# GHG Protocol Standards Update Process

**Topline Findings from the Corporate Standard & Scope 3 Standard Surveys**

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# Agenda

- **Introduction**
  - Pankaj Bhatia, Director, GHG Protocol
- **Survey process and topline findings**
  - David Rich, Deputy Director, GHG Protocol
- **Corporate Standard survey and proposals summary**
  - Steve Siravo, Corporate Standard Associate, GHG Protocol
- **Scope 3 Standard and Calculation Guidance survey and proposals summary**
  - Alexander Frantzen, Scope 3 Senior Associate, GHG Protocol
- **Next steps**
- **Q&A**

# Greenhouse Gas Protocol

- Greenhouse Gas (GHG) Protocol standards and guidance enable companies, cities and countries to:
  - measure, manage and report greenhouse gas emissions from their operations and value chains
  - track progress toward their emissions targets

- GHG Protocol provides the world's most widely used greenhouse gas accounting standards for companies
  - >10,000 companies report to CDP using GHG Protocol standards

- GHG Protocol develops accounting and reporting standards through inclusive global multi-stakeholder development processes that include representation from businesses, academia, governments, NGOs and civil society
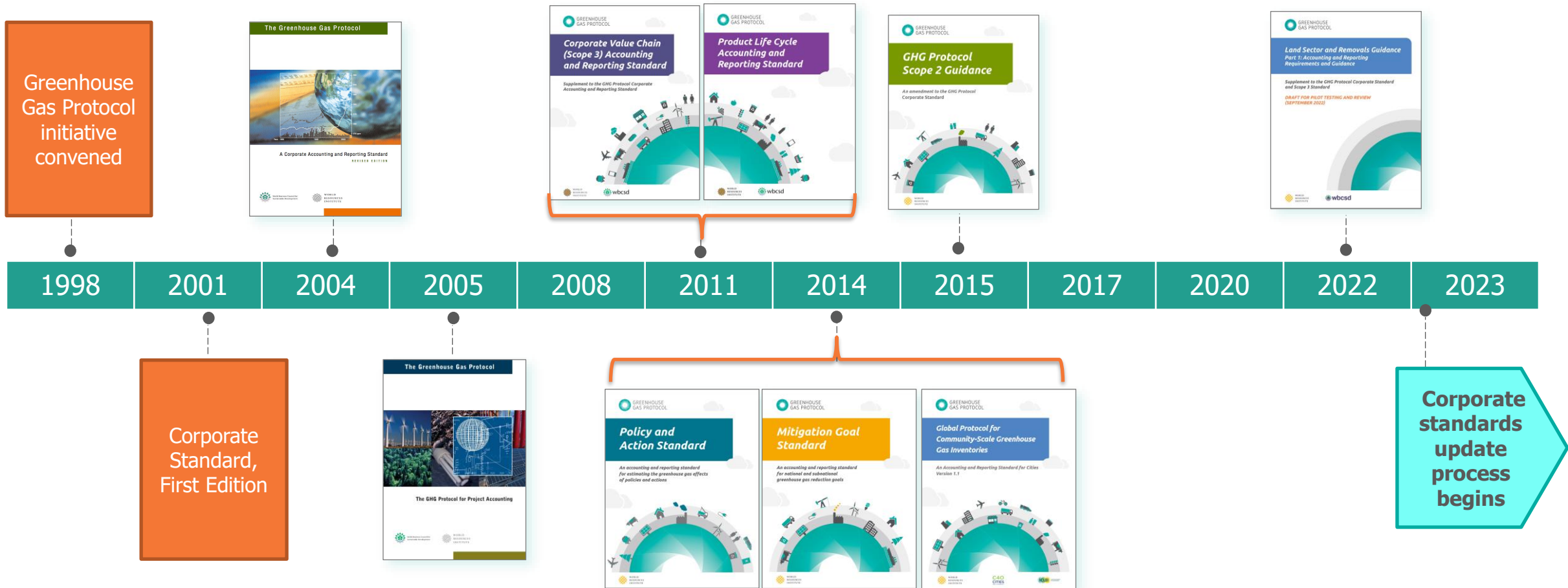
# History of GHG Protocol standards

**Greenhouse Gas Protocol initiative convened**

**Corporate Standard, First Edition**

| 1998 | 2001 | 2004 | 2005 | 2008 | 2011 | 2014 | 2015 | 2017 | 2020 | 2022 | 2023 |

