

# Scope 3 TWG Group A Meeting Minutes

Meeting number 6

Date: 20 February 2025

Time: 5:00 – 7:00 PM ET

Location: Virtual

## Attendees

### Technical Working Group Members

1. Nasser Ayoub, EPD International
2. Alissa Benchimol, Greenhouse Gas Management Institute
3. Zola Berger-Schmitz, Science Based Targets initiative
4. Dario Alessandro De Pinto, BANCA D'ITALIA
5. Verena Ehrler, IESEG School of Management
6. Talita Esturba, WayCarbon
7. René Garrido, Universidad de Santiago de Chile
8. Susanne Vedel Hjuler, Independent
9. Michael King, Cisco Systems, Inc.
10. Wenjuan Liu, RMI
11. Paola Martinez, Independent
12. Elliot Muller, CIRAIG, Polytechnique Montréal
13. Julie Sinistore, WSP
14. Sangwon Suh, Watershed
15. Carl Vadenbo,ecoinvent association

### Guests

N/A

### GHG Protocol Secretariat

1. Natalia Chebaeva
2. Claire Hegemann
3. Allison Leach

## Documents referenced

1. Discussion Paper A.1 Inventory Quality
2. Scope 3 – Group A – Meeting#6 – Presentation
3. Scope 3 – Group A – Meeting#6 – Handout materials

## Summary

Item	Topic and Summary	Outcomes
1	<b><i>Housekeeping</i></b> The Secretariat presented the housekeeping rules.	N/A
2	<b><i>Recap of the previous discussion</i></b> The Secretariat presented a summary of previous discussions. The Secretariat outlined the feedback received from the TWG members after the previous meeting and provided a response.	N/A
3	<b><i>Consideration of options</i></b> The Secretariat presented the options for disaggregation principles to report GHG inventory results by tier:  Option 1. Classify results based on existing calculation methods normalized across categories  Option 2. Classify results using category-specific tiers unique for each category  Option 3. Classify results based on calculation methods AND data inputs  Option 4. Option 3 with differentiated classifications for downstream vs. upstream categories  The group discussed the options, and an indicative poll was held.	Options 2 and 4 received the most support. The Secretariat will distribute a follow-up asynchronous poll.
4	<b><i>Potential improvements to better reflect data quality</i></b> The Secretariat presented other factors to differentiate data quality, including verification and uncertainty assessments.  The group discussed the options, and an indicative poll was held.	The group showed an indicative preference towards introducing the dimension of verification in the form of a "+" mark for verified data. The group showed an indicative preference for introducing some form of uncertainty assessment as an add-on.
5	<b><i>Next steps</i></b> The Secretariat presented the next steps.	The Secretariat will follow up on the request to shift the alternated meeting time.

## Discussion and outcomes

### 1. Housekeeping

- The Secretariat presented the housekeeping rules (see slides 4 - 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 previous discussions (slides 8-12).
- The Secretariat outlined the feedback received from the TWG members after the previous meeting (slide 13) and provided an overview of the handout materials (slides 14-15).

### Summary of discussion

- N/A

### Outcomes (e.g. recommendations, options)

- N/A

## 3. Options

- The Secretariat presented the options for setting calculation methods as the disaggregation principle for the tiers (slides 17-34):
  - Option 1. Classify results based on existing calculation methods normalized across categories
  - Option 2. Classify results using category-specific tiers unique for each category
  - Option 3. Classify results based on calculation methods AND data inputs
  - Option 4. Option 3 with differentiated classifications for downstream vs. upstream

### Summary of discussion

- Several TWG members highlighted the need for stricter definitions and application of terminology in the TWG discussion and in the *Scope 3 Standard*. The following points were made:
  - Support for changing the name "spend-based" in potential tier names to "EEIO", if only calculations using EEIO are classified as such.
  - Flagging that the term "average data" is not reflective of the content as the data thereof is often based on a few datapoints and not a population average. A name "process data" or "process LCA data" was suggested instead.
  - The terms "high certainty data" and "low certainty data" should not be used in the context of Option 4, where they do not necessarily correspond with the concept of uncertainty.
  - If the group moves forward with Option 2, the naming of the tiers should be aligned with other frameworks, i.e. tier 1 should designate lowest quality and tier 3 highest.
  - Distinctions should be within the term "average data", as average data can include significant variation, with the higher end coming close to specific data and the lower end being quite bad.
  - In practice, if data provided by a supplier is predominantly based on average data, then it should not be called "supplier specific". While currently this decision is left at the discretion, expertise and integrity of preparers and assurers, a better, more refined and stricter definition should be developed.
  - The Greenhouse Gas Protocol is a global standard, widely applied by non-native English speakers, which means that precise terminology is of even greater importance.
- A TWG member stated that it is impossible to develop a future proof, comparable and scientifically valid method that would apply to all 15 categories without going back to considerations of uncertainty and scientific metrics. The TWG member suggested pursuing other goals and opting for simplicity in implementation and interpretation, arguing for a tiered approach based on qualitative traits.
- Another TWG member supported this notion, highlighting that uncertainty assessment is feasible across scope 1, 2, and 3 emissions accounting. Another TWG member supported the idea of making the tier classification as simple as possible with an add-on of uncertainty calculation.
- A TWG member noted that this discussion should be tied to the discussion on boundary setting and asked if it is in the purview of the update process to reconsider boundaries in scope 3 accounting.

