



Corporate Standard Technical Working Group

Full TWG Meeting #8

GHG Protocol Secretariat team:

Iain Hunt, Hande Baybar, Allison Leach

August 4th, 2026

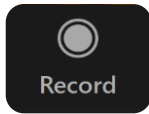


WORLD
RESOURCES
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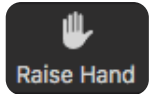


World Business
Council
for Sustainable
Development

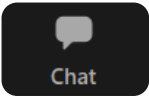
Meeting information



This meeting is **recorded**.



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



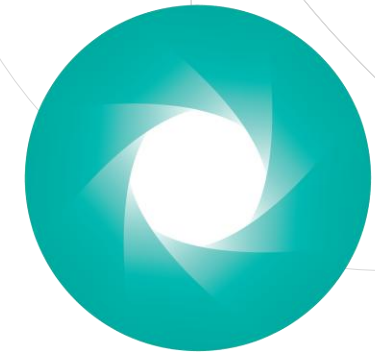
You can also use the **Chat** function in the main control.



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

Agenda

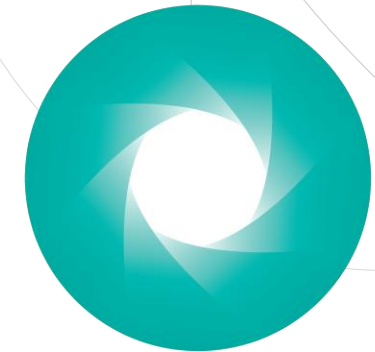
- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- Base year recalculation (Subgroup 1) 40 minutes
- GHG targets (Subgroup 1) 10 minutes
- GHG intensity metrics (Subgroup 1) 20 minutes
- Calculation methods (Subgroup 3) 30 minutes
- Leased assets (Subgroup 2) 15 minutes
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

Agenda

- | | |
|--|-------------------|
| • Introduction and housekeeping | 15 minutes |
| • Base year selection (Subgroup 1) | 10 minutes |
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GREENHOUSE GAS PROTOCOL

Housekeeping: Guidelines and procedures

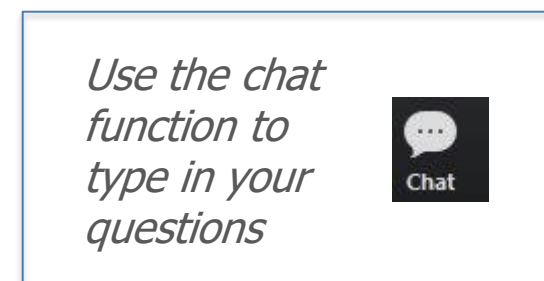
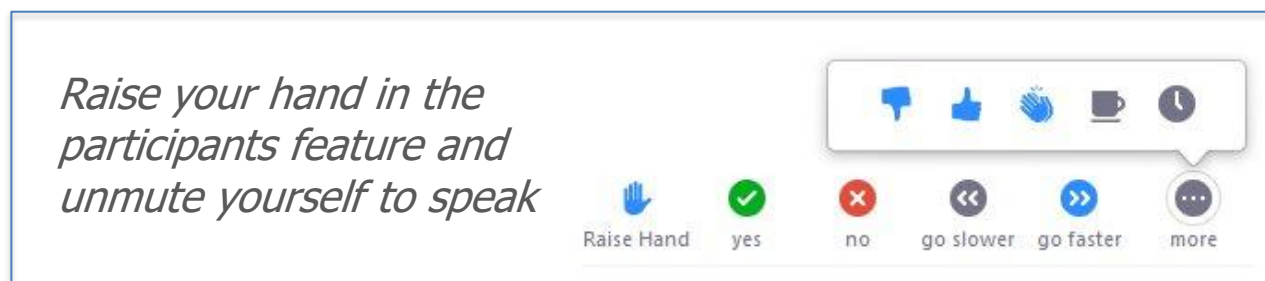
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



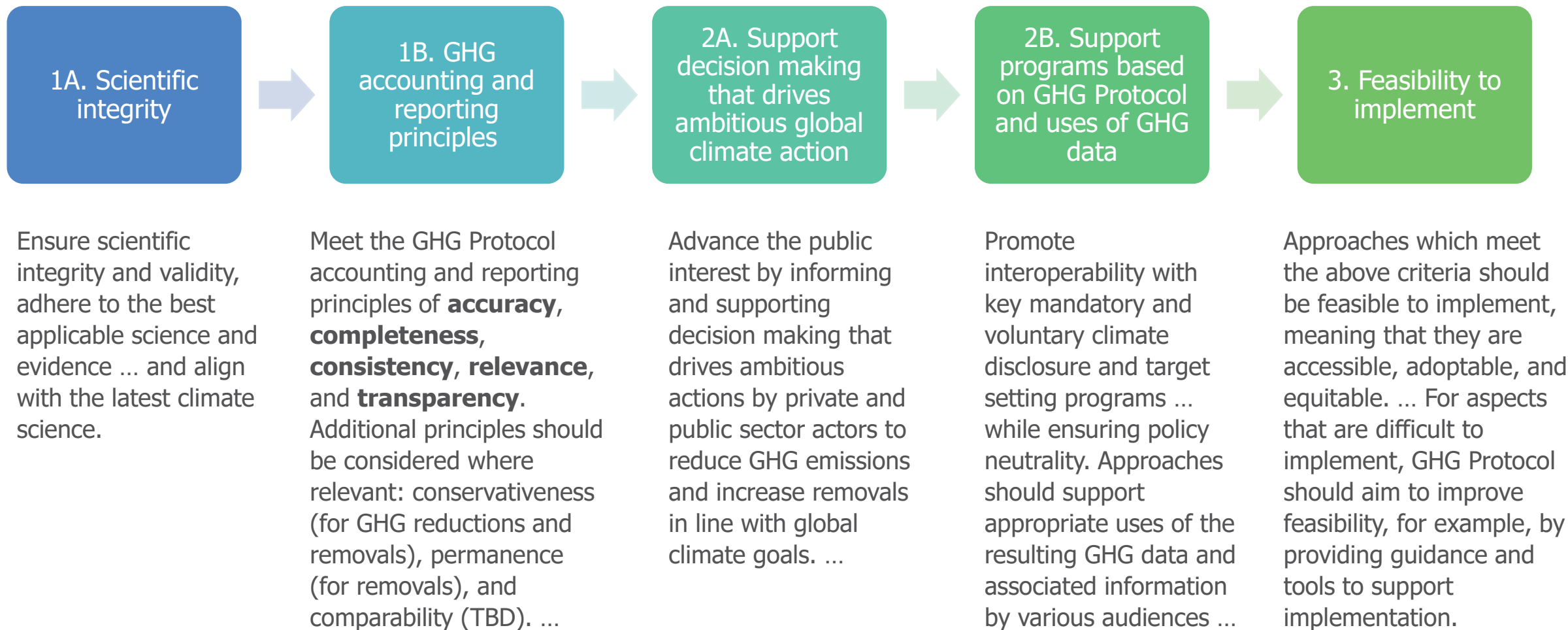
Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; **access is restricted to TWG members only.***

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

GHG Protocol Decision-Making Criteria



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

Announcement: Standard Development Plan updates

Key updates:

- **Consolidation** of GHG Protocol’s entity-level standards into a **single Corporate Standard** (v3.0) to be delivered in parts
- **Timeline updates** to integrate ISO into standard revision process
 - TWGs/ISB review **feedback from ISO/TC 207/SC 7/WG4** (Q4 2026)
 - Consolidated draft standard for **public consultation** (estimated Q2 2027)
 - **Published draft standard** (estimated Q4 2028)
- **Updates to scope work**
 - **Addition** of SoW item C.3 (Disaggregated reporting of Scope 1 emissions)
 - **Removal** of SoW items E.2 and E.3 (Verification and assurance)
 - **Addition** of new heading “**Guidance to be published separately from the standard**”, with SoW items related to informative guidance moved to this section, guidance timeline TBD
 - Minor **clarifying updates**

Corporate Standard – Standard Development Plan



GREENHOUSE
GAS PROTOCOL

Corporate Accounting and Reporting Standard
(Corporate Standard), Version 3.0
Standard Development Plan

This Standard Development Plan (SDP) applies to a consolidated Corporate Standard (Version 3.0) that will integrate and consolidate GHG Protocol’s existing entity-level standards (Corporate Standard, Scope 2 Guidance, and Scope 3 Standard) and outputs from the Actions and Market Instruments workstream to produce a single standard with multiple parts.

This SDP combines and supersedes the following published SDPs:

- Corporate Standard SDP Version 1.0 (20 December 2024)
- Scope 2 Standard SDP Version 1.0 (20 December 2024)
- Scope 3 Standard SDP Version 1.0 (20 December 2024)
- Actions and Market Instruments SDP Version 1.0 (20 December 2024)

The standard is expected to be jointly published and co-branded with ISO. The title is draft and to be determined in conjunction with ISO.

Document status and version history

Version No.	Date	Description of amendment
2.0	29 July 2026	• Consolidation of Corporate Standard, Scope 2, Scope 3, and Actions and Market Instruments SDPs into single SDP for a consolidated Corporate Standard. • Updates to integrate the GHG Protocol-ISO partnership into standard revisions process, with corresponding timeline updates. • Updates to scopes of work.
1.0	20 December 2024	N/A

The online version of this document is the latest version. All printed material is uncontrolled.

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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	Review of ISO feedback
10	October 6, 2026	Review of ISO feedback
11	October 27, 2026	Review of ISO feedback
12	November 24, 2026	Review of ISO feedback

Meeting times (Sept - Nov meetings):

- 09:00-12:00 ET
- 15:00-18:00 CET
- 21:00-00:00 CHN

Note: The Autumn time change in the US occurs on November 1st and will affect the meeting time in other time zones. Please refer to the calendar invites for the correct time in your time zone.

Chapter revision status

Chapter	Topic	Status	Deadline	TWG meeting (for text)
1	GHG accounting and reporting principles	Preliminary review complete (prior to ISO partnership)	NA	Meeting 3
2	Business goals and inventory design	Guidance. No key provisions.	NA	NA
3	Setting organizational boundaries	Review in progress	August 14th	Meeting 7
4	Setting operational boundaries	Review in progress	August 14th	Meeting 6
5	Tracking emissions over time	To be reviewed (reviewed by Subgroup 1)	August 24th	Meeting 8
6	Identifying and calculating GHG emissions	To be reviewed	August 24th	Meeting 8
7	Managing inventory quality	To be reviewed	August 24th	Meeting 8
8	Accounting for GHG reductions	AMI topic	NA	NA
9	Reporting GHG emissions	To be compiled, reporting provisions provided by chapter	NA	NA
10	Verification of GHG emissions	TBD	NA	NA
11	Setting GHG targets	Integrated with ch.5	NA	NA

Ad hoc text editing group

The process

1. TWG members will **comment** on chapters **(in progress)**
2. Secretariat will **incorporate edits** in track changes
3. Secretariat will share **revised draft** with text editing group
4. Members of **ad hoc text editing group** will be invited to provide feedback either:
 - By **email**
 - In **scheduled calls** (1 per chapter). Dates and times TBC.

