

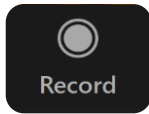
Corporate Standard Technical Working Group

Subgroup 3, Meeting #1 Operational Boundaries

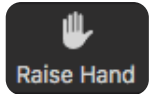
GHG Protocol Secretariat team:
Allison Leach, Iain Hunt, Hande Baybar

November 26th, 2024

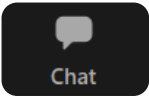
Meeting information



This meeting is **recorded**.



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.

Agenda

- **Introduction and housekeeping (25 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol scope 3 context
 - External programs
 - Relevant research
 - Stakeholder feedback
- **Scope 3 requirement (55 minutes)**
 - Overview of proposed questions and options
 - Question 1: Should there be a scope 3 requirement in the Corporate Standard?
- **Wrap up and next steps (10 minutes)**



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Today's objectives

1. Review the **current GHG Protocol requirements** for scope 3 reporting
2. Review **how scope 3 is treated in external programs** (e.g., mandatory and voluntary disclosure, target-setting)
3. Discuss the **pros and cons** of a scope 3 reporting requirement
4. Discuss **whether scope 3 should be required** in the Corporate Standard

Today, we will start discussing **whether scope 3 should be required** in the Corporate Standard, with the intent of moving towards consensus in Meeting #2 on December 17th

Housekeeping: Guidelines and procedures

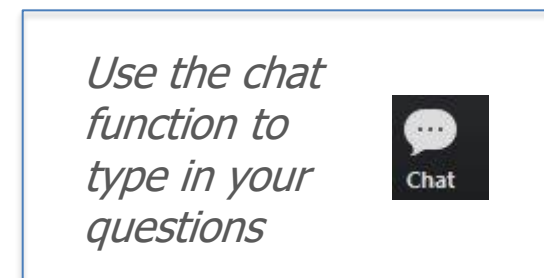
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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 credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

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

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; **access is restricted to TWG members only.***

Subgroup 3 member introductions

Quick <30 second introductions:

- Name
- Location
- Organization
- Current role
- What time is it where you are located?



Name	Organization
Christa Anderson	WWF
Samuel Anuga	Academy of International Affairs (AIA), Germany
Rebecca Berg	The Climate Registry
Rogelio Campos	Ministry of Environment, Peru
Jasper Chan	The Hong Kong and China Gas Company Limited
Gonzalo Chiriboga	Central University of Ecuador
Ron-Hendrik Hechelmann	University of Kassel
Suresh Krishna Ishwara Palar	Infosys Limited
Felipe Martínez Rodríguez	Hydro
Alexis McGivern	University of Oxford
Brandon McNamara	Northern Arizona University
Ann Radil	Watershed
Jay Shi	Procter & Gamble
Monika Shrivastava	JSW Cement
Daniel Tutu Benefoh	Ghana Environmental Protection Agency
Inês Amorim	World Business Council for Sustainable Development

Corporate Standard TWG: Our Shared Values

(Summary of whiteboard activity from 22 October meeting)

- **Respect** for everyone's background, expertise, and perspective
- Keep the **long-term goal** in mind: A revised and effective standard
- **Come ready to learn!** Be open to new ideas and listen actively
- Stay **objective**
- Maintain a **transparent** and independent process
- **Data-driven** approach and **solutions-oriented** interventions
- Work **collaboratively** with shared responsibility
- **Be prepared** for meetings



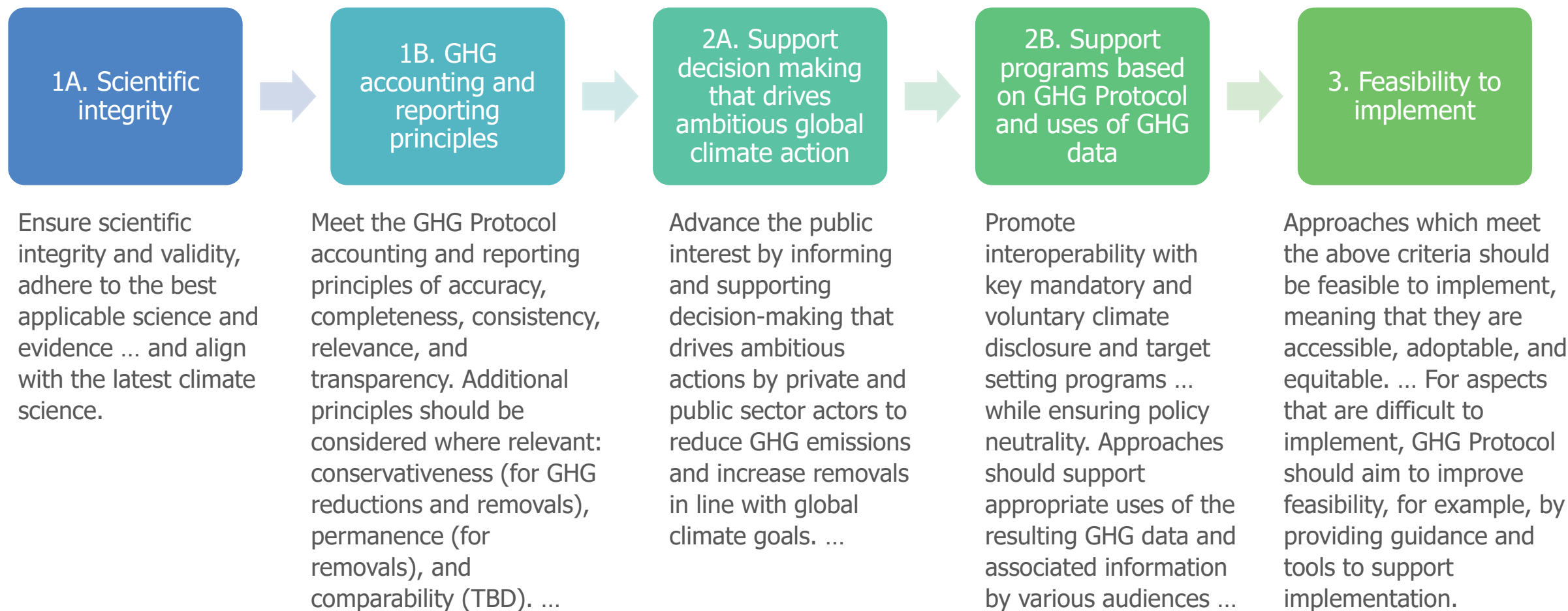
Housekeeping: Summary of general feedback form responses

6 responses were received to our general feedback form – thank you to everyone who has provided input to date. Overarching themes included:

- Questions related to **TWG process**, such as:
 - Decision-making criteria
 - **Communication outside of meetings**
- Feedback on the **scope of work** presented in the Standard Development Plan
- **Shall/should/may** language

Please continue using the **Microsoft Form** for all feedback and questions

GHG Protocol Decision-Making Criteria



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

Standard setting language

GHG Protocol standards use precise language to indicate which provisions of the standard are **requirements**, which are **recommendations**, and which are **permissible or allowable options** that companies may choose to follow.

- **“Shall”** indicates what is required to be in conformance with the standard.
- **“Should”** indicates a recommendation, but not a requirement.
- **“May”** indicates an option that is permissible or allowable.

Scope of work, Phase 1

Relevant chapters: Chapter 4 (Setting Operational Boundaries)

- C.1.** Revisit current operational boundary requirements in chapter 4 of the *Corporate Standard* to **consider requiring scope 3 emissions reporting**, such as through a comprehensive requirement across reporting organizations and scope 3 categories, or with a differentiated or phased approach based on criteria such as an organization's size or sector, the significance of a company's scope 3 emissions, or by scope 3 categories.
- C.2.** Consider providing more prescriptive requirements or additional guidance regarding **justifiable exclusions** from an inventory boundary and expanding disclosure requirements related to exclusions.

**Our focus today is on C.1:
Consider requiring scope 3 emissions reporting**

Corporate Standard: relevant content

Chapter 4: Setting Operational Boundaries

Introduction	The Greenhouse Gas Protocol Initiative		2
Chapter 1	GHG Accounting and Reporting Principles	STANDARD GUIDANCE	6
Chapter 2	Business Goals and Inventory Design	GUIDANCE	10
Chapter 3	Setting Organizational Boundaries	STANDARD GUIDANCE	16
Chapter 4	Setting Operational Boundaries	STANDARD GUIDANCE	24
Chapter 5	Tracking Emissions Over Time	STANDARD GUIDANCE	34
Chapter 6	Identifying and Calculating GHG Emissions	GUIDANCE	40
Chapter 7	Managing Inventory Quality	GUIDANCE	48
Chapter 8	Accounting for GHG Reductions	GUIDANCE	58
Chapter 9	Reporting GHG Emissions	STANDARD GUIDANCE	62
Chapter 10	Verification of GHG Emissions	GUIDANCE	68
Chapter 11	Setting GHG Targets	GUIDANCE	74
Appendix A	Accounting for Indirect Emissions from Electricity		86
Appendix B	Accounting for Sequestered Atmospheric Carbon		88
Appendix C	Overview of GHG Programs		90
Appendix D	Industry Sectors and Scopes		92
Acronyms			95
Glossary			96

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Our charge in phase 1 for subgroup 3

The big question:

Should there be a scope 3 reporting requirement in the *Corporate Standard*?

