be done, however, the scale of data exchange and file sharing capabilities in the market of users is not mature enough for high uptake early on.
    - A TWG member added that while they believe it is feasible, however, the market of users would need time to scale data management solutions and adapt (adopt new) workflows.
- A TWG member reiterated the operationalization concerns voiced by the group. The member asserted that AI has made great advancements, including more automated ways of crawling through inventories, that will accelerate and operationalize in the short-term. This guidance would only incentivize that transition and move things much more quickly than in the past. The member understands that the approach seems daunting, but argued that it is more feasible than ever.
- A TWG member agreed with the previous speaker. The proposal is not mandating the reporting of specific data or no data at all. If a reporter cannot determine data-specificity, they can report as unknown; and EEIO emissions data is easy to classify. The proposed approach increases transparency, and the member stated that they do not think this will discourage reporting. The member also highlighted that the proposed approach can be stress-tested in the category-specific deliberations of phase 2 of this TWG.
- A TWG member asked what was meant by avoiding grouping if, in the context of transport operations, every single journey would need to be reported.
    - The Secretariat stated that grouping into families is more related to sold products than to services. It is an LCA practice.
    - The member stated that, if this is the case, then the proposed revision presents phrasing issues, as product right now means goods and service.
    - The Secretariat asked how often reporters get specific data on specific transportation activities?
    - The member replied that it is a deliberate choice to not ask for it for categories 4 and 9, for valid operational reasons. If the implication of this disaggregation requirement is that journey by journey reporting would be required, that is not realistic, both in terms of practicality and for commercial privacy.
    - A TWG member agreed with the previous speaker, stating that the same concern can apply to other categories. It is not as simple as reporting three numbers rather than one. The member did, however, state their agreement with the ambition and intent of better communicating the effort of collecting primary data, which is involves a lot of work that currently is not rewarded. The member voiced their concern that if the approach becomes a requirement for all, that it will dramatically increase the cost of preparing a scope 3 inventory.
- A TWG member emphasized their earlier point that there is a lot of progress in automating these processes and using agentic AI to reduce costs, increase speed, and improve the accuracy of GHG

[1] https://esgnews.com/amp/microsoft-rmi-launch-methodology-to-refine-scope-3-emissions-reporting-in-construction/

