

Corporate Standard Meeting Minutes

Subgroup 2, Meeting #10

Date: 30 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. Debbie Crawshawe, Department for Business and Trade, UK Government
3. Mónica Oleo Domínguez, Redeia
4. Rubens Ferreira, Carbonauta Ltda
5. Kia Hong Goh, Nanyang Technological University, Singapore
6. Anna Dauteuil, EFRAG
7. Gijs Kamperman, TenneT
8. Andy Law, Hong Kong Institute of Certified Public Accountants
9. Claire McCarthy, We Mean Business Coalition
10. Barbara Porco, Fordham University
11. Sheila Scott, Jacobs
12. Megan Sutter, Google
13. 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 30 September 2025

Item	Topic and Summary	Outcomes
1	<i>Introduction and housekeeping</i> The Secretariat welcomed TWG members to the tenth 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.	No specific outcomes.
2	<i>Options for consolidation</i> The Secretariat recapped previous discussions on optionality in consolidation approaches and presented the level of support from ISB members and observing entities on whether to maintain this optionality, along with Subgroup 2 members' support for consolidation options presented during Meeting 9. The Secretariat presented a proposed package for consolidation approaches and invited members to comment. Indicative polls were held on provisions of the proposal.	An indicative poll showed <i>split opinions</i> on the proposed package for consolidation approaches as a whole. An indicative poll showed <i>majority support</i> for requiring consolidation based on control. An indicative poll showed <i>majority support</i> for recommending the financial control approach. An indicative poll showed <i>majority support</i> for recommending add-on separate reporting of 100% of emissions from entities, operations, and assets under operational control that are not already included under financial control <i>where relevant</i>. An indicative poll showed <i>majority support</i> for maintaining the operational control as a standalone option. An indicative poll showed <i>majority opposition</i> for allowing the application of jurisdictionally required consolidation approach if it differs from the recommended approach. An indicative poll showed <i>split opinions</i> on the proposed package excluding the provision allowing jurisdictional requirements to be applied if different from the recommended approach for consolidation as a whole.
3	<i>Operational control approach revision</i> Due to time constraints, this topic was not presented.	This topic will be presented at a future meeting.
4	<i>Wrap-up and next steps</i> The Secretariat outlined a summary of next steps including the schedule for upcoming meeting.	The Secretariat will share meeting materials along with revised proposed package for consolidation approaches. The Secretariat requested that members respond to a Meeting 10 feedback survey, including feedback on revised proposed package for consolidation and follow-up on the operational control approach revision, with the survey deadline to be confirmed. The next meeting will be the full Corporate Standard TWG, scheduled for October 21st. The next Subgroup 2 meeting is scheduled for November 4th.

Summary of discussion and outcomes

1. Introduction and housekeeping

- The Secretariat welcomed TWG members to the tenth 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 1-14)

Summary of discussion

- No discussion.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Options for consolidation

- The Secretariat recapped previous discussions on optionality in consolidation approaches and presented the level of support from ISB members and observing entities on whether to maintain this optionality, along with Subgroup 2 members' support for consolidation options presented during Meeting 9. The Secretariat presented a proposed package for consolidation approaches and invited members to comment. Indicative polls were held on provisions of the proposal. (slides 15-35)

Summary of discussion

- The Secretariat presented a proposed package for consolidation approaches including the items listed below and invited members to comment.
 - Requiring consolidation based on control, eliminating the equity share approach
 - Recommending the financial control approach
 - Recommending separate add-on scope 1 and scope 2 reporting based on operational control for entities not under financial control if the financial control approach alone fails to provide complete emissions profile (fair presentation)
 - Maintaining the operational control approach as a standalone option if the recommended approach does not align with the reporting objectives
 - Allowing reporters to apply jurisdictionally required consolidation approach if it is incompatible with the above recommendation/options
 - Setting disclosure requirements requiring companies to report the rationale for applying not applying the recommended approach,

The discussion summary is presented below, organized according to the package items listed above.

Item #1: Requiring consolidation based on control, eliminating the equity share approach

- The Secretariat presented a comparison/mapping of GHG emissions disclosures under the revised financial control approach and the current equity share approach as background (slides 24-25). The Secretariat explained that the aim of this proposed provision is to clarify that companies **shall** set their organizational boundaries based on control. The Secretariat noted that this item will clarify that the equity share approach will no longer be an option for consolidation. The Secretariat suggested that additional disaggregation requirements could be set to further disaggregate scope 3 category 15 emissions to transparently disclose emissions associated with equity interests. Members were invited to comment.
- A member suggested that based on the low level of adoption of the equity share approach (2% based on CDP data), eliminating it would not create feasibility challenges.
- A member suggested that users of the disclosed information will be able to see the information on equity ownership percentages in the financial statements and there is no need to set additional disaggregated reporting requirements.

