

Corporate Standard Meeting Minutes

Subgroup 2, Meeting #9

Date: 2 September 2025

Time: 08:00 – 10:00 EDT / 14:00 – 16:00 CEST

Location: Virtual

Attendees

Technical Working Group Members

1. Christina Abbott, KPMG
2. John Altomonte, WWF-Philippines
3. Debbie Crawshawe, Department for Business and Trade, UK Government
4. Mónica Oleo Domínguez, Redeia
5. Rubens Ferreira, Carbonauta Ltda
6. Kia Hong Goh, Nanyang Technological University, Singapore
7. Anna Dauteuil, EFRAG
8. Gijs Kamperman, TenneT
9. Vincent Kong, BEAM Society Ltd
10. Bonar Laureto, EY Philippines
11. Andy Law, Hong Kong Institute of Certified Public Accountants
12. Trinity Makava Ncube, Trinity Consultants
13. Claire McCarthy, We Mean Business Coalition
14. Barbara Porco, Fordham University
15. Sheila Scott, Jacobs
16. Megan Sutter, Google
17. Margaret Weidner, Independence Point Advisors

Guests

None present

GHG Protocol Secretariat

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

Documents referenced

1. Slides for the Corporate Standard TWG Subgroup 2 meeting on 2 September 2025

Item	Topic and Summary	Outcomes
1	<p><i>Introduction and housekeeping</i></p> <p>The Secretariat welcomed TWG members to the ninth meeting of Subgroup 2. The Secretariat provided a brief reminder on TWG housekeeping items, and presented the objectives and the agenda for the meeting.</p>	No specific outcomes.
2	<p><i>Follow-up on financial control approach revision</i></p> <p>The Secretariat provided a brief overview of the financial control approach revision process, including the level of support and feedback received from TWG members on the proposed revised definition of the financial control approach. The Secretariat outlined the next steps for the revision and invited members to comment.</p>	No specific outcomes.
3	<p><i>Follow-up on operational control approach revision</i></p> <p>The Secretariat provided an overview of the operational control approach revision process, including the level of support and feedback received from TWG members on the working draft text defining operational control. The Secretariat presented the latest revised text, highlighted three key challenges (subjectivity, entity versus asset level assessment, and control over GHG emissions), and invited members to comment.</p>	<p>An indicative poll showed <i>majority support</i> for allowing some degree of subjectivity when defining operational control, provided it is addressed through clear guidance and indicators to the extent feasible.</p> <p>An indicative poll showed <i>split opinions</i> on whether the concept of operational control is more applicable at the entity-level or the asset level, with equal support for its applicability at the asset level and at both levels (i.e., both the entity and asset/operation levels).</p> <p>An indicative poll showed <i>split opinions</i> on whether the operational control definition should consider control over GHG emissions, with equal support for maintaining and not maintaining the focus on emissions.</p> <p>An indicative poll showed <i>split opinions</i> on the proposed revised text defining operational control, with the most support for supporting the overall text with minor revision suggestions.</p>
4	<p><i>Follow-up on optionality in consolidation approaches</i></p> <p>The Secretariat provided a recap of previous discussions on optionality in consolidation approaches and presented the level of support from TWG members regarding whether to maintain optionality in consolidation approaches.</p> <p>The Secretariat also summarized recent changes to requirements and guidance on consolidation from external programs (namely, IFRS, ESRS and SBTi), presented the reframed options for consolidation, and invited members to comment.</p>	<p>Options considered for consolidation:</p> <p>An indicative poll showed <i>split opinions</i> on which options for consolidation should be given further consideration, with the most support for option 2: Recommend financial control while also maintaining operational control.</p> <p>An indicative poll showed <i>majority agreement</i> that the list of options presented for consolidation is complete.</p> <p>An indicative poll showed <i>split opinions</i> on level of support for each option presented for consolidation, with the most support for option 2: Recommend financial control while also maintaining operational control, and option 5: Require financial control.</p>

