



GRI Topic Standard Project for Climate Change – Climate Change Exposure draft

Comments to be received by 29 February 2024

This exposure draft of the GRI Climate Change Topic Standard is published for public comment by the Global Sustainability Standards Board (GSSB), the independent standard-setting body of GRI. This exposure draft incorporates new disclosures and revised disclosures from GRI 305: Emissions 2016 and GRI 201: Economic Performance 2016 (Disclosure 201-2 Financial implications and other risks and opportunities due to climate change).

Any interested party can submit comments on this draft by 29 February 2024 via [this online questionnaire](#). As required by the GSSB Due Process Protocol, only comments submitted in writing and in English will be considered. Comments will be published on the GRI website and considered a matter of public record. Instructions to submit comments are outlined on the firstpage of the online questionnaire.

An explanatory memorandum preceding the exposure draft summarizes the objectives of the project and the significant proposals contained within this exposure draft.

This draft is published for comment only and may change before official publication.

For more information, please visit the [GRI Standards webpage](#). For questions regarding the exposure draft or the public comment period, please send an email to climate@globalreporting.org

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

1 Explanatory memorandum

2 This explanatory memorandum sets out the objectives for the project to develop new disclosures
3 related to Climate Change, including the review of the [GRI 305: Emissions 2016 \(Disclosures 305-1 to](#)
4 [305-5\)](#), [GRI 302: Energy 2016](#), and [GRI 201: Economic Performance 2016 \(Disclosure 201-2\)](#), the
5 significant proposals resulting from this project, and a summary of the GSSB's involvement and views
6 on the development of the draft.

7 Objectives for the project

8 The primary objective of this project is to review and revise GRI climate change-related Standards
9 and to incorporate new issues to reflect the stakeholder expectations on reporting climate change-
10 related impacts, that go beyond GHG emissions and energy consumption. As outlined in the GSSB's
11 [Due Process Protocol](#), a multi-stakeholder technical committee was established in May 2023 to
12 contribute to the review of the climate change-related disclosures.

13 The aim is to align with internationally agreed best practice, latest developments, and relevant
14 authoritative intergovernmental instruments related to climate change, greenhouse gas (GHG)
15 emissions, and energy. The scope of the revision includes both reviewing the GHG emissions and
16 energy-related disclosures, as using energy more efficiently and opting for renewable energy sources
17 is essential for combating climate change and reducing an organization's overall environmental
18 footprint.

19 [Disclosures 305-6 and 305-7 from GRI 305: Emissions 2016](#) on non-GHG emissions related issues
20 are excluded from the scope of the project and will be addressed in the future revision of pollution-
21 related disclosures. The review of the [GRI 201: Economic Performance 2016 \(disclosure 201-1, 201-](#)
22 [3, and 201-4\)](#) disclosures will be addressed in the economic-related Standards project commenced in
23 2023.

24 The project is not limited to reviewing the current contents of existing GRI climate change-related
25 disclosures. It also incorporates new issues to reflect the stakeholders' expectations related to
26 reporting climate change-related impacts beyond GHG emissions and energy reporting.

27 Specifically, the revised climate change-related disclosures will enable an organization to disclose
28 publicly:

- 29 • its most significant impacts on climate change and how the organization manages these impacts,
30 enhancing transparency of the organization's impacts and increasing organizational
31 accountability;
- 32 • its climate change-related impacts beyond GHG emissions, including impacts related to just
33 transition, climate transition and adaptation plans, GHG removals in the value chain, and carbon
34 credits.

35 For more information on the project, consult the [Project Proposal](#) and the [Technical Committee](#)
36 [biographies](#).

37 Significant proposals

38 An exposure draft including new disclosures related to climate change, as well as the review of [GRI](#)
39 [305: Emissions 2016 \(Disclosures 305-1 to 305-5\)](#) and [GRI 201: Economic Performance 2016](#)
40 [\(Disclosure 201-2\)](#) has been developed in line with the project objectives as set out above. Notable
41 changes and inclusions in this exposure draft are summarized below.

- 42 • **Incorporation of just transition principles**
43 The Climate Change draft covers a dedicated disclosure on just transition metrics, including the
44 number of jobs created, eliminated, and redeployed due to the transition plan, the number of

45 employees that received training for up- and reskilling and the locations where the organization's
46 transition plan has impacts on local communities and Indigenous Peoples.

47 Moreover, the concept of the just transition is present throughout the Climate Change exposure
48 draft. The draft includes multiple requirements urging organizations to disclose their impacts on
49 workers, local communities, vulnerable groups associated with the transition and adaptation
50 plans, the use of GHG removals and carbon credits.

51 • **New disclosure on transition plan for climate change mitigation**

52 The Climate Change exposure draft includes a new management disclosure focused on the
53 development of a transition plan for climate change mitigation. The disclosure requires
54 organizations to report information on policies and actions, alignment with latest scientific
55 evidence and relevant goals and targets. In addition to GHG emissions reduction targets,
56 organizations are required to report targets to phase out fossil fuels and any other climate change
57 mitigation targets set. Organizations are also required to report on governance-related aspects,
58 investment allocated to the implementation of the transition plan, integration within the
59 organization's overall business strategy, public policy and stakeholder engagement processes
60 that organizations perform to shape their transition plans.

61 Under this disclosure, organizations report the impacts that result from the implementation of the
62 transition plan. Specifically, the disclosure integrates the principles of just transition, and requires
63 organizations to disclose impacts especially on workers, local communities and vulnerable
64 groups. Furthermore, given the interconnection of climate change with biodiversity, organizations
65 are required to report impacts of the transition plan on biodiversity.

66 • **New disclosure on climate change adaptation**

67 This management disclosure focuses on the development of a climate change adaptation plan
68 and the impacts including on local communities, vulnerable groups, workers, and biodiversity
69 associated with the implementation and outcome of the plan. The disclosure also requires
70 organizations to report any impacts associated with climate change-related risks and
71 opportunities that have been identified to inform the development of the adaptation plan.
72 The disclosure covers details on policies and actions, the scenarios used for the development of
73 the adaptation plan, and information on investment allocated for the implementation of the
74 adaptation plan, governance, targets and stakeholder engagement. As stakeholder engagement
75 is a critical aspect of adaptation planning, relevant processes that were implemented in order to
76 develop the adaptation plan are reported.

77 • **New disclosure on emissions reduction targets and progress**

78 Under this disclosure, organizations report their GHG emissions reduction targets for scope 1, 2,
79 and 3 separately or combined and how they align with the latest scientific evidence. Furthermore,
80 organizations shall disclose their targets revision policies, the base year they have set, and
81 recalculations of base year emissions. Importantly, organizations are required to report their
82 progress towards each target using the inventory method and explain how that progress was
83 achieved, including whether it is due to the organization's initiatives, secondary effects due to
84 other initiatives carried out by the organization, or changes due to external factors.

85 • **New disclosure on removals within the value chain**

86 This disclosure aims to increase transparency on the use of GHG removals. Organizations
87 account and report the total GHG removals and how quality criteria are monitored. They shall also
88 report the intended use of removals. When reporting under this disclosure, organizations report
89 impacts associated with GHG removals including on local communities, vulnerable groups,
90 workers, biodiversity, and the actions taken to manage these impacts.

91 • **New disclosure on carbon credits**

92 The aim of this disclosure is to increase transparency regarding the use of carbon credits.
93 Organizations shall disclose the total amount of carbon credits cancelled and provide information
94 on the projects they purchase the carbon credits from. Organizations shall report details on the
95 adherence to quality criteria and on the purpose of the carbon credit cancellation. As carbon
96 credits projects may result in positive and negative impacts, organisations are expected to report
97 on the evaluation and continuous monitoring of such impacts.

98 • **New terms and relevant definitions**

99 Along with the introduction of new disclosures and terms, new definitions have been included in
100 the GRI Glossary, including the following terms:

- 101 • carbon credit
102 • greenhouse gas (GHG) removal

103 Where necessary, definitions and explanations for other terms have been modified or included in
104 the guidance of each relevant disclosure (e.g. adaptation, just transition).

105 • **More extensive guidance throughout the drafts**

106 Extensive guidance has been provided within the exposure draft for the new disclosures as well
107 as for the revised disclosures (e.g. disclosures on Scope 1, 2 and 3 GHG emissions). In addition,
108 the exposure drafts include example templates for presenting the information for selected
109 disclosures.

110 **GSSB involvement and views on the development of** 111 **this draft**

112 The GSSB has been regularly updated on the content development process. The GSSB appointed
113 three of its members as sponsors for this project and the sponsors observed the Technical Committee
114 process and attended most of the meetings.

115 The GSSB confirmed its support for the contents of the exposure drafts when it voted to approve the
116 drafts for public exposure at its meeting on 16 November 2023. The recording of the meeting can be
117 accessed on the [GSSB website](#).

118 **Note on reading this document**

119 This document includes generic text used in all GRI Standards. This text is highlighted in grey and
120 cannot be changed – please do not comment on this text.

121 Underlined terms in the draft Standard indicate terms for which definitions have been provided. Most
122 of these terms are already defined in the [GRI Standards Glossary](#) – these definitions are highlighted
123 in grey in the Glossary and cannot be changed. The proposed new definitions are not highlighted in
124 grey and are open for review.

125 In this document, new disclosures are indicated with the letter code CC, while disclosures updated
126 from the existing GRI 305 Emissions Standard (2016) are indicated with letter code GH.

127 **GRI CC: Climate Change 202X**

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Introduction

148

149 *GRI CC: Climate Change 202X* contains disclosures for organizations to report information about their
150 climate change-related impacts, and how they manage these impacts.

151 The Standard is structured as follows:

- 152 • [Section 1](#) contains two disclosures, which provide information about how the organization
153 manages its climate change-related impacts.
- 154 • [Section 2](#) contains eight disclosures, which provide information about the organization's
155 climate change-related impacts.
- 156 • The [Glossary](#) contains defined terms with a specific meaning when used in the GRI
157 Standards. The terms are underlined in the text of the GRI Standards and linked to the
158 definitions.
- 159 • The [Bibliography](#) lists authoritative intergovernmental instruments and additional references
160 used in developing this Standard.

161 The rest of the Introduction section provides a background on the topic, an overview of the system of
162 GRI Standards, and further information on using this Standard.

Background on the topic

164 This Standard addresses the topic of climate change.

165 The single biggest contributor to climate change is GHG emissions, the impacts of which are
166 occurring at an accelerated rate. Consequently, the United Nations Framework Convention on
167 Climate Change (UNFCCC) and the subsequent Kyoto Protocol and Paris Agreement were
168 implemented to govern the rate of GHG emissions.

169 By taking on the challenge of climate change, organizations have the responsibility of contributing to
170 climate change mitigation and adaptation. Organizations must address the impacts of their mitigation
171 and adaptation actions, such as securing a just transition. In this context, organizations are expected
172 to develop and implement transition and adaptation plans and ensure they align with just transition
173 principles.

174 Climate change mitigation requires actions that reduce the rate of climate change and limit global
175 warming to well below 2°C while pursuing efforts to limit it to 1.5°C above pre-industrial levels, as per
176 the Paris Agreement.

177 Climate change adaptation refers to an organization's adjustments to current and anticipated climate
178 change stimuli and their effects.

179 Organizations are expected to apply the climate change mitigation hierarchy to inform their actions to
180 mitigate climate change. The mitigation hierarchy consists of a hierarchy of steps, in the following
181 order of priority: avoidance, GHG emissions reduction, contribution to climate mitigation beyond the
182 value chain, and counterbalancing residual GHG emissions. An organization should prioritize actions
183 to avoid releasing GHG emissions into the atmosphere and reduce GHG emissions when avoidance
184 is not possible.

185 According to the Intergovernmental Panel on Climate Change (IPCC), organizations should urgently
186 implement all feasible technical and scientific actions across all sectors to limit global warming to
187 1.5°C. As such, organizations are expected to set and report short- and long-term GHG emissions
188 reduction targets and, on an annual basis, disclose emissions inventories and transition plan
189 progress.

190 Organizations are also expected to consider the interrelations of climate change with other
191 sustainable development topics, such as biodiversity or just transition. For example, climate change is
192 a direct driver of biodiversity loss, which in turn accelerates climate change processes. Moreover,

193 addressing the challenge of climate change will result in fundamental restructuring in certain sectors
194 with shifts within and between economic sectors and regions. Organizations are expected to ensure
195 that their transition plans are in line with the principles of just transition.

196 **System of GRI Standards**

197 This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI
198 Standards enable an organization to report information about its most significant impacts on the
199 economy, environment, and people, including impacts on their human rights, and how it manages
200 these impacts.

201 The GRI Standards are structured as a system of interrelated standards that are organized into three
202 series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in
203 this Standard).

204 **Universal Standards: GRI 1, GRI 2 and GRI 3**

205 [GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in
206 accordance with the GRI Standards. The organization begins using the GRI Standards by consulting
207 [GRI 1](#).

208 [GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide
209 information about its reporting practices and other organizational details, such as its activities,
210 governance, and policies.

211 [GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains
212 disclosures that the organization uses to report information about its process of determining material
213 topics, its list of material topics, and how it manages each topic.

