

# Corporate Standard Meeting Minutes

## Subgroup 1, Meeting #6

Date: 15 April 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. Victoria Evans, SCS Engineers
7. Robert Gray, DuPont
8. Burkhard Huckestein, German Environment Agency
9. Micheline Khan, World Resources Institute
10. Marine Kohler, CentraleSupélec, Université Paris-Saclay
11. Dedy Mahardika, International Finance Corporation (IFC)
12. Philippe Missi Missi, UNFCCC Regional Collaboration Center West and Central Africa
13. Ann Marie Moohan-Sidhu, ESGright
14. Patrick Murphy, Sierra Club and Climatebase
15. Sachin Nimbalkar, Oak Ridge National Laboratory
16. Joanne Richmond, CK Hutchison
17. Vicky Sullivan, Duke Energy

### Guests

None present

### GHG Protocol Secretariat

1. Hande Baybar
2. Pankaj Bhatia
3. Adrienne Gilbride
4. Iain Hunt
5. Allison Leach

## Documents referenced

1. Slides for the Corporate Standard meeting on 15 April 2025

Item	Topic and Summary	Outcomes
1	<p><b><i>Introduction and phase 1 update</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 overview of materials to be presented to the ISB on April 28<sup>th</sup>.</p>	Deadline for Meeting 5 feedback survey on phase 1 topics extended to April 23 <sup>rd</sup> .
2	<p><b><i>Introduction to phase 2 topics</i></b></p> <p>The Secretariat presented the scope of work for phase 2 topics related to tracking emissions over time and invited members to comment.</p>	No specific outcomes.
3	<p><b><i>Base year selection</i></b></p> <p>The Secretariat presented background information related the topic of base year selection, including relevant requirements and guidance from GHG Protocol and external programs. The Secretariat facilitated a breakout discussion and conducted indicative polls on the following questions:</p> <ul style="list-style-type: none"> <li>• Should the Corporate Standard distinguish between an inventory base year and a target base year?</li> <li>• Should companies choose inventory and target base years separately or together?</li> <li>• How should guidance on the recency/timing of a base year be updated?</li> <li>• Should the option to use a rolling base year be maintained?</li> <li>• How should requirements/guidance for base year selection be updated to promote a base year's representativeness?</li> </ul>	<p>An indicative poll showed <i>majority</i> support for distinguishing between an inventory base year and target base year in the Corporate Standard.</p> <p>An indicative poll showed <i>majority</i> support for allowing companies to have the option to choose inventory and target base years either separately or together.</p> <p>An indicative poll showed <i>split opinions</i> on how guidance on the recency/timing of a base year should be updated.</p> <p>An indicative poll showed <i>majority support</i> for updating the Corporate Standard to specify that a base year be representative of typical conditions, but <i>split opinions</i> on whether it should be a requirement or recommendation.</p>
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 May 13<sup>th</sup> and provided a brief overview of questions to be addressed in the next meeting related to base year recalculation policy.</p>	<p>The Secretariat will share meeting materials.</p> <p>The Secretariat requested that members respond to a Meeting 6 feedback survey on meeting topics by May 4<sup>th</sup>.</p> <p>The next meeting of Subgroup 1 is scheduled for May 13<sup>th</sup>.</p>

## Summary of discussion and outcomes

### 1. Introduction and phase 1 update

- The Secretariat welcomed TWG members to the fifth meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief overview of materials to be presented to the ISB on April 28<sup>th</sup> (slides 1-18).

#### Summary of discussion

- The Secretariat provided an update on the questions to be presented to the ISB on April 28<sup>th</sup>, which include whether comparability should be adopted as an objective of the Corporate Standard and whether comparability should be operationalized through standardization. The Secretariat noted that

while other phase 1 topics by Subgroup 1 will not be on the agenda for the ISB meeting, a summary of preliminary outcomes and status of discussions was shared in background materials.

- A member asked if “comparability” refers to comparisons between different organizations, which the Secretariat confirmed.
- The Secretariat shared that the deadline for the Meeting 5 feedback survey on phase 1 topics will be extended to April 23<sup>rd</sup>. A member requested that the Secretariat inform members on who has and has not yet responded.

