

Scope 3 Technical Working Group Meeting

Working draft, do not cite

Full TWG

Phase 2, Meeting 1

**Category-specific boundaries & optionality
(Category 4/9, 6, 7, and 5/12)**

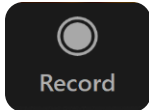
August 28th, 2025

Agenda

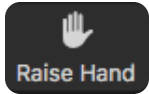
(Draft; for discussion)

- Housekeeping (5 min)
- Timeline for Phase 2 (5 min)
- Status of Phase 1 recommendations (5 min)
- Pre-read: Optionality of activities (0 min)
- Legend & cross-category boundary consistency (5 min)
- Revision considerations (D1 through D13)
 - D1, D2, D3 – Editorial (5 min)
 - D4 – Minor revisions (10 min)
 - D5, D6 – Revisions (30 min)
 - D7, D8 – Minor revisions (10 min)
 - D9, D10 – Read-only (0 min)
 - D11, D12 – Revisions (25 min)
 - D13 – Revisions (15 min)
- Next steps (5 min)

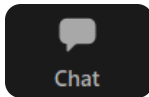
Welcome and Meeting information



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.

(Draft; for discussion)

Housekeeping and decision-making criteria

Time management

- TWG members are expected to practice diligent time management as it concerns discussion length
- The Secretariat can and will moderate discussion length in the interest of time management

* 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

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	• 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

(Draft; for discussion)

Timeline

Full Scope 3 TWG Meetings

Meeting #	Date	Time	Topic
1	Aug 28	9-11 AM ET	Category-specific boundaries & optionality
2	Sep 18	4-6 PM ET	Category-specific EF requirements and guidance (Cat. 4/9, 6, 7, and 5/12) Category-specific classification and emission factors (Cat. 1, 2, 3, 8/13)
3	Oct 9	9-11 AM ET	Category 10/11 boundaries, justified exclusions, and emission factor guidance
4	Oct 30	9-11 AM ET	Category 10/11 continued...
5	Nov 20	4-6 PM ET	Category-specific quantification requirements and guidance (Cat. 2, 15, etc.)
6	Dec 11	9-11 AM ET	Performance tracking (possibly review base year and target setting)

Full Scope 3 TWG Meetings (Year 2026)

Meeting #	Date	Time	Topic
7	TBC	9-11 AM ET	TBD
8	TBC	4-6 PM ET	TBD
9	TBC	9-11 AM ET	TBD

Meeting times

	Current time	Alternative time
LOS ANGELES, USA (PDT/PST)	6 am – 8 am	1 pm – 3 pm
NEW YORK, USA (EDT/EST)	9 am – 11 am	4 pm – 6 pm
LONDON, UK (BST/GMT)	2 pm – 4 pm	9 pm – 11 pm
PARIS, France (CEST/CET)	3 pm – 5 pm	10 pm – 12 am
BEIJING, China (CST)	10 pm – 12 pm	5 am – 7 am
SYDNEY, Australia (AEST/AEDT)	12 pm – 2 am	6 am – 8 am

(Draft; for discussion)

Status of Phase 1

Phase 1 status and timeline

July-September

- Phase 1 outcomes were presented to the ISB on July 28th
- ISB is reviewing the proposed revisions, Secretariat is waiting on the results from the feedback form
- Secretariat will review the results and bring potential pending items back to the TWG to close out unresolved issues
 - *An ad-hoc TWG meeting may be required*

October-November

- Next ISB meeting is on October 14th
- Meeting will review any outstanding Phase 1 proposed revisions and put them up for ISB vote

December

- Revisions proposed to date and approved by the ISB (i.e., mostly Phase 1 revisions) are due by December
- Revisions will be summarized via a memo released to the public

(Draft; for discussion)

Pre-read: Optionality of activities

Stakeholder feedback

1. Several respondents expressed concern that differences in the optionality of activities and accounting boundaries can give rise to year-over-year GHG inventory fluctuations, including regarding inclusion or exclusion when assets are owned, leased, outsourced, or franchised.
2. Several asserted that this compromises the principles of consistency and relevance.
3. Some stakeholders noted potential inconsistencies regarding the optionality of some scope 3 activities between different frameworks.

SBTi: “Well-to-Wheel/Wake” boundary in transport activities is not optional.

PCAF: differences in classification, and optionality of emissions related to cat. 15.

Background: Optional activities

Category	Optional activities	Source
1. Purchased goods and services	For franchisees: upstream scope 3 emissions associated with the franchisor's operations	Technical guidance, p. 51
4. Upstream transportation and distribution	Upstream emissions of fuels (in fuel-based method)	Technical guidance, Appendix D, p. 167
	The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure	Scope 3 Standard, Table 5.4
	Unladen backhaul	Technical guidance, p. 52, 55
5. Waste generated in operations	Emissions from transportation of waste	Scope 3 Standard, Table 5.4
6. Business travel	The life cycle emissions associated with manufacturing vehicles or infrastructure	Scope 3 Standard, Table 5.4
	Hotel stays of business travelers	Scope 3 Standard, p. 46
7. Employee commuting	Emissions from employee teleworking	Scope 3 Standard, Table 5.4
	Commuting for workers that are not employees: interns, franchises, outsourced operations, etc. Commuting of individuals who are not employees of the company, but commute to facilities owned and operated by the company (consultants, contractors, etc.)	Scope 3 Standard, p. 57
8. Upstream leased assets	The life cycle emissions associated with manufacturing or constructing leased assets	Scope 3 Standard, Table 5.4

Background: Optional activities (continued)

Category	Optional activities	Source
9. Downstream transportation and distribution	The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure	Scope 3 Standard, Table 5.4
	Downstream transportation of customers	Scope 3 Standard, p. 47
	Upstream emissions of fuels (in fuel-based method)	Technical guidance, Appendix D, p. 174
11. Use of sold products	The indirect use-phase emissions of sold products over their expected lifetime (i.e., emissions from the use of products that indirectly consume energy (fuels or electricity) during use)	Scope 3 Standard, Table 5.4
	Maintenance of sold products during use	Scope 3 Standard, p. 48
13. Downstream leased assets	The life cycle emissions associated with manufacturing or constructing leased assets	Scope 3 Standard, Table 5.4
14. Franchises	The life cycle emissions associated with manufacturing or constructing franchises	Scope 3 Standard, Table 5.4
	Scope 3 emissions of franchisees	Technical guidance, p. 131
15. Investments	Debt investments (without known use of proceeds), managed investments and client services, other investments or financial services	Scope 3 Standard, Table 5.4
	Where relevant, companies should also account for the scope 3 emissions of the investee or project	Scope 3 Standard, Table 5.4

"In certain cases, assets controlled by the reporting company that are excluded from its organizational boundary may not be captured by the list of scope 3 categories. In such a case, emissions from these assets should be reported separately as an "other" scope 3 activity." (Standard, p. 57, 120)

Background: Optional activities (continued)

From the Scope 3 Standard, p. 31:

*"Table 5.4 identifies the minimum boundaries of each scope 3 category in order to standardize the boundaries of each category and help companies understand which activities should be accounted for. **The minimum boundaries are intended to ensure that major activities are included in the scope 3 inventory, while clarifying that companies need not account for the value chain emissions of each entity in its value chain, ad infinitum.** Companies **may** include emissions from optional activities within each category."*

- Optionality of activities in many instances was based on their expected low contribution, referring to the "no ad infinitum" argument. That might not be the case, at least, for category 11 (indirect use phase emissions) and 15 (optional investments types).
- Following the accounting principles, however, companies still should quantify and report these optional activities if they are relevant.

Pros and cons of **maintaining** optionality

Criteria	Pros	Cons
Scientific integrity	N/A.	N/A.
GHG accounting and reporting principles	More category-specific considerations may increase the relevance fine-tuning.	If significant optional emissions are opted-out, relevance and completeness are challenged; Potentially reduced transparency.
Support decision making that drives ambitious global climate action	Potentially better insight into relevant emissions provides the ground for action.	If significant optional emissions are opted-out, relevant actions may be not carried out.
Support programs based on GHG Protocol and uses of GHG data	Maintaining optionality may increase conformance with industry-specific standards/frameworks.	Inclusion of activities that are left optional may be unclear, with their relevance not addressed; Adjustments might be needed in sector standards to ensure interoperability; May impede cross-company consideration.
Feasibility to implement	Somewhat reduced burden of assessment for optional activities.	N/A.

