



Corporate Standard Technical Working Group

Subgroup 1, Meeting #6

GHG Protocol Secretariat team:

Iain Hunt, Hande Baybar, Allison Leach

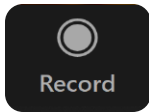
April 15th, 2025



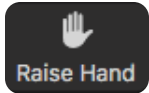
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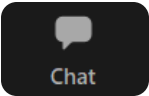
Meeting information



This meeting is **recorded**.



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



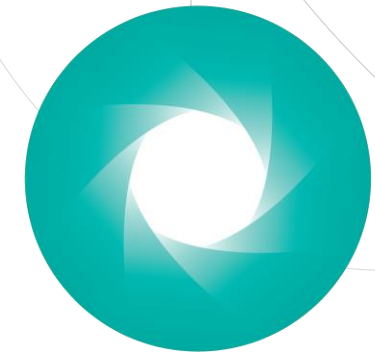
You can also use the **Chat** function in the main control.



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

Agenda

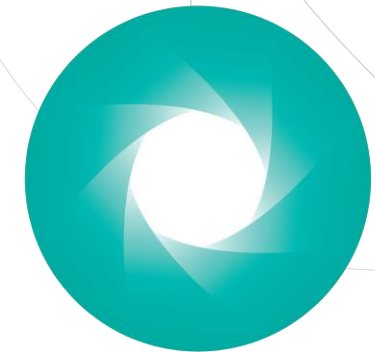
- Introduction and housekeeping 10 minutes
- Recap of phase 1 progress 20 minutes
- Phase 2 introduction: tracking emissions over time 10 minutes
- Base year selection 60 minutes
- Base year recalculation policy and significance thresholds (introduction) 10 minutes
- Wrap up and next steps 10 minutes



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Housekeeping: Guidelines and procedures

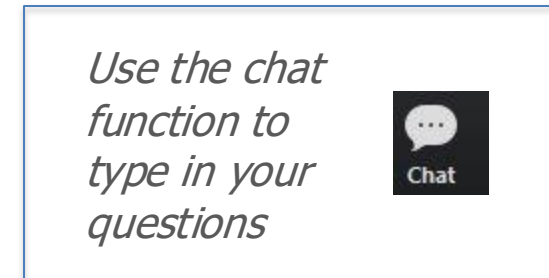
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Zoom logistics and recording of meetings

Zoom Meetings

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



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

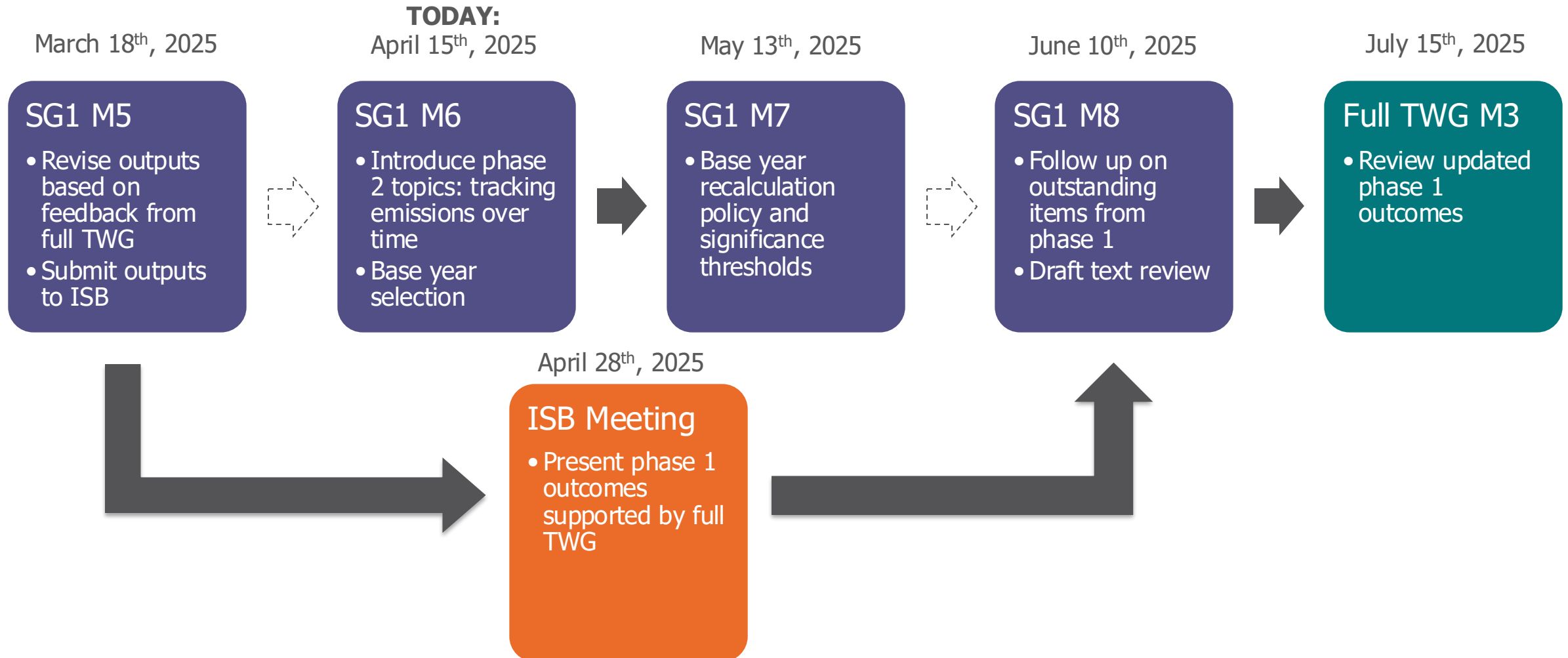
24 responses have been received through our general feedback form – thank you! Overarching themes include:

- 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

Upcoming schedule

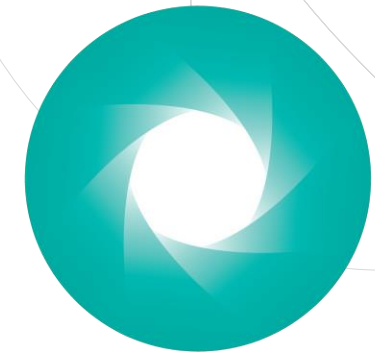


Today's objectives

1. Introduce **phase 2** of the Subgroup 1 scope of work, **tracking emissions over time**.
2. Consider revisions to requirements and guidance for **selection of a base year** by addressing the questions below:
 1. Should the Corporate Standard **distinguish between an inventory base year and a target base year**? (i.e., do each serve different purposes)?
 2. Should companies choose inventory and target base years **separately or together** (i.e., as a single base year)?
 3. How should guidance on the recency/timing of base year be updated?
 4. Should the option to use a **rolling base year** be maintained?
 5. How should requirements/ guidance for base year selection be updated to promote a base year's **representativeness**?

