

Actions and Market Instruments Meeting Minutes

Meeting number 1.03

Date: 15 January 2025

Time: 09:00 – 11:00 ET

Location: "Virtual" via Zoom

Attendees

Technical Working Group Members

1. Ana Isabel Aubad Lopez, Atmosphere Alternative
2. István Bart, Environmental Defense Fund
3. Kim Carnahan, Center for Green Market Activation
4. Andres Casallas, World Business Council for Sustainable Development
5. Jonathan Crook, Carbon Market Watch
6. Cynthia Cummis, Deloitte & Touche
7. Thomas Day, NewClimate Institute
8. Christopher Duck, Climate Impact Partners
9. Gilles Dufrasne, European Commission
10. Nermin Eltouny, Integral Consult
11. Autumn Fox, Mars
12. Michael Gillenwater, Greenhouse Gas Management Institute
13. Tim Hamers, ERGaR - European Renewable Gas Registry
14. Grant Ivison-lane, CIBO Technologies
15. Yaning Jin, SinoCarbon Innovation and Investment Co., Ltd.
16. Injy Johnstone, University of Oxford
17. Timothy Juliani, WWF US
18. Joni Jupesta, IPB University, Indonesia
19. Hiromi Kawamata, The Japan Iron and Steel Federation
20. John Kazer, Carbon Trust
21. Kristin Komives, ISEAL
22. Aditya Mishra, Proforest
23. Hans Näsman, CDP
24. Inken Ohlsen, AP Moller Maersk
25. Thuy Phung, PepsiCo
26. Jason Pierce, Eastman
27. Patric Puetz, Smart Freight Centre
28. Andrew Rudyy, BHP
29. Kai Nino Streicher, SustainCERT SA / Value Change Initiative
30. Emma van de Ven, Rabobank
31. Emma Watson, Science Based Targets initiative

Guests

None Present

GHG Protocol Secretariat

1. Iain Hunt
2. Kevin Kurkul
3. Michael Macrae
4. David Rich
5. Michaela Wagar

Documents referenced

1. None

Item	Topic and Summary	Outcomes
1	<i>Housekeeping</i> The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, and shared values. Additionally, the Secretariat presented information on working group overlap and introduced the concept of open discussion meetings.	No specific outcomes.
2	<i>Timeline & deliverables update</i> The Secretariat presented an update on the timeline and deliverables, including near-term meeting topics, long-term timeline, and high-level expectations for the first public deliverable.	No specific outcomes.
3	<i>Level setting on scope & objectives</i> The Secretariat presented on the scope and objectives of the workstream. The Secretariat also introduced examples of frameworks and structures to facilitate TWG conversation on workstream topics.	No specific outcomes.
4	<i>Review feedback from last meeting</i> The Secretariat presented synthesized feedback from members that had been submitted in response to the use case activity from meeting 1.02.	No specific outcomes.
5	<i>Open discussion on achieving use cases</i> Members further discussed use cases and how different reporting elements may help to facilitate use cases.	No specific outcomes.
6	<i>Next steps</i> Time was made available at the end of the meeting to field remaining questions from TWG members. A recap of next steps was provided to conclude the meeting.	• The Secretariat will share a feedback form for working group members. • The Secretariat will share additional materials in advance of the next working group call.

Summary of discussion and outcomes

1. Housekeeping

- The Secretariat presented the agenda and key housekeeping items were highlighted, including rules and expectations around the sharing of information, Zoom meeting logistics, guidelines, procedures, and shared values. Additionally, the Secretariat presented information on working group overlap and introduced the concept of open discussion meetings.

Summary of discussion

- No points of discussion were raised by working group members.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Timeline & deliverables update

- The Secretariat presented an update on the timeline and deliverables, including near-term meeting topics, long-term timeline, and high-level expectations for the first public deliverable.

Summary of discussion

- A member requested clarity on whether a pilot testing phase would be included in the expected timeline.
 - The Secretariat responded that this is an option that is being considered and will be evaluated as part of phase 2.
- A member requested clarity on how the outputs from this working group will interface with the existing GHG Protocol standards.
 - The Secretariat responded that the plan is to produce an integrated set of standards and that the outputs of this workstream may be integrated into existing standards as well as producing a new document, depending on specific outputs.
- A member suggested that the timeline for all working group outputs should be aligned to allow for content to be synchronized.
 - The Secretariat responded that timeline alignment is being sought wherever possible, but that timelines may differ depending on content.
- Some members requested clarity on whether the phase 1 deliverable would take the form of interim guidance that would be actionable for other programs.
 - The Secretariat responded that the phase 1 deliverable is not intended to serve as a complete form of interim guidance but should provide detail on high level outcomes (such as additional reporting elements) so that stakeholders can begin to prioritize long-term strategy in advance of the final guidance.
- Some members suggested that the expected timeline for developing guidance may differ for different reporting elements.
- Some members suggested that options for accelerating the process should be sought wherever possible.
 - The Secretariat responded that efficiencies are being sought and noted that the timeline for phase 2 may be variable based on the outcomes of phase 1.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

3. Level setting on scope & objectives

- The Secretariat presented on the scope and objectives of the workstream. The Secretariat also introduced examples of frameworks and structures to facilitate TWG conversation on workstream topics.

