

# Corporate Standard Meeting Minutes

## Subgroup 3, Meeting #6

Date: 29 April 2025

Time: 09:00 – 11:00 ET / 15:00 – 17:00 CET

Location: Virtual

## Attendees

### Technical Working Group Members

1. Inês Amorim, WBCSD
2. Christa Anderson, WWF
3. Samuel Anuga, University Mohammed VI Polytechnic, Morocco
4. Rebecca Berg, Center for Climate and Energy Solutions
5. Jasper Chan, TownGas
6. Gonzalo Chiriboga, Central University of Ecuador
7. Ron-Hendrik Hechelmann, University of Kassel
8. Tomoo Machinba, Zeroboard, Inc.
9. Felipe Martínez Rodríguez, Hydro
10. Alexis McGivern, University of Oxford
11. Brandon McNamara, Northern Arizona University
12. Suresh Krishna Ishwara Palar, Infosys
13. Ann Radil, Watershed
14. Jay Shi, Proctor & Gamble
15. Monika Shrivastava, JSW Cement
16. Zi (Christiana) Wang, JD Logistics

### Guests

None present

### GHG Protocol Secretariat

1. Allison Leach
2. Hande Baybar
3. Pankaj Bhatia
4. Natalia Chebaeva
5. Adrienne Gilbride
6. Iain Hunt
7. David Rich

## Documents referenced

1. Slides for the Corporate Standard Subgroup 3 Meeting 6 on 29 April 2025

Item	Topic and Summary	Outcomes
1	<b><i>Introduction and housekeeping</i></b> The Secretariat briefly reviewed meeting objectives and housekeeping items.	No specific outcomes.
2	<b><i>Early feedback from the ISB</i></b> The Secretariat provided a brief and preliminary recap of feedback from the April 28 <sup>th</sup> meeting of the Independent Standards Board (ISB), where Subgroup 3 recommendations were presented.	The Secretariat will share the details of outcomes and feedback from the ISB on Corporate Standard TWG recommendations at Subgroup 3 Meeting 7.
3	<b><i>Justifiable exclusions</i></b> The Secretariat presented background on justifiable exclusions, including the GHG Protocol context, how external programs address justifiable exclusions, relevant research, and stakeholder survey feedback.  Questions and associated options were presented on the following topics: Justifiable exclusions for scopes 1 and 2; de minimis emissions; and disclosure requirements. The discussion on justifiable exclusions for scope 3 was tabled for a future meeting. Following discussions, indicative polls were conducted.	An indicative poll found <i>majority support</i> for making justifiable exclusions for scopes 1 and 2 more prescriptive and quantitative.  An indicative poll found <i>majority support</i> for setting two exclusion thresholds: One combined for scopes 1 and 2, and a separate exclusion threshold for scope 3.  An indicative poll found <i>split opinions</i> on a quantitative value for an exclusion threshold for scopes 1 and 2.  An indicative poll found <i>majority support</i> for combining de minimis emissions with a quantitative exclusion threshold for scopes 1 and 2.  An indicative poll found <i>split opinions</i> on whether disclosure requirements on justifiable exclusions should be expanded.
4	<b><i>Operationalizing a differentiated scope 3 requirement</i></b> Due to time constraints, this topic was not addressed.	This topic will be covered at a future meeting.
5	<b><i>Wrap-up and next steps</i></b> The Secretariat shared a summary of next steps including the schedule for upcoming meetings.	Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.  The next Subgroup 3 meeting will be on Tuesday, May 27 <sup>th</sup> at 09:00 EDT / 15:00 CEST / 21:00 CHN.

## Summary of discussion and outcomes

### 1. Welcome and housekeeping

- The Secretariat briefly reviewed meeting objectives and housekeeping items. (Slides 1-8)

#### Summary of discussion

- The Secretariat presented the meeting agenda and objectives, reminded TWG members of housekeeping items, provided an overview of general feedback received to date via the Corporate Standard TWG Feedback Form.

- The Secretariat previewed the schedule of upcoming meetings.

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

- No specific outcomes.

