

# Corporate Standard Meeting Minutes

## Subgroup 1, Meeting #4

Date: 4 February 2025

Time: 09:00 – 11:00 ET / 15:00 – 17:00 CET

Location: Virtual

## Attendees

### Technical Working Group Members

1. Rob Anderson, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australia
2. Catherine Atkin, Carbon Accountable and Stanford CodeX Climate Data Policy Initiative
3. Erika Barnett, Greenhouse Gas Management Institute
4. Tatiana Boldyreva, CDP
5. Robert Gray, DuPont
6. Henk Harmsen, SustainCERT
7. Burkhard Huckestein, German Environment Agency
8. Dedy Mahardika, International Finance Corporation
9. Philippe Missi Missi, UNFCCC Regional Collaboration Center West and Central Africa
10. Ann Marie Moohan-Sidhu, ESGright
11. Joanne Richmond, CK Hutchison
12. Vicky Sullivan, Duke Energy

### Guests

None present

### GHG Protocol Secretariat

1. Hande Baybar
2. Iain Hunt
3. Allison Leach
4. David Rich

## Documents referenced

1. Slides for the Corporate Standard meeting on 4 February 2025
2. Discussion paper on GHG accounting and reporting principles
3. Standard Development Plan for the Corporate Standard

Item	Topic and Summary	Outcomes
1	<p><b><i>Introduction and recap of progress to date</i></b></p> <p>The Secretariat welcomed TWG members to the fourth meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief recap of progress made to date.</p>	<p>The Secretariat will inform members about any changes to the Subgroup 1 meeting schedule as soon as they are confirmed.</p>
2	<p><b><i>Uses, objectives and business goals</i></b></p> <p>The Secretariat provided an overview of preliminary outcomes to date related to uses of the Corporate Standard and GHG inventory data and suggested updates to objectives and business goals, and invited comments from TWG members.</p>	<p>Preliminary outcomes from Subgroup 1 discussions on uses, objectives, and business goals to be taken to the full TWG.</p>
3	<p><b><i>GHG accounting and reporting principles</i></b></p> <p>The Secretariat provided a summary of TWG member input to date on GHG accounting and reporting principles, including two key topics under consideration (materiality and verifiability), and invited TWG members to comment.</p>	<p>Preliminary outcomes from Subgroup 1 discussions on GHG accounting and reporting principles to be taken to the full TWG.</p>
4	<p><b><i>Comparability of GHG inventories</i></b></p> <p>The Secretariat provided a summary of input provided to date by TWG members on the topic of comparability of GHG inventories. TWG members provided further input via a breakout discussion considering the adoption of comparability as an objective and/or principle, and additional updates needed to operationalize comparability. The Secretariat then conducted an indicative poll to assess TWG member opinions on whether comparability should be established as an objective and/or a principle.</p>	<p>An indicative poll found majority support for including comparability as an objective of the Corporate Standard.</p> <p>An indicative poll demonstrated mixed opinions for adopting comparability as a required principle.</p> <p>An indicative poll found majority opposition for adopting comparability as an optional principle.</p>
5	<p><b><i>Wrap up and next steps</i></b></p> <p>The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of outcomes memos across subgroups ahead of the full TWG meeting on March 4<sup>th</sup>.</p>	<p>The Secretariat will share meeting materials.</p> <p>The Secretariat will share memos summarizing preliminary outcomes from each subgroup to brief the full TWG.</p> <p>The next meeting scheduled is with the full TWG on March 4<sup>th</sup>.</p> <p>The next meeting of Subgroup 1 is scheduled for March 11<sup>th</sup>, but may be pushed back a week to March 18<sup>th</sup>.</p>

## Summary of discussion and outcomes

### 1. Introduction and recap of progress to date

- The Secretariat welcomed TWG members to the fourth meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief recap of progress made to date (slides 1-11).

#### Summary of discussion

- The Secretariat shared the Corporate Standard revision timeline that's included in the final version of the Standard Development Plan (SDP), noting that the SDP and associated timeline have now been approved by the GHG Protocol Steering Committee and published to the GHG Protocol public documents repository.
- The Secretariat provided a recap of progress to date for Subgroup 1, noting remaining questions to be discussed in the present meeting or tabled until later.
- The Secretariat presented an overview of the upcoming schedule for Subgroup 1 and the plan to take preliminary outputs from the subgroup to the full TWG and then the Independent Standards Board (ISB). The Secretariat noted that shifting the dates of upcoming subgroup meetings in March and April is being considered (moving the March 11<sup>th</sup> meeting to March 18<sup>th</sup> and April 1<sup>st</sup> meeting to April 15<sup>th</sup>). The Secretariat will inform subgroup members on any changes if and when they are confirmed.

