

# Greenhouse Gas Protocol

What is GHG Protocol?

Accounting for and reporting on transport GHG emissions according to GHG Protocol

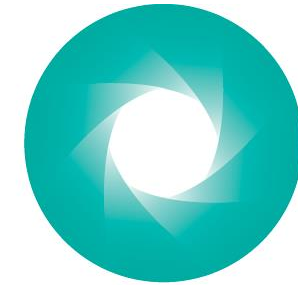
Standards update process and opportunities for engagement

Amir Safaei, Senior Manager

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# 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



GREENHOUSE  
GAS PROTOCOL



WORLD  
RESOURCES  
INSTITUTE



# GHG Protocol provides the GHG accounting foundation that underpins key standards, regulations, and target setting programs



GHG accounting standard setting



Voluntary climate disclosure standard and reporting platform



Mandatory climate disclosure



Target setting



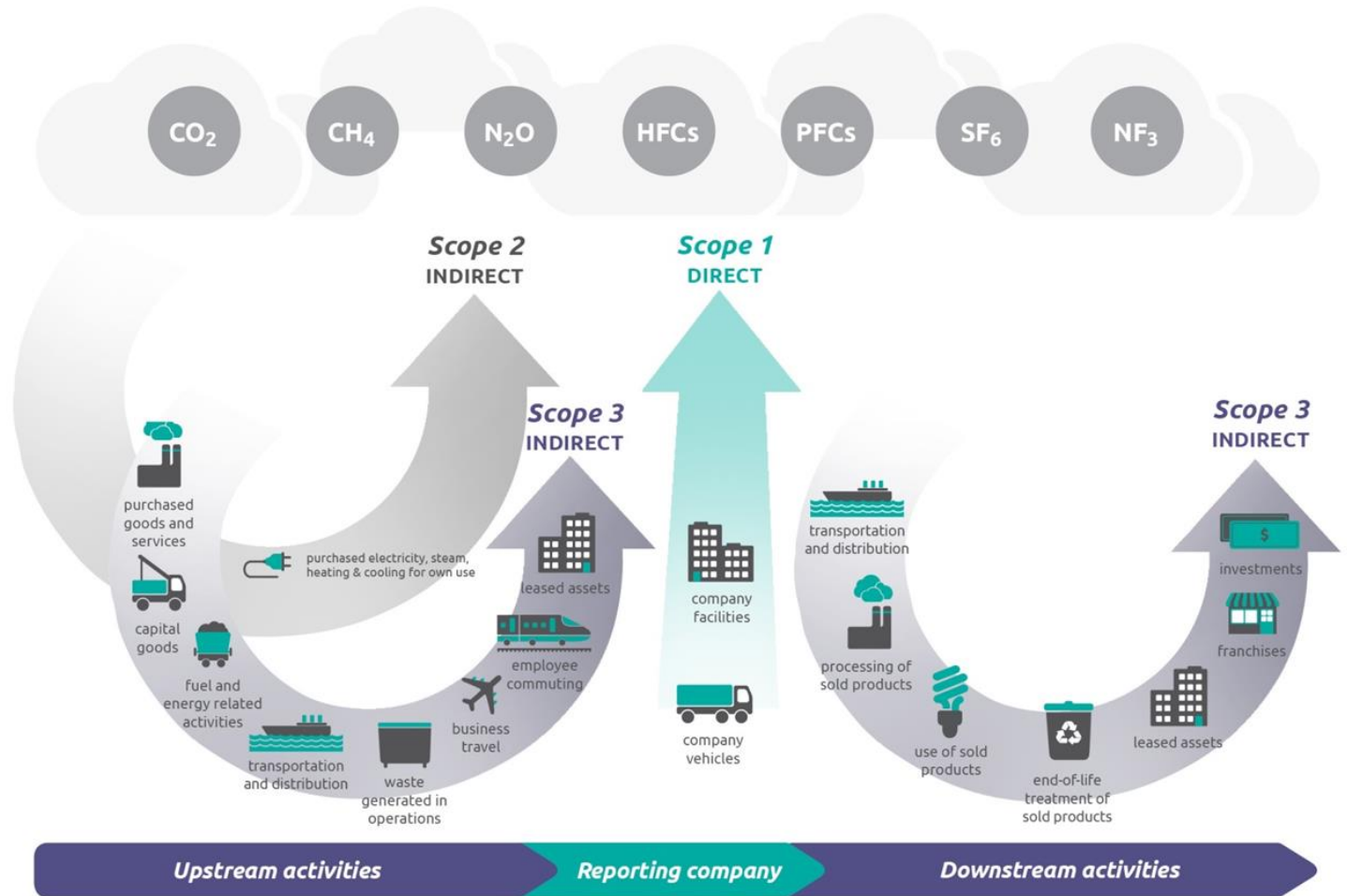
SCIENCE  
BASED  
TARGETS

# Transport GHG emissions

How to account and report on  
Transport related GHG emissions  
according to the GHG Protocol

