

Scope 3 TWG Group B Meeting Minutes

Meeting number 6

Date: 27 February 2025

Time: 9:00 – 11:00 AM ET

Location: Virtual

Attendees

Technical Working Group Members

1. Lindsay Burton, Ernst & Young
2. Leo Cheung, The Carbon Trust
3. Betty Cremmins, Independent
4. Holly Emerson, Duke University
5. Hugo Ernest-Jones, Science Based Targets initiative
6. Victor Gancel, Danfoss
7. Isihaka Hanghuja, Uganda National Bureau of Standards (UNBS)
8. Alasdair Hedger, Ellen MacArthur Foundation
9. Ashwini Hingne, WRI
10. Mitavachan Hiremath, SusPoT – Center for Sustainability
11. Tom Jackson, Loughborough University
12. Aysegul Koseoglu, Inter IKEA
13. Marion Kurdej, EcoAct
14. Tim Letts, WWF
15. Alan Lewis, Smart Freight Centre
16. Ryan Maloney, Apple
17. Nicola Stefanie Paczkowski, BASF
18. David Quach, Wesfarmers
19. Ellen Riise, Essity Hygiene & Health AB
20. Benedicte Robertz, Umicore

Guests

1. Micheal Taptich, Amazon
2. Ronald Voglewede, Walmart

GHG Protocol Secretariat

1. Natalia Chebaeva
2. Alexander Frantzen
3. Claire Hegemann
4. Allison Leach
5. David Rich
6. Adrienne Gilbride

Documents referenced

1. Discussion Paper B.2 Intermediary Parties
2. Supplementary Paper B.2
3. Scope 3 – Group B – Meeting#6 – Presentation

Summary

Item	Topic and Summary	Outcomes
1	<i>Housekeeping</i> The Secretariat presented the housekeeping rules and introduced the two guests attending the meeting, who are prospective members of the TWG.	N/A
2	<i>Background#1: Feedback, Guidance, and other frameworks</i> The Secretariat presented a summary of current guidance on intermediary parties in <i>the Scope 3 Standard</i> and stakeholder feedback.	N/A
3	<i>Background #2: Working Research</i> The Secretariat presented the approach for the consideration of the issue of intermediary parties. The group discussed.	N/A
4	<i>Question 1: Intermediary Parties</i> The Secretariat asked members to discuss question 1 "Should requirements/guidance be specified for intermediary parties?" (slides 31-32). The group discussed and an indicative poll was held.	Indicative polling resulted in a unanimous "Yes"
5	<i>Question 2: Identification</i> The Secretariat presented four cases considered in the discussion paper where the third party in question satisfied the proposed criteria for identifying an intermediary party, and one case where the third party was not identified as an intermediary party (slides 34-45). The Secretariat asked the TWG members to discuss Question 2, "How should intermediary party activities be identified?", providing the following options: <ul style="list-style-type: none"> • Option 1: Criteria-based method for determining intermediary party activities (using the four criteria presented and detailed in section 8.3) • Option 2: Case- or industry-specific method for determining intermediary party activities • Option 3: Alternative criteria (not specified) 	The group did not come to a resolution on Question 2, with Option 2 receiving the most support. A follow-up survey will be sent to members, evaluating the issue on a case-by-case basis.
6	<i>Next steps</i> The Secretariat presented the next steps.	N/A

Discussion and outcomes

1. Housekeeping

- The Secretariat presented the housekeeping rules and the decision-making criteria (see slides 5 – 7).

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

2. Background #1: Feedback, Guidance, and other frameworks

- The Secretariat presented a summary of current guidance on intermediary parties in *the Scope 3 Standard*, stakeholder feedback, special considerations for categories 4 and 15, and an overview over third party standards and guidance (slides 8 – 17).

