

Corporate Standard Technical Working Group

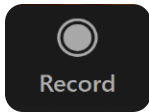
Subgroup 1, Meeting #9

GHG Protocol Secretariat team:

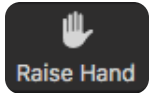
Iain Hunt, Hande Baybar, Allison Leach

September 16th, 2025

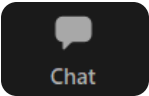
Meeting information



This meeting is **recorded**.



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



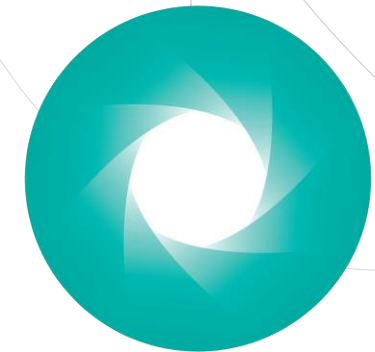
You can also use the **Chat** function in the main control.



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

Agenda

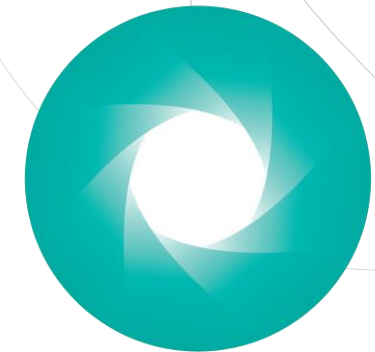
- Introduction and housekeeping 10 minutes
- Review full TWG and ISB feedback on phase 1 outcomes 15 minutes
- Follow up on base year recalculation policy 15 minutes
- Options for when data unavailable for base year recalculation 70 minutes
- Wrap up and next steps 10 minutes



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World Business
Council
for Sustainable
Development

Housekeeping: Guidelines and procedures

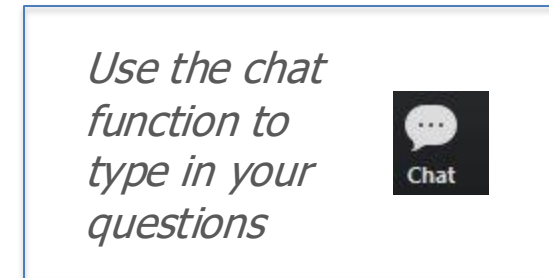
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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

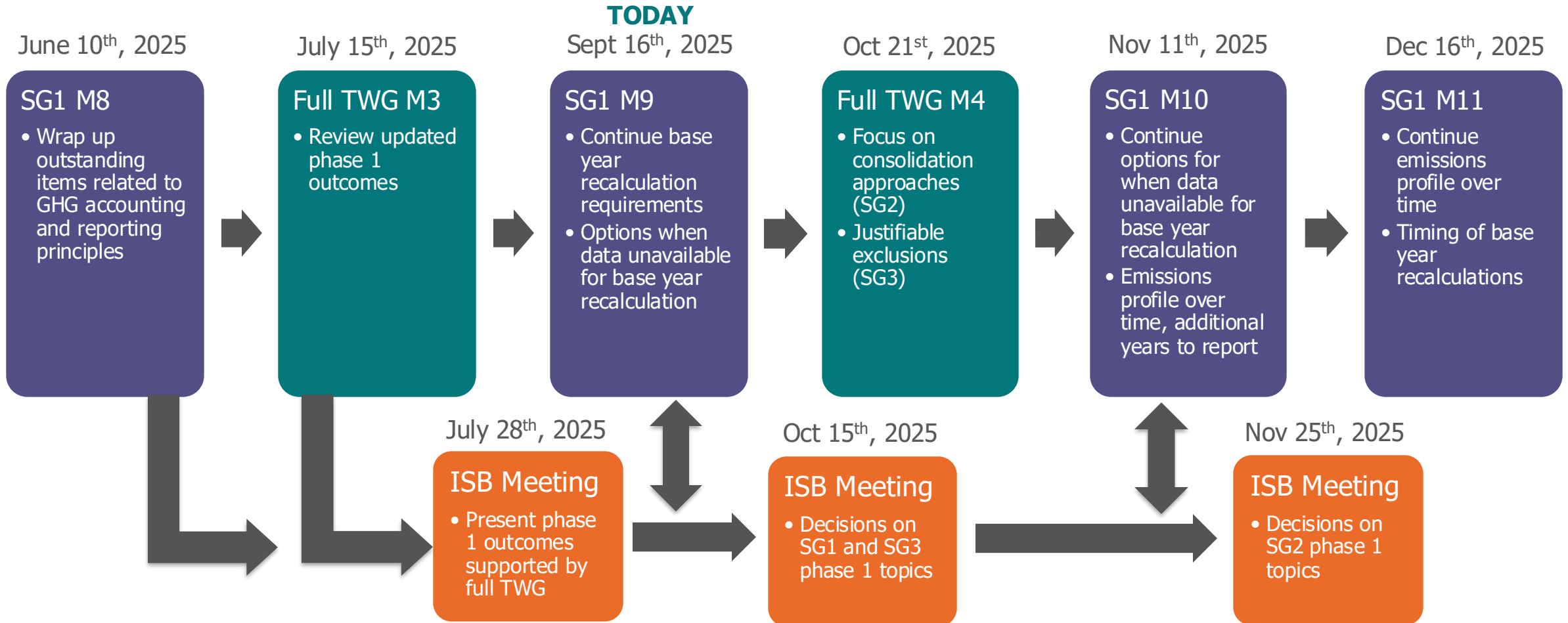


Meetings will be recorded and shared with all TWG members for:

- 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.***

Meetings schedule through end of 2025



Legend:

Subgroup 1

Full TWG

ISB



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Today's objectives

1. Review feedback from full TWG on **phase 1 outcomes**
2. Follow up on base year **recalculation policies and significance thresholds**
3. Consider options that should be available for companies for **base year recalculation when sufficient data unavailable**

Today's primary objective

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

Full TWG Preliminary Outcomes: **Subgroup 2**

Topic	Preliminary outcome from Full TWG feedback survey	Next steps
Phase 1: Financial control approach revision	<ul style="list-style-type: none"> Majority support for the reference text as the direction for revising the financial control approach. 	<ul style="list-style-type: none"> Preliminary outcomes were shared with ISB in July ISB feedback survey in progress
Phase 1: Operational control approach revision	<ul style="list-style-type: none"> Majority support for the reference text as the direction for revising the definition of operational control. 	<ul style="list-style-type: none"> Preliminary outcomes were shared with ISB in July ISB feedback survey in progress
Phase 1: Optionality in consolidation approaches	<ul style="list-style-type: none"> Majority support for maintaining optionality in consolidation approaches in the Corporate Standard. The level of support was lower than the full TWG Meeting 2 outcomes. 	<ul style="list-style-type: none"> Preliminary outcomes were shared with ISB in July ISB feedback survey in progress

An open discussion meeting on consolidation approaches will be held on Wednesday, September 17th (08:00-10:00 ET / 14:00-16:00 CET). All Corporate Standard TWG members are invited as optional.

