



Scope 3 Technical Working Group Meeting

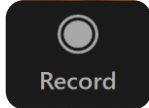
Meeting 1
Full TWG
Standard Development Plan



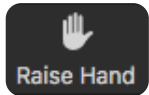
October 17th, 2024



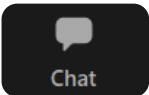
Meeting information



This meeting is recorded.



Please use the Raise Hand function to speak during the call.



You can also use the chat function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

Agenda

- Attendance (5 min)
- Housekeeping (15 min)
- Standard Development Plan (SDP) overview (15min)
- Workplan (5 min)
- Decision-making criteria (10 min)
- Break (5 min)
- Members introduction (breakouts) (20 min)
- Objectives (breakouts) (20 min)
- Discussion (20 min)
- Recap (5 min)

Welcome

- Thank you for joining the September 30th TWG kick-off
- This is the **first full Scope 3 Technical Working Group** (the “**Scope 3 TWG**”) meeting
- There are **fifty-six (56) members**
 - This is the largest TWG among all four workstreams
 - Corporate Standard
 - Scope 2
 - Scope 3
 - Actions and Market Instruments

Scope 3 team



Natalia Chebaeva
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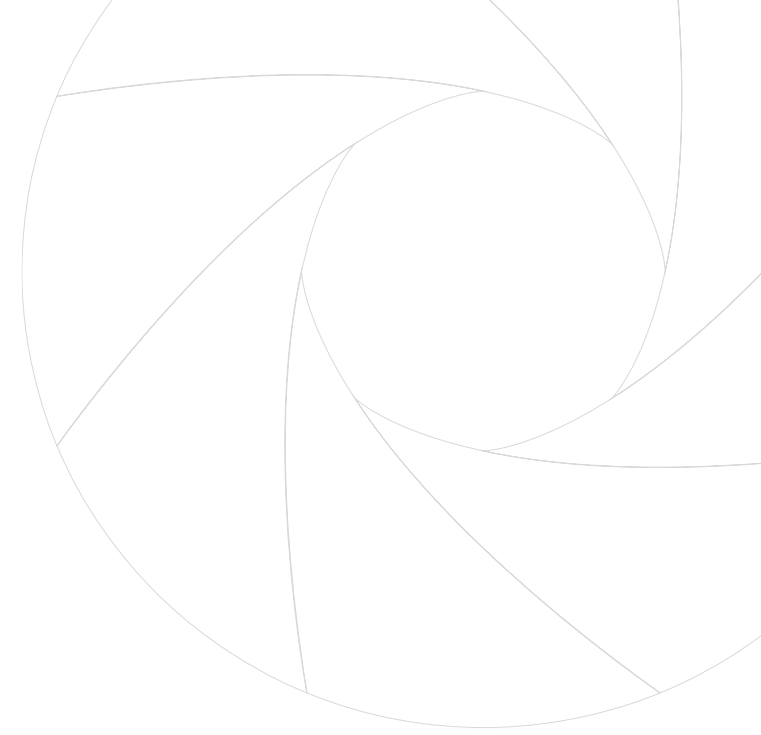


Alexander Frantzen
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Claire Hegemann
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Housekeeping



Housekeeping and confidentiality in TWG meetings

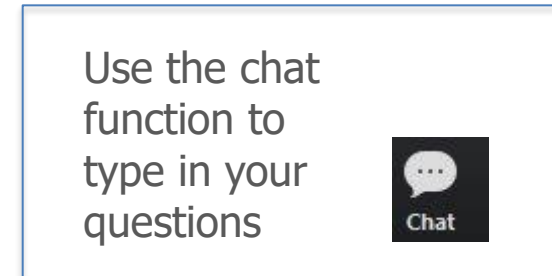
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ – to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, the **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
 - Refer to <https://www.chathamhouse.org/about-us/chatham-house-rule> for more
- **Compliance and integrity** are key to maintaining the credibility of GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

Recordings will be available for a limited time after the meeting; access is restricted to TWG members only.

