



**WORKING WITH**



**Disclosures on  
climate change**  
Reporting Trilogy – Research on  
sustainability reporting in Australia Part 2

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## Foreword

**This report is the second of three in a series of research projects carried out by ACCA Australia/NZ, in collaboration with Net Balance Foundation Limited, investigating trends in certain selected areas of sustainability reporting and disclosures in Australia. The three topics are: stakeholder engagement (which was published in March 2007), climate change and human capital management.**

The aim of this trilogy of research projects is to delve deeper into these 3 key areas of sustainability reporting by analysing the level and quality of disclosures by large Australian corporates. Climate change (the theme of this particular report) is rarely out of the news, and if not addressed, is widely considered to be the single biggest threat to society and the environment. Recent publications such as the reports by the Intergovernmental Panel on Climate Change, UK's Stern Review as well as international treaties and initiatives such as the Kyoto Protocol, Asia Pacific Partnership on Clean Development and Climate and the EU Emissions Trading Scheme all serve to find a solution to this growing global problem. As the products and services of large organisations contribute significantly to climate change, they are expected (and in some cases required by law) to mitigate their impacts by reducing their greenhouse gas emissions and introducing more energy efficient practices and products. This report examines the level and quality of disclosures on these climate change efforts from the 50 largest publicly listed Australian corporates. It summarises the findings of the research, identifying any trends, outlining strengths and weaknesses and making recommendations for the future.

## The current situation

The overwhelming evidence produced by the scientific, environmental and economic communities can leave few people in doubt that climate change is now a serious threat to humanity and the environment. There are likely to be severe consequences for both developed and developing countries if global temperatures continue to rise at the same rate as they have in recent years. The recently published Stern Review quantified this statement and estimated that a “Business as Usual” scenario will result in a loss 5-10% of global GDP and projected increase in temperature of 5-6 degrees Celsius during the next century. This scenario takes the world into territory that has never been experienced by humans before. Alternatively, taking “immediate drastic action” to stabilise carbon emissions by 2050 was estimated to be at a cost of about around 1% of GDP – a significant difference.

There are currently several programmes in Australia combating climate change and greenhouse gas emissions at both the federal and state level (see Appendix 2), but there is no

commonly agreed overall plan or policy in place to halt or slow the increasing emissions. Australia is not a signatory of the principal international climate change initiative – the Kyoto Protocol – but did create the Asia-Pacific Partnership on Clean Development and Climate with the US in 2005, with the aim of promoting cooperation and increased investment in developing low emissions technologies between the six participating countries: Australia, China, India, Japan, Korea and the US.

As well as individual countries and governments, global corporations are expected to pro-actively address climate change in their product design, operations and processes and report transparently on these efforts to their stakeholders from both a risk management and corporate social responsibility perspectives. Initiatives such as the Carbon Disclosure Project globally and the Investor Group on Climate Change in Australia promote improved reporting. This report aims to analyse and discuss the extent to which Australian corporations are disclosing their climate change management efforts.

## Methodology

This report summarises the findings of research carried out by an independent analyst on the largest 50 companies in Australia (as at December 2006) using the Australian Securities Exchange (ASX) Top 50 (by market capitalisation) index. The research was based on a series of “Yes/No” climate change criteria, originating from those developed by FTSE4Good’s Climate Change Advisory Committee. The criteria that companies were assessed against in this study were divided into three different sections, as follows:

- **Governance & Management**, which considered whether reporters explain the governance structures in place within the organisation to manage and mitigate climate change – for example – target setting, Board and senior responsibility for climate change, climate change policies and public position statements.
- **Data and Indicators**, which focussed on disclosure of KPIs relating to climate change and an explanation of any trends in performance. This section also considered methods used in collecting data and reporting and whether the information was externally assured.

- **Performance and transformational initiatives**, which examined whether the reporter has in place (and reported upon) any initiatives to increase energy efficiency and reduce emissions of its products and services. This includes fuel switching programmes, product innovation, R&D, low carbon technology and carbon capture & storage.

Information used in the analysis included hard copy sustainability/CSR/social and environmental reports, web-based reports and any social and environmental information included in the annual report and associated accounts.

Ten of the fifty report analyses were checked by a secondary researcher for any inconsistencies and for moderation purposes.

1	Alumnia	26	Mirvac Group
2	Amcor Ltd	27	National Australia Bank
3	AMP Limited	28	Newcrest Mining Limited
4	ANZ Banking Group LTD	29	Orica Ltd
5	Aristocrat Leisure Limited	30	Origin Energy Ltd
6	Australian Gas Light Company	31	Promina Group Limited
7	AXA Asia Pacific Holdings Ltd	32	Publishing & Broadcasting Limited
8	BHP Billiton Ltd	33	Qantas Airways Ltd
9	Bluescope Steel Limited	34	Qbe Insurance Group Limited
10	Boral	35	Rinker
11	Brambles Industries Ltd	36	Rio Tinto Ltd
12	Centro Properties Ltd	37	Santos Limited
13	Coles Myer Ltd	38	St George Bank Ltd
14	Commonwealth Bank Of Australia	39	Stockland
15	CSL Ltd	40	Suncorp-Metway Ltd
16	Fairfax (John) Holdings Limited	41	Tabcorp Holdings Limited
17	Fosters Group	42	Telecom Corporation Of NZ Ltd
18	GPT Group	43	Telstra Corporation Limited.
19	Insurance Australia Group (IAG)	44	Toll Holdings Limited
20	James Hardie Industries N.V.	45	Transurban Group
21	Lend Lease Corporation Ltd	46	Wesfarmers LTD
22	Macquarie Airports	47	Westfield Group
23	Macquarie Bank Limited	48	Westpac Banking Corporation
24	Macquarie Goodman Group	49	Woodside Petroleum Limited
25	Macquarie Infrastructure Group	50	Woolworths Ltd