Summary of discussion

- A member requested clarity on whether the term 'market instruments' is intended to include traceability mechanisms.
 - The Secretariat responded that traceability mechanisms will be part of the scope for this workstream, as is clarifying and standardizing vocabulary for these topics.
 - A member suggested that traceability mechanisms without specific GHG components may be a supportive mechanism but not directly within the intended focus of 'actions and market instruments.'
 - A member suggested that instruments are just a diversity of practical ways to implement traceability.
 - Some members suggested that there is a need to distinguish specifically what is required to establish physical traceability within a physical GHG inventory, especially building on the interim guidance contained within the draft GHG Protocol Land Sector and Removals Guidance.

- A member suggested that physical traceability is a clarification of data that improves the quality of a scope 3 inventory.
- A member requested clarity on the distinction between a GHG report and a GHG inventory.
 - The Secretariat responded that GHG report, as outlined in the Corporate Standard, encompasses both the GHG inventory and various 'reported separately' elements.
 - A member suggested that companies generally follow GHG Protocol accounting requirements but not reporting requirements.
- A member asked whether 'statement' is meant to refer to what claim or assertion is made tied to an associated use case, or if it is meant to refer to what methodology used.
 - Members suggested that 'methodology' may be a better term to use in a hierarchy than 'statement'.
 - Members noted that it will be important to clarify the terminology and how it is related to existing approaches.
 - A member suggested that statements may be conceptual frameworks through which to view a corporate report, allowing for desired use cases to be tied to individual statements.
- Some members expressed an interest in understanding how the guidance in the Land Sector and Removals Guidance would fit within the presented structure, noting specifically the qualitative communication requirements introduced within the guidance.
- Some members requested clarity on the definition and potential contents of a 'Contractual' as an inventory classification.
 - The Secretariat noted that the content presented within this slide is only intended to be illustrative of survey feedback to encourage conversation within the working group. Relevant definitions and content will be developed by the working group.
- Some members asked how the scope 2 market-based method would fit within a statement structure.
 - The Secretariat noted that the working group should consider all available options for appropriately addressing the scope of work, and that the specific interactions will continue to be evaluated throughout the development process.
- A member asked whether the Secretariat is currently seeking reporting structure proposals from members.
 - The Secretariat responded that proposals are always welcome but that dedicated time for proposals will come during a future working group meeting.
- A member suggested that statement 1 could be thought of as policy neutral, but that it may be challenging to treat statement 2 as fully policy neutral.
- Members suggested that a future inventory could include two components, a physical inventory and a market-based inventory, across all three scopes.
 - A member asked whether these should be treated as two statements or combined within one statement.
 - Some members suggested that at least one statement should represent the physical inventory outside of any market-based action.
 - Some members suggested that a physical and market-based statement should both be considered part of the inventory.
 - A member noted a desire to determine which could be used for target-setting initiatives.
 - Some members noted that this decision would fall to target-setting initiatives to determine, but that the GHG Protocol could provide guidance.
- A member noted that the conceptual framework already reflects the information that many companies are already tracking, but that the key question to discuss within the working group is which figure or statement should a report lead with.
- A member asked whether the intent would be to think of individual statements or whether they should be interpreted collectively.
 - The Secretariat suggested that the conceptual framework presents disaggregated reporting, but that the specific interpretations will continue to be part of working group focus in conjunction with use cases.
- A member suggested that it will be important to evaluate the "decision-usefulness" of each statement, highlighting that multi-statement reports introduce additional information for stakeholders to navigate.

- A member suggested that companies may collapse down reporting to suit their needs, citing examples of companies reporting one scope 3 figure rather than fifteen categories.
 - A member suggested that GHG Protocol needs to be clear about what uses cases are appropriate for Protocol guidance.
 - A member suggested that this is true for voluntary reporting but that mandatory reporting is now driving more decisions for reporters.
- A member suggested that the key questions for each statement will be how they align with different use cases and what information does it provide to stakeholders.
- A member asked whether there is existing analysis on what data points are required by various reporting and disclosure protocols.
 - A member noted that they are working on developing this analysis.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

4. Review feedback from last meeting

- The Secretariat presented synthesized feedback from members that had been submitted in response to the use case activity from meeting 1.02.

