

Role of Independent Assurance in Carbon Management

The rapidly increasing concern about global warming will make 2006 forever etched as the year that the tipping point on the issue was reached. As a consequence, people are becoming more conscious about their own carbon footprints, which is being led by celebrities, politicians and industry leaders.

Terms such as carbon friendly, and carbon neutral are also becoming common terms in the modern day vernacular. We believe that becoming Carbon Neutral is to achieve a net balance of zero greenhouse gas emissions by reducing consumption, increasing utilisation efficiency, and offsetting the remaining emissions using carbon credits. We also believe that there must be a conscious effort to follow a hierarchical process towards neutrality. This must begin with demand management and improved efficiency that result in reduced GHG emissions that won't require the purchase of any offsets. In other words, reducing wastage through changes in behaviour. The Net Balance Management Group recently assured the 2005-06 GHG inventory and position statement of the Environmental Protection Authority (EPA) of Victoria becoming carbon neutral (*see <http://www.epa.vic.gov.au/greenhouse/default.asp>*). The EPA became one of the first Australian government agencies to become carbon neutral. The assurance process utilised the AA1000 Assurance Standard (AA1000 AS) and its principles of materiality (material sources of Scope 1, Scope 2 and Scope 3 emissions), completeness (inclusive of sites and sources of emissions and offsets) and responsiveness (based on key stakeholder perspectives about what carbon neutral means to them, and thus building stakeholder consensus). The AA1000 AS, typically used and widely adopted globally for independent assurance of sustainability reports is a principle-based, stakeholder driven approach to assurance provision, and therefore one which well suited a carbon assurance process.

AccountAbility's AA1000 Assurance Standard is the first initiative offering a non-proprietary, open-source assurance standard covering the full range of an organisation's disclosure and associated performance, ie. 'sustainability' reporting and performance. It draws from and builds on mainstream financial, environmental and quality-related assurance, and integrates key learning with the emerging practice of sustainability management and accountability, as well as associated reporting and assurance practices (AA1000, 2002). The UK based International Register of Certified Auditors (IRCA) also accredits practitioners globally who apply the standard.

And why is assurance critical in corporate carbon claims? Issues such as additionality and offset timing will continue to draw attention and criticism. Accordingly, in the ever changing world of carbon management, a stakeholder-based approach to independent assessment of corporate accounts is the only way companies can future proof their claims.

References

AA1000 Assurance Standard www.accountability.org.uk

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