

# Corporate Standard Meeting Minutes

## Subgroup 3, Meeting #7

Date: 27 May 2025

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

Location: Virtual

## Attendees

### Technical Working Group Members

1. Inês Amorim, WBCSD
2. Christa Anderson, WWF
3. Samuel Anuga, University Mohammed VI Polytechnic, Morocco
4. Rebecca Berg, Center for Climate and Energy Solutions
5. Rogelio Campos, Ministry of Environment, Peru
6. Jasper Chan, TownGas
7. Gonzalo Chiriboga, Central University of Ecuador
8. Ron-Hendrik Hechelmann, University of Kassel
9. Tomoo Machinba, Zeroboard, Inc.
10. Felipe Martínez Rodríguez, Hydro
11. Alexis McGivern, University of Oxford
12. Brandon McNamara, Northern Arizona University
13. Suresh Krishna Ishwara Palar, Infosys
14. Ann Radil, Watershed
15. Jay Shi, Proctor & Gamble
16. Monika Shrivastava, JSW Cement
17. Max Sonnen, Ecomatters

### Guests

1. Ignacio Fernandez, The Climate Registry

### GHG Protocol Secretariat

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

## Documents referenced

1. Slides for the Corporate Standard Subgroup 3 Meeting 7 on 27 May 2025

Item	Topic and Summary	Outcomes
1	<b><i>Introduction and housekeeping</i></b> The Secretariat briefly reviewed meeting objectives and housekeeping items.	No specific outcomes.
2	<b><i>Justifiable exclusions</i></b> The Secretariat presented follow-up material from meeting 6 on justifiable exclusions for scopes 1 and 2, including survey results and additional information on interoperability with external programs.  New questions and options on justifiable exclusions for scopes 1 and 2 were discussed, including on boundary setting and defining a quantitative exclusion value. Discussion was reopened on whether justifiable exclusions for scopes 1 and 2 should be allowed. Following discussions, indicative polls were conducted.	An indicative poll found <i>majority agreement</i> that external programs with qualitative exclusions can be interoperable with a quantitative exclusion threshold.  An indicative poll found <i>split opinions</i> on whether an inventory developed with a qualitative exclusions approach would usually be aligned with an inventory developed with a quantitative exclusions approach.  An indicative poll found <i>majority support</i> for allowing exclusions for scopes 1 and 2.  An indicative poll found <i>split opinions</i> on defining the boundary for a quantitative exclusion threshold across scopes, with the most support for separate thresholds for scopes 1, 2, and 3.  An indicative poll found <i>split opinions</i> on defining the value for a quantitative exclusion threshold for scopes 1 and 2, with the most support for a threshold of 1%.
3	<b><i>Scope 3 requirement: Proposed revisions</i></b> The Secretariat briefly presented proposed revisions for defining a scope 3 requirement and eligibility for a differentiated scope 3 requirement.	The Secretariat will share a follow-up meeting survey with questions on proposed revisions related to a scope 3 requirement.
4	<b><i>Wrap-up and next steps</i></b> The Secretariat shared a summary of next steps including the schedule for upcoming meetings.	Final meeting materials including slides, minutes, and recording will be shared by the Secretariat.  The next Subgroup 3 meeting will be on Tuesday, June 24 <sup>th</sup> at 09:00 EDT / 15:00 CEST / 21:00 CHN.

## Summary of discussion and outcomes

### 1. Welcome and housekeeping

- The Secretariat briefly reviewed meeting objectives and housekeeping items. (Slides 1-9)

#### Summary of discussion

- The Secretariat presented the meeting agenda and objectives, reminded TWG members of housekeeping items, and previewed the topics for upcoming meetings.

#### Outcomes (e.g. recommendations, options)

- No specific outcomes.

## 2. Justifiable exclusions

- The Secretariat presented follow-up material from meeting 6 on justifiable exclusions for scopes 1 and 2, including survey results and additional information on interoperability with external programs.
- New questions and options on justifiable exclusions for scopes 1 and 2 were discussed, including on boundary setting and defining a quantitative exclusion value. Discussion was reopened on whether justifiable exclusions for scopes 1 and 2 should be allowed. Following discussions, indicative polls were conducted. (Slides 10-36)

