Scope 3 TWG
Phase 2
Meeting Minutes

Meeting 5
Date: November 20, 2025
Time: 09:00 – 11:00 AM ET
Location: Virtual

Attendees

Technical Working Group Members

1. Sahil Aggarwal, Siemens Healthineers
2. Nasser Ayoub, EPD International
3. Alissa Benchimol, Greenhouse Gas Management Institute
4. Zola Berger-Schmitz, Science Based Targets initiative
5. Lindsay Burton, Ernst & Young
6. Leo Cheung, The Carbon Trust
7. Karis Choi, HSBC
8. Mathilde Crepy, ECOS
9. Holly Emerson, Duke University
10. Hugo Ernest-Jones, Science Based Targets initiative
11. Victor Gancel, Danfoss
12. Alasdair Hedger, Ellen MacArthur Foundation
13. Ashwini Higne, WRI
14. Elijah Innes-Wimsatt, Conservation International
15. Meghan Kennedy, NetApp
16. Michael King, Cisco Systems, Inc.
17. Tim Letts, WWF
18. Alan Lewis, Smart Freight Centre
19. Wenjuan Liu, RMI
20. Shannon McIlhone, Partnership for Carbon Accounting Financials (PCAF)
21. Christoph Meinrenken, Columbia University
22. Nadia Montoto, KPMG
23. Elliot Muller, CIRAIG, Polytechnique Montreal
24. Nicola Stefanie Paczkowski, BASF
25. Hetal Patel, Phoenix Group
26. Vishwesh Pavnaskar, Indorama Ventures
27. Colin Powell, PwC
28. James Salo, S&P Global Sustainable1
29. Julie Sinistore, WSP
30. Stacy Smedley, Eastern Research Group
31. Francesca Testa, CDP
32. Carl Vadenbo, ecoinvent association
33. Ulf von Kalckreuth, Deutsche Bundesbank

Guests

N/A

GHG Protocol Secretariat

1. Alexander Frantzen
2. Claire Hegemann
3. Allison Leach

Documents referenced

2. Scope 3 – Full Group – Meeting 5 - Presentation – 20251120 (“Presentation”)

Summary

Item	Topic and Summary	Outcomes
1	**Attendance and housekeeping** The Secretariat presented the meeting agenda, housekeeping rules, decision-making criteria, timeline for phase 2, and updated the TWG on the phase 1 deliverable	N/A
2	**Crosscutting Series D** The Secretariat presented crosscutting considerations, specifically regarding: • Well-to-wheel emission factors for fuel and energy • Cradle-to-gate emissions of capital goods used by value chain partners to perform value chain activities • Remaining optional boundary activities	N/A
3	**Reporting disaggregated emissions** The Secretariat presented final outstanding items regarding the reporting requirements for disaggregating scope 3 emissions, including whether to disaggregate at the sub-category or optional boundary level, as well as the format of disclosures.	N/A
4	**Category 15/16 reclassification and language** The Secretariat presented considerations regarding classifying commodities and undrawn commitments.	N/A
5	**Category 16 Optionality** The Secretariat presented considerations regarding distributors of fuel/energy, insurance, and underwriting and issuance.	N/A
6	**Sub-categories** *Skipped due to time constraints*	N/A
7	**Next steps** The Secretariat presented the next steps.	The Secretariat will distribute meeting minutes and post-meeting survey

Discussion and outcomes

1. Housekeeping

- Refer to Presentation slides 2 – 11.
- The Secretariat presented the meeting agenda, housekeeping rules, decision-making criteria, timeline for phase 2, and updated the TWG on the phase 1 deliverable.