**Corporate standards update process begins**

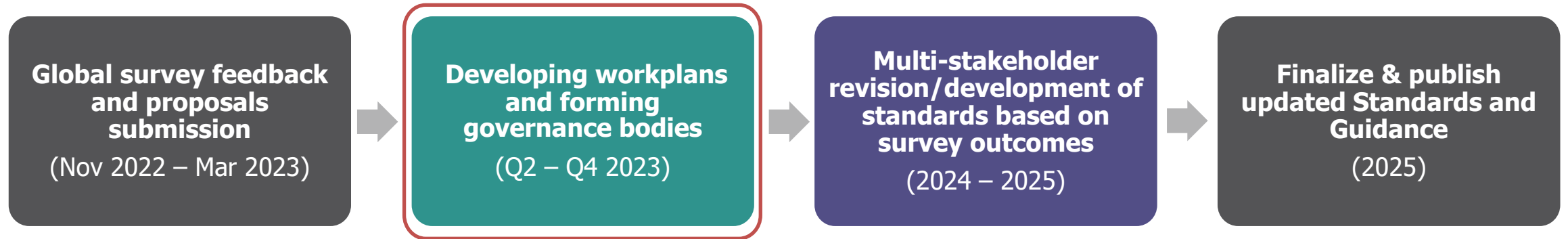GHG Protocol standards and guidance are available at ghgprotocol.org

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# Process to update the GHG Protocol corporate-level standards

**We are here**

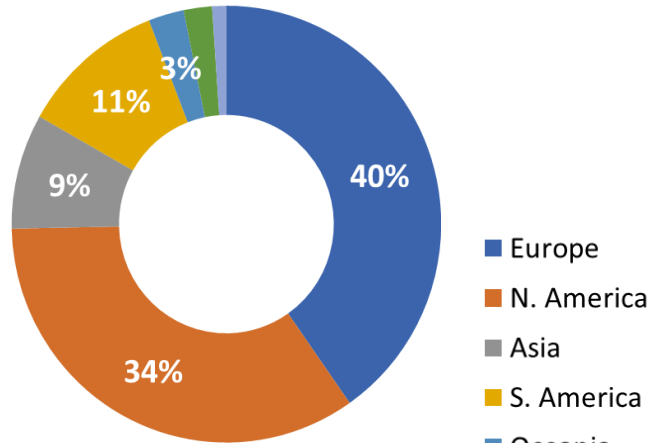| Global survey feedback and proposals submission (Nov 2022 – Mar 2023) | → | Developing workplans and forming governance bodies (Q2 – Q4 2023) | → | Multi-stakeholder revision/development of standards based on survey outcomes (2024 – 2025) | → | Finalize & publish updated Standards and Guidance (2025) |

# Surveys on GHG Protocol corporate-level standards

- Survey process
  - Between November 2022 and March 2023, Greenhouse Gas Protocol collected stakeholder input via four online surveys related to the following standards, guidance and topics:
    - Corporate Standard: 375 responses
    - Scope 2 Guidance: 403 responses
    - Scope 3 Standard and Scope 3 Calculation Guidance: 354 responses
    - Market-based accounting approaches: 343 responses
  - Respondents were also able to submit proposals
    - Over 230 proposals were submitted

- Survey purpose
  - Collect feedback from stakeholders to understand user needs and identify gaps which may warrant clarifications, additional guidance or updates
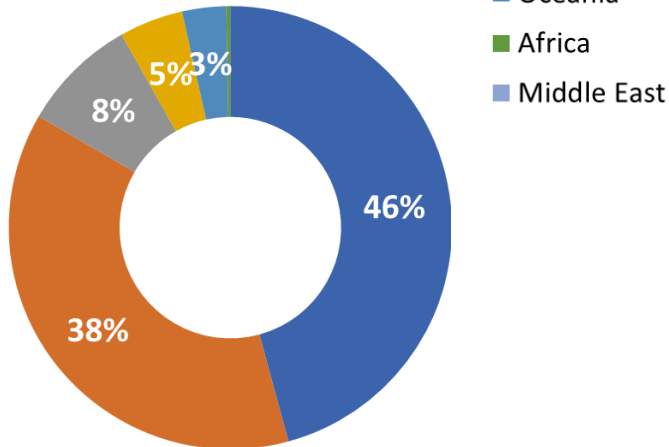  - The scope of work for updates is to be determined, including prioritization and sequencing

For more information, see https://ghgprotocol.org/ghg-protocol-standards-and-guidance-update-process-0

