Item 02 – GRI Topic Standard Project for Climate Change – Climate Change Exposure draft

For GSSB approval

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<td>16 November 2023</td>
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<tr>
<td>Project</td>
<td>GRI Topic Standard Project for Climate Change</td>
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<td>Description</td>
<td>This document sets out the exposure draft of GRI Climate Change Standard, including the explanatory memorandum summarizing the objectives of the project and the significant proposals contained within the draft. These are submitted for GSSB approval for public exposure. If approved, it is proposed that public exposure commence in late November 2023 and run until the end of February 2024.</td>
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Explanatory memorandum

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

Objectives for the project

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

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

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

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

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

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

For more information on the project, consult the Project Proposal and the Technical Committee biographies.

Significant proposals

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

• Incorporation of just transition principles

The Climate Change draft covers a dedicated disclosure on just transition metrics, including the number of jobs created, eliminated, and redeployed due to the transition plan, the number of
employees that received training for up- and reskilling and the locations where the organization’s transition plan has impacts on local communities and Indigenous Peoples.

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

- **New disclosure on transition plan for climate change mitigation**

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

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

- **New disclosure on climate change adaptation**

This management disclosure focuses on the development of a climate change adaptation plan and the impacts including on local communities, vulnerable groups, workers, and biodiversity associated with the implementation and outcome of the plan. The disclosure also requires organizations to report any impacts associated with climate change-related risks and opportunities that have been identified to inform the development of the adaptation plan.

The disclosure covers details on policies and actions, the scenarios used for the development of the adaptation plan, and information on investment allocated for the implementation of the adaptation plan, governance, targets and stakeholder engagement. As stakeholder engagement is a critical aspect of adaptation planning, relevant processes that were implemented in order to develop the adaptation plan are reported.

- **New disclosure on emissions reduction targets and progress**

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

- **New disclosure on removals within the value chain**

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

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

**New terms and relevant definitions**

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

- carbon credit
- greenhouse gas (GHG) removal

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

**More extensive guidance throughout the drafts**

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

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

The GSSB appointed three of its members as sponsors for this project. The GSSB sponsors observed the TC process and attended most of their meetings. The exposure draft is scheduled to be presented for approval to the GSSB at its meeting on 16 November 2023.

The recording of the meeting can be accessed on the GSSB website.

**Note on reading this document**

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

Underlined terms in the draft Standard indicate terms for which definitions have been provided. Most of these terms are already defined in the GRI Standards Glossary 2022 – these definitions are highlighted in grey in the Glossary and cannot be changed. The proposed new definition is not highlighted in grey and is open for review.
# GRI CC: Climate Change 202X

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**Introduction**

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

The Standard is structured as follows:

- **Section 1** contains two disclosures, which provide information about how the organization manages its climate change-related impacts.
- **Section 2** contains eight disclosures, which provide information about the organization's climate change-related impacts.
- The **Glossary** contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The **Bibliography** lists authoritative intergovernmental instruments and additional references used in developing this Standard.

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

**Background on the topic**

This Standard addresses the topic of climate change.

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

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

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

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

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

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

Organizations are also expected to consider the interrelations of climate change with other sustainable development topics, such as biodiversity or just transition. For example, climate change is a direct driver of biodiversity loss, which in turn accelerates climate change processes. Moreover,
addressing the challenge of climate change will result in fundamental restructuring in certain sectors with shifts within and between economic sectors and regions. Organizations are expected to ensure that their transition plans are in line with the principles of just transition.

**System of GRI Standards**

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

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

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

GRI 1: Foundation 2021 specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting GRI 1.

GRI 2: General Disclosures 2021 contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

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

**Sector Standards**

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

**Topic Standards**

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using GRI 3.

Figure 1. GRI Standards: Universal, Sector and Topic Standards
Using this Standard

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

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

- Disclosure 3-3 in GRI 3: Material Topics 2021.
- Any disclosures from this Topic Standard that are relevant to the organization’s Climate Change-related impacts (Disclosure CC-1 through CC-6).

See Requirements 4 and 5 in GRI 1: Foundation 2021.

Reasons for omission are permitted for these disclosures.

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

If the organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. The organization can explain the reasons for not having
this item, or describe any plans to develop it. The disclosure does not require the organization to implement the item (e.g., developing a policy), but to report that the item does not exist.

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

Requirements, guidance and defined terms

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

Defined terms are **underlined** in the text of the GRI Standards and linked to their definitions in the Glossary. The organization is required to apply the definitions in the Glossary.
1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics. An organization that has determined Climate Change to be a material topic is required to report how it manages the topic using Disclosure 3-3 in GRI 3: Material Topics 2021. The organization is also required to report any disclosures from this section (Disclosure CC-1 and Disclosure CC-2) that are relevant to its climate change-related impacts.

