

# Corporate Standard Meeting Minutes

## Subgroup 1, Meeting #5

Date: 18 March 2025

Time: 09:00 – 11:00 ET / 14:00 – 16:00 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. Luis Carvajal, Siemens Energy
6. Shaoqing Chen, Sun Yat-sen University
7. Victoria Evans, SCS Engineers
8. Henk Harmsen, SustainCERT
9. Micheline Khan, World Resources Institute
10. Marine Kohler, CentraleSupélec, Université Paris-Saclay
11. Philippe Missi Missi, UNFCCC Regional Collaboration Center West and Central Africa
12. Patrick Murphy, Sierra Club and Climatebase
13. Joanne Richmond, CK Hutchison
14. Vicky Sullivan, Duke Energy

### Guests

None present

### GHG Protocol Secretariat

1. Hande Baybar
2. Iain Hunt
3. Allison Leach

## Documents referenced

1. Slides for the Corporate Standard meeting on 18 March 2025

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 fifth meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief recap of progress made to date.</p>	No specific outcomes
2	<p><b><i>Uses, objectives and business goals</i></b></p> <p>The Secretariat shared a summary of poll results and feedback on uses, objectives, and business goals received during the March 4<sup>th</sup> meeting of the full TWG and via a subsequent feedback survey.</p>	Directional updates on uses, objectives, and business goals to be presented to the ISB on April 28 <sup>th</sup> .
3	<p><b><i>GHG accounting and reporting principles</i></b></p> <p>The Secretariat presented feedback survey results from the full TWG and invited discussion from Subgroup 1 members on the following key issues identified related to GHG accounting and reporting principles: materiality, verifiability, and conservativeness. Indicative polls on the topics were held.</p>	<p>An indicative poll showed <i>majority support</i> (70% of respondents) for maintaining current use of the term “materiality” in the Corporate Standard related to verification.</p> <p>An indicative poll showed <i>majority support</i> (60%) for expanding use of the term “materiality” in the Corporate Standard in text describing the relevance principle.</p> <p>An indicative poll showed <i>split opinions</i> on how to update GHG accounting and reporting principles to refer to “verifiability”, with the highest support (50%) for considering a new verifiability principle.</p> <p>An indicative poll showed <i>split opinions</i> (55% in favor) for considering wider application of the conservativeness principle in GHG inventories beyond the current use for removals accounting in the draft Land Sector and Removals Guidance.</p>
4	<p><b><i>Comparability of GHG inventories</i></b></p> <p>The Secretariat shared poll results from the full TWG meeting on March 4<sup>th</sup> considering comparability as a Corporate Standard objective and subsequent survey feedback received considering comparability as a principle. Subgroup 1 members discussed whether comparability is a concept that can be operationalized as a principle by preparers of GHG inventories, with an indicative poll on the question held.</p>	An indicative poll showed <i>majority agreement</i> (70% of respondents) that comparability is a concept that can be operationalized by preparers of GHG inventories and can be appropriately considered further as a principle.
5	<p><b><i>Wrap up and next steps</i></b></p> <p>The Secretariat outlined next steps including the next Subgroup 1 meeting scheduled for April 15<sup>th</sup>, which will serve to introduce phase 2 topics (tracking emissions over time).</p>	<p>The Secretariat will share meeting materials.</p> <p>Phase 1 outcomes with majority support from the full TWG will be presented to the ISB on April 28<sup>th</sup>.</p> <p>The Secretariat will share an updated meetings schedule through the end of 2025.</p> <p>The next meeting of Subgroup 1 is scheduled for April 15<sup>th</sup>.</p>

## Summary of discussion and outcomes

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

- The Secretariat welcomed TWG members to the fifth 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

- New members of Subgroup 1 were welcomed and invited to introduce themselves.

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

- No specific outcomes.

### 2. Uses, objectives and business goals

- The Secretariat shared a summary of poll results and feedback on uses, objectives, and business goals received during the March 4<sup>th</sup> meeting of the full TWG and via a subsequent feedback survey (slides 12-20).

#### Summary of discussion

- One member noted that it would be helpful to see comments from members who elected to abstain on feedback survey questions. The Secretariat responded that the survey asked members expressing strong opposition to an outcome to provide an explanation but the same did not apply to abstentions. They added that a request for information on why a member abstained will be considered for future surveys.
- One member maintained that a subpoint listed under business goal #1 referencing setting GHG targets and reporting progress should be split out from business goal #1 as a separate item.

