



Corporate Standard Technical Working Group

Subgroup 3, Meeting #8

GHG Protocol Secretariat team:

Allison Leach, Iain Hunt, Hande Baybar

June 24th, 2025

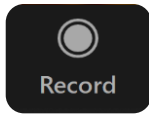


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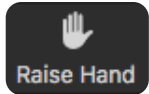


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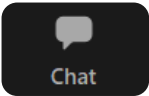
Meeting information



This meeting is **recorded**.



Please use the **Raise Hand** function to speak during the call.



You can also use the **Chat** function in the main control.



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

Agenda

Introduction and housekeeping	10 minutes
Scope 3 requirement: Proposed revisions	40 minutes
Justifiable exclusions	20 minutes
Phase 2 introduction: Data quality	40 minutes
Wrap-up and next steps	10 minutes



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Agenda

Introduction and housekeeping

10 minutes

Scope 3 requirement: Proposed revisions

40 minutes

Justifiable exclusions

20 minutes

Phase 2 introduction: Data quality

40 minutes

Wrap-up and next steps

10 minutes



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Today's objectives

1. Review **proposed revisions** on a scope 3 requirement
2. Come to consensus on **justifiable exclusions for scopes 1 and 2**
3. Introduce **phase 2 topics**, starting with data quality

Today, we will wrap up discussion on phase 1 topics in preparation for the July 15th full TWG meeting

Housekeeping: Guidelines and procedures

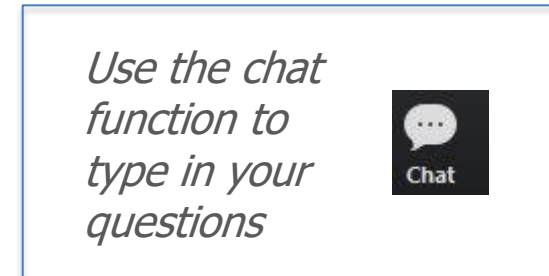
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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 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

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; **access is restricted to TWG members only.***

Housekeeping: Summary of general feedback form responses

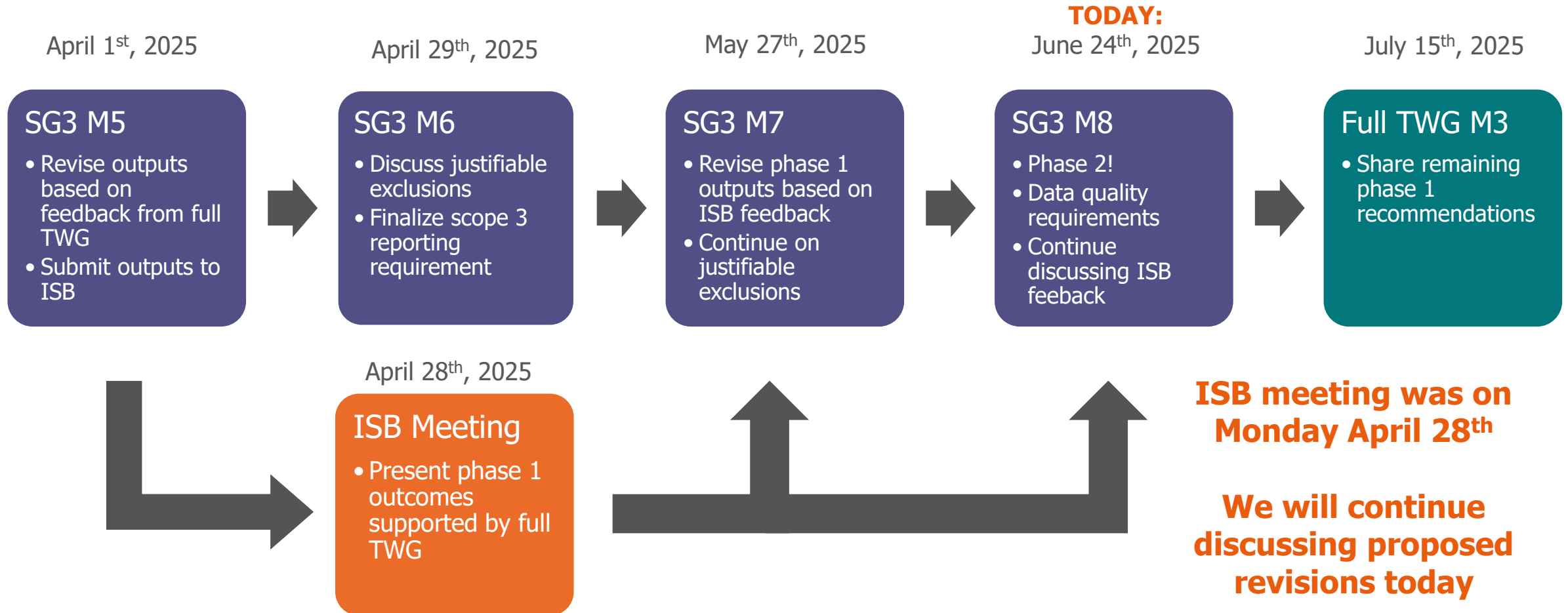
28 responses have been received through our general feedback form – thank you! Overarching themes include:

- Feedback on the scope of work presented in the Standard Development Plan
- Feedback on specific topics discussed in TWG meetings (note: this feedback is integrated into TWG meeting materials)
- Feedback related to TWG process

The list of submissions and Secretariat responses are tracked in the Shared TWG Folder in the Admin sub-folder

Please continue using the **Microsoft Form** for all feedback and questions

Upcoming schedule (tentative)



Status updates from Subgroups 2 and 3

	Subgroup 1	Subgroup 2
Recent topics discussed	<ul style="list-style-type: none"> Revisions to objectives and principles Revisions to requirements for base year selection and recalculation policy 	<ul style="list-style-type: none"> Revisions to operational control consolidation approach Revisions to financial control consolidation approach
Preliminary outcomes	<ul style="list-style-type: none"> <i>Majority support</i> for updates to principles related to relevance/materiality, consistency/ comparability, and conservativeness <i>Majority support</i> for allowing companies to select inventory and target base years separately or together <i>Majority support</i> for defining a prescriptive quantitative significance threshold for base year recalculation 	<ul style="list-style-type: none"> <i>Majority support</i> that the operational control approach definition requires a full revision (i.e., beyond revisions to specific terminology such as “full authority” and “operating policies”)
Next steps	<ul style="list-style-type: none"> Review draft text on objectives and principles Present outcomes to full TWG 	<ul style="list-style-type: none"> Review draft text for operational control and financial control approaches Present outcomes to full TWG

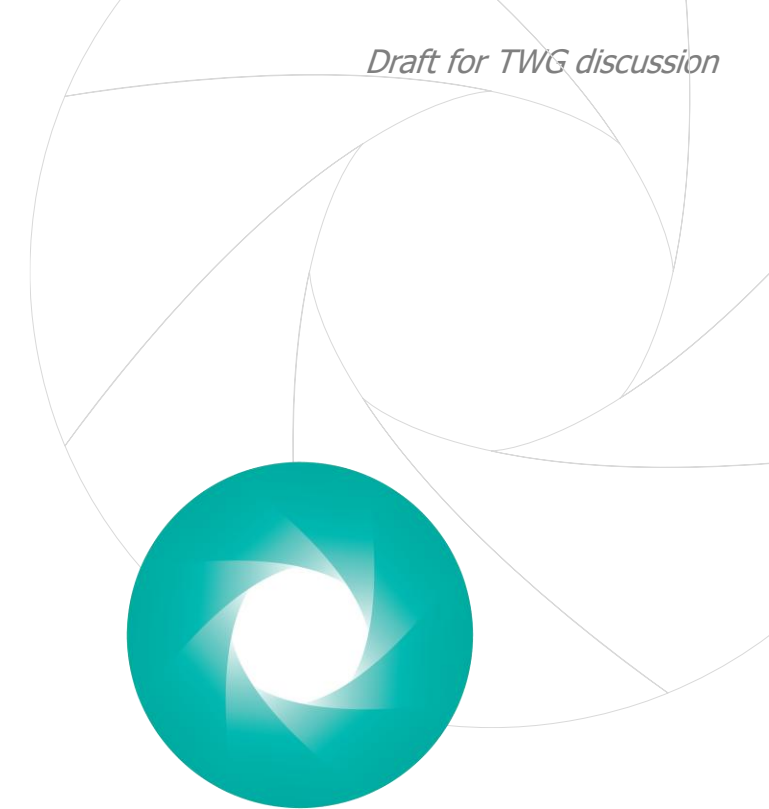
Subgroup 3 topics for Full TWG meeting on July 15th

Topic	Subgroup 3 recommendations (preliminary)	Status	Full TWG will be polled
Scope 3 requirement	Require scope 3	Provisionally approved by ISB	NA
	Revise "All significant scope 3" to "at least 95% of scope 3"	To be discussed today	Yes
Differentiated scope 3 requirement	Define eligibility for less stringent scope 3 requirement as small companies except small companies from high-emitting sectors	Subgroup 3 majority support; To be revisited today	Yes
	Define less stringent level of scope 3 reporting as the most relevant 3* scope 3 categories with flexibility for data quality requirements	Subgroup 3 majority support	Yes
	How to operationalize differentiated level of reporting	To be discussed today	Yes
Justifiable exclusions for scopes 1 and 2	Allow exclusions for scopes 1 and 2	Subgroup 3 majority support	Yes
	Quantitative exclusion approach for scopes 1 and 2	Subgroup 3 majority support	Yes
	Combine "de minimis" emissions with an exclusion threshold	Subgroup 3 majority support	Yes
	Boundary: Separate thresholds for scopes 1, 2, and 3	To be discussed today	Yes
	Value: 1% exclusion threshold	To be discussed today	Yes