Document sharing

TWG members (SharePoint):

- **SharePoint with restricted access** (TWG members and Secretariat – internal use only) will be used for all relevant documents for TWG members
- TWG members **are granted restricted access** for their TWG's folder and cannot make changes to sub folders and documents
- Documents will be uploaded by Secretariat **in pdf format** as default five working days prior to a TWG meeting
- Documents for TWG members track change edits or comments, if any, will be uploaded as .docx
- Documents not posted to the GHG Protocol website are for **internal use only** and should not be circulated

Public (GHG Protocol Website):

- **Selected TWG documents** will be posted in the Governance Document Repository* on the GHG Protocol website after TWG meetings. These include:
 - Meeting agendas, slides, and minutes
 - Discussion papers
- Not to be published: internal working documents of TWGs

* <https://ghgprotocol.org/governance-document-repository>

Meeting participation, quorum and consensus

- **Meeting participation** (TWG ToR 5.4)
 - Active participation and attendance is expected; let the Secretariat know if you will miss a meeting
- **Quorum** (TWG ToR 6.1)
 - Defined as a majority of members present. Any member that is unable to take part in a meeting but chooses to provide written input to the Secretariat in advance shall be counted towards fulfilling the quorum
 - Recommendations shall not be formally agreed upon during a TWG meeting unless there is a quorum present
- **Consensus** (TWG ToR 6.2)
 - Aim is to develop consensus standards and reach maximum level of agreement possible
 - Consensus defined as lack of sustained objection, as determined by the Secretariat
 - If consensus cannot be reached, options will be presented to the ISB
 - Members are expected to make recommendations based on established *Decision-making Criteria*

Way of working: Meeting-times strive to be convenient and inclusive

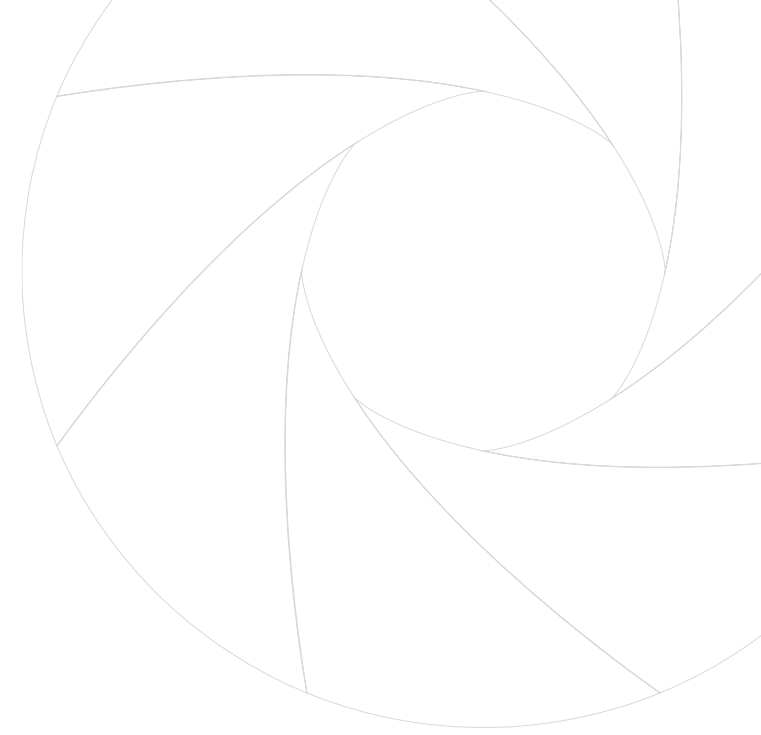
Assumptions:

- **'Comfortable'** meeting hours are defined as **6am to 10pm**
- **Goal 1: maximize comfortable meeting hours for as many TWG members as possible**, over the course of the Standard setting/revision process
- **Goal 2: do not systematically place some members into uncomfortable working hours**

