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The Greenhouse Gas Protocol Initiative

the foundation for sound and sustainable climate strategies

Product Life Cycle Accounting and Reporting Standard

Summary of the Product Standard Road Testing Workshop May 18 & 19, 2010

Workshop Objectives

Fifty companies are currently road testing the draft Product Life Cycle Standard. 55 participants attended the workshop on May 18-19, 2010 at WRI's office in Washington, DC.

The objective of the workshop was to gather the following information from the company's road testing the product standard:

- Recommendations for revisions to the draft standard
- Feedback on the practicality and usability of the draft standard
- Feedback on how the inventory results will support business goals and drive reductions in GHG emissions

1. Key Recommendations & Take-Away Messages

During the workshop, WRI/WBCSD received positive feedback on the importance of the new standard, the quality of the standard to-date, and WRI/WBCSD's transparent process for standard development. WRI/WBCSD also received many constructive recommendations for improving the standard. All feedback from the road testing workshop will be considered as the standard is revised and the second draft is released for public comment in September 2010.

The following key recommendations and take-away messages were summarized based on road tester feedback collected throughout the workshop.

Plenary Discussion

- There is a need for an international standard to help companies perform consistent GHG product inventories and supply quality product-level data to customers.
- The standard should include text explaining the translation and conformance between ISO life cycle studies [ISO 14040/14044] and the Product Standard.
- Many see product comparison as inevitable and therefore it needs to be addressed more clearly in the standard.
- More guidance is needed on the role of sector specific guidance and Product Category Rules (PCRs), including when and how to use them, and how to create them in conformance with the GHG Protocol Standard.
- General agreement to provide more specificity in the standard where possible.
- General agreement that uncertainty analysis is needed for product comparison and that guidance on uncertainty analysis should also be provided. However, the group was unable to identify a common definition of uncertainty.
- More guidance is needed on the relationship between the Product Standard and the Scope 3 Standard.

Boundary Setting

- The standard needs more clarity and flexibility on when cradle-to-gate inventories are allowed.
- The standard needs a clearer definition of capital goods, and it was recommended to require a significance test for only capital goods under the reporting company's control.

- There was general consensus that facility operations and corporate activities should remain optional, but guidance is needed for companies that need to report these emissions in their inventory because they cannot be separated out from the available data.
- Clearer guidance is needed on how to identify attributable foreground processes (e.g. guidance based on professional judgment), and guidance on using a cut-off criteria or significance test.
- If the standard is going to use the terms foreground and background, it needs to be ensured that the definitions are consistent with existing standards, or the differences need to be clearly explained.
- More guidance is needed on making assumptions, collecting data, using sector guidance, and addressing uncertainty for the use and end-of-life stages.
- More guidance on setting boundaries for services is needed.

Data Collection

- There was a general misunderstanding of the distinction between primary and secondary data, where either clearer definitions are needed or different terms should be used.
- The standard needs more guidance on determining if a data point is primary or secondary, especially when a primary activity factor is multiplied by a secondary emission factor.
- The standard needs to clarify the terms proxy and extrapolated and give guidance on how to use these data types to fill data gaps.
- Add a requirement to complete a data quality assessment as you choose your data, not after data is collected, and justify data choices in the report.
- Recommendation to WRI/WBCSD to provide supplier data collection templates that include the ability to track data quality.
- Add a requirement that all deviations from the standard should be reported and justified (i.e. deviations don't equal non-conformance).
- The standard should provide more guidance on collecting high-quality data.
- Screening is a valuable tool, particularly to help companies that are new to LCA or product carbon inventories. Guidance on screening needs to be included as part of the data collection process.
- The standard needs to be clear on which emission factors are required/recommended (combustion versus LCA).

Allocation

- Physical, substitution, and economic allocation have all been used during road testing (sometimes all within one inventory), and therefore it is difficult to limit flexibility of allocation methods in a general standard.
- Recommendation that the standard should provide more guidance on economic allocation to avoid misuse.
- When more than one allocation method is possible, the reporting company should be required to report justification as to which method was chosen and sensitivity results between methods.
- The standard should recommend users look to sector or product specific guidance to narrow choices of allocation methods to reduce uncertainty.

- Differences between this standard and ISO 14040/14044 need to be explained to address both methods and terminology.