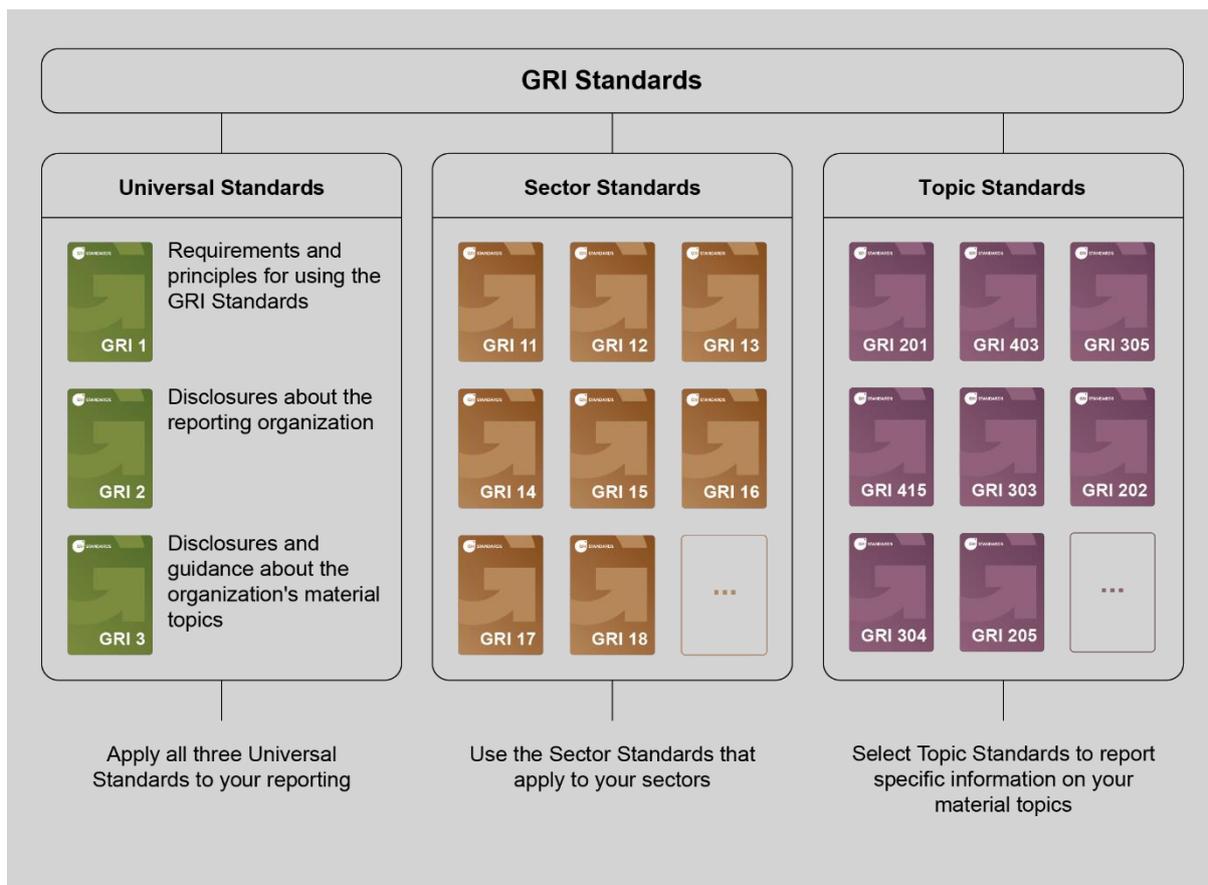
214 **Sector Standards**

215 The Sector Standards provide information for organizations about their likely material topics. The
216 organization uses the Sector Standards that apply to its sectors when determining its material topics
217 and when determining what to report for each material topic.

218 **Topic Standards**

219 The Topic Standards contain disclosures that the organization uses to report information about its
220 impacts in relation to particular topics. The organization uses the Topic Standards according to the list
221 of material topics it has determined using [GRI 3](#).

222 **Figure 1. GRI Standards: Universal, Sector and Topic Standards**



223

224 Using this Standard

225 This Standard can be used by any organization – regardless of size, type, sector, geographic location,
 226 or reporting experience – to report information about its Climate Change-related impacts. In addition
 227 to this Standard, disclosures that relate to this topic can be found in GRI EN: Energy 202X, GRI 101:
 228 Biodiversity 202X.

229 An organization reporting in accordance with the GRI Standards is required to report the following
 230 disclosures if it has determined Climate Change to be a material topic:

- 231 • [Disclosure 3-3 in GRI 3: Material Topics 2021.](#)
- 232 • Any disclosures from this Topic Standard that are relevant to the organization's
 233 Climate Change-related impacts (Disclosure CC-1 through CC-6).

234 See [Requirements 4 and 5 in GRI 1: Foundation 2021.](#)

235 Reasons for omission are permitted for these disclosures.

236 If the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g.,
 237 because the required information is confidential or subject to legal prohibitions), the organization is
 238 required to specify the disclosure or the requirement it cannot comply with, and provide a reason for
 239 omission together with an explanation in the GRI content index. See [Requirement 6 in GRI 1](#) for more
 240 information on reasons for omission.

241 If the organization cannot report the required information about an item specified in a disclosure
 242 because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the
 243 requirement by reporting this to be the case. The organization can explain the reasons for not having

244 this item, or describe any plans to develop it. The disclosure does not require the organization to
245 implement the item (e.g., developing a policy), but to report that the item does not exist.

246 If the organization intends to publish a standalone sustainability report, it does not need to repeat
247 information that it has already reported publicly elsewhere, such as on web pages or in its annual
248 report. In such a case, the organization can report a required disclosure by providing a reference in
249 the GRI content index as to where this information can be found (e.g., by providing a link to the web
250 page or citing the page in the annual report where the information has been published).

251 **Requirements, guidance and defined terms**

252 The following apply throughout this Standard:

253 Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must
254 comply with requirements to report in accordance with the GRI Standards.

255 Requirements may be accompanied by guidance.

256 Guidance includes background information, explanations, and examples to help the organization
257 better understand the requirements. The organization is not required to comply with guidance.

258 The Standards may also include recommendations. These are cases where a particular course of
259 action is encouraged but not required.

260 The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

261 Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the
262 [Glossary](#). The organization is required to apply the definitions in the Glossary.

263 1. Topic management disclosures

264 An organization reporting in accordance with the GRI Standards is required to report how it manages
265 each of its material topics.

266 An organization that has determined Climate Change to be a material topic is required to report how it
267 manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#). The organization is also
268 required to report any disclosures from this section ([Disclosure CC-1](#) and [Disclosure CC-2](#)) that are
269 relevant to its climate change-related impacts.

270 This section is, therefore, designed to supplement – and not replace – [Disclosure 3-3 in GRI 3](#).

271 Disclosure CC-1 Transition plan for climate change 272 mitigation

273 REQUIREMENTS

274 The organization shall:

- 275 a. report transition plan-related policies and actions;
- 276 b. describe how the transition plan is in line with the latest scientific evidence on the global
277 effort needed to limit global warming to 1.5° C, including methodologies and assumptions
278 used;
- 279 c. report the investment allocated to the implementation of the transition plan during the
280 reporting period as the total amount and as a percentage of the total investment in the
281 reporting period;
- 282 d. report the bodies or individual roles responsible for overseeing and implementing the
283 transition plan, including a description of their responsibilities;
- 284 e. describe how the transition plan is embedded in the organization's overall business strategy;
- 285 f. report the targets set to achieve the transition plan and progress toward the targets,
286 including:
 - 287 i. Gross GHG emission reduction targets to be reported according to [Disclosure](#)
288 [CC-4](#) of this Standard;
 - 289 ii. Targets to phase out fossil fuels, including the base year and standards,
290 methodologies, and assumptions used to calculate the targets;
 - 291 iii. If any other climate change mitigation targets are set, describe how these were
292 set, the boundaries, the base year, and their role within the transition plan;
- 293 g. describe how engagement with stakeholders has informed the transition plan;
- 294 h. describe the impacts that may result from the organization's transition plan, and the
295 actions taken to manage the impacts, including:
 - 296 i. on workers, local communities, and vulnerable groups to be reported
297 according to [Disclosure CC-3](#) of this Standard;
 - 298 ii. on biodiversity;
- 299 i. describe how its public policy activities, including lobbying activities, are consistent with
300 the transition plan;
- 301 j. describe the reasons why a transition plan is not in place, if applicable, and explain the
302 steps being taken and the expected time frame to develop it.

303 GUIDANCE

304 The transition plan for climate change mitigation is an organization's overall strategy, containing
305 actions, policies, resources, accountability mechanisms, and targets concerning the global effort
306 needed to limit global warming.

307 **Guidance to CC-1-a**

308 This requirement covers a high-level overview of actions taken relating to the transition plan.

309

310 Transition plan-related policies can include:

- 311 • policy on energy usage;
- 312 • policy on deforestation;
- 313 • policy on climate-related requirements for suppliers;
- 314 • review policy of the plan.

315 [Disclosure 2-23 in GRI 2: General Disclosures 2021](#) requires reporting the organization's policy
316 commitments. If the organization has described the policies linked to its transition plan under
317 Disclosure 2-23, it can provide a reference to this information.

318 In addition, the organization should describe how its transition plan is intended to address impacts on
319 the economy, environment, and people associated with transition risks and opportunities.

320 Transition risks can include changes in customer behaviors, enhanced regulatory landscape, and
321 increased costs. Transition opportunities can include diversification of business activities, the use of
322 more efficient production and transportation processes, and the use of new technologies.

323 The climate change-related risks and opportunities covered in this disclosure can be informed by
324 analysis already performed by the organization for other regulatory frameworks and standards.

325 Transition risks can have negative impacts on people, such as on workers and local communities. For
326 example, changes in consumer behavior can lead to a reduction in sales volume and a loss of
327 revenue for the organization, resulting in job loss. To mitigate these potential impacts, organizations
328 can align with consumer preferences toward more sustainable products and plan changes to their
329 product portfolios, avoiding revenue loss and protecting jobs. Furthermore, transition risks can have
330 negative impacts also on biodiversity.

331 **Guidance to CC-1-b**

332 When describing how the plan aligns with the latest scientific evidence on the global effort needed to
333 limit global warming to 1.5°C, the organization should disclose how the transition plan is aligned with
334 the mitigation hierarchy, including:

- 335 • avoiding emitting GHGs by transitioning from fossil fuels to non-emitting energy sources,
336 such as renewables;
- 337 • reducing GHG emissions by, for example, improving energy efficiency;
- 338 • deploying GHG removal methods to counterbalance residual GHG emissions after the
339 organization has reduced its gross GHG emissions by at least 90%.

340 In addition, the organization should disclose which climate and policy scenarios were used to develop
341 the transition plan. When developing a transition plan, organizations should include at least a scenario
342 compatible with the Paris Agreement. A scenario compatible with the Paris Agreement will require a
343 temperature rise well below 2°C while pursuing efforts to limit the temperature rise to 1.5°C. See The
344 Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities from the Task
345 Force on Climate-related Financial Disclosures (TCFD) for more guidance.

346 The organization should also explain if it assesses and considers how transition risks and future
347 developments, such as changes in sales volumes or mergers and acquisitions, can have impacts on
348 the organization's transition plan compatibility with the 1.5°C pathway.

349 **Guidance to CC-1-c**

350 The organization should report the investment allocated for the transition plan implementation as the
351 total amount of capital expenditure (CapEx) and as the percentage of CapEx allocated for
352 implementing the transition plan of the total CapEx planned.

353 To calculate the percentage of CapEx allocated for the implementation of the transition plan, an
354 organization can apply the following formula:

355
$$\% = \frac{\text{CapEx allocated to the transition plan}}{\text{Total CapEx planned in the reporting period}}$$

356 The organization can also develop different investment metrics, including operational expenditure
357 (OpEx) information or other relevant information.

358 The organization should explain how the transition plan is factored into the organization's financial
359 planning and whether the highest governance body and senior executives have approved the funding.

360 In addition, to ensure transparency on the weight of the investments for the implementation of the
361 transition plan within an organization's overall investment strategy, the organization can report:

- 362 • CapEx amounts invested in fossil fuel-related activities.
- 363 • Total CapEx planned in the reporting period.

364 **Guidance to CC-1-d**

365 Under this requirement, the organization should report:

- 366 • whether the highest governance body is responsible for overseeing the transition plan and
367 what is included in this responsibility, for example, approving the transition plan, reviewing
368 and monitoring it, and ensuring that the transition plan aligns with the principles of just
369 transition (see [Disclosure CC-3 Just transition](#) for further information);
- 370 • whether senior executives are responsible for implementing the transition plan and what this
371 responsibility includes.

372 [Disclosure 2-12 and Disclosure 2-13 in GRI 2: General Disclosures 2021](#) require reporting the highest
373 governance body's role in overseeing the management of impacts and the delegation of responsibility
374 for managing impacts. If the organization has described the roles and responsibilities of the bodies
375 involved in overseeing and implementing the transition plan under Disclosures 2-12 and 2-13, it can
376 provide a reference to this information.

377 **Guidance to CC-1-e**

378 The organization should report the following:

- 379 • whether and how the responsibility to manage climate change-related impacts is linked to
380 performance assessments or incentive mechanisms. This includes whether and how the
381 remuneration policies for the highest governance body members and senior executives are
382 linked to the management of impacts that result from the organization's transition plan. In
383 addition, the organization can disclose whether the performance of the highest governance
384 body members is assessed against the GHG emissions reduction targets reported under
385 [Disclosure CC-3](#) and if dividend distribution is subject to the achievement of the targets;
- 386 • how research and development activities are aligned with its transition plan;
- 387 • planned changes to the organization's portfolio of products and services to deliver the
388 transition plan. This includes plans to reduce the portfolio of high-carbon products and
389 services and increase the portfolio of low-carbon products and services that it provides, either
390 directly or indirectly;
- 391 • actions taken to build a culture aligned with its transition plan, including how leadership and
392 training programs, human resources policies and procedures, workforce engagement, human
393 rights due diligence, and remedy processes are aligned to its transition plan and in
394 consideration of its impacts;

- 395 • if an internal carbon pricing scheme is in place, a description of it, including which of the
396 organization's GHG emissions sources are covered by the scheme and the prices used per
397 metric ton of CO₂.

398 [Disclosure 2-19 in GRI 2: General Disclosures 2021](#) requires reporting the remuneration policies for
399 members of the highest governance body and senior executives. If the organization has described the
400 incentive mechanisms linked to the management of impacts that result from the organization's
401 transition plan under Disclosure 2-19, it can provide a reference to this information.

402 **Guidance to CC-1-f**

403 When reporting progress toward the goals and targets, the organization should include known gaps or
404 barriers in target achievement and, if applicable, the role of locked-in emissions.

405 Locked-in emissions are estimates of future GHG emissions likely caused by an organization's key
406 assets or products sold within its operating lifetime. The organization should:

- 407 • report a qualitative assessment of the potential locked-in GHG emissions from its key assets
408 and products;
- 409 • if applicable (e.g., in the oil and gas sector), report a quantitative assessment of the locked-in
410 GHG emissions from its assets and products; and
- 411 • report how these emissions may jeopardize the achievement of GHG emissions reduction
412 targets and plans to manage GHG-intensive assets and products.

413 **Guidance to CC-1-f-iii**

414 The organization can report under CC-1-f-iii, for example, net-zero emissions, energy efficiency, and
415 renewable energy targets.

416 If the organization reports net-zero targets, GHG removals within and beyond the value chain must
417 only be used to counterbalance residual emissions as the last step of the mitigation hierarchy.
418 According to the Corporate Net Zero Standard from the Science Based Targets initiative (SBTi),
419 organizations are expected to counterbalance residual emissions at the net-zero target year or after
420 having reduced at least 90% of their GHG emissions when further reduction is not possible.

