



# Corporate Standard Technical Working Group

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## Subgroup 1, Meeting #3

**GHG Protocol Secretariat team:**

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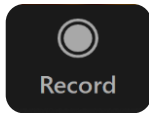
**January 14<sup>th</sup>, 2025**



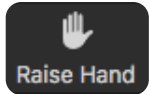
## \* Read me \*

- Slides labeled **Housekeeping** are reminders on TWG meeting logistics and housekeeping considerations.
- Slides labeled **Background** are to provide relevant background information for review ahead of meetings. These slides will may not all be presented in detail.
- Slides labeled **Discussion** will be used to help facilitate discussion during the meeting.

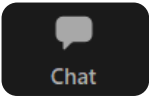
## Meeting information



This meeting is **recorded**.



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



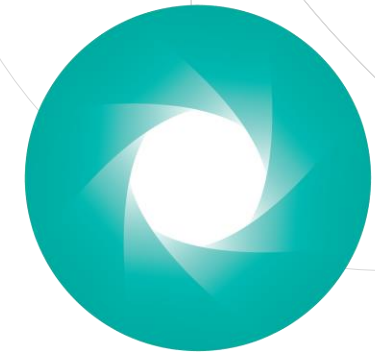
You can also use the **Chat** function in the main control.



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

# Agenda

- Introduction and recap of progress to date 20 minutes
- Review of GHG accounting and reporting principles 60 minutes
- Comparability of GHG inventories 30 minutes
- Wrap up and next steps 10 minutes



## GREENHOUSE GAS PROTOCOL



# Agenda

- Introduction and recap of progress to date 20 minutes
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## GREENHOUSE GAS PROTOCOL



## Housekeeping: Guidelines and procedures

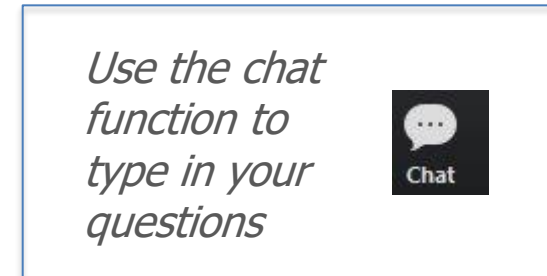
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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. Review **GHG accounting and reporting principles** in consideration of principles and analogous concepts from other relevant frameworks.
2. Consider whether and to what extent **comparability** of GHG inventories from different reporting organizations should be a priority for revisions to the *Corporate Standard* and how stakeholder demands for comparable information can be best addressed.



## Summary: progress to date

- A refined list of **priority use cases** for the *Corporate Standard* and GHG inventory was developed.
- **Uses of GHG data** at scales different than a company/organization (e.g., territorial, product-level):
  - Strongest support among TWG members expressed for adding language emphasizing that *Corporate Standard* is only intended for organization-level GHG accounting and clarifying use cases that corporate GHG inventory data is not intended for.
- Options for revising *Corporate Standard* **objectives and business goals** narrowed and refined.
- **Next steps:**
  - Review GHG accounting and reporting principles (today)
  - Review draft updates to *Corporate Standard* text based on input provided by TWG members (ahead of next meeting on February 3<sup>rd</sup>)

## Priority use cases for *Corporate Standard* and GHG inventory data (based on TWG member input)

- Internal uses of GHG data to help inform decisions to manage/reduce emissions
- Use of the Standard in policy and in mandatory reporting programs
- Voluntary reporting, and use of the Standard in voluntary reporting programs
- Assurance, use of the Standard for requirements/criteria to verify/assure GHG inventories against
- Target setting, use of the Standard in target setting programs and use of GHG inventory data in setting and monitoring progress against targets
- Provision of GHG data to customers (e.g., for their scope 3 reporting)

## Recap of Subgroup 1, Meeting #2: suggested updates to objectives

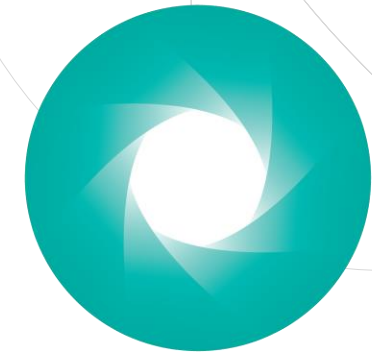
Corporate Standard objective	Suggested updates based on TWG input
1. To help companies <b>prepare</b> a GHG inventory that represents a <b>true and fair</b> account of their emissions, through the use of standardized approaches and principles	<ul style="list-style-type: none"> <li>Update “<b>prepare</b>” to refer the design, implementation, maintenance [over time], and/or reporting of a GHG inventory</li> <li>Replace terminology “<b>true and fair</b>”, with different options proposed for alternative language</li> </ul>
2. To simplify and <b>reduce the costs</b> of compiling a GHG inventory	<ul style="list-style-type: none"> <li>Either eliminate objective, merge with objective #1, and/or omit language on <b>reducing costs</b></li> </ul>
3. To provide business with information that can be used to <b>build</b> an effective strategy to manage and reduce GHG emissions	<ul style="list-style-type: none"> <li>Update to include language to <b>build and track [implementation] progress of</b> an effective strategy to manage and reduce emissions.</li> </ul>
4. To provide information that <b>facilitates participation in</b> voluntary and mandatory <b>GHG programs</b>	<ul style="list-style-type: none"> <li>Clarify to refer specifically to “<b>reporting and target setting programs</b>” in place of “<b>GHG programs</b>”</li> <li>Revise “<b>provide information that facilitates participation in...</b>” to “<b>provide the basis for...</b>”</li> </ul>
5. To increase <b>consistency and transparency</b> in GHG accounting and reporting among various companies and GHG programs	<ul style="list-style-type: none"> <li>Reconsider phrasing related to “<b>consistency and transparency</b>” including clarifying <b>consistency over time</b> versus <b>comparability among organizations</b></li> <li>Rephrase to combine language from objectives #4 and #5 into single objective</li> </ul>
- <i>Suggestions for new objectives</i>	<ul style="list-style-type: none"> <li>Integration of sustainability/financial information and/or the provision of GHG information to investors/financial markets</li> <li>Supporting emission reduction target setting and monitoring</li> </ul>

