

Scope 3 TWG Group B Meeting Minutes

Meeting number 9

Date: 1 May 2025

Time: 9:00 AM – 11:00 PM ET

Location: Virtual

Attendees

Technical Working Group Members

1. Lindsay Burton, Ernst & Young
2. Leo Cheung, The Carbon Trust
3. Betty Cremmins, Independent
4. Holly Emerson, Duke University
5. Hugo-Ernest Jones, SBTi
6. Victor Gancel, Danfoss
7. Alasdair Hedger, Ellen MacArthur Foundation
8. Tom Jackson, Loughborough University
9. Aysegul Koseoglu, Inter IKEA
10. Tim Letts, WWF
11. Alan Lewis, Smart Freight Centre
12. Ryan Maloney, Apple
13. Nicola Stefanie Paczkowski, BASF
14. Vishwesh Pavnaskar, Indorama Ventures
15. David Quach, Wesfarmers
16. Stacy Smedley, Building Transparency
17. Micheal Taptich, Amazon
18. Ronald Voglewede, Walmart

Guests

n/a

GHG Protocol Secretariat

1. Natalia Chebaeva
2. Alexander Frantzen
3. Claire Hegemann
4. Allison Leach
5. David Rich

Documents referenced

1. Discussion Paper B.2 Intermediary Parties
2. Supplementary Paper B.2
3. Scope 3 – Group B – Meeting#9 – Presentation

Summary

Item	Topic and Summary	Outcomes
1	<i>Housekeeping and updates to the timeline</i> The Secretariat presented the housekeeping rules and decision-making criteria, and an update to the timeline of meetings, in order to accommodate full group TWG meetings in May. This change has no impact on the overall timeline of deliverables.	N/A
2	<i>Draft Chapter 6 Revision</i> The Secretariat presented draft revisions made to Chapter 6 Boundary Setting and facilitated a discussion with TWG members.	Indicative voting was held on the exclusion threshold, influence pathways, and on abbreviations for excluded categories.
3	<i>Draft Category 16</i> The Secretariat presented the draft Chapter 16 on Facilitated Emissions and facilitated a discussion with TWG members.	No indicative voting was held. The Secretariat will develop the text further and organize an additional TWG meeting.
4	<i>Options Consideration: Calculation</i> Skipped due to time constraints.	N/A
5	<i>Next steps</i> The Secretariat presented the next steps.	The Secretariat will follow up with a post-meeting survey on Chapter 6, and organize an extra ad-hoc TWG meeting to continue the discussion on facilitated emissions.

Discussion and outcomes

1. Housekeeping and updates to the timeline

- The Secretariat presented the housekeeping rules and the decision-making criteria, and an update to the timeline of meetings, to allow for full group TWG meetings in May. This change has no impact on the overall timeline of deliverables (see slides 3 – 12).
- The Secretariat presented results from previous TWG member surveys on facilitated emissions.

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

2. Draft chapter 6 revision

- The Secretariat presented draft revisions made to Chapter 6 Boundary Setting (see slides 13-22).

Summary of discussion

6.1 Check list of requirements, minimum boundary language

- A TWG member asked what happened to the consideration of a 1% threshold, if the group had come to a conclusion on that idea.
 - The Secretariat replied that the 1% threshold had been voted on in previous meetings, and was not supported by the group. In member polling, the option of cumulative 5% of total scope 3 was supported by 75% of the group. Of those votes, making it a default (i.e. not fixed) threshold was supported by 50% of the group. A per-activity or per-category 1% threshold was supported by 33% of the group and opposed by 40% of the group.
- A TWG member commented that their preference is positive language, rather than negative language, thus preferring option 1 over option 2. Option 3 is too complicated in their opinion, the addition of 'significant' makes it unnecessarily complex. Options 1 and 2 get it done with less text. The member prefers 'total' over 'cumulative', as that language is less complicated.
 - The Secretariat agreed, the language will be changed to 'total' scope 3 emissions. The Secretariat also provided context on the Corporate Standard TWG, which is engaging in similar conversations about boundary setting language at the moment. The Secretariat will ensure that the clearest and simplest text will be chosen, and that the two Standards are harmonized.
- A TWG member agreed with a previous speaker, favoring positive language over double negatives.
- Two TWG members stated their preference for Option 1, if 'cumulative' is changed to 'total'.
- A TWG member voiced their support for the change from 'cumulative' to 'total'. The terms minimum and optional boundary are confusing. The member stressed that tight language needs to be developed so that any exclusion falls within the 5%, with no additional exclusions allowed. The member was ambivalent between Options 1 and 2.
- A TWG member added that the clearer the criteria are, the easier it will be to receive consistent assurance.
- A TWG member expressed their preference for Option 2, because that phrasing implies that the starting point is reporting 100%. This inference could encourage reporters to include more, rather than centering 95% as the goal. The member also asked if total scope 3 means all emissions within the scope 3 boundary.
 - The Secretariat confirmed that this is what total scope 3 means.
- A TWG member agreed with the previous speaker's point regarding centering 100% as the starting point with Option 2. But the member saw issue with the double negation, favoring the positive approach taken in Option 1.
- A TWG member expressed their support for Option 1, asking if Option 1 could be rephrased to take out the 95% value, as they also prefer centering 100% as the north star goal. The member suggested 'companies shall account for total emissions and may exclude up to 5%'. The member also agrees with having a 1% threshold failsafe in the Standard, as done by SBTi.
- A TWG member highlighted that the 1% threshold was discussed by the subgroup in the past, but not taken forward due to the difficulty of defining 'activity', and the potential for loopholes by infinitely subdividing activities. The member voiced their support for Option 1.
- A TWG member stated that Option 1 aligns closely with ISO14044, which states "The goal and scope of the study shall state and justify the data exclusion. Any assumptions made shall be clearly stated and their significance discussed. As a general rule, at least 95 % of all mass and energy flows and of the environmental relevance shall be included. Any excluded data shall be justified". The member liked that the 95% language would be consistent with ISO and SBTi. The member proposed rephrasing Option 1 to include both the 'shall' and 'may' statements, as that overstates and overcommunicates, and thus removing some of the subjectivity.
- A TWG member agreed with the previous comments, on the importance of keeping things assurable. The member stated that in their memory, the 5% value was a default, and that reporters would be able to specify a different value as long as they explained it. The member was in favor of Option 1.
- A TWG member stated that this is an issue of order of operations, the 5% value being a default versus a hard requirement. A consistent requirement would help with comparability across industries, but would also require companies to account for emissions that they do not control. The member was in support of a fixed value rather than a default value, in order to encourage action, also stating that in this case the value would need to be higher than 5%.
- A TWG member stated that this decision is owned by the GHG Protocol and thus alignment with SBTi is not mandatory, however it would be good to know what they are thinking on this topic.

