



## **Template for submitting proposals related to GHG Protocol's *Corporate Standard*, *Scope 2 Guidance*, *Scope 3 Standard*, *Scope 3 Calculation Guidance*, and market-based accounting approaches**

(Optional)

### Proposal instructions

GHG Protocol is conducting four related surveys in reference to the following GHG Protocol standards, guidance and topics:

1. Corporate Accounting and Reporting Standard (Revised Edition, 2004) ("Corporate Standard")
2. Scope 2 Guidance (2015)
3. Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) ("Scope 3 Standard"), and Technical Guidance for Calculating Scope 3 Emissions, version 1.0, 2013 ("Scope 3 Calculation Guidance")
4. Market-based accounting approaches

**The survey is open until March 14, 2023.** To fill out the survey, [click here](#).

As part of the survey process, respondents may provide proposals for potential updates, amendments, or additional guidance to the *Corporate Standard*, *Scope 2 Guidance*, *Scope 3 Standard*, or *Scope 3 Calculation Guidance*, by providing the information requested in this template. You may also use this template to provide justification for maintaining a current approach on a given topic.

Submitting proposals is optional. Respondents may submit multiple proposals related to different topics.

Proposals should be as concise as possible while providing the requested information. Submissions that are outside of the template may not be considered. Proposals may be made publicly available.

To submit the proposal, please save this file and fill out the fields below. When you've completed your proposal, please upload the file via this [online folder](#). Please name your file STANDARD\_Proposal\_AFFILIATION, e.g., *Scope 2\_Proposal\_WRI*.

## Respondent information

Name

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Organization

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If proposals are made publicly available, would you like your proposal to be made publicly available?  
Please write either "Yes" (make publicly available) or "No" (do not make publicly available).

Yes

If your proposal is made publicly available, would you like it to be made publicly available with attribution (with your name and organization provided) or anonymous (without any name or organization provided)? Please write either "With attribution" or "Anonymous".

With attribution

## Proposal and supporting information

- 1. Which standard or guidance does the proposal relate to (Corporate Standard, Scope 2 Guidance, Scope 3 Standard, Scope 3 Calculation Guidance, general/cross-cutting, market-based accounting approaches, or other)? If other, please specify.**

Scope 2, although we are not clear whether it fits under Scope 1-3

**2. What is the GHG accounting and reporting topic the proposal seeks to address?**

If a reporting company has a canteen or cafeteria for its workers and guests, then GHG emissions from energy sources such as LNG, electricity, and goods (e.g., food and ingredients) for services seem to be included under Scope 1, Scope 2 and Scope 3 respectively. The reporting company shall account for 100% of the GHG emission amount from the operation of this canteen or cafeteria. However, there are some issues when the services for operating the cafeteria or canteen are outsourced to another business.

**3. What is the potential problem(s) or limitation(s) of the current standard or guidance which necessitates this proposal?**

It seems to be some debate around accounting for Scope 1-3 when the canteen or cafeteria is outsourced. Some insist the reporting company should account for Scope 1 & 2 (emitted from the canteen/cafeteria) as Scope 3. It's also suggested that Scope 3 related to food would no longer be applicable.

Based on our understanding, then the reporting company doesn't seem to need to make an effort to reduce their GHG emissions when they outsource this service or others. In other words, the reporting company can reduce outsourcing without increasing the efficiency of energy use, the pursuit of RE100 and etc. It implies the possibility that outsourcing can be abused as a means to reduce greenhouse gas emissions.

**4. Describe the proposed change(s) or additional guidance.**

We wonder whether there are any changes in Scope 1, 2, or 3 based on whether a project like a canteen/cafeteria is outsourced or directly operated. If "control approach" under corporate accounting and reporting standards is followed, then 100% of the GHG emissions from the canteen/cafeteria accounts for Scope 1-3 emissions of that reporting company. In the case of Green Asia Network, the canteen/cafeteria is located in the reporting company, and therefore, seems completely integrated.

We think that the other way to solve the above problem is to put the emission amount of goods and services into scope 2 category.

**5. Please explain how the proposal aligns with the GHG Protocol decision-making criteria and hierarchy (A, B, C, D below), while providing justification/evidence where possible.**

**A. GHG Protocol accounting and reporting approaches shall meet the GHG Protocol accounting and reporting principles (see Annex for definitions):**

- Accuracy, Completeness, Consistency, Relevance, Transparency
- Additional principles for land sector activities and CO<sub>2</sub> removals: Conservativeness, Permanence, and Comparability if relevant

(According to our understanding) it's unclear, when following a "control approach" under corporate accounting and reporting standards, whether 100% of the GHG emissions are accounted for by the reporting company when they outsource services to another business, such as catering services. This could lead to problems around accuracy, transparency, and completeness of reporting. (Please see box 3 for an example)

**B. GHG Protocol accounting and reporting approaches shall align with the latest climate science and global climate goals (i.e., keeping global warming below 1.5°C). To support this objective (non-exhaustive list):**

- Direct emissions reported in a company's inventory should correspond to emissions to the atmosphere. Reductions in direct emissions reported in a company's inventory should correspond to reductions in emissions to the atmosphere.
- Indirect emissions reported in a company's inventory should in the aggregate correspond to emissions to the atmosphere. Reductions in indirect emissions reported in a company's inventory should in the aggregate correspond to reductions in emissions to the atmosphere.

