

Corporate Standard Meeting Minutes

Subgroup 3, Meeting #8

Date: 24 June 2025

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

Location: Virtual

Attendees

Technical Working Group Members

1. Inês Amorim, WBCSD
2. Samuel Anuga, University Mohammed VI Polytechnic, Morocco
3. Rebecca Berg, Center for Climate and Energy Solutions
4. Jasper Chan, TownGas
5. Gonzalo Chiriboga, Central University of Ecuador
6. Ron-Hendrik Hechelmann, University of Kassel
7. Tomoo Machinba, Zeroboard, Inc.
8. Mamahloko Senatla, Kenmare Resources
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. Monika Shrivastava, JSW Cement
15. Max Sonnen, Ecomatters
16. Zi (Christiana) Wang, JD Logistics

Guests

1. Ignacio Fernandez, The Climate Registry

GHG Protocol Secretariat

1. Allison Leach
2. Hande Baybar
3. Iain Hunt
4. David Rich

Documents referenced

1. Slides for the Corporate Standard Subgroup 3 Meeting 8 on 24 June 2025

Item	Topic and Summary	Outcomes
1	<p><i>Introduction and housekeeping</i></p> <p>The Secretariat presented the meeting agenda and objectives, reminded TWG members of housekeeping items, reviewed recent updates from subgroups 1 and 2, and identified subgroup 3 topics for the full TWG meeting in July.</p>	No specific outcomes.
2	<p><i>Scope 3 requirement: Proposed revisions</i></p> <p>The Secretariat presented proposed revisions for defining a global scope 3 requirement and eligibility for a less stringent scope 3 requirement. The Secretariat introduced a question and options on how to operationalize a less stringent scope 3 requirement. Following discussion, indicative polls were held.</p>	<p>An indicative poll found <i>majority agreement</i> that the draft SBTi company categorization approach addresses issues raised about the proposed eligibility for a less stringent scope 3 reporting requirement.</p> <p>An indicative poll found <i>majority support</i> for adopting the draft SBTi company categorization approach for defining eligibility for a less stringent scope 3 reporting requirement, pending finalization.</p> <p>An indicative poll found <i>majority support</i> for operationalizing a less stringent scope 3 reporting requirement with defined conformance levels.</p>
3	<p><i>Justifiable exclusions</i></p> <p>The Secretariat reviewed outcomes to date on justifiable exclusions and highlighted two topics: The boundary and value for scope 1 and 2 justifiable exclusions. Given majority support in the meeting 7 feedback survey, indicative polls were not held.</p>	No specific outcomes.
4	<p><i>Phase 2 introduction: Data quality</i></p> <p>The Secretariat presented the subgroup 3 phase 2 scope of work. The Secretariat then presented GHG protocol context, background, other workstreams' preliminary outcomes, and proposed questions and options on the topic of data quality. A discussion was held on defining data quality for scope 1 emissions sources.</p>	The Secretariat will share a follow-up meeting survey that requests input on defining scope 1 data quality.
5	<p><i>Wrap-up and next steps</i></p> <p>The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of outcomes memos across subgroups ahead of the full TWG meeting on July 15th.</p>	<p>The Secretariat will share final meeting materials including the slides, minutes, and recording.</p> <p>A memo summarizing Subgroup 3 preliminary outcomes will be shared first with Subgroup 3 members. Outcomes memos from the other two subgroups will also be shared with the full TWG ahead of the July 15th meeting.</p> <p>The next full Corporate Standard TWG meeting will be Tuesday, July 15th, with two time slots: 07:30 ET / 13:30 CET / 19:30 CHN and 15:30 ET / 21:30 CET / 03:30 Wed., July 16th CHN.</p>

		The next Subgroup 3 meeting will be Tuesday, Sept. 5 th at 09:00 ET / 15:00 CET / 21:00 CHN
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Summary of discussion and outcomes

1. Welcome and housekeeping

- The Secretariat presented the meeting agenda and objectives, reminded TWG members of housekeeping items, reviewed recent updates from subgroups 1 and 2, and identified subgroup 3 topics for the full TWG meeting in July. (Slides 1-11)

Summary of discussion

- No discussion.

Outcomes (e.g., recommendations, options)

- No specific outcomes.

