

Scope 3 Discussion Paper

Feedback Form Report
March, 2025

ABOUT THE SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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ABOUT THIS DOCUMENT

This document presents a summary of the feedback received through online feedback forms in response to the publication of the Scope 3 Discussion Paper: Aligning Value Chains to Global Climate Goals on 30 July 2024.

The discussion paper and feedback received form part of the research phase for the development of an updated scope 3 target-setting approach as part of the update to the Corporate Net-Zero Standard v 2.0.

Thank you to all stakeholders who submitted feedback.

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BACKGROUND INFORMATION

ABOUT THE SCOPE 3 DISCUSSION PAPER

- **Published** July 30th 2024 and collected responses using a **feedback form** from July 30th until October 4th
- **Informative** in nature (i.e. does not include requirements, guidelines or other normative elements)
- Introduces key concepts being explored to address barriers and enhance effectiveness namely the introduction of **outcome-based metrics**, a different approach to **target-setting boundaries**, and ways to address **influence**
- Presents **scenarios** for how certificates might potentially support different types of claims that may be consistent with achieving net-zero emissions at the global level
- Feedback can still be provided via the [Project Feedback Form](#) and the whole standard will be up for **consultation**, expected Q1 2025



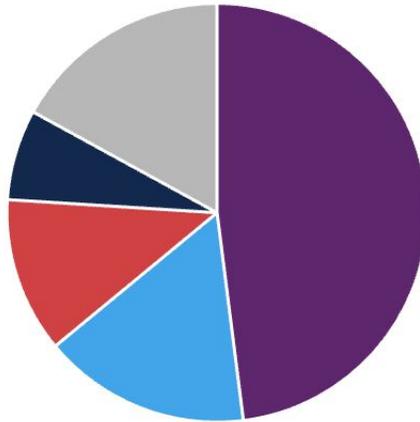
FEEDBACK FORM PARTICIPANTS

PARTICIPANTS

The SBTi ran two surveys from 30 July – 4 Oct which received 239 responses. The 29 questions covered alignment targets, data granularity, policies, boundaries, significance thresholds, influence and EACs.

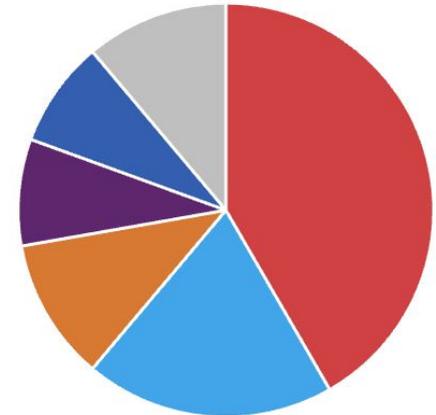
Public Survey

- 204 respondents
- Type of organization:
 - 48% **corporate**
 - 16% **consultancy**
 - 12% **civil society / NGO**
 - 7% **industry association**
 - 17% **other**
- Geographical location:
 - 57% Europe
 - 27% North America
 - 12% Asia-Pacific
 - 3% South America
 - 1% Africa



Technical Advisory Group (TAG) Survey

- 35 respondents
- Type of organization:
 - 43% **civil society / NGO**
 - 20% **consultancy**
 - 11% **financial institutions**
 - 8% **corporate**
 - 8% **academia**
 - 10% **other**
- Geographical location:
 - 57% Europe
 - 23% North America
 - 20% Asia-Pacific





FEEDBACK FORM INSIGHTS

FEEDBACK FORM INSIGHTS

Introduction of alignment targets (data on slide 17)

- Support for introducing alignment targets, but not as a replacement for emissions reduction targets
- More support for alignment targets as optional ('alternative' or 'supplement') versus mandatory, though public respondents show greater support for requiring both alignment and emissions targets
- Free text comments suggest support for flexibility for companies to choose "best fit" method, with some suggesting making alignment mandatory for certain sectors

Granularity of scope 3 emissions accounting (data on slide 17)

- Most support for requiring more granularity across high-magnitude scope 3 categories, though over a quarter of public respondents are in favor of requiring category-level breakdown only
- 'Other' comments from Technical Advisory Group members include: i) need to couple increased granularity with better data quality; and ii) clarification that granularity should be provided for both high-climate impact commodities and high-magnitude categories

