



Corporate Standard Technical Working Group

Subgroup 1, Meeting #4

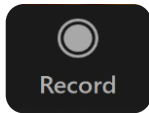
GHG Protocol Secretariat team:

Iain Hunt, Hande Baybar, Allison Leach

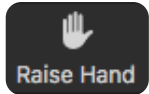
February 4th, 2025



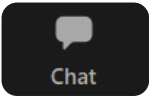
Meeting information



This meeting is **recorded**.



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



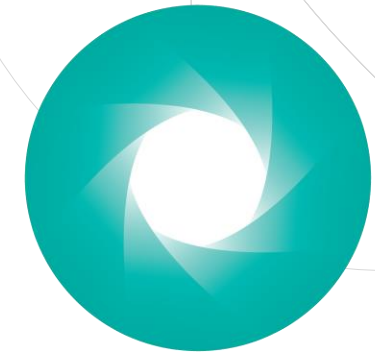
You can also use the **Chat** function in the main control.



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

Agenda

- Introduction and recap of progress to date 10 minutes
- Uses, objectives, and business goals 20 minutes
- GHG accounting and reporting principles 30 minutes
- Comparability of GHG inventories 50 minutes
- Wrap up and next steps 10 minutes

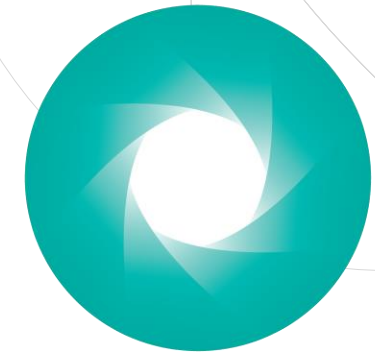


GREENHOUSE GAS PROTOCOL



Agenda

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Housekeeping: Guidelines and procedures

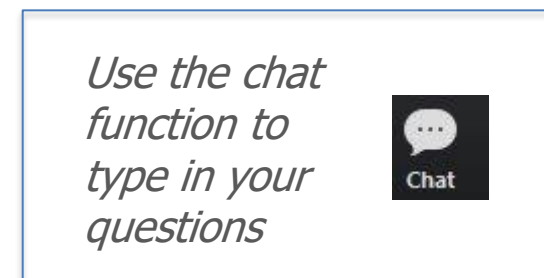
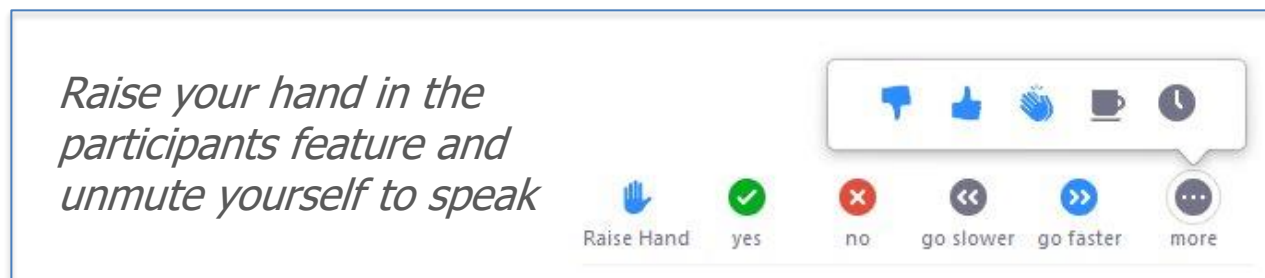
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not 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.***

Housekeeping: Summary of general feedback form responses

14 responses have been received through our general feedback form – thank you! Overarching themes include:

- Feedback on the scope of work presented in the Standard Development Plan
- Feedback on specific topics discussed in TWG meetings (note: this feedback is integrated into TWG meeting materials)
- Feedback related to TWG process

The list of submissions and Secretariat responses are tracked in the Shared TWG Folder in the Admin sub-folder

Please continue using the **Microsoft Form** for all feedback and questions

Standard Development Plan (SDP) and timeline

	2024				2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Formation – SC	First SC mtg First ISB mtg First TWG mtgs Docs approved				Phase 1 development Phase 2 development				Phase 1 review Phase 2 review Summary of outcomes				Phase 2 review Phase 2 revisions Public draft			
Formation – ISB																
Formation – TWGs																
Develop scope of work, workplan, governance, procedures																
Development of first draft standards through TWG & ISB																
ISB review and approval of first draft standards (in parts)																
Revision based on ISB review (as needed)																
Public consultation (60 days for each standard)																
Revision based on consultation																
ISB and SC approvals																
Alignment across standards																
Editorial																
Publish																

SDP and timeline approved by Independent Standards Board and Steering Committee. Please see [full SDP](#) published in GHG Protocol [Standards Development and Governance Repository](#) for more information.

Today's objectives

1. Review suggested updates to **priority use cases, objectives, and business goals** of the *Corporate Standard* and GHG inventory data.
2. Refine options for updating **GHG accounting and reporting principles**.
3. Evaluate options for addressing **comparability** of GHG inventories (and stakeholder requests for comparable information) as part of updates to the *Corporate Standard*.

