GREENHOUSE GAS PROTOCOL

Corporate Standard Technical Working Group

Subgroup 2, Meeting #3

GHG Protocol Secretariat team:
Hande Baybar, Iain Hunt, Allison Leach

January 21st, 2025

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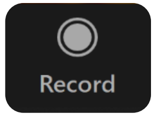
* Read me *

- Slides labeled Housekeeping are reminders on TWG meeting logistics and housekeeping considerations.
- Slides labeled Pre-read are to provide relevant background information for review ahead of meetings. These slides will not be presented in detail.
- Slides labeled Discussion will be used to help facilitate discussion during the meeting.

Meeting information



This meeting is **recorded**.

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

• Introduction & housekeeping	10 minutes
• Recap of December 10th meeting & Ad-Hoc meeting	20 minutes
• Evaluation of pros & cons of consolidation approaches	35 minutes
• Optionality in consolidation approaches	45 minutes
• Wrap up and next steps	10 minutes

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Housekeeping: Guidelines and procedures

- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and 'think out of the box' in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- 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 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

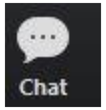
Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name

Raise your hand in the participants feature and unmute yourself to speak

Use the chat function to type in your questions



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

Recordings will be available for a limited time after the meeting; ***access is restricted to TWG members only.***

Housekeeping: summary of general feedback form responses

Thank you to everyone who has provided input using the Corporate Standard general feedback form to date.

The feedbacks received will be addressed via:

- **Non-content-related (process) feedback** will be addressed at the Secretariat's discretion through a common document, which will be updated periodically by the Corporate Standard Secretariat team *(to be uploaded on TWG Corporate Standard TWG SharePoint folder)*
- **Content-related feedback** will be addressed during the TWG/subgroup meeting where the corresponding agenda is discussed

Please continue using the Microsoft Form for all general feedback and questions.
A form for providing specific feedback on today's meeting outcomes will be circulated after this meeting.

B. Organizational boundaries - Scope of work (Phase 1)

Relevant chapters: chapter 3 (Setting Organizational Boundaries) and sections in chapter 4 (Setting Operational Boundaries) on leased assets.

B.1. Revisit options for defining organizational boundaries to consider:

- Whether to **maintain the three consolidation options** currently available (operational control, financial control, equity share), **eliminate any of the three options**, **or narrow to a single required approach** to promote consistency and comparability.
- Adjusting an existing approach or introducing a new approach that better **harmonizes with financial accounting** and/or with requirements of voluntary and mandatory reporting programs.
- Specifying a **preferred consolidation approach** or **hierarchy of preferred options**.
- Developing criteria to **guide organizations in selecting the most appropriate consolidation approach** for different situations.

Our focus today: Wrap up discussion on alignment with financial accounting AND initiating discussion and hold indicative polls on optionality in consolidation approaches