## **2. Early feedback from the ISB**

- The Secretariat provided a brief and preliminary recap of feedback from the April 28th meeting of the Independent Standards Board (ISB), where Subgroup 3 recommendations were presented. (Slides 9-18)

#### Summary of discussion

- The Secretariat shared a brief summary of the outcomes on Subgroup 3 recommendations presented at the ISB meeting on April 28<sup>th</sup>, 2025. All information shared was preliminary, and more complete information will be shared at Subgroup 3 Meeting 7.
- A member asked whether there was any further context provided by ISB members who abstained on a decision vote. The Secretariat responded that some feedback was provided during the meeting, but the Secretariat will follow up directly with ISB members who abstained to gather more information.
- A member asked whether Subgroup 3 recommendations that went to the ISB will come back to Subgroup 3. The Secretariat responded that recommendations that are adopted will come back to Subgroup 3 for implementation (e.g., drafting the text). The Secretariat noted that for recommendations not adopted by the ISB, the topic will come back to Subgroup 3 for further consideration along with the ISB's feedback.
- A member asked whether ISB meeting materials are posted to the GHG Protocol Standards Development and Governance Repository. The Secretariat said that ISB meeting minutes will be posted to the repository.

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

- The Secretariat will share the details of outcomes and feedback from the ISB on Corporate Standard TWG recommendations at Subgroup 3 Meeting 7.

## **3. Feedback from full TWG: Differentiated scope 3 requirement**

- The Secretariat presented background on justifiable exclusions, including the GHG Protocol context, how external programs address justifiable exclusions, relevant research, and stakeholder survey feedback. Questions and associated options were presented on the following topics: Justifiable exclusions for scopes 1 and 2; de minimis emissions; and disclosure requirements. The discussion on justifiable exclusions for scope 3 was tabled for a future meeting. Following discussions, indicative polls were conducted. (Slides 19-38)

#### Summary of discussion

- **GHG Protocol context**
  - A member asked why the Scope 2 Guidance does not have any additional guidance on exclusions. The Secretariat responded that the Scope 2 Guidance is an amendment to the Corporate Standard and takes on the Corporate Standard requirements.
  - A member asked whether "de minimis" only refers to scope 3, or if it is also used for scopes 1 and 2. The Secretariat replied that the de minimis concept is applied across all scopes, but clarified that de minimis is not allowed in the GHG Protocol standards.
- **External programs and justifiable exclusions**
  - A member asked for more information on the definition and criteria of the "impracticability" clause available for scope 3 emissions disclosures under IFRS S2. The Secretariat responded that the impracticability clause allows the exclusion of scope 3 emissions but only under rare circumstances where no estimate can be made. The Secretariat continued that IFRS S2 also offers scope 3 flexibility through proportionality, which allows companies to report data of lower quality.