		<p>How to implement the financial and operational control approaches:</p> <p>An indicative poll showed <i>split opinions</i> on how the financial control approach should be applied, with the most support for providing it as an available option, using a “may” statement.</p> <p>An indicative poll showed <i>split opinions</i> on how the operational control approach be implemented vis-à-vis financial control, with equal support for combining it with financial control and providing it as a stand-alone option, using a “may” statement.</p> <p>An indicative poll showed <i>majority support</i> for providing the operational control approach as an available option for reporters, using a “may” statement.</p>
5	<p><i>Wrap-up and next steps</i></p> <p>The Secretariat outlined next steps including the review of the revised proposed text defining operational control and further considering optionality in consolidation approaches, and the next Subgroup 2 meeting on September 30th.</p> <p>The Secretariat also noted that an informal open discussion meeting is scheduled for September 17th, with full TWG members optionally invited, aiming to facilitate further discussion on the revision of the operational control approach and optionality in consolidation approaches.</p>	<p>The Secretariat will share meeting materials along with revised proposed text to define operational control.</p> <p>The Secretariat requested that members respond to a Meeting 9 feedback survey, including feedback on proposed text revisions and the options considered for consolidation, with the survey deadline to be confirmed.</p> <p>The next meeting will be an open discussion meeting of the full Corporate Standard TWG on September 17th (optional).</p> <p>The next Subgroup 2 meeting is scheduled for September 30th.</p>

Summary of discussion and outcomes

1. Introduction and housekeeping

- The Secretariat welcomed TWG members to the ninth meeting of Subgroup 2. The Secretariat provided a brief reminder on TWG housekeeping items, a status update of preliminary outcomes from Subgroup 1 and Subgroup 3 and presented the objectives and the agenda for the meeting (slides 1-12).

Summary of discussion

- The Secretariat provided an overview of the process for finalizing Subgroup 2 phase 1 outcomes.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Follow-up on financial control approach revision

- The Secretariat provided a brief overview of the financial control approach revision process, including the level of support and feedback received from TWG members on the proposed revised definition of the financial control approach. The Secretariat outlined the next steps for the revision and invited members to comment (slides 13-17).

Summary of discussion

- A member suggested that the reference to “control” in the term financial control approach may need to be revisited, noting that consolidation for financial accounting may not necessarily be based on control. Another member suggested revising the term to the “financial statements approach”. The Secretariat confirmed that this feedback has been noted for future discussions on the topic.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

3. Follow-up on operational control approach revision

- The Secretariat provided an overview of the operational control approach revision process, including the level of support and feedback received from TWG members on the working draft text defining operational control. The Secretariat presented the latest revised text, highlighted three key challenges (subjectivity, entity versus asset level assessment, and control over GHG emissions), and invited members to comment (slides 18-29).

Summary of discussion

- The Secretariat presented the level of support and feedback received from TWG members on the working draft text defining operational control, grouped under the following three key challenges, and invited members to comment.

Challenge 1: The operational control definition is still open to interpretation

- The Secretariat summarized the underlying feedback related to this challenge and introduced the following question and invited members to comment: Should subjectivity be considered acceptable in defining operational control?
 - A member suggested that reporters will need to apply judgement when implementing the operational control criteria based on the principles provided. However, they added that the reporters should be able to determine the appropriate organizational boundary when applying the operational control approach, and the Standard’s role should be to provide sufficient guidance to ensure consistent application of judgement by reporters.

- Several members noted that it is not feasible to set the operational control criteria in a way that provides an answer to every possible situation, such as through a binary decision tree. They added that providing additional guidance and good practice examples would support consistent application of the approach.
 - A member noted that best practice would be for parties to contractually determine who has operational control. They added that guidance could be provided to support capacity building within the ecosystem to apply this practice.
- A member noted that principles-based approaches will always require the application of judgment, and it is the role of monitoring bodies to have mechanisms in place to test and probe whether judgment is being applied appropriately. The Secretariat noted that financial accounting and reporting standards also require application of judgment, and reporters do disclose the judgment applied within their financial reports to provide transparency.
- **Indicative poll:** The Secretariat conducted an indicative poll asking the following question: Should subjectivity be considered acceptable in defining operational control? Respondents expressed *majority support* on allowing some degree of subjectivity.
 - **Yes - I support allowing some degree of subjectivity, provided it is addressed through clear guidance and indicators to the extent feasible: 12 of 15 respondents**
 - No – I believe the definition of operational control should be **objective and precise to avoid interpretation:** 2 of 15
 - Abstain: 1 of 15