Pros and cons of **removing** optionality

Criteria	Pros	Cons
Scientific integrity	N/A.	N/A.
GHG accounting and reporting principles	Likely increased relevance, completeness and consistency; somewhat improvements on transparency.	N/A.
Support decision making that drives ambitious global climate action	Potential for uncovering relevant activities previously omitted, for taking action; More consistency and transparency cross- organizationally may increase clarity on higher level policies.	Additional estimations burden that may be carried out at the cost of action; Inclusion of large but low-quality emissions may reduce actionability.
Support programs based on GHG Protocol and uses of GHG data	A set range of activities is in scope, relevance is (potentially) indicated for exclusion; Facilitates cross-company comparisons.	Adjustments might be needed in sector standards to ensure interoperability; Inclusion of large but low-quality emissions may blur out the vision of the data and its usefulness.
Feasibility to implement	Reduced ambiguity (more prescriptive guidance) could facilitate adoption.	Additional burden for accounting for and reporting previously optional activities. Additions to the activities lists (cat. 15) may significantly increase the burden; Moreover, their inclusion may cause additional adjustments needed to already established baselines and methodologies.

(Draft; for discussion)

Series D. Boundaries

Series D. Boundaries – Table of contents

Note: Group A, Group B, and Group C revisions were itemized as revisions A, B, and C; the following series of revisions correspond with revisions for required and optional category-specific boundaries (revision series D).

- For review in Meeting 01
 - D1. Category 1 & 2
 - D2. Category 3
 - D3. Category 4 & 9 – ***proposed revisions to be further reviewed***
 - D4. Category 5
 - D5. Category 6
 - D6. Category 7
 - D7. Category 8
 - D8. Category 13
- *D9. Category 10 (read only, to be discussed in Meeting 03 and Meeting 04)*
- *D10. Category 11 (read only, to be discussed in Meeting 03 and Meeting 04)*
- For review in Meeting 02
 - D11. Category 14
 - D12. Category 14
 - D13. Category 16 – Distribution of fuels/energy
 - D14. Category 15 – Commodities
 - D15 & D16. Cross-boundary consistency (or non-consistency, i.e., specificity)

Legend

Required	Optional	Notes
Proposed revision	Current text (Standard, p. ##)	<i>Proposal notes</i>

- Notes:
 - Required (formerly “minimum”) and Optional boundary emissions are itemized by category
 - Proposed revisions are marked in red (**removals**) and blue (**additions**)
 - The Secretariat, based on partial Phase 1 Group B feedback and further consideration, in some cases is *proposing* that a select few optional boundary activities or emissions be required
- Important:
 - The A1. Disaggregation rule proposed previously (Phase 1) would require that reporting companies separately report (disaggregate) **required** scope 3 emissions vs. **optional** scope 3 emissions

(Draft; for discussion)

D1. Category 1 & 2

D1. Category 1 (Purchased goods and services) and Category 2 (Capital goods)

Rev. #	Required	Optional	Notes
D1-1	Category 1: “All upstream (cradle-to-gate) emissions of purchased goods and services” (Table 5.4) *	n/a	No change proposed.
D1-2	Category 2: “All upstream (cradle-to-gate) emissions of purchased capital goods” (Table 5.4) **	n/a	No change proposed.

* How to account for recycled, reused, second-hand products, etc., will be addressed in Q1 of Year 2026.

** Whether and how to account for category 2 emissions on an annualized basis (depreciation or amortization schedule) in addition to (or in place of) cumulative (cradle-to-gate) emissions of capital goods is currently schedule to be considered in Phase 2 Meeting 5 (November 13th)

(Draft; for discussion)

D2. Category 3

D2a. Category 3 (Fuel- and energy-related activities not included in scope 1 & 2)

Required	Optional	Notes
(a) “For upstream emissions ¹ of purchased fuels : All upstream (cradle-to-gate) emissions of purchased fuels (from raw material extraction up to the point of, but excluding combustion)” (Table 5.4, p. 34)	n/a	<i>No change proposed.</i>

[1] **Description** in Table 5.4: Upstream emissions of purchased fuels includes the “... extraction, production, and transportation of fuels consumed by the reporting company, **including the GHG emissions associated with constructing facilities and capital equipment used to extract, produce, and transport fuels (allocated per unit of sold fuel over the full lifetime of the asset)**” (p. 34)

Reference:

- The inclusion of the emissions from vendor-owned capital equipment is currently *optional* for Category 4, Category 6, Category 8, Category 9, and Category 14
- The Scope 3 Standard is silent regarding the inclusion of capital equipment for Category 5 and 7
- Phase 1 revisions proposed requiring (shall) the inclusion of the scope 3 emissions of franchisees and investors for Category 14 and Category 15, respectively—which would include capital goods thereof
- It is not specified in Category 10, Category 11, nor Category 12 (and is redundant for Category 13*)

* A lessor by virtue of owning the capital equipment would have either purchased it (category 2) or manufactured it from purchased products (category 1) and so would have already accounted for the emissions from manufacturing

D2b. Category 3 (Fuel- and energy-related activities not included in scope 1 & 2)

Required	Optional	Notes
(b) "For upstream emissions ² of purchased electricityenergy : All upstream (cradle-to-gate) emissions of purchased fuels and other inputs (from raw material extraction up to the point of, but excluding, combustion or energy generation by a power generator)" (Table 5.4, p. 34)		<i>Proposal:</i> • Refer to "energy", not "electricity" • Require the emissions of capital equipment

[2] **Description** in Table 5.4: Upstream emissions of purchased **electricityenergy** includes the "... extraction, production, and transportation of fuels **and other inputs (e.g., capital equipment, solar PV arrays, windmills, etc.),** consumed **and/or used** in the generation of electricity, steam, heating, and cooling consumed by the reporting company" (p. 34)

Reference:

Using (NREL, 2021) emission factors (EFs) for electricity generation by technology to approximate the impact of including the embodied emissions of manufacturing capital equipment/facilities when calculating cradle-to-gate emissions of fuels or energy accounted for in Category 3, the following figures provide GHG-intensities of electricity generated from fossil fuels and other technologies (gCO₂e/kWh) (from **non-combustion***, combustion):

- Natural gas (**97**, 389); Oil (**84****, 840); Coal (**20**, 1010)
- PV (**43**, 0); CSP (**28**, 0); Geo. (**37**, 0); Hydro. (**21**, 0); Ocean (**8**, 0), Wind (**13**, 0); Nuclear (**13**, 0)

D2c. Category 3 (Fuel- and energy-related activities not included in scope 1 & 2)

Rev. #	Required	Optional	Notes
D2c-1	(c) End users of electricity shall report: “For T&D losses: All upstream (cradle-to-gate) emissions of fuel and/or energy lost or consumed in a T&D system, including emissions from combustion. For the avoidance of doubt, grid operators and pipeline operators that do not purchase nor sell the transported/distributed fuel or energy shall only include emissions associated with lost or consumed fuel or energy and not the upstream emissions of third-party-sold fuel or energy (see: Category 16 for grid/pipeline operators).” *	n/a	Proposal: Explicitly specify that grid/pipeline operators shall only account for the emissions of fuel and/or energy lost or consumed in a T&D system in Category 3.*
D2c-2	(d) Utility companies or energy retailers shall report: “For generation of purchased electricityenergy that is sold to end users: Emissions from the generation of purchased energy”	n/a	Proposal: Use “energy” in place of electricity for consistency.

