GREENHOUSE GAS PROTOCOL

Scope 3 Technical Working Group Meeting

Group A
Meeting 6
Inventory quality reporting

February 20th, 2025

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

Agenda

- Attendance and housekeeping (5 min)
- Recap of previous discussions (10 min)
- Options for applying the approach to the categories (60 min)
- Add-ons: uncertainty assessment and verification (40 min)
- Next steps (5 min)

Housekeeping

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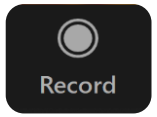
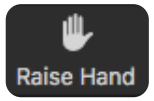
Welcome and Meeting information

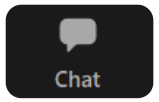


This meeting is recorded.



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

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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

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Group A: Inventory quality – scope of work

1. Identifying what scope 3 inventories are used for
   - Clarifying the relationship between data quality and various inventory objectives
2. Define how to more effectively present / communicate the inventory's quality
   - Consider additional requirements to enhance the usability and transparency of scope 3 inventories
3. Address how to define the inventory quality based on the input data
   - Consider developing more prescriptive allocation rules
   - Consider developing a hierarchy of data and/or calculation methods
   - Consider additional guidance on the transfer of data across the value chain and integrating of product level data into scope 3 calculations
4. Consider whether and how to restrict inventory quality
   - Consider constrains or minimum requirements to inventory quality
   - Consider requirement to improve inventory data quality improvements over time
   - Consider requirement to perform hotspot analysis

For the detailed scope of work, refer to the standard revision process as detailed in section 5 of the Scope 3 SDP.

Main outcomes of meetings #2-4

1. Regarding the revision of inventory quality reporting requirements, the TWG prefers **Option 3: Disaggregated reporting of scope 3 emissions based on quality**
   - Itemized (disaggregated) inventory by tier based on data quality
2. Indicative consensus on the preferred qualities of a solution:
   - Minimize/remove subjective choices from the preparer
   - Allow for easy interpretation of the inventory by users
   - Be easy to implement by preparers
3. Two dimensions were identified as desired components of the solution: data quality (accuracy/precision) and actionability
4. The proposals that include **principal disaggregation based on calculation methods received the most support**
5. Uncertainty assessment and verification were suggested as potential add-ons

Building on the calculation methods proposal

Strengths

- Familiarity
- Simplicity
- Potential to reflect supplier engagement

Weaknesses

- Confusing names
- Does not necessarily reflect data quality

Ideas:

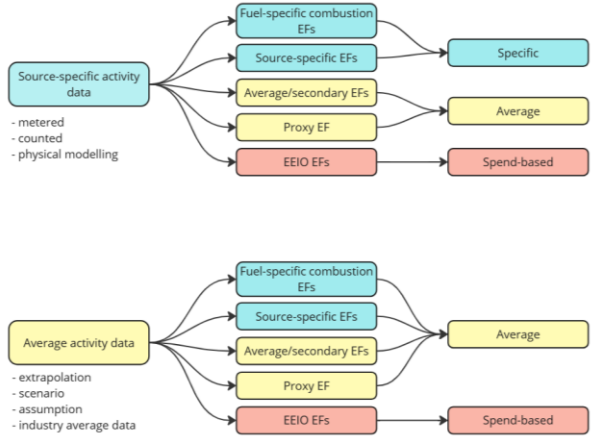
- Categorizing the calculation methods into more homogenous tiers
- Stipulating requirements for the calculation methods (limitations?)
- Potentially adding the dimension of verification
- Potentially adding the dimension of uncertainty

Last meeting

1. Considered the idea of calculation methods in specificity perspective

Category	Calculation methods					
	Tier 1: Specific			Tier 2: Average		Tier 3: Spend-based
Category 1	Supplier-specific			Hybrid	Average-data	Spend-based
Category 2	Supplier-specific			Hybrid	Average-data	Spend-based
Category 3	Supplier-specific			Average-data	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		

2. Examined specific vs hybrid methods, and considered specificity



3. Looked at application of the specificity-based approach for category 11

Conclusions of meeting#5

- More examples of data combinations needed
- Potential change of “spend-based” to “EEIO”
- Application of the approach to category 11 directly is viewed to be not supportive for users
- Need to stress-test the proposal-in the other categories
- Need for more comprehensive guidance on a decision-making rules to ground the discussion

Feedback received on meeting #5

Feedback submitted through the feedback form

- Support for the considerations in the meeting, indicating progress
- Urge to focus discussions on the issues under the purview of the GHG Protocol
- Call for terminology alignment and stricter definitions
- Call for normalizing less specific data for some cases (e.g. downstream, forward-looking, etc.)
- Suggestions for further discussion

Secretariat's response

- This feedback will be considered in the further development of the recommendations
- Please do voice your suggestions during the meeting as much as possible, to share ideas with other members

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Decision-making Guidance

Decision-making criteria	Corresponding needs identified by the TWG
1A. Scientific integrity	Promote quality
1B. GHG accounting and reporting principles	Promote accuracy
2A. Support decision making that drives ambitious global climate action	Promote decarbonization
2B. Support programs based on GHG Protocol & uses of GHG data	Easy to understand
3. Feasibility to implement	Easy to implement

Additional characteristics identified by the TWG
Future Proof
Encourage improvement over time
Promote value chain partner engagement
Applicable to all 15 categories
Minimize/remove subjective choices by the preparer
Applicable to scope 1 & 2 (optional)

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Industry-specific CDP reported emissions 2021, by category

