GREENHOUSE GAS PROTOCOL

Scope 3 Technical Working Group Meeting

Working draft, do not cite

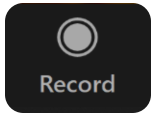
Full TWG
Meeting 4
Review of Group B proposed revisions

June 5th, 2025

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

Welcome and Meeting information



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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)
- Proposed revisions for consideration:
  - Required scope 3 emissions (20 min)
  - Justified exclusions (within the 5% exclusion threshold) (20 min)
  - Justified exclusions (outside of the 5% exclusion threshold) (10 min)
  - Influence as an indicator of relevant scope 3 emissions (20 min)
  - Facilitated activities (Category 16) (20 min)
- Next steps (5 min)
- Appendices (non-revisions)

(Draft; for discussion)

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)**

- Survey forms deadline for Members:
  - Phase 1 revisions survey forms are due by Friday, **June 13th EOD**

- The next Thursday subgroup meetings are as follows:
  - Subgroup **B** – **July** 3rd
  - Subgroup C – July 10th
  - Subgroup A – July 17th

Draft Revisions: Full list

Revisions

Required scope 3 emissions:

1. Companies shall account for at least 95% of total required scope 3 emissions (6.1)
2. Companies shall quantify total required scope 3 emissions to justify exclusions (6.2)
3. Guidance on hotspot analysis (6.6)

Justified exclusions (within the 5% exclusion threshold):

4. Companies shall disclose and justify exclusions of required scope 3 emissions (6.1)
5. De minimis emissions (6.3) (definition and justified vs. non-justified exclusion) (6.3)
6. Companies shall use exclusions disclosure notation (6.4)
7. Companies shall report required vs. optional emissions separately (disaggregated) (6.1)
8. Examples of disclosing & justifying exclusions (Box 6.1)

Justified exclusions (outside of the 5% exclusion threshold):

9. Justified exclusion(s) of downstream emissions of intermediate products (6.4)

* Including the following: Definition (of facilitated activities); Classification (of facilitated emissions in existing scope 3 categories vs. Category 16); Optionality (Category 16 is optional); Boundary guidance (companies should include the life cycle emissions of a facilitated activity); Calculation method(s) (reference to third-party standards/guidance); Disaggregation (reporting requirement).

Revision (continued)

Influence as an indicator of relevant scope 3 emissions:

10. Guidance on relevance
    - 10a. Minor revisions to Guidance: Completeness and relevance (6.7)
    - 10b. Minor revisions to Table 6.1
    - 10c. New: List of actions that may indicate influence of the reporting company (6.7)
    - 10b. List Guidance and recommendations to include relevant scope 3 emissions (6.1 and 6.2)

Facilitated activities:

11. Should requirements/guidance be specified for facilitated emissions?
    - 11a. through 11f. Contain specification for facilitated activities (category 16) *
12. Reference to named industry-/sector-specific standards, frameworks, and/or legislation

Non-revisions (appendices at the end of this presentation):

a. *Required greenhouses gases*
b. *Language regarding required vs. optional scope 3 emissions **
c. *Biogenic emissions guidance (changes may arise from LSR Standard revisions) ***
d. *Box [6.2] Influence (Scope 3 Standard, p. 62)*

* "Companies **shall** account for emissions from each scope 3 category according to the minimum boundary provided in table 5.4" (p. 59).
** Revisions to the *Scope 3 Standard* concerning biogenic emissions requirements or guidance will rely on LSR revisions (TBD).

(Draft; for discussion)

Required scope 3 emissions

#1 Companies shall account for at least 95% of total required scope 3 emissions (6.1/6.2)

Current Standard (2011)

- "Companies **shall** account for all scope 3 emissions and disclose and justify any exclusions" (p. 59)
- Minimum boundary scope 3 emissions are now being referred to as "required scope 3 emissions"

Proposed Revised Standard (2025)

- "Companies **shall** account for and report at least 95% of total required scope 3 emissions" (formerly, "minimum" boundary*)
- "Companies **shall not** exclude more than 5% of total required scope 3 emissions ("**5% exclusion threshold**")."
- "Companies **may** exclude a category or activities within a category, as long as total exclusions across all scope 3 categories does not exceed the 5% exclusion threshold."

Notes/rationale

- Given that Group A is recommending disaggregation (pending review by the full scope 3 TWG) and given that companies are permitted to use more accessible, less burdensome calculation methods to quantify scope 3 emissions, therefore:
- Requiring the disclosure of 95% of scope 3 emissions appears feasible without sacrificing scientific integrity or the accounting principles, and while improving consistency and transparency

Level of support from TWG subgroup

Which option for the exclusion threshold do you support?

- **50%** (8/16) – Companies **shall not exclude more than 5%** of scope 3 emissions (required of all)
- **50%** (8/16) – Companies **may exclude more than 5%** of scope 3 emissions if they disclose and justify that they used a higher threshold
- 6% (1/17) – Abstain

* Required scope 3 emissions are the activities and emissions itemized as required in Table 5.4. Optional scope 3 emissions are the activities and emissions itemized as optional in Table 5.4.

