

# Scope 3 Technical Working Group Meeting

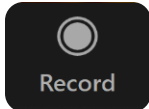
*Working draft, do not cite*

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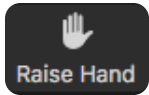
**Group B**  
**Meeting 9.b**  
**Facilitated emissions**

May 7<sup>th</sup>, 2025

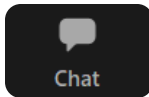
## Welcome and Meeting information



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

- Decision-making criteria (5 min)
- Facilitated emissions:
  - Identification criteria and decision-tree for facilitated emissions (15 min)
  - Classification, including activities that are **not** facilitated activities or that should be accounted for elsewhere (15 min)
  - If included, what facilitated emissions should be reported? (15 min)
  - Calculation methods (subject to time)
  - Next steps (5 min)

## 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

(Draft; for discussion)

# Decision-making criteria

## 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)

# Scope of work clarification for this meeting

## Scope of work clarification for this meeting

This meeting will **not** consider case-specific or industry-specific requirements.

### It will consider:

- Identification of facilitated activities
- Other scope 3 categories with facilitated activities
- How should third-party standards, guidance, frameworks, and/or legislation regarding facilitated emissions be referenced by the GHG Protocol
- If reported, what emission should be reported (optional boundary)



(Draft; for discussion)

# Identification criteria

## Facilitated emissions: Context

- **Background:**
  - "Facilitated emissions" are **not** defined/identified and are **not** included in any minimum boundaries
  - Some organizations' business model(s), services, and/or operations directly or indirectly '**enable**' or '**facilitate**' the GHG-emitting activities of third parties (including sellers, buyers, and end users)
  - This includes third-party activities which a reporting company:
    - **Does not control**
    - **Enables/influences**
    - **Benefits from economically** (measurably and directly)
    - **Can measurably associate or link** to its (the reporting company's) business activities

## Criteria for identifying facilitated activities (Table 16.1)

- Case studies of business models that may satisfy a rules-based definition of facilitators/facilitated activities
- The proposed criteria for identifying facilitated activities may include some but not all facilitated activities

Type	Case	Facilitator *
Broker	<b>Brokers</b> (e.g., of real estate property or other assets)	Yes
	<b>Booking/travel agent</b> (of transportation and accommodation)	Yes
	<b>Underwriter/issuer</b> (in the context of capital market transactions)	Yes
Platform-based two-sided marketplace	<b>Platform-based two-sided marketplace</b> (of third-party products)	Yes
	<b>E-commerce platform</b> (third-party product exchanges)	Yes
	<b>Online payment system</b> (third-party product exchanges)	Yes
Service provider	<b>Grid owner and operator</b> (not buyer/seller of energy)	Yes
	<b>Audio-visual streaming company</b> (potentially licensor)	Yes
	<b>4th party logistics provider</b> (purchased T&D on behalf of client)	Yes
	<b>Third-party advertiser</b> (sales-dependant income for advertiser)	Yes
Lender	<b>Credit card issuer</b> (and associated purchase by credit card holder) *	Yes
Licensor	<b>Licensor</b> (sales-based income for licensor) **	Yes

\* Outstanding balances held by credit card holders are a loan receivable on the issuer's balance sheet (i.e., Category 15)

\*\* Licensors that generate sales-based income may be identified as a facilitator despite being accounted for as Category 14