## Recap of Subgroup 1, Meeting #2: suggested updates to **business goals**

Corporate Standard business goal	Suggested updates based on TWG input
1. Managing GHG risks and identifying reduction opportunities	<ul style="list-style-type: none"> <li>• Need for clarifying language considering that a GHG inventory is a necessary but insufficient piece of information to manage GHG risks and identify reduction opportunities</li> </ul>
2. Public reporting and participation in <b>voluntary</b> GHG programs	<ul style="list-style-type: none"> <li>• Combine goals #2 and #3 to encompass both <b>voluntary and mandatory</b> reporting programs in one goal</li> </ul>
3. Participating in <b>mandatory</b> reporting programs	<ul style="list-style-type: none"> <li>• Combine goals #2 and #3 to encompass both <b>voluntary and mandatory</b> reporting programs in one goal</li> </ul>
4. Participating in GHG markets	<ul style="list-style-type: none"> <li>• Eliminate</li> </ul>
5. Recognition for early voluntary action	<ul style="list-style-type: none"> <li>• Eliminate</li> </ul>
- <i>Suggestions for new business goals</i>	<ul style="list-style-type: none"> <li>• Engaging with value chain partners on GHG reduction opportunities</li> <li>• Identifying GHG reduction opportunities, setting GHG targets, and tracking progress over time</li> </ul>

# Agenda

- Introduction and recap of progress to date 20 minutes
- **Review of GHG accounting and reporting principles** 60 minutes
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- Wrap up and next steps 10 minutes



## GREENHOUSE GAS PROTOCOL



## Scope of Work from Corporate Standard Development Plan

*Relevant chapters: Introduction, chapter 1 (GHG Accounting and Reporting Principles), and chapter 2 (Business Goals and Inventory Design)*

**A.3.** Revisit **GHG accounting and reporting principles** defined in chapter 1 of the Corporate Standard in consideration of the following:

- Any updates to stated **objectives**.
- Use of the term “**materiality**” in the Corporate Standard beyond the current use case related to verification/assurance and reconciliation of the terms “materiality” and “significance” vis-à-vis the principle of relevance.
- Principles introduced in the draft GHG Protocol **Land Sector and Removals Standard**: conservativeness, permanence (of removals), and comparability (optional).
- **Financial accounting principles** such as those from the Financial Accounting Standards Board’s Generally Accepted Accounting Principles of the United States of America (U.S. GAAP) or the International Accounting Standards Board’s International Financial Reporting Standards (IFRS).

## Corporate Standard stakeholder feedback survey: key themes related to principles

- **Comparability**
  - Consider a new principle of comparability, with the implication of limiting optionality currently available in the Standard, given stakeholder demand for comparability between inventories from different organizations
  - Concerns that prioritizing comparability may conflict with prioritizing the use of the best available data
- **Relevance and materiality**
  - Concerns about misuse of relevance to justify omitting some emissions
  - Calls to expand usage of term “materiality” in *Corporate Standard* beyond current reference in context of verification, including some suggestions to adopt a materiality principle
- Consideration of principles from other frameworks (e.g., financial accounting standards)

For more detail, please see Section A.2 of the [Detailed Summary of Responses from Corporate Standard Stakeholder Survey](#).

Note: Survey employed a voluntary sampling approach and responses may not necessarily reflect a representative sample of stakeholder opinions. Survey was also not intended to be a voting exercise. Hence, quantitative results indicating the number or proportion of respondents in favor of a given recommendation are not included.

## Proposals received related to GHG accounting and reporting principles

Proposal link	Key themes
<a href="#">Oxford Net Zero Proposal</a>	<p>Considering demands for comparability between inventories, consider one of two options:</p> <ol style="list-style-type: none"> <li>1. Include a disclaimer that GHG inventories from different entities are <b>not to be compared</b>.</li> <li>2. <b>Advance comparability by aligning with financial accounting principles</b> and ensuring GHG inventory data meets a set of proposed conditions</li> </ol>
<a href="#">University of Mannheim proposal</a>	<p>Replace accounting and reporting principles with a “<b>taxonomy of qualitative characteristics for decision-useful carbon information</b>” based on qualitative characteristics of useful financial information from <i>Conceptual Framework for Financial Reporting</i></p>
<a href="#">ERM proposal</a>	<ul style="list-style-type: none"> <li>• Update relevance to emphasize that it pertains to the greater context of the sector and drivers for reporting</li> <li>• Expand use of “materiality” beyond current usage in relation to verification</li> </ul>



## GHG accounting and reporting principles defined in the *Corporate Standard* (with latest changes from forthcoming *Land Sector and Removals Standard*)

<b>Relevance</b>	“Ensure the GHG inventory appropriately reflects the GHG emissions, <b>removals (if applicable) and other metrics of the company</b> and serves the decision-making needs of users, both internal and external to the company.”
<b>Completeness</b>	“Account for and report on all GHG emissions, <b>removals (if applicable) and other metrics from sources, sinks, and activities</b> within the inventory boundary. Disclose and justify any specific exclusions.”
<b>Consistency</b>	“Use consistent methodologies to allow for meaningful performance tracking of GHG emissions, <b>removals (if applicable) and other metrics</b> over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.”
<b>Transparency</b>	“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.”
<b>Accuracy</b>	“Ensure that the quantification of GHG emissions, <b>removals (if applicable) and other metrics</b> is systematically neither over nor under actual emissions, <b>removals (if applicable) and other metrics</b> , 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.”

Original definitions: [GHG Protocol Corporate Accounting and Reporting Standard](#), chapter 1 (p.7). These will be used in subsequent slides. Text in **orange** denotes changes made in forthcoming *Land Sector and Removals Standard* (under final review).

\**Scope 2 Guidance* and *Scope 3 Standard* use “confidence” in place of “assurance”.

## Additional principles introduced in draft GHG Protocol *Land Sector and Removals Guidance*

**\*Required** for removals accounting:

<b>Conservativeness</b>	"Use conservative assumptions, values, and procedures when uncertainty is high and accurate estimates are not practicable. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and other related metrics and underestimate removals."
<b>Permanence</b>	"Ensure mechanisms are in place to monitor the continued storage of reported removals, account for reversals, and report emissions from associated carbon pools."