*Number of categories TBC

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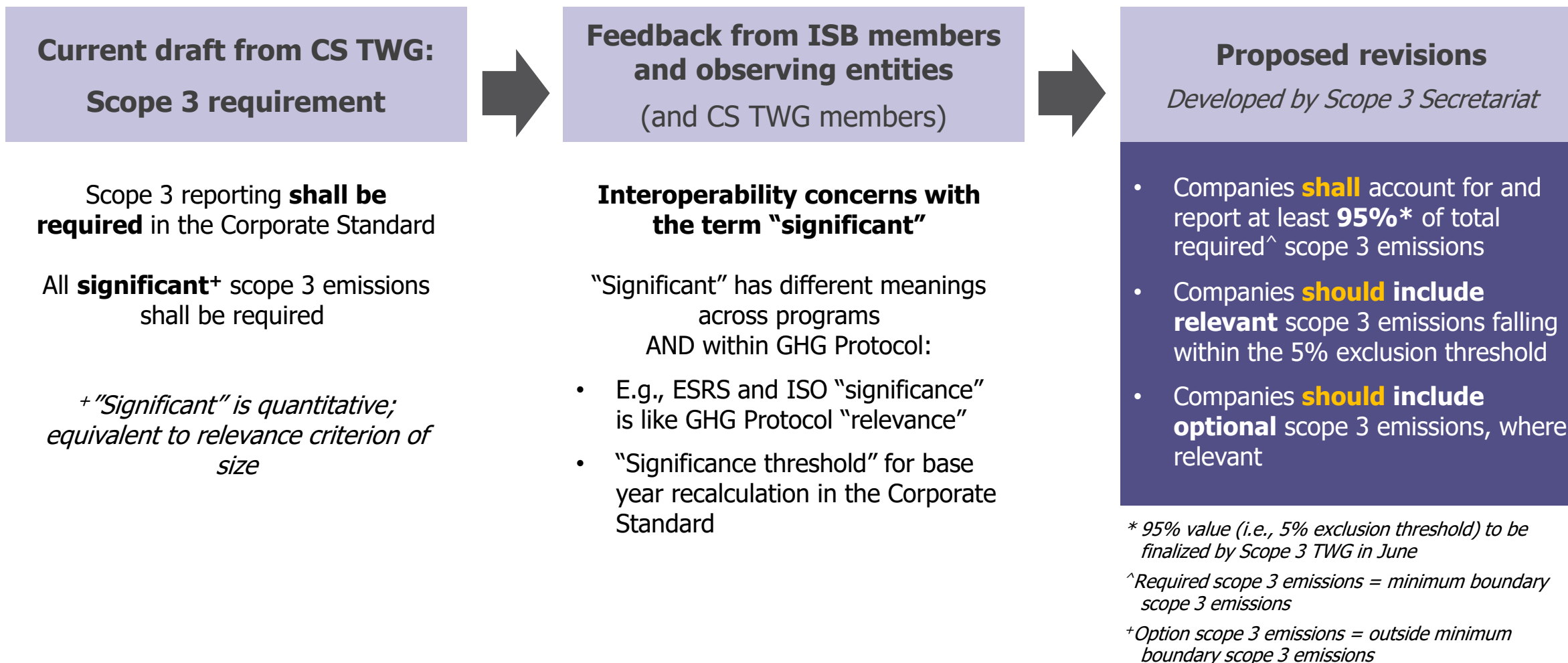


Subgroup 3 Phase 1 topics we are revisiting today:

Topic	Subgroup 3 recommendations (preliminary)	Status	Full TWG will be polled
Scope 3 requirement	Require scope 3	Provisionally approved by ISB	NA
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	Value: 1% exclusion threshold	To be discussed today	Yes

*Number of categories TBC

Scope 3 requirement: **Revise “All significant scope 3” to “at least 95% of scope 3”**

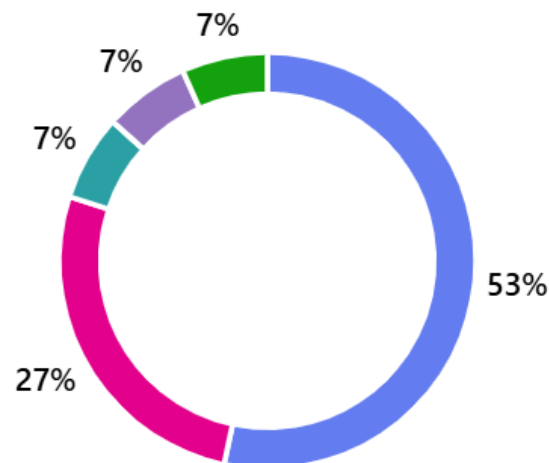


Feedback survey: **Revise "All significant scope 3" to "at least 95% of scope 3"**

15 responses

Do you agree with the approach to **remove the term "significant"** from the scope 3 requirement and use the proposed text?

- Yes, I agree with the approach and the proposed text
- I agree with the approach, but I have concerns about the proposed text
- No, I do not agree with this approach. The term "significant" should be maintained.
- Other (please describe in the question below)
- Abstain, I need more information to respond



Topic	TWG member feedback received
Relevant emissions	<ul style="list-style-type: none"> Recommendation promotes continuous improvement and a balance between rigor and flexibility Can companies exclude some emissions within 5% threshold if irrelevant? Term "relevant" must be defined
Optional emissions	<ul style="list-style-type: none"> Text is confusing What does "minimum boundary" mean?
Removal of term "significant"	<ul style="list-style-type: none"> Improves consistency, comparability, and interoperability with external programs "Significant" does not need quantitative basis
Qualitative exclusion	<ul style="list-style-type: none"> Suggestion to allow qualitative justification from scope 3 exclusions



Discussion

Do you have any questions or concerns about the approach?



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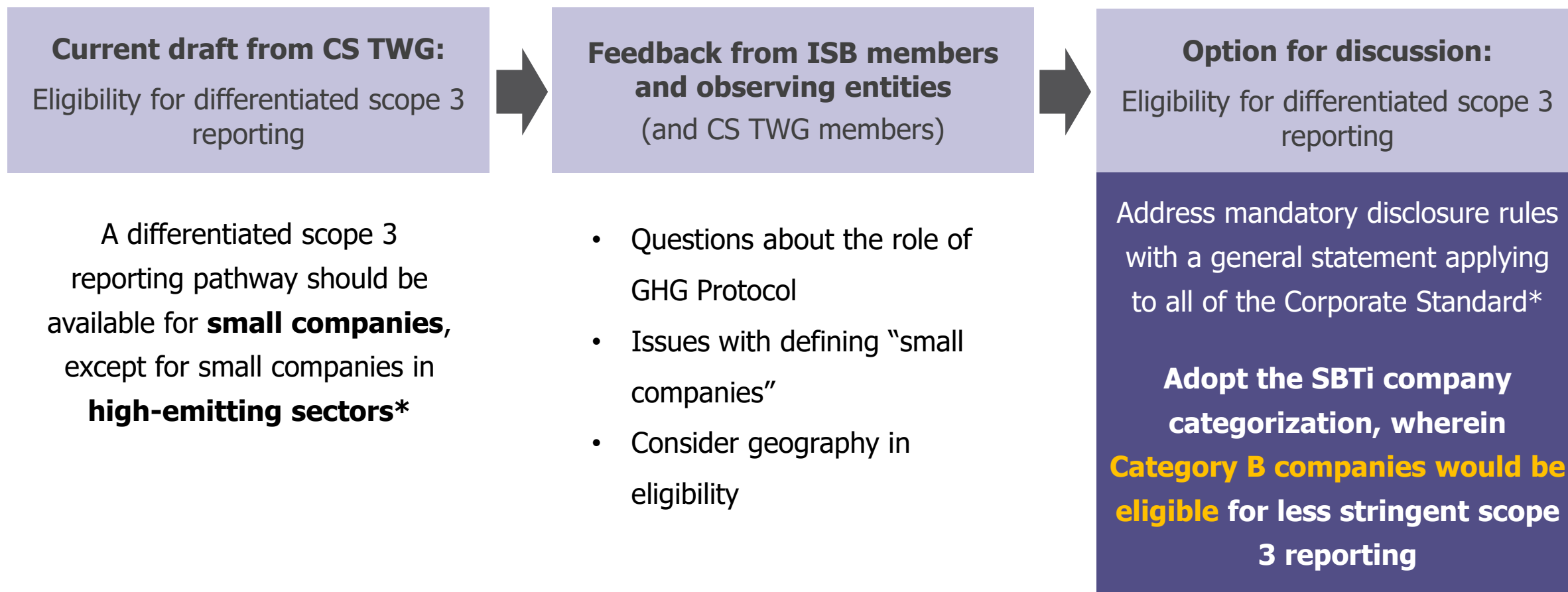
Scope 3 requirement: Terminology

Terminology across programs is inconsistent. **The terms used in GHG Protocol proposed revisions (e.g., “significance”) are tentative and subject to change.**

Term	GHG Protocol use	External program use (examples)	External program definitions (examples)
Relevance	<ul style="list-style-type: none"> Principle definition: <i>“Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.”</i> 6 relevance criteria (i.e., size, influence, risk, stakeholders, outsourcing, sector guidance) –Scope 3 Standard, Table 6.1 	The GHG Protocol concept of GHG “relevance” is referred to as “significance” in some external programs (e.g., ESRS E1, ISO)	<ul style="list-style-type: none"> ESRS E1: <i>“The undertaking shall identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65- 68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related transition risks and opportunities or stakeholder views.” -ESRS E1 §AR 46 d</i> ISO 14064-1:2018: <i>“...the organization shall define and explain its own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory. ... The criteria to evaluate significance may include the magnitude/volume of the emissions, level of influence on sources/sinks, access to information and the level of accuracy of associated data (complexity of organization and monitoring). A risk assessment or other procedures (e.g. buyer requirements, regulatory requirements, concern of interested parties, scale of operation, etc.) may be used...” -ISO 14064-1:2018, Section 5.2.3 and Annex H</i>
Significance	<ul style="list-style-type: none"> Used to define the relevance criterion of “size” (i.e., “[Emissions] contribute significantly to the company’s total anticipated scope 3 emissions” –Scope 3 Standard, Table 6.1 Quantitative metric <i>Note: Terminology is preliminary. “Significant” currently used in Topic 3b to define scope 3 requirement</i> 		
Materiality*	<ul style="list-style-type: none"> Defined in CS Chapter 10 (Verification of GHG Emissions) in context of “material discrepancies” in verification: <i>“Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it.”</i> 	“Material information” is defined in IFRS S1, which applies to all of IFRS S2.	<ul style="list-style-type: none"> IFRS S1: “Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users ... make on the basis of those reports” – IFRS S1, Paragraph 18

