

WORLD
RESOURCES
INSTITUTE



World Business Council for
Sustainable Development

Greenhouse Gas Protocol Product/Supply Chain Initiative

Product Accounting and Reporting Standard

Pankaj Bhatia, WRI

NIST

October 14, 2009



Agenda

1. Overview of Standard Development Process and Timeline
2. Key Recommendations to Date
3. Engagement Opportunities



Greenhouse Gas Protocol Initiative

- Convened in 1998 by WRI and WBCSD
- The most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gases

The screenshot shows the homepage of the Greenhouse Gas Protocol Initiative. At the top, there is a logo with a globe and a bar chart, followed by the text "The Greenhouse Gas Protocol Initiative" and the tagline "The foundation for sound and sustainable climate strategies". A search bar is located in the top right corner. Below the header is a navigation menu with tabs for "About", "Programs and Registries", "Standards", "Calculation Tools", "Newsletter", and "Media". The main content area features a large introductory paragraph about the GHG Protocol, followed by a section titled "WHAT'S NEW" with a photo of two men and a "Read More" link. Below this is a "Sign-up for our quarterly newsletter:" section with an "e-mail address" input field and a "GO" button. A "FEATURED CONTENT" section highlights "ACCOUNTING MODULES" and "REVISED, UPDATED CALCULATION TOOLS NOW AVAILABLE". The footer includes logos for the World Business Council for Sustainable Development and the World Resources Institute, along with an "ACKNOWLEDGEMENTS" button.

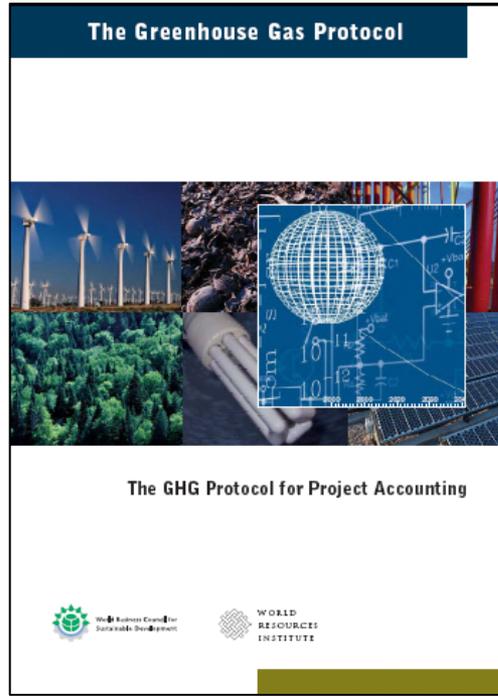
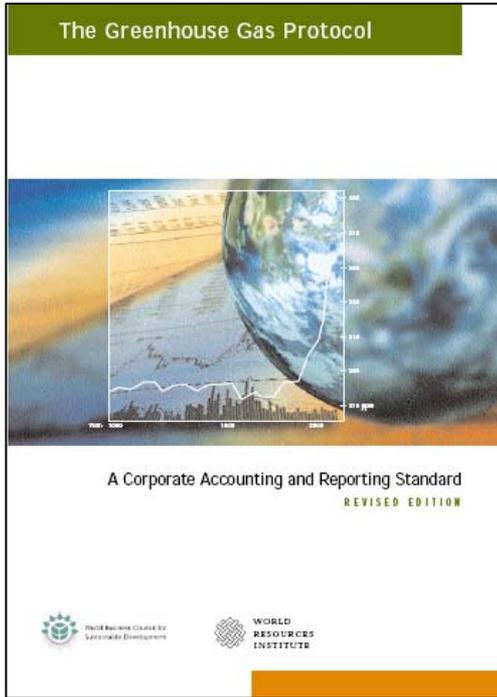
GHGProtocol.org



Ten years of success



GHG Protocol Accounting Standards



Product
Life Cycle
Standard

Corporate
Value Chain
(Scope 3)
Standard



New Standards in Development

Scope 3 (Corporate Value Chain) Accounting & Reporting Standard

- Quantify and report major GHG emissions in the value chain at the company/organization level (scope 3)
- To understand, manage, and report GHG emissions across the entire value chain
- Build on GHG Protocol Corporate Standard