Summary of discussion

- A member asked whether the two lists at the bottom of slide 28 are intended to be subsets of the list at the top of the slide.
 - The Secretariat responded that the list above represented overlapping topics rather than any intent to introduce a hierarchy.
- A member expressed agreement with the list but noted a need to be careful on the topic of 'climate performance' to ensure that performance of the company is accurately reflecting the impact on physical emissions.
- A member suggested that a use case should be added related to tracking performance.
 - A member suggested that the first and third bullet of the top list can be related to tracking performance.
- A member suggested that the bolded categories may be interpreted as purposes and could be rewritten as "publicly communicate footprint and performance", "assess risks & opportunities", and "take action".
- Some members suggested that it is not the role of the GHG Protocol to incentivize climate aligned actions, but it should also seek to not disincentivize such actions.
 - Some members suggested that robust reporting on the impacts of actions would ensure credibility of company efforts towards climate change mitigation.
 - Some members suggested corporate accounting is not for tracking impacts at the activity level but needs to support corporate level performance tracking.
 - A member suggested that it is difficult to specifically create recognition for early adopters while remaining policy neutral.
 - Some members suggested that the same is true of first movers: it is not the role of the GHG Protocol to reward them, but it is necessary for the GHG Protocol to avoid disincentivizing innovation.
 - A member suggested that 'enable' may be a better word to use rather than 'incentivize'.
 - Some members suggested that the topic of incentives is related to the prior conversation about what is the role of the GHG Protocol and what is the role of other standards, programs, and reporting initiatives.
 - A member suggested that it is important to think of the longevity of guidance, so as not to build a system designed to provide incentives in the current conditions that may not be appropriate or well aligned in the future.
 - Some members suggested that the GHG Protocol should enable the accounting of innovative options and in doing so allow the broader adoption of the innovation over time.

- A member suggested that some of the examples on slide 29 are those in which emission reductions have not yet taken place and are therefore unsuited for assessment based on GHG inventories.
- A member asked whether evaluating sector-level performance is outside of the scope of the GHG Protocol corporate suite of standards.
 - The Secretariat responded that this may be based on what extent comparability is prioritized, which is being evaluated by the Corporate Standard technical working group. The Secretariat further suggested that it may be helpful to distinguish between first and second order use cases, with the latter augmented by programs.
 - A member suggested that distinguishing first and second order use cases may be helpful to align with the intended audience, e.g. internal, public, or programmatic.
 - Some members suggested that sector-level performance methodologies are already in place, such as in the steel industry.
 - A member suggested that this would be useful to examine within the working group and requested clarity on whether the analysis is at the corporate-level or based on a production intensity measure.
 - A member responded that corporate, site, product, and chain of custody approaches exist, and shared a [link to associated materials](#).
 - A member suggested that the approach can work well in large-scale single-commodity production but may be more difficult as organizational activity gets more complex or variable.
 - A member suggested that very detailed documentation on data and methods is needed to establish comparability, and that it may be more important to establish comparability of actions rather than of inventories.
 - Some members suggested that comparability in the percentage yearly reduction should be considered as similar to the impacts of actions, drawing comparison to the way two supplier product carbon footprints would be compared over time via reduction rather than compared directly.
 - A member noted that percentage reduction is the function of a physical inventory, but that this may not be tied corporate action, as in the case of electric grid decarbonization in the absence of corporate action leading to percentage reductions for corporations on that grid.
 - A member noted that the data and reporting ecosystem will need to be improved in order to accurately reflect these interventions.
 - A member noted that a distinction between the comparison of ambition of targets and a comparison of the achievement of targets.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

5. Open discussion on achieving use cases

- Members further discussed use cases and how different reporting elements may help to facilitate use cases.

Summary of discussion

- Some members suggested that not all use cases can be simultaneously achieved within the current reporting structure, but that the introduction of new reporting elements would facilitate the achievement of all identified use cases.
- A member suggested that it is difficult to answer these questions collectively, and that it may be useful to go through each use case individually.
- A member suggested that tracking progress against a target is a key use case, and that this use case may be compromised by reporting separately on actions.
- A member suggested that a common methodology for developing statements is needed, especially for impact statements, to ensure that it is possible to compare reports between companies.

- Some members suggested that “conventional GHG inventory measurement and reporting” and “measure and report on corporate actions to reduce/avoid emissions” have different objectives and require different reporting formats, and as such a dual reporting system may best achieve these objectives.
- A member suggested that introducing new reporting elements with further guidance on what constitutes a complete report will be necessary to achieve use cases.
- A member suggested that the term ‘scope 4’ could be introduced to replace ‘actions and market instruments’.
 - Some members suggested that scope 4 is already in use by some stakeholders to refer to avoided emissions and should therefore should not be used in this context to avoid confusion.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

6. Next steps

- The Secretariat highlighted the January 17th deadline for topic submissions from TWG members for the open discussion meeting.
- The next open discussion meeting was scheduled for January 22nd at 9 am ET.
- The next TWG meeting was scheduled for Wednesday, February 19th at 9 am ET.

Summary of discussion

- No points of discussion were raised by working group members.

Outcomes (e.g. recommendations, options)

- The Secretariat will share a topic submission form with working group members.
- The Secretariat will share an agenda for the open discussion call on January 20th.
- The Secretariat will share additional materials in advance of the next working group call.

Summary of written submissions received prior to meeting

- N/A