

Scope 3 Technical Working Group Meeting

Working draft, do not cite

Full TWG

Phase 2, Meeting 15

Circularity taskforce outputs, series E package and template, IFRS recommendations for cat 15/16

July 23rd, 2026

Agenda

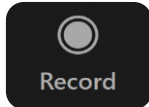
(Draft; for discussion)

- Housekeeping and workplan update (5 mins)
- Outputs of circularity taskforces:
 - Finish up discussion of WTE approach (25 mins)
 - Allocation approaches for inner loop activities - (30 mins)
 - Further examples to test alternative waste definition – (20 mins)
- Series E package and template for examples (10 mins)
- IFRS recommended changes for category 15 and 16 – (20 mins)
- Next steps (10 mins)

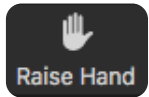
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Housekeeping and decision-making criteria

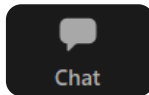
Welcome and Meeting information



This meeting is recorded.



Please mute yourself by default and unmute when speaking
Please use the Raise Hand function to speak during the call.



You can also use the chat function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

Housekeeping

- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining the credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*
- Maintain a respectful approach to communicating by:
 - Assuming positive intent; making space for different perspectives; and defaulting to curiosity

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

Decision-Making Criteria

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

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

(Draft; for discussion)

2026 workplan

(Draft; for discussion)

Circularity taskforce outputs

Taskforce topics

Taskforce	Description
F1	Establishing or revising relevant circular economy definitions
F2	Consideration of allocation approaches for recycled materials , including: Qualitative assessment of each of the considered approaches using bespoke principles and criteria
F3	Waste-to-energy allocation rules, including: Drafting and review of ruleset based on the outputs of the previous WtE survey
F4	Establish circular economy accounting examples for circular economy activities (including reuse, refurbishment, etc.) to highlight how emissions are classified and appropriate scope 3 categories for reporting

Note: F5 activities will be incorporated into finalization of F4 work over the next couple of weeks, with a primary focus of allocation approaches for inner loop activities like reuse, remanufacture etc

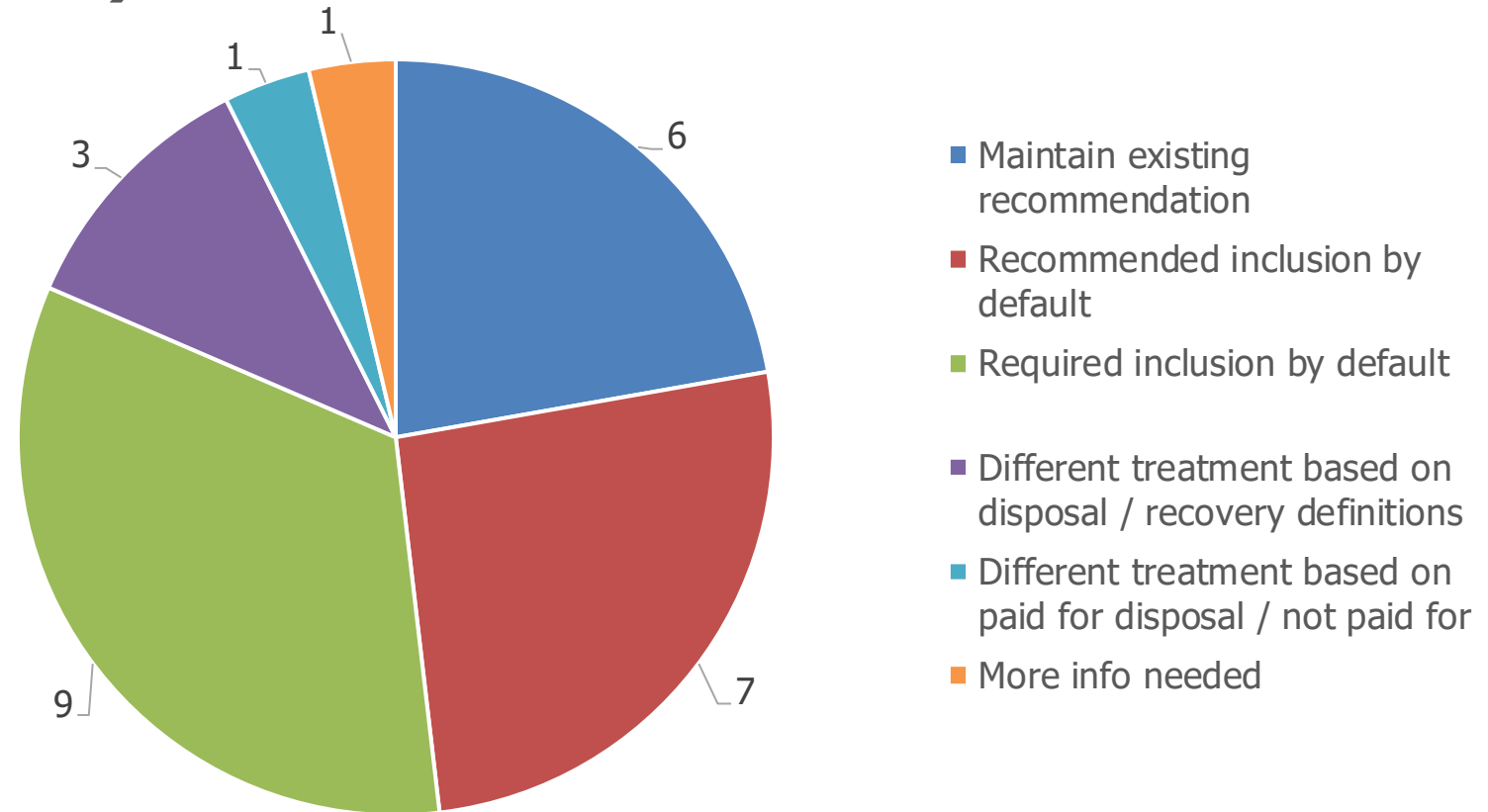
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F3 – waste-to-energy accounting rules

F3 | Survey results (May – June)

Q1: What reporting rules should apply to emissions from WTE treatment in category 5?

- More than half opted for some form of inclusion by default (16/27 votes)
- *Draft text is drafted as **including incineration emissions** by default with [shall/should] text reflecting a final decision from TWG is needed*

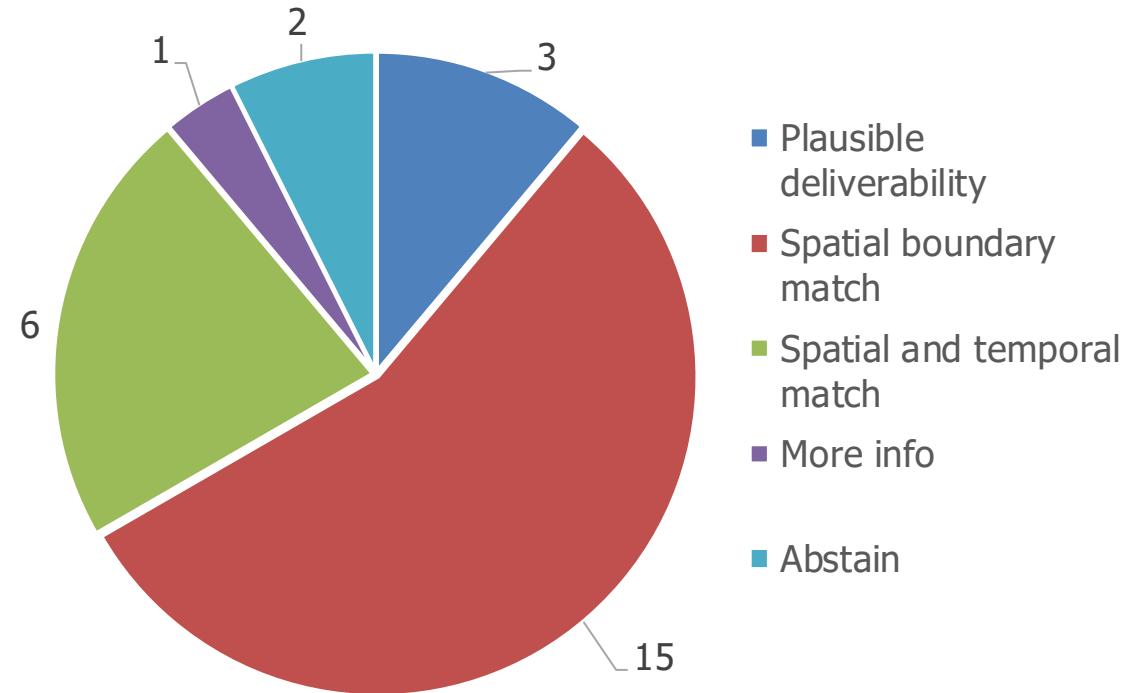


F3 | Survey results (May – June)

Q2. What should be the minimum condition a reporting company must satisfy to demonstrate that a double count between scope 2 and categories 5 exists?

