Corporate Standard Meeting Minutes

Full TWG, Meeting #7

Date: 16 July 2026

Option 1: 08:00 – 10:30 ET / 14:00 – 16:30 CET / 21:00 – 23:30 CHN

Option 2: 16:00 – 18:30 ET / 22:00 – 00:30 CET / 05:00 – 07:30 CHN (July 17)

Location: Virtual

Attendees

Technical Working Group Members – Session 1 attendees

1. Christina Abbott, KPMG
2. John Altomonte, WWF-Philippines, Ateneo School of Government, and SunFund
3. Inês Amorim, WBCSD
4. Christa Anderson, Rainforest Alliance
5. Rob Anderson, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australia
6. Rebecca Berg, Center for Climate and Energy Solutions
7. Tatiana Boldyreva, CDP
8. Jasper Chan, Hang Seng Bank
9. Gonzalo Chiriboga, Central University of Ecuador
10. Stephanie Chow-Ashton, ISO/TC207/SC7/WG4 and Glasgow Alliance for Net Zero (GFANZ)
11. Anna Dauteuil, EFRAG
12. Abhilash Desu, Science Based Targets Initiative
13. Rubens Ferreira, Carbonauta Ltda
14. Kia Hong Goh, Nanyang Technological University, Singapore
15. Robert Gray, Independent
16. Jane Jagd, We Mean Business Coalition
17. Douglas Johnson, PwC China
18. Gijs Kamperman, TenneT
19. Marine Kohler, CentraleSupelec, Universite Paris-Saclay
20. Bonar Laureto, Ernst and Young Philippines
21. Andy Law, Hong Kong Institute of Certified Public Accountants
22. Tomoo Machiba, Zeroboard
23. Alexis McGivern, University of Oxford
24. Fergal Mee, ISO/TC207/SC7/WG4
25. Patrick Murphy, Sierra Club
26. Sachin Nimbalkar, Oak Ridge National Laboratory
27. Suresh Krishna Ishwara Palar, Infosys Limited
28. Sheila Scott, Jacobs
29. Alisa Shumm, Sage
30. Sarela Villarroel, ISO/TC207/SC7/WG4 and IBNORCA/Bolivia
31. Zi (Christiana) Wang, JD Logistics
32. Margaret Weidner, Impact Pathway

Technical Working Group Members – Session 2 attendees

33. Catherine Atkin, Carbon Accountable and Stanford CodeX Climate Data Policy Initiative
34. Erika Barnett, Greenhouse Gas Management Institute
35. Luis Carvajal, Siemens Energy
36. Victoria Evans, SCS Engineers
37. Ignacio Fernandez, The Climate Registry
38. Ron-Hendrik Hechelmann, University of Kassel
39. Brandon McNamara, Northern Arizona University
40. Barbara Porco, Fordham University
41. Ann Radil, KEEN
42. Doug Rand, Deloitte
43. Jay Shi, Proctor & Gamble
44. Monika Shrivastava, JSW Cement
45. Vicky Sullivan, Duke Energy

Guests

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GHG Protocol Secretariat

1. Hande Baybar
2. Iain Hunt
3. Luke Jones
4. Allison Leach

Documents referenced

1. Slides for the Corporate Standard Full TWG meeting on 16 July 2026
2. Working draft text on "Organizational Boundaries" – *Internal to TWG*

Item	Topic and Summary	Outcomes
1	***Welcome and housekeeping*** The Secretariat welcomed TWG members to the sixth full Corporate Standard TWG meeting and briefly reviewed key housekeeping items from previous meetings.	No specific outcomes.
2	***Subgroup 2: Leased assets*** The Secretariat presented the background and options under consideration for categorizing emissions from leased assets. Following discussion, an indicative poll was held on the topic presented.	Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.
3	***Subgroup 2: Consolidation approaches package*** The Secretariat presented the Subgroup 2 preliminary outcomes and the background on the following topics: proposed definition for and application of package item #3 (additional recommendation on operational control) and item #5 on disclosure provision. The Secretariat also presented the Subgroup 2 preliminary outcome on application of the revised financial control approach to investment entities. Following discussion, indicative polls were held on the topics presented.	Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.
4	***Subgroup 2: Disclosure on verification and assurance*** The Secretariat provided the full TWG Meeting 6 indicative poll results on how verification and assurance should be addressed as a topic in the Corporate Standard. The Secretariat presented the Subgroup 2 preliminary outcomes and background on disclosure related to verification and assurance. Following discussion, indicative polls were held on the topics presented.	Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.
5	***Subgroup 3: Data quality and calculation methods*** The Secretariat presented the Subgroup 3 preliminary outcomes on the following topics on data quality and scope 1 calculation methods. Following discussion, indicative polls were held on the topics presented.	Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.
6	***Subgroup 1: GHG intensity metrics*** Due to time constraints, the planned agenda item to provide Subgroup 1 preliminary outcomes on GHG intensity metrics was omitted, with members encouraged to review slides for updates.	No specific outcomes.

