



# Corporate Standard Technical Working Group

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## Subgroup 2, Meeting #14

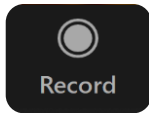
**GHG Protocol Secretariat team:**

Hande Baybar, Iain Hunt, Allison Leach

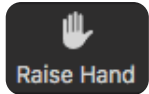
**June 2<sup>nd</sup>, 2026**



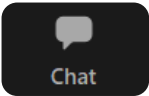
## Meeting information



This meeting is **recorded**.



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



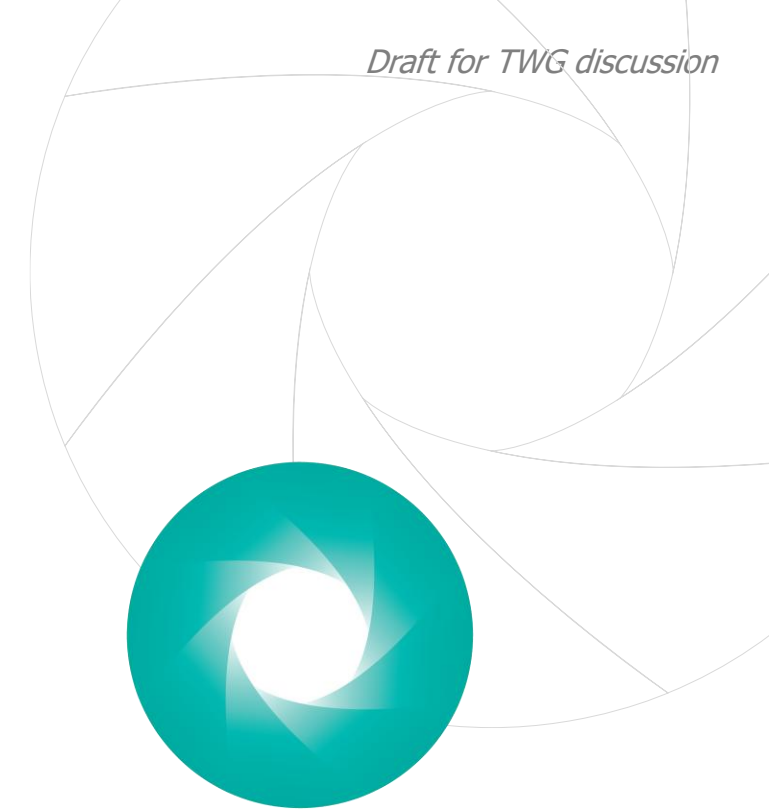
You can also use the **Chat** function in the main control.



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

# Agenda

Introduction and housekeeping	10 minutes
Verification and assurance	40 minutes
Leased assets task force output	40 minutes
Other phase 1 pending items	20 minutes
Wrap-up and next steps	10 minutes



## GREENHOUSE GAS PROTOCOL



# Agenda

<b>Introduction and housekeeping</b>	<b>10 minutes</b>
Verification and assurance	40 minutes
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## GREENHOUSE GAS PROTOCOL



## Housekeeping: Guidelines and procedures

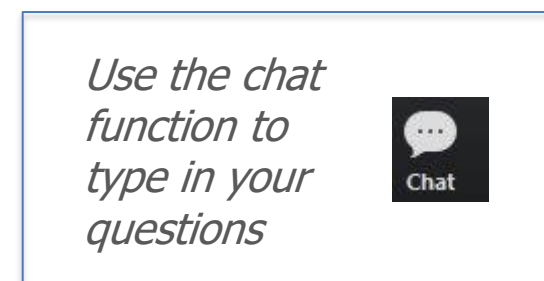
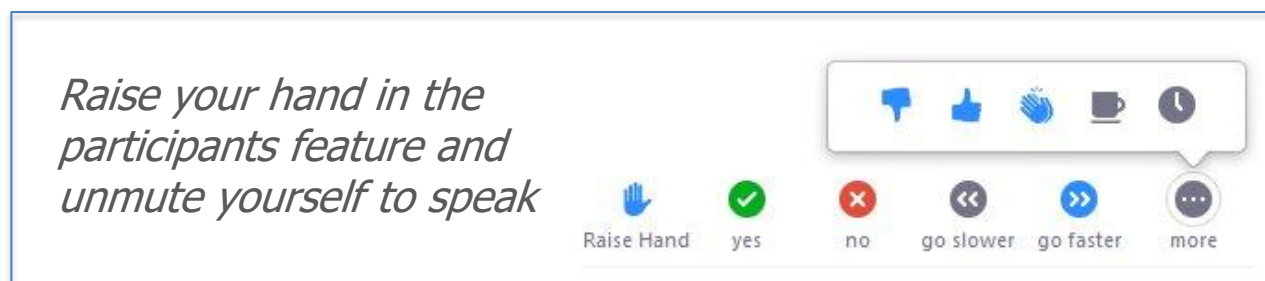
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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](mailto: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 <sup>th</sup> , 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"> <li>Review preliminary Subgroup 1 and 3 phase 2 outcomes</li> <li>Review preliminary Subgroup 2 phase 1 outcomes</li> </ul>
Subgroup 2	12	March 3 <sup>rd</sup> , 2026	08:00 ET / 14:00 CET / 21:00 CHN	Continue package for consolidation; operational control
Subgroup 2	13	April 14 <sup>th</sup> , 2026	08:00 ET / 14:00 CET / 21:00 CHN	<ul style="list-style-type: none"> <li>Introduce verification and assurance; continue phase 1 pending items</li> </ul>
<b>Subgroup 2</b>	<b>14</b>	<b>June 2<sup>nd</sup>, 2026 (Today)</b>	<b>08:00 ET / 14:00 CET / 21:00 CHN</b>	<ul style="list-style-type: none"> <li><b>Continue verification and assurance; wrap up phase 1 discussion</b></li> </ul>
Full TWG	6	June 30 <sup>th</sup> , 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"> <li>Review Subgroup 3 phase 2 outcomes (data and calculation methodology)</li> </ul>
Full TWG	7	July 16 <sup>th</sup> , 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"> <li>Review Subgroup 2 phase 2 outcomes (verification and assurance)</li> </ul>
Full TWG	8	July 28 <sup>th</sup> , 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"> <li>Review Subgroup 1 phase 2 outcomes (tracking emissions over time)</li> </ul>