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Meeting #5 feedback survey follow-up

Topics covered:

- New objective related to integration of sustainability/ financial information
- Current use of “materiality” related to verification
- Expanded use of “materiality” related to relevance principle
- Consideration of a new verifiability principle
- Expanded application of the conservativeness principle
- Operationalization of a comparability principle
- Definition of a comparability principle
- Interest in contributing to draft text updates for Corporate Standard introduction, chapters 1-2

**Extending survey to EOD on
Wednesday, April 23rd**

Responses to be shared for following
Subgroup 1 meeting on May 13th.

Questions from Subgroup 1 to be presented to ISB on April 28th

1. Should a comparability **objective** be adopted in the Corporate Standard? (for decision)
2. How should a comparability objective be **operationalized** through standardization? (for pulse check)
 - N/A – comparability should not be an objective
 - Consider pros/cons of comparability versus flexibility on a **case-by-case basis** while **generally moving in direction of greater standardization** (status quo of current revisions process)
 - Make comparability and increased standardization a **higher priority** compared to status quo

Note: Other preliminary Subgroup 1 outcomes shared as directional updates with background materials but are not specifically on meeting agenda.

Comparability: questions

2 key **non-mutually exclusive** options were considered by the TWG to address stakeholder needs for comparable GHG information:

Whether to adopt a comparability *objective*

Example text based on existing Corporate Standard objective (for illustrative purposes only):

"To promote more comparable public reporting of GHG emissions according to a standardized set of accounting and reporting requirements"

(Caveats on limitations to comparability would also be added)

Majority support from TWG for a comparability objective (proposed for decision)

Whether to adopt a comparability *principle*

Working definition of recommended principle in draft 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"

Split support from TWG for adopting a comparability principle (still under discussion by TWG)



Decision vote: 1a. Should a comparability **objective** be adopted in the Corporate Standard?

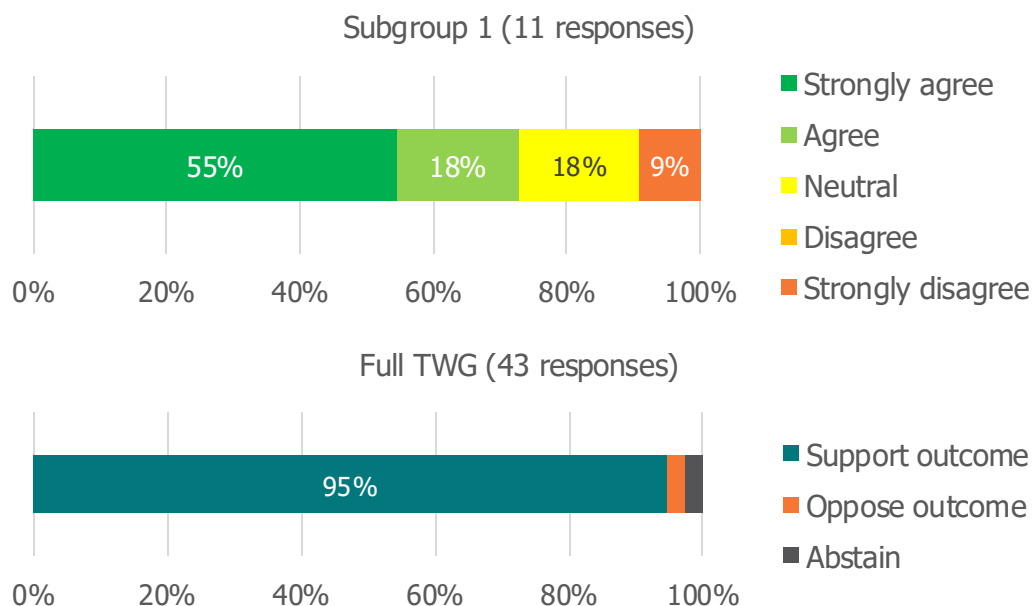
Pulse check poll: 1b. How should a comparability objective be **operationalized** in standard revisions?

Recommendation
For decision

Adopt comparability as an **objective** of the Corporate Standard

Level of support from TWG

Majority support for adopting comparability as an objective of the Corporate Standard



Rationale

- Orient the standard toward responding to **stakeholder needs** for comparable GHG information
- **Support programs** referencing GHG Protocol (e.g., IFRS, ESRS)

Implications

- **Cross-cutting:** Increased consideration of further standardization and **limiting optionality** and when updating standards
- Inherent limitations to comparability (e.g., diversity of business structures)
- Need for additional guidance on when it **is/is not appropriate to compare** GHG information

Operationalizing a comparability objective through standardization: options

	Spectrum of comparability			
	Lower comparability		Higher comparability	
Option	Option A (current standards)	Option B (status quo of current revision process)	Option C (comparability more highly prioritized)	
How comparability is operationalized through standardization	Comparability of data not a major consideration	Pros/cons of comparability versus flexibility considered on case-by-case basis for each issue while generally moving toward more standardization	Comparability prioritized with optionality limited to promote more standardization/comparable data	Note: Absolute comparability of GHG information not achievable via standardization alone (e.g., differences in company structures pose inherent limitations to comparability)
Compatibility with comparability objective	No	Yes – moves in direction of greater standardization	Yes – further prioritizes standardization	
Compatibility with comparability principle	No	TBD – Operationalizing a principle may require further standardization	Yes – further prioritizes standardization	
Illustrative example (consolidation approaches)	Maintain 3 consolidation approach options	Limit to 2 consolidation approach options (control approaches), recommend financial control approach*	Limit to a single consolidation approach (financial control)	

*Presented as an illustrative example only – optionality of consolidation approaches still under discussion by TWG.