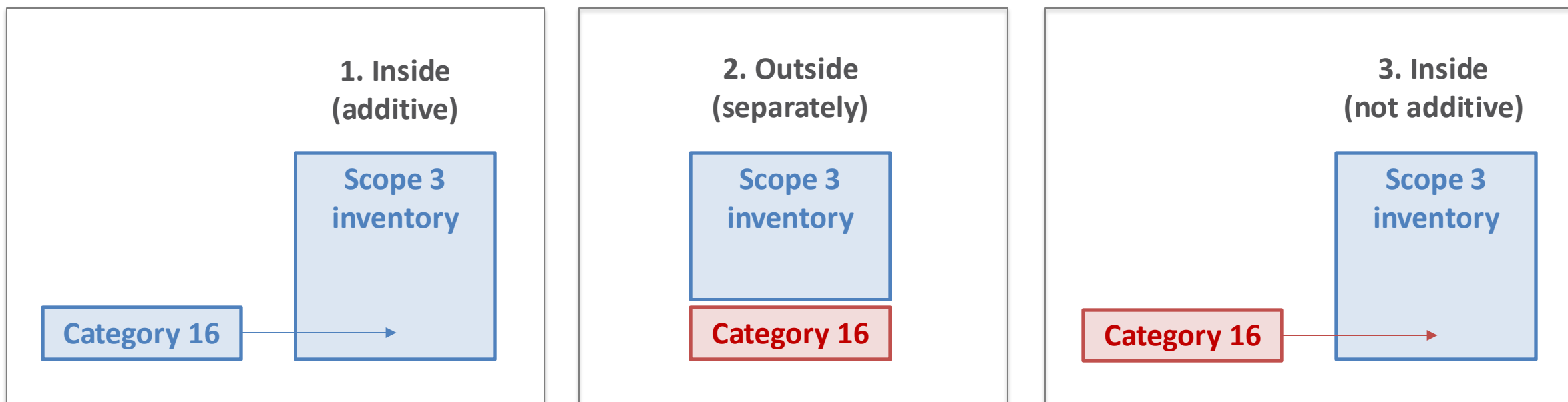
## Potentially non-applicable activities

- Cases that either didn't satisfy the criteria and/or which most TWG members do not believe should account for facilitated activities

Type	Case	Facilitator? *
Service provider	O&G Pipeline operator (not buyer/seller)	No
	Logistics provider	No
	Architect	No
	Lawyer	No
	Designer	No
	Third-party advertiser (flat fee)	No
Depository	Debit card issuer	No
Licensor	Licensor (flat fee)	No

## Facilitated emissions: Context for the definition challenge

1. If **facilitated activities** and associated emissions are deemed to be **value chain activities** (from the perspective of the facilitator), then they easily fit **inside** a **scope 3 inventory**
2. If **they** are deemed to not be **value chain activities**, should they be reported **separately** from scope 3? \*
3. Or can/should **they** be included in a **scope 3 inventory** despite not being additive?