## Today's objectives

1. Continue discussing **verification and assurance**
2. Review and discuss the proposed Task Force **options for categorizing emissions from leased assets**
3. Wrap up **other pending phase 1 items** including:
  - How the revised financial control approach should be applied by **investment entities**
  - **Definition:** Additional separate reporting based on operational control



# Agenda

Introduction and housekeeping	10 minutes
<b>Verification and assurance</b>	<b>40 minutes</b>
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## GREENHOUSE GAS PROTOCOL



## E. Verifications/assurance (Subgroup 2, Phase 2)

*Relevant chapters: chapter 7 (Managing Inventory Quality) and chapter 10 (Verification of GHG Emissions)*

- ➔ E.1. Consider introducing a **verification or assurance requirement** to the *Corporate Standard* (based on criteria such as scope coverage, level of assurance, frequency and phase-in period, and differentiation by company size or sector).
- E.2. Consider whether a **verification/assurance standard or guidance document for assurers** should be developed by the GHG Protocol.
- E.3. **Additional clarifications** in chapter 10 of the *Corporate Standard* including:
- Clearer distinctions between verification and assurance.
  - More detailed descriptions of what different levels of assurance (e.g., limited assurance, reasonable assurance) entail and related procedures performed by assurance provider.
  - Clarity regarding the concept of materiality and materiality thresholds.
  - How and when historical data should be reassured when there are structural and methodological changes.
- E.4. Additional **guidance related to data credibility and internal controls** to help companies prepare for assurance.
- E.5. Consider **reference to verification or assurance standards** in use that have been developed since the last revision of the *Corporate Standard*.
- E.6. Guidance related to **qualifications for third-party** verification or assurance **providers**.

➔ **We will continue with item E1 today**

# Verification and assurance: Meeting 13 recap

## We looked into:

- Similarities and potential differences between verification\* and assurance\*\*
- How verification and assurance is addressed in the **current Corporate suite of Standards** (latest position: Limited assurance recommended in LSR Standard)
- How **key external programs and standards** address verification and assurance
  - Accounting and reporting standards stay silent (e.g., IFRS S1 & S2) or provide as option (ISO 14064-1)
  - Regulations (e.g., CSRD) and target setting standards (e.g., SBTi) set requirements
- Stakeholder feedback

## We evaluated:

- **Options for addressing verification and assurance** in the Corporate Standard
  - Requirement (shall)
  - Recommendation (should)
  - Option (may)
  - Stay silent
- **Decision-making criteria analysis** of options considered

Please note that the framing focuses on **third-party verification and assurance** processes.

\* Example standard: [ISO 14064-3:2019 Part 3](#): Specification with guidance for the verification and validation of greenhouse gas statements

\*\* Example Standard: [International Standard on Sustainability Assurance 5000](#): General Requirements for Sustainability Engagements

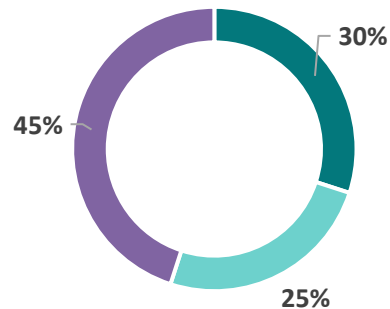
## Verification and assurance: Decision making criteria analysis *(Reminder)*

Criterion	Verification/assurance as requirement (shall statement)	Verification/assurance as recommendation (should statement)	Verification/assurance as an option (may statement)	Stay silent on verification and assurance
Scientific integrity	N/A	N/A	N/A	N/A
GHG accounting and reporting principles	N/A	N/A	N/A	N/A
Support decision-making that drives ambitious global climate action	<b>Pro: Strongly promotes</b> informed decision-making	<b>Pro: Promotes</b> informed decision-making	<b>Pro: Raises awareness to promote</b> informed decision-making	<b>Con: No additional support</b> to facilitate informed decision-making
Support programs based on GHG Protocol and uses of GHG data	<b>Pro:</b> Promotes <b>interoperability</b> with external programs requiring V/A; provides <b>confidence</b> to the user of GHG data <b>Con: Significant challenge</b> to GHGP's <b>policy neutral positioning</b> ;	<b>Pro:</b> Promotes <b>interoperability</b> with external programs by allowing them to set their requirements in line with their objectives while encouraging the reporter to <b>build confidence</b> in the disclosed GHG data through V/A as best practice <b>Con: Potential challenge</b> to GHGP's <b>policy neutral</b> positioning	<b>Pro: Does not stay silent</b> on V/A and raises awareness on next steps while providing <b>flexibility to external programs</b> to set their requirements and recommendations, and maintaining policy neutral positioning	<b>Pro:</b> Promotes GHGP's policy neutral positioning, giving programs referencing GHGP full flexibility to weigh in; <b>Avoids any conflicting requirement or guidance</b> with external reporting and V/A standards <b>Con:</b> Does not raise awareness on building confidence for the user of GHG data
Feasibility to implement	<b>Con:</b> Significant <b>feasibility challenges</b> for voluntary reporters especially with the current direction to require scope 3 reporting; <b>creates confusion</b> in the absence of specific V/A requirements	<b>Pro: Prevents</b> significant <b>feasibility challenges</b> by providing <b>flexibility</b> to the user to obtain V/A as best practice ( <b>LSR Standard Status quo</b> ) <b>Con:</b> Could <b>create confusion</b> in the absence of specific V/A requirements	<b>Pro: Avoids feasibility challenges</b> (Closest to the <b>Corporate Standard status quo</b> )	<b>Pro:</b> Does <b>not pose any feasibility challenges</b> by leaving the consideration and decision completely to the reporter

# Verification and assurance: Meeting 13 follow-up survey results

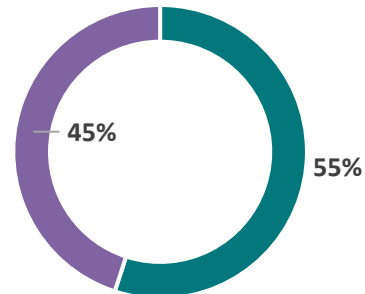
## Split opinions on how to address verification and assurance

