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## ISSB meeting

Date	<b>October 2022</b>
Project	<b>Exposure Draft S2 <i>Climate-related Disclosures</i></b>
Topic	<b>Greenhouse gas emissions measurement methods</b>
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## Overview and objective

1. This paper builds upon the International Sustainability Standards Board's (ISSB's) redeliberations of the proposed requirements in the Exposure Draft IFRS S2 *Climate-related Disclosures* ([draft] S2) paragraph 21(a) for an entity to disclose its absolute Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions generated during the reporting period, as laid out in AP4A *Scope 1 and Scope 2 greenhouse gas emissions* and AP4B *Scope 3 greenhouse gas emissions*. The proposed requirements are included in Appendix A to this paper.
2. The relevant feedback from the comment period on [draft] S2 is included in paragraphs 13-21. In summary, the stakeholder response indicated broad agreement with the requirements proposed in paragraph 21(a). Although the proposals related to the GHG emissions disclosures were well-received by respondents, some respondents also provided additional feedback about aspects of the proposals, including:
  - (a) feedback on the proposed requirement that entities use the *Greenhouse Gas Protocol Corporate Standard* (GHG Protocol Corporate Standard); and
  - (b) whether the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (GHG Protocol Corporate Value Chain Standard) would be required.
3. This paper focuses on recommendations associated with the proposed requirement that an entity use the GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain Standard as an extension of the GHG Protocol Corporate Standard for the disclosure of Scope 3 GHG emissions.
4. For the purpose of this session, staff plans to limit the scope of the discussion to the matters described in paragraph 3. However, other sessions and associated papers will address additional aspects of the proposed requirements in paragraph 21(a), including:
  - (a) the proposed requirements associated with Scope 1 and Scope 2 GHG emissions, initial redeliberations of which are initiated in Agenda Paper 4A *Scope 1 and Scope 2 greenhouse gas emissions*;
  - (b) the proposed requirements associated with Scope 3 GHG emissions, initial redeliberations of which are initiated in Agenda Paper 4B *Scope 3 greenhouse gas emissions*;
  - (c) remaining aspects of the proposed requirements to disclose Scope 1 and Scope 2 GHG emissions, such as:
    - (i) recommendations on the aggregation and disaggregation of the greenhouse gasses (in other words, whether disclosure is only for aggregated gases or not); and

- (ii) recommendations on measures of GHG emissions intensity.
5. Finally, through analysis of comment letters and outreach, the staff has identified other relevant considerations to be addressed in forthcoming meetings and associated papers, including:
- (a) the relationship between cross-industry climate-related disclosure requirements and industry-based requirements; and
  - (b) the proposed requirements for the disclosure of Scope 3 Category 15 emissions by entities in four financial industries (introduced to the ISSB at its September meeting in [Agenda Paper 4D \*Financed and Facilitated Emissions\*](#)).

## Summary of staff recommendations

6. The staff recommends the ISSB amend the requirement for an entity to measure and disclose its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the Greenhouse Gas Protocol Corporate Standard. The staff's proposed amendment would require entities to apply the GHG Protocol subject to relief in specific circumstances, as described in paragraph 8.
7. As described in AP4B *Scope 3 greenhouse gas emissions*, staff recommends that the ISSB clarify that the disclosure requirement in [draft] S2 paragraph 21(a)(vi)(2) refers to the 15 categories in the GHG Protocol Corporate Value Chain Standard. To make this clearer to preparers and users, the staff recommends the ISSB clarify the language in [draft] S2 to make a direct reference to the GHG Protocol Corporate Value Chain Standard. The GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain Standard are collectively referred to as the GHG Protocol Standards.
8. Thus, in requiring entities to apply the GHG Protocol Standards, the staff's proposed amendment would provide the following relief:
- (a) when an entity has been using a GHG emissions measurement method that is different from the GHG Protocol Standards, the entity may continue to use its existing measurement method for a defined period following the effective date of the requirement prior to applying the GHG Protocol Standards; and
  - (b) when an entity is required by jurisdictional authorities or the exchange on which it is listed to use a GHG emissions measurement method that is different from the GHG Protocol Standards, the entity may continue to use that measurement method, so long as it is required, to avoid duplicative reporting.
9. Finally, the staff recommends the ISSB consider additional disclosures to address concerns raised by respondents related to aspects of the measurement method that may affect the:
- (a) comparability of disclosure across entities; and
  - (b) consistency of information within an entity.

