

Global Greenhouse Gas Register (“GHGR”)

Value proposition and frequently asked questions

1 Frequently Asked Questions

1.1 Why register greenhouse gas (GHG) emissions?

Stakeholders are becoming increasingly interested in corporate disclosure of GHG information. They are concerned about how companies manage climate change risks and how they are positioning themselves in the face of emerging climate change regimes.

Investors in particular, are starting to take the risks of climate change very seriously. They believe that carbon profiles and corporate responses to climate change will increasingly and significantly impact on company performance, not only because of the potential effect on brand reputation and market perception but also risk ratings, cost of capital, as well as direct cash flows and earnings.

For many companies, reporting on climate change has primarily been a communication issue and not a risk management and financial concern. However, as the global agenda is shifting towards the internalization of key environmental impacts, corporate reporting and accounting of GHG emissions need to reflect this.

1.2 What is the purpose of the Global GHG Register (“GHGR”)?

While many companies have started preparing GHG inventories significant barriers continue to delay their progress. One of these key barriers is the lack of credible, transparent and globally accepted corporate GHG data.

The lack of consistent and high quality corporate GHG data raises concerns about the credibility and effectiveness of climate change policies (such as emissions trading), which must rely on accurate and coherent data. It also raises concerns about transparency of companies’ climate change exposure and their ability to adequately quantify future risks and opportunities.

Without a standardized international framework for disclosing such information key stakeholders (such as regulators and environmental groups) may misunderstand a company’s carbon exposure. Or worse, company directors and/or investors fail to adequately appreciate carbon risk and solutions, resulting in an inability to satisfactorily assess the implications to the bottom line.

In cooperation with BrasilConnects, the International Emissions Trading Association, the Pew Center on Global Climate Change, the World Business Council for Sustainable Development, the World Energy Council, the World Resources Institute, the World Wildlife Fund and Deloitte, the World Economic Forum (“the Forum”) has set out to address this issue by providing an internationally recognized platform for the disclosure of worldwide corporate GHG emissions inventories.

1.3 What are the benefits of joining the GHGR?

The GHGR provides a framework to assist companies understand their GHG footprint. Understanding your emissions profile can assist in identifying the most cost-effective means of managing and reducing emissions, redesigning business operations and processes, spurring innovation and improving products and services.

Participating in the GHGR will help to improve the transparency of GHG reporting to key stakeholders. Registration should assist investors when undertaking quantitative assessments of potential carbon liabilities and facilitating a better understanding of GHG exposure.

Taking steps to demonstrate early actions is a wise risk-management strategy. In the face of emerging climate change regimes – such as the EU emissions trading system in 2005 – having a credible and transparent measurement, verification and reporting systems will assist in managing GHG exposure.

Participation will assist in enhancing appreciation among policy-makers, civil society and environmental organizations of the opportunity for, and value of, voluntary climate activities. It will help influence future policy. It will also assist in demonstrating the private sector's global contribution to the reduction of GHG emissions.

Participants will be identified as a leading company taking steps to address climate change. This could be beneficial for brand enhancement and general competitive positioning. The extensive outreach and brand recognition of the Forum and its partners should help enable this.

1.4 My company already participates in a GHG reporting program (for example the U.S. Department of Energy's 1605(b)). How is the GHGR different?

The GHGR is the only register at present focusing on global emissions reporting. Other programs currently focus on national emissions data.

Participating in national registries may be required if a company must participate in a regulatory scheme, however many companies will also have operations that in the next 5-10 years will not have such requirements. The GHGR provides a platform for disclosing both sets of data.

The GHGR could be compared to a set of consolidated financial accounts, rather than a set of nationally lodged financial statements. For companies operating on a global scale, this should enhance appreciation and understanding of their total GHG exposure.

1.5 Can I use the data from existing efforts to participate in the GHGR?

Yes. Inventories (and/or targets) approved by another program could be eligible for registration in the GHGR, provided that the requirements of these programs is consistent with the criteria required by the GHGR. A list of such program will be developed in the coming months.

In practice this means that company's can provide data that has already been submitted to (and accepted by) another program. Companies will also need to provide any additional global data that is not currently captured.

In the longer term we will look to see if automatic data transfers are possible between registers.

2 Frequently asked questions

2.1 Are only World Economic Forum Members allowed to participate?

No. The GHGR is open to all companies wishing to register their GHG Inventories.

2.2 Is the GHGR only for developed or developing country emissions?

The GHGR is designed as a platform for companies to register emissions from both developed and developing countries. One of the key goals of the GHGR is to help to build recognition and interaction among developing world participants.

2.3 What scope of reporting is required (i.e. can a company report emissions from specific projects, or from selected locations only)?