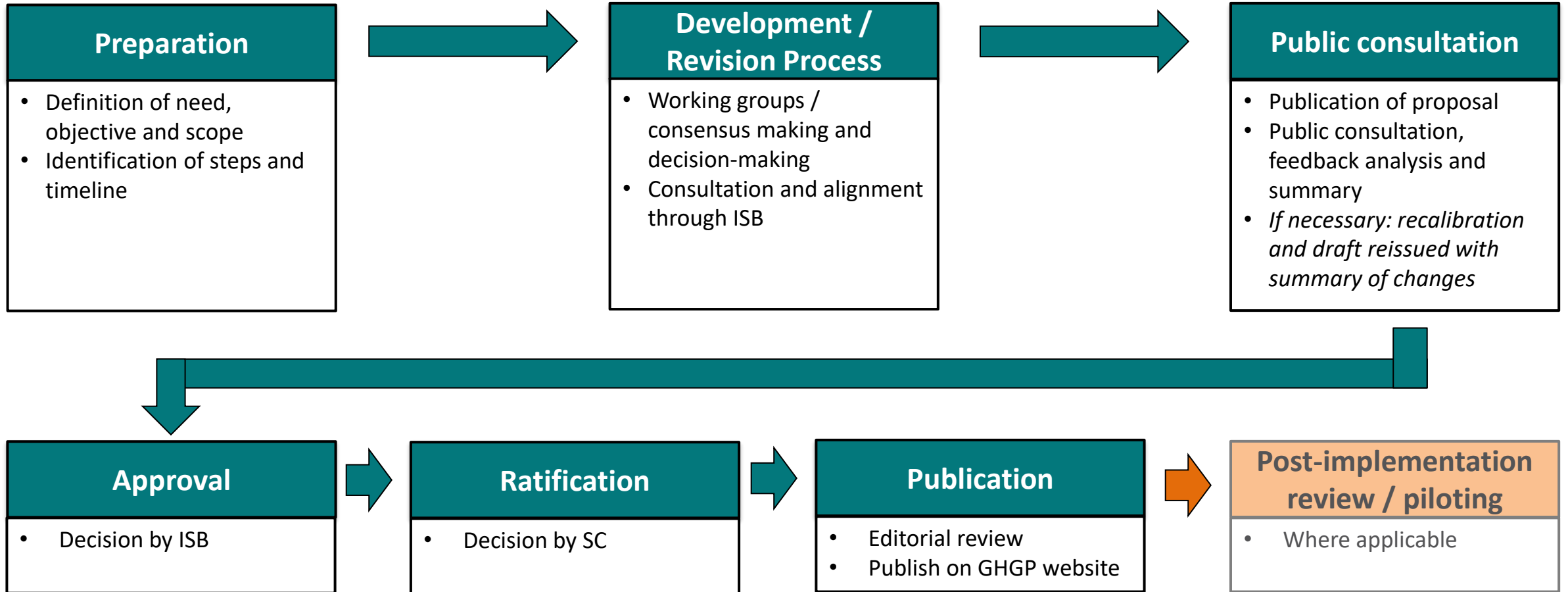
Based on analysis of TWG members and their time zones:

- Meeting duration is set at **2 hours** to avoid running into 'uncomfortable' hours
- **Default meeting time: 9-11 am ET** works for over 80% of Scope 3 TWG members (between 6am and 10pm) while recognizing, however, that this disadvantages TWG members in East Asia/Oceania
- **Alternate meeting time: 5-7 pm ET** works for approx. 60% of Scope 3 TWG members (between 6am and 10pm) while recognizing, however, that this disadvantages TWG members in Europe
 - It is expected that alternate meeting times will be used every 3rd or 4th meeting
 - The meeting schedule will be revisited by end-of-year 2024 to optimize scheduling in year 2025

Standard Development Plan (SDP) overview



General Standard Development and Revision Process



Subgroups and Phases

- **Phase 1:**
 - **Group A:** Data quality and calculation methods
 - **Group B:** Boundary setting and materiality, target setting and performance metrics, and leased assets (Category 8 and Category 13)*
 - **Group C:** Investments (Category 15) and franchises/licensing (Category 14)
- **Phase 2:**
 - **Group 1:** Purchased goods and services (Category 1), Fuel- and energy-related activities (Category 3), Waste generated in operations (Category 5), End-of-life treatment of sold products (Category 12)
 - **Group 2:** Upstream transportation and distribution (Category 4), Business travel (Category 6), Employee commuting (Category 7), Downstream transportation and distribution (Category 9)
 - **Group 3:** Capital goods (Category 2), Processing of sold products (Category 10), Use of sold products (Category 11)

* Leased asset requirements and guidance will be updated by the *Corporate Standard* and reviewed by the Scope 3 TWG.

Not included in Scope 3 TWG Scope of Work

- **Corporate Standard**
 - Mandatory scope 3 (for CS compliance)
 - Consolidation approaches
 - Leased assets
 - Global warming potential (GWP) values and indirect climate forcers including radiative forcing (RFs)
- **Action and market instruments (AMI) and Scope 2**
 - Project or intervention accounting methods and market-based instruments
 - The use or non-use of scope 2 market-based emissions data in scope 3 inventories
 - Transmission and distribution (T&D) losses
- **Land sector and removals guidance (LSRG)** (expected publication in Q1 of 2025)
 - Accounting of biogenic CO₂ emissions and removals, including technological removal

Refer to the Scope 3 Standard Development Plan (SDP) for more detail on items not included in the SoW.

