GREENHOUSE GAS PROTOCOL

Scope 3 Technical Working Group Meeting

Working draft, do not cite

Full TWG
Phase 2, Meeting 2
Category-specific boundaries & optionality (continued)

September 18th, 2025

WORLD RESOURCES INSTITUTE

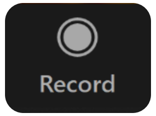
World Business Council for Sustainable Development

(Draft; for discussion)

Agenda

- Housekeeping (5 min)
- Timeline for Phase 2 (5 min)
- Legend & cross-category boundary consistency (5 min)
- Revision considerations (100 min)
  - Category 3
  - Category 4/9
  - Category 6/7
  - Category 8/13
  - Cross-category consistency issues
- 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.

Housekeeping and decision-making criteria

Housekeeping

- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.

- In TWG meetings, **Chatham House Rule** applies:
    - "When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed."

- **Compliance and integrity** are key to maintaining the credibility of the GHG Protocol
    - Specifically, all participants need to follow the **conflict-of-interest policy**
    - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Decision-Making Criteria

- Evaluating options: Describe pros and cons of each option relative to each criterion. Qualitatively assess the degree to which an option is aligned with each criterion through a green (most aligned), yellow (mixed alignment), orange (least aligned) ranking system. Some criteria may be not applicable for a given topic; if so, mark N/A.
- Comparing options: The aim is to advance approaches that ideally meet all decision criteria (i.e. maximize pros and minimize cons against all criteria). If options present tradeoffs between criteria, the hierarchy should be generally followed, such that, for example, scientific integrity is not compromised at the expense of other criteria, while aiming to find solutions that meet all criteria.

Illustrative example	Option A: Name	Option B: Name	Option C: Name
1A. Scientific integrity	• Pros • Cons	• Pros • Cons	• Pros • Cons
1B. GHG accounting and reporting principles	• Pros • Cons	• Pros • Cons	• Pros • Cons
2A. Support decision making that drives ambitious global climate action	• Pros • Cons	• Pros • Cons	• Pros • Cons
2B. Support programs based on GHG Protocol and uses of GHG data	• Pros • Cons	• Pros • Cons	• Pros • Cons
3. Feasibility to implement	• Pros • Cons	• Pros • Cons	• Pros • Cons

Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at https://ghgprotocol.org/our-governance.

Timeline for Phase 2

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 boundaries & optionality (continued)
3	Oct 9	9-11 AM 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)
4	Oct 30	9-11 AM ET	Category 10/11 boundaries, justified exclusions, and emission factor guidance
5	Nov 20	**4-6 PM ET**	Category 10/11 boundaries (continued) 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) *(This may be pushed to year 2026)*

* This is not a TWG meeting; it is the Secretariat's meeting with the ISB to present proposed revisions from the TWG

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

* This is not a TWG meeting; it is the Secretariat's meeting with the ISB to present proposed revisions from the TWG

(Draft; for discussion)

Series D. Boundaries
Contents

Series D. Boundaries – Contents

- ***Reviewed in Meeting 01***
  - *D1. Category 1 & 2*
  - *D2. Category 3*
  - ***D3. Category 4 & 9 – proposed revisions to be further reviewed***
  - *D4. Category 5 (Category 12 will be considered in Q1 of Year 2026)*
  - *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)*

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).

Series D. Boundaries – Contents (continued)

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 02**
  - *D11. Category 14 (franchising)*
  - *D12. Category 14 (licensing)*
  - D13. Category 16 – Distribution of fuels/energy
  - D14. Category 15 – Commodities
  - D15 & D16. Cross-boundary consistency (or non-consistency, i.e., specificity)
  - D17. Boundary requirements for fuels/energy (Cat. 3) and capital goods (Cat. 2)

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).

