GHG Protocol Updates: The New Scope 3 Standard

What to expect from the upcoming changes and how companies can prepare

The GHG Protocol is undergoing major updates

The GHG Protocol is undergoing its most significant overhaul in over a decade, with revisions underway for several of the standards and guidance documents. These include the first major update to the Scope 3 Standard and Guidance since its publication in 2011.

Value-chain emissions often represent the majority of a company's carbon footprint, but due to their indirect nature, they are often the most difficult to measure and manage well. In addition, Scope 3 is becoming increasingly important from a strategic decision-making point of view.

With the new Standard expected to be published in 2027, it's crucial for organisations to start preparing now to ensure their emissions accounting remains aligned with best practice.

Proposed changes point to a move away from a "recommendatory" approach, and towards a set of strict requirements that ensure inventories provide a more faithful and transparent account of a company's Scope 3 emissions. The expected changes aim at enhancing:

Data integrity

Inventory completeness

Transparency

Connecting Sustainability & Finance

info@imsplc.com

www.imsplc.com

IMS Transition and Finance Ltd

Get in touch

(+44) 7510 653 362
(+33) 6 13 30 15 22

IMS Transition and Finance Ltd | Offices in UK and France
71-75 Shelton Street, Covent Garden, London, UK, WC2H 9JQ | Eco-parc de la Nièvre, la Tuilerie, Tamnay-en-Bazois 58110, France

Why this matters now?

For many organisations, Scope 3 emissions account for the largest proportion of their greenhouse gas emissions, often representing more than 70% of the total footprint.

The nature of Scope 3 emissions makes them inherently difficult to account for. The further removed the activity is from the organisation's direct control, the more calculations start relying on generalised data, assumptions, and estimates. This isn't necessarily the organisations' fault, but a generally accepted reality of Scope 3 accounting.

However, Scope 3 is rapidly becoming a core carbon and business management tool, with value-chain emissions sitting at the heart of:

- Net-zero strategies
- Science-based targets
- Transition plans
- Sustainability disclosures
- Supplier engagement programmes
- Procurement decisions
- Investor and stakeholder communications

As organisations increasingly rely on carbon data to support strategic and operational decisions, the quality of the underlying inventory becomes more and more important.

What is changing and why?

The GHG protocol Scope 3 Standard revisions reflect the need for improvement of Scope 3 inventories. It incorporates advancements in research and current best-practice when implementing the standard. The aim is to significantly improve data integrity and inventory completeness whilst maintaining feasibility.

While the updates are still under discussion and subject to change, three key themes are being discussed by the Technical Working Group, which give an indication of where the proposed changes are heading:

	Current state:	Proposed direction:
Data quality and allocation	• Broad flexibility • Data quality encouraged but not standardised • Corporate level allocation widely used	• Mandatory disclosure of the level of specificity of the data used and of verification status • Restriction to corporate allocation use
Boundaries and completeness	• Unspecified "completeness" requirements • Qualitative justification for exclusions accepted	• Clear 95% inclusion threshold • Quantification needed to justify exclusions • Category 16 for facilitated emissions
Investments (category 15)	• Only required for financial services companies • Inclusion of investee's scope 3 emissions recommended	• All companies to report investment-related emissions • Mandatory reporting of investee's required scope 3 emissions

When are the changes are expected?

The revised Scope 3 Standard is not expected to be finalised until 2027. However, many of the themes emerging from the GHG Protocol revision are already being reflected in stakeholder expectations, including through:

- IFRS S2 reporting
- CSRD and ESRS disclosures
- CDP questionnaires
- SBTi targets
- Investor scrutiny
- Customer requests
- External assurance activities

Building robust Scope 3 inventories can take time, particularly where supplier engagement, system improvements or governance changes are required. Organisations that act early are likely to be better positioned than those responding reactively once requirements become formalised.

How can you prepare now?

Practical actions companies can take now to prepare for the new Standard include:

Taking a proactive approach

01 Review Scope 3 boundaries

Assess whether all relevant categories have been considered and ensure exclusions remain appropriate and well-documented.

02 Understand data quality

Identify which categories rely on primary supplier data and which rely on secondary estimates or spend-based methodologies.

03 Hot-spot analysis

Carry out a hot-spot analysis to quantify all categories at a high-level to justify exclusions.

04 Improve governance

Establish clear ownership, review processes and controls around emissions reporting.

05 Develop improvement plans

Prioritise areas where better data, stronger methodologies or increased supplier engagement could improve inventory quality over time.

How IMS can support you

Good practice is not about achieving perfect data, but understanding the strengths and limitations of available information and continuously improving data quality to support strategy and decision-making. IMS can help you with:

- Carbon footprinting and Scope 3 assessments
- Methodology and boundary reviews
- Assurance readiness support alignment
- Supplier engagement and primary data strategies
- Reporting and transition planning alignment

IMS Transition and Finance Ltd | Offices in UK and France
71-75 Shelton Street, Covent Garden, London, UK, WC2H 9JQ | Eco-parc de la Nièvre, la Tuilerie, Tamnay-en-Bazois 58110, France