# CDSB Reporting Framework

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1 Introduction

The CSDB is a consortium of business and environmental organizations formed for the purpose of jointly advocating a generally-accepted international framework for corporations to report climate change-related risks and opportunities, carbon footprints, carbon reduction strategies and their implications for shareholder value in mainstream reports.

This document is designed to provide a common reporting framework (“the Framework”) for climate change-related disclosure to be used by companies in compiling their mainstream reports.

“Mainstream reports” means the annual reporting packages in which certain corporations are required to deliver their audited financial results under the corporate, compliance or securities laws of the territory or territories in which they operate. Mainstream reports are normally publicly available. They provide information to existing and prospective investors and are distinct from material published on a voluntary basis, such as corporate social responsibility reports. The exact provisions under which companies are required to deliver mainstream reports differ internationally.

Subject to the CDSB Guiding Principles, companies that adopt the Framework for mainstream reporting are required to disclose contextual information in accordance with section 5 below and climate change related information according to four “reporting templates” covering:

- Climate change strategic analysis (Template 1)
- Regulatory risks from climate change (Template 2)
- Physical risks from climate change (Template 3)
- Greenhouse gas emissions (Template 4)

The templates should be used in conjunction with the information in sections 1 – 7 of the Framework, particularly the Guiding Principles in section 6 and the requirements on contextual information section 5. Each template begins with a brief description of what a company should report. The form and content are not prescribed but “reporting principles” are provided for each template and, based on a “comply or explain” approach, companies that adopt the Framework are required to confirm compliance with the reporting principles or, if not, to provide an explanation.

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1 The Board of CDSB comprises: Carbon Disclosure Project, CERES, Climate Group, Climate Registry, IETA, WEF and WRI

2 Framework objectives

The Framework is designed to elicit information that is of value to both reporting organisations and users of climate change-related disclosures in mainstream reports. In particular:

- By eliciting more transparent, comprehensive and comparable climate change-related disclosure, the CDSB Framework is intended to enhance the efficiency of capital allocation by investors, enabling them more easily to integrate climate change-related costs and risks and opportunities into their analyses.

- The Framework is designed to provide corporations with greater certainty on disclosure requirements and to encourage the consistency of approach that is necessary for effective benchmarking.

- This market-led Framework is also intended to provide conceptual and practical input into deliberations by regulatory agencies contemplating the introduction or development of requirements on corporate climate change-related disclosures.

CDSB endorses and shares the International Accounting Standard Board’s (IASB) aim of establishing, advancing, maintaining and improving standards of financial and related reporting in the public interest.

The IASB Framework for the Preparation and Presentation of Financial Statements acknowledges that financial statements are not, of themselves, sufficient to meet the objectives of financial reporting and that “other financial reporting” may be necessary to “assist in the interpretation of a complete set of accounts or [to] improve users’ ability to make efficient economic decisions”. This Framework is designed to elicit information that will supplement and complement details provided in audited financial statements by promoting consistency of disclosure about climate change amongst companies that adopt the Framework.

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3 IASB Framework for the Preparation and Presentation of Financial Statements paragraph 13
3 Scope

The Framework specifies disclosures to be made about climate change in mainstream reports.

The Framework applies specifically to:

- Companies that are required to prepare audited financial statements under International Financial Reporting Standards. International Financial Reporting Standards are accounting standards and interpretations adopted by the IASB and their predecessor bodies. Listed companies and sometimes unlisted companies are required to use International Financial Reporting Standards for the preparation of their financial statements in those countries which have adopted the standards.

- Companies that are not required, but are permitted to prepare audited financial statements under International Financial Reporting Standards.

- Companies that are likely to be required to prepare audited financial statements under International Financial Reporting Standards by 2014 in accordance with statements made by national regulators about plans to adopt International Financial Reporting Standards.

- Companies that are required to prepare audited financial statements under national Generally Accepted Accounting Principles and/or national International Financial Reporting Standards equivalents.

- Any other entity that elects to prepare financial statements under International Financial Reporting Standards.

Any other entity is entitled to use this Framework in whole or in part for reporting on climate change, provided that, once adopted it is used in the same way as is intended for entities to which it specifically applies (as listed above).