#2 Companies shall quantify total required scope 3 emissions to justify exclusions (6.2)

Current Standard (2011)

- "Companies should prioritize data collection efforts on the scope 3 activities that are expected to have the most significant GHG emissions, offer the most significant GHG reduction opportunities, and are most relevant to the company's business goals... Companies may use a combination of approaches and criteria to identify priority activities..." (Chapter 7, p. 65-66)
- Including prioritizing based on the magnitude of emissions, financial spend or revenue, or other criteria

Proposed Revised Standard (2025)

- "Companies **shall** quantify total required scope 3 emissions to justify exclusions (with the exception of de minimis exclusions as specified below)."
- "Companies **may** quantify total emissions to justify exclusions using any method in the Technical Guidance (i.e., using actual, calculated or estimated scope 3 emissions) and/or hotspot analysis (6.5)." *
- "Companies **should** use the best available data to quantify total emissions to justify exclusions."

Notes/rationale

- A company now must quantitatively assess all required scope 3 emissions to validate that exclusions (if any) fall within the company's 5% exclusion threshold on an annual basis
- Hotspot analysis is a permitted method for justifying exclusions
- Therefore, requiring that a company perform hotspot analysis separately, in addition to quantitatively assessing all scope 3 emissions to validate exclusions, is **redundant** (duplicative) *

Level of support from TWG subgroup

If a magnitude threshold is introduced, the GHG Protocol should require preparers to conduct a hot spot analysis every year to qualify their exclusion(s) (B.3 Presentation, slide 17)

- **Agree 69%**
- Disagree 19%
- Neutral 13%

* See issue #3 for new guidance regarding hotspot analysis (slide 15)

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For reference

#3 Hotspot guidance (6.6) (consistent with quantification methods in revision #2, slide 14)

Current Standard (2011)

Chapter 6 does not provide guidance on hotspot analysis. Chapter 7 provides guidance in the context of identifying "hot spots" and to "prioritize reduction efforts" (p. 12)

- **7.1 Guidance for prioritizing data collection efforts**. "Companies should prioritize data collection efforts on the scope 3 activities that are expected to have the most significant GHG emissions, offer the most significant reduction opportunities, and are most relevant to the company's business goals." (p. 65) *
- **Prioritizing activities based on magnitude**:
  - "The most rigorous approach to identifying priority activities is to use initial GHG estimation (**or screening**) methods to determine which scope 3 activities are expected to be most significant in size… companies should: Use **initial GHG estimation (or screening) methods** to estimate the emissions from each scope 3 activity (e.g., by using industry-average data, environmentally-extended input output data… proxy data, or rough estimates); and
  - Rank all scope 3 activities from largest to smallest… to determine which… have the most significant impact." (p. 66)

Proposed Revised Standard (2025)

The following language is provided as guidance for hotspot analysis (in paragraph form from section 6.5, itemized below by sentence):

- "A hotspot analysis is a high-level quantification of a company's GHG emissions in order to identify and understand the relative magnitude of the emissions of various activities within the value chain.
- Hot spot analysis is a useful tool for identifying major emissions sources of scope 3 activities and the main drivers of emissions, informing boundary setting, and prioritizing data collection and mitigation efforts.
- Companies **may** use any calculation or estimation method to perform a hotspot analysis, including methods that rely on supplier-specific data, industry-average data, spend-based proxy data, environmentally-extended input output data (see box 7.1), or other data.*
- Guidance on calculation methods for each scope 3 category, including for screening, is provided in the *Technical Guidance for Calculating Scope 3 Emissions*, a separate document available at www.ghgprotocol.org."

* Criteria for identifying priority activities: "Companies may use a combination of approaches and criteria to identify priority activities… that are significant in size… that present the most significant risks and opportunities… where more accurate data can be easily obtained…" (p. 65)

Justified exclusions
(within the 5% exclusion threshold)

#4 Companies shall disclose and justify exclusions of required scope 3 emissions (6.1)

Current Standard (2011)

- "Companies are required to disclose and justify any exclusions in the public report (see: chapter 11)." (p. 60)
- "See box 6.1 for an example of disclosing and justifying exclusions." (p. 60)

Proposed Revised Standard (2025)

- "Companies **shall** disclose and justify the exclusion of any required scope 3 emissions."
- "Companies **shall** disclose and justify any exclusions of downstream emissions of an intermediate product(s)." (6.4)
- "Companies **may** exclude de minimis emissions as part of the 5% exclusion threshold." (6.3)
- "A reporting company is **not** required to disclose exclusions for optional scope 3 emissions." (6.5)

Notes/rationale

- Requiring the justification of exclusions of required scope 3 emissions is consistent with current requirements
- It does not apply to optional
- The same disclosure and justification requirement would apply to permitted category 15 exclusions (if any) *

Level of support from TWG subgroup

- See revision #5 (slide 18) regarding de minimis exclusions (6.3)
- See revision #9 (slide 24) regarding justified exclusion(s) of downstream emissions of intermediate products (6.4))

* A category 15-specific justified exclusions clause) was considered on May 22nd (refer to Revision #8, slides 45-48 of Scope 3 - Full Group - Meeting#2 - 20250522 - Presentation.pdf). ** B.9 Minutes.

