

Corporate Standard Meeting Minutes

Subgroup 1, Meeting #3

Date: 14 January 2025

Time: 09:00 – 11:00 ET / 15:00 – 17:00 CET

Location: Virtual

Attendees

Technical Working Group Members

1. Rob Anderson, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australia
2. Catherine Atkin, Carbon Accountable and Stanford CodeX Climate Data Policy Initiative
3. Erika Barnett, Greenhouse Gas Management Institute
4. Tatiana Boldyreva, CDP
5. Victoria Evans, SCS Engineers
6. Robert Gray, DuPont
7. Henk Harmsen, SustainCERT
8. Burkhard Huckestein, German Environment Agency
9. Micheline Khan, World Resources Institute
10. Dedy Mahardika, International Finance Corporation
11. Philippe Missi Missi, UNFCCC Regional Collaboration Center West and Central Africa
12. Ann Marie Moohan-Sidhu, ESGright
13. Sachin Nimablakar, Oak Ridge National Laboratory
14. Joanne Richmond, CK Hutchison
15. Vicky Sullivan, Duke Energy

Guests

None present

GHG Protocol Secretariat

1. Hande Baybar
2. Iain Hunt
3. Allison Leach
4. David Rich

Documents referenced

1. Slides for the Corporate Standard meeting on 14 January 2025
2. Discussion paper on GHG accounting and reporting principles

Item	Topic and Summary	Outcomes
1	<i>Introduction and recap of progress to date</i> The Secretariat welcomed TWG members to the third meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief recap of progress made to date.	Remaining discussion on items from the first Subgroup 1 meetings tabled to next Subgroup 1 meeting.
2	<i>Review of GHG accounting and reporting principles</i> The Secretariat presented a summary of relevant background on GHG accounting and reporting principles and their treatment in selected frameworks external to GHG Protocol. Using this as a basis, the Secretariat invited comments from TWG members on the revisions of principles.	Feedback gathered on updates to principles will be consolidated, with a follow-up survey to be considered to help refine options ahead of the next Subgroup 1 meeting.
3	<i>Comparability of GHG inventories</i> The Secretariat shared relevant background information related to comparability of GHG inventories, conducted two polls to gauge TWG member opinions on the extent to prioritize comparability and the role of GHG Protocol versus programs in enhancing conditions of comparability, and invited TWG member feedback on options to address request for comparable information in updating the Corporate Standard.	Most TWG members expressed support for prioritizing comparability as part of updates to the Corporate Standard. A poll to gauge TWG member opinions on options to address comparability will included in an asynchronous feedback survey.
4	<i>Wrap up and next steps</i> The Secretariat shared next steps for Subgroup 1, with the next meeting scheduled for Tuesday, February 4 th at 09:00 ET.	Meeting materials to be shared by Secretariat. Meeting #4 for Subgroup 1 scheduled for February 4 th , next meeting of full TWG scheduled for March 4 th .

Summary of discussion and outcomes

1. Introduction and recap of progress to date

- The Secretariat welcomed TWG members to the third meeting of Subgroup 1, reviewed the objectives and agenda for the meeting, and provided a brief recap of progress made to date (slides 1-12).

Summary of discussion

- The Secretariat provided a brief summary of progress to date including the development of a refined list of priority use cases for the Corporate Standard, a proposed approach for addressing uses of GHG data at scales different than a company/organization, and a narrowed set of options for revising Corporate Standard objectives and business goals. The Secretariat noted that these items will not be reopened for discussion during the current meeting, but will be taken together with outputs from the current meeting for a comprehensive review of phase 1 topics in Subgroup 1 Meeting #4 on February 4th.

Outcomes (e.g. recommendations, options)

- Remaining discussion on items from the previous Subgroup 1 meetings tabled to Meeting #4 on February 4th.