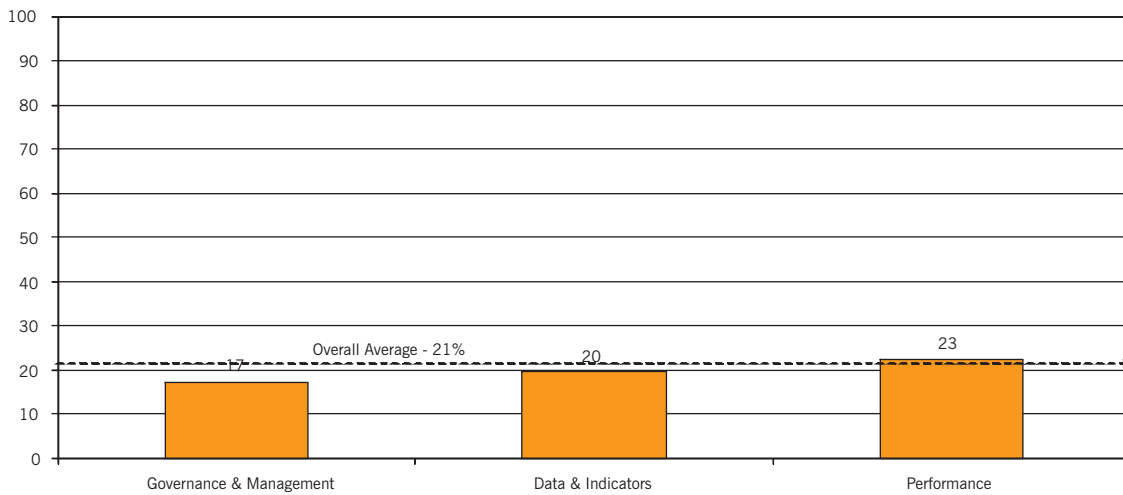
**Table 1 – the ASX Top 50 Companies used in the analysis**

# Results

## OVERALL

There is a large variation in performance of the companies included in this study. The scores ranged from 82% (AGL Energy Limited), to fifteen companies who scored nothing at all – 0%. The average score of all 50 companies was just 21%, illustrating that there is significant progress to be made on climate change disclosures for the majority of the companies included in the research. The same was true of the individual criteria sections – scores ranged from 92% down to 0%. (See table 2 for the top scoring companies in each criteria group.)

Overall average percentage of the ASX 50 companies in each of the criteria groups



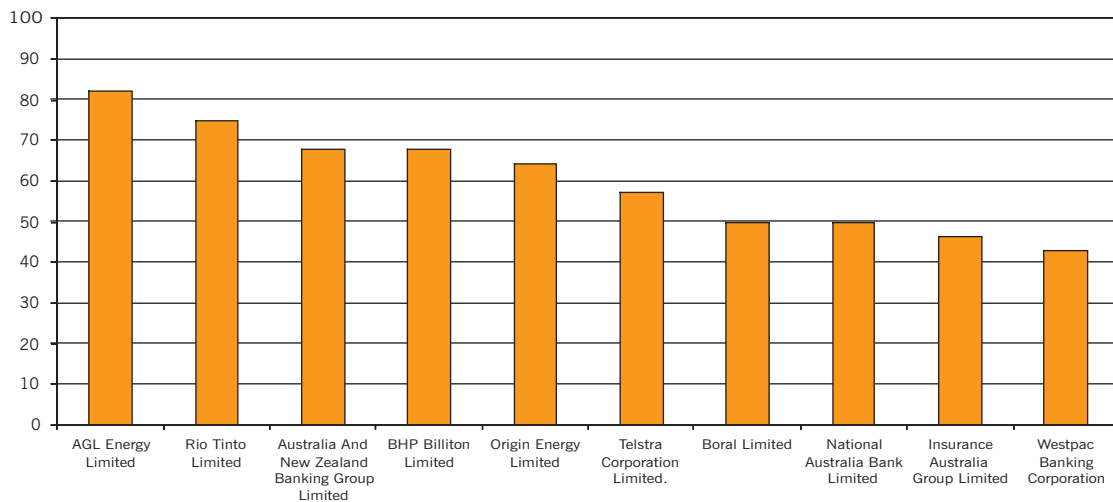
Criteria Group	Top scoring company	Score	Average score of top 10 companies	Average score of all 50 companies
Governance & Management	AGL Energy Limited, Rio Tinto and BHP Billiton	71%	44%	17%
Data and Indicators	AGL Energy Limited, ANZ and National Australia Bank	88%	66%	20%
Performance	Rio Tinto Limited	92%	65%	23%

Table 2: top scoring companies in each criteria group

## Results

The top 10 companies' performance (based on overall percentage score) ranged from 82% (AGL Energy Limited) down to 43% (Westpac Banking Corporation) with only two companies scoring over 75%.

