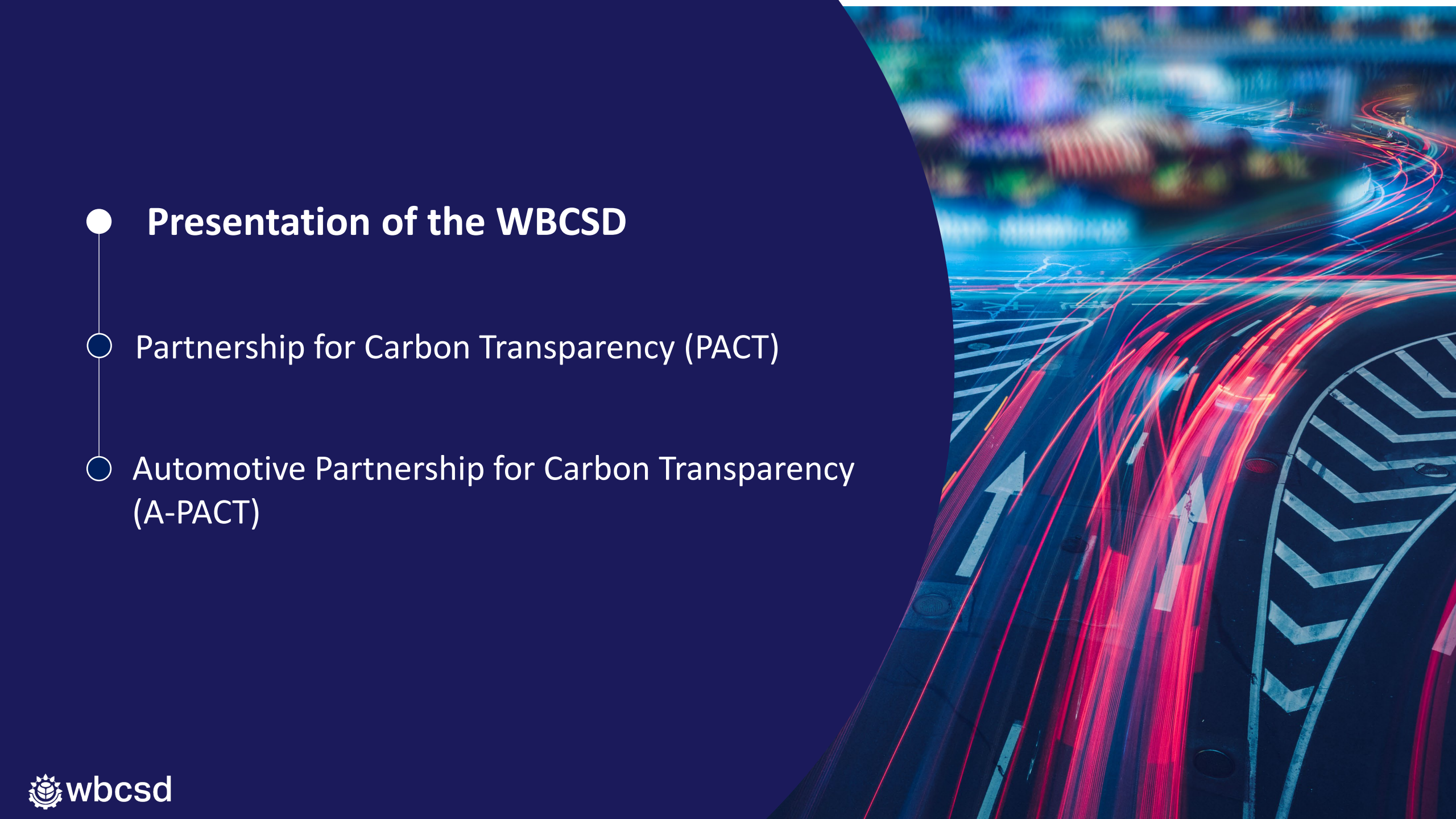




## **WBCSD Partnership for Carbon Transparency (PACT) and Automotive deep dive (A-PACT)**



- 
- **Presentation of the WBCSD**
  - Partnership for Carbon Transparency (PACT)
  - Automotive Partnership for Carbon Transparency (A-PACT)

# WHO WE ARE

The World Business Council for Sustainable Development (WBCSD) is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to **accelerate the system transformations needed for a net zero, nature positive, and more equitable future.**



USD \$8.5 trillion in combined revenues



19 million employees



70 Global network partners



## GLOBAL

Our 200+ members span across the globe and all economic sectors.



