

Scope 3 Technical Working Group Meeting

Group A
Meeting 11
Phase 1 Wrap-up

July 17th, 2025

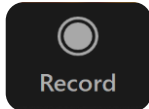
Agenda

- Housekeeping (5 min)
- Series 1. Reporting requirements (45 min)
- Series 2. Input data compliance and non-public documentation (15 min)
- Series 3. Recommendations (not requirements) for data quality improvement (20 min)
- Series 4. Allocation (30 min)
- Next steps (5 min)

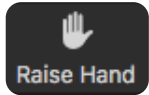
(Draft; for discussion)

Housekeeping

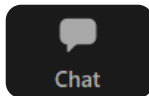
Welcome and Meeting information



This meeting is recorded.



Please mute yourself by default and unmute when speaking
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.

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.

<i>Illustrative example</i>	Option A: Name	Option B: Name	Option C: Name
1A. Scientific integrity	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
1B. GHG accounting and reporting principles	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
2A. Support decision making that drives ambitious global climate action	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
2B. Support programs based on GHG Protocol and uses of GHG data	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
3. Feasibility to implement	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons

(Draft; for discussion)

Draft Revisions: Summary

Group A – Revisions

Series 1. Reporting requirements

- A1. Disaggregation of scope 3 inventory data shall be done in 3 tiers, based on data specificity
- A2. Introduce a verification add-on to scope 3 reporting, marking verified data with a “+”
- A3. Recommend introducing an uncertainty assessment add-on (quantitative for large companies and qualitative for others) *

Series 2. Input data compliance and non-public documentation

- A4. Minimum requirements for data quality

Series 3. Recommendations (not requirements) for data quality improvement

- A5. Minimum data quality recommendation
- A6. Data specificity improvement recommendation
- A7. Data quality improvement recommendation

Series 4. Allocation

- A8. Corporate level data allocation shall be maintained but restricted to only homogenous value chain partners
- A9. Both physical and economic allocation should exist (NO CHANGE to existing *Standard*)
- A10. Explicitly prohibit system expansion with substitution (this is a way of calculating avoided emissions)

* Subject to development of a standardized method for quantifying uncertainty.

Survey summary: Series A

- [Revision A1] **Disaggregation of Scope 3 inventory in tiers**
 - **80% support** (31% strongly)
 - 20% oppose (11% strongly)
 - 14% level of Abstention *
- [Revision A2] **Verification add-on, marking data with +**
 - **96% support** (64% strongly)
 - 4% oppose (0% strongly)
 - 4% level of Abstention *
- [Revision A3] **Uncertainty assessment add-on**
 - **75% support** (33% strongly)
 - 25% oppose (36% strongly)
 - 14% level of Abstention *
- [Revision A4] **Minimum requirements for data quality**
 - **96% support** (68% strongly)
 - 4% oppose (0% strongly)
 - 4% level of Abstention *
- [Revision A5] **Minimum requirements for data quality**
 - **93% support** (37% strongly)
 - 7% oppose (0% strongly)
 - 10% level of Abstention *
- [Revision A6] **Data specificity improvement**
 - **80-93% support** (37-39% strongly)
 - 7-20% oppose (0-130% strongly)
 - 10-20% level of Abstention *

* Supporting v. opposing percentage values *exclude* abstentions in the denominator.

Survey summary: Series A

- [Revision A7] **Data quality improvement**
 - **90-92% support** (23-45% strongly)
 - 8-10% oppose (0% strongly)
 - 0-6% level of Abstention *
- [Revision A8] **Corporate level data allocations**
 - **91% support** (33% strongly)
 - 9% oppose (0% strongly)
 - 16% level of Abstention *
- [Revision A9] **Physical and economic allocation**
 - **98% support** (40% strongly)
 - 2% oppose (0% strongly)
 - 10% level of Abstention *
- [Revision A10] **System expansion with substitution**
 - **83% support** (50% strongly)
 - 17% oppose (17% strongly)
 - 29% level of Abstention *

(Draft; for discussion)

Series 1. Reporting requirements

A1

Disaggregation of scope 3 inventory data shall be done in 3 tiers, based on data specificity

Current Standard (2011)

11.1 Required information - Companies **shall** publicly report the following information: [...]

- For each scope 3 category, a description of the **type and source of data**, including activity data, emission factors and GWP values, used to calculate emissions, and a description of the data quality of reported emissions data.
- ... **methodologies, allocation methods, and assumptions** used to calculate scope 3 emissions.
- **percentage of emissions calculated using data obtained from suppliers or other value chain partners.**

Proposed Revised Standard (2025)

- Companies are **not** required to (**nor** is it recommended that they) *disaggregate* scope 3 category-specific emissions (e.g., by calculation method, data source, and/or data quality).
- New (**additional**) reporting requirement (11.1):
 - Organizations **shall** report scope 3 inventory emission disaggregated by the specificity of the data, **in three line items** (tiers) for each scope 3 category: Specific data, Non-specific data, EEIO / Spend-based data.