Question on operationalizing a comparability objective through standardization to be posed in a pulse check poll.



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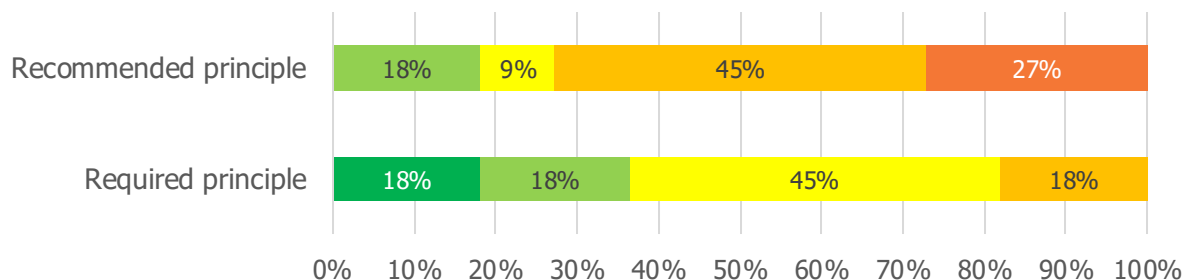


Comparability as a principle: summary

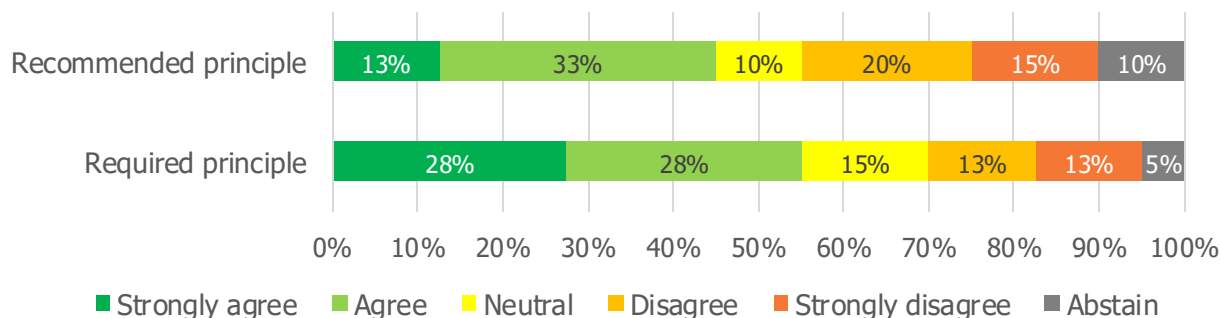
Level of support from TWG

Split opinions for adopting a comparability principle

Subgroup 1 (11 responses)



Full TWG (43 responses)



Pros

- *Further* orient the standard toward responding to **stakeholder needs** for comparable GHG information (beyond defining as an objective alone)
- *Further* **support programs** referencing GHG Protocol (e.g., IFRS, ESRS)

Cons

- Increased necessity of **limiting (though not necessarily eliminating) optionality** in key areas to operationalize
- **Limits to the extent that a comparability principle can be operationalized by preparers** of GHG inventories (i.e., comparability between companies depends on factors beyond the control of a given reporting company)
- Risk of overprioritizing comparability and incentivizing “lowest-common denominator” approaches that **inhibit complete and accurate information**

For more information, see [slides](#) (29-38, 52-57) and [minutes](#) from Meeting 3, [slides](#) (27-32) and [minutes](#) from Meeting 4, and [slides](#) (34-40) and [minutes](#) from Meeting 5.



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Comparability: intermediate question discussed by TWG

Is comparability appropriate to define as a principle (in addition to as an objective)? *I.e., Is comparability a concept that can 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 *foundational concepts to be operationalized by preparers of GHG inventories*:
 - They are “intended to underpin all aspects of GHG accounting and reporting” and serve “to guide the implementation of the [Corporate Standard]”,
 - “Their application will ensure that the GHG inventory constitutes a true and fair representation of the company’s GHG emissions” (*Corporate Standard*, p.8)

Arguments in favor	Arguments opposed
<ul style="list-style-type: none"> • Comparability can be operationalized by strategically limiting optionality for methodological choices that can have the greatest impact on comparability • Comparability can be operationalized by prescribing data, methods, and reporting formats 	<ul style="list-style-type: none"> • Internal comparability within companies can be operationalized through consistent data/methods, but not between companies, as the latter depends on external factors • Comparability of information should be considered an <i>outcome</i> of applying standardized principles and approaches, not an <i>input</i> to be operationalized

A majority (7/10) Subgroup 1 members **agreed** that comparability is a concept that can be operationalized by preparers of GHG inventories and should be further considered as a principle.

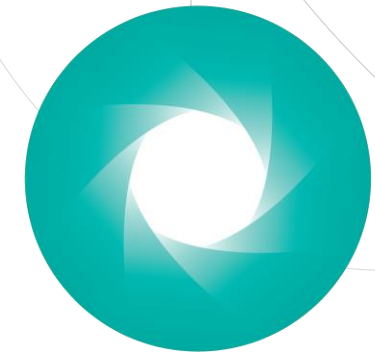
Comparability: decision-making criteria analysis *(options not mutually exclusive)*

