

Corporate Standard Meeting Minutes

Subgroup 3, Meeting #3

Date: 28 January 2025

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

Location: Virtual

Attendees

Technical Working Group Members

1. Inês Amorim, World Business Council for Sustainable Development
2. Christa Anderson, WWF
3. Samuel Anuga, University Mohammed VI Polytechnic, Morocco
4. Rebecca Berg, The Climate Registry
5. Rogelio Campos, Ministry of Environment, Peru
6. Jasper Chan, TownGas
7. Gonzalo Chiroboga, Central University of Ecuador
8. Ron-Hendrik Hechelmann, University of Kassel
9. Suresh Krishna Ishwara Palar, Infosys
10. Felipe Martínez Rodríguez, Hydro
11. Alexis McGivern, University of Oxford
12. Brandon McNamara, Northern Arizona University
13. Ann Radil, Watershed
14. Jay Shi, Proctor & Gamble
15. Monika Shrivastava, JSW Cement
16. Daniel Tutu Benefoh, Ghana Environmental Protection Agency

Guests

None present

GHG Protocol Secretariat

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

Documents referenced

1. Slides for the Corporate Standard Subgroup 3 meeting on 28 January 2025
2. Corporate Standard Discussion Paper 3.1 on a Scope 3 requirement, Questions #1-3
3. Corporate Standard Discussion Paper 3.2 on a Scope 3 requirement, Questions #4-6
4. Standard Development Plan for the Corporate Standard

Item	Topic and Summary	Outcomes
1	<p><i>Welcome and housekeeping</i></p> <p>The Secretariat welcomed TWG members, briefly reviewed housekeeping items from previous meetings, and shared the Corporate Standard revision timeline from the Standard Development Plan.</p>	No specific outcomes.
2	<p><i>Recap from meeting #2</i></p> <p>The Secretariat summarized the outcomes of meeting 2 on defining a scope 3 reporting requirement and reviewed feedback from the post-meeting survey.</p>	No specific outcomes.
3	<p><i>What reporter type(s), if any, should different levels of scope 3 reporting requirements be defined for?</i></p> <p>The Secretariat presented relevant background material, including how external programs differentiate reporting requirements by reporter type. Proposed options for differentiating scope 3 requirements by reporter type were presented and discussed individually. An indicative poll was held to gauge the level of support for differentiating scope 3 reporting by reporter type.</p>	<p>An indicative poll found majority support for differentiating scope 3 reporting in some way and that defining the differentiation should be the role of GHG Protocol.</p> <p>An indicative poll found majority support for defining different scope 3 reporting requirements for small companies.</p> <p>An indicative poll found majority support for excluding specific high-emitting sectors from a less stringent scope 3 reporting requirement.</p>
4	<p><i>If requirements are differentiated, how should the different scope 3 reporting requirement(s) be defined?</i></p> <p>Due to time limitations, this topic will be covered in the next meeting.</p>	This topic will be covered at the next meeting.
5	<p><i>Wrap-up and next steps</i></p> <p>The Secretariat summarized the plan for the next meeting and the next steps. The next meeting of Subgroup 3 is scheduled for Tuesday February 18, 2025, at 09:00 ET / 15:00 CET.</p>	<p>The Secretariat will share final meeting materials, including a feedback survey.</p> <p>The Secretariat will share a memo on early outcomes from the Scope 3 TWG.</p>

Summary of discussion and outcomes

1. Welcome and housekeeping

- The Secretariat welcomed TWG members, briefly reviewed housekeeping items from previous meetings, and shared the Corporate Standard revision timeline from the Standard Development Plan (Slides 1-10).

Summary of discussion

- The Secretariat reminded TWG members of housekeeping items and provided an overview of general feedback received to date via the Corporate Standard TWG Feedback Form.

