

Greenhouse Gas Protocol *Corporate Value Chain (Scope 3) Standard*

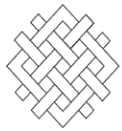
David Rich
World Resources Institute

The Climate Registry Webinar
18 November 2010



Greenhouse Gas Protocol Initiative

- Convened in 1998 by

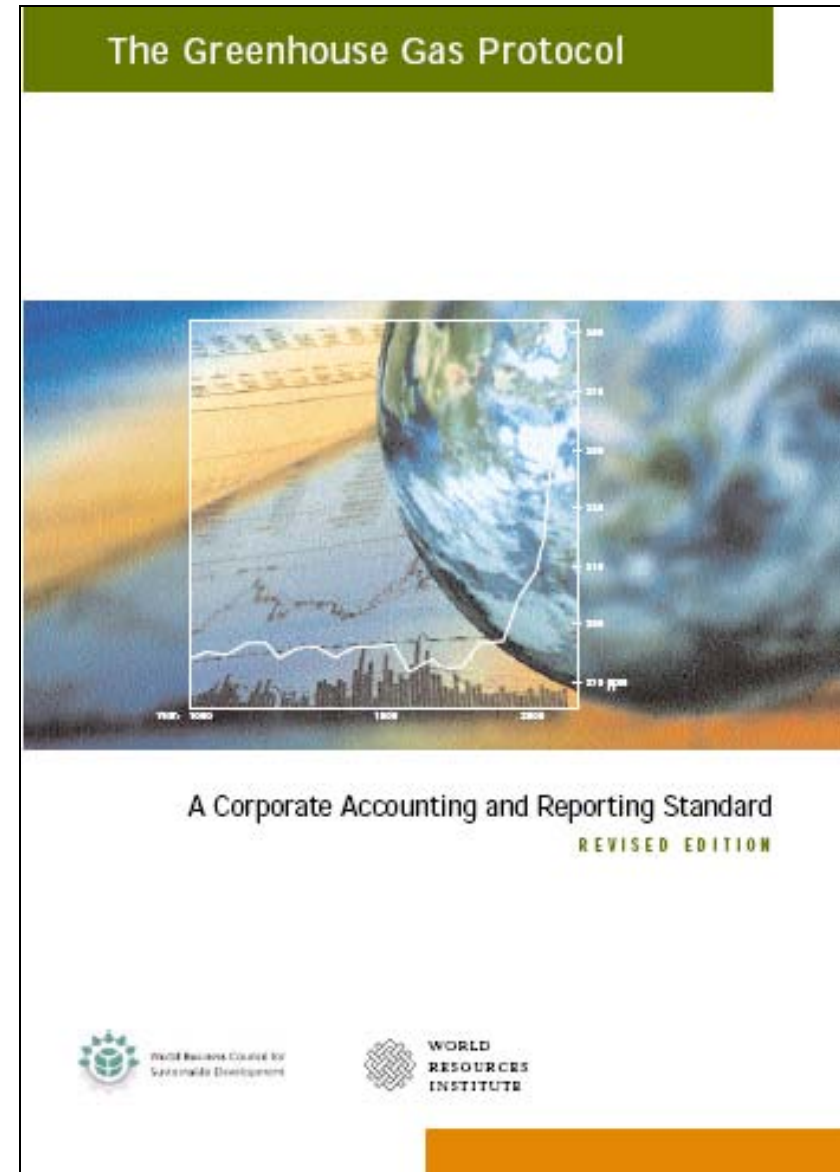


WORLD
RESOURCES
INSTITUTE



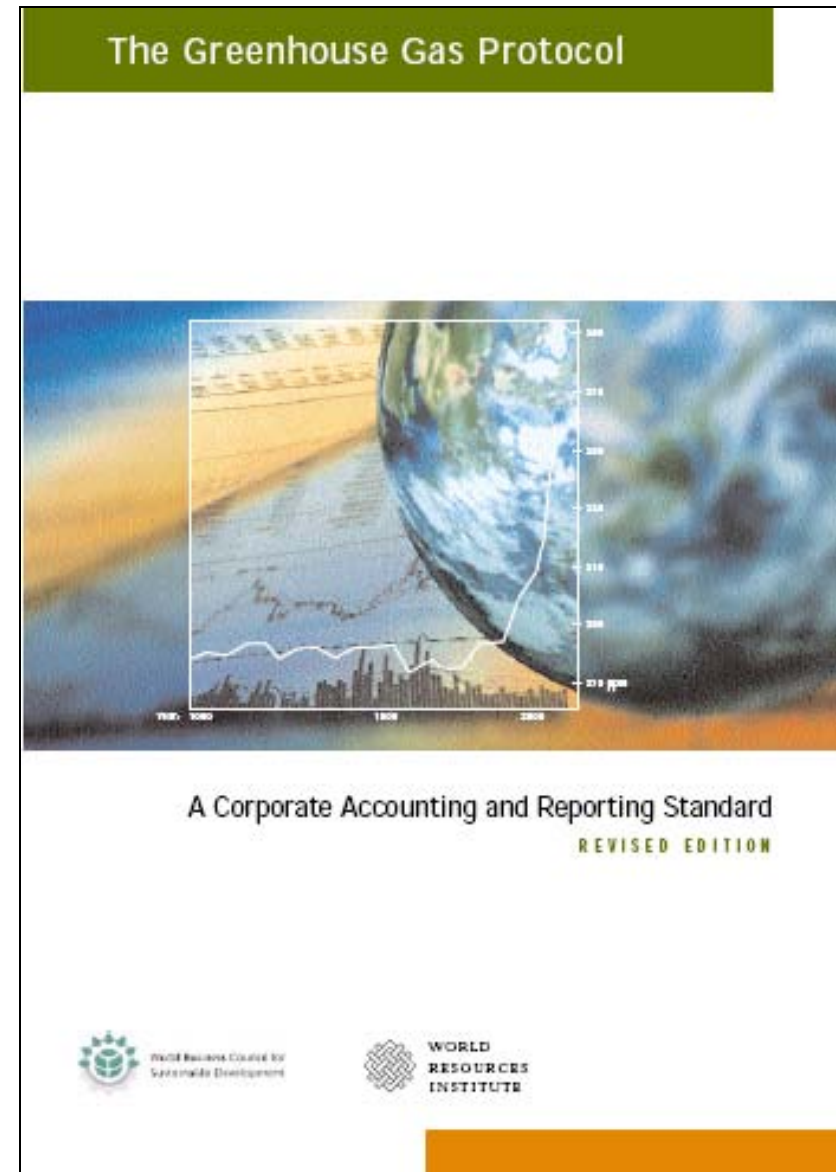
World Business Council for
Sustainable Development

- A multi-stakeholder partnership of businesses, NGOs, governments and others
- Mission: Develop internationally accepted GHG accounting and reporting standards and to promote their use worldwide



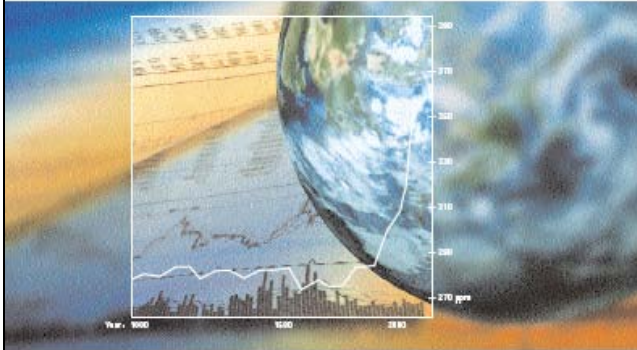
GHG Protocol Corporate Standard

- The most widely used accounting tool for businesses to quantify, manage and report greenhouse gases
- Used by majority of the S&P 500
- Free standards and tools available at www.GHGProtocol.org



GHG Protocol Publications

The Greenhouse Gas Protocol



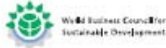
A Corporate Accounting and Reporting Standard
REVISED EDITION