They specifically asked regarding the number of value chain connections that should be accounted for. The TWG member argued that transferring an LCA framework (which is usually product or process oriented) into a company-level inventory has proven to be unsustainable and not future proof. The Secretariat clarified that subgroup B is considering boundary setting regarding inclusion or exclusion of activities, but that considerations of the scope of upstream emissions accounting in cradle-to-gate emissions are not included in the scope of work.

- A TWG member supported having the conversation in the context of sector specificity.
- A TWG member referred to category relevance analysis (slide 15) and suggested that it would be useful to focus the TWG work on categories that are relevant but are not being calculated.
- A TWG member suggested that if Option 1 is chosen it should be supported by stricter definitions, such as establishing a minimum share of site-specific data that is necessary to constitute supplier specific data. Another TWG member supported that opinion. The Secretariat acknowledged this reasoning and its intention for improved data quality overall, but raised the concern that such a decision might limit companies that source from retailers, distributors, and upstream-heavy industries, in their possibility to reach for higher levels of reporting.
- Several TWG members noted that the complexity of Options 3 and 4 is leading to confusion. The following was stated:
  - Options 3 and 4 significantly differ from existing practices and would be challenging for preparers to adopt.
  - Options 3 and 4 incentivize supplier-specific information, which might conflict with local and sectoral policies requiring the use of average or standard emission factors.
  - Options 3 and 4 are increasingly complex, which may lead to increased challenges in communicating the information and strategies to stakeholders and management
  - Increased complexity in calculations and data presentation may be discouraging for new reporters, potentially limiting adoption of the *Scope 3 Standard*
- A TWG member expressed support for Option 4 as it provides the largest opportunity for change, despite acknowledging the complexity challenge for Options 3 and 4. The member suggested complementing the approach of Option 4 with guidance on recommended country-specific datasets and developing a transition plan.
- A TWG member stated that there is merit in the familiarity of the existing calculation methods and suggested developing a blueprint for improvement journey for preparers, starting from the existing calculation methods and moving towards more complex solutions such as Options 3 and 4 over time.
- A TWG member asked if information on data composition per category could be the reporting requirement (e.g. scope 3, category 1, x% of tier 1 emissions, y% tier 2, z% tier 3), instead of classifying a given category as a whole. Another TWG member responded that this is possible, however warned that it will add burden to the preparer and suggested to consider if the result would be worth the effort.
- A TWG member asked to which extent the solution should focus on rolling up data specificity information along the value chain. The Secretariat explained that it is desirable that the solution would allow for cascading the information throughout the whole value chain (facilitated by Options 3 and 4), however highlighted that certain tradeoffs might be necessary.
- A TWG member noted that it will always be hard to push companies to use site specific data in scope 3, especially in developing countries, and suggested identifying a solution that is feasible rather than a hypothetical ideal.
- The Secretariat highlighted that no solution will satisfy all desirable criteria, and urged to focus on tradeoffs that would offer an optimal rather than ideal solution.
- A TWG member stated that Option 1 facilitates integration of supplier specific data from life cycle assessment and environmental product declarations, leading to improved data quality and specificity.
- A TWG member stated that if uncertainty assessment is introduced, reported reduction of uncertainty of emissions estimates should be an incentive for inventory improvement.
- The Secretariat suggested to challenge the notion that classification of calculation methods of categories 4, 9, and 11 does not reflect data specificity, and asked the TWG members to comment on this notion. A TWG member expressed the opinion that regarding categories 4 and 9 data specificity is complex, and the fuel-based and the distance-based methods can both be specific or average. Another TWG member specified that a distance-based calculation can be specific if vehicle type, technology and distance are taken into account, however stated that generally, the fuel-based

method should be considered of higher specificity. This statement was supported by another TWG member. Another TWG member stated that specificity of data is of lower relevance the discussion and raised the issue of impacts of allocation.

