



Corporate Standard Technical Working Group

Subgroup 1, Meeting #1

GHG Protocol Secretariat team:

Iain Hunt, Hande Baybar, Allison Leach

November 12th, 2024



Welcome: Subgroup 1, Meeting #1 Objectives of the Corporate Standard



GREENHOUSE
GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



World Business
Council
for Sustainable
Development

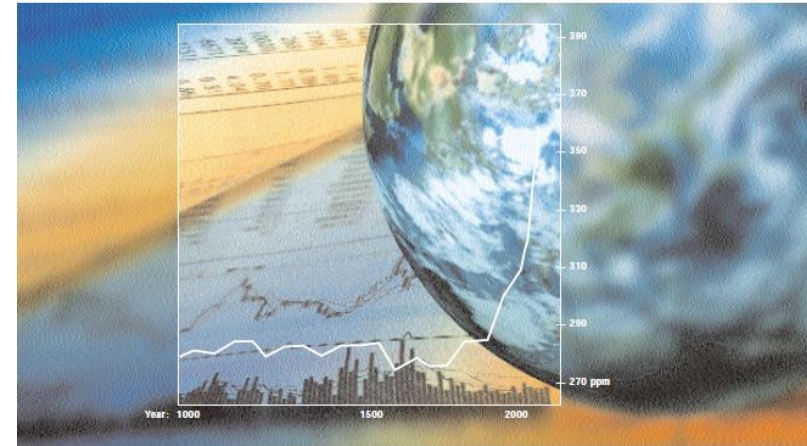


WORLD
RESOURCES
INSTITUTE



World Business
Council
for Sustainable
Development

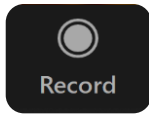
The Greenhouse Gas Protocol



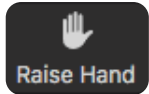
A Corporate Accounting and Reporting Standard

REVISED EDITION

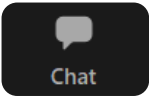
Meeting information



This meeting is **recorded**.



Please use the **Raise Hand** function to speak during the call.



You can also use the **Chat** function in the main control.



Recording, slides, and meeting minutes will be shared after the call.

Agenda

- **Introduction and housekeeping (20 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol objectives
 - Historical context
 - External programs
 - Stakeholder feedback
- **Revisions to objectives (60 minutes)**
 - Uses of the Standard
 - Uses of GHG inventory data
 - Revisions to objectives
 - Revisions to business goals
- **Wrap up and next steps (10 minutes)**



GREENHOUSE GAS PROTOCOL

Agenda

- **Introduction and housekeeping (20 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol objectives
 - Historical context
 - External programs
 - Stakeholder feedback
- **Revisions to objectives (60 minutes)**
 - Uses of the Standard
 - Uses of GHG inventory data
 - Revisions to objectives
 - Revisions to business goals
- **Wrap up and next steps (10 minutes)**



GREENHOUSE GAS PROTOCOL

Housekeeping: Guidelines and procedures

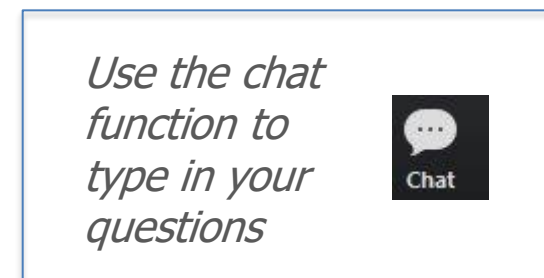
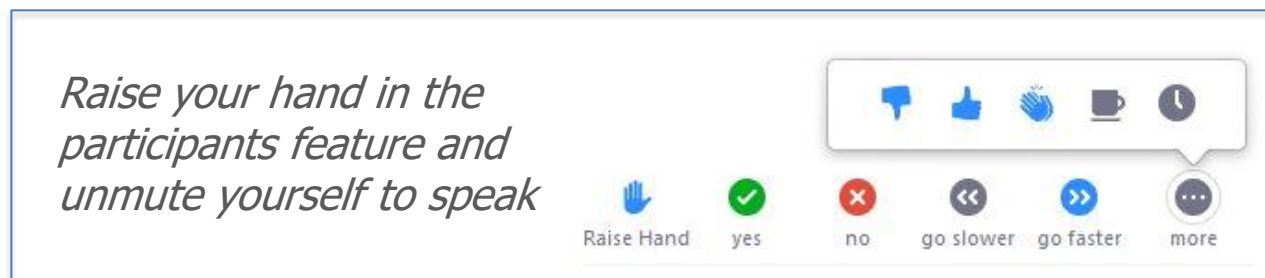
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.
- In TWG meetings, **Chatham House Rule** applies:
 - “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”
- **Compliance and integrity** are key to maintaining credibility of the GHG Protocol
 - Specifically, all participants need to follow the **conflict-of-interest policy**
 - **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

Zoom logistics and recording of meetings

Zoom Meetings

- All participants are muted upon entry
- Please turn on your video
- Please include your full name and company/organization in your Zoom display name



Meetings will be recorded and shared with all TWG members for:

- Facilitation of notetaking for Secretariat staff
- To assist TWG members who cannot attend the live meeting or otherwise want to review the discussions

*Recordings will be available for a limited time after the meeting; **access is restricted to TWG members only.***

Today's objectives

1. Take stock of the **range of uses of the *Corporate Standard* and of GHG inventory data by different stakeholders** and how these have changed since the Standard was last updated in 2004.
2. Reconsider **text in the *Corporate Standard*** related to objectives (Introduction) and business goals of reporting organizations (Chapter 2) in consideration of current uses of the Standard and of GHG inventory data.
3. Identify **uses that the *Corporate Standard* and GHG inventory data are not intended for** to help develop clarifying text to help develop clarifying language on appropriate/inappropriate uses.

Today, we will introduce key considerations related to the above and begin to collect input from TWG members with the intention of working toward consensus on updating text related to objectives and business goals during our next Subgroup 1 meeting on December 3rd.

Subgroup 1 member introductions

Quick <30 second introductions:

- Name
- Location
- Organization
- Current role

Name	Organization
Robert Anderson	Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Australia
Catherine Atkin	Carbon Accountable and Stanford CodeX Climate Data Policy Initiative
Erika Barnett	Greenhouse Gas Management Institute
Tatiana Boldyreva	CDP
Victoria Evans	SCS Engineers
Robert Gray	DuPont
Henk Harmsen	SustainCert
Burkhard Huckestein	German Environment Agency
Micheline Khan	World Resources Institute
Dedy Mahardika	International Finance Corporation (IFC)
Martina Massei	Science Based Targets Initiative (SBTi)
Philippe Missi Missi	UNFCCC Regional Collaboration Center West and Central Africa
Ann Marie Moohan-Sidhu	ESGright
Sachin Nimbalkar	Oak Ridge National Laboratory
Joanne Richmond	CK Hutchison
Victoria Sullivan	Duke Energy
Gernot Wagner	Columbia Business School

Corporate Standard TWG: Our Shared Values

(Summary of whiteboard activity from 22 October meeting)

- **Respect** for everyone's background, expertise, and perspective
- Keep the **long-term goal** in mind: A revised and effective standard
- **Come ready to learn!** Be open to new ideas and listen actively
- Stay **objective**
- Maintain a **transparent** and independent process
- **Data-driven** approach and **solutions-oriented** interventions
- Work **collaboratively** with shared responsibility
- **Be prepared** for meetings



Housekeeping: summary of general feedback form responses

4 responses were received to our general feedback form – thank you to everyone who has provided input to date. Overarching themes included:

- Questions related to **TWG process**
 - To be addressed on next slide
- Feedback on the **scope of work** presented in the Standard Development Plan
 - Receipt acknowledged – will not be specifically addressed today as it's beyond the scope of today's meeting
- Feedback related to **today's meeting topic** of *Corporate Standard* objectives
 - To be addressed later in this meeting during discussion of related topics

Please continue using the [Microsoft Form](#) for all general feedback and questions.
A form for specific feedback on *Corporate Standard* objectives will be circulated following this meeting.

