



Corporate Standard Technical Working Group

Subgroup 2, Meeting #12

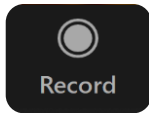
GHG Protocol Secretariat team:

Hande Baybar, Iain Hunt, Allison Leach

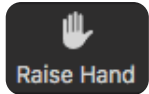
March 3rd, 2026



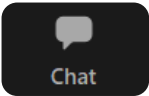
Meeting information



This meeting is **recorded**.



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



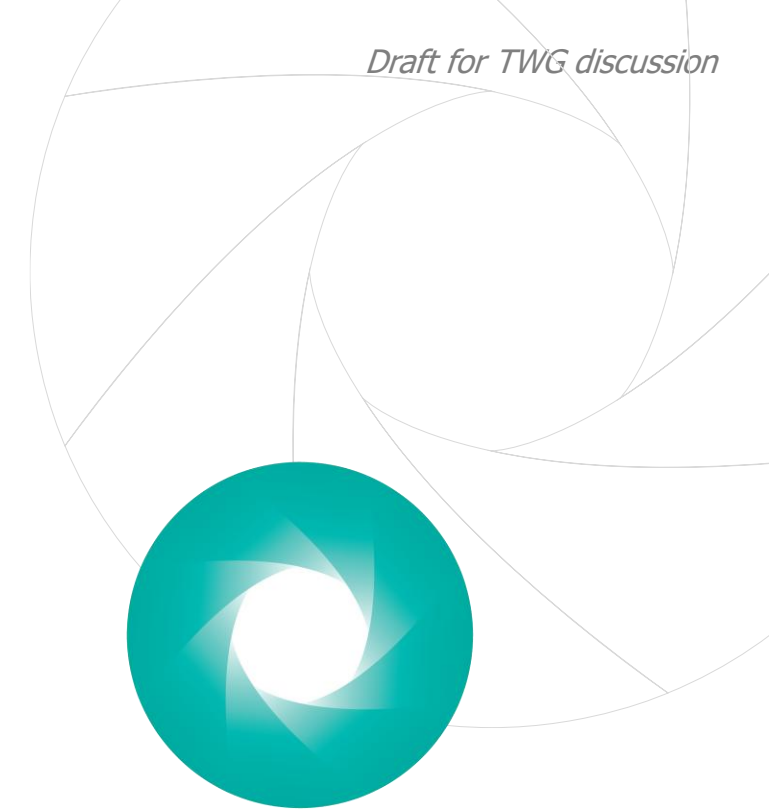
You can also use the **Chat** function in the main control.



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

Agenda

Introduction and housekeeping	15 minutes
Phase 1 next steps	10 minutes
Full TWG meeting follow up	50 minutes
Operational control approach revision	35 minutes
Wrap-up and next steps	10 minutes



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Agenda

Introduction and housekeeping	15 minutes
Phase 1 next steps	10 minutes
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Housekeeping: Guidelines and procedures

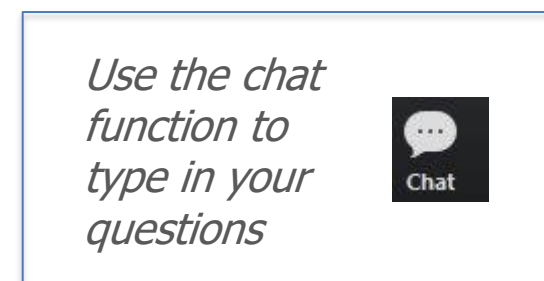
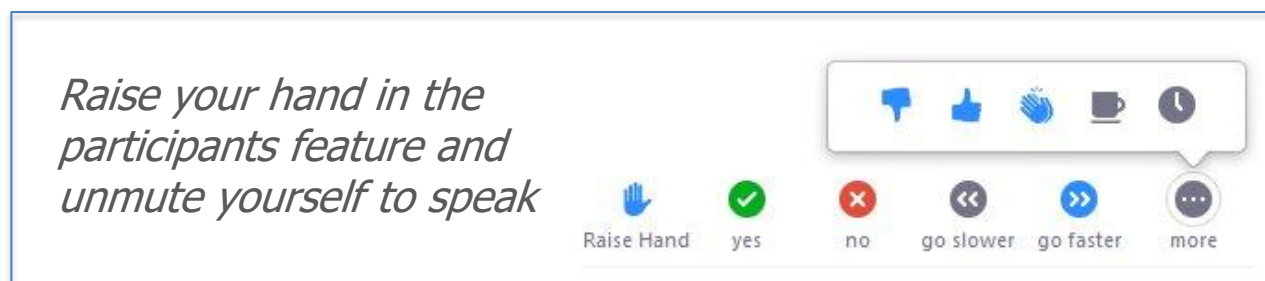
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not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

UPDATE: Recordings will be available upon request only. Please email baybar@wbcsd.org to request the recording.

GHG Protocol Decision-Making Criteria



Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

Schedule of upcoming Subgroup 2 and Full TWG meetings (tentative)

Meeting type	#	Date	Time	Topics
Full TWG	5	January 20 th , 2026	Session 1: 08:00 ET / 14:00 CET / 21:00 CHN Session 2: 16:00 ET / 22:00 CET / 05:00 CHN	<ul style="list-style-type: none"> Review preliminary Subgroup 1 and 3 phase 2 outcomes Review preliminary Subgroup 2 phase 1 outcomes
Subgroup 2	12	March 3 rd , 2026	08:00 ET / 14:00 CET / 21:00 CHN	<ul style="list-style-type: none"> Continue package for consolidation; operational control
Subgroup 2	13	April 14 th , 2026	08:00 ET / 14:00 CET / 21:00 CHN	<ul style="list-style-type: none"> Introduce verification and assurance; continue phase 1 pending items
Subgroup 2	14	May 26 th , 2026	08:00 ET / 14:00 CET / 21:00 CHN	<ul style="list-style-type: none"> Continue verification and assurance; wrap up phase 1 discussion
Full TWG	6	June 30 th , 2026	Option 1: 08:00 ET / 14:00 CET / 20:00 CHN Option 2: 16:00 ET / 22:00 CET / 04:00 CHN	<ul style="list-style-type: none"> Review Subgroup 3 phase 2 outcomes (data and calculation methodology)
Full TWG	7	July 17 th , 2026 (Thursday)	Option 1: 08:00 ET / 14:00 CET / 20:00 CHN Option 2: 16:00 ET / 22:00 CET / 04:00 CHN	<ul style="list-style-type: none"> Review Subgroup 2 phase 2 outcomes (verification and assurance)
Full TWG	8	July 28 th , 2026	Option 1: 08:00 ET / 14:00 CET / 20:00 CHN Option 2: 16:00 ET / 22:00 CET / 04:00 CHN	<ul style="list-style-type: none"> Review Subgroup 1 phase 2 outcomes (tracking emissions over time)

Please note that the meeting dates have recently been revised, and calendar invite updates have been shared.