## Structure of the paper

10. This paper is structured as follows:
- (a) overview of the proposed requirements in [draft] S2 (paragraph 11-12);
  - (b) summary of feedback received (paragraphs 13-21);
  - (c) staff analysis and recommendations (paragraphs 22-28);

- (d) questions for the ISSB; and
- (e) appendices
  - (i) Appendix A—extract of the proposed Scope 1 and Scope 2 GHG emission requirements in [draft] S2
  - (ii) Appendix B—summary of relevant comments from AP4A *Climate-related Disclosures—Summary of comments* (September 2022)
  - (iii) Appendix C—extract of the relevant requirements in the Exposure Draft of European Sustainability Reporting Standards (ESRS) E1 and the US SEC's proposed rule
  - (iv) Appendix D—alternatives considered but not recommended

## Overview of the proposed requirements in [draft] S2

11. Paragraph 21(a)(i) in [draft] S2 proposes that an entity disclose its absolute gross GHG emissions, classified as Scope 1, Scope 2 and Scope 3, generated during the reporting period, measured in accordance with the GHG Protocol Corporate Standard expressed as metric tonnes of CO<sub>2</sub> equivalent.
12. Paragraph 21(a)(vi)(2) in [draft] S2 proposes that an entity disclose the categories included within its measure of Scope 3 emissions. The categories reference the 15 Scope 3 GHG emissions categories laid out in the GHG Protocol Corporate Value Chain Standard.

## Summary of feedback received

13. With the publication of [draft] S2, the ISSB invited stakeholders to comment on the Exposure Draft, particularly on key questions associated with the proposed requirements, including questions relevant to the disclosure of Scope 1, Scope 2 and Scope 3 GHG emissions.
14. Most respondents agreed with the proposed requirement for entities to disclose their absolute gross GHG emissions generated during the reporting period.
15. The Agenda Paper 4A *Climate-related Disclosures—Summary of comments* (September 2022) lays out the feedback to the questions asked on the Scope 1, Scope 2 and Scope 3 GHG emissions requirements. In this paper, the staff analyses the feedback to question 9(c) on using the GHG Protocol Corporate Standard for entities to measure GHG emissions. Agenda Paper 4A *Scope 1 and Scope 2 greenhouse gas emissions* analyses question 9(e) whether entities should be required to separately disclose Scope 1 and Scope 2 emissions for: (i) the consolidated entity; and (ii) for any associates, joint ventures, unconsolidated subsidiaries and affiliates. Agenda Paper 4B *Scope 3 greenhouse gas emissions* analyses the feedback to question 9(f) on Scope 3 GHG emissions.

## ***Do you agree that entities should be required to use the GHG Protocol to define and measure Scope 1, Scope 2 and Scope 3 emissions? Why or why not? Should other methodologies be allowed? Why or why not?***

### *Agreement*

16. Most respondents agreed with the proposed requirement that an entity disclose its absolute gross GHG emissions generated during the reporting period, measured in accordance with the GHG Protocol Corporate Standard. Specifically, respondents commented that:

- (a) the GHG Protocol is the most commonly used measurement method by entities around the world, and as such makes it easier for entities globally to adopt the [draft] S2 proposals in paragraph 21 (a); and
- (b) requiring one measurement method would allow for more consistent disclosure of GHG emissions between jurisdictions and entities, thereby enhancing comparability.