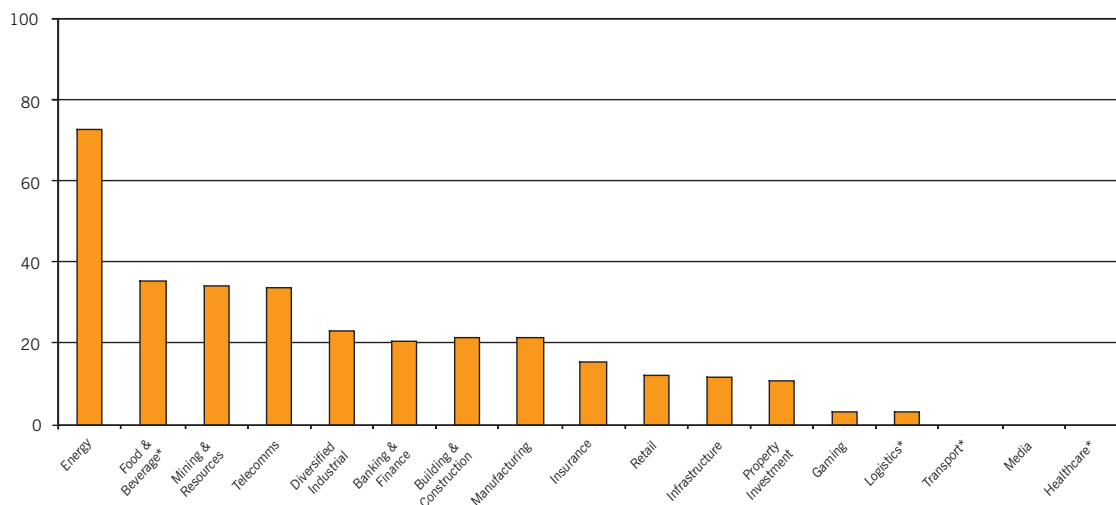
### Top 10 performing Australian companies in the ASX 50



These top scoring companies were from a variety of different sectors including Mining & Resources, Banking and Finance, Insurance, Building and Construction and Energy. Energy was the highest scoring sector overall in the analysis with 73%, but there was no leading sector in the top 10 companies. (However, there were only two companies in the Energy sector included in the study compared to, for example, seven in the Mining and Resources sector).

### Average overall score for each sector

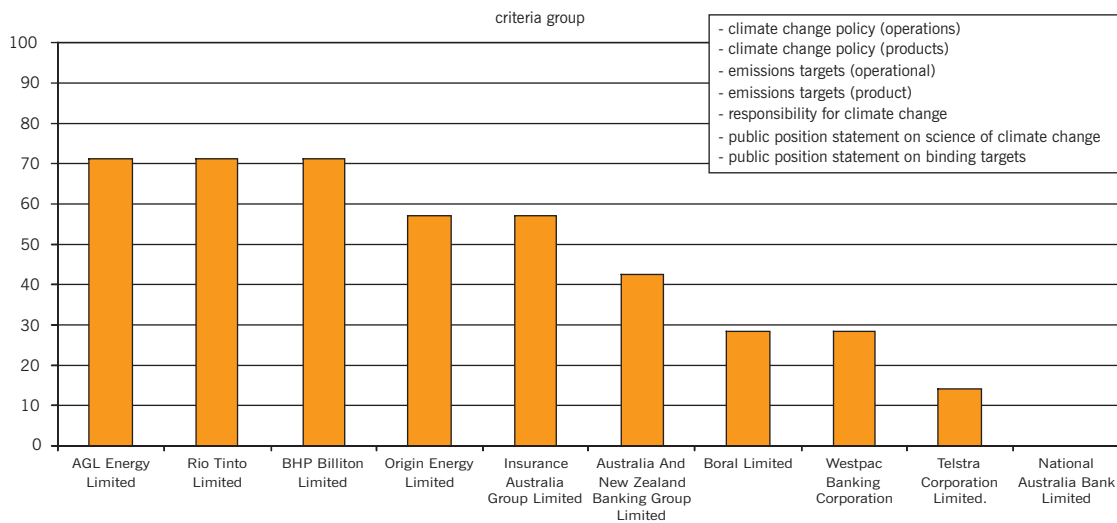
\* only one company in the sector



## CRITERIA GROUP RESULTS

### Governance & Management

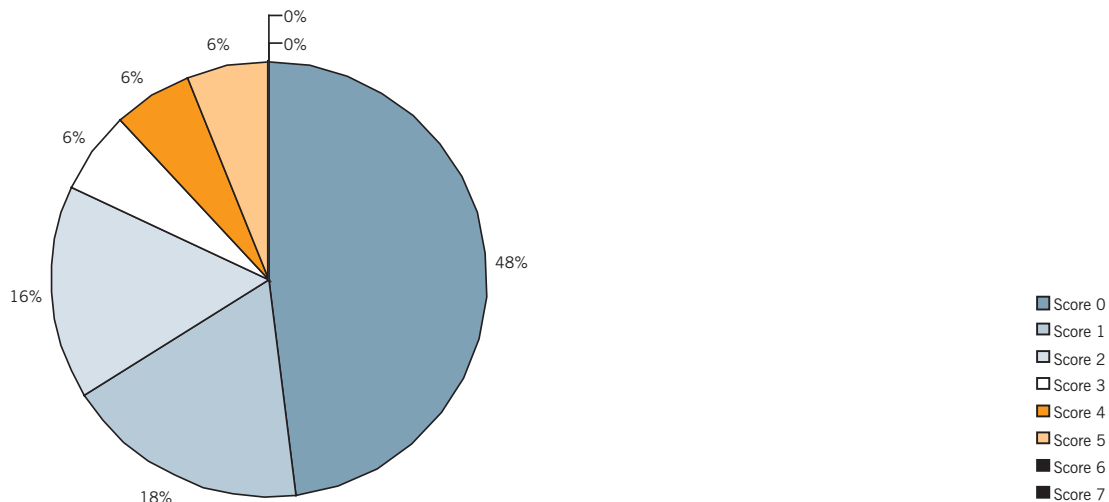
#### Performance of top 10 performing companies in the Governance & Management



