

# Scope 3 Technical Working Group Meeting

*Working draft, do not cite*

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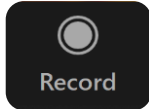
**Group B  
Meeting 8  
Intermediary Parties (continued)**



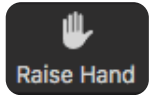
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April 10<sup>th</sup>, 2025

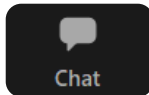
## Welcome and Meeting information



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.

# Agenda

(Draft; for discussion)

- Housekeeping (5 min)
- Updates to the timeline (5 min)
- Survey results (15 min)
- Category 16 proposal (10 mins)
- Options consideration (60 min)
- Calculation methods (20 mins)
- Next steps (5 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\*

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

(Draft; for discussion)

# Updates to the timeline

# Updates to the timeline

## Finished:

Meeting #	Date	Topic
F1	17 Oct 2024	Kick-off – Full Group
1	31 Oct 2024	Kick-off
2	21 Nov 2024	Relevance and significance (Q1, Q2, Q3)
3	12 Dec 2024	Significance and de minimis (Q3, Q6)
4	16 Jan 2025	Influence and Downstream emissions from intermediate products (Q4 & Q5)
5	6 Feb 2025	Optionality and hotspot analysis
6	27 Feb 2025	Intermediary parties
7	20 Mar 2025	Intermediary parties

- 3 Full Group Meetings in May
- Breaks in June and August
- No changes were made to the scope of work or the publicly communicated timelines

## Upcoming:

Meeting #	Date	Topic
8	10 Apr 2025	Intermediary parties
9	1 May 2025	Target setting updates and Base year recalculation & decision pathway
F2	22 May 2025	Outcomes and recommendations – Full Group
F3	29 May 2025	Outcomes and recommendations – Full Group
F4	5 June 2025	Outcomes and recommendations – Full Group
June Break		
10	3 Jul 2025	Category and other performance metrics
11	24 Jul 2025	Disclosure requirements for scope 3 performance communication
August Break		
1	28 Aug 2025	Start of Phase 2



## Meetings by topic

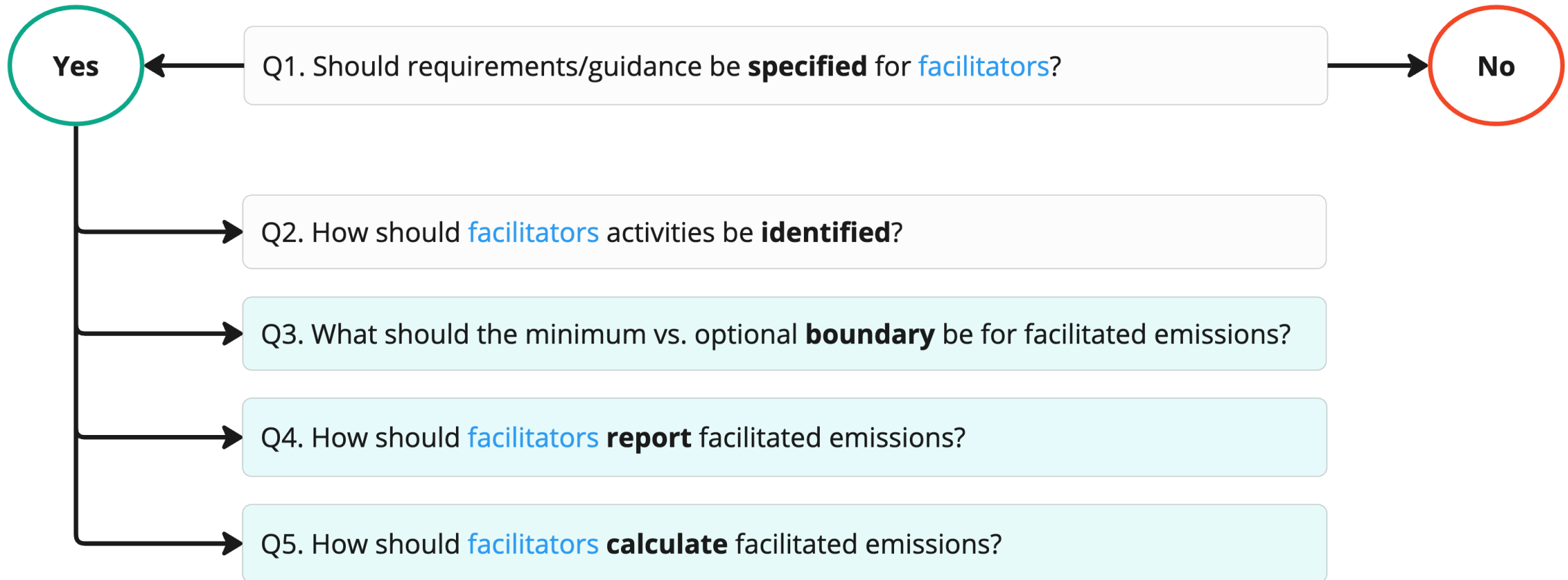
Meeting code	Date	Topic(s) (Discussion Paper B1 Question(s))
B.1	31 Oct 2024	Kick-off
B.2	21 Nov 2024	Relevance and significance (Q1, Q2, Q3)
B.3	12 Dec 2024	Significance and de minimis (Q3, Q6)
B.4	16 Jan 2025	Influence and Downstream emissions from intermediate products (Q4 & Q5)
B.5	6 Feb 2025	Optionality and hotspot analysis (Q7, Q8)
B.6	27 Feb 2025	Intermediary parties
B.7	20 Mar 2025	Intermediary parties (continued)
<b>B.8</b>	<b>10 Apr 2025</b>	<b>Intermediary parties (continued)</b>
B.9	1 May 2025	Target setting updates and Base year recalculation & decision pathway *
B.10	3 Jul 2025**	TBD. Tentative: Category and other performance metrics
B.11	24 Jul 2025 **	TBD. Tentative: Disclosure requirements for scope 3 performance communication

