Scope 3 GHG Measurement and Reporting Protocols for Food and Drink – Version 2 Consultation, January 2024

Summary of changes (supporting document)

Introduction

WRAP's Scope 3 GHG Measurement and Reporting Protocols for Food and Drink (the Protocols) provide a consistent methodology for UK food and drink businesses to measure and track progress in reducing supply chain (scope 3) greenhouse gas (GHG) emissions. The ambition of the Protocols is to provide a definitive source for food and drink companies to guide their action on lowering scope 3 emissions. Currently, scope 3 standards are fragmented and much of the existing guidance lacks specific directives and advice for food and drink companies.

Why are revisions being proposed?

Since version 1 (V1) of WRAP's Protocols, published in May 2022, new guidance documents have been released and/or updated, with implications for how to account and set targets for emissions in the UK food and drink sector. These include: I) the (draft) GHG Protocol (GHGP) Land Sector and Removals Guidance (LSRG); II) the Science Based Target Initiative's (SBTi) Forest, Land and Agriculture Guidance (FLAG); III) the WBCSD's Partnership for Carbon Transparency's Pathfinder Framework (v.2.0); as well as IV) WRAP's Emission Factor Inclusion and Adjustment Guidance and the upcoming release of V) WRAP and Defra Product vs. Company accounting findings.

These guidance documents have shifted the expectations surrounding emissions accounting. The GHGP and SBTi typically define industry best-practice and these documents are likely to become the most commonly used frameworks in business carbon accounting and target-setting. If WRAP's Protocols are going to continue to support the UK food and drink sector in determining key organisational hotspots for GHG emissions, judging data needs, tracking & reporting on progress, it is important that the Protocols are aligned with relevant new requirements. For this reason, version 2 of the Protocols has been developed.

WRAP has worked with 3Keel to incorporate feedback received from pilot testing of the V1 Protocols and integrate new elements of guidance from the recently released standards and generally quality checking the text of the V1 Protocols.

Work was undertaken to identify the current alignment of the Protocols with the guidance documents listed above and to update the Protocols accordingly.

This summary document details key scope 3 accounting insights from the relevant guidance documents, mapped to relevant sections of the Scope 3 Protocols, alongside changes to Protocols. It outlines the process used to identify changes to the protocols, describe the most material recommended changes and identify the immediate next steps in the consultation process. This document supports the consultation by providing the rationale behind the changes and underlining how the relevant sections have been brought into alignment with the new guidance requirements and best practices.

General principles

The following principles were adopted to guide the review process. They are based on i) an understanding of the ambition for the WRAP Protocols to bring consistency to scope 3 accounting for the food and drink sector and ii) practical experience in applying the underlying guidance documents to corporate GHG footprinting.

I. The GHG Protocol Corporate and Scope 3 Standard is the underlying accounting & reporting framework which the WRAP Protocols should align with. The Scope 3 Standard provides a foundation for corporate GHG accounting that is widely adopted.

II. A key focus of the revisions is clarifying minimum standards and (where applicable) presenting a hierarchy of options that represent good, better and best practice.

III. In general, WRAP Protocols *requirements* should not go beyond minimum requirements of GHG Protocol Corporate and Scope 3 Standard. However, in select cases where multiple guidance documents set out inconsistent requirements, the Protocols suggest aligning with a requirement that exceeds one or more of the other options.

IV. WRAP *recommendations* could go beyond recommendations of GHG Protocol (e.g., WRAP Protocols recommend that Franchises include sources of emissions that go beyond 'optional' boundaries). However, the Protocols should flag any

recommendation that exceeds those set out by the GHG Protocol and note that they are considered best practices that are above the base expectations.

V.   The WRAP Protocols do not need to replicate requirements/recommendations from the guidance documents verbatim. Rather, the Protocols should provide additional clarity to the existing rules by offering context and practical advice. The risk of including specific requirements from third party standards (especially the SBTi) is that these documents are typically updated annually, which increases the risk that the WRAP Protocols will become outdated.

VI.   Another key focus of the revisions is bringing more consistency to scope 3 methods for food and drink companies. Because the food and drink sector's scope 3 emissions span such varied, globally intertwined supply chains, to date scope 3 action has been hindered by a lack of clear guidance and the potential for individual standards to be interpreted in multiple ways. The Protocols represent an opportunity to unify fragmented rules and focus specifically on the practical implications of the rules for food and drink companies.

