



Corporate Standard Technical Working Group

Subgroup 1, Meeting #5

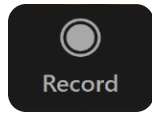
GHG Protocol Secretariat team:

Iain Hunt, Hande Baybar, Allison Leach

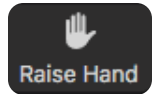
March 18th, 2025



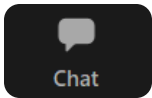
Meeting information



This meeting is **recorded**.



Please use the **Raise Hand** function to speak during the call.



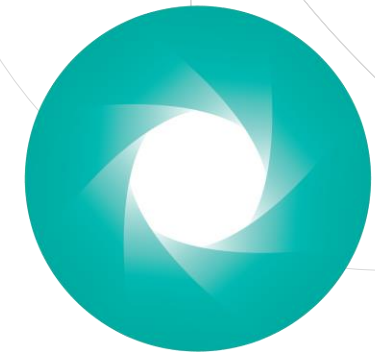
You can also use the **Chat** function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

Agenda

- Introduction and recap of progress to date 10 minutes
- Uses, objectives, and business goals 20 minutes
- GHG accounting and reporting principles 40 minutes
- Comparability of GHG inventories 40 minutes
- Wrap up and next steps 10 minutes

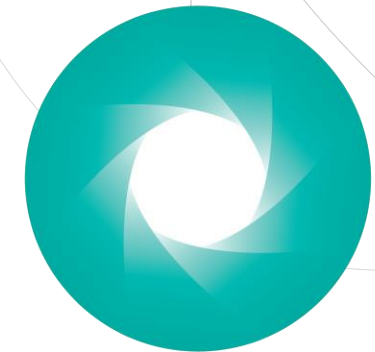


GREENHOUSE GAS PROTOCOL



Agenda

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Housekeeping: Guidelines and procedures

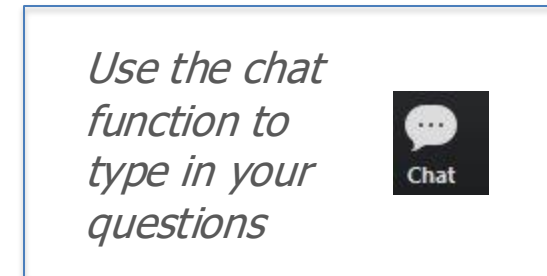
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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



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

23 responses have been received through our general feedback form – thank you! Overarching themes include:

- Feedback on the scope of work presented in the Standard Development Plan
- Feedback on specific topics discussed in TWG meetings (note: this feedback is integrated into TWG meeting materials)
- Feedback related to TWG process

The list of submissions and Secretariat responses are tracked in the Shared TWG Folder in the Admin sub-folder

Please continue using the **Microsoft Form** for all feedback and questions

Welcoming new members to Subgroup 1

Quick <30 second introductions:

- Name
- Location
- Organization
- Current role (*and how it relates to use of the Corporate Standard*)

Subgroup 1

- **Luis Carvajal**, Siemens Energy
- **Shaoqing Chen**, Sun Yat-sen University
- **Marine Kohler**, CentraleSupélec, Université Paris Saclay
- **Patrick Murphy**, Sierra Club, Climatebase
- **Emma Watson**, Science Based Targets Initiative

Today's objectives

1. Review outcomes from full TWG meeting on phase 1 topics

- Priority uses of *Corporate Standard* and GHG inventory data
- Recommendations for retaining/eliminating/adding new objectives and business goals
- Comparability as an objective of the *Corporate Standard*

2. Continue discussion on outstanding phase 1 items, considering input from full TWG

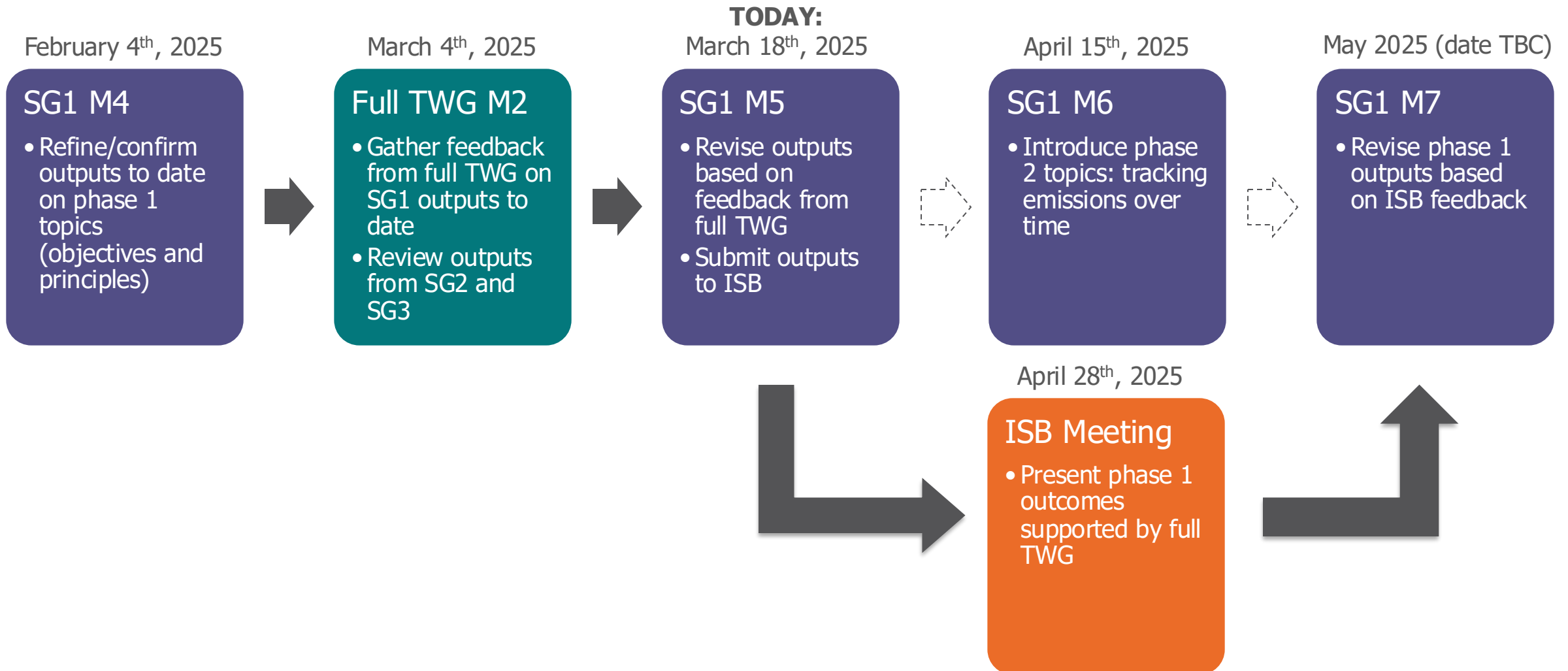
- GHG accounting and reporting principles (including key issues: materiality, verifiability)
- Comparability as a principle

Phase 1 outcomes supported by full TWG will be presented to the Independent Standards Board (ISB) in April.