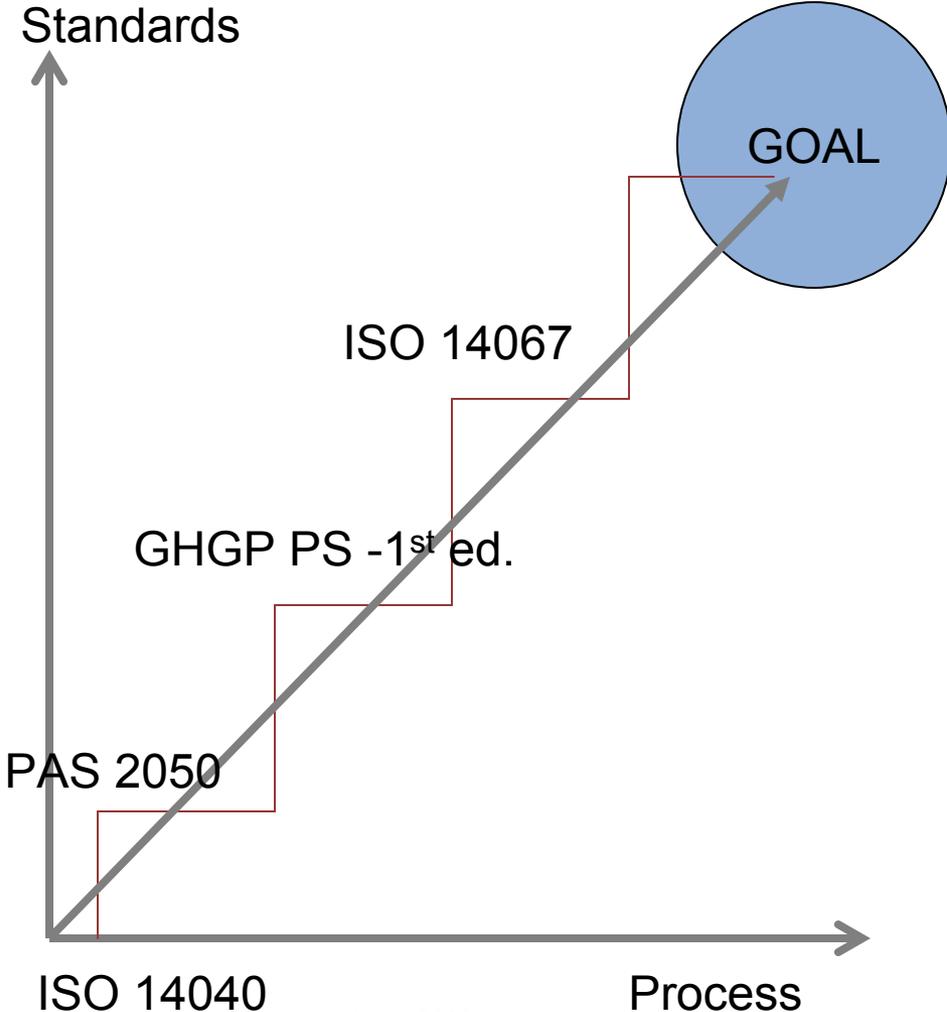
Product Life Cycle Accounting & Reporting Standard

- Quantify and report product-level emissions
- To understand, manage, and report the life cycle GHG emissions associated with individual products
- Build on existing life cycle assessment standards