2. Review of GHG accounting and reporting principles

- The Secretariat presented a summary of relevant background on GHG accounting and reporting principles and their treatment in selected frameworks external to GHG Protocol, referring to content provided in the discussion paper shared on the topic. Four principles were discussed in this section (relevance, completeness, transparency, accuracy), while consistency was discussed as part of the

next section on comparability, given the connections between the concepts. The Secretariat invited input from TWG members on suggested revisions to principles (slides 13-28).

Summary of discussion

- In presenting a summary of stakeholder feedback received on principles, the Secretariat provided clarification related to an asynchronous question received from a TWG member on how stakeholder feedback is presented. The Secretariat noted that the proportion of survey respondents expressing opinions in favor or against a given approach is intentionally not reported because responses to the survey should not be assumed to be representative of the full range of stakeholder opinions and because the survey was not intended to be a voting exercise.
- **External programs:** The Secretariat presented a mapping of how principles or equivalent concepts are treated across selected external frameworks, with TWG members sharing feedback.
 - A TWG member noted that ISO 14064-1 and ISO 14069 are currently under revision and asked if prospective updates will be relevant to TWG discussions. The Secretariat responded that discussions are ongoing between GHG Protocol and ISO. Principles from ISO and other relevant external frameworks will be considered when revising GHG accounting and reporting principles and the standards revision process will include efforts to harmonize across the ecosystem.
 - A TWG member noted that PCAF has additional requirements derived from GHG Protocol accounting and reporting principles.
 - A TWG member mentioned concepts from IFRS S1, including fair presentation, which included comparability, verifiability, timeliness and understandability. The Secretariat noted that these concepts will be considered in discussion on revisions to current principles and the addition of new principles.
 - A TWG member highlighted that the difference between corporate, territorial, and product accounting might not be clear to all stakeholders and suggested the importance of distinguishing between principles applicable in each of these cases.
- **Relevance principle:** The Secretariat shared a mapping of the principle of relevance across frameworks, along with the related concept of materiality (slides 22-23). TWG members provided feedback.
 - A TWG noted that for a non-native English speaker the terms significance, relevance, and materiality can appear to be synonymous.
 - A TWG member noted that the definition of materiality from ISO 14064-3 was missing from the mapping, emphasizing that materiality is included in the verification standard and not in the inventory standard. They suggested that the appropriate place to address materiality is in reference to verification.
 - A TWG member commented on the various ways that the term "materiality" is defined and used, noting that definitions coming from a legal and fiduciary context will ultimately take precedent. They added that from the perspective of individuals actually developing GHG inventories for companies, decisions related to the scope of the effort involved focus more on completeness.
 - A TWG member highlighted that the various definitions of relevance and materiality shared apply to a range of contexts and that the current definition of relevance in the Corporate Standard is suitable to the use of the Standard for GHG accounting and reporting.
 - The Secretariat posed a follow-up question, asking if in consideration of the variety of definitions and interpretations of the term "materiality" if the Corporate Standard should at least play a role in providing further clarification to the user on the term.
 - Some TWG members expressed skepticism regarding weighing in further in the Corporate Standard on the use of the term "materiality", noting that with the volume of text that exists on the topic, providing further clarification is beyond the scope of what the Corporate Standard can and should achieve.
 - One TWG member noted that while there are downsides to weighing in further on materiality and that doing so could detract from other priorities such as enhancing comparability, clarifications are needed regarding the related terms of significance and relevance.