This section is, therefore, designed to supplement – and not replace – Disclosure 3-3 in GRI 3.

Disclosure CC-1 Transition plan for climate change mitigation

REQUIREMENTS

The organization shall:

a. report transition plan-related policies and actions;

b. describe how the transition plan is in line with the latest scientific evidence on the global effort needed to limit global warming to 1.5° C, including methodologies and assumptions used;

c. report the investment allocated to the implementation of the transition plan during the reporting period as the total amount and as a percentage of the total investment in the reporting period;

d. report the bodies or individual roles responsible for overseeing and implementing the transition plan, including a description of their responsibilities;

e. describe how the transition plan is embedded in the organization’s overall business strategy;

f. report the targets set to achieve the transition plan and progress toward the targets, including:

i. Gross GHG emission reduction targets to be reported according to Disclosure CC-4 of this Standard;

ii. Targets to phase out fossil fuels, including the base year and standards, methodologies, and assumptions used to calculate the targets;

iii. If any other climate change mitigation targets are set, describe how these were set, the boundaries, the base year, and their role within the transition plan;

g. describe how engagement with stakeholders has informed the transition plan;

h. describe the impacts that may result from the organization’s transition plan, and the actions taken to manage the impacts, including:

i. on workers, local communities, and vulnerable groups to be reported according to Disclosure CC-3 of this Standard;

ii. on biodiversity;

i. describe how its public policy activities, including lobbying activities, are consistent with the transition plan;

j. describe the reasons why a transition plan is not in place, if applicable, and explain the steps being taken and the expected time frame to develop it.
GUIDANCE

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

Guidance to CC-1-a

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

Transition plan-related policies can include:

- policy on energy usage;
- policy on deforestation;
- policy on climate-related requirements for suppliers;
- review policy of the plan.

Disclosure 2-23 in GRI 2: General Disclosures 2021 requires reporting the organization’s policy commitments. If the organization has described the policies linked to its transition plan under Disclosure 2-23, it can provide a reference to this information.

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

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

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

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

Guidance to CC-1-b

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

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

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

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

Guidance to CC-1-c
The organization should report the investment allocated for the transition plan implementation as the total amount of capital expenditure (CapEx) and as the percentage of CapEx allocated for implementing the transition plan of the total CapEx planned.

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

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

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

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

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

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

**Guidance to CC-1-d**

Under this requirement, the organization should report:

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

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

**Guidance to CC-1-e**

The organization should report the following:

- whether and how the responsibility to manage climate change-related impacts is linked to performance assessments or incentive mechanisms. This includes whether and how the remuneration policies for the highest governance body members and senior executives are linked to the management of impacts that result from the organization’s transition plan. In addition, the organization can disclose whether the performance of the highest governance body members is assessed against the GHG emissions reduction targets reported under Disclosure CC-3 and if dividend distribution is subject to the achievement of the targets;
- how research and development activities are aligned with its transition plan;
- planned changes to the organization’s portfolio of products and services to deliver the transition plan. This includes plans to reduce the portfolio of high-carbon products and services and increase the portfolio of low-carbon products and services that it provides, either directly or indirectly;
- actions taken to build a culture aligned with its transition plan, including how leadership and training programs, human resources policies and procedures, workforce engagement, human rights due diligence, and remedy processes are aligned to its transition plan and in consideration of its impacts;
• if an internal carbon pricing scheme is in place, a description of it, including which of the organization’s GHG emissions sources are covered by the scheme and the prices used per metric ton of CO₂.

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

Guidance to CC-1-f

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

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

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

Guidance to CC-1-f-iii

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

If the organization reports net-zero targets, GHG removals within and beyond the value chain must only be used to counterbalance residual emissions as the last step of the mitigation hierarchy.

According to the Corporate Net Zero Standard from the Science Based Targets initiative (SBTi), organizations are expected 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.

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

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

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

Guidance to CC-1-g

The organization should report:

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

Guidance to CC-1-h

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

Requirements 3-3-a and 3-3-c in GRI 3: Material Topics 2021 entail the description of the organization’s impacts and the actions taken to manage the impacts. If the organization has described the impacts on the environment and people that may result from the organization’s transition plan and the actions taken to manage them under requirements 3-3-a and 3-3-c, it can provide a reference to this information.