- The Secretariat shared the Corporate Standard revision timeline, which was approved by the GHG Protocol Independent Standards Board and can be viewed in the Standard Development Plan for the Corporate Standard.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Recap from meeting #2

- The Secretariat summarized the outcomes of meeting 2 on defining a scope 3 reporting requirement and reviewed feedback from the post-meeting survey. (Slides 11-15)

Summary of discussion

- The Secretariat summarized the key outcomes from meeting 2, which included majority support for “significant emissions,” majority support for a 5% exclusion threshold to define significance, and majority support for exploring differentiated scope 3 reporting requirements.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

3. What reporter type(s), if any, should different levels of scope 3 reporting requirements be defined for?

- The Secretariat presented relevant background material, including how external programs differentiate reporting requirements by reporter type. Proposed options for differentiating scope 3 requirements by reporter type were presented and discussed individually. An indicative poll was held to gauge the level of support for differentiating scope 3 reporting by reporter type. (Slides 16-37)

Summary of discussion

- The Secretariat introduced a question to the subgroup: What reporter type(s), if any, should different levels of scope 3 reporting requirements be defined for? The Secretariat first presented relevant background information, including GHG Protocol current language, relevant research, how external programs differentiate emissions reporting requirements, relevant stakeholder survey feedback, and pre-meeting feedback from the subgroup. Each proposed option was presented, followed by a group discussion.
- **How external programs differentiate reporting requirements:**
 - A TWG member asked if companies subject to ESRS E1 must report all significant scope 3 categories after the relief period. The Secretariat confirmed that is the case.
 - A TWG member asked about the IFRS proportionality concept of “reasonable and supportable information... without undue cost or effort” and how “undue cost or effort” is defined. The Secretariat said that IFRS provides some guidance and examples (e.g., publicly available data sets would not qualify) but that it is ultimately up to a company to define.
- **Discussion about differentiating scope 3 reporting requirements** by reporter type, organized by proposed options.
 - **Option 4A: Differentiated scope 3 reporting levels should be open to all reporter types**
 - A TWG member suggested that differentiation should only be explored by specific company characteristics, such as revenue, size, or geography.
 - A TWG member asked if there are any examples in external programs where different levels are available and open to the reporter. The Secretariat said they are not aware of any such examples for greenhouse gas accounting.
 - A TWG member suggested that an open rating or tiered system of differentiated reporting requirements could be tied to the level of assurance for the inventory. The Secretariat said that verification/assurance will be considered separately, but it could also be tied to a rating or tiered system.

- A TWG member expressed concern that levels open to all reporter types would create reporting loopholes.
- **Option 4B: Differentiate scope 3 reporting by company size**
 - A TWG member commented on the importance of differentiating by SMEs (small- and medium-sized enterprises). They noted that the feasibility of reporting for SMEs came up frequently in defining SBTi requirements.
 - Several TWG members suggested that head count alone is not a good indicator for company size. They suggested considering revenue as a measure of company size.
 - Several TWG members suggested a layered approach in which company size is used along with other criteria.
 - A TWG member indicated a preference for defining company size by monetary value because outsourcing could keep a company's headcount low and introduce a reporting loophole.
 - A TWG member noted that if company size were defined by revenue, it would need to be updated periodically to reflect inflation.
 - Multiple TWG members said that a combined indicator of company size (e.g., headcount + revenue + market share) would be a better indication of size and activities than a single metric alone.
 - A TWG member suggested that having a less stringent pathway for SMEs could encourage more SMEs to report their emissions by reducing the barrier to reporting. They suggested that companies use their local definition of SME.
 - A TWG member suggested that a simplified pathway for SMEs could be temporary.
- **Option 4C: Differentiate scope 3 reporting by company sector**
 - Multiple TWG members said that there are two ways to differentiate by sector: Either reporting requirements could be defined by sector, or specific high-emitting sectors could be excluded from a less stringent reporting pathway. The Secretariat updated the indicative poll held later in the meeting to reflect both options.
 - Multiple TWG members suggested that emissions-intensive sectors (e.g., shipping, oil & gas) should not be eligible for a less stringent reporting pathway. They suggested a layered approach similar to SBTi's SME pathway where reporters must meet multiple criteria to be eligible for the less stringent reporting pathway.
 - A TWG member agreed that many companies span multiple sector classifications, which would make it challenging to define reporting rules by sector that would consistently capture complete emissions for all companies in that sector.
 - A TWG member asked if sector-specific guidance is usually voluntary. The Secretariat clarified that sector-specific guidance is voluntary and is distinct from a standard, which details reporting requirements.
 - A TWG member noted that differentiating by sector (or other criteria) does not necessarily mean that scope 3 would be entirely optional. The details of a differentiated scope 3 reporting requirement would be defined in a future meeting, and it could include a less stringent scope 3 reporting requirement.
- **Option 4D: Differentiate scope 3 reporting for new reporters**
 - Multiple TWG members agreed that it is not the role of GHG Protocol to define different reporting requirements for new reporters. Instead, they said that GHG Protocol should set holistic guidance for best practices. Grace periods could then be defined by mandatory reporting programs.
- **Option 4E: Differentiate scope 3 reporting by geography**
 - A TWG member said that defining scope 3 reporting requirements by geography could result in carbon leaks or the outsourcing/relocating of emissions to regions with less stringent reporting requirements.
 - A TWG member said that differentiation is not necessary for geography.
 - A TWG member suggested that geography and/or circumstances could instead be given as a potential reason for a justifiable exclusion rather than as a way to define different requirements.

