Scope 3 TWG
Phase 3
Meeting Minutes

Meeting 2
Date: October 8, 2026
Time: 09:00 – 11:00 AM ET
Location: Virtual

Attendees

Technical Working Group Members

1. Sahil Aggarwal, Siemens Healthineers
2. Alissa Benchimol, Greenhouse Gas Management Institute
3. Lindsay Burton, Ernst & Young
4. Leo Cheung, The Carbon Trust
5. Mathilde Crepy, ECOS
6. Dario Alessandro de Pinto, Banca d'Italia
7. Holly Emerson, Duke University
8. Hugo Ernest-Jones, Science Based Targets initiative
9. Ibrahim Eryazici, ISO
10. Victor Gancel, Danfoss
11. Alasdair Hedger, Ellen MacArthur Foundation
12. Susanne Vedel Hjuler, Independent
13. Zaour Israfilof, ISO
14. Kumar Moorthy Iyer, ISO
15. Tom Jackson, Loughborough University
16. Alexandre Kelemen, Mangue Tech
17. Aysegul Koseoglu, Inter IKEA
18. Marion Kurdej, EcoAct
19. Tim Letts, WWF
20. Wenjuan Liu, RMI
21. Ryan Maloney, Apple
22. Nadia Montoto, KPMG
23. Alejandro Morera Gonzalez, ISO
24. Elliot Muller, CIRAIG, Polytechnique Montreal
25. Nicola Stefanie Paczkowski, BASF
26. Colin Powell, PwC
27. Benedicte Robertz, Umicore
28. James Salo, S&P Global Sustainable1
29. Fabiola Isabel Schneider, University College Dublin
30. Julie Sinistore, WSP
31. Enric Tarrats, Banc Sabadell
32. Ronald Voglewede, Walmart
33. Ulf von Kalckreuth, Deutsche Bundesbank
34. Guillaume Castelbou, EFRAG

Guests

N/A

GHG Protocol Secretariat

1. Alexander Frantzen
2. Claire Hegemann
3. Luke Jones
4. Alley Leach

Documents referenced

2. Scope 3 – GHGP ISO Consolidation – Meeting 2 - Presentation – 20261008 ("Presentation")

Summary

Item	Topic and Summary	Outcomes
1	**Attendance and housekeeping** The Secretariat outlined the agenda for the session and presented a brief reminder of the objective and process for the GHGP-ISO consolidation phase.	N/A
2	**Required boundaries in scope 3** The Secretariat and ISO representatives presented a comparison of the approaches in GHGP text and ISO 14064-1 WD2 text regarding the inclusion of a required boundary in each scope 3 category	N/A
3	**Determining which emission sources to include in scope 3 (inventory boundary)** The Secretariat and ISO representatives presented a comparison of the approaches in GHGP text and ISO 14064-1 WD2 text regarding determining the emission sources within the inventory or reporting boundary of a reporting company.	The Secretariat and ISO representatives agreed that a worked case study may be developed, applying the GHG Protocol and ISO approaches to the same company and sector, and shared with the TWG.
4	**Disaggregated reporting of scope 3** The Secretariat and ISO representatives presented a comparison of the approaches in GHGP text and ISO 14064-1 WD2 text regarding the disaggregation of scope 3 emissions by data type/calculation method/data specificity. Only the modality of disaggregation was discussed, with classification schemes to refer to postponed until the next meeting.	N/A
5	**Next steps** The Secretariat presented the next steps.	The Secretariat will circulate the follow-up survey.

Discussion and outcomes

1. Housekeeping

- Refer to Presentation slides 2 – 7.
- The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.