Responsibilities of ad hoc text editing group

- Does the text accurately and appropriately **reflect the TWG outcomes**?
- Is the text **clear**?
- Is there **internal consistency** across sections?
- **Proofreading** (e.g., grammar, typos)
- **Provide feedback** in comments in the document, via email, or during scheduled meetings
- Note: Choose which chapter(s) you would like to review

Today's objectives

- Base year selection
- Base year recalculation
- GHG targets
- GHG intensity metrics

Primary objective:
Review preliminary phase
2 outcomes from
Subgroup 1

1

- Subgroup 3: Calculation methods
- Subgroup 2: Leased assets

If time permits: Follow
up on preliminary
outcomes on select
Subgroup 3 and Subgroup
2 topics

2

Pre-read: Draft text on tracking emissions over time

DRAFT updates to Corporate Standard Chapter 5: Tracking Emissions Over Time 2026-07-21



Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

Working draft text: Tracking emissions over time

v.1.1 Secretariat Draft with Subgroup 1 review

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. This document is confidential. Distribution is restricted to members of the Corporate Standard TWG.

Version history:

Version No.	Description
v.1.0	Working draft developed by Secretariat and shared with Subgroup 1 members prior to Subgroup 1 meeting 14.
v.1.1	Revised working draft with revisions to v.1.0 including: - Revisions to incorporate preliminary outcomes from Subgroup 1 meeting 14. - Proposed revisions in response to Subgroup 1 member suggestions and comments

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 1 discussions and polls. Relevant sections of existing standards include:
 - Corporate Standard chapter 5 (Tracking emissions over time) and chapter 11 (Setting GHG targets)
 - Scope 3 Standard chapter 9 (Setting a GHG reduction target and tracking emissions over time)
 - Land Sector and Removals Standard chapter 17 (Setting targets and tracking progress)
 - ISO 14064-1:2018 6.4 (Base-year GHG inventory), 7.3 (GHG emission reduction or removal enhancement targets)

Pre-read: Subgroup 1 draft text

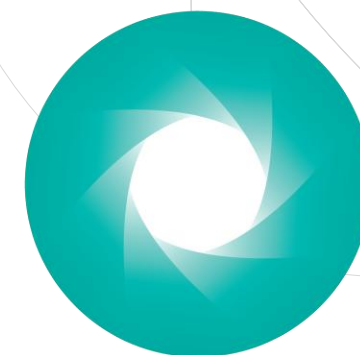
- Working draft text is **adapted from existing text in GHG Protocol standards and ISO 14064-1**, with updates to reflect preliminary outcomes of Subgroup 1. Relevant sections of existing standards include:
 - Corporate Standard chapter 5 (Tracking emissions over time) and chapter 11 (Setting GHG targets)
 - Scope 3 Standard chapter 9 (Setting a GHG reduction target and tracking emissions over time)
 - Land Sector and Removals Standard chapter 17 (Setting targets and tracking progress)
 - ISO 14064-1:2018 clause 6.4 (Base-year GHG inventory) and clause 7.3 (GHG emission reduction or removal enhancement targets)
- Version shared has already undergone a round of review by Subgroup 1 members
- The following subtopics are included in this draft text:
 - Selecting and establishing a base year
 - Review and recalculation of base year emissions
 - GHG emission reduction targets
 - GHG intensity metrics

- Feedback on draft text to be requested with meeting follow-up survey**



Agenda

- Introduction and housekeeping 15 minutes
- **Base year selection (Subgroup 1) 10 minutes**
- Base year recalculation (Subgroup 1) 40 minutes
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GREENHOUSE GAS PROTOCOL

Base year selection: Overview of current status

Key preliminary Subgroup 1 outcomes (previously reviewed by full TWG)

- The Corporate Standard should **distinguish between an inventory base year* and a target base year**.
- Organizations should have **flexibility in choosing the same year or choosing different years** for the inventory base year and target base year.
- **Eliminate the rolling base year option** as it's current defined in the Corporate Standard.
- Establish a **requirement** ('shall' statement) that the base year be **representative of typical conditions or operations**.
- **Maintain option** for organizations to use a **multi-year average** in lieu of a single year for the base year.
- **Recommend** (but do not require) that organizations establish a **single base year across scopes** (status quo in Scope 3 Standard).

Key pending items (to be reviewed today)

- **Review framing** of language related to **selecting an inventory base year vis-à-vis a target base year**.
- **Recommend** that organizations select as base year the **earliest relevant point in time** for which they have [reliable/verifiable] data.

* The Corporate Standard is a GHG inventory standard. Any reference to a 'base year' without further qualification refers to an 'inventory base year'.

Base year selection: Working draft text (requirements)

1. Selecting and establishing a base year¹

1.1. Accounting² requirements

[1.1.1] The organization³ **shall** establish⁴ a historical base year [or base period]⁵ for GHG emissions⁶ [for comparative purposes or other intended uses of the GHG inventory⁷].

[1.1.2] In establishing the base year, the organization **shall**:⁸

- Select⁹ a base year for which verifiable GHG emissions data is available.¹⁰
- Select a base year that [reflects/is representative of] typical [conditions/operations] [(e.g., avoiding years with anomalous or one-off events)].¹¹
- Develop a GHG inventory for the base year consistent with the provisions of this document¹², quantifying base year emissions using data [reflecting/representative of] the organization's current [reporting boundary¹³/organizational and operational boundaries].¹⁴

1.3. Reporting requirements

[1.3.1] The organization **shall** [report/disclose] the following information related to the base year:²⁵

- The selected base year and the rationale for selecting the [particular] base year [or period of consecutive years].²⁶
- [If the base year has been reestablished since the organization's last GHG report, along with the rationale for reestablishing the base year.]²⁷
- GHG emissions for the base year²⁸, [consistent with the provisions of this document²⁹] and with the organization's base year emissions recalculation policy.

Provision to be
addressed today.

Base year selection: Working draft text (recommendations and options)

1.2. Accounting recommendations and options

[1.2.1] The organization **may** select a single year as their base year or may select an average of annual emissions over several consecutive years [(e.g., 3-5 years)]¹⁵ [in cases where a single year's data would be unrepresentative of the organization's typical emissions profile¹⁶].¹⁷

[1.2.2] The organization **should**¹⁸ select as base year the earliest relevant point in time for which they have [reliable/verifiable] data.¹⁹

[1.2.3] If the organization sets GHG targets, they **may** select the same year for the target base year as that established for the GHG inventory, or **may** select a different year (e.g., to align with requirements or guidelines from target setting programs). If the organization selects a different year for its target base year, they **may** reestablish the base year for the GHG inventory to align with the target base year.²⁰

[1.2.4] The organization **should** establish a single base year for Scope 1, Scope 2, and Scope 3 emissions to enable comprehensive and consistent tracking of total corporate GHG emissions across all three scopes. However, if the organization has already established a base year for [Scope 1 and Scope 2 emissions and/or certain emission categories], they **may** select a more recent year for [Scope 3 and/or other emission categories] (e.g., the first year for which the organization has complete and [reliable/verifiable] [scope 3/category-specific] emissions data).^{21,22,23} The organization **should** establish a single base year for all scope 3 categories.²⁴

Provisions to be
addressed today.

Subgroup 1 Base year selection

Inventory base year and target base year

Package of preliminary outcomes

- **Distinguish** between an **inventory base year** and a **target base year**.
- Allow **flexibility** for organizations to select the **same year or different years** for the inventory base year and target base year.
- **Recommend** ('should') that organizations select the **earliest relevant point in time** for which they have [reliable/verifiable] data as base year.

Level of support

	Preliminary outcome	Level of support
Early outcomes (Subgroup 1 meeting 6, Full TWG meeting 3)	Distinguish between an inventory base year and target base year	Subgroup 1: 9 of 11 (82%)
	Provide the option or organizations to select the same or different years for inventory base year and target base year	Subgroup 1: 9 of 11 (82%) Full TWG: 47 of 49 (96%)
Latest outcomes (Subgroup 1 meeting 14)	Updated framing in draft text for selecting an inventory base year vis-à-vis a target base year	Subgroup 1: 16 of 19 (84%)
	Recommend that organizations select as base year the earliest relevant point in time with [reliable/verifiable data]	Subgroup 1: 16 of 19 (84%)

Rationale

- **Maintain an inventory base year as a concept**, recognizing the key purpose of GHG inventory data to **track changes over time** (whether or not an organization has GHG targets).
- Encourage organizations to track emissions over **longer timeframes** (i.e., longer than target setting cycles).
- Provide flexibility to organizations who establish targets to have to **maintain only one base year**.

Implications and concerns

- Allows for base years to be **periodically reestablished** with target setting cycles, concerns that **fewer organizations** are likely to maintain a longer emissions profile over time.