## UNIQUE BUSINESS-ONLY PLATFORM

Our members enjoy access to a diverse business community across sectors and a pre-competitive to exchange ideas, know-how and information with peers.



## CEO-LED

WBCSD is oriented towards collective action and led by the CEOs of our member companies.



## MARKET-DRIVEN

We strive to make more member companies more competitive. We reinforce the business of voice to government and policy decisions.



# OUR VISION

9+ billion



By 2050



# THREE GLOBAL CHALLENGES



**CLIMATE  
EMERGENCY**




**NATURE  
LOSS**



**MOUNTING  
INEQUALITY**

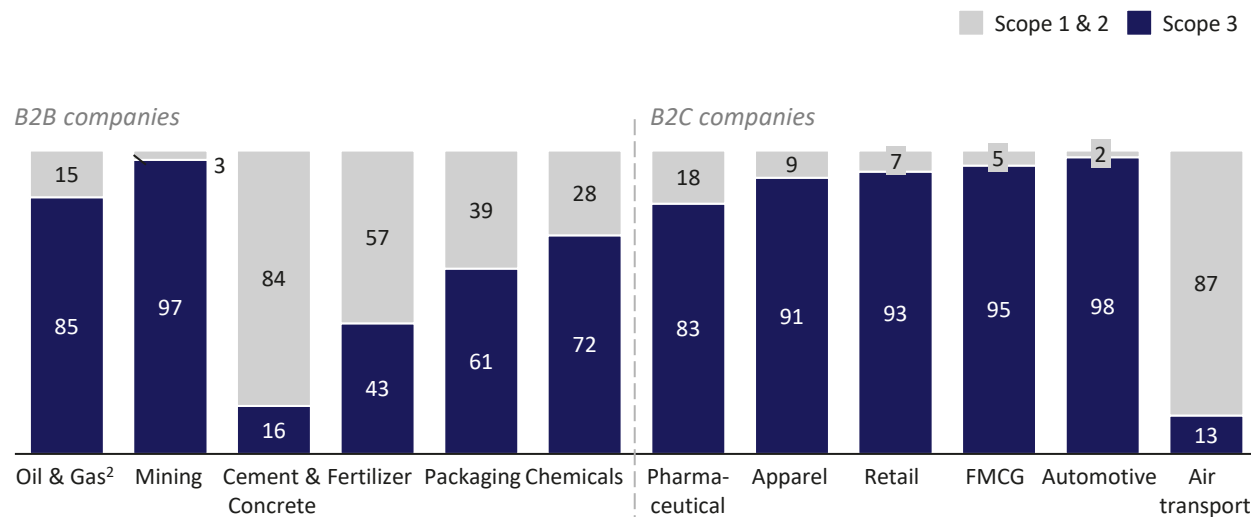


- 
- Presentation of the WBCSD
  - **Partnership for Carbon Transparency (PACT)**
  - Automotive Partnership for Carbon Transparency (A-PACT)

# The challenge: as scope 3 emissions represent a large share of overarching carbon footprint, abatement is critical - however, this is difficult to achieve today

## Across industries, Scope 3 emissions are significantly larger than their Scope 1+2 counterparts ...

% of total Scope 1-3 emissions, 2018, based on CDP self-reported data<sup>1</sup>



...yet in tackling these, all companies face a common challenge

### Lack of transparency on value chain emissions

- ➔ **No consistent methodology** for calculating and allocating carbon emissions **at a product level**
- ➔ **Lack of accurate, verified and primary data**
- ➔ **Limited exchange of emissions data** across organizations and industries

1. Based on more than 50 selected stakeholders, including Shell, adidas, Pfizer, 3M, Volkswagen. 2. The main source of emission in Oil & Gas industry is use of sold refinement products and of sold natural gas, which belongs to Scope 3. 3 As per GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, from Scope 1 & 2 quantification and allocation calculated with LCAs.