This Framework does not describe all of the requirements that apply to companies reporting under International Financial Reporting Standards and is intended to complement, not to replace, financial reporting standards and/or national legislation applicable to corporate reporting requirements. This Framework should not be used on a standalone basis, but rather should be referred to in conjunction with financial reporting standards and national legislation governing corporate reporting. In the event of conflict, International Financial Reporting Standards and national legislation governing corporate reporting take precedence over this Framework.

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4 For example, US publicly traded companies may use the CDSB framework to complement the requirements of the Securities Act 1933 and the Securities Exchange Act of 1934 for the preparation of forms 10-K.
4 Framework design

This Framework aims to bring together and enhance best practices in climate change disclosure and is based on the work of CDSB Board Members and standard setters including the World Resources Institute, World Business Council for Sustainable Development and International Organisation for Standardisation.

In order to minimise corporate reporting burdens and subject to the conditions below, the Framework may be developed by CDSB to allow for information reported to certain other organisations collecting information specified in the reporting templates to be treated as satisfying disclosure requirements under the CDSB Framework, provided that:

1. the reporting boundary of the disclosing organisation is determined and described in accordance with the principles described in 5.1 below, and

2. disclosures are consistent with the contextual elements of disclosure, guiding principles and reporting templates described in this Framework.
5 Contextual elements of disclosure

Companies that adopt this Framework for mainstream reporting must provide a statement describing the approach/policies used for disclosure by way of introduction to and context for the disclosures. The statement should include the following:

5.1. A description of the boundary of the reporting organisation

Disclosure under the CDSB Framework should be made for the group of entities for which consolidated financial statements are prepared. In accordance with International Accounting Standard 27, where a parent has control of an entity, 100% of its emissions and risks shall be accounted for under the Framework even where ownership is partial, with separate disclosure of any amounts accruing to minority interest shareholders.

CDSB does, however, recognise that climate change-related disclosures prepared for purposes other than the CDSB Framework may be reported under “alternative consolidation methods”. “Alternative consolidation methods” include operational control as defined in the GHG Protocol and consolidation as determined under the Global Reporting Initiative Boundary Protocol.

Where a reporting organisation considers that disclosure under an alternative consolidation method is necessary for a full understanding of the company’s approach to climate change, the CDSB Framework encourages the organisation to:

- Describe the alternative consolidation method used for reporting under the CDSB Framework,
- Explain, in qualitative or quantitative terms, how the results of reporting under the alternative consolidation method differ from results that would have been reported for the group of entities for which consolidated financial statements are prepared.
- Explain any differences in business context between the alternative consolidation method and the basis used for preparing financial statements.

Similarly, where it is not possible to provide information for all companies within the group of entities for which consolidated financial statements are prepared, the parts of the organisation that are excluded should be clearly noted. The CDSB Framework recognises for example that groups of entities with operations in countries that are classified as “non Annex 1 Parties ” under the UNFCCC process may wish to caveat information provided under this Framework in relation to those operations because of concerns about the quality of information available and/or the company’s determination of risk in those territories.

5.2. Details of Standards and methodologies used for disclosure under the Templates

Where the Reporting Templates specify the Standard that must be used for preparation of disclosures under the CDSB Framework, companies should confirm compliance with that Standard. In all other cases, the following details should be clearly disclosed:

- The name of any standard, protocol or methodology used for collection of data or preparation of results,
- Details of any assumptions made
- Any other details specified under individual reporting templates.
5.3. Confirmation of consistency of approach

The statement should comment on any changes to the reporting boundary or Standard/Program Protocol used for disclosure under the CDSB Framework since the last mainstream report was finalised. Where any changes have been made, the statement on contextual elements of disclosure should describe the effect of those changes.
6 CDSB Guiding Principles

Many aspects of climate change are complex and uncertain and its potential effects vary within and between sectors. As a result, there is no “bright line” test or standard specifying the type or degree of disclosure required by investors. In the absence of tests or standards and in accordance with the comply or explain approach, companies must evaluate their own circumstances and make disclosure decisions that convey the relative importance management attaches to the information requested in the reporting templates and the disclosures made in response. The following principles are designed to guide that decision making.