Notes/rationale

- Promotes transparency and empowers inventory users to interpret emissions results
- There are **feasibility concerns**
- Data management (of both upstream/downstream data) can be onerous, particularly for SMEs
- Costs divert from decarbonization
- Not directly aligned with other standards (e.g. ISO 14083)

Level of support from Scope 3 TWG

- **80% support** (31% strongly)
- 20% oppose (11% strongly)
- *14% level of Abstention***
- Survey opinion
 - **20%** of members expressed concern re: **feasibility**
 - Combined, **30%** of voting Scope 3 TWG members expressed **feasibly concerns** and/or **opposition**

Feedback regarding A.1 from TWG members

- **Negative Feedback:**
 - Classification very challenging for multinational service providers with thousands of subcontractors, proposal is not operational
 - Significant increase in cost of reporting
 - Reporting discouraged
 - Necessary data management infrastructure for passing information through the supply chain does not exist
 - Grouping into families is necessary for calculating on a recurring basis
 - Feasibility decision-making criteria not met
 - Diverts funding away from action and towards burdensome reporting
- **Why is this the best solution?**
 - Proposal does not mandate the reporting of specific data or no data, if data-specificity is undeterminable, report as 'unknown'
 - Proposal increases transparency, which drives climate action, will not discourage reporting
 - Proposal can be stress-tested and refined in TWG phase 2
 - AI will help to accelerate and operationalize in the short term

Feedback regarding A.1 from TWG members (continued)

- Survey opinion
 - **20%** of members expressed concern regarding **feasibility**
 - **20%** of members expressed **opposition**
 - Combined, **30%** of voting Scope 3 TWG members expressed **feasibly concerns** and/or **opposition**
- **Survey on how to address feasibility (% of TWG members):**
 - Extending the transition period to support the adoption of infrastructure (42%)
 - Changing the requirement ('shall') of disaggregation to make it a recommendation ('should') (28%)
 - Maintaining the default tier 'Unknown' without setting limitations on its use (22%)
 - Introduce tiers in the next update cycle once reporting is more widely established (suggested by a TWG member)
- **Some TWG members proposed changes such as:**
 - Align with other existing guidelines and differentiating data category (primary vs. secondary, as per ISO classification)
 - Reconsider tiers' nomenclature to be consistent with data quality evaluation in IPCC Guidelines (tier 1 - lower resolution; tier 3 – higher resolution)
 - refer to other voluntary schemes that are addressing similar topics (e.g. PACT)
- **Some TWG members supported alternative solutions such as:**
 - Report only the percentage of emissions calculated by using EEIO or other spend based methods
 - Report only the percentage of specific data used for each category

Option prompts to review re: A1. Disaggregation

- Issue: **% supplier-provided** (*Scope 3 Standard*, 11.1, p. 119) *
 - **Option 1:** Maintain (“shall”)
 - **Option 2:** Maintain (“shall”) with edits
 - **Option 3:** Make recommended/optional (“should”/“may”)
 - **Option 4:** Remove this reporting requirement (e.g., if Disaggregation is required)
- Issue: **Disaggregation**
 - **Option 1:** Require (“shall”) A.1 Disaggregation*
 - **Option 2:**
 - Optional (“should”/“may”) A.1 Disaggregation; **AND**
 - Require (“shall”) disclose metrics that add up to 100%
 - % EEIO (calculated by reporting company)
 - % other data (e.g., LCA data)
 - % supplier-provided (potentially), inherited from the outcome of previous Issue

* Companies shall publicly report: “For each scope 3 category, the percentage of emissions calculated using data obtained from suppliers or other value chain partners.” (p. 119) ** A1 disaggregation requirement (specific, non-specific, EEIO/spend-based, unknown)

Breakdown of data obtained from suppliers or other value chain partners (supplier-provided)

