GREENHOUSE GAS PROTOCOL

Scope 3 Technical Working Group Meeting

Group A
Meeting 10
Minimum Data Quality Requirements Package review

May 15th, 2025

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

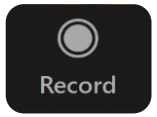
Agenda

- Attendance and housekeeping (5 min)
- Recap of the previous discussions (5 min)
- TF Disaggregated reporting: first conclusions (35 min)
- TF Uncertainty assessment: first conclusions (35 min)
- Minimum requirements and requirements for improvement: results of the poll (35 min)
- Next steps (5 min)

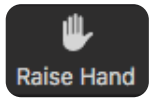
Housekeeping

GREENHOUSE GAS PROTOCOL

Welcome and Meeting information

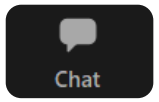


This meeting is recorded.



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*

* 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

GREENHOUSE GAS PROTOCOL

Decision-Making Criteria

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

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

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

Recap of the previous discussions

Updates to the timeline

Finished:

Meeting #	Date	Topic
F1	17 Oct 2024	Kick-off – Full Group
1	24 Oct 2024	Objectives
2	14 Nov 2024	Introduction to inventory quality reporting
3	5 Dec 2024	Disaggregated reporting
4	9 Jan 2025	TWG member proposals
5	30 Jan 2025	Option development
6	20 Feb 2025	Option development and add-ons
7	13 Mar 2025	Uncertainty and Allocation
8	3 Apr 2025	Allocation
9	24 Apr 2025	Minimum data quality requirements & Requirements for improvement

Upcoming:

Meeting #	Date	Topic
10	**15 May 2025**	**Minimum requirements & Requirements for improvement Package recap**
F2	22 May 2025	Outcomes and recommendations – Full Group
F3	29 May 2025	Outcomes and recommendations – Full Group
F4	5 June 2025	Outcomes and recommendations – Full Group
June Break		
11	17 Jul 2025	Harmonizing emission factors
August Break		
1	28 Aug 2025	Start of Phase 2

- 3 Full Group Meetings in May
- Breaks in June and August
- No changes were made to the scope of work or the publicly communicated timelines

GREENHOUSE GAS PROTOCOL

Scope of Work and Timeline

The group is entering the last block of considerations.

A1: Oct 2024	A2-A3: Nov-Dec 2024	A4-A8: Jan-Apr 2025	A9-A10: Apr-May 2025
Confirming the connection between inventory quality and various inventory objectives	Requirements for inventory quality reporting	Further definition of the tiers: considerations of the influencing factors and the final configuration	Consideration of imposing a minimum data quality requirement, requirement for improvement, and/or additional guidance

GREENHOUSE GAS PROTOCOL

Main outcomes of meetings #2-8

1. Regarding the revision of inventory quality reporting requirements, the TWG prefers **Option 3: Disaggregated reporting of scope 3 emissions based on quality**
2. The proposals that include **principal disaggregation based on calculation methods received the most support**
3. The group expressed preference for implementation of option that focuses on **defining specificity of outputs based on specificity of inputs**, in which calculation methods and data inputs have differentiated classifications for downstream vs. upstream categories.

   Option of disaggregation by current calculation methods is a runner up (potentially, a fallback option)
4. **A verification add-on was supported**, with a preference for **marking verified data with a "+"**
5. **An uncertainty add-on was supported,** configuration to be developed
6. **Company-level data allocation is indicated for maintaining but restricting**, with tentative restriction by use (applicable to select categories and company types), potentially with classification to a lower tier.
7. Maintaining both physical and economic allocation of multifunctional processes is supported, more guidance to be provided (tbd)
8. System expansion with substitution as an allocation method: tbd
9. **Introduction of requirement on minimum documentation**, and (as a minimum) **recommendation on minimum methodology compliance and specificity** of the data was supported
10. Introduction of **requirement on data quality improvement was inconclusive**

GREENHOUSE GAS PROTOCOL

Disaggregated reporting: TWG recommendation so far

Disaggregation principle	Verification add-on	Uncertainty assessment add-on
Most supported: Option 4: disaggregation based on data specificity	**Most supported:** Mark "+" for the verified data in reporting	**Most supported:** Required quantitative uncertainty assessment for large companies, required qualitative uncertainty assessment for the rest
Runner-up Option 2: disaggregation by existing calculation methods		**Runner-up** Qualitative uncertainty assessment is required for large, other assessment is optional for all Optional uncertainty assessment across the board, with a mark of recognition for opting-in

2. Disaggregated reporting: Further development

Two Taskforces were formed to refine the options

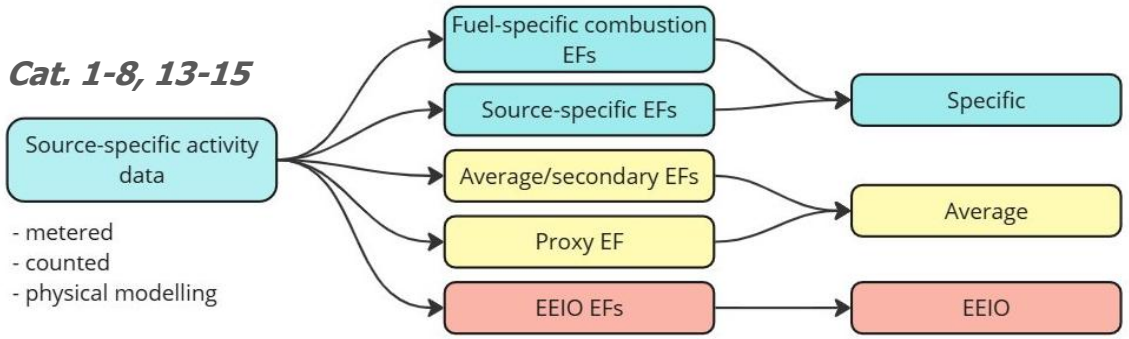
- **Taskforce 1** will review the requirements on disaggregation, conceptualize the rules, and stress-test them in application to all 15 categories, developing simple language for the Standard
- **Taskforce 2** will review and suggest uncertainty assessment guidance for implementation

