



Corporate Standard Technical Working Group

Subgroup 3, Meeting #7

GHG Protocol Secretariat team:

Allison Leach, Iain Hunt, Hande Baybar

May 27th, 2025

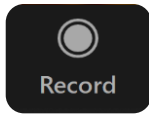


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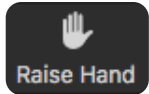


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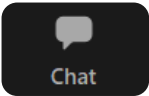
Meeting information



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	10 minutes
Justifiable exclusions	70 minutes
Scope 3 requirement: Proposed revisions	30 minutes
Wrap-up and next steps	10 minutes



GREENHOUSE GAS PROTOCOL



Agenda

Introduction and housekeeping

10 minutes

Justifiable exclusions

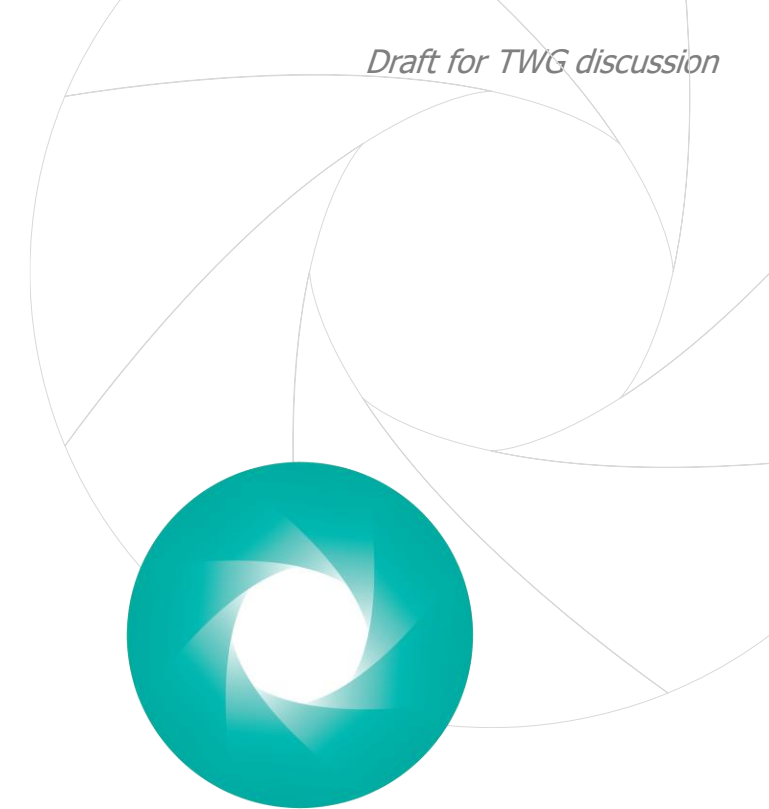
70 minutes

Scope 3 requirement: Proposed revisions

30 minutes

Wrap-up and next steps

10 minutes



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Today's objectives

1. Come to consensus on **justifiable exclusions for scopes 1 and 2**
2. Bring together **justifiable exclusions for scopes 1, 2, and 3**
3. Review **proposed revisions** on a scope 3 requirement

Today, we will wrap up discussion on justifiable exclusions for scopes 1, 2, and 3

Housekeeping: Guidelines and procedures

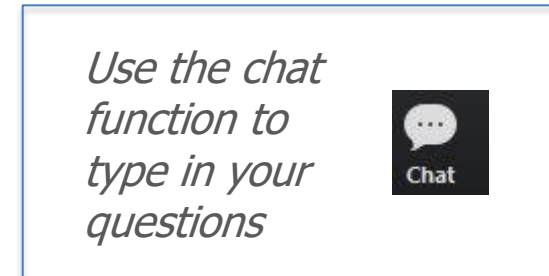
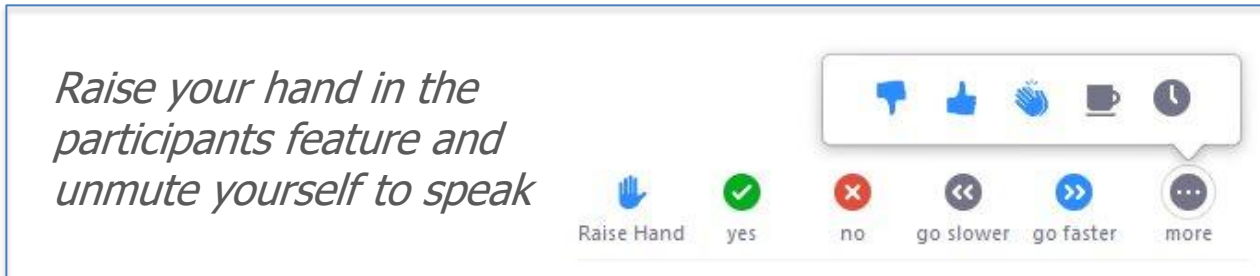
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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.***

Housekeeping: Summary of general feedback form responses

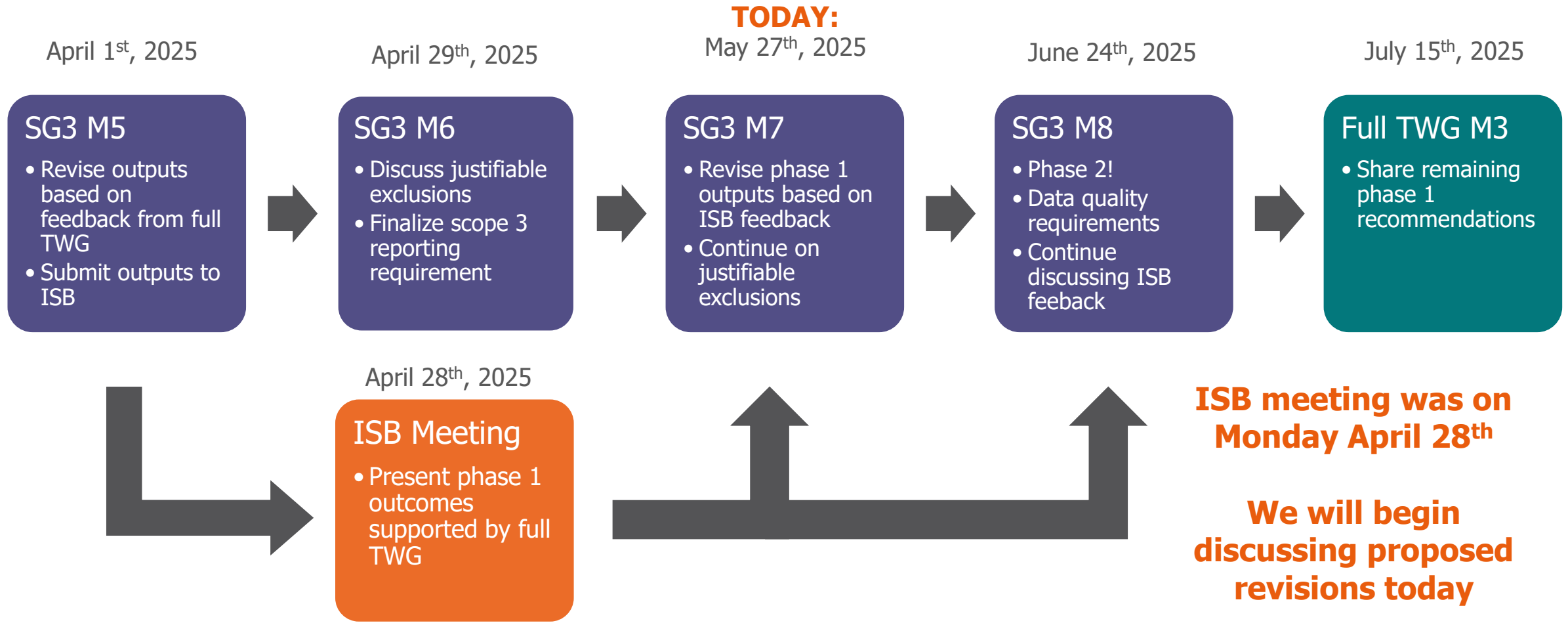
26 responses have been received through our general feedback form – thank you! Overarching themes include:

- Feedback on the scope of work presented in the Standard Development Plan
- Feedback on specific topics discussed in TWG meetings (note: this feedback is integrated into TWG meeting materials)
- Feedback related to TWG process

The list of submissions and Secretariat responses are tracked in the Shared TWG Folder in the Admin sub-folder

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

Upcoming schedule (tentative)



Agenda

Introduction and housekeeping

10 minutes

Justifiable exclusions

70 minutes

Scope 3 requirement: Proposed revisions

30 minutes

Wrap-up and next steps

10 minutes



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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.