Full TWG Preliminary Outcomes: **Subgroup 3**

Topic	Preliminary outcome from Full TWG feedback survey	Next steps
Scope 3 requirement	<ul style="list-style-type: none"> Majority support for revised text defining a scope 3 reporting requirement 	<ul style="list-style-type: none"> Revised text was presented to ISB in July by Scope 3 Secretariat ISB feedback survey in progress
Justifiable exclusions for scopes 1 and 2	<ul style="list-style-type: none"> Majority support for maintaining scope 1 and scope 2 exclusions and making the exclusions more prescriptive and quantitative 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 Majority support for requiring total scope 1 and scope 2 emissions to be quantified to justify exclusions 	<ul style="list-style-type: none"> Preliminary outcomes were shared with ISB in July ISB feedback survey in progress
Less stringent scope 3 requirement	<ul style="list-style-type: none"> Majority support for adopting the SBTi company categorization approach, pending its finalization, to define eligibility for a less stringent scope 3 requirement Majority support for defining a less stringent scope 3 requirement as the three most relevant scope 3 categories Majority support for operationalizing a less stringent scope 3 requirement with conformance levels, by reporter type 	<ul style="list-style-type: none"> These preliminary outcomes were presented as a case study to the ISB in July as part of a broader discussion on whether it is the role of GHG Protocol to set different levels of reporting ISB feedback survey in progress

RELEASE: ISO and GHG Protocol Announce Strategic Partnership to Deliver Unified Global Standards for Greenhouse Gas Emissions Accounting

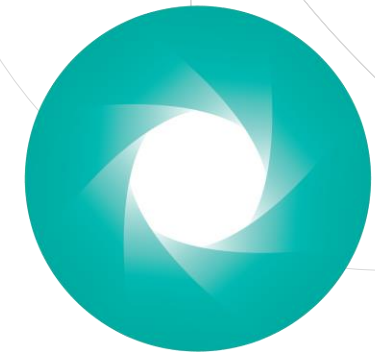


- *A new era begins in carbon accounting as ISO and GHG Protocol agree to harmonize their existing portfolios of GHG standards and to co-develop new standards for GHG emissions measurement and reporting*
- *Until now, GHG standards have been developed separately with varying scopes and verification guidance. The new ISO–GHG Protocol partnership, announced today, represents a fundamental shift toward integration and co-development, enabling users to rely on a coherent framework and reducing potential confusion in the market*
- *The partnership will produce a common global language for emissions accounting, which will accelerate progress towards decarbonization*
- *The development of combined, credible standards for GHG emissions terminology, measurement, and reporting provides a long-awaited, trusted solution for companies, investors, verifiers, auditors and policymakers, and aligns with recent calls for harmonization by both government and companies.*

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Draft for TWG discussion



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Full TWG survey results on phase 1 outcomes (summary)

Topic		Preliminary outcome	Survey results
Corporate Standard objectives	Objectives statements	Draft Corporate Standard objectives statements	47 of 47 support (100%) 0 strong opposition (0%) 0 abstain (0%)
GHG accounting and reporting principles	Relevance and materiality	Update guidance on relevance principle to refer to the term “ materiality ” and provide clarification on the relationship between relevance and materiality as used in external programs (including with a supporting text box on materiality)	41 of 47 support (87%) 3 strong opposition (6%) 3 abstain (6%)
	Consistency and comparability	Update consistency principle to apply to consistency in methods both over time for a single company and consistency in methods between companies and divisions within companies. Update guidance for consistency principle to clarify relationship between consistency and comparability and how consistency in methods contributes to more comparable information (including with a supporting text box on comparability)	40 of 47 support (85%) 4 strong opposition (9%) 4 abstain (6%)
	Accuracy and conservativeness	Update guidance for accuracy principle to include language on conservativeness and when companies should consider using conservative methods (including with a supporting text box on conservativeness)	43 of 47 support (91%) 2 strong opposition (4%) 2 abstain (4%)
	Transparency and verifiability	Outstanding question posed: How should principles be updated to better distinguish between external transparency and verifiability? A. Update transparency principle to more clearly distinguish between external transparency and verifiability (including with a supporting text box on verifiability) B. Delineate separate transparency and verifiability principles	35 of 47 support Option A (74%) 10 strong opposition to Option A (21%) 2 abstain (4%)

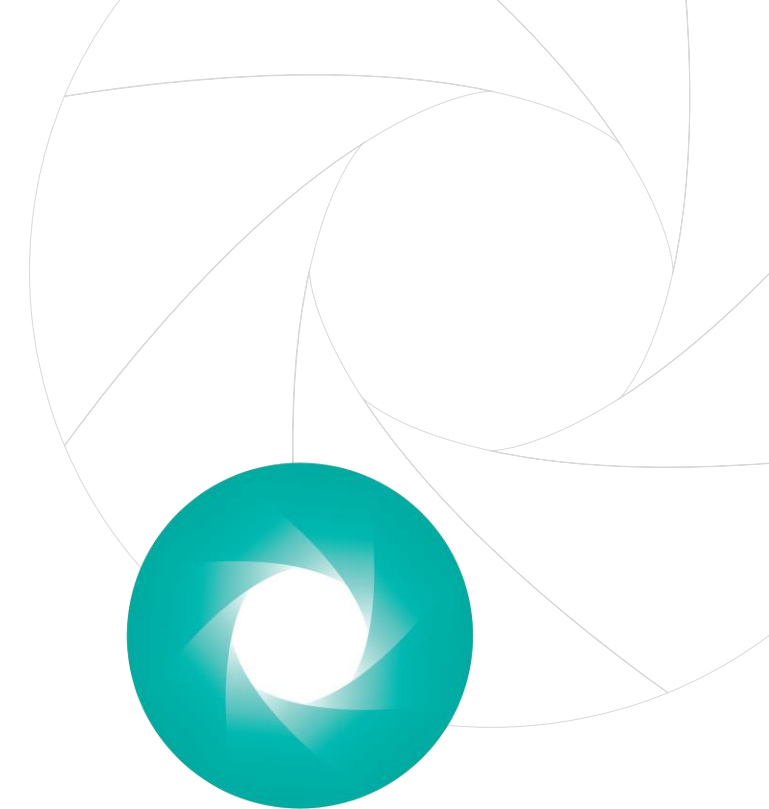
Please refer to Appendix A for detailed results from full TWG feedback survey on preliminary phase 1 outcomes.