### Concerns

17. Some respondents raised concerns about requiring GHG emissions to be measured in accordance with the GHG Protocol Corporate Standard because some entities already use other GHG emissions measurement methods such as the International Organization for Standardization's (ISO) 14064 or because some entities are required by regulation or exchanges to report their GHG emissions using other GHG emissions measurement methods. These entities would prefer greater flexibility in choosing a measurement method to prepare and disclose GHG emissions information.
18. A few respondents raised issues about comparability when entities use the GHG Protocol Corporate Standard because it allows for measurement using three separate approaches to determine organisational boundaries (ie to determine how the emissions of unconsolidated investees are captured). Related concerns were raised regarding the potential disconnect between emissions data and financial statements given that none of the three approaches allowed by the GHG Protocol Corporate Standard is perfectly aligned with the treatment of investees for financial reporting purposes. These comparability and connectivity challenges were considered in advance of the publication of [draft] S2 in March 2022, and discussed in the Basis for Conclusions that accompanied [draft] S2 (paragraph BC114). The requirement in [draft] S2 paragraph 21(a)(iii) was proposed in order to address this, which is discussed in further detail in Agenda Paper 4A *Scope 1 and Scope 2 greenhouse gas emissions*.
19. A few respondents raised concerns about the [draft] S2 mandating use of third-party methods such as the GHG Protocol Corporate Standard because any changes or updates to the methods would be outside the ISSB's control.
20. A few respondents asked the ISSB to provide greater transparency around the use of global warming potentials (GWP) or to standardise the GWP factors to be used in the GHG emissions calculation. In addition, they also suggested the ISSB consider requiring disclosure of other key inputs and assumptions related to the calculation, including the emissions factors used by the entity.
21. Finally, staff noted in Agenda Paper 4B Scope 3 greenhouse gas emissions that stakeholders have raised questions with regards to whether the GHG Protocol Corporate Value Chain Standard is required, because [draft] S2 specifically requires the use of the GHG Protocol Corporate Standard, and because of the requirement to disclose the categories included within the entity's measure of Scope 3 GHG emissions ([draft] S2 paragraph 21(a)(vi)(2)). However, there is no direct mention of the GHG Protocol Corporate Value Chain Standard in [draft] S2.

### Staff analysis and recommendations

22. The staff recommends that the ISSB proceeds with the requirement for an entity to measure and disclose its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the Greenhouse Gas Protocol Corporate Standard. Originally, the GHG Protocol Corporate Standard was proposed as the required measurement method in [draft] S2, because requiring:
  - (a) the GHG Protocol Standards as a common basis for measurement improves comparability by narrowing the range of possible measurement approaches; and
  - (b) a GHG emissions measurement method that is aligned with the predominant corporate practices for compiling a GHG inventory would reduce the burden for entities.

23. This rationale has been broadly supported by the feedback from respondents, thus leading the staff to proceed with the recommendation to the ISSB. However, while the GHG Protocol Corporate Standard is the most commonly used global measurement method for GHG emissions, many jurisdictions require reporting by entities according to their own national schemes for GHG emission measurement. This includes jurisdictions such as Australia, China, France, Japan, South Korea, and Taiwan. The staff notes that even in jurisdictions that have national schemes for GHG measurement methods, global standards like the GHG Protocol Corporate Standard and ISO 14064 rank highly among the methods used to measure GHG emissions. For example, according to the CDP Climate Change 2022 Questionnaire, the GHG Protocol Corporate Standard is the second most used standard in many of these jurisdictions, including Australia, Japan and Taiwan.
24. The staff notes that some jurisdictions, while requiring a measurement method for disclosure of GHG emissions, reference the GHG Protocol Corporate Standard as-is, such as Brazil, India, Mexico, the Philippines and the UK (as one of the measurement methods). In these jurisdictions, the current proposal that entities use the GHG Protocol Corporate Standard for GHG measurement and disclosure does not add any additional reporting burden for entities. In addition, there are also methods published that are marked as “Built on GHG Protocol” by the GHG Protocol, which recognises the conformance with the GHG Protocol Standards.
25. Based on the above considerations, the staff propose targeted amendments when referencing the GHG Standards, to address comments raised in the consultation period, while as far as possible maintaining the GHG Protocol Standards as a common basis for measurement. These targeted amendments will also be applicable to the GHG Protocol Corporate Value Chain Standard. As laid out in Agenda Paper 4B *Scope 3 greenhouse gas emissions*, staff recommends that the ISSB clarify that the disclosure requirement in [draft] S2 paragraph 21(a)(vi)(2) refers to the 15 categories in the GHG Protocol Corporate Value Chain Standard.
26. Specifically, staff recommends that the ISSB:
- (a) amend the requirement so that entities would be required to apply the GHG Protocol Standards subject to relief in specific circumstances.
  - (b) specify that entities be required to use the version of the GHG Protocol Standards as of the date that [draft] S2 was exposed for comment on 31 March 2022. For the GHG Protocol Corporate Standard this is the 2004 version, and for the GHG Protocol Corporate Value Chain Standard this is the 2011 version.
27. The staff continues to believe that it is important to have as much comparability as possible in the measurement of GHG emissions and that using the GHG Protocol Standards are useful in this regard. It is also noted that others proposing disclosures of GHG emissions including the ESRs proposals, the draft SEC climate rule and Aotearoa New Zealand Climate Standard (NZ CS1) also either allow, or require, the use of the GHG Protocol Corporate Standard. By requiring entities to use the GHG Protocol Corporate Standard facilitates interoperability with the requirements of others and supports comparability for users of general purpose financial reporting.
28. However, the staff recommends that the ISSB address the concerns described in paragraphs 17-21 related to the measurement method used by entities to prepare GHG emissions disclosure. The staff believes the concerns can be addressed by the ISSB through a targeted set of changes to [draft] S2 and supplementary requirements. The concerns included:
- (a) **increased costs for entities not using the GHG Protocol Standards**—respondents said there could be a cost burden for an entity applying the proposals in [draft] S2 if it is already using a measurement method that is different from the GHG Protocol Standards, or if an entity needs to undertake duplicative reporting because of a jurisdictional requirement to use a different measurement method. To address this concern, the staff recommends that the ISSB require that entities use the GHG Protocol Standards as the measurement methods for Scope