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

Guidance to CC-1-h-ii

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

Guidance to CC-1-i

The organization should report:

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

Requirement CC-1-i is related to the recommendations in GRI 415: Public Policy 2016. The
organization can provide a reference to public policy activities related to its transition plan for climate
cchange mitigation when it has determined public policy to be a material topic and has reported
information in GRI 415.
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.
Climate change-related risks can be classified as physical or transition risks. Physical risks can include increased frequency and severity of flooding and storms, rising mean temperatures, precipitation and sea level changes, and drought. Transition risks can include changes in customer behaviors, enhanced regulatory landscape, and increased costs. Impacts associated with physical risks are reported under this requirement. Examples of impacts associated with physical risks include:

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

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

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

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

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

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

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

**Disclosure 2-23 in GRI 2: General Disclosures 2021** requires reporting the organization’s policy commitments. If the organization has described the policies linked to its adaptation plan under Disclosure 2-23, it can provide a reference to this information.

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

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

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

See The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities from the Task Force on Climate-related Financial Disclosures (TCFD) for more guidance.
Conducting climate change scenario analysis enhances transparency and assists organizations in planning effective actions to prevent and mitigate potential negative impacts on the economy, environment, and people, including on their human rights. The impacts identified and reported under CC-2-a and the climate change scenario analysis inform the organization's adaptation plan, reported under CC-2-c.

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

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

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

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

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

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

Under this requirement, the organization should report:

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

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

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

The organization should report how:

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

**Guidance to CC-2-c**

This requirement covers positive or negative impacts that may result from implementing the adaptation plan. If an adaptation plan is well managed, this can translate into positive impacts such as economic development and local employment. However, an adaptation plan can also result in negative impacts on the economy, environment, and people, including on their human rights. Negative impacts associated with adaptation plans can include the relocation of a production site to a
jurisdiction less prone to climatic weather events such as flooding. Jobs from the original production site will be eliminated due to the relocation.

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

Under Requirements 3-3-a and 3-3-c in GRI 3: Material Topics 2021, the organization is required to describe the organization’s impacts and the actions taken to manage the impacts. If the organization has described the impacts on the economy, environment, and people that may result from the organization’s adaptation plan and the actions taken to manage them under 3-3-a and 3-3-c, it can provide a reference to this information.

Guidance to CC-2-c-i

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

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

Guidance to CC-2-c-ii

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

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

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

Disclosure CC-3 Just transition

REQUIREMENTS

The organization shall:

- report the total number of jobs created as a result of the organization’s transition plan and provide a breakdown of this total by temporary and permanent jobs and describe the actions taken to determine that adequate remuneration is paid;
- report the total number of jobs eliminated as a result of the organization’s transition plan and provide a breakdown of this total by temporary and permanent jobs;
- report the ratio of the total number of jobs that have been redeployed as a result of the organization’s transition plan to the total number of jobs eliminated as a result of the organization’s transition plan;
- report the number of employees that received training for up- and reskilling as a result of the implementation of the transition plan;
- list the locations where the organization’s transition plan has impacts on local communities and Indigenous Peoples;
- report the percentage of locations listed in CC-3-e in which an agreement has been reached with local communities and Indigenous Peoples to safeguard their interests.

GUIDANCE

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

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

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

Several benchmarks are available for organizations to determine adequate remuneration, for example, the minimum wage set by a competent national authority, cost of living estimates, wages set by collective bargaining agreements, or industry-standard wages applicable for a specific sector.
It is important that just transition safeguards the needs of local communities and Indigenous Peoples and therefore, this disclosure also enables organizations to report if they have participated in the emerging opportunities for the transition to a greener economy.

**Guidance to CC-3-a**

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

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

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

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

**Guidance to CC-3-b**

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

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

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

**Guidance to CC-3-c**

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

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

\[
\text{Ratio} = \frac{\text{Number of jobs redeployed}}{\text{Number of jobs eliminated}}
\]

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

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

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

**Guidance to CC-3-e**

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

**Guidance to CC-3-f**

In the context of just transition, organizations need to engage with local communities and Indigenous Peoples to prevent and mitigate potential and actual negative impacts. Agreements through free, prior and informed consent (FPIC) that uphold rights and reflect the interests of Indigenous Peoples and local communities provide clear, sustainable and accountable outcomes of such engagements. This requirement aims to understand the effectiveness of the organization’s engagement actions with local communities and Indigenous People. When reporting this requirement, the organization calculates the percentage of locations based on the list of locations reported under CC-3-e.
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 recalculation of base year emissions;
   iv. when there are recalculation 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.
In addition to reporting gross GHG emissions reduction targets for Scope 1, Scope 2, and Scope 3 GHG emissions in metric tons of CO₂ equivalent and as a percentage of the emissions of a base year, the organization can report intensity targets.