**Recommended** for emissions and removals accounting when relevant:

<b>Comparability</b>	"Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories can be compared across multiple companies, as well as internally within each company."
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\*Specification as requirements for removals accounting only, rather than for GHG inventories with land sector activities and/or removals, updated in the forthcoming final version of GHG Protocol *Land Sector and Removals Standard* (under final review).

# List of principles (or analogous concepts) across frameworks

Please refer to Appendix A for definitions of terms used across frameworks.

GHG Protocol Corporate Standard	IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint Method (OEF)
<p>Required principles in <i>Corporate Standard</i>:</p> <ul style="list-style-type: none"> <li>Relevance</li> <li>Completeness</li> <li>Consistency</li> <li>Transparency</li> <li>Accuracy</li> </ul> <p>Required for removals:</p> <ul style="list-style-type: none"> <li>Conservativeness</li> <li>Permanence</li> </ul> <p>Optional principles introduced in LSR:</p> <ul style="list-style-type: none"> <li>Comparability</li> </ul>	<p>Indicators of inventory quality:</p> <ul style="list-style-type: none"> <li>Transparency</li> <li>Completeness</li> <li>Comparability</li> <li>Consistency</li> <li>Accuracy</li> </ul>	<ul style="list-style-type: none"> <li>Relevance</li> <li>Completeness</li> <li>Consistency</li> <li>Transparency</li> <li>Accuracy</li> </ul>	<p>Fundamental characteristics of useful financial information:</p> <ul style="list-style-type: none"> <li>Relevance <ul style="list-style-type: none"> <li>Materiality</li> </ul> </li> <li>Faithful representation <ul style="list-style-type: none"> <li>Completeness</li> <li>Neutrality</li> <li>Freedom from error</li> </ul> </li> </ul> <p>Enhancing characteristics of useful financial information:</p> <ul style="list-style-type: none"> <li>Comparability</li> <li>Verifiability</li> <li>Timeliness</li> <li>Understandability</li> </ul>	<p>Reporting principles:</p> <ul style="list-style-type: none"> <li>Accuracy</li> <li>Balance</li> <li>Clarity</li> <li>Comparability</li> <li>Completeness</li> <li>Sustainability context</li> <li>Timeliness</li> <li>Verifiability</li> </ul>	<p>Principles for Organisation Environmental Footprint studies:</p> <ul style="list-style-type: none"> <li>Relevance</li> <li>Completeness</li> <li>Consistency</li> <li>Accuracy</li> <li>Transparency</li> </ul> <p><i>Note: definition of principles in the EU Product Environmental Footprint Method (PEF) nearly identical to those for OEF.</i></p>
Legend	Required principle introduced in <i>Corporate Standard</i>	Required principle in Land Sector and Removals Standard (LSR)	Optional principle introduced in LSR	Not directly included in GHG Protocol accounting and reporting principles*	

\*While these items are not specified as GHG Protocol accounting and reporting principles, their content may be directly or indirectly addressed in principles (to be mapped in subsequent slides).

## Mapping *Corporate Standard* principles across frameworks

GHG Protocol accounting and reporting principle	IPCC Guidelines for National GHG Inventories	ISO 14064-1	Conceptual Framework for Financial Reporting	GRI 1: Foundation	EU Organisation Environmental Footprint Method
Relevance	Not included	Included	Included as fundamental characteristic	Not included	Included
Completeness	Included	Included	Included as part of faithful representation	Included	Included
Consistency	Included	Included, but with broader definition than GHG P's	Included as part of comparability	Included as part of comparability	Included
Transparency	Included	Included	Included as part of completeness, verifiability	Included as part of verifiability	Included
Accuracy	Included	Included	Included as part of faithful representation	Included	Included
Comparability	Included	Included in broad definition of consistency	Included as enhancing characteristic	Included	Referenced in definition of consistency

**Legend**
**Included and well-aligned with GHG P definition**
**Included and somewhat aligned with GHG P definition**
**Included but misaligned with GHG P definition**
**Not included in framework**

**WORLD  
RESOURCES  
INSTITUTE**

**WBCSD**  
World Business  
Council  
for Sustainable  
Development

# Review of GHG accounting and reporting principles

## 1. Review current principles

Review each of the below principles and how they're defined across different frameworks to consider modifications (10 minutes per principle)

- Relevance
- Completeness
- Transparency
- Accuracy

## 2. Consider new principles

Discuss if any new principles should be introduced in consideration of concepts from other frameworks including (10 minutes):

- Materiality
- Verifiability
- Understandability/clarity
- Neutrality/balance
- Timeliness

## 3. Key issue: comparability

Consider whether to prioritize and how to address comparability of GHG inventories in updating the *Corporate Standard*, including the potential adoption of a comparability principle (second half of meeting)

- Consistency\*
- Comparability

Meeting objective #1

Meeting objective #2

\*Consistency principle to be considered as part of discussion on comparability, given the overlap in how the concepts are defined in different frameworks.

## Relevance: mapping across frameworks

### Definition in *Corporate Standard*:

“Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint method
Not included (but completeness indicator refers to “relevant categories of emissions sources and sinks”).	“Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies <b>appropriate to the needs of the intended user.</b> ”	“Relevant financial information is <b>capable of making a difference in the decisions made by users...</b> Financial information is capable of making a difference in decisions if it has <b>predictive value, confirmatory value</b> or both.”  Reference to <b>materiality</b> as “an entity-specific aspect of relevance” (detailed further on following slide).	Not included, but the sustainability context principle refers to materiality.	“All methods used and data collected for the purpose of quantifying the OEF shall <b>be as relevant to the study as possible.</b> ”
Alignment with GHG Protocol	Well-aligned	Somewhat aligned	Misaligned	Not included

