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): **Kathleen Fiehrer, Tim Higgs, Ted Reichelt**
Organization: **Intel Corporation**

Chapter/Section	Comments
The outline and overall structure of the document	• More examples and case studies illustrating metrics or procedures would be helpful, otherwise very good – succinct and streamlined
Part 1	
1. Introduction	• As noted in the Product Standard, it should be made clear that output data is not accurate enough to be used for direct comparisons of suppliers or other organizations. The appropriate use of the output and findings are for companies to measure their progress against a baseline.
2. Accounting & Reporting Principles	• Unclear whether this section refers to meaningful comparisons for the same products/company over time or comparisons between companies/products? • May want to note that sector specific tools and methodologies may need to be developed as supply chain complexity is highly variable.

3. Business Goals & Inventory Design	• How about a goal to drive continuous improvement in accuracy, consistency, etc.?
4. Mapping the Value Chain	• Please make it clear that downstream impacts of sold products do not need to be calculated for intermediate products (assemblies, components, etc.) that are integrated into an "end product" requiring no further manufacturing or preparation steps. • As supply chains are dynamic as indicated in footnote 4, what is the expectation for frequency of updating? How are multiple suppliers providing the same goods or services handled? • How is reusable waste classified? Do companies receive GHG credit for recycling, reusing waste, closed loop recycling, etc.? • Suggest a proposed scheme to phase in quantification of the various activities over time. Give companies the choice to chose based on impacts.
5. Setting the Boundary	•
a. 5.1 Prioritizing Relevant Emissions	• Concerned by statement "Serves the decision-making needs of users – both internal and external to the company". Document repeatedly indicates that GHG reporting will be used solely for making company improvements, NOT for decision-making for external customers, etc. Protocol needs to clearly define what is meant by "decision-making needs of users". Who are the users of reported emissions data? • Recommend phasing in quantification of emissions sources. For example: year 1: 60% of sources; year 2: 70%of sources; year 3: 80%, etc.
b. 5.2 Prioritizing Relevant Emissions Based on Size	• As you know, screening methods are needed to help in assessing relevancy of sources
c. 5.3 Prioritizing Relevant Emissions Based on Other Criteria	• Good summary agree with criteria. • Provide guidance on how to calculate GHG reduction calculations from recycling products.
6. Collecting Data	•
a. 6.1. Prioritizing Activities	• Suggest wording: "…focused on activities that contribute most to total Scope 3 **and/or offer the opportunity of greatest reductions**…."
b. 6.2. Assessing Data Sources	• Why is capital equipment manufacturing included in Scope 3 reporting? If capital equipment is included, then next logical step may be to include building construction, production of transportation if transportation is required for product shipment, etc. • Employee commuting should not be included in GHG as where employees live should be outside of realm of GHG. Employees should be encouraged to telecommute or carpool or take public transportation, but GHG for commuting should not be reported as company cannot reasonably reduce. For multi-national companies, requirement will become very geo specific and harder to calculate. No guidance is provided on smoothing GHG calculations based on geography and resulting commuting differences.
c. 6.3. Collecting data d. Allocating Emissions	• Decision tree is very helpful, but should note that it allows companies to pursue either a **facility based** inventory or **product based** inventory

	• What is recommended frequency for reporting - annual?
	• It is likely that most supply chain data will need to be allocated in some way as manufacturers rarely track energy data for a specific product line when multiple products are manufactured. Since there are a number of ways of doing the allocation, there is likely to be a wide range of approaches and therefore considerable uncertainty in the data. This should be recognized as a significant limitation in attempting to identify total scope 3 emissions, and is a significant reason why it will not be valid to compare scope 3 emissions between competing companies or products.
7. Assurance	• Third Party validation should not be made mandatory immediately – companies need time to phase in implementation and methodologies/ data need more time to improve • Materiality question must take into account what level of accuracy is even possible in assessing scope 3 emissions. For complex supply chains, it should be recognized that the minimum error achievable may be large. If that is the case, then the definition of "material" error must similarly be large
8. Reporting and Communication	• Again, it MUST be made clear that methodologies are immature, data is scarce and inventory results are not to be used to compare companies directly
Part 2	
1. Purchased Goods and Services-Direct (Tier 1) Supplier Emissions	• Provide industry checklist of high-emitting materials and sectors • Determining 80% of emissions are spend for reporting is very difficult for complex products. Provide guidance for calculating and reporting GHG emissions for complex products (significant number of inputs/outputs). Perhaps the sector specific guidance is the right place to address these questions.
2. Purchased Goods and Services – Cradle-to-Gate Emissions	• For intellectual property protection, companies should report total GHG emissions, and not break out by percent of total anticipated emissions from "purchased products chosen for inclusion in the boundary".
3. Energy-Related Activities Not Included in scope 2	• Provide examples. Not clear why these would not be included in scope 2, unless this means emissions in association with generating scope 2 energy by a provider.
4. Capital Equipment	• Intel recommends eliminating capital equipment from GHG calculations. • Provide justification for including Capital equipment in GHG calculations and reporting. • Would manufacturing for trucks or trains be included in retail company's Scope 3 calculations? • Advice for boundary conditions needed to be better defined. Ie would a retailer include manufacturing of delivery trucks in GHG calculations? What about US Post office or a shipping company? Would mining companies include heavy equipment manufacturing in their scope 3 calculations? Aircraft manufacturing by airline?
5. Transportation & Distribution (upstream/inbound)	• More examples to clarify, for example should warehouse heating be included in the calculation if goods do not require warehouse temperature control?
6. Business Travel	• Who accounts for GHG associated with hotel stays? The hotel service provider or the company utilizing the service? Otherwise results in double counting?