* Consider **requiring** that grid/pipeline operators include the upstream and downstream emissions from fuel and energy used by buyers (including business-to-business customers and/or end users) that is transported using T&D systems **in Category 16** like Insurance or Underwriting (which are tentatively required) (see revision 13 herein)

Radiative forcing of up/downstream T&D

- Guidance on radiative forcing is being considered by the Corporate Standard TWG
- No consideration needed at this point from the Scope 3 TWG, however, this may have implications for:
 - Category 4/9
 - Category 6
 - Category 7

(Draft; for discussion)

D3. Category 4 & 9

D3a. Category 4 – Upstream transportation and distribution

Rev #	Required	Optional	Notes
D3a-1	"The scope 1 and scope 2 emissions of transportation and distribution providers that occur during use of vehicles and facilities (e.g., from energy use)" (Table 5.4)	n/a	<i>No change proposed.</i>
D3a-2	Emission factors shall include the cradle-to-gate emissions of fuels and energy used in transportation and distribution	"Emission factor should... optionally include cradle-to-gate emissions [of the fuel]" (Technical Guidance, p. 174)	<i>Proposal: Require the full life cycle (cradle-to-grave) emissions of fuels and purchased energy in Category 4 T&D emission factors by including cradle-to-gate in addition to scope 1 and scope 2 (D3a-1), i.e., effectively, full life cycle (cradle-to-grave).</i>
D3a-3	n/a	"Companies may optionally calculate any emissions from unladen backhaul (i.e., the return journey of the empty vehicle)." (Technical Guidance, 52)	<i>No change proposed.</i>
n/a	n/a	See: Revision D3c	<i>Proposal: Editorial revision.</i>

D3b. Category 9 – Downstream transportation and distribution

Rev #	Required	Optional	Text edits/ Notes
D3b-1	"The scope 1 and scope 2 emissions of transportation providers, distributors, and retailers that occur during use of vehicles and facilities (e.g., from energy use)"	n/a	<i>No change proposed.</i>
D3b-2	Emission factors shall include the cradle-to-gate emissions of fuels and energy	"Emission factor should... optionally include cradle-to-gate emissions [of the fuel]" (Technical Guidance, p. 174)	Proposal: Require cradle-to-gate emission factors.
D3b-3	n/a	"Companies may optionally calculate any emissions from unladen backhaul (i.e., the return journey of the empty vehicle)." (Technical Guidance, p. 52 and p. 167)	<i>No change proposed.</i>
D3b-4	n/a	Customers traveling to retail stores (Standard, p. 48)	<i>No change proposed.</i>
n/a	n/a	<i>See: Revision D3c</i>	<i>Proposal: Editorial revision.</i>

* Proposed footnote: "For the avoidance of doubt, all other infrastructure (including roads, bridges, tunnels, airports, runways, and ports) is not included in the required or optional boundary."

D3c. Category 4/9 – Life cycle emissions of up/downstream T&D

Rev #	Required	Optional	Notes
D3c-1	n/a	"The life cycle emissions associated with manufacturing vehicles, facilities, or infrastructure " and other capital equipment used for transportation and distribution (Standard, p. 35 and p. 36) *	<i>Proposal: Remove infrastructure from optional boundary and refer exclusively to capital equipment.</i>
D3c-2	n/a	"For the avoidance of doubt, all other infrastructure (including roads, bridges, tunnels, airports, runways, and ports) is not included in the required or optional boundary for Category 4 or Category 9." **	<i>Proposal: Explicitly exclude infrastructure from, exclusively, Category 4 and Category 9</i>

* If it's the case the emission factors for T&D includes the amortized emissions associated with capital equipment used in T&D, is a reporting company required to disaggregate said emissions between required vs. optional emissions, or may the reporting company include said emission in the required boundary?

** Not sure whether it's necessary to state that the owner of infrastructure shall account for said infrastructure as a capital good (e.g., road, bridge, tunnel, airport, port, etc.) in Category 2

Well-to-tank (WTT) vs. Tank-to-wheel (TTW) vs. Well-to-wheel (WTW)

- Emission factor databases include emission factors:
 - WTT (i.e., upstream emissions of fuels)
 - TTW (i.e., combustion-related emissions of fuels)
 - WTW (i.e., full life-cycle emissions of fuels, including upstream and combustion-related emissions)
- The D3a. proposal is to require the inclusion of upstream emissions of fuels (effectively, WTT)
 - This would effectively require WTW (full lifecycle) emissions inclusion

D3d. Category 4/9 – ‘Payment Principal’ of up/downstream T&D

Is a physical location-based binary classifier (i.e., gate to determine cradle-to-gate vs. gate-to-grave) more effective or unambiguous versus a transaction-based binary classifier (i.e., purchased T&D services vs. not)?

Rev #	Required	Optional	Notes
D3d-1	“ Transportation and distribution services purchased by the reporting company in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company’s own facilities (in vehicles and facilities not owned or controlled by the reporting company)” (Table 5.7, p. 45)	n/a	<i>No change proposed</i>
D3d-2	“Transportation and distribution of products sold by the reporting company between the reporting company’s operations and the end-consumer purchaser (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)”	n/a	<i>Proposal: Change the term end consumer to purchaser to include B2B sales.</i>

(Draft; for discussion)

D4. Category 5

D4. Category 5 – Waste handling (excluding recycling/reuse**)

Rev #	Required	Optional	Notes
D4-1	"Emissions from the transportation of waste (including to a waste handling site and/or final site of waste disposal)."	"Emissions from transportation of waste" (Standard, p. 35)	Proposed: Required emissions from the transportation of waste.
D4-2	Emission factors shall include the cradle-to-gate emissions of fuels and energy used in waste handling	N/a (silent)	<i>Proposal: Require the cradle-to-gate emissions of fuels and purchased energy in Category 5 emission factors.</i>
D4-3		"Waste handler's cradle-to-gate emissions associated with manufacturing waste handling equipment and facilities."	Proposal: Optional inclusion of emissions associated with manuf. waste handling equipment and facilities.
D4-4		"For the avoidance of doubt, all other infrastructure (including roads, bridges, tunnels, airports, runways, and ports) is not included in the required or optional boundary for Category 4 or Category 9." *	

* It may not be necessary to state that the owner of infrastructure shall account for said infrastructure as a capital good (e.g., road, bridge, tunnel, airport, port, etc.) in Category 2. ** Recycling/reuse to be discussed in Q1 of Year 2026.

(Draft; for discussion)

D5. Category 6
D6. Category 7

Descriptions

- Category 6, Business travel:
 - “Transportation of employees **for business-related activities** during the reporting year (in vehicles not owned or operated by the reporting company)” (Table 5.4, *Scope 3 Standard*, p. 35)
- Category 7, Employee commuting:
 - “Transportation of employees **between their homes and their worksites** (including company offices and third-party workspaces) during the reporting year (in vehicles not owned or operated by the reporting company)” (Table 5.4, *Scope 3 Standard*, p. 35)

D5a. Category 6 – Business travel and accommodation

Rev. #	Required	Optional	Notes
D5a-1	"Automobile travel in purchased from a third-party (e.g., business travel in taxis , rental cars * or employee-owned vehicles other than employee commuting to and from work)" (TG, p. 81)	n/a	Proposed inclusion of "taxis" Consider adding footnote* to distinguish between leased vehicle**
D5a-2		Companies may include the transportation of <i>unpaid non-employees</i> (excluding customers or end users) to and from conferences and events hosted by the reporting company and for hotel accommodation	"Emissions from scope 3 activities not included in the list of scope 3 categories (e.g., transportation of attendees to conferences/events), reported separately (e.g., in an "other" scope 3 category)"
D5a-3	n/a	Companies may include the cradle-to-gate emissions from third-party conferences, events, etc., attended by the reporting company's employee(s) (if not included in Category 1) ***	Proposed "shall".

* Consider adding a footnote explaining the distinction between rental cars and leased vehicles (e.g., defining it as being short-term rental vs. long-term leased)?

** "Emissions from **leased vehicles** operated by the reporting company not included in scope 1 or scope 2 are accounted for in scope 3, **category 8** (Upstream leased assets)." (TG, p. 81)

*** This would necessitate some guidance on quantifying emissions of events and conferences (e.g., scope 1 and scope 2 emissions of event/conference space divided by number of participants)

D5b. Category 6 – Business travel and accommodation (continued)

Rev #	Required	Optional	Notes
D5b-1	"Companies shall include the cradle-to-gate emissions of business-related third-party accommodation of employees* (excluding the life cycle emissions associated with capital goods owned by the value chain partner) " (TG, 81)	Hotel stays of business travelers (Standard, p. 46) "Companies may optionally include emissions from business travelers staying in hotels." (TG, 81) "Companies may optionally collect data on the number of hotel nights incurred during business travel by hotel type." (TG, 86)	<i>Proposal: Require the inclusion of business-related accommodation (e.g., hotels and other lodging facilities or rental units)</i> <i>Consider a clarification for third-party business travel.*</i>
D5b-2	n/a	"The life cycle emissions associated with manufacturing vehicles or infrastructure and equipment use for business travel and facilities used for accommodation " (Table 5.4, p. 35)	<i>Proposal: Explicitly remove infrastructure. **</i>

* Consider specifying that emissions from business-travel of supplier/vendors should be included in Category 1

** Can and/or should we prescriptively define a complete list of infrastructure assets? One binary truth (for defining infrastructure) could be that any infrastructure that is owned by a value chain partner is therefore a capital good

Question: Is it clearer to require the inclusion of the accommodation owner's scope 1, scope 2, and scope 3 emissions?

