

Checklist: Starting a Corporate Climate Program and Goals

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Starting a corporate climate management program and setting goals can be intimidating. Business response to climate change is a complex problem with an overwhelming amount of information available. As with other major business challenges, it is best to learn to walk before you run. Therefore, this checklist is intended to help companies navigate through the fundamentals as a starting point.

The four basic steps below will likely be iterative until you reach a certain point, so don't view these as sequential. Limiting your initial work to direct emissions (also referred to as Scope 1) is best. While Scope 2 and Scope 3 emissions are generally significant, it is easiest to learn with Scope 1, then you can apply those learnings to more complicated Scope 2 and 3 emissions.

1. **Quantify your company's direct greenhouse gas emissions.**
Ensure your data captures emissions from all relevant GHG chemicals, not just CO₂ from combustion. Also, it is important to capture all relevant emissions sources/processes as some of these may not be readily identifiable (such as fugitive emissions). Emissions are most frequently calculated using established emission factors rather than being measured directly. In some cases conducting emissions sampling and testing may be valuable, especially at locations subject to heightened scrutiny. Focus on absolute emissions – don't worry about normalizing it yet.
2. **Conduct an initial review of potentially applicable options for reducing your direct emissions.** This can be confusing because there are many emerging CO₂ emissions management technologies in development.
 - Are there any low hanging fruit for reductions you can take advantage of quickly and what percentage reduction do those achieve? For GHG chemicals (solvents and refrigerants), simple changes in chemical storage/transfer methods and chemical substitutions can have meaningful impacts.

- What existing emissions reductions technologies are available? There are currently more options for realistic and cost-effective reductions of non-CO₂ GHG emissions than for CO₂ emissions.
 - Approach new solutions that are not yet commercial scale with skepticism. Some technologies do not scale well from pilot or bench to commercial. Also, maintain awareness that fraud does exist in the climate risk management/pollution control technology space. Enlist trusted technical experts when evaluating these options.
3. **Develop your policy position.** This will take several drafts; don't expect to get it right immediately and don't be afraid of making mistakes. External information to consider when setting your policy includes shareholder expectations, customer requirements, climate-related pledges and regulatory requirements that may apply. Your policy may need to be revised as you gather more information.
4. **Set realistic goals and timelines for your company's direct emissions reductions.**
- What baseline year will you use? This is absolutely critical. Different voluntary and international regulatory schemes establish different baseline years. In theory, the company should have solid GHG emissions data for at least the selected baseline year and then each following year. Your company may not have good emissions on past years, so you may have to estimate for any such baseline year or establish a new baseline year.
 - What are the company's current GHG emission levels (see above)?
 - Prioritize viable current and tested technologies and low risk options rather than being overly optimistic and make grand pronouncements that rely on unproven future solutions.
 - Other factors to consider in establishing these goals are shareholder expectations, customer requirements,

climate-related pledges and regulatory requirements that apply to your company.

No discussion of climate programs is complete without addressing carbon offsets. There is an intimidating amount of information available about offsets. Unfortunately, much of it is highly technical, misguided or wrong. Since you are only just starting the journey, you don't need to be immersed in the details yet. It is best to get some climate program experience under your belt before jumping into offsets. Here are some fundamentals:

- **Carbon offsets are intended to be used after other emissions reductions activities have reached their limits.** They should NOT be considered the initial or primary emissions reduction solution. Make actual reductions first, then consider offsets as a tool for what remains.
- **Offsets should not be considered an authorization to continue operating as usual.** They are not a “Get out of jail free” card. Companies that purchase offsets are expected to make actual reductions first, then consider offsets as a tool for what remains. Companies are expected to continue making additional actual reductions over time.
- **Not all offsets are equal or even real.** Offsets created from another company's actual emissions reductions are less risky (although not risk free) than nature-based offsets (those claimed by forestry and agriculture). Offsets have differing effective time parameters ranging from one year to one hundred years. Fires and changes in climate conditions can eliminate nature-based offsets before they mature. Finally, the offset market attracts fraudsters. Valid offsets should be thoroughly audited and scientifically assessed.
- **Statements and claims about offsets made available for purchase are covered in the Federal Trade Commission's [Green Guide on environmental marketing claims](#).** You should be aware of these as a buyer, but also if you plan on offering your own offsets, such as for customer or employee travel.
- **You need a contingency plan.** Especially for nature-based offsets, the risk of failure is real. The same can be said for new

and unproven sequestration technologies. You may be able to insure against a related financial loss, but that won't address the actual emissions reductions lost. Good offset programs maintain reserves to help manage the risk of losses, but companies should develop their own contingency plan that includes replacing any lost emission offsets.