As it endorses disclosure in mainstream reports and is designed for entities that prepare financial statements according to International Financial Reporting Standards, the Framework’s guiding principles draw principally on qualitative characteristics of financial statements as set out in the IASB’s Framework for the Preparation and Presentation of Financial Statements. However, where additional clarification is required in order to achieve CDSB’s objectives and to make information useful to investors, corporations and others, the qualitative characteristics are elaborated to form the CDSB guiding principles and these elaborations are clearly marked in this section and in the reporting templates where more specific explanation is required. For example, the principles for greenhouse gas emissions reporting under The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (the GHG Protocol”) are particularly relevant to the preparation of information under Template 4.

The CDSB Framework groups guiding principles into categories designed to:

1. Guide corporations on what to report
   The guiding principles are “relevance” and “materiality”
2. Ensure that users of mainstream reports have the information they need
   The guiding principles are “comparability” and “understandability”
3. Ensure quality and reliability
   The guiding principle is reliability.

Using the CDSB Guiding Principles

The guiding principles are defined and explained below. Each principle is important both individually and collectively. Therefore, companies adopting this Framework should consider what to include in their disclosures using the guiding principles individually and in combination. For example, once information has been identified as being relevant/material according to the guiding principles on what to report, the reliability principle should be used to determine how best to present that information. In other words, information must be both

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5 CDSB is aware that in May 2008 the IASB produced an exposure draft on “An Improved Conceptual Framework for Financial Reporting” that reviews “qualitative characteristics and constraints of decision-useful financial reporting information”. No direct reference is made to the exposure draft pending finalisation of the review but some of the issues considered in the Exposure Draft are also relevant to the development of the CDSB Framework and are therefore reflected here.

relevant and reliable. With the exception of GHG emissions information provided under the GHG emissions template (template 4), which must be quantitative, presentation of information may be in quantitative or qualitative terms depending on the quality of information available to the company and how useful the presentation would be to users. For example, qualitative information with higher certainty of accuracy may be more useful than quantitative information where management has less confidence in the figures.

6.1. Principles to guide corporations on what to report – relevance and materiality

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<th>From the IASB Framework for the Preparation and Presentation of Financial Statements</th>
<th>Relevance</th>
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<td><em>Information is relevant when it influences the economic decisions of users. It can do that by helping them to evaluate past, present or future events relating to an enterprise and by confirming or correcting past evaluations they have made.</em></td>
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<td><em>Timeliness is a component of relevance. To be useful, information must be provided to users within the time period in which it is most likely to bear on their decisions.</em></td>
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**Materiality – Additional guidance for the CDSB Framework**

The IASB Framework for the Preparation and Presentation of Financial Statements includes materiality as a component of “relevance” and defines information as being material if “its omission or misstatement could influence the economic decisions of users”. For the purposes of the CDSB Framework, materiality is a component of both relevance and reliability (see 6.3 below).

CDSB recognises that determining what is material for the purposes of climate change related reporting is not the same in all respects as the determination of material items for the preparation of financial statements. Therefore, in addition to the guidance above, CDSB recommends that corporations adopting this Framework refer to:

- The AA1000 AccountAbility Principles Standard 2008 on the principle of materiality
  www.accountability21.net/aa1000aps

- The Materiality Framework produced by AccountAbility in association with BT Group and Lloyds Register Quality Assurance. This is available to download at
  www.accountability21.net/publications

- Guidance on materiality in financial reporting by UK entities published in June 2008 by the Institute of Chartered Accountants in England and Wales.
  see [www.icaew.com and follow the links from “Technical & Business topics”](http://www.icaew.com)

Documents will also be available to download at [www.cdsb-global.org](http://www.cdsb-global.org).

Additional guidance on the meaning of materiality is provided in the Reporting Templates where necessary for a full understanding of reporting requirements. For example, in Template 4 further detail is provided on determining materiality in the preparation of a GHG emissions inventory.
### 6.2. Principles to aid understanding by users of mainstream reports – comparability and understandability

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<td><strong>Comparability</strong></td>
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<tr>
<td>Users must be able to compare information provided by an enterprise over time so that trends in its financial position and performance can be identified. Users must also be able to compare the financial statements of different enterprises. Disclosure of policies applied in the preparation of information is essential for comparability.</td>
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#### Comparability – Additional guidance for the CDSB Framework

In the early years of its adoption, CDSB is aware that comparability of information provided under this Framework between different enterprises and sectors may be limited pending maturation of disclosure approaches.

Comparability depends primarily upon consistency of approach to climate change related reporting year on year and therefore, companies should use consistent methodologies or transparently document any changes that affect year on year comparability, such as changes to the boundary of the reporting organisation (including acquisitions, divestments and organic growth).

