

The background features a city skyline at sunset, with the Freedom Tower as the central focus. A large white semi-circle is overlaid on the right side of the image, containing the main title text. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon, reflecting on the water in the foreground.

Beta Scope 3 Claim

Document History

This updated version of the beta Scope 3 Claim builds on the previous version released in November 2023. At that point, it was clearly stated that additional methodological development was needed for the finalization of the claim. Consequently, the Voluntary Carbon Markets Integrity Initiative (VCMI) commissioned research¹ to address specific aspects of the claim, such as core requirements and guardrails, which was subsequently discussed with VCMI's Expert Advisory Group. The beta Scope 3 Claim is being submitted for public consultation, ensuring transparency in its development and inviting all stakeholders to share their views and contribute to the finalization of the claim. As such, VCMI reaffirms its commitment to best practice and takes one step further in strengthening the overall approach to the claim's development.

The release of the beta Scope 3 Claim for consultation is part of the wider beta process, which has been designed with the intention of finalizing the claim at the beginning of 2025. In the interest of transparency, a report will be made public to disclose the comments and responses received through public consultation and how they will be addressed. The claim will be further updated, based on feedback received, and then road-tested with companies. The final version of the claim is intended to be published at the beginning of 2025 following final review, consideration and approval by VCMI's Steering Committee.

Version	Change/update description	Publication date
Beta	Beta version of the claim release	28 November 2023
Beta Scope 3 Claim – consultation version	Updated requirements, guardrails and parameters used for calculations	02 September 2024

¹ [Accenture, 2024. VCMI: Scope 3 Claim Assessment Final Report.](#)

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Executive Summary



Executive Summary

The Voluntary Carbon Markets Integrity Initiative's (VCMI) Scope 3 Claim² is designed to drive climate action on corporate pathways to net zero, recognizing that many companies that intend to cut their emissions and follow a science-aligned decarbonization pathway face significant and genuine barriers³ to cutting their scope 3 emissions. The Scope 3 Claim enables companies to continue to take action by buying and retiring high-quality carbon credits at the same time as investing in future decarbonization. By doing so, they will be able to get back on a target-compatible decarbonization pathway and progress to make Carbon Integrity Claims, exceeding expectations and in support of the achievement of global net zero.

Many companies are not setting emissions reduction targets because of the complexities and costs involved. More than 80% of the world's largest companies have still not set emissions reduction targets⁴ and many companies that have set a science-based⁵ target are falling behind on reduction of scope 3 emissions⁶. Despite a considerable number of companies reporting their scope 3 emissions, many still do not have emission reduction targets or action plans to address them⁷. Lack of progress on scope 3 emissions reduction remains a key challenge to the corporate decarbonization process.

The aim of this Scope 3 Claim is to enable companies to take meaningful action while they implement the measures necessary to overcome the barriers to reducing emissions. It recognizes efforts made by companies to decarbonize and requests them to disclose an action plan to overcome the barriers, and get back on an emissions trajectory consistent with their net zero commitment.

The Scope 3 Claim is designed to align with the rules governing voluntary corporate climate action currently being applied in the market. As with Carbon Integrity Claims, it requires companies making VCMI Claims to set a science-aligned target, follow widely accepted measurement and reporting protocols, and use high-quality carbon credits, all independently validated. Most target-setting bodies do not currently allow companies to use carbon credits to meet their emission reduction targets; the Scope 3 Claim enables companies to show leadership by investing in high-quality carbon credits in an amount at least equal to their excess emissions in the years between their targets.

The key challenge is to incentivize deeper and faster decarbonization. In other words, more action and no greenwashing. To ensure that a Scope 3 Claim is not used as an excuse to reduce the pace of decarbonization efforts, companies are required to meet a set of Foundational Criteria to demonstrate they have a robust climate strategy, and the scope 3 emissions gap cannot exceed 24% of their scope 3 trajectory emissions⁸.

The claim will be available to companies for a limited period to foster immediate action. Additional analysis⁹ completed since the release of the beta version in 2023 suggests that, by 2038, companies that are making efforts to reduce scope 3 emissions will be able to get back on a scope 3 emissions trajectory consistent with their net zero transition commitments.

- 2 Final name, logo and branding for the claim are yet to be defined and will be ready for the final launch of the claim, by the beginning of 2025. "Scope 3 Claim" is an interim name used during this public consultation and completion of the beta process.
- 3 Challenges include the decarbonization cost, engaging the supply chain, data limitations, organizational capacity, market timing, availability of renewable energy, lack of information around strategies to reduce scope 3 emissions, broader macro issues (e.g. Covid-19, regional conflict), inflexibility or lack of clarity on target setting and/or disclosure frameworks, lack of access to financing (e.g. lack of external incentives or funding) and governance limitations (e.g. lack of decision making structures) - TCB (2023). Corporate Engagement with Voluntary Carbon Market Claims: Findings and Recommendations.
- 4 Alliedoffsets, as cited in IETA (2024). Guidelines for high Integrity use of carbon credits - IETA VCM Guidelines.
- 5 VCMI adopts the term "science-aligned" as defined in the VCMI's Claims Code of Practice glossary, given that within the Foundational Criteria, as established in that same document, companies are required to set a near-term emission reduction target according to SBTi's requirements or criteria, or equivalent. The term "science-based" was used in commissioned research as it referred to targets that have been set following SBTi's guidance on target setting.
- 6 MSCI Carbon Markets (formerly Trove Research) (2023). Using Carbon Credits to Meet Corporate Climate Targets
- 7 CDP (2022). *Engaging the chain: Driving speed and scale. CDP Global Supply Chain Report 2021*.
- 8 Trajectory emissions are defined in this document as the emissions indicated by the company's trajectory consistent with its net zero commitment in the year the company is making a claim.
- 9 [Accenture, 2024. VCMI: Scope 3 Claim Assessment Final Report.](#)

Additional research is being commissioned to further investigate the scope 3 emission reduction barriers faced by companies. This will provide more information on the specific timeframe that will be needed for companies to overcome them. Once companies start making Scope 3 Claims, they will be requested to publicly disclose the measures that will be put in place to overcome the barriers they are facing. They will also need to provide an estimated timeframe for overcoming the barriers and phasing out the use of carbon credits; this must be no later than 2038. All research findings will be considered and may be incorporated into a future iteration of the Scope 3 Claim.

When the initial beta version of the Scope 3 Claim was published in November 2023, VCMI emphasized the need for additional analysis to determine the progress made by companies in achieving near-term emission reduction targets. Key aspects of the claim included defining the gap between companies' current scope 3 emissions and the emissions indicated by their trajectory for the same year, as well as further refining the proposed requirements and guardrails. Since November 2023, VCMI has worked to refine this Scope 3 Claim, drawing on wide stakeholder input and close consultation with VCMI's Expert Advisory Group.

Significant progress has been made on further defining the scope 3 emissions gap calculation, requirements and guardrails. In accordance with best practice, VCMI is now consulting on these improvements to inform further development of the proposed claim. A public consultation¹⁰ will run from 02 September to 07 October 2024. Information on operationalizing the claim at the beginning of 2025 is given at the end of this document.



10 VCMI's Scope 3 Claim public consultation will run in accordance with best practices outlined by the International Social and Environmental and Labelling Alliance (ISEAL), as set out in: ISEAL (2023). ISEAL Code of Good Practice for Sustainability Systems. Available at https://www.isealalliance.org/sites/default/files/resource/2024-03/ISEAL-Code-of-Good-Practice-v1.0_ISEAL_final_public.pdf. Accessed in July 2024.

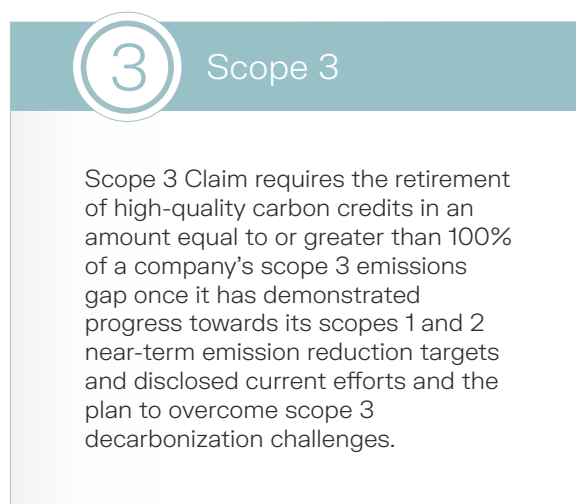
Introduction



Introduction

The Voluntary Carbon Markets Integrity Initiative (VCMI) is publicly consulting on the beta Scope 3 Claim. The claim is designed for companies that are making progress on reducing scope 1 and scope 2 emissions but facing difficulties in reducing their scope 3 emissions¹¹ and requires companies to take time-bound action through retiring high-quality carbon credits. The claim aims to incentivize companies to address the barriers to cutting emissions and make progress towards reaching their decarbonization goals, by publicly recognizing the progress they have made, and provide a credible path for the use of carbon credits.