2. Scope 3 requirement: Proposed revisions

- The Secretariat presented proposed revisions for defining a global scope 3 requirement and eligibility for a differentiated scope 3 requirement. The Secretariat introduced a question and options on how to operationalize a differentiated scope 3 requirement. Following discussion, indicative polls were held. (Slides 12-22)

Summary of discussion

- Proposed revisions for defining scope 3 requirement**
 - The Secretariat presented proposed revisions to the scope 3 requirement recommended by the TWG following feedback from ISB members and observing entities. In response to concerns about use of the word "significant," the revision changes the phrase "All significant scope 3 emissions shall be required" to "Companies shall account for and report at least 95% of total required scope 3 emissions." Meeting 7 feedback survey results indicated majority support for the revision approach.
- Defining eligibility for a less stringent scope 3 requirement**
 - The Secretariat presented the company categorization approach used in the draft SBTi Corporate Net Zero Standard, which categorizes companies based on size, emissions, and geography. The Secretariat asked members whether the SBTi approach could address concerns raised about the original draft eligibility for a less stringent scope 3 requirement.
 - A member asked whether SBTi has received any feedback about the company categorization approach during the public consultation period. The Secretariat responded that SBTi public consultation has concluded but the GHG Protocol Secretariat does not have information on specific feedback received.
 - A member asked what the revision timeline is for SBTi's standards and what that would mean for adoption in GHG Protocol of their approach. The Secretariat replied that SBTi's revisions are more frequent than GHG Protocol. The Secretariat continued that if there is support for the SBTi approach, then the TWG will need to consider whether to refer to the SBTi approach (including any future changes) or to replicate the SBTi approach directly in GHG Protocol text.
 - A member suggested that emissions intensity might be a more relevant criterion than an absolute emissions cap for defining small companies.
 - A member asked how a company's location is determined in the SBTi approach (e.g., headquarters versus the operations), noting that the California Corporate Data Accountability Act is determining what entities will be covered based on their location. The Secretariat replied that the SBTi approach defines company location based on a company's headquarters.
 - A member stated their support for adopting the SBTi company categorization approach to define a less stringent scope 3 requirement. Another member stated their agreement.

- A member asked if the SBTi company categorization considers sector, including whether companies from high-emitting sectors can be eligible for less stringent requirements. The Secretariat responded that the SBTi company categorization approach does not consider company sector, but it does include an emissions cap for defining small companies. The Secretariat added that SBTi has some sector-specific standards that supersede the Corporate Net Zero Standard.
- A member observed that a service industry company might have low absolute emissions but a higher number of employees and net annual turnover, whereas a manufacturing company might qualify as a medium-sized company due to its small number of employees and despite high absolute emissions.
- A member asked whether the emissions cap for small companies also applies to medium-sized companies in low and lower-middle income countries (i.e., category B). The Secretariat responded that the emissions cap only applies to small companies in the current version. The member requested follow-up clarification from SBTi.
- **An indicative poll** was conducted asking: Do you agree that the SBTi approach for company categorization addresses the issues raised by the ISB and TWG members? The Secretariat clarified that the intention of the poll is to see whether the subgroup should continue exploring application of the SBTi company categorization approach, noting that the approach is in draft form.
 - **Members expressed majority agreement that the draft SBTi company categorization approach addresses issues raised about the proposed eligibility for a less stringent scope 3 reporting requirement.**
 - 12 of 14 members: Yes, I agree
 - 1 of 14 members: No, I disagree (please explain in chat)
 - 1 of 14 members: Abstain, I need more information to respond
 - The member who disagreed stated that they think high-emitting small companies should be subject to the full scope 3 reporting requirement. The Secretariat noted that the SBTi approach includes an emissions cap that prevents some high-emitting companies from qualifying as category A (small) companies.
- **An indicative poll** was conducted asking: Do you support adopting the SBTi company categorization approach to define eligibility for differentiated scope 3 reporting? For example: "Category B companies (as defined by SBTi) should be eligible for less stringent scope 3 reporting"
 - **Members expressed majority support for adopting the draft SBTi company categorization approach for defining eligibility for a less stringent scope 3 reporting requirement, pending finalization.**
 - 11 of 14 members: Yes, I support adopting the draft SBTi approach, pending finalization
 - 1 of 14 members: No, I prefer the original definition (i.e., small companies except small companies in high-emitting sectors)
 - 2 of 14 members: Other (please explain in chat)
 - 1 of 14 members: Abstain, I need more information to respond
- **Operationalizing a less stringent scope 3 requirement**
 - The Secretariat presented options for operationalizing a less stringent scope 3 requirement, including A) Conformance levels, B) 'Opt out' provisions, and C) Guidance only.
 - A member asked what the difference would be between option A (conformance levels) and option B ('Opt out' provisions). The Secretariat responded that options A and options B would require the same level of scope 3 reporting; the difference would be in how that information is disclosed. For option A, companies would disclose the conformance level to which they are reporting. For option B, all companies would have the same scope 3 reporting requirement,

but eligible companies could choose to opt out of specified aspects of scope 3 reporting, provided that they disclose the exclusion.