*More than two thirds of ISB members (8 of 12) **expressed support** for all preliminary Subgroup 1 phase 1 outcomes posed as pulse checks.*

Topic	Pulse check poll results (ISB members only)	Comments from ISB members and observing entities
Corporate Standard objectives statement	Support: 11 of 12 (2 support with minor edits) Oppose: 0 of 12 Abstain/no response: 1 of 12	<ul style="list-style-type: none"> Second bullet should reference information needs of users of GHG reports Should include reference to removals as well as emissions
Relevance and materiality	Support: 11 of 12 (1 support with minor edits) Oppose: 0 of 12 Abstain/no response: 1 of 12	<ul style="list-style-type: none"> Update critical for interoperability, recommendation to include specific guidance on climate-related materiality considerations to align with regulatory frameworks Relationship between relevance and materiality needs to be more clearly articulated (observing entity comment)
Consistency and comparability	Support: 10 of 12 (3 support with minor edits) Oppose: 0 of 12 Abstain/no response: 2 of 12	<ul style="list-style-type: none"> Need to resolve discrepancy with approach in Land Sector and Removals Standard Generally support, but consistency over a time series should be not be deemphasized Support, but needs clearer implementation guidance, such as on how companies should handle methodology changes when external standards evolve Definitions from IPCC Guidelines should be used (observing entity comment)
Accuracy and conservativeness	Support: 10 of 12 (1 support with minor edits) Oppose: 1 of 12 Abstain/no response: 1 of 12	<ul style="list-style-type: none"> Support, but it must be emphasized that conservativeness should not be a substitute for improving data Consider guidance on when conservativeness applies most Comment in opposition: information should be unbiased/neutral rather than conservative Conservativeness should be a requirement so that companies don't understate emissions or overstate reductions (observing entity comment) Concerns with introducing recommendations as these can reduce consistency/ comparability (observing entity comment)
Transparency and verifiability	<i>Not posed for pulse check</i>	<ul style="list-style-type: none"> One comment in support of Option B (delineating separate verifiability principle) to give verifiers their own acknowledgement and guidance

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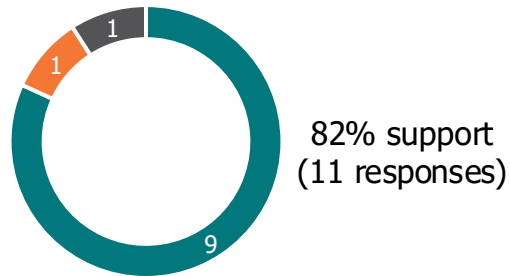
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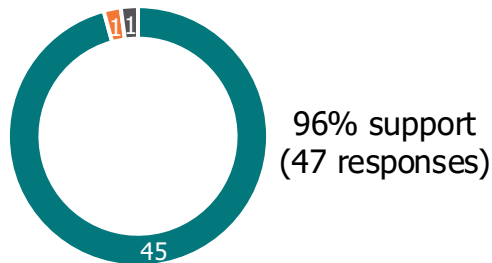
Inventory base year and target base year

Preliminary outcome: Companies that have a base year established for GHG reduction targets should have the **option to use the same year for their inventory base year or choose a different year.**

Subgroup 1 level of support



Full TWG level of support



■ Support ■ Oppose ■ Abstain

Comments (support):

- Flexible approach to **accommodate varied circumstances**

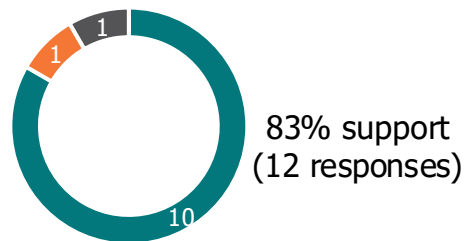
Comments (strong opposition):

- Corporate Standard should provide **requirements for inventory base year**, regardless of whether a company has a target or not. Inventory base year should be **earliest representative year with reliable data** to provide **transparency** on historical emissions.

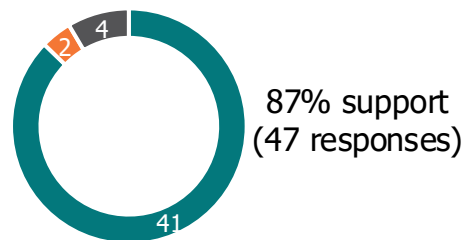
Rolling base year option

Preliminary outcome: The **rolling base year option** as currently defined in the Corporate Standard **should be eliminated**.

Subgroup 1 level of support



Full TWG level of support



■ Support ■ Oppose ■ Abstain

Comments (support):

- Enhances **consistency and transparency** in reporting
- Reduces **risk of companies manipulating base years** to mask poor performance

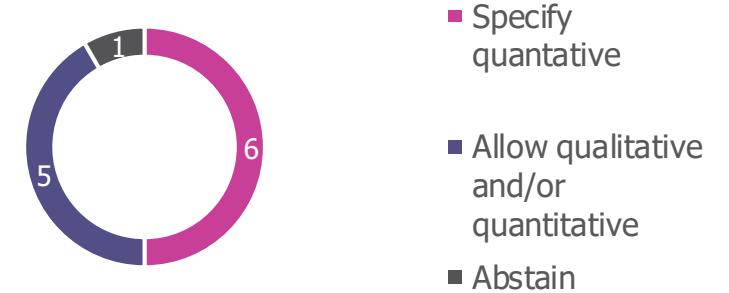
Comments (strong opposition):

- **Depends on how option is defined:** rolling base year every year may be eliminated but allowing a base year to be rolled over longer time intervals should remain on the table
- Rolling base year may better allow for tracking mitigation efforts in **sectors subject to rapid change**

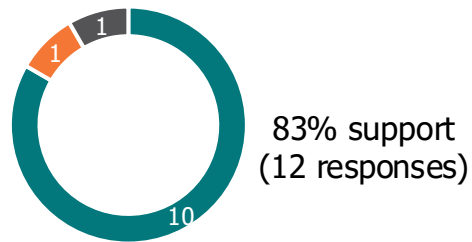
Significance threshold requirement

Preliminary outcome: Companies should be **required to establish a significance threshold** as part of their base year recalculation policy.

Subgroup 1 poll: Require a quantitative significance threshold or allow qualitative and/or quantitative

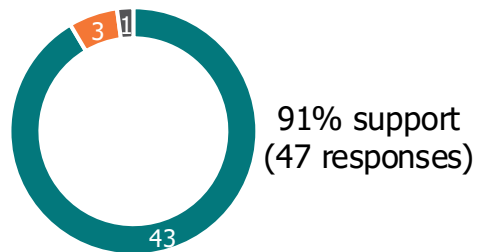


Subgroup 1 level of support



83% support
(12 responses)

Full TWG level of support



91% support
(47 responses)

■ Support ■ Oppose ■ Abstain

Comments (support):

- Support for requiring a **quantitative** significance threshold: promotes standardization, comparability, and reduces need for interpretation
- Support for allowing **qualitative and/or quantitative** significance thresholds, but qualitative thresholds still need to clearly indicate what leads a particular factor to be above or below the threshold
- Support, but thresholds should focus more on the **materiality** of emissions
- Support, but significance thresholds need to be considered in relation to **uncertainty**
- Support, but more **guidance** is needed as base year recalculation can be challenging for users

Comments (strong opposition):

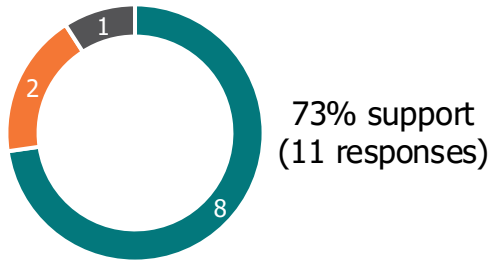
- **Opposition to requiring** base year recalculation
- Base year recalculation should be the **purview of target setting standards**, not GHG accounting standards
- Some companies **recalculate emissions whenever there's any structural change** – judgement not based on a significance threshold for emissions

Please share any reasons why the Corporate Standard should require a **quantitative** significance threshold *or* why **qualitative and/or quantitative thresholds** should be allowed.

