



Corporate Standard Technical Working Group

Subgroup 1, Meeting #2

GHG Protocol Secretariat team:

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December 3rd, 2024



* 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 not be presented in detail.
- Slides labeled **Discussion** will be used to help facilitate discussion during the meeting.

Welcome: Subgroup 1, Meeting #2

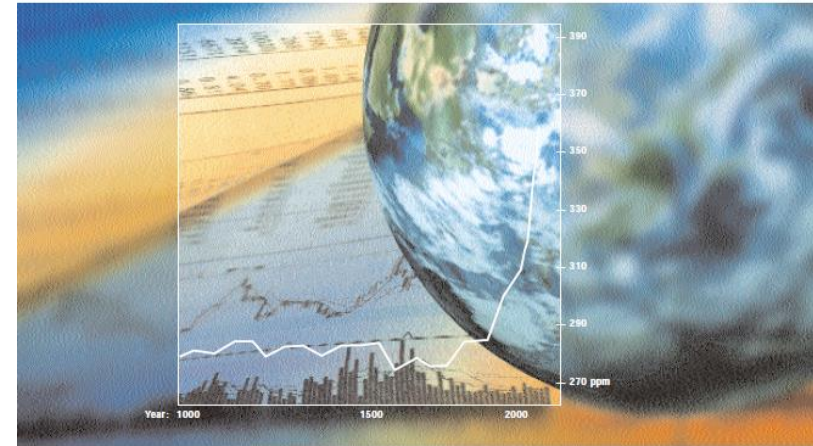
Objectives of the Corporate Standard

Comparability of GHG inventories



GREENHOUSE
GAS PROTOCOL

The Greenhouse Gas Protocol



A Corporate Accounting and Reporting Standard

REVISED EDITION



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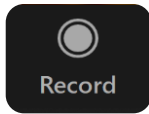


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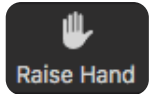


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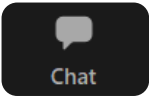
Meeting information



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 November 12th meeting 10 minutes
- Uses of the *Corporate Standard* and of GHG inventory data 20 minutes
- Revisions to objectives and business goals 60 minutes
- Comparability of inventories 20 minutes
- Wrap up and next steps 10 minutes



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Housekeeping: Guidelines and procedures

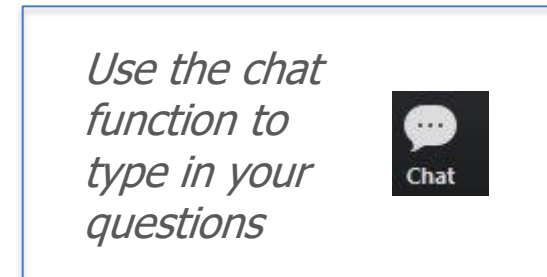
- We want to make **TWG meetings a safe space** – our discussions should be open, honest, challenging status quo, and ‘think out of the box’ in order to get to the best possible results for GHG Protocol
- Always **be respectful**, despite controversial discussions on content
- TWG members should **not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

Today's objectives

- 1. Uses cases:** Move toward consensus on which uses of the *Corporate Standard* and of GHG inventory data should be prioritized for updating the Standard's objectives.
- 2. Objectives:** Review options for updating language in *Corporate Standard* specifying objectives and business goals.
- 3. Comparability:** Make a preliminary determination regarding whether enabling comparability between inventories from different reporting organizations should be a priority for revisions to the *Corporate Standard*.