7	***Wrap-up and next steps*** The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of a post-meeting feedback survey.	The Secretariat will share post-meeting materials, including final slides and meeting minutes. A feedback survey will be shared with all TWG members covering meeting topics, with deadline to respond to be confirmed. Comments were requested on the working draft text titled "Organizational Boundaries." The next meeting will be a Full TWG meeting on Tuesday, August 4th, with two time options available: • Option 1: 08:00 ET / 14:00 CET / 20:00 CHN • Option 2: 16:00 ET / 22:00 CET / 04:00 CHN

Summary of discussion and outcomes

1. Welcome and housekeeping

- The Secretariat welcomed TWG members to the seventh full Corporate Standard TWG meeting and briefly reviewed key housekeeping items from previous meetings. (Slides 1-10)

Summary of discussion

- No TWG member comments were received.

Outcomes (e.g. recommendations, options)

- No specific outcomes.

2. Subgroup 2: Leased assets

- The Secretariat presented the background and options under consideration for categorizing emissions from leased assets. Following discussion, an indicative poll was held on the topic presented. (Slides 11-21)

Summary of discussion

Role of consolidation approaches in categorizing emissions from leased assets

- A member sought clarification on whether the ISSB recommendation to align reporting of GHG emissions from leased assets with balance sheet recognition applies only when using the financial control approach and whether the ISSB remains neutral regarding how leased assets should be treated when operational control is applied.
  - The Secretariat noted that further clarification would be provided during the discussion of options under consideration.
- Several members raised concerns about linking GHG emissions attribution to balance sheet recognition of leased assets. They noted that accounting exemptions for short-term and low-value leases could result in assets that are operationally controlled by a company being excluded from

scope 1 and scope 2 reporting even though the emissions profiles of these could be quite similar to those that are recognized in the balance sheet.

- Some members expressed concern that basing categorization of emissions from leased assets on balance sheet recognition could create a significant reporting gap, particularly where material emissions are shifted from scope 1 and scope 2 into scope 3 categories that may receive less scrutiny or may not be consistently reported.
    - Some members noted that even if emissions associated with leased assets do not fall under scope 1 and scope 2, they would generally still be reported in scope 3. However, several members questioned whether this provides sufficient transparency and accountability when significant emissions are involved.
- A member suggested that, where a lessee has clear operational control over an asset, emissions reporting from that leased asset should be required regardless of the financial accounting treatment.
    - Another member highlighted that determining whether emissions should follow financial accounting treatment or operational responsibility remains a central issue in the discussion.
    - The Secretariat noted that these concerns had been discussed in Subgroup 2 and encouraged members to assess them in the context of the options presented to the TWG.
- A member asked how leased assets captured in scope 3 categories 8 and 13 relate to the discussion. The Secretariat confirmed that both categories are relevant where leased assets are not included within scope 1 or scope 2.

Interoperability with external programs and alignment with financial accounting of leased assets

- Several members discussed the role of integration with financial accounting standards while evaluating the options under consideration. Some members emphasized that alignment with financial accounting standards can improve feasibility, consistency, comparability, and operationalization of the standard.
- A member suggested that a standardized alignment with financial accounting standards should not be prioritized where it may undermine GHG accounting objectives and principles. They stressed that transparency, completeness, and climate-action outcomes should remain the primary considerations.
    - The Secretariat acknowledged these views and noted that the GHG Protocol decision-making criteria include adherence to GHG accounting and reporting principles and support for decision-making that drives climate action while also supporting other GHG programs based on GHG Protocol.
- A member also highlighted the importance of ensuring that any approach adopted can be operationalized in practice and supported with clear guidance and safeguards.

Discussion of options presented

- The Secretariat presented the following options under consideration for categorizing emissions from leased assets:
    - Option A – Standardized approach based on balance sheet recognition
    - Option B – Standardized approach based on right-of-use
    - Option C – Different method per consolidation approach (i.e., Option A applies when the financial control approach is used, and Option B applies when the operational control approach is used)
- A member asked whether the concept of 'right-of-use' captures the ability to undertake energy-efficiency improvements or influence energy supply decisions, noting that the approach should ideally hold the party responsible for emissions reductions accountable for the associated emissions.
- A member asked why Option A+ had been eliminated despite receiving greater support than Option C.
    - The Secretariat explained that the decision was based on operational feasibility. The Secretariat noted that Option A+ would have required lessees to undertake an additional

assessment of whether the emissions outcome provided a fair representation, which was ultimately considered to be unnecessary and with added feasibility challenges.