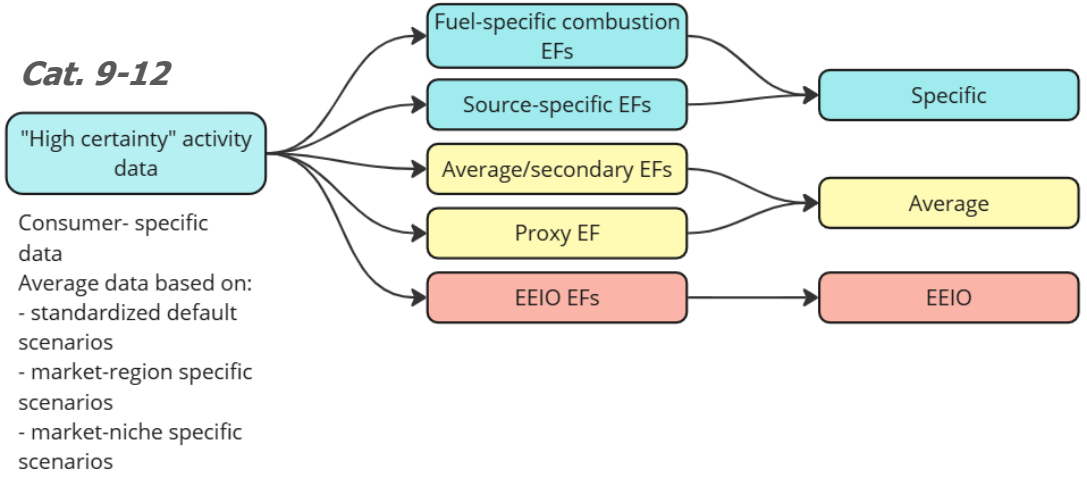
The Taskforces will present results of their work to the subgroup, and further to the full TWG for indicative polling. In case of non-consensus several options would be presented to the ISB for decision making

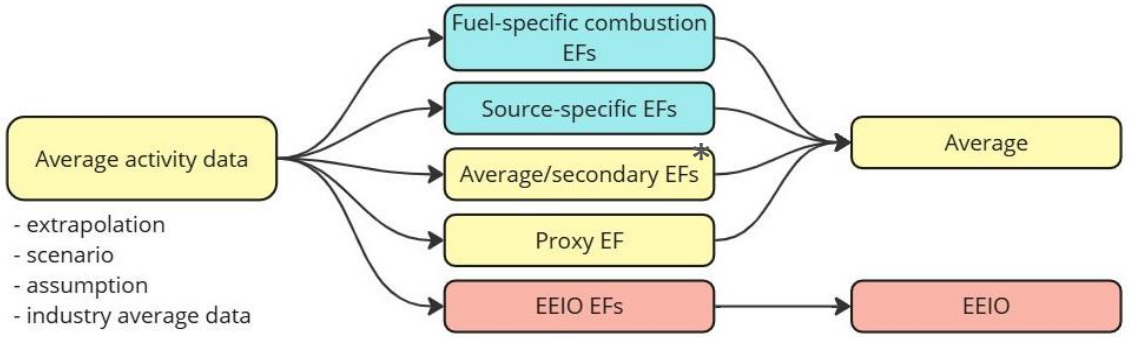
TF Disaggregated Reporting

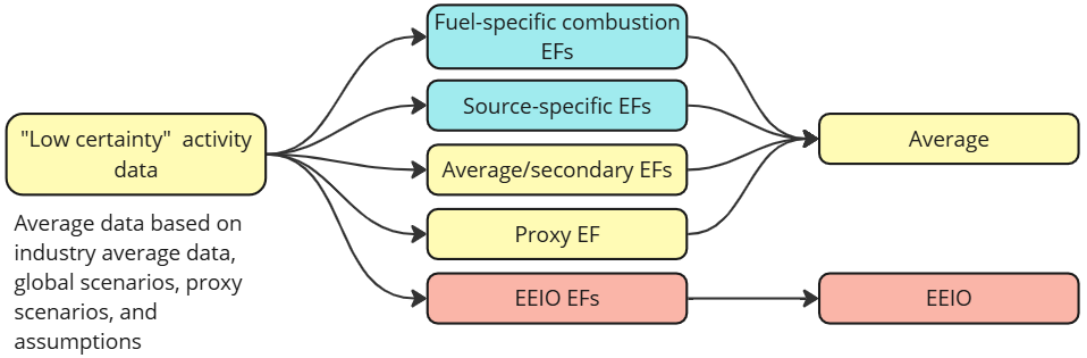
General concept of the preferred option

In this option, preparers define the type of input data (activity data and emission factors), to determine how to classify the output emissions data - specific, average, or EEIO.









This scheme presents a draft, as an input for the TWG

* The term "Average" might be replaced with a different term to better reflect the nature of the EF

GREENHOUSE GAS PROTOCOL

Stress testing

- Two rule variations (ideated by the Secretariat) were presented to the TF as the starting point
- The group has stress-tested the rules for each Scope 3 category
- Challenges in application of the rules, unclarities, and conflicts were identified
- Rules were combined, adjusted, and completed to address the challenges

Disaggregated reporting: general rules

[G1] Organizations shall report scope 3 inventory emissions disaggregated by the specificity of the data, in three line items (tiers) for each scope 3 category: Specific data, Non-specific data, EEIO / Spend-based data.

[G2] When reported and when passed along the value chain, emissions data shall be communicated in disaggregated manner. Emissions shall be disaggregated by scope 3 category and data specificity tier.

[G3] Emissions data classified as specific, non-specific or EEIO /Spend-based should be passed along the value chain and reported by the recipients of the data maintaining the tier, if qualified by representativity.

[G4] Emissions data within the same tier and the same scope 3 category can be summed up.

[G5] Emissions data and emissions calculated using activity data or emission factors provided without classification in data specificity tiers, shall be reported into a temporary tier of **Unknown** used during the transition period. Companies shall not use **Unknown** tier of reporting after the transition period, and for more than X% of the scope 3 inventory during the transition period.

Note: *Transition period duration and maximum percentage allowed for reporting on the tier are for further development*

[**G6**] All emissions data, activity data, and emission factors used in scope 3 inventory calculations shall meet the minimum requirements (see Chapter 7.X)

Text highlighted in yellow corresponds to aspects pending for discussion

GREENHOUSE GAS PROTOCOL

Disaggregated reporting: emissions calculation rules

[C1] Specific Rule:

Emissions calculated using specific activity data and specific emission factors shall be classified by a reporting company as **Specific (Tier 1).**

[C2] EEIO/Spend-based Rule:

Any emissions calculated utilizing an environmentally extended input-output (EEIO) emission factor input (whether country-level or regional), or other proxy *emission factors* expressed as emissions per monetary unit (e.g., kgCO2e / $), shall be classified by a reporting company as **EEIO/Spend-based (Tier 3).**

> ***Note:*** *Any results (or calculation method) utilizing an activity data input (e.g., unit count product, unit weight fuel, unit weight material, etc.) calculated, estimated, or modelled from or based on spend data (e.g., expenses or COGS) must be classified by a reporting company as Average (Tier 2).*

[C3] Non-specific Rule:

Emissions not classified as EEIO/Spend-based or Specific shall be reported as **Non-specific** (process-based) data **(Tier 2)**

Text highlighted in yellow corresponds to aspects pending for discussion

Example structure of disaggregated scope 3 reporting

Category	Year 1	Year 2	Year 3
Category 1. Purchased goods and services	***1000***	***1200***	***1100***
Specific	200	200	100
Non-specific	700	500	400
EEIO[/Spend-based]	100	500	600
Category 2. Capital goods	***500***	***600***	***600***
Specific	0	0	0
Non-specific	200	0	0
EEIO[/Spend-based]	300	600	600
…..			
TOTAL	***15500***	***15000***	***18000***
Specific	2500	1000	500
Non-specific	11500	12500	12000
EEIO[/Spend-based]	1500	1500	5500

GREENHOUSE GAS PROTOCOL

Defining specificity

The formulated rules have been provided to the group in a pre-read material

Pending Challenges: EEIO and Spend-based

- Particular cases arose in stress testing where calculations used emission factors expressed as emissions per monetary unit* (e.g. kgCO2e/$), however not EEIO.

  E.g. derived from the supplier's financial reporting and GHG emissions reporting
- Given the wide span of the "Non-specific" tier, the TF discussed whether it is better to separate these types of calculations, to incentivize use of more detailed data

☑ Poll

Tier that is currently named "EEIO" should also include other spend-based calculations and renamed.

A. Agree
B. Disagree
C. Abstain

Pros: separating spend-based from non-specific

Cons: mixing EEIO with other spend-based

TF: 3 agree, 1 disagree, 1 abstain

* This does not cover cases when activity data is estimated in physical units that is derived from monetary spend based and [average] price

Pending Challenges: Defining specificity

Defining what is "specific enough" showed to be one of the biggest questions and challenges, especially when activity data is "composite".

- *Is energy consumption in use, calculated based on the designed product-specific power and estimated time of work, specific?*
- *Is the upstream of sourcing fuels that is fuel-type specific, specific enough?*
- *Is amount of waste disposed (even by type) specific enough without knowing the exact composition?*

etc.

☑ Poll

A fourth tier, "Partially specific" should be created, to fit between "Specific" and "Non-specific"

A. Agree, for all categories
B. Agree, only for categories 9-12
C. Disagree
D. Abstain

Pros: additional granularity

Cons: potentially more confusing, need for rules further development

TF: 3 agree, 1 disagree, 1 abstain

Decision making criteria analysis

Illustrative example	Pros	Cons
1A. Scientific integrity	• Minimizing subjective choices	• Maintains some subjective methodological choices
1B. GHG accounting and reporting principles	• Applicable to all categories, and potentially scope 1 and 2	
2A. Support decision making that drives ambitious global climate action	• Promoting supplier engagement: first tier and beyond • Promotes improvement over time	
2B. Support programs based on GHG Protocol and uses of GHG data	• Interoperable (can be mapped with other frameworks)	• Needs a transition period
3. Feasibility to implement	• Is facilitating implementation with rules	• Complex • Needs an adoption period and transition period

Discussion

Further work is necessary to finetune the rules application in practice. This is recommended to be considered by the category-specific subgroups in phase 2.

In light of the continued work:

- Do you think the approach aligns with the decision-making criteria?
- Which aspects of the approach to you support?
- Which aspects of the approach would you challenge?
- Do you support the development overall?

GREENHOUSE GAS PROTOCOL

The fallback option to the proposition

Option 2. Classify results using **category-specific** tiers **unique** for each category

Category	Calculation methods		
	Tier 1	**Tier 2**	**Tier 3**
Category 1	Supplier-specific	Average-data	Spend-based
Category 2	Supplier-specific	Average-data	Spend-based
Category 3	Supplier-specific	Average-data	
Category 4: transport	Fuel-based	Distance-based	Spend-based
Category 4: distribution	Site-specific	Average-data	
Category 5	Supplier-specific	Waste-type-specific	Average-data
Category 6	Fuel-based	Distance-based	
Category 7	Fuel-based	Distance-based	Average-data
Category 8	Asset-specific	Lessor-specific	Average-data
Category 9: transport	Fuel-based	Distance-based	Spend-based
Category 9: distribution	Site-specific	Average-data	
Category 10	Site-specific	Average-data	
Category 11: Direct use-phase emissions	Fuel-/electricity-based	Fuels/Feed-stocks	Contained/forming
Category 11: Indirect use-phase emissions	Fuel-/electricity-based		
Category 12	Waste-type-specific		
Category 13	Asset-specific	Lessee-specific	Average-data
Category 14	Franchise-specific	Average-data	
Category 15	Investment-specific	Project-specific	Average-data

Example structure for the fallback option

Category	Year 1	Year 2	Year 3
Category 1. Purchased goods and services	***1000***	***1200***	***1100***
Supplier specific	200	200	100
Average data	700	500	400
Spend based	100	500	600
Category 2. Capital goods	***500***	***600***	***600***
Supplier specific	0	0	0
Average data	200	0	0
Spend based	300	600	600
….			
Category 5. Waste generated in operations	***500***	***520***	***480***
Supplier specific	0	80	80
Waste type specific	20	20	220
Average data	480	400	200
….			
TOTAL	***15500***	***15000***	***18000***

GREENHOUSE GAS PROTOCOL

Poll

Polling

- **Please indicate your level of support for adoption of disaggregated reporting approach, developed and proposed by the Taskforce?**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

- **Please indicate your level of support for adoption of the fallback option: Classify results using category-specific tiers unique for each category**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

TF Uncertainty

GREENHOUSE GAS PROTOCOL

Summary of the subgroup A survey on the uncertainty assessment add-on

20 members responded to the second iteration of the uncertainty assessment survey*.

The following conclusions received the most support:

1. Quantitative uncertainty assessment is required for large companies, qualitative uncertainty assessment required for the rest
   - There was also considerable support for optional uncertainty assessment across the board
   - Defining 'large company' through revenue and magnitude of GHG inventory received the most support

2. If uncertainty assessment is introduced, the majority prefers introducing it for a limited range of emissions
   - There is no agreement on the defining the range, but the "largest" support (3 members) was for the top 80% of the total scope 3

*The original survey responses (dismissed subject to potentially leading wording) indicated similar preferences, with somewhat higher support for the "Optional across the board" option.