	Agricultural commodities	Capital goods	Cement sector	Chemicals	Coal	Construction	Electric utilities	Financial	Food & tobacco	Metals & mining	Oil & gas	Paper & forestry	Real estate	Steel	Transport OEMS	Transport services
scope 1	7%	0%	79%	17%	33%	6%	50%	0%	7%	6%	10%	31%	2%	67%	1%	64%
scope 2	1%	1%	4%	7%	2%	1%	1%	0%	5%	2%	1%	10%	5%	6%	1%	3%
Category 1	63%	6%	6%	44%	0%	30%	2%	0%	67%	32%	4%	21%	10%	8%	11%	6%
Category 2	2%	0%	0%	0%	0%	1%	0%	0%	2%	2%	1%	1%	49%	0%	0%	3%
Category 3	0%	0%	3%	2%	0%	0%	19%	0%	1%	3%	0%	5%	3%	3%	0%	8%
Category 4	3%	0%	3%	3%	0%	7%	2%	0%	3%	3%	0%	5%	0%	1%	0%	10%
Category 5	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%
Category 6	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Category 7	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Category 8	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Category 9	1%	0%	3%	0%	0%	0%	0%	0%	4%	0%	0%	3%	0%	1%	0%	0%
Category 10	8%	0%	0%	3%	0%	0%	0%	0%	3%	40%	1%	9%	0%	2%	0%	0%
Category 11	7%	90%	0%	14%	64%	49%	20%	0%	4%	8%	81%	3%	1%	8%	84%	3%
Category 12	4%	2%	0%	6%	0%	1%	0%	0%	2%	0%	0%	11%	0%	0%	0%	0%
Category 13	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	25%	0%	0%	0%
Category 14	2%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	2%	0%	0%	0%
Category 15	0%	0%	0%	1%	0%	1%	4%	100%	1%	3%	0%	0%	0%	2%	0%	0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Framed cells show categories per sector reported being relevant but not calculated by more than 25% of the respondents

- *CDP Technical Note: Relevance of Scope 3, Categories by Sector, 2024

Options

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Options summary

Option 1. Classify results based on existing **calculation methods normalized** across categories

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

Option 3. Classify results based on calculation methods **AND** data inputs

Option 4. Option 3 with **differentiated** classifications for downstream vs. upstream

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Option 1. Existing calculation methods classification

Go through appendix D and classify each of the methods as specific, average or spend-based

Category	Calculation methods					
	Specific		Average		Spend-based (EEIO)	
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	Fuels/Feed- stocks	Contained/forming	Fuel-electricity-based			
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			

Option 1 considerations

The calculation methods per categories do not really reflect specificity:

- Cat. 11
- Cat. 4 & 9
- Potentially Cat. 5

} These categories show to be relevant, based on CDP reporting

For example, the fuel-based method for category 4&9 might not specific, if the fuel and its amount are assumed based on a scenario

If we accept the specific method as is, supplier engagement is not incentivized pass the first tier:

For example, company A calculates their scope 1 with specific data, and scope 2 with average data. Company A passes this information to company B. Company B registers all received as supplier specific. There is no incentive for company B to encourage company A to get specific scope 2.

- Simple to implement
- Promotes tier 1 supplier engagement
- Minimizes subjective choices
- Somewhat encourages improvement overtime (excl. 4, 9, 11, 12)
- Somewhat promotes accuracy (excl. 4, 9, 11, 12)
- Promotes decarbonization in the value chain among the “reporting” actors

- Confusing in names of the tiers OR not applicable to some relevant categories
- Does not promote supplier engagement pass tier 1
- Does not promote decarbonization if tier 1 supplier does not have incentive to engage them (does not report themselves)
- Does not promote accuracy and improvements in categories 4, 5(?), 9, 11, 12

- Is it future-proof?
- Is it applicable to scope 1 and 2?

*Specific = specific to activities in the value chain

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Option 2: Category-specific tiers

Assign names "Tier 1", "Tier 2", "Tier 3" to the calculation methods in their respective "hierarchies"

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

Option 2 considerations

- Each of the categories have their distinct disaggregation
- The disaggregation classification becomes applicable to all categories.
- If we accept the specific method as is, supplier engagement is not incentivized pass the first tier
    - *For example, company A calculates their scope 1 on specific data, and scope 2 on average data. Company A passes this information to company B. Company B register all received as supplier specific. There is no incentive for company B to encourage company A to get specific scope 2.*

- Simple to implement
- Promotes tier 1 supplier engagement
- Applicable to all 15 categories
- Minimizes subjective choices
- Somewhat encourages improvement overtime (excl. 4, 9, 11, 12)
- Simple to implement
- Promotes tier 1 supplier engagement
- Minimizes subjective choices
- Somewhat encourages improvement overtime
- Somewhat promotes accuracy (excl. 4, 9, 11, 12)
- Promotes decarbonization in the value chain among the "reporting" actors

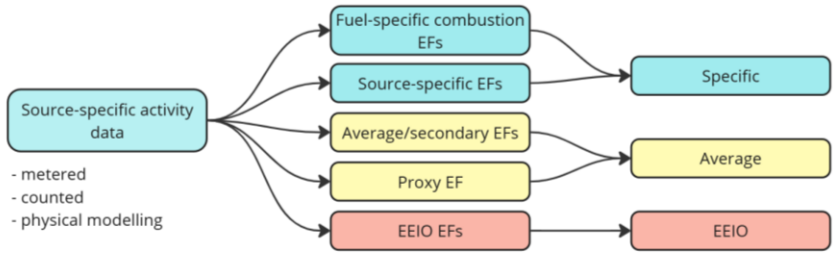
- There is no consistency in the tiers across categories, potentially confusing
- Does not promote supplier engagement past tier 1
- Does not promote decarbonization if tier 1 supplier does not have incentive to engage them (does not report themselves)
- Does not promote accuracy and improvements in categories 4, 5(?), 9, 11, 12

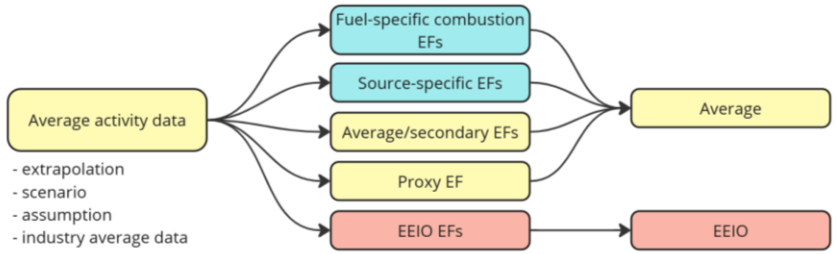
- Is it future-proof?
- Is it applicable to scope 1 and 2?

