GREENHOUSE GAS PROTOCOL

Corporate Standard Technical Working Group

Full TWG Meeting #7

GHG Protocol Secretariat team:
Iain Hunt, Hande Baybar, Allison Leach

July 16th, 2026

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

Meeting information

Record

This meeting is **recorded**.

Raise Hand

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

Chat

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

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

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

GREENHOUSE GAS PROTOCOL

Subgroup 2 agenda has been revised.

Agenda

• **Introduction and housekeeping**	**15 minutes**
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

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

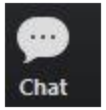
Zoom logistics and recording of meetings

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

Raise your hand in the participants feature and unmute yourself to speak

Use the chat function to type in your questions



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 or to request the recording.

GHG Protocol Decision-Making Criteria

1A. Scientific integrity	1B. GHG accounting and reporting principles	2A. Support decision making that drives ambitious global climate action	2B. Support programs based on GHG Protocol and uses of GHG data	3. Feasibility to implement
Ensure scientific integrity and validity, adhere to the best applicable science and evidence … and align with the latest climate science.	Meet the GHG Protocol accounting and reporting principles of **accuracy**, **completeness**, **consistency**, **relevance**, and **transparency**. Additional principles should be considered where relevant: conservativeness (for GHG reductions and removals), permanence (for removals), and comparability (TBD). …	Advance the public interest by informing and supporting decision making that drives ambitious actions by private and public sector actors to reduce GHG emissions and increase removals in line with global climate goals. …	Promote interoperability with key mandatory and voluntary climate disclosure and target setting programs … while ensuring policy neutrality. Approaches should support appropriate uses of the resulting GHG data and associated information by various audiences …	Approaches which meet the above criteria should be feasible to implement, meaning that they are accessible, adoptable, and equitable. … For aspects that are difficult to implement, GHG Protocol should aim to improve feasibility, for example, by providing guidance and tools to support implementation.

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 meetings

Meeting #	Date	Topics
6	June 30, 2026	**Subgroup 3 focus** • Subgroup 3: Scope 1 disaggregation, required GHGs, GWP values, indirect climate forcers • Subgroup 1: GHG targets • Subgroup 2: Verification and assurance
7	July 16, 2026*	**Subgroup 2 focus** • Subgroup 2: Leased assets, consolidation approaches • Subgroup 3: Data quality, scope 1 methods • Subgroup 1: GHG intensity metrics
8	August 4, 2026	**Subgroup 1 focus** • Subgroup 1: Tracking emissions over time, draft text review • Subgroup 3: Follow up on pending items, draft text review • Subgroup 2: Follow up on pending items, draft text review
9	September 15, 2026	*Tentative – review of revisions*
10	October 6, 2026	*Tentative – review of revisions*
11	October 27, 2026	*Tentative – review of revisions*
12	November 24, 2026	*Tentative – review of revisions*

Meeting times (June-August meetings):

Option 1:
- 08:00-10:30 ET
- 14:00-16:30 CET
- 20:00-22:30 CHN

Option 2:
- 16:00-18:30 ET
- 22:00-00:30 CET
- 04:00-06:30 CHN

Proposed dates updated. Meeting times TBC.

All meetings are scheduled for Tuesdays, with two exceptions indicated with an *, which will be held on Thursdays.

Today's objectives

- Leased assets
- Consolidation approaches package
- Verification and assurance

Primary objective: Review preliminary phase 1 and 2 outcomes from Subgroup 2

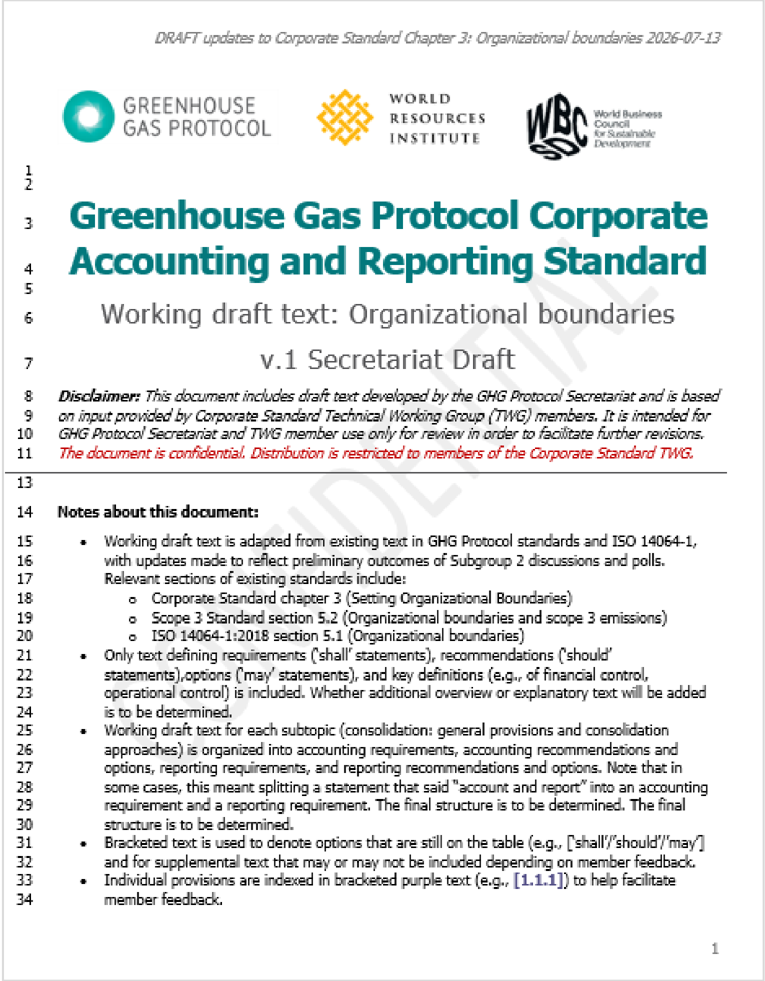
1

- Subgroup 3: Data quality, calculation methodology
- Subgroup 1: GHG intensity metrics

If time permits: Review preliminary outcomes on select Subgroup 3 and Subgroup 1 topics

2

Pre-read: Draft text on Organizational Boundaries



DRAFT updates to Corporate Standard Chapter 3: Organizational boundaries 2026-07-13

GREENHOUSE GAS PROTOCOL | WORLD RESOURCES INSTITUTE | WBCSD World Business Council for Sustainable Development

Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

Working draft text: Organizational boundaries

v.1 Secretariat Draft

Disclaimer: *This document includes draft text developed by the GHG Protocol Secretariat and is based on input provided by Corporate Standard Technical Working Group (TWG) members. It is intended for GHG Protocol Secretariat and TWG member use only for review in order to facilitate further revisions. The document is confidential. Distribution is restricted to members of the Corporate Standard TWG.*

Notes about this document:

- Working draft text is adapted from existing text in GHG Protocol standards and ISO 14064-1, with updates made to reflect preliminary outcomes of Subgroup 2 discussions and polls. Relevant sections of existing standards include:
  - Corporate Standard chapter 3 (Setting Organizational Boundaries)
  - Scope 3 Standard section 5.2 (Organizational boundaries and scope 3 emissions)
  - ISO 14064-1:2018 section 5.1 (Organizational boundaries)
- Only text defining requirements ('shall' statements), recommendations ('should' statements),options ('may' statements), and key definitions (e.g., of financial control, operational control) is included. Whether additional overview or explanatory text will be added is to be determined.
- Working draft text for each subtopic (consolidation: general provisions and consolidation approaches) is organized into accounting requirements, accounting recommendations and options, reporting requirements, and reporting recommendations and options. Note that in some cases, this meant splitting a statement that said "account and report" into an accounting requirement and a reporting requirement. The final structure is to be determined. The final structure is to be determined.
- Bracketed text is used to denote options that are still on the table (e.g., ['shall'/'should'/'may'] and for supplemental text that may or may not be included depending on member feedback.
- Individual provisions are indexed in bracketed purple text (e.g., [1.1.1]) to help facilitate member feedback.