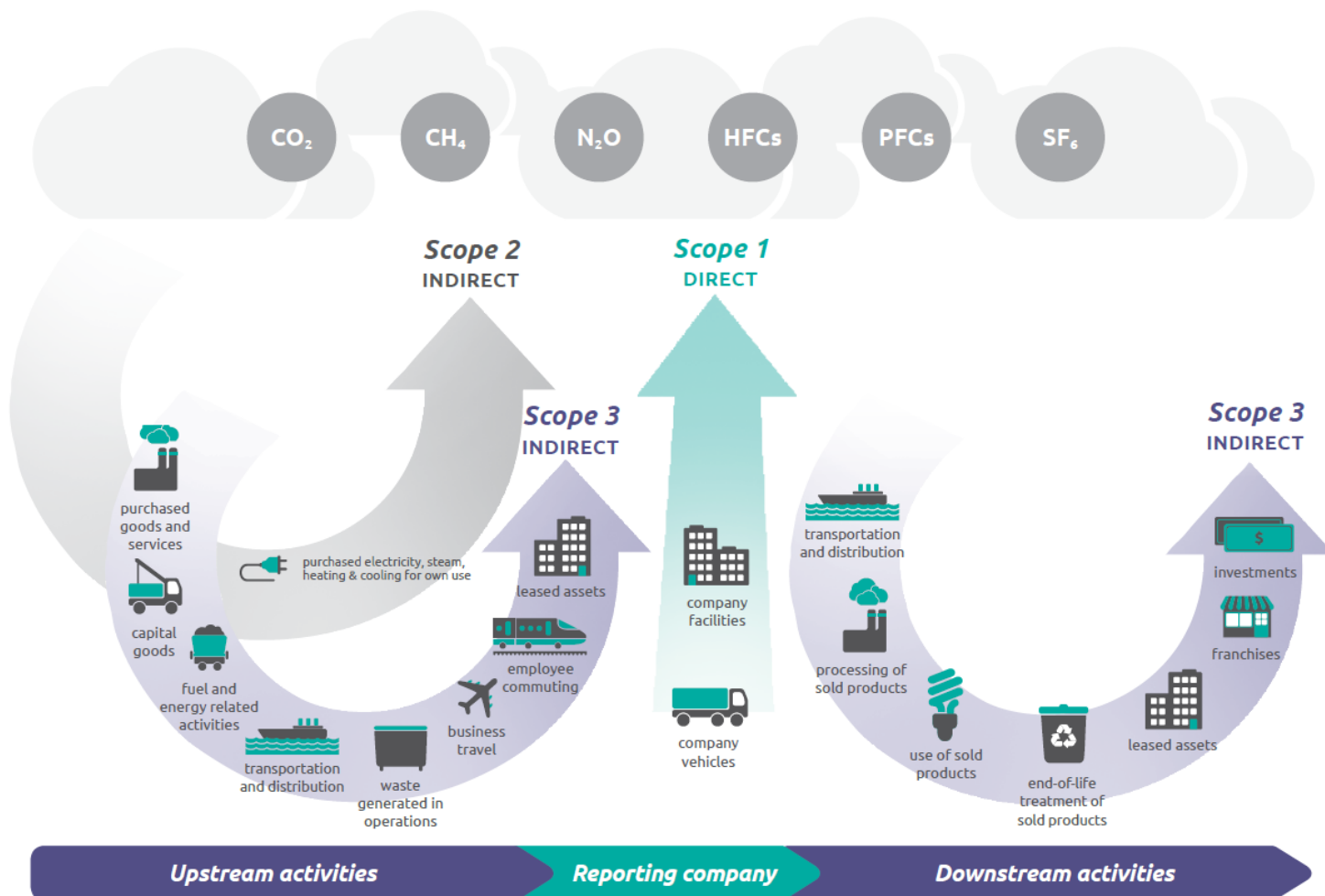
We will start here today, covering the basics of scope 3, how it is used in external programs, and relevant research.

And if so...

What should it look like?

This would be covered in future meetings, including whether there should be different conformance levels or unique requirements by reporter type.

GHG Protocol: Defining scope 3 emissions

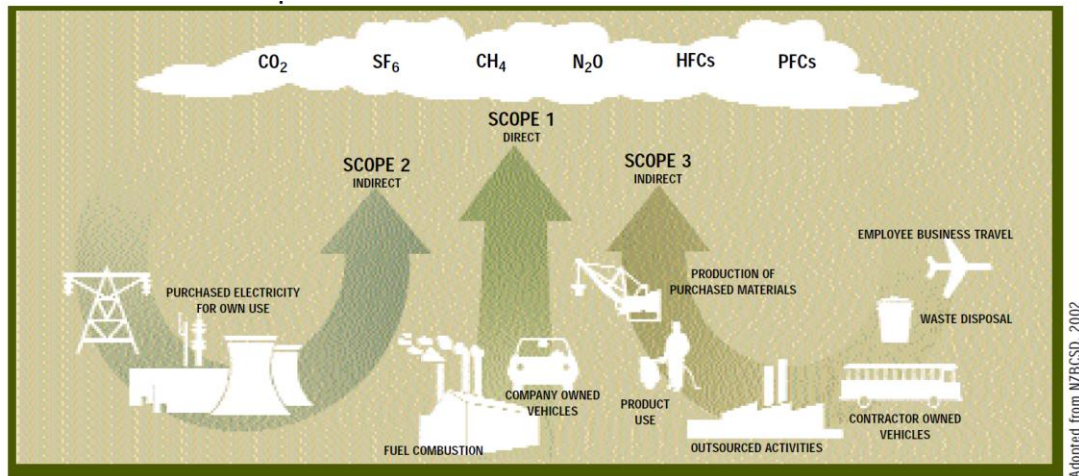


Scope 3 emissions:

- All indirect emissions* (not included in scope 2)
- Occur in the value chain of the reporting company
- Including both upstream and downstream emissions

**Indirect emissions = Emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company.*

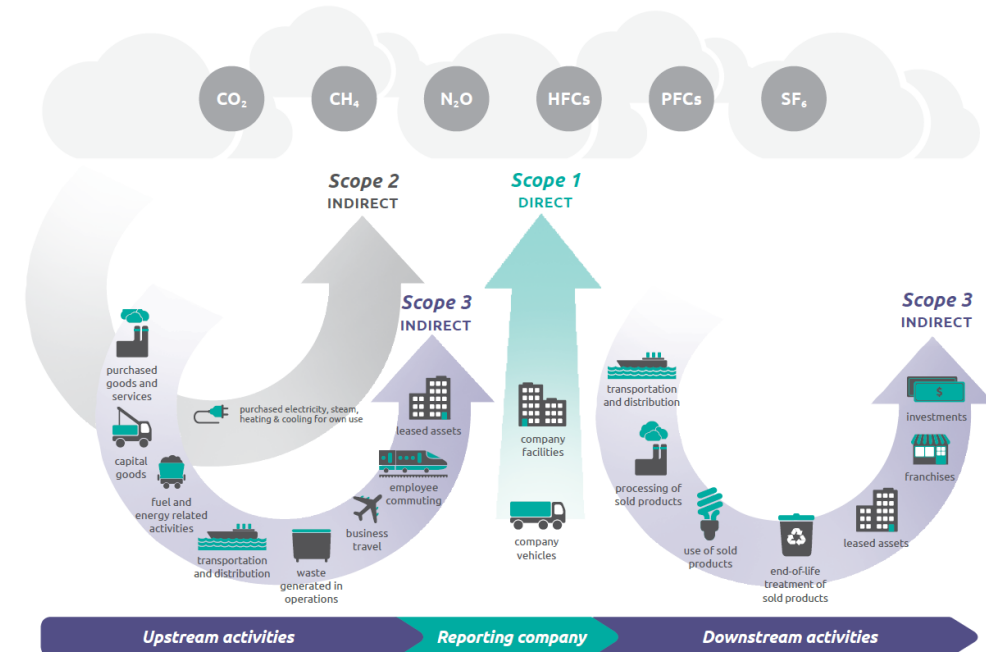
GHG Protocol: Corporate Standard vs. Scope 3 Standard



Corporate Standard, 2004

6 example categories

Scope 3 reporting is **OPTIONAL**



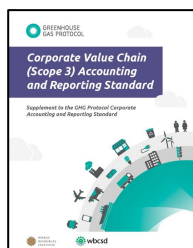
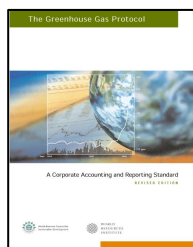
Scope 3 Standard, 2011

15 categories are defined

Scope 3 reporting is **REQUIRED**

GHG Protocol: Two conformance levels

Table [1.1] Corporate-level GHG Protocol reporting options



Reporting Option	Scope 1	Scope 2	Scope 3
Report in conformance with the <i>GHG Protocol Corporate Standard</i>	Required	Required	Optional: Companies may report any scope 3 emissions the company chooses
Report in conformance with the <i>GHG Protocol Corporate Standard</i> and the <i>GHG Protocol Scope 3 Standard</i>	Required	Required	Required: Companies shall report scope 3 emissions following the requirements of the <i>Scope 3 Standard</i>

External programs: GHG Protocol provides the GHG accounting foundation that underpins key standards, regulations, and target setting programs



Voluntary climate disclosure
standards and reporting
platform



Mandatory climate disclosure



Target setting



GHG accounting standard
setting



External programs: Mandatory climate disclosure programs

	Name	Type	Scope 3 requirement
	IFRS S2 Climate-related Disclosures	Climate disclosure mandate	Required, subject to jurisdictional adoption: Scope 3 GHG emissions required. Reporters shall consider the 15 GHG Protocol categories and disclose the material categories; category 15 is required if the entity is an asset manager, commercial bank, or insurer.
 CSRD	ESRS E1 Climate Change	Climate disclosure mandate	Required if climate change topic deemed material: Significant scope 3 emissions required with relief for first reporting period; required to screen the 15 GHG Protocol categories and report if significant. Note: Disclosure based on ESRS E1 is subject to double-materiality assessment.
	US SEC Climate Disclosure Rule	Climate disclosure mandate	Optional: Scope 3 emissions not required. Scope 1 and 2 required if deemed material to investors and if registrant meets certain size criteria (e.g., large accelerated filers).
	California Corporate Climate Data Accountability Act (CA SB 253 and CA SB 219)	Climate disclosure mandate	Required in legislation: Draft text is not finalized, but scope 3 was required in the legislation passed in September 2023 and amended in September 2024



In the chat: Are there other mandatory programs we should consider?

External programs: Other relevant programs/standards

	Name	Type	Scope 3 requirement
	CDP	Voluntary reporting program	Optional , but reporters lose points if they exclude scope 3.
	SBTi (Science Based Targets Initiative) Corporate Net Zero Standard	Target-setting initiative	Required: Scope 3 reporting is required, with >95% of scope 3 emissions reported. For target-setting, most entities follow traditional pathway, which requires a scope 3 target. SME pathway does not require scope 3 target.
	ISO 14064-1:2018	GHG Standard	Required for indirect emissions if significant: "The organization shall quantify and report these significant emissions. Exclusions of significant indirect emissions shall be justified." Note: ISO uses 'indirect emissions' instead of scopes concept.
	GRI Climate Change Exposure Draft	GHG Standard	Required in Climate Change Exposure Draft



In the chat: Are there other programs we should consider?