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<td><strong>Understandability</strong></td>
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<tr>
<td>Information should be presented in a way that is readily understandable by users who have a reasonable knowledge of business and economic activities and who are willing to study the information diligently.</td>
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6.3. Principles to ensure quality - reliability

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<td>Information is reliable if it is free from material error and bias and can be depended upon by users to represent events and transactions faithfully. Information is not reliable when it is purposely designed to influence users’ decisions in a particular direction.</td>
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<td>There is sometimes a trade off between relevance and reliability – and judgement is required to provide the appropriate balance.</td>
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<td>Reliability is affected by the use of estimates and by uncertainties associated with items recognised and measured in financial statements. These uncertainties are dealt with, in part, by disclosure and, in part, by exercising prudence in preparing financial statements. Prudence is the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated. However, prudence can only be exercised within the context of [all of the principles - comparability, understandability, reliability and particularly relevance]. Prudence does not justify deliberate overstatement of liabilities or expenses or deliberate understatement of assets or income, because the financial statement would not be neutral and, therefore, not have the quality of reliability”.</td>
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Reliability – Additional guidance for the CDSB Framework

A “reliable” disclosure must meet three conditions in order faithfully to represent the information that it purports to provide:

1. It must be free from material error
2. It must be complete, and
3. It must be neutral/free from bias

The additional guidance below recognises that the way in which this principle applies to climate change related reporting is different in some respects from its application for financial accounting, particularly in relation to Template 4 because, as noted by the GHG Protocol, “unlike financial accounting corporate GHG inventories involve a level of scientific and engineering complexity”5.

Free from material error

This does not mean that information has to be totally free from error. The Framework recognises and accepts that climate change related disclosures are prepared under conditions

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of uncertainty and therefore, where necessary, estimates are acceptable. However, estimates must be based on the best and most accurate available information and on the most appropriate inputs. The use of estimates and assumptions and the degree of uncertainty in any estimates should be explicitly disclosed.

**Complete**

A disclosure is complete if it contains sufficient information to represent faithfully the phenomenon it purports to represent. Therefore it should not omit information so as to be false or misleading or unhelpful to users of financial reports.

**Neutral/free from bias**

According to the “relevance” principle above, information disclosed under the Framework, must, by definition, be information that influences or is expected to influence the decisions of users. In order to be relevant, it must serve this purpose and therefore neutrality in this context does not imply purposelessness. Information is neutral if it is free from bias intended to attain a predetermined result or to induce a particular behaviour.

**7 Audit/Assurance expectations**

By providing information under the CDSB Framework as part of their mainstream reporting, corporations are expected to apply the same rigour, transparency and management responsibility as is appropriate to all statements and disclosures, whether audited or not, made in the mainstream report.

Unless and until the CDSB Framework is adopted by regulators, there is no requirement for the disclosures to be audited. However, where International Standards on Auditing (or their national equivalent) apply, ISA 720 requires the financial statements auditor to read information in mainstream filings that accompanies audited financial statements (including climate change-related disclosures) to identify any material inconsistencies with the financial statements and to consider any observed material misstatements of fact in those disclosures.

Companies are encouraged to work with their professional advisors to agree an appropriate assurance approach by reference to existing relevant assurance standards such as ISAE 3000 which applies to assurance engagements on the greenhouse gas emissions information and by reference to appropriate parts of the AA1000 Assurance Standard 2008.
Reporting Template 1
Strategic analysis

What to report

1. A brief statement of the company’s position on climate change.

2. An explanation of all significant actions the company is taking to maximise opportunities and minimise any risks associated with climate change and that are not addressed under Templates 2 and 3.

3. GHG emissions reduction targets and an analysis of performance against those targets

4. Future outlook.

5. A description of corporate governance actions taken to address climate change, including by the company’s Board.

Reasons to report

Reporting under this category provides stakeholders with information about companies’ future challenges and opportunities associated with climate change and how those risks and opportunities are managed.

Reporting principles

Statement of the company’s position on climate change

1) The statement of the company’s position on climate change should include:

   a) The Board’s view on the company’s responsibility to address climate change,

   b) An analysis of the implications of climate change for competitiveness and access to resources.