Category	Activity data	Emission factors	GHG emissions	Description
1, 2	-	✓	✓	
3	-	✓	✓	
4, 9 - transportation	✓	-	✓	Transportation companies usually provide travelled distance, fuel consumed or GHG emissions
5, 12 - waste	-	✓	✓	
6 - business travel	✓	✓	✓	Airline/train companies might provide GHG emissions data; taxi companies usually provide distance
7 - commuting	✓	-	-	Data gathered through staff survey is usually: distance travelled, energy consumed when working remotely, etc.
8, 13 - assets	✓	-	✓	
10, 11 - sold products	✓	-	?	
14	✓	-	✓	
15	-	✓	✓	

Current requirements in standards

	<u>Disclosure requirement</u>	<u>Primary data (definition)</u>	<u>Secondary data (definition)</u>	<u>Indicators</u>
GHG Protocol	Companies shall publicly report for each scope 3 category, the percentage of emissions calculated using data obtained from suppliers or other value chain partners (par. 11.1, p. 119).	Data from specific activities within a company's value chain.	Data that is not from specific activities within a company's value chain.	% emissions calculated using data obtained from suppliers or other value chain partners, for each scope 3 category
ISSB/IFRS - S2	The entity shall disclose information that enables users of general purpose financial reports to understand: (a) the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs from specific activities within the entity's value chain; and (b) the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs that are verified.	Primary data for Scope 3 greenhouse gas emissions includes data provided by suppliers or other entities in the value chain related to specific activities in an entity's value chain. For example, primary data could be sourced from meter readings, utility bills or other methods that represent specific activities in the entity's value chain. Primary data could be collected internally (for example, through the entity's own records), or externally from suppliers and other value chain partners (for example, supplier-specific emission factors for purchased goods or services). (IFRS S2, B48, p. 35)	Secondary data for Scope 3 greenhouse gas emissions is data that is not obtained directly from specific activities within an entity's value chain. Secondary data is often supplied by third-party data providers and includes industry-average data (for example, from published databases, government statistics, literature studies and industry associations). Secondary data includes data used to approximate the activity or emission factors. Additionally, secondary data includes primary data from a specific activity (proxy data) used to estimate greenhouse gas emissions for another activity. (IFRS S2, B49, p. 35)	--
GRI 102 (2025)	The organization should report the percentage of GHG emissions in metric tons of CO ₂ equivalent obtained through primary data for each of the 15 Scope 3 categories (GRI 102, D102-7, p. 32-33)	Primary data is obtained from suppliers or other value chain entities related to the organization's activities.	Secondary data includes industry average data from published databases or government statistics and is not specific to the activity for which emissions are calculated.	% emissions obtained through primary data for each category

Current requirements in standards

	<u>Disclosure requireent</u>	<u>Primary data (definition)</u>	<u>Secondary data (definition)</u>	<u>Indicators</u>
CSRD - ESRS	When preparing the information on gross Scope 3 GHG emissions required under paragraph 51, the undertaking shall: g) disclose the extent to which the undertaking's Scope 3 GHG emissions are measured using inputs from specific activities within the entity's upstream and downstream value chain, and disclose the percentage of emissions calculated using primary data obtained from suppliers or other value chain partners. (ESRS, E1-6, AR46, p. 100)	not in ESRS (definiton of primary data is probably in line with ISO definition*)	not in ESRS (definiton of secondary data is probably in line with ISO definition*)	% emissions calculated using primary data obtained from suppliers
ISO 14064-1	No such requirement in either the published version or in the draft currently under revision	Quantified value of a process or an activity obtained from a <u>direct measurement</u> or a calculation based on direct measurements. - Note 1 to entry: Primary data can include GHG emissions factors of GHG removals and/or GHG activity data. Site specific data – primary data obtained within organizational boundary - Note 1 to entry: All site-specific data are primary, but not all primary data are site-specific data.	Data obtained from sources other than primary data. - Note 1 to entry: Such sources can include databases and published literature validated by competent authorities	--
* See Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the accounting of greenhouse gas emissions of transport services - COM/2023/441 final				

A2

Introduce a reporting requirement to identify verified scope 3 emissions

Current Standard (2011)

11.2 Optional information – A public GHG emissions report should include, when applicable, the following additional information: [...]

- The type of assurance performed (first or third party), the relevant competencies of the assurance provider(s), and the opinion issued by the assurance provider.