Legend (applies to all tables in this presentation)

Required	Optional	Notes
Proposed revision	~~Current text~~ (Standard, p. ##)	*Proposal notes*

- 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, is 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

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	*No change proposed.*

[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*)

Remaining slides intentionally excluded

- Refer to the presentation from Meeting 01 for slides concerning other category 3 revisions

D3. Category 4 & 9

D3a. Category 4 and 9 – Upstream/downstream T&D

Rev #	Required	Optional	Notes
D3a-3	n/a	**Category 4:** "Companies may optionally calculate any emissions from unladen backhaul (i.e., the return journey of the empty vehicle)." (Technical Guidance, 52)	*No change proposed.*

Rev #	Required	Optional	Text edits/Notes
D3b-3	n/a	**Category 9:** "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)	*No change proposed.*

Optional emissions that "should" be included given their relevance

- For reference, proposed **Revision B10d:**
  - "Companies **should** include optional scope 3 emissions, where relevant." (6.1) *
  - Relevance can be determined by a company satisfying one or more of the following criteria (Table 6.1): size, influence, outsourcing/insourcing, risk, stakeholders, sector guidance, other
  - For example:
    - A company that purchases/sells products and that has significant scope 3 category 4 and/or category 9 emissions from transportation and distribution, may determine that 'empty trip' (e.g., unladen backhaul) emissions may be or are **relevant** and, as such, **should** include said emissions
    - A transport and logistics company (e.g., cargo carrier, shipping company, airline, etc.) that performs activities specified in *ISO 14083:2023*** and/or that must disclose said emissions or pay taxes on emissions by law (e.g., EU ETS), **should** include said emissions in accordance with said **sector guidance** and **legal precedence**, respectively, as either (both) satisfies a criteria for relevance
- For reference, proposed **Revision B12** recommended ("should") the inclusion of facilitated emissions
  - "A company **should** account for and report emissions associated with a facilitated activity that is required by an industry- or sector-specific standard, framework, and/or legislation."
  - This recommendation can and likely should apply to all optional category emissions

* 98% support by the Scope 3 TWG (15% abstention). ** *Greenhouse gases — Quantification and reporting of greenhouse gas emissions arising from transport chain operations*

D3a-3/D3b-3. Category 4 and 9 – Upstream/downstream T&D

- ***Revote*** of **D3a-3/D3b-3** for both the (x) optionality and proposed (y) editorial revision
  - If a member disagrees with either (x) and/or (y), please mark oppose (otherwise, support)

Rev #	Required	Optional	Notes
D3a-3	n/a	**Category 4:** "Companies may optionally calculate any emissions from unladen backhaul the return journey of the empty vehicle." (Technical Guidance, 52) **Companies may optionally include emissions from empty trips*, including inbound journeys or return journeys of empty vehicles (e.g., unladen backhaul) and outbound journeys of empty vehicles (e.g., unladen hauls to pick up products).**	*Editorial revisions.* *Note that the final language may change slightly (for editorial conciseness and/or clarity).*
D3b-3	n/a	**Category 9:** "Companies may optionally calculate any emissions from unladen backhaul the return journey of the empty vehicle." (Technical Guidance, p. 52 and p. 167) ***Ibid***	*Editorial revisions.*

* Empty trip / empty running: The section of the route of a vehicle during which no freight or passenger is transported.

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	*No change proposed*
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	*Proposal: Change the term end consumer to purchaser to include B2B sales.*

Post-meeting survey due Monday Sept. 15th

TWG post-meeting, indicative

Revision D3d-1:*

- **Support**** **89%**
- **Opposition**** **11%**

- *Need more info/discussion* *3%*
- *Abstain* *7%*

TWG post-meeting, indicative

Revision D3d-2:*

- **Support**** **82%**
- **Opposition**** **18%**

- *Need more info/discussion* *0%*
- *Abstain* *7%*

* 30 members voted (as of 2025.09.17). ** Support/opposition percentage (%) figures exclude abstentions and non-votes (due to the need for more info/discussion) in the calculation.

Payment principle vs. Gate principle

- The original proposed revision language did not consider payment vs. gate principle
- The following options (D3d-3 **new**) presents this consideration

D3d-3 (new). Options for consideration

- The following options are being proposed for consideration to differentiate Category 4 and 9 activities

Option 1 No change	Option 2 Purchase principle	Option 3 ^* Gate principle
Category 4, possibly with *minor* editorial revisions AND relying heavily on Table 5.7 (as is)	**Category 4** is exclusively: "**Purchased** T&D services" AND a revised Table 5.7	**Category 4:** All **upstream** T&D activities (gate-defined based on or relative to the reporting company's sold product(s)), purchased or not.
Category 9, possibly with *minor* editorial revisions AND relying heavily on Table 5.7 (as is)	**Category 9** is exclusively: "**Unpaid**** T&D services" AND a revised Table 5.7	**Category 9:** All **downstream** T&D activities (gate-defined based on or relative to the reporting company's sold product(s)), purchased or not.