*Specific = specific to activities in the value chain

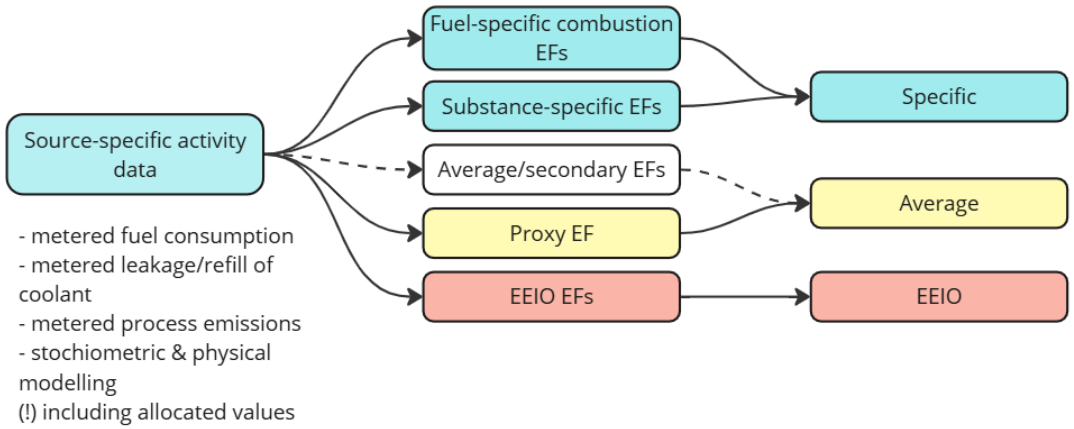
Option 3: Base output specificity on input specificity

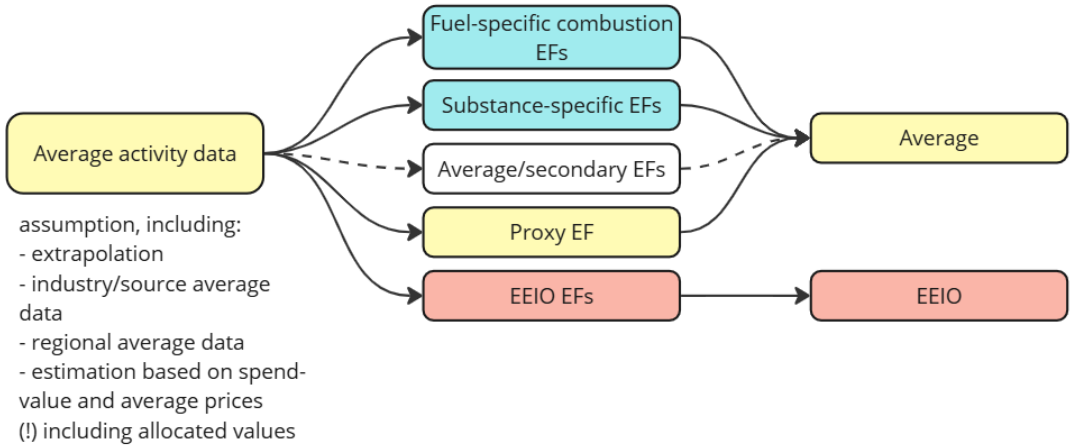
- Focus classification on data specificity rather than calculation methods per se.
- Defining specificity of output would be done through defining specificity of input, as considered in meeting#5





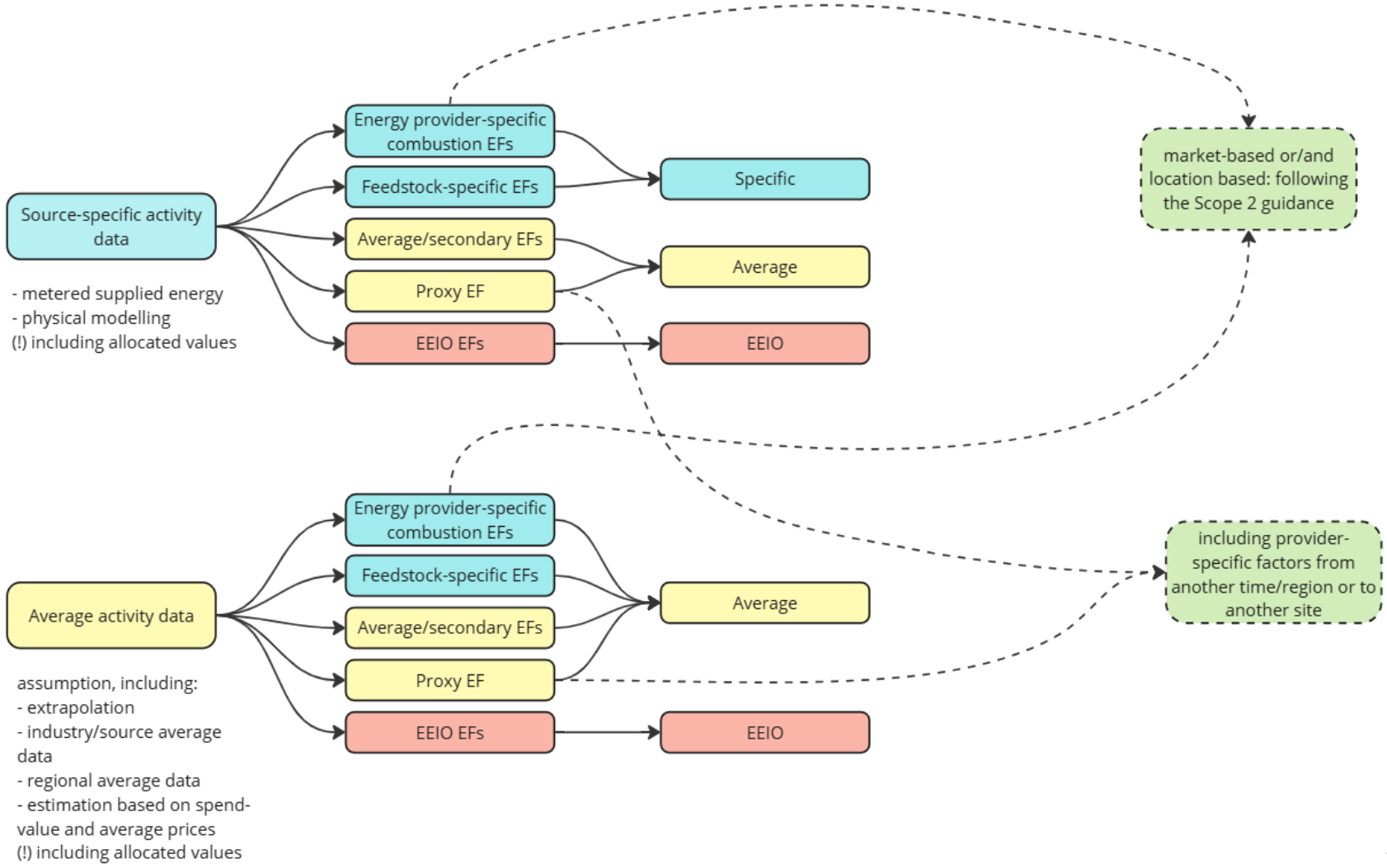
Specificity of output based on input: value chain partner's Scope 1