Today's objectives

1. Take stock of **phase 1 pending items**
2. Review and discuss **follow up survey results** from Full TWG Meeting 5
3. Review revisions to the **operational control approach**



Agenda

Introduction and housekeeping

15 minutes

Phase 1 next steps

10 minutes

Full TWG meeting follow up

50 minutes

Operational control approach revision

35 minutes

Wrap-up and next steps

10 minutes



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WORLD
RESOURCES
INSTITUTE








B. Organizational boundaries - Scope of work (Phase 1)

Relevant chapters: chapter 3 (Setting Organizational Boundaries) and sections in chapter 4 (Setting Operational Boundaries) on leased assets.

B.1. Revisit options for defining organizational boundaries to consider:

-  – Whether to **maintain the three consolidation options** currently available (operational control, financial control, equity share), **eliminate any of the three options, or narrow to a single required approach** to promote consistency and comparability.
-  – Adjusting an existing approach or introducing a new approach that better **harmonizes with financial accounting** and/or with requirements of voluntary and mandatory reporting programs.
-  – Specifying a **preferred consolidation approach** or **hierarchy of preferred options**.
-  – Developing criteria to **guide organizations in selecting the most appropriate consolidation approach** for different situations.

B.2. Updates, clarifications, and additional guidance related to existing consolidation approaches including:

-  – Further clarification on defining **operational control**, addition of specific indicators to facilitate more consistent application, and **definitions for different types of assets** (e.g., leases, licenses, franchises).
-  – Reconsideration of **multi-party arrangements** to consider factors beyond who controls a facility.
-  – Updates and clarifications related to **joint ventures and minority interests**.
-  – Integration and revision of [2006 amendment “Categorizing GHG Emissions Associated with Leased Assets” \(Appendix F\)](#).
-  – Additional **guidance on classification of leased assets**, including allocation of emissions between lessor and lessee, emissions from purchased heating for leased assets, and in cases of multi-tenant buildings and co-locations.

B.3. Update terminology used in chapter 3 of the *Corporate Standard* to be **more consistent with current terminology used in financial accounting** (e.g., terminology used by U.S. GAAP and IFRS).

Source: Corporate Standard – Standard Development Plan, Section 5B: Scope of work for the standard revision

Proposed plan for addressing pending phase 1 items

Topic	How to address	Meeting # or timeline
B1. Finalize definition of and/or guidance on financial control for investment entities	Task force	<ul style="list-style-type: none"> May: Task force reports proposal to Subgroup 2 in meeting 14
B2. Guidance on different types of assets (e.g., franchises, licenses)	Task force	<ul style="list-style-type: none"> April: Task force reports progress to Subgroup 2, meeting 13
B2. Integrate and revise Appendix F, guidance on leased assets		<ul style="list-style-type: none"> May: Task force reports proposal to Subgroup 2 in meeting 14
B2. Finalize definition of operational control	Subgroup 2 meetings	SG2 meeting 12-13
Overall: Finalize chapter 3 draft	Offline review	TBD

Task force(s) goal:

Develop **proposed text including requirements and recommendations** by working together with volunteers* or individually

Our ask today:

Any volunteers to work on the topics assigned to the task force?

Please let us know **via chat now** or by **letting Hande know via email by March 4th** including which topic you volunteer to work on

Next step: The Secretariat will plan the working dynamics and communication depending on the number of volunteers

* The Secretariat can support organizing a coordination meeting to kick-off the process.

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Our focus today will be on items #3 and #5

Subgroup 2 topic covered at Full TWG meeting 5

Proposed revisions for setting organizational boundaries

Package item #	Example text	Notes
1. <i>Require consolidation based on control</i>	Companies shall account for and report their consolidated GHG emissions based on control . Control can be defined in terms of financial control and/or operational control .	Equity share approach eliminated
2. <i>Recommend financial control</i>	Companies should apply the financial control consolidation approach, whereby companies account for and report on all required GHG emissions from entities under the reporting company's financial control (i.e., included in their consolidated financial statements).	Financial control revised to align with financial accounting with a GAAP-agnostic principle-based definition
3. <i>Recommend add-on reporting under operational control where relevant</i>	Additionally, when financial control fails to provide a [fair and complete representation] of their GHG emissions, companies should separately account for and report on all required [scope 1 and scope 2] emissions from entities, operations, and assets under the reporting company's operational control that are not under financial control	Operational control under revision to provide further clarity for consistent application while maintaining its purpose
4. Maintain operational control as a standalone option where relevant	Companies may apply the operational control consolidation approach in lieu of financial control , whereby companies account for and report on all required GHG emissions from entities, operations, and assets under the reporting company's operational control .	
5. Disclosure requirement on rationale for the approach applied	Companies shall disclose the chosen consolidation approach. Companies choosing not to apply the recommendations to consolidate emissions (item #2 and #3) shall disclose their rationale for choosing a different approach . The rationale should include the outcomes of a screening assessment comparing the entities, operations, and assets under the reporting company's financial control and operational control.	Providing flexibility for reporters while promoting transparency for the user of GHG data

Pink text indicates items pending final discussion based on Full TWG Meeting 5 follow up survey outcomes.