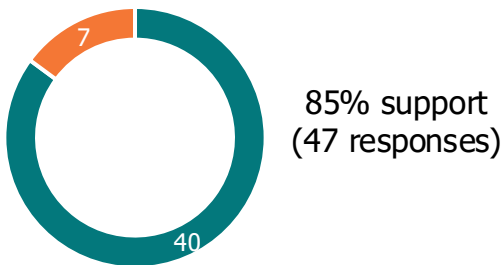
Prescriptive quantitative significance threshold

Preliminary outcome: The Corporate Standard should define a **prescriptive quantitative significance threshold** for base year recalculation.

Subgroup 1 level of support



Full TWG level of support



■ Support ■ Oppose ■ Abstain

Subgroup 1 poll: Prescriptive quantitative significance threshold as requirement or recommendation



Comments (support):

- Support for a **requirement**: Ensure consistent application among companies and enhance comparability, ensure that companies recalculate their base year emissions, consider matching with requirements in other standards (e.g., SBTi)
- Support for a **recommendation**: Appropriate balance between standardization and flexibility, significance threshold should be based on materiality to company

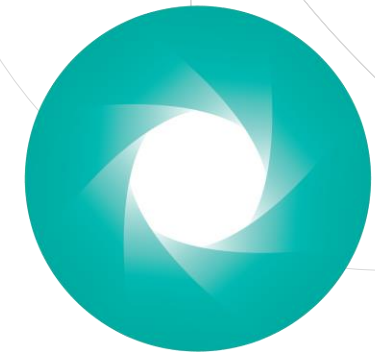
Comments (strong opposition):

- **Opposition to requiring** base year recalculation, should be role of target setting standards
- Support for taking a **principles-based approach**, allowing companies to judge significance according to their own set of facts and circumstances
- Risk that **level of uncertainty** for calculated emissions exceeds the significance threshold
- Request to see **examples**
- Suggestion to further discuss the **types of changes triggering base year recalculation**, not just the size

Please share any reasons why a prescriptive quantitative significance threshold should be defined as a **requirement** or as a **recommendation**.

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Base year recalculation and lack of sufficient data: Questions to be considered

- What **options should be available** for companies when there's a lack of sufficient data for base year recalculation?
- Should a **preferred option** or hierarchy of options be specified?
- Should available options/preferred options differ for **different types of events triggering base year recalculation** (e.g., structural change versus methodological change)?

Reasons triggering base year recalculation: current GHG Protocol requirements

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

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

Reasons triggering base year calculation referenced in other documents, but ***not*** in Corporate Standard:

Scope 2 Guidance, 9.2 (p.76)

Recalculation of a **market-based total** if scope 2 base year chosen only calculated according to location-based method

Scope 3 Standard, 9.3 (p.104)

Changes in **categories or activities** included in the scope 3 inventory

Draft LSR Guidance, 12.8.1 (p.236)

Changes in the **categories or activities** included in the inventory

Base year recalculation and lack of sufficient emissions data

Options specified in Corporate Standard/Scope 3 Standard when sufficient data unavailable to recalculate base year emissions:

Option	Text from standards	Types of changes referenced in text
Backcasting	<p><i>"If a company with a target acquires a company that did not have reliable GHG data in the target base year; backcasting of emissions becomes necessary, reducing the reliability of the base year."</i> (Corporate Standard chapter 11, p.79)</p> <p><i>"If the cumulative effect of adding or changing scope 3 categories or activities is significant, the company should include the new categories or activities in the base year inventory and backcast data for the base year based on available historical activity data (e.g., bill of materials data, spend data, product sales data, etc.)."</i> (Scope 3 Standard 9.3, p.105)</p>	<p>Structural changes</p> <p>Changes in data/methodology</p> <p>Changes in reporting boundary</p>
Disclose no recalculation	<p><i>"Sometimes the more accurate data input may not reasonably be applied to all past years or new data points may not be available for past years. The company may then have to backcast these data points, or the change in data source may simply be acknowledged without recalculation."</i> (Corporate Standard chapter 5, p.38; Scope 3 Standard 9.3, p.106)</p>	<p>Changes in data/methodology</p>
Reestablish base year	<p><i>"As an alternative to recalculating base year emissions in the event of a major structural change, companies may reestablish the base year as a more recent year."</i> (Scope 3 Standard 9.3, p.104)</p>	<p>Structural changes</p>

Note: The Corporate Standard and Scope 3 Standard do not specify any *requirements* for what to do when sufficient data is unavailable for base year recalculation. The above are all *guidance/recommendations*.

Backcasting: definitions

- The **Corporate Standard does *not* provide a definition** of the term “backcasting”
- A common use of the term “backcasting” is in reference to a **strategic planning method**:
 - *“Backcasting is a foresight evaluation technique that starts with defining a desirable future outcome and works backward to identify the necessary steps to achieve that outcome”¹*
 - **This usage differs from that in the Corporate Standard**
- Eurostat provides a definition of “backcasting” **better aligned with the usage in the Corporate Standard**:
 - *“Backcasting refers to forecasting backward in time; the term has also been used for extrapolation. This is done by applying the forecasting method to a series starting from the end and going to the beginning of the data”²*

For consideration: Whether the term “backcasting” should be maintained or replaced, and if maintained how it should be defined.

1. “[Backcasting](#)”, United Nations Development Programme Independent Evaluation Office
2. “[Glossary:Backcasting](#)”, European Union Eurostat

Relevant program requirements: reestablishing a target base year



SBTi Corporate Net-Zero Standard (v2.0 Consultation Draft)

*"Companies with previously validated targets may use the base year from the previous target cycle, provided that the organizational boundary and base year emissions remain valid, or **select the target year for the previous cycle**, depending on the target-setting approach used."* (C4.2)

*"For example, if a company had set targets in the previous cycle with a target year of 2030, **it shall use 2030 as the target base year when setting targets for the next cycle.**"* (Footnote to C4.2)



ESRS E1 Climate Change*

*"the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, **update the base year** for its GHG emission reduction targets **after every five-year period** thereafter."* (E1-4, 34(c))

*"the undertaking shall **update its base year** from 2030 and **after every 5-year period** thereafter."* (AR25(c))

*Text from published version of ESRS E1. Text does not appear in [Amended Exposure Draft of ESRS E1](#), with text deleted to allow for more flexibility on base year.

Note: External programs reviewed do not specify requirements/recommendations for base year recalculation in the absence of sufficient data, but program requirements on when a (target) base year should be reestablished may influence the viability of reestablishing a base year as an option in these instances when companies use the same year for inventory and target base year.

