



Mandatory carbon reporting

July 2012

The UK Government has announced a proposal to require all companies listed on the Main Market of the London Stock Exchange (LSE) to report on greenhouse gas emissions in their annual reports from April 2013.

Depending on its success, the Government will take a decision in 2016 as to whether to extend these greenhouse gas reporting requirements to all large companies.

The Department for Environment, Food and Rural Affairs has indicated that companies will be required to report their emissions on the same organisational basis as their annual report (including any relevant overseas emissions). It will be interesting to see how this situation develops – hopefully the organisational boundary complications encountered under the CRC Energy Efficiency Scheme will be avoided.

It is argued that this latest development will help companies manage and reduce emissions, increase transparency and save money through reduced energy costs. It will also help investors to see which companies are effectively managing the long-term costs of greenhouse gas emissions, thereby informing their investment decisions.

These proposed mandatory carbon reporting obligations mirror a wider trend, driven primarily by institutional investors, for greater corporate reporting and disclosure of Environmental, Social and Governance (ESG) issues.

Accordingly, regardless of statutory reporting obligations (such as those just announced), companies increasingly will need to consider how ESG concerns impact their businesses.

Implementing policies, procedures and reporting strategies to maximise ESG performance (and its communication to the market), in addition to promoting better regulatory compliance, risk management and business performance, will enhance funding opportunities.

Travers Smith has a market-leading understanding and knowledge of ESG and carbon related issues and we are currently advising both investors and companies on a range of ESG related challenges and opportunities.

It is proposed that from April 2013 companies listed on the Main Market of the LSE will have to report on their greenhouse gas emissions

Wider ESG performance and concerns are now increasingly informing investment decisions

“cross-functional teams that deliver a level of service and value for money that is often better than the Magic Circle [...] every lawyer is first rate”

Legal 500, 2010

*The Travers Smith Environment Group is
“a force to be reckoned with”*

Chambers & Partners UK, 2011

Doug Bryden is praised for being “bright and commercially aware”, a “thoughtful, hard-working and proactive adviser” with “excellent knowledge on climate change and other environmental issues”

Legal 500 and Chambers & Partners UK

Owen Lomas is a “first rate lawyer” who “cannot be matched”, a “genuine star” with “consistent problem-solving ability”, “the doyen” and “senior statesman” of environmental and climate change law

Legal 500 and Chambers & Partners UK

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