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

- Deadline for Meeting 5 feedback survey on phase 1 topics extended to April 23<sup>rd</sup>.

## 2. Introduction to phase 2 topics

- The Secretariat presented the scope of work for phase 2 topics related to tracking emissions over time and invited members to comment (slides 19-21).

#### Summary of discussion

- A member asked for clarification on whether the requirement for companies to track progress against a base year is being reconsidered.
  - The Secretariat noted that Subgroup 1 will be addressing stakeholder feedback requesting revisiting the requirement to track progress against a base year by considering tracking emissions intensity metrics over time as a complement, rather than an alternative to the current requirement.
  - Another member commented that companies whose products support sustainable transitions may produce higher emissions due to higher outputs.
  - Another member added that companies in some sectors (e.g., iron and steel) have GHG emissions intensity targets, with some following SBTi sector-specific pathways.
  - Another member noted that tracking absolute emissions is important to understand impacts on climate change but that tracking intensity metrics is often more valuable for decision-making, and suggested that both should be disclosed.
  - The Secretariat emphasized that both tracking of absolute emissions against a base year and tracking of emissions intensity are to be considered as part of Subgroup 1’s scope of work.

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

- No specific outcomes.

## 3. Base year selection

The Secretariat presented background information related the topic of base year selection, including relevant requirements and guidance from GHG Protocol and external programs (slides 22-34). The Secretariat then facilitated a breakout discussion and conducted indicative polls on the following questions:

- Should the Corporate Standard distinguish between an inventory base year and a target base year?
- Should companies choose inventory and target base years separately or together?
- How should guidance on the recency/timing of base year be updated?
- Should the option to use a rolling base year be maintained?
- How should requirements/guidance for base year selection be updated to promote a base year’s representativeness?

#### Summary of discussion

- **Background and context on choosing a base year:** The Secretariat presented relevant background and context related to requirements and guidance for selecting a base year, including a summary of requirements from GHG Protocol and external programs and frameworks.
  - A member asked if the draft Land Sector and Removals (LSR) Guidance allows an average of multiple consecutive years in lieu of a single base year. The Secretariat shared the following

- text from the LSR Guidance: "Companies should consider setting a base period, rather than a single base year, for land sector emissions".
- A member noted that in consideration of comparability as an objective of standard revisions, that base year selection is an area where allowing a wide range of approaches can limit comparability.
  - A member suggested that it be noted that IFRS S2 requires that entities disclose GHG emissions measured in accordance with the Corporate Standard.
  - A member suggested that whether an inventory base year and target base year should be distinguished depends on the purpose of each, considering both internal decision-making needs related to GHG reductions and requirements related to external reporting.
    - Another member suggested framing around what the differing and overlapping purposes of GHG inventory accounting and target setting are.
    - The Secretariat noted that the respective purposes of an inventory base year and target base year will be addressed further in the breakout discussion.
  - A member asked if the Corporate Standard includes any specifications around using the same or different base years across the emissions scopes, similar to what's stated in the Scope 3 Standard (The Scope 3 Standard recommends a single base year across all scopes, but allows companies to set a more recent base year for scope 3). The Secretariat confirmed that the Corporate Standard does not make such a specification, noting that scope 3 reporting is optional in the Corporate Standard. The member added that some companies may have been accounting for their scope 1 emissions for longer than scopes 2 and 3 and may often have established different base years for each scope.
  - **Breakout discussion – purposes of an inventory base year and target base year:** In breakout groups, the Secretariat asked for member input on the respective purposes that an inventory base year and target base year serve.
    - A member asked about the difference between an inventory base year and target base year.
      - The Secretariat clarified that the Corporate Standard currently defines both terms, with inventory base year defined simply as "base year". They added that the Corporate Standard recommends that an inventory base year be the "earliest year with verifiable data" while external programs require more recent base years for target setting purposes.
      - A member asked a follow up question on whether an inventory base year is simply the first year that a GHG inventory is performed. The Secretariat noted that an inventory base year may not necessarily be the first year an inventory is performed, but that companies are required to set a base year as a reference point to measure progress against, and may often do so prior to establishing any GHG reduction targets.
    - A member highlighted the varied contexts of different companies related to tracking changes in emissions over time, with some more established companies experiencing steady organic growth in their business, some new companies experiencing rapid growth, and others in a continual state of change due to mergers and acquisitions. They added that requirements should be flexible enough to accommodate these different situations in enabling companies to track changes in emissions over time. They further noted that for some more established companies it may be valuable to show changes from an earlier base year, but that for target setting purposes a base year should be more recent.
      - Other members expressed agreement for distinguishing inventory and target base years in a way that allows companies flexibility in telling their story related to reducing emissions.
      - A member added that it's also critical to ensure that the stories companies are conveying to stakeholders are credible. They emphasized that the approach taken should maximize transparency and understandability to users.
    - A member asked for clarification that the Corporate Standard currently does not require companies to set a target, which the Secretariat confirmed. The member suggested that because the Corporate Standard does not have a requirement to set a target, it's necessary to maintain a requirement for companies to set an inventory base year.