Level at which alignment should be assessed (data on slide 18)

- Mixed feedback across groups, with public respondents indicating greater preference for reporting share of alignment both at overall revenue or procurement level with sub-targets at the activity level
- Slightly more support overall for assessing alignment at both the entity level and emissions source level, closely followed by at the emissions source level only, for direct business relationships (i.e. tier 1 suppliers)
- For indirect business relationships (i.e. beyond tier 1 suppliers), assessments were favored to a greater degree only at the emissions source level

FEEDBACK FORM INSIGHTS

Revisiting the 40% threshold for setting 3 targets (data on slide 20)

- More support for either lowering the threshold (e.g. 5%) or removing it, as scope 3 emissions represent a significant proportion of emissions for most companies anyway and all companies can contribute to industry-wide change in some form
- Arguments in favor of removing the threshold include simplifying the target-setting process and reducing the chance of data manipulation to stay under the threshold; arguments against removing it include the suggestion that, as scope 1 and scope 2 are reduced, scope 3 will need to be prioritized eventually anyway as it meets the threshold and that the 40% threshold is still capturing most companies
- Feedback that adjustments might be needed for SMEs

Approaches for determining the target boundary (data on slide 20)

- Limited consensus on scope 3 target boundary approach, with relatively even spread across top three target boundary options presented
- Low support for option to base target boundary on two most relevant scope 3 categories alone. TAG “other” options suggested include requiring including material scope 3 categories within the minimum boundary (e.g. min. 80% boundary including top 3 – 5 scope 3 categories; minimum 67% boundary including top 2 scope 3 categories)

FEEDBACK FORM INSIGHTS

Determining magnitude thresholds for significance - TAG only (data on slide 21)

- Most support for basing magnitude threshold on emissions (not financial metric), particularly relative emissions (e.g. 5% scope 3)
- Support for considering an absolute threshold for magnitude as failsafe and guidance on high-impact categories/activities per sector

Integrating influence into the framework (data on slide 21)

- Limited consensus on how to integrate influence in public responses
- Feedback from TAG members included reiterating caution in using thresholds for influence to determine target boundary, due to subjectivity, changing nature over time and potential exclusion of climate-relevant emissions sources
- Feedback from TAG members included suggesting influence may be more useful to inform which interventions to use to achieve emissions reductions
- Other comments included consideration of size and geography in determining levels of influence

FEEDBACK FORM INSIGHTS

Additional considerations for the EAC scenarios presented (data on slides 22-23)

The questions on the EAC scenarios were framed openly in order to encourage a broad range of responses and perspectives to highlight priorities and considerations that may not have been anticipated, and were not intended as a basis for conclusive decision-making. We have also carried out [research specific to EACs, which can be found here](#).

While the open-ended nature of the feedback questions led to diverse and sometimes contrasting responses, this approach has helped us better understand the complexities and inform our thinking in a more holistic way. Key insights (set out below) have been identified for further exploration through the Expert Working Groups:

- **Prioritization of emissions reductions** with clear traceability within the value chain to enhance credibility and impact
- **Defining minimum traceability requirements** and chain of custody models to substantiate scope 3 reductions, including when EACs may be used
- **Determining interim measures for limited-traceability scenarios**, including conditions for using lower-traceability commodity certificates with appropriate safeguards and guardrails to prevent delaying other transformative actions needed to reduce emissions within the value chain
- **Clarifying potential applicability of in-value-chain carbon credits** as a means to demonstrate progress while GHG accounting rules are being developed
- **Addressing recognition and encouragement of BVCM efforts** as a positive contribution towards broader climate goals

FEEDBACK FORM INSIGHTS

Suggested risk mitigation approaches (data on slide 24)

