

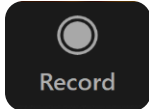
Scope 3 Technical Working Group Meeting

Working draft, do not cite

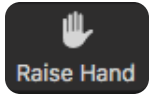
Group B Meeting 7 Intermediary Parties (continued)

March 20th, 2025

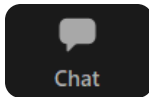
Welcome and Meeting information



This meeting is recorded.



Please mute yourself by default and unmute when speaking
Please use the Raise Hand function to speak during the call.



You can also use the chat function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

Meetings by topic

Meeting code	Date	Topic(s) (Discussion Paper B1 Question(s))
B.1	31 Oct 2024	Kick-off
B.2	21 Nov 2024	Relevance and significance (Q1, Q2, Q3)
B.3	12 Dec 2024	Significance and de minimis (Q3, Q6)
B.4	16 Jan 2025	Influence and Downstream emissions from intermediate products (Q4 & Q5)
B.5	6 Feb 2025	Optionality and hotspot analysis (Q7, Q8)
B.6	27 Feb 2025	Intermediary parties
B.7	20 Mar 2025	Intermediary parties (continued)
B.8	10 Apr 2025	Target setting updates
B.9	1 May 2025	Base year recalculation & decision pathway
B.10	22 May 2025	Category and other performance metrics
B.11	12 Jun 2025	Disclosure requirements for scope 3 performance communication
B.11	12 Jun 2025**	Leased assets

Agenda

(Draft; for discussion)

- Housekeeping (5 min)
- Survey Results and Approach (15 min)
- Q3. Boundary Setting (20 min)
- Q4. Reporting (20 min)
- Q5. Calculation Methods (20 min)
- Q2. Identification (finalization) (30 min)
 - Intermediary Party Cases
 - Not Intermediary Party Cases
 - Unresolved Cases for Discussion
- Next steps (10 min)

(Draft; for discussion)

Housekeeping and decision-making criteria

Housekeeping

- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining the credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Decision-Making Criteria

- Evaluating options: Describe pros and cons of each option relative to each criterion. Qualitatively assess the degree to which an option is aligned with each criterion through a green (most aligned), yellow (mixed alignment), orange (least aligned) ranking system. Some criteria may be not applicable for a given topic; if so, mark N/A.
- Comparing options: The aim is to advance approaches that ideally meet all decision criteria (i.e. maximize pros and minimize cons against all criteria). If options present tradeoffs between criteria, the hierarchy should be generally followed, such that, for example, scientific integrity is not compromised at the expense of other criteria, while aiming to find solutions that meet all criteria.

<i>Illustrative example</i>	Option A: Name	Option B: Name	Option C: Name
1A. Scientific integrity	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
1B. GHG accounting and reporting principles	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
2A. Support decision making that drives ambitious global climate action	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
2B. Support programs based on GHG Protocol and uses of GHG data	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons
3. Feasibility to implement	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons 	<ul style="list-style-type: none"> • Pros • Cons

(Draft; for discussion)