Group A: Data quality and calculation methods

1. Clarifying the relationship between data quality and various inventory objectives
2. Consider additional requirements to enhance usability and transparency of scope 3 inventories
3. Consider developing more prescriptive allocation rules
4. Consider developing a hierarchy of data and/or calculation methods
5. Consider constrains or minimum requirements to inventory quality
6. Consider requirement to inventory quality improvement over time
7. Consider requirement of hotspot quantification
8. Consider harmonization of emissions factor types used across all categories
9. Consider additional guidance on transfer of data across the value chain and integration of product level data into scope 3 calculations

Group B: Boundaries, materiality, target setting, performance metrics

Boundary setting

1. Consider refinement of relevance criteria for inventory completeness
2. Consider providing refined ruling on justification for exclusions
3. Consider developing de minimis or significance thresholds for the exclusion of activities and/or emissions
4. Consider developing more specific boundary requirements or guidance for intermediary parties

Leased assets

1. Consider requirements or guidance on accounting for emissions from leased products (by both lessees and lessors), in coordination with *Corporate Standard* workstream
2. Consider requiring or recommending accounting for the scope 3 emissions of lessees, by the lessor, if relevant or significant

Group B: Boundaries, materiality, target setting, performance metrics

Target setting and base year recalculations

1. Updates to target setting guidance to reflect current best practice
2. Consider updating the base year emissions recalculation requirements and providing more guidance (including for when calculation methods change)
3. Consider developing a decision tree to determine when to recalculate

Performance metrics

1. Consider developing standardized category-level or product-level performance metrics and consider requiring their disclosure 2.
2. Consider accounting and reporting annualized emissions metrics in addition to cumulative GHG inventory measures

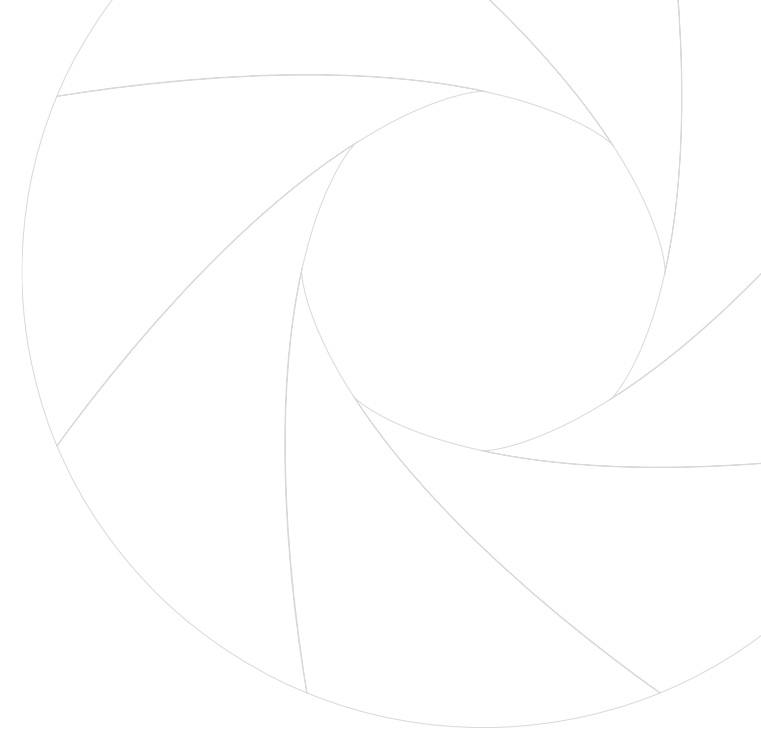
Group C: Investments (Category 15)

1. Interoperability vs. consolidation of GHG Protocol and Partnership for Carbon Accounting Financials (PCAF)
2. Harmonization vs. non-harmonization of GHG Protocol and PCAF (of the requirements and guidance thereof)
3. Classification and nomenclature for investment/asset types (the reassessment and normalization thereof)
4. Other investment/asset types (the inclusion/exclusion, calculation methods, and requirements thereof)
5. Minimum boundary considerations (differentiated for financial institutions vs. non-financial organizations)
6. Inclusion of investments'/investees' scope 3 emissions (based on relevance, significance, and/or materiality)
7. Inclusion of the lifespan emissions of projects (separately from scope 3) (re-examining the consistency thereof)
8. Facilitated emissions (e.g., capital market transactions)
9. Insurance-associated emissions
10. Calculation methods for optional investments (apart from listed/unlisted equity and/or debt)
11. Calculation methods for unlisted equity and debt
12. Calculation methods for listed equity and debt
13. Calculation methods for sovereign debt (a form of debt, listed and unlisted)
14. Revenue- and spend-based calculation method (specifically concerning investments)
15. Portfolio rollups (for investors)