- A TWG member said that it would be difficult to determine which countries should have differentiated requirements, especially since the context and circumstances of the countries would change over time.
 - Multiple TWG members suggested that geography could be part of a combined/layered approach to define differentiated reporting requirements. For example, a geography with a less mature reporting environment could have a less stringent reporting requirement, but high-emitting sectors would be excluded.
- **Option 4F: Differentiate scope 3 reporting by a combination of criteria**
 - A TWG member said they prefer differentiation by a combination of attributes that also incentivize completeness in reporting.
 - Multiple TWG members indicated preference for a layered or combined approach that takes into account company size, excludes high-emitting sectors, and potentially considers geography.
- **Additional options for differentiation proposed by TWG members**
 - Multiple TWG members suggested differentiating by emissions.
 - A TWG member said that SBTi uses scope 1 + 2 emissions as a proxy, and this approach could be applied.
 - A TWG member said that emissions could be an additional aspect of a combined or layered approach to exclude high-emitting companies from a less stringent reporting pathway.
 - Multiple TWG members cautioned that using scope 1 + 2 as a proxy could encourage companies to outsource their emissions so that the emissions instead appear in scope 3.
 - A TWG member suggested differentiating reporting based on the reporter's location in the supply chain (e.g., upstream supplier versus downstream user).
 - A TWG member said that this would address where that reporter has the most influence on emissions. They suggested that to drive climate action, the focus should be on reporting and reducing emissions that a reporter has influence over.
 - The Secretariat shared that the Scope 3 Technical Working Group is considering refining the definition of influence, which is one of the criteria for relevance. The Secretariat noted that the preliminary recommendation is that all significant scope 3 emissions shall be reported, regardless of the level of influence.
- **Option 4G: NA – It is not the role of GHG Protocol to define differentiated scope 3 reporting requirements**
 - A TWG member said that by setting their own differentiated reporting requirements, other programs are sending a signal to GHG Protocol. The TWG member said that it may not be GHG Protocol's role to set differentiated reporting requirements.
 - A TWG member said they believe that it is the role of GHG Protocol to define differentiated reporting requirements as appropriate and that GHG Protocol should be the cornerstone of best practices for greenhouse gas accounting and reporting. They noted that regulations could change, and GHG Protocol should be constant.
 - The Secretariat clarified that this option could be restated to say that GHG Protocol should not differentiate, but rather sets the higher bar (best practice) for reporting, leaving external programs to set less stringent requirements as needed.
- **Option 4F: NA – Scope 3 reporting should not be differentiated**
 - Multiple TWG members said they are in favor of differentiating scope 3 reporting requirements.
 - A TWG member noted that too much differentiation (i.e., too many different levels of reporting requirements) would hinder relevance in reporting.
 - A TWG member asked what the stakeholder survey feedback indicated on differentiating scope 3 reporting. The Secretariat said that the feedback varied, including suggestions to have a uniform scope 3 requirement and to differentiate by specific criteria (e.g., company size, sector).

- **The TWG held an open discussion on all options for differentiating scope 3 reporting**
 - A TWG member suggested that differentiated scope 3 reporting could be framed as a temporary ramp-up period rather than a permanent less stringent requirement.
 - A TWG member said that feasibility must be considered to encourage smaller companies to report greenhouse gas emissions. A lower barrier with less stringent reporting could encourage more companies to report.
- **An indicative poll** was held asking: “What should the scope 3 reporting requirement be?”
 - All options listed above were included in the poll, and TWG members indicated the level to which they supported the option (e.g., “No – strongly oppose” to “Yes – strongly support”).
 - The poll responses are organized in the table below, from the highest level of support to the lowest level of support.

