Carbon reporting and disclosure initiatives:

The power of information and awareness

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In the absence of a national emissions trading scheme, various carbon emissions reductions initiatives have been implemented on a mandatory or voluntary basis. One type of initiative that has been receiving growing support from individuals and businesses is the reporting of carbon emissions.

Carbon reporting and disclosure initiatives capture a range of information about an individual emissions profile and may require the measuring of carbon dioxide emissions, assessing relevant emissions reduction programs, and analysing climate change risk.

Global: Carbon Disclosure Project and annual statistical report

A prime example of disclosure at a global and corporate level is the Carbon Disclosure Project (CDP). Launched in 2000, the CDP has received a great deal of media coverage due to its financial and investment focus. The CDP is the largest registry of corporate greenhouse gas emissions data in the world. It deals with 225 investors with assets of $31 trillion.[1]

The CDP annually requests companies to disclose investment-relevant information concerning greenhouse gas emissions. In 2006, information requests were sent to more than 2000 companies globally. Companies were asked to respond to more than 10 questions about climate change risk, impacts, emissions and reduction programs. Annual reports summarising the key findings are published online. The reporting was expanded in 2006 to include a report specific to Australia and New Zealand.

Another global initiative is the annual statistical report produced by the International Energy Agency (IEA). The report provides comprehensive statistics on carbon emissions associated with energy practices in approximately 140 countries by sector and by fuel.