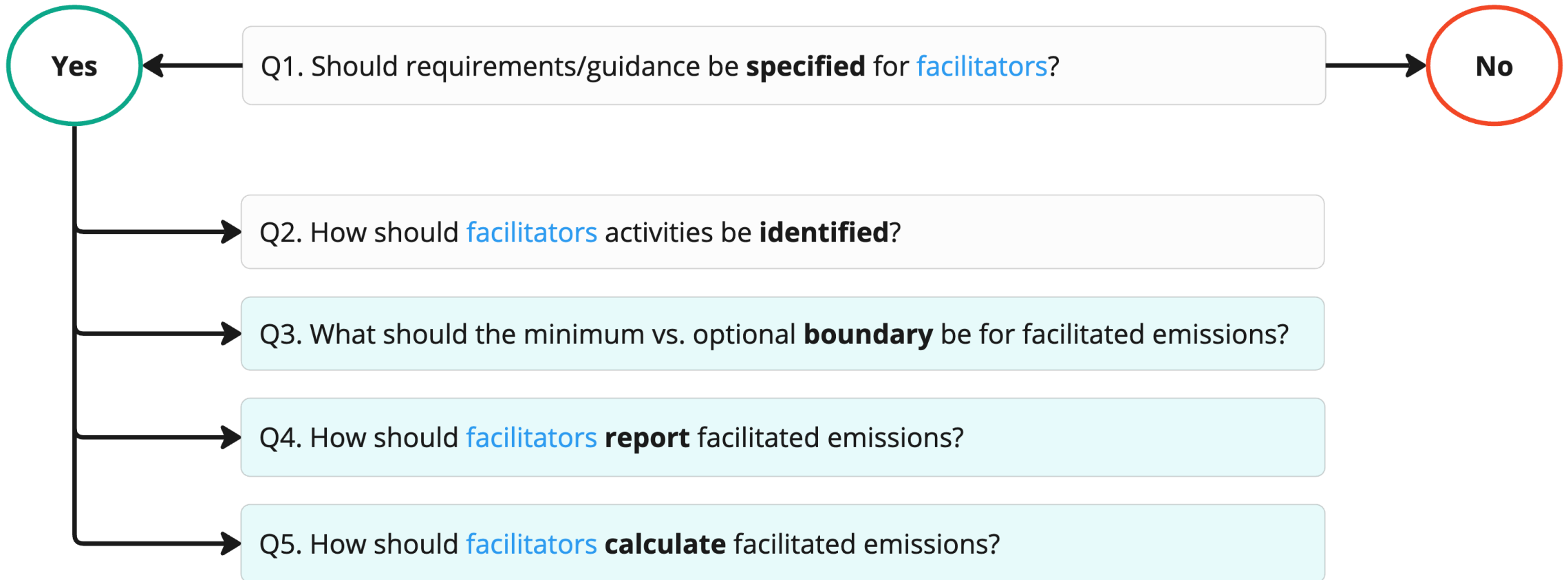
Survey Results and Approach

Terminology Proposal

- **Proposal:** Change the term (A) “**Intermediary Party**” to (B) “**Facilitator**”
- **Reasoning:**
 1. The term “**intermediary**” implies the positioning of an intermediary party between the buyer and the seller, while the term “**facilitator**” is position agnostic
 2. The term “**intermediary**” could be confused with “intermediate product” or with value chain partners that manufacture and/or transport intermediate products, as demonstrated in some sector-specific guidance
 3. The term “**facilitator**” has already been chosen by PCAF for underwriters and issues
- **Poll:** Do TWG members agree with the proposed change in terminology? *
 - Yes
 - No
 - Other
 - Abstain

* This term will be used for proposed revisions.