- A member commented on the difference between allowable exclusions for reporting versus target setting, noting that the inventory should include actionable emissions. The member continued that discussions to date have focused on significance for scope 3, but other standards/programs consider relevance and influence to address whether the emissions are actionable. The member asked whether GHG Protocol wants to focus on reporting, or whether those other elements (relevance, influence) should be considered. The Secretariat responded that the GHG Protocol will continue to be an accounting and reporting standard and not a target-setting standard. The Secretariat further clarified that the Subgroup 3 recommendation requires significance but also recommends the other relevance criteria (e.g., influence).
- A member noted that their suppliers often do not want to report scope 3 even though it is possible with available data. The member continued that the standard should be developed considering the technology today and also for the future to support achieving ambitious global climate action.
- **Stakeholder survey feedback and relevant research**
  - The Secretariat presented an analysis of CDP disclosures, which shows that companies are excluding data across all three scopes.
  - A member asked whether companies getting assurance/verification on their GHG inventory have fewer exclusions on their report. The Secretariat responded that the analysis was not completed with this question in mind, but it will be considered for future analyses.
- **Question 1: Justifiable exclusions for scopes 1 and 2**
  - A member noted that the options presented were comprehensive. They stated that the two most viable options were the two options that make justifiable exclusions more prescriptive, with the decision between whether the requirement is quantitative or qualitative. The member observed that the exclusion threshold defined for scope 3 earlier in the process is quantitative, and a quantitative threshold for scopes 1 and 2 would promote harmonization.
  - A member proposed that high-emitting sectors should not be allowed to exclude any emissions from scopes 1 and 2, and they suggested a differentiated approach for exclusions in scopes 1 and 2.
  - A member stated that scopes 1 and 2 should be as complete and comparable as possible for downstream users of the data, and that exclusions should therefore be minimized or prohibited entirely. Another member stated their agreement and said that although there can be acceptable reasons for exclusions, the justifiable exclusions should be very explicitly defined.
  - A member said they are open to more prescriptive justifiable exclusions for scopes 1 and 2 that are either quantitative or qualitative. However, the member said their preference is to prohibit exclusions altogether to better support and align with target-setting programs. The Secretariat responded that GHG Protocol is currently in discussions with SBTi about the draft version 2.0 of the Corporate Net Zero Standard regarding opportunities for better alignment and/or interoperability. The Secretariat observed that the SBTi draft does not limit data quality, and the Scope 3 TWG recommendation to require a hotspot analysis aligns with the SBTi draft requirement for a “full scope 3 inventory.”
  - A member stated that quantitative justifiable exclusions is their preferred option and asked whether it could be combined with de minimis. The Secretariat responded that in the following question, one option will be to consider whether to combine a quantitative exclusion threshold with de minimis emissions. Another member agreed and added that exclusions seem to be more common and necessary in scope 3 than in scopes 1 and 2.
  - A member stated that the quality of disclosed data should be incorporated into verification criteria, and enterprises disclosing emissions should ensure the full disclosure of all emissions sources. The Secretariat responded that not all programs require the disclosure of all emissions, and voluntary reporters have more flexibility in reporting.

- A member stated that the bar for justifiable exclusions should be higher for scopes 1 and 2 versus scope 3 because companies have control and/or ownership of the scope 1 and 2 emissions, which is not the case for scope 3 sources. The member said they were leaning towards prohibiting any exclusions for scopes 1 and 2.
- A member agreed that there should be a higher bar for scopes 1 and 2, which could be achieved by a lower exclusion threshold.
- A member asked if a more prescriptive justifiable exclusion could have both quantitative and qualitative elements. The Secretariat responded that it is possible.
- A member asked whether the discussion and polls in the meeting are focused on scopes 1 and 2. The Secretariat confirmed that is correct.
- A member stated that because companies have more control over emissions in scopes 1 and 2, no exclusions should be permitted in scopes 1 and 2.
- A member noted that even though scope 1 and 2 emissions are under the control of the reporter, some of those emission sources might be very minor and challenging to quantify.
- The Secretariat asked members whether allowing scope 1 and 2 exclusions could result in implications or unintended consequences for downstream users of that data. A member observed that exclusions are already happening, and it is therefore important to be more prescriptive and transparent.
- The Secretariat noted that the level of a quantitative exclusion threshold also influences the discussion.
- **Boundaries for scope 1 and 2 exclusion threshold:**
  - A member asked what the boundaries are for the scopes 1 and 2 exclusion threshold (e.g., cumulative, separate).
  - The Secretariat proposed that a new poll be conducted to define the boundary for the scope 1 and 2 exclusion threshold.
  - A member observed that scopes 1 and 2 are often managed together, with scope 3 being managed separately, suggesting a cumulative threshold for scopes 1 and 2.
  - The Secretariat stated that the current SBTi standard has a cumulative 5% exclusion threshold for scopes 1 and 2, but the draft revised standard splits up scopes 1 and 2 due to the differences in boundaries and methodology. The Secretariat noted that, for example, it would need to be considered with the scope 2 location-based or market-based approach should be used if a cumulative scope 1+2 threshold is defined.
- **Defining a quantitative value for scope 1 and 2 exclusions:**
  - A member commented that they would support a 1% exclusion threshold for scopes 1 and 2.
  - A member observed that for very large companies, just 1% of scope 1 and 2 emissions can be very large and contribute to climate change.
  - The Secretariat proposed that a new poll be conducted to define the scope 1 and 2 quantitative exclusion threshold.
  - Two member who earlier stated a preference for prohibiting scope 1 and 2 exclusions said they would support scope 1 and 2 exclusions with a lower threshold of 1-2%. Another member agreed that the exclusion threshold for scopes 1 and 2 should be lower than the proposed 5% exclusion threshold for scope 3.
- **An indicative poll** was conducted asking: Should justifiable exclusions be maintained in scopes 1 and 2?
  - **Majority support** for making scope 1 and 2 justifiable exclusions more prescriptive and quantitative
  - 2 of 14 members: Yes, maintain current guidance