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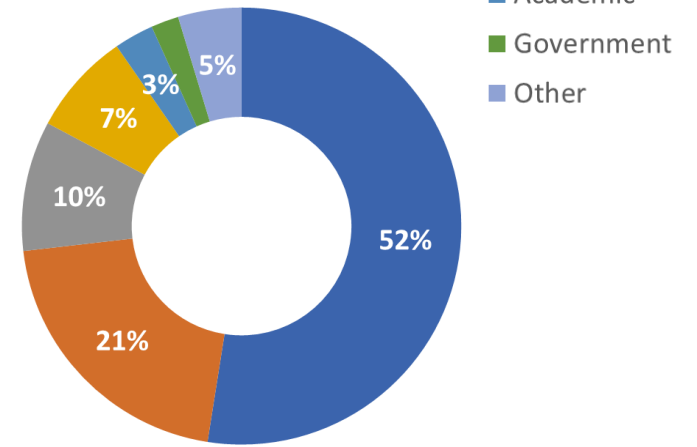
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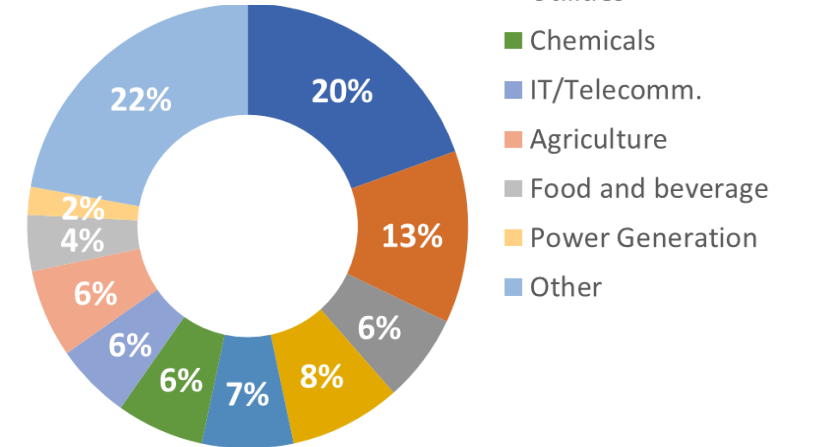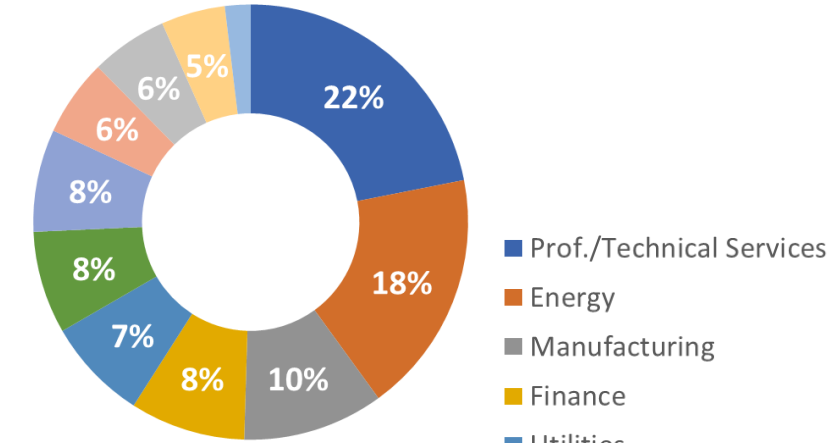
# Survey respondent overview

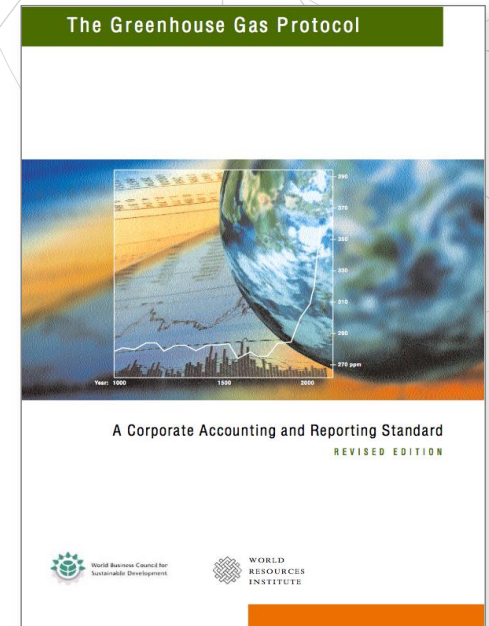**Corporate Standard survey**

**Scope 3 survey**

Region — Organization type — Sector
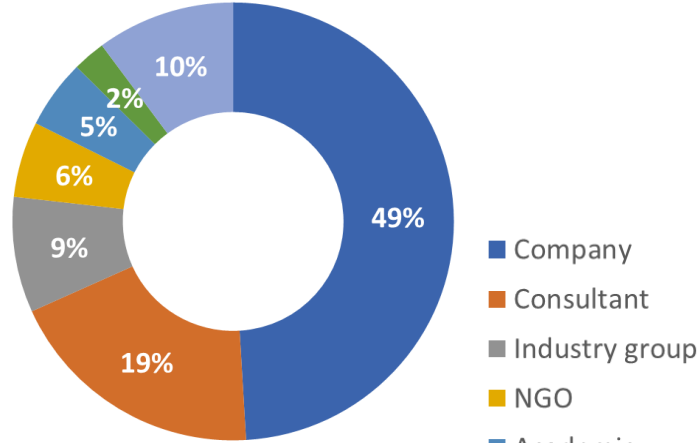
# Corporate Standard — Survey and Proposals Summary

# Corporate Standard survey: topline findings

- Most survey respondents expressed satisfaction (**somewhat satisfied or very satisfied**) with the *Corporate Standard*

- Most survey respondents expressed that **minor updates** were needed to the *Corporate Standard*

- While many acknowledged the success of the *Corporate Standard*, many survey respondents highlighted the need to further enable **consistent and comparable** GHG emissions disclosures
  - For example, related to **organizational boundaries**, **operational boundaries** (scope 3 emissions)

- Respondents also highlighted the need to:

