

How to respond to Scope 3 emissions disclosure requirements



Applicability

CSRD	<p>Current Scope:</p> <ul style="list-style-type: none"> • Companies listed on EU regulated markets • EU companies that exceed at least 2 of the following: <ul style="list-style-type: none"> • 250 employees • €40 million+ turnover • €20 million+ balance sheet • Listed SME • Non-EU based companies with €150 million+ revenue within EU and one subsidiary/ branch in EU <p>Omnibus regulation scope (26th February 2025):</p> <ul style="list-style-type: none"> • Large undertakings revised to companies with >1000 employees (raised from 250 employees) and either turnover >€50m or balance sheet >€25m • 80% fewer companies in scope
UK TCFD	<p><u>Premium listed companies</u></p> <p><u>Issuers of standard listed shares and global depositary receipts (GDRs)</u></p> <p>Asset managers</p> <p>Life insurers</p> <p><u>FCA-regulated pension providers</u></p>
IFRS S1 & S2	<p>Only local jurisdictions can decide whether it will be mandatory for entities to report on IFRS Sustainability Disclosure Standards (it is not currently required that entities that apply IFRS Financial Reporting Standards will also need to apply IFRS Sustainability Disclosure Standards).</p>
California SB 253	<p>Specified partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of \$1,000,000,000</p>
SFDR	<p>Extra-territorial</p> <ul style="list-style-type: none"> • Financial Market Participants ('FMPs') and Financial Advisers with >500 employees. • EU and Non-EU investment managers that market alternative investments in the EU. • EU and Non-EU investment managers that provide portfolio management and/or investment advice services in the EU. • Applies to all financial market participants ("FMPs") and financial advisors ("FAs") in the EU, FMPs with EU shareholders, and those marketing themselves in the EU.

Applicability

CSDDD	<p>Current scope:</p> <ul style="list-style-type: none"> • EU companies >1000 employees, or €450 million+ turnover globally (€80 million+ turnover for franchised companies/ €22.5m in royalties) • Third country companies with €450 million+ turnover in the EU • The CSDDD aims to make companies responsible for human rights violations and environmental standards along their value chains <p>Omnibus regulation scope (26th February 2025):</p> <ul style="list-style-type: none"> • CSDDD postponed by 1 year: Transposition by July 2027, application from July 2028
CBAM	<p>EU</p> <ul style="list-style-type: none"> • CBAM will initially apply to imports of certain goods and selected precursors whose production is carbon intensive and at most significant risk of carbon leakage: cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. • CBAM will eventually – when fully phased in – capture more than 50% of the emissions in ETS covered sectors
Canadian CSSB	Canadian entities
Australian AASB S2	<p>Some organizations or financial products may be in scope if required to publish financial statements under the Corporations Act 2001, including if it is:</p> <ul style="list-style-type: none"> • A large proprietary company • A listed company that triggers the company size thresholds • An NGER reporter • A Responsible Superannuation Entity or Managed Investment Scheme with 5 Billion or more in assets under management. <p>Reporting is being phased in based on a range of entity size and emissions criteria.</p>
SBTi	<p>Finance sector standard linked to PCAF; NZIF.</p> <p>Financial institutions and companies from all sectors and all sizes can set SBTs.</p>
CDP	Companies, cities, states and regions can voluntarily disclose against CDP
MSCI	Asset managers, investors and companies in over 22 countries

Key Scope 3 components and functions

CSRD	Materiality assessment driven. Disclosure required under ESRS E1 Climate Change Standard: E1-6 requires an organization to disclose its gross Scope 3 GHG emissions of 'significant' Scope 3 categories, along with its gross Scope 1 and 2 GHG emissions. Disclosures must cover related GHG reduction targets and whether or not these are science-aligned.
UK TCFD	Entity level: Publish an annual TCFD entity report Product level: Make disclosures on products and portfolios Scope 3 reporting required under FCA (and TPT)
IFRS S1 & S2	Under IFRS S2 Climate Change Standard companies are required to report Scope 3 emissions as described in the GHG Protocol
California SB 253	Companies are required to report and verify their statewide greenhouse gas emissions (including Scope 3) from the previous fiscal year. This is required annually from 2027.
SFDR	SFDR seeks to force financial institutions to publicly explain how they are approaching sustainability topics and goals in their products, so that regulators and consumers can more easily assess the credibility and ambition of those claim and to help prevent greenwashing. Institutions are required to report on Scope 3.
CSDDD	The CSDDD aims to make companies responsible for human rights violations and environmental standards along their value chains. Under CSDDD, companies must set emissions reduction targets that cover at least two-thirds of Scope 3 emissions.
CBAM	Introduces a carbon taxation for imported goods that contain cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. Carbon prices expected to rise above €100/tCO ₂ .
Canadian CSSB	Formed to align with the global baseline standards developed by the ISSB with appropriate modifications to address considerations specific to Canada.
Australian AASB S2	Mandatory climate reporting standard integrating IFRS S1 and S2. It requires entities to disclose information about financially material climate-related risks and opportunities. Scope 3 reporting is mandatory from the second reporting period (there is a 1-year relief for reporting).
SBTi	To be in line with SBTi Criteria, companies must set Scope 3 targets: supplier engagement targets and/or reduction targets that collectively cover at least 67% of total Scope 3 emissions - if these emissions represent over 40% of their total scope 1, 2 and 3 emissions.
CDP	Under CDP, reporting against all Scope 3 categories is required, covering: assurance cycle, status for current reporting year, type of verification, and statement evidence.
MSCI	MSCI is a leading company ESG ratings providers that includes climate metrics, with points awarded for Scope 3 reporting and decarbonisation targets. In calculating the MSCI climate scores for companies and funds, they assess Scope 1, 2 and 3 emissions and intensity, in addition to alignment against the Paris Agreement. If a company does not report Scope 3 then MSCI make estimates based on sector benchmarks and revenue.