### Subgroup 2 Meeting 13 (meeting poll + survey)



- Requirement
- Recommendation
- Optional
- Stay silent

### Summarized results



- Provide guidance (should or may)
- Stay silent

20 members

## TWG member feedback

### Support for providing guidance

- Useful to cover as guidance to users, better if accompanied by key informative text (e.g., difference between verification and assurance)
- Recommendation provides useful guidance without tying the user to a specific standard

### Support for staying silent

- Not the role of GHG Protocol as an accounting and reporting standard, regulators should cover this
- CS plays a similar role to IFRS S1 and S2 and therefore should stay silent to align

**Any comments or clarifying questions?**

# Verification and assurance: Main options to consider today

**Option 1**  
Provide guidance

*(should / may)*

**Option 2**  
Stay silent

# Verification and assurance: Main options to consider today

## Option 1

Provide guidance (*should / may*)

- **Pro:**
  - Reemphasize GHGP's role as a **voluntary** accounting and reporting standard while providing a **more holistic view** of the GHG reporting ecosystem, including topics that go beyond accounting and reporting such as assurance and target setting
  - Corporate suite of standards has **always provided guidance** on this topic to ensure first-time or less advanced reporters have access to well-rounded information
  - Providing guidance (*should or may*) without requiring verification/assurance would help maintain **policy neutral position**, giving programs to **flexibility** to set their requirements (aligned with ISO approach; *may*)
- **Potential con** (*only for recommendation - should*):
  - **Potential to create confusion** for the user **if** presented without sufficient guidance on verification and assurance or reference to example standards \*

## Option 2

Stay silent

- **Pro:**
  - Maintains policy neutral position and provides **full flexibility to other GHG programs** to set their own provisions
  - Maintains **focus on accounting and reporting**
- **Cons:**
  - **Inconsistent** with GHGP's long-standing guidance on the topic
  - **Does not inform the user** (especially first-time or less advanced users) on verification/assurance as a tool to **build confidence** on reported information or **improve** accounting and reporting processes
  - Not aligned with ISO approach (*may*)

\* When the Corporate Standard was last revised, there weren't many widely adopted verification assurance standards in use. This con can be addressed by **referencing widely adopted verification and assurance standards** in use today.

# Verification and assurance: Main options to consider today

## Option 1

Provide guidance (*should / may*)

- **Pro:**
  - Reemphasize GHGP's role as a **voluntary** accounting and reporting standard while providing a **more holistic view** of the GHG reporting ecosystem, including topics that go beyond accounting and reporting such as assurance and target setting
  - Corporate suite of standards has **always provided guidance** on this topic to ensure first-time or less advanced reporters have access to well-rounded information
  - Providing guidance (*should or may*) without requiring verification/assurance would help maintain **policy neutral position**, giving programs to **flexibility** to set their requirements (aligned with ISO approach; *may*)
- **Potential con** (*only for recommendation - should*):
  - **Potential to create confusion** for the user **if** presented without sufficient guidance on verification and assurance or reference to example standards \*

## Example text

### Recommendation

Companies **should** obtain third-party assurance/verification of their GHG reports. Third-party verification represents best practice to enhance the credibility and confidence in reported GHG emissions information. Programs **should** require third-party verification/assurance where relevant to their program objectives.

### Guidance

Companies **may** obtain third-party assurance/verification of their GHG reports. Third-party verification represents best practice to enhance the credibility and confidence in reported GHG emissions information. Programs **may** require third-party verification/assurance where relevant to their program objectives.

\* When the Corporate Standard was last revised, there weren't many widely adopted verification assurance standards in use. This con can be addressed by **referencing well adopted verification and assurance standards** in use today.

## Discussion & Poll: Verification and assurance



### Group Discussions

- Is obtaining verification or assurance considered **best practice** for **strengthening** accounting and reporting processes and **increasing** confidence in reported information?
- Do you agree that **providing guidance** (should/may) on verification and assurance **promotes awareness** especially for first-time or less advanced voluntary users?



### Poll question

How should **verification and assurance be addressed**?

- Provide as **guidance** (should / may)
- **Stay silent**
- Abstain

# Follow-up survey results: Disclosure on verification and assurance

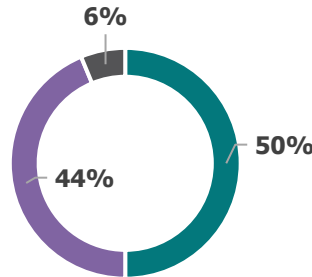
**Split opinions** on whether to set disclosure provision or stay silent

**Subgroup 2 Meeting 13**  
(meeting poll + survey)

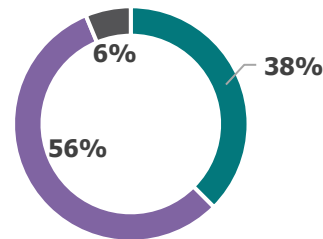


**Summarized results**

Disclose whether third-party assurance



Disclose why third-party assurance was not obtained



- Require disclosure (shall)
- Recommend disclosure (should)
- Provide disclosure as an option (may)
- Stay silent on disclosure
- Abstain

- Disclose
- Stay silent
- Abstain

16 members

## TWG member feedback

Support for setting provisions on disclosure

- Value in reporting whether assurance was obtained

Support for staying silent on disclosure

- It is not the role of GHG Protocol as an accounting and reporting standard, regulators should cover this
- Corporate Standard plays a similar role to IFRS S1 and S2 and should stay silent to align
- No added value in reporting why assurance was not obtained

**Discussion:** Would the following provide decision-useful information?

- **Whether** the report was verified/assured
- **If not, why** verification/assurance was not obtained

## Discussion & Poll: Verification and assurance



### Group Discussion

1. How should **disclosure on whether** the reporting organization obtained third-party verification or assurance be addressed?
  - It should be **required** - *to provide transparency to user of information*
  - It should be **recommended or optional** – *left to reporter’s judgement*
  - **Stay silent**
2. Should there be **disclosure on why** third-party verification or assurance was **not** obtained?
  - Yes - should be **required** - *provides meaningful information for its users*
  - Yes - should be **recommended or optional** – *left to reporter’s judgement*
  - No, **Stay silent**



### Poll questions

Note: All poll questions also have the option to “Abstain”

