

Scope 3 TWG Group C Meeting Minutes

Meeting 8

Date: April 17, 2025

Time: 06:00 – 8:00 AM ET

Location: Virtual

Attendees

Technical Working Group Members

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| 1. Maisie Auld, Arcadis | 6. James Salo, S&P Global Sustainable1 |
| 2. Karis Choi, HSBC | 7. Fabiola Isabel Schneider, University College Dublin |
| 3. Megan Kennedy, General Motors | 8. Howard Shih, Science Based Targets Initiative |
| 4. Shannon McIlhone, Partnership for Carbon Accounting Financials (PCAF) | 9. Arundhati Srinivasan, Maersk |
| 5. Colin Powell, PwC | 10. Junfeng Zhao, GSG |

Guests

N/A

GHG Protocol Secretariat

1. Hande Baybar
2. Natalia Chebaeva
3. Alexander Frantzen
4. Claire Hegemann

Documents referenced

1. Discussion Paper C.1 - Investments - Version 2.0
2. Scope 3 - Group C - Meeting C.8 - Presentation – 20250417 (“Presentation”)

Summary

Item	Topic and Summary	Outcomes
1	Housekeeping and decision-making criteria The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.	N/A
2	Scope of work and recap of previous issues The Secretariat presented a recap of previous issues, and updated members on the TWG meeting schedule until the end of August, including upcoming full group meetings in May.	N/A
3	Facilitated emissions (Group B) The Secretariat presented outcomes from subgroup B on facilitated emissions, including identification criteria and preliminary results on shall/should/may language, highlighting cases of particular interest to subgroup C.	N/A
4	Preliminary revisions The Secretariat presented the draft revisions on all revision items considered by subgroup C so far. Organized into 17 revision items, the Secretariat provided context for each revision item, notes from the member survey on each revision item, and discussion prompts for each revision item.	Indicative polling (no quorum present) was conducted for questions pertaining to revision issues 15.9, 15.11, 15.15, and 15.17.
5	Calculation methods This topic was not considered due to time constraints; it will be considered in the next meeting.	N/A
6	Time planning and next steps The next meeting will be held on May 4 th at 9-11am ET.	The Secretariat will follow up with a post-meeting survey.

Discussion and outcomes

1. Housekeeping and decision-making criteria

- Refer to Presentation slides 3-8.
- The Secretariat presented the meeting agenda, housekeeping rules, and decision-making criteria.

Discussion

- N/A

Outcomes

- N/A

2. Scope of work and recap of previous issues

- Refer to Presentation slides 9-12.
- The Secretariat presented the status of previous issues and an update to the timeline of meetings to accommodate for full TWG group meetings in May. This will not result in changes to the timeline of deliverables as a whole.

Discussion

- A TWG member asked if the materials for the full TWG meetings would be made available to members beforehand, as with the regular subgroup meetings.
 - The Secretariat confirmed that materials will be shared in advance, as usual.

Outcomes

- N/A

3. Facilitated emissions (Group B)

- Refer to Presentation slides 13 – 17.
- The Secretariat presented outcomes from subgroup B on facilitated emissions, including identification criteria and preliminary results on shall/should/may language, highlighting cases of particular interest to subgroup C.

Discussion

- A TWG member asked regarding the calculation method for facilitated emissions, if the fraction calculated would be proportionate to the revenue the facilitator generates from the transaction.
 - The Secretariat confirmed this logic, stating that if a facilitator were to take, for example, 25% of the revenue of the transaction, they would account for 25% of the emissions.

Outcomes

- N/A

4. Preliminary Revisions

- Refer to Presentation slides 18 – 87.
- The Secretariat presented the draft revisions, organized into 17 items, providing context, analysis of the member survey, and discussion prompts for each item. Indicative voting was held on a few items.
- List of items:
 - 15.1 – General reorganization
 - 15.2 – Applicability to non-FIs
 - 15.3 – Harmonization of requirements/guidance with PCAF
 - 15.4 – Consolidation approaches
 - 15.5 – Time boundary
 - 15.6 – Data quality score
 - 15.7 – Investment type classification
 - 15.8 – Optionality for FIs and non-FIs (Table 5.9)
 - 15.9 – Disaggregated reporting
 - 15.10 – Proportionality
 - 15.11 – Relevant scope 3 emissions of investees or projects (minimum boundaries of scope 3 investees)
 - 15.12 – Relevant projects and sector-specific requirements
 - 15.13 – Total projected lifetime of projects
 - 15.14 – Investors that rely on or use intermediaries
 - 15.15 – Donations
 - 15.16 – Underwriting/issuance
 - 15.17 – Insurance-related activities and derivatives

Discussion

15.1 – General Reorganization

- A TWG member stated that the distinction between FIs and non-FIs should be removed, as the only minimum boundary distinction between either company types is insurance-related emissions (currently required for FIs but optional for non-FIs). This distinction adds complexity and could open up avenues to under reporting loopholes, e.g., willful sector misclassification by a reporting company.
- A TWG member stated their agreement with not distinguishing between FIs and non-FIs, highlighting that, in their opinion, corporations are still not represented in category 15, and that the language 'reporting company' is confusing.

