

Meeting Minutes FCA Group 3 - No current preference small group session

Date: 23th January 2025 – 16:00-17:00 UTC, 17:00-18:00 CET, 21:30-22:30 IST, 11:00-12:00 EST

Location: "Virtual" via Zoom

This small group session was designed for TWG members based in European and American time zones who had no current preference in the accounting approach or were unable to attend the other small group session based on their experience applying particular forest carbon accounting approaches. Emails sent after the session by certain members detailing their input have been included in the meeting minutes.

Attendees

Technical Working Group Members

1. Jiaxin Chen, Ontario Forest Research Institute
2. Pippa Notten, The Green House, University of Cape Town
3. Melissa Gallant, TNC
4. Tim Searchinger, WRI/Princeton University
5. Jennifer Skene, NRDC
6. Torbjörn Skytt, Mid Sweden University
7. Natasha Ribeiro, Eduardo Mondlane University (Mozambique)

Hosts (GHG Protocol, EY)

1. Amir Safaei, WBCSD – GHG Protocol
2. Matt Ramlow, WRI – GHG Protocol
3. Oliver James, GHG Protocol
4. Alejandra Bosch, GHG Protocol
5. Adrien Portafaix, EY
6. Ishita Chelliah, EY
7. Johannes Tinter, EY
8. Francois Binard, EY
9. David Kennedy, EY

Item	Topic and Summary	Outcomes
1.	<i>Introduction</i> The meeting began with a welcome to all participants, emphasizing the importance of active engagement in discussing three simplified use cases related to forest management and carbon accounting. The intent was to explore different perspectives on various accounting approaches.	No specific outcomes.
2.	<i>Case Scenario 1: Forest Ownership in Malaysia</i> A pine plantation characterized by intensive management practices and a rotation period of 20 to 30 years was discussed. The perspectives included how the company managing the plantation would account for scope 1 emissions and how a sawmill sourcing logs would account for scope 3 emissions. The best approach identified was activity-based accounting, which allows for a detailed understanding of GHG inventory and progress towards mitigation targets.	The discussion highlighted the need for GHG accounting clarification on its focus—inventory, additional mitigation, or removals. Concerns were raised about defining a natural baseline due to 10,000 years of human influence, as well as practical applicability issues, including assumptions and uncertainties related to invasive species and wildfire risk management.
3.	<i>Case Scenario 2: Family-Owned Forest in Austria</i> The case focused on a family-owned forest managed for 75 years, covering an area of 20 hectares. Perspectives included how a pulp mill sourcing pulpwood would account for scope 3 emissions and whether accounting would differ if the wood was salvaged after a fire. Activity-based accounting was favored for both perspectives, emphasizing its ability to accurately capture carbon impacts.	The necessity of using activity-based accounting to ensure accurate emissions reporting was emphasized. Participants recognized the need for further exploration of sourcing practices and the implications of salvage operations on carbon accounting.
4.	<i>Case Scenario 3: Forest License on Public Lands in British Columbia, Canada</i> This case examined a forest management company operating on public lands, particularly in the context of a mountain pine beetle outbreak. Perspectives included how the company would account for scope 1 emissions and how a biomass power plant sourcing wood biomass would account for scope 3 emissions. Activity-based accounting was identified as the best method for both perspectives.	The importance of utilizing activity-based accounting for accurate emissions reporting was reinforced. Participants acknowledged the need for clear methodologies to assess the impacts of management practices on carbon emissions, particularly in recovering forests after disturbances.
5.	<i>Closing Remarks</i> The meeting concluded with participants being thanked for their engagement. The session emphasized the importance of gathering individual feedback on the use cases and addressing any immediate questions or concerns. Participants were encouraged to review the summarized points and provide additional comments. The board would remain open for further input until Sunday, and the feedback would be shared with other group members for a comprehensive review.	Participants were reminded to review the summarized points and provide additional comments. The board would remain open for further input until Sunday, and the feedback would be shared with other group members for a comprehensive review.

Summary of discussion and outcomes

1. Introduction

- The meeting commenced with a welcome to all participants, who were encouraged to engage actively in the discussion of three simplified use cases related to forest management and carbon accounting. The intent was to explore different perspectives on how various accounting approaches could be applied. The session aimed to gather insights on the application of managed land proxy and activity-based accounting in the context of the identified use cases. Participants were invited to share their thoughts and contribute to a collaborative discussion.

Summary of discussion

- The session aimed to gather insights on the application of managed land proxy and activity-based accounting in the context of the identified use cases. Participants were invited to share their thoughts on the strengths and weaknesses of each approach, particularly focusing on how these methods can influence carbon accounting and reporting practices. The discussion emphasized the importance of transparency and scientific rigor in accounting methodologies, as well as the need to consider biodiversity and ecological impacts in carbon assessments. Participants expressed a desire for clarity on the roles of different accounting methods and how they align with broader environmental goals.