1, Scope 2 and Scope 3 GHG emissions to determine GHG emissions but that it provides relief when an entity:

- (i) has been using a GHG emissions measurement method that is different from the GHG Protocol Standards, the entity may continue to use its existing measurement method for a defined period following the effective date of the requirement prior to applying the GHG Protocol Standards. The recommended length of the defined period is something staff would recommend together with the recommended effective date of [draft] S2, as these decisions are interrelated.
  - (ii) is required by jurisdictional authorities or the exchange on which it is listed to use a GHG emissions measurement method that is different from the GHG Protocol Standards, the entity may continue to use that measurement method, so long as it is required, to avoid duplicative reporting.
- (b) **mandating third-party standards carries risks to the ISSB as any updates to the standards would be outside the ISSB's control**—respondents raised concerns about the [draft] S2 mandating use of third-party methods such as the GHG Protocol Corporate Standard because any changes or updates to the methods would be outside the ISSB's control and not subject to the ISSB's due process. To address this issue with mandating use of a third-party standard, staff recommends the ISSB refer to the GHG Protocol Standards as of the date of the publication of the [draft] S2 Exposure Draft, (in other words as of 31 March 2022). These are the measurement methods that the respondents were able to reference when consulting on the proposed requirements in [draft] S2, and is the most recent version of the GHG Protocol Standards. The staff considers referencing the GHG Protocol Standards at a particular date to be the most appropriate way to resolve the concerns raised by respondents and to enable the ISSB to assess the effects of any changes to those standards prior to referencing a modified version of those standards. However, the staff wants to draw attention to the implications this has for IFRS S2 if and when the GHG Protocol issues updated standards. Based on the Due Process Handbook, if the ISSB wanted to reflect that update in IFRS S2, the ISSB would need to publish an exposure draft proposing that change. The minimum period for consultation on an Exposure Draft in the IFRS Due Process Handbook is 120 days, however, subject to the Due Process Oversight Committee, shorter consultation periods are permitted, down to 30 days (paragraph 6.15 in the IFRS *Due Process Handbook*). One reason for a shorter comment period is when the proposed change is narrow scope. An alternative approach would be to include the reference to the particular version of the GHG Protocol Standards in (non mandatory) illustrative guidance. However, this would not mandate the use of a particular version of the GHG Protocol so would result in a loss of comparability and consistency as compared referencing the version of the GHG Protocol Standards in S2 itself. Therefore, the staff did not recommend this alternative.
- (c) **lack of comparability across entities or consistency within an entity**—while using the GHG Protocol Standards as a common basis for measurement improves comparability by narrowing the range of possible measurement approaches, the GHG Protocol Standards (and other measurement methods) allow entities to make particular assumptions and choose particular inputs in their GHG emissions calculations. These variables include different emissions factors and GWP, which can introduce limits to the comparability of the disclosures made by different reporting entities. Additionally, an entity may change its assumptions and inputs over time, or it may aggregate information from subsidiaries and unconsolidated investees that use different assumptions and inputs. It is noted in this regard that [draft] S1 included proposals regarding changes in estimates and assumption and related disclosures which would be applicable in such circumstances. Staff recommends that the ISSB consider addressing concerns about comparability by requiring an entity to disclose information about:
- (i) the measurement method it has used (if not using the GHG Protocol Standards);

- (ii) the reason why the GHG Protocol Standards have not been used (for example, based on the staff recommendations above whether this is because the entity is required to use a different measurement method in its jurisdiction), and when relevant, when they will use the GHG Protocol Standards;
- (iii) its key assumptions and inputs, including emissions factors or global warming potentials; and
- (iv) any changes the entity has made to its GHG emissions disclosure from previous reporting periods.