- 9 of 14 members: Yes, but make more prescriptive and quantitative
  - 0 of 14 members: Yes, but make more prescriptive and qualitative
  - 2 of 14 members: No, exclusions should be prohibited
  - 1 of 14 members: Other
- **An indicative poll** was conducted asking: How should an exclusion threshold be applied across scopes? *Note: This question will be further discussed at Meeting 7 following a presentation by the Secretariat on relevant research and examples.*
  - **Majority support** for setting two exclusion thresholds: One combined for scopes 1 and 2, and a separate exclusion threshold for scope 3.
  - 1 of 15 members: A single cumulative exclusion threshold applying to scope 1+2+3
  - 11 of 15 members: Two exclusion thresholds: One for scopes 1+2 and a second for scope 3
  - 3 of 15 members: Three separate exclusion thresholds for scope 1, scope 2, and scope 3
- **An indicative poll** was conducted asking: What should the exclusion threshold for scopes 1 and 2 be? *Note: This question will be further discussed at Meeting 7 following a presentation by the Secretariat on relevant research and examples.*
  - **Split opinions** on a quantitative value for an exclusion threshold for scopes 1 and 2.
  - 2 of 14 members: <1%
  - 6 of 14 members: 1%
  - 5 of 14 members: Between 1% and 5%
  - 1 of 14 members: 5%
  - 0 of 14 members: >5%
- **Question 2: Justifiable exclusions for downstream scope 3 emissions**
  - This topic was tabled for a future meeting. First, the Scope 3 TWG will finalize its recommendations on justifiable exclusions in scope 3. The CS Subgroup 3 will then consider the full set of justifiable exclusions across the entire inventory, including recommendations from the Scope 3 TWG.
  - A member asked for examples that would require exclusions on downstream emissions. The Secretariat responded that the exclusion would apply to companies who produce intermediate products where the end use of the product is varied and/or unknown. The Secretariat gave an example of chemical production or monomer production, which can be processed and applied in a wide variety of end products.
  - A member observed that in product carbon accounting, there is differentiation between final and non-final products and the methods differ. The member suggested that this distinction could serve as a reference for defining the justifiable exclusion for the production of intermediate products.
- **Question 3: De minimis emissions**
  - A member asked why de minimis emissions are not included under emissions reported with a level of uncertainty. The Secretariat responded that this can be done with a quantitative estimate of de minimis emissions, but that qualitative estimates of de minimis are often performed, and therefore there is not an estimated quantity of emissions to report.
  - The Secretariat noted that many companies prefer not to use low quality data in their inventory to avoid misleading users of the data.
  - A member suggested that de minimis emissions should be very low quantities, perhaps less than 1%, whereas exclusions below 5% should be considered non-significant. The member suggested that GHG Protocol should provide guidance on how to estimate non-significant emissions of less than 5%.