Source: CDP

# Businesses are under increasing pressure to decarbonize, but are struggling to create transparency on the emissions created across their value chain (Scope 3)

## Internal pressures



Voluntary commitments & decarbonization targets (e.g. Net-zero, SBTi commitments)

## External pressures

- ➔ Increasing **consumer demand for transparency**
- ➔ **Regulatory requirements** to create transparency
- ➔ **Investor expectations** for Scope 3 reduction and disclosure

## Where to begin?

- 15 scope 3 categories<sup>1</sup> (source: GHG Protocol), including
  - ❖ *Purchased Goods and services (cat. 1)*
  - ❖ *Upstream transportation and distribution (cat 4.)*
  - ❖ *Use of sold products (cat 11.)*
  - ❖ *End-of-life treatment of sold products (cat 12.)*
- A circularity challenge: getting consistent data along the lifecycle

**Core hurdle to decarbonization: Lack of emission transparency**

<sup>1</sup> source: GHG Protocol: [https://ghgprotocol.org/sites/default/files/standards/Scope3\\_Calculation\\_Guidance\\_0.pdf](https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf)



The Partnership for Carbon Transparency (PACT) of WBCSD brings together stakeholders from across industries and organizations to jointly tackle the carbon emission reduction transparency and accountability challenge

**Our vision:**

Unlock decarbonization through real emissions transparency in supply chains

**Our mission:**

Establish the global methodology and technical infrastructure for accurate, primary and verified GHG emission data exchange and measurement

**Our boundary:**

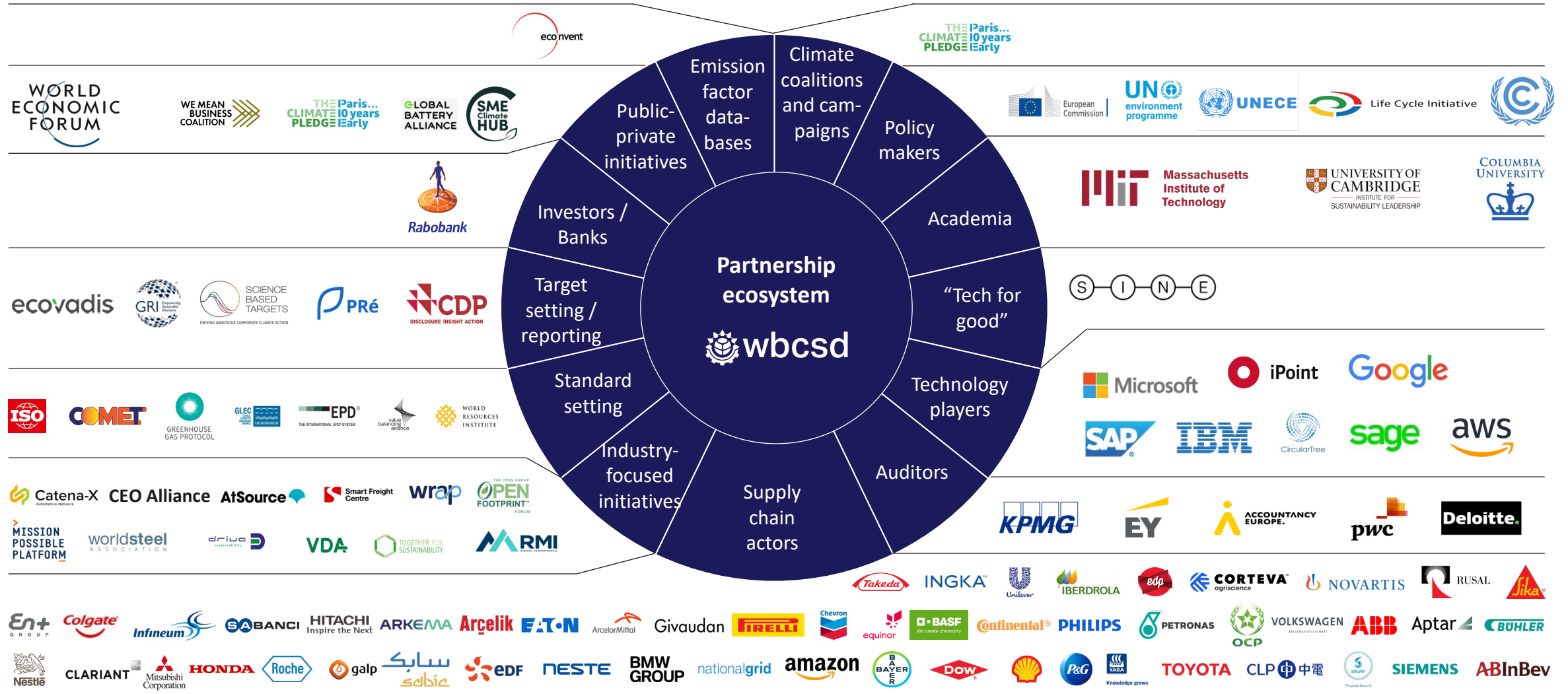
PACT focuses first on Cradle-to-Gate data including all upstream activities