Overarching objective:

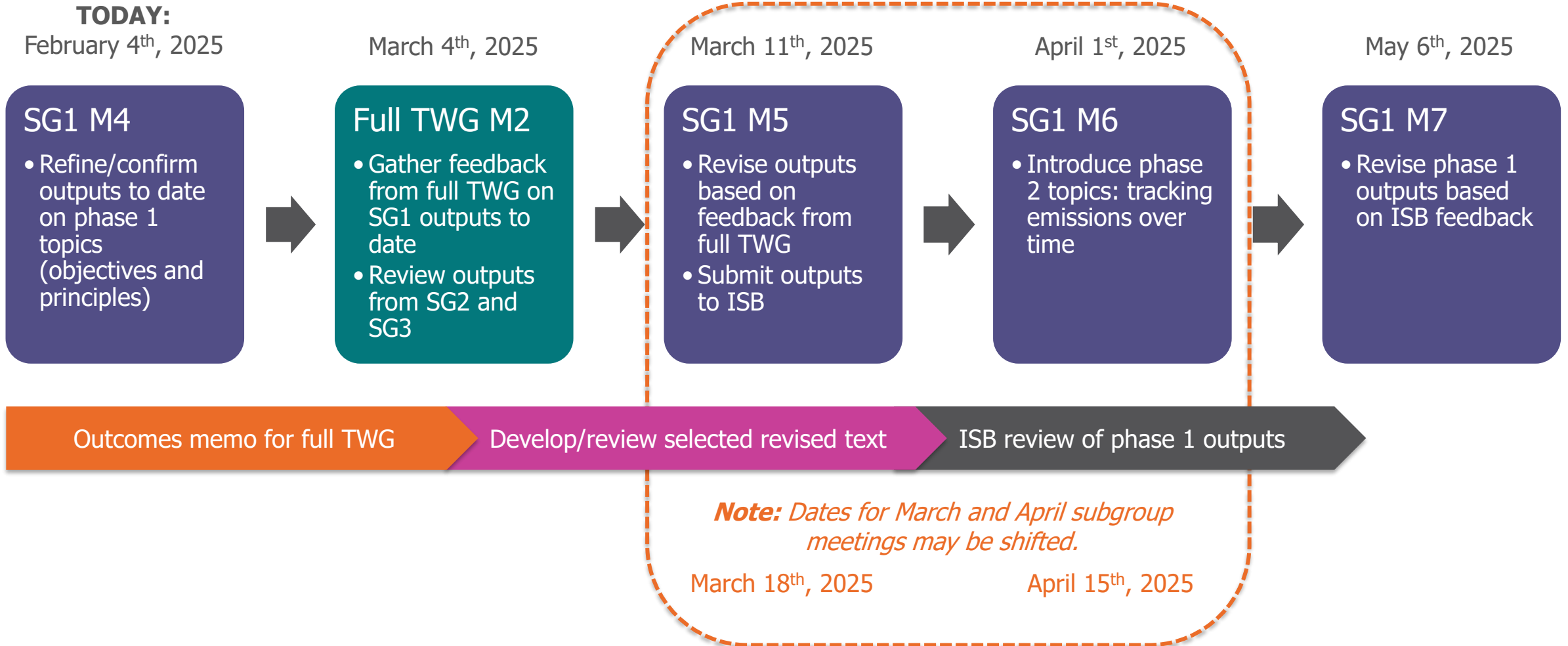
Prepare recommendations on items covered to date to provide for full TWG ahead of March 4th meeting.

Progress to date and remaining questions to be discussed today

Topic	Uses of Standard and GHG inventory data	Objectives and business goals	GHG accounting and reporting principles	Comparability of GHG information
Progress to date	<ul style="list-style-type: none"> List of priority use cases for Corporate Standard and GHG inventory data compiled Strong support for option to address uses of GHG data beyond corporate inventories (clarifying language emphasizing that Standard is intended for entity-level GHG accounting only) 	<ul style="list-style-type: none"> Options for updating Corporate Standard objectives and business goals narrowed and refined based on priority use cases 	<ul style="list-style-type: none"> Options for updating GHG accounting and reporting principles narrowed and refined Some TWG members expressed support for maintaining current use of term "materiality" but not expanding it Support for addressing verifiability as new principle or part of transparency principle 	<ul style="list-style-type: none"> Strong support for prioritizing comparability as part of Corporate Standard revisions (but not at the expense of complete and accurate information) Most SG1 members indicated that both GHG Protocol and external programs/sector initiatives have a role in enhancing comparability
Remaining questions	<ul style="list-style-type: none"> Review list of priority use cases in consideration of outputs from similar discussion in other TWGs (ongoing) 	<ul style="list-style-type: none"> Confirm content of updated objectives/business goals Updates to wording* 	<ul style="list-style-type: none"> Further refinement to suggested updates to principles Confirmation on use of term "materiality" Recommend an approach to addressing verifiability 	<ul style="list-style-type: none"> Evaluate options for addressing comparability Discuss roles of GHG Protocol and external programs in enhancing comparability

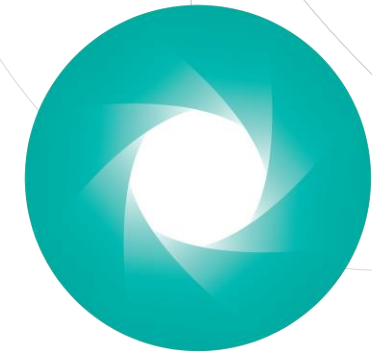
* Specific updates to wording of objectives will not be discussed further until preliminary recommendation from Subgroup 1 on content of objectives is reviewed by full TWG.