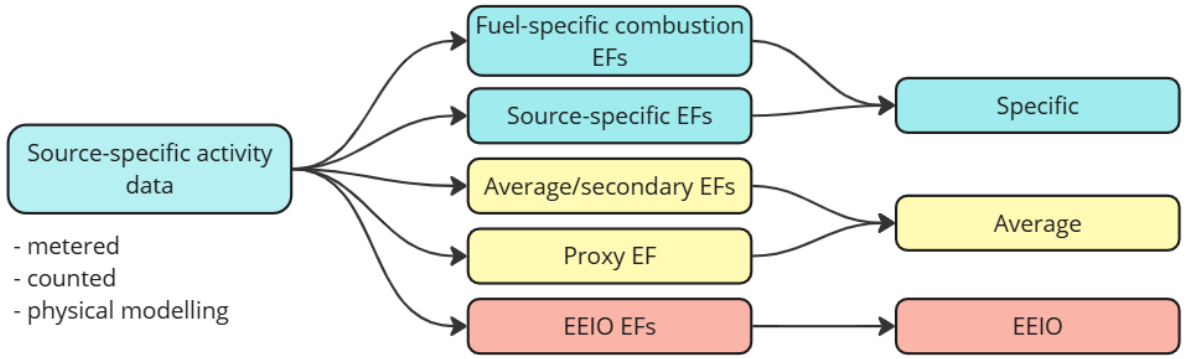
- This scheme presents a draft suggestion as an input for the TWG discussion

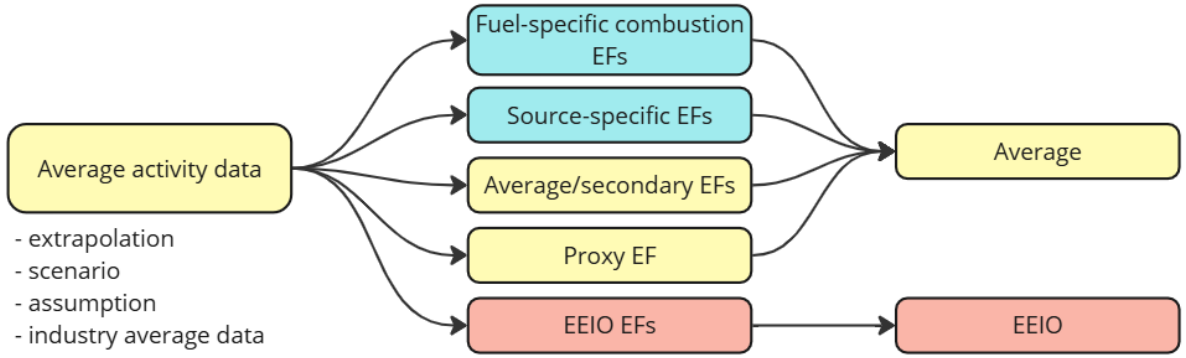
Specificity of output based on input: value chain partner's Scope 2



- This scheme presents a draft suggestion as an input for the TWG discussion

Specificity of output based on input: value chain partner's Scope 3





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Reconfiguring the table

Split of fuel-based

No hybrid

Category	Calculation methods						
	Specific			Average			Spend-based
Category 1	Supplier-specific			Average-data			Spend-based
Category 2	Supplier-specific			Average-data			Spend-based
Category 3	Supplier-specific			Average-data	Average-data		
Category 4: transport	Fuel-based specific			Distance-based Fuel-based average			Spend-based
Category 4: distribution	Site-specific			Average-data			
Category 5	Supplier-specific			Waste-type- specific	Average-data		
Category 6	Fuel-based specific			Distance-based Fuel-based average			
Category 7	Fuel-based specific			Distance-based Fuel-based average	Average-data		
Category 8	Asset-specific	Lessor-specific		Average-data			
Category 9: transport	Fuel-based			Distance-based Fuel-based average			Spend-based
Category 9: distribution	Site-specific			Average-data			
Category 10	Site-specific			Average-data			
Category 11: Direct use-phase emissions	Fuel-electricity-based: Consumer-specific	Fuels/Feed-stocks: specific	Contained/forming: specific	Fuel-electricity-based: average	Fuels/Feed-stocks: average	Contained/forming: average	
Category 11: Indirect use-phase emissions	Fuel-/electricity-based: consumer specific			Fuel-/electricity-based: consumer average			
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			

