

# Corporate Standard Meeting Minutes

## Subgroup 1, Meeting #7

Date: 13 May 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. Robert Gray, DuPont
7. Henk Harmsen, Independent
8. Burkhard Huckestein, German Environment Agency
9. Marine Kohler, CentraleSupélec, Université Paris-Saclay
10. Dedy Mahardika, International Finance Corporation (IFC)
11. Philippe Missi Missi, UNFCCC Regional Collaboration Center West and Central Africa
12. Ann Marie Moohan-Sidhu, ESGright
13. Patrick Murphy, Sierra Club and Climatebase
14. Joanne Richmond, CK Hutchison
15. Emma Watson, SBTi

### Guests

None present

### GHG Protocol Secretariat

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

## Documents referenced

1. Slides for the Corporate Standard TWG Subgroup 1 meeting on 13 May 2025

Item	Topic and Summary	Outcomes
1	<p><b><i>Introduction and housekeeping</i></b></p> <p>The Secretariat welcomed TWG members to the seventh meeting of Subgroup 1 and reviewed the objectives and agenda for the meeting.</p>	No specific outcomes.
2	<p><b><i>Follow up on base year selection</i></b></p> <p>The Secretariat provided a recap of outcomes from meeting 6 on base year recalculation and posed follow up questions related to pathways that companies may follow in selecting a base year and whether to maintain the rolling base year option in the Corporate Standard.</p>	<p>An indicative poll showed <i>majority</i> agreement that the outcomes from meeting 6 on base year selection can be framed in terms of two pathways.</p> <p>An indicative poll showed <i>majority</i> support for eliminating the rolling base year option as currently defined in the Corporate Standard.</p>
3	<p><b><i>Base year recalculation policy and significance thresholds</i></b></p> <p>The Secretariat presented background information on base year recalculation policies and significance thresholds. Following discussion on the topic, indicative polls were held on updating Corporate Standard requirements related to significance thresholds. The Secretariat also briefly introduced options to consider for instances where companies lack sufficient information to recalculate base year emissions, with the topic to be discussed further in a future meeting.</p>	<p>An indicative poll showed <i>majority</i> support for requiring companies to establish a significance threshold as part of their base year recalculation policy, but with <i>split opinions</i> on whether the significance threshold must be quantitative or may be qualitative and/or quantitative.</p> <p>An indicative poll showed <i>majority</i> support that the Corporate Standard should establish a prescriptive quantitative significance threshold, but with <i>split opinions</i> on whether it should be a requirement or a recommendation.</p> <p>An indicative poll showed <i>majority</i> support that a separate significance threshold should be applied for each scope.</p> <p>An indicative poll showed <i>majority</i> support that a single cumulative significance threshold should apply across all types of events triggering base year recalculation (e.g., structural changes, methodological changes, discovery of errors).</p> <p>An indicative poll showed <i>majority</i> support for 5% as a prescriptive quantitative significance threshold if one were to be established.</p>
4	<p><b><i>Follow up on phase 1 topics</i></b></p> <p>The Secretariat provided a brief recap of the status of phase 1 topics including results from a feedback survey from meeting 5 and preliminary feedback from the ISB.</p>	No specific outcomes.
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 June 10<sup>th</sup> when phase 1 topics will be revisited.</p>	<p>The Secretariat will share meeting materials.</p> <p>The Secretariat requested that members respond to a Meeting 7 feedback survey on meeting topics by June 5<sup>th</sup>.</p>

		The next meeting of Subgroup 1 is scheduled for June 10 <sup>th</sup> .
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## Summary of discussion and outcomes

### 1. Introduction and housekeeping

- The Secretariat welcomed TWG members to the seventh meeting of Subgroup 1 and reviewed the objectives and agenda for the meeting (slides 1-9).

#### Summary of discussion

- No comments from members.

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

- No specific outcomes.

### 2. Follow up on base year selection

- The Secretariat provided a recap of outcomes from meeting 6 on base year selection and posed follow up questions related to pathways that companies may follow in selecting a base year and whether to maintain the rolling base year option in the Corporate Standard (slides 10-18).

