

Scope 3 TWG

Full Group

Meeting Minutes

Meeting 4

Date: June 5, 2025

Time: 09:00 – 11:00 AM ET

Location: Virtual

Attendees

Technical Working Group Members

1. Sahil Aggarwal, Siemens Healthineers
2. Nasser Ayoub, EPD International
3. Alissa Benchimol, Greenhouse Gas Management Institute
4. Zola Berger-Schmitz, Science Based Targets initiative
5. Lindsay Burton, Ernst & Young
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. Mitavachan Hiremath, SusPoT – Center for Sustainability
13. Susanne Vedel Hjuler, Independent
14. Alexandre Kelemen, Mangué Tech
15. Meghan Kennedy, NetApp
16. Michael King, Cisco Systems, Inc.
17. Marion Kurdej, EcoAct
18. Wenjuan Liu, RMI
19. Christoph Meinrenken, Columbia University
20. Fredrich Mokuu, UNFCCC
21. Nadia Montoto, KPMG
22. Elliot Muller, CIRAIG, Polytechnique Montreal
23. Caspar Noach, PCAF
24. Nicola Stefanie Paczkowski, BASF
25. Hetal Patel, Phoenix Group
26. Colin Powell, PwC
27. Benedicte Robertz, Umicore
28. Fabiola Isabel Schneider, University College Dublin
29. Howard Shih, Science Based Targets initiative
30. Julie Sinistore, WSP
31. Stacy Smedley, Eastern Research Group
32. Alan Sean Somerville, University of Stirling
33. Arundhati Srinivasan, Maersk
34. Sangwon Suh, Watershed
35. Michael Taptich, Amazon
36. Enric Tarrats, Banc Sabadell
37. Francesca Testa, CDP
38. Carl Vadenbo, ecoinvent association
39. Ronald Voglewede, Walmart
40. Ulf von Kalckreuth, Deutsche Bundesbank
41. Luhui Yan, Carbonstop
42. Junfeng Zhao, GSG

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 4 - Presentation – 20250605 (“Presentation”)

Summary

Item	Topic and Summary	Outcomes
1	Housekeeping The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.	N/A
2	Introduction The Secretariat provided a brief overview of the purpose of the 3 full TWG meetings, as well as the post-meeting surveys.	N/A
3	Proposed Revisions The Secretariat presented draft language on five topic bundles, including information on the language in the current standard, the rationale behind the revision, and the level of support in the TWG subgroup. <ul style="list-style-type: none"> Required scope 3 emissions Justified exclusions (within the 5% exclusion threshold) Justified exclusions (outside of the 5% exclusion threshold) Influence as an indicator of relevant scope 3 emissions Facilitated activities 	No indicative voting was conducted.
4	Next steps The Secretariat presented the next steps, including the next subgroup meeting dates in July.	The Secretariat will circulate a post-meeting survey to poll members on the issues discussed in this 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 13 th .

Discussion and outcomes

1. 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. Introduction

- Refer to Presentation slides 7 – 8.
- The Secretariat provided a brief overview of the purpose of the 3 full TWG meetings, as well as the post-meeting surveys.

Discussion

- N/A

Outcomes

- N/A

3. Proposed Revisions

- Refer to Presentation slides 9 – 42.
- The Secretariat presented draft language on five topic bundles, including information on the language in the current standard, the rationale behind the revision, and the level of support in the TWG subgroup.
 - Required scope 3 emissions
 - Justified exclusions (within the 5% exclusion threshold)
 - Justified exclusions (outside of the 5% exclusion threshold)
 - Influence as an indicator of relevant scope 3 emissions
 - Facilitated activities

