

Carbon disclosure should be mandatory by 2010

James Murdoch

Information is power. Recently I met members of Britain's Olympic cycling team and was struck by the way they had used data to analyse and improve their performance. This team, a source of pride for the nation, focuses relentlessly on the pursuit of measurable, second-by-second improvements – the difference between winning and losing. Information has turned them into winners.

We have also seen in science that the very act of collaborating, of publishing research, has led to advances that could never have been planned.

Human beings are endlessly inventive. Right now, there is nowhere innovation is more needed than in our fight to end the catastrophic consequences of man-made climate change. At Imperial College in London, at the Centre for Climate Change Research, biologists, physicists, meteorologists and anthropologists are working together, not only to get a better understanding of the problem, but also to develop solutions such as photovoltaic technology, made out of synthetic polymers, which will soon enable us to recover the sun's energy from every surface – including windows. Some companies are breaking the mould by collaborating with rivals, or sectors that are new to them: for example, IT businesses working with car companies to devise a low-carbon automotive industry.

Disclosure can spur innovation. The Carbon Disclosure Project collates data about the greenhouse gas emissions of many of the world's largest companies. Now in its sixth year, it has published emissions data for 1,550 groups, representing \$57,000bn (€45,200bn, £38,700bn) of investor assets under management and accounting for a quarter of the world's man-made greenhouse gas emissions. Much of that data had never been collected before.

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At a time when some companies emit more greenhouse gases than entire nations, we need transparency about emissions. Shareholders need disclosure to understand risk. Employees deserve it. Partners will expect it. Ultimately it is in the interests of all companies to know their carbon footprints and to be open about how they manage them. This is a vital step towards reducing risk and aspiring to be more than merely sustainable. Results can be surprising. Wal-Mart, after joining the CDP, found that the refrigerants it used in its grocery stores made up a larger percentage of its footprint than its truck fleet. It is working on a solution. My colleagues at Fox Home Entertainment measured the climate impact of a DVD's manufacture and distribution. This study quickly led to almost 20,000 tonnes of carbon reduction.

The CDP has shown that internationally consistent disclosure not only helps to pinpoint risk but also to generate opportunities. Should not all listed companies, not just big ones, do it? At this time of economic crisis, the world is looking for leadership and the UK has the chance to lead on the climate issue by streamlining carbon disclosure and making it a listing requirement for companies. The government has said that by April 6 2012, the secretary of state for energy and climate change will either mandate reporting by companies of their greenhouse gas emissions or explain to parliament why not.

But is this enough? Saying we can tackle climate change without public-company disclosure is akin to thinking obesity can be solved if people do not weigh themselves. Increasing the regulation of emissions, through mechanisms such as the carbon reduction commitment, may force business into disclosing and trading emissions, but it will not integrate carbon risk on to the business bottom line. We need an internationally consistent framework tied to listing requirements to achieve this, as advocated by the Aldersgate Group, a coalition of companies and environmental groups.

The government is afraid this will be a burden, but many of the best companies already do it. They are finding cost savings and opportunities. As we move to a cap and trade scheme, we need to be prepared for the new lower carbon economy that can emerge from the global financial crisis. To make significant reductions in greenhouse gases it is essential to engage the private sector as soon as possible, to drive the world towards that new economy.

The government should go further in the vital area of company emissions measurement and reporting. The climate change bill, which is now in the final stages of its passage through parliament, is an opportunity to commit to make reporting of carbon emissions mandatory by 2010 at the very latest. There is no time to lose.

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