Base year selection: discussion and polls

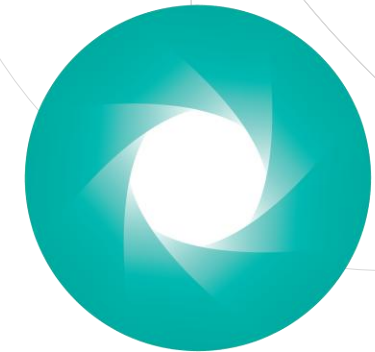
*Draft for TWG discussion
Subgroup 1, Phase 2*



#	Question	Options
1	Do you support the following preliminary Subgroup 1 outcome? Framing of text on selecting an inventory base year vis-à-vis a target base year. [1.2.3] <i>If the organization sets GHG targets, they may select the same year for the target base year as that established for the GHG inventory, or may select a different year (e.g., to align with requirements or guidelines from target setting programs). If the organization selects a different year for its target base year, they may reestablish the base year for the GHG inventory to align with the target base year.</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	Do you support the following preliminary Subgroup 1 outcome? Recommend that organizations select as base year the earliest relevant point in time for which they have [reliable/verifiable] data (status quo in Corporate Standard). [1.2.2] <i>The organization should select as base year the earliest relevant point in time for which they have [reliable/verifiable] data.</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
3	Do you support the following proposed provision? (Note: provision has not been reviewed by Subgroup 1) Specify that organizations report whether the base year has been reestablished since the last GHG report, along with a rationale. [1.3.1] (excerpt) <i>The organization [shall/should] [report/disclose]... if the base year has been reestablished since the organization's last GHG report, along with the rationale for reestablishing the base year.</i>	A. Support as a requirement ('shall') B. Report as a recommendation ('should') C. Oppose D. Abstain

Agenda

- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- **Base year recalculation (Subgroup 1) 40 minutes**
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GREENHOUSE GAS PROTOCOL

Base year recalculation: Subtopics covered in working draft text



Events triggering base
year recalculations



Base year recalculation
policy and significance
thresholds



Options for when data
unavailable for base
year recalculation



Timing of base year
recalculations for
structural changes



Emissions profile over
time

Base year recalculation: Overview of current status

Key preliminary Subgroup 1 outcomes

(previously reviewed by full TWG)

- Base year recalculation policy and **significance thresholds**:
 - **Require** that organizations set **quantitative** significance thresholds as part of their base year recalculation policy
 - Define a **recommended prescriptive** quantitative significance threshold
 - **Separate application** of significance thresholds by emissions **scope**
 - Application of a **single significance threshold** across all **types of events** triggering a base year recalculation
- Reporting provisions (**emissions profile over time**):
 - **Recommend** reporting of **recalculated emissions** for **recent years** and **other historical years** relevant to reporting objectives
 - **Recommend** reporting of original/historical emissions (**without recalculation**) for historical years relevant to reporting objectives
 - **Recommend** reporting of a **target-relevant time series** (i.e., recalculated emissions for target base year)

Key pending items

(to be reviewed today)

- Consider base year recalculation for **insourcing/outsourcing** of activities when **emissions shift between scopes**
- **Significance thresholds**: Review detailed provisions, including the **threshold level** for a recommended prescriptive significance threshold
- Consider applicability of options for organizations in instances **when sufficient data is unavailable** for base year recalculation
- Review provisions on the **timing of base year recalculation** for structural changes

Base year recalculation events: Working draft text

2. Review and recalculation of base year emissions³⁰

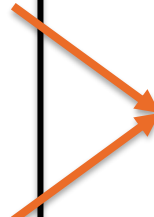
2.1. Accounting requirements

[2.1.1] The organization **shall** recalculate base year emissions when the following changes (either a single change or several cumulative changes) occur and have a significant impact [(defined using a significance threshold)³¹] on the inventory:

- Structural changes in the reporting organization, such as mergers, acquisitions, divestments, outsourcing, and insourcing³² [except in cases where operations acquired, divested, insourced, or outsourced did not exist in the base year³³].
- Changes in calculation methodologies or improvements in data accuracy.³⁴
- Discovery of errors.³⁵
- Change in the categories or activities included in the inventory [except in cases where a different base year is established for new categories included³⁶].
- [Any other changes [identified through governance, assurance, or management review³⁷] that would otherwise compromise the consistency and relevance of the reported GHG emissions information³⁸].

[2.1.2] The organization **shall not** recalculate base year emissions for organic growth or decline.

[2.1.3] When insourcing or outsourcing of activities or other structural changes shift emissions between scopes (e.g., shifting emissions from scope 3 to scopes 1 and 2 for insourcing or vice-versa for outsourcing), the organization [**shall/should**] also apply these shifts to base year emissions.³⁹



Provisions to be addressed today.

Reporting provisions for base year recalculation: Working draft text

2.3. Reporting requirements

[2.3.1] The organization **shall** [disclose/report] the following information related to base year recalculations:^{67,68}

- The base year recalculation policy including the significance threshold(s) for changes⁶⁹ that trigger base year recalculation.
- Appropriate context for any significant changes that triggered base year recalculations.
- Any recalculations of base year emissions, including the rationale for recalculation and which assumptions and values were changed, with a comparison of updated values to original values.⁷⁰
- Acknowledgement of any changes that would have contributed to triggering a base year recalculation, but where recalculation was not performed (e.g., due to lack of sufficient data).⁷¹

2.4. Reporting recommendations and options

[2.4.1] The organization **should** [disclose/report] the following information related to tracking emissions over time:

- Recalculated emissions for recent years and other historical years relevant to the organization's reporting objectives.⁷²
- [Original/historical/historical unadjusted⁷³] emissions (i.e., without recalculation) for [the base year, recent years, and any other] prior years relevant to reporting objectives.⁷⁴
- A target-relevant time series (e.g., recalculated emissions for the target base year) if relevant (i.e., if the organization has active GHG targets).⁷⁵

(For reference – provisions not specifically addressed today)

Subgroup 1
Base year recalculation

Insourcing/outsourcing of activities and shifts between emissions scopes

Preliminary outcome

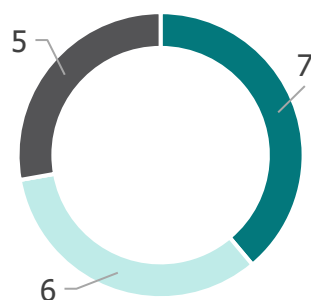
When structural changes shift emissions between scopes, specify that these shifts also apply to the base year.

[2.1.3] *When insourcing or outsourcing of activities or other structural changes shift emissions between scopes (e.g., shifting emissions from scope 3 to scopes 1 and 2 for insourcing or vice-versa for outsourcing), the organization [**shall/should**] also apply these shifts to base year emissions.*

Rationale

- Promote **consistent tracking of emissions over time by emissions scope**, noting that some organizations set separate targets by scope

Level of support from Subgroup 1



- Support as a requirement ('shall')
- Support as a recommendation ('should')
- Oppose
- Abstain

Majority support overall (13 of 18 members), but with split opinions on whether to define as a requirement or as a recommendation.

Implications and concerns

- Potential for **incremental feasibility challenges** as compared to status quo
- Pending:** Whether to define as a **requirement** ('shall') or **recommendation** ('should')

Base year recalculation events: discussion and polls



#	Question	Options
1	Do you support the following preliminary Subgroup 1 outcome? Specify that when insourcing or outsourcing of activities or other structural changes shift emissions between scopes, these shifts also apply to base year emissions [2.1.3] <i>When insourcing or outsourcing of activities or other structural changes shift emissions between scopes (e.g., shifting emissions from scope 3 to scopes 1 and 2 for insourcing or vice-versa for outsourcing), the organization [shall/should] also apply these shifts to base year emissions..</i>	A. Support as a requirement ('shall') B. Support as a recommendation ('should') C. Oppose D. Abstain
2	Do you support including a catch-all statement for recalculation events not specifically listed in provision 2.1.1? (Note: provision has not been reviewed by Subgroup 1) [2.1.1] (last bullet) <i>The organization shall recalculate base year emissions when the following changes (either a single change or several cumulative changes) occur and have a significant impact [(defined using a significance threshold) on the inventory:</i> <i>Any other changes [identified through governance, assurance, or management review] that would otherwise compromise the consistency and relevance of the reported GHG emissions information</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain

Base year recalculation policy/significance thresholds: Working draft text

(Requirements)

[2.1.4] The organization **shall** develop a base year recalculation policy that includes the following elements and apply it in a consistent matter:

- Defines quantitative⁴⁰ significance threshold(s) for structural, methodological, and other changes that trigger base year recalculation.
- Clearly articulates the basis [(e.g., qualitative criteria or considerations)]⁴¹ for each type of change that triggers recalculations.⁴²

(TBC: Requirements or recommendations)

[2.1.5] The organization [**shall/should**] define and apply quantitative significance thresholds as follows:⁴⁴

- Apply significance thresholds separately for scope 1, scope 2, and scope 3 emissions (i.e., a change to the organization's base year emissions that exceeds the significance threshold for any of the emissions scopes triggers a recalculation of base year emissions for that scope).⁴⁵
- Apply a single significance threshold across structural, methodological, and other types of changes (i.e., cumulative changes of different types that exceed the significance threshold trigger a recalculation of base year emissions).⁴⁶

Provisions to be
addressed today.

(Recommendations)

[2.2.2] The organization **should** set significance threshold levels at 5%⁴⁹ or less of the organization's total scope 1, scope 2, or scope 3 emissions in the base year.^{50,51}

Subgroup 1
Base year recalculation

Base year recalculation policy and significance thresholds

Package of preliminary outcomes

Provide **more prescriptive specifications** related to significance thresholds including:

- **Requirement** to establish a **quantitative** significance threshold
- Establish a **recommended significance threshold** of 5% or less of scope 1, scope 2, or scope 3 emissions
- **Separate application** of significance thresholds by emissions **scope**, with recalculation only triggered for scopes(s) where significance threshold exceeded
- Application of a **single significance threshold** across all **types of events** triggering a base year recalculation

Rationale

- Promote better standardization (and more **comparable GHG information**)
- Promote time series consistency, **tightening loopholes** that would allow organizations to avoid recalculating base year emissions

Level of support

Outcomes reviewed by full TWG:

- **Majority support** for requiring a quantitative significance threshold
- **Majority support** for separate application of significance thresholds by emissions scope
- **Majority support** for application of a single significance threshold across all types of recalculation events
- **Majority support** for defining a recommended threshold level

Latest subgroup 1 outcomes:

- **Majority support** for a recommended threshold level of 5% for scope 1, scope 2, and scope 3
- **Majority support** for triggering recalculation only for emissions scope(s) where threshold exceeded
- **Split opinions** on whether to define separate application of significance thresholds by scope as a **requirement** or **recommendation**
- **Split opinions** on whether to define the application of a single significance threshold across all types of recalculation events as a **requirement** or **recommendation**

Pending
items

Implications and concerns

- Concerns that some organizations use **qualitative criteria** to determine when to recalculate base year emissions
- **Interactions** of significance threshold levels with **other quantities**: exclusion thresholds, uncertainty, materiality thresholds for verification

Significance thresholds: discussion and polls

Do you support the following preliminary Subgroup 1 outcomes?



