

# Scope 3 TWG Group B Meeting Minutes

Meeting number 8

Date: 10 April 2025

Time: 10:00 AM – 12:00 PM ET

Location: Virtual

## Attendees

### Technical Working Group Members

- |  |   |
|--|---|
| 1. Lindsay Burton, Ernst & Young                           | 10. Alan Lewis, Smart Freight Centre        |
| 2. Leo Cheung, The Carbon Trust                            | 11. Thea Lyngseth, ECOS                     |
| 3. Betty Cremmins, Independent                             | 12. Ryan Maloney, Apple                     |
| 4. Victor Gancel, Danfoss                                  | 13. Nicola Stefanie Paczkowski, BASF        |
| 5. Mitavachan Hiremath, SusPot – Center for Sustainability | 14. Vishwesh Pavnaskar, Indorama Ventures   |
| 6. Tom Jackson, Loughborough University                    | 15. David Quach, Wesfarmers                 |
| 7. Aysegul Koseoglu, Inter IKEA                            | 16. Ellen Riise, Essity Hygiene & Health AB |
| 8. Marion Kurdej, EcoAct                                   | 17. Benedicte Robertz, Umicore              |
| 9. Tim Letts, WWF  | 18. Ronald Voglewede, Walmart               |

### Guests

n/a

### GHG Protocol Secretariat

- |                       |                  |
|-----------------------|------------------|
| 1. Natalia Chebaeva   | 4. Allison Leach |
| 2. Alexander Frantzen | 5. David Rich    |
| 3. Claire Hegemann    |                  |

## Documents referenced

1. Discussion Paper B.2 Intermediary Parties
2. Supplementary Paper B.2
3. Scope 3 – Group B – Meeting#8 – Presentation

## Summary

Item	Topic and Summary	Outcomes
1	<b><i>Housekeeping and updates to the timeline</i></b> The Secretariat presented the housekeeping rules and decision-making criteria, and an update to the timeline of meetings, in order to accommodate full group TWG meetings in May. This change has no impact on the overall timeline of deliverables.	N/A
2	<b><i>Cases excluded from this discussion</i></b> The Secretariat presented case studies that have been excluded from the discussion, as they do not involve facilitators and some of which will be dealt with in subgroup C of the Scope 3 TWG.	N/A
3	<b><i>Survey Results</i></b> The Secretariat presented the approach, a summary of discussions so far, and the results from the latest TWG member survey on facilitators and assigning 'shall/should/may' language, grouping the cases into brokers, platform-based two-sided marketplaces, service providers, lenders and/or depositaries, and licensors. The members discussed.	N/A
4	<b><i>Options Consideration: Identification</i></b> The Secretariat presented options for the identification and accounting of facilitators, focusing on two front-running options: Option 3: May with select shall exceptions Option 4: May across the board (all cases of facilitated emissions)	Indicative polling was held, resulting in a preference for Option 3: May with shall exceptions – 53% (8/15)
5	<b><i>Options Consideration: Calculation</i></b> The Secretariat presented the options for a calculation methodology for facilitated emissions proposing three options: Option 1: Report <b>all</b> (100%) of the emissions attributable to a facilitated product or activities Option 2: Report <b>a fraction</b> (%) 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%) <b>or</b> a fraction (%) of the emissions (method optionality)	Indicative polling was held, resulting in a preference for Option 2: Report a fraction (%) of facilitated emissions – 56% (9/16)
6	<b><i>Next steps</i></b> The Secretariat presented the next steps.	The Secretariat will follow up with draft language for the members to review.

## Discussion and outcomes

### 1. Housekeeping and updates to the timeline

- The Secretariat presented the housekeeping rules and the decision-making criteria, and an update to the timeline of meetings, to allow for full group TWG meetings in May. This change has no impact on the overall timeline of deliverables (see slides 3 – 9).

#### Summary of discussion

- N/A

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

- N/A

### **2. Cases excluded from this discussion**

- The Secretariat presented case studies that have been excluded from the discussion, as they do not involve facilitators and some of which will be dealt with in subgroup C of the Scope 3 TWG (see slides 10 – 12).