D6a. Category 7 – Employee commuting

Rev #	Required	Optional	Notes
D6a-1	"Companies shall include additional* scope 1 and scope 2 emissions from teleworking remote work of employees (i.e., employees working remotely) in this category." (<i>Scope 3 Standard</i> , p. 47)	"Companies may include emissions from teleworking (i.e., employees working remotely) in this category." (<i>Scope 3 Standard</i> , p. 47) "Companies may optionally calculate the emissions of teleworking from home." (TG, 90)	Proposal: Require the inclusion of remote work.
D6a-2	n/a	The life cycle emissions associated with manufacturing buildings, facilities, and equipment of/in workspaces	Add footnote: "For the avoidance of doubt, employee facilities (including home(s) owned/rented by employee) is not included in the required or optional boundary."

* As per the Technical Guidance (p. 90): "To calculate these emissions, a baseline emissions scenario should first be established. Baseline emissions occur regardless of whether or not the employee was at home (e.g., energy consumed by the refrigerator). The reporting company should only account for the additional emissions resulting from working from home, for example the electricity usage as a result of running the air conditioner to stay cool."

Consider also specifying that:

- This includes emissions from workspaces or other facilities paid for by an employee (whether it is reimbursed or not by a company)
- If a company pays rent for a fixed office in a workspace, then it may be a leased asset (category 8) or purchased service (category 1)
- A leased asset involves a lease agreement (which may not include some workspaces)

D6b. Category 7 – Employee commuting (continued)

Rev #	Required	Optional	Notes
D6b-1	Companies shall account for third-party consultants, contractors, and other individuals who are not employees of the company, but who commute to facilities owned and operated by the company (if not already included in category 1 or category 6). (<i>Scope 3 Standard</i> , p. 57) *	"Footnote 7: "Companies may include... consultants, contractors, and other individuals who are not employees of the company, but commute to facilities owned and operated by the company."	
D6b-2	n/a	Footnote 7: "Companies may include employees of other relevant entities (e.g., franchises or outsourced operations) in this category, ..." (<i>Scope 3 Standard</i> , p. 57) *	Franchisors will tentatively be required to include the scope 3 emissions of franchisors; in which case, franchisee employee commuting emissions would be account for in category 14 by a franchisor (reporting company).

* "Companies may include employees of other relevant entities (e.g., franchises or outsourced operations) in this category, as well as consultants, contractors, and other individuals who are not employees of the company, but commute to facilities owned and operated by the company."

Employees, non-employees, and customers/end users

The following are all defined from the perspective of a *reporting company*:

- **Employees**
 - “... employees of entities and facilities owned, operated, or leased by the reporting company.” *
- **Paid non-employees:**
 - Consultants, contractors, and other individuals who are not employees of the reporting company but who are paid directly (individually) or indirectly (through a third-party vendor) by the reporting company
- **Unpaid non-employees (excluding customers/end users):**
 - Employees of other relevant entities or value chain partners (including lessees, e.g., tenants, building operators, site operators, etc.), peer companies, industry groups, external researchers, or other stakeholders
- **Customers/end users:**
 - Individuals or entities that use a company’s sold products and services (including paid or unpaid products and services)

* (TG, p. 87; footnote 7, *Scope 3 Standard*, p. 57)

Transporting to and from company or third-party locations

Destination (from/to)	Employee	Paid non- employee	Unpaid non- employees	Clients/end users (<i>pre-sale</i>) *	Clients/end users (<i>post-sale</i>)
Required/Optional	Required	Required	Optional	Optional	Required
Reporting company office	Category 7	Category 7 **	Category 6	Category 9	Category 9 ^
Reporting company facility (non-office)	Category 7	Category 7 **	Category 6	Category 9	Category 9 ^
Third-party hotel (transportation and accommodation)	Category 6	Category 1 or Category 6 ^	Category 6	N/A	N/A
Third party-facility ***	Category 6	Category 1 or Category 6 ^	N/A	N/A	Category 9 ^^

* Excludes prospective clients (which by definition are not clients or end users)

** If the transportation is not explicitly a service provided by the supplier and so already included in category 1

*** Including third-party-managed conference or event space; third-party factory; and wholesalers/retailers

^ If transport/accommodation is paid for directly by the reporting company

^^ Effectively, "last-mile"

D7. Category 8
D8. Category 13

Leased assets

- Revisions concerning leased assets is being considered by the Corporate Standard TWG
- This section concerns minimal boundary consideration for category 8 and category 13
- These proposed revisions will be provided to the Corporate Standard TWG for final consideration and internal harmonization between the corporate suite of GHG Protocol standards

D7. Category 8 – Upstream leased assets (reported by lessee)

Description: “Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee” (Table 5.4)

Rev #	Required	Optional	Text edits/Notes
D7-1	Boundary: “The scope 1 and scope 2 emissions of lessors that occur during the reporting company’s operation of leased assets (e.g., from energy use)” (Table 5.4)	n/a	<i>No change proposed.</i>
D7-2	n/a	Boundary: “The life cycle emissions associated with manufacturing or constructing leased assets” (<i>Standard</i> , p. 36) *	<i>No change proposed.</i>

D8. Category 13 – Downstream leased assets (reported by lessor)

Description: “Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor” (Table 5.4)

Rev #	Required	Optional	Notes
D8-1	“The scope 1 and scope 2 emissions of lessees that occur during operation of leased assets (e.g., from energy use).”	n/a	<i>No change proposed.</i>
D8-2	Lessors that own the leased asset shall account for the life cycle emissions associated with manuf. or constructing leased asset(s) in Cat. 2.*	“The life cycle emissions associated with manufacturing or constructing leased assets” (Standard, p. 36)	Proposal: Clarify the use of Cat. 2 item.
D8-3		For lessors of ground leases (of land) that obligate the lessee to build or finance construction or improvements on the leased land, the lessor should account for the life cycle emissions associated with construction or improvements in the lessor’s scope 3 category 13 (in the year that said emissions are or would be accounted for and reporting by the lessee).	
D8-4		For lessors of ground leases (of land) that do not obligate the lessee to build or finance construction or improvements on the leased land, the lessor does not have to account for nor report the life cycle emissions associated with construction or improvements.	

* Whether to account for the life cycle emissions from manufacture and/or construction on an annualized or allocated basis will be considered in a future meeting of Phase 2 10/10/2025 | 92

D11. Category 14 (Franchising)
D12. Category 14 (Licensing)

D11a. Category 14 – Proposed new title: Franchising and Licensing

Rev #	Required	Optional	Notes
D11a-1	Franchisee scope 1 emissions	n/a	<i>No change proposed</i>
D11a-2	Franchisee scope 2 emissions	n/a	<i>No change proposed</i>
D11a-3	n/a	"Franchisees may optionally report upstream scope 3 emissions associated with the franchisor's operations" (Standard, p. 51)	Proposal: Remove this optional record
D11a-4	"If significant upstream emissions result from the purchase of goods and services by franchisees, the Franchisor developing the scope 3 inventory should shall include these the scope 3 emissions in this category of a franchisee (excluding the franchisee's scope 3 category 15). For example, a large fast-food franchise should shall account for the upstream emissions associated with the beef purchased by its franchise restaurants and emissions associated food waste generated in operations." *	"If significant upstream emissions result from the purchase of goods and services by franchisees, the Franchisor developing the scope 3 inventory should include these emissions in this category. For example, a large fast food franchise should account for the upstream emissions associated with the beef purchased by its franchise restaurants." (Technical Guidance, p. 131) *	Proposal: Require that franchisors include both the upstream and downstream scope 3 emissions of a franchisee(s)
D11a-5	The above scope 3 emissions includes: "The life cycle emissions associated with manufacturing or constructing franchises and capital equipment used by franchisees. " **	"The life cycle emissions associated with manufacturing or constructing franchises" (Table 5.4, Standard, p. 37)	<i>Ibid.</i>