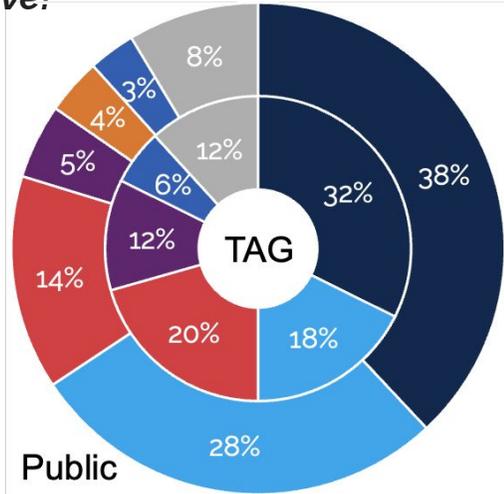
- **Emission Reductions within Operations & Supply Chains:** Companies should prioritize reducing their own emissions and improving existing supply chains rather than shifting burdens to lower-income countries or shifting spend to low-emission suppliers.
- **Carbon Credit Integrity:** Any potential use of in-value-chain carbon credits would require strict quality criteria and guardrails to ensure genuine emissions reductions.
- **Equitable Target-Setting:** Consider incorporation of national carbon budgets to ensure fairness and support local low-carbon production over sourcing from high-income countries.
- **Framework Simplicity & Flexibility:** Maintain clear, stable guidelines that balance necessary flexibility with rigor, considering mechanisms like EACs with quality criteria and guardrails while avoiding over-reliance.
- **Inclusive Transition:** Recognition of the needs of SMEs, diverse geographies, and suppliers to ensure a just transition to net zero.



FEEDBACK FORM DATA

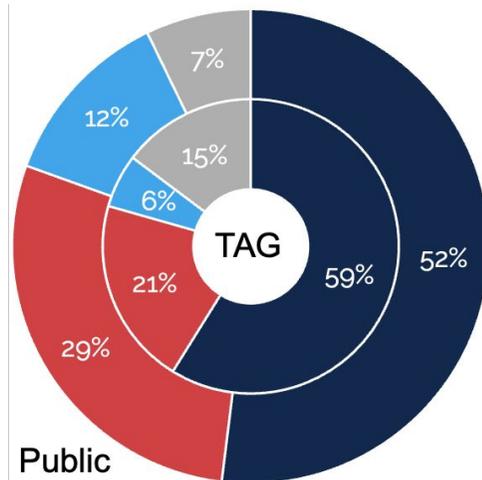
FEEDBACK FORM DATA

Question: *The paper introduces the concept of “alignment targets” that assess the alignment of a company's upstream and downstream activities with global climate goals. **Which approach to introducing alignment targets do you think would be most effective?***



- Alignment targets as an **optional supplement** to emissions reduction targets
- Both alignment and emission reduction targets are **required** for near and long-term targets
- Alignment targets as an **alternative option** to emissions reduction targets
- Alignment targets are **required** in the near-term (emission reduction targets optional), with both alignment and emission reduction targets required in the long-term
- Alignment targets **replace** emissions reduction targets
- Alignment targets are **not introduced**
- Other

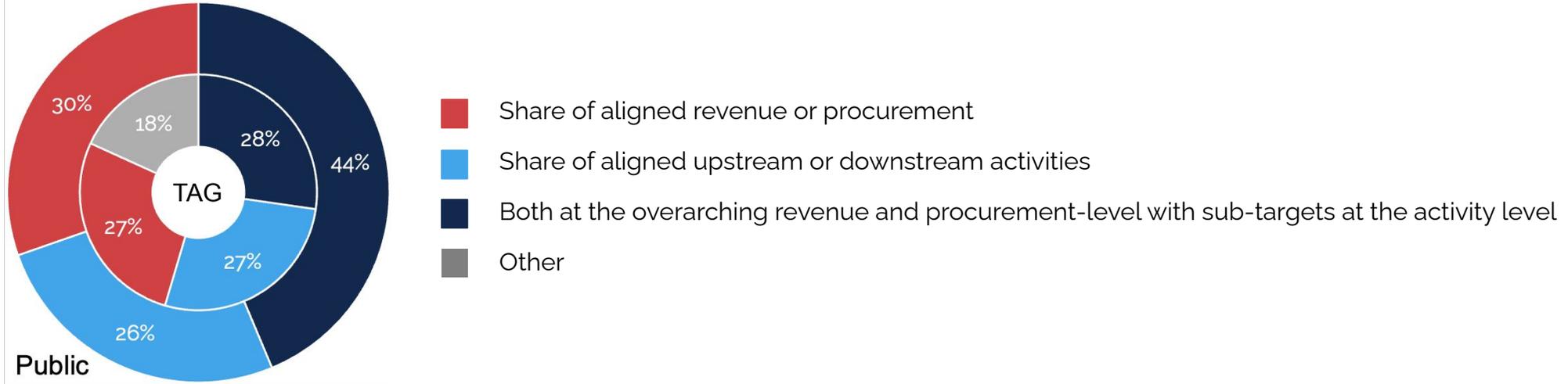
Question: ***At what level of granularity should the SBTi require companies to breakdown their scope 3 emissions to enable effective identification of relevant emissions sources for target setting?***