Proposed Revised Standard (2025)

11.2 Optional information – A public GHG emissions report should include, when applicable, the following additional information: [...]

- If some or all Scope 3 category emissions were verified by a first party verifier, the relevant competencies of the assurance provider(s) and the opinion issued by the assurance provider

11.1 Required information - Companies **shall** publicly report the following information: [...]

- **New requirement (third-party assurance):** If some or all Scope 3 category emissions were verified by a third party:
 - (1) the emissions data was verified (by a third party);
 - (2) the relevant competencies of the assurance provider(s) and the opinion issued by the assurance provider;
 - (3) by scope 3 category, disclose whether the emissions were:
 - (a) Fully verified; (b) Partially verified; or (c) Not verified

Notes/rationale

- Promotes accuracy, facilitates more confidence in the reported data
- **Cross-cutting: Alignment** necessary with the Corporate Standard TWG consideration of verification and assurance **
- **Further guidance is needed** on application of the add-on

Level of support from Scope 3 TWG

- **96% support** (64% strongly)
- 4% oppose (0% strongly)
- *4% level of abstention*

* Verification remains optional. ** This is being considered by CS TWG in Phase 2.

A.3. Uncertainty requirement is **subject to** methodological standardization

- Given that:
 - Requiring uncertainty assessments (by larger companies), as recommended by 75% of TWG members is contingent upon a standardized methodology for performing a scope 3 inventory uncertainty assessment being developed; and
 - The Secretariat does *not* currently have the budget or capacity to develop such a methodology
- Therefore:
 - The Secretariat is waiting for ISB consideration on next steps (expected c.a. July 28th post-ISB meeting)
- Options include:
 - Releasing a Request for Proposals (RFP) for methodological development by third party stakeholders (unpaid)
 - Not requiring uncertainty assessments (keeping should/may)

Table examples for illustrative purposes (derived from issues A.1, A.2, and A.3)

Category	GHG emissions (tCO ₂ e)	Uncertainty	Third party verification	% supplier provided	% EEIO	% other data
Category 1	100	20%	Partially verified	15%	60%	25%
• specific	10					
• non specific	30					
• EEIO	60					
Category 2 (..)						

Category	GHG emissions (tCO ₂ e)	Uncertainty	Third party verification	% EEIO	% Non-EEIO
Category 1	100	20%	Partially verified	60%	40%
• specific	10				
• non specific	30				
• EEIO	60				
Category 2 (..)					

Series 2.

Input data requirements and non-public documentation

Proposed requirement

- Companies **shall** use input data that is compliant with the GHG Protocol methodological requirements, and have the following aspects documented: sources of activity data, sources of emission factors, calculation methods used, system boundaries including cut-offs applied, allocation methods used, GWP values, sources of assumptions, and metadata on the reference year, region, and technology.

A4 Minimum requirements for data quality

Current Standard (2011)

7.3 Guidance for selecting data

- “Companies **should** collect data of sufficient quality to ensure that the inventory appropriately reflects the GHG emissions of the company, supports the company’s goals, and serves the decision-making needs of users, both internal and external to the company...
- In general, companies **should** collect high quality, primary data for high priority activities (see section 7.1)...
- Companies **should** select data that are the most representative in terms of technology, time, and geography; most complete; and most reliable.

Proposed Revised Standard (2025)

- Companies **shall** ~~use input data that is compliant with the GHG Protocol methodological requirements, and~~ have the following aspects documented internally (not necessarily public disclosure):
*
 - ~~— sources of activity data~~
 - ~~— sources of emission factors~~
 - ~~— GWP values~~
 - ~~— calculation methods used~~
 - ~~— allocation methods used~~
 - **system boundaries including cut-offs applied ****
 - ~~— sources of assumptions~~
 - **metadata on reference year, region, technology ****

Notes/rationale

- ...

Level of support from Scope 3 TWG

- **96% support** (68% strongly)
- 4% oppose (0% strongly)
- 4% *level of abstention*

* This requirement in red may be redundant as *Standard* conformance necessitates input data use conformance. is being reviewed by the TWG for meaning. ** These are the only new requirements beyond what is currently required the the *Scope 3 Standard*.