# GHG Protocol Corporate Standard Inventory Accounting defines *Direct* and *Indirect* emission

- **Direct emissions (scope 1):** The emissions from owned or operated assets
- **Indirect emissions (scope 2 & 3):** The emissions from the reporting company's value chain
- GHG emissions due to transport occur across all scopes (next slides)



# Accounting for emissions from transportation and distribution activities in the value chain

| <i>Transportation and distribution activity in the value chain</i>   | <i>Scope 2 and scope 3 category</i>  |
|--|--|
| Transportation and distribution in vehicles and facilities owned or controlled by the reporting company  | <b>Scope 1 (for fuel use) or scope 2 (for electricity use)</b>   |
| Transportation and distribution in vehicles and facilities leased by and operated by the reporting company (and not already included in scope 1 or scope 2)                        | <b>Scope 3, category 8 (Upstream leased assets)</b>  |
| Transportation and distribution of purchased products, upstream of the reporting company's tier 1 suppliers (e.g., transportation between a company's tier 2 and tier 1 suppliers) | <b>Scope 3, category 1 (Purchased goods and services), since emissions from transportation are already included in the cradle-to-gate emissions of purchased products. These emissions are not required to be reported separately from category 1.</b> |
| Production of vehicles (e.g., ships, trucks, planes) purchased or acquired by the reporting company  | <b>Account for the upstream (i.e., cradle-to-gate) emissions associated with manufacturing vehicles in Scope 3, category 2 (Capital goods)</b>   |

# Accounting for emissions from transportation and distribution activities in the value chain

| <i>Transportation and distribution activity in the value chain</i>   | <i>Scope 2 and scope 3 category</i>  |
|--|--|
| Transportation of fuels and energy consumed by the reporting company   | <b>Scope 3, category 3 (Fuel- and energy-related emissions not included in scope 1 or scope 2)</b> |
| Transportation and distribution of products purchased by the reporting company, between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company)  |  |
| Transportation and distribution services purchased by the reporting company in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company) | <b>Scope 3, category 4 (Upstream transportation and distribution)</b>                              |
| Transportation and distribution of products sold by the reporting company between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)   | <b>Scope 3, category 9 (Downstream transportation and distribution)</b>                            |

## Accounting for employee transportation across the value chain

| <i>Activity</i>   | <i>Relevant category of emissions</i>  |
|---|--|
| Emissions from transportation in vehicles owned or controlled by the reporting company  | Scope 1 (for vehicles that consume fuel) and scope 2 (for vehicles that consume electricity) |
| Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties | Scope 3, category 6 (Business travel)  |
| Emissions from transportation of employees to and from work   | Scope 3, category 7 (Employee commuting)   |
| Emissions from leased vehicles operated by the reporting company not included in scope 1 or scope 2                           | Scope 3, category 8 (Upstream leased assets)   |



## Methodologies GHG Protocol provides to account for Transport related GHG emissions

- **Fuel-based method**
  - Including fuel, electricity, and refrigerants
  - Relying on either
    - (i) quantity of fuel, energy, and refrigerant
    - (ii) with the option to back into quantity using fuel spend and price data
  - Companies can *optionally* include backhaul
- **Distance-based method**
  - Relying on volume or weight-km emission factors
- **Spend-based method**
  - Relying on EEIO emission factors per unit of economic value
- **Site-specific method**
  - Relying on energy use data from storage or distribution facilities allocated to products (unit- or volume-based)
- **Average-data method**
  - Relying on volume of products, average number of day in storage, and volume- or weight-based EFs)

## GHG Protocol Land Sector and Removals Guidance

- 1) Standardizes methods to include **land sector GHG emissions** into corporate GHG inventories
  - Land use change emissions (e.g. emissions from deforestation and peat conversion)
  - Land management CH<sub>4</sub> and N<sub>2</sub>O emissions (e.g. emissions from livestock, fertilizers and rice cultivation)
  - Land management net CO<sub>2</sub> emissions (e.g. forest and soil degradation)
  