Criteria	Adopt a comparability <i>objective</i>	Adopt a comparability <i>principle</i>
Scientific integrity	N/A	N/A
GHG accounting and reporting principles	Pro: Promote consistency through convergence on common data/methods, transparency through enhanced disclosure requirements Con: <i>Minimal</i> risk of tradeoffs with completeness, accuracy, relevance	Pro: <i>Further</i> promote consistency and transparency Con: <i>Some</i> risk of tradeoffs with completeness, accuracy, relevance if settling on “least-common denominator” approaches for the sake of comparability
Support decision-making that drives ambitious global climate action	Pro: Support more comparable information to facilitate decision-making for external stakeholders Con: <i>Minimal</i> tradeoffs with providing relevant information for internal decision-making	Pro: <i>Further</i> supports more comparable information to facilitate decision-making for external stakeholders Con: <i>Some</i> potential tradeoffs with providing relevant information for internal decision-making
Support programs based on GHG Protocol and uses of GHG data	Pro: Supports programs (IFRS, ESRS) who define comparability as characteristic of useful sustainability-related financial information	Pro: <i>Further</i> supports programs (IFRS, ESRS) who define comparability as characteristic of useful sustainability-related financial information
Feasibility to implement	Pro: More prescriptive requirements that reduce decision points may be easier for reporters to navigate Con: <i>May</i> entail <i>some</i> more prescriptive requirements/ limiting optionality – potential implementation challenges for preparers	Pro: More prescriptive requirements that reduce decision points may be easier for reporters to navigate Con: <i>Likely</i> to necessitate more prescriptive requirements/ limiting optionality – implementation challenges for preparers Con: Potential limitations to comparability as a principle that can be operationalized by preparers (considered on following slide)

Key implications of adopting a comparability *principle* (i.e., *further standardization and limiting optionality*) mirror those for adopting comparability as an *objective* but are expected to be *more significant*.

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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.4. Integration and update of **2005 amendment** "[Base Year Recalculation Methodologies for Structural Changes](#)" ([Appendix E](#)).
 - D.5. Additional **guidance for estimating base year emissions** for acquired assets where records of emissions activities are limited or non-existent.
 - D.6. Revisit **reporting requirements for base year recalculation** including whether changes due to structural changes versus methodological changes should be reported separately.
 - D.7. Requirements and guidance for **tracking emissions intensity metrics over time**.
 - D.8. Additional guidance on how to appropriately disclose the **reason(s) for changes in emissions over time**.
 - D.9. Updates to **target-setting guidance** to bring up to date and facilitate interoperability with target setting programs (including SBTi).

[Corporate Standard Development Plan](#), Section 5: Scope of work for the standard revision



Please share any questions/comments related to scope of work in chat.



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Relevant chapters from across corporate standards suite

Corporate Standard

5 Tracking Emissions Over Time



Chapter 5 Tracking Emissions Over Time

11 Setting a GHG Target



Chapter 10 Setting a GHG Target

Scope 2 Guidance

9 Setting Reduction Targets and Tracking Emissions Over Time



Chapter 9 Setting Reduction Targets and Tracking Emissions Over Time

Scope 3 Standard

09 Setting a GHG Reduction Target and Tracking Emissions Over Time



Chapter 9 Setting a GHG Reduction Target and Tracking Emissions Over Time

LSR Guidance*

Chapter 12: Setting Targets and Tracking Progress

Requirements and Guidance

Targets are key elements of companies' strategies and roadmaps towards reducing their climate impacts. This chapter provides requirements and guidance on setting corporate targets for land sector GHG emissions, CO₂ removals, and land tracking metrics. It also provides requirements and guidance for setting a base year or base period and tracking progress over time.

Section	Description
12.1	Introduction to setting targets for land sector GHG emissions, CO ₂ removals, and land tracking metrics
12.2	Setting GHG emission targets for land emissions
12.3	Setting targets for removals, or net targets that include removals
12.4	Setting targets for land tracking metrics
12.5	Setting targets or sub-targets for gross emissions and gross removals
12.6	Setting targets for temporary carbon storage
12.7	Setting targets for external compensation or contributions
12.8	Base year recalculations to enable consistent performance tracking over time
12.9	Accounting for changes in emissions, removals, and land tracking metrics over time

Chapter 12 Setting Targets and Tracking Progress

The Corporate Standard has separate chapters on tracking emissions over time and target setting, respectively, while other documents in the suite combine these topics into a single chapter.

*Draft Land Sector and Removals Guidance



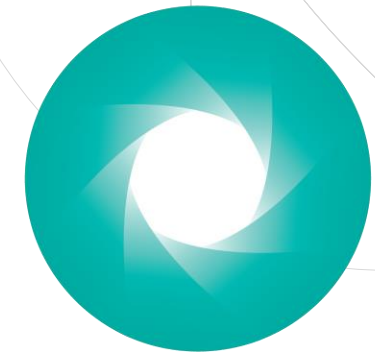
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Base year: definitions (Corporate Standard Glossary)

Base year

"A historic datum (a specific year or an average over multiple years) against which a company's emissions are tracked over time."

Target base year

"The base year used for defining a GHG target, e.g. to reduce CO₂ emissions 25% below the target base year levels by the target base year 2000 by the year 2010."

"Although it is possible to use different years for the inventory base year and the target base year, to streamline the inventory and target reporting process, it usually makes sense to use the same year for both."
(Corporate Standard ch.10)

For consideration: What are the respective **purposes** of an (inventory) base year versus a target base year?

Base year selection: current GHG Protocol requirements/recommendations

Corporate Standard, ch.5 (pp.35-36)

"Companies **shall** choose and report a base year for which verifiable emissions data are available and specify their reasons for choosing that particular year."

"Most companies select a single year as their base year. However, it is also possible to choose an average of annual emissions over several consecutive years."

"Companies **should** choose as a base year the earliest relevant point in time for which they have reliable data."

Scope 2 Guidance, 9.1 (p.75)

[Dual reporting] companies "**should** choose a year in which both market-based data and location-based data are available."

"Companies that have already set a base year set for scope 2 **shall** specify the method used to calculate it..."

Scope 3 Standard, 9.1 (p.100)

"Companies **should** establish a single base year for scope 1, scope 2, and scope 3 emissions..."

"However, companies that have already established a base year for scope 1 and scope 2 emissions **may** choose a more recent year for the scope 3 base year..."

Draft LSR Guidance, 12.2.3 (p.218)

Companies **should**:
use a "representative year or period for which verifiable data exist."

"consider setting a base period, rather than a single base year, for land emissions..."

"aim to use the same base year for all scopes, metrics, and targets."

Rolling Base Year

The Corporate Standard allows for both a fixed base year and a rolling base year, with a rolling base year described in detail in chapter 11 (p.79).