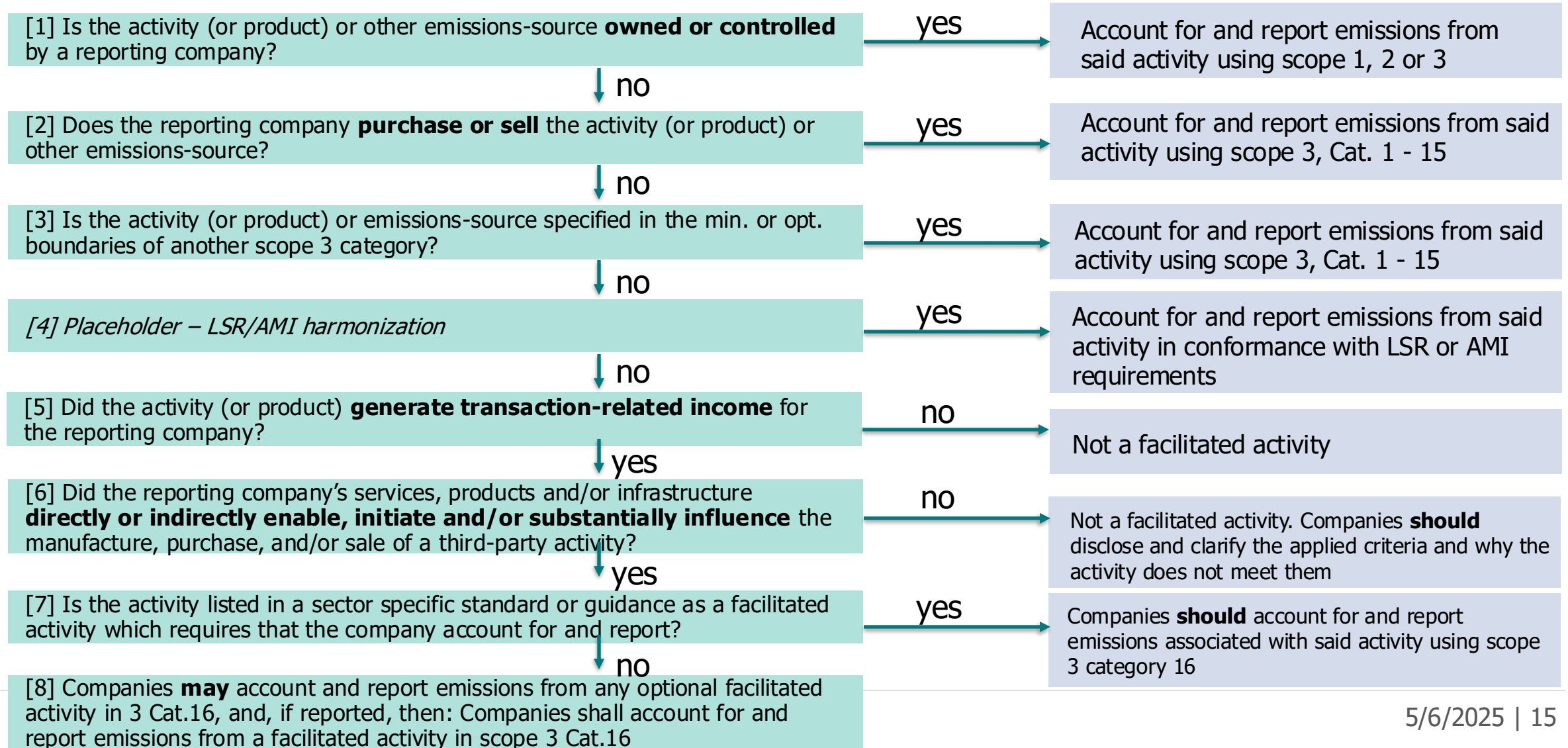


\* In some cases, they may not be additive with other scope 3 categories (e.g., the finance industry calculates underwriting/issuance facilitated emissions using 'normalizing' attribution factors)

## Facilitated emissions (definition) and identification criteria (16.1)

- Currently, the revised text states that:
  - Definition: “Facilitated emissions are indirect GHG emissions resulting from third-party activities that are enabled, initiated, and/or substantially influenced (i.e., facilitated) by a reporting company’s services, products, and/or infrastructure, where the reporting company does not own or directly operate the emitting source at any point of its lifecycle.”
  - Facilitated activities include any third-party activity or product which:
    - Is **not owned or controlled**
    - Is **not purchased or sold**
    - Is **not specified** in the minimum or optional boundary of any other scope 3 category
    - Generates **transaction-related income**
    - Is **directly or indirectly enabled, initiated, and/or substantially influenced** by a reporting company’s services, products, and/or infrastructure

## Identification decision-tree (Diagram 16.1)



## 16.1 Identification criteria

- **Prompt 1:** Do TWG members have feedback on the working definition of facilitated emissions?



## 16.1 Identification criteria

- **Prompt 2:** : Do TWG members have feedback on the criteria for identifying facilitated activities?
  - They are effective
  - They leave out a significant fraction of facilitated activities
  - They are too inclusive
  - Other
  - Abstain

(Draft; for discussion)

# Classification

## Classification as Category 16 inside a scope 3 inventory

- Most TWG members believe that facilitated activities and associated emissions should be classified using category 16 inside a scope 3 inventory
- Many facilitated investment or investment-related activities are currently account for and reported in category 15 (investments) unless specified in category 16
- Licensing (which does satisfy the criteria for identifying a facilitated activity) could be accounted for in category 14 (franchises) unless specified in category 16