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

- The Secretariat will inform members about any changes to the Subgroup 1 meeting schedule as soon as they are confirmed.

### 2. Uses, objectives and business goals

- The Secretariat provided an overview of preliminary outcomes to date related to uses of the Corporate Standard and GHG inventory data and suggested updates to objectives and business goals (slides 12-19), and invited comments from TWG members.

#### Summary of discussion

- **Uses of the Corporate Standard and GHG inventory data:**
  - The Secretariat provided a list of priority use cases for the Corporate Standard and GHG inventory data based on prior TWG input and invited members to offer further comment.
    - One TWG member suggested that the objective referring to the provision of GHG data to customers should also refer to the provision of data to investors.
  - The Secretariat shared a preliminary list of use cases developed by the Actions and Market Instruments (AMI) TWG, noting that all TWGs are having discussions related to uses and purposes and that results of these discussions will be compiled and shared across workstreams.
  - The Secretariat reconveyed the results from an indicative poll conducted in Meeting #2 of Subgroup 1 on how to address uses of attributional GHG data distinct from organization-level inventories (e.g., territorial, sectoral, product-level) (slide 15). The poll indicated support for adding language emphasizing that the Corporate Standard is intended for organization-level inventories only and clarifying use cases that GHG inventories are not intended for. The Secretariat invited comments from anybody opposed to this outcome, requesting that they also propose an alternative approach.
    - One TWG member inquired how consistency between corporate accounting and product accounting will be addressed. The Secretariat noted that the Scope 3 workstream is the most appropriate place to focus on alignment with product accounting and any inconsistencies identified can be passed along to them. The Secretariat also conveyed that the revisions to the GHG Protocol Product Lifecycle Standard is not currently in the scope of work but may be considered following updates to the documents in the corporate standards suite.

- One TWG member asked about the work of the Actions and Markets Instruments (AMI) workstream to revisit the overall structure of the GHG emissions report and whether uses of attributional GHG data beyond organization-level inventories would be considered there. The Secretariat clarified that the AMI workstream is considering the needs of stakeholders for corporate GHG information that extend beyond the GHG inventory and how to build these into the corporate reporting structure. They noted that updates on this work will be provided to the Corporate Standard TWG as they become available.
- **Objectives:** The Secretariat shared the status of suggested revisions to Corporate Standard objectives based on TWG member input and invited members to comment. No further comments were received related to objectives.
- **Business goals:** The Secretariat shared the status of suggested revisions to business goals based on TWG member input and invited members to comment.
  - One TWG member asked what the reasoning was for eliminating goal #4, participating in GHG markets. The Secretariat noted that the GHG markets do not typically operate on an entity-level basis and that the goal goes beyond what a GHG inventory can achieve.

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

- Preliminary outcomes from Subgroup 1 discussions on uses, objectives, and business goals to be taken to the full TWG.

### **3. GHG accounting and reporting principles**

- The Secretariat provided a summary of TWG member input to date on GHG accounting and reporting principles, including two key topics under consideration (materiality and verifiability) (slides 20-26), and invited TWG members to comment.

#### Summary of discussion

- **Materiality:** The Secretariat shared survey results gauging TWG member opinions on the usage of the term "materiality" in the Corporate Standard (slide 24) and invited members to comment.
  - One TWG member noted that the term materiality is used in ISO 14064-3 in reference to both verification and validation.
  - One TWG member asked for clarification on the difference between the terms "materiality" and "significance". The Secretariat noted that the way the terms may be used interchangeably in different programs points to the need for providing clear definitions.
  - One TWG member commented that the most important aspect of reference to materiality in the Corporate Standard is the "rule of thumb" 5% materiality threshold as it makes the concept operationalizable. The Secretariat clarified that the "rule of thumb" is given as an example threshold used in the context of verification and that it should not be interpreted as a 5% threshold for allowable exclusions. The Secretariat further noted that Subgroup 3 is considering the topic of quantitative thresholds for defining justifiable exclusions for scope 3 reporting.
    - Another TWG member commented that the 5% "rule of thumb" is applied by assurance providers and that the quantitative threshold may vary depending on the level of assurance. Another TWG member added that the difference between limited and reasonable assurance is mainly related to work on internal controls, noting that the International Standard on Sustainability Assurance (ISSA) 5000 and the International Standard on Assurance Engagements (ISAE) 3000 give comparative tables.
  - One TWG member described how materiality is a concept that may already be operationalized in GHG inventories in the context of prioritizing effort in collecting more robust data, and therefore advocated for the Corporate Standard to address the concept further. The Secretariat asked if the prioritization of effort is already sufficiently guided by the relevance principle or if wider reference to materiality is needed. The TWG member replied that materiality also relates to accuracy and is something more than relevance.