#	Outcomes with draft text	Options
1	Separate application of significance thresholds by emissions scope, with recalculation only triggered for scope(s) where threshold exceeded. [2.1.5] (first bullet) <i>The organization [shall/should]... Apply significance thresholds separately for scope 1, scope 2, and scope 3 emissions (i.e., a change to the organization's base year emissions that exceeds the significance threshold for any of the emissions scopes triggers a recalculation of base year emissions for that scope).</i>	A. Support as a requirement ('shall') B. Support as a recommendation ('should') C. Oppose D. Abstain
2	Application of a single significance threshold across all types of events that trigger a base year recalculation. [2.1.5] (second bullet) <i>The organization [shall/should]... Apply a single significance threshold across structural, methodological, and other types of changes (i.e., cumulative changes of different types that exceed the significance threshold trigger a recalculation of base year emissions).</i>	A. Support as a requirement ('shall') B. Support as a recommendation ('should') C. Oppose D. Abstain
3	Define a threshold level of 5% of total scope 1, scope 2, or scope 3 emissions as a recommended maximum significance threshold. [2.2.2] <i>The organization should set significance threshold levels at 5% or less of the organization's total scope 1, scope 2, or scope 3 emissions in the base year.</i>	A. Support B. Oppose C. Abstain

Data unavailable for base year recalculation: Working draft text

[2.2.3] If sufficient emissions data, activity data, or emission factors are not available to recalculate base year emissions, then:⁵²

- The organization **should** estimate base year emissions if feasible (i.e., if data exists to produce a reasonable proxy estimate).^{53,54} To estimate base year emissions, the organization **should**⁵⁵ establish a reliable GHG inventory for recent year(s) and then scale based on [the most representative available]⁵⁶ proxy data (e.g., production volumes⁵⁷) to the base year.⁵⁸
- If a reasonable proxy estimate cannot be developed and the change would significantly compromise the relevance of the base year inventory and consistency of the time series, the organization **may** reestablish the base year to a more recent year.⁵⁹
- If the impact of an individual change is insignificant, the organization **may** acknowledge the change without recalculation.^{60,61}

Provision to be addressed today.

Subgroup 1 Base year recalculation

Options for when data unavailable for base year recalculation

Package of preliminary outcomes

Hierarchy of options for when emissions data, activity data, or emission factors are not available to recalculate base year emissions:

- **Proxy estimation as recommended option** ('should'), if feasible to develop a reasonable estimate
- **Scaling** from recent years' inventory as **recommended estimation method** ('should')
- **Reestablishing the base year as an option** ('may') when consistency and relevance would be significantly compromised
- **Acknowledging no recalculation as option** ('may') for changes that are individually not significant

Rationale

- **Prioritize time series consistency** while **providing flexibility** to organizations considering data availability challenges

Level of support from Subgroup 1

Early outcomes (Subgroup 1 meetings 9 and 11):

- **Majority support** for proxy estimation as recommended option
- **Majority support** for reestablishing the base year as an appropriate option for structural changes, **split opinions** in the case of other recalculation events
- **Split options** on acknowledging no recalculation as an appropriate option
- **Majority support** for draft decision tree

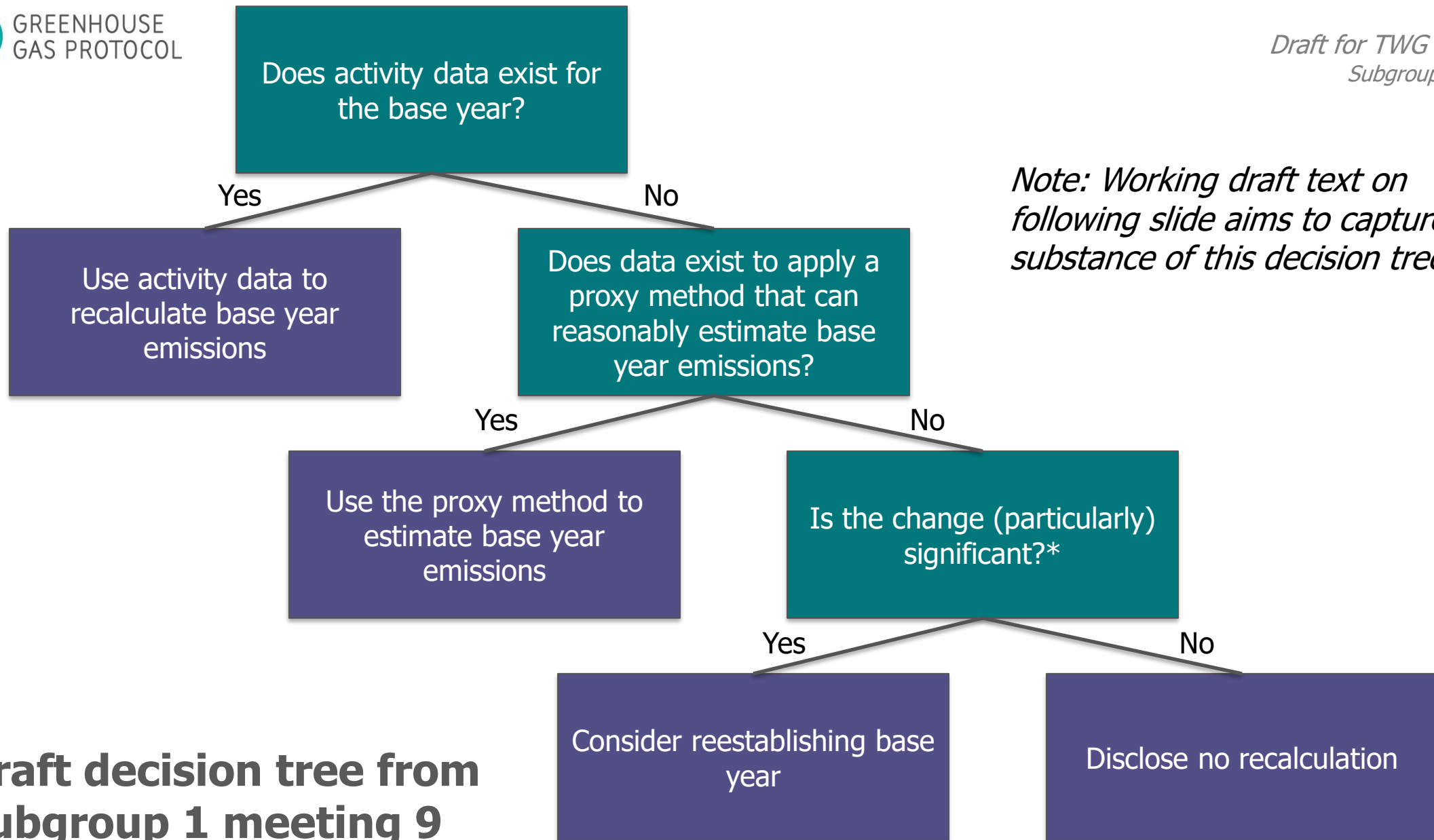
Latest outcomes (Subgroup 1 meeting 14):

- Majority support** for working draft text in [2.2.3] as appropriately reflecting decision tree previously supported by Subgroup 1
- **Fully support: 12 of 17 (71%)**
 - **Support with minor edits: 1 of 17 (6%)**
 - Oppose: 0 of 17 (0%)
 - Abstain: 4 of 17 (24%)

Implications and concerns

- Members expressed **concerns with acknowledging no recalculation as an option** as it leads to inconsistency

*Note: Working draft text on
following slide aims to capture the
substance of this decision tree.*



Draft decision tree from Subgroup 1 meeting 9

*Phrasing "(particularly) significant" used as level of significance implied exceeds that defined by significance threshold. Question may also be framed in terms of changes with a material impact on base year emissions or consistent emissions profile over time.

Data unavailable for base year recalculation: discussion and polls

Do you support the following items under provision 2.2.3 for situations where data is unavailable for base year recalculation?

[2.2.3] *If sufficient emissions data, activity data, or emission factors are not available to recalculate base year emissions, then:*

#	Item	Working draft text	Options
1	Proxy estimation as recommended option	<i>The organization should estimate base year emissions if feasible (i.e., if data exists to produce a reasonable proxy estimate).</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	Scaling from recent years' inventory as recommended estimation method	<i>To estimate base year emissions, the organization should establish a reliable GHG inventory for recent year(s) and then scale based on [the most representative available] proxy data (e.g., production volumes) to the base year.</i>	
3	Reestablishing the base year as an option	<i>If a reasonable proxy estimate cannot be developed and the change would significantly compromise the relevance of the base year inventory and consistency of the time series, the organization may reestablish the base year to a more recent year.</i>	
4	Acknowledgement of no recalculation as an option	<i>If the impact of an individual change is not significant, the organization may acknowledge the change without recalculation.</i>	
5	Overall hierarchy: Do you support the overall hierarchy of options above for when data is unavailable for base year recalculation?		



Timing of base year recalculation for structural changes: Working draft text

[2.2.4] If a significant structural change occurs in the middle of the year, then:⁶²

- The organization **should** recalculate base year emissions in the year that the structural change occurred [unless it is not feasible to do so (e.g., if historical data is unavailable following an acquisition, if there are legal restrictions on data access)^{63,64}].
- The organization **should** recalculate base year emissions for the entire year rather than for the remainder of the reporting period after the structural change occurred [to avoid having to recalculate base year emissions again in the succeeding year⁶⁵]. The organization **should** also recalculate current year emissions for the entire year to maintain consistency with the base year recalculation.
- Alternatively, the organization **may** recalculate base year and current year emissions for only the portion of the year after the structural change occurred, and then recalculate emissions for the full year in the following year.
- If it is not possible to make a recalculation in the year of the structural change (e.g., due to a lack of data for an acquisition), the organization **may** recalculate emissions in the following year [or when data for a full year is available⁶⁶].

**Provision to be
addressed today.**

Subgroup 1
Base year recalculation

Timing of base year recalculation for structural changes

Package of preliminary outcomes

Maintain current provisions in Corporate Standard (chapter 5 and Appendix E) for situations when a structural changes occur in the middle year (with minor edits to provide flexibility*) including:

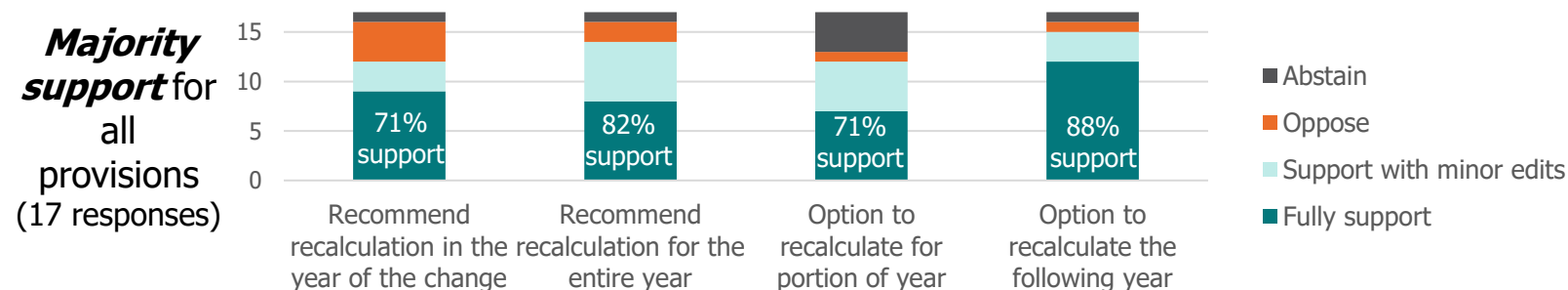
- **Recommendation** to recalculate in the **year of the structural change** if feasible
- **Recommendation** to recalculate for the **entire year**
- **Option** to recalculate for only the **portion of the year** after the change
- **Option** to recalculate in the **following year** or when a full year's data is available

* Specifying recalculation in the year of the structural change if feasible, option to allow recalculation after a full year's data is available.