Discussion

Required scope 3 emissions

- A TWG member asked how companies can know that they are within the 5% exclusion threshold if they do not calculate all emissions. And if they do calculate all emissions, then why not report and publish all of them, as that calculation has to be done in order to establish a percentage.
 - The Secretariat stated that yes, in order to determine the 5% exclusion threshold, companies have to calculate all required scope 3 emissions. But there are many different ways to quantify scope 3 emissions which can yield very different results. According to the proposed revisions, companies may use any calculation method stated in the technical guidance and/or hotspot analysis. That is sufficient to provide justification. Companies should use best available data, but there is no requirement for companies to perform hotspot analysis separately, in addition to this quantitative assessment, because it would be redundant as hotspot analysis is an allowed method for said quantitative assessment to establish the exclusion.
- A TWG member stated that for some categories, calculated numbers may have many underlying assumptions, which result in a low confidence level for the numbers, leading to them not truly being comparable.
- A TWG member stated that it would be good to clarify if, in order to determine if the threshold is met, the quantification may be done in the base year only and/or every 5 years
 - The Secretariat stated that the expectation that exclusions be quantified on an annual basis for annual GHG reporting, and asked members if such a clarification needs to be added.
- A TWG member stated that hotspot analysis does not give accurate totals. It identifies important drivers. The member questioned how hotspot analysis can be used to determine the totals.
 - The Secretariat stated that hotspot analysis should generally/mostly be used for prioritization but that it can be used to qualify exclusions.

- A TWG member stated that from an assurance standpoint, it would work to assess the emissions from the previous year, and if nothing in the business has changed and the categories are proportional, the estimation does not have to be redone. The member added that it would be good to prevent a purely academic exercise to prevent old data.
 - The Secretariat stated that yes, if there is no change in the business then the requirement is satisfied. The de minimis guidance may also address some of the member's concerns.
- A TWG member asked if the 5% exclusion is on a cumulative basis, on the basis of individual activities, or on a per category basis.
 - The Secretariat clarified that it is on a cumulative basis (5% of total required scope 3 emissions).
 - The member stated that this should be included in the wording in order to avoid confusion.
 - The Secretariat stated that the current text uses the phrasing 'total' for this concept, and that further feedback on this point is welcomed.

Justified exclusions (within the 5% exclusion threshold)

- A TWG member asked how companies are determining if 100% means a complete indirect emissions inventory, and whether completeness and reasonable boundaries of reporting will be addressed in phase 2 of the TWG. Is the optional boundary now considered beyond 100% of the inventory?
 - The Secretariat replied that the 100% would be the minimum boundary (now termed "required scope 3 emissions"), which only includes required activities.
 - The member asked whether a company including both required and optional scope 3 emissions would have to reported 105% of total emissions being reported.
 - A TWG member responded that, given subgroup A's work on disaggregated reporting, minimum and optional would not be combined.
 - The Secretariat clarified that required and optional scope 3 emissions will be reported separately.
- A member from the Corporate Standard (CS) Secretariat team asked if there is quantitative guidance on what would qualify as 'de minimis', or whether that is a qualitative assessment.
 - The Secretariat clarified that the text presented in the slides is the text in the current standard for de minimis, and asked members to indicate any necessary additions, beyond current proposed revisions defining de minimis as emissions that are reasonably expected to be negligible, in the post-meeting survey. If that definition and the methods for justifying it are not sufficient, please indicate so in the survey.
 - The CS Secretariat member asked what would happen if a lot of emissions end up being considered de minimis and add up to be beyond the 5% exclusion.
 - The Secretariat clarified that the total of de minimis emissions and other exclusions shall not exceed the 5% threshold. The Secretariat asked if this could raise concerns from an auditing perspective.
 - A TWG member stated that de minimis is typically a term used in financial accounting, with a slightly different meaning. But if the Standard clarifies that the total shall not exceed 5%, that is a good boundary that works for assurance. Generally, aligning definitions with the definitions in financial assurance would be very helpful, as the same assurer often audits both.
- A TWG member asked what the value-add is of having a separate de minimis definition, beyond simply the 5% threshold. SBTi is consistent with the 5% threshold. What is the useful distinction?
 - The Secretariat clarified that one of the reasons for maintaining de minimis is that reporting companies are *not* required to quantify de minimis emissions; they can justify it qualitatively.
- A TWG member stated that they see the point for maintaining de minimis, but suggested attaching a number to it (e.g. de minimis emissions should be expected to be less than 0.5% of total scope 3 emissions), quantifying what is required for something to count as de minimis.
 - The Secretariat stated that developing something like this has been considered. The Secretariat also suggested providing some examples or rules of thumb, to help reporters identify de minimis emissions, not as a requirement but simply as guidance.
 - A TWG member stated that it might be confusing to have a requirement that companies shall quantify total required scope 3 emissions, but then also a de minimis provision, and agreed with the idea of some guidance.

