

**DRAFT**

## **NGO Position Paper on the GHG Accounting Standard Under Development by the ISO 17 July 2003**

(See the latest version of this and related documents at [www.ecologia.org/ems/ghg/](http://www.ecologia.org/ems/ghg/))

The International Organization for Standardization (ISO) is in the process of creating a new international standard for greenhouse gas accounting (the quantification, reporting and verification of greenhouse gas emissions). ECOLOGIA has prepared this position paper to clarify the critical issues that will make the difference between a positive and negative outcome from ISO's greenhouse gas (GHG) standard. The paper seeks to define a common position, based on broad NGO consensus, which will help to more effectively argue and negotiate for an international standard that assists rather than hinders global efforts to combat climate change.

This draft position paper explains the importance of ISO GHG accounting work and identifies potential requirements related to the **process of development** of the standard and the **principles** to which the standard must adhere if it is to promote GHG emissions reductions. ECOLOGIA now seeks input from NGOs on the development of this position paper and on four key elements of the standard:

- **Transparency** – the ISO standard should require full and clear reporting of accurate, detailed and verifiable GHG information, along with all assumptions and methods used for collecting, interpreting and presenting the data. The standard should require the full disclosure of the purposes and intended usage of GHG inventories and reporting.
- **Environmental Integrity** - emissions, reductions and removals quantified using the standard should be real, complete, accurate, environmentally conservative, comparable and verifiable. 'Business as usual' should not be construed as emissions reductions.
- **Alignment with Best Practice** – ISO's GHG standard should build on existing, tested GHG accounting practices, especially the widely used WRI/WBCSD GHG Protocol. The ISO standard should not set precedent in cases where no international consensus exists.
- **Alignment With Climate Initiatives** - The standard should be compatible with the Kyoto Protocol, UNFCCC, and other major national, international and local/provincial regulatory or voluntary schemes for reducing human impact on the climate.

ECOLOGIA will provide periodic updates on the development of the standard to NGOs joining a common position on this standard. Interested groups are asked to contact ECOLOGIA Program Director Heather McGray at [hmcgray@ecologia.org](mailto:hmcgray@ecologia.org) and visit ECOLOGIA's Website at <http://www.ecologia.org/ems/ghg/>

## **Implications of ISO's Work on GHG Accounting**

As the threat of global climate change worsens, local, provincial, national and international bodies are initiating a host of activities designed to reduce greenhouse gas emissions and remove greenhouse gases from the atmosphere. To name just a few, we are now seeing the rapid emergence of greenhouse gas (GHG) trading schemes, carbon taxes, voluntary incentive programs, international treaties, sequestration projects, and a boom in low-emissions technologies. To implement and evaluate this bewildering array of initiatives, corporations, governments, public interest groups, and other organizations need sound methods for quantifying GHG emissions.

In June 2002, a new working group within the International Organization for Standardization (ISO) began developing an international standard for measuring, reporting and verifying GHG emissions. ISO is not the first organization to undertake such work; a number of other GHG accounting procedures are already in use, while others are under development. For example, the *Greenhouse Gas Protocol*, developed by the World Resources Institute and the World Business Council on Sustainable Development, is used by many corporations and climate initiatives for quantifying GHG emissions. However, because of ISO's powerful, global reach among governments, intergovernmental organizations and, especially, the business community, its new GHG standard could become very influential. If it follows the path of other ISO standards, the ISO GHG standard will be incorporated into climate policies in many countries and will become a component of "best practice" for industry. We see two possible outcomes from the creation of ISO's standard for quantification, reporting and verification of GHG emissions:

### **1) The Positive Outcome: ISO produces a credible standard that assists in addressing the causes of climate change.**

Under this positive scenario, the ISO standard introduces clear, uniform rules for establishing corporate and project GHG inventories. Public and private entities around the world use the standard to make credible transparent claims about their impacts on global climate. Governments introduce and implement regulations relying on these inventories. International treaties and regimes are concluded so that GHG emissions are controlled in an equitable, uniform and efficient fashion. Corporations, conscious of their climate impacts, use the standard to credibly claim leadership, and benefit from increased consumer and investor confidence. Voluntary schemes for GHG emission reductions use the standard to increase their credibility and acceptance. Growing harmonization of accounting procedures increases synergy among initiatives and builds momentum for climate action by, for example, enabling reductions achieved under one regulatory scheme to be recognized by another.