^ *ISO 14064-1:2018*: Cat. 3 (transportation); Cat. 4 (products used); Cat. 5 (use of products); Cat. 6 (other sources);
ISO 14064-1:2025 (draft): Sub-categories 3.1 (Upstream T&D for goods); 3.2 (Downstream T&D for goods).

* This is similar to inbound/outbound classification. ** T&D services (upstream or downstream) that transport/distribute goods (bought or sold, inbound or outbound) that are **not** purchased by the reporting company. *** Table 5.7. Accounting for emissions from transportation and distribution activities in the value chain

D3d-3 (new). *Excluded* options

- The follow proposed revision options were excluded for the sake of expediency

Option 4 **Non-differentiation**	**Option 5** **Non-differentiation plus Category 5**
Any and all T&D activities, purchased or not.	**Any and all** T&D activities, purchased or not, and **including Category 5** Note: This may partially align with ISO which has four (4) categories for indirect emissions. ISO 14064-1:2018: Cat. 3 (transportation); Cat. 4 (products used); Cat. 5 (use of products); Cat. 6 (other sources).

Option 2: Purchase principle

- **Category 4: Purchased T&D**
  - ~~"Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company)~~
  - Transportation and distribution services ***purchased*** by the reporting company in the reporting year, 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)"
- **Category 9: Unpaid* T&D**
  - "Transportation and distribution **services *not purchased* by the reporting company in the reporting year, including** of **purchased products and** 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)"

* T&D services (upstream or downstream) that transport/distribute goods (bought or sold, inbound or outbound) that are **not** purchased by the reporting company.

Option 3: Gate principle

- **Category 4: Inbound T&D**
  - "**Inbound** transportation and distribution of products **(including goods and services) and/or capital equipment** purchased by the reporting company in the reporting year**, i.e.,** between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company). **For the avoidance of doubt, emissions from the T&D of intermediate products between a company's suppliers is included in the cradle-to-gate boundary of products (including goods and services) and/or capital equipment purchased by a reporting company.**
  - ~~Transportation and distribution services purchased by the reporting company in the reporting year, **i.e.,** 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)"~~
- **Category 9: Outbound T&D**
  - "**Outbound** transportation and distribution of products **(including goods and services)** sold by the reporting company in the reporting year between the reporting company's operations and the ~~end~~ **purchaser** ~~consumer (if not paid for by the reporting company)~~, including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)"

Terminology to be considered at later point

- The Standard uses the term "all upstream (cradle-to-gate)"* emissions
  - This defines emissions from the perspective of a reporting company's gate
- Other standards or frameworks use terms well-to-tank (WTT), tank-to-wheel (TTW), well-to-wheel (WTW)
  - This defines emissions from the perspective of the fuel pre- and post-combustion
  - It does **not** define emissions from the perspective of a reporting company's gate

GHG P
Cradle-to-gate (CTG)
Gate-to-grave (GTG)
Full life cycle (C2G + G2G)

ISO 14083 (old)	ISO 14083 (new)
Well-to-tank (WTT)	Energy provision emissions
Tank-to-wheel (TTW)	Operational emissions
Well-to-wheel (WTT + TTW)	Total emissions

* **Cradle-to-gate** (Scope 3 Standard): "All emissions that occur in the life cycle of purchased products [i.e., any good or service], up to the point of receipt by the reporting company (excluding emissions from sources that are owned or controlled by the reporting company)." **Product**: "Any good or service."