- A member asked whether there are examples of cases where disclosing additional information on equity ownership—beyond applying the revised financial control approach—would benefit users of that information. The member added that, giving the low adoption rate of the equity share approach (2% according to CDP 2023 public disclosures), it is unclear whether an additional disaggregation requirement would be useful. The Secretariat responded that the suggested disaggregated disclosure was presented as a potential way to provide information currently covered by the equity share approach where relevant, but it is not a prerequisite for eliminating the approach. The Secretariat also noted that CDP data does not include information on the rationale for choosing the equity share approach, and invited members to share relevant examples.
- A member suggested that the proposed early draft language for this provision in the proposed package could be confusing for financial reporting experts and will need further clarification. The Secretariat confirmed that this feedback will be incorporated into text revision process.
 - Another member suggested that the current language could be interpreted as allowing the reporter to choose between the financial and operational control approaches, rather than clarifying that the intention is to eliminate the equity share approach.
 - Another member agreed and noted that referring only to “control” can cause confusion.
 - The Secretariat noted that it is the current language used in the standard and control then can be defined either based on financial control or operational control.
- A member suggested that by eliminating equity share approach, this statement becomes redundant and can be excluded for simplification. Another member agreed.

Item #2: Recommending the financial control approach

- No comments.

Item #3: Recommending separate add-on reporting based on operational control

- The Secretariat presented an example from a real estate company and a property management firm as a case to show how the financial control and operational control approaches may diverge as a background (slide 26). The Secretariat noted that add-on reporting based on operational control means that companies **should** report 100% of emissions from entities, operations, and assets under operational control that are not already included under financial control, where relevant (e.g., when financial control does not provide a sufficiently complete picture of their GHG emissions).
- A member suggested that basing this recommended add-on reporting could be burdensome for some reporters. The Secretariat clarified by noting that the recommended add-on scope 1 and scope 2 reporting based on operational control only applies to organizational structures where the boundaries of financial control do not coincide with the boundaries of operational control.
- A member asked a clarifying question to confirm whether the recommended add-on for separate reporting based on operational control applies specifically to entities and assets outside the financial control boundary. The Secretariat confirmed that this is the case.

Item #4: Maintaining the operational control approach as a standalone option

- The Secretariat presented an example from a real estate company and a property management firm as a case to show how the financial control and operational control approaches may diverge as a background (slide 26). The Secretariat explained that in some cases, companies **may** apply the operational control approach instead of the approach, reporting 100% of scope 1 and scope 2 emissions from entities, operations, and assets under operational control when relevant to the objectives of the GHG inventory (e.g., for internal use to inform emission reduction strategies).
- A member suggested that ‘may’ statements used in voluntary standards are unlikely to be adopted by reporters who tend to focus more on requirements—namely, ‘shall’ statements. Another member agreed.
 - Another member responded by suggesting support for using a ‘may’ statement here, as this alternative option—unlike the recommended approach—should not be considered the priority choice.

- A member suggested that framing this with a 'may' statement—based on the needs of the user of the disclosed emissions information—could be misinterpreted as placing the decision about the consolidation approach in the hands of the user of the GHG information, rather than the reporting company. The Secretariat noted that the choice of consolidation approach will be made by the reporting company, based on its reporting objectives and target audience expectations—not by its stakeholders.
- A member inquired whether the standalone use of the operational control approach would only be useful for voluntary reporters. The Secretariat responded that voluntary reporting needs are just one example of cases where the use of this approach better aligns with reporting objectives.
- A member, referring to the example provided on real estate company vs. property management firm, suggested that property management is a service and the Scope 3 TWG direction on adding a new category to address 'facilitated emissions' will enable accounting of service related emissions under scope 3.
- A member inquired whether the use of the 'shall' statement requiring consolidation to be based on control is sufficient to exclude the 'may' statement for the standalone operational control option. The Secretariat noted that there are two 'should' statements prior to this 'may' statement, aiming to promote the adoption of the recommended approach and only provide the standalone application of the operational control approach if the recommended approach does not align with the reporting objectives.
- A member suggested that financial control and operational control boundaries may significantly diverge in some cases. They added that the application of this proposed package should include guidance or examples illustrating where such divergence occurs.