**Discussion:** Should any modifications be made to the principle of **relevance**?

## Definitions of materiality

<p><b>GHG Protocol Corporate Standard</b></p>	<p>Defined in Chapter 10 (Verification of GHG Emissions) in context of “material discrepancies” in verification: “Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it” (p.69).</p>
<p><b>IFRS S1: General Requirements<sup>1</sup></b></p>	<p>“Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity’s sustainability-related financial disclosures” (p.7).          “...information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions [of users]” (p.8).          Note: Nearly identical to definition in <i>Conceptual Framework for Financial Reporting</i>.</p>
<p><b>ESRS 1: General Requirements<sup>2</sup></b></p>	<p>Framed in terms of “double materiality”, which has two dimensions:</p> <ul style="list-style-type: none"> <li>• Impact materiality: pertains to an organization’s “material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term” (p.10)</li> <li>• Financial materiality: “information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity” (p.10)</li> </ul>
<p><b>GRI 1: Foundation 2021</b></p>	<p>“...the organization prioritizes reporting on those topics that represent its most significant* impacts on the economy, environment, and people... these are the organization’s material topics” (p.8).          *Significance: “The significance of a potential negative impact is determined by the severity and likelihood of the impact” (GRI 3: Material Topics 2021, p.12)</p>

1. [IFRS S1: General Requirements](#)
2. [ESRS S1: General Requirements](#)

## Completeness: mapping across frameworks

### Definition in *Corporate Standard*:

“Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Product Organisation Footprint method
“Estimates are reported for all relevant categories of sources and sinks, and gases... Where elements are missing their absence should be clearly documented together with a justification for exclusion.”	“Include all relevant GHG emissions and removals.”  <i>Note: does not specifically refer to exclusions (justification of exclusions treated elsewhere in standard)</i>	“A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all descriptions and explanations...”  (Note broader framing than in <i>Corporate Standard</i> )	“The organization shall provide sufficient information to enable an assessment of the organization’s impacts during the reporting period.”	“Quantification of the OEF shall include all environmentally relevant material/energy flows and other environmental interventions as required for adherence to the defined system boundary, the data requirements, and the impact assessment methods employed.”

Alignment with GHG Protocol

Well-aligned

Somewhat aligned

Misaligned

Not included

**Discussion:** Should any modifications be made to the principle of **completeness**?



## Transparency: mapping across frameworks

### Definition in *Corporate Standard*:

“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.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint Method
“There is sufficient and clear documentation such that individuals or groups other than the inventory compilers can understand how the inventory was compiled and <b>can assure themselves</b> it meets the good practice requirements...”	“Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with <b>reasonable confidence.</b> ”	Addressed in part with completeness, which entails “descriptions and explanations”  Related characteristics of <b>verifiability</b> and <b>understandability</b>	Related principles: <ul style="list-style-type: none"> <li>• <b>Verifiability:</b> “information can be examined to establish its quality”</li> <li>• <b>Clarity:</b> “The organization shall present information in a way that is accessible and understandable”</li> </ul>	“OEF information shall be disclosed in such a way as to provide intended users with the <b>necessary basis for decision-making</b> , and for stakeholder to <b>assess its robustness and reliability</b> ”
Alignment with GHG Protocol	Well-aligned	Somewhat aligned	Misaligned	Not included

Note: *Corporate Standard* principle of accuracy includes language on assurance, while chapter 10 highlights the role of verification in advancing transparency.

**Discussion:** Should any modifications be made to the principle of **transparency**?

## Accuracy: mapping across frameworks

### Definition in *Corporate Standard*:

“Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, 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.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint Method
Includes similar language to <i>Corporate Standard</i> (avoidance of systematic over or under-counting)  Also includes language referring to <b>removal of bias</b>	Includes similar language to <i>Corporate Standard</i> (removal of uncertainties)  Also includes language referring to <b>removal of bias</b>	Two of three components of <b>faithful representation</b> related to accuracy: <ul style="list-style-type: none"> <li>• <b>Neutrality</b></li> <li>• <b>Freedom from error</b></li> </ul>	Includes a principle of <b>accuracy</b> framed in the context of wider sustainability reporting  Related principle of <b>balance</b>	Similar language to <i>Corporate standard</i> on <b>removal of uncertainties</b> : “All reasonable effort shall be taken to reduce uncertainties in product system modelling and the reporting of results”
Alignment with GHG Protocol	Well-aligned	Somewhat aligned	Misaligned	Not included

**Discussion:** Should any modifications be made to the principle of **accuracy**?

## Principles introduced in GHG Protocol *Land Sector and Removals Standard (LSR)*

Principle	Definition in LSR	Usage in other frameworks
<b>Conservativeness*</b> (required for removals accounting only)	"Use conservative assumptions, values, and procedures when uncertainty is high and accurate estimates are not practicable. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and other related metrics and underestimate removals."	Related to "prudence" in <i>Conceptual Framework</i> as "the exercise of caution when making judgements under conditions of uncertainty".
<b>Permanence</b> (required for removals accounting only)	"Ensure mechanisms are in place to monitor the continued storage of reported removals, account for reversals, and report emissions from associated carbon pools."	Not included in other frameworks reviewed.
<b>Comparability</b> (recommend for emissions and removals accounting when relevant)	"Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories can be compared across multiple companies, as well as internally within each company."	Principle or equivalent in <i>IPCC Guidelines</i> , <i>Conceptual Framework for Financial Reporting</i> , and <i>GRI 1: Foundation</i> .  <i>To be explored in more detail later in second half of meeting.</i>

\*Conservativeness principle first introduced in GHG Protocol Project Standard (p.24), with note related to the accuracy principle: "where accuracy is sacrificed, data and estimates... should be conservative".

**Discussion** (time permitting): Share any feedback related to the principles of **conservativeness** and **permanence**.