421 According to the Net Zero Scenario from the IEA and Corporate Net Zero Standard from the SBTi,
422 residual emissions refer to the unabated GHG emissions after the organization has reduced at least
423 90% of its GHG emissions. If an organization is subjected to sectorial decarbonization pathways, it
424 may be subjected to a different percentage of GHG emissions reduction.

425 Organizations can finance and contribute to additional climate change mitigation, for example, via
426 GHG removals or carbon credits, in addition to their GHG emission reduction targets. These
427 contributions are one of the steps of the mitigation hierarchy and are often referred to as beyond
428 value chain mitigation or climate contributions. Such contributions cannot be accounted for in the
429 GHG emissions reduction targets setting and progress reported under [Disclosure CC-4](#) nor used to
430 counterbalance residual emissions for reaching net-zero targets.

431 For further information, see [Disclosure CC-5 Removals in the value chain](#) and [Disclosure CC-6
432 Carbon credits of this Standard](#) and Corporate Net Zero Standard from the Science Based Targets
433 initiative (SBTi).

434 **Guidance to CC-1-g**

435 The organization should report:

- 436 • how it identifies the stakeholders whose human rights, health, socio-economic well-being, or
437 other interests may be affected as a result of implementing the transition plan;

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- how the organization engages with the identified stakeholders or their legitimate representatives to understand their concerns and interests;
 - how the insights from stakeholder engagement and possible partnerships with workers, trade unions, worker representatives, suppliers, Indigenous Peoples, local communities, and governments have informed strategies to prevent or mitigate negative impacts and maximize positive impacts resulting from the transition plan.

444 **Guidance to CC-1-h**

445 This requirement covers impacts on biodiversity and people, including human rights and
446 intergenerational equity, resulting from the organization's transition plan. The aim is to increase
447 transparency on how an organization's transition plan incorporates the principles of a just transition.

448 Requirements 3-3-a and 3-3-c in [GRI 3: Material Topics 2021](#) entail the description of the
449 organization's impacts and the actions taken to manage the impacts. If the organization has described
450 the impacts on the environment and people that may result from the organization's transition plan and
451 the actions taken to manage them under requirements 3-3-a and 3-3-c, it can provide a reference to
452 this information.

453 The organization should also disclose any impacts associated with the failure to implement its
454 transition plan.

455 **Guidance to CC-1-h-i**

456 According to the International Labour Organization (ILO), a just transition involves greening the
457 economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent
458 work opportunities and leaving no one behind. A Just Transition involves maximizing the social and
459 economic opportunities of climate action, while minimizing and carefully managing any challenges –
460 including through effective social dialogue among all groups impacted, and respect for fundamental
461 labour principles and rights.

462 **Guidance to CC-1-h-ii**

463 Actions to mitigate climate change can have positive impacts on biodiversity. For example, planting
464 mangroves can contribute to climate change mitigation by capturing and storing carbon and protecting
465 biodiversity by increasing wildlife populations. Actions to mitigate climate change can also result in
466 biodiversity loss. For example, forestation of an area with non-native species can mitigate climate
467 change by absorbing greenhouse gases, but it may also result in biodiversity loss.

468 Disclosure 101-2 in *GRI 101: Biodiversity 202X* requires describing how the organization enhances
469 synergies and reduces trade-offs between actions taken to manage its biodiversity impacts and its
470 climate change impacts. If the organization has described the impacts on biodiversity resulting from
471 its transition and the actions taken to manage those impacts under Disclosure 101-2, it can provide a
472 reference to this information.

473 **Guidance to CC-1-i**

474 The organization should report:

- 475
- 476
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- 481
- its stance on issues related to the transition plan, e.g., phasing out fossil fuels addressed in its public policy activities;
 - any differences between its public policy activities and its stated policies, goals, or other public positions on issues related to its transition plan;
 - whether it is a member of or contributes to any representative associations or committees that participate in public policy activities on issues related to its transition plan, including:
 - the nature of this contribution;

482 ○ any differences between the organization’s stated policies, goals, or other public
483 positions on significant issues related to its transition plan and the positions of the
484 representative associations or committees.

485 Requirement CC-1-i is related to the recommendations in [GRI 415: Public Policy 2016](#). The
486 organization can provide a reference to public policy activities related to its transition plan for climate
487 change mitigation when it has determined public policy to be a material topic and has reported
488 information in [GRI 415](#).

Exposure draft for public comment

Disclosure CC-2 Climate change adaptation

REQUIREMENTS

The organization shall:

- a. describe its impacts on the economy, environment, and people, associated with its climate change-related risks and opportunities;
- b. describe its climate change adaptation plan, including:
 - i. policies and actions;
 - ii. the climate change-related scenarios, methodologies, and assumptions used;
 - iii. the investment allocated for the implementation of the adaptation plan during the reporting period as the total amount and as a percentage of the total investment in the reporting period;
 - iv. the bodies or individual roles responsible for overseeing and implementing the adaptation plan, including a description of their responsibilities;
 - v. the targets set to achieve the adaptation plan and progress toward the goals and targets;
 - vi. how engagement with stakeholders has informed the plan;
- c. describe the impacts that may result from the organization's adaptation plan, and the actions taken to manage the impacts, including:
 - i. on workers, local communities, vulnerable groups;
 - ii. on biodiversity;
- d. describe the reasons why an adaptation plan is not in place, if applicable, and explain the steps being taken and the expected time frame to develop it.

GUIDANCE

Organizations contribute to climate change and are simultaneously affected by it. This disclosure covers:

- impacts on the economy, environment, and people, associated with an organization's climate change-related risks and opportunities, for example, impacts on workers, local communities, and biodiversity.
- an organization's adaptation plan;
- impacts of the implementation of the adaptation plan, as for example on workers, local communities, biodiversity.

Adaptation refers to changes in processes, practices, and structures in response to actual or potential climate-related events and their impacts. Adaptation aims to mitigate potential negative impacts or leverage opportunities associated with climate change. For example, adaptation can include building flood defenses and redesigning business operations.

Under this disclosure, different impacts are reported in CC-2-a and CC-2-c:

- Under CC-2-a, the organization reports impacts associated with climate change-related risks and opportunities used to inform the adaptation plan.
- Under CC-2-c, the organization reports the impacts associated with implementing the adaptation plan.

Guidance to CC-2-a

Under this requirement, the organization reports the impacts associated with its climate change-related risks and opportunities.

533 Climate change-related risks can be classified as physical or transition risks.

534 Physical risks can include increased frequency and severity of flooding and storms, rising mean
535 temperatures, precipitation and sea level changes, and drought.

536 Transition risks can include changes in customer behaviors, enhanced regulatory landscape, and
537 increased costs.

538 Impacts associated with physical risks are reported under this requirement. Examples of impacts
539 associated with physical risks include:

- 540 • impacts on workers' health due to extreme weather events (e.g., heat-related illness or
541 disease);
- 542 • extreme weather events (e.g. hurricane) affecting energy companies and subsequently
543 resulting in lack of access to energy for the population;
- 544 • the loss of employment due to the need to relocate operations to a less flood-prone area.

545 In addition, only impacts associated with transition risks and opportunities relevant to the adaptation
546 plan are required to be reported under this disclosure. For example, regulatory changes such as
547 upcoming legislation are a type of transition risk that may influence the adaptation plan.

548 Opportunities related to climate change can include increased efficiency of production processes,
549 reduced consumption of resources, access to new markets, integration of new technologies, and
550 diversification of the business portfolio. Impacts related to opportunities may include job creation,
551 redefinition of existing jobs resulting in reskilling, and improvements in income through investments in
552 environmentally sustainable production.

553 The climate change-related risks and opportunities covered in this disclosure can be informed by
554 analysis already performed by the organization for other regulatory frameworks and standards.

555 **Guidance to CC-2-b-i**

556 The organization should include a description of the policies it has developed specifically to achieve
557 the adaptation plan and a high-level overview of actions taken.

558 The organization can report key adaptation actions by type, such as nature-based adaptation,
559 engineering, or technological solutions.

560 [Disclosure 2-23 in GRI 2: General Disclosures 2021](#) requires reporting the organization's policy
561 commitments. If the organization has described the policies linked to its adaptation plan under
562 Disclosure 2-23, it can provide a reference to this information.

563 In addition, the organization can describe how its adaptation plan contributes to sectoral, regional, or
564 national adaptation plans.

565 **Guidance to CC-2-b-ii**

566 Scenario analysis allows for the simultaneous consideration of alternative forms of future states
567 affected by climate change and can be used to explore climate change-related risks. Organizations
568 typically define scenarios according to the transition speed, expressed in the average global
569 temperature changes. When developing an adaptation plan, organizations are expected to include a
570 range of climate scenarios, including at least a high-emissions scenario and a scenario compatible
571 with the Paris Agreement. A scenario compatible with the Paris Agreement will require a temperature
572 rise well below 2°C while pursuing efforts to limit the temperature rise to 1.5°C. Other scenarios can
573 be defined according to an organization's national context.

574 See The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities from the
575 Task Force on Climate-related Financial Disclosures (TCFD) for more guidance.

576 Conducting climate change scenario analysis enhances transparency and assists organizations in
577 planning effective actions to prevent and mitigate potential negative impacts on the economy,
578 environment, and people, including on their human rights.

579 The impacts identified and reported under CC-2-a and the climate change scenario analysis inform
580 the organization's adaptation plan, reported under CC-2-c.

581 **Guidance to CC-2-b-iii**

582 The organization should report the investment allocated for the adaptation plan implementation as the
583 total amount of capital expenditure (CapEx) and as the percentage of CapEx allocated for
584 implementing the adaptation plan of the total CapEx planned.

585 To calculate the percentage of CapEx allocated for the implementation of the adaptation plan, an
586 organization can apply the following formula:

587
$$\% = \frac{\text{CapEx allocated to the adaptation plan}}{\text{Total CapEx planned in the reporting period}}$$

588 The organization can also develop different investment metrics, including operational expenditure
589 (OpEx) information or other relevant information.

590 **Guidance to CC-2-b-iv**

591 Under this requirement, the organization should report:

- 592
- 593 • whether the highest governance body is responsible for overseeing the adaptation plan and
594 what is included in this responsibility, for example, approving the adaptation plan, reviewing it
595 and monitoring it, implementing remedial actions if necessary, ensuring that the adaptation
596 plan aligns with the principles of just transition (see [Disclosure CC-3 Just transition](#) for further
597 information);
 - 598 • whether senior executives are responsible for implementing the adaptation plan and what this
599 responsibility includes.

600 [Disclosures 2-12 and 2-13 in GRI 2: General Disclosures 2021](#) require reporting the highest
601 governance body's role in overseeing the management of impacts and the delegation of responsibility
602 for managing impacts. If the organization has described the roles and responsibilities of the bodies
603 involved in overseeing and implementing the adaptation plan under Disclosures 2-12 and 2-13, it can
604 provide a reference to this information.

604 **Guidance to CC-2-b-v**

605 The organization should report how:

- 606
- 607 • it identifies the stakeholders whose human rights, health, socio-economic well-being, or wider
608 interests may be impacted as a result of implementing the adaptation plan;
 - 609 • it engages with the identified stakeholders or their legitimate representatives to understand
610 their concerns and interests;
 - 611 • the outcomes from stakeholder engagement and possible partnerships with workers, trade
612 unions and worker representatives, local communities, and suppliers have informed the
613 development of the adaptation plan.

613 **Guidance to CC-2-c**

614 This requirement covers positive or negative impacts that may result from implementing the
615 adaptation plan. If an adaptation plan is well managed, this can translate into positive impacts such as
616 economic development and local employment. However, an adaptation plan can also result in
617 negative impacts on the economy, environment, and people, including on their human rights.
618 Negative impacts associated with adaptation plans can include the relocation of a production site to a

619 jurisdiction less prone to climatic weather events such as flooding. Jobs from the original production
620 site will be eliminated due to the relocation.

621 The organization should also report any impacts associated with the failure to implement its
622 adaptation plan. For example, an organization's failure to implement its adaptation plan may
623 exacerbate impacts such as disruptions in operations, increased occupational health and safety
624 impacts, loss of livelihood, and food insecurity.

625 Under [Requirements 3-3-a and 3-3-c in GRI 3: Material Topics 2021](#), the organization is required to
626 describe the organization's impacts and the actions taken to manage the impacts. If the organization
627 has described the impacts on the economy, environment, and people that may result from the
628 organization's adaptation plan and the actions taken to manage them under 3-3-a and 3-3-c, it can
629 provide a reference to this information.

630 **Guidance to CC-2-c-i**

631 Examples of actions taken to manage the impacts on people that may result from the organization's
632 adaptation plan may include:

- 633 • supporting workers who lost their jobs due to relocation of operations to find new
634 employment;
- 635 • investing and utilizing nature-based or technological solutions on-site, rather than production
636 relocation, to prevent job elimination.

637 **Guidance to CC-2-c-ii**

638 Actions to adapt to climate change can have positive impacts on biodiversity. For example, planting
639 mangroves can contribute to climate change adaptation by controlling floods and protecting
640 biodiversity by increasing wildlife populations. Actions to adapt to climate change can also result in
641 biodiversity loss. For example, forestation of an area with non-native species can contribute to climate
642 change adaptation by controlling erosion and flooding, but it may also result in biodiversity loss.

643 Disclosure 101-2 in *GRI 101: Biodiversity 202X* requires describing how the organization enhances
644 synergies and reduces trade-offs between actions taken to manage its biodiversity impacts and its
645 climate change impacts. If the organization has described the impacts on biodiversity resulting from
646 its adaptation plan and the actions taken to manage those impacts under Disclosure 101-2, it can
647 provide a reference to this information.

648 2. Topic disclosures

649 An organization reporting in accordance with the GRI Standards is required to report any disclosures
650 from this section ([Disclosure CC-3 Just transition](#), [Disclosure CC-4 GHG emissions reduction targets](#),
651 [Disclosure GH-1 Scope 1 Emissions](#), [Disclosure GH-2 Scope 2 Emissions](#), [Disclosure GH-3 Scope 3](#)
652 [Emissions](#), [Disclosure GH-4 GHG Emissions intensity](#), [Disclosure CC-5 GHG removals in the value](#)
653 [chain](#), [Disclosure CC-6 Carbon Credits](#)) that are relevant to its Climate Change-related impacts.