## Tables 16.1, 16.2, and 16.3

- Currently, the revised text proposes that:
  - **Table 16.1:** Examples of facilitated third-party activities
  - **Table 16.2:** Third-party activities which **shall not** be reported in Category 16
    - Lawyers, architects, designers, licensors, etc.
    - Proposed guidance: "... [reporting companies] may report them as an 'Other' scope 3 activity, disaggregated separately from the scope 3 categories."
  - **Table 16.3:** Third-party activities which **shall** be accounted for using **another scope 3 category or categories**
    - Including franchises, retailers/wholesalers, a two-sided marketplace acting as a principal (not as an agent), credit card transactions (and associated purchases), managed investments, underwriters/issuers, insurance contracts, advised investments, compensation payments, guarantees/warranties, insurance premium-associated investments, cash deposits, cash donations, reimbursables, licensing

## Tables 16.1, 16.2, and 16.3. (continued)

- **Prompt 3:** : Do TWG members have feedback on the three tables (16.1, 16.2, and 16.3) for examples of facilitated activities, non-facilitated activities, and facilitated activities that **shall** or **should** be reported in other scope 3 categories?
  - They are effective
  - They leave out a significant fraction of facilitated activities
  - They are too inclusive
  - Other
  - Abstain

## Table 16.2 examples (of non-facilitated activities)

- Table 16.2 would itemize activities that are not considered facilitated activities

Type	Case	Facilitator? *
Service provider	O&G Pipeline operator (not buyer/seller)	No
	Logistics provider	No
	Architect	No
	Lawyer	No
	Designer	No
	Third-party advertiser (flat fee)	No
Depository	Debit card issuer	No
Licensors	Licensors (flat fee)	No

## Table 16.3 examples (of facilitated activities for another category)

- Table 16.3 would itemize facilitated activities that **shall** be accounted for using another scope 3 category

Type	Case	Facilitator? *	Category
Broker	Underwriter/issuer	Yes	Cat. 15 (15.3)
Lender and/or depositary	Credit card issuer	Yes	Cat. 15 (15.1)
Licensor	Licensor (sales-based)	Yes	Cat. 15 (14)

**If included, what  
facilitated emissions  
should be reported?**



## 16.2 Boundary requirements

- Currently, the revised text states that:
  - “A company (as a reporting company) **may** account for and reporting the emissions associated with third-party activities facilitated by the reporting company (identified using the identification criteria herein) (refer to **Diagram 16.1** and **Table 16.1**) with the exception that certain specific facilitated activities must be accounted for and reported using another scope 3 category (as per **Table 16.3**).”
- **Prompt 4:** : Should or may reporting companies (as facilitators) account for and reporting the emissions associated with a facilitated activity? \*
  - May (keep this language)
  - Should (all facilitated emissions should be accounted for and reported)
  - Some **should** (facilitated emissions should be accounted for and reported **where relevant**)
  - Shall (all facilitated emissions shall be accounted for and reported)
  - Abstain

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\* Note that some facilitated activities are required (e.g., underwriting and issuance); all such facilitated emissions are specified using another scope 3 category.

## 16.2 Boundary guidance

- Currently, the revised text states that:
  - Companies **should** conform with third-party sector- or industry-standard guidance, framework, or legislation that requires the inclusion of the emissions associated with any facilitated activity identified using the identification criteria herein.
  - Any third-party sector- or industry-standard guidance, framework, or legislation that requires the inclusion of facilitated emissions that do **not** satisfy the identification criteria (for identifying facilitated activities) herein **shall** not include said emissions in category 16 but may report them as an 'Other' scope 3 activity disaggregated separately from scope 3 categories 1 through 16.
- **Prompt 5:** : Should the GHG Protocol encourage conformance with sector- or industry-specific guidance?
  - Yes (broadly, without naming any specific third-party standards, frameworks, or legislation)
  - Yes (but only if it can point to specific third-party standards, frameworks, or legislation)
  - No (it should not point to third parties) \*
  - Other
  - Abstain

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\* Note: The GHG Protocol does **not** currently have the capacity to develop sector- or industry-specific standard requirements or guidance; the GHG Protocol **may** have capacity to refer to third-party standards, frameworks, and/or legislation. 5/6/2025 | 26