- A member noted that when companies are setting targets, having to separately establish an inventory base year may cause confusion, particularly when a company is just getting started with accounting for their emissions and are doing so in the context of setting targets. They suggested that inventory base year and target base year be clearly defined to avoid confusion.
- Different members emphasized the importance of distinguishing between an inventory and target base year, considering that targets are set over relatively short-term cycles (e.g., 5 years), and with target cycles ending, stakeholders would not be able to understand the longer historical context of a company's changes in emissions without an inventory base year.
- A member suggested that having more distinct terminology might help provide a clearer differentiation between an inventory and target base year, noting that an inventory base year could be referred to as a "reference year".
- A member noted that in some jurisdictions, there are requirements to select a specific year as inventory base year, necessitating the option for companies to be able to select inventory and target base years separately. Another member added that while a base year for target setting might be used primarily for internal purposes, an inventory base year might serve external-facing purposes (e.g., for public reporting).
- Different members suggested that ideally an inventory and target base year may be the same, but that this should not be a requirement. One member noted the importance of transparency with companies disclosing when they have different inventory and target base years.
- A member suggested that both an inventory base year and target base year serve the same fundamental purpose as a reference point from which to track changes over time. They also noted, however, that while companies may wait several years before setting targets, setting an inventory base year when a company first starts accounting for their emissions gets companies on the path of monitoring changes over time.
- **Breakout discussion – decision-making criteria analysis:** The Secretariat shared a draft analysis of options using the GHG Protocol decision-making criteria (DMC) considering the question of whether companies should choose an inventory and a target base year separately or together. The Secretariat invited feedback from members on the pros and cons of options per the DMC and on ratings assigned (most aligned, mixed alignment, least aligned).
  - Different members expressed support for giving companies flexibility in choosing whether or not to use the same base year for inventory base year and target base year.
    - Some members emphasized differences in the contexts of different companies in necessitating flexibility.
    - One member noted that in conjunction with providing companies with flexibility, clear guidance should be provided to help companies understand the respective purposes of an inventory base year and target base year.
  - A member noted that companies' inventories will typically improve over time, meaning that the first year of an inventory might not be the most reliable reference point. The Secretariat highlighted that companies are required to recalculate base year emissions due to methodological changes. Another member noted that having reliable data to recalculate emissions for an early base year can pose a considerable challenge.
  - A member asked why ratings for all options for the first criterion in the DMC (scientific integrity) were all "N/A". The Secretariat noted that for some issues to be addressed by the TWG there will be a basis in climate science to be considered (e.g., requirements related to global warming potential values) or some other basis in scientific research, but for that the present issue the Secretariat did not consider there to be a sufficient scientific research basis to support any of the options over others.
  - A member asked other members whether there would be any increased concern of greenwashing by giving companies flexibility in choosing whether to use the same year for inventory and target base year.
    - Another member noted that when optionality is available there will be some companies who will take advantage of it, but added that the trend towards having GHG inventories assured can help to mitigate associated risk.