15.2 – Applicability to non-FIs

- A TWG member suggested adding a sentence about what kinds of reporters are covered, to reiterate that this list applies to all companies (FIs and non-FIs).
- A TWG member agreed with the previous speaker, stating that rather than trying to come up with a definition, language such as 'any reporter engaging in these activities' could be added to the standard.

15.3 – Harmonization of requirements/guidance with PCAF

- A TWG member stated that if GHG Protocol were to refer to PCAF directly, and then PCAF goes through a revision themselves, that this would put GHG Protocol in a position where the Scope 3 Standards may not align PCAF's standards.
 - The Secretariat agreed, stating that this is the main reason why the proposed revision doesn't directly refer to PCAF.
- A TWG member stated that PCAF does mention GHG Protocol, and GHG Protocol could consider adding a disclaimer on what standards have been reviewed, the Financed Emissions Standard (PCAF, 2020) being one of them. Such language could be helpful for the market, indicating that the standards may not align 100% but that cross-referencing has been considered.
 - The Secretariat asked the members if this disclaimer should state that GHG Protocol has reviewed PCAF, and that reporters should conform with it? The Secretariat also highlighted that stakeholder feedback varied, including requesting full alignment and replacing GHG Protocol category 15 guidance with PCAF guidance for FIs, and also not aligning with PCAF.
 - A TWG member replied that a disclaimer that PCAF has been considered would be enough.
 - A TWG member stressed that PCAF goes into a lot more detail and including that language would extend the GHG Protocol by hundreds of pages, which is not ideal. PCAF's first Financed Emissions Standard (PCAF, 2020) has the GHG Protocol Built-on Mark, meaning that all 'shall/should/may' language therein is in line with GHG Protocol. The member expressed support for a disclaimer itemizing version-controlled conformance between PCAF and GHG Protocol, noting that PCAF might change in the future, and that it is up to a reporter to monitor changes. The member also suggested adding the reference to the *Scope 3 Technical Guidance* and not the *Scope 3 Standard*, as a potential workaround.

15.4 – Consolidation approaches

- N/A

15.5 – Time boundary

- A TWG member stated their assumption that this is already aligned, as accounting teams provide financial data at the end of each financial year.
 - The Secretariat replied that while this may be the case for FIs, it may not be the case for non-FIs.
- A TWG member suggested adding a clarification that ideally, financial accounting should be aligned with sustainability reporting.
- The Secretariat stated that ideally, this topic should be solved without differentiated guidance for FIs versus non-FIs.

15.6 – Data quality scoring

- A TWG member stated that data quality scores are too blunt and can be misleading because there is a big range in calculation accuracy. The member would be in favor of providing useful context, such as the percentage of emissions covered. This would be more helpful for ensuring comparability and quality.
- A TWG member agreed with the previous speaker that more context on the information is needed and also expressed concern about data quality scoring (ranking).
- The Secretariat provided context on the discussions of subgroup A on this topic, stating that data specificity was chosen as a principle for disaggregation, differentiated by specific, average, and EEIO data. Group A is also considering uncertainty and verification add-ons to further support data quality differentiation.
- A TWG member said that PCAF states “FI’s shall disclose the percentage of their total loans and investments covered in their financed emissions inventories for the seven asset classes covered in Chapter 5, e.g., a financial institution’s total outstanding loans and investments by asset class noting any limitations and exclusions”, highlighting that the recommended edit would be aligned with PCAF.
- A TWG member stated their support for a data quality score, especially the percentage of emissions calculated using primary data
- The Secretariat stated that subgroup A is currently considering developing a data quality score, including differentiating EEIO data from primary data.
- A TWG member agreed with this approach, emphasizing that difference between reporting a data quality score for results versus reporting results using a data quality hierarchy.
- The Secretariat added that providing details on data quality is currently already required, but compliance with this requirement is low, so the TWG is exploring how to improve that in this update of the *Scope 3 Standard*.

15.7 Investment type classification

- A TWG member stated it would be helpful to further flesh this out, and that they are having a hard time understanding what facilitated emissions are within category 15. The subgroup should align with the AMI workstream before establishing a category 16.
- The Secretariat added that, tentatively, the AMI workstream is working on a separate inventory and impact statement. Market-based scope 2 inventory results may be housed in a scope 3 impact statement next to a scope 3 inventory.
- A TWG member voiced their general support for separating financed and facilitated emissions, and was open to splitting them into a separate category, arguing that they are fundamentally different but both important.
- A TWG member stated their support for a proposed new category.

15.8 – Optionality for FIs and non-FIs (Table 5.9)

- A TWG member stated that this goes back to the conversation at the beginning of the meeting, that if the distinction between FIs and non-FIs is removed, and so that the optionality of activities is uniform for all companies (FIs and non-FIs), then this revision becomes unnecessary. The member stated that PCAF generally disagrees with making underwriting and issuance activities optional, and that it would be hard to get buy-in without the GHG Protocol requiring it. PCAF has developed a methodology for capital market transactions (emissions facilitated by underwriters and issuers) and requires disclosure (‘shall’).
- A TWG member agreed with the previous speaker.