- A TWG member stated that in the U.K. there would not be a problem with auditing and assurance as in the region, expert opinion is sufficient to audit the de minimis rule. Under different auditing schemes, this might not work, but in the U.K. it is not a big deal as long as the expert opinion is available.
- A TWG member stated that the CSRD requires a certain degree of assurance without requiring a specific assurance standard. Sustainability assurance and how to assure emissions accounting has undergone a lot of development, and for regulation the concepts of 'limited' and 'reasonable' assurance has been developed. The member is not sure if the proposed revisions would meet these bars. These two types of assurance are aligned with financial assurance terminology and are reflected in CSRD and the regulation in the state of California. It is important to not lose sight of regulatory developments in this field.
 - The Secretariat asked if the de minimis language would be problematic for assurance.
 - The member stated that the language is reasonable and they generally do not see an issue, but that the expert judgement piece may not work. Experts can be utilized, but that has to be reasonably demonstrated. The member suggested maintaining this language as a sufficient floor for every reporter and perhaps establishing a higher floor for companies that have to satisfy CSRD.
 - A TWG member stated that currently the CSRD requires limited assurance, and that there is discussion on changing this to reasonable assurance. Audit requirements also differ by assurance providers, and depend on which market the reporting company is in. There are differences in requirements to be fulfilled in order to obtain limited assurance.
 - A TWG member stated that until this is firmly linked in the audit process, the Standard should not state anything more than limited assurance.
- A TWG member asked if the same notation will be expected in scope 1 and scope 2.
 - The Secretariat said that this meeting only concerns scope 3, but that ideally it will transfer to other scopes and function across the suite of corporate standards by the GHG Protocol. This is being considered by workstreams of the GHG Protocol Secretariat.
 - The member strongly recommended having the same notation for reporting purposes across all scopes, i.e., cross-cutting harmonization.
 - A CS Secretariat member stated that the CS TWG Subgroup 3 is currently discussing justifiable exclusions for scopes 1 and 2, and that they will bring this suggestion into those discussions.
- A CS Secretariat member stated that aligning 'de minimis' terminology across GHG accounting and financial accounting seems important given the CS TWG's movement towards more alignment with financial accounting in the financial control approach. They asked TWG members to clarify the difference between the two.
 - A TWG member said that: "The AICPA does not require misstatements that are "clearly trivial" to be accumulated to assess. So the de minimis identified errors would not be included in an aggregated exclusion", stating that a potential path forward is removing the term de minimis and simply saying that all categories need to be evaluated and a 5% exclusion threshold is permitted.
- A TWG member stated that 'just being not significant or relevant or not applicable' does not suffice as per SBTi validations, causing potential discrepancy with SBTi validations for companies.
- A TWG member stated that it would be good to clarify if this discussion is per scope 3 sub-category or line item. Scope 3 inventories are made up of hundreds or even thousands of individual line items that are in themselves below 0.5%, or even less.
 - The Secretariat stated that the 5% exclusion threshold applies to total required scope 3 emissions.
 - The member thanked for the clarification, elaborating that the comment was about positioning examples. For example, paperclips are definitely going to be insignificant by themselves, but they will be part of a procurement category (e.g., of 'office supplies' with 100s of negligible items), and together that subcategory may not be insignificant for many companies.
 - A TWG member agreed with the previous comment, stating that it would be helpful to clarify.
 - The Secretariat stated that the general requirement is: "The cumulative total of de minimis and non-de minimis exclusions shall not exceed the 5% exclusion threshold." Thus, it would be up to the reasonable judgement of the preparer to determine whether aggregate de minimis exclusions (and non-de minimis exclusions) exceed the 5% exclusions threshold.

