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 Accounting and Reporting Standard

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

The proposal focuses on reconsidering the classification of emission sources, which is currently in scopes, and adopting as a better option the classification by categories specified by ISO 14064-1.

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

The classification of emission sources into scopes (1, 2, and 3) according to the GHG protocol provides a clear and standardized structure for measuring and reporting greenhouse gas (GHG) emissions. However, this classification may have limitations regarding the accuracy and comparability of results.

First, the classification into scopes can lead to a lack of detail in measuring GHG emissions, as it lumps emissions from different sources into general groups. That can make identifying and prioritizing the activities or processes that generate the most significant emissions difficult, limiting the organization's ability to implement specific reduction measures.

Secondly, the classification into scopes can also generate comparability problems between organizations, especially in Scope 3 since it is the one that encompasses the largest number of GHG emission sources. Scope 3 emissions are related to activities in the organization's value chain and are more difficult to quantify and control.

In conclusion, although the classification of emission sources into scopes according to the GHG Protocol can help measure and report GHG emissions, it can also present limitations in terms of accuracy, comparability of results, and identification of actions to reduce emissions.

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

The GHG Protocol should consider adopting the category classification established in ISO 14064-1 instead of scopes. This would allow for a more comprehensive and up-to-date emissions measurement and reporting standardization. In addition, the classification into categories allows for presenting the results obtained from a carbon footprint measurement in a more accurate and detailed way. That also improves comparability between organizations, making emissions reporting more transparent and understandable to different stakeholders. Many organizations and governments recognize ISO 14064-1 as an essential tool for GHG emissions management. It is worth mentioning that verification of an organization's carbon footprint is done with this standard.

The change to a category classification could be a valuable contribution to the evolution of the GHG Protocol standard, allowing a more accurate measurement and detailed analysis of an organization's GHG emissions. For example, category 3 of ISO 14064-1 covers GHG emissions related to transportation used by an organization, allowing for more accurate and detailed measurement of the GHG emissions associated with this activity. Therefore, it would be necessary for the GHG Protocol to seriously consider the adoption of ISO 14064-1 to contribute to the evolution and continuous improvement of its standard and to enable a more in-depth analysis of GHG emissions at a global level.

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

The integration of the classification of GHG emission sources into the categories established in ISO 14064-1, instead of the current classification of the scopes standardized by the GHG Protocol, is aligned with the principles of accuracy, completeness, consistency, relevance, and transparency. The ISO 14064-1 category classification ensures accuracy by applying rigorous methods for measuring and calculating emissions, including identifying GHG emission sources in each relevant category. The inclusion of all relevant emission categories ensures the completeness of the assessment. Consistency is achieved by using an appropriate common structure for measuring and reporting emissions considering all categories held by an organization. Relevance is ensured by identifying and assessing the relevant categories for a specific organization. Finally, transparency is achieved through a standardized and documented methodology that allows independent verification and validation of the assessment results. It is worth mentioning that the verification process is commonly given according to the ISO standard. In summary, the integration of the classification of GHG emission sources into the ISO 14064-1 categories is aligned with the principles of accurate, comprehensive, consistent, relevant, and transparent measurement and reporting of GHG emissions.

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 proposal presented above perfectly aligns with the environmental climate objectives, as it allows a more accurate assessment of the organization's carbon footprint since this classification (categories) allows a detailed evaluation of the sources of GHG emissions and helps the organization understand its impact on the environment better.

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)?

The proposal presented has an approach that aligns with the most effective GHG mitigation and decarbonization efforts by organizations. By categorizing emission sources, it is possible to determine which activities generate greater or lesser environmental impact, allowing efforts to focus on those categories that require greater attention in emissions reduction. In addition, measuring the carbon footprint according to categories rather than scopes allows for immediate verification, ensuring transparency in the results and facilitating the management of carbon emissions. That would ensure that actions to reduce GHG emissions are effective and achieve the objective of reducing environmental impact. Consequently, this proposal would be very useful to inform organizations and their stakeholders in making decisions on improving their GHG mitigation and decarbonization efforts.

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?

The adaptation of scopes to categories would not imply obtaining new data but the implementation of a new, more detailed, and understandable classification method. This new method of categorizing GHG emission sources is currently available in ISO 14064-1. The application of this new way of categorizing would be very practical for organizations, as it would allow them to focus on specific GHG emission categories instead of having to deal with a very broad and general scope 3. Scope 3 typically has the largest number of emission sources, making it difficult to analyze the results when considering an organization's entire value chain. With this new methodology, organizations can obtain a clearer and more detailed view of their GHG emission sources, allowing them to develop more effective emission reduction strategies. It should be noted that these methodologies are applicable to all organizations, regardless of size or sector, and represent an effective solution for improving GHG emissions management.

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

Rather than viewing the categorization of emission sources according to ISO 14064-1 as a drawback, categorization can be seen as an opportunity to evolve and upgrade your environmental management. By taking a more detailed and concise approach to categorizing GHG emission sources, organizations can identify specific areas that require more attention and reduce their environmental impact more effectively. While it may be a new challenge for organizations that are unfamiliar with this form of emission source classification, it is an opportunity for them to learn and develop new skills in environmental management.

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

The proposal to categorize GHG emission sources according to ISO 14064-1 is directly aligned with this international standard, making it more easily applicable to organizations that have already implemented this methodology. In addition, this alignment would allow an organization's carbon footprint to be standardized, which would facilitate the comparison of the carbon footprint between companies.

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.**

Standardizing the classification of GHG emission sources into categories according to ISO 14064-1 methodology would be effective and sustainable over time because this international standard is widely recognized and accepted by industry and the international community. By following a common international standard, organizations can ensure that their approach to carbon emissions management is up-to-date and in line with best practices. In addition, this standardization would allow for greater comparability of carbon footprint results between organizations and across different sectors, which could lead to greater transparency and stakeholder confidence in the results. The methodology is also flexible and can be adapted to different sizes of organizations and sectors, making it sustainable over time and adaptable to future changes in environmental management and regulation.

Link to ISO 14064-1:
https://www.iso.org/obp/ui#iso:std:iso:14064:-1:ed-2:v1:en

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

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 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.