- A member asked how the proposed options compare with the current Corporate Standard. The Secretariat clarified that the current Corporate Standard allows both lessors and lessees to apply any of the three consolidation approaches: financial control, operational control or equity share, and categorize emissions from leased assets based on the approach chosen (Corporate Standard, Appendix F).
  - The Secretariat noted that Option C is the closest to the current approach, as the categorization of emissions follows the consolidation approach selected by the reporter.
- A member sought clarification on how Option C interacts with the proposed recommendation to use the financial control approach and with the recommended additional reporting under operational control where it enables fair representation.
  - The Secretariat confirmed that the recommended additional reporting under operational control, when applied on top of rather than a standalone alternative to the financial control approach, is intended to capture emissions that are not under financial control (i.e., in scope 1 and scope 2). The Secretariat noted that this provision would help avoid any potential confusion regarding the application of Option C.
- Members discussed how the different options would affect the treatment of leased assets, particularly where organizations report under multiple regulatory regimes or use different organizational boundary approaches. The Secretariat clarified that:
  - Under Option A, leases exempt from balance sheet recognition (e.g., short-term leases) would not be included in scope 1 and scope 2 in all cases (i.e., regardless of the selected consolidation approach).
  - Under Option B, emissions from leased assets would be categorized based on the right-of-use concept regardless of balance sheet recognition in all cases (i.e., regardless of the selected consolidation approach).
  - Under Option C, the treatment of leased assets would depend on the consolidation approach applied by the reporting organization (i.e., Option A applies when the financial control approach is used, and Option B applies when the operational control approach is used)
- Several members expressed concern that Option C could introduce comparability challenges where organizations choose different approaches, potentially resulting in different reporting outcomes when accounting for emissions from their leased assets.
  - The Secretariat noted that Options A and B would result in more consistent treatment of leased assets, whereas Option C could produce different outcomes depending on the approach selected. The Secretariat also reminded members that financial control is being proposed as the recommended approach, in part to improve consistency and comparability across reporters.
- Some members also requested greater clarity regarding how the options align with ISSB technical staff recommendations.
  - The Secretariat explained that ISSB technical staff recommendations most closely align with Option C, as their initial technical recommendations focused on the treatment of leased assets under the financial control approach while recognizing that operational control remains available as a standalone approach. The Secretariat noted that, under this view, the categorization of emissions from leased assets should be consistent with the intent and principles of the organizational boundary approach selected by the reporter.

General discussion

- A member asked whether the Leased Assets Task Force had considered situations involving multiple parties using the same asset (e.g., asset owner, lease-holder, and end user) and how emissions would be allocated across reporting categories.
  - The Secretariat noted that the options under consideration focus on proposing an overarching approach to categorizing emissions from leased assets. The Secretariat added that more

complex cases like the one mentioned as well as lessor-provided services to the leased space would be further evaluated by the Task Force once there is clarity on the overarching approach for categorizing leased assets.

- Members highlighted the importance of considering existing industry practice when evaluating the options. Some noted that lessors in certain sectors and jurisdictions predominantly use the operational control approach and currently account for leased asset emissions in scope 3.
- A member cautioned that changing the treatment of leased assets substantially from the current market practice could create significant implementation challenges and potentially discourage adoption of the financial control approach.
- Members also discussed practical reporting challenges faced by companies subject to multiple reporting frameworks. One member explained that reporting under both financial control and operational control approaches can require significant reclassifications between scope 3 and scopes 1 and 2, increasing complexity and data management burdens.
- A member raised concerns that organizations may reduce reported scope 1 and scope 2 emissions by moving from asset ownership to leasing arrangements, despite no change in the underlying emissions.
    - The Secretariat acknowledged that this concern was one of the disadvantages identified for approaches that rely heavily on balance sheet recognition (e.g., Option A).
- Another member suggested that enhanced scope 3 disclosure requirements for organizations whose primary business involves leasing assets could help address transparency concerns associated with leased asset reporting. Several members expressed support.
- A member shared practical experience reporting under multiple regulatory frameworks and noted that differing organizational boundary requirements can create significant complexity, particularly where emissions must be reclassified between scope 3 and scopes 1 and 2, and where changes in financial accounting standards must be continuously monitored.

Indicative poll:

- The Secretariat posed an indicative poll asking the question: Which option do you support for **categorizing emissions from leased assets**?
    - 13 of 42 members: Option A – Standardized approach based on balance sheet recognition
    - 9 of 42 members: Option B – Standardized approach based on right-of-use
    - 12 of 42 members: Option C – Different method per consolidation approach
    - 8 of 42 members: Abstain

Outcomes (e.g. recommendations, options)

- Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.

3. Subgroup 2: Consolidation approaches package

- The Secretariat presented the Subgroup 2 preliminary outcomes and the background on the following topics: proposed definition for and application of package item #3 (additional recommendation on operational control) and item #5 on disclosure provisions. The Secretariat also presented the Subgroup 2 preliminary outcome on application of the revised financial control approach to investment entities. Following discussion, indicative polls were held on the topics presented. (Slides 22-29)

Summary of discussion

Consolidation approaches package item #3 – Additional recommendation on operational control