Split by specificity

Option 3 considerations

- There is consistency in the tiers across categories, tiers names are reflective of the disaggregation principle
- The familiar approach to calculation methods is changing
- It is possible to facilitate roll-up of specificity along the value chain promoting supplier engagement beyond tier 1
- For some downstream categories (9, 11, 12) specificity is challenging and the tiers differentiation might not promote improvements

- Promotes supplier engagement and decarbonization along the value chain (excl. 9, 11, 12)
- Applicable to all 15 categories
- Minimizes subjective choices
- Applicable to scope 1 and 2
- Easy to interpret
- Promotes accuracy
- Promotes improvements (excl. 9, 11, 12)

- Less familiar and potentially more complex for implementation
- Does not encourage improvements and decarbonization for cat. 9, 11, 12

- Is it future-proof?

*Specific = specific to activities in the value chain

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Potential rules under Option 3

Defining output specificity based on input specificity could be streamlined by introducing rules. E.g.:

[1] If a calculation uses EEIO, output data shall be classified as "spend-based" (Tier 3)

[2] If a calculation uses an activity data input (e.g., unit count product, unit weight fuel, unit weight material, etc.) calculated, estimated, or modeled from or based on spend data (e.g., expenses), and non-EEIO emission factor, the output shall be classified as "average" (Tier 2)

[3] Calculations of scope 1 data with the use of measured activity data and fuel-specific or substance-specific emissions factor, shall be classified as specific (Tier 1).

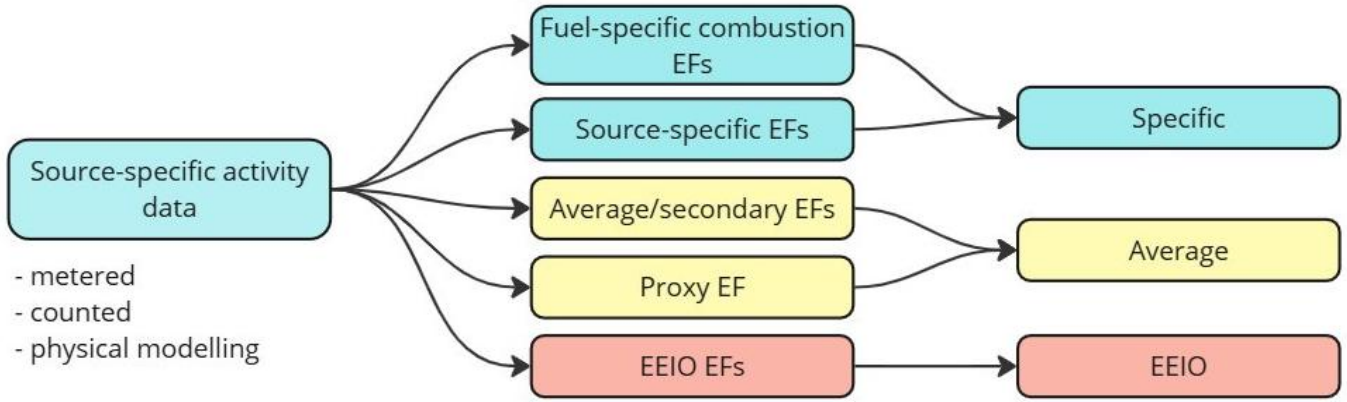
- Applies to Tier 1, Tier 2, and Tier 3+ value chain suppliers that can document specific scope 1 in data transfers

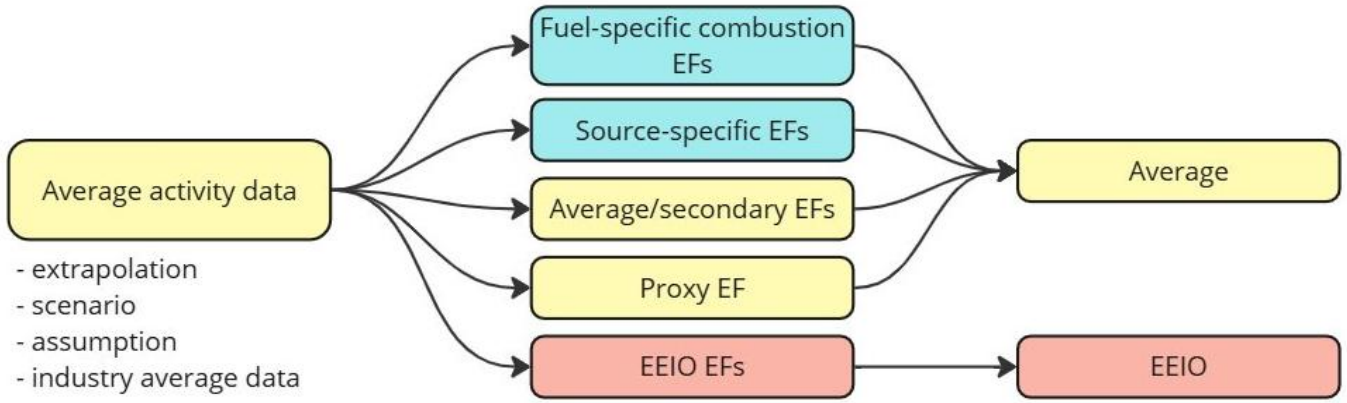
Etc.