## 16.2 Boundary guidance (continued)

- Future proofing:
  - What if a sector- or industry-specific standard, guidance, framework or legislation or any other guidance, framework, or legislation explicitly states that companies **shall not** report the emissions associated with facilitated activities?
- **Prompt 6:** : Should the GHG Protocol state that for *Scope 3 Standard* conformance, more prescriptive and inclusion language should take precedent (whether that be GHG Protocol or third-party)?
  - Yes
  - No
  - Other
  - Abstain

## 16.2 Boundary guidance (continued)

- Currently, the revised text states that:
  - “If reported, a facilitator (as a reporting company) **should** include the scope 1, scope 2, and both the upstream and downstream scope 3 emissions attributable to the third-party activity (or product). Refer to **Table 16.1.**”
  - “For the avoidance of doubt, facilitated activities identified using the identification criteria specified herein (section 16.1) are not required for *Scope 3 Standard* conformance. Refer to **Table 16.2.**”
- **Prompt 7:** If included, should facilitators include all upstream and downstream scope 3 emissions of a facilitated activity?
  - Yes
  - No
  - Other (e.g., case-specific)
  - Abstain

(Draft; for discussion)

# Calculation methods

## 16.3 Calculation method

- Currently, the revised text states that:
  - If reporting the facilitated emissions associated with a facilitated activity(ies) (or product), a facilitator (as a reporting company):
    - **Should** account for all (100%) of the scope 1, scope 2, and up/downstream scope 3 emissions.
    - **May** report a fraction (%) of all facilitated emissions in proportion to the reporting company's direct economic participation in the activity (i.e., transaction-related income).
    - **May** report other proportionate facilitated emissions, level of economic participation, and/or any other key performance indicator (KPI).
- **Prompt 8:** Do TWG members have feedback on account for 100% or a fraction (%) of emissions?
  - Keep “should”
  - Use “shall”
  - Other
  - Abstain

## 16.3 Calculation method

- **Prompt 9:** Can the GHG Protocol say anything stronger than “should” ?
  - Keep “should”
  - Use “shall” (if companies choose to include facilitated emissions)
  - Other
  - Abstain
- **Prompt 10:** Would requiring that, if included, then companies “shall” include all the scope 1, 2, and 3 emissions associated with a facilitated activities discourage adoption and/or research into facilitated activities and potential means of influence?
  - Yes – using “shall” would discourage research into facilitated activities
  - No – using “shall” would be more prescriptive without sacrificing adoption
  - Other
  - Abstain

## Calculation examples

- Brokers:
  - 1,000 tCO<sub>2</sub>e brokered asset, cradle-to-gate or cradle-to-buyer
  - x 100%
  - = **1,000 tCO<sub>2</sub>e facilitated emissions from brokering**
  - x 2.5% broker fee
  - = **25 tCO<sub>2</sub>e pro rata facilitated emissions**



## Calculation examples (examples)

- Underwriters/issuers
  - 1,000 tCO<sub>2</sub>e underwritten emissions (scope 1, 2, and 3 of investee)
  - x 100%
  - = **1,000 tCO<sub>2</sub>e facilitated emissions from underwriting/issuing**
  - x league table (e.g., 20%) x 33% risk-adjustment factor
  - = **66 tCO<sub>2</sub>e pro rata facilitated emissions**