#5 De minimis emissions (definition and justified vs. non-justified exclusion) (6.3)

Current Standard (2011)

- No guidance on **de minimis** emissions exists in the *Scope 3 Standard*, however, the following is provided regarding the justified exclusion of insignificant emissions (Section 6.3, p. 60): “In some situations, companies may have scope 3 activities, but be unable to estimate emissions due to a lack of data or other limiting factors. For example, companies may find that based on initial estimates, some scope 3 activities are expected to be insignificant in size (compared to the company’s other sources of emissions) and that for these activities, the ability to collect data and influence GHG reductions is limited. In such cases, companies may exclude scope 3 activities from the report, provided that any exclusion is disclosed and justified.”

Proposed Revised Standard (2025)

Definition, justification, and non-justification:

- “De minimis emissions are emissions reasonably expected to be insignificant or negligible. An example of de minimis emissions could be the scope 3 category 1 emissions attributable to paper clips and staples used by a reporting company.”
- “Companies **may** exclude de minimis emissions as part of the 5% exclusion threshold. Companies **may** use prior studies, modeling, proxy measures, other evidence, or expert judgment to assess de minimis emissions. Companies **should** reasonably expect de minimis emissions to be insignificant or negligible.”
- “If a company is unsure whether emissions are de minimis, then the company **shall** quantitatively assess the emissions to determine that the emissions are de minimis. The cumulative total of de minimis and non-de minimis exclusions **shall not** exceed the 5% exclusion threshold.”

#6 Companies shall use exclusions disclosure notation (6.5)

Current Standard (2011)

- "Some categories may not be applicable to all companies. For example, some companies may not have leased assets or franchises. In such cases, companies should report zero emissions or "not applicable" for any categories that are not applicable." (p. 60)

Notes/rationale

- To facilitate readability, comparison, and transparency, the following notation is recommended (specifically, for readers of public corporate scope 3 emissions inventory results)
- Excluding 5% of total required scope 3 emissions is a justified exclusions (at the activity-level and/or category-level)
- Exclusions that exceed 5% or that don't satisfy the intermediate product * and/or category 15-specific exclusions (TBC) are *not* justified and therefore would use **neither** NA or X in disclosures

Proposed Revised Standard (2025)

- "Companies **shall** disclose and justify exclusions when reporting required scope 3 emissions and **shall** use the following exclusion disclosure notation:
  - Companies **shall** report '**not applicable**' or '**NA**' for any categories for which no known scope 3 emissions is reasonably be expected. For example, a reporting company may not lease any assets nor rely on a franchise business model and therefore would not expect any Category 8 or 14 emissions, respectively.
  - "Companies **shall** report '**excluded**' or '**X**' for any scope 3 category that is excluded within the 5% exclusion threshold."
- "The following is a disclosure (not notation) requirement:
  - If some required scope 3 emissions within a category are excluded, companies **shall** report that the category contains some exclusions within the 5% exclusion threshold." **

* See issue #9 (slide 24) for Justified exclusion(s) of downstream emissions of intermediate products. ** For the avoidance of doubt, partial scope 3 category emissions exclusions shall not use required notation (above).

For reference

Group B polls: Exclusion notation

Meeting B.9 (May 1)

- Which abbreviation should be used in reporting excluded categories?
  - **38% (5/13) – Excluded (E/X or X)**
  - 23% (3/13) – Threshold exclusion (T/E)
  - 0% (0/13) – Not significant (N/S)
  - 8% (1/13) – Optionally excluded (O/E)
  - 15% (2/13) – Justified exclusion (J/E)
  - 0% (0/13) – Other
  - 15% (2/13) – Abstain

#7 Companies shall report required vs. optional emissions separately (disaggregated) (6.1)

Current Standard (2011)

- N/A

Proposed Revised Standard (2025)

"Companies **shall** report required scope 3 emissions separately from optional scope 3 emissions."

Notes/rationale

- Activities that are currently listed as optional in the *Scope 3 Standard* will be considered by category-specific subgroups in Phase 2
- A poll will be sent to all TWG members for their opinion on whether a currently optional activity should be required; the results will be used by subgroups in Phase 2

Level of support from TWG subgroup

"Should the minimum boundaries of scope 3 categories be revised?" (B.5 minutes, p.5) *

- 49% (9/19) – Consider the activities case-by-case, deciding whether to remove them, require them or make optional and move them to "**Other**" (i.e., reported separately from required scope 3 emissions, formerly "minimum boundary")

* Other options included: (a) 11% (2/19) Consider the activities case-by-case, deciding whether to remove them or require them; (b) 11% (2/19) All currently optional activities become required (subject to relevance by magnitude); (c) 32% (6/19) Consider the activities case-by-case, deciding whether to remove them, require them or make optional.