- Another member noted that they're aware of one study that showed that the flexibility allowed by SBTi in choosing target base years can hinder the level of ambition of companies and alignment with a 1.5-degree pathway. They added, however, that more important than the distinction between inventory and target base year is ensuring that companies select representative base years.
  - A member suggested that an in-between option may be considered, wherein companies could be recommended to use the same year for inventory and target base year, but may elect not to, and in the case of the latter be required to disclose the reasons why they chose different years. Another member expressed support for this option, but emphasized their view that companies should choose the same year as inventory and target base year.
  - A member highlighted that the practice of re-establishing a target base year when target cycles end poses an issue with recommending that companies align their inventory and target base years.
- **Breakout discussion: other requirements/guidance for base year selection:** The Secretariat invited input from members on additional considerations related to requirements/guidance for the selection of a base year, including the recency/timing of a base year, and requirements/guidance for a base year to be representative of typical conditions, whether and how to maintain the option for a rolling base year. Limited time was available to fully discuss these topics.
  - **Recency/timing of a base year:** A member asked if there's a reason why a company can't choose a more recent year than the "earliest year with verifiable data".
    - A member noted that an inventory base year may not necessarily be the earliest year that a company performed a GHG inventory.
    - A member noted that the definition of "verifiable data" is ambiguous and that data quality often poses an issue.
  - **Representativeness of a base year:** A member asked how "representativeness" may be defined, suggesting that there may be room for interpretation. The Secretariat noted that both the LSR Guidance and SBTi Corporate Net-Zero Standard contain some language related to representativeness. They added that if a requirement or recommendation for selecting a representative base year were included, then representativeness will need to be further defined.
  - Different members emphasized the importance of a base year's representativeness, with one member noting that the first GHG inventory that a company performs is typically not representative.
  - A member noted that in many instances the earliest year with verifiable data may not be a representative year (e.g., years occurring during COVID pandemic).
    - A member suggested that the recommendation should be for companies to use the earliest representative base year with verifiable data.
    - A member advocated for specifications around both timing and representativeness be recommendations and not requirements, as companies may be subject to constraints that inhibit both, particularly for scope 3.
  - **Rolling base year:** A member asked for clarification on whether the concept of a rolling base year is the same as base period (i.e., an average over multiple years). The Secretariat noted that the concepts are different with a rolling base year as currently defined in the Corporate Standard referring to resetting the base year either each year (such that emissions for a given year are only compared to those the previous year) or over a longer period. Some members suggested that the topic of a rolling base year requires further discussion as it was not clearly understood by all members.
  - One member asked how common of a practice a rolling base year is. The Secretariat noted that they'd found limited information on this (based on key word searches in the CDP database), but that the practice does not seem common.
  - Some members suggested that using a base period and taking the average over multiple consecutive years can help provide a more representative benchmark to compare to.
- **Indicative polls:**
  - The Secretariat conducted an indicative poll asking members the question: *Should the Corporate Standard distinguish between an inventory base year and a target base year? (i.e.,*



*do each serve different purposes)? A majority of respondents expressed support for distinguishing between the concepts.*