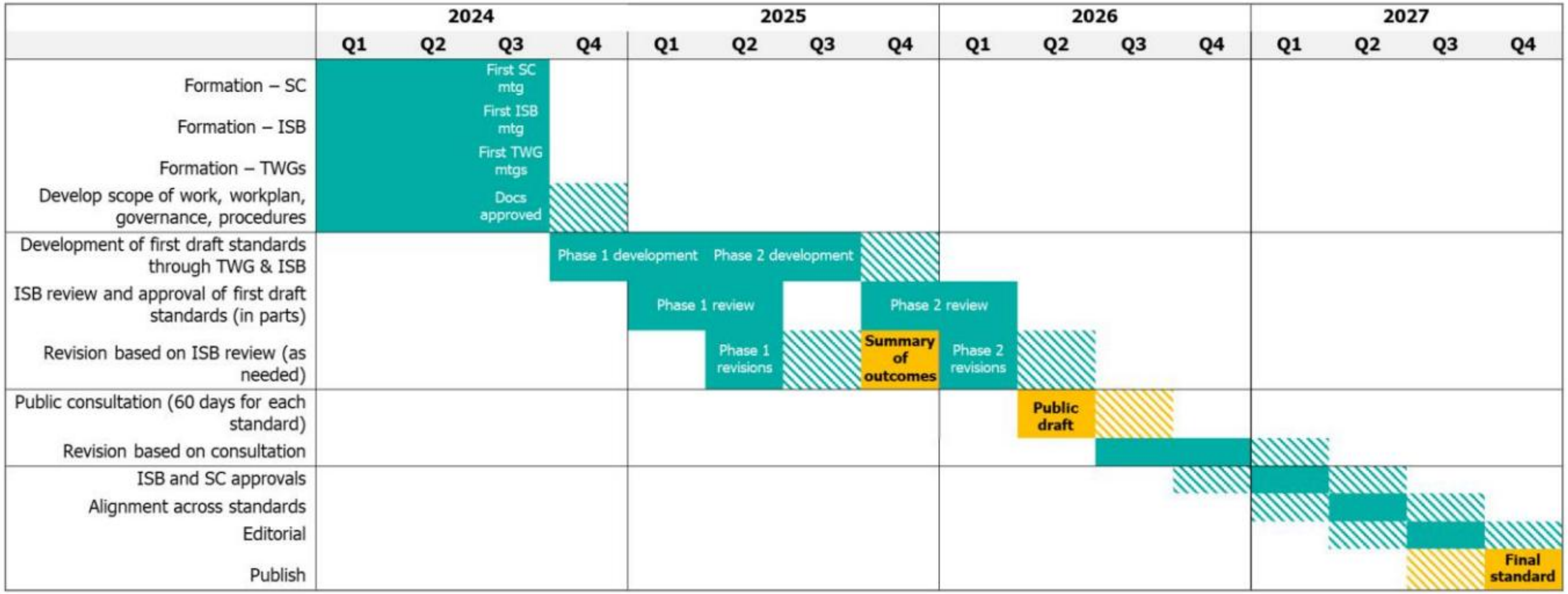
Source: Corporate Standard Development Plan, Section 5: Scope of work for the standard revision
The remaining Subgroup 2 Phase 1 scope of work is provided in the Appendix.

Standard Development Plan + Timeline

The Standard Development Plan was **approved by ISB and SC,** including the **timeline**

Available in the TWG Shared Folder & GHG Protocol Public Repository

Figure 2. Draft workplan and timeline (the timeline is subject to change throughout the standard revision process)



Today’s objectives

1. **Wrap up** discussion on **aligning financial control approach with financial accounting** (implementing the chosen option, Option C) to **initiate the draft revision process** for financial consolidation approach text

2. **Initiate** discussion on **optionality in consolidation approaches**
    - Initial evaluation on **which consolidation approaches to maintain/eliminate**
    - Evaluate **maintaining or eliminating optionality** in consolidation approaches

Today, we will share the outcomes of the Ad-Hoc Subgroup 2 Meeting held on January 13th, 2025 on implementing alignment with financial accounting (Option C) **and** we will initiate the discussion on optionality in consolidation approaches

Process for reviewing Organizational Boundaries

Main topics that will guide us through reviewing consolidation approaches are:

Alignment with financial accounting

(revise financial control)

Optionality in consolidation approaches

We will **wrap up this discussion** today and **initiate the text revision** process

We will **start discussion** on this today

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Recap of December 10th meeting (key topics covered)

- **Further background** on how to align with financial accounting
  - What aspects of financial control approach need to be updated?
  - Terminology differences between leading financial accounting standards
- **Results of the follow up survey** on alignment with financial accounting
- **Discussion and consensus** on how to align with financial accounting based on the GHG Protocol Decision-making Criteria:
  - **Option C**: Requiring companies that choose the **financial control** approach to **adopt the same consolidation model** for setting their organizational boundaries for reporting GHG emissions as they use in their **financial statements**

Please refer to minutes from the December 10th, 2024 meeting for more detail.