Item #3
Overview

Recommend add-on operational control where relevant * (reminder)

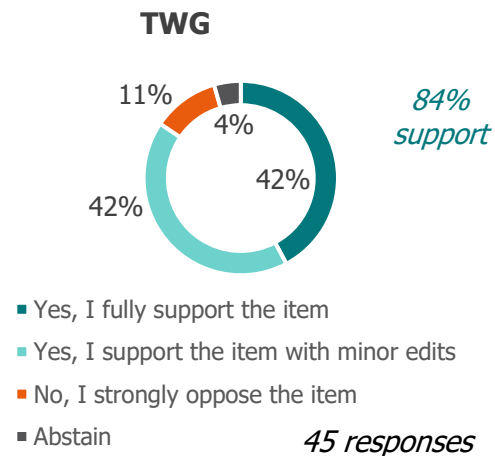
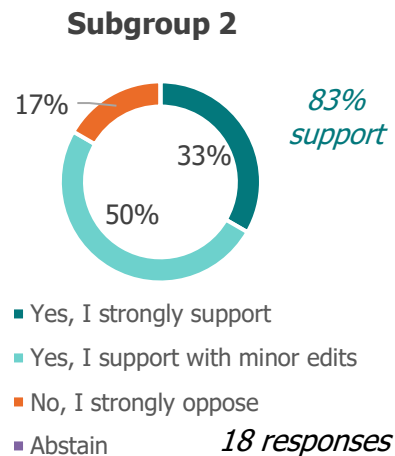
Current text in Corporate Standard (ch. 3)

"When using the control approach to consolidate GHG emissions, companies **shall choose** between **either the operational control or financial control** criteria."

Working draft text

"Additionally, when financial control fails to provide a [fair and complete representation] of their GHG emissions, companies **should separately** account for and report on all required [scope 1 and scope 2] emissions from entities, operations, and assets under the reporting company's operational control that are not under financial control"

Level of support



Rationale

- Financial control and operational control boundaries **may diverge significantly** in some cases
- To ensure **complete emissions disclosure**, separate add-on reporting of emissions **outside the financial control boundary**—but associated with **operationally controlled entities or assets**—may be needed where excluding them would result in an **incomplete emissions profile** (based on completeness and relevance principles) and **inhibit informed decision-making**

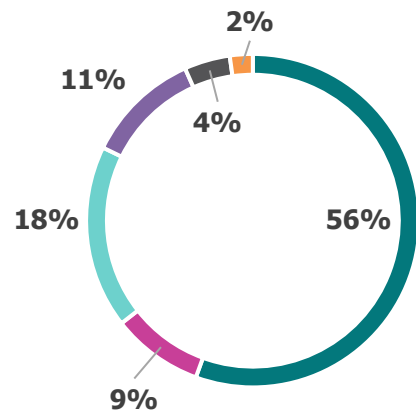
Note: Text in pink indicates items pending final discussion during this meeting.

* Operational control approach is **under revision** to **provide further clarity for consistent application** while maintaining its purpose.

Full TWG: Survey results on additional reporting on operational control

Follow up survey results on alternative terminology to apply additional reporting recommendation based on operational control

Split opinions



- Fair and complete representation
- Fair representation
- Complete representation
- Other
- Sufficient representation
- Abstain

45 members

TWG member feedback

Support for "fair and complete"

- Fair and complete **avoids ambiguity**

Fair presentation

- Alignment with **financial accounting**

Other suggestions

- Reference to **CS principles** (i.e., relevant and complete) already captures "fair and complete" and would help **avoid introducing new terminology** that may be used differently by other external programs (e.g., "fair presentation" used in IFRS S1)

Key item for discussion*

- Do current **Corporate Standard principles**—namely **relevant and complete***—capture what is meant to convey with "fair and complete"?

* *Current working draft definitions and options for discussion are provided on the next slide*



Do you have any additional questions or comments?

Terminology options for recommending additional operational control

Working draft text on Corporate Standard Principles *(only relevance and completeness)*

- **Relevance:** Ensure the GHG inventory **appropriately reflects the GHG emissions** [(and removals and other metrics, if applicable)] of the company and **serves the decision-making needs of users** – both internal and external to the company.
- **Completeness:** Account for and report on **all GHG emissions** [(and removals and other metrics, if applicable)] from sources, [sinks], and activities within the inventory boundary. **Disclose and justify any specific exclusions.**

Option A

Fair and complete

"Additionally, when financial control fails to provide a [fair and complete representation] of their GHG emissions, companies should separately account for and report on all required [scope 1 and scope 2] emissions from entities, operations, and assets under the reporting company's operational control that are not under financial control"

Pro: Alignment with financial accounting terminology by using "fair"

Con: May create **confusion** as definitions for the same term across different standards can vary (e.g., "fair presentation*" concept used in IFRS S1)

Option B

Relevant and complete

"Additionally, when financial control fails to provide a [relevant and complete representation] of their GHG emissions, companies should separately account for and report on all required [scope 1 and scope 2] emissions from entities, operations, and assets under the reporting company's operational control that are not under financial control"

Pros: Maintain **integrity of CS principles** and ensure their consistent application; **Avoid confusion** of introducing new terms which may be used in varying context by other programs

Which option do you support in terms of terminology used?

- Option A (fair and complete)
- Option B (relevant and complete)
- Abstain



Discussion
question:



Poll question:

* "...**Fair presentation** requires disclosure of **relevant information** about sustainability-related risks and opportunities that could **reasonably be expected** to affect the entity's prospects, and their **faithful representation in accordance with the principles** set out in this Standard..." (IFRS S1, para 13)



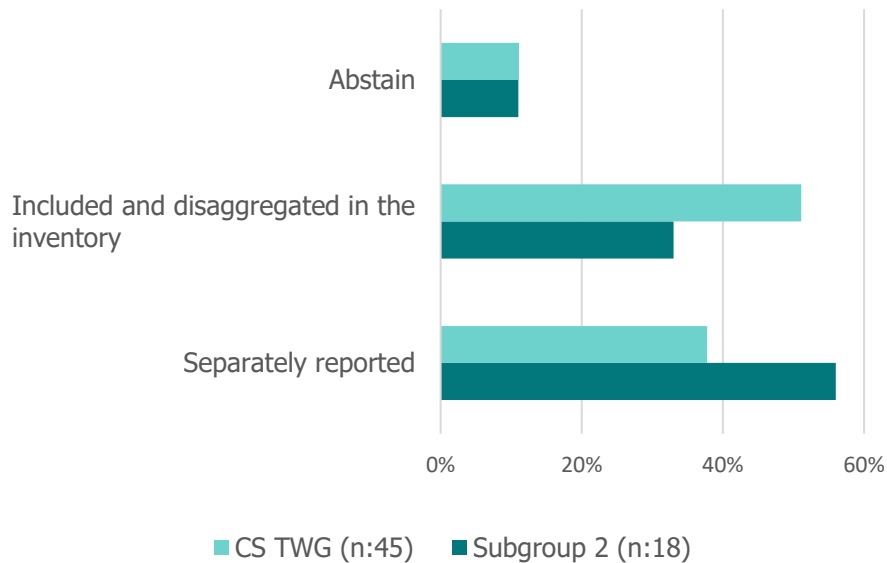
Full TWG: Survey results on additional reporting on operational control