For reference

#8 Minor revisions: Box [6.1] Example of disclosing & justifying exclusions *

Current Standard (2011)

"After mapping its value chain, a company uses initial GHG estimation methods to ~~estimate the emissions from the various spend categories within category 1 (Purchased goods and services)~~.

The company finds that emissions from production-related procurement are significant compared to its other sources of scope 3 emissions. The company determines that emissions from non-production-related procurement are difficult to calculate and are not expected to contribute [~~significantly to~~] total scope 3 emissions.

The company uses more accurate methods to calculate emissions from production-related procurement~~,~~ but decides to exclude emissions from non-production-related procurement.

The company discloses and justifies the exclusion of non-production-related procurement ~~based on limited data availability and its expected insignificant contribution to total scope 3 emissions~~."

Proposed Revised Standard (2025)

"After mapping its value chain, a company uses initial GHG estimation methods **to carry out a hot spot analysis**. **Within category 1, the company estimates emissions from the various spend items from its purchased goods and services**.

The company finds that emissions from production-related procurement are significant compared to its other sources of scope 3 emissions. The company determines that emissions from non-production-related procurement are difficult to calculate and are not expected to contribute **more than 1% to the company's** total scope 3 emissions.

The company uses more accurate methods to calculate emissions from production-related procurement but decides to exclude emissions from non-production-related procurement **as part of the 5% exclusion threshold**.

The company discloses and justifies the exclusion of non-production-related procurement **in its public GHG inventory report**."

* This relates to issue #4 (Companies shall disclose and justify exclusions of required scope 3 emissions) (slide 17)

Justified exclusions

(outside of the 5% exclusion threshold)

#9 Justified exclusion(s) of downstream emissions of intermediate products (6.4)

Current Standard (2011)

"~~The applicability of downstream scope 3 categories depends on whether products sold by the reporting company are final products or intermediate products (see section 5.6)~~. In certain cases, the eventual end use of sold intermediate products may be unknown. For example, a company may produce an intermediate product with ~~many~~ potential downstream applications, each of which has a different GHG emissions profile, ~~and 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~~ exclu~~sion of~~ downstream emissions from categories 9, 10, 11, and 12 ~~in the report (but should not selectively exclude a subset of those categories)~~."

Proposed Revised Standard (2025)

"There are various methods to estimate the downstream emissions of intermediate products, including stoichiometry, business intelligence and market research, regional statistics, sectoral guidance and default scenarios. In certain cases, the eventual end use of sold intermediate products**, and related transportation, processing, and end-of-life emissions,** may be unknown.-For example, a company may produce an intermediate product with **hundreds of** potential downstream applications, each of which has a different GHG emissions profile **(including use and end-of-life treatment).**

If a company is unable to reasonably estimate the downstream emissions associated with the various 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)**."

Notes/rationale

- This exclusion does **not** require quantification for justification (unlike exclusions within the 5% exclusion threshold, including de minimis emissions); therefore
- This exclusion, if justified, is not part of the 5% exclusion threshold

Level of support from TWG subgroup

Should the guidance on exclusion of downstream categories for intermediate products be revised? (B.4 minutes, p.7) *

- Option 5C. Editorial change to facilitate interpretation, with removal of the provision to include or exclude all downstream categories – 73% (14/19)

- Results of all options: 0% (0/19) Option 5A. Maintain the current language; 0% (0/19) Option 5B. Editorial change to facilitate interpretation; 27% (5/19) Option 5D. Remove intermediate products as a special case; and 9% (2/21) Abstain.

(Draft; for discussion)

Influence as an indicator of relevant scope 3 emissions

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For reference

Influence as an indicator of relevant scope 3 emissions

This is a summary of how the proposed revision (Section 6.7, itemizing actions that indicate influence) relates to other sections of the Scope 3 Standard:

- **Existing** (with minor revisions) Recommends ("should") including relevant scope 3 emissions (criteria defined in Table 6.1)
- **Existing** (with minor revisions) **Table 6.1** Criteria for identifying relevance, one of which is influence (itemized in Section 6.7)
  - **New Section 6.7** Influence criteria for relevance, lists factors that indicate influence (referencing Table 9.7 for more)
- **Existing Table 9.7** itemizes more actions companies can take to reduce emissions (which implies influence *)

The following is a diagrammatic summary of the above bullet-point summary:

Existing (with minor revisions) Completeness and relevance: ** • "Companies **should** include **relevant** emissions falling within the 5% exclusion threshold." ** • "Companies **should** include optional scope 3 emissions, where **relevant**." • "**See table 6.1** for a list of criteria for identifying relevant scope 3 activities." *(Issue #10a, slide 27)*	**Existing** (with minor revisions) **Table 6.1** (Criteria for identifying relevance): Influence: "There are potential value chain emissions reductions that could be undertaken or influenced by the company (**refer to section 6.7 for further guidance on influence**)." *** *(Issue #10b, slide 28)*	**New Section 6.7** Influence criteria: "The following is a **list of actions that may indicate influence** of the reporting company over the value chain activity and related scope 3 emissions. **See table 9.7 for further examples** of actions to influence scope 3 reductions." *(Issue #10c, slide 29)*	**Existing Table 9.7**: Table 9.7 of the *Scope 3 Standard* lists twenty-five (25) illustrative examples of actions to reduce upstream scope 3 emissions and twenty-one (21) illustrative examples of actions to reduce downstream scope 3 emissions. *(N/A, no revisions)*

* As per New Section 6.7. ** The current standard does not reference 5% exclusion threshold. *** There are many criteria, influence is one of them.