- A TWG member suggested that given the increased integration of GHG and financial information, incorporation of the Conceptual Framework for Financial Reporting into updates to principles should be a higher priority than integrating concepts from other frameworks. They noted that this includes updates to the relevance principle and that given the importance of materiality in financial reporting, the concept warrants further consideration. Other TWG members expressed agreement for prioritizing better alignment with the Conceptual Framework for Financial Reporting.
- A TWG member noted that while it's unnecessary to establish a separate principle of materiality, given the growth of verification and assurance, more guidance is needed to help preparers assess the materiality of errors.
- A TWG member highlighted that application of the relevance principle entails providing an estimate of all important sources and sinks. The Secretariat noted that Subgroup 3 of the Corporate Standard TWG is working to more clearly define "significance" in determining what constitutes a complete inventory.
- **Completeness principle:** The Secretariat shared how the principle of completeness is treated across frameworks (slide 24) and invited feedback from TWG members.
 - A TWG member commented that companies' inventories are audited according to their completeness and provided a note of caution that what constitutes completeness from the lens of financial reporting may differ from GHG reporting.
 - A TWG member pointed to what they consider to be a unique aspect of the financial sector in relation to GHG accounting, with elements of organization and product level accounting being blended, noting that accounting for GHG emissions for financial assets may be analogous to product emissions for other types of companies.
 - The Secretariat noted that Subgroup 3 of the Corporate Standard TWG is currently considering how to define "significance" as a way of defining what constitutes a complete GHG inventory.
 - A TWG member posed a follow-up question about how a quantitative exclusion threshold can be applied in the absence of estimating 100% of emissions. The Secretariat responded that the Scope 3 TWG is leading on the development of guidance on how to estimate 100% of an inventory to inform determination of any quantitative exclusion threshold.
 - Another TWG member referred to Annex H of ISO 14064-1 for guidance on identifying significant emissions. The Secretariat noted that this guidance is being considered. The TWG member noted that significant emissions, de minimis emissions, and materiality are all different concepts, with the Secretariat clarifying that all three concepts are being considered separately.
 - A TWG member expressed concern with the phrase "within the chosen inventory boundary" in the definition of completeness, noting that setting the appropriate inventory boundary should be part of the completeness check.
- **Transparency principle:** The Secretariat introduced the transparency principle and how it's covered across frameworks (slide 25) and invited comments from TWG members.
 - A TWG member commented that the transparency principle may be vague and that verifiability is of increasing importance with the trend toward more mandatory reporting.
 - A TWG member noted that the transparency principle is related to both communication (such that anybody reading a GHG report understands what's going on, noting the ISO standard on environmental communication) and to the audit trail (wherein following requirements and guidance on data quality enable verifiability).
 - A TWG member noted that some aspects of transparency are addressed in the completeness principle and language on the disclosure and justification of exclusions. They added that verifiability is a distinct aspect of transparency, and updates to principles should reflect this distinction. Other TWG members expressed agreement with this framing.
 - A TWG member highlighted the value of transparency as a principle for preparers to follow, but raised the question about who will be reading relevant assumptions and references to methodologies and data sources used. They suggested that improving access to this information by stakeholders external to reporting organizations is important to consider and should be distinct from (and not subsumed by) verifiability.

