Scope 3 TWG Full Group Meeting Minutes

Meeting number 1

Date: October 17, 2024

Time: 09:00 – 11:00 EST

Location: Virtual

Attendees

Technical Working Group Members

1. Alan Lewis, Freelancer
2. Alasdair Hedger, Ellen MacArthur Foundation
3. Alissa Benchimol, Greenhouse Gas Management Institute
4. Aysegul Koseoglu, Inter IKEA
5. Benedicte Robertz, Umicore
6. Bin Chen, Fudan University
7. Carl Vadenbo, ecoinvent association
8. Christoph Meinrenken, Columbia University
9. Colin Powell, PwC
10. Dario Alessandro De Pinto, BANCA D'ITALIA
11. David Quach, Wesfarmers
12. Elijah Innes-Wimsatt, Conservation International
13. Ellen Riise, Essity Hygiene & Health AB
14. Elliot Muller, CIRAIG, Polytechnique Montréal
15. Enric Tarrats, Banc Sabadell
16. Fabiola Isabel Schneider, University College Dublin
17. Francesca Testa, CDP
18. Holly Emerson, Duke University
19. Howard Shih, Science Based Targets initiative
20. Hugo Ernest-Jones, Science Based Targets initiative
21. Isihaka Hanghuja, Uganda National Bureau of Standards (UNBS)
22. James Salo, S&P Global Sustainable1
23. Junfeng Zhao, GSG
24. Karis Choi, HSBC
25. Leo Cheung, The Carbon Trust
26. Lindsay Burton, Ernst & Young
27. Luhui Yan, Carbonstop
28. Marion Kurdej, EcoAct
29. Mathilde Crepy, ECOS
30. Meghan Kennedy, General Motors
31. Michael King, Cisco Systems, Inc.
32. Mitavachan Hiremath, SusPoT - Center for Sustainability
33. Nadia Montoto, KPMG
34. Nasser Ayoub, EPD International
35. Nicola Stefanie Paczkowski, BASF
36. René Garrido, Universidad de Santiago de Chile
37. Ryan Maloney, Apple
38. Sean Somerville, University of Stirling
39. Shannon McIlhone, Partnership for Carbon Accounting Financials (PCAF)
40. Stacy Smedley, Building Transparency
41. Susanne Vedel Hjuler, Independent
42. Tim Letts, WWF
43. Tom Jackson, Loughborough University
44. Victor Gancel, Danfoss
45. Vishwesh Pavnaskar, Indorama Ventures
46. Wenjuan Liu, RMI
47. Zola Berger-Schmitz, Science Based Targets
48. initiative

GHG Protocol Secretariat

1. Natalia Chebaeva
2. Claire Hegemann
3. Alexander Frantzen
4. David Rich
5. Fui-Yee Ng

Documents referenced

1. Draft Scope 3 Standard Development Plan
2. Draft Decision-Making Criteria
3. TWG Members Terms of Reference

Summary

Item	Topic and Summary	Outcomes/next steps
1	**Housekeeping** Brief description of meeting agenda items. GHG Protocol Secretariat presented housekeeping rules.	Members are to notify the Secretariat about their absence in upcoming meetings via email.
2	**Standard Development Plan overview** The Secretariat presented the high-level overview of the Standard Development Plan.	N/A
3	**Workplan** The Secretariat presented the workplan. The TWG discussed the planned timing of rotating meeting times and the Secretariat clarified that no in-person meetings were currently planned.	Secretariat to send a feedback form on meeting time options to TWG members within 5 working days for further input before confirming the schedule of meetings.
4	**Decision-making criteria** The GHG Protocol Secretariat presented the decision-making criteria. The group discussed the minimum bar for decisions and the hierarchy of the criteria.	N/A
5	**Member introductions** Members broke into assigned subgroups and introduced themselves to each other.	N/A
6	**Scope 3 Standard objectives** In subgroups, followed by plenary discussion in the full group, members discussed the current Scope 3 Standard objectives and potential edits to to the objectives of the Standard (including removing, reformulating, or adding to the current list). A TWG poll indicated that the majority of TWG members wanted to see draft edits to the three scope 3 objectives based on the discussion.	Secretariat to prepare a summary of the discussion and a feedback form to allow members to provide further input and to provide feedback on options for edits to the objectives

Discussion and outcomes

1. Housekeeping

- The Secretariat presented the housekeeping slides (see slides 7-11).

Discussion Summary:

- The Scope 3 Technical Working Group (TWG) members asked for clarification regarding how to notify the Secretariat of their inability to attend a meeting

Outcomes:

- Members are to notify Secretariat about their absence in upcoming meetings via email.

2. Standard Development Plan overview

- The Secretariat presented the high-level overview of the Standard Development Plan (slides 13 -20).