Highlights from the January 13th Ad-Hoc meeting

- **Reporting principles and guidance** such as when the parent and its subsidiaries operate in different jurisdictions **are well established in financial accounting standards**, **they can be adopted** for GHG emissions consolidation
- There are cases where **further clarification** as to how to consolidate GHG emissions needs to be provided, such as;
  - Treatment of minority interest
  - Treatment of non-controlling interest
  - Treatment of private equity (SBTi guidance on the topic can be a reference)
  - How to prorate emissions by time: Should accrual reporting be adopted in cases of organizational structure/ownership changes?
- **Equity share approach may become redundant** as it is mostly captured under the equity method in financial accounting, which will be part of the revised financial control approach

Quick discussion: Please share any questions or comments on the outcomes of Ad-Hoc meeting (use the chat or raise hand)

Please refer to the minutes from the ad-hoc meeting.

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Assessing the consolidation approaches

Equity share | Financial control *(revised)* | Operational control

Background and discussion for each consolidation approach:

- Background
- External programs' requirements
- Current definition
- Pros & cons
- Discussion

Indicative polls on each consolidation approach with the following options:

- Maintain as is
- Revise and maintain
- Eliminate
- Abstain

GHG Protocol Corporate Standard: current requirements

Companies *shall* account for and report their consolidated GHG data according to either the **equity share, financial control,** or **operational control approach**:

Under the **equity share approach**, a company accounts for GHG emissions according to its share of equity in the operation.

Under the two **control approaches**, a company accounts for 100% of the GHG emissions from operations over which it has control.

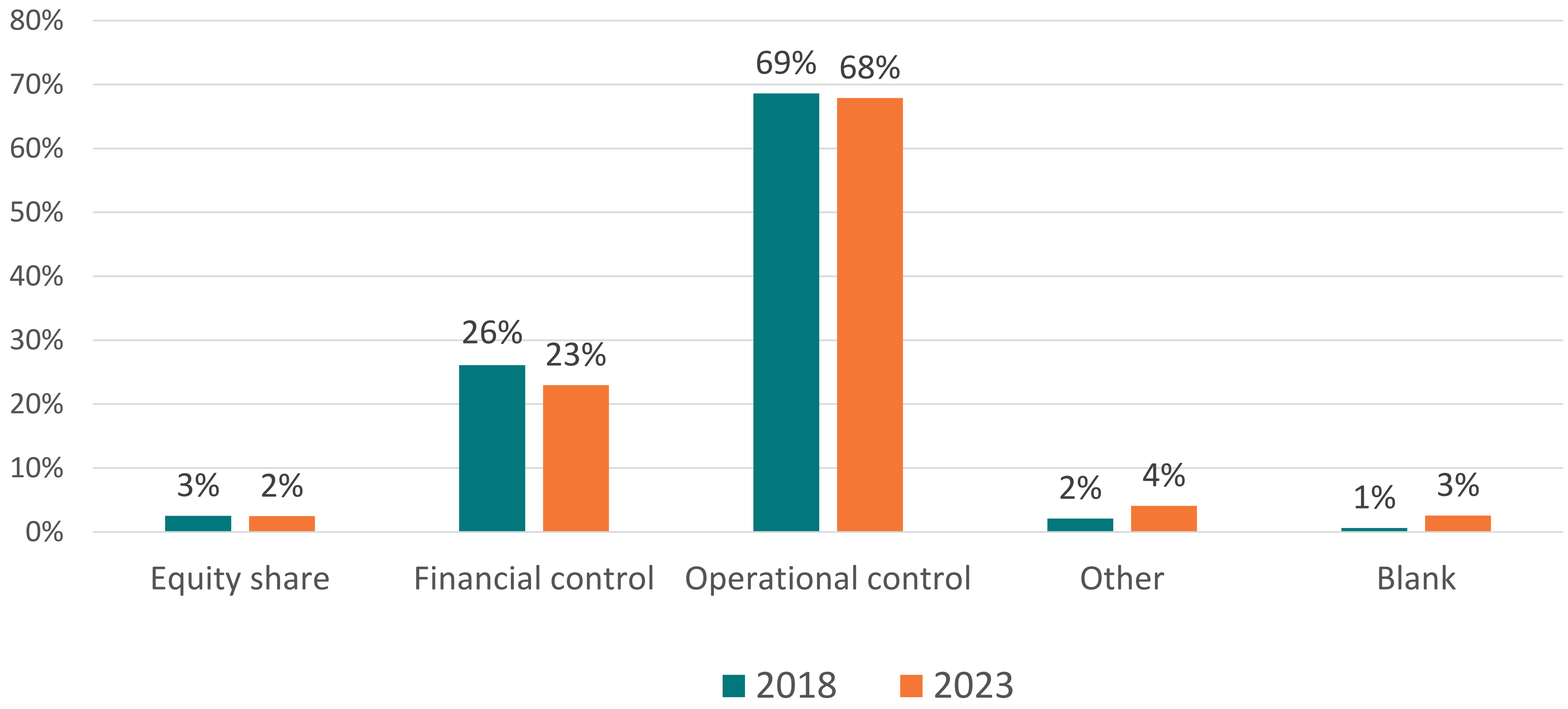
A company has **financial control** over the operation if the former has the ability to direct the financial and operating policies for the latter with a view to gaining economic benefits from its activities.

