



World Business Council for Sustainable Development



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## The Greenhouse Gas Protocol

### Scope 3 Accounting and Reporting Standard

#### *Comment Template*

We are providing this template to streamline public comment submissions. To use this template, please follow the instructions below:

- This Scope 3 draft is open for stakeholder comment from November 11, 2009 through December 21, 2009.
- To provide written comments, please use the comment template provided, instead of sending comments in a separate file or e-mail, in order to streamline the comment process.
- When using the comment template, please organize comments by chapter/section and reference page numbers and line numbers.
- If you have questions during the public comment process, please email Holly Lahd at [hlahd@wri.org](mailto:hlahd@wri.org).
- Submit comments as an attached MS Word file by email to Holly Lahd at [hlahd@wri.org](mailto:hlahd@wri.org) no later than **Monday, December 21st, 2009**. We appreciate any effort to submit written comments before the deadline.

Feedback from (name): David Russell

Organization: Dow Chemical

Chapter/Section	Comments
The outline and overall structure of the document	<ul style="list-style-type: none"> <li>• Although the document covers Scope 3, for some companies the Scope 1 and 2 emissions are a much larger portion of their overall cradle-to-gate footprint. As resources should remain focused on minimizing the major emissions a prioritization of which categories to explore should take this into account and the proposed 80% (or whatever proportion is ultimately chosen, should be a holistic number; <i>Scope 1 + 2 + 3 = e.g., 80%</i>).</li> <li>• There is still considerable work to be done on determining to what level and depth Scope 3 emissions need to be explored. This should be done in the context of the overall reporting principles relative to the company's complete carbon footprint.</li> <li>• Should shall &amp; may are defined but not must, which is also used.</li> <li>• Clarification of intentions around comparisons concerning the use of, "SHALL NOT BE USED," is required.</li> <li>• A more holistic approach than Kyoto is needed today. Why not IPCC? A series of options should be proposed for debate.</li> </ul>



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	<ul style="list-style-type: none"> <li>○ There is still a need to harmonise terminology of the Scope 1,2, and 3 requirements.</li> <li>○ Shouldn't all GHG and black carbon be considered as the intention is to address climate change?</li> <li>● Allocation based on natural science – this phrase is not always understood and should be explained (Sum 3.4).</li> </ul>
<b>Part 1</b>	
1. Introduction	<ul style="list-style-type: none"> <li>● Briefly explain what the existing standards cover.</li> <li>● 1.11 What constitutes the use phase requires definition; the use phase of an intermediate supplied by an upstream company is quite different from the use phase involving a final consumer.</li> <li>● 1.2 should also recognize that for some companies, scope 3 emissions are not the largest source. Additionally, control over some scope 3 emissions is limited and this should be acknowledged.</li> <li>● 1.4 Should note that the “GHG Protocol Corporate Accounting and Reporting Standard” is referred to as “Corporate Standard”.</li> <li>● Section 1.6, page 9 lines 11 and 13, change “standards and guidance” to “requirements and guidance”.</li> <li>● Section 1.10 – the purpose of this section is not sufficiently clear. If the intent is to populate with FAQ, then this may be better done in a separate document; otherwise adding questions will require an update to the standard.</li> <li>● 1.11 – accounting for 80% of scope 3 emissions could require a very deep analysis into several tiers of suppliers. This can be impractical, especially when compared to overall emissions and ability to control or mitigate them.</li> <li>● Somewhere in the document it should be recognize that scope 3 emissions can be counted multiple times by multiple companies.</li> </ul>
2. Accounting & Reporting Principles	<ul style="list-style-type: none"> <li>● Section introduction references a “table below”, but information is shown as text.</li> </ul>
3. Business Goals & Inventory Design	<ul style="list-style-type: none"> <li>● Line 3 – The may or may not be the ultimate goal for all companies: is or should be?</li> </ul>
4. Mapping the Value Chain	<ul style="list-style-type: none"> <li>● Is it possible to coordinate the 20 yellow boxes in figure. 4.1 to the 16 categories in table 4.1?</li> <li>● In general Figure 4.1 gets a favorable response, but Scope 3 is over simplified due to the complexities of some value chains. Downstream emissions may also be scope 1 for other service providers (such as disposal firms) and not just customers.</li> <li>● There are two figures labeled as 4.1. Also, all figures should be referenced in the text.</li> <li>● Table 4.1 p.17, Category 4: guidance on how Capital goods should be accounted for is required: all emissions in the year of acquisition/purchase or discounted over the lifetime of the capital good?</li> </ul>
5. Setting the Boundary	<ul style="list-style-type: none"> <li>●</li> </ul>
5.1 Prioritizing Relevant Emissions	<ul style="list-style-type: none"> <li>● Wording in this section is good as it allows companies to determine relevancy.</li> </ul>
5.2 Prioritizing Relevant Emissions Based on Size	<ul style="list-style-type: none"> <li>● Prioritization and relevancy should also consider other scope 1 and 2 emissions, not just scope 3. The focus and effort of GHG reporting should be on all 3 scopes. Singling out just scope 3 emissions may divert a company's resources and efforts from a larger, more controllable scope 1 emission to smaller emissions outside of their control. The scope 1 and scope 2 emissions may be much larger than some of the scope 3 categories. This concept should be reflected in page 19, line 3, as well as the other sections where</li> </ul>