External programs: **Scale of impact**

	Name	Type	Scope 3 requirement	
	IFRS S2	Climate disclosure mandate	Required , subject to jurisdictional adoption	➔ <u>>100,000</u> companies
	ESRS E1	Climate disclosure mandate	Required , if climate disclosure deemed material	➔ <u>50,000</u> companies
	US SEC	Climate disclosure mandate	Optional	➔ <u>4,000</u> companies
	California CA SB 253, 219	Climate disclosure mandate	Required in legislation	➔ <u>5,400</u> companies
	CDP	Voluntary reporting program	Optional	➔ <u>23,000</u> climate disclosers
	SBTi	Target-setting initiative	Required	➔ <u>6,000</u> approved targets
	ISO 14064-1:2018	GHG Standard	Required if significant	
	GRI	GHG Standard	Required in exposure draft	

Relevant research: **Overarching themes**

For most companies, scope 3 emissions are **substantial**

Scope 3 **reporting is increasing** at a rapid rate

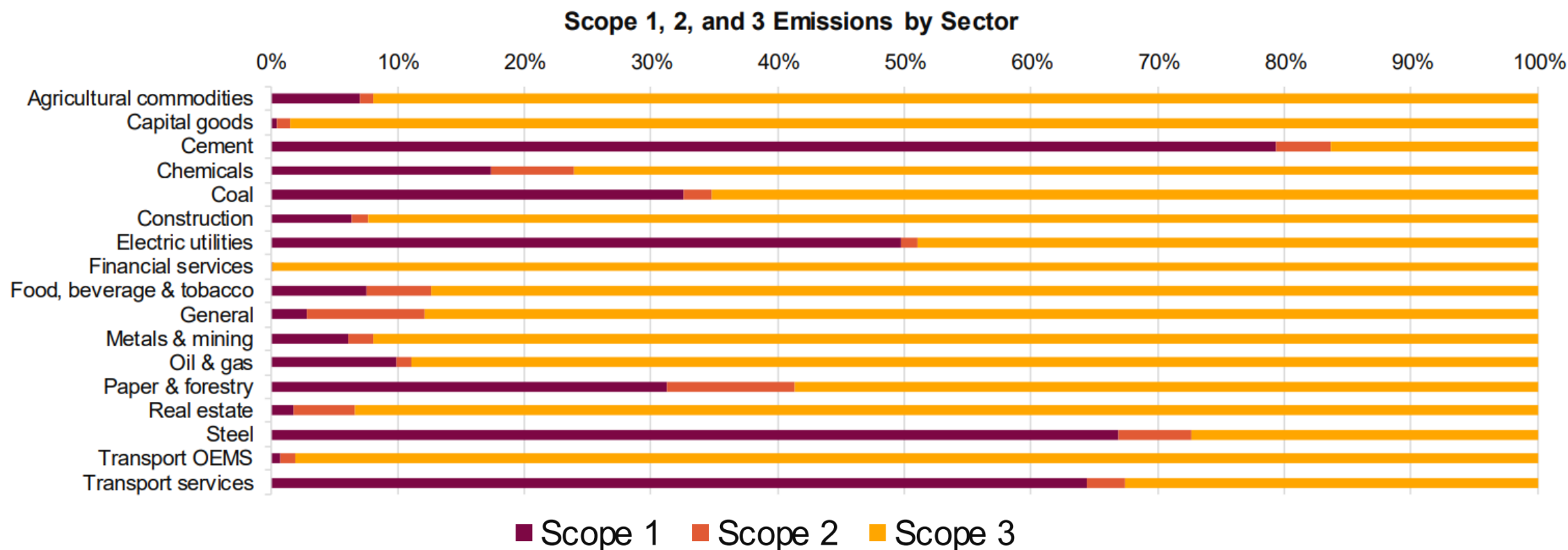
Data limitations and uncertainty are improving

Accounting for value chain emissions reveals **risks and opportunities**

Scope 3 reporting is currently **incomplete**

Relevant research: Magnitude of scope 3

“...across all sectors **Scope 3 emissions account on average for 75%** of total Scope 1+2+3 emissions...” -CDP



Relevant research:

Value chain emissions reveal risks and opportunities

Investors and risk exposure

Investors and other decision-makers need scope 3 to have a **fuller picture of the climate impacts and risk exposure** of a company

Value chain emission reduction opportunities

Most emissions that many companies have **influence** over are in their value chain (i.e., scope 3)

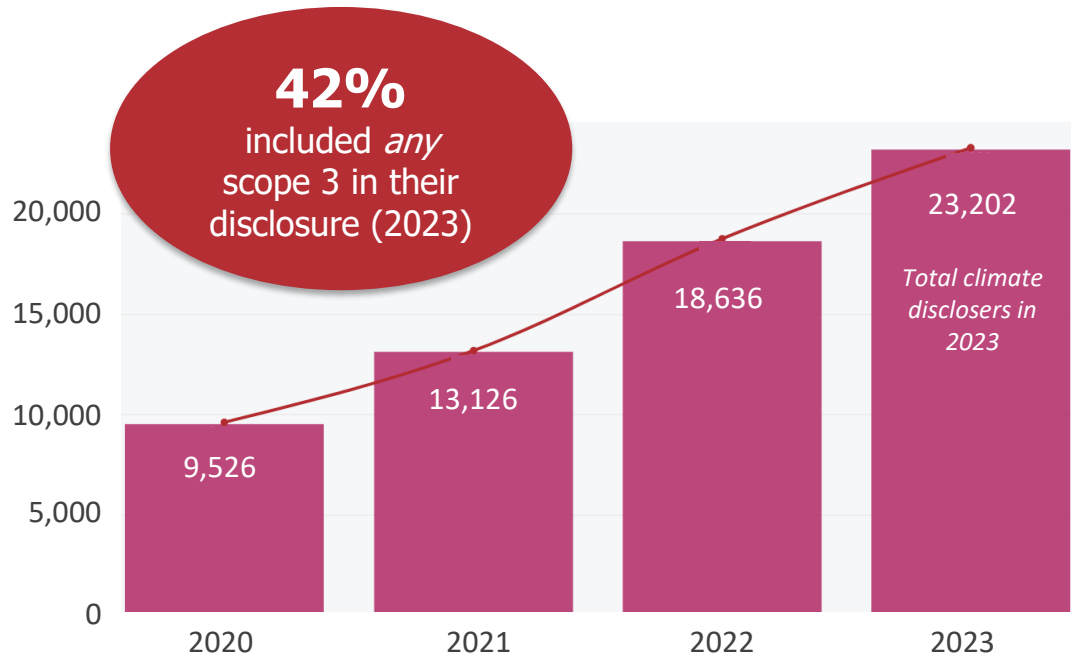
Can work with suppliers (upstream) and change practices/products (downstream)

"You can't manage what you don't measure"

Relevant research: Scope 3 reporting is increasing at a rapid rate

CDP disclosures are increasing

Total climate disclosers

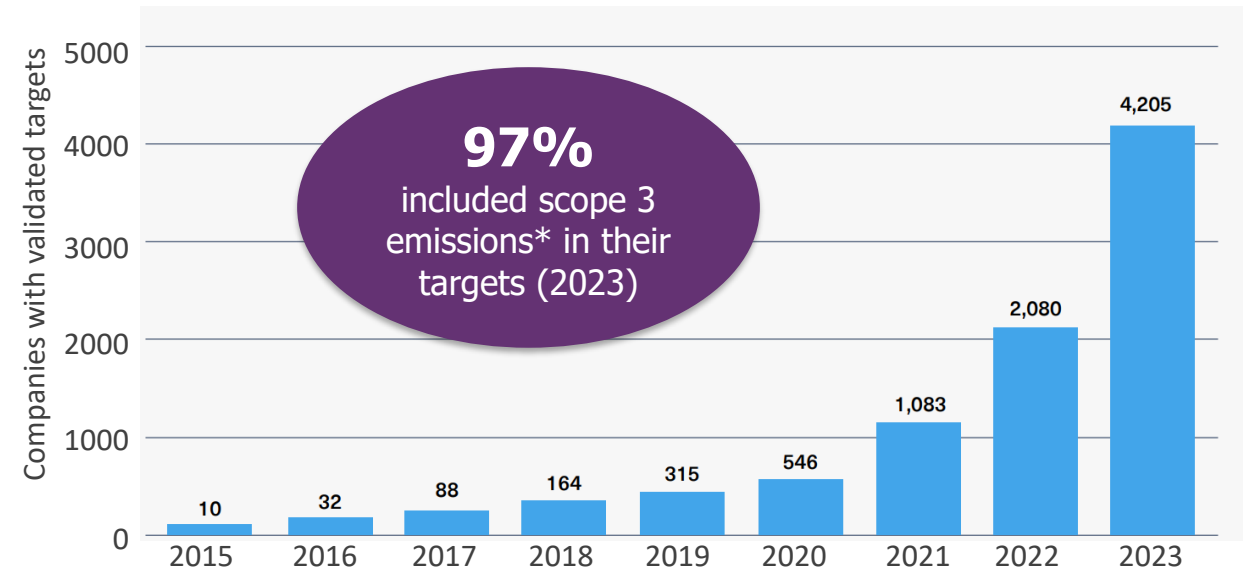


[CDP 2023 disclosure data factsheet - CDP](#)



SBTi target-setting is increasing

Annual cumulative number of companies with approved targets and commitments



[SBTiMonitoringReport2023.pdf](#)



*SBTi guidance states that scope 3 disclosure must include >95% scope 3 emissions