Summary of discussion

- A TWG member clarified that slide 10 should be referring to fourth party logistics, rather than third party logistics, and stressed the importance of distinguishing the two. The member specifically raised the issue of wrapping services into the definition of a product.
 - The Secretariat responded, saying that the preparatory material covers both third and fourth party logistics, and that third party logistics was identified to not be an intermediary party.
- A TWG member commented on the analysis of CDP and Ipieca guidance, stating that in the oil & gas sector, third parties that do not own the fuel that they are transporting must account for the upstream and downstream emissions of said fuel.
 - The secretariat acknowledged the comment and will address it in the material.
- One TWG member wondered if other cases beyond the ones listed on slide 10 were being considered, citing examples of service providers such as facility management, design for electronic products by a party that has no influence over manufacturing, or outsourced manufacturing of products. The member stated that they had had a lot of discussions with clients about whether to include use phase emissions in such cases.
 - The secretariat responded that over 30 case studies have been reviewed, which include service providers such as lawyers, architects, and tolling services.
 - The member stated that they would provide the Secretariat with an additional example after the meeting.
- A TWG member commented that in a broader industrial context, tolling services typically refer to scenarios where one company processes raw materials or intermediates for another company which retains ownership of the input and output of the process. The member asked regarding ICT, whether tolling services could be expanded to include services that process data or transactions on behalf of another entity.
 - The Secretariat acknowledged this example and asked for further information. The member stated that they would provide the Secretariat with a case study after the meeting.

Outcomes (e.g. recommendations, options)

- N/A

3. Background #2: Working Research

- The Secretariat presented the approach for the consideration of the intermediary party issue (slides 19-29).

Summary of discussion

- A TWG member asked if the group had a definition for what 'selling' is, asking whether it is linked to the transfer of money, or to the specific terms of a contract? The member provided the example of a travel agent arranging hired equipment additionally to accommodation and transport, providing a contract between the traveler and the equipment owner.
 - The Secretariat responded that there is no limit to how complicated contracts can be made, in terms of which party fulfils which function and who facilitates what. The Secretariat suggested that if a party purchases or sells a product unambiguously, then it has to account. For ambiguous cases, intermediary parties are being considered.
 - The member followed up stating that point of sale is not one of the criteria listed and asked if it should be added.
 - The Secretariat replied that additions to the proposed criteria or definitions are welcomed, and that currently the criteria are being stress tested to ensure that they are as complete as possible.
- A TWG member commented that from a strategic standpoint, it would be helpful to first define the goal for the consideration of intermediary parties. The member asked to clarify the intent, citing the example of a business where the entire activity would be classified as an intermediary activity, and

asking if it would mean asking the business to completely change their business or otherwise deal with having a high emissions count.

- The Secretariat replied that the objective is to define potential requirements or recommendations.
- A TWG member added that in the logistics sector, if a company utilizes a fourth party logistics (4PL) provider, the 4PL provider is currently not clearly mandated to report these emissions. The 4PL provider makes a lot of determinations about the emissions that the client will have to report without any incentive regarding their own inventory. Changing this would put an additional lever for climate action in place, if the 4PL provider has to report the emissions they facilitate as well.

Outcomes (e.g. recommendations, options)

- N/A

4. Question 1. Intermediary Parties

- The Secretariat asked the TWG members to discuss question 1, "Should requirements/guidance be **specified** for intermediary parties?" (slides 31-32).

