Scope 3 TWG Group A Meeting Minutes

Meeting number 10

Date: 15 May 2025

Time: 9:00 AM – 11:00 AM ET

Location: Virtual

Attendees

Technical Working Group Members

1. Sahil Aggarwal, Siemens Healthineers
2. Nasser Ayoub, EPD International
3. Alissa Benchimol, Greenhouse Gas Management Institute
4. Bin Chen, Fudan University
5. Dario Alessandro De Pinto, BANCA D'ITALIA
6. Verena Ehrler, IESEG School of Management
7. Talita Esturba, WayCarbon
8. Rene Garrido, Universidad de Santiago de Chile
9. Susanne Vedel Hjuler, Independent
10. Micheal King, Cisco Systems, Inc.
11. Ulf von Kalckreuth, Deutsche Bundesbank
12. Wenjuan Liu, RMI
13. Christoph Meinrenken, Columbia University
14. Elliot Muller, CIRAIG, Polytechnique Montréal
15. Julie Sinistore, WSP
16. Sangwon Suh, Watershed
17. Francesca Testa, CDP
18. Carl Vadenbo, ecoinvent association
19. Luhui Yan, Carbonstop

Guests

N/A

GHG Protocol Secretariat

1. Pankaj Batia
2. Natalia Chebaeva
3. Alexander Frantzen
4. Adrianne Gilbride
5. Claire Hegemann
6. Allison Leach
7. David Rich

Documents referenced

1. Scope 3 – Group A – Meeting#10 – Presentation

2. Discussion Paper A.2 Allocations

Summary

Item	Topic and Summary	Outcomes
1	*Attendance and Housekeeping* The Secretariat presented the housekeeping rules and decision-making criteria.	N/A
2	*Recap of the previous discussion* The Secretariat presented a summary of the main outcomes of Group A's meetings thus far, with particular focus on the work of the taskforce on disaggregated reporting.	N/A
3	*TF Disaggregated reporting: first conclusions* The Secretariat presented draft rules on disaggregated reporting, including emissions calculation rules. The Secretariat outlined pending challenges regarding the definition of specificity and EEIO and spend-based, as well as a fallback option	Indicative polling was conducted.
4	*TF Uncertainty assessment: first conclusions* The Secretariat presented the outcomes of the taskforce on uncertainty assessment.	Indicative polling was conducted.
5	*Minimum requirements and requirements for improvement: poll results* The Secretariat presented questions and options for consideration on minimum requirements and requirements for data quality improvements, including results of the TWG member survey on the topic and proposed language.	Indicative polling was conducted.
6	*Next steps* The Secretariat presented the next steps.	N/A

Discussion and outcomes

1. Attendance and Housekeeping

- The Secretariat presented the housekeeping rules and the decision-making criteria (see slides 2 – 6).

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

2. Recap of the previous discussion

- The Secretariat presented a summary of the main outcomes of Group A's meetings thus far, with particular focus on the work of the taskforce on disaggregated reporting (see slides 7-12).

- N/A

Outcomes (e.g. recommendations, options)

- N/A

3. TF Disaggregated reporting: first conclusions

- The Secretariat presented draft rules on disaggregated reporting, including emissions calculation rules (see slides 13 – 26).
- The Secretariat outlined pending challenges regarding the definition of specificity and EEIO and spend-based, as well as a fallback option.