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

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

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

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

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

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

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

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

\[
\text{Percentage (\%) of Scope 3 emissions covered by the target} = \frac{\text{Scope 3 emissions covered by the target}}{\text{Gross Scope 3 emissions (GH - 3 - a) + Biogenic Scope 3 emissions (GH - 3 - c)}} \times 100
\]

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

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

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

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

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

**Guidance to CC-4-b**

The organization should report which guidance or framework has been used to determine the targets, including the underlying climate and policy scenarios. The organization should explain how it has considered future developments (e.g., changes in sales volumes, mergers, and acquisitions) and transition risks (e.g., shifts in customer preferences and demand, regulatory factors, and new technologies) when setting the GHG emissions reduction targets. The organization should also explain how these developments and risks will potentially impact the ambition of the targets.
**Guidance to CC-4-d-iii**

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

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

**Guidance to CC-4-e**

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

Progress against GHG emissions targets can include reductions and increases in GHG emissions. To ensure transparency, an organization should report both reductions and increases in GHG emissions.

When reporting separate targets for Scope 1, Scope 2, and Scope 3 GHG emissions, progress should be reported against each target the organization has set.

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

When reporting the progress in metric tons of CO$_2$ equivalent, an organization should apply the following formula:

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

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

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

$$ Progress \% = \frac{Change \text{ in emissions}}{Base \text{ year emissions}} \times 100 $$

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

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

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

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

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

<table>
<thead>
<tr>
<th>GHG emissions reduction targets</th>
<th>Scopes included</th>
<th>Scope 3 categories included</th>
<th>Gases</th>
<th>Base year</th>
<th>Base year emissions (MtCO$_2$e)</th>
<th>Target (%)</th>
<th>Progress (%)</th>
<th>Target (MtCO$_2$e)</th>
<th>Progress (MtCO$_2$e)</th>
<th>Target year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross emissions reduction targets 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
Progress in GHG inventory emissions can be reductions due to the organization’s initiatives, secondary effects due to other initiatives carried out by the organization, or changes due to external factors.

Initiatives of the organization that result in reductions can include:

- process redesign;
- conversion and retrofitting of equipment;
- fuel switching;
- changes in behavior.

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

- changes in production capacity;
- outsourcing.

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

- decarbonization of the electricity grid caused by government policy;
- changes in consumer behavior, e.g., driving less;
- decarbonization of purchased goods and services initiated by suppliers;
- reduced emissions from waste disposal due to waste governmental policies.
Disclosure GH-1 Scope 1 GHG emissions

REQUIREMENTS

The organization shall:

a. report gross Scope 1 GHG emissions in metric tons of CO₂ equivalent, and in the
calculation:
   i. include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃;
   ii. include biogenic non-CO₂ GHG emissions from the combustion or biodegradation
       of biomass from owned or controlled operations;
   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 Scope 1 GHG emissions by CO₂, CH₄, N₂O, HFCs, PFCs, SF₆,
   and NF₃, in metric tons and in metric tons of CO₂ equivalent;

c. report biogenic CO₂ emissions from the combustion or biodegradation of biomass from
   owned or controlled operations in metric tons, separately from gross Scope 1 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
       formerly reported 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 1 GHG emissions include, but are not limited to, the CO₂ emissions from energy
consumption as reported in Requirement EN-2-a in GRI EN: Energy 20xx.

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

- Generation of electricity, heating, cooling, and steam – these emissions result from the
  combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from
  other combustion processes such as flaring;
- Physical or chemical processing – most of these emissions result from the manufacturing or
  processing of chemicals and materials, such as cement, steel, aluminum, ammonia, and
  waste processing;
- Transportation of materials, products, waste, workers, and passengers – these emissions
  result from the combustion of fuels in mobile combustion sources owned or controlled by the
  organization, such as trucks, trains, ships, airplanes, buses, and cars;
- Fugitive emissions – these emissions result from intentional or unintentional releases of
  GHGs. These include equipment leaks from joints, seals, packing, and gaskets; methane
  (CH₄) emissions from coal mines and venting; hydrofluorocarbon (HFC) emissions from
  refrigeration and air conditioning equipment; and CH₄ leakages.
Guidance to GH-1-a
All seven gases covered by the Kyoto Protocol are included in the gross Scope 1 GHG emissions calculation.

Emissions from other GHGs, such as the Montreal Protocol gases, can be reported by the organization separately from gross Scope 1 GHG emissions. Where it aids transparency or comparability over time, the organization can provide additional breakdowns of gross Scope 1 GHG emissions by, for example:
- business unit or facility;
- country;
- type of source (stationary and mobile combustion, process emissions, fugitive emissions);
- type of activity.