1

Pre-read: Subgroup 2 draft text

- Working draft text is **adapted from existing text in GHG Protocol standards and ISO 14064-1**, with updates to reflect preliminary outcomes of Subgroup 2. Relevant sections of existing standards include:
  - Corporate Standard chapter 3 (Setting Organizational Boundaries) and Appendix F as amendment (Categorizing emissions associated with leased assets)*
  - Scope 3 Standard section 5.2 (Organizational boundaries and scope 3 emissions)
  - ISO 14064-1:2018 section 5.1 (Organizational Boundaries)
- The following subtopics are included in this draft text:
  - Consolidation approaches
  - Organizational boundary setting
  - Leased assets (bookmark)
- **Feedback on draft text to be requested with meeting follow-up survey**

*Where requirements and guidance on leased assets to be provided will be discussed today (i.e., "organizational boundaries" or "operational boundaries"

**Draft text includes Subgroup 2 Phase 1 topic "Organizational boundaries"

Subgroup 2: Status update

Topics considered by Subgroup 2

- **Topics reviewed (at least in part) by full TWG:***
  - Package for setting organizational boundaries (phase 1)
    - Consolidation approaches (phase 1)
  - Verification and assurance – general provisions (phase 2) *initial discussion*
- **Topics not yet reviewed by full TWG:**
  - Leased assets (phase 1)
  - Application of financial control by investment entities (phase 1)
  - Disclosure on verification and assurance (phase 2)

Next steps

- **Today we will cover**
  - Leased assets
  - Address pending items related to package for setting organizational boundaries *(items #3 and #5, and Application of financial control by investment entities)*
  - Disclosure on verification and assurance
- **Full TWG meeting on August 4 *(Subgroup 1 focus)***
  - Verification and assurance – general provisions *(if needed)*
  - Address pending items related to topics already reviewed along with topics not yet reviewed
- **Working draft text under review: Organizational boundaries**
  - Includes requirements ('shall' statements) and key provisions ('should' and 'may' statements), marking pending items

Agenda

• Introduction and housekeeping	15 minutes
• **Leased assets (Subgroup 2)**	**40 minutes**
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

Subgroup 2 agenda has been revised.

GREENHOUSE GAS PROTOCOL

Task force on leased assets

- Task Force consists of **6 volunteer members**
- Kick-off, brainstorming and planning **meetings** were held
- **Deliverable**: Presenting options to consider 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**
- **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** *

Focus today

Evaluate options under consideration

Next steps

Determine necessary key guidance and examples based on the option chosen *(Task Force support)*

* Please see as pre-meeting materials in TWG Shared folder: Subgroup 2 Meeting 14.

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

Balance sheet recognition:

When the **right-of-use** exists:

- together with **lease liability payment obligation**

As a result: The right-of-use asset is then 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 that are exempt from lease accounting in financial accounting:

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

Leased assets: Key external programs

Program	Leased assets requirements/guidance
IFRS S1 & S2	**Silent**
EU CSRD (ESRS disclosures) *latest*	**Latest adopted Delegated Act (Simplified ESRS) *** *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**."* *ESRS 1 AR 39: For example, the **lessee** and not the lessor **is the one causing pollution, using energy or consuming water in a leased factory**. The lessee therefore assesses the material impacts connected with the use of the leased assets in its own operations.*
ISO 14064-1 2018 ISO 14064-4 2025 *(Guidance)*	**No direct requirement on how to categorize emissions from leased assets as scope 1 and 2 vs. scope 3** *B.5.4b: "Leases depend on the nature of item leased, length of the lease, financial and contractual arrangements. Three **main types of leasing** 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)"* *5.2.3.3.1: "**According to the consolidation approach chosen** 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."*
SBTi CNZS (V2) *latest*	**Silent**

➢ **Programs mostly stay silent on the topic except ESRS**

* The European Commission adopted the simplified ESRS as Delegated Act (Annex) on July 3, 2026: https://ec.europa.eu/finance/docs/level-2-measures/csrd-delegated-act-2026-5010-annex_en.pdf

Leased assets: Options under consideration - Overview

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)*

Each option is presented to include:

- Definition
- **How** each option categorizes emissions from leased assets
- Considering lessee and lessor perspective
- Application based on **consolidation approach**
- Key **rationale**
- Decision-making criteria **analysis**

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

* Task force initially drafted 4 options to be considered by Subgroup 2. Please see Subgroup 2 Meeting 14 for the full list of initial options considered. Please note that **Option A+** (a two-step approach for lessee building on Option A) **is now removed** to avoid complexity and promote feasibility and consistent categorization of emissions from leased assets.

GREENHOUSE GAS PROTOCOL

Leased assets: Revised options for consideration

Draft for TWG discussion
Subgroup 2, Phase 1

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 on their BS 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 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

* **Financial accounting** lease exemptions, 2. **Non-financial** exemptions: e.g., leases recognized on BS with limited or no relevant GHG emissions.

Note: Initially evaluated Option A+ (with added assessment for lessee to assess exempted leases from financial accounting) has been removed to avoid added complexity.

WORLD RESOURCES INSTITUTE

World Business Council for Sustainable Development

Leased assets: Revised options for consideration – summary matrix

	Option A Standardized approach – BS recognition	**Option B** Standardized approach – right-of-use	**Option C** Different method per consolidation approach
Boundary	Boundary agnostic	Boundary agnostic	**Not** boundary agnostic
Interoperability	**Aligns** with the ISSB staff recommendation for the treatment of leased assets **under the *financial control approach* only** but **not** for the operational control approach Risk to **interoperability** with ESRS *(especially for lessor)*	**Consistent** with current ESRS approach **Risk to interoperability** with other standards (e.g., not aligned with financial accounting or may not be aligned with balance sheet recognition)	**Financial control**: Aligns with ISSB recommendation **Operational control**: Aligns with the current ESRS and ISSB staff recommendations but potential risk to interoperability with key external programs prioritizing alignment with financial accounting or the financial control approach
Pro	• **Standardized** – based on financial accounting practices • Fully **aligned with the revised financial control** approach	Prioritizes **consistent categorization** of leased assets based on **direct (right of) use** of the asset	• Prioritizes the **intent** of the consolidation approach • Promotes **complete and consistent** accounting as per the adopted consolidation approach • Aligned with ISSB staff recommendation
Con	• **Not fully compatible** with the operational control approach *(e.g., BS recognition does not indicate the nature of operational control for the lessor):* Potential **feasibility challenge for leasing industry** *(e.g., real estate lessor)* • Financial accounting **exemptions may not translate into emissions categorization** *(e.g., based on the financial value of the asset does not change the emissions profile or how the asset is operated)*	**For financial control**: Diverges from financial accounting method: Especially the emissions profile in the leasing industry **for lessors** may differ significantly from financial accounting *(right-of-use accounting does not apply to lessors as the lessor is the party granting the right-of-use to the lessee)*	May incentivize companies to choose the approach that presents a **more favorable emissions profile**

Leased assets: Decision-making criteria analysis

Criterion	Option A Standardized – balance sheet recognition	Option B Standardized – right-of-use	Option C Different per consolidation approach
Scientific integrity	N/A		N/A
GHG accounting and reporting principles	**Con**: **Inhibits consistency** in categorizing emissions *(e.g., financial accounting exemptions and nature of operational control; for the lessor)* and **completeness**	**Pro**: Promotes **relevance, consistency** and **completeness** of scope 1 and 2 emissions (for lessee only)	**Pro:** Promotes **relevance, consistency** and **completeness** of scope 1 and 2 emissions (per chosen consolidation approach)
Support decision-making that drives ambitious global climate action	**Pro**: **Standardized** categorization of leased assets **Con**: May **not provide full picture** of emissions (e.g., financial accounting exemptions for leases may not necessarily translate to GHG accounting	**Pro**: Reporting based on use of the asset, providing **impact focused information** **Con**: Risk to **delineate from financial accounting** *(especially if the financial control approach is adopted)* *	**Pro**: Aims to **maximize consistent recognition** of emissions from leased assets from a GHG accounting organizational boundaries perspective **Con**: 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	**Pro**: Enhances **comparability** and is consistent/**compatible with financial information** **Con**: Interoperability **challenges** with key external programs *(e.g., ESRS – especially lessor perspective);* not compatible with how **operational control** is assessed *(for lessors)*	**Pro**: **Aligns** with one of key external programs (ESRS) **Con**: **Inhibits alignment** with financial accounting *(especially for lessor)** ; **not aligned** with ISSB recommendation	**Pro**: Maintains **full alignment with financial accounting if *financial control*** is applied; maintains **full alignment with ESRS if *operational control*** is applied; Potential to be interoperable with key external programs under operational control **Con**: Risk to interoperability with external programs depending on approach chosen *(ESRS; if financial control approach is chosen and option A applied)* *
Feasibility to implement ***	**Con**: Can increase feasibility challenge for a **specific subset** of users *(e.g., leasing industry – lessors)*	**Pro**: Close to current market practice	**Con**: Can increase feasibility challenge for a **specific subset** of users *(e.g., leasing industry – lessors)*

* Subgroup 2 discussion to address this con: corresponding scope 3 line item *(i.e., downstream leased assets)* could be linked with financial information to maintain alignment (especially for lessor accounting).
** Required disclosure on rationale for not following the recommended approach could address this con.
*** May result in reporting procedure changes but does not pose challenge to data availability/quality/collection—unless stated otherwise—as it will only determine whether emissions will be categorized as scope 1 and 2 vs. scope 3.