Summary of discussion

- A TWG member asked what non-specific means, if it means calculated rather than measured, but still specific to a company or process.
    - The Secretariat replied that non-specific means based on modelling, using secondary emission factors. For example, if a reporter takes source specific activity data and a secondary emission factor, that would would go into non-specific.
    - The TWG member replied that applying an emission factor to a measured use of energy in order to convert into emissions, that would go into non-specific.
    - The Secretariat confirmed.
- A TWG member asked if the question of future-proofness of these tiers came up again in discussions. Spend-based is simply a certain way of doing emission factors, and in the future there may be different ways of measuring, including with the help of AI etc. It would be good for the update to signal an awareness of these kinds of developments.
    - The Secretariat stated that future-proofing as such did not come up again. But the origin of rule G6 on slide 17 was creating something that would catch everything that is neither specific nor EEIO. All data shall meet the minimum requirements. But it would be good to do additional research on future methodologies and how they would be allocated.
- A TWG member agreed with the previous speaker, whether this proposed classification stands the test of time. The member does not object to classifying and tiering based on calculation methods, but has questions on how to define the tiers. These tiers do not represent quality. If the purpose is to categorize data quality based on these tiers, then the objective is not being met. The member also sees issues with the partially specific tier, the definition of non-specific vs specific is not objective enough to avoid any subjective decision-making by the practitioner.
    - The Secretariat referred the member to additional materials beyond the meeting slides, which include a very rigorous definition of specific vs non-specific.
    - A TWG member commented that there will always be different interpretations of works, but if a clear definition and accompanying examples are provided, that's all that can be done.
- A TWG member commented that the taskforce discussed the fact that specific can mean a lot of things, and that it can really differ between categories. The plan is to take this forward in phase 2, to refine what makes sense for each specific category.
- A TWG member voiced their concern that this may add a lot of work for the practitioner, stating that quantitative uncertainty analysis is more universally applicable.
- A TWG member asked if a three year old emission factor would be called specific
    - The Secretariat replied that, tentatively, yes. The three years are derived from the pedigree matrix in the current Scope 3 Standard. But as a member mentioned, the rules would be further finetuned in phase 2 of the TWG.
- A TWG member commented that splitting into four tiers is too complicated and confusing for practitioners. They proposed keeping only three tiers, setting very precise rules for tier 1 and 3, and that the rest of the data would go into tier 2, provided that data quality rules are respected.

Outcomes (e.g. recommendations, options)

The Secretariat conducted indicative polling on the following questions.

- Tier that is currently named "EEIO" should also include other spend-based calculations and renamed.
  - Agree – 85% (12/14)
  - Disagree – 15% (2/14)
  - Abstain – 25% (5/20)
- A fourth tier, "partially specific" should be created, to fit between "specific" and "non-specific".
  - Agree, for all categories – 47% (8/17)
  - Agree, only for categories 9-12 – 18% (3/17)
  - Disagree – 35% (6/17)
  - Abstain – 11% (2/19)
- Please indicate your level of support for adoption of disaggregated reporting approach, developed and proposed by the taskforce?
  - Strongly support – 27% (4/15)
  - Support – 60% (9/15)
  - Oppose – 6% (1/15)
  - Strongly oppose – 6% (1/15)
  - Abstain – 17% (3/18)
- Please indicate your level of support for adoption of the fallback option: Classify results using category-specific tiers unique for each category.
  - Strongly support – 0% (0/12)
  - Support – 58% (7/12)
  - Oppose – 33% (4/12)
  - Strongly oppose – 8% (1/12)
  - Abstain – 33% (6/18)

4. TF Uncertainty assessment: first conclusions

- The Secretariat presented the outcomes of the taskforce on uncertainty assessment (see slides 27 – 37).

Summary of discussion

- A TWG member stated that the taskforce was not unanimous, and that there was a general concern that quantitative uncertainty assessment involves many pieces of information, each of them loaded with uncertainty. If the Standard requires this, the TWG is essentially ordering companies to use external help and spend on consultancies in order to be able to do this. The member asserted that the group should be really confident the information is worth it.
  - The Secretariat added that the meeting slides show the spread of opinions in the taskforce.
- A TWG member stated that uncertainty is an add-on to disaggregated reporting, and just doing uncertainty assessment will not improve data quality and thus not achieve the objective. The member stated that the group is focusing on uncertainty assessment and related guidance a lot, but if the objective is to improve data quality, then there should be thresholds, plus the verification add-on, plus the uncertainty add-on.
  - The Secretariat agreed that uncertainty assessment should not be done for the sake of it. It should help companies identify where they need to work on their data quality.
- A TWG member agreed with the first speaker. Stipulating a requirement, even for large companies, that currently only external companies do presents a conflict of interest for the TWG. The member added that they themselves are a big supporter of quantitative uncertainty analysis.
- A TWG member added that the taskforce is proposing to use a pedigree approach to quantitative uncertainty, stating that the problem is that people will not really understand this method in practise.
- A TWG member agreed that any potential conflict of interest needs to be addressed. The taskforce did discuss if consultants are the only way to do this, and the member stated that the majority of the work would lie in the hands of the data providers, who'd have to come up with quantitative uncertainty information. The member argued that the burden for individual reporters is lower, and that neither consultants nor specific tools would be needed to perform quantitative uncertainty assessment.
- A TWG member agreed that requiring a plan to reduce uncertainty and verification would help to improve the quality of scope 3.