Subgroup 1, phase 1: summary of preliminary outcomes

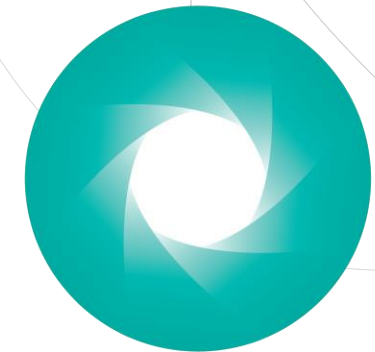
Topic	Outcomes from full TWG meeting	Pending input from feedback survey
<p>1. Uses of the Corporate Standard and GHG inventory data</p>	<ul style="list-style-type: none"> • Majority support for all priority use cases presented 	<ul style="list-style-type: none"> • Opportunity for members to express strong opposition to prioritizing any uses identified
<p>2. Corporate Standard objectives and business goals</p>	<ul style="list-style-type: none"> • Majority support for all recommendations presented to retain/eliminate/add new objectives and business goals 	<ul style="list-style-type: none"> • Opportunity for members to express strong opposition to any recommendations
<p>3. GHG accounting and reporting principles</p>	<ul style="list-style-type: none"> • <i>Request for feedback via feedback survey</i> 	<ul style="list-style-type: none"> • Input on key pending issues: materiality and verifiability
<p>4. Comparability of GHG information</p>	<ul style="list-style-type: none"> • Majority support for comparability as an objective of the <i>Corporate Standard</i> 	<ul style="list-style-type: none"> • Input on whether to consider comparability as a principle

Upcoming schedule (tentative)



Agenda

- Introduction and recap of progress to date 10 minutes
- **Uses, objectives, and business goals** 20 minutes
- GHG accounting and reporting principles 40 minutes
- Comparability of GHG inventories 40 minutes
- Wrap up and next steps 10 minutes



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Scope of work: objectives

Relevant chapters: Introduction, chapter 1 (GHG Accounting and Reporting Principles), and chapter 2 (Business Goals and Inventory Design)

A.1. Revisit stated objectives of the Corporate Standard in consideration of the following:

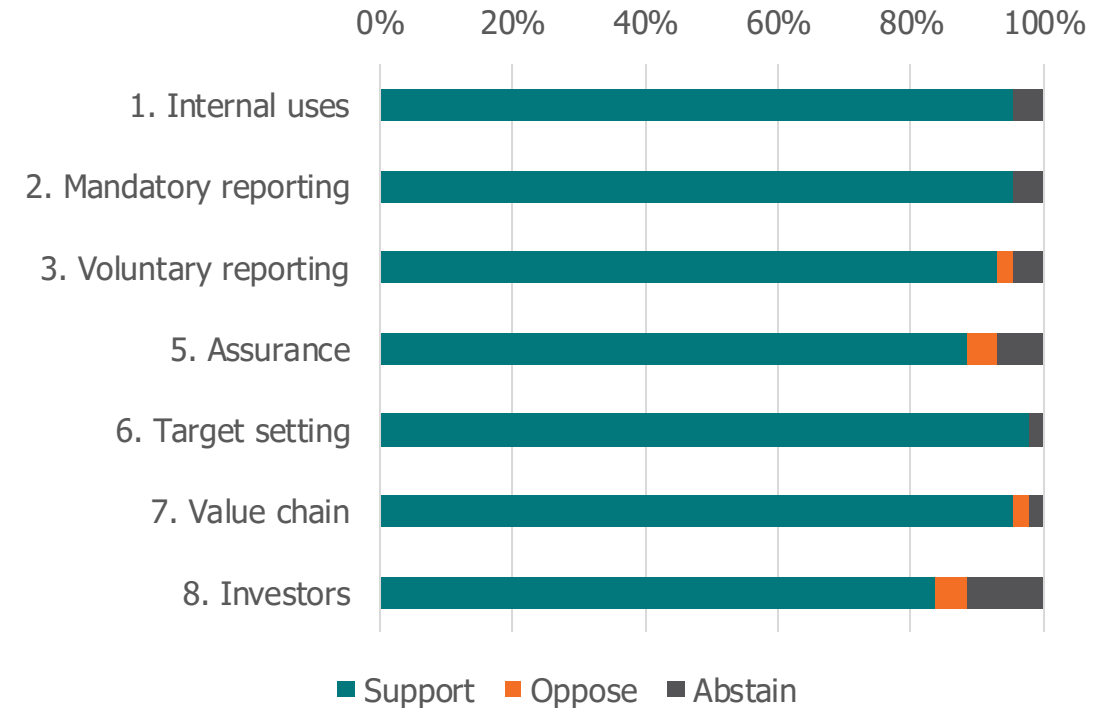
- Use of the standard in voluntary and mandatory **GHG reporting programs**.
- Use of the standard in **target-setting programs** (e.g., Science Based Targets Initiative – SBTi).
- Increased **integration** of sustainability and financial information.
- Increased demands for GHG inventories to be **verified/assured**.
- **Use of the standard by stakeholders** including reporting organizations, preparers, assurance providers, and policymakers.
- **Use of GHG inventory data by stakeholders** including reporting organizations, investors, customers, and regulators.
- Better facilitating **comparability** across inventories from different reporting organizations.
- The **range of reporting organizations** using the standard globally.

A.2. Develop **clarifying language** for uses that the Corporate Standard and GHG inventory data are not intended for and delineate the respective roles of the GHG Protocol and reporting programs, target setting programs, etc.

Uses: Priority use cases for *Corporate Standard* and GHG inventory data

1. Internal uses of GHG data to help inform decisions to **manage/reduce emissions**
2. Use of the Standard in policy and in **mandatory reporting** programs
3. Voluntary reporting, and use of the Standard in **voluntary reporting** programs*
4. **Assurance**, use of the Standard for requirements/criteria to verify/assure GHG inventories against
5. **Target setting**, use of the Standard in target setting programs, and use of GHG inventory data in setting and monitoring progress against targets
6. Provision of GHG data to **customers/value chain partners**⁺ (e.g., for their scope 3 reporting)
7. Provision of GHG data to **investors***

Aggregated poll results: priority use cases



? Poll results from full TWG meeting: Majority support for all uses listed

* Uses suggested by Subgroup 1 members subsequent to poll confirming support for preliminary list.
 + “Value chain partners” added for more inclusive framing

Uses: results from full TWG feedback survey

A *majority* 89% (24 of 27) respondents expressed *no strong opposition* to any priority use cases proposed.