Group C (continued): Franchises/licensing (Category 14)

- **Classification**
 - Consider including product and/or IP licensing (e.g., patents, technologies), services, and other licensed products in this category and, if so, whether to include licensing as part of the category name
- **Minimum boundary**
 - Consider developing boundary and/or classification requirements or guidance for IP licensing, including brand licensing
- **Quantification**
 - Consider developing standardized rules and calculation guidance to account for emissions from licensed products or services (by the licensor and licensee(s))

Workplan



Sharing cadence for material

Before meetings (shared 5 working days in advance):

- Agenda
- Presentation
- Discussion paper(s)
- Other relevant materials, such as a summary of feedback received after the previous meeting

After meetings (shared within working 5 days):

- Recordings
- Meeting minutes, including a list of participants
- Feedback forms, surveys, and/or polls (if applicable)

Meeting dates through year 2025 (subject to change)

Group A			Group B			Group C		
Meeting	Date	Time	Meeting	Date	Time	Meeting	Date	Time
1*	Oct 17, 2024 Thu	15:00 CET	1*	Oct 17, 2024 Thu	15:00 CET	1*	Oct 17, 2024 Thu	15:00 CET
A.1	Oct 24, 2024 Thu	15:00 CET	B.1	Oct 31, 2024 Thu	15:00 CET	C.1	Nov 07, 2024 Thu	15:00 CET
A.2	Nov 14, 2024 Thu	15:00 CET	B.2	Nov 21, 2024 Thu	15:00 CET	C.2	Nov 28, 2024 Thu	15:00 CET
A.3	Dec 05, 2024 Thu	TBC**	B.3	Dec 12, 2024 Thu	TBC**	C.3	Dec 19, 2024 Thu	TBC**
A.4	Jan 09, 2025 Thu	15:00 CET	B.4	Jan 16, 2025 Thu	15:00 CET	C.4	Jan 23, 2025 Thu	15:00 CET
A.5	Jan 30, 2025 Thu	15:00 CET	B.5	Feb 06, 2025 Thu	15:00 CET	C.5	Feb 13, 2025 Thu	15:00 CET
A.6	Feb 20, 2025 Thu	TBC**	B.6	Feb 27, 2025 Thu	TBC**	C.6	Mar 06, 2025 Thu	TBC**
A.7	Mar 13, 2025 Thu	15:00 CET	B.7	Mar 20, 2025 Thu	15:00 CET	C.7	Mar 27, 2025 Thu	15:00 CET
A.8	Apr 03, 2025 Thu	15:00 CET	B.8	Apr 10, 2025 Thu	15:00 CET	C.8	Apr 17, 2025 Thu	15:00 CET
A.9	Apr 24, 2025 Thu	TBC**	B.9	May 01, 2025 Thu	TBC**	C.9	May 08, 2025 Thu	TBC**
A.10	May 15, 2025 Thu	15:00 CET	B.10	May 22, 2025 Thu	15:00 CET	C.10	May 29, 2025 Thu	15:00 CET
A.11	Jun 05, 2025 Thu	15:00 CET	B.11	Jun 12, 2025 Thu	15:00 CET	C.11	Jun 19, 2025 Thu	15:00 CET
2*	Jun 26, 2025 Thu	15:00 CET	2*	Jun 26, 2025 Thu	15:00 CET	2*	Jun 26, 2025 Thu	15:00 CET