- Where categories are identified as high magnitude, break these down at the specific activity, commodity, product or service level
- At the specific activity, commodity, product or service level
- At the category-level only
- Other

FEEDBACK FORM DATA

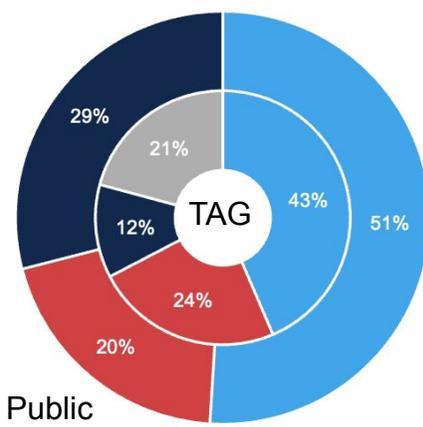
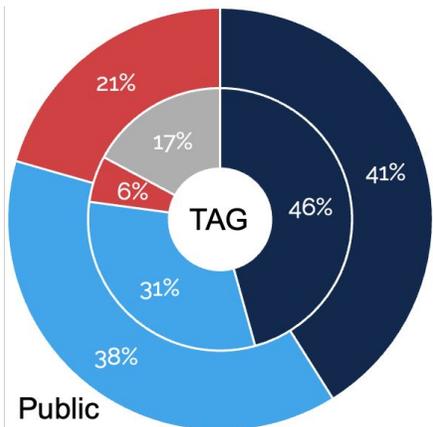
Question: **At what level of granularity should the SBTi assess the alignment of value chain activities with global climate goals?**



Question: **Which of the following options for assessing alignment do you think is most effective if a company identifies a value chain activity in a high-climate-impact sector (e.g. steel production) in its direct business relationships (e.g. tier one supplier) as well as beyond (e.g. beyond tier one supplier)?**

Relationships with T1 suppliers

Relationships with >T1 suppliers

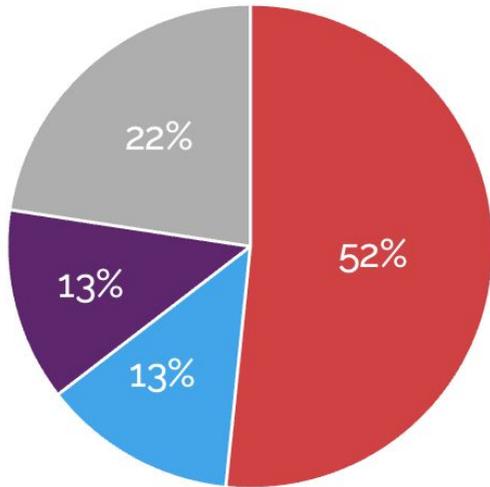


- At both the entity level and emissions source level
- At the emissions source level only (e.g. certification of that specific activity, e.g. steel production)
- At the entity level only (e.g. supplier performing that activity must have a science-based target)
- Other

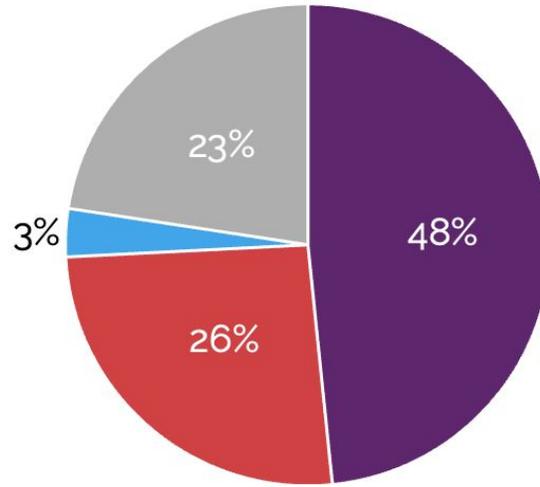
FEEDBACK FORM DATA

Question (TAG only): **Please select the approach to including policies in science-based targets that you most agree with in the questions below.**