Rationale

- Promote **best practice** by recommending recalculation in the year of a structural change, while **recognizing feasibility challenges** (e.g., lack of data)

Level of support from Subgroup 1



Implications and concerns

- In **financial accounting**, structural changes take effect from the date of the change
- Maintain status quo with minor edits to promote flexibility – **no major feasibility challenges** anticipated

Timing of base year recalculation: discussion and polls

Do you support the following items under provision 2.2.4 for situations when a structural change occurs in the middle of the year? (reflecting the status quo in the Corporate Standard)

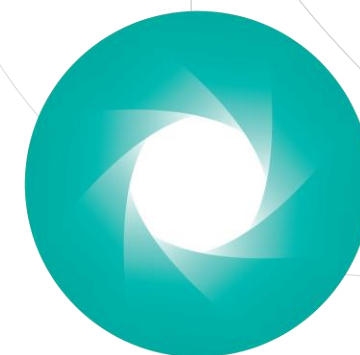
[2.2.4] *If a significant structural change occurs in the middle of the year, then:*

#	Item	Working draft text	Options
1	Recommendation to recalculate in the year of the structural change	<i>The organization should recalculate base year emissions in the year that the structural change occurred [unless it is not feasible to do so (e.g., if historical data is unavailable following an acquisition, if there are legal restrictions on data access)].</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	Recommendation to recalculate for the entire year	<i>The organization should recalculate base year emissions for the entire year rather than for the remainder of the reporting period after the structural change occurred [to avoid having to recalculate base year emissions again in the succeeding year]. The organization should also recalculate current year emissions for the entire year to maintain consistency with the base year recalculation.</i>	
3	Option to recalculate for only the portion of the year after the change	<i>Alternatively, the organization may recalculate base year and current year emissions for only the portion of the year after the structural change occurred, and then recalculate emissions for the full year in the following year.</i>	
4	Option to recalculate in the following year or when data available	<i>If it is not possible to make a recalculation in the year of the structural change (e.g., due to a lack of data for an acquisition), the organization may recalculate emissions in the following year [or when data for a full year is available].</i>	



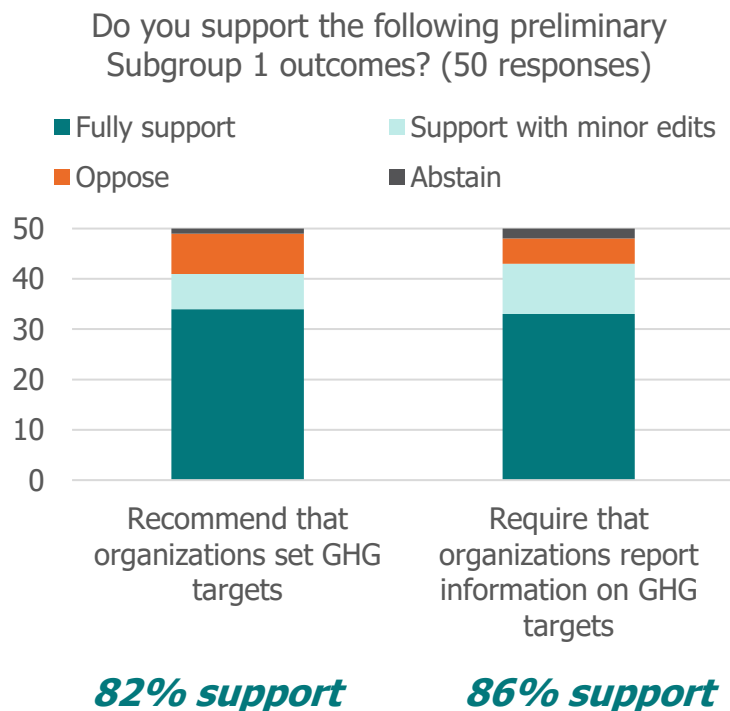
Agenda

- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- Base year recalculation (Subgroup 1) 40 minutes
- **GHG targets (Subgroup 1) 10 minutes**
- GHG intensity metrics (Subgroup 1) 20 minutes
- Calculation methods (Subgroup 3) 30 minutes
- Leased assets (Subgroup 2) 15 minutes
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

GHG targets: TWG meeting 6 poll results



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

Setting GHG targets: Working draft text

3. GHG [emission reduction] targets

3.1. Accounting requirements

[No accounting requirements proposed⁷⁶]

3.2. Accounting recommendations and options

[3.2.1] The organization **should** set targets to reduce GHG emissions [in the context of GHG inventory objectives].⁷⁷

[3.2.2] If the organization chooses to set GHG reduction targets, they **should** consider the following:^{78,79}

- Target boundary (emissions scopes, categories, etc. included in the target)
- Target type (i.e., absolute target, intensity target)
- Target timeframe (target base year, completion year, duration of the target)
- Target level (the numerical value of the reduction target)

[3.2.3] If the organization chooses to set GHG reduction targets, they **should** refer to the latest versions of relevant target setting standards [e.g., the Science Based Targets Initiative Corporate Net Zero Standard, ISO 14060 Net Zero Aligned Organizations] for additional guidance.⁸⁰

Provisions to be addressed today.

Subgroup 1 GHG Targets

Setting GHG targets

Preliminary outcome

Recommend that organizations set GHG targets, while providing **general criteria/considerations** on target setting and **referring to external programs**.

(See provisions [3.2.1], [3.2.2], and [3.3.3] for working draft text).

Rationale

- Promotes **best practice**.
- A **key purpose** of developing a GHG inventory is to inform forward-looking targets, driving **climate action**.
- A recommendation provides **flexibility** to organizations of varying levels of maturity.

Level of support

General specification: *Majority support* for a recommendation (Subgroup 1 and full TWG)

Subgroup 1:

What general specification should the Corporate Standard provide on the setting of GHG targets?

- **Recommendation: 11 of 18**
- Optional: 7 of 18
- Abstain: 0 of 18

Full TWG:

Do you support the preliminary Subgroup 1 outcome to recommend that organizations set GHG targets?

- **Fully support: 34 of 50**
- **Support with minor edits: 7 of 50**
- Oppose: 8 of 50
- Abstain: 1 of 50

Approach to providing detailed specifications: *Majority support* for providing general criteria/considerations and referring to external programs (Subgroup 1)

Do you support the following approach to providing detailed specifications on targets?

Provide general criteria/considerations [3.2.2] and referring to external programs [3.2.3]?

- **Recommendation: 17 of 18**
- Optional: 1 of 18
- Abstain: 0 of 18

Implications and concerns

- Continued **alignment pending** with ISO 14064-1, which specifies targets as optional ('may' statement).
- Concerns from opposing members that GHG Protocol is **not a target setting body**.

Reporting on GHG targets: Working draft text

3.3. Reporting requirements⁸¹

[3.3.1] If the organization chooses to set GHG target(s), its **shall**⁸² [disclose/report] [the following information for each target/information on each target such as the following]^{83,84}:

- Target boundary
- Target base year
- Target completion year⁸⁵
- Type of target
- [Annual/yearly]⁸⁶ progress in reaching the target

**Provision to be
addressed today.**

**Subgroup 1
GHG Targets**

Reporting on GHG targets

Preliminary 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 for each target: [Target boundary, target base year, target completion year, type of target, progress in reaching the target]*

Rationale

- Provides **useful information** to investors and other stakeholders.

Level of support

Subgroup 1:

Do you support a requirement to report information ('shall' statement) on GHG targets?

- Support: 17 of 18**
- Oppose: 1 of 18
- Abstain: 0 of 18

Majority support (94%)

Full TWG:

Do you support the preliminary Subgroup 1 outcome to require reporting of information GHG targets?

- Fully support: 33 of 50**
- Support with minor edits: 10 of 50**
- Oppose: 5 of 50
- Abstain: 2 of 50

Majority support (86%)

Implications and concerns

- Concerns that requiring reporting of information on GHG targets may **pose risks** to companies in the current market.

GHG targets: discussion and polls

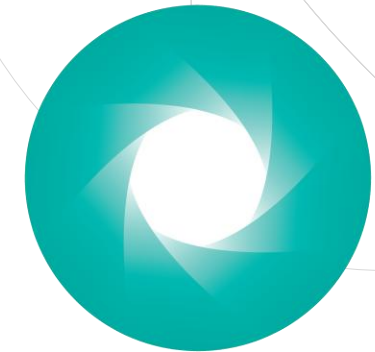
*Draft for TWG discussion
Subgroup 1, Phase 2*



#	Question	Options
1	Do you support the following preliminary Subgroup 1 outcome? Provide general criteria/considerations. [3.2.2, abbreviated] <i>If the organization chooses to set GHG targets, they should consider the following: Target boundary, target type, target timeframe, target level</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
2	Do you support the following preliminary Subgroup 1 outcome? Refer to external programs. [3.2.3] <i>If the organization chooses to set GHG reduction targets, they should refer to the latest versions of relevant target setting standards [e.g., the Science Based Targets Initiative Corporate Net Zero Standard, ISO 14060 Net Zero Aligned Organizations] for additional guidance.</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
3	How should detailed reporting specifications on GHG targets be specified? Option A: [3.3.1] <i>If the organization chooses to set GHG target(s), its shall [disclose/report] [the following information for each target]: ...</i> Option B: [3.3.1] <i>If the organization chooses to set GHG target(s), its shall [disclose/report] [information on each target such as the following]: ...</i>	A. List detailed reporting elements (The organization shall report the following...) B. Provide example reporting elements (The organization shall report information such as the following...) C. Abstain
4	Do you support the following reporting elements on GHG targets listed in provision [3.3.1]? <i>Target boundary, target base year, target completion year, type of target, [annual/yearly] progress on reaching target</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain

Agenda

- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- Base year recalculation (Subgroup 1) 40 minutes
- GHG targets (Subgroup 1) 10 minutes
- **GHG intensity metrics (Subgroup 1) 20 minutes**
- Calculation methods (Subgroup 3) 30 minutes
- Leased assets (Subgroup 2) 15 minutes
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

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. <i>emissions per kilowatt-hour generated, tonne of material production, or sales</i>)"
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.