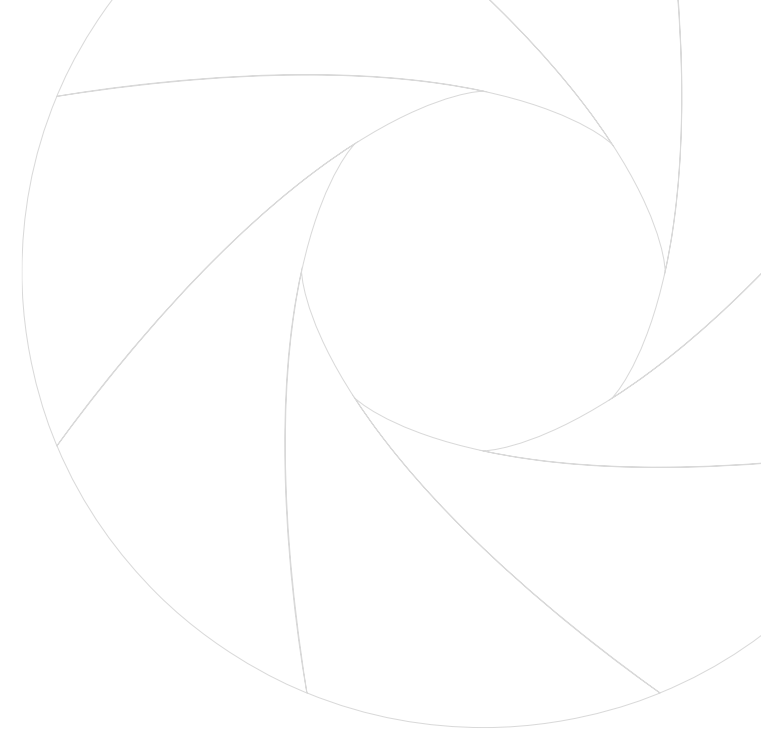
* Full Scope 3 TWG meeting; all other meetings reflect subgroup meetings. ** Alternative time(s) to be confirmed based on 10/17/2024 | 23 final assessment with TWG members and considering the goals detailed on slide 11 regarding convenience and inclusion.

Meeting dates through year 2025 (subject to change)

Group 1			Group 2			Group 3		
Meeting	Date	Time	Meeting	Date	Time	Meeting	Date	Time
1.1	Jul 03, 2025 Thu	15:00 CET	2.1	Jul 10, 2025 Thu	15:00 CET	3.1	Jul 17, 2025 Thu	15:00 CET
1.2	Jul 24, 2025 Thu	15:00 CET	2.2	Jul 31, 2025 Thu	15:00 CET	3.2	Aug 07, 2025 Thu	15:00 CET
1.3	Aug 14, 2025 Thu	TBC**	2.3	Aug 21, 2025 Thu	TBC**	3.3	Aug 28, 2025 Thu	TBC**
1.4	Sep 04, 2025 Thu	15:00 CET	2.4	Sep 11, 2025 Thu	15:00 CET	3.4	Sep 18, 2025 Thu	15:00 CET
1.5	Sep 25, 2025 Thu	15:00 CET	2.5	Oct 02, 2025 Thu	15:00 CET	3.5	Oct 09, 2025 Thu	15:00 CET
1.6	Oct 16, 2025 Thu	TBC**	2.6	Oct 23, 2025 Thu	TBC**	3.6	Oct 30, 2025 Thu	TBC**
1.7	Nov 06, 2025 Thu	15:00 CET	2.7	Nov 13, 2025 Thu	15:00 CET	3.7	Nov 20, 2025 Thu	15:00 CET
1.8	Nov 27, 2025 Thu	15:00 CET	2.8	Dec 04, 2025 Thu	15:00 CET	3.8	Dec 11, 2025 Thu	15:00 CET
3*	Dec 18, 2025 Thu	15:00 CET	3*	Dec 18, 2025 Thu	15:00 CET	3*	Dec 18, 2025 Thu	15:00 CET

* Full Scope 3 TWG meeting; all other meetings reflect subgroup meetings. ** Alternative time(s) to be confirmed based on 10/17/2024 | 24 final assessment with TWG members and considering the goals detailed on slide 11 regarding convenience and inclusion.