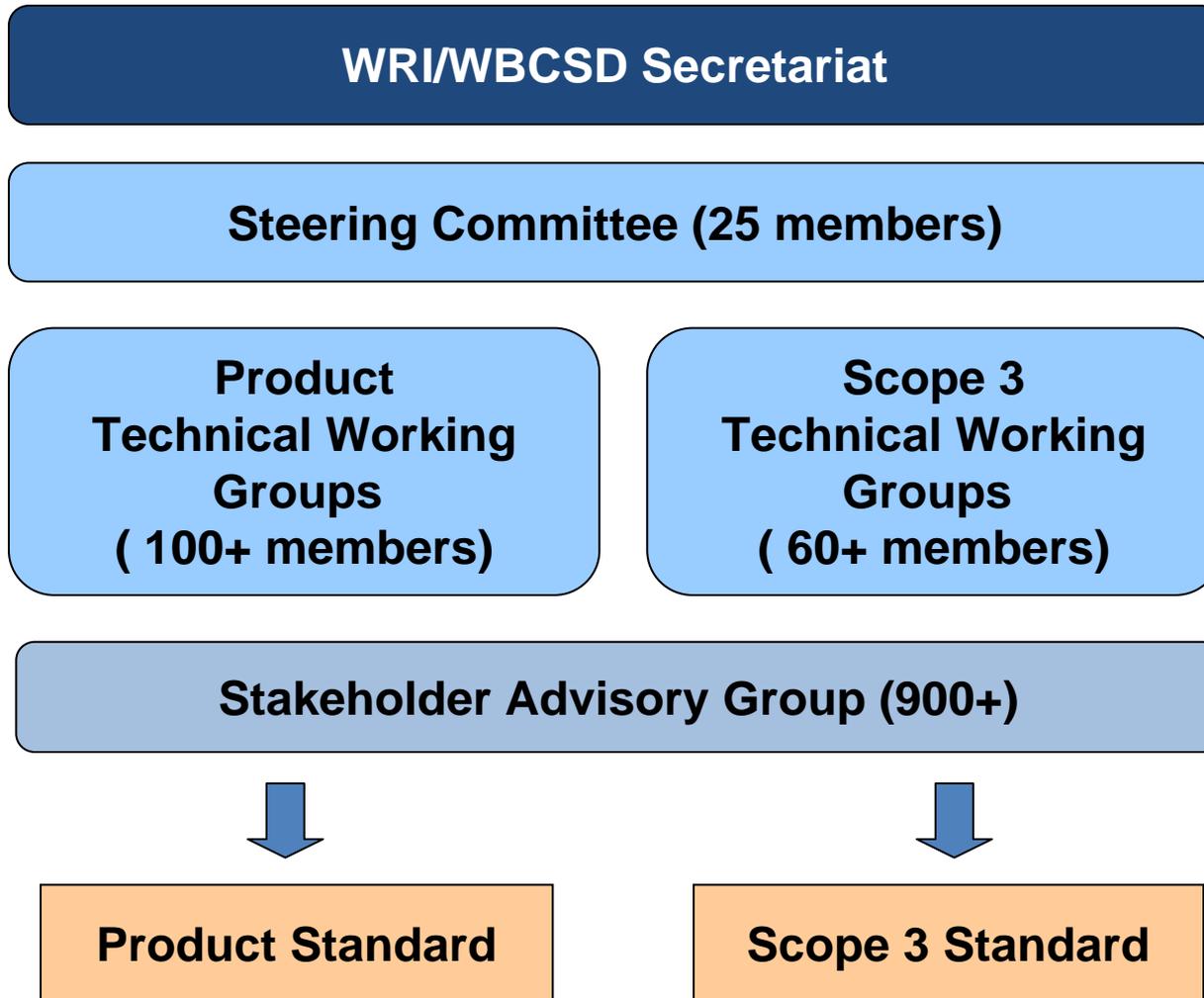


Ensuring Common and Credible Standard – Product Standard

GHG Protocol Initiative Approach to Harmonization



Standard Development Process



Steering Committee Members

- | | |
|--|--|
| <ul style="list-style-type: none">• Alcan Packaging• Carbon Disclosure Project• Carbon Trust• Carnegie Mellon University• Dow Chemical Company• DNV• Energy Research Institute, China• Environmental Defense Fund• ERM• European Commission Joint Research Centre• General Electric• Georgia Pacific• Harvard School of Public Health• Natura | <ul style="list-style-type: none">• Natural Resources Defense Council• New Zealand Ministry of Agriculture and Forestry• Product Carbon Footprint Pilot Project, Germany• PricewaterhouseCoopers• Shell• Tsinghua University, China• UNEP/SETAC Life Cycle Initiative• Unilever• UK Department for Environment, Food and Rural Affairs• US Environmental Protection Agency• ISO TC207 - US TAG• Walmart |
|--|--|

Timeline

November 2007	✓	Survey and consultations to assess need for new standards
September 2008	✓ ✓	Steering Committee Meeting #1 (Washington DC) Technical Working Group Meeting #1 (London)
January 2009	✓	Working groups begin drafting
March 2009	✓	Steering Committee Meeting #2 (Geneva)
June 2009	✓	Technical Working Group Meeting #2 (Washington DC)
August 2009	✓	Stakeholder webinar and comment period on summary slides
October 2009	▪ ▪	First draft of complete standards produced Steering Committee Meeting #3 (Washington DC)
November/ December 2009	▪	Stakeholder workshops held (in US, Europe, and China) and comment period on first complete drafts
Spring 2010	▪	Pilot testing by several companies
Summer 2010	▪	Public comment period on second drafts
December 2010	▪	Publication of final standards



