

# Scope 3 TWG Group B Meeting Minutes

Meeting number 10

Date: 24 July 2025

Time: 9:00 AM – 11:00 PM ET

Location: Virtual

## Attendees

### Technical Working Group Members

- |  |   |
|--|---|
| 1. Lindsay Burton, Ernst & Young               | 9. Alan Lewis, Smart Freight Centre       |
| 2. Leo Cheung, The Carbon Trust                | 10. Thea Lyngseth, ECOS                   |
| 3. Betty Cremmins, Independent                 | 11. Ryan Maloney, Apple                   |
| 4. Holly Emerson, Duke University              | 12. Vishwesh Pavnaskar, Indorama Ventures |
| 5. Victor Gancel, Danfoss                      | 13. Stacy Smedley, Building Transparency  |
| 6. Alasdair Hedger, Ellen MacArthur Foundation | 14. Micheal Taptich, Amazon               |
| 7. Aysegul Koseoglu, Inter IKEA                | 15. Ronald Voglewede, Walmart             |
| 8. Tim Letts, WWF                              |   |

### Guests

n/a

### GHG Protocol Secretariat

- |                       |                   |
|-----------------------|-------------------|
| 1. Hande Baybar       | 4. Dario de Pinto |
| 2. Alexander Frantzen | 5. David Rich     |
| 3. Claire Hegemann    |                   |

## Documents referenced

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

## Summary

Item	Topic and Summary	Outcomes
1	<b><i>Housekeeping and decision-making criteria</i></b> The Secretariat presented the housekeeping rules and decision-making criteria.	N/A
2	<b><i>Full Group Results</i></b> The Secretariat presented the results from the surveys following full Scope 3 TWG meetings in May, that pertained to Group B revisions.	N/A
3	<b><i>Facilitated activities survey results</i></b> The Secretariat presented the facilitated emissions specifications and full TWG survey results regarding facilitated emissions specifically.	N/A
4	<b><i>New facilitated activities</i></b> Skipped due to time constraints.	N/A
5	<b><i>16.1 Insurance</i></b> The Secretariat presented sub-classifications in category 16, applicability to insurers, and boundary guidance for insurance-associated emissions.	N/A
6	<b><i>16.2 Underwriting</i></b> The Secretariat presented sub-classifications, boundary guidance, and calculation methods for underwriting and issuance.	N/A
7	<b><i>16.3 Other financial activities/services</i></b> The Secretariat presented classification, requirements, and a summary matrix of activities and facilitated activity definition conformance, highlighting a few unresolved items.	N/A
8	<b><i>Reference to third-party standards</i></b> The Secretariat presented a proposal for referring to third-party industry- / or sector-specific standards, asking members if they know of relevant standards beyond PCAF and ideas for how to deal with version control.	N/A
9	<b><i>Case-/industry-specific guidance</i></b> The Secretariat presented a proposed solution for disaggregation within category 16, contextualized by previous survey results from Group B.	The Secretariat will add language to require the disclosure of third-party standards used by a reporting company.
10	<b><i>Next steps</i></b> The Secretariat presented the next steps (see slides 45 – 47). This meeting concludes the work of subgroup B. The next meeting will be held on August 28 <sup>th</sup> , and kick-off phase 2 of the TWG.	N/A

## Discussion and outcomes

## 1. Housekeeping and decision-making criteria

- The Secretariat presented the housekeeping rules and the decision-making criteria (see slides 3 – 6).

### Summary of discussion

- N/A

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

- N/A

## 2. Full Group Results

- The Secretariat presented the results from the surveys following full scope 3 TWG meetings in May, as pertains to Group B revisions (see slides 7 – 10).

### Summary of discussion

- N/A

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

- N/A

## 3. Facilitated activities survey results

- The Secretariat presented the facilitated emissions specifications and full TWG survey results regarding facilitated emissions specifically (see slides 11 - 14).

### Summary of discussion

- N/A

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

- N/A

## 4. New facilitated activities

- This section was skipped due to time constraints (see slides 15 – 16).

### Summary of discussion

- N/A

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

- N/A

### 4. 16.1 Insurance

- The Secretariat presented sub-classifications in category 16, applicability to insurers, and boundary guidance for insurance-associated emissions (see slides 17 – 26).

### Summary of discussion

- N/A

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

- N/A

### 4. 16.2 Underwriting

- The Secretariat presented sub-classifications, boundary guidance and calculation methods for underwriting and issuance (see slides 26 – 29).

### Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

#### 4. 16.3 Other financial activities/services

- The Secretariat presented sub-classifications, requirements, and a summary matrix of activities and facilitated activity definition conformance, highlighting a few unresolved items (see slides 30 – 34).