Data Quality

- Most companies were able to do a data quality assessment for 75 % of their processes, but only about half thought this was a practical requirement.
- Clarification is needed as to whether the data quality assessment requirement applies to activity data, emission factors, or both.
- General consensus that reporting data quality based on the qualitative method for all data would be too burdensome.
- General consensus that reporting on data quality should be a requirement, but no consensus was reached on how to do this. Some suggestions included:
 - Descriptive reporting
 - Rolling up values and reporting for each data quality indicator
 - Reporting on data type (although most did not agree with the distinction of primary and secondary)
 - Reporting uncertainty that included data quality
 - Scenario analyses to explore ranges was also suggested
- Determine from the road testing results if the requirement to assess 75% of data sources is the appropriate threshold.
- General consensus that the standard needs to provide a way for companies to report on uncertainty (e.g. +/- value, inventory range), but no agreement was reached on what type of reporting (e.g. descriptive or quantitative) and whether this should be required or optional.
- More guidance should be provided on using industry average data to assess uncertainty.
- At minimum, the standard should require a disclaimer in the report explaining the uncertainty and therefore un-comparability of inventory results.

Reporting

- Recommendation to remove the detailed report as a requirement for public disclosure, while moving some methodology descriptions to the summary report to make that report more robust.
- Recommendation to place all reporting requirements in a template to improve consistency.
- Recommendation that the inventory results should include some range of values that incorporates uncertainty.
- Recommendation to eliminate requirement to redo inventory every two years and add a date of assessment completed and timeframe for which data was collected, so that the user is aware of dated information
- Recommendation to report % of emissions calculated from physical data instead reporting on % of primary and secondary data.
- The standard needs detailed guidance on how to report on carbon storage, biogenic carbon emissions, offsets, and green power purchases.

Assurance

- The standard should revise the competency guidance to focus on performers of self-assurance.
- The standard should include a checklist of activities companies need to complete to prepare for assurance.
- Performing self assurance will be challenging for many companies due to small staff with LCA expertise. All LCA staff will be needed to work on the inventory and therefore no one that will be both removed from the process and qualified will be available to complete self assurance.

Supplier Engagement

- The supplier information and list of databases provided during road testing was helpful and should be included in the next draft of the standard or on the GHG Protocol website.
- A standardized template, or a standardized list of data to request, would be helpful to reduce survey fatigue of suppliers.
- There is a need for capacity building (training) with suppliers to improve engagement and data quality.

Carbon Storage, Land Use Change, and Recycling

- Report biogenic removals and emissions, and provide more guidance on reporting biogenic carbon in cradle-to-gate assessments.
- Some agreement that the 100 year assessment period was appropriate to determine use-phase/end-of-life carbon storage.
- More guidance is needed on where to find emission factors and data for land use change.
- For open loop recycling, the breakout group agreed that the 0/100 method for allocating emissions due to recycling is appropriate and consistent with existing secondary data, but it was recognized that this needs broader discussion with the Steering Committee and Technical Working Group members before adoption.

Closing Plenary

- The draft standard is difficult to practically use because too much is left up to interpretation and more guidance is needed.
- It was suggested that the standard requirements be clearly highlighted and separated from the guidance to make it easier to use.
- An introduction to LCA concepts and terminology is needed for users without LCA experience.
- The section on consequential LCA is not needed, and should be removed from the standard or moved to an appendix.
- A recommendation to better highlight the limitations of product carbon LCA vs. a more comprehensive LCA that looks at additional impacts.
- Road testers plan to use the results of their inventory to:
 - Understand how the GHG Protocol Standard compares to other standards
 - Satisfy requests for carbon footprints from customers
 - Help with the walk and talk of sustainability
 - Engage with suppliers

Next Steps

The following timeline identifies the steps needed to complete the standard text by December, 2010. Road testing inventory reports and feedback forms are due to Holly Lahd (hlahd@wri.org) by June 30th. We will present summaries of the feedback from the workshop and any completed feedback forms to the steering committee at our meeting June 28-30th. These summaries will also be shared with participants in our process and posted on the GHG Protocol website.

| Date | Activity |
|-------------------------------|---|
| May 18-21st | <ul style="list-style-type: none"> Product and Scope 3 Road Testing Workshops |
| June | <ul style="list-style-type: none"> Road testers submit GHG inventory reports and feedback reports Steering Committee meeting (June 28-30, Oslo, Norway) |
| July/August | <ul style="list-style-type: none"> WRI/WBCSD publish summary of road testing feedback TWGs provide input on proposed revisions based on stakeholder comments, road test feedback, and steering committee feedback |
| September | <ul style="list-style-type: none"> Release of revised drafts for 30 day public comment period |
| October/ November | <ul style="list-style-type: none"> WRI/WBCSD compile and analyze written comments WRI/WBCSD revise standards with input from Steering Committee and TWG members as needed |
| December 2010 | <ul style="list-style-type: none"> Finalize text of standards |