Option 4: Base output specificity on input specificity, with a differentiated approach for downstream categories

- Focus classification on data specificity rather than calculation methods per se.
- Defining specificity of output would be done through defining specificity of input.
- Provide a distinct separate classification for downstream categories 9, 10(?), 11, 12

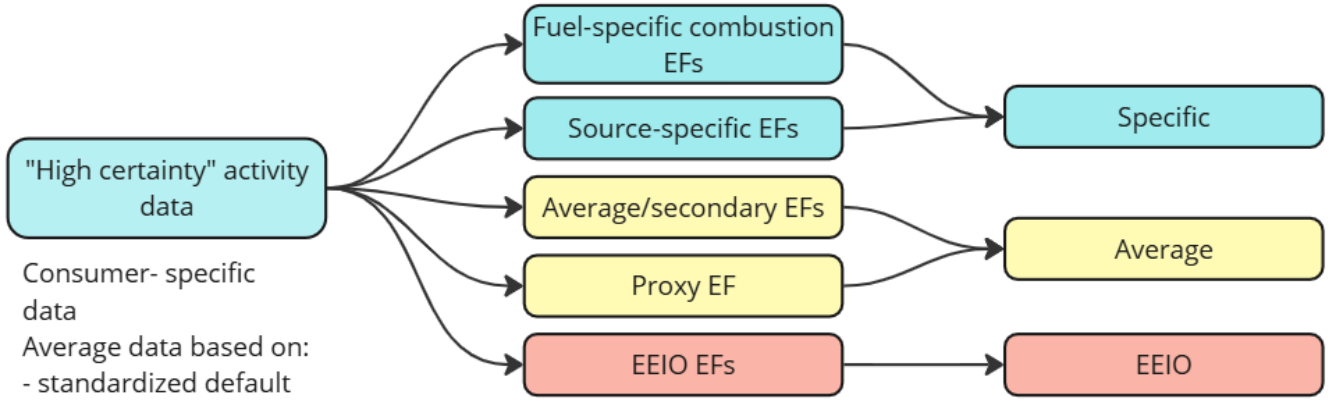
Categories 1-8, 13-15



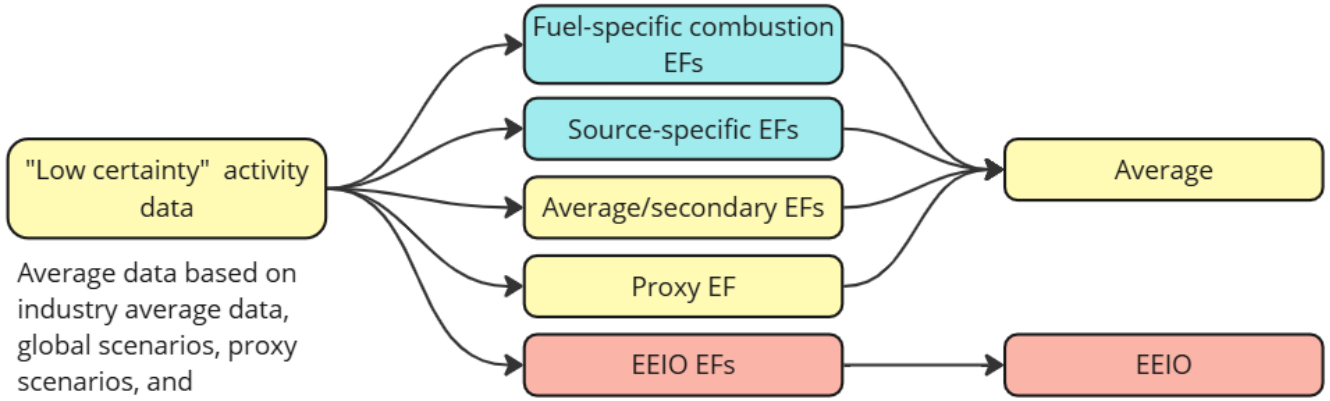


- This scheme presents a draft suggestion as an input for the TWG discussion

Categories 9-12



Consumer- specific data
Average data based on:
- standardized default scenarios
- market-region specific scenarios
- market-niche specific scenarios



Average data based on industry average data, global scenarios, proxy scenarios, and assumptions

- This scheme presents a draft suggestion as an input for the TWG discussion. Names and classifications are tentative

Option 4 considerations

- There is somewhat consistency in the tiers across categories
- It is possible to facilitate roll-up of specificity along the value chain promoting supplier engagement beyond tier 1
- The option gets more confusing in application and complex for implementation
- Difficult to define high vs low quality activity data for cat. 9-12

- Promotes supplier engagement and decarbonization along the value chain Applicable to all 15 categories
- Minimizes subjective choices
- Applicable to scope 1 and 2
- Promotes accuracy
- Promotes improvements

- Confusing and complex for implementation and potentially interpretation
- Potentially keeping subjective choices in decisions on high vs low quality data in downstream

- Is it future-proof?

*Specific = specific to activities in the value chain

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Discussing the options

Option 1

Existing calculation methods classification

Option 2

Category-specific tiers

Option 3

Base output specificity on input specificity

Option 4

Base output specificity on input specificity, with differentiated approach to downstream categories

1. Are there other options?
2. How do you think these options measure up against the decision-making criteria and considerations?
3. Which option do you prefer?

Which options should be taken further?

1. **Option 1.** Existing calculation methods classification
2. **Option 2.** Category-specific tiers
3. **Option 3.** Base output specificity on input specificity
4. **Option 4.** Base output specificity on input specificity, with differentiated approach to downstream categories
5. **Other**
6. **Abstain**

Potential improvements to reflecting data quality

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Why is the approach weak in representing quality?

- Potential errors in assessments / calculations
- Misalignment in calculation methodologies and system boundaries
- In cradle to gate: use of secondary data in the upstream LCA
- Use of proxy emission factors: e.g. for the similar product of the same manufacturer, or generic similar product.
- Use of assessments and scenarios in activity data

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What can we do about it?