- A member asked if there would be a disclosure requirement for option B. The Secretariat responded that there would be a disclosure requirement, and if TWG members prefer option B, then the details of the wording would be determined.
- A member observed that option A is more encouraging from a practitioner's perspective.
- A member asked what the difference between options A and B would be for practitioners. The Secretariat responded that the practitioners would apply the same level of reporting, and only their disclosure would differ. The Secretariat continued that the main difference is for users of the data: option A would transparently state conformance levels so users have a better understanding of what is contained in the report, whereas option B would have the disclosure information in the details of the report.
- **An indicative poll** was conducted asking: If requirements differ by reporter type, how should the different scope 3 reporting requirements be operationalized?
 - **Members expressed majority support for operationalizing a less stringent scope 3 reporting requirement with defined conformance levels.**
 - 11 of 14 members: Conformance levels, by reporter type
 - 1 of 14 members: 'Opt out' provisions, by reporter type
 - 1 of 14 members: Guidance only
 - 1 of 14 members: Abstain, I need more information to respond

Outcomes (e.g., recommendations, options)

- An indicative poll found *majority agreement* that the draft SBTi company categorization approach addresses issues raised about the proposed eligibility for a less stringent scope 3 reporting requirement.
- An indicative poll found *majority support* for adopting the draft SBTi company categorization approach for defining eligibility for a less stringent scope 3 reporting requirement, pending finalization.
- An indicative poll found *majority support* for operationalizing a less stringent scope 3 reporting requirement with defined conformance levels.

3. Justifiable exclusions

- The Secretariat reviewed outcomes to date on justifiable exclusions and highlighted two topics: The boundary and value for scope 1 and 2 justifiable exclusions. Given majority support in the meeting 7 feedback survey, indicative polls were not held. (Slides 23-39)

Summary of discussion

- The Secretariat presented the following outcomes from a pre-meeting feedback survey on justifiable exclusions and invited clarifying questions and discussion:
 - Majority support for allowing exclusions for scopes 1 and 2
 - Majority support for defining separate quantitative exclusion thresholds for scopes 1, 2, and 3
 - Majority support for defining a 1% quantitative exclusion threshold for scope 1 and scope 2
- A member stated their agreement with defining a separate threshold for each scope. They asked for more information on the hotspot analysis approach, continuing that if guidance is not provided, then the quantitative threshold is not very meaningful. The Secretariat responded that defining guidance for quantifying total greenhouse gas emissions will be a next step and that the Scope 3 TWG has started this process. The Secretariat stated that the Scope 3 TWG's preliminary approach on hotspot analysis is flexible and not prescriptive.
- Another member emphasized the importance of the hotspot analysis, noting that the result of the hotspot analysis could be very different than the inventory result. The Secretariat responded that guidance will be developed with the intention that the hot spot analysis only diverge from the

inventory for minor sources for which high quality data is unavailable and/or difficult or costly to attain. The Secretariat added that the hotspot analysis does not need to be a separate method from the inventory; instead, the inventory can be the starting point and estimates are used to fill in gaps.

- A member asked: If emissions can be calculated, why exclude them? The Secretariat responded that there are cases where due to limited data availability and/or very low data quality, a reporter might not wish to include specific emissions estimates in their public report. The Secretariat continued that although the proposed requirement allows for exclusion, there is also a proposed recommendation that companies report all emissions.
- A member asked whether a quantitative exclusion threshold is needed for scope 2, and they requested an example of a case where scope 2 activity data is missing. The member continued that because scope 2 is purchased energy, the invoices should all be available.
 - The Secretariat responded that while uncommon, there are instances where electricity is not metered and a company pays a flat monthly rate for electricity.
 - Another member responded that in some jurisdictions, when property rights for a location do not belong to the reporting company, the electricity fees are often paid together with property management fees, and the electricity quantity is not separated out.
- A member asked whether the following case would be a valid reason for exclusion: A specific emissions source with a very insignificant contribution that is disproportionately difficult to account for. The Secretariat replied that under the proposed recommendation, a company can exclude anything they wish to as long as the exclusion is below the quantitative exclusion threshold.
- The Secretariat presented draft text for accounting and reporting requirements for justifiable exclusions across all three scopes.
 - A member commented that they do not understand the rationale for the following text: *"Companies shall quantify scope 1, scope 2, and required scope 3 emissions to justify exclusions."* Another member agreed. The Secretariat clarified that the intent is to require companies to calculate 100% of their emissions so that they know what emissions would fall below the exclusion threshold.
 - The Secretariat asked if the members suggest an alternative approach to requiring that all emissions be quantified to justify exclusions. A member responded that if companies are required to quantify all emissions, then there is no need to allow exclusions or set exclusion thresholds. The member continued that guidance would need to be provided on how to determine that exclusions are below the exclusion threshold.