\* Formerly Target setting was scheduled in B.8 (it has been moved to B.9). \*\* Formerly B.11/B.12 was scheduled in June.

(Draft; for discussion)

# Survey Results

# Approach



## Group B facilitator discussion and in-meeting poll results

- **100%** agree with the Secretariat's use of the term "**facilitator**" agnostically for all types of facilitators
  - Instead of the term "intermediary party"
- **80%** of Group B TWG members want to **require** facilitated emissions, either for (% TWG members):
  - **All** facilitated emissions (case-agnostic) (40%)
  - **Some** cases (case-by-case basis) (40%)
- **66%** want to report facilitated emissions **disaggregated** inside a scope 3 inventory, either in:
  - A **new** scope 3 **category 16** (53%)
  - **Existing** scope 3 **categories** (13%)
- **Split opinions** on **calculation or attribution**; TWG members assert that facilitators should include:
  - **All** (100%) of facilitated emissions (31%)
  - **A fraction** (%) of facilitated emissions (38%)
  - **Either** (31%)

## Survey #2 results

- *This slide is a placeholder*
- *In the meeting, outcomes of the follow-up survey will be presented, indicating the group's preferences regarding "shall" / "should" / "may" reporting requirements per case*

# Case studies excluded from this discussion

## Cases identified that do not involve facilitators

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

Select cases (indexed*)	Current Approach	Scope 1-2 of facilitated activity (%TWG votes)	Scope 3 of facilitated activity (%TWG votes)
Reimbursables (31)	Not specified in min or optional boundary	n/a	Upstream – <b>Shall</b> (40%) Use – <b>Shall</b> (40%)
Compensation payments (26)	Optional – no calc method specified	<b>May</b> (36%), <b>Shall not</b> (36%)	<b>Shall not</b> (60%)
Cash deposits (27)	Optional – no calc method specified	<b>Shall not</b> (75%)	<b>Shall not</b> (88%)
Donations (28)	Not specified in min or optional boundary	n/a	n/a
Use of claims payments (by insured party) (29)	Not specified in min or optional boundary	n/a	Production – <b>Shall not</b> (83%) Use – <b>Shall not</b> (83%)
Derivatives (30)	Optional – no calc method	n/a	Operation of asset – <b>Shall not</b> (75%)
Investee/investor (1)	Required	n/a	n/a
Insurance-associated (2a)	Optional – no calc method specified	n/a	n/a
Insurer investments (2b)	Required	n/a	n/a
TPM w/ discretionary control (3a)	Optional	<b>Shall</b> (45%)	<b>May</b> (50%)
TPM w/ non-discretionary control (3b)	Optional – no calc method specified	<b>Shall not</b> (45%)	<b>Shall not</b> (50%)