- critical for BEVs as use phase emissions shift to the supply chain from the use of batteries, which increase by 50-100% material emissions<sup>2</sup>

<sup>2</sup> source: World Economic Forum in collaboration with McKinsey & Company: [https://www3.weforum.org/docs/WEF\\_Forging\\_Ahead\\_2020.pdf](https://www3.weforum.org/docs/WEF_Forging_Ahead_2020.pdf)

# Ecosystem: A wide range of impactful partners already engaged and linked into the ecosystem are calling for emissions transparency

Status quo – further engagement on-going



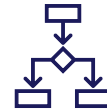


# In 2021 PACT took the first steps towards achieving its mission, putting in place some essential foundations



## Methodology

ensuring **consistent calculation and exchange** of product-level primary emissions data – building on GHG Protocol



## Technological network

enabling **confidential and secure exchange** of verified emissions data



## Ecosystem

creating **alignment across value chains and industries and key stakeholders** in decarbonization space



**Publication and piloting of Pathfinder Framework V1, V2 under development** (guidelines for upstream-to-downstream emissions accounting and exchange)



*Published Pathfinder Framework*



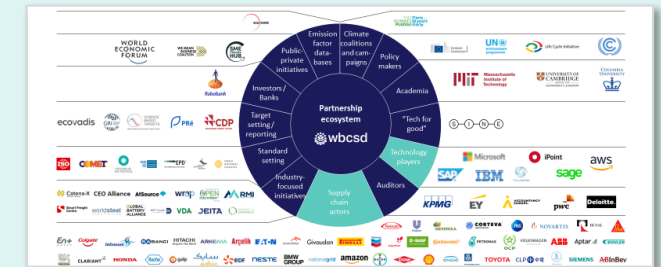
**Exchange of standardized product-level emissions data** between **multiple interoperable solutions**



*Published press release from April 11 on data exchange*



Collaboration between ~100 stakeholders incl. **~60 WBCSD member companies** and **~10 industry initiatives** (representing 2,500 companies)