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

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

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

Guidance to GH-1-a-iv
The organization is required to use the latest Intergovernmental Panel on Climate Change (IPCC) global warming potential (GWP) values. If the organization used different IPCC GWP values in previous reporting periods, it should disclose the IPCC GWP values used in each reporting period.

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

Guidance to GH-1-b
The organization is required to report emissions data for all seven gases separately. If the organization cannot report the emissions data for each gas, it is required to provide a reason for omission. See Requirement 6 in GRI 1: Foundation 2021.

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

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

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

Guidance to GH-1-d
As specified in the comparability principle in GRI 1: Foundation 2021, the organization should present the information for the current reporting period and at least two previous reporting periods.

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

Cases that should trigger a recalculation of base year emissions can include:
• structural changes in the reporting organization that have a significant impact on the
organization's base year emissions, including mergers, acquisitions, divestments,
outsourcing, and insourcing of emitting activities.
• changes in calculation methodology or improvements in the accuracy of emission factors or
activity data that result in a significant impact on the base year emissions data.
• discovery of significant errors, or a number of cumulative errors, that are collectively
significant. In such a case, the organization should also report the established processes to
prevent such errors in future reporting.

For further information on recalculations of emissions in prior reporting periods, the organization can
follow the approach in the GHG Protocol Corporate Standard.

In the case where the organization has reported the base year according to the Disclosure CC-4 GHG
emissions reduction targets and progress, the organization can refer to that disclosure and does not
need to repeat the information.

Guidance to GH-1-d-ii
This requirement covers separate base year emissions data for:

• gross Scope 1 GHG emissions (GH-1-a);
• biogenic CO₂ emissions (GH-1-c).

Guidance to GH-1-e
The organization should select a consistent approach for consolidating gross Scope 1 GHG
emissions, choosing from the equity share, financial control, or operational control methods outlined in
the GHG Protocol Corporate Standard. The approach should be consistent throughout the GHG
inventory. The organization should explain the reason for choosing the consolidation approach.
The organization should report GHG emissions for the same group of entities included in its financial
reporting. If the group of entities included in its financial reporting differs from the one included in its
sustainability reporting, the organization is required to specify any differences in Disclosure 2-2 in GRI
2: General Disclosures 2021. See also section 5.1 in GRI 1: Foundation 2021.

If there are any changes in the organizational boundaries, the organization should report these
changes.

Guidance to GH-1-f
Methodologies used to calculate the gross Scope 1 GHG emissions can include:

• direct measurements of GHG emissions;
• calculation of GHG emissions based on activity data (i.e., fuel use) and emission factors.

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

The emission factors can originate from mandatory reporting requirements, voluntary reporting
frameworks, industry groups, scientific papers, commercial data providers, or suppliers to the
reporting organization.

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 recalculation of base year emissions;
   iv. when there are recalculation 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:
• business unit or facility;
• country;
• type of source (electricity, heating, cooling, and steam);
• type of activity.

There are two methods to calculate gross Scope 2 GHG emissions:

• A location-based method, which reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data.
• A market-based method, which reflects emissions from the electricity that an organization has purposefully chosen (or its lack of choice). It derives emission factors from contractual instruments, including any contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled attribute claims.

Market-based method is applicable to organizations with operations in markets providing product or supplier-specific data in the form of contractual instruments.

According to the GHG Protocol Scope 2 Guidance, in a market-based calculation, emission factors should be chosen based on the following hierarchy: energy attributes and certificates, contracts for electricity, supplier and utility emission rates, residual mix and other regional, subnational and national grid average emissions factors.

In case the organization reports information obtained using the market-based method, the following quality criteria, built on the GHG Protocol Scope 2 Guidance, apply:

• Contractual instruments must convey the GHG emission rate attribute associated with the MWh produced. Attributes are defined as descriptive or performance characteristics of a particular generation resource. Each contractual instrument must be the only source of an GHG emission rate attribute claim associated with its quantity of energy generation.
• A contractual instrument must be tracked and redeemed, retired, or canceled by or on behalf of the reporting organization.
• Contractual instruments must have temporal and physical connections to their associated energy consumption by demonstrating that they are:
  o sourced from a region reasonably linked to where it is applied, preferably from the same grid market;
  o issued and redeemed as close as possible to the energy consumption period to which the contractual instrument is applied; or based on certifications that demonstrate energy users may have benefitted from zero emissions electricity during the same hour to match all of their consumption on a 24-hours a day, seven days a week basis;
• Utility-specific emission factors should be calculated, including certificates retired on behalf of customers and applying the residual mix rate to null power.
• All instruments must be transferred to the reporting organization for direct purchasing or on-site generation.
• A residual mix must be used to represent the GHG intensity of unclaimed or publicly shared electricity.

