



GHG Protocol Product & Supply Chain Initiative

Stakeholder Workshops: Summary of Feedback Received on Draft Standards

- Berlin, Germany – 17 November 2009
- Guangzhou, China – 17 November 2009
- Beijing, China – 19 November 2009
- London, UK – 20 November 2009
- Washington, DC, USA – 1 December 2009

WRI/WBCSD held five stakeholder workshops between November 17 and December 1 to update the Stakeholder Advisory Group on the standard development process and seek feedback on the requirements and guidance contained in the two draft standards:

- Scope 3 Accounting & Reporting Standard – Draft for Stakeholder Review – November 2009
- Product Life Cycle Accounting & Reporting Standard – Draft for Stakeholder Review – November 2009

Over 350 participants attended the workshops. Each workshop contained plenary discussions on each standard as well as several smaller interactive discussion sessions on key issues, such as setting boundaries and collecting data.

This document provides a condensed summary of feedback received, rather than a comprehensive record of feedback and discussion. Detailed notes from each workshop will be considered as revisions are made to the draft standards.



Scope 3 Accounting & Reporting Standard: Summary of Feedback

1. Boundary Requirements

- There was general agreement on the overall process for setting the boundary (i.e., conduct initial estimates of sources in the value chain; rank each according to size; and include those activities that are the largest in size).
- Berlin: There were a variety of views on what percentage of overall scope 3 emissions should be required to be reported. Some supported the proposed 80% threshold. Others favored requiring 100% of emissions by relying more on estimated data. Others supported lower thresholds and/or no minimum boundary requirement, with a requirement to disclose what percentage of total anticipated emissions has been reported. Others suggested sector-specific requirements would be useful, or at a minimum, examples of scope 3 activities to be reported by sector. The screening calculations should not be overly burdensome.
- London: There were a variety of views on what the boundary threshold should be. Many supported the 80% threshold requirement. Others suggested the boundaries should be closer to 100%. Others suggested a non-quantitative approach to include those activities that are of highest concern or where influence to reduce emissions is greatest.
- Washington, DC: Most agreed with the 80% threshold, but the standard should provide a path toward conformance over time for companies with complex supply chains (possibly including tiers of conformance based on the level of completeness achieved – based on either the percentage of total emissions reported or the number of scope 3 categories reported). At the same time, the standard should encourage and not penalize more complete reporting than 80% for companies that are able to be more complete – such as accounting for 100% of emissions where 80% of emissions are calculated using higher quality data. Some suggested being more prescriptive in the screening calculations and eliminating the financial-based screening calculations, while ensuring the screening calculations are not overly burdensome.
- China: Most were unsure whether an 80% threshold was practical and thought that the threshold should be tested during the road testing phase. Some felt that a company may not be comfortable reporting 80% and therefore suggested that the boundary be guidance instead of a requirement. There was a suggestion that the threshold should apply separately to both upstream and downstream emissions because for some industries 80% of emissions could come from downstream use phase only (e.g., electronics).

2. Emissions from the Use of Sold Products

- London: Most agreed with the requirement to report product use phase emissions for the four proposed product types (electricity consuming products, fuel consuming products, fuels, GHG containing products). The standard needs to clarify definitions of intermediate and final products to determine which companies are responsible for reporting use phase emissions (i.e. producer of the final product, not an intermediate component). The first two categories of products should be combined into “energy consuming products.” Use phase emissions should be calculated using standardized assumptions for each product category.
- Berlin: Most agreed that product use phase emissions should be required for producers of final products but not for intermediate products (components). The criteria and definitions of final and intermediate products need to be further refined.



- China: Many requested additional clarification on use phase emissions and, in particular, what products had optional use phases. It was suggested that more guidance be given around how intermediate products are treated in the Scope 3 Standard.
- Washington DC: Guidance is needed on how to account for carbon stored during the use phase, what lifetime is assumed for a product, and how to account for products that have GHG benefits in the use phase (e.g., insulation).

3. Data & Reporting

- Berlin: Most supported adding requirements to encourage the use of primary data (i.e., company-specific or supply chain-specific data) in calculating scope 3 emissions. There was little agreement on what those requirements might be. There was agreement that in general primary data should be used for largest sources of emissions and that companies should disclose the percentage of primary data used to calculate the inventory.
- London: There was general agreement that companies should collect primary data from suppliers, but disagreement on whether to include requirements to use a certain amount of primary data in the inventory. Primary data should be collected for major tier 1 suppliers and other categories such as business travel and employee commuting. The reliability of supplier data in the near term is likely to be low, but primary data is needed to track improvements and make procurement decisions. More guidance is needed on collecting data from multiple sites/suppliers and use of sampling and averaging. Many agreed with the proposed hierarchy, which encourages primary data but allows secondary data, and to use the best quality data available.
- Washington, DC: Most agreed with the hierarchy of data sources but felt that the data sources need to be better defined and/or include more categories to be more accurate. In particular it was suggested that it needs to be clearer where modeled data fit into the hierarchy, as that could be higher quality than primary data in some instances. Most agreed that data quality and/or uncertainty should be calculated and reported. Most agreed that primary data should not be a requirement and that the standard lends itself to improvement in data overtime by reporting uncertainty. Some suggested a ranking system of reports (i.e. gold, silver, bronze) which would correlate to the completeness and/or quality of the inventory.
- China: In general most agreed with the hierarchy of data types. There was a suggestion to avoid “survey fatigue” by making data collection templates standardized. There was a suggestion to include PowerPoint presentations and case studies on the GHG Protocol website to help companies engage suppliers by outlining the benefits of providing primary data. The main concern in China was the quality and availability of data. There was a suggestion that the data section focus more on capacity building and guidance to help companies collect and calculate data and how a company should verify primary data given to them by suppliers. There was a suggestion that the standard/GHG Protocol provide benchmark data for specific sectors and locations (if available) that a company can look to for some assurance that the data they received from a supplier is reasonable.
- China: Most agreed that it would be helpful to include guidance on data quality assessment in the Scope 3 Standard. Most agreed that reporting should be required, but additional clarification is needed around some of the reporting elements such as how to report uncertainty.