Options were:

- 1. Plausible deliverability** – the WTE facility is physically capable of delivering the energy to the reporting company's location under normal conditions
- 2. *Spatial match*** – *waste is processed at a WTE facility within the same spatial boundary as used for a company's scope 2 emissions calculations*
- 3. Spatial and temporal match** –
 - Waste is processed at a WTE facility within the same spatial boundary (i.e. option 2); and
 - Energy from the WTE facility can be temporally matched to the company's consumption, using the same granularity as used for scope 2 calculations

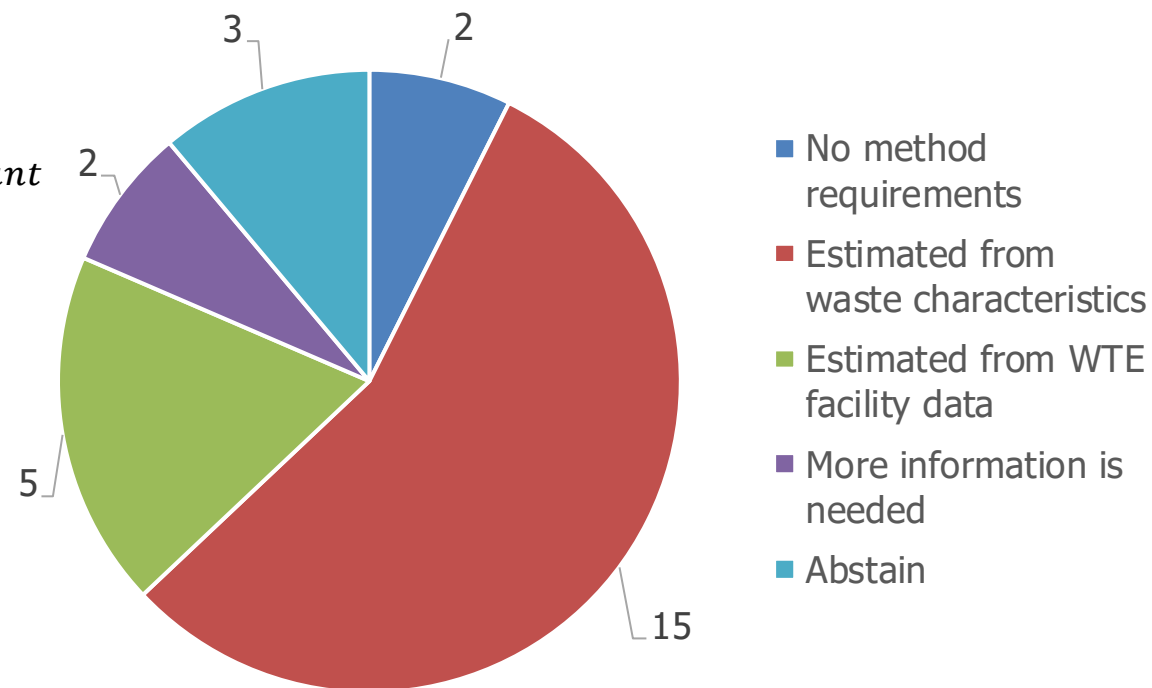


F3 | Survey results (May – June)

Q3. Where a double count is demonstrated, what is the minimum acceptable method for estimating activity data?

$$WTE\ emissions_{cat\ 5} = E_{incineration} - discount_{doublecount}$$

- This question sought to establish how to work out $E_{incineration}$
- *Most suggested that $E_{incineration}$ should be estimated using waste characteristics (i.e. using waste type, composition, and fossil/biogenic carbon content)*

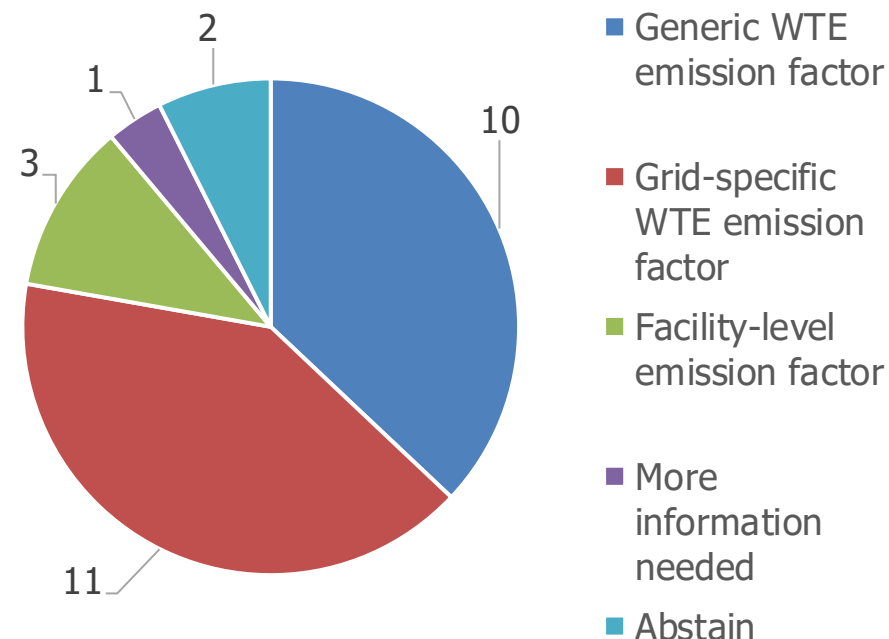


F3 | Survey results (May – June)

Q4. Where a double count is demonstrated, what is the minimum acceptable emission factor method for quantifying the emissions to discount from scope 3?

$$WTE\ emissions_{cat\ 5} = E_{incineration} - discount_{doublecount}$$

- This question sought to establish how to work out $discount_{doublecount}$
- Using:
 - AD = energy recovered (i.e., energy content of waste x efficiency of WTE process)
 - EF = no clear signal from TWG on what this may be; may be average WTE factor or grid-specific WTE factor
- Approach taken:
 - *Use a grid-specific WTE emission factor is allowable for now but for further discussion with TWG on whether this is feasible*



F3 | Demonstrating and quantifying double count steps in draft ruleset

$$WTE\ emissions_{cat\ 5} = E_{incineration} - E_{doublecount}$$

What gets reported in cat 5

Physically occurring emissions at
point of incineration

The magnitude of the double count

Step 1. Demonstration

i.e., showing that $E_{doublecount}$ is not zero.