Subgroup 1 member feedback

Options specified in Corporate Standard to address lack of data for recalculating base year emissions

Backcasting

- Should be the **preferred option** where historical activity data exists and credible estimates can be made
- Introduces **uncertainties** that are hard to measure and control
- Presents **issues with auditing** (i.e., backcast data will not meet requirements for audit and original audit will no longer be useful)

Disclosure of no recalculation

- Provides companies with **too much leeway** in opting out of base year recalculation, leading to inconsistent time series
- May be appropriate in instances where **data is highly uncertain** or where **changes are not material**
- **Disclosure** should entail nature of change, rationale for not performing recalculation, and any implications to time series

Reestablish base year

- Should only be considered as **last resort**, only adopted under clearly justified and disclosed circumstances
- Should be reestablished as the **earliest year** for which reliable data to recalculate is available
- **Inhibits comparability** among peer companies
- **Limits tracking of emissions** over a longer time series

General comments:

- Lack of data is a constant challenge when base year emissions are recalculated
- Large companies/large emitters should be expected to maintain more complete and higher quality historical data compared to SMEs

Subgroup 1 member feedback

Methods cited for estimating base year emissions when sufficient emissions data unavailable

Historical activity data

- Use historical activity data, where available, to calculate emissions

Similar assets as proxy

- Base on a subset of assets or activities under consideration, or similar assets within the company or industry

Scale with revenue

- Scale emissions based on revenue after historical emissions data has been traced back as far as possible

Industry average emissions intensity

- Apply industry-specific emissions intensity per unit revenue

Resolving data gaps: Splicing techniques

IPCC Guidelines for National Greenhouse Gas Inventories, V.1, [Ch.5 Time Series Consistency](#)

The IPCC Guidelines for National GHG Inventories describes four “splicing techniques” to fill in data gaps to produce a complete and consistent time series when recalculating previous estimates using an improved calculation method or developing estimates for categories of emissions not previously calculated:

Splicing technique	Description	Potential applicability to base year recalculation
Overlap	When changing calculation methods, the relationship between emissions calculated using the previous method and the improved method over years where data is available for both can be used to proportionally adjust estimated emissions for years where data for the improved method does not exist	Applicable (only to recalculation due to methodological changes)
Surrogate data	Use of proxy data, with changes in a proxy variable used to estimate changes in emissions	Applicable
Interpolation	Interpolate to fill in estimates for intervening years over a time series where data does not exist	Not applicable to base year (only to intervening years)
Trend extrapolation	Use trend in emissions over years where data exists to extrapolate back to base year	Applicable

The IPCC Guidelines note that it is *good practice* to perform splicing using more than one method before deciding which technique to use and to document why a particular method was chosen.

Discussion: Methods for “backcasting” or estimating base year emissions where emissions data unavailable

Draft for TWG discussion

Aggregated list of methods including those posed by Subgroup 1 members and those listed in IPCC Guidelines

Method	Description	Applicability	Data requirements	Quality rating ¹	Data feasibility rating ²	Method feasibility rating ³
Historical activity data	Use historical activity data and emission factors, where available, to calculate emissions	Any type of change	Activity data and emission factors for base year	High	Low	High
Similar assets as proxy	Base on a subset of assets or activities under consideration, or similar assets within the company or industry	Structural changes	Data for reasonably similar assets	Medium	Medium	Medium
Scale based on proxy data	Scale based on a proxy variable (e.g., revenue, production output), similar to IPCC surrogate data method	Structural changes	Data for a reasonable proxy variable	Medium	High	Medium
Overlap technique	IPCC overlap technique, use relationship between emissions calculated using previous and new/improved methods for years where data exists for both to scale base year emissions	Methodological changes	Data to apply both previous and new/improved methods	Medium	Medium	Low
Trend extrapolation	IPCC trend extrapolation technique, use trend in emissions over years where data exists to extrapolate back to base year	Any type of change	A time series from which base year emissions can be reasonably extrapolated	Medium	Medium	Low
Industry average emissions intensity	Apply industry-specific emissions intensity per unit revenue	Structural changes	Emissions intensity figures that can be reasonably applied	Low	High	Medium

- 1. Quality rating:** Potential for producing data that reasonably represents actual emissions during the base year/ reasonably provides for a consistent time series
- 2. Data feasibility rating:** Likelihood of having adequate data to reasonably apply method
- 3. Method feasibility rating:** Feasibility of implementing method for a range of reporters

** Preliminary Secretariat ratings – intended as starting point only for discussion*

Discussion



- Do you agree with ratings?
- Which methods are most applicable and in what situations?
- Are there other methods that should be considered?

Summary: Options for companies when data is unavailable for base year recalculation

(Preliminary Secretariat analysis)

Option	Pros	Cons	Circumstances where most applicable
"Backcasting"/ proxy estimation of base year emissions	<ul style="list-style-type: none"> Promotes a complete and consistent emissions profile over time 	<ul style="list-style-type: none"> Uncertainty in estimates Challenges with auditing Feasibility challenges and level of effort for companies 	<p>Where data exists to apply a proxy estimation method* to develop a reasonable estimate of base year emissions</p> <p>*See previous slide for analysis of proxy estimation methods</p>
Disclose no recalculation	<ul style="list-style-type: none"> Allows companies to prioritize efforts to addressing most significant changes 	<ul style="list-style-type: none"> Inhibits a consistent profile over time Provides an "easy out" for companies to avoid recalculation 	<p>Where change is relatively insignificant/does not have a material impact on overall base year emissions and consistent profile over time</p>
Reestablish base year	<ul style="list-style-type: none"> Promotes consistency (but over a shorter timeframe) Allows companies to prioritize tracking of emissions for more recent years if historical data is no longer relevant 	<ul style="list-style-type: none"> Inhibits a complete emissions profile over time Undermines transparency and accountability Inhibits comparisons between companies 	<p>Where change is (particularly) significant/ has a material impact on overall base year emissions and consistent profile over time and where a reasonable estimate cannot be made</p>

Discussion



- Which options are most applicable in what situations?
- Are there other options that should be considered?

Note: Applicability of options/methods will be considered through the lens of different scenarios in the next slide.

Scenario 1: Structural change

Company A makes a **major acquisition** of Company B. Company B has not previously developed a GHG inventory. **No activity data for Company B exists** for the base year, but financial data does. Company A and Company B are in the **same sector**, with similar assets.

Variations:

- Company B represents a relatively **minor acquisition**
- Company B has **activity data for several recent years** but not the base year
- Company B is in a **different sector** than Company A

Scenario 2: Methodology improvement

Company X switches from **LCA to supplier-specific emission factors** for a large portion of scope 3, category 1 emissions (purchased goods and services). Supplier-specific emission factors are **only available for the current reporting year**.

Variation: Supplier-specific emission factors are **available for several recent years** but not for the base year.

Scenario 3: Boundary change

Company Y expands its scope 3 inventory to include category 5 (waste generated in operations) for the first time. **Waste data is available for some recent years** but not for the base year.

Discussion:

- Which option(s) are most appropriate for addressing base year recalculation in the absence of sufficient data in each of the scenarios above?
- Would the most appropriate option(s) differ if some details of the scenario were changed? *See variations for Scenarios 1&2.*



Polls: “Backcasting” and methods for estimating base year emissions

1. Which methods should be specified as suitable methods for “backcasting” or estimating base year emissions?
(multiple selection)

- | | |
|------------------------------|--|
| a. Historical activity data | e. Trend extrapolation |
| b. Similar assets as proxy | f. Industry average emission intensities |
| c. Scale based on proxy data | g. Other (specify in chat) |
| d. Overlap technique | h. Abstain |

