

13 February 2008

The Greenhouse and Energy Reporting Taskforce
Department of Climate Change
GPO Box 787
Canberra ACT 2601

Dear Taskforce

Re: *Technical Guidelines for the Estimation of Greenhouse Emissions and Energy at Facility Level: Energy, Industrial Process and Waste Sectors in Australia*

The Investor Group on Climate Change Australia/New Zealand ('IGCC') welcomes the opportunity to make this submission on the *Technical Guidelines for the Estimation of Greenhouse Emissions and Energy at Facility Level: Energy, Industrial Process and Waste Sectors in Australia* (the Guidelines).

Background to the Investor Group on Climate Change Australia/New Zealand

The IGCC represents Australian investors, with total funds under management of over \$425 billion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors through:

- Raising awareness of the potential impacts, both positive and negative, resulting from climate change to the investment industry, corporate, government and community sectors;
- Encouraging best practice approaches to facilitate the inclusion of the impacts of climate change into investment analysis by the investment industry; and
- Providing information to assist the investment industry to understand and incorporate climate change into investment decisions.

More information on the IGCC can be found at www.igcc.org.au.

The Importance of Disclosure of Greenhouse Gas Emission Data to Investors

As owners of companies across Australia and internationally, investors need access to a range of information on the various factors that impact the risks and returns of those investments. This information allows investors to make accurate and appropriate investment decisions based on their risk-return profile. To understand how climate change will impact on the value of their investments investors need access to transparent, accurate and consistent information from companies on their greenhouse gas emissions and energy production and consumption.

As stated in our submission on the *National Greenhouse and Energy Reporting ('NGER') Act* and subsequent regulations Discussion Paper the IGCC supports two international disclosure initiatives to facilitate access to information from companies:

(i) Global Framework for Climate Risk Disclosure

A group of leading institutional investors from around the world, including IGCC, has released the Global Framework for Climate Risk Disclosure. This framework outlines the expectation of investors with regard to climate risk disclosure from companies.

(ii) Carbon Disclosure Project

The Carbon Disclosure Project ('CDP') is the world's largest collaboration of institutional investors on the business implications of climate change. CDP represents an efficient process whereby over 385 institutional investors with funds under management of over \$57 trillion request the disclosure of investment relevant information on greenhouse gas emissions. In 2008 CDP has expanded to reach over 3,000 companies globally, including ASX 200.

As part of the CDP, companies listed on the ASX200 are currently asked to provide information on climate change risks and opportunities, strategy and greenhouse gas emissions and energy. Specifically as well, question 5 of the CDP request asks:

“Please standardise your response data to be consistent with the accounting approach employed by the GHG Protocol (www.ghgprotocol.org). Please list GHG Protocol scope 1, 2 and 3 emissions equivalent showing full details of the sources. How has this data been audited and/or externally verified.”

The Greenhouse Gas Protocol has generally been accepted as the international standard for calculating greenhouse gas emissions. In the words of the Global Framework for Climate Risk Disclosure:

“Investors strongly encourage companies to report absolute emissions using the most widely agreed upon international accounting standard—Corporate Accounting and Reporting Standard (revised edition) of the Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development and the World Resources Institute. If companies use a different accounting standard, they should specify the standard and the rationale for using it.”

Methods and Criteria for Calculating Greenhouse Gas Emissions

Investors seek a reporting framework that provides transparent, accurate and consistent GHG emission information. On that basis, the IGCC supports many aspects of the *National Greenhouse and Energy Reporting Act* and the proposed supporting regulations as outlined in the Guidelines.

Fundamentally, the IGCC supports the adoption of the methods and criteria for accounting and reporting greenhouse gas emissions that is consistent with the international reporting framework of the World Resources Institute/World Business Council for Sustainable Development as reported in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (the Greenhouse Gas Protocol)*.

Correspondingly, the IGCC supports the following proposals outlined in the guidelines:

- i. the alignment of the emissions category definitions (scope 1, 2 &3) with the Greenhouse Gas Protocol; &
- ii. the alignment of emission factors with the Greenhouse Gas Protocol and other international standards and bodies.

The use of the Greenhouse Gas Protocol will facilitate the international harmonisation of greenhouse gas accounting and reporting standards and ensure that any future international trading schemes and other climate related initiatives are based on globally consistent approaches to greenhouse gas accounting.

Contextual Information

The IGCC encourages the taskforce to formalise the reporting of contextual climate change information, ie climate change information beyond greenhouse gas emission data, but understands this falls outside the current scope of the guidelines. IGCC will provide further detail in relation to this point in its submission on the Regulations Policy Paper.

The IGCC would be happy to further discuss the points raised in this submission. Please do not hesitate to contact Ms Joanne Saleeba, Executive Director, IGCC on 1300 794 047 or by email secretariat@igcc.org.au.

Kind regards

A handwritten signature in black ink on a light grey background. The signature is cursive and appears to read 'J. Saleeba'.

Joanne Saleeba
Executive Director
Investment Group on Climate Change Australia/New Zealand