  - **Enhance alignment and harmonization** with regulatory and voluntary GHG reporting programs, target setting programs and the latest financial accounting standards

  - **Integrate** the multiple GHG Protocol corporate-level standards and guidance into a single standard (with multiple parts) to improve user-friendliness and have a single level of conformance

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# Key topics from Corporate Standard survey

1. Governance, organization and alignment      (General, cross-cutting)

2. Organizational boundaries      (Corporate Standard, Ch. 3)

3. Operational boundaries      (Corporate Standard, Ch. 4)

4. Tracking emissions over time      (Corporate Standard, Ch. 5)

5. Verification or assurance      (Corporate Standard, Ch. 10)

6. Data quality, methodology and reporting      (Corporate Standard, Ch. 6-9)

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# 1. Governance, organization and alignment

- Respondents suggested more **formalized governance**, including:
    - Independent oversight of GHG Protocol
    - Formalized operational practices and policies related to standard development
    - Enhanced transparency, interpretation and responsiveness to evolving user needs

- Respondents suggested **revisiting GHG Protocol standards and guidance organization**, including:
    - Consolidating standards and guidance to be more user friendly
    - Incorporating numbering and/or codification for ease of reference and updates

- Respondents suggested **greater alignment**, including:
    - Ensuring consistency across GHG Protocol standards and guidance
    - Collaboration, harmonization and interoperability with voluntary and regulatory reporting programs

# 2. Organizational boundaries

A. Respondents *in favor* of revisiting organizational boundaries often suggested:

- Requiring **one consolidation approach** for consistency and comparability
- Adjusting existing approaches to **align with financial accounting** for consolidation and leased assets
- Adjusting existing approaches to **align with voluntary and regulatory reporting** programs
- Providing additional guidance, including:
  - Leased asset classification
  - Evaluating different consolidation approaches
  - Sector and use-case specific guidance with updated examples

B. Respondents *against* revisiting organization boundaries often cited:

- **Maintaining flexibility** for various business use-cases
- **Enabling interoperability** for voluntary and regulatory reporting program usage

# 3. Operational boundaries

A. Respondents *in favor* of revisiting operational boundaries, often suggested:

- Requiring Scope 3 **for all categories for all organizations**
- Requiring Scope 3 **for relevant and/or significant categories**
- Requiring Scope 3 **if a material amount of total emissions**
- Requiring Scope 3 **if a large organization, for specific sectors and/or phased-in**
- Providing additional guidance, including:
  - Leased asset, franchise and license classification
  - Fuel and energy-related activities classification
  - Sector and use-case specific guidance with updated examples

B. Respondents *against* revisiting operational boundaries often suggested:

- Flexibility for organizations
- Lower barrier to entry
- Less burden on organizations

# 4. Tracking emissions over time

A. Respondents *in favor* of revisiting tracking emissions over time often suggested:

- Requiring **base year consistency across all scopes** to align with other disclosure programs
- Requiring a **significance threshold** for consistency and comparability
- Adjusting base year recalculation requirement to **apply to all years** presented
- Providing additional guidance, including:
  - Choosing and/or changing a base year
  - Application of recalculation (all scopes and/or categories and if no data is available)
  - Aggregation of items below the significance threshold
  - Recalculation for emission factor, global warming potential and data quality changes

B. Respondents *against* revisiting often cited:

- Flexibility for organizations
- Enabling progress tracking

# 5. Verification and assurance

A. Respondents *in favor* of revisiting verification and assurance often suggested:

- Requiring verification or assurance over **all scopes** or **scope 1 & 2 only**
- Requiring **verification** or **limited assurance** and/or **reasonable assurance**
- Requiring verification or assurance **annually**, **every other year** or **every three years**
- Requiring verification or assurance for **large organizations** or **specific sectors** or **phased-in**
- Providing additional guidance, including:
    - Appropriate verification or assurance standards
    - Appropriate third-party verification or assurance providers (qualifications, independence, etc.)
    - Guidance on how to prepare for verification or assurance

B. Respondents *against* often cited:

- Regulatory organizations implementing assurance requirements
- Lower barrier to entry
- Less burden on organizations

# 6. Data quality, methodology and reporting

- Respondents suggested **data quality and methodology updates**, including:
  - Adding data quality requirements and guidance (i.e. actual data vs estimates)
  - Implementing emission factor and Global Warming Potential requirements and guidance
  - Adding requirements and guidance for subsequently available information and cutoff
  - Updating approach for biogenic carbon, $CO_2$ removals and new technologies (i.e. SAF, hydrogen)

- Respondents also suggested more prescriptive **reporting requirements** related to:
  - Choosing, updating and/or recalculating base year emissions and significance thresholds
  - Data sources, significant estimates and distinguishment from actual data
  - Subsequent events and/or subsequently available information
  - Exclusions of sources, facilities and/or operations

# Examples of proposal submissions

- **Consolidating the standards and guidance** into one document and ensuring consistency

- Clarifying the **role of GHG Protocol** and **aligning/harmonizing** with voluntary and regulatory programs