Figure 1: Scope 3 Claim [unbranded]



The Scope 3 Claim is to be used as an additional tool for companies as they work towards decarbonizing further and faster in line with their science-aligned targets. Companies with science-aligned near-term emission reduction targets validated by a third party¹² can publicly show continuous effort is being made while transparently disclosing the barriers faced to reduce scope 3 emissions. To do so, they must transparently disclose how far they are from where they were supposed to be and, subject to specific VCMI requirements, recommendations¹³ and guardrails¹⁴, take action to demonstrate their commitment to addressing their environmental impact by retiring high-quality carbon credits.

The Scope 3 Claim is an evolution of the Bronze Claim¹⁵, which was first introduced in the VCMI [provisional Claims Code of Practice](#) released in 2022. Improvements to the provisional Claims Code were based on a combination of analyses of the feedback from the corporate [road-test](#), comprehensive public consultation that followed its publication, consultations with external experts, review of other available standards and approaches, and discussions with stakeholders. This led to significant improvements to both the form and substance of the Claims Code, which were included in the June 2023 release of an operable Claims Code. Between June and November 2023, VCMI developed additional guidance, improvements and procedures for a number of elements involved in making voluntary carbon market-related claims, including the beta version of the Scope 3 Claim.

- 11 Scope 3 emissions are the emissions a company is indirectly responsible for in relation to its full value chain, rather than the emissions produced by its direct operations.
- 12 Companies with targets following science aligned target setting frameworks, but which have not had these targets validated, must follow the protocol of its respective target setting framework timeline.
- 13 Requirements refer to actions that must be implemented by companies as a necessary condition to move forward in the process of making a claim. Recommendations and supporting guidance provide companies with suggestions and additional sources of information to highlight best practice measures that companies should implement or work towards, as presented in VCMI's Claims Code of Practice (VCMI, 2023).
- 14 Guardrails are set as conditions that need to be met to ensure the claim will be used adequately by companies.
- 15 The Bronze Claim was the initial design of a VCMI Claim for companies that were reducing scope 3 emissions within their value chains and combining this with the purchase and retirement of carbon credits for a limited time.

Feedback received through the public consultation and road test clearly indicated that VCMI guidance had to be both ambitious and accessible. Maintaining a clear priority for internal decarbonization was stated as important for ambition, while scope 3 emission reductions was highlighted as one of the important challenges to be addressed.

The findings of VCMI-commissioned research indicate that the use of high-quality carbon credits for companies that have established a science-based target and are making progress on reducing scope 1 and scope 2 emissions, but not progressing as fast as needed on scope 3 emissions, can play a significant role in climate finance and global mitigation¹⁶.

The Scope 3 Claim has been designed to:

- **Stimulate more climate action.** High-integrity voluntary carbon markets can contribute to driving more climate finance to where it is most needed, ensuring that currently available opportunities to reduce and remove greenhouse gas (GHG) emissions are not lost.
- **Help companies make more progress towards scope 3 emission reduction targets.** By making this claim, companies are showing leadership and taking action through investing in high-quality carbon credits when scope 3 emission reduction is falling short because of barriers to further short-term decarbonization. As such, companies will be effectively creating an internal price for carbon and paying for emissions that occurred above the scope 3 emissions indicated by the trajectory in the claim year.

The beta version of the Scope 3 Claim launched in November 2023 has already been the subject of an extensive consultation process involving stakeholders from business, government, NGOs and civil society, as well as nearly 100 participants across VCMI's Expert Advisory Group, Stakeholder Forum and Early Adopters engaged in Carbon Integrity discussions¹⁷. The document was launched in beta version, as technical challenges emerged during its methodological development that could not be resolved by VCMI alone. With this approach, VCMI has invited standard setters and other stakeholders involved in voluntary carbon markets to collectively address outstanding issues, allowing for sufficient time to consult with companies on trialling and application.



¹⁶ MSCI Carbon Markets (formerly Trove Research) (2023). Using Carbon Credits to Meet Corporate Climate Targets; The Climate Board (2023). Corporate Engagement with Voluntary Carbon Market Claims; Ecosystem Marketplace (2023). Paying for Quality: State of the Voluntary Carbon Markets.

¹⁷ See [Background Document](#), section B for feedback.

Objectives and purpose of the Scope 3 Claim

The Scope 3 Claim has been designed for companies that are making progress on scope 1 and scope 2 emissions but falling behind on scope 3 emissions because of emission reduction barriers they face. The aim of this Scope 3 Claim is to enable companies to take meaningful action while they implement the necessary measures to overcome the barriers that keep them from making progress on emission reduction. It recognizes companies for the efforts made so far and encourages them to take on additional action, by purchasing and retiring high-quality carbon credits.

By acknowledging scope 3 emissions are not where they need to be and that, consequently, there is an emissions gap, companies are required to take action by investing in high-quality carbon credits in an amount at least equal to their excess scope 3 emissions. This will be done by retiring high-quality carbon credits that cover at least the entirety of the gap, which cannot exceed 24% of a company's scope 3 trajectory emissions included in the target boundary. Companies can go above and beyond if they wish and deliver positive environmental impact.

This claim is time-bound. Analysis¹⁸ suggests that by 2038, companies that are making efforts to reduce scope 3 emissions and addressing existing barriers should be able to make progress towards near-term emission reduction targets through internal emission reductions only and thereby graduate to a Carbon Integrity Claim. Companies are requested to retire high-quality carbon credits as an additional measure and not to substitute for internal decarbonization. By retiring high-quality carbon credits, subject to requirements, recommendations and guardrails that prevent misuse of the claim, companies will also drive faster global decarbonization and provision of climate finance through voluntary carbon markets.

BOX 1: CONTEXT

- Many companies are not making progress at the speed and scale needed to meet their scope 3 emission reduction targets. MSCI Carbon Markets (formerly Trove Research, 2023) conducted an analysis based on 1,286 companies with SBTi 1.5°C targets which currently disclose available data to the public and of sufficient quality for assessment.¹⁹
- Of those companies that are making progress for scope 1 and scope 2 (589), 50% (293) are making progress on scope 1, scope 2 and scope 3 emissions, representing total GHG emissions of 3.2 GtCO₂e.
- The total scope 3 emissions gap is currently around 1.4 GtCO₂e and is projected to rise over to 7 GtCO₂e by 2030. Assuming only the companies that are making progress to achieve their SBTi-approved scope 1 and scope 2 emissions reduction targets are eligible to use carbon credits, this would create a potential demand for carbon credits of 644 million tonnes currently, and 2.2 GtCO₂e in 2030. On the assumption that carbon credits cost \$30/tCO₂e, this demand would generate an additional expenditure on carbon credits of \$19bn currently and \$65bn in 2030 (MSCI, previously Trove Research, 2023).
- 70% of respondents to a survey undertaken with approximately 150 corporates said the use of carbon credits under specific eligibility criteria would increase the likelihood that their company would maintain a science-based target (The Climate Board, 2023).
- 59% of buyers in voluntary carbon markets have reported year-on-year decarbonization success (Ecosystem Marketplace, 2023). On average, buyers have established 1.3 times more supplier engagement strategies and spent three times more on emission reduction activities than non-buyers.

¹⁸ [Accenture, 2024. VCMI: Scope 3 Claim Assessment Final Report.](#)

¹⁹ MSCI Carbon Markets (formerly Trove Research, 2023). Using Carbon Credits to Meet Corporate Climate Targets; The Climate Board (2023). Corporate Engagement with Voluntary Carbon Market Claims; Ecosystem Marketplace (2023). Paying for Quality: State of the Voluntary Carbon Markets

Principles underpinning the Scope 3 Claim



Principles underpinning the Scope 3 Claim

The VCMC Claims Code of Practice is informed by high-ambition and high-integrity principles for voluntary corporate climate action, which were developed during a consultation phase in 2021 and refined over a subsequent consultation process. As such, voluntary climate mitigation efforts, including those outlined in the Scope 3 Claim, encapsulate the following principles.

