

Independent Standard Board – Meeting #7 Summary

Date: 25 February 2025

Time: 17:00 – 19:00 ET / 23:00 – 01:00 CET

Location: Virtual

Attendees

Members

Alex Bassen, Chair
Anthony Cheung
Inhee Chung
Danny Cullenward
Pieter Gagnon
Suzanne Greene
Owen Hewlett
Christina Hood
Stuart Jefford
Heather Keith
Viola Lutz

GHG Protocol Secretariat

Kyla Aiuto
Pankaj Bhatia
David Burns
Elliott Engelmann
Chelsea Gillis
Iain Hunt
Oliver James
Michael Macrae
Ralf Pfitzner
Matt Ramlow
David Rich
Amir Safaei
Richard Waite
Michaela Wagar

Agenda and Decisions

Item	Topic and Summary	Decisions
1	<p><i>Welcome and Introduction</i></p> <p>The Chair welcomed all members and introduced new members.</p> <p>2025 ISB meeting Dates will be circulated by the end of the week or early next. ISB members will be given access to Technical Working Group (TWG) content to help them follow the latest conversations (noting that content is also available on the GHGP website).</p> <p>The Chair requested written member feedback on the structure of meetings going forward and suggestions for improving preparatory materials.</p>	<p>The ISB was not asked to make any decisions.</p>
2	<p><i>TWG Member Updates</i></p> <p>The Secretariat presented background on its membership review process and efforts to identify real and perceived membership gaps. Two ISB members flagged the comparatively low representation of the Asia Pacific region in the TWGs, and the Secretariat summarized efforts</p>	<p>Decision:</p> <p>The ISB approved TWG member updates to the Corporate Standard,</p>

	<p>to address this gap, highlighting an example from the Corporate Standard.</p> <p>The ISB unanimously voted to approve proposed membership updates for the Corporate Standard TWG, Scope 3 TWG, Actions and Market Instruments (AMI) TWG, and Forest Carbon Accounting (FCA) TWG. The ISB may be asked to consider updates to the Scope 2 TWG in the future.</p> <p>External stakeholder communications and concerns were summarized and will be shared with the ISB.</p> <p>The Secretariat thanked its team members for their efforts to process over 2,000 applications and balance TWG membership across all criteria (geographies, sectors, gender identity, etc.).</p>	<p>Scope 3, AMI, and FCA TWGs.</p>
<p>3</p>	<p><i>Land Sector & Removals: Agricultural Leakage</i></p> <p>The Secretariat presented background on the issue of Agricultural Leakage accounting, covering the evolution of the issue under the Advisory Committee (AC), and solicited initial feedback and questions from ISB members to help the Secretariat frame and present the issue for further deliberation and ultimately a decision in subsequent ISB meetings. Background covered the problem statement and leakage definition, leakage quantification approaches, comments from external stakeholders, and a summary of key arguments for either requiring or recommending agricultural leakage quantification.</p> <p>An ISB member asked what the total aggregate support for a requirement versus a recommendation was if external letters were included and for more information on the potential of leakage to occur and the order of magnitude of the agricultural leakage impact. The Secretariat summarized the stakeholder letters received and clarified that the magnitude and significance of the impact depends on the quantification approach. The Secretariat will provide worked examples of quantification approaches at the next ISB meeting.</p> <p>A member questioned whether requiring quantification of CO_{2e} implies a netting with other emissions in the reporting company's scopes. Given that quantification options are based on consequential methods and the possibility of netting, the member requested a robust discussion and justification from the ISB for why an ad-hoc departure from the traditional approach is necessary for the agricultural sector. The Secretariat clarified that it depends on the packaging and that the summarized AC support was only in response to the question of whether leakage quantification should be required or recommended. Related questions, including how leakage should or should not be needed with other emissions and removals in the scopes and how leakage is incorporated into target setting will require resolution by the ISB.</p> <p>A member thanked the Secretariat for helpful packaging of the background and expressed interest in better understanding 1) the decision-relevance of the leakage estimates to motivate corporate mitigation through worked examples and 2) the materiality of leakage impacts generally and the estimates that each quantification approach provide. The Secretariat clarified that the materiality question requires knowledge of what triggers requirements/recommendation.</p>	<p>The ISB was not asked to make any decisions.</p>