Significant actions

2) The explanation of significant actions the company is taking to maximise opportunity and minimise risk not addressed under Templates 2 and 3, should include:

   a) A description of the company’s risk management processes and systems if and to the extent that any further description (other than already provided in the mainstream report) is needed to understand risk and opportunity in the context of climate change.

   b) A description of risks (other than those covered under physical and regulatory risk reporting above) and opportunities that the company can influence directly as well as those that arise indirectly through customers, supply chain, the market etc.

   c) The timeframes over which risks and opportunities are assessed and when they are expected to materialise.

   d) A description of significant actions that the company is taking to maximise opportunity, for example, participation in emissions trading schemes, research and
development, investment in clean energy technologies, development and design of new products and services, etc.

3. Reduction plans

Describe any plans the reporting organisation has to manage greenhouse gas emissions and/or energy use including:

a) The nature of the plans (eg: whether they involve GHG emissions reductions, energy efficiency, managing reliance on fossil fuels and so on).

b) The organisational boundary or processes to which the plans apply.

c) Any goals and timescales that have been set under the plan and the key performance indicators against which those goals will be evaluated.

d) The plans, activities and investments required to achieve the plans. Where plans involve offsetting, describe offset credits.

e) Analysis and discussion against previously set targets.

f) Expected emissions reductions, energy efficiency, cost savings etc. Highlight risks and limiting factors that might affect achievement of targets.

4. Future outlook

Describe the reporting organisation’s assessment of future movements in direct and indirect emissions for timescales over which the company typically plans its strategies and assesses risks and opportunities. The description should detail information on trends and factors likely to affect the assessment, including:

- Organic growth
- Acquisition or divestment
- Operational changes
- Investment in or the cost of GHG abatement or climate change adaptation that could materially affect the growth, future earnings and/or direction of the company.
- Long term business strategy
- Reduction plans
- Any uncertainties and/or key dependencies that might affect forward-looking information, and
- The linkage of the assessment to other longer term objectives and strategies of the reporting organisation.
- Market risk, market changes and consumer behaviour.

Estimate future direct and indirect GHG emissions for the same timescales, together with an explanation of the methodology/rationale for your estimates.

5. Corporate Governance of Climate Change

Explain the company’s corporate governance actions, including whether the Board has been engaged on climate change, how responsibility for climate change is delegated and how executives are held accountable for and/or rewarded for implementation of the company’s climate change strategy.
Reporting Template 2
Regulatory Risks from Climate Change

What to report

An analysis of the material legal and financial effects that current and prospective climate change-related regulation may have on the company’s business and operations.

Reasons to report

Regulatory risks from climate change arise from current and/or expected national and/or global government policy on climate change and may include emissions limits, energy efficiency standards, carbon taxation, process or product standards and regulation of GHG emissions.

Reporting principles

- Identify the existing climate change-related regulations, policies or government sponsored initiatives, including carbon trading activities, that already affect your company and the countries in which they apply. Provide an overview of the impact on your business, how the relevant rules are implemented and the implementation costs.

- Discuss known trends, events, commitments and uncertainties that are reasonably likely to have a material effect on the financial condition or operating performance of the company.

- Report the effect on company and shareholder value of possible regulatory scenarios. Include in your analysis an appropriate range of carbon costs and the secondary effects of regulation such as increased energy and transportation costs. Consider possible shifts in consumer demand due to changes in domestic and international energy markets.

- Consider how possible GHG emissions reductions may affect the cost of carbon and how this could impact your business.
Reporting Template 3
Physical Risks from Climate Change

What to report

A qualitative overview of your company’s current and potential material exposure to direct and indirect physical risks due to climate change.

Reasons to report

Physical effects of climate change are already being observed by scientists and others and further effects are predicted. These effects include changing weather patterns, sea level rise, shifts in species distribution, higher incidence of disease, changes in water availability, changes in temperature, variation in agricultural yield and growing seasons and so on. Exposure to physical risks may arise from extreme events such as intense storms and hurricane activity and/or from more subtle changes such as shifts in species distribution and increased night-time temperatures.