654 Disclosure CC-3 Just transition

655 REQUIREMENTS

656 The organization shall:

- 657 a. report the total number of jobs created as a result of the organization's transition plan
658 and provide a breakdown of this total by temporary and permanent jobs and describe
659 the actions taken to determine that adequate remuneration is paid;
- 660 b. report the total number of jobs eliminated as a result of the organization's transition
661 plan and provide a breakdown of this total by temporary and permanent jobs;
- 662 c. report the ratio of the total number of jobs that have been redeployed as a result of the
663 organization's transition plan to the total number of jobs eliminated as a result of the
664 organization's transition plan;
- 665 d. report the number of employees that received training for up- and reskilling as a result
666 of the implementation of the transition plan;
- 667 e. list the locations where the organization's transition plan has impacts on local
668 communities and Indigenous Peoples;
- 669 f. report the percentage of locations listed in CC-3-e in which an agreement has been
670 reached with local communities and Indigenous Peoples to safeguard their interests.

671 GUIDANCE

673 This disclosure covers both employment aspects that are relevant for workers and implications for
674 other stakeholder groups such as local communities and Indigenous Peoples.

675 This disclosure enables organizations to report on the quantitative and qualitative aspects of jobs as a
676 result of the transition plan. Under the quantitative aspect, organizations report the jobs created,
677 eliminated, and redeployed. Under the qualitative aspect, organizations can report on the quality of
678 jobs by indicating whether they are permanent or temporary and if they provide adequate
679 remuneration.

680 Permanent jobs are those where a contract for an indeterminate period is given for full-time or part-
681 time work. Temporary jobs are when a contract is given for a limited period and it ends when the
682 specific time period expires, or when the specific task or event that has an attached time estimate is
683 completed.

684 Several benchmarks are available for organizations to determine adequate remuneration, for
685 example, the minimum wage set by a competent national authority, cost of living estimates, wages set
686 by collective bargaining agreements, or industry-standard wages applicable for a specific sector.

687 It is important that just transition safeguards the needs of local communities and Indigenous Peoples
688 and therefore, this disclosure also enables organizations to report if they have participated in the
689 emerging opportunities for the transition to a greener economy.

690 **Guidance to CC-3-a**

691 As a result of the organization's transition plan, jobs may be created due to the development of new
692 low-carbon-intensive products, services, and infrastructure. Examples include jobs in renewable
693 energy, energy efficiency, and adaptation projects.

694 Jobs created in the transition to a low-carbon economy are expected to provide adequate
695 remuneration and ensure equal pay for work of equal value. When reporting the actions taken to
696 determine whether adequate remuneration is provided, the organization can report that it:
697

- 698 • consults with worker representatives and employer organizations;
- 699 • relies on external research; or
- 700 • is part of local civil society initiatives to determine the cost of living estimates and compare it
with the actual remuneration.

701 When reporting the information under CC-3-a, the organization should provide additional relevant
702 breakdowns, for example, by gender of those who fulfill the jobs created, the significant locations of
703 operation.

704 **Guidance to CC-3-b**

705 Jobs may be eliminated – either phased out or massively reduced in numbers – without direct
706 replacement as a result of the organization's transition plan. For example, when emitting and energy-
707 intensive economic activities are reduced or phased out entirely.

708 A breakdown of temporary and permanent jobs eliminated will allow for comparison with the
709 temporary and permanent jobs created and reported under CC-3-a.

710 When reporting the information required by CC-3-b, the organization should provide relevant
711 breakdowns, for example, by gender of those whose jobs have been eliminated and significant
712 locations of operation. The breakdown of jobs eliminated by location will allow comparison with jobs
713 created in those locations and reported under CC-3-a and enable an understanding of the net change
714 in employment in that location.

715 **Guidance to CC-3-c**

716 Redeployment occurs when, for example, existing employees working in emissions-intensive
717 economy are up-and-reskilled with the direct assistance of the organizations they work for, and
718 therefore they are able to continue working for those organizations in less emissions-intensive
719 activities. For example, an existing employee in automobile manufacturing can work in the production
720 line of electric cars. Redeployment can help organizations to reduce job elimination.

721 The following formula can be used to calculate the ratio required by CC-3-iii:

722
$$\text{Ratio} = \frac{\text{Number of jobs redeployed}}{\text{Number of jobs eliminated}}$$

723 When reporting the information required by CC-3-c, the organization should provide relevant
724 breakdowns, for example, by gender of those who their jobs redeployed or eliminated and significant
725 locations of operation.

726 **Guidance to CC-3-d**

727 When reporting the information required by CC-3-d, the organization should provide relevant
728 breakdowns, for example, by gender and significant locations of operation.

729 In addition to reporting the number of employees trained, the organization can also describe the
730 impact of the training. For an organization, the impacts of the training can include improved employee
731 retention and improved market competitiveness, due to a skilled workforce to implement the transition
732 plan.

733 **Guidance to CC-3-e**

734 The organization provides specific locations within the countries (e.g., states, cities) where it has
735 operations, and its transition plan impacts the rights of local communities and Indigenous Peoples as
736 set out in the UN Declaration on the Rights of Indigenous Peoples.

737 **Guidance to CC-3-f**

738 In the context of just transition, organizations need to engage with local communities and Indigenous
739 Peoples to prevent and mitigate potential and actual negative impacts. Agreements through free, prior
740 and informed consent (FPIC) that uphold rights and reflect the interests of Indigenous Peoples and
741 local communities provide clear, sustainable and accountable outcomes of such engagements. This
742 requirement aims to understand the effectiveness of the organization's engagement actions with local
743 communities and Indigenous People. When reporting this requirement, the organization calculates the
744 percentage of locations based on the list of locations reported under CC-3-e.

Exposure draft for public comment

Disclosure CC-4 GHG emissions reduction target setting and progress

REQUIREMENTS

The organization shall:

- a. report gross GHG emissions reduction short-term and long-term targets in metric tons of CO₂ equivalent and as a percentage of the emissions of a base year, where:
 - i. Scope 1, Scope 2, and Scope 3 GHG emissions targets are reported separately or combined;
 - ii. A list of Scope 3 categories covered in the Scope 3 GHG emissions targets is included;
 - iii. A list of the gases covered in the targets is included;
 - iv. GHG removals, GHG trades, and avoided emissions are excluded;
- b. explain how the targets are in line with the latest scientific evidence on the global effort needed to limit global warming to 1.5° C;
- c. report its target revision policy;
- d. report the base year for the targets, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions;
 - iv. when there are recalculations of the base year emissions, and the current and previously reported values;
- e. report the progress toward the targets using the inventory method, in metric tons of CO₂ equivalent and as a percentage of the emissions of a base year;
- f. explain how the progress for the targets was achieved, relative to the base year, including whether it is due to:
 - i. reductions through the organization's initiatives;
 - ii. secondary effects through other organization's initiatives;
 - iii. external factors;
- g. report standards, methodologies, and assumptions used to calculate the targets and progress, including a reference to any calculation tool used.

GUIDANCE

This disclosure should be used in combination with [Disclosures GH-1](#), [GH-2](#), and [GH-3](#) of this Standard. The organization should ensure consistency between the target boundary and the inventory boundary.

The organization should report whether an independent third party has validated the GHG emissions reduction targets and the related emissions reduction progress.

Guidance to CC-4-a

The organization should include biogenic CO₂ emissions in the scope of its targets. The organization can refer to the GHG Protocol Corporate Accounting Standard and Land Sector and Removals Guidance for further information.

787 In addition to reporting gross GHG emissions reduction targets for Scope 1, Scope 2, and Scope 3
788 GHG emissions in metric tons of CO₂ equivalent and as a percentage of the emissions of a base year,
789 the organization can report intensity targets.

790 Organizations are expected to set short-term targets (e.g., for 2030), long-term targets (e.g., for
791 2050), and interim targets. For further information, the organization can refer to the United Nations
792 High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, 'Integrity
793 Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions' Report.

794 If significant changes could compromise the relevance and consistency of existing GHG emissions
795 reduction targets, the organization should recalculate its targets to reflect those changes. For further
796 information, the organization can refer to SBTi Corporate Net Zero Standard.

797 The organization should also disclose the year in which the targets were set.

798 **Guidance to CC-4-a-i**

799 When reporting combined GHG emissions reduction targets, the organization should specify which
800 scopes cover the combined target.

801 If the organization reports Scope 2 GHG emissions reduction targets using the market-based method,
802 the organization is expected to also set and report separately Scope 2 GHG emissions reduction
803 targets using the location-based method.

804 **Guidance to CC-4-a-ii**

805 In the case a Scope 3 GHG emissions target does not cover all Scope 3 categories, the organization
806 should report the percentage of Scope 3 categories covered by the target (reported under GH-3-a and
807 GH-3-c). The percentage can be calculated using the following formula:

$$808 \quad \text{Percentage (\%) of Scope 3 emissions covered by the target} \\ 809 \quad = \frac{\text{Scope 3 emissions covered by the target}}{\text{Gross Scope 3 emissions (GH - 3 - a) + Biogenic Scope 3 emissions (GH - 3 - c)}} * 100$$

810 The organization should explain why any Scope 3 categories are excluded and describe actions taken
811 to include all categories in the future.

812 **Guidance to CC-4-a-iv**

813 GHG removals within the value chain, GHG trades, and avoided emissions cannot be included when
814 calculating an organization's gross GHG emissions reduction targets reported under this requirement.
815 For further information, see [Disclosures CC-5 GHG removals within the value chain](#) and [CC-6 Carbon](#)
816 [credits](#).

817 Avoided emissions fall under a separate accounting system from corporate inventories and do not
818 count toward GHG emission reduction targets.

819 The organization may be allowed to include GHG removals in the targets reported under this
820 requirement only if subjected to specific sector programs (e.g., the SBTi Forest, Land and Agriculture
821 (FLAG) Guidance). The organization should report the sector program based on authoritative
822 scientific evidence.

823 **Guidance to CC-4-b**

824 The organization should report which guidance or framework has been used to determine the targets,
825 including the underlying climate and policy scenarios. The organization should explain how it has
826 considered future developments (e.g., changes in sales volumes, mergers, and acquisitions) and
827 transition risks (e.g., shifts in customer preferences and demand, regulatory factors, and new
828 technologies) when setting the GHG emissions reduction targets. The organization should also
829 explain how these developments and risks will potentially impact the ambition of the targets.

830 **Guidance to CC-4-d-iii**

831 Cases that should trigger a recalculation of base year emissions can include:

- 832 • structural changes in the reporting organization that have a significant impact on the
833 organization’s base year emissions, including mergers, acquisitions, divestments,
834 outsourcing, and insourcing of emitting activities.
- 835 • changes in calculation methodology or improvements in the accuracy of emission factors or
836 activity data that result in a significant impact on the base year emissions data.
- 837 • discovery of significant errors, or a number of cumulative errors, that are collectively
838 significant. In such a case, the organization should also report the established processes to
839 prevent such errors in future reporting.

840 **Guidance to CC-4-e**

841 When reporting the progress under CC-4-e, GHG removals, GHG trades, and avoided emissions are
842 excluded.

843 Progress against GHG emissions targets can include reductions and increases in GHG emissions. To
844 ensure transparency, an organization should report both reductions and increases in GHG emissions.
845 When reporting separate targets for Scope 1, Scope 2, and Scope 3 GHG emissions, progress should
846 be reported against each target the organization has set.

847 When calculating the progress against the targets, the inventory method is used, which compares
848 emissions to a base year.

849 When reporting the progress in metric tons of CO₂ equivalent, an organization should apply the
850 following formula:

851
$$\text{Change in emissions} = \text{Current year emissions} - \text{Base year emissions}$$

852 Further details on this method are available in the GHG Protocol Corporate Accounting Standard.

853 When reporting the progress as a percentage of the emissions of a base year, an organization should
854 apply the following formula:

855
$$\text{Progress (\%)} = \frac{\text{Change in emissions}}{\text{Base year emissions}} * 100$$

856 The progress as a percentage can be reported as in the following example:

857 [Organization name] reduced Scope 1 and Scope 2 GHG emissions by 20% from a 2019 base year.

858 In addition, the organization should also report the aggregated Scope 1, Scope 2, and Scope 3 GHG
859 emissions changes relative to the aggregated base year Scope 1, Scope 2, and Scope 3 GHG
860 emissions.

861 For an example of how to present information on requirements CC-4-a-i, CC-4-d-ii, and CC-4-e, see
862 Table 1.

863 **Table 1. Example template for presenting information on GHG emissions reduction targets**

GHG emissions reduction targets	Scopes included	Scope 3 categories included	Gases	Base year	Base year emissions (MtCO ₂ e)	Target (%)	Progress (%)	Target (MtCO ₂ e)	Progress (MtCO ₂ e)	Target year
Gross emissions reduction targets 1										

Gross emissions reduction targets 2										
Gross emissions reduction targets 3										

864

865 **Guidance to CC-4-f**

866 Progress in GHG inventory emissions can be reductions due to the organization’s initiatives,
 867 secondary effects due to other initiatives carried out by the organization, or changes due to external
 868 factors.

869 Initiatives of the organization that result in reductions can include:

- 870 • process redesign;
- 871 • conversion and retrofitting of equipment;
- 872 • fuel switching;
- 873 • changes in behavior.

874 Secondary effects due to other initiatives of the organization that result in reductions or increases can
 875 include:

- 876 • changes in production capacity;
- 877 • outsourcing.

878 Changes due to external factors that result in reductions or increases can include:

- 879 • decarbonization of the electricity grid caused by government policy;
- 880 • changes in consumer behavior, e.g., driving less;
- 881 • decarbonization of purchased goods and services initiated by suppliers;
- 882 • reduced emissions from waste disposal due to waste governmental policies.