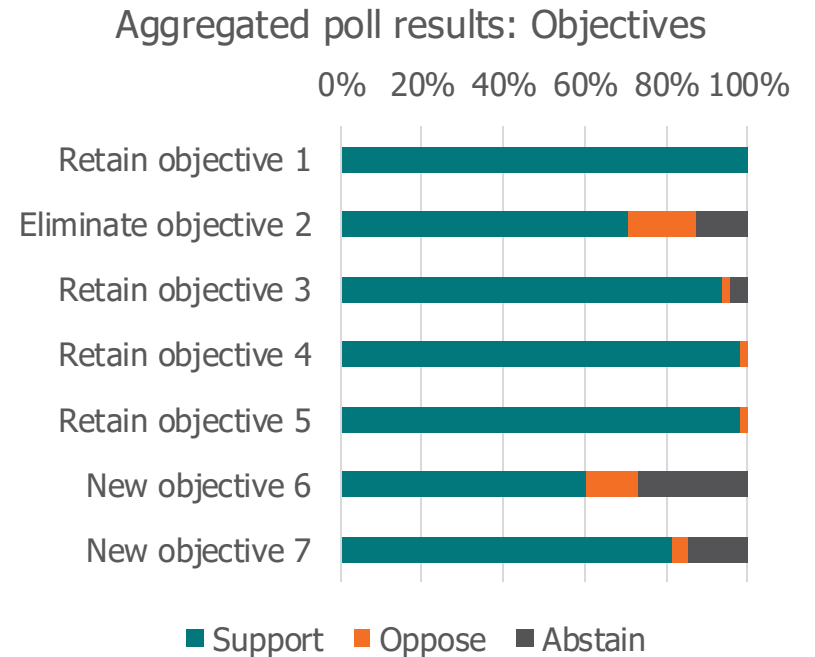
Use cases with *strong opposition* from one or more TWG member

Use case	# members expressing "strong opposition"	Comments provided
Assurance , use of the Standard for requirements/criteria to verify/assure GHG inventories against	2	<ul style="list-style-type: none"> Current standard does not allow for proper verification/validation/certification nor comparison between organizations, which is what external stakeholders (investors, value chain partners) intend to do Need to more fully understand what the expected impact of prioritizing each use case would be*
Provision of GHG data to customers/ value chain partners (e.g., for their scope 3 reporting)	1	<ul style="list-style-type: none"> Corporate Standard only intended for entity-level GHG accounting – provision of GHG data to value chain partners requires product-level data
Provision of GHG data to investors	1	<ul style="list-style-type: none"> Lack of comparability (see comments related to "assurance" use case)

* Comment may apply to other use cases listed.

Objectives: Preliminary recommendations on *Corporate Standard* objectives

Corporate Standard objective	Preliminary Subgroup 1 recommendation
1. To help companies prepare a GHG inventory that represents a true and fair account of their emissions, through the use of standardized approaches and principles	Retain (with modifications)
2. To simplify and reduce the costs of compiling a GHG inventory	Eliminate (or combine with #1)
3. To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions	Retain (with modifications)
4. To provide information that facilitates participation in voluntary and mandatory GHG programs	Retain (with modifications or combine with #5)
5. To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs	Retain (with modifications or combine with #4)
6. Integration of sustainability/financial information and/or the provision of GHG information to investors/financial markets	Proposed new objective (note: split opinion)
7. Supporting emission reduction target setting and monitoring	Proposed new objective



? **Poll results from full TWG meeting:** Majority support for all preliminary subgroup 1 recommendations

Objectives: results from full TWG feedback survey

A *majority* 81% (22 of 27) respondents expressed *no strong opposition* to any proposed updates to objectives.

Proposed updates to objectives with *strong opposition* from one or more TWG member

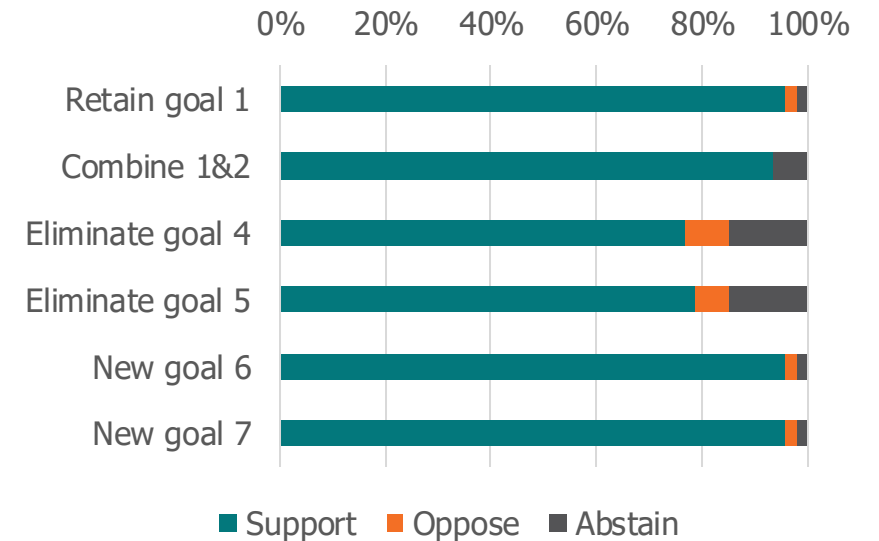
Proposed update to Corporate Standard objectives	# members expressing "strong opposition"	Comments provided
Retain #4 (participation in voluntary and mandatory GHG programs)	1	<ul style="list-style-type: none"> Overlap between #1, #4 and #5
Retain #5 (increase consistency and transparency among companies and programs)	2	<ul style="list-style-type: none"> Consistency/comparability not achievable or role of reporters to support – requires further discussion Overlap between #1, #4, and #5
Add new objective related to integration of sustainability/financial information, provision of data to financial markets	4	<ul style="list-style-type: none"> "Provision of information" shouldn't be an objective – objectives should achieve something else Lack of comparability of GHG information inhibits objective Not applicable to all reporting companies Emissions not inherently tied to finances, should not be "integrated" with financial information Further consideration of implications of proposed objective needed
Add new objective related to target setting and monitoring	1	<ul style="list-style-type: none"> Overlap between proposed new objective and existing objective #3

General comment: Need to clarify relationship between uses, objectives and business goals

Objectives: Preliminary recommendations on business goals

Business goal	Preliminary Subgroup 1 recommendations
1. Managing GHG risks and identifying reduction opportunities	Retain (with modifications)
2. Public reporting and participation in voluntary GHG programs	Retain (but combine with #3)
3. Participating in mandatory reporting programs	Retain (but combine with #2)
4. Participating in GHG markets	Eliminate
5. Recognition for early voluntary action	Eliminate
6. Engaging with value chain partners on GHG reduction opportunities	Proposed new business goal
7. Identifying GHG reduction opportunities, setting GHG targets, and tracking progress over time	Proposed new business goal

Aggregated poll results: Business goals



? **Poll results from full TWG meeting:** Majority support for all preliminary subgroup 1 recommendations

Business goals: results from full TWG feedback survey

A *majority* 81% (22 of 27) respondents expressed *no strong opposition* to any proposed updates to business goals.