*PACT ecosystem*

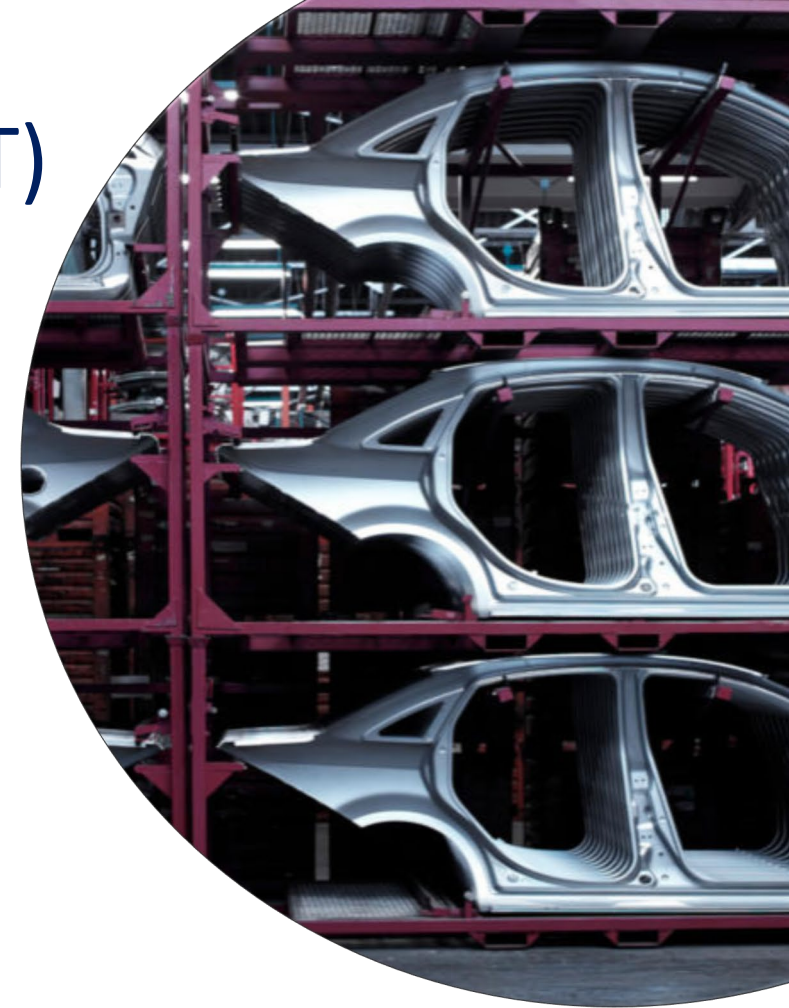
- Presentation of the WBCSD
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# Automotive Carbon transparency (A-PACT)

Increase the automotive industry's transparency on Scope 3 carbon emissions within and across supply chains and foster the **decarbonization of hard-to-abate sectors**

- **Produce Globally harmonized Product Carbon Footprint (PCF) methodologies** for automotive, steel/metals and soon batteries
- **Create an umbrella for sector initiatives** (e.g. steel, aluminum, batteries, chemicals)
- Enable exchange of **accurate, primary and verified GHG emission data and interoperability of data platforms**
- **Pilot in steel**, and soon batteries