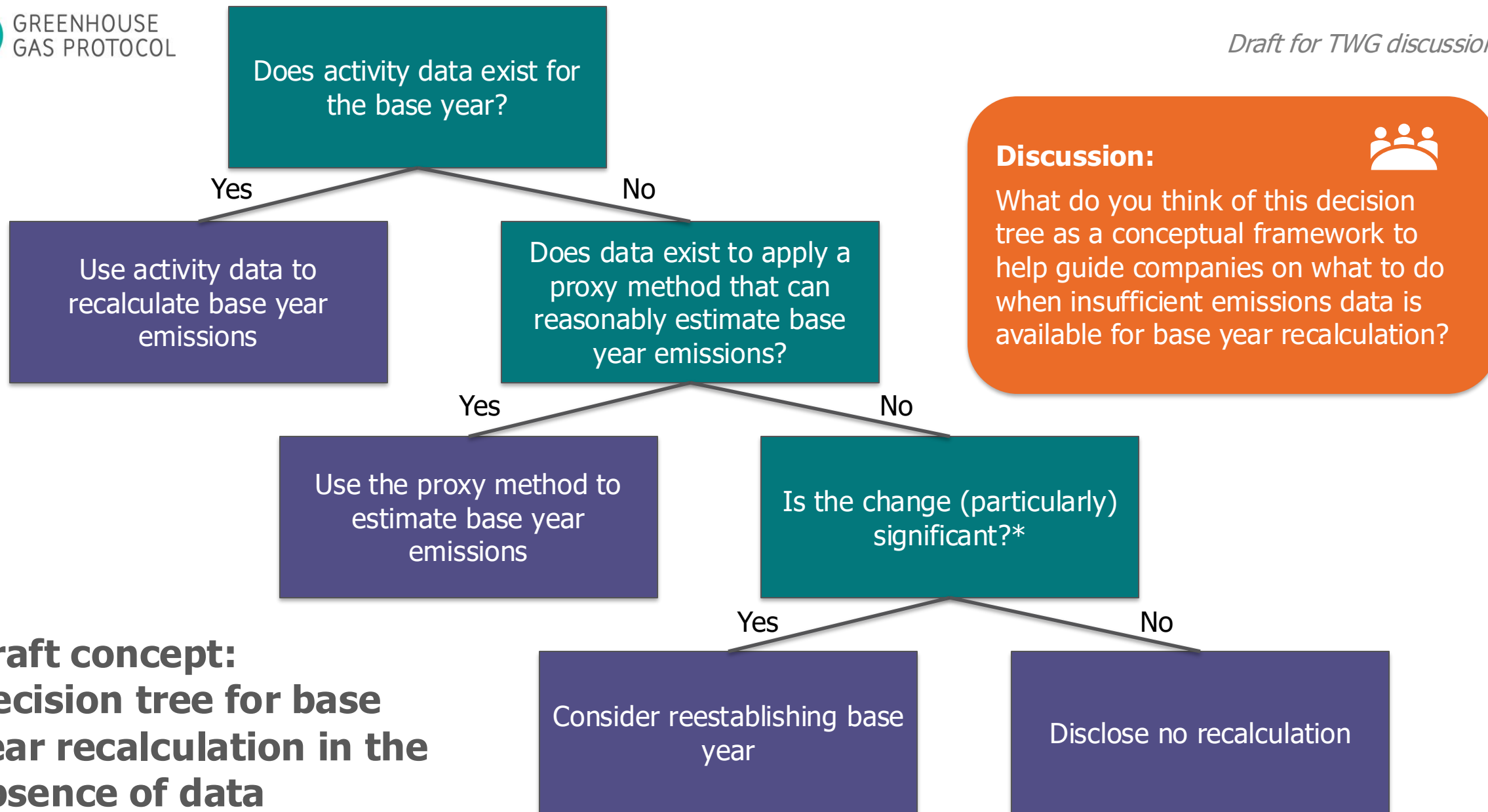
2. Should the term “backcast” be maintained or replaced?

The term should be maintained¹

The term should be replaced²

Abstain

1. If maintained, the term will need to be defined. The following definition from [EuroStat](#) provides a starting point: “*Backcasting refers to forecasting backward in time; the term has also been used for extrapolation. This is done by applying the forecasting method to a series starting from the end and going to the beginning of the data*”.
2. Alternative terms to consider include “estimation methods” or “proxy estimation methods”.



**Draft concept:
Decision tree for base
year recalculation in the
absence of data**

*Phrasing “(particularly) significant” used as level of significance implied exceeds that defined by significance threshold. Question may also be framed in terms of changes with a material impact on base year emissions or consistent emissions profile over time.

Polls: Options for companies when data is unavailable for base year recalculation

1. **Should backcasting/proxy estimation methods be the preferred option** where a method can be feasibly applied to develop a reasonable estimate of base year emissions and provide for a consistent emissions profile over time?

- a. For structural changes?
- b. For other types of events?*

Options: Strongly disagree to Strongly agree, Abstain

2. If backcasting/proxy estimation methods is specified as the preferred option, **how should it be defined?**

Requirement (*shall* statement)

Recommendation (*should* statement)

Guidance only

Abstain

3. **Should disclosure of no base year recalculation** be maintained as an option?

- a. For structural changes?
- b. For other types of events?*

Options: Strongly disagree to Strongly agree, Abstain

4. **Should reestablishing the base year** be maintained as an option?

- a. For structural changes?
- b. For other types of events?*

Options: Strongly disagree to Strongly agree, Abstain

5. Do you agree with the **draft decision tree** on the previous slide?

Yes, fully agree

Yes, with minor edits

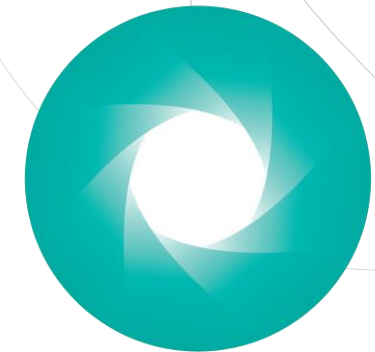
No

Abstain

*Methodological changes, boundary changes, discovery of errors

Agenda

- Introduction and housekeeping 10 minutes
- Review full TWG and ISB feedback on phase 1 outcomes 15 minutes
- Follow up on base year recalculation policy 15 minutes
- Options for when data unavailable for base year recalculation 70 minutes
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

Next steps

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Feedback survey

Note: The Secretariat will continue to work of text development and revisions and will share updates to chapter drafts as they're available.

TWG member action items:

- Respond to feedback survey (Deadline TBC)

Next meetings

- Next full TWG meeting: Tuesday, October 21st (Option 1: 08:00-10:00 ET / 14:00-16:00 CET / 20:00-22:00 CHN, Option 2: 16:00-18:00 ET / 22:00-00:00 CET / 08:00-10:00 Oct. 22nd CHN)
- Next Subgroup 1 meeting: Tuesday, November 11th (09:00-11:00 ET / 15:00-17:00 CET / 22:00-00:00 CHN)

Thank you!

Iain Hunt, iain.hunt@wri.org

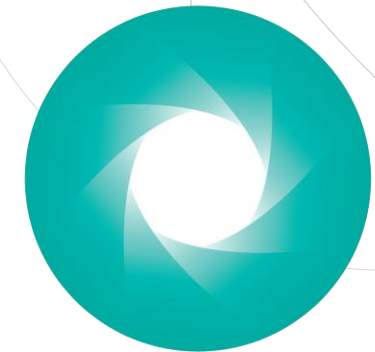
Hande Baybar, baybar@wbcsd.org

Allison (Alley) Leach, allison.leach@wri.org



Appendix A

Detailed results of full TWG
feedback survey



GREENHOUSE GAS PROTOCOL

Objectives statement

Preliminary outcome: Draft objectives statement (below)

The primary goal of the Corporate Standard is to help companies develop and maintain a relevant, complete, consistent, accurate, and transparent GHG inventory, using standardized approaches and principles in order to:

- Provide companies with information that can be used to develop an effective strategy to manage and reduce GHG emissions and track implementation progress*
- Support more transparent and comparable reporting of GHG emissions according to a standardized set of accounting and reporting requirements*

TWG members indicated **unanimous support** for the draft objectives statement (47 of 47 respondents).