- A TWG member stated that if no rigid threshold is established, companies will report as they see fit, setting generic targets that do not reflect a true inventory.
- A TWG member stated that this is a tradeoff – giving companies some flexibility to exclude a reasonably small element of emissions but not making that flexibility unlimited. Requiring a minimum percentage strikes that balance.
- A TWG member added that in situations where understanding the use of an intermediate product is not possible, where it is not possible to derive a meaningful emissions number, then companies should not need to include it
 - The Secretariat asked if in those instances these emissions should be included in the denominator to calculate the 5% threshold?
 - A TWG member replied that if a company determines that it cannot make estimates, then the emissions number does not exist, and should not be included.
 - A TWG member asked if this covers the use phase of sold products, highlighting that this would be opening the door to companies stating that they are not able to measure. If emissions do not change year over year, and the company does not have influence over them, they are not motivated to address the emissions source. The degree of influence and ability to measure should be considered in boundary setting. The member also stated that overall, they are in favor of consistency and clarity.

6.2 The term 'significant' to define minimum boundary

- The Secretariat skipped this section, as the previous discussion already dealt with the topic.

6.3 Completeness and relevance

- The Secretariat clarified that if any scope 3 activity, which by definition includes optional activities, is relevant, and that relevance classification is triggered by satisfying any of the influence pathways, then a company should include it. The 'should' language implies encouragement, not a requirement.
- A TWG member stated that this language could lead to confusion, that companies may ask if this takes precedence over the 5% threshold. It should be clarified that this is guidance for helping companies in their decision-making, but not a requirement.
- The Secretariat agreed, stating that this could create a contradiction and a stipulated violation to the requirement. The Secretariat will edit the language and follow up with a feedback survey.

6.4 Hotspot

- A TWG member asked how companies would prove that they conducted hotspot analysis, stating that too many reporting requirements may overwhelm SMEs. The member agrees with the intention, but the implementation is not clear.
 - The Secretariat added that as with many issues in GHG accounting, there is no proof in absence of assurance and verification. It is not up to the GHG Protocol to regulate assurance and verification.
 - The TWG member stated that the higher the cost, the less reporters will want to get assurance.
 - The Secretariat stated that hotspotting is a necessary step for companies to understand how much they are excluding, asking how requiring hotspotting would add additional burden and how companies could come to these insights otherwise.
 - The TWG member agreed but stated that every 'shall' statement creates something to prove, and from the reporter's perspective, the operations of this requirement are unclear. Additional guidance on hotspotting for assurance would help. Requiring something for which there is no consistent process adds burden.
 - A TWG member stated that it would be sensible to include more direct language on how often companies should reassess exclusions from a magnitude perspective. GHG Protocol requiring hotspot analysis would lead to duplicative efforts, e.g. hotspotting and detailed calculations both on an annual basis. Hotspotting does not make sense for high emission activities, as it often overstates emissions compared to detailed calculations. A more reasonable solution would be more direct guidance on how to prove that exclusions stay consistent year over year.
 - A TWG member agreed with the previous speaker.