Challenge 2: Ambiguity on the level of assessment (entity vs. asset)

- The Secretariat summarized the underlying feedback related to this challenge and introduced the following question and invited members to comment: Is the concept of operational control more applicable to entity level or asset level assessment?
 - A member asked for clarification on what is meant by asset level assessment. The Secretariat clarified that it could be phrased as both asset and operation level assessment, providing the example of assessing operational control at the facility level (i.e., who holds the operating permit).
 - Several members suggested that use of the term “operational” both in the *operational control approach* for organizational boundary setting and in *operational boundaries* causes confusion. They suggested revising the terms to clearly distinguish between organizational and operational boundary setting. Alternatively, another member suggested combining the two boundary setting concepts.
 - A member suggested that the confusion on the level of assessment partly arises from the application of carbon tax, which may apply at the facility level (i.e., asset level) rather than at the entity level.
 - A member asked a clarifying question regarding whether the intention of this revision process is to apply the operational control approach for operational boundary setting. The Secretariat clarified that the continued aim of applying consolidation approaches, including the operational control approach, is for setting organizational boundaries at the entity level. The Secretariat added that the question for today’s meeting is whether the operational control approach is fit for purpose as a consolidation approach.
 - A member suggested that the operational control approach is not applicable to financial statements and is best applied to reporting emissions outside the financial consolidation—in other words, the reporting entity boundary. The Secretariat noted that some external programs (e.g., IFRS S1 and S2) allow the application of the operational control approach to the reporting entity boundary.
 - A member suggested that the operational control approach is used by many industries to provide a fair presentation of their GHG emissions.
 - A member provided an example from the hospitality industry, where the company operating the hotel does not own the facility but has operational control. They suggested that there will always be cases where operational control is applied at the facility or asset level.

- A member suggested that the operational control approach could be applicable at both the entity and the asset level depending on how it is defined.
- **Indicative poll:** The Secretariat conducted an indicative poll asking the following question: Is the concept of operational control more applicable to entity-level or asset level assessment? Respondents expressed *split opinions*, with equal support for its applicability at the asset level, and at both levels (i.e., both the entity and asset/operation levels).
 - Most applicable at **entity level**: 1 of 15 respondents
 - Most applicable at **asset/operation level**: 7 of 15
 - Applicable at **both entity and asset/operation level**: 7 of 15
 - Abstain: 0 of 15

Challenge 3: Whether to focus the definition on control/impact on GHG emissions

- The Secretariat summarized the underlying feedback related to this challenge, introduced the following question, and invited members to comment: Do you support focusing the definition of operational control on control/impact on GHG emissions as opposed to general operations/operating policies?
 - A member suggested that the organizational boundary should be set at a higher level (e.g., the business activity that the entity undertakes) than based on the set of decisions impacting GHG emissions.
 - Another member suggested that assessing control/impact on emissions could be challenging in many cases, and referred to the earlier example shared from the hospitality industry. They further explained that while the hotel owner may require certain functions to be provided, the operator retains control over which equipment to install to meet those requirements.
 - A members expressed support for maintaining the focus on control over GHG emissions. They suggested that removing this reference would increase subjectivity of the operational control criteria or definition (e.g., general operating policies versus policies impacting GHG emissions).
 - A member suggested that the GHG Protocol has a broad purpose aimed at facilitating various uses. They added that organizational boundary should be aligned with financial statements. The Secretariat briefly shared the following working draft objectives statement that the Subgroup 1 is working on that highlights two key purposes:

"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"
 - A member expressed support for the TWG member's comment, suggesting that to avoid ambiguities associated with the concept of operational control and to provide a clear and standardized approach, the revised financial control approach should be the single required approach for organizational boundary setting. Another member expressed support.
 - Another member recognized the value of requiring the financial control approach but added that they believe the subgroup does not yet have sufficient data to decide on eliminating the operational control approach. They suggested that feasibility challenges and the cost of adapting to a single required approach would be significant for reporters. A member responded by suggesting that since the operational control approach will be revised, reporters will incur additional costs to adopt this revision regardless.
- **Indicative poll:** The Secretariat conducted an indicative poll asking the following question: Do you support focusing the definition of operational control on control/impact on GHG emissions as opposed to general operations/operating policies? Respondents expressed *split opinions*.