## Calculation example (continued)

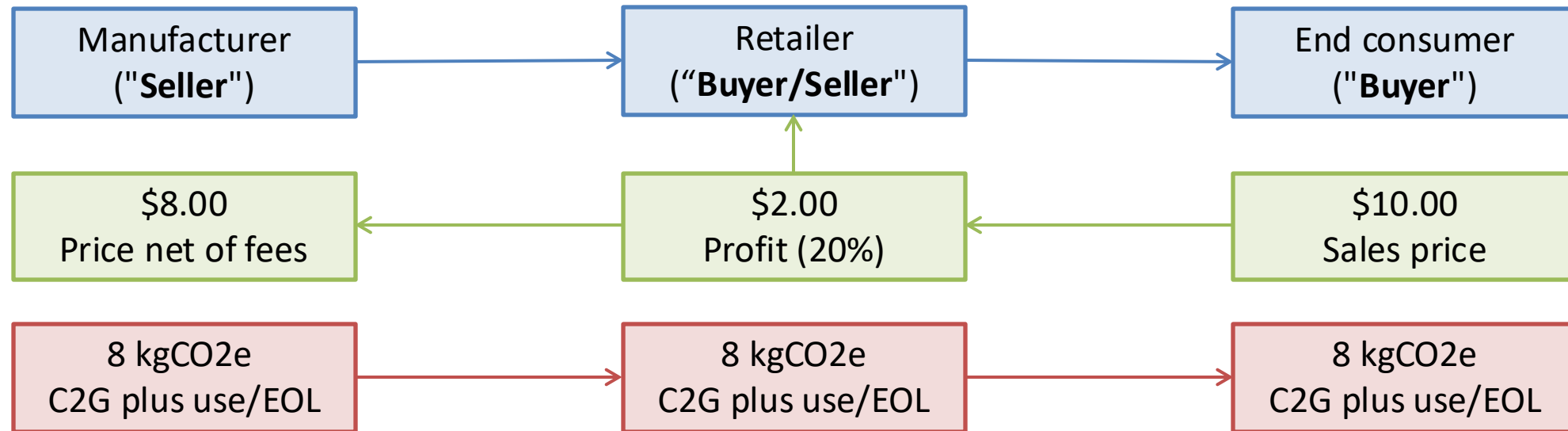
- Credit card
  - 10 kgCO<sub>2</sub>e credit card holder product (cradle-to-gate)
  - 10 kgCO<sub>2</sub>e credit card holder product (use and EOL)
  - 20 kgCO<sub>2</sub>e credit card holder product (cradle-to-grave)
  - x 100%
  - = **20 tCO<sub>2</sub>e facilitated emissions by bank via lending**
  - x 100%
  - = **20 tCO<sub>2</sub>e pro rata facilitated emissions**

## Calculation example (continued)

- E-commerce platform
  - 10 kgCO<sub>2</sub>e third-party product (cradle-to-gate)
  - 10 kgCO<sub>2</sub>e third-party product (use and EOL)
  - 20 kgCO<sub>2</sub>e third-party product (cradle-to-grave)
  - x 100%
  - = **20 tCO<sub>2</sub>e facilitated emissions by e-commerce platform**
  - x 25% fees/etc.
  - = **5 tCO<sub>2</sub>e pro rata facilitated emissions**

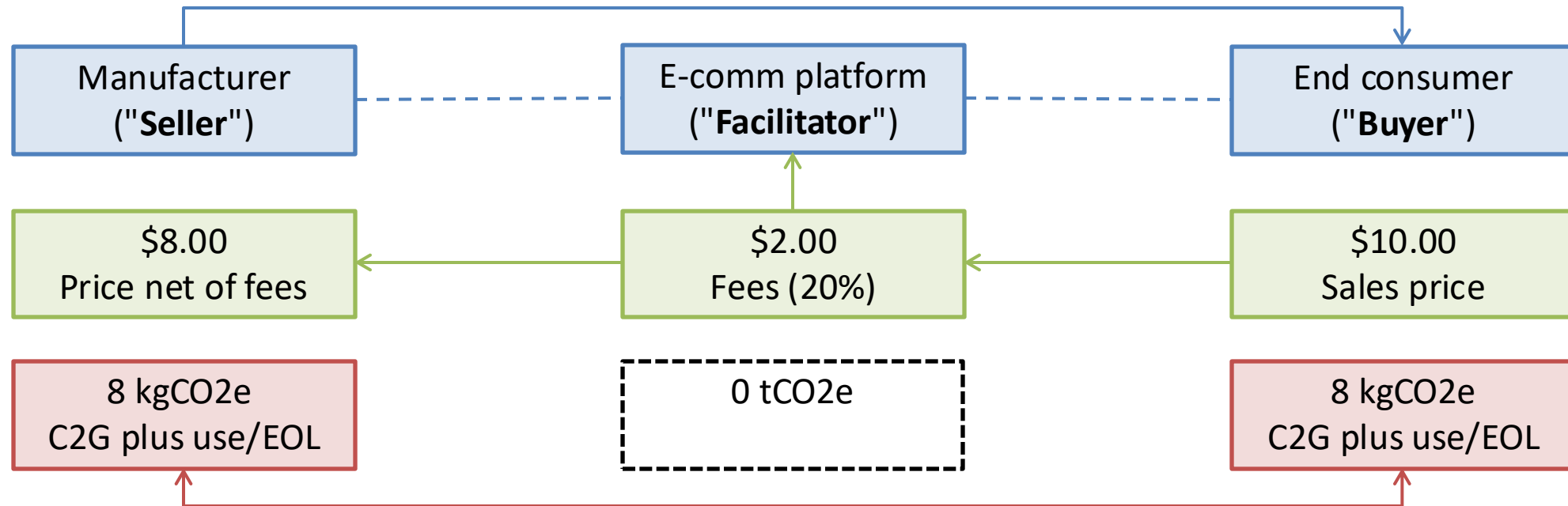
## Facilitated emissions: Context (continued)