**We are moving on to C.2:
Justifiable exclusions**

Introduction: Justifiable exclusions

Justifiable exclusions

= Exclusions that are allowed in the inventory, provided they are disclosed and justified

Justifiable exclusions are relevant across **the entire inventory** (scopes 1, 2, and 3) and for **all Standards**



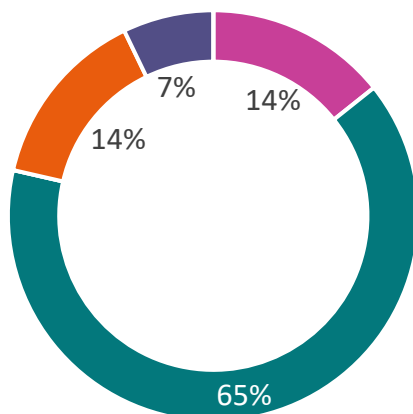
Other key related topics:

- De minimis emissions
- Disclosure requirements
- Material discrepancies in verification*

*Verification will be considered by Subgroup 2

Outcomes from last meeting: Exclusion threshold for scopes 1 and 2

Should **justifiable exclusions** be maintained in scopes 1 and 2?



■ Yes, maintain current guidance

■ Yes, but make more prescriptive and quantitative

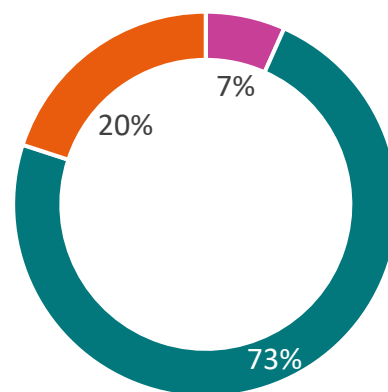
■ Yes, but make more prescriptive and qualitative

■ No, exclusions should be prohibited

■ Other: Please indicate in chat

■ Abstain

How should the exclusion threshold be **applied across scopes**?*



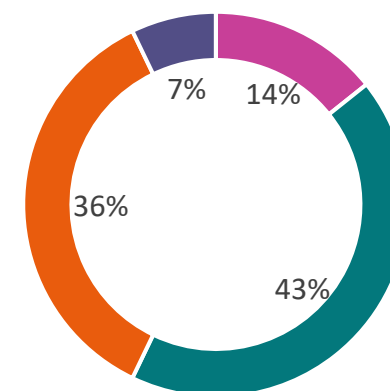
■ Scope 1+2+3

■ Scope 1+2, scope 3 separately

■ Scope 1, scope 2, scope 3 separately

■ Abstain

What should the **exclusion threshold** be?*



■ <1%

■ 1%

■ Between 1% and 5%

■ 5%

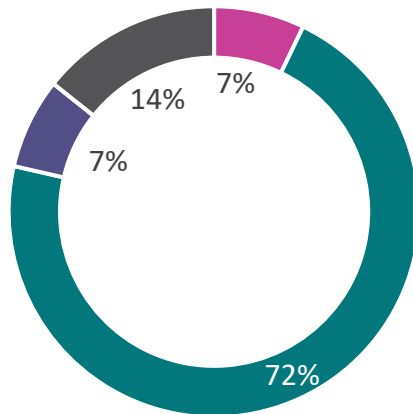
■ >5%

■ Abstain

*These questions were discussed briefly and **will be revisited today**

Outcomes from last meeting: **De minimis and disclosure requirements**

Should **"de minimis"** emissions be formalized and allowed?



■ Yes, it should be formalized and allowed

■ Yes, but it should be combined with an exclusion threshold

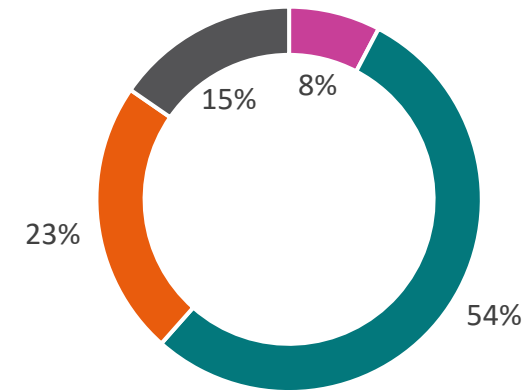
■ No, maintain current guidance

■ No, explicitly prohibit

■ Other: Please indicate in chat

■ Abstain

Should **disclosure requirements** for justifiable exclusions be expanded?*



■ Yes, new requirements should be defined

■ Yes, new guidance should be defined

■ No, maintain current guidance

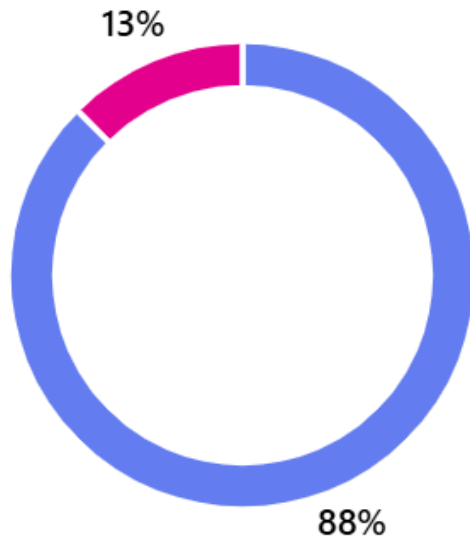
■ Abstain

*This question was discussed briefly and will be revisited

Outcomes from last meeting: **Post-meeting survey results**

Justifiable exclusions

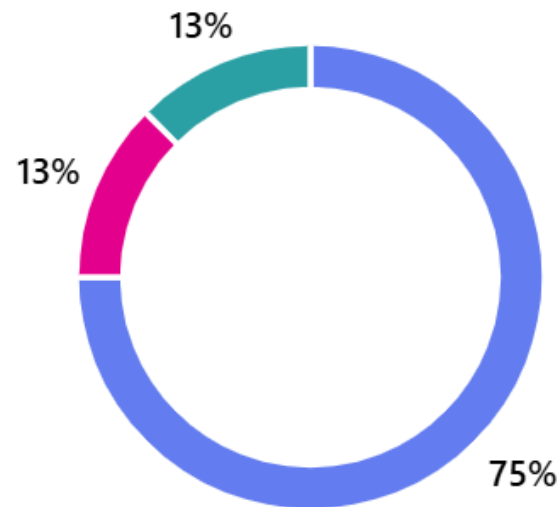
Quantitative exclusion for scopes 1 and 2



Majority support for making justifiable exclusions for scopes 1 and 2 more **prescriptive and quantitative**.

De minimis emissions

Combine with quantitative exclusion threshold



Majority support for **combining** de minimis emissions with a quantitative exclusion threshold for scopes 1 and 2.