Leased assets: Revised options for consideration

Option A
Standardized approach – Balance Sheet recognition

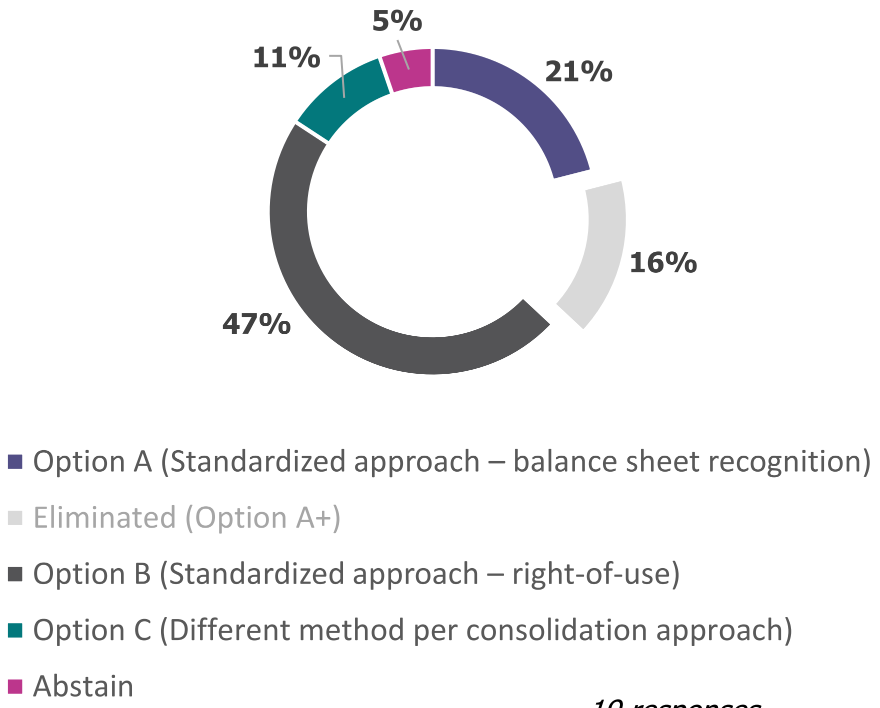
~~**Option A+**~~
~~Two step approach – building on Option A~~

Option B
Standardized approach – Right-of-use

Option C
Different method per consolidation approach

Subgroup 2 Meeting 14 feedback *

Split opinion



19 responses

* Task force initially drafted 4 options to be considered by Subgroup 2. Please see Subgroup 2 Meeting 14 for the full list of initial options considered. Please note that **Option A+** (a two-step approach for lessee building on Option A) **is now removed** to avoid complexity and promote feasibility and consistent categorization of emissions from leased assets.

Leased assets: discussion and polls

Discussion

Polls

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

- Option A *(Standardized approach – balance sheet recognition)*
- Option B *(Standardized approach – right-of-use)*
- Option C *(Different method per consolidation approach)*
- Abstain

Please note that the Secretariat will include a question in the Meeting 7 follow-up survey, **requesting input** from members on **where to capture the subtopic of leased assets in the Corporate Standard** *(i.e., organizational boundaries, operational boundaries, other)* to support further text development and revision process.

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• **Consolidation approaches package (Subgroup 2)**	**25 minutes**
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

GREENHOUSE GAS PROTOCOL

Full Package
Reminder

Proposed package for setting organizational boundaries

Preliminary outcome

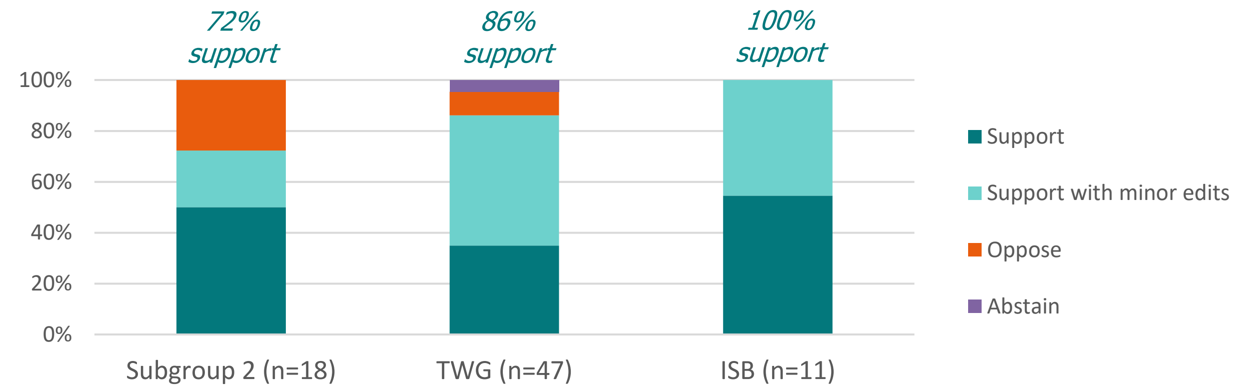
1. *Require* consolidation based on **control**
2. *Recommend* **financial control**
3. *Recommend* **add-on reporting** under **operational control** where relevant
4. Maintain **operational control** as a **standalone option** where relevant
5. **Disclosure requirement** on rationale for applying a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

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

Rationale

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

Level of support



Implications

- Recommended best practice approach **more complex** than status quo *(when add-on reporting applies)*
- Continued **coordination with external programs** needed to promote **interoperability**
- Some **optionality maintained**, not all reporters expected to adopt recommended best practice approach
- Equity share approach **eliminated** *(captured by mapping to financial control and requiring scope 3 category 15 reporting)*

Package of proposed revisions to setting organizational boundaries - overview

Package item #	Working draft text	Notes
1. *Require* consolidation **based on control**	Companies ***shall*** account for and report their consolidated GHG emissions based on **control**. Control can be **defined in terms of financial control and/or operational control.**	**Equity share** approach **eliminated**
2. *Recommend* **financial control**	Companies ***should*** apply the financial control consolidation approach, whereby companies account for and report on all required GHG emissions from entities under the reporting company's financial control (i.e., included in their consolidated financial statements).	**Future-proof alignment** of financial control approach with financial accounting with a **GAAP-agnostic principle-based definition**
3. *Recommend* **add-on reporting** under **operational control** where relevant	Additionally, **if it enables the organization** 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**	**PENDING ITEMS TO COVER TODAY:** • **Confirm key term**: Fair representation • **Confirm separate** reporting from the inventory
4. Maintain **operational control** as a **standalone/separate option** where relevant	Companies ***may*** apply the operational control consolidation approach **in lieu of financial control**, whereby companies account for and report on all required GHG emissions from entities, operations, and assets **under the reporting company's operational control**.	Operational control **under revision** to provide further clarity for consistent application while maintaining its purpose
5. Disclosure requirement on rationale for the approach applied	Companies **shall** disclose the chosen consolidation approach. Companies choosing not to apply the recommendations to consolidate emissions (item #2 and #3) ***shall*** disclose their **rationale for choosing a different approach**. The rationale ***should*** include the outcomes of a **screening assessment** comparing the entities, operations, and assets under the reporting company's financial control and operational control.	Providing **flexibility** for reporters while promoting **transparency** for the user of GHG data **PENDING ITEM TO COVER TODAY:** Confirm **recommending** companies to disclose their **screening assessment outcomes**

Topic **excluded** from the package due to **strong opposition**:
Providing **jurisdictional relief** allowing companies to apply jurisdictionally required consolidation approach if differs from the CS.

Package Item #3 — Recommend add-on operational control where relevant *

Preliminary outcome: Proposed text

*"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."*

Level of support

Separate reporting:

Full TWG Meeting 5	SG2 Meeting 12
Split opinion	***Majority support***
• 17 of 45: Support • 23 of 45: Oppose (include in inventory) • 5 of 45: Abstain	• **13 of 19: Support** • 6 of 19: Oppose • 0 of 19: Abstain

Key terms and final definition

SG2 Meeting 14

("if it enables the organization" + "fair representation"):

- **15 of 18: Support**
- 2 of 18: Oppose
- 1 of 18: Abstain

Rationale

Separate reporting as additional information*

- Promotes **interoperability** (i.e., inventory = single consolidation approach)**
- Promotes **transparency** for decarbonization

Definition

- **Fair representation*****: Term used in other standards with similar context (e.g., IFRS S1 and ESRS)
- **Final definition:** More **neutral wording** to focus on better presentation rather than proving deficiency (i.e., instead of "if financial control fail to provide")

Implications and concerns

- **Feasibility** concerns for separate reporting (e.g., further guidance may be needed to explain separate reporting) *
- Term "fair representation" may be **open to interpretation**

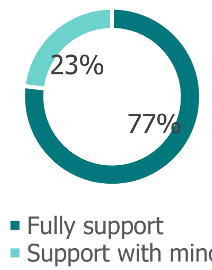
* Key guidance or reporting template will be discussed.
** Recent directional update from EU CSRD: ESRS E1 plans to allow all 3 consolidation approaches (i.e., eliminate conditional dual reporting)
*** Fair representation will be defined as adhering to GHG accounting and reporting principles