Practically speaking, a reporting company would need to work out:

1. Where waste generated in their operations is incinerated based on the disposal practices of waste management services used
2. Whether that incineration provides energy to the grid that they use (using the grid definition that is used for scope 2 calculations) in the form that they use it

F3 | Demonstrating and quantifying double count steps in draft ruleset

$$WTE\ emissions_{cat\ 5} = E_{incineration} - E_{doublecount}$$

What gets reported in cat 5

Physically occurring emissions at point of incineration

The magnitude of the double count

Step 2. Quantification

i.e., working out robust estimates for $E_{incineration}$ and $E_{doublecount}$

Following the drafted text, this would involve:

1. Estimating the amount of waste that is incinerated and estimate the fossil emissions released to atmosphere from its incineration based on the waste type, composition, dry matter content, and fossil carbon content.
2. Estimate the amount of recoverable energy using calorific values / heating values representative of the waste that is incinerated
3. Estimate the amount of energy recovered from the waste (i.e., the electrical and/or thermal efficiency of the WTE incineration process). Allowance to use general assumptions if specific data
4. Apply an WTE-specific emission factor to this recovered energy to estimate the emissions associated with recovered energy
5. Subtract this from category 5 incineration emissions, ensuring that category 5 is never less than zero.

F.3 Waste-to-energy incineration emissions

Scope 3 Technical Guidance (2013)

pp. 80

- If a company purchases energy from the same facility that it sends its waste to, then accounting for emissions from the waste-to-energy combustion process both upstream and downstream would double count the emissions.
- To avoid double counting, a company **should** account for upstream emissions from purchased energy generated from waste in scope 2.
- Companies **should** account for emissions from preparing and transporting waste that will be combusted in a waste-to-energy facility in category 5, but should not account for emissions from the waste-to-energy combustion process itself.
- These emissions **should** be included in scope 2 by the consumers of energy generated from waste.

Revised requirements and guidance

- A company [**shall/should**] quantify and report emissions from the incineration of its waste in category 5 by default
- To avoid double counting, a company [**shall/should**] reduce its reported category 5 emissions by the estimated magnitude of the double count, provided it:
 - Demonstrates that a double count exists; and
 - Quantifies the magnitude of the double count to the minimum quality standard outlined in the following clauses (on next slide)
- For the avoidance of doubt, a company that sends waste to a WTE incineration facility but does not demonstrate a double count exists [**shall/should**] report the emissions from incineration of its waste in full.

F.3 Demonstrating and quantifying a double count between scope 2 and cat 5

- To demonstrate that a double count exists, a reporting company [**shall/should**] show that:
 - i. The WTE facility processing the reporting company's waste operates within the same spatial boundary, as defined in the scope 2 emission factor hierarchy, as the location-based emission factor used by the reporting company for its scope 2 calculation.
- When quantifying the magnitude of the double count with scope 2, a company [**shall/should**] carry out the following steps:
 - i. **Estimate total emissions from the WTE process:** Use emission factor that are representative of waste type, composition, and fossil carbon content of the waste generated by the company
 - ii. **Estimate energy content of the waste:** using heating value measurements for the company's specific waste stream, or representative assumptions based no published heating values for the relevant waste category and composition
 - iii. **Estimate the energy recovered from the WTE process:** using data provided by relevant waste-to-energy facilities, or using representative assumptions on the energy recovery of the relevant facilities corresponding to the form(s) of energy purchased by the reporting company
 - iv. **Convert recovered energy to an emissions figure:** apply an emission factor that, as a minimum, represents the energy intensity of WTE facilities active within the national grid. A company **may** use more spatially granular, or facility-specific emission factors if available
 - v. **Apply the double count adjustment:** the resulting emissions figure from step iv represents the magnitude of the double count that is deductible from category 5.

F3 | CEWEP presentation to TWG

- CEWEP presentation on Tuesday 30th June to clarify the intent of their proposal shared in a previous TWG session:
 - Summary of proposal:
 - The cut-off point between product lifecycles is set to where any waste reaches an 'end-of-waste state'. In the EU, this is when:
 - The recovered material, component, or product is commonly used for specific processes;
 - A market or demand exists for the material, component, or product;
 - The recovered material, component, or product fulfils the technical requirements for the specific purposes
 - The use of the recovered material, component, or product does not lead to adverse environmental or human health impacts
 - In other words,
 - Incineration emissions from WTE should be accounted for in scope 3 of the waste generator.
 - Associated scope 2 emission factors associated with WTE incineration should only include emissions from energy recovery activities, and not the combustion process itself.
 - **i.e., applying a reverse cut-off rule**
 - If a company pays for disposal, then these rules apply. If the company gets paid to dispose of this waste, then this is a 'product' and not waste by this definition – *potentially requiring accounting in category 10/11...*
- **Did CEWEP's this presentation shift your perspective on the accounting of incineration emissions from WtE?**

Next steps for finalizing F3

- Draft ruleset created in the F3 taskforce are shared as part of the supplementary pre-read for the last TWG meeting (shared 2 July): [Draft rules for TWG review Accounting for emissions from inc.docx](#)
- After this session, the Secretariat will distribute a survey asking:
 - For final vote on the rule for WTE incineration with options for:
 - a) Maintaining existing recommendation to exclude WTE incineration emissions from category 5
 - b) Recommend the inclusion of WTE incineration emissions in category 5 with the discussed methodology for demonstrating and quantifying a double count
 - c) Require the inclusion of the WTE incineration emissions in category 5 with the discussed methodology for demonstrating and quantifying a double count.
 - If b or c are opted for by the TWG:
 - Approval of ruleset with minor edits
 - Approval of ruleset, in general, but with major edits required for individual clauses
 - Disapprove of ruleset.

F3 | Updated decision-making criteria

Criteria	Current approach (default to omission)	Default to recommended inclusion	Default to required inclusion
1A. Scientific integrity	Pros: Avoids double counting risk and is a determinate a clearly interpreted rule Cons: Introduces a systematic undercounting risk – real emissions occurring in a value chain are not being accounted for. Using the same allocation method as is used for recycling is not scientifically valid – WTE combustion releases GHGs with no equivalent displacement and so should be treated differently	Pros: Inclusion by default ensures a full and conservative accounting Cons: If deduction is not properly or inconsistently applied, may undermine validity of data. Lack of physical traceability may create the illusion of a more robust rule that is less clear and less determinate although advancements in digital infrastructure may mitigate this to an extent.	Pros: Inclusion by default ensures a full accounting. Requirement better avoids systematic underreporting of emissions is prevented. Cons: If deduction is not properly or inconsistently applied, may undermine validity of data. Lack of physical traceability may create the illusion of a more robust rule that is less clear and less determinate although advancements in digital infrastructure may mitigate this to an extent.
1B. GHG accounting and reporting principles	Pros: Reduces double-counting. Consistency higher as clear structure Cons: Violates completeness and conservativeness principles – systematic exclusion of WTE emissions	Pros: Aligns with completeness and relevance principles. Cons: Recommendation status weakens transparency and comparability – companies retain discretion over whether to apply the approach	Pros: Completeness and relevance principles are improved for category 5. Mandatory reporting eliminates any inconsistency and any systematic underreporting of emissions, Cons: The defined methodology may not provide accurate results but ensures a more conservative approach compared to the current standard
2A. Support decision making that drives ambitious global climate action	Pros: Lower reporting burden may encourage participation and aid the uptake of WTE technologies, although inclusion in scope 2 precludes this somewhat. Cons: Systematic undercounting masks true emissions exposure and doesn't encourage circular economy activities that reduce emissions and waste management policies (i.e., no signal to reduces waste volumes sent for WTE incineration)	Pros: Provides better emissions visibility to make informed decisions and more transparent waste management decision making. Cons: Discretionary exclusions can still obscure hotspots – where companies elect not to apply the apply, emissions remain underreported limiting the usefulness.	Pros: Full emissions picture to support decision-making, supplier engagement, and credible planning Cons: Higher data requirements may slow adoption in early stages.
2B. Support programs based on GHG Protocol and uses of GHG data	Pros: Existing approach is easy to map to basic reporting frameworks Cons: Systematically under-reported emissions undermines downstream programs that use cat 5 data as a proxy for total waste-related emissions exposure	Pros: Improved completeness aids interoperability Cons: Voluntary nature may still produce heterogeneous datasets that limit interoperability	Pros: A mandatory approach produces consistent data with regulatory disclosure and could be auditable Cons: Downstream programs must align, and companies may need to consider re-baselining any targets
3. Feasibility to implement	Pros: Lowest burden – no tracking of waste volumes to WTE, no spatial boundary assessment, and no deduction calculation required.	Pros: Low burden but depends on how much a company wishes to show double count exists. Cons: Extra calculation steps require more data inputs that may be harder to source	Pros: Low burden but depends on how much a company wishes to show double count exists. Cons: Extra calculation steps require more data inputs that may be harder to source

F4 and F5 – Allocation approaches for reuse and inner loop activities

F4 and F5 | Aims

Topic F4 aimed to gather worked examples that demonstrate how GHG emissions from circular economy activities are classified and reported within the Scope 3 Standard.