Exposure draft for public comment

883 Disclosure GH-1 Scope 1 GHG emissions

884 REQUIREMENTS

885 The organization shall:

- 886 a. report gross Scope 1 GHG emissions in metric tons of CO₂ equivalent, and in the
887 calculation:
- 888 i. include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃;
 - 889 ii. include biogenic non-CO₂ GHG emissions from the combustion or biodegradation
890 of biomass from owned or controlled operations;
 - 891 iii. exclude GHG trades, GHG removals, and avoided emissions;
 - 892 iv. use the global warming potential (GWP) values based on a 100-year timeframe
893 from the latest IPCC assessment reports;
- 894 b. provide a breakdown of gross Scope 1 GHG emissions by CO₂, CH₄, N₂O, HFCs, PFCs, SF₆,
895 and NF₃, in metric tons and in metric tons of CO₂ equivalent;
- 896 c. report biogenic CO₂ emissions from the combustion or biodegradation of biomass from
897 owned or controlled operations in metric tons, separately from gross Scope 1 GHG
898 emissions;
- 899 d. report the base year for the calculation, including:
- 900 i. the rationale for choosing it;
 - 901 ii. emissions in the base year;
 - 902 iii. the context for any significant changes in emissions that triggered recalculations
903 of base year emissions;
 - 904 iv. when there are recalculations of the base year emissions, and the current and
905 formerly reported values;
- 906 e. report the consolidation approach for emissions, whether equity share, financial control,
907 or operational control;
- 908 f. report standards, methodologies, and assumptions, including the source of the emission
909 factors and calculation tools used.

911 GUIDANCE

912 Gross Scope 1 GHG emissions include, but are not limited to, the CO₂ emissions from energy
913 consumption as reported in [Requirement EN-2-a in GRI EN: Energy 20xx](#).

914 Gross Scope 1 GHG emissions can come from the following operations owned or controlled by an
915 organization:

- 916 • Generation of electricity, heating, cooling, and steam – these emissions result from the
917 combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from
918 other combustion processes such as flaring;
- 919 • Physical or chemical processing – most of these emissions result from the manufacturing or
920 processing of chemicals and materials, such as cement, steel, aluminum, ammonia, and
921 waste processing;
- 922 • Transportation of materials, products, waste, workers, and passengers – these emissions
923 result from the combustion of fuels in mobile combustion sources owned or controlled by the
924 organization, such as trucks, trains, ships, airplanes, buses, and cars;
- 925 • Fugitive emissions – these emissions result from intentional or unintentional releases of
926 GHGs. These include equipment leaks from joints, seals, packing, and gaskets; methane
927 (CH₄) emissions from coal mines and venting; hydrofluorocarbon (HFC) emissions from
928 refrigeration and air conditioning equipment; and CH₄ leakages.

929 **Guidance to GH-1-a**

930 All seven gases covered by the Kyoto Protocol are included in the gross Scope 1 GHG emissions
931 calculation.

932 Emissions from other GHGs, such as the Montreal Protocol gases, can be reported by the
933 organization separately from gross Scope 1 GHG emissions.

934 Where it aids transparency or comparability over time, the organization can provide additional
935 breakdowns of gross Scope 1 GHG emissions by, for example:

- 936 • business unit or facility;
- 937 • country;
- 938 • type of source (stationary and mobile combustion, process emissions, fugitive emissions);
- 939 • type of activity.

940 To present the information for this requirement, see Table 5.

941 The gross Scope 1 GHG emissions calculation excludes GHG removals and GHG trades.

942 GHGs emitted during Scope 1 removal activities is reported under GH-1-a. If there are Scope 2 or
943 Scope 3 emissions associated with Scope 1 removal activities, they are reported under GH-2-a and
944 GH-3-a.

945 **Guidance to GH-1-a-iv**

946 The organization is required to use the latest Intergovernmental Panel on Climate Change (IPCC)
947 global warming potential (GWP) values. If the organization used different IPCC GWP values in
948 previous reporting periods, it should disclose the IPCC GWP values used in each reporting period.

949 The organization should consistently apply GWP values for the information disclosed.

950 **Guidance to GH-1-b**

951 The organization is required to report emissions data for all seven gases separately. If the
952 organization cannot report the emissions data for each gas, it is required to provide a reason for
953 omission. See [Requirement 6 in GRI 1 Foundation 2021](#).

954 To present the information for this requirement, see Table 6.

955 **Guidance to GH-1-c**

956 As per the GHG Protocol Corporate Standard, biogenic non-CO₂ emissions, such as CH₄ and nitrous
957 oxide (N₂O), from the combustion or biodegradation of biomass from owned or controlled operations
958 are reported under GH-1-a as part of the gross Scope 1 GHG emissions. Biogenic CO₂ emissions
959 from the combustion or biodegradation of biomass from owned or controlled operations are reported
960 separately under GH-1-c and not included in the gross Scope 1 GHG emissions calculation in GH-1-
961 a.

962 To present the information for this requirement, see Table 5.

963 **Guidance to GH-1-d**

964 As specified in the comparability principle in [GRI 1: Foundation 2021](#), the organization should present
965 the information for the current reporting period and at least two previous reporting periods.

966 The organization should report the emissions consistently according to the selected recalculation
967 policy when there are recalculations of the base year emissions.

968 Cases that should trigger a recalculation of base year emissions can include:

- 969 • structural changes in the reporting organization that have a significant impact on the
970 organization's base year emissions, including mergers, acquisitions, divestments,
971 outsourcing, and insourcing of emitting activities.
- 972 • changes in calculation methodology or improvements in the accuracy of emission factors or
973 activity data that result in a significant impact on the base year emissions data.
- 974 • discovery of significant errors, or a number of cumulative errors, that are collectively
975 significant. In such a case, the organization should also report the established processes to
976 prevent such errors in future reporting.
- 977 For further information on recalculations of emissions in prior reporting periods, the organization can
978 follow the approach in the GHG Protocol Corporate Standard.
- 979 In the case where the organization has reported the base year according to the [Disclosure CC-4 GHG](#)
980 [emissions reduction targets and progress](#), the organization can refer to that disclosure and does not
981 need to repeat the information.
- 982 **Guidance to GH-1-d-ii**
- 983 This requirement covers separate base year emissions data for:
- 984 • gross Scope 1 GHG emissions (GH-1-a);
985 • biogenic CO₂ emissions (GH-1-c).
- 986 **Guidance to GH-1-e**
- 987 The organization should select a consistent approach for consolidating gross Scope 1 GHG
988 emissions, choosing from the equity share, financial control, or operational control methods outlined in
989 the GHG Protocol Corporate Standard. The approach should be consistent throughout the GHG
990 inventory. The organization should explain the reason for choosing the consolidation approach.
- 991 The organization should report GHG emissions for the same group of entities included in its financial
992 reporting. If the group of entities included in its financial reporting differs from the one included in its
993 sustainability reporting, the organization is required to specify any differences in [Disclosure 2-2 in GRI](#)
994 [2: General Disclosures 2021](#). See also [section 5.1 in GRI 1: Foundation 2021](#).
- 995 If there are any changes in the organizational boundaries, the organization should report these
996 changes.
- 997 **Guidance to GH-1-f**
- 998 Methodologies used to calculate the gross Scope 1 GHG emissions can include:
- 999 • direct measurements of GHG emissions;
1000 • calculation of GHG emissions based on activity data (i.e., fuel use) and emission factors.
- 1001 The organization should describe the reasons why the standards, methodologies, assumptions, and
1002 calculation tools used were chosen.
- 1003 The emission factors can originate from mandatory reporting requirements, voluntary reporting
1004 frameworks, industry groups, scientific papers, commercial data providers, or suppliers to the
1005 reporting organization.
- 1006 The organization should consistently apply emissions factors for the information disclosed.

Disclosure GH-2 Scope 2 GHG emissions

REQUIREMENTS

The organization shall:

- a. report gross location-based and, if applicable, market-based Scope 2 GHG emissions in metric tons of CO₂ equivalent, and in the calculation:
 - i. include CO₂, CH₄, N₂O;
 - ii. include biogenic non-CO₂ emissions from electricity use;
 - iii. exclude GHG trades, GHG removals, and avoided emissions.
 - iv. use the global warming potential (GWP) values based on a 100-year timeframe from the latest IPCC assessment reports;
- b. provide a breakdown of gross location-based and, if applicable, market-based Scope 2 GHG emissions by CO₂, CH₄, N₂O, in metric tons and metric tons of CO₂ equivalent;
- c. report location-based and, if applicable, market-based biogenic CO₂ emissions from electricity use in metric tons, separately from gross Scope 2 GHG emissions;
- d. report the base year for the calculation, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions;
 - iv. when there are recalculations of the base year emissions, and the current and former values;
- e. report the consolidation approach for emissions, whether equity share, financial control, or operational control;
- f. report standards, methodologies, and assumptions, including the source of the emission factors and calculation tools used.

GUIDANCE

Gross Scope 2 GHG emissions include, but are not limited to, the CO₂ emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization – disclosed as specified in [Requirement EN-2-c in GRI EN: Energy 20xx](#). For many organizations, the Scope 2 GHG emissions that result from the generation of purchased electricity can be much greater than the Scope 1 GHG emissions.

Guidance to GH-2-a

This requirement covers CO₂, CH₄, and N₂O, the GHGs which occur from energy production processes (e.g. combustion) and are relevant for the gross Scope 2 GHG emissions calculation. If the organization does not have information on all the gases, it is required to provide a reason for omission. See [Requirement 6 in GRI 1: Foundation 2021](#).

Other GHGs which are emitted directly in the energy production process (e.g. combustion) and covered by the Kyoto Protocol can also be reported, if relevant.

Emissions from other GHGs, such as the Montreal Protocol gases, can be reported by the organization separately from gross Scope 2 GHG emissions.

Where it aids transparency or comparability over time, the organization can provide additional breakdowns of gross Scope 2 GHG emissions by, for example:

- 1050 • business unit or facility;
1051 • country;
1052 • type of source (electricity, heating, cooling, and steam);
1053 • type of activity.
- 1054 There are two methods to calculate gross Scope 2 GHG emissions:
- 1055 • A location-based method, which reflects the average GHG emissions intensity of grids on
1056 which energy consumption occurs, using mostly grid-average emission factor data.
1057 • A market-based method, which reflects emissions from the electricity that an organization has
1058 purposefully chosen (or its lack of choice). It derives emission factors from contractual
1059 instruments, including any contract between two parties for the sale and purchase of energy
1060 bundled with attributes about the energy generation or for unbundled attribute claims.
- 1061 Market-based method is applicable to organizations with operations in markets providing product or
1062 supplier-specific data in the form of contractual instruments.
- 1063 According to the *GHG Protocol Scope 2 Guidance*, in a market-based calculation, emission factors
1064 should be chosen based on the following hierarchy: energy attributes and certificates, contracts for
1065 electricity, supplier and utility emission rates, residual mix and other regional, subnational and national
1066 grid average emissions factors.
- 1067 In case the organization reports information obtained using the market-based method, the following
1068 quality criteria, built on the *GHG Protocol Scope 2 Guidance*, apply:
- 1069 • Contractual instruments must convey the GHG emission rate attribute associated with
1070 the MWh produced. Attributes are defined as descriptive or performance characteristics
1071 of a particular generation resource. Each contractual instrument must be the only
1072 source of an GHG emission rate attribute claim associated with its quantity of energy
1073 generation.
1074 • A contractual instrument must be tracked and redeemed, retired, or canceled by or on
1075 behalf of the reporting organization.
1076 • Contractual instruments must have temporal and physical connections to their
1077 associated energy consumption by demonstrating that they are:
1078 ○ sourced from a region reasonably linked to where it is applied, preferably from
1079 the same grid market;
1080 ○ issued and redeemed as close as possible to the energy consumption period to which
1081 the contractual instrument is applied; or based on certifications that demonstrate
1082 energy users may have benefitted from zero emissions electricity during the same
1083 hour to match all of their consumption on a 24-hours a day, seven days a week basis;
1084 • Utility-specific emission factors should be calculated, including certificates retired on behalf of
1085 customers and applying the residual mix rate to null power.
1086 • All instruments must be transferred to the reporting organization for direct purchasing or on-
1087 site generation.
1088 • A residual mix must be used to represent the GHG intensity of unclaimed or publicly shared
1089 electricity.
- 1090 For further information on the quality criteria for gross Scope 2 GHG emissions accounting following
1091 the market-based method and how to support accurate accounting if the organization cannot meet the
1092 Scope 2 quality criteria, see the *GHG Protocol Scope 2 guidance*.
- 1093 If a residual mix is unavailable, the organization can use grid-average emission factors as a proxy
1094 which can mean that the location-based and market-based are the same number until information on
1095 the residual mix is available. The organization should disclose if a residual mix is unavailable and if
1096 grid-average emission factors are used as a proxy.

1097 In addition, and if applicable, the organization should disclose which types of market-based
1098 contractual instruments it uses, e.g., power purchase agreements, utility green tariffs, unbundled
1099 certificates, and the percentage of purchased electricity covered by each instrument. The organization
1100 can report additional information on the contractual arrangements, for example:

- 1101 • the date that the renewable generation facility was commissioned or repowered;
- 1102 • whether the renewable generation facility receives government subsidies or other
1103 support;
- 1104 • the length of the contract for the contractual instruments;
- 1105 • whether the contract was signed before the investment decision to build the renewable
1106 generation facility.

1107 To present the information for this requirement, see Table 5.

1108 **Guidance to GH-2-a-iv**

1109 The organization is required to use the latest Intergovernmental Panel on Climate Change (IPCC)
1110 global warming potential (GWP) values. If the organization used different IPCC GWP values in
1111 previous reporting periods, it should disclose the IPCC GWP values used in each reporting period.

1112 The organization should consistently apply GWP values for the information disclosed.

1113 **Guidance to GH-2-b**

1114 The organization is required to report emissions data for all seven gases separately. If the
1115 organization cannot report the emissions data for each gas, it is required to provide a reason for
1116 omission. See [Requirement 6 in GRI 1: Foundation 2021](#).

1117 To present the information for this requirement, see Table 6.

1118 **Guidance to GH-2-c**

1119 Electricity use refers to the use of purchased electricity, heating, cooling, and steam.

1120 As per the GHG Protocol Corporate Standard and GHG Protocol Scope 2 Guidance, any biogenic
1121 non-CO₂ emissions such as methane (CH₄) or nitrous oxide (N₂O) from electricity use (e.g., biomass
1122 combustion in the electricity value chain) are to be reported under GH-2-a. The information required
1123 under GH-2-c is reported separately and not included in the gross Scope 2 GHG emissions
1124 calculation in GH-2-a.

1125 To present the information for this requirement, see Table 5.

1126 **Guidance to GH-2-d**

1127 As specified in the comparability principle in [GRI 1: Foundation 2021](#), the organization should present
1128 the information for the current reporting period and at least two previous reporting periods.

1129 For further information on recalculations of emissions in prior reporting periods, the organization can
1130 refer to the [Guidance to GH-1-d](#) in this Standard and the GHG Protocol Corporate Standard.