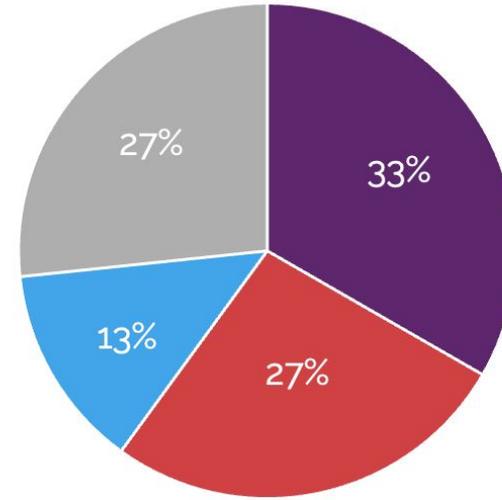
Sourcing policies



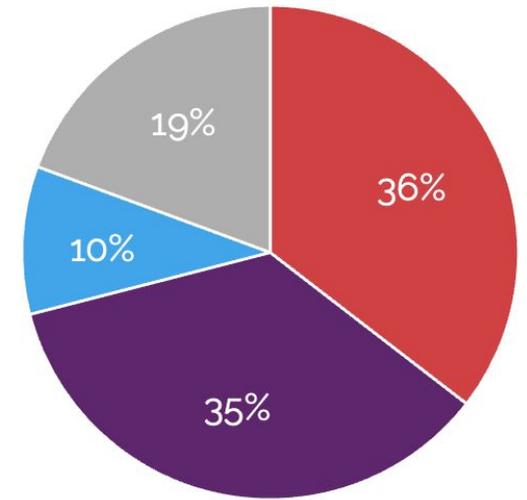
Business travel policies



Product and service policies



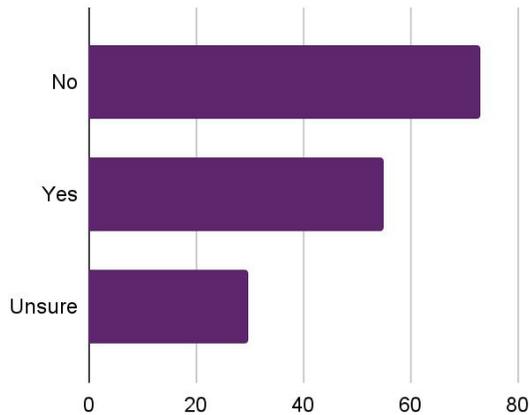
Logistics policies



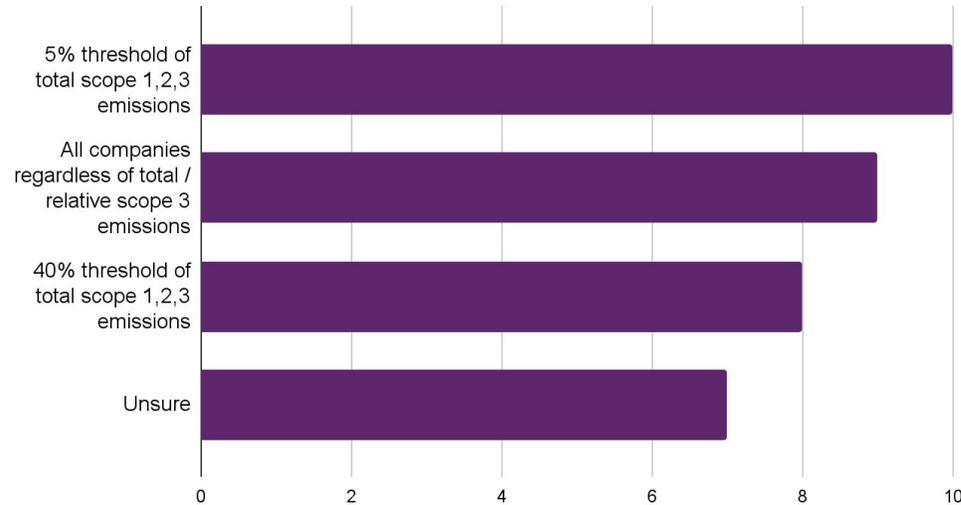
-  Mandatory for companies where procurement-related emissions meet a predefined significance threshold
-  Mandatory for all large companies
-  Mandatory for all companies
-  Optional for all companies