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

Taskforce Workflow

- Three options were formulated for decision making:
  - **Option 1 (main focus) Quantitative uncertainty assessment is required for large companies, qualitative uncertainty assessment is required for the rest**
  - Option 2 (fallback1) Qualitative uncertainty assessment is required for large companies
  - Option 3 (fallback2) Uncertainty assessment is optional across the board

- The taskforce focused on the most ambitious option (1), as the decisions for its implementation would be possible to transfer to the fallback options (2 and 3)

GREENHOUSE GAS PROTOCOL

Main conclusions of the taskforce

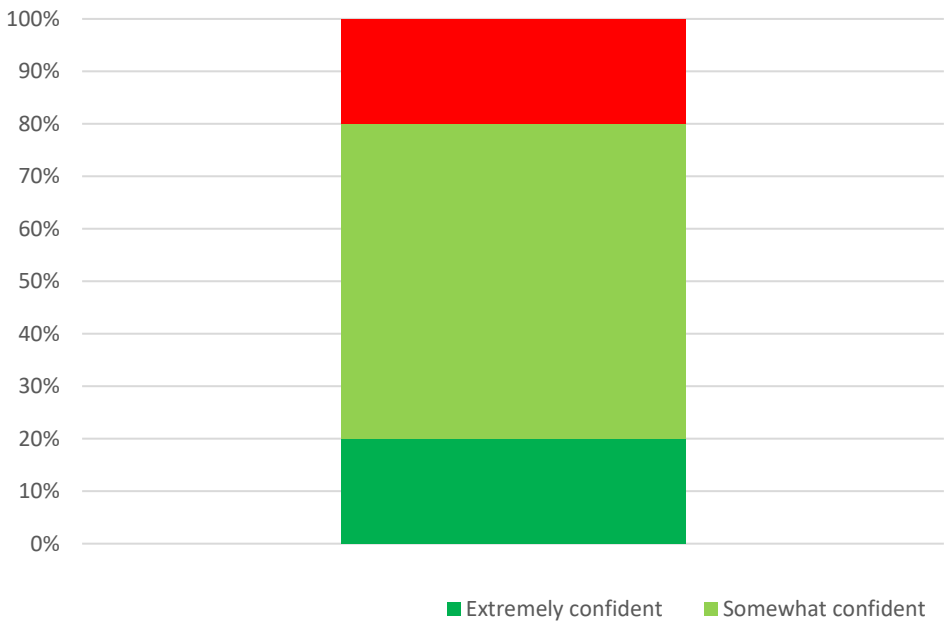
1. Introduction of uncertainty assessment requirement would need
    a. Guidance development
    b. Transition period in implementation

2. Creation of a guidance is crucial to achieve consistency and feasibility. Requirement for uncertainty assessment cannot be installed without a guidance (at least on the transition period horizon)

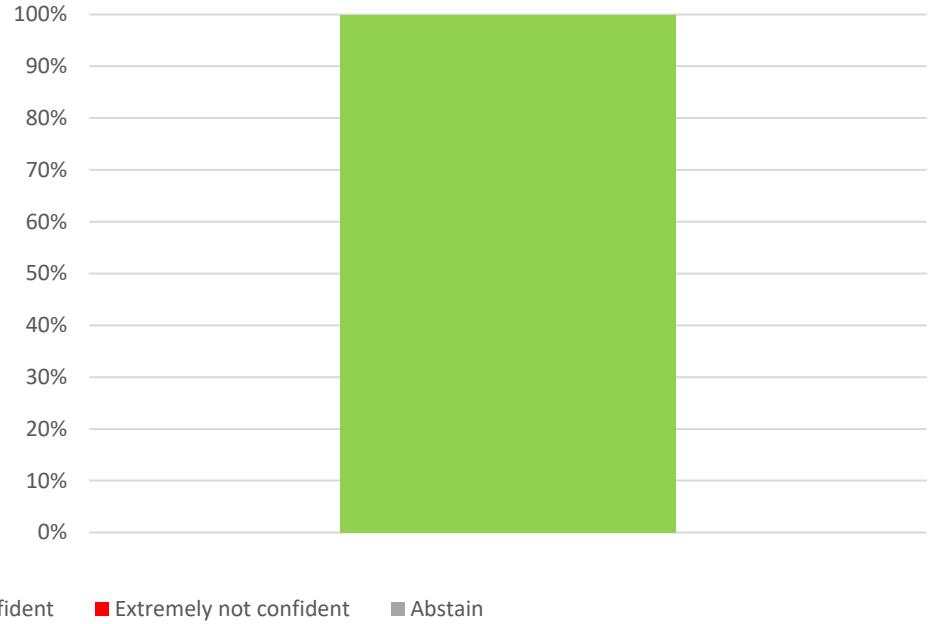
GREENHOUSE GAS PROTOCOL

Outcomes <placeholder>

*Are we confident we can develop a methodologically solid guidance for **quantitative** uncertainty assessment?*



*Are we confident we can develop a methodologically solid guidance for **qualitative** uncertainty assessment?*



Extremely confident | Somewhat confident | Neutral | Somewhat not confident | Extremely not confident | Abstain

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

GREENHOUSE GAS PROTOCOL

Option 1 proposed wording*

Companies **shall** conduct and report uncertainty assessment of the data, as a minimum for top 80% of the scope 3 emissions. *(3 agree, 1 disagree, 1 abstain)*

Large companies **shall** conduct and report quantitative assessment, while other organizations may opt out and conduct and report qualitative assessment.

Unless specified otherwise in the legislation or regulation followed, large companies are defined as companies [above 1000 employees, or above €450M turnover: definition from draft CNZS v2.0, should be further aligned with SBTi] *(3 agree, 2 abstain)*

*as a tentative requirement, subject to guidance development

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

GREENHOUSE GAS PROTOCOL

Main directional proposals

1. Company shall follow the following **general steps** in uncertainty assessment *(4 agree, 1 abstain)*:

    Step 1. Identifying uncertainties

    Step 2. Characterizing uncertainties

    Step 3. Combining uncertainties

2. Uncertainty assessment **shall** cover intrinsic uncertainty and extrinsic uncertainties, including emission factors, application of emission factors and activity data *(5 agree)*
3. A hierarchy of assessment methods should be provided. *(4 agree, 1 abstain)*
    i. statistical probability distribution, followed by assessing the characteristics of the dataset relevant to uncertainty in qualitative manner, e.g.
    ii. pedigree-matrix-based assessment ["translation" of into quantitative assessment], followed by
    iii. expert judgment-based assessment ["translation" of into quantitative assessment]
4. Quantitative uncertainty assessment should use Coefficient of variation *(3 agree, 2 abstain)*
5. Qualitative and quantitative uncertainty assessment shall be connected methodologically. For example, in the hierarchy above, pedigree matrix - based assessment should have the same first steps for both quantitative and qualitative assessments. *(5 agree)*

GREENHOUSE GAS PROTOCOL

Decision making criteria analysis

Illustrative example	Pros	Cons
1A. Scientific integrity	• Minimizing subjective choices	• Subjectivity in qualitative assessment
1B. GHG accounting and reporting principles	• Promotes consistency and accuracy/precision	
2A. Support decision making that drives ambitious global climate action	• Promotes improvement over time	
2B. Support programs based on GHG Protocol and uses of GHG data	• Interoperable with CNZSv2.0	• Needs a transition period
3. Feasibility to implement	• Facilitating implementation with guidance and transition period	• Complex • Requires resources • Requires the guidance

GREENHOUSE GAS PROTOCOL

Discussion

In light of the continued work of the taskforce

- Do you think the approach aligns with the decision-making criteria?
- Which aspects of the approach to you support?
- Which aspects of the approach would you challenge?
- Do you support the development overall?