Upcoming schedule (tentative)



Agenda

- Introduction and recap of progress to date 10 minutes
- **Uses, objectives, and business goals** 20 minutes
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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)

Note: Each TWG is having discussions related to uses and purposes. Results of these discussions will be compiled and reviewed across workstreams to ensure harmonization.

Preliminary feedback from Actions and Market Instruments TWG:

Use cases of corporate GHG accounting and reporting that **should/should not** be supported by GHG Protocol

Measure and publicly report on corporate GHG information

- Provide a comprehensive overview of climate performance and progress
 - Set and monitor progress against externally validated targets
 - Enhance stakeholder information and corporate reputation
 - Inform purchase decisions based on climate performance

Measure and report a GHG inventory

- Evaluate GHG regulatory risk
- Evaluate corporate responsibility for emissions
- Provide data to meet regulatory requirements
- Identify GHG-related risks in the value chain
- Identify 'hot spots' to inform internal action
- Identify opportunities for collaboration with suppliers and buyers
- Enable comparison or benchmarking against peers or competitors

Measure and report on corporate actions to reduce/avoid emissions

- Demonstrate contribution towards collective action
- Demonstrate the impacts of actions at a product-level
- Allocate ownership of intervention outcomes
- Demonstrate the impact of actions in comparison to actual operational emissions

Use cases outside of scope of GHG Protocol or the corporate suite of standards

- Evaluate companies' climate resilience and/or risks
- Provide data to inform national inventories
- Evaluate sector-level performance
- Demonstrate corporate action that exceeds regulatory alignment
- Identify cost-effective mitigation opportunities
- Inform development of internal carbon-pricing systems

Note: Each TWG is having discussions related to uses and purposes. Results of these discussions will be compiled and reviewed across workstreams to ensure harmonization.

How should the *Corporate Standard* consider uses of (attributional) GHG data that are distinct from entity-level GHG inventories (e.g., territorial, sectoral, product-level, etc.)?

Poll: Please indicate your level of agreement/disagreement with each of the following options to consider uses of (attributional) GHG data that are distinct from entity-level GHG inventories:

- A. Provide guidance to help users map between different types of GHG data (e.g., territorial level, facility level, entity level, product level) and their respective use cases.
- B. Add language emphasizing that the Corporate Standard is intended for entity-level GHG accounting only and clarify use cases that GHG inventories are not intended for.
- C. Additional requirements, recommendations, or guidance for disaggregating entity-level GHG emissions to better facilitate interoperability between GHG data for different use cases.

Most Subgroup 1 members expressed “strong agreement” with Option B via poll during Meeting #2.



If you oppose this outcome, please state your opposition and proposed alternative in the chat.

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

Corporate Standard objective	Suggested updates based on TWG input
1. 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	<ul style="list-style-type: none"> Update "prepare" to refer to the design, implementation, maintenance [over time], and/or reporting of a GHG inventory Replace terminology "true and fair", with different options proposed for alternative language
2. To simplify and reduce the costs of compiling a GHG inventory	<ul style="list-style-type: none"> Either eliminate objective (62% in favor of eliminating), merge with objective #1, and/or omit language on reducing costs
3. To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions	<ul style="list-style-type: none"> Update to include language to build and track implementation progress of an effective strategy to manage and reduce emissions.
4. To provide information that facilitates participation in voluntary and mandatory GHG programs	<ul style="list-style-type: none"> Clarify to refer specifically to "reporting and target setting programs" in place of "GHG programs" Revise "provide information that facilitates participation in..." to "provide the basis for..."
5. To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs	<ul style="list-style-type: none"> Reconsider reference to "consistency and transparency" including clarifying consistency over time versus comparability among organizations Rephrase to combine language from objectives #4 and #5 into single objective
- <i>Suggestions for new objectives</i>	<ul style="list-style-type: none"> Integration of sustainability/financial information and/or the provision of GHG information to investors/financial markets (54% in favor of adding) Supporting emission reduction target setting and monitoring (69% in favor of adding)

Orange indicates specific words/phrases where updates have been proposed.

Pink indicates the percentage of SG1 members in favor of adding/removing an objective where relevant.

Discussion: objectives

Corporate Standard objective	Preliminary recommendation based on input from Meeting #2
1. 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	Retain (with modifications)
2. To simplify and reduce the costs of compiling a GHG inventory	Eliminate (or combine with #1)
3. To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions	Retain (with modifications)
4. To provide information that facilitates participation in voluntary and mandatory GHG programs	Retain (with modifications or combine with #5)
5. To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs	Retain (with modifications or combine with #4)
6. Integration of sustainability/financial information and/or the provision of GHG information to investors/financial markets	Proposed new objective
7. Supporting emission reduction target setting and monitoring	Proposed new objective



Please share in the chat any additional feedback you have related to the content of objectives and preliminary recommendations based on input from Meeting #2

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"> 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
2. Public reporting and participation in voluntary GHG programs	<ul style="list-style-type: none"> Combine goals #2 and #3 to encompass both voluntary and mandatory reporting programs in one goal
3. Participating in mandatory reporting programs	<ul style="list-style-type: none"> Combine goals #2 and #3 to encompass both voluntary and mandatory reporting programs in one goal
4. Participating in GHG markets	<ul style="list-style-type: none"> Eliminate (69% in favor of eliminating)
5. Recognition for early voluntary action	<ul style="list-style-type: none"> Eliminate (62% in favor of eliminating)
- <i>Suggestions for new business goals</i>	<ul style="list-style-type: none"> Engaging with value chain partners on GHG reduction opportunities (62% in favor of adding) Identifying GHG reduction opportunities, setting GHG targets, and tracking progress over time (69% in favor of adding)

Orange indicates specific words/phrases where updates have been proposed.