- **Science-aligned:** Company strategies, targets, activities and engagement in voluntary carbon markets should be based on the latest scientific consensus on the safe upper limits for global warming. As such, the objective should be alignment with the Intergovernmental Panel on Climate Change (IPCC) model pathway of carbon dioxide (CO₂) emissions reductions that limit global warming to 1.5°Celsius, with no or limited overshoot.
- **Comprehensive:** Companies should base their climate targets and actions on accurate and complete GHG inventories, in line with the most recent requirements set out by the GHG Protocol (or equivalent, should one be developed).
- **Net-positive benefit:** Company climate action should create net-positive benefits to individuals and communities impacted by the supply and use of carbon credits, including Indigenous Peoples, local communities, women and underserved communities. Such action maximizes social and ecological co-benefits and avoids or minimizes adverse impacts.
- **Rights-compatible:** Company climate action should respect, protect and fulfil human rights under international law, without discrimination on the basis of identity, including the rights of Indigenous Peoples, and those associated with health, labor, access to land and the principle of Free, Prior and Informed Consent.
- **Nature-positive:** Companies' climate action should align with the need to slow, halt and reverse nature loss and move toward a nature-positive state of recovery and renewal.
- **Additional:** Company action, investment and carbon credit purchases should support emissions reductions and/or removals that are additional to those that would occur in the absence of demand for carbon credits.
- **Immediate:** Companies should prioritize immediate action to reduce their own emissions, including within their value chains. This is aligned with scientific evidence showing that the years leading up to 2030 will be critical to avert environmental tipping points caused by increased concentrations of GHG emissions in the atmosphere.
- **At scale:** Companies should progressively increase the ambition and significance of their investments and interventions that accelerate climate change mitigation both within and beyond their value chains. They should aim to reflect the value of unabated emissions within their value chains, including projects that generate carbon credits for voluntary carbon markets.
- **Transparent:** Companies should transparently disclose information relating to their climate commitments and activities, including their scope, coverage, underpinning strategies and assumptions, performance metrics, relevant definitions, and the nature of carbon credits and their use. Companies should publicly report on progress and learning as they move toward the achievement of their climate transition goals (e.g. net zero targets).
- **NDC-enabling:** Company actions, investments, and demand for carbon credits should support the implementation of national climate plans, contribute to and help exceed the ambition of countries' Nationally Determined Contributions (NDCs), and avoid potential disincentives to increasing the ambition of NDCs.
- **Consistent:** Companies' lobbying efforts and membership of industry associations should be aligned with, not contrary to, their climate commitments.
- **Collective and predictable:** Companies should work with a diverse and broad range of stakeholders to act on climate change, including by publicly signalling their expected voluntary demand for carbon credits and aggregating demand for carbon credits to increase certainty and help drive systemic change.

In addition, the Scope 3 Claim is built on radical transparency, consistent with the Claims Code, and on the mitigation hierarchy, to ensure value chain decarbonization is prioritized. The Scope 3 Claim does not imply the substitution of emissions reductions by the retirement of carbon credits. Carbon credits are to be used in addition to, and not as a substitute for, internal emissions reduction. Finding the right balance between incentivizing deeper and faster decarbonization and the requirement for companies to take action is essential. This will be done by companies by showing leadership and investing in carbon credits in an amount at least equal to their total scope 3 emissions gap above the trajectory following a target-compatible decarbonization pathway, while investing in measures to get back to the trajectory.



Scope 3 Claim



Scope 3 Claim

VCMI's Scope 3 Claim is designed to offer a mechanism for companies that are making progress on reducing scope 1 and scope 2 emissions, but are struggling to reduce scope 3 emissions due to barriers that they face. Companies need to state their current scope 3 emissions gap, measures that have already been implemented to enable scope 3 emissions reduction and results obtained, alongside a plan to overcome remaining barriers, the timeframe needed for it and expected emissions reduction. To make the claim, companies are required to take action by investing in carbon credits in an amount that at least equals their entire scope 3 emissions gap while investing to overcome existing barriers to get back to the scope 3 emissions trajectory consistent with their net zero commitments.

For the mitigation hierarchy to be ensured, measures implemented and the emissions reduction achieved so far will need to be transparently disclosed alongside a list of existing barriers, an action plan to address them with an implementation timeline and report on indicators on progress made as companies make claims annually. High-quality carbon credits retired to make the claim must cover at least the entirety of the scope 3 emissions gap, which cannot exceed 24% of the scope 3 trajectory emissions included in the target boundary in any given year (a.k.a. "trajectory emissions"). This mechanism will be made available for companies for a limited time, so that continuous improvement is ensured. By 2038 at the latest, they must have eliminated the scope 3 emissions gap to get back on an emissions trajectory consistent with their net zero transition commitments. Companies will, then, be able to consider going above and beyond by purchasing high-quality carbon credits in an amount that allows them to make a Carbon Integrity Claim.

BOX 2: OPTION TO BE CONSIDERED – EMISSIONS SOURCES NOT INCLUDED WITHIN THE TARGET BOUNDARY

The use of carbon credits for making a Scope 3 Claim could alternatively be restricted to addressing emissions that are not accounted for within scope 3 emission reduction targets – those outside the target boundary.

This means that companies would be required to take action by investing in carbon credits in an amount that at least equals their scope 3 emissions outside target boundary, hence not related with their emissions gap.

Two calculation approaches are provided for determining a company's permitted emissions gap:

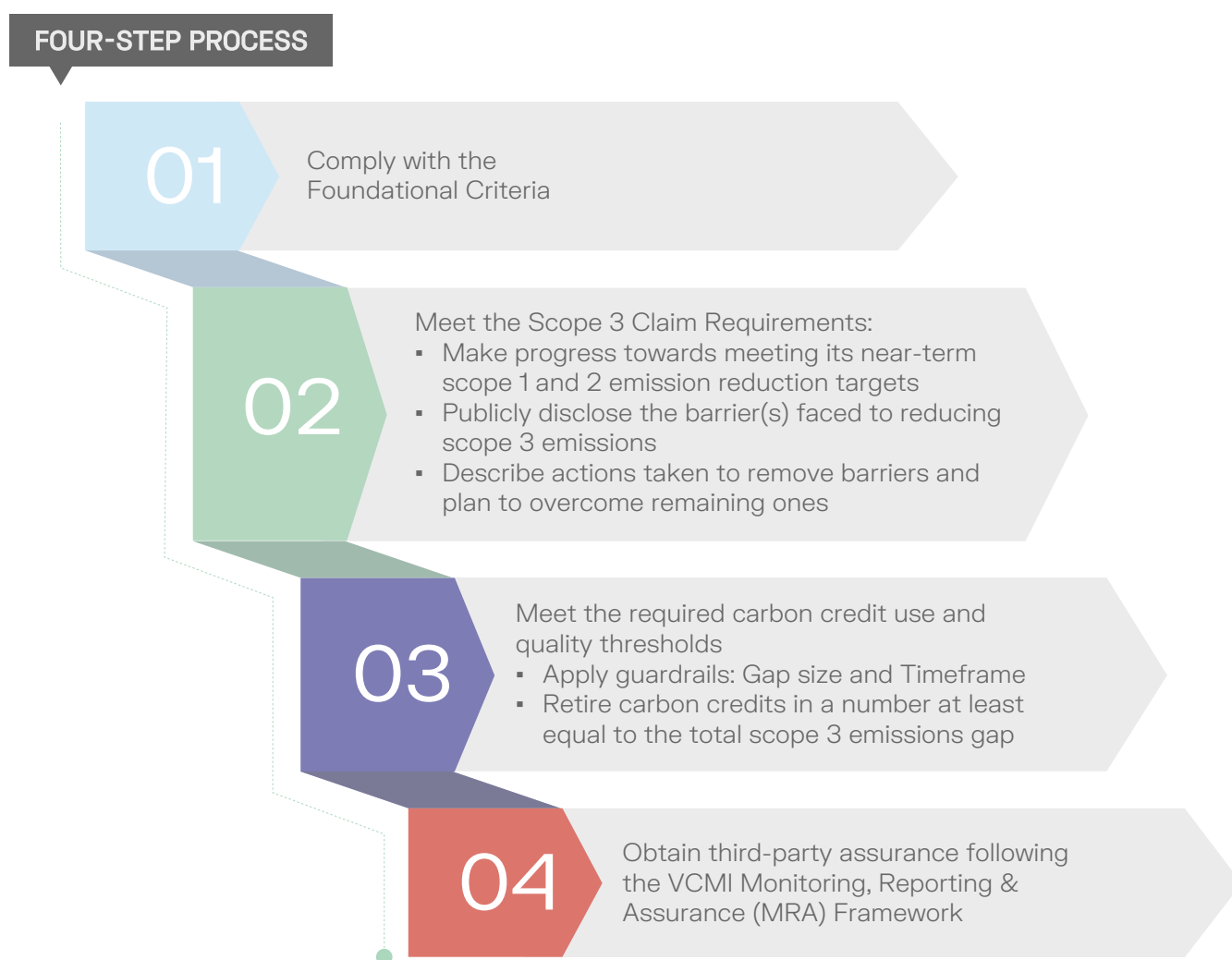
1. an annual calculation, through which the limit of the emissions gap is calculated each year a company makes a claim; and
2. a carbon budget approach, through which the limit of the emissions gap is calculated by companies for their entire near-term target implementation period.

Option (1) is used as a reference for the "Four Steps" provided below and modifications needed for Option (2) are given at the end of the Step 3 explanation, with further details being provided in Box 6.

THE FOUR STEPS TO MAKING A SCOPE 3 CLAIM

To make a Scope 3 Claim, companies must follow the VCMC Claims Code of Practice four-step process.

Figure 2: Scope 3 Claim four-step process



STEP 1: COMPLY WITH THE FOUNDATIONAL CRITERIA

The Foundational Criteria apply for all VCMC claims and are designed to be aligned with the long-term goals of the Paris Agreement, representing current corporate best practice.