Approach

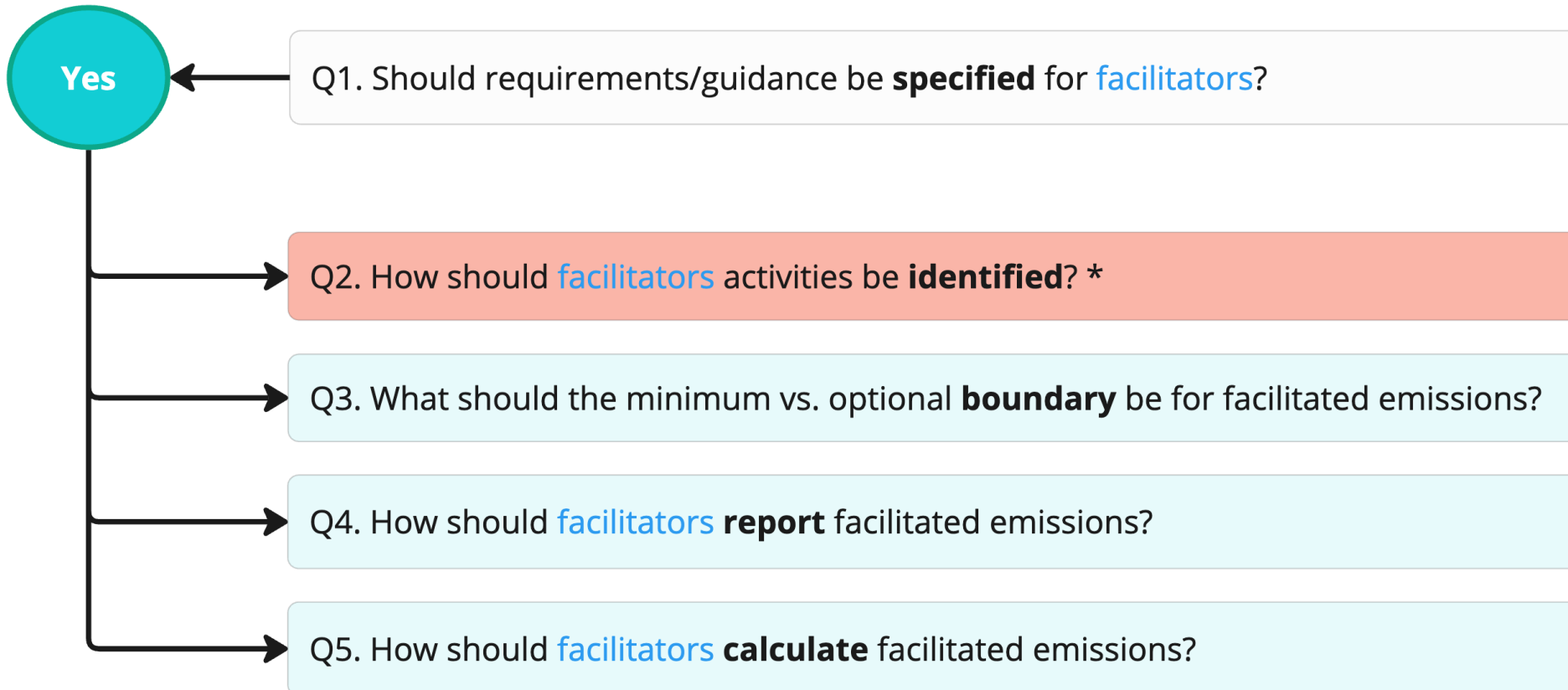


Meeting B.6 polls

- The Secretariat held an indicative poll for the question “Should requirements/guidance be specified for **facilitators**?”, with the following results:
 - **Yes 100%** (18/18)
 - No 0%
 - Abstain 0%
- The Secretariat held an indicative poll for the question “How should **facilitators** activities be identified?”, with the following results:
 - Option 1: Criteria-based method for determining **facilitators** activities (using the four criteria presented and detailed in section 8.3): **18% (3/17)***
 - Option 2: Case-/industry-specific method for determining **facilitators** activities: **35% (5/17)***
 - Option 3: Alternative proposed criteria (not specified): **18% (3/17)***
 - Abstain: **35% (6/17)**

* Excluding absention votes, this equates to 27%, 45%, and 27% respectively for options 1, 2, and 3.

Approach



* There was no consensus on using a rules-based, case-by-case, or an alternative method for identifying **facilitators**.

Survey Feedback

- *Placeholder, to be updated ahead of the meeting*

Approach (cont.)

- Currently the *Scope 3 Standard* is **unambiguous** in setting minimum and optional boundaries for a buyer and a seller in a **two-party, counter-party transaction**.
- Stakeholders identified several cases involving **intermediary parties, facilitators, and/or other transactions or business activities** that are **not** simple two-party, counterparty transactions. In these instances, the *Scope 3 Standard and Guidance* may be **ambiguous**.
 - Minimum boundaries are unclear
 - Calculation methods do not exist
 - Allocation or attribution guidance is not specified
- Writing **future-proof** rules that do and will apply to every type of business model may not be possible.
- Thus, the approach is to: **Develop a set of rules that apply to many (if not most) transactions involving facilitators**, complementing the existing guidance for two-party, counter-party transactions.