SG2 and Full TWG feedback on reporting structure to apply additional reporting recommendation based on operational control

Key highlights

Split opinions

SG 2: More support for separate reporting
CS TWG: More support for including in inventory



TWG member feedback

Support for separate report

- Ensure **integrity of the inventory under a single consolidation approach**; promoting **comparability** while supporting **transparency** via separate additional information

Support for including and disaggregating in the inventory

- Maintain **consistency** with how consolidation is applied throughout

Inclusion in the inventory (Option A)

- **All emissions** (no equity adjustment) disclosed as part of inventory scope 1 and 2 emissions with the following **disaggregation**:
 - Financial control only
 - Both financial and operational control
 - **Operational control only**

Separately reported (Option B)

- **Not included in the inventory** total scope 1 and 2 emissions, but can be reported as scope 3 emissions (based on equity where relevant)
- **All emissions** disclosed separately as “**additional information**”

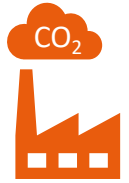


Do you have any additional questions or comments?

Additional reporting on operational control: example

CASE: A company;
 - has 2 joint ventures (JV); **JV X** (40% equity) and **JV Y** (50% equity)
 - is also appointed as operator of **Entity A**, both JVs and the entity (no equity) are under its operational control but not financial control.

Operation	Scope 1+2 emissions	Parent company share (where applicable)
JV X	150,000 t CO ₂ e	60,000 t CO ₂ e
JV Y	70,000 t CO ₂ e	35,000 t CO ₂ e
Entity A	100,000 t CO ₂ e	100,000 t CO ₂ e



Example disclosure: How will **these emissions** be captured under both options in question?

Emissions categorization		Included and disaggregated within the inventory	Separately reported as additional information
INVENTORY	Scope 1 and 2 (inventory)		
	Financial control	-	-
	Financial and operational control	-	-
	Operational control	320,000	0
	Scope 3 (inventory)	0	195,000
Additional information: Scope 1 and 2 emissions under operational control (not inventory)		N/A	320,000

Please note that the reporting company will have other scope 1, 2 and 3 emissions. For this example’s purposes, the focus is on emissions from the highlighted operations.

Additional reporting on operational control: Decision making criteria analysis

Criterion	Included in the inventory (Option A) (disclosed as part of scope 1 and 2 emissions inventory with disaggregation)	Separately reported (Option B) (won't be included in inventory scope 1 and 2 emissions, but will be disclosed as additional information elsewhere in the report)
Scientific integrity	N/A	N/A
GHG accounting and reporting principles	Pros: Promotes relevance, transparency and completeness Cons: May inhibit consistency across reporters adopting financial control approach but not the recommended additional operational control	Pros: Promotes relevance, completeness, transparency and consistency across companies
Support decision-making that drives ambitious global climate action		
Support programs based on GHG Protocol and uses of GHG data	Pros: Promotes interoperability with external programs for scope 1 and 2 reporting Cons: Risk of inconsistent scope 3 reporting ; inhibits comparability overall, especially between companies only applying financial control and applying both financial and operational control recommended reporting	Pros: Promotes greater standardization and interoperability with external programs (financial control as primary basis); maintains the inventory organizational boundary (scope 1-2-3) integrity, promoting comparability ; promotes transparency and allows for further separate disclosure of emissions under operational control only to inform the decision maker
Feasibility to implement	Con: Added feasibility challenges associated with disaggregating emissions across 3 categories	Cons: Added feasibility challenges due to providing additional information separate from the inventory; separate information provision may be confusing for less informed/advanced stakeholder groups



Do you have any additional questions or comments?

Discussion & Poll: Additional reporting based on operational control



Group Discussion

Discussion:

1. In case of **separate** additional reporting: Do we need to distinguish between emissions already captured under **scope 3**? Is **reporting the same emissions twice** a risk if additional emissions based on operational control are separately reported?
2. In case of including this additional reporting in the **inventory (disaggregated)**: Are there significant **comparability challenges** as not all reporters will adopt this add-on recommendation?



Poll question

Poll question:

Should item #3 (emissions under operational control but not under financial control) be recommended as a **separate disclosure**, or **included in the total inventory** with disaggregated disclosure?

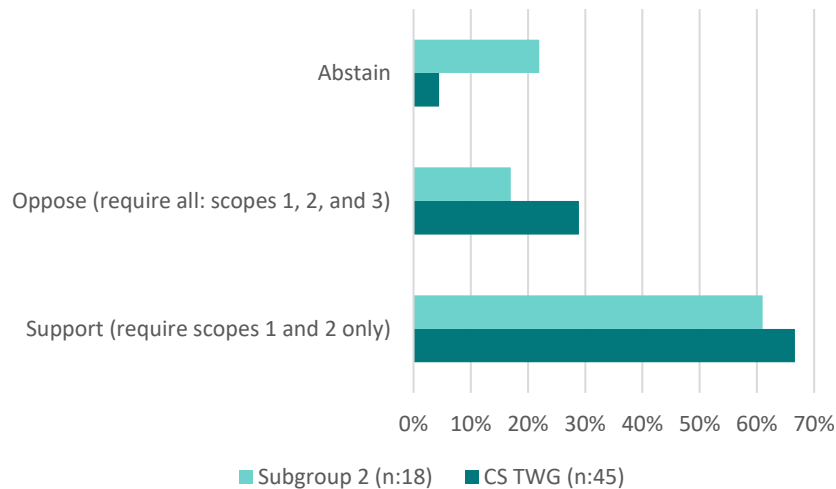
- Separately reported
- Included and disaggregated in the inventory
- Abstain (please explain in the chat)

Full TWG: Survey results on additional reporting on operational control

SG2 and Full TWG feedback on operational boundaries for additional reporting recommendation based on operational control

Key advantages of requiring scopes 1 and 2 emissions only

Majority support
for including scope 1 and 2 emissions only



TWG member feedback

Support (scope 1 and 2 only)

- Significant **feasibility** challenges of including scope 3
- Inclusion of scope 3 could be left to reporters' judgement with a **"may" statement**

Oppose (all 3 scopes should be included)

- **Consistent operational boundaries** should be applied and include all scopes
- May lead to **underestimation of scope 3** emissions

- **Regardless of whether reported as part of the inventory or separately: All scope 1 and scope 2 emissions under the control** will be available for stakeholders whether reported as part of the inventory or separately
- **In case of inclusion in the inventory:** reporting scopes 1 and 2 only **avoids** additional reporting burden associated with **disaggregating scope 3 emissions** (*i.e., financial control only, under both financial and operational control and operational control only*)



Do you have any additional questions or comments?