REQUIREMENTS AND RECOMMENDATIONS

The Foundational Criteria require companies to:

- maintain and publicly disclose an annual GHG emissions inventory;
- set and publicly disclose science-aligned near-term emission reduction targets, and publicly commit to reaching net-zero emissions no later than 2050;
- demonstrate that they are making progress on financial allocation, governance, and strategy towards meeting a near-term emission reduction target; and
- demonstrate that their public policy advocacy supports the goals of the Paris Agreement and does not represent a barrier to ambitious climate regulation.

For more details, please refer to the [VCMC Claims Code of Practice](#).

STEP 2: MEET THE SCOPE 3 CLAIM REQUIREMENTS

REQUIREMENTS AND RECOMMENDATIONS

Companies are required to:

- **Demonstrate progress towards meeting their near-term scope 1 and scope 2 emission reduction targets.**
 - Publicly disclose the percentage of emissions reductions achieved in GHG emissions for scope 1 plus scope 2 in the most recent reporting year in comparison to the scope 1 plus scope 2 GHG emissions reported in the base year (i.e. base year used in the near-term target). These reductions can be demonstrated either on an absolute or intensity basis.
 - Publicly provide an explanation that outlines whether and why the company considers that it has made progress towards meeting its scope 1 and scope 2 near-term emission reduction targets.
- **Publicly disclose the barrier(s) faced to reducing scope 3 emissions.** Describe the barriers faced and explain how they impede progress towards their near-term scope 3 emissions reduction target.
- **Publicly disclose actions taken to remove scope 3 emission reduction barriers and provide a plan to overcome remaining barriers.** Describe actions already taken – including reference to previous action plans, the impact achieved on current emissions and an action plan designed to overcome remaining barriers, reporting on indicators²⁰ drawn from climate transition plans. To make follow-on claims, companies must also demonstrate progress on these indicators. For the first claim to be made, companies will need to provide an estimated timeline to overcome existing scope 3 emission reduction barriers and phase out carbon credit use to make the Scope 3 Claim, no later than 2038.
- **RECOMMENDATION:** Develop and disclose the company’s carbon credit procurement guidelines. A carbon credit procurement guideline is an important tool for companies to engage with voluntary carbon markets and allows companies to be more assertive about the impact of their carbon credit choices. It may also support planning for investments that will contribute to removing decarbonization barriers.

BOX 3: OPTION TO BE CONSIDERED – SELECTION OF CARBON CREDITS RELATED TO THE SOURCES OF SCOPE 3 EMISSIONS

As an additional recommendation, the selection of high-quality carbon credits retired to make the claim could be intentionally related – sectorally and/or geographically - to the sources of scope 3 emissions contained in the company’s scope 3 emissions gap.

This approach could encourage companies to be more assertive about the impact of the selection of the high-quality carbon credit they chose to retire to make a Scope 3 Claim and plan for investments that will contribute to remove barriers to decarbonization. On the other hand, it restricts companies from choosing carbon credits they wish to purchase, which can be driven by other internal criteria, and may limit the cost-effectiveness of this market solution.

20 Specific indicators from climate transition plans to be used will be determined for the final version of the Scope 3 Claim.

STEP 3: MEET THE REQUIRED CARBON CREDIT USE AND QUALITY THRESHOLDS

REQUIREMENTS AND RECOMMENDATIONS

Companies are required to:

- **Use high-quality carbon credits.** Retire high-quality carbon credits in a number at least equal to the total scope 3 emissions gap, subject to the guardrails below.
- **Retire only Core Carbon Principles (CCP)-approved credits.** VCMI offers companies two approaches (which can be implemented until 01st January, 2026) to demonstrate the procurement of high-integrity credits during this transition phase until the Integrity Council for the Voluntary Carbon Markets (ICVCM) CCP-approved credits become widely available in the market. These options are: CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) eligible credits, and alignment of the company's due diligence process with ICVCM's CCPs. For more details and reporting requirements, please refer to [VCMI Claims Code of Practice](#).

APPLY GUARDRAILS

The Scope 3 Claim includes guardrails to ensure the mitigation hierarchy is followed and that the claim's use incentivizes companies to take action on investing in carbon credits in an amount at least equal to their total scope 3 emissions gap, while also investing in measures to overcome their remaining scope 3 emission reduction barriers. These guardrails are:

- The scope 3 emissions gap must not exceed 24% of a company's scope 3 trajectory emissions included in the target boundary in the year it is making the claim.

Alternative options are shown in Box 4.

- The scope 3 emissions gap must decline over time, leading to complete phaseout by 2038. At this point, there should be no further emissions gap and carbon credits should not be used to make a Scope 3 Claim. Once near-term emission reduction targets have been met or if companies are making progress towards meeting them, remaining emissions can be addressed with other claims under the VCMI Claims Code of Practice. The Scope 3 Claim, therefore, requires that companies progressively reduce their own value chain emissions and is set as a pathway for companies to achieve Silver, Gold and Platinum Carbon Integrity Claims²¹.

BOX 4: SCOPE 3 EMISSIONS GAP LIMIT AND PHASE-OUT²²

The gap limit for making a Scope 3 Claim was determined based on an analysis of the Mission Possible Partnership (MPP) mitigation pathways data for seven hard-to-abate sectors: aluminium, concrete & cement, chemicals, steel, aviation, shipping and trucking. An MPP average sectoral decarbonization pathway for these sectors was compared to the SBTi's well-below 2°C emissions reduction commitment, which reflects a 2.5% decarbonization rate per year, for the period of 2020 until 2040.

That average curve from MPP data was no higher than 124% of the SBTi's curve on any year, and reaches its peak in 2030. The gap between these two curves is the highest at 24% in 2030 and tends to decrease until 2038, when it reaches zero, where the two curves intersect. This suggests that an emissions gap limit of 24% sets a pathway for scope 3 decarbonization for companies that are making efforts to reduce their emissions and that scope 3 emission reduction barriers can be overcome by 2038.

These parameters were also assessed by examining company-level data from the SBTi 2022 Monitoring Report²³, which covers companies' progress in reaching their absolute reduction targets for scope 1, scope 2, and scope 3 emissions.

²¹ For more details, please refer to the [VCMI Claims Code of Practice](#).

²² For more information about the detailed analysis done, please refer to [Accenture, 2024. VCMI: Scope 3 Claim Assessment Final Report](#).

²³ SBTi, 2023. SBTi Monitoring Report 2022

The analysis showed that about 55% of companies making progress in reducing scope 1 and scope 2 emissions were also making progress in reducing scope 3 emissions, while approximately 45% of companies had scope 3 emissions gaps and would need to take further action. Among companies progressing on scope 1 and scope 2 targets but falling behind on scope 3 targets, 75% had emissions gaps of 24% or less, and 50% had gaps of 11.6% or less.

A 24% maximum acceptable emissions gap considers scope 3 decarbonization challenges, and excludes the top 25% companies with the largest gaps from the possibility of making a Scope 3 Claim. A sensitivity analysis has identified companies making efforts to reduce scope 3 emissions, and categorized as “A companies”, according to CDP’s emissions and climate score data, that would not be able to make a claim. On the other hand, to ensure that only companies facing scope 3 barriers and making efforts to address them would be able to make a claim, additional requirements, such as disclosing measures already implemented and emissions reduction resulted from it, have been implemented to prevent misuse of the Claim.

CALCULATIONS NEEDED

To be able to meet requirements and apply guardrails, companies must do the following.

- A. **Obtain company data.** Companies should provide: base year emissions; target reduction, in percentage terms; and most recently reported scope 3 emissions included in the target boundary.
- B. **Establish a scope 3 emissions trajectory.** Companies should determine a scope 3 emissions trajectory consistent with their science-aligned target (explanation on this trajectory below).
- C. **Calculate the scope 3 emissions gap.** The scope 3 emissions gap is defined as the difference between the company’s most recently reported scope 3 emissions included in the target boundary and its scope 3 trajectory emissions included in the target boundary for the same year (explanation on this calculation below).
- D. **Check if scope 3 emissions gap is greater or less than 24% of scope 3 emissions trajectory.**