Performance by the 50 companies against the Governance and Management criteria was found to be varied with only 26 of the 50 companies going some way towards fulfilling the criteria. No company scored the maximum and the majority of the companies fulfilled just 1 or 2 of the criteria out of a maximum of seven.

Just nine companies disclosed their product climate change policy and 21 their operational climate change policy. Even fewer companies reported having long and medium term emissions targets for their products (four) and operations (ten). The overall performance of the 50 companies in this criteria group was just 17%.

#### Number of companies scoring 0-7 in Governance & Management criteria group



**BEST PRACTICE CASE STUDY**

**AGL Energy Limited – score 71%**

AGL Energy's report clearly references the organisation's greenhouse gas policy, which sets out AGL's support for the National policy on climate change and how the business is reducing the emissions of its operations.

AGL's report also explains that the Environment Leadership Team (chaired by the MD) leads the implementation of AGL's environmental and greenhouse principles and policy. There are public statements outlining AGL's position on the scientific consensus of climate change and publicly binding targets – the latter is shown below:

*“Australia has not ratified the Kyoto Protocol, and currently has no national emissions trading scheme or national greenhouse gas reduction target. However, a number of policy instruments ... are in place for reducing greenhouse gas emissions (either directly or via targets for renewable or low-emissions generation).”*

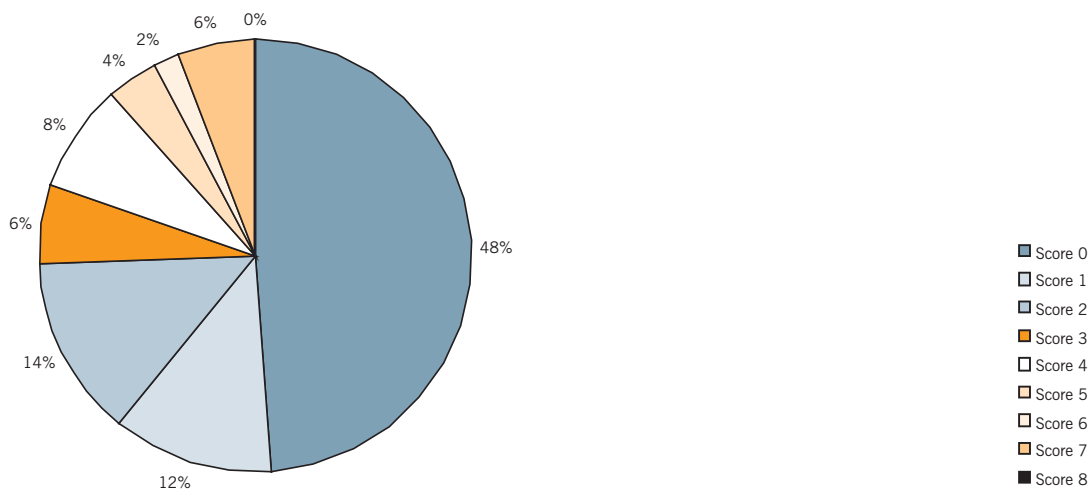
AGL:

- *supports the introduction of a long-term emissions reduction target with clear interim milestones and the creation of a national emissions-trading scheme*
- *is a strong supporter of renewable energy and supports cost effective initiatives to increase the uptake of renewable energy*
- *takes an active role in providing constructive feedback to government enquires, proposed policy positions or proposed regulations.”*

**Data and Indicators**

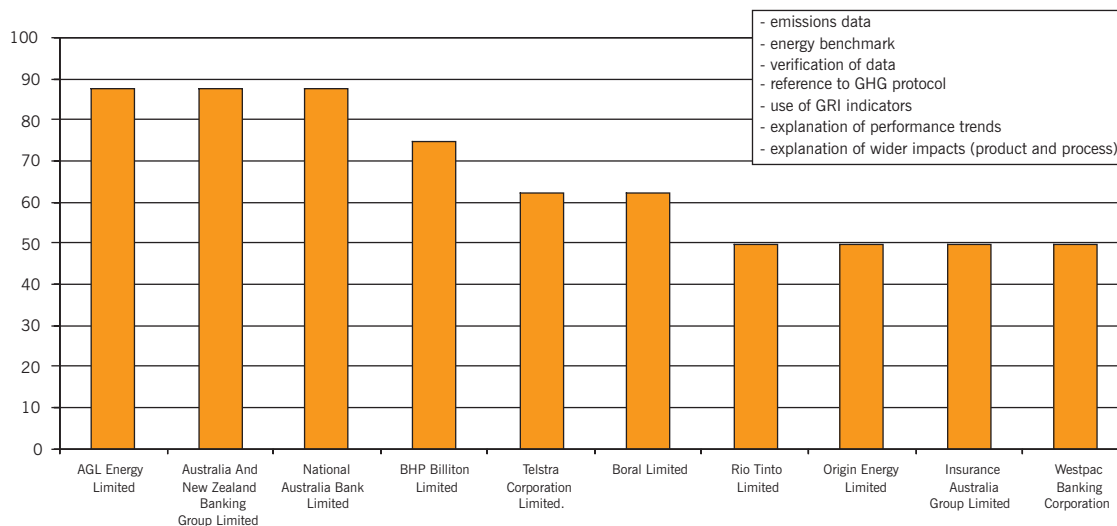
Twenty-five companies from the sample of 50 did not provide any information on emissions data trends or collection methods nor state that emissions and climate change data are externally assured. Three companies – AGL Energy, ANZ and National Australia Bank had the equal top score in this area with 88%. This was significantly higher than the average score of all 50 companies for this area, which was 20%.