Housekeeping: process-oriented questions raised via feedback form

- **Decision-making criteria (DMC): rating scale**
 - Q: The materials for the Scope 2 TWG describe the application of the DMC using a heat-map type of scale whereas Corporate Standard and Scope 2 use a 3-tier scale. Was the deviation intentional?
 - A: Deviation was not intentional. To introduce the DMC, we presented a simple 3-tier scale including green (most aligned), yellow (mixed alignment) and orange (least aligned). When applying the DMC to specific issues, we may adjust to a more granular (e.g., 5-tier) scale as needed.
- **“Back-channel” communication outside of TWG meetings**
 - Q: Will there be an established “back-channel” for either the whole TWG or subgroups to communicate outside of these meetings?
 - A: The Secretariat will *not* be providing a means for informal communication between TWG members. TWG members may choose to establish an informal communication channel (e.g., via Teams, Slack, etc.) and invite Secretariat staff. However, Secretariat staff will *not* commit to actively monitor or respond to any communications via this platform.

Scope of work (excerpt from Standard Development Plan)

Relevant chapters: Introduction and chapter 2 (Business Goals and Inventory Design)

A.1. Revisit stated objectives of the Corporate Standard in consideration of the following:

- Use of the standard in voluntary and mandatory **GHG reporting programs**.
- Use of the standard in **target-setting programs** (e.g., Science Based Targets Initiative – SBTi).
- Increased **integration** of sustainability and financial information.
- Increased demands for GHG inventories to be **verified/assured**.
- **Use of the standard by stakeholders** including reporting organizations, preparers, assurance providers, and policymakers.
- **Use of GHG inventory data by stakeholders** including reporting organizations, investors, customers, and regulators.
- Better facilitating **comparability** across inventories from different reporting organizations.
- The **range of reporting organizations** using the standard globally.

A.2. Develop **clarifying language** for uses that the Corporate Standard and GHG inventory data are not intended for and delineate the respective roles of the GHG Protocol and reporting programs, target setting programs, etc.

GHG Protocol Decision-Making Criteria



Note: This is a summary version. For further details, refer to the full decision-making criteria included in the annex to the Governance Overview, available at <https://ghgprotocol.org/our-governance>.

Standard setting language

GHG Protocol standards use precise language to indicate which provisions of the standard are **requirements**, which are **recommendations**, and which are **permissible or allowable options** that companies may choose to follow.

- **“Shall”** indicates what is required to be in conformance with the standard.
- **“Should”** indicates a recommendation, but not a requirement.
- **“May”** indicates an option that is permissible or allowable.

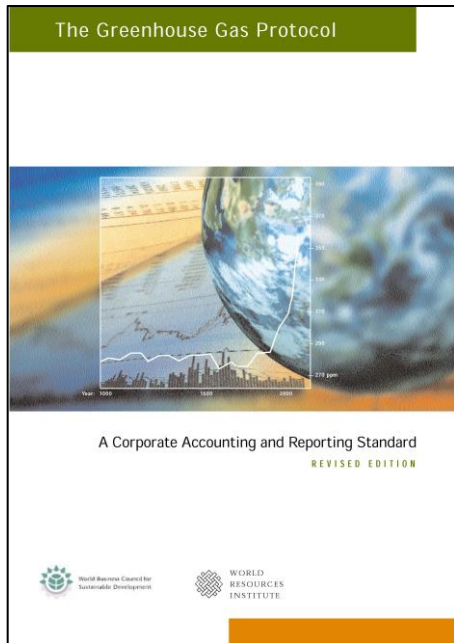
Agenda

- **Introduction and housekeeping (20 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol objectives
 - Historical context
 - External programs
 - Stakeholder feedback
- **Revisions to objectives (60 minutes)**
 - Uses of the Standard
 - Uses of GHG inventory data
 - Revisions to objectives
 - Revisions to business goals
- **Wrap up and next steps (10 minutes)**

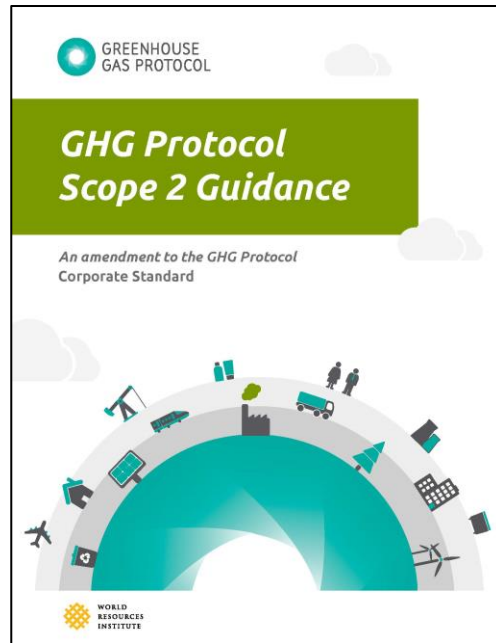


GREENHOUSE GAS PROTOCOL

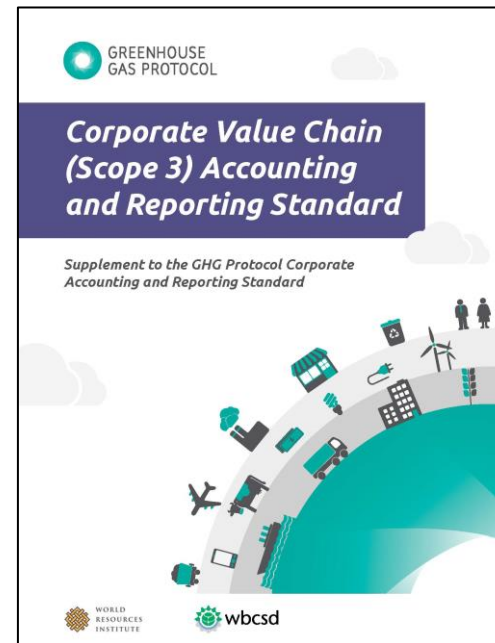
The GHG Protocol corporate suite of standard and guidance



Corporate Standard



Scope 2 Guidance



Scope 3 Standard and Guidance



Land Sector and Removals Standard and Guidance*

Amendments/supplements to the Corporate Standard

* [Draft Land Sector and Removals Guidance](#) available on GHG Protocol website with final Land Sector and Removals Standard and Guidance [to be published in Q1 2025](#).