D5. Category 6

Proposed terms for parties

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

- **Employees** – **Required** (unchanged)
  - "… employees of entities and facilities owned, operated, or leased by the reporting company." *
  - Proposed definition: "An individual directly employed by the reporting company or by entities it owns, operates, or leases, under an employment contract, and compensated (salary, wages, or benefits) by the reporting company."
- **Paid non-employee** – **Required** (**revision**)
  - 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
  - Proposed definition: "An individual who performs work for the reporting company but who is not employed by it, and who is compensated either directly (as an independent contractor or consultant) or indirectly (through payment to a third-party vendor, agency, or service provider)."
- **External stakeholder (excluding paid non-employees and customers/end users)** – **Optional** (unchanged)
  - 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
  - Proposed definition: "An individual engaged in activities connected to the reporting company's facilities, operations, or value chain who is not compensated by the reporting company, excluding customers. This includes employees of tenants, lessees, joint venture partners, suppliers, peer companies, industry associations, researchers, regulators, or community stakeholders."
- **Customers/end users** – **Optional** (unchanged)
  - 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)

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 external stakeholders (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.

* 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)

(Draft; for discussion)

D6. Category 7

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." (*Scope 3 Standard*, p. 47)	~~"Companies may include emissions from teleworking (i.e., employees working remotely) in this category."~~ (*Scope 3 Standard*, 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.**"
D6a-3 (**new**)	Emission factors shall include the cradle-to-gate emissions of fuels and energy used.		

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)

* 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."

D6b. Category 7 – Employee commuting (continued)

Rev #	Required	Optional	Notes
D6b-1	**Companies shall account for paid 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).”** (*Scope 3 Standard*, 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, …” (Scope 3 Standard, 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.”

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 (re-vote). 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*	*No change proposed.*
D7-2	**"The life cycle emissions associated with manufacturing or constructing leased assets" (*Standard*, p. 36) ***	~~"The life cycle emissions associated with manufacturing or constructing leased assets" (*Standard*, p. 36) *~~	*No change proposed.*

* 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

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*	*No change proposed.*
D8-2	Lessors that **own** the leased asset **shall** account for the ~~life cycle~~ emissions associated with manufacturing or constructing the leased asset 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 occur ~~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 **may** account for the life cycle emissions associated with construction or improvements in the lessor's scope 3 category 13.*	

* 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

Consider requiring all emissions from construction of leased assets (by lessor)

- Shall a lessor include the emissions of any and all leased assets owned directly and/or constructed on owned property (e.g., ground lease)?
  - A lessor is already required to or would already have been required to account for the emissions associated with constructing or manufacturing a leased asset in category 2 (if it was purchased) or other scope 3 categories, scope 1, and scope 2 if the owner constructed the asset

(Draft; for discussion)

D15 & D16. Cross-category boundary consistency

D15-1) Option 1: Specific intra-category boundaries for the EC of capital equipment

- *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				LCA of capital equipment
Category 2				LCA of capital equipment
Category 3		**LCA of capital equipment**		~~LCA of capital equipment~~
Category 4/9		LCA of capital equipment		
Category 5/12		**LCA of capital equipment**		~~LCA of capital equipment~~
Category 6 and 7		LCA of equipment (used to provide transport/accommodation services)	**LCA of employee-owned equipment and homes**	
Category 8	**???**	LCA of equipment (owned by lessor)		
Category 13	**LCA of owned capital equipment in Category 2**	~~LCA of equipment (owned by lessor)~~ **LCA of equipment (built and financed by lessee) ***		
Category 10/11				LCA of capital equipment
Category 14	**LCA of capital equipment ****	LCA of capital equipment		
Category 15	**LCA 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.

D15-2) Option 2: Uniform intra-category boundaries for the EC of capital equipment

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

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

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

D17) Boundary requirements for fuels/energy (Cat. 3) and capital goods (Cat. 2)

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

Boundary	Option 1 (Current approach)	Option 2 (D16-1)	Option 3 (D16-2)
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)
LCA 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 D15-17.

Next Steps

Next steps

- GHG Protocol Secretariat:
  - Distribute the Recording
  - Distribute Meeting Minutes and the Feedback Form

- Next meeting:
  - October 9th – **Meeting 3** at 9-11 AM EST

GREENHOUSE GAS PROTOCOL

Thank you!

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Appendix 1.
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

Appendix 2.
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.