Member comments:

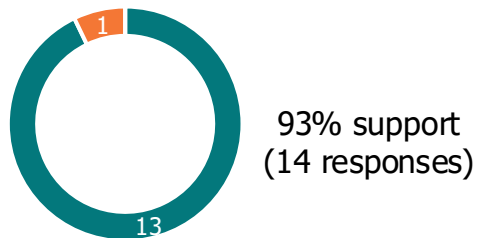
- Statement **reinforces key principles** acknowledges key uses of GHG data for managing/reducing emissions and external reporting
- Support reference to **standardization**, supporting comparability
- Reference to **"relevance" is unclear**, need to specify relevant to whom/what*
- May be important to explicitly **reference interoperability with other frameworks** and regulatory requirements
- Suggestion to add the word **"improve"** to read "develop, maintain, and improve" in opening of statement
- Suggestion to replace "Provide companies with information that can be used to develop" with **"inform development of"** in first bullet for sake of simplification
- Suggestion to add **"over time"** to end of first bullet
- Suggestion to add **"consistent"** in second bullet, "support more transparent, comparable, and consistent"
- Suggestion to **remove word "more"** from second bullet

*Phrasing "relevant to users" was presented as an alternative to Subgroup 1 members. Members noted that this phrasing would require further clarification regarding who "users" are.

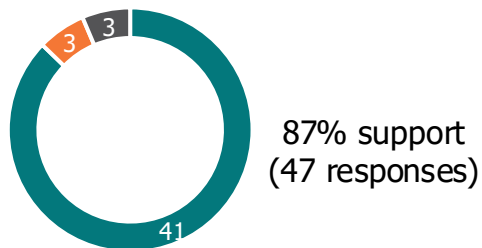
Relevance and materiality

Preliminary outcome: Update guidance on **relevance principle** to refer to the term “**materiality**” and provide **clarification on the relationship between relevance and materiality** as used in external programs (including with a supporting text box on materiality)

Subgroup 1 level of support



Full TWG level of support



■ Support ■ Oppose ■ Abstain

Comments (support):

- “Materiality” is a **quantifiable term** and as such has value that goes beyond that of the more general term “relevance”

Comments (strong opposition):

- Support for further integrating content on materiality, but **opposed to referring to external programs** (except clarifying that use of materiality in GHG accounting is different than that in external programs)
- Materiality in the context of **identifying material topics for a company is not applicable** in GHG accounting
- Use of **supporting text box** gives impression that materiality is a principle distinct from relevance, which **can cause confusion**

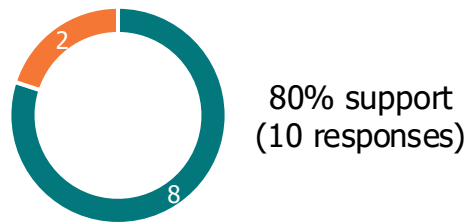
Other comments:

- Important to **consider users who are non-native English speakers** when clarifying terminology like “relevance” and “materiality”
- Care must be taken when defining materiality in terms of **quantitative thresholds**
- Text must be clear to **avoid confusion regarding different uses** of the term “materiality”

Consistency and comparability

Preliminary outcome: Update **consistency principle** to apply to **consistency in methods both over time for a single company and consistency in methods between companies (where relevant)** and divisions within companies. Update guidance for consistency principle to clarify relationship between consistency and comparability and how consistency in methods contributes to more comparable information (including with a supporting text box on comparability)

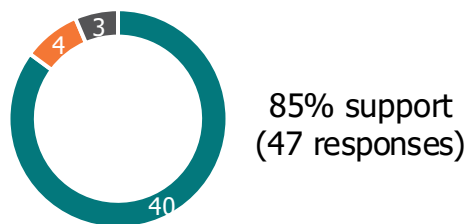
Subgroup 1 Level of support



Comments (support):

- Provides **clarity** in distinguishing consistency and comparability as **distinct but related concepts**
- Support **alignment with financial accounting** on terminology (but the definition of comparability from financial accounting is hard to understand)

Full TWG level of support



Comments (strong opposition):

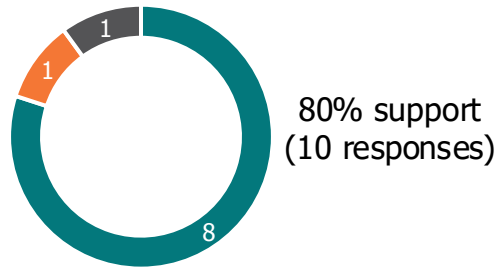
- Consistency over a time series and between different companies should be **distinguished as separate concepts**
- Updates **deemphasize consistency over a time series**
- The market has broadly **accepted existing definitions**
- Issues with **enforceability** of consistency principle **across companies**
- Summary statement on outcome should include qualifying language **"if relevant"** when applying to consistency between companies (*note: amended in statement above*)

■ Support ■ Oppose ■ Abstain

Accuracy and conservativeness

Preliminary outcome: Update guidance for **accuracy principle** to include language on **conservativeness** and when companies should consider using conservative methods (including with a supporting text box on conservativeness)

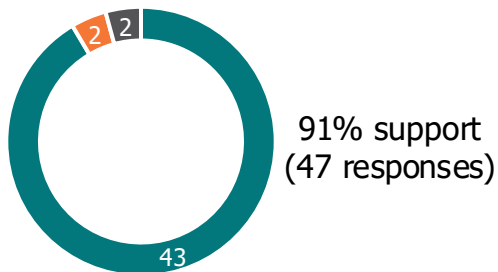
Subgroup 1 level of support



Comments (support):

- Help prevent selective underreporting
- Support, but it's important to emphasize that conservativeness should not be a substitute for improving data quality
- Important indication to provide as low-accuracy data is a continual challenge

Full TWG level of support



Comments (strong opposition):

- Conservativeness conflicts with accuracy and introduces bias
- Suggestions to consider other terms/concepts: "prudence", "neutrality"
- Use of supporting text boxes may cause confusion, conservativeness is not necessarily an aspect of accuracy

■ Support ■ Oppose ■ Abstain

Transparency and verifiability

Outstanding question posed to full TWG: How should principles be updated to better distinguish between external transparency and verifiability?