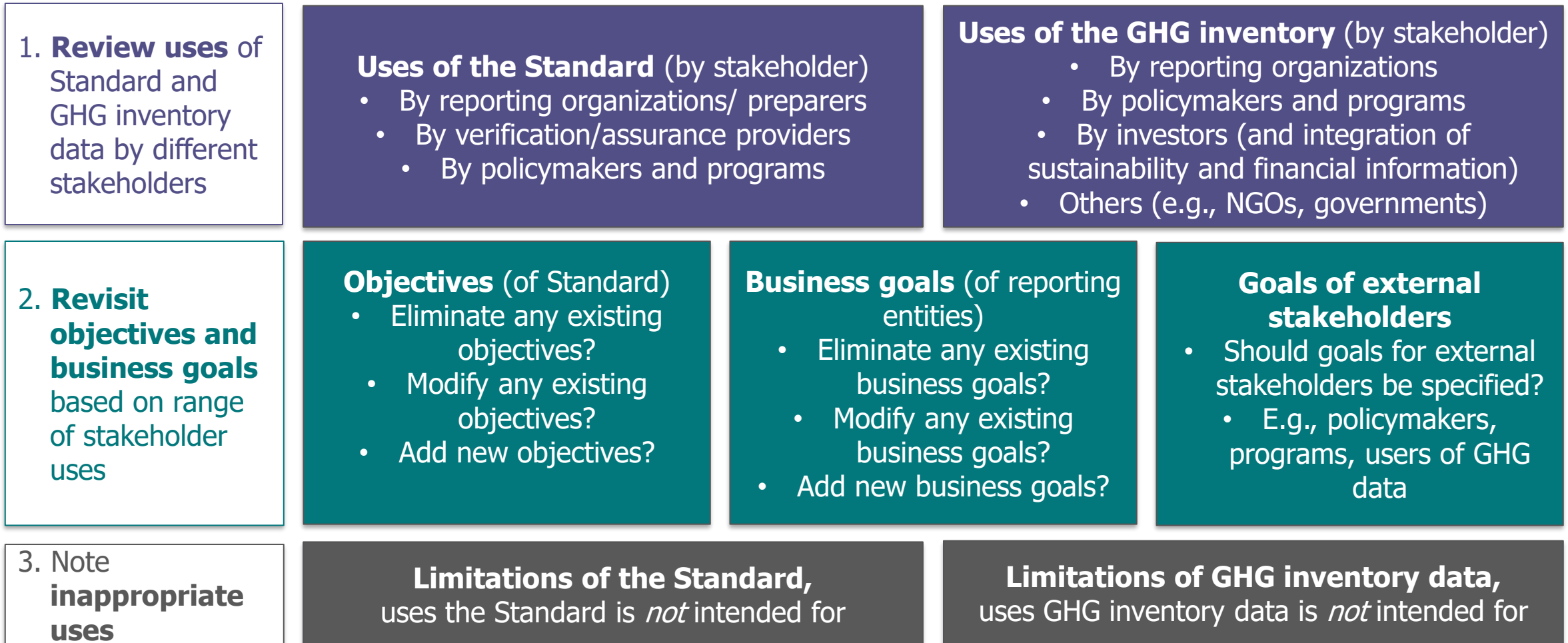
Specific questions to be addressed

| Topic | Questions to be addressed |
|------------------|--|
| 1. Use cases | <p>1a. Which use cases of the <i>Corporate Standard</i> and of GHG inventory data should be prioritized when considering updates to the Standard's objectives?</p> <p>1b. How should the <i>Corporate Standard</i> consider uses of (attributional) GHG data that are distinct from entity level inventories (e.g., territorial, sectoral, product-level)?</p> |
| 2. Objectives | <p>2a. How should existing objectives/business goals be revised (and should any be eliminated)?</p> <p>2b. Should any new objectives/business goals be included to address priority use cases not sufficiently covered by current objectives/business goals?</p> |
| 3. Comparability | <p>3a. Should enabling better comparability between GHG inventories from different reporting entities be a priority for revising the <i>Corporate Standard</i>?</p> |

Recap of November 12th meeting (key inputs from TWG members)

- Uses of the *Corporate Standard*
 - Compiling a comprehensive list of where the *Corporate Standard* is used regulations globally should be part of Standard revisions (note: this would be part of updating Appendix C).
- Uses of GHG inventory data
 - The highest priority use cases of GHG inventory data should be identified to focus updates to objectives and avoid diluting the Standard's effectiveness by trying to fulfill too many purposes.
 - Uses of (attributional) GHG data beyond entity-level GHG inventories (e.g., territorial, sector, product-level) were raised for consideration, but with differing opinions on whether/how to address these in the Standard
- Objectives of the *Corporate Standard*
 - Defining a primary, overarching objective for the *Corporate Standard* should be considered.
 - The phrasing "true and fair" in the first objective listed in the *Corporate Standard* needs to be revised.

Process for reviewing *Corporate Standard* objectives



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Example uses of the *Corporate Standard* by different stakeholders

| Stakeholder | Uses of the Standard |
|---|---|
| Reporting organizations (companies) | <ul style="list-style-type: none"> Requirements and guidance to develop a GHG inventory and update that inventory over time |
| Preparers (e.g., consultants) | <ul style="list-style-type: none"> Requirements and guidance to develop clients' GHG inventories and update those inventories over time |
| Verification/assurance providers | <ul style="list-style-type: none"> Requirements/criteria to verify or assure GHG inventories against (noting that the <i>Corporate Standard</i> is not a verification or assurance standard) |
| Customers (business-to-business) | <ul style="list-style-type: none"> Reference to <i>Corporate Standard</i> in questionnaires requesting emissions data from suppliers |
| Tool providers | <ul style="list-style-type: none"> Intermediary users, translating GHG accounting requirements and guidance into tools (e.g., for emissions calculation) used by reporting organizations in GHG inventory development |
| Industry groups | <ul style="list-style-type: none"> Cross-sector GHG accounting and reporting requirements that can be built upon to establish sector-specific application guidance |
| Policymakers | <ul style="list-style-type: none"> Established requirements for organization-level GHG accounting and reporting that can be adopted in policies (e.g., for establishing mandatory GHG reporting) |
| Reporting programs (may be delineated into voluntary and mandatory/regulatory programs) | <ul style="list-style-type: none"> Adoption of GHG reporting requirements for program use Reference to <i>Corporate Standard</i> for GHG inventory requirements for participating organizations to conform with |
| Target setting programs | <ul style="list-style-type: none"> Reference to <i>Corporate Standard</i> for requirements for GHG inventory requirements to establish base year emissions and track emissions over time |

Updates to slide 50 from November 12th meeting incorporating synthesized TWG member feedback collected during the meeting and via an asynchronous survey.