Approach (cont.)

- Q3. Boundary Setting (20 min)
- Q4. Calculation Methods (20 min)
- Q5. Reporting (20 min)
- Q2. Identification (finalization) (30 min)

(Draft; for discussion)

Q3. Boundary Setting

Discussion for Q3. Boundary (optionality)

- **Prompt:** What should the minimum vs. optional boundary be for facilitated emissions?
 - **Option 1:** Make **optional** the inclusion of **facilitated** activities (facilitated emissions)
 - **Option 2: Require** the inclusion of **facilitated** activities subject to the **same magnitude significance** (e.g., 5%) as is determined for other scope 3 activities and categories
 - **Option 3: Require** the inclusion of **facilitated** activities **in certain cases**, subject to:
 - **Option 3a: Different magnitude thresholds** (e.g., 20%+ of company's scope 3 inventory)
 - **Option 3b:** Subject to **income significance** (e.g., 20%+ of company's total income or revenue)
 - **Option 3c: Case-/industry-specific requirements** for **facilitated** activities*
 - **Option 3d:** Subject to **another threshold** (to be developed)

Decision-making criteria

Decision-making Criteria	<u>Option 1</u> Optional	<u>Option 2</u> Required	<u>Option 3</u> Required, in certain cases
1A. Scientific integrity			
1B. GHG accounting and reporting principles	Potentially less complete and relevant	May be more complete and relevant	May be more complete and relevant
2A. Support decision-making that drives ambitious global climate action	Potentially less informative and decision-useful	May be more informative and decision-useful	May be more informative and decision-useful
2B. Support programs based on GHG Protocol and uses of GHG data	Does not support or harmonize with PCAF, Ipieca, and other	Would align with PCAF and Ipieca	Would align with PCAF and Ipieca
3. Feasibility to implement	No challenge	May be challenging for some companies	May be challenging for some companies

(Draft; for discussion)

Q4. Reporting

Discussion for Q4. Reporting

- **Prompt:** How should **facilitators** report their facilitated emissions?
 - **Option 1:** Report facilitated emissions **separately** (not in a scope 3 inventory)
 - **Option 2:** Report facilitated emissions **disaggregated** in a scope 3 inventory (i.e., distinguished from current minimum boundary scope 3 emissions) using existing categories, as follows:
 - **Option 2a:** Use a new **'facilitated'** boundary, e.g., facilitated use-phase emissions from sold services/products (Category 11) or facilitated C2G emissions of purchased products (Category 1)
 - **Option 2b:** Use a new **'optional'** boundary*
 - **Option 3:** Report facilitated emissions in a new **Category 16** (for **facilitator** activities)
 - **Option 3a:** Aggregated
 - **Option 3b:** Upstream/downstream
 - **Option 3c:** Disaggregated by category
 - **Option 3d:** Itemized by **facilitated** activity type

* Note: This option is valid only if Option 1 is selected in Q3. Boundary (previous section)

Decision-making criteria

Decision-making Criteria	<u>Option 1</u> Report Separately	<u>Option 2</u> Report Disaggregated	<u>Option 3</u> Report in Category 16
1A. Scientific integrity			
1B. GHG accounting and reporting principles			
2A. Support decision-making that drives ambitious global climate action			
2B. Support programs based on GHG Protocol and uses of GHG data			
3. Feasibility to implement			

(Draft; for discussion)

Q5. Calculation Methods

Discussion for Q5. Calculation

- **Prompt:** How should **facilitators** calculate facilitated emissions?
 - **Option 1:** Report **all (100%)** of the emissions attributable to a facilitated product or activities
 - **Option 2:** Report a **fraction (%)** of the emissions, e.g., the income or value earned by an intermediary party as a fraction of the total income/value of the facilitated product or activities
 - **Option 3:** Report all (100%) **OR** a fraction (%) of the emissions (method optionality)