1131 If the organization has reported the base year under [Disclosure CC-4 GHG emissions reduction
1132 targets and progress](#) (CC-4-d), it can provide a reference to this information and does not need to
1133 repeat the information.

1134 **Guidance to GH-2-d-ii**

1135 This requirement covers separate base year emissions data for:

- 1136 • gross Scope 2 GHG emissions (GH-2-a);
- 1137 • biogenic CO₂ emissions (GH-2-c).

1138 **Guidance to GH-2-e**

1139 The organization should select a consistent approach for consolidating gross Scope 2 GHG
1140 emissions, choosing from the equity share, financial control, or operational control methods outlined in
1141 the GHG Protocol Corporate Standard. The approach should be consistent throughout the GHG
1142 inventory. The organization should explain the reason behind choosing the consolidation approach.

1143 The organization should report information on GHG emissions for the same group of entities included
1144 in its financial reporting. If the group of entities included in its financial reporting differs from the one
1145 included in its sustainability reporting, the organization is required to specify any differences. See
1146 [section 5.1 in GRI 1 Foundation 2021](#) and [Disclosure 2-2 in GRI 2: General Disclosures 2021](#).

1147 If there are any changes in the organizational boundaries, the organization is required to report these
1148 changes.

1149 **Guidance to GH-2-f**

1150 The organization should describe the reasons why the standards, methodologies, assumptions, and
1151 calculation tools used were chosen.

1152 The emission factors can originate from mandatory reporting requirements, voluntary reporting
1153 frameworks, industry groups, or specialized data providers.

1154 The organization should consistently apply emissions factors for the information disclosed.

Exposure draft for public comment

Disclosure GH-3 Scope 3 GHG emissions

REQUIREMENTS

The organization shall:

- a. report gross Scope 3 GHG emissions in metric tons of CO₂ equivalent, and in the calculation:
 - i. include upstream and downstream categories;
 - ii. include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃;
 - iii. include biogenic non-CO₂ emissions from the combustion or biodegradation of biomass;
 - iv. exclude GHG trades, GHG removals, and avoided emissions;
 - v. use the global warming potential (GWP) values based on a 100-year timeframe from the latest IPCC assessment reports;
- b. provide a breakdown of gross Scope 3 GHG emissions by each of the 15 Scope 3 categories in metric tons of CO₂ equivalent;
- c. report, total biogenic CO₂ emissions from the combustion or biodegradation of biomass in metric tons separately from gross Scope 3 GHG emissions, and a breakdown of this total by each of the 15 Scope 3 categories;
- d. report the base year for the calculation, including:
 - i. the rationale for choosing it;
 - ii. emissions in the base year;
 - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions;
 - iv. when there are recalculations of the base year emissions, and the current and former values;
- e. report standards, methodologies, and assumptions, including for each of the 15 Scope 3 categories, the sources of the emission factors, and calculation tools used.

GUIDANCE

Gross Scope 3 GHG emissions are indirect greenhouse gas emissions that occur outside the organization, including upstream and downstream emissions, other than those covered in gross Scope 2 GHG emissions.

For many organizations, Scope 3 GHG emissions can be much greater than Scope 1 or Scope 2 GHG emissions.

Gross Scope 3 GHG emissions can come from, but are not limited to, extracting and producing purchased materials, transporting purchased fuels in vehicles not owned or controlled by the organization, and the end use of products and services. Gross Scope 3 GHG emissions can also come from decomposing the organization's waste. Process-related emissions during the manufacture of purchased goods and fugitive emissions in facilities not owned by the organization can also produce Scope 3 GHG emissions.

Gross Scope 3 GHG emissions include, but are not limited to, the CO₂ emissions from energy consumption as reported under [Requirement EN-3-a in GRI EN: Energy 20xx](#).

Guidance to GH-3-a

As detailed in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, the organization is required to use the following 15 upstream and downstream categories to calculate gross Scope 3 GHG emissions:

1200 **Upstream categories**

- 1201 1. Purchased goods and services
- 1202 2. Capital goods
- 1203 3. Fuel- and energy-related activities (not included in gross Scope 1 or Scope 2 GHG emissions)
- 1204 4. Upstream transportation and distribution
- 1205 5. Waste generated in operations
- 1206 6. Business travel
- 1207 7. Employee commuting
- 1208 8. Upstream leased assets

1209 **Downstream categories**

- 1210 9. Downstream transportation and distribution
- 1211 10. Processing of sold products
- 1212 11. Use of sold products
- 1213 12. End-of-life treatment of sold products
- 1214 13. Downstream leased assets
- 1215 14. Franchises
- 1216 15. Investments

1217
1218 All seven gases covered by the Kyoto Protocol are included in the gross Scope 3 GHG emissions
1219 calculation. If the organization does not have data on all the gases, it should refer to [Requirement 6 in](#)
1220 [GRI 1: Foundation 2021](#) to provide a reason for the omission.

1221 Emissions from other GHGs, such as the Montreal Protocol gases, can be reported by the
1222 organization separately from gross Scope 3 GHG emissions.

1223 To present the information for this requirement, see Table 5.

1224 GHG emissions associated with Scope 3 removal activities within an organization's inventory
1225 boundary are reported under GH-3-a. If there are Scope 1 or Scope 2 GHG emissions associated
1226 with Scope 3 removal activities, they should be reported under GH-1-a and GH-2-a.

1227 **Guidance to GH-3-a-iii**

1228 Under requirement GH-3-a, an organization is required to include biogenic non-CO₂ emissions from
1229 the combustion or biodegradation of biomass in the calculation of gross Scope 3 GHG emissions, for
1230 example, methane (CH₄) and nitrous oxide (N₂O) emissions from the combustion of biofuels.

1231 For further information, refer to the GHG Protocol Corporate Standard and GHG Protocol Scope 3
1232 Standard.

1233 **Guidance to GH-3-a-iv**

1234 The organization is required to use the latest Intergovernmental Panel on Climate Change (IPCC)
1235 global warming potential (GWP) values. If the organization used different IPCC GWP values in
1236 previous reporting periods, it should disclose the IPCC GWP values used in each reporting period.

1237 The organization should consistently apply GWP values for the information disclosed.

1238 **Guidance to GH-3-b**

1239 Emissions data in metric tons of CO₂ equivalent are reported for each of the 15 Scope 3 categories.
1240 The organization should ensure that the Scope 3 inventory appropriately reflects the GHG emissions
1241 of the organization. The organization should not exclude any category that would compromise the
1242 relevance of the reported inventory.

1243 If the organization cannot report the emissions data for a particular category, it is required to provide a
1244 reason for omission. Where data cannot be reported because it is unavailable or incomplete, the
1245 organization is required to specify which information is unavailable or incomplete and why, and

1246 describe the steps being taken and the expected time frame to obtain the information. If the GHG
1247 emissions value of a particular category is identified as not applicable, the organization is required to
1248 explain why the category is considered not applicable. See [Requirement 6 in GRI 1 Foundation 2021](#).

1249 The organization can refer to the GHG Protocol Corporate Value Chain Standard for information on
1250 the Scope 3 GHG accounting quality criteria.

1251 An organization can also provide the breakdown of gross Scope 3 GHG emissions of carbon dioxide
1252 (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs),
1253 sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃), in metric tons.

1254 To ensure transparency, for each of the 15 Scope 3 categories, the organization should report the
1255 percentage of the total emissions obtained through primary data on the total for each category.
1256 Primary data is obtained from suppliers or other value chain entities. The following formula may be
1257 used:

$$1258 \quad \text{Primary data (\%)} = 100 * \frac{\text{Primary data (MtCO}_2\text{e)}}{\text{total Scope 3 category emissions (MtCO}_2\text{e)}}$$

1259

1260 Where it aids transparency or comparability over time, the organization can provide additional
1261 breakdowns of gross Scope 3 GHG emissions by, for example:

- 1262 • business unit or facility;
- 1263 • country;
- 1264 • type of source;
- 1265 • type of activity.

1266 To present the information for this requirement, see Table 5.

1267 **Guidance to GH-3-c**

1268 Biogenic CO₂ emissions from the combustion or biodegradation of biomass in the value chain are
1269 reported separately from gross Scope 3 GHG emissions and, therefore, are not included in the
1270 calculation for GH-3-a.

1271 The organization can refer to the GHG Protocol Corporate Standard and GHG Protocol Scope 3
1272 Standard for further information.

1273 To present the information for this requirement, see Table 5.

1274 **Guidance to GH-3-d**

1275 As specified in the comparability principle in [GRI 1: Foundation 2021](#), the organization should present
1276 the information for the current reporting period and at least two previous reporting periods.

1277 For further information on recalculations of emissions in prior reporting periods, the organization can
1278 refer to [Guidance to GH-1-d](#) in this Standard and the GHG Protocol Corporate Standard.

1279 If the organization has reported the base year under [Disclosure CC-4 GHG emissions reduction
1280 targets and progress](#) (GH-1-d), it can refer to that information and does not need to repeat it.

1281 **Guidance to GH-3-d-ii**

1282 This requirement covers separate base year emissions data for:

- 1283 • gross Scope 3 GHG emissions (GH-3-a);
- 1284 • biogenic CO₂ emissions (GH-3-c).

1285 In addition, the organization should provide the breakdowns of base year emissions by categories
1286 (GH-3-b and GH-3-c).

1287 **Guidance to GH-3-e**

1288 When reporting gross Scope 3 GHG emissions, the organization should ensure consistency with the
1289 consolidation approach selected under Scope 1 and 2.

1290 The organization should describe the reasons why the standards, methodologies, assumptions, and
1291 calculation tools used were chosen.

1292 The emission factors can originate from mandatory reporting requirements, voluntary reporting
1293 frameworks, or industry groups.

1294 The organization should consistently apply emissions factors for the information disclosed.

Exposure draft for public comment

Disclosure GH-4 GHG emissions intensity

REQUIREMENTS

The organization shall:

- a. report GHG emissions intensity ratio(s), including the specific metrics (the denominators) chosen to calculate the ratio(s);
- b. report the types of GHG emissions included in the intensity ratio(s), whether Scope 1, Scope 2, or Scope 3.

GUIDANCE

Intensity ratios are obtained by dividing the absolute GHG emissions by an organization-specific metric (the denominator). Many organizations track environmental performance with intensity ratio(s).

GHG emissions intensity expresses the amount of GHG emissions per unit of activity, output, or any other organization-specific metric. In combination with an organization's absolute GHG emissions, reported in Disclosures GH-1, GH-2, and GH-3, GHG emissions intensity helps to contextualize the organization's efficiency, including in relation to other organizations.

The organization selects a specific metric that applies to its activities. For example, organizations that manufacture products may choose 'tons of product produced' as a denominator, whereas organizations with diversified activities and services may choose 'full-time equivalent employee (FTE)' as a denominator.

Table 2. Example template for presenting information on GHG emissions intensity ratio(s)

GHG emissions intensity ratios	Scopes (1,2,3)	Specific metric	Reporting period (1)	Reporting period (2)	Reporting period (3)
Ratio 1					
Ratio 2					
Ratio XX					

Guidance to GH-4-a

The organization can report intensity ratios for Scope 1, Scope 2, or Scope 3 separately or combined for Scope 1 and Scope 2. The organization should specify whether biogenic emissions are included in the numerator of the selected ratio(s).

Where it aids transparency or comparability over time, the organization should provide a breakdown of the GHG emissions intensity ratios by, for example:

- business unit or facility;
- country;
- type of source;
- type of activity;
- Scope 3 category.

Guidance to GH-4-b

Organization-specific metrics (denominators) can include, but are not limited to:

- units of product;
- production volume (such as metric tons, liters, or MWh);
- size (such as m² floor space);

- 1332 • number of full-time employees;
1333 • monetary units (such as revenue or sales).

1334 Relevant denominators will be different from industry to industry or even among different business
1335 units of an organization. Therefore, the organization should choose a denominator relevant to its
1336 industry and aligned with current industry standards.

Exposure draft for public comment

Disclosure CC-5 GHG removals in the value chain

REQUIREMENTS

The organization shall:

- a. report total GHG removals in metric tons of CO₂ equivalent in the value chain, excluding any GHG trades, and a breakdown of this total by:
 - i. Scope 1 GHG removals and a further breakdown by storage pool;
 - ii. Scope 3 GHG removals and a further breakdown by storage pool;
- b. for each storage pool, describe how quality criteria are monitored in order to manage the risk of non-permanence;
- c. report the intended use of GHG removals;
- d. report standards, methodologies, assumptions, and calculation tools used;
- e. report the impacts associated with GHG removals and the actions taken to manage these impacts, including on:
 - i. local communities, vulnerable groups and workers;
 - ii. biodiversity.

GUIDANCE

This disclosure aims to increase transparency by helping organizations report on GHG removals.

GHG removals are anthropogenic activities removing CO₂ or other GHGs from the atmosphere and durably storing it in geological or terrestrial reservoirs. CO₂ removals occur when CO₂ is transferred from the atmosphere to a non-atmospheric carbon pool (e.g., land-based pool or geologic pool). CO₂ removals can also be referred to as carbon sequestration or enhanced carbon storage, where the carbon is derived from atmospheric CO₂.

According to the Intergovernmental Panel on Climate Change (IPCC), removals have two distinct elements:

- transfer of CO₂ or other GHGs from the atmosphere via sinks (the process, activity, or mechanism that removes greenhouse gases from the atmosphere); and
- storage of CO₂ or other GHGs within pools (the physical reservoir or medium where the removed CO₂ or other GHGs are stored).

Globally accepted accounting methods for GHG removals are currently under development. Organizations can refer to the Land Sector and Removals Guidance of the GHG Protocol, where guidance on accounting for CO₂ removals and carbon pools is provided. However, there is potential for removing other GHGs from the atmosphere, and additional guidance may be developed in the future.

Consistent with the climate change mitigation hierarchy, organizations are expected to prioritize implementing all feasible technical and scientific actions to avoid and reduce emissions in alignment with the effort to limit global warming to 1.5°C. Therefore, GHG removals cannot be counted as emission reductions toward an organization's gross GHG emissions reduction targets reported under [Disclosure CC-4 GHG emissions reduction target setting and progress](#). If the organization reports net-zero targets under CC-1-f, GHG removals can only be used to counterbalance residual emissions at the net-zero target year or after having reduced at least 90% of their GHG emissions when further reduction is not possible.

Guidance to CC-5-a

1381 The organization should exclude from the calculation any removal activity undertaken by an
 1382 organization within its inventory boundary that is sold as a carbon credit.