- A TWG member asked if the group could elaborate more on the pedigree matrix. The member asked if given the discussion on uncertainty and specificity, if there is something to be aware of to make sure efforts are not doubled. The member stated that a pedigree matrix approach utilizes geographical, technological, and temporal representativity, all aspects that are also included in specificity.
  - The Secretariat replied that the taskforce discussed that purely statistical quant methods are preferred, but may be very difficult. The translation of the pedigree matrix into quantitative assessment helps that. The Secretariat also agreed that this would mean doubling up on representativity.

Outcomes (e.g. recommendations, options)

The Secretariat conducted indicative polling on the following questions:

- Please indicate the level of your support for recommending uncertainty assessment requirement proposed by the taskforce, on condition of a guidance development
  - Strongly support – 16% (3/19)
  - Support – 58% (11/19)
  - Oppose – 11% (2/19)
  - Strongly oppose – 16% (3/19)
  - Abstain – 0% (0/19)
- Please indicate the level of your support for recommending uncertainty assessment fallback option 1: required qualitative uncertainty assessment for large companies, on condition of a guidance development
  - Strongly support – 33% (5/15)
  - Support – 40% (6/15)
  - Oppose – 6% (1/15)
  - Strongly oppose – 20% (3/15)
  - Abstain – 21% (4/19)
- Please indicate the level of your support for recommending uncertainty assessment fallback option 2: optional uncertainty assessment across the board
  - Strongly support – 12.5% (2/16)
  - Support – 44% (7/16)
  - Oppose – 37.5% (6/16)
  - Strongly oppose – 6% (1/16)
  - Abstain – 6% (1/17)
- A TWG member commented that they support the proposed option, but if not chosen, they support both the fallback options as well.
- A TWG member commented that they would like more layers of options in the poll, stating that there is no way to express a hierarchy of preference for the different options.
- A TWG member asked about the definition of large company, if that is to be determined.
  - The Secretariat replied that yes, it is to be determined, but tentatively aligned with SBTi

5. Minimum requirements and requirements for improvement: poll results

- The Secretariat presented questions and options for consideration on minimum requirements and requirements for data quality improvements, including results of the TWG member survey on the topic and proposed language (see slides 38 – 51).

Summary of discussion

- A TWG member stated that using a percentage is challenging for companies that are starting out strong. If companies are already doing good, meeting this percentage is really hard.
- A TWG member commented on the language used, that it should not be inventory quality tier but methodology tier or data source tier, as the tier does not represent quality.
  - The Secretariat stated that it had been corrected to data specificity tier.

- A TWG member asked if there should be a requirement to have value chain partners that represent X% of emissions. Collecting specific data for every single supplier does not make sense, rather the requirement should be about representing a share of emissions.
- A TWG member stated that no quantitative threshold should be included for specificity. Such a threshold could easily be too high and too low at the same time, e.g. 10% could be too low for large companies but too high for small companies in low income countries.

<u>Outcomes (e.g. recommendations, options)</u>

The Secretariat conducted indicative polling on the following questions:

- Companies should pursue reporting minimum of X% of their scope 3 inventory at specific level. What do you think the X value should be?
  - 10% - 22% (4/18)
  - 30% - 17% (3/18)
  - 60% - 17% (3/18)
  - Preparers shall establish the value themselves – 22% (4/18)
  - Other – 22% (4/18)
- Please indicate your level of support for adoption of the proposal on minimum data quality requirement
  - Strongly support – 36% (5/14)
  - Support – 64% (9/14)
  - Oppose – 0% (0/14)
  - Strongly oppose – 0% (0/14)
  - Abstain – 7% (1/15)
- Please indicate your level of support for adoption of the proposal on requirement for data quality improvement
  - Strongly support – 18% (2/11)
  - Support – 82% (9/11)
  - Oppose – 0% (0/11)
  - Strongly oppose – 0% (0/11)
  - Abstain – 21% (3/14)

6. Next steps

- The Secretariat presented the next steps (see slides 52 – 54).

<u>Summary of discussion</u>

- N/A

<u>Outcomes (e.g. recommendations, options)</u>

- N/A

Summary of written submissions received prior to the meeting

N/A