* Preliminary recommendation from CS Subgroup 1 to update supporting text for relevance principle to refer to materiality will be considered by full TWG in July meeting

Differentiated scope 3: Eligibility for less stringent scope 3 requirement



**These topics were already discussed and had majority support in Subgroup 3 Meeting 5*

SBTi draft 2.0 CNZS*: Company categorization as a potential solution

Companies categorized into two types:

Companies are sorted into category **A** or **B** based on their size and the location of their headquarters



A Category A

B Category B

Considers:

- Number of employees
- Net annual turnover
- Balance sheet
- **Emissions cap**
- **Geography**

	Company size				Company location ¹	
	Number of employees #	Net annual turnover \$ or €	Balance sheet \$ or €	Emissions (sc. 1 + 2) tCO ₂ e	High and upper-middle income countries	Low and lower-middle income countries
Large At least 1 criteria	>1,000	>450M	n/a	n/a	A	A
Medium At least 2 criteria	250 – 1,000	50 – 450M	>25M	n/a	A	B
Small At least 2 criteria <u>and</u> under CO ₂ e threshold	<250	<50M	<25M	<10,000	B	B

Based on World Bank classification

A medium company is considered to be based in low or lower-middle income country if it's HQ is in a low or lower-income country and its turnover derived from high or upper-middle income countries is <50M (\$ or €)

64

¹ Based on World Bank Classification of countries
Note: Standard alignment with CSRD criteria: "Large" and "Medium" companies fall into the CSRD "Large" company group, and "Small" companies fall into the CSRD "Medium, small, and micro".

*SBTi draft 2.0 CNZS is currently under review following public consultation and is subject to change

[SBTi Corporate Net-Zero Standard V2.0 Consultation Draft](#)



Discussion

Do you support adopting SBTi's company categorization?



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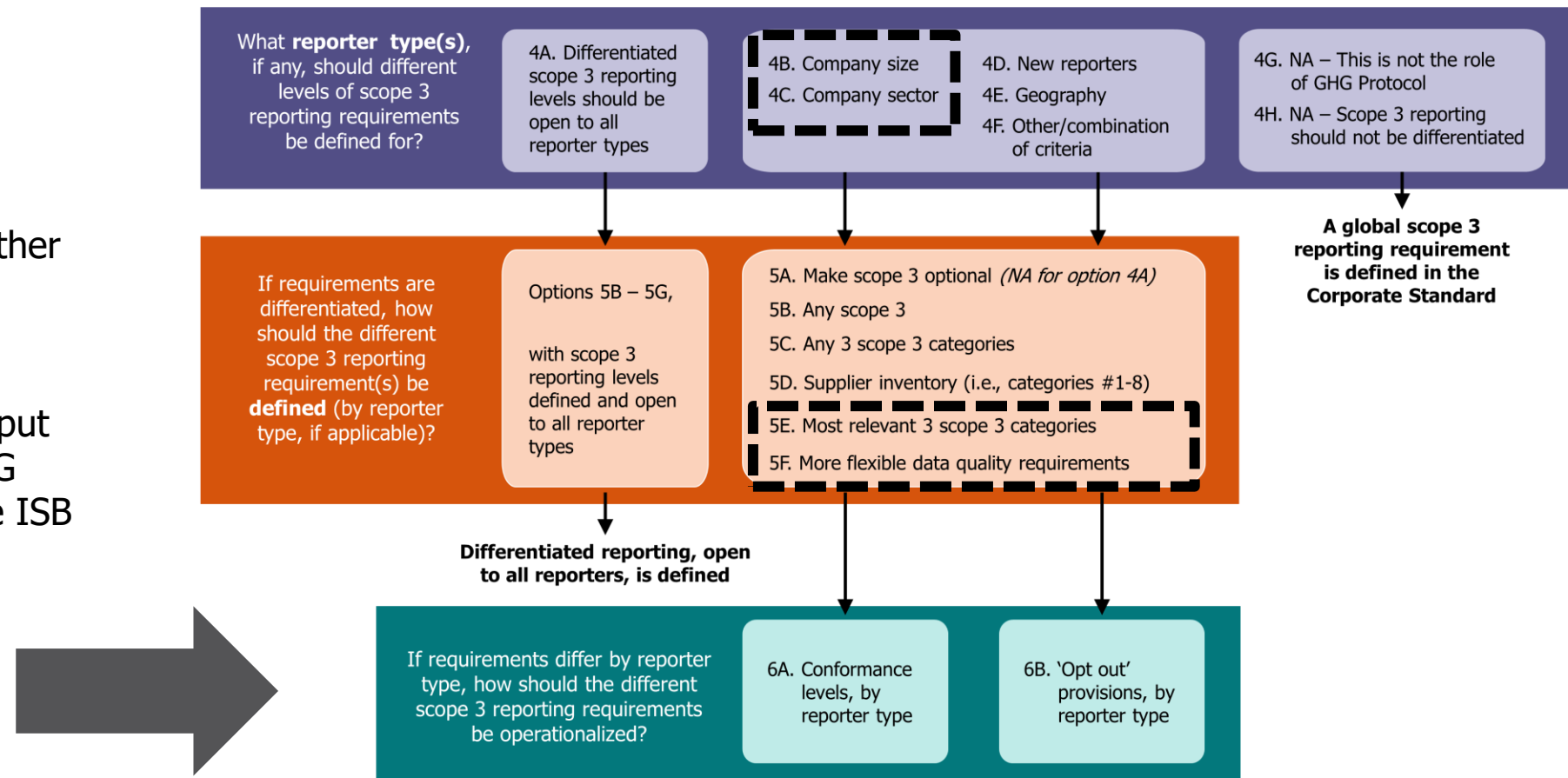
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Differentiated scope 3: Operationalization

Subgroup 3 paused discussions on operationalizing a differentiated scope 3 requirement pending further direction from the ISB

We will resume discussion today as input for the July 15th Full TWG meeting and input to the ISB

If different scope 3 reporting requirements are to be defined...



Differentiated scope 3: Operationalization

Note: This discussion assumes that it is the role of GHG Protocol to set different levels of requirements. Whether it is the role of GHG Protocol is still under consideration with the ISB.

If requirements differ by reporter type, how should the different scope 3 reporting requirements be operationalized?

A. Conformance levels, by reporter type

Two conformance levels would be defined:

- **Full conformance** (i.e., complete scope 3 reporting)
- **Partial conformance** (i.e., less stringent scope 3 reporting pathway for eligible small companies*)

B. 'Opt out' provisions, by reporter type

A **global scope 3 requirement** would be maintained

- Companies **shall** report at least 95% of their scope 3 emissions

An '**opt out**' provision would be defined, such as:

- Eligible small companies* **may** report only the most relevant 3 categories

C. Guidance only

A **global scope 3 requirement** would be maintained

- Companies **shall** report at least 95% of their scope 3 emissions

Less stringent **guidance** would be available for eligible small companies*, but those companies **would NOT be in conformance with Corporate Standard**

*Eligible small companies to be defined in more detail

Decision-making criteria: Operationalizing a differentiated scope 3 reporting requirement

Draft for TWG discussion

Criteria	A. Conformance levels, by reporter type	B. 'Opt out' provisions, by reporter type	C. Guidance only
Scientific integrity	NA	NA	NA
GHG accounting and reporting principles	Pros: Clearly defined conformance levels could promote transparency and (within a defined conformance level)	Pros: Could incentivize more complete reporting (for companies that choose to report to the full requirement) Cons: Could open reporting loopholes and hinder completeness if eligibility is misinterpreted/misapplied	Pros: A single global requirement promotes all principles Cons: Less complete reporting will still happen, but with less transparency
Support decision-making that drives ambitious global climate action	Pros: Small companies would have more resources for action	Pros: Small companies would have more resources for action	Pros: Action will be more informed due to more complete reporting Cons: Action could come at the cost of increased reporting burden
Support programs based on GHG Protocol and uses of GHG data	Pros: Somewhat interoperable with programs based on GHG Protocol (because programs could choose conformance level) More support to users due to transparent conformance levels	Cons: Could hinder interoperability with external programs because exceptions would be part of global requirement Less support to users due to reduced comparability of scope 3 data sets	Pros: Full interoperability with external programs Cons: Less support to users due to reduced comparability of scope 3 data sets
Feasibility to implement	Pros: Maximizes feasibility for small companies with lower capacity	Pros: Maximizes feasibility for all companies	Cons: Small companies with lower capacity would not be in conformance



Discussion: What do you think of these options?