Item #5
Overview

Disclosure requirement on rationale for the approach applied (reminder)

Current text in Corporate Standard (ch. 9)

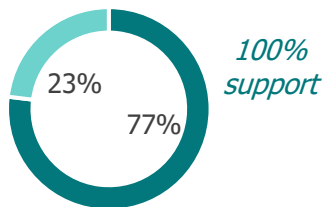
"Required information: An outline of the organizational boundaries chosen, including the chosen consolidation approach."

Working draft text

"Companies **shall** disclose the chosen consolidation approach. Companies choosing not to apply the recommendations to consolidate emissions (item #2 and #3) shall disclose their rationale for choosing a different approach. The rationale **should** include the outcomes of a **screening assessment** comparing the entities, operations, and assets under the reporting company's financial control and operational control."

Level of support

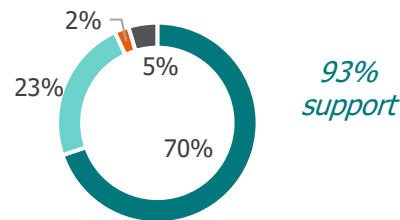
Subgroup 2



- Fully support
- Support with minor edits

13 responses

TWG



- Yes, I fully support the item
- Yes, I support the item with minor edits
- No, I strongly oppose the item
- Abstain

43 responses

Rationale

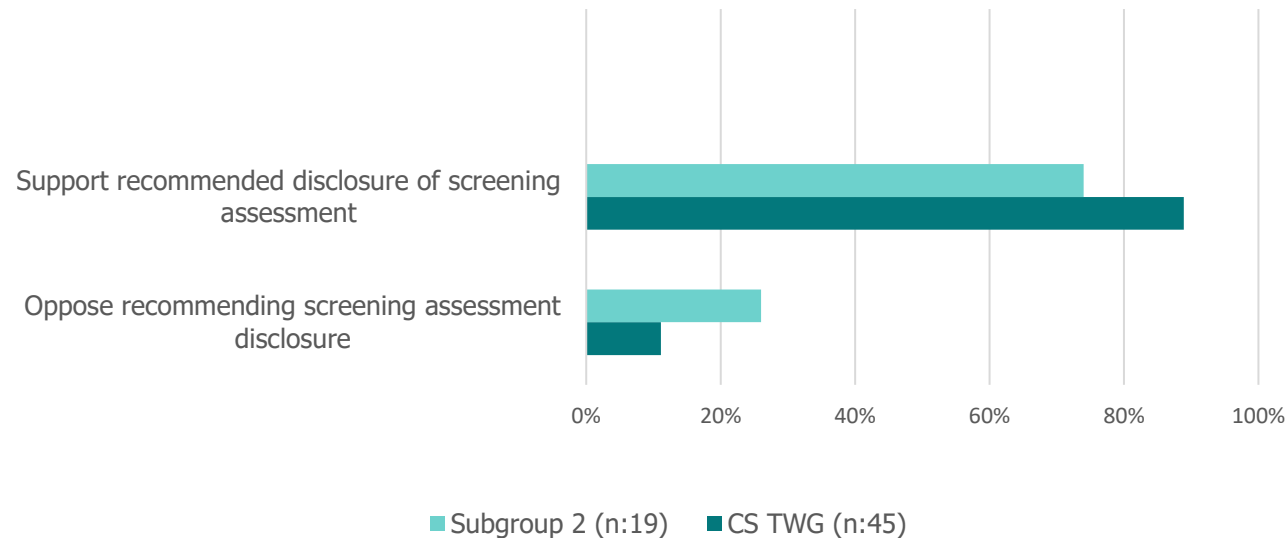
- Promotes standardization** by requiring a rationale when the recommended best practice approach is not applied
- Promotes transparency to users** of GHG data

Full TWG: Survey results on disclosure requirement on organizational boundaries

SG2 and Full TWG feedback on recommending disclosure of screening assessment outcome to justify not adopting the recommended consolidation approach

Majority support

for recommending screening assessment disclosure to justify applying a different consolidation approach



TWG member feedback

Support recommendation

- Increased **transparency**

Oppose recommendation

- Could limit the ability of reporters to convey their **business reality and reporting objectives**
- Should be a “**may**” statement and **provided as guidance or an example** of a rationale



Do you have any additional questions or comments?

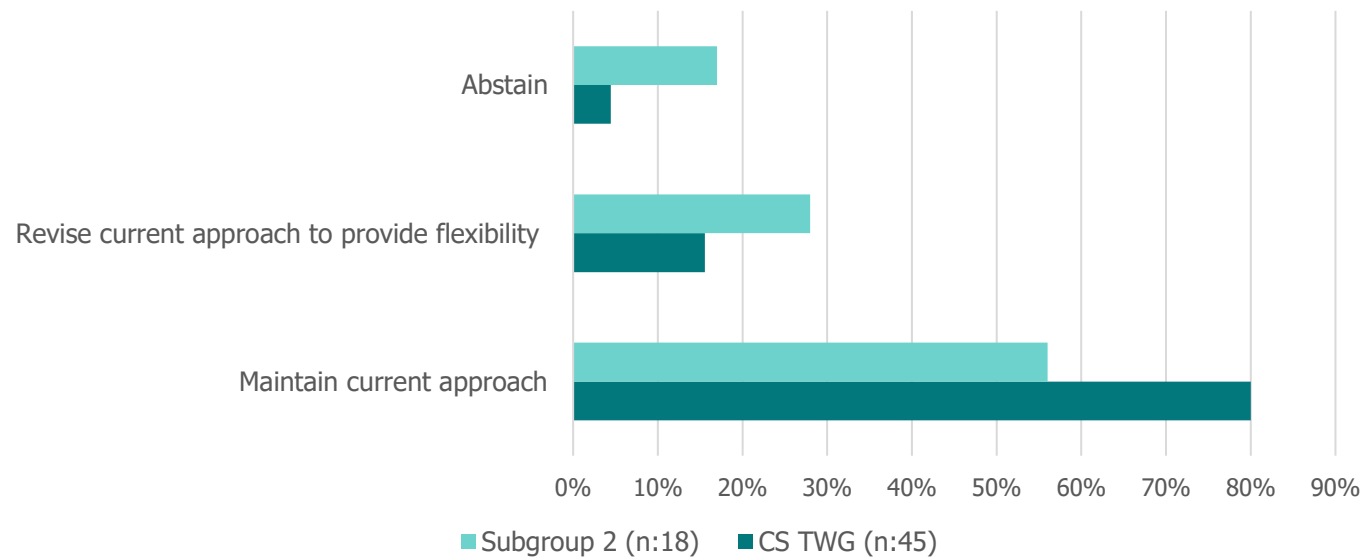
Full TWG: Survey results on providing flexibility to apply different consolidation approaches at different levels of the organization