Companies are required to prepare a corporate-wide inventory of GHG emissions for the six major GHGs.

Regional (e.g. European Union or US operations) or business unit (e.g. Chemicals division) inventories are permitted provided the company makes a commitment to develop a corporate-wide inventory by a certain date. The date can be set by each company, but should not exceed two years from the time of submitting its first inventory.

2.4 My company is focusing on getting ready for the EU Emissions Trading Scheme. Can I use the data from my existing efforts to participate in the GHGR?

In this case a EU wide inventory can be registered with a view to providing a corporate wide inventory when resources are sufficient to collate and prepare such data. Alternatively, a company may register its intention to participate by providing a global GHG inventory for some date in the future.

2.5 What level of data is required (i.e. global, national or facility level)?

Participants will be asked to report CO₂-equivalent emissions data on a global consolidated basis for the organization, at an individual national level for operations in Annex 1 nations, and at a consolidated level for operations in non-Annex 1 nations. Facility level data is not requested.

Participants will be given a secure online screen to submit their data. The website is currently being developed and will be ready for receiving data in January 2004.

2.6 Can a company report "offsets" or emission reductions that have been purchased or traded?

The GHGR will allow reporting of "offsets" as an adjunct to the company's total annual emissions results. These could include offsets and other information a reporting entity believes is of interest to the public.

However, net reporting (i.e., total emissions less offsets) will not be permitted. Participants are required to report the total volume of emissions reductions or emissions removal (sequestration) projects separately to their inventory totals.

2.7 What emissions do participants need to register?

The six gases are Carbon dioxide (CO₂), Methane (CH₄), Nitrous dioxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

2.8 What GHG Protocol needs to be adopted?

The methodological basis for preparing the inventory is to be the GHG Protocol Initiative Corporate Accounting and Reporting Standards developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Company-specific, regional (e.g. the European Union) or other inventory programs' measurement and reporting protocols are eligible provided they incorporate the accounting standards and guidelines outlined by the GHG Protocol.

2.9 Do participants have to include direct and indirect emissions?

Participants will need to report all material direct GHG emissions and material indirect emissions relating to the purchase of electricity, heat and steam.

Inclusion of other indirect sources of emissions is encouraged but optional.

2.10 Why do I have to report indirect emissions? Wouldn't that be double counting if the electricity generator also reported the direct emissions from the electricity I consume?

Direct and indirect emissions information must be reported separately.

The GHGR will disclose this information separately. Separate disclosure should address double counting concerns and provide sufficient transparency to enable participants and users of the information to identify and attribute early actions appropriately in preparation for any potential regulatory scheme.

2.11 What is considered “material” for reporting purposes?

Companies are required to report no less than 95% of their organisations total CO₂-equivalent emissions, where those emissions are considered significant.

“Significant” emissions are any emissions of GHGs that are not de minimis in quantity when summed across all applicable sources of a participating entity. De minimis emissions are defined as a quantity of GHG emissions, from one or more sources, for one or more gases, which when summed equal less than 5% of a participating entities’ total CO₂-equivalent emissions.

The sources and gases that will be de minimis will vary from participant to participant. For example, fugitive GHG emissions can be expected to be de minimis for many participants but will likely be material for participants involved in the transportation and distribution of natural gas. Similarly, many participants will choose to select non-CO₂ gases as de minimis since non-CO₂ gas emissions are not significant for many operations. On the other hand, some companies where the majority of emissions are of non-CO₂ gases—such as gas transmission and distribution firms—are not likely to simply consider non-CO₂ emissions as de minimis.

However, if the total of de minimis emissions is greater than 5%, participants may still submit their inventory. In such situations, the GHGR management team will consider participation on a case-by-case basis.

2.12 Can I report normalized emission figures?

GHG data will need to be reported in absolute emissions.

Normalised or GHG intensity reporting is permitted, however this is optional and will be in addition to reporting absolute emissions data.

2.13 What emissions factors do I need to use?

Participants should use the most reliable and accurate emission conversion factors available (these may be published by governments where the emissions occur). If no such factors are available, then International Energy Agency factors or relevant industry guidelines or recommendations should be employed. In the case of purchased electricity, heat or steam, participants may use emission factors provided by electricity generators for each relevant jurisdiction in which they obtain electricity.

2.14 How often do I need to report my data? What is the reporting date?

Companies are required to report inventory data annually and allow the reported information to be made publicly available on a web-based platform.

Reported data should be for a period of twelve months. Companies are able to select a year-end reporting date that is most appropriate to their business.