These examples were intended to:

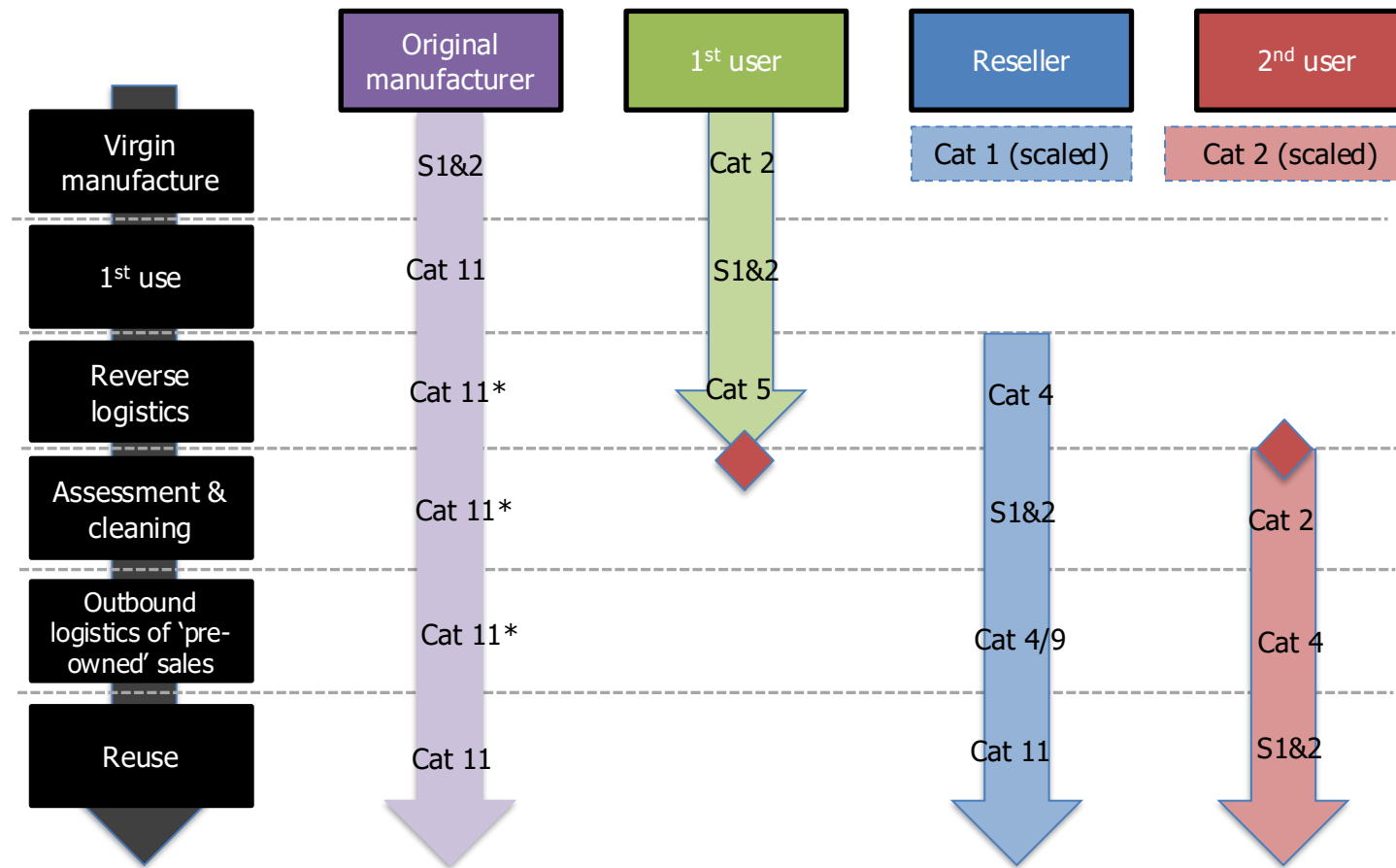
- Clarify (for the TWG) how circular activities map to existing scope 3 categories
- Identify ambiguities where there is risk of inconsistent interpretation for given circular activities

Following on from this, the outputs were used to help define any missing accounting rules associated with inner loop activities.

- The following slides illustrate the accounting rules for a single product for different types of activity and what emission sources are 'within scope' for each value chain actor, and how these should be categorized.
- For each slide, the product in question is a laptop that was originally sold and then has been passed to different end users (1st user and 2nd user) and a circular economy value chain actor (e.g., a repair service provider).
- Unless otherwise stated, the subsequent value chain actor has purchased the product from the previous value chain actor.

Transfer of ownership scenario - resale and reuse

In this scenario, the reseller purchases a used product from the 1st user, and then sells it to a 2nd user.



Original manufacturer:

- Collecting data on subsequent resales or reuse occurrences after initial sale is not plausible for all.
- * A company **may** include emissions from any activities associated with resale and reuse of products by end users in category 11 as part of use of sold product assumptions.

1st user:

- Transportation to resellers after the product has been sold is considered 'waste treatment' and is category 5

Reseller:

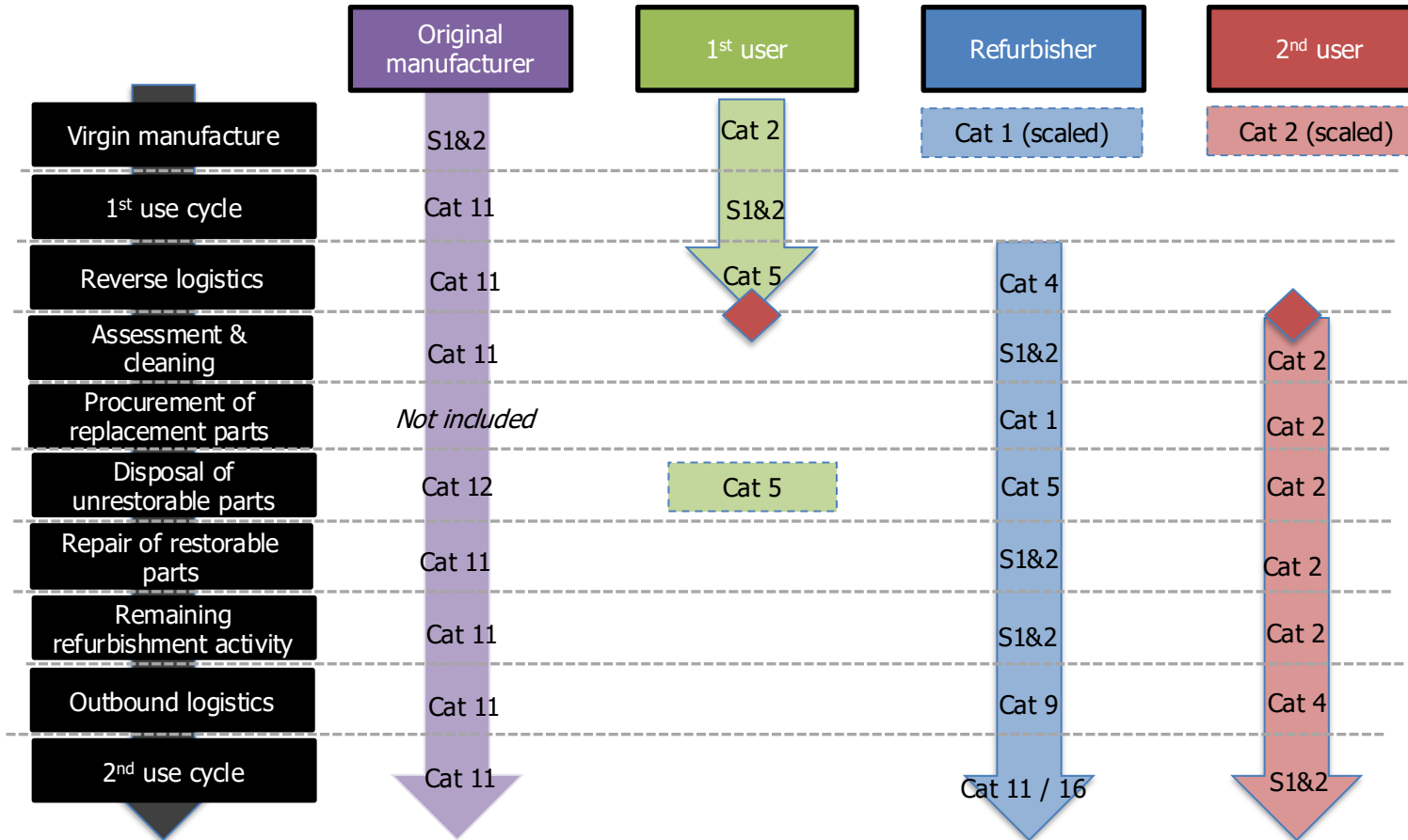
- Second-hand purchases scaled to carry **remaining unamortized emissions** burden (as per series D)
- If a reseller buys the product, it is treated like any other sold product.
- Used product dealerships (e.g., second-hand car) emissions are cat 11 but could be interpreted as cat 16 depending on 'level of intervention'

2nd user:

- Second-hand purchases carry remaining unamortized emissions burden (as per series D)

Transfer of ownership scenario – refurbishment within expected service life

In this scenario, the refurbisher purchases a used product from the 1st user whilst within the expected service life, refurbishes it, and then sells it to a 2nd user.



Original manufacturer:

- Collecting data on subsequent refurbishment activities occurrences after initial sale is not plausible for all.
- A company **may** include emissions from any activities associated with refurbishment and resale products by end users in category 11 as part of use of sold product assumptions.

1st user:

- Transportation to refurbisher after the product has been sold is considered 'waste treatment' and is category 5

Refurbisher:

- Second-hand purchases carry remaining unamortized emissions burden (as per series D)
- When the refurbisher sells the product, subsequent emissions are categorized in the same way as non-refurbished sold products

2nd user:

- Second-hand purchases carry remaining unamortized emissions burden (as per series D) and emissions from refurb processes

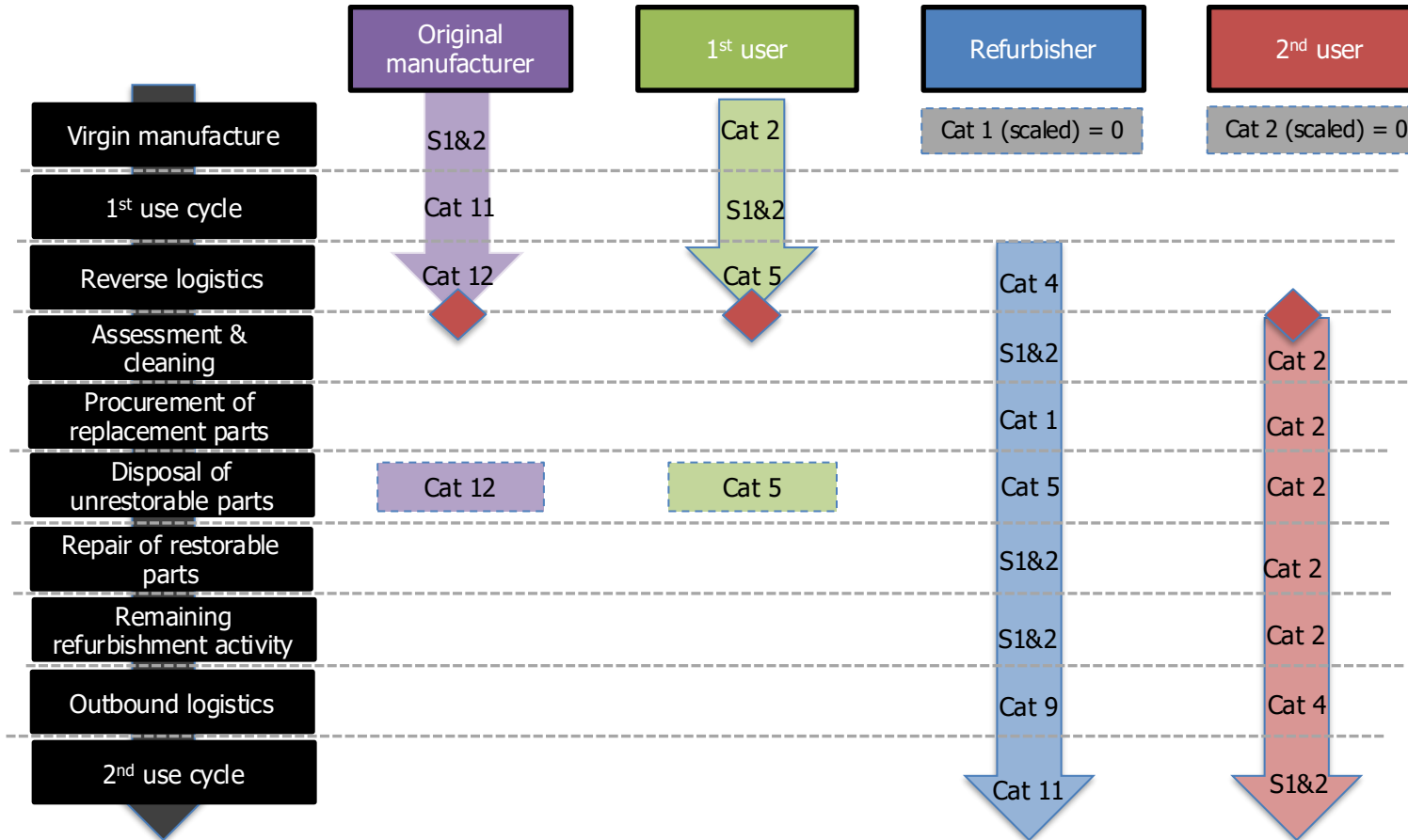
Same concepts apply analogously to remanufacturing although remanufacturing restores products to a higher quality vs refurbishment – i.e., input/output quality isn't considered

Refurbishment (proposed def): A process by which an item, during its expected service life, is restored to a useful condition for the same purpose and with at least similar quality and performance characteristics

Remanufacturing (proposed def): An industrial process by which an item is returned to a like-new condition from both a quality and performance perspective

Transfer of ownership scenario – refurbishment after expected service life

In this scenario, the refurbisher purchases a used product from the 1st user whilst after the expected service life, refurbishes it, and then sells it to a 2nd user.