inventories and LCAs. A lot of rapid development in this space, with this type of guidance, could provide further impetus for.
    - A TWG member voiced their agreement, stating that verification then becomes critical so that the data being generated is of high quality. There is a lot of scrutiny of this in construction LCA and generation for 'verified EPDs', and of the potential errors in rapid, on-demand LCA generation using AI. However, this is the future and it is vital for getting to accurate reporting that leads to real decarbonization, but it is critical to ensure responsible deployment.
- A TWG member stated that their understanding of the proposal is that if a reporter does not have a lot of data, that they can report in the lower tiers, and if a reporter has the resources then they can shift more of their overall emissions into the higher tiers. The member likes the approach of starting with something feasible, but setting incentives for improvement, more specificity, more actionability. The member stated that an important clarification missing from the slides is that if the reporter is unsure which data is specific and which is unspecific, then everything can be classified as unspecific. As such, reporting is definitely feasible. A reporter with a lot of unspecific data might just not look very good in comparison to their peers. The member asked if this optionality was the default assumption of the disaggregation. The member stated that forcing a company to report specific emissions would be difficult.
    - The Secretariat affirmed that yes, that was the intent.
- A TWG member stated that the issue here is not the idea of shifting to more primary data, it is the question of practicality.
    - A TWG member asked how the approach would be challenging in the transport sector.
    - The TWG member stated that this comes down to the interpretation of wording, that there are existing definitions for what the groupings are and that there is no guarantee it will match up.
    - A TWG member stated that they are not concerned about this, that such details can be taken into consideration in phase 2. Adjustments in the wording can be made later for the categories.
    - The TWG member stated that they are more concerned about category 4 than category 9.
- A TWG member challenged the premise that providing this level of data publicly actually drives climate action. Their concern is that it diverts funding away from action and towards burdensome reporting.
    - A TWG member added that there is growing tension between companies who are investing in specific, verified LCAs from their construction materials suppliers, versus investing in factory process improvements to reduce emissions for their supplier's material production for all future construction materials.
- A TWG member added that a lot of practitioners in the group are voicing pushback, which should be taken into account. They questioned whether there are ways of making the proposal more feasible? Could it be encouraged ('should') rather than required ('shall') to create the structure and then see what the response is like? Rather than disaggregating scope 3 emissions results, could reporting companies disclose a best estimate of the percentage of said emission data that is specific vs non-specific?
- A TWG member emphasized the need for a large glossary, and that the TWG needs to take the time to define the terminology that it introduces, and refine the existing terms so that there is no room for misinterpretation or ambiguity. The approach sounds great but without the infrastructure to implement it, the member is concerned about exponentially increasing data collection costs. Large companies would absorb that cost burden, which begs the question of undue cost to report. Prior to this proposal, it was pretty hard to prove that there was undue cost and burden, but this proposed revision would change that. If the GHG Protocol were to develop and host the infrastructure for this, with or without a third-party, and it was free to use, then disaggregation could be implemented. But if this guidance is just put out without infrastructure, it will not work. The member agrees with the spirit of the proposal but emphasized the need for infrastructure.
- A TWG member added their hope for innovation in AI, as previously mentioned. Standards are key here and GHG Protocol plays a role; this concept is great because it increases transparency. Guidance on how to structure this and how to exchange the information would be needed. The burden for SMEs would be large (they often have a single doing the carbon accounting). Infrastructure to operationalize it is key.
    - A TWG member responded that the clearer the standard and guidance, the easier it is to train AI models to do the work.
- A TWG member commented that the specific transport standards that are already in place allow for a defined level of aggregation when a transport operator moves from compiling their scope 1 and scope 2 inventory to supplying GHG information to their customers.

- A TWG member stated that an NGO hosting the data and the methods would be optimal, and that there are efforts to make this happen. Ideally, there would be competing platforms providing easy to use data for reporting.
- A TWG member asked if they understood correctly that there is always the option to default to 'unknown' if the disaggregation is not known? Because if so, then reporters can continue to report as they have but with the difference that they need to be transparent about how much they actually know.
- The Secretariat stated that disaggregation could be recommended (not required), based on feasibility concerns.
- A TWG member commented on the purpose of such disaggregation, stating that the transport sector has looked at what information would be needed to perform different actions. Not much primary data is needed to make decarbonization decisions and write a strategy. In order to see whether implementation works, monitoring of the data is necessary. But only a sample is needed, not the entirety.
- A TWG member stated that the operationalization of this approach is their main concern, and stated their interest in participating in a subgroup on this matter.
    - Two other TWG members also raised their hands expressing the same
- A TWG member agreed that PACT is already working to deal with operationalization, and that the iLEAP project deals with transportation. The aim is an interoperable standard that multiple providers can then operationalize.
- A TWG member commented that they are not sure how discouraging the grouping of data would drive innovation for category 11. Most companies do not make investments in R&D at the individual product level, but at the group level.
- A TWG member commented that categorization by calculation method is a lot simpler in practice.
- A TWG member asked the group regarding the feasibility concern, if the main concern are the tiers and the three disaggregated numbers, or the specificity requirements?
    - A TWG member replied that, as an ambition, this approach is great in a world where the information passes through suppliers automatically. But right now, it takes a lot of people to do so and the maturity in the supply chain is not there. It is not as simple as just reporting three disaggregated numbers; it takes multiple data operations to model. Getting better data can be a way of driving meaningful action, but sometimes the way forward is just to take action.
- A TWG member commented that the feasibility and specificity discussions will differ greatly between category 1 and categories 10, 11, and 12. This supports the argument that this needs to be discussed at the category level.
- A TWG member asked if the proposed approach increases constraints on company resources to collate disaggregated data, won't the data then support the business case to invest in improving the data internally? How would this compare to resources in place to collate huge amounts of financial data points?
- The Secretariat presented the uncertainty assessment add-on.
- A TWG member asked what the method for quantitative uncertainty assessment would be, and that this is more concerning to them than the disaggregated reporting approach. The member stated that having worked with product and supply chain uncertainty in construction materials, there was a high level of scrutiny and an inability to arrive at industry consensus.