Item #5 Disclosure requirement on rationale for the approach applied

Preliminary outcome: Proposed text

- ***Accounting:*** *"The organization* ***should*** *conduct a screening assessment comparing the entities, operations and assets under the reporting organization's financial control and operational control to determine the consolidation approach that enables fair representation of its GHG emissions." **
- ***Reporting:*** *The organization* ***should*** *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).*

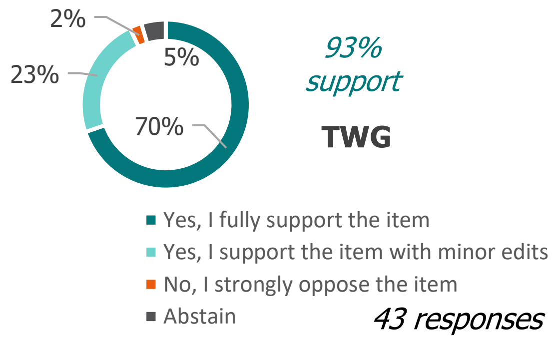
Level of support



100% support

Subgroup 2

13 responses



93% support

TWG

43 responses

Rationale

- Promotes **informed consolidation approach selection**
- **Promotes transparency** to why the recommended consolidation approach was not adopted

Implications and concerns

- **Feasibility** concerns
  - Effort to conduct screening assessment **
  - Further guidance needed to explain the nature of the screening assessment

* Text Proposed by the Secretariat to define the ***accounting recommendation*** that supports the ***reporting recommendation***.
** Key guidance or reporting template will be discussed.

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 recognized through equity method (non-controlled)
- Subsidiaries and investments in associates, joint ventures are measured at **fair value** (profit/loss)

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 the parent's **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 the parent's **scope 3 category 15**

In practice: Investment entity reports "**portfolio emissions" as scope 3 category 15** (aligned with the intended application of the financial control approach)

Any questions or comments?

Financial control | Financial control approach for investment entities

Preliminary outcome

Proposed approach: Current definition of the financial control approach is sufficient to be applied by investment entities

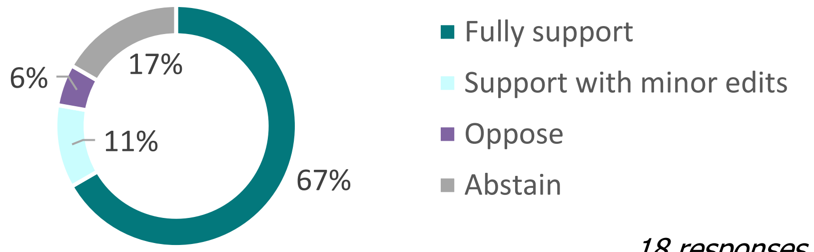
There is **no need to define prescriptive or additional rules** defining how the financial control approach applies to investment entities

Rationale

- Maintain intent of the **principle-based approach** for financial control
- Maintain **full alignment** with consolidated financial statements while applying the financial control approach
- **Portfolio emissions** would be captured under scope 3 category 15 *(exceptions based on financial accounting apply)*

Subgroup 2 level of support

Do you support the proposed approach?



18 responses

Implications and concerns

- **Parent** of the investment entity may **adopt a significantly different consolidation (for investment subsidiaries) based on the financial accounting standard** they use (e.g., IFRS vs. U.S. GAAP)

Consolidation approaches package: discussion and polls

Discussion

Polls

#	Question	Options
1	**Package item #3** **Do you support the following preliminary Subgroup 2 outcome?** **Definition of package item #3** on additionally recommending operational control ***Proposed text:*** *"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."*	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	**Package item#5** **Do you support the following preliminary Subgroup 2 outcome?** **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).	A. Support B. Oppose C. Abstain
3	**Do you support the following preliminary Subgroup 2 outcome?** Current **financial control approach definition is sufficient** to be adopted by **investment entities**.	A. Support B. Oppose C. Abstain

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• **Verification and assurance (Subgroup 2)**	**15 minutes**
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

GREENHOUSE GAS PROTOCOL

Verification and assurance: Overview

Main topics covered under verification and assurance are:

General provisions	Reporting provisions
Obtaining independent third-party verification or assurance:	**Required, recommended or optional information to be disclosed on independent third-party verification or assurance**:
Whether to require (shall), recommend (should), provide as option (may) or be silent	1. Whether it was obtained 2. If not, explain why it was not obtained
Share Full TWG Meeting 6 feedback on this	**Focus on this**

TODAY we will ➡

Full TWG Meeting 6 outcomes: Verification and assurance

General provision on verification and assurance

Options considered for obtaining third-party independent verification or assurance (V/A):

- *Require*
- *Recommend*
- *Optional*
- *Be silent*

Subgroup 2 preliminary outcome:

Be silent *on (obtaining third-party) verification and assurance*

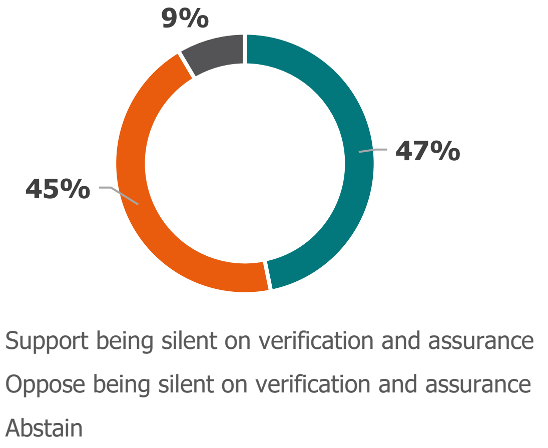
Arguments for being silent:

- **Not the role** of GHG Protocol
- Role of **regulators**
- **Separate guidance** could be provided **outside** the Corporate Standard

Full TWG Meeting 6 feedback

Do you support Subgroup 2 preliminary outcome?

Split opinions



47 responses

Arguments against being silent:

- V/A helps **streamlined and reliable reporting**
- **Recognition of the topic** (i.e., high-level guidance: 'may' statement) in the Standard is needed to support the ecosystem
- **Promote better quality** process and outputs

Note: Meeting 6 poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

Disclosure on verification and assurance: GHG Protocol standards

Standard	**Corporate Standard** *(Chapter 10)*	**Scope 3 Standard** *(Chapter 10)*	**Land Sector and Removals Standard** *(Chapter 19)*
Verification/ Assurance coverage	Guidance only	Guidance only	Limited assurance **recommendation**
Reporting requirement (whether third-party assurance was obtained)	Optional/Recommended (when applicable)	Optional/Recommended (when applicable)	Required

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.

Most recent GHG Protocol approach: LSR Standard

- Sets **disclosure requirement** including **disclosure on whether third-party assurance was obtained** and, if not, a **justification** to why it was not obtained

Also:

- Recommends **limited assurance** (at a minimum)
- Provides recommendation for **GHG regulators and programs**

Cell indicates a deviation from the other standards

Disclosure
Verification & Assurance

Reporting provisions on verification and assurance

Preliminary outcome

- **Split opinions** on **whether** to require/recommend/optional disclosure on whether third-party assurance was obtained
- **Do not** require/recommend/optional **disclosure on a rationale if** third-party assurance was **not obtained**

Subgroup 2 level of support

Disclosure on whether

SG2 Meeting 14
Split opinion
- 1 of 19: Require *(shall)*
- 6 of 19: Recommend *(should)*
- 1 of 19: Optional *(may)*
- 11 of 19: Be silent
- 0 of 19: Abstain

Disclosure on why not obtained

SG2 Meeting 14
Majority support
- 1 of 19: Require *(shall)*
- 3 of 19: Recommend *(should)*
- 1 of 19: Optional *(may)*
- **14 of 19: Be silent**
- 0 of 19: Abstain

Rationale

Whether it was obtained:

- **Include provision (shall/should/may):** Valuable information to some; ensures transparency
- **Be silent**: Not the role of GHGP; both the organization and assurance provider would include the assurance statement/opinion/report as part of their GHG reports so no need to require

Rationale on why it was not obtained:

- **Be silent**: Not the role of GHGP; not useful information
  - Does not change the fact that information is not assured
  - Rationale could be as simple as "not sufficient resources"

Implications and concerns

- Lack of information on **whether** third-party assurance was obtained—along with key details—could **inhibit transparency**
- **Being silent** is **not consistent** with **GHGP's longstanding treatment** of the topic "verification and assurance" aiming to promote awareness

Verification and assurance: discussion and polls

Discussion

Polls

#	Question	Options
1	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].*	A. Requirement ('shall') B. Recommendation ('should') C. Optional ('may') D. Be silent E. Abstain
2	**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).	A. Support B. Oppose C. Abstain

General specifications on obtaining verification/assurance (i.e., shall/should/may/be silent) will be concluded in the following meeting on August 4th combining this meeting's outcomes on disclosure items.