- Yes, I am comfortable with this outcome
- No, I have concerns about this outcome
- Abstain, I need more information

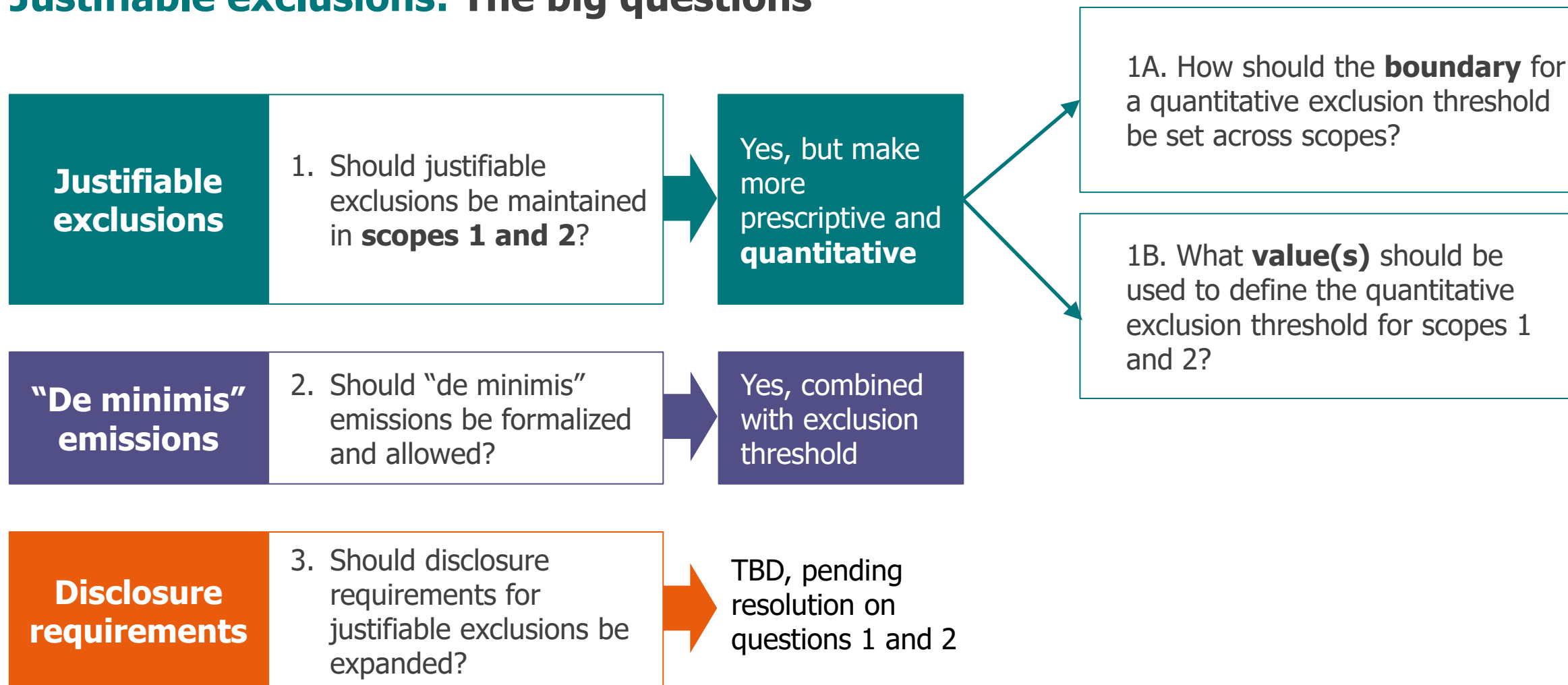
8 responses

Outcomes from last meeting: **Post-meeting survey feedback**

8 responses

Topic	Feedback from TWG members
Support for quantitative exclusion threshold	<ul style="list-style-type: none"> • Promotes compliance and validity of emission estimates • Ambiguous standards reduce accountability and jeopardize climate progress • Strengthens accuracy, consistency, and comparability of GHG inventories
Exclusions for scopes 1 and 2 should be limited and rare	<ul style="list-style-type: none"> • Most/all scope 1 and 2 sources can be modeled • 1% could be a large quantity of emissions at a large company • Limit scope 1 exclusions to fugitive emissions • Oppose exclusions at inventory compilation stage because all emissions should be subject to third-party verification • Exclusions could accumulate down the supply chain
Suggestions for scope 1 and 2 exclusion threshold value	<ul style="list-style-type: none"> • ≤1% • 1% • 2-3% • 5%
Differentiate requirements by company type	<ul style="list-style-type: none"> • High-emitting sectors should have a combined exclusion threshold (scope 1+2+3) • Feasibility should be considered for small companies
Disclosure requirements should be defined	<ul style="list-style-type: none"> • Disclosure requirements should accompany any exclusions

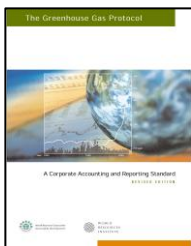
Justifiable exclusions: The big questions



Proposal: Combined text from Corporate Standard and amended Land Sector and Removals Standard language on **justifiable exclusions**:

Corporate Standard:

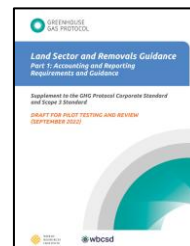
"Any specific exclusions of sources, facilities, and / or operations."



Land Sector and Removals draft Standard:

"Disclose and justify any exclusions of any scope 3 categories, accounting categories, gases, sources or sinks from the GHG inventory."

(adapted from page 255 of published draft to remove "scopes," following latest revisions)



Proposed revision for the Corporate Standard:

"Disclose and justify exclusions of any emissions sources (e.g., facilities, operations), scope 3 activities or categories, or gases from the GHG inventory."









Discussion: Do you have any questions or concerns about this language?



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	Name	Type	What can be excluded?	Requirement type	Interoperability with proposed GHG Protocol revisions* (i.e., exclusions allowed based on quantitative exclusion threshold)
	IFRS S2	Climate disclosure mandate	Immaterial scope 1 and 2 emissions Immaterial scope 3 categories Scope 3 emissions that meet " impracticability " clause	Qualitative	IFRS S2 could be interoperable if emissions excluded on a quantitative basis are also deemed immaterial, and vice versa
	ESRS E1	Climate disclosure mandate	Non-material scope 1 and 2 sources and assets Non-significant scope 3 categories, where "significant" is similar to GHG Protocol definition of "relevance"	Qualitative	ESRS E1 could be interoperable if emissions excluded on a quantitative basis are also non-material (scopes 1 and 2) or non-significant (scope 3), and vice versa
	SBTi: CNZS	Target-setting initiative	Up to 5% cumulative exclusion across scope 1 + scope 2 Up to 5% exclusion across total scope 3 GHG inventory	Quantitative	Interoperable and potentially aligned
	SBTi: DRAFT v2.0 CNZS	Target-setting initiative	No exclusions permitted Non-relevant emissions can be excluded from annual scope 3 inventory (but full scope 3 inventory is required every 3 years)	Quantitative	Public report is not aligned However, reporters would need to calculate full inventory to identify and justify exclusions. Reporters can then report that full inventory to SBTi.
	ISO 14064-1:2018	GHG Standard	Emission sources that are not relevant Indirect emissions that are not significant	Qualitative	ISO could be interoperable if emissions excluded on a quantitative basis are also not relevant (direct emissions) or not significant (indirect emissions), and vice versa
	GRI	Climate Reporting Standard	No specific text on omissions for direct emissions For scope 3 exclusions, reporter is required to provide a reason for omission	Qualitative	NA

*See definitions and interoperability case studies on the following slides

Note: Excluded CDP (all disclosure is voluntary) and California SB 253 and 219 (regulation not yet drafted)

	Name	Definitions
	IFRS S1	Material information: "In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity." – IFRS S1, pg 8
	ESRS E1	<p>Double materiality = Reflecting both impact materiality and/or financial materiality</p> <p>Impact materiality = "A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term. Impacts include those connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships." –ESRS E1, page 10</p> <p>Financial materiality = "...information is considered material for primary users of general-purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement." –ESRS E1, page 10</p> <p>Significance: "The undertaking shall identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65- 68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related transition risks and opportunities or stakeholder views." -ESRS E1 §AR 46 d</p>
	SBTi: DRAFT v2.0 CNZS	Relevant = Significant scope 3 categories representing 5% or more of total scope 3 emissions; and Emission-intensive activities representing 1% or more of total scope 3 emissions or at least 10,000 tCO2e/year.
	ISO 14064-1:2018	Significance: "...the organization shall define and explain its own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory. ... The criteria to evaluate significance may include the magnitude/volume of the emissions, level of influence on sources/sinks, access to information and the level of accuracy of associated data (complexity of organization and monitoring). A risk assessment or other procedures (e.g. buyer requirements, regulatory requirements, concern of interested parties, scale of operation, etc.) may be used..." -ISO 14064-1:2018, Section 5.2.3 and Annex H
	GRI	"If the organization cannot report the emissions data for a particular [scope 3] category, it is required to provide a reason for omission. " -Guidance to GH-3-b