- A. Update transparency principle** to more clearly distinguish between external transparency and verifiability (including with a supporting text box on verifiability)
- B. Delineate **separate** transparency and verifiability principles**

Subgroup 1 and Full TWG poll results			
Subgroup 1 live poll (meeting 8)	Subgroup 1 feedback survey	Full TWG live poll	Full TWG feedback survey*
Option A: 6 of 14 (43 %) Option B: 8 of 14 (57%) Abstain: 0 of 14 (0%)	Option A: 5 of 10 (50%) Option B: 5 of 10 (50%) Abstain: 0 of 10 (0%)	Option A: 22 of 38 (58%) Option B: 14 of 38 (37%) Abstain: 2 of 38 (5%)	Support Option A: 35 of 47 (74%) Oppose Option A: 10 of 47 (21%) Abstain: 2 of 47 (4%)

*Following outcome of live meeting poll, question posed as "Please indicate if you support moving forward with Option A as the *most supported* option."

Comments in support of Option A:

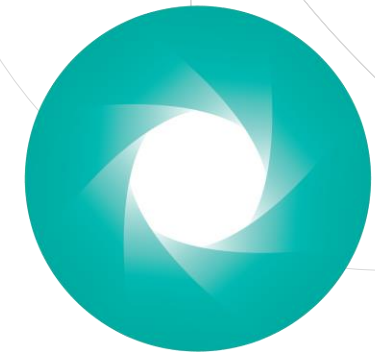
- Introducing a new principle will be viewed as a more significant update by stakeholders
- Concepts are closely related and can be maintained as part of the same principle

Comments in support of Option B:

- Transparency and verifiability should be considered separate concepts
- Verifiability is a necessary, but not sufficient condition of transparency
- Improves conceptual alignment with external programs
- Option B may be more forward-looking with increasing emphasis on assurance

Appendix B

Slides presented to ISB on July 28th



GREENHOUSE GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



ISB slide

Corporate Standard objectives statement

Draft objectives statement

The primary goal of the Corporate Standard is to help companies develop and maintain a relevant, complete, consistent, accurate, and transparent GHG inventory, using standardized approaches and principles in order to:

- *Provide companies with information that can be used to develop an effective strategy to manage and reduce GHG emissions and track implementation progress*
- *Support more transparent and comparable reporting of GHG emissions according to a standardized set of accounting and reporting requirements*

Level of support

Full TWG:

- **100% support for objectives statement** (32% support with minor edits)
 - 0% oppose
 - 0% abstain
- 38 members

Rationale

- **Incremental updates** to current objectives listed in Corporate Standard with updated format to **highlight a primary goal** in connection with key uses of GHG information supported
- Responds to stakeholder requests for more **comparable GHG information**

Implications

- Supporting **more comparable reporting of GHG information** recognized as an objective

ISB slide

Relevance and materiality

Preliminary outcome

Update guidance on **relevance principle** to refer to the term “**materiality**” and provide clarification on the relationship between relevance and materiality as used in external programs (including with a supporting text box on materiality)

Rationale

Providing **clarifying language** on the concept of materiality as it relates to the relevance principle used by programs referring to the Corporate Standard helps **promote interoperability** and **supports reporters** subject to or participating in external programs.

Level of support

Subgroup 1:

- **93% support**
- 7% oppose
- 0% abstain

14 members

Full TWG:

- **98% support** (*19% support with minor edits*)
- 2% oppose
- 0% abstain

43 members

Implications

- Update provides clarifying language only – no **major implications are expected**
- Subgroup 2 will address updates related to **verification and assurance**, where there may be further consideration of the term “materiality” in this context

ISB slide

Consistency and comparability

Preliminary outcome

Update **consistency principle** to apply to consistency in methods both **over time** for a single company *and* consistency in methods **between companies and divisions within companies**.

Update guidance for consistency principle to clarify relationship between consistency and comparability and how **consistency in methods contributes to more comparable information** (including with a supporting text box on comparability)

Rationale

- Respond to **stakeholder needs** for more comparable information and support **comparability objective** without adopting a new principle
- **Alignment in terminology** with financial accounting and relevant programs (e.g., IFRS S1, ESRS 1)
- Clearer **delineation between** consistency in methods and comparable information (support by consistency)

Level of support

Subgroup 1*:

- **62% support**
- 23% oppose
- 15% abstain

13 members

Full TWG:

- **98% support** (*23% support with minor edits*)
- 2% oppose
- 0% abstain

43 members

**Poll on whether to update definitions of consistency and comparability, leading to recommendation above*

Implications

- Concerns that approach **deemphasizes consistency over a time series** (noting that key text related to documenting changes in data, methods, boundaries, etc. over time maintained)
- Consistent application of methods **cannot be fully achieved** by a principle (supporting text acknowledges limitations)
- **Differs from** approach in Land Sector and Removals Standard – rectification will require further consideration

For more information, see section 3.2 of outcomes memo and section 1.3.3 of chapter 1 draft.

ISB slide

Transparency and verifiability

Question and options posed to TWG

How should principles be updated to better distinguish between **external transparency and verifiability**?

Option A

Update transparency principle to more clearly distinguish between external transparency and verifiability (including with a supporting text box on verifiability)

Rationale: Maintains current framing of transparency principle and **avoids the introduction of a new principle** while better distinguishing between external transparency and verifiability

*Note: **Verification and assurance**, including whether verification or assurance should be required as part of the Corporate Standard, will be considered by Subgroup 2 in phase 2.*

Option B

Delineate separate transparency and verifiability principles

Rationale: May **better disentangle** and more specifically highlight the respective importance of both external transparency and verifiability

Level of support

- **Subgroup 1:** 43% Option A, **57% Option B**, 0% Abstain (14 members)
- **Full TWG:** **58% Option A**, 37% Option B, 5% Abstain (38 members)

} Split
opinions

To be finalized by TWG

For more information, see section 3.3 of outcomes memo and section 1.3.4 of chapter 1 draft.

ISB slide

Accuracy and conservativeness

Preliminary outcomes

Update guidance for **accuracy principle** to include language on **conservativeness** and when companies should consider using conservative methods (including with a supporting text box on conservativeness).

Rationale

- Establishes conservativeness as a ***recommendation*** rather than ***requirement***, giving companies flexibility in determining whether and when to apply conservative methods based on their **business goals**
- Helps **avoid understatement of emissions** in instances of high uncertainty
- Can incentivize companies to obtain **higher quality data**

Level of support

Subgroup 1:

- **71.5% support**
- 21.5% oppose
- 7% abstain

14 members

Full TWG:

- **91% support** (*35% support with minor edits*)
- 5% oppose
- 5% abstain

43 members

Implications

- Concerns with **compromising accuracy and introducing bias** (addressed by language emphasizing that **conservativeness should not be a substitute** for improving data quality)
- Concerns with **overstating reductions** over time as data quality improves (addressed by **base year recalculation requirements**)
- When to apply conservative approaches contingent on understanding **uncertainty** – topic to be considered by Subgroup 3 in phase 2

Change log

Slide #s	Change	Details
12	New slide	New slide on ISO partnership announcement
14	Updated slide	Updated text at bottom of slide to reference Appendix A for detailed results of Full TWG survey on preliminary phase 1 outcomes
15	New slide	New slide providing a summary of ISB feedback survey results on preliminary phase 1 outcomes, with further updates made subsequent to Subgroup 1 meeting to incorporate additional responses received from ISB members.
19	Updated slide	3 rd bullet under comments in strong opposition updated to align with clarification provided by member
37	Updated slide	Slide updated to add times for both options for full TWG meeting
39-44	New slides	New Appendix A to provide detailed results of Full TWG survey on preliminary phase 1 outcomes