Next steps if the TWG were to adopt the approach:

- Present approach to ISB
- Resolve the operational challenge: increased scope of work due to guidance development – timeline, resources, and capacity to be considered

GREENHOUSE GAS PROTOCOL

Fallback Options

Option 1

Large companies **shall** conduct and report qualitative uncertainty assessment of the data, as a minimum for top 80% of the scope 3 emissions.

Unless specified otherwise in the legislation or regulation followed, large companies are defined as companies [above 1000 employees or above €450M turnover]

Option 2

Companies **should** conduct and report uncertainty assessment of the data, as a minimum for top 80% of the scope 3 emissions.

GREENHOUSE GAS PROTOCOL

Poll

Polling

- **Please indicate your level of support for adoption of uncertainty assessment requirement proposed by the Task Force?**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

- **Please indicate your level of support for adoption of the fallback 1 option: required qualitative uncertainty assessment for large companies**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

- **Please indicate your level of support for adoption of the fallback 2 option: optional uncertainty assessment across the board**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

Minimum requirements and requirements for data quality improvements

Question and options for consideration

Q1. Shall a minimum requirement on scope 3 data quality be introduced?

Option 1a:

No, maintain current guidance

Option 1b:

Yes, provide a **recommendation** for minimum data quality, with metrics set by the **Scope 3 Standard**

Option 1c:

Yes, provide a **requirement** for minimum data quality with metrics set by the **Scope 3 Standard**

Option 1d:

Yes, provide a **requirement** for minimum data quality with metrics to be set by the **practitioner** in the data management plan

GREENHOUSE GAS PROTOCOL

Potential types of restrictions

If a restriction on data quality is introduced as a requirement or a recommendation, several types are possible.

1. **Documentation:** minimum requirements to documentation of the input data that preparers use in their calculations (both activity data and emission factors, both primary and secondary).
2. **Methodology:** minimum requirements to the methodology used in input data that preparers use in their calculations (both activity data and emission factors, both primary and secondary).
3. **Specificity:** minimum requirements for the specificity of resulting inventory data.

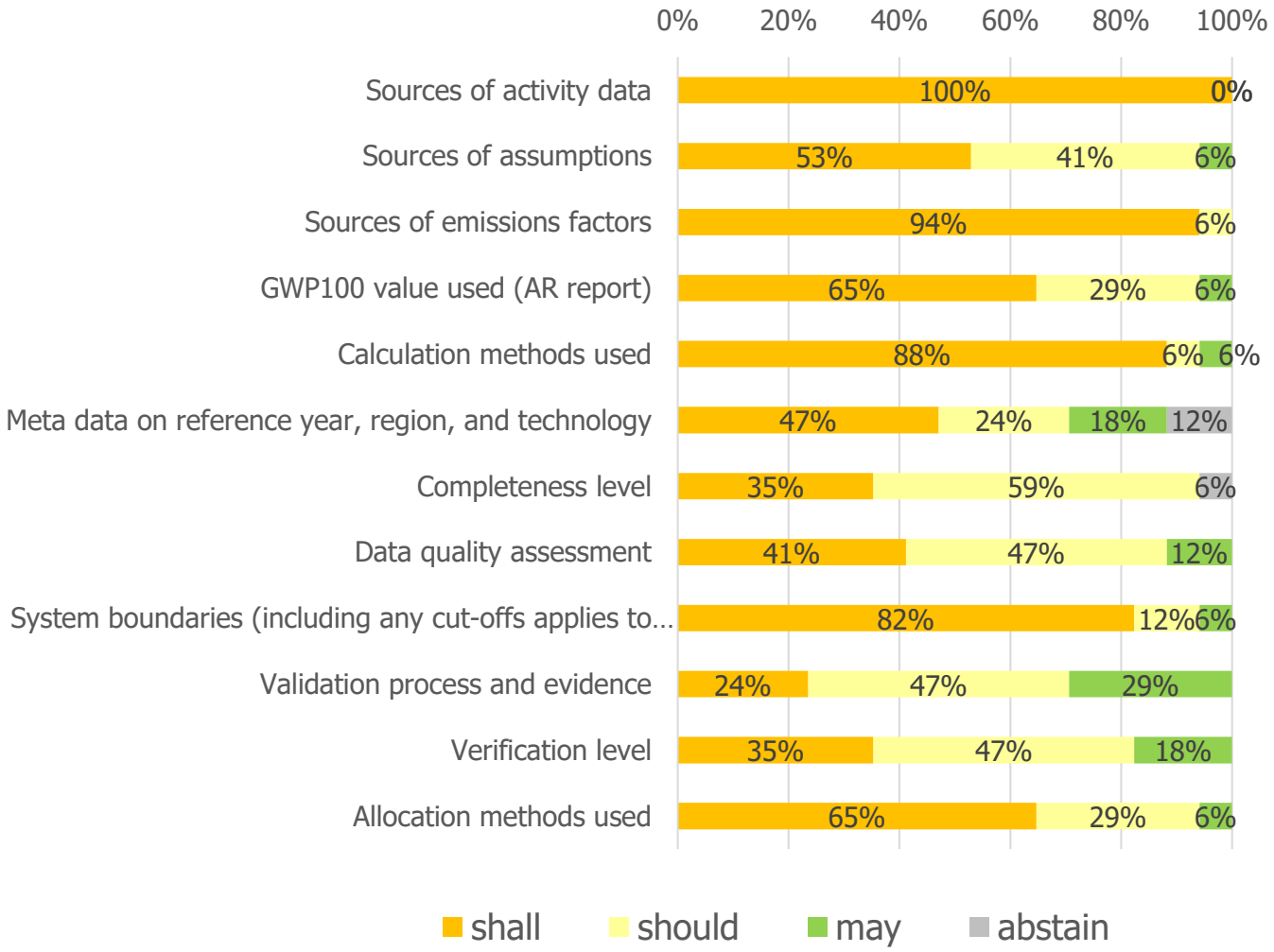
Not meeting the set minimum requirements would imply that the resulting inventory is not compliant with the GHG Protocol.