A company has **operational control** over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation.

POWERED BY CDP DATA

Current utilization of consolidation approaches – per approach

CDP 2023 Climate Change disclosures



Sample size*:

~2,200 companies

~7,230 companies

*Includes companies that were presented with question C0.5 and submitted their response publicly.
(companies responding to the minimum version of the questionnaire were not presented with this question)

Summary of requirements and guidance on organizational boundaries from Mandatory frameworks and programs

Mandatory Program	Organizational boundary setting
IFRS S1 & S2	- IFRS S1 **requires alignment with financial statements** *(Option C - revised financial control approach)* **-** IFRS S2 **allows choice** between **either equity share or control approach** as per GHG Protocol, **unless other approach is required** by jurisdictional authority or an exchange
ESRS 1 & ESRS E1 (EU CSRD)	- ESRS 1 **requires** sustainability statement for **the same reporting entity** as **financial statements** - ESRS E1 **requires**: • **consistent organizational boundary adoption** for consolidated entities **as in financial statements** • **non-consolidated entities and contractual arrangements** not structured through entity will be included based on **operational control approach**
US SEC Climate Rule	**Allows for a choice** of consolidation approaches if the organizational boundaries materially differ from the scope of entities and operations included in the registrant's consolidated financial statements, the registrant must provide a brief explanation
California Senate Bill 253 & 219	Consolidation at group level (consistent with financial statements) is **optional** **Requirement** to disclose emissions **pursuant to the GHG Protocol standards**

Please see this Overview of GHG Protocol Integration in Mandatory Disclosure Rules (Revised October 2024) for more information.

Summary of requirements and guidance on organizational boundaries from Voluntary frameworks and programs

Voluntary Program	Organizational boundary setting
ISO 14064-1	Allows for a choice of consolidation approaches
GRI	Allows for a choice of consolidation approaches (**If** the scope of **entities covered differs from financial statements**, **explanation is required**)
CDP	Allows for a choice of consolidation approaches *(The rationale for the choice needs to include if the same consolidation approach used as in financial accounting)*
SBTi	Allows for a choice of consolidation approaches *(strongly recommends same scope as financial statements)*
PCAF	Allows for a choice between **financial control** and **operational control** *(equity share is not allowed)*

