World Business Council for Sustainable Development

WORLD RESOURCES INSTITUTE

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.
- Submit comments as an attached MS Word file by email to Holly Lahd at hlahd@wri.org no later than **Monday, December 21st, 2009**. We appreciate any effort to submit written comments before the deadline.

Feedback from (name): Ines Sousa

Organization: Independent

Chapter/Section	**Comments**
The outline and overall structure of the document	•
Part 1	
1. Introduction	• Section 1.5 Who should use this standard? (line 1, page 9): I suggest adding some kind of disclaimer or further clarification on using this standard for regulatory purposes or others; a section better describing scope of standard should be included (as in the product standard) • Section 1.6 Relationship to GHG Protocol Product Life Cycle Standard (line 6, page 9): Further clarify relationship and how the product level inventory will inform and support the scope 3 inventory – identify links and overlaps in the processes of conducting both. I suggest using diagrams that illustrate, at the framework and implementation levels, points of linkage, synergy and complementariness – to guide management and optimal use of resources by companies using both standards.

	• Section 1.11 Summary of Requirements in this Standard (line 1, page 10): On the proposed 80% threshold, based on learning from road testing, I suggest defining sector specific requirements. I would also consider including: (1) step-wise conformity to standard for companies with multi-tier supply chains based on increasing threshold over time; (2) incentive to go beyond 80%; define and color code (or other) ranking of completeness (e.g. 80%=red; 80%<x<90% =yellow; x>=90%=green)
2. Accounting & Reporting Principles	•
3. Business Goals & Inventory Design	• [I'm assuming this section will be further developed based on learning from the road testing]
4. Mapping the Value Chain	• 4.1 Introduction to upstream and downstream emissions (line 21, page 14): I suggest to further clarify how the identification of upstream and downstream emissions would avoid double counting between companies in a supply chain with a diagram illustrating one or two examples; also include guidance with examples on implementing collaboration processes or best practices to avoid double counting between companies in a supply chain. • Table 4.1 (page 17): I suggest to further clarify downstream emissions categories for service oriented companies (in the table or text).
5. Setting the Boundary	•
5.1 Prioritizing Relevant Emissions	• Lines 5-9, page 18: requirements, not recommendations: "shall identify which scope 3 emissions are most relevant for the company"; "shall prioritize scope 3 activities based on their relative size and significance". As requirements, these actions will further ensure application of the relevance principle with a common general approach. Otherwise, a 'loose' application of the relevance principle compromises comparison and credibility.
5.2 Prioritizing Relevant Emissions Based on Size	• Line 7, page 19: On the proposed 80% threshold, based on learning from road testing, I suggest defining sector specific requirements. I would also consider including: (1) step-wise conformity to standard for companies with multi-tier supply chains based on increasing threshold over time; (2) incentive to go beyond 80%; define and color code (or other) ranking of completeness (e.g. 80%=red; 80%<x<90% =yellow; x>=90%=green)
5.3 Prioritizing Relevant Emissions Based on Other Criteria	• Line 23, page 19: requirement, not a recommendation: "shall consider other criteria", again to avoid 'loose' application of the relevance principle that compromises comparison and credibility. • 5.3.5 Additional criteria developed by the company or industry sector (line 26, page 21): I suggest to be a requirement, if such criteria exist for an industry sector - again to avoid 'loose' application of the relevance principle that compromises comparison and credibility.
6. Collecting Data	•
6.1. Prioritizing Activities	• Box 6.1 (line 17, page 22): I understand example but explanation of figure is confusing alternating between emissions-based and financial based ranking; specifically, it should be: "In the figure below, a company identifies the seven purchase categories (…) 80% of company's total spend".
6.2. Assessing Data Sources	• 6.2.1 Available data types (line 34, page 22): How would you classify 'model data' as it relates with this hierarchy (primary, secondary, extrapolated, proxy)? 'Model data' might be of higher quality in some cases than primary data. • Line 1, page 24: 'the type of data does not provide an indication of the data's quality' as stated in draft of product standard; so while I agree with the general rule I would caution, for example, about data quality challenges of primary data