Example uses of GHG inventory data by reporting organizations

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

Example uses of the GHG inventory data by stakeholder groups

| Stakeholder | Uses of the Standard |
|----------------------------------|---|
| Customers (business-to-business) | <ul style="list-style-type: none"> • Use of suppliers' GHG data to quantify scope 3 emissions • Evaluation of suppliers' emissions performance to inform procurement decisions |
| Reporting programs | <ul style="list-style-type: none"> • Provision of data to stakeholders (e.g., investors) |
| Investors | <ul style="list-style-type: none"> • Evaluation of companies' climate risks and opportunities to inform investment decisions |
| Financial institutions | <ul style="list-style-type: none"> • Inform lending and investment decisions • Setting KPIs that can be linked to financial instruments, such as sustainability-linked bonds or loans |
| ESG rating agencies | <ul style="list-style-type: none"> • GHG inventory data as an input to evaluate companies' climate/ ESG performance |
| NGOs | <ul style="list-style-type: none"> • Evaluation of companies' climate performance and transparency of disclosures |
| Researchers | <ul style="list-style-type: none"> • Analysis of companies' emissions and use of GHG data in research |
| National governments | <ul style="list-style-type: none"> • Emissions monitoring and reporting (noting potential issues with using organization-level GHG emissions data for territorial emissions reporting) |

Potential misuses and misconceptions about uses of the *Corporate Standard*

(List synthesized from feedback provided by TWG members via an asynchronous survey)

- Misconceptions regarding the quality of GHG inventory data:
 - As compared with financial data, particularly where estimates are made
 - Level of granularity/traceability needed for monetization of GHG emissions
- Misconception that uniform application of the *Corporate Standard* will automatically pass a corporate inventory verification (without regard to completeness or quality)
- Misunderstandings regarding the relationship between GHG data at different scales (companies/organizations versus sectors, territories) considering that the former includes indirect emissions and the latter does not
- *Corporate Standard* not intended to quantify the impact of interventions
- Appropriate delineation of the role of the *Corporate Standard* versus programs/regulators for establishing disclosure requirements
- GHG inventory data not sufficient for identifying and assessing climate-related risks and opportunities
- Misuses of GHG accounting to under-report emissions*

1. Uses of the *Corporate Standard* and of GHG inventory data

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

Uses of the Standard (by stakeholder)

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

Uses of the GHG inventory (by stakeholder)

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

Questions to be addressed:

- 1a. Which use cases of the *Corporate Standard* and of GHG inventory data should be prioritized when considering updates to the Standard's objectives?
- 1b. How should the *Corporate Standard* consider uses of (attributional) GHG data that are distinct from entity level inventories (e.g., territorial, sectoral, product-level)?

1a. Which use cases of the *Corporate Standard* and of GHG inventory data should be prioritized when considering updates to *Corporate Standard* objectives?

Poll: Please indicate your level of agreement/disagreement with prioritizing the following use cases* of the *Corporate Standard* / GHG inventory data when considering updates the Standard's objectives:

- Internal uses of GHG data to help inform decisions to manage/reduce emissions
- Use of the Standard in policy and in mandatory 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)

*List of use cases is not comprehensive and is intended to capture uses cited by TWG members in feedback survey.

1b. 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:

- 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.
- 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.
- Additional requirements, recommendations, or guidance for disaggregating entity-level GHG emissions to better facilitate interoperability between GHG data for different use cases.

Note: opinions on the question were split in feedback survey responses.

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2. Revisions to *Corporate Standard* objectives and business goals

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

Objectives (of Standard)

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

Business goals (of reporting entities)

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

Goals of external stakeholders

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

Questions to be addressed:

2a. How should existing objectives/business goals be revised (and should any be eliminated)?

2b. Should any new objectives/business goals be included to address priority use cases not sufficiently covered by current objectives/business goals?