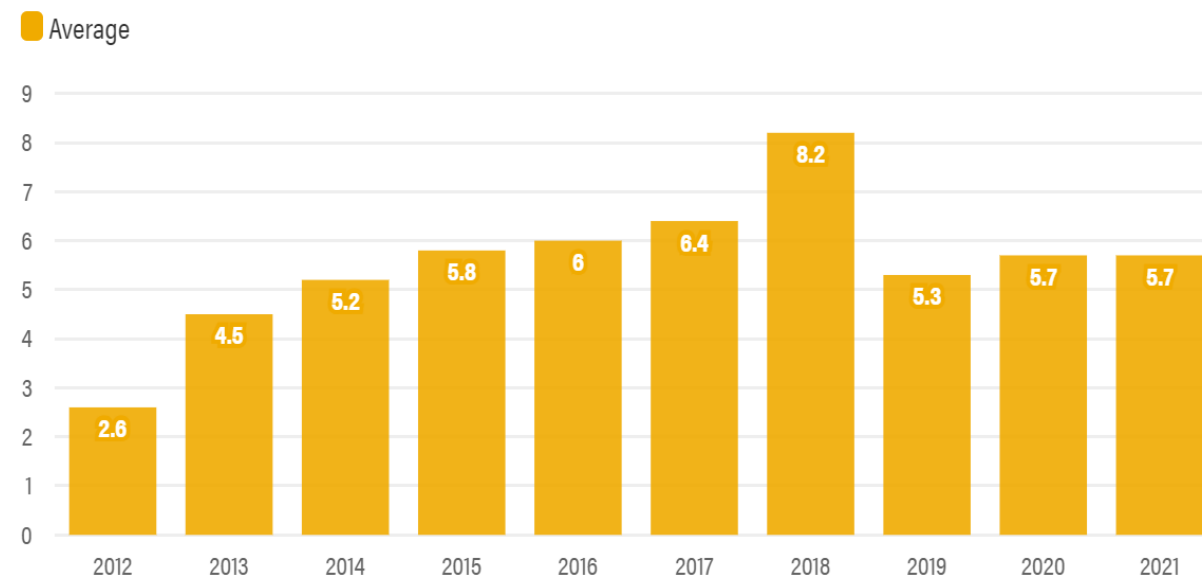
Relevant research: However, scope 3 reporting is incomplete

42%
included *any*
scope 3 in their
disclosure (2023)



...and of those reporting
scope 3, CDP disclosers
in all sectors self-report
that they are NOT yet
disclosing all relevant
scope 3 emissions*

Average Number of Scope 3 Categories Reported



[CDP 2023 disclosure data factsheet - CDP](#)

[WRI report, using CDP data, 2023](#)

*See slide 58 in appendix for a CDP graph showing the % of reporters in one sector that do not disclose relevant scope 3 emissions

Relevant research: Data limitations and uncertainty

Data limitations

More challenging to collect data for activities further removed from company's ownership/control

Industry average data sets (e.g., spend-based, emission factors) are becoming more available, but are still averages

Uncertainty

Data limitations → assumptions → uncertainty

Scope 3 and Corporate Standard TWGs are considering options to **improve data quality, uncertainty, and transparency** for scope 3 reporting

Relevant research: **Overarching themes**

For most companies, scope 3 emissions are **substantial**

Scope 3 **reporting is increasing** at a rapid rate

Data limitations and uncertainty are improving

Accounting for value chain emissions reveals **risks and opportunities**

Scope 3 reporting is currently **incomplete**



Discussion:

Any key points to add to the background?



Corporate Standard stakeholder feedback survey: Key themes related to scope 3 requirement

- **Consider requiring scope 3 emissions reporting** in the *Corporate Standard*, such as:
 - Require scope 3 for **all** categories by all organizations
 - Require scope 3 **for relevant and/or significant** categories
 - Require scope 3 for **large organizations**, but carve out exceptions for **small organizations**
 - Allow a **phased-in approach** for scope 3, such as 1-3 years after reporting scope 3
- **More prescriptive boundary requirements** to facilitate comparability, such as with a quantitative threshold or requirements by sector
- Suggestions to both broaden and narrow the scope 3 boundary, highlighting the tension between GHG principles completeness and accuracy

Proposals received related to *Corporate Standard* scope 3 requirement



Proposal link	Key themes
Anonymous 007	Require all scope 3: Require comprehensive scope 3 emissions reporting with aggregated reporting of emissions across the 3 scopes.
Anonymous 008 Anonymous 014 Terrascope	Require significant scope 3: Require scope 3 emissions reporting by companies for significant scope 3 emissions (may be defined by minimum percent threshold of total emissions).
Deloitte	Clarification needed: Provide clarification on minimum boundaries for optional scope 3 reporting under the Corporate Standard.

Key takeaways so far

- **GHG Protocol has two conformance levels:** Scope 3 reporting is optional for the *Corporate Standard* but required for the *Corporate Value Chain (Scope 3) Standard*.
- **Most mandatory/voluntary programs now require** the disclosure of scope 3 emissions.
- **Scope 3 emissions are substantial:** They often make up more than 75% of a company's total emissions (CDP), noting that this includes intentional multi-counting and summing across years.
- However, scope 3 reporting can be **challenging and uncertain** due to data limitations and the resulting need for assumptions.



Discussion:

Any clarifying questions?

Any key points to add to the background?

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Let's revisit our overarching questions:

The big question:

And if so...

Should there be a scope 3 reporting requirement in the *Corporate Standard*?

Questions #1

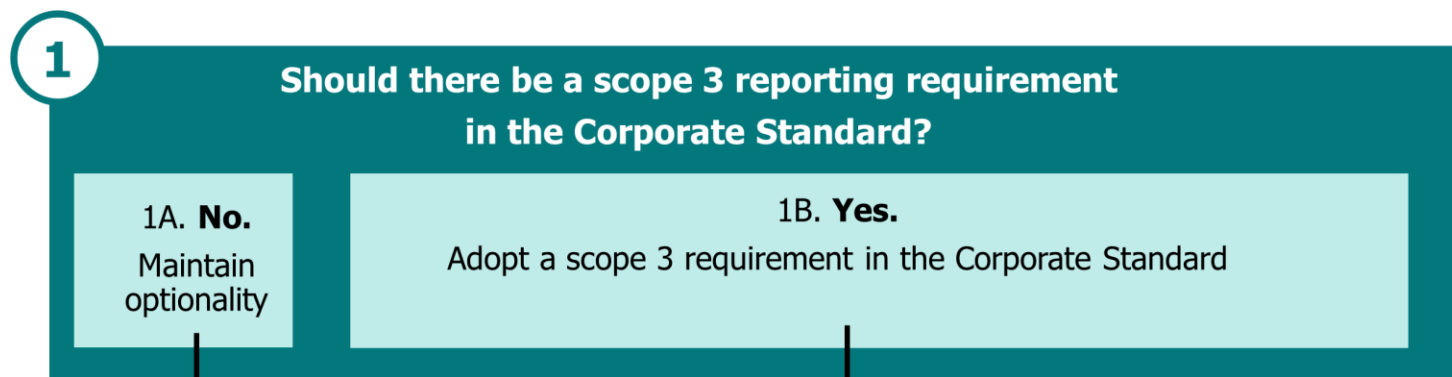
What should it look like?