15.9 Disaggregated reporting

- A TWG member stated that financed emissions should definitely be further disaggregated. They were unsure about insurance-related emissions, and for facilitated emissions, it depends on what happens with market instruments in the Actions and Market Instruments workstream of the GHG Protocol.
- A TWG member stated that if emissions are only grouped at this level, it is not possible to discern how portfolios change over time, making it not comparable and not decision useful.
- A TWG member stated that in terms of feasibility, this change would not entail additional workload as entities already have to calculate, and this is just changing the reporting.

- A TWG member agreed, stating that in terms of impact, based on the decision-making criteria (feasibility, impact, etc.), this revision seems reasonable.

15.10 – Proportionality

- A TWG member stated that there is no guidance on how to calculate equity, which complicates this issue. The member stated that as far as they know, PCAF requires EVIC, and voiced their support for this choice.
- The Secretariat asked if language should be added to the *Scope 3 Technical Guidance* stating that reporters could use simple equity and debt or EVIC? The Secretariat stated that it would consider the formula and get back to members.
- A TWG member stated that PCAF has EVIC in the denominator because including cash ensures that a company's enterprise value is never a negative value. The member stated that PCAF has observed market up-take of this calculation method.

15.11 Relevant scope 3 emissions of investees or projects

- A TWG member stated their full support for the inclusion of scope 3 emissions, but voiced confusion given that the most relevant entities to include are fossil fuel firms, i.e., category 11. The member asked about the difference between utility and fossil fuel companies in this context.

15.12 – Relevant projects and sector-specific requirements

- N/A

15.13 – Total projected lifetime of projects

- A TWG member stated that transparency is needed on the assumptions made or used for lifetime emissions. The *Scope 3 Standard* should make a note about using the precautionary principle. The member committed to sharing resources on this principle.

15.14 – Investors that rely on or use intermediaries

- The Secretariat will follow up with a survey for the members.

15.15 – Donations

- The Secretariat stated that this would be dealt with in more detail when considering calculation methods.
- A TWG member stated that the more interesting perspective for donations would be the recipient, for example, whether recipients accept donations from a fossil fuel entity. The member noted that there is no boundary or methodological guidance to account for this type of activity. The member voiced support for 'may' language regarding donations.

15.16 – Underwriting/Issuance

- A TWG member stated that PCAF requires the use of a 33% adjustment factor to calculate facilitated emissions (from underwriting and issuance), but also allows FIs to report 100% of facilitated emissions, and voiced their support for including both disclosures.
- The Secretariat stated that this is a good reconciliation.
- The TWG member stated that they would follow up with PCAF language on this matter.

15.17 – Insurance-related activities and derivatives

- A TWG member stated that it could be helpful to add the nuance of time-bound versus optionality to differentiate, but would keep optional.
- The Secretariat stated that calculation guidance could be developed in another revision.

Outcomes

The Secretariat conducted polling on the following questions:

Please note that there was no quorum at the time of polling, thus these results do not reflect the opinion of subgroup C as a whole and thus are only indicative.

- 15.9 Does the required sub-total (disaggregated) reporting couple with optional further disaggregated reporting optimize the decision-making criteria? (single choice)
 - Yes – 89% (8/9)
 - No – 11% (1/9)
 - Abstain – 0% (0/9)
- 15.9 Would the alignment with the decision-making criteria be improved if Table 5.11 (investment-related facilitated emissions), Table 5.12 (insurance-related), and Table 5.13 (derivatives) and associated requirements were moved into a new scope 3, category 16 (i.e. making category 15 exclusively for financed emissions)? (single choice)
 - Yes – 50% (3/6)
 - No – 50% (3/6)
 - Abstain – 33% (3/9)
- 15.11 Do you object to exclusively using the term “relevance” for reporting guidance (“Companies may further disaggregate...where relevant”) or for recommending optional reporting (“Companies should account for and reported...facilitated emissions where relevant or significant”) (single choice)
 - Yes – 14% (1/7)
 - No – 85% (6/7)
 - Other – 0% (0/7)
 - Abstain – 13% (1/8)
- 15.15 Do you believe the GHG Protocol should match PCAF’s Part B calculation and attribution method for underwriting and issuance? (single choice)
 - Yes – 62.5% (5/8)
 - No – 37.5% (3/8)
 - Other – 0% (0/8)
 - Abstain – 11% (1/9)
- 15.17 Should derivatives be singled out in Table 5.12 (where it remains optional for all companies, FIs and non-FIs)? (single choice)
 - Yes – 100% (6/6)
 - No – 0% (0/6)
 - Other – 0% (0/6)
 - Abstain – 25% (2/8)

5. Calculation methods

- This topic was not considered due to time constraints; it will be covered in the next meeting of subgroup C.

Discussion

- N/A

Outcomes

- N/A

6. Time planning and next steps

- Refer to Presentation slides 93 – 97.
- The next meeting will take place on May 8th, at the regular meeting time of 9 – 11am ET.

Discussion

- N/A

Outcomes

- The Secretariat will follow up with a post-meeting survey.

Summary of written submissions received prior to meeting

N/A