The Greenhouse Gas Protocol



The GHG Protocol for Project Accounting

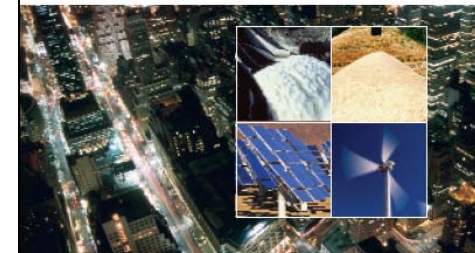


The Greenhouse Gas Protocol



The Land Use, Land-Use Change, and Forestry
Guidance for GHG Project Accounting

The Greenhouse Gas Protocol



Guidelines for Quantifying GHG Reductions from
Grid-Connected Electricity Projects



The Greenhouse Gas Protocol Initiative
The foundation for sound and sustainable climate strategies

New GHG Protocol Standards in Development

Corporate Value Chain (Scope 3)

Accounting & Reporting Standard

- Quantify and report GHG emissions in the value chain (“scope 3”) at the **corporate level**
- Building on the GHG Protocol Corporate Standard

Product Life Cycle

Accounting & Reporting Standard

- Quantify and report life cycle GHG emissions at the **product level**
- Building on life cycle assessment methods



CO₂

CH₄

N₂O

HFCs

PFCs

SF₆

SCOPE 2
INDIRECT

SCOPE 1
DIRECT

SCOPE 3
INDIRECT

SCOPE 3
INDIRECT

PURCHASED
ELECTRICITY,
STEAM, HEATING &
COOLING FOR OWN USE

COMPANY
FACILITIES

PURCHASED
GOODS &
SERVICES

INVESTMENTS

TRANSPORTATION
& DISTRIBUTION

CAPITAL
GOODS

LEASED
ASSETS

FRANCHISES

FUEL & ENERGY
RELATED
ACTIVITIES

EMPLOYEE
COMMUTING

PROCESSING
OF SOLD
PRODUCTS

LEASED
ASSETS

TRANSPORTATION
& DISTRIBUTION

WASTE GENERATED
IN OPERATIONS

BUSINESS
TRAVEL

USE OF SOLD
PRODUCTS

END-OF-LIFE
TREATMENT OF
SOLD PRODUCTS

UPSTREAM ACTIVITIES

**REPORTING
COMPANY**

DOWNSTREAM ACTIVITIES

Corporate Reporting Options

Report in Conformance with:	Scope 1	Scope 2	Scope 3
GHG Protocol Corporate Standard	Required	Required	Optional: Companies may report any scope 3 emissions the company chooses.
GHG Protocol Corporate Standard & GHG Protocol Scope 3 Standard	Required	Required	Required: Companies shall report scope 3 emissions following the requirements of the <i>Scope 3 Standard</i> .



Steps in Scope 3 Accounting & Reporting

**Define
Business
Goals**

**Map the
Value
Chain**

**Set the
Boundary**

**Collect
Data**

**Calculate
& Allocate
Emissions**

**Report
Emissions**



Business Uses of Scope 3 Standard

Understand risks and opportunities in the value chain

Identify GHG reduction opportunities, set reduction targets, and track performance

Engage suppliers and partners to achieve GHG reductions throughout the value chain

Enable credible reporting to stakeholders and participation in GHG reporting programs



Scope 3 Categories

Upstream Scope 3 Emissions from Purchased Products	Purchased Goods & Services
	Capital Goods
	Fuel- and Energy-Related Activities (Not Included in Scope 1 or 2)
	Transportation & Distribution
	Waste Generated in Operations
	Business Travel
	Employee Commuting
	Leased Assets
	Investments
Downstream Scope 3 Emissions from Sold Products	Transportation & Distribution of Sold Products
	Processing of Sold Products
	Use of Sold Products
	End-of-Life Treatment of Sold Products
	Leased Assets
	Franchises