* This requirement will be moved into the *Scope 3 Standard*

** This would be included in the requirement to account for all franchisee scope 3 emissions (row 2 above)

D11b. Proposed amended calculation method for franchising

- **D11b-1) Exclusive** (traditional) franchise models:
 - Franchisor shall account for **all (100%)** of franchisee scope 1, scope 2, and scope 3 emissions
- **D11b-2) Non-exclusive** franchise models (e.g., non-exclusive product distribution franchises*), multi-line dealership and distribution models, etc.:
 - Franchisor may account for a **fraction (%)** of franchisee scope 1, scope 2, scope 3 emissions which are associated with business activities that generate income for the franchisor, subject to justification thereof

* Automatic dealers, electronics and appliances, tools and equipment

D12a. Category 14 – Licensing

Rev #	Required	Optional	Notes
D12a-1	Licensee scope 1 emissions	n/a	Proposal: New activity specified.
D12a-2	Licensee scope 2 emissions	n/a	Proposal: New activity specified.
D12a-3	Licensee scope 3 emissions (upstream and downstream)	n/a	Proposal: New activity specified.

See: **next slide** for proposed calculation methods.

D12b. Proposed calculation methods for licensing

- **D12b-1) Product-Sale license agreements (physical product(s)):**
 - Licensors shall account for all (100%) of licensee scope 1, scope 2, and scope 3 emissions which are associated with business activities and/or licensee-sold physical that use the licensed IP
- **D12b-2) Use-Only License agreements (non-physical product(s)):** *
 - Licensors shall account for all (100%) of licensee scope 1 and scope 2 emissions which are associated with business activities and/or licensee-sold non-physical products that use the licensed IP
- **D12b-3) Multi-licensing agreements:**
 - Licensors shall account for a fraction (%) of licensee scope 1, scope 2, and scope 3 emissions (in the case of licensee-sold physical products) and scope 1 and scope 2 emissions (in the case of licensee-sold non-physical products) which are associated with business activities and/or licensee-sold products that use by the licensed IP, in proportion to the royalty amount/rate (see calculate example below)
 - For example, for three licensors that license branding to a single licensee which involves the same (single) licensee-sold product, with Licensor A, B, and C earning 5%, 10% and 15% royalty rates on total licensee-sold product income, respectively, then Licensor A, B, and C shall each account for 5%, 10%, and 15% of total licensee-sold product scope 1, scope 2, and scope 3 emissions, respectively.

* E.g., some software, SaaS, Music, Film, Media, Broadcast, Streaming, sponsorship, R&D, etc., licenses.

D12c. Proposed optionality for pro bono licensing

- **Requirement/optionality:**
 - Typically, license agreements generate income (via royalties) for a licensor; and in some cases, pro bono licenses may be established (e.g., open-source software, humanitarian access, creative commons, and promotional partnerships) that do not generate income
 - Consider making:
 - Income-generating license agreements **required**, and
 - Pro bono license agreement **optional**

* E.g., some software, SaaS, Music, Film, Media, Broadcast, Streaming, sponsorship, R&D, etc., licenses

(Draft; for discussion)

**Read only:
Category 15**

Category 15 – Investments (Phase 1 outcomes)

Required	Optional	Boundary
(15.1.1, 15.1.2, 15.1.3) Equity investments ¹	n/a	Scope 1, 2, and 3 required
(15.1.4, 15.1.7, 15.1.8) Debt investments (known uses) ²	n/a	Scope 1, 2, and 3 required
(15.1.6) Project finance (equity or debt) ³	n/a	Scope 1, 2, and 3 required
(15.1.5, 15.1.7, 15.1.8) Debt investments (unknown uses) ²	Debt investments (with unknown use of proceeds) (Table 5.10, p. 55)	Scope 1, 2, and 3 required
(15.1.9) Undrawn commitments , (15.1.10) Mutual fund and ETF shares , and (15.1.11) Asset-based securities ⁴	Securitized products (Table 5.10, p. 55)	Scope 1, 2, and 3 required
(15.1.12) Commodities (see next slide for more detail)	n/a	Scope 1 and 2 required; full lifecycle required for fuels.

[1] 15.1.1 Equity with financial control over investee; 15.1.2 Equity without financial control over investee but with significant influence; 15.1.3 Equity without financial control over investee and without significant influence;

[2] 15.1.4 Corporate debt with known use of proceeds; 15.1.5 Corporate debt with unknown use of proceeds; 15.1.7 Retail debt (with known/unknown use of proceeds) (including mortgages, motor vehicle loans); 15.1.8 Other debt (with known/unknown use of proceeds) (including government, sovereign, municipal);

[3] 15.1.6 Project finance

[4] 15.1.9 Undrawn commitments (on-balance sheet) (including private equity commitments and expected credit losses); 15.1.10 Mutual fund and ETF shares; (15.1.11) Asset-backed securities.

Category 15 – Investments

Required	Optional	Boundary
Managed investments (by a third-party manager)*	Managed investments by a company with discretionary control (Table 5.10, Standard, p. 54)	Third-party managers* with discretionary control shall report associated financed emissions.

Refer to Category 16 revision regarding the optional inclusion of facilitated emissions by third-party advisors.

* Third-party manager: A company (manager) with the authority to make investment decisions and execute trades or invests on behalf of a client **without prior approval**.

(Draft; for discussion)

Read only
Category 16

Category 16 – Facilitated financial activities and other services

Required	Optional	Notes
16.1.1 Insurance, reinsurance ("shall") ¹	Insurance contracts, credit guarantees, financial guarantees, export credit insurance	Reporting companies shall use PCAF Part C
	16.1.2 Claims payments ("should") ²	No calculation method provided
16.2 Underwriting and issuance ("shall") ³	Underwriting and issuance	Reporting companies shall use PCAF Part B
	16.3.1 Advisors with non-discretionary control (the client must approve all investment decisions before any investment or trade execution is made)	Managed investments and client services (Table 5.10, Standard, p. 54): "Financial advisory services for clients seeking assistance with mergers and acquisitions or requesting other advisory services"
	16.3.2 Compensation payments (employer perspective) ⁴	No calculation method provided
	16.3.3 Insurance premium-related (insurer perspective)	No calculation method provided
	16.3.4 Cash deposits (depositor perspective)	No calculation method provided
	16.3.5 Donations (donor perspective)	No calculation method provided
	16.3.6 Derivatives (buyer/seller perspective)	No calculation method provided
	16.3.1 Short positions (short seller perspective)	No calculation method provided

[1] Insurance-associated Emissions Standard (PCAF, Part C); [2] No industry-specific standard exists for claims payments; [3] 10/10/2025 | 128
Facilitated Emissions Standard (PCAF, Part B); [4] Including "pension funds, retirement accounts"

Category 16 – Facilitated activities (excluding finance-related)

Required	Optional	Notes
Proposed	All other Category 16 activities (excluding 16.1 and 16.2 items)	Proposed: Optionality

Pending list of all other Category 16 activities that is recommended for disaggregation (**numbers** correspond with [PDF](#)):

- (1) Brokers of products
- (2) Booking/travel agents
- (4) Two-sided marketplace acting as an agent
- (8) Payment system enabling a transaction between a buyer and a seller, not exclusively digital money transfers
- (9) Payment system enabling digital money transfer, not the exchange of products
- (11) Fourth Party Logistics Providers (4PL)
- (12) Logistics (third-party products)
- (13) Ports (T&D of third-party products by clients inside a port's boundary of operation)
- (14) Ports (T&D of third-party products by clients outside a port's boundary of operation)
- (16) Traders (non-electricity or heat energy)
- (17) Advertisements tied to performance-based compensation
- (18) Advertisements tied to non-performance-based compensation
- (23) Non-energy-linked service providers
- (38) Leased asset

(Draft; for discussion)