Decision-making criteria

Decision-making Criteria	<u>Option 1</u> Report all (100%)	<u>Option 2</u> Report a fraction (X%)	<u>Option 3</u> Optionality (100% or X%)
1A. Scientific integrity			
1B. GHG accounting and reporting principles			
2A. Support decision-making that drives ambitious global climate action			
2B. Support programs based on GHG Protocol and uses of GHG data			
3. Feasibility to implement			

(Draft; for discussion)

Q2. Identification (finalization)

Draft criteria used to identify **facilitators** (for reference)

- Proposed **facilitator** identification criteria (draft):
 - A. Purchase and sale:**
 - Rule: Does **not purchase/sell** the transacted product
 - B. Ownership:**
 - Rule: Does **not have legal ownership** over the transacted products
 - C. Number of parties:**
 - Rule: Is **one of three or more parties** alongside a buyer(s) and seller(s) of a product
 - D. Transaction-related income:**
 - Rule: **Receives/generates income or derives transactional value** from the exchange of the product, specifically, *because* of the transaction by/between the buyer(s) and seller(s)

Cases involving **facilitator** activities as identified using the criteria

Example (indexed*)	Current Approach	Survey Result	Action
Underwriters/issuers (4)	No calculation method specified	<i>placeholder</i>	Account for in line with decisions from Questions 3-5 (previously)
Brokers (5)	Not specified in minimum or optional boundaries	<i>placeholder</i>	
Booking/travel agents (6)	Not specified in minimum or optional boundaries	<i>placeholder</i>	
Licensing (tied to sales) (8b)	No calculation method specified	<i>placeholder</i>	
E-commerce platform (10a)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Platform-based two-sided marketplaces (10b)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Online payment systems (12)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Credit card transactions (14)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Fourth Party Logistics Provider (4PL) (16)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Utility (grid owner and operator) (17a)	Required	<i>placeholder</i>	
Grid owner/operator (not a utility) (17b)	Not specified	<i>placeholder</i>	
Audio-visual streaming services (24)	Not specified in minimum or optional boundary	<i>placeholder</i>	
Third-party advertisers (performance-based fee) (25a)	Not specified in minimum or optional boundary	<i>placeholder</i>	

Legend

Explicitly addressed

 Not addressed in the *Scope 3 Standard*

 *Examples indexing corresponds with *Discussion paper B.2.*

Cases identified that do not involve **facilitator** activities*

Example (indexed*)	Current Approach	Survey Result	Action
Commerce trading (11)	Falls within minimum or optional boundaries	<i>placeholder</i>	Consider whether existing guidance is sufficient
Licensing (flat fee) (8a)	Required – no calculation method specified	<i>placeholder</i>	Consider alongside licensing (performance based)
Debit card (used by buyer) (13)	Does not fall within minimum or optional boundaries	<i>placeholder</i>	Consider alongside credit card trans.
Distributor/logistics provider (15)	Optional	<i>placeholder</i>	Review on a case-by-case-basis including for a potential exceptions rule
Oil & gas pipeline (18a)	Not required	<i>placeholder</i>	
Energy storage facility (18b)	Falls within minimum or optional boundaries	<i>placeholder</i>	

* As identified using the proposed **facilitator** criteria presented in meeting B.6

Legend

Explicitly addressed

Not addressed in the *Scope 3 Standard*

*Examples indexing corresponds with *Discussion paper B.2.*

Cases identified that do not involve **facilitator** activities (continued)*

Example (indexed*)	Current Approach	Survey Result	Action
Tolling/refining services (fee) (19a)	Not specified in minimum or optional boundary	<i>placeholder</i>	Review on a case-by-case-basis including for a potential exceptions rule and/or refine existing guidance
Tolling/refining services (in-kind) (19b)		<i>placeholder</i>	
Architect (20)	Not specified in minimum or optional boundary	<i>placeholder</i>	Consider whether service-providers should include facilitated emissions
Lawyer (21)		<i>placeholder</i>	
Designer (third-party) (22)		<i>placeholder</i>	
Consultant (of buyer) (23a)		<i>placeholder</i>	
Consultant (of seller) (23b)		<i>placeholder</i>	
Third-party advertising service provider (flat fee) (25b)		<i>placeholder</i>	Consider alongside Third-party advertisers (performance-based fee)