Interoperability with external programs: Scenarios



Scenarios showing interoperability of qualitative and quantitative exclusion approaches

Scenario	Material?	Above or below quantitative threshold?	Outcome	Notes
1	Immaterial	Excluded Below 5% threshold*	Excluded by both	Source may be excluded under GHG Protocol, but should not be. All optional scope 3 emissions should be included**
2	Immaterial	Included Above 5% threshold*	Excluded in IFRS S2, but included in GHG P	Should be unlikely , but possible since materiality assessment is mostly qualitative
3	Material	Excluded Below 5% threshold*	Included in IFRS S2, but excluded in GHG P	Source may be excluded under GHG Protocol, but should not be. Relevant scope 3 emissions should not be excluded**
4	Material	Included Above 5% threshold*	Included by both	Complete reporting

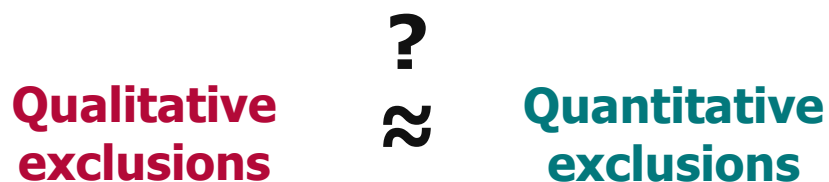
***5% threshold** is used as a placeholder for demonstration of a scope 3 quantitative exclusion threshold

Scope 3 TWG recommendations: Companies **should not exclude any relevant emissions; Companies **should** include optional scope 3 emissions.

Interoperability with external programs: Take-aways and discussion

Interoperability take-aways:

- **Most external programs have qualitative approaches** for emissions exclusion (e.g., “materiality,” “significance,” “relevance”)
- Proposed GHG Protocol **quantitative** exclusion threshold **can be interoperable** with **qualitative** exclusion approaches defined by external programs
- However, **qualitative approaches are open to interpretation**, and therefore there will not always be aligned with a quantitative exclusion threshold



Discussion + poll questions



1. Program interoperability:

- Do you agree that external programs with qualitative exclusions can be **interoperable** with GHG Protocol (proposed) quantitative exclusions?

2. GHG inventory alignment:

- Do you agree that a GHG inventory developed with a qualitative exclusions approach **will usually be aligned** with a GHG inventory developed with a quantitative exclusions approach?

3. Interoperability concerns:

- **Do you have any concerns** about interoperability of exclusions for external programs and GHG Protocol?

Justifiable exclusions: Scopes 1 and 2

1A. How should the **boundary** for a quantitative exclusion threshold be set across scopes?

Option 1: Cumulative scope 1+2+3

A single cumulative quantitative exclusion threshold applies to the entire GHG inventory

Considerations:

- Scope 3 boundary is very different from scopes 1 and 2
- Which scope 2 method?

Option 2: Cumulative scope 1+2, separate scope 3

Two quantitative exclusion thresholds are defined: One for scopes 1+2, and a separate threshold for scope 3

Considerations:

- Which scope 2 method?
- Smaller scope could be excluded at higher %

Option 3: Separate thresholds for scopes 1, 2, and 3

Three separate quantitative exclusion thresholds are defined for scopes 1, 2, and 3

Considerations:

- Clear and transparent boundaries aligned with scope boundaries

See math examples on the following slides...

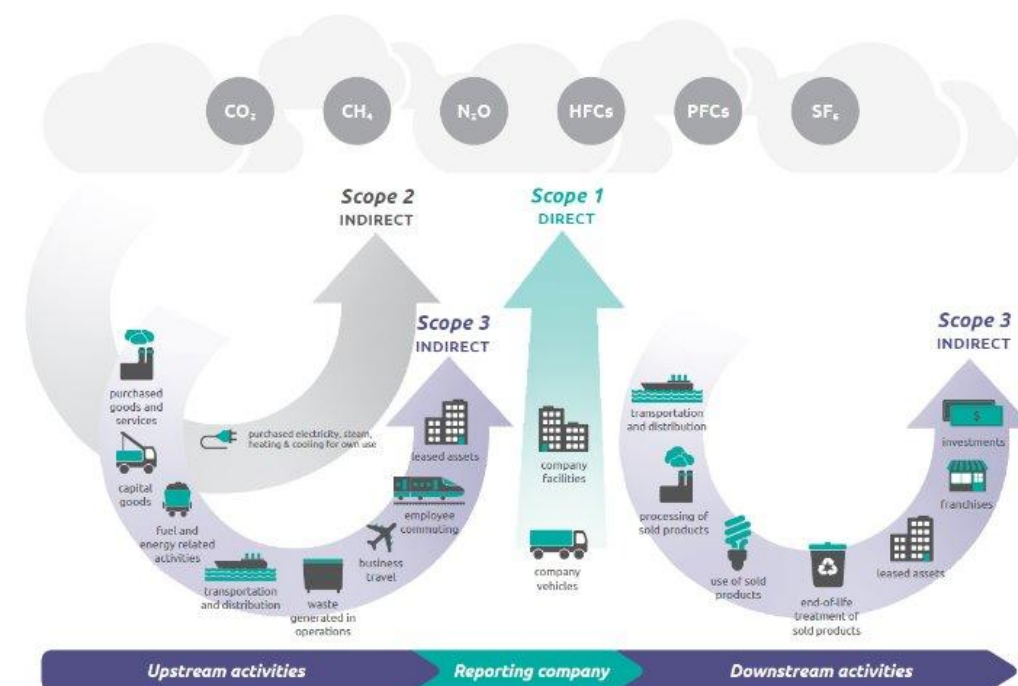
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Justifiable exclusions: Scopes 1 and 2

1A. How should the **boundary** for a quantitative exclusion threshold be set across scopes?

Justification for option 3: Separate thresholds for scopes 1, 2, and 3

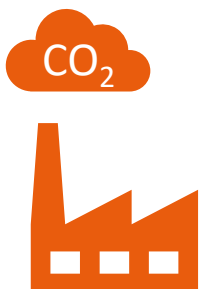
- Boundaries of the three scopes are **inherently different**
- SBTi moving to **separation** of scope 1 and scope 2*
- **Complexities of scope 2** including dual reporting of location-based and market-based results
- **Revisions under consideration** for other topics also considering delineation by scope (e.g., base year recalculation thresholds)



*SBTi Corporate Net Zero Standard, [Draft Version 2.0](#)

Justifiable exclusions: Scopes 1 and 2

Math example: Option 1, location-based



Hotspot analysis:

Scope 1	1,000 t CO2e
Scope 2 (location-based)	5,000 t CO2e
Scope 2 (market-based)	0 t CO2e
Scope 3	100,000 t CO2e

Option 1: Cumulative scope 1+2+3

Cumulative exclusion threshold = 5%

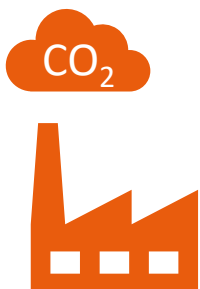
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	5,300 t CO2e	0 t CO2e	100%
Scope 2 (location-based)		4,000 t CO2e	20%
Scope 3		96,700 t CO2e	3.3%

Total emissions excluded = 5.0%

Take-away: Entire scopes could be excluded

Justifiable exclusions: Scopes 1 and 2

Math example: Option 1, market-based



Hotspot analysis:

Scope 1	1,000 t CO ₂ e
Scope 2 (location-based)	5,000 t CO ₂ e
Scope 2 (market-based)	0 t CO ₂ e
Scope 3	100,000 t CO ₂ e

Option 1: Cumulative scope 1+2+3

Cumulative exclusion threshold = 5%

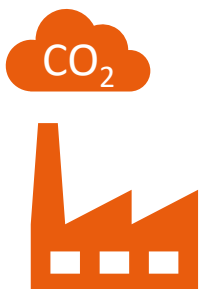
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	5,050 t CO ₂ e	0 t CO ₂ e	100%
Scope 2 (market-based)		0 t CO ₂ e	n/a
Scope 3		95,950 t CO ₂ e	4.1%

Total emissions excluded = 5.0%

Take-away: Scope 2 method affects how exclusion is applied

Justifiable exclusions: Scopes 1 and 2

Math example: Option 2



Hotspot analysis:

Scope 1	1,000 t CO ₂ e
Scope 2 (location-based)	5,000 t CO ₂ e
Scope 2 (market-based)	0 t CO ₂ e
Scope 3	100,000 t CO ₂ e

Option 2: Cumulative scope 1+2, separate scope 3

Scopes 1 and 2 exclusion threshold = 1%

Scope 3 exclusion threshold = 5%

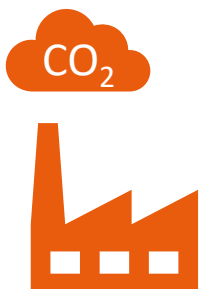
Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	60 t CO ₂ e	940 t CO ₂ e	6.0%
Scope 2 (location-based)		5,000 t CO ₂ e	0.0%
Scope 3	5,000 t CO ₂ e	95,000 t CO ₂ e	5.0%

Total emissions excluded = 4.8%

Take-away: Exclusion can be uneven across scopes

Justifiable exclusions: Scopes 1 and 2

Math example: Option 3



Hotspot analysis:

Scope 1	1,000 t CO2e
Scope 2 (location-based)	5,000 t CO2e
Scope 2 (market-based)	0 t CO2e
Scope 3	100,000 t CO2e

Option 3: Separate thresholds for scopes 1, 2, and 3

Scopes 1 and 2 exclusion threshold = 1%

Scope 3 exclusion threshold = 5%

Scope	Calculated exclusion	Reported inventory	% excluded by scope
Scope 1	10 t CO2e	990 t CO2e	1.0%
Scope 2 (location-based)	50 t CO2e	4,950 t CO2e	1.0%
Scope 3	5,000 t CO2e	95,000 t CO2e	5.0%

Total emissions excluded = 4.8%

Take-away: Transparent exclusion distributed across scopes

**Justifiable exclusions:
Scopes 1 and 2**

1A. How should the **boundary** for a quantitative exclusion threshold be set across scopes?

Option 1:
Cumulative scope 1+2+3

Option 2:
Cumulative scope 1+2,
separate scope 3

Option 3:
Separate thresholds for scopes
1, 2, and 3



Discussion:
Which option do you prefer?

**Justifiable exclusions:
Scopes 1 and 2**

1B. What **value** should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?

Option 1: No exclusions	Option 2: 0.5%	Option 3: 1%	Option 4: 2%	Option 5: 5%
Most companies report no exclusions to CDP	Aligned with exclusion reported by most companies (CDP)	Aligned with exclusion reported by most companies (CDP)	Higher than exclusion reported by most companies (CDP)	Much higher than exclusion reported by most companies (CDP)

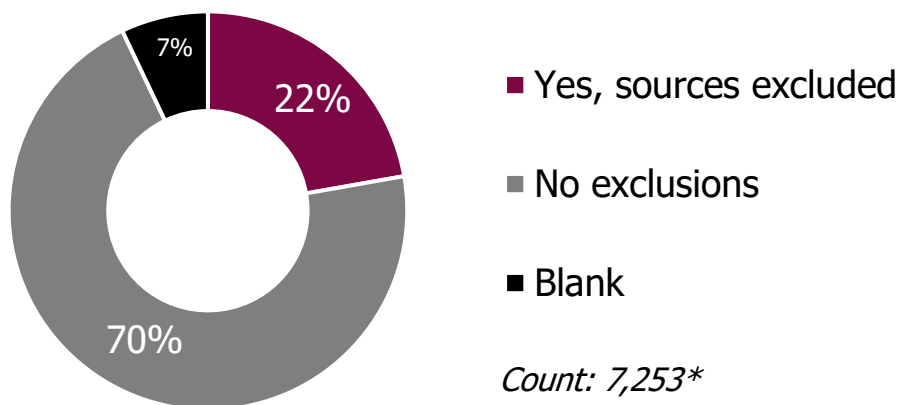
Relevant research:

In the following slides, we will review the range of emissions excluded in CDP disclosures

Relevant research: CDP disclosures on justifiable exclusions

Take-away: 70% of companies report no exclusions

CDP Question 6.4: **Are there any sources ... which are not included in your disclosure?**



CDP Question 6.4a: **Provide details of the sources ... which are not included in your disclosure.**

Of the companies reporting exclusions:**

55% excluded Scope 1 sources

45% excluded Scope 2 sources

52% excluded Scope 3 sources

Count: 2,483*

** May exclude companies that do not have scope 3 in their selected reporting boundary

CDP Question C6.4: Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are **within your selected reporting boundary** which are not included in your disclosure?

CDP Question C6.4a_C2: Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are **within your selected reporting boundary** which are not included in your disclosure.

*Fewer total respondents on question 6.4 than 6.4a. Excluded responses of "question not applicable."
Source: CDP disclosures 2023

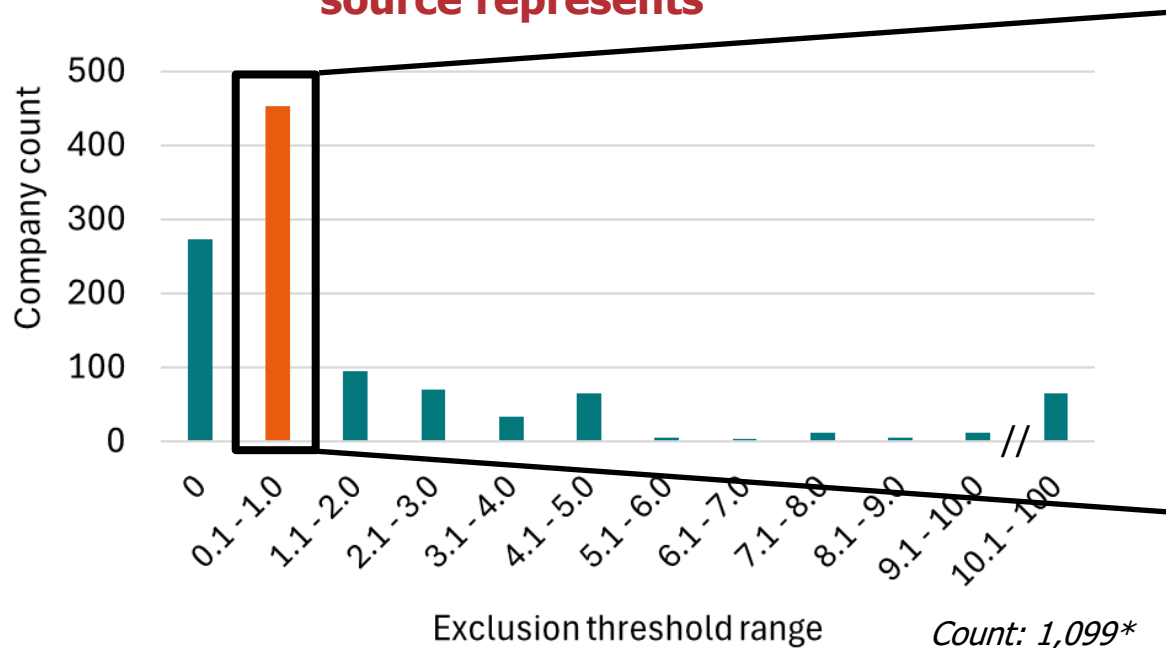




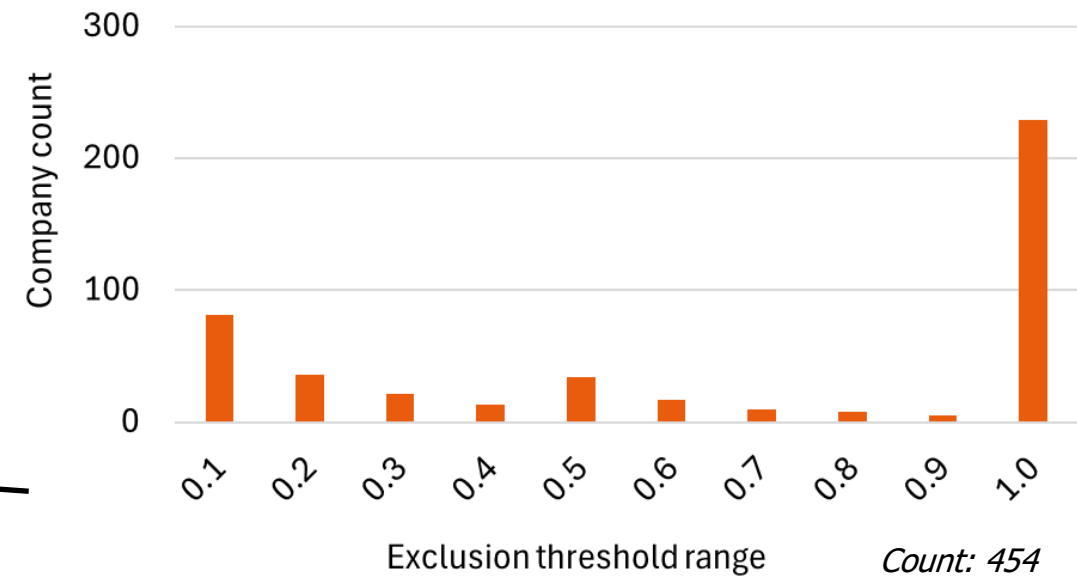
Relevant research: CDP disclosures on justifiable exclusions

