



GHG Protocol Corporate Value Chain (Scope 3) and Product Life Cycle Standards

In today's world, tackling climate change and growing a profitable business must be compatible. Successful companies already understand this; they save money, cut risks and create new business opportunities by measuring and managing their greenhouse gas emissions.

The Greenhouse Gas Protocol provides the foundation for sustainable climate strategies

GHG Protocol standards are the most widely used suite of international accounting tools for businesses and other organizations to measure, manage, and report greenhouse gas emissions. In 2010, more than 85 percent of the 2,487 respondents to the Carbon Disclosure Project (CDP) survey used the GHG Protocol Corporate Standard to measure and report their emissions.

With the addition of the new Corporate Value Chain (Scope 3) Standard and Product Life Cycle Standard, companies can now measure, manage and report their full corporate value chain emissions and the emissions from the products they buy, manufacture and sell.

Towards global standards

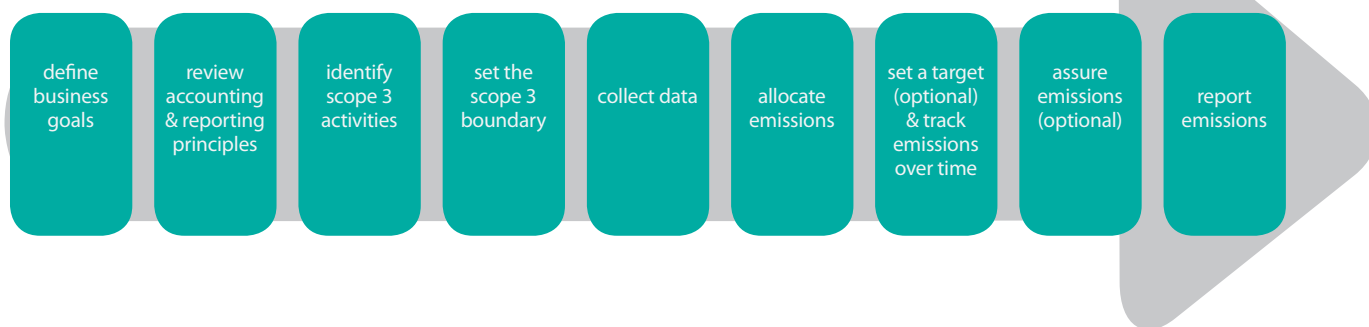
The new standards complete the GHG Protocol suite of corporate accounting and reporting standards created for business. The tools establish a much-needed comprehensive, global, standardized framework for companies working to manage their value chain and product emissions and to mitigate their climate impacts.

The Corporate Value Chain and Product Life Cycle standards have been created through a broad, inclusive, multi-stakeholder process. Over a three year period:

- 2,300 participants were involved from 55 countries;
- 207 members formed technical working groups to draft the standards, and;
- 60 companies from various industries road tested the standards in 2010.

The new standards provide a methodology that can be used to account for and report emissions from companies of all sectors, globally. They are accompanied by user-friendly guidance and tools developed by the GHG Protocol.

Overview of steps in corporate value chain accounting and reporting





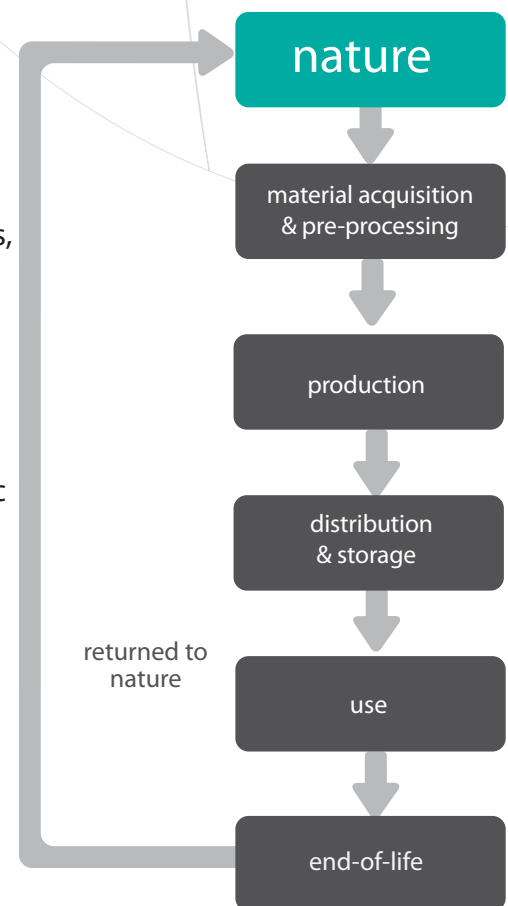
The Corporate Value Chain (Scope 3) Standard

The Corporate Value Chain Standard is the first tool companies can use to assess their entire value chain impact and identify the most effective ways to reduce emissions. Often, the majority of total corporate emissions come from scope 3 sources, which means many companies have been missing out on significant opportunities for improvement. For example, road tester Kraft Foods found that value chain emissions comprise more than 90 percent of the company's total emissions. Users of the new standard can now account for emissions from 15 categories of scope 3 activities, both upstream and downstream of their operations. The scope 3 framework also supports strategies to partner with suppliers and customers to address climate impacts throughout the value chain.

The Product Life Cycle Standard

The Product Standard can be used to understand the full life cycle emissions of a product and focus efforts on the greatest GHG reduction opportunities. This is the first step towards more sustainable products. Using the new standard, companies can measure the greenhouse gases associated with the full life cycle of products including raw materials, manufacturing, transportation, storage, use and disposal. The results can create competitive advantage by enabling better product design, increasing efficiencies, reducing costs, and removing risks. The standard will also help companies respond to customer demand for environmental information and make it easier to communicate the environmental aspects of products.

Stages of a product life cycle



Everyone can benefit from the new GHG Protocol standards

- Corporations can use the standards as the foundation for strategic decision-making.
- Small businesses can concentrate their resources more effectively and gain competitive advantage, while meeting the demands of retailers and customers.
- Reporting programs can give their members a respected badge of credibility and a practical accounting methodology.
- Governments can better understand the performance of companies to inform and set climate policies.
- NGOs can measure their own emissions and hold others accountable.

The GHG Protocol, a collaboration of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), convenes stakeholders from around the world to develop the most widely used greenhouse gas accounting and reporting standards for business.