
GHG Protocol Scope 2 Consultation: Context and Perspectives

GHG Protocol published a Consultation of Scope 2 Guidance in October 2025. The intent is to enable more accurate calculations, estimates and disclosures. Douglas Hileman Consulting¹ offers some context and perspectives on why this is important – and why anyone involved in carbon accounting – or operations, compliance, sustainability or audit – should take notice.

1. It's (essentially) the law.
2. It's another example of how "voluntary" Guidance become mandatory.
3. Consensus provides relief from regulations and B2B chaos.
4. The GHG Protocol creates expectations globally.



This is one in a series, including: The Good; Needs Improvement; and Still Missing.

It's [Essentially] the Law

GHG Protocol is the law. Or it might as well be. GHG Protocol published a Corporate Standard and a family of Guidance, including Scope 2 Guidance, Scope 3 Guidance, and how to apply the Standard and other Guidance in certain situations².



Climate-related disclosures are required by numerous laws and regulations worldwide. Australia, Singapore, South Africa and Switzerland are among countries that required disclosures that include GHG emissions inventories. The EU's Corporate Sustainability Reporting Directive (CSRD) requires applicable companies to provide detailed disclosures of GHG emissions. The International Financial Reporting Standards (IFRS) Standard S2 requires climate-related disclosures, including GHG emissions. All major climate-related disclosure requirements and frameworks include disclosures under the four primary

¹ The perspectives are mine alone, and do not reflect any client, former employer, or professional organization I have been involved with.

² Scope 1, Scope 2, and Scope 3 GHG emissions are defined terms. These definitions are provided by GHG Protocol and in many other thought leadership pieces, so are not repeated here.



“pillars” of disclosure: governance; strategy; risk; metrics and targets³. GHG emissions inventories are front and center in the “metrics” piece. These requirements mention GHG Protocol as the go-to reference.

Suggestion: Read the GHG Protocol documents as though they are compliance requirements. “Standards” (as in the GHG Protocol Corporate Standard) carry more weight than “Guidance” (as in the GHG Protocol Scope 2 Guidance). Nonetheless, the Scope 2 Guidance is foundational for calculating Scope 2 emissions.

From “Voluntary” to Mandatory

GHG Protocol is following the arc of several “voluntary” frameworks that are now de facto mandatory. In fact, it supports the entire US economy.

There were several high-profile corporate failures in the early 1980s, attributed (at least in part) to weak systems and controls around financial reporting. Five major financial professional associations formed the Committee of Sponsoring Organizations (COSO) – sponsored an initiative to provide guidance to improve corporate governance and internal controls. COSO released the Internal Controls Integrated Framework (ICIF) in 1992.



After still more failures in the early 2000s (Enron, Worldcom), U.S. Congress passed the Sarbanes-Oxley Act, which required quality systems of internal controls over financial reporting, and that the controls be subject to external audit. The Act didn’t specify what suitable “internal controls” looked like. COSO’s ICIF was fit for purpose, and has become the de facto global standard for robust internal control frameworks.

Indeed, COSO’s ICIF is topic-neutral, and can be applied where users need confidence in any data or information set. COSO released “Achieving Effective Internal Controls over Sustainability Reporting (ICSR)” in 2023, released globally to wide acclaim⁴. COSO ICSR “overs in the background,” forming part of the basis of the criteria that audit firms are using to perform assurance over climate disclosures.

³ The Task Force for Climate-Related Financial Disclosures (TCFD), created by the Financial Stability Board (not any environmental or sustainability group!), created these disclosure themes. They have been widely incorporated into laws, regulations and other standards. In fact, the TCFD framework was so successful that it was folded into IFRS S2. Although TCFD no longer exists as a standalone entity, its work lives on.

⁴ Douglas Hileman is one of the six authors of this document. See www.coso.org.



Consensus Provides Regulatory Relief

OECD⁵ is another example of evolution from voluntary to mandatory, as well as avoiding additional regulations. OECD published “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” in 2011, with revisions in 2016. Voluntary.

Section 1502 of The Dodd-Frank Act was a provision addressing “conflict minerals” in the supply chain of publicly-traded companies. Regulation of conflict minerals was a surprise to many – let alone that the regulation required for submittals to the SEC. Nonetheless, the process of SEC getting from “law” to “regulations” included useful precedents.

The law required due diligence of the supply chain, but stopped there. What should that look like? The SEC wisely refrained from developing their own criteria for due diligence. Stakeholders noted that the OECD had already published Guidance that would suffice. SEC referenced these in the final rule. SEC also indicated that any “nationally or internationally recognized standard or framework” would also suffice, giving the regulated community flexibility at the outset and on an ongoing basis.

Suggestion: Get familiar with voluntary standards and frameworks that apply to your organization. Offer comments when you have the opportunity¹.

This consensus reduced many information requests from business partners, eliminating inefficient busy work. The approach spared the regulated community from developing rules or frameworks when the hard work had already been done by others.



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⁵ Organization for Economic Cooperation and Development; see www.oecd.org



GHG Protocol Creates Expectations: Know what they are.



Organizations apply GHG Protocol to activities that extend beyond their organizational boundary. Users of disclosures can be global. Some activities that contribute to emissions have global reach – wait until you get to Scope 3 emissions!

Organizations may refer to the GHG Protocol in their disclosure in one of many ways.

- “Our GHG emissions inventory has been prepared in accordance with the GHG Protocol.”
- “Our GHG emissions inventory followed the GHG Protocol.”
- “Our GHG emissions inventory is in alignment with the GHG Protocol.”
- “Our GHG calculations are powered by the GHG Protocol.”
- “Our GHG emissions inventory aligns with the GHG Protocol in all material respects.”
- “We used the GHG Protocol to calculate our emissions inventory.”

Users rely on disclosures for various purposes, including providing capital or including in the supply chain.

These all sound good, but they don’t convey exactly the same thing. The finer points of your discussion won’t matter if you don’t know your way around the GHG Protocol.

Suggestion: Read the Guidance. Read the Consultation. Provide comments. Read the revisions. Then design, implement, and improve your programs. You can achieve more accurate disclosures, as well as have greater confidence in using them as a basis for future strategies.