



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

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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 and Scope 3 Calculation Guidance

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

- (a) General guidelines for potential inclusion of emissions under Scope 1 in case of third-parties performing company's core activities (instead of Scope 3).
- (b) Further definitions on Category 1 and 2 to be reported based on supplier specific activity data instead of spend-based approach (which could be optimal best practice for those organizations able to go beyond the minimum approach).
- (c) Further definitions whether post-processing should go beyond (or not) the direct next process (for B2B organizations), in order to make different inventories more comparable and avoiding double or triple emissions accounting.

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

- (a)

Even though the emissions accounting of activities performed third parties should be reported under Scope 3, it would be great to have some guidelines or best practice suggestions in order to address whether the emissions could be advisable to go under Scope 1, when they are related to companies' core activities (i.e. grinding in copper mining). For instance, in cases like the following (among others):

 - Third-party companies use fuels bought by the main company,
 - Third- party companies use its own fuel, equipment and/or machinery but covers an important part of some main company core activities.

In those cases, different companies' approach may differ in the Scope 1 - Scope 3 classification. Which leads to a lack of comparability in the Scope 1 and Scope 3 emission between similar organizations.
- (b)

It is hard to compare Scope 3 emission between similar companies if most of categories 1 and 2 items aren't specified. A proposal for a minimum percentage of supplier specific data may encourage reporting companies to display its key goods and services emissions in the report (instead of spend-based), which should be common for similar reporting companies (at least for those willing to achieve the best practices recommended by the protocol).
- (c)

Different reporting companies could go way beyond in the post-processing chain while other companies go just one step ahead in the chain. Especially with commodities production companies it is common to have a long list of post-processing steps to consider. Which makes the comparison difficult between similar companies with different approaches, and could lead to double or triple accounting in a analysis that considers many companies in the chain. Furthermore, we believe to go beyond the next step in the post-processing chain does not

necessarily represent the influence of the reporting company in the relation between the companies involved in the post-processing chain.

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

(a)

A decision tree, flow diagram or comparison table that covers at least the combinations of the cases mentioned above and could bring guidance to the user to allocate the emissions between Scope 1 and Scope 3.

(b)

A disclaimer or foot note, with a best practice threshold of supplier specific data recommended to improve the categories 1 and 2 of Scope 3 emission accounting.

(c)

A disclaimer, recommendation or change in the category 10, which suggests that display of the emissions associated to the next step in the post processing chain in the GHG reporting is a good practice for comparison between similar companies.

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 CO₂ removals: Conservativeness, Permanence, and Comparability if relevant

The proposal (a) could improve the consistency, reducing the discrepancy between companies Scope 1 and Scope 3 emission accounting methods. The 3 proposals could improve the comparability.

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.

The proposals help to align the criteria that to differentiate between direct and indirect emissions.

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)?

- Yes, the proposals could help to differentiate in a more precise way between Scope 1 and Scope 3 emissions and in the Scope 3 emissions itself. This could lead to better decarbonization initiatives for any of the scopes.
- Yes, because doubts regarding the allocation of emissions in the different scopes are reduced, and the same time that the accuracy is improved.

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 additional data/methods are required. The proposals could be implemented via comparison table, decision tree or flow diagram.
- The proposal is applicable for all kinds of companies. There should be no major challenges in the implementation.

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

There are no potential drawbacks envisioned.

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

The proposal could set new criterion for the Scope 1 and Scope 3 emission differentiation.

- 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.**

The proposal comes from the consulting experience in the Scope 3 emission accounting. Different companies use different approaches when it comes to deliver information from its Scope 3 activity data.

The effectiveness could be tracker in the Scope 1 and Scope 3 emission reports.

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

Not applicable.

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

Not applicable.

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 CO₂ 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.