Current status

CSRD	<p>Large EU companies formerly covered by NFRD: Reporting in 2025 for 2024 performance</p> <p>Large EU companies not covered by NFRD and EU subsidiaries and branches of 3d country undertakings: Previously reporting in 2026, omnibus changes to reporting in 2028/ potentially out of scope/ voluntary</p> <p>Small listed and medium size enterprises: Previously reporting in 2027, omnibus changes to reporting in 2029/ most likely out of scope/ voluntary</p> <p>Non-EU HQ company: Reporting in 2029</p>
UK TCFD	Effective since end of December 2021
IFRS S1 & S2	Effective date of 1st January 2024 with entities reporting from early 2025
California SB 253	Expected from 2027 and annually thereafter
SFDR	SFDR became effective in March 2021
CSDDD	CSDDD entered into force in July 2024. Omnibus regulation has postponed this: Transposition by July 2027, application from July 2028
CBAM	<p>CBAM entered into application in its transitional phase on 1st October 2023, with the first reporting period for importers ending 31 January 2024.</p> <p>CBAM definitive regime will come into action in 2026.</p>
Canadian CSSB	Applied for annual reporting periods beginning on or after 1st January 2025
Australian AASB S2	First annual reporting periods beginning 1st January 2025
SBTi	SBTi is an optional disclosure with around 10,100 companies signed up and with regular updates to standards. The draft for V2 SBTi is due to be released around March 2025
CDP	<p>Optional disclosure, annual reporting cycle.</p> <p>In March 2025, CDP and EFRAG published correspondence mapping between CDP question bank and ESRS E1.</p>
MSCI	<p>Optional disclosure, annual reporting cycle.</p> <p>MSCI Net-Zero Tracker monitors alignment of the world's listed companies with the 1.5°C threshold. They produce regular summary reports listing companies with the largest emissions profiles and the MSCI Scope 3 model enables emissions estimations to be calculated.</p>

Primary audience

CSRD	Multi-stakeholder
UK TCFD	Investor
IFRS S1 & S2	Investor
California SB 253	Multi-stakeholder
SFDR	Financial market participants
CSDDD	Multi-stakeholder
CBAM	Multi-stakeholder
Canadian CSSB	Multi-stakeholder
Australian AASB S2	Investor
SBTi	Multi-stakeholder
CDP	Multi-stakeholder
MSCI	Investor

Materiality

CSRD	Double materiality
UK TCFD	Financial materiality
IFRS S1 & S2	Financial materiality
California SB 253	N/A
SFDR	Double materiality
CSDDD	N/A
CBAM	2% materiality threshold (following EUETS)
Canadian CSSB	N/A
Australian AASB S2	Financial materiality
SBTi	5% materiality threshold
CDP	Aligns with principals of double materiality (CDP maintains that companies should only respond to activities relevant to their business and its impacts)
MSCI	N/A

Disclosure location

CSRD	Annual report
UK TCFD	Annual report
IFRS S1 & S2	Annual report
California SB 253	Annual report
SFDR	Annual report
CSDDD	Annual report
CBAM	Quarterly report (see CBAM transitional registry: UUM&DS)
Canadian CSSB	Annual report
Australian AASB S2	Annual report
SBTi	Annual report and re-validation is required if there is a material change in the company baseline of more than 5% due to M&A.
CDP	Annually via CDP portal
MSCI	N/A

External assurance

CSRD	Limited assurance required The European Commission intends to issue targeted assurance guidelines by 2026 to clarify the procedures that assurance providers are to perform
UK TCFD	Not currently mandated
IFRS S1 & S2	Not currently mandated
California SB 253	External assurance required (limited assurance)
SFDR	Voluntary limited assurance
CSDDD	The European Commission intends to issue targeted assurance guidelines by 2026 to clarify the procedures that assurance providers are to perform
CBAM	Independent verification mandated from 1st January 2026
Canadian CSSB	Not currently mandated
Australian AASB S2	Not currently mandated for Scope 3
SBTi	Not currently mandated but recommended
CDP	Not currently mandated
MSCI	Not currently mandated