#10a Minor revisions: Completeness and relevance (6.6)

Current Standard (2011)

- "Companies **should** strive for completeness, but it is acknowledged that accounting for all scope 3 emissions may not be feasible."
- "Companies ~~should~~ follow the principles of relevance, completeness, accuracy, consistency, and transparency ~~when deciding whether to exclude any activities from~~ the ~~scope 3~~ inventory."
- "Companies **should** ensure that ~~the~~ scope 3 inventory appropriately reflects the GHG emissions of the company, and services the decision-making needs of users, both internal and external to the company."
- "Companies **should not** exclude any activity that would compromise the relevance of the reported inventory. ~~(~~See table 6.1 for a list of criteria for ~~determining~~ relevan~~ce~~.~~)~~"
- "In particular, companies **should** ~~not exclude any activity that is expected to contribute significantly to the company's total scope 3 emissions. (See section 7.1 for guidance on prioritizing emissions.~~" *

Proposed Revised Standard (2025)

- "Companies **should** strive for completeness, but it is acknowledged that accounting for all scope 3 emissions may not be feasible."
- "**In line with chapter 4,** companies **are required to** follow the principles of relevance, completeness, accuracy, consistency, and transparency, **including when setting the inventory boundary**."
- **Following the relevance principle,** companies **should** ensure that **a** scope 3 inventory appropriately reflects the GHG emissions of the company, and serves the decision-making needs of users, both internal and external to the company.
- Companies **should not** exclude any activity that would compromise the relevance of the reported inventory. See table 6.1 for a list of criteria for **identifying** relevan**t scope 3 activities**." *
- "Companies **should** include **relevant emissions falling within the 5% exclusion threshold**."

* See slide 29 (issue #10b) for the criteria for identifying relevant activities (Table 6.1); and slide 30 (issue #10c) for a new section 6.7 which lists "… actions which may indicate influence of the reporting company over the value chain activity and related scope 3 emissions."

#10b Minor revisions: Table 6.1, Criteria for identifying relevant scope 3 activities

Current Standard (2011)

Criteria for identifying relevant scope 3 activities (Table 6.1):

- **Size** – ~~They~~ contribute significantly to ~~the~~ company's total anticipated scope 3 emissions ~~(see section 7.1 for guidance on using initial estimation methods)~~
- **Influence** – There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
- **Outsourcing/insourcing** – They are outsourced activities previously performed in-house or ~~activities outsourced by the reporting company~~ that are typically performed in-house by other companies in the reporting company's sector
- **Risk** – ~~They~~ **Activities that** contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks) (see table 2.2)
- **Stakeholders** – ~~They~~ **Activities that** are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
- **Sector guidance** – ~~They~~ **Activities that** have been identified as relevant by sector-specific standards or guidance.
- **Other** – ~~They~~ **Activities that** meet any additional criteria for determining relevance developed by the company or industry sector.

Proposed Revised Standard (2025)

Revised Criteria for identifying relevant scope 3 activities (Table 6.1):

- **Size** – **Activities that are expected to** contribute significantly to **a** company's total anticipated scope 3 emissions
- **Influence** – There are potential **value chain** emissions reductions that could be undertaken or influenced by the company **(refer to section 6.7 for further guidance on influence)**
- **Outsourcing/Insourcing** – **Activities that** are outsourced **(i.e., now performed by third-party companies) which** previously **were** performed in-house **by the reporting company** or that typically are performed in-house by other companies in the reporting company's sector.
- **Risk** – No change (N/C)
- **Stakeholders** - N/C
- **Sector guidance** – N/C
- **Other** – N/C

#10c New: List of actions that may indicate influence of the reporting company (6.7)

- "The following is a list of actions that may indicate influence of the reporting company over the value chain activity and related scope 3 emissions. See table 9.7 for further examples of actions to influence scope 3 reductions.
  - Value chain partner engagement
  - Implementation of low-GHG procurement policies, including materials and energy procurement
  - Change of value chain partner
  - Reduction of own material and energy consumption or change of consumption patterns
  - Waste generation reduction
  - Adoption of low-emitting waste treatment methods
  - Replacing, removing, or installing equipment
  - Maintenance procedures
  - Process optimization
  - Design of products or services, including supplementary and complementary products, packaging, etc.
  - Business model change
  - Stakeholder engagement in and incentivizing of low-emission behaviors
  - Changes in business processes and locations
  - Implementation of low-emission investment policies
  - Implementation of low-emission client-selection process policies
  - Third-party activities that are enabled, initiated, and/or substantially influenced (i.e., facilitated) by a reporting company's services, products, and/or infrastructure and from which the reporting generates transactional income (refer to Category 16)
  - Other actions determined by the company, sector guidance, or other sources"
- Note: Table 9.7 of the *Scope 3 Standard* lists twenty-five (25) illustrative examples of actions to reduce upstream scope 3 emissions and twenty-one (21) illustrative examples of actions to reduce downstream scope 3 emissions.