Item #5: Allowing reporters to apply jurisdictionally required consolidation approach if it is incompatible with the above recommendation/options

- The Secretariat presented this proposed consolidation package provision as a way to ensure interoperability with external programs.
- Several members expressed opposition, noting that the proposed provision could pose implementation issues in terms of accounting and reporting in compliance/accordance with the Corporate Standard, jeopardizing its strong position as a standard setter. The Secretariat noted that the nuanced consolidation requirements set by the mandatory external standards pose challenge to maintain interoperability.
 - Several members suggested that the external programs refer to GHG Protocol and adopt the requirements and guidance provided by the Corporate Standard while setting their own requirements. These members also noted that maintenance of interoperability is a circular issue and once the GHG Protocol updates its requirements and guidance on the issue, the external programs will have to evaluate and adapt to it.
- A member gave an example of a jurisdictional requirement where the reporter can choose between two methods to account for their emissions and explicitly disclose which method they used.
- A member noted that providing relief for other jurisdictional requirements was a necessary step for some mandatory external programs to adopt, due to differing jurisdictional requirements applied to subsidiaries of the parent company—helping to avoid feasibility challenges.
- Another member suggested that this provision of the proposed package can be explored further. They added that majority of external programs provide a static reference to the Corporate Standard 2004 Revised Edition.

Item #6: Setting disclosure requirements requiring companies to report the rationale for not applying the recommended approach

- The Secretariat noted that this provision in the proposed package aims to require (i.e., 'shall' statement) the reporting company to disclose the rationale of choosing a different consolidation method than the recommended approach to promote transparency.
- A member suggested that the language of this disclosure requirement needs to be carefully framed to highlight that the primary expectation is for the reporter to adopt the recommended consolidation

method, and avoid suggesting that regardless of their reporting objectives, the reporter is free to choose between the two control approaches. The Secretariat noted that this suggestion will be considered while drafting the requirement.

- A member responded by saying that GHG Protocol could address this challenge by requiring companies to disclose whether different consolidation approaches are used at the parent company and subsidiary levels.

General discussion

- A member inquired about the revised objectives of the Corporate Standard, seeking clarification on which use and user cases the objectives intend to address. The Secretariat shared the draft revised objectives statement (slide 54) and emphasized that the objective is to support the varying reporting needs of mandatory and voluntary reporters, noting that some of these objectives may be met by aligning with financial reporting (i.e., the revised financial control approach), while others may be better addressed by applying the operational control approach.
- A member noted that the first three statements in the proposed package are clear and aligned with the previous discussions, however the #4-6 statements seem to contradict with the first three. The Secretariat noted that the first three statements form the 'best practice' approach to consolidation, and for user cases that the best practice approach does not provide a fair presentation of emissions, the fourth and fifth statements become applicable.
- A member inquired whether the current ESRS E1 Exposure Draft proposes a full disclosure of scope 1 and 2 emissions based on operational control in addition to full scope 1 and 2 disclosure based on financial control if using financial control only does not provide fair presentation of emissions from operated assets. The Secretariat responded by noting that this was their understanding, explaining that the currently proposed approach requires complete reporting of scope 1 and 2 emissions based on operational control—separate and in addition to—scope 1 and 2 emissions disclosure based on financial control where relevant based on the fair presentation principle. This differs from the previously adopted layered consolidation approach, which required reporting scope 1 and 2 emissions from non-consolidated entities and contractual arrangements if operational control was in place. A member noted that this was not their understanding and requested further confirmation. The Secretariat noted that the ESRS E1 Exposure Draft public consultation process was recently finalized and the outcomes—expected by the end of the year—will confirm whether any changes will be made to the consolidation requirements.
- A member noted that the revised standard language should clearly indicate when and how each step of the proposed consolidation package applies.
- A member noted that the two-layer recommendation and an alternative standalone option could be confusing for companies. They suggested that the standalone use of operational control can apply when required by the jurisdictional rules.
- Another member expressed support for the proposed package of recommended best practice approach and an alternative standalone approach if the recommended approach does not align with the reporting objectives. They added that GHG Protocol can maintain its role by providing a library of options for users and programs to choose which one(s) align with their objectives. Another member expressed their disagreement suggesting that the Corporate Standard should prioritize providing as standardized rules as possible to promote consistent application.
- A member suggested that the proposed package could be presented as a decision tree to avoid confusion. The Secretariat confirmed that this suggestion will be evaluated.
- Another member suggested that the revisions to the categorization of emissions from leased assets are closely related to this topic and should be evaluated in conjunction. The Secretariat noted that the topic of leased assets will be addressed in the next subgroup 2 meeting.

Indicative polls

- The Secretariat conducted a series of indicative polls to gauge the level of support for the proposed package first as a whole and then per item in the proposed package.