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• **Data quality and calculation methods (Subgroup 3)**	**30 minutes**
• GHG intensity metrics (Subgroup 1)	15 minutes
• Wrap up and next steps	10 minutes

GREENHOUSE GAS PROTOCOL

Subgroup 3 Phase 2: Preliminary outcomes on data quality

Covered at the last meeting | *Topics for this meeting*

Operational/inventory /reporting boundaries	Data quality tiers	Scope 1 calculation methods

Operational/inventory /reporting boundaries

Covered at TWG Meeting 6:

- Scope 1 disaggregation
- Required GHGs
- Global warming potential
- Indirect climate forcers

Follow-up needed on:

- Indirect climate forcers on whether an aviation radiative forcing multiplier should be used

Data quality tiers

This meeting:

- **Revised data quality tiers**
- **Unclassified tier**
- **Requirement ("shall" statement)**

Scope 1 calculation methods

This meeting:

- **Draft text on calculation methods**
- **Monetary activity data and spend-based emission factors**

August meeting:

- Draft text on specific topics (i.e., heating values, oxidation factors, artificial intelligence)
- Scope 1 calculation method definitions
- Scope 1 calculation method hierarchy

TWG meeting 6 poll results: Scope 1 disaggregation

Topic	Preliminary outcome	Poll results
Scope 1 disaggregation	**Require disaggregated reporting of scope 1 emissions**	**42 of 54: Support** 10 of 54: Oppose 2 of 54: Abstain
	Add **"land emissions" category** to scope 1	**45 of 52: Support** *(8 with edits)* 3 of 52: Oppose 4 of 52: Abstain
	"May" statement on scope 1 subcategories	**45 of 53: Support** *(11 with edits)* 4 of 53: Oppose 4 of 53: Abstain

TWG member concerns:

- Scope 1 disaggregation is not decision-useful for organizations with relatively small scope 1 emissions
- Concern about double-counting biogenic emissions
- Alignment with other programs for disaggregated reporting
- Feasibility concerns

For further consideration:

- Is scope 1 category disaggregation separate from or also by GHG?
- Guidance for organizations with non-significant land emissions
- Clarify linkages between LSR Standard and Corporate Standard
- Simplify text on scope 1 subcategories

Note: These poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

TWG meeting 6 poll results: Required GHGs

Topic	Preliminary outcome	Poll results
Required GHGs	**Require the GHGs covered by UNFCCC** (*status quo)*	**50 of 51: Support** 1 of 51: Oppose 0 of 51: Abstain
	Recommendation for other GHGs, reported separately *(status quo)*	**42 of 51: Support** 4 of 51: Oppose 5 of 51: Abstain
	Require individual reporting by GHG for scope 1 and scope 2 *(status quo)*	**43 of 51: Support** 6 of 51: Oppose 2 of 51: Abstain

TWG member concerns:

- Reporting by GHG not material or decision-useful in all cases
- Feasibility for disaggregation of scope 1 and scope 2 by GHG
- Reporting other GHGs could dilute and distract from GHG inventory report

For further consideration:

- Reconsider scope 2 disaggregation by GHG due to feasibility concerns
- Clarify when organizations should report on any new GHGs covered by UNFCCC
- Reporting template to make clear separate reporting

Note: These poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

TWG meeting 6 poll results: Global warming potential

Draft for TWG discussion
Subgroup 3, Phase 2

Topic	Preliminary outcome	Poll results
Global warming potential	**Require 100-year GWP** *(status quo)*	**52 of 52: Support** 0 of 52: Oppose 0 of 52: Abstain
	Recommend 20-year GWP for organizations with significant methane emissions	**42 of 52: Support** *(10 with edits)* 4 of 52: Oppose 6 of 52: Abstain
	"May" statement for **other metrics** (e.g., GTP, GWP*)	**44 of 52: Support** *(4 with edits)* 4 of 52: Oppose 4 of 52: Abstain
	Recommend most recent **IPCC Assessment Report** *(status quo)*	**49 of 52: Support** *(13 with edits)* 0 of 52: Oppose 3 of 52: Abstain
	Other specific IPCC Assessment Report topics	**46 of 52: Support** *(11 with edits)* 2 of 52: Oppose 4 of 52: Abstain

TWG member concerns:

- 20-year GWP recommendation is not necessary if also requiring disaggregation by GHG
- Feasibility concerns for 20-year GWP
- Concern about ambiguous definition of "significant"

For further consideration:

- Which emissions report (20-year or 100-year GWP) should be used for identifying quantitative exclusions?
- Consider revising disclosure requirement for not using most recent IPCC AR
- Clarify what to do when new IPCC Assessment Reports are available
- Clarify that 20-year GWP recommendation applies to the full GHG inventory

Note: These poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

TWG meeting 6 poll results: Indirect climate forcers

Topic	Preliminary outcome	Poll results
Indirect climate forcers	Should companies use an **aviation radiative forcing multiplier/index**?	***Split opinions*** **15 of 53: Should** **21 of 53: Organizations with significant aviation emissions should** **16 of 53: May** 1 of 53: Abstain
	Do you support the **disclosure requirement and separate reporting requirement** for the aviation radiative forcing multiplier/index?	**46 of 53: Support** *(9 with edits)* 5 of 53: Oppose 2 of 53: Abstain
	Do you support providing **indirect climate forcers** as optional separate reporting?	**46 of 53: Support** *(5 with edits)* 2 of 53: Oppose 5 of 53: Abstain

TWG member concerns:

- Uncertainty of aviation radiative forcing multipliers

For further consideration:

- Split opinions on aviation radiative forcing multiplier/index options

Note: These poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

Data quality tiers: Original approach proposed by Subgroup 3

Original data quality tiers

Measured, specific, and other

*Companies **shall** report scope 1 inventory emissions disaggregated by the specificity of the data, in **three tiers**:*

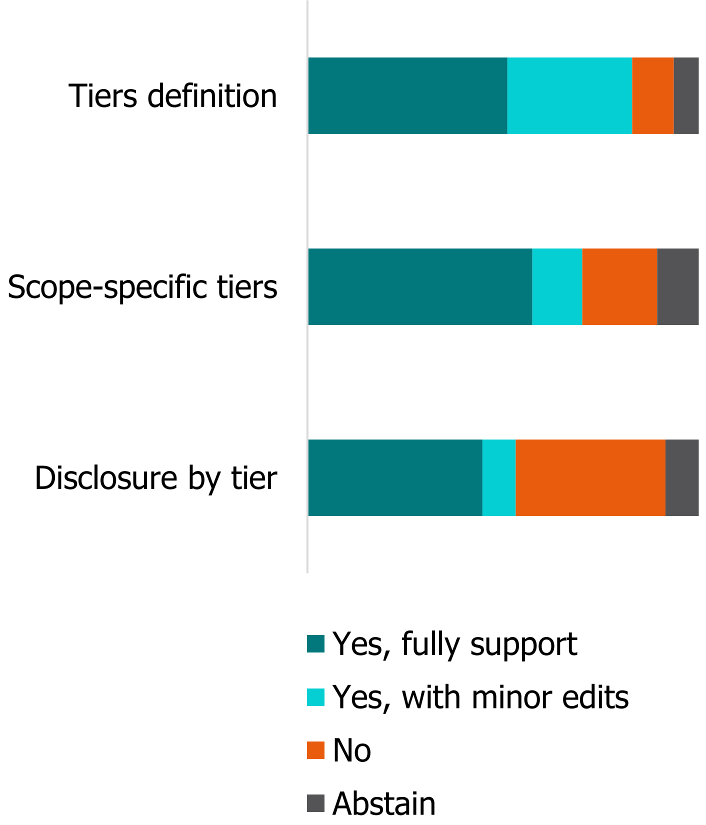
- ***Measured** (i.e., quantitative data from monitoring or measurement)*
- ***Specific** (i.e., activity data AND emission factors specific to the emissions source)*
- ***Other** (e.g., industry averages, spend-based emission factors)*

*Companies **may** report any emissions source as "unclassified."*

Concerns raised:

- Feasibility
- Differentiating between "measured" and "specific" may not add value for companies
- Not aligned with other programs

Full TWG Meeting 5 feedback



Majority support for the proposed data quality tiers

Majority support for defining scope-specific tiers

Split opinions on requiring disaggregation of scope 1 emissions by data quality tier

Data quality tiers: An alternative proposal

Original data quality tiers

Measured, specific, and other

*Companies **shall** report scope 1 inventory emissions disaggregated by the specificity of the data, in **three tiers**:*

- ***Measured** (i.e., quantitative data from monitoring or measurement)*
- ***Specific** (i.e., activity data AND emission factors specific to the emissions source)*
- ***Other** (e.g., industry averages, spend-based emission factors)*

*Companies **may** report any emissions source as "unclassified."*

Alternative data quality tiers

Supported by Subgroup 3

Primary data, secondary data, and unclassified

*The organization **shall** disaggregate and report Scope 1 emissions into three tiers by data source using the following classification:*

- ***Calculated using primary data**. Primary data is a quantified value of a process or an activity obtained from a direct measurement or a calculation based on direct measurements. When calculated, primary scope 1 emissions are quantified using estimation methods based on primary activity data and [representative]* emission factor(s), expressed in physical units.*
- ***Calculated using secondary data**. Secondary data is data obtained from sources other than primary data*
- ***Unclassified** may include emissions from the above tiers if an organization is unable or unwilling to disaggregate.*

*The organization **shall not** double-count emissions across data sources, and figures **shall** be expressed in mass units of CO_2e (e.g., t CO_2e), rather than percentages (%). When calculated, primary data used in scope 1 emissions **shall** be quantified using estimation methods based on primary activity data and [representative] emission factor(s), expressed in physical or functional units. Unclassified emissions **may** include emissions from primary or secondary data if the organization is unable or unwilling to disaggregate.*

*__Representative emission factors__ are yet to be defined, but is likely to refer to data quality principles (e.g., geographical, temporal, and technological representativeness), with users to gauge the representativeness of an emission factor. Representative emission factors are not necessarily primary to the reporting organization and can be from databases or literature sources.