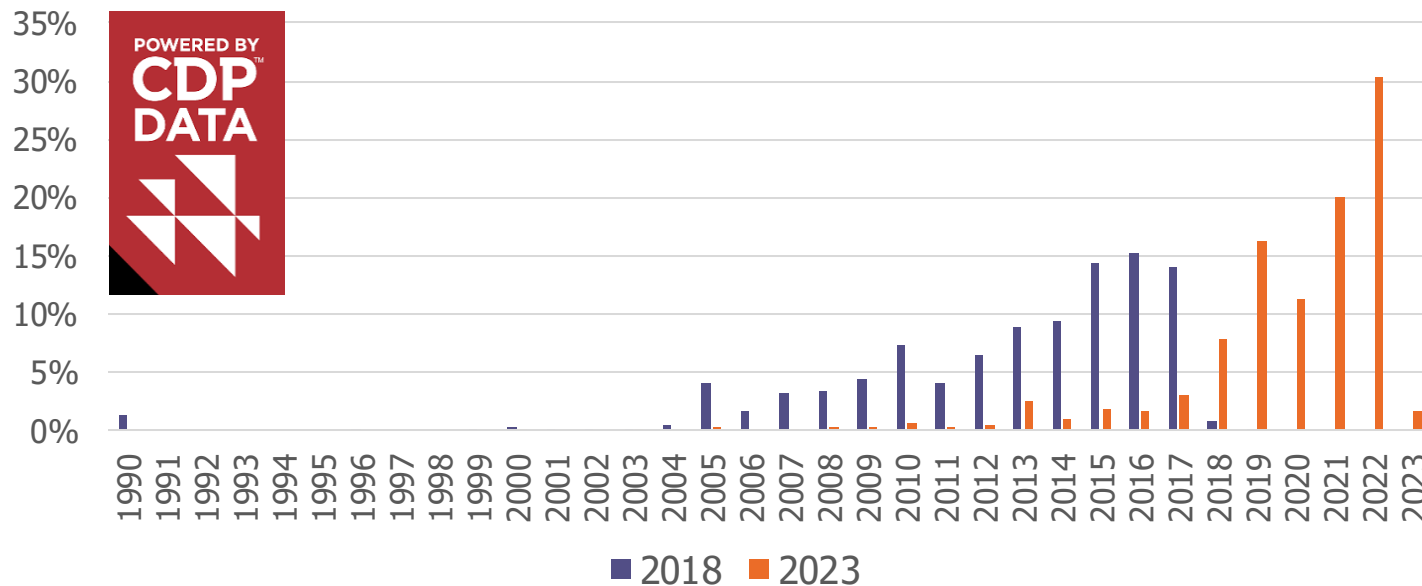
	FIXED TARGET BASE YEAR	ROLLING TARGET BASE YEAR
How might the target be stated?	A target might take the form “we will emit X% less in year B than in year A”	A target might take the form of “over the next X years we will reduce emissions every year by Y% compared to the previous year” ⁵
What is the target base year?	A fixed reference year in the past	The previous year
How far back is like-with-like comparison possible?	The time series of absolute emissions will compare like with like	If there have been significant structural changes the time series of absolute emissions will not compare like with like over more than two years at a time
What is the basis for comparing emissions between the target base year and completion year? (see also Figure 14)	The comparison over time is based on what is owned/controlled by the company in the target completion year.	The comparison over time is based on what was owned/controlled by the company in the years the information was reported ⁶
How far back are recalculations made?	Emissions are recalculated for all years back to the fixed target base year	Emissions are recalculated only for the year prior to the structural change, or ex-post for the year of the structural change which then becomes the base year.
How reliable are the target base year emissions?	If a company with a target acquires a company that did not have reliable GHG data in the target base year; back-casting of emissions becomes necessary, reducing the reliability of the base year	Data from an acquired company's GHG emissions are only necessary for the year before the acquisition (or even only from the acquisition onwards), reducing or eliminating the need for back-casting
When are recalculations made?	The circumstances which trigger recalculations for structural changes etc. (see chapter 5) are the same under both approaches	

Base year selection: stakeholder feedback

- Requests for clarification on selecting **single versus multiple base years across scopes**
 - Clarification on **base year requirements under optional scope 3 reporting** (if this continues)
- Suggestions to **revisit 1990 as an example base year** in favor of referring to more recent reference points (e.g., 2015)
- Concerns with use of **base years not representative of typical operations** (specifically highlighting 2020 and 2021 due to drops in emissions caused by COVID-19), including concerns these could also skew base periods based on an average of consecutive years
 - Requests for additional **guidance on how to deal with anomalous years** when establishing a base year
- Requests for guidance on **re-establishing a base year** once a company reaches its goals relative to original base year

Base years reported in CDP public response data set

Scope 1 inventory base year reported for companies in CDP public response data set for 2018 and 2023




Includes 9,612 companies reporting a scope 1 base year in 2023 and 2,138 companies reporting a scope 1 base year in 2018. Does not include companies who left scope 1 base year fields blank, responding "question not applicable", or reporting a base year assumed to be erroneous (e.g., 1900 or 2049).

- In 2023, **87%** of companies reported a **scope 1 base year of 2018 or more recent**
- **81%** of companies who reported a scope 1 base year in both 2018 and 2023 **changed their base year** (n=1,687)
- In 2023, **81%** of companies reporting base years for both scope 1 and scope 3 category 1 **reported the same base year for both categories** (n=5,171)
- In 2023, **72%** of companies reporting base years for both scope 1 inventory and for absolute targets **reported the same base year for both** (n=4,678)