# Agenda

Introduction and housekeeping	10 minutes
Verification and assurance	40 minutes
<b>Leased assets task force output</b>	<b>40 minutes</b>
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## GREENHOUSE GAS PROTOCOL



# Update from task force on leased assets – Process overview

- Task Force consists of **6 volunteer members**
- **6 meetings** were held, including kick-off and discussions
- **Deliverable:** Presenting proposed approach for categorizing emissions from leased assets

## Starting point for task force considerations

- **Stakeholder feedback received**
  - Leased assets-related feedback received to global stakeholder survey
- **Evolved lease concepts in financial accounting**
  - From **finance and operating lease** classifications to a **control-based approach: "Right-of-use"** of an asset
- **Subgroup 2 discussions to date**
  - Lease assets-related **challenges raised** during TWG discussions

## Key developments

- **Agreement on adopting a principles-based approach**
  - **Framework-agnostic approach:** For example, if the applicable financial reporting framework recognizes a **contract as a lease** (i.e., a right-of-use exists), **emissions** from using the asset **should be attributed to the lessee** (both under financial control and operational control approaches)
- **ISSB Staff** shared their **Technical Recommendations** for task force to consider \*
  - Maintain the application **fully aligned with financial accounting** under the revised financial control approach based on **balance sheet recognition**
- **Task force members shared proposed approach/text \***

\* Please see as pre-meeting materials in TWG Shared folder.

# Leased assets: Relevant financial accounting concepts

## “Right-of-use asset” as the basis for lease accounting in financial reporting:

Exists when the contractual arrangement gives the lessee the following rights:

- To obtain substantially **all the economic benefits** from using the identified asset; and
- **Right to direct the use** of an identified asset

If right-of-use exists together with lease liability payment obligation: The right-of-use asset is **recognized in the lessee’s balance sheet (BS)**

## Lease accounting exemptions in financial reporting:

- Main cases when a lease is exempt from balance sheet recognition
  - **Short-term** leases (duration: up to 12 months)
  - **Low value** leases (e.g., office equipment)

## Relevance of lease accounting exemptions for GHG accounting

We focus on **short-term** leased assets:

Exempt or short-term leases often **generate emissions in the same way as non-exempt leases** and can, in some cases, be significant.





Examples:

1. Vehicle leases:
  - Multiple short-term vehicle leases operated in the same way as a long-term fleet
2. Power generator lease:
  - Short-term leases for off-grid, emissions-intensive operations can also result in significant emissions

### Discussion:

1. Should a **boundary agnostic** approach be adopted for categorizing emissions from leased assets (*e.g., based on BS recognition or right-of-use concept*)?
2. Should lease accounting **exemptions** (e.g., short-term leases) apply to GHG accounting to prioritize standardization and alignment with financial accounting (e.g., non-BS leases reported as scope 3)?
3. Should **lessors provide visibility** into the scope 1 and 2 emissions of their assets subject to lease? And, if yes, how?

## Leased assets: Key external programs

Program	Leased assets requirements/guidance
IFRS S1 & S2 	<p><b>Silent</b></p> <p><i>Please see ISSB Staff Technical Recommendations on the application of the revised financial control approach to lease arrangements (pre-read)</i></p>
EU CSRD (ESRS disclosures) 	<p><b>Latest Public Consultation Draft Annex *</b></p> <p><i>ESRS 1 ¶71: "The lessee is using the leased asset, and shall report the impacts connected with the use of the asset in its own operations during the lease period. The lessor provides the right to use the asset to the lessee and shall report the impacts connected with the use of the asset as part of its downstream value chain."</i></p> <p><i>ESRS 1 AR 39: For example, the <b>lessee</b> and not the lessor <b>is the one causing pollution, using energy or consuming water in a leased factory</b>. The lessee therefore assesses the material impacts connected with the use of the leased assets in its own operations.</i></p>
ISO 14064-1 2018 	<p><b>No direct requirement on how to categorize emissions from leased assets as scope 1 and 2 vs. scope 3</b></p> <p><i>B.5.4b: "Leases depend on the nature of item leased, length of the lease, financial and contractual arrangements. Three <b>main types of leasing</b> could be identified as: finance leasing, operating leasing and contract hire. The organization should pay attention to ensure there is not double counting with direct emissions (e.g. vehicle fleet)"</i></p>
ISO 14064-4 2025 (Guidance)	<p><i>5.2.3.3.1: "<b>According to the consolidation approach chosen</b> by the organization (control or equity share), emissions from leased vehicles can be reported either as direct emissions in category 1 or in the category for indirect GHG emissions from products used by an organization."</i></p>
SBTi CNZS (v1.3.1 and draft V2) 	<p><b>Silent</b></p>

\* The European Commission draft act is currently open for public consultation. Latest Draft Delegated Regulation and Annex can be found here: [Revised European sustainability reporting standards](#)

# Leased assets: Options for consideration - Overview

## We will look at:

- **Presentation** of options (*next slide*)
  - Definition
  - **How** each option categorizes emissions from leased assets
    - Considering lessee and lessor perspective
  - Application based on **consolidation approach**
  - Key **rationale**
- **Analyzing** each option further (*slides 27-28*)
  - Summary matrix presenting **key aspects** of each option
  - Decision-making criteria **analysis** of options

## Useful to note:

- **Scope:** Emissions from the **use of the leased asset** itself
  - **Excluded:** Emissions from activities (e.g., building-level) and services (e.g., providing heating) that are controlled or managed by the lessor (*if applicable*)

**Option A**  
Standardized approach – Balance Sheet recognition

**Option A+**  
Two step approach – building on Option A

**Option B**  
Standardized approach – Right-of-use

**Option C**  
Different method per consolidation approach

## Option A

Standardized approach – BS recognition

### Definition:

Apply financial accounting rules **based on balance sheet (BS) recognition**, with focus on right-of-use while providing transparency on emissions from assets owned by the lessor

### How:

- ▶ The party (*lessee or lessor*) recognizing an asset reports as scope 1 and 2
- ▶ The other party reports as scope 3

### Applies to:

**Both** financial and operational control

### Why:

Standardize categorization through **principles-based approach fully aligned with financial accounting**

## Option A+

Two step approach – building on Option A

### Definition:

Apply a **two-step** approach:

1. Apply **Option A**
2. For lessee, **assess off-BS** leases (e.g., short-term) and recognize emissions if needed for fair representation of scope 1 and 2 emissions \*