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

- Directional updates on uses, objectives, and business goals to be presented to the ISB on April 28<sup>th</sup>.

### 3. GHG accounting and reporting principles

- The Secretariat presented feedback survey results from the full TWG and invited discussion from Subgroup 1 members on the following key issues identified related to GHG accounting and reporting principles: materiality, verifiability, and conservativeness. Indicative polls on the topics were held (slides 21-33).

#### Summary of discussion

- **Materiality:** The Secretariat shared feedback survey results from the full TWG on two questions related to the use of the term “materiality” in the Corporate Standard: whether to maintain current usage related to verification and whether to expand usage as part of the relevance principle. The Secretariat invited discussion from members and then conducted indicative polls on each of the questions.
  - One member noted that the multiple meanings that exist for the term “materiality” might be a challenge for non-native English speakers and lead to misinterpretation.
  - One member emphasized that verification cannot be referred to without mention of “materiality,” citing its use in verification and assurance standards including ISO 14064-3, the International Standard on Assurance Engagements (ISAE) 3410, ISAE 3000, and the draft International Standard on Sustainability Assurance (ISSA) 5000.
  - Members noted how the context has evolved since the Corporate Standard’s last update in 2004, both in terms of the development of verification and assurance standards and in the ways that the term “materiality” is used.
  - One member remarked that accounting standards refer to primary users of information in relation to materiality, noting that primary users of GHG inventory information are less well

- defined. Another member suggested that materiality requires a clear definition and that it should consider a range of stakeholder groups, and not just investors. They noted that focusing on “significance” as applied by Subgroup 3 (i.e., a quantitative emissions threshold for defining a scope 3 reporting requirement) could be a way of providing clarity to users while avoiding weighing in on the variety of uses of the term “materiality”.
- Members shared perspectives on the use of “materiality” in different contexts:
    - One member shared a preparer’s perspective and the common application of a 5% exclusion threshold.
    - One member shared a verifier’s perspective, considering both quantitative materiality thresholds to design an audit plan and qualitative materiality related to documentation and controls.
    - One member highlighted links between materiality from a preparer’s perspective and the principles of completeness and accuracy.
    - One member noted the potential confusion that can result from multiple uses of the term including materiality assessments in sustainability reporting, materiality in financial accounting, and materiality thresholds in verification. They emphasized the necessity of disambiguating these uses in the Standard.
  - One member asked if statistics were available on the number of companies having their emissions verified using ISO 14064-3 and those applying the standard as part of the European Union’s Corporate Sustainability Reporting Directive’s (CSRD) reporting obligations. The Secretariat noted that CDP data on companies having their emissions verified/assured using different standards can be compiled. The Secretariat also linked to a [source estimating that up to 50,000 entities will be subject to new reporting requirements under CSRD](#), but noted that this estimate was made prior to the draft Omnibus, which is likely to lower this number. One member suggested that smaller assurance providers are more likely to use ISO 14064-3 than larger ones, noting that it’s worth reviewing verification/assurance standards beyond just ISO 14064-3.
  - Some members raised a need for more clarification regarding the term “relevance.” One member noted that the Corporate Standard only discusses relevance in terms of boundary setting and that expanding this framing to other aspects of the inventory should be considered. They added that if relevance is defined in terms of the decision-making needs of users it does relate to materiality. Another member noted that if a relevant item is missed, then it is material. The Secretariat highlighted the use of the term “relevance” in the Scope 3 standard related to 6 criteria for identifying relevant scope 3 emissions.
  - **Indicative polls:** The Secretariat conducted indicative polls on two questions related to the use of the term “materiality” in the Corporate Standard.
    - An indicative poll asked members the question: Should current use of the term “materiality” in the Corporate Standard related to “material discrepancies” in the verification of GHG inventories in Chapter 10 of the Corporate Standard be maintained? A *majority* of respondents supported maintaining current use of the term:
      - Yes, current use of “materiality” in relation to verification should be maintained: 7 of 10 respondents
      - No, reference to the term “materiality” should be removed from the verification chapter: 2 of 10
      - Abstain: 1 of 10
    - An indicative poll asked members the question: Should expanded use of the term “materiality” in the Corporate Standard be considered (by referencing as part of the relevance principle)? A *majority* of respondents expressed support for expanded use of the term:
      - Yes, discussion of the relevance principle should be updated to include a reference to “materiality”: 6 of 10 respondents
      - No, discussion of the relevance principle should not be updated to reference “materiality”: 4 of 10
  - **Verifiability:** The Secretariat shared feedback survey results from the full TWG on updating GHG accounting and reporting principles to more specifically refer to “verifiability” either as a new principle

or via updates to the transparency principle. The Secretariat invited discussion from members and then conducted an indicative poll.