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Poll questions



Eligibility for differentiated scope 3 requirement	<ol style="list-style-type: none"> 1. Do you agree that the SBTi approach for company categorization addresses the issues raised by the ISB and TWG members? 2. Do you support adopting the SBTi company categorization approach to define eligibility for differentiated scope 3 reporting? For example: <ul style="list-style-type: none"> • <i>"Category B companies (as defined by SBTi) should be eligible for less stringent scope 3 reporting"</i>
Operationalizing differentiated scope 3 requirement	<ol style="list-style-type: none"> 3. If requirements differ by reporter type, how should the different scope 3 reporting requirements be operationalized? <ol style="list-style-type: none"> a. Conformance levels, by reporter type b. 'Opt out' provisions, by reporter type c. Guidance only

* 95% value (i.e., 5% exclusion threshold) to be finalized by Scope 3 TWG in June



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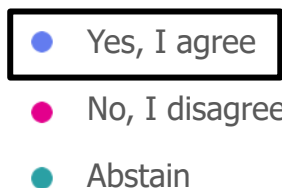
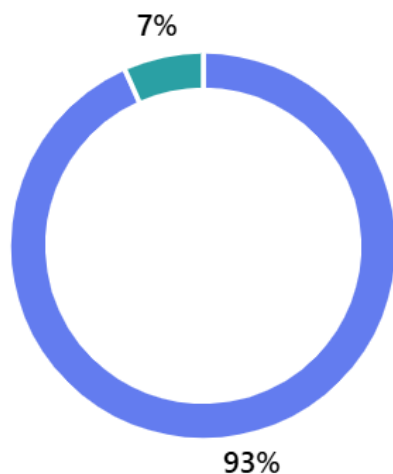


Justifiable exclusions topics we are revisiting today:

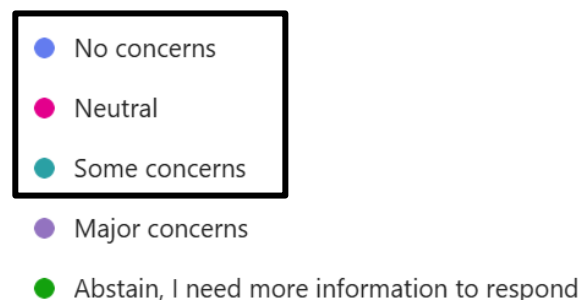
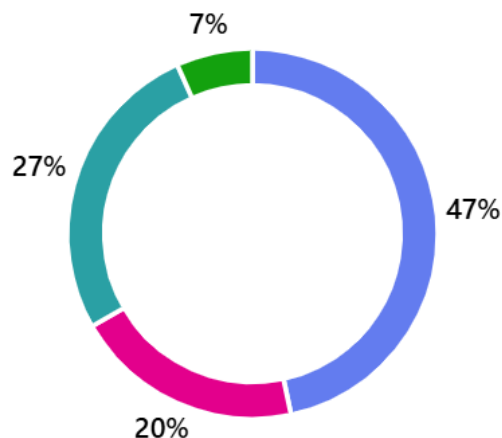
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	Combine "de minimis" emissions with an exclusion threshold	Subgroup 3 majority support	Yes
	Boundary: Separate thresholds for scopes 1, 2, and 3	To be discussed today	Yes
	Value: 1% exclusion threshold	To be discussed today	Yes

Feedback survey: Interoperability of qualitative and quantitative exclusions 15 responses

Majority agreement that external programs with qualitative exclusions **can be interoperable** with a quantitative exclusion threshold



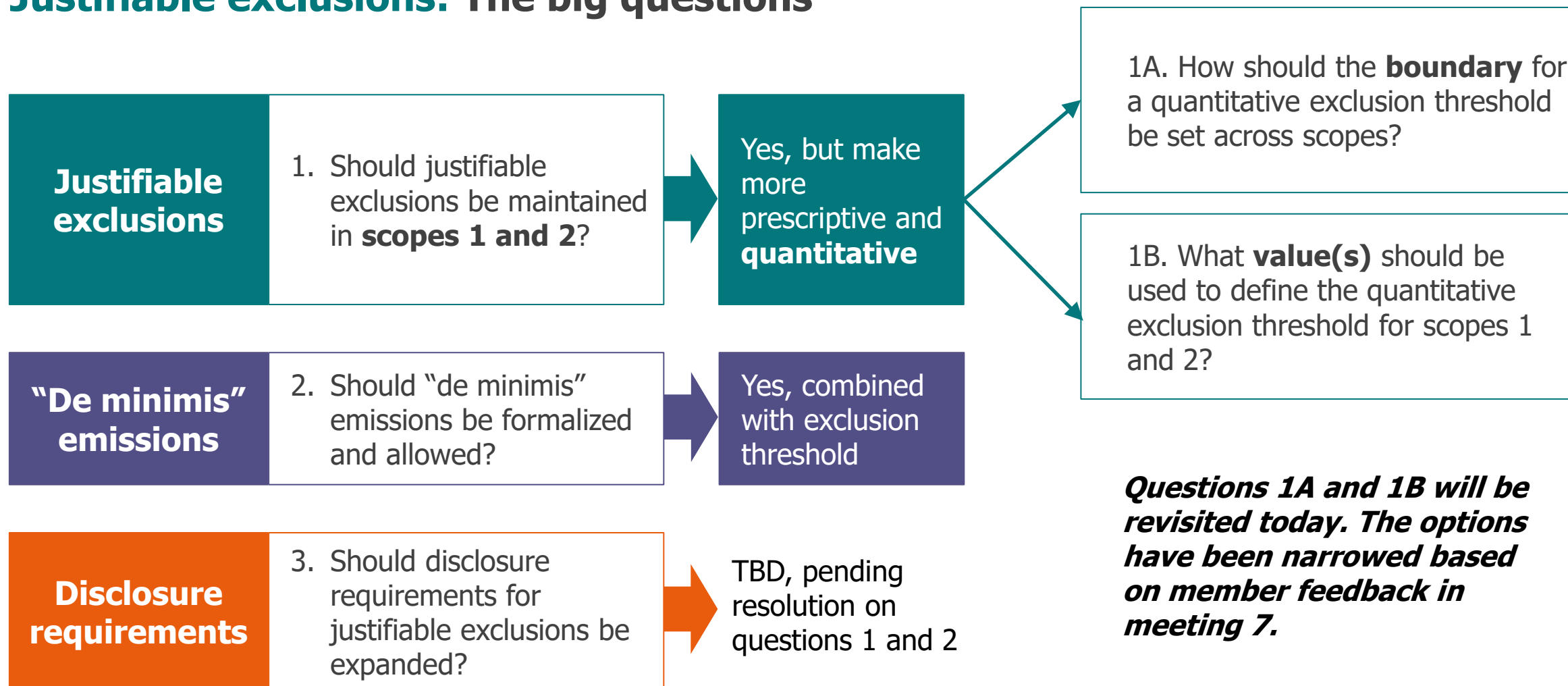
Do you have any **concerns about the interoperability** of the qualitative exclusions used in external programs (e.g., based on "materiality"*) and the proposed quantitative exclusions approach?



TWG member feedback received

- Important to consider differences for operational control versus financial control when defining exemptions
- Different definitions of materiality (investor focus versus environmental/societal)
- Qualitative exclusions are less robust and may lack transparent documentation and omit material sources
- Interoperability depends on the level of the quantitative threshold
- Concern about case where a small source (below threshold) is considered material
- Member stated support for qualitative exclusions but not quantitative exclusions

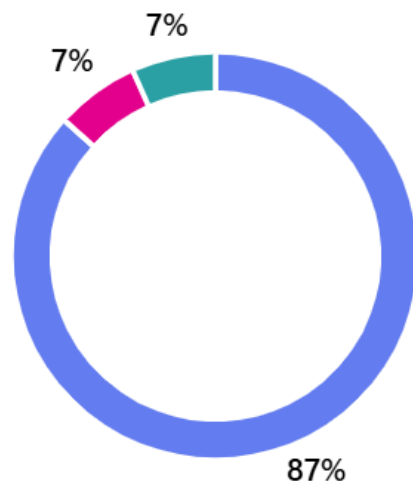
Justifiable exclusions: The big questions



Feedback survey: Whether justifiable exclusions should be maintained

15 responses

Majority support for allowing
exclusions for scopes 1 and 2



- Yes, I am comfortable with this outcome
- No, I have concerns about this outcome
- Abstain, I need more information to respond

Topic	TWG member feedback received
Quantitative threshold	<ul style="list-style-type: none"> Exclusions should be limited and should have a very low threshold (max 1%)
Feasibility	<ul style="list-style-type: none"> Allowing exclusions promotes feasibility
Transparency and documentation	<ul style="list-style-type: none"> Exclusions must be clearly justified and transparently disclosed
Assurance	<ul style="list-style-type: none"> Low quality (back of the envelope) results within the exclusion threshold may not be assurable, making exclusions appropriate and necessary
Opposition to exclusions	<ul style="list-style-type: none"> Allowing scope 1 and 2 exclusions could weaken core integrity of GHG Protocol

Justifiable exclusions: Scopes 1 and 2

1A. How should the **boundary** for a quantitative exclusion threshold be set across scopes?

Option 1: Cumulative scope 1+2+3

A single cumulative quantitative exclusion threshold applies to the entire GHG inventory

Considerations:

- Scope 3 boundary is very different from scopes 1 and 2
- Which scope 2 method?

Option removed following low support in meeting 7

Option 2: Cumulative scope 1+2, separate scope 3

Two quantitative exclusion thresholds are defined: One for scopes 1+2, and a separate threshold for scope 3

Considerations:

- Which scope 2 method?
- Smaller scope could be excluded at higher %

Option 3: Separate thresholds for scopes 1, 2, and 3

Three separate quantitative exclusion thresholds are defined for scopes 1, 2, and 3

Considerations:

- Clear and transparent boundaries aligned with scope boundaries

Most supported option in meeting 7

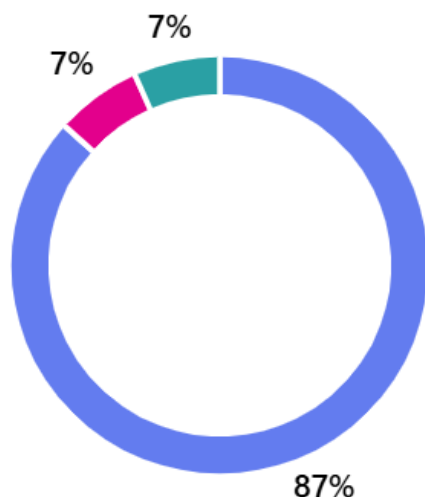
See math examples on the following slides...

+ - ÷ ×

Feedback survey: **Separate thresholds for scopes 1, 2, and 3**

15 responses

Majority support for defining separate quantitative exclusion thresholds for scopes 1, 2, and 3.