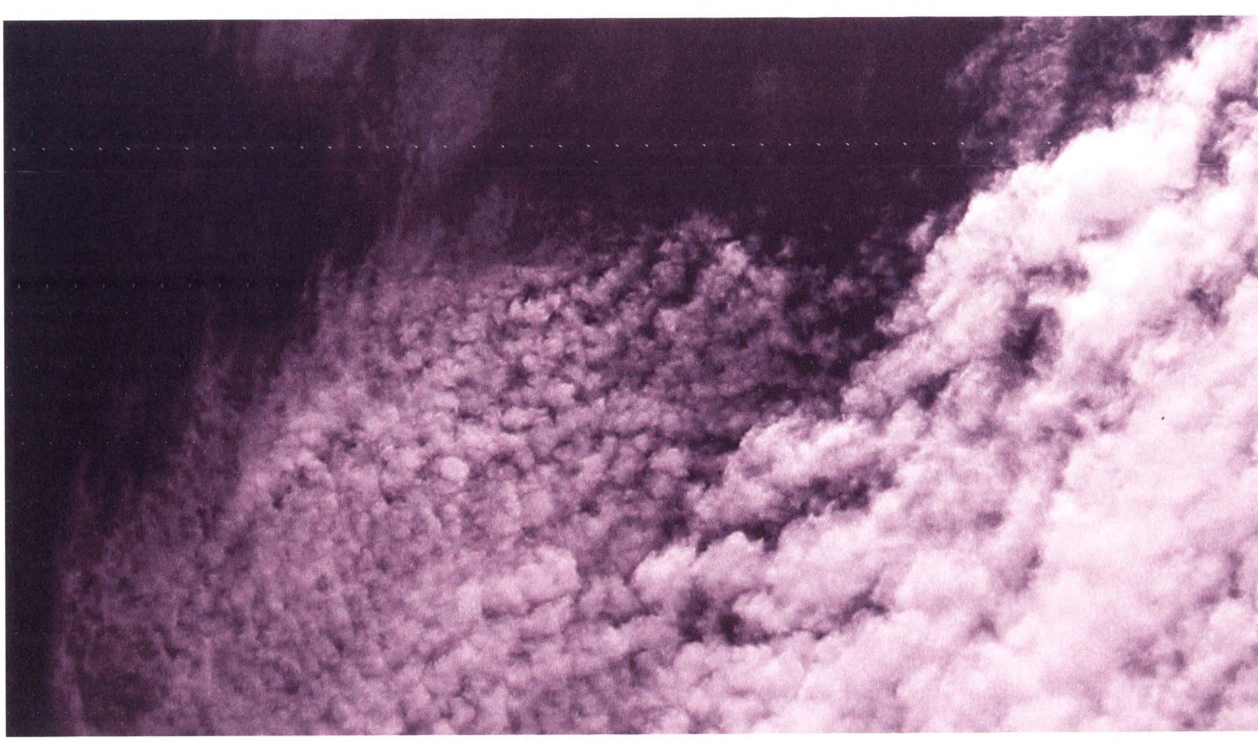
National: National Pollutant Inventory

The National Pollutant Inventory (NPI) is an online database that provides the public with free access to information on the types and amounts of pollutant emissions.

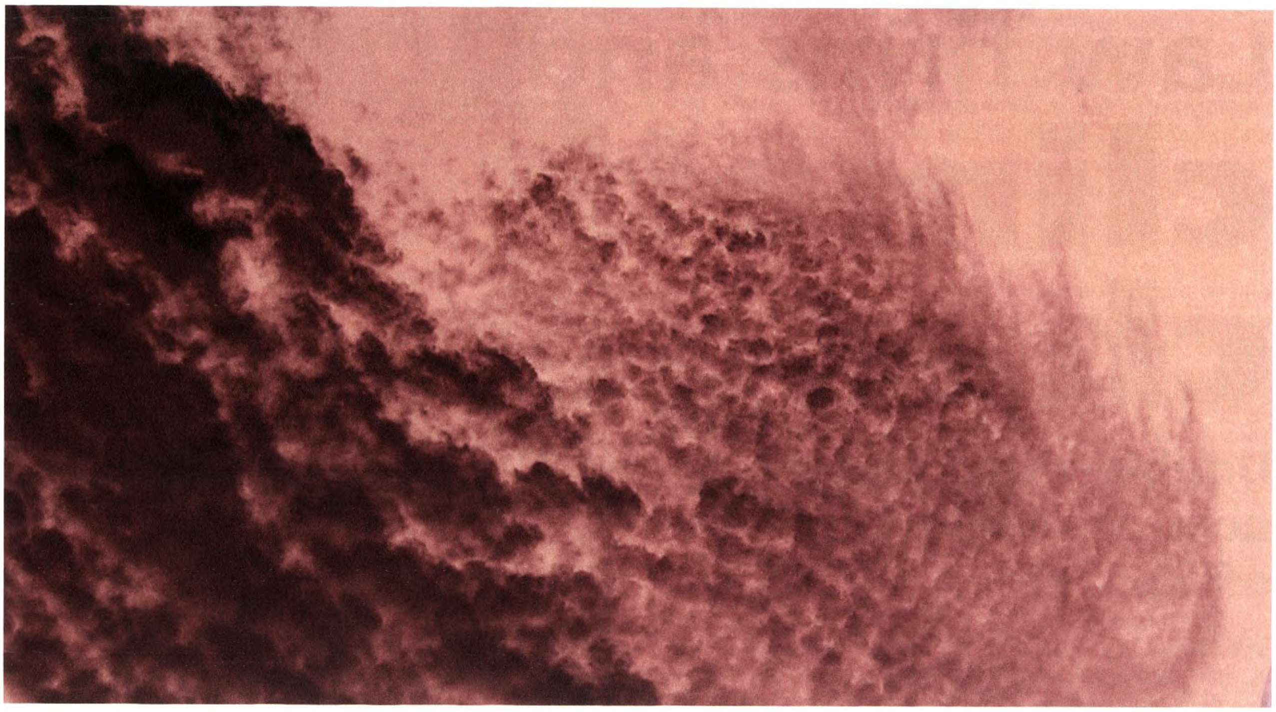
The NPI is one of a number of national environment protection measures introduced under the *National Environment Protection Council Act* 1994 (Cth). It is a key reporting tool of the Commonwealth and it helps industry identify pollution sources.