Original manufacturer:

- If after expected service life, then refurbishment is viewed essentially as a waste management process and transport to refurbisher from end user is included in category 12 in the same way as material recovery processes.
- Any disposal by the refurbisher would be in category 12 (using same disposal model as used for general product disposal)
- No emissions burden for any subsequent steps

1st user:

- Transportation to refurbisher after the product has been sold is considered 'waste treatment' and is category 5

Refurbisher:

- No virgin manufacture burden (same principle as before, but calculation would work out to 0 remaining unamortized emissions anyway)
- When the refurbisher sells the product, subsequent emissions are categorized in the same way as non-refurbished sold products

2nd user:

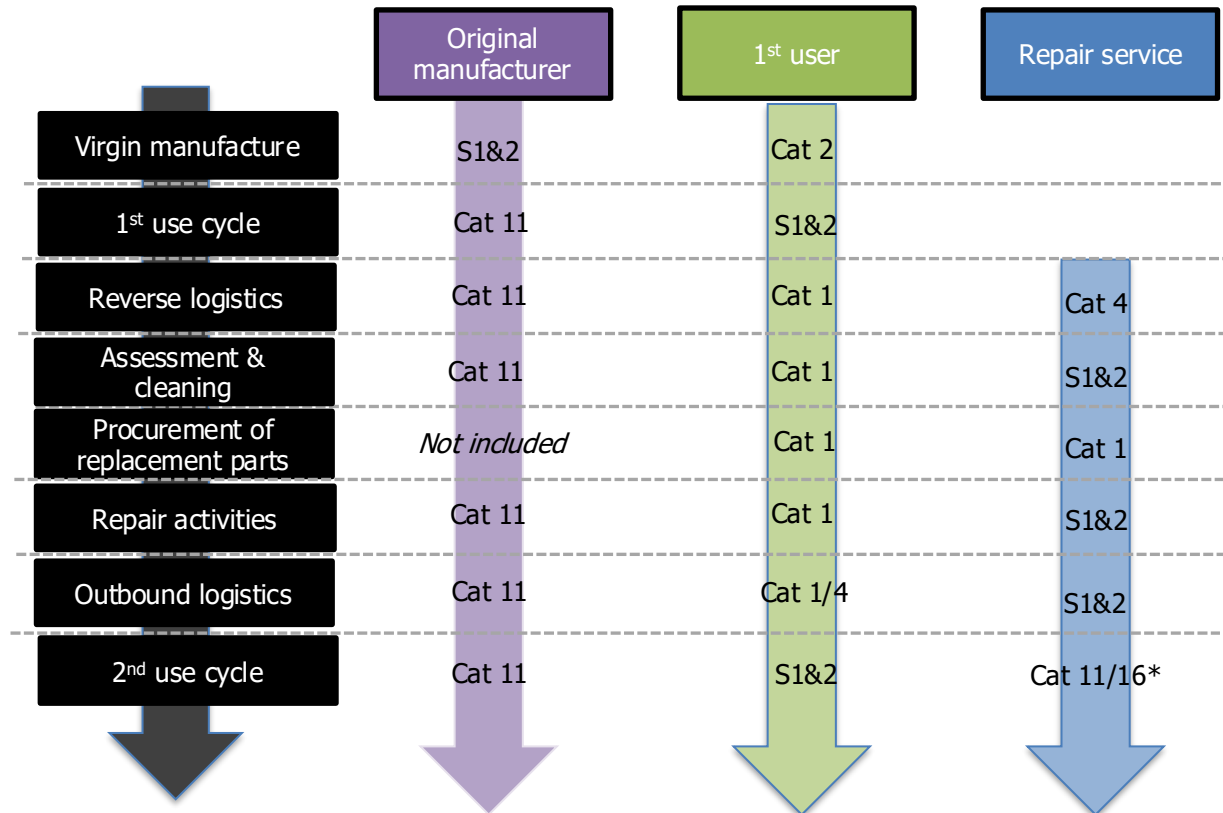
- No virgin manufacture burden (same principle as before, but calculation would work out to 0 remaining unamortized emissions anyway)

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Remanufacturing (proposed def): An industrial process by which an item is returned to a like-new condition from both a quality and performance perspective

Scenario with no transfer of ownership – repair services

In this scenario, a repair service is procured to restore the product to a usable state during 1st use cycle, and is returned to the 1st user afterwards



Original manufacturer:

- Repair of this type would be considered in a similar way to maintenance in the current *Scope 3 Standard*
- A company **may** include emissions from any activities associated with refurbishment and resale products by end users in category 11 as part of use of sold product assumptions.

1st user:

- Considers the emissions associated with the repair services to be a purchased service (i.e., category 1)

Repair service:

- Does not account for any burden of the virgin manufacture as they are not being transferred the ownership of the product
- For **parts that are replaced category 11 emissions** are reported
- For **unreplaced parts, category 16 emissions** are reported
 - If whole system cannot be used without repair (should)
 - If whole system can be / was being used without repair (may)

The same concepts would apply to other inner loop activities where the service provider is not transferred ownership of the product and returns the product to the original user once the service is completed.

General outcomes and open questions

- **Whether these activities occur within the expected service life of the sold product matters**
 - If within the expected service life, then these activities are considered mechanisms to extend the lifetime of the product.
 - For original manufacturers, speculative assumptions could be made when first reporting category 10, 11, and 12 emissions in the year of sale.
 - Anything that occurs after the expected service life is not easily estimated by the original manufacture and so CE activities are treated in a manner akin to material recovery processes like recycling
 - **NOTE: this may not incentivize the design of products that are suitable for reuse, refurbishment, remanufacture, or repair.**
- **When a product is purchased, regardless of the activity being considered, the company purchasing the product should account for the remaining unamortized emissions.**
 - This is established already for category 2 as part of the series D revisions. The suggestion here is that this is also applicable to category 1 as well.
- **The degree of intervention by CE value chain actors (e.g., the refurbishment company) or the quality uplift that inner loop activities achieves is not easily demonstrated in this sort of framework.**
 - To an extent material quality uplift may be a more important factor than for recycled (F2).
 - **Should the methods allow for approaches that account for material quality if the data is available for a given reporting company?** It may not be feasible for all reporting companies but addressing quality aligns better with the LCA-style thinking if available.
 - Upcycling falls between inner loop and recycling as a *material recovery* process that improves the quality of the product (and value). **What rules should apply to upcycling?**
- **Application to closed loop applications** – all the previous examples are for open loop.
 - **For closed loop, should the same principles could apply but a reporting company is permitted to take action to avoid double counting of emissions that occur across their scope 1, 2, and 3 inventory?**
 - e.g., a company manufactures a product (partly S3.1, S1&2). They operate a take-back scheme and refurbish those products. Rather than reporting *remaining unamortized emissions* for the returned product, they can say that these emissions are reported already in their S3.1 and S1&2).
 - Should a reporting company be allowed to avoid double counting when it occurs over different reporting years? e.g., the product was manufactured in 2025 and taken back in 2027, and so double count is between the 2025 and 2027 inventories

Next steps for finalizing F4 / F5

- Another survey!
 - We have translated the rules from those scenarios into some standard-style text and have a survey based on this.
 - Survey to be distributed after this meeting and to be completed by first week of August

(Draft; for discussion)

