

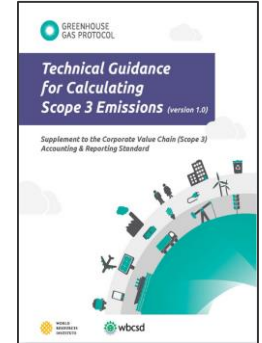
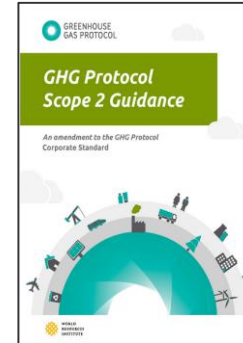
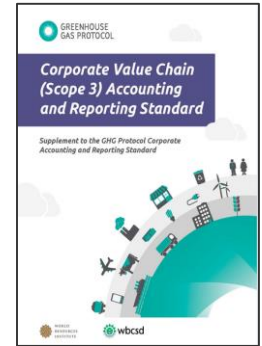
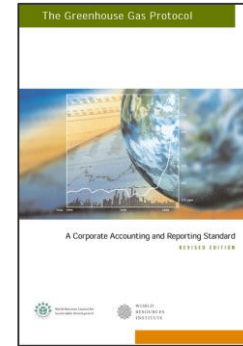
The GHG Protocol's standards update process

Prof. Dr. Alexander Bassen

18.02.2024

What is the GHG Protocol?

- Provides the accounting platform for virtually every GHG reporting program worldwide.
- 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
- Important corporate standards and guidance:
 - Corporate Standard (2004)
 - Corporate Value Chain (Scope 3) Standard (2011)
 - Scope 3 Calculation Guidance (2013)
 - Scope 2 Guidance (2015)
- Integrated in reporting standards from the EU (ESRS), IFRS foundation (ISSB) and SEC draft. >10,000 companies report to CDP using GHG Protocol standards
- Currently, the GHG Protocol is setting up a novel decision-making process for the overhaul of its standards and guidance.



New organizational structure of the GHG Protocol



WORLD
RESOURCES
INSTITUTE

World Resources Institute (WRI)

co-hosts

World Business Council for Sustainable Development
(WBCSD)



co-hosts

GHG Protocol

Steering Committee

- 13 members from academia, civil society, regulatory/policy/standard setting bodies, corporates
- Responsibilities:
 - Mission and strategy of GHG Protocol
 - Oversight of the ISB
 - External ambassador role
 - Management

Independent Standards Board (ISB)

- 12-18 members; chair: Alexander Bassen
- Responsibilities:
 - Provide strategic guidance to SC, TWGs, and GHGP Secretariat
 - Approve standards, guidance, and other normative documents
 - Provide technical and policy guidance to TWGs
 - Make decisions to resolve disagreements within and between TWGs
 - Support widespread adoption of GHG Protocol