<u>Discussion</u>

- N/A

<u>Outcomes</u>

- N/A

2. Crosscutting Series D

- Refer to Presentation slides 12 – 28.
- The Secretariat presented crosscutting considerations, specifically regarding
    - Well-to-wheel emission factors for fuel and energy
    - Inclusion of capital goods used by value chain partners to perform value chain activities
    - Remaining optional boundary activities

<u>Discussion</u>

<u>Well-to-wheel emission factors for fuel/energy</u>

- N/A

<u>Inclusion of capital goods used by value chain partners to perform value chain activities</u>

- A TWG member stated that whether non-attributable emissions will remain optional under the GHG Protocol Product Standard is unknown and a footnote should be added regarding this.
    - A TWG member agreed and encouraging discontinuing use of the term "non-attributable".
- A TWG member stated that for coal-based electricity, most emissions are combustion-related (perhaps 1,000 gCO2e emissions per kWh), while approximately 100-200 gCO2e is upstream cradle-to-gate (well-to-tank) pre-combustion (e.g., from coal mining), and maybe 50 gCO2e is for constructing power plants and transmission lines. The member expressed concern about estimation uncertainty and accuracy challenges, but recommended bookmarking this these concerns for now. More importantly, the member noted that, as companies switch away from coal and towards renewables, then the GHG-intensity per kWh electricity would be approximately 50 gCO2e (nearly all upstream during construction), and this reflects 100% of the emissions of said renewable electricity. A company that excludes these emissions would, in effect, be 100% wrong (they're excluding 100% of the 50 gCO2e), despite these emissions being over 95% less than the 1,250 gCO2e from coal (at least for this kWh-to-kWh comparison). In this context, the members asked for a reminder of how justified exclusions, relevance, and significance could or would be applied, based on the latest proposed revisions and discussions.
    - The Secretariat stated that there are three clauses: (1) the 5% exclusion threshold (whereby a company could exclude these emissions if they can show that these emissions would fall within its 5% exclusion threshold); (2) the de minimis clause (whereby, if a company can find a peer-reviewed study showing that the GHG emissions of allocated capital equipment is insignificant for a specific technology or energy, then they could deem these unquantified emissions as de minimis and both exclude and not justify it with quantification; (3) the justified exclusion clauses for processing of sold (intermediate) products, or (4) the justified exclusion clause for some types of investments.
    - Further, if these emissions remain optional, then proposed Revision B10d does state that: "Companies should include optional scope 3 emissions, where relevant." The Secretariat added that using "should" language would at least signal to mandatory disclosure frameworks, target setters, programs, or other standards/guidance that these emissions should be included to meet their disclosure- or program-specific materiality or financial climate-risk requirements.
    - A TWG member stated preference for a 5% threshold, noting that the upstream emissions of capital goods used by value chain partners likely falls within a 5% exclusion threshold currently.
    - The Secretariat agreed, noting that for most companies that purchased renewable energy, the cradle-to-gate emissions of constructing renewable energy generating facilities (allocated on a per lifetime unit energy generated), would likely fall within the 5% exclusion threshold.
- A TWG member stated that utilities would now need to: switch to consumption-based calculation methodology (quantifying a reporting company's electricity-related GHG emissions based on the quantity of electricity it actually consumes); calculate hourly intensity; and calculate their allocated infrastructure emissions.