Option	Indicative poll responses
Differentiate scope 3 reporting by company size	Majority support , with 8 of 13 members indicating strong support; 1 somewhat supportive; 1 neutral; 1 somewhat opposed; and 1 strongly opposed.
Exclude high-emitting sectors from a less stringent reporting requirement	Majority support , with 7 of 13 members indicating strong support; 1 somewhat supportive; 1 neutral; 2 somewhat opposed; and 2 strongly opposed.
Other/ combination of options	Partial support , with 5 of 13 members indicating strong support; 1 somewhat supportive; 5 neutral; 1 somewhat opposed; and 1 abstained.
Differentiate scope 3 reporting by sector	Limited support , with 2 of 13 members indicating strong support; 2 somewhat supportive; 2 neutral; 2 somewhat opposed; 3 strongly opposed; and 2 abstained.
Differentiate for new reporters	Limited support , with 1 of 13 members indicating strong support; 2 somewhat supportive; 1 neutral; 4 somewhat opposed; and 5 strongly opposed.
NA – Scope 3 reporting should not be differentiated	Majority opposed , with 2 of 13 members somewhat supportive; 5 somewhat opposed; and 6 strongly opposed.
NA – This is not the role of GHG Protocol	Majority opposed , with 1 of 13 members indicating strong support; 6 somewhat opposed; and 6 strongly opposed.
Differentiated scope 3 reporting levels should be open to all reporter types	Majority opposed , with 1 of 13 members indicating strong support; 5 somewhat opposed; and 7 strongly opposed.
Differentiate by geography	Majority opposed , with 0 of 13 members indicating support; 2 neutral; 5 somewhat opposed; and 6 strongly opposed.

Outcomes (e.g., recommendations, options)

- An indicative poll found majority support for differentiating scope 3 reporting in some way and that defining the differentiation is the role of GHG Protocol.
- An indicative poll found majority support for defining different scope 3 reporting requirements for small companies.
- An indicative poll found majority support for excluding specific high-emitting sectors from a less stringent scope 3 reporting requirement.

4. If requirements are differentiated, how should the different scope 3 reporting requirement(s) be defined?

- Due to time limitations, this topic will be covered in the next meeting. (Slides 38-41)

Summary of discussion

- Not applicable

Outcomes (e.g., recommendations, options)

- This topic will be covered at the next meeting.

5. Wrap-up and next steps

- The Secretariat summarized the plan for the next meeting and the next steps. The next meeting of Subgroup 3 is scheduled for Tuesday February 18, 2025, at 09:00 ET / 15:00 CET. (Slides 42-45)

Summary of discussion

- The Secretariat provided an overview of the topic for the next meeting:
 - Meeting 4, February 18th: Consider options for defining a differentiated scope 3 reporting requirement.

Outcomes (e.g., recommendations, options)

- The next Subgroup 3 meeting is scheduled for Tuesday February 18th 2025 at 9:00 ET / 15:00 CET.
- The Secretariat will share final meeting materials: Final slides, minutes, and the recording from January 28th meeting.
- The Secretariat will share a feedback survey.
- The Secretariat will share a memo on preliminary outcomes from the Scope 3 Technical Working Group.
- TWG members will review the materials and complete the feedback survey on a differentiated scope 3 reporting requirement.

Summary of written submissions received prior to meeting

- TWG members were invited to respond to an asynchronous feedback survey prior to the meeting, with 11 responses received. Topics covered included:
 - Whether TWG members had any questions or concerns about the following preliminary outcomes of the second Subgroup 3 meeting:
 - The scope 3 reporting requirement should be defined as “all significant emissions.”
 - “Significant emissions” should be further defined with a cumulative 5% exclusion threshold, relative to total scope 3.
 - Differentiated scope 3 reporting should be explored.
 - Early feedback on and whether any additional options should be considered for the question: “Should different levels of scope 3 reporting requirements be defined, by reporter type?”
 - Early feedback on and whether any additional options should be considered for the question: “What options should be considered for defining a differentiated scope 3 reporting requirement?”
- Results of the feedback survey were used to inform the proposed options and GHG Protocol decision-making criteria analysis for the January 28th meeting, with relevant results summarized in the meeting slides.