	• Business travelers will eat their meals whether traveling or not and therefore should not be included in business travel GHG accounting.
7. Waste Generated in Operations	• Source of 30% default value for average carbon content of waste? • Source of 0.5 default value for methane content of landfill?
8. Franchises Not Included in Scope 1 and 2 (Upstream)	• Examples?
9. Leased Assets Not Included in Scope 1 and 2 (Upstream)	• Provide examples of leased assets not included in leases scope 1 and 2 emissions.
10. Investments Not Included in Scope 1 and 2	• Examples?
11. Franchises (Downstream)	• For both intermediate and final products or services?
12. Leased Assets (Downstream)	• For term of lease only? Or for total impact for producing the asset?
13. Transportation & Distribution (Downstream/ Outbound)	• Should warehouse heating be included in the calculation if goods do not require warehouse temperature control?
14. Use of Sold Products	• Please make clear that use phase impacts for intermediate sold products are not included in the inventory, but reported by manufacturer of final product placed on the market. • In table 14.1, what does "report all" mean? What is "all" if product is a sub-component in final product? How is use reported in this case? • For battery powered components, how is use energy consumption use reported?
15. Disposal of Solid Products at the End of Life	• Would plastics ever be considered CO2 sequestering product? And therefore decrease CO2 emissions? • Again, what is source of solids and methane defaults?
16. Employee Commuting	• Recommend commuting be outside scope of protocol. • Inherently unfair to companies located in rural locations rather than urban centers with compact housing and public transportation options. • Employee commuting should not be included in GHG as where employees live should be outside of realm of GHG. Employees should be encouraged to telecommute or carpool or take public transportation, but GHG for commuting should not be reported as company cannot reasonably reduce. For multi-national companies, requirement will become very geo specific and harder to calculate. No guidance is provided on smoothing GHG calculations based on geography and resulting commuting differences.
Glossary	
Any other general comments or feedback	• Product performance – what if there is not a standard? How does the product performance apply if b2b and not b2c? • Protocol 3 –seems reporting is for whole company, not by product • How should companies report material extraction for unknown sources and when it is not well documented? **<u>Problems / Concerns with current approach:</u>** • "Network problem requires network solution" – can't solve through modeling • "Use" phase calculations require too many assumptions with too wide a margin of error; calculations become meaningless, outdated, and not actionable • Data should not be used for comparative purposes; there's a risk

	that it will be used for direct comparisons – need some oversight function to prevent misuse • Standard is overly complex, requiring companies to hire consultants rather than be able to do it themselves; it doesn't encourage capacity building, ownership of data, and improvement over time. Furthermore, with a complex standard, it is likely that most companies will do it differently making it difficult to surmise trends across a group of suppliers. **Recommendations**: • Focus on sources of emissions that are under company control (i.e. Scope 1 and 2 emissions for Tier 1 suppliers -- 80% based on spend), and cascade throughout supply chain (reach out to Tier 1, and have them reach out to their Tier 1) – Possibly develop industry category rule (ICR) so everyone in industry is making same assumptions about who/what to include and how to calculate – will need guidance on process, stakeholders, ratification, etc. • Eliminate "use" phase from calculations, as it's not a meaningful measurement and requires too many assumptions. • Phase in requirements over time – Adopt system for recognizing improved performance over time (e.g. bronze=Tier 1 suppliers (80% based on spend); silver=Tier 1 and their Tier 1; gold= full Scope 3) – Facility-based approach and product-based approach should be treated as equal options for companies – Raw data and results from pilots should be transparent and made available as much as possible