1383 In cases where the organization reports removals other than CO₂, it should separately report
 1384 removals for each GHG covered by the Kyoto Protocol and use the GWP based on a 100-year
 1385 timeframe.

1386 To present the information for this requirement, see Table 3.

1387 **Guidance to CC-5-a-i**

1388 Scope 1 removals are direct and constitute removals for which the reporting organization owns or
 1389 controls the sink that transfers CO₂ or other GHGs from the atmosphere and the storage pool. Scope
 1390 3 removals are indirect and result from the activities of the reporting organization and where the
 1391 organization does not own or control both the sink (that transfers GHG from the atmosphere) and the
 1392 pool (that stores CO₂ or other GHGs).

1393 There are no Scope 2 removals since removals do not occur when generating electricity, heating,
 1394 cooling, or steam. According to the Land Sector and Removals Guidance of the GHG Protocol,
 1395 removals occurring in the value chain of the energy generation process are accounted for in Scope 3,
 1396 category 3, fuel- and energy-related activities as per the Scope 3 categories of the Corporate
 1397 Standard of the GHG Protocol.

1398 **Guidance to CC-5-a-ii**

1399 By reporting the storage pool, the organization provides transparency on the removal and storage
 1400 activity and the technology used.

1401 A storage pool is a physical reservoir or medium where a greenhouse gas or its constituent elements
 1402 are stored. There are two types of storage pools considered for reporting under this disclosure:

- 1403 • Land-based pools store carbon in terrestrial biomass, dead organic matter, and soil carbon
 1404 pools. The organization can report CO₂ removals resulting from annual increases in carbon
 1405 stored in land-based carbon pools due to land management. All land management removals
 1406 are from biogenic sinks;
- 1407 • Geologic pools are geologic formations that store inorganic minerals not used as products, for
 1408 example, fossil carbon in sedimentary formations containing oil and natural gas. The
 1409 organization can report CO₂ removals resulting from annual increases of carbon stored in
 1410 geologic pools derived from biogenic or technological CO₂ sinks.

1411 In addition, the organization should disaggregate the total GHG removals by sink process. The United
 1412 Nations Framework Convention on Climate Change (UNFCCC) defines a sink as any biogenic or
 1413 technological process that removes greenhouse gases from the atmosphere.

1414 As explained in the GHG Protocol's Land Sector and Removals Guidance, two main types of sink
 1415 processes remove CO₂ from the atmosphere:

- 1416 • Biogenic CO₂ removals resulting from atmospheric CO₂ transferred via biological sinks, such
 1417 as photosynthesis, to storage in biogenic carbon pools;
- 1418 • Technological CO₂ removals resulting from atmospheric CO₂ transferred via technological
 1419 sinks to storage in geologic carbon pools.

1420 To present the information for this requirement, see Table 3.

1421 **Table 3. Example template for presenting information on GHG removals**

1422

GHG removals in the value chain	Scope 1 removals in metric tons	Scope 3 removals in metric tons
Storage pool 1		
Storage pool 2		

Storage pool 3		
Storage pool 4		
Storage pool 5		
Total GHG removals in the value chain in metric tons		

1423

1424 **Guidance to CC-5-b**

1425 Risk of non-permanence means the inability to demonstrate that CO₂ or other GHGs remain stored
 1426 and losses of CO₂ and other GHG stock are accounted for and reported as emissions or reversals in
 1427 future inventory periods. Reversals are GHG emissions from carbon pools previously reported as
 1428 GHG removals by the organization.

1429 The risk of non-permanence should also include possible losses or leaks during transport.

1430 The risk of non-permanence may be in the form of unintentional natural factors such as fire, wind, and
 1431 other extreme weather events, intentional or purposeful actions such as harvests that are not part of
 1432 the management plan, conversion, or changes to land use.

1433 In order to implement the permanence principle, quality criteria are used to manage removals. Quality
 1434 criteria include:

- 1435 • An ongoing storage monitoring program – to demonstrate that CO₂ and other GHGs remain stored
 1436 or used to detect losses of stored CO₂ and other GHGs;
- 1437 • Traceability – where the organization can identify, track, and collect information throughout the
 1438 entire removal pathway, particularly in the case of Scope 3 removals, where the sinks and pools
 1439 are both not owned or controlled by the organization;
- 1440 • Availability of primary data – where the organization demonstrates that it has accounted for
 1441 removals using empirical data specific to the sinks and pools where GHG is stored in its own
 1442 operations or within its value chain;
- 1443 • Uncertainty – where the organization provides a quantitative uncertainty range for the removals,
 1444 including the removal value, the uncertainty range for the removal estimate is based on a
 1445 specified confidence level, and the organization can justify how the selected value does not
 1446 overestimate removals;
- 1447 • Reversals accounting – where the organization reports CO₂ stock and other GHG losses of
 1448 previously reported removals. The CO₂ stock and other GHG losses should be reported as GHG
 1449 emissions, if storage pools are part of the GHG inventory boundary in the reporting period or as
 1450 reversals, if storage pools are no longer part of the GHG inventory in the reporting period.

1451 If GHG removals do not meet one or more quality criteria listed above, or the organization cannot
 1452 describe how the removals meet one or more quality criteria, the organization should state this and
 1453 provide an explanation. The organization should also describe the planned or implemented actions to
 1454 meet the quality criteria.

1455 **Guidance to CC-5-c**

1456 This requirement covers the intended use of GHG removals reported under CC-5-a.

1457 GHG removals can be used to counterbalance residual emissions as the last step of the mitigation
 1458 hierarchy. Organizations are expected to counterbalance residual emissions at the net-zero target
 1459 year or after having reduced at least 90% of their GHG emissions when further reduction is not
 1460 possible, according to the Corporate Net Zero Standard from the Science Based Targets initiative
 1461 (SBTi).

1462 Residual emissions refer to the unabated GHG emissions after the organization has reduced at least
 1463 90% of its GHG emissions, when further reduction is not possible, according to the Net Zero Scenario
 1464 from the International Energy Agency (IEA) and Corporate Net Zero Standard from the Science

1465 Based Targets initiative (SBTi). In the case an organization is subjected to sectorial decarbonization
1466 pathways, it may be subjected to a different percentage of GHG emissions reduction.

1467 GHG removals cannot be counted as emission reductions toward an organization's gross GHG
1468 emissions reduction targets reported under [Disclosure CC-4 GHG emissions reduction target setting
1469 and progress](#).

1470 The organization may be allowed to include GHG removals in the targets reported under this
1471 disclosure only if subjected to specific sector programs (e.g., the SBTi Forest, Land and Agriculture
1472 (FLAG) Guidance). The organization should report the sector program based on authoritative
1473 scientific evidence.

1474 In addition, the organization should disclose whether GHG removal targets are in place and the
1475 purpose of the targets. The purpose of GHG removal targets can include counterbalancing residual
1476 emissions at the net-zero target year (as part of their net-zero strategy) and beyond value chain
1477 mitigation. If the organization sets GHG removal targets for other purposes, it should report and
1478 explain them.

1479 The organization should also report its reversals accounting policy, including how reversals of
1480 previously reported GHG removals in their target are accounted.

1481 **Guidance to CC-5-e**

1482 Under requirement CC-5-e, an organization should report impacts associated with GHG removals that
1483 occur both in the value chain and beyond its value chain.

1484 The organization should also report how it engages with stakeholders to identify impacts on people,
1485 including local communities, vulnerable groups and workers and on the environment including
1486 biodiversity.

1487 **Guidance to CC-5-e-i**

1488 Examples of impacts associated with GHG removals on local communities, vulnerable groups and
1489 workers can include:

- 1490 • Local communities lose the right to access lands if lands are used for new infrastructure,
1491 afforestation, or reforestation for removals and if the land is not acquired through inclusive
1492 and participatory processes.
- 1493 • Indigenous Peoples can be negatively impacted when land is not acquired with their free,
1494 prior, and informed consent.
- 1495 • Workers in carbon capture and storage facilities may face negative impacts on their health in
1496 the case of leakage of CO₂, as leakage may occur at any stage of capture, transport and
1497 storage.

1498 **Guidance to CC-5-e-ii**

1500 Examples of impacts associated with GHG removals on biodiversity can include:

- 1501 • Negative impacts on species when removal activities occur in or near threatened species'
1502 habitats.
- 1503 • Water is no longer available for use by ecosystems or local communities due to the extensive
1504 use of water for removal activities, leading to reduced water table levels.
- 1505 • Impacts on air quality and thereby on the health of local communities, resulting from potential
1506 leakage of CO₂ from storage pools.

1507 Disclosure 101-2 in *GRI 101: Biodiversity 202X* requires describing how the organization enhances
1508 synergies and reduces trade-offs between actions taken to manage its biodiversity impacts and its
1509 climate change impacts. If the organization has described the impacts on biodiversity resulting from
1510 its GHG removals and the actions taken to manage those impacts under Disclosure 101-2, it can
1511 provide a reference to this information.

Exposure draft for public comment

Disclosure CC-6 Carbon credits

REQUIREMENTS

The organization shall:

- a. report the total amount of carbon credits in metric tons of CO₂ equivalent canceled and a breakdown of this total by types of carbon credit project;
- b. for each project for which carbon credits have been canceled, report:
 - i. Project name and project ID;
 - ii. Project type, i.e., whether a reduction or removal project;
 - iii. Cancellation serial number, cancellation date, and vintage;
- c. for each carbon credit project reported under CC-5-b, describe how the project adheres to each of the following quality criteria;
 - i. additionality;
 - ii. credible baselines;
 - iii. permanence;
 - iv. leakage avoidance;
 - v. unique issuance and claiming;
 - vi. regular monitoring;
 - vii. independent validation and verification;
 - viii. GHG program governance;
- d. report the purpose of cancellation of carbon credits;
- e. describe how the organization continuously monitors and evaluates the positive and negative impacts of the projects from which carbon credits are purchased, including:
 - i. categories of stakeholders consulted in the implementation of the project;
 - ii. how human rights are respected;
 - iii. how socio-economic benefits for local communities and vulnerable groups are provided;
 - iv. how biodiversity is conserved;
 - v. how trade-offs are assessed.

GUIDANCE

This disclosure aims to increase transparency regarding the use of carbon credits.

A carbon credit is a transferable or tradable instrument representing one metric ton of CO₂ equivalent. Carbon credits are GHG emissions reduction or removal generated outside the organization's value chain and purchased by the organization.

Carbon credits can be generated as follows:

- GHG emissions reduction projects, such as renewable energy projects, to replace planned fossil fuel power plants or improve cookstoves' energy efficiency, and REDD+ projects (Reducing emissions from deforestation and forest degradation in developing countries).
- Removal projects, for example, afforestation, reforestation, soil carbon sequestration, direct air carbon capture and storage (DACs), and bioenergy with carbon capture and storage (BECCS).

Consistent with the climate change mitigation hierarchy, organizations are expected to prioritize implementing all feasible technical and scientific actions to avoid and reduce GHG emissions in alignment with the effort to limit global warming to 1.5° C.

1556 Therefore, carbon credits cannot be counted as emission reductions toward an organization’s gross
 1557 GHG emissions reduction targets reported under [Disclosure CC-4 GHG emissions reduction target](#)
 1558 [setting and progress](#).

1559 If the organization reports net-zero targets under CC-1-f, GHG removal carbon credit projects can
 1560 only be used to counterbalance residual emissions at the net-zero target year or after having reduced
 1561 at least 90% of their GHG emissions, when further reduction is not possible.

1562 Organizations can use carbon credits to finance additional climate change mitigation beyond the
 1563 expected GHG emission reduction targets, in line with the latest scientific evidence to limit global
 1564 warming to 1.5 C°.

1565 **Guidance to CC-6-a**

1566 A carbon credit is canceled when permanently removed from circulation in a registry account.

1567 In this requirement, the organization provides a breakdown of the total carbon credits canceled in the
 1568 reporting period by type of project, i.e., whether the carbon credits were from GHG emissions
 1569 reduction or removal activities. The organization can additionally report the percentage corresponding
 1570 to the type of project.

1571
 1572 The organization may also report the amount of carbon credits purchased and not canceled during
 1573 the reporting period in metric tons of CO₂ equivalent.

1574
 1575 To present carbon credits canceled, purchased, and not canceled during the reporting period, the
 1576 organization can use Table 4.

1577
 1578 **Table 4. Example template for presenting information on carbon credits canceled and carbon**
 1579 **credits purchased and not canceled by type of project**

Carbon credits	mtCO ₂ e	%
Total carbon credits canceled during the reporting period		
Emissions reduction projects		
Removal projects		
Total carbon credits purchased and not canceled during the reporting period		
Emissions reduction projects		
Removal projects		

1580 **Guidance to CC-6-b-iii**

1581 Serial numbers are allocated to credits within the scope of trading programs to ensure that the serial
 1582 numbers are retired once used.

1583 According to the Voluntary Carbon Market Integrity Initiative (VCMI), Claims Code of Practice, credit
 1584 vintage refers to the year the carbon emission reduction occurred. As the verification process can
 1585 take two to three years from project inception, projects may generate credits for already reduced
 1586 emissions.

1587 **Guidance to CC-6-c**

1588 In the case where carbon credits that are canceled and reported under CC-6-a do not meet one or
 1589 more quality criteria, or the organization is not able to describe how the carbon credits cancelled meet

1590 the quality criteria, the organization should state it and provide an explanation. The organization
1591 should also describe the planned or implemented actions to meet the quality criteria.

1592 **Guidance to CC-6-c-i**

1593 A project is additional if it would not have occurred without the incentives provided by the credit.

1594 **Guidance to CC-6-c-ii**

1595 GHG emissions reduction or removal are quantified based on a realistic estimate using a baseline
1596 scenario or performance standard. Carbon credits are calculated relative to a baseline that represents
1597 a hypothetical scenario for what GHG emissions would have been in the absence of the project. See
1598 the GHG Protocol for Project Accounting for more information on project-specific and performance
1599 standard baseline approaches.

1600 **Guidance to CC-6-c-iii**

1601 The GHG emission reduction and GHG removal projects are permanent. The longevity of a carbon
1602 pool and the stability of its stocks over time (such as 100 years or other periods defined by a carbon
1603 credit program) must meet the criterion of permanence.

1604
1605 When reporting how a project adheres to the criteria of permanence, the organization should report
1606 how the risk of non-permanence is managed, including disclosing which measures are in place to
1607 address the risks of reversal and to compensate for reversals.