- A TWG member stated that hotspotting is very useful in year one, in order to assess the boundary, but in subsequent years becomes burdensome unless there has been a triggering event that necessitates renewed consideration of the boundary. The member argued in favor of stipulating a 3-5 year cadence for hotspotting, or if there has been a triggering event.
- A TWG member agreed with the previous speaker.
- The Secretariat stated that in a memo developed with SBTi on cross-cutting issues, 2 points were highlighted. Firstly, CNZS would require a full inventory with hotspotting every 3 years, but it does not require reporting of scope 3 every year, as there is no requirement for annual reporting. An alternative for the Scope 3 language could be 'shall' conduct a hotspot analysis as the first step in inventory preparation and when there is a significant change to operations i.e. removing the annual requirement.
- A TWG member commented that it is important to ensure that suppliers have an accurate boundary, and to not underestimate how much work reporting is. Writing in language around a trigger event is sensible.
- A TWG member agreed with the previous speakers, that hotspotting is useful as the starting point, and perhaps as a periodic check, but not on an annual basis.
- A TWG member agreed, stating that annual hotspotting does not make sense, but every 3 years or after a significant trigger event is reasonable. Exclusions should be reassessed every year.

6.5.1 Exclusion threshold

- A TWG member asked what an example of a de minimis emissions source is, stating that there is no reasonable expectation that de minimis emissions amount to anything significant. If it is stipulated that de minimis are included in the 5% threshold, then they have to be quantified.
- A TWG member stated that an example is air condition in passenger vehicles for employee commuting.
- A TWG member added that de minimis is utilized when finding a mistake in an inventory. The percentage threshold helps assurance providers determine if it is a significant deviation from the expected value. Helping understand companies what de minimis is is critical, and more guidance on that would be helpful.
- A TWG member added that the language should be cleaned up, to make clear that while a reporter may be designating and disclosing certain elements as de minimis, these are still underneath the 5% threshold. If that is questionable, then the emissions should not be designated as de minimis and should be calculated.

6.5.2 Exclusion of downstream emissions for intermediate products

- A TWG member asked what reasonably estimating means in this context, as there are many different types of intermediate products. It would be better to more clearly define reasonable, especially for companies who have a heterogeneous product base, so that blanket exclusions are avoided.

6.5.3 Boundary disclosure terminology

- A TWG member asked how the exclusion label would work if a part of a category is excluded?
 - The Secretariat suggested adding the label directly behind the number.
 - The TWG member asked what the added value is of indicating where in the category the exclusions were used, stating that it feels forced and cumbersome to label on a per category level.
- A TWG member asked why it would make sense to create a rule for not following a rule, saying that if something is not compliant, it would not be in conformance with the protocol.
 - The Secretariat stated that there is a case in which NR would be applicable for a compliant inventory, which is the downstream emissions of intermediate products exceeding the 5% threshold.
- A TWG member stated that stipulating rules for what to do when not in conformance with the Standard seems like an odd approach.

Outcomes (e.g. recommendations, options)

The Secretariat conducted indicative polling on the following questions:

- Which option for the exclusion threshold do you support?
 - Companies shall not exclude more than 5% of scope 3 emissions (required of all) – 50% (8/16)
 - Companies may exclude more than 5% of scope 3 emissions if they disclose and justify that they used a higher threshold – 50% (8/16)
 - Abstain – 6% (1/17)
- Is the connection between Table 1 (i.e. the criteria for identifying relevance, of which influence is once criteria) and the list in section 6.3.1 (for pathways that may indicate influence), clear?
 - Yes – 36% (4/11)
 - No – 64% (7/11)
 - Abstain – 31% (5/16)
- Should the connection between the pathways of influence be explicitly stated (e.g. “Satisfying any pathway in section 6.3.1 may indicate influence and therefore may be deemed relevant.”)
 - Yes – 92% (12/13)
 - No – 8% (1/13)
 - Abstain – 25% (4/17)
- Which abbreviation should be used in reporting excluded categories?
 - Excluded (E/X or X) – 38% (5/13)
 - Threshold exclusion (T/E) – 23% (3/13)
 - Not significant (N/S) – 0% (0/13)
 - Optionally excluded (O/E) – 8% (1/13)
 - Justified exclusion (J/E) – 15% (2/13)
 - Other – 15% (2/13)
 - Abstain – 0% (0/13)

3. Draft category 16

- The Secretariat presented the draft language for Category 16 Facilitated emissions (see slides 23 - 35).

Summary of discussion

- Two TWG members stated that they would prefer to work on the draft text more before voting on it.
- A TWG member asked why e-commerce is the only activity that is listed as a ‘shall’.
 - The Secretariat replied that it was the only activity for which TWG member voting resulted in near-consensus that it should be reported. It is listed as a ‘shall’ in order to demonstrate what that would look like, but all activities being optional continues to be on the table.
 - A TWG member added that it is not possible for ecommerce to calculate all emissions associated with their platform, but that transport related emissions could be a ‘shall’.

Outcomes (e.g. recommendations, options)

- The Secretariat will hold an additional ad-hoc TWG meeting on facilitated emissions next week, to continue the discussion.
- The Secretariat will share the full results from the TWG member surveys on facilitated emissions with the members.

4. Options consideration: calculation

- This section was skipped due to time constraints (see slides 36-46).

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

5. Next Steps

- The Secretariat presented the next steps (see slides 47-49).

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

Summary of written submissions received prior to meeting

N/A