GREENHOUSE GAS PROTOCOL

Follow up survey

- In the meeting, members of the subgroup indicated their ideas for the specific of minimum requirements for each of the aspects.
- In the follow up survey, the members were asked to express their opinion on the main items put forth: whether they are to be required (*shall*), recommended (*should*), or optional (*may*)

Survey results on the requirements for input data documentation

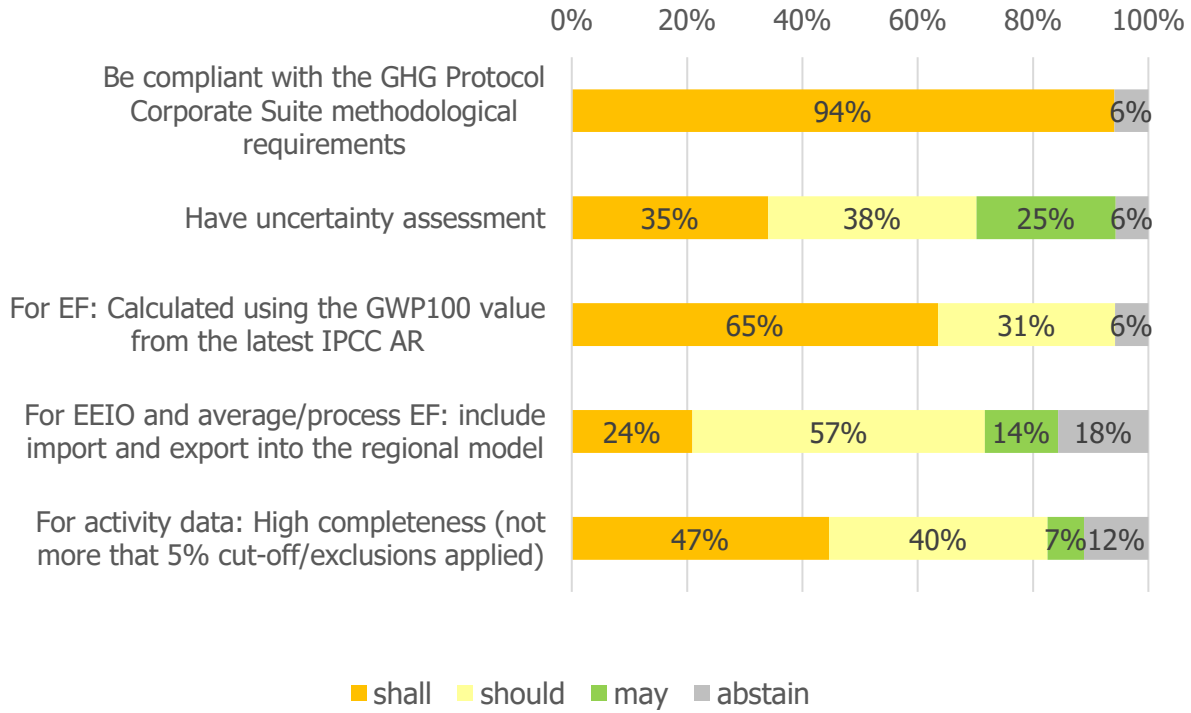


Based on the results of the poll:

Companies **shall** use the data that as a minimum has documented sources of activity data, sources of emission factors, calculation methods used, system boundaries including cut-offs applied, allocation methods used, GWP values, sources of assumptions, and metadata on the reference year, region, and technology.

Companies **should** use the data that is supplemented by information on its completeness level, data quality assessment, validation process and evidence, and verification level.

Survey results on the requirements for input data methodology



Based on the results of the poll:

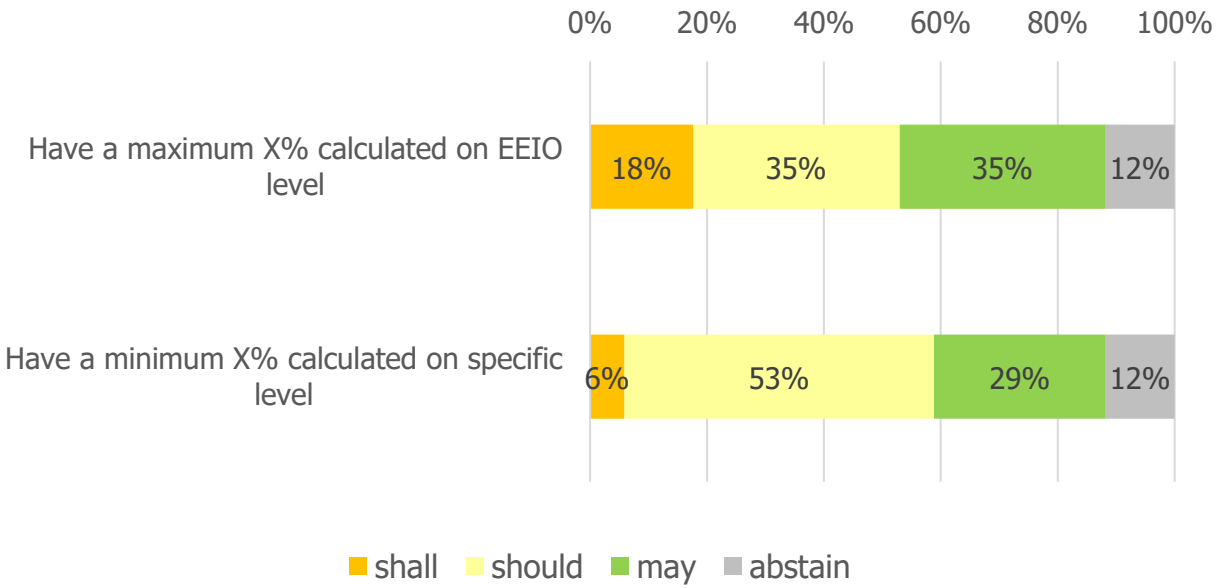
Companies **shall** use the data that is compliant with the GHG Protocol methodological requirements.

Companies **should** use the data of high completeness (not more that 5% cut-off or exclusions applied), emission factors that include import and export into the regional models and has uncertainty assessment provided.