- 2) Clarifies how to account for and report the **full life cycle / scope 1, 2 and 3 climate impacts of agricultural and forestry products**, including **bioenergy**
  - This guidance does not assume bio-based products / bioenergy are carbon neutral but instead quantifies their life cycle impacts
  - It provides Guidance and requirements on accounting for emissions of bioenergy within corporate inventories for different actors within the value chain
  
- 3) Provides a path forward for credible accounting and reporting of **CO<sub>2</sub> removals** to track company's progress towards **net zero climate targets**
  - Includes carbon stored in forests, agricultural soils, long-lived biogenic products and geologic reservoirs

## Land Sector and Removal Guidance; Timeline and plan for publication

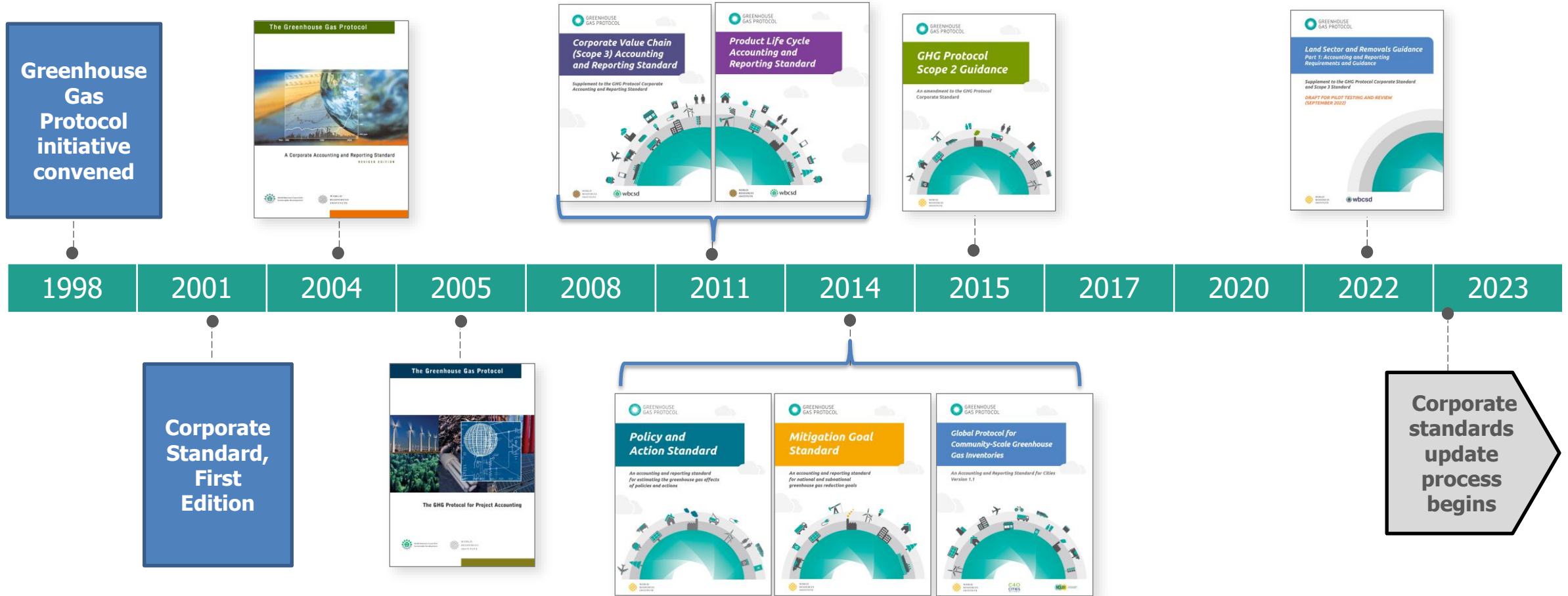
- GHG Protocol secretariat is addressing one remaining topic on forest carbon accounting raised by the Advisory Committee through the end of 2024

### Plan for Publication

- **2024:** An updated draft of the Land Sector and Removals Standard
  - Containing the **terms and definitions, requirements** and **key recommendations** (excluding any topics not approved by the Advisory Committee)
- **2025: Land Sector and Removals Standard and Guidance**