	prioritization are discussed.
5.3 Prioritizing Relevant Emissions Based on Other Criteria	<ul style="list-style-type: none"> <li>The five items of the introduction section do a good job of describing how to determine which items may be relevant, but should also consider how these compare to the overall footprint.</li> </ul>
6. Collecting Data	<ul style="list-style-type: none"> <li></li> </ul>
6.1. Prioritizing Activities	<ul style="list-style-type: none"> <li>Quality of data used will necessarily also depend on effort/cost to obtain versus estimated amount of emissions.</li> </ul>
6.2. Assessing Data Sources	<ul style="list-style-type: none"> <li>In box 6.1, it could also be mentioned that the use of secondary data may be useful to identify reduction areas where it would be beneficial to move to primary data.</li> <li>Also Box 6.1, how should a supplier's Scope 1 &amp; 2 be allocated to products purchased from that supplier?</li> <li>Table 6.3 – Items 9-12, would include more than just electricity, and could include any significant emission associated with these sources</li> <li>Table 6.4 – Is variability really a good measurement for Precision, this is only true if the same data are measured more than one time.</li> </ul>
6.3. Collecting data	<ul style="list-style-type: none"> <li>Line 5: is Section 6.1 correct or should it red 6.2.2?</li> <li>6.3.2 – Supplier confidentiality may prevent use of primary data, and this should be mentioned in this section</li> <li>Page 29 line 48. It cannot be known if extrapolated data is more accurate than proxy data, therefore this statement should be removed.</li> </ul>
7. Allocating Emissions	<ul style="list-style-type: none"> <li>7.1 – May also want to discuss allocation when a particular component is purchased from multiple suppliers. Line 42 should read ... sub-metering is ...</li> <li>7.2 – Should have some dialogue on the potentially significant uncertainty associated with allocation of emissions. For example, a raw material may come from two different locations. These two different locations may have drastically different product lines, which could result in different emissions factors totally unrelated to the actual raw material being purchased.</li> <li>7.3 should allow for allocation methods other than just those in table 7.1. In many cases a supplier or a company itself may be able to supply process knowledge that could lead to an improved allocation. There are many cases where GHG intensity is unrelated to market value.. Table 7.3 is a good guide for allocation</li> </ul>
12. Assurance	<ul style="list-style-type: none"> <li>As listed in the document the company should be able to choose between internal and external assurances, depending on their needs and objectives.</li> <li>The assurance section is noticeably more detailed relative to other portions of the standard!</li> <li>More than once, this section discusses comparing a specific emission result to the entire emissions of the site (not just scope 3), this philosophy needs to be included in some of the earlier sections.</li> <li>There may well be cases where a supplier or customer will not cooperate in any assurance activities at their site.</li> </ul>
13. Reporting and Communication	<ul style="list-style-type: none"> <li>Realize that across any one Scope 3 category all types of data may be used (primary, secondary, extrapolated, and proxy data). Delineated emissions by data type and category will be extremely burdensome for many reporting companies. This level of reporting should be optional rather than required.</li> </ul>
<b>Part 2</b>	
1. Purchased Goods and Services- Direct (Tier 1)	<ul style="list-style-type: none"> <li>Page 51 lines 8 and 29 - these headings need to be renumbered.</li> <li>Page 51 - line 2. This is not necessarily true and should be removed. A small</li> </ul>