Discussion

- N/A

Outcomes

- N/A

2. Required boundaries in scope 3

- Refer to Presentation slides 8 - 13.
- The Secretariat presented the side-by-side comparison of the GHG Protocol and ISO texts on the delineation of required and optional boundaries in scope 3 categories, together with a hybrid option

Discussion

ISO (11): Consider the required and optional boundary delineation for all scope 3 categories

    - The Secretariat summarized the GHG Protocol text, under which defines a required boundary for each scope 3 category, a reporting company quantifies all emissions within that required boundary unless an exclusion is justified. An optional boundary of further activities is also defined. Required and optional emissions are reported separately. The Secretariat also summarized the rationale for the Phase 1 revisions, noting that the rationale and voting results are set out in the Scope 3 Phase 1 progress update.
- An ISO representative presented the ISO position, describing the ISO approach as process-based and bottom-up, built on a four-step significance process:
    - Step 1, inclusion based on qualitative criteria;
    - Step 2, screening of all scope 3 subcategories to establish a denominator using any estimation method;
    - Step 3, evaluation of significance against pre-determined magnitude criteria; and
    - Step 4, justification of exclusions using qualitative and quantitative criteria, with all exclusions disclosed.
- An ISO representative set out the implications for the TWG: the GHG Protocol denominator is total *required* scope 3 emissions whereas the ISO denominator is total estimated scope 3 emissions from the Step 2 screening, and the two are not interchangeable; GHG Protocol revisions B7 and B4 have no ISO equivalent because ISO requires justification of every exclusion; and GHG Protocol Table 5.4 maps to the informative Annex C in the ISO text. They acknowledged that comparability of self-determined boundaries had been raised as a concern within WG4, and responded that identical boundaries cannot be assured, but that comparability is supported by the whole-value-chain screening floor, the capped and disclosed exclusion threshold, the clause 6.4.4 requirement that criteria shall not be used to exclude substantial quantities or circumvent Steps 1 to 4, and sector-specific guidance in Annex P.
- A TWG member asked how "significant" and "substantial" are defined, whether the test is quantitative or qualitative, and who decides.
    - An ISO representative responded that a combination of quantitative magnitude criteria and qualitative criteria (influence, outsourced emissions, employee engagement, risk or

opportunity) is applied through the four steps, and confirmed that each organization sets its own threshold.
    - The TWG member responded that it was very surprising, for a standard intended to produce standardized practice, that every company would decide what is significant.
- A TWG member stated that the ISO approach appeared similar to what is currently in place, with the nuance of the entire value chain and without subcategory consideration. They stated that they are not in favor of the blanket 95% threshold as proposed, seeing the benefit in letting a company decide what is material and relevant to it, also recognizing the comparability issue.
- An ISO representative noted that, under ISO Step 3, the pre-determined criteria are magnitude-based and defined by the organization, so an organization cannot simply assert that an item is not relevant, and that whatever is excluded must be justified and reported. WG4 did not consider it necessary to specify a number and instead put multiple guardrails in place, including consistency with the base year restatement policy and justification and disclosure of exclusions, and that ISO remains neutral and more generic so that a program operator or policy setter could define those parameters.
- A TWG member asked, in relation to slide 10, whether revision B7 (required/optional disaggregation) and revision A1 (disaggregation by quality tier) are cumulative, or whether A1 applies only to required emissions.
- A TWG member noted that the pre-reading material indicated consideration of removing required boundaries, using self-determined percentage significance criteria, qualitative significance criteria, and disaggregation of scope 3 by data type.
    - A TWG member confirmed that this was also their understanding of the ISO proposal.
- A TWG member raised that a cross-cutting source such as digital infrastructure may be distributed across several scope 3 subcategories – for example purchased cloud and software services, capital equipment, leased assets, energy-related activity, downstream use and category 16 – and asked whether consideration had been given to the possibility that each element could fall below a significance threshold while the combined activity is material.
- A TWG member agreed, adding that exclusions should relate to the underlying activity and not only to the resulting and sometimes dispersed emissions impacts of those activities.
- A TWG member commented that it appeared a firm may decide for itself what to report and what size threshold to use. They added that they could accept the approach provided boundaries and thresholds are not set by the firm, and that it runs against the concept of a standard to allow companies to decide what to report.
- A TWG member commented that the ISO approach seems similar to the current principle-based approach, whereas the TWG proposal is rule-based and intended to improve comparability and consistency between company inventories, and that they would retain the TWG proposal to avoid approaches remaining too subjective and divergent.
- A TWG member added that comparability and consistency between inventories should be key in any joint methodology going forward.
- A TWG member commented that the ISO proposals continue to appear as though the work undertaken by the GHGP TWG over the past two years was not considered, and that many of the terminology differences stemmed from copyright issues which would appear to be moot if ISO collaborated with GHG Protocol going forward.
- A TWG member asked whether a distinction should be drawn between calculation boundaries and disclosure boundaries, referring to the CSRD double materiality assessment, under which the assessment determines which of the 15 categories require detailed disclosure and which can be excluded with documented justification, and noting that the Omnibus simplification removed sub-sub-topic analysis while preserving the core structure and introducing a "fair presentation" principle. They noted that a company could calculate all 15 categories for inventory purposes while providing different levels of disclosure depending on materiality.
- A TWG member recommended setting a single significance threshold rather than letting each company set its own, noting that the main drawback of company-specific materiality thresholds is