Main drivers for selecting/changing a consolidation approach

- Organizational **structure changes** (e.g., mergers, acquisitions, or joint ventures)
- Regulatory **compliance**, **disclosure** program requirements and key **stakeholder** requirements/pressure
- **Better alignment with consolidated financial statements** or transitioning from sustainability reporting to integrated reporting (financial control or equity share)
- **Data** availability and quality and ease of reporting especially for **first time/voluntary reporters** (operational control)
- Encompassing emissions over which the company has direct/most **influence** (operational control)
- Meeting investors' need to see the **exposure to climate transition risks** (equity share or financial control)
- Insight into **economic implications** of GHG emissions and/or identifying/managing risks associated with GHG emissions
- Providing a fuller picture of a companies' GHG emissions profile in **meeting different stakeholder needs** (dual reporting)
- Strategically selecting consolidation approaches to **show a favorable GHG emissions profile**

Discussion: Please share any other main drivers that are not captured (use the **chat**)

Corporate Standard stakeholder feedback survey: key themes related to optionality in consolidation approaches

- **Maintain** current organizational boundary requirements and guidance
- **Revisit** organizational boundaries
  - **Requiring one consolidation approach** (operational control, financial control, equity share and/or a new approach aligned with financial accounting)
  - Creating a new **optional** consolidation approach **aligned with financial accounting**
  - **Adjusting and/or clarifying existing** consolidation approaches
  - Developing **more guidance**, such as on how to apply the consolidation approaches and interactions with the handling of leased assets

Note: Utilization of consolidation approaches among stakeholders who provided feedback showed a similar distribution with CDP 2023 data provided on in this presentation.

Proposals received related to *Corporate Standard* organizational boundaries

Proposal link	Key themes
Deloitte_1	• **Revisit current optionality** and considering **more prescriptive requirements** for consolidation approaches • **Updating definitions and improve guidance** for determining boundaries under current consolidation approaches, **specifically operational control**
Terrascope_1	• **Revisiting current optionality** and considering **more prescriptive requirements** for consolidation approaches
Anonymous_023	• **Updating definitions and improve guidance** for determining boundaries under current consolidation approaches, **specifically operational control**
Green Asia Network and Thankscarbon	
Canadian Union of Postal Workers	

Equity share approach (Corporate Standard Chapter 3, p.17)

- "Under the equity share approach A company accounts for GHG emissions from operations according to its **share of equity in the operation**.
- The equity share **reflects economic interest**, which is the extent of rights a company has to the **risks and rewards** flowing from an operation.
  - **Typically**, the share of economic risks and rewards in an operation is **aligned with the company's percentage ownership** of that operation, and equity share will **normally** be the **same as the ownership percentage**.
  - Where this is not the case, the **economic substance of the relationship** the company has with the operation always **overrides the legal ownership form** to ensure that equity share reflects the percentage of economic interest.
- The principle of **economic substance** taking precedent over legal form is **consistent with international financial reporting standards**."

Equity share approach

Pros	Cons
• Provides a view of emissions **proportional to ownership/economic interest**, especially for reporting companies with complex organizational structures • Helps guide **decision-making toward sustainable investment choices** • Reflects overall **financial exposure to emissions** • Enables parties in a joint venture to take **shared responsibility for emissions**	• **Very limited adoption** based on CDP data • May **not reflect the actual influence** over emissions • **Not used** in some mandatory disclosure requirements and voluntary frameworks • **Complexities** arise when ownership stakes change • **Higher administrative cost** due to difficult and time-consuming nature of data collection from operations not under control • Higher potential for **double or under counting** in multi-ownership situations • Potential **overlap with** equity method now embedded in **revised financial control approach**

Discussion: Please share any **other <u>key pros and cons</u>** that are not captured (use the **chat**)

Financial control approach (to be revised)

Final text for the revised financial control approach will evolve around the following recommendation:

Requiring companies that choose the financial control approach to **adopt the same consolidation model** for setting their organizational boundaries for reporting GHG emissions as **they use in their financial statements**