### Summary of discussion

- **Meeting 6 feedback survey on justifiable exclusions**
  - The Secretariat presented indicative poll results and follow-up feedback survey results from meeting 6, highlighting topics to be revisited in this meeting.
- **Proposed text revision on justifiable exclusions**
  - Following feedback in meeting 6, the Secretariat presented revised language for justifiable exclusions that combines elements of the Corporate Standard language and draft Land Sector and Removals Standard language.
  - A member asked how the proposed text on justifiable exclusions relates to the proposed quantitative exclusion threshold. The Secretariat responded that the draft text applies to any cases where emissions are excluded from a disclosure. However, if a reporter wishes to be in conformance with GHG Protocol, they must first follow the accounting and reporting requirements and only exclude (and disclose) permissible exclusions.
  - Two members asked for clarification on scope 3 activities and categories in the draft text on exclusions. The Secretariat clarified that “activities” and “categories” are distinct and defined in the Scope 3 Standard. A member suggested adding “(as applicable)” after “scope 3 categories.”
  - Several members commented that the updated definition is reasonable and an improvement in that it builds on the Corporate Standard definition with more detail from the Land Sector and Removals draft Standard.
- **Interoperability with external programs**
  - Following questions in meeting 6, the Secretariat presented an analysis of interoperability between qualitative exclusion approaches used by external programs (e.g., “materiality”, “significance”) and the quantitative exclusion approach proposed by the subgroup. The Secretariat presented different scenarios and invited discussion.
  - A member observed that the draft SBTi requirement to disclose the “full inventory” does not look practical.
  - A member observed that the draft SBTi quantitative definition of “relevance” for scope 3 emissions is similar to the proposed GHG Protocol quantitative definition of “significance.” Another member expressed concern about this divergence in terminology and thresholds. They continued that they would be uncomfortable following SBTi’s requirements directly and suggested that SBTi should follow inventory guidance and requirements from GHG Protocol.
  - A member asked what the relationship is between reporting and target setting for exclusion allowances. The Secretariat responded that the draft SBTi Corporate Net Zero Standard proposes requiring all emissions be quantified and disclosed in the inventory, but that the target includes all scope 1, all scope 2, and only relevant scope 3 emissions.
  - The Secretariat encouraged TWG members to respond to SBTi’s public consultation (scheduled to close on June 1<sup>st</sup>, 2025) on the draft version 2.0 Corporate Net Zero Standard.
  - A member observed that the quantitative approach to defining exclusions proposed by subgroup 3 is interoperable with how external programs define exclusions. They continued that GHG Protocol needs to be clearer and more descriptive about the process for defining exclusions so that it is more objective and less subjective.

- A member commented that since feasibility is the main basis for allowing justifiable exclusions, GHG Protocol should strive for interoperability with other programs. The member observed that alignment is not fully achievable with the proposed quantitative exclusion threshold, as demonstrated with scenarios presented in the slides.
- A member suggested that reporters could disclose whether they are using another program's exclusion approach (e.g., "materiality") or GHG Protocol's approach.
- A member stated that GHG Protocol should align with external programs as practical.
- **An indicative poll** was conducted asking: Do you agree that external programs with qualitative exclusions can be interoperable with GHG Protocol (proposed) quantitative exclusions?
  - **Majority agreement** that external programs with qualitative exclusions can be interoperable with a quantitative exclusion threshold.
  - 3 of 16 members strongly agreed; 9 agreed; 2 were neutral; 0 disagreed; 2 strongly disagreed; and 0 abstained
- **An indicative poll** was conducted asking: Do you agree that a GHG inventory developed with a qualitative exclusions approach will usually be aligned with a GHG inventory developed with a quantitative exclusions approach?
  - **Split opinions** on whether an inventory developed with a qualitative exclusions approach would usually be aligned with an inventory developed with a quantitative exclusions approach.
  - 1 of 15 members strongly agreed; 7 agreed; 3 were neutral; 3 disagreed; 0 strongly disagreed; and 1 abstained
- An indicative poll was held asking: Do you have any concerns about interoperability of exclusions for external programs and GHG Protocol?
  - Although the poll question was posed, results will not be reported in the minutes due to members expressing confusion about the wording. The question will be asked in the meeting follow-up survey.
- **Whether justifiable exclusions should be permitted for scopes 1 and 2**
  - Discussion was reopened on whether justifiable exclusions should be allowed for scopes 1 and 2. The preliminary recommendation from the meeting 6 was for more prescriptive and quantitative exclusion requirements for scopes 1 and 2.
  - A member observed that to implement a quantitative exclusion threshold, a company needs to calculate 100% of their emissions. The member suggested that two approaches could be taken: Either the emissions below the exclusion threshold could be excluded from the public report, OR those emissions could be reported but with lower data quality.
    - Another member noted that they would prefer full disclosure (even with low quality data) to support comparability.
    - The Secretariat responded that the Scope 3 Technical Working Group is developing guidance for quantifying the full inventory (i.e., hotspot analysis). On the topic of data quality, the Scope 3 TWG is not recommending any minimum data quality requirements, but they are moving in the direction of recommending disaggregated scope 3 reporting based on data quality.
  - A member suggested that reporters should be encouraged to report all emissions even if some of the emissions are very rough estimates. They continued that exclusions should only be allowed in cases where no estimation is possible. The member observed that if a quantitative exclusion threshold approach is used, then it must be very clear and specific.
  - A member stated that they are not comfortable with allowing exclusion of any emissions from the inventory. They suggested two options for discussion: 1) Whether emissions are allowed to be excluded (i.e., report less than 100% of emissions), or 2) if reporters should extrapolate their calculated emissions to 100%. The Secretariat asked how the extrapolation