Corporate Standard: relevant content

Introduction: The Greenhouse Gas
Protocol Initiative

Chapter 2: Business Goals and
Inventory Design

Introduction	The Greenhouse Gas Protocol Initiative		2
Chapter 1	GHG Accounting and Reporting Principles	STANDARD	6
Chapter 2	Business Goals and Inventory Design	GUIDANCE	10
Chapter 3	Setting Organizational Boundaries	STANDARD	16
Chapter 4	Setting Operational Boundaries	STANDARD	24
Chapter 5	Tracking Emissions Over Time	STANDARD	34
Chapter 6	Identifying and Calculating GHG Emissions	GUIDANCE	40
Chapter 7	Managing Inventory Quality	GUIDANCE	48
Chapter 8	Accounting for GHG Reductions	GUIDANCE	58
Chapter 9	Reporting GHG Emissions	STANDARD	62
Chapter 10	Verification of GHG Emissions	GUIDANCE	68
Chapter 11	Setting GHG Targets	GUIDANCE	74
Appendix A	Accounting for Indirect Emissions from Electricity		86
Appendix B	Accounting for Sequestered Atmospheric Carbon		88
Appendix C	Overview of GHG Programs		90
Appendix D	Industry Sectors and Scopes		92
Acronyms			95
Glossary			96

Objectives of the *Corporate Standard* (Introduction, p.3)

“The standard and guidance were **designed with the following objectives in mind:**

- To help companies prepare a GHG inventory that **represents a true and fair account of their emissions**, through the use of **standardized approaches and principles**
- To **simplify and reduce the costs** of compiling a GHG inventory
- To provide business with information that can be used to build an effective strategy to **manage and reduce GHG emissions**
- To provide information that facilitates participation in voluntary and mandatory **GHG programs**
- To increase **consistency and transparency** in GHG accounting and reporting among various companies and GHG programs”

Business goals for organizations using the *Corporate Standard* (Chapter 2, p.10)

“Companies frequently cite the following **five business goals** as reasons for compiling a GHG inventory:

- Managing **GHG risks** and identifying **reduction opportunities**
- Public reporting and participation in voluntary **GHG programs**
- Participating in **mandatory reporting programs**
- Participating in **GHG markets**
- Recognition for **early voluntary action**”

Objectives and business goals across corporate suite of standards

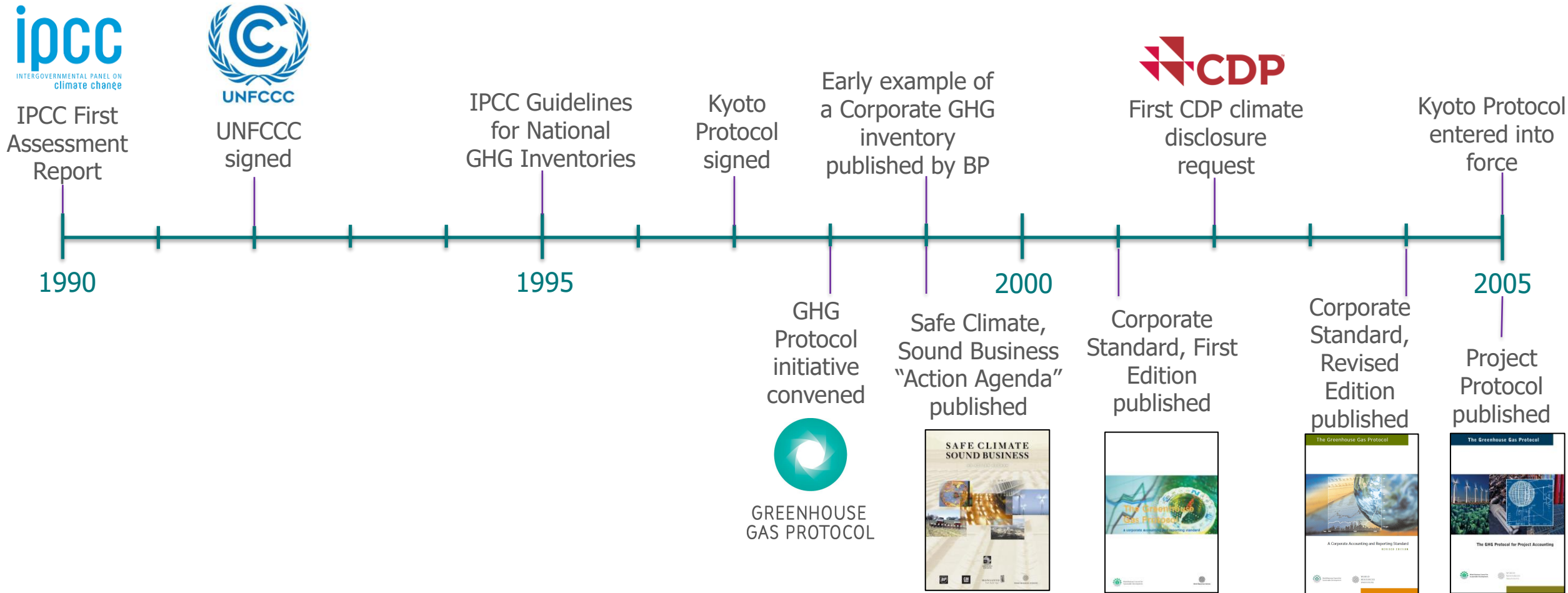
- **Objectives/purpose** define the aims of a standard or guidance document itself
- **Business goals** propose ways that developing a GHG inventory advance the goals of a reporting organization.

Objectives/purpose and business goals across GHG Protocol corporate suite of standards:

Standard/guidance document	Objectives/purpose	Business goals
Corporate Standard	Introduction	2. Business Goals and Inventory Design
Scope 2 Guidance	1.4 Purpose of this Guidance	2. Business Goals
Scope 3 Standard	1.2 Purpose of this Standard	2. Business Goals
Land Sector and Removals Guidance (draft)	1.2 Purpose of the Guidance	2. Business Goals

We will briefly review objectives and business goals across corporate suite of standards later.

Historical context surrounding development of *Corporate Standard*



See Green (2010) [Private Standards in the Climate Regime: The Greenhouse Gas Protocol](#) for more information on the historical context surrounding the development of the *Corporate Standard*.

Benefits to companies of early adoption of *Corporate Standard*

(Green, 2010, p.2)

- **Reduced transaction costs**
 - “**Standardized “off the shelf” reporting procedures** created by the Protocol made it **relatively easy** for individual firms interested in adopting voluntary reporting measures to do so.”
- **First-mover advantage**
 - “Adopting the Protocol also helped users **prepare for international regulation of GHG emissions**, potentially giving them a **competitive advantage** with respect to other firms.”
- **Enhanced reputation**
 - “Although primarily motivated by the threat of regulation, firms adopting the Protocol could also **burnish their reputations as corporate citizens**. Firms that adopted the GHG Protocol could position themselves as **climate leaders**.”

Example resources supporting the preparation of GHG inventories developed since the publication of the *Corporate Standard*

- Calculation tools
 - Including [Tools Built on the GHG Protocol](#)* and tools hosted on the [GHG Protocol website](#)
- Sector-specific guidance
 - Including Guidance [Built on the GHG Protocol](#)*
- Country-specific guidance for corporate inventories
 - E.g., guidance from [US EPA Center for Corporate Climate Leadership](#)
- Emission factor databases
 - E.g., [US EPA GHG Emission Factors Hub](#), [UK Government conversion factors for company reporting of greenhouse gas emissions](#)
- Software as a service (SaaS) platforms

*The Built on GHG Protocol review service will be closed until further notice as GHG Protocol works on a long-term strategy for Support Services.