Financial control approach (revised version)

Pros	Cons
• Expected **increase in adoption** due to growth in mandatory disclosure program requirements • Provides a **clear link between financial accountability and GHG emissions responsibility**, increasing consistency/alignment between financial & GHG information, informing investment decisions • **Required** by major **mandatory climate disclosure** programs	• **Potentially excludes emissions** from operations where the company has significant influence (20% to 50% voting rights) but lacks financial control, hence **may underrepresent overall environmental impact** • Defining financial control **can be subjective** (**assumptions, judgement**) especially in complex organizational structures

Discussion: Please share any other pros and cons that are not captured (use the **chat**)

Operational control approach (Corporate Standard Chapter 3, p.18)

- "A company has operational control over an operation if the former or one of its subsidiaries has the **full authority to introduce and implement its operating policies** at the operation.
  - This criterion is consistent with the current accounting and reporting practice of many companies that **report on emissions from facilities, which they operate** (i.e., for which they hold the operating license).
- It is expected that except in very rare circumstances, if the company or one of its subsidiaries is the **operator of a facility,** it will have the **full authority to introduce and implement its operating policies** and thus has operational control.
- Under the operational control approach, a company **accounts for 100% of emissions from operations** over which it or one of its subsidiaries has operational control."

Operational control approach

Pros	Cons
• **Highest adoption** for reporting (68%) & target setting • Provides a clear link between **management accountability** and **GHG emissions responsibility** • Emphasis on **operational influence** over rather than financial exposure to emissions • Typically, ease of access to **good quality data** • **Some mandatory programs** introduce this as an **add-on (secondary) consolidation approach** to be applied • Supports **compliance** with **environmental regulations** other than climate disclosures	• **Excludes emissions** from operations where the company has significant influence (20% to 50% voting rights) but lacks operational control, • Emissions accounting can be **disconnected from financial influence to realize investment needed** to drive emissions reduction • **Requires consistent application of operational control definition** across companies (e.g., joint ventures or partnerships, and leased assets) • **Some mandatory programs restrict the use** of this approach • **Not aligned with financial statements**

Discussion: Please share any other pros and cons that are not captured (use the **chat**)

Overview of key highlights on consolidation approaches

Approach	Key highlights
Equity share	• **Least adopted** approach **(2%)** • Emissions reporting **based on ownership structure**, **regardless of control**, so aligns inventory boundary with financial investments but **may not directly enable reduction** • Often/mostly preferred by companies with complex organizational structure especially in certain sectors (e.g., Fossil fuels, Power generation, Infrastructure) • **Not permitted by some mandatory disclosure programs** (CSRD) and **sectoral standards** (PCAF) • **Potential overlap** between **revised financial control** approach (equity method used in financial consolidation)
Financial control (revised)	• **Second most adopted** approach **(23%)** • **Aligns/interoperable** with **mandatory** climate disclosure requirements (CSRD, IFRS) • Increasing **connectivity and consistency between financial and GHG emissions information**
Operational control	• **Most adopted** approach for GHG emissions accounting **(68%)** and reduction target setting • Emissions reporting **based on where the company has direct operational control/responsibility** over emissions, but **not necessarily the financial authority** to realize capital investments to achieve reduction • It is **required as an add-on/secondary consolidation approach** by some mandatory programs (CSRD) • Preferred option in terms of **data availability and quality**

Discussion: Please share any other takeaways or questions on items shared in this section (use the chat or raise hand)

Poll: Evaluating each consolidation approach

How do you **evaluate each consolidation approach**?	Maintain as is	Revise and maintain	Eliminate

Indicative Zoom poll with 3 questions:

- **Equity share**
- **Financial Control**
- **Operational control**

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Optionality in consolidation approaches

We will consider whether optionality should be maintained.
If so, how? And if not, which consolidation approach should be required?