Setting the Boundary

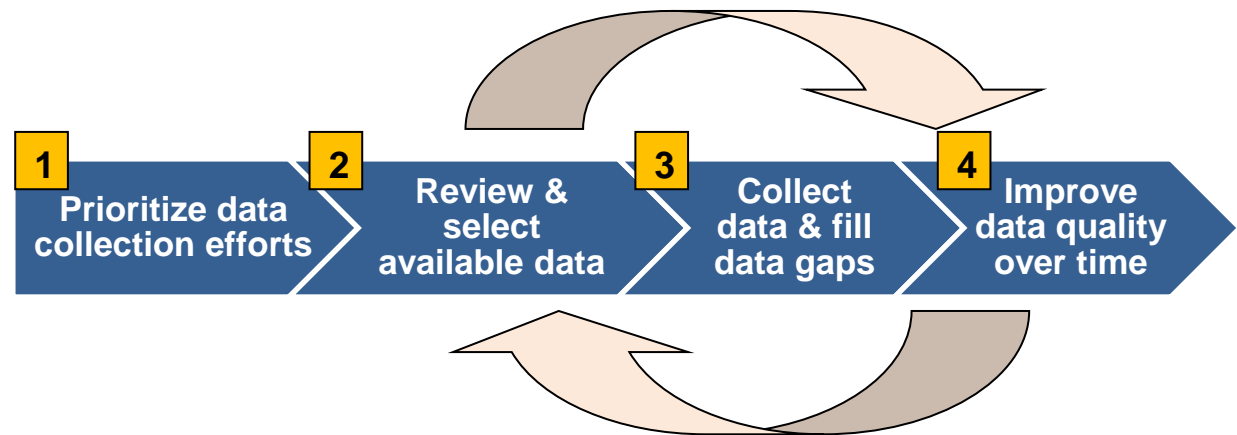
- Companies shall account for and report all scope 3 emissions and disclose and justify any exclusions
- Companies shall follow the principles of relevance, completeness, accuracy, consistency and transparency when deciding whether to exclude any activities from the scope 3 inventory

Example: A company determines that emissions from capital goods are difficult to calculate and not expected to contribute significantly to total scope 3 emissions (based on initial estimations). The company discloses and justifies the exclusion of capital goods based on its insignificant contribution to total scope 3 emissions.



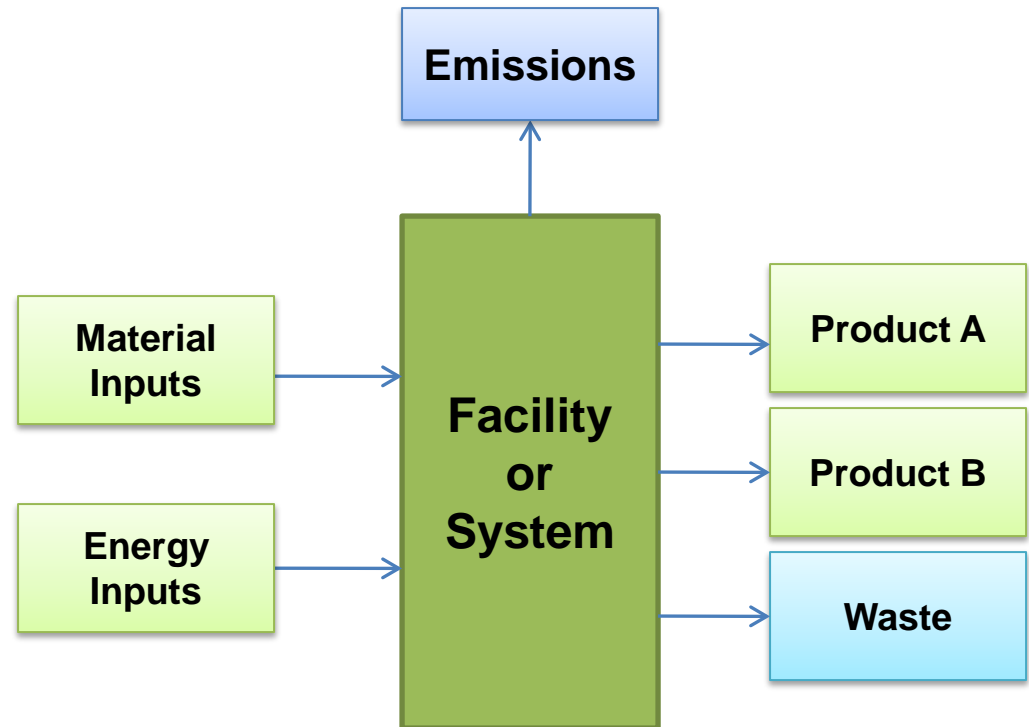
Collecting Data

- Companies may either use:
 - Primary data (from specific activities within a company's value chain), or
 - Secondary data (not from specific activities within a company's value chain)



