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 February 28, 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

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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.**

Corporate Standard, Scope 3 Standard, general/cross-cutting

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

Organizational boundaries and the inclusion of employee-owned vehicle emissions under Scope 1

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

The Corporate Standard offers ambiguous guidance to categorize the emissions from employee-owned vehicles that are nevertheless controlled by the reporting company.

This problem arose when Canada Post Corporation submitted its net zero targets for approval to the Science Based Targets Initiative (SBTi). In our view, the Corporation mistakenly categorized emissions from Rural and Suburban Mail Carrier (RSMC) vehicles under Scope 3, which should have been categorized under Scope 1.

CUPW believes that a consistent reading of the “Operational Control” approach would lead to the inclusion of RSMC emissions under Scope 1 for the following reasons: RSMCs are employees of the reporting company, not independent contractors; RSMC delivery routes are designed by the reporting company; thus, during their time on delivery, RSMC vehicles are controlled by the reporting company; there is no “sale” between the reporting company and RSMCs, meaning RSCM vehicle emissions do not occur “downstream” from the reporting company; Canada Post establishes minimum volume requirements for eligible vehicles on delivery routes; and Canada Post has access to RSMC vehicles while RSMCs are on duty.

Despite what we considered a clear case, Canada Post categorized RSMC vehicle emissions under Scope 3, weakening the corporation’s commitment to reduce emissions from rural delivery and undermining its climate pledge. In effect, Canada Post has reneged on its responsibility to eliminate the emissions from 7,369 vehicles – the total number of RSMC delivery routes with employee-owned vehicles.

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

CUPW proposes adding a clarification to the definition of operational control to indicate that emissions from employee-owned vehicles that are nevertheless under the control of the reporting company be categorized under Scope 1, direct emissions.

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_2 removals: Conservativeness, Permanence, and Comparability if relevant

Accuracy: Categorizing such vehicle emissions under Scope 1 would ensure greater accuracy in emissions reporting. In the specific case of Canada Post, these emissions are not "downstream" from the business but are from a core part of the business, namely rural mail and package delivery.

Relevance and Transparency: Similarly, categorizing these emissions under Scope 1 would ensure a more appropriate reflection of the company's emissions than is now the case. To categorize emissions from core business operations as "indirect" as if they were from third party contractors is misleading.

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.

This proposal is consistent with this principle. It does not require a change in the way total emissions are calculated but reported/categorized.

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)?

This proposal would enable organizations to pursue more effective GHG mitigation and decarbonization efforts as compared to the current standards and guidance. Under the current standards and guidance, reporting companies can "offload" their emissions onto their employees. In our own case at Canada Post, emissions from rural delivery were not included in the corporation's direct net zero targets. Instead of committing to reduce RSMC emissions in line with the rest of the corporate fleet, the Corporation has committed only to "incentivize" RSMCs to lower vehicle emissions. This is problematic not only because it undermines the Corporation's climate commitments, but it also puts an undue burden on workers who have fewer resources to make the needed investments in decarbonization.

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?

No new data or calculation methods are required. Our proposal is a matter of properly categorizing information that is already known.

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

In our view, the drawbacks of the current standards and guidelines outweigh any potential drawbacks or challenges involved in this proposal. Put succinctly, our proposal is a relatively simple matter of re-categorizing emissions that have already been calculated.

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

The proposal would improve alignment with similar disclosure rules, programs, and initiatives. For example, as the GRI's "A Closer Look at Water and GHG Emissions Disclosure" highlights, reliability and consistency are among the fundamental principles to achieve transparency in sustainability reporting. Only by rigorously applying these standards can sustainability reporting inspire trust.

Allowing companies to categorize emissions from their core business as indirect or “downstream” does not help to inspire trust.

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.

CUPW’s backgrounder “Equality for RSMCs” (Equality for RSMCs_PDF_E.pdf (cupw.ca)) provides historical information about the efforts of RSMCs to be legally recognized as employees rather than independent contractors.

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

In arriving at our proposal, CUPW has had several discussions with Canada Post. We also had a discussion with Canada Post’s third-party consultant who provided support to Canada Post to develop its Science Based Target model and its net-zero strategy. CUPW also reached out to several environmental non-governmental organizations for information about the accuracy of CPC’s reporting methods.

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

For CUPW, the Corporation’s decision to categorize RSMC emissions under Scope 3 recalls the long history of unequal treatment the mostly female RSMC workforce has endured. Despite performing the same work as urban letter carriers (employees), RSMCs were categorized as self-employed entrepreneurs without rights or protections under the Canada Labour Code until 2004. Prior to this, Canada Post periodically tendered routes to the lowest bidder, undermining RSMC pay and job security.

Although RSMCs were recognized as employees in 2004, it was not until 2018 that an arbitrator ruled that RSMC work was of equal value to their urban counterparts.

From our perspective, the Corporation’s decision to categorize RSMC emissions under Scope 3 conflicts with the reality that RSMCs are employees whose work is directed by the Corporation, not independent contractors.

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_2 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
Accuracy	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.
Completeness	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.

Consistency	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.
Relevance	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.
Transparency	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.
Conservativeness (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.
Permanence (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.
Comparability (optional) (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.