	<p>A member requested further clarity on how the issue of leakage may be considered in other Standard update workstreams that are underway, and how decision for the land sector may or may not dovetail with discussions elsewhere in the GHG Protocol ecosystem of Standards. The member supports the inclusion of leakage quantification in the LSRS, but notes that including it here would then logically prompt its inclusion elsewhere, highlighting this is a potentially slippery slope if it opens the door for other consequential impacts (e.g., avoided emissions) in the use of products. Resolution requires holistic view. The member further expressed discomfort with the framing of leakage in the Issue Brief as “inside/outside the company value chain”, and requested careful usage of this framing, suggesting that leakage impacts are a “direct indirect effect” caused by a company’s activities, functionally extending the conceptual definition of the value chain boundary.</p> <p>A member thanked the Secretariat for the helpful issue paper and tables on approaches to key criteria and requested worked examples to better understand the materiality and order of magnitude differences in the estimates provided by different leakage quantification approaches. The member expressed support for separate reporting of gross emission fluxes in addition to net fluxes, and that leakage impacts should be reported in the scopes as they are a material part of the company’s footprint. The member suggests that leakage may be relevant to include in other land-based sectors beyond agriculture (e.g., urban development or infrastructure) involved in land displacement, framed as positive for other sectors rather than negative for Agriculture sector. This received support from another member.</p> <p>A member thanked the Secretariat and expressed anecdotal evidence from TWG members that process was well organized. The member echoed previous calls for careful consideration of consistency of methods and netting across sectors and workstreams, and requests Secretariat to consider the need to integrate and align the discussions on agricultural leakage with the emerging discussions on forest carbon accounting, as appropriate, noting that the ISB may need to return to this topic once FCA determinations have been made. The member agreed that a sound rationale is needed to introduce consequential methods into the accounting framework, suggesting that an entry point is land as a globally constrained resource, unlike e.g., renewable electricity. The member also suggests framing discussion around how the methodological guidance provided gives companies enough traction to quantify leakage despite operating in very different operational and policy contexts.</p> <p>A member requested further clarification on how the issues being discussed (e.g., consequential vs. attributional accounting and what’s in scope) map onto evolving discussions in other GHG Protocol workstreams (e.g., the Action and Market Instruments workstream) and the broader direction of travel of these workstreams and the GHG Protocol, noting that conversation on this topic is still being framed in terms of how things have been done in the past. The member also raised a concern around feasibility of implementing the different quantification approaches in complex real-world situations, noting this could be further addressed in worked examples.</p> <p>A member reflected that proposed methods should cover the right order of magnitude and we should arrive at a solution that is “roughly right”</p>	
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	<p>rather than “precisely wrong” given the complexities of quantifying indirect effects in the real world. Method(s) should provide actionable information and be simple to understand.</p>	
4	<p><i>Scope 2: Updates on TWG Progress</i></p> <p>The Secretariat shared that the Scope 2 TWG had made significant progress on the purpose and uses of location-based and market-based methods, and that the ISB discussion would focus on soliciting feedback on key questions to share with the TWG to refine their recommendations and address key issues. The Secretariat further clarified that the Revision Guide Framework would not be addressed in-session, but that TWG members are working on revisions, and it will be central to recommendations from the TWG.</p> <p><u><i>Clarifying the purpose and use of the market-based method</i></u></p> <p>An ISB member suggested that we retain a clear conception that Scope 2 is an inventory and that market-based method doesn’t need to be directly linked to causal impacts because it is an inventory. The Secretariat shared that there are divergent views among TWG members, including some who want claims about quantifiable emissions reductions. The member suggested that we should retain a clear conception of Scope 2 as an inventory and not a statement of global impact of actions, as we have other standards to meet this purpose, and there should be no introduction of consequential elements into Scope 2.</p> <p>A member raised challenges in regions where physical connection is limited and whether the market boundary should allow for investment in decarbonization options when direct procurement of renewable energy is not feasible. The member emphasized the need for clear guidance on circumstances where market boundaries could be more flexible while still maintaining a connection to the company or its value chain. The member noted that companies will struggle with feasibility when there are smaller market boundaries and in some countries there are limitations to a company’s influence on national level grid connections. The Secretariat shared that there is strong emerging consensus based on TWG polling (~80%) that the revised Scope 2 standard should include deliverability as a precondition for Scope 2 inventory claims. Secretariat also highlighted that the Scope 2 TWG has started a subgroup looking at consequential measures related to the electric power sector, which provide a means for organizations to describe and quantify on the type of impacts described, different from claiming the actual direct usage of the energy.</p> <p>A member encouraged greater focus on GHG impacts of accounting and a discussion about attributional and consequential methods across standards and looking at the whole framework overall.</p> <p>A member suggested that it may be useful to set out a model GHG report, including what a company reports and in what metrics. The scope 2 inventory would be one element, but there could be others, and this would allow for clarity on what’s in the inventory and what is elsewhere in the report, including remedy mechanisms. The Secretariat referenced a 2022 publication on this topic to be circulated to members.</p> <p>A member agreed with direction of conversation and noted that RECs present a real option for near-term decarbonization and important for companies. The member reiterated previous comments about physical</p>	<p>The ISB was not asked to make any decisions.</p>

	<p>connectivity and stressed that it will be important to tackle across groups and that what is done in Scope 2 will send a signal to Scope 3 and AMI, suggesting that we should discuss before that signal goes out.</p> <p>A member noted that Scope 2 reporting is a useful way to help companies demonstrate how procurement contributes to decarbonization, and this should be retained as a purpose if sufficient data is available, noting it may be preferable to do this at regional level rather than level of individual company.</p> <p>A member expressed confusion on the process of capturing the ISB's opinions and suggested use of e.g., a straw-poll mechanism. The member voiced support for having physical connection and reiterated support for keeping the Scope 2 inventory and consequential accounting separate and cautioned against degrading the inventory for something for which it wasn't designed. The member further cautioned about our ability to forecast voluntary procurement and consequential estimates given poor data quality and systematic errors. These comments were supported by another member. A third member agreed with the distinction between inventory and report, but reflected that companies want to reflect the changes they have in their footprints and want to tell this story. The third member emphasized the value of establishing market signals that account for things like the influence of peak demand on marginal generation, recognizing its potential to incentivize impactful procurement decisions. GHGP should set out what best looks like and ID other organizations (e.g., IEA) that could match our level of ambition. A fourth member agreed with the third member, and suggested that not only RECs should be considered, but also VPPAs and that companies need incentives.</p> <p>A member expressed support for tiered factors / thresholds.</p> <p><u>Links between workstreams</u></p> <p>The Secretariat suggested that it could provide information on how the AMI workstream is currently approaching linked conversations at a future meeting.</p> <p>The Chair requested members to provide feedback on how best to facilitate discussions in the future, including long meetings or more frequent but shorter meetings.</p> <p>Due to time constraints, clarifying the purpose & use of the Location-based method, refining location-based methods and refining market-based methods were not discussed. Members should send the Secretariat any additional written feedback.</p>	
5	<p><i>All Other Business</i></p> <p>AOB session was not held, and time allotted to Scope 2.</p>	N/A
	<p><i>***Meeting adjourned at 19:00 ET / 01:00 CET***</i></p>	N/A