Figure 3: Schematic representation of calculations needed on Step 3

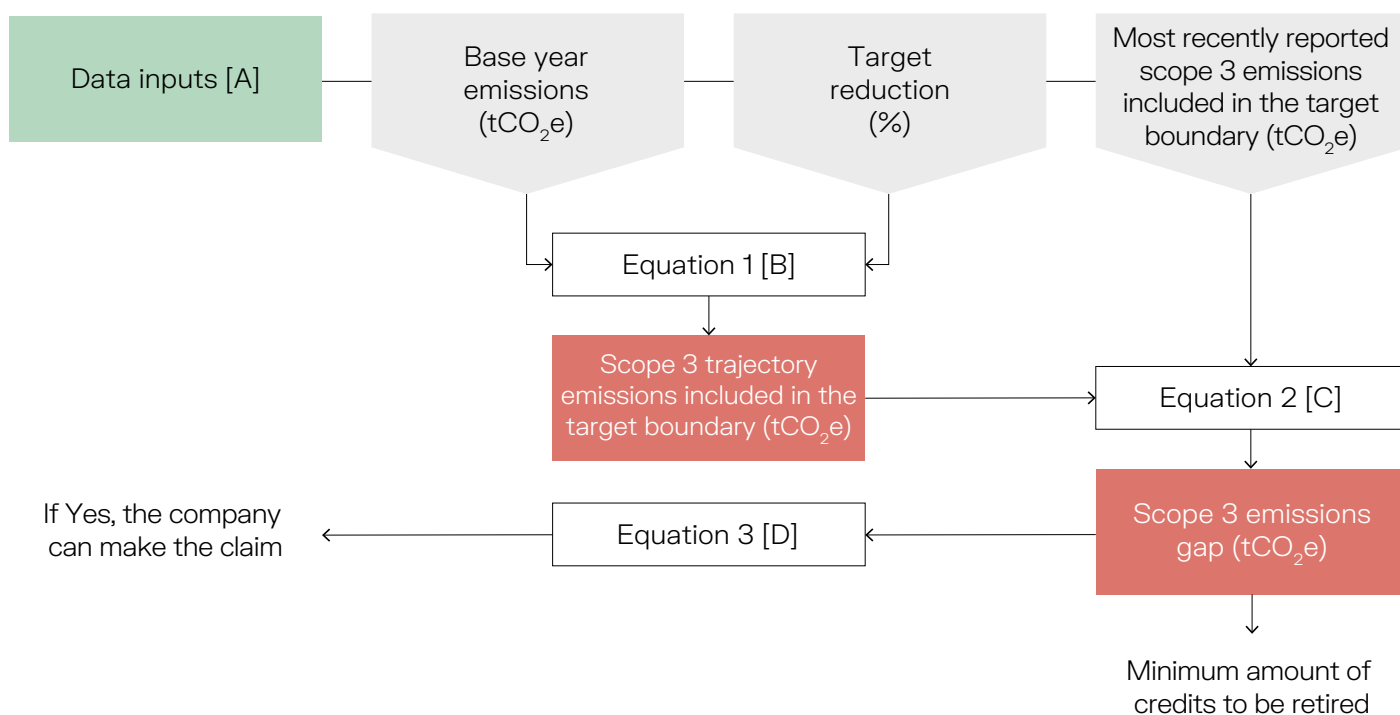


Figure: Schematic representation of calculations needed on Step 3

ESTABLISH A SCOPE 3 EMISSIONS TRAJECTORY

Companies should determine a scope 3 emissions trajectory consistent with their science-aligned target. If companies do not provide their own science-aligned emissions trajectory for the claim year, a linear trajectory – between their base year and target year – can be assumed by the company and provided by them. If companies choose to use a non-linear scope 3 emissions trajectory, the cumulative emissions resulting from this trajectory shall not be greater than the cumulative emissions that would have resulted from a linear trajectory to ensure alignment with IPCC mitigation pathways²⁴. According to IPCC (2023), the trajectory for mitigating global net emissions as projected between 2020 and 2040, which corresponds to near-term target periods, is nearly linear.

VCMI recognizes that many companies' emissions do not follow a linear trajectory and, in some cases, may increase in a given year as a result of factors outside their control, such as changing practices, product lines and suppliers, adoption of new technologies, sales and acquisitions.

To obtain the linear scope 3 trajectory emissions included in the target boundary for the claim year, companies with an SBTi target can use the “calculations” sheet in their SBTi target setting tool²⁵ or, equivalently, apply Equation 1:

[Equation 1]

Scope 3 trajectory emissions included in the target boundary (t) = Base year emissions*(1-(target reduction*(t/T))

Where *t* is time in years, *t*=0 is the base year, *t*=*T* in the target year, with *T* equal to the number of years since the base year. Target reduction is the difference between base year emissions and target year emissions in percentage terms. Figure 3 illustrates this calculation.

CALCULATE THE SCOPE 3 EMISSIONS GAP

The scope 3 emissions gap is defined as the difference between the most recently reported scope 3 emissions included in the target boundary and the scope 3 trajectory emissions included in the target boundary in that same year.

Use Equation 2 to calculate the emissions gap:

[Equation 2]

Scope 3 emissions gap (t) = most recently reported scope 3 emissions included in the target boundary (t) - scope 3 trajectory emissions included in the target boundary (t)

CHECK IF SCOPE 3 EMISSIONS GAP IS GREATER OR LESS THAN 24% OF SCOPE 3 EMISSIONS TRAJECTORY

To apply the guardrail that the *scope 3 emissions gap* must not exceed 24% of a company's *scope 3 trajectory emissions included in the target boundary* in the year it is making the claim, companies should apply Equation 3.

[Equation 3]

Scope 3 emissions gap (t) ≤ Scope 3 trajectory emissions included in the target boundary (t) x 24%;

24 IPCC (2024). *Mitigation pathways compatible with long-term goals*; SBTi (2024). *SBTi Corporate Net-zero Standard*.

25 SBTi (2024). *Using the corporate near-term tool* (version 2.3). Available at <https://sciencebasedtargets.org/resources/files/SBTi-target-setting-tool.xlsx>. Accessed June 2024.

BOX 5: OPTION TO BE CONSIDERED – NO LIMIT IS SET ON SCOPE 3 EMISSIONS GAP

According to the proposed methodological approach, companies must retire high-quality carbon credits equivalent to at least their total scope 3 emissions gap to make a Scope 3 Claim, limited to 24% of their trajectory emissions. This restriction effectively works as a limit on how large a company’s emissions gap can be in order to make a claim.

Recognizing that this restriction might unintentionally exclude companies that are putting significant effort into decarbonization, an alternative approach was explored.

In this alternative approach, the limit would be set on the use of high-quality carbon credits to make the claim, but not on the size of the emissions gap. Companies would still be expected to take action for the entirety of their scope 3 emissions gap, but this would be done by a combination of two different elements:

(1) retirement of high-quality carbon credits in an amount equal to the portion of the emissions gap that corresponds to the maximum of 24% of the scope 3 trajectory emissions

(2) investment in measures to overcome remaining scope 3 barriers, which in turn will reduce future emissions, for the portion that exceeds the limit of the carbon credits use.

All other guidelines provided in the document previously remain unchanged.

EXAMPLES OF SCOPE 3 CLAIM CALCULATIONS

Figure 4 shows an example of how to calculate the scope 3 emissions gap.

Figure 4: Example of emissions gap calculation

How many credits companies will need to retire to make a Scope 3 Claim

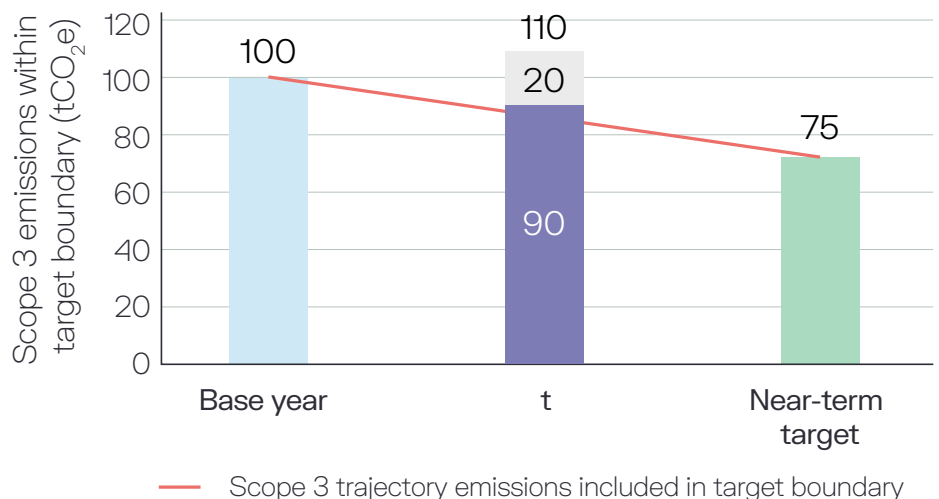
Example: Company A

Reported scope 3 emissions included in target boundary (t) = 110 tCO₂e

Scope 3 trajectory emissions (t) = 90 tCO₂e

Emissions gap (t) = 110 – 90 = 20 tCO₂e

How many credits the company needs to retire to make a Scope 3 Claim \geq 20 tCO₂e



In the case of intensity targets, all numbers should be used in intensity units, following the same steps. The only difference is that the number of credits to be retired, stipulated in tCO₂e, would result from multiplying the emissions gap by the relevant denominator.

Example of emissions gap calculation for physical intensity targets: Company C commits to reduce CO₂ emissions by 40% per ton of product by 2035, from a base year (2025) level of 20 tCO₂e/ton of product. It would like to make a Scope 3 Claim in 2030. Using a linear trajectory and applying Equation 1, in 2030 its scope 3 trajectory emissions would be 16 tCO₂e/ton of product. If it had reported 18 tCO₂e/ton, then its emissions gap, following Equation 2, would have been of 18 – 16 = 2 tCO₂e/ton of product.