- Yes, I support **maintaining the focus** on control/impact on GHG emissions: 5 of 13 respondents
- No, I **oppose focusing** the definition on control/impact on GHG emissions: 5 of 13
- Abstain: 3 of 13

Revised operational control definition:

- The Secretariat presented the revised working draft text defining operational control, summarized the rationale for key changes, and invited members to comment.
 - A member, referring to the addition of the term “influence”, inquired about how this term would be applied. The Secretariat noted that the primary focus of the meeting is to align on the concept of the definition, after which the discussion will move to developing key guidance and definitions for key terms used, such as influence. Several member suggested that the use of the term “influence” introduces added ambiguity to the definition.
 - A member suggested that the subgroup work through some practical examples to further examine the applicability of the revised definition. Another member agreed and suggested that members could submit examples for the subgroup to review. The Secretariat confirmed that an informal open discussion meeting will be scheduled for September 17th, with all Corporate Standard TWG members optionally invited, to discuss revisions to the operational control approach and optionality in consolidation approaches.
 - Another member raised the conflict between the party that introduces and implements operating policies and the party that manages day-to-day operations, and highlighted the need to determine how operational control should be defined in cases where the two differ.
 - A member suggested that developing key guidance alongside the revised definition could help clarify some of the topics raised during the discussion.
- **Indicative poll:** The Secretariat conducted an indicative poll asking the following question: Do you support the proposed revised text to define operational control? Respondents expressed *split opinions*, with the most support for supporting the overall text with minor revision suggestions.
 - Yes, I **support the overall text**: 2 of 13 respondents
 - **Yes, I support the overall text but have minor revision suggestions: 6 of 13**
 - No, I **strongly oppose** the proposed text: 3 of 13
 - Abstain: 2 of 17

Outcomes (e.g. recommendations, options)

- An indicative poll showed *majority support* for allowing some degree of subjectivity when defining operational control, provided it is addressed through clear guidance and indicators to the extent feasible.
- An indicative poll showed *split opinions* on whether the concept of operational control is more applicable at the entity level or the asset level, with equal support for its applicability at the asset level, and at both levels (i.e., both the entity and asset/operation levels).
- An indicative poll showed *split opinions* on whether the operational control definition should consider control over GHG emissions, with equal support for maintaining and not maintaining the focus on emissions.
- An indicative poll showed *split opinions* on the proposed revised text defining operational control, with the most support for supporting the overall text with minor revision suggestions.

4. Follow-up on optionality in consolidation approaches

- The Secretariat provided a recap of previous discussions on optionality in consolidation approaches and presented the level of support from TWG members regarding whether to maintain optionality in consolidation approaches. The Secretariat also summarized recent changes to requirements and guidance on consolidation from external programs (namely, IFRS, ESRS and SBTi), presented the reframed options for consolidation, and invited members to comment (slides 30-41).

Summary of discussion

Options for consolidation:

- The Secretariat presented the reframed options for consolidation, and invited members to comment.
 - A member asked for clarification on whether option 3 (combined/layered consolidation) or option 4 (dual reporting) is the approach required under ESRS E1. The Secretariat confirmed that their understanding is that option 3 is the current requirement under the adopted ESRS E1, whereas option 4 reflects the requirement currently outlined in the Draft Amended ESRS E1, which is under public consultation. Several members expressed concern that further clarification and confirmation from EFRAG is needed to determine whether option 4 was their intended approach.
 - A member, referring to option 3 (combined/layered consolidation), suggested that it would be challenging to frame this option as a recommendation and to encourage reporters to look beyond the financial control boundary. They added that reporters often choose the easiest and most feasible route. Another member agreed and suggested that “should” and “may” statements are often given equal weight.
- The Secretariat presented a draft analysis of the reframed options to consider for consolidation against the GHG Protocol Decision-Making Criteria (DMC) and invited members to comment.
 - A member suggested that implementing options 1 and 2 may be more challenging than indicated in the draft analysis, adding that both the financial and operational control approaches are being revised—requiring additional resources for reporters to adapt. Another member agreed. The Secretariat noted that the subgroup members will be able to propose further revisions to the draft DMC analysis through the meeting follow-up survey.
 - A member suggested that implementing option 5 (requiring financial control) would be less challenging than implementing option 3 (combined/layered approach) or option 4 (dual reporting). The Secretariat responded by clarifying that options 3 and 4 have been analyzed with the assumption that they will be provided as recommended approaches (i.e., best practice) while still allowing flexibility for reporters to opt for either financial or operational control if the recommended approach is deemed not feasible or applicable. The Secretariat added that this assumption is based on the majority support from TWG members on maintaining optionality in consolidation approaches. The Secretariat added that option 5, by requiring the financial control approach, does not provide flexibility for the reporter, making it less feasible for those having to change their consolidation approach.