#### Summary of discussion

- Summary of meeting 6 outcomes:** The Secretariat presented a summary of outcomes from meeting 6 of Subgroup 1 on base year selection along with results from a post-meeting feedback survey.
  - A member commented that part of the split in opinions on how the recency/timing of a base year should be updated may be due to current language in the Corporate Standard specifying a year with “verifiable data”. They noted challenges and limitations with obtaining verifiable data for past years. They added that completeness of verifiable data is also a consideration, where verifiable scope 1 and 2 data is more easily available for past years than scope 3.
- Pathways for base year selection:** The Secretariat presented a suggested conceptual framework bringing together some key outcomes from meeting 6 wherein there would be two pathways that companies may follow in selecting a base year: Pathway A (separate inventory and target base years) and pathway B (single base year for inventory and target setting).
  - Members asked clarifying questions related to the pathways including:
    - Whether pathway A refers to the inventory or target base year. The Secretariat clarified that the pathway refers to an inventory base year, but that under pathway A companies may also set a separate base year for target setting purposes.
    - Why the criteria listed on slide 15 differ between the pathways. The Secretariat noted that the criteria are illustrative examples, with the criteria for pathway A based on current Corporate Standard guidance and that for pathway B based on the SBTi Corporate Net-Zero Standard v.2.0 Consultation draft (CNZS draft) as an example of requirements from a target setting program (noting that different programs may have different requirements).
    - Whether pathway A necessarily requires that an inventory base year be a different year from a target base year. The Secretariat clarified that under pathway A, a company may still initially establish the same year for both, but that while the inventory base year may remain fixed over time, the target base year may be reestablished when a target setting cycle is concluded.
  - A member noted that the SBTi CNZS draft distinguishes between an inventory base year and a target base year as the Corporate Standard currently does.
  - A member suggested that a significance threshold is not a criterion for selection of a base year, but rather a separate issue. The Secretariat replied that it is indeed a separate issue, and it will be addressed during the second half of the meeting. The Secretariat also noted

- that if a company maintains a single base year for the inventory and for target setting, they would also follow target setting program requirements for significance thresholds.
- A member raised a potential concern with pathway B wherein the establishment and maintenance of a base year for companies following the pathway would depend upon their participation in external target setting programs. The member noted that they are in favor of keeping inventory and target base years separate.
  - A member suggested that an inventory base year may become less relevant over time if the recommendation to select the “earliest year with verifiable data” is maintained. They asked what the purpose of maintaining an inventory base year is.
    - Another member responded that maintaining an inventory base year to track changes in emissions over a period extending beyond target setting cycles enhances transparency to stakeholders.
  - A member expressed support for the options that would be available to companies through the pathways considering the varying contexts of and levels of maturity for different companies in developing their GHG inventories.
    - Another member agreed, adding that while establishing the same base year for both the inventory and target shouldn’t be the usual case, the option to do so should be available.
  - A member noted that companies typically establish targets later in their journey and have observed that companies “organically” define a target base year 1-3 years after setting an inventory base year.
  - A member suggested that the conceptual framework presented with the two pathways may be more complex than necessary and that simpler language could be used.
  - A member noted that inventory and target base years may be established for different reasons and that different stakeholders may be involved.
  - A member expressed concern with the requirement that an inventory base year be recalculated. The Secretariat noted that one question to be introduced at the end of the present meeting will be what options should be available to companies when they do not have sufficient information to recalculate base year emissions.
  - **Indicative poll:** The Secretariat conducted an indicative poll asking members the question: *Do you agree with framing outcomes from meeting 6 related to selection of a base year in terms of two pathways? (A. Separate inventory and target base years, B. Single base year for inventory and target setting)?* A majority of respondents responded “Yes”.
    - **Yes: 11 of 15 respondents**
    - No: 2 of 15
    - Abstain, I need more information to respond: 2 of 15
  - **Rolling base year option:** The Secretariat presented a simplified reframing of the question considered during meeting 6 related to the rolling base year option, asking whether the rolling base year option as currently defined in the Corporate Standard should be maintained or eliminated.
    - A member asked whether the question applies to the inventory or target base year. The Secretariat clarified that all discussions in the present meeting pertain to the inventory base year.
    - A member noted that companies will always compare the current year’s emissions with those from the previous year and added that CSRD requires a target base year be reset every 5 years.
      - The Secretariat emphasized that the rolling base year option would allow companies to only compare to the previous year.
      - Another member suggested that allowing companies to only compare to the previous year detracts from transparency.
      - Another member noted that requiring companies to have a fixed base year does not preclude them from also comparing to the previous year as part of telling their story.
    - A member asked if anybody had information on how common the practice of using a rolling base year is.
      - The Secretariat noted that they’d found limited information on this but that it appears that the practice is not common based on the small number of companies referring to