2.15 What baseline year can I register?

Any post-1990 inventories can be registered, provided that sufficient underlying data is available to substantiate the baseline year and the calculations are consistent with the standards and guidance set out by the GHG Protocol Initiative.

The GHGR encourages participants to report historical data where possible, believing that additional data, where consistent, increases the robustness and importance of the Registry.

2.16 Does the inventory have to be verified?

Companies are required either to arrange independent verification of their inventories or to allow for the possibility of a third-party spot check organized by the GHGR.

For companies not arranging their own verification, the GHGR will, each year, randomly select a number of companies for a review of the reliability, credibility and accuracy of their monitoring and documentation processes and procedures. Such participants agree to make relevant documents available for random independent verification.¹

2.17 Do I have to register a reduction target? If so over what time period does it have to relate to? Does it have to be for my global operations or can it be region/division specific?

The GHGR is primarily focused on GHG inventories. Registration of GHG emission reduction target(s) is invited but not required.

Participants may register GHG reduction targets on either an absolute or per unit (i.e., intensity) basis. We believe this is reasonable, as registrants are required to provide inventory data in absolute terms on an annual basis. This should provide sufficient transparency for tracking of progress.

When reporting on a per unit basis, companies are permitted to choose the unit of GHG intensity most appropriate for their operations.

Targets can be set against any post-1990 baseline of the participants choosing, provided that sufficient underlying data is available to substantiate the baseline year and consistent with the standards and guidance set out by the GHG Protocol Initiative.

In addition the target can be for any future period of time (e.g. one or five years) and be regional or division specific (i.e. not global).

2.18 What does it cost to participate?

Participation is free. However for companies registering Type III GHG inventories², an additional fee of €10,000 per year will apply. This pool of money will be used to cover the costs of the random verifications.

2.19 How do I submit my data? Are there any deadlines for submitting my data?

Participants will be given a secure online screen to submit their data. The website is currently being developed and will be ready for receiving data in January 2004.

¹ The verification process is discussed in further detail in Annex I

² The verification categories are outlined in Annex I

At this stage companies are being asked to commit to participation with the view to providing data in January 2004 or later, depending on when they are ready to join.

2.20 When will the GHGR be launched?

The Register will be publicly launched at the next UNFCCC Conference of the Parties meeting in early December 2003, Milan. We plan to have the website operational in time for Davos 2004.

2.21 If I join but then decide to withdraw are there any penalties?

The GHGR is a voluntary program. Either party (i.e. the participant or the Forum) can terminate its agreement at any time without prior notification or penalties and no further obligation.

The Forum agrees not to comment publicly regarding the withdrawal of partners.

Annex I – Verification

2.22 How does the verification component work?

Companies are required either to arrange independent verification of their inventories or to allow for the possibility of a third-party spot check organized by the GHGR.

For companies not arranging their own verification, the GHGR will, each year, randomly select a number of companies for a review of the reliability, credibility and accuracy of their monitoring and documentation processes and procedures.

2.23 What are the different types of verification classifications?

The GHGR recognizes that companies use GHG data for different purposes and as such the level of verification could vary depending on the use for which such data is to be put. For example, companies who are involved in GHG emissions trading may wish to have a rigorous verification process to ensure that the credibility of data is appropriate to the potential financial exposure. Companies that do not use the data for trading purposes may find that less rigor is required.

For the purposes of the GHGR, the process of verification is not designed to be as detailed or accurate as verification procedures required for trading of GHG emissions³. It is designed to ensure a minimum level of reliability, credibility and accuracy in the underlying management information processes and procedures.

Accordingly, we have classified verification into the following categories:

- *Type I:* GHG specific verification. Companies will have had their GHG data specifically verified by an independent party. This will most likely involve a company having had its GHG protocol, management systems and procedures for collecting and aggregating GHG data and facility level information verified.
- *Type II:* Management system verification. Companies will have had their management systems and procedures for collecting and aggregating GHG emission data independent verified. This may, or may not, include detailed facility level checks on all GHG specific data.
- *Type III:* Companies will not have had any independent verification of their management systems and procedures for collecting and aggregating GHG emission data, nor checks on supporting documentation and underlying data.

Examples of the various classifications are given in the following table:

Classification	Example
Type I	<ul style="list-style-type: none">• A company has its GHG protocol, management systems and procedures for collecting and aggregating GHG data and facility level information independently verified.• A company is participating in GHG reporting scheme (e.g. WWF Climate Savers or the California Climate Action Registry) that requires independent verification.

³ If a company is planning to participate in an emissions trading scheme (e.g. the EU or UK Emission Trading Schemes), they may need detailed facility level verification. This is not within the scope of the Register verification process.