Indicative polls:

1. The Secretariat conducted an indicative poll asking the following question: Please indicate if you agree with giving further consideration to each of the options provided for setting organizational boundaries. Respondents expressed *split opinions*, with the most support for options 2 and 5.

Options	Responses
Option 1: Financial & operational control as equal options	5 of 13 respondents strongly agreed; 1 agreed; 2 were neutral; 2 disagreed; 2 strongly disagreed; and 1 abstained
Option 2: Recommend financial control while also maintaining operational control	4 of 13 respondents strongly agreed; 3 agreed; 2 were neutral; 2 disagreed; 1 strongly disagreed; and 1 abstained
Option 3: Combined (layered) consolidation	2 of 13 respondents strongly agreed; 2 agreed; 6 were neutral; 0 disagreed; 2 strongly disagreed; and 1 abstained
Option 4: Dual consolidation (financial + operational control)	1 of 13 respondents strongly agreed; 2 agreed; 5 were neutral; 0 disagreed; 4 strongly disagreed; and 1 abstained

Option 5: Require financial control	4 of 13 respondents strongly agreed; 3 agreed; 1 was neutral; 2 disagreed; 1 strongly disagreed; and 2 abstained
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- Option 1: Financial & operational control as **equal options**: 5 of 13 respondents strongly agreed; 1 agreed; 2 were neutral; 2 disagreed; 2 strongly disagreed; and 1 abstained.
 - Option 2: Recommend financial control while also maintaining operational control: 4 of 13 respondents strongly agreed; 3 agreed; 2 were neutral; 2 disagreed; 1 strongly disagreed; and 1 abstained.**
 - Option 3: **Combined (layered) consolidation**: 2 of 13 respondents strongly agreed; 2 agreed; 6 were neutral; 0 disagreed; 2 strongly disagreed; and 1 abstained.
 - Option 4: **Dual consolidation** (financial + operational): 1 of 13 respondents strongly agreed; 2 agreed; 5 were neutral; 0 disagreed; 4 strongly disagreed; and 1 abstained.
 - Option 5: Require financial control: 4 of 13 respondents strongly agreed; 3 agreed; 1 was neutral; 2 disagreed; 1 strongly disagreed; and 2 abstained.**
2. The Secretariat conducted an indicative poll asking the following question: Are there any other options that should be considered? Respondents expressed *majority support* on completeness of the presented options for consolidation.
- Yes, I have an alternative suggestion: 0 of 12 respondents
 - No: 10 of 12**
 - Abstain: 2 of 12
3. The Secretariat conducted an indicative poll asking the following question: Please indicate whether you would support each of the options provided for setting organizational boundaries. Respondents expressed *split opinions*, with the most support for option 2.

Options	Responses
Option 1: Financial & operational control as equal options	3 of 12 respondents strongly supported; 2 supported; 1 was neutral; 3 opposed; 3 strongly opposed; and 0 abstained
Option 2: Recommend financial control while also maintaining operational control	2 of 12 respondents strongly supported; 4 supported; 3 was neutral; 2 opposed; 1 strongly opposed; and 0 abstained
Option 3: Combined (layered) consolidation	1 of 12 respondents strongly supported; 3 supported; 4 were neutral; 0 opposed; 2 strongly opposed; and 2 abstained
Option 4: Dual consolidation (financial + operational control)	1 of 12 respondents strongly supported; 2 supported; 3 were neutral; 0 opposed; 4 strongly opposed; and 2 abstained
Option 5: Require financial control	2 of 12 respondents strongly supported; 3 supported; 3 were neutral; 2 opposed; 1 strongly opposed; and 1 abstained