Questions #2-6

We will start here today

This would be covered in future meetings

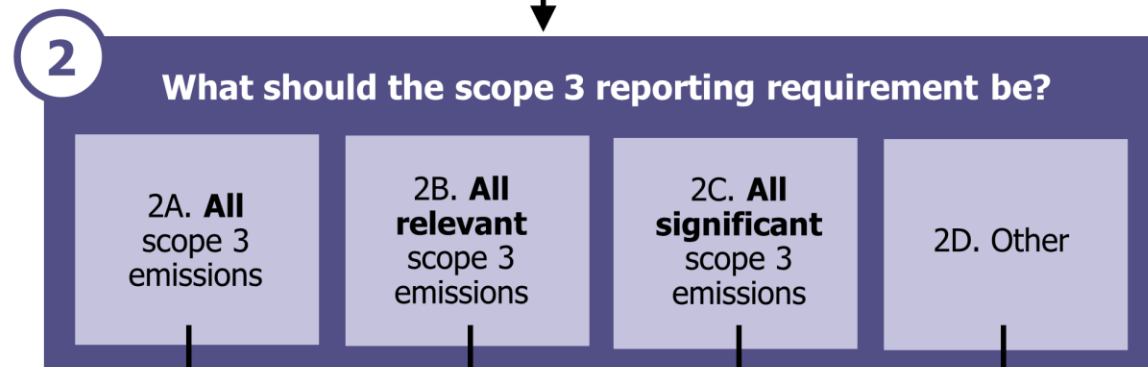
Part 1: Questions #1-3



Draft for TWG discussion

 **Our focus today**

Scope 3 optionality is maintained in Corporate Standard

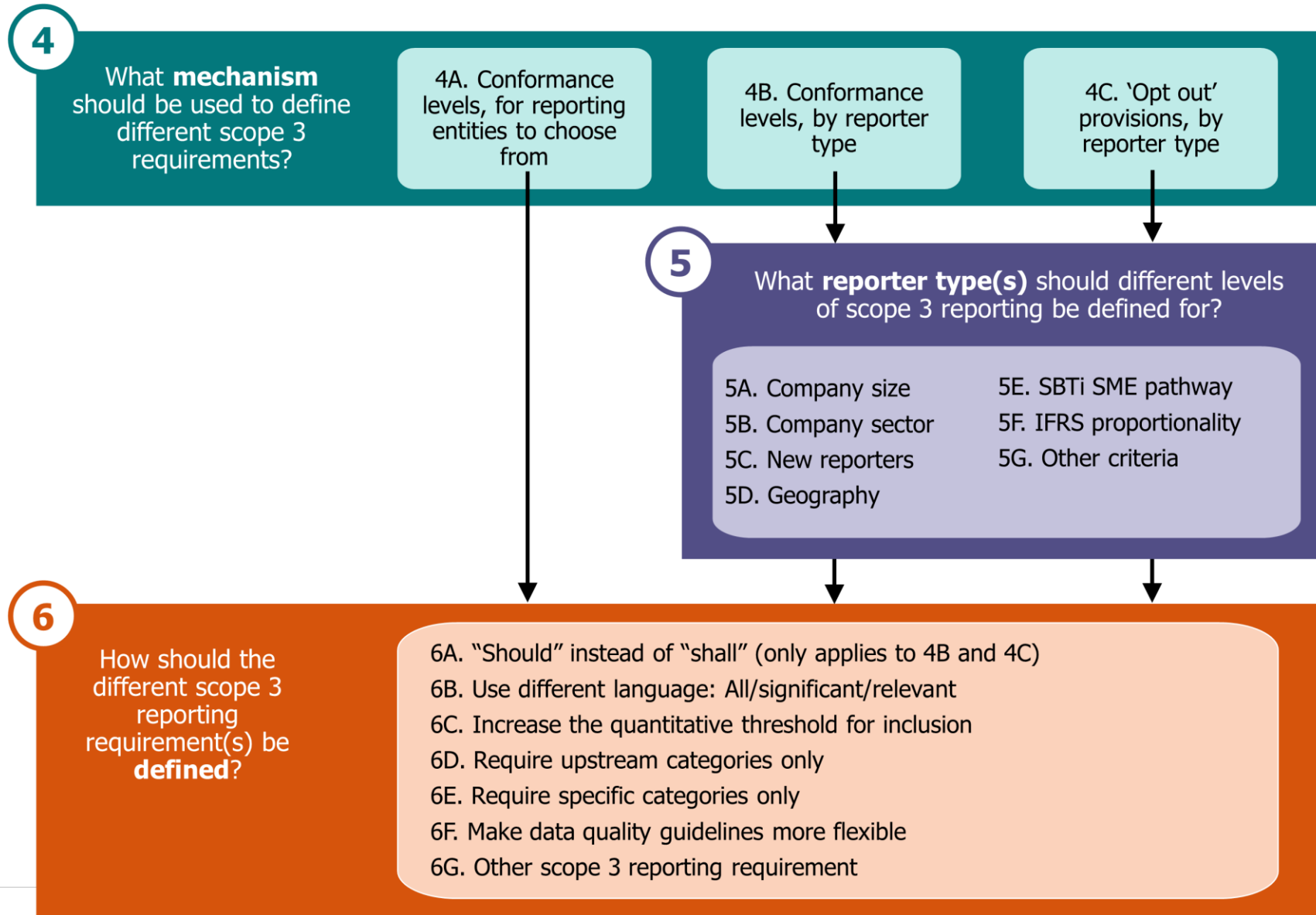


A global scope 3 reporting requirement is defined

The details will be considered in questions #4-6.

Part 2: Questions #4-6

If different scope 3 reporting requirements are to be defined...



Question 1:

1

**Should there be a scope 3 reporting requirement
in the Corporate Standard?**

1A. No.
Maintain
optionality

1B. Yes.
Adopt a scope 3 requirement in the Corporate Standard

Question 1: Should there be a scope 3 reporting requirement in the Corporate Standard?

Option 1A: No. Maintain optionality.

Current requirements in the Corporate Standard:

"Companies shall separately account for and report on scopes 1 and 2 at a minimum.

Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions."

Page 25, Corporate Standard

Explanation of option 1A:

- Scope 3 would continue to be optional in the Corporate Standard
- **Two levels of conformance** in GHG Protocol:
 - Corporate Standard → Scope 3 optional
 - Scope 3 Standard → Scope 3 required

Potential updates if adopted:

- Change from optional to a recommendation (i.e., may → should)

Question 1: Should there be a scope 3 reporting requirement in the Corporate Standard?

Option 1B: Yes. Adopt a scope 3 requirement in the Corporate Standard.

Current language in the Scope 3 Standard*

*"Companies **shall** account for all scope 3 emissions and disclose and justify any exclusions.*

*Companies **shall** account for emissions from each scope 3 category according to the minimum boundaries..."*

Page 59, Scope 3 Standard

Explanation of option 1B:

Scope 3 would be required in some form

Details would be determined in the following questions #2-6, including:

2. All/relevant/significant?
3. Global requirement?
4. Different requirements/conformance levels?
5. Differentiate by reporter type?
6. Define differentiated requirements?

**For demonstration only; the Corporate Standard language could be different.*

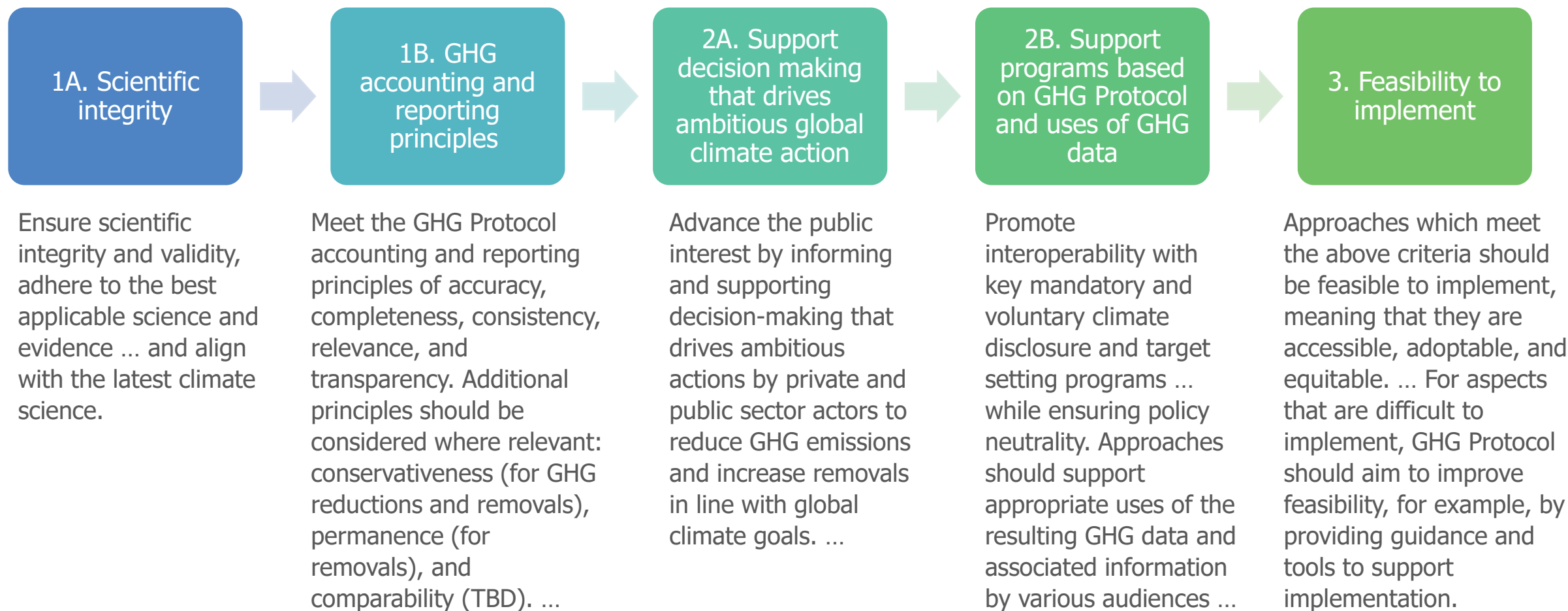
Question 1: Should there be a scope 3 reporting requirement in the Corporate Standard?



Whiteboard activity:

Identify pros and cons of both options using the GHG Protocol decision-making criteria

GHG Protocol Decision-Making Criteria



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

TWG Activity:

Should there be a scope 3 reporting requirement in the Corporate Standard?

Criteria	Option 1A: No	Option 1B: Yes
	Maintain Corporate Standard optionality for scope 3 reporting	Adopt a scope 3 requirement in the Corporate Standard
Scientific integrity		
GHG accounting and reporting principles		
Support decision-making that drives ambitious global climate action		
Support programs based on GHG Protocol and uses of GHG data		
Feasibility to implement		

Decision-making criteria: Should there be a scope 3 reporting requirement in the Corporate Standard?

Criteria	Option 1A: No Maintain Corporate Standard optionality for scope 3 reporting	Option 1B: Yes Adopt a scope 3 requirement in the Corporate Standard
Scientific integrity	NA – Covered by other criteria?	NA – Covered by other criteria?
GHG accounting and reporting principles	Pros: Accuracy (for the scope 1+2 emissions reported), consistency (for historic reporting) Cons: Relevance, completeness, transparency	Pros: Relevance, completeness, transparency Cons: Accuracy (uncertainty in scope 3), consistency (for entities missing historic scope 3 reporting)
Support decision-making that drives ambitious global climate action	Pros: Clearly defines responsibility for scope 1+2 emissions reductions Cons: • Underreporting can miss reduction opportunities • Insufficiently captures companies' risk exposure related to GHG emissions	Pros: • More complete reporting can elucidate reduction opportunities • Scope 3 emissions data can spur action across value chains Cons: NA
Support programs based on GHG Protocol and uses of GHG data	Pros: Interoperable with most programs/standards Cons: Less complete data set limits the potential applications of GHG data	Pros: • Aligned with IFRS S2, ESRS E1, CA SB 253, SBTi, CDP • More complete data set better supports more users of GHG data Cons: • Inhibits interoperability with programs that do not require scope 3 reporting • Reduced comparability
Feasibility to implement	Pros: Makes compliance more accessible for a range of reporting organizations Cons: NA	Note: Feasibility depends on how requirement is defined Pros: NA Cons: • More challenging for reporters • Compliance is less accessible for small organizations, new reporters, and reporters/suppliers in the global south

Indicative poll via Zoom:

1

**Should there be a scope 3 reporting requirement
in the Corporate Standard?**

1A. No.
Maintain
optionality

1B. Yes.
Adopt a scope 3 requirement in the Corporate Standard

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Looking forward

TODAY: Meeting 1

November 26, 2024

- Background on scope 3 requirement
- Relevant climate disclosure programs and research
- Question 1: Options for a scope 3 requirement in the *Corporate Standard*

NEXT: Meeting 2

December 17, 2024

- Wrap up discussion on question 1
- If yes, move to question 2 (all/relevant/significant) and question 3 (global requirement?)

Meeting 3

January 28, 2025

- Consensus on questions #1-3
- If “no” to global requirement, move to questions #4-6 (what should a differentiated requirement look like?)

Next steps

Next Subgroup 3 meeting scheduled for **Tuesday, December 17th, 2024** at 9:00 ET / 15:00 CET / 22:00 CHN

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Discussion paper on *Corporate Standard* scope 3 requirement
- Feedback survey on scope 3 requirement

TWG member action items:

- **Review** meeting materials
- **Read** discussion paper
- **Fill out feedback survey on scope 3 requirement by Friday December 13th**

Thank you!

