Guide to Implementing A Corporate Emissions Plan

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Introduction

The increasing focus on climate change and the contributing role of carbon emissions has created a consumer and corporate awareness that is stimulating both voluntary, commercial and compliance considerations.

Companies, through their operations, employees and staff have an ability to act to reduce and manage carbon emissions. This ability provides commercial opportunities and risks. The implementation of any carbon related programme needs to balance these opportunities and risks.

Engagement

A company should first consider the aims and scope of the proposed involvement with any carbon initiative. This will be principally determined by its motivations for engagement.

Typically these may include environmental concerns, a strong corporate responsibility ethic, commercial opportunity/risk or a combination of several drivers.

The motive for any programme will help to determine its scope and content, but irrespective of any commercial benefits, programmes need to evidence a carbon benefit.

An initiative should be launched after an initial internal audit of emissions sources from operations and an emissions reduction commitment. This will cover direct corporate responsibility for energy usage. The principal emissions assessed will be from plant/offices/ travel.

A company should assess the corporate carbon footprint and potential for emissions ion. The completed audit will provide a start point for corporate decision-making and cost implications.

Post Audit

The audit will reveal the extent of the corporate footprint and enable an assessment of those areas where the company may make an impact on its emissions and those in its products/services.

The key areas where all companies may make an impact on carbon emissions are:-

1. Emissions reduction from offices and plant, using best practice in energy use.
2. Emissions reduction through business travel.
3. Staff Programmes to reduce staff generated emissions.
4. Consumer Education programmes and initiatives.

Energy Emissions Reduction will save energy and emissions. In most companies there is considerable scope to save energy through energy efficiency measures, which support both emissions reductions and deliver cost savings. This can be achieved without compromising commercial performance or customer experience.

Emissions Reduction through carbon budgets, based upon realistic criteria can deliver emissions reductions. Business travel, for example, can form a large percentage of overall corporate emissions, but traditionally has been difficult to audit.

Staff Programmes can be used to support corporate energy saving policies, to generate power savings initiatives and through company matching schemes can deliver reductions in the personal emissions of staff members.

Consumer Education Programmes may be supported by carbon footprint information on services or products offered by the company. The use of micro emissions reporting helps consumers to take action and factor carbon into purchasing. Supporting behavioural change is a route by which companies can deliver positive outcomes.

Carbon Offset usage may be considered for those emissions that cannot be saved and to support product/service propositions where energy reduction measures are also present. The selection and use of carbon offsets requires careful consideration, with due regard to their impact and integrity. For full details on what offsets are and how they work please refer to our pdf Carbon Offsets – An Overview.

Internal Implementation

To operate a successful carbon reduction programme a company will need to first implement internal procedures to ensure a successful outcome. A member of staff will need to be appointed with lead responsibility and sufficient seniority to pilot internal initiatives. The company will also require a staff member who will be able to brief media, suppliers and external agencies on the programme and field detailed questions.

Staff engagement with any programme will be key to its success and the use of incentives and matched contribution programmes will support internal implementation.

External Communication

Once the programme has been designed for the company it will then be possible to communicate to clients, suppliers and shareholders. This communication needs to take place against the backdrop of internal implementation. The key issues of verification and results will be the defining questions that any programme must answer.

It has become commonplace for companies to use an audit primarily to deliver an offset programme and claim carbon neutrality or set Net Zero targets. This type of approach risks brand damage, accusations of “Greenwash” and will not be a sustainable approach, without accompanying plans milestones and reductions in emissions.

Business Impact Considerations

The company should assess its relationship to climate change through its products/services and their delivery. This will help to provide focus and shape policy. The main areas of risk created by climate change are as follows:

Legislative: Current UK legislation requires over 11,000 of the largest UK companies to report their Scope 1 & 2 emissions with their financial reports from the financial year ending in 2020. This may extend to other smaller entities and/or an extension into Scope 3 to align business with government reduction targets and accompanying legally binding commitments.

Commercial: Products or services provided by companies may be perceived as polluting and thus irresponsible. Sales may be impacted. Companies need to understand market sentiment in their sector with regard to climate change, to ensure alignment with their customers. Investment houses and investors are increasingly looking at the long term carbon risk to businesses in deciding their investment strategies.

Brand: Failure to engage with carbon emissions may be viewed as environmentally irresponsible, causing brand damage. Equally companies have an opportunity to lead in this area and influence their clients and consumers to have a positive impact.

Conclusion

It is rare to have an opportunity to help the environment, whilst saving a company money and enhancing its brand image. The fact that this is the consequence of an integrated carbon programme has led companies to explore and act upon the carbon emissions they are responsible for. This engagement may come at a price with many companies taking short cuts to the illusory “carbon neutral” status that will impact upon them in the longer term. As carbon literacy increases amongst the media and consumers, programmes that lack substance may be exposed at a cost to the companies who have adopted them.

Further information on UK reporting can be found in our pdf What to Report in 2021