Requirements for establishing a base year across programs and standards

Note: requirements for SBTi, IFRS, and ESRS all pertain to **target base years**

 <p><u>SBTi Corporate Net-Zero Standard (v1.2)*</u> Criterion C-16 (p.10)</p>	 <p><u>ISO 14064-1: 2018</u> 6.4.1 (pp.10-11)</p>	 <p><u>IFRS S2 Climate-related Disclosures</u> Paragraph 33(e) (p.16)</p>	 <p><u>ESRS E1 Climate Change</u> Paragraph 34(c) (p.78), Paragraph AR 25(a) (p.92)</p>	 <p><u>GRI Climate Change Exposure Draft</u> CC-4-d (p.23), GH-1-d (p.27), GH-2-d (p.30), GH-3-d (p.34)</p>
<p>"The base year shall be no earlier than 2015. The company shall use the same base year for its long-term science-based targets as its near-term science-based targets. Scope 1 and scope 2 targets shall use the same base year."</p>	<p>"The organization shall establish a historical base year for GHG emissions and removals for comparative purposes or to meet GHG programme requirements or other intended uses of the GHG inventory."</p>	<p>"For each target, the entity shall disclose... ...the base period from which progress is measured"</p> <p>(IFRS S2 requires companies to <i>measure</i> GHG emissions in accordance with the GHG Protocol)</p>	<p>"The undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction target every five-year period thereafter."</p> <p>(If undertaking has set GHG emission reduction targets)</p>	<p>"The organization shall report the base year for the calculation, including the rationale for choosing it."</p> <p>(Requirement specified separately for scope 1, scope 2, and scope 3, and for both inventory base year and target base year)</p>

* Detailed requirements and recommendations from both the current SBTi Corporate Net-Zero Standard (v.1.2) and the [Version 2.0 Consultation Draft](#), released in March 2025, will be reviewed.

Specific requirements/recommendations for base year selection across standards and programs

Criterion	GHG Protocol Corporate Standard	SBTi Corporate Net-Zero Standard (v.1.2)*	SBTi Corp. NZ Std. (v.2.0 Consult. Draft)*	ISO 14064: 2018	IFRS S2 Climate-related disclosures*	ESRS E1 Climate change*	GRI Climate Change Exposure Draft
Recency of base year	Should be earliest relevant point in time with reliable data	No earlier than 2015	No earlier than 3 years before submission for initial validation	Not specified	Not specified	Must not precede first reporting year of target period by more than 3 years	Not specified
Use of multi-year averages	Option to use average over consecutive years	Not permitted unless specified in relevant sector-specific guidance	Not specified, with no change from v1.2 noted	Part of year or multi-year averages permitted	Not specified, term "base period" used rather than "base year"	Allowance for 3-year average if increases representativeness	Not specified
Use of same or different base years across scopes	Recommendation for single base year across scopes (Scope 3 Standard)	Same for scope 1&2 required, same for scope 3 recommended	Consistent base year across all indicators required	Scopes framework not used in ISO, differentiation by category not noted	Not specified	Not specified	Not specified
Representativeness of "typical" operations	Addressed indirectly by option to use multi-year average	Base year emissions should be representative of typical profile	Requirement to select base year reflecting typical operations	Not specified, but data must be representative of reporting boundary	Not specified	Requirement to explain how representativeness ensured	Not specified
Data reliability/verifiability	Requirement for verifiable emissions data	Emissions data should be accurate and verifiable	Must accurately reflect company's performance	Base year with verifiable GHG data required	Not specified	Not specified	Not specified
Rolling base year/updates to base year over time	Option for rolling base year	Not specified	Use of target year from previous cycle as base year for new cycle	Organizations may change base year, but changes must be justified	Not specified	Base year for reduction targets updated every 5 years after 2030	Not specified

Consistent with GHG P

Additional requirements

Divergent from GHG P

Criterion not specified


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* Requirements/recommendations for **target base years**

Summary: Key differences between inventory base year requirements in Corporate Standard and target base year requirements in programs

Recency of base year

- Corporate Standard recommends as inventory base year “the **earliest** relevant point in time with reliable information”
- Both SBTi and ESRS have requirements that target base years be **recent** (e.g., no more than 3 years prior to first reporting year of target period)

Representativeness of typical operations

- Corporate Standard allows for an **average of multiple consecutive years** to help **smooth out unusual fluctuations** in GHG emissions*
- SBTi (v.2.0) **requires that base year reflect typical operations**, ESRS includes disclosure requirement on how representativeness achieved

* The draft Land Sector and Removals guidance includes a recommendation that companies select a representative base year or period.

1 Should the Corporate Standard distinguish between **inventory base year** and **target base year**? (i.e., Do each serve distinct purposes?)

A. Yes

B. No

2 Should companies choose inventory and target base years **separately or together** as a single base year?

A. Companies *should* choose inventory base year and target base year **separately**

B. Companies *may* choose the same year for both inventory and target base year or may choose different years

C. Companies *should* choose the **same year for both inventory and target base year**

3 How should guidance on the **recency/timing** of inventory base year be updated?

A. Companies *should* choose the **earliest year with verifiable data**

B. Companies *may* choose earliest year with verifiable data or target base year

C. Companies *should* use **target base year where relevant (Following program requirements)**

4 How should **rolling base year** option be updated?

A. Maintain rolling base year option as currently exists

B. Maintain option but specify that base year should be rolled over **longer periods (e.g., 5-10 years corresponding to target periods)**

C. Eliminate rolling base year option

5 How should requirements/guidance be updated to promote a base year's **representativeness**?

A. Add a **requirement to select a representative base year**

B. Add a **recommendation to select a representative base year**

C. Maintain **status quo (no requirement or recommendation)**

Note: Color-coded boxes around options indicate options that are most viable when taken together.

GHG Protocol decision-making criteria analysis (DRAFT)

Question 2. Should companies choose inventory and target base years separately or together as a single base year?