Protocol review process

Changes to the WRAP Protocols are focused on revising elements of the V1 Protocols that have been reviewed through the pilot process, as well as on integrating new recommendations and requirements from guidance documents published since the release of V1. Five such documents were identified:

Document	Description	Relevance to WRAP v2
Land Sector and Removals Guidance (draft version)	This guidance from the GHG Protocol has been long awaited by companies in the food and beverage sector. The guidance sets out new rules for quantifying land-based emissions and for reporting scope 3 footprints. Although still in draft form, this document is being widely used by companies with land based GHG footprints to plan scope 3 activities.	Key elements of this document have been embedded throughout the WRAP Protocols – especially in sections 5, 6 and 8. These sections comprise the bulk of directions for companies to identify, quantify and report their emissions, which the Land Sector and Removals Guidance (LSRG) covers in great detail. Another key part of embedding this guidance in the WRAP Protocols has been providing detailed sign posting of areas where the draft LSRG may change through consultation.
SBTi FLAG target setting guidance	This guidance has the most bearing on section 7 of the WRAP Protocols. Because FLAG targets must be separated from a company's energy and industry targets, it is critical to highlight where elements of this standard differ from the SBTi's prior guidance on corporate target setting.	It has been highlighted that the new standard allows for the inclusion of carbon removals in scope 3 inventories and the use of removals to mitigate scope 3 footprints. This standard defers to the LSRG for guidance on calculating and accounting for emissions from land use and management. Because the LSRG is not finalised, parts of the FLAG guidance that hinge on open questions have been highlighted.

WBCSD Partnership for Carbon Transparency's Pathfinder Framework	This framework is structured similarly to the WRAP Protocols – it provides a common approach for businesses to start addressing the challenges of scope 3 accounting and reporting. However, the scope of PACT and the Pathfinder Framework is wider than the Scope 3 Protocols (signatories include financial institutions, tech companies, automakers, etc.), so it addresses the food and beverage sector less specifically.	It has been crucial to ensure that the WRAP Protocols are consistent with the Pathfinder Framework approach and accounting specifications. Any signatories to both the PACT partnership and Courtauld Commitment 2030 will expect the initiatives' respective scope 3 guidance to be aligned. The two frameworks overlap, but the WRAP Protocols offer more detail for companies in the food and beverage sector.
WRAP Emission Factor Inclusion and Adjustment Guidance (Included as Annex E)	This technical reference from WRAP provides detailed recommendations for selecting emissions factors and for making adjustments to previously included factors after the fact. The document sheds more light on a challenging aspect of GHG accounting, which was not previously well articulated for food and drink companies.	This document influenced section 6 of the Scope 3 Protocols most directly. Findings bolstered the existing guidance on data sources and quality thresholds. A key takeaway of this document is that upfront effort in identifying high quality data sources can save considerable work in the long term. Reconciling and updating emissions factors after the fact can be onerous.
WRAP and Defra Product vs. Company Accounting Findings	This WRAP report outlines the key differences between applying a product and a company level GHG accounting approach. Findings focus on the challenges of applying	Guidance on identifying and applying appropriate LCA data is relatively limited in the V1 Protocols. Findings from this report have clarified how product-level footprints interact with corporate accounting (and with aggregated data

	each kind of approach, the relative advantages and disadvantages of each and how product Life Cycle Assessments (LCAs) can be used to build corporate footprints.	accessibility platforms like PACT). Key details include sources of potential error when using product LCAs to calculate corporate footprints (e.g. collecting activity data and applying functional units).

A detailed review of the V1 Protocols was conducted to identify potential issues, omissions and ambiguous points. The review of the V1 Protocols uncovered some structural and stylistic changes that brought greater consistency and clarity to the existing guidance.

The second step of the process involved a systematic assessment of the five external guidance documents. The requirements, recommendations and key findings of each document were reviewed against the V1 Protocols. This assessment identified the most substantial changes that will help align the revised Protocols with the latest guidance on GHG accounting. The suggested changes also take into account the fact that the guidance documents apply to companies across many sectors – all recommendations have been contextualised for the food and drink industry.

Changes based on feedback from the 2022 pilot were identified and the review also aimed to ensure references are up-to-date with new developments since the release of the original Protocols. This included removing references to tools such as the Quantis Scope 3 Evaluator and modifying language to be more accessible.

In addition to reviewing the WRAP Protocols and recent guidance documents, the project team also engaged several leading GHG accounting specialist groups, for example:

- A member of the World Business Council for Sustainable Development (one of the GHG Protocol's founding NGO members) and a member of the GHG Protocol team working directly on the LSRG. They offered insight on how the Land Sector and Removals Guidance is likely to address both land use change emissions and carbon removals.
- A senior member of the Blonk Sustainability team involved in developing land use change methods and tools was the second outside party engaged - they

provided practical advice on how large emissions factor data sets (like the one developed by Blonk) should be used to estimate statistical land use change (sLUC) – a metric that may be required in the final LSRG.

Once the major potential revisions were identified, several steps were taken to organise and prioritise the changes. First, all potential changes were collated and mapped to the specific sections of the Protocols they relate to. Second, scores were assigned to each potential change across two criteria: I) the relative scale of the change and II) the likelihood that the proposed change will be subject to uncertainty or potential controversy.