Types of programs referenced in *Corporate Standard* (Introduction, p.4)

Voluntary GHG reduction programs

GHG registries

National and regional industry initiatives

GHG trading programs*


Sector-specific protocols

- Voluntary GHG reduction programs, e.g., the World Wildlife Fund (WWF) Climate Savers, the U.S. Environmental Protection Agency (EPA) Climate Leaders, the Climate Neutral Network, and the Business Leaders Initiative on Climate Change (BLICC)
- GHG registries, e.g., California Climate Action Registry (CCAR), World Economic Forum Global GHG Registry
- National and regional industry initiatives, e.g., New Zealand Business Council for Sustainable Development, Taiwan Business Council for Sustainable Development, Association des entreprises pour la réduction des gaz à effet de serre (AERES)
- GHG trading programs,⁴ e.g., UK Emissions Trading Scheme (UK ETS), Chicago Climate Exchange (CCX), and the European Union Greenhouse Gas Emissions Allowance Trading Scheme (EU ETS)
- Sector-specific protocols developed by a number of industry associations, e.g., International Aluminum Institute, International Council of Forest and Paper Associations, International Iron and Steel Institute, the WBCSD Cement Sustainability Initiative, and the International Petroleum Industry Environmental Conservation Association (IPIECA).

*GHG emissions trading programs, such as the EU's Emissions Trading System (EU ETS) and China's National Emissions Trading System operate on a facility, rather than entity level. One example of an emissions trading program operating on an entity level is the Chicago Climate Exchange (CCX), which [went defunct in 2010](#).

Example policies, programs, and standards that reference the *Corporate Standard*

- International Financial Reporting Standard (IFRS) [S2: Climate-related Disclosures](#)
- European Sustainability Reporting Standards (ESRS) [E1: Climate Change](#)
- United States Securities and Exchange Commission (SEC) [The Enhancement and Standardization of Climate-Related Disclosures for Investors Rule](#)
- California Corporate Climate Accountability Act (CA Senate Bills [253](#) and [219](#))
- [CDP](#) environmental disclosure questionnaire
- Science-Based Targets Initiative (SBTi) [Corporate Net Zero Standard](#)
- Global Reporting Initiative (GRI) [Topic Standard Project for Climate Change \(exposure draft\)](#)
- [Recommendations of the Task Force for Climate Related Financial Disclosures \(TCFD\)*](#)
- Australian Climate Active [Carbon Neutral Standard for Organisations](#)
- Aotearoa New Zealand [Climate Standard 1](#)

 If you are aware of any other policies, programs, or standards that reference the *Corporate Standard*, please share these in the chat.

*The TCFD was [disbanded in 2023](#), with the IFRS Foundation taking over the monitoring of the progress of companies' climate-related disclosures.

Pulse check (Zoom poll)

Which of the following standards/programs/frameworks are you familiar/experienced with? Select all that apply.

- ISO 14060 family
- IPCC Guidelines for National GHG Inventories
- IFRS S2
- ESRS E1
- US SEC Climate Disclosure Rule
- CDP environmental disclosure questionnaire
- SBTi Corporate Net Zero Standard
- GRI Climate Topic Standard
- Recommendations of the TCFD
- California legislation mandating climate disclosures
- Other: please type in chat

Programmatic requirements for using the *Corporate Standard*

Program	Requirements
IFRS S2 Climate-related Disclosures	<p>“The entity shall... measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions” (paragraph 29(ii), p.14).</p>
ESRS E1 Climate Change	<p>“When preparing the information for reporting GHG emissions as required by paragraph 44, the undertaking shall... consider the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004)” (paragraph AR 39(a), p.97).</p>
California Climate Corporate Data Accountability Act	<p>“A reporting entity shall, beginning in 2026, measure and report its emissions of greenhouse gases in conformance with the Greenhouse Gas Protocol standards and guidance, including the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard...” (CA SB 219, Section 1, (c)(2)(A)(ii), p.3).</p>
SBTi Corporate Net-Zero Standard	<p>“Companies must also follow the GHG Protocol Corporate Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard” (Section 5.1, p.34).</p>

Objectives of select programs and standards

Program	Objectives
ISO 14060 family of standards for quantifying, monitoring, reporting, and validating greenhouse gas emissions	<p>“The ISO 14060 family provides clarity and consistency for quantifying, monitoring, reporting and validating or verifying GHG emissions and removals to support sustainable development through a low-carbon economy and to benefit organizations, project proponents and interested parties worldwide” (ISO 14064-1, Introduction, p.vi).</p>
CDP	<p>“... CDP was the first platform to leverage investor pressure to influence corporate disclosure on environmental impact... the insights that CDP holds empowers investors, companies, cities, and national and regional governments to make the right choices today to build a thriving economy that works for people and planet in the long term” (What We Do – CDP).</p>
Science Based Targets Initiative (SBTi) Corporate Net Zero Standard	<p>“The main objective of [the SBTi Corporate Net-Zero Standard] is to provide a consistent and robust approach for corporates to set net-zero targets aligned with climate science” (SBTi Corporate Net-Zero Standard, section 1.2, p.9)</p>
Global Reporting Initiative (GRI)	<p>“The GRI Standards enable an organization to publicly disclose its most significant impacts on the economy, environment, and people,... and how the organization manages these impacts” (GRI 1, section 1.1, p.4)</p>

Objectives of select mandatory disclosure programs/policies

Program	Objectives
IFRS S2 Climate-related Disclosures	“The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity ” (IFRS S2, paragraph 1, p.2).
ESRS E1 Climate Change	“The objective of [ESRS E1] is to specify Disclosure Requirements which will enable users of sustainability statements to understand...” reporting entities’ climate-related impacts, mitigation actions, transition strategies, and risks and opportunities and their financial effects (ESRS E1, paragraph 1, p.73).
US SEC Climate Disclosure Rule	“While climate-related issues are subject to various other regulatory schemes, our objective is limited to advancing the Commission’s mission to protect investors , maintain fair, orderly, and efficient markets, and promote capital formation by providing disclosure to investors of information important to their investment and voting decisions ” (SEC rule, Introduction, p.18)
California Corporate Climate Data Accountability Act	Require reporting entities to publicly disclose emissions “ ensuring public access to the data in a manner that is easily understandable and accessible , will inform investors, empower consumers, and activate companies to improve risk management in order to move towards a net-zero carbon economy and is a critical next step that California must take to protect the state and its residents” (CA SB 253, Section 1(I)).

Common theme: providing climate-related information to investors

Recommendations of the Task Force for Climate-related Financial Disclosures (TCFD)

Scope 1, 2 and 3 GHG emissions data represents just one of several disclosures recommended by the TCFD to inform investors and other stakeholders on climate-related risks and opportunities and their financial impacts.

Source: [Implementing the Recommendations of the Task Force for Climate-related Financial Disclosures](#)

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

Note: The TCFD was disbanded in 2023, with the IFRS Foundation taking over the monitoring of the progress of companies' climate-related disclosures.