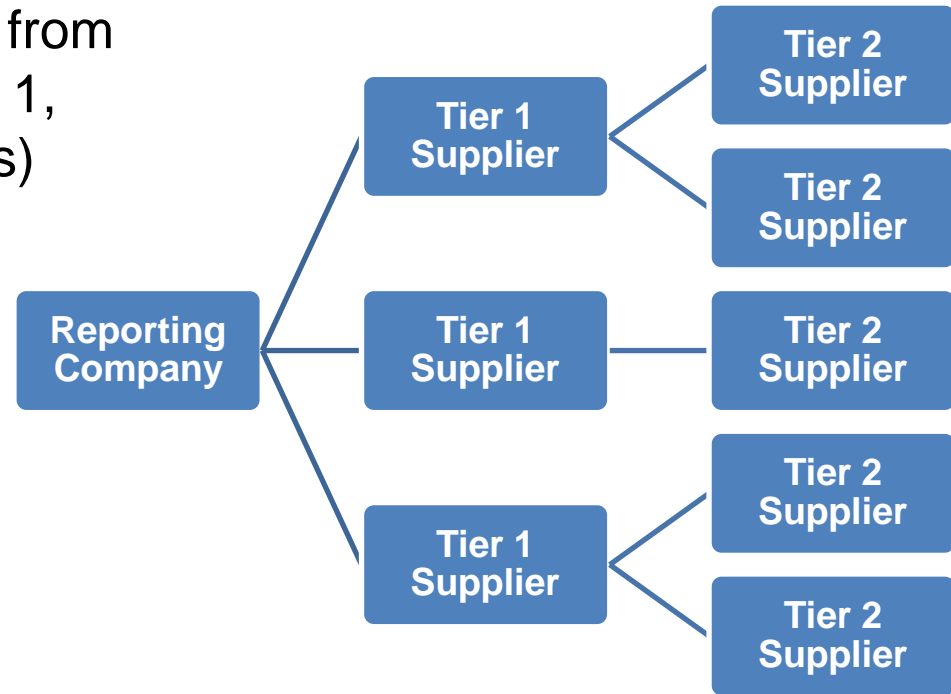
Allocating Emissions

- “Partitioning GHG emissions from a single facility or other system among its various outputs”
- Needed when:
- A single facility produces multiple outputs, and
- Emissions are measured for the facility as a whole