For reference

Group B polls: Relevance recommendation

Meeting B.9 (May 1)

- Is the connection between Table 1 (i.e. the criteria for identifying relevance, of which influence is once criteria) and the list in section 6.7 provides pathways that may indicate influence), clear?
  - 36% (4/11) – Yes
  - **64% (7/11) – No**
  - 31% (5/16) – Abstain

- Should the connection between the pathways of influence be explicitly stated (e.g. "Satisfying any pathway in section 6.7 may indicate influence and therefore may be deemed relevant.")?
  - **92% (12/13) – Yes**
  - 8% (1/13 – No
  - Abstain – 25% (4/17)

For reference

Group B polls: Influence criterion (as an indicator of relevance)

Meeting B.2 (Nov 21) and B.4 (January 16)

- How should the relevance principle be considered in the exclusion of activities? (B.2 Minutes, p.6 and B.2 Presentation slide 18)
  - 6% – Maintain current language
  - 38% – Relevance is required
  - **56% – Relevance is required based on the criterion of magnitude**

- How do the relevance criteria need to be followed to fulfil relevance? (B.2 Minutes, p.6 and B.2 Presentation slide 21)
  - 18% – Maintain current language: Relevance is at the discretion of the preparer
  - **59% – Relevance is defined as meeting at least one of the relevance criteria**
  - 24% – Abstain

- Should the influence criterion be refined? (B.4 minutes, p.4)
  - 4% (1/21) – Maintain the current language
  - 19% (4/21) – Define the lists of influence pathways
  - 4% (1/21) – Define levels of influence
  - **71% (15/21) – Maintain the current language on the criterion, but introduce a list of influence pathways as guidance**
  - 4% (1/22) – Abstain

#10d Guidance and recommendations to include relevant scope 3 emissions (6.1 and 6.2)

Current Standard (2011)

- "Companies should not exclude any activity that would compromise the relevance of the reported inventory. (See table 6.1 for a list of criteria for determining relevance.) Companies should ensure that the scope 3 inventory appropriately reflects the GHG emissions of the company, and serves the decision-making needs of users, both internal and external to the company. In particular, companies should not exclude any activity that is expected to contribute significantly to the company's total scope 3 emissions. (See section 7.1 for guidance on prioritizing emissions.)"

Proposed Revised Standard (2025)

The following are repeated from slide 26 (issue #8a): *

- "Companies **should** include optional scope 3 emissions, where relevant." (6.1)
- "Companies **should** include relevant emissions falling within the 5% exclusion threshold." (6.2)

Notes/rationale

- Reporting companies should be encouraged to include relevant emissions (e.g., from value chain activities which a company can influence); which is consistent with the current *Standard*

Level of support from TWG subgroup

- Refer to polls on slides 30-31 (previous slide)

* Both clauses are listed as "Guidance and recommendations" at the beginning of the *Proposed Revised Standard* (2025) Chapter 6.

Facilitated activities (Category 16)

#11 Should requirements/guidance be specified for facilitated emissions

Current Standard (2011)

- N/A

Proposed Revised Standard (2025)

- Refer to proposed category 16 (facilitated emissions) and associated clauses:
  - [#9a] Definition
  - [#9b] Classification
  - [#9c] Optionality
  - [#9d] Boundary guidance
  - [#9e] Calculation method
  - [#9f] Disaggregation

Notes/rationale

- Several activities were identified as being directly profitable for a reporting company (e.g., brokers, travel agents, and other instances where third-party sellers and buyers exchange goods and services using a facilitator's services)
- These activities are not clearly defined in the current *Scope 3 Standard* and cannot be unambiguously classified in existing scope categories using either minimum or optional boundaries

Level of support from TWG subgroup

- Should requirements/guidance be specified for facilitators (formerly, intermediary parties)? *
  - **100% (18/18) – Yes**
  - 0% (0/18) – No
  - 0% (0/18) – Abstain

* The Secretariat changed the term from "intermediary parties" to "facilitators" in order to reduce terminology ambiguity (i.e., to not mix the separate definitions and intended uses of the terms, "intermediate product" with "intermediary parties")

#11… Facilitated emissions (Category 16) specifications

The following is a summary draft proposed language for a Category 16 (optional) for facilitated activities:

- **[#11a] 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.
- **[#11b] 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.
- **[#11c] Optionality**: A company **may** account for and report emissions associated with a facilitated activity classified within category 16.* A company **should** account for and report emissions associated with a facilitated activity that is required by a recognized industry- or sector-specific standard, framework, and/or legislation. **
- **[#11d] 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**"). **
- **[#11e] Calculation method**: If reported, a company **should** account for all (100%) of the scope 1, scope 2, and both the upstream and downstream scope 3 emissions associated with the facilitated activity.
- **[#11f] Disaggregation**: If reported, a company **shall** disaggregate reported category 16 emissions by facilitated activity type [**cases**]. *** Within each facilitated activity type, companies should disaggregate the facilitated emissions by scope and upstream vs. downstream scope 3 (i.e., the facilitated scope 1, scope 2, upstream scope 3, and downstream scope 3 emissions of each facilitated activity type).