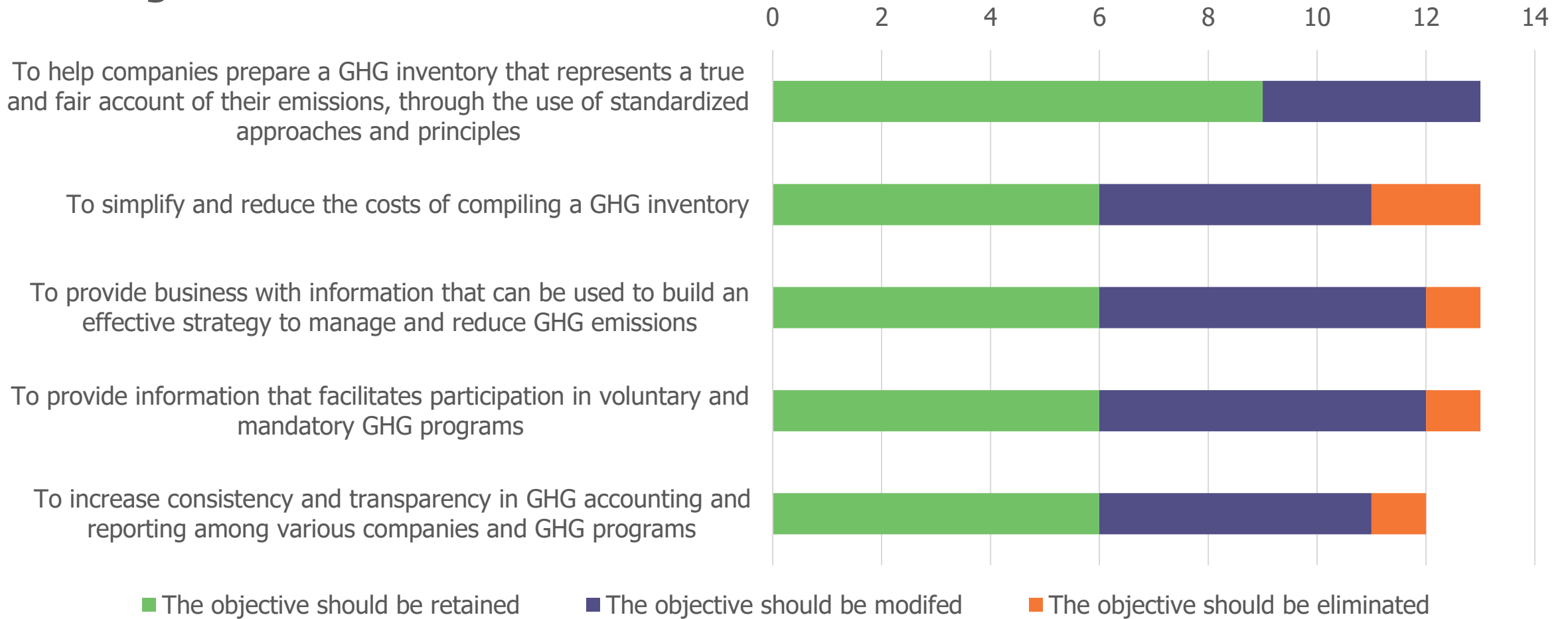
TWG survey results: updates to structure for defining objectives

% of TWG members responding in favor of the following changes to the structure how objectives of the *Corporate Standard* and of GHG inventory data are organized/communicated in the Standard (n=10):

| | |
|--|-----|
| Replace the term "objective" with "purpose", aligning with terminology used in the Scope 2 and Land Sector and Removals Guidance | 50% |
| Replace the term "business goals" with "uses" of GHG inventory data | 60% |
| Add language analogous to business goals specifying goals of stakeholders external to reporting entities who use GHG inventory data. | 30% |
| Specify a single, overarching objective for the Corporate Standard (e.g., " To help companies prepare a GHG inventory that represents a relevant, complete, consistent, transparent, and accurate account of their emissions through the use of standardized approaches and principles") | 60% |

Note: The structure of how objectives are organized/communicated in the *Corporate Standard* will not be discussed further during this meeting in favor of spending time reviewing language related to specific objectives.

Results of informal poll on Corporate Standard objectives, November 12th meeting



Mapping objectives between *Corporate Standard* and *Scope 3 Standard*

Corporate Standard objectives

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
2. To simplify and reduce the costs of compiling a GHG inventory
3. To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions
4. To provide information that facilitates participation in voluntary and mandatory GHG programs
5. To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs

Scope 3 Standard objectives

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

Aspects of the *Scope 3 Standard's* objectives mirror the *Corporate Standard's*, but with more concise, updated language.

Scope 3 TWG survey on objectives: summary

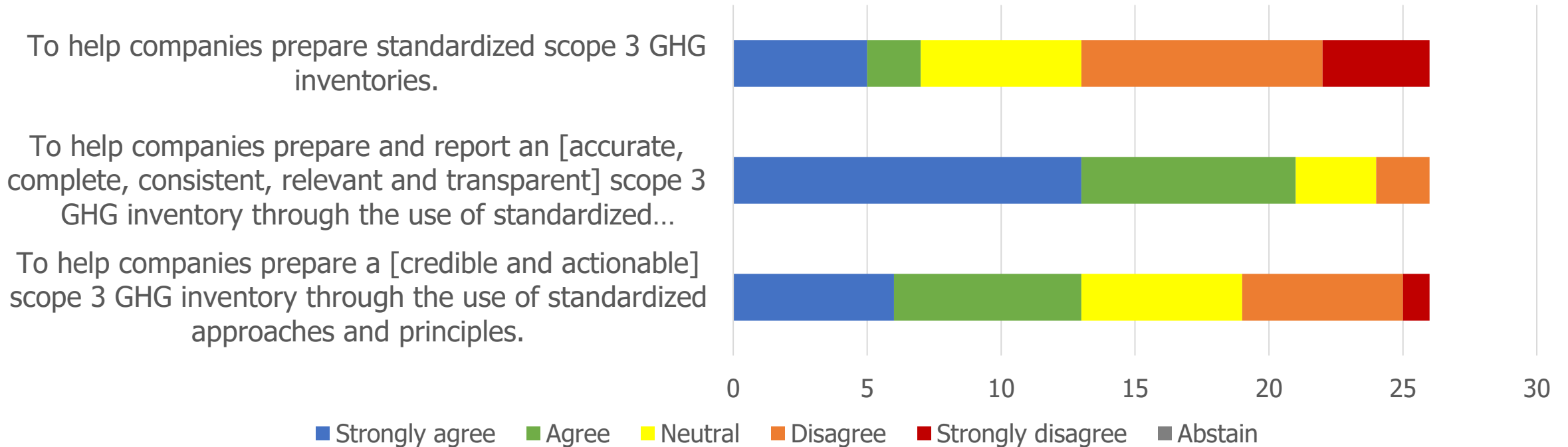
Scope 3 TWG members were surveyed to gauge preferences for alternative language for the *Scope 3 Standard's* objectives:

- Objective #1: “To help companies prepare a true and fair scope 3 GHG inventory in a cost-effective manner, through the use of standardized approaches and principles”
- First part of Objective #2 (bolded): “**To help companies develop effective strategies for managing and reducing their scope 3 emissions** through an understanding of value chain emissions and associated risks and opportunities”, with consideration of splitting up the objective.
- Second part of Objective #2 (bolded): “To help companies develop effective strategies for managing and reducing their scope 3 emissions **through an understanding of value chain emissions and associated risks and opportunities**”, with consideration of splitting up the objective.
- Revised language for Objective #3 as changes weren't proposed in TWG discussions.

Survey results are detailed in following slides.

Scope 3 TWG poll: preferences for alternative language for Objective #1

Preferences for alternative language for Objective #1 in the Scope 3 Standard

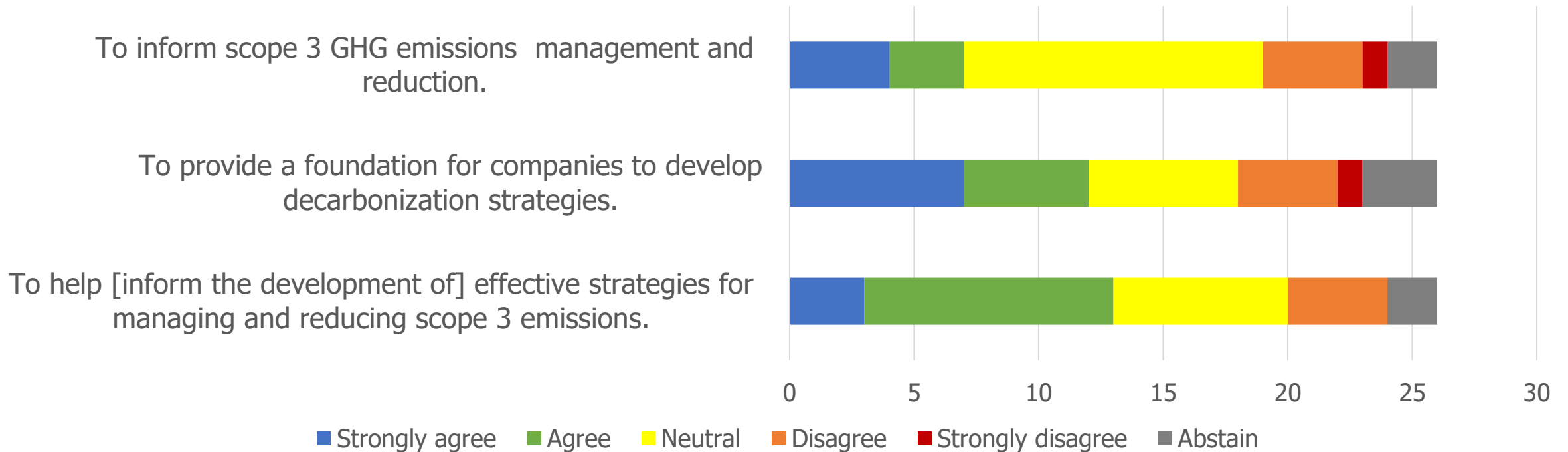


Original wording: To help companies prepare a true and fair scope 3 GHG inventory in a cost-effective manner, through the use of standardized approaches and principles

Scope 3 Standard Objective #1 maps to Corporate Standard Objective #1 if language on “cost effectiveness” omitted as in suggested language here.