### 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

- No action needed on these activities

Select cases (indexed*)	Current Approach	Scope 1-2 of facilitated activity (%TWG votes)	Scope 3 of facilitated activity (%TWG votes)
Retailer (9a)	Required	n/a	Production – <b>Shall</b> (53%) Use and EOL – <b>Shall</b> (47%)
Wholesaler (9b)	Required	n/a	Production – <b>Shall</b> (53%) Use and EOL – <b>Shall</b> (47%)
Franchising (7)	Required	n/a	n/a
Wholesaler/Retailer (9c)	Required	n/a	n/a

### Legend

Explicitly addressed

Not addressed in the *Scope 3 Standard*

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



(Draft; for discussion)

# Category 16 Proposal

## Category 16 Proposal

The majority is in favor of **separate reporting** of facilitated emissions in a new **scope 3** category 16.

Creating a new category would imply:

- Facilitated emissions are part of a company's value chain (i.e., indirect value chain emissions)
- This category includes facilitated emissions from **activities facilitated by the reporting company** \*
- Reporting companies **<shall/should/may – to be discussed later>** include facilitated emissions in their scope 3 inventory
- The minimum boundary includes facilitated **scope 1, scope 2, and scope 3** emissions (TBD \*\*)
  - Facilitated scope 3 emissions includes both upstream and downstream scope 3 emissions
- Non-consensus remains regarding:
  - **Requirements for facilitators in question (e.g., rules-based vs. case-specific)**
  - **Calculation methodology\*\*\***

\* 66% of TWG members believe facilitated emissions should be disaggregated in a category 16

\*\* From the March 6 survey, TWG members generally exhibited the same opinion about requiring scope 1, 2, and/or 3

\*\*\* TWG members are split between including all (31%) or a fraction (38%) of facilitated emissions, or either (31%)

(Draft; for discussion)

# Options Consideration

## 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)

## Overview of Options

	Option 1 4 criteria / <u>shall</u> across the board	Option 2 4 criteria / <u>shall</u> with exceptions	Option 3 4 criteria / <u>should</u> w/ <u>shall</u> exceptions	Option 4 4 criteria / <u>should</u> across the board	Option 5 Case-based reporting
	Facilitators identified based on 4 criteria <b>shall</b> account for facilitated emissions.	Facilitators identified based on 4 criteria <b>shall</b> account for facilitated emissions. Certain cases are exempted.	Facilitators identified based on 4 criteria <b>should</b> account for facilitated emissions. Certain cases <b>shall</b> account for them.	Facilitators identified based on 4 criteria <b>should</b> account for facilitated emissions.	Facilitators identified in certain cases <b>shall</b> account and report (e.g. e-commerce, 4PL).
+	Harmonized rule that can be future-proof for any new business models	Relatively harmonized rule that can be Exempting known non-sensible cases	Harmonized rule that can be future-proof for any new business models. Non-sensible and other cases can opt-out	Harmonized rule that can be future-proof for any new business models. Non-sensible and other cases can opt-out	Covering cases and business models as they are with respective tailored decision for each
-	Certain cases required where it is non-sensible (credit cards, 3 <sup>rd</sup> party advertising)	Potential non-harmonization, especially in cases when new cases arise  Some companies may say it's unfair to them not to be exempted	New developing business models would fall into "should" and can opt out -> would need to periodically reconsider	"Should" means that some cases that should/shall be required (based on majority TWG view) can opt out	Not a harmonized rule that is not future proof for new business models  Some companies may say it is unfair

## Option 1: 4 criteria / shall across the board

Facilitators identified based on 4 criteria **shall** account for facilitated emissions.

### 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)

## Option 1: 4 criteria / shall across the board

- Facilitators identified based on the 4 criteria **shall** account for facilitated emissions

	TWG said “shall”	TWG said “should”	TWG said “may”
Identified as facilitators	Do nothing – covered under the rule	Certain cases required where it should not be <i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	Certain cases required where it should not be <i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>
Not identified as facilitators	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	Do nothing – covered under the rule

## Option 2: 4 criteria / shall with exceptions

“Facilitators identified based on 4 criteria **shall** account for facilitated emissions.

