



Green House Gas Emissions – Reporting Standards

INTRODUCTION

In its **Third Assessment Report (TAR)**, the **Intergovernmental Panel on Climate Change** concludes that **human activities** are the main contributors to global warming. Each nation is adopting measures to combat issues related to climate change. Global initiatives have been taken up by governments and companies to reduce the impact of their operations on the environment. To help these organizations better understand their carbon footprint, reporting systems for greenhouse gas (GHG) emissions were created. **GHG** emissions are disclosed either through regulated schemes or through voluntary reporting.

DRIVERS FOR CHANGE

The key drivers of change and reporting are:

- ▶ Consumer and investor pressure to know the impact of the organization and products on the environment
- ▶ Supply chain pressure from the many retailers who have recently been seeking information from suppliers
- ▶ Government pressure through legislation, reporting schemes, and cap and trade schemes
- ▶ Opportunities arising from carbon trading and competitive advantages

STANDARDS AND METHODOLOGIES

The various standards and methodologies for greenhouse gas emissions reporting are:

Standards for organizational inventories are designed to help companies measure emissions from activities under the control of the organization. They include:

- ▶ **ISO 14064-1** – specifies the requirements for designing and developing organization or entity-level GHG inventories.
- ▶ **GHG Protocol** – a corporate accounting and reporting standard developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). It has five inventory tools that can be used for reporting.

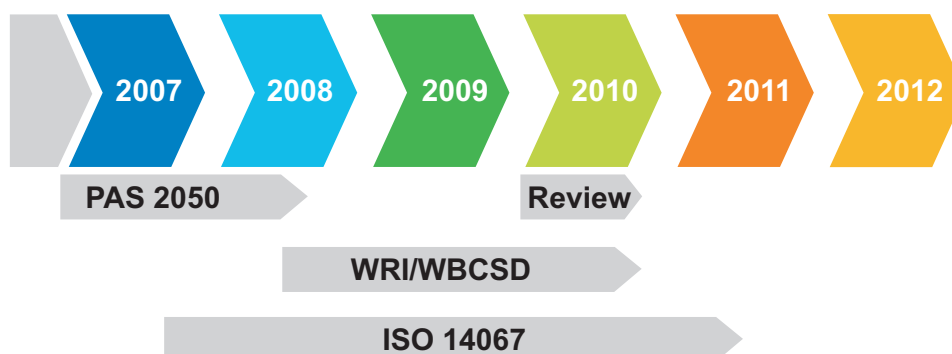
Projects

- ▶ **ISO 14064-2** – provides the requirements for quantifying, monitoring, and reporting emission reductions and removal enhancements from GHG projects.
- ▶ **ISO 14064-3** – outlines the requirements and provides guidance for conducting GHG information validation and verification.

Carbon Footprints of Products

- ▶ **PAS 2050** is a publicly available standard that specifies an approach for companies to assess the GHG emissions life cycle of products and services. PAS 2050 was developed in consultation with DEFRA and Carbon Trust in the UK and was published by BSI in October 2008. The PAS is open to all companies for any product or service. The use of the standard is voluntary. PAS 2050 is under review and is due for revision by 2010.
- ▶ **WRI Product Life Cycle Accounting and Reporting Standard (2010):** The Product Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard supplement the existing Corporate Accounting and Reporting Standard, which has become the global framework for GHG reporting by companies. The new standards are a part of a multi-stakeholder 12-year partnership known as the GHG Protocol Initiative. The WRI and WBCSD are leading this initiative to provide real-world solutions to help reduce emissions.
- ▶ **ISO 14067** – Product Life Cycle GHG Emissions (2011) is a new standard for the carbon footprints of products. It is expected to be published by March 2011. This standard is intended to facilitate the quantification and communication of GHG emissions associated with goods and services. The standard builds largely on the existing ISO standards for life cycle assessments (ISO 14040/44) and environmental labels and declarations (ISO 14025). In comparison to existing LCA standards, however, it contains additional provisions for the Regulatory Schemes – The European Union (EU) Emissions Trading Scheme is a regulatory scheme for greenhouse gas emissions. According to this scheme, large emitters of carbon dioxide within the EU must monitor and annually report their CO₂ emissions. In addition, they are required to return an amount of emission allowances to the government that is equivalent to their CO₂ emissions for the current year.

HISTORY OF PRODUCT CARBON FOOTPRINT STANDARDS



Regulatory Schemes – The European Union (EU) Emissions Trading Scheme is a regulatory scheme for greenhouse gas emissions. According to this scheme, large emitters of carbon dioxide within the EU must monitor and annually report their CO2 emissions. In addition, they are required to return an amount of emission allowances to the government that is equivalent to their CO2 emissions for the current year.

Country Specific Schemes, Standards, and Guidance

BASIC ACCOUNTING PRINCIPLES

Of all standards and methodologies for GHG emissions reporting, the five key accounting principles to be followed are:

Relevance – Appropriate selection of GHG boundary sources, data, and methodologies

Completeness – Inclusion of all emission sources

Consistency – Consistency of accounting approaches, inventory boundary, and calculation methodologies

Accuracy – Reduce biases and uncertainties to the greatest extent possible

Transparency – Disclose sufficient and appropriate GHG-related information to help intended users make decisions with reasonable confidence

Conclusion

GHG reporting is increasing as numerous standards are being developed, thereby helping governments and companies reduce emissions and mitigate carbon related risks.

Future Developments:

- ▶ New reporting initiatives created by governments and corporations
- ▶ Cap and trade schemes
- ▶ Increased stakeholder pressure for voluntary reporting

These standards help firms measure, report, and reduce emissions and provide insight and assurance to stakeholders that declarations are valid

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