#### Summary of discussion

- N/A

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

- N/A

### **3. Survey Results**

- The Secretariat presented the approach, a summary of discussions so far, and the results from the latest TWG member survey on facilitators (see slides 13 – 24).
- The Secretariat grouped the cases into brokers, platform-based two-sided marketplaces, service providers, lenders and/or depositaries, and licensors, and presented statistics on the subgroup's preferences for "shall/should/may" language.

#### Summary of discussion

- A TWG member stated that the travel agent case study is complicated, as travel agents can be subsidiaries of bigger conglomerates or independent, stressing that these categories contain subtleties that shouldn't be ignored in the updated standard.
  - The Secretariat replied that attention has to be paid to consolidation approaches when defining facilitated emissions, in order to not create ambiguity.
  - The member agreed that the matter shouldn't be overcomplicated unnecessarily.
- A TWG member stated their strong conviction that fourth party logistics providers should be a 'shall', diverging from the majority of the group's preference for 'may' language.
  - The Secretariat stated that the member will have additional opportunities to voice their opinion, such as during the public consultation phase. The Secretariat encouraged members to make disagreements known if they have strong expertise regarding a particular case, tying in their recommendation with the decision-making criteria.
- A TWG member stated that there is a separation between the emissions during production, and the downstream impacts. Regarding the licensing example, if an entity is showing re-runs of a TV show, they should be able to indicate to an auditor that it is a re-run and that the production happened independent of them, that there should be a cutoff rule for these kinds of situations.
- A TWG member stated that two-sided marketplaces have more control over their inventory compared with ecommerce platforms such as ebay, which just provides a place to facilitate a transaction but has very little control over what is sold through their platform. As such, the member struggled with the 'shall' language for the ecommerce platform.
  - A TWG member replied that multiple types of ecommerce platforms exist. Those that sell and deliver curated products that they have control over, much like a physical store, and those that act as third-party marketplaces. The discussion here focuses on the latter, where the ecommerce entity provides access for buyers and sellers, and charge transaction fees. The member commented that such an entity, e.g., Amazon, might not have the ability to compute all the facilitated emissions due to the sheer volume of facilitated transactions, making this not feasible.
- A TWG member stated that within the three examples shown for platform-based two-sided marketplaces, a huge number of differing examples exist. The member stated that heterogeneity of the marketplace was an important factor, and argued for 'may' language for a mixed marketplace (e.g. amazon), and 'shall' for a more niche marketplace (e.g. uber eats).

- A TWG member agreed with the previous speaker on heterogeneity of these examples.
- A TWG member stated concern about cases where a marketplace buys an item, e.g. a TV, sells it, and is then held accountable for the downstream emissions of the TV, versus a marketplace just facilitating the sale of the TV while never owning it, and then not being held accountable for downstream emissions, and how to design consistent, sensible accounting for such cases.
- A TWG member suggested that a decision tree or flow chart should be created to inform about an entity's level of control and consequential usage of 'shall' or 'should' language.
- A TWG member summarized that many members seem to see issue with an entity's influence, stating that if they are a core enabler of the emissions happening, they should account and report.
  - The Secretariat stated that that was the intention behind including a criterion on profit generation for the identification of facilitators.

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

- N/A

#### **4. Options consideration: identification**

- The Secretariat presented options for the identification and accounting of facilitators, focusing on two front-running options (see slides 25 – 32):
  - Option 3: May with select shall exceptions
  - Option 4: May across the board (all cases of facilitated emissions)