### How:

- ▶ Option A applies to **both lessee and lessor**
- ▶ Additionally, **lessee** recognizes relevant exempted leased asset as scope 1 and 2 instead of scope 3

### Applies to:

**Both** financial and operational control

### Why:

Promote **consistency and completeness** of scope 1 and 2 emissions \*\*

## Option B

Standardized approach – Right-of-use

### Definition:

Applying the **right-of-use** as a principle to apply consistently both to lessee and lessor

### How:

- ▶ The party **with** the right-of-use of the leased asset reports as scope 1 and 2
- ▶ The party **without** the right-of-use of the leased asset reports as scope 3
- ▶ For companies applying financial control, existence of right-of-use broadly correlates with BS recognition (except from lessors), with possible exceptions \*\*\*

### Applies to:

**Both** financial and operational control

### Why:

**Reconciles** current practices (operational control) and aligns with ESRS

## Option C

Different method per consolidation approach

### Definition:

**Financial control:** Apply **Option A**  
**Operational control:** Apply **Option B**

### How:

- ▶ Option A delivers **full alignment with financial accounting** under financial control
- ▶ Option B enables **consistent capturing** of emissions from operated assets under operational control

### Applied based on:

**Chosen** consolidation approach

### Why:

**Adhere** to distinct purposes of each consolidation approach

\* Proposed to be accompanied with **supporting disclosure requirement:** Disclose the policy applied for assessing/recategorizing off-BS leases.

\*\* Emissions from exempt (off-BS) leases (e.g., vehicles, power generators) **can be significant** and often operated like right-of-use assets.

\*\*\* 1. **Financial accounting** exemptions (see \*\*), 2. **Non-financial** exemptions: e.g., leases recognized on BS with limited or no relevant GHG impact.

## Leased assets: Options for consideration – summary matrix

	<b>Option A</b> Standardized approach – BS recognition	<b>Option A+</b> Two step approach	<b>Option B</b> Standardized approach – right-of-use	<b>Option C</b> Different method per consolidation approach
<b>Boundary</b>	Boundary agnostic	Boundary agnostic	Boundary agnostic	<b>Not</b> boundary agnostic
<b>Interoperability</b>	Aligned with the ISSB staff recommendation for the treatment of leased assets under the <i>financial control approach</i>	Potential to be interoperable with key external programs (IFRS, ESRS)	Aligns with current ESRS approach	<b>Financial control:</b> Aligns with ISSB recommendation <b>Operational control:</b> Aligns with the current ESRS but potential risk to interoperability with key external programs prioritizing alignment with financial accounting
<b>Pro</b>	<b>Standardized</b> – based on financial accounting practices	Prioritizes <b>consistent categorization</b> of leased assets ( <i>for lessee</i> )	Prioritizes <b>consistent categorization</b> of leased assets based on <b>direct (right of) use</b> of the asset	Prioritizes the <b>intend</b> of the consolidation approach
<b>Con</b>	Financial accounting <b>exemptions may not translate into emissions categorization</b> ( <i>e.g., based on the financial value of the asset does not change the emissions profile or how the asset is operated</i> ) Potential feasibility challenge for leasing industry ( <i>e.g., real estate lessor</i> )	Step 2 (for the lessee) will be applied based on the <b>reporter’s judgement</b> – implementation can vary between companies	<b>Financial control:</b> Diverges from financial accounting method Especially the emissions profile in the leasing industry <b>for lessors</b> may differ significantly from financial accounting ( <i>right-of-use accounting does not apply to lessors</i> )	May incentivize companies to choose the approach that presents a <b>more favorable emissions profile</b>

## Leased assets: Decision-making criteria analysis

Criterion	Option A Standardized – balance sheet recognition	Option A+ Two step	Option B Standardized – right-of-use	Option C Different per consolidation approach
Scientific integrity	N/A	N/A		N/A
GHG accounting and reporting principles	<b>Con:</b> May inhibit consistency in categorizing emissions ( <i>e.g., financial accounting exemptions</i> )	<b>Pro:</b> Promotes relevance, consistency and completeness of scope 1 and 2 emissions	<b>Pro:</b> Promotes relevance, consistency and completeness of scope 1 and 2 emissions (for lessee only)	<b>Pro:</b> Promotes relevance, consistency and completeness of scope 1 and 2 emissions
Support decision-making that drives ambitious global climate action	<b>Pro:</b> Standardized categorization of leased assets <b>Con:</b> Exemptions in financial accounting may not necessarily translate to GHG accounting	<b>Pro:</b> Encourages consistent recognition of emissions from leased assets from a GHG accounting organizational boundaries perspective	<b>Pro:</b> Reporting based on use of the asset, providing impact focused information <b>Con:</b> Risk to delineate from financial accounting	<b>Pro:</b> Aims to maximize consistent recognition of emissions from leased assets from a GHG accounting organizational boundaries perspective <b>Con:</b> Could create a loophole for companies to choose consolidation approach to present a more favorable emissions profile
Support programs based on GHG Protocol and uses of GHG data	<b>Pro:</b> Enhances comparability and is consistent/compatible with financial information <b>Con:</b> Interoperability challenges with key external programs ( <i>e.g., ESRS – especially lessor perspective</i> )	<b>Pro:</b> Focuses on alignment with financial accounting; potential to serve interoperability with key external standards ( <i>for lessee</i> ) <b>Con:</b> Interoperability challenges with key external programs ( <i>e.g., ESRS – lessor</i> )	<b>Pro:</b> Aligns with one of key external programs (ESRS) <b>Con:</b> Inhibits alignment with financial accounting ( <i>especially for lessor</i> )	<b>Pro:</b> Maintains full alignment with financial accounting if <i>financial control</i> is applied; maintains alignment with ESRS if <i>operational control</i> is applied; Potential to be interoperable with key external programs under operational control <b>Con:</b> Risk to interoperability external programs depending on approach chosen
Feasibility to implement *	<b>Con:</b> Can be disruptive for a <b>specific subset</b> of users ( <i>e.g., leasing industry – lessors</i> )	<b>Con:</b> Can be disruptive for a <b>specific subset</b> of users ( <i>e.g., leasing industry – lessors</i> ); potential data availability challenge on exempted assets	<b>Pro:</b> Close to status quo – current market practice	<b>Con:</b> Can be disruptive for a <b>specific subset</b> of users ( <i>e.g., leasing industry – lessors</i> )

\* May result in reporting procedure changes does not pose challenge to data availability/collection—unless stated otherwise—as it will only determine whether emissions will be categorized as scope 1 and 2 vs. scope 3.