- A TWG member asked if labelling data as “specific” and “average” is necessary. The Secretariat clarified that Option 2 does not utilize such labels. The TWG member then asked if Option 2 could maintain the original names of the calculation methods per category instead of referring to “tiers”. The Secretariat clarified that this is possible if the total scope 3 is not summed up per tier.
- A TWG member suggested using only two tiers: tier 1: High quality specific data and tier 2: other data, with introducing strict requirements for tier 1 data.

#### Outcomes (e.g. recommendations, options)

- The Secretariat conducted indicative polling on the following questions, clarifying that Option 1 could be accompanied by development of stricter definitions, and Option 2 could be implemented with the already existing names of calculation methods.
- “Which options should be taken further? Rate your support of each of the options”:
  - Option 1:
    - Strongly support 7% (1/15)
    - Support 27% (4/15)
    - Neutral 53% (8/15)
    - Oppose 0% (0/15)
    - Strongly oppose 13% (2/15)
  - Option 2:
    - Strongly support 20% (3/15)
    - Support 33% (5/15)
    - Neutral 40% (6/15)
    - Oppose 7% (1/15)
    - Strongly oppose 0% (0/15)
  - Option 3:
    - Strongly support 7% (1/15)
    - Support 33% (5/15)
    - Neutral 53% (8/15)
    - Oppose 7% (1/15)
    - Strongly oppose 0% (0/15)
  - Option 4:
    - Strongly support 27% (4/15)
    - Support 40% (6/15)
    - Neutral 27% (4/15)
    - Oppose 7% (1/15)
    - Strongly oppose 0% (0/15)
- “Which options should be taken further? (your preference)”:
  - Option 1: 13% (2/15)
  - Option 2: 27% (4/15)
  - Option 3: 7% (1/15)
  - Option 4: 20% (3/15)
  - Abstain: 20% (3/15)

#### **4. Potential improvements to reflecting data quality**

- The Secretariat presented other factors to differentiate data quality, including verification and uncertainty assessments (slides 36-44). The group discussed the options and an indicative poll was held.

#### Summary of discussion

- A TWG member expressed the opinion that verification has the potential to resolve some issues connected with the use of secondary data in LCAs and the use of proxy emission factors. Another TWG member supported that opinion, also stating that any indirect consequences introducing verification should be taken into account as well.

- A TWG member asked if Option 2 of the previous discussion is still up for discussion. The Secretariat clarified that due to the polling results and only 15 members currently being present, there is no conclusive result yet, and a follow-up poll will be held.
- On verification:
  - A TWG member commented on the credibility of verification, stating that it does not necessarily help with data quality, citing their experience with malpractice in verified inventories. The member stated that the quality of a verified inventory is more related to the type, specialty, experience, and regional practices of the verifier.
  - A TWG member asked about the difference between Options 1 and 2 (see slides 40-41), and if average data can be distinguished as verified in Option 2 but not in Option 1. The Secretariat confirmed.
  - A TWG member asked about verification of secondary data, if that would imply that the secondary data that was used is verified (e.g. verification of the inventories in the secondary dataset), or if the use of the secondary data is verified (e.g. verification of the preparer's inventory calculations with a secondary emission factor). The Secretariat validated the logic of the former and asked the members on the validity of the latter. Another TWG member suggested the value of the latter in checking that correct values were taken to avoid errors.
  - A TWG member supported Option 2, deeming it applicable to all sources and straightforward.
  - Several TWG members raised that a distinction between verification, assurance, accreditation, review, and validation should be made. The Secretariat acknowledged the current confusion between verification and assurance, which are used interchangeably in the *Corporate Standard* and *Scope 3 Standard* and flagged that alignment on the terminology is in the scope of work of the Corporate Standard TWG. The Secretariat also acknowledged the confusion between review and verification, which stems from it commonly being used interchangeably in the LCA community. A TWG member expressed the opinion that it is not optimal to rely on verification or third-party assurance to determine data quality, in part because this terminology is not fully applied in a standardized manner across the market.
  - A TWG member suggested that Option 1 and 2 could be combined, if tier 1 is reserved for critically reviewed data, while assured data would be marked with a "+" across the tiers.
- On uncertainty assessment:
  - Several TWG members expressed their enthusiasm and appreciation for the upcoming discussion of uncertainty assessment for carbon accounting and reporting.
  - A TWG member suggested the option of distinguishing data that has undergone uncertainty assessment somehow, for example, with a plus or a star, as a special sign of outstanding performance of the preparer, while alleviating the burden for companies that are not able to perform uncertainty assessments.
  - The Secretariat asked the members if they think there currently are incentives for optional uncertainty assessment on the market, rewarding preparers for going above and beyond. A TWG member confirmed this, stating that it might apply to 5-10% of reporters, which is a good starting place. The TWG member suggested that optional uncertainty assessment could be a stage in a gradual phasing in of mandatory uncertainty assessment.
  - The Secretariat expressed the opinion that requiring uncertainty assessment would necessitate development of comprehensive guidance prior to introduction of the requirement, while optional uncertainty assessment may give more leeway.
  - A TWG member asked what consequences Option 2 would imply (see slide 43). The Secretariat clarified that the option assumes that if mandatory uncertainty were to be introduced, no minimum requirements nor requirement for improvement would be imposed onto it. The TWG member noted that the phrasing needs to be changed as consequences could be interpreted as repercussions or sanctions, which are out of the purview of the GHG Protocol.
  - A TWG member noted that the implementation of Options 3 and 4 (see slide 43) may lead to segmenting requirements by different sectors and company size, creating a risk that users wouldn't be able to aggregate data that they receive from their suppliers.
  - A TWG member supported Option 4, stating the need to require uncertainty from larger companies, which aim to submit to SBTi and have the means to carry out such assessments.