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Iain Hunt, iain.hunt@wri.org

Hande Baybar, baybar@wbcsd.org



Appendix



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Scope of work, Phase 2

Relevant chapters: chapter 6 (Identifying and Calculating GHG Emissions), chapter 7 (Managing Inventory Quality), and chapter 9 (Reporting GHG Emissions)

F.1. Updates to address **data quality and uncertainty** to consider:

- Data quality requirements and additional guidance related to the use of proxies or estimates.
- A data quality hierarchy.
- Additional disclosure requirements related to data quality and uncertainty.
- Additional guidance on developing uncertainty estimates.

F.2. Additional **guidance on calculation methods** and their applicability and consider providing a hierarchy of calculation methods.

F.3. Guidelines for **selecting appropriate emission factors** and disclosure requirements for emission factor sources.

F.4. Expanded **disclosure requirements** related to data sources, significant assumptions, descriptions of methodologies used, and disaggregating emissions obtained using different data collection and calculation methods (e.g., primary versus secondary data).

F.5. Updates to current requirements in the *Corporate Standard* on **required GHGs and global warming potential (GWP) values**:

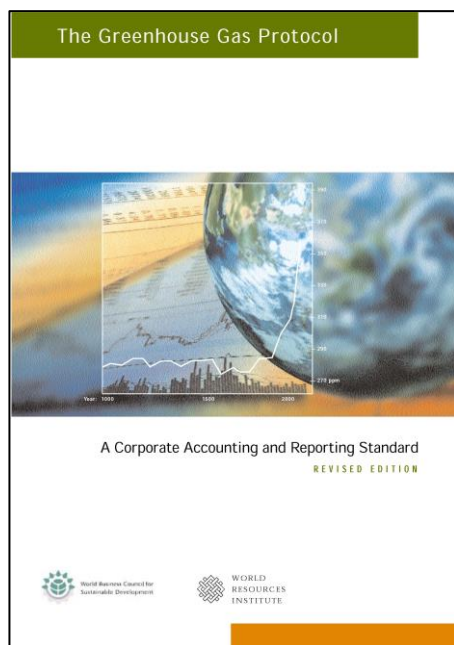
- Integration and update of [2013 amendment on required GHGs](#) into *Corporate Standard*.
- Revisit which GHGs companies are required to report on, considering GHGs not governed by the United Nations Framework Convention on Climate Change (UNFCCC).
- Revisit requirement for companies to report emissions from each required GHG individually.
- Clarification regarding which Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR) should be used for GWP values.
- Revisit the 100-year GWP as the only required metric and consider additionally a 20-year GWP, particularly for short-lived GHGs such as methane.

F.6. Accounting for **indirect climate forcers including radiative forcing in aviation**.

For reference; these topics will be covered at a later date in phase 2

GHG Protocol: Defining scope 3 emissions

Corporate Standard, 2004

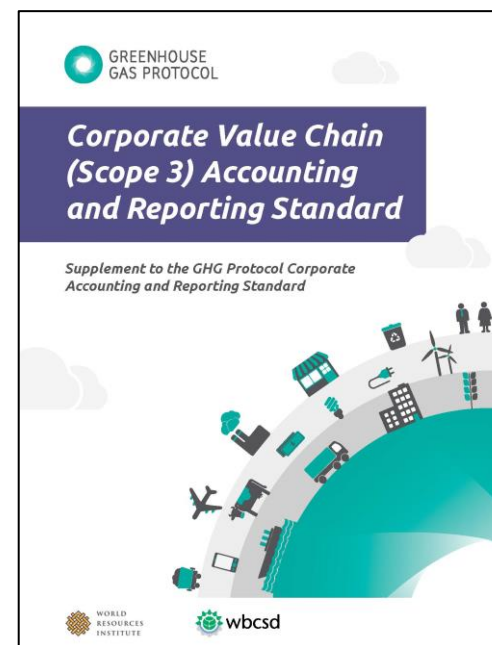


Scope 3: Other indirect GHG emissions

"Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company."

–Corporate Standard, pg. 25

Scope 3 Standard, 2011



Scope 3 emissions:

"All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions."

–Scope 3 Standard, pg. 140

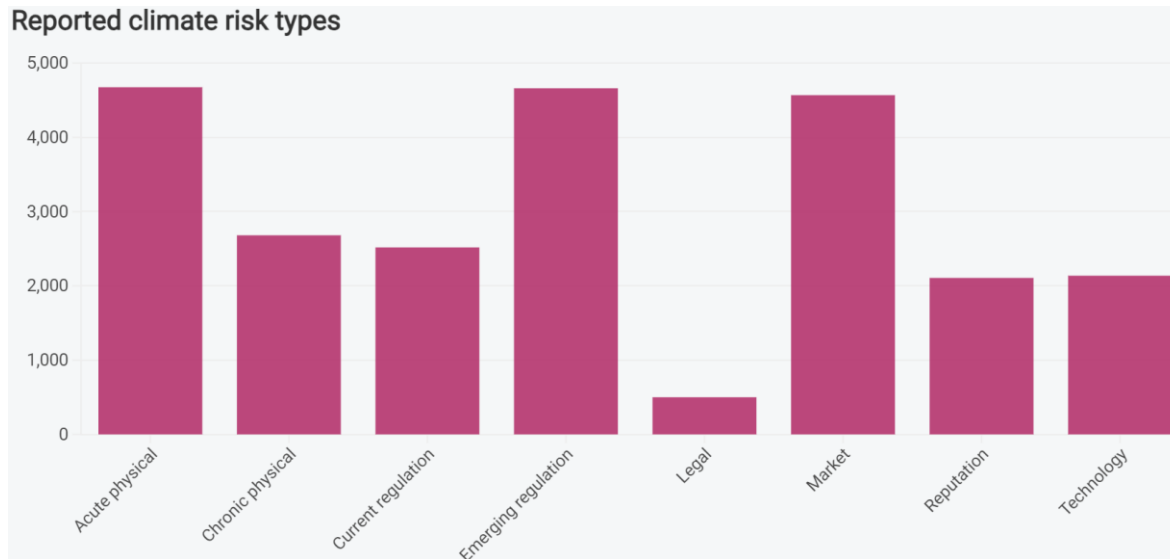
Example policies, programs, and standards that reference the *Corporate Standard*

- International Financial Reporting Standard (IFRS) [S2: Climate-related Disclosures](#)
- European Sustainability Reporting Standards (ESRS) [E1: Climate Change](#)
- United States Securities and Exchange Commission (SEC) [The Enhancement and Standardization of Climate-Related Disclosures for Investors Rule](#)
- California Corporate Climate Accountability Act (CA Senate Bills [253](#) and [219](#))
- [CDP](#) environmental disclosure questionnaire
- Science-Based Targets Initiative (SBTi) [Corporate Net Zero Standard](#)
- Global Reporting Initiative (GRI) [Topic Standard Project for Climate Change \(exposure draft\)](#)
- [Recommendations of the Task Force for Climate Related Financial Disclosures \(TCFD\)](#)*
- Australian Climate Active [Carbon Neutral Standard for Organisations](#)
- Aotearoa New Zealand [Climate Standard 1](#)

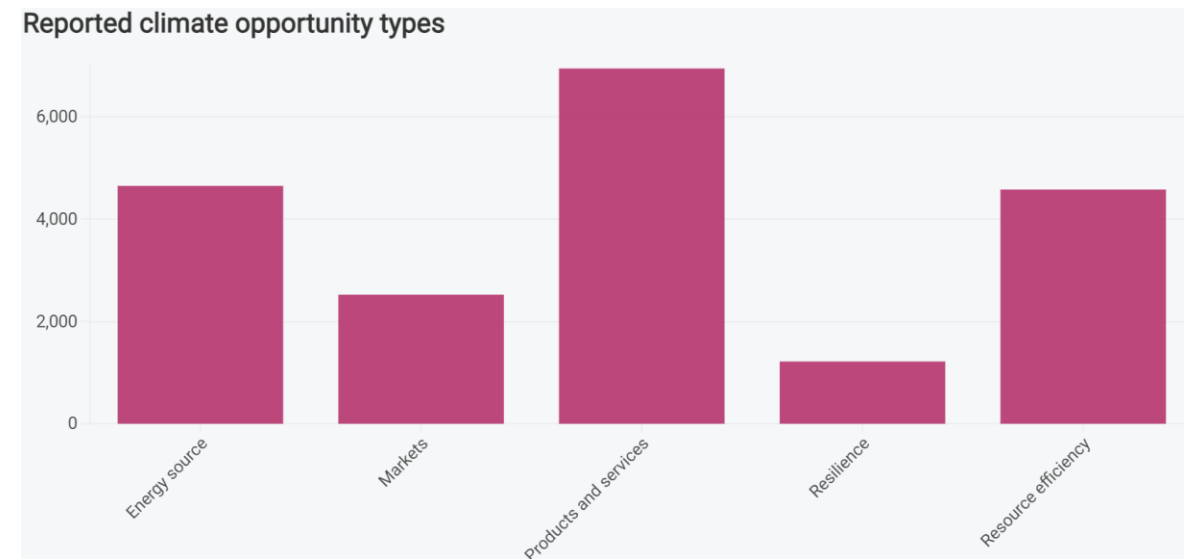
*The TCFD was [disbanded in 2023](#), with the IFRS Foundation taking over the monitoring of the progress of companies' climate-related disclosures.