For further information on the quality criteria for gross Scope 2 GHG emissions accounting following the market-based method and how to support accurate accounting if the organization cannot meet the Scope 2 quality criteria, see the GHG Protocol Scope 2 guidance.

If a residual mix is unavailable, the organization can use grid-average emission factors as a proxy which can mean that the location-based and market-based are the same number until information on the residual mix is available. The organization should disclose if a residual mix is unavailable and if grid-average emission factors are used as a proxy.
In addition, and if applicable, the organization should disclose which types of market-based contractual instruments it uses, e.g., power purchase agreements, utility green tariffs, unbundled certificates, and the percentage of purchased electricity covered by each instrument. The organization can report additional information on the contractual arrangements, for example:

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

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

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

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

**Guidance to GH-2-b**

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

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

**Guidance to GH-2-c**

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

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

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

**Guidance to GH-2-d**

As specified in the comparability principle in GRI 1: Foundation 2021, the organization should present the information for the current reporting period and at least two previous reporting periods. For further information on recalculation of emissions in prior reporting periods, the organization can refer to the Guidance to GH-1-d in this Standard and the GHG Protocol Corporate Standard.

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

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

This requirement covers separate base year emissions data for:

- gross Scope 2 GHG emissions (GH-2-a);
- biogenic CO₂ emissions (GH-2-c).
Guidance to GH-2-e

1138 The organization should select a consistent approach for consolidating gross Scope 2 GHG emissions, choosing from the equity share, financial control, or operational control methods outlined in the GHG Protocol Corporate Standard. The approach should be consistent throughout the GHG inventory. The organization should explain the reason behind choosing the consolidation approach.

1142 The organization should report information on GHG emissions for the same group of entities included in its financial reporting. If the group of entities included in its financial reporting differs from the one included in its sustainability reporting, the organization is required to specify any differences. See section 5.1 in GRI 1 Foundation 2021 and Disclosure 2-2 in GRI 2: General Disclosures 2021.

1146 If there are any changes in the organizational boundaries, the organization is required to report these changes.

Guidance to GH-2-f

1149 The organization should describe the reasons why the standards, methodologies, assumptions, and calculation tools used were chosen.

1151 The emission factors can originate from mandatory reporting requirements, voluntary reporting frameworks, industry groups, or specialized data providers.

1153 The organization should consistently apply emissions factors for the information disclosed.
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:
**Upstream categories**

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

**Downstream categories**

9. Downstream transportation and distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments

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

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

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

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

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

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

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

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

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

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

**Guidance to GH-3-b**

Emissions data in metric tons of CO₂ equivalent are reported for each of the 15 Scope 3 categories.

The organization should ensure that the Scope 3 inventory appropriately reflects the GHG emissions of the organization. The organization should not exclude any category that would compromise the relevance of the reported inventory.

If the organization cannot report the emissions data for a particular category, it is required to provide a reason for omission. Where data cannot be reported because it is unavailable or incomplete, the organization is required to specify which information is unavailable or incomplete and why, and
describe the steps being taken and the expected time frame to obtain the information. If the GHG emissions value of a particular category is identified as not applicable, the organization is required to explain why the category is considered not applicable. See Requirement 6 in GRI 1 Foundation 2021.

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

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

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

\[ \text{Primary data (\%)} = 100 \times \frac{\text{Primary data (MtCO}_2\text{e)}}{\text{total Scope 3 category emissions (MtCO}_2\text{e)}} \]

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

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

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

**Guidance to GH-3-c**

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

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

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

**Guidance to GH-3-d**

As specified in the comparability principle in GRI 1: Foundation 2021, the organization should present the information for the current reporting period and at least two previous reporting periods.

For further information on recalculation of emissions in prior reporting periods, the organization can refer to Guidance to GH-1-d in this Standard and the GHG Protocol Corporate Standard. If the organization has reported the base year under Disclosure CC-4 GHG emissions reduction targets and progress (GH-1-d), it can refer to that information and does not need to repeat it.

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

This requirement covers separate base year emissions data for:

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>GHG emissions intensity ratios</th>
<th>Scopes (1,2,3)</th>
<th>Specific metric</th>
<th>Reporting period (1)</th>
<th>Reporting period (2)</th>
<th>Reporting period (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio XX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Relevant denominators will be different from industry to industry or even among different business units of an organization. Therefore, the organization should choose a denominator relevant to its industry and aligned with current industry standards.
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
The organization should exclude from the calculation any removal activity undertaken by an organization within its inventory boundary that is sold as a carbon credit.

