



## Does your company set targets to reduce 'scope 1 and 2' carbon dioxide emissions?

Question developed with [Christian Aid](#)

### Rationale for question

Carbon dioxide emissions are a significant component of greenhouse gas emissions, which are identified as highly significant contributors to climate change. All greenhouse gases should be reduced, but this question concentrates on carbon dioxide because the methodology for reducing it is presently the most developed.

As shown in the Christian Aid report, [Coming Clean](#), the latest science suggests that emissions must be reduced at a rate of around 5% per year globally to tackle accelerating climate change. Targets must be tighter than previously thought because the impact of indirect emissions is now estimated to be greater than originally expected. According to the [World Resources Institute](#), China has now superseded the USA as the world's largest emitter, though it remains at barely a quarter of US emissions per person.

There is ever-growing regulation and legislation at the national and international level, but businesses have the means to go beyond these minimum requirements. Many voluntary and government bodies offer standards and tools to assist organisations in the process of calculating and reducing direct and indirect carbon dioxide emissions (please see 'Resources' for some of these tools) but this is a complex and challenging topic. Businesses should be as comprehensive as possible in taking account of their total emissions from all sources (please see 'Defining Terms' for types of emissions).

Nonetheless, companies are increasingly viewing the reduction of carbon dioxide emissions not as a burden, but as an opportunity. Benefits include:

- achieving cost savings through reduced energy bills;
- improving operational efficiency;
- responding to consumer and investor demands;
- taking advantage of financial incentives, such as tax breaks and grants; and
- avoiding the potential compliance costs of future legislation

The primary cause of carbon dioxide emissions is the use of non-renewable fossil fuels for energy, including electricity generation. For many companies, the main step to reducing emissions is therefore to increase energy efficiency. This allows a business to run its operations and accomplish the same tasks but with less energy. It may be achieved through simple means such as switching to alternative technologies that require less energy, turning off equipment when it is not in use, changing an energy tariff or improving insulation so that a building requires less heating.

It is good practice to establish company targets to reduce carbon dioxide emissions, to implement practices and policies to achieve these targets, to regularly monitor and evaluate their impact, and to measure the improvements achieved, both for cost and environmental reasons. Although admittedly difficult, targets should ideally include scope 3 emissions.

Some companies set intensity targets rather than absolute targets to reduce their CO<sub>2</sub> emissions. So, rather than cutting by, say, 25% by 2012 in absolute terms, they are reducing emissions per unit of production or square foot of shop floor or member of staff. The weakness of this approach is that it doesn't guarantee reductions. In the case of a rapidly growing retailer, for instance, cutting the emissions per GBP1 of turnover might in fact mean increased emissions overall.

### Defining terms

When calculating emissions, companies may include the following types of emissions, as established by the [Greenhouse Gas Protocol](#):

#### Scope 1: Direct emissions

Direct emissions come from sources controlled or owned by the company, such as onsite heating or emissions from a company's own vehicles. Examples would be boilers in facilities and cars or vans leased or owned by the company.

#### Scope 2: Indirect emissions

Indirect emissions come largely from the purchase of electricity from the grid. These emissions are indirect because although they take place as a result of the demand generated by the company, they occur as a result of the activities of the power generating utilities.

#### Scope 3: Other indirect emissions

All other emissions are counted as scope 3. These include the transportation of goods by third-party companies, such as road freighting by hauliers, the emissions generated in the supply and production chain of products before they reach the company, and those generated during the consumption of the company's products and services. It can be difficult to estimate scope 3 emissions, but they are often the most significant sources of greenhouse gases.

### Primary and Secondary answer requirements

#### ANSWERING YES

Companies must:

1. state the accounting year used and which agreed published methodology and standard, such as the Greenhouse Gas Protocol, has been used to calculate all scope 1 and 2 carbon dioxide emissions;
2. state the targets for reducing scope 1 and scope 2 emissions, and say if these are absolute or intensity targets;
3. describe the practices or policies in place to meet these targets; and
4. explain how performance is monitored and evaluated.

Companies may:

1. state whether they also calculate and set targets to reduce scope 3 emissions;
2. describe how they are acting to reduce other greenhouse gases where possible; and
3. indicate where they publish their emissions data, reduction targets, practices and policies and other relevant information, and provide hyperlinks if available.

#### ANSWERING NO

Companies must:

1. explain why they do not or cannot set targets to reduce carbon dioxide emissions, listing the business reasons, any mitigating circumstances or other reasons that apply.

Companies may:

1. describe any steps, beyond the minimum requirements, taken to reduce carbon dioxide emissions;
2. describe any actions to reduce other greenhouse gases; and
3. mention any future intentions regarding setting targets to reduce emissions.

**DON'T KNOW** is not a permissible answer to this question.

**NOT APPLICABLE** is not a permissible answer to this question.

**NO ANSWER YET** is only permissible under extraordinary circumstances and then for only a limited period.