- a rolling base year in an open-response field on base year in the 2023 CDP questionnaire.
- Another member noted that they've found a rolling base year to be an edge practice.
- **Indicative poll:** The Secretariat conducted an indicative poll asking members the question: *Should the Corporate Standard maintain the rolling base year option as currently defined? A majority of respondents supported the elimination of the rolling base year option.*
  - Yes, the current rolling base year option should be maintained: 3 of 14 respondents
  - **No, the current rolling base year option should be eliminated: 10 of 14**
  - Abstain, I need more information to respond: 1 of 14
- **Representativeness of base year:** The Secretariat shared feedback survey results, showing that there were *split opinions* on whether a specification for companies to select a base year representative of typical conditions should be a requirement or a recommendation.
  - A member noted that there may be other factors that may constrain which years are available to select as a base year (e.g., availability of data).
  - A member highlighted that regulatory programs are specifying that a base year be representative and that companies must justify their reasons for choosing a base year.
  - A member asked if for new companies there's an average period until they reach a "representative" GHG profile, i.e., when they've reached a growth plateau.
    - Another member highlighted that a company's emissions profile depends on several factors including a company's size, complexity, data maturity, and internal resources.
    - Another member suggested that representativeness doesn't depend on organic growth but rather force majeure.
    - Another member suggested that the maturity of a company's GHG reporting is more important than the maturity of the company.
    - Another member noted that findings from research they've been involved with has shown that small companies in a growth phase may have varying emissions from year to year and that this should be considered.
  - A member noted that auditors will often treat a recommendation as if it were a requirement.
  - A member suggested that the various factors that should be considered in selecting a base year, including representativeness, should be listed, noting that there may be tradeoffs between different considerations.
  - A member suggested that more practical examples on this and other topics be developed to guide users and that TWG members can be a good resource for identifying examples from their experience. The Secretariat noted that requests for more examples was a common theme from stakeholder feedback, adding that to keep examples evergreen they may not be included as part of the standard text, but rather published elsewhere.

Outcomes (e.g. recommendations, options)

- An indicative poll showed *majority* agreement that the outcomes from meeting 6 on base year selection can be framed in terms of two pathways.
- An indicative poll showed *majority* support for eliminating the rolling base year option as currently defined in the Corporate Standard.

### 3. Base year recalculation policy and significance thresholds

- The Secretariat presented background information on base year recalculation policies and significance thresholds (slides 19-29). Following discussion on the topic, indicative polls were held on updating Corporate Standard requirements related to significance thresholds. The Secretariat also briefly introduced options to consider for instances where companies lack sufficient information to recalculate base year emissions, with the topic to be discussed further in a future meeting.

## Summary of discussion

- **Significance thresholds:**

- The Secretariat presented the questions below related to base year recalculation policies and significance thresholds for Subgroup 1 to consider, along with a draft analysis of options using the GHG Protocol decision-making criteria for question #2.
  - 1. Should the Corporate Standard require that companies establish a significance threshold as part of their base year recalculation policy?
  - 2. Should the Corporate Standard define a prescriptive quantitative significance threshold for base year recalculation?
  - 3. Should a single cumulative significance threshold apply across the entire inventory (scopes 1+2+3) or should significance thresholds apply separately by scope?
  - 4. Should significance thresholds apply separately or together for structural changes, methodological changes, and discovery of errors, respectively?
  - 5. If a prescriptive significance threshold is defined, what should the threshold be?
- A member expressed support for establishing a recommended or default significance threshold rather than a required one, noting that some companies may have multi-year plans for mergers and acquisitions and a recommendation would allow flexibility to accommodate these situations. They also noted economic volatility that companies may face.
- A member noted that differences in significance thresholds for base year recalculation is a factor that inhibits comparisons between reporting companies. They added that the threshold for base year recalculation corresponds to a level of uncertainty with reported emissions and that this needs to be considered in relation to the level of reductions pledged in targets.
- A member suggested that having a clear quantitative significance threshold defined in the standard would give practitioners something to point to when communicating with internal stakeholders on the need to recalculate base year emissions.
- A member expressed concern with the requirement for companies to recalculate an inventory base year if a base year is static and becomes an increasingly distant reference point over time. They added that over time the reference point becomes less relevant, the effort to recalculate the base year emissions becomes more burdensome, and recalculated emissions have higher uncertainty.
  - Another member suggested that if a company elects to set an inventory base year separate from their target base year, they should have to recalculate base year emissions.
  - Another member commented that GHG Protocol does not require updating base year emissions when data isn't available to do so.
  - The Secretariat noted that options that should be available to companies when sufficient information is not available to recalculate base year emissions will be introduced later in the meeting, with one potential option being to establish a new, more recent base year.
- A member questioned why the focus should be on recalculation of base year emissions specifically and not other historical years.
  - The Secretariat noted that while the issue is not on the agenda for the present meeting, requirements and recommendations on which years to recalculate in addition to the base year will be discussed at a later Subgroup 1 meeting.
  - Another member suggested that the last three years in addition to the base year should be recalculated.
- A member suggested that differentiated requirements should be considered for companies of different sizes, with larger companies having more resources to do base year recalculations on a more frequent basis than smaller companies.
  - The Secretariat noted that Subgroup 3 has also been considering differentiated requirements for small companies related to scope 3 emissions reporting. The Secretariat highlighted some related considerations including how the category of "small companies" is defined and the extent to which GHG Protocol should define differentiated requirements versus leaving this to programs.
- **Indicative polls:**
  - The Secretariat conducted an indicative poll asking the question: *Should the Corporate Standard require that companies establish a significance threshold as part of their base year recalculation policy?* A majority of respondents showed for support for requiring a significance