- Creating a **taxonomy for decision useful information** that has real-world impact

- Revisiting acceptable **consolidation methods** and providing guidance for specific use-cases

- **Requiring Scope 3** emissions reporting (multiple variations)

- **Requiring comparative** disclosures (two or three years presented) rather than requiring a base year

- **Requiring significance** and/or materiality thresholds

- **Requiring verification and/or assurance** (multiple variations)

- Specifying appropriate **emission factors and global warming potentials**

- Revisiting **biogenic emissions, removals, offsets, insets and avoided** emissions

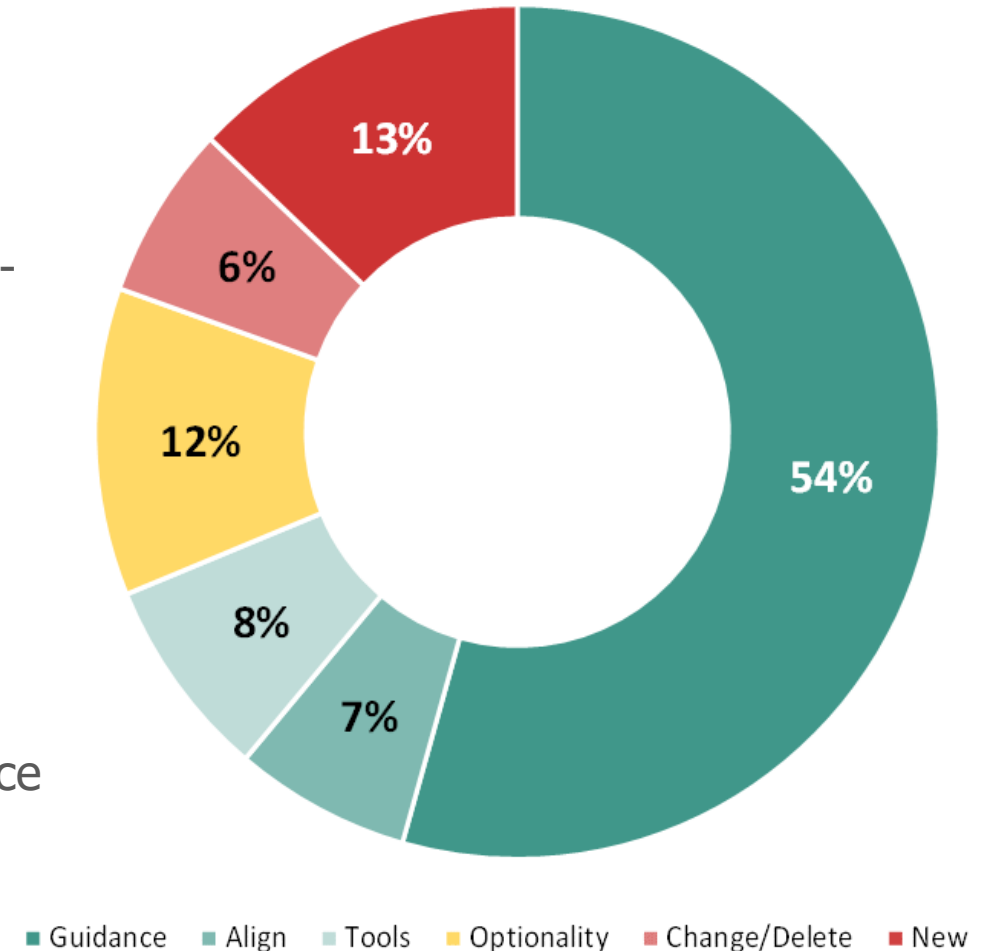# Scope 3 Standard and Calculation Guidance – Survey and Proposals Summary
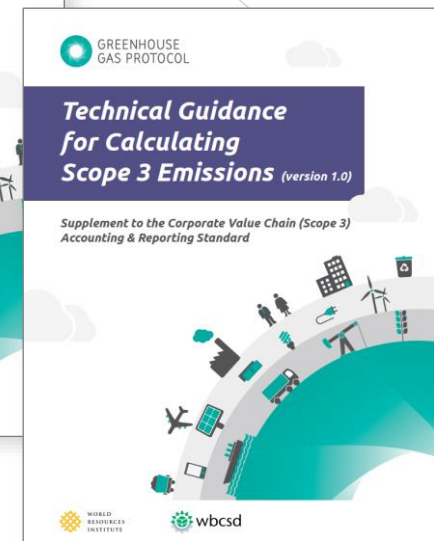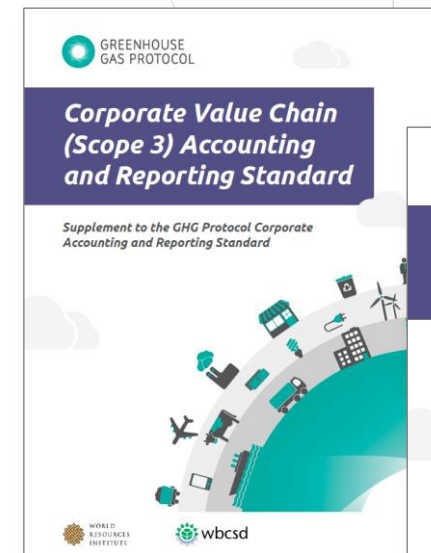
# Scope 3 survey: topline findings