- **Proposed package as a whole:** The Secretariat conducted an indicative poll asking the following question: Do you support the proposed package for consolidation? Respondents expressed *split opinions*.
 - Yes, I **fully support**: 4 of 15 respondents
 - Yes, I **support with minor edits**: 4 of 15
 - No, I strongly **oppose**: 5 of 15
 - Abstain: 2 of 15
- **Item #1 on requiring consolidation based on control:** The Secretariat conducted an indicative poll asking the following question: Do you support requiring consolidation based on control? Respondents expressed *majority support* for requiring consolidation based on control.
 - Yes, I **strongly support**: 11 of 15 respondents
 - Yes, I **support with minor edits**: 1 of 15
 - No, I strongly **oppose**: 3 of 15
 - Abstain: 0
- **Item #2 on recommending financial control:** The Secretariat conducted an indicative poll asking the following question: Do you support recommending financial control? Respondents expressed *majority support* for recommending financial control approach.
 - Yes, I **strongly support**: 11 of 15 respondents
 - Yes, I **support with minor edits**: 2 of 15
 - No, I strongly **oppose**: 2 of 15
 - Abstain: 0
- **Item #3 on recommending an add-on reporting based on operational control:** The Secretariat conducted an indicative poll asking the following question: Do you support recommending add-on separate reporting under operational control where relevant? Respondents expressed *majority support* for recommending an add-on reporting based on operational control where relevant.
 - Yes, I **strongly support**: 5 of 15 respondents
 - Yes, I **support with minor edits**: 8 of 15
 - No, I strongly **oppose**: 2 of 15
 - Abstain: 0
- **Item #4 on maintaining the operational control approach as a standalone option:** The Secretariat conducted an indicative poll asking the following question: Do you support maintaining the operational control approach as a standalone option where relevant? Respondents expressed *majority support*.
 - Yes, I **strongly support**: 4 of 15 respondents
 - Yes, I **support with minor edits**: 5 of 15
 - No, I strongly **oppose**: 5 of 15
 - Abstain: 1 of 15
- **Item #5 on allowing reporters to apply jurisdictionally required consolidation approach if it differs from the recommended approach:** The Secretariat conducted an indicative poll asking the following question: Do you support allowing reporters to apply jurisdictionally required consolidation approach if it differs from the recommended approach? Respondents expressed *strong opposition*.
 - Yes, I **strongly support**: 3 of 15 respondents
 - Yes, I **support with minor edits**: 0 of 15
 - No, I strongly **oppose**: 9 of 15
 - Abstain: 3
- **Proposed package as a whole (excluding item #5 on allowing jurisdictional rules to apply):** Following the expressed *majority opposition* to allowing jurisdictional consolidation requirements to be applied if different than the recommendation/options presented by the Corporate Standard, the Secretariat relaunched the poll question with the objected item excluded with the following question: Do you support the proposed package for consolidation excluding item #5? Respondents expressed *split opinions*.
 - Yes, I **fully support**: 5 of 14 respondents
 - Yes, I **support with minor edits**: 3 of 14
 - No, I strongly **oppose**: 4 of 14
 - Abstain: 2 of 14

Outcomes (e.g. recommendations, options)

- An indicative poll showed *split opinions* on the proposed package for consolidation approaches as a whole.
- An indicative poll showed *majority support* for requiring consolidation based on control.
- An indicative poll showed *majority support* for recommending the financial control approach.
- An indicative poll showed majority support for recommending add-on separate reporting of 100% of emissions from entities, operations, and assets under operational control that are not already included under financial control where relevant.
- An indicative poll showed majority support on maintaining operational control as a standalone option.
- An indicative poll showed majority opposition for allowing the application of jurisdictionally required consolidation approach if it differs from the recommended approach.
- An indicative poll showed *split opinions* on the proposed package excluding the provision allowing jurisdictional requirements to be applied if different from the recommended approach for consolidation as a whole.

3. Operational control approach revision

- Due to time constraints, this topic was not presented. (slides 36-43)

Summary of discussion

- Not applicable.

Outcomes (e.g. recommendations, options)

- This topic will be presented at a future meeting.

4. Wrap-up and next steps

- The Secretariat outlined a summary of next steps including the schedule for upcoming meeting. (slides 44-47)

Summary of discussion

- No specific comments from members.

Outcomes (e.g. recommendations, options)

- The Secretariat will share meeting materials along with revised proposed package for consolidation approaches.
- The Secretariat requested that members respond to a Meeting 10 feedback survey, including feedback on revised proposed package for consolidation and previous meeting follow-up survey outcomes on the operational control approach revision, with the survey deadline to be confirmed.
- The next meeting will be the full Corporate Standard TWG, scheduled for October 21st.
- The next Subgroup 2 meeting is scheduled for November 4th.

Summary of written submissions received prior to meeting

- The Secretariat received 12 responses to Subgroup 2 Meeting #9 follow-up survey. Outcomes of the survey, including the feedback received, have been incorporated into the presentation slides.
- The Secretariat received 2 comments through the Corporate Standard general feedback form that were relevant to the meeting 10 agenda. The feedback supported maintaining optionality in consolidation approaches, citing feasibility challenges of eliminating it. The feedback also suggested that the operational control approach applies at both the entity and asset levels. These points have been incorporated into the presentation slides.