- A TWG member stated that aside from categories 2 and 8, the Product Standard has appropriately defined when to require inclusion of a share of capital goods ("non-attributable" emissions in the Product Standard). The member emphasized pragmatism and noted that requiring allocation across many categories would be burdensome; and that the "non-attributable" parts language is appropriate. The member argued that including the cradle-to-gate emissions of capital goods used by value chain partners by a reporting company (in its scope 3 inventory) should not be required except where significant.
    - The Secretariat asked whether the member believed category 3 should also require inclusion like categories 2 and 8.
    - A TWG member clarified that across the board it should be "recommended where significant/relevant," noting category 11 is changing due to electrification.
    - The Secretariat stated that governance requires revisions every five years, and that revisions proposed in this first revision of the Scope 3 Standard will be re-considered in future updates.
- A TWG member asked how these requirements support decision-making that drives ambitious global climate action.
- A TWG member stated that while the risk of high effort exists, consistency is valuable. The member suggested using estimation rules and standard values for categories that are generally small.
- A TWG member stated that the first step is understanding the overall benefit and influence. The member expressed concerns regarding leased buildings where companies cannot influence construction, arguing that influence becomes increasingly distant (in the context of categories 2, 8, and 13).
    - The Secretariat stated that some stakeholders argue for inclusion when companies can influence emissions; other stakeholders argue for the inclusion of all activities from which a company generates income, noting that influence is subjective while income is a subjective paper trail.
    - A TWG member asked whether re-screening every three years would address this concern.
    - A TWG member asked whether this could lead to "kicking the can down the road."
- A TWG member asked whether LCAs already include emissions from capital equipment.
    - The Secretariat stated that while many LCAs many not include them, it is an established practice.
    - A TWG member stated that inclusion may make sense in some cases but is not *standard* practice.
- A TWG member asked whether different categories could have different treatments or requirements.
- A TWG member stated that for product LCAs, it is common in the energy sector to include emissions from building power plants and transmission lines, noting that there are relatively few types of fuels and that adding an emissions factor or demonstrating that it falls below 5% should not be difficult.
    - The Secretariat stated that the vote will be split into categories 2, 8, 13, and 3 separately, then all other categories. The Secretariat added that companies comfortable with EEIO and estimating product lifespans may find this manageable.
- A TWG member stated that while conceptual methodologies and individual calculations may be straightforward, the aggregate burden of adoption market-wide could be large.
    - A TWG member agreed.
    - A TWG member added that companies with many global plants would need to consider non-attributable emissions for utilities across numerous countries and grids.
- A TWG member stated that for the share of non-attributable emissions from capital goods, companies "should" report these in category 3, where relevant; or "shall" report these if data is easy to estimate; while companies "shall" account for and report category 2 and category 8 emissions; and for all other categories, companies "may" report these emissions, where significant. The member added that energy or electricity use in all other categories (except category 3) should require the full life-cycle (well-to-wheel) emissions of fuels/energy. They acknowledged possible inconsistencies and the use of relevance to address any inconsistencies.

<u>Remaining optional boundary activities</u>

- N/A

<u>Outcomes</u>

- The Secretariat will share a post-meeting survey to poll members.

3. Reporting disaggregated emissions

- Refer to Presentation slides 29 – 34.
- The Secretariat presented final outstanding items regarding the reporting requirements for disaggregating scope 3 emissions, incl. whether to disaggregate at sub-category level, optional boundary emissions, and format of disclosure.

Discussion

- A TWG member asked how this affects the interplay with other standards, including CSRD/ESRS.
    - The Secretariat stated that the Scope 3 Standard is voluntary. Mandatory disclosure frameworks do not require conformance with it; however, in practice the Standard is effectively quasi-mandatory, as companies rely on the GHG Protocol's scope definitions and boundary-setting principles to determine their Scope 1, Scope 2, and Scope 3 inventories."
- A TWG member asked how much extra burden this would create.
    - The Secretariat stated they would consult internally to determine how best to research and establish whether this is a burden before public consultation. They noted that case studies could help, and that if a company knows where it sourced its energy and fuels, it should be doable. They added that this becomes more complicated for conglomerates and would review how to fill knowledge gaps.
- A TWG member stated that if a company is assuring compliance with the GHG Protocol under limited assurance, whether this is required ("shall") will determine compliance.
- A TWG member stated that the table on slide 35 looks clean.
- A TWG member stated that a total percentage roll-up based on the table would be reasonable and would normalize across companies since total and category-level tonnages will differ.
    - A TWG member added that adding a row at the bottom could perform that total percentage calculation across all categories.
- A TWG member asked whether each cell would require a breakdown into constituent greenhouse gases as components of a total CO_2-equivalent value, or if a single aggregate CO_2e value is sufficient.
    - A TWG member stated that for a scope 3 inventory, the breakout or disaggregation by greenhouse gas is optional. While but for scope 1 and scope 2 it is required. The member asked what the Corporate Standard group has said.
    - A representative from the Corporate Standard Secretariat stated that the Corporate Standard TWG is discussing this topic in parallel. They will discuss required GHGs and their breakdown at the December 9th meeting, including a similar template for disaggregation and whether disaggregated emissions would need to be disaggregated by both tier *and* greenhouse gas.
    - A TWG member stated that this is important for discussions; and noted the CLEVER project on transport emission factors, which concluded that it should be possible to request a disaggregation of greenhouse gases for tank-to-wheel (TTW) (scope 1) combustion emissions, but not for well-to-tank (WTT) (scope 3, category 3) upstream cradle-to-gate emissions, due to data visibility limitations and restrictions.