- Most respondents expressed satisfaction (**somewhat satisfied or very satisfied**) with the *Scope 3 Standard* and *Scope 3 Calculation Guidance*

- Most respondents expressed the need for **minor updates** to the *Scope 3 Standard* and *Scope 3 Calculation Guidance*

- Most feedback was focused on requests for additional guidance and supporting resources, rather than revisions or changes to the standard

  - Respondents requested **additional guidance and clarifications, tools, databases, examples** and other resources to facilitate implementation

  - Respondents highlighted the need to promote **higher-quality data and methods** and **additional transparency** to enable more **consistent and comparable** GHG emissions disclosures

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# Scope 3 survey: types of requests

- Most responses consisted of requests for:

  – **Guidance** (additional) and **clarifications**

  – **Tools & support** to facilitate implementation (e.g., open-source emission factors database(s), FAQs, forum)

  – **Alignment** with SBTi, PCAF, ISSB and other initiatives

- Additional requests were made to:

  – **Limit optionality** (e.g., limiting use of the spend-based method, expanding minimum boundaries of categories)

  – **Change** parts of current standard and calculation guidance (e.g., removing the spend-based method)

  – **Add new** (e.g., calculation or aggregation methods)



Legend: ■ Guidance ■ Align ■ Tools ■ Optionality ■ Change/Delete ■ New

(chart values: 54%, 7%, 8%, 12%, 6%, 13%)

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# Key topics from Scope 3 survey

1. Category-specific clarifications      (Scope 3 Standard, Ch. 5)

2. Boundary considerations      (Scope 3 Standard, Ch. 6)

3. Data collection and quality      (Scope 3 Standard, Ch. 7; Calculation Guidance)

4. Calculation methods      (Scope 3 Standard, Ch. 7/8; Calculation Guidance)

5. Targets and tracking progress      (Scope 3 Standard, Ch. 9)

6. Assurance, reporting and comparability      (Scope 3 Standard, Ch. 10/11)

7. Tools & implementation resources      (General, cross-cutting)

8. Alignment      (General, cross-cutting)

9. Market-based Accounting      (General, cross-cutting)

# 1. Requests/feedback on category-specific clarifications

- **Two scope 3 categories** accounted for **30% of category-specific requests** for clarification:
  - Purchased goods and services (Category 1)
  - Use of sold products (Category 11)
- **Capital goods (Category 2)**
  - Consider annual depreciation approach
- **Transportation and distribution (Categories 4 and 9)**
  - Review consistency and clarify delineation between upstream and downstream T&D
- **Employee commuting (Category 7)**
  - Calculation guidance and inclusion of Remote Work in minimum boundary

- **Circularity (across Categories 1, 5, 10, 11, and 12)**
  - Review allocation rules, including in the context of incentivizing circular economy
- **Processing/Use of sold products (Category 10/11)**
  - Long-lived products, annualized inventory approach, projection/scenario guidance, direct measurement
- **Investments (Category 15)**
  - Pension/retirement funds, cash holdings, facilitated emissions (underwriting, securitization, etc.)
  - Guidance for non-financial institutions
- **Re-organizing or re-titling categories**, and/or adding sub-categories, was recommended by a few responders

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# 2. Requests/feedback on boundary considerations

- **Minimum boundaries** of all categories (Table 5.4)
  - Review thresholds for materiality, inclusion and exclusion, and optionality
  - Provide more industry-specific clarity to ensure completeness and comparability of companies

- **Consolidation approaches**
  - Provide clarity on the implications of differing consolidation approaches for data exchange between companies and comparability

- **Intermediaries**
  - Guidance for commodities traders, distributors, resellers, and marketplaces (e.g., e-commerce)

- **Services and intangibles**
  - Guidance for consulting services, SaaS, social media, advertising, and intangibles (licenses, IP)

- **Other activities (not exhaustive)**
  - Review boundaries for inclusion/exclusion across a host of categories and business activities:
    - Donations (gifts in-kind)
    - Travel and entertainment
    - Electricity-use for commuting by EV
    - Client and/or sub-contractor travel
    - Events (irregular and/or third-party)
    - Empty-seat guidance
    - Radiative forcing (air-freight or -travel)
    - Leased vehicle fuel-burn
    - Co-manufacturing/co-packaging
    - End-of-life treatment of intermediate products
    - Embedded/embodied GHG emissions

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# 3. Requests/feedback on data collection and quality

- **Emission factors**
  - Emission factor **availability and accessibility** was identified as a key challenge
  - Guidance using different emission factor types
  - Develop a consolidated, open-source emission factor repository that is managed and updated by GHG Protocol