D13. Category 16

Background: Distributors of fuels/energy that to not purchase/sell

- Current boundary:
 - **Category 1** is defined for “... goods and services **purchased or acquired** by the reporting company...”
 - **Category 3** is defined for “... fuels and energy **purchased or acquired**...” and “... **consumed** by the reporting company.”
- Exclusion:
 - Distributors of fuel/energy, e.g., transmission system operators (TCOs), most often **neither purchase nor sell** (i.e., they never own) the fuel/energy products which they distribute
 - This is the case even though the facilities/infrastructure that said distributors own and/or operate was and is explicitly **constructed to distribute/transport fuel/energy**
 - As a result, TSOs and other distributors of O&G (that never purchase nor sell said product) are reporting zero (0) emissions—in conformance with the *Scope 3 Standard* (2011)
- Stakeholders:
 - Some stakeholders requested guidance for distributors (via the Stakeholder Survey 2022*); and
 - That “ESG investors need better visibility of the emissions impact and associated financial risk” **

Background: Distributors of fuels/energy that to not purchase/sell (continued)

- Other frameworks:
 - EFRAG [Draft ESRS Oil and Gas AR50](#) (p. 34): “When reporting its **Scope 3 category 11**, ‘Use of sold products emissions’ in accordance with ESRS E1-6, AR 46, the undertaking shall consider: ...for **midstream undertakings**, the CO₂ emissions of the throughput through the facilities under their financial or operational control during the reporting period, even if the oil and gas products are not owned by the undertaking...”
 - CDP [Guidance methodology for estimation of Scope 3 category 11 emissions for oil and gas companies](#) (p. 23): “Companies which handle oil and gas products but do not own the products themselves should calculate their Scope 3 category 11 emissions based on the throughput of these products through their operations. This represents the best way to capture the amount of product these companies have a role in processing, and... [for which] they should report Scope 3 emissions...”

Vocabulary from (EFRAG SRG, Sep. 4, 2024, p. 25) for reference

- **Transmission pipelines:** “Pipelines used to transport crude oil and natural gas from their respective gathering systems to refining, processing, or storage facilities. Transmission pipelines also transport refined petroleum products and natural gas to customers, for use or for further distribution. With very few exceptions, transmission pipelines are dedicated to the transportation of crude oil, refined petroleum products, or natural gas. Transmission pipeline systems include all of the equipment and facilities necessary to transport the products. This includes the pipe, valves, pumps or compressors, breakout tanks, storage tanks, refining and processing facilities and other equipment and facilities. Transmission pipelines are constructed from steel pipe and can range in size from several inches to several feet in diameter. Depending on the product being transported, transmission pipeline systems can be designed to operate from relatively low pressures to high pressures. They can range in length from hundreds of feet to hundreds of miles.”
- **Throughput:** “The amount of product that moves through a particular facility during a given period of time”.

D13. Distributors of fuel/energy to use Category 16

- Consider requiring that distributors of fuel and/or energy—that neither buy nor sell the distributed product (i.e., fuel/energy)—**shall** include the cradle-to-grave emissions of said distributed fuels and energy (i.e., “throughput” *) in **Category 16**
- Consistency with the new (proposed) category 16, which defines a **facilitated activity** as “... 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 facilitated activity (or product) 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.”

Rev #	Category 16 (required)	Notes
D13-1	16.15-A) Fuel distributors that do <i>not</i> purchase nor sell the distributed fuel shall account for and report the upstream and downstream (life cycle) emissions attributable to any and all fuels* (solid, liquid, and gaseous) transported, distributed, and/or stored by the distributor (excluding T&D loss**).	Transportation and storage of natural gas, crude oil and refined petroleum products (Oil and Gas midstream sub-sector). Activities involve gathering, transporting and processing of natural gas as well as transport of crude oil and refined products over land (pipelines, truck and rail) or water (tankers and barges). Includes also storage terminals stocking oil and gas above and below ground.
D13-2	16.15-B) Energy distributors that do <i>not</i> purchase nor sell the distributed energy shall account for and report the upstream and downstream (life cycle) emissions attributable to electricity, heat, and steam (collectively, “energy”) transported, distributed, and/or stored by the distributor (excluding T&D loss**).	n/a

* Including biomethane and hydrogen (and other ‘non-fossil’ fuels). ** The loss of oil and gas (due to leakage or pipe failure) or electricity loss (due to the grid) **shall** be treated by an operator like a purchased and consumed fuel and therefore **shall** be accounted for using scope 3 **category 3**.

(Draft; for discussion)

Category 15 - Commodities

D14a. Commodities

- **Category 15** is being used for commodities (e.g., fuels or energy) that is purchased but *not* consumed
 - E.g., traders would account for traded fuel/energy commodities in Category 15 (disaggregated)

Description

D14a)

Commodities purchased by a reporting, including:

- Fuels (including oil and gas)
- Electricity
- Metals (precious and base)
- Agricultural and forestry commodities
- Livestock and meat
- Cryptocurrency (including fungible and/or non-fungible tokens, e.g., BitCoin, Ethereum, Tether, NFTs, etc.)

D14b. Commodities

- **Category 15** is being used for commodities (e.g., fuels or energy) that is purchased but *not* consumed
 - E.g., traders would account for traded fuel/energy commodities in Category 15 (disaggregated)

Exclusions

D14b)

For the avoidance of doubt:

- Fuel and energy purchased and used or consumed by the reporting company shall be accounted for and reported in accordance with guidance in Table 5.6 (Scope 3 Standard) and Table 3.2 (Technical Guidance).*
- Any and all other commodities (excluding fuel and energy) purchased and used or consumed by the reporting company shall be accounted for as a purchased good or service (Category 1).
- Commodity ETFs/ETNs shall be accounted for and reported using 15.1.10.
- Over-the-counter (OTC) derivatives (including swaps, forwards, or options) are derivatives and shall be accounted for using Category 16, if included.
- A futures contract (including an exchange-traded derivative) is a derivative and shall be accounted for using Category 16, if included.

* Or another disaggregation rule (to be discussed next meeting September 18th)

D14c. Commodities (continued)

Rev #	Type	Boundary requirements
D14c-1	All other commodities	"An investor or holder (the reporting company) shall account for the <u>cradle-to-gate (upstream) emissions</u> attributable to the physical commodity (excluding fuel and energy-related activities)."
D14c-2	Fuel and energy	"In the case of fuel and/or energy purchased and sold by the reporting company that are not accounted for in scope 1, scope 2, scope 3 category 3, or scope 3 category 11, the reporting company shall account for both the <u>cradle-to-gate and gate-to-grave (i.e., full life cycle) emissions</u> of the fuel and/or energy in category 15. Refer to Category 3 for requirements and guidance in accounting for and reporting emissions attributable to fuel- and energy-related activities (not included in the reporting company's scope 1 and scope 2 emissions inventories). Fuel includes crude oil, gasoline, diesel, kerosene, jet fuel, natural gas (methane), coal (anthracite, bituminous, lignite), peat, oil shale, biofuels (wood, biomass, ethanol, biodiesel, biogas, bio-oil, algae-based oil, municipal solid waste), nuclear fuels (uranium, plutonium, thorium, deuterium and tritium), hydrocarbon, ammonia, and metal powders. Energy includes electricity, thermal energy (heat, steam, district heating, i.e., hot water, ice/chilled water, molten salt, etc.), capacitors/supercapacitors, and batteries."
D14c-3	Fungible and/or non-fungible tokens	"In the case of fungible tokens (e.g., cryptocurrency), data tokens, decentralized compute or storage tokens, and non-fungible tokens, the reporting company shall account for the <u>emissions attributable to producing or creating the token</u> . A reporting company shall also account for the <u>scope 1 and/or scope 2 emissions attributable to operating</u> and cooling the data infrastructure used to store, manage, or hold such tokens."

D14d. Boundary specification for commodities

- Time boundary discussion
 - The EOY (December 31st) fixed point in time guidance may not work for commodities
 - “Because investment portfolios are dynamic and can change frequently throughout the reporting year, companies should identify investments by choosing a fixed point in time, such as December 31 of the reporting year, or using a representative average over the course of the reporting year, to make consistent annual disclosures. Where possible, the temporal boundary relied upon for annual financial accounting and reporting by a company should match the temporal boundary it uses for its scope 3 category 15 GHG inventory. Companies may prepare quarterly, annual, or other periodic disclosures.”
- Options (see next slide for more detail):
 - Continue applying the current fixed point in time rule to commodities
 - Consider providing an exception for commodities

D14d. Time boundary specification for commodities

Rev #	Time boundary specification
D14d	Revision: Consider providing an exclusive guidance (specification) for commodities in Category 15 which requires that purchased/sold commodities be quantified like purchased goods and services: “This time boundary guidance does not apply to commodities; for commodities, companies should account for and report the emissions of all commodities purchased and sold in the reporting year.”