Outcomes (e.g., recommendations, options)

- No specific outcomes.

4. Phase 2 introduction: Data quality

- The Secretariat presented the subgroup 3 phase 2 scope of work. The Secretariat then presented GHG protocol context, background, other workstreams' preliminary outcomes, and proposed questions and options on the topic of data quality. A discussion was held on defining data quality for scope 1 emissions sources. (Slides 40-51)

Summary of discussion

- The Secretariat presented the key elements of data quality as data, methods, representativeness, credibility/documentation, and uncertainty. The Secretariat invited input.
 - A member stated that a key element of data quality is emission factors. The member observed that emission factor databases are available (e.g., US EPA, DEFRA), but they are only updated on an annual basis and do not necessarily represent regional situations. The Secretariat replied that in addition to considering emission factors as part of data quality, emission factors will be a separate topic under consideration during phase 2.
- The Secretariat presented a table categorizing scope 1 data into high, medium, and low quality by activity type (i.e., stationary combustion, mobile combustion, process emissions, fugitive emissions).

- A member commented that they like having data quality organized into the categories of high, medium, and low quality to help guide companies to the best quality data they have available. The member noted that a challenge could be collecting high quality data for leakages and other fugitive emission sources.
- A member asked whether reporters should disclose the level of data quality alongside emissions results. The Secretariat replied that disclosure requirements related to data quality will be discussed at a future meeting; the first step is defining data quality.
- A member stated their support for the approach and asked how the nuances between activity types will be addressed. The member gave an example for mobile combustion wherein the best quality data available might be fuel quantity and vehicle-specific emission factors, which is currently categorized as medium quality data. The member asked whether it is important for the quality types to be parallel across activity types (e.g., direct monitoring is always high quality), or if the quality should be determined on data availability (e.g., the best available data could be considered high quality).
 - The Secretariat replied that the table is a starting point and that TWG members will be asked to contribute examples and details. The Secretariat added that the TWG will discuss whether categorization of quality should be uniform by source at a later date.
 - The Secretariat replied that direct measurement is technologically possible (although not currently feasible on a widespread basis) for mobile combustion, and should therefore still be maintained on the table.
- A member noted that the volume of purchased refrigerants is missing from fugitive emissions data sources, suggesting that it be categorized as medium quality data.
- A member stated that environmental permits sometimes require that specific emission factors be used to calculate emissions. The member suggested adding this to the data quality table and asked whether emission factors in permits should be medium- or low-quality data.
- A member noted that an emission factor hierarchy is used in some CSRD disclosures. The Secretariat replied that an emission factor hierarchy will be considered at a future meeting.
- A member asked if data would still be considered high quality if a company has the energy content of a fuel but not a carbon content emission factor.
- A member asked what the boundaries are for the emission factors under consideration (e.g., well-to-tank, tank-to-wheel, well-to-wheel). The Secretariat replied that the focus in this discussion is scope 1, and that lifecycle emission factors are more relevant for scope 3.

Outcomes (e.g., recommendations, options)

- The Secretariat will share a follow-up meeting survey that requests input on defining scope 1 data quality.

5. Wrap-up and next steps

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of outcomes memos across subgroups ahead of the full TWG meeting on July 15th. (Slides 52-57)

Summary of discussion

- No discussion.

Outcomes (e.g., recommendations, options)

- The Secretariat will share final meeting materials including the slides, minutes, and recording.
- A memo summarizing Subgroup 3 preliminary outcomes will be shared first with Subgroup 3 members. Outcomes memos from the other two subgroups will also be shared with the full TWG ahead of the July 15th meeting.
- The next full Corporate Standard TWG meeting will be Tuesday, July 15th, with two time slots: 07:30 ET / 13:30 CET / 19:30 CHN and 15:30 ET / 21:30 CET / 03:30 Wed., July 16th CHN.
- The next Subgroup 3 meeting will be Tuesday, Sept. 5th at 09:00 ET / 15:00 CET / 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 7 related to scope 1 and 2 justifiable exclusions. 15 responses were received and incorporated into the meeting materials. The following preliminary outcomes were found:
 - *Majority agreement* that external programs with qualitative exclusions can be interoperable with a quantitative exclusion threshold
 - *Split opinions* regarding concerns about the interoperability of the qualitative exclusions used in external programs (e.g., based on "materiality"*) and the proposed quantitative exclusions approach
 - *Majority support* for allowing exclusions for scopes 1 and 2
 - *Majority support* for defining separate quantitative exclusion thresholds for scopes 1, 2, and 3
 - *Majority support* for defining a 1% quantitative exclusion threshold for scope 1 and scope 2