SG2 and Full TWG feedback on requiring a single consolidation approach to be applied to all levels of the organization

TWG member feedback

Majority support

for maintaining the current approach to apply a single consolidation approach across all levels of the organization



Revise current approach to provide flexibility

- May result in **double counting** of emissions
- Could bring additional **challenge to assurance** process
- Should be a “**may**” statement and **provided as guidance or an example** of a rationale

Other

- Rather than providing flexibility within the same inventory, consider **adding an option for subsidiaries to issue standalone GHG reports** under a different consolidation approach in addition to the group level reports



Do you have any additional questions or comments?

Agenda

Introduction and housekeeping	15 minutes
Phase 1 next steps	10 minutes
Full TWG meeting follow up	50 minutes
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GREENHOUSE GAS PROTOCOL



Initial proposed text: Operational control definition Meeting 9 (reminder)

Current definition

*Corporate Standard Revised Edition
(2004), p.18*

"A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation."

Initial proposed revision

based on Subgroup 2 input

"An entity has operational control over an operation if it, or one of its subsidiaries, has the power or practical ability to direct or implement the policies, processes, or day-to-day activities of the operation, particularly those that impact the operation's greenhouse gas emissions – regardless of legal ownership or formal authority structures.

In arrangements involving multiple parties, the entity with the greatest power or practical ability to direct or implement policies, processes, day-to-day activities or emissions-related decisions shall be considered to have operational control."

Text in green indicates major changes from the current definition.

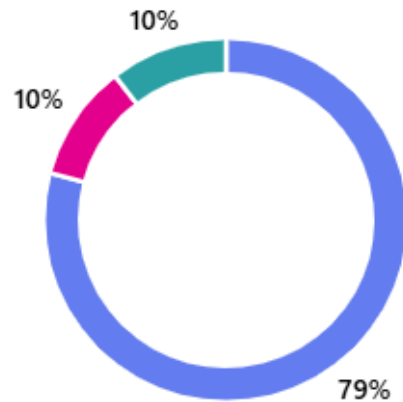
* Use of the terminology "entity" is subject to further internal assessment/alignment.

Level of support from full TWG and ISB on operational control revisions

(reminder)

Full TWG support *(Meeting 4 post survey)*

Majority support for the preliminary text as direction for revising the **definition of operational control**



Detailed feedback from full TWG is provided in the Appendix

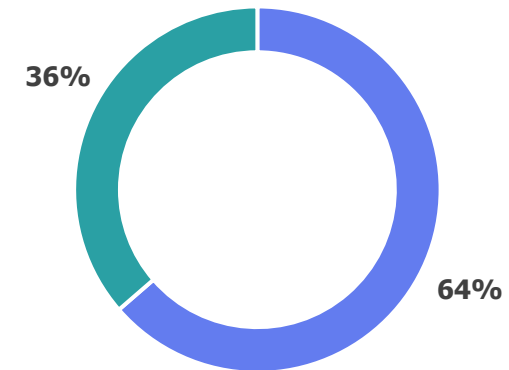
- Yes, I am comfortable with this outcome
- No, I have strong opposition to this outcome
- Abstain

47 responses

ISB support *(meeting 13 pulse check)*

Majority support for the proposed direction for the revised **definition of operational control**

- Support **subject to improved definition** of operational control and **confirmation with key external stakeholders** on interoperability (e.g., ISSB, EFRAG, GRI)



- Yes, fully support the direction
- Yes, support with minor edits

11 responses

Revised operational control text (Meeting 9)

Initial proposed text

based on Subgroup 2 input

"An entity has operational control over an operation if it, or one of its subsidiaries, has the power or practical ability to direct or implement the policies, processes, or day-to-day activities of the operation, particularly those that impact the operation's greenhouse gas emissions – regardless of legal ownership or formal authority structures.

In arrangements involving multiple parties, the entity with the greatest power or practical ability to direct or implement policies, processes, day-to-day activities or emissions-related decisions shall be considered to have operational control."

Revised proposed text *

based on full TWG and ISB input

*"An [**organization/entity/company**] has operational control over an [operation, **entity or a contractual arrangement**] if ~~it, or one of its subsidiaries~~; the former **directly or indirectly** has the power or practical ability to direct or implement the **latter's** policies, processes, or day-to-day activities ~~of the operation, particularly those that impact the operation's greenhouse gas emissions~~ – regardless of legal ownership or formal authority structures.*

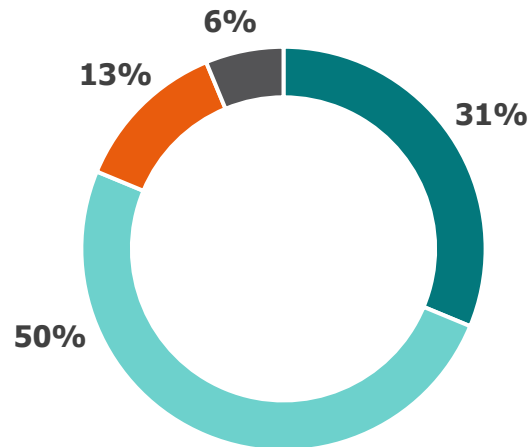
*In arrangements involving multiple parties, the entity with the greatest power or practical ability to direct or implement policies, processes, **or** day-to-day activities ~~or emissions-related decisions~~ shall be considered to have operational control."*

Text in [brackets] include alternative language, text in **green** indicates latest additions, and **red** indicates deletions. **Green** text in bold indicates the latest edits.