- Yes, I am comfortable with this outcome
- No, I strongly oppose this outcome
- Abstain

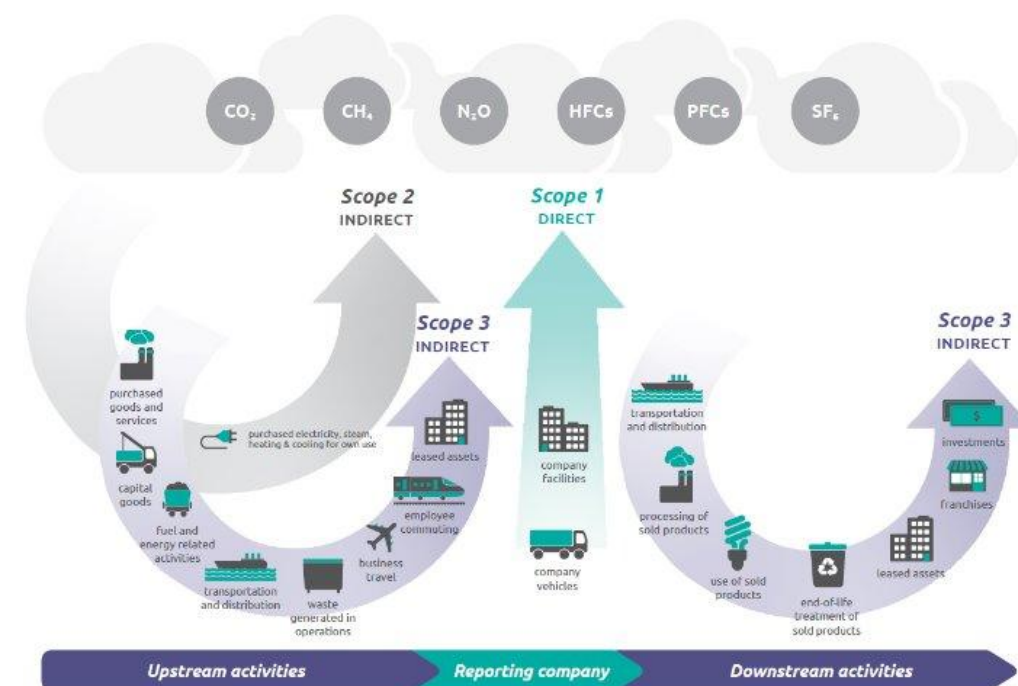
Topic	TWG member feedback received
Support for separate thresholds	<ul style="list-style-type: none"> Each scope differs significantly in terms of data availability, methodology, uncertainty, and materiality Transparent exclusion distributed across scopes
Cumulative threshold for scopes 1+2	<ul style="list-style-type: none"> Defining separate thresholds adds unnecessary complexity
Qualitative exclusions	<ul style="list-style-type: none"> Proposal for qualitative exclusions because quantitative exclusions require quantifying 100% of emissions
Disclosure	<ul style="list-style-type: none"> Disclosure of boundary approach and exclusions is essential for transparency, comparability, and credibility
More information needed	<ul style="list-style-type: none"> Request to review more information on separate thresholds

Justifiable exclusions: Scopes 1 and 2

1A. How should the **boundary** for a quantitative exclusion threshold be set across scopes?

Justification for option 3: Separate thresholds for scopes 1, 2, and 3

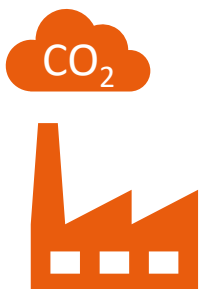
- Boundaries of the three scopes are **inherently different**
- SBTi moving to **separation** of scope 1 and scope 2*
- **Complexities of scope 2** including dual reporting of location-based and market-based results
- **Revisions under consideration** for other topics also considering delineation by scope (e.g., base year recalculation thresholds)



*SBTi Corporate Net Zero Standard, [Draft Version 2.0](#)

Justifiable exclusions: Scopes 1 and 2

Math example: Option 1, location-based



Hotspot analysis:

Scope 1	1,000 t CO ₂ e
Scope 2 (location-based)	5,000 t CO ₂ e
Scope 2 (market-based)	0 t CO ₂ e
Scope 3	100,000 t CO ₂ e

Option 1: Cumulative scope 1+2+3

Cumulative exclusion threshold = 5%

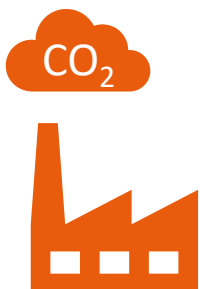
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	5,300 t CO ₂ e	0 t CO ₂ e	100%
Scope 2 (location-based)		4,000 t CO ₂ e	20%
Scope 3		96,700 t CO ₂ e	3.3%

Total emissions excluded = 5.0%

Take-away: Entire scopes could be excluded

Justifiable exclusions: Scopes 1 and 2

Math example: Option 1, market-based



Hotspot analysis:

Scope 1	1,000 t CO2e
Scope 2 (location-based)	5,000 t CO2e
Scope 2 (market-based)	0 t CO2e
Scope 3	100,000 t CO2e

Option 1: Cumulative scope 1+2+3

Cumulative exclusion threshold = 5%

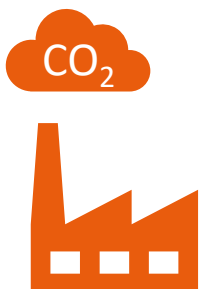
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	5,050 t CO2e	0 t CO2e	100%
Scope 2 (market-based)		0 t CO2e	n/a
Scope 3		95,950 t CO2e	4.1%

Total emissions excluded = 5.0%

Take-away: Scope 2 method affects how exclusion is applied

Justifiable exclusions: Scopes 1 and 2

Math example: Option 2



Hotspot analysis:

Scope 1	1,000 t CO ₂ e
Scope 2 (location-based)	5,000 t CO ₂ e
Scope 2 (market-based)	0 t CO ₂ e
Scope 3	100,000 t CO ₂ e

Option 2: Cumulative scope 1+2, separate scope 3

Scopes 1 and 2 exclusion threshold = 1%

Scope 3 exclusion threshold = 5%

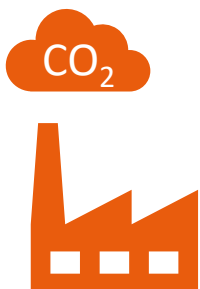
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	60 t CO ₂ e	940 t CO ₂ e	6.0%
Scope 2 (location-based)		5,000 t CO ₂ e	0.0%
Scope 3	5,000 t CO ₂ e	95,000 t CO ₂ e	5.0%

Total emissions excluded = 4.8%

Take-away: Exclusion can be uneven across scopes

Justifiable exclusions: Scopes 1 and 2

Math example: Option 3



Hotspot analysis:

Scope 1	1,000 t CO2e
Scope 2 (location-based)	5,000 t CO2e
Scope 2 (market-based)	0 t CO2e
Scope 3	100,000 t CO2e

Option 3: Separate thresholds for scopes 1, 2, and 3

Scopes 1 and 2 exclusion threshold = 1%

Scope 3 exclusion threshold = 5%

Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	10 t CO2e	990 t CO2e	1.0%
Scope 2 (location-based)	50 t CO2e	4,950 t CO2e	1.0%
Scope 3	5,000 t CO2e	95,000 t CO2e	5.0%

Total emissions excluded = 4.8%

Take-away: Transparent exclusion distributed across scopes

Justifiable exclusions: Scopes 1 and 2

1B. What **value** should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?

**No
exclusions**

Most companies
(70%) report no
exclusions to CDP

***Option removed** following
majority support for allowing
exclusions in meeting 7*

0.5%

Aligned with
exclusion reported
by most
companies (CDP)

***Option removed** due to
low support in meeting 7*

1%

Aligned with
exclusion reported
by most
companies (CDP)

***Most supported** option
in meeting 7*

2%

Higher than
exclusion reported
by most
companies (CDP)

***Option removed** due to
no support in meeting 7*

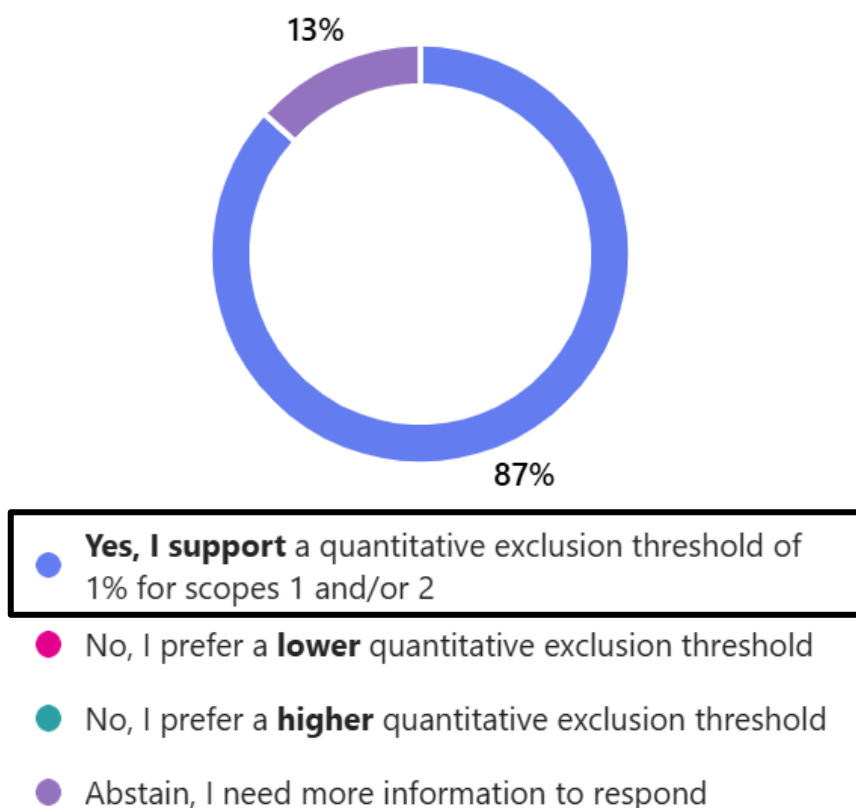
5%

Much higher
than exclusion
reported by most
companies (CDP)

Feedback survey: Define 1% exclusion threshold for scope 1 and scope 2

15 responses

Majority support for defining a 1% quantitative exclusion threshold for scope 1 and scope 2



Topic	TWG member feedback received
Support for 1% threshold	<ul style="list-style-type: none"> Ensures credible and decision-useful GHG inventories Reasonable balance between practicality and completeness Lower threshold for scopes 1 and 2 versus scope 3 is justified given level of control and importance of scopes 1 and 2 Helps prevent selective underreporting
Cumulative scope 1+2 threshold	<ul style="list-style-type: none"> Stated preference Request for examples where scope 2 emissions cannot be determined
Lower threshold	<ul style="list-style-type: none"> Preference for lower threshold
Qualitative exclusions	<ul style="list-style-type: none"> Quantitative exclusions are not feasible

Discussion



Do you have any questions or concerns about the following preliminary outcomes?