- One member noted that if the Corporate Standard provides clear requirements, then by definition inventories that follow those requirements should be verifiable. They added that referring to verifiability in principles would not add anything of substance.
- One member remarked that data, emission factors, and calculations can be transparent in an inventory, but not verifiable.
- One member noted that while there's overlap between transparency and verifiability, a verifiability principle should be articulated to enhance transparency, rather than merely overlap with it. They suggested the following potential wording for a verifiability principle based on the Conceptual Framework for Financial Reporting: "*The verifiability principle ensures that reported information is a true reflection of reality. It requires that the data and methods used are transparent enough to allow for consensus among informed observers on its accuracy. While not demanding absolute agreement, it seeks a general acknowledgment that the information presented is reliably and faithfully constructed.*"
- The Secretariat posed a follow-up question to members asking whether different aspects of the transparency principle require disentangling (i.e., transparency to the public and external stakeholders versus internal processes).
  - One member noted that there are two components of transparency: 1) how reporters explain their calculation methodology and 2) verifiability/how numbers being presented are supported. They added that the transparency principle as currently framed includes both.
  - One member suggested that the definition of transparency in ISO 14064-1 provides more clarity than that in the Corporate Standard, and it disentangles the concept from the audit trail.
  - One member expressed that focusing the transparency principle on public transparency while adding a verifiability principle to address auditability would help ensure that users understand that both of these (i.e., public transparency and auditability) are required.
- **Indicative poll:** The Secretariat conducted an indicative poll asking the question: Should GHG accounting and reporting principles be updated to more specifically refer to "verifiability"? Members expressed *split opinions*, with the highest number of respondents (50%) in favor of adding a new verifiability principle:
  - Yes, a new verifiability principle should be added: 5 of 10 respondents
  - Yes, discussion of the transparency principle should be updated to more specifically refer to "verifiability": 2 of 10
  - No, no updates to principles are necessary to more specifically refer to "verifiability": 2 of 10
  - Abstain: 1 of 10
- **Conservativeness:** The Secretariat introduced conservativeness as a topic where open feedback was received from TWG members, with some suggesting the principle be applicable to GHG inventory accounting beyond the current use for removals accounting introduced in the draft GHG Protocol Land Sector and Removals Guidance. The Secretariat invited discussion from members and conducted an indicative poll.
  - One member remarked that the origin of conservativeness is the UNFCCC's Clean Development Mechanism (CDM), and that it does not only apply to removals as it was intended to prevent overestimation of emission reductions from projects. The Secretariat noted that project-based GHG accounting methods are used for CDM projects and that the GHG Protocol Project Standard also contains a conservativeness principle.
  - A member commented that the application of the conservativeness principle in inventories in instances of high uncertainty can help motivate companies to move toward more accurate data and calculation methods.
  - **Indicative poll:** The Secretariat conducted an indicative poll asking members the question: Should wider use of the conservativeness principle (beyond removals accounting) be considered for instances where "uncertainty is high and accurate estimates are not

practicable”? Members expressed *split opinions*, with a slight majority expressing support for expanded applicability of the conservativeness principle:

- Yes: 6 of 11 respondents
- No: 4 of 11
- Abstain: 1 of 11

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

- An indicative poll showed *majority support* (70% of respondents) for maintaining current use of the term “materiality” in the Corporate Standard related to verification.
- An indicative poll showed *majority support* (60%) for expanding use of the term “materiality” in the Corporate Standard in text describing the relevance principle.
- An indicative poll showed *split opinions* on how to update GHG accounting and reporting principles to refer to “verifiability,” with the highest support (50%) for considering a new verifiability principle.
- An indicative poll showed *split opinions* (55% in favor) for considering wider application of the conservativeness principle in GHG inventories beyond the current use for removals accounting in the draft Land Sector and Removals Guidance.