Decision-making criteria



GHG Protocol Decision-Making Criteria

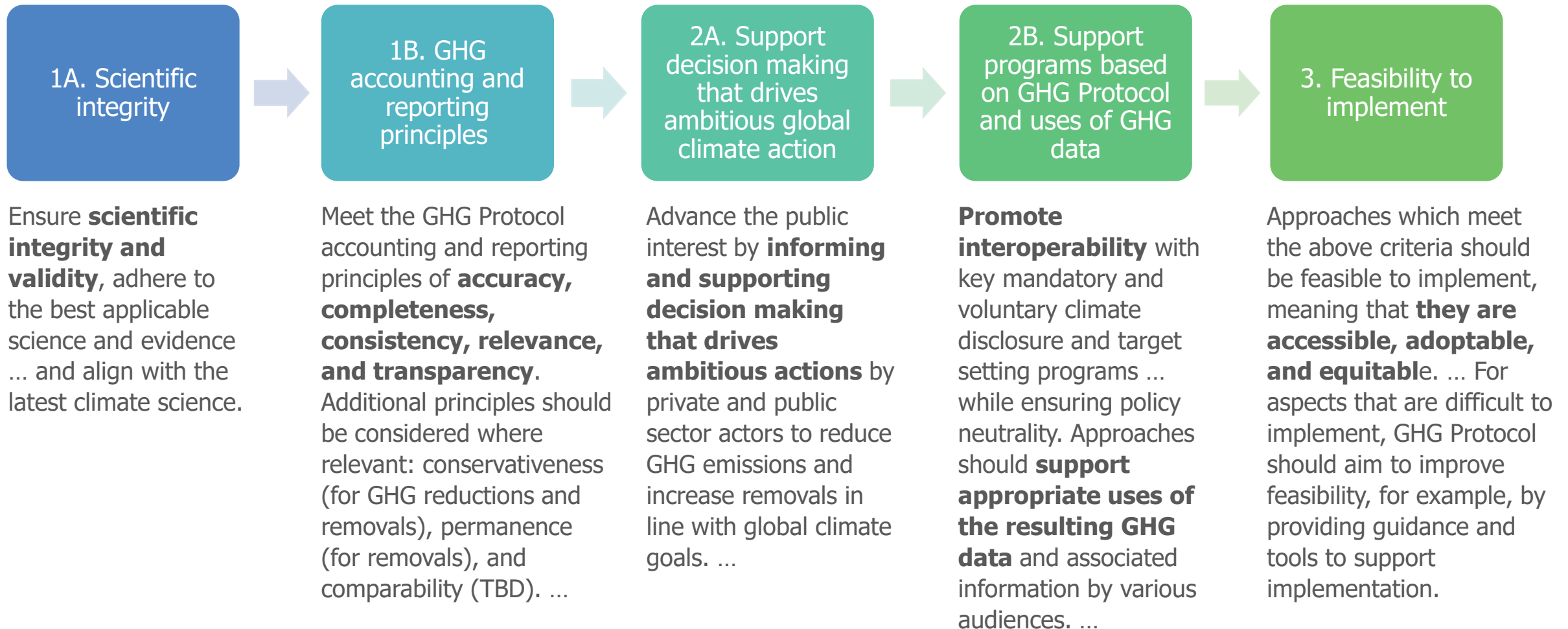
- **Purpose:** Support the GHG Protocol Secretariat, Technical Working Groups, and Independent Standards Board in evaluating GHG Protocol accounting and reporting approaches to determine which option among a defined set of options best adheres to the criteria and should be pursued. Refer to the annex to the *Governance Overview* online for more.*
- **Summary version:**



- **Full version:**



GHG Protocol Decision-Making Criteria



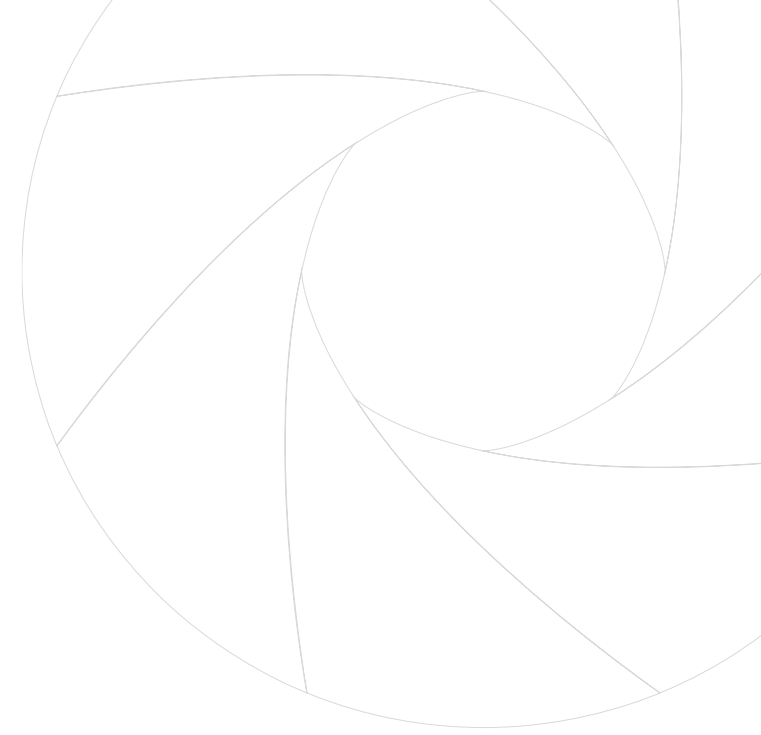
Applying the Decision-Making Criteria

<i>Illustrative example</i>	Option A: Name	Option B: Name	Option C: Name
1A. Scientific integrity	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons
1B. GHG accounting and reporting principles	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons
2A. Support decision making that drives ambitious global climate action	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons
2B. Support programs based on GHG Protocol and uses of GHG data	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons
3. Feasibility to implement	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons 	<ul style="list-style-type: none"> Pros Cons