* Footnote in the proposed revised text: "This excludes any facilitated activity explicitly classified in another scope 3 category."

** See issue #10 on slide 42 regarding reference to third-party standards. *** Refer to file: Facilitated cases v1

For reference

Group B polls: [#11a] Identification (def.) and [#9b] Classification

Meeting 6 (February 27)

- How should intermediary party activities be identified?”
  - 18% (3/17) – Criteria-based method for determining intermediary party activities (using the four criteria presented and detailed in section 8.3)
  - 35% (5/17) – Case- or industry-specific method for determining intermediary party activities
  - 18% (3/17) – Alternative proposed criteria (not specified)
  - 35% (6/17) – Abstain

Group B polls: [#11c] Optionality

Post-Meeting 9b Survey (TBC)

- **Optionality (draft revision)**: "A company may account for and report emissions associated with a facilitated activity classified within category 16." *
  - #% – Strongly support
  - #% – Support
  - #% – Oppose
  - #% – Strongly oppose
  - #% – Abstain

Meeting 9b (May 7)

- **Optionality**: "Should or may reporting companies as facilitators account for and report emissions associated with a facilitated activity"
  - May – 20% (2/10)
  - Should – 30% (3/10)
  - **Some should – 50% (5/10)**
  - Shall – 0% (0/10)
  - Abstain – 0% (0/10)

Meeting 8 (April 10)

- **Optionality**: May, should, or shall facilitators account for emissions from facilitated activities?
  - **53% (8/15) – May with shall exceptions**
  - 33% (5/15) – May across the board
  - 0% (0/15) – Shall across the board
  - 6% (1/15) – Shall with exceptions
  - 7% (3/18) – Case-based
  - 17% (3/18) – Abstain

For reference

Group B polls: [#11c] Optionality (continued)

Meeting 7 (March 20)

- What should the minimum vs. optional boundary be for facilitated emissions?
  - 21% (3/14) – Optional
  - **43% (6/14) – Require, subject to magnitude threshold (e.g. 5%)**
  - **43% (6/14) – Require, in certain cases**
  - 0% (0/14) – Other
  - 6% (1/15) – Abstain

- If you support case-specific requirements (6/15, 40% above), which criteria should be used?
  - 10% (1/10) – Different magnitude thresholds (e.g. 20%+ of scope 3)
  - 30% (3/10) – Income significance (e.g. 20%+ of income)
  - **60% (6/10) – Case-/industry-specific requirements**
  - 0% (0/10) – Another threshold/criterion
  - 27% (4/15) – Do not support option 3
  - 7% (1/15) – Abstain

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For reference

Group B polls: [#11d] Boundary

Meeting 9b (May 7)

- **Boundary**: "If included, should facilitators include all upstream and downstream scope 3 emissions of a facilitated activity?"
  - Yes – 20% (2/10)
  - No – 30% (3/10)
  - **Other (e.g., case-specific) – 50% (5/10)**
  - Abstain – 9% (1/11)

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For reference

Group B polls: [#11e] Calculation and attribution

Meeting B.8 (April 10)

- **Calculation**: How should facilitators calculate facilitated emissions?
  - 25% (4/16) – Report <u>all (100%)</u> of the emissions attributable to a facilitated product or activities
  - **56% (9/16)** – Report a **<u>fraction (%)</u>** of the emissions, e.g. the income or value earned by an intermediary party as a fraction of the total income/value of the facilitated product or activities
  - 18% (3/16) – Report <u>all (100%) or a fraction (%)</u> of the emissions (method optionality)
  - 6% (1/17) – Abstain

Meeting B.7 (March 20)

- **Allocation/attribution**: How should facilitators attribute (allocate) facilitated emission?
  - 31% (5/16) – All (100%)
  - 38% (6/16) – Fraction (%) of emissions from facilitated activity
  - 31% (5/16) – Optionality (100% or fraction %)

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For reference

Group B polls: [#11f] Reporting

- How should facilitators report their facilitated emissions?
  - 20% (3/15) Separately (not in scope 3)
  - 13% (2/15) – Disaggregate in scope 3 categories (distinguished from minimum boundaries)
  - **53% (8/15) – New category 16 (*see follow up poll below*)**
  - 13% (2/15) – Other
  - 6% (1/16) – Abstain

- If you support disaggregated reporting (in scope 3) (2/15, 13% above), which criteria should be used for in-scope 3 disaggregation?
  - **66% (2/3) – New facilitated boundary ***
  - 0% (0/3) – New optional boundary
  - 33% (1/3) – Other
  - 58% (7/12) – Do not support option 2
  - 17% (2/12) – Abstain

- If you support a new category 16 (8/15, 53% above), which criteria should be used for a new category 16?
  - 22% (2/9) – Aggregated
  - 22% (2/9) – Up/downstream sub-totals
  - **44% (4/9) – Category sub-totals ****
  - 0% (1/9) – Facilitated type
  - 11% (1/9) – Other
  - 33% (5/15) – Do not support option 3
  - 7% (1/15) – Abstain

* Table 5.4 would specify three boundaries: Minimum, Optional (currently listed activities), and Optional (facilitated activities).