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

- The Secretariat shared poll results from the full TWG meeting on March 4th considering comparability as a Corporate Standard objective and subsequent survey feedback received considering comparability as a principle. Subgroup 1 members discussed whether comparability is a concept that can be operationalized as a principle by preparers of GHG inventories, with an indicative poll on the question held (slides 34-40).

#### Summary of discussion

- The Secretariat introduced feedback survey results from the full TWG on whether comparability should be considered as a GHG accounting and reporting principle. The Secretariat described the distinction between objectives that the standard it itself intends to achieve and GHG accounting and reporting principles that must be operationalized by preparers of GHG inventories. The Secretariat invited discussion from members on the question of whether comparability is a concept that preparers of GHG inventories can operationalize and can therefore be further considered as a principle. An indicative poll was conducted on the question.
  - One member emphasized that implementing comparability as a principle will require a greater degree of standardization than defining comparability as an objective. They added that IFRS and CSRD are moving carefully in this direction and suggested that the TWG consider the related text that they’ve developed.
  - One member suggested that internal comparability between different business units within the same company can be operationalized as a reporting company can apply common methods across business units, but that comparability between different companies cannot be operationalized as a principle.
  - One member noted that if comparability were adopted as a principle, clear guidance on its intent should be provided, with clear applications of comparability akin to language describing business goals developed.
  - One member suggested that comparability can relate to reporting formats. The Secretariat added that this is part of how the comparability principle in the IPCC Guidelines for National GHG Inventories is framed.
  - One member noted that comparability of information might be better considered as an outcome of applying a standard rather than an input operationalized by reporters, noting that CSRD is eventually planning to rate companies based on information they report, with ratings linked to access to finance.
  - One member suggested that comparability does not need to be considered in absolute terms, and that while moving to better comparability will entail more prescriptive requirements, some methodological choices have a greater impact on comparability than others, such as



- scope 3 inclusion/exclusion. They added that comparability is ultimately limited by structural differences between companies.
- One member noted that comparable information for decision-making is of high value and that GHG Protocol is in a position where it should respond to needs of external stakeholders for comparable information. They also noted that GHG inventories developed according to the Corporate Standard provide just one piece of information needed by decision-makers and that other tools are necessary to provide more complete information.
  - One member suggested that comparability could be enabled by uncertainty measurement. The Secretariat noted that uncertainty is a topic under consideration by the Scope 3 TWG and will be considered by Subgroup 3 of the Corporate Standard TWG. Another member added that GHG Protocol currently does not state a clear position on uncertainty and that uncertainty also relates to conservativeness.
  - **Indicative poll:** The Secretariat conducted an indicative poll prompting TWG members to indicate their level of agreement with the following statement: Comparability is appropriate to define as a principle that can be operationalized by preparers of GHG inventories. A majority of respondents agreed or strongly agreed with the statement.
    - Strongly disagree: 0 of 10 respondents
    - Disagree: 3 of 10
    - Neutral: 0 of 10
    - Agree: 5 of 10
    - Strongly agree: 2 of 10
    - Abstain 0 of 10

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

- An indicative poll showed *majority agreement* (70% agree or strongly agree) that comparability is a concept that can be operationalized by preparers of GHG inventories and can be appropriately considered further as a principle.

## 5. Wrap up and next steps

- The Secretariat outlined next steps including the next Subgroup 1 meeting scheduled for April 15<sup>th</sup>, which will serve to introduce phase 2 topics (tracking emissions over time) (slides 41-45).

#### Summary of discussion

- No comments from TWG members provided.

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

- Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.
- Phase 1 outcomes with majority support from the full TWG will be presented to the ISB on April 28<sup>th</sup>.
- The Secretariat will share an updated meetings schedule through the end of 2025.
- The next meeting of Subgroup 1 is scheduled for Tuesday, April 15<sup>th</sup>, 2025 at 09:00 ET / 15:00 CET / 22:00 CHN.

## Summary of written submissions received prior to meeting

- The Secretariat invited all Corporate Standard TWG members to respond to a feedback survey to confirm support for preliminary phase 1 outcomes from subgroup 1 and to request input on outstanding questions. 27 members responded prior to the meeting, with results detailed in meeting slides and included as part of meeting discussions.