Pink indicates the percentage of SG1 members in favor of adding/removing a business goal where relevant.

Discussion: business goals

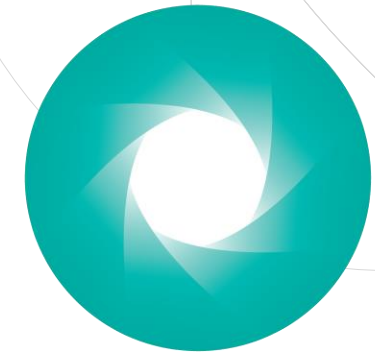
Business goal	Preliminary recommendation based on input from Meeting #2
1. Managing GHG risks and identifying reduction opportunities	Retain (with modifications)
2. Public reporting and participation in voluntary GHG programs	Retain (but combine with #3)
3. Participating in mandatory reporting programs	Retain (but combine with #2)
4. Participating in GHG markets	Eliminate
5. Recognition for early voluntary action	Eliminate
6. Engaging with value chain partners on GHG reduction opportunities	Proposed new business goal
7. Identifying GHG reduction opportunities, setting GHG targets, and tracking progress over time	Proposed new business goal



Please share in the chat any additional feedback you have related to the content of business goals and preliminary recommendations based on input from Meeting #2

Agenda

- Introduction and recap of progress to date 10 minutes
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GHG accounting and reporting principles defined in the *Corporate Standard* (with latest changes from forthcoming *Land Sector and Removals Standard*)

Relevance	“Ensure the GHG inventory appropriately reflects the GHG emissions, removals (if applicable) and other metrics of the company and serves the decision-making needs of users, both internal and external to the company.”
Completeness	“Account for and report on all GHG emissions, removals (if applicable) and other metrics from sources, sinks, and activities within the inventory boundary. Disclose and justify any specific exclusions.”
Consistency	“Use consistent methodologies to allow for meaningful performance tracking of GHG emissions, removals (if applicable) and other metrics over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.”
Transparency	“Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.”
Accuracy	“Ensure that the quantification of GHG emissions, removals (if applicable) and other metrics is systematically neither over nor under actual emissions, removals (if applicable) and other metrics , 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”.

Suggested updates to **principles**: key themes raised by TWG members

GHG accounting and reporting principle	Input provided during January 14 th meeting	Additional input provided via feedback survey
Relevance	<ul style="list-style-type: none"> No proposed modification, do not add language referring to materiality 	<ul style="list-style-type: none"> Consider reference to materiality
Completeness	<ul style="list-style-type: none"> Reconsider phrase “within the chosen inventory boundary” as setting appropriate boundaries should be part of a completeness check 	
Consistency	<ul style="list-style-type: none"> No proposed modification, maintain current framing related to consistency over time 	<ul style="list-style-type: none"> Consider tradeoffs between consistency over time and improving completeness and accuracy
Transparency	<ul style="list-style-type: none"> Consideration of verifiability, either as part of transparency principle or as a new principle 	
Accuracy	<ul style="list-style-type: none"> Need to disentangle distinct concepts of bias, accuracy, and uncertainty Remove phrase “reasonable assurance”, consider replacing with “reasonable confidence” as in other GHG Protocol standards Capture intent of improving accuracy over time 	
Conservativeness (removals accounting only)	<ul style="list-style-type: none"> Does not need to be adopted more broadly as a principle, but discussion of accuracy should refer to conservativeness to address situations of high uncertainty. 	<ul style="list-style-type: none"> Consider wider use in cases of high uncertainty Consequential principle – not appropriate for inventory accounting, introduces bias
Permanence (removals accounting only)	<ul style="list-style-type: none"> No proposed modification 	<ul style="list-style-type: none"> Consequential principle – not appropriate for inventory accounting
Comparability (optional in LSR)	<ul style="list-style-type: none"> <i>To be discussed as part of next meeting agenda item.</i> 	
Suggestions for new principles	<ul style="list-style-type: none"> Verifiability – consider as new principle or update transparency principle to refer to verifiability 	<ul style="list-style-type: none"> Consider a materiality principle

Definitions of materiality

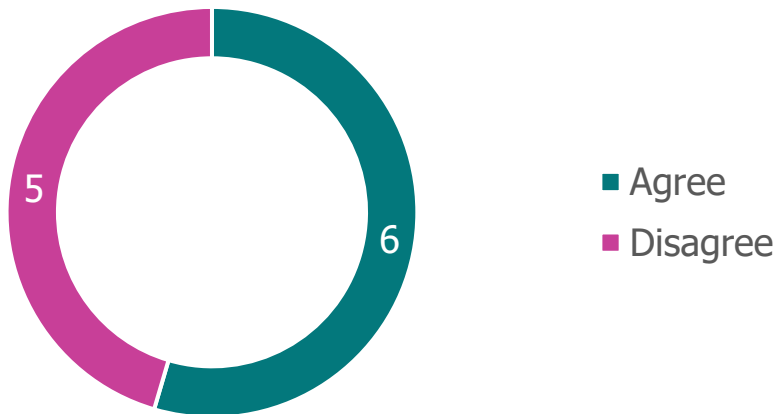
<p>GHG Protocol Corporate Standard*</p>	<p>Defined in Chapter 10 (Verification of GHG Emissions) in context of “material discrepancies” in verification: “Information is considered to be material if, by its inclusion or exclusion, it can be seen to influence any decisions or actions taken by users of it” (p.69).</p>
<p>ISO 14064-3:2019* (verification standard)</p>	<p>“Concept that individual misstatements, or the aggregation of misstatements could influence the intended users' decisions”</p>
<p>IFRS S1: General Requirements</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>ESRS 1: General Requirements</p>	<p>Framed in terms of “double materiality”, which has two dimensions:</p> <ul style="list-style-type: none"> • 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) • 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)
<p>GRI 1: Foundation 2021</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>