Summary of discussion

- A TWG member commented that the term 'compensation payments' might be a bit misleading, suggesting the term 'retirement matching and pension funding'
  - A member commented that in the UK, the term compensation can mean redundancy or accident/loss payments, agreeing that the term should be avoided and suggesting 'pension contributions' or 'pension funding' instead.
- A TWG member asked how those employee payment emissions differ from the emissions from normal salaries, stating that the economic value of the labor is already captured in the other categories.
- A TWG member stated that the wording of 'compensation payments' could be improved in order to differentiate from salary payments. The intent here was to cover specifically the associated facilitated emissions from funding in 401ks and comparable accounts, and right now the wording does not reflect that.
  - The Secretariat asked how to improve the wording.
  - A TWG member stated that there is a straightforward difference between funding a pension fund for an employee versus allowing a 401k to exist. If the employer does not match, how are they responsible? If they do match, responsibility is more easily defined.
  - A TWG member replied that match vs no match might not be a good distinction, as even with a match, that is a cash value that follows the choices that the employee has made. And while the selection choices are limited by the provider options, the member does not think that there is much of a distinction between matching versus no matching. It is all a part of compensation, and if the idea is to tie to the economic value received by the company, then the scope could be expanded to include healthcare, sick days, vacation days etc. But economic value of labor is already recognized elsewhere.
  - The Secretariat commented that economic value generation is just one of three proposed conditions for identifying a facilitated activity, the conditions being designed to help identify and exclude activities that are not facilitated.
  - The member stated that their main point is that the amount of influence a company has is dramatically different between a pension fund, being a financial vehicle that the company controls, versus a retirement plan which is selected by the employee out of a variety of choices. The level of influence here is very different, and that needs to be clear.
  - The Secretariat proposed adding this in the guidance.
  - A TWG member agreed that there are nuances between personal and employer pension plans, stating that some employers in the UK are influencing the default investment strategies for the employee pensions, e.g. through ESG funds only, which is up to the employee to then change if they want.
- A TWG member said that donations do provide economic value to a donor (as a reporting company) by providing tax write-offs. And if a donation is supporting a cause like the deforestation of national parks, then it should be captured.
  - The Secretariat agreed, stating that donations would satisfy all the facilitated emissions criteria by virtue of the economic value of tax deductions.

Outcomes (e.g. recommendations, options)

- N/A

#### 4. Reference to third-party standards

- The Secretariat presented a proposal for referring to third-party industry- / or sector-specific standards, asking members if they know of relevant standards beyond PCAF and how to deal with the version control issue (see slides 36-46).

#### Summary of discussion

- A TWG member asked if the TWG had not previously discussed a caveat, that after this revision is published, any sector-specific guidance would need to be re-evaluated by the GHG Protocol's Built on Mark? The member voiced concern about referencing an outdated standard that pre-dates this update, if alignment has not been checked.
  - The Secretariat stated that the future of the Built on Mark program is currently being reviewed internally. Reviewing third-party standards is a matter of budget and administrative processes being set up, and a future process might not be entirely managed by GHG Protocol. For example, a third-party standard could be reviewed by two or more independent parties and an itemized report of alignment vs. non-alignment could be submitted to the GHG Protocol. A third-party standard would not be grandfathered in without review, including because the revised *Scope 3 Standard* has yet to be published.
- A TWG member stated that this issue should be revisited later in the revision process, citing an annex in the Corporate Standard that references third-party standards. Regarding category 16, specifically, the group has discussed if category 16 should be optional entirely. The member requested the use of category 16 is facilitated emissions are all optional (not required using 'shall').
- TWG member spoke up as a representative of GLEC, stating that third-party standards want and need the official Built on Mark to indicate harmonization/interoperability. GLEC has been approached by an informal grouping of global ports and terminals who have seen the proposed introduction of a new category 16 for facilitated emissions, in past TWG minutes, and are considering drafting guidance to address the issue. The link between third-party standards or frameworks and the GHG Protocol corporate suite of standards remains a live and necessary issue to resolve.
- The Secretariat asked the members if the future of the Built on Mark has an impact on writing this update to the standard now?
  - A TWG member stated that if within the category 16 definition, reference is made to "recognized industry specific standards", then the Built on Mark issues becomes relevant. The member asked what was meant by a "recognized" standard?
  - A TWG member agreed with the previous speaker, asserting that if "recognized" is not defined, this clause is difficult to interpret.
  - The Secretariat asked if deleting the word "recognized" would resolve this issue.
  - A TWG member replied that this is more a question for the GHG Protocol and how it wants to frame the discussion. For the transport sector, it is a priority that this stays a "should" rather than a "may". Keeping "should" and deleting the word "recognized" would work.
  - A TWG member cautioned that in sector groups are very proactive regarding what benefits them, and that if a sector group is not acting with the right intent, this might backfire, e.g., if the sector group tries to reduce its industry members reporting burden. Even if a third-party standard does not directly conflict with GHG Protocol, GHG Protocol is supposed to be the independent sanity check, which is why the member liked the Built on Mark.
  - The Secretariat highlighted that this clause regarding referencing industry standards is limited to facilitated activities and does not extend to anything else in the standard. A company would will need to conform with all other requirements in the *Scope 3 Standard*, including requirements for categories 1 through 15.
  - A TWG member noted that this debate underscores the importance of the group's work. While agreeing with previously raised concerns, they also emphasized that, in practice, industry guidelines are typically clear. In cases of contradiction or ambiguity regarding harmonization, the GHG Protocol requirements should prevail. As such, the risk of actual contradictions is limited. That said, the term "recognized" remains difficult to substantiate.
  - The Secretariat proposed adding a requirement to disclose which third-party or industry-specific standards or guidance, if any, a reporter relied on to quantify facilitated emissions, if reported; and/or requiring that the reporting company state if it calculated the emissions using their own methodologies.