Reporting principles

- Identify and describe the physical risks to which your company is exposed
- Explain how those risks are assessed
- Categorise risks as current, short-term, medium-term or long-term and explain the timescales involved
- Name regions or particular locations that are particularly vulnerable to the risks you have identified, for example, because of installations based in those areas, particular vulnerability to resource shortages brought about by climate change, etc.
- Explain whether you have considered the effect of physical risks from climate change on your supply chain, your customers and the market generally and if so, how those risks that are external to the company might affect your business and operations.
- Describe actions or plans your company is taking or may implement to mitigate against or adapt to the physical risks you have identified.
- Describe how risk management and control measures are used in your business to manage the actual and potential physical effects of climate change.
Reporting Template 4
Greenhouse Gas (GHG) Emissions

What to report

- Actual gross Scope 1 (direct) and Scope 2 (indirect emissions) GHG emissions for the period and reporting organisation covered by your mainstream report.
- Where there is likely to be an associated material financial risk, report Scope 3 indirect emissions that arise as a consequence of the activities of the reporting organisation but occur from sources that it does not own or control.
- A measure of the company’s greenhouse gas intensity.

Reasons to report

The Intergovernmental Panel on Climate Change has concluded that “warming of the climate system” is unequivocal and that “most of the observed increase in globally averaged temperatures since the mid 20th century is very likely due to the observed increase in anthropogenic GHG concentrations”. Information about GHG emissions helps stakeholders to assess the risks to which companies may be exposed from future regulation to restrict or minimise GHG emissions.

Scope 1 (direct) and Scope 2 (indirect) emissions

“Gross” scope 1 and scope 2 emissions should be reported under Template 4. This means that the emissions reported should not take account of, deduct or net off offset credits, Renewable Energy (or similar) Certificates, estimated avoided emissions from the export of renewable energy or carbon sequestration etc. That information may be provided under Template 1.

Scope 1 – These are direct emissions from GHG sources owned or controlled by the reporting organisation. These might include:
- Combustion facilities - boilers, furnaces, turbines, heaters, incinerators, engines, flares;
- Combustion of fuels in transportation - cars, buses, planes, ships, barges, trains;
- Emissions from chemical or physical processes e.g. in cement manufacturing, catalytic cracking in petrochemical processing, aluminium smelting, etc.
- Fugitive emissions resulting from intentional or unintentional releases e.g. equipment leaks from joints, seals, packing and gaskets; methane emissions from coal mines and venting; hydro fluorocarbon emissions during the use of refrigeration and air conditioning equipment; and methane leakage from gas transport.

The key factor is that the sources are owned or controlled by the reporting organisation.

Scope 2 – These GHG emissions do not physically occur from within the organisation’s reporting boundary, but are caused by the organisation’s consumption of electricity, heat, cooling or steam brought into its reporting boundary. This category is often called “purchased electricity” because this represents the most common source of Scope 2 emissions.

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8 Reporting organisation as defined for the purposes of paragraph 5.1 above
Standards

Preparation of emissions information under the CDSB Framework should be based on one or more of the following Standards and/or on any Regional/National Program Protocol based on the Standards and/or on the Industry Guidelines listed.


- The International Organisation for Standardisation’s ISO 14064-1 – “Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals” available at www.iso.org

Industry Guidelines


National and regional programmes

- The GHG Mexico Program
- Phillippine Greenhouse Gas Accounting and Reporting Program (PhilGARP),
- China Corporate Energy Conservation and GHG Management Program,
- Brazil GHG Protocol Program,
- The Climate Registry,
- India GHG Inventory Program


Guiding principles

For the purposes of Template 4, the CDSB Guiding Principles are supplemented by the principles of the GHG Protocol which are reproduced here. Reference should be made to Chapter 1 of the GHG Protocol for full information on the principles that underpin GHG accounting.

Relevance: Ensure that the GHG inventory appropriately reflects the GHG emissions of your company and serves the decision-making needs of users – both internal and external to the company.

Completeness: Account for and report all GHG emission sources and activities within your chosen boundaries. Disclose and justify specific exclusions.

Program Protocols under the Standards include The GHG Mexico Program, Phillippine Greenhouse Gas Accounting and Reporting Program (PhilGARP), China Corporate Energy Conservation and GHG Management Program, Brazil GHG Protocol Program, The Climate Registry, India GHG Inventory Program.
**Consistency**: Use consistent methodologies to aid accurate comparisons of emissions over time. Transparently document any changes to the data, boundary, methods or other relevant factors in the same time series.

**Transparency**: Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any important assumptions, and cite the accounting and calculation methodologies used.