**Percentage of companies scoring 0-8 in the Data & Indicators criteria group**



Eighteen of the 50 companies include emissions data spanning 2-3 years (or more) arising from their operations, but only 12 of these explained any trends that occurred over time (either positive or negative). Nine of the companies publicly reporting their emissions data had the information externally assured and just five referred to all the relevant Energy indicators in the GRI Guidelines (2002) – see Appendix 4.

**Performance of top 10 companies in Data & Indicators criteria group**



**BEST PRACTICE CASE STUDY**

**National Australia Bank – score 88%**

NAB's report includes detailed emissions data for the previous 2 years (which was when the organisation's first sustainability report was published). KPIs include: total stationary energy consumption, total green energy purchased, stationary energy-related greenhouse emissions, total fuel-related greenhouse emissions and greenhouse emissions (tCO<sub>2</sub>-e) per vehicle for Australia, New Zealand and the UK. This data was prepared using the GRI indicators and spot checks were carried out during the external assurance process. The report also explains any trends in performance with regards to energy use:

*"Our energy use in Australia has decreased by 9.1% – primarily due to a consolidation of our property portfolio. This also contributed to a 10.5% decrease in stationary energy greenhouse emissions and an improvement in energy intensity. As previously mentioned, we do not currently purchase green energy in Australia." and "In 2006, Bank of New Zealand had a small increase in energy use due to an increase in its property portfolio."*

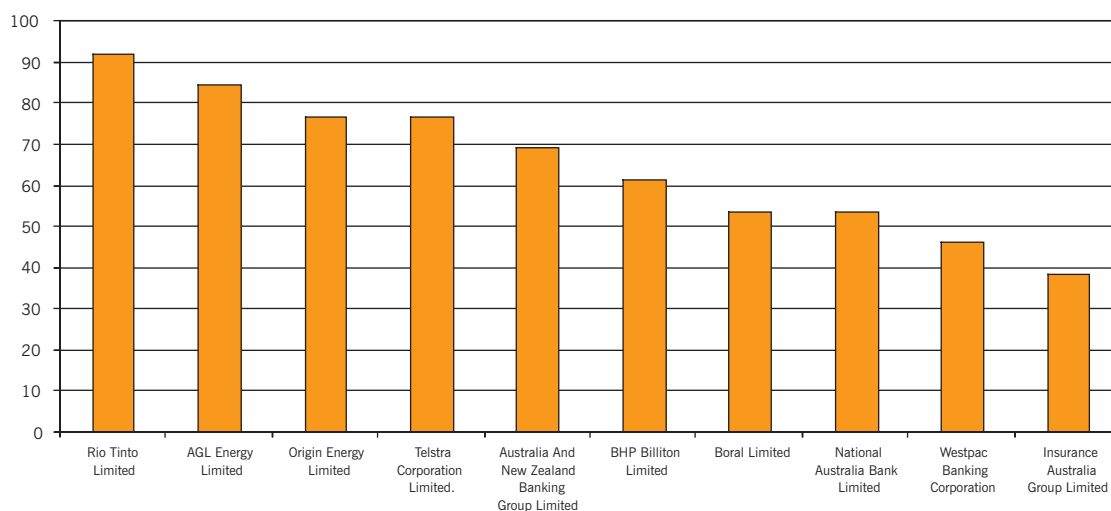
## Performance

Disclosures on the following transformational initiatives are included in this criteria group:

Initiative	Product	Operational
Fuel Switching	X	✓
Demand Side Management	X	✓
R&D into low carbon technology	✓	✓
Production of low carbon technology	✓	✓
Generation of renewable energy	X	✓
Product/ service innovation	✓	X
Carbon capture and storage (sequestration)	X	✓
Supply Chain / upstream influence	X	✓
New Business Model – life cycle analysis of product	✓	X
Breakthrough Project	X	✓
Australia-specific climate change initiatives/projects	X	✓

Thirty two of the 50 companies analysed were found to have reported upon (to differing degrees) the initiatives they have in place to reduce their carbon emissions and improve energy efficiency of products and operations. The highest scoring company in this criteria group is Rio Tinto Ltd with 92% and the average of all fifty companies was 23% - the highest of the three criteria groups.