Scope 3 TWG poll: preferences for alternative language for Objective #2

Preferences for alternative language for Objective #2 in the Scope 3 Standard

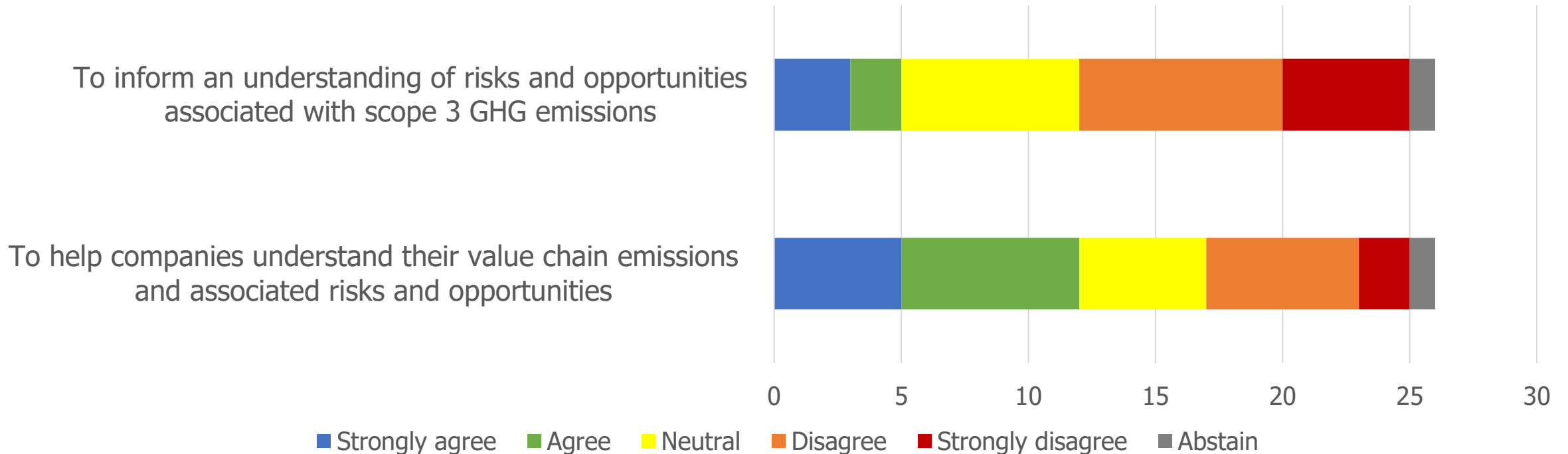


Original wording: **To help companies develop effective strategies for managing and reducing their scope 3 emissions** through an understanding of value chain emissions and associated risks and opportunities

The bolded portion of Scope 3 Standard Objective #2 maps to Corporate Standard Objective #3.

Scope 3 TWG poll: preferences for alternative language for Objective #2

Preferences for alternative language for Objective #2 in the Scope 3 Standard



Original wording: To help companies develop effective strategies for managing and reducing their scope 3 emissions **through an understanding of value chain emissions and associated risks and opportunities**

The bolded portion of Scope 3 Standard Objective #2 does not directly map to any Corporate Standard objectives, which does not include language related to risks and opportunities.

Summary of suggested revisions to existing *Corporate Standard* objectives

| Objective | Summary of suggested revisions |
|--|--|
| 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"> • Suggestions to update “prepare” • Suggestions to update “true and fair” |
| 2. To simplify and reduce the costs of compiling a GHG inventory | <ul style="list-style-type: none"> • No suggestions for revised language • Suggestions to eliminate objective |
| 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"> • Suggestions to update phrasing • Suggestions to eliminate objective |
| 4. To provide information that facilitates participation in voluntary and mandatory GHG programs | <ul style="list-style-type: none"> • Suggestions to update focus (e.g., just on mandatory reporting programs, or referencing both disclosure and target-setting programs) • Suggestions to eliminate objective |
| 5. To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs | <ul style="list-style-type: none"> • Suggestions to revise “consistent and transparent” phrasing • Suggestions to revise/expand as only externally-focused “big picture” objective |

Note: Some additional options will also be considered based on the current *Scope 3 Standard* objectives and proposed revisions to these from the Scope 3 TWG.

Revisions to *Corporate Standard Objective #1*

Original wording: “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.”

Suggestions to revise “prepare”:

- “Prepare and report”
- “Design, implement, and maintain [over time]”

Suggestions to revise “true and fair”:

- Replace with reference to GHG Protocol accounting and reporting principles
- “Faithful representation” (adopting terminology from IFRS*)
- “Credible and actionable” (one option proposed in Scope 3 TWG)

Poll: Please indicate your level of agreement/disagreement with each of the suggestions above for revising language for Objective #1.

*Please see [International Accounting Standards Board \(2018\) Conceptual Framework for Financial Reporting](#) (2.12 in Chapter 2 – Qualitative Characteristics of Useful Financial Information) for additional information.

Revisions to *Corporate Standard Objective #2*

Original wording: “To simplify and reduce the costs of compiling a GHG inventory.”

- No suggestions for revised terminology provided
- Some TWG members suggested either eliminating this objective as outdated or moving it to lower down on the list.
- Suggested updates to wording for *Scope 3 Standard Objective #1* omitted language related to “cost effectiveness”

Poll: Please indicate whether *Corporate Standard Objective #2* should be (A) maintained or (B) eliminated.

Revisions to *Corporate Standard Objective #3*

Original wording: “To provide business with information that can be used to build an effective strategy to manage and reduce GHG emissions.”

Suggestions provided:

- Replace “strategy to manage and reduce GHG emissions” with “decarbonization strategy”
- Include phrasing to refer to “planning and implementation” of an emissions reduction strategy
- Eliminate objective, is more appropriate as a business goal or a use

Poll: Please indicate your level of agreement/disagreement with each of the suggestions above for revising language for Objective #3.

Revisions to *Corporate Standard Objective #4*

Original wording: “To provide information that facilitates participation in voluntary and mandatory GHG programs.”

Suggestions provided:

- Rephrase to focus on mandatory reporting, e.g., “To provide GHG emissions information required by regulators across jurisdictions as part of mandatory disclosure requirements”
- Expand to refer to both disclosure and target setting programs
- Revise “provide information that facilitates participation in...” to “provide the basis for...”
- Eliminate objective, is more appropriate as a business goal or a use

Poll: Please indicate your level of agreement/disagreement with each of the suggestions above for revising language for Objective #4.