Supplier Emissions	<ul style="list-style-type: none"> <li>company could indeed be a significant supplier.</li> <li>Page 52 – section 1.3 only has two calculation options; there are other sound mechanisms for determining emissions.</li> </ul>
2. Purchased Goods and Services – Cradle-to-Gate Emissions	<ul style="list-style-type: none"> <li>When should one calculate and report only Direct supplier emissions (above) versus cradle to gate emissions?</li> <li>Need guidance as to what is relevant for tiered suppliers. Technically if upstream suppliers have done a good job of GHG accounting, then tier 1 is all that is needed.</li> <li>Page 55 line 3 requires reporting categories of purchased goods such that at least 80% of anticipated emissions are sold. This does not address the fact that even within any one category it may be extremely difficult to obtain data to calculate emissions for all individual sources or materials. There also needs to be a way to prioritize sources within a category.</li> <li>Page 56 line 38 – It will be difficult for large companies with thousands of suppliers to separate primary and secondary emissions.</li> </ul>
3. Energy-Related Activities Not Included in scope 2	<ul style="list-style-type: none"> <li>Numbering in this section needs to be corrected</li> <li>There may be alternatives other than emissions based and financial based.</li> <li>Sometimes T&amp;D losses are included in a utilities overall emission factor and reported as Scope 2</li> </ul>
4. Capital Equipment	<ul style="list-style-type: none"> <li>4.4.2 does not seem to make complete sense. The % of a company's capital spent on equipment has little to do with the emissions for that equipment. The group is encouraged to come up with factors that equate capital costs to emissions for various equipment types.</li> <li>Capital equipment may operate for decades. How should Scope 3 from its manufacture be allocated? Are emissions spread out over the useful life of the equipment? What about maintenance and refurbishment?</li> </ul>
5. Transportation & Distribution (upstream/inbound)	<ul style="list-style-type: none"> <li>Screening assessments are good, in general this entire section is good except that 5.2 is not relevant to much of the EU where most waste is recycled or reused in some way. How should and who should account for this. How is what happens in the waste management facility to be accounted for; e.g., energy to recycle, CO2 emissions from incineration with energy recovery, methane emissions from landfill, etc.? Is this covered by 7.1? Need a link?</li> <li>Also, need to clarify units in equations, e.g., line 38, to avoid confusion (quantities of fuels are sometimes measured by total calorific value not weight or volume).</li> <li>Include references to existing calculation tools and standards</li> <li>p.65 line38: delete second 'should'</li> </ul>
6. Business Travel	<ul style="list-style-type: none"> <li>Standards should include or exclude hotel stays. If included a tool should be developed with emission factors by location.</li> <li>How should company vehicles such as a sales person's car be accounted for?</li> <li>What about entertainment and events?</li> </ul>
7. Waste Generated in Operations	<ul style="list-style-type: none"> <li>Need to include guidance for waste that is incinerated.</li> <li>Landfill may result in methane generation – it depends how the landfill is operated. Also generated methane can be captured and used as a fuel.</li> <li>p.71, line 12, what is 16/12?</li> </ul>
8. Franchises Not Included in Scope 1 and 2 (Upstream)	<ul style="list-style-type: none"> <li></li> </ul>
9. Leased Assets Not Included in Scope 1 and 2 (Upstream)	<ul style="list-style-type: none"> <li>Not enough information to comment.</li> </ul>
10. Investments Not Included in Scope 1 and 2	<ul style="list-style-type: none"> <li>Information shown is fine. Will need guidance on how to handle a facility that does not calculate its emissions.</li> </ul>



11. Franchises (Downstream)	<ul style="list-style-type: none"> <li>•</li> </ul>
12. Leased Assets (Downstream)	<ul style="list-style-type: none"> <li>• Not enough information to comment yet.</li> </ul>
13. Transportation & Distribution (Downstream/ Outbound)	<ul style="list-style-type: none"> <li>• Should be very similar to upstream T&amp;D</li> </ul>
14. Use of Sold Products	<ul style="list-style-type: none"> <li>• 14.2, paragraph starting line 32 is insufficient. While the use may be known the details of how a component or substance is used may not be. Examples may help.</li> </ul>
15. Disposal of Sold Products at the End of Life	<ul style="list-style-type: none"> <li>• At what point for recycled goods does end of life end and recycled raw material acquisition begin?</li> </ul>
16. Employee Commuting	<ul style="list-style-type: none"> <li>• Fairly straightforward</li> </ul>
Glossary	<ul style="list-style-type: none"> <li>•</li> </ul>
Any other general comments or feedback	<ul style="list-style-type: none"> <li>• Guidance seems to focus on when one should include a specific category or not, but does not do the same for specific sources within a category. This could be done in “Other criteria for determining relevant emissions” section of each category.</li> </ul>