As explained above, (according to our understanding), GHG Protocol Guidance seem to imply that a reporting company doesn't need to reduce their GHG emissions when they outsource services, such as a catering company operating a canteen within a company. This could allow companies to abuse outsourcing to falsely report reductions in GHG.

**C. GHG Protocol accounting frameworks should support ambitious climate goals and actions in the private and public sector.**

- Would this proposal enable organizations to pursue more effective GHG mitigation/decarbonization efforts as compared to the existing standards and guidance? If so, how?
- Would this proposal better inform decision making by reporting organizations and their stakeholders (e.g. related to climate-related financial risks and other relevant information associated with GHG emissions reporting)?

**D. GHG Protocol accounting frameworks which meet the above criteria should be feasible. (For aspects of accounting frameworks that meet the above criteria but are difficult to implement, GHG Protocol should provide additional guidance and tools to support implementation.)**

- What specific information, data or calculation methods are required to implement this proposal (e.g., in the case of scope 2, data granularity, grid data, consumption data, emission information, etc.)? Would new data/methods be needed? Are current data/methods available? How would this be implemented in practice?
- Would this proposal accommodate and be accessible to all organizations globally who seek to account for and report their GHG emissions? Are there potential challenges which would need to be further addressed to implement this proposal globally? What would be the potential solutions?

**6. Consistent with the hierarchy provided above, are there potential drawbacks or challenges to adopting this proposal? If so, what are they?**

**7. Would the proposal improve alignment with other climate disclosure rules, programs and initiatives or lead to lack of alignment? Please describe.**

**8. Please attach or reference supporting evidence, research, analysis, or other information to support the proposal, including any active research or ongoing evaluations. If relevant, please also explain how the effectiveness of the proposal can be evaluated and tracked over time.**

**9. If applicable, describe the process or stakeholders/groups consulted as part of developing this proposal.**

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**10. If applicable, provide any additional information not covered in the questions above.**

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## Proposal Annex

### GHG Protocol Decision-Making Criteria and Hierarchy

- A. First, GHG Protocol accounting and reporting approaches shall meet the GHG Protocol accounting and reporting principles:**
- Accuracy, Completeness, Consistency, Relevance, Transparency
  - Additional principles for land sector activities and CO<sub>2</sub> removals: Conservativeness, Permanence, and Comparability if relevant
  - (See table below for definitions)
- B. Second, GHG Protocol accounting and reporting approaches shall align with the latest climate science and global climate goals (i.e., keeping global warming below 1.5°C). To support this objective (non-exhaustive list):**
- Direct emissions reported in a company's inventory should correspond to emissions to the atmosphere. Reductions in direct emissions reported in a company's inventory should correspond to reductions in emissions to the atmosphere.
  - Indirect emissions reported in a company's inventory should in the aggregate correspond to emissions to the atmosphere. Reductions in indirect emissions reported in a company's inventory should in the aggregate correspond to reductions in emissions to the atmosphere.
- C. Third, GHG Protocol accounting frameworks should support ambitious climate goals and actions in the private and public sector:**
- Accounting framework/s would enable organizations to pursue more effective GHG mitigation/decarbonization efforts as compared to the existing standards and guidance
  - Accounting framework/s would better inform decision making by reporting organizations and their stakeholders (e.g. related to climate-related financial risks and other relevant information associated with GHG emissions reporting)
- D. Fourth, GHG Protocol accounting frameworks which meet the above criteria should be feasible to implement for the users of the frameworks.**
- For aspects of accounting frameworks that meet the above criteria but are difficult to implement, GHG Protocol should provide additional guidance and tools to support implementation.

### GHG Protocol Accounting and Reporting Principles

Principle	Definition
<b>Accuracy</b>	Ensure that the quantification of GHG emissions (and removals, if applicable) is systematically neither over nor under actual emissions (and removals, if applicable), and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.
<b>Completeness</b>	Account for and report on all GHG emissions (and removals, if applicable) from sources, sinks, and activities within the inventory boundary. Disclose and justify any specific exclusions.

<b>Consistency</b>	Use consistent methodologies to allow for meaningful performance tracking of emissions (and removals, if applicable) over time and between companies. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
<b>Relevance</b>	Ensure the GHG inventory appropriately reflects the GHG emissions (and removals, if applicable) of the company and serves the decision-making needs of users – both internal and external to the company.
<b>Transparency</b>	Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
<b>Conservativeness</b> (Land Sector and Removals Guidance)	Use conservative assumptions, values, and procedures when uncertainty is high. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and underestimate removals, rather than underestimate emissions and overestimate removals.
<b>Permanence</b> (Land Sector and Removals Guidance)	Ensure mechanisms are in place to monitor the continued storage of reported removals, account for reversals, and report emissions from associated carbon pools.
<b>Comparability (optional)</b> (Land Sector and Removals Guidance)	Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories from multiple companies can be compared.