## Additional concepts from other frameworks

	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	Related GHG Protocol Principles
<b>Neutrality/ balance</b>	<b>Neutrality is one of three characteristics of faithful representation:</b> "A neutral depiction is without bias in the selection or presentation of financial information"	<b>Balance principle:</b> "The organization shall report information in an unbiased way and provide a fair representation of the organization's negative and positive impacts"	<b>Accuracy:</b> Reported emissions should be "systematically neither be over nor under the actual emissions value"
<b>Verifiability</b>	<b>Enhancing characteristic:</b> "Verifiability helps assure users that information faithfully represents the phenomena it purports to represent"	<b>Verifiability principle:</b> "The organization shall gather, record, compile, and analyze information in such a way that the information can be examined to establish its quality"	<b>Transparency:</b> Sufficient information to "to enable a third party to derive the same results if provided with the same source data" <b>Accuracy:</b> Sufficient accuracy should be achieved "to enable users to make decisions with reasonable assurance to the integrity of the reported information".
<b>Timeliness</b>	<b>Enhancing characteristic:</b> "Having information available to decision-makers in time to be capable of influencing their decisions"	<b>Timeliness principle:</b> "The organization shall report information on a regular schedule and make it available in time for information users to make decisions"	No direct connections in GHG Protocol principles
<b>Understand-ability/ clarity</b>	<b>Enhancing characteristic of understandability:</b> "Classifying, characterizing and presenting information clearly and concisely makes it understandable"	<b>Clarity principle:</b> "The organization shall present information in a way that is accessible and understandable"	<b>Transparency:</b> Understandability as one aspect of transparent information

**Discussion:** Should any new principles be considered?

# Agenda

- Introduction and recap of progress to date 20 minutes
- Review of GHG accounting and reporting principles 60 minutes
- **Comparability of GHG inventories** 30 minutes
- Wrap up and next steps 10 minutes



## GREENHOUSE GAS PROTOCOL



## Comparability of GHG inventories: introduction

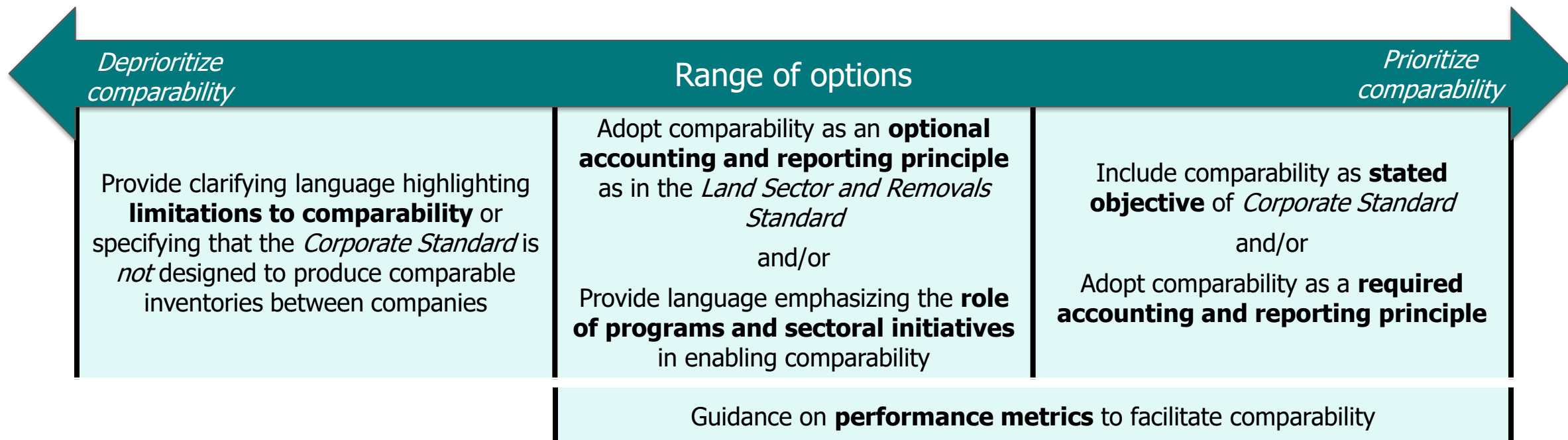
- Revisiting the objectives and purpose of the *Corporate Standard* to include conditions of comparability **was frequently cited in stakeholder feedback\***
  - Adopting a principle of comparability also suggested
- Comparison of GHG inventories between organizations: **example use cases by stakeholder**
  - Reporting organizations: benchmarking against peers/competitors
  - Investors: compare between companies to help inform investment decisions
  - Customers: compare between suppliers to help inform procurement decisions
- **Defining comparability:**
  - The GHG Protocol *Land Sector and Removals Standard* defines an optional comparability principle
  - Other frameworks including *IPCC Guidelines for National Greenhouse Gas Inventories* and financial accounting standards also offer definitions of comparability and include comparability as a principle or equivalent
  - There is overlap in how the terms *consistency* and *comparability* are defined across different frameworks

\* Please see sections A.1 and A.2 of the [Detailed Summary of Responses from Corporate Standard Stakeholder Survey](#) and one [proposal](#) submitted related to comparability for more information.

# Prioritizing comparability: range of options

## Considerations:

- Extent to which is comparability **achievable** through standard setting
- **Role** of GHG Protocol versus programs/sector initiatives
- **Appropriateness** of comparing inventories (versus, say, performance metrics)
- **Implications** *if* comparability deemed a priority (e.g., more prescriptive requirements for boundary setting, data quality, etc.)



## Spectrum of achieving more/less comparability



- The more that factors can be controlled moving from left to right, the higher the level of comparability that can be achieved.
- Standard setting can achieve a base level of comparability, with some potential for enhanced comparability by limiting optionality.
- Programs and/or sector initiatives can add further prescriptiveness, along with mechanisms for assurance/enforcement to improve comparability.
- Variations in company characteristics, even within a given sector (e.g., product portfolios, levels of vertical integration) pose inherent challenges to comparability.