- **Yes, an inventory base year and target base year should be distinguished as two separate types of base years that serve different purposes: 14 of 17 respondents**
  - No, an inventory base year and target base year should not be distinguished: 1 of 17
  - Abstain, I need more information to respond: 2 of 17
- The Secretariat conducted an indicative poll asking members the question: *Should companies choose inventory and target base years separately or together (i.e., as a single base year)?* A majority of respondents expressed support for giving companies the option to either choose inventory and target base years separately or together.
  - Companies *should* choose inventory base year and target base year separately: 0 of 17 respondents
  - **Companies *may* choose the same year for both inventory and target base year or *may* choose separate years: 16 of 17**
  - Companies *should* choose the same year for both inventory and target base year: 1 of 17
  - Abstain, I need more information to respond: 0 of 17
- The Secretariat conducted an indicative poll asking members the question: *How should guidance on the recency/timing of base year be updated?* Respondents expressed *split opinions*, but the most supported option was recommending that companies choose either the earliest year with verifiable data or align with the target base year.
  - Maintain current guidance, specifying that companies should choose the earliest year with verifiable data: 3 of 16 respondents
  - Update guidance to specify that companies may choose earliest year with verifiable data or target base year: 7 of 16
  - Update guidance to specify that companies should use target base year where relevant (following program requirements): 3 of 16
  - Other: 2 of 16 (An "other" option proposed by a TWG member was to specify that companies have free choice for selecting a base year)
  - Abstain, I need more information to respond: 1 of 16
- The Secretariat conducted an indicative poll asking members the question: *Should the option to use a rolling base year be maintained?* Members expressed *split opinions*, but expressed the highest level of support for maintaining a rolling base year option specifying a base year only be rolled at longer intervals, but with an equal number of abstentions. No members expressed support for maintaining the rolling base year option as it currently exists.
  - Yes, maintain current option to use a rolling base year (where base year may be rolled forward each year): 0 of 15 respondents
  - Yes, maintain an option to roll base year, but specify that base year should only be rolled forward at longer intervals (e.g., every 5-10 years corresponding to target setting cycles): 6 of 15
  - No, remove option to use a rolling base year and require a fixed base year: 2 of 15
  - Other: 1 of 15 (An "other option" proposed was to allow a rolling base year but require companies to explain their reasons for a rolling base year in a verifiable way)
  - Abstain, I need more information to respond: 6 of 15
- The Secretariat conducted an indicative poll asking members the question: *How should requirements/ guidance for base year selection be updated to promote a base year's representativeness?* Respondents expressed *majority* support for updating the Corporate Standard to specify that companies select a base year representative of typical conditions, but expressed *split opinions* on whether the specification should be a requirement or recommendation.
  - **Add requirement that base year be representative of typical conditions and avoid year with anomalies (e.g., companies *shall* select a base year that reflects typical conditions): 5 of 14 respondents**

- **Add recommendation that base year be representative of typical conditions and avoid year with anomalies (e.g., companies *should* select a base year that reflects typical conditions): 7 of 14**
- Maintain status quo (no requirement or recommendation for representativeness of base year): 1 of 14
- Other: 0 of 14
- Abstain, I need more information to respond: 1 of 14

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

- An indicative poll showed *majority* support for distinguishing between an inventory base year and target base year in the Corporate Standard.
- An indicative poll showed *majority* support for allowing companies to have the option to choose inventory and target base years either separately or together.
- An indicative poll showed *split opinions* on how guidance on the recency/timing of a base year should be updated.
- An indicative poll showed *majority support* for updating the Corporate Standard to specify that a base year be representative of typical conditions, but *split opinions* on whether it should be a requirement or recommendation.

#### **4. Wrap up and next steps**

- The Secretariat outlined next steps including the next Subgroup 1 meeting scheduled for May 13<sup>th</sup>, 2025, and provided a brief overview of questions to be addressed in the next meeting related to base year recalculation policy.

#### Summary of discussion

- No questions or comments provided by TWG members.

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

- Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.
- The Secretariat requested that members respond to a feedback survey on meeting 6 topics by May 4<sup>th</sup>.
- The next meeting of Subgroup 1 is scheduled for Tuesday, May 13<sup>th</sup>, 2025 at 09:00 ET / 15:00 CET / 21:00 CHN.

### **Summary of written submissions received prior to meeting**

- The Secretariat received two written submissions prior to the meeting on topics covered:
  - A member suggested updating the meeting slide introducing Corporate Standard requirements for base year recalculation to specify instances when base year emissions are not to be recalculated (in cases of organic growth or decline). The slide was updated accordingly for the version presented during the meeting.
  - A member asked if stakeholder feedback was received that disagreed with the premise of base year recalculation in the case of structural changes, noting that divesting from emissions-intensive assets may be part of some companies' climate strategies. In presenting the phase 2 scope of work, the Secretariat highlighted that Subgroup 1 will be considering guidance related to tracking intensity metrics over time as a complementary approach to tracking changes in emissions against a base year as a way of addressing feedback received along these lines.