- Adding a dimension of verification
- Adding a dimension of uncertainty assessment
- Setting limitations in the definition of the methods (e.g. no use of proxies in site-specific)
- Reconsidering / redefining specificity

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Potential for resolving the weaknesses

	Verification	Uncertainty assessment	Methods limitations	Redefinition of specificity
Potential errors in assessments / calculations	✓			
Misalignment in calculation methodologies and system boundaries	✓		✓	
In cradle to gate: use of secondary data in the upstream LCA		✓		✓
Use of proxy emission factors: e.g. for the similar product of the same manufacturer, or generic similar product.		✓	✓	✓
Use of assessments and scenarios in activity data		✓	✓	✓

Adding verification

- **Option 0**: not adding verification
- **Option 1**:
  - Tier 1 is only for verified specific data; unverified would go to tier 2
- **Option 2:**
  - Each tier has a "+" if it the data is verified

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Option 1: reserving tier 1 for verified specific data

In this option, data can be reported in Tier 1 only if it has been verified

Non-verified data shall be reported a tier lower. However in that case, original differentiation in tiers between 1 and 2 (tentative: “specific” and “average”) is sustained only if there are four tiers.

Classification	Option 1a	Option 1b	Option 1c
Verified specific data	Tier 1	Tier 1a	Tier 1
Non-verified specific data	Tier 2	Tier 1b	Tier 2
Average data	Tier 3	Tier 2	
Spend-based	Tier 4	Tier 3	Tiers 3

Option 2: Assign "+" to the data rating if it is verified

- In this option, data can be marked with "+" in the rating if it is verified.

Case 1: reporting company verifying its footprint calculations

Tier	Data
Specific +	1000
Average +	12000
Spend-based +	300

Case 2: reporting company uses value chain partners' data that was verified. Some of the data used remains unverified

Tier	Data
Specific +	100
Specific	900
Average +	100
Average	1200
Spend-based +	100
Spend-based	200

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Decision-Making Criteria

	Not adding verification	Reserve tier 1 for verified data only	Assign "+" to the data rating if it is verified
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

• Not aligned	• Neutral or mixed	• Aligned

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Adding uncertainty assessment

- **Option 0**: not adding uncertainty assessment
- **Option 1**: optional uncertainty assessment
- **Option 2**: required uncertainty assessment, with no consequences for reporting default
- **Option 3**: required uncertainty assessment for selective emissions:
  - **3a** top x% of emissions
  - **3b** largest emissions contributor
  - **3c** selective categories
- **Option 4**: required uncertainty assessment for selective companies:
  - **4a** By sector
  - **4b** By size
  - **4c** By objective of the inventory
- **Option 5**: required qualitative uncertainty assessment

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Decision-Making Criteria

	Not adding uncertainty assessment	Optional uncertainty assessment	Required uncertainty assessment with no consequences for reporting default	Required uncertainty assessment for selective emissions	Required uncertainty assessment for selective companies	Required qualitative uncertainty assessment
1A. Scientific integrity	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons
1B. GHG accounting and reporting principles	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons
2A. Support decision making that drives ambitious global climate action	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons
2B. Support programs based on GHG Protocol and uses of GHG data	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons
3. Feasibility to implement	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons	• Pros • Cons

• Not aligned	• Neutral or mixed	• Aligned

Next steps

Poll

Does the new proposal in the discussed configuration satisfy the decision-making-criteria?

- Yes
- Partially
- No
- Abstain

Are we moving the right direction?

- Yes
- No
- Abstain

Next steps

- GHG Protocol Secretariat:
  - Distribute the recording and feedback form (by Feb 21)
  - Prepare and distribute minutes of the meeting (by Feb 27)

Next meeting on March 13th 7AM PT/ 10AM ET / 3PM CET / 10PM CHN/ 1AM AEDT(+1)

Continue development of the proposal. Discussion on improving reflection of data accuracy

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Thank you!

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Back-up

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Current reporting requirements

1. **Required information**
   a. A list of scope 3 categories and activities included in the inventory
   b. A list of scope 3 categories or activities excluded from the inventory with justification(s) for their exclusion
   c. For each scope 3 category, a description of the types and sources of data, including activity data, emission factors and GWP values, used to calculate emissions, and a description of the data quality of reported emissions data
   d. For each scope 3 category, a description of the methodologies, allocation methods, and assumptions used to calculate scope 3 emissions
   e. For each scope 3 category, the percentage of emissions calculated using data obtained from suppliers or other value chain partners
2. **Optional information**
   a. Relevant disaggregation of the emissions data
   b. Emissions from scope 3 activities not included in the list of scope 3 categories, reported separately
   c. Qualitative information about emission sources not quantified
   d. Quantitative assessments of data quality
   e. Information on inventory uncertainty (e.g., information on the causes and magnitude of uncertainties in emission estimates) and an outline of policies in place to improve inventory quality

Terminology

Terms “primary” and “secondary” data seem to have diverse definition in various sources.

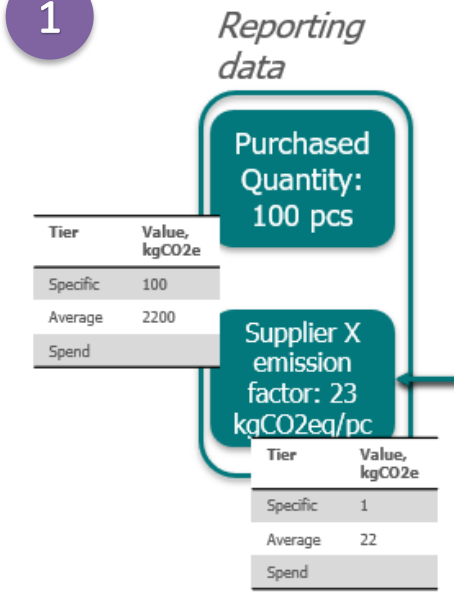
Scope 3 Standard, p. 140:
Primary data: data from specific activities within a company’s value chain.
Secondary data: Data that is not from specific activities within a company’s value chain
Table [7.4] provides examples of primary and secondary data.
Supplier-specific data is said to be an example of primary data (Table 7.5)