- **Data collection/exchange**
  - Guidance compiling and assuring supplier-specific or secondary *emission factor data*
  - Provide guidance handling supply-chain *activity data* cost-effectively and reliably
  - Templates, checklists, procedures, and disclaimers, etc., for value chain data exchange

- **Data quality and gaps/uncertainty**
  - More guidance on managing high/low quality data (e.g., supplier-specific and proxy data)
  - More guidance on completeness and accuracy when data quality and methods differ
  - More guidance on improving data quality
  - More guidance for assessing, quantifying (numerically), and communicating uncertainty

- **Tools for data management**
  - Programmatic tools to assess the robustness and/or uncertainty of both input data and results
  - Data quality tiers, hierarchy, or priority matrix to quantify data quality and uncertainty

# 4. Requests/feedback on calculation methods

- **Calculation methods**
  - There were numerous requests for guidance on calculations detailed in the *Calculation Guidance*
  - Update the methods regularly and provide more practical guidance (examples, case studies, etc.)
  - More industry- and activity-specific examples
  - Consider limiting use of the spend-based method

- **Combining methods**
  - Guidance on calculating or aggregating results when using different calculation methods
  - More guidance on modeling or projecting downstream emissions absent primary data
  - Clarity on the implications for benchmarking, comparability, and re-baselining

- **Limit/expand methods**
  - Limit, phase out, and/or remove unreliable methods entirely (e.g., the spend-based method)
  - Include new methods to factor in real-time data (e.g., downstream energy-use monitoring and/or end-of-life treatment)

- **Allocation**
  - More guidance on choosing and combining allocation methods (physical, economic, and other)
  - Guidance on allocating embodied emissions of capital equipment, co-products, and co-packaging
  - More guidance on shared activities (e.g., common space or waste generator/receiver)

# 5. Requests/feedback on targets & tracking progress

- **Key performance indicators** (KPIs)

  - Clarity on the implications of in/exclusion, data quality, calculation methods, and accuracy for target setting and tracking progress

  - More guidance on developing reliable internal KPIs for performance tracking (e.g., $CO_2$/product, $CO_2$/customer, $CO_2$/$ sales, etc.)

  - More guidance on tracking progress as data quality and/or calculation methods improve

- **Spend-based method**

  - This method was noted by many as being unreliable for tracking purposes with limited use beyond proxy/hotspot identification

- **Benchmarks**

  - Many responders identified the need for credible category- and industry-specific benchmarks

  - Guidance on using regional or proxy data to benchmark activities, products, and/or companies

  - Guidance on removals, offsets, and credits

- **Tools to track reductions/impact**

  - Tools to track company-level and product-level performance (including value chain activities)

  - Detail more GHG reduction opportunities in the value chain (without contractual instruments)

- **Avoided emissions**

  - Review guidance on quantifying and reporting avoided emissions and/or impact

# 6. Requests/feedback on assurance, reporting, and comparability

- **Assurance**
  - Verification/assurance was identified as a challenge regarding inputs (emission factors and activity data), calculation methods, GHG inventories, allocations, and final reports
  - Guidance on value chain assurance and general enforcement of standard-compliance

- **Cross-comparability**
  - Provide guidance on cross-comparing GHG inventories from vendors/companies
  - Develop templates/checklists for reviewing GHG inventories/emission results between companies and products
  - Guidance on making performance claims

- **Reporting requirements**
  - Make reporting requirements stricter (e.g., by making 11.2 Optional information required)
  - Require improved disclosure of all relevant information, including calculation methods, data quality, reliability, and uncertainty

- **Reporting templates**
  - Provide reporting templates for disclosing both GHG inventories and performance metrics and relevant information
  - Provide templates for communicating uncertainty, disclaimers, disclosures, etc.

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# 7. Requests/feedback on tools & implementation resources

- Requests for **tools and support** included the following:
  - Expanded FAQs, a forum, a tools library, emission factor database(s), etc.
  - More online training, course work, examples, case studies, etc., the supports standard implementation
  - Expand the Built on GHG Protocol Review Service (including qualifying the reliability of external software tools)
  - Many requested that the Scope 3 Evaluator (Quantis tool)* be updated
  - Calculators, estimators (proxy tools), data quality review tools, etc.

- Many responses expressed the need for **industry-specific guidance** regarding:
  - General best practice, implementation, standard-compliance, and consistency, etc.
  - Identification and category classification (indexing, mapping) of business activities
  - Alignment with external, industry-specific technical guidance documents
  - Various external frameworks, standards, and guidance documents were referenced

* Note that the Scope 3 Evaluator is being removed from the GHG Protocol website at the end of August 2023.