Discussion Summary:

- Members requested clarity on whether, following public consultation, the standard draft would go back to the TWG for consideration of revisions.
- Secretariat confirmed that yes, the TWG would review feedback received from public consultation.

Outcomes:

- N/A

3. Workplan

- The Secretariat presented the workplan slides (see slides 22 - 24).

Discussion Summary:

- Members raised questions about the rotating meeting times. Members further inquired if meetings will be recorded and if they would be able to contribute asynchronously, as well as if a feedback form will become available for the current meeting to provide feedback on meeting times.
- The Secretariat highlighted the plan for rotating meetings to accommodate members in different time zones and ensure opportunities for live participation for different locations. The Secretariat confirmed that meeting times will be further discussed in the individual subgroups where time zone distributions may differ. TWG members are invited to provide feedback on the proposed meeting times through the feedback form following the meeting. The Secretariat confirmed that meeting recordings will be available for the TWG members, and that asynchronous contribution will be possible through surveys/feedback forms. The feedback form for the meeting will be sent to members within 5 working days after the meeting.
- Members suggested to communicate the time zones in UTC.
- Members inquired if in-person meetings are planned, and if an official meeting of the group is planned for the COP.
- The Secretariat clarified that neither in-person meetings nor official meetings at the COP are planned at the moment.

Outcomes:

- N/A

4. Decision-making criteria

- The Secretariat presented the Decision-making criteria slides (see slides 26 - 28).

Discussion Summary:

- Members inquired if any minimum bars are set for decisions, and if scientific integrity is the bare minimum for all decisions.
- The Secretariat confirmed the statement, referring to the decision-making criteria (to be included in the governance documents once fully approved). The Secretariat emphasized the aim is to find solutions that meet all the criteria.
- Members asked for clarification on the hierarchy of the criteria.
- The Secretariat confirmed the hierarchical order from 1 to 3, highlighting the aim is to meet all criteria.

Outcomes:

- N/A

5. Member introductions

- The Technical Working Group was split into three break-out rooms, according to the subgroups of phase 1 (Group A, Group B, Group C).

Discussion Summary:

- Members inquired if the list of members in each of the subgroups will become available.
- The members of the subgroups introduced themselves.

Outcomes:

- Agendas will provide the full list of members in each subgroup.

6. Scope 3 Standard objectives

- In subgroups, members discussed the current Scope 3 Standard objectives and potential reasons for removing, reformulating, or adding new objectives to the standard (see slide 31).
- In the full plenary, representatives from the subgroups presented a summary of the discussions.
- An informal poll of the entire scope 3 TWG indicated that a majority were in favor of preparing draft edits for the update of the *Scope 3 Standard* objectives based on the discussion.
- For reference, the objectives from the *Scope 3 Standard* (p. 4):
    1. 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
    2. 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
    3. To support consistent and transparent public reporting of corporate value chain emissions according to a standardized set of reporting requirements
- Prompts:

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

Discussion Summary:

Subgroup A

- No objectives were deemed necessary to remove, but editing of the objectives was recommended.
- Many organizations that currently use the standard do not identify as companies. Adjusting "companies" to "organizations" was recommended across all objectives.
- The phrasing "true and fair" inventory in objective #1 poses definitional challenges. Two suggested alternatives were "accurate" and "impactful".
- The phrasing "cost-effective" in objective #1 received mixed feedback, with some members arguing it to be misleading or inappropriate for the objectives of the standard, highlighting the nature of the upfront costs for transitioning to developing GHG inventories being more like investments. Other members reiterated the importance of costs in carbon accounting.
- Developing effective strategies for emission reductions were noted to not be the primary focus of the standard, which focuses on standardizing measurement and reporting. In this perspective, the recommendation was for objective #2 to be edited from "To help companies develop effective strategies for managing…" to "To help inform the development of effective strategies for managing…".
- Risk and opportunity assessment was likewise noted to not be the primary focus of the standard, belonging instead to internal business processes. As a result, there was a suggestion to remove understanding of associated risks and opportunities from objective #2.
- Due to the different nature of action and strategy creation, vision creation, and emission reduction trajectories development, it was suggested to split objective#2 into three parts:
  - o Inform development of effective and innovative actions and strategies (pathways) for managing and reducing scope 3 emissions;
  - o Understand value chain emissions though mapping of the value chain (hotspot analysis), creating a vision for future refinement and improvement; and
  - o Inform the development of effective emission reduction trajectories aligned with science-based targets.
- Considerations for additional objectives could include potential enabling of comparability, helping companies establish base year emissions representative of their business, and fostering consistent improvement of methodologies.
- Due to regulatory developments, it was suggested to update objective #3 by mentioning mandatory and voluntary reporting requirements.