Should **optionality** be maintained?	**Yes** – Maintain optionality		**No** – Require a single approach
How should optionality be maintained? *(if "yes" is chosen in question 3)*	**Maintain** current options	**Eliminate** one of the existing approaches	**Which option should it be?** - Equity share - (revised) Financial control - Operational control
Should there be a prioritization if optionality is maintained? *(if "yes" is chosen in question 3)*	**No** All options should be equal (e.g., companies *may* choose…)	**Yes** Provide a hierarchy or specify a preferred option (e.g., companies *shall/should* use Option x but *may* use Option y)	**Layered approach** (e.g., similar to ESRS)

New option added based on comments received

Activity: Breakout discussion on optionality in consolidation approaches

Let's first consider whether optionality should be maintained.

Should **optionality** be maintained?	**Yes** – Maintain optionality	**No** – Require a single approach

15-minute breakout room activity: Let's discuss in how these options can be evaluated based on the GHG Protocol Decision-Making Criteria

Instructions:
- Choose a **spokesperson** to report back the **key takeaways** to the plenary (**1 minute per group**)
- Evaluate the **pros and cons** provided for each option based on the Decision-Making Criteria (provided on the **next slide)**
- Determine if there is a **need for revision** (both the **pros and cons** listed as well as the **color coding**)

GHG Protocol 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

1A. Scientific integrity

Ensure scientific integrity and validity, adhere to the best applicable science and evidence … and align with the latest climate science.

1B. GHG accounting and reporting principles

Meet the GHG Protocol accounting and reporting principles of **accuracy**, **completeness**, **consistency**, **relevance**, and **transparency**. Additional principles should be considered where relevant: conservativeness (for GHG reductions and removals), permanence (for removals), and **comparability** (TBD). …

2A. Support decision making that drives ambitious global climate action

Advance the public interest by informing and supporting decision making that drives ambitious actions by private and public sector actors to reduce GHG emissions and increase removals in line with global climate goals. …

2B. Support programs based on GHG Protocol and uses of GHG data

Promote interoperability with key mandatory and voluntary climate disclosure and target setting programs … while ensuring policy neutrality. Approaches should support appropriate uses of the resulting GHG data and associated information by various audiences …

3. Feasibility to implement

Approaches which meet the above criteria should be feasible to implement, meaning that they are accessible, adoptable, and equitable. … For aspects that are difficult to implement, GHG Protocol should aim to improve feasibility, for example, by providing guidance and tools to support implementation.

Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at https://ghgprotocol.org/our-governance.

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Decision-making criteria pre-analysis: How does each option perform against the criteria?

Draft for TWG discussion

Criteria	Maintain optionality	Require a single approach
Scientific integrity	N/A	N/A
GHG accounting and reporting principles	Pros: Supports ***Relevance*** by enabling the reporter to choose the best option that serves their reporting objectives Cons: **Trade-off between *Relevance* and *Completeness*** as flexibility to choose an approach can be misused to under-report emissions; Potentially further inhibits **Comparability** (unless the inventories subject to comparison use the same consolidation approach)	Pros: Enhances ***Comparability*** Cons: May inhibits ***Relevance*** (depending on the reporting objective of the user); Can inhibit ***Consistency*** for users having to change their current consolidation approach
Support decision-making that drives ambitious global climate action	Pros: Enables users to **choose the most relevant approach to best demonstrate progress over time** towards meeting climate goals; Supports **decision-making for internal stakeholders** in line with business goals	Pros: Provides **a streamlined approach** enabling **standardization**; Facilitating better comparison and **informs decision-making especially for external stakeholders**
Support programs based on GHG Protocol and uses of GHG data	Pros: **Flexibility to serve different objectives** of both reporters and GHG program developers Cons: **Partial interoperability/alignment** with mandatory programs requiring a single approach	Pros: **Alignment** with major mandatory programs and **interoperability** with programs based on GHG Protocol; **Streamlined reporting** of GHG emissions Cons: **Inhibits interoperability** with programs currently providing flexibility and/or a layered approach to consolidation (e.g., CSRD)
Feasibility to implement	Pros: **Avoids creating additional barrier for entry** for new/voluntary users & SMEs; Makes adoption **more accessible** overall	Pros: **Eliminates the confusion** while selecting a consolidation approach Cons: **Higher cost of compliance** for existing SMEs and voluntary users, and other users having to **change their consolidation approach**; Creates **higher barrier for entry** for new users (SME & voluntary reporters)