Assurance requirements across programs

Program	Assurance requirement
IFRS S2 Climate-related Disclosures	<p>“It is up to jurisdictions to determine whether assurance is required. The IFRS Foundation’s mandate does not include requiring a particular level of assurance by those using its standards. The IFRS Foundation is also not responsible for the development of assurance standards.” (ISSB: Frequently Asked Questions)</p>
EU Corporate Sustainability Reporting Directive (CSRD)	<p>The CSRD requires “assurance on the sustainability information that companies report and will provide for the digital taxonomy of sustainability information.” (European Commission: Corporate Sustainability Reporting)</p>
US SEC Climate Disclosure Rule	<p>Accelerated filers (AFs) and large accelerated filers (LAFs) required to disclose scope 1 and/or 2 emissions “must file an attestation report in respect of those emissions”, with phased implementation (limited assurance after third year for AFs and LAFs and reasonable assurance after seventh year for LAFs). (page 30 of SEC Climate Disclosure Rule text)</p>
California Corporate Climate Data Accountability Act	<p>Requirement for reporting entities to “obtain an assurance engagement performed by an independent third-party assurance provider” for scope 1, 2, and 3 emissions. (Section 1(c)(1) of SB 219 text)</p>

CSRD, US SEC rule, and California legislation all entail assurance requirements.

Scope 3 reporting requirements across programs

Program	Scope 3 requirement
IFRS S2 Climate-related Disclosures	Required: Scope 3 GHG emissions required. Reporters shall consider the 15 GHGP categories and disclose the material categories; category 15 is required if the entity is an asset manager, commercial bank, or insurer.
ESRS E1 Climate Change	Required if climate change topic deemed material: Scope 3 emissions required with relief for first reporting period; required to screen the 15 GHGP categories and report if significant. Note: Subject to double-materiality for assessment. If a company assesses the climate change topic to not be material, they would not be required to report greenhouse gas emissions, but would need to justify why it is not material.
US SEC Climate Disclosure Rule	Optional: Scope 3 emissions not required
California Corporate Climate Data Accountability Act	Required in legislation: Draft text is not finalized, but scope 3 was required in the legislation passed in September 2023 and amended in September 2024
Science Based Targets Initiative (SBTi) Corporate Net Zero Standard	Required in GHG inventory, with >95% of scope 3 emissions reported

Most mandatory disclosure programs require scope 3 emissions reporting.

Key takeaways – use of the *Corporate Standard* by programs

- **Mandatory GHG emissions disclosures are becoming the norm** in numerous jurisdictions through programs including regulatory implementation of IFRS, ESRS, the US SEC climate disclosure rule, and legislation in the state of California.
- Most mandatory disclosure programs are **aimed at providing information to stakeholders external to reporting companies, particularly investors.**
- **Scope 1, 2, and 3 emissions are just one among several disclosures** required of companies to provide information on **climate-related risks and opportunities and their financial impacts.**

Corporate Standard stakeholder feedback survey: key themes related to objectives

- Consideration of **integration of sustainability information with financial information**
- Advance further the objective “to help companies prepare a GHG inventory that represents a true and fair account of their emissions”, including **further standardization** of methodologies
- Revisit objectives to consider **conditions of comparability**
- Maintain focus on rules for accounting for GHG emissions, **distinguishing GHG Protocol’s role from that of regulators**
- Revisit objectives with specific recognition of needs of multiple stakeholders, ensure **stakeholder neutrality**
- Provide **clarifications on appropriate/inappropriate uses of the Standard and of GHG inventory data**, pointing users to other resources for purposes the Standard is *not* intended for

Proposals received related to *Corporate Standard* objectives

Proposal link	Key themes
Deloitte proposal	Revisit <i>Corporate Standard</i> objectives in consideration of needs of both preparers and users of GHG inventory data and balancing of potential objectives including comparability between entities and tracking an entity's emissions over time.
Oxford Net Zero Proposal	Considering demands for comparability between inventories, consider one of two options: <ol style="list-style-type: none"> 1. Include a disclaimer that GHG inventories from different entities are not to be compared. 2. Advance comparability by aligning with financial accounting principles and ensuring GHG inventory data a set of proposed conditions
University of Edinburgh Proposal	Need for clarifying language regarding purposes that the <i>Corporate Standard</i> is/is not appropriate for, and signposting to resources for purposes beyond the <i>Corporate Standard's</i> scope.

Comparability between inventories: preview for next Subgroup 1 meeting

- A frequently cited theme from stakeholder feedback was that advancing conditions of comparability between GHG inventories from different reporting organizations should be considered in revising the *Corporate Standard*.
- Comparison of GHG inventories between organizations: example use cases by stakeholder
 - Reporting organizations: benchmarking against peers/competitors
 - Investors: compare between companies to help inform investment decisions
 - Customers: compare between suppliers to help inform procurement decisions
- Comparability between GHG inventories from different reporting entities will be addressed more fully in the next Subgroup 1 meeting on December 3rd.
- For reference, please find definitions of comparability from different sources appended at the end of this slide deck.

***Corporate Standard* objectives: summary of comments received via TWG feedback form**

- Set out the purpose of the *Corporate Standard* as compared to other documents in the suite as part of the introduction to the text
 - Whether the *Corporate Standard* is the overarching “conceptual framework” establishing principles, key concepts, and approaches, with other documents (e.g., Scope 2 Guidance, Scope 3 standard) providing more detailed guidance on specific GHG accounting topics
 - Two-tiered structure described above would emulate IFRS and normal legislative structures
- Reconsider terminology related to objectives and business goals
 - Consider the term “purpose” of the standard in place of “objectives” of the standard
 - Consider using the term “uses” of the standard in place of “business goals”

Objectives and business goals across corporate suite of standards

- **Objectives/purpose** define the aims of a standard or guidance document itself
- **Business goals** propose ways that developing a GHG inventory advance the goals of a reporting organization.

Objectives/purpose and business goals across GHG Protocol corporate suite of standards:

Standard/guidance document	Objectives/purpose	Business goals
Corporate Standard	Introduction	2. Business Goals and Inventory Design
Scope 2 Guidance	1.4 Purpose of this Guidance	2. Business Goals
Scope 3 Standard	1.2 Purpose of this Standard	2. Business Goals
Land Sector and Removals Guidance (draft)	1.2 Purpose of the Guidance	2. Business Goals

Objectives of the *Corporate Standard* (Introduction, p.3)

“The standard and guidance were **designed with the following objectives in mind:**

- To help companies prepare a GHG inventory that **represents a true and fair account of their emissions**, through the use of **standardized approaches and principles**
- To **simplify and reduce the costs** of compiling a GHG inventory
- To provide business with information that can be used to build an effective strategy to **manage and reduce GHG emissions**
- To provide information that facilitates participation in voluntary and mandatory **GHG programs**
- To increase **consistency and transparency** in GHG accounting and reporting among various companies and GHG programs”

Objectives of the *Scope 3 Standard* (section 1.2, p.4)

“The standard was **developed with the following objectives in mind:**

- To help companies prepare **a true and fair scope 3 GHG inventory** in a **cost-effective manner**, through the use of **standardized approaches and principles**
- To help companies develop **effective strategies for managing and reducing their scope 3 emissions** through an understanding of value chain emissions and associated risks and opportunities
- To support **consistent and transparent public reporting of corporate value chain emissions** according to a **standardized set of reporting requirements”**

Purpose of the *Scope 2 Guidance* (Section 1.4, p.7)

“This guidance acts as an amendment to the *Corporate Standard*, providing updated requirements and best practices on scope 2 accounting and reporting...