- A TWG member expressed support for the transparency principle as currently defined and suggested that if verifiability is addressed further, it should be as a separate principle. They added that if a verifiability principle is defined, the phrase “based on a clear audit trail” can be removed from transparency.
- A TWG member commented that they consider the current definition of transparency to be sufficient, noting that it already captures well concepts used in other frameworks, particularly verifiability and understandability. Other TWG members expressed agreement on maintaining the current framing of the transparency principle.
- A TWG member noted that if any new principles are considered, they need to be made operational somewhere in the standard. They pointed out that the transparency principle is addressed in the chapter on reporting requirements. The Secretariat asked if the introduction of a verifiability principle should be contingent on whether the Corporate Standard is updated to require verification or assurance, which the TWG member affirmed.
- **Accuracy principle:** The Secretariat shared a summary of how the accuracy principle is treated across frameworks (slide 26) and invited comments from TWG members.
 - A TWG member noted that the accuracy principle contains three distinct elements that are operationalized in different ways across GHG Protocol standards: bias, accuracy and uncertainty. They suggested that the concepts need to be disentangled. They also noted that mitigation of uncertainties isn’t fully operationalized in GHG Protocol standards.
 - A TWG member commented that while the term “bias” isn’t explicitly used in the definition of accuracy as in other frameworks, the concept is covered through the phrasing “the quantification of GHG emissions is systematically neither over nor under actual emissions”.
 - A TWG member suggested that the term “reasonable assurance” be removed from the definition of accuracy, considering how it’s specifically defined and used in an assurance context, and that the term “confidence” used in the Scope 2 Guidance and Scope 3 Standard is preferable.
 - A TWG member highlighted the importance of capturing the intent of improving accuracy over time in framing the accuracy principle.
 - A TWG member suggested that the accuracy principle may be improved by more clearly linking to the scientific basis of data and methods.
- **Conservativeness and permanence:** The Secretariat shared principles introduced in the GHG Protocol Land Sector and Removals Standard, conservativeness and permanence, which are applicable to removals accounting (slide 27), and invited feedback related to these from TWG members.
 - A TWG member suggested that the concept of prudence in the Conceptual Framework for Financial Reporting is akin to conservativeness, as it specifies caution when making judgements under conditions of uncertainty.
 - A TWG member commented on the connectivity between emissions and removals, wherein any leakage of stored carbon constitutes emissions. They suggested that any principle that applies only to removals accounting also relates to emissions.
 - A TWG member noted potential confusion in GHG Protocol Standards regarding the definition of removals and whether it’s defined as the action of removing emissions from the atmosphere or a carbon pool that requires monitoring. Another TWG member echoed this comment, noting the distinction between emissions and removals on one level and emissions reductions and removals enhancements on another level.
 - A TWG highlighted the value of conservativeness as it relates to accuracy. They noted that while it may not need to be adopted more broadly as a principle, discussion related to accuracy and how to address situations where there is high uncertainty. Other TWG members expressed agreement with this approach.
 - A TWG member commented on the organization of the standards, noting that if the Corporate Standard is intended to be the master document, then principles introduced in the Land Sector and Removals Standard should be incorporated into the Corporate Standard.
 - The Secretariat concluded the discussion noting that some issues raised, particularly related to permanence, are beyond the remit of the Corporate Standard TWG, with these being the domain of the process to develop the Land Sector and Removals Standard.

- **Additional concepts from external frameworks:** The Secretariat provided an overview of concepts from other frameworks not explicitly defined as GHG accounting and reporting principles, including neutrality, verifiability, timeliness, and understandability (slide 28). The Secretariat invited feedback from TWG members on whether any of these should be integrated into existing principles or adopted as new principles.
 - A TWG member highlighted the importance of timeliness, noting that companies typically report on an annual basis, but reporting at other levels, for example by government entities, may take longer and be less frequent. They further noted that timeliness seems to already be implied. Other TWG members expressed agreement with these comments.
 - A TWG member offered a note of caution that any new principle considered will require additional text to make it operational, which will add complexity to the standard. They agreed with a prior comment that timeliness is already implied and is sufficiently addressed without defining it as a principle. They emphasized that any new principles incorporated should specifically add value.
 - A TWG member commented that as companies' GHG accounting improves in terms of completeness, their reported emission totals will increase over time. They noted that they were not sure about how best to address this as updates to principles are considered, but suggested it be considered further in relation to the next discussion topic of completeness.
 - A TWG member emphasized the importance of enhancing verifiability as the trend toward more mandatory reporting progresses, but also cautioned that the introduction of new concepts has the potential to cause more confusion rather than add clarity.

Outcomes (e.g. recommendations, options)

- Feedback gathered on updates to principles will be consolidated, with a follow-up survey to be considered to help refine options ahead of the next Subgroup 1 meeting on February 4th.

3. Consistency and comparability of GHG inventories

- The Secretariat provided a summary of background information related to comparability of GHG inventories, including the ways that the terms "consistency" and "comparability" are defined across different frameworks. The Secretariat conducted two polls to gauge TWG member opinions on whether comparability should be prioritized as part of updates to the Corporate Standard and the extent to which GHG Protocol should play a role in enhancing conditions of comparability versus programs. The Secretariat invited feedback related to options to address stakeholder demands for comparable information in updates to the Corporate Standard (slides 29-38).