could be done if 100% of emissions were not quantified. The member responded that the gap should be assessed with a quantitative analysis (e.g., hotspot analysis). The Secretariat clarified that the emissions calculation issue remains, and the question is whether a company should report the full emissions (including low quality estimates), or can those emissions be excluded from the report.

- A member said that it might be fine to exclude emissions from an inventory, but that those emissions would need to be considered for target setting. They continued that there are cases in scope 1 where a data source may be unknown, and therefore exclusions should be permitted for scope 1.
- **An indicative poll** was conducted asking: Should any exclusions be allowed for reporting of scope 1 and 2 emissions?
  - **Majority support** for allowing exclusions for scopes 1 and 2.
  - 9 of 15 members: Yes, exclusions should be allowed for reporting of scope 1 and/or scope 2 emissions.
  - 6 of 15 members: No, no exclusions should be allowed for reporting of scope 1 and scope 2 emissions
  - 0 of 15 members: Abstain
- **Whether a quantitative or qualitative exclusion approach should be used**
  - The topic of the exclusion approach (i.e., quantitative exclusion threshold or qualitative exclusion approach based on “materiality” or “relevance”) was revisited. Meeting 6 found support for a quantitative exclusion approach.
  - A member suggested separately allowing the exclusion of fugitive emissions. Another member responded that they agree with this approach, and further suggested listing possible exclusion cases. They noted that this would be a qualitative exclusion approach and would require guidance. Another member stated their agreement with this approach. Another member noted that fugitive emissions can be substantial for some companies and cautioned against the proposed approach of allowing the exclusion of fugitive emissions.
  - The Secretariat referred to the IFRS impracticability clause for scope 3 emissions (*“In those rare cases when an entity determines it is impracticable to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions”* -IFRS S2, Paragraph B57), and suggested that the concept could address some of the concerns raised in the meeting.
  - A member suggested having different exclusion approaches for scopes 1 and 2 (qualitative) versus scope 3 (quantitative), where the qualitative approach would need to be supported by qualitative exclusion guidance.
  - The Secretariat observed that a qualitative exclusion approach is what is already in the Corporate Standard. They noted that stakeholder survey feedback indicated a preference for more limited and prescriptive exclusions to prevent companies from excluding a larger proportion of emissions based on a subjective definition of justifiable exclusions.
  - A member agreed that justifiable exclusions could be limited using qualitative criteria. However, they noted that when an auditor asks for evidence for the basis of exclusions, the reporter often needs to provide a quantitative argument or evaluation to support the exclusion. They continued that loopholes can still exist, and it is important that the solution is more prescriptive to address stakeholder feedback.
  - A member stated their support for a quantitative exclusion threshold, noting that it could be framed as a cap of what can be excluded. They continued that a quantitative exclusion approach aligns with stakeholder feedback and prior subgroup 3 meeting outcomes.
  - A member stated that they would support exclusions, but they would want to avoid allowing a qualitative justification for exclusion. They reiterated that if emissions are measured anyway, why not report them.

