

Flash Report

Maximising the benefits of carbon reporting and disclosure

Carbon Disclosure Project 2010

This month listed companies around the world will receive their survey for the 2010 Carbon Disclosure Project (CDP). The survey is sent on behalf of over 475 institutional investors representing more than USD\$55 trillion in assets. Last year over 2500 companies in 60 countries participated in the CDP process. In Australia the survey is circulated to the ASX 200. Participants have until 31 May 2010 to finalise and lodge their response.

The CDP provides an opportunity to disclose information to investors on your company's approach to managing 'carbon risk'. The survey invites feedback on governance, risks and opportunities, strategy, greenhouse gas (GHG) emissions, energy and fuel use, trading, and climate change communications.

Complexities and common challenges that companies often experience in this area include:

- A lack of clarity in the GHG emissions strategy and risk mitigation process
- Inefficient or unreliable processes and systems to accumulate data for reporting
- A lack of awareness or insufficient understanding of leading practices being pursued by major industry peers

With many businesses in Australia now subject to mandatory reporting of energy and emissions data under the National Greenhouse and Energy Reporting (NGER

Act), participation in the 2010 CDP survey is a chance to demonstrate leadership in this emerging area of risk. Your business may be participating for the first time in the CDP process or is perhaps looking to improve upon last year's submission. Perhaps your organisation aspires to attain classification among the CDP Leadership Index or improve upon last year's ranking.

Protiviti extends the offer of our professional expertise to ensure your company draws maximum benefit from participation in the CDP process.

Source: www.cdproject.net

National Greenhouse and Energy Reporting (NGER) Act

First year participants under the NGER Act are now within the third quarter of the second compliance reporting year.

Understanding the full range of NGER requirements and meeting first year reporting deadlines was for many, a significant and illuminating exercise. Many companies underestimated the subtleties and complexity of the NGER requirements, the need to raise required levels of internal awareness, assign responsibilities (including at facility level) for data extraction, collecting and consolidating data, gaining internal assurance prior to CEO sign-off and ultimately the filing of the NGER report by the required deadline.

In the second year many are now turning their attention ►

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to 'bedding down' and optimising their data management systems environment and processes for managing ongoing NGER compliance. Year 1 was for many a largely bottom up 'spreadsheet' driven exercise. A need to create greater efficiencies in the data monitoring and collection process, ensuring consistency at facility level, gaining confidence over systems based controls, implementing data verification protocols, assurance and reporting frameworks are now looming as key NGER related priorities.

In 2010 many will look to transition their NGERs approach to a more automated data control environment that crucially, integrates with the company's existing data management and reporting systems. The risks associated with the adoption of costly 'new software solutions' that may a first glance 'appear fit for purpose' but ultimately won't or will have difficulty meshing with the existing systems environment are very real.

For new entrants captured by the tightening NGER corporate thresholds (from 125kT to 87.5kT per annum), many will find themselves on very unfamiliar ground. Many of the experiences, lessons, pitfalls and strategies identified with first year participants can however be identified and adopted as they move toward preparing and filing their first reports in October.

Now is a useful and timely period for companies, and specifically internal audit functions to again review NGER compliance so any necessary improvements in governance, data quality and systems based controls can be addressed before the inevitable scramble begins ahead of the 2010 data consolidation and reporting deadline.

About Protiviti

Protiviti (www.protiviti.com.au) is a global business risk consulting and internal audit firm composed of experts specialising in risk, advisory and transaction services. The firm helps solve problems in finance and transactions, operations, technology, litigation, governance risk and compliance. Protiviti's highly trained, results-oriented professionals provide a unique perspective on a wide range of critical business issues for clients in the Americas, Asia-Pacific, Europe and the Middle East. Protiviti has more than 60 locations worldwide and is a wholly owned subsidiary of Robert Half International (NYSE symbol: RHI). Founded in 1948 Robert Half International is a member of the S&P 500 Index.

Protiviti's carbon risk and industry experts have knowledge and experience in the business response to climate change that comes from working and transacting at the forefront of developments in this market with the world's largest and most progressive companies. We offer a comprehensive range of carbon advisory and internal audit services in:

- Risk and compliance
- Data management and reporting systems including IT
- Emissions reduction strategies and trading
- Climate policy analysis
- Carbon finance.

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