- A member noted that ESRS and IFRS use the term "fair presentation" rather than "fair representation." They asked whether the terminology could be revised to align with these key external frameworks.
    - The Secretariat responded that the terminology had been proposed through Subgroup 2 discussions and could be discussed further if needed based on the full TWG views.
- A member suggested that the earlier version of the proposed text, which used a fail-based test (i.e., when financial control fails to provide fair representation), was clearer, more objective, and therefore more auditable. They added that the concept of "enabling a fair representation" could be interpreted as a subjective judgment.
- A member asked whether the text for package item #2 requires rather than recommends the financial control approach, and questioned whether there could be circumstances under which organizations would choose operational control as a standalone approach.
    - The Secretariat explained that the Subgroup 2 proposal was to recommend financial control, provide add-on reporting under operational control where relevant, and continue to allow operational control as a standalone approach.
- A member observed that discussions on thresholds for justifiable exclusions do not appear to be reflected in the proposed text. They asked whether uncertainty and materiality considerations should be more explicitly addressed.
    - The Secretariat explained that these concepts are addressed under operational boundaries chapter in the draft text. The Secretariat clarified that organizations would first determine organizational boundaries based on financial and/or operational control and then assess whether any emissions qualify for exclusion under the applicable quantitative exclusion threshold. The Secretariat also noted that materiality is currently proposed as guidance rather than as a principle.
    - The member responded that, in their view, quantitative thresholds may be considered before organizational boundaries are established and cautioned that the proposed draft text could create a loophole if the sequence of boundary setting is not clear in the text. The Secretariat reiterated that the proposed approach is to first determine what falls within the organizational boundary and then assess any quantitative exclusions.
    - Another member agreed that the interaction between organizational boundaries, quantitative thresholds, and the recommended operational control add-on reporting becomes complex to navigate. They suggested that a decision tree may be needed to clarify the sequence of decisions and related provisions.
    - Several members agreed that additional clarity is needed to help reporters understand how the different provisions interact and to avoid unintended complexity or inconsistent application.
    - A member further noted that concerns about underreporting may be more appropriately addressed through clearer guidance on operational control, particularly how it should be assessed in situations where operational responsibilities can be delegated.

Consolidation approaches package item #5 – Disclosure provisions

- No comments received.

Financial control approach for investment entities

- A member noted that the proposed treatment of investment entities is consistent with the earlier TWG preliminary outcome that the financial control approach should follow the financial accounting standard selected by the reporting entity. They added that, while the examples reference U.S. GAAP and IFRS, the same principle would apply under other financial accounting frameworks.
- A member observed that the discussion materials on this topic focused primarily on financial accounting consolidation exceptions without clearly explaining their implications for GHG reporting. They suggested that the potential consequences for a GHG inventory (e.g., investment emissions being captured under scope 3 category 15 instead of showing up as scope 1 and 2; a more

scrutinized part of the inventory), and the rationale for discussing the topic, should be made more explicit.

  - The Secretariat responded by reiterating that the TWG had previously agreed that the financial control approach shall follow the consolidation method applied by the reporting entity in their consolidated financial statements. The Secretariat also highlighted the preliminary TWG outcome to require scope 3 emissions reporting, which includes required reporting of emissions from investments.
  - The member acknowledged this point but questioned whether shifting emissions from direct reporting categories (scope 1 and scope 2) to an indirect category could create structural limitations in corporate GHG reporting. The Secretariat acknowledged the concern and noted that emissions reported through a downstream indirect category may receive less prominence.
  - Another member added that the preliminary outcome to align the financial control approach with the reporting entity's financial accounting practices had already been agreed upon by the TWG.
  - A member further noted that the nature of the investments—that are in entities not-controlled by the reporting entity—may warrant different treatment and highlighted that emissions from investments are also addressed through other reporting frameworks as being an item for scope 3 (e.g., SBTi).
- A member suggested that additional guidance reflecting the explanation provided on slide 27 should be incorporated into the standard text for greater clarity.
- A member expressed concern about the implications of the proposed treatment for private equity and similar investment structures, asking whether companies owned or primarily owned by such entities would fall outside reporting requirements under the proposed approach. A member noted that many private equity firms do not qualify as investment entities under financial accounting standards. They explained that, as ownership and control relationships change over time, these organizations may face complex reclassifications of emissions between scope 1 and 2 and scope 3 reporting categories.
  - The Secretariat noted that emissions associated with investment entities will often be reported under scope 3 category 15.
  - Another member added that some existing frameworks address this issue by requiring private equity firms to report portfolio company emissions in scope 3 category 15 and to provide additional information on those portfolio companies.

Indicative polls:

- The Secretariat posed an indicative poll asking the question: Do you support the following preliminary Subgroup 2 outcome?

  Definition of package item #3*: "Additionally,* ***if it enables the organization to provide a fair representation*** *of the organization's GHG emissions, the organization should* ***separately*** *(i.e., as additional information not to be included in the inventory) account for all required scope 1 and scope 2 emissions from entities, operations, and assets under the reporting organization's operational control that are not under financial control."*
  - 22 of 41 members: Fully support
  - 7 of 41 members: Support with minor edits
  - 7 of 41 members: Oppose
  - 5 of 41 members: Abstain
- The Secretariat posed an indicative poll asking the question: Do you support the following preliminary Subgroup 2 outcome on package item #5, disclosure provisions? **Recommend** organizations to **conduct and report the outcomes of a screening assessment** comparing the entities, operations and assets under the reporting organization's financial control and operational control (as part of its rationale for not following the recommended consolidation approach).
  - 31 of 38 members: Support

    - 4 of 38 members: Oppose
    - 3 of 38 members: Abstain
- The Secretariat posed an indicative poll asking the question: Do you support the following preliminary Subgroup 2 outcome? Current **financial control approach definition is sufficient to be adopted by investment entities**.
    - 26 of 38 members: Support
    - 0 of 38 members: Oppose
    - 12 of 38 members: Abstain
        - A member indicated that they abstained from one of the poll questions because the topic was new to them and required additional consideration

Outcomes (e.g., recommendations, options)

- Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.