Subgroup B

- Questions were raised about the phrasing of "true and fair" in objective #1. The origin is from financial accounting and assurance to refer to being free of material misstatements. However, this may not be clear for lay persons and carbon accounting practitioners coming from other fields. Suggested alternatives included "accurate," "correct," "actionable," "fair and follows best practices," "defensible," "credible," "verifiable," "using best available data, best practices and best processes".
- The purpose of the standard was also noted to make GHG inventories more standardized, more precise, and less subjective, by providing common accounting and reporting requirements across companies.
- The mentioning of cost-effectiveness in objective #1 was seen as potentially misleading and should not be put forward ahead of other GHG principles. At the same time, organizations with limited resources need to be kept in mind. Suggested alternatives were to instead refer to feasibility, avoiding undue costs, or to remove cost-effectiveness from the list of purposes.
- Members mentioned that "consistent" reporting as described in objective #3 may lead to expectations of comparability, which to date is difficult to achieve. Some warned that consistency is often in

practice mistaken for comparability, while others suggested to add comparability to the list of objectives of the standard.
- The purpose of the standard was noted by some members as helping companies drive action to reduce emissions in line with decarbonization goals.
- Objective #2 was noted as needing clarification, specifically regarding whether the standard helps companies reduce emissions or instead creates a common methodology that can provide a foundation to for decarbonization strategy development and reduction calculations.
- Some members emphasized the purpose of the Scope 3 Standard is to provide standardized approaches and principles at a global level, which need to be further developed and applied at the sectoral level to achieve higher accuracy and comparability for individual sectors.
- Accommodation of differences across regions of the world and disparities in terms of data availability was highlighted as an important consideration.

Subgroup C
- Few members expressed concern(s) with Objectives #1 & #3.
- Many members agreed that Objectives #2 and #3 are outcomes from the key Objective #1.
  - Accounting is a necessary step to developing an informed reduction strategy or to report.
  - An inventory helps companies/investors and provides consistent/transparent reporting.
- Many members agreed that objective #1 was deemed the key objective.
  - The objective is to help companies quantify scope 3 emissions (Objective #1), delivering a fair, comparable, standardized approach (GHG inventory).
  - The cost/capacity burden remains a barrier for many users and hasn't been accomplished globally; some members recommend removing the language, "cost-effective manner", in Objective #1
- Some members asserted that Objective #3 could fit within Objective #1, based on the following rationale:
  - It concerns reporting standardized measures of emissions (Objective #1), objective #3 is an outcome of the key objective; and having a "consistent" approach (from Objective #3) could be pulled into Objective #1
- Many members expressed concern with the wording of Objective #2, considering that:
  - Companies can use reported emissions (Objective #3) for reduction planning;
  - Accounting is necessary to measure reductions, but it's still an accounting procedure;
  - GHG Protocol standards do not prescribe how to achieve reductions;
  - Using "help" implies that following this standard prescribes reduction actions;
  - It's important to retain mention of "reduction" in the purpose, as the GHG Protocol is designed not simply to account for emissions, but to support enabling action towards decarbonization;
  - **Consider** using the term "… [enable] companies [to] develop…" instead of saying to "…help companies develop effective strategies for managing and reducing..."
  - **Consider** using "measuring and managing" emissions rather than "reducing"
- Members discussed hotspot analysis in the context of managing and reducing scope 3 emissions.
  - This may satisfy Objective #2 by helping to identify where to focus targeted action, but may not meet other objectives
  - **Consider** noting that it remains a component of developing a reduction strategy
- Members expressed the importance of differentiating users at different stages of adoption:
  - Companies that have not done scope 3 accounting/reporting and need to start
  - Companies (especially SMEs) that can't afford the software/capacity to start
  - Companies that have been doing scope 3 accounting/reporting for years and are focused on reducing scope 3 emissions and meeting scope 3 targets
- Members expressed the importance of balancing the goal to measure with the goal to reduce
  - The goal should be GHG reduction without excessive GHG accounting costs
  - Spending large amounts of resources on perfecting measurement without taking GHG reduction activities would be a failure
  - Sometimes projects that clearly support reducing emissions don't get funding because the emissions reduction impact cannot be recognized formally

o   **Consider** highlighting the need for consistent and actionable (possibly comparable) inventories.

Outcomes:

- The majority of scope 3 TWG members (38 members) favored drafting edits to the objectives based on the discussion.
- The GHG Protocol Secretariat will prepare a summary of potential updates based on the discussion and asynchronous contributions.
- TWG members will have an opportunity to provide additional feedback on the proposed edits as well as additional feedback on the objectives if not already provided.
- The minutes and feedback from the Scope 3 TWG will be shared with the Corporate Standard TWG for their consideration of updates to objectives and principles in the Corporate Standard (Subgroup 1, Phase 1 of the Corporate Standard TWG).

Summary of written submissions received prior to meeting

Not applicable.