(Draft; for discussion)

D15 & D16. Cross-category boundary consistency

Allocated embodied carbon of capital goods is often de minimis

- Option 1 (**specific**)
 - Only categories with possibly significant embodied carbon from capital goods require this boundary
 - Categories for which it's likely insignificant are maintain an optional boundary
- Option 2 (**uniform**, everything is required)
 - Companies could rely on exclusion threshold/de minimis provision

D15-1) Option 1: Specific intra-category boundaries for the embodied emissions of capital equipment used for activities in each category

- Until further discussion in a future meeting, assume that the (A) Owner of the capital equipment shall account for the cumulative, cradle-to-gate emission of owned capital goods in Category 2 (as currently required); and (B) in all other instances, the capital equipment is accounted for on a per unit basis.

Category	Required	Optional	Excluded (proposed)	'Silent'
Category 1/2				EC of capital equipment
Category 3	EC of capital equipment			EC of capital equipment
Category 4/9		LCAEC of capital equipment		
Category 5/12		EC of capital equipment		EC of capital equipment
Category 6 and 7		LCAEC of equipment (used to provide transport/accommodation services)	EC of employee-owned equipment and homes	
Category 8		LCAEC of equipment (owned by lessor)		
Category 13	EC of owned capital equipment in Category 2	LCA of equipment (owned by lessor) EC of equipment (built and financed by lessee) *		
Category 10/11				EC of capital equipment
Category 14	EC of capital equipment **	LCAEC of capital equipment		
Category 15	EC of capital equipment **	LCAEC of capital equipment		

* For lessors of ground leases (of land) that **obligate** the lessee to build/finance construction or improvements on the leased land, the lessor **should** account for the life cycle emissions associated with construction/improvements in the lessor's scope 3 category 13 (in the year that emissions are or would be accounted for and reporting by the lessee).

** Based on proposed revisions to require the inclusion of (11a) a franchisee's scope 3 emissions and investee's scope 3 emissions.

D15-2) Option 2: Uniform intra-category boundaries for the embodied emissions of capital goods used for activities in each category

- Until further discussion in a future meeting, assume that the (A) Owner of the capital equipment shall account for the cumulative, cradle-to-gate emission of owned capital goods in Category 2 (as currently required); and (B) in all other instances, the capital equipment is accounted for on a per unit basis.

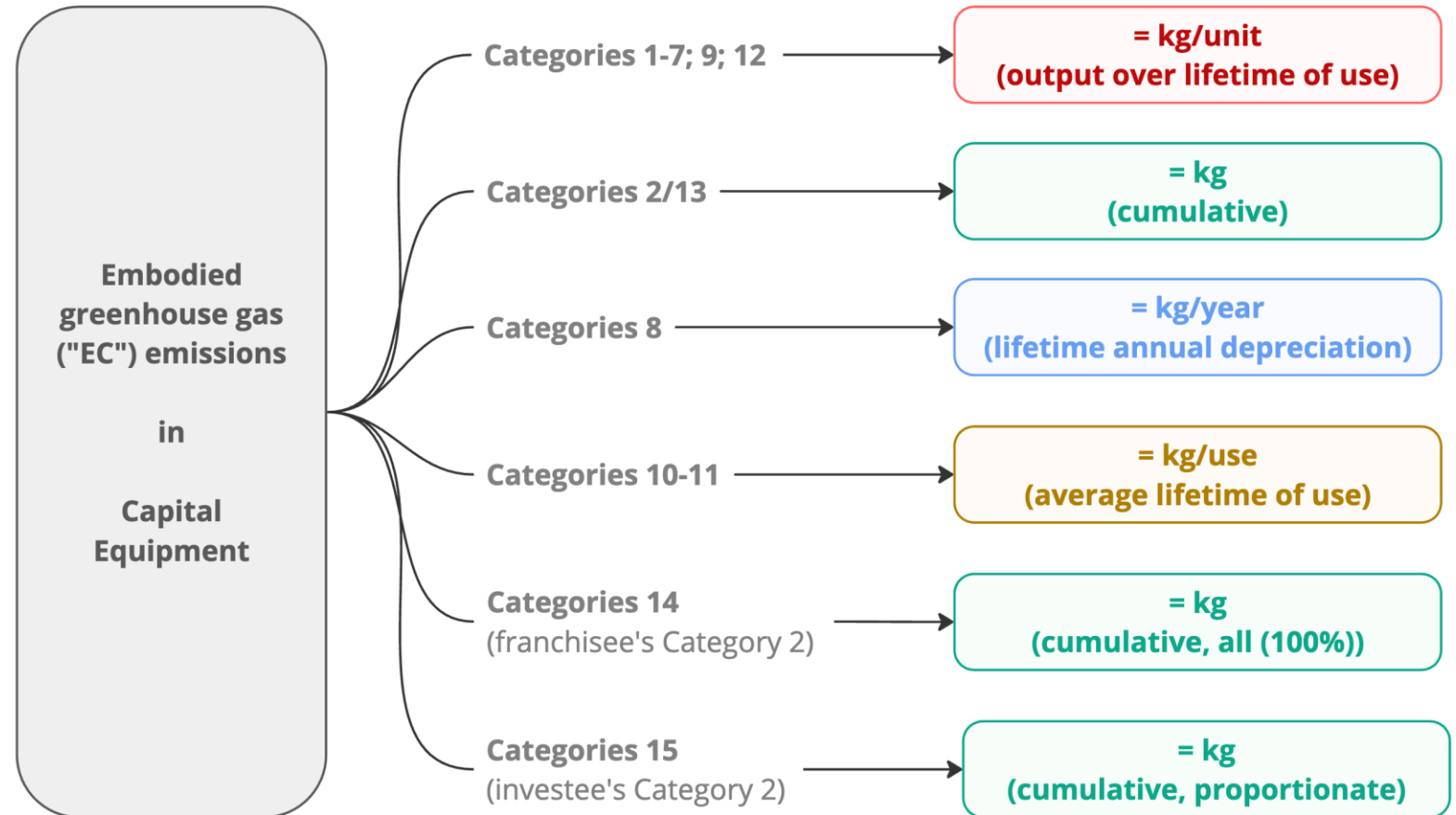
Category	Required	Optional	Explicitly Excluded	'Silent'
Category 1/2	EC of capital equipment			EC of capital equipment
Category 3	EC of capital equipment			EC of capital equipment
Category 4/9	EC of capital equipment	LCA of capital equipment		
Category 5/12	EC of capital equipment			EC of capital equipment
Category 6 and 7	EC of capital equipment (used to provide travel/accommodation)	LCA of equipment (used to provide transport/accommodation services)	EC of employee-owned equipment and homes	
Category 8	EC of capital equipment (owned by lessor)	LCA of equipment (owned by lessor)		
Category 13	EC of owned capital equipment in Category 2; EC of equipment (built and financed by lessee) *	LCA of equipment (owned by lessor)		
Category 10/11	EC of capital equipment			
Category 14	EC of capital equipment **	LCA of capital equipment		
Category 15	EC of capital equipment **	LCA of capital equipment		

* For lessors of ground leases (of land) that **obligate** the lessee to build/finance construction or improvements on the leased land, the lessor **should** account for the life cycle emissions associated with construction/improvements in the lessor's scope 3 category 13 (in the year that emissions are or would be accounted for and reporting by the lessee).

** Based on proposed revisions to require the inclusion of (11a) a franchisee's scope 3 emissions and investee's scope 3 emissions.

