

Company reporting of greenhouse gas emissions

Presented to Parliament pursuant to
Section 85 of the Climate Change
Act 2008

March 2012

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Department for Environment,
Food and Rural Affairs

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Introduction

1. Section 85 of the Climate Change Act 2008 requires the Secretary of State to make regulations under section 416(4) of the Companies Act 2006 (c. 46) requiring the directors' report of a company to contain such information as may be specified in the regulations about emissions of greenhouse gases from activities for which the company is responsible, or lay before Parliament a report explaining why no such regulations have been made.
2. This report outlines why no regulations have been introduced.

Background

3. No decision has yet been reached. Ministers are currently considering the analysis of responses to a public consultation in the summer 2011; an analysis of the costs and benefits of different options aimed at encouraging corporate reporting of greenhouse gas emissions; and the review of evidence for how corporate reporting helps the UK meet its climate change objectives. The review of evidence was required by section 84 of the Climate Change Act and was laid, as a report, before Parliament on 30 November 2010.
4. The Government started, in December 2009, its review of the evidence, for the contribution that reporting on GHG emissions makes to the achievement of Government's climate change objectives. The report presented to Parliament included a specially commissioned study, undertaken by PricewaterhouseCooper and the Carbon Disclosure Project, into "the contribution of reporting to GHG emission reductions and associated costs and benefits", as well as a study by researchers on behalf of Defra and the Climate Standards Disclosure Board on "investors, climate risk and company disclosures". The report also included newly published evidence from a number of studies from a range of different sources, including the Environment Agency, the Institute of Environmental Management and Assessment, and Organisation for Economic Co-operation and Development. The conclusions of the review of evidence informed the decision to consult on different options, and the consultation cost-benefit analysis.
5. The public consultation, between May and July 2011, proposed four options to promote more widespread and consistent reporting by companies of GHG emissions: a voluntary approach and three mandatory approaches. Views were sought on the different options and, if a mandatory option was chosen, what information companies should be required to disclose. A number of events and workshops for businesses were run by Defra officials during the consultation period to explain more fully the different options and to gather views.
6. The consultation received a total of 2018 written submissions, with a number of those from companies providing detailed information on estimated costs and benefits. This information was used to revise the consultation impact assessment resulting in more accurate and robust costs and benefits of the different policy options in the final impact assessment.
7. In the light of consultation responses, and the evidence on costs and benefits, Ministers are currently considering whether to introduce regulations.

Conclusion

8. To summarise, no decision to make regulations has been reached. There has been extensive evidence gathered over the last couple of years, as outlined in the preceding paragraphs, and Ministers require some additional time to consider this evidence to come to a decision. This evidence gathering process has taken longer than anticipated and the analysis of the results is ongoing as the costs and benefits are fully considered so Ministers make an informed decision.



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