## Consistency versus comparability

- **Definitions of consistency vary** across frameworks:
  - *Corporate Standard* and *IPCC Guidelines*: both specify as consistency over time
  - *Conceptual Framework for Financial Reporting*: refers to consistency of methods for a single organization over time *and* between organizations for the same reporting period
  - ISO: broad definition “to enable meaningful comparisons of GHG information”
  - *Corporate Standard* objective “To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs” implies broader use of the term “consistency”
- ***Conceptual Framework for Financial Reporting***: consistency of methods enhances comparability but is not the same thing as comparability
  - Comparability: characteristic that “enables users to identify and understand similarities in, and differences among, items”
  - “Comparability is the goal; consistency helps to achieve that goal.”
- **Clarifying the definitions of “consistency” and “comparability”, along with the distinction between the two, is a key consideration for adopting a comparability principle.**

# Consistency: mapping across frameworks

## Definition in *Corporate Standard*:

“Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint Method
<p>Similar framing to <i>Corporate Standard</i>, referring specifically to <b>consistency over time</b>:</p> <p>“Inventory annual trends, as far as possible, should be calculated using the same method and data sources in all years...”</p>	<p>Broader framing than in <i>Corporate Standard</i>, “to enable <b>meaningful comparisons of GHG information</b>”</p>	<p>Referenced in relation to comparability: “Comparability is the goal; consistency helps to achieve that goal”</p> <p>Refers to both <b>consistency over time and across reporting entities</b></p>	<p>Referenced as part of comparability principle</p> <p>Refers to both <b>consistency over time and across reporting entities</b></p>	<p>Framing around <b>internal consistency</b>:</p> <p>“Strict conformity to this method shall be observed in all steps of the OEF study, to ensure internal consistency and comparability.”</p>
Alignment with GHG Protocol	Well-aligned	Somewhat aligned	Misaligned	Not included

**Discussion:** Should any modifications be made to the principle of **consistency**?

## Comparability: mapping across frameworks

### Definition in GHG Protocol *Land Sector and Removals Standard*:

“Apply common methodologies, data sources, assumptions, and reporting formats such that the reported GHG inventories can be compared across multiple companies, as well as internally within each company.”

IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	EU Organisation Environmental Footprint Method	
<p>“...comparability should be reflected in appropriate <b>choice of key categories</b>... and in the use of the reporting guidance and tables and use of the <b>classification and definition of categories of emissions and removals</b>...”</p>	<p>Broad definition of consistency implies application to comparison of inventories from different organizations:  “<b>Enable meaningful comparisons in GHG-related information.</b>”</p>	<p>“Comparability is the qualitative characteristic that enables users to <b>identify and understand similarities in, and differences among, items</b>”</p>	<p>“The organization shall select, compile, and report information <b>consistently</b> to enable an analysis of <b>changes in the organization’s impacts over time</b> and an analysis of these impacts <b>relative to those of other Organizations</b>”</p>	<p>Not included as principle, but referenced in relation to consistency principle, highlighting role of <b>“conformity to [the method]... to ensure internal consistency and comparability”</b>.</p>	
Alignment with GHG Protocol		Well-aligned	Somewhat aligned	Misaligned	Not included

See discussion prompts on following slides.

## Discussion: comparability

<p><b>Question 1</b> (poll)</p>	<p>How high of a priority should enhancing conditions of comparability between GHG inventories from different reporting organizations be for revisions to the <i>Corporate Standard</i>?</p>
<p><b>Question 2</b> (poll)</p>	<p>What role should GHG Protocol play in enhancing conditions of comparability versus programs/sector initiatives?</p>
<p><b>Question 3</b> (discussion followed by poll)</p>	<p>Options to consider for addressing comparability (note: options are not all mutually exclusive):</p> <ul style="list-style-type: none"> <li>• Include among objectives</li> <li>• Adopt as required principle (based on principle in <i>Land Sector and Removals Standard - LSR</i>)</li> <li>• Adopt as optional principle (as currently specified in LSR)</li> <li>• Updates to consistency principle to better clarify distinction between consistency and comparability</li> <li>• Guidance on performance metrics to enable comparison between organizations</li> <li>• Language specifying the role of programs/sector initiatives in enhancing conditions of comparability</li> <li>• Cautionary language highlighting limitations to comparability between organizations' inventories</li> </ul>

## Pulse check (Zoom poll)

### Question 1:

How high of a priority should enhancing comparability between GHG inventories from different reporting organizations be for updates to the *Corporate Standard*?

*Rate on a scale of 1-5 (1=very low priority, 5=very high priority)*

### Question 2:

To what extent should GHG Protocol play a primary role in enhancing comparability between GHG inventories from different reporting organizations or should this be left primarily to programs/sector initiatives?

*Rate of a scale of 1=5 (1=programs/sector initiatives play primary role, 5=GHG Protocol plays primary role)*

## Question 3: options for addressing comparability

Discussion – please share comments on the below options for addressing comparability (and stakeholder demands for comparable information):

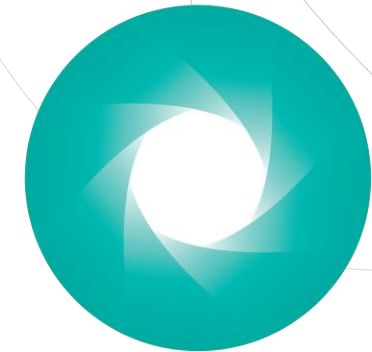
- Include among objectives
- Adopt as required principle (based on principle in Land Sector and Removals Standard - LSR)
- Adopt as optional principle (as currently specified in LSR)
- Updates to consistency principle to better clarify distinction between consistency and comparability
- Guidance on performance metrics to enable comparison between organizations
- Language specifying the role of programs/sector initiatives in enhancing conditions of comparability
- Cautionary language highlighting limitations to comparability between organizations' inventories
- *Other options proposed by TWG members*

### Zoom poll:

Express your level of agreement/disagreement with each of the options listed for addressing comparability between GHG inventories from different reporting organizations.