- A member noted concern about the high uncertainty of the hotspot analysis that would be required to support quantitative exclusions, and they stated that hotspot analysis guidance would be required. The Secretariat replied that hotspot analysis for scopes 1 and 2 would typically be more accurate than for scope 3. The member responded that guidance would be necessary, and that the guidance could require a significant effort to develop.
- **Defining a quantitative exclusion threshold for scopes 1 and 2**
  - The Secretariat posed the following two questions to members and invited discussion:
    - Question 1A: How should the boundary for a quantitative exclusion threshold be set across scopes?
    - Question 1B: What value should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?
  - A member observed that the exclusion threshold for scope 1 may need to be defined differently than that for scope 2. They noted that because scope 2 is purchased energy, there is a transaction that can be used to estimate emissions. The member asked if there are any concrete examples where the scope 2 activity data is unknown. The Secretariat responded with a rare case where a facility is not metered and instead pays a flat monthly rate.
  - A member shared that their organization approaches scope 3 by first doing a high-level screening of all categories. They identify very minor sources that would require a high level of effort to quantify, and they disclose and justify the exclusion of those sources.
  - A member suggested that the exclusion threshold for scope 3 should be a higher number (i.e., less stringent) than that for scopes 1 and 2.
  - A member suggested setting a data quality requirement for disclosure to encourage more complete reporting. They suggested that, for example, 10% of scope 3 emissions could be calculated with low quality data. The Secretariat replied that the Scope 3 Technical Working Group is not recommending minimum data quality requirements, but that the Corporate Standard Technical Working Group could propose minimum data quality requirements for scopes 1 and 2. The topic of data quality will be revisited in phase 2 by subgroup 3.
  - A member asked whether the proposed exclusion threshold would apply to all companies (large and small). The Secretariat replied that the current discussion is about a requirement across all reporting companies, but that subsequent discussions could consider a differentiated requirement.
  - A member agreed with earlier suggestions that all scope 1 and 2 emissions should be accounted for and reported because scope 1 and 2 emissions fall more directly under the control of the reporter. They continued that prioritizing full coverage in scopes 1 and 2 ensures that the core inventory is robust and avoids pitfalls of selective exclusions, which are more appropriate and necessary in scope 3.
  - A member noted that 1% of a company's emissions can be very large in some sectors and suggested differentiated exclusion thresholds by sector or company type.
  - **An indicative poll** was conducted asking: How should the boundary for a quantitative exclusion threshold be set across scopes?
    - **Split opinions**, with the most support for separate thresholds for scopes 1, 2, and 3.
      - 1 of 16 members: Cumulative scope 1+2+3
      - 6 of 16 members: Cumulative scope 1+2, separate scope 3
      - 8 of 16 members: Separate thresholds for scopes 1, 2, and 3
      - 1 of 16 members: Abstain, I need more information to respond
  - **An indicative poll** was conducted asking: What value should be used to define the quantitative exclusion threshold for scopes 1 and/or 2?
    - **Split opinions**, with the most support for a threshold of 1%
      - 3 of 16 members: No exclusions



- 1 of 16 members: 0.5%
- 9 of 16 members: 1%
- 0 of 16 members: 2%
- 3 of 16 members: 5%
- 0 of 16 members: Abstain, I need more information to respond
- The Secretariat suggested reframing the question to focus on de minimis emissions. They continued that the Scope 3 Technical Working Group has proposed an exclusion threshold of 5% considering the many small sources in scope 3; a shift to focusing on de minimis emissions for scopes 1 and 2 could be proposed with a very small quantitative threshold.
- The Secretariat introduced draft Standard text for requirements and recommendations on justifiable exclusions for scopes 1 and 2. Questions about the language will be posed in the follow-up survey.

#### Outcomes (e.g. recommendations, options)

- An indicative poll found *majority agreement* that external programs with qualitative exclusions can be interoperable with a quantitative exclusion threshold.
- An indicative poll found *split opinions* on whether an inventory developed with a qualitative exclusions approach would usually be aligned with an inventory developed with a quantitative exclusions approach.
- An indicative poll found *majority support* for allowing exclusions for scopes 1 and 2.
- An indicative poll found *split opinions* on defining the boundary for a quantitative exclusion threshold across scopes, with the most support for separate thresholds for scopes 1, 2, and 3.
- An indicative poll found *split opinions* on defining the value for a quantitative exclusion threshold for scopes 1 and 2, with the most support for a threshold of 1%.

### **3. Scope 3 requirement: Proposed revisions**

- The Secretariat briefly presented proposed revisions for defining a scope 3 requirement and eligibility for a differentiated scope 3 requirement. (Slides 37-45)

#### Summary of discussion

- A member asked what was meant by “optional scope 3” in the draft text from the Scope 3 Technical Working Group. The Secretariat responded that scope 3 emissions are divided into required emissions (i.e., within the minimum boundary) and optional emissions (i.e., beyond the minimum boundary).

#### Outcomes (e.g. recommendations, options)

- The Secretariat will share a follow-up meeting survey with questions on proposed revisions related to a scope 3 requirement.

### **4. Wrap-up and next steps**

- The Secretariat shared a summary of next steps including the schedule for upcoming meetings. (Slides 46-49)

#### Summary of discussion

- No discussion

#### Outcomes (e.g., recommendations, options)

- Final meeting materials including slides, minutes, and recording will be shared by the Secretariat.
- The next Subgroup 3 meeting will be on Tuesday, June 24th at 09:00 EDT / 15:00 CEST / 21:00 CHN.

## **Summary of written submissions received prior to meeting**

- The Secretariat invited all Subgroup 3 members to respond to a feedback survey on topics covered in Subgroup 3 Meeting 6 related to scope 1 and 2 justifiable exclusions. 8 responses were received and incorporated into the meeting materials. (slides 15-16)