



Carbon Advisory Group

Strategic Implications of the CRC

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3 November 2009

Why is KPMG talking to me about CRC?



Carbon Reduction Commitment

Why is it a risk?



But can it be an opportunity too?

Who's involved in the CRC?



Why might this be an issue for the Board?

- Cost?
- Cash flow?
- Reputation?
- Risk?
- Opportunity?
- License to operate?
- Finesor prison?

What do others need from you?

Trust

Reliability

Consistency

Timeliness

Appropriateness

Some illustrative examples:

The Chief Exec....

"I need to know my team are doing their job. I need confidence in the numbers I'm reporting to my investors, and I need to protect the reputation of the company. I'd also like to know how we measure up against our peers."

Trust

Reliability

Comparability

Some illustrative examples:

The Finance Director....

*" I need to know what it's going to cost me
and when so I can budget.
I also need to know how I recognise carbon in
the accounts, as well as the likely October
refund.
I need to be ready for my auditors at year
end."*

Trust

Consistency

Timeliness

Financial implications of the CRC



Two more examples:

The marketing manager

"I need to be able to protect and build on our organisation's reputation"

The company lawyer...

"I need to know we're compliant with the law. But I also need to know that my leases protect me from a high cost of carbon, and that I have leverage to implement energy savings in my landlords and tenants."

What do I need to do now?

- Engage with the organisation
- Set up a working group... soon!
- Ensure your systems work together
- Be consistent and understandable - speak their language

They all want to know...

What needs to be done to manage these risks and turn them into opportunities for our organisation?

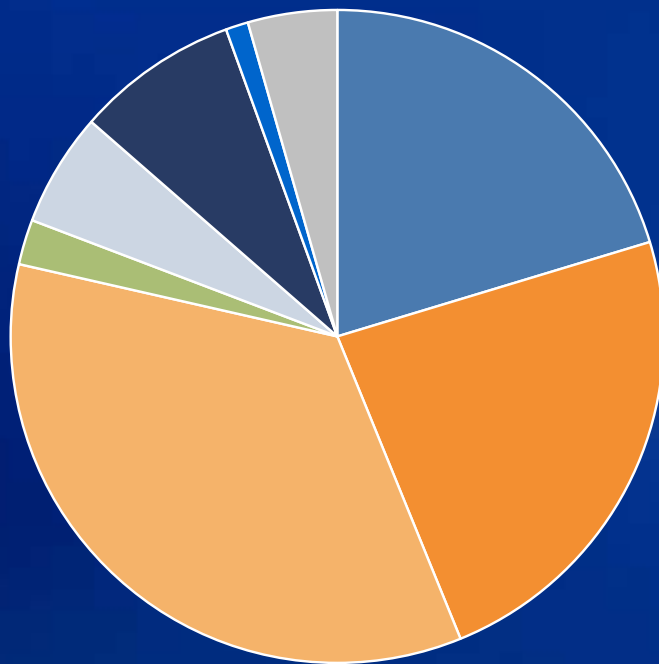
So what are KPMG doing about CRC?

We're preparing ourselves internally

We're helping our clients prepare through education, audit and support

CRC Readiness Reviews – The Results

From a sample of our reviews, the issues can be split as follows:

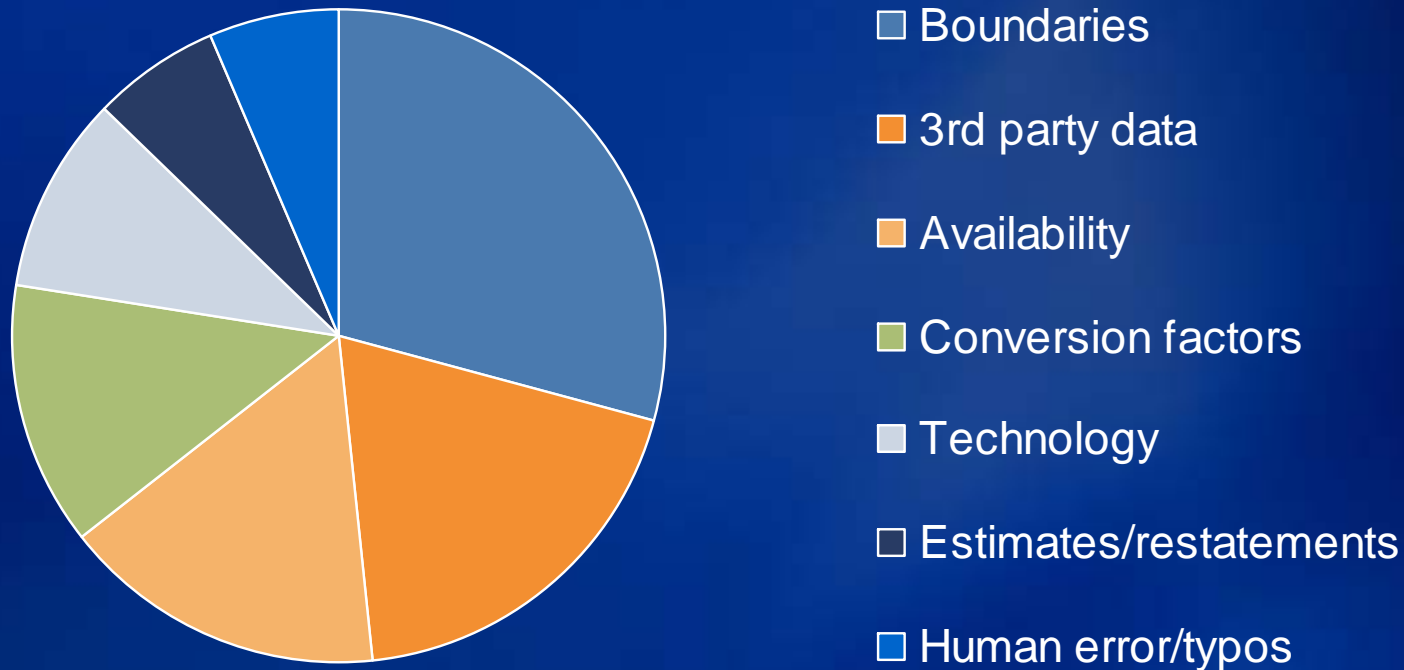


- Strategy/policy/buy-in
- Reporting systems/controls
- Recording/reporting issues
- Early action metrics
- Identifying opps
- Investment/funding
- Trading strategies
- Other

Is there a difference between public and private sector?

CRC Readiness Reviews – Risk of fines

Primarily come from findings relating to recording/reporting issues. These can be broken down by cause:



What questions are we asking our clients?

- **Could finance, estates and energy teams talk more?**
- **Should someone be checking sustainability numbers?**
- **Does the strategy consider sustainability?**
- **Are your systems ready to report for the CRC?**
- **Do investment decisions factor in a cost of carbon?**

What do you need to do to manage these risks and turn them into opportunities for your organisation?

Where can I go for help?

- **Explore internal resources first**
- **There's plenty of external help too:**
 - Free support and advice
 - Consultants

Think about where your risk lies and choose the most appropriate organisation to help

Legal

Technical

Reporting

PR

Tax

AMR

Buy-in

etc



Any questions?



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You can read more about KPMG's Carbon Advisory Group, including our guidance on various issues at:

www.kpmgcarbonadvisory.com

You can read more about KPMG's Environmental Tax Group, including our free ETHiC tool at:

www.kpmg.co.uk/services/t/etig/index.cfm