Poll: Optionality in consolidation approaches

Should **optionality** be maintained?	**Yes** – Maintain optionality	**No** – Require a single approach

Indicative Zoom poll:

- **Yes**
- **No**
- **Abstain**

Poll: Maintaining optionality

How should optionality be maintained?

Should **optionality** be maintained?	**Yes** – Maintain optionality		
How should optionality be maintained? *(if "yes" is chosen in question 3)*	**Maintain** current options	**Eliminate** one of the existing approaches	
Should there be a prioritization if optionality is maintained? *(if "yes" is chosen in question 3)*	**No** All options should be equal (e.g., companies *may* choose…)	**Yes** Provide a hierarchy or specify a preferred option (e.g., companies *shall/should* use Option x but *may* use Option y)	**Layered approach** (e.g., similar to ESRS)

Indicative Zoom poll (3 questions)

1. **Maintain or eliminate**
2. **Specify if "eliminate"**
3. **Equal options, layered application or prioritization**

New option added based on comments received

Poll: Requiring a single approach

Which consolidation approach should be required?

Should **optionality** be maintained?

No – Require a single approach

Indicative Zoom poll

- **Equity share**
- **(revised) financial control**
- **Operational control**
- **Abstain**

Which option should it be?

- Equity share
- (revised) Financial control
- Operational control

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Next steps

- **Next Subgroup 2 meeting** scheduled for **Tuesday, February 11th, 2025** at 8:00 ET / 14:00 CET / 21:00 CHN, focused on the following topics:
  - Incorporate outputs of Meeting 3 to initiate draft text for updated financial control approach
    - **Please contact the Secretariat <u>by January 24th, 2025</u> if you volunteer to join a team to initiate drafting the revised financial control approach text**
  - Wrapping up the discussion on optionality in consolidation approaches
- **Next full TWG meeting** scheduled for **Tuesday, March 4th, 2025** with two time slots offered:
  - 8:00 ET / 14:00 CET / 21:00 CHN
  - 16:00 ET / 22:00 CET / 5:00 Wednesday, March 5th CHN
- Items to be shared by GHG Protocol Secretariat:
  - Final meeting slides, recording, minutes
  - Discussion paper on consolidation approaches, incorporating TWG input gathered to date
  - Follow-up feedback survey on topics covered on January 21st meeting – *details to be confirmed*

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Thank you!

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Appendix

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B. Organizational boundaries – Scope of work contd. (Phase 1)

B.2. **Updates, clarifications, and additional guidance** related to existing consolidation approaches including:

- Further clarification on defining **operational control**, addition of specific indicators to facilitate more consistent application, and **definitions for different types of assets** (e.g., leases, licenses, franchises).
- Reconsideration of **multi-party arrangements** to consider factors beyond who controls a facility.
- Updates and clarifications related to **joint ventures and minority interests**.
- Integration and revision of 2006 amendment "Categorizing GHG Emissions Associated with Leased Assets" (Appendix F).
- Additional **guidance on classification of leased assets**, including allocation of emissions between lessor and lessee, emissions from purchased heating for leased assets, and in cases of multi-tenant buildings and co-locations.

B.3. Update terminology used in chapter 3 of the *Corporate Standard* to be **more consistent with current terminology used in financial accounting** (e.g., terminology used by U.S. GAAP and IFRS).