

FAQ

1. What are scope 3 emissions?

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

2. What are product life cycle emissions?

Product life cycle emissions are all the emissions associated with the production and use of a specific product, from cradle to grave, including emissions from raw materials, manufacture, transport, storage, sale, use and disposal.

3. What is the main difference between the two standards?

The GHG Protocol Corporate Value Chain (Scope 3) Standard and GHG Protocol Product Standard both take a value chain or life cycle approach to GHG accounting. The Corporate Value Chain (Scope 3) Standard accounts for emissions at the corporate level, while the Product Standard accounts for emissions at the individual product level. The Corporate Value Chain (Scope 3) Standard helps companies identify GHG reduction opportunities, track performance, and engage suppliers at a corporate level, while the Product Standard helps a company meet the same objectives at a product level. Together with the GHG Protocol Corporate Standard, the three standards provide a comprehensive approach to value chain GHG measurement and management.

4. Why are value chain emissions important?

Most of the largest companies in the world now account and report on the emissions from their direct operations (scopes 1 and 2). The new standards close the GHG gap: businesses can now act on the full range of corporate value chain and product emissions as well.

Emissions along the value chain often represent a company's biggest greenhouse gas impacts, which means companies have been missing out on significant opportunities for improvement. For example, road tester Kraft Foods found that value chain emissions comprise more than 90 percent of the company's total emissions. Developing a full GHG emissions inventory – incorporating corporate-level scope 1, scope 2, and scope 3 emissions – enables companies to understand their full value chain emissions and to focus their efforts on the greatest GHG reduction opportunities.

5. Why should businesses care?

Businesses have found that developing corporate value chain (scope 3) and product GHG inventories delivers a positive return on investment. The new standards help companies to:

- Identify and understand risks and opportunities associated with value chain emissions;
- Identify GHG reduction opportunities, set reduction targets and track performance;
- Engage suppliers and other value chain partners in GHG management and sustainability;
- Enhance stakeholder information and corporate reputation through public reporting.

Through these activities, companies can reduce emissions and costs to meet strategic business objectives.

6. Why do the standards only account for GHG emissions and not other environmental impacts? Can the standards be used for other impacts (e.g. water)?

The GHG Protocol standards address GHG emissions. GHG emissions are a great starting point for businesses because of the data availability, their correlation with energy use, and often their correlation with other environmental impacts. The general accounting methodology of both standards can be adapted by businesses to account for other impacts.

7. Should the standards be used to compare products or companies?

In the future, industries will be able to build off the Product Standard to develop industry specific product rules to give them the ability to compare products. For now, the main benefits are to identify hot spots in a product life cycle and efficiently concentrate resources.

The Product Standard provides some guidance on how companies with a goal for comparison can use and/or develop product rules in conjunction with the standard. Product rules offer more specification for a given product category than the general standard can provide.

The Corporate Value Chain (Scope 3) Standard is designed to enable comparisons of a company's GHG emissions over time. It is not designed to support comparisons between companies based on their scope 3 emissions. Differences in reported emissions may be a result of differences in inventory methodology, company size or structure. Additional measures are necessary to enable valid comparisons across companies, such as consistency in methodology, consistency in data used to calculate the inventory, and reporting of intensity ratios or performance metrics. Additional consistency can be provided through GHG reporting programs or sector-specific guidance.

8. How will the standards help drive global emissions reductions?

Businesses can't manage what they can't measure. Because climate change is a complex and global problem, decisions about how to reduce emissions need to be based on facts rather than assumptions.

The new standards provide an essential foundation for strategic thinking about reducing emissions. They allow businesses to identify the biggest "hot spots" in their value chains – the activities that generate the most emissions. This insight allows businesses to focus on achieving the most meaningful reductions, not only from within their operations, but across global value chains. If the standards are successful, product and value chain GHG measurement will become standard business practice and companies all around the globe will have the information they need to effectively reduce emissions.

9. Are the new standards compulsory?

Use of the new standards is voluntary. In the future, governments and programs may decide to use the

standards or some version of the standards when creating mandatory programs or regulations.

10. Why is having one consistent global standard important?

Climate change is a global problem and businesses operate in a global environment. Value chains – and the risks and opportunities associated with GHG emissions – span national borders. Businesses operating in a global economy need a single, consistent, harmonized approach. Since the new standards take a value chain approach to emissions measurement and management that crosses national borders, the need for a global standard is even more important.

11. How were the standards developed?

The standards development process is a defining feature of the GHG Protocol. The GHG Protocol follows a broad and inclusive multi-stakeholder process to develop greenhouse gas accounting and reporting standards with participation from businesses, government agencies, NGOs, and academic institutions from around the world.

In 2008, WRI and WBCSD launched a three-year process to develop the new standards. A 25-member Steering Committee of experts provided strategic direction throughout the process. The first drafts of the standards were developed in 2009 by Technical Working Groups consisting of over 207 members (representing diverse industries, government agencies, academic institutions, and non-profit organizations worldwide). In 2010, 60 companies from a variety of industry sectors road-tested the standards and provided feedback on their practicality and usability. Members of a Stakeholder Advisory Group (consisting of more than 2,300 participants) provided feedback on each draft of the standards.

12. Which companies road-tested the standards?

The following companies road-tested one or both of the standards:

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| • 3M | • DuPont | • PE INTERNATIONAL |
| • Abengoa | • Ecolab, Inc. | • PepsiCo |
| • Acer | • Edelweiss | • Pfizer Inc. |
| • Airbus | • Ford Motor Company | • Pinchin Environmental Ltd. |
| • AkzoNobel | • GE Global Research | • PricewaterhouseCoopers Hong Kong |
| • Alcoa | • GNP Company | • Procter & Gamble |
| • Amcor Ltd. | • Herman Miller, Inc. | • Public Service Enterprise Group, Inc. |
| • Anvil Knitwear | • IBM Corporation | • Quanta Shanghai Manufacturing City, Tech-Front (Shanghai) |
| • Autodesk, Inc. | • IKEA | • Computer Co. Ltd. |
| • Baosteel Group Corporation | • Italcementi Group | • Rogers Communications |
| • BASF | • Kraft Foods | • RSA Insurance Group |
| • Belkin International, Inc. | • Kunshan Tai Ying Paint | • SAP |
| • Bloomberg LP | • Lenovo | • S.C. Johnson & Son, Inc. |
| • BT plc | • Levi Strauss & Co. | • Shanghai Zidan Food Packaging and Printing Co., Ltd. |
| • Coca-Cola Erfrischungsgetränke AG | • Mitsubishi Chemical Holdings Corporation | • Shell |
| • Danisco | • National Grid | |
| • Deutsche Post DHL | • New Belgium Brewing | |
| • Deutsche Telekom AG | • Ocean Spray Cranberries, Inc. | |
| • Diversey | | |



GREENHOUSE GAS PROTOCOL

- Siemens AG
- Suzano Pulp & Paper
- Swire Beverages (Coca-Cola Bottling Partner)
- TAL Apparel
- United States General Services Administration
- Veolia Water
- Verso Paper Corp.
- Webcor Builders
- WorldAutoSteel



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