

# voluntary action to reduce GHG emissions

The problem with reporting, reducing and offsetting carbon is that we need proof that it has been done. We also need to appreciate the terminology of carbon management so that we can differentiate between 'offsetting' and 'reducing'. Companies which are turning their efforts to deal with climate change into selling points could be at risk of misleading customers. Robert Dornau writes about the need for standards and how they are essential to establishing trust with all stakeholders in the voluntary emissions market.

**CLIMATE CHANGE HAS** moved to the top of the political and business agenda. Boardroom decisions take greenhouse gas (GHG) emissions associated with investments into account, even if their measurement and reduction are not yet mandatory requirements. The motivation to do so has different drivers: protection of early action to reduce GHGs for companies that face mandatory regulation in the future; corporate responsibility (linked to consumer pressure); expected market advantages through the provision of emission neutral product and service offerings (linked to consumer demand); and, to an increasing degree, pressure from governments/buyers that want to know the emissions embedded in the products and the supply chain of the products they source.

The common denominator behind all drivers is that measurement of GHGs and their reduction creates value for the company doing so. In tradeable markets, this value creation is obvious; the value created for the company from voluntary reporting is less tangible. However, in both cases, it has become clear that the company, its shareholders and the public want to know that any emissions reporting is accurate, reliable and consistent with global standards.

## The need to bring confidence to market participants

A consumer survey of 2,734 people in the US and UK during 2007', undertaken by AccountAbility and Consumers International, found that 'Sixty percent of

respondents in the US and UK want companies to provide more product-based information at the point of sale, and half would rather do business with companies that are working to reduce their contribution to global warming. But consumers do not trust information from businesses on climate change. Government, business, the media and celebrities all feature low in the trust list too. Two-thirds of respondents said that business needs to take global warming more seriously (combined 66.4%: US 63.2%, UK 69.5%). Seventy percent of respondents in the US and UK said that climate change claims should be proven by independent parties.'

This consumer awareness was not always there, but seems to have been triggered by a number of articles which appeared in the spring of 2007. The public became aware that not everybody in the carbon market is in it purely for doing good, but some – the so-called carbon cowboys – were in it purely for making money, taking environmental integrity less seriously. When journalists traced the emission reductions sold as offset certificates to their source, they found that the money paid for them only encouraged climate protection that would have happened regardless of the buying and selling of certificates.

Companies and organisations that voluntarily offset their emissions using emission reductions from the voluntary market are now wary that the damage they can do to their brand from buying reductions that are not real, can be a lot greater than the money saved on skipping third party verification.

Credible global standards for the reporting, monitoring