Relevant research: Value chain emissions reveal risks and opportunities

Reported climate **risk** types (CDP)



Reported climate **opportunity** types (CDP)

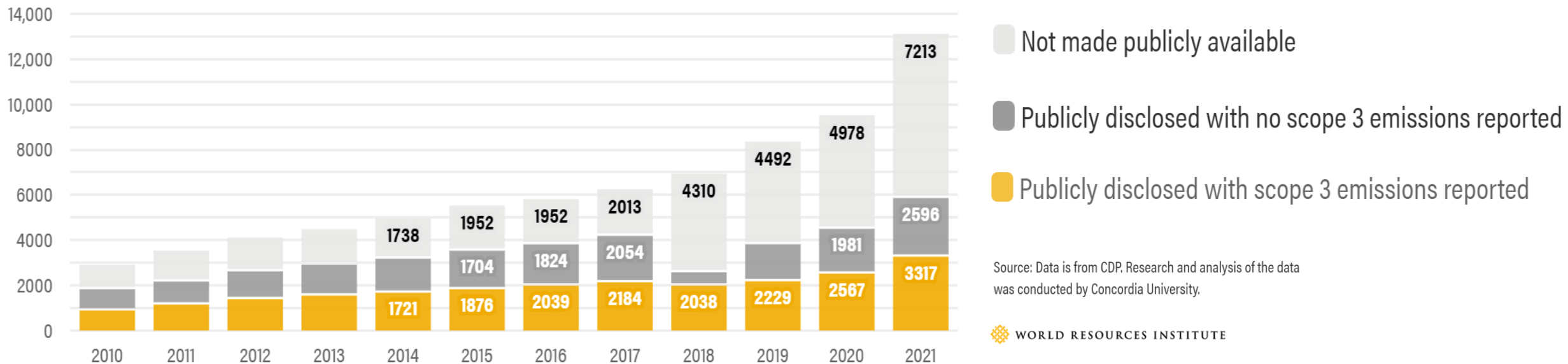


[CDP 2023 disclosure data factsheet - CDP](#)



Relevant research: Scope 3 reporting is increasing

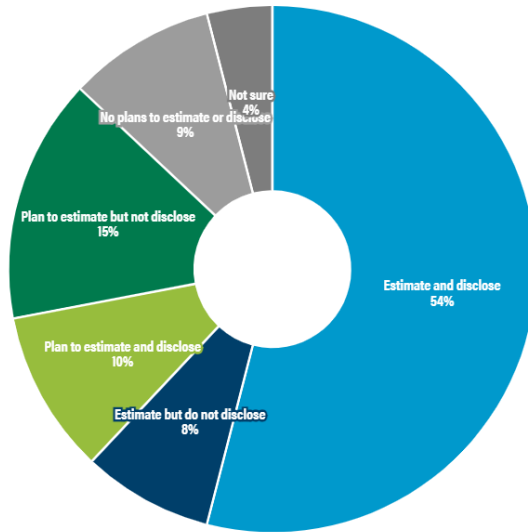
Number of Companies that Publicly Disclose Scope 3



[WRI report, using CDP data, 2023](#)

Relevant research: Scope 3 reporting is incomplete

Preparers' Responses to TCFD about Scope 3 Disclosure

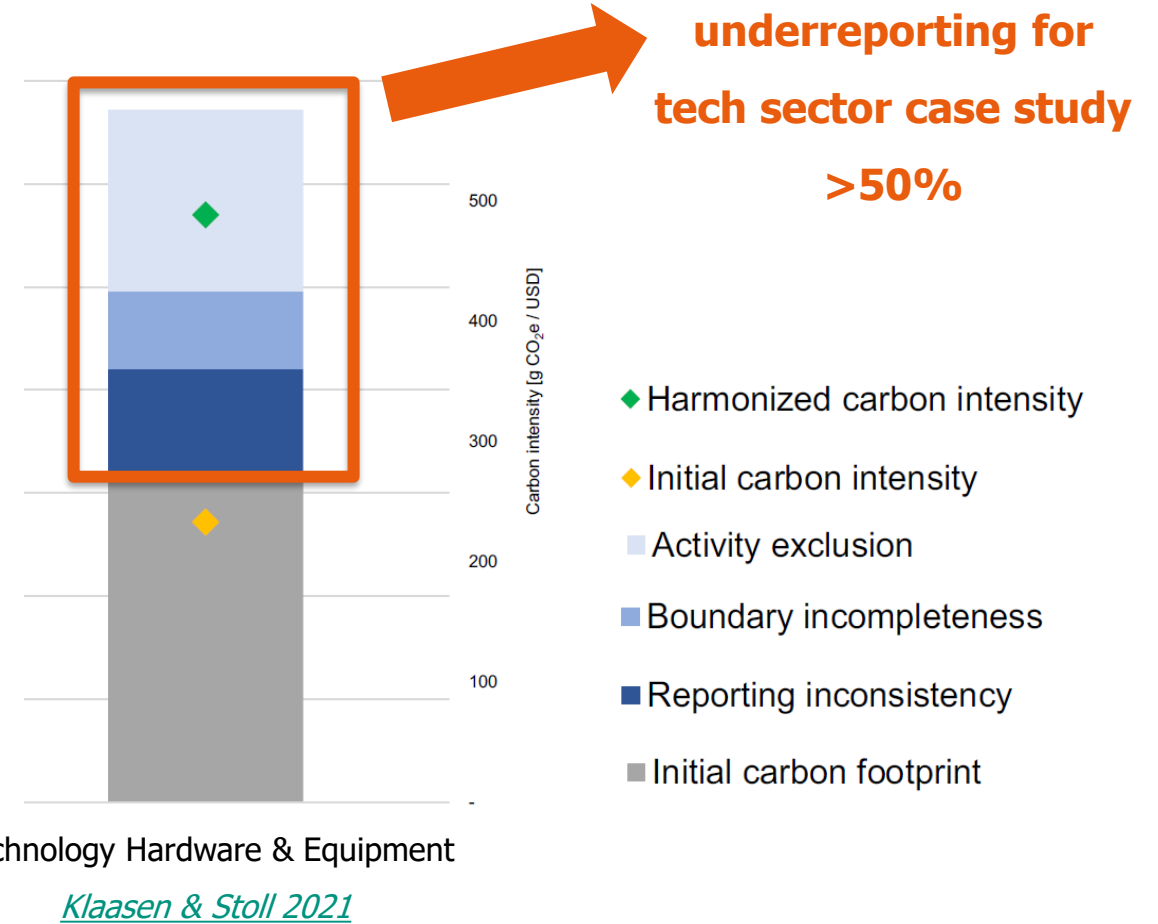


Source: TCFD

WORLD RESOURCES INSTITUTE

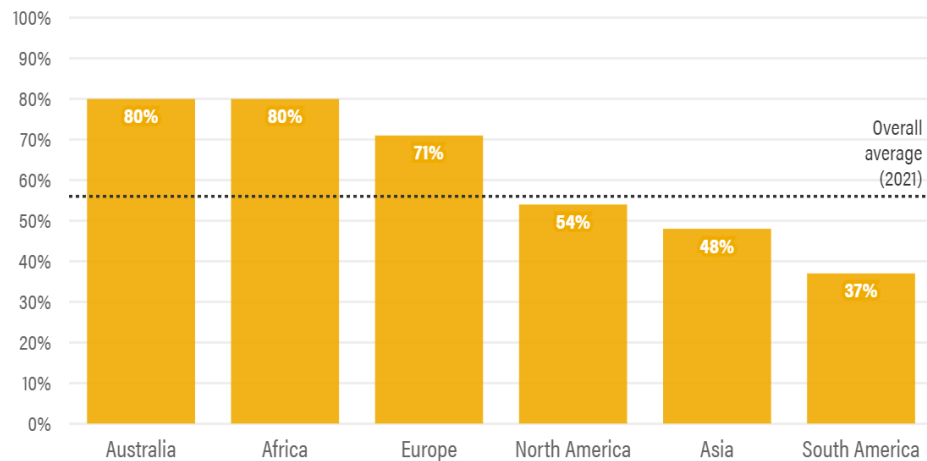
**<50% TCFD survey
respondents disclose scope 3**

[WRI report, using TCFD data, 2023](#)



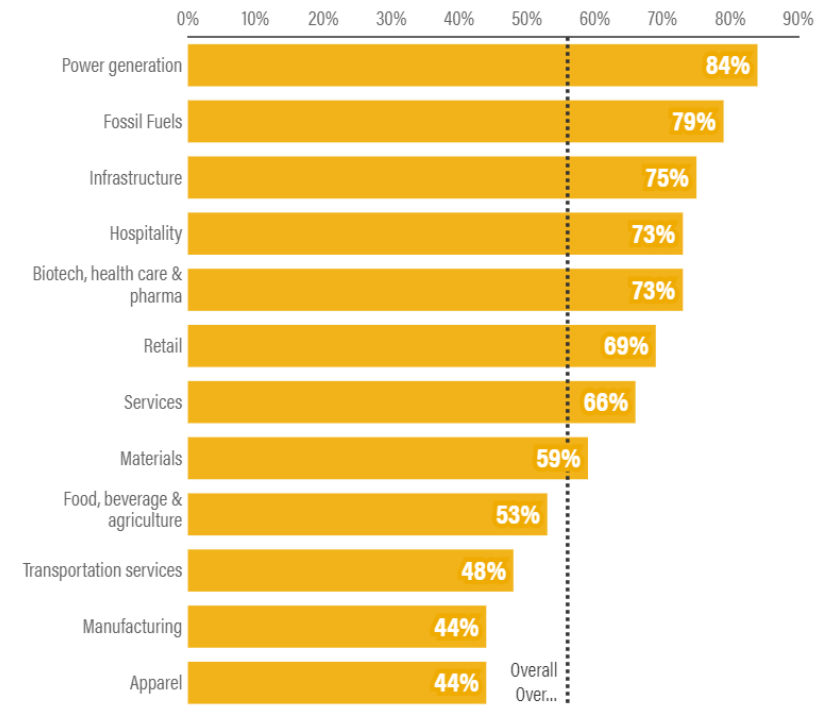
Relevant research: Scope 3 reporting is incomplete

By region:



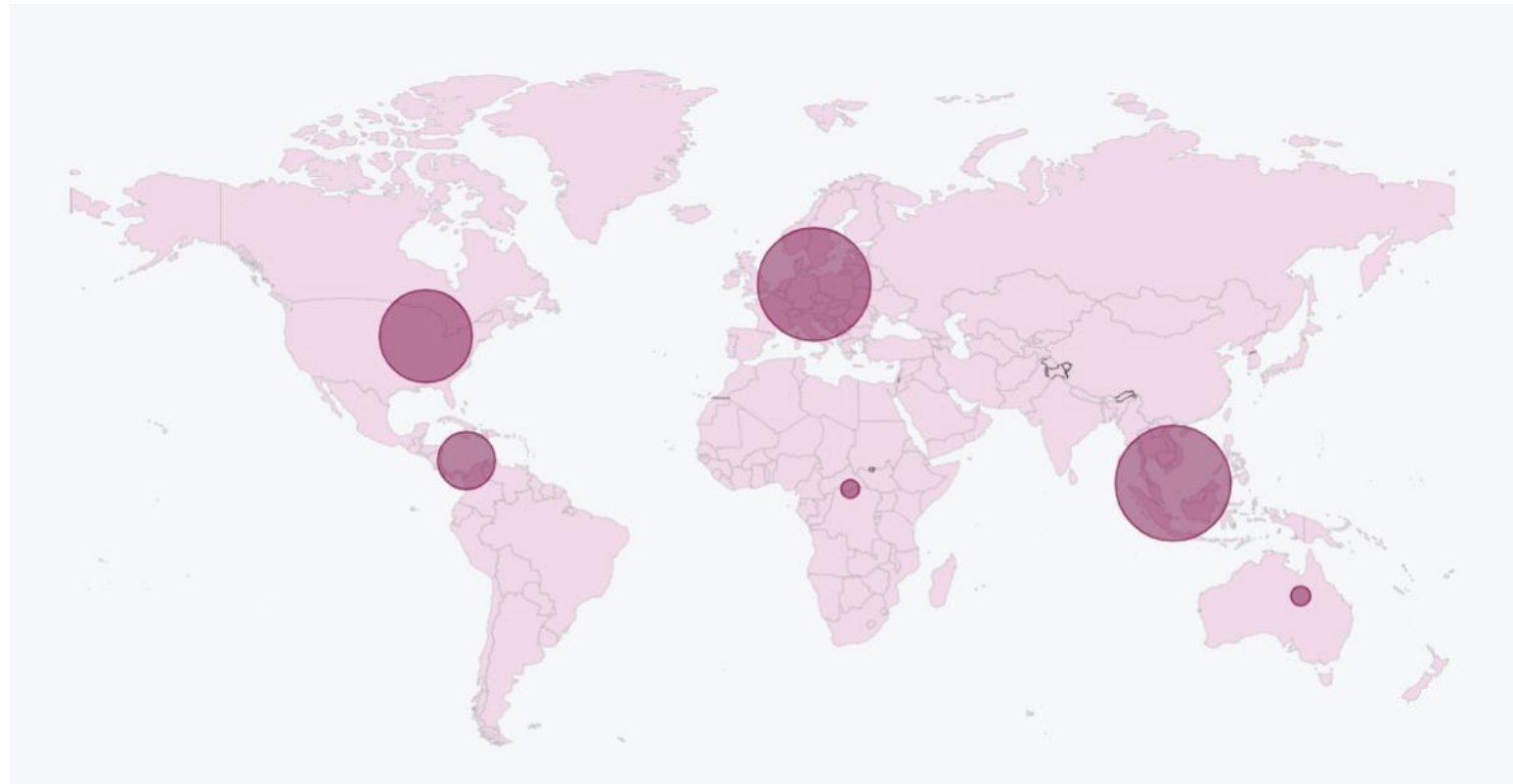
**<60% respondents in North America,
Asia, South America report scope 3**

By industry:



Relevant research: Scope 3 reporting is incomplete

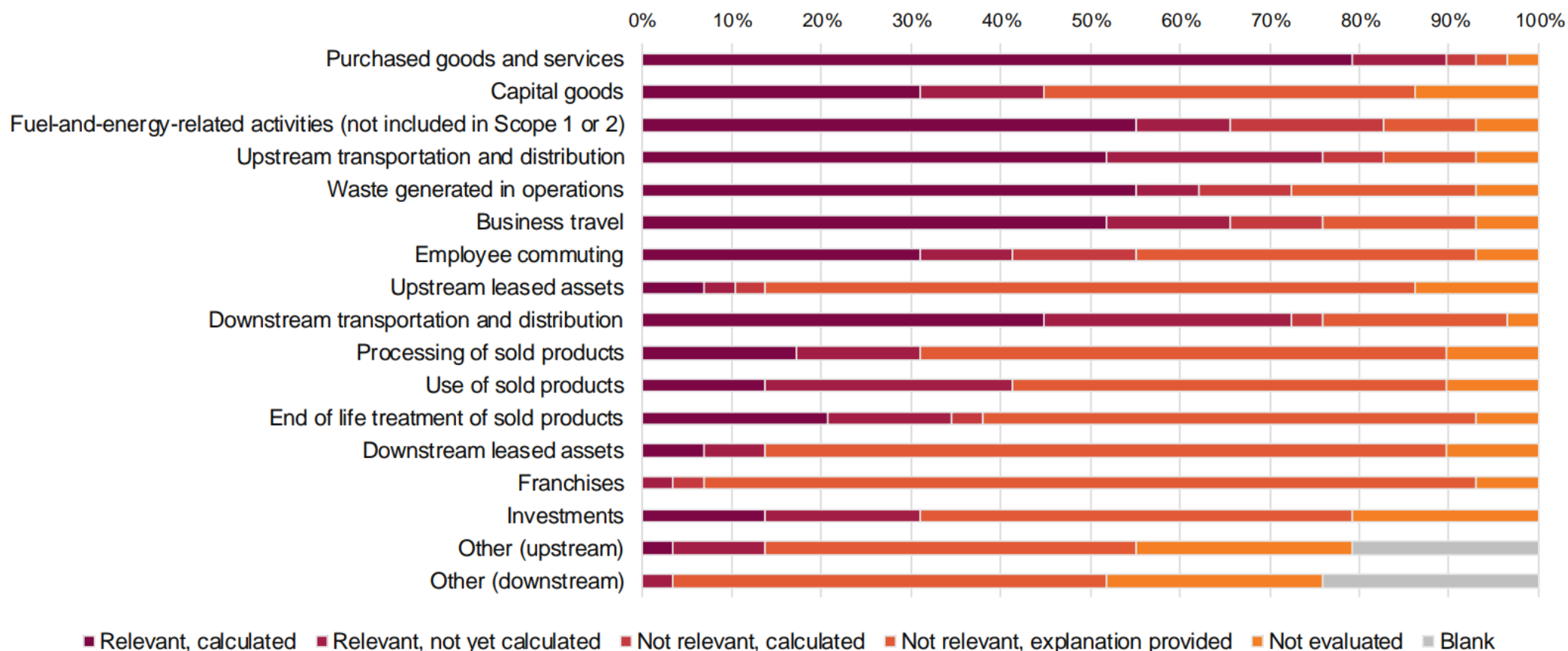
**Some regions are
underrepresented in
CDP climate
disclosures**



[CDP 2023 disclosure data factsheet - CDP](#)

Relevant research: Scope 3 reporting is incomplete

Reported Relevance of Scope 3 Categories - Agricultural Commodities Sector (29 Companies)



Relevant research: Multi-counting and summing across years

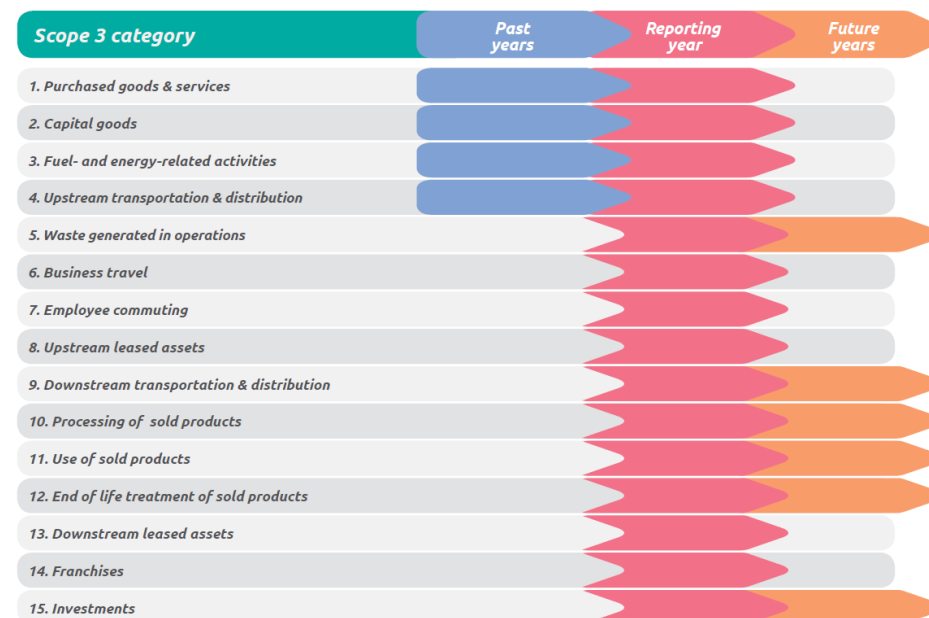
(Intentional) multi-counting

One company's scope 3 indirect emissions are always another company's scope 1 direct emissions -- and likely another company's scope 3

Intentional because multiple companies can have influence over the same activities and emissions

Multi-counting can create confusion and reduce the sense of ownership and responsibility for scope 3 emissions

Includes past and future year estimates



Question 1: Should there be a scope 3 reporting requirement in the CS?

Option 1A. No. Maintain optionality.

Pros	Cons
• Makes compliance more accessible for a range of reporting organizations • Interoperable with programs that both do and do not require scope 3 reporting, including the US SEC disclosure rule	• Leads to substantial underreporting • Insufficiently captures companies' risk exposure related to GHG emissions • Missed opportunities for emissions reductions • Not aligned with most mandatory and voluntary reporting programs and standards (e.g., IFRS, ESRS, CA SB 253, SBTi) • Hinders GHG principles of relevance, completeness, and transparency

Question 1: Should there be a scope 3 reporting requirement in the CS?

Option 1B. Yes. Adopt a scope 3 requirement in the CS.

Pros	Cons
• More complete reporting, supporting the GHG principle of relevance and completeness • Aligned with most mandatory and voluntary reporting programs and standards • Could help influence programs to adopt scope 3 requirements • Supports the GHG principles of relevance, completeness, and transparency • Can identify new opportunities for emissions reductions across value chains • More complete reporting supports external users of GHG data in their decision-making	• Scope 3 is more challenging for reporters, and could become more so following the Standards revision process • Increased uncertainty and/or reduced accuracy of reported emissions given data limitations and assumptions needed for scope 3 accounting • Inhibits interoperability with programs that do not require scope 3 reporting • Less accessible for small organizations, new reporters, and reporters/suppliers in the global south

In summary...

Should there be a scope 3 reporting requirement in the *Corporate Standard*?

No: Maintain optionality	Yes: Adopt a scope 3 requirement
• Leads to substantial underreporting • Not aligned with most programs/standards • Maintains accessibility in reporting	• More complete reporting • Aligned with most programs/standards • More challenging for reporters