- **Retailers** account for the life cycle emissions attributable to **sold third-party products**
- Both retailers and e-comm platforms generate sales-related income from '**connecting**' a **buyer/seller**



## Facilitated emissions: Context (continued)

- **E-commerce platforms could** account for the emissions attributable to **third-party sold products** like retailers or wholesalers currently do



## Calculation example (continued)

- Advertiser (sales-based fee)
  - 1,000 tCO<sub>2</sub>e client product sales (cradle-to-gate)
  - 1,000 kgCO<sub>2</sub>e client product sales (use and EOL)
  - 2,000 kgCO<sub>2</sub>e client product sales (cradle-to-grave)
  - x 100%
  - = **2,000 tCO<sub>2</sub>e facilitated emissions by advertiser**
  - x 10% sales-based fee
  - = **200 tCO<sub>2</sub>e pro rata facilitated emissions**

## Calculation example (continued)

- Licensing (sales-based royalty)
  - 1,000 tCO<sub>2</sub>e licensee product sales (cradle-to-gate)
  - 1,000 kgCO<sub>2</sub>e licensee product sales (use and EOL)
  - 2,000 kgCO<sub>2</sub>e licensee product sales (cradle-to-grave)
  - x 100%
  - = **2,000 tCO<sub>2</sub>e facilitated emissions by licensor**
  - x 20% royalty
  - = **400 tCO<sub>2</sub>e pro rata facilitated emissions**

## 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			



## Poll (continued)

- 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)

# Background

## Background

- Value chain activities
  - "... **consequence of** the activities of the reporting company..."
  - "... can be **influenced by** the activities of the reporting company..."
  - "... activities **associated with** the operations of the reporting company..."
- Classifying upstream vs. downstream
  - "... based on the **financial transactions**..."
  - "... include[ing] emissions from products that are **distributed but not sold** (i.e., with receiving payment)."
- Associated activities
  - Category 14: Franchisees may optionally report activities associated with franchisor operations
  - Category 15: Managers or underwriters may include the emissions of their clients' investments
- Climate-related risks and opportunities
  - Scope 3 "... enables companies to understand their **full emissions impact** across the value chain..."
  - "... the **relative risks and opportunities** of scope 3 emissions compared to companies' direct emissions."
- Facilitated activity components
  - Not owned, not controlled, consequence of, financial transaction classification, associated with, some degree of influence (see notes on influence in Background)

(Draft; for discussion)

# Next Steps

## Next steps

- GHG Protocol Secretariat:
  - Distribute the recording, feedback form and poll (as needed) (by May 2)
  - Prepare and distribute minutes of the meeting (by May 8th)

### **The next meeting is FULL TWG meeting, on:**

**May 22: group C outcomes**

**May 29: group A outcomes**

**June 5: group B outcomes**

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

**Thank you!**

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