* Both GHG Protocol and ISO specifically refer to materiality in the context of verification.

Discussion: materiality

Feedback survey results:

During the January 14th Subgroup 1 meeting, TWG members expressed support for maintaining the current usage of the term "materiality" in the Corporate Standard in reference to verification and opposition for expanding usage of the term in relation to the relevance principle or introduction of a new principle. **Please indicate if you agree/disagree with this approach.**



TWG members shared varied opinions regarding usage of the term "materiality" in the *Corporate Standard* including:

- Skepticism regarding usage of the term (variety of definitions, hard to operationalize, better to leave it to external programs to define)
- Note that current usage of term related to quantitative "materiality thresholds" differs uses of the term in other frameworks, need to "materiality" and "significance"
- Suggestion to update relevance principle to provide further clarification on term "materiality"
- Suggestion to consider a materiality principle



Please share any additional feedback related to the usage of the term "materiality" in the *Corporate Standard*.

Transparency and verifiability

Definitions of transparency

GHG Protocol Corporate Standard	IPCC Guidelines for National GHG Inventories	ISO 14064-1:2018	EU Organisation Environmetnal Footprint Method
<p>“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.”</p>	<p>“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...”</p>	<p>“Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.”</p>	<p>“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”</p>

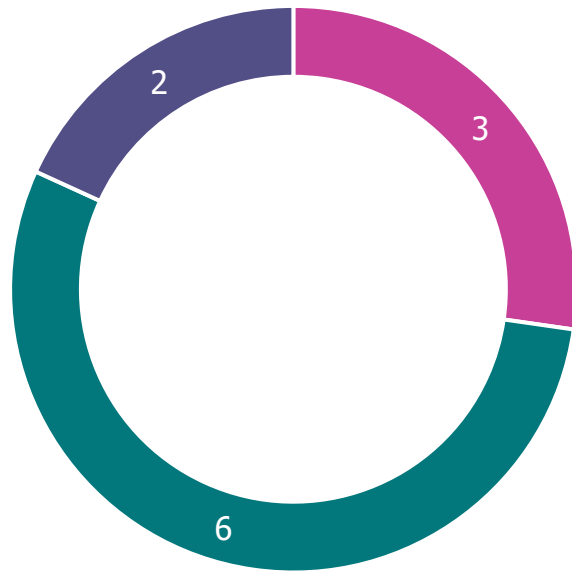
Definitions of verifiability

Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021
<p>“Verifiability helps assure users that information faithfully represents the 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>	<p>“The organization shall gather, record, compile, and analyze information in such a way that the information can be examined to establish its quality”</p>

Discussion: verifiability

Feedback survey results:

During the January 14th Subgroup 1 meeting, TWG members suggested that the concept of verifiability be considered in updating GHG accounting and reporting principles. **Please indicate your preference among the following options to address verifiability as part of updates to principles.**



- Consider adding verifiability as a new/separate principle
- Update transparency principle to more specifically refer to verifiability
- No updates necessary - verifiability already sufficiently addressed

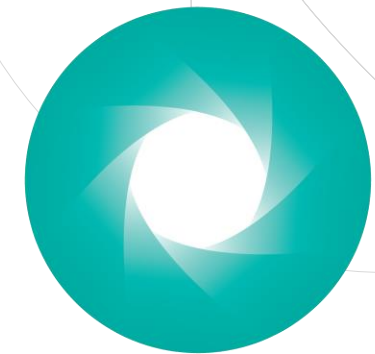
- Survey responses did *not* show strong support for considering the addition of verifiability as a new/ separate principle
- Some TWG members indicated that they did not have a strong preference for the option they chose



Please share any additional feedback related to addressing verifiability as part of updating principles.

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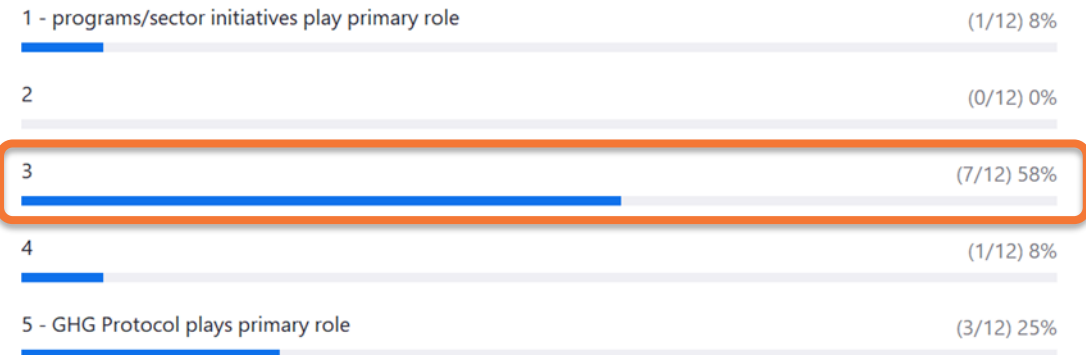
Comparability: poll results from Meeting #3