1608 **Guidance to CC-6-c-iv**

1609 GHG emissions reduction and removal projects must mitigate the risk of causing impacts elsewhere
1610 and account for any increase in emissions or decrease in removals outside the project's boundary. In
1611 order to avoid leakage, the organization should report which measures are in place to determine and
1612 monitor leakage.

1613 **Guidance to CC-6-c-v**

1614 Carbon credits are expected to be uniquely issued, claimed, and canceled by an electronic registry.

1615 The organization that cancels the credit should claim the carbon credit. Double counting credits is not
1616 permitted, so another organization or entity cannot claim the same GHG emissions reduction or
1617 removal.

1618 Organizations developing GHG emissions reduction or removal projects within value chains to sell as
1619 carbon credits are expected to have procedures to prevent double counting.

1620 Double counting includes the following:

- 1621 • Double use occurs if multiple parties use a single GHG emission reduction or removal unit.
- 1622 • Double issuance occurs when multiple GHG emission reductions or removal units are issued
1623 for the same GHG emission reduction or removal.
- 1624 • Double claiming occurs when multiple parties claim the right to a single emission reduction,
1625 removal, or mitigation outcome.

1626 Double use can be avoided through registry systems that assign unique serial numbers to individual
1627 offset credits, track transfer, and ownership, and record the purpose of use. A way by which double
1628 issuance can be avoided is by checking that the accounting boundaries used to quantify GHG
1629 reductions for different projects do not overlap. Double claiming can be avoided if project developers
1630 sign legal attestations asserting exclusive claims to any credited emission reductions and legally
1631 conveying the claims to the buyers of credits.

1632 The organization should report whether the carbon credits qualify as corresponding adjustments. For
1633 further information, see the UN Paris Agreement, Article 6.

1634 **Guidance to CC-6-c-vi**

1635 GHG emissions reduction and removal credits are monitored and quantified ex-post. This should
1636 include accurate and precise measurement, sampling, and quantification protocols. The organization
1637 should report the processes for data monitoring throughout the crediting period.

1638 **Guidance to CC-6-c-vii**

1639 Carbon credits are verified according to recognized quality standards by independent third-party
1640 validators and verifiers. The organization should report the processes in place for the independent
1641 third-party validation and verification of the carbon credits, as well as the relevant standards used.

1642 **Guidance to CC-6-c-viii**

1643 GHG programs issue GHG emissions reduction and removal credits with a clearly defined and
1644 transparent governance structure. The organization should report the GHG governance structure of
1645 the carbon credit projects. Specifically, the organization should report the relevant published rules and
1646 procedures, accreditation procedures for third-party auditors, and stakeholder consultation
1647 procedures for developing or refining program requirements and as part of the project approval
1648 process, with established grievance and input mechanisms to address complaints about projects after
1649 implementation.

1650 **Guidance CC-6-d**

1651 This requirement covers the purpose of the cancellation reported under CC-6-a.
1652 Purpose of cancellation includes, for example:

- 1653 • Compliance with any country, regional, or industry-level sectorial carbon-crediting program.
- 1654 • Financing and contributing additional climate change mitigation in addition to the
1655 organization's GHG emission reduction actions. These contributions are one of the steps of
1656 the mitigation hierarchy. Such contributions cannot be used to counterbalance residual
1657 emissions for reaching net-zero targets.
- 1658 • Counterbalancing residual emissions is the last step of the mitigation hierarchy. Only GHG
1659 removal from carbon credit projects can be used to counterbalance residual emissions
1660 according to the Corporate Net Zero Standard from the Science Based Targets initiative
1661 (SBTi). Organizations are expected to counterbalance residual emissions at the net-zero
1662 target year or after having reduced at least 90% of their GHG emissions, when further
1663 reduction is not possible.

1664
1665 Residual emissions refer to the unabated GHG emissions after the organization has taken all feasible
1666 technical and scientific actions to reduce at least 90% of its GHG emissions, when further reduction is
1667 not possible, according to the Net Zero Scenario from the International Energy Agency (IEA) and
1668 Corporate Net Zero Standard from the Science Based Targets initiative (SBTi).

1669
1670 When reporting the purpose of carbon credit cancellation, the organization should indicate how the
1671 cancellation does not impede nor reduce the achievement of its GHG emissions reduction targets.

1672
1673 Carbon credits cannot be counted as emission reductions toward an organization's gross GHG
1674 emissions reduction targets reported under [Disclosure CC-4 GHG emissions reduction target setting
1675 and progress.](#)

1676 **Guidance to CC-6-e**

1677 Organizations are expected to have a due diligence process in place to select carbon credit projects
1678 that maximize positive impacts and prevent or mitigate negative impacts on people and the
1679 environment.

1680 **Guidance to CC-6-e-i**

1681 The organization can refer to [Guidance 2-29 in GRI 2](#) for reporting under this requirement.

1682 **Guidance CC-6-e-ii**

1683 The organization is expected to select carbon credit projects that respect human rights, with special
1684 attention to vulnerable groups and Indigenous Peoples. For further information, the organization can
1685 refer to the United Nations High-Level Expert Group on the Net Zero Emissions Commitments of Non-
1686 State Entities 'Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities
1687 and Regions' Report.

1688 Carbon credit projects should not negatively impact the livelihoods and earnings of workers, food
1689 security, water rights, or land rights. These projects should not result in physical violence towards
1690 workers or local communities.

1691 When reporting on the human rights impacts of carbon credit projects, the organization can describe
1692 how local communities are consulted and how tenure rights for the land used for projects are
1693 respected without the threat of forceable eviction. The organization can also describe how it obtains
1694 the free, prior, and informed consent of Indigenous Peoples with regard to any action that affects their
1695 lands, territories, or resources.

1696 **Guidance to CC-6-e-iii**

1697 In this disclosure, the organization explains how the carbon credit activities generate socio-economic
1698 benefits for local communities and vulnerable groups.

1699 Examples of socio-economic benefits for local communities and vulnerable groups resulting from
1700 carbon credit projects can include providing them with a portion of the payments for each credit
1701 purchased, creating new jobs, and developing technical skills and training.

1702 **Guidance to CC-6-e-iv**

1703 Requirement CC-6-e-iv enables the organization to describe how its carbon credit projects contribute
1704 to biodiversity conservation.

1705 Carbon credit projects can result in positive and negative impacts on biodiversity. An example of a
1706 positive impact can be when a carbon credit project leads to the recovery of a degraded ecosystem.
1707 An example of a negative impact can be when a carbon credit project leads to biodiversity loss, for
1708 example, from afforesting an area with single-species trees.

1709 The organization can also describe the impacts of the carbon credit projects on biodiversity, for
1710 example, whether the variety of plant and animal species increases or decreases or whether the
1711 projects support land regeneration or lead to land degradation.

1712 Disclosure 101-2 in *GRI 101: Biodiversity 202X* requires describing how the organization enhances
1713 synergies and reduces trade-offs between actions taken to manage its biodiversity impacts and its
1714 climate change impacts. If the organization has described how its carbon credit projects conserve
1715 biodiversity under Disclosure 101-2, it can provide a reference to this information.

1716 **Guidance to CC-6-e-v**

- 1717 Carbon credit projects are likely to involve trade-offs. For example, land-based removal projects can
1718 reduce the availability of land for food production.
- 1719 Under requirement CC-6-e-v, the organization should also describe the process to mitigate trade-offs.

Exposure draft for public comment

1720 **Example templates for presenting information for Disclosures GH-1, GH-2 and GH-3**

1721 **Table 5. Example template for presenting information on Scope 1, Scope 2 and Scope 3 GHG**
 1722 **emissions**

Scope 1, Scope 2 and Scope 3 GHG emissions	Base year		Reporting period-2		Reporting period-1		Reporting period	
	Emissions in mtCO ₂ e	Biogenic CO ₂ emissions in metric tons	Emissions in mtCO ₂ e	Biogenic CO ₂ emissions in metric tons biogenic CO ₂	Emissions in mtCO ₂ e	Biogenic CO ₂ emissions in metric tons biogenic CO ₂	Emissions in mtCO ₂ e	Biogenic CO ₂ emissions in metric tons biogenic CO ₂
Scope 1 GHG emissions								
Scope 2 GHG emissions								
Location-based								
Market-based								
Scope 3 GHG emissions								
Category 1: Purchased goods and services								
Category 2: Capital goods								
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)								
Category 4: Upstream transportation and distribution								
Category 5: Waste generated in operations								
Category 6: Business travel								
Category 7: Employee commuting								
Category 8: Upstream leased assets								
Category 9: Downstream transportation and distribution								
Category 10: Processing of sold products								
Category 11: Use of sold products								
Category 12: End-of-life treatment of sold products								
Category 13: Downstream leased assets								
Category 14: Franchises								
Category 15: Investments								

1723

1724 **Table 6. Example template for presenting information on Scope 1 and Scope 2 GHG emissions**
 1725 **by gas**

Emissions – Breakdown by gas	Reporting period-2		Reporting period-1		Reporting period	
	metric tons	mtCO ₂ e	metric tons	mtCO ₂ e	metric tons	mtCO ₂ e
Scope 1 GHG emissions						
CO ₂						
CH ₄						
N ₂ O						
HFCs						
PFCs						

SF ₆						
NF ₃						
Scope 2 GHG emissions (location-based)						
CO ₂						
CH ₄						
N ₂ O						
Scope 2 GHG emissions (market-based)						
CO ₂						
CH ₄						
N ₂ O						

Glossary

1726

1727 This glossary provides definitions for terms used in this Standard. The organization is required to
1728 apply these definitions when using the GRI Standards.

1729 The definitions included in this glossary may contain terms that are further defined in the complete
1730 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in
1731 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

1732

1733 **base year**

1734 historical datum (a specific year or an average over multiple years) against which a measurement is
1735 tracked over time

1736 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1737 (WBCSD), *GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition, 2004*; modified.

1738

1739 **biogenic carbon dioxide (CO₂) emission**

1740 emission of CO₂ from the combustion or biodegradation of biomass

1741

1742 **carbon credit**

1743 Transferable or tradable instrument that represents one metric ton of CO₂ equivalent emissions
1744 reduction or removal

1745 Note: Carbon credits are uniquely serialized, issued, tracked, and canceled according to recognized
1746 quality standards.

1747

1748 **carbon dioxide (CO₂) equivalent**

1749 The universal unit of measurement to indicate the global warming potential (GWP) of each
1750 greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate
1751 the release, or avoiding the release, of different greenhouse gases against a common basis

1752 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1753 (WBCSD), *GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate*
1754 *Standard, 2015* and *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting*
1755 *Standard, 2011*.

1756 Note: The CO₂ equivalent for a gas is determined by multiplying the metric tons of the gas by the
1757 associated GWP.

1758

1759 **global warming potential (GWP)**

1760 Factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a
1761 given greenhouse gas (GHG) relative to one unit of CO₂

1762 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1763 (WBCSD), *GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate*
1764 *Standard, 2015 and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting*
1765 *Standard, 2011.*

1766 Note: GWP values convert GHG emissions data for non-CO₂ gases into units of CO₂ equivalent.

1767

1768 **greenhouse gas (GHG)**

1769 gas that contributes to the greenhouse effect by absorbing infrared radiation

1770 Note: For the purposes of this Standard, GHGs are the seven gases covered by the UNFCCC:
1771 carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs);
1772 perfluorocarbons (PFCs); sulphur hexafluoride (SF₆); and nitrogen trifluoride (NF₃).

1773

1774 **greenhouse gas (GHG) removal**

1775 anthropogenic activities to remove CO₂ or other greenhouse gas (GHGs) emissions from
1776 the atmosphere and durably store them in geological, terrestrial, or ocean reservoirs

1777

1778 Source: Intergovernmental Panel on Climate Change (IPCC), *Global Warming of 1.5°C. An IPCC*
1779 *Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and*
1780 *related global greenhouse gas emission pathways, in the context of strengthening the global*
1781 *response to the threat of climate change, sustainable development, and efforts to eradicate*
1782 *poverty, Annex I: Glossary, 2018; modified.*

1783

1784 **greenhouse gas (GHG) trade**

1785 purchase, sale, or transfer of carbon credits or greenhouse gas (GHG) allowances

1786 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1787 (WBCSD), *GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition, 2004;*
1788 modified

1789

1790 **human rights**

1791 rights inherent to all human beings, which include, at a minimum, the rights set out in the *United*
1792 *Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set
1793 out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights*
1794 *at Work*

1795 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*
1796 *United Nations "Protect, Respect and Remedy" Framework, 2011; modified*

1797 Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human
1798 rights'.

1799

1800

1801 **impact**

1802 effect the organization has or could have on the economy, environment, and people, including on their
1803 human rights, which in turn can indicate its contribution (negative or positive) to sustainable
1804 development

1805 Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or
1806 unintended, and reversible or irreversible.

1807 Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on 'impact'.

1808

1809 **material topics**

1810 topics that represent the organization's most significant impacts on the economy, environment, and
1811 people, including impacts on their human rights

1812 Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for
1813 more information on 'material topics'.

1814

1815 **Scope 1 GHG emissions**

1816 Greenhouse gas (GHG) emissions from operations that are owned or controlled by the organization

1817 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1818 (WBCSD), GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate
1819 Standard, 2015 and GHG Protocol Corporate Value Chain (Scope 3) Accounting and
1820 Reporting Standard, 2011.

1821 Examples: CO₂ emissions from fuel consumption

1822 Note: A GHG source is any physical unit or process that releases GHG into the atmosphere.

1823

1824 **Scope 2 GHG emissions**

1825 Indirect greenhouse gas (GHG) emissions from the generation of purchased or acquired electricity,
1826 steam, heating, and cooling consumed by the organization

1827 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1828 (WBCSD), GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate
1829 Standard, 2015 and GHG Protocol Corporate Value Chain (Scope 3) Accounting and
1830 Reporting Standard, 2011.

1831

1832 **Scope 3 GHG emissions**

1833 All indirect greenhouse gas (GHG) emissions (not included in Scope 2) that occur in the value chain
1834 of the organization, including both upstream and downstream emissions

1835 Source: World Resources Institute (WRI) and World Business Council for Sustainable Development
1836 (WBCSD), GHG Protocol Scope 2 Guidance. An amendment to the GHG Protocol Corporate
1837 Standard, 2015 and GHG Protocol Corporate Value Chain (Scope 3) Accounting and
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