...The revisions in this guidance should enhance the relevance, completeness, consistency, transparency, and accuracy of reported scope 2 totals. Companies can use these reported totals to set targets, reduce GHG emissions, track progress, and inform their stakeholders.”

Purpose of the *Land Sector and Removals Guidance (draft)* (Part 1, Section 1.2, p.4)

“The *Land Sector and Removals Guidance* is intended to improve the accuracy, completeness, consistency, relevance, transparency, and comparability of companies’ GHG inventories by providing clarity on the steps, methods and data needed to calculate GHG emissions and removals from land-based activities and technological CO₂ removal activities.”

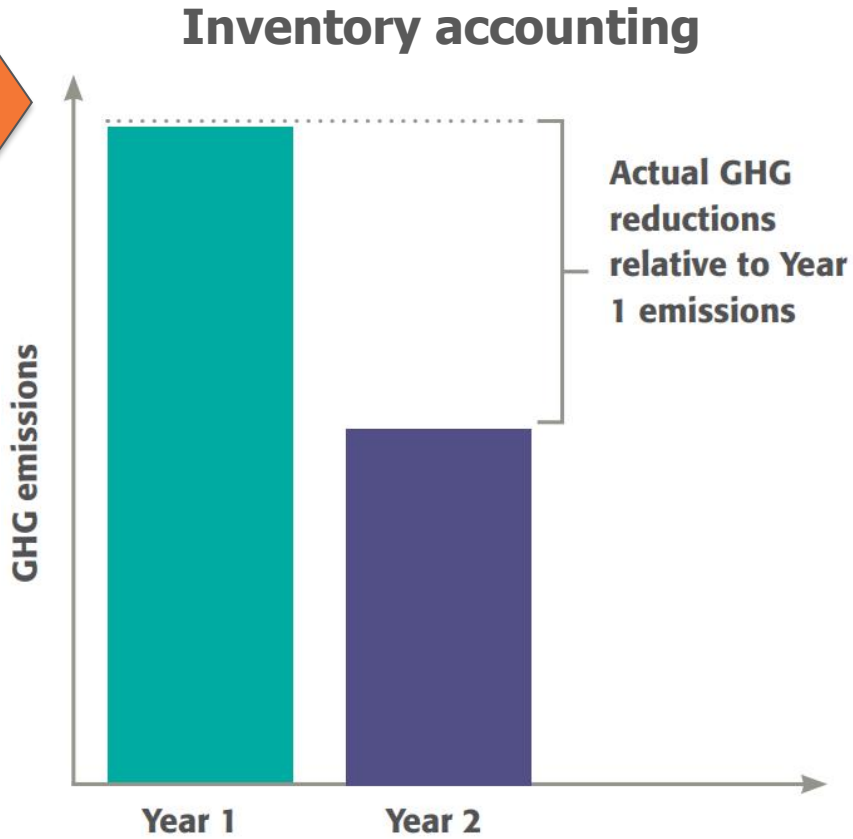
Feedback on objectives across standards revision workstreams

- [Scope 2 survey summary](#): Section A4, p.10
 - Feedback on objectives of the GHG Protocol Scope 2 Guidance
- [Market-based Accounting Approaches survey summary](#): Section C, pp.11-14
 - C.1 Feedback on accounting objectives
 - C.2 Feedback on incentives
 - C.3 Feedback on physical accounting
 - C.4 Feedback on comparability
 - C.5 Feedback on alignment
- Discussion in Scope 3 TWG meetings:
 - Full TWG Meeting 1, Item 6 ([minutes](#))
 - Subgroup A, Meeting 1, Item 4 ([minutes](#))

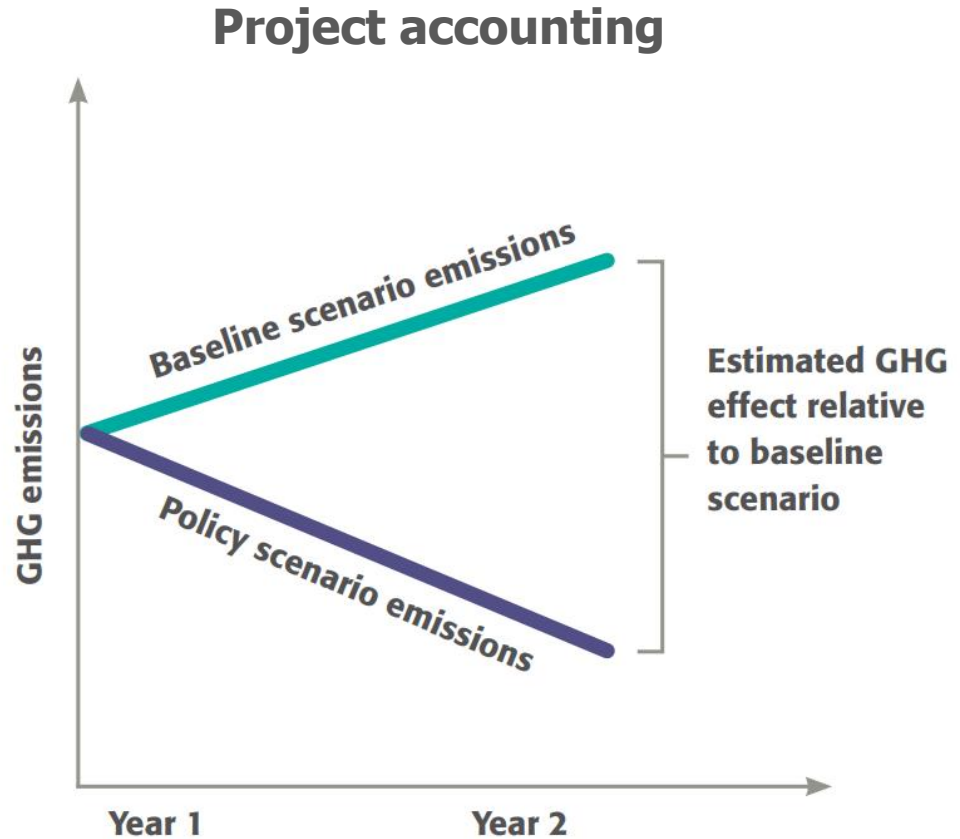
Business goals cited across corporate standards suite

Corporate Standard (Chapter 2, p.10)	Scope 2 Guidance (section 2.1, p.15)	Scope 3 Standard (table 2.1, p.12)	Land Sector and Removals Guidance (Draft) (ch.2, p.13)
<ul style="list-style-type: none"> Managing GHG risks and identifying reduction opportunities Public reporting and participation in voluntary GHG programs Participating in mandatory reporting programs Participating in GHG markets Recognition for early voluntary action 	<ul style="list-style-type: none"> Identify and understand the risks and opportunities associated with emissions from purchased and consumed electricity Identify internal GHG reduction opportunities, set reduction targets, and track performance Engage energy suppliers and partners in GHG management Enhance stakeholder information and corporate reputation through transparent public reporting 	<ul style="list-style-type: none"> Identify and understand risks and opportunities associated with value chain emissions Identify GHG reduction opportunities, set reduction targets, and track performance Engage value chain partners in GHG management Enhance stakeholder information and corporate reputation through public reporting 	<ul style="list-style-type: none"> Identify and understand climate impact risks and opportunities Set GHG targets and track performance Inform strategies to reduce emissions and enhance removals Enhance transparency and stakeholder information through public reporting