Take-away: Of companies reporting emissions exclusions,
The most common exclusion range for **scopes 1 and 2** is **0.1 to 1.0%**

CDP Question 6.4a: **Estimated percentage of total Scope 1+2 emissions ... excluded**
source represents



CDP Question 6.4a: **Subset of companies excluding 0.1 to 1.0% of scope 1+2 emissions**



Source: CDP disclosures 2023

Note: This only includes exclusions **within a company's selected reporting boundary**

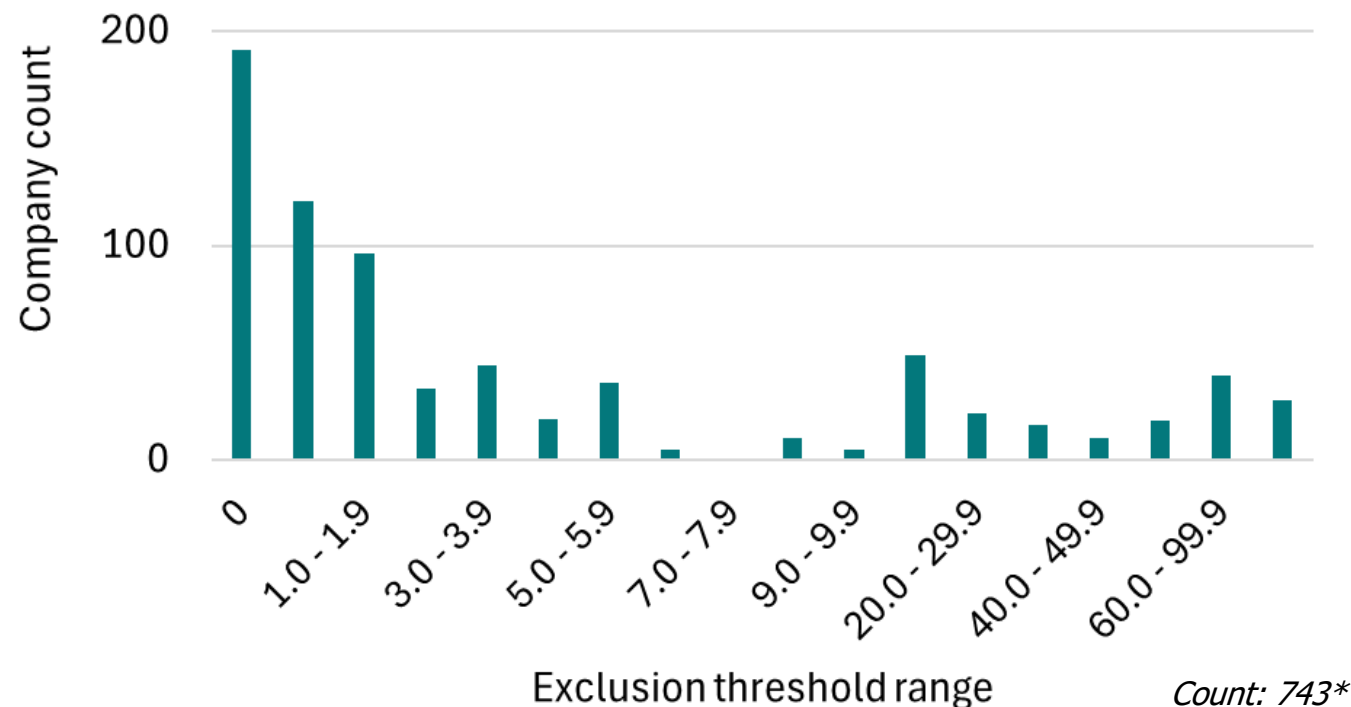
*Excluded responses of "question not applicable," which reported that they did not exclude any emissions in scopes 1 and 2

Relevant research: CDP disclosures on justifiable exclusions

Take-away: The most common exclusion range for **scopes 3** is greater than that of **scopes 1 and 2**

CDP Question 6.4a:
**Estimated percentage
of total Scope 3
emissions ... excluded
source represents**

*Note: This only includes
exclusions **within a
company's selected
reporting boundary***



*Excluded responses of "question not applicable," which reported that they did not exclude any emissions in scopes 1 and 2
Source: CDP disclosures 2023

Justifiable exclusions: Scopes 1 and 2

1B. What **value** should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?

Option 1: No exclusions	Option 2: 0.5%	Option 3: 1%	Option 4: 2%	Option 5: 5%
Most companies (70%) report no exclusions to CDP	Aligned with exclusion reported by most companies (CDP)	Aligned with exclusion reported by most companies (CDP)	Higher than exclusion reported by most companies (CDP)	Much higher than exclusion reported by most companies (CDP)



Discussion

Which option do you prefer?

If separate exclusion thresholds are defined for scopes 1 and 2 (i.e., option 3 in question 1A), then what should the value for each threshold be?

Poll questions



Topic	Question	Options
Justifiable exclusions	1A. How should the boundary for a quantitative exclusion threshold be set across scopes?	<ol style="list-style-type: none"> 1. Cumulative scope 1+2+3 2. Cumulative scope 1+2, separate scope 3 3. Separate thresholds for scopes 1, 2, and 3 4. Other – please share in chat 5. Abstain, I need more information to respond
	1B. What value should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?	<ol style="list-style-type: none"> 1. No exclusions 2. 0.5% 3. 1% 4. 2% 5. 5% 6. Other – please share in chat 7. Abstain, I need more information to respond

Justifiable exclusions: Bringing it all together

Draft accounting and reporting requirements:

- Companies shall account for and report at least X% of scope 1 emissions, Y% of scope 2 emissions, and 95% of total required* scope 3 emissions.**
- Companies **shall not** exclude more than X% of scope 1 emissions, Y% of scope 2 emissions, and 5% of total required scope 3 emissions.**
- Companies **shall** quantify total scope 1, scope 2, and required scope 3 emissions to justify exclusions.
- Companies **shall** disclose and justify the exclusion of any scope 1 emissions, scope 2 emissions, and required scope 3 emissions.