## Discussion & Poll: Leased assets



**Group  
Discussion**



**Poll question**

Which option do you support for **categorizing emissions from leased assets**?

- Option A (Standardized approach – balance sheet recognition)
- Option A+ (Option A + Two step approach for lessee)
- Option B (Standardized approach – right-of-use)
- Option C (Different method per consolidation approach)
- Abstain

# Agenda

Introduction and housekeeping	10 minutes
Verification and assurance	40 minutes
Leased assets task force output	40 minutes
<b>Other phase 1 pending items</b>	<b>20 minutes</b>
Wrap-up and next steps	10 minutes



## GREENHOUSE GAS PROTOCOL



## Other pending Subgroup 2 Phase 1 topics

### Financial control approach for investment entities

- Evaluate the need to provide specific requirements or guidance (task force)

### Proposed package for setting organizational boundaries

Item #3

- Revisions to text defining item #3 of the package: Recommended additional separate scope 1 and scope 2 disclosure based on operational control

# Financial control approach for investment entities: Overview

**Initial question:** Whether the revised financial control definition applies to and is sufficient for investment entities

**Investment entities (IFRS 10) / Investment companies (US GAAP – Topic 946)**

- Obtaining funds from one or more investors: Provides investment management services
- Committing to its investors: Business purpose is to invest funds solely for returns from capital appreciation and/or investment income

**Overview:** Financial accounting consolidation **exceptions apply to investment entities**

- Only non-investment subsidiaries providing services related to investment entity investment activities are **consolidated** (controlled) or through equity method (non-controlled)
- Subsidiaries and investments in associates, joint ventures are measured at **fair value** (profit/loss)

**In practice:** Investment entity reports “**portfolio emissions**” as **scope 3** (aligned with the intended application of the financial control approach)

**Key difference between IFRS and US GAAP:** How the parent (non-investment co) of the investment entity is treated

**IFRS 10: Parent** is **not** recognized as an investment entity - **consolidates all controlled subsidiaries**—including investment entity

- **How this translates to emissions accounting:** Investment entity’s investment portfolio is included in scope 1 and 2

**US GAAP (Topic 946):** Parent is treated as an investment company and **retains the consolidation applied by its investment company subsidiary**

- **How this translates to emissions accounting:** Investment company’s investment portfolio is included in scope 3 category 15

**Applying the same consolidation rules for financial control:**

**Pro:** Entities will maintain **full alignment with their financial accounting practices**

**Con:** **Parent consolidation significantly differs** based on the financial accounting framework used - portfolio: scope 1 and 2 vs. scope 3

## Financial control approach for investment entities: Proposed approach

### Proposed approach:

Current definition is sufficient ▶ No need to define prescriptive or additional rules defining how the financial control approach applies to investment entities

### Rationale:

- Maintain intend of the **principle-based approach** for financial control
- Maintain **full alignment** with consolidated financial statements



Group Discussion



Poll question

Do you agree that the **intend of the financial control approach** (GAAP agnostic) **should be fully preserved** even if it means in certain cases (parent of an investment entity) how significant portions of emissions are categorized differently?

Do you support the proposed approach?

- Yes
- No
- Abstain

# Finalizing text defining item #3 of the proposed package for consolidation

## Proposed revisions for setting organizational boundaries

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

**Pink** text indicates items pending final discussion based on Full TWG Meeting 5 and Subgroup 2 Meeting 12 follow up survey outcomes.

# Options considered in Meeting 13

## Background: Key take aways from discussions to date

- The terminology should **encompass all GHG Protocol accounting and reporting principles**, reference to a subset of principles could create loopholes (e.g., non-representative reporting)
- Use **consistent concept/term** as external programs, including financial accounting and mandatory sustainability reporting frameworks, providing a clear definition to **avoid ambiguity**
- Using negative phrasing “**fails to provide**” could **create challenges** to justify, especially for assurance

## Key take aways have been incorporated in the following options:

### Option C *(initial phrasing)*

#### Fair representation

*"Additionally, when financial control fails to provide a **fair 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; use **consistent term (fair)** with external programs while providing a clear definition by *defining "fair" as representation adhering to the GHG Protocol principles.*

**Con (new):** Challenges around **justifying a negative statement** "failure to provide a fair representation"

### Option C.1 *(updated phrasing)*

#### Fair representation

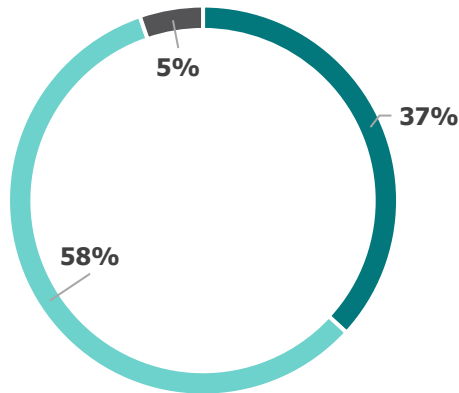
*"Additionally, **if it enables organizations ~~financial control fails~~** to provide a **fair representation** of their GHG emissions, companies **should** separately *(i.e., as additional information not to be included in the inventory values)* account for and report on all required scope 1 and scope 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; use **consistent term (fair)** with external programs while providing a clear definition: *Define "fair" as representation adhering to the GHG Protocol principles.*

# Follow-up survey results: Defining item #3

## Split opinions

### Subgroup 2 Meeting 13 (meeting poll + survey)



- Option C (original phrasing)
- Option C.1 (updated phrasing)
- Abstain

19 members

## TWG member feedback

### Support for Option C

- “**Fails to**” is a key phrase to **discourage companies from omitting** emissions under their operational control that are not captured under financial control
- Clear and assertive language using a “fail-based test” – more objective and auditable (fail/pass)
- Enabling fair representation could be based more on subjective judgement

### Support for Option C.1

- Focus on enabling better representation rather than proving deficiency of financial control
- Agreement with pros and cons presented in Meeting 13
- More neutral wording

Any comments or clarifying questions?