	due to allocation – I suggest looking into product standard draft page 37 and check for consistency between the two standards in addressing types of data (for a company to efficiently and effectively be able to use both standards). • Table 6.3. (page 25): A detail on the terminology, but to be consistent throughout the standard, amend the title to: "Examples of Primary and Secondary Data by Scope 3 Category" • 6.2.2 Data Quality Criteria (page 26): I suggest providing further guidance on data quality assessment for scope 3 using these criteria.
6.3. Collecting data	• 6.3.1 Collecting primary data (line 1, page 28): I suggest to include data collection template(s) (general and/or sector specific) – often suppliers are surveyed in a 'million' different ways by their customers, which discourages or makes it extremely resource intensive to provide primary data to companies. Examples, such as the EICC Carbon Reporting System for Electronics Companies, could be mentioned or illustrated. • 6.3.2 Collecting secondary data (line 11, page 29): I suggest including here – or refer to an appendix - a compilation of secondary data sources (e.g. LCI databases, literature studies, industry associations databases, etc); and/or referring to an online database of secondary data sources maintained by the GHGP site to serve the purpose of applying this standard (and the product life cycle standard); I realize this is a project in itself requiring significant additional resources, but it would provide an independent compilation of secondary data sources – GHGP could join efforts with the EU LCA Info Hub (which already provides a list of resources) to build such a database of secondary data sources. These comments might also be considered for '6.4 Evaluating Data Sources' – compilation/classification of secondary data sources could be done according to defined criteria evaluating the data sources. By the way, the title '6.4. Evaluating Data Sources' might be confusing given there's another section named "6.2. Assessing Data Sources" – I suggest modifying one or the other, consistent with the contents of each section.
7. Allocating Emissions	•
12. Assurance	• Line 17, page 42: The concept of 'functional unit' is not introduced and used in the scope 3 standard, so it shouldn't be mentioned here.
13. Reporting and Communication	• 13.1 Required information (line 6, page 47): % of primary data used should be required to report, even if it is '0'. • Line 22, page 47: I suggest including further clarification on how to report uncertainty. • Line 40, page 47: I suggest the following to be a required, not optional, to report: "The percentage of total anticipated scope 3 emissions that has been accounted for and reported" for the purpose of transparency. • Figure 13.1 (page 49): Add columns "Proxy" and "Extrapolated" to address requirement to report "Emissions data reported separately for activities calculated using primary data and activities calculated using secondary data, extrapolated data and proxy data"; also clarify the terms "measured and modeled data" in the footnote 20 as they relate with the defined hierarchy (primary, secondary, extrapolated, proxy) to be consistent throughout the standard.
Part 2	
1. Purchased Goods and Services- Direct (Tier 1) Supplier Emissions	• 2.2.1 Emissions-based screening assessment (line 8, page 51): the 80% threshold should be mentioned for consistency (though note my comments on the 80% threshold in Part 1). • Line 38, page 53: note my comments on the 80% threshold in Part 1.

	• 1.4 Case Studies (line 20, page 53): I suggest including another box illustrating accounting issues with example re: suppliers of raw materials, components or goods. • IT and Data Centers (line 17, page 53): I suggest including an example illustrating accounting issues (the same way you provide an example of accounting issues re: contract manufacturing).
2. Purchased Goods and Services – Cradle-to-Gate Emissions	• The terms 'materials', 'raw materials' and 'products' are used interchangeably creating confusion. I suggest you clarify the terms (in the glossary) and use them consistently. • Line 25, page 54: If category 1 accounts for scopes 1 and 2 emissions of direct (tier 1) suppliers and category 2 accounts for scopes 1, 2 and 3 of tier 1 and tier 2-X suppliers, one might double count direct suppliers' emissions. For example, company X buys a steel component from supplier A (direct supplier) and supplier A buys steel from supplier B; scopes 1 and 2 emissions of supplier A are accounted for in category 1 as scope 3 emissions of company X, and scopes 1, 2 and 3 emissions of supplier A are accounted for in category 2 as scope 3 emissions of company X (double counting scopes 1 and 2 of supplier A). If so, then why did you define category 1 in the first place? After discussing this with a peer, I then realized draft does mention "This category includes all purchased materials and services not otherwise included in the other categories of upstream scope 3 emissions" (lines 18,19, page 54). I realized I repeatedly had interpreted this sentence as it referring to the other "specific categories" mentioned in following sentence in this section. In any case, I believe this misunderstanding demonstrates the need to more clarity in terms and processes, to address unintended misinterpretations from the user that may lead to incorrect accounting in the first place. To address this particular potential misinterpretation, I'd suggest, for example, including a system context-level data-flow diagram aligned with the definitions, entities and sources of the categories. • Line 3, page 55: note my comments on the 80% threshold in Part 1. • Line 39, page 55: It should be "…of company's total spend." and not "…of total anticipated scope 3 emissions". • Lines 15, 19, 39 page 56: 'estimated data' is a new term regarding the data hierarchy introduced in Part 1 – I suggest clarifying to be consistent throughout the standard. • Figure XX (line 1, page 57): same comment as above
3. Energy-Related Activities Not Included in scope 2	• Line 47, page 58: note my comments on the 80% threshold in Part 1 • Line 1, page 60: note my comments on the 80% threshold in Part 1 • Line 5, page 60: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
4. Capital Equipment	• Line 5, page 61: note my comments on the 80% threshold in Part 1 • Line 25, page 61: note my comments on the 80% threshold in Part 1 • Line 29, page 61: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
5. Transportation & Distribution (upstream/inbound)	• Line 11, page 62: waste transportation emissions included in category 15, so I suggest alerting for double counting. • Line 35, page 62: note my comments on the 80% threshold in Part 1 • Line 2, page 64: note my comments on the 80% threshold in Part 1 • Line 6, page 64: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
6. Business Travel	• Line 43, page 68: note my comments on the 80% threshold in Part 1. • Line 12, page 69: note my comments on the 80% threshold in Part 1. • Line 16, page 69: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.