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

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

Guidance to CC-5-a-i

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

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

Guidance to CC-5-a-ii

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

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

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

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

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

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

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

Table 3. Example template for presenting information on GHG removals

<table>
<thead>
<tr>
<th>GHG removals in the value chain</th>
<th>Scope 1 removals in metric tons</th>
<th>Scope 3 removals in metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage pool 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage pool 2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Guidance to CC-5-b

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

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

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

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

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

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

Guidance to CC-5-c

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

GHG removals can be used to counterbalance residual emissions as the last step of the mitigation hierarchy. Organizations are expected 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, according to the Corporate Net Zero Standard from the Science Based Targets initiative (SBTi).

Residual emissions refer to the unabated GHG emissions after the organization has reduced at least 90% of its GHG emissions, when further reduction is not possible, according to the Net Zero Scenario from the International Energy Agency (IEA) and Corporate Net Zero Standard from the Science
Based Targets initiative (SBTi). In the case an organization is subjected to sectorial decarbonization pathways, it may be subjected to a different percentage of GHG emissions reduction.

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.

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

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

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

**Guidance to CC-5-e**

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

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

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

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

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

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

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

- Negative impacts on species when removal activities occur in or near threatened species' habitats.
- Water is no longer available for use by ecosystems or local communities due to the extensive use of water for removal activities, leading to reduced water table levels.
- Impacts on air quality and thereby on the health of local communities, resulting from potential leakage of CO₂ from storage pools.
Disclosure 101-2 in *GRI 101: Biodiversity 202X* requires describing how the organization enhances synergies and reduces trade-offs between actions taken to manage its biodiversity impacts and its climate change impacts. If the organization has described the impacts on biodiversity resulting from its GHG removals and the actions taken to manage those impacts under Disclosure 101-2, it can provide a reference to this information.
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.
Therefore, carbon credits 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 removal carbon credit projects 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.

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

**Guidance to CC-6-a**

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

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

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

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

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

<table>
<thead>
<tr>
<th>Carbon credits</th>
<th>mtCO₂e</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total carbon credits canceled during the reporting period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions reduction projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Removal projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total carbon credits purchased and not canceled during the reporting period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emissions reduction projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Removal projects</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

**Guidance to CC-6-c**

In the case where carbon credits that are canceled and reported under CC-6-a do not meet one or more quality criteria, or the organization is not able to describe how the carbon credits cancelled meet
the quality criteria, the organization should state it and provide an explanation. The organization
should also describe the planned or implemented actions to meet the quality criteria.

Guidance to CC-6-c-i

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

Guidance to CC-6-c-ii

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

Guidance to CC-6-c-iii

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

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

Guidance to CC-6-c-iv

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

Guidance to CC-6-c-v

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

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

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

Double counting includes the following:

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

Double use can be avoided through registry systems that assign unique serial numbers to individual
offset credits, track transfer, and ownership, and record the purpose of use. A way by which double
issuance can be avoided is by checking that the accounting boundaries used to quantify GHG
reductions for different projects do not overlap. Double claiming can be avoided if project developers
sign legal attestations asserting exclusive claims to any credited emission reductions and legally
conveying the claims to the buyers of credits.
The organization should report whether the carbon credits qualify as corresponding adjustments. For further information, see the UN Paris Agreement, Article 6.

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

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

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

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

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

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

**Guidance CC-6-d**

This requirement covers the purpose of the cancellation reported under CC-6-a.

Purpose of cancellation includes, for example:

- Compliance with any country, regional, or industry-level sectorial carbon-crediting program.
- Financing and contributing additional climate change mitigation in addition to the organization’s GHG emission reduction actions. These contributions are one of the steps of the mitigation hierarchy. Such contributions cannot be used to counterbalance residual emissions for reaching net-zero targets.
- Counterbalancing residual emissions is the last step of the mitigation hierarchy. Only GHG removal from carbon credit projects can be used to counterbalance residual emissions according to the Corporate Net Zero Standard from the Science Based Targets initiative (SBTi). Organizations are expected 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.
- Residual emissions refer to the unabated GHG emissions after the organization has taken all feasible technical and scientific actions to reduce at least 90% of its GHG emissions, when further reduction is not possible, according to the Net Zero Scenario from the International Energy Agency (IEA) and Corporate Net Zero Standard from the Science Based Targets initiative (SBTi).
- When reporting the purpose of carbon credit cancellation, the organization should indicate how the cancellation does not impede nor reduce the achievement of its GHG emissions reduction targets.
- Carbon credits 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.