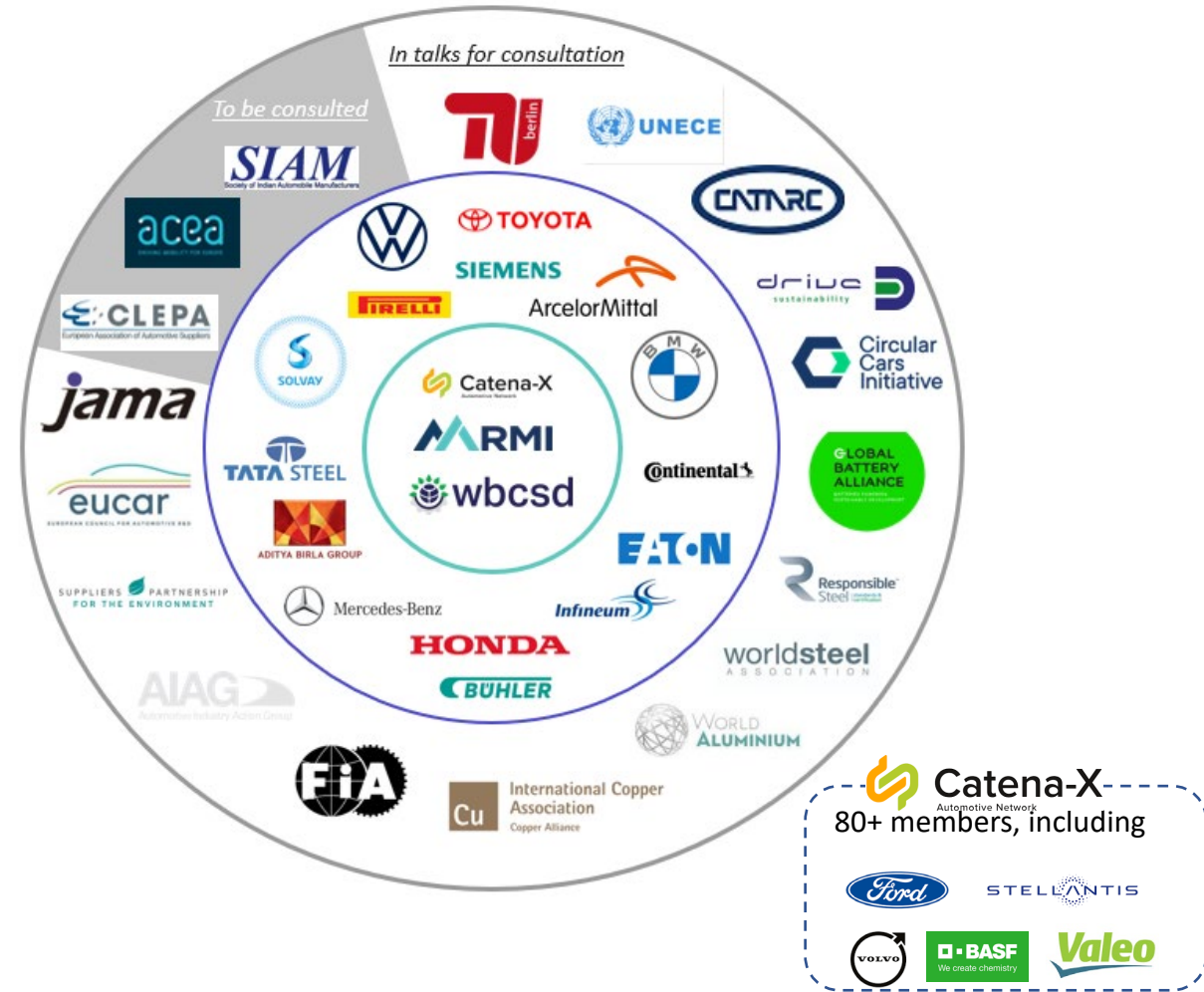
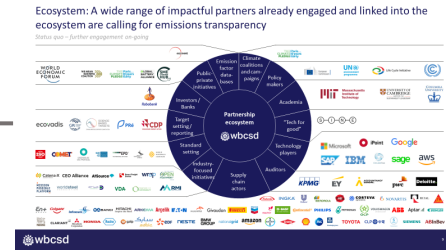


# A global Ecosystem across all Automotive supply chain

## Enabling supply chain and cross-industry cooperation on carbon transparency

- Over 10 OEMs and tier 1 industry leaders joined with continuous onboarding
- Growing partner ecosystem (Catena-X, RMI)
- Global partnerships: CATARC (China), SP (USA), Drive Sustainability, Worldsteel Alliance, Responsible Steel, Global Battery Alliance (GBA), WEF-WBCSD Circular Cars Initiative (CCI)