Product Standard: Contents

1. Introduction
2. Accounting and reporting principles
3. Business goals and inventory design
4. Selecting the Approach/Overview of Product Accounting
5. Establishing the basis of the analysis/Defining the Functional Unit
6. Setting boundaries
7. Allocation
8. Collecting data
9. Calculating emissions
10. Assessing Data Quality
11. Managing Inventory Quality
12. Assurance
13. Accounting for GHG Reductions
14. Performance Tracking
15. Setting a reduction target
16. Reporting & Communication
17. Product Comparison/Guidance to PCR/Program Developers



Goals of the Standard

- Support the public reporting of product level GHG emission inventories, for all products & services in all market sectors
- Support other uses of product GHG information, e.g., internal product reduction decisions, tracking of emissions for internal purposes etc
- Help users of the standard reduce emissions by making informed decisions about the products they manufacture, buy, use and sell



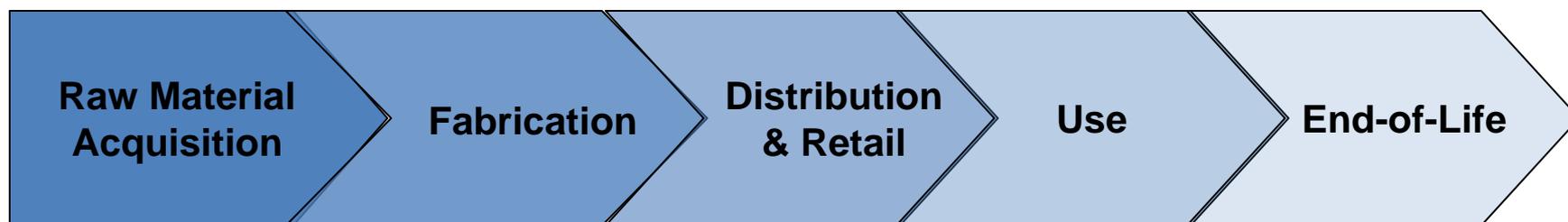
Product Comparison

- There is a growing demand to compare similar products based on their life cycle GHG emissions
- However, there are many technical challenges in ensuring that such comparisons are valid
- To do so, there is a need for methodological consistency at the product category level
- The GHG Protocol Product Standard will include guidance for organizations and programs to understand how to achieve valid comparisons at the product category level



Overview of Life Cycle Approach

- The overarching method for accounting for product GHG emissions is *a life cycle approach*
- Including all stages of the life cycle, from cradle to grave:



Note: For certain products (e.g., intermediate goods), it may be more appropriate to limit the boundary to cradle to gate. Further guidance will be provided for these cases.



Steps to completing a product inventory

1. Define Product and Functional Unit

2. Set Boundary

Map product life cycle
Identify foreground and background processes

3. Collect Data

4. Calculate Emissions

Perform allocation if needed

5. Perform Data Quality Assessment
and Uncertainty Analysis

6. Develop Data Management Plan

7. Conduct Assurance

Performed by either an external or internal assurance
provider

8. Publicly Disclosure Emissions

Aggregate emissions for each life cycle stage

Next Steps

1. Stakeholder Advisory Group webinar — August 6
2. Stakeholder comments received by August 21
3. TWGs submit consolidated draft standards — September
4. Steering Committee meeting in Washington, DC — October 7-8
5. China Stakeholder Workshops- November 17 & 19
6. Europe Stakeholder Workshop (London)- November 20
7. U.S. Stakeholder Workshop (Washington DC)- December 1
8. Pilot testing – Early 2010
9. Stakeholder comment period – Mid 2010
10. Final publication – Late 2010



Engagement Opportunities

1. Join the Stakeholder Advisory Group
 - Register through the GHG Protocol website
2. Attend a stakeholder workshop (China, Europe, US)
 - Stakeholder invitations will be sent prior to the workshops
3. Participate in pilot testing of standards
 - Email request to be considered for pilot testing (ghgquestions@wri.org)



Questions and Answers

Pankaj Bhatia
Director, GHG Protocol Initiative

pankaj@wri.org

+1 202-729-7629