Outcomes (e.g. recommendations, options)

- Participants were encouraged to provide feedback on the use cases and share their insights through a collaborative platform, ensuring that all voices were heard. The goal was to collect diverse perspectives to inform future discussions and decisions.

2. Case Scenario 1: Forest Ownership in Malaysia

- A forest management company manages a pine plantation under a concession in Malaysia. The plantation is intensively managed with even-aged management, established in the 1970s with a 20–30-year rotation, covering 750 ha within Malaysia's 2.4 million ha licensed for planted forests.

Summary of discussion

Perspective a): Consideration of how the company managing the forest plantation will account for scope 1 land management net biogenic (LM) CO₂ emissions or removals.

Selected Approach:

- Activity-based accounting was identified as the most effective method for assessing scope 1 land management net biogenic CO₂ emissions or removals. This approach allows for a detailed understanding of greenhouse gas (GHG) inventory and progress towards mitigation targets, as it considers emissions pre-, during, and post-harvesting.

Strengths:

- Activity-based accounting provides a comprehensive view of emissions, aligning with GHG accounting principles. It allows for the measurement of progress towards specific targets and supports the identification of the benefits and costs of plantation management. This method is scientifically robust and enables comparisons with other companies.

Weaknesses:

- The methodology is complex and requires extensive data collection, which can be challenging for companies to implement effectively.

Other Options:

- The managed land proxy (MLP) was discussed as an alternative; however, it was noted that this approach has significant limitations. The MLP can lead to arbitrary definitions of sourcing areas and does not accurately reflect the activities of individual producers, potentially obscuring the true carbon balance. Additionally, it can occur misleading conclusions about the carbon neutrality of wood products, as it assigns carbon sequestration benefits to activities that do not cause them.

Arguments Against:

- A major gap is that the activity based accounting approach will not consider the importance of ecological considerations like non-native species.

Perspective b): Consideration of how a sawmill sourcing sawlogs from this plantation will account for scope 3 LM CO₂ emissions or removals.

Selected Approach:

- Activity-based accounting was again favored, as it captures the true GHG impact of products from transportation to sawmill operations.

Strengths:

- This method accurately reflects the GHG emissions associated with wood products and supports ambitious mitigation activities by providing a clear picture of emissions throughout the supply chain.

Weaknesses:

- Similar to scope 1 accounting, this approach requires detailed baseline scenario data and can be complex to implement.

Other Options:

- No viable alternatives were identified if the goal is to achieve scientifically robust accounting.

Arguments Against:

- Argument against the MLP approach: The MLP obscures the true GHG costs of wood products, leading to potential misrepresentation of their carbon neutrality.

Queries or Clarifications for Case 1:

- The role of GHG accounting needs clarification regarding its focus on inventory, additional mitigation, or removals.
- Accounting for biodiversity loss in relation to carbon emissions is crucial for future assessments.
- The complexity of defining a natural baseline due to human influence over 10,000 years was raised (counts for the other two cases as well) together with the concerns about practical applicability, including assumptions and judgment calls leading to high uncertainty margins, especially regarding invasive species and wildfire risk mitigation through management practices.

Outcomes (e.g. recommendations, options)

- The discussion highlighted the need for clarity on the role of GHG accounting. Activity-based accounting was strongly recommended for its robustness and transparency, as it aligns with scientific principles and provides a clearer picture of carbon impacts.

3. Case Scenario 2: Family-Owned Forest in Austria

- A family privately owns and manages a small forest area in Austria. The forest is extensively managed with selected harvests in an uneven-aged mixed forest, owned and managed by the family for the past 75 years, covering 20 ha.

Summary of discussion

Perspective a): Consideration of how a pulp mill sourcing pulpwood from this and similar family forests will account for scope 3 LM CO₂ emissions or removals.

Selected Approach:

- Activity-based accounting was identified as the preferred method for assessing scope 3 emissions related to pulpwood sourcing. This approach allows for a thorough analysis of the carbon impacts associated with the entire supply chain, from transportation to mill operations.

Strengths:

- This method accurately captures the carbon impact of products and supports ambitious mitigation activities by reflecting true GHG costs. It also aligns with the need for scientifically robust standardized methods, enabling comparisons with other companies in the industry.

Weaknesses:

- Similar to the first case, this methodology requires detailed baseline data and can be complex to implement. There is also a concern that if activity-based accounting is not used, the use of plantations will nearly always have higher carbon costs because they store less carbon compared to natural forests.

Other Options:

- No viable alternatives were identified if the goal is to achieve scientifically robust accounting. The MLP was again noted as insufficient for accurately reflecting the product's GHG impact.

