



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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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, Scope 3 Calculation Guidance

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

Application of in-sector emission calculation and reporting supported by book and claim chain of custody systems.

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

The GHG Protocol does not accept book and claim chain of custody systems for the calculation and reporting of scope 1 or scope 3 GHG emissions.

The result is that the current GHG Protocol approach to GHG accounting in transport prevents companies from investing in additional measures to reduce their logistics-related value chain emissions, as they will not be able to report the emission benefits that result from the potential investments. This is already severely hampering transport sector decarbonization investments.

This barrier applies to the majority of common transport sector operational scenarios, especially:

- for grid-based fuels (e.g. natural gas) or low emission fuels delivered to fuel farms (e.g. jet fuel) or shared refuelling infrastructure
- shared distribution (LTL) systems, where a physical consumption cannot be guaranteed or traced
- for shared transport systems where an investment by one player would see them only retain a share of the benefit with the majority of the emission benefit leaking to other, potentially competitor, companies.

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

There is an urgent need for transport GHG emission calculation and reporting to be allowed by GHG Protocol according to an approved guideline for Book and Claim chain of custody systems using inventory accounting. Such a guideline is already under development through a collaborative industry project and would provide not only methodological guidelines for accounting but also viable application constraints, additionality requirements and, potentially depending on timing, assurance criteria. This urgent need is reflected by the amount of activity ongoing in this sector which includes the development of a community to promote Book & Claim solutions in transport as an essential decarbonization step.

We propose a collaborative approach to the finalization of the aforementioned book and claim application guidance with the existing project working group and broader community. We would engage with GHG Protocol partners to ensure that the guidance addresses any concerns that they might have and aligns with the GHG Protocol decision-making criteria and hierarchy. Our existing work program and delivery strategy for the guideline and community that would result in guidance being ready by the end of 2023. Access is available on request as a stepping stone to collaborative working on this topic.

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

We believe that we are applying these principles within the ongoing project but would welcome the opportunity to discuss in detail with GHG Protocol partners as part of the proposed collaborative approach to the finalization of the book and claim application guidance.

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.

We believe that we are respecting the latest climate science and global climate goals within the ongoing project. In fact, we believe that this work is essential if the transport sector is to be able to contribute to a 1.5 degree aligned future. Without it, the future is bleak as regards voluntary, company-driven transport sector decarbonization and we will need to wait for public authorities to wake up and implement stringent decarbonization targets and supporting policies / legislation. We would welcome the opportunity to discuss in detail with GHG Protocol partners the reasons behind this as part of the proposed collaborative approach to the finalization of the book and claim application guidance.

An MoU and related ongoing dialogue would help to ensure that situation continues.

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)?

As written above, this is essential to support the pent up demand among companies to take decarbonization actions relating to transport within their supply chains. This goes beyond 'informing' decision making – it makes the difference between action and inaction that results from the current GHG Protocol veto on book and claim chain of custody systems.

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?

Work is underway, not only on the guidance to support book and claim chain custody systems, but also on emission tracking and registry systems based on blockchain technology. These developments have been underway for the past two years, mirroring the guidance development and are now beyond the prototype phase; so yes, this would be feasible. The systems are being developed on an open access commercial basis, so they will be accessible to all.

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

Given the reluctance of some to allow book and claim chain of custody systems for scope 1 and 3 accounting we believe that viable application constraints, additionality requirements and assurance criteria will be essential in order to provide market confidence. Work is now starting on these aspects.

We also believe that the accounting basis should be inventory accounting rather than intervention accounting as this will anchor the application within specific supply chains and minimize any risk of a mechanism that focuses on emission trading rather than emission reduction.

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

We note that SBTi has not ruled out inseting supported by book and claim chain of custody systems, perhaps anticipating these developments, but does not have the necessary guidance to support implementation. This currently leads to market uncertainty which would be removed through the presence of a universally-recognized book and claim guidance for transport applications.

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.

Please see the following references:

1. Introductory white paper:
https://smartfreightcentre.sharepoint.com/:b:/g/EZf4v7C3Af1Ej49aFuWctcoBVT3c6UsKvzGBrsil7U_1bw?e=zPqQyC
2. [Decarbonizing the Air Transportation Sector: New Guidelines for Sustainable Aviation Fuel Greenhouse Gas Emission Accounting and Insetting Launched Today - News | Smart Freight Centre](#)
3. Final draft of Multimodal Transport Book & Claim Guidelines, available on request from Alan Lewis, Technical Director, Smart Freight Centre alan.lewis@smartfreightcentre.org (Publication date expected May or June 2023).
4. Summary of Multi-stakeholder Transport Book & Claim Community Plan, available on request from Dan Smith, Program Director, Smart Freight Centre dan.smith@smartfreightcentre.org

Initially the success or otherwise of the Multi-stakeholder Transport Book & Claim Community Plan will be judged by whether GHG Protocol partners are convinced about the critical need for this book and claim guidance to support decarbonization of the transport sector and then their approval of the content.

Beyond that, SFC operates a transport sector reporting program for its members and there would be potential expand that to collect additional information about the impact of insetting mechanisms within the overall reported emission data. We would also link that into our plans for the assurance of the emissions reported through book and claim mechanisms in order to monitor and report back in a transparent manner to all interested parties.

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

Webinar-based discussion with the GLEC membership and subsequent review of this and other submissions to the ongoing consultation.

Wider discussion within a multi-stakeholder community specifically established to coordinate development of the multimodal book and claim guidance for transport applications

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

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.