4. Subgroup 2: Disclosure on verification and assurance

- The Secretariat provided the full TWG Meeting 6 indicative poll results on how verification and assurance should be addressed as a topic in the Corporate Standard. (Slides 30-32)
- The Secretariat presented the Subgroup 2 preliminary outcomes and background on disclosure related to verification and assurance. Following discussion, indicative polls were held on the topics presented. (Slides 33-35)

Summary of discussion

Meeting 6 indicative poll results on whether, and if so, how verification and assurance should be covered in the Standard

- A member noted that regulators and programs are increasingly requiring assurance, and cautioned that remaining silent on verification and assurance could leave the GHG Protocol behind evolving practice. Several members expressed support for this view.
    - Another member reflected on the above comment and noted that neither the GHG Protocol Corporate Standard nor ISO 14064-1:2018 currently takes a strong position on requiring or recommending third-party verification or assurance. They added that, based on the discussions held in the meeting, they had changed their position from supporting being silent on the topic to supporting the inclusion of a provision on verification and assurance.
    - Another member agreed and suggested applying a similar approach to the coverage of verification and assurance as is used for GHG targets, noting that while neither topic is directly related to accounting and reporting, both are closely linked.
- A member observed that remaining silent on verification and assurance does not necessarily imply that the topic is unimportant. They added that verification and assurance are increasingly required under mandatory reporting programs and, therefore, the GHG Protocol's silence on the topic would not necessarily leave reporters without information on the role that verification and assurance play in GHG emissions accounting and reporting.
    - The Secretariat noted that provisions and/or guidance on verification and assurance would likely be particularly valuable for voluntary reporters.
- Another member suggested that the relevance and value of verification and assurance depend on the intended use of the report. They noted that some reporters use digital carbon management systems or software to monitor emissions performance internally and may choose to publicly report the results. They added that it may be challenging but proves more important to verify information generated through such third-party software solutions.

Disclosure provisions on verification and assurance

- A member suggested that any disclosure on whether the reporter obtained third-party verification or assurance should be accompanied by key details. Without an assurance statement or letter from the assurance provider, companies may overstate the extent to which their reports have been assured.
    - The Secretariat confirmed that any provision requiring, recommending, or providing the option for the reporter to disclose whether they obtained third-party verification or assurance would also include key details, such as the level of assurance and the opinion provided by the assurance provider.
- A member noted that if the reporter obtained third-party verification or assurance, they would generally be willing to share the related information with intended users.
- Another member asked whether a reporter could choose not to disclose a negative third-party assurance opinion, particularly if the provision is optional ("may").
    - In response, a member suggested that third-party verification or assurance providers are generally expected to report the outcomes of the assurance engagement, even when the findings are unfavorable. However, they added that the reporter may choose not to disclose verification or assurance outcomes in their report especially if they are unfavorable.
    - The Secretariat noted that, in cases of voluntary reporting, it may be possible for a reporter not to publish a negative assurance opinion in their report. The member who raised the question indicated support for a disclosure recommendation ("should"), rather than providing disclosure as an option ("may"), for this reason.

Indicative polls:

- The Secretariat posed an indicative poll asking the question: How should **disclosure of whether verification/assurance was obtained** be specified in the Corporate Standard?

  Example text*: The organization [shall/should/may] [disclose/report] whether third-party [verification or assurance] was performed, [the level of assurance obtained, the competencies of the verification/assurance provider, and the opinion issued by the verification/assurance provider]. (adapted from LSR Standard)*
    - 11 of 40 members: Requirement ('shall')
    - 11 of 40 members: Recommendation ('should')
    - 3 of 40 members: Optional ('may')
    - 15 of 40 members: Be silent
    - 0 of 40 members: Abstain
- The Secretariat posed an indicative poll asking the question: Do you support the following preliminary Subgroup 2 outcome? **Do not include a provision** specifying that organizations report **why verification/assurance was not obtained** (when they choose not to obtain verification/assurance).
    - 32 of 39 members: Support (*do not* include a provision)
    - 6 of 39 members: Oppose (*need to* include a provision)
    - 1 of 39 members: Abstain

<u>Outcomes (e.g., recommendations, options)</u>

- Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.

5. Subgroup 3: Data quality and calculation methods

- The Secretariat presented the Subgroup 3 preliminary outcomes on the following topics on data quality and scope 1 calculation methods. Following discussion, indicative polls were held on the topics presented. (Slides 36-51)