Technical Working Group
Corporate Standard

Technical Working Group
Scope 2

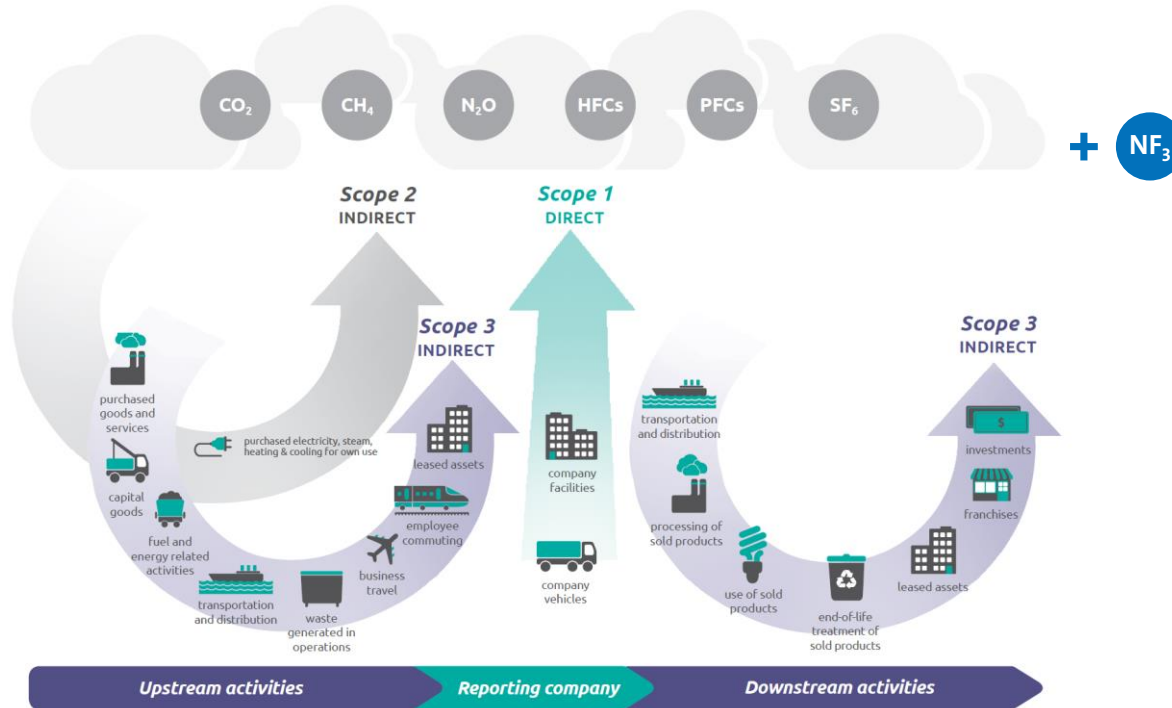
Technical Working Group
Scope 3

Technical Working Group
Mitigation impacts / market-
based mechanisms

GHG Protocol Strategy Refresh Overview

- **May 2022:** GHG Protocol Secretariat initiated a strategy and organizational review process
 - Worked with external consultant to solicit feedback from a diverse range of stakeholders
 - Feedback (700+ responses) included calls for greater transparency into decision making, more formalized governance process, and increased speed of standards update.
- **Summer 2022-Present:** GHG Protocol staffs-up to support strategy refresh and standards update process
- **November 2022 - Present:** Three focal efforts
 1. Enhancing partnership between WRI and WBCSD
 2. Developing new governance structure, including new bodies and responsibilities
 3. Launched stakeholder surveys to inform future updates to corporate standards/guidance

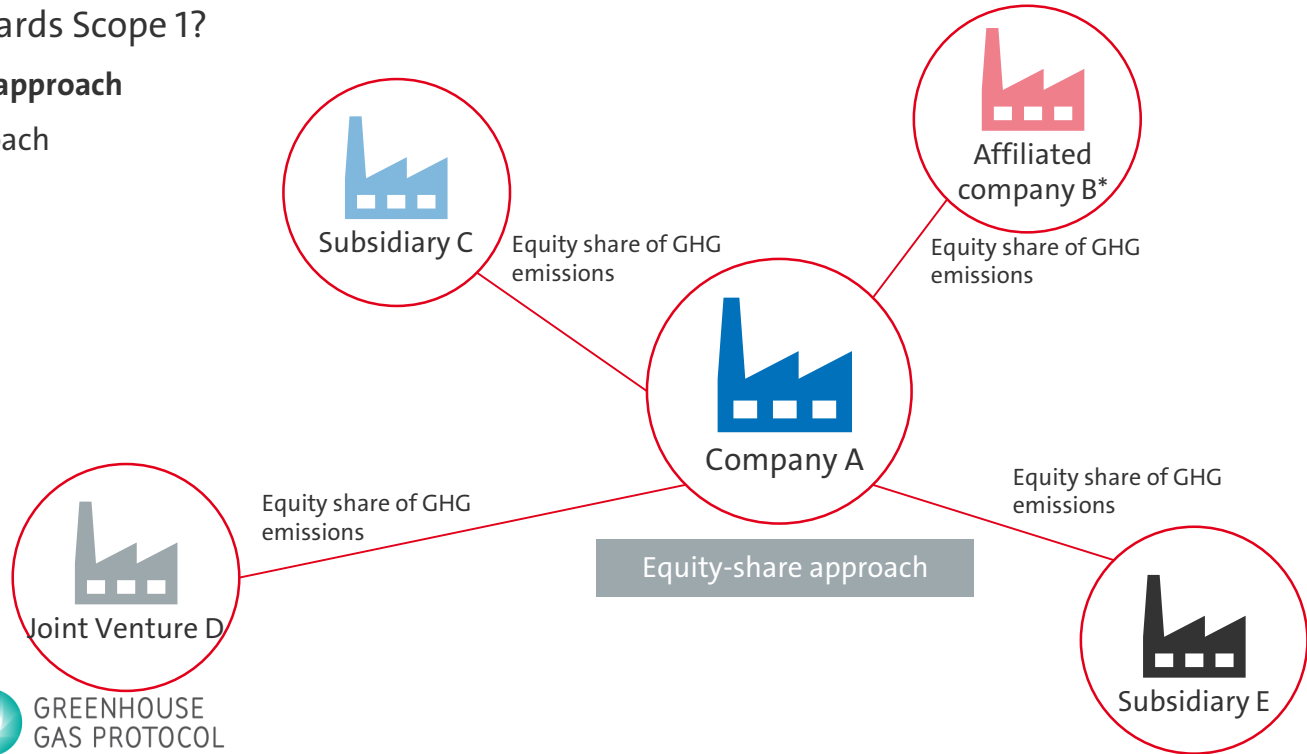
Operational boundaries in climate reporting



Source: Greenhouse Gas Protocol (2011): *Corporate value chain (Scope 3) accounting and reporting standard*.