**Guidance to CC-6-e**
Organizations are expected to have a due diligence process in place to select carbon credit projects that maximize positive impacts and prevent or mitigate negative impacts on people and the environment.

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

The organization can refer to Guidance 2-29 in GRI 2 for reporting under this requirement.

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

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

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

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

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

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

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

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

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

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

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

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

**Guidance to CC-6-e-v**
Carbon credit projects are likely to involve trade-offs. For example, land-based removal projects can reduce the availability of land for food production.

Under requirement CC-6-e-v, the organization should also describe the process to mitigate trade-offs.
Example templates for presenting information for Disclosures GH-1, GH-2 and GH-3

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

<table>
<thead>
<tr>
<th>Scope 1, Scope 2 and Scope 3 GHG emissions</th>
<th>Base year</th>
<th>Reporting period-2</th>
<th>Reporting period-1</th>
<th>Reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Emission s in mtCO₂ e</td>
<td>Biogenic CO₂ emissions in metric tons</td>
<td>Emission s in mtCO₂ e</td>
<td>Biogenic CO₂ emissions in metric tons</td>
</tr>
<tr>
<td>Scope 1 GHG emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 2 GHG emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Location-based</td>
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<td></td>
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<tr>
<td>Market-based</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 3 GHG emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 1: Purchased goods and services</td>
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<tr>
<td>Category 2: Capital goods</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 4: Upstream transportation and distribution</td>
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<tr>
<td>Category 5: Waste generated in operations</td>
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<tr>
<td>Category 6: Business travel</td>
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<tr>
<td>Category 7: Employee commuting</td>
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<tr>
<td>Category 8: Upstream leased assets</td>
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<tr>
<td>Category 9: Downstream transportation and distribution</td>
<td></td>
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<tr>
<td>Category 10: Processing of sold products</td>
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<tr>
<td>Category 11: Use of sold products</td>
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<tr>
<td>Category 12: End-of-life treatment of sold products</td>
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<tr>
<td>Category 13: Downstream leased assets</td>
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<tr>
<td>Category 14: Franchises</td>
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<tr>
<td>Category 15: Investments</td>
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</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Emissions – Breakdown by gas</th>
<th>Reporting period-2</th>
<th>Reporting period-1</th>
<th>Reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>metric tons</td>
<td>mtCO₂ e</td>
<td>metric tons</td>
</tr>
<tr>
<td>Scope 1 GHG emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CH₄</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N₂O</td>
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<td></td>
<td></td>
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<tr>
<td>HFCs</td>
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<td></td>
</tr>
<tr>
<td>PFCs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Glossary

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

The definitions included in this glossary may contain terms that are further defined in the complete GRI Standards Glossary. All defined terms are underlined. If a term is not defined in this glossary or in the complete GRI Standards Glossary, definitions that are commonly used and understood apply.

**base year**
A historical datum (a specific year or an average over multiple years) against which a measurement is tracked over time.


**biogenic carbon dioxide (CO₂) emission**
Emission of CO₂ from the combustion or biodegradation of biomass.

**carbon credit**
Transferable or tradable instrument that represents one metric ton of CO₂ equivalent emissions.

Reduction or removal.

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

**carbon dioxide (CO₂) equivalent**
The universal unit of measurement to indicate the global warming potential (GWP) of each greenhouse gas, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate the release, or avoiding the release, of different greenhouse gases against a common basis.


Note: The CO₂ equivalent for a gas is determined by multiplying the metric tons of the gas by the associated GWP.
global warming potential (GWP)

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


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

greenhouse gas (GHG)

gas that contributes to the greenhouse effect by absorbing infrared radiation

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

greenhouse gas (GHG) removal

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

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

greenhouse gas (GHG) trade

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


human rights

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


Note: See Guidance to 2-23-b-i in GRI 2: General Disclosures 2021 for more information on ‘human rights’.

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

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

Note 2: See section 2.1 in GRI 1: Foundation 2021 for more information on ‘impact’.

material topics

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

Note: See section 2.2 in GRI 1: Foundation 2021 and section 1 in GRI 3: Material Topics 2021 for more information on ‘material topics’.

Scope 1 GHG emissions

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


Examples: CO₂ emissions from fuel consumption

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

Scope 2 GHG emissions

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


Scope 3 GHG emissions

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


sustainable development / sustainability

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Note: The terms ‘sustainability’ and ‘sustainable development’ are used interchangeably in the GRI Standards.

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