Subgroup 2 follow-up survey outcomes: Level of support for the revised operational control definition

Subgroup 2 support (meeting 8 post survey)

Majority support for the revised text **defining operational control**



- Yes, I support the overall text
- Yes, I support the overall text but have minor revision suggestions
- No, the proposed revised text needs major revisions
- Abstain

16 responses

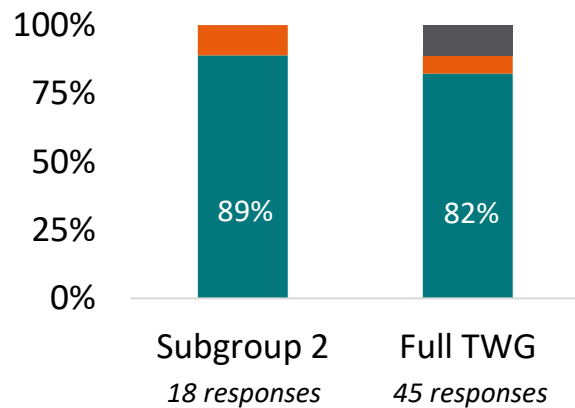
Subgroup 2 feedback

- **Suggested minor text edits**
- **Defining operational control when joint operational control is in place:** In **joint control arrangements**, each party should account for their **share of GHG emissions** from the operation, entity, or asset. To **clarify ownership and responsibility**, parties may establish contractual agreements outlining how emissions ownership and management duties are divided.
- **Key guidance for multi-party arrangements:** Essential to provide **criteria to identify which party has the greatest power/ability** to influence operations. For example, in a landlord/tenant setup, the party that holds the contract with the energy supplier may be considered to have the most influence.

Subgroup 2 and Full TWG feedback on the challenges of operational control concept

1. The definition is still open to interpretation

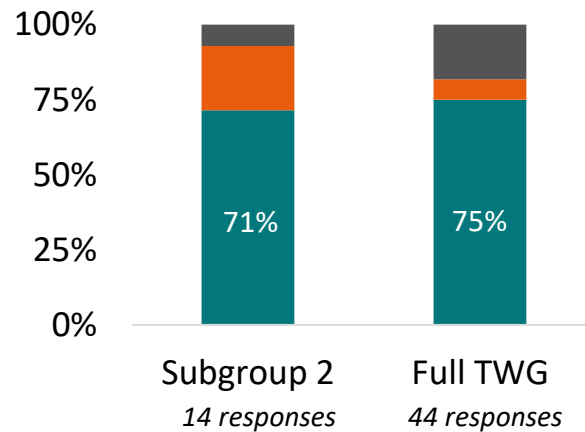
Majority agreement for allowing some degree of subjectivity while defining operational control



- Yes - I support allowing some degree of subjectivity, provided it is addressed through clear guidance and indicators to the extent feasible
- No
- Abstain

2. Does operational control apply at the entity level?

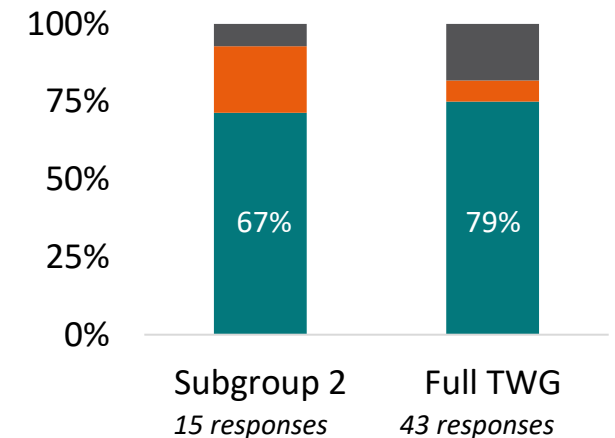
Majority agreement on operational control being applicable at the entity level



- Yes, operational control can apply at the entity level
- No, operational control cannot apply at the entity level
- Abstain

3. Focus on control/impact on GHG emissions

Majority support for considering control over GHG emissions while defining operational control



- Yes, I support considering the control/impact on GHG emissions when defining operational control
- No, I oppose focusing the definition of operational control on control/impact on GHG emissions
- Abstain

Note: Response choices in Full TWG survey were worded as follows: Yes, I fully agree; No, I strongly disagree; Abstain

Proposed structure for the operational control approach text

Broad and inclusive definition

(current working draft text paragraph 1 on slide 29)

Short principles-based clarification for complex and multi-party arrangements

(current working draft text paragraph 2 on slide 29)

Specific reporting requirements in addition to the overarching requirement on disclosing the rationale for choosing the approach

(e.g., judgement applied, how the boundary differs from financial control – to be supported by language used in the package for setting organizational boundaries)

Definition of key terms

(Subgroup 2 input will be requested via Subgroup 2 Meeting 12 follow up survey)

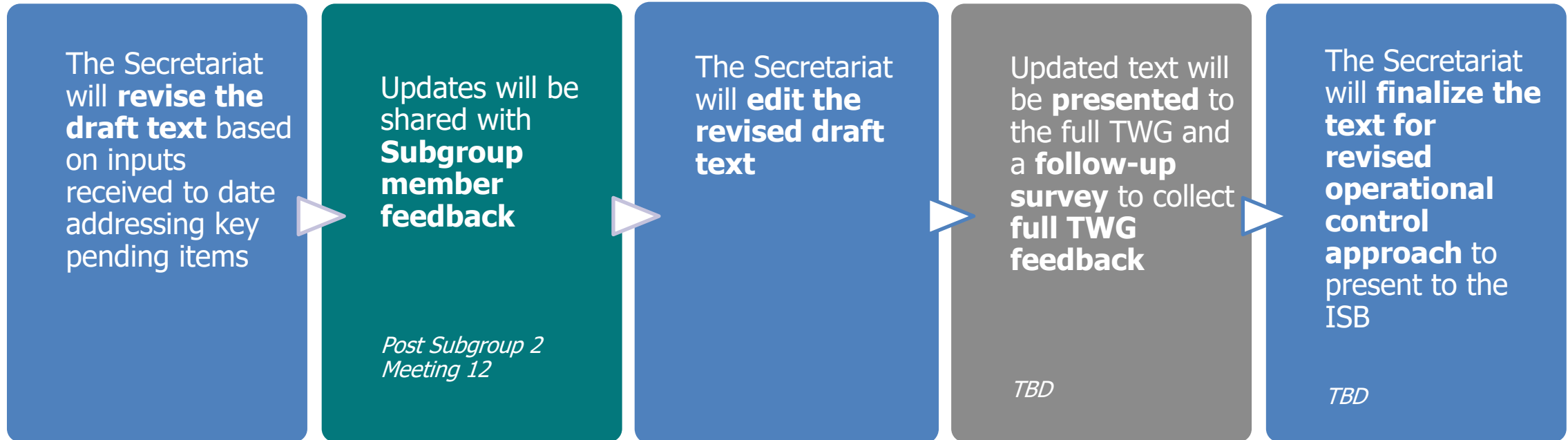
Key guidance

(e.g., categorization of emissions from co-locations and leased assets; discussion planned for SG2 Meetings 13 and 14)



Do you have any questions or comments on the proposed structure?