In dialogues with



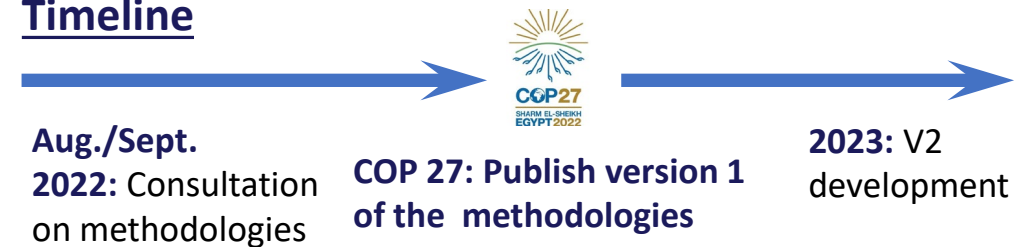


# Key harmonization areas and engagement opportunities

<i>Key harmonization areas</i>	<i>Examples of topics</i>
Calculation methods	e.g. system boundaries, allocation rules, decarbonization incentives, GHG emissions from electricity
Data Quality in PCF exchange	e.g. definitions of primary data, data quality indicators
Secondary materials management	e.g. Accounting for recycled materials, allocation rules for ore/scrap
Certification and verification	e.g. accepted standards, automation, green steel certificates
Pilot	e.g. methodology testing, steel part supply chain mapping

**Harmonization with the Pathfinder Framework, ISO standards and GHG Protocol**

## Timeline



## Engagement and cooperation opportunities

- External consultations
- Bilateral exchanges to foster global alignment



### **Role of the GRPE and regulators**

- ✓ Ensure methodologies for GHG calculation are globally harmonized and that there is a fixed boundary for reporting so that figures can be trusted by end-users and level the playing field
- ✓ Enabling regulations (e.g. anti-trust/anti monopoly in data)

# Time to Transform.



Geneva, Beijing, Delhi, London, New York, Singapore



# Introduction to the Pathfinder Framework – Guidance for the Calculation and Exchange of Product Life Cycle Emissions

■ Detailed further



## 1 What is it?

- **Industry-agnostic guidance on calculating and reporting carbon emissions** on product-level, based on high share of primary data
- **Industry deep-dives to follow**



## 2 Which problem does it solve?

- **No consistent methodology** for calculating and allocating carbon emissions at product level within existing guidelines
- **Lack of accurate, verified and primary data**
- **Limited exchange of emissions data** across organizations and industries



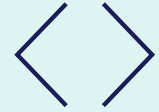
## 3 Why is it relevant?

- Diverging reporting standards and guidelines **impede consistency and comparability of results**
- Without specification of existing standards and guidelines, decarbonization impossible to achieve for companies – **cannot manage and track what is not measured**



## 4 How does it fit with existing guidelines?

- **Builds on and specifies existing product-level standards and guidelines**
- Complements existing standards and guidelines measuring GHG emissions on **organizational-level**



## 5 What does it contain?

- Scope and system boundary
- Product Carbon Footprint Accounting Guidance
- Requirements for data exchange
- Verification and auditing concept

# The Framework was developed jointly by the WBCSD Carbon Transparency Partnership and focuses on product-level emissions reporting

Focus of the Pathfinder Framework

The Pathfinder Framework solves a challenge brought up by our members: build on and specify existing product-level standards and guidelines



Product Environmental Footprint Category Rules (PEFCR)



THE INTERNATIONAL EPD® SYSTEM  
Product Category Rules (PCRs)



GHG Protocol Product Lifecycle Accounting & Reporting



ISO standards (14025, 14044/40, 14067)

Product-level standards and guidelines



... and complements existing standards and guidelines measuring GHG emissions on organizational-level



GHG Protocol Corporate Standard and GHG Corporate Value Chain Scope 3 Standard



GRI Sustainability Reporting Standards



Global Logistics Emissions Council (GLEC) Framework



Sustainability Accounting Standards Board Standards

Gold Standard

Scope 3 value chain interventions guidance

Organizational-level standards and guidelines



# V1 includes some of the most relevant cornerstones, leveraging existing standards and resolving gaps to create consistency and comparability