- *Majority support* for **maintaining justifiable exclusions** for scopes 1 and 2
- *Majority support* for **defining separate quantitative exclusion thresholds** for scopes 1, 2, and 3
- *Majority support* for defining a **1% quantitative exclusion** threshold for scope 1 and scope 2

Next, these preliminary outcomes will be presented to the Full TWG

Justifiable exclusions: Bringing it all together

Draft accounting and reporting requirements*:

1. Companies **shall** account for and report at least 99% of scope 1 emissions, 99% of scope 2 emissions, and 95% of total required⁺ scope 3 emissions.
2. Companies **shall not** exclude any of the following:
 - a. More than 1% of scope 1 emissions
 - b. More than 1% of scope 2 emissions
 - c. More than 5% of required scope 3 emissions⁺
3. Companies **shall** quantify scope 1, scope 2, and required scope 3 emissions to justify exclusions.
4. Companies **shall** disclose and justify the exclusion of any scope 1 emissions, scope 2 emissions, and required scope 3 emissions.⁺
5. Companies **should** account for and report all scope 1 and scope 2 emissions
6. Companies **should include relevant**** scope 3 emissions falling within the 5% exclusion threshold
7. Companies **should include optional**[^] scope 3 emissions, where relevant

⁺Required scope 3 emissions = minimum boundary scope 3 emissions

^{**} Relevant emissions = defined by relevance principle and scope 3 relevance criteria

[^]Option scope 3 emissions = any scope 3 emissions that fall outside the minimum boundary

Preliminary thresholds:

Scope	Boundary requirement*	Exclusion threshold*
Scope 1	99%	1%
Scope 2	99%	1%
Scope 3	95%	5%

** Based on **preliminary recommendations** from Subgroup 3 meeting 7 and Scope 3 TWG. All thresholds may be revisited after considering phase 2 topics (e.g., data quality).*

Feedback survey: Proposed text for scope 1 and 2 requirements

15 responses

Majority support for the proposed text on defining accounting and reporting requirements for justifiable exclusions for scopes 1 and 2

Topic	TWG member feedback received
Support for text	<ul style="list-style-type: none"> Establishes clear, balanced, and transparent framework
Point 1	<ul style="list-style-type: none"> What is the difference between "account for" and "quantify"?
Point 3	<ul style="list-style-type: none"> Practically impossible to achieve Suggest removing the word "total"
Point 4	<ul style="list-style-type: none"> Text does not favor any exclusions but allows if needed Is it contradictory that companies need to quantify any excluded emissions?
Support for qualitative exclusions	<ul style="list-style-type: none"> Separate qualitative exclusions needed for technical infeasibility and disproportionate cost Quantitative exclusions are challenging

Draft text shared in survey*

- Companies **shall** account for and report at least 99%* of scope 1 emissions and 99%* of scope 2 emissions
- Companies **shall** disclose and justify the exclusion of any scope 1 and scope 2 emissions
- Companies **shall** quantify total scope 1 emissions and total scope 2 emissions to justify any exclusions
- Companies **should** account for and report all scope 1 and scope 2 emissions

*Updated text on slide 39

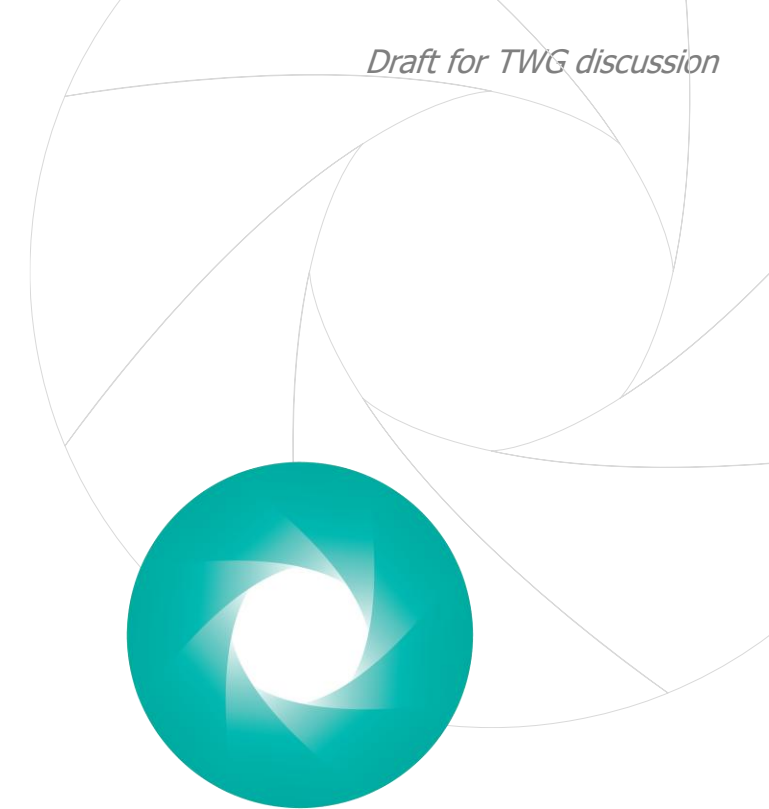
● I agree with the proposed text	10
● I have concerns about point 1 (i.e., "Companies shall account for and report at...")	3
● I have concerns about point 2 (i.e., "Companies shall disclose and justify the...")	0
● I have concerns about point 3 (i.e., "Companies shall quantify total...")	3
● I have concerns about point 4 (i.e., "Companies should account for and report...")	3
● Abstain, I need more information to respond	0

Note: Multi-choice question

Questions about the proposed text will be posed in the feedback survey

Agenda

Introduction and housekeeping	10 minutes
Scope 3 requirement: Proposed revisions	40 minutes
Justifiable exclusions	20 minutes
Phase 2 introduction: Data quality	40 minutes
Wrap-up and next steps	10 minutes



GREENHOUSE GAS PROTOCOL





F. Data/calculation methodology (Subgroup 3, Phase 2)

Relevant chapters: chapter 6 (Identifying and Calculating GHG Emissions), chapter 7 (Managing Inventory Quality), and chapter 9 (Reporting GHG Emissions)

F.1. Updates to address **data quality and uncertainty** to consider:

- Data quality requirements and additional guidance related to the use of proxies or estimates.
- A data quality hierarchy.
- Additional disclosure requirements related to data quality and uncertainty.
- Additional guidance on developing uncertainty estimates.

F.2. Additional **guidance on calculation methods** and their applicability and consider providing a hierarchy of calculation methods.

F.3. Guidelines for **selecting appropriate emission factors** and disclosure requirements for emission factor sources.

F.4. Expanded **disclosure requirements** related to data sources, significant assumptions, descriptions of methodologies used, and disaggregating emissions obtained using different data collection and calculation methods (e.g., primary versus secondary data).



F. Data/calculation methodology, continued (Subgroup 3, Phase 2)

F.5. Updates to current requirements in the *Corporate Standard* on **required GHGs and global warming potential (GWP) values**:

- Integration and update of [2013 amendment on required GHGs](#) into *Corporate Standard*.
- Revisit which GHGs companies are required to report on, considering GHGs not governed by the United Nations Framework Convention on Climate Change (UNFCCC).
- Revisit requirement for companies to report emissions from each required GHG individually.
- Clarification regarding which Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR) should be used for GWP values.
- Revisit the 100-year GWP as the only required metric and consider additionally a 20-year GWP, particularly for short-lived GHGs such as methane.

F.6. Accounting for **indirect climate forcers including radiative forcing in aviation**.

Data quality in GHG Protocol: Corporate Standard

Optional information for reporting:

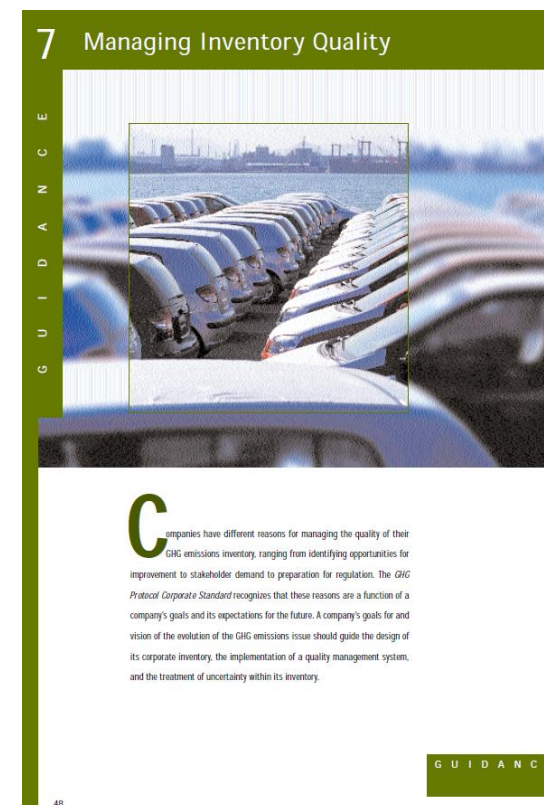
Information on the quality of the inventory (e.g., information on the causes and magnitude of uncertainties in emission estimates) and an outline of **policies in place to improve inventory quality**.
(see chapter 7).

- *Corporate Standard*, page 63

Key concepts on data quality:

- Inventory quality
- Quality/data management system/plan
- Uncertainty*

Note: There are currently no data quality requirements; only guidance and recommendations



*Uncertainty will be considered in more detail at the next Subgroup 3 meeting

Data quality in GHG Protocol: Corporate Standard

Key concepts on data quality

Inventory quality

"The extent to which an inventory provides a faithful, true and fair account of an organization's GHG emissions"

–Corporate Standard, page 99 and chapter 7

Does the inventory adhere to the principles?