<u>Summary of discussion</u>

Data quality

- A member expressed concern about the cost-benefit and decision-usefulness of required disaggregated reporting of scope 1 emissions by data quality tier. They asked if scope 1 would first be split into 5 categories (i.e., stationary, mobile, process, fugitive, land) and then further split into 3 data quality tiers (i.e., primary data, secondary data, unclassified) into a single complex reporting table. The Secretariat replied that the intent was for data quality tiers to be reported at the scope 1 emissions level (i.e., total scope 1 emissions in the primary data tier, secondary data tier, and unclassified tier), but further discussion should be held to clarify this.
- A member asked if primary data includes both activity data and emission factors. The Secretariat replied that the primary data tier is defined on the basis of primary activity data, using the ISO 14064-1:2018 definition for "primary data." The corresponding emission factors used with the primary activity data would be "representative emission factors," which would follow the data quality indicators (e.g., temporal, geographic, and technological representativeness).
- A member asked if the data quality tiers are connected to the intention of developing data quality principles for representative emission factors, referencing the footnote that mentions geographic and temporal representativeness. *[Secretariat note: "Representative emission factors" would be clearly defined as part of the primary data tier.]*
- A member suggested that ISO be directly referenced in the Corporate Standard when "primary data" is defined to highlight the alignment.
- A member expressed concerns about the burden of an additional disclosure requirement, and they stated their preference for a "should" statement.
- A member observed that the introduction of an "unclassified" tier with a "shall" statement is self-defeating, in that companies could classify everything as unclassified, yielding the same outcome as a "should" statement. The Secretariat confirmed that this is the case, and in fact it was the intent of the "unclassified" tier to promote feasibility.
- Another member voiced concern with the "unclassified" option since it allows companies to avoid disaggregated reporting by data quality tier.
- A member asked why the unclassified tier specifically states that organizations may categorize emissions as "unclassified" if they are unwilling to disaggregate emissions. They continued that they would be more comfortable supporting an unclassified tier if "unwilling" is removed because it introduces too much optionality. Another member suggested that the term "unwilling" has a negative connotation, and suggested softening it to "unable or chooses not to disaggregate."
- A member asked what estimates would fall into the secondary data tier, asking for example if extrapolated primary data applied to another geography would be secondary. *[Secretariat note: Any extrapolated data would go in the secondary data tier because it relies on conversions of primary data. Another example of secondary data would be monetary activity data.]*
- A member asked what advantage knowing the data quality provides to the user of the data. The Secretariat replied that it helps users understand the credibility of the data and it supports value chain partners who are using that data in their own inventory.
- A member said their main concern is who would use this information, and for what. Another member replied that the purpose is to classify the quality of the data used for quantification. Another member said that it is a useful measure of certainty for any emissions data user. The Secretariat added that promoting transparency into data quality is another aim of the data quality tiers.
- A member noted that PCAF has data quality tiers for financial institutions to use.
- A member asked if a primary emissions factor could be the specific embodied emissions in a raw product such as wheat, or the process emissions measured and monitored from a wastewater treatment facility. They continued by asking how the robustness of such an emissions factor could be validated. The Secretariat replied that site-specific emission factors such as these would be encouraged, assuming they follow the GHG accounting and reporting principles.

- A member observed that the definition of "primary data" is well understood. They continued that although the data quality tier disaggregation requirement would mean extra reporting, it is based on information available, so no significant extra effort should be expected. Another member agreed.
- A member stated they would be more supportive of these provisions if they focused on recommendations/methodology rather than introducing new reporting requirements.
- A member noted that under the financial control approach, primary activity data for scope 1 may not be directly accessible.
- A member expressed their opposition to the scope 1 data quality tiers because of their concern that it would allow for monetary activity data and spend-based emission factors. The member stated support for scope 1 being calculated with the existing physical data hierarchy (direct measurement, site-specific factors, mass balance), and only allowing spend-based emission factors in scope 3.
    - *[Secretariat note: The Subgroup 3 preliminary outcome is to prohibit the use of spend-based emission factors in scope 1.]*
- A member stated their opposition, noting that it is unclear who would use the information reported in the data quality tiers externally. They continued that the difference between the "secondary data" and "unclassified" tiers would not be useful.
- **Indicative polls:**
    - The Secretariat posed an indicative poll asking the question: Do you support the following preliminary Subgroup 3 outcomes? **Require** disaggregated reporting of scope 1 emissions by **revised data quality tiers** (i.e., calculated using primary data, calculated using secondary data, unclassified).
        - 19 of 37 members: Fully support
        - 5 of 37 members: Support with minor edits
        - 12 of 37 members: Oppose
        - 1 of 37 members: Abstain

Scope 1 calculation methods

- A member expressed opposition to the use of spend-based emission factors in scope 1. The Secretariat clarified that the Subgroup 3 preliminary outcome was to prohibit the use of spend-based emission factors in scope 1, and neither of the remaining options under consideration would allow for spend-based emission factors in scope 1.
- A member said they believe that scope 1 physical data is easier to obtain than economic data, and they expressed support for allowing physical units only for scope 1 (i.e., option A).
    - Another member replied that it is very common for lessees to experience challenges getting physical data from lessors, and therefore lessees will often use monetary scope 1 and 2 activity data.
    - A member said that a requirement to share data in physical units could be built into a lease contract. They continued that if leasing is the only issue, then an exception could be made for it alone.
    - The Secretariat replied that there are some instances where physical data may not be available (e.g., only USD spent on fuel and not the volume).
- A member asked for the definition of "best available data." The Secretariat replied that the draft definition supported by Subgroup 3 is "Best available data are the most representative in terms of technology, time, and geography; most complete; and most reliable."
- A member stated that the question on options for monetary activity data is written in a way they cannot answer because a principle-based approach should prioritize the highest data quality with the relevant emissions factor.
- A member noted that a key question regarding monetary activity data is whether it should first be converted into energy usage data, or whether monetary activity data should be applied directly with a

spend-based emissions factor. They continued that many jurisdictions lack spend-based emissions factors. The Secretariat replied that the current options do not allow for the use of spend-based emission factors, noting that the option that allows for monetary activity data (option B) requires that it be converted to physical units.