Classification	Example
Type II	<ul style="list-style-type: none"> • A company has ISO14001 or other equivalent environmental management system (EMS) accreditation. GHG emissions are included in the EMS. • A company has its management systems and procedures for collecting and aggregating environmental data (including GHG emissions) independently verified as a part of a wider corporate sustainability / environment report. GHG emissions and an external verifiers statement are included in the public report.
Type III	<ul style="list-style-type: none"> • A company has only some of its operations accredited under an ISO14001 or other equivalent EMS accreditation. • A company reports GHG emissions according to regulated bodies, in accordance with legal requirements. The information is verified by internal auditors and is publicly available. (Note: If this information is included in a public report that is independently verified than is could be categorized as Type II). • A company has no level of independent review/ verification.

Companies that have Type III verification face the possibility of a random spot check.

It is the intention of the GHGR that when recording information, distinction will be made as to the different classification of verification (i.e., Type I, II, III). In this way, users of the information will be able to identify the type of verification each company is currently undertaking with respect to their GHG inventory.

2.24 I have some of my GHG emissions from my operations (e.g. in Europe) independently verified; however my operations in the developing world are not? Will I still need to be verified?

Yes. This would be categorized as Type III. However, if the verified sites constitute greater than 80%⁴ of the companies GHG emissions, then the answer is no.

2.25 I have prepared my 2003 data and plan to have it verified during 2004? Can I submit my 2003 data before the verification is completed?

Yes. The inventory can be submitted and a note will be added stating that independent verification process is currently taking place along with an expected date of completion. This data set will not be included in the sample for random spot checks.

2.26 What will the verification process look at?

The scope of the GHGR verification process shall address the following:

1. Assessment as to whether the GHG measurement and reporting protocol being used by the company is in accordance with the GHG Protocol Initiative Corporate Accounting and Reporting Standards developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD);
2. Overview of the company-wide approach to GHG measurement and reporting;
3. Review of the reliability, credibility and accuracy of monitoring systems and data collation processes relating to emissions, in particular:

⁴ Note. This issue is still being discussed and may change depending on feedback from companies.

- (a) the reported activity data and related measurements and calculations;
 - (b) the choice and the employment of emission factors;
 - (c) the calculations leading to the determination of the overall emissions; and
 - (d) if measurement is used, the appropriateness of the choice and the employment of measuring methods.
4. Limited checking of calculations. If considered appropriate the verifier may also undertake limited recalculations and checks on specific data calculations. However, the GHGR is aware of the need to ensure that the verification is not so exhaustive that it makes verification uneconomic. As a result the focus of the verification is to remain at a head office (i.e., consolidated group) level. Site-specific verifications are not anticipated. If it is considered that the underlying data management systems and collation procedures are not sufficient the verifier will be asked to note this in their report but not be required to do site level checks.
5. The verifier shall prepare a report on the verification process stating whether the reported information to the Register is satisfactory. Satisfactory in this context is defined as whether or not GHG emissions can be determined with a reasonable degree of certainty. A reasonable degree of certainty requires the operator to show that the:
- (a) measurements and calculations have been carried out in accordance with the applicable scientific standards and GHG reporting rules and guidelines; and
 - (b) relevant records are complete and consistent.

To avoid duplication of other audit and verification work that may have already been undertaken, any previous relevant work (internal or external) will be assessed. If the work is deemed to be appropriate, it will be relied upon for verification purposes.

2.27 Who will undertake the verifications?

The GHGR would look to having third party accredited verifiers undertake the verification.

The GHGR will not create a separate accreditation scheme, but will make use of verifiers accredited under existing GHG verification accreditation schemes. Examples of such Accreditation schemes may include the UKAS GHG Accreditation process or others being developed by national reporting programs or the UNFCCC.

Verifiers for specific companies will be based on discussions and agreement with the company being verified and the GHG Register management team. The final decision on the choice of verifiers will be the responsibility of the company being verified. Any contracts will need to be between the company being verified and the verifier.

2.28 How long will the process take?

The GHGR is aware of the need to ensure that the verification is not so exhaustive that it makes the process uneconomic. As a result, the focus of the verification is to remain at a head office (i.e., consolidated group) level. Site-specific visits are not anticipated. If it is considered that the underlying data management systems and collation procedures are not sufficient the verifier will be asked to note this in their report but not be required to do site level checks.

Based on this the time necessary for to conduct certification activities will range anywhere from a few hours (for a inventories with simple emissions), to a few days (for a larger company with multiple facilities and complex emissions).

2.29 How much will verification cost?

For companies registering Type III GHG inventories, an additional fee of €10,000 per year will apply. This pool of money will be used to cover the costs of the random verifications.