Arguments Against:

- Argument against the MLP approach: The MLP fails to accurately reflect the product's GHG impact, and leads to misleading conclusions about the carbon neutrality of wood products. Under the MLP, virtually all wood is considered carbon neutral, regardless of its actual use or the carbon costs associated with its production.

Perspective b): Consideration of whether their scope 3 accounting would differ if the wood was salvaged after a human-induced fire.

Selected Approach:

- Activity-based accounting was favored, as it differentiates the carbon impacts of harvesting deadwood versus live trees.

Strengths:

- This approach allows for a more accurate assessment of emissions associated with salvaged wood, recognizing that deadwood still has carbon storage value.

Weaknesses:

- Complexity in accounting for the carbon storage value of deadwood and the potential for emissions due to faster decomposition.

Other Options:

- None were identified that would provide a clearer picture than activity-based accounting.

Arguments Against:

- Argument against the MLP approach: The MLP should not be used in this context, as it brings in irrelevant removals and does not reflect the true carbon footprint of salvaged wood.

Queries or Clarifications for Case 2:

- Concerns were raised regarding the sufficiency of stock for the pulp mill, given the small area of the forest. The implications of sourcing practices on overall carbon accounting were also highlighted as an important consideration for future discussions.

Outcomes (e.g. recommendations, options)

- The discussion emphasized the necessity of using activity-based accounting to ensure accurate emissions reporting. Participants recognized the need for further exploration of sourcing practices and the implications of salvage operations on carbon accounting, particularly in relation to how salvaged wood is treated in terms of emissions.

4. Case Scenario 3: Forest License on Public Lands in British Columbia, Canada

- A forest management company operates according to a forest license on public forest lands in British Columbia, Canada. The forest is harvested by clearcut with reserves and replanting within a timber supply area following the provincial forest stewardship plan, with a 40–60-year rotation period, covering 15-25 ha parcels within the 2 million ha timber supply area.

Summary of discussion

Perspective a): Consideration of how the forest management company will account for scope 1 LM CO₂ emissions or removals.

Selected Approach:

- Activity-based accounting was identified as the best method for assessing scope 1 emissions, allowing for a thorough analysis of management actions and their impacts on carbon emissions. This approach considers the carbon stock changes over time, including periods of net emissions following disturbances.

Strengths:

- This approach provides a scientifically robust framework for understanding the effects of management practices on carbon emissions. It allows for the assessment of how management activities can lead to increased carbon sequestration over time, particularly in recovering forests.

Weaknesses:

- The complexity of the methodology and the need for extensive data can pose challenges for implementation. Additionally, there is a risk that the forest management company may not take responsibility for increased emissions caused by disturbances like the mountain pine beetle outbreak.

Other Options:

- The MLP was mentioned, but it was noted that this approach does not adequately capture the true impact of management actions. The MLP can obscure the actual carbon dynamics by not accounting for the specific management practices employed.

Arguments Against:

- Argument against the MLP approach: The MLP can misrepresent the effects of management practices, leading to inaccurate assessments of carbon stocks and emissions. It may allow companies to claim credits for carbon sequestration without demonstrating actual mitigation actions.

Perspective b): Consideration of how a biomass power plant sourcing wood biomass from this company will account for scope 3 LM CO₂ emissions or removals.

Best Approach:

- Activity-based accounting was favored, as it captures the GHG impacts tied to sourcing wood biomass.

Strengths:

- This method allows for a clear understanding of the emissions associated with biomass sourcing, ensuring that the carbon footprint is accurately represented.

Weaknesses:

- Similar to previous cases, this approach requires extensive data and can be complex to implement.

Other Options:

- No alternatives were identified that would provide a clearer picture than activity-based accounting.

Arguments Against:

Argument against the MLP approach: The MLP can lead to inflated claims of carbon neutrality, as it may allow companies to claim mitigation credits without actual mitigation actions.

Queries or Clarifications for Case 3:

- The need for more clarity on the implications of management practices on carbon accounting was expressed, particularly in relation to how the management of recovering forests after disturbances is assessed.

Outcomes (e.g. recommendations, options)

- The importance of utilizing activity-based accounting for accurate emissions reporting was reinforced. Participants acknowledged the need for clear methodologies to assess the impacts of management practices on carbon emissions, particularly in the context of recovering forests after disturbances.

5. Closing Remarks

- As the session concluded, a summary of the key points discussed was provided. Participants were thanked for their active engagement and encouraged to continue contributing their insights on the collaborative platform.

Summary of discussion

- The session emphasized the importance of gathering individual feedback on the use cases and addressing any immediate questions or concerns. Participants were encouraged to review the summarized points and provide additional comments. The board would remain open for further input until Sunday, and the feedback would be shared with other group members for a comprehensive review.

Outcomes (e.g. recommendations, options)

- Participants were reminded to review the summarized points and provide additional comments. The board would remain open for further input until Sunday, and the feedback would be shared with other group members for a comprehensive review.