GHG inventory accounting versus project (intervention) accounting



Corporate Standard
Scope 3 Standard



Project Protocol
Policy and Action Standard

Objectives of project (intervention) accounting standards

Project Protocol (chapter 1, p.5)

- Provide a credible and transparent approach for quantifying and reporting **GHG reductions from GHG projects**
- Enhance the **credibility of GHG project accounting** through the application of common accounting concepts, procedures, and principles
- Provide a platform for **harmonization** among different project-based **GHG initiatives and programs**

Policy and Action Standard (chapter 1, pp.56)

- To help users **assess the GHG effects of specific policies** and actions in an accurate, consistent, transparent, complete, and relevant way
- To help policymakers and other decision makers develop effective strategies for managing and reducing GHG emissions through a **better understanding of the emissions impacts of policies and actions**
- To support **consistent and transparent public reporting of emissions impacts** and policy effectiveness
- To create more international **consistency and transparency** in the way the **GHG effects of policies and actions** are estimated

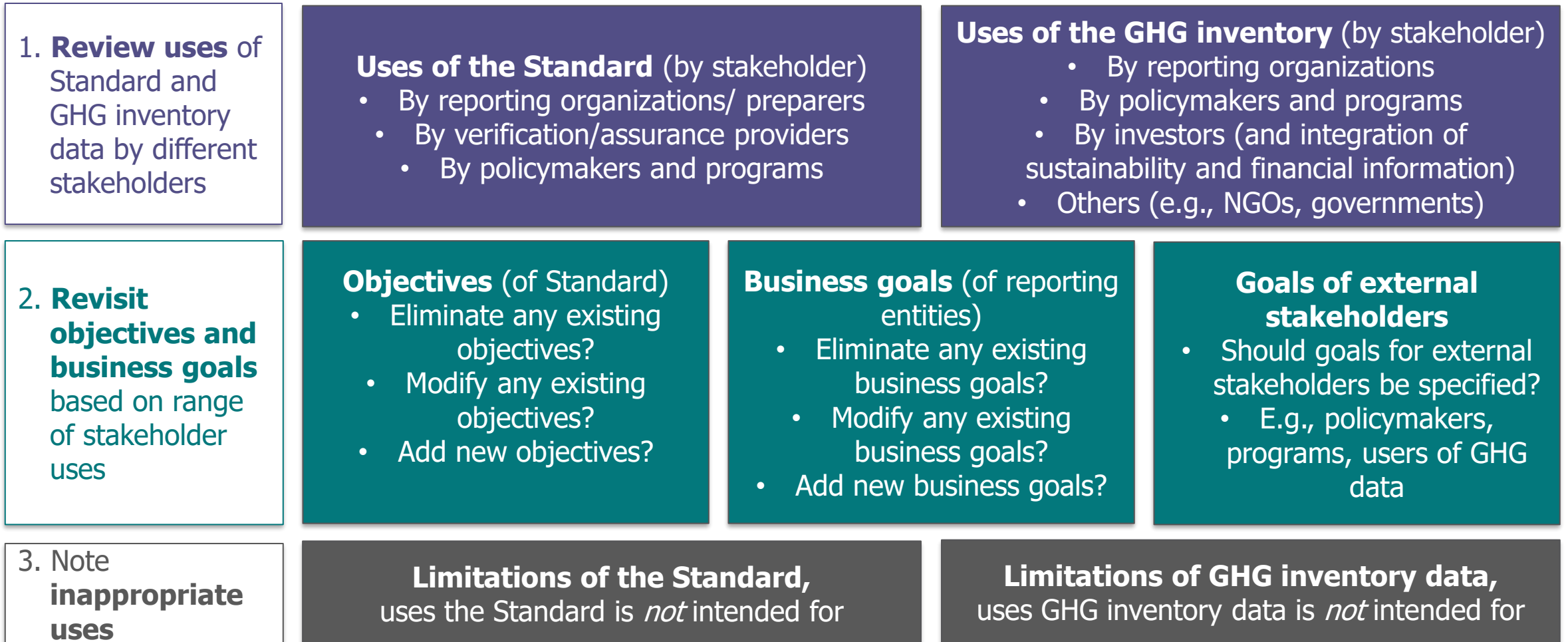
Agenda

- **Introduction and housekeeping (20 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol objectives
 - Historical context
 - External programs
 - Stakeholder feedback
- **Revisions to objectives (60 minutes)**
 - Uses of the Standard
 - Uses of GHG inventory data
 - Revisions to objectives
 - Revisions to business goals
- **Wrap up and next steps (10 minutes)**



GREENHOUSE GAS PROTOCOL

Process for reviewing *Corporate Standard* objectives



We will first consider current uses of the Standard and GHG inventories:

1. Review uses of Standard and GHG inventory data by different stakeholders

Uses of the Standard (by stakeholder)

- By reporting organizations/ preparers
- By verification/assurance providers
- By policymakers and programs

Uses of the GHG inventory (by stakeholder)

- By reporting organizations
- By policymakers and programs
- By investors (and integration of sustainability and financial information)
- Others (e.g., NGOs, governments)

Please keep these questions in mind:

1. What uses of the Standard or of GHG inventory data are not adequately addressed in current objectives and business goals?
 - a. Are there any new objectives that you would propose to address gaps?
 - b. Are there any new business goals that you would propose to address gaps?
 - c. Should the *Corporate Standard* also include language analogous to the business goals chapter specifying goals for other users?
2. Are there any potential misuses of the Standard or of GHG inventory data that should be called out to users?

Example uses of the *Corporate Standard* by different stakeholders

Stakeholder	Uses of the Standard
Reporting organizations	<ul style="list-style-type: none"> Requirements and guidance for GHG inventory development
Preparers (e.g., consultants)	<ul style="list-style-type: none"> Requirements and guidance for GHG inventory development
Verification/assurance providers	<ul style="list-style-type: none"> Requirements/criteria to verify or assure GHG inventories against
Tool providers	<ul style="list-style-type: none"> GHG accounting requirements and guidance for implementation in tools (e.g., for emissions calculation) assisting in GHG inventory development
Industry groups	<ul style="list-style-type: none"> Cross-sector GHG accounting and reporting requirements that can be built upon to establish sector-specific requirements
Policymakers	<ul style="list-style-type: none"> Established requirements for entity-level GHG accounting and reporting that can be adopted in policies (e.g., for establishing mandatory GHG reporting)
Reporting programs	<ul style="list-style-type: none"> Adoption of GHG reporting requirements for program use Requirements for the development of GHG inventories for participating organizations to conform with
Target setting programs	<ul style="list-style-type: none"> Requirements for development of GHG inventories to establish base year emissions and track emissions over time



Discussion: Please share any other uses of the *Corporate Standard* by different stakeholders you can think of (use the chat or raise hand).

Example uses of GHG inventory data by reporting organizations

- Provision of information to use internally to **manage and reduce GHG emissions**
- Establish base year emissions and **track emissions over time**
- **Public reporting** of GHG emissions (e.g., on website, in ESG reports)
- Participation in **voluntary reporting programs**
- Compliance with **mandatory reporting programs**
- Setting and monitoring progress against externally validated **targets**
- **Benchmarking performance** compared to competitors/peers
- Provision of information to **value chain partners** for use in their scope 3 emissions inventories

 Discussion: Please share any other uses of GHG inventory data by reporting organizations you can think of (use the chat or raise hand).