CS TWG will be revisiting the GWP values requirement in the phase 2. Scope 3 TWG can provide a recommendation for the CS TWG:

Companies **shall** use the latest IPCC AR GWP values for scope 3 inventory calculations. That concerns the sourced emission factors and emissions data

Survey results on the requirements for inventory specificity



Based on the results of the poll:

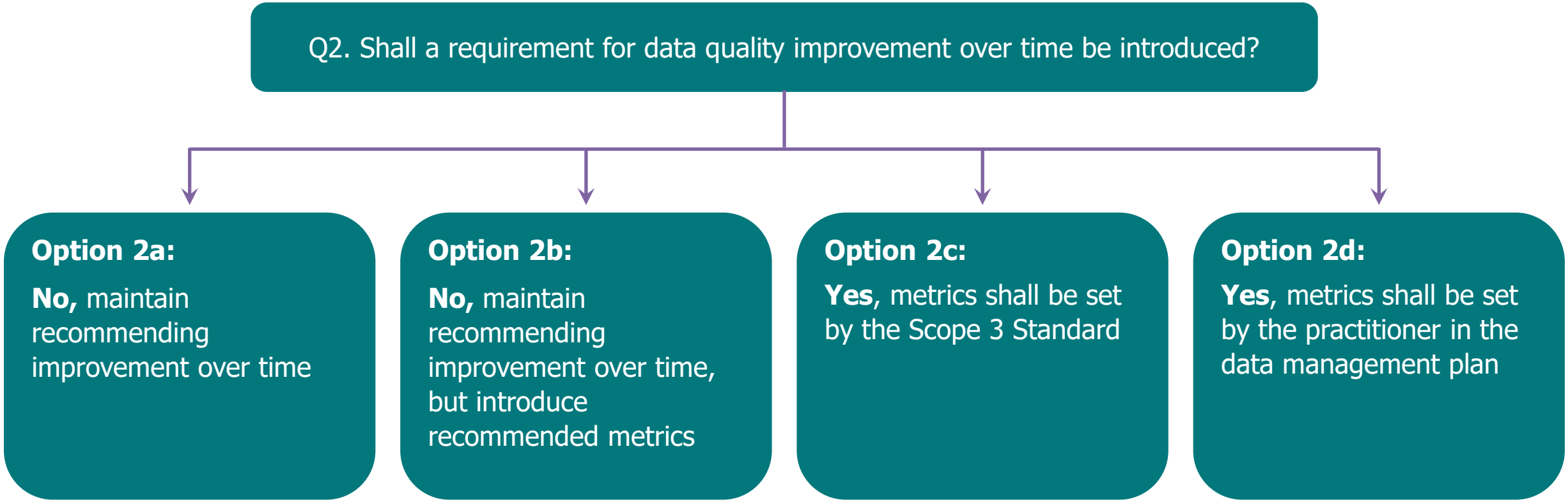
Companies **should** pursue reporting minimum of X% of their scope 3 inventory at specific level.

Poll

What do you think the X value should be?:

A. 10%
B. 30%
C. 60%
D. Preparers shall establish the value themselves
E. Other

Requirement for improvement: Question and options



Improvement metrics

Metrics for tracking data quality improvement could be introduced for specificity of the data, e.g.:

- *Share of emissions reported on tier Z (should/shall) increase/decrease by X% per year*
- *Number of categories reported without use of EEIO (should/shall) increase every X years*
- *Share of value chain partners providing specific data (should/shall) be increasing every X years*

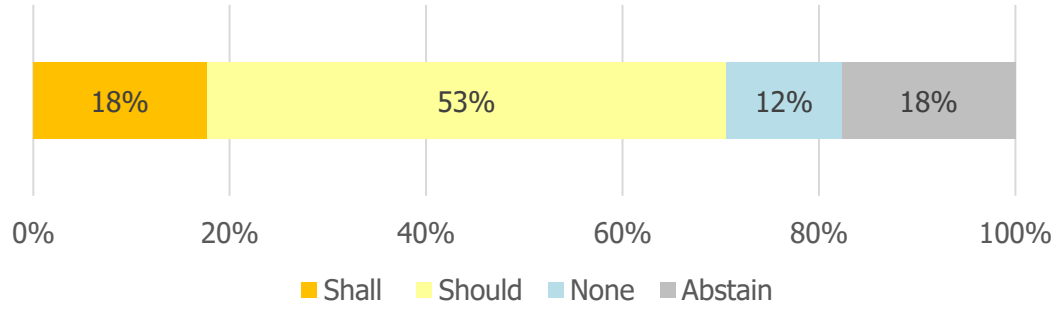
Improving data quality parameters (representativity, completeness, reliability) can be recommended but might not be possible as a requirement.

Follow up survey

- In the meeting, members indicated their support for metrics for improvement, while the question resolution option choice was inconclusive (2b or 2c).
- In the follow up survey, the members were asked to express their opinion on the level of requirement for two supported metrics options: whether they are to be required (*shall*), recommended (*should*), or optional (*may*).
- Members were asked to provide their preference for the recommended or required improvement target

Survey results

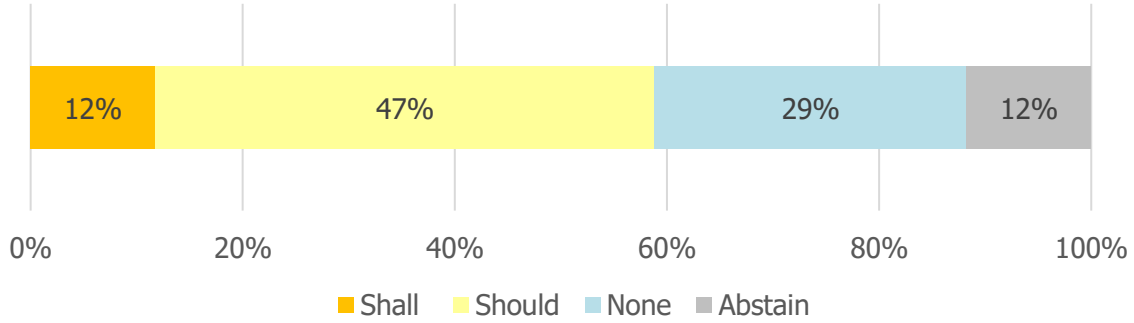
Share of emissions reported in the "specific" (tier 1) inventory quality tier (shall or should) increase per year.



Proposed targets:

- 5% per year (2)
- 10% per year (1)
- 15-20% per year (1)
- 10% every 3 years (1)
- Year-on-year increase (4)
- Preparer-specific (on their discretion) (1)
- X% after 2 years, y% after 5 years, z% after 10 years from the start of reporting (1)

Share of value chain partners providing specific data (shall or should) increase every X years



Proposed targets:

- 5% per year (1)
- 10% per year (1)
- 15% per year (1)
- 10% every 3 years (1)
- Year on year increase (2)
- Preparer-specific (on their discretion) (1)
- X% after 2 years, y% after 5 years, z% after 10 years from the start of reporting (1)

While there is no agreement on a particular value, two main points are highlighted for both metric's targets in comments:

1. Variability of reasonable targets across different sectors, business types, geographies, and experience with reporting.
2. Bringing attention to potential variations of inventories year-on-year in some sectors, leading to the advice for a mid-term target horizon

Proposal

Companies **shall** use input data that is compliant with the GHG Protocol methodological requirements, and have the following aspects documented: sources of activity data, sources of emission factors, calculation methods used, system boundaries including cut-offs applied, allocation methods used, GWP values, sources of assumptions, and metadata on the reference year, region, and technology.