# Standard update process

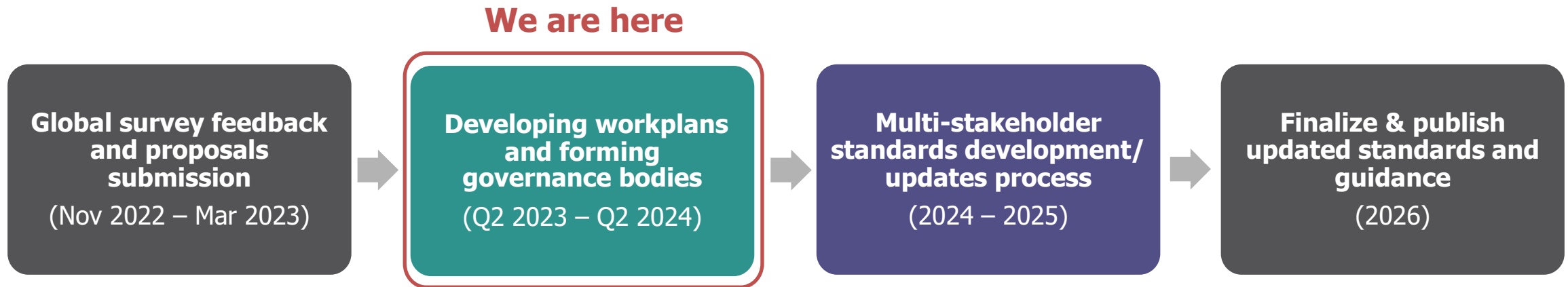
# History of GHG Protocol standards



## Objective and process of GHG Protocol standards update

- Since the publication of Greenhouse Gas Protocol's standards and guidance, there have been many important developments in greenhouse gas accounting and reporting
  - Among these are the trend toward net-zero targets, mandatory climate disclosure regulations, use of the standards by thousands of companies, and academic research on their use and impact.
- Between November 2022 and March 2023, the public was invited to provide feedback on the current suite of corporate standards and guidance. This feedback will inform the scope of the updates that Greenhouse Gas Protocol makes to its standards and guidance
- The aim of any updates will be to align with best practice approaches to ensure GHG Protocol standards for scope 1, scope 2 and scope 3 are effective in providing a rigorous and credible accounting foundation for businesses to measure, plan and track progress toward science-based and net-zero targets in line with the global 1.5°C goal

# Process to update the GHG Protocol corporate-level standards



# Surveys on GHG Protocol corporate-level standards

- In order to **understand user needs and identify gaps** which may warrant clarifications, additional guidance or updates, GHGP conducted 4 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 of which 230 were submitted