#### Summary of discussion

- A TWG member stated their concern about option 4, asking what the difference is between the guidance that the *Scope 3 Standard* provides now, as entities already 'may' report.
  - The Secretariat replied that simply naming facilitated emissions and identifying them as relevant may compel the wider market and stakeholders to pressure companies to start collecting this information.
  - The TWG member stated that this approach is a bit timid.
  - The Secretariat stated that the *Scope 3 Standard* is still not fully adopted by companies reporting GHG inventories, and posed that adding facilitated emissions in a category 16 may increase the hurdle for early adopters or users.
- A TWG member stated that in their opinion there is enough support for at least some 'shall' language, and that these requirements should at least be put forward in the public consultation. It could be a missed opportunity to move forward without any 'shall' language.
- A TWG member stated that there are a lot of cases that 'shall' exceptions would make sense for, but that they are not supportive of the current list. The member voiced their support for Option 3 if the list of exceptions can be revised.
  - The Secretariat asked how the group should identify a new list, to unambiguously identify every nuanced case study.
  - The TWG member replied that there is much closer alignment between 'should' and 'may' language versus 'should' and 'shall' language, and that regardless of what a potential list for exclusions looks like, it is important to very clearly distinguish what type of activity is covered. The member also stated that including facilitated emissions in the updated *Scope 3 Standard* as 'should' or 'may' is still progress, compared to remaining silent.
- A TWG member suggested building a decision tree to identify the 'shall' exceptions, starting with the four criteria to identify facilitators, then asking about levels of influence and resulting in 'shall', 'may', or 'more clarifications needed'. Creating such a tool could be a way to provide guidance without needing to analyze every individual case study. The decision tree could be accompanied by information on what facilitators are and why the GHG Protocol is asking them to account and report.
  - The Secretariat asked for feedback on the four criteria to identify facilitators.
  - A TWG member stated that the missing criterion is influence.

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

The Secretariat conducted polling on the following question.

Please note: The calculation of outcome percentages excludes 'Abstain' votes.

- “Which of the 5 options do you prefer? (single choice)”
  - Shall across the board – 0% (0/15)
  - Shall with exceptions – 6% (1/15)
  - May with shall exceptions – 53% (8/15)
  - May across the board – 33% (5/15)
  - Case-based – 6% (1/15)
  - Abstain – 17% (3/18)

## 5. Options consideration: calculation

- The Secretariat presented the options for a calculation methodology for facilitated emissions proposing three options (see slides 33 – 37):
  - 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)

### Summary of discussion

- A TWG member stated that the group needs to settle the question of ‘shall’ language first, before deciding whether to calculate 100% or a fraction.
- A TWG member stated that they support the fraction for licensor and broker cases, but could go with either option for the marketplace and service provider examples.
- A TWG member stated that they see cases where the fraction makes sense, and that for the fourth party logistics provider case, 100% makes sense. The member agreed with a previous speaker, that activities need to be defined first before determining calculation methods.
- A TWG member stated that if the default is ‘may’, with some ‘shall’ exceptions, a default case is needed. They see the rationale for both options, but leans towards the percentage as a general case.
- A TWG member stated that a really clear theory of change is needed for facilitated emissions overall, and that looking at control and influence is critical, but that there are also additional important factors.

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

The Secretariat conducted polling on the following question.

Please note: The calculation of outcome percentages excludes ‘Abstain’ votes.

- “How should facilitators calculate facilitated emissions? (single choice)”
  - Option 1: Report all (100%) facilitated emissions – 25% (4/16)
  - Option 2: Report a fraction (%) of facilitated emissions – 56% (9/16)
  - Option 3: Report all (100%) or a fraction (%) of facilitated emissions – 18% (3/16)
  - Other – 0% (0/16)
  - Abstain – 6% (1/17)

## 6. Next Steps

- The Secretariat presented the next steps (see slides 38-40).

### Summary of discussion

- N/A

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

- The Secretariat will follow up with TWG members with draft language for facilitated emissions.
- The Secretariat will follow up on the idea of a decision tree tool to decide ‘shall’ or ‘may’ language.

## Summary of written submissions received prior to meeting

The following represents the contribution of one TWG member.

- For identification, the member prefers “may across the board, with case-based guidance”, stating that measuring indirect emissions from facilitated activities is challenging, and companies have varying degrees of influence over these emissions. Sector-specific guidance is also not available.
- For calculation, the member prefers Option 3, stating that it offers a flexible reporting approach where companies can choose to report either 100% of emissions or a specific percentage based on their situation. This flexibility allows companies to select the most appropriate method considering both their actual contribution to emissions and their reporting capabilities. For instance, when a company's emissions share is minimal, reporting the full amount may not make sense. Conversely, when emissions are significant but calculating precise income ratios is costly, reporting the full amount may be more practical.