7. Waste Generated in Operations	• Lines 13, 22, 23, page 70: note potential for double counting with category 5 re: waste transportation. • Line 7, page 71: note my comments on the 80% threshold in Part 1. • Line 23, page 71: note my comments on the 80% threshold in Part 1. • Line 27 page 71: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
8. Franchises Not Included in Scope 1 and 2 (Upstream)	• Line 29, page 72: note my comments on the 80% threshold in Part 1. • Line 41, page 72: note my comments on the 80% threshold in Part 1. • Line 45, page 72: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
9. Leased Assets Not Included in Scope 1 and 2 (Upstream)	• Line 47, page 73: note my comments on the 80% threshold in Part 1. • Line 14, page 74: note my comments on the 80% threshold in Part 1. • Line 18, page 74: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
10. Investments Not Included in Scope 1 and 2	• Line 30, page 75: note my comments on the 80% threshold in Part 1. • Line 45, page 75: note my comments on the 80% threshold in Part 1. • Line 49, page 75: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
11. Franchises (Downstream)	• Line 41, page 77: note my comments on the 80% threshold in Part 1. • Line 8, page 78: note my comments on the 80% threshold in Part 1. • Line 12, page 78: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
12. Leased Assets (Downstream)	• Line 11, page 79: note my comments on the 80% threshold in Part 1. • Line 28, page 79: note my comments on the 80% threshold in Part 1. • Line 32, page 79: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
13. Transportation & Distribution (Downstream/ Outbound)	• Line 37, page 80: note my comments on the 80% threshold in Part 1. • Line 8, page 81: note my comments on the 80% threshold in Part 1. • Line 12, page 81: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
14. Use of Sold Products	• Lines 29, 30, page 82: further clarify 'final goods' vs. 'intermediate goods': definitions and related reporting requirements (who's responsible for reporting use phase emissions) (not well explained in next paragraph, line 32); relate these concepts with product types in table 14.1 (page 83)
15. Disposal of Sold Products at the End of Life	• Line 45, page 86: note my comments on the 80% threshold in Part 1. • Line 7, page 87: note my comments on the 80% threshold in Part 1. • Line 11, page 87: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
16. Employee Commuting	• Line 33, page 88: note my comments on the 80% threshold in Part 1. • Line 47, page 88: note my comments on the 80% threshold in Part 1. • Line 2, page 89: note my comments on '5.3 Prioritizing Relevant Emissions Based on Other Criteria' in Part 1.
Glossary	• Add terms (as needed, depending on your final choice of consistent use of terms in the standard): 'material', 'raw material', 'good', 'service', 'component', 'estimated data', 'measured data', 'modeled data', 'final god', 'intermediate good', 'life cycle assessment' • 'Materiality threshold: use 'assurance' instead of 'verification' for consistency in this standard
Any other general comments or feedback	• I reiterate the need to improve consistency and more clearly define the relationship between the two standards (scope 3 and product) (linkages, synergies and complementariness) (e.g. with a diagram) to effectively guide management and optimal use of resources by organizations using both standards.

	• My comments often referred to aspects of the draft that relate to 'usefulness' and 'usability' of the standard (critical to a broad adoption of the standard beyond the scientific community). Science is fundamental to the creation of these standards, but I wouldn't underestimate 'usability' as critical to a successful, broad adoption. The pilot testing planned for January - June 2010 is definitely an excellent opportunity to further research and address 'usability' issues with potential users. • The successful broad adoption of the standard is also critically dependent on suppliers, trading partners and other life cycle stakeholders being able to exchange high quality primary data, so guidance on related best practices and current initiatives should be included in the standard as much as possible (draft already points to some and I included above some comments, suggestions).