- A TWG member asked if there is going to be a timely process in place for GHG Protocol to review updates in third-party standards if and when they are revised, to not have undue accounting and/or reporting burdens for companies? Otherwise, reporting companies would potentially need to report two sets of numbers (GHG emissions results).
  - The Secretariat stated that another option is no version control, that reporters can use any standard without GHG Protocol review for facilitated emissions exclusively.
  - Another member of the Secretariat stated that the goal is first to establish the new category 16, followed by tackling alignment with ensuing third-party standards.
- A TWG member commented that 'recognized' is a term used in the EU ESRS climate standard guidance, stating that it wouldn't be the first time the term is used. The member cautioned that removing the term 'recognized' may lead to a wild west of use of sector standards.
- A TWG member asked if the group might be opening a pandora's box with the category specific exemption.

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

- N/A

#### **4. Case-/industry-specific guidance**

- The Secretariat presented a proposed solution for disaggregation within category 16, contextualized by previous survey results from Group B (see slides 40 – 44).

#### Summary of discussion

- A TWG member stated their initial reaction was that the types of facilitated emissions that the group has come up with so far should be explicitly listed, to give users an idea. Our existing list should be itemized. The member anticipates a lot of feedback on this during the public consultation, and as such it is worth spelling it out clearly. The member voiced their support for reporting them in a disaggregated way, rather than in a catch-all (total) manner.
- A TWG member agreed with the previous speaker, stating that a list should be provided, with the possibility for 'other', to then let reporters self-define.
- A TWG member stated that it would make sense for other initiatives developing sector-specific or industry-specific methodology to include a third-party assessment on their alignment and conformance with the GHG Protocol, such as the Built on Mark, that is visible on said third-party standards.
- The Secretariat added the 'other cases' list for member's consideration (slide 42).
  - A TWG member commented that this list is very helpful to show the users what they are dealing with here.
- The Secretariat asked members if, given that a single company likely would not have many (i.e., would exhibit very few) of the facilitated activities, the standard could just provide a bulleted list and reporters could then follow that classification.
- A TWG member asked if this crosses into non-disclosed financial information, e.g., how much of revenue is coming from debit card transactions. The member questioned if this crosses into a layer of transparency that represents additional financial investor information.
  - The Secretariat stated that as of now, credit card transactions are loans, and thus they satisfy definitions and requirements in category 15 (investments, i.e., financed emissions). Companies would not have to disclose who they provide credit to. The thesis for debit card transactions is that by providing debit accounts to the economy, the provider is making it possible for the account holders to make purchases.
  - The member re-iterated that they were not asking about the inclusion in this list of category 16 activities, but rather whether such a breakout might cause confidentiality risk. Could this lead to readers discovering financial information that they otherwise wouldn't have?
  - A TWG member commented that the breakout between items 16.12 and 16.13 is more a question of where within the industry the boundary is drawn. There are good reasons to draw it at the port boundary, or to draw it outside of the port. The industry needs to confer, and one of them would become the norm and the other would disappear, based on what the industry standard says.

- A TWG member stated that in looking at the list, there are a handful of items that could be collapsed into a narrower, combined set. The member stated that they are always skeptical how much uptake there will be for optional emissions, and that it remains to be seen what is the most impactful depending on the uptake. For now, the member is in favor of requiring this additional detail, going to public consultation, and seeing what feedback arises on burden, potential sensitive items etc.
- The Secretariat asked if public consultation should be relied on to identify any other facilitated emissions
  - A TWG member replied yes.
- A TWG member stated that in the spirit of decision-useful data, having a consistent list helps provide comparable data on companies in specific sectors. This is helpful, for example, for investors.
- A TWG member commented on the proposed text in revision #11a, stating that it is confusing.
  - The Secretariat acknowledged a mistake on the slide, and that the sentence will be clarified. The intention is to make sure that a reporter does not exclude an activity that is in category 1 through 15.
- A TWG member asked if the idea of moving the language to required/optional instead of shall/should/may has been considered any further.
  - The Secretariat stated that shall/should/may will be maintained as it is used in ISO and other standards, and there are instances in the standard where having three tiers is helpful.

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

- The Secretariat will add language for the reporting requirement of usage of third-party standards and will modify the language regarding 'recognized' third-party standards.

#### **5. Next Steps**

- The Secretariat presented the next steps (see slides 45 – 47).
- This meeting concludes the work of subgroup B.
- The next meeting will be held on August 28<sup>th</sup> to kick off phase 2 of the TWG.

#### Summary of discussion

- N/A

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

- N/A

## **Summary of written submissions received prior to meeting**

N/A