loss of consistency and comparability between companies, with greater risk of subjectivity, more complex verification and more complex links with other methodologies such as SBTi.
- A TWG member asked whether a worked example could help.
- A TWG member commented that the banking and cement company example is a further illustration of why a universal standard will continue to have flaws and cause discomfort, because the question of what constitutes 100% can never be answered.

Outcomes

- N/A

3. Determining which emission sources to include in scope 3

- Refer to Presentation slides 14 – 23.
- The Secretariat presented the side-by-side comparison of the GHG Protocol and ISO texts on the delineation of required and optional boundaries in scope 3 categories, together with a hybrid option

Discussion

ISO (12): Consider how exclusion thresholds are determined for organizations (self-determined or standardized)

- An ISO representative presented the ISO position on the self-determined approach. They set out the guardrails: the criteria shall be objective and shall not systematically exclude subcategories that are significant in magnitude or impact, subject to verification; limited access to data shall not be used as a qualifier, and where activity data are not obtainable the organization shall use the best available secondary data or a proxy and disclose it; the Step 2 screening is mandatory and covers all scope 3 emissions; and the criteria and screening results are disclosed. They noted that the normative text does not set a number and that Annex A contains a worked example. They explained the rationale as relevance (the inventory must serve its intended use, and a single number for all reporters does not make it relevant), with accuracy and completeness protected by the process rather than by a number; feasibility, as the screening may use spend-based, EEIO or industry-average methods and is therefore affordable for any reporter; and continuity with the significance approach in ISO 14064-1:2018. Verification changes under the two approaches: under GHG Protocol revision B1 the auditor checks whether 95% was reached, whereas under the ISO approach the auditor checks whether the organization applied the criteria it published to the screening results it disclosed. The ISO exclusion threshold is anchored to the base year restatement policy in Clause 8, so that an organization cannot exclude more than the change that would require it to restate its base year, which prevents the use of a tight number for restatement and a loose number for exclusion.
- A TWG member stated that a company developing its own criteria and a verification provider verifying against those criteria will not work from an assurance standpoint, and that the criteria have to be within the standard itself for assurance to be credible unless every company has custom criteria.
- A TWG member agreed, noting that under the current GHG Protocol the screening assessment approach can be audited, and that aspects of the ISO approach could be auditable but are probably not in their current state. Auditability is the biggest concern with the ISO approach, and that the hybrid approach may move the discussion closer to a workable position.
- A TWG member asked for a side-by-side worked example or case studies with numbers for a small number of companies.