Quality/data management system/plan

- An inventory program framework that provides a **systematic process for preventing and correcting errors**.
- Focus areas are methods, data, inventory processes and systems, and documentation.

Uncertainty*

Corporate Standard types:

- Statistical uncertainty
- Inventory uncertainty

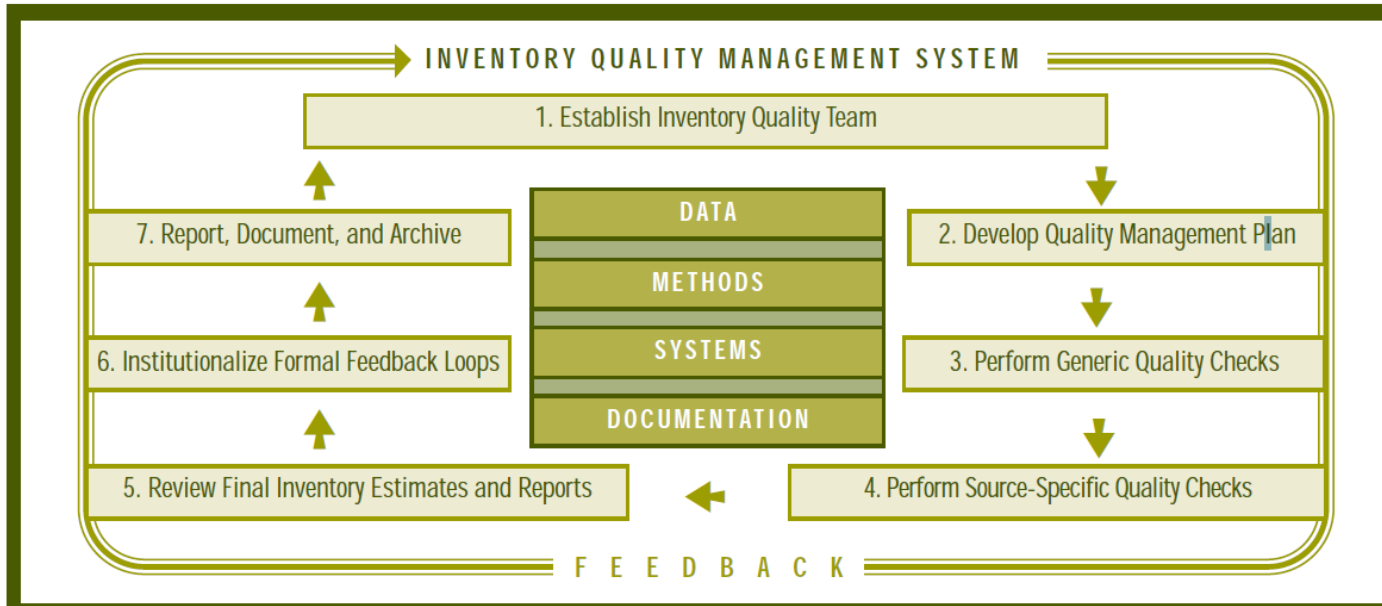
Scope 3 Standard types:

- Parameter uncertainty
- Scenario uncertainty
- Model uncertainty

**Uncertainty will be revisited at a future meeting*

Data quality in GHG Protocol

Corporate Standard: Quality Management System



Scope 3 Standard: Data Management Plan

Table [C.1] Data management plan checklist

Component	Information
Responsibilities	Name and contact details of persons responsible for: <ul style="list-style-type: none"> Management of GHG inventory Data collection for each process Internal audit procedures External audit procedures
Boundary and inventory description	<ul style="list-style-type: none"> Description of the boundary decision based on the <i>GHG Protocol Corporate Standard</i> Description of what scope 3 categories and activities are included in the inventory

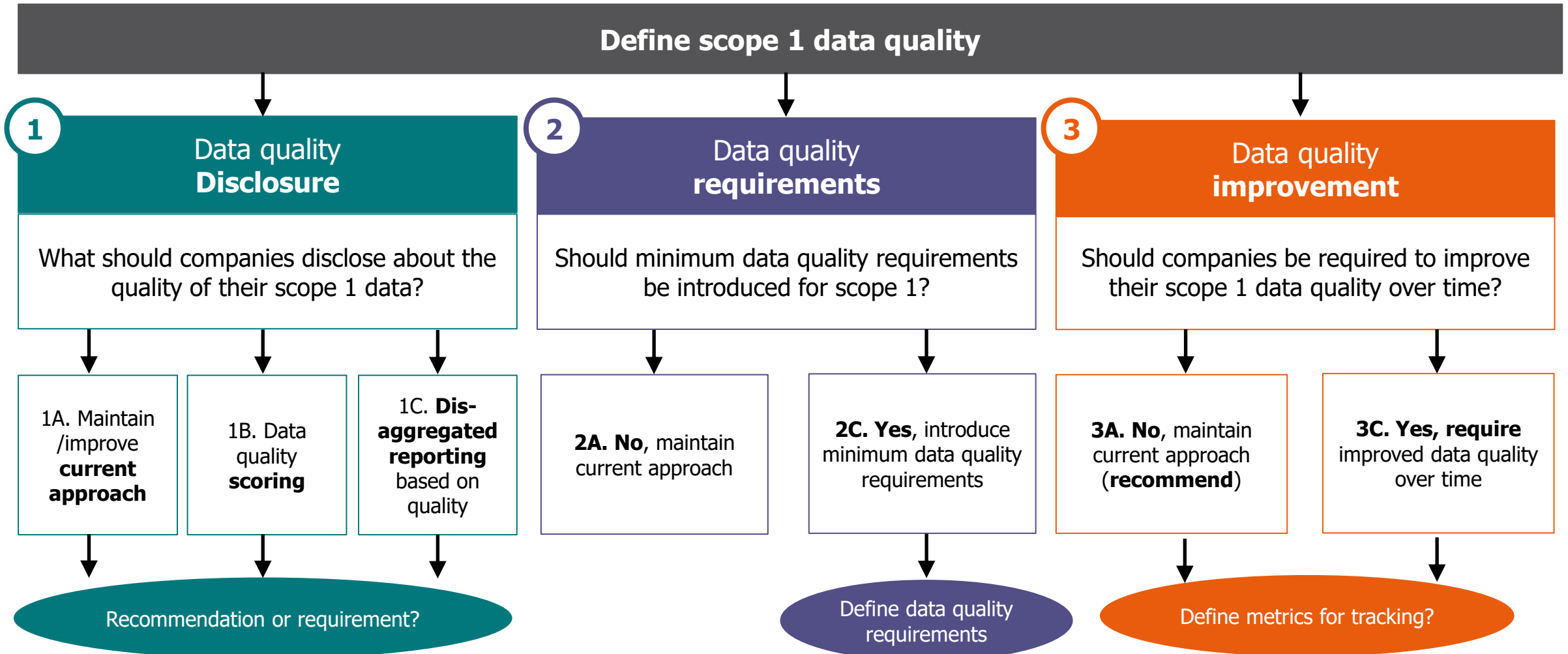
Preliminary outcomes:

Data quality in GHG Protocol: Scope 2, Scope 3, Land Sector and Removals

TWG	Data quality disclosure	Minimum data quality requirements	Uncertainty
Scope 2	<ul style="list-style-type: none"> Methodology disclosure, including the types of contractual arrangements/instruments for MBM* 	<ul style="list-style-type: none"> LBM*: Requirement to use the most precise location-based emission factor accessible for which activity data is also available. MBM*: Hourly matching requirement for electricity consumption above a certain threshold (to be defined) MBM: Market boundary matching requirement to ensure contractual instruments are sourced within the reporting entity's market boundary 	<ul style="list-style-type: none"> No uncertainty recommendation or requirement at this stage
Scope 3	<ul style="list-style-type: none"> Scope 3 inventory shall be reported in a disaggregated manner <u>Current proposal</u>: Data disaggregation based on three levels of data specificity (i.e., specific, non-specific, and EEIO/spend-based data) 	<ul style="list-style-type: none"> Minimum data quality requirement with qualitative indicators (i.e., data used shall be compliant with GHG Protocol methodology and shall be accompanied with required documentation, such as data source, GWP, and allocation methods) Recommendation to use high quality data and improve quality over time 	<ul style="list-style-type: none"> <u>Current proposal</u>: Require quantitative uncertainty assessment for large companies, and require qualitative uncertainty assessment for the rest Only required if GHGP can develop uncertainty guidance
Land Sector and Removals	<ul style="list-style-type: none"> Methodology disclosure for each accounting subcategory, by scope and scope 3 category Data type, source, and quality disclosure; share of primary data used to calculate scope 3 emissions, by scope 3 category 	<ul style="list-style-type: none"> <u>General</u>: recommendation for improved data collection and higher accuracy methods that reduce uncertainty, with prioritization for GHG sources and sinks that are most significant and/or where opportunity for emission reduction/removals enhancement are greatest <u>Removals</u>: to report removals, calculations must use empirical data specific to the sinks and pools where carbon is stored in company's operations or value chain 	<ul style="list-style-type: none"> <u>General</u>: see general recommendation at left <u>Removals</u>: to report removals, must provide quantitative uncertainty estimates

*LBM = location-based method; MBM = market-based method

Data quality revisions: The big questions for scope 1



Data quality revisions: Defining data quality

<p>Optional information for reporting</p>	<p>Information on the quality of the inventory (e.g., information on the causes and magnitude of uncertainties in emission estimates) and an outline of policies in place to improve inventory quality. (see chapter 7).</p> <p><i>-Corporate Standard, page 63</i></p>
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<p>Inventory quality definition</p>	<p>"The extent to which an inventory provides a faithful, true and fair account of an organization's GHG emissions"</p> <p><i>-Corporate Standard, page 99 and chapter 7</i></p>
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What are the key elements of data quality?

- **Data** (source, credibility, documentation)
 - Activity data
 - Emission factors
 - GWP values
- **Methods**
 - Direct measurement
 - Activity-based calculation
- **Representativeness**
 - Based on technology, time, geography, completeness, reliability *–S3 Standard p. 75-77*
- **Credibility and documentation**
- **Uncertainty**



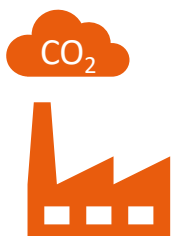
Discussion:

What else should be considered for defining data quality?

