The **Scope 3 Standard** complements and builds upon the **Corporate Standard** to promote additional completeness and consistency in the way companies account for and report on indirect emissions from value chain activities.

The **Corporate Standard** classifies a company’s direct and indirect GHG emissions into three “scopes,” and requires that companies account for and report all scope 1 emissions (i.e., direct emissions from owned or controlled sources) and all scope 2 emissions (i.e., indirect emissions from the generation of purchased energy consumed by the reporting company). The **Corporate Standard** gives companies flexibility in whether and how to account for scope 3 emissions (i.e., all other indirect emissions that occur in a company’s value chain). Figure 1.1 provides an overview of the three GHG Protocol scopes and categories of scope 3 emissions.

Since the **Corporate Standard** was revised in 2004, business capabilities and needs in the field of GHG accounting and reporting have grown significantly. Corporate leaders are becoming more adept at calculating scope 1 and scope 2 emissions, as required by the **Corporate Standard**. As GHG accounting expertise has grown, so has the realization that significant emissions – and associated risks and opportunities – result from value chain activities not captured by scope 1 and scope 2 inventories.

Scope 3 emissions can represent the largest source of emissions for companies and present the most significant opportunities to influence GHG reductions and achieve a variety of GHG-related business objectives (see chapter 2). Developing a full corporate GHG emissions inventory – incorporating scope 1, scope 2, and scope 3 emissions – enables companies to understand their full emissions.