However, at present the inventory does not include data on greenhouse gas emissions. Although there have been discussions about varying the NPI to include carbon dioxide as a pollutant in itself, it is unclear as to whether this will eventuate.

The Environment Heritage and Protection Council proposed the mandatory reporting of emissions through the NPI, and recommended to the Council of Australian Governments (COAG) that the NPI be amended to include mandatory reporting of emissions. The proposal allowed



Photos: Judd Young and Adam Bushby



for a flexible reporting system, to factor in other existing reporting systems and tools.

The COAG rejected the proposal to amend the NPI to include greenhouse reporting. Instead, it favoured a single system for emissions and energy reporting through national legislation. COAG undertook to meet to discuss national legislation to provide for cost-effective mandatory reports and disclosure at the company level.[2]

However, this meeting has not yet taken place and no outcome has been announced by COAG. The states and territories have indicated that, if national legislation is not finalised shortly, they may nevertheless proceed with the proposed reporting scheme under the NPI. Exactly which model will proceed remains uncertain.

State: Efficiency plans and action plans

At a state level, Victoria recently introduced amendments to the *Environment Protection Act* 1970 (Vic) which establish mandatory energy resource efficiency plans (EREP). The EREP scheme builds on the EPA's existing action plan models implemented as part of its Greenhouse Program which aims to reduce greenhouse gas emissions and improve energy efficiency in industry. The scheme applies to all major energy and water consumers above a certain consumption threshold.

The EREP scheme is not, strictly speaking, a carbon reporting initiative. This is because the scheme goes one step further and requires the development of an action plan to show how environmental resource efficiency will be achieved, and because it covers environmental resources as a whole.

Individual: Ecological and carbon footprints

There are countless online tools which measure an individual's ecological footprint (calculate your own personal footprint on **www.epa.vic.gov.au/ecological footprint** or **www.myfootprint.org**). Ecological footprints measure the natural resources required to support an individual, based on an individual's answers to questions about food, shelter and transport arrangements.

Carbon footprint calculators are a more specific measure which allow an individual to quantify their carbon dioxide emissions based mainly on energy consumption and transport (for example, **www.carbonfootprint.com**).

These tools foster awareness on an individual level and are aimed at prompting individuals to change daily habits to improve environmental efficiency. For example, **www.mykyoto.org.au** estimates an individual's greenhouse gas emissions based on a questionnaire, suggests means to reduce emissions, and then produces a personal "Kyoto Protocol Certificate" for the individual to sign.

Effect of disclosure and reporting

Reporting initiatives can have an impact at a range of levels; including influencing lifestyle change, prompting consumers and shareholders to call for corporate reductions in emission, and causing government to introduce policy change.

Carbon disclosure reports provide a source from which to analyse emission trends and measure the extent to which various industries and sectors impact on carbon emissions. The IEA's annual statistical reports, for example, are designed to operate as a tool for analysts and policy makers to assist in understanding the evolution of emissions over time.[3]

Companies are realising that reduction of carbon emissions is beneficial both financially and strategically. Disclosure may have long-term financial benefits in terms of risk management and strategic planning, and may have a significant impact on share value and corporate reputation. The decision to disclose may enhance corporations' brand image, particularly as consumer awareness of climate change increases.

Negative media reports, such as reports in the *Australian Financial Review*[4] of companies which were "complete no-shows" for the CDP, could have a conversely detrimental effect on corporate reputation.

As awareness increases, consumers are demanding information from companies about their emissions and what is being done to reduce them. Individuals are also increasingly seeking information or tools to assess their own emissions generation. The IEA notes, accurate measurement and correct assessment of the problem mark a halfway post on the way to a solution. This growing awareness has the potential to be a driving force for change.

Endnotes

1. Carbon Disclosure Project 2006 Global FT500.
2. See **www.npi.gov.au**.
3. CO_2 *Emissions from Fuel Combustion 1971-2004*, 2006 edn, **www.iea.org**.
4. See 2 February 2007.