#### Questions for the ISSB

1. Does the ISSB agree with the staff recommendation to proceed with the requirement that entities measure and disclose its Scope 1, Scope 2 and Scope 3 GHG emissions in accordance with the GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain Standard (for Scope 3), except for the explicit circumstances in which entities need relief?
2. Does the ISSB agree with the recommended relief for entities that are measuring their GHG emissions using an approach other than the GHG Protocol Standards or are required by jurisdictional authorities or the exchange on which they are listed to use a GHG emissions measurement method that is different from the GHG Protocol Standards?
3. Does the ISSB agree with the recommendation to specify that entities be required to use the version of the GHG Protocol Standards as of the date that [draft] S2 was exposed for comment (31 March 2022)?
4. Does the ISSB agree in principle with the proposed disclosures set out in paragraph 27(c), which can address concerns about comparability?

## Appendix A – extract of the proposed Scope 1 and Scope 2 GHG emission requirements in [draft] S2

A1. Proposal in question for this Board paper: paragraph 21(a)

21 An entity shall disclose information relevant to the cross-industry metric categories of:

- (a) *greenhouse gas emissions*—the entity shall disclose:
  - (i) its absolute gross greenhouse gas emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tonnes of *CO<sub>2</sub> equivalent*, classified as:
    - (1) *Scope 1 emissions*;
    - (2) *Scope 2 emissions*;
    - (3) *Scope 3 emissions*;
  - (ii) its greenhouse gas emissions intensity for each scope in paragraphs 21(a)(i)(1)—(3), expressed as metric tonnes of CO<sub>2</sub> equivalent per unit of physical or economic output;
  - (iii) for Scope 1 and Scope 2 emissions disclosed in accordance with paragraph 21(a)(i)(1)—(2), the entity shall disclose emissions separately for:
    - (1) the consolidated accounting group (the parent and its subsidiaries);
    - (2) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in paragraph 21(a)(iii)(1);
  - (iv) the approach it used to include emissions for the entities included in paragraph 21(a)(iii)(2) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard);
  - (v) the reason, or reasons, for the entity's choice of approach in 21(a)(iv) and how that relates to the disclosure objective in paragraph 19;
  - (vi) for Scope 3 emissions disclosed in accordance with paragraph 21(a)(i)(3):
    - (1) an entity shall include upstream and downstream emissions in its measure of Scope 3 emissions;
    - (2) an entity shall disclose the categories included within its measure of Scope 3 emissions, to enable users of general purpose financial reporting to understand which Scope 3 emissions have been included in, or excluded from, those reported;
    - (3) when the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement;
    - (4) if the entity excludes those greenhouse gas emissions in paragraph 21(a)(vi)(3), it shall state the reason for omitting them, for example, because it is unable to obtain a faithful measure;

## Appendix B – summary of comments from AP4A Summary of Comments from September

### *Question 9(c)—Using GHG Protocol to measure GHG emissions*

- B1. Most respondents agreed with using the GHG Protocol as a GHG measurement method, stating that the GHG Protocol is globally recognised, used by entities around the world and would allow for a standardisation of emissions data across jurisdictions, increasing comparability. A few stated the flexibility of different approaches to organisational boundaries in the GHG Protocol Corporate Standard would reduce comparability and diminish the usefulness of data.
- B2. Some respondents have raised concerns about [draft] S2 requiring disclosure of GHG emissions measured in accordance with the GHG Protocol Corporate Standard because entities already use national schemes or other international schemes like the International Organization for Standardization's (ISO) 14064. These entities would prefer flexibility in measurement methods used for disclosure.
- B3. A few respondents raised concerns about the [draft] S2 mandating use of third-party methods such as the GHG Protocol Corporate Standard because any changes or updates to the methods would be outside the ISSB's control. Furthermore, a few respondents noted that the GHG Protocol Corporate Standard is more than 20 years old, so that it may no longer be fit for purpose and might require updating.