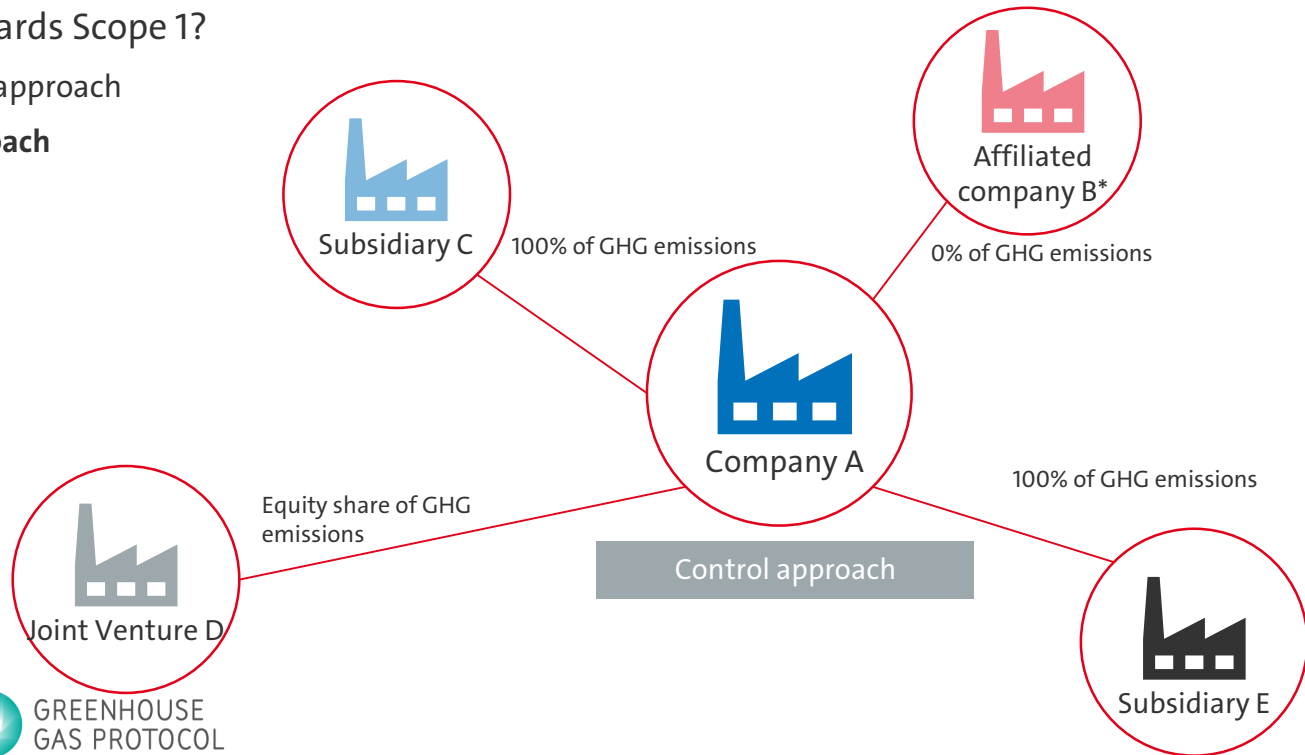
Organizational boundaries in climate reporting (Scope 1)

- What counts towards Scope 1?
 - Equity-share approach
 - Control approach



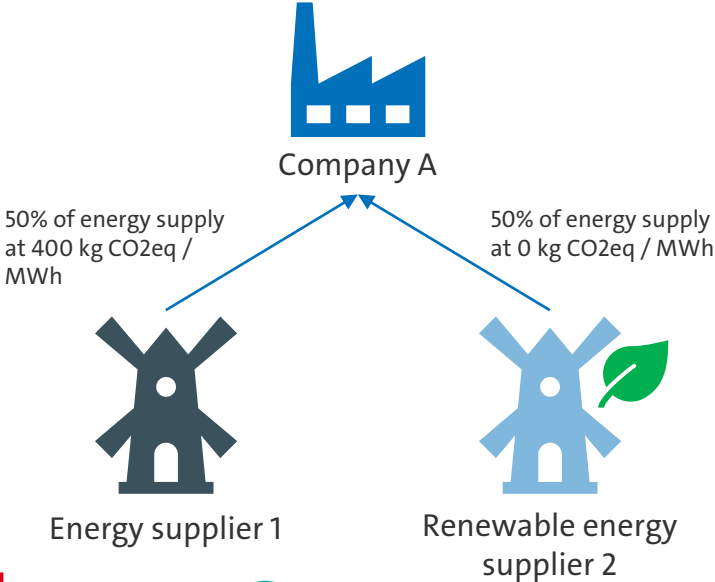
Organizational boundaries in climate reporting (Scope 1)