# Agenda

- Introduction and recap of progress to date 20 minutes
- Review of GHG accounting and reporting principles 60 minutes
- Comparability of GHG inventories 30 minutes
- **Wrap up and next steps 10 minutes**



## GREENHOUSE GAS PROTOCOL



## Next steps

- Next Subgroup 1 meeting scheduled for Tuesday, February 4<sup>th</sup>, 2025 at 9:00 ET / 15:00 CET / 22:00 CHN, focused on the following topics:
  - Review draft updates to *Corporate Standard* text on objectives and principles
- Next full TWG meeting scheduled for Tuesday, March 4<sup>th</sup>, 2025 with two time slots offered:
  - 8:00 ET / 14:00 CET / 21:00 CHN
  - 16:00 ET / 22:00 CET / 5:00 Wednesday, March 5<sup>th</sup> CHN
- To be shared by the Secretariat:
  - Final meeting slides, recording, minutes
  - Proposed updates to text for review



# Thank you!

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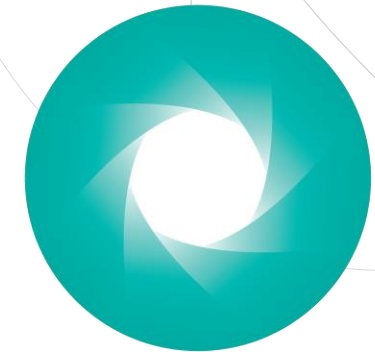
Hande Baybar, [baybar@wbcsd.org](mailto:baybar@wbcsd.org)

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# Appendix A

Principles and analogous concepts from relevant frameworks



## GREENHOUSE GAS PROTOCOL



## Principles defined in GHG Protocol *Project Standard*

<b>Relevance</b>	“Use data, methods, criteria, and assumptions that are appropriate for the intended use of reported information.”
<b>Completeness</b>	“Consider all relevant information that may affect the accounting and quantification of GHG reductions, and complete all requirements.”
<b>Consistency</b>	“Use data, methods, criteria, and assumptions that allow meaningful and valid comparisons.”
<b>Transparency</b>	“Provide clear and sufficient information for reviewers to assess the credibility and reliability of GHG reduction claims.”
<b>Accuracy</b>	“Reduce uncertainties as much as is practical.”
<b>Conservativeness</b>	“Use conservative assumptions, values, and procedures when uncertainty is high.”

## Principles defined in GHG Protocol *Policy and Action Standard*

<b>Relevance</b>	"Ensure the GHG assessment appropriately reflects the GHG effects of the policy or action and serves the decision-making needs of users and stakeholders—both internal and external to the reporting entity. Users should apply the principle of relevance when selecting the desired level of accuracy and completeness among a range of methodological options."
<b>Completeness</b>	"Include all significant GHG effects, sources, and sinks in the GHG assessment boundary. Disclose and justify any specific exclusions."
<b>Consistency</b>	"Use consistent accounting approaches, data collection methods, and calculation methods to allow for meaningful performance tracking over time. Transparently document any changes to the data, GHG assessment boundary, methods, or any other relevant factors in the time series."
<b>Transparency</b>	"Provide clear and complete information for internal and external reviewers to assess the credibility and reliability of the results. Disclose all relevant methods, data sources, calculations, assumptions, and uncertainties. Disclose the processes, procedures, and limitations of the GHG assessment in a clear, factual, neutral, and understandable manner through an audit trail with clear documentation. The information should be sufficient to enable a party external to the GHG assessment process to derive the same results if provided with the same source data."
<b>Accuracy</b>	"Ensure that the estimated change in GHG emissions and removals is systematically neither over nor under actual values, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users and stakeholders to make appropriate and informed decisions with reasonable confidence as to the integrity of the reported information. Accuracy should be pursued as far as possible, but once uncertainty can no longer be practically reduced, conservative estimates should be used."
<b>Comparability</b>	"Ensure common methodologies, data sources, assumptions, and reporting formats such that the estimated change in GHG emissions and removals resulting from multiple policies or actions can be compared. The principle of comparability should be applied if the objective is for a single entity to assess and compare multiple policies or actions using the same methodology."

## *IPCC Guidelines for National Greenhouse Gas Inventories:* Indicators of inventory quality

<b>Transparency</b>	“There is sufficient and clear documentation such that individuals or groups other than the inventory compilers can understand how the inventory was compiled and can assure themselves it meets the good practice requirements for national greenhouse gas emissions inventories.”
<b>Completeness</b>	“Estimates are reported for all relevant categories of sources and sinks, and gases... Where elements are missing their absence should be clearly documented together with a justification for exclusion.”
<b>Consistency</b>	“Estimates for different inventory years, gases and categories are made in such a way that differences in the results between years and categories reflect real differences in emissions. Inventory annual trends, as far as possible, should be calculated using the same method and data sources in all years and should aim to reflect the real annual fluctuations in emissions or removals and not be subject to changes resulting from methodological differences.”
<b>Comparability</b>	“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... and in the use of the reporting guidance and tables and use of the classification and definition of categories of emissions and removals...”
<b>Accuracy</b>	“The national greenhouse gas inventory contains neither over- nor under-estimates so far as can be judged. This means making all endeavours to remove bias from the inventory estimates...”

## Principles defined ISO 14064-1:2018

<b>Relevance</b>	“Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies appropriate to the needs of the intended user.”
<b>Completeness</b>	“Include all relevant GHG emissions and removals.”
<b>Consistency</b>	“Enable meaningful comparisons in GHG-related information.”
<b>Accuracy</b>	“Reduce bias and uncertainties as far as is practical.”
<b>Transparency</b>	“Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.”

# Fundamental characteristics of useful financial information from the *Conceptual Framework for Financial Reporting*

<b>Relevance</b>	“Relevant financial information is capable of making a difference in the decisions made by users... Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.”
<b>Materiality</b>	“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports... Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity’s financial report.”
<b>Faithful representation</b>	“To be a perfectly faithful representation, a depiction would have three characteristics. It would be complete, neutral and free from error.”
<b>Completeness</b>	“A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all descriptions and explanations... For some items, a complete depiction may also entail explanations of significant facts about the quality and nature of the items, factors and circumstances that might affect their quality and nature, and the process used to determine the numerical depiction.”
<b>Neutrality</b>	“A neutral depiction is without bias in the selection or presentation of financial information. A neutral depiction is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to increase the probability that financial information will be received favourably or unfavourably by users.”
<b>Freedom from error</b>	“Faithful representation does not mean accurate in all respects. Free from error means there are no errors or omissions in the description of the phenomenon, and the process used to produce the reported information has been selected and applied with no errors in the process.”