Trajectory emissions for intensity targets (Using Equation 1)

Base year (0) emissions = 20 tCO₂e/ton of product

Target year (10) emissions = 20 * (1 – 0.4) = 12 tCO₂e/ton of product

Scope 3 trajectory emissions (5) =

20 * (1 – (0.40 * (5/10)) = 16 tCO₂e/ton of product

Emissions gap for intensity targets (Using Equation 3)

Most recently reported scope 3 emissions within target boundary (2030) = 18 tCO₂e/ton

Scope 3 trajectory emissions (2030) = 16 tCO₂e/ton

Emissions gap (2030) = 18 – 16 = 2 tCO₂e/ton of product

If Company C produced 100,000 tons of product in 2030, it would need to retire at least 2 x 100,000 = 200,000 tCO₂e in high-quality carbon credits.

Table 1 provides examples of companies that can and cannot make a Scope 3 Claim (also illustrated in Figure 5). It assumes that a company has met all the other requirements. The number of high-quality carbon credits a company shall retire to make a claim is also disclosed for each hypothetical example (for simplicity, in these examples, the same trajectory curve and most recently reported emissions included in the target boundary year are applied as in Figure 5).

Table 1: Examples of companies which can and cannot make a Scope 3 Claim due to the carbon credits limit

	Most recently reported inventory year	Scope 3 trajectory emissions included in the target boundary (t) [tCO ₂ e]	Most recently reported scope 3 emissions included in the target boundary (t) [tCO ₂ e]	Emissions gap (t) [tCO ₂ e]	Emissions gap limit (t) [tCO ₂ e]	Is the gap ≤24% scope 3 trajectory?	Minimum number of carbon credits to be required
Company A	2029	90	110	20	21.6	Yes	20
Company B	2029	90	120	30	21.6	No	—

Figure 5: Examples of scope 3 emissions gap limit to make a Scope 3 Claim

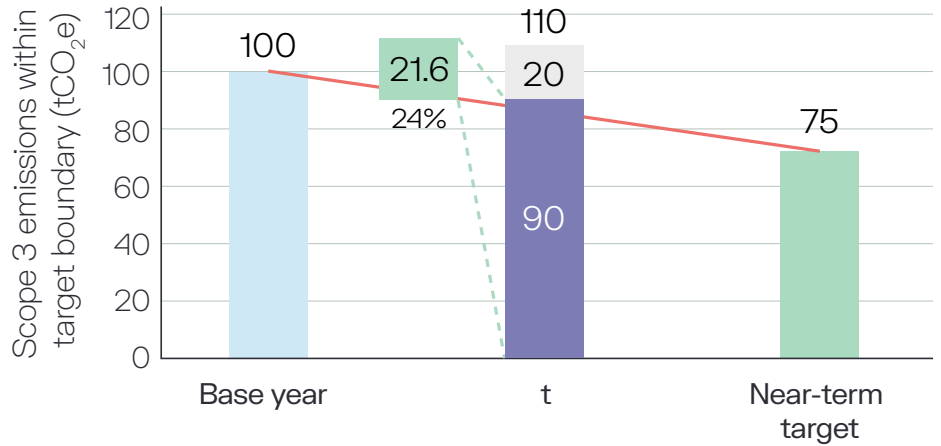
Emissions gap limit to make a Scope 3 Claim

Example: Company A

Company's scope 3 emissions gap = $110 - 90 = 20 \text{ tCO}_2\text{e}$

Emission gap limit = $24\% * 90 = 21.6 \text{ tCO}_2\text{e}$

✔ As 20 is lower than 21.6, Company A can make the Claim

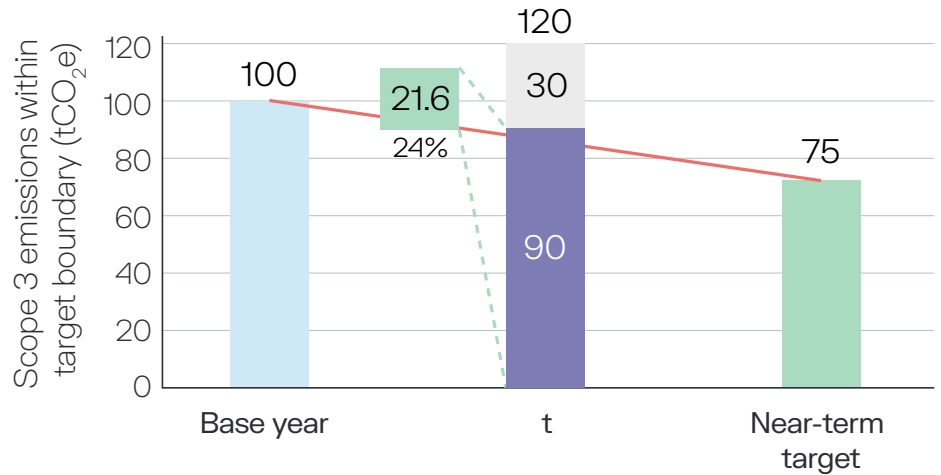


Example: Company B

Company's scope 3 emissions gap = $120 - 90 = 30 \text{ tCO}_2\text{e}$

Emissions gap limit = $24\% * 90 = 21.6 \text{ tCO}_2\text{e}$

✘ As 30 is higher than 21.6, Company B cannot make the Claim



— Scope 3 trajectory emissions included in target boundary

For company A, the emissions gap ($20 \text{ tCO}_2\text{e}$) is lower than the limit of 24% ($21.6 \text{ tCO}_2\text{e}$), thus the company can make a Scope 3 Claim. Company B's emissions gap, however, exceeds the limit of 24% of trajectory emissions included in the target boundary ($30 > 21.6$), so the company is not able to make a Scope 3 Claim.

For intensity targets, the scope 3 emissions gap limit in Equation 2 would also need to be represented in intensity terms, divided by the same respective denominator representing the physical/economic activity.

Consider the same example of Company C, which had a scope 3 emissions gap (2030) = $2 \text{ tCO}_2\text{e/ton}$. Using Equation 2, this number should be lower than its scope 3 trajectory emissions included in the target boundary (t) [$16 \text{ tCO}_2\text{e/ton}$] multiplied by 24% = $3.8 \text{ tCO}_2\text{e/ton}$ of product. As $2 \text{ tCO}_2\text{e/ton}$ is lower than $3.8 \text{ tCO}_2\text{e/ton}$, Company C would be able to make a Scope 3 Claim.

Figure 6: Examples of scope 3 emissions gap calculation and limit to make a Scope 3 Claim for intensity targets

Emissions gap limit to make a Scope 3 Claim for intensity targets

Example: Company C

Reported scope 3 emissions intensity included in target boundary (t) = 18 tCO₂e/ton product

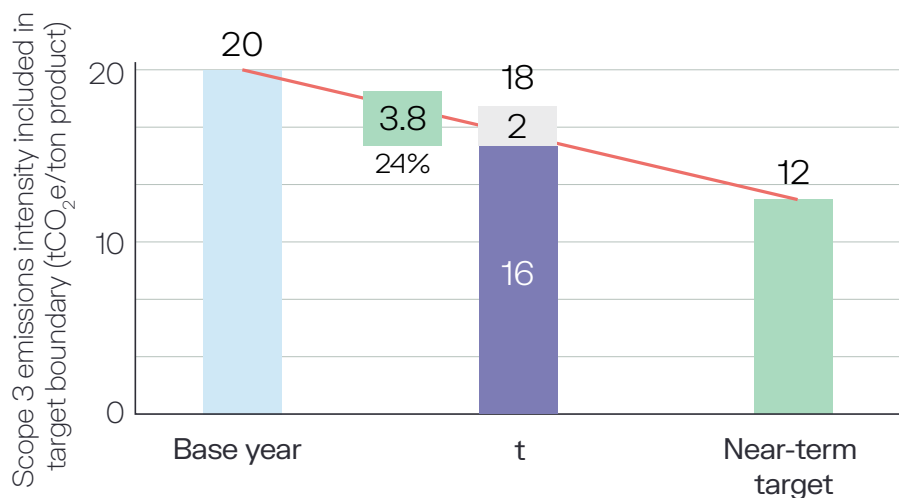
Scope 3 trajectory emissions intensity (t) = 16 tCO₂e/ton product

Emissions gap (t) = 18 – 16 = 2 tCO₂e/ton product

Emission gap limit = 24% * 16 = 3.8 tCO₂e/ton

✓ As 2 is lower than 3.8, Company C can make the Claim

If Company C produced 100,000 tons of product in 2030, it would need to retire at least 2 * 100,000 = 200 thousand credits to make a Scope 3 Claim.



— Scope 3 trajectory emissions intensity included in target boundary

BOX 6: OPTION TO BE CONSIDERED – EMISSIONS TRAJECTORY ESTABLISHES THE OVERALL CARBON BUDGET FOR THE ENTIRE NEAR-TERM TARGET PERIOD

For this budget approach, companies should consider cumulative emissions under a linear trajectory between the first implementation year and target year, performing only one calculation so that the maximum total scope 3 emissions gap is known upfront. This approach is science-based, as it ensures total cumulative emissions²⁶ resulting from non-linear trajectories shall not be greater than the cumulative emissions that would have resulted from a linear trajectory and has the advantage of being simpler.