FEEDBACK FORM DATA

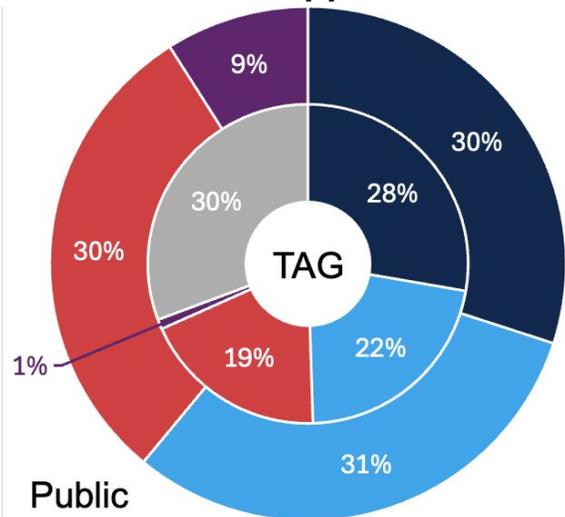
Question (public): **Should the SBTi continue requiring companies to set scope 3 targets only if their scope 3 emissions constitute 40% or more of total scope 1, 2 and 3 emissions?**



Question (TAG): **Which approach regarding the threshold for companies to set scope 3 targets do you most agree with?**



Question: **Which approach to determining the target boundary for near-term targets do you agree with most?**

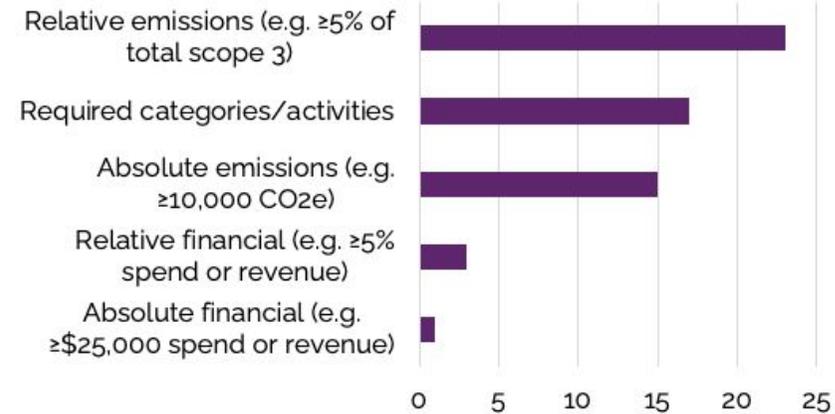


- Align near-term boundary with net-zero target boundary requirements (90%), incl. climate-relevant emissions sources.
- Retire percentage target boundary concept. Focus on climate-relevant emissions sources and require transparent justification for why other emissions sources are not addressed.
- Use a 67% near-term target boundary and 90% long-term target boundary as a minimum threshold, incl. climate-relevant emissions sources.
- Set the target boundary based on the two most relevant scope 3 categories
- Other

FEEDBACK FORM DATA

Question: **Which of the following approaches* to determining significance thresholds for emissions sources based on magnitude do you feel are appropriate?** (TAG only)

*select multiple



Question: **Can you provide any proposals for how the SBTi might integrate influence into the framework?**

Potential options for considering influence suggested by survey respondents

Target aspect	Target boundary		Target achievement	
Potential role of influence	Boundary segmented by company size and geography	Incentivize engagement with tier one suppliers	Companies determine actions based on available levers	SBTi guidance on "what counts" towards claims
Example quotes	"SBTi might consider integrating influence into the framework by providing some variance in approaches based on size of company and/or geographic location"	"Take the 'tier' of supplier into account (i.e. companies having the highest influence over their direct, or 'Tier 1', suppliers)"	"What companies should do in the first instance is consider all the interventions available to it to realise a mitigation opportunity"	"Varying degrees of influence should rather be acknowledged when assessing appropriate interventions and what can count toward target achievement"