* As identified using the proposed **facilitator** criteria presented in meeting B.6

Legend

Explicitly addressed

Not addressed in the *Scope 3 Standard*

*Examples indexing corresponds with *Discussion paper B.2.*

Brokers (5)

- **Summery:**
 - A broker is a potential **facilitator** between a buyer and seller (e.g., real estate property)
- **Survey results:**
 - *Placeholder, to be updated ahead of the meeting*
- **Prompts:**
 - Q2 (identification)
 - Q3 (optional, required)
 - Q4 (separately, disaggregated, new category)
 - Q5 (100%, % fraction, either)

Booking/travel agent (6)

- **Summary:**
 - An agent is a potential **facilitator** between a buyer and seller (e.g., of flights, trains, hotel visits, etc.)
- **Survey results:**
 - *Placeholder, to be updated ahead of the meeting*
- **Prompts:**
 - Q2 (identification)
 - Q3 (optional, required)
 - Q4 (separately, disaggregated, new category)
 - Q5 (100%, % fraction, either)

E-commerce platform (10a) or marketplaces (10b)

- **Summery:**
 - An e-commerce platform (which are a type of platform-based two-sided marketplace) was identified as a potential **facilitator** between a buyer and seller.
 - Refer to Appendix B of *Discussion Paper B.2* for a comprehensive list of marketplace types.
 - Note that online payment systems (12) could and likely would be classified as a marketplace.
- **Survey results:**
 - *Placeholder, to be updated ahead of the meeting*
- **Prompts:**
 - Q2 (identification)
 - Q3 (optional, required)
 - Q4 (separately, disaggregated, new category)
 - Q5 (100%, % fraction, either)

4th Party Logistics (4PL) Provider (16)

- **Summary:**
 - 4PL providers purchase transporting, storing, and/or refrigerating activities on behalf of a client
- **Survey results:**
 - *Placeholder, to be updated ahead of the meeting*
- **Prompts:**
 - Q2 (identification)
 - Q3 (optional, required)
 - Q4 (separately, disaggregated, new category)
 - Q5 (100%, % fraction, either)

Oil & gas pipeline (18a)

- **Summery:**
 - Oil and gas, pipeline, operators, transport oil, and gas on behalf of sellers and buyers (e.g., extractors and refiners)
- **Survey results:**
 - *Placeholder, to be updated ahead of the meeting*
- **Prompts:**
 - Q2 (identification)
 - Q3 (optional, required)
 - Q4 (separately, disaggregated, new category)
 - Q5 (100%, % fraction, either)

Possible exceptions to the criteria-based rules

- **Card payments (14 and 13)**
 - Credit cards were identified to involve a **facilitator** (14)
 - Debit cards were identified to **not** involve a **facilitator** (13)
- **Advertising (25a and 25b)**
 - Third-party advertising service providers (performance-based fee) were identified as **facilitators** (25a)
 - Third-party advertising service providers (flat fee) were identified to **not** involve an **facilitators** (25b)

Prompt: Do TWG members want to specify exceptions to the rules-based (i.e., identification criteria-based) system for identifying these cases as involving or not involving a **facilitator**?