- A TWG member stated that data should be decision-relevant, that they could not identify a use case in which data are meaningful where companies themselves decide whether to report something, and that data produced on that basis are not comparable and therefore not decision-useful.
- The Secretariat noted that a similar hybrid proposal, to require the use of a self-determined quantitative threshold and recommend the size of that threshold, had been developed for the Corporate Standard TWG in respect of scope 1 and scope 2 emissions, where the original GHG Protocol approach was a 99% inclusion threshold, and that preliminary votes suggested members of that TWG were in favor of the hybrid approach, noting that this is a preliminary outcome.
- The Secretariat asked the TWG whether the former 95% required emissions boundary or the hybrid option, under which the threshold is self-determined but recommended, aligns or harmonizes better with mandatory disclosure frameworks, legislators or regulators, and whether it is the TWG's place to provide guidance while leaving to stakeholders, regulators or mandatory disclosure frameworks the determination of what a company shall report.
- A TWG member responded that current regulations point to the current GHG Protocol, which does not have a threshold, and that they did not know whether a recommendation would sway a regulatory body either way, which pushes towards the hybrid option.
- A TWG member responded that it is the TWG's place to provide the guidance, and that this was a main point of feedback in the stakeholder surveys that preceded the formation of the TWG.
- A TWG member asked how realistic it is that regulators would examine the standard in order to close its loopholes, and said they did not think regulators would do anything beyond referring to a standard.
    - A TWG member responded that ESRS is an example of modifying the GHG Protocol.
    - A TWG member noted in the chat that some legal frameworks, such as ESRS and CFAR, explicitly refer to the GHG Protocol.
- A TWG member stated that ISSB and European frameworks are moving towards a principle-based approach to reporting and refer to the GHG Protocol on the basis that it is a standard. A principle-based framework referring to a principle-based standard would be very open, which they did not consider to be the intention, and that regulators are looking for a standard that companies can rely on. The GHG Protocol has always been a voluntary standard against which companies can choose to conform.
- A TWG member stated that, with respect for the ISO approach, ISO needs to move to where the GHG Protocol is. The ISO approach would be thoughtful and reasonable at the beginning of the scope 3 standard, but that today, with platforms, regulatory schemes and investors relying on accounting standards, those standards need to deliver inventories that are as comparable and comprehensive as possible. This cannot be achieved where the reporting company sets its own thresholds and applies qualitative criteria, noting that criteria such as ability to influence could lead to widely different assessments between companies. Platforms such as SBTi and regulatory schemes already define criteria for excluding categories or elements of scope 3, and that those are the appropriate places to consider levels of impact and influence, and stated that neither the ISO approach nor the hybrid approaches can deliver that consistent starting point.
    - A TWG member agreed.
    - An ISO representative responded that the intended use of the disclosure is already captured in Step 1 of the ISO process, and that the concerns raised reflect the detail of the method and the guardrails.
- The Secretariat offered two illustrative case studies. Cash deposits are not currently required within the 95% inclusion threshold, and that if a company determined cash deposits to be relevant its reported scope 3 emissions could increase substantially, such that other companies' inventories would appear proportionately much smaller. Secondly, licensing activities, which are currently not required, where a licensor determining licensing to be significant could significantly increase its reported emissions relative to a brand that did not.

  - An ISO representative asked that the context of the case studies be shared with ISO so that the same cases could be applied under the ISO approach and returned to the TWG, noting that the ISO denominator would be larger because the screening captures required and optional activities.
- A TWG member asked, for those more familiar with IFRS and US GAAP, whether – given that the SEC has an enforcement mechanism for materiality – California SB 253 is the rationale for enforcement in disclosing relevant emissions, and noted that for the data to be comparable and decision-useful there has to be some enforcement mechanism. Assurance is required in order to make credible claims about the data, that the hybrid approach would align with financial materiality, and that reporting is no longer voluntary for many US companies under SB 253.
- A TWG member noted that reliance on qualitative judgement by third-party verification bodies is a potential issue, as different interpretations of the same qualitative criteria could result in divergent approaches across companies, and that a 95% threshold could provide a more objective reference point and reduce variability.
- A TWG member asked whether best available data is not already built into the current GHG Protocol.
- A TWG member noted that SBTi requires limited assurance to set targets for Category A companies, and that if the approach cannot pass the audit test it will not be actionable for companies.
- A TWG member asked what the value of verification is if the company is allowed to select its own threshold, and which threshold may be considered as not consistent, noting that this is again subjective and does not respect the consistency principle. Companies expect a clear position from the GHG Protocol on thresholds rather than proposals under which the company must choose. The member has several clients asking which threshold to choose, for whom they refer to the maximum 5% exclusion from SBTi because no guidance is provided by the GHG Protocol.
- A TWG member noted that scope 3 limited assurance is currently carried out without a standard threshold.
  - A TWG member responded that this has caused inconsistencies in interpreting what is required, but that it still uses the criteria set out in the GHG Protocol and companies cannot set their own criteria.
  - A TWG member responded that it is not always easy, but that they consider the criteria in the current GHG Protocol to be sufficient without a numerical blanket threshold.
- A TWG member asked whether a single client had requested a mandatory numerical reporting threshold, noting that he could not think of one.
- A representative from the Corporate Standard Secretariat reported that the Corporate Standard TWG has preliminary majority support for a hybrid approach for setting the operational boundary for scope 1 and scope 2 emissions, under which reporters would be required to conduct a screening assessment for scope 1 and scope 2 emissions and then self-define a quantitative exclusion threshold for each, with a recommendation of an exclusion threshold of 1% for scope 1 and 1% for scope 2.