<u>Outcomes</u>

The Secretariat facilitated indicative polling on the following question:

- "Do you have expertise, willingness, and (additional) time for development of guidance?"
    - Yes – 28.5% (10/35)
    - No – 28.5% (10/35)
    - Not sure – 43% (15/35)
    - Abstain – 8% (3/38)

4. Minimum data quality requirements improvement

- Refer to Presentation slides 41 – 54.
- The Secretariat presented the two main questions, proposed options, as well as subgroup A's results.
    - Q1. Shall a minimum requirement on scope 3 data quality be introduced?

- Q2. Shall a requirement for data quality improvement over time be introduced?

Discussion

- A TWG member asked if this would be adopted by the Corporate Standard (CS) for everything or remain in Scope 3.
  - The Secretariat replied that it is aware of the importance of this cross-cutting topic, and of not creating different guidelines. It is in current consideration between the CS and Scope 3 Secretariat teams.
  - A member from the CS Secretariat team added that this will be considered in phase 2 of the CS TWG. The outcomes from the Scope 3 discussions will serve as input for the CS TWG as well as input from different programs.
- A TWG member asked if any members with policy or advocacy backgrounds are in the CS TWG, regarding the GWP value discussion.
- A TWG member stated that the ISSB is proposing an amendment to not specifically require the use of the latest IPCC GWP values. They asked if interoperability with ISSB had been considered.[2]
- A TWG member stated that the clever project for the EU Commission is looking at harmonizing emission factors for the transport sector. There is not much transparency in emission factors regarding what GWPs are used. The member will connect with a member of the Corporate Standard Secretariat offline.
- A TWG member stated that as a former IPCC AR5 lead author, it is very important to synchronize which GWP numbers are being used, and that doing so is not very difficult. Some of the numbers, such as methane, are changing dramatically, and some previous ARs which are 10+ years old may not be accurate. The information on which AR is being used can make a big difference.
- A TWG member agreed, this is an issue of transparency among the developers and publishers of emission factors. The member strongly supports the idea of targets to improve data quality.

Outcomes

- N/A

5. Allocation

- Refer to Presentation slides 55 – 60.
- The Secretariat presented the scope of work regarding allocation as well as several outcomes from subgroup A.

Discussion

- A TWG member stated that recommendation 8, explicitly prohibiting system expansion with substitution, is very timely, and is used regularly for biofuel emission factors. This is a critical and current topic.
- A TWG member asked if an example could be provided to demonstrate what system expansion with substitution means. The member understood it to be that a byproduct will help avoid emissions elsewhere, and thus they can be subtracted from the emissions of the main product.
  - Two TWG members confirmed this interpretation.
- A TWG member stated that this topic is being covered by the AMI workstream, and that the current approach is that avoided/consequential emissions should be kept separate from the inventory. Separately, companies that have circular economy business models, such as remodeling, currently do not have sufficient guidance provided to them on how to allocate emissions. That can discourage circularity approaches. The member asked if this problem will be addressed here.
- A TWG member stated that WBCSD's avoided emissions guidance clearly states that avoided emissions are reported separately from the inventory.

[2] IFRS - ISSB publishes Exposure Draft proposing targeted amendments to IFRS S2 to ease application for companies

Outcomes

- N/A

6. Next Steps

- Refer to Presentation slides 61 – 63.
- The next meeting will take place on June 5th at 9 – 11 AM ET, concerning outcomes of subgroup B.

Discussion

- N/A

Outcomes

- The Secretariat will circulate a post-meeting survey to poll members on the issues discussed in the meeting. This procedure will be repeated for the other two scheduled full group meetings, and members will have the choice to wait to submit their responses until all three meetings have passed, in order to vote on proposed changes across the three groups together. All are due Friday, June 13th.

Summary of written submissions received prior to meeting

N/A