Next steps for revising the operational control text



Please note that the workplan and future meeting dates are currently under revision.

Agenda

Introduction and housekeeping	15 minutes
Phase 1 next steps	10 minutes
Full TWG meeting follow up	50 minutes
Operational control approach revision	35 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

TWG member action items

Respond to meeting follow up survey (*deadline to be confirmed*)

Next meeting date

- Next **Subgroup 2** meeting is scheduled for Tuesday, April 14th, 2026.

Thank you!

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Appendix



GREENHOUSE GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



World Business
Council
for Sustainable
Development

Full Package

Proposed package for setting organizational boundaries

Preliminary outcome

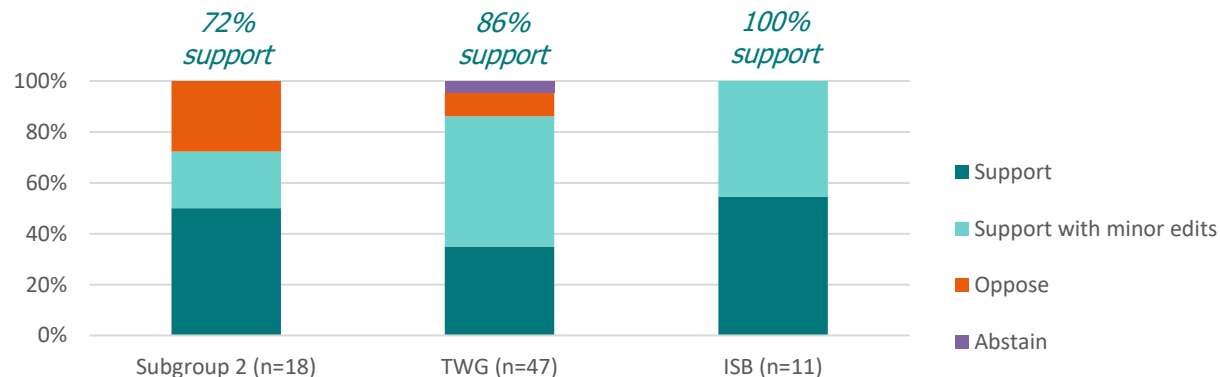
1. *Require* consolidation based on **control**
2. *Recommend* **financial control**
3. *Recommend* **add-on reporting** under **operational control** where relevant
4. Maintain **operational control** as a **standalone option** where relevant
5. **Disclosure requirement** on rationale for applying a different approach

Note: Revisions also include updates to the definitions of financial control and operational control.

Rationale

- Maintain optionality to **support diverse applications** of the standard
- **Promote standardization** and **enhance comparability** of GHG information
- Recommend a **best practice approach** for companies to disclose a **complete picture of emissions** and **promote transparency**

Level of support*



Implications

- Recommended best practice approach **more complex** than status quo
- Continued **coordination with external programs** needed to promote **interoperability**
- Some **optionality maintained**, not all reporters expected to adopt recommended best practice approach
- Equity share approach **eliminated**

* Updated level of support from TWG and ISB.

Overview: Subgroup 2 phase 1 topics and progress

Topic	Subgroup 2 recommendations (preliminary)	Full TWG outcome	ISB pulse check
Optionality in consolidation	Maintain optionality for consolidation approaches between financial control and operational control	Majority support	Support: 10 of 12 Oppose: 1 of 12 Abstain: 1 of 12
Proposed package for consolidation (Updated)	<ol style="list-style-type: none"> Require consolidation based on control Recommend financial control Recommend operational control add-on for scope 1 and 2 emissions that are under operational control, but not financial control based on complete/fair presentation principle Maintain operational control as a stand-alone option that companies may apply Require disclosure on rationale for choosing a different approach 	Majority support	Support: 11 of 11 (5 with minor edits) Oppose: 0 of 11 Abstain: 0 of 11
Operational control revision	Operational control should be maintained , and the definition should be fully revised	Majority support	Support: 10 of 12 Oppose: 1 of 12 Abstain: 1 of 12
	Working draft text defining operational control as the basis for the revision direction	Majority support	Support: 11 of 12 Oppose: 0 of 12 Abstain: 1 of 12
Financial control revision	Financial control approach should be revised to align with financial accounting	Unanimous support	Provisionally approved
	Working draft text defining the financial control approach as the basis for the revision direction	Majority support	Support: 11 of 12 Oppose: 0 of 12 Abstain: 1 of 12

Detailed key feedback from full TWG on operational control revisions

- **General support for the direction of the update**
- **Proposed definition is still subjective and open to interpretation:**
 - The term “**(more/greatest) power**” could be **subjective** and **impractical to assess**, making **assurance challenging**. It is also not applicable where there is 50/50 operational control
 - Clear and standardized definition is needed to **avoid companies from downplaying their authority/power**
 - Clarification needed on what is meant by **operating policies**
 - Specific indicators could be set (e.g., who pays for the energy, who chooses the equipment, who manages and maintains, who introduces operating policies)
 - **Align the definition of control** with the financial and legal control concepts
- **Entity-level vs. asset-level:** Operational control should be assessed at **entity level not at operational/asset level**
- **Reference to control/impact on GHG emissions**
 - Should **be maintained** – The ability to control should focus on GHG emissions
 - Should **not be maintained** - it introduces unnecessary ambiguity
- **Recent updates to external programs (i.e., ESRS E1) should be considered**
- **Additional reporting requirements** (rationale of choosing the approach)
- **Additional guidance and examples needed:**
 - Clarification needed on how operational control would apply in complex contractual and multi-party arrangements
 - Provide practical examples to illustrate how this differs from financial control
 - Categorization of leased assets
- **Other alternatives:** **Proportionate consolidation** or a **multi-step assessment method** should be applied