- A TWG member linked the GHG Protocol *Policy and Action Standard* (2014), referring specifically to chapter 13, Verification.¹
- A TWG member commented on slide 22, stating that this phrasing is unclear and brings up the question of when to quantify emissions.
 - The Secretariat acknowledged that phrasing this unambiguously is challenging and asked for suggestions from members.
 - The member stated that the issue lies with “it is expected”, without saying that it is based on expert judgement
 - The Secretariat proposed “companies shall use one of these justifications (...)”, asking if that would be clearer.
 - The member agreed, stating what can and cannot be done would be clearer.
 - The Secretariat asked if “shall” language should be used here.
- A TWG member cited: “A de minimis threshold should be set sufficiently low so that errors or omissions cannot reasonably aggregate to exceed materiality. Companies may set a de minimis threshold to concentrate the efforts of calculating an emissions inventory to the most significant sources of emissions without materiality compromising the completeness of the emissions inventory.”
- A TWG member stated that through their firm’s external auditors, they had received guidance that the International Auditing and Assurance Standards Board (IAASB) is working on the International Standard for Sustainability Assurance (ISSA) 5000 to replace the current audit standard ISAE 3000 used to inform assurance requirements for non-financial data.²

Justified exclusions (outside the 5% exclusion threshold)

- A TWG member asked if a range had been considered as an option for the exclusion of downstream emissions of intermediate products, even if not in the reporting, maybe in justification.
 - The Secretariat stated that more understanding from experts regarding the quantification of downstream emissions would be appreciated, with regard to this point.
 - A TWG member added that in the experience of the SBTi, the ability of a company to assess the downstream emissions of intermediate products varies by sector, with some sectors having more data than others (e.g., the chemicals industry has little data). But in many cases, there are known, common processes (e.g., a limited range of common processes to process or use intermediate products to manufacture or assemble a final product(s)), even if the final application (product) is unknown. Perhaps looking at common processes to gather average data would be a good start. The member asked if this will be discussed in Phase 2 of the TWG.
 - The Secretariat stated that, in context of discussions about categories 10 and 11, methods for estimating downstream emissions will be considered in Phase 2; if members deem it relevant, then this discussion concerning permitted exclusions can reconsidered.
 - A TWG member said that this would be valuable, stating that they would be happy to share their experiences on the matter, including examples.
 - A TWG member stated their general approval of the proposal, and that going through specific examples would be helpful. Given that this is a challenging category of emissions to calculate, is there a way for companies to demonstrate best efforts? Including to avoid the impression that companies are off the hook for an entire category. Perhaps the Standard could provide language for companies concerning estimating the downstream emissions of intermediate products.
 - The Secretariat stated that this proposal would be considered.
- A TWG member stated their opinion that this causes a lot of confusion, and takes a lot of effort, and asserted that the impact on decarbonization is limited, especially given that the final use of an intermediate product is going to be reported by companies that sell the final products (which are comprised of the intermediate product(s)). The member asked whether there is any downside of only requiring sellers of final products to include the downstream emissions of use therefrom.
 - Six members indicated their agreement with this speaker.
 - The Secretariat stated that this topic will be considered in Phase 2 of the TWG, in connection with the accounting of intermediate vs. final products (categories 10 and 11, respectively).

¹ https://ghgprotocol.org/sites/default/files/standards/Policy_and_Action_Standard.pdf

² <https://www.iaasb.org/publications/international-standard-sustainability-assurance-5000-general-requirements-sustainability-assurance>

- A CS Secretariat team member asked if this would be a good place to adopt the IFRS 'impracticability' clause, "In those rare cases when an entity determines it is **impracticable** to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions." (IFRS S2, Paragraph B57)³
- A TWG member asked if the language for the downstream exclusionary principle will be discussed in Phase 2 specifically with regard to sector-specific applicability.
 - The Secretariat stated that the group has discussed the connection with the definition of intermediate products at length, and it can be reconsidered in Phase 2.
- A TWG member asked if expert judgement can make a quantitative determination of whether something contributes to X% of the total. Is there language on acceptable methods of calculating de minimis exclusions?
 - The Secretariat answered that there isn't, but that suggestions are welcomed.
- A TWG member stated that the capacity to influence decarbonization linked to further processing of sold products is quite sector specific. For example, an auto part components company will have far more data and capacity to influence processing emissions and the efficiency of components within a vehicle than a chemicals company. However, as it stands, currently there are instances where even companies that do have the ability to influence and calculate categories 10 and 11 fall back on the downstream exclusionary principle to justify the omission of these categories. The member looks forward to diving deeper into this in Phase 2, in order to make the language as specific and non-subjective as possible.
 - A TWG member replied that in their opinion, what constitutes 'processing for intermediate products' is challenging to define objectively. For a copper smelter, for example, the product can be highly processed for precision electronics and aerospace applications, while it can also be lightly processed for machine parts. Those emissions would be registered as scope 1 emissions of the downstream supply chain, and decarbonization can take place by the downstream supply chain or through supplier engagement. Some processing may occur further downstream, several tiers later, in which case it is very challenging to gather any data.