Part of v1 of Framework

Part of v2 of Framework



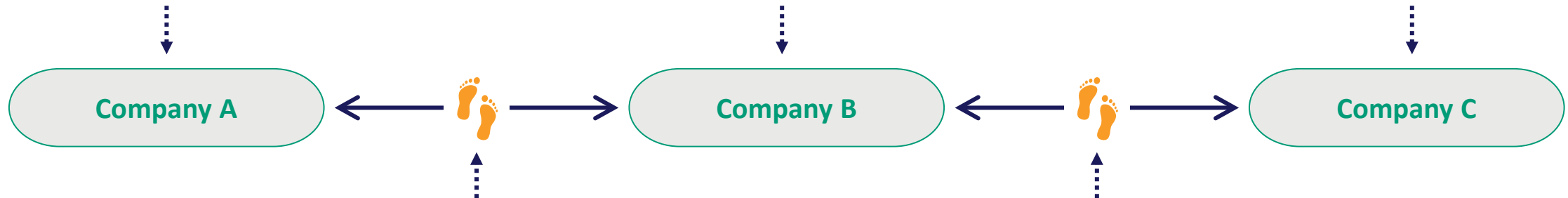
## Guidelines for Product Carbon Footprint (PCF) calculation

### Relating to existing product standards and methods

- Hierarchy of application
- Unification of relevant approaches

### Additional elements

- Hierarchy for data types, with prioritization logic for use of primary data and
- Approach to secondary data sources
- Calculation process for determination of primary data share in PCF



## Guidelines for exchange of PCF

- Data quality requirements for PCF data
- Scope and process for verification of PCF data
- Minimum required data elements for exchange



## Guidelines for tech-enabled exchange of PCF

- Facilitated verification process
- Data semantics and standards
- *Additional elements tbc*



# For v 2, the specific guidelines will be extended further to address feedback from project participants as well as piloting of the Framework – *overview of core topics*

<b>Existing methods and standards</b>	<ul style="list-style-type: none"><li>• Strengthen the <b>application of consistent standards and rules</b> across the value chain (horizontal consistency)</li><li>• Set up a <b>library of existing product category rules</b> and publish it online</li><li>• Require common <b>default allocation rules</b> (aligning with GHGP)</li></ul>
<b>Guidance for Product Carbon Footprinting</b>	<ul style="list-style-type: none"><li>• Develop guidance for <b>calculation and exchange of downstream processes</b> (e.g., use phase and end-of-life)</li><li>• Develop additional waste &amp; recycling scenarios + <b>case specific rules</b> (waste used as feedstock or in blast furnace)</li><li>• Develop <b>cut-off approach</b> (exemption rules) for flows, capital emissions and down- and upstream across the value chain</li><li>• Elaborate further on rules and/or indicator for circular systems</li><li>• Develop guidelines to integrate product accounting into Corporate (Scope 1, 2, 3) accounting</li></ul>
<b>Data sources and hierarchy</b>	<ul style="list-style-type: none"><li>• Develop <b>quality criteria for secondary data sources</b> to be used on the Pathfinder Network to increase consistency</li><li>• Add <b>additional secondary data sources</b></li></ul>
<b>Required elements for PCF data exchange</b>	<ul style="list-style-type: none"><li>• Develop additional <b>data requirements, nomenclature and formatting</b></li><li>• Include optional elements for data exchange</li><li>• Include <b>additional indicators</b> for data exchange (Circularity (CTI index), water impacts)</li><li>• Consider other environmental impacts in the future (besides GHG impact)</li></ul>
<b>Verification and auditing</b>	<ul style="list-style-type: none"><li>• Develop <b>guidelines for tech-supported and automated auditing and verification</b>, including “share of verified data”</li></ul>
<b>Additional topics</b>	<ul style="list-style-type: none"><li>• Further analyze our <b>proposed solution for data exchange (cradle-to-gate)</b> and consider how it can <b>better meet our project objectives</b></li></ul>