How to implement the financial and operational control approaches:

- The Secretariat invited members to comment on and respond to the following three questions for the members to consider how to implement the financial control and operational control approaches, providing a mapping of the response options to the reframed options for consolidation:
- Indicative polls:**
 - Should the financial control approach be required, recommended, or just an available option? Respondents expressed *split opinions*, with the most support for providing the financial control approach as an available option.
 - Option 1a: **Required** ("shall"): 3 of 13 respondents

- Option 1b: **Recommended** ("should"): 4 of 13
 - **Option 1c: Available as an option ("may")**: 5 of 13
 - Abstain: 1 of 13
2. How should the operational control approach be implemented vis-à-vis financial control? Respondents expressed *split opinions*.
- Option 2a: **Eliminated**: 1 of 13 respondents
 - Option 2b: **Dual consolidation** with financial control: 2 of 13
 - **Option 2c: Combined (layered) consolidation with financial control**: 4 of 13
 - **Option 2d: Stand-alone option ("should" or "may")**: 4 of 13
 - Abstain: 2 of 13
3. Should the operational control approach be required, recommended, or just an available option (for options 2b, 2c and 2d selected in previous question)? Respondents expressed *majority support* for option 3c.
- Option 3a: **Required** ("shall"): 0 of 12 respondents
 - Option 3b: **Recommended** ("should"): 1 of 12
 - **Option 3c: Available as an option ("may")**: 8 of 12
 - Abstain: 3 of 12
- A member questioned whether the GHG emissions reported under both financial control and operational control would be the same, with only the distribution across scopes 1, 2 and 3 varying. The Secretariat noted that the organizational boundary—and consequently the reported GHG emissions—may differ depending on the consolidation approach applied and the organizational structure of the reporter.
 - Another member highlighted the need for clear guidance on how leased assets are categorized and shared their suggested approach for future consideration when this specific topic is on the agenda.

Outcomes (e.g. recommendations, options)

Options considered for consolidation:

- An indicative poll showed split opinions on which options for consolidation should be given further consideration, with the most support for option 2: Recommend financial control while also maintaining operational control.
- An indicative poll showed majority agreement that the list of options presented for consolidation is complete.
- An indicative poll showed split opinions on level of support for each option presented for consolidation, with the most support for option 2: Recommend financial control while also maintaining operational control, and option 5: Require financial control.

How to implement the financial and operational control approaches:

- An indicative poll showed split opinions on how the financial control approach should be applied, with the most support for providing it as an available option, using a "may" statement.
- An indicative poll showed split opinions on how the operational control approach be implemented vis-à-vis financial control, with equal support for combining it with financial control and providing it as a stand-alone option, using a "may" statement.
- An indicative poll showed majority support for providing the operational control approach as an available option for reporters, using a "may" statement.

5. Wrap-up and next steps

- The Secretariat outlined next steps including the review of the revised proposed text defining operational control and further considering optionality in consolidation approaches, and the next Subgroup 2 meeting on September 30th (slides 42-45).

- The Secretariat also noted that an informal open discussion meeting is scheduled for September 17th, with full TWG members optionally invited, aiming to facilitate further discussion on the revision of the operational control approach and optionality in consolidation approaches.

Summary of discussion

- No specific comments from members.

Outcomes (e.g. recommendations, options)

- The Secretariat will share meeting materials along with revised proposed text to define operational control.
- The Secretariat requested that members respond to a Meeting 9 feedback survey, including feedback on proposed text revisions and the options considered for consolidation, with the survey deadline to be confirmed.
- The next meeting will be an open discussion meeting of the full Corporate Standard TWG on September 17th (optional).
- The next Subgroup 2 meeting is scheduled for September 30th.

Summary of written submissions received prior to meeting

- The Secretariat received 47 responses to Corporate Standard TWG Meeting #3 - Subgroup 2 follow-up survey. Outcomes of the survey, including the feedback received, have been incorporated into the presentation slides.