Data quality revisions: Defining scope 1 data quality

Stationary combustion

"combustion of fuels in stationary equipment such as boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares, etc."



Mobile combustion

"combustion of fuels in transportation devices such as automobiles, trucks, buses, trains, airplanes, boats, ships, barges, vessels, etc."



Process emissions

"emissions from physical or chemical processes such as CO₂ from the calcination step in cement manufacturing, CO₂ from catalytic cracking in petrochemical processing, PFC emissions from aluminum smelting, etc."



Fugitive emissions

"intentional and unintentional releases such as equipment leaks from joints, seals, packing, gaskets, as well as fugitive emissions from coal piles, wastewater treatment, pits, cooling towers, gas processing facilities, etc."



Data quality revisions: Defining scope 1 data quality

Activity types	High quality data	Medium quality data	Low quality data
Stationary combustion	<ul style="list-style-type: none"> Direct measurement Energy content of fuel Carbon content emission factors 	<ul style="list-style-type: none"> Volume/weight of fuel Industry average emission factors 	<ul style="list-style-type: none"> Spend-based activity data EEIO emission factors
Mobile combustion	<ul style="list-style-type: none"> Direct measurement Energy content of fuel Carbon content emission factors 	<ul style="list-style-type: none"> Volume/weight of fuel Industry average emission factors 	<ul style="list-style-type: none"> Distance traveled Spend-based activity data EEIO emission factors
Process emissions	<ul style="list-style-type: none"> Direct measurement 	<ul style="list-style-type: none"> Volume/weight of material produced Industry average emission factors 	<ul style="list-style-type: none"> Spend-based activity data EEIO emission factors
Fugitive emissions	<ul style="list-style-type: none"> Direct measurement 	<ul style="list-style-type: none"> Volume of refrigerant leaked Weight of fertilizer Volume of waste treated Industry average emission factors 	<ul style="list-style-type: none"> Average leak rate by HVAC type Number of animals Spend-based activity data EEIO emission factors

Note: This table is intended to be a starting point for discussion. It combines activity data, emission factors, and methods.

Data quality revisions: **Defining scope 1 data quality**



Breakout Group Discussion

Discuss and fill in table on scope 1
data quality

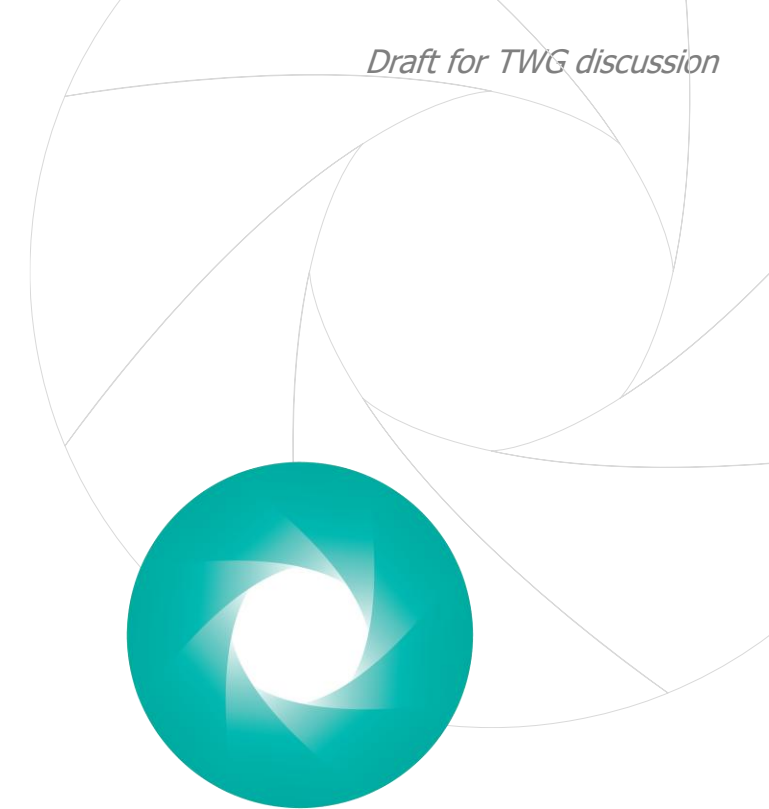
Identify spokesperson to report out
to the full group

Discussion questions:

1. Do you agree with **the general structure and approach** of the scope 1 data quality table (i.e., defining high, medium, and low quality data across activity types)?
2. Do you suggest any **revisions or additions** to the examples provided?

Agenda

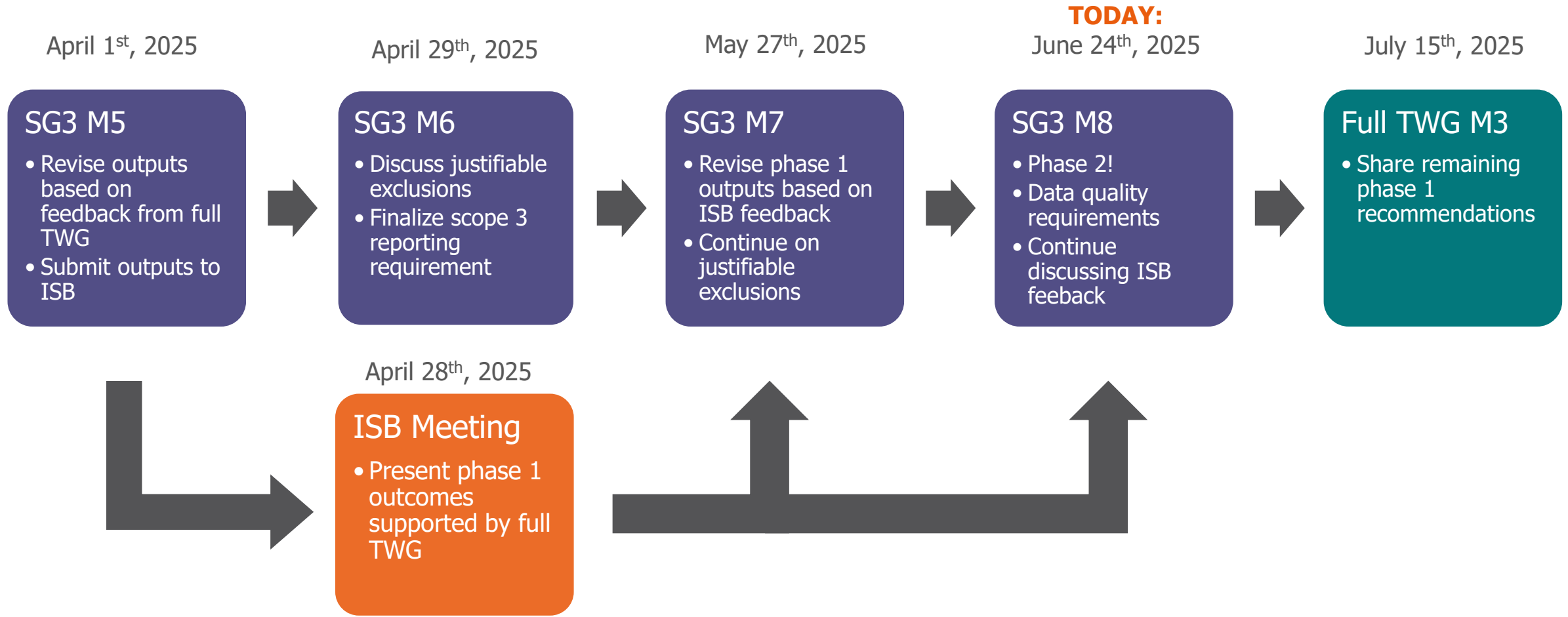
Introduction and housekeeping	10 minutes
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GREENHOUSE GAS PROTOCOL



Upcoming schedule (tentative)



Upcoming schedule through end of 2025 (tentative)

Meeting #	Date	Topic
Subgroup 3 Meeting #8 (today)	24 June 2025	Scope 3 requirement revisions; justifiable exclusions
Full TWG Meeting #3	15 July 2025	Review phase 1 topics
ISB Meeting #13	28 July 2025	Status update on phase 1 topics
Subgroup 3 Meeting #9	16 Sept 2025	Phase 2: Data quality & uncertainty
ISB Meeting #14	22 Sept 2025	Decision votes on phase 1 topics
Subgroup 3 Meeting #10	14 Oct 2025	Data quality & uncertainty, continued
Full TWG Meeting #4	28 Oct 2025	Preliminary phase 2 outcomes
Subgroup 3 Meeting #11	2 Dec 2025	Calculation methods

GHG Protocol Standards Team: **Secondment Opportunity**

Arrangement

Secondees will operate as members of the GHG Protocol team, housed within the World Resources Institute or the World Business Council for Sustainable Development (WBCD), and will work closely with the GHG Protocol Secretariat. All secondments will be for a minimum of six months, during which time the secondee will work exclusively for the GHG Protocol, without duties or responsibilities to their home organization. Secondees are to be fully funded by their home organization, except for any project-specific costs incurred (i.e. project travel, etc), and will be subject to WRI's or WBCSD's Secondment Agreement terms and conditions.

Details of the GHG Protocol secondment opportunities:

[Link](#)

We encourage those interested to review the details and consider applying or sharing within your networks.

Next steps

Our next meeting **Full TWG meeting** is scheduled for **Tuesday, July 15th, 2025**

Two time slots (options): 7:30 ET / 13:30 CET / 20:30 CHN **or** 15:30 ET / 21:30 CET / 4:30 Wednesday, July 16th CHN

Note: We are starting the meeting 30 minutes early for a 2.5 hour meeting

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Feedback survey on meeting 8 topics
- Outcomes memo for Full TWG meeting

TWG member action items:

- **Review** meeting materials
- Review Subgroup 3 **outcomes memo** by **Friday July 4th**
- Fill out post-meeting **feedback survey** by **EOD Friday July 11th**

Thank you!

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