ISO 14064-1: 2018, 3.2.2. and ***ISO 14083***
Primary data: quantified value of a process or an activity obtained from a direct measurement or a calculation based on direct measurements.
Secondary data: data obtained from sources other than primary data
Site-specific data: primary data obtained within the organizational boundary

Engaging suppliers along the value chain (1)

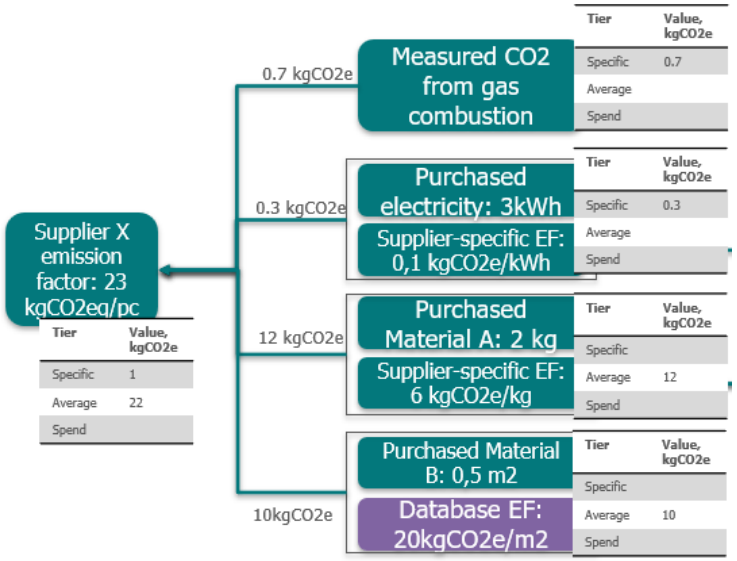
Company Z purchases 100 pcs of products from their supplier, company X. Company X provides them with an emission factor. In order to report by tiers, company Z requires company X to provide the emission factor in the breakdown by tiers of specificity as well

1



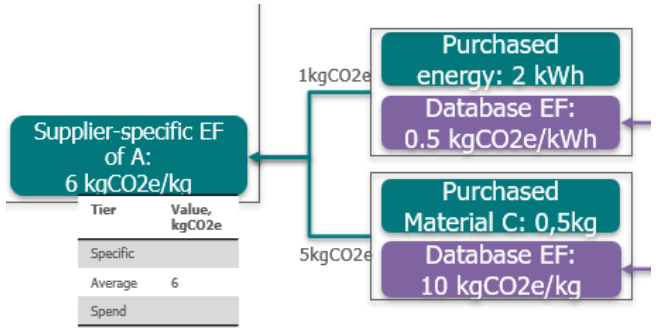
2

Company X analyses their emission factor and sees that supplier of their material A provides only an average. X engages with A for action



3

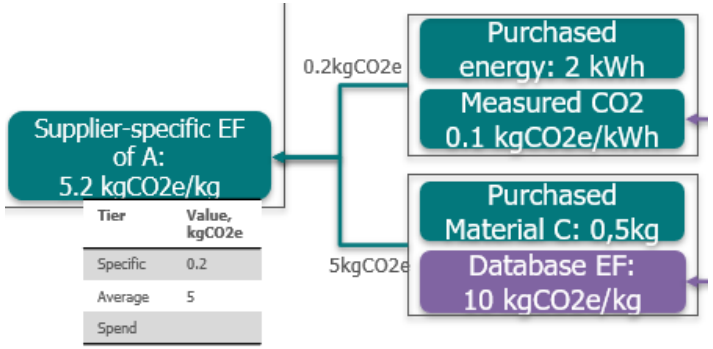
Supplier of A analyses their emission, seeing average EF for energy



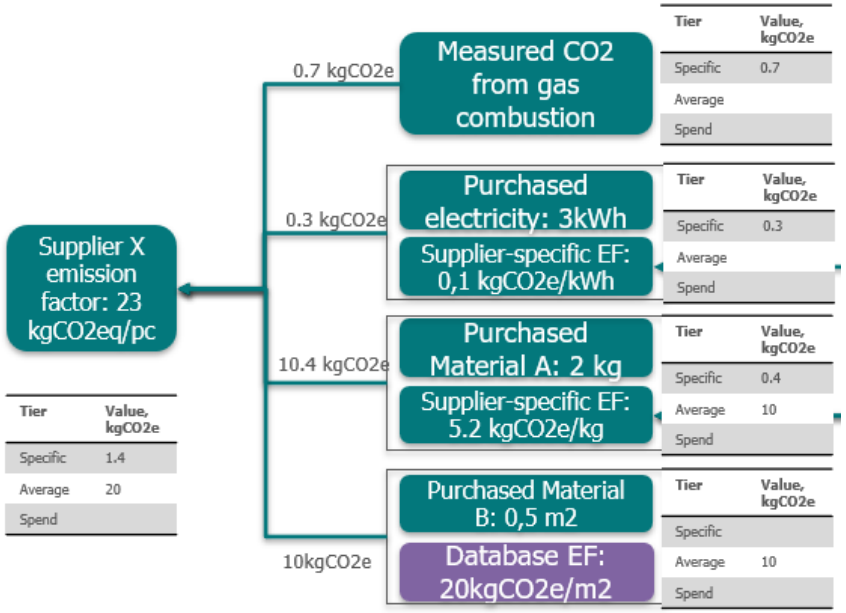
Engaging suppliers along the value chain (2)

Company Z purchases 100 pcs of products from their supplier, company X. Company X provides them with an emission factor. In order to report by tiers, company Z requires company X to provide the emission factor in the breakdown by tiers of specificity as well

4 Supplier of A requests and receives specific emissions from their energy provider



5 Company X incorporates the new measure into their EF, and passes it to the company Z



6 Company Z incorporates the new measure into their reporting