



Carbon Emissions 10 Point Action Plan

Demand for carbon emissions disclosure and action on reduction continues to gain pace. It brings with it challenges for companies on how to best address the issue and deliver positive results. Our 10 point action plan is designed to support action and avoid common pitfalls.

1. Establish Relevance

What is the relevance of emissions to your company or investments? The first step is to understand current compliance regulations, to establish whether a company has to measure or whether it should do so voluntarily. With regard to existing and emerging sector initiatives on carbon emissions, to what extent are these relevant to a company. Finally what is the relevance to consumers, clients, companies and investors of acting now.

3. Review Data Capability

Measurement needs operational data to be accurate. Avoid estimates, these are commonly available, but will not support reduction pathways outside reduced activity as a primary reduction response. Improving and ensuring full data capability will involve operational and finance teams, data flow and supply chain.

5. Analyse Emissions Profile

Understand what activities, processes and sources drive your emissions. This analysis will help to determine the reduction potential and timeframes to achieve them. A service company may be able to deliver reductions faster than a company reliant upon manufacturing, aviation or heavy equipment. The emissions profile is the best guide to what is possible.

7. Create Delivery Plan

Creating a delivery plan translates your emissions disclosure and reduction objectives from an aspiration to a roadmap. The delivery plan will reflect the phased implementation highlighted by the reduction potential, methods of achievement, capital expenditure plans and available technologies. The plan needs detail and deliverables from a corporate perspective, supported by unit level delivery, with associated individual level responsibilities.

9. Set Targets

Targets should be set once a delivery plan is in place and not before. Targets can be absolute reduction, Net Zero, science based or a combination of all three. The key ingredient of a target is the reduction it will deliver and when, supported by milestones and continual assessment. Long dated targets for 2030 and beyond will need clear articulation and should be accompanied by short term targets and plans.

2. Quantify Impact

A company's impact should initially be assessed for carbon emissions using established UK or international conversion methodologies and accounting practices. Avoid quantifying via "blackbox" systems that do not give you access to all calculations and methodologies used by external advisers. All impact should be reported by Scopes and using the compliance format provides a solid foundation for future disclosure, even where voluntary disclosure is being undertaken.

4. Identify Reporting Improvements

Initial measurement will highlight data gaps that will need to be addressed. Scope 1 & 2 emissions are easiest to measure, but do not ignore Scope 3 – indirect emissions. For many service companies this is the highest impact and more, not less, Scope 3 disclosure will anyway be required in future. Consider significant suppliers and request data from them to support indirect emissions reporting.

6. Establish Reduction Initiatives

Use the profile analysis to look for short medium and long term initiatives that can be implemented. These will start with no/low cost reductions from process and policy, to the more intensive investment led solutions in low carbon vehicles/plant/machinery and available low carbon alternatives. Reduction initiatives can be measured against operational cost benefits and increasingly the cost of emissions.

8. Establish Governance Frameworks

No plan will work effectively without the creation of strong frameworks and governance to support them. From a board level sponsor through to unit level responsibility, reporting and action, a clear framework supported by governance is essential. Using TCFD guidance ahead of its regulatory implementation is a sound basis for framework creation.

10. Communicate and Deliver

Once points 1-9 have been completed it is time to communicate these internally and externally and begin the delivery of emissions reduction. Refined by the UN as a Race to Zero it is more of a marathon than a sprint. Communication should be regular and include both successes and failures to meet defined targets, with remedial action highlighted where relevant. Transparency and honesty will ensure alignment with prevailing disclosure demands and avoid reputational risk.