Note: An additional option, aligning with framing in *Scope 3 Standard* by combining language from Objectives #4 and #5 will be considered in relation to revising Objective #5 (e.g., “To support consistent and transparent public reporting of corporate emissions according to a standardized set of reporting requirements”)

Revisions to *Corporate Standard Objective #5*

Original wording: “To increase consistency and transparency in GHG accounting and reporting among various companies and GHG programs.”

Considerations raised:

- Reconsider phrasing related to “consistency and transparency” including clarifying consistency over time versus comparability among organizations.
- While other objectives pertain to reporting companies, this objective is more “big picture” and externally oriented. Revise/ expand around supporting uses of GHG data by external stakeholders.
 - Note: Addition of new objectives will be considered next.
- Rephrase to align with framing in *Scope 3 Standard* by combining language from Objectives #4 and #5 (e.g., “To support consistent and transparent public reporting of corporate emissions according to a standardized set of reporting requirements”)

Poll: Please indicate your level of agreement/disagreement with each of the suggestions above for revising language for Objective #5.

Suggestions for new *Corporate Standard* objectives

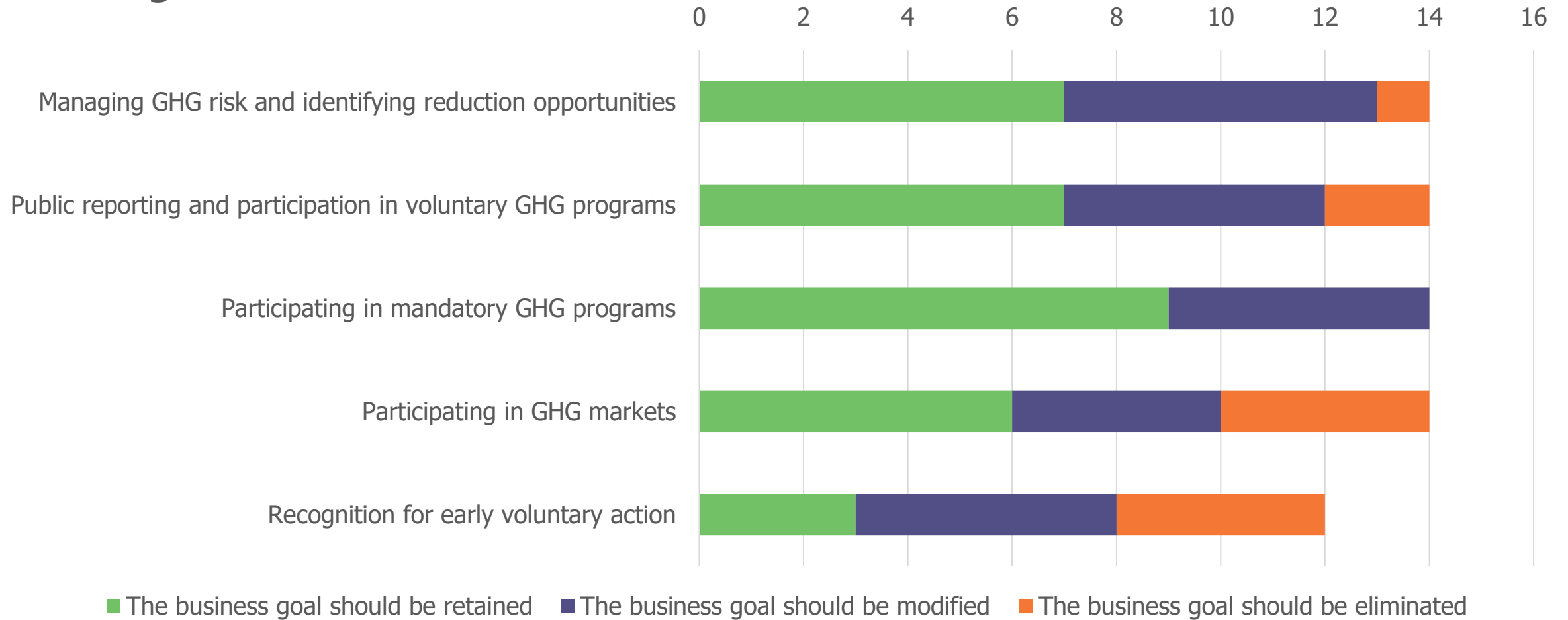
Several themes were raised related to the addition of new objectives. Two themes cited more than once by TWG members included:

- Integration of sustainability/financial information and the provision of information to investors/financial markets to manage climate risk, drive portfolio decarbonization, etc.
- Supporting emissions reduction target setting and monitoring

Poll: Please indicate your level of agreement/disagreement with adding a new objective to the *Corporate Standard* related to each of the themes above.

Note: Several other themes raised related to new/existing objectives were not included here, but will either be considered as part of broader updates to the introductory chapter to the *Corporate Standard* or conveyed to other standards revision workstreams as topics pertain more to their scopes of work. These include the delineation between corporate-level and sector-specific or territorial GHG data, linking product-level to corporate-level GHG data, creating business value through decarbonization, and forecasting future emissions.