Subgroup 3
Data quality

Requirement for reporting scope 1 by data quality tier

Preliminary outcome

Require disaggregated reporting of scope 1 emissions by revised data quality tiers

*The organization **shall** disaggregate and report Scope 1 emissions into three tiers by data source using the following classification:*

- *Calculated using primary data*
- *Calculated using secondary data*
- *Unclassified*

Level of support from Subgroup 3

Which data quality tiers?
- **11 of 15: Alternative data quality tiers** (i.e., primary, secondary)
- 2 of 15: Original data quality tiers (i.e., measured, specific, other)
- 2 of 15: Abstain

Unclassified tier?
- **11 of 18: Yes**
- 5 of 18: No
- 2 of 18: Abstain

Requirement or recommendation?
- **11 of 18: Shall report data quality tiers**
- 5 of 18: Should report data quality tiers
- 2 of 18: Abstain

Rationale

- Promotes **transparency**
- Supports **users of the data** by allowing them to interpret emissions results
- Promotes **feasibility** with simplified approach and "unclassified" tier
- **Aligned with ISO** by using ISO definitions of primary data and secondary data

Implications and concerns

- **Data management** can be onerous, particularly for SMEs; costs can divert from decarbonization
- Unclassified tier effectively makes data quality tiers **optional**
- **Definitions** are aligned with ISO. However, "primary data" and "secondary data" can be defined differently in other programs and sectors.

For more information, see Subgroup 3 Meetings 12 and 14 minutes and slides

Polls: Data quality tiers

Discussion

Polls

Do you support the following preliminary Subgroup 3 outcomes?

#	Preliminary outcome	Draft text	Options
1	**Require disaggregated reporting of scope 1 emissions by revised data quality tiers**	*The organization **shall** disaggregate and report Scope 1 emissions into three tiers by data source using the following classification:* • ***Calculated using primary data**. Primary data is a quantified value of a process or an activity obtained from a direct measurement or a calculation based on direct measurements. When calculated, primary scope 1 emissions are quantified using estimation methods based on primary activity data and [representative] emission factor(s), expressed in physical or functional units.* • ***Calculated using secondary data**. Secondary data is data obtained from sources other than primary data.* • ***Unclassified** may include emissions from the above tiers if an organization is unable or unwilling to disaggregate.* *The organization **shall not** double-count emissions across data sources, and figures shall be expressed in mass units of CO2e (e.g., t CO2e), rather than percentages (%). When calculated, primary data used in scope 1 emissions **shall** be quantified using estimation methods based on primary activity data and [representative] emission factor(s), expressed in physical or functional units. Unclassified emissions **may** include emissions from primary or secondary data if the organization is unable or unwilling to disaggregate.*	A. Fully support B. Support with minor edits C. Oppose D. Abstain

Calculation methods and emission factors: Draft text

Working draft text:
Identifying and calculating scope 1 GHG emissions

1. *The organization **shall*** undertake an exercise to identify its scope 1 emission sources in the following activity types: stationary combustion, mobile combustion, process emissions, fugitive emissions, [and land emissions].*
2. *The organization **should** identify the appropriate scope 1 calculation method using the best available data.*
3. *The organization **should** select activity data and emission factors, as applicable, that are the most representative in terms of technology, time, and geography; most complete; and most reliable.***
4. *The emission factor **shall** match the units of the activity data and the calculation method selected.*
5. *The organization **should** use site-specific data.*
6. *The organization **may** use accessible data.*

Changes since Full TWG Meeting 5

- Added provisions 1 and 2 on identifying sources and methods
- Added statement 5 on site-specific data
- Added provision 6 on accessible data
- **Draft text had majority support in the Subgroup 3 Meeting 14**
- **Changed provision 1 from “should” to “shall” following Subgroup 3 Meeting 14 member feedback**

Definitions:

- **Site-specific data** is primary data obtained within the organizational boundary. Site-specific data can be collected from a facility/equipment or can be averaged across facilities/equipment that have similar functions. They can be measured or modeled. *(Source: ISO 14064-1:2018)*
- **Best available data** are the most representative in terms of technology, time, and geography; most complete; and most reliable.
- **Accessible data**: Publicly available; free to use; and from a credible source (such as a government agency, system operator, or recognized registry).

*Changed provision 1 from “should” to “shall” following Subgroup 3 Meeting 14 member feedback
**Data quality indicators from Scope 3 Standard are used to define “representative”

Subgroup 3
Methods

Identifying and calculating scope 1 emissions

Preliminary outcome

Draft text on identifying and calculating scope 1 emissions

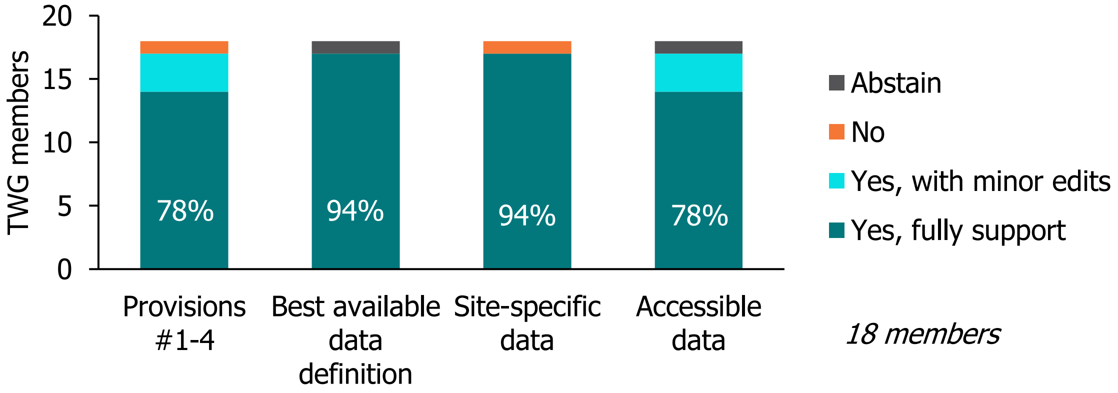
Provisions on identifying emissions sources, identifying a method, representative data, matching units, site-specific data, and accessible data.

See previous slide for complete text

Rationale

- Provides clearer guidance on best practices for scope 1 calculations
- Promotes **accuracy, completeness, relevance,** and **consistency**
- Supports **feasibility** with "may" statement on accessible data

Level of support from Subgroup 3



18 members

Implications and concerns

- A member noted that provisions 2 (calculation method) and 3 (activity data and emission factors) overlap. **Simplifying the text** will be considered during text editing phase.
- A member suggested that **site-specific data** is very similar to the data quality criteria "geographically representative data."
- Suggested to change "**accessible data**" statement to a "may" statement "…where no other data can be found."