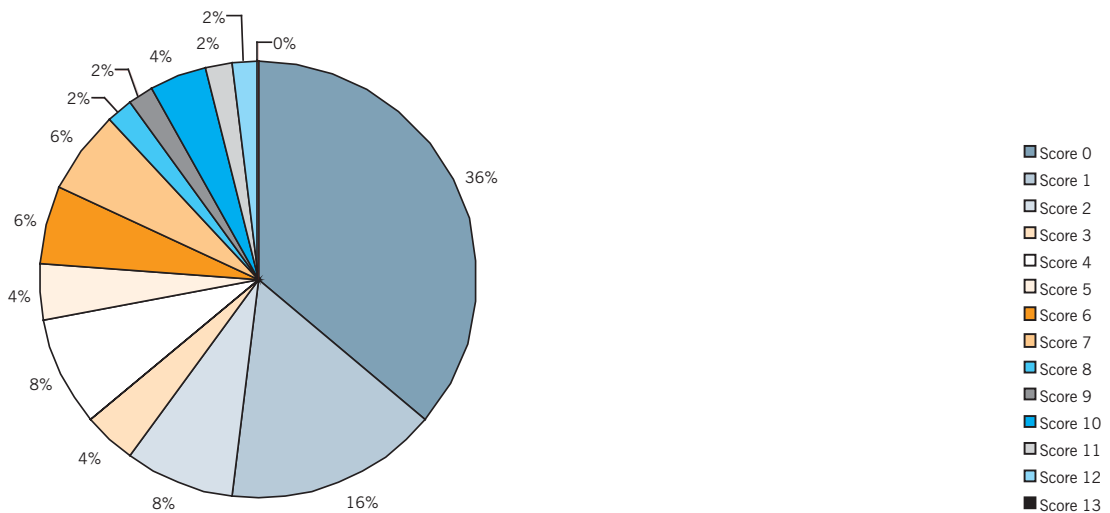
### Performance of top 10 performing companies in Performance criteria group



## Results

The three elements of performance or initiatives that most companies disclosed information on were: fuel switching, production of low carbon technologies for product innovation and engagement with supply chains to influence their energy management processes. Sixteen companies state that they are involved in local Australian climate change initiatives – namely the Greenhouse Challenge and the Investor Group on Climate Change. However, just five companies state that they consider their product’s entire life cycle with respect to its carbon footprint during design. These companies are AGL Energy Ltd, ANZ, BHP Billiton, Rio Tinto Ltd and Santos Ltd.

Percentage of companies scoring 0-13 in the Performance criteria group



### BEST PRACTICE CASE STUDY 1

### Rio Tinto – score 92%

Rio Tinto’s report explains how it engages and influences its suppliers and customers in their energy management:

*“Rio Tinto is working with customers and suppliers to find ways to reduce Greenhouse Gas (GHG) emissions in their processes and the end use of Rio Tinto products. We believe these efforts will assist our products in contributing to sustainable development and stabilising the earth’s climate...”*

- *In late 2004, the Rio Tinto Energy Group developed its own Product Stewardship Action Plan in association with Japanese customers, and this is being implemented. Coverage of greenhouse issues is a key consideration, for Rio Tinto Energy offices in both Japan and Melbourne.*
- *The Energy Group is working with customers in the US and Japan. A study has been completed of Japans' possible policy responses to the issue of climate change.”*

**BEST PRACTICE CASE STUDY 2****AGL Energy – score 85%**

AGL Energy's Report explains how the company both generates and purchases electricity from renewable sources:

*"AGL generates electricity from a number of renewable energy sources, including wind, hydro, solar and landfill gas.*

*In addition, AGL purchases renewable energy from a number of renewable energy generators, through power purchase contracts. By purchasing renewable electricity AGL is able to reduce the greenhouse gas intensity of electricity supplied to consumers and comply with legislated schemes such as the NSW Greenhouse Gas Abatement Scheme and the Mandatory Renewable Energy Target."*

**BEST PRACTICE CASE STUDY 3****Origin Energy – score 77%**

Origin Energy provides energy saving advice and has a number of energy saving products which help residential and commercial customers reduce their energy use. An example of this is their GreenEarth electricity product, highlighted below:

*"GreenEarth electricity is generated from solar, wind and hydro sources which results in zero greenhouse gas emissions during power generation. GreenEarth customers are electing to purchase their energy from renewable sources rather than from coal. All our GreenEarth range is accredited under the National Green Power Accreditation Program. Customers can choose from GreenEarth electricity with 20% accreditation, GreenEarth Extra with 50% accreditation, or GreenEarth Wind or Solar with 100% accreditation."*

### Recommendations for improving climate change reporting of Australian companies

The following key recommendations are made from the analysis:

- Reports should clearly state the governance structures in place for managing energy use and climate change impacts, and link these impacts to business risks and opportunities. Ideally, as the issue is such an important one, overall responsibility should lie with a Board member or Board committee.
- Organisations should have in place policies for managing the energy efficiency of both their operations and products, and include or reference these policies in their reporting.
- Alongside these more internal policies, there should be public position statements on the organisation's thoughts on the overall scientific consensus of climate change and the binding targets set by, for example, the Kyoto Protocol. Such public position statements help government understand business' position on the issue and develop policies accordingly.
- Targets are a critical part of managing performance and indicate an organisation's true commitment to mitigating its impacts on climate change. Emissions targets disclosed in reporting should, ideally, be both short and long term (with a specified time scale) and quantifiable.
- Reporters should be recording their emissions data over time, dividing it into business units or geographical operating units where necessary. Any trends should be explained, along with any re-statements of information.
- External assurance of the GHG data adds credibility and reassures readers that the information is correct. Certain trading schemes around the world actually require auditing of the GHG data, so this will become an expected requirement in the future.
- Use of the GRI environmental indicators in preparing reports helps to identify which (energy related) indicators are relevant to the business and should therefore be included. It also helps in comparing performance of different businesses due to defined reporting requirements of the GRI. Where indicators are not considered material to the business, an explanation should be included within the GRI index.
- Both direct and indirect impacts relating to energy use and emissions should be explained in reports – this helps readers understand the organisation's wider carbon footprint and how it is being mitigated.
- Readers, specifically those concerned about climate change or view it as an investment risk, are perhaps most interested in what the organisation is actually doing to reduce its carbon emissions (both direct and indirect) so any transformational initiatives either in place already, or being planned, should be disclosed in reporting.