Criterion I reflected whether the proposed change would involve rewriting/adding paragraphs, a single page, multiple pages, etc. Criterion II reflected the reviewers' interpretation of elements that may be subject to greater scrutiny, or elements that are still not fully agreed upon across the guidance documents.

Once all proposed changes were scored, the project team reviewed the proposed revisions and agreed on the key changes to implement. The main changes to the Protocols are summarised below. These key points reflect changes with relatively high scores in both Criteria I and II.

Key findings and recommendations

Type of change	Description
Graphic improvements	Changes to graphics to aid interpretation by readers
New content	Development of new contents to guidance sections
Requirements/ Recommendation change	Changes to specific requirements or recommendations
Text improvements	Revisions to existing text for increased clarity

Major changes

The changes below reflect the most significant amendments that have been included in draft V2 of the Protocols. Each change covers an existing gap in the V1 protocols or incorporates newly applicable requirements/recommendations from recently released guidance documents.

Table: Major changes to WRAP protocol (in order of sections in document)

Change	Section	Rationale
New section exploring **Product vs Organisational accounting** building on new WRAP/Defra report	1.6	Businesses - especially in the food supply chain - are beginning to realise that they not only need to understand total Scope 3 emissions - but also to be able to communicate product-level impacts to customers. Although there are many commonalities between Scope 3 and product carbon footprinting, there are a number of practical and methodological differences to be aware of.
Changes to WRAP Protocol to ensure **consistency and alignment with GHG Protocol minimum boundaries**. Summary table of GHG Protocol Corporate & Scope 3 requirements and cross referenced against where WRAP Protocol adds guidance / requirements	4	Given the importance of the GHG Protocol standards it is important that the WRAP Protocol is consistent and has links/additions clearly shown to readers as they apply both documents. Our view was that there was some inconsistency in how requirements/recommendations are phased and included - plus there was a need for an explicit table or section setting out the relationship between the two sets of documents.
Detailed **Land Use Change (LUC) calculation options** setting out key input and emissions factor data sources, with pros and cons	5.4.2	LUC accounting is arguably the most complex and challenging element of GHGP LSRG to implement, yet very little guidance is provided in V1 of the Protocols. These are significant sources of emissions - and method selection

of more intensive data collection and quantification		has significant bearing on results - so alignment between businesses is desirable.
Improved **carbon removals calculation guidance** - including expanded clarification on acceptability of double counting	5.5.2	Significant area of controversy about what can / can't be claimed as a removal. It is not acceptable to use secondary emissions factors or "modelled-only" removals results (i.e. without any verification and monitoring that CO_2 removals were real and associated with value chain). Clarity provided that EFs and outputs of farm tools that have no removals measurement should be excluded for now. This is one of the key areas of development under GHGP LSRG.
Improved **biogenic CO_2 accounting guidance**, with reference to not only biofuels but also LUC and land management sources	5.4.1	This can be a confusing area - especially now that 'biogenic' CO_2 beyond biofuel combustion is of relevance in Scope 3 e.g. land use change and land management CO_2 (from cultivation of organic soils)
Changed list of **commodities to reflect SBTi FLAG basket** - or UK due diligence list	5.4.2	The current inclusion of 'almonds' and 'coconuts' may confuse users. Suggested alignment with SBTi commodity list.
Revisit **project accounting section** in document - explain the challenges/complexity and limited extent of use by business.	7.5	While some use of 'project accounting' methods in the context of corporate Scope 3 decision-making is an acknowledged best practice (to ensure real world emissions reductions occur), its use within Scope 3 inventories is not allowed according to the GHG Protocol Scope 3 Standard. The actual practice of developing project inventories is resource intensive and - as far as we are aware - used by very few businesses. Changed to avoid the risk that readers think this is a priority.

Next steps

With the completion of the V2 Protocols draft, WRAP has initiated a public consultation period, supported by the 3Keel project team.

The dates of the consultation: 10 January – 7 February 2024.

Consultation timeline*:*

i.   The draft protocols will be hosted on the WRAP website and can be accessed after midday 10th January via this link.

ii.   The consultation will **launch on the 10th of January**.

iii.   Responses will be collected via a Survey Form which allows for free-text responses as well as agreement rating against statements. You do not need to answer all the questions.

iv.   WRAP will host a webinar session on 19th January with the C2030 signatories and Food Waste Reduction Roadmap supporter base to present the main changes and focus of the consultation. The session will be recorded, and excerpts will be uploaded to the WRAP website alongside the Protocols.

v.   Consultation will **close** at **5pm, 7th February.**

vi.   Responses will be collated and reviewed to identify common themes and any areas of concern.

vii.   Necessary revisions will be drafted, and final version two of the protocols will be **published mid-2024**.