Illustrative table summarizing revision A4 (as proposed on the previous slide)

Public disclosure required (implied internal records)	New internal record-keeping requirement (not public disclosure)
<ul style="list-style-type: none"> sources of activity data sources of emission factors GWP values calculation methods used allocation methods used sources of assumptions 	<ul style="list-style-type: none"> system boundaries including cut-offs applied [to emission factors (not activity data)] [1] metadata on reference year, region, technology [for both activity data and emissions factors] [2]

- Notes:
 - [1] The Scope 3 Standard stipulates the required scope 3 emissions boundary for a corporate-level scope 3 GHG inventory; as such, this is the 'system boundary' for said inventory; therefore, this record-keeping requirement **only** applies to emission factors used in said corporate inventory (e.g., for products, activities, and/or value chain partners)
 - [2] Metadata may differ for the (a) activity data and (b) emission factor(s) used to quantify scope 3 emissions results; therefore, this record-keeping requirement (for metadata) applies to **both**.

(Draft; for discussion)

Series 3. Recommendations for data quality improvement

Proposed recommendations

- Companies **should** use the data of high completeness (not more than 5% cut-off or exclusions applied) and supplemented by uncertainty assessment, and provided with information on its completeness level, data quality assessment, validation process and evidence, and verification level. Emission factors should include import and export into the regional models.
- Companies **should** set up a minimum percentage of their inventory reporting on specific tier and pursue reaching this percentage as a minimum.
- Companies **should** set up data quality metrics such as:
 - share of scope 3 emissions reported in the “Specific” tier
 - share of value chain partners providing specific data

A5 Minimum requirements for data quality (question 12)

Current Standard (2011)

7.3 Guidance for selecting data

- “Companies **should** collect data of sufficient quality to ensure that the inventory appropriately reflects the GHG emissions of the company, supports the company’s goals, and serves the decision-making needs of users, both internal and external to the company...
- In general, companies **should** collect high quality, primary data for high priority activities (see section 7.1)...
- Companies **should** select data that are the most representative in terms of technology, time, and geography; most complete; and most reliable.

Proposed Revised Standard (2025)

- The following applies to emission factors:
 - “Companies **should** use data of high completeness (not more than 5% cut-off or exclusions applied)...
 - ... and **supplemented by** uncertainty assessment, and provided with information on its completeness level, data quality assessment, validation process and evidence, and verification level...
 - ... Emission factors **should** include import and export into the regional models.” *

Notes/rationale

- **Note:** The Scope 3 TWG supports applying a 95% inclusion requirement (5% exclusion threshold) to required scope 3 emissions (as per Table 5.4 for required vs. optional activities)

Level of support from Scope 3 TWG

- **93% support** (37% strongly)
- 7% oppose 0(% strongly)
- *10% level of abstention*

* This applies exclusively to emission factors.

A6 Data specificity improvement

Current Standard (2011)

- **7.6 Improving data quality over time** - Companies should first apply data quality indicators and assess data quality when selecting data sources (see section 7.3), then review the quality of data used in the inventory after data has been collected, using the same data quality assessment approach.
- Over time, companies should seek to improve the data quality of the inventory by replacing lower quality data with higher quality data as it becomes available.

Proposed Revised Standard (2025)

- Companies **should** set up a minimum percentage of their inventory reporting on specific tier and pursue reaching this percentage as a minimum. *
- Companies **should** set up data quality metrics such as:
 - Share of scope 3 emissions reported in the “Specific” tier
 - Share of value chain partners providing specific data **

** This is an additional metric, beyond the metrics presented as an alternative to requiring A.1 Disaggregation ([slide 15](#)).

Notes/rationale

- Introduces feasible and clear minimum requirements
- **Cross-cutting alignment** with the Corporate Standard TWG on GWP values (acceptable IPCC AR)

Level of support from Scope 3 TWG

- **80-93% support** (37-39% strongly) ***
- 7-20% oppose (0-13% strongly)
- *10-20% level of abstention*

* Tiers as per A.1 Disaggregation: Specific, Non-specific, EEIO/Spend-based, and Unknown. *** The above proposed “should” revisions were surveyed via two separate questions and reflected in the above percentage (%) ranges for the first and second revision, respectively.

A7 Data quality improvement

Current Standard (2011)

- **7.6 Improving data quality over time** - Companies should first apply data quality indicators and assess data quality when selecting data sources (see section 7.3), then review the quality of data used in the inventory after data has been collected, using the same data quality assessment approach.
- Over time, companies should seek to improve the data quality of the inventory by replacing lower quality data with higher quality data as it becomes available.