Proposed updates to objectives with *strong opposition* from one or more TWG member

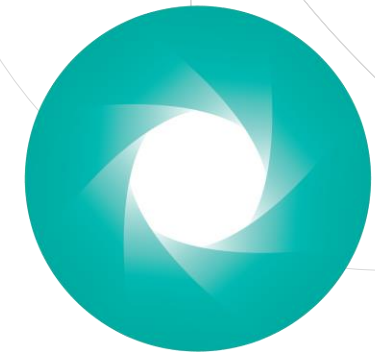
Proposed updates to business goals	# members expressing "strong opposition"	Comments provided
Retain #1 (risks and opportunities)	2	<ul style="list-style-type: none"> Overlap with proposed new goal on identification of reductions, etc.
Eliminate #4 (GHG markets)	1	<ul style="list-style-type: none"> GHG markets play crucial role in driving corporate climate action, eliminating goal could disincentivize financing for GHG reduction projects in developing markets
Eliminate #5 (early voluntary action)	1	<ul style="list-style-type: none"> Remaining need to incentivize early voluntary action in developing markets
New goal on engaging with value chain partners on reduction opportunities	2	<ul style="list-style-type: none"> Overlap with #1 (i.e., proposed new goal is a sub-goal of #1)
New goal on identifying reductions, target setting, tracking progress over time	3	<ul style="list-style-type: none"> Overlap with #1

Next steps: Uses, objectives, and business goals

- Alignment of discussions across workstreams related to uses and purposes (ongoing)
- Directional updates to ISB in April
- Begin draft text updates (Corporate Standard introduction, Chapter 2)
 - Different approaches being considered (forming volunteer drafting group, requesting proposals from members): input requested via post-meeting feedback survey

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Scope of work: principles

Relevant chapters: Introduction, chapter 1 (GHG Accounting and Reporting Principles), and chapter 2 (Business Goals and Inventory Design)

A.3. Revisit **GHG accounting and reporting principles** defined in chapter 1 of the Corporate Standard in consideration of the following:

- Any updates to stated **objectives**.
- Use of the term “**materiality**” in the Corporate Standard beyond the current use case related to verification/assurance and reconciliation of the terms “materiality” and “significance” vis-à-vis the principle of relevance.
- Principles introduced in the draft GHG Protocol **Land Sector and Removals Standard**: conservativeness, permanence (of removals), and comparability (optional).
- **Financial accounting principles** such as those from the Financial Accounting Standards Board’s Generally Accepted Accounting Principles of the United States of America (U.S. GAAP) or the International Accounting Standards Board’s International Financial Reporting Standards (IFRS).

Principles: summary of Subgroup 1 discussions

Principles defined in *Corporate Standard*

GHG accounting and reporting principle	Input from Subgroup 1 members
Relevance	<ul style="list-style-type: none"> Consideration of term “materiality” as part of relevance principle or as new principle
Completeness	<ul style="list-style-type: none"> Reconsider phrase “within the chosen inventory boundary” as setting appropriate boundaries should be part of a completeness check
Consistency	<ul style="list-style-type: none"> Maintain current framing related to consistency over time Consider tradeoffs between consistency over time and improving completeness and accuracy
Transparency	<ul style="list-style-type: none"> Consideration of verifiability, either as part of transparency principle or as a new principle
Accuracy	<ul style="list-style-type: none"> Need to disentangle distinct concepts of bias, accuracy, and uncertainty Remove phrase “reasonable assurance”, consider replacing with “reasonable confidence” as in other GHG Protocol standards Capture intent of improving accuracy over time

Principles introduced in *Land Sector and Removals Standard (LSR)*

GHG accounting and reporting principle	Input from Subgroup 1 members
Conservativeness (removals accounting only)*	<ul style="list-style-type: none"> Contrasting feedback including: <ul style="list-style-type: none"> Consideration of wider use in cases of high uncertainty Consideration of appropriateness within corporate suite as a consequential principle, potential for introducing bias
Permanence (removals accounting only)*	<ul style="list-style-type: none"> Consider appropriateness within corporate suite as a consequential principle
Comparability (recommended in LSR)	<ul style="list-style-type: none"> <i>To be discussed as part of next agenda item.</i>

Items to be discussed today

*Conservativeness and permanence were introduced in the *Land Sector and Removals Guidance* to apply specifically to removals accounting, an issue beyond the scope of the *Corporate Standard* TWG. Feedback related to the topic will be shared with the LSR team.

Materiality: definitions across frameworks

<p>GHG Protocol Corporate Standard*</p>	<p>Defined in Chapter 10 (Verification of GHG Emissions) in context of “material discrepancies” in verification: “Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it” (p.69).</p>
<p>ISO 14064-3:2019* (verification standard)</p>	<p>“Concept that individual misstatements, or the aggregation of misstatements could influence the intended users' decisions”</p>
<p>IFRS S1: General Requirements</p>	<p>“Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity’s sustainability-related financial disclosures” (p.7). “...information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions [of users]” (p.8). Note: Nearly identical to definition in <i>Conceptual Framework for Financial Reporting</i>.</p>
<p>ESRS 1: General Requirements</p>	<p>Framed in terms of “double materiality”, which has two dimensions:</p> <ul style="list-style-type: none"> • Impact materiality: pertains to an organization’s “material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term” (p.10) • Financial materiality: “information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity” (p.10)
<p>GRI 1: Foundation 2021</p>	<p>“...the organization prioritizes reporting on those topics that represent its most significant* impacts on the economy, environment, and people... these are the organization’s material topics” (p.8). *Significance: “The significance of a potential negative impact is determined by the severity and likelihood of the impact” (GRI 3: Material Topics 2021, p.12)</p>

* Both GHG Protocol and ISO specifically refer to materiality in the context of verification.