Criterion	A. Companies <i>should</i> choose inventory base year and target base year <u>separately</u>	B. Companies <i>may</i> choose the same year for both inventory and target base year <u>or may</u> choose different years	C. Companies <i>should</i> choose the <u>same</u> year for both inventory and target base year
Scientific integrity	N/A	N/A	N/A
GHG accounting and reporting principles	<p>Pros: Promotes <i>completeness</i> (i.e., more complete information related to companies' historical emissions)</p> <p>Cons: May pose practical challenges to achieving <i>consistency</i> and <i>accuracy</i> if companies recommended to choose earliest year with verifiable data</p>	<p>Pros: Flexibility allows companies to choose approach that facilitates most <i>relevant</i> information to internal and external stakeholders, may help mitigate challenges from option A related to consistency and accuracy</p> <p>Cons: May hinder <i>completeness</i> (of accounting for a companies' historical emissions) for some reporters</p>	<p>Pros: May help mitigate challenges from option A related to consistency and accuracy</p> <p>Cons: May inhibit <i>relevance</i> by focusing on a single purpose for tracking emissions against a base year and <i>completeness</i> (of accounting for companies' historical emissions)</p>
Support decision-making that drives ambitious global climate action	<p>Pros: Facilitates more complete information related to companies' historical emissions profiles</p> <p>Cons: May deemphasize target setting</p>	<p>Pros: Gives companies option to focus efforts related to tracking emissions over time on target setting</p> <p>Cons: Potential for less complete information related to historical emissions may inhibit accountability</p>	<p>Pros: Emphasizes target setting and providing information for forward-looking climate action</p> <p>Cons: Potential for less complete information related to historical emissions may inhibit accountability</p>
Support programs based on GHG Protocol and uses of GHG data	<p>Pros: Distinguishing between inventory and target base years not anticipated to negatively impact interoperability with target setting programs, provision of information for uses beyond target setting context</p>	<p>Pros: Flexible approach can help serve different stakeholders' information needs (including related to target setting)</p> <p>Cons: Flexibility in approaches may inhibit comparability of reported information and lead to confusion for users of GHG data</p>	<p>Pros: Supports uses related to target setting programs</p> <p>Cons: Inhibits uses benefitting from a longer time series (assuming that target base years will typically be recent years)</p>
Feasibility to implement	<p>Cons: Companies participating in target setting programs may have to maintain two base years, practical challenges with recalculating emissions for distant base years</p>	<p>Pros: Flexibility helps mitigate challenges cited for options A and C</p>	<p>Pros: May mitigate practical challenges with base year emissions recalculation (assuming recent base years)</p> <p>Cons: Approach does not address needs of companies not participating in external target setting programs/implicitly requires companies set targets</p>

Breakout discussion: base year selection (30 minutes)

Part 1 (5 minutes): Purposes of inventory base year (Question 1)	<p>Discuss purposes that a base year (and tracking changes in emissions against a base year) serve to help answer Question 1:</p> <p><i>Should the Corporate Standard distinguish between an inventory base year and a target base year?</i></p>
Part 2 (10 minutes): Selection of base year – decision-making criteria analysis (Question 2)	<p>Discuss pros/cons of options for Question 2 according to the GHG Protocol decision-making criteria:</p> <p><i>Should companies choose inventory and target base years separately or together (i.e., as a single base year)?</i></p> <p>A. <i>Companies should choose inventory base year and target base year separately</i></p> <p>B. <i>Companies may choose the same year for both inventory and target base year or may choose different years</i></p> <p>C. <i>Companies should choose the same year for both inventory and target base year</i></p>
Part 3 (15 minutes): Other requirements/ guidance for base year selection (Questions 3-5)	<p>In consideration of insights from discussion items above, discuss other updates to requirements/ guidance for base year selection (Questions 3-5):</p> <ol style="list-style-type: none"> 3. <i>How should guidance on the recency/timing of base year be updated?</i> 4. <i>Should the option to use a rolling base year be maintained?</i> 5. <i>How should requirements/ guidance for base year selection be updated to promote a base year's representativeness?</i> <ul style="list-style-type: none"> • <i>Any other considerations not listed above</i>

Please select a spokesperson who will report highlights of the discussion back to the plenary.

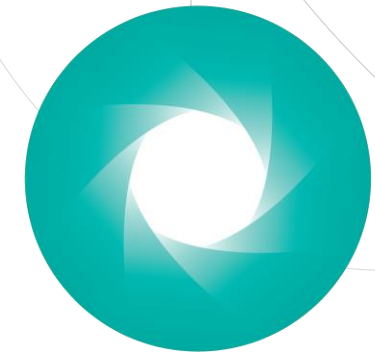


Base year selection: polls

Question	Options
1. Should the Corporate Standard distinguish between an inventory base year and a target base year? (i.e., do each serve different purposes)?	<p>A. Yes, an inventory base year and target base year should be distinguished as two separate types of base years that serve different purposes</p> <p>B. No, an inventory base year and target base year should not be distinguished</p>
2. Should companies choose inventory and target base years separately or together (i.e., as a single base year)?	<p>A. Companies should choose inventory base year and target base year separately</p> <p>B. Companies may choose the same year for both inventory and target base year or may choose different years</p> <p>C. Companies should choose the same year for both inventory and target base year</p>
3. How should guidance on the recency/timing of base year be updated?	<p>A. Maintain current guidance, specifying that companies should choose the earliest year with verifiable data</p> <p>B. Update guidance to specify that companies may choose earliest year with verifiable data or target base year</p> <p>C. Update guidance to specify that companies should use target base year where relevant (following program requirements)</p>
4. Should the option to use a rolling base year be maintained?	<p>A. Yes, maintain current option to use a rolling base year (where base year may be rolled forward each year)</p> <p>B. 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 cycles)</p> <p>C. No, remove option to use a rolling base year and require a fixed base year</p>
5. How should requirements/ guidance for base year selection be updated to promote a base year's representativeness ?	<p>A. Add requirement that base year be representative of typical conditions and avoid year with anomalies (e.g., companies <i>shall</i> select a base year that reflects typical conditions)</p> <p>B. Add recommendation that base year be representative of typical conditions and avoid year with anomalies (e.g., companies <i>should</i> select a base year that reflects typical conditions)</p> <p>C. Maintain status quo (no requirement or recommendation for representativeness of base year)</p>

Agenda

- Introduction and housekeeping 10 minutes
- Recap of phase 1 progress 20 minutes
- Phase 2 introduction: tracking emissions over time 10 minutes
- Base year selection 60 minutes
- Base year recalculation policy and significance thresholds (introduction) 10 minutes
- Wrap up and next steps 10 minutes



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Base year recalculation: current Corporate Standard requirements

“Companies ***shall*** develop a base year emissions recalculation policy, and clearly articulate the basis and context for any recalculations. If applicable, the policy ***shall*** state any “significance threshold” applied for deciding on historic emissions recalculation.”

The following cases shall trigger recalculation of base year emissions:

- **Structural changes** in the reporting organization that have a significant impact on the company’s base year emissions including:
 - Mergers, acquisitions, and divestments
 - Outsourcing and insourcing of emitting activities
- **Changes in calculation methodology** or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data.
- **Discovery of significant errors**, or a number of cumulative errors, that are collectively significant.