Summary of discussion

- **Consistency principle:** The Secretariat shared definitions of consistency across different frameworks (slide 34), noting overlaps in how consistency and comparability are defined. The Secretariat invited TWG members to comment on the definition of consistency in the Corporate Standard and whether it should be broadened to also refer to consistency in methods between reporting organizations or remain specific to consistency over time for a single organization.
 - A TWG member remarked that providing for consistency over time shouldn't detract from making improvements in data quality and calculation methods over time. Other TWG members expressed agreement with the comment, with one suggesting that language be added to discussion of the consistency principle to emphasize that methodological improvements over time should not be sacrificed for the sake of consistency.
 - A TWG member highlighted the role of the consistency principle as currently framed related to recalculation of base year emissions to facilitate a consistent emissions profile over time. They noted that comparability is not currently an objective of the Corporate Standard and that while it might not be defined as a principle in regulatory frameworks like IFRS and ESRS, these programs include measures that contribute to enhancing comparability.
 - A TWG member commented on instances where they see value for decision-making in comparing between GHG inventories. They first highlighted value of re-baselining and comparing emissions over time, but noted that over a longer time frame (e.g., more than 5

years), re-baselining becomes less valuable due to limitations in reliable information to practically do so. They then noted the value of comparing emissions between products and between organizations. They remarked that while comparing GHG inventories to benchmark against peers can be a useful data point, they had doubts regarding the extent to which stakeholders such as investors use GHG inventory data specifically to make distinctions between reporting companies. Other TWG members expressed agreement with the member's comments.

- A TWG member cautioned that prioritizing comparability between inventories from different companies could incentivize poor accounting practices by converging on a least common denominator. They also highlighted that continued use of low-quality data and methods for the sake of maintaining consistency is an issue to consider. They suggested that comparability should be limited to scope 1 and 2 emissions to discourage poor accounting practices for scope 3.
- A TWG member suggested that the delineation of consistency and comparability currently included in GHG Protocol definitions of the terms should be maintained as both are important and because any changes to definitions that have already been established could be disruptive to stakeholders.
- Highlighting practical challenges of maintaining consistency over time while making methodological improvements, a TWG member suggested that comparability over time might be more important than consistency over time. They further noted that enhancing comparability over time relates to transparency and disclosures on changes in boundaries, data, and methods from year to year.
- The Secretariat conducted a preliminary poll to gauge TWG member opinions on the extent to which comparability should be prioritized in revising the Corporate Standard (results shown below). 67% of respondents expressed that comparability should be either a high or very high priority.

1. How high of a priority should enhancing comparability between different reporting organizations be for updates to the Corporate Standard? Rate on a scale of 1-5 (1=very low priority, 5=very high priority)ed question (Single choice)

12/12 (100%) answered



- The Secretariat conducted another poll to gauge TWG member opinions on the extent to which it is GHG Protocol's role to enhance conditions of comparability versus external programs and sector initiatives (results shown below). Results indicated that most TWG members would envision a role for both GHG Protocol and for programs.

2. To what extent should GHG Protocol play a primary role in enhancing comparability between GHG inventories from different reporting organizations or should this be left primarily to programs/sector initiatives? Rate on a scale of 1-5 (1=programs/sector initiatives play primary role, 5=GHG Protocol plays primary role) (Single choice)