Results of informal poll on Corporate Standard business goals, November 12th meeting



Revisions to *Corporate Standard* business goals

Current business goals:

1. Managing GHG risks and identifying reduction opportunities
2. Public reporting and participation in voluntary GHG programs
3. Participating in mandatory reporting programs
4. Participating in GHG markets
5. Recognition for early voluntary action

Suggestions for revising business goals:

- Eliminate goal 1 (not a use of the standard)
- Eliminate goal 4 (not a core use of the standard)
- Eliminate goal 5 (no longer relevant)
- Combine goals 2 and 3, with reference to “mandatory and voluntary reporting regimes and programs”

Suggestions for new business goals:

- Engage with value chain partners on GHG reduction opportunities/ ensure due diligence in the value chain
- Identify GHG reduction opportunities, set GHG reduction targets, and track progress over time

Poll: Please indicate your level of agreement/disagreement with each of the suggestions above for revising business goals.

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Comparability of GHG inventories: summary

- Revisiting the objectives and purpose of the *Corporate Standard* to include conditions of comparability was frequently cited in stakeholder feedback*
- 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
- The GHG Protocol Land Sector and Removals Guidance (draft) defines an optional comparability principle
- *IPCC Guidelines for National Greenhouse Gas Inventories* and financial accounting standards also offer definitions of comparability

Key question to be addressed today:

Should enabling better comparability between GHG inventories from different reporting entities be a priority for revising the Corporate Standard?

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

Definition of comparability

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

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

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

Definition of comparability: IPCC Guidelines for National Greenhouse Gas Inventories

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

Top-line categories:

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

Definition of comparability: Conceptual Framework for Financial Reporting

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

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 MTCO₂e 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> <p>Jia, et. al. (2023), Table 14</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>

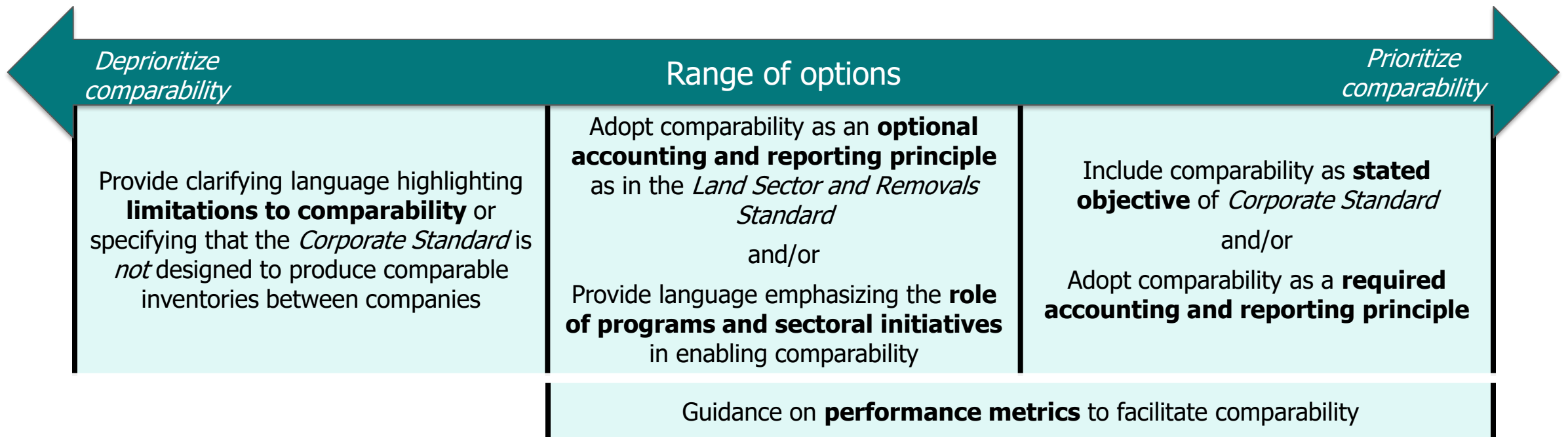
Spectrum of achieving more/less comparability



Prioritizing comparability: range of options

Questions/considerations:

- To what extent is comparability **achievable** through standard setting?
- What **role** should GHG Protocol play versus programs/sector initiatives?
- Are inventories **appropriate to compare** (versus, say, performance metrics)?
- **Implications** *if* comparability deemed a priority (e.g., more prescriptive requirements for boundary setting, data quality, etc.)



Poll: prioritizing comparability

Please indicate how high of a priority **enabling comparability between GHG inventories from different reporting organizations** should be for updating the *Corporate Standard*.

Very high

High

Medium

Low

Very low

Agenda

- Introduction and recap of November 12th meeting 10 minutes
- Uses of the *Corporate Standard* and of GHG inventory data 20 minutes
- Revisions to objectives and business goals 60 minutes
- Comparability of inventories 20 minutes
- **Wrap up and next steps** 10 minutes



GREENHOUSE GAS PROTOCOL

Next steps

- Next Subgroup 1 meeting scheduled for **Tuesday, January 14th, 2025** at 9:00 ET / 15:00 CET / 22:00 CHN, focused on the following topics:
 - Comparability of GHG inventories
 - GHG accounting and reporting principles
- Items to be shared by GHG Protocol Secretariat:
 - Final meeting slides, recording, minutes
 - Discussion paper on objectives/comparability, incorporating TWG input gathered to date – delayed release until after December 3rd meeting
 - Follow-up feedback survey on topics covered in December 3rd meeting – details to be confirmed

Thank you!

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