Use of the term “materiality” in the *Corporate Standard*

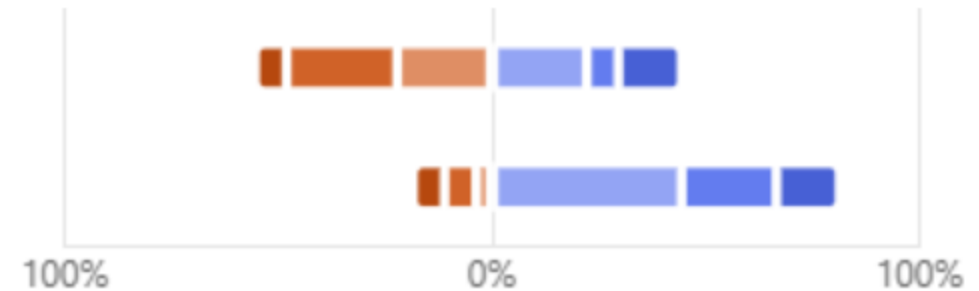
- First referenced in discussion of **completeness** principle (Chapter 1, p.8)
 - Reference to “materiality thresholds” for exclusions, noting that their application is *not* compatible with the completeness principle
- Discussed in detail in relation to **verification** (“The concept of materiality, Chapter 10, pp.69-70)
 - “Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it”*
 - “Material discrepancy”: “an error... that results in a reported quantity or statement being significantly different to the true value or meaning”
 - Reference to “5% rule of thumb”
 - Implicitly framed in quantitative terms, based on magnitude of emissions

Materiality: results from full TWG survey

● Strongly disagree ● Disagree ● Neutral ● Agree ● Strongly agree ● Abstain

Maintain current use of the term "materiality" related to "material discrepancies" in the verification of GHG inventories in Chapter 1...

Consider expanded usage of the term "materiality" in the Corporate Standard by referencing as part of the relevance...



- *Split opinions* on whether to maintain current use of "materiality" related to **verification**
- *Majority support* for expanding use of "materiality" by referencing as part of **relevance principle**: 69% (18 of 27 respondents) "agree" or "strongly agree"

Note: Subgroup 1 members previously expressed *split opinions* on combined question on maintaining current use related to verification and *not* expanding usage related to relevance principle

a. Should **current use** of the term “materiality” related to “material discrepancies” in the **verification** of GHG inventories in Chapter 10 of the Corporate Standard be maintained?

Yes, current use of “materiality” in relation to verification should be maintained

- Status quo, change potentially confusing to users
- Current usage aligns with that in ISO 14064-3 (verification standard)

No, reference to the term “materiality” should be removed from verification chapter

- Potential confusion with ways that “materiality” is defined/used in other frameworks
- Misinterpretation as “materiality threshold” for justifiable exclusions in inventory development



Discussion: Should current usage of the term “materiality” in relation to verification be maintained?

Materiality and relevance

Relevance in *Corporate Standard*

“Ensure the GHG inventory appropriately reflects the GHG emissions of the company and **serves the decision-making needs of users** – both internal and external to the company”

Relevance in *Conceptual Framework for Financial Reporting*

“Relevant financial information is capable of **making a difference in the decisions made by users.**”

“Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.”

Materiality in *Conceptual Framework for Financial Reporting*

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions [of users].”

“Materiality is an **entity-specific aspect of relevance** based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity’s financial report.”

b. Should **expanded use of the term “materiality” in the *Corporate Standard* be considered (by referencing as part of the **relevance principle**)?**

Yes, discussion of the relevance principle should be updated to include a reference to “materiality”

- Example text: “Materiality is an entity-specific aspect of relevance...”
- Better alignment with usage in financial accounting (and IFRS S1)

No, discussion of the relevance principle should *not* be updated to reference “materiality”

- Avoid potential conflicts as “materiality” is a concept with varied uses and definitions across numerous frameworks



Discussion: Should use of the term “materiality” be expanded and referenced as part of the relevance principle?

Verifiability and transparency

Definitions of verifiability

Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021
<p>“Verifiability helps assure users that information faithfully represents the phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.”</p>	<p>“The organization shall gather, record, compile, and analyze information in such a way that the information can be examined to establish its quality”</p>

Transparency principle in *Corporate Standard*

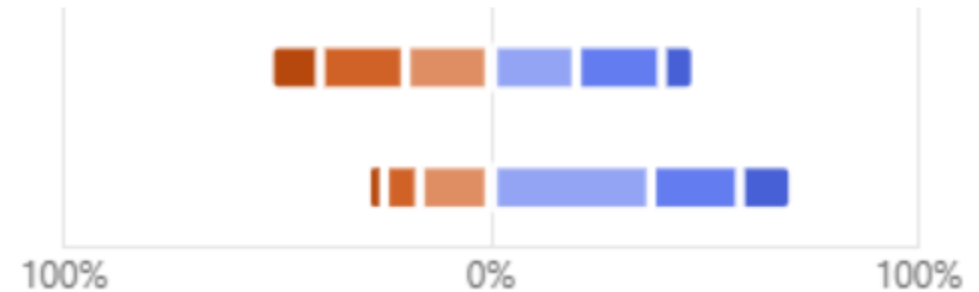
Summary definition (p.7)	Expanded definition (excerpted, p.9)
<p>“Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.”</p>	<p>“Information needs to be recorded, compiled, and analyzed in a way that enables internal reviewers and external verifiers to attest to its credibility.”</p> <p>“The information should be sufficient to enable a third party to derive the same results if provided with the same source data.”</p>

Verifiability: results from full TWG survey

● Strongly disagree ● Disagree ● Neutral ● Agree ● Strongly agree ● Abstain

Consider a new verifiability principle

Consider updates to transparency principle to more specifically refer to verifiability



- *Split opinions* on whether to consider a new **verifiability principle**
- *Split opinions* for considering **updates to transparency principle** to more specifically refer to verifiability (but more support than for considering a new verifiability principle)

Note: Subgroup 1 members previously expressed *split opinions* on question with 3 options: new verifiability principle, update transparency principle, no updates needed

Should GHG accounting and reporting principles be updated to more specifically refer to “**verifiability**”?

Yes, a new verifiability principle should be added

Help **disentangle different concepts** referenced in transparency principle (external transparency versus internal procedures)

Yes, discussion of the transparency principle should be updated to more specifically refer to “verifiability”

Strengthen connections between transparency principle in *Corporate Standard* and verifiability as presented in other frameworks (*Conceptual Framework for Financial Reporting*)

No, no updates to principles are necessary to more specifically refer to “verifiability”

Verifiability already **sufficiently addressed** in principles



Discussion: Should principles be updated to more specifically integrate the concept of verifiability (and how)?

Conservativeness

Definition from *Land Sector and Removals Standard*

(required for removals accounting only)

“Use conservative assumptions, values, and procedures when uncertainty is high and accurate estimates are not practicable. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and other related metrics and underestimate removals.”

Conservativeness principle first introduced in GHG Protocol Project Standard (p.24), with note related to the accuracy principle: “where accuracy is sacrificed, data and estimates... should be conservative”.

Subgroup 1 members expressed contrasting views related to the conservativeness principle:

Some members expressed concern regarding the applicability of the principle for inventory accounting (as a principle used in consequential accounting), highlighting that it would introduce bias.