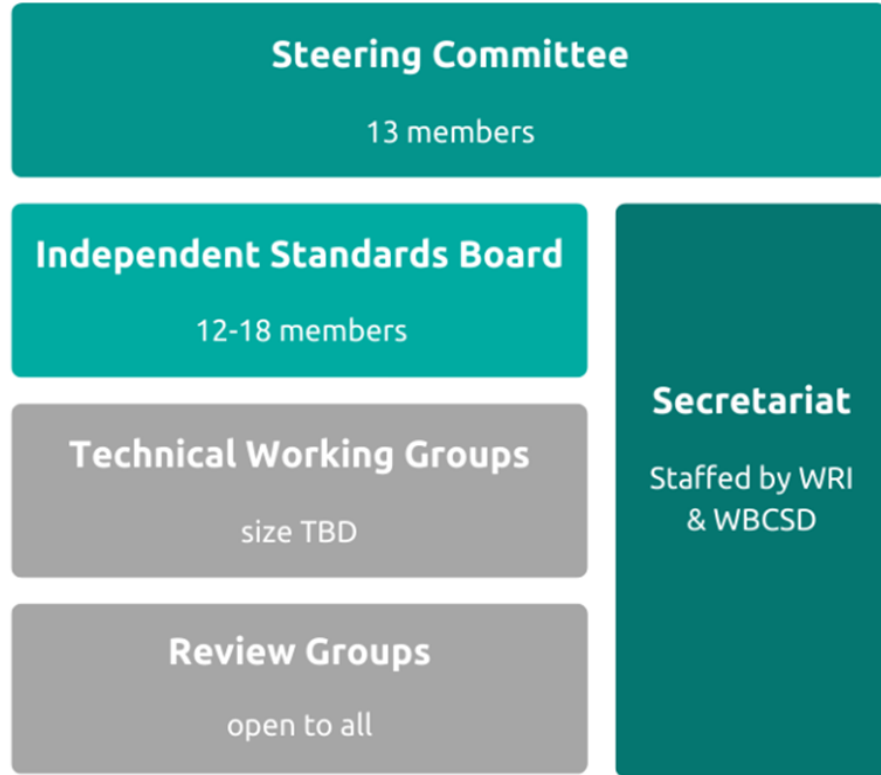


# Summaries of Findings from Surveys

|                                     | Survey Memo          | Proposal Submissions | Topline Slides       | Topline Webinar      | Survey and Proposal Summary Reports  |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|--|
| Corporate Standard                  | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Draft Survey Summary (12/2023)</a>   |
| Scope 2 Guidance                    | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Draft Survey Summary (07/2023)</a><br><a href="#">Final Survey Summary (11/2023)</a><br><a href="#">Proposal Summary (12/2023)</a> |
| Scope 3 Standard                    | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Draft Survey Summary (3/2024)</a><br><a href="#">Draft Proposal Summary (3/2024)</a>   |
| Market- based Accounting Approaches | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Link</a> | <a href="#">Draft Survey Summary (4/2024)</a><br>Draft Proposal Summary - Forthcoming  |

# **GHG Protocol governance update process**

# GHG Protocol Governance Bodies



Note: Need for Pilot Testing Group(s) TBD

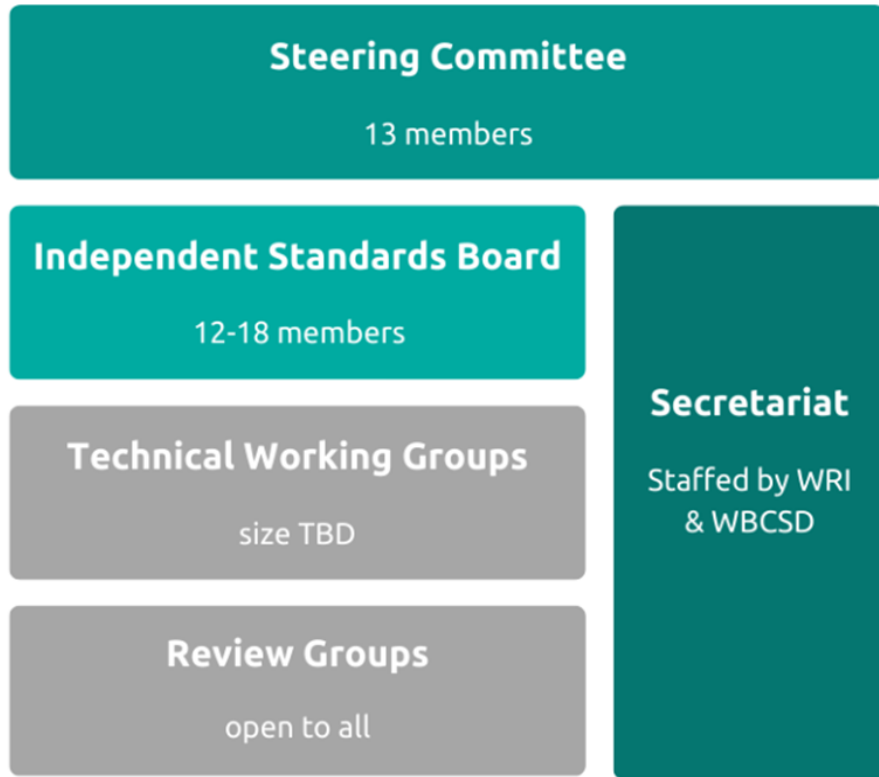
## GHG Protocol Secretariat

- hosted by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)

## Steering Committee (13 individuals)

- provide **strategic guidance on the goals and direction** of the GHG Protocol
- approve GHG Protocol's **mission, vision, strategy,** and rules of procedure
- appoint members to the **Independent Standards Board,** provide oversight of the Independent Standards Board and ratify its decisions
- Serve as GHG Protocol's **external ambassadors**
- Advise the GHG Protocol co-hosts on **changes to governance structure**