** E.g., specify that category 16 emissions should be reported (disaggregated) by activity (sub-totals).

#12 Reference to third-party industry-/sector-specific standards

Current Standard (2011)

- N/A

Proposed Revised Standard (2025)

- "A company **should** account for and report emissions associated with a facilitated activity that is required by an industry- or sector-specific standard, framework, and/or legislation."

Notes/rationale

- While some calculation methods for select facilitated activities were considered, however, the Scope 3 Workstream did not seriously consider calculation methods for all types of activities
- The GHG Protocol does not plan to develop significant calculation methods or guidance for facilitated activities
- Several third-party industry-specific standards do specify calculation methods and/or different requirements *

Level of support from TWG subgroup

- *Post-Meeting 9b Survey (TBC)*

* For example, PCAF Part B specifies calculation methods for underwriting (capital market transactions) and Part C specifies calculation methods for insurance-associated emissions; many requirements between GHG Protocol and PCAF have been harmonized by subgroup C.

Next Steps

Next steps

- GHG Protocol Secretariat:
  - Distribute the recording, feedback form and poll (as needed) (by June 6th)
  - Prepare and distribute minutes of the meeting (by June 12th)

- Survey forms deadline for Members:
  - Phase 1 revisions survey forms are due by Thursday, **June 13th EOD**

- The next, Thursday subgroup meetings are as follows:
  - Subgroup **B** – **July** 3rd
  - Subgroup C – July 10th
  - Subgroup A – July 17th

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Thank you!

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Appendices

For reference

Non-revisions

a. Required greenhouses gases
b. Language regarding requiring (all) scope 3 emission
c. Biogenic emissions guidance
d. Box [6.2] Influence (Scope 3 Standard, p. 62)

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For reference

a – Required greenhouses gases

Current Standard (2011)

- "Companies **shall** account for scope 3 emissions of CO_2, CH_4, N_2O, HFCs, PFCs, and SF_6, if they 6 are emitted in the value chain" (p. 59); and
- Nitrogen trifluoride (NF_3) is required per (Amendment, 2013)

Revised Standard (2025)

- Companies **shall** account for carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3) emissions.

Notes

- The CS TWG is tentatively proposing requiring the use of AR6 GWPs
  - Grandfathering provisions or a phase-in period for the corporate suite of GHG Protocol standard revisions is being discussed
  - The Secretariat will likely apply this revision(s) by the CS TWG to the *Scope 3 Standard*

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For reference

b – Language regarding required vs. optional scope 3 emissions

Current Standard (2011)	Revised Standard (2025)
• "Companies **shall** account for emissions from each scope 3 category according to the minimum boundary provided in table 5.4" (p. 59) – Minimum vs. optional boundary	• "Companies **shall** account for and report scope 3 emissions according to the boundaries provided in table 5.4" – Required (formerly "minimum") vs. Optional boundary

Notes

- This is an editorial change, using the term "required" in place of "minimum" to describe scope 3 emissions that are required

For reference

c – Biogenic emissions requirements and guidance

Current Standard (2011)	Revised Standard (2025)
• "Biogenic CO_2 emissions that occur in the reporting company's value chain shall not be included in the scope, but shall be included and separately reported in the public report" (p. 59)	• *Scope 3 Standard* will be updated to align with revisions from the Land Sector & Removals (LSR) Standard

Notes

- The LSR Secretariat team is reviewing revisions regarding land sector emissions, biogenic CO_2 emissions, and biogenic CO_2 removals

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For reference

d – Box [6.2] Influence (Scope 3 Standard, p. 62)

Current Standard (2011)	Proposed Revised Standard (2025)
“By definition, scope 3 emissions occur from sources that are not owned or controlled by the reporting company, but occur from sources owned and controlled by other entities in the value chain (e.g., contract manufacturers, materials suppliers, third-party logistics providers, waste management suppliers, travel suppliers, lessees and lessors, franchisees, retailers, employees, and customers). Nevertheless, scope 3 emissions can be influenced by the activities of the reporting company, such that companies often have the ability to influence GHG reductions upstream and downstream of their operations. Companies should prioritize activities in the value chain where the reporting company has the potential to influence GHG reductions.”	No change is proposed; this text was moved from the box

(Draft; for discussion)

No conceptual change to the Chapter 6 requirements