- A member shared that their organization applies the “de minimis” concept and has set a de minimis exclusion threshold of less than 1%.
- The Secretariat asked members to share other examples of de minimis thresholds defined at their organizations. One member shared that their organization uses a cumulative 5% threshold for scope 3 emissions.
- A member pointed out that the cumulative effect of de minimis emissions can be large and can affect the accuracy of the overall inventory. The member suggested that “de minimis” emissions should be narrowly defined so that they only include minor emissions sources. The Secretariat responded that the de minimis emissions could be included within the broader exclusion threshold to ensure that all excluded emissions stay below a threshold.
- A member suggested that de minimis could be prohibited for scopes 1 and 2 but allowed for scope 3 with an exclusion threshold of 5%.
- A member asked whether combining de minimis with an exclusion threshold would mean that the two types of exclusions were added together. The Secretariat clarified that combining the two would mean that de minimis exclusions are embedded in the broader exclusion defined with a quantitative exclusion threshold. A member observed that the option to combine de minimis is only relevant if there is majority support for a quantitative exclusion threshold for scopes 1 and 2.
- A member requested quantitative examples of the approach combining de minimis emissions with justifiable exclusions. The Secretariat replied that examples will be presented at the next meeting for consideration.
- A member stated their support for defining justifiable exclusions with a quantitative exclusion threshold and combining that threshold with de minimis exclusions. The member observed that this approach would acknowledge that it is very challenging for many companies to achieve 100% complete reporting, especially in a timely manner, and would allow companies to focus on their major emissions sources.
- **An indicative poll** was conducted asking: Should “de minimis” emissions be formalized and allowed?
  - **Majority support** for combining “de minimis” emissions with an exclusion threshold
  - 1 of 14 members: Yes, it should be formalized and allowed
  - 10 of 14 members: Yes, but it should be combined with an exclusion threshold
  - 1 of 14 members: No, maintain current guidance
  - 0 of 14 members: No, explicitly prohibit
  - 2 of 14 members: Abstain, I need more information to respond
- **Question 4: Disclosure requirements**
  - The following language for the draft Land Sector and Removals Guidance was proposed as a starting point for defining new text for justifiable exclusions:
    - “Disclose and justify any exclusions of any scope 3 categories, accounting categories, gases, sources, or sinks from the GHG inventory.”
  - A member noted that this definition is missing a portion of the Corporate Standard text on justifiable exclusions that refers to “Any specific exclusions of sources, facilities, and/or operations.” The member suggested that “facilities and/or operations” is added to the draft definition for completeness.
  - **An indicative poll** was conducted asking: Should disclosure requirements for justifiable exclusions be expanded? Note: The members suggested that this topic be reconsidered after the justifiable exclusion recommendations are finalized.
    - **Split opinions**, with the most support for defining new guidance and maintaining the current guidance.
    - 1 of 13 members: Yes, new requirements should be defined

- 7 of 13 members: Yes, new guidance should be defined
- 3 of 13 members: No, maintain current guidance
- 2 of 13 members: Abstain, I need more information to decide

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

- An indicative poll found *majority support* for making justifiable exclusions for scopes 1 and 2 more prescriptive and quantitative.
- An indicative poll found *majority support* for setting two exclusion thresholds: One combined for scopes 1 and 2, and a separate exclusion threshold for scope 3.
- An indicative poll found *split opinions* on a quantitative value for an exclusion threshold for scopes 1 and 2.
- An indicative poll found *majority support* for combining de minimis emissions with a quantitative exclusion threshold.
- An indicative poll found *split opinions* on whether disclosure requirements on justifiable exclusions should be expanded.

#### **4. Operationalizing a differentiated scope 3 requirement**

- Due to time constraints, this topic was not addressed. (Slides 39-43)

#### Summary of discussion

- Not applicable

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

- This topic will be covered at a future meeting.

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

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings. (Slides 44-47)

#### Summary of discussion

- No discussion

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

- Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.
- The next Subgroup 3 meeting will be on Tuesday, May 27th at 09:00 EDT / 15:00 CEST / 21:00 CHN.

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

- The Secretariat invited all Subgroup 3 members to respond to a feedback survey on topics covered in Subgroup 3 Meeting 5 related to defining a differentiated scope 3 requirement. Because only 8 responses were received and the topic of a differentiated scope 3 requirement was not covered in Meeting 6, the Secretariat informed Subgroup 3 members that the survey will be kept open through Meeting 7.