Examples to test waste definition

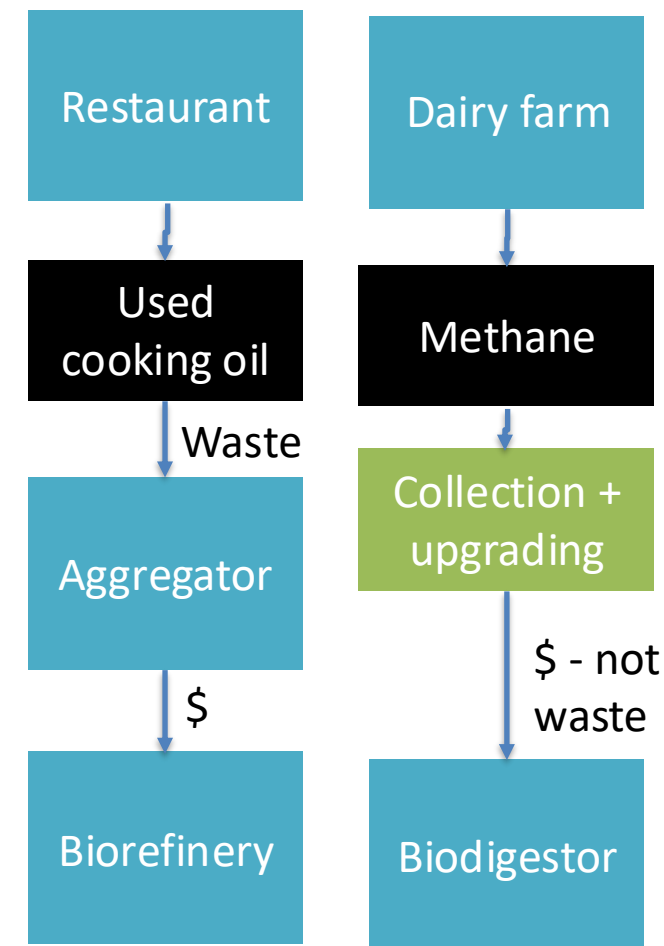
F1 | Usage of definition of waste in other corporate suite standards

- Land Sector and Removals Standard:
 - "If a system or process produces waste during production, no emissions, removals, or other metrics from the system or process **should** be allocated to the waste." *section 6.3, pp. 36*
- Existing

"An output of a process or system that has no market value."
- Alternative:

"Any substance or object which the holder *discards*, intends to *discard*, or is required to *discard* for *material recovery, energy recovery, or final disposal*"

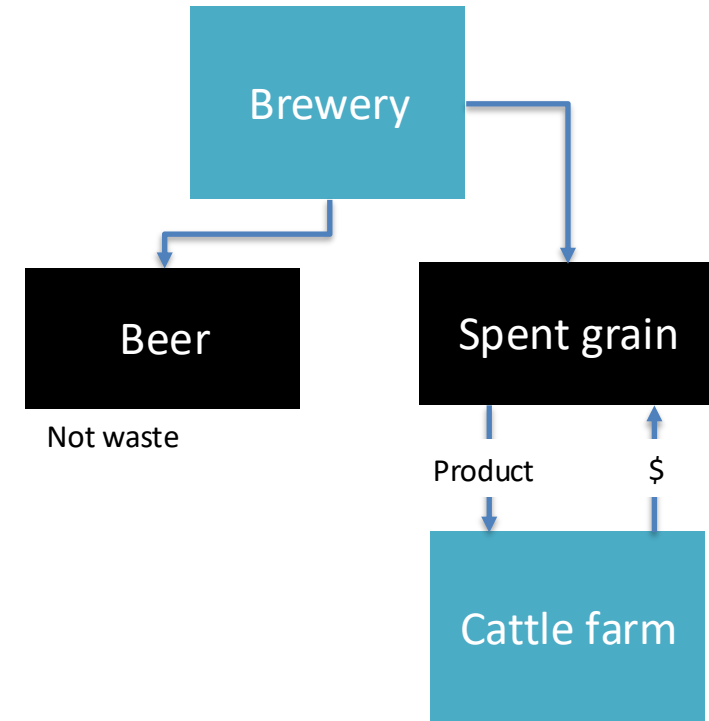
 - Note:*
 - Option 1:* a **substance or object (i.e., a co-product or by-product*)** that is sold by the reporting company for further use is not classified as waste (based on EU WFD)
 - Option 2:* a **substance or object (i.e., a co-product or by-product)** that has sufficient value to the reporting company to incentivize additional production activity is not waste (based on in-meeting feedback from TWG)
- Drafted end-of-waste status definition: *"The point at which waste is considered to have undergone a recycling or another recovery operation and has a market or demand, can be used for a specific purpose, and fulfils the technical requirements for said purpose, and does not lead to adverse environmental or human health impacts when used for said purpose"* (based on the EU's WFD)



* Upon suggestion at 9 July TWG meeting, a definition of by-product: "An output of a process that is incidental, not intentionally produced, and which cannot be avoided" (based on ISO 21930:2018 "Sustainability in buildings and civil engineering works – core rules for environmental product declarations of construction products and services")

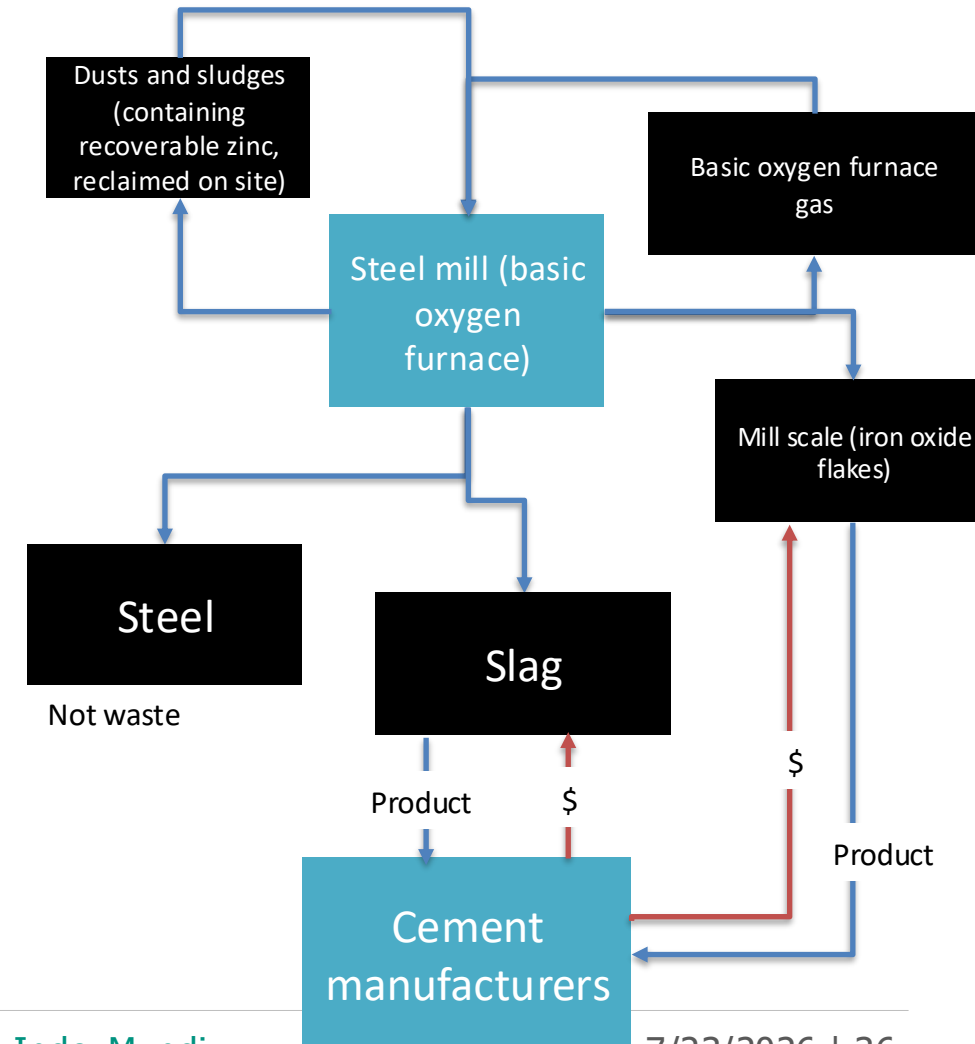
F1 | Other examples – brewer's spent grain

- A brewery produces beer. The mash process leaves behind spent grain, which is given or sold to a local farmer for cattle feed - typically at a nominal price that covers little more than transport. The brewery does not increase beer production in response to BSG demand; grain volume is dictated entirely by brewing output.
 - **Existing definition** ("no market value") – ambiguous whether defined as waste as nominal sale price is still a price, so could be considered not waste
 - **Option 1 note** ("sold for further use") – not waste as has been sold for further use
 - **Option 2 note** ("value insufficient to incentivize additional production") – waste.