## Enhancing characteristics of useful financial information from the *Conceptual Framework for Financial Reporting*

<b>Comparability</b>	<p>“Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items... Comparability is not uniformity. For information to be comparable, like things must look alike and different things must 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.”</p>
<b>Verifiability</b>	<p>“Verifiability helps assure users that information faithfully represents the economic phenomena it purports to represent. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.”</p>
<b>Timeliness</b>	<p>“Timeliness means having information available to decision-makers in time to be capable of influencing their decisions.”</p>
<b>Understandability</b>	<p>“Classifying, characterising and presenting information clearly and concisely makes it understandable.”</p>



## Reporting principles defined in GRI 1: Foundation 2021

<b>Accuracy</b>	“The organization shall report information that is correct and sufficiently detailed to allow an assessment of the organization’s impacts.”
<b>Balance</b>	“The organization shall report information in an unbiased way and provide a fair representation of the organization’s negative and positive impacts.”
<b>Clarity</b>	“The organization shall present information in a way that is accessible and understandable.”
<b>Comparability</b>	“The organization shall select, compile, and report information consistently to enable an analysis of changes in the organization’s impacts over time and an analysis of these impacts relative to those of other organizations.”
<b>Completeness</b>	“The organization shall provide sufficient information to enable an assessment of the organization’s impacts during the reporting period.”
<b>Sustainability context</b>	“The organization shall report information about its impacts in the wider context of sustainable development”
<b>Timeliness</b>	“The organization shall report information on a regular schedule and make it available in time for information users to make decisions”
<b>Verifiability</b>	“The organization shall gather, record, compile, and analyze information in such a way that the information can be examined to establish its quality.”

## EU Principles for Organisation Environmental Footprint (OEF) studies

<b>Relevance</b>	"All methods used and data collected for the purpose of quantifying the OEF shall be as relevant to the study as possible."
<b>Completeness</b>	"Quantification of the OEF shall include all environmentally relevant material/energy flows and other environmental interventions as required for adherence to the defined system boundary, the data requirements, and the impact assessment methods employed."
<b>Consistency</b>	"Strict conformity to this method shall be observed in all steps of the OEF study to ensure internal consistency and comparability."
<b>Accuracy</b>	"All reasonable effort shall be taken to reduce uncertainties in product system modelling and the reporting of results."
<b>Transparency</b>	"OEF information shall be disclosed in such a way as to provide intended users with the necessary basis for decision-making, and for stakeholder to assess its robustness and reliability"

[European Commission recommendation on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations](#) (2021), Annex III. Organisation Environmental Footprint Method, Section 2.1, p.223.

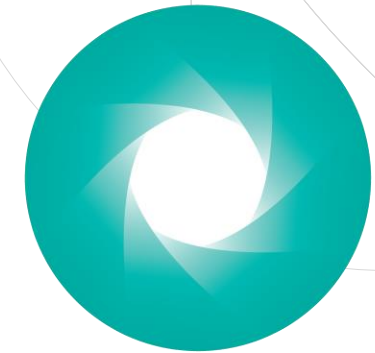
*Note: the Product Environmental Footprint (PEF) Method includes the same principles with the same definitions, replacing references to OEF with PEF.*

## Reporting guiding principles cited in *SBTi Corporate Net Zero Standard*

<b>Relevance</b>	“Ensure the target appropriately reflects the GHG emissions of the company and serves the decision-making needs of the users – both internal and external to the company.”
<b>Completeness</b>	“Account for and report on all GHG emission sources and activities within the chosen target boundary. Disclose and justify any specific exclusions.”
<b>Consistency</b>	“Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods or any other relevant factors in the time series.”
<b>Transparency</b>	“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, calculation methodologies and data sources used.”
<b>Accuracy</b>	“Ensure the quantification of GHG emissions is systematically not overreported nor underreported, 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.”

# Appendix B

Definitions of comparability



## GREENHOUSE GAS PROTOCOL



## 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 can be compared across multiple companies, as well as internally within each company.

## 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.**

## Definition of comparability: GRI 1: Foundation 2021

The organization shall select, compile, and report information consistently to enable an analysis of changes in the organization's impacts over time and an analysis of these impacts relative to those of other organizations.

### **Guidance:**

“Information reported in a comparable way enables the organization and other information users to assess the organization's current impacts against its past impacts and its goals and targets. It also enables external parties to assess and benchmark the organization's impacts against impacts of other organizations as part of rating activities, investment decisions, and advocacy programs.”



# Stakeholder proposal on comparability of GHG inventories

2 options proposed:

- A. If comparability is *not* an important attribute, include a disclaimer that GHG inventories cannot be used for comparative assertions.
- B. If comparability is an important attribute, align with financial accounting principles and meet the conditions in the table to the right.

<p><b>Condition 1:</b> Similar items need to be reported similarly and different items need to be reported differently.</p> <p><b>Analysis technique:</b> Similarity and difference facet</p>	<p><b>Issue for GHGI:</b> Within the GHGI, it is not possible to tell whether a difference is due to an operational change or an accounting choice.</p>	<p><b>Solution:</b> Separate out the accounting of activity data, which represent operational decisions, with emission factors, which are accounting choices.</p>
<p><b>Condition 2:</b> Only derived units that represent the same phenomenon have additive and comparative properties.</p> <p><b>Analysis technique:</b> Dimensional analysis</p>	<p><b>Issue for GHGI:</b> The unit MTCO<sub>2e</sub> is not a derived unit and each category of Scope 1, 2, and 3 represent different phenomena.</p>	<p><b>Solution:</b> Use only combustion emission factors, which maintain the requirement for being a derived unit. The use of LCA- and EEIO-based emission factors do not.</p>
<p><b>Condition 3:</b> Only categories that belong to a classification system can be used to make comparative assertions.</p> <p><b>Analysis technique:</b> Category Theory</p>	<p><b>Issue for GHGI:</b> By definition, nomenclatures do not give the ability to compare. The GHGI system is a nomenclature because it does not follow the rules for a classification system.</p>	<p><b>Solution:</b> Use an accrual-based system that has a spatio-temporal relationship between the categories.</p>

Link to proposal: [General Proposal Oxford Net Zero](#)

Related paper: Jia, et. al. (2023) Designing for Comparability: a foundational principle of analysis missing in carbon reporting systems. <http://dx.doi.org/10.2139/ssrn.4258460>