Some members suggested that the principle could be more widely applicable (i.e., to emissions accounting) to instances where “uncertainty is high and accurate estimates are not practicable”.

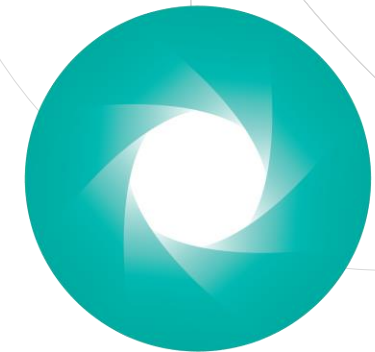
(Note: removals accounting is not part of the Corporate Standard TWG scope of work)



Discussion: Should wider use of conservativeness principle (beyond removals accounting) be considered?

Agenda

- Introduction and recap of progress to date 10 minutes
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- **Comparability of GHG inventories 40 minutes**
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Comparability: key preliminary Subgroup 1 outcomes

Prioritizing comparability as part of Standard updates

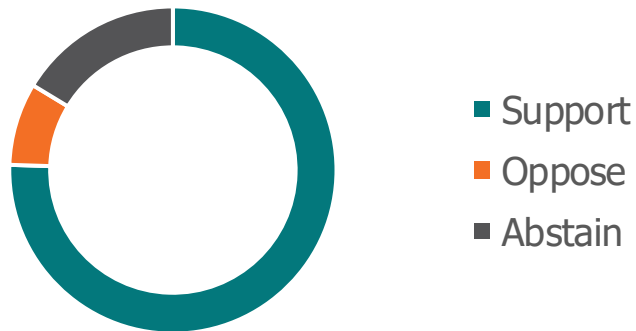
Majority support for **prioritizing enhancing comparability** when considering updates to the Corporate Standard

Majority agreement that **both GHG Protocol and programs/sector initiatives have roles to play** in enhancing comparability

Comparability as an **objective**

Majority support for including comparability among Corporate Standard **objectives**

Full TWG meeting outcome: Comparability as an objective



Comparability as a **principle**

Low support for adopting comparability as an **optional/ recommended principle** (as in draft Land Sector and Removals Guidance)

Split opinions for adopting comparability as a **required principle**



Open item – to be discussed further today considering feedback from full TWG

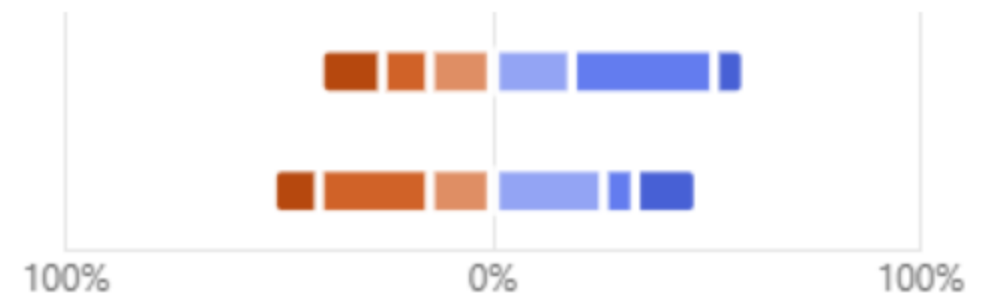
Comparability: results from full TWG survey

- **Comparability as an objective:**
 - *Majority* 96% (26 of 27) respondents expressed *no strong opposition* to outcome*
- **Comparability as a principle:**
 - *Split opinions* on adopting a required comparability principle
 - *Split opinions* on adopting a recommended comparability principle (as in draft *Land Sector and Removals Guidance*), but with *less* support than for adopting a required principle

● Strongly disagree ● Disagree ● Neutral ● Agree ● Strongly agree ● Abstain

Adopt a **required** comparability principle

Adopt a **recommended** comparability principle (as currently defined in LSR)



*Comments from respondent with strong opposition: Need more detail on how to operationalize, diversity of business structures inhibit comparability

Comparability as a principle: results from full TWG Survey

Arguments in favor	Arguments opposed	Other comments
<ul style="list-style-type: none"> Stakeholders already compare GHG inventories – implementing a comparability principle with other commensurate revisions is necessary for moving toward meaningful comparisons Respond to regulatory scrutiny and investor demand for comparable information IPCC Guidelines for National GHG Inventories include a data comparability principle 	<ul style="list-style-type: none"> Comparability should be addressed by standards themselves (e.g., by limiting optionality) and is not something for reporters to have to operationalize A recommended principle may cause problems with assurance Principle should only be considered if optionality is significantly limited Not necessary as adherence to existing principles helps enhance comparability Hard to operationalize as a principle 	<ul style="list-style-type: none"> Need to distinguish (internal) consistency versus comparability Having 2 different inventories to serve internal versus external (comparative) purposes could be considered, with latter limited to scopes 1 and 2 Existing optionality in standard is there for a reason, removing it for the sake of comparability would be a risk, but enhanced disclosure requirements could help provide transparency on extent of comparability Comparability is more than just applying common methods LSR shouldn't diverge from Corporate Standard on this, unless there's a specific reason related to land sector or removals accounting

Definitions: consistency and comparability

	Consistency	Comparability
GHG Protocol	<p>“Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.”</p>	<p>“Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories can be compared across multiple companies, as well as internally within each company.”</p>
IPCC Guidelines for National GHG Inventories	<p>“Estimates for different inventory years, gases and categories are made in such a way that differences in the results between years and categories reflect real differences in emissions. Inventory annual trends, as far as possible, should be calculated using the same method and data sources in all years and should aim to reflect the real annual fluctuations in emissions or removals and not be subject to changes resulting from methodological differences.”</p>	<p>“The national greenhouse gas inventory is reported in a way that allows it to be compared with national greenhouse gas inventories for other countries. This comparability should be reflected in appropriate choice of key categories... and in the use of the reporting guidance and tables and use of the classification and definition of categories of emissions and removals...”</p>
Conceptual Framework for Financial Reporting	<p>Consistency, although related to comparability, is not the same. Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities. Comparability is the goal; consistency helps to achieve that goal.”</p>	<p>“Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items...”</p>

Discussion: comparability as a principle



Discussion: Is comparability appropriate to define as a principle (versus as an objective)? *I.e., Can comparability be operationalized by preparers of GHG inventories?*

- **Objectives** define aims that the standard intends to achieve
- “The standard and guidance were designed with the following objectives in mind...” (*Corporate Standard*, p.3)
- **Principles** “are intended to underpin all aspects of GHG accounting and reporting”
- “Their **application** will ensure that the GHG inventory constitutes a true and fair representation of the company’s GHG emissions” (*Corporate Standard*, p.8)

Working definition (comparability principle from *Land Sector and Removals Standard*):

“Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories can be compared across multiple companies, as well as internally within each company.”