- One TWG member cautioned that care should be taken with weighing in on terms like “materiality” to avoid causing confusion and the potential for conflict with what’s defined in statutory environments. They added that further clarification on the term “significance” may be necessary as a more general term than “materiality”. The Secretariat noted that some external programs also have varied definitions of “significance”.
- One TWG member suggested that if quantitative thresholds are defined for justifiable exclusions, then different thresholds should be considered for scopes 1 and 2 versus scope 3. The Secretariat noted that Subgroup 3 is discussing thresholds for justifiable exclusions.
- One TWG member highlighted differences in terms referenced during the discussion, including “materiality” and “significance thresholds”, noting that the latter is used in the context of base year emissions recalculations. They also noted that a “significance threshold” is different from “de minimis”. The Secretariat noted that the Scope 3 TWG is considering different terms that could be used in place of “significance thresholds” in the context of defining justifiable exclusions to avoid confusion.
- One TWG member advocated for considering qualitative measures of materiality in addition to quantitative thresholds, as fixed quantitative thresholds might not be appropriate for the diversity of organizations using the Corporate Standard.
- **Verifiability:** The Secretariat shared survey results indicating TWG member opinions on if and how to consider verifiability as part of updates to GHG accounting and reporting principles (slide 26) and invited TWG members to comment.
  - A TWG member raised a question on what the implications would be to practitioners if a verifiability principle were to be adopted. The Secretariat noted that similar questions were raised in the feedback survey, considering what would be involved to operationalize a verifiability principle. The Secretariat further emphasized that survey results indicated that TWG members did not widely support consideration of verifiability as a new principle.
  - One TWG member expressed reservations about using the term “verifiability”, considering distinctions between verification and assurance. Other TWG members provided comments on the ways that the terms are used in different contexts. The Secretariat noted that while the Corporate Standard uses the term “verification”, later GHG Protocol documents refer to “assurance”. They added that the topics of verification and assurance will be considered by Subgroup 2 as part of phase 2 of the standards revision process and that parsing these terms and their usage is beyond the scope of the current discussion.
  - One TWG member noted that if GHG Protocol sets criteria, assertions are automatically verifiable if companies adhere to requirements and that it is unnecessary to define verifiability in terms of assurance.
  - One TWG member suggested that verifiability is not a matter of transparency of published information, but of documentation. Another TWG member indicated that if reference to a “clear audit trail” were removed from the transparency principle, a similar idea could be integrated into a new verifiability principle.

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

- Preliminary outcomes from Subgroup 1 discussions on GHG accounting and reporting principles to be taken to the full TWG.

#### **4. Comparability of GHG inventories**

- The Secretariat provided a summary of input provided to date by TWG members on the topic of comparability of GHG inventories (slides 27-32). TWG members provided further input via a breakout discussion considering the adoption of comparability as an objective and/or principle, and additional updates needed to operationalize comparability. The Secretariat then conducted an indicative poll to assess TWG member opinions on whether comparability should be established as an objective or a principle.

#### Summary of discussion

- The Secretariat facilitated a discussion in two breakout groups to consider pros and cons of establishing comparability as an objective, adopting comparability as a principle, and what additional updates are needed to operationalize comparability. Input from TWG members in both breakout groups is synthesized by topic below.
  - **Comparability as an objective (pros):** TWG members cited the below as pros for considering comparability as an objective of the Corporate Standard.
    - Stakeholders are already comparing GHG information and will continue to have a need to do so.
    - Having comparable GHG information is necessary for decision-making to drive climate action.
    - Establishing an objective would be the best way to orient the Standard toward better enhancing comparability, but achieving the objective will require more specific measures to enhance comparability (e.g., reducing optionality) across the revisions process.
    - It's more appropriate to define comparability as an objective rather than a principle, as all other principles refer to actions that a preparer can take, whereas comparability goes beyond that and is something enhanced by existing principles.
    - Establishing comparability as an objective may help spur conversations within industry groups to develop more prescriptive recommendations for companies in a given sector.
    - External programs have requirements intended to improve integration of GHG and financial information, also enhancing comparability.
    - Comparability is a necessary characteristic of usable GHG information.
  - **Comparability as an objective (cons):** TWG members cited the below as cons for considering comparability as an objective of the Corporate Standard.
    - Prioritizing comparability shouldn't disincentivize companies from producing complete and accurate inventories when companies are aware that they may be compared with under-reporting peers.
  - **Comparability as a principle (pros):** TWG members cited the below as pros for considering comparability as a GHG accounting and reporting principle.
    - Specific pros to defining comparability as a principle were not raised, but some pros cited for including comparability as an objective may also apply.
  - **Comparability as a principle (cons):** TWG members cited the below as cons for considering comparability as a GHG accounting and reporting principle.
    - Comparability is not a concept that preparers can directly apply in inventory development like the other principles. The way that preparers can work to enhance comparability is by following the existing principles. If comparability were to be adopted as a principle, the question of what it would change in terms of what the preparer does should be considered.
    - Operationalizing comparability as a principle would require a radical reformulation of the Standard.
  - **Updates needed to operationalize comparability:** TWG members cited the below as necessary updates to the Corporate Standard to operationalize comparability as an objective and/or principle.
    - Promoting better comparability will require limiting optionality in key areas, such as consolidation approaches. While providing optionality might have been necessary when the Corporate Standard was last updated to promote wide adoption, the landscape has evolved considerably since. Other areas where limits to optionality should be considered include selection of scope 3 categories to report, boundaries of scope 3 categories, definition of justifiable exclusions from an inventory, and base year recalculation policies.
    - Limiting optionality in areas where options available each serve a clear purpose won't necessarily improve comparability and more comparable GHG information can be better advanced by enhancing the relevance, completeness, accuracy, consistency and transparency of inventories.
    - Aligning GHG and financial information can help enhance comparability.