# GHG Protocol Governance Bodies

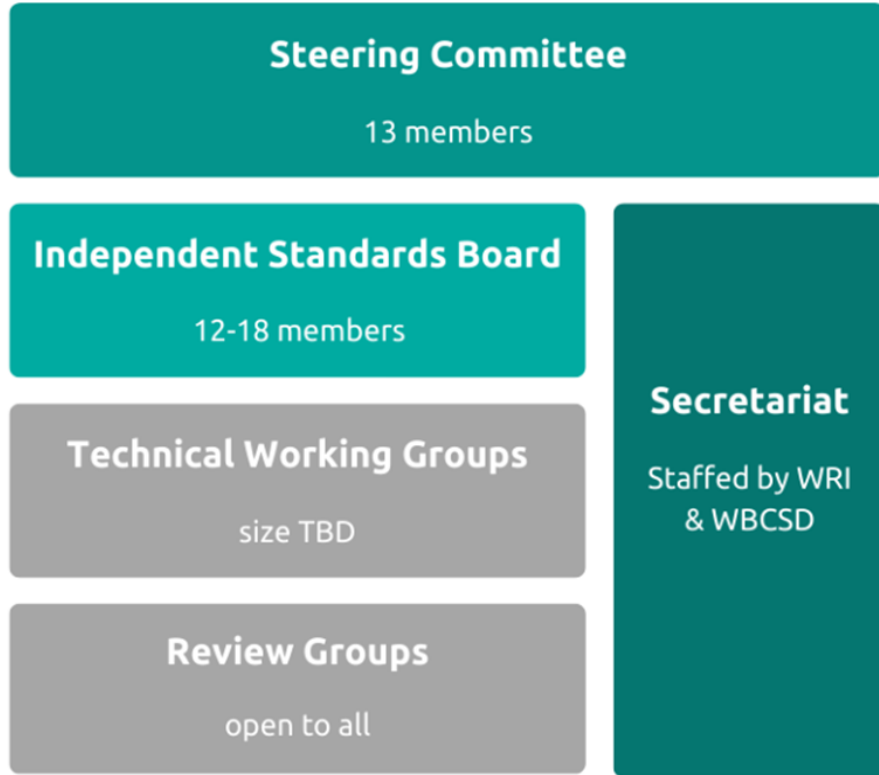


Note: Need for Pilot Testing Group(s) TBD

## Independent Standards Board (12 to 18 individuals)

- Oversee the **standards development process** and approve final standards and guidance
- Provide **strategic guidance** to the GHG Protocol Steering Committee (SC), Technical Working Groups (TWGs), and GHG Protocol Secretariat on the scope of work for standards development and updates and approving the composition for TWGs
- Provide **technical and policy guidance** to the TWGs and **make decisions** related to standards to resolve disagreements within and between the TWGs
- Support the **widespread adoption of GHG Protocol standards** and guidance by companies, GHG reporting and target setting programs, governments, and financial institutions

# GHG Protocol Governance Bodies



Note: Need for Pilot Testing Group(s) TBD

## Technical Working Groups (100+ individuals)

- Convened on specific topics or standards/Guidance
- Provide **expert input on the issues** under consideration based on the GHG Protocol decision-making criteria
- Review relevant methods and practices; analyze the issues and challenges; and **develop proposals and recommendations** for the content of standards/guidance
- Contribute to **draft** and **review draft** text at frequent intervals
- Review and respond to **feedback** from the **Independent Standards Board, Review and Pilot Testing Groups**

## Review and Pilot Testing groups (size to be determined)

- Provide feedback on and/or pilot test the draft standards

## TWG Nomination on a rolling basis

- GHG Protocol is accepting Technical Working Group (TWG) applications on a rolling basis
- The objective is to accommodate individuals who missed the deadline and to fill potential gaps in the composition of TWGs after the TWGs are convened
- Applicants who submitted by the January 31, 2024 deadline will be given priority as we work to select Technical Working Group members
- For those who already submitted an application, there is no need to resubmit. For those that missed the deadline, you may apply via [this form](#)

ANNOUNCEMENT | 04.09.2024 | SARAH.HUCKINS@WRL.ORG

### UPDATE: GHG Protocol Is Accepting Technical Working Group Applications on a Rolling Basis

**UPDATE: GHG Protocol is Accepting TWG nominations on a rolling basis.**

To submit a nomination please click here to access the form.

# How can stakeholders be informed about GHG Protocol?

Stakeholders who are interested in staying informed about GHG Protocol updates can:

## GHG Protocol channels

- [Subscribe](#) to our email list
- Check our [standards update process webpage](#)
- [Contact Us | GHG Protocol](#)
- Become members of the Governance bodies through formal applications processes (SC, ISB, TWG)