Outcomes

- The Secretariat stated that notes and draft disaggregation rules will be shared by next Thursday.

4. Category 15/16 reclassification and language

- Refer to Presentation slides 35 – 40.
- The Secretariat presented considerations regarding commodities and undrawn commitments.

Discussion

Moving commodities to category 16

- A TWG member stated that they think category 15 applies because companies are investing in the commodity.
- A TWG member stated that, the fact that category 16 is being designed for activities that are *not* owned, that this helps with the differentiation rules.
- A TWG member asked, regarding categories 15 and 16, whether, if commodities are moved to category 16, the owned/held amount would appear in category 15 at year-end.
    - The Secretariat stated that many commodities are not investments in the accounting sense; they are typically recorded as inventory rather than as part of the carrying value of investments.
- A TWG member stated that if an emission source can be classified in either one of the categories 1-15, and/or in category 16, that they would prioritize classifying the activity in one of the categories 1-15.
- A TWG member asked how commodities contracts are being considered and how hedging contracts for commodities should be treated.
    - The Secretariat stated that this needs further consideration. They added that category 16 currently includes derivatives and other hedging instruments, which may include some commodities.

Undrawn commitments

N/A

Outcomes

- N/A

5. Category 16 Optionality

- Refer to Presentation slides 41-44.
- The Secretariat presented considerations regarding distributors of fuel/energy, insurance, and underwriting and issuance.

Discussion

- A TWG member stated that category 16 is an 'enabling' (facilitating) category, and argued that slide 44 is not consistent with that logic.
- A TWG member stated that they have seen different approaches to classifying undrawn commitments in inventories. They added that reporting and target-setting have different implications, noting that many companies face strict regulatory requirements (e.g., for energy). They stated that while this may be worthwhile, it will be challenging to include in targets.
- A TWG member asked for clarification regarding the rules proposed for distributors of oil and gas.
    - The Secretariat gave the example of an O&G distributor: leakage/fugitive emissions from a pipeline would be the distributor's scope 1 emissions. If oil spills from a pipeline rupture, a fraction of said oil eventually reaches the atmosphere as GHG emissions (e.g., via microbial degradation, which releases CO_2 and CH_4 emissions over a longer timeframe), which would be the distributor's scope 1 emissions. However, if natural gas or oil is transported and 1% is lost while 99% reaches the customer, and the customer combusts the 99%, those downstream combusted emissions would be reported in category 16 by the O&G distributor given that the O&G distributor facilitated (made possible) said downstream, combusted-related emissions.
    - A TWG member asked whether this reflects the current approach and stated that this would represent extreme double counting; noting that, if included, many distributors' total scope 3 inventories could and likely would exceed, by magnitude, the total scope 3 inventories of many oil drillers (e.g., many of which might use the same single pipeline operator).
    - The Secretariat stated that this is true and that distributors and oil drillers would have similar footprints.
- A TWG member asked about pipelines versus other transportation modes and noted that the distinction is unclear. They asked what the group had decided on this.
    - The Secretariat stated that the implication is that shippers transporting fuel would also meet the definition of being O&G distributors (as well as trucks or rail).
    - The TWG member responded that this was the clarification they were seeking, noting that while pipelines often reflect dedicated infrastructure, shipping liners are not always dedicated (they may be multi-use, e.g., fuels, other chemicals, or other load types).
    - The Secretariat stated that guidance language could be developed for this matter.
- A TWG member asked whether leakage (as opposed to combustion) is assumed to be negligible.
    - A TWG member responded that there would be no way to know, as significance is relative.
    - A TWG member stated that they agreed with earlier concerns about the ballooning of companies' scope 3 inventories, but noted that this may draw attention to downstream emissions, and encourage more clarity or guidance for downstream end users in terms of differentiating emissions from combustion versus leakage.
- A TWG member stated that category 16 is a downstream category and asked why upstream emissions from the production of transported fuel should be included, given that those emissions occur prior to the transportation service.
- A TWG member stated that, from a transport perspective, they remain unconvinced that this requirement should be compulsory.
- A TWG member asked about the types of activities that could be facilitated.
    - The Secretariat stated that while Subgroup B was able to identify numerous business models that involve facilitated activities, it could not reach agreement on any case-specific or business-model specific facilitated activity accounting and reporting requirements. As a result, Subgroup B proposed making all facilitated activities optional in this revision; and asserted that in the five years following expected publication, industry-specific methodologies may develop that inform potential industry-specific requirements language in the second revision (ETA 2032/33).