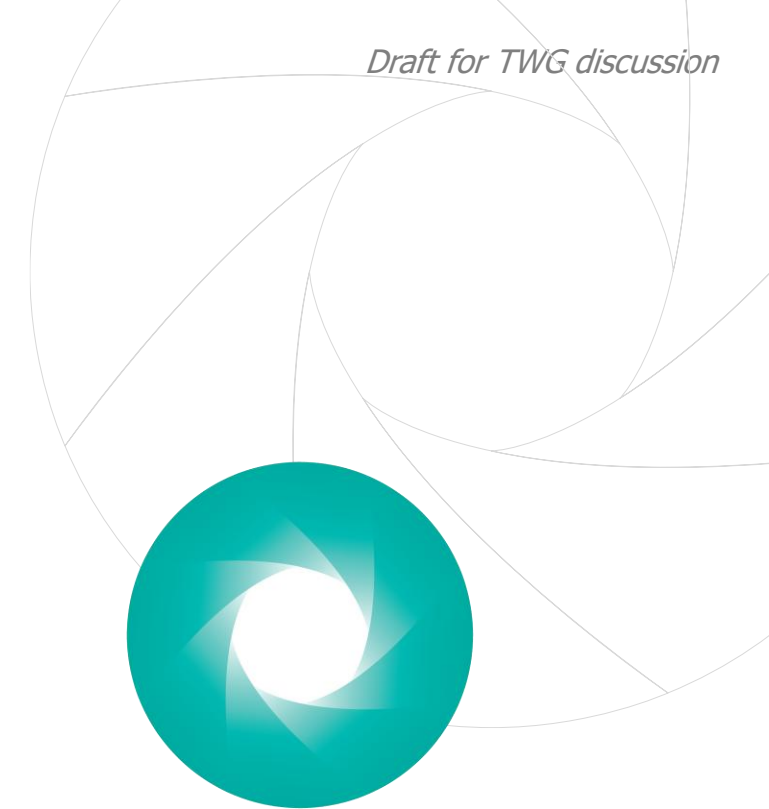
Scope	Boundary requirement	Exclusion threshold
Scope 1	TBD	TBD
Scope 2	TBD	TBD
Scope 3	95%	5%

*Required scope 3 emissions = minimum boundary scope 3 emissions

**Scope 1 and scope 2 exclusion to be finalized; 95% scope 3 requirement (i.e., 5% exclusion) to be finalized by Scope 3 TWG in June

Agenda

Introduction and housekeeping	10 minutes
Justifiable exclusions	70 minutes
Scope 3 requirement: Proposed revisions	30 minutes
Wrap-up and next steps	10 minutes



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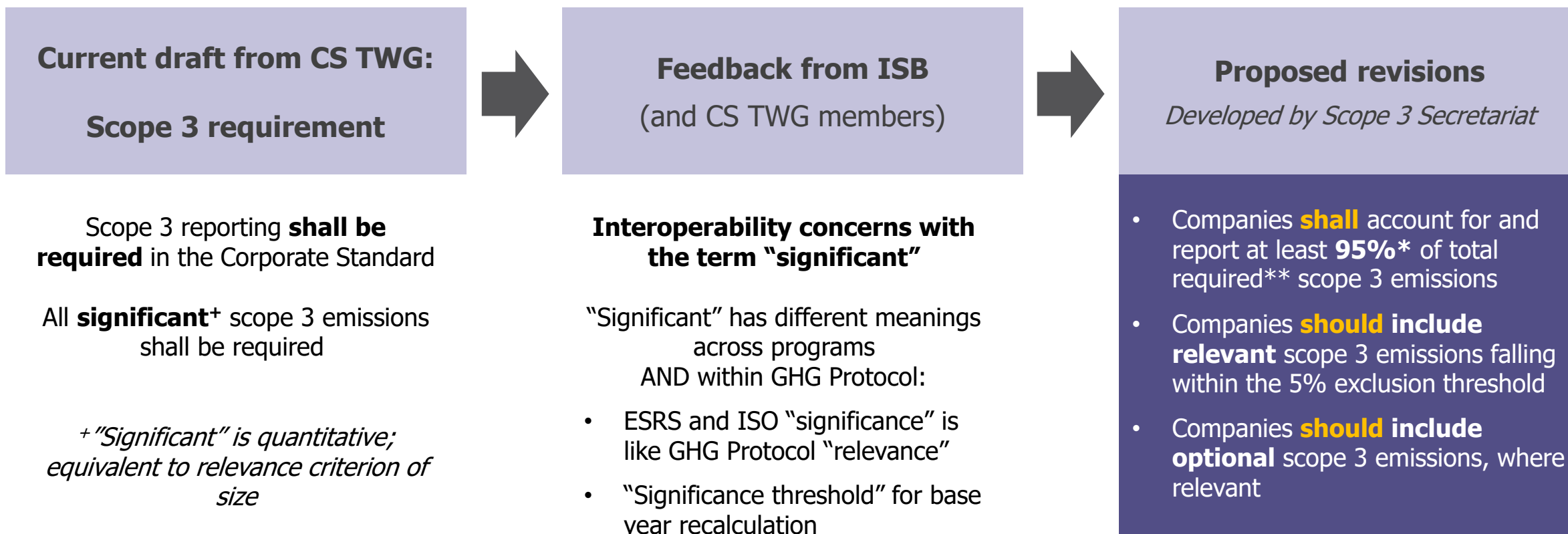


Two topics we are revisiting today:

Defining scope 3 requirement

**Eligibility for differentiated
scope 3 requirement**

Scope 3 requirement: **Proposed revision**



* 95% value (i.e., 5% exclusion threshold) to be finalized by Scope 3 TWG in June

**Required scope 3 emissions = minimum boundary scope 3 emissions

Scope 3 requirement: Terminology

Terminology across programs is inconsistent. **The terms used in GHG Protocol proposed revisions (e.g., “significance”) are tentative and subject to change.**

Term	GHG Protocol use	External program use	External program definitions
Relevance	<ul style="list-style-type: none"> Principle definition: <i>“Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.”</i> 6 relevance criteria (i.e., size, influence, risk, stakeholders, outsourcing, sector guidance) –Scope 3 Standard, Table 6.1 	The GHG Protocol concept of GHG “relevance” is referred to as “significance” in some external programs (e.g., ESRS E1, ISO)	<ul style="list-style-type: none"> ESRS E1: <i>“The undertaking shall identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65- 68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related transition risks and opportunities or stakeholder views.” -ESRS E1 §AR 46 d</i> ISO 14064-1:2018: <i>“...the organization shall define and explain its own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory. ... The criteria to evaluate significance may include the magnitude/volume of the emissions, level of influence on sources/sinks, access to information and the level of accuracy of associated data (complexity of organization and monitoring). A risk assessment or other procedures (e.g. buyer requirements, regulatory requirements, concern of interested parties, scale of operation, etc.) may be used...” -ISO 14064-1:2018, Section 5.2.3 and Annex H</i>
Significance	<ul style="list-style-type: none"> Used to define the relevance criterion of “size” (i.e., “[Emissions] contribute significantly to the company’s total anticipated scope 3 emissions” –Scope 3 Standard, Table 6.1 Quantitative metric <i>Note: Terminology is preliminary. “Significant” currently used in Topic 3b to define scope 3 requirement</i> 		
Materiality*	<ul style="list-style-type: none"> Defined in CS Chapter 10 (Verification of GHG Emissions) in context of “material discrepancies” in verification: <i>“Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it.”</i> 	“Material information” is defined in IFRS S1, which applies to all of IFRS S2.	<ul style="list-style-type: none"> IFRS S1: “Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users ... make on the basis of those reports” – IFRS S1, Paragraph 18

*CS Subgroup 1 is considering updating the text of relevance to refer to materiality

Discussion



Do you agree with the following text for defining a scope 3 requirement in the Corporate Standard?

- Companies **shall** account for and report at least **95%*** of total required scope 3 emissions
- Companies **should not exclude any relevant** scope 3 emissions, including emissions falling within the 5% exclusion threshold
- Companies **should include optional** scope 3 emissions, where relevant

Poll questions



**95% value (i.e., 5% exclusion threshold) to be finalized by Scope 3 TWG in June*

Differentiated scope 3 eligibility: Feedback from the ISB

Original recommendation from Subgroup 3:

Eligibility for differentiated scope 3 requirement,
from Subgroup 3 discussions:

A differentiated scope 3 reporting pathway
should be available for
small companies, except for small
companies in **high-emitting sectors**

Note: “Small companies” and “high-emitting sectors”
have not yet been defined

Updates and feedback from ISB members:

- **The role of GHG Protocol.** The ISB is considering the strategic question of whether it is the role of GHG Protocol to set different levels of requirements.
- **Issues with defining “small companies.”**
A GHG Protocol definition could raise interoperability concerns with external programs.
- **Consider geography in eligibility.** ISB members asked if/how geography could be considered.