Discussion: Do you have any objection to presenting Option C.1 to the Full TWG as the recommended framing?

Proposed next step:

Options to be presented to the **Full CS TWG** in Meeting 7

# Agenda

Introduction and housekeeping	10 minutes
Verification and assurance	40 minutes
Leased assets task force output	40 minutes
Other phase 1 pending items	20 minutes
<b>Wrap-up and next steps</b>	<b>10 minutes</b>



## GREENHOUSE GAS PROTOCOL



## Next steps

Meeting type	#	Date	Time	Topics
Full TWG	6	June 30 <sup>th</sup> , 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"> <li>Review Subgroup 3 phase 2 outcomes (data and calculation methodologies)</li> </ul>
Full TWG	7	July 16 <sup>th</sup> , 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"> <li>Review Subgroup 2 phase 2 outcomes (verification and assurance)</li> </ul>
Full TWG	8	July 28 <sup>th</sup> , 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"> <li>Review Subgroup 1 phase 2 outcomes (tracking emissions over time)</li> </ul>

**Note: We are revising the workplan. Stay tuned for updated fall meeting dates.**

### 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 meeting is a Full TWG meeting with focus on updates from **Subgroup 3**.
- Meeting date: Tuesday, June 30<sup>th</sup>, 2026.

# Thank you!

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## Change log

This slide documents any changes between the draft version shared with TWG members prior to the meeting, and the final version presented on May 26<sup>th</sup>, 2026.

Slide #	Change	Details
9	Revised	Minor edits - clarification

# Appendix



## GREENHOUSE GAS PROTOCOL



WORLD  
RESOURCES  
INSTITUTE



World Business  
Council  
for Sustainable  
Development

# Verification vs. assurance: High-level overview

## Similarities

- **Shared objective: Increase confidence**
  - **Enhance credibility** of reported GHG information
  - **Provide confidence to users** on reported information
- **Outcome**
  - Third-party **opinion/statement** that the information is prepared in line with defined criteria and is **free from material misstatement**
- **Levels of assurance**
  - **Limited** assurance and **reasonable** assurance

## Key differences

- **Process**
  - Assurance: More **principles-based** (*e.g., site visits determined by risk assessment*)
  - Verification: More **prescriptive** (*e.g., at least one site visit required*)
- **Competency of service providers**
  - Assurance: Regulation through **statutory licensing**, regulatory oversight and firm-wide quality control
  - Verification: Firm **accreditation** by National Accreditation Bodies

Verification\* and assurance\*\* aim for **similar credibility outcomes**, but **may differ** in overall **processes** and in **mechanisms** used to determine/manage service provider competency.

Please note that the framing focuses on third-party verification and assurance processes.

\* Example standard: [ISO 14064-3:2019 Part 3](#): Specification with guidance for the verification and validation of greenhouse gas statements

\*\* Example Standard: [International Standard on Sustainability Assurance 5000](#): General Requirements for Sustainability Engagements

## Verification and assurance: Current GHG Protocol provisions/guidance

Standard	Corporate Standard (Chapter 10)	Scope 3 Standard (Chapter 10)	Land Sector and Removals Standard (Chapter 19)
Term used	Verification*	Assurance**	Assurance***
Verification/ Assurance coverage	Guidance only	Guidance only	Limited assurance <b>recommendation</b>
Reporting requirement	Optional/Recommended (when applicable)	Optional/Recommended (when applicable)	Required
Other recommend- ations	<b>Conditional recommendations</b> for companies choosing to obtain verification	<b>Conditional recommendations</b> for companies choosing to obtain assurance	<b>Recommendations</b> and <b>options</b> for <b>GHG regulations and programs</b>
Guidance	Types of verification ( <i>internal and external</i> ), materiality concept, verification process ( <i>preparation, timing, selecting a verifier</i> )	Types of assurance (first-party vs. third party) levels of assurance (limited and reasonable), assurance concepts and process, assurance statement	<i>V2 publication planned for Q2 2026</i>

\***Verification:** An objective assessment of the accuracy and completeness of reported GHG information and the conformity of this information to pre-established GHG accounting and reporting principles.

\*\***Assurance:** The level of confidence that the inventory is complete, accurate, consistent, transparent, relevant, and without material misstatements.

\*\*\* LSR Standard uses a similar definition for the assurance process as the Scope 3 Standard definition

Cell indicates a deviation from the other standards

# Verification and assurance: Land Sector and Removals Standard

## Most recent GHG Protocol approach: LSR Standard

- Sets **disclosure requirement** including a **justification** if third-party assurance is not obtained
- Recommends **limited assurance** (at a minimum)
- Provides recommendation for **GHG regulators and programs**

## 19.2 Requirements

### Reporting assurance

Companies **shall** disclose whether third-party assurance was performed, the level of assurance obtained, the relevant competencies of the assurance provider(s), and the opinion issued by the assurance provider. If the GHG report is not third-party assured, companies **shall** disclose and justify why third-party assurance was not obtained.

## 19.3 Recommendations

### Assurance recommendation

Companies **should** seek third-party assurance of the GHG inventory against the *Corporate Standard* and *Scope 3 Standard*, including any land emissions, removals, and other required metrics reported in their GHG inventory against the *Land Sector and Removals Standard*. At a minimum, this **should** be a limited level of assurance.

## Box 19.1 Assurance recommendation for GHG regulations and programs

The GHG Protocol provides a voluntary accounting and reporting standard, not a GHG program or regulation. GHG programs, regulators, or other initiatives that adopt the GHG Protocol's standards, including the *Land Sector and Removals Standard*, as a basis for corporate GHG inventory accounting and reporting **should** require third-party assurance of GHG inventories where relevant to meeting program objectives.

A GHG regulation or program **may** require assurance in order to review the GHG inventory for compliance with the requirements and recommendations in GHG Protocol standards and guidance, to ensure the accuracy and completeness of reported data, and to identify opportunities for improvements to data quality and accuracy over time. GHG regulations and programs **may** consider differentiating assurance requirements based on the capacities of entities preparing corporate GHG inventories (e.g., small vs. large enterprises).



**Rationale for recommending assurance:** To address increased **data quality challenges** associated with land emissions while recognizing that requiring assurance is **not the role of GHG Protocol** as a standard setter.