Example uses of the GHG inventory data by stakeholder groups

Stakeholder	Uses of the Standard
Customers (business-to-business)	<ul style="list-style-type: none"> • Use of suppliers' GHG data to quantify scope 3 emissions • Evaluation of suppliers' emissions performance to inform procurement decisions
Reporting programs	<ul style="list-style-type: none"> • Provision of data to stakeholders (e.g., investors)
Investors	<ul style="list-style-type: none"> • Evaluation of companies' climate risks and opportunities to inform investment decisions
ESG rating agencies	<ul style="list-style-type: none"> • GHG inventory data as an input to evaluate companies' climate/ ESG performance
NGOs	<ul style="list-style-type: none"> • Evaluation of companies' climate performance and transparency of disclosures
Researchers	<ul style="list-style-type: none"> • Analysis of companies' emissions and use of GHG data in research



Discussion: Please share any other uses of GHG inventory data by different stakeholders you can think of (use the chat or raise hand).

Next, we will review existing objectives and business goals in consideration of uses of the Standard and of GHG inventory data by different stakeholders.

2. Revisit objectives and business goals based on range of stakeholder uses

Objectives (of Standard)

- Eliminate any existing objectives?
- Modify any existing objectives?
- Add new objectives?

Business goals (of reporting entities)

- Eliminate any existing business goals?
- Modify any existing business goals?
- Add new business goals?

Goals of external stakeholders

- Should goals for external stakeholders be specified?
 - E.g., policymakers, programs, users of GHG data

Reviewing *Corporate Standard* objectives

- To help companies prepare a GHG inventory that **represents a true and fair account of their emissions**, through the use of **standardized approaches and principles**
- To **simplify and reduce the costs** of compiling a GHG inventory
- To provide business with information that can be used to build an effective strategy to **manage and reduce GHG emissions**
- To provide information that facilitates participation in voluntary and mandatory **GHG programs**
- To increase **consistency and transparency** in GHG accounting and reporting among various companies and GHG programs

Zoom poll:

For each objective in the *Corporate Standard* select one option:

- The objective should be retained
- The objective should be modified
- The objective should be eliminated

Reviewing *Corporate Standard* business goals

- Managing **GHG risks** and identifying **reduction opportunities**
- Public reporting and participation in voluntary **GHG programs**
- Participating in **mandatory reporting programs**
- Participating in **GHG markets**
- Recognition for **early voluntary action**”

Zoom poll:

For each business goal in the *Corporate Standard* select one option:

- The business goal should be retained
- The business goal should be modified
- The business goal should be eliminated

Finally, we will consider the need to define new objectives in consideration of uses of the Standard and of GHG inventory data not adequately addressed in current objectives.

2. Revisit objectives and business goals based on range of stakeholder uses

Objectives (of Standard)

- Eliminate any existing objectives?
- Modify any existing objectives?
- Add new objectives?

Business goals (of reporting entities)

- Eliminate any existing business goals?
- Modify any existing business goals?
- Add new business goals?

Goals of external stakeholders

- Should goals for external stakeholders be specified?
- E.g., policymakers, programs, users of GHG data

We will also consider if there are any potential misuses of the Standard or of GHG inventory data that should be made known to users.

3. Note inappropriate uses

Limitations of the Standard,
uses the Standard is *not* intended for

Limitations of GHG inventory data,
uses GHG inventory data is *not* intended for

Breakout discussion: introducing new objectives

1. What uses of the Standard or of GHG inventory data are not adequately addressed in current objectives and business goals?
 - a. Are there any new objectives that you would propose to address gaps?
 - b. Are there any new business goals that you would propose to address gaps?
 - c. Should the *Corporate Standard* also include language analogous to the business goals chapter specifying goals for other users?
2. Are there any potential misuses of the Standard or of GHG inventory data that should be called out to users?

Agenda

- **Introduction and housekeeping (20 minutes)**
- **Background and context (30 minutes)**
 - GHG Protocol objectives
 - Historical context
 - External programs
 - Stakeholder feedback
- **Revisions to objectives (60 minutes)**
 - Uses of the Standard
 - Uses of GHG inventory data
 - Revisions to objectives
 - Revisions to business goals
- **Wrap up and next steps (10 minutes)**



GREENHOUSE GAS PROTOCOL

Next steps

- Next Subgroup 1 meeting scheduled for Tuesday, December 3rd, 2024 at 9:00 ET / 15:00 CET / 22:00 CHN, focused on the following topics:
 - Finalize discussion on updating objectives of the *Corporate Standard*
 - Comparability of GHG inventories between reporting entities
- Items to be shared by GHG Protocol Secretariat:
 - Final slides, minutes, and recording from November 12th meeting
 - Discussion paper on *Corporate Standard* objectives
 - Feedback survey on objectives

Thank you!

Iain Hunt, iain.hunt@wri.org

Hande Baybar, baybar@wbcasd.org

Allison (Alley) Leach, allison.leach@wri.org



Appendix: Definitions of comparability

Sources:

- GHG Protocol Land Sector and Removals Guidance (draft)
- IPCC Guidelines for National Greenhouse Gas Inventories
- Conceptual Framework for Financial Reporting



GREENHOUSE GAS PROTOCOL



WORLD
RESOURCES
INSTITUTE



World Business
Council
for Sustainable
Development

Definition of comparability

GHG Protocol Land Sector and Removals Guidance (draft) (Part 1, Section 3.1, p.19)

The GHG Protocol Land Sector and Removals Guidance (draft) includes an **optional accounting and reporting principle of comparability**, recommended for emissions and removals accounting when relevant:

Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories from multiple companies can be compared.

Definition of comparability: IPCC Guidelines for National Greenhouse Gas Inventories

The national greenhouse gas inventory is reported in a way that allows it to be compared with national greenhouse gas inventories for other countries. **This comparability should be reflected in appropriate choice of key categories** (see Volume 1, Chapter 4), and in the use of the reporting guidance and tables **and use of the classification and definition of categories of emissions and removals** presented in Table 8.2 of Chapter 8, and Volumes 2-5.

Top-line categories:

- Energy
- Industrial Processes and Product Use (IPPU)
- Agriculture, Forestry and Other Land Use (AFOLU)
- Waste

Definition of comparability: Conceptual Framework for Financial Reporting

- Users' decisions involve choosing between alternatives, for example, selling or holding an investment, or investing in one reporting entity or another. Consequently, **information about a reporting entity is more useful if it can be compared with similar information about other entities** and with similar information about the same entity for another period or another date.
- **Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items.** Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items.
- **Consistency, although related to comparability, is not the same.** Consistency refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities. Comparability is the goal; consistency helps to achieve that goal.
- Comparability is not uniformity. **For information to be comparable, like things must look alike and different things must look different.** Comparability of financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.
- Some degree of comparability is likely to be attained by satisfying the fundamental qualitative characteristics. **A faithful representation of a relevant economic phenomenon should naturally possess some degree of comparability with a faithful representation of a similar relevant economic phenomenon by another reporting entity.**
- Although a single economic phenomenon can be faithfully represented in multiple ways, **permitting alternative accounting methods for the same economic phenomenon diminishes comparability.**