- A TWG member asked, regarding the O&G distributor example (where 99% of emissions would be accounted for in category 16), whether the relevance criterion would make this mandatory.
    - The Secretariat stated that while it would be category 16, however, many member recommended that this be the only activity in Category 16 which is required ("shall").
    - The TWG member proposed marking Category 16 required as a whole, while indicating that all facilitated activities are optional (instead of the current proposal of marking Category 16 as optional, while indicating that only O&G distribution is required).
    - A TWG member agreed with this proposal.
    - A TWG member stated that this would be much clearer and would treat category 16 the same as other categories.
- A TWG member asked whether the rules should clarify whether dedicated infrastructure shall be included.
    - A TWG member noted that requiring the inclusion of fixed and/or dedicated infrastructure aligns with earlier discussions (regarding requiring the inclusion of the cradle-to-gate emissions associated with manufacturing capital goods used by value chain partners to perform value chain activities), and asserted that fixed pipelines would meet such a criteria.
    - A TWG member asked why pipelines would be singled out as opposed to other types of dedicated infrastructure.
- A TWG member stated that it seems odd to require that the companies transporting fossil fuels become responsible for both the embodied and future combustion-related emissions of said fuels, noting that this type of boundary extension seemed inconsistent with underlying boundary rules of the current Standard.
    - The Secretariat said that this revision, as proposed, does single out O&G distributors.
- A TWG member stated that for the Science-Based Targets initiative (SBTi) SBTi, combustion-related emissions have long been included by energy sector companies, including utilities, but many non-energy sector companies may have limited fossil distribution exposure (e.g., a supermarket that owns a gas station). They added that it is important to consider user types beyond pure-play fossil fuel companies and to consider related boundary issues.
    - A TWG member stated that they a supermarket's emissions from the combustion of sold fuels may be significant and may be larger than their scope 2 emissions.
    - A TWG member added that fuel sales represent a significant portion of turnover for various retailers (sometimes accounting for 10-20% of revenue).
- A TWG member stated that they remain opposed to the proposal.
- A TWG member stated that the approach is inconsistent with other parts of the Standard and asked how this would apply to retail gas sellers.
- A TWG member stated that emissions from the combustion fuels is well understood and argued that third-party distribution is more material for oil and gas companies and large utilities, including utilities mandated by regulators to distribute fossil fuels on behalf of others.

<u>Outcomes</u>

- N/A

GREENHOUSE GAS PROTOCOL

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6. Subcategories

- Refer to Presentation slides 45 – 47.
- The Secretariat skipped this topic due to time constraints.

Discussion

- N/A

Outcomes

- N/A

6. Next Steps

- Refer to presentation slides 48 – 50.

Discussion

- N/A

Outcomes

- The Secretariat will distribute meeting minutes and post-meeting survey.

Summary of written submissions received prior to meeting

N/A