- A TWG member cited the existing GHG Protocol guidance on uncertainty assessment as the starting point. Another TWG member shared the link to the guidance:  
(<https://ghgprotocol.org/sites/default/files/2023-03/ghg-uncertainty.pdf>)

Outcomes (e.g. recommendations, options)

- The Secretariat conducted indicative polling on the following questions:
- “Indicate your support for the options regarding a verification add-on”:
  - Option 1. Not adding a verification add-on:
    - Strongly support 13% (2/15)
    - Support 13% (2/15)
    - Neutral 20% (3/15)
    - Oppose 33% (5/15)
    - Strongly oppose 20% (3/15)
  - Option 2. Reserving tier 1 only for verified data
    - Strongly support 27% (4/15)
    - Support 13% (2/15)
    - Neutral 27% (4/15)
    - Oppose 13% (2/15)
    - Strongly oppose 20% (3/15)
  - Option 3. Assigning a "+" rating to the data ranking if it is verified
    - Strongly support 40% (6/15)
    - Support 47% (7/15)
    - Neutral 7% (1/15)
    - Oppose 0% (0/15)
    - Strongly oppose 7% (1/15)
- “Rank your support for each of the options regarding an uncertainty add-on”:
  - Option 1. Not adding uncertainty assessment:
    - Strongly support 0% (0/15)
    - Support 0% (0/15)
    - Neutral 13% (2/15)
    - Oppose 33% (5/15)
    - Strongly oppose 53% (8/15)
  - Option 2. Optional uncertainty assessment
    - Strongly support 20% (3/15)
    - Support 47% (7/15)
    - Neutral 27% (4/15)
    - Oppose 0% (0/15)
    - Strongly oppose 7% (1/15)
  - Option 3. Required uncertainty assessment, with no consequences for reporting default
    - Strongly support 13% (2/15)
    - Support 33% (5/15)
    - Neutral 27% (4/15)
    - Oppose 27% (4/15)
    - Strongly oppose 0% (0/15)
  - Option 4. Required uncertainty assessment for selective emissions
    - Strongly support 20% (3/15)
    - Support 33% (5/15)
    - Neutral 27% (4/15)
    - Oppose 13% (2/15)
    - Strongly oppose 7% (1/15)
  - Option 5. Required uncertainty assessment for selective companies
    - Strongly support 33% (5/15)
    - Support 47% (7/15)
    - Neutral 13% (2/15)
    - Oppose 7% (1/15)

- Strongly oppose 0% (0/15)
- Option 6. Required qualitative uncertainty assessment
  - Strongly support 0% (0/15)
  - Support 53% (8/15)
  - Neutral 40% (6/15)
  - Oppose 7% (1/15)
  - Strongly oppose 0% (0/15)
- Option 7. Option 3 with a phase-in through Option 2
  - Strongly support 33% (5/15)
  - Support 20% (3/15)
  - Neutral 27% (4/15)
  - Oppose 13% (2/15)
  - Strongly oppose 7% (1/15)

## 5. Next steps

- The Secretariat presented the next steps (see slide 47).

### Summary of discussion

- A TWG member inquired if it would be possible to shift the alternated meeting time to one hour earlier.

### Outcomes (e.g. recommendations, options)

- The Secretariat will follow up with an asynchronous poll on options for setting calculation methods as the disaggregation principle for the tiers, in order to gather the full group's opinion.
- The Secretariat will follow up with members in Asia, Australia and Oceania regarding the possibility to shift the alternated meeting time, as the time is intended to enable their participation.

## Summary of written submissions received prior to the meeting

N/A