<u>Outcomes (e.g. recommendations, options)</u>

- The Secretariat and ISO representatives agreed that a worked case study may be developed, applying the GHG Protocol and ISO approaches to the same company and sector, and shared with the TWG.

4. Disaggregated reporting of scope 3

- Refer to Presentation slides 24 – 37.
- The Secretariat presented the side-by-side comparison of the GHG Protocol and ISO texts on the disaggregation of scope 3 emissions by data type, together with a hybrid option

Discussion

ISO (18): Disaggregation of scope 3 emissions by data type

- The Secretariat summarized the GHG Protocol approach, under which a company is required to disaggregate its required scope 3 emissions by tier, with an allowance to report emissions as unclassified where the company is unable or unwilling to disaggregate, and with disaggregated figures presented in tons of CO2 equivalent. One reason for disaggregating required from optional scope 3 emissions was so that the 95% inclusion and 5% exclusion thresholds could be applied to required scope 3 emissions as the denominator, and so that required emissions would be reported separately from optional emissions, enabling cross-company comparison of required scope 3 emissions. Companies are also required to disaggregate by scope 3 category, which has not changed from the current Scope 3 Standard. Disclosing data type was intended to encourage the use of primary data where possible, to help users of the data differentiate primary from secondary data, to support data sharing between companies, and to serve transparency, consistency and relevance.
- An ISO representative presented the ISO position, noting that clause 10.5.2 recommends that organizations disaggregate and report scope 1 and scope 3 emissions by data type in Statement 1 or Statement 2, as a recommendation rather than a requirement and for all scope 3 emissions, with four classes: calculated using primary data; calculated using secondary data; spend-based estimates; and unclassified. Annex F provides the rules, including reporting in tons of CO2 equivalent, no double counting, and classification of mixed data as secondary, and that the classification is descriptive, in that the classes may not imply anything specific about the quality, representativeness, accuracy or suitability of the underlying data. The rationale for a recommendation rather than a requirement lies with feasibility across reporters, because whether an organization can split its scope 3 emissions by data type depends on its suppliers' data systems, so a recommendation allows reporting where it is possible and meaningful without creating a conformity failure. Transparency is preserved by the unclassified class, which makes visible what is not disaggregated, and that scope 1 is treated the same way in the ISO position. They identified the divergence as a direct shall/should difference against GHG Protocol revision A1, noting that data specificity goals and metrics would become voluntary under a recommendation, and noting the two concerns raised: that optionality reduces transparency for users who want to know how much of the inventory rests on spend-based estimates, and, on the ISO side, burden and the classification of mixed data.
- The Secretariat presented the hybrid option, under which organizations shall disaggregate and should use the classification system, with recommendations on what the intended user of the public report should be able to determine, namely emissions calculated using spend-based methods and emissions calculated using primary or specific data.
- A TWG member asked about the goal of the hybrid approaches, and whether the intention was to appease both parties or to align with the stakeholder feedback the GHG Protocol originally received.
    - The Secretariat responded that the goal is to provide a third option that takes concepts from the ISO and GHG Protocol positions and lands between them. Hybrid options appear where there are larger differences between the approaches, which was not the case at the previous meeting where the choices were more binary.
- A TWG member asked whether the Secretariat had carried out the exercise of weighing the options against the decision-making criteria.
    - The Secretariat stated that decision-making criteria analyses would not be presented in meetings for the consideration of topics related to consolidating with ISO, and stated that the TWG is still expected to consider to the GHG Protocol's decision-making criteria in subsequent polling.
- A TWG member stated that they had never seen the point of a required disaggregation by data type to a numerical accuracy. It helps a reviewer understand the extent of reliance on primary or secondary data, but the member pushed back on the premise that primary data is necessarily good, noting that primary data obtained from suppliers is frequently wrong and requires error correction,