Note: Guidance in chapter 5 also specifies when base year emissions are *not* to be recalculated (i.e., due to organic growth or decline).

Base year recalculation and significance thresholds: stakeholder feedback

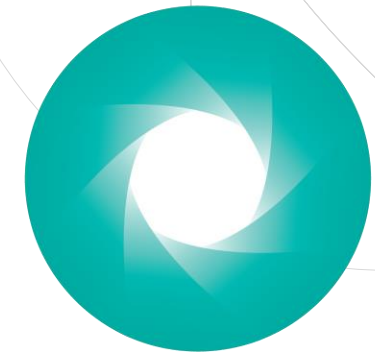
- Suggestions to **update requirements** related to significance thresholds including to:
 - **Require companies to establish significance threshold**, removing the words “if applicable” in current requirement
 - Define a prescriptive **numerical significance threshold** to promote consistent application among companies
- Requests for additional clarity in areas including:
 - How significance thresholds are applied **across scopes**
 - The **Frequency** that an organization should review for different types of changes
- Requests for **more guidance and examples** including:
 - Updated examples of quantitative and qualitative significance thresholds
 - Guidance and examples related to drivers that may prompt base year recalculation

Base year recalculation policy and significance thresholds: Key questions to be considered

1. Should companies be required to establish a quantitative significance threshold for triggering base year recalculations?
2. Should the Corporate Standard define a prescriptive quantitative significance threshold?

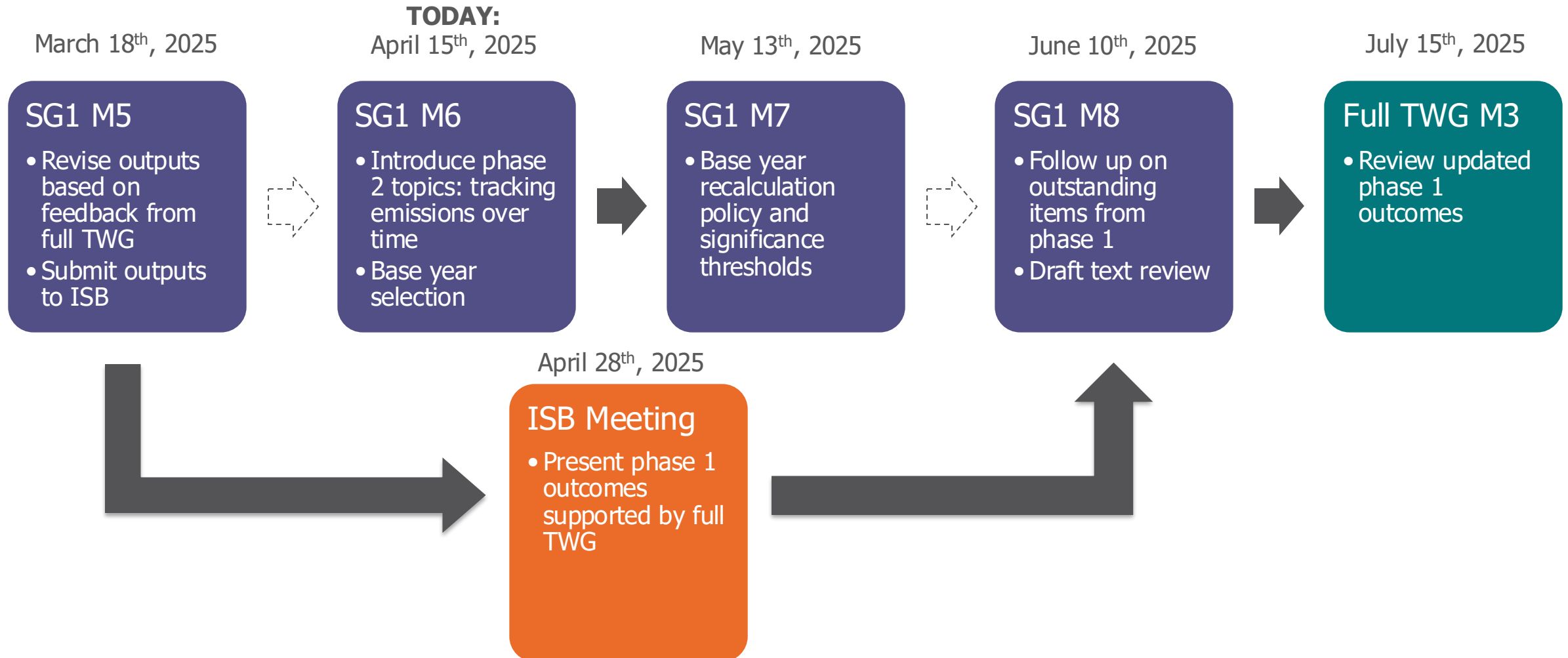
Agenda

- Introduction and housekeeping 10 minutes
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Upcoming schedule



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 Meeting 5 feedback survey (extended deadline April 20th)
- Respond to Meeting 6 feedback survey (deadline May 4th)

Next meeting

- Tuesday, May 13th (09:00-11:00 ET, 15:00-17:00 CET, 21:00-23:00 CHN)
- Continuation of phase 2 topics (base year recalculation policy, significance thresholds)

Thank you!

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Change log

Slide #s	Change	Details
11	Revised slide	Updated deadline for Meeting 5 feedback survey
12-18	New slides	New slides to provide update on material to be presented to ISB (replace previous placeholder slide 12)
28	Revised slide	Previous slide 22, note added to specify that IFRS S2 requires companies to measure GHG emissions in accordance with the Corporate Standard
31	New slide	New slide summarizing questions and options
32	New slide	New slide providing draft decision-making criteria analysis for question #2
33	New slide	New slide with prompt for breakout discussion
34	Revised slide	Previous slide 25, questions revised, poll prompt added
36	Revised slide	Previous slide 31, footnote added to specify instances when base year emissions are <i>not</i> to be recalculated
-	Deleted slides	Previous slides 26-29 deleted as discussion questions and options were reformulated