For more information, see Subgroup 3 Meeting 14 minutes and slides

Monetary activity data and spend-based emission factors for scope 1

Monetary activity data:

- Reports the consumption of a resource in monetary units rather than physical units
- **Can be converted to physical units** with reasonable accuracy using conversion factors that are geographically and temporally representative, assuming accurate conversion factors are available
- Examples: USD$ on natural gas, Euro spent on petrol, Japanese yen spent on fuel oil

Spend-based emission factor:

- Emissions generated per monetary unit
- Usually on a **life cycle basis**
- Examples: kg CO_2 / USD spent on natural gas

Option A:
Physical units only

- *The organization **shall** collect scope 1 activity data that is in physical units.*
- *The organization **shall not** collect monetary scope 1 activity data.*
- *Spend-based emission factors **shall not** be used to calculate scope 1 emissions.*

6 of 18 Subgroup 3 members

Option B:
Allow monetary activity data
Prohibit spend-based emission factors

- *The organization **should** collect scope 1 activity data that is in physical units.*
- *The organization **may** collect monetary scope 1 activity data.*
- *If scope 1 activity data is collected in monetary units, then it **shall** be converted to physical units.*
- *Spend-based emission factors **shall not** be used to calculate scope 1 emissions.*

9 of 18 Subgroup 3 members

~~**Option C:**~~
~~**Allow** monetary activity data~~
~~**Allow** spend-based emission factors~~

- ~~*The organization **should** collect scope 1 activity data that is in physical units.*~~
- ~~*The organization **may** collect monetary scope 1 activity data.*~~
- ~~*If scope 1 activity data is collected in monetary units, then it **should** be converted to physical units.*~~
- ~~*Spend-based emission factors **should not** be used to calculate scope 1 emissions.*~~

~~**Note: Spend-based EFs are often on a life cycle basis and not appropriate for scope 1**~~

1 of 18 Subgroup 3 members

Decision-making criteria:
Scope 1 monetary activity data and spend-based emission factors

Criteria	A. Physical units only	B. Allow monetary activity data Prohibit spend-based emission factors	C. Allow monetary activity data Allow spend-based emission factors
Scientific integrity	**Pros**: Reflects the physical quantity for activity data	**Pros**: After conversion, reflects the physical quantity for activity data	**Cons**: Introduces uncertainty and can apply incorrect system boundaries for scope 1 emissions
GHG accounting and reporting principles	**Pros**: Promotes accuracy	**Pros**: Promotes accuracy, assuming the use of representative conversion factors	**Cons**: Hinders accuracy
Support decision-making that drives ambitious global climate action	**Pros:** Accurate emissions data supports informed decision-making	**Pros:** Accurate emissions data supports informed decision-making	**Cons**: Uncertain emissions data hinders decision-making
Support programs based on GHG Protocol and uses of GHG data	**Pros**: Supports users of the data, especially value chain partners that would have more accurate data for their scope 3 reporting Interoperable with external programs.	**Pros**: Supports users of the data, especially value chain partners that would have more accurate data for their scope 3 reporting Interoperable with external programs.	**Pros**: Interoperable with external programs. **Cons**: Reduces support to users, especially value chain partners that would have less accurate data for their scope 3 reporting
Feasibility to implement	**Cons**: Some reporters may not be able to collect all activity data in physical units	**Pros:** Can use monetary activity data **Cons**: Additional conversion factors must be collected to accurately convert monetary activity data to physical units	**Pros**: Feasible for all companies

Note: Modified following Subgroup 3 Meeting 14 to include light green

Subgroup 3
Methods

Monetary activity data and spend-based emission factors

Preliminary outcome

Two options to be polled on:

A. Physical units only

B. Allow monetary activity data and prohibit spend-based emission factors

Disclosure requirement for monetary activity data conversion factors

- *The organization **shall** report any conversion factors used to convert scope 1 monetary activity data to physical units.*

Key considerations

- **Option A:** Most supports accuracy, but has significant feasibility challenges
- **Option B:** Accuracy is potentially hindered (based on conversion factors), but promotes feasibility

Level of support from Subgroup 3

Split opinions

Which **approach** do you support for scope 1 monetary activity data and spend-based EFs?

- **6 of 18: Allow physical units only**
- **9 of 18: Allow monetary activity data; prohibit spend-based EFs**
- 1 of 18: Allow monetary activity data; allow spend-based EFs
- 2 of 18: Abstain

If allowed, should companies **disclose** conversion factors used to convert scope 1 monetary activity data to physical units?

- **11 of 17: Shall disclose**
- 5 of 17: Should disclose
- 0 of 17: May disclose
- 1 of 17: Abstain

Discussion

Which of the following **narrowed options** do you support for monetary activity data?

A. Physical units only

B. Allow monetary activity data and prohibit spend-based emission factors

For more information, see Subgroup 3 Meeting 14 minutes and slides

Polls: Scope 1 calculation methods

Discussion

Polls

#	Question	Draft text	Options
1	Do you support the draft text and definitions on **identifying and calculating GHG emissions**?	1. *The organization **shall*** undertake an exercise to identify its scope 1 emission sources in the following activity types: stationary combustion, mobile combustion, process emissions, fugitive emissions, [and land emissions].* 2. *The organization **should** identify the appropriate scope 1 calculation method using the best available data.* 3. *The organization **should** select activity data and emission factors, as applicable, that are the most representative in terms of technology, time, and geography; most complete; and most reliable.* 4. *The emission factor **shall** match the units of the activity data and the calculation method selected.* 5. *The organization **should** use site-specific data.* 6. *The organization **may** use accessible data.*	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	Which of the following options do you support for **monetary activity data**?	**Option A: Physical units only** • *The organization **shall** collect scope 1 activity data that is in physical units.* • *The organization **shall not** collect monetary scope 1 activity data.* • *Spend-based emission factors **shall not** be used to calculate scope 1 emissions.* **Option B: Allow monetary activity data; Prohibit spend-based emission factors** • *The organization **should** collect scope 1 activity data that is in physical units.* • *The organization **may** collect monetary scope 1 activity data.* • *If scope 1 activity data is collected in monetary units, then it **shall** be converted to physical units.* • *Spend-based emission factors **shall not** be used to calculate scope 1 emissions.*	A. Physical units only B. Allow monetary activity data and prohibit spend-based emission factors C. Abstain
3	Do you support a **disclosure requirement** for monetary conversion factors?	*The organization **shall** report any conversion factors used to convert scope 1 monetary activity data to physical units.*	A. Fully support B. Support with minor edits C. Oppose D. Abstain

*Changed provision 1 from "should" to "shall" following Subgroup 3 Meeting 14 member feedback

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• **GHG intensity metrics (Subgroup 1)**	**15 minutes**
• Wrap up and next steps	10 minutes

GREENHOUSE GAS PROTOCOL

Subgroup 1 Phase 2: Status update

Topics considered by Subgroup 1

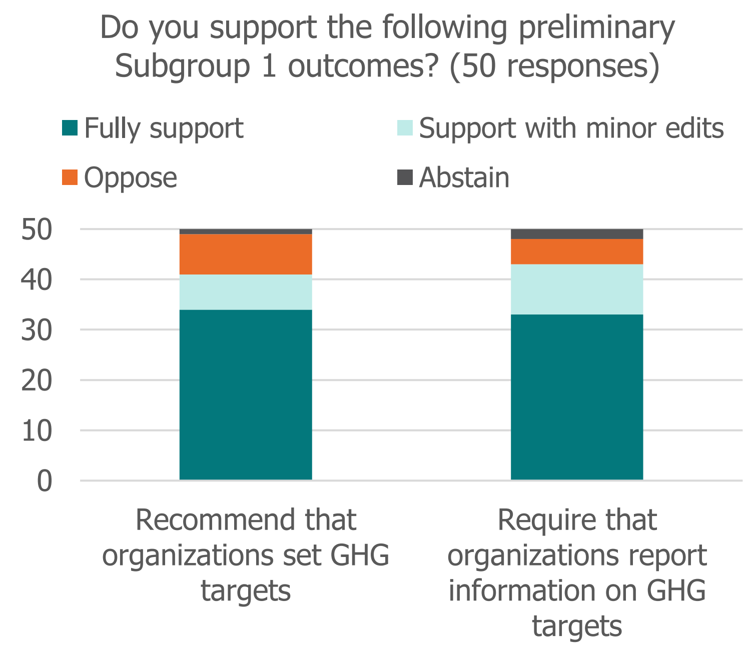
- **Topics reviewed (at least in part) by full TWG:***
  - Base year selection
  - Base year recalculation policy and significance thresholds
  - Reporting requirements/emissions profile over time
  - GHG targets
- **Topics not yet reviewed by full TWG:**
  - Options for when data's unavailable for base year recalculation
  - Timing of base year recalculation for structural changes
  - GHG intensity metrics

Next steps

- **Full TWG meeting on August 4 (Subgroup 1 focus)**
  - Address pending items related to topics already reviewed along with topics not yet reviewed
- **Working draft text under review by Subgroup 1**
  - Includes requirements ('shall' statements) and key provisions ('should' and 'may' statements)
  - Secretariat draft under review/revision by Subgroup 1, updated working draft to be shared with full TWG ahead of August 4th meeting
- **For today's meeting: Introduce GHG intensity metrics**

*Subgroup 1 phase 2 topics were discussed during meeting 3 (slides, minutes), meeting 5 (slides, minutes), and meeting 6 (slides, minutes) of the full TWG.

GHG targets: TWG meeting 6 poll results



82% support ***86% support***

Feedback: Recommendation to set GHG targets

Comments in support

- Promotes best practice
- Links inventories to actionable climate goals
- Avoids conflict with target setting and regulatory bodies
- Provides flexibility for organizations at different levels of maturity

Comments in opposition

- Targets are beyond the remit of GHG Protocol, targets are already addressed by other frameworks
- GHG accounting and target setting are methodologically distinct exercises
- May create stakeholder expectations that GHG Protocol provide further specifications on targets

Feedback: Requirement to report information on targets

Comments in support

- Information on targets is decision-useful to investors and other stakeholders
- Support, but requirement should not be prescriptive in terms of what specific information is reported
- Support but need to protect commercially sensitive information is critical

Comments in opposition

- Targets are beyond the remit of GHG Protocol

Note: These poll results are preliminary. Final meeting 6 poll results will be shared in the meeting 7 minutes.