## Conclusions

- Although there were some high quality disclosures on climate change from a few companies, there is significant scope for improvement. This is demonstrated by an average overall score of just 21% across all 50 companies
- Areas of (relative) strengths identified in the analysis included disclosures of operational climate change policies, provision of emissions data over 2-3 years (or more) and participation in local Australian climate change initiatives, for example, Greenhouse Challenge.
- Areas of reporting that were particularly weak were the limited application of the energy related GRI indicators in reporting, lack of reference to GHG reporting protocols and methodologies used and failure to identify senior members of staff or committees with responsibility specifically for climate change.
- Australian reporters do not seem, as yet, to be systematically reporting on their commitment to mitigating climate change or disclosing performance information relating to this area (see Appendix C for comparison against levels of disclosure by UK companies). This is perhaps surprising, as climate change has been identified as one of the main future risks to society and the environment, and as a consequence should be classed as a key risk to business as well.
- Reporting on company performance and management responses to climate change is essential to help minimise risks, drive product innovation, maintain reputation and save on operational costs, as well as demonstrate to stakeholders the organisation's commitment to the issue.

## Acknowledgments

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## Appendix 1

### ABOUT THE AUTHORS

#### **ACCA**

The ACCA has, for many years, been considered a leader in sustainability related issues, including reporting, assurance, research and corporate governance. The Sustainability Reporting Awards (formally Environmental Reporting Awards) was set up initially in the UK over 15 years ago, designed to highlight and reward best practice approaches to reporting, increase awareness of key accountability and transparency issues and encourage the uptake of reporting. Since then, a number of national ACCA offices have set up their own awards schemes, including in Australia/NZ in 2003

#### **Net Balance Foundation**

Net Balance Foundation Limited ([www.netbalancefoundation.org](http://www.netbalancefoundation.org)) is a not-for-profit think-tank specifically set up to work with small to medium enterprises, research groups, industry groups, professional associations and other not-for-profit groups in the pursuit of sustainable business. The Foundation also undertakes research and consultancy projects on a not-for-profit basis, with the caveat that the research would be made publicly available for the public good. At Net Balance Foundation we believe that the fundamental purpose of business is to grow shareholder value by providing goods and services that reflect market and community needs at affordable prices, and reflecting actual value that incorporates environmental and social costs and benefits. We believe that this approach will contribute to stakeholder value creation in business, thereby reducing reputational risk and preserving the license to operate. More importantly, externalising such costs, we also believe, will only contribute to losing competitive advantage over the longer term. Net Balance Foundation draws its resources from Net Balance Management Group ([www.netbalancemanagement.com](http://www.netbalancemanagement.com)), which is a niche sustainability advisory and assurance firm.

## Appendix 2

### EXAMPLES OF AUSTRALIAN CLIMATE CHANGE PROGRAMMES

#### **Mandatory Renewable Energy Target review (MRET)**

In 2004, the Australian government reconfirmed its commitment to the MRET at 9,500GWh by 2010. Its role is to both encourage investment in renewable energy technologies and to reduce greenhouse gas emissions. Under MRET, large wholesalers of electricity are required to obtain a prescribed number of Renewable Energy Certificates (RECs) as a percentage of the electricity they wholesale or face financial penalties of AUD \$40 [U.S. \$31] for every REC they do not obtain. Each REC represents 1 megawatt-hour (MWh) of electricity created by renewable energy generators. Due to the Australian Federal's Government's reluctance to extend this target, there have been several state schemes set up (or due to be set up soon) as well, for example, NSW Government's NGAC scheme (NGACs), the NSW Government NRET scheme (NRET) and the Victorian Government's VRET scheme (VRET).

#### **New South Wales Greenhouse Gas Abatement Scheme**

This emissions trading scheme, one of the first in the world, was introduced in 2003. It aims to reduce greenhouse gas emissions associated with the production and use of electricity, by using project-based activities to offset the production of greenhouse gas emissions. The scheme establishes annual state wide targets and requires electricity retailers to meet benchmarks based on their share in the electricity market. If these benchmarks are not met, a penalty has to be paid.

#### **Greenhouse Challenge Plus**

This scheme allows Australian companies to form working partnerships with the Australian Government to improve energy efficiency and reduce greenhouse gas emissions. It builds on the successful Greenhouse Challenge programme, combining Greenhouse Friendly™ and the Generator Efficiency Standards into a single industry programme. Objectives include providing a vehicle through which organisations can report their greenhouse gas emissions and abatement schemes and therefore a single entry point for industry reporting on climate change.