Influence as an indicator of relevant scope 3 emissions

- A TWG member suggested an alternative, to quantify everything but marking the criteria where the reporter knowingly used a low quality estimation procedure with a star. This would avoid logical issues, is practical, and maintains transparency about the information content. It would also be practically the same information requirement.
 - The Secretariat thanked the member for the suggestion, which connects to outcomes of Subgroup A on disaggregation by quality or specificity. More views by the TWG on how outcomes of Subgroups A, B, and C can fit together coherently are appreciated.
- A TWG member stated that Subgroup B engaged in elaborate discussions on how to maintain such a threshold, stating that in order to calculate, reporters have to estimate.
 - The Secretariat asked if it is reasonable that any company can calculate their scope 3 under any circumstance.
 - The TWG member stated that every company has to quantify emissions to justify exclusions. The member recommends maintaining that exclusions are out of boundary, as that more effectively reduces calculation burdens.
- A TWG member commented that the language on slide 32 (regarding the recommendation to include relevant scope 3 emissions, whether required or optional) should use 'shall' language. The member recommended making it mandatory across the board and specifying in which cases it is optional.
 - The Secretariat stated that if all companies shall include all relevant emissions, and relevant is determined through the proposed list on slide 29, then all required and optional emissions would become relevant, which would drastically increase the burden of preparing a scope 3 inventory.
- A TWG member stated that this language helps guide auditors and investors.
- A TWG member stated that indirect use-phase emissions are also tricky as it depends on what the design key performance indicators (KPIs) and marketing unique selling propositions (USPs). For example, apart from the energy used to power servers (which is direct), the energy used to cool the servers is indirect,

³ <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs2/#about>

presenting both direct and indirect emissions attributable to or associated with the servers. This affects that companies would or would not consider relevant. This would deprive some chip or server manufacturing company from differentiating the efficiency of their products.

Facilitated activities

- A TWG member asked if isolating financial sector facilitated emissions has been considered.
 - The Secretariat stated that, yes, category 15 has been simplified, in part, in response to the fact that this would align with IFRS tentative revisions, making it more robust and straightforward to define what goes into category 15. Previously, including all facilitated emissions in category 15 made category 15 huge and difficult to define, which played into the difficulty in determining what was optional and what was required in category 15. The TWG was presented this revisions based on Meeting #2 (May 22nd) presenting Subgroup C's proposed revisions.
 - The member replied that they fully understand the point of separating facilitation from ownership in category 15. It is good to be aware of this debate, as many of the financial industry's members feel that, specifically for insurance companies and investment banks, these are key activities that should be reported.
 - A TWG member agreed with the previous speaker.
- A TWG member stated that they thought that the conclusion on facilitated emissions had been that they are optional for now, and that in Phase 2 of the TWG, required ('shall') language will be considered.
 - The Secretariat stated that it may conduct an open call for evidence, depending on how that would fit into the overall schedule of revisions. In the TWG itself, there is not enough case-specific expertise for these decisions. The Secretariat also clarified that within Subgroup B, many members were not comfortable voting on individual cases, which partly explains why facilitated emissions in Category 16 have been maintained as optional across the board. The Secretariat will deliberate internally and inform members about the decision on a potential call for evidence, which could be conducted during the public consultation of the complete draft Standard in 2026.
- A TWG member stated that they would very much agree with surveying the whole TWG on these items, even if no clear direction emerges. They also stated that regarding facilitated emissions and insurance-associated emissions, several calls for information are currently ongoing, including from key regulators.

Outcomes

- No indicative voting was conducted.

4. Next Steps

- Refer to Presentation slides 43 – 45.
- The Secretariat presented the next steps, including the next subgroup meeting dates in July.

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