Accounting for Supplier Emissions

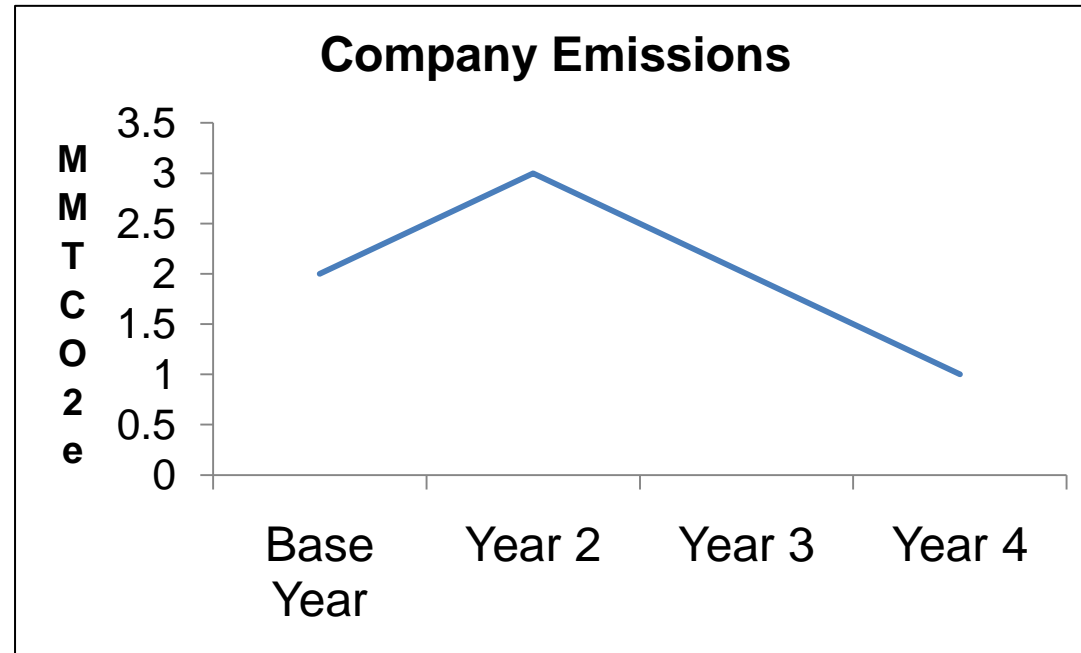
- Companies are required to report:
 - Total supplier scope 1 and scope 2 emissions data, allocated to the reporting company (separately from the reporting company's scope 1, scope 2 and scope 3 emissions)
 - Methodology used to quantify and allocate supplier emissions data
 - Percentage of Tier 1 suppliers accounted for



Setting a Reduction Target & Tracking Emissions Over Time

Companies are required to:

- Choose and report a scope 3 base year
- Recalculate base year emissions when significant changes in the company structure or inventory methodology occur
- Develop a base year emissions recalculation policy



Reporting

Greenhouse Gas Emissions	Metric tons CO ₂ e
Scope 1: Direct Emissions from Owned/Controlled Operations	
Scope 2: Indirect Emissions from the Use of Purchased Electricity, Steam, Heating & Cooling	
Scope 3: Other Indirect Emissions	
Upstream Scope 3 Emissions	
Purchased Goods & Services	
Capital Goods	
Fuel- and Energy-Related Activities (Not Included in Scope 1 or 2)	
Transportation & Distribution	
Waste Generated in Operations	
Business Travel	
Employee Commuting	
Leased Assets (Not Included in Scope 1 or 2)	
Investments (Not Included in Scope 1 or 2)	
Other	
Downstream Scope 3 Emissions	
Transportation & Distribution of Sold Products	
Processing of Sold Products	
Use of Sold Products	
End-of-Life Treatment of Sold Products	
Leased Assets (Not Included in Scope 1 or 2)	
Franchises (Not Included in Scope 1 or 2)	
Other	
CO ₂ from Biomass Combustion	

Standard Development Process

- Inclusive, multi-stakeholder process
- Participation from businesses, governments, NGOs, and academic institutions worldwide
- Over 1,000 participants involved

WRI/WBCSD Secretariat

Steering Committee (25 members)

**Technical Working Groups
(150+ members)**

Stakeholder Advisory Group (1,200+)

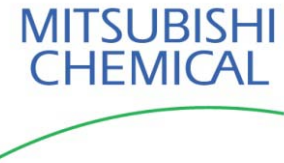
Road Testing (70+ companies)



Timeline

Date	Activity
November 2007	✓ Survey and consultations to assess need for new standards
September 2008	✓ Project kickoff meetings
January 2009	✓ Working groups begin drafting
August 2009	✓ Stakeholder webinar and comment period
November - December 2009	✓ First draft of standards released for stakeholder review ✓ 5 stakeholder workshops (in China, Germany, UK, and US) ✓ Public comment period on first draft
January - June 2010	✓ Road testing by over 30 companies
November 2010	▪ Public comment period on second draft
Early 2011	▪ Publish standard

Sample of Road Testing Companies



AkzoNobel
Tomorrow's Answers Today



natura



A FAMILY COMPANY



SUZANO
PULP AND PAPER



The Greenhouse Gas Protocol Initiative
The foundation for sound and sustainable climate strategies

How to Participate

- To provide feedback, download the draft standard at:

www.GHGProtocol.org

- Complete the online survey by December 3

- Contact:

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