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4. Other

- Both standards should include better linkages regarding the calculating and reporting of product use phase emissions.
- China: Making the business case and benefits more apparent to both the reporting company and suppliers may increase the use of the standards in China (e.g., cost savings). Additional capacity building on the Corporate Standard (scopes 1 & 2) will be needed in China before scope 3 accounting will be widely adopted.



Product Life Cycle Accounting & Reporting Standard: Summary of Feedback

1. Boundary Requirements

- Berlin: Many suggested the 100% boundary requirement for directly connected processes to be impractical and advocated including a cut off threshold. Others supported the 100% boundary. The standard needs to clarify the types of products for which cradle to gate reporting is allowed (i.e., intermediate products) and who is responsible to report the final life cycle stages (use phase and disposal). The standard should provide clear guidance on business-to-business reporting of partial inventory data.
- London: Most agreed with the proposed boundary requirements (i.e., account for all processes directly connected and capital goods if significant). Others suggested 100% of directly connected processes may be impractical. Many suggested the terms “foreground” and “background” processes were not useful and difficult to define precisely and that processes should instead be included if significant, regardless of the distinction between foreground and background. For capital goods, a list of sectors would be very helpful, rather than leaving the determination to individual companies. Most agreed that for intermediate products, a cradle-to-gate inventory is appropriate. The definitions of intermediate and final products must be clarified to determine when a cradle-to-gate assessment is allowed.
- Washington, DC: Many agreed with the requirement to report 100% of directly connected processes and all significant capital goods. Others suggested the distinction between foreground and background processes should be removed and instead, all processes (whether foreground or background) should be screened and all significant processes should be included in the boundary. There was a general agreement that facility operations and corporate activities remain optional. More guidance and tools are needed for estimating emissions from capital goods. It was suggested that the standard needs a clearer definition of intermediate product.
- China: There was general agreement that all foreground processes shall be required, however several comments were made that data availability will impact the quality of data included. Clarity is needed around the definition of capital goods and guidance on how to easily estimate capital good emissions. More guidance is also needed on how to account for recycling. There was general agreement that corporate activities and facility operations should be optional.

2. Data & Reporting

- London: Most agreed with the proposed data requirements (i.e., at a minimum, collect primary data for processes the reporting company controls, and to follow a data quality hierarchy for other sources). Companies should seek to obtain primary data from suppliers where possible. Primary data should be collected for major suppliers, contract manufacturing, and other important sources. Since primary data may not always be higher quality than secondary data, companies should seek to obtain the highest quality data available.
- Washington, DC: The hierarchy of data sources should take into account the level of aggregation of data. While process-level primary data is preferable to process-level secondary data, process-level secondary data may be higher quality than facility-level primary data that requires allocation.



Companies should use primary data for hot spots, as identified using screening tools. Third-party assurance should be strongly encouraged.

- China: There was disagreement on whether additional primary data requirements should be developed. There was concern about the availability of high quality primary data. Additional clarification is needed on primary data and the definition of control. Concerns were raised around how to account for day to day variability in facility level data, suggesting the need for more guidance on how to calculate and average data. Some recommended coordinating with the Chinese government to encourage better data collection. More guidance and examples of best practices are needed on data collection and industry specific benchmark data. There was a general agreement around the reporting requirements with some concern around the audience of the report and the resources required to complete the report. It was suggested that more guidance is needed on how companies/stakeholders/consumers should use the information in the report.
- There was general agreement to report emissions separately by life cycle stage.

3. Other

- There should be more linkages and consistency between the Product and Scope 3 standards.
- There should be an explanation of how the GHG Protocol Product Standard relates to ISO 14067 and PAS 2050.
- More clarity is needed on how a company with many similar or frequently-changing products should perform and update a GHG Protocol compliant product inventory.
- China: More general knowledge of life cycle assessment is needed in China to improve the usability of the Product Standard.

Next Steps

The draft standards are open for written comment from November 11, 2009 through December 21, 2009. To provide written comments, please use the comment template provided at www.ghgprotocol.org.

In 2010, WRI and WBCSD, in collaboration with the Steering Committee and Technical Working Groups, will:

- Road test the draft standards with a minimum of 20 companies from a diversity of industry sectors and geographic locations from January to June 2010
- Revise the draft standards based on feedback received during the stakeholder workshops and road testing
- Circulate second drafts for public comment in mid-2010
- Revise second drafts based on feedback received
- Publish the final standards in December 2010

For more information on road testing, see <http://www.ghgprotocol.org/files/ghg-protocol-scope-3-and-product-road-testing-handout.pdf>.