(Draft; for discussion)

**Case studies excluded
from this discussion**

Cases identified that do not involve **facilitators**

Example (indexed*)	Current Approach	Survey Result	Action
<i>Reimbursables (31)</i>	<i>Not specified in minimum or optional boundary</i>	<i>placeholder</i>	Covered by Group C
<i>Compensation payments (26)</i>	<i>Optional – no calculation method specified</i>	<i>placeholder</i>	
<i>Cash deposits (27)</i>	<i>Optional – no calculation method specified</i>	<i>placeholder</i>	
<i>Donations (28)</i>	<i>Not specified in minimum or optional boundary</i>	<i>placeholder</i>	
<i>Use of claims payments (by insured party) (29)</i>	<i>Not specified in minimum or optional boundary</i>	<i>placeholder</i>	
<i>Derivatives (30)</i>	<i>Optional – no calculation method</i>	<i>placeholder</i>	

- These Group B poll results will be shared with Group C for consideration
- No further consideration is necessary from Group B at this point in time

Legend

Explicitly addressed

Not addressed in the *Scope 3 Standard*


*Examples indexing corresponds with *Discussion paper B.2.*

Cases identified that do not involve **facilitators**

Example (indexed*)	Current Approach	Survey Result	Action
<i>Franchising (7)</i>	<i>Required</i>	<i>placeholder</i>	<i>No action necessary</i>
<i>Retailer (9a)</i>	<i>Required</i>	<i>placeholder</i>	
<i>Wholesaler (9b)</i>	<i>Required</i>	<i>placeholder</i>	
<i>Wholesaler/Retailer (9c)</i>	<i>Required</i>	<i>placeholder</i>	
<i>Investee/investor (1)</i>	<i>Required</i>	<i>placeholder</i>	<i>Covered by Group C</i>
<i>Insurance-associated (2a)</i>	<i>Optional – no calculation method specified</i>	<i>placeholder</i>	
<i>Insurer investments (2b)</i>	<i>Required</i>	<i>placeholder</i>	
<i>TPM w/ discretionary control (3a)</i>	<i>Optional</i>	<i>placeholder</i>	
<i>TPM w/ non-discretionary control (3b)</i>	<i>Optional – no calculation method specified</i>	<i>placeholder</i>	

- These Group B poll results will be shared with Group C for consideration
- No further consideration is necessary from Group B at this point in time

Legend

 Explicitly addressed

 Not addressed in the *Scope 3 Standard*

 *Examples indexing corresponds with *Discussion paper B.2.*

Poll

(Draft; for discussion)

A decorative graphic in the top right corner consisting of several overlapping, thin-lined circles of varying sizes, creating a complex, geometric pattern.

Polls

- **Q3:** What should the minimum vs. optional boundary be for facilitated emissions?
 - **Option 1: Optional**
 - **Option 2: Require** subject to the **magnitude significance** (e.g., 5%)
 - **Option 3: Require in certain cases**, subject to:
 - **Option 3a: Different magnitude thresholds** (e.g., 20%+ of company's scope 3 inventory)
 - **Option 3b:** Subject to **income significance** (e.g., 20%+ of company's total income or revenue)
 - **Option 3c: Case-/industry-specific requirements** for **facilitators** activities*
 - **Option 3d:** Subject to **another threshold** (to be developed)

Polls (continued)

- **Q4:** How should **facilitators** report their facilitated emissions?
 - **Option 1: Separately** (not in a scope 3 inventory)
 - **Option 2: Disaggregated** in a scope 3 inventory
 - **Option 2a:** Use a new '**facilitated**' boundary
 - **Option 2b:** Use a new '**optional**' boundary
 - **Option 3: New Category 16**
 - **Option 3a:** Aggregated
 - **Option 3b:** Upstream/downstream
 - **Option 3c:** Disaggregated by category
 - **Option 3d:** Itemized by **facilitated** activity type

Polls (continued)

- **Q5:** How should **facilitators** calculate facilitated emissions?
 - **Option 1:** Report **all (100%)**
 - **Option 2:** Report a **fraction (%)**
 - **Option 3:** Report all (100%) **OR** a fraction (%)

(Draft; for discussion)

Next Steps

Next steps

- GHG Protocol Secretariat:
 - Distribute the recording, feedback form and poll (as needed) (by Mar 21)
 - Prepare and distribute minutes of the meeting (by Mar 28)

The next meeting B.8 is on April 11th

- TWG members:
 - Please advise if you will not be able to attend the meeting

Thank you!

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