

Big business demands mandatory carbon reporting

Government must act on pre-election pledge

Open letter to Ministers supported widely by corporates, investors and over 25 MPs

The Government must act on a crucial pre-election pledge and commit to mandatory carbon reporting for all large organisations, according to a powerful alliance of business and political leaders. This would help drive carbon emission reductions and cement UK leadership on the global stage.

In an open letter to Government Ministers, published today, it is argued that “a clearer, stronger signal is needed now for the introduction of mandatory carbon reporting in the UK that is consistent with international standards”. Signatories include Aviva, AXA Investment Managers, Biffa, BT, Centrica, Jupiter, Lend Lease, Microsoft, National Grid, Pepsico UK, RSA, RSPB, Siemens, Scottish and Southern Energy, The Co-operative, Veolia, Willmott Dixon, WWF and over 25 MPs.

Before the election, the Conservative Party outlined the benefits of carbon reporting and committed to bring forward the date that the largest companies are required to report them. The letter argues that the government should make this commitment before the end of the year. Under the Climate Change Act, the government must legally put forward regulations for mandatory carbon reporting by 2012 or explain to Parliament why this has not been the case.

The letter has been published on the same day that WWF-UK and The Cooperative Financial Services publish a new report showing how oil companies are increasing the carbon emissions of their fuels by developing unconventional fossil fuels such as tar sands. 'Toxic fuels: toxic investments' (download here:

http://www.wwf.org.uk/news_feed.cfm?uNewsid=4109) provides the case for mandatory carbon reporting by highlighting how oil companies such as BP and Shell could face billions of pounds in future carbon liabilities as the cost of carbon rises.

Peter Young, Chairman of the Aldersgate Group and author of the AG letter, said **“It is hard to see how the government’s green ambitions will be met without more robust measurement and reporting of carbon emissions. Greater transparency will help create a level playing field, drive emission reductions and address the growing concern over corporate green washing.”**

“Carbon reporting is not a burden. It is about identifying cost savings and opportunities. There would also be significant benefits associated with UK leadership, cementing the City’s position as the global centre for climate finance.”

Steve Waygood, Head of Sustainability Research and Engagement, Aviva Investors, one of the signatory members of the Aldersgate Group letter, said: **“We believe that climate change represents a profound market failure. There is a clear need for much tougher policy measures on the international stage, as well as at the national level. While Copenhagen failed to deliver internationally, the UK is well placed to make carbon reporting mandatory in the UK. This would provide investors with an informed basis on which to make our investment decisions.”**

Voluntary initiatives have had some success in mobilising the UK’s biggest organisations to address their environmental impact more fully. However, last year’s

Carbon Disclosure Project shows that only just over half of the FTSE 350 disclosed their carbon emissions and there has been little improvement in the last few years.

The letter welcomes the commitment in the Coalition Agreement to reinstate an Operating and Financial Review to ensure that directors' social and environmental duties have to be covered in company reporting, and investigate further ways of improving corporate accountability and transparency. The letter argues that this should be combined with a clear commitment for mandatory carbon reporting for all large organisations under the provisions in the Climate Change Act.

The Aldersgate Group

The Aldersgate Group is a business and political coalition that drives environmental action. It engages actively with government and other key decision makers to contribute to the future development of UK economic and environmental policies.

The full letter can be downloaded from:

http://www.aldersgategroup.org.uk/app/webroot/files/news_documents/68.pdf