- What counts towards Scope 1?
 - Equity-share approach
 - Control approach**

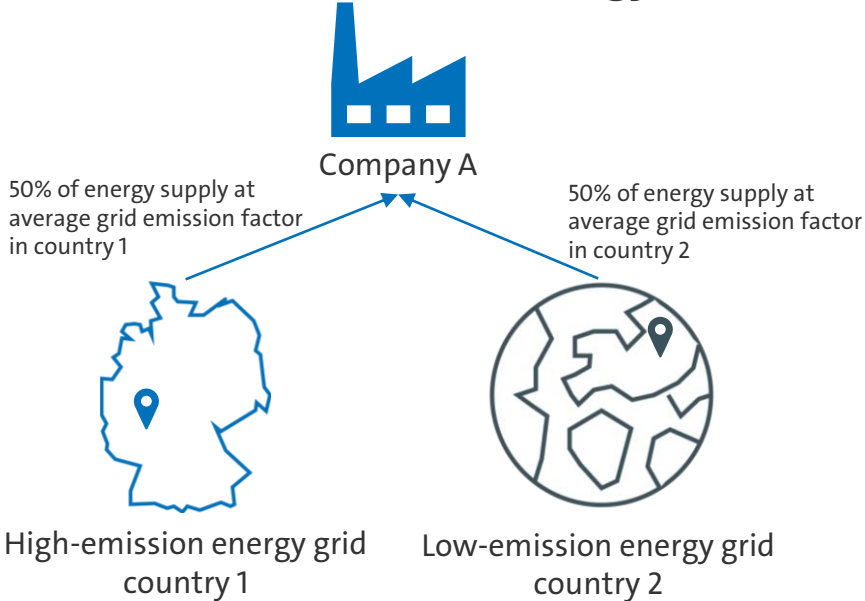


Assessing Scope 2 emissions

Market-based methodology

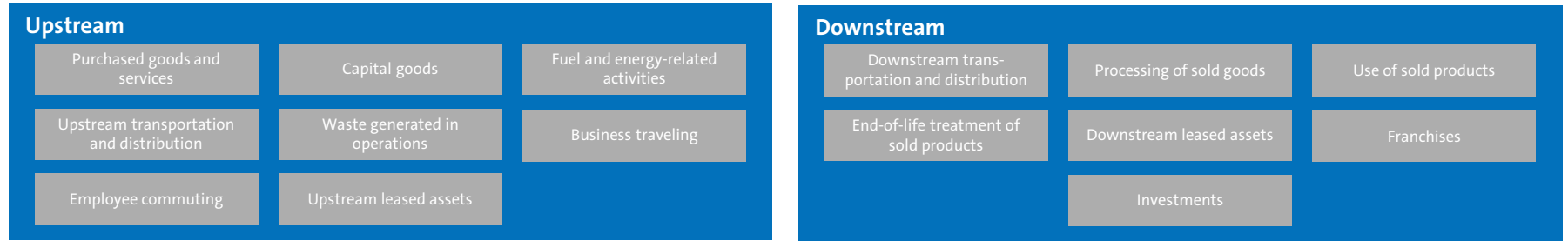


Location-based methodology



Scope 3

- There are 15 Scope 3 categories defined in the GHG Protocol's Scope 3 standard. They can be classified in upstream and downstream:



- For each company, scope 1, 2, and 3 are mutually exclusive!
- Following the GHGP Scope 3 standard, it is possible that more than one company account for the same emission within Scope 3 (double counting).
 - This is fine as it facilitates simultaneous actions by different companies to reduce total GHG emissions.
 - At the same time, Scope 3 emissions should be excluded when aggregating GHG emissions across companies.

Contact



Prof. Dr. Alexander Bassen

Chair of Capital Markets and Management

Universität Hamburg

Faculty of Business, Economics and Social Sciences

Socioeconomics

Rentzelstraße 7

20146 Hamburg

+49 40 42838-4064

alexander.bassen@uni-hamburg.de