## Appendix 3

### COMPARISONS WITH OTHER STUDIES ON CLIMATE CHANGE

#### ACCA UK research on climate change

In 2006, as part of the Awards for Sustainability Reporting theme, the ACCA carried out research into the standard of UK companies' reporting on climate change. This research was carried out in partnership with FTSE Group and 42 high and medium impact entrants into the awards were included in the analysis. Some key results from the UK analysis, are as follows:

Criteria	UK (% of companies)	Australia (% of companies)
Policy on climate change (operational)	80%	42%
Public position statement on the scientific consensus of climate change	50%	16%
External assurance of climate change data	55%	18%
Use of GHG Protocol	14%	2%
Explanation of any trends in emissions data	67%	24%
Description of wider climate change impacts	79%	26%

#### Carbon Disclosure Project Report 2006 – Australia and New Zealand

This research report is based on submissions from Australian and New Zealand companies (listed on the S&P ASX100 and/or New Zealand Stock Exchange NZ50 indices) in response to an information request sent by the Carbon Disclosure Project (CDP)<sup>1</sup> and Investor Group on Climate Change Australia/New Zealand (IGCC)<sup>2</sup> for investment-relevant information concerning their greenhouse gas emissions and climate change stance. The summary of the report's findings is as follows:

- Australian and New Zealand companies are responsive to investor interest in climate change related issues.
- Companies are generally aware of climate change related risks, but implementation appears limited.
- Regulatory uncertainty is an issue for many companies.
- Strategic and financial impacts of future climate change regulation are complicated and difficult to quantify for many companies.
- Extreme weather events and other physical risks significantly impact (often adversely) many Australian and New Zealand companies.
- The majority of companies do not have clearly defined internal accountabilities for climate change related issues.
- Few companies fully quantify and verify emissions from owned and controlled entities.
- Most emission reduction initiatives do not have clearly defined targets and timelines.
- Low participation in emissions trading schemes.
- Few companies demonstrated a sophisticated understanding of the implications of energy pricing changes on profitability.

1. [www.cdproject.net](http://www.cdproject.net)

2. [www.igcc.org.au](http://www.igcc.org.au)

## Appendix 3

A Climate Leadership Index (CLI) was also developed for the first time during the project, which is based solely on the information submitted by the companies. The CLI included the following companies:

Sector	Company
Banks	ANZ Banking Group† National Australia Bank† Westpac†
Construction materials	Boral†
Energy	Origin Energy*
Food products, beverages	Goodman Fielder† Lion Nathan†
Health care	DCA Group* Symbion Health*
Hotels, restaurants and leisure	Tabcorp Holdings*
Industrials	Transurban Group*
Information technology	Computershare*
Insurance	Insurance Australia Group*
Metals and mining	BHP Billiton* Rio Tinto†
Real estate investment trusts	GPT Group* Investa Property Group* Mirvac Group*
Retailing	Warehouse Group**
Telecommunication services	Telstra†
Utilities	Australian Gas Light*

\* Australian listed (ASX100)

\*\* New Zealand listed (NZ50)

† Dual listed (ASX100 & NZ50)

## Appendix 4

### **GRI CRITERIA ON ENERGY USE (2002 VERSION)**

The following indicators were considered key, when reporting on climate change:

- EN3 Direct Energy use segmented by primary source
- EN4 Indirect energy use
- EN8 Greenhouse gas emissions
- EN17 Initiatives to use renewable energy sources and to increase energy efficiency
- EN18 Energy consumption footprint (i.e. annualised lifetime energy requirements)
- EN19 Other indirect energy use and implications, such as organisational travel, product lifecycle management and use of energy intensive materials
- EN30 Other relevant indirect greenhouse emissions

## Recommendations for climate change reporting – Climate change: UK corporate reporting, ACCA UK 2007

**Policy:** climate change policies would be more meaningful (and would be more useful) if they reflected specifically those particular climate change issues relevant to the company's operations, products and business sector. More contextual information should also be provided so the rationale behind the policy and its objectives can be more clearly understood.

**Product impacts:** companies whose products give rise to substantial carbon emissions tend to be poor at reporting these emissions or expressing their view of the appropriate allocation of responsibility for them. For those companies where product responsibility is a material issue, thorough reporting of their 'downstream' emissions is necessary. The company's view of the nature of its responsibility for product emissions should also be a key part of any policy the company has on climate change.

**Information and communication:** good communication of climate change information to stakeholders is critical. The general picture currently is that much reporting tends to be buried or mixed with other issues. Navigation and accessibility could both be improved, as could the general location of climate change disclosures, particularly on corporate websites.

**Targets:** this information is important so that stakeholders can understand the suitability of targets. Company targets should also be reported in the context of national and international targets set by government, or initiatives such as Kyoto.

**Assurance and verification:** providing assurance is fundamental to adding credibility to any report. Where GHG emissions are significant it is important to ensure that emissions data are accurate and reliable. Companies should also explain the process and boundaries behind the assurance procedure as well as the methodology, to add context for the report-user.

**Context and quantification:** more contextual information should be given when describing a company's transformational initiatives to show how they will be or how they are expected to be genuinely transformational – it is not enough to give just a straightforward description of the initiative itself. The management structures must also be better explained to show how transformational initiatives will deliver change and not achieve only incremental steps to improved performance.

**Scope and methodology:** companies should include in their reporting an overview of the scope of the climate change data, for example, how the GHG data were calculated, list any protocols that have been used and describe any time and geographical/site boundaries of the data. This allows any readers or users of the data to make comparisons easily with other reporters and to analyse any trends.

**A study by the Association of Chartered Certified Accountants  
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