Summary of discussion

- A TWG member stated that they would vote for 'yes' regarding question 1 on slide 31, "Should requirements/guidance be specified for intermediary parties?". The member said that more guidance is needed, as there are cases where emissions from whole businesses or large parts of businesses are not being accounted for, and that rationalizing these cases is important. The member further stated that they are torn on the question whether using the criteria to make the determination or going case-by-case is best. But the member recommended tackling the question of whether more guidance should be developed first and working out the details later.
- A TWG member agreed, saying 'yes' to question 1. The member tied it back to the outcome that the group is trying to achieve, intermediaries play a key role in the emissions of a product being purchased, and as such if there is a requirement on reporting, there is an incentive to act on the emissions. The member added that from a risk management perspective, requiring intermediary parties to account for facilitated emissions makes sense.
- A TWG member agreed, saying 'yes' to question 1. The member said that at a minimum, guidance would be useful, and that the planet benefits if intermediary parties are accounting for these emissions. But the member caveated, stating that in more complex cases, there could be companies that have a decent amount of scope 1, 2, and 3 emissions but also have some activities that count as intermediary party activities, which might lead them to shift focus away from productive emissions reduction work, if they do not have a lot of influence over the intermediary party activity emissions.
- A TWG member stated that this discussion should be held from the standpoint of achieving more holistic inventories that represent the impact of any company in the value chain. The member also stated that decisions on this issue will have an impact on target setting and implementation.
- A TWG member stated that currently, there is conflicting guidance on the market, as some sector-specific guidance might define intermediary parties more clearly. The member stressed that this update presents a great opportunity to define it coherently. The member also highlighted that keeping an eye on how the decisions will impact sector-specific guidance is important, citing the example of the oil & gas industry that currently has guidance on intermediary parties. The member asked how existing guidance would be dealt with, and how previous guidance that has been the precedent would be addressed.

Outcomes (e.g. recommendations, options)

- The Secretariat held an indicative poll for the question "Should requirements/guidance be specified for intermediary parties?", with the following results:
 - Yes: 100% (18/18)
 - No: 0%
 - Abstain: 0% (0/18)

5. Question 2. Identification

- The Secretariat presented four cases considered in the discussion paper where the party in question meets the suggested criteria for intermediary parties, and one case where it was identified to not be an intermediary party (slides 34-45). The Secretariat asked the TWG members to discuss Question 2, “How should intermediary party activities be identified?”, providing the following options:
 - Option 1: Criteria-based method for determining intermediary party activities (using the four criteria presented and detailed in section 8.3)
 - Option 2: Case- or industry-specific method for determining intermediary party activities
 - Option 3: Alternative criteria (not specified)

Summary of discussion

- A TWG member stated that in their work, they are having ongoing conversation with e-commerce platforms, who feel that they should be responsible for reporting for distribution, even if they do not arrange it themselves. A guest asked for clarification regarding the color coding of the diagrams on slide 36 and following. The Secretariat provided explanations. The guest suggested additional configurations for these cases. The Secretariat stated that they would connect with the guest for this purpose after the meeting.
- A TWG member raised the point that some of the examples and the language imply that products are made and sold, and that that is where the process ends. The member highlights that products can be repaired or refinished, and asked how intermediary parties would be dealt with in that case. The member cautioned from disincentivizing circular economy activities that would help with emissions overall.
 - The Secretariat asked the member to submit additional examples on such situations, if available.
 - A TWG member asked why in the diagram on 4PL, the distributor is not indicated as an intermediary party. A TWG member replied saying that the 4PL provider is selling the distribution and thus is responsible for category 4 emissions.
 - The Secretariat noted that the case of distributors as potential intermediary parties is made in Discussion Paper B.2. Distributors were identified to not be intermediary parties as they are just transporting goods, and the purchase happened without their participation. The Secretariat emphasized that defining what exactly constitutes an intermediary party is the goal of this meeting, discussing cases and trying to identify rules for identification.
 - A TWG member added that usually, the level of information that distributors have about the product that they are transporting and its carbon impact is very low.
- A TWG member emphasized the importance of terminology in this discussion, and that perhaps the term “distributor” should be further defined.
 - The Secretariat agreed with this need.
 - A TWG member suggested utilizing the term “logistics provider”.
- A TWG member raised the distinction between logistics providers who only distribute one kind of good (e.g. natural gas) versus logistics providers who transport a wide range of cargo and asked how to account in these separate cases. The member also asked for clarification if the currently proposed criteria all have to be met in order for a case to be counted as an intermediary party.
 - The Secretariat clarified that yes, all four criteria have to be met.
- A TWG member asked a question regarding travel booking transactions, and whether a distinction should be made between a booking provider choosing flights versus an employee choosing flights themselves, and whether that distinction holds weight for the intermediary party determination. The member asked whether this was considered in example 6.
 - The Secretariat replied that no distinction was made between B2B and B2C transactions, as the emissions in question as a booking platform makes business (income) from either.
 - The TWG member added that the level of influence that platforms have over the service could be a factor to consider.
- A TWG member asked about example 18a, why a gas pipeline operator potentially would have to account for transported gas combustion emissions while the owner of gas tankers that are transporting gas on roads would not. The member noted that the consideration seems to be out of