- A member asked if option B (allow monetary activity data, prohibit spend-based emission factors) would also allow for physical units. The Secretariat confirmed that option B also allows for physical units.
- **Indicative polls:**
  - The Secretariat posed an indicative poll asking the question: Do you support the draft text and definitions on **identifying and calculating GHG emissions**?
    - 24 of 38 members: Fully support
    - 11 of 38 members: Support with minor edits
    - 1 of 38 members: Oppose
    - 2 of 38 members: Abstain
  - The Secretariat posed an indicative poll asking the question: Which of the following options do you support for **monetary activity data**?
    - 14 of 37 members: Option A: Physical units only
    - 18 of 37 members: Option B: Allow monetary activity data and prohibit spend-based emission factors
    - 5 of 37 members: Abstain
  - The Secretariat posed an indicative poll asking the question: Do you support a **disclosure requirement for monetary conversion factors**?
    - 22 of 36 members: Fully support
    - 3 of 36 members: Support with minor edits
    - 4 of 36 members: Oppose
    - 7 of 36 members: Abstain

Outcomes (e.g., recommendations, options)

- Outcomes from indicative polls will be reported following completion of the Meeting 7 feedback survey.

6. Subgroup 1: GHG intensity metrics

- Due to time constraints, the planned agenda item to provide Subgroup 1 preliminary outcomes on GHG intensity metrics was omitted, with members encouraged to review slides for updates. (Slides 52-59)

Summary of discussion

- N/A

Outcomes (e.g., recommendations, options)

- No specific outcomes.

7. Wrap-up and next steps

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings and the sharing of a post-meeting feedback survey. (Slides 60-63)

Summary of discussion

- No TWG member comments were received.

Outcomes (e.g., recommendations, options)

- The Secretariat will share post-meeting materials, including final slides and meeting minutes.
- A feedback survey will be shared with all TWG members covering meeting topics, with deadline to respond to be confirmed.
- Comments were requested on the working draft text titled "Setting Operational/Reporting/Inventory Boundaries."
- The next meeting will be a Full TWG meeting on Thursday, July 16th, with two time options available:
    - Option 1: 08:00 ET / 14:00 CET / 20:00 CHN
    - Option 2: 16:00 ET / 22:00 CET / 04:00 CHN

Summary of written submissions received prior to meeting

Subgroup 3 Meeting 6: Complete poll results

The Secretariat invited all Corporate Standard TWG members to respond to indicative poll questions both live during the meeting and via a feedback survey after the meeting. This Section reflects final indicative poll results, combining both live meeting polls and feedback survey responses.

Poll question	Responses
Scope 1 disaggregation *(Subgroup 3)*	
Do you support the following preliminary Subgroup 3 outcome? **Require disaggregated reporting of scope 1 emissions** *The organization **shall** [report/disclose] the following information on its scope 1 emissions:* • *Scope 1 emissions disaggregated by the following categories: Stationary combustion, Mobile combustion, Process emissions, Fugitive emissions, Land emissions*	• Support: 42 of 54 • Oppose: 10 of 54 • Abstain: 2 of 54
Do you support the following preliminary Subgroup 3 outcome? **Add "land emissions" category to scope 1** ***Land emissions*** = *"The release of GHGs into the atmosphere from the land and biogenic products, including the sum of land use change GHG emissions, land*	• Fully support: 38 of 52 • Support with minor edits: 7 of 52 • Oppose: 3 of 52 • Abstain: 4 of 52

management net biogenic CO2 emissions, land management production GHG emissions, and biogenic product emissions." –LSR Standard	
Do you support the following preliminary Subgroup 3 outcome? **"May" statement on scope 1 subcategories** *The organization **may** [report/disclose] the following information on its scope 1 emissions:* • *Land emissions disaggregated by subcategory [as defined in the Land Sector and Removals Standard] [and self-defined subcategories for other scope 1 categories].*	• Fully support: 34 of 53 • Support with minor edits: 11 of 53 • Oppose: 4 of 53 • Abstain: 4 of 53
***Required GHGs** (Subgroup 3)*	
Do you support the following preliminary Subgroup 3 outcome? **Require the GHGs covered by UNFCCC (status quo)** *The organization **shall** account for the emissions of all the GHGs required by the UNFCCC at the time the organization's inventory is being compiled. These GHGs are currently: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).*	• Support: 50 of 51 • Oppose: 1 of 51 • Abstain: 0 of 51
Do you support the following preliminary Subgroup 3 outcome? **Recommendation for other GHGs, reported separately (status quo)** *The organization **should** account for other GHGs identified by the IPCC including GHGs regulated by the Montreal Protocol on Substances that Deplete the Ozone Layer.* *If other GHGs not covered by the UNFCCC are accounted for, the organization **shall** separately report the emissions from other GHGs.*	• Support: 42 of 51 • Oppose: 4 of 51 • Abstain: 5 of 51
Do you support the following preliminary Subgroup 3 outcome? **Require individual reporting by GHG for scope 1 and scope 2 (status quo)** *The organization **shall** [report/disclose] the following information on its scope 1 emissions:* • *Scope 1 emissions in [metric] tonnes of each GHG.* • *Scope 1 emissions in [metric] tonnes of CO2 equivalent.* *The organization **shall** [report/disclose] the following information on its scope 2 emissions:* • *Scope 2 emissions in [metric] tonnes of each GHG.* • *Scope 2 emissions in [metric] tonnes of CO2 equivalent.*	• Support: 43 of 51 • Oppose: 6 of 51 • Abstain: 2 of 51