Discussion: comparability as a principle



Discussion: What are pros/cons of adopting comparability as a principle per the GHG Protocol decision-making criteria?

<p>1. Integrity: science and principles</p>	<p>Pros:</p> <ul style="list-style-type: none"> Promote consistency and transparency through convergence on common data/methods <p>Cons:</p> <ul style="list-style-type: none"> Potential tradeoffs with completeness, accuracy, relevance
<p>2. Impact: Support ambitious global climate action and programs</p>	<p>Pros:</p> <ul style="list-style-type: none"> Comparable information facilitates decision-making for external stakeholders Aligns with programs (IFRS, ESRS) who define comparability as characteristic of useful sustainability-related financial information <p>Cons:</p> <ul style="list-style-type: none"> Potential tradeoffs with providing relevant information for internal decision-making
<p>3. Feasibility to implement</p>	<p>Pros:</p> <ul style="list-style-type: none"> More prescriptive requirements that reduce decision points may be easier for reporters to navigate <p>Cons:</p> <ul style="list-style-type: none"> May necessitate more prescriptive requirements/limiting optionality – implementation challenges for preparers <i>Question of whether comparability can be operationalized as a principle (discussed previously)</i>

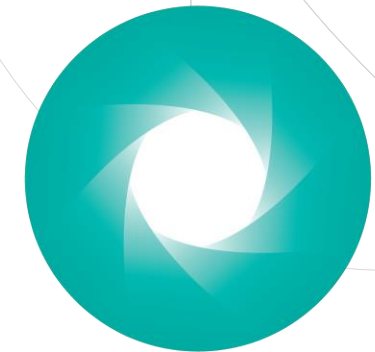
Most aligned

Mixed alignment

Least aligned

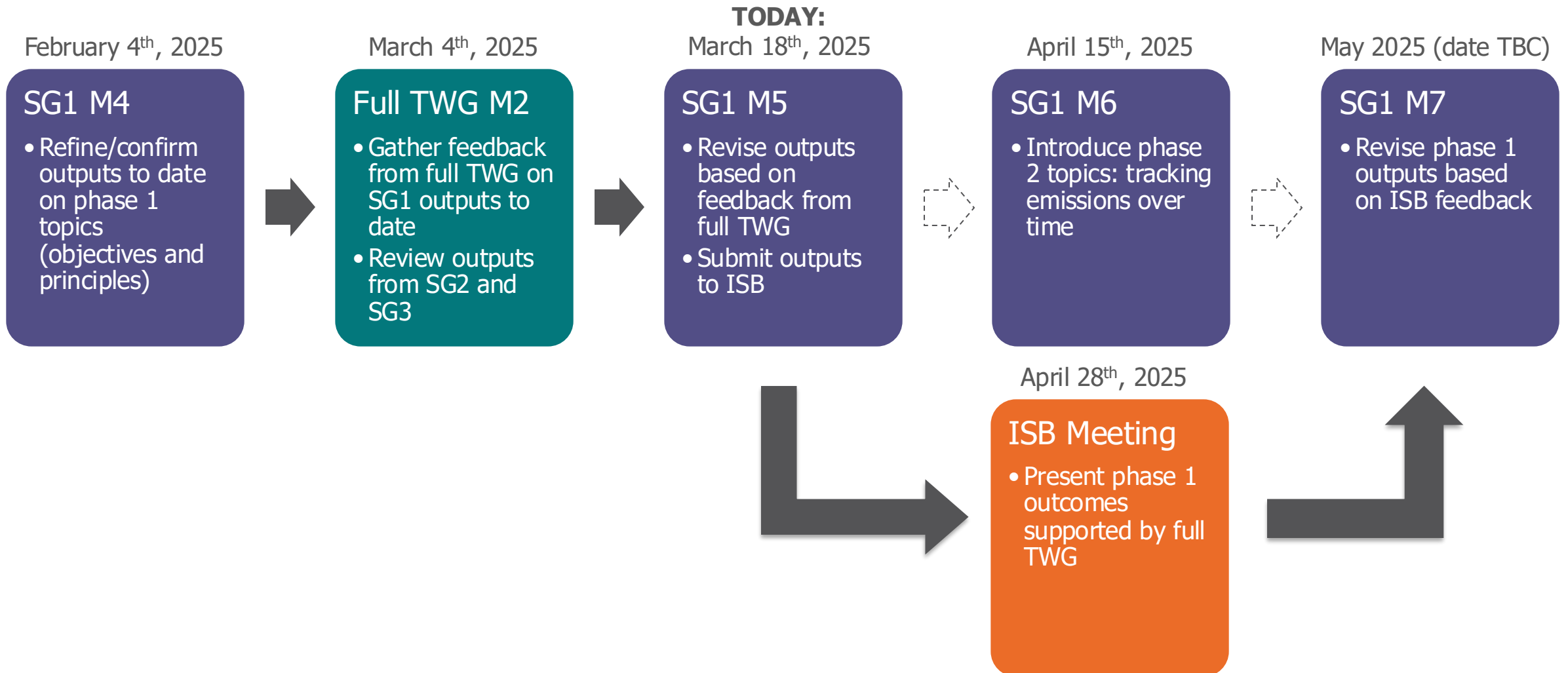
Agenda

- Introduction and recap of progress to date 10 minutes
- Uses, objectives, and business goals 20 minutes
- GHG accounting and reporting principles 40 minutes
- Comparability of GHG inventories 40 minutes
- **Wrap up and next steps 10 minutes**



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Upcoming schedule (tentative)



Next steps

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Feedback survey
- Revised schedule of meetings for remainder of calendar year

TWG member action items:

- Respond to feedback survey (deadline TBC)

Next meeting

- Tuesday, April 15th (09:00-11:00 ET, 15:00-17:00 CET, 21:00-23:00 CHN)
- Focus on phase 2 topics (tracking emissions over time) while ISB considers phase 1 preliminary outcomes

Phase 1 outcomes supported by full TWG to be presented to ISB on April 28th.

Subgroup 1, Phase 2: Tracking emissions over time

Relevant chapters: chapter 5 (Tracking Emissions Over Time), chapter 8 (Accounting for GHG Reductions), chapter 11 (Setting GHG targets)

- D.1. Updates to requirements and guidance for **selecting a base year**.
- D.2. Updates to requirements and guidance for developing a **base year recalculation policy** and defining a **significance threshold** and related disclosure requirements.
- D.3. Revisit **optionality of reporting emissions for all years included in a GHG statement** in addition to the base year to enable tracking of an emissions profile over time.
- D.3. Integration and update of **2005 amendment** "[Base Year Recalculation Methodologies for Structural Changes](#)" ([Appendix E](#)).
- D.4. Additional **guidance for estimating base year emissions** for acquired assets where records of emissions activities are limited or non-existent.
- D.5. Revisit **reporting requirements for base year recalculation** including whether changes due to structural changes versus methodological changes should be reported separately.
- D.6. Requirements and guidance for **tracking emissions intensity metrics over time**.
- D.7. Additional guidance on how to appropriately disclose the **reason(s) for changes in emissions over time**.
- D.8. Updates to **target-setting guidance** to bring up to date and facilitate interoperability with target setting programs (including SBTi).