scope of the GHG Protocol. The member also noted that there are various ports and terminals that have pulled out of transporting or storing fossil fuel products for ethical reasons, rather than from a carbon accounting perspective.

- A TWG member agreed with the previous speaker, citing that Ipieca and CDP state that midstream actors need to account for their upstream and downstream emissions. The member stressed that it is unjust to require something that other industries do not. The member remarked that this could be an opportunity to reign in sector guidance, and that if a midstream operator is simply transporting, with no ownership, they do not have to account for the upstream and downstream.
- A TWG member agreed with this statement.
- A TWG member raised concerns that the group is trying to work out what an intermediary party is, without knowing what the consequences of consideration will be. The member stressed that the aim should be to incentivize decarbonization.
- A TWG member raised concerns if the criterion, “number of parties”, is good, stating that some of the examples could be changed to include only two parties and that then responsibilities in terms of influence and carbon reduction capacity shouldn’t be different. The member suggested replacing this criterion with a criterion for influence.
- A TWG member asked if there should be an additional question before question 2, that defines the objective for the guidance on intermediary parties. To help guide questions 2-5 by having a specific objective in mind.
 - The Secretariat responded that the objective is guided by the *Scope 3 Standard* objectives, including driving climate action.
- A TWG member asked if the increased transparency would result in benefits for the value chain partners. The member asked if a more specific objective statement would be devised, to help with decision making.
- A TWG member stated that regarding question 2, they like the criteria that have been developed, and that they lean towards option 2.
- A guest agreed with the previous speaker.
- A TWG member commented on question 3, that the provided options do not make sense and that they do not understand the options’ applicability to intermediary parties.
 - The Secretariat clarified that this concerns optionality of reporting facilitated emissions.
- A TWG member stated that the simplistic nature of the four criteria had struck them, making the point that scalability across the globe is key. In that view, the member prefers option 1 of question 2.
- A TWG member stated that they would prefer answering the following questions first, to craft the identification system for intermediary parties so that it achieves the desired outcome before making the determination on question 2.
- A TWG member stated that whether intermediary parties have to account for facilitated emissions is critical, and that the group has already identified situations where such accounting does not make sense. Having that distinction clarified would help in making a call on question 2.

Outcomes (e.g. recommendations, options)

- The Secretariat held an indicative poll for the question “How should intermediary party activities be identified?”, with the following results:
 - Option 1: Criteria-based method for determining intermediary party activities (using the four criteria presented and detailed in section 8.3): 18% (3/17)
 - Option 2: Case- or industry-specific method for determining intermediary party activities: 35% (5/17)
 - Option 3: Alternative proposed criteria (not specified): 18% (3/17)
 - Abstain: 35% (6/17)
- A TWG member stated that they voted for option 3 because anything energy-related should be considered separately.
- A TWG member stated that they voted for option 3 because they think that influence is missing as a key criterion.
- The Secretariat will follow up with a survey asking members for their preferences regarding the accounting of emissions on a case-by-case basis.

6. Next steps

- Slides 48-53 were skipped, to be discussed at the next meeting.
- The Secretariat presented the next steps (slide 54-56).

Summary of discussion

- N/A

Outcomes (e.g. recommendations, options)

- N/A

Summary of written submissions received prior to meeting

- No submissions were received.