SBTi draft 2.0 CNZS: Company categorization as a potential solution

Companies categorized into two types:

A Category A

B Category B

Considers:

- Number of employees
- Net annual turnover
- Balance sheet
- **Emissions cap**
- **Geography**

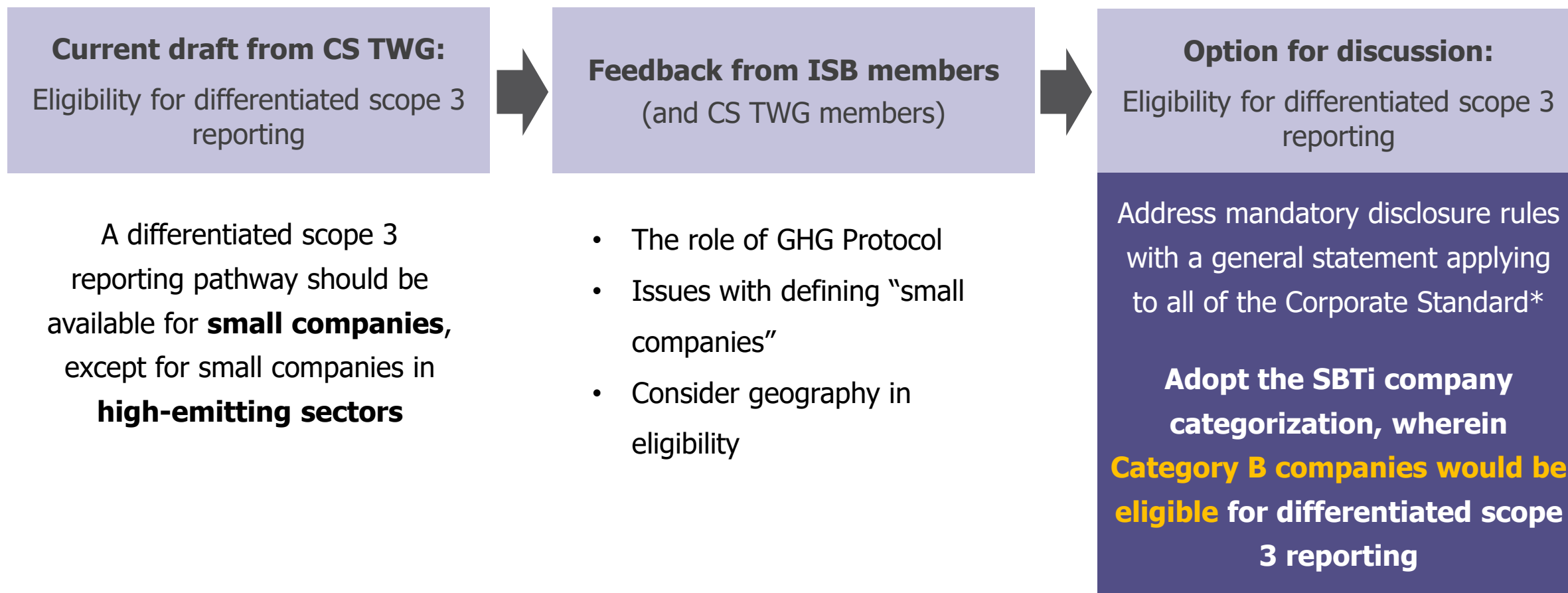
Companies are sorted into category **A** or **B** based on their size and the location of their headquarters



	Company size				Company location ¹		Based on World Bank classification
	Number of employees #	Net annual turnover \$ or €	Balance sheet \$ or €	Emissions (sc. 1 + 2) tCO ₂ e	High and upper-middle income countries	Low and lower-middle income countries	
Large At least 1 criteria	>1,000	>450M	n/a	n/a	A	A	<p>A medium company is considered to be based in low or lower-middle income country if it's HQ is in a low or lower-income country and its turnover derived from high or upper-middle income countries is <50M (\$ or €)</p>
Medium At least 2 criteria	250 – 1,000	50 – 450M	>25M	n/a	A	B	
Small At least 2 criteria and under CO ₂ e threshold	<250	<50M	<25M	<10,000	B	B	

⁶⁴ 1. Based on World Bank Classification of countries
Note: Standard alignment with CSRD criteria: "Large" and "Medium" companies fall into the CSRD "Large" company group, and "Small" companies fall into the CSRD "Medium, small, and micro".

Differentiated scope 3 eligibility: **Option for discussion**



*This was already discussed and had majority support in Subgroup 3 Meeting 5

Discussion



Poll questions



Discussion and poll questions:

1. Do you agree that the SBTi approach for company categorization **addresses the issues raised by the ISB and TWG members?**
2. Do you **support adopting the SBTi company categorization approach** to define eligibility for differentiated scope 3 reporting?
3. Do you support the following approach for defining eligibility for a differentiated scope 3 reporting requirement?
 - **“Category B companies (as defined by SBTi) should be eligible for differentiated scope 3 reporting”**

Agenda

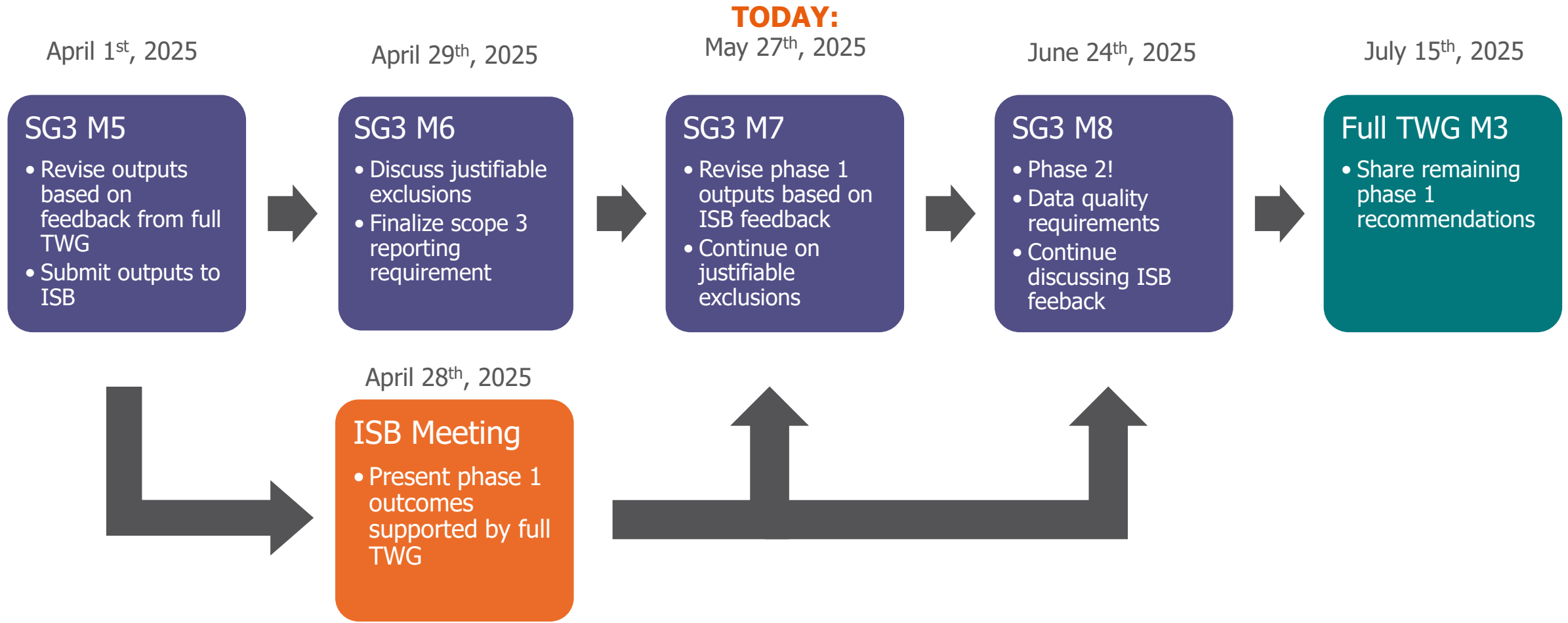
Introduction and housekeeping	10 minutes
Justifiable exclusions	70 minutes
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Upcoming schedule (tentative)



Next steps

Next Subgroup 3 meeting is scheduled for **Tuesday, June 24th, 2025**

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Feedback survey on justifiable exclusions

TWG member action items:

- **Review** meeting materials
- Fill out post-meeting **feedback survey** by **EOD Friday June 20th**

Thank you!

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