Global warming potential *(Subgroup 3)*	
Do you support the following preliminary Subgroup 3 outcome? **Require 100-year GWP (status quo)** *The organization **shall** use 100-year GWP values from the IPCC.*	• Support: 52 of 52 • Oppose: 0 of 52 • Abstain: 0 of 52
Do you support the following preliminary Subgroup 3 outcome? **Recommend 20-year GWP for organizations with significant methane emissions** *If the organization has significant methane emissions, it **should** also use 20-year GWP values from the IPCC.* *If 20-year GWP values are used, the organization **shall** separately report the emissions calculated with 20-year GWP values*	• Fully support: 31 of 52 • Support with minor edits: 11 of 52 • Oppose: 4 of 52 • Abstain: 6 of 52
Do you support the following preliminary Subgroup 3 outcome? **"May" statement for other metrics (e.g., GTP, GWP*)** *The organization may use other metrics such as Global Temperature Change Potential (GTP) and Global Warming Potential star (GWP*)* *If other metrics (e.g., GTP, GWP*) are used, the organization shall separately report the emissions calculated with other metrics.*	• Fully support: 40 of 52 • Support with minor edits: 4 of 52 • Oppose: 4 of 52 • Abstain: 4 of 52
Do you support the following preliminary Subgroup 3 outcome? **Recommend most recent IPCC Assessment Report (status quo)** *The organization **should** use GWP values from the most recent IPCC Assessment Report. [If not, justification **shall** be provided.]*	• Fully support: 36 of 52 • Support with minor edits: 13 of 52 • Oppose: 0 of 52 • Abstain: 3 of 52
Do you support the following preliminary Subgroup 3 outcome? **Other specific IPCC Assessment Report topics** (i.e., Require same AR across inventory, where possible (status quo), Recommend base year uses same AR as current year, Recommend aggregated CO2e EFs use same AR as inventory) *The organization **shall** use GWPs from a single IPCC Assessment Report for any one inventory, where possible.* *The organization **should** use the same GWPs for the current inventory period and for the base year [and other historical years reported] to maintain consistency across time and scopes.*	• Fully support: 35 of 52 • Support with minor edits: 11 of 52 • Oppose: 2 of 52 • Abstain: 4 of 52

*Aggregated CO2-equivalent emission factors **should** use the same GWP values as the inventory.* *The organization **shall** [report/disclose] the following information on global warming potential values:* • *The source of the GWP values used.* • *Whether multiple IPCC Assessment Reports have been used.*	
Indirect climate forcers *(Subgroup 3)*	
Should companies use an aviation radiative forcing multiplier/index? *The organization **[should/with significant aviation emissions should/may]** use an aviation radiative forcing [multiplier/index] when calculating emissions arising from aircraft transport [to account for non-CO2 climate effects from aviation such as water vapor, NOx, and contrails].*	• Should: 14 of 53 • Organizations with significant aviation emissions should: 21 of 53 • May: 17 of 53 • Abstain: 1 of 53
Do you support the **disclosure requirement and separate reporting requirement** for the aviation radiative forcing multiplier/index? *The organization **shall** [report/disclose] the following information on indirect climate forcers: Whether an aviation radiative forcing [multiplier/index] was used, and if so, the specific factor used.* *If an aviation radiative forcing [multiplier/index] is applied, the organization **shall** separately report the [additional aviation emissions/non-GHG aviation emissions]*	• Fully support: 37 of 53 • Support with minor edits: 10 of 53 • Oppose: 4 of 53 • Abstain: 2 of 53
Do you support providing **indirect climate forcers as optional separate reporting**? *The organization **may** also account for other indirect climate forcers [(e.g., black carbon)].* *If other indirect climate forcers are accounted for, they **shall** be separately reported.*	• Fully support: 41 of 53 • Support with minor edits: 5 of 53 • Oppose: 2 of 53 • Abstain: 5 of 53
GHG targets *(Subgroup 1)*	
Do you support the following preliminary Subgroup 1 outcome? **Recommend that organizations set GHG targets.** Example text: *The organization **should** set targets to reduce GHG emissions [in the context of GHG inventory objectives].*	• Fully support: 34 of 50 • Support with minor edits: 7 of 50 • Oppose: 8 of 50 • Abstain: 1 of 50
Do you support the following preliminary Subgroup 1 outcome? **Require that organizations report information on GHG targets.** Example text: *If the organization chooses to set GHG target(s), it **shall** [disclose/report] the following information*	• Fully support: 33 of 50 • Support with minor edits: 10 of 50 • Oppose: 5 of 50 • Abstain: 2 of 50

for each target: [Target boundary, target base year, target completion year, type of target, progress in reaching the target]	
Verification and assurance *(Subgroup 2)*	
Do you support the preliminary Subgroup 2 outcome? **Be silent on verification and assurance** in the Corporate Standard	• Support being silent: 23 of 48 • Oppose being silent: 21 of 48 • Abstain: 4 of 48