**Accuracy**: Ensure that your GHG calculations are accurate, and provide reasonable assurance of the GHG information’s integrity.

**Relevance and inventory boundary**

The GHG Protocol (page 8) states that “an important aspect of relevance is the selection of an appropriate inventory boundary that reflects the substance and economic reality of the company’s business relationships, not merely its legal form...”. As noted above, the CDSB Framework states that disclosure should be made specifically for the group of entities for which consolidated financial statements are prepared.

CDSB does, however, recognise that the specific requirements of the Framework potentially diverge from the GHG Protocol and from climate change related disclosures prepared for purposes other than the CDSB Framework. As noted above, “alternative consolidation methods” including operational control as defined in the GHG Protocol and consolidation as determined under the Global Reporting Initiative Boundary Protocol may therefore be used.

However, for the purposes of Template 4, the inventory resulting from the alternative consolidation method (see paragraph 5.1 above) should be reconciled in quantitative terms (using estimates if necessary) to the inventory for the group of entities for which consolidated financial statements are prepared.

**Relevance and Materiality**

The CDSB Guiding Principles do not set a threshold for determining materiality for the purposes of preparing a GHG emissions inventory under Template 4. The full business context within which the information is presented affects what is considered to be material.

**Reliability**

Reference should be made to Chapters 7 and 10 of the Greenhouse Gas Protocol for guidance on ensuring that the GHG emissions inventory is complete and free from material error.

**Reporting principles**

1) Report total gross worldwide Scope 1 (direct) emissions in CO2 equivalent metric tonnes for the entities within the reporting boundary, according to the Standard/Protocol described in the contextual information statement. In addition:

a) State the quantification methodology, in particular whether direct emissions results are:

   i) Calculation/estimation based (eg: emissions factors applied to activity data, models or material/mass balance),
   ii) taken from continuous or intermittent direct measurements, or
   iii) based on a combination of measurement and calculation/estimation methods
b) Disclose all assumptions, specify all calculation tools used and the source of emissions/conversions factors/global warming potentials etc used.

c) Provide a segment breakdown of Scope 1 direct emissions in CO2 equivalent metric tonnes for the main countries or regions in which the reporting organisation operates. Scope 1 direct emissions information should be further subdivided where this aids transparency, by:
   i) business units/facilities,
   ii) source types (stationary combustion, process, fugitive, etc),
   iii) activity types (production of electricity, transportation, generation of purchased electricity that is sold to end users etc), and
   iv) each of the six “Kyoto” GHGs (CO2, CH4, N20, HFCs, PFCs and SF6).

2) Report gross Scope 2 (indirect) emissions associated with the use of purchased/acquired electricity, steam, heating and cooling. Scope 2 (indirect) emissions should be calculated using grid average emissions factors in CO2 equivalent metric tonnes for the entities within the reporting boundary, according to the Standard/Protocol described in the introductory statement. In addition:
   a) Disclose emissions factors and/or the source of emissions factors used to calculate indirect emissions from activity data.

3) Describe the main sources of uncertainty in calculations of Scope 1 (direct) and Scope 2 (indirect) emissions eg: data gaps, assumptions, extrapolation, metering/measurement, inaccuracies etc.

4) State whether Scope 1 (direct) and Scope 2 (indirect) emissions results have been verified or assured in house or by an independent third party. If so, please also state what level of assurance has been provided (eg: limited or reasonable), the scope of emissions covered by the verification or assurance exercise and the standard(s) by reference to which the verification or assurance was conducted.

5) State whether emissions reported for the accounting year vary significantly compared to previous years.

6) Report Scope 3 (indirect) emissions from sources not owned or controlled by the reporting organisation but which are a consequence of the activities of the reporting organisation only where those Scope 3 (indirect) emissions present or are likely to present material financial risk to the reporting organisation.

Greenhouse Gas Intensity

7) Describe and provide separately for :
   a) Scope 1 (direct) emissions, and
   b) Scope 2 (indirect) emissions

   a quantitative indication of your reporting organisation’s GHG intensity by reference to output in financial and/or non financial terms. The intensity measure should enable users to assess your organisation’s performance in the context of your industry sector and should be described and used consistently when reporting under the CDSB Framework.
For further information on measuring GHG intensity, see Chapter 9 page 65 - 67 of the GHG Protocol – Guidance on the use of ratio indicators