GHG intensity metrics: Working draft text

4. GHG intensity [metrics/performance metrics/ratios⁸⁷]

4.1. Accounting requirements

[4.1.1] If the organization chooses to report GHG intensity [metrics/performance metrics/ratios], the numerator (GHG emissions) and denominator (unit of physical activity or economic value) **shall**⁸⁸ have consistent boundaries.⁸⁹

[4.1.2] [If the organization has set an intensity-based target, the methodology used to quantify the [reported] intensity [metric/performance metric/ratio] **[shall/should]** be consistent with the methodology used to set the target.]⁹⁰

4.2. Accounting recommendations and options

[No accounting recommendations and options proposed, subject to further discussion⁹¹]

Provision to be addressed today.

Reporting on GHG intensity metrics: Working draft text

4.3. Reporting requirements

[No reporting requirements proposed, subject to further discussion⁹²]

4.4. Reporting recommendations and options

[4.4.1] The organization **should** report GHG intensity [metrics/performance metrics/ratios] if relevant to reporting objectives⁹³ [(e.g., supporting targets, interpreting performance over time, benchmarking)]⁹⁴. GHG intensity [metrics/performance metrics/ratios] **may** be reported at the organization level or at the product level.⁹⁵

[4.4.2] If the organization chooses to report GHG intensity [metrics/performance metrics/ratios]:⁹⁶

- [The organization **shall/should** [disclose/report] the denominator used and the rationale for its selection.]⁹⁷
- [Where consistent boundaries are not [applicable/feasible], the organization [**shall/should**] [disclose/report] the nature of any boundary difference to enable appropriate interpretation of the [metrics/performance metrics/ratios] by intended users.]⁹⁸
- [When the organization reports GHG intensity [metrics/performance metrics/ratios] to track performance over time, the organization [**shall/should**] also [disclose/report] both changes in

Provisions to be
addressed today.

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.

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.*

GHG intensity metrics: discussion and polls

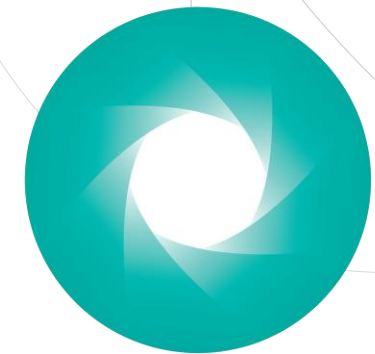
*Draft for TWG discussion
Subgroup 1, Phase 2*



#	Question	Options
1	Do you support the following preliminary Subgroup 1 outcome? Recommend that organizations report GHG intensity metrics if relevant. <i>[4.4.1] The organization should report GHG intensity [metrics/ performance metrics/ ratios] if relevant to reporting objectives [e.g., supporting targets, interpreting performance over time, benchmarking)]. GHG intensity [metrics/ performance metrics/ratios] may be reported at the organization level or at the product level.</i>	A. Fully support B. Support with minor edits C. Oppose D. 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 <i>[4.1.1] 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.</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain
4	Do you support the following reporting elements proposed by Subgroup 1 members? <i>[4.4.2] If the organization chooses to report GHG intensity [metrics/performance metrics/ratios]:</i> <i>• [The organization [shall/should] [disclose/report] the denominator used and the rationale for its selection.]</i> <i>• [Where consistent boundaries are not [applicable/feasible], the organization [shall/should] [disclose/report] the nature of any boundary difference to enable appropriate interpretation of the [metrics/performance metrics/ratios] by intended users.]</i> <i>• [When the organization reports GHG intensity [metrics/performance metrics/ratios] to track performance over time, the organization [shall/should] also [disclose/report] both changes in the numerator (emissions) and denominator (unit of physical activity or economic value)], along with an explanation.]</i>	A. Fully support B. Support with minor edits C. Oppose D. Abstain

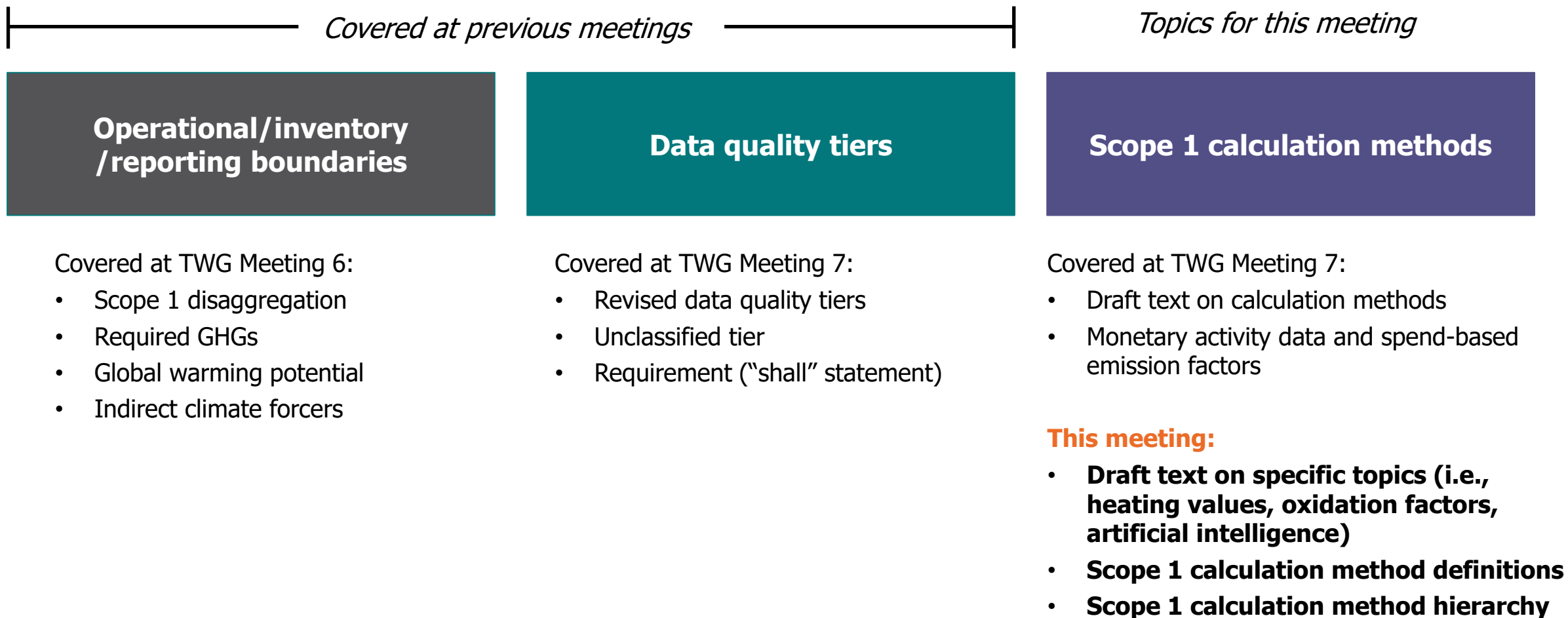
Agenda

- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- Base year recalculation (Subgroup 1) 40 minutes
- GHG targets (Subgroup 1) 10 minutes
- GHG intensity metrics (Subgroup 1) 20 minutes
- **Calculation methods (Subgroup 3) 30 minutes**
- Leased assets (Subgroup 2) 15 minutes
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

Subgroup 3 Phase 2: Preliminary outcomes on data quality



TWG Meeting 7: Poll results on Subgroup 3 topics

*Draft for TWG discussion
Subgroup 3, Phase 2*

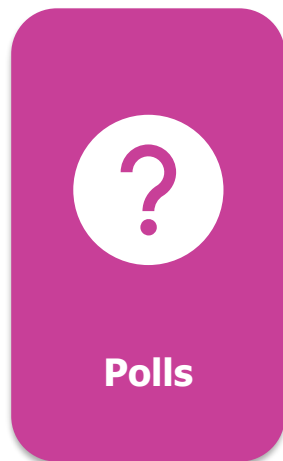
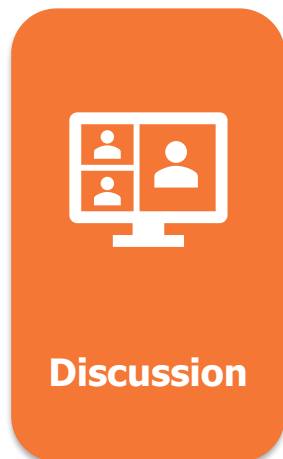
Topic	Subgroup 3 preliminary outcome	Level of support	TWG member feedback
Data quality tiers	Require disaggregated reporting of scope 1 emissions by revised data quality tiers	32 of 45: Support (9 with edits) 11 of 45: Oppose 2 of 45: Abstain	• Concern about too much flexibility: Suggested revision/removal of “unclassified” tier, which effectively makes the requirement a recommendation • Feasibility concerns: Some members suggest changing to recommendation. • Decision-usefulness does not warrant burden
Scope 1 calculation methods	Draft text and definitions on identifying and calculating GHG emissions	42 of 46: Support (12 with edits) 2 of 46: Oppose 2 of 46: Abstain	• Majority support for text, but would benefit from reframing/editing for clarity (e.g., “geographic representativeness” is the same as site-specific data)
	Approach to scope 1 monetary activity data , with two options provided	Split opinions 19 of 45: Option A (physical units only) 21 of 45: Option B (allow monetary activity data; prohibit spend-based emission factors) 5 of 45: Abstain	• Option A best promotes accuracy • Option B supports accuracy while also promoting feasibility
	Disclosure requirement for monetary conversion factors	31 of 44: Support (2 with edits) 5 of 44: Oppose 8 of 44: Abstain	• Promotes transparency • Decision-usefulness may not warrant requirement; suggest changing to recommendation • Conversion factors may be commercially sensitive

Calculation methods and emission factors: Disclosure and specific topics

Type	Draft text	Rationale	Subgroup 3 level of support
Accounting requirement	[1.1.6] <i>The organization shall use fuel consumption activity data and emission factors that are on the same heating value basis.</i>	Promotes accuracy and consistency in calculation methods within the inventory	17 of 18: Support (2 with edits) 0 of 18: Oppose 1 of 18: Abstain
Reporting requirements	[1.3.1a] <i>Sources of data, including activity data, emission factors, and GWP values used to calculate emissions.</i>	Promotes transparency Status quo in Scope 3 Standard	Not polled on <i>Source: Scope 3 Standard</i>
	[1.3.1b] <i>Emission factors used to calculate scope 1 emissions.</i>	Promotes transparency Status quo in Scope 3 Standard	Not polled on <i>Source: Scope 3 Standard</i>
	[1.3.1d] <i>Whether artificial intelligence (AI) was used to calculate the organization's emissions, including what tools were used and how they were used.</i>	Promotes transparency Supports users of the data <i>Note: Some members suggested that additional detail be required.</i>	16 of 18: Support (6 with edits) 0 of 18: Oppose 2 of 18: Abstain
Reporting recommendations	[1.3.1a] <i>Whether lower heating values (LHV; also known as net calorific value) or higher heating values (HHV; also known as gross calorific value) were used to calculate its scope 1 emissions.</i>	Promotes transparency Supports users of the data	17 of 18: Support (2 with edits) 0 of 18: Oppose 1 of 18: Abstain
	[1.4.1b] <i>The oxidation factors used to calculate scope 1 emissions.</i>	Promotes transparency Supports users of the data	16 of 18: Support (2 with edits) 1 of 18: Oppose 1 of 18: Abstain

Provision numbers correspond to working draft text titled "Corporate Standard working draft text: Chapter 6 (identifying and calculating GHG emissions) and chapter 7 (managing inventory quality)"

Polls: Scope 1 specific questions on calculation methods



Do you support the following Subgroup 3 preliminary outcomes?