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



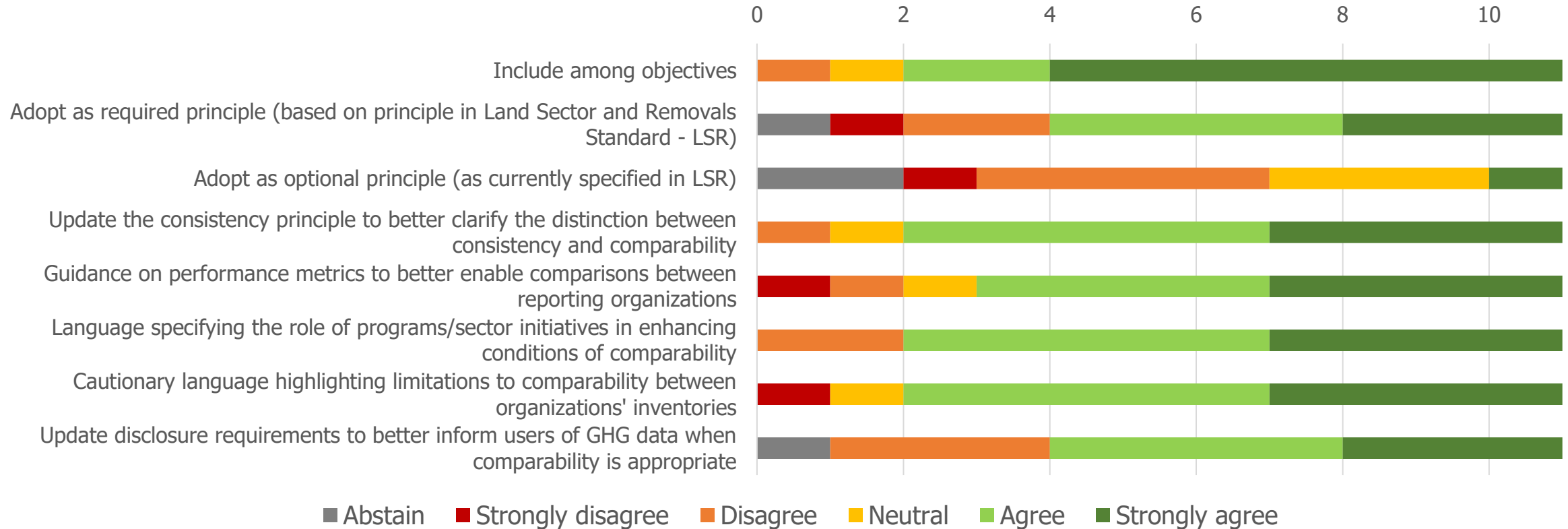
Most TWG members expressed support for prioritizing enhancing comparability of GHG inventories as part of updates to Corporate Standard, but some cautioned that completeness and accuracy shouldn't be sacrificed for the sake of better comparability.

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?



Most TWG members expressed that both GHG Protocol and external programs/sector initiatives should have a role to play in enhancing comparability of GHG inventories.

Feedback survey results: options to address comparability



Survey results indicate moderate-to-strong support for all options presented (with the exception of an optional principle)

Categorizing options for addressing comparability

Updates to objectives

- Include comparability among **objectives**

Updates to principles

- Adopt as **required principle**
- Adopt as **optional principle**
- Updates to **consistency principle** to better clarify distinction between consistency and comparability