- Stakeholder needs for comparable GHG information often relate to the integration of GHG and financial information, so measures to enhance comparability by reconsidering options in areas like boundary setting are likely to be driven by the push toward this integration.
- Requiring the reporting of scope 3 emissions can help promote comparability, specifically in the case of franchises where there is variation on whether companies choose to report these emissions or not.
- Additional guidance would be needed to advise stakeholders on when it is/is not appropriate to compare (e.g., limiting comparisons to those between companies in the same sector). Considering comparability on the basis of companies in the same sector or in a “peer group” would raise questions on how groups are defined and if there are differentiated requirements between groups to promote intra-group comparability. Comparability in some sectors may be more appropriate than in others.
- Enhanced reporting requirements (e.g., related to how emissions data is disaggregated) can help facilitate more comparable GHG information.
- Comparability should be limited to scopes 1 and 2.
- The Secretariat conducted an indicative poll to assess the level of agreement or disagreement among Subgroup 1 members on establishing comparability as an objective or a principle, with results summarized below. The Secretariat noted that the question of adopting comparability as an objective or a principle will be taken next to the full TWG.
  - A majority of members expressed support for including comparability among objectives: 6 strongly agree / 2 agree / 2 neutral / 1 strongly disagree.
  - Members expressed mixed views on adopting comparability as a required principle: 2 strongly agree / 2 agree / 5 neutral / 2 disagree.
  - A majority of members expressed opposition for adopting comparability as an optional principle: 0 strongly agree / 2 agree / 1 neutral / 5 disagree / 3 strongly disagree.

Outcomes (e.g. recommendations, options)

- An indicative poll found majority support for including comparability as an objective of the Corporate Standard.
- An indicative poll demonstrated mixed opinions for adopting comparability as a required principle.
- An indicative poll found majority opposition for adopting comparability as an optional principle.

**5. Wrap up and next steps**

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of outcomes memos across subgroups ahead of the full TWG meeting on March 4th (slide 43).

Summary of discussion

- A TWG member asked if the outcomes memo for Subgroup 1 will be shared with Subgroup 1 members prior to going to the full TWG. The Secretariat confirmed that this would be the case.

Outcomes (e.g. recommendations, options)

- Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.
- A memo summarizing preliminary outcomes from Subgroup 1 discussions will be shared first with Subgroup 1 members and then the full TWG. Outcomes memos from the other two subgroups will also be shared with the full TWG ahead of the March 4<sup>th</sup> meeting.
- The next meeting of the full Corporate Standard TWG will take place on Tuesday, March 4<sup>th</sup>, with two time slots offered: 08:00 ET / 14:00 CET / 21:00 CHN and 16:00 ET / 22:00 CET / 05:00 Weds, March 5<sup>th</sup> CHN.
- The next meeting of Subgroup 1 is scheduled for Tuesday, March 11<sup>th</sup>, 2025 at 09:00 ET / 15:00 CET / 22:00 CHN, but may be pushed back a week to Tuesday, March 18<sup>th</sup> at the same time.

## Summary of written submissions received prior to meeting

- The Secretariat conducted an asynchronous feedback survey prior to the meeting to gauge TWG member opinions on changes under consideration for GHG accounting and reporting principles and addressing stakeholder requests for comparable GHG information. 11 responses were received prior to the deadline, with results integrated into meeting materials and informing the framing of meeting discussions. Key topics addressed were:
  - Materiality (results summarized on slide 24)
  - Verifiability (results summarized on slide 26)
  - Other comments on principles (results summarized on slide 22)
  - Comparability of GHG inventories (results summarized on slide 29)