F1 | Other examples – steel slag

- A steel mill produces slag as a byproduct of production. Historically it was landfilled at cost. Today, cement manufacturers buy slag as a supplementary cementitious material, and some mills now actively adjust process conditions to generate slag in a form and quantity that maximizes this sale.
 - Existing definition** (“no market value”) – in the past would’ve been considered waste, but now commands real market value = not waste
 - Option 1 note** (“sold for further use”) – not waste as has been sold for further use
 - Option 2 note** (“value insufficient to incentivize additional production”) – hard to argue that it *incentivizes* additional action
 - 1t of steel ~ \$460
 - 150kg of slag produced per t, at \$10/t ~ \$1.50 although value appears to vary significantly depending on which steel making process is used*



* 1-29\$/t in 2021 [Estimated Sales Prices For Iron And Steel Slag In The United States | IndexMundi](#)

(Draft; for discussion)

Category 10/11 package ruleset

Category 10/11 package ruleset

- Draft ruleset updated based on all survey results to date for series E: [Draft rules for TWG review Accounting for emissions from inc.pdf](#)
- TOMRA presented to the TWG on 1st June: [TOMRA Scope3 TWG Insight Note \(003\).pdf](#)
 - *Recording of this session is available on request*
 - *One of the main topics discussed on that presentation was annualized reporting metric. Did anything come up in that presentation that shifted your stance on this topic?*

Category 10/11 sector-specific template

- As discussed in a previous TWG meeting, sector-specific examples are needed to interpret the rules in category 10 and 11 in terms of:
 - When processing ends and use-phase begins
 - Classification of emission sources as processing, direct use-phase, indirect use-phase, or facilitated
- The template accompanying the pre-read for this TWG meeting is intended to gather sector-specific interpretation of the rules in a consistent way that allows for easy collation.
 - A populated example is also provided in the template
- **Please use the template to document examples of sector-specific interpretation of the cat 10/11 rules with which you are familiar.** The Scope 3 Secretariat will collate the examples and consider their inclusion in guidance materials developed as part of, or alongside, the revised standard.
- **Please provide any completed templates by the end of August.** You may provide as many as you wish, but please focus on examples where you are aware of inconsistent interpretation or where additional clarity would be most beneficial.

Populated example

Classification	
Sold product:	LED headlight bulb sold for installation in passenger vehicles.
Product type:	Good
Sold product classification:	Intermediate product
Required processing	The bulb is installed into a vehicle headlight assembly by an automotive manufacturer, or by others when it is sold separately as replacements
Final product(s):	Vehicles fitted with headlight system (including bulb, housing, wiring, and power supply).
End user:	Driver of the vehicle
Expected product lifecycle:	Assumed that a bulb lifespan is based on average usage hours and failure rates. Lifecycle ends once bulb is removed from vehicle, or the vehicle itself reaches its end-of-life.

Emission sources		Cat 10	Cat 11	Cat 16
Processing:	<i>Emission sources:</i> Installation of the lightbulb into the vehicle during assembly at the OEM. Some energy is required as a part of this process. <i>Calculation:</i> Energy from processing step x EF for location of manufacturing site(s). Physical allocation may be needed.	✓		
Direct use phase emissions:	<i>Emission sources:</i> Consumption of energy during use of the lightbulb. As the lightbulb consumes energy itself, these emissions are considered direct use-phase <i>Calculation:</i> $W \times \text{hours of assumed operation over lifecycle} \times \text{emission factor for auxiliary electrical load supplied by the vehicle energy system}$. The emission factor should reflect: - Fuel consumed in vehicle for electricity - Drivetrain efficiency losses and conversion efficiency		✓	
Indirect use phase emissions:	<i>Emission sources:</i> None - Lightbulb does not drive energy consumption elsewhere. The vehicle emissions are not included as the lightbulb does not drive energy consumption in other systems.		None	
Facilitated emissions:	<i>Emission sources:</i> Other vehicle emissions from night-time driving may be optionally reported if deemed relevant for the reporting company. This is unlikely to be the case, though.			✓

(Draft; for discussion)

IFRS recommended changes for category 15

Category 15 revision proposal

- The IFRS Foundation staff provided feedback on cat. 15 & 16 language in the *Phase 1 Progress Update*
- In response, the Secretariat leadership and the Scope 3 Team held multiple meetings with IFRS Foundation staff, including leadership and technical experts, to review proposed resolutions
- This has significantly shortened and simplified category 15 *Standard* language
- Much language formerly included in the *Standard* has been moved to *Guidance*
 - Said language is now informative (not normative)
 - This language remains, effectively, as-is (except for prescriptive terminology having been revised)
- The decision-making criteria have been applied to the new Category 15 language (**next slide**)
- Refer to the following documentation:
 - Summary of proposed revised category 15 Standard and Guidance language: [Cat 15-16 Proposed Resolution Summary - 2026.07.22.pdf](#)
 - Proposed revised category 15 *Standard* language: [New Cat. 15 Standard language](#)
 - Proposed revised category 15 *Guidance* language: [New Cat. 15 Guidance language](#)
 - Proposed revised category 16 *Standard* language: [New Cat. 16 Standard language](#)

Decision-making criteria applied to new category 15 language

<i>Criteria</i>	Phase 1 Progress Update	Proposed revised Cat. 15 language
1A. Scientific integrity	n/a	n/a
1B. GHG accounting and reporting principles	Pros: 5% exclusion applied to select instruments; justified exclusions clause applies to the remainder; this improves completeness and consistency	Pros: More investment types are included in category 15 (i.e., undrawn commit., deposits, and short positions*) which can be excluded subject to justification
2A. Support decision making that drives ambitious global climate action	Pros: Completeness, disaggregation, and Coverage disclosure all support informed decision-making that drives ambitious global climate action	Pros/Cons: No change
2B. Support programs based on GHG Protocol and uses of GHG data	Cons: Interoperability with IFRS S1/S2 is challenged by multiple factors (e.g., definition of financed emissions, classification of investments, and use of discretionary control qualifier, etc.); inclusion of managed investments challenges ESRS rules (July 2026)	Pros: Significantly improved interoperability with IFRS S1/S2 Cons: Inclusion of managed investments challenges ESRS rules (July 2026) (partial no change)
3. Feasibility to implement	Pros: Ability to quantify category 15 emissions is well-developed for equity and debt; justified exclusions language provides relief Cons: That there is no relief for equity and debt (with known use of proceeds) may challenge some reporting companies (but supports completeness and consistency)	Pros: No change Cons: No change **

* No calculation guidance is provided for these (it exists with PCAF); this is like other newly added instruments (e.g., ABSs, sovereign debt, etc.) 7/23/2026 | 43

** Justified exclusions language between *Phase 1 Progress Update* and Proposed revised languages is *unchanged* (a non-issue for IFRS S1/S2)

(Draft; for discussion)

Next Steps

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- GHG Protocol Secretariat:
 - The Secretariat will circulate a survey on:
 - Waste-to-energy draft ruleset (F3)
 - Survey on approval of F4 outcomes
 - Category 10/11 draft ruleset (series E)
 - **All surveys first week of August**
 - Ongoing surveys for F1 and F2 are due 31 July
- TWG:
 - Populate sector-specific examples template for categories 10 and 11 **by the end of August**

Thank you!

Alexander Frantzen
Scope 3 Manager, WRI
alexander.frantzen@wri.org

Luke Jones
Scope 3 Manager, WBCSD
jones@wbcsd.org

Claire Hegemann
Scope 3 Associate, WRI
claire.hegemann@wri.org