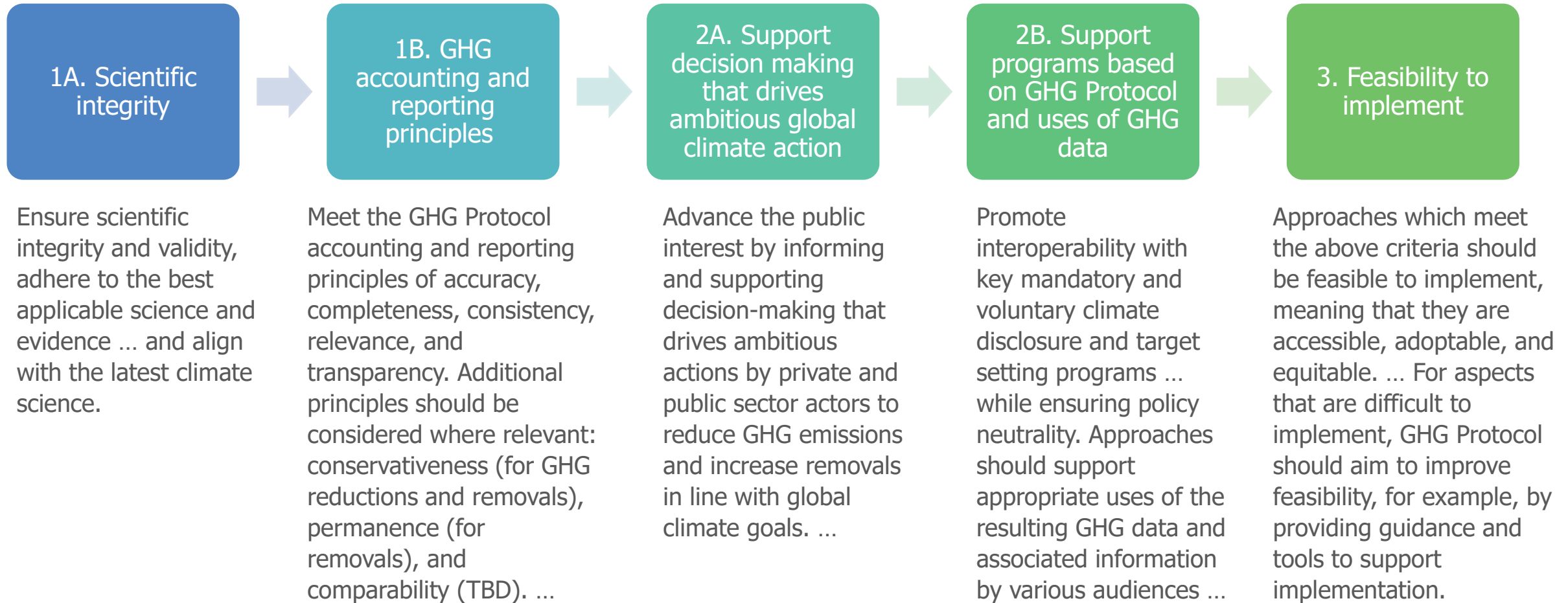
Other updates to address comparability

- Guidance on **performance metrics** to better enable comparability
- Language specifying the **role of programs/sector initiatives**
- Cautionary language highlighting **limitations to comparability**
- Updates to **disclosure requirements** to better inform users of GHG data on when comparability is appropriate
- Measures to **limit optionality** to enhance comparability

Breakout discussion on comparability to be organized according to these broad categories of options.

*Measures to limit optionality in key areas in the interest of enhancing comparability was not included among options presented in feedback survey.

GHG Protocol Decision-Making Criteria



Breakout discussion: comparability



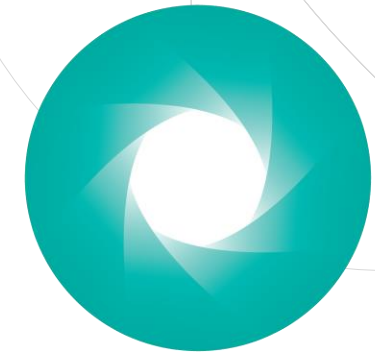
Questions to discuss (10 minutes each):

1. What are pros and cons of specifying comparability as an **objective of the *Corporate Standard***?
2. What are pros and cons of adopting comparability as a **GHG accounting and reporting principle**?
3. If comparability were to be established as an objective and/or principle, **what further updates should be considered to operationalize it?**

- Select a spokesperson to report back to the wider group
- Following discussion, we will hold an indicative poll to gauge opinions on whether comparability should be:
 - Included in objectives
 - Adopted as a required principle
 - Adopted as an optional principle

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- Uses, objectives, and business goals 20 minutes
- GHG accounting and reporting principles 30 minutes
- Comparability of GHG inventories 50 minutes
- **Wrap up and next steps 10 minutes**



GREENHOUSE GAS PROTOCOL



Next steps

- **Next full TWG meeting** scheduled for Tuesday, March 4th, 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 5th CHN
 - Objective: review of outcomes from each subgroup by full TWG
 - Memos documenting outcomes from each subgroup to be shared with full TWG prior to meeting
- **Next Subgroup 1 meeting** scheduled for Tuesday, March 11th, 2025 (but may be rescheduled for March 18th)
 - 9:00 ET / 15:00 CET / 22:00 CHN
 - Objective: revise outcomes based on feedback from full TWG
- **To be shared** by the Secretariat:
 - Final meeting slides, recording, minutes
 - Draft memo to provide summary of Subgroup 1 outcomes to full TWG for review

Thank you!

Iain Hunt, iain.hunt@wri.org

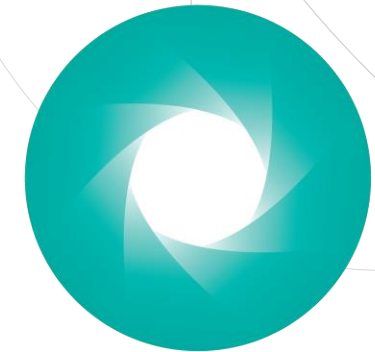
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Appendix A

Mapping of principles across frameworks



GREENHOUSE GAS PROTOCOL



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"> Relevance Completeness Consistency Transparency Accuracy <p>Required for removals:</p> <ul style="list-style-type: none"> Conservativeness Permanence <p>Optional principles introduced in LSR:</p> <ul style="list-style-type: none"> Comparability 	<p>Indicators of inventory quality:</p> <ul style="list-style-type: none"> Transparency Completeness Comparability Consistency Accuracy 	<ul style="list-style-type: none"> Relevance Completeness Consistency Transparency Accuracy 	<p>Fundamental characteristics of useful financial information:</p> <ul style="list-style-type: none"> Relevance <ul style="list-style-type: none"> Materiality Faithful representation <ul style="list-style-type: none"> Completeness Neutrality Freedom from error <p>Enhancing characteristics of useful financial information:</p> <ul style="list-style-type: none"> Comparability Verifiability Timeliness Understandability 	<p>Reporting principles:</p> <ul style="list-style-type: none"> Accuracy Balance Clarity Comparability Completeness Sustainability context Timeliness Verifiability 	<p>Principles for Organisation Environmental Footprint studies:</p> <ul style="list-style-type: none"> Relevance Completeness Consistency Accuracy Transparency <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	 WBC World Business Council for Sustainable Development
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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 appropriate to the needs of the intended user. ”	“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.” Reference to materiality 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 be as relevant to the study as possible. ”
Alignment with GHG Protocol	Well-aligned	Somewhat aligned	Misaligned	Not included