- threshold, but had split opinions on whether the threshold must be quantitative or may be qualitative and/or quantitative.
- No, current requirements should be maintained, requiring companies to state their significance threshold "if applicable": 2 of 13 respondents
  - **Yes, companies should be required to establish a significance threshold (may be qualitative and/or quantitative): 5 of 13**
  - **Yes, companies should be required to establish a quantitative significance threshold: 6 of 13**
  - Abstain, I need more information to respond: 0 of 13
  - The Secretariat conducted an indicative poll asking the question: *Should the Corporate Standard define a prescriptive quantitative significance threshold for base year recalculation?* A majority showed support for establishing a prescriptive quantitative significance threshold, but with split opinions on whether it should be a requirement or a recommendation.
    - No, the Corporate Standard should not define a prescriptive quantitative significance threshold: 3 of 13 respondents
    - **Yes, the Corporate Standard should define a required quantitative significance threshold: 4 of 13**
    - **Yes, the Corporate Standard should define a recommended or default quantitative significance threshold: 6 of 13**
    - Abstain, I need more information to respond: 0 of 13
  - The Secretariat conducted an indicative poll asking the question: *Should a single cumulative significance threshold apply across the entire inventory (scopes 1+2+3) or should significance thresholds apply separately by scope?* A majority showed support for a separate significance threshold being applied for each scope.
    - A single significance threshold should apply cumulatively across the entire inventory (scopes 1+2+3): 2 of 11 respondents
    - **Significance thresholds should apply for each scope separately: 7 of 11**
    - Abstain, I need more information to respond: 2 of 11
  - The Secretariat conducted an indicative poll asking the question: *Should significance thresholds apply separately or together for structural changes, methodological changes, and discovery of errors, respectively?* A majority showed support for applying a single cumulative significance threshold across different types of events triggering base year recalculation.
    - **A single significance threshold should apply across all changes triggering a base year recalculation: 7 of 11 respondents**
    - Significance thresholds should apply separately for structural versus methodological changes: 2 of 11
    - Abstain, I need more information to respond: 2 of 11
  - The Secretariat conducted an indicative poll asking the question: *If a prescriptive quantitative significance threshold is defined, what should the threshold be?* A majority of respondents expressed support for a threshold of 5%.
    - <5%: 0 of 11 respondents
    - **5%: 9 of 11**
    - 10% 0 of 11
    - >10%; 0 of 11
    - Abstain, I need more information to respond: 2 of 11
  - **Base year recalculation and lack of sufficient data:** The Secretariat presented options currently described in the Corporate Standard and Scope 3 Standard for instances where companies lack sufficient data to recalculate base year emissions. With limited time left in the meeting, the Secretariat noted that the issue will be further discussed in a future meeting and input solicited from Subgroup 1 members via a feedback survey.
    - A member suggested that a lack of data should not be an excuse but rather a mandate to get better data.
    - A member expressed that the topic is a critical one to address for facilitating decision-making in companies over the next decade.
    - A member noted that mergers and acquisitions often involve small companies that do not have data for past years.

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

- An indicative poll showed *majority* support for requiring companies to establish a significance threshold as part of their base year recalculation policy, but with split opinions on whether the significance threshold must be quantitative or may be qualitative and/or quantitative.
- An indicative poll showed *majority* support that the Corporate Standard should establish a prescriptive quantitative significance threshold, but with split opinions on whether it should be a requirement or a recommendation.
- An indicative poll showed *majority* support that a separate significance threshold should be applied for each scope.
- An indicative poll showed *majority* support that a single cumulative significance threshold should apply across all types of events triggering base year recalculation (e.g., structural changes, methodological changes, discovery of errors).
- An indicative poll showed *majority* support for 5% as a prescriptive quantitative significance threshold if one were to be established.

#### **4. Follow up on phase 1 topics**

- The Secretariat provided a brief recap of the status of phase 1 topics including results from a feedback survey from meeting 5 and preliminary feedback from the ISB (slides 30-32).

#### Summary of discussion

- No comments from members.

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

- No specific outcomes.

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

- The Secretariat outlined next steps including the next Subgroup 1 meeting scheduled for June 10<sup>th</sup>, 2025, when phase 1 topics will be revisited (slides 33-36).

#### Summary of discussion

- No comments from 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 7 topics by June 5<sup>th</sup>.
- The next meeting of Subgroup 1 is scheduled for Tuesday, June 10<sup>th</sup>, 2025 at 09:00 ET / 15:00 CET / 21:00 CHN.

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

- The Secretariat requested responses to a feedback survey to follow up on discussions from meeting 6 on base year selection. 11 members responded, with results summarized in the meeting slides.