and that the classification may reinforce an erroneous assumption that first-person data is better than, for example, an industry study. If disaggregation were to be required they would be more interested in knowing the exposure of purchased goods and services to heavy-emitting sectors such as aluminum, steel and cement, noting the reporting burden of tracking data origin through subsequent calculation steps. The member could see several benefits in the ISO approach of recommending disaggregation rather than requiring it.
    - A TWG member agreed.
- A representative from the Corporate Standard Secretariat reported that the Corporate Standard TWG has also been considering disaggregation of scope 1 emissions, that there is majority support on that TWG for the disaggregation method using primary data and secondary data tiers, and that the Corporate Standard TWG is split on whether the disaggregation should be a requirement or a recommendation.
    - A TWG member noted that it would be useful to learn more about those different viewpoints while honoring the Chatham House Rule.
    - A representative from the Corporate Standard Secretariat responded that the Corporate Standard TWG preferred the primary data and secondary data tiers largely because of the clearly defined definitions, which rely on existing ISO definitions of primary and secondary data rather than creating new definitions that were proving challenging to categorize data into, and that members considered it a clearer approach that would be easier for reporters to grasp and apply. The CS representative set out the definitions in use: emissions calculated using primary data, where primary data is a quantified value of a process or an activity obtained from a direct measurement or a calculation based on direct measurements, and where, when calculated, primary scope 1 emissions are quantified using estimation methods based on primary activity data and representative emission factors expressed in physical units; and emissions calculated using secondary data, where secondary data is data obtained from sources other than primary data.
    - A representative from the Corporate Standard Secretariat clarified, that under the ISO definition data obtained from a supplier would not necessarily be primary data, and that primary data is more narrowly defined as being quantified based on a direct measurement, whether a direct emissions measurement or a measurement of a quantity such as fuel purchased.
        - A TWG member responded that this was helpful, that it exacerbates the complexity of keeping track of the data received, but that it helps with the data quality issue raised.
    - A TWG member thanked the Corporate Standard Secretariat for the update and noted that a number of new requirements are spread across several working groups. The TWG should consider which new requirements are the most critical and which could revert to recommendations, while still establishing a clear framework to guide reporters who wish to lead on these topics, noting that there will be a further opportunity to revisit these questions in future. For this topic the hybrid suggestion could work, building the framework for disaggregated reporting without yet requiring it, and that there is a limit to how many new requirements can be added while keeping the standard digestible.
        - A TWG member agreed.
- A representative of the Corporate Standard Secretariat responded that the Corporate Standard TWG has been raising similar concerns about the number of new requirements, where members say that each individual change makes sense in isolation but the accumulation could be too much, and that the Secretariat is taking a bottom-up approach, addressing topics individually and then presenting them together to the Corporate Standard TWG with a draft reporting template later in the autumn.
- A TWG member noted that a significant number of changes will go to the market in the coming year, that there will be those in favor and those against, and that they are concerned about provisions disappearing completely in response to pushback. They asked whether there is an openness to phased approaches over time for companies that are not yet able to conform with the GHG Protocol, noting that phased approaches also feature for EU companies, as a possible compromise on some of the larger changes.

- A TWG member noted that Annex A from the Scope 3 Phase 1 Update report shows two options for disaggregated reporting – measured/specific, other, spend, unclassified; and primary, secondary, spend, unclassified – and that with ISO Working Draft 2 there are now a third and fourth option in the ISO and hybrid approaches.
- A TWG member asked, returning to the threshold topic, whether a compromise could be found, for example retaining the ISO approach with a threshold recommendation such as a 5% maximum exclusion, with the possibility of choosing a different threshold where relevant and with explanations.

ISO (19): Classification schema for scope 3 emissions disaggregation by data type

skipped due to time constraints

Outcomes

- N/A

5. Next Steps

- Refer to presentation slides 38 – 40.

Discussion

- N/A

Outcomes

- The Secretariat will circulate the post-meeting survey.

Summary of written submissions received prior to meeting

N/A