### *How staff quantified the feedback*

- B4. The papers use the following terms to describe the extent to which feedback was provided by respondents, which is defined as stakeholders who submitted a comment letter or survey response:

Term	Extent of response among respondents
Almost All	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

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## Appendix C – extract of the relevant requirements in the Exposure Draft of ESRS E1 and the US SEC's proposed rule

- C1. At a high level, the US SEC's proposed requirements include the disclosure of Scope 1 and Scope 2 GHG emissions in aggregate and disaggregated by each constituent GHG in terms of metric tons of CO<sub>2</sub> equivalent. The entity must describe the method, organisational boundaries, significant inputs and assumptions, calculation approach including emission factors and source of emission factors, and any tools used to calculate GHG emissions. The US SEC's organisational boundaries are based on accounting principles, which require consistency in the scope of consolidation and reporting for financial and GHG emissions data. The US SEC does not require an entity to use a particular method in calculating its GHG emissions.
- C2. At a high level, ESRS E1's proposed requirements include the disclosure of gross Scope 1 and Scope 2 GHG emissions in metric tons of CO<sub>2</sub> equivalent. For Scope 1 GHG emissions, it is also required to disclose the share of Scope 1 GHG emissions under regulated emission trading schemes. For Scope 2 GHG emissions, an entity must disclose gross location-based and market-based Scope 2 GHG emissions in metric tons of CO<sub>2</sub> equivalent. The boundaries require it to be consistent with financial statements expanded to upstream and downstream of the value chain. It includes the equity method for associates and joint ventures and proportional consolidation.
- C3. For the measurement method of Scope 1 GHG emissions, ESRS E1 requires entities to consider the principles, requirements, and guidance provided by the GHG Protocol Corporate Standard (version 2004), GRI 305 (version 2016), and also use the most recent GWP values published by the IPCC based on a 100-year time horizon for the calculation. For Scope 2 GHG emissions, it requires the entity to consider the principles and provisions of the GHG Protocol Scope 2 Guidance (version 2015). It also requires the entity to disclose the total GHG emissions of Scope 1, Scope 2, and Scope 3 GHG emissions and breakdown by major countries and operating segments.

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## Appendix D – alternatives considered by the staff for measurement method but not recommended

- D1. **Provide a limited list of approved methods**—this approach would have required entities to disclose their GHG emissions based on a limited list of approved GHG measurement methods. This could ease the implementation and application of IFRS S2 for entities by enabling them to continue using their existing measurement approaches. For example, the International Organization for Standardization's (ISO) 14064 could be considered in addition to the GHG Protocol Corporate Standard as it was mentioned as an alternative or supplement to the GHG Protocol Corporate Standard. Staff also considered requiring entities to disclose their GHG emissions based on any GHG measurement method that met a set of criteria. However, both providing a limited list of approved methods, or a set of criteria to inform which GHG measurement method to use, would permanently reduce the comparability of the GHG emissions disclosures for users or general purpose financial reporting, compared to requiring the GHG Protocol Corporate Standard. Therefore, staff did not recommend this alternative. Instead, staff recommends providing transitional relief for entities that have been using a different measurement method from the GHG Protocol Corporate Standard, as described in paragraph 28(a).
- D2. **Allow entities to choose any measurement method for GHG emissions**—this approach would provide entities with the choice of any GHG measurement method when disclosing their GHG emissions. This would ease the implementation and application of IFRS S2 for the greatest number of entities. However, doing so would also lead entities to provide incomparable information about their GHG emissions. Furthermore, allowing entities a choice of measurement method could harm the quality of the data disclosed, as entities might use GHG measurement methods that are not considered of a high quality. Finally, some respondents agreed that the ISSB limited the GHG emission measurement methods and/or mandated the use of the GHG Protocol Corporate Standard alone. Therefore, the staff did not recommend this approach.
- D3. **Provide no relief to entities that are using, or are required to use, a different measurement method**—this approach would imply making no change to the proposal in [draft] S2 to require use of the GHG Protocol Corporate Standard as the measurement method for disclosure for all entities. This approach is most consistent with investor information needs and user feedback in the consultation, to enable consistent and comparable disclosure. However, providing transition relief is consistent with feedback in the consultation that the ISSB must consider the preparedness of entities around the world to provide climate-related disclosures. Furthermore, the staff considered providing relief to entities that are required to provide GHG emissions disclosures using a different measurement method to the GHG Protocol Corporate Standard, and assessed that provided that the entity is required to be transparent about the measurement method used that the reduction in costs for preparers justified some reduction in comparability for users.