#	Questions	Draft text	Options
1	Draft text on scope 1 calculation methods on the topics of heating values, artificial intelligence, and oxidation factors .	[1.1.6] The organization shall use fuel consumption data and factors that are on the same heating value basis. [1.3.1] The organization shall [report/disclose] the following information on identifying and calculating its scope 1 emissions: a. Sources of data, including activity data, emission factors, and GWP values used to calculate emissions. b. Emission factors used to calculate scope 1 emissions. d. Whether artificial intelligence (AI) was used to calculate the organization's emissions, including what tools were used and how they were used. [1.4.1] The organization should [report/disclose] the following information on identifying and calculating its scope 1 emissions: a. Whether lower heating values (LHV; also known as net calorific value) or higher heating values (HHV; also known as gross calorific value) were used to calculate its scope 1 emissions. b. The oxidation factors used to calculate scope 1 emissions.	a. Fully support b. Support with minor edits c. Oppose d. Abstain

Scope 1 calculation methods: Calculation approaches

Subgroup 3 Task Force defined the following **scope 1 methods**, which were mapped to LSRS **calculation approaches**

Scope 1 methods	LSRS calculation approaches*	Calculation approach definitions*
• Direct measurement	Measurement-based calculation approach	A calculation approach that directly quantifies GHG emissions, removals, or associated carbon stock changes, using direct measurement of GHG pools and fluxes
• Mass balance calculation method • Stoichiometry method	Model-based calculation approach	A calculation approach that uses mathematical modeling techniques to estimate emissions, removals, or carbon stock changes using input variables and fixed parameters calibrated to the specific model applications
• Fuel carbon content method • Fuel energy content method • Fuel-based method • Distance-based method • Process-specific method • Fugitive emission rate method • Spend-based method	Factor-based calculation approach	Methods that multiply activity data by an emissions factor or carbon stock change factor to determine emissions, removals, or other accounting category values for a given process
• Remote sensing method	Remote sensing-based calculation approach	A calculation approach that uses satellite or aerial information to collect activity data to estimate emissions, removals, or carbon stock changes

*Source: GHGP Land Sector and Removals Standard

Scope 1 calculation methods: Draft definitions, 1 of 3

Measurement and modeling methods

Method	Activity types	GHG	Proposed definitions	Examples
Direct measurement	Stationary, mobile, process, fugitive	Any	Quantification of GHG emissions or removals, or associated carbon stock changes, using physical direct monitoring/measurement of GHG fluxes.	- Continuous Emissions Monitoring System (CEMS) - Periodic sampling with sensors, scaled to annual emissions 
Mass balance calculation method*	Stationary, mobile, process, fugitive	Any	Model-based calculation approach based on the conservation of mass in which a quantity can be estimated with the inputs, outputs, generation, consumption, and accumulation of a product within a system	Refrigerant leakage can be calculated based on the storage inventory, purchases and sales of refrigerants, and any changes in refrigerant equipment capacity 
Stoichiometry method	Stationary, mobile, process, fugitive	Any <i>Not suitable for emissions that are a byproduct of the chemical reaction (e.g., N₂O and CH₄ emissions from fossil fuel combustion)</i>	Model-based calculation approach based on chemical reaction equations in which emissions are quantified using the atomic mass of the reactants and products <i>Note: The stoichiometry method assumes perfect conversion, but system efficiencies can be applied separately</i>	- Calculate the amount of CO₂ combusted based on the carbon content of natural gas. $\text{CH}_4 + \text{O}_2 \rightarrow \text{CO}_2 + \text{H}_2\text{O}$ - Calculate the amount of CO₂ released during the calcination step of cement production, where CaCO₃ decomposes into CaO and CO₂ 

*The revised LSR Standard defines mass balance in the context of a chain-of-custody model, which is not relevant to the mass balance method for calculating emissions

Scope 1 calculation methods: Draft definitions, 2 of 3

Factor-based fuel combustion methods

Method	Activity types	GHGs	Proposed definitions	Examples
Fuel carbon content method	Stationary, mobile	CO ₂	Factor-based calculation approach for quantifying CO ₂ emissions based on the carbon content of the fuel <i>Note: Fuel carbon content method is a type of stoichiometry method.</i>	Calculate the amount of CO₂ emitted based on the carbon content of natural gas with a carbon content factor (e.g., kg C/MMBtu coal) and a heat content (e.g., MMBtu/tonne)
Fuel energy content method	Stationary, mobile	CO ₂ , CH ₄ , N ₂ O	Factor-based calculation approach for quantifying CO ₂ , CH ₄ , or N ₂ O emissions based on the energy or heat content of the fuel	Calculate the amount of CO₂ emitted based on the energy content of natural gas (kg CO₂/MMBtu)
Fuel-based method Fuel quantity method? Fuel consumption method?	Stationary, mobile	CO ₂ , CH ₄ , N ₂ O <i>Mobile: Preferred method for CO₂</i>	Factor-based calculation approach for quantifying CO ₂ , CH ₄ , or N ₂ O emissions based on the amount of fuel combusted in physical units (e.g., mass, volume) and an emission factor	Calculate the amount of CO₂ emitted based on the mass or volume of fuel with an average emissions factor from a database.
Distance-based method	Mobile	CO ₂ , CH ₄ , N ₂ O <i>Mobile: Preferred method for CH₄, N₂O</i>	Factor-based calculation approach for quantifying CO ₂ , CH ₄ , or N ₂ O emissions based on the distance traveled by a vehicle and an emissions factor	Calculate the amount of CH₄ emitted based on the kilometers traveled by a vehicle (kg CH₄/kilometer)

Sources: [GHG Protocol Guidance on Stationary Combustion](#), [GHG Protocol HFC Tool](#), [EPA GHG Inventory Guidance: Direct Emissions from Stationary Combustion Sources](#), [EPA Direct Fugitive Emissions](#)

Scope 1 calculation methods: Draft definitions, 3 of 3

Other factor-based methods and remote sensing

Method	Activity types	GHGs	Proposed definitions	Examples
Process-specific method	Process	Any	Factor-based calculation approach for quantifying process GHG emissions using an emission factor for specific technology/equipment	Calculate the emissions from aluminum production that uses the Söderberg Process versus the Prebake Anode Process. These two technologies/approaches have different emission factors.
Fugitive emission rate method	Fugitive	Any	Factor-based calculation approach for quantifying fugitive emissions using an average fugitive emission rate for specific technology/equipment. <i>Note: This applies to the calculation of fugitive emissions with an emission factor, such as the emission of refrigerants based on an average leakage rate.</i>	- Calculate refrigerant leakage based on the refrigerant capacity and an average annual leakage rate for that equipment. <i>Note: Highly uncertain; EPA recommends for screening only</i>
Remote sensing method	Fugitive	Any	Remote sensing-based calculation approach for quantifying fugitive emissions with the use of satellites or aerial imagery.	- Measure CH₄ leakage from oil and gas facilities, coal mining operations, and landfills. - Measure N₂O volatilization from fertilizer application, wastewater treatment, and manure lagoons.
Spend-based method	Any	Any Often CO ₂ e	Factor-based calculation approach for quantifying GHG emissions based on the monetary spend of a product or service and a spend-based emission factor <i>Note: Not recommended/allowed (TBD) for scope 1. Emission factors are often on a lifecycle basis</i>	Calculate upstream emissions from purchased food using USD spent and an EEIO emissions factor in units of kg eCO₂/USD

Sources: [GHG Protocol Guidance on Stationary Combustion](#), [GHG Protocol HFC Tool](#), [EPA GHG Inventory Guidance: Direct Emissions from Stationary Combustion Sources](#), [EPA Direct Fugitive Emissions](#)

Scope 1 calculation method hierarchy by activity type

Activity type	Scope 1 direct measurement hierarchy <i>Note: Only preferred over calculation methods if already available</i>	Scope 1 calculation method hierarchy <i>Use the first method for which primary activity data is available</i>
Stationary combustion 	1. Continuous Emissions Monitoring System (CEMS) 2. Periodic sampling with sensors, scaled to annual emissions	1. Fuel carbon content method (CO₂ only) 2. Fuel energy content method 3. Fuel-based method
Mobile combustion 	1. Continuous Emissions Monitoring System (CEMS) 2. Periodic sampling with sensors, scaled to annual emissions	Carbon dioxide: 1. Fuel carbon content method (CO₂ only) 2. Fuel energy content method 3. Fuel-based method 4. Distance-based method* Methane and nitrous oxide: 1. Distance-based method* 2. Fuel-based method
Process emissions 	1. Continuous Emissions Monitoring System (CEMS) 2. Periodic sampling with sensors, scaled to annual emissions	1a. Mass balance calculation method 1b. Stoichiometry method 2. Process-specific method
Fugitive emissions 	1. Continuous Emissions Monitoring System (CEMS) 2. Periodic sampling with sensors, scaled to annual emissions	1a. Remote sensing method 1b. Mass balance calculation method 2. Fugitive emission rate method

*Distance-based method for mobile combustion is only applicable for on-road vehicles (e.g., cars, trucks, trains).

