

Respondent information

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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.**

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

Ceres is a nonprofit organization working with the most influential capital market leaders to solve the world's greatest sustainability challenges. Our Investor Network includes more than 200 institutional investors managing more than \$60 trillion in assets who are working to ramp up sustainable investment and engage companies in their portfolios to manage climate risks through disclosure, target setting, and action planning. The Greenhouse Gas Protocol (GHGP) is extremely important to the work that Ceres does with investors, who believe standardized emissions accounting and disclosure is essential to assessing a company's climate risk.

For example, Ceres [analyzed](#) comment letters regarding the proposed SEC climate disclosure rule from 320 institutional investors, including both asset owners and asset managers, who collectively own or manage more than \$50 trillion in assets. Of these comments, 99% supported required disclosure of Scope 1 and 2 emissions and 97% supported required disclosure of Scope 3 emissions with safe harbor if it's material or if there is a target. In their comment letters, at least 129 investors described how they use climate-related data in investment decision-making and how standardized disclosure will improve the comparability, consistency, and reliability of this information. Further, the last several years have seen an increase in investors engaging companies about reducing their greenhouse gas emissions. According to Ceres' tracking, the number of shareholder proposals focused on greenhouse gas reduction targets that investors have withdrawn in exchange for company commitments has more than tripled over the last 3 proxy seasons, going from 13 commitments in 2020 to 40 commitments in 2022. Greenhouse gas target-related proposals also received 8 majority shareholder votes in 2022, the most of any proposal type that Ceres tracked that year. A growing number of these shareholder proposals and other investor-driven engagements focus on asking companies to set science-aligned targets through platforms like the Science-Based Targets Initiative (SBTi), which relies on GHGP standards as a foundational basis for all target submissions. In short, investors rely on GHGP to support their investment and voting decisions and manage climate-related risk.

The ability of GHGP to serve a foundational role in supporting comparable, consistent, and reliable emissions disclosures and target setting is due in no small part to its credible, transparent, public multi-stakeholder standard development process. If this survey process indicates a need for some or all of the GHGP standards to be updated, Ceres strongly supports GHGP in maintaining its transparent and public multi-stakeholder process to ensure the continued credibility of the standards. Furthermore, given the prominent role GHGP has played in recent draft proposed rules from the US Government, we recommend ensuring US Government representation on any future standard update

or development process. While we know US Government representatives have participated in GHGP standard development to date, pending use of the GHGP as a foundational standard for mandatory disclosure will require additional assurance that any updates to the standards still allow them to serve this important role.

Finally, we would like to recognize the progress made since the first GHGP standard was launched in the early 2000's. Because of GHGP, others have been able to set disclosure frameworks (like CDP or TCFD), target setting frameworks (like SBTi), and many other sector and geographically specific frameworks that help add clarity and consistency that may not be possible in a general and sector-agnostic standard. Therefore, future GHGP standards and updates may be able to defer to other organizations or platforms for topics like reporting and goal setting to streamline the focus of your work. Further, we imagine that GHGP will be asked to do many things in the responses to this survey that may not be part of the core mission and principles of the Protocol. We encourage you to clearly identify that mission and make the decision about which updates to pursue based on whether these updates support that mission or if other stakeholders in this ecosystem should be taking the lead. We believe that clarifying this upfront and transparently will allow other stakeholders to pick up on the areas that need to be addressed but that will not be addressed by GHGP. Given how quickly we need to move forward, and the foundational role Greenhouse Gas inventories play in holding us to account to the climate impacts of our actions, we need an all-hands-on-deck approach and need to ensure there is not too much pressure being put on GHGP.

Thank you for the opportunity to respond to these surveys and all the work you do provide these critical resources.

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

n/a

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

n/a

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

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.

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)?

Maintaining the strength and credibility of the GHGP will directly enable organizations to pursue more effective GHG mitigation/decarbonization efforts. Attempts to weaken the GHGP process or question its credibility can have the opposite impact, which is why a strong, clear mandate and transparent process for any updates will be important for GHGP to communicate.

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?

Running a transparent and public multistakeholder process takes significant time and resources. Given the urgency of the climate crisis, it is likely that GHGP will be pushed by some stakeholders to move more quickly than possible. On the other hand, some companies might use the update process as a reason why they can't take action. Therefore, it will be important for GHGP to lay out the clear scope of their work up front, what will be impacted and what will not, and what uses of the standards can and should continue to do. This will help partners like Ceres who can spread this information to our network members. Further, by clearly communicating your scope and what you are and are not addressing with your updates, other organizations may be able to work in parallel to address issues not being covered by GHGP.

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

Yes, we feel that our proposal will improve alignment by ensuring a public multistakeholder process.

- 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.**

These comments were developed with input from several colleagues at Ceres.

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