# 8. Requests/feedback on alignment

- **Review alignment** between the Scope 3 Standard/Calculation Guidance and external standards, frameworks, and guidance documents
  - Science-Based Targets initiative (**SBTi**)
  - Partnership for Carbon Accounting Financials (**PCAF**)
    - Expand Category 15 or align with PCAF calculation/allocation methods
  - International Organization for Standardization (**ISO**) standards and guidance documents
  - International Sustainability Standards Boards (**ISSB**) (including **SASB** and **TCFD**)
  - Pending and future regulations (e.g., **CSRD**)

- **Greater alignment** between GHG Protocol standards and guidance documents
  - Revisit the organization, structure and consistency across standards and guidance documents
  - Streamline or consolidate the standards
  - Make standards and guidance documents available in a digital format
- Biogenic emissions and removals
  - Align with the Land Sector and Removals Guidance

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# 9. Requests/feedback on market-based mechanisms

- Requests to clarify the role of **scope 2** market-based accounting for **value chain activities**
  - How to handle RECs and/or scope 2 location vs. market-based emission data in the value chain
- ➢ To be addressed **in consultation with scope 2 workstream**

- **Market-based mechanisms for value chain activities and GHG emissions** was expressed as a need by many responders
  - Instruments mentioned included credits, certificates, offsets, insetting, energy attribute certificates (EACs), renewable energy credits (RECs), power purchase agreements (PPAs), biomethane and renewable natural gas (RNG) certificates, and sustainable aviation fuel (SAF) certificates

  - ➢ **Market-based accounting approaches** is being considered via a _**separate survey and review process**_. Responses associated with scope 3 and market-based approaches will be addressed via that separate review process.

# Examples of proposal submissions

- **Category 1 (Purchased goods and services):** ICT/digital, agricultural/biogenic removals, outsourcing, certificates of reduction, chain of custody certification, market-based mechanisms

- **Category 5/12 (Waste generated in operations/End-of-life treatment of sold products):** Waste-to-energy (WTE), bio-based/recycled materials

- **Category 15 (Investments):** Pension/retirement funds, cash holdings

- **Category 11 (Use of sold products):** Long-lived products, circularity

- **Other categories:** Infrastructure (Cat. 3), leased assets (Cat. 8/13), franchises (Cat. 14)

- **General topics:** Minimum boundary changes, limiting optionality, fugitive emissions, radiative forcing for air travel/freight, bioenergy/biomethane, EOL treatment, and carbon capture and sequestration

# Next Steps
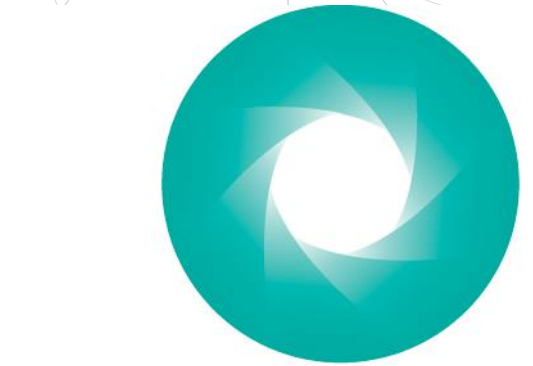
# Next steps

- Written summaries of both surveys will be posted online in the coming weeks
- The next webinar will be focused on the summary of the market-based approaches survey

**We are here**　　　　　　　　　　**Next Steps**

| Global survey feedback and proposals submission (Nov 2022 – Mar 2023) | → | Developing workplans and forming governance bodies (Q2 – Q4 2023) | → | Multi-stakeholder revision/development of standards based on survey outcomes (2024 – 2025) | → | Finalize & publish Updated Standards and Guidance (2025) |
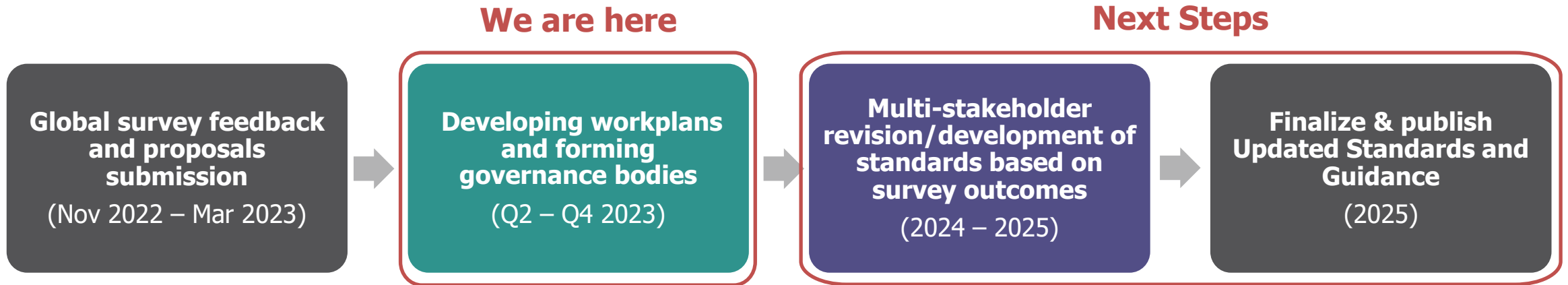
Interested in receiving updates about the standards update process?
Please **subscribe** to the GHG Protocol email list to receive email updates at **ghgprotocol.org/subscribe**

# Thank you!

## Contact information

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