# Verification and assurance: ISO approach

## ISO 14064-1:2018 approach

- **Key terms and definitions:**
  - **Verification:** "Process for evaluating a statement of historical data and information to determine if the statement is materially correct and conforms to criteria" (3.4.9)
  - **Level of assurance:** "degree of confidence in the GHG statement" (3.4.13)\*
- **Verification is optional** and left to the discretion of the organization

### "10. Organization's role in verification activities

The organization **may** decide to conduct a verification.

To review GHG emissions and removals information, impartially and objectively, the organization **shall** conduct a verification consistent with the needs of the intended user. Principles and requirements are described in **ISO 14064-3**.

**Requirements for verification bodies** are described in ISO 14065.

Requirements for the competence of validation teams and verification teams are described in ISO 14066."

\* Levels of assurance defined under **ISO 14064-3:2019**:

**Limited assurance:** "level of assurance where the nature and extent of the verification activities have been designed to provide a **reduced level** of assurance on historical data and information"

**Reasonable assurance:** "level of assurance where the nature and extent of the verification activities have been designed to provide a **high but not absolute level** of assurance on historical data and information"

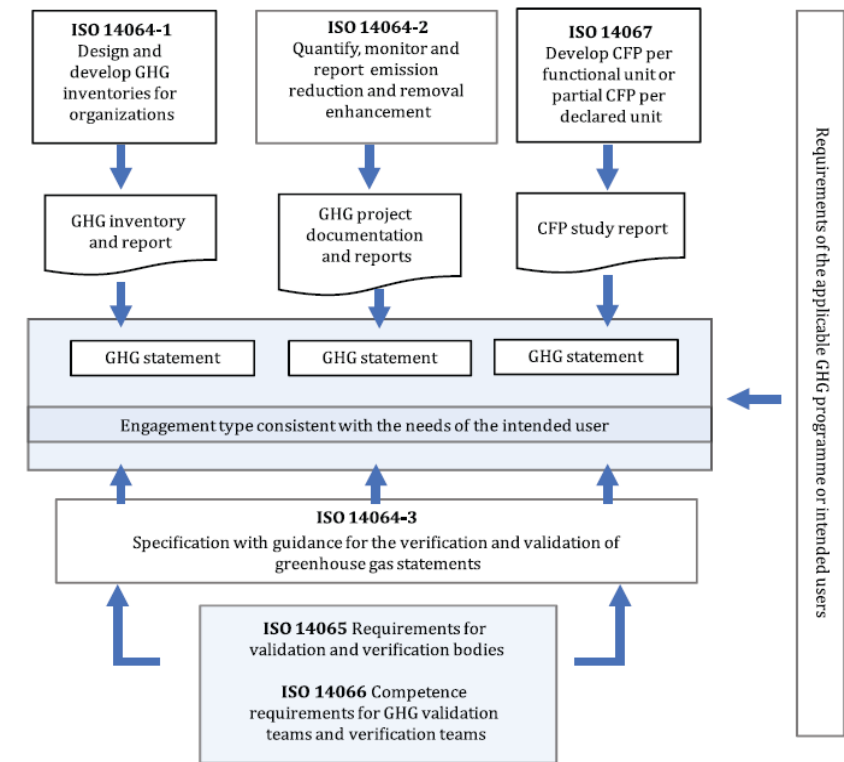







Figure 1 — Relationship among the ISO 14060 family of GHG standards

## Verification and Assurance: Requirements/guidance of external programs

Program	Verification and assurance requirements/guidance
IFRS S1 & S2 	Silent  <i>However, adopting jurisdictions can set assurance requirements based on their objectives</i>
EU CSRD (ESRS disclosures) 	<b>Limited assurance is required</b> for all emissions  <i>Original text included transition to "reasonable assurance requirement" over time, which is now removed The European Commission plans to issue targeted sustainability assurance guidelines by 2026</i>
CARB SB 253 	<b>Limited assurance is required</b> for scope 1 and 2 emissions (starting in 2027)  <i>Assurance requirements are slated for 2030. Proposed standards until then: AA1000ASv3, AICPA, ISSA 5000 (ISAE 3000 &amp; ISA 3410 until it is in force), ISO 14064-3:2019</i>
ISO 14064-1 2018 	Verification is <b>optional</b> (may statement): Left to the discretion of the user  <i>The reporter is <b>required</b> to follow 14064-3 for verification principles and requirements <b>if</b> it chooses to obtain verification.</i>
SBTi CNZS-C7 (Draft v2) 	<b>Limited assurance (at a minimum)</b> for scope 1, 2 and significant scope 3 emissions is <b>required</b>  <i>Refers to CDP for recognized verification standards: <a href="#">CDP list of accepted verification standards</a></i>

- **Accounting/reporting standards** typically **stay silent or** provide verification/assurance as **an option** (e.g., IFRS and ISO)
- **Regulatory programs and target setting standards** set their own requirements (e.g., EU CSRD, SBTi)

## *Corporate Standard* stakeholder feedback survey: key themes related to **verification and assurance**

- Support for **maintaining** the current approach to verification and assurance
  - **Regulators** are already implementing assurance requirements
  - Defining stricter requirements in the Corporate Standard could cause **interoperability challenges** with other programs and could create **feasibility challenges** to voluntary reporters, especially to SMEs and new reporters
- Support for **revisiting** the current approach to adopt some level of verification and assurance
  - Introducing **verification or assurance requirement** through flexible design features, such as **differentiated requirements by scope** (e.g., scopes 1 and 2 versus scope 3), **level of assurance** (limited or reasonable), reporting **frequency**, **organizational size**, **emissions thresholds**, or sector. Many suggested a **tiered or phased-in approach**, potentially linked to company size, sector, or quality certification schemes.
  - **Rationale:**
    - Need to **improve transparency, comparability, and confidence** in reported emissions data, particularly considering increased scope 3 reporting and **reliance on supplier data**
    - Inconsistencies in current assurance practices, **alignment with emerging mandatory reporting** and assurance requirements
    - **Positioning the GHG Protocol** to serve as a verification reference
    - Providing consistent **guidance for both regulated and non-regulated companies**

***No proposals were received*** specifically calling for changes to the verification and assurance guidance in the Corporate Standard.

*Note: Feedback requesting additional guidance and clarifications will be provided for discussion at the Subgroup 2 Meeting 14.*