Thank you!

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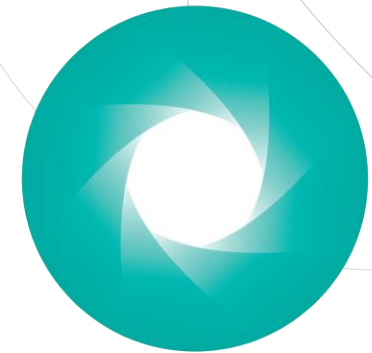


Change log

Slide #s	Change	Details
8	New slide	New slide to introduce new Subgroup 1 members
14, 16, 18	Revised slides	Minor wording to change to clarify that poll results are from full TWG meeting
15, 17, 19	Replaced slides	Placeholder slides replaced with ones showing full TWG feedback survey results on uses, objectives, and business goals
20	New slide	New slide added to summarize next steps on uses, objectives and business goals
25	New slide	Detailed overview of use of “materiality” in Corporate Standard
26	Replaced slide	Placeholder slide replaced with new slide showing full TWG feedback survey results on materiality
27	Revised slide	Wording of options updated
29	Revised slide	Wording of options updated
31	Replaced slide	Placeholder slide replaced with new slide showing full TWG feedback survey results on verifiability
32	New slide	New slide with discussion prompt on verifiability
33	Revised slide	Minor wording change to refer to “consequential accounting” in concerns expressed about conservativeness principle
36-37	Replaced slide	Placeholder slide replaced with new slides showing full TWG feedback survey results on comparability
-	Deleted slide	Placeholder slide for additional feedback on principles deleted
48-51	Slides moved to appendix	Slide 48 (previously 22), slide 49 (previously 22), slide 50 (previously 36), and slide 51 (previously 37) all moved to appendix

Appendix

Draft for TWG discussion



GREENHOUSE GAS PROTOCOL



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World Business
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for Sustainable
Development

Principles: key issues to be discussed

Materiality

Current use of term in *Corporate Standard* in the context of “**material discrepancies**” in verification

IFRS S1: Materiality as an “**entity-specific**” aspect of relevance

Varying definitions/uses: financial materiality, impact materiality, double materiality

Split opinions among Subgroup 1 members on both maintaining current use related to verification and expanding usage related to relevance principle

Verifiability

Defined as **principle or equivalent in external frameworks** (*Conceptual Framework for Financial Reporting*, GRI 1: Foundation)

Intersection with principles of transparency and accuracy

Split opinions among Subgroup 1 members on updating principles to more specifically refer to verifiability

Low support among Subgroup 1 members for defining a new verifiability principle

Conservativeness

Defined as principle in *Land Sector and Removals Standard*, applicable to **removals accounting only**, in instances where “**uncertainty is high** and accurate estimates are not practicable”

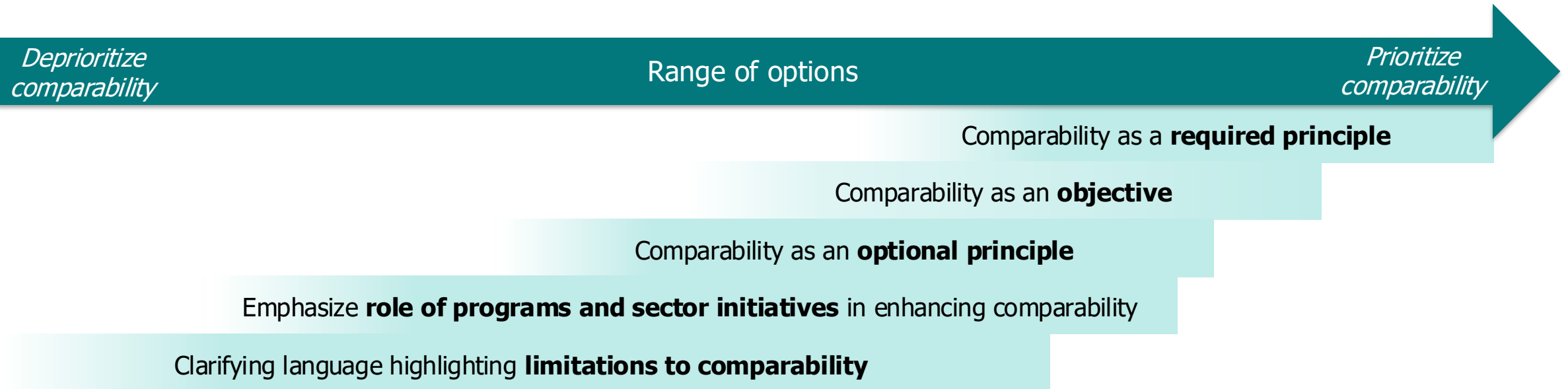
Some Subgroup 1 members expressed **concern with applicability** of principle to inventory accounting

Other Subgroup 1 members suggested that the principle could be **more widely applicable** in instances of high uncertainty

Comparability: introduction

Considerations:

- Extent to which is comparability **achievable** through standard setting
- **Role** of GHG Protocol versus programs/sector initiatives
- **Appropriateness** of comparing inventories (versus, say, performance metrics)
- **Implications** *if* comparability deemed a priority (e.g., limiting optionality)



Comparability: Subgroup 1 member input related to pros/cons of establishing comparability as an objective and/or a principle

	Pros	Cons
Comparability as an objective	<ul style="list-style-type: none"> Stakeholders already compare GHG information and will continue to have a need to do so Comparable GHG information necessary for decision-making to drive climate action Best way to help orient the Standard toward enhancing better comparability Help spur conversations within industry groups to develop more prescriptive guidance External programs have requirements intended to improve integration of GHG and financial information, also enhancing comparability 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Some pros cited for comparability as an objective may also apply 	<ul style="list-style-type: none"> Comparability is not a concept that preparers can directly achieve in inventory development, but comparability can be enhanced by following existing principles Operationalizing comparability may require a considerable reformulation of the Standard

Comparability: potential implications of operationalizing

(based on Subgroup 1 discussions)

- **Limiting optionality** in areas including:
 - Consolidation approaches
 - Selection of scope 3 categories to report
 - Definition of justifiable exclusions from inventory
 - Base year recalculation policies
- Measures to **align GHG and financial information**
- **Requiring scope 3** emissions reporting
- **Additional guidance** on when it is/is not appropriate to compare
- **Enhanced reporting requirements** (e.g., related to how emissions data is disaggregated)