## 2) **The Negative Outcome: ISO produces a loose, imprecise standard that lends itself to abuse and deception.**

Under this negative scenario, the rules introduced by the ISO standard provide little support for credible, uniform quantification and reporting of emissions. Companies are able to make false or biased claims regarding their GHG emissions with reference to the standard. The credibility of these claims becomes so low that it undermines regulatory or voluntary initiatives attempting to rely on the inventories compiled using the standard. Alternative accounting standards or approaches emerge and proliferate, adding to confusion and uncertainty, undermining existing standardization efforts, and providing fertile ground for political and business speculations. Global progress to address climate change slows.

## **An Opportunity to Make a Difference**

ECOLOGIA, one of few environmental NGOs involved actively in the development of ISO's GHG accounting standard, has prepared this position paper to clarify the critical issues that will make the difference between a positive and negative outcome from ISO's GHG standard. With input from key environmental NGOs active in the field of climate change and corporate environmental responsibility, we seek to formulate a common NGO position on these key issues. Such a common position, based on broad NGO consensus, will help to more effectively argue and negotiate for an international standard that assists rather than hinders global efforts to combat climate change.

This draft position paper identifies (a) critical aspects of the **process** by which ISO is developing its standard and (b) the **principles** that must be embodied in such a standard if it is to serve as an effective tool for reducing GHG emissions. Based upon the identified principles, ECOLOGIA seeks to formulate a common NGO stance on key issues of substance in the development of a good standard.

### **PROCESS:**

ISO's GHG standard is under development within 'Working Group 5' (WG5), a sub-group of ISO's Technical Committee on Environmental Management ('TC 207'). **Given the significant public interest riding on its work, WG5 must make its decisions through a transparent, equitable and participatory process.**

- There must be participation **from many countries**, including: low-, middle-, and high-income countries from all world regions.
- There must be participation from a **diversity of stakeholder groups**, e.g. NGOs, industry (including small and mid-sized enterprises), governments, international organizations, and academia. This diversity of participation should be ensured in both the formation of national positions and 'at the table' at WG5 meetings.
- **A wide variety of expertise** must be brought to bear on the making of the standard. WG5 needs participants with experience in many fields and endeavors, including

implementation of corporate GHG inventories, inventory verification, development of GHG abatement projects, financial accounting, policy-making, corporate public reporting, standards development, environmental management, and more.

- Functional mechanisms must be created for **ongoing dialogue with other GHG accounting initiatives**, such as the WRI/WBCSD GHG Protocol.
- **WG5 procedures should be structured to prevent discrimination against any one set of stakeholders.**
  - There must be easy, equitable, and consistent access to information and documents.
  - WG5 must make clear its procedures and timelines, then stick to them.
  - Sufficient time must be allowed for participants to participate thoroughly and thoughtfully.
- WG5 should take steps to **strengthen the capacity of under-represented stakeholder groups** (e.g. developing countries, NGOs, SMEs) to participate in WG5's work.

#### **PRINCIPLES:**

Given the serious consequences of global climate change, WG5 must produce a standard with a high degree of environmental integrity. **It must be a reliable and credible tool for quantifying and reporting impacts of corporate operations on global climate.** It must facilitate the setting of reductions targets and the implementation of verifiable emissions reductions. It must not lend itself to fraudulent misrepresentation. In particular, the standard must:

- Establish a **transparent GHG quantification process with rigorous verification criteria.**
- Assist, **not undermine the UNFCCC**, Kyoto Protocol, and other major national, international and local/provincial schemes for reducing human impact on the climate.
- Be **consistent with established international scientific consensus** and 'best practice' in the GHG accounting field, including the *GHG Protocol*. In particular, ISO must avoid extending the standard into areas where the international consensus on 'best practice' has not yet emerged.
- Be **useable as broadly as possible** in relation to the size, sector and type of users.
- **Not allow 'business as usual'** to be construed as emissions reductions.
- Undergo **regular revision** as best practice evolves in this young field.

## **Toward a Unified NGO Voice**

Based upon the above principles, ECOLOGIA will be negotiating key provisions in the ISO standard, including public reporting, verification requirements, definition of organizational and project boundaries, treatment of carbon sequestration, and many others. In order to most effectively address the concerns of the environmental community in our negotiating stance, ECOLOGIA seeks:

- a) feedback from the NGO community on the principles and process requirements articulated above.
- b) broad, formal NGO endorsement of a finalized version of this paper.
- c) input from other NGOs in the formulation of positions related to the three parts of the ISO GHG standard: 1. entity (organizational) accounting, 2. project accounting, and 3. inventory verification.

ECOLOGIA will report to our NGO allies on the development of the standard, and can provide additional information and advice to NGOs wishing to become directly involved in the formulation of the ISO GHG standard.

Interested NGOs may contact Heather McGray, Program Director, to provide input or seek information at [hmcgray@ecologia.org](mailto:hmcgray@ecologia.org).