The following budget-based accounting approach is inspired by Article 3 of the Kyoto Protocol (1997).

REQUIREMENTS

The same requirements presented previously would apply to this approach. For each year, the total number of high-quality carbon credits to be retired should be at least equal to 100% of the scope 3 emissions gap of the claim year (as per Equation 2).

APPLY GUARDRAILS

The overall sum of the scope 3 emissions gap through the entire implementation period of the target must not exceed 24%²⁷ of a company's scope 3 emissions budget²⁸ for the same period, as presented in Equation 4.

[Equation 4] *Sum of scope 3 emissions gap* ≤ *scope 3 emissions budget* × 24%

To avoid companies using an excessive amount of carbon credits in the first years of the implementation period, the number of high-quality carbon credits used in any given year should never be higher than 40% of the scope 3 emissions budget. This implies that, for a 10-year implementation period²⁹, the number of credits retired would never be greater than the average scope 3 trajectory emissions.

The phaseout guardrail would be kept the same.

ADDITIONAL CALCULATIONS

Determine the scope 3 emissions budget: calculate the implied cumulative emissions from a company if it was to follow a linear trajectory between base year and target year emissions. The accountable period starts only on the first year of implementation of the target.

DETERMINE SCOPE 3 EMISSIONS BUDGET

Companies should consider cumulative emissions under a linear trajectory between base year and target year, which requires performing only one calculation so that total scope 3 emissions budget is known upfront. This cumulative emission is set as a budget, as in Equation 5:

[Equation 5] *Scope 3 emissions budget* = $\sum_{t=1st\ implementation\ year}^{t=T=Target\ year} Base\ year\ emissions * (1 - (target\ reduction * (\frac{t}{T}))$

Where t is time and on base year $t=0$. Target reduction is the difference between base year emissions and target year emissions in percentage terms. Figure 7 illustrates this calculation.

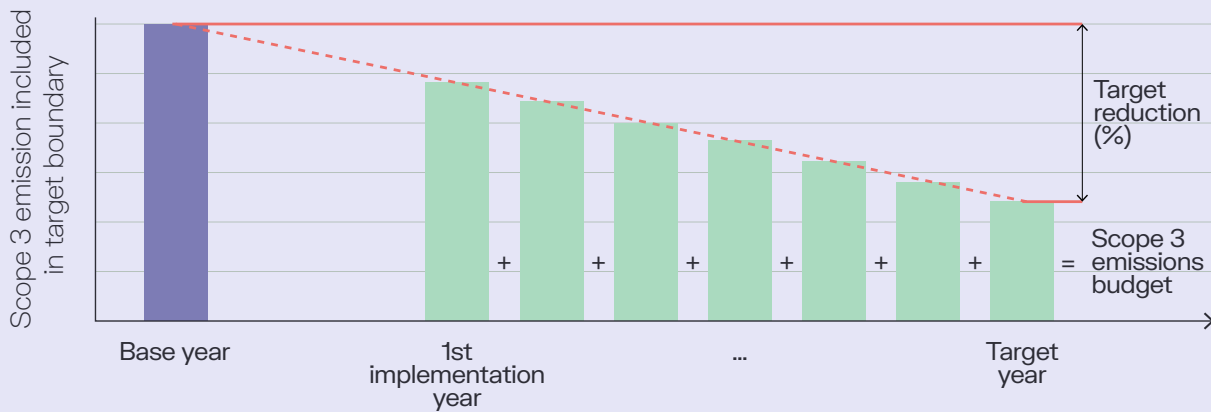
26 Please refer to section "ESTABLISH A SCOPE 3 EMISSIONS TRAJECTORY" above for a detailed explanation.

27 More information is presented in Box 4.

28 Scope 3 emissions budget is defined as the implied cumulative emissions from a company if it was to follow a linear trajectory between base year and target year emissions. The accountable period starts only on the first year of implementation of the target.

29 SBTi requires near-term targets to be within 5 to 10 years, i.e. a maximum of 10 years into the future from the date the target was set. From 2030 onwards, all subsequent near-term reduction targets must be no more than five years apart.

Figure 7: Scope 3 emissions budget calculation



This calculation would also apply to intensity targets, for companies that prefer to use them. In this case, absolute numbers on base and target year would be intensity based. Remaining budget would also be determined in intensity terms and would be subtracted by the emissions gap, in each year, represented in the same intensity unit. The following example illustrates this scenario:

Company B's target is to reduce its carbon intensity from 1 tCO₂e/product to 0.6 tCO₂e/product over five years. The planned reductions, following a linear trajectory, are as follows: Year 0: 1 tCO₂e/product; Year 1: 0.92 tCO₂e/product; Year 2: 0.84 tCO₂e/product; Year 3: 0.76 tCO₂e/product; Year 4: 0.68 tCO₂e/product; Year 5: 0.60 tCO₂e/product.

Starting from Year 1, the total emissions budget over these five years, according to Equation 5, is:

$$0.92 + 0.84 + 0.76 + 0.68 + 0.60 = 3.8 \text{ tCO}_2\text{e/product}$$

This total budget is then multiplied by 0.24, as per Equation 4, resulting in:

$$3.8 \times 0.24 = 0.91 \text{ tCO}_2\text{e/product.}$$

This means that the sum of the company's scope 3 emission gaps over these five years cannot exceed 0.91 tCO₂e/product.

For example, if in Year 1 the reported carbon intensity is 1.1 tCO₂e/product, the emissions gap, using Equation 2, would be:

$$1.1 - 0.92 = 0.18 \text{ tCO}_2\text{e/product.}$$

The remaining allowable emissions gap for the next four years would be:

$$0.91 - 0.18 = 0.73 \text{ tCO}_2\text{e/product.}$$

Therefore, over the next four years, the company must ensure that the sum of its emissions gaps is lower than 0.73 tCO₂e/product.

All other calculations would be kept the same and only the linear trajectory for the scope 3 trajectory emissions included in target boundary would be needed.

STEP 4: OBTAIN THIRD-PARTY ASSURANCE FOLLOWING THE VCMI MONITORING, REPORTING & ASSURANCE (MRA) FRAMEWORK

The MRA Framework outlines the requirements and standards that bring integrity and rigor to the VCMI Claims Code, ensuring that underlying information is appropriately evaluated, evidenced and verified for each claim. Specific independent assurance requirements, as well as public disclosure requirements, are outlined in the [MRA Framework](#). These have been defined through an assessment of the corporate disclosure landscape and through extensive stakeholder engagement. VCMI will continuously assess the assurance requirements of evolving regulatory disclosure frameworks and update the MRA Framework accordingly.

For more information, please refer to [VCMI Claims Code of Practice](#).

Next Steps – Roadmap to complete and implement the Scope 3 Claim



Next Steps – Public consultation as part of the roadmap to complete and implement the Scope 3 Claim

The public consultation, which is part of the beta process to finalize the Scope 3 Claim, focuses on ensuring the requirements and recommendations are clear and effective, and enhance transparency.

The consultation questions have been selected to receive feedback on whether:

- the proposed methodology is easy to understand and implement
- the annual calculation and cumulative budget options are equivalent and equally acceptable
- the proposed guardrails are sufficient to ensure the mitigation hierarchy is followed.

Two options have been explored on how to address the emissions gap, using high-quality credits only, or with the addition of measures implemented by companies to overcome scope 3 emission reduction barriers. Sectoral perspectives have been captured regarding both procurement guidelines as well as the role companies have in driving transformation in the sector in which they operate. In addition, the timeframe stipulated for the use of the claim needs to be sufficient for companies to overcome the barriers they are facing.

ROADMAP

The Scope 3 Claim public consultation will run from 02 September to 07 October 2024. A technical workshop pre-consultation and webinars during the consultation period will be conducted to provide further clarification on the claim and proposed changes, inviting comments and inputs, and gathering initial feedback. The process will consider wider developments in decarbonization methodologies (e.g. Scope 3 Discussion Paper from SBTi and Scope 3 Value Chain Interventions Guidance from Gold Standard) and VCMI will continue to work with standard setters and others working on corporate climate accountability to create a coherent framework for assessing corporate progress towards their climate and decarbonization goals.

To ensure transparency, a report will be published outlining the process undertaken to run the consultation and to arrive at a set of changes to be implemented. In addition, a full report is also planned with transparent disclosure of comments and feedback received alongside consultation responses, proposed revisions, and details of how stakeholder input will be addressed. Feedback and recommendations received will contribute to an improved version of the claim, which will then be road-tested with companies. This road test will be carried out with companies interested in understanding, trialling and applying for the Scope 3 Claim. Once the final adjustments have been tested with these companies, a finalized version of the Scope 3 claim will be published.

Alongside wider stakeholder input, the process will also involve input from VCMI's Expert Advisory Group and Stakeholder Forum Group, in addition to formal approval and oversight by its Steering Committee. The final release is expected for the beginning of 2025, with a new brand and name for the claim to make sure it is connected to, but distinct from, "Carbon Integrity" claims. VCMI commits to continuously monitor and evaluate the effectiveness of the claim.