**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)

- “Facilitators under the following cases are exempt from the requirement, and may account for facilitated emissions:
  - Case A (e.g. online payment systems)
  - Case B (e.g. credit card services)
  - ....”



## Option 2: 4 criteria / shall with exceptions

- Facilitators identified based on 4 criteria **shall** account for facilitated emissions. Certain cases are exempted

	TWG said “shall”	TWG said “should”	TWG said “may”
Identified as facilitators	Do nothing – covered under the rule	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>
Not identified as facilitators	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	Do nothing – covered under the rule

## Option 3: 4 criteria / should with shall exceptions

“Facilitators identified based on 4 criteria **should** account for facilitated emissions.

**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)

The following activities classified as facilitated, **shall** be accounted and reported for:

- Case A (e.g. e-commerce)
- Case B (e.g. grid owner/operator)
- ....”

## Option 3: 4 criteria / should with shall exceptions

- Facilitators identified based on 4 criteria **should** account for facilitated emissions. Certain cases **shall** account for them.

	TWG said “shall”	TWG said “should”	TWG said “may”
Identified as facilitators	Include in the special required cases	Do nothing – covered under the rule	<ul style="list-style-type: none"> <li>Do nothing – can opt out under “should”, or</li> <li>Potentially – indicate “may cases”</li> </ul> <i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>
Not identified as facilitators	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	Do nothing – covered under the rule

## Option 4: 4 criteria / should across the board

Facilitators identified based on 4 criteria **should** account for facilitated emissions.

### 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)”

## Option 4: 4 criteria / should across the board

- Facilitators identified based on 4 criteria **should** account for facilitated emissions.

	TWG said “shall”	TWG said “should”	TWG said “may”
Identified as facilitators	Potential underreporting	Do nothing – covered under the rule	<ul style="list-style-type: none"> <li>Do nothing – can opt out under “should”</li> <li>Certain cases may be of higher requirement where it should not be</li> </ul>
Not identified as facilitators	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	Do nothing – covered under the rule

## Option 5: Case-based reporting

“Accounting and reporting requirements for facilitated emissions are indicated for the following cases:

The following emissions are recognized as facilitated emissions and **shall** be reported by the facilitator:

- Case A (e.g. e-commerce)
- Case B (e.g. utility grid operator)

...

The following emissions are recognized as facilitated emissions and **should** be reported by the facilitator :

- Case C (e.g. third party manager)
- Case D (e.g. fourth party logistics)

....

The following emissions are recognized as facilitated emissions and **may** be reported by the facilitator :

- Case E (e.g. online payment system)
- Case F (e.g. credit card)

...”

## Option 5: Case-based reporting

- Facilitators identified in certain cases **shall** account and report (e.g. e-commerce, 4PL)
- In this option, requirements would be indicated on a case-by-case basis (matrix is not applicable)

	TWG said “shall”	TWG said “should”	TWG said “may”
N/A	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>	<i>[placeholder for cases consideration – cases to be identified based on the follow-up survey]</i>

## Discussion

- Which option(s) satisfy the decision-making criteria?
- Are there other options that could be considered?
- Which option is your preference?

### Decision-making criteria

- ☐ 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



## Poll

- Which of the 5 options do you prefer?
  - **Option 1:** 4 criteria / shall across the board
  - **Option 2:** 4 criteria / shall with exceptions
  - **Option 3:** 4 criteria / should with shall exceptions
  - **Option 4:** 4 criteria / should across the board
  - **Option 5:** Case-based reporting

(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 discussion

How do the options align with the 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. <b>Scientific integrity</b>			
1B. GHG accounting and reporting <b>principles</b>			
2A. Support decision-making that drives ambitious global climate <b>action</b>			
2B. Support <b>programs</b> based on GHG Protocol and uses of GHG data			
3. <b>Feasibility</b> to implement			

## Polls (continued)

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

### Decision-making criteria

- ☐ 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)

# Next Steps

## Next steps

- GHG Protocol Secretariat:
  - Distribute the recording, feedback form and poll (as needed) (by Apr 11)
  - Prepare and distribute minutes of the meeting (by Apr 17)

### **The next meeting B.9 is on May 1<sup>st</sup>**

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

# Thank you!

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