Proposed Revised Standard (2025)

7.6. No Change

New recommendation:

- Companies **should** improve data quality over time, setting up data quality improvement targets based on established metrics and considering the company context.
- Companies **may** use year-on-year improvement targets, or mid-term horizon targets.

Notes/rationale

- Introduces feasible and flexible recommendations supporting the ambition
- Cross-cutting alignment with other workstreams

Level of support from Scope 3 TWG

- **90-92% support** (23-45% strongly) *
- 8-10% oppose (0% strongly)
- 0-6% level of abstention

* The above proposed revisions were surveyed via two separate questions and reflected in the above percentage (%) ranges for the first and second revision, respectively.

(Draft; for discussion)

Series 4. Allocation

A8

Corporate-level data allocation shall be maintained but restricted to homogenous value chain partner

Current Standard (2011)

- Box 7.4 (p. 81) defines a:
 - “homogeneous” company as one that has “... relatively uniform emissions throughout its operations”
 - “diversified” (i.e., non-homogeneous) company as one where the “... GHG intensity varies widely between business units and facilities” (e.g., a company that both provides professional services on an hourly basis and that manufactures units of a physical product)

Proposed Revised Standard (2025)

- Corporate-level data allocation **shall** be restricted to only homogenous value chain partners *
- Important:
 - This would/will require standardized (glossary term) definitions for both a “homogeneous” and “diversified” (non-homogeneous) company.
 - Should non-homogeneous (“diversified”) companies be allowed to allocate corporate-level data?

Notes/rationale

- Ambiguous interpretation of a homogeneous vs. a diversified company
- Including this requirement would necessitate more prescriptive definitions
- May cause confusion re: the permitted allocation of headquarter data *

Level of support from Scope 3 TWG

- **91% support** (33% strongly)
- 9% oppose (0% strongly)
- *16% level of abstention*

* Meaning that reporting companies **shall not** allocate corporate-level data of “diversified” (non-homogeneous) companies.

A9

Both physical and economic allocation should exist (question 20)

Current Standard (2011)

- **8.3 Allocation methods** - If avoiding allocation is not possible, companies should first determine total facility or system emissions, then determine the most appropriate method and factor for allocating emissions. (See table 8.1 for a list of allocation methods and factors.)

Proposed Revised Standard (2025)

- No change

Notes/rationale

- Maintaining attributional practice and inventory-method imperative of the GHG Protocol Corporate suite
- A level of prescriptiveness should be introduced in allocation guidance: through prescribed choices or creation of a rule.

Level of support from Scope 3 TWG

- **98% support** (40% strongly)
- 2% oppose (0% strongly)
- *10% level of abstention*

A10 Explicitly prohibit system expansion with substitution (question 21)

Current Standard (2011)

- **8.3 Allocation methods** - If avoiding allocation is not possible, companies should first determine total facility or system emissions, then determine the most appropriate method and factor for allocating emissions. (See table 8.1 for a list of allocation methods and factors.)
- **9.4 Accounting for avoided emissions** - Accounting for avoided emissions that occur outside of a company's scope 1, scope 2, and scope 3 inventories requires a project accounting methodology. Any estimates of avoided emissions must be reported separately from a company's scope 1, scope 2, and scope 3 emissions, rather than included or deducted from the scope 3 inventory.

Proposed Revised Standard (2025)

- Companies **shall** not use system expansion with substitution when allocating data.
- **Note:** *Given that system expansion with substitution is an allocation method where additional functions or products that are displaced (i.e., substituted) by the co-product(s) of the system being analyzed, it is a form of avoided emissions quantification and therefore, as per current Scope 3 Standard guidance, is not included or deducted from the scope 3 inventory (see: 9.4). Thus, this clause reiterates and clarifies (unambiguously) this requirement.**

Notes/rationale

- Maintaining attributional practice and inventory-method imperative of the GHG Protocol Corporate suite
- Mapping with the Product Standard
- Alignment needed for the data providers

Level of support from Scope 3 TWG

- **83% support** (50% strongly)
- 17% oppose (17% strongly)
- 29% level of abstention

* Guidance on avoided emissions will be reviewed and harmonized with AMI TWG revisions when proposed/completed.

(Draft; for discussion)

Next steps

Next steps

- **Follow-up**
 - Distribute the recording, minutes and survey
- **Update on Phase 2 of the TWG**
 - Phase 2 has been consolidated into full group TWG meetings
 - The first Phase 2 meeting will be on **Thursday, August 28th at 9:00 – 11:00 am ET**

Thank you!

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