FEEDBACK FORM DATA

Question: ***What additional considerations should the SBTi consider in the EAC scenarios presented in the scope 3 discussion paper?***

Analysis of comments and emerging themes (TAG and public)

Scenario	Responses	Most common themes raised by participants for further consideration
[1] Use of commodity certificates from value chain activities	171 answers in total <ul style="list-style-type: none"> • 142 from the public • 29 from TAG 	<ul style="list-style-type: none"> • Concerns about the credibility of emissions reductions claims through use of certifications • Suggestion for SBTi to define a list of valid certifications • Emphasis on the importance of traceability, tracking and transparency • Need to safeguard against the risk of double counting through use of certificates
[2] Use of commodity certificates from sources with lower or no value chain traceability	169 answers in total <ul style="list-style-type: none"> • 139 from the public • 30 from TAG 	<ul style="list-style-type: none"> • Emphasis on importance of traceability to verify legitimacy of reduction claims • Need to safeguard against the risk of double counting through use of certificates • Consideration of book and claim systems to be allowed under this scenario • Consideration of this scenario as interim measure where scenario 1 is not possible
[3] Use of carbon credits from mitigation activities within the value chain to substantiate value chain emission reduction claims	185 answers in total <ul style="list-style-type: none"> • 154 from the public • 31 from TAG 	<ul style="list-style-type: none"> • Support for carbon credits within the value chain counting toward emission reductions • Concerns that this scenario may risk diverting action away from emission reductions • Support for carbon credits within the value chain as a tool to incentivize and catalyze needed investments for the transition • Need to safeguard against the risk of double counting through use of carbon credits

FEEDBACK FORM DATA

Question: ***What additional considerations should the SBTi consider in the EAC scenarios presented in the scope 3 discussion paper?***

Analysis of comments and emerging themes (TAG and public)

Scenario	Responses	Most commonly raised themes for further consideration
[4] Use of carbon credits to support neutralization of residual emissions	179 answers in total <ul style="list-style-type: none"> • 149 from the public • 30 from TAG 	<ul style="list-style-type: none"> • Need for quality controls on the use of carbon removal credits • Support for this scenario as a practical approach when direct emissions reduction is not possible • Need for clear definition of neutralization • Support for removals earlier than 2050
[5] Use of carbon credits to support beyond value chain mitigation	169 answers in total <ul style="list-style-type: none"> • 145 from the public • 24 from TAG 	<ul style="list-style-type: none"> • Importance of providing motivation, encouragement and rewards to stimulate BVCM efforts • Support for BVCM as a positive way to contribute towards broader climate goals • Support for BVCM as a tool to fill the gap in current climate strategies • General concerns regarding lack of regulation, risk of double counting, lack of transparency, additionality, accounting and verification of BCVM claims

FEEDBACK FORM DATA

Question: *What other potential risks do you see in addition to those described in Annex VI? How could these be mitigated?*

Public responses: summary of key risks for further consideration

- **Complexity:** Overly ambitious targets and unclear guidance can lead to inaction, preventing companies from setting science-based targets or meeting their commitments. This challenge may be particularly significant for SMEs and those in the Global South. A clear, simple, and stable framework is needed, ensuring alignment with SBTi resources, other frameworks, and regulatory requirements.
- **Flexibility versus. Rigidity:** A framework that is too rigid might end up excluding mechanisms such as EACs, limiting companies' options for decarbonization. However, excessive flexibility—such as allowing carbon credits without strict guidelines—could also pose risks by discouraging emissions reductions within value chains.
- **Ensuring a Just Transition:** The framework must account for the needs of SMEs and companies across different geographies, ensuring an equitable transition to net zero.

TAG: summary of key risks for further consideration

- **Emission Reduction Responsibility:** Companies might shift emissions reduction burdens to lower-income countries instead of addressing their own.
- **Supply Chain Shifts:** Instead of improving existing supply chains, companies may end up redirecting spend to lower-emission suppliers. Requirements should prioritise engagement and decarbonization of current supply chains.
- **Fair Carbon Budgets:** Consideration of national budgets in target-setting for equitability.
- **Avoiding Bias Toward High-Income Countries:** Companies should be incentivized to support local low-carbon production rather than sourcing only from wealthier nations.

THANK YOU

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