GHG emissions intensity metrics: Summary of stakeholder feedback

Summary of survey feedback

- Some stakeholders requested **flexibility in the current approach** to tracking emissions over time (i.e., comparison to a base year) and **advocated for the incorporation of performance-based reporting of emissions intensity metrics**, either as:
  - An **alternative** to the current approach
  - A **complement** to the current approach (i.e., with both used in tandem)
- Some stakeholders requested **additional guidance** on the development of performance metrics
- Some suggested **standardizing** performance metrics by **sector***

Situations cited by stakeholders advocating for performance-based reporting of emissions intensity metrics

1. Growing companies (including those in sectors contributing to global decarbonization)
2. Companies divesting from emissions intensive assets or businesses

(Section D.8 of Corporate Standard Stakeholder Survey Summary)

* Development of sector-specific requirements is beyond the scope of current Corporate Standard revisions.

GHG emissions intensity: Specifications in GHG Protocol and ISO standards

Reporting of emissions intensity metrics and other ratio indicators is **optional** in the following GHG Protocol standards and **recommended** ('should' consider in ISO 14064-1:2018:

Corporate Standard (ch.9, Optional information > Information on emissions and performance)	*"Relevant **ratio performance indicators** (e.g. emissions per kilowatt-hour generated, tonne of material production, or sales)"*
Scope 3 Standard (11.2, Optional information)	*"Relevant **performance indicators** and **intensity ratios**"*
Land Sector and Removals Standard (20.3, Additional reporting information)	*"A GHG report **may** also include additional metrics such as **performance indicators, intensity ratios**, and progress in relation to targets, if relevant and applicable to the reporting company"*
ISO 14064-1:2018 (9.3.2, Recommended information)	*"The organization **should consider** including the GHG report:… …description and presentation of additional indicators, such as efficiency or **GHG emission intensity** (emissions per unit of production) ratios"*

Types of ratio indicators described in the Corporate Standard (ch.9):

- **Productivity/efficiency ratios:** Value or achievement of a business divided by GHG impact (e.g., sales per GHG, production volume per amount of GHG)
- **Intensity ratios:** GHG impact per unit of physical activity or unit of economic output. Examples include:
  - **Product intensity:** GHG emissions per amount of product
  - **Service intensity:** GHG emission per function or service
  - **Sales intensity:** GHG emissions per sales
- **Percentages:** Ratio between two similar items (e.g., current GHG emissions as percentage of base year emissions)

*Note: Only **GHG emissions intensity** metrics will be considered in this meeting.*

Subgroup 1
GHG intensity metrics

Reporting of GHG intensity metrics

Preliminary outcome

Recommend that organizations report GHG intensity metrics if relevant.

Example text: *The organization **should** report GHG intensity [metrics/ performance metrics/ ratios] [if relevant to reporting objectives]. GHG intensity [metrics/performance metrics/ratios] **may** be reported at the organization level or at the product level.*

Level of support from Subgroup 1

Meeting 13: *How should reporting of GHG intensity metrics be specified in the Corporate Standard?*

	Org.-level	Product-level
Required ('shall')	3 of 17	2 of 17
Recommended ('should')	**7 of 17**	**8 of 17**
Recommended if relevant	**3 of 17**	**5 of 17**
Optional ('may')	3 of 17	1 of 17
Be silent	0 of 17	1 of 17
Abstain	1 of 17	0 of 17

Split opinions, but with the most support for a recommendation.

Meeting 14: *Do you support a **recommendation** to report GHG intensity metrics **if relevant** to reporting objectives?**

- **Fully support: 15 of 18**
- **Support with minor edits: 1 of 18**
- Oppose: 0 of 18
- Abstain: 2 of 18

*At the organization or product level, per example text.

Majority support

Rationale

- GHG intensity metrics can **serve multiple use cases**, including:
  - Performance tracking over time
  - Calculation of scope 3 emissions
  - Comparison between organizations

Implications and concerns

- **Challenges with making reliable comparisons** on the basis of emissions intensity (both over time and between organizations): Measures must be taken to promote **consistency** (e.g., same boundaries for numerator and denominator).
- **Questions** on whether organization-level GHG emissions intensity is a **valid basis for scope 3 calculations**.
- Guidance on **relevant applications** needs to be provided.

For more information, see Subgroup 1 Meeting 13 and 14 minutes and slides.

Subgroup 1
GHG intensity metrics

Accounting provisions on GHG intensity metrics

Preliminary outcome

Provide **detailed provisions** (conditional 'shall'/'should' statements) on the development of **organization-level GHG intensity metrics** (applicable when organizations choose to report GHG intensity metrics).

Note: *One specific proposed provision (requiring consistent boundaries for numerator and denominator) will also be reviewed today.*

Level of support from Subgroup 1

Meeting 13: *What general approach should the Corporate Standard take to providing specifications on the development of GHG intensity metrics at the company/organization-level (for cases when companies report intensity metrics)?*

- **Detailed provisions (conditional 'shall'/'should' statements): 10 of 16**
- General guidance only (status quo): 5 of 16
- Be silent: 1 of 16
- Abstain: 0 of 16

Meeting 14: *Do you support a provision on ensuring consistent boundaries for the numerator and denominator when GHG intensity metrics are reported?*

- **Support as a requirement ('shall'): 11 of 18**
- Support as a recommendation ('should'): 6 of 18
- Oppose: 0 of 18
- Abstain: 1 of 18

Rationale

- Support **use cases** of GHG intensity metrics in providing useful information to stakeholders.
- Promote **consistency and credibility** of GHG intensity metrics when these are reported.

Implications and concerns

- Concerns with **limitations of GHG intensity metrics in providing a valid basis for comparisons** between organizations (e.g., due to differences in organizational structures)
- **Pending:** Further work on defining detailed provisions on GHG intensity metrics.

For consideration today: *Provision requiring consistent boundaries for the numerator and denominator when GHG intensity metrics are reported.*

For more information, see Subgroup 1 Meeting 13 and 14 minutes and slides.

GHG intensity metrics: discussion and polls

Discussion

Polls

#	Question	Options
1	**Do you support the following preliminary Subgroup 1 outcome?** **Recommend** that organizations report GHG intensity metrics if relevant. ***Example text:*** *The organization **should** report GHG intensity [metrics/ performance metrics/ ratios] [if relevant to reporting objectives]. GHG intensity [metrics/ performance metrics/ratios] **may** be reported at the organization level or at the product level.*	A. Support B. Oppose C. Abstain
2	**Do you support the following preliminary Subgroup 1 outcome?** Provide **detailed provisions** (conditional 'shall'/'should' statements) on the development of **organization-level GHG intensity metrics** (applicable when organizations choose to report GHG intensity metrics).	A. Support B. Oppose C. Abstain
3	**Do you support the following preliminary Subgroup 1 outcome?** Include a provision requiring **consistent boundaries for the numerator and denominator** when GHG intensity metrics are reported ***Example text:*** *If the organization chooses to report GHG intensity metrics, the numerator (GHG emissions) and denominator (unit of physical activity or economic value) **shall** have consistent boundaries.*	A. Support B. Oppose C. Abstain

Agenda

• Introduction and housekeeping	15 minutes
• Leased assets (Subgroup 2)	40 minutes
• Consolidation approaches package (Subgroup 2)	25 minutes
• Verification and assurance (Subgroup 2)	15 minutes
• Data quality and calculation methods (Subgroup 3)	30 minutes
• GHG intensity metrics (Subgroup 1)	15 minutes
• **Wrap up and next steps**	**10 minutes**

GREENHOUSE GAS PROTOCOL

Next steps

Items to be shared by GHG Protocol Secretariat:	TWG member action items:	Next meeting
• Final slides, minutes, and recording from this meeting • Feedback survey	• Respond to feedback survey (deadline TBC) • Feedback on draft text on organizational boundaries	Tuesday, August 4th • Focus on **Subgroup 1 topics** • Option 1: 08:00-10:30 ET, 14:00-16:30 CET, 20:00-22:30 CHN • Option 2: 16:00-18:30 ET, 22:00-00:30 CET, 04:00-06:30 CHN Wed Aug 5th

GREENHOUSE GAS PROTOCOL

Thank you!

Iain Hunt, iain.hunt@wri.org

Hande Baybar, baybar@wbcsd.org

Allison (Alley) Leach, allison.leach@wri.org

Change log

Slide #s	Change	Details
8	Update	Dates for tentative upcoming meetings updated
18	Update	Minor revision on Option C: interoperability row
32	Update	TWG meeting 6 poll results on verification and assurance added
38-41	New	New slides with TWG meeting 6 poll results on Subgroup 3 topics (scope 1 disaggregation required GHGs, GWP, indirect climate forcers)
54	New	New slide with TWG meeting 6 poll results on GHG targets