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
<p>“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.”</p>	<p>“Include all relevant GHG emissions and removals.”</p> <p><i>Note: does not specifically refer to exclusions (justification of exclusions treated elsewhere in standard)</i></p>	<p>“A complete depiction includes all information necessary for a user to understand the phenomenon being depicted, including all descriptions and explanations...”</p> <p>(Note broader framing than in <i>Corporate Standard</i>)</p>	<p>“The organization shall provide sufficient information to enable an assessment of the organization’s impacts during the reporting period.”</p>	<p>“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.”</p>

Alignment with GHG Protocol

Well-aligned

Somewhat aligned

Misaligned

Not included

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 consistency over time:</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 meaningful comparisons of GHG information”</p>	<p>Referenced in relation to comparability: “Comparability is the goal; consistency helps to achieve that goal”</p> <p>Refers to both consistency over time and across reporting entities</p>	<p>Referenced as part of comparability principle</p> <p>Refers to both consistency over time and across reporting entities</p>	<p>Framing around internal consistency:</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

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 can assure themselves it meets the good practice requirements...”	“Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence .”	Addressed in part with completeness, which entails “descriptions and explanations” Related characteristics of verifiability and understandability	Related principles: <ul style="list-style-type: none"> • Verifiability: “information can be examined to establish its quality” • Clarity: “The organization shall present information in a way that is accessible and understandable” 	“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 ”
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.

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 removal of bias	Includes similar language to <i>Corporate Standard</i> (removal of uncertainties) Also includes language referring to removal of bias	Two of three components of faithful representation related to accuracy: <ul style="list-style-type: none"> • Neutrality • Freedom from error 	Includes a principle of accuracy framed in the context of wider sustainability reporting Related principle of balance	Similar language to <i>Corporate standard</i> on removal of uncertainties : “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

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

Principle	Definition in LSR	Usage in other frameworks
Conservativeness* (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”.
Permanence (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.
Comparability (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> .

*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”.

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	
“...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 ...”	Broad definition of consistency implies application to comparison of inventories from different organizations: “Enable meaningful comparisons in GHG-related information.”	“Comparability is the qualitative characteristic that enables users to identify and understand similarities in, and differences among, items ”	“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 ”	Not included as principle, but referenced in relation to consistency principle, highlighting role of “conformity to [the method]... to ensure internal consistency and comparability” .	
Alignment with GHG Protocol		Well-aligned	Somewhat aligned	Misaligned	Not included

Additional concepts from other frameworks

	Conceptual Framework for Financial Reporting	GRI 1: Foundation 2021	Related GHG Protocol Principles
Neutrality/ balance	Neutrality is one of three characteristics of faithful representation: "A neutral depiction is without bias in the selection or presentation of financial information"	Balance principle: "The organization shall report information in an unbiased way and provide a fair representation of the organization's negative and positive impacts"	Accuracy: Reported emissions should be "systematically neither be over nor under the actual emissions value"
Verifiability	Enhancing characteristic: "Verifiability helps assure users that information faithfully represents the phenomena it purports to represent"	Verifiability principle: "The organization shall gather, record, compile, and analyze information in such a way that the information can be examined to establish its quality"	Transparency: Sufficient information to "to enable a third party to derive the same results if provided with the same source data" Accuracy: Sufficient accuracy should be achieved "to enable users to make decisions with reasonable assurance to the integrity of the reported information".
Timeliness	Enhancing characteristic: "Having information available to decision-makers in time to be capable of influencing their decisions"	Timeliness principle: "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
Understandability/ clarity	Enhancing characteristic of understandability: "Classifying, characterizing and presenting information clearly and concisely makes it understandable"	Clarity principle: "The organization shall present information in a way that is accessible and understandable"	Transparency: Understandability as one aspect of transparent information

Appendix B

Definitions of comparability



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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>Condition 1: Similar items need to be reported similarly and different items need to be reported differently.</p> <p>Analysis technique: Similarity and difference facet</p>	<p>Issue for GHGI: Within the GHGI, it is not possible to tell whether a difference is due to an operational change or an accounting choice.</p>	<p>Solution: Separate out the accounting of activity data, which represent operational decisions, with emission factors, which are accounting choices.</p>
<p>Condition 2: Only derived units that represent the same phenomenon have additive and comparative properties.</p> <p>Analysis technique: Dimensional analysis</p>	<p>Issue for GHGI: The unit MTCO_{2e} is not a derived unit and each category of Scope 1, 2, and 3 represent different phenomena.</p>	<p>Solution: 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>Condition 3: Only categories that belong to a classification system can be used to make comparative assertions.</p> <p>Analysis technique: Category Theory</p>	<p>Issue for GHGI: 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>Solution: 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>