Note: Land emissions activity type is not yet considered here

Scope 1 calculation methods and hierarchy: Draft text

Type	Draft text	Rationale	Subgroup 3 level of support
Accounting recommendations and options	[2.2.1] <i>[The organization should use the first method (see Appendix B) for which primary activity data is available in the scope 1 calculation method hierarchy (see Appendix C), by scope 1 category.]</i>	- Promotes accuracy and consistency in reporting - Promotes feasibility with “should” statement	Subgroup 3 indicated majority support for the scope 1 methods hierarchy “Should” statement was not polled on.
	[2.2.2] <i>[If the organization is already collecting direct measurement emissions data for another purpose (e.g., for facility-level regulatory reporting), then the organization should report the same emissions data in its greenhouse gas inventory. If the organization is not already collecting direct measurement emissions data, then the organization should use the best available scope 1 calculation method.]</i>	- Promotes feasibility and consistency in reporting Aligns with approach taken in the GHG Protocol Stationary Combustion Guidance	17 of 18: Support (2 with edits) 0 of 18: Oppose 1 of 18: Abstain
	[2.2.3] <i>[The organization may use a scope 1 calculation method not included in the scope 1 calculation method hierarchy.]</i>	- Promotes feasibility - Acknowledges development of new methods	Not polled on <i>Source: Secretariat draft</i>

Scope 1 calculation methods and hierarchy: Draft text

Type	Draft text	Rationale	Subgroup 3 level of support
Reporting requirements	[2.3.1] Methodologies used to calculate or measure scope 1 emissions, providing a reference or link to any calculation tools used	Promotes transparency Supports users of the data Status quo in CS	Not polled on Source: Corporate Standard
Reporting recommendations	[2.4.1a] <i>[If the best available scope 1 method was not used, a rationale for choosing an alternative method.]</i>	Promotes transparency	Not polled on Source: Secretariat draft
	[2.4.1b] <i>[Any scope 1 methods used that are not in the scope 1 calculation method hierarchy.]</i>	Promotes transparency	Not polled on Source: Secretariat draft

Scope 1 calculation methods and hierarchy: Subgroup 3 level of support

Question	Type	Total responses	Yes, fully support	No	Abstain
Do you support the draft definitions for each of the following scope 1 calculation methods?	Direct measurement	11 members	11	0	0
	Mass balance	11 members	9 (1 with edits)	0	1
	Stoichiometry method	11 members	9 (1 with edits)	0	1
	Fuel carbon content method	11 members	10 (1 with edits)	0	0
	Fuel energy content method	11 members	7 (3 with edits)	0	1
	Fuel-based method	11 members	9 (2 with edits)	0	0
	Distance-based method	11 members	9	0	2
	Process-specific method	11 members	9 (1 with edits)	0	1
	Fugitive emission rate method	11 members	8 (1 with edits)	0	2
	Spend-based method	11 members	9 (1 with edits)	1	0
	Remote sensing method	11 members	8 (1 with edits)	0	2
Do you support the draft scope 1 calculation method hierarchy for each of the following scope 1 categories?	Stationary combustion	10 members	9 (1 with edits)	0	0
	Mobile combustion	10 members	9 (1 with edits)	0	0
	Process emissions	10 members	8 (2 with edits)	0	0
	Fugitive emissions	10 members	8 (2 with edits)	0	0

Majority support for all scope 1 calculation method definitions and scope 1 calculation method hierarchy

Polls: Scope 1 calculation method definitions and hierarchy: Accounting requirements and recommendations

Draft for TWG discussion
Subgroup 3, Phase 2



Discussion



Polls

Do you support the following Subgroup 3 preliminary outcomes?

#	Preliminary outcome	Draft text	Options
1	Scope 1 calculation method definitions	See previous slides for definitions of the following scope 1 calculation methods: Direct measurement, mass balance, stoichiometry method, fuel carbon content method, fuel energy content method, fuel-based method, distance-based method, process-specific method, fugitive emission rate method, spend-based method, remote sensing method	a. Fully support b. Support with minor edits c. Oppose d. Abstain
2	Scope 1 calculation method hierarchy	See previous slides for scope 1 calculation method hierarchy, organized by category (stationary combustion emissions, mobile combustion emissions, process emissions, fugitive emissions) <i>Note: Land emissions not yet included in scope 1 methods hierarchy</i>	a. Fully support b. Support with minor edits c. Oppose d. Abstain
3	"Should" statement on scope 1 calculation method hierarchy	[2.2.1] <i>[The organization should use the first method (see Appendix B) for which primary activity data is available in the scope 1 calculation method hierarchy (see Appendix C), by scope 1 category.]</i>	a. Fully support b. Support with minor edits c. Oppose d. Abstain
4	Recommending calculation-based approaches (over direct measurement when measurement technology is not already available) for scope 1	[2.2.2] <i>[If the organization is already collecting direct measurement emissions data for another purpose (e.g., for facility-level regulatory reporting), then the organization should report the same emissions data in its greenhouse gas inventory. If the organization is not already collecting direct measurement emissions data, then the organization should use the best available scope 1 calculation method.]</i>	a. Fully support b. Support with minor edits c. Oppose d. Abstain

Provision numbers correspond to working draft text titled "Corporate Standard working draft text: Chapter 6 (identifying and calculating GHG emissions) and chapter 7 (managing inventory quality)"

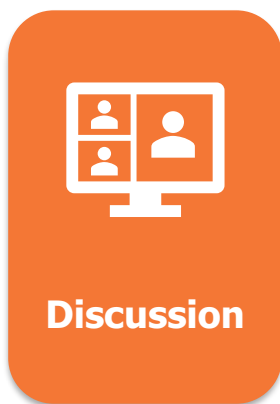


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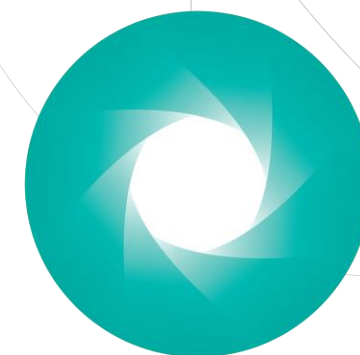
Polls: Scope 1 calculation method definitions and hierarchy: Reporting requirements and recommendations



#	Preliminary outcome	Draft text	Options
1	Do you support a reporting requirement on methods used to calculate scope 1 emissions?	[2.3.1] <i>Methodologies used to calculate or measure scope 1 emissions, providing a reference or link to any calculation tools used</i>	a. Fully support b. Support with minor edits c. Oppose d. Abstain
2	Do you support reporting recommendations for a rationale for and list of alternative methods used ?	[2.4.1a] <i>[If the best available scope 1 method was not used, a rationale for choosing an alternative method.]</i> [2.4.1b] <i>[Any scope 1 methods used that are not in the scope 1 calculation method hierarchy.]</i>	a. Fully support b. Support with minor edits c. Oppose d. Abstain

Agenda

- Introduction and housekeeping 15 minutes
- Base year selection (Subgroup 1) 10 minutes
- Base year recalculation (Subgroup 1) 40 minutes
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- **Leased assets (Subgroup 2) 15 minutes**
- Wrap up and next steps 10 minutes



GREENHOUSE GAS PROTOCOL

Option A

Standardized approach – BS recognition

Definition:

Apply financial accounting rules **based on balance sheet (BS) recognition**, with focus on right-of-use (lessee) 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.

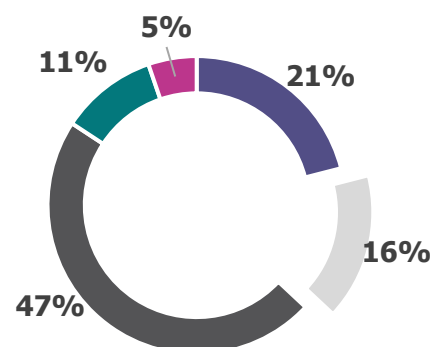
Leased assets: Revised options for consideration – summary matrix

	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 (<i>especially for lessor</i>)	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 (<i>e.g., BS recognition does not indicate the nature of operational control for the lessor</i>): Potential feasibility challenge for leasing industry (<i>e.g., real estate lessor</i>) - Financial accounting exemptions may not translate into emissions categorization (<i>e.g., based on the financial value of the asset does not change the emissions profile or how the asset is operated</i>)	For financial control: Diverges from financial accounting method: Especially the emissions profile in the leasing industry for lessors may differ significantly from financial accounting (<i>right-of-use accounting does not apply to lessors as the lessor is the party granting the right-of-use to the lessee</i>)	May incentivize companies to choose the approach that presents a more favorable emissions profile

Leased assets: Revised options for consideration

Subgroup 2 Meeting 14 feedback *

Split opinion

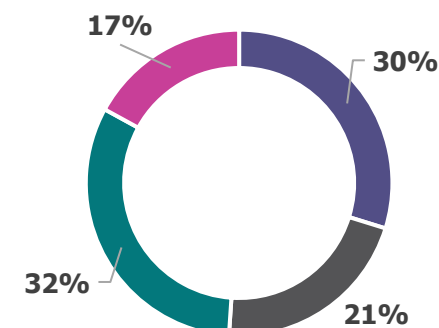


- Option A (Standardized approach – balance sheet recognition)
- Eliminated (Option A+)
- Option B (Standardized approach – right-of-use)
- Option C (Different method per consolidation approach)
- Abstain

19 responses

Full TWG Meeting 7

Split opinion



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

47 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

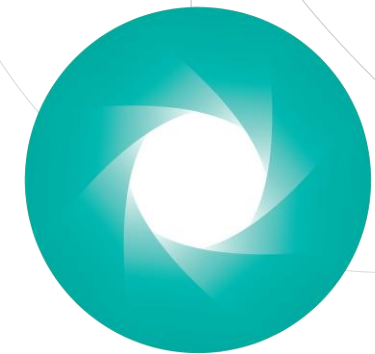
Please rank the options for categorizing emissions from leased assets from most preferred to least preferred.

- 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 8 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
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- Leased assets (Subgroup 2) 15 minutes
- **Wrap up and next steps 10 minutes**



GREENHOUSE GAS PROTOCOL

Next steps

Items to be shared by GHG Protocol Secretariat:

- Final slides, minutes, and recording from this meeting
- Feedback survey

TWG member action items:

- Respond to feedback survey (deadline TBC)
- Feedback on draft text on:
 - **Tracking emissions over time**
 - **Calculation methods**
- **Reminder:**
 - Feedback on draft text on **organizational boundaries**
 - Feedback on draft text on setting **operational/inventory/reporting boundaries**

Next meeting

Tuesday, September 15th

- Time to be confirmed

Thank you!

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Change log

Slide #s	Change	Details
8	New slide	New slide on updated Standard Development plan announcement
9	Updated slide	Updated with meeting time for September-November meetings
10	New slide	New slide on status of text revisions by chapter
11	New slide	New slide on plan for ad-hoc text editing group
35	Updated slide	Addition of first bullet under implications and concerns
55, 62, 63	Updated slides	Changed table color coding to orange to highlight that these slides include draft text
54	Updated slide	Incorporated TWG Meeting 7 indicative poll results
68-71	New slides	New slides on the topic of leased assets (with some slides carried over from Meeting 7). Slide 71 includes a new poll question.