Companies **should** use the data of high completeness (not more that 5% cut-off or exclusions applied) and supplemented by uncertainty assessment, and provided with information on its completeness level, data quality assessment, validation process and evidence, and verification level. Emission factors should include import and export into the regional models.

Companies **should** pursue reporting minimum of X% of their scope 3 inventory at specific level.

Companies **should** set up data quality metrics such as:

- Share of scope 3 emissions reported on tier "Specific"
- Share of value chain partners providing specific data

Companies **should** improve data quality over time, setting up data quality improvement targets based on established metrics and considering the company context. Companies **may** use year-on-year improvement targets, or mid-term horizon targets.

Discussion

- Do you think the approach aligns with the decision-making criteria?
- Which aspects of the approach to you support?
- Which aspects of the approach would you challenge?

GREENHOUSE GAS PROTOCOL

Poll

Polling

- **Please indicate your level of support for adoption of the proposal on minimum data quality requirements**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

- **Please indicate your level of support for adoption of the proposal on requirement for data quality improvement**
  - Strongly support
  - Support
  - Oppose
  - Strongly oppose
  - Abstain

Next steps

Next steps

- GHG Protocol Secretariat:
  - Distribute the recording, feedback form and poll (as needed) (by May 16)
  - Prepare and distribute minutes of the meeting (by May 22th)

The next meetings are FULL TWG meetings, on:

May 22: interim group C outcomes

May 29: interim group A outcomes

June 5: interim group B outcomes

- TWG members:
  - Please advise if you will not be able to attend the meeting

GREENHOUSE GAS PROTOCOL

Thank you!

Natalia Chebaeva
Scope 3 Manager, WBCSD
chebaeva@wbcsd.org

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

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

Current guidance: minimum data quality requirements

The Scope 3 Standard does not establish minimum data quality requirements; however, it provides guidance on selecting data and prioritizing data collection efforts.

- Companies **shall** report a description of the types and sources of data used to calculate emissions, and the percentage of emissions calculated using data obtained from value chain partners (Section 11.1 of the *Scope 3 Standard*).
- "Companies **should** collect data of sufficient quality to ensure that the inventory appropriately reflects the GHG emissions of the company, supports the company's goals, and serves the decision-making needs of users, both internal and external to the company" (*Scope 3 Standard*, p. 74)
- "When selecting data sources, companies **should** use the data quality indicators in table 7.6 as a guide to obtaining the highest quality data available for a given emissions activity" (*Scope 3 Standard*, p. 75)
- "Companies **should** prioritize data collection efforts on the scope 3 activities that are expected to have the most significant GHG emissions, offer the most significant GHG reduction opportunities, and are most relevant to the company's business goals" (*Scope 3 Standard*, p. 65-67)

Current guidance: requirement for improvement

The *Scope 3 Standard* does not impose any requirements regarding improving data quality over time in data collection; it provides guidance on data improvement: "... collecting data, assessing data quality, and improving data quality is an iterative process" (*Scope 3 Standard*, p. 84)

- "[A reporting company] **should** seek to improve the data quality" of its GHG inventories over time, "by replacing lower quality data with higher quality data as it becomes available." (*Scope 3 Standard*, p. 84)
- In particular, companies should prioritize data quality improvement for activities that have "relatively low data quality" and "relatively high emissions" (p. 84)
- "Companies are required to provide a description of the data quality of reported scope 3 emissions data to ensure transparency and avoid misinterpretation of data" (p. 84)

Stakeholder feedback

- Stakeholders indicated problems associated with poor data quality used in scope 3 calculations, and suggested:
  - Introducing restrictions (i.e., a minimum data quality requirement)
  - Introducing requirements or more defined encouragement of data quality improvement over time
- Mixed feedback on whether data quality requirements should be mandated by external programs and disclosure frameworks, or by the GHG Protocol
- Requested guidance on data quality improvements, increasing the reliability of scope 3 inventory
- Identified the need for clearer guidance on the type and quality of data needed for different purposes, including internal benchmarking versus external performance metrics and claims
- Mixed feedback on removing or maintaining the spend-based method

Background: work of the Subgroup A

Meeting A#1 of the Scope 3 TWG Subgroup A was dedicated to consideration of the scope 3 objectives. The group considered current guidance on business goals for a scope 3 inventory (Chapter 2 of the *Scope 3 Standard*) and a potential set of objectives.

Some members noted the need for more detailed guidance on data quality improvement, outlining the development path from a starting point for companies through different stages of progress and the possible uses of the achieved inventories.

A data quality improvement guidance is recommended for introduction. Guidance intends to aid data management plan development.

Subject to time, discussion of the proposed new guidance structure is planned for the end of the meeting

- Minutes of the meeting can be found here: S3-GroupA-Meeting1-20241024.pdf

External frameworks context

Framework	Minimum quality requirement	Requirement for improvement
IFRS S2	No minimum requirement, but **requirement of prioritization** of inputs and assumptions using <…> identifying characteristics (direct measurement, specific activities, time geography and technology representativeness, and verification)	No requirement
ESRS E1	No requirement	No requirement
California (CA SB 253, 219)	Requires "acceptable" use of both primary and secondary data sources, including the use of industry average data, proxy data, and other generic data in its scope 3 emissions calculations	No requirement
SBTi (CNZS v1.2)	Companies **should** select data that is the most complete, reliable, and representative in terms of technology, time, and geography. Companies **should** collect high-quality primary data from suppliers and other value chain partners for scope 3 activities deemed most relevant and targeted for GHG reductions. Emission factors **must** be representative of the corresponding activities and be country-specific as a minimum	Companies **should** describe their plans for improving the accuracy of their GHG inventory data over time
SBTi (CNZS v2 draft)	Companies **should** make use of primary data, rather than secondary data.	Companies **shall** aim to improve quality and traceability of their GHG emissions data over time. (Mandatory for A, optional for B)
CDP	No requirement	No requirement
ISO 14064-1: 2018	No requirement. Companies **should** use primary activity data or underlying data, and should use secondary data when no site-specific activity data is available	No requirement
PCAF	No requirement	No requirement