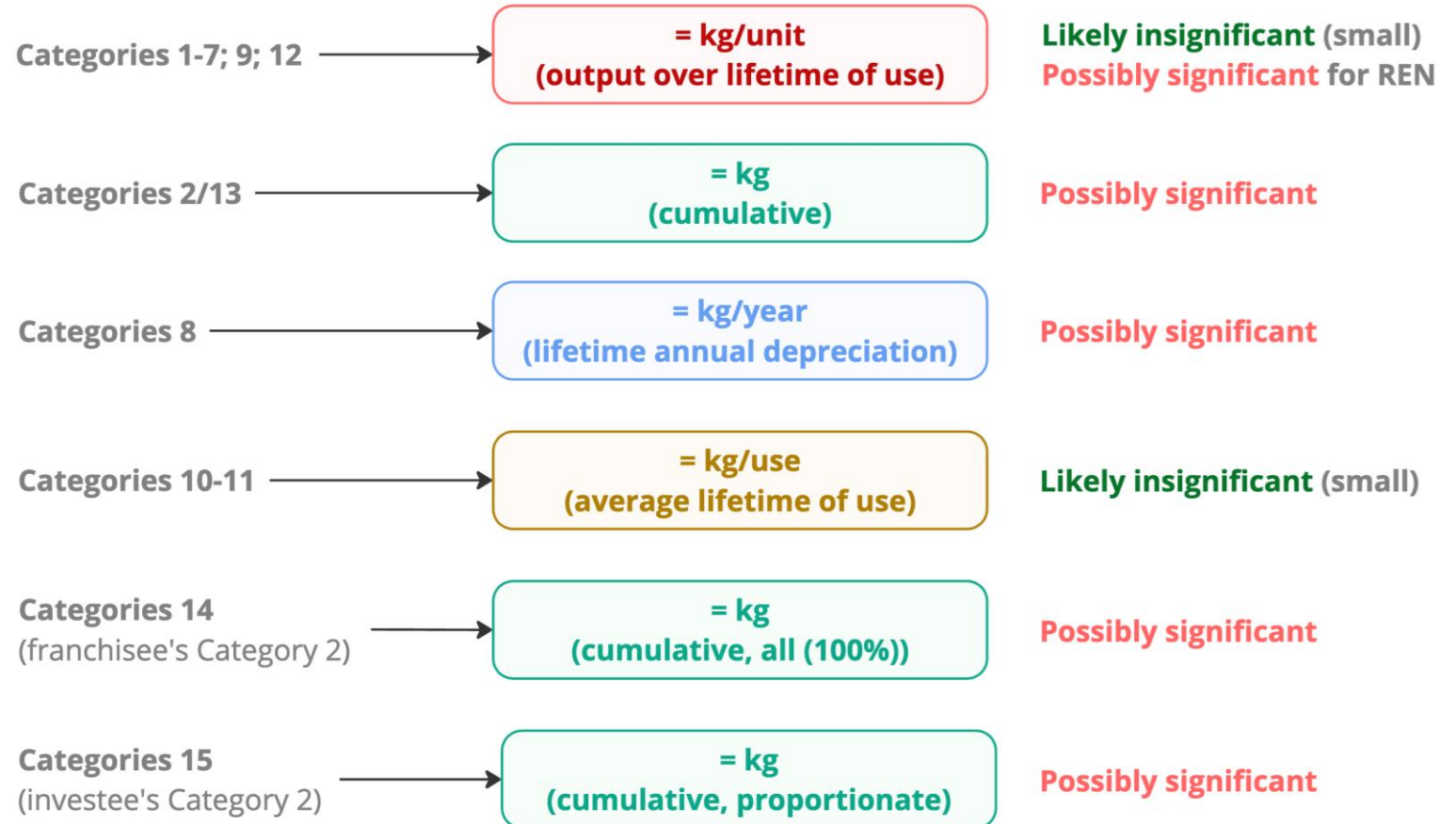
Sample calculation methods for the embodied emissions (sometimes call embodied carbon, EC) of capital equipment by Category*

- **Categories 1-7, 9, and 12** reflect **per unit allocations** of the EC of capital equipment used to process, manuf., assemble, or deliver a services
- **Category 2, 13, 14, and 15** reflect **simple, cumulative inclusion** of the EC of capital equipment (Cat. 15 uses proportionality to adjust this)
- **Category 8** reflects the **simple, annual depreciation** of the asset EC for the lessee to account for it
- **Category 10 and 11** reflect a **per product use basis allocation** of the EC of capital equipment relied on to use the purchased good/service



Likely magnitude thresholds for the embodied emissions of capital equipment by Category*

- **Categories 1-7, 9, and 12 allocated** EC of capital equipment would **likely be insignificant** (and could be a justified exclusion or de minimis**); except for Cat. 3 of renewable energy which **could be significant**
- **Category 2, 13, 14, and 15 full** (or proportionate) EC of capital equipment **could be significant** and therefore could be considered relevant, or necessary for completeness
- **Category 8 depreciated** EC of capital **could be significant**
- **Category 10 and 11 allocated** EC of capital equipment would **likely be insignificant** (exclusion or de minimis**)



* All contents and notes on this slide are conceptual in nature, for exploratory discussion purposes—and do not reflect rules10/10/2025 | 152

** This is referring to the 5% exclusion threshold for scope 3 inclusion and the de minimis rule (Phase 1 proposed revisions)

Cross-category boundary consistency

- The following slides review cross-category boundary consistency:
 - Inclusion of embodied carbon (EC)* emissions of value chain partner's capital equipment
 - Inclusion of well-to-tank (WTT) emissions for Category 4/9, 6, 7, 8/13
- The following has already been polled on a category-specific basis; but it is provided here to be polled again in the context of cross-category consistency (or exceptions)

* Embodied Carbon ("EC") is short-hand for and includes the embodied greenhouse gases (GHGs) of all the GHGs which are required for *Scope 3 Standard* compliance.

D16-1) Option 1: Specific intra-category inclusion of WTW emissions

Category	Required	Optional	'Silent'
Category 1 and 2			Cradle-to-gate implies WTW emission factors for fuels used
Category 3			Cradle-to-gate implies WTW emission factors for fuels used
Category 4/9	Cradle-to-gate implies WTW emission factors for fuel/energy	"Emission factor should... optionally include cradle-to-gate emissions [of the fuel]" (Appendix D, TG, p. 174)	
Category 5/12	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 6 and 7	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 8/13	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 10/11			Cradle-to-gate implies WTW emission factors for fuels used
Category 14	Implied if Scope 1, 2, and 3 are required		
Category 15	Implied if Scope 1, 2, and 3 are required		

D16-2) Option 2: Uniform inclusion of WTT/WTW across all categories

Category	Required	Optional	'Silent'
Category 1 and 2	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 3	Cradle-to-gate implies <u>WTT</u> emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 4/9	Cradle-to-gate implies WTW emission factors for fuel/energy	"Emission factor should... optionally include cradle-to-gate emissions [of the fuel]" (Appendix D, TG, p. 174)	
Category 5/12	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 6 and 7	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 8/13	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 10/11	Cradle-to-gate implies WTW emission factors for fuel/energy		Cradle-to-gate implies WTW emission factors for fuels used
Category 14	Implied if Scope 1, 2, and 3 are required		
Category 15	Implied if Scope 1, 2, and 3 are required		

* Well-to-wheel (WTW) (i.e., full life cycle); and well-to-tank (WTT) (i.e., cradle-to-gate, pre-combustion)

D17) Boundary requirements for fuels/energy and capital goods

- The following is an extension of D15-2 and D16-2 (for uniform intra-category boundaries for the EC or capital goods and the WTW of fuels/energy)*

Boundary	Option 1 (Current approach)	Option 2	Option 3
Combustion emissions of purchased fuels and energy	Shall	Shall	Shall
Cradle-to-grave (“life cycle”) emissions of purchased fuels and energy	Should (optional)	Shall (for select categories)	Shall (for all categories)
Embodied GHG emissions (“EC”) of capital goods used to perform an activity or produce a product/service*	Excluded	Shall (for select categories)	Shall (for all categories)

* Allocated; see sample calculation methods for EC of capital equipment by category at the beginning of this section D15-1710/10/2025 | 156

(Draft; for discussion)

Next Steps

Next steps

- GHG Protocol Secretariat:
 - Aug 29th – Distribute the Recording
 - Sep 4th – Distribute Meeting Minutes and the Feedback Form
- Next meeting:
 - Sep 18th – **Meeting 2** at 9-11 AM EST

Thank you!

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