12/12 (100%) answered



- **Comparability:** The Secretariat presented potential options for addressing comparability when updating the Corporate Standard (slide 38) and invited TWG members to provide feedback.
 - A TWG member noted that while there's value in comparability, enhancing comparability will entail limiting optionality, particularly in how organizational and operational boundaries are set. They noted that mandatory reporting programs, such as IFRS and ESRS, are instituting more prescriptive requirements for boundary setting. They suggested that a related question to consider is whether GHG Protocol should remain policy neutral or align with particular policies in terms of boundary setting.
 - A TWG member commented that how to address comparability depends on the goals of GHG accounting and reporting, wherein comparability is more important when GHG information is used by stakeholders external to reporting companies such as policymakers than when used for internal purposes only. They suggested that comparisons of GHG inventories be limited to scope 1 and 2 emissions and that emissions not be summed across the scopes to produce a "total" inventory. The Secretariat noted that the comparability principle is optional in the Land Sector and Removals Standard as its application is contingent on a reporting company's goals.
 - A TWG member remarked that because the next version of the Standard will be in use for several years after its publication, approaches to addressing comparability should consider not just current but also future needs for comparable information.
 - A TWG member highlighted challenges to comparing companies across different sectors, given differences in their most significant emissions sources. They further noted that even within sectors comparisons can be challenging. They suggested that if comparability is a priority, sector-specific and even subsector-specific metrics need to be considered. The Secretariat noted that defining metrics on a sectoral basis might be beyond the remit of GHG Protocol. Another TWG member suggested reviewing cross-industry metrics in the IFRS S2 Basis for Conclusions when considering comparability of GHG inventories.
 - A TWG member suggested that comparability should be established as an objective and that the development of inventories in alignment with the existing principles contributes to achieving comparability. They added that the application of principles should be achievable by preparers and that a comparability principle would go beyond this and thus differ from the currently established principles. They also noted that while there are limitations to achieving comparability between GHG inventories, framing an objective around supporting better comparability could be a reasonable objective to establish. The Secretariat noted that the options presented are not necessarily mutually exclusive, wherein an objective to support better comparability could be defined along with developing language that highlights limitations to comparing GHG inventories.
- A poll that was originally planned to gauge TWG member opinions on options presented to address comparability was not included and will be conducted asynchronously following the meeting.

Outcomes (e.g. recommendations, options)

- Most TWG members expressed support for prioritizing comparability as part of updates to the Corporate Standard.
- A poll to gauge TWG member opinions on options to address comparability will be conducted asynchronously.

4. Wrap up and next steps

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings (slide 40).

Summary of discussion

- A TWG member asked if comments provided in the Zoom chat are included in meeting minutes. The Secretariat confirmed that they are.

Outcomes (e.g. recommendations, options)

- Final meeting materials including slides, minutes, and recording to be shared by the Secretariat.
- The next meeting of Subgroup 1 will take place on Tuesday, February 4th, 2025 at 09:00 ET / 15:00 CET / 22:00 CHN.
- The next meeting of the full Corporate Standard TWG will take place on Tuesday, March 4th, with two time slots offered: 08:00 ET / 14:00 CET / 21:00 CHN and 16:00 ET / 22:00 CET / 05:00 Weds, March 5th CHN.

Summary of written submissions received prior to meeting

- Two TWG members submitted written feedback on meeting topics prior to the meeting:
 - A TWG member suggested that comparability over time is distinct from consistency (with consistency contributing to comparability) and that comparability over time should be addressed in addition to comparability between organizations. They also noted that measures to enable comparability over time need to be balanced with incentivizing continuous improvement with regard to complete and accurate emissions reporting.
 - A TWG member provided the following suggestions related to principles:
 - The Corporate Standard should provide the most comprehensive list of GHG accounting and reporting principles to ensure that it encompasses and aligns with other relevant standards and guidelines.
 - Facilitating comparability between GHG inventories from different organizations should not be a major priority. In lieu of attempting to enhance comparability further standardization and harmonization, efforts to respond to stakeholder demands for comparable information can be better spent on alternative mechanisms such as performance metrics and enhancing disclosure requirements to provide additional context on factors that influence emissions.
 - Verifiability should be considered as a new principle.
 - Materiality does not need to be a standalone principle, but guidance on materiality and its connection to the provision of relevant information should be provided.
 - The concept of prudence from financial reporting may be considered in relation to the GHG accounting and reporting principles of accuracy and conservativeness.