Annex



Annex A: Methodological Challenges Addressed

A key issue was ensuring companies make every possible effort to overcome the barriers they are facing in reducing their scope 3 emissions. Beyond monitoring emission reductions, VCMI proposes to draw on key indicators derived from climate transition plans to monitor the implementation of actions outlined by companies to overcome scope 3 emissions barriers. This is consistent with the approach used to develop the Foundational Criteria outlined in the VCMI Claims Code of Practice.

Other associated issues included establishing science-aligned emissions trajectories and defining the scope 3 emissions gap, as well as further refinement of the proposed Scope 3 Claim guardrails, such as the number of high-quality carbon credits to be retired to make a claim, all of which have been addressed and are now being submitted for public consultation.

In close consultation with the Expert Advisory Group, VCMI has commissioned external work³⁰ to refine the claim's methodology, including requirements, recommendations, calculations and guardrails, taking onboard feedback received previously from a diverse group of stakeholders³¹. New requirements and a recommendation were suggested, the main guardrails previously established on the number of carbon credits to be retired and phaseout period were reviewed, and the main parameters of the calculation were refined, ensuring a science-based approach was followed.

30 [Accenture, 2024. VCMI: Scope 3 Claim Assessment Final Report.](#)

31 For detailed information on feedback received, please view [Background Document](#), section B – item 6.

MAIN CHANGES PROPOSED

Table 2 presents the main changes and improvements made from the version launched in November 2023 to the beta Scope 3 Claim, now submitted for public consultation:

Table 2: Main changes and improvements implemented in the beta Scope 3 Claim

Element	Beta version of Scope 3 Claim – November 2023	Beta Scope 3 Claim – September 2024	Reasoning
Trajectory	<p>Emissions gap (t) = scope 3 GHG inventory emissions (t) – scope 3 GHG emissions trajectory (t).</p> <p>1.5°C-aligned pathway adopted by the SBTi or credible alternative pathways if they are derived from an equivalent, robust, emissions reduction trajectory.</p>	<p>Emissions gap (t) = reported scope 3 emissions included in the target boundary (t) – scope 3 trajectory emissions included in the target boundary (t).</p> <p>If companies do not provide their own science-aligned trajectory emissions for the claim year, a linear trajectory can be assumed and provided by them. Additional information on existing guidance is provided for companies that prefer to use a non-linear trajectory.</p>	<p>Clearer framing of variables to improve communication.</p> <p>Theoretical trajectories on near-term emission reductions covering 10-year periods are linear or nearly linear^{32 33}.</p> <p>Under the revised methodology, cumulative emissions resulting from non-linear trajectories are no greater than those that would have resulted from a linear trajectory, thereby ensuring that the company's emission reduction pathway is in accordance with a science-aligned outcome.</p>
Maximum gap	<p>The number of carbon credits used must not exceed 50% of a company's GHG inventory scope 3 emissions.</p>	<p>The number of carbon credits retired to make a Scope 3 Claim must cover for at least the entirety of the gap. The gap itself cannot exceed 24% of a company's scope 3 trajectory emissions included in the target boundary.</p>	<p>50% was believed by several stakeholders to be too high. The limit of 24% sets a pathway for scope 3 decarbonization and is based on the analysis of hard-to-abate sector companies making efforts to reduce emissions, compared to SBTi scenarios for decarbonization³⁴.</p>
Phaseout	<p>Emissions will decline over time (25% in 2030), leading to their complete phaseout no later than 10 years after the first claim is made, or by 2035, whichever is the earliest.</p>	<p>The scope 3 emissions gap must decline over time, leading to its complete phaseout by 2038³⁵.</p>	<p>By comparing the Mission Possible Partnership (MPP) average sectoral decarbonization pathway to the SBTi WB2°C trajectory, a maximum gap is observed in 2030. SBTi and MPP curves intersect by 2038, when the gap is expected to be eliminated³⁶.</p>

32 IPCC (2023) shows that the trajectory for mitigating global net emissions as projected between 2020 and 2040, which corresponds to the near-term targets, is nearly linear. The implication is that, beyond reducing emissions by a given year, ensuring cumulative emissions from non-linear trajectories are not greater than the cumulative emissions that would have resulted from a linear trajectory for the same period is important to increase the likelihood of keeping the expected global temperature levels. This condition ensures corporate emissions reduction efforts remain in harmony with global climate objectives, supporting the broader goal of limiting temperature rise and mitigating the adverse impacts of climate change.

33 IPCC (2024). Mitigation pathways compatible with long-term goals; SBTi (2024). SBTi Corporate Net-zero Standard.

34 Mission Possible Partnership (2022). Sector transition strategies; SBTi (2021). Pathways to net-zero.

35 Specific timeframe yet to be determined. Recent analysis is provided in Box 4 and related questions are asked through the public consultation.

36 Please refer to Box 4 for more information.

Figure 8 illustrates the difference between emissions gap calculations based on trajectory emissions (a) and reported emissions within the target boundary (b). Therefore, defining the emissions gap limit relative to trajectory emissions is more restrictive

Figure 8: Emissions gap calculations

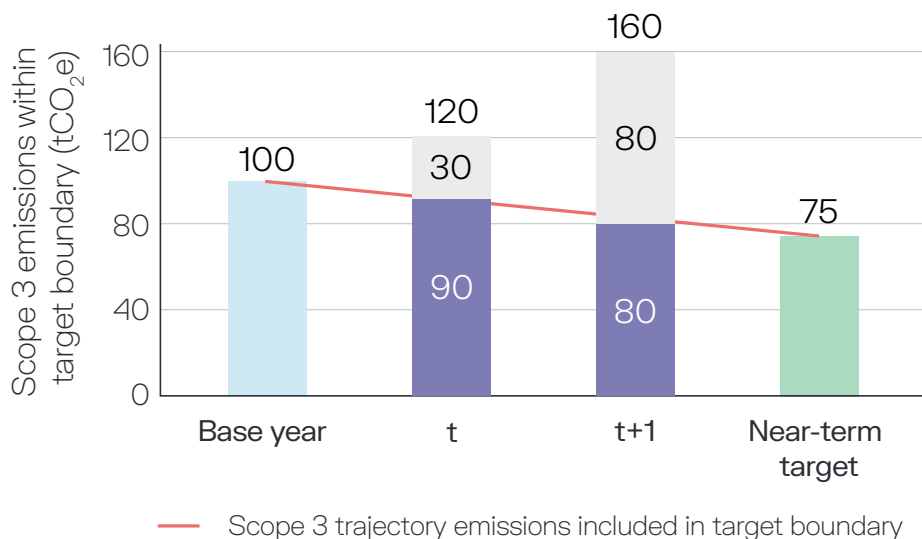
Reported scope 3 emissions included in target boundary
 (t) = 120
 (t+1) = 160

Scope 3 trajectory emissions
 (t) = 90
 (t+1) = 80

Emissions gap
 (t) = 120 – 90 = 30 tCO₂e
 (t+1) = 160 – 80 = 80 tCO₂e

Emissions gap limit from trajectory emissions (a):
 (t) = 0.24 x 90 = 21.6 tCO₂e
 (t+1) = 0.24 x 80 = 19.2 tCO₂e

Emissions gap limit from reported emissions included in target boundary (b):
 (t) = 0.24 x 120 = 28.8 tCO₂e
 (t+1) = 0.24 x 160 = 38.4 tCO₂e



Companies will be required to publicly disclose there is a scope 3 emissions gap and calculate its magnitude (either in absolute or intensity terms, depending on the type of target selected by the company), transparently showing they are not where they were supposed to be because of barriers faced. Most importantly, they will need to publicly disclose the barriers faced to further reduce scope 3 emissions, list and explain measures that have already been implemented and emission reduction results obtained. In addition, companies will also need to provide an action plan to overcome existing barriers, the timeframe needed for it, expected emissions reduction and report on indicators to evaluate progress made, based on indicators drawn from climate transition plans. Companies are also recommended to develop and disclose their carbon credit procurement guidelines.



Annex B: Acronyms and Abbreviations

The following table presents all the acronyms found in the beta Scope 3 Claim.

Table 3: Acronyms and Abbreviations

AR6	Sixth Assessment Report (AR6)
CO ₂	Carbon Dioxide
CCP	Core Carbon Principles
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
GHG	Greenhouse gas
GHG Protocol	Greenhouse Gas Protocol
ICVCM	Integrity Council for the Voluntary Carbon Market
IETA	International Emissions Trading Association
IPCC	Intergovernmental Panel on Climate Change
MPP	Mission Possible Partnership
MRA Framework	Monitoring, Reporting & Assurance Framework
MSCI	Morgan Stanley Capital International
NDC	Nationally Determined Contributions
SBTi	The Science Based Targets initiative
tCO ₂ e	Tonnes of carbon dioxide equivalent
VCMI	Voluntary Carbon Markets Integrity Initiative
WB2°C	well below 2°C