- Evaluating options:** Describe pros and cons of each option relative to each criterion. Qualitatively assess the degree to which an option is aligned with each criterion through a green (most aligned), yellow (mixed alignment), orange (least aligned) ranking system. Some criteria may be not applicable for a given topic; if so, mark N/A.
- Comparing options:** The aim is to advance approaches that ideally meet all decision criteria (i.e. maximize pros and minimize cons against all criteria). If options present tradeoffs between criteria, the hierarchy should be generally followed, such that, for example, scientific integrity is not compromised at the expense of other criteria, while aiming to find solutions that meet all criteria.

Objectives Discussion

(Get to know your colleagues)



Group break-out rooms

- Group TWG members introductions
- Discussion of objectives (subject to time)

Objectives of the *Scope 3 Standard*

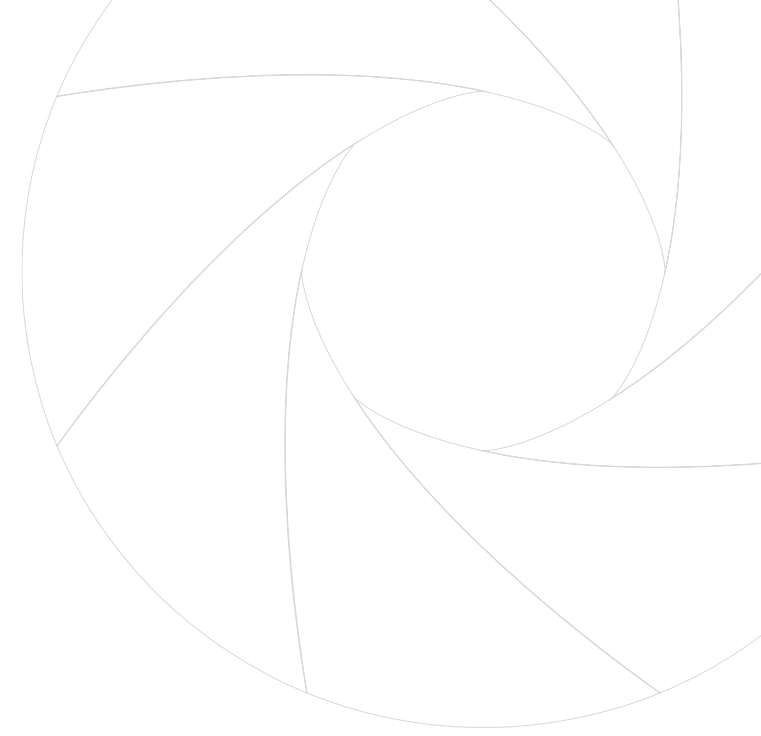
Current objectives:

- To help companies prepare a true and fair scope 3 GHG inventory in a cost-effective manner, through the use of standardized approaches and principles
- To help companies develop effective strategies for managing and reducing their Scope 3 emissions through an understanding of value chain emissions and associated risks and opportunities
- To support consistent and transparent public reporting of corporate value chain emissions according to a standardized set of reporting requirements

Prompts:

- Do you think any of the objectives should be removed?
- Do you think any of these objective should be reformulated? How? Why?
- Do you think any new objectives should be added?

Recap



Recap

- Emails:
 - Please **add our emails** to your trusted contacts/friendly emails
- Meeting scheduling:
 - Platform: **Outlook** (scheduling) and **Zoom** (hosting)
 - Meeting invites to be sent (rescheduling requires minimum 10 days notice)
 - No meetings (holiday period) planned from December 23rd, 2024 through January 5th, 2025
- File sharing:
 - Platform: **SharePoint** (files and recordings)
 - Meetings may include an agenda, slide deck, relevant material (shared five workdays in advance);
 - Recordings will be shared with TWG members, in confidence
 - Meeting minutes will